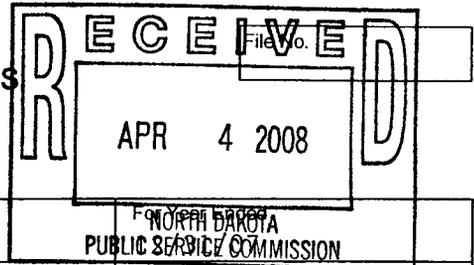




ANNUAL REPORT OF CLASS II AND III RAILROADS
 NORTH DAKOTA PUBLIC SERVICE COMMISSION
 SFN 14356 (03-03)



| | | |
|---|--|---|
| Business Name Dakota Northern Railroad Inc | | For NORTH DAKOTA PUBLIC SERVICE COMMISSION |
| Business Address 28997 225th Avenue SW, Crookston, MN 56716 | Business Telephone Number 218-281-1750 | |

Instructions: Complete this form in duplicate and return the original to the ND Public Service Commission, 600 E Boulevard Ave., Dept. 408, Bismarck ND 58505-0480. Return it no later than the 15th day of the fourth month following the close of the year for which this report is filed.

General Information

1. Provide the names and addresses of owners, partners, or top five corporate officers.

| Name | Address |
|---------------------------------------|--|
| Norman C Bierwerth, President | PO BOX 549 Atwater, MN 56209 |
| Frank W Nesbit, Vice-President | PO BOX 79 - 21 Main Street Bethel, MN 55005 |
| | |
| | |
| | |

2. Provide the names and addresses of owners, partners, or stockholders with 20% or more ownership of the company.

| Name | Address |
|------------------------|--|
| KBN, Inc - 100% | 117 South Broadway Crookston MN 56716 |
| | |
| | |
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| | |
| | |

I certify that to the best of my knowledge and believe that this is a true and correct report.

| | |
|-----------------------------------|-----------------------------------|
| Name X George A LAPRAY | Signature X [Signature] |
| Title X General Manager | Date X 2 APRIL 2008 |

File No.

Company Statements

3. Condensed Balance Sheet (system)

| Asset Side | Balance at End of Year | Liability and Equity Side | Balance at End of Year |
|-------------------------------|------------------------|-------------------------------------|------------------------|
| Current Assets | 364,000 | Current Liabilities | 160,000 |
| Other Assets/Deferred Charges | -0- | Non-Current Liabilities | -0- |
| Transportation Property - Net | 29,000 | Stockholders' Equity | 233,000 |
| Total Assets | 393,000 | Total Liabilities and Equity | 393,000 |

4. Condensed Operating Statement (system)

| | Balance at End of Year |
|---|------------------------|
| Railway Operating Revenues (from revenue schedule below) | 1,335,619 |
| Less: Railway Operating Expenses (from schedule A - attached) | 1,090,277 |
| Net Income from Railway Operations | 245,342 |
| Less: Net Rentals | 66,659 |
| Railway Income Tax Accruals | 60,258 |
| Net Railway Operating Income | 118,425 |

Additional Data and Statistics

5. Railway Operating Revenues

| | North Dakota Intrastate | System Wide |
|--------------|-------------------------|------------------|
| Freight | 1,172,303 | 1,172,303 |
| Switching | -0- | -0- |
| Demurrage | 108,674 | 108,674 |
| Incidental | 54,642 | 54,642 |
| Total | 1,335,619 | 1,335,619 |

| | North Dakota Intrastate | System Wide |
|--|-------------------------|-------------|
| 6. Miles of road owned and operated at year end | 68.1 | 68.1 |
| 7. Miles of road operated under trackage rights | -- | -- |
| 8. Miles of road discontinued during the year | -- | -- |
| 9. Expenditures for maintenance of way during the year | 14,351 | 14,351 |

10. Operating Statistics

| | System Wide |
|---------------------------------|-------------|
| Gross Ton Miles | |
| Train Miles | |
| Car Miles | |
| Car Days | |
| Road Locomotive Hours | |
| Yard Locomotive Switching Hours | |
| Trailer/Container Days | |

11. Equipment Inventory

| | Owned | Leased |
|-----------------------|-------|--------|
| Road Locomotive Units | 0 | 2 |
| Yard Locomotive Units | 0 | 0 |
| Freight Cars | 0 | 0 |
| Covered Hopper | 0 | 0 |
| Open Hopper | 0 | 0 |
| Other | 0 | 0 |
| Trailers/Containers | 0 | 0 |

File No.

Schedule A
Railway System Operating Expenses

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|------------------|
| Maintenance of Way & Structures | → | → | → | → | → | → | → | → | → | 14,351 |
| Maintenance of Equipment: | | | | | | | | | | |
| Locomotives | → | → | → | → | → | → | → | → | → | 52,384 |
| Freight Cars | → | → | → | → | → | → | → | → | → | 3,576 |
| Trailers & Containers | → | → | → | → | → | → | → | → | → | |
| Other | → | → | → | → | → | → | → | → | → | 56,724 |
| Total Maintenance of Equipment | → | → | → | → | → | → | → | → | → | 112,684 |
| Transportation: | | | | | | | | | | |
| Train & Engine Crews | → | → | → | → | → | → | → | → | → | 478,959 |
| Yard Crews | → | → | → | → | → | → | → | → | → | |
| Locomotive Fuel: | | | | | | | | | | |
| Train Operations | → | → | → | → | → | → | → | → | → | 158,252 |
| Yard Operations | → | → | → | → | → | → | → | → | → | |
| Total Locomotive Fuel | → | → | → | → | → | → | → | → | → | 158,252 |
| Other Transportation: | | | | | | | | | | |
| Train Operations | → | → | → | → | → | → | → | → | → | 86,842 |
| Yard Operations | → | → | → | → | → | → | → | → | → | 20,395 |
| Total Other Transportation | → | → | → | → | → | → | → | → | → | 107,237 |
| Total Transportation | → | → | → | → | → | → | → | → | → | 744,448 |
| General Administration & Overhead: | | | | | | | | | | |
| Central Office Personnel | → | → | → | → | → | → | → | → | → | 198,380 |
| Property Taxes | → | → | → | → | → | → | → | → | → | 14,161 |
| Fringe Benefits | → | → | → | → | → | → | → | → | → | 586 |
| Other | → | → | → | → | → | → | → | → | → | 5,667 |
| Total Other General Administration & Overhead | → | → | → | → | → | → | → | → | → | 218,794 |
| Total System Expenses | → | → | → | → | → | → | → | → | → | 1,090,277 |

File No.

Schedule B
System Revenue Freight Handled During the Year

| Description | Originating | | Terminating | | Bridge and Overhead Traffic | |
|--------------------------------|--------------|----------------|-------------|---------------|-----------------------------|----------|
| | Carloads | Tons | Carloads | Tons | Carloads | Tons |
| Wheat (except durum) | 885 | 88,500 | | | N/A | N/A |
| Durum | | | | | N/A | N/A |
| Barley | 5 | 500 | | | N/A | N/A |
| Sunflowers | | | | | N/A | N/A |
| Corn | 10 | 1,000 | 5 | 500 | N/A | N/A |
| Flax | | | | | N/A | N/A |
| Oats | | | | | N/A | N/A |
| Rye | | | | | N/A | N/A |
| Soybeans | 166 | 16,600 | | | N/A | N/A |
| Other Grain and Oilseeds | 884 | 88,400 | | | N/A | N/A |
| Wheat Flour | | | | | N/A | N/A |
| Malt | | | | | N/A | N/A |
| Dairy Products | | | | | N/A | N/A |
| Fertilizer | | | 107 | 10,700 | N/A | N/A |
| Cement | | | | | N/A | N/A |
| Coal | | | 503 | 50,300 | N/A | N/A |
| Petroleum & Petroleum Products | | | | | N/A | N/A |
| Chemicals | | | | | N/A | N/A |
| Lumber | | | | | N/A | N/A |
| Machinery | | | | | N/A | N/A |
| Livestock | | | | | N/A | N/A |
| Miscellaneous* | 1,205 | 120,500 | 46 | 4,600 | N/A | N/A |
| Totals | 3,155 | 315,500 | 661 | 66,100 | 0 | 0 |

*List below any commodity that accounts for more than 1% of total carloads or tons:

| |
|--------------------------------|
| Alcohols: 979 c/l; 97,900 tons |
| Potatoes: 148 c/l; 14,800 tons |
| |
| |
| |

File No.

Schedule C
ND Revenue Freight Handled During the Year

| Description | Originating | | Terminating | | Bridge and Overhead Traffic | |
|--------------------------------|--------------|----------------|-------------|---------------|-----------------------------|----------|
| | Carloads | Tons | Carloads | Tons | Carloads | Tons |
| Wheat (except durum) | 885 | 88,500 | | | N/A | N/A |
| Durum | | | | | N/A | N/A |
| Barley | 5 | 500 | | | N/A | N/A |
| Sunflowers | | | | | N/A | N/A |
| Corn | 10 | 1,000 | 5 | 500 | N/A | N/A |
| Flax | | | | | N/A | N/A |
| Oats | | | | | N/A | N/A |
| Rye | | | | | N/A | N/A |
| Soybeans | 166 | 16,600 | | | N/A | N/A |
| Other Grain and Oilseeds | 884 | 88,400 | | | N/A | N/A |
| Wheat Flour | | | | | N/A | N/A |
| Malt | | | | | N/A | N/A |
| Dairy Products | | | | | N/A | N/A |
| Fertilizer | | | 107 | 10,700 | N/A | N/A |
| Cement | | | | | N/A | N/A |
| Coal | | | 503 | 50,300 | N/A | N/A |
| Petroleum & Petroleum Products | | | | | N/A | N/A |
| Chemicals | | | | | N/A | N/A |
| Lumber | | | | | N/A | N/A |
| Machinery | | | | | N/A | N/A |
| Livestock | | | | | N/A | N/A |
| Miscellaneous* | 1,205 | 120,500 | 46 | 4,600 | N/A | N/A |
| Totals | 3,155 | 315,500 | 661 | 66,100 | 0 | 0 |

*List below any commodity that accounts for more than 1% of total carloads or tons:

| |
|--------------------------------|
| Alcohols: 979 c/l; 97,900 tons |
| Potatoes: 148 c/l; 14,800 tons |
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