



To our shareholders,

I am happy to report that Maxco has received approximately \$4.0 million in Federal taxes refunded from the Internal Revenue Service. This refund resulted from tax losses which we incurred in 2009 on the sale of certain of our real estate holdings and the operating loss recorded for that year which we were allowed to carryback to the 2007 tax year where we had the significant gain from the sale of Atmosphere Annealing, Inc.

The Board declared a liquidation distribution of \$1.00 per share to our shareholders of record as of May 24, 2010 and payable on June 2, 2010 primarily as a result of receiving these tax refunds.

We continue to work on our goal to liquidate our remaining assets at the greatest shareholder value. Specifically, on March 25, 2010 we distributed our Integral Vision, Inc. common stock to our shareholders versus an outright sale of the stock to an outside party. This distribution will allow our shareholders to participate in any subsequent upside (if any) on the value of the Integral stock that you receive. The distribution will also allow the Company to carryback the tax loss on the distribution and recover from the IRS a portion of the taxes paid on the profit from the 2007 sale of its subsidiary Atmosphere Annealing, Inc.

In addition, on March 31, 2010 we sold our remaining real estate investments to Charlevoix Drive Properties, LLC which Max A. Coon, Maxco's President has an ownership interest. Maxco's Board of Directors authorized the sale of the real estate to this LLC in order for Maxco to be able to carryback the tax loss which occurred as a result of the sale. The sale of these properties by March 31, 2010 allows the Company to recover income taxes of approximately \$600,000 in addition to the purchase price of \$250,000. This tax recovery would not have been available after March 31, 2010 under current tax regulations, and with the Mid Michigan real estate market struggling the Board felt that it was in the best interest of the shareholders to complete the transaction by March 31, 2010.

Maxco will still be required to be audited by the IRS on the recent refund of taxes and any future distributions to our shareholders resulting from the liquidation of our remaining assets including the carryback to be filed for the tax loss incurred for the year ended March 31, 2010 will certainly be dependant upon the timetable of when the audit will be completed by the IRS.

I will continue to update you through our website (www.maxco.com) regarding the timing and amount of future liquidation distributions as they become known.

We have posted our unaudited financial statements as of March 31, 2010 on our website, concurrently with the release of this shareholder letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Max A. Coon". The signature is fluid and cursive.

Max A. Coon
President and Chairman of the Board
May 11, 2010