



To our shareholders,

Management's mission continues to be the liquidation of Maxco assets while optimizing their monetized value. At the December shareholder's meeting, shareholder's approved a formal plan of complete dissolution and liquidation that formalized and sets timing for the process. December was an eventful month in the liquidation process as agreements were reached for the sale of two office buildings, 110 W. Michigan Ave., in Lansing and our office building in Grand Ledge, Michigan.

The central Michigan market remains extremely challenged and we feel fortunate that we were able to effect these transactions. The building in Lansing was sold under a land contract at the end of the calendar year to a new LLC, which I have a 45% membership interest in. Since the sale as planned was completed by calendar year end, current tax regulations permit Maxco to carryback the tax loss on the sale back to the 2007 tax year. This carryback will entitle Maxco to get a refund of approximately \$1.5 million in federal income tax that was originally paid as a result of the gain recognized on the sale of Atmosphere Annealing, Inc. (AAI), our former 100% owned subsidiary sold that year. The land contract is expected to be paid off in March, 2009.

Upon payoff of the land contract by March 2009 and the debt reduction of approximately \$750,000 paid off as a result of our Grand Ledge property sale, Maxco's outstanding debt will be reduced by \$3.4 million.

Maxco currently holds approximately 2.4 million common shares of Integral Vision, Inc. Management is currently evaluating the various alternatives as it looks to the liquidation of those shares. The ultimate decision of when and how to dispose of our 2.4 million shares of Integral Vision may be effected by the tax carryback this asset may most likely create. If we must sell Integral Vision at a loss, current tax laws indicate that sale of their investment by the end of Maxco's March 31, 2010 fiscal year end would assist in maximizing shareholder value due to carryback potential.

Maxco has one remaining escrow agreement relating to the sale of AAI as \$3.0 million in a general claim fund was collected in late July. This \$2,000,000 escrow at US Bank provides coverage to the buyer for environmental claims is set to expire on 02/01/2010. Meetings have been set with the AAI buyer, to discuss the possible acceleration of the collection of this escrow.

Maxco's remaining real estate assets consist primarily of approximately 13 acres of undeveloped commercial office land in Grand Ledge, Michigan as well approximately 5,100 square feet of leased and vacant office space and our interest in Michigan Equities Investment Properties. We are reviewing our marketing activity and overall strategy on these properties as we work towards their liquidation.

As soon as we collect the land contract proceeds under the 110 Michigan Ave. building transaction and we are able to ascertain the timing of the Federal tax refunds, we anticipate that we will establish the timing and amount of the next shareholder dividend.

We manage our operating costs continually and have cut operating expenses where appropriate.

Our unaudited financials for the quarters ending June, September and December 2008 have all been issued and will be posted to our web site (www.maxc.com) shortly.

Sincerely,

A handwritten signature in black ink, appearing to read "Max A. Coon". The signature is written in a cursive, flowing style.

Max A. Coon
President and Chairman of the Board
January 30, 2009