



To our shareholders,

In early January Maxco received approximately \$1.7 million in Federal taxes refunded from the Internal Revenue Service. This refund resulted from tax losses, incurred in 2010 on the sale of certain real estate holdings, the distribution of our Integral Vision common stock and the operating loss recorded for that year. Maxco was allowed a tax carryback to the 2007 tax year in which significant gains from the sale of Atmosphere Annealing, Inc. occurred.

The Board declared at the March 1, 2011 Board meeting a liquidation distribution of 75 cents per common share to our shareholders of record as of March 23, 2011 and payable on March 30, 2011, primarily as a result of receiving the latest tax refund.

Now that we have received all available recoverable income taxes, which were a significant asset in our liquidation strategy, final assets to be liquidated consist primarily of notes and other receivables, the majority of which were incurred from the liquidation of our real estate assets. Payments of these notes have been extended by the Board to March 31, 2012, or the final liquidation date, whichever occurs first. We are hopeful that an improving economy will allow refinancing of the debt and payment to Maxco prior to that date.

Maxco is required to be audited by the IRS on the recent refund of taxes. The Board anticipates that a final distribution currently estimated at 75 cents per common share will not be declared by the Board and paid until the remaining assets are liquidated and the required statutory audit has been completed by the IRS. We anticipate that the final distribution may take 18 months or longer to be declared and ultimately paid out because the audit has not been scheduled with the Company as of the date of this letter.

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 unaudited financial statements 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  
March 14, 2011