

244 MADISON AVENUE

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244 MADISON AVENUE New York, NY 10016

**NOTICE OF ANNUAL SHAREHOLDERS' MEETING**  
**7:00 pm – The Jolly Hotel**

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*NOTICE IS HEREBY GIVEN* that an Annual Meeting of the Board of Directors of 244 Madison Realty Corp., a New York Association, is called and will be held on **Thursday, May 27, 2010 at 7:00 p.m.**, at the Jolly Hotel (located at 38<sup>th</sup> Street & Madison Avenue) for the purpose of transacting such business as may properly come before the meeting.

BY ORDER OF THE PRESIDENT

RICHARD SHEVLIN

Dated: New York, New York  
April 27, 2010

**244 MADISON REALTY CORP.  
244 MADISON AVENUE  
NEW YORK, NY 10016**

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April 27, 2010

All Shareholders  
244 Madison Avenue  
New York, NY 10016

Dear Shareholders;

This year, in addition to electing a new Board of Directors, we will be voting on two proposed revisions to our corporate documents, as follows:

**PROPOSAL A**

At present, our proprietary leases are set to expire in the year 2033. Proposal A would extend the proprietary leases until the year 2085. Unless we extend the lease, we run the risk that banks may discontinue issuing loans that run longer than the borrowers' right to occupy their apartments.

Proposal A would also extend the corporation's explicit authority to assess late. At present, the proprietary lease explicitly authorizes late fees equal to the highest rate of interest permitted by law. A flat rate is much easier to calculate and administer.

**THE BOARD OF DIRECTORS UNANIMOUSLY ENDORSES PROPOSAL A**

**PROPOSAL B**

Proposal B would authorize imposition of a one percent (1%) transfer fee on the sale of units (commencing with contracts made next year), with the proceeds deposited to the corporation's capital reserves. It is estimated that replenishment of capital reserves requires \$100,000.00 per year. If all shareholders were assessed pro rata, that would come to roughly \$1.89/share/year. Using the past several years of sales data as a guide, a 1% transfer fee might provide \$60,000 or more per year, holding down, reducing the required annual assessment to roughly \$0.80/share.

**A STRONG MAJORITY OF THE BOARD OF DIRECTORS ENDORSES PROPOSAL B**

Shareholders who would like to discuss these proposals are invited to join representatives of the Board in the area outside the laundry room on the following dates:

- Thursday, May 6, 2010 at 7:00 pm
- Tuesday, May 11, 2010 at 7:00 pm
- Wednesday, May 12, 2010 at 7:00 pm

**The Board of Directors  
244 Madison Realty Corp.**

**PROXY**  
**ANNUAL MEETING OF SHAREHOLDERS**  
**244 MADISON REALTY CORP**  
**May 27, 2010**

The undersigned shareholder(s) of 244 MADISON REALTY CORP. (the "Corporation"), a New York Corporation, entitled to vote at the annual meeting of shareholders of the Corporation, hereby constitute(s) and appoint(s) Richard Shevlin or, instead, \_\_\_\_\_, as my(our) proxy, with full power of substitution and revocation, to attend the Annual Meeting of the Shareholders of the Corporation, to be held on the 27th day of May, 2010, at 7:00 P.M. at The Jolly Hotel, East 38th Street and Madison Avenue, New York, New York, and at any and all continuations, adjournments or postponements thereof, with full power to vote and act for the undersigned and in the undersigned's name(s), place and stead, in the same manner, and with the same effect that the undersigned would possess if personally present. The undersigned hereby revoke(s) all proxies heretofore given by the undersigned to any person or persons whomsoever in connection with the aforesaid meeting. **Except as indicated below, this proxy is to be voted in the discretion of the designated proxy holder.**

*{Instructions: If the boxes in Sections A, B and C below are not checked, the shareholder(s) give(s) the proxy holder complete discretion to vote as the proxy holder determines on such matters and all other matters at the meeting. To the extent those boxes are checked, the proxy holder must vote as specified with the respect to the matters identified. Regardless of whether you complete Section A, B or Section C, do not forget to provide the information required at the end of this form and to sign your name(s) and date the form where indicated. This proxy must be signed to be valid.}*

**SECTION A:**

With respect to the proposed resolution amending certain provisions of the proprietary lease to extend the term of the proprietary lease to December 31, 2085 and to authorize the imposition of late charges as indicated on the copies of such provisions attached to the Notice of Annual Meeting as Proposal A.

- Check one:            Vote **for** the resolution  
                               Vote **against** the resolution  
                               **Abstain** from voting on the resolution

*In the event that I(we) have indicated that the above-named proxy is to vote for the foregoing resolution (or if the foregoing boxes have been left blank) and there are not enough shareholders present at the meeting to pass the amendment to the proprietary lease, this proxy shall constitute my(our) written consent to the amendment of the lease as set forth in the resolution.*

**SECTION B:**

With respect to the proposed resolution to amend the proprietary lease by adding a provision to institute a transfer fee on certain transfers of the shares of the Corporation and related proprietary leases and to amend by-laws by adding and modifying provisions to and in the by-laws in order to conform them to the proprietary lease with regards to such transfer fee and the fees imposed as a condition to subletting, indicated on the copies of such provisions attached to the Notice of Annual Meeting as Proposal B.



**PROPOSAL A**  
**Extension of Proprietary Lease**  
**and Authorization of Late Charges**

**Amendment to Proprietary Lease, Preamble**

**Extension of Term of Lease**

NOW, THEREFORE in consideration of the premises, the Lessor hereby leases to the Lessee, and the Lessee hires from the Lessor, subject to the terms and conditions hereof, the apartment for a term from \_\_\_\_\_, ~~20~~, until December 31, ~~2085~~ (unless sooner terminated as hereinafter provided). As used herein the "apartment" means the rooms in the building as partitioned on the date of the execution of this lease designated by the above-stated apartment number, together with their appurtenances and fixtures and any closets, terraces, balconies, roof, or portion thereof outside of said partitioned rooms, which are allocated exclusively to the occupant of the apartment.

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**Amendment to Proprietary Lease, Paragraph 12**  
**Authorizing the Imposition of Late Charges**

12. Payment of Rent. The Lessee shall pay the rent and additional rent to the Lessor upon the terms and at the times herein provided, without any deduction on account of any set-off or claim which the Lessee may have against the Lessor, and if the Lessee shall fail to pay any installment of rent when due, the Lessee shall pay such late charges with respect to such installment as may be set by the Lessor from time to time (so long as such late charges are applicable to all proprietary lessees of Lessor and written notification of the terms of such late charges shall have been distributed with rent bills at least ninety (90) days prior to the effective date thereof). Such late charges shall be deemed additional rent hereunder.

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**PROPOSAL B**  
**Authorization of One Percent (1%) Transfer Fee**

**Amendments to Proprietary Lease, Paragraph 16**  
**and By-Laws, Article V, Section 6**

Instituting a "Transfer Fee"  
Explicitly Permitting Consents to Transfers of Shares to be Conditioned  
Conforming the Bylaws to Proprietary Lease Changes Authorizing Subletting Fees & Transfer  
Fee

*Proprietary Lease*

16. Assignment. (a) The Lessee shall not assign this lease or transfer the shares to which it is appurtenant or any interest therein, and no such assignment or transfer shall take effect as against the Lessor for any purpose, until:

(i) An instrument of assignment in form approved by Lessor executed and acknowledged by the assignor shall be delivered to the Lessor; and

(ii) An agreement executed and acknowledged by the assignee in form approved by Lessor assuming and agreeing to be bound by all the covenants and conditions of this lease to be performed or complied with by the Lessee on and after the effective date of said assignment shall have been delivered to the Lessor, or, at the request of the Lessor, the assignee shall have surrendered the assigned lease and entered into a new lease in the same form for the remainder of the term, in which case the Lessee's lease shall be deemed cancelled as of the effective date of said assignment; and

(iii) All shares of the Lessor to which this lease is appurtenant shall have been transferred to the assignee, with proper transfer taxes paid and stamps affixed; and

(iv) All sums due from the Lessee shall have been paid to the Lessor, together with a sum to be fixed by the Directors to cover reasonable legal or other expenses of the Lessor and its managing agent in connection with such assignment and transfer of shares; and

(v) A search or certification from a title or abstract company as the Directors may require; and

(vi) Except in the case of an assignment, transfer or bequest to the Lessee's spouse of the shares and this lease, and except as provided in Paragraph 38 of the lease, consent to such assignment shall have been authorized by resolution of the Directors, or given in writing by a majority of the Directors, or, if the Directors shall have failed or refused to give such consent within 30 days after submission of references to them or Lessor's agent, then by lessees owning of record at least 65% of the then issued shares of the Lessor. Consent by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose in the manner as provided in the by-laws; and

(vii) Except for those transactions specifically exempted in subparagraph (A) below, the Lessor shall collect in connection with each 'assignment or transfer' (as hereinafter defined) of the lease at the closing or at the time of effectiveness of such assignment or transfer (whichever shall occur sooner), from the assignee or transferee a transfer fee, by certified or bank check, equal to one percent (1%) percent of the 'sales price' (as hereinafter defined) paid in connection with such assignment or transfer; provided, however, that in the event there is an assignment or transfer that is 'without consideration or not at arms length' (as hereinafter defined) the transfer fee shall be one percent (1%) percent of the 'imputed sales price' (as hereinafter defined) in connection therewith. Any approval given by the Directors to the assignment or transfer of this lease shall, if not so expressly stated, be deemed conditional upon receipt of the transfer fee provided for in this subparagraph (vii). No assignment or transfer of this lease shall take effect as against the Lessor for any purpose until the transfer fee provided for in this subparagraph (vii) has been received by the Lessor. All transfer fees collected pursuant to this provisions of this subparagraph (vii) shall be promptly deposited in Lessor's capital reserves.

For the purposes of this subparagraph (vii):

(A) The following assignments and transfers shall not be subject to a transfer fee:

- (1) assignments or transfers pursuant to contracts signed and exchanged prior to January 1, 2011;
- (2) assignments or transfers from one spouse to another;
- (3) assignments or transfers made within an 'immediate family';
- (4) assignments or transfers to an executor or administrator on the death of the Lessee; and
- (5) assignments or transfers from an executor or administrator to a member of the 'immediate family' of a deceased Lessee.

(B) The term 'assignment or transfer' shall include:

- (1) a record assignment or transfer on the books of the Lessor of this lease or the shares of the Lessor to which it is appurtenant;
- (2) an assignment or transfer of beneficial ownership of this lease or the shares of the Lessor to which it is appurtenant, irrespective of any change in record ownership;

(3) a grant of the right to occupy the apartment leased hereunder to any person or persons (other than persons who shall occupy such apartment pursuant to a sublease consented to by the Directors), which person or persons shall be deemed to be an assignee jointly and severally subject to the payment of the transfer fee provided for in this subparagraph (vii); and

(4) an assignment or transfer of this lease or the shares of the Lessor to which it is appurtenant by operation of law.

(C) The term 'immediate family' shall mean the spouse or domestic partner of the Lessee; the parents, siblings, grandchildren and grandparents of either the Lessee, the spouse of the Lessee, or the domestic partner of the Lessee; and the children (whether by blood or adoption) of the Lessee, the domestic partner of the Lessee, the spouse of the Lessee or the former spouse or former domestic partner of the Lessee.

(D) The term 'sales price paid' shall mean the actual consideration paid in connection with an assignment or transfer.

(E) The term 'imputed sales price' shall mean the higher of (x) the actual consideration paid in connection with the assignment or transfer and (y) an amount determined by multiplying the number of shares of the Lessor to which this lease is appurtenant by a price per share calculated by taking the nine most recent sales of the stock of the Lessor consented to by the Directors, disregarding the two such sales with the lowest price per share and the two such sales with the highest price per share, and dividing the aggregate consideration paid or to be paid in the five remaining sales by the number of shares that are the subject of such sales.

(F) Assignments or transfers 'without consideration or not at arms-length' shall be deemed to include, but not be limited to:

(1) assignments and transfers by bequest or intestate succession to a person who is not a member of the immediate family of the deceased Lessee;

(2) assignments and transfers by operation of law to a

person who is not a member of the immediate family of the Lessee;

- (3) all other assignments and transfers that are not by the terms of this subparagraph (vii) exempted from the transfer fee provided for herein and occur (a) by operation of law, (b) without a change in record ownership of this lease and the shares of the Lessor to which it is appurtenant, or (c) without a change in beneficial ownership of this lease and the shares of the Lessor to which it is appurtenant.

The provisions of this subparagraph (vii) are solely for the purpose of providing for the transfer fee described herein and shall not constitute a limitation on the rights of the Directors under the other provisions of this Paragraph 16 and this lease to grant or withhold consent to assignments or transfers, or the occupancy of the apartment by, persons other than the Lessor, including, but not limited to, the right of the Directors to grant or withhold consent to an assignment or transfer to, or occupancy of the apartment by, a trust beneficiary, or to require such trust instrument provisions, agreements and guaranties as the Directors, in their sole discretion, may consider appropriate in connection with an assignment or transfer to a trust.

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### ***By-Laws***

Section 6. Fees on Assignment. Subject to the provisions of the form of proprietary lease adopted by the Board of Directors (and the rights of holders of Unsold Shares as herein and in the proprietary lease set forth), the Board of Directors shall have authority before an 'assignment or transfer' (as hereinafter defined), of a proprietary lease or subletting thereunder, or any reallocation of shares takes effect as against the corporation as lessor, (a) to fix a reasonable fee, to cover the corporation's actual expenses and attorneys' fees in connection with each such proposed transaction, and may direct that such attorneys' fees be paid directly to the attorneys; (b) in the case of a subletting, to fix, in their sole judgment, special fees payable to the corporation, which fees shall be uniformly applicable to all tenant-shareholders; and (c) in connection with any such transaction, to require a title search, at the expense of the tenant-shareholder(s) of the subject apartment(s). However, no such fees may be charged to the purchasers of Unsold Shares in connection with the sale or transfer of such Unsold Shares and appurtenant proprietary leases or a reallocation of shares. Except for those transactions specifically exempted in subparagraph (A) below, the Board of Directors shall collect in connection with each 'assignment or transfer' (as hereinafter defined) of the lease at the closing or at the time of effectiveness of such assignment or transfer (whichever shall occur sooner), from the assignee or transferee to whom the proprietary lease is assigned or transferred, a transfer fee, by certified or bank check, equal to one percent (1%) of the 'sales price' (as hereinafter defined) paid in connection with such assignment or transfer; provided, however, that in the event there is an assignment or transfer that is 'without consideration or not at arms length' (as hereinafter defined) the transfer fee shall be to one percent (1%) of the 'imputed sales price' (as hereinafter defined) in connection therewith. Any approval given by the Board

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of Directors to the assignment or transfer of a proprietary lease shall, if not so expressly stated, be deemed conditional upon receipt of the transfer fee provided for in this Section 6). No assignment or transfer of this lease or the shares of the corporation to which the proprietary lease is appurtenant shall take effect as against the corporation for any purpose until the transfer fee provided for in this Section 6 has been received by the Corporation. All transfer fees collected pursuant to this provisions of this Section 6 shall be promptly deposited in Lessor's capital reserves.

For the purposes of this Section 6:

(A) The following assignments and transfers shall not be subject to a transfer fee:

- (1) assignments or transfers pursuant to contracts signed and exchanged prior to January 1, 2011;
- (2) assignments or transfers from one spouse to another;
- (3) assignments or transfers made within an 'immediate family';
- (4) assignments or transfers to an executor or administrator on the death of the tenant-shareholder;
- (5) assignments or transfers from an executor or administrator to a member of the 'immediate family' of a deceased tenant-shareholder; and
- (6) assignments or transfers of Unsold Shares and appurtenant proprietary leases or a reallocation of Unsold Shares.

(B) The term 'assignment or transfer' shall include:

- (1) a record assignment or transfer on the books of the Corporation of a proprietary lease or the shares of the Corporation to which it is appurtenant;
- (2) an assignment or transfer of beneficial ownership of a proprietary lease or the shares of the corporation to which it is appurtenant, irrespective of any change in record ownership;
- (3) a grant of the right to occupy an apartment in the apartment building of the corporation to any person or persons (other than persons who shall occupy such apartment pursuant to a sublease consented to by the Board of Directors), which person or persons shall be deemed to be an assignee jointly and severally subject to the payment of the transfer fee provided for in this Section 6; and

- (4) an assignment or transfer of a proprietary lease or the shares of the corporation to which it is appurtenant by operation of law.
- (C) The term 'immediate family' shall mean the spouse or domestic partner of the tenant-shareholder; the parents, siblings, grandchildren and grandparents of either the tenant-shareholder, the spouse of the tenant-shareholder, or the domestic partner of the tenant-shareholder; and the children (whether by blood or adoption) of the tenant-shareholder, the domestic partner of the tenant-shareholder, the spouse of the tenant-shareholder or the former spouse or former domestic partner of the tenant-shareholder.
- (D) The term 'sales price paid' shall mean the actual consideration paid in connection with an assignment or transfer.
- (E) The term 'imputed sales price' shall mean the higher of (x) the actual consideration paid in connection with the assignment or transfer and (y) an amount determined by multiplying the number of shares of the corporation to which the proprietary lease is appurtenant by a price per share calculated by taking the nine most recent sales of the stock of the Corporation consented to by the Board of Directors, disregarding the two such sales with the lowest price per share and the two such sales with the highest price per share, and dividing the aggregate consideration paid or to be paid in the five remaining sales by the number of shares that are the subject of such sales.
- (F) Assignments or transfers 'without consideration or not at arms-length' shall be deemed to include, but not be limited to:
- (1) assignments and transfers by bequest or intestate succession to a person who is not a member of the immediate family of the deceased tenant-shareholder;
  - (2) assignments and transfers by operation of law to a person who is not a member of the immediate family of the tenant-shareholder;
  - (3) all other assignments and transfers that are not by the terms of this Section 6 exempted from the transfer fee provided for herein and occur (a) by operation of law, (b) without a change in record ownership of the proprietary lease and the shares of the corporation to which it is appurtenant, or (c) without a change in beneficial ownership of the proprietary lease and the shares of the corporation to which it is appurtenant.