

GREAT NORTHERN IRON ORE PROPERTIES
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Financial Report for the Quarterly Period Ended March 31, 2015
(Uploaded to Web site April 24, 2015)

GREAT NORTHERN IRON ORE PROPERTIES
 CONDENSED BALANCE SHEETS

	March 31, 2015 (Unaudited)	December 31, 2014 (Note)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,856,238	\$ 899,283
United States Treasury securities	-	7,535,178
Royalties receivable	4,165,130	2,959,038
Prepaid expenses	179,529	2,110
TOTAL CURRENT ASSETS	12,200,897	11,395,609
PROPERTIES		
Mineral and surface lands	39,479,708	39,479,708
Accumulated depletion and amortization	(39,461,607)	(39,288,577)
	18,101	191,131
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	\$ 12,223,998	\$ 11,604,642
LIABILITIES AND BENEFICIARIES' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 117,756	\$ 287,934
Deferred compensation	277,100	270,300
Distributions	1,950,000	3,000,000
TOTAL CURRENT LIABILITIES	2,344,856	3,558,234
NONCURRENT LIABILITIES		
Liability for pension benefits	1,002,336	978,566
TOTAL LIABILITIES	3,347,192	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	11,908,127	10,710,020
Accumulated other comprehensive loss	(3,031,321)	(3,642,178)
TOTAL BENEFICIARIES' EQUITY	8,876,806	7,067,842
TOTAL LIABILITIES AND BENEFICIARIES' EQUITY	\$ 12,223,998	\$ 11,604,642

Note: The balance sheet at December 31, 2014 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

See notes to condensed financial statements.

GREAT NORTHERN IRON ORE PROPERTIES
CONDENSED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended	
	March 31	
	2015	2014
REVENUES		
Royalties	\$ 4,394,955	\$ 4,305,323
Interest and other income	391,262	281,821
	4,786,217	4,587,144
Costs and expenses	(1,638,110)	(1,015,386)
NET INCOME	\$ 3,148,107	\$ 3,571,758
Weighted-average shares outstanding	1,500,000	1,500,000
BASIC & DILUTED EARNINGS PER SHARE	\$ 2.10	\$ 2.38
Distributions declared per share	\$ 1.30 (1)	\$ 2.25 (2)

(1) \$ 1.30 declared 3/9/2015
payable 4/30/2015

(2) \$ 2.25 declared 3/14/2014
paid 4/30/2014

See notes to condensed financial statements.

GREAT NORTHERN IRON ORE PROPERTIES
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31	
	2015	2014
NET INCOME	\$ 3,148,107	\$ 3,571,758
Other comprehensive income:		
Defined benefit pension plan:		
Amortization of prior service cost included in net periodic pension cost	-	4,367
Amortization of net loss included in net periodic pension cost	610,857	-
Total other comprehensive income	610,857	4,367
TOTAL COMPREHENSIVE INCOME	\$ 3,758,964	\$ 3,576,125

See notes to condensed financial statements.

GREAT NORTHERN IRON ORE PROPERTIES
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31	
	2015	2014
Cash flows from operating activities:		
Cash received from royalties and rents	\$ 3,578,460	\$ 4,999,630
Cash paid to suppliers and employees	(1,158,348)	(764,688)
Interest received	11,843	12,457
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,431,955	4,247,399
Cash flows from investing activities:		
United States Treasury securities purchased	-	(2,725,000)
United States Treasury securities matured	7,525,000	2,825,000
NET CASH PROVIDED BY INVESTING ACTIVITIES	7,525,000	100,000
Cash flows from financing activities:		
Distributions paid	(3,000,000)	(3,975,000)
NET CASH USED IN FINANCING ACTIVITIES	(3,000,000)	(3,975,000)
Net increase in cash and cash equivalents	6,956,955	372,399
Cash and cash equivalents at beginning of year	899,283	712,197
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 7,856,238	\$ 1,084,596

See notes to condensed financial statements.

GREAT NORTHERN IRON ORE PROPERTIES
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

Periods of Three Months ended March 31, 2015 and March 31, 2014

Note 1 – BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the periods stated above are not necessarily indicative of the results that may be expected for each respective full year. For further information, refer to the financial statements and footnotes included in the Great Northern Iron Ore Properties (“Trust”) Annual Report of the Trustees to Certificate Holders for the year ended December 31, 2014.

Note 2 – PENSION PLAN

A summary of the components of net periodic pension cost is as follows:

	Three Months Ended March 31	
	2015	2014
Service cost	\$ -	\$ 77,584
Interest cost	101,725	90,640
Expected return on assets	(77,955)	(56,454)
Amortization of net loss	610,857	-
Amortization of prior service cost	-	4,367
Net periodic pension cost	\$ 634,627	\$ 116,137

The Trust had previously disclosed in its Annual Report as of December 31, 2014, that the next contribution to the pension plan for the year 2015 is estimated to approximate \$978,566, subject to the plan’s annual actuarial valuation performed as of the plan’s fiscal year end, March 31. No additional information is available at this time.

Note 3 – BENEFICIARIES’ EQUITY

Pursuant to the Court Order of November 29, 1982, 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 which will be payable to the certificate holders of record from the reversioner at the end of the Trust. The balance in this account consists of attorneys’ fees and expenses of counsel for adverse parties pursuant to the Court Order in connection with litigation commenced in 1972 relating to the Trustees’ powers and duties under the Trust Agreement and 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.

Following is an analysis of this account for the period ended as of:

	March 31, 2015
Attorneys' fees and expenses	\$ 1,024,834
Costs of surface lands	6,606,815
Cumulative shipment credits	(2,560,339)
Cumulative asset disposition credits	(372,124)
Principal Charges account balance	\$ 4,699,186

Upon termination of the Trust, the Trustees shall 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. Pursuant to the Court Order of January 26, 2015, expenses incurred after December 2013 and before the Trust’s termination date that are allocated to the reversioner will be charged to the Principal Charges account as of April 6, 2015. The above analysis does not yet reflect this adjustment as the expenses will not be known and finalized until after the termination date of the Trust.

Note 4 – ACCUMULATED OTHER COMPREHENSIVE LOSS

A summary of the component items (all affecting the “Costs and expenses” line item within the Condensed Statements of Income) showing the reclassifications out of “Accumulated other comprehensive loss” (“AOCL”) is as follows:

<u>Component item</u>	Amounts reclassified from AOCL Three Months Ended March 31	
	2015	2014
Amortization of defined benefit pension items:		
Prior service cost	\$ -	\$ 4,367
Net loss	610,857	-
Total	<u>\$ 610,857</u>	<u>\$ 4,367</u>

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

	Three Months Ended March 31, 2015		
	Prior Service Cost	Net Loss	Total
Defined benefit pension items:			
Balance at beginning of period	\$ -	\$ (3,642,178)	\$ (3,642,178)
Amounts reclassified from AOCL	-	610,857	610,857
Balance at end of period	<u>\$ -</u>	<u>\$ (3,031,321)</u>	<u>\$ (3,031,321)</u>

	Three Months Ended March 31, 2014		
	Prior Service Cost	Net Loss	Total
Defined benefit pension items:			
Balance at beginning of period	\$ (17,467)	\$ (844,444)	\$ (861,911)
Amounts reclassified from AOCL	4,367	-	4,367
Balance at end of period	<u>\$ (13,100)</u>	<u>\$ (844,444)</u>	<u>\$ (857,544)</u>

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GREAT NORTHERN IRON ORE PROPERTIES
Management’s Discussion and Analysis of Financial Condition and Results of Operations
 Periods of Three Months ended March 31, 2015 and March 31, 2014

Royalties increased \$89,632 during the three months ended March 31, 2015, as compared to the same period in 2014, due mainly to a greater taconite tonnage mined and greater tailings tonnage removed from the Trust’s properties.

Interest and other income increased \$109,441 during the three months ended March 31, 2015, as compared to the same period in 2014, due mainly to the higher aggregate (mineral rock) sales.

Costs and expenses increased \$622,724 during the three months ended March 31, 2015, as compared to the same period in 2014, due mainly to greater net periodic pension cost associated with the Trust’s defined benefit pension plan and additional expenditures related to the termination of the Trust.

At their meeting held on March 9, 2015, the Trustees declared a distribution of \$1.30 per share, amounting to \$1,950,000 payable April 30, 2015, to certificate holders of record at the close of business on March 31, 2015. This was the last regular quarterly distribution declared to certificate holders. This distribution reflects the estimated earnings for the first quarter and 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 the certificate holders of record as of March 31, 2015. The final distribution to certificate holders of record as of April 6, 2015 will be made subsequent to the termination date and upon completion of the wind-down process. At their meeting held on March 14, 2014, the Trustees declared a distribution of \$2.25 per share, amounting to \$3,375,000 paid on April 30, 2014, to certificate holders of record at the close of business on March 31, 2014.

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