

Fourth Quarter Report
For the Period Ending December 31, 2009
Issue Date January 31, 2010

Highlights

- Fourth Quarter 2009 Net Income of \$0.37 Per Share
- Keweenaw Board of Directors Eliminate Dividend

To Our Shareholders:

Keweenaw Land Association, Limited announces Fourth Quarter 2009 net income of \$0.37 per share compared to \$1.05 for the same period in 2008. Net income (loss) per share arose from the following sources:

	Earnings Per Share	
	4th Qtr 09	4th Qtr 08
Timber Operations Income	\$ 0.14	\$ 0.69
Capital Gains-Sale of Land	0.44	0.15
Capital Gains-Investments	-	0.25
Other Income	0.11	0.24
Other Expenses	(0.21)	(0.22)
Income Taxes	(0.11)	(0.06)
	<u>\$ 0.37</u>	<u>\$ 1.05</u>

Keweenaw produced 22,259 cord equivalents (cd-eq) of logs during the quarter. This compares to 19,737 cd-eq harvested in 2008, a 13% increase. Favorable fall conditions enabled the company to harvest planned production with minimal weather-related disruptions. Production on company timberlands was 92% of total volume, with 8% being harvested on purchased timber contracts. During the quarter, 1,486 thousand board feet (mbf) of sawtimber and 18,990 cords of pulpwood were harvested, or a product mix of 15% sawlogs and 85% pulpwood, compared to 2008 when the product mix consisted of 23% sawlogs and 77% pulpwood. This increase in pulpwood production resulted as weather conditions enabled Keweenaw foresters to harvest wetter, more difficult logging sites. These lands typically contain more pulpwood.

During the quarter, Keweenaw had log sale receipts of \$2,141,437, a 15% decrease from \$2,518,096 in 2008. An overall decline in sawtimber price realization, from \$452 per mbf in 2008 to \$400 per mbf in 2009, and a less favorable specie mix were factors in the decline. Pulpwood log prices also fell from \$102 per cd in 2008 to \$80 per cord in 2009. Per cd-eq, log sales were \$96 in 2009 compared to \$127 in 2008, a plunge of 24%.

The cost of goods sold in the quarter amounted to \$1,590,065, compared to \$1,673,009 in 2008, a decrease of 5%. Product mix leaning more heavily to pulpwood accounted for a majority of the reduced cost. Production costs amounted to \$71 per cd-eq vs. \$84 per cd-eq in 2008, a 15% decrease. The gross margin on log sales was \$551,372 compared to \$845,088 last year, a decrease of 35%. Per cd-eq, Keweenaw's gross margin was \$25 compared to \$43 in 2008.

Income derived from other sources totaled \$356,094 in the quarter compared to \$410,599 in 2008, a decrease of \$54,505. During the quarter, Keweenaw recorded gains on land sales of \$286,447, gravel royalties and lease income totaling \$59,927, and investment earnings and other miscellaneous income of \$9,720.

Economic uncertainty continues in the forest products industry where consumer demand fuels demand for its goods. Pulpwood markets have experienced dramatic price decreases over the past year causing great concerns with suppliers. While demand for sawtimber has stabilized, prices have fallen to levels not seen since the early to mid-1990s. However, in spite of a down economy, all of our current hardwood sawlog customers have made commitments to purchase logs from the company in 2010. Again, Keweenaw's long-standing relationships with its customers allow the company to continue selling its production at positive margins.

Because of the poor economy and its effects on earnings, Keweenaw will again reduce Board of Director share compensation by approximately 38% in 2010. The company is controlling administrative costs by maintaining employee salaries at 2009 levels. As in 2009, planned capital spending will be reduced or postponed in 2010. Keweenaw remains committed to increasing shareholder value during uncertain economic times. The company will continue to carefully monitor market conditions and remain well-positioned to take advantage of opportunities when demand for raw forest products return to or exceed levels experienced in the past.

In November, the Board of Directors eliminated the quarterly dividend of \$.20 per share. The Board concluded it was in the best interests of the shareholders to utilize funds for corporate purposes and for possible future strategic initiatives.

Keweenaw's common stock traded in a range of \$156.00 to \$180.00 per share on very small volume. The quarter ending price was \$173.00. In the quarter, 9,298 shares traded, just over 1% of outstanding shares. This compares to 12,407 shares traded in the same 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	2009		2008	
	4th Qtr	YTD	4th Qtr	YTD
Receipts	\$2,512	\$9,097	\$2,937	\$11,238
Net Income (Loss)	237	291	679	1,363
Comprehensive Income	442	613	230	534
Capital Employed	16,353	16,353	16,508	16,508

*Dollar amounts in thousands

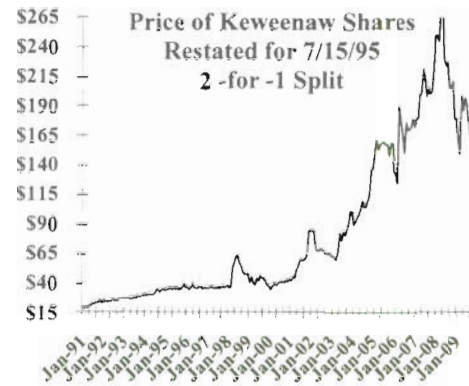
Per Common Share

Net Income	\$0.37	\$0.45	\$1.05	\$2.11
Comprehensive Income	0.68	0.95	0.36	0.83
Dividends Paid	0.20	0.80	0.20	0.80

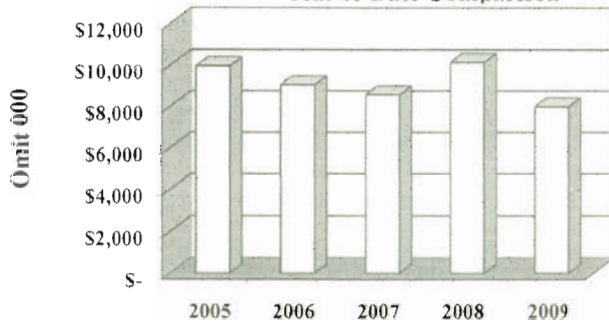
*Based on weighted average shares outstanding

Statistics

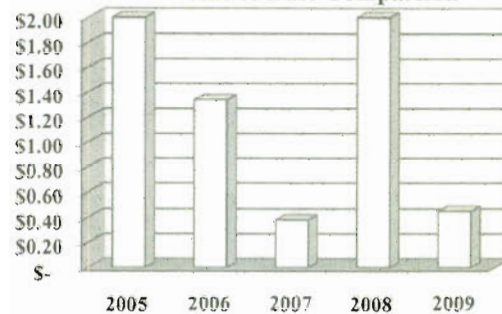
Return on Capital Emp.	5.8%	1.8%	16.5%	8.3%
Dividend Payout Ratio	54.1%	-177.8%	19.0%	37.9%
Avg Shares Outstanding	644,994	645,335	644,881	644,827
Curr Shares Outstanding	645,015	645,015	644,899	644,899



Keweenaw Log Sales
Year to Date Comparison



Keweenaw Earnings Per Share
Year to Date Comparison



SHAREHOLDER INFORMATION

Fourth Quarter 2009 Highlights:

High: \$180.00, Low: \$156.00, Last: \$173.00
Source: Real Tick-Townsend Analytics, Ltd.

Dividend Information:

The Board of Directors has eliminated shareholder dividends beginning in 2010.

Keweenaw Contact Information:

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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, 2009

ASSETS	Note	Dec. 31, 2009	Dec. 31, 2008	% Chg
Current Assets				
Cash & Cash Equivalents		\$1,370,117	\$2,016,040	-32%
Accounts Receivable		289,158	121,190	
Investments in Government Obligations		0	0	
Other Current Assets		316,630	636,842	
Total Current Assets		<u>1,975,905</u>	<u>2,774,072</u>	-29%
Investments in Marketable Securities		3,325,958	2,316,951	44%
Other Non-Current Assets		201,666	188,046	
Equipment		609,385	604,292	1%
Properties		11,730,559	11,846,321	-1%
TOTAL ASSETS		<u>\$17,843,473</u>	<u>\$17,729,682</u>	<u>1%</u>
LIABILITIES & CAPITAL				
Current Liabilities				
Accounts & Deposits Payable		\$124,144	\$43,976	
Commercial Lines of Credit & Other Debt		294,896	290,000	
Other Accrued Liabilities		505,876	524,660	
Total Current Liabilities		<u>924,916</u>	<u>\$58,636</u>	8%
Non-Current Liabilities				
Long Term Debt		1,820,246	2,110,247	
Deferred Federal Income Tax Liability		860,219	652,802	
Non-Current Liabilities		<u>2,680,465</u>	<u>2,763,049</u>	
Total Liabilities		<u>3,605,381</u>	<u>3,621,685</u>	0%
Capital				
Common Stock Issued	(1)	84,358	84,342	
Accumulated Other Comprehensive Income		1,210,571	888,510	
Retained Earnings		12,943,163	13,135,145	
Total Capital		<u>14,238,092</u>	<u>14,107,997</u>	1%
TOTAL LIABILITIES & CAPITAL		<u>\$17,843,473</u>	<u>\$17,729,682</u>	<u>1%</u>
Capital Per Common Share		\$22.08	\$21.89	

Notes:

(1) 645,015 no par value common shares are issued and outstanding on Dec. 31, 2009. 644,899 shares were outstanding on Dec. 31, 2008. 2,500,000 shares are authorized.

KEWEENAW LAND ASSOCIATION, LIMITED
Consolidated Statement of Income and Expense (Unaudited)
December 31, 2009

	4th Quarter			Year to Date		
	2009	2008	% Chg	2009	2008	% Chg
INCOME						
Timber Operations						
Timber Sales	\$2,141,437	\$2,518,097		\$7,985,666	\$10,125,577	
Cost of Sales	1,590,065	1,673,009		6,076,152	6,696,832	
Gross Margin on Timber Sales	551,372	845,088	-35%	1,909,514	3,428,745	-44%
Timber Operations Expenses						
Forestry Expenses	171,660	109,163		683,820	697,176	
Management and General Administration	289,213	288,658		1,158,612	1,180,893	
Total Operations Expenses	460,873	397,821		1,842,432	1,878,069	
Timber Operations Income	90,499	447,267	-80%	67,082	1,550,676	-96%
Real Estate Development						
Developed Lot Sales	31,000	91,616		31,000	491,726	
Development Costs	25,710	80,746		25,210	373,010	
Gross Margin on Developed Lot Sales	5,290	10,870		5,790	118,716	
Total Operations Income	95,789	458,137	-79%	72,872	1,669,392	-96%
Other Income						
Mineral Royalties	36,287	100,671		42,181	133,761	
Lease and Rental Income	23,640	22,499		111,813	117,015	
Investment Earnings	6,498	30,876		67,856	164,039	
Profit (Loss) on Security Sales	0	158,779		64,751	184,514	
Land Sales	281,157	84,359		749,534	297,323	
Other	3,222	2,545		55,286	10,632	
Total Other Income	350,804	399,729	-12%	1,091,421	907,284	20%
Other Expenses						
Land Management Expenses	109,594	106,617		450,899	453,351	
Board of Directors Expenses	27,291	34,744		301,083	437,981	
Total Other Expenses	136,885	141,361	-3%	751,982	891,332	-16%
Income Before Income Taxes	309,708	716,505	-57%	412,311	1,685,344	-76%
Provision for State and Federal Income Taxes	72,901	37,488		121,462	322,359	
Net Income	236,807	679,017	-65%	290,849	1,362,985	-79%
Other Comprehensive Income, Net of Tax						
Unrealized Gains (Losses) on Securities						
Unrealized Holding Gains Arising						
During the Period	204,978	(344,079)		364,796	(707,303)	
Less: Reclassification Adj. For Gains						
Included in Net Income	0	(104,794)		(42,736)	(121,779)	
Other Comprehensive Income	204,978	(448,873)		322,060	(829,082)	
Comprehensive Income	\$441,785	\$230,144	92%	\$612,909	\$533,903	15%
Per Share Net Income	\$0.37	\$1.05		\$0.45	\$2.11	
Per Share Comprehensive Income	\$0.68	\$0.36		\$0.95	\$0.83	
Dividends Per Share	\$0.20	\$0.20		\$0.80	\$0.80	
Based on Weighted Average Shares Outstanding						