

KEWEENAW

LAND ASSOCIATION, LIMITED



First Quarter Report For the Period Ending March 31, 2007 Issue Date April 30, 2007

Highlights

- First Quarter Net Loss \$.10 Per Share
- “Understanding Keweenaw Asset Values and Operations - As of 12-31-2006” Posted to KLA Website

To Our Share Holders:

Keweenaw Land Association, Limited announces a First Quarter 2007 net loss of \$.10 per share compared to net income of \$.50 for the same period in 2006. Net income (loss) per share arose from the following sources:

	After Tax Earnings Per Share	
	1st Qtr 07	1st Qtr 06
Timber Operations Income	\$ 0.10	\$ 0.29
Capital Gains-Sale of Land	0.01	0.31
Capital Gains-Investments	-	-
Other Income	0.12	0.09
Other Expenses	(0.33)	(0.19)
	<u>\$ (0.10)</u>	<u>\$ 0.50</u>

During the quarter, Keweenaw produced 26,615 cord equivalents (c.e.) of logs, an 8% increase over the same period in 2006. Consistently cold weather and moderate snowfall improved logging conditions compared to the preceding winter, which was characterized by intermittent warm spells, preventing the early winter freezing required for winter logging. The quarter's harvest volume included 20,972 c.e. from company land, or 79% of production. Keweenaw also produced 5,643 c.e. from procured Federal timber sales. Total logs harvested included 2,599 thousand-board feet (mbf) of sawtimber and 20,898 cords of pulpwood representing a production mix of 22% sawtimber and 78% pulpwood, equal to last year. Log sales amounted to \$2,653,291, down 3% from 2006, despite increased production volume. Log sales realization per unit of sales was reduced significantly. Overall log sales per c.e. was \$101 in 2007 compared to \$111 in 2006. Market saturation for pulpwood, Keweenaw's most significant product by volume, has driven its average price down by over \$10 per cord since last year, a 12% reduction. Further, the continuing drop in American housing starts has driven lumber prices down, affecting KLA sawlog prices. Both are trends that may continue in the short term.

The company's cost of goods sold for the quarter was \$2,093,391, compared to \$2,013,624 last year, a 4% increase. Per cord equivalent, cost of goods sold was \$80 compared to \$81 last year. Freight costs averaged \$3 per c.e. less than the prior year. These savings were the result of more short distance hauling and fewer log deliveries by rail than in 2006. These savings were partially offset by road building and maintenance spending, up \$56,547 or \$2 per c.e. Logging costs were on a par with the prior year. Keweenaw's gross margin on timber sales was \$559,900 or \$21 per c.e. versus \$735,402 or \$30 per c.e. last year.

Winter logging ended March 14 when local jurisdictions implemented weight restrictions on regional roads, preventing further trucking of logs to market until summer. At this juncture, demand for KLA log products vary. The market for Hard Maple veneer remains strong and should remain so through the summer. Inventories at most veneer mills are less than adequate at this time, strengthening demand. Some softening of Soft Maple and Basswood veneer prices is expected, however. Unlike the veneer market, regional sawmills, users of KLA sawlogs, continue to feel the pinch of low hardwood lumber prices, a result of reduced housing starts. Continuing pressures on sawlog prices can be expected throughout the summer. Concerning pulpwood, regional mills are at or very near inventory capacity as all producers have recorded very strong production throughout the winter. The result has been a drop in pulpwood demand, falling prices, and tightening log specifications. Despite market conditions, Keweenaw does not expect difficulty in selling all of its log production because of market diversification and long-standing strong relationships with customers.

The company continues to acquire timberland in the western Upper Peninsula as opportunities arise. In the quarter, Keweenaw purchased 204 acres in Gogebic and Houghton Counties. Both purchases block well with existing ownership and provide near future logging opportunities.

Keweenaw's common stock traded in a range of \$171.50 to \$185.03 per share during the quarter with an ending price of \$180.00. 11,701 KLA shares were traded, less than 2% of outstanding shares, compared to 69,331 shares or 11% of outstanding last year. As with any investment, past performance is not a guarantee of future results.

On March 23, 2007, the KLA Board of Directors declared a \$.20 dividend for the quarter payable June 15, 2007, to shareholders of record on May 15, 2007.

The KLA Board of Directors calls your attention to the document entitled “Understanding Keweenaw Asset Values and Operations—As of 12-31-2006.” It is now posted on the website and explains the recent KLA timberland appraisal and underlying asset values of the company.

Sincerely,

David Ayer, Chairman

KEWEENAW LAND ASSOCIATION, LIMITED

CONSOLIDATED FINANCIAL HIGHLIGHTS

For the Quarter	2007		2006	
	1st Qtr	YTD	1st Qtr	YTD
Receipts	\$2,775	\$2,775	\$3,162	\$3,162
Net Income (Loss)	(64)	(64)	320	320
Comprehensive Income	3	3	375	375
Capital Employed	14,520	14,520	13,180	13,180

*Dollar amounts in thousands

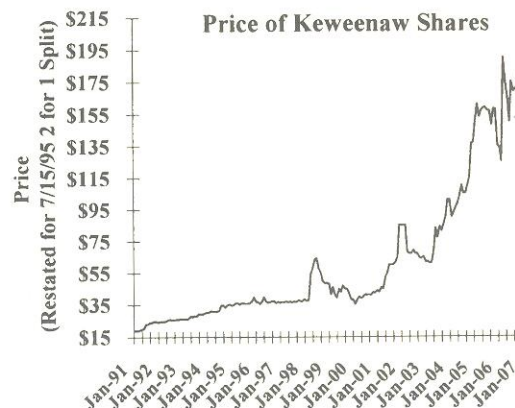
Per Common Share

Net Income	(\$0.10)	(\$0.10)	\$0.50	\$0.50
Comprehensive Income	0.00	0.00	0.58	0.58
Dividends Paid	0.20	0.20	0.20	0.20

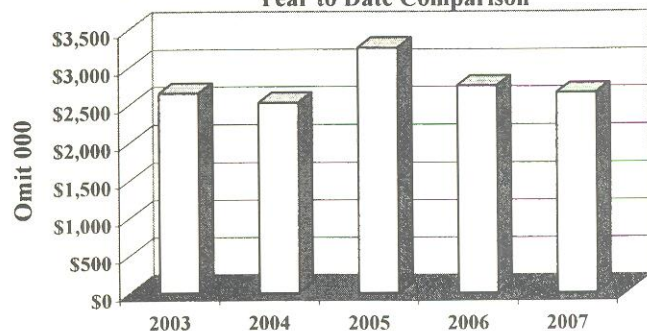
*Based on weighted average shares outstanding

Statistics

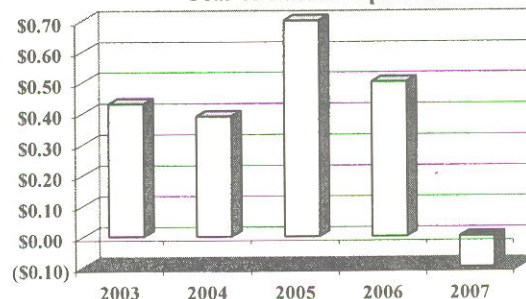
Return on Capital Emp.	-1.8%	-1.8%	9.7%	9.7%
Dividend Payout Ratio	-200.0%	-200.0%	40.0%	40.0%
Avg Shares Outstanding	643,784	643,784	643,158	643,158
Curr Shares Outstanding	644,017	644,017	643,205	643,205



Keweenaw Log Sales
Year to Date Comparison



Keweenaw Earnings Per Share
Year to Date Comparison



SHAREHOLDER INFORMATION

First Quarter 2007 Highlights:

High: \$185.03, Low: \$171.50, Last: \$180.00
Source: Real Tick-Townsend Analytics, Ltd.

First Quarter Dividend Information:

Dividend Rate: \$0.20 per share
Payable Date: June 15, 2007
Record Date: May 15, 2007
Declaration Date: March 23, 2007

Dividend Disbursing Agent:

Keweenaw Land Association, Limited
1801 E Cloverland Dr, PO Box 188
Ironwood MI 49938
Phone: (906) 932-3410 or
Toll Free: (877) 539-3362
Fax: (906) 932-5823
Email: investors@keweenaw.com
Web Page: [HTTP://www.keweenaw.com](http://www.keweenaw.com)

Transfer Agent:

Wells Fargo Shareowner Services
161 N. Concord Exchange
PO Box 64854
South St. Paul, MN 55164-9440
(800) 468-9716 or (651) 450-4002

Stock Exchange Information:

Keweenaw's common stock trades in the
Pink Sheets under the symbol "KEWL"

GLOSSARY:

Board Foot (BF) - a measurement of sawtimber 12 inches x 12 inches x one inch. When used in conjunction with sawtimber or logs, a measurement system to approximate the output of lumber that can be expected from a given quantity of sawtimber or logs. **Cord Equivalent** - a measurement of logs in cords including logs converted in measurement from other measurement methods. For example, one thousand board feet (MBF) equals approximately 2.2 cords. **Cord** - a measurement of logs containing 128 cubic feet. **MBF** - a thousand board feet. **Production Mix** - the ratio of a category of production to total production. **Pulpwood** - logs cut primarily to be converted to wood pulp for the manufacture of paper, fiberboard, or other wood fiber products. **Sawbolt** - a lower grade or smaller size sawlog typically sawn for the manufacture of pallets or other coarse wood products. **Sawlogs** - a higher grade or larger size sawtimber sawn for the manufacture of furniture grade lumber, flooring lumber, or other high quality wood products. **Sawtimber** - a category of logs suitable for veneer, sawlogs, or sawbolts. **Veneer** - a category of sawtimber clear of defects suitable for manufacture as veneer paneling, furniture and cabinetry veneer.

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Balance Sheet (Unaudited)
March 31, 2007

ASSETS	<u>Note</u>	<u>Mar. 31, 2007</u>	<u>Mar. 31, 2006</u>	<u>% Chg</u>
Current Assets				
Cash & Cash Equivalents		\$1,401,668	\$1,280,444	9%
Accounts Receivable		241,175	329,837	
Investments in Government Obligations		501,795	995,413	
Other Current Assets		248,936	201,287	
Total Current Assets		<u>2,393,574</u>	<u>2,806,981</u>	-15%
Investments in Marketable Securities		3,766,347	2,876,870	31%
Other Non-Current Assets		22,313		
Equipment		735,211	759,337	-3%
Properties		8,858,787	7,870,538	13%
TOTAL ASSETS		<u>\$15,776,232</u>	<u>\$14,313,726</u>	<u>10%</u>
LIABILITIES & CAPITAL				
Current Liabilities				
Accounts & Deposits Payable		\$61,406	\$87,417	
Commercial Lines of Credit & Other Debt		80,000	0	
Other Accrued Liabilities		286,983	398,197	
Total Current Liabilities		<u>428,389</u>	<u>485,614</u>	-12%
Non-Current Liabilities				
Long Term Debt		660,000	0	
Deferred Federal Income Tax Liability		907,806	647,717	
Non-Current Liabilities		<u>1,567,806</u>	<u>647,717</u>	
Total Liabilities		<u>1,996,195</u>	<u>1,133,331</u>	76%
Capital				
Common Stock Issued	(1) (2)	84,227	84,121	
Accumulated Other Comprehensive Income	(3)	1,539,917	1,041,475	
Retained Earnings	(2)	12,155,893	12,054,799	
Total Capital		<u>13,780,037</u>	<u>13,180,395</u>	5%
TOTAL LIABILITIES & CAPITAL		<u>\$15,776,232</u>	<u>\$14,313,726</u>	<u>10%</u>
Capital Per Common Share		\$21.40	\$20.49	

Notes:

- (1) 644,017 no par value common shares are issued and outstanding on March 31, 2007. 643,205 shares were outstanding on March 31, 2006. 2,500,000 shares are authorized.
- (2) Prior year values restated to conform to current format.
- (3) Accumulated Other Comprehensive Income reflects unrealized gains (losses) on investments, net of tax per FASB Statement No. 130, "Reporting Comprehensive Income".

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Statement of Income and Expense (Unaudited)
March 31, 2007

	1st Quarter		% Chg
	2007	2006	
INCOME			
Timber Operations			
Timber Sales	\$2,653,291	\$2,749,026	
Cost of Sales	<u>2,093,391</u>	<u>2,013,624</u>	
Gross Margin on Timber Sales	559,900	735,402	-24%
Timber Operations Expenses			
Forestry Expenses	165,181	168,825	
Management and General Administration	<u>307,616</u>	<u>287,751</u>	
Total Operations Expenses	<u>472,797</u>	<u>456,576</u>	
Timber Operations Income	87,103	278,826	-69%
Real Estate Development			
Developed Lot Sales	23,500	162,000	
Development Costs	<u>24,569</u>	<u>64,049</u>	
Gross Margin on Developed Lot Sales	(1,069)	97,951	
Total Operations Income	86,034	376,777	-77%
Other Income			
Mineral Royalties	5,295	5,636	
Lease and Rental Income	46,154	53,753	
Investment Earnings	28,788	16,818	
Profit (Loss) on Security Sales	0	0	
Land Sales	11,073	195,917	
Other	<u>18,176</u>	<u>11,149</u>	
Total Other Income	109,486	283,273	-61%
Other Expenses			
Land Management Expenses	116,165	111,809	
Board of Directors Expenses	<u>133,437</u>	<u>72,992</u>	
Total Other Expenses	<u>249,602</u>	<u>184,801</u>	35%
Net Income Before Federal Income Taxes	(54,082)	475,249	-111%
Provision for Federal Income Taxes	<u>10,228</u>	<u>155,010</u>	
Net Income	<u>(64,310)</u>	<u>320,239</u>	-120%
Other Comprehensive Income, Net of Tax			
Unrealized Gains (Losses) on Securities			
Unrealized Holding Gains Arising			
During the Period	67,514	54,568	
Less: Reclassification Adj. For Gains			
Included in Net Income	0	0	
Other Comprehensive Income	<u>67,514</u>	<u>54,568</u>	
Comprehensive Income	<u>\$3,204</u>	<u>\$374,807</u>	-99%
Per Share Net Income	(\$0.10)	\$0.50	
Per Share Comprehensive Income	\$0.00	\$0.58	
Dividends Per Share	\$0.20	\$0.20	
Based on Weighted Average Shares Outstanding			