GREAT NORTHERN IRON ORE PROPERTIES

One Hundred Ninth
Annual Report of the Trustees

for

Year Ended December 31, 2015

For information about the termination of the Trust in the year 2015, please refer to pages 3 through 11 and Notes 2 and 3 to the Financial Statements of this Annual Report.

GREAT NORTHERN IRON ORE PROPERTIES

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GREAT NORTHERN IRON ORE PROPERTIES

SUMMARY OF OPERATIONS

	Year Ended December 31				
	2015	2014	2013	2012	2011
Taconite shipments from our mines (pellet tons)	5,613,049	6,167,730	6,456,047	7,360,456	7,920,323
Royalties	$13,793,671	$17,599,465	$18,842,746	$24,020,334	$26,614,880
Expenses	$ 6,081,964	$ 4,836,723	$ 4,160,675	$ 4,087,619	$ 3,690,728
Net income	$ 8,154,509	$13,123,533	$14,790,714	$20,068,433	$23,047,811
Total assets	$11,405,269	$11,604,642	$15,061,232	$19,118,714	$20,914,912
Average shares outstanding	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Earnings per share, based on weighted-average shares outstanding during the year	$ 5.44	$ 8.75	$ 9.86	$ 13.38	$ 15.37
Distributions per share	$ 4.18(1)	$ 9.35(2)	$ 10.00(3)	$ 14.00(4)	$ 15.00(5)

(1) $1.30 paid to C.H. 04/30/2015; $1.42 paid to Rev. 11/19/2015; $1.46 paid to Rev. 11/20/2015
(2) $2.25 paid to C.H. 04/30/2014; $2.50 paid to C.H. 07/31/2014; $2.60 paid to C.H. 10/31/2014; $2.00 paid to C.H. 01/30/2015
(3) $2.25 paid to C.H. 04/30/2013; $2.50 paid to C.H. 07/31/2013; $2.60 paid to C.H. 10/31/2013; $2.65 paid to C.H. 01/31/2014
(4) $2.25 paid to C.H. 04/30/2012; $3.00 paid to C.H. 07/31/2012; $3.50 paid to C.H. 10/31/2012; $5.25 paid to C.H. 01/31/2013
(5) $2.25 paid to C.H. 04/29/2011; $3.00 paid to C.H. 07/29/2011; $4.00 paid to C.H. 10/31/2011; $5.75 paid to C.H. 01/31/2012

Legend: C.H. represents Certificate Holders; Rev. represents Reversioner.

Trustees' & Management's Discussion and Analysis of Financial Condition, Results of Operations and Wind-down Process

Overview: Great Northern Iron Ore Properties ("Trust") is a conventional nonvoting trust organized under the laws of the State of Michigan pursuant to a Trust Agreement dated December 7, 1906. The Trust owns interests in fee, both mineral and nonmineral lands, on the Mesabi Iron Range in northeastern Minnesota. Many of these properties are leased to steel and mining companies that mine the mineral lands primarily for taconite iron ore. The Trust has no subsidiaries. With the properties and offices all located in Minnesota, the Trust and matters affecting the Trust are under the jurisdiction of the Ramsey County District Court ("Court") in Saint Paul, Minnesota.

The Trust maintains a Web site, which can be found at www.gniop.com. Information about the Trust posted on the Web site includes: General Trust information (including information about the termination of the Trust), Securities and Exchange Commission filings (Forms 10-K, Forms 10-Q, Forms 8-K), Annual Reports, Tax Return Guides, Quarterly Distribution Releases, Quarterly Earnings Releases, Court Hearings, Audit Committee Charter, Code of Ethics, Post-April 6, 2015 Financial Reports and Correspondence, Contact Information and other pertinent data. We will, upon request, be pleased to furnish to any certificate holder, free of charge, a paper copy of any of the above documents for any recent year.

During 2015, the major source of income to the Trust was royalty income derived from taconite production and minimum royalties. Certain leases provide the steel and mining companies the ability to offset royalties, over the minimum royalty requirements, due on future taconite production, if any and when mined, against unabsorbed minimum royalties paid in prior periods. A "Summary of Taconite Shipments" is tabulated on the last page of this report.

The terms of the Great Northern Iron Ore Properties Trust Agreement, created December 7, 1906, state that the Trust shall continue for twenty years after the death of the last survivor of eighteen persons named in the Trust Agreement. The last survivor of these eighteen persons died on April 6, 1995. Accordingly, the Trust terminated twenty years from April 6, 1995, that being April 6, 2015, and is now proceeding with its wind-down process.

Cessation of Trading of Shares and Anticipated Timing of Final Distribution: The certificates of beneficial interest ("certificates" or "shares") in the Trust ceased to trade on the New York Stock Exchange ("Exchange") at the close of business on April 6, 2015, the Trust's termination date. The closing price for the Trust's certificates as of April 6, 2015, was $8.10 per share. The Exchange, on the Trust's behalf, filed Form 25 with the Securities and Exchange Commission ("SEC") shortly after the Trust's termination date to delist the Trust's certificates from the Exchange and deregister the Trust's certificates under Section 12(b) of the Securities Exchange Act of 1934. Following this delisting and deregistration of the certificates, the Trust filed Form 15 with the SEC to suspend the Trust's reporting obligations. Certificates as of the close of business on April 6, 2015, now only represent the right to receive a final distribution payable to the certificate holders of record as of April 6, 2015.

Once the Trust's wind-down process is completed (as further described below), the Trust is obligated to distribute ratably to the certificate holders of record as of April 6, 2015, the net monies remaining in the hands of the Trustees (*i.e.*, all remaining cash on hand after paying or providing for all expenses and obligations allocable to the certificate holders incurred through the Trust's termination and wind-down process), plus the balance in the Principal Charges account (see Note 6 to the Financial Statements). This final distribution amount must be approved by the Court and is subject to the Trust's filing of its final accounting with the Court and the Court's approval of the Trust's final accounting. Under the terms of the Trust Agreement, all other Trust property (most notably the Trust's mineral properties and active leases) must be conveyed and transferred to the reversioner (which, effective January 1, 2015, is Glacier Park Iron Ore Properties LLC, a wholly owned subsidiary of ConocoPhillips Company and successor in interest to Glacier Park Iron Ore Holdings LLC, successor in interest to Glacier Park Company, which is a wholly owned subsidiary of ConocoPhillips Company), without further payment or remuneration to the certificate holders.

The wind-down process of the Trust is anticipated to extend into calendar year 2016 in order to complete the various year-end audits, court and regulatory filings, tax returns, conveyances of non-cash properties to the reversioner, etc., relative to winding down the Trust. Subject to the guidance and approval of the Court and assuming the wind-down process with the reversioner proceeds efficiently and that no other complications arise during this time period, it is anticipated that the wind-down process, final distribution and dissolution of the Trust will be completed by the end of 2016.

The exact final distribution to the certificate holders of record as of April 6, 2015, as discussed above, cannot be determined at this time. However, to offer a hypothetical example, without factoring in all remaining expenses and obligations allocable to the certificate holders to be paid or provided for during the Trust's termination and wind-down process, and using the financial statement values as of December 31, 2015, the net monies (essentially, cash less liabilities relative to the certificate holders) were approximately \$6,793,000 and the Principal Charges account balance was approximately \$5,527,000, which would theoretically result in a final distribution payable of approximately \$12,320,000, or about \$8.21 per share. It is important to note, however, that the actual "net monies remaining in the hands of the Trustees" will fluctuate and will not be "final" until after the completion of the Trust's termination and wind-down process. It is likely the final distribution amount approved by the Court will be less than the hypothetical example shown above given that certain future operating and wind-up expenses, as well as a possible additional final pension contribution (see Note 7 to the Financial Statements), which are allocable to the certificate holders, would reduce the net monies available for the final distribution. The Trust offers this example to further inform certificate holders about the *conceptual* nature of the final distribution and *does not imply or guarantee a specific or known final distribution amount*.

<u>Trust Wind-Down Process</u>: By a letter dated September 12, 2014, certificate holders of record as of September 8, 2014, and the reversioner were notified of a hearing on October 7, 2014, in Ramsey County District Court for the purpose of requesting from the Court instructions and guidance regarding the Trustees' powers, duties, responsibilities and authority relative to the operations and assets of the Trust during the wind-down process subsequent to April 6, 2015, for approval of the Trustees' Wind-Up Plan, and for instructions and guidance pertaining to the appropriate allocation of the Trust's termination and wind-down expenses between the certificate holders and the reversioner. The hearing was not

completed on October 7, 2014, and the Court ordered a continuation of the hearing on November 24, 2014.

Pursuant to the Court's Findings of Fact, Conclusions of Law and Order for Judgment filed on January 26, 2015 ("Court Order"), the Trustees' Petition for Instructions was approved by the Court and, consistent with the Trust Agreement, the Trustees are to immediately proceed with winding up the affairs of the Trust upon its termination date of April 6, 2015, and to undertake the tasks and actions outlined in the Trustees' Wind-Up Plan. The Court further ordered that the Trustees will retain possession and control of the Trust's cash and non-cash assets (and books and records related thereto) throughout the wind-down period, that they are authorized to enter into temporary employment agreements with the current Trust employees to assist the Trustees during the wind-down process, that the Trustees' compensation shall continue during the wind-down period until they are discharged by the Court, and that the Trust's termination and wind-up expenses and costs (including attorneys' fees) incurred after December 2013 shall be allocated between the certificate holders and the reversioner depending on the nature of the expense as set forth in the Court Order. Expenses incurred after December 2013 and through the Trust's termination date that are allocated to the reversioner will be charged to the Principal Charges account as of April 6, 2015. Finally, the Court Order required that an informal interim status report be submitted to the Court by the Trustees on November 15, 2015, that an annual audit and annual report for the year 2015 be completed and filed with the Court for approval by March 2016, and, as soon as practicable after the Court's approval of this annual report, that the Trustees prepare final audited financial statements for filing with the Court for the approval of the Trustees' final accounting and discharge. Final distributions and conveyances to the Trust's beneficiaries (the certificate holders and the reversioner) shall be made upon the order of the Court.

Copies of the Trust's mailings and the Court Order regarding the hearings may be viewed on the Trust's Web site at www.gniop.com, or may be requested by contacting the St. Paul Office of the Trustees.

Pursuant to the Court Order, the Trustees provided to the Court an informal interim status report on November 13, 2015, which included an update of the status of the Wind-Up Plan summarizing the procedures completed to-date, those that are still in process and those which remain that are still expected to be completed before the end of 2016, barring any unforeseen issues.

Post-April 6, 2015 Updates Available on Trust's Web site: Although no public filings, press releases, etc., are required by the SEC as of April 20, 2015, which was the date the Trust filed Form 15 with the SEC to suspend the Trust's reporting obligations, the Trustees will provide financial information and other correspondence updates regarding Trust operations and activities during the wind-down period via postings to the Trust's Web site, www.gniop.com, under the section labeled "Post-April 6, 2015 Financial Reports and Correspondence." Unless otherwise directed by the Court, no further distributions are expected to be made to the certificate holders of record as of April 6, 2015, until the Court approves the final distribution. The first quarter 2015 distribution of $1.30 per share was paid on April 30, 2015, to certificate holders of record on March 31, 2015. That was the last full quarterly distribution to certificate holders that the Trustees declared prior to the Trust's April 6, 2015, termination date and reflected estimated earnings for the first quarter of 2015 and the first six days of April 2015, offset, in part, by the estimated expenditures for the balance of the year allocable to the certificate holders, resulting in an approximate net taxable earnings amount to certificate holders of record on March 31, 2015.

2015 Tax Return Guide: As previously reported, Section 646 of the Tax Reform Act of 1986, as amended, provided a special elective provision under which the Trust was allowed to convert from taxation as a corporation to that of a grantor trust. Pursuant to an Order of the Ramsey County District Court, the Trustees filed the Section 646 election with the Internal Revenue Service on December 30, 1988. As of January 1, 1989, the Trust was no longer subject to federal and Minnesota corporate income taxes and the Trust's beneficiaries have been taxed on their allocable share of the Trust's taxable income whether or not the income is distributed. With respect to the certificate holders' interests, this is also true for the period January 1, 2015, through April 6, 2015 ("2015 period"). Consistent with the Trust's past practice, a Tax Return Guide was prepared for the 2015 period and mailed in January 2016 ("2015 Tax Return Guide") to assist the certificate holders, whether they are a registered holder, a "street name" holder or a nominee/broker, in addressing the issues that arise in reporting the taxable income from the Trust's operations, and deductions available, for federal and state income tax purposes for the 2015 period due to the election of Section 646. This 2015 Tax Return Guide was mailed to registered certificate holders of record as of March 31, 2015, which was the last quarterly period in which a quarterly distribution was declared and an income allocation was credited. Registered certificate holders also received a Trust Supplemental Statement reporting the number of units (shares) owned as of March 31, 2015, as well as a Substitute Form 1099-MISC reporting their 2015 allocable share of taxable income from the Trust. The Trustees will provide, upon request, a copy of this 2015 Tax Return Guide to any interested party.

Holders of Paper Certificates: On April 10, 2015, our stock transfer agent, Wells Fargo Shareowner Services ("WFSS"), sent a "Letter of Transmittal" on the Trust's behalf to all registered certificate holders of record on April 6, 2015, holding Trust paper certificates requesting that the certificate holder surrender and return their certificate(s) to WFSS in exchange for a future payment of the final distribution, as yet to be determined and approved by the Court. If you received this Letter of Transmittal, please follow the instructions therein, and return the certificate(s) to WFSS as soon as possible. Do not sign the back of the certificate; only sign the Letter of Transmittal. As a precaution, WFSS recommends that you insure the certificate(s) for 2% of the assumed value (which could be assumed to approximate the April 6, 2015, closing price of $8.10 per share), and that you return the certificate(s) to WFSS via overnight courier, hand-delivery or registered mail. Questions pertaining to the Letter of Transmittal should be directed to WFSS at 1-800-468-9716. If you need another copy of this Letter of Transmittal or did not receive this Letter of Transmittal, please contact WFSS.

Business of the Trust:
The Trust is primarily involved with the leasing and care of its properties. The management of the Trust is vested in the Trustees. The Trustees have no duty to sell property unless required to do so to serve both the term beneficiaries (certificate holders) and the reversionary beneficiary (reversioner) impartially; and, if the need arises, the Trustees may petition the Court for further instructions defining what is required in a particular case to balance the interests of the certificate holders and reversioner. The major source of income to the Trust is earned royalties derived from taconite production from the Trust's properties

by the Trust's lessees (customers) and minimum royalties, pursuant to mineral leases. "Earned royalties" are based on the taconite tonnage mined (also referred to as produced or shipped) from the Trust's lands applied to a royalty rate as defined in the various specific and confidential operating agreements (also referred to as leases) with the Trust's lessees. Certain leases have "minimum royalty" provisions that require the lessee to remit to the Trust current year rental or minimum royalty income for holding the leasehold interest. The leases are generally very long-term in nature and, while they periodically are amended at the request of a lessee, the Trust is bound by the lease provisions throughout the term of the lease.

Shares of beneficial interest in the Trust were traded on the New York Stock Exchange under the ticker symbol "GNI" (CUSIP No. 391064102) through April 6, 2015. There were 733 registered certificate holder of record accounts as of the close of business on the termination date of the Trust, April 6, 2015. As previously stated, the closing price on April 6, 2015, of GNI shares of beneficial interest was $8.10 per share. The high and low sales prices for the quarterly periods commencing January 1, 2014, through April 6, 2015, inclusive, were as follows:

	2015		2014	
Quarter	**High**	**Low**	**High**	**Low**
First	$14.23	$7.40	$69.72	$18.76
Second	8.19	7.36	24.98	16.80
Third	NA	NA	29.29	18.06
Fourth	NA	NA	24.98	13.77

Results of Operations: Royalties for 2015 were less than those of 2014 by approximately $3.8 million primarily due to a lower overall average earned royalty rate caused mainly by reduced producer price indices, which accounted for approximately $1.8 million of this total change, decreased taconite mining on our lands, which accounted for approximately $1.3 million of this total change, and less net minimum royalties, which accounted for approximately $0.7 million of this total change. Expenses for 2015 were greater than those of 2014 by approximately $1.2 million primarily due to increased pension expense pertaining to the defined benefit pension plan due to a lower discount rate and resumed amortization of the unrecognized net loss, which accounted for approximately $2.1 million of this total change, and increased staff compensation, which accounted for approximately $0.1 million of this total change, offset, in part, by reduced legal expenditures primarily due to the court proceedings in 2014, which accounted for approximately $0.5 million of this total change, and reduced amortization expense due to the mineral and surface lands being fully amortized as of the termination date of the Trust, which also accounted for $0.5 million of this total change. Net income for 2015 was less than that of 2014 by approximately $5.0 million primarily due to fluctuations in Royalties and Expenses as explained above.

Royalties for 2014 were less than those of 2013 by approximately $1.2 million primarily due to a lower overall average earned royalty rate caused by a higher ratio of mining from our partial fee interest lands versus our full fee interest lands, which accounted for approximately $1.7 million of this total change, and decreased taconite mining on our lands, which accounted for approximately $0.7 million of this total change, offset, in part, by greater net minimum royalties received, which accounted for approximately $0.6 million of this total change and increased tailings revenues, which also accounted for approximately

$0.6 million of this total change. Expenses for 2014 were greater than those of 2013 by approximately $0.7 million primarily due to greater legal expenditures associated with termination matters of the Trust, which accounted for approximately $0.8 million of this total change, and increased staff compensation, which accounted for approximately $0.1 million of this total change, offset, in part, by reduced pension expense pertaining to the defined benefit pension plan, which accounted for approximately $0.3 million of this total change. Regarding pension expense, in addition to the higher discount rate effective for 2014, the Trust was not required to amortize unrecognized net loss into pension expense in 2014 pursuant to the pension accounting rules since the remaining unrecognized net loss at the beginning of the year was less than ten percent of the greater of the projected benefit obligation or the fair market value of plan assets (known as the corridor for delayed recognition). Net income for 2014 was less than that of 2013 by approximately $1.7 million primarily due to fluctuations in Royalties and Expenses as explained above.

The Trustees declared one quarterly certificate holder distribution in 2015 prior to the termination date of the Trust. This distribution, amounting to $1.30 per share, was paid on April 30, 2015, to certificate holders of record on March 31, 2015. Subsequent to the termination date of the Trust, the Trustees remitted monies to the reversioner representing a portion of the net earnings that accrued on the reversioner's behalf after April 6, 2015. The amount paid to the reversioner in 2015 totaled $4,320,000, in aggregate, which equated to $2.88 per share.

The Trustees declared four quarterly certificate holder distributions in 2014 totaling $9.35 per share. The first, in the amount of $2.25 per share, was paid on April 30, 2014, to certificate holders of record on March 31, 2014; the second, in the amount of $2.50 per share, was paid on July 31, 2014, to certificate holders of record on June 30, 2014; the third, in the amount of $2.60 per share, was paid on October 31, 2014, to certificate holders of record on September 30, 2014; and the fourth, in the amount of $2.00 per share, was paid on January 30, 2015, to certificate holders of record on December 31, 2014.

Liquidity: In the interest of preservation of principal of Court-approved reserves and guided by the restrictive provisions of Section 646 of the Tax Reform Act of 1986, as amended, monies were invested primarily in U.S. Treasury securities with maturity dates not to exceed three years or the termination date of the Trust; and, along with cash flows from operations and cash on hand resulting from the maturity of the U.S. Treasury securities prior to the termination date of the Trust, cash reserves are deemed adequate to meet currently foreseeable liquidity needs. The following is a table of the Trust's contractual obligations as of December 31, 2015, all of which are expected to be settled within the next year:

	Payments Due by Period				
	Total	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**More than 5 years**
Future pension contributions *(see Note 7 to the Financial Statements)*	$523,000	$523,000	$ —	$ —	$ —
St. Paul office leases *(see Note 9 to the Financial Statements)*	26,331	26,331	—	—	—

Critical Accounting Policies: *Royalties* from the Trust's mineral leases are taken into income as earned. Tonnage extracted is agreed upon between Trust and lessee engineers based on various engineering methods, which include truck counts, volumetric surveys and blast pattern estimates. Many of the leases provide for escalation or de-escalation that, for the most part, is based on independent producer price indices as published by the U.S. Department of Labor — Bureau of Labor Statistics. In addition, a number of the Trust's leases have minimum royalty provisions that require the lessee to remit to the Trust current year rental or minimum royalty income for holding the leasehold interest, regardless of production. These minimum royalties can accumulate and do allow the steel and mining companies the ability to offset royalties, over the minimum royalty requirements, due on future taconite production. Minimum royalties, if not recovered before the termination of the lease, are forfeitable and are not refundable under any circumstance. For certain leases, minimum royalties, if not recovered before the termination date of the Trust, were forfeited and were not refunded to the lessee.

Pension plan valuations are based on a number of assumptions used to determine the benefit obligation and net periodic pension cost. These assumptions are evaluated annually by the Trustees and management in conjunction with outside actuaries. Assumptions affecting the pension plan valuations going forward include the discount rate and expected long-term rate of return on plan assets. These assumptions reflect and incorporate the expected cash flow payouts of the pension plan and the current pension plan investment policy in effect. Please see Note 7 to the Financial Statements for additional pension plan information.

The *Principal Charges account* represents a first and prior lien of certificate holders on any property transferable to the reversioner upon the dissolution of the Trust and reflects an allocation of beneficiaries' equity between the certificate holders and the reversioner. This Court-ordered account is neither an asset nor a liability of the Trust. Rather, this account maintains and represents a balance that will be payable to the certificate holders of record as of April 6, 2015, from the reversioner upon the dissolution of the Trust. The account balance, as stated in Note 6 to the Financial Statements, primarily represents the costs of acquiring homes and surface lands in accordance with provisions of a lease with U.S. Steel Corporation, as well as Court-ordered attorneys' fees and expenses, offset, in part, by amortization of surface lands and dispositions. This account balance will be added to the cash distributable to the certificate holders of record as of the termination of the Trust, with said amount payable nearer the completion of the wind-down period and upon the dissolution of the Trust, all subject to the instructions, guidance and approval of the Court.

Forward-Looking and Cautionary Statements: Certain expectations and statements regarding the final distribution to certificate holders of record as of April 6, 2015, referenced in this report are forward-looking statements. The hypothetical *final distribution* stated within this report is based on financial statement values as of December 31, 2015, and does not include a provision for expenses and obligations to be paid or provided for during the wind-down process, which process is expected to continue into 2016, nor does it include any possible final additional pension contribution to be made to the plan likely in 2016. We will not know the amount of these expenses and obligations until the wind-down process has been completed. Also, there may be changes to the Principal Charges account balance during the wind-down process that cause the amount of that account used in the calculation of the final distribution to differ from the amount at December 31, 2015. The final distribution amount is subject to the Court's approval of the Trust's final accounting and the Court may also require further adjustments. For these reasons and other factors described elsewhere in this report, the amount of the Court-approved final distribution that is paid upon completion of the wind-down process will differ from the hypothetical final distribution stated within.

The Trust's operations and financial results are also subject to various risks and uncertainties, including the following factors and comments that could cause future results to differ from historical results:

The Trust's *lessees* (*customers*) primarily include Minntac ("Minntac") and Keetac ("Keetac"), both owned and operated by U.S. Steel Corporation; Hibbing Taconite Company ("Hibtac"), owned by ArcelorMittal, Cliffs Natural Resources Inc. and U.S. Steel Corporation, and operated by Cliffs Mining Company; and Essar Steel Minnesota, LLC ("ESM"), owned by Essar Steel Holdings Ltd., a subsidiary of Essar Global Ltd. Because the Trust's revenues are primarily dependent upon a limited number of customers, any significant adverse event at any of the Trust's primary lessees, or the loss of any of the Trust's primary lessees, could materially adversely affect the Trust's future financial results.

A decline in *market demand* for steel, and correspondingly taconite, could adversely affect the Trust's financial results. However, other related and sometimes compensating factors include the Trust's lessees' operating levels, minimum royalties, ore body quality, metallurgical and geological characteristics, and location of Trust lands. Also sometimes affecting taconite production from Trust lands are extreme weather conditions and labor contracts at the mines. Though the Trust is not a party to the labor contracts at the mines, all pertinent labor contracts affecting production from Trust lands expired on September 1, 2015, between U.S. Steel Corporation ("USS") and the United Steelworkers of America ("USWA"), and also between ArcelorMittal ("Arcelor") and the USWA, and on October 1, 2015, between Cliffs Natural Resources ("CNR") and the USWA. Upon expiration of these labor contracts, management for the mining companies and union representatives agreed to continue working under the terms of the expired labor contracts until new labor contracts could be finalized. Members of the USWA have now ratified revised terms for a new labor contract with USS, which runs through September 1, 2018. As of this writing, the USWA continues to discuss and negotiate terms for new labor contracts with Arcelor and CNR. Additionally, over the past few years, the domestic steel and taconite industries have also been influenced by the global markets. As a result, future demand for domestic steel and taconite, which is now part of the global markets, is uncertain. While any cut in production by any of our lessees can adversely affect the Trust, continued receipt of minimum royalties do mitigate this effect, in part.

Royalty rates can fluctuate due to the escalation and de-escalation of producer price indices as a result of provisions present in many of the Trust's leases. To the extent these indices decline (the "All Commodities" or the "Iron and Steel" subgroup), royalty rates, and correspondingly royalty income, could be adversely affected. Conversely, higher producer price indices may increase royalty rates and royalty income.

Compliance with Section 646 of the Internal Revenue Code, as explained in Note 8 to the Financial Statements, is integral to the level of distributions paid to the Trust's beneficiaries. Should it be determined that the Trust violated the requirements of Section 646, it would be taxed as a corporation versus a grantor trust. This would mean the Trust's income would be taxable upon receipt by the Trust and again upon receipt by the Trust's beneficiaries. It is the Trustees' opinion that the Trust has remained in compliance with the provisions of Section 646 since its election in 1988.

As previously reported, *the termination date of the Trust was April 6, 2015*. The final distribution to certificate holders of record as of April 6, 2015, will generally consist of the sum of the Trust's net monies (essentially, cash less liabilities relative to the certificate holders) remaining in the hands of the Trustees (after paying and providing for all remaining expenses and obligations allocable to the certificate holders incurred through the Trust's termination and wind-down process), and the balance in the Principal Charges account, all of which are subject to the final accounting and approval of the Ramsey County District Court.

We continue to look forward to completing our Trustee fiduciary duties to the certificate holders and the reversioner during the wind-down period of the Trust and will continue to provide updates via the Trust's Web site as appropriate and as guided by the Ramsey County District Court.

Respectfully submitted,

Joseph S. Micallef,
President of the Trustees
and Chief Executive Officer

Thomas A. Janochoski,
Vice President & Secretary
and Chief Financial Officer

Roger W. Staehle, Trustee
Robert A. Stein, Trustee
James E. Swearingen, Trustee

Saint Paul, Minnesota
March 3, 2016

GREAT NORTHERN IRON ORE PROPERTIES

BALANCE SHEETS

ASSETS

	December 31 2015	December 31 2014
Current Assets		
Cash and cash equivalents	$ 7,316,480	$ 899,283
United States Treasury securities	—	7,535,178
Royalties receivable	4,063,578	2,959,038
Prepaid expenses	2,110	2,110
Total Current Assets	11,382,168	11,395,609
Properties		
Mineral and surface lands (*Notes 4 and 5*)	39,479,708	39,479,708
Accumulated depletion and amortization	(39,461,607)	(39,288,577)
	18,101	191,131
Land, office building and equipment	335,767	335,767
Accumulated depreciation	(330,767)	(317,865)
	5,000	17,902
Total Properties	23,101	209,033
Total Assets	$11,405,269	$11,604,642

LIABILITIES AND BENEFICIARIES' EQUITY

	2015	2014
Current Liabilities		
Accounts payable and accrued expenses	$ 110,221	$ 287,934
Liability for pension benefits (*Note 7*)	523,341	—
Deferred compensation	—	270,300
Distributions	—	3,000,000
Total Current Liabilities	633,562	3,558,234
Noncurrent Liabilities		
Liability for pension benefits (*Note 7*)	—	978,566
Total Liabilities	633,562	4,536,800
Beneficiaries' Equity		
Certificate holders' equity, represented by 1,500,000 certificates (shares or units) of beneficial interest authorized and outstanding, and the reversionary interest (*Notes 2 and 6*)	12,594,529	10,710,020
Accumulated other comprehensive loss (*Notes 7 and 11*)	(1,822,822)	(3,642,178)
Total Beneficiaries' Equity	10,771,707	7,067,842
Total Liabilities And Beneficiaries' Equity	$11,405,269	$11,604,642

See accompanying notes.

GREAT NORTHERN IRON ORE PROPERTIES

STATEMENTS OF BENEFICIARIES' EQUITY

	Beneficiaries' Equity	Accumulated Other Comprehensive (Loss) Income	Total Beneficiaries' Equity
Balance at January 1, 2013	$11,820,773	$(2,422,109)	$ 9,398,664
For year 2013:			
Net income	14,790,714	—	14,790,714
Other comprehensive income	—	1,560,198	1,560,198
Distributions ($10.00 per share)	(15,000,000)	—	(15,000,000)
Balance at December 31, 2013	11,611,487	(861,911)	10,749,576
For year 2014:			
Net income	13,123,533	—	13,123,533
Other comprehensive loss	—	(2,780,267)	(2,780,267)
Distributions ($9.35 per share)	(14,025,000)	—	(14,025,000)
Balance at December 31, 2014	10,710,020	(3,642,178)	7,067,842
For year 2015:			
Net income	8,154,509	—	8,154,509
Other comprehensive income	—	1,819,356	1,819,356
Distributions ($4.18 per share)	(6,270,000)	—	(6,270,000)
Balance at December 31, 2015	$12,594,529	$(1,822,822)	$10,771,707

See accompanying notes.

GREAT NORTHERN IRON ORE PROPERTIES

STATEMENTS OF INCOME

	Year Ended December 31		
	2015	**2014**	**2013**
REVENUES			
Royalties	$13,793,671	$17,599,465	$18,842,746
Interest earned	2,107	12,730	20,952
Rent and other income	440,695	348,061	87,691
TOTAL REVENUES	14,236,473	17,960,256	18,951,389
EXPENSES			
Royalty costs	4,623	4,623	4,623
Real estate and payroll taxes	193,405	158,569	147,406
Inspection and care of properties	805,220	678,657	648,738
Administrative and general	4,892,784	3,244,974	2,615,837
Depreciation and amortization	185,932	749,900	744,071
TOTAL EXPENSES	6,081,964	4,836,723	4,160,675
NET INCOME	$ 8,154,509	$13,123,533	$14,790,714
WEIGHTED-AVERAGE SHARES OUTSTANDING	1,500,000	1,500,000	1,500,000
BASIC & DILUTED EARNINGS PER SHARE	$ 5.44	$ 8.75	$ 9.86

See accompanying notes.

GREAT NORTHERN IRON ORE PROPERTIES

STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31		
	2015	**2014**	**2013**
NET INCOME	$ 8,154,509	$13,123,533	$14,790,714
OTHER COMPREHENSIVE INCOME (LOSS):			
Defined benefit pension plan (*Notes 7 and 11*):			
Net (loss) gain arising during period	(624,073)	(2,797,734)	879,193
Amortization of prior service cost included in net periodic pension cost	—	17,467	17,469
Amortization of net loss included in net periodic pension cost	2,443,429	—	663,536
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	1,819,356	(2,780,267)	1,560,198
TOTAL COMPREHENSIVE INCOME	$ 9,973,865	$10,343,266	$16,350,912

See accompanying notes.

GREAT NORTHERN IRON ORE PROPERTIES

STATEMENTS OF CASH FLOWS

	Year Ended December 31		
	2015	2014	2013
OPERATING ACTIVITIES			
Cash received from royalties and rents	$13,129,826	$19,437,395	$18,551,641
Cash paid to suppliers and employees	(4,979,914)	(5,079,787)	(3,951,959)
Interest received	12,285	29,478	67,290
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,162,197	14,387,086	14,666,972
INVESTING ACTIVITIES			
United States Treasury securities matured	7,525,000	7,050,000	9,600,000
United States Treasury securities purchased	—	(6,250,000)	(5,275,000)
Expenditures for building and equipment	—	—	(23,206)
NET CASH PROVIDED BY INVESTING ACTIVITIES	7,525,000	800,000	4,301,794
FINANCING ACTIVITIES			
Distributions paid	(9,270,000)	(15,000,000)	(18,900,000)
NET CASH USED IN FINANCING ACTIVITIES	(9,270,000)	(15,000,000)	(18,900,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,417,197	187,086	68,766
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	899,283	712,197	643,431
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 7,316,480	$ 899,283	$ 712,197
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Net income	$ 8,154,509	$13,123,533	$14,790,714
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	185,932	749,900	744,071
Net periodic pension cost *(Note 7)*	2,538,508	464,549	776,646
Pension contribution *(Note 7)*	(1,174,377)	(1,679,091)	(1,315,301)
Net decrease (increase) in assets:			
Accrued interest	10,178	16,748	46,338
Royalties receivable	(1,104,540)	1,489,869	(378,796)
Net (decrease) increase in liabilities:			
Accounts payable and accrued expenses	(177,713)	195,578	(11,900)
Deferred compensation	(270,300)	26,000	15,200
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 8,162,197	$14,387,086	$14,666,972

See accompanying notes.

GREAT NORTHERN IRON ORE PROPERTIES

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 – Business and Nature of Operations

Great Northern Iron Ore Properties ("Trust") is presently involved solely with the leasing and maintenance of mineral and nonmineral lands owned by the Trust on the Mesabi Iron Range in northeastern Minnesota. The Trust is a conventional nonvoting trust organized under the laws of the State of Michigan pursuant to a Trust Agreement dated December 7, 1906. Because the Trust properties and offices are all located in Minnesota, the Trust and matters affecting the Trust are under the jurisdiction of the Ramsey County District Court ("Court") in Saint Paul, Minnesota. Royalties are primarily derived from taconite production and minimums. Royalties (which are not in direct ratio to tonnage shipped) from two significant operating lessees were approximately as follows: 2015 — $6,986,000 and $4,466,000; 2014 — $9,633,000 and $5,358,000; and 2013 — $10,198,000 and $6,638,000.

NOTE 2 – Trust Termination and Wind-Down Process

The terms of the Great Northern Iron Ore Properties Trust Agreement, created December 7, 1906, state that the Trust shall continue for twenty years after the death of the last survivor of eighteen persons named in the Trust Agreement. The last survivor of these eighteen persons died on April 6, 1995. Accordingly, the Trust terminated twenty years from April 6, 1995, that being April 6, 2015, and is now proceeding with its wind-down process.

The certificates of beneficial interest ("certificates" or "shares") in the Trust ceased to trade on the New York Stock Exchange ("Exchange") at the close of business on April 6, 2015, the Trust's termination date. The closing price for the Trust's certificates as of April 6, 2015, was $8.10 per share. The Exchange, on the Trust's behalf, filed Form 25 with the Securities and Exchange Commission ("SEC") shortly after the Trust's termination date to delist the Trust's certificates from the Exchange and deregister the Trust's certificates under Section 12(b) of the Securities Exchange Act of 1934. Following this delisting and deregistration of the certificates, the Trust filed Form 15 with the SEC to suspend the Trust's reporting obligations. Certificates as of the close of business on April 6, 2015, now only represent the right to receive a final distribution payable to the certificate holders of record as of April 6, 2015.

Once the Trust's wind-down process is completed (as further described below), the Trust is obligated to distribute ratably to the certificate holders of record as of April 6, 2015, the net monies remaining in the hands of the Trustees (i.e., all remaining cash on hand after paying or providing for all expenses and obligations allocable to the certificate holders incurred through the Trust's termination and wind-down process), plus the balance in the Principal Charges account (see Note 6). This final distribution amount must be approved by the Court and is subject to the Trust's filing of its final accounting with the Court and the Court's approval of the Trust's final accounting. Under the terms of the Trust Agreement, all other Trust property (most notably the Trust's mineral properties and active leases) must be conveyed and transferred to the reversioner (which, effective January 1, 2015, is Glacier Park Iron Ore Properties LLC, a wholly owned subsidiary of ConocoPhillips Company and successor in interest to Glacier Park Iron Ore Holdings LLC, successor in interest to Glacier Park Company, which is a wholly owned subsidiary of ConocoPhillips Company), without further payment or remuneration to the certificate holders.

NOTE 2 – Trust Termination and Wind-Down Process (continued)

The wind-down process of the Trust is anticipated to extend into calendar year 2016 in order to complete the various year-end audits, court and regulatory filings, tax returns, conveyances of non-cash properties to the reversioner, etc., relative to winding down the Trust. Subject to the guidance and approval of the Court and assuming the wind-down process with the reversioner proceeds efficiently and that no other complications arise during this time period, it is anticipated that the wind-down process, final distribution and dissolution of the Trust will be completed by the end of 2016.

The exact final distribution to the certificate holders of record as of April 6, 2015, as discussed above, cannot be determined at this time. However, to offer a hypothetical example, without factoring in all remaining expenses and obligations allocable to the certificate holders to be paid or provided for during the Trust's termination and wind-down process, and using the financial statement values as of December 31, 2015, the net monies (essentially, cash less liabilities relative to the certificate holders) were approximately $6,793,000 and the Principal Charges account balance was approximately $5,527,000, which would theoretically result in a final distribution payable of approximately $12,320,000, or about $8.21 per share. It is important to note, however, that the actual "net monies remaining in the hands of the Trustees" will fluctuate and will not be "final" until after the completion of the Trust's termination and wind-down process. It is likely the final distribution amount approved by the Court will be less than the hypothetical example shown above given that certain future operating and wind-up expenses, as well as a possible additional final pension contribution (see Note 7), which are allocable to the certificate holders, would reduce the net monies available for the final distribution. The Trust offers this example to further inform certificate holders about the *conceptual* nature of the final distribution and *does not imply or guarantee a specific or known final distribution amount*.

NOTE 3 – Legal Proceedings

In proceedings commenced in 1972, the Minnesota Supreme Court determined that while by the terms of the Trust, the Trustees are given discretionary powers to convert Trust assets to cash and to distribute the proceeds to certificate holders, they are limited in their exercise of those powers by the legal duty imposed by well-established law of trusts to serve the interests of both the term beneficiaries (certificate holders) and the reversionary beneficiary (reversioner) with impartiality. Thus, the Trustees have no duty to exercise the powers of sale and distribution unless required to do so to serve both term and reversionary interests; and, if the need arises, the Trustees may petition the Ramsey County District Court, Saint Paul, Minnesota, for further instructions defining what is required in a particular case to balance the interests of certificate holders and reversioner. Also, the Minnesota Supreme Court, in effect, held that the Trust is a conventional trust, rather than a business trust, and must operate within the framework of well-established trust law.

Section 646 of the Tax Reform Act of 1986, as amended, provided a special elective provision under which the Trust was allowed to convert from taxation as a corporation to that of a grantor trust. Pursuant to an Order of the Ramsey County District Court, the Trustees filed the Section 646 election with the Internal Revenue Service on December 30, 1988. As of January 1, 1989, the Trust was no longer subject to federal and Minnesota corporate income taxes. For years 1989 and thereafter, beneficiaries are taxed on their allocable share of the Trust's taxable income whether or not the income is distributed.

NOTE 3 – Legal Proceedings (continued)

By a letter dated April 15, 2015, certificate holders of record as of December 31, 2014, and the reversioner were notified of a hearing on May 21, 2015, in Ramsey County District Court, Saint Paul, Minnesota, for the purpose of approving, settling and allowing the Trust's financial accounts for the year 2014. By Court Order signed and dated May 21, 2015, the 2014 accounts were approved, settled and allowed in all respects. By previous Orders, the Court approved, settled and allowed the accounts of the Trustees for preceding years of the Trust.

By a letter dated September 12, 2014, certificate holders of record as of September 8, 2014, and the reversioner were notified of a hearing on October 7, 2014, in Ramsey County District Court, Saint Paul, Minnesota, for the purpose of requesting from the Court instructions and guidance regarding the Trustees' duties, powers and authority relative to operations of the Trust and the wind-down process subsequent to April 6, 2015, for approval of the Trustees' Wind-Up Plan, and for instructions and guidance pertaining to the allocation of expenses of the Trust between the certificate holders and reversioner. The hearing was not completed on October 7, 2014, and the Court ordered a continuation of the hearing on November 24, 2014.

Pursuant to the Court's Findings of Fact, Conclusions of Law and Order for Judgment filed on January 26, 2015 ("Court Order"), the Trustees' Petition for Instructions was approved by the Court and, consistent with the Trust Agreement, the Trustees are to immediately proceed with winding up the affairs of the Trust upon its termination date of April 6, 2015, and to undertake the tasks and actions outlined in the Trustees' Wind-Up Plan. The Court further ordered that the Trustees will retain possession and control of the Trust's cash and non-cash assets (and books and records related thereto) throughout the wind-down period, that they are authorized to enter into temporary employment agreements with the current Trust employees to assist the Trustees during the wind-down process, that the Trustees' compensation shall continue during the wind-down period until they are discharged by the Court, and that the Trust's termination and wind-up expenses and costs (including attorneys' fees) incurred after December 2013 shall be allocated between the certificate holders and the reversioner depending on the nature of the expense as set forth in the Court Order. Expenses incurred after December 2013 and through the Trust's termination date that are allocated to the reversioner will be charged to the Principal Charges account as of April 6, 2015. Finally, the Court Order required that an informal interim status report be submitted to the Court by the Trustees on November 15, 2015, that an annual audit and annual report for the year 2015 be completed and filed with the Court for approval by March 2016, and, as soon as practicable after the Court's approval of this annual report, that the Trustees prepare final audited financial statements for filing with the Court for the approval of the Trustees' final accounting and discharge. Final distributions and conveyances to the Trust's beneficiaries (the certificate holders and the reversioner) shall be made upon the order of the Court.

Copies of the Trust's mailings and the Court Order regarding the hearings may be viewed on the Trust's Web site at www.gniop.com, or may be requested by contacting the St. Paul Office of the Trustees.

NOTE 3 – Legal Proceedings (continued)

Pursuant to the Court Order, the Trustees provided to the Court an informal interim status report on November 13, 2015, which included an update of the status of the Wind-Up Plan summarizing the procedures completed to-date, those that are still in process and those which remain that are still expected to be completed before the end of 2016, barring any unforeseen issues.

Late in the year the Trust was served with a summons indicating a foreclosure action on mechanics/miners liens that were previously placed on Trust properties as a result of a bankruptcy proceeding commenced by one of the Trust's lessees, Magnetation. The placement of liens on Trust properties is a violation of the terms in the Trust's leases with Magnetation, and a notice of default was promptly issued to Magnetation when the liens were filed. However, bankruptcy law prohibits further action against Magnetation during the time the bankruptcy court has jurisdiction in the matter, which remains pending at this time.

NOTE 4 – Significant Accounting Policies

Cash and Cash Equivalents: The Trust considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Mineral and Surface Lands: Mineral and surface lands are carried at amounts that represent, principally, either costs at acquisition or values on March 1, 1913, net of accumulated amortization. The value of the merchantable ore deposits was established on March 1, 1913, for federal income tax purposes. No value has been estimated or recorded for taconite deposits held on March 1, 1913, since they were not then thought to be merchantable; however, they presently represent most of the mining activity on the Trust's properties. Mineral lands were amortized on the straight-line method through the termination date of the Trust. The straight-line method of amortization closely resembled the units-of-production method over the term of the Trust and, accordingly, was deemed a reasonable, systematic and rational method to associate expense with the revenues generated from taconite mining. Mineral land amortization amounted to $73,545, $295,200 and $294,000 for the years 2015, 2014 and 2013, respectively. Nonmineral lands are also included in this category; however, they represent negligible amounts.

In addition, surface lands are acquired from time to time to facilitate mining operations (see Note 5). These surface lands were amortized on a straight-line basis through the termination date of the Trust based on the values as of the beginning of each fiscal year. Surface lands that were remaining to be amortized amounted to $99,485, $500,285 and $901,085 as of January 1, 2015, 2014 and 2013, respectively. Surface land amortization amounted to $99,485, $400,800 and $400,800 for the years 2015, 2014 and 2013, respectively.

Royalties: Royalties from mineral leases (with cancellation terms varying from six months to one year) are taken into income as earned. Earned royalties are based on the tonnage extracted (also referred to as produced or shipped) from the Trust's lands applied to a royalty rate as defined in the various specific and confidential operating agreements (also referred to as leases). Minimum royalties, if required, are current year's rental or minimum royalty income from the lessees to the Trust for holding the leasehold interest. Certain leases provide the steel and mining companies the ability to offset royalties, over the minimum royalty requirements, due on future taconite production, if any and when mined, against unabsorbed minimum royalties paid in prior periods. In addition, for certain leases, minimum royalties, if not recovered before the termination date of the Trust, were forfeited as of the termination date of the Trust and were not refunded to the lessee. One of our lessees refuted this position after the Trust's termination date and has withheld royalties approximating $760,000 representing fourth quarter 2015 taconite production for one of the Trust's leases, claiming that the accumulated minimum royalties for this lease remained as of the Trust's termination date. This amount was excluded from revenues for the year 2015, and the matter remains pending. Accumulated minimum royalties from taconite mineral leases in excess of tons extracted to-date amounted to $13,512,370 and $13,040,552 as of December 31, 2015 and 2014, respectively.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Earnings per Share: Earnings per share are determined by dividing net income for the period by the number of weighted-average shares of beneficial interest outstanding. Basic and diluted weighted-average shares outstanding were 1,500,000 as of December 31, 2015, 2014 and 2013.

Allocations between Certificate Holders and Reversioner: Pursuant to the January 26, 2015 Court Order, revenues and expenses were allocated between the certificate holders and the reversioner after the April 6, 2015 termination date of the Trust. With respect to Royalties and other income, mining cutoffs were obtained as of April 6, 2015. Interest income was credited to the certificate holders as it related to the monies on hand yet to be distributed to the certificate holders. Costs and expenses benefitting the lands and their inspections after April 6, 2015, including real estate taxes and a majority of the Hibbing Office (Iron Range) staff compensation and expenses, were charged to the reversioner. Costs and expenses benefitting certificate holder interests only after April 6, 2015, including shareholder relations expenditures and pension expense (representing past service), were charged to the certificate holders. Costs and expenses benefitting both beneficiaries, including Trustees' fees, St. Paul Office staff compensation, St. Paul Office expenses and audit fees, which were generated from the wind-down activities as well as the ongoing operations, were generally split equally between the certificate holders and the reversioner. Certain costs and expenses were allocated based on the service provided, such as legal fees. See Note 12 for a summary of the revenue and expense allocations between the certificate holders and the reversioner for the year ended December 31, 2015.

NOTE 5 – LAND ACQUISITION

A mining agreement dated January 1, 1959, with U.S. Steel Corporation provides that one-half of annual earned royalties, after satisfaction of minimum royalty payments, shall be applied, in lieu of royalty payments, to reimburse the lessee for a portion of its cost of acquisition of surface lands overlying the leased mineral deposits, which surface lands are then conveyed to the Trustees (see Note 4). There were no surface land acquisitions deducted from royalties during the years 2015, 2014 and 2013.

NOTE 6 – Principal Charges Account

Pursuant to the Court Order of November 29, 1982 ("1982 Court Order"), the Trustees were directed to create and maintain an account designated as "Principal Charges." This account constitutes a first and prior lien of certificate holders on any property transferable to the reversioner and reflects an allocation of beneficiaries' equity between the certificate holders and the reversioner. This account is neither an asset nor a liability of the Trust. Rather, this account maintains and represents a balance that will be payable to the certificate holders of record as of April 6, 2015, from the reversioner nearer the date of the Trust's final dissolution. The balance in this account consists of (i) attorneys' fees and expenses pursuant to the 1982 Court Order in connection with litigation commenced in 1972 and 2014 relating to the Trustees' powers and duties under the Trust Agreement and (ii) the costs of homes and surface lands acquired in accordance with provisions of a lease with U.S. Steel Corporation, net of an allowance to amortize the cost of the land based on actual shipments of taconite and net of a credit for disposition of tangible assets.

A summary of the components of the Principal Charges account is as follows:

	2015	2014
Attorneys' fees and expenses	$1,852,921	$1,024,834
Costs of surface lands	6,606,815	6,606,815
Cumulative shipment credits	(2,560,538)	(2,549,174)
Cumulative asset disposition credits	(372,124)	(372,124)
Principal Charges account balance	$5,527,074	$4,710,351

Pursuant to the 1982 Court Order, the Trustees may either sell tangible assets or obtain a loan with tangible assets as security to provide monies for distribution to the certificate holders in the amount of the Principal Charges account balance. However, other arrangements are being made with the reversioner to settle the Principal Charges account balance nearer the date of the Trust's final dissolution, which amount is expected to be included in the final distribution to certificate holders of record as of April 6, 2015. Pursuant to the Court Order of January 26, 2015 (see Note 3), expenses incurred after December 2013 and before the Trust's termination date ("post-2013 expenses") that are allocated to the reversioner were charged to the Principal Charges account as of April 6, 2015. These post-2013 expenses that were allocated to the reversioner are included in the "Attorneys' fees and expenses" line item shown above within the 2015 Principal Charges account balance.

NOTE 7 – Pension Plan

The Trust has a noncontributory defined benefit pension plan that covers all employees. The Trustees are not eligible for pension benefits under the plan based on their services as Trustees. Although the termination date of the Trust was April 6, 2015, there has been no pension plan curtailment or settlement that would require the immediate recognition of certain amounts in other comprehensive income/loss as of December 31, 2015 and 2014. Immediate recognition of such amounts from accumulated other comprehensive income/loss will occur in the period that the pension plan is settled. The pension plan is expected to remain under the control of the Trustees until sometime in 2016, due to the length of time necessary to administer to the various tasks required to terminate a pension plan, including regulatory filings, securing an annuity provider to continue the benefits to retirees, etc. The

NOTE 7 – PENSION PLAN (CONTINUED)

pension accounting guidance requires employers with pension plans to recognize the funded (or unfunded) status of a plan on the face of the balance sheet. The funded status is determined by comparing the pension plan assets at fair value to the projected (future) benefit obligation.

A summary of the components of net periodic pension cost and other amounts recognized in other comprehensive income is as follows:

Net Periodic Pension Cost	**2015**	**2014**	**2013**
Service cost	$ —	$ 310,335	$ 325,693
Interest cost	406,898	362,561	307,871
Expected return on assets	(311,819)	(225,814)	(537,923)
Amortization of net loss	2,443,429	—	663,536
Amortization of prior service cost	—	17,467	17,469
Net periodic pension cost	2,538,508	464,549	776,646
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income			
Net loss (gain) arising during the period	624,073	2,797,734	(879,193)
Amortization of net loss included in net periodic pension cost	(2,443,429)	—	(663,536)
Amortization of prior service cost included in net periodic pension cost	—	(17,467)	(17,469)
Total (gain) loss recognized in other comprehensive income	(1,819,356)	2,780,267	(1,560,198)
Total recognized in net periodic pension cost and other comprehensive income	$ 719,152	$ 3,244,816	$ (783,552)

A summary of the weighted-average assumptions used in the measurement of the benefit obligation and the net periodic pension cost is as follows:

	2015	**2014**
Discount rate for benefit obligation	3.10%	3.50%
Discount rate for net periodic pension cost	3.50%	4.25%
Rate of compensation increase	NA	3.50%
Expected long-term return on plan assets	0.10%	2.80%

The determination of the discount rate is based on the Citigroup pension yield curve that approximates the expected cash flow payouts of the plan, with a focus on terminal funding rates given the anticipated cessation of the pension plan expected sometime in 2016. The determination of the rate of compensation increase was based on historical salary adjustment averages for years prior to 2015. The determination of the expected long-term return on plan assets is based on a revised investment policy effective in late-2015 that eliminates exposure to equities given the termination of the Trust on April 6, 2015, and invests the plan assets primarily in a money market fund.

NOTE 7 – PENSION PLAN (CONTINUED)

A summary of the changes in projected benefit obligation is as follows:

	2015	2014
Projected benefit obligation at beginning of year	$11,987,488	$ 8,678,194
Service cost	—	310,335
Interest cost	406,898	362,561
Actuarial loss	404,328	2,910,925
Benefit payments	(637,203)	(274,527)
Projected benefit obligation at end of year	$12,161,511	$11,987,488

A summary of the changes in the fair value of plan assets is as follows:

	2015	2014
Fair value of plan assets at beginning of year	$11,008,922	$ 9,265,353
Contributions by the Trust	1,174,377	1,679,091
Actual return on plan assets	92,074	339,005
Benefit payments	(637,203)	(274,527)
Fair value of plan assets at end of year	$11,638,170	$11,008,922

A summary of the plan's funded (unfunded) status and amounts recognized in the balance sheets shown as "Liability for pension benefits" is as follows:

	2015	2014
Accumulated benefit obligation at end of year	$12,161,511	$ 9,684,899
Effect of future compensation increases and scheduled benefit adjustment	—	2,302,589
Projected benefit obligation at end of year	12,161,511	11,987,488
Fair value of plan assets at end of year	11,638,170	11,008,922
Funded (unfunded) status at end of year	$ (523,341)	$ (978,566)

The amounts recognized in the balance sheets shown as "Accumulated other comprehensive loss" only represent net loss. The net loss amount that will be amortized from "Accumulated other comprehensive loss" into net periodic pension cost in 2016 is estimated to be $606,671. However, if the pension plan is settled in 2016, the aggregate amount within the "Accumulated other comprehensive loss" balance sheet account as of December 31, 2015, will be fully expensed (amortized).

A summary of the estimated future benefit payments from the plan for the next ten-year period is as follows:

Period	Amount
2016	$ 813,192
2017	795,537
2018	774,587
2019	748,490
2020	728,900
2021 - 2025	3,295,482

The 2016 contribution to the plan is estimated to approximate $523,000; however, the actual 2016 contribution will not be determined and finalized until after the completion of the plan's annual actuarial valuation, which is performed as of the plan's fiscal year end, March 31.

NOTE 7 – PENSION PLAN (CONTINUED)

As noted above, the investment policy of the plan was revised in late-2015 to invest the plan assets primarily in a money market fund, which eliminated exposure to equities given the termination date of the Trust on April 6, 2015. For years prior to 2015, the equity portfolio strategy was to generate appreciation and growth in the plan's overall value over the long-term with its benchmark being the S&P 500 Index; the debt portfolio strategy was to generate income for the payment of benefits, as well as investment diversification with its benchmark being the Barclays Capital Government/Credit Index; and the cash portfolio strategy was to provide liquidity for the payment of benefits to current retirees. The fair value measurements are based on quoted prices in active markets for identical assets (Level 1).

A summary of the plan's weighted-average asset allocations by category is as follows:

	2015		2014	
	Fair Value	%	Fair Value	%
Equity securities	$ —	0%	$ 2,272,943	21%
Debt securities – corporate issues	—	0	8,267,454	75
Debt securities – U.S. government issues	—	0	334,175	3
Cash (money market, accrued income)	11,638,170	100	134,350	1
Total	$11,638,170	100%	$11,008,922	100%

NOTE 8 – INCOME TAXES

The Trustees filed an election under Section 646 of the Tax Reform Act of 1986, as amended. As discussed in Note 3, beginning in 1989 the Trust was no longer subject to federal or Minnesota corporate income taxes, provided the requirements of Section 646 are met. The principal requirements are:

- The Trust must be exclusively engaged in the leasing of mineral properties and activities incidental thereto.
- The Trust must not acquire any additional property other than permissible acquisitions as provided by Section 646.

If these requirements are violated, the Trust will be treated as a corporation for the taxable year in which the violation occurs and for all subsequent taxable years. Since the election of Section 646, the Trust has remained in compliance with these requirements.

NOTE 9 – LEASE COMMITMENTS

The Trust leases office facilities in Saint Paul, Minnesota. These leases include one-hundred-eighty-day cancellation clauses, contain various renewal options and exclude any contingent rental provisions. Rental expense for these operating leases amounted to $63,195, $55,856 and $62,603 for the years 2015, 2014 and 2013, respectively.

NOTE 10 – QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

A summary of (unaudited) quarterly results of operations (in thousands of dollars, except per share amounts) is as follows:

	Quarter Ended			
	March 31	**June 30**	**Sept. 30**	**Dec. 31**
2015				
Royalties	$4,395	$2,737	$2,598	$4,064
Interest and other income	391	20	7	24
Total revenues	4,786	2,757	2,605	4,088
Expenses	1,638	1,572	1,380	1,491
Net income	$3,148	$1,185	$1,225	$2,597
Earnings per share	$ 2.10	$ 0.79	$ 0.82	$ 1.73
2014				
Royalties	$4,305	$5,318	$5,017	$2,959
Interest and other income	282	12	44	23
Total revenues	4,587	5,330	5,061	2,982
Expenses	1,015	1,088	1,117	1,616
Net income	$3,572	$4,242	$3,944	$1,366
Earnings per share	$ 2.38	$ 2.83	$ 2.63	$ 0.91

NOTE 11 – ACCUMULATED OTHER COMPREHENSIVE LOSS

A summary of the component items (all affecting the "Administrative and general" expense line item within the Statements of Income) showing the reclassifications out of "Accumulated other comprehensive loss" ("AOCL") is as follows:

	Amounts reclassified from AOCL		
Component item	**2015**	**2014**	**2013**
Amortization of defined benefit pension items:			
Prior service cost	$ —	$ 17,467	$ 17,469
Net loss	2,443,429	—	663,536
Total	$ 2,443,429	$ 17,467	$ 681,005

A summary of the changes in AOCL by component is as follows:

Defined benefit pension items	**Prior Service Cost**	**Net Loss**	**Total**
BALANCE AT JANUARY 1, 2013	$ (34,936)	$(2,387,173)	$(2,422,109)
Net gain arising during period before reclassifications	—	879,193	879,193
Amounts reclassified from AOCL	17,469	663,536	681,005
Other comprehensive income	17,469	1,542,729	1,560,198
BALANCE AT DECEMBER 31, 2013	(17,467)	(844,444)	(861,911)
Net loss arising during period before reclassifications	—	(2,797,734)	(2,797,734)
Amounts reclassified from AOCL	17,467	—	17,467
Other comprehensive income (loss)	17,467	(2,797,734)	(2,780,267)
BALANCE AT DECEMBER 31, 2014	—	(3,642,178)	(3,642,178)
Net loss arising during period before reclassifications	—	(624,073)	(624,073)
Amounts reclassified from AOCL	—	2,443,429	2,443,429
Other comprehensive income	—	1,819,356	1,819,356
BALANCE AT DECEMBER 31, 2015	$ —	$(1,822,822)	$(1,822,822)

NOTE 12 – Revenue And Expense Allocations Between Certificate Holders And Reversioner

A summary of the revenue and expense allocations between the certificate holders and the reversioner for the year ended December 31, 2015, is as follows:

	Certificate Holders	Reversioner	Total
Revenues			
Royalties	$ 4,582,054	$ 9,211,617	$13,793,671
Interest earned	2,107	—	2,107
Rent and other income	401,872	38,823	440,695
Total Revenues	4,986,033	9,250,440	14,236,473
Expenses			
Royalty costs	1,232	3,391	4,623
Real estate and payroll taxes	85,100	108,305	193,405
Inspection and care of properties	282,327	522,893	805,220
Administrative and general	4,182,963	709,821	4,892,784
Depreciation and Amortization	185,932	—	185,932
Total Expenses	4,737,554	1,344,410	6,081,964
Net Income	$ 248,479	$ 7,906,030	$ 8,154,509
Weighted-Average Shares Outstanding	1,500,000	1,500,000	1,500,000
Basic & Diluted Earnings Per Share	$ 0.17	$ 5.27	$ 5.44

Report of Ernst & Young LLP, Independent Auditors, on Audit of Financial Statements

The Trustees
Great Northern Iron Ore Properties

We have audited the accompanying financial statements of Great Northern Iron Ore Properties (the Trust), which are comprised of the balance sheets as of December 31, 2015 and 2014, and the related statements of beneficiaries' equity, income, comprehensive income and cash flows for each of the three years in the period ended December 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great Northern Iron Ore Properties at December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

Trust Termination and Wind-down Process

As discussed in Note 2 to the financial statements, upon the termination of the Trust on April 6, 2015, the Trust began a wind-down process subject to final court approval that will result in the dissolution of the Trust. Our opinion is not modified with respect to this matter.

Ernst + Young LLP

Minneapolis, Minnesota
March 3, 2016

GREAT NORTHERN IRON ORE PROPERTIES

SUMMARY OF TACONITE SHIPMENTS

No.	Mine	Ownership Interest	Full Tons Shipped 2015	2014	2013	Cumulative Total to January 1, 2016
1.	Mahoning	100%	607,181	—	340,210	166,540,977
2.	Ontario 100%	100%	197,712	300,217	1,398,182	20,481,685
3.	Ontario 50%	50%	2,097,495	2,580,218	1,149,166	33,169,531
4.	Carmi-Enterprise	100%	367,994	353,075	144,381	84,340,341
5.	Russell Annex	50%	21,672	155,680	434,180	4,473,996
6.	South Stevenson	100%	33,267	—	—	5,350,535
7.	Minntac	100%	2,214,851	2,778,540	2,922,771	92,811,525
			5,540,172	6,167,730	6,388,890	407,168,590
	Shipments from inactive mines and those exhausted, surrendered or sold prior to this year		72,877	—	67,157	311,512,372
	TOTAL		5,613,049	6,167,730	6,456,047	718,680,962

No.	Operating Interest
1-3	Cliffs Natural Resources — Hibbing Taconite Company
4-6	U.S. Steel Corporation — Keetac
7	U.S. Steel Corporation — Minntac

GREAT NORTHERN IRON ORE PROPERTIES
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FIRST CLASS MAIL