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# CORNWALL CAPITAL

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March 8, 2018

## FELLOW KEWEENAW SHAREHOLDERS,

Keweenaw Land Association, Limited's ("Keweenaw" or the "company") April 12th Annual Meeting is just over a month away, and I am requesting your support in this critical election.

In just a few weeks, you will have the opportunity to rejuvenate the board with Cornwall's three highly-experienced nominees, who bring fresh perspectives and have the necessary skill-set to help refine Keweenaw's strategy in order to increase value for all stakeholders.

As a significant, long-term shareholder of Keweenaw, with beneficial ownership of approximately 26% of the outstanding shares, and as a minority board member since late 2015, I have witnessed firsthand the board's irresponsible governance practices and lack of accountability to shareholders. I have become increasingly concerned that the board cannot be relied upon to act in the best interests of shareholders.

To that end and to ensure value destruction at Keweenaw stops immediately, Cornwall has put forth nominees we know well and trust, and who we are confident will serve as true fiduciaries to shareholders. I urge you to vote the [WHITE](#) proxy card [FOR](#) Cornwall's nominees who will bring to bear deep experience implementing best practices in areas where the board is currently falling short to ensure the company regains its footing.

## KEWEENAW'S BOARD HAS OVERSEEN VALUE DESTRUCTION TO THE DETRIMENT OF ALL SHAREHOLDERS IN RECENT YEARS AND OVER THE LONG TERM

The Keweenaw board is intent on preserving the status quo to the detriment of all shareholders. **Case in point: total returns to shareholders over the near-term (6 months, 1 year and 3 years) and long-term (10 years) have underperformed the S&P Global Timber & Forestry USD Index (a global benchmark for timber and forestry stocks) by a daunting 16%, 34%, 52% and 101%, respectively.** In addition, the company has underperformed broader market indices such as the S&P 500 in a similar manner.

# VOTE THE WHITE PROXY CARD TODAY!

## KEWEENAW LAND ASSOCIATION TOTAL AND RELATIVE RETURNS

	Performance Over			
	6 Months	12 Months	3 Years	10 Years
<b>Total Return</b>				
Keweenaw Total Return	+2%	<b>-1%</b>	<b>-7%</b>	<b>-23%</b>
S&P Global Timber & Forestry USD Index	+18%	+33%	+45%	+78%
S&P 600 Forest Products	+20%	+23%	+13%	+73%
Timber Peer Group Average <sup>(1)</sup>	+9%	+15%	+33%	+189%
S&P500	+12%	+16%	+38%	+153%

### Keweenaw Relative Performance Versus

S&P Global Timber & Forestry USD Index	<b>-16%</b>	<b>-34%</b>	<b>-52%</b>	<b>-101%</b>
S&P 600 Forest Products	<b>-18%</b>	<b>-24%</b>	<b>-20%</b>	<b>-96%</b>
Timber Peer Group Average <sup>(1)</sup>	<b>-7%</b>	<b>-16%</b>	<b>-40%</b>	<b>-212%</b>
S&P500	<b>-10%</b>	<b>-17%</b>	<b>-45%</b>	<b>-176%</b>

Source: Bloomberg. Figures calculated in local currency terms and as of March 5, 2018.

(1) Timber peer group average includes Acadian Timber, Potlatch, Pope Resources and Catchmark Timber.

## KEWEENAW'S BOARD IS DEEPLY ENTRENCHED AND ITS INTERESTS ARE NOT ALIGNED WITH SHAREHOLDERS

The Keweenaw board, whose four longest serving members have an average tenure of 30 years, prioritizes job security over the security of your investment. Aside from Cornwall's current two Keweenaw board designees, only one other Keweenaw board member has served for less than 8 years.



Director	Reelection Year	Year Elected	Years on Board
1	2020	1981	37
2	2019	1988	30
3	2019	1991	27
4	2020	1994	24
5	2018	2010	8
6	2018	2015	3
James Mai	2018	2015	3
Jan Loeb	2019	2016	2

The board's job security has been maintained through a complex web of dated corporate defenses – including a staggered board, supermajority provisions, and limitations on shareholders' ability to call shareholder meetings. **Directors have dug in and isolated themselves from constructive dialogue with shareholders, even as the company's flawed strategy continues to destroy value for shareholders.**

Contrary to the company's assertions, the so-called strategic review process was initiated before I joined the board in 2015. **I believe that the strategic review was deeply flawed and wasted substantial time and resources.** Despite its domain expertise in timber, the company inexplicably failed to conduct industry-standard internal due diligence prior to commencing the sale process. Specifically, the company completed a comprehensive assessment of its timber inventory, the first such appraisal in the company's history, **after** it concluded the sale process. While the inventory appraisal revealed timber inventory levels substantially higher than previously estimated, it is shocking that members of the board were even considering selling the company without such information. In fact, the company has been making decisions for years based on incorrect assumptions about its timber inventory, its core asset. Amidst this lack of understanding related to its inventory, the company made yet another acquisition at a substantially higher price than the company's trading value, resulting in even more quantifiable value destruction.

**There is a simple explanation for the board's dysfunction and the obvious absence of management accountability: a small minority of long-standing board members exert undue influence, with effective control over all board and management decisions.** As a result, the board's ability to perform two of its most critical functions – determining the company's strategy and overseeing management – is severely impaired.

**VOTE THE WHITE PROXY CARD TODAY!**



An absence of proper oversight and accountability continues to put your investment at risk. And, going forward, it is clear the company has no strategy other than to take defensive steps that will preserve the incumbency of the legacy directors.

## **CORNWALL'S NOMINEES WILL INSTILL A BOARD CULTURE FOUNDED ON SHAREHOLDER TRANSPARENCY AND PARTICIPATION**

As a longstanding investor in Keweenaw and as its largest shareholder, Cornwall is deeply committed to the company and strongly aligned with its shareholders. To this end, Cornwall has nominated three directors who will restore responsible governance to Keweenaw and focus on the most important near-term objective: ensure value destruction at the company is immediately halted.

Our three nominees – Mr. Ian Haft, Mr. Steve Winch and Mr. Paul Sonkin – pledge to bring the accountability, oversight and experience required to serve as true fiduciaries to ALL shareholders and to help restore value at Keweenaw.

I strongly encourage you to vote your WHITE proxy card to protect your investment and ensure Keweenaw is put back on a track for success.

Sincerely,

**JAMES A. MAI**

Managing Member of Cornwall GP,  
the General Partner of Cornwall Master LP

### **REMEMBER:**

You can vote your shares by telephone or via the internet. Please follow the easy instructions on the enclosed white proxy card. Even if you have already voted, you can still return the WHITE card to change your vote – only your most recent vote counts.

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If you have any questions or need assistance in  
voting your shares, please call our proxy solicitor,

**Innisfree M&A Incorporated**

Toll-free, at 1-888-750-5834