

Cascade Natural Gas Sold for \$475 Million

by Bend Weekly News Sources

MDU Resources Group recently announced it will acquire Cascade Natural Gas in a deal worth about \$475 million. Cascade's customer base in Washington and Oregon will approximately double the number of MDU Resources' natural gas utility customers.

Cascade will join Montana-Dakota Utilities Co. and Great Plains Natural Gas Co. as MDU Resources utility business units. Montana-Dakota and Great Plains serve about 250,000 natural gas customers and 120,000 electric customers in five Upper Midwest states. Cascade serves 235,000 customers in 93 communities – 65 of which are in Washington and 28 in Oregon. Cascade's service areas are concentrated in western and south central Washington and south central and eastern Oregon. Cascade's recent customer growth has been more than 4 percent on a compound annual basis. Cascade was founded in 1953 and employs 378 people.

When the transaction is completed, Cascade common stock will cease to be publicly traded. Cascade will become a wholly owned subsidiary of MDU Resources, continuing to operate as Cascade Natural Gas Corp. "We are very pleased and excited by the opportunity to join the MDU Resources family of companies," said David W. Stevens, president and chief executive officer of Cascade. "Earlier this year we announced plans to evaluate strategic alternatives to enhance our stockholder value and this merger is the result of our evaluation. MDU Resources is a strong company with excellent management and a long history of successful growth and very positive stockholder returns. Utility operations represent the historic core of their business and our shareholders, customers and employees will be well-served by this merger."

Martin A. White, chairman and chief executive officer of MDU Resources says "The merger with Cascade is a great strategic fit with our existing regulated operations and is consistent with our long-term objective of growing our regulated utility as part of our overall business portfolio." According to White, "Cascade is in a high-growth area and is a well-managed operation. It will be effectively integrated into MDU Resources' existing operations."

The completion of the acquisition is subject to the approval of Cascade's shareholders and various regulatory authorities. These include the Washington Utilities and Transportation Commission, the Oregon Public Utility Commission and the various jurisdictions under which MDU Resources' utility divisions operate, as well as clearance under the Hart-Scott-Rodino Act, and the satisfaction of other customary closing conditions. Regulatory approvals are anticipated to be obtained by mid-year 2007.

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