



1005 Charlevoix Drive, Suite 100
Grand Ledge, MI 48837

To Maxco, Inc. Shareholders:

Several significant events have occurred at Maxco since our announcement in February 2007 that substantially all the assets of the Company's former wholly owned subsidiary Atmosphere Annealing, Inc. (AAI) were sold.

Maxco was required to pay with the proceeds from the sale interest bearing debt, federal and state tax and other liabilities in addition to the normal closing costs associated with the sale of a business. The purchaser assumed normal operating liabilities.

The net cash flow from the sale allowed Maxco by March 31, 2007, to redeem all series of its preferred stock and pay off all the accrued dividends which were owed on the preferred stock. A cash dividend of \$2.00 per share, payable on June 29th, 2007 to common shareholders of record on June 20, 2007 was paid.

As a result of the sale of AAI, Maxco was delisted from NASDAQ and now our common stock is traded on the Pink Sheets over-the-counter (OTC) market.

Maxco conducted a successful odd-lot tender offer whereby, the Company offered to purchase all shares of common stock held by shareholders owning less than 100 shares. As a result, Maxco was able to reduce the number of shareholders of record to under 300 which allowed the Company to terminate registration of our stock under the Securities Exchange Act. Maxco will achieve substantial costs savings by not being an SEC reporting company as it no longer is required to file periodic reports or proxy materials to the SEC. Also, as a result of this action, Maxco will be able to substantially control expenses in that the Company will not be required to comply with expensive Sarbanes-Oxley regulations.

With the sale of AAI, which was Maxco's last operating company, the Company currently has investments in real estate, and certain miscellaneous other assets. Management continues working toward the goal of obtaining the highest value for our shareholders as Maxco continues to formalize and execute a plan of liquidation of its remaining assets.

The timing of future shareholder distributions will be based on the sale of real estate and collection of escrows from the sale of AAI. The first escrow release amount of \$3.0 million is scheduled to be paid to Maxco by the beginning of August, 2008.

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
January 31, 2008