FPL GROUP INC
Form PRE 14A
March 19, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
¨ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

FPL Group, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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Notice of 2010 Annual Meeting

and Proxy Statement

YOUR VOTE IS IMPORTANT

PLEASE SUBMIT YOUR PROXY PROMPTLY

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FPL Group, Inc.

P.O. Box 14000

700 Universe Boulevard

Juno Beach, Florida 33408-0420

Notice of Annual Meeting of Shareholders

May 21, 2010

The Annual Meeting of Shareholders of FPL Group, Inc. (FPL Group or the Company) will be held in the Juno Beach Auditorium at FPL Group s offices at 700 Universe Boulevard, Juno Beach, Florida at 10:00 a.m. on Friday, May 21, 2010, to consider and act upon the following items of business:

1. Election as directors of the nominees specified in the accompanying proxy statement.

2. Ratification of appointment of Deloitte & Touche LLP as FPL Group s independent registered public accounting firm for 2010.

3. Approval of an amendment to Article I of the Restated Articles of Incorporation of FPL Group, Inc. to change the Company s name to NextEra Energy, Inc.

4. Such other business as may properly be brought before the annual meeting or any adjournment(s) or postponement(s) of the annual meeting.

The proxy statement more fully describes these items. FPL Group has not received notice of other matters that may properly be presented at the annual meeting.

The record date for shareholders entitled to notice of, and to vote at, the annual meeting and any adjournment(s) or postponement(s) of the annual meeting is March 22, 2010.

Admittance to the annual meeting will be limited to shareholders. For the safety of attendees, all boxes, handbags and briefcases are subject to inspection. Cameras (including cell phones with photographic capabilities), recording devices and other electronic devices are not permitted at the meeting.

FPL Group is pleased to be furnishing proxy materials primarily by taking advantage of the Securities and Exchange Commission rule that allows issuers to furnish proxy materials to their shareholders on the Internet. The Company believes this rule allows it to provide you with the information you need while lowering the costs of delivery and reducing the environmental impact of the annual meeting.

Please submit your proxy or voting instructions on the Internet promptly by following the instructions on your Notice of Internet Availability of Proxy Materials so that your shares can be voted, regardless of whether you expect to attend the annual meeting. If you received your annual meeting materials by mail, you also may submit your proxy by telephone or mark, date, sign and return the enclosed proxy/confidential voting instruction card. If you attend, you may withdraw your proxy and vote in person.

By order of the Board of Directors.

Alissa E. Ballot
Vice President & Corporate Secretary
Juno Beach, Florida

April 6, 2010

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FPL GROUP, INC.

Annual Meeting of Shareholders

May 21, 2010

PROXY STATEMENT

This proxy statement contains information related to the solicitation of proxies by the Board of Directors of FPL Group, Inc. (the Board), a Florida corporation (FPL Group, the Company, we, us or our), in connection with the annual meeting of FPL Group s shareholders to be he Friday, May 21, 2010, beginning at 10:00 a.m., in the Juno Beach Auditorium at FPL Group s offices at 700 Universe Boulevard, Juno Beach, Florida and at any postponements or adjournments of the annual meeting.

ELECTRONIC DELIVERY OF PROXY MATERIALS

Under the rules of the Securities and Exchange Commission (SEC), FPL Group is furnishing proxy materials to many of its shareholders on the Internet, rather than mailing paper copies of the materials to each shareholder.

On or about April 6, 2010, FPL Group mailed to many of its shareholders of record a Notice of Internet Availability of Proxy Materials (the Notice), containing instructions on how to access and review the proxy materials, including the proxy statement and annual report, on the Internet. The Notice also instructs shareholders on how to access their proxy card to be able to submit their proxies on the Internet. Brokerage firms and other nominees who hold shares on behalf of beneficial owners will be sending their own similar Notice. Other shareholders, in accordance with their prior requests, have received e-mail notification of how to access the proxy materials and submit their proxy on the Internet. On or about April 6, 2010, FPL Group also began mailing a full set of proxy materials to certain shareholders, including shareholders who have previously requested a paper copy of the proxy materials.

Internet distribution of the proxy materials is designed to expedite receipt by shareholders, lower the cost of the annual meeting, and conserve natural resources. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability. If you have previously elected to receive FPL Group s proxy materials electronically, you will continue to receive the materials via e-mail unless you elect otherwise.

How do I access the proxy materials if I received a Notice of Internet Availability?

The Notice you received from FPL Group or your brokerage firm or nominee provides instructions regarding how to view FPL Group s proxy materials for the 2010 Annual Meeting on the Internet. As explained in greater detail in the Notice, to view the proxy materials and submit your proxy, you will need to visit *www.proxyvote.com* and have available your 12-digit Control number(s) contained in your Notice.

How do I request paper copies of the proxy materials?

Whether you hold FPL Group shares through a broker, bank or other nominee (in street name), or hold FPL Group shares directly in your name through FPL Group s transfer agent, Computershare Investor Services, LLC (Computershare), as a shareholder of record, you may request paper copies of the 2010 proxy materials by following the instructions listed at *www.proxyvote.com*, by telephoning 1-800-579-1639 or by sending an e-mail to *sendmaterial@proxyvote.com*.

IMPORTANT NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS

This proxy statement and the FPL Group 2009 annual report to shareholders are available at *www.proxyvote.com*.

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ABOUT THE ANNUAL MEETING

What is the purpose of the annual meeting?

At the annual meeting, shareholders will act upon the matters outlined in the notice of annual meeting of shareholders, including the election as directors of the nominees specified in this proxy statement, ratification of the appointment of the Company s independent registered public accounting firm for 2010 and approval of an amendment to Article I of the Restated Articles of Incorporation of FPL Group, Inc. to change the Company s name to NextEra Energy, Inc. (the name change amendment). In addition, management will report on the performance of the Company and respond to questions from shareholders.

Who can attend the annual meeting?

Subject to space availability, all shareholders as of the record date, or their duly appointed proxies, may attend the annual meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at 9:30 a.m., Eastern Time. If you plan to attend, please note that you may be asked to present valid picture identification, such as a driver s license or passport. Invited representatives of the media and financial community may also attend the annual meeting.

You will need proof of ownership of FPL Group common stock to enter the annual meeting:

- If you hold shares directly in your name as a shareholder of record or if you are a participant in any of FPL Group s Employee Retirement Savings Plans:
  - If you received the Notice and you plan to attend the annual meeting, you can request an admission ticket by calling the Coordinator, Shareholder Services, at 561-694-4694.
  - If you received the proxy materials by mail, an admission ticket is attached to your proxy/confidential voting instruction card. If you plan to attend the annual meeting, please submit your proxy but keep the admission ticket and bring it with you to the meeting.
- If your shares are held in street name, you will need to bring proof that you were the beneficial owner of those street name shares of FPL Group common stock as of the record date, such as a copy of a bank or brokerage statement, and check in at the registration desk at the annual meeting.

Will the annual meeting be webcast?

Our annual meeting will be webcast (audio only) on May 21, 2010. If you do not attend the annual meeting, you are invited to visit *www.fplgroup.com* at 10 a.m., Eastern Time, on May 21, 2010 to access the webcast of the meeting. You will not be able to vote your shares via the webcast. A replay of the webcast also will be available on our website through the first week of June 2010.

Who is entitled to vote at the annual meeting?

Only FPL Group shareholders at the close of business on March 22, 2010, the record date for the annual meeting, are entitled to receive notice of and to vote at the annual meeting. If you were a shareholder on that date, you will be entitled to vote all of the shares that you held on that date at the annual meeting or any adjournments or postponements of the annual meeting.

What are the voting rights of the holders of the Company s common stock?

Each outstanding share of FPL Group common stock, par value $.01 per share, will be entitled to one vote on each matter properly brought before the annual meeting.

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What constitutes a quorum?

The presence at the annual meeting, in person or by proxy, of the holders of a majority of the shares of FPL Group common stock issued and outstanding on the record date will constitute a quorum, permitting the business of the meeting to be conducted.

As of the record date, [ ] shares of FPL Group common stock, representing the same number of votes, were outstanding. Thus, the presence of the holders of common stock representing at least [ ] shares will be required to establish a quorum.

In determining the presence of a quorum at the annual meeting, abstentions in person, proxies received but marked as abstentions as to any or all matters to be voted on that permit abstentions, and proxies received with broker non-votes on some but not all matters to be voted on, are counted as present.

A broker non-vote occurs when a broker, bank or other holder of record that holds shares for a beneficial owner (broker) does not vote on a particular proposal because the broker has not received voting instructions from the beneficial owner and does not have discretionary voting power for that particular proposal. Brokers may vote on ratification of the appointment of the independent registered public accounting firm even if they have not received instructions from the beneficial owner. However, brokers may not vote on the election of directors or on the proposal to approve the name change amendment unless they have received voting instructions from the beneficial owner. See the response to What vote is required to approve the matters proposed? below for a discussion of the effect of broker non-votes on the election of directors and on the proposal to approve the name change amendment.

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with FPL Group s transfer agent, Computershare, you are considered, with respect to those shares, the shareholder of record. The Notice or, for some shareholders of record, a full set of the proxy materials, has been sent directly to you by or on behalf of FPL Group.

If your shares are held in street name, you are considered the beneficial owner of the shares. The Notice or, for some beneficial owners, a full set of the proxy materials, was forwarded to you by or on behalf of your broker, who is considered, with respect to those shares, the shareholder of record.

How do I submit my proxy or voting instructions?

On the Internet or, if you received the proxy materials by mail, also by telephone or by mail

By Internet You may vote on the Internet until 11:59 p.m., Eastern Time on May 20, 2010 by going to *www.proxyvote.com* and following the instructions on your screen. Please have your Notice or proxy/confidential voting instruction card available when you access the web page.

By Telephone If you received the proxy materials by mail, you may vote by telephone by calling the toll-free telephone number on your proxy/confidential voting instruction card (1-800-690-6903), 24 hours a day and up until 11:59 p.m. Eastern Time on May 20, 2010, and following the prerecorded instructions. Please have your proxy/confidential voting instruction card available when you call. If you hold your shares in street name, your broker, bank, trustee or other nominee may provide additional instructions to you regarding voting your shares by telephone.

By Mail If you received the proxy materials by mail, you may submit your proxy by mail by marking the enclosed proxy/confidential voting instruction card, dating and signing it, and returning it in the postage-paid envelope provided, or to FPL Group, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Your proxy/confidential voting instruction card must be received by May 20, 2010.

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Please see the Notice, your proxy/confidential voting instruction card or the information your broker provided to you for more information on your options. FPL Group s proxy tabulator, Broadridge Investor Communications Solutions, Inc., must receive any proxy/confidential voting instruction card that will not be delivered in person at the annual meeting, or any vote on the Internet or by telephone, no later than 11:59 p.m., Eastern Time, on Thursday, May 20, 2010.

If you are a shareholder of record and you return your signed proxy/confidential voting instruction card or submit your proxy by Internet or telephone, but do not indicate your voting preferences, the persons named as proxies in the proxy/confidential voting instruction card will vote the shares represented by that proxy as recommended by the Board.

In person at the annual meeting

All shareholders may vote in person at the annual meeting. However, if you are a beneficial owner of shares, you must obtain a legal proxy from your broker and present it to the inspector of election with your ballot to be able to vote at the annual meeting.

Your vote is important. You can save us the expense of a second mailing and further solicitation of proxies by submitting your proxy or voting instructions promptly.

Can I change my vote after I submit my proxy or voting instructions using the Internet or by telephone or after I return my proxy/confidential voting instruction card or voting instructions?

Yes.

If you are a shareholder of record, you can revoke your proxy before it is exercised by:

- written notice to the Corporate Secretary of the Company;
- timely delivery of later-dated voting instructions through the Internet or, if you received the proxy materials by mail, also by timely delivery of a valid, later-dated proxy/confidential voting instruction card or later-dated voting instructions by telephone; or
- voting by ballot at the annual meeting, although please note that attendance at the meeting will not by itself revoke a previously granted proxy.

You may change your proxy by using any one of these methods regardless of the method you previously used to submit your proxy.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your broker. You may also vote in person at the annual meeting if you obtain a legal proxy as described in the answer to the previous question.

All shares for which proxies have been properly submitted and not revoked will be voted at the annual meeting.

How do I vote my Employee Retirement Savings Plan (401(k)) shares?

If you participate in any of our Employee Retirement Savings Plans (the plans), you may give voting instructions to Fidelity Management Trust Company, as trustee of the plans (Trustee). If you are a non-bargaining FPL Group employee, or a bargaining unit employee outside the state of Florida, you may give your voting instructions to the Trustee by following the instructions you received in an e-mail from FPL GROUP, INC. [id@ProxyVote.com] sent to your work e-mail address (unless you opted to receive a paper copy of the proxy materials). If you are a Florida Power & Light Company bargaining unit employee in Florida, or a participant in the plans who is not a current employee of FPL Group or its subsidiaries, or if you opted out of e-mail delivery, you may give your voting instructions to the Trustee through the Internet or by telephone by following the instructions on your proxy/confidential voting instruction card, or you may give your voting instruction to the Trustee by mail by completing and returning the proxy/confidential voting instruction card accompanying this proxy statement.

Your instructions will tell the Trustee how to vote the number of shares of FPL Group common stock in the plans reflecting your proportionate interest in the FPL Group Stock Fund and the FPL Group Leveraged ESOP Fund. You have this right because the plans deem you to be a named fiduciary of the shares of common stock allocated to your account for voting purposes. Your instructions will also determine the vote of a proportionate number of shares of common stock in the Leveraged ESOP Fund which are not yet allocated to participants. If you do not give the Trustee voting instructions, the number of shares reflecting your proportionate interest in the FPL Group Stock Fund and the FPL Group Leveraged ESOP Fund will not be voted, but your proportionate share of the unallocated FPL Group Leveraged ESOP Fund shares will be voted by the Trustee in the same manner as it votes unallocated shares for which instructions are received. The Trustee will vote your shares in accordance with your duly executed instructions received by 1:00 a.m., Eastern Time, on May 19, 2010.

You may also revoke previously given voting instructions by 1 a.m., Eastern Time, on May 19, 2010, by filing written notice of revocation with the Trustee or by giving new voting instructions in any of the ways described above. The Trustee will follow the last timely voting instructions which it receives from you. Your voting instructions will be kept confidential by the Trustee.

What is householding and how does it affect me?

FPL Group has adopted a procedure approved by the SEC called householding. Under this procedure, shareholders of record who have the same address and last name, and do not participate in electronic delivery of proxy materials, will receive only one package containing individual copies of the Notice or proxy materials in paper form for each shareholder at the address. This procedure will reduce the volume of duplicate materials shareholders receive and also will reduce FPL Group s postage fees. Shareholders who participate in householding and to whom a full set of proxy materials have been mailed will continue to receive separate proxy cards. If your household receives only a single package containing a copy of the Notice or the proxy materials, and you wish to receive a duplicate copy, please contact Broadridge toll free at 1-800-542-1061, or write to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, NY 11717, and a duplicate copy will be provided promptly. You may contact Broadridge at the same telephone number or mailing address if you wish to revoke your consent to future householding mailings.

If you are eligible for householding, but you and other shareholders of record with whom you share an address currently receive multiple packages containing copies of the Notice or proxy materials in paper form, or if you hold shares in more than one account, and in either case you wish to receive only a single package for your household, please contact us in writing at FPL Group, Shareholder Services, P.O. Box 14000, 700 Universe Blvd., Juno Beach, Florida, 33408-0420 or by calling 1-800-222-4511.

Beneficial owners can request information about householding from their banks, brokers or other holders of record.

What are the Board s recommendations?

Unless you give other instructions, the persons named as proxies will vote in accordance with the recommendations of the Board. The Board s recommendations are set forth together with the description of each item in this proxy statement. In summary, the Board recommends a vote:

FOR the election as directors of the nominees specified in this proxy statement. (See Proposal 1)

FOR ratification of appointment of Deloitte & Touche LLP as FPL Group s independent registered public accounting firm for 2010. (See Proposal 2)

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FOR approval of an amendment to Article I of the Restated Articles of Incorporation of FPL Group, Inc. to change the Company s name to NextEra Energy, Inc. (See Proposal 3)

In accordance with the discretion of the persons acting under the proxy concerning such other business as may properly be brought before the annual meeting or any adjournment(s) or postponement(s) thereof.

What vote is required to approve the matters proposed?

Election as directors of the nominees specified in this proxy statement A nominee for director shall be elected to the board of directors if the votes cast for such nominee s election by shareholders present in person or represented by proxy at the meeting and entitled to vote on the matter exceed the votes cast by such shareholders against such nominee s election. Each vote to withhold has the same effect as a vote against a nominee. If you are a beneficial owner, your broker is not permitted under New York Stock Exchange (NYSE) rules to vote your shares on the election of directors if the broker does not receive voting instructions from you. Without your voting instructions, a broker non-vote will occur. Since broker non-votes are not votes cast, they will have no legal effect on the election of directors. See *Director Resignation Policy* in the section entitled *Corporate Governance and Board Matters* for information about FPL Group s policy if a nominee for director fails to receive the required vote.

Ratification of appointment of independent registered public accounting firm The appointment of the independent registered public accounting firm will be ratified if the votes cast by shareholders present in person or represented by proxy at the meeting and entitled to vote on the matter favoring such action exceed the number of votes cast by such shareholders opposing such action (a Majority Vote). Since brokers are permitted under NYSE rules to vote your shares on this proposal even if the broker does not receive voting instructions from you, there are not expected to be broker non-votes on this proposal. Abstentions are not considered votes cast and will have no legal effect on whether this proposal is approved.

Approval of the amendment to Article I of the Restated Articles of Incorporation of FPL Group, Inc. to change the Company s name to NextEra Energy, Inc. A Majority Vote is required to approve the amendment. Abstentions are not considered votes cast and will have no legal effect on whether this proposal is approved. Brokers are not permitted under NYSE rules to vote your shares on this proposal if the broker does not receive voting instructions from you. Without your voting instructions, a broker non-vote will occur. Since broker non-votes are not votes cast, they will have no legal effect on whether this proposal is approved.

Who pays for the solicitation of proxies?

FPL Group is soliciting proxies, and it will bear the expense of solicitation. Proxies will be solicited principally by mail and by electronic media, but directors, officers and regular employees of FPL Group or its subsidiaries may solicit proxies personally, or by telephone or by electronic media, but without compensation other than their regular compensation. FPL Group has retained Laurel Hill Advisors, LLC to assist in the solicitation of proxies, for which it will be paid a fee of $12,000 plus out-of-pocket expenses. FPL Group will reimburse custodians, nominees and other persons for their out-of-pocket expenses in sending the Notice and/or proxy materials to beneficial owners.

Could other matters be decided at the annual meeting?

At the date this proxy statement went to press, the Board did not know of any matters to be raised at the annual meeting other than those referred to in this proxy statement and does not intend to bring before the meeting any matter other than the proposals described in this proxy statement. If, however, other matters are properly brought before the annual meeting, or any adjourned or postponed meeting, your proxies include discretionary authority on the part of the individuals appointed to vote your shares or act on those matters according to their discretion, including voting to adjourn or postpone the annual meeting.

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BUSINESS OF THE ANNUAL MEETING

Proposal 1: Election as directors of the nominees specified in this proxy statement

The Board has nominated the 12 incumbent members listed below for election as directors at the annual meeting. Unless you specify otherwise in your proxy, your proxy will be voted **FOR** the election of the listed nominees.

The Board is currently comprised of 13 members. One member of the Board, Paul R. Tregurtha, has reached the mandatory retirement age and will retire from the Board effective immediately prior to the annual meeting. In accordance with the Company s Bylaws, the Board has adopted a resolution, effective immediately preceding the annual meeting, reducing the size of the Board to 12 members. The Board believes this membership is within an appropriate size range because it facilitates substantive discussions among Board members and allows for contributions by directors having a broad range of skills, expertise, and industry knowledge and diversity of opinion. In addition, because of the complexity of the Company s businesses, the Board generally believes it is appropriate, as a Board member approaches retirement, to have a slightly larger Board during a period of transition to a new director. Directors serve until the next annual meeting of shareholders or until their respective successors are elected and qualified.

Director Qualifications. The FPL Group, Inc. Corporate Governance Principles & Guidelines (Corporate Governance Principles & Guidelines), a copy of which is available in the *Governance* section of the Company s website at *www.fplgroup.com/governance/contents/governance.shtml*, contains Board membership qualifications, including experience, skills and attributes, that are considered by the Governance & Nominating Committee in recommending non-employee nominees for a position on the Board. In addition, the Corporate Governance Principles & Guidelines provide that the Company s chief executive officer is to serve as a director. The Board views itself as a cohesive whole, and includes members who together serve the interests of the Company and its shareholders. Qualifications, attributes and other factors considered by the Governance & Nominating Committee in identifying director nominees include (but are not limited to):

- experience at a strategy and/or policy setting level, or high-level managerial experience in a relatively complex business, government or other organization, or other similar and relevant experience in dealing with complex problems;
- sufficient time to devote to the Company s affairs (including limiting service on other boards of public companies to a number that permits directors, given their individual circumstances, to perform responsibly all director duties, but in any event with simultaneous service as a director limited to no more than six public companies);
- character and integrity;
- an inquiring mind and good judgment;
- an ability to work effectively with others;
- whether an individual assists in achieving a mix of directors that represents a diversity of background and experience, including age, gender, race, ethnicity and specialized experience;
- an ability to represent the balanced interests of the Company s shareholders as a whole, rather than special constituencies;
- the individual s independence as described in applicable listing standards, legislation and regulations;

the extent of the individual s business experience, technical expertise, or specialized skills or experience, and whether the individual, by virtue of particular experience relevant to FPL Group s current or future business, will add specific value as a Board member; and

whether the individual would be considered an audit committee financial expert or financially literate as described in applicable listing standards, legislation, regulations or Audit Committee guidelines.

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As discussed more specifically below, the Governance & Nominating Committee considered in particular the contributions to a strong, diverse board of the individual backgrounds and experience of its current directors and nominees, including without limitation experience in: leading and growing businesses; legislative, political and regulatory affairs; customer and client service; environmental compliance; investor relations; international business operations and management; industrial operations; capital raising strategies; executive compensation; renewable energy; nuclear power operations and management; finance; and strategic planning. The regulated and competitive operations of the Company require an understanding of the regulatory, legislative and political environment affecting public utility and competitive energy operations, the service demands of wholesale and retail power customers, the effect of new technologies on the Company s strategic direction, the challenges of maintaining growth without sacrificing profitability, the diverse options available for financing the Company s businesses and the Company s responsibilities to the communities it serves. The particular experience, qualifications, attributes and skills that led the Governance & Nominating Committee and the Board to conclude, in light of the Company s business and structure, that each current director and nominee should serve as an FPL Group director include (but are not limited to) the following:

Mrs. Barrat has 35 years of progressively more responsible leadership experience in financial services, culminating in her current position as President of Personal Financial Services for The Northern Trust Company, one of two principal business units of this Fortune 500 company. She is experienced in building and leading client service businesses that operate in a variety of regulatory jurisdictions and, as a Florida native with a significant part of her company s business in Florida, she has extensive experience with Florida-based customers and business conditions. In addition, her 12 years of service on the Board have provided her with knowledge and experience about the Company s history and businesses.

Mr. Beall has 36 years of leadership experience at Beall s, Inc., the parent company of Beall s Department Stores, Inc., and Beall s Outlet Stores, Inc. (collectively, Beall s), during which the company grew from seven stores in Florida and sales of $6 million to over 500 stores in 14 states and over $1 billion in sales. In addition to this experience in growing and leading a business, Mr. Beall has extensive experience with Florida-based customers and business conditions. Further, his more than 20 years of service on the Board have provided him with knowledge and experience about the Company s history and businesses.

Mr. Brown has 48 years of leadership experience at Brown & Brown, Inc. (Brown & Brown), an insurance broker which grew during his tenure from a company with six employees to a public company with operations in 38 states and 5,400 employees. In addition to the risk management expertise and financial acumen gained from his business experience, Mr. Brown has extensive legislative and political experience and knowledge, having served eight years in the Florida legislature, including two years as Speaker of the House. Further, his more than 20 years of service on the Board have provided him with knowledge and experience about the Company s history and businesses.

Mr. Camaren had 19 years of leadership experience in progressively more senior roles with a large, regulated investor-owned utility. During the years he served as chairman and chief executive officer, the utility had customer growth at a rate that exceeded the industry average and acquired and integrated over 40 utilities. In addition, Mr. Camaren has experience in managing capital expenditures, environmental compliance, regulatory relations and investor relations.

Mr. Ferguson has 33 years of leadership experience in progressively more responsible roles at Eastman Chemical Company (Eastman), a public company with 2009 revenues of approximately $5 billion and 10,000 employees, culminating in his service as chief executive officer and as executive chairman. He has experience in international business, industrial operations, strategic planning and capital raising strategies, as well as in executive compensation.

Mr. Hay has a B.S. degree in electrical engineering and an M.S. degree in industrial administration, and also studied nuclear engineering. He developed an expertise in strategy development and implementation as a strategy consultant, a position he held for nine years. Having served as chief financial officer of the Company from 1999 to 2000 and of another large corporation from 1991 to

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1999, Mr. Hay has substantial experience with respect to capital raising, financial planning, mergers and acquisitions, and investor relations. He also has experience in corporate governance, as he serves on the governance committees of two other public companies, and as the chairman of one of those committees. Mr. Hay has been instrumental in the Company s growth, as market capitalization has increased from $10.6 billion at the end of June 2001 to $21.8 billion at the end of December 2009. Mr. Hay s knowledge of all aspects of the Company s business and industry, combined with his strategic vision and his focus on continuous improvement and operational excellence, have contributed greatly to the Company s achievements as a leader in renewable energy generation, and to its selection as one of Fortune Magazine s Most Admired Companies for four consecutive years.

Ms. Jennings has extensive legislative and political experience, having served three years as Lieutenant Governor of the State of Florida and 24 years in the Florida legislature. In addition, she has extensive experience in running a Florida-based business and familiarity with the Florida business environment.

Mr. Kingsley has extensive leadership experience in the operation and management of nuclear power generation facilities and utilities. He is the retired president and chief operating officer of Exelon Corporation, an integrated utility company. Prior thereto, Mr. Kingsley served as president and chief nuclear officer of Exelon Nuclear. Earlier in his career, Mr. Kingsley served as president and chief nuclear officer of the Nuclear Generation Group of Unicom, the parent company of Commonwealth Edison, then the largest nuclear program in the United States, as chief nuclear officer of the Nuclear Generation Group at the Tennessee Valley Authority, as vice president, Nuclear Operations for Middle South Utilities, and in various positions in the nuclear area of the Southern Company. From 1966 to 1971, Mr. Kingsley served as an officer in the United States Navy Nuclear Submarine Force. As a result of his service in these positions, as well as his past service as President of the World Association of Nuclear Operators (WANO), an organization created to improve safety at nuclear power plants around the world, Mr. Kingsley also offers substantial experience concerning all aspects of nuclear safety.

Mr. Schupp has 25 years of leadership experience as a chief executive officer of both public and private banking organizations, and has experience in reviewing the financial statements of complex businesses, in mergers and acquisitions, in developing and implementing capital raising strategies, in strategic planning and with Florida-based customers and business conditions. In addition, he has experience in such areas as macroeconomic policy, community and economic development and government regulation gained from his service as a director of the Federal Reserve Bank of Atlanta.

Mr. Swanson has 38 years of progressively more responsible leadership experience at Raytheon Company (Raytheon), culminating in his six years of experience as chief executive officer of a complex public company with international operations, revenues in 2009 of approximately $25 billion and 75,000 employees. He has extensive experience in strategic planning, operations and management, global business operations and complex technologies. He holds a bachelor s degree in industrial engineering from California Polytechnic State University.

Mr. Thaman has 17 years of leadership experience at Owens Corning, including his experience as chief financial officer and culminating in his seven years of experience as chairman and two years of experience as chief executive officer of this global public company with 2009 revenues of approximately $5 billion and 16,000 employees. Prior to joining Owens Corning, Mr. Thaman was Vice President in the New York office of Mercer Management Consulting, a strategy consulting firm. He has experience leading business operations, finance and strategy. His experience as a chief financial officer and chief executive officer has led to his designation as an audit committee financial expert.

Mr. Tookes had many years of operational leadership in senior management positions at large international public companies, which provided him with leadership, financial and global experience, as well as substantial leadership experience in the management of complex technology businesses. His science, engineering and business education and training have provided him with knowledge relevant to the operation of the Company s businesses. His public company board experience includes service on the audit, finance, compensation, governance and nominating and business ethics committees of various public companies.

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Listed below are the 12 nominees for election as directors, their principal occupations and certain other information regarding them. Unless otherwise noted, each director has held his or her present position continuously for five years or more and his or her employment history is uninterrupted.

Sherry S. Barrat	Mrs. Barrat, 60, is president of Personal Financial Services for The Northern Trust Company, a banking corporation headquartered in Chicago, Illinois. Mrs. Barrat is a member of Northern Trust s Management Committee. Prior to being appointed to her current office in January 2006, Mrs. Barrat served as chairman and chief executive officer of Northern Trust Bank of California, N.A., from 1999 through 2005, and as president of Northern Trust Bank of Florida s Palm Beach Region from 1992 through 1998. Mrs. Barrat joined Northern Trust in 1990 in Miami. Mrs. Barrat has been a director of FPL Group since 1998.
Robert M. Beall, II	Mr. Beall, 66, is chairman of Beall s, which operate retail stores located from Florida to California. Until August 2006, he was also chief executive officer of Beall s. Mr. Beall is currently, and has been since 2004, a director of SunTrust Banks, Inc., and is currently a director of Blue Cross/Blue Shield of Florida and the National Retail Federation. He is also past chairman of the Florida Chamber of Commerce. Mr. Beall has been a director of FPL Group since 1989.
J. Hyatt Brown	Mr. Brown, 72, is non-executive chairman of the board of Brown & Brown, a publicly-held insurance broker based in Daytona Beach and Tampa, Florida. He served as chief executive officer of Brown & Brown from 1993 to July 2009, and was president of Brown & Brown from 1961 to 1993. He is also currently a director of Verisk Analytics, Inc. (since 2009) and International Speedway Corporation (since 1987). He was a director of Rock-Tenn Company from 1971 until his retirement in January 2010, a director of SunTrust Banks, Inc. from 1984 until 2008 and a director of BellSouth Corporation from 1994 until its acquisition by AT&T Corp. in 2006. Mr. Brown is a former member of the Florida House of Representatives and served as Speaker of the House from 1978 to 1980. He is a member and past chairman of the Board of Trustees of Stetson University. Mr. Brown has been a director of FPL Group since 1989.
James L. Camaren	Mr. Camaren, 55, is a private investor. Until May 2006, he was chairman and chief executive officer of Utilities, Inc. Utilities, Inc. was one of the largest investor-owned water utilities in the United States until March 2002, when it was acquired by Nuon, a Dutch company, which subsequently sold Utilities, Inc. in April 2006. He joined Utilities, Inc. in 1987 and served successively as vice president of business development, executive vice president, and vice chairman, becoming chairman and chief executive officer in 1996. Mr. Camaren has been a director of FPL Group since 2002.

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J. Brian Ferguson	Mr. Ferguson, 55, is executive chairman of Eastman, a global chemical company engaged in the manufacture and sale of a broad portfolio of chemicals, plastics and fibers, having retired as chief executive officer of Eastman in May 2009. Prior to becoming chairman and chief executive officer of Eastman in January 2002, Mr. Ferguson served as president of Eastman s Chemicals Group, where he had direct responsibility for all chemicals-based business organizations, as well as the manufacturing, sales, pricing and product management, technology and geographical aspects of the business group. He joined Eastman in 1977 and led several of its businesses in the U.S. and Asia. Mr. Ferguson is a director of the American Chemistry Council. Mr. Ferguson has been a director of FPL Group since 2005.
Lewis Hay, III	Mr. Hay, 54, is the chairman and chief executive officer of FPL Group, having relinquished the title of president in December 2006. He became a director, president and chief executive officer of FPL Group in June 2001, and chairman of FPL Group and chairman and chief executive officer of Florida Power & Light Company in January 2002. Mr. Hay relinquished the title of chief executive officer of Florida Power & Light Company in July 2008. He joined FPL Group in 1999 as vice president, finance and chief financial officer. From March 2000 until December 2001 he served as president of FPL Group s competitive energy subsidiary, NextEra Energy Resources, LLC. He is a director of Capital One Financial Corporation (since 2003) and Harris Corporation (since 2002), as well as FPL Group s subsidiary, Florida Power & Light Company.
Toni Jennings	Ms. Jennings, 60, has since 2007 been the chairman of the board of Jack Jennings & Sons, Inc., a family-owned construction business which provides general contractor, construction manager and design builder services. She served as the Lieutenant Governor of the State of Florida from March 2003 through December 2006. Prior to serving in that role, she was a member of the Florida Senate from 1980 until 2000, including two consecutive terms as Senate President, and a member of the Florida House of Representatives from 1976 until 1980. From 1983 until she became Lieutenant Governor, she also served as president of Jack Jennings & Sons. Ms. Jennings is a director of Brown & Brown (since 2007) and the Nemours Foundation and a trustee of Rollins College. Ms. Jennings has been a director of FPL Group since 2007.
Oliver D. Kingsley, Jr.	Mr. Kingsley, 67, is retired, and currently serves as Associate Dean for Special Projects at the Samuel Ginn College of Engineering at Auburn University. Prior to his retirement, Mr. Kingsley served from February 2002 to November 2004 as president and chief operating officer of Exelon Corporation, an integrated utility company, and as president and chief executive officer of Exelon s subsidiary, Exelon Generation. Prior thereto, Mr. Kingsley served as president and chief nuclear officer of Exelon Nuclear from October 2000 to February 2002. Mr. Kingsley is a director of McDermott International, Inc. (since 2004). Mr. Kingsley has been a director of FPL Group since 2007.

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Rudy E. Schupp	Mr. Schupp, 59, has been the president and chief executive officer, and a director, of 1st United Bank, a banking corporation located in Boca Raton, Florida, and chief executive officer and a director of its publicly-held parent company, 1st United Bancorp, Inc., since mid-2003. He was the chairman, president and chief executive officer of Republic Security Bank in West Palm Beach, Florida from 1984 until March 2001, and the chairman, president and chief executive officer of its parent company, Republic Security Financial Corporation (RSFC), from 1985 until March 2001, when RSFC was acquired by Wachovia Corporation. Following the acquisition, he served as Chairman of Florida Banking of Wachovia Bank, N.A. until December 2001. In March 2002, Mr. Schupp became a managing director of Ryan Beck & Co., an investment banking and brokerage company, a position he held until March 2003. He is a director of the Federal Reserve Bank of Atlanta, a director (and the former chairman) of the Business Development Board of Palm Beach County and a former president of the Florida Bankers Association. Mr. Schupp has been a director of FPL Group since 2005.
William H. Swanson	Mr. Swanson, 61, has been the chairman of the board of Raytheon, a company engaged in defense and government electronics, space and airborne systems, information technology, technical services and business and special mission aircraft, since 2004 and Raytheon s chief executive officer since July 2003. Prior thereto, he served as president of Raytheon from July 2002 to May 2004, as executive vice president of Raytheon and president of its Electronic Systems division from January 2000 to July 2002, and as executive vice president of Raytheon and chairman and chief executive officer of Raytheon Systems Company from January 1998 to January 2000. Mr. Swanson joined Raytheon in 1972 and has held a wide range of leadership positions, including manufacturing manager of the company s largest operation, senior vice president and general manager of the Missile Systems Division, general manager of Raytheon Electronic Systems, president of Electronic Systems, and chairman and chief executive officer of Raytheon Systems Company. Mr. Swanson has been a director of FPL Group since October 2009.
Michael H. Thaman	Mr. Thaman, 46, has been president and chief executive officer of Owens Corning, a world leader in building materials systems and composite systems, since December 2007, and has been its chairman since April 2002. Prior to becoming president and chief executive officer, Mr. Thaman had served as senior vice president and chief financial officer of Owens Corning since April 2000. Mr. Thaman joined Owens Corning in August 1992 as director, corporate development, and has held other positions with it since that time. Mr. Thaman has been a director of FPL Group since 2003.

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Hansel E. Tookes, II	Mr. Tookes, 62, retired from Raytheon, a company engaged in defense and government electronics, space and airborne systems, information technology, technical services and business and special mission aircraft, in December 2002. He joined Raytheon in 1999 as president and chief operating officer of Raytheon Aircraft Company, was appointed chairman and chief executive officer of Raytheon Aircraft Company in 2000, and became president of Raytheon International in 2001. From 1980 until joining Raytheon, Mr. Tookes held a variety of leadership positions with United Technologies Corporation, including serving as president of Pratt & Whitney s Large Military Engines Group. He is a director of Corning Incorporated (since 2001), Harris Corporation (since 2005), BBA Aviation PLC (since 2007) and Ryder System, Inc. (since 2002). Mr. Tookes has been a director of FPL Group since 2005.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION

OF ALL NOMINEES.

Proposal 2: Ratification of appointment of Deloitte & Touche LLP as independent registered public accounting firm for 2010

In accordance with the provisions of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley), the Audit Committee of the Board appoints the Company s independent registered public accounting firm. It has appointed Deloitte & Touche (Deloitte & Touche) as the independent registered public accounting firm to audit the accounts of FPL Group and its subsidiaries, as well as to provide its opinion on the effectiveness of the Company s internal control over financial reporting, for the fiscal year ending December 31, 2010. Although ratification is not required by FPL Group s Bylaws or otherwise, the Board is submitting the selection of Deloitte & Touche to shareholders as a matter of good corporate practice. If the shareholders do not ratify the appointment, the appointment will be reconsidered by the Audit Committee, but the Audit Committee may decide to retain Deloitte & Touche as FPL Group s independent registered public accounting firm. Even if the appointment is ratified, the Audit Committee in its discretion may change the appointment at any time during the year if it determines that a change would be in the best interests of FPL Group and its shareholders. Additional information on audit-related matters may be found beginning on page 29 of this proxy statement.

Representatives of Deloitte & Touche will be present at the annual meeting and will have an opportunity to make a statement and to respond to appropriate questions from shareholders raised at the meeting.

$	7,129,400
$	5,346,932

See Notes to Condensed Financial Statements.

Mesabi Trust

Condensed Statements of Cash Flows

Three Months Ended April 30, 2009 and 2008

	Three Months Ended April 30, 2009 (unaudited)	Three Months Ended April 30, 2008 (unaudited)
C. Condensed Statements of Cash Flows		
Cash flows from operating activities		
Royalties received	$ 5,320,949	$ 1,665,665
Interest received	3,100	15,463
Expenses paid	(176,579)	(161,789)
Net cash provided by operating activities	5,147,470	1,519,339
Cash flows from investing activities		
Maturities of U.S. Government Securities		100,000
Purchases of U.S. Government Securities	(717,785)	(49,765)
Net cash (used for) provided by investing activities	(717,785)	50,235
Cash flow used for financing activity		
Distributions to Unitholders	(1,443,201)	(6,756,805)
Net change in cash and cash equivalents	2,986,484	(5,187,231)
Cash and cash equivalents, beginning of year	2,254,107	6,959,701
Cash and cash equivalents, end of quarter	$ 5,240,591	$ 1,772,470
Reconciliation of net income to net cash provided by operating activities		
Net income	$ 801,046	$ 3,639,653
Decrease (increase) in accrued income receivable	1,931,198	(2,180,678)
Increase in prepaid expenses	(9,397)	(9,227)
Increase in accrued expenses	54,623	69,591
Increase in deferred royalty revenue	2,370,000	
Net cash provided by operating activities	$ 5,147,470	$ 1,519,339

See Notes to Condensed Financial Statements.

MESABI TRUST

NOTES TO CONDENSED FINANCIAL STATEMENTS

April 30, 2009 (Unaudited)

Note 1. The financial statements included herein have been prepared without audit (except for the balance sheet at January 31, 2009) in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. In the opinion of the Trustees, all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of (a) the results of operations for the three months ended April 30, 2009 and 2008, (b) the financial position at April 30, 2009, and (c) the cash flows for the three months ended April 30, 2009 and 2008, have been made. For further information, refer to the financial statements and footnotes included in Mesabi Trust s Annual Report on Form 10-K for the year ended January 31, 2009.

Note 2. Net income per unit includes accrued income receivable. For the three months ended April 30, 2009, the Trust recorded $790,780 of accrued income receivable as reflected on the Condensed Balance Sheet as of April 30, 2009 (unaudited). Accrued income receivable is accounted for and reported for the Trust s first fiscal quarter based on shipments during the month of April even though such accrued income receivable is not available for distribution to Unitholders until it is actually received by the Trust at the end of July 2009. Net income per unit is based on 13,120,010 units outstanding during the period.

Note 3. The Trust declares distributions each year in April, July, October and January. Distributions are declared after receiving notification from Northshore Mining Company (Northshore) as to the amount of royalty that is expected to be paid to the Trust based on shipments through the end of each calendar quarter. The Trust s financial statements are prepared on an accrual basis and present the Trust s results of operations based on each fiscal quarter which ends one month after the close of each calendar quarter. Because distributions are declared based on the royalty payment that is payable as of the end of each calendar quarter and the Trust s Net Income is calculated as of the end of each fiscal quarter, the distributions declared by the Trust are not equivalent to the Trust s Net Income during the periods reported in this quarterly report on Form 10-Q.

Note 4. In April 2009, the Trust received its quarterly distribution payment from Northshore of approximately $5,200,000. In accordance with the Trust s revenue recognition policy, the Trust recognized revenue related to tons of iron ore that were shipped by Northshore, but for which Northshore has indicated that final pricing is not yet known. As a result of decreases in estimated pellet pricing subsequent to January 31, 2009, the cash proceeds received by the Trust in April 2009 exceeded the royalty revenue recognized by the Trust for the quarter ended April 30, 2009. Accordingly, the Trust has estimated a $2,370,000 liability in the form of deferred royalty revenue based on current pricing estimates provided by Northshore. Deferred royalty revenue will be adjusted on a quarterly basis as updated pricing information is received, and it is possible that deferred royalty revenue may reduce future royalty payments to be received from Northshore beginning in the first quarter of 2010 when pricing related to these tons of iron ore that were previously shipped by Northshore is expected to be finalized.

Note 5. The Trustees have determined that the unallocated cash and U.S. Government securities portion of Unallocated Reserve should be maintained at a prudent level, usually within the range of $500,000 to $1,000,000, to meet present or future liabilities of the Trust. Accordingly, although the actual amount of the Unallocated Reserve will fluctuate from time

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to time, and may increase or decrease from its current level, it is currently intended that future distributions will be highly dependent upon royalty payments received quarterly and the level of Trust expenses that the Trustees anticipate occurring in subsequent quarters.

As of April 30, 2009, the Unallocated Reserve (Deficit) of ($392,377) consisted of $1,186,843 in unallocated cash and U.S. Government securities, $790,780 of accrued revenue primarily representing royalties not yet received by the Trust but anticipated to be received in July 2009, less estimated deferred royalty revenue of $2,370,000. Pursuant to the Agreement of Trust, the Trust makes cash distributions to Unitholders based on the royalty payments it receives from Northshore when received, rather than as royalty income is recorded in accordance with the Trust s revenue recognition policy. Refer to Note 4 for further information.

In summary, as of April 30, 2009 and January 31, 2009, the Trust s Unallocated Reserve (Deficit) was comprised of the following components:

		April 30, 2009 (unaudited)		**January 31, 2009**
Cash and U.S. Government securities	$	1,186,843	$	1,070,203
Accrued income receivable		790,780		2,721,978
Deferred royalty revenue		(2,370,000)		-0-
Unallocated Reserve (Deficit)	$	(392,377)	$	3,792,181

A reconciliation of the Trust s Unallocated Reserve (Deficit) from January 31, 2009 to April 30, 2009 is as follows:

Unallocated Reserve, January 31, 2009	$	3,792,181
Net income		801,046
Distributions declared		(4,985,604)
Unallocated Reserve (Deficit), April 30, 2009	$	(392,377)

Item 2. Trustees Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

Certain information included in this Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, and Section 27A of the Securities Act of 1933. All such forward-looking statements, including those statements estimating iron ore pellet production or shipments, are based on information from the lessee/operator (and its parent corporation) of the mine located on the lands owned and held in trust for the benefit of the holders of units of beneficial interest of Mesabi Trust. These statements may be identified by the use of forward-looking words, such as may, will, could, project, predict, intend, believe, anticipa estimate, continue, potential, plan, should, assume, forecast and other similar words. Such forward-looking statements are inherently s known and unknown risks and uncertainties. Actual results and future developments could differ materially from the results or developments expressed in or implied by these forward-looking statements. These risks and uncertainties include volatility of iron ore

and steel prices, product supply and demand, competition, regulation or government action, litigation and uncertainties about estimates of reserves. Further, substantial portions of royalties earned by Mesabi Trust are based on estimated prices that are subject to interim and final adjustments which can be positive or negative and are dependent in part on multiple price and inflation index factors under agreements to which Mesabi Trust is not a party and that are not known until after the end of a contract year. It is possible that future negative price adjustments could offset, or even eliminate, royalties or royalty income that would otherwise be payable to the Trust in any particular quarter, or at year end, thereby potentially reducing cash available for distribution to the Trust s Unitholders in future quarters. For a discussion of the factors, including without limitation, those that could materially and adversely affect Mesabi Trust s actual results and performance, see Risk Factors in Part I Item 1A of Mesabi Trust s Annual Report on Form 10-K for the year-ended January 31, 2009, as updated by Part II, Item 1A of this Quarterly Report on Form 10-Q.. Mesabi Trust undertakes no obligation, other than that imposed by law, to make any revisions to the forward-looking statements contained in this filing or to update them to reflect circumstances occurring after the date of this filing.

This discussion should be read in conjunction with the condensed financial statements and notes presented in this Form 10-Q and the financial statements and notes in the last filed Annual Report on Form 10-K filed for the period ending January 31, 2009 for a full understanding of Mesabi Trust s financial position and results of operations for the three month period ended April 30, 2009.

Background

Mesabi Trust (Mesabi Trust or the Trust), formed pursuant to an Agreement of Trust dated July 18, 1961 (the Agreement of Trust), is a trust organized under the laws of the State of New York. Mesabi Trust holds all of the interests formerly owned by Mesabi Iron Company (MIC), including all right, title and interest in the Amendment of Assignment, Assumption and Further Assignment of Peters Lease (the Amended Assignment of Peters Lease), the Amendment of Assignment, Assumption and Further Assignment of Cloquet Lease (the Amended Assignment of Cloquet Lease and together with the Amended Assignment of Peters Lease, the Amended Assignment Agreements), the beneficial interest in the Mesabi Land Trust (as such term is defined below) and all other assets and property identified in the Agreement of Trust. The Amended Assignment of Peters Lease relates to an Indenture made as of April 30, 1915 among East Mesaba Iron Company (East Mesaba), Dunka River Iron Company (Dunka River) and Claude W. Peters (the Peters Lease) and the Amended Assignment of Cloquet Lease relates to an Indenture made May 1, 1916 between Cloquet Lumber Company and Claude W. Peters (the Cloquet Lease).

The Agreement of Trust specifically prohibits the Trustees from entering into or engaging in any business. This prohibition applies even to business activities the Trustees may deem necessary or proper for the preservation and protection of the Trust Estate. Accordingly, the Trustees activities in connection with the administration of Trust assets are limited to collecting income, paying expenses and liabilities, distributing net income to the holders of Certificates of Beneficial Interest in Mesabi Trust (Unitholders) after the payment of, or provision for, such expenses and liabilities, and protecting and conserving the assets held.

The Trustees do not intend to expand their responsibilities beyond those permitted or required by the Agreement of Trust, the Amendment to the Agreement of Trust dated October 25, 1982 (the Amendment), and those required under applicable law. Mesabi Trust has no employees, but it engages independent consultants to assist the Trustees in, among other things, monitoring the volume and sales prices of iron ore products shipped from Silver Bay, Minnesota, based on information supplied to the Trustees by Northshore Mining Company (Northshore), the lessee/operator of the Mesabi Trust lands, and its parent company Cliffs Natural Resources Inc (Cliffs). References to Northshore in this quarterly report, unless the context requires otherwise, are applicable to Cliffs as well.

Leasehold royalty income constitutes the principal source of the Trust s revenue. Royalty rates are determined in accordance with the terms of Mesabi Trust s leases and assignments of leases. Three types of royalties, as well as royalty bonuses, comprise the Trust s leasehold royalty income:

- Base overriding royalties. Base overriding royalties have historically constituted the majority of Mesabi Trust s royalty income. Base overriding royalties are determined by both the volume and selling price of iron ore products shipped. Northshore is obligated to pay Mesabi Trust base overriding royalties in varying amounts, based on the volume of iron ore products shipped. Base overriding royalties are calculated as a percentage of the gross proceeds of iron ore products produced at Mesabi Trust lands (and to a limited extent other lands) and shipped from Silver Bay, Minnesota. The percentage ranges from 2-1/2% of the gross proceeds for the first one million tons of iron ore products so shipped annually to 6% of the gross proceeds for all iron ore products in excess of 4 million tons so shipped annually. Base overriding royalties are subject to price adjustments under the Cliffs Pellet Agreements and, as described elsewhere in this report, such adjustments may be positive or negative.

- Royalty bonuses. The Trust earns royalty bonuses when iron ore products shipped from Silver Bay are sold at prices above a threshold price per ton. The royalty bonus is based on a percentage of the gross proceeds of product shipped from Silver Bay and sold at prices above a threshold price. The threshold price is adjusted (but not below $30.00 per ton) on an annual basis for inflation and deflation (the Adjusted Threshold Price). The Adjusted Threshold Price was $47.43 per ton for calendar year 2008 and is $48.48 per ton for calendar year 2009. The royalty bonus percentage ranges from 1/2 of 1% of the gross proceeds (on all tonnage shipped for sale at prices between the Adjusted Threshold Price and $2.00 above the Adjusted Threshold Price) to 3% of the gross proceeds (on all tonnage shipped for sale at prices $10.00 or more above the Adjusted Threshold Price). Royalty bonuses are subject to price adjustments under the Cliffs Pellet Agreements and, as described elsewhere in this report, such adjustments may be positive or negative.

- Fee royalties. Fee royalties have historically constituted a smaller component of the Trust s total royalty income. Fee royalties are payable to the Mesabi Land Trust, a Minnesota land trust, which holds a 20% interest as fee owner in the Amended Assignment of Peters Lease. Mesabi Trust holds the entire beneficial interest in the Mesabi Land Trust for which U.S. Bank N.A. acts as the corporate trustee. Mesabi Trust receives the net income of the Mesabi Land Trust, which is generated from royalties on the amount of crude ore mined after the payment of expenses to U.S. Bank N.A. for its services as corporate trustee. Crude ore is the source of iron oxides used to make iron ore pellets and other products. The fee royalty on crude ore is based on an agreed price per ton, subject to certain indexing.

- Minimum advance royalties. Northshore s obligation to pay base overriding royalties and royalty bonuses with respect to the sale of iron ore products generally accrues upon the shipment of those products from Silver Bay. However, regardless of whether any shipment has occurred, under the terms of the Amended Assignment Agreements, Northshore is obligated to pay to Mesabi Trust a minimum advance royalty. Each year, the amount of the minimum advance royalty is adjusted (but not below $500,000 per annum) for inflation and deflation in accordance with the Amended Assignment Agreements. The minimum advance royalty was $790,721 for calendar year 2008 and is $808,177 for calendar year 2009. Until overriding royalties (and royalty bonuses, if any) for a particular year equal or exceed the minimum advance royalty for the year, Northshore must make quarterly payments of up to 25% of the minimum advance royalty for the year. Because minimum advance royalties are essentially prepayments of base overriding royalties and royalty bonuses earned each year, any minimum advance royalties paid in a fiscal quarter are recouped by credits against base overriding royalties and royalty bonuses earned in later fiscal quarters during the year.

Under the relevant documents, Northshore may mine and ship iron ore products from lands other than Mesabi Trust lands. Northshore is obligated to make royalty payments in January, April, July and October of each year based on shipments of iron ore products from Silver Bay during each calendar quarter. In the case of base overriding royalties and royalty bonuses, these quarterly royalty payments are to be made whether or not the related proceeds of sale have been received by Northshore by the time such payments become due. Northshore alone determines whether to mine off Trust and/or such other lands, based on its current mining and engineering plan. The Trustees do not exert any influence over mining operational decisions. To encourage the use of iron ore products from Mesabi Trust lands, Mesabi Trust receives royalties on stated percentages of iron ore shipped from Silver Bay, whether or not the iron ore products are from Mesabi Trust lands. Mesabi Trust receives royalties at the greater of (i) the aggregate quantity of iron ore products shipped that were from Mesabi Trust lands, and (ii) a portion of the aggregate quantity of all iron ore products shipped from Silver Bay that were mined from any lands, such portion being 90% of the first four million tons shipped from Silver Bay during such year, 85% of the next two million tons shipped during such year, and 25% of all tonnage shipped from Silver Bay during such year in excess of six million tons.

Deutsche Bank Trust Company Americas, the Corporate Trustee, performs certain administrative functions for Mesabi Trust. The Trust maintains a website at www.mesabi-trust.com. The Trust makes available (free of charge) its annual, quarterly and current reports (and any amendments thereto) filed with the Securities and Exchange Commission (the SEC) through its website as soon as reasonably practicable after electronically filing or furnishing such material with or to the SEC.

Results of Operations

Comparison of Iron Ore Pellet Production and Shipments for the Three Months Ended April 30, 2009 and April 30, 2008

As shown in the table below, production of iron ore pellets at Northshore from Mesabi Trust lands during the fiscal quarter ended April 30, 2009 totaled 681,178 tons, and actual shipments over the same period totaled 237,453 tons. By comparison, actual pellet production and actual shipments for the comparable prior period were 1,216,101 tons and 1,040,114 tons, respectively. The decrease in production and shipments at Northshore is the result of a significant decline in orders from Cliffs customers and lower anticipated demand from Cliffs customers as they continue to adjust their purchases based on anticipated demand from their customers.

Fiscal Quarter Ended	Pellets Produced from Trust Lands (tons)	Pellets Shipped from Trust Lands (tons)
April 30, 2009	681,178	237,453
April 30, 2008	1,216,101	1,040,114

Comparison of Royalty Income for the Three Months Ended April 30, 2009 and April 30, 2008

Total royalty income for the quarter decreased approximately 73.4% over the comparable prior period. The decrease in total royalty income is due to lower sales prices per ton of iron ore pellets sold and a decrease in the total volume of iron ore pellets shipped during the three months ended April 30, 2009, each as compared to the three months ended April 30, 2008. The lower sales prices per ton and the decrease in the volume of iron ore pellets shipped both contributed to a decrease in the base overriding royalty and the bonus royalty payments.

The table below shows that the base overriding royalties, the bonus royalties, and the fee royalties each decreased by 67.5%, 80.4%, and 49.3% respectively, for the three months ended April 30, 2009. The decreases in the base overriding royalties and the bonus royalties are both attributable to the lower sales prices per ton of iron ore pellets and the decrease in the volume of tons shipped during the three months ended April 30, 2009, each as compared to the three months ended April 30, 2008.

The table below summarizes the components of Mesabi Trust s royalty income for the three months ended April 30, 2009 and April 30, 2008, respectively:

	Three Months Ended April 30,			
		2009		2008
Base overriding royalties	$	570,565	$	1,756,171
Bonus royalties		383,761		1,958,725
Minimum advance royalty paid (recouped)				
Fee royalties		67,386		132,814
Total royalty income	$	1,021,712	$	3,847,710

Comparison of Income, Expenses and Distributions for the Three Months Ended April 30, 2009 and April 30, 2008

Net income for the three months ended April 30, 2009 was $801,046, a decrease of approximately 78% compared to the three months ended April 30, 2008. As with the decrease in total royalty income, the decrease in net income for the quarter ended April 30, 2009 is the result of lower sales prices per ton of iron ore pellets shipped and a decrease in the volume of tons shipped. The Trust s expenses of $223,835 for the three months ended April 30, 2009 was consistent with the Trust s expenses for the three month period ended April 30, 2008. The table below summarizes the Trust s income and expenses for the three months ended April 30, 2009 and April 30, 2008, respectively.

	Three Months Ended April 30,			
		2009		2008
Total royalty income	$	1,021,712	$	3,847,710
Interest income		3,169		14,097
Gross income		1,024,881		3,861,807
Expenses		223,835		222,154
Net income	$	801,046	$	3,639,653

As presented on the Trust s Condensed Statements of Income on page 2 of this quarterly report, the Trust s net income per unit decreased $0.2163 to $0.0611 for the three months ended April 30, 2009, as compared to the three months ended April 30, 2008. At the same time, distributions declared per unit increased $0.2600 from $0.1200 for the three months ended April 30, 2008 to $0.3800 for the three months ended April 30,

2009. Distributions are declared after receiving notification from Northshore Mining Company as to the amount of royalty income that is expected to be paid to the Trust based on shipments through the end of each calendar quarter and such royalty payments may include pricing adjustments with respect to shipments during prior periods. The Trust accounts for and reports accrued income receivable based on shipments during the last month of the Trust s fiscal quarter (April, July, October and January) and price adjustments under the Cliffs Pellet Agreements (which can be positive or negative and can result in significant variations in royalties received by Mesabi Trust and cash available for distribution to Unitholders). The Trust accounts for these amounts by using estimated prices and reports such amounts even though accrued income receivable is not available for distribution to Unitholders until it is received by the Trust. Accordingly, distributions declared by the Trust are not equivalent to the Trust s Net Income during the periods reported in this quarterly report on Form 10-Q.

Comparison of Unallocated Reserve as of April 30, 2009, April 30, 2008 and January 31, 2009

The Unallocated Reserve (Deficit), which is comprised of accrued income receivable, cash reserve for potential fixed or contingent future liabilities, and, with respect to the three months ended April 30, 2009, deferred royalty revenue, decreased from $3,725,099 as of April 30, 2008 to ($392,377) as of April 30, 2009. The deficit in the Trust s Unallocated Reserve is primarily the result of an estimated $2,370,000 liability, which is represented on the Trust s balance sheet as deferred royalty revenue. Because of declines in the estimated pricing of iron ore pellets subsequent to January 31, 2009, the royalty payment received by the Trust in April includes approximately $2,370,000 of cash proceeds that were received by the Trust, but has not been recognized as revenue in accordance with the Trust s revenue recognition policy. The $2,370,000 deferred royalty revenue may, depending on future adjustments to iron ore pellet pricing, if any, cause a cumulative negative price adjustment related to shipments of pellets during prior periods, which could be offset against future royalty income to be received by the Trust.

Notwithstanding the deficit in the Trust s Unallocated Reserve as described above, the Trust s cash reserve for potential fixed or contingent future liabilities, represented on the Trust s balance sheet by unallocated cash and U.S. Government securities, increased 103% to $1,186,843 as of April 30, 2009 from $584,496 as of April 30, 2008. The increase in the cash reserve for potential fixed or contingent future liabilities is due to the Trustee s decision to supplement the Unallocated Reserve because of uncertainty surrounding the volatile global economic climate and the global financial, liquidity and credit crisis that unfolded during the second half of 2008. At the same time, the accrued income receivable portion of the Unallocated Reserve decreased from $3,140,603 as of April 30, 2008 to $790,780 as of April 30, 2009. The decrease in the accrued income receivable portion of the Unallocated Reserve is the result of significantly lower shipments during the month of April 2009, together with generally lower prices on pellets shipped by Northshore, both as compared to April 2008.

The Trust s Unallocated Reserve as of April 30, 2009 decreased by approximately $4,185,000 as compared to the fiscal year ended January 31, 2009. The decrease in the Unallocated Reserve is due to the Trust s accrual of $2,370,000 in deferred royalty revenue and the substantial reduction in accrued income receivable due to the reduced shipments from Northshore during the month of April 2009 and the absence of positive price adjustments which were present as of January 31, 2009. As a result of the price adjustment mechanisms under the Cliffs Pellet Agreements, the Trust received positive adjustments to the royalty income which is reflected in the royalty income for the year ended January 31, 2009. Those adjustments were attributable to shipments of iron ore pellets by Northshore/Cliffs to its customers from Silver Bay, Minnesota during calendar years 2006, 2007 and 2008. In the aggregate, the pricing adjustments increased the accrued income receivable reflected on the Trust s balance sheet as of January 31, 2009. At January 31, 2009, approximately 72% of the Unallocated Reserve or $2,721,978 was represented by accrued income receivable while 28% or $1,070,203 was represented by unallocated cash and U.S. Government securities.

The Trustees have determined that a portion of the Unallocated Reserve, usually within the range of $500,000 to $1,000,000 or such other amount as the Trustees may deem prudent, should be maintained as a reserve for potential fixed or contingent future liabilities. Although the actual amount of the

Unallocated Reserve will fluctuate from time to time and may increase or decrease from its current level, it is currently intended that future distributions will be highly dependent upon royalty income as it is received and the level of Trust expenses. The amount of future royalty income available for distribution will be subject to the volume of iron ore product shipments and the dollar level of sales by Northshore. Shipping activity is greatly reduced during the winter months and economic conditions, particularly those affecting the steel industry, may adversely affect the amount and timing of such future shipments and sales. It is possible that future negative price adjustments could offset, or even eliminate, royalties or royalty income that would otherwise be payable to the Trust in any particular quarter, or at year end, thereby potentially reducing cash available for distribution to the Trust s Unitholders in future quarters. See discussion under the heading Risk Factors beginning on page 3 of the Trust s Annual Report on Form 10-K for the fiscal year ended January 31, 2009, as updated by Part II, Item 1A of this Quarterly Report on Form 10-Q.

The Trustees will continue to monitor the economic circumstances of the Trust to strike a responsible balance between distributions to Unitholders and the need to maintain adequate reserves at a prudent level, given the unpredictable nature of the iron ore industry, the Trust s dependence on the actions of the lessee/operator, and the fact that the Trust essentially has no other liquid assets.

Recent Developments

Production and Shipments. In its Form 10-Q filed May 1, 2009, Cliffs reported that production at Northshore for the three months ended March 31, 2009 was 0.9 million tons. Comparatively, production of iron ore pellets at Northshore for the three months ended March 31, 2008 was 1.3 million tons. Northshore has not provided the Trustees with an estimate of total expected shipments of iron ore pellets for calendar year 2009. During calendar years 2008, 2007, 2006 and 2005, the percentage of shipments of iron ore products from Mesabi Trust lands was approximately 90.2%, 88.2%, 90.9% and 90.1%, respectively, of total shipments. In its current report on Form 8-K filed May 5, 2009, Cliffs estimated total production of 3.2 million tons of iron ore pellets at Northshore during calendar year 2009 (which assumes that production at Northshore will resume in early July 2009). Northshore has not advised the Trustees as to the percentage of iron ore products from Mesabi Trust lands it anticipates shipping in calendar year 2009. However, based on information from the Trust s consultants, shipments of iron ore products from Mesabi Trust lands totaled only 24,900 tons in May 2009. See the description of the uncertainty of market conditions in the iron ore and steel industry under Important Factors Affecting Mesabi Trust below and the information under the heading Risk Factors in Part I Item 1A of the Trust s Annual Report on Form 10-K for the year-ended January 31, 2009, as updated by Part II, Item 1A of this Quarterly Report on Form 10-Q.

Extension of Production Shutdown at Northshore. As reported in a current report on Form 8-K filed by the Trust on May 6, 2009, Cliffs filed a current report on Form 8-K on May 5, 2009 in which Cliffs announced an extension of the shutdown of production at Northshore. Instead of restarting production in May, Cliffs announced an extension of the production shutdown, which is now scheduled to continue into early July 2009. Cliffs also reported that the extension of the production shutdown will reduce total production at Northshore to approximately 3.2 million tons for calendar 2009 (which assumes that production at Northshore will resume in early July 2009). This number represents a 13.5% decrease from the 3.7 million tons of production previously estimated by Cliffs. Cliffs has not informed the Trustees as to whether the decrease in production will result in a decrease in shipments of iron ore pellets from Silver Bay, Minnesota. Accordingly, the Trustees are unable to make any projections regarding the extent to which the temporary production shutdown at Northshore may impact future royalties payable to Mesabi Trust.

Northshore Administrative Permit Amendment. As reported in the Trust s Form 10-K filed April 16, 2009, according to Cliffs Form 10-K filed February 26, 2009, on December 16, 2006, Cliffs submitted an administrative permit amendment application to the MPCA with respect to Northshore s Title V operating permit. Cliffs reported that Northshore requested an amendment to its permit to delete a 30 year old control city monitoring requirement but the MPCA denied Northshore s application on February 23, 2007. In its Form 10-K, Cliffs further reported that it had appealed the denial of its

application to the Minnesota Court of Appeals and that subsequent to the filing of the appeal, the MPCA advised Northshore that the MPCA considered Northshore to be in violation of the control city standard. Cliffs also reported that it was in discussions with the MPCA with respect to the terms of a compliance schedule in which it would agree to take certain actions in settlement of the alleged violation. According to Cliffs Form 10-K, the Minnesota Center for Environmental Advocacy had since filed a motion with the Court of Appeals to intervene in Northshore s appeal of the denial of an administrative amendment to Northshore s Title V operating permit.

On May 20, 2008, the Minnesota Court of Appeals issued a ruling on Northshore s appeal and held that the MPCA did not err in concluding that Northshore proceeded under the wrong permit modification procedures when it applied to amend its permit to eliminate the control city standard from its Title V operating permit. The Court ruled that Northshore s administrative amendment application should have been dealt with through the major permit amendment process rather than through the administrative permit amendment process, which is used to address insignificant amendments. Cliffs also reported that on August 28, 2008 it filed a major permit amendment to remove the control city requirement from its permit and that this permit amendment is currently pending. Cliffs also reported that on November 25, 2008, in response to the proposed amendment, the MPCA issued an order declaring that Northshore s request to remove the control city standard from its permit constitutes a project for which an Environmental Assessment Worksheet, or EAW, must be completed. According to Cliffs Form 10-K, the MPCA also stated that it was ceasing all other work on the permit, including its own efforts to create a replacement standard, until the environmental review process was complete. Cliffs also reported that Northshore has filed an action to challenge the MPCA s requirement for an EAW in Minnesota State District Court, which is currently pending. The Trustees are unable to predict what impact the administrative hearings discussed above will have on Northshore s compliance with its Title V operating permit or future royalties payable to the Trust.

Important Factors Affecting Mesabi Trust

The Agreement of Trust specifically prohibits the Trustees from entering into or engaging in any business. This prohibition seemingly applies even to business activities the Trustees deem necessary or proper for the preservation and protection of the Trust Estate (as such term is defined below). Accordingly, the Trustees activities in connection with the administration of Trust assets are limited to collecting income, paying expenses and liabilities, distributing net income to Mesabi Trust s Unitholders after the payment of, or provision for, such expenses and liabilities, and protecting and conserving the assets held. Consequently, the income of Mesabi Trust is highly dependent upon the activities and operations of Northshore, and the terms and conditions of the leases and assignments of leases between Mesabi Trust and Northshore.

Neither Mesabi Trust nor the Trustees have any control over the operations and activities of Northshore, except within the framework of the Amended Assignment Agreements. Cliffs alone controls (i) historical operating data, including iron ore production volumes, marketing of iron ore products, operating and capital expenditures as they relate to Northshore, environmental and other liabilities and the effects of regulatory changes; (ii) plans for Northshore s future operating and capital expenditures; (iii) geological data relating to ore reserves (iv) projected production of iron ore products; (v) contracts between Cliffs and Northshore with their customers; and (vi) the decision to mine off Mesabi Trust and/or state lands based on Cliffs current mining and engineering plan. The Trustees do not exert any influence over mining operational decisions at Northshore, nor do the Trustees provide any input regarding the ore reserve estimated at Northshore as reported by Cliffs. While the Trustees request material information for use in periodic reports as part of their evaluation of Mesabi Trust s disclosure controls and procedures, the Trustees do not control this information and they rely on the information in Cliffs periodic and current filings with the SEC to provide accurate and timely information in Mesabi Trust s reports filed with the SEC.

In accordance with the Agreement of Trust and the Amendment, the Trustees are entitled to, and in fact do, rely upon certain experts in good faith, including (i) the independent consultants with respect to monthly production and shipment reports, which include figures on crude ore production and iron ore pellet shipments, and discussions concerning the condition and accuracy of the scales and plans regarding the development of Mesabi Trust s mining property; and (ii) the accounting firm they have contracted with for non-audit services, including reviews of financial data related to shipping and sales reports provided by Northshore and a review of the schedule of leasehold royalties payable to Mesabi Trust. For a discussion of additional factors, including but not limited to those that could adversely affect Mesabi Trust s actual results and performance, see Risk Factors in Part I Item 1A of Mesabi Trust s Annual Report on Form 10-K for the year-ended January 31, 2009.

Iron Ore Pricing and Contract Adjustments

During the course of its fiscal year some portion of the royalties paid to Mesabi Trust are based on estimated prices for iron ore products sold under term contracts between Cliffs and its subsidiaries and certain of their customers (the Cliffs Pellet Agreements). Mesabi Trust is not a party to any of the Cliffs Pellet Agreements. These prices are subject to interim and final pricing adjustments, which can be positive or negative, and which adjustments are dependent in part on a variety of price and inflation index factors, including but not limited to the international benchmark pellet price, hot band steel prices and various Producer Price Indexes. Although Northshore makes interim adjustments to the royalty payments on a quarterly basis, these price adjustments cannot be finalized until after the end of a contract year. This may result in significant and frequent variations in royalties received by Mesabi Trust (and in turn the resulting amount of funds available for distribution to Unitholders by the Trust) from quarter to quarter and on a comparative historical basis, and these variations, which can be positive or negative, cannot be predicted by Mesabi Trust. It is possible that future negative price adjustments could offset, or even eliminate, royalties or royalty income that would otherwise be payable to the Trust in any particular quarter, or at year end, thereby potentially reducing cash available for distribution to the Trust s Unitholders in future quarters.

Effects of Securities Regulation

The Trust is a publicly-traded trust listed on the New York Stock Exchange (NYSE) and is therefore subject to extensive regulation under, among others, the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley) and the rules and regulations of the NYSE. Issuers failing to comply with such authorities risk serious consequences, including criminal as well as civil and administrative penalties. In most instances, these laws, rules and regulations do not specifically address their applicability to publicly-traded trusts such as Mesabi Trust. In particular, Sarbanes-Oxley mandated the adoption by the Securities and Exchange Commission (the SEC) and NYSE of certain rules and regulations that are impossible for the Trust to literally satisfy because of its nature as a pass-through trust. Pursuant to NYSE rules the Trust is exempt from many of the corporate governance requirements that apply to publicly traded corporations. The Trust does not have, nor does the Agreement of Trust provide for, a board of directors, an audit committee, a corporate governance committee or a compensation committee. The Trustees intend to closely monitor the SEC s and the NYSE s rulemaking activity and will attempt to comply with such rules and regulations where applicable.

In May 2008, the Trust established a website in response to the NYSE s interpretation of Rule 203.01 of the NYSE Listed Company Manual. The Trust s website is located at www.mesabi-trust.com.

Critical Accounting Policies and Estimates

This Trustees Discussion and Analysis of Financial Condition and Results of Operations is based upon the Trust s financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Trustees to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. Critical accounting policies are those that have meaningful impact on the reporting of the Trust s financial condition and results, and that require significant judgment and estimates. During the preparation of financial statements, the Trust makes estimates, assumptions and judgments that affect reported amounts. These estimates, assumptions and judgments include those related to revenue recognition and accrued expenses. The Trust bases its estimates on various assumptions and historical experience, which are believed to be reasonable; however, due to the inherent nature of estimates, actual results may differ significantly due to changed conditions or assumptions. On a regular basis, the Trust reviews the accounting policies, assumptions, estimates and judgments to ensure that the financial statements are fairly presented in accordance with accounting principles generally accepted in the United States. However, because future events and their effects cannot be determined with certainty, actual results could differ from assumptions and estimates, and such differences could be material.

The Trust did not have any changes in critical accounting policies or in significant accounting estimates during the three months ended April 30, 2009. For a complete description of the Trust s significant accounting policies, please see Note 2 to the financial statements included in the Trust s Annual Report on Form 10-K for the year ended January 31, 2009.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. The Trustees maintain disclosure controls and procedures designed to ensure that information required to be disclosed by the Trust in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and regulations of the Securities and Exchange Commission. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Trust is accumulated and communicated by Northshore, and consultants to the Trustees as appropriate, to allow timely decisions regarding required disclosure.

As part of their evaluation of the Trust s disclosure controls and procedures, the Trustees rely on quarterly shipment and royalty calculations provided by Northshore. Because Northshore has declined to support this information with a written certification attesting to whether Northshore has established disclosure controls and procedures and internal controls sufficient to enable it to verify that the information furnished to the Trustees is accurate and complete, the Trustees also rely on (a) an annual certification from Northshore and Northshore s parent, Cliffs, certifying as to the accuracy of the royalty calculations, and (b) the related due diligence review performed by the Trust s external accountants. In addition, the Trust s consultants review the schedule of leasehold royalties payable and shipping and sales reports provided by Northshore against production and shipment reports prepared by the Eveleth Fee Office, Inc., an independent consultant to the Trust (Eveleth Fee Office). The Eveleth Fee Office gathers production and shipping information from Northshore and prepares monthly production and shipment reports for the Trustees. Furthermore, as part of its engagement by the Trust, the Eveleth Fee Office also attends Northshore s calibration and testing of its crude ore scales and boat loader scales which are conducted on a periodic basis.

As of the end of the period covered by this report, the Trustees carried out an evaluation of the Trust s disclosure controls and procedures. The Trustees have concluded that such disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting. To the knowledge of the Trustees, there has been no change in the Trust s internal control over financial reporting that occurred during the

Trust s last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Trust s internal control over financial reporting. The Trustees note for purposes of clarification that they have no authority over, and make no statement concerning, the internal control over financial reporting of Northshore or Cliffs.

PART II - OTHER INFORMATION

Item 1A. Risk Factors

The information presented below amends, updates and should be read in conjunction with the risk factors and information disclosed here and in the Trust s Annual Report on Form 10-K for the fiscal year ended January 31, 2009. The risk factors disclosed here and in the Trust s Annual Report on Form 10-K for the fiscal year ended January 31, 2009, in addition to the other information set forth in this quarterly report, could have a material adverse effect on the royalties received by Mesabi Trust. You should carefully consider such risks in addition to other information contained in this report before engaging in any transaction involving units of beneficial interest of Mesabi Trust. Additional risks and uncertainties not currently known to the Trust or that have been deemed to be immaterial as of the filing of this Quarterly Report could also materially adversely affect the Trust s results of operations.

The Trust s risk factors are hereby updated as follows:

***The global economic climate and the current disruption in the financial and credit markets have created uncertainty and a prolonged downturn in global economic conditions could adversely affect the royalties received by the Trust*.**

The volatile global economic climate and the current global financial and credit crisis could have a material adverse effect on the royalties received by the Trust. Financial markets in the United States and elsewhere have been experiencing extreme disruption in recent months, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining values of others. The global economy has entered a recession. Cliffs previously announced production curtailments, workforce reductions and a one-month, temporary idling of production at Northshore in April 2009. On May 5, 2009, Cliffs announced additional workforce reductions and an extension of the shutdown of production at Northshore through early July 2009. According to Cliffs, some of its customers have announced curtailments of production, which could adversely affect the demand for iron ore and therefore shipments from lands owned by the Trust. Continuation or worsening of the current economic conditions, a prolonged global, national or regional economic recession or other events could produce major changes in demand patterns and may have a material adverse effect on sales prices of iron ore products shipped by Northshore which would adversely affect the royalties received by the Trust. Moreover, such conditions could impact the international benchmark pellet price, hot band steel prices and various Producer Price Indexes all of which affect the royalties payable to the Trust. The Trustees are not able to predict the impact the volatile global economic climate and the current global financial and credit crisis will have on future royalties payable to the Trust.

The royalties paid to the Trust may be adversely affected by softening demand and reductions in the market prices for iron ore and steel products both of which are subject to market forces beyond the Trust s control.

The world price of iron ore and steel are strongly influenced by international demand and global market conditions which are uncertain. Domestic demand for iron ore and steel products, which is influenced by international markets, is also uncertain. In recent years, many major iron ore suppliers increased their capacity to meet the increased demand for iron ore and steel products, particularly from China. With the current global economic crisis, the market is presently characterized by a significant decline in steel demand and limited global demand for iron ore. Reduced demand for iron ore will likely result in decreased sales of products to Cliffs customers and decreasing prices, all of which would adversely affect royalties received by the Trust in 2009. In its Form 10-Q filed May 1, 2009, Cliffs reported that there is significant uncertainty in the current economic environment which may continue to impact Cliffs total sales volume. Since the Trust is not party to any specific customer contracts that Cliffs has with its customers and because these macroeconomic forces are difficult to forecast, the Trustees are not able to predict the extent to which the reduced demand and lower prices for iron ore products will adversely affect royalties payable to the Trust.

Risk factors affecting Cliffs, and the operations of Northshore, could have a material adverse effect on the royalties of the Trust.

Because substantially all of the Trust s revenue is derived from iron ore products shipped by Northshore from Silver Bay, Northshore s iron ore pellet processing and shipping activities directly impact the Trust s revenues in each quarter and for each year. A number of factors affect Cliffs operations, including Northshore s production and shipment volume. These factors which are described in Cliffs Form 10-K filed February 26, 2009, as updated by Cliffs Form 10-Q filed May 1, 2009, include, among others, the global economic climate and financial market conditions, economic conditions in the iron ore industry, extensive governmental regulation relating to environmental matters and the costs and risks related thereto, availability of substitute materials, pricing by domestic and international competitors, long-term customer contracts or arrangements by Northshore or its competitors, price adjustment provisions in Cliffs North American term supply agreements (which take into account various price indexes), availability of ore boats, production at Northshore s mining operations, natural disasters, shipping conditions in the Great Lakes and production at Northshore s pelletizing/processing facility. The decision by Cliffs to shutdown Northshore s pelletizing lines through early July 2009 is likely to have a material adverse effect on the royalties paid to the Trust. Additionally, there is no assurance that production at Northshore will infact re-commence on the start-up date planned by Northshore. The Trust cannot predict the extent to which this production shutdown will impact the Trust s royalty income as the royalties payable to the Trust are generated based on shipments of iron ore products not production.

Royalties received by the Trust, and distributions paid to Unitholders, in any particular quarter are not necessarily indicative of royalties or distributions that will be paid in any subsequent quarter or for a full year, and depending on the extent of estimated price adjustments, and demand for and market prices of iron ore, there may not be sufficient cash available to make a distribution in a particular quarter.

Royalties received by the Trust can fluctuate significantly from quarter to quarter and year to year based upon market prices for iron ore products, the level of orders for iron ore products from Cliffs customers, the consumption of inventory by Cliffs customers, and production decisions made by Northshore. Moreover, because the royalties paid to the Trust in any particular quarter include payments made with respect to pellets shipped and sold at estimated prices that are subject to future interim and final multi-year adjustments in accordance with Cliff s Customer Agreements, the current downward trends in demand and market prices for iron and steel products could result in negative adjustments to royalties in future quarters, some of which may be significant. These negative price adjustments could have a material adverse effect on the Trust s royalty income, which in turn could result in lower quarterly distributions, and possibly could reduce funds available for distribution in any quarter and in some quarters may offset royalties otherwise payable to the Trust. Because of this, cash available for distribution to Unitholders in future quarters could be reduced, potentially materially. As a result, the royalties received by the Trust, and the distributions paid to Unitholders, in any particular quarter are not necessarily indicative of royalties that will be received, or distributions that will be paid, in any subsequent quarter or for a full year. Based on the foregoing and the current uncertainty in the economic environment, the Trust cannot ensure that there will be adequate cash available to make a distribution to Unitholders in any particular quarter.

Item 6. Exhibits.

31	Certification of Corporate Trustee of Mesabi Trust pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Corporate Trustee of Mesabi Trust pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Report of Wipfli LLP, dated June 3, 2009 regarding its review of the un-audited interim financial statements of Mesabi Trust as of and for the quarter ended April 30, 2009.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MESABI TRUST
(Registrant)

By: DEUTSCHE BANK TRUST COMPANY AMERICAS
Corporate Trustee

Principal Administrative Officer and duly authorized signatory:*

By: Deutsche Bank National Trust Company

Date: June 8, 2009

By: /s/ Kenneth R. Ring
Name: Kenneth R. Ring
Title: Vice President

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* There are no principal executive officers or principal financial officers of the registrant.