EXHIBIT 3
MDU Resources Group, Inc.
SFAS 87: Employer's Accounting for Pensions[1]

Plan Description: The company has noncontributory defined-benefit pension plans covering substantially all full-time employees. Pension benefits are based on an employee's years of service and earnings. The company makes annual contributions to the plans consistent with the funding requirements of federal law and regulations.

Obligations and Assets: The funded status of the company's plans at December 31 is summarized as follows:

	Plans in which assets exceed accumulated benefits		Plans in which accumulated benefits exceed assets	
($ in thousands)	2003	2002	2003	2002
Projected benefit obligation[2]				
Vested	NA	NA	NA	NA
Nonvested	NA	NA	NA	NA
Accumulated benefit obligation	$183,155	$161,744	$28,840	$24,656
Provision for future pay increases	39,335	30,254	10,005	8,112
Projected benefit obligation	222,490	191,998	38,845	32,768
Plan assets at market value	198,535	168,528	24,508	20,615
Funded status	(23,955)	(23,470)	(14,337)	(12,153)
Plus:				
Unrecognized transition asset	(297-X_1)	(1,247-X_1)	X_1	X_1
Unrecognized net gains and prior service costs	49,978-X_2	45,163-X_2	X_2	X_2
Intangible asset	0	0	0	533
Adjustment for minimum liability	0	0	0	(4,905)
Prepaid (accrued) pension costs	$11,389-X	$8,293-Y	X	Y

Additional Disclosure: The projected benefit obligation was determined using an assumed discount rate of 6.00% (6.75% in 2002 and 7.25% in 2001) and assumed long-term rates for estimated compensation increases of 4.70% (4.50% in 2002 and 5.00% in 2001). The change in these assumptions had the effect of NA (increasing or decreasing) the projected benefit obligation at December 31, 2003, by $NA million and NA (increasing or decreasing) the projected benefit obligation at December 31, 2002, by $NA million. The assumed long-term rate of return on plan assets is 8.50%. Plan assets consist primarily of debt and equity securities.

Pension Cost: Pension expense is summarized as follows:

($ in thousands)	**2003**	**2002**	**2001**
Service cost/benefits earned during the year	$5,897	$5,135	$4,716
Interest cost on projected benefit obligation	15,211	14,877	14,498
Actual loss (return) on plan assets	(43,087)	26,543	13,828
Net amortization and deferral	23,096	(48,360)	(35,940)
Special termination benefit cost (gain)	—	—	(884)
Amortization of net transition obligation (asset)	(950)	(947)	(965)
Total pension costs (income)	167	(2,752)	(4,747)
Less amount capitalized	14	(352)	(391)
Total pension expense (income)	$ 153	($2,400)	($4,356)

Note: The authors have inserted NA where disclosures required in 1987 could not be derived from the information reported in 2003.

1. 1996 Financial Statement note 15, using 2003 numbers.

2. Disclosures that were not provided under later statements or cannot be derived from required disclosures are indicated with an NA. Companies were not required to disclose the vested and nonvested plan benefits (in total referred to as the accumulated benefit obligation) after 1997. Starting in 2003, companies were again required to disclose the aggregate accumulated benefit obligation. 2002 information was derived from the comparative information provided in the 2003 footnote.