



To our shareholders,

I am happy to report that on February 1, 2010 Maxco received the final \$2.0 million in funds that were being held in escrow, related to the sale of Atmosphere Annealing which occurred in 2007.

As a result of this receipt of funds, the Board declared a liquidation distribution of 75 cents per share to our shareholders of record as of February 16, 2010 and payable on February 25, 2010.

In mid December we filed the required paperwork with the IRS for an approximate \$4.0 million refund due to the carryback of losses previously incurred on the sale of certain of our real estate holdings and the loss from operations which occurred in our fiscal 2009 year.

As mentioned in my previous letter, Maxco will be required to be audited by the IRS due to this significant refund of taxes and any distributions to our shareholders resulting from this refund of taxes will certainly be dependant upon the timetable of when the audit will be completed by the IRS.

We continue to work on our goal to liquidate our remaining assets by March 31, 2010 at the greatest shareholder value.

I will continue to update you through our website ([www.maxc.com](http://www.maxc.com)) regarding the timing and amount of future liquidation distributions as they become known.

We have posted our financial statements as of December 31, 2009 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  
February 3, 2010