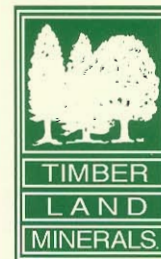


KEWEENAW

LAND ASSOCIATION, LIMITED



Fourth Quarter Report For the Period Ending December 31, 2008 Issue Date January 31, 2009

Highlights

- Fourth Quarter 2008 Net Income of \$1.05 Per Share

To Our Shareholders:

Keweenaw Land Association, Limited announces Fourth Quarter 2008 net income of \$1.05 per share compared to \$0.12 for the same period in 2007. Net income per share arose from the following sources:

	Earnings Per Share	
	4th Qtr 08	4th Qtr 07
Timber Operations Income	\$ 0.69	\$ 0.29
Capital Gains-Sale of Land	0.15	0.01
Capital Gains-Investments	0.25	-
Other Income	0.24	0.09
Other Expenses	(0.22)	(0.22)
Income Taxes	(0.06)	(0.05)
	<u>\$ 1.05</u>	<u>\$ 0.12</u>

Keweenaw produced 19,737 cord equivalents (cd-eq) of logs during the quarter. This compares to 17,684 cd-eq harvested the same period in 2007, a 12% increase. Continuing favorable weather conditions enabled the company to produce at this higher level. Fourth quarter production on company timberlands reflected 80% of total volume, with 20% attributed to purchased timber contracts. 2,087 thousand board feet (MFB) of sawtimber and 15,145 cords of pulpwood were harvested, a product mix of 23% sawlogs and 77% pulpwood. Product mix was 32% sawlogs and 68% pulpwood in the same quarter last year. The 2008 increase in pulpwood production is partly due to private timber sales, which contained 85% pulpwood content. Keweenaw log sales were \$2,518,097, a 26% increase from \$2,002,117 sales in 2007. Of the \$515,980 total sales increase, favorable prices added \$262,473, favorable specie mix (particularly hardwood sawbolts) added \$69,726, and incremental volume added \$215,523. The unfavorable product mix referred to above reduced sales by \$31,742. Log sales were \$127 per cd-eq in 2008 compared to \$111 in 2007, an improvement of 14%.

The cost of goods sold in the quarter amounted to \$1,673,009, up from \$1,376,716 in 2007, an increase of 22%. Approximately 50% of the increase is attributable to volume, 18% resulted from increased rates (primarily fuel cost), and 32% is attributable to stumpage costs on procured timber. Production costs were \$84 per cd-eq vs. \$77 per cd-eq in 2007, a 9% increase. The timber operations margin was \$845,088 compared to \$625,401 last year, an increase of 35%. Per cd-eq Keweenaw gross margin was \$43 compared to \$34 in 2007.

Income from other sources was significant in the quarter. \$410,599 was recorded in 2008 compared to \$68,824 in

2007, an increase of \$341,775. Among the increases were gravel royalties \$83,514, capital gains on financial investment sold \$158,779, land sales \$87,137, and all other \$12,345.

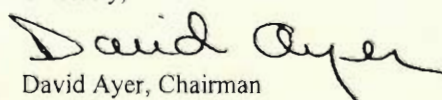
A reversal of some Federal income tax expense was recorded in the quarter as the company reduced its 2008 tax liability. Keweenaw will elect to treat certain qualifying timber income as capital gains income under Section 631 of the IRC. The change is to take advantage of significantly lower tax rates offered in the "Heartland, Harvest, and Horticulture Act of 2008" (Farm Bill). This legislation will reduce the company's tax burden in 2008 and 2009, and potentially longer if extended by Congress.

Although Keweenaw recorded dramatically improved earnings in 2008 compared to 2007, the company is already seeing significant effects of the current recession looking forward to 2009. KLA management sees the possibility of a drop in earnings in 2009 as compared to 2008. Veneer and sawlog markets have dropped sharply as demand for new housing and home remodeling is at its lowest level in years. Keweenaw should be able to sell all its veneer and sawlogs, albeit at lower prices. Fortunately, demand by Keweenaw's pulpmill customers continues to be on a par with 2008, with only slightly reduced prices.

With the possible difficulties in 2009, Keweenaw expects to reduce shares issued to Director as a component of Board fees by 20%. In addition, the company will strive to hold total employee compensation to near 2008 levels. Certain planned capital spending may be reduced or delayed, pending actual cash availability in 2009. Throughout the year, the company will monitor business activity very closely to minimize short-term disruption and to maintain shareholder value.

Keweenaw's common stock traded in a range of \$170.00 to \$220.00 per share on very light trading volume. The quarter ending price was \$180.00. During the quarter, 12,407 KLA shares traded, just under 2% of outstanding shares. This compares to 18,499 shares traded in the fourth quarter last year. As with any investment, past performance is not a guarantee of future results. Keweenaw's shares trade in the pink sheets using the symbol KEWL.

Sincerely,


David Ayer, Chairman

KEWEENAW LAND ASSOCIATION, LIMITED

CONSOLIDATED FINANCIAL HIGHLIGHTS

For the Quarter	2008		2007	
	4th Qtr	YTD	4th Qtr	YTD
Receipts	\$2,937	\$11,238	\$2,090	\$9,063
Net Income (Loss)	679	1,363	76	243
Comprehensive Income	230	534	132	488
Capital Employed	16,508	16,508	16,546	16,546

*Dollar amounts in thousands

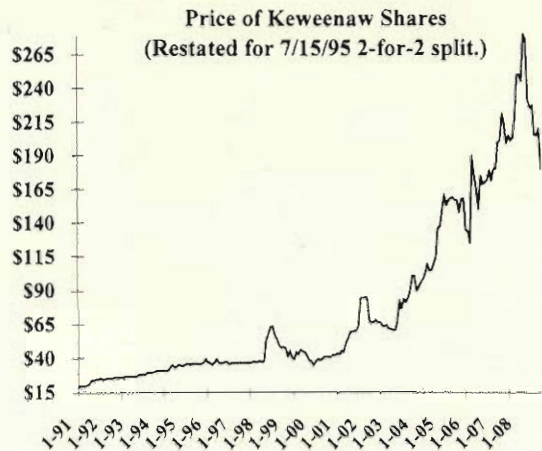
Per Common Share

Net Income	\$1.05	\$2.11	\$0.12	\$0.38
Comprehensive Income	0.36	0.83	0.21	0.76
Dividends Paid	0.20	0.80	0.20	0.80

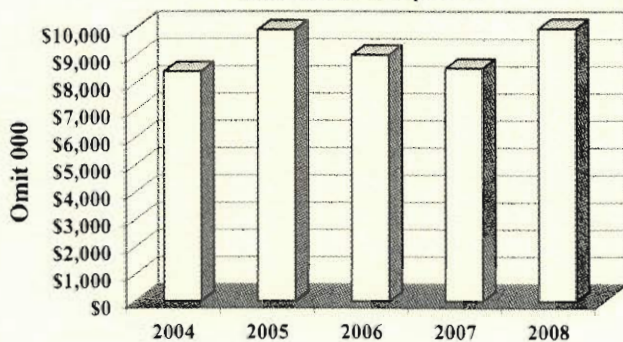
*Based on weighted average shares outstanding

Statistics

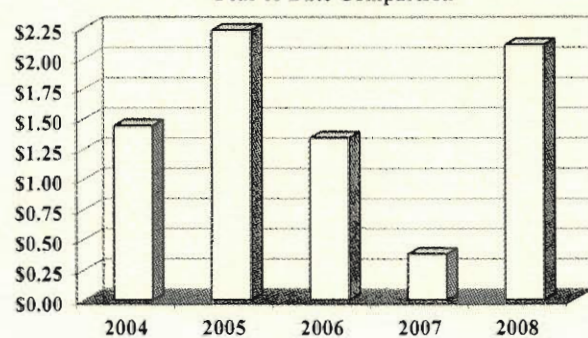
Return on Capital Emp.	16.5%	8.3%	1.8%	1.5%
Dividend Payout Ratio	19.0%	37.9%	166.7%	210.5%
Avg Shares Outstanding	644,881	644,827	644,118	644,002
Curr Shares Outstanding	644,899	644,889	644,146	644,146



Keweenaw Log Sales
Year to Date Comparison



Keweenaw Earnings Per Share
Year to Date Comparison



SHAREHOLDER INFORMATION

Fourth Quarter 2008 Highlights:

High: \$220.00, Low: \$170.00, Last: \$180.00
Source: Real Tick-Townsend Analytics, Ltd

Fourth Quarter Dividend Information:

Dividend Rate: \$0.20 per share
Payable Date: March 15, 2009
Record Date: February 15, 2009
Declaration Date: November 07, 2008

Dividend Disbursing Agent:

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

Transfer Agent:

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

Stock Exchange Information:

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

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 and 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)
December 31, 2008

ASSETS	<u>Note</u>	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>	<u>% Chg</u>
Current Assets				
Cash & Cash Equivalents		\$2,016,040	\$1,219,363	65%
Accounts Receivable		121,190	113,983	
Investments in Government Obligations		0	504,140	
Other Current Assets		636,842	258,067	
Total Current Assets		<u>2,774,072</u>	<u>2,095,553</u>	32%
Investments in Marketable Securities		2,316,951	4,325,611	-46%
Other Non-Current Assets		188,046	203,128	
Equipment		604,292	661,098	-9%
Properties		11,846,321	10,994,874	8%
TOTAL ASSETS		<u><u>\$17,729,682</u></u>	<u><u>\$18,280,264</u></u>	<u>-3%</u>
LIABILITIES & CAPITAL				
Current Liabilities				
Accounts & Deposits Payable		\$43,976	\$122,257	
Commercial Lines of Credit & Other Debt		290,000	290,000	
Other Accrued Liabilities		524,660	453,696	
Total Current Liabilities		<u>858,636</u>	<u>865,953</u>	-1%
Non-Current Liabilities				
Long Term Debt		2,110,247	2,350,000	
Deferred Federal Income Tax Liability		652,802	1,158,471	
Non-Current Liabilities		<u>2,763,049</u>	<u>3,508,471</u>	
Total Liabilities		3,621,685	4,374,424	-17%
Capital				
Common Stock Issued	(1)	84,343	84,244	
Accumulated Other Comprehensive Income		888,510	1,717,592	
Retained Earnings		13,135,144	12,104,004	
Total Capital		<u>14,107,997</u>	<u>13,905,840</u>	1%
TOTAL LIABILITIES & CAPITAL		<u><u>\$17,729,682</u></u>	<u><u>\$18,280,264</u></u>	<u>-3%</u>
Capital Per Common Share		\$21.88	\$21.59	

Notes:

(1) 644,899 no par value common shares are issued and outstanding on Dec. 31, 2008. 644,146 shares were outstanding on Dec. 31, 2007. 2,500,000 shares are authorized.

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

December 31, 2008

	4th Quarter		% Chg	Year to Date		% Chg
	2008	2007		2008	2007	
INCOME						
Timber Operations						
Timber Sales	\$2,518,097	\$2,002,117		\$10,125,577	\$8,540,118	
Cost of Sales	1,673,009	1,376,716		6,696,832	6,076,262	
Gross Margin on Timber Sales	845,088	625,401	35%	3,428,745	2,463,856	39%
Timber Operations Expenses						
Forestry Expenses	109,163	148,070		697,176	614,441	
Management and General Administration	288,658	291,646		1,180,893	1,194,873	
Total Operations Expenses	397,821	439,716		1,878,069	1,809,314	
Timber Operations Income	447,267	185,685	141%	1,550,676	654,542	137%
Real Estate Development						
Developed Lot Sales	91,616	27,950		491,726	198,250	
Development Costs	80,746	28,181		373,010	177,101	
Gross Margin on Developed Lot Sales	10,870	(231)		118,716	21,149	
Total Operations Income	458,137	185,454	147%	1,669,392	675,691	147%
Other Income						
Mineral Royalties	100,671	17,157		133,761	34,361	
Lease and Rental Income	22,499	13,241		117,015	99,921	
Investment Earnings	30,876	17,238		164,039	136,603	
Profit (Loss) on Security Sales	158,779	0		184,514	0	
Land Sales	84,359	8,323		297,323	50,641	
Other	2,545	12,634		10,632	55,964	
Total Other Income	399,729	68,593	483%	907,284	377,490	140%
Other Expenses						
Land Management Expenses	106,617	105,866		453,351	447,296	
Board of Directors Expenses	34,744	35,269		437,981	245,260	
Total Other Expenses	141,361	141,135	0%	891,332	692,556	29%
Net Income Before Federal Income Taxes	716,505	112,912	535%	1,685,344	360,625	367%
Provision for Federal Income Taxes	37,488	36,978		322,359	117,615	
Net Income	679,017	75,934	794%	1,362,985	243,010	461%
Other Comprehensive Income, Net of Tax						
Unrealized Gains (Losses) on Securities						
Unrealized Holding Gains Arising						
During the Period						
	(344,079)	56,213		(707,303)	245,190	
Less: Reclassification Adj. For Gains						
Included in Net Income						
	(104,794)	0		(121,779)	0	
Other Comprehensive Income	(448,873)	56,213		(829,082)	245,190	
Comprehensive Income	\$230,144	\$132,147	74%	\$533,903	\$488,200	9%
Per Share Net Income	\$1.05	\$0.12		\$2.11	\$0.38	
Per Share Comprehensive Income	\$0.36	\$0.21		\$0.83	\$0.76	
Dividends Per Share	\$0.20	\$0.20		\$0.80	\$0.80	
Based on Weighted Average Shares Outstanding						