



To our shareholders,

As you know, the Company is currently liquidating its assets as a result of a formal Plan of Complete Dissolution and Liquidation approved by you, our shareholders on December 4, 2008.

In addition to the sale of our two office buildings in December 2008, which we previously announced, we also sold our interest in Michigan Equities Investment Properties (MEIP) in March 2009.

Maxco anticipates receiving approximately \$3.9 million in federal taxes back from the IRS as a result of the losses incurred on the sale of its real estate, its interest in MEIP and its loss from operations which occurred in fiscal 2009. The carryback of these losses will entitle Maxco to a refund of a portion of the federal tax originally paid as a result of the gain recognized on the sale of Atmosphere Annealing, Inc. (AAI).

Our remaining assets at this time, besides the tax refund receivable, consist primarily of the \$2.0 million environmental escrow related to the sale of AAI, our investment in Integral Vision, Inc., approximately 13 acres of undeveloped commercial office land and approximately 5,100 sq. ft. of leased and vacant office space in Grand Ledge, MI.

Cash held in escrow for any general claims related to the sale of AAI in the amount of \$3.0 million was paid to Maxco in July 2008. The remaining \$2.0 million held in escrow for any environmental claims is scheduled for payment in February 2010. While management is not aware of any significant environmental claims at this time, this escrow is subject to adjustment if any claims are submitted by the purchaser of AAI. In addition, the payment date could be extended an additional year if environmental closure has not been achieved by the scheduled date.

We anticipate that upon collection of our escrow and land contract amounts due, our Board will declare a partial distribution to be disbursed by the end of our fiscal year ending March 31, 2010. Maxco will be required to be audited by the IRS due to the significant refund of taxes and any distribution(s) resulting from the refund of taxes that Maxco receives will certainly be dependent upon the timetable of when the audit will be completed by the Internal Revenue Service.

Our audited financials for the year ended March 31, 2009 have been issued and will be posted to our website (www.maxc.com).

Management's goal is to substantially have all assets liquidated by March 31, 2010. Payroll and related costs and other expenses are expected to occur through September of 2010, in order to complete all required regulatory filings and required audits. Based on the value of net assets in liquidation at March 31, 2009, as shown in our audited financials, liquidating dividends are estimated to total \$3.25 per common share.

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
August 31, 2009