

# KEWEENAW LAND ASSOCIATION, LIMITED

## INVESTOR PRESENTATION

*May 2008*

A stylized silhouette of a mountain range in shades of brown and tan, positioned at the bottom of the slide against a blue gradient background.

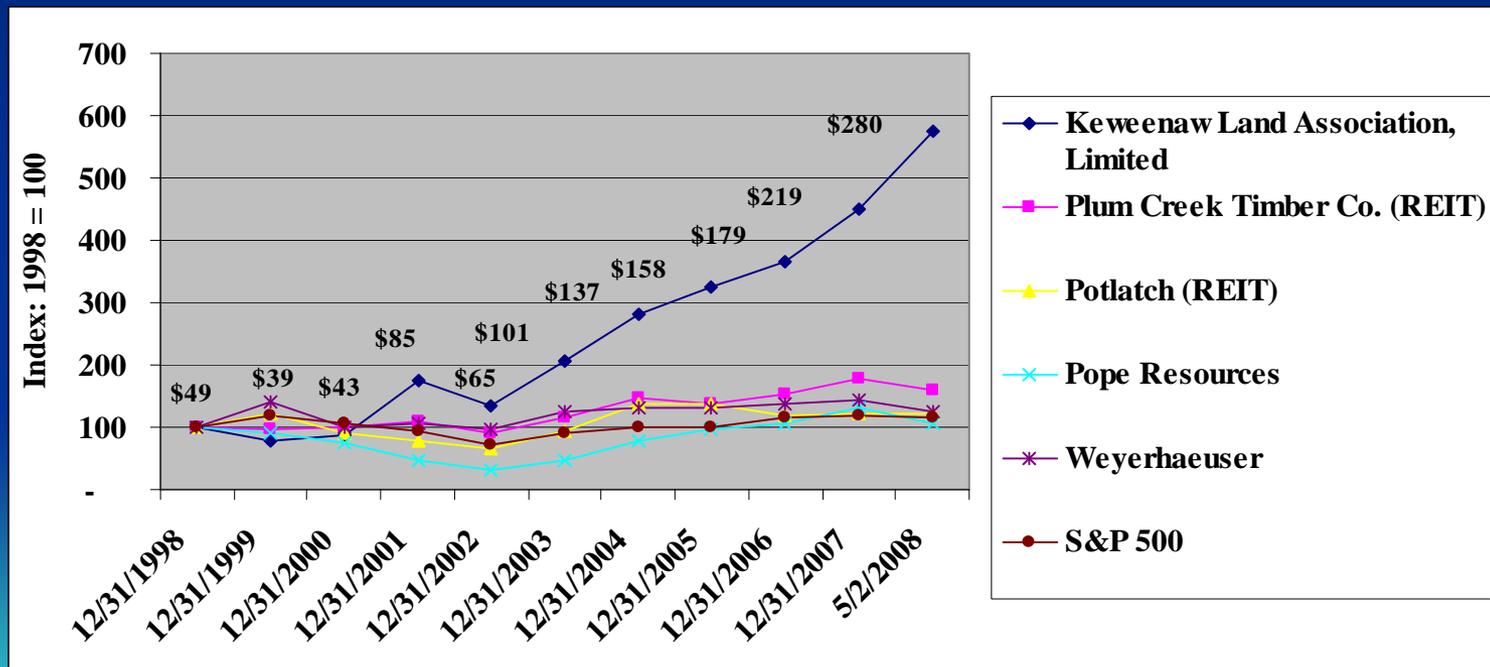
# About Keweenaw

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- **Keweenaw is a unique company**
  - It is entirely a timberland and mineral rights company, a pure asset investment.
  - Its closest peer is Pope Resources (POPE).
  - It sell logs to sawmills, paper mills and plywood plants.
  - It is a small public company, not SEC registered, with a small shareholder base.
- **The company's strategic plan:**
  - Grow the value of underlying timberland assets over time
  - Continue to provide a current level of return consistent with sustainable Forest Management objectives for long-term management .
- **Differing strategies for managing timber**
  - Others generally harvest more timber than they grow.
  - Keweenaw grows more timber than it harvests.

# Keweenaw Has A History Of Delivering Superior Shareholder Returns

- Keweenaw stock price has increased by 574% since the end of 1998.



# Keweenaw's Mineral Reserves

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- **Development of Mineral Rights**
  - **Company has 100+ years experience in mineral development and related due diligence.**
    - **Major mines on KLA property include: 1) the Groveland Mine, operating from 1925 to 1981, producing 34 million tons of iron ore; and 2) the White Pine mine, operating from 1987 to 1995, producing over 196 million pounds of copper and silver.**
  - **One current mineral exploration lease.**
  - **Contacted 72 mineral exploration companies, with continuing contact with several exploration/mining companies.**
  - **Developed company minerals resource map—handout provided.**

# Keweenaw's Mineral Reserves

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- **Development of Mineral Rights (continued)**
  - Mineral community watching closely the Kennecott Eagle Mine project—See Consultant's Overview of Mineral Development Process—handout provided.
  - Will not sell or lease mineral rights at discounted prices.
  - Keweenaw mineral rights are analogous to ANWAR
    - Mining and exploration companies are very aware of the company's mineral reserves.
    - Most have chosen not to pursue them at this time.
  - Only 29% of the Keweenaw's 406,185 acres of mineral rights lie beneath land surface owned by the company.

# Viability Of REIT Conversion

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- **We believe conversion to a timber REIT is not in the shareholders' best interests.**
  - **\$18.8 million distribution of E&P required.**
    - **Shareholder tax liability of \$7.5 million created, not offset by post conversion tax savings.**
  - **Keweenaw too small to make REIT conversion economical.**
    - **Would require significant debt or IPO, forcing SEC registration.**
    - **Large one-time conversion costs, approaching a year's earnings.**
    - **Annual incremental costs to administer SEC and tax requirements approach the level of corporate tax savings.**
  - **Company must continue to raise new capital to meet REIT distribution requirements.**
  - **Legislation passed by congress may achieve most of the tax savings of REITs**
    - **A reason Weyerhaeuser is not a REIT**

# Non-SEC Company With Good Governance Practices

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- **Keweenaw practices good corporate governance.**
  - **Five of six Board members are independent-not employed by the company and unpaid except for Board fees.**
  - **Five independent Board members serve as the Compensation Committee, and nominated members to the Audit Committee. Mr. David Ayer, as CEO & Chairman, does not participate in either of these committees.**
  - **Board fees approximately 20% of most public corporations.**
  - **Company substantially complies with several Sarbanes-Oxley Act standards, though not required as non-SEC company, including:**
    - **The Board Audit Committee meets regularly with Auditors, overseeing policies, procedures, and strict anti-fraud measures.**
    - **Breakout of Auditor fees for 2007:**
      - **Audit: \$17,619**
      - **Tax Return: \$2,925**
      - **Non-Audit: \$605**
    - **Significant transparency in shareholder reporting.**
  - **No “poison pill” provisions in corporate by-laws.**

# Keweenaw Real Estate Properties

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- **Company created a successful real estate subsidiary to develop higher-and-better-use properties.**
  - **Added nearly \$1 million to gross receipts through lot sales, adding incremental profits.**
  - **Sold 55% of developed lot inventory despite an increasingly depressed regional economy and no major population base within a 200 mile radius.**
  - **These are essentially rural residential home sites (2-4 acre).**

# Sale of Carbon Credits and Conservation Easements

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- **Keweenaw Board proactively studied other income producing opportunities.**
  - **Carbon sequestration and the sale of carbon credits.**
    - There is an established market, but not all the Lake States standards are in place to make selling of timber carbon sequestration credits a viable option for Keweenaw at this time.
  - **Conservation Easements.**
    - Only a limited number of easements have occurred in the Lake States—Forest Land Group has the most significant easement.
    - Requires a buyer and a seller—easements need private money.
    - Met with the Nature Conservancy, but Keweenaw watersheds were a low priority for them.
    - The long-term impact of conservation easements on land market value is not yet known.

# Strong Independent Board

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- **Keweenaw has a diverse and an exceptionally well qualified Board.**
  - **Marjorie E. Nesbitt, an independent director with over 25 years experience in trust management as a senior executive with Citibank Private Bank; extensive management, acquisition, and disposition of real estate and natural resource assets. Chartered Financial Analyst since 1982.**
  - **John E. Earhart, an independent director with 20 + years experience in the forest products industry. Chairman of the Global Environment Fund, managing timberlands and mills internationally for over 8 years. Well recognized in environmental and timber investment communities. A degreed forester.**

# Strong Independent Board

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- **Keweenaw Board (continued)**
  - Donald J. Hoffman, an independent director with over 30 years experience in operations management and consulting in the forest products industry, international and domestic. Previously, a senior manager for International Paper Co. Chairman of a composite panel company from 2003 to 2008.
  - James E. Totten, an independent director. Significant experience as a manufacturing executive in the textile industry. Well versed in financial systems and investment. A distinguished career as an officer in the United States Army. Serves on several non-profit boards.

# Strong Independent Board

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- **Keweenaw Board (continued)**
  - **David Ayer. Chairman of the Board and President of the company since 1988. Provided proactive leadership of company to develop the log marketing program and further implement sustainable forestry objectives. Recently became senior managing member of a private investment company.**
  - **David E. McDonald, an independent director with over 40 years as a practicing attorney in the state of Michigan. Significant experience in corporate legal issues and real estate law. Served as director on several regional and local corporate boards.**
- **Dissident slate lacks industry and public board experience.**

## Other Points of Interest

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- **Keweenaw was the first publicly traded timber company to be certified by the Forest Stewardship Council for its sustainable forestry and environmental practices. Rated “well-managed” since 1994.**
- **Numerous commendations by banks and investors on the level of operating detail and financial transparency in company reporting for a company of our size.**
- **Over the last 15 years, the company’s shareholders have overwhelmingly supported the management’s strategy for increasing the value of the company’s underlying assets.**