



November 29, 2011

All Shareholders
300 West 23rd Street Owners Corp.
300 West 23rd Street
New York, NY 10011

Re: 2012 Operating Budget

Dear Fellow Shareholders:

The Board of Directors, the building's accountant Michael A. Rozycki, and the team of Douglas Elliman Property Management (Elly Pateras, Patrick O'Connor, Marylou Tapalla, and Darcy Green) recently met for the annual year-end budget meeting and discussed the 2011 income and expenses, as well as the 2012 projected budget. At the meeting, the Board reviewed and adopted the 2012 Operating Budget and we are pleased to announce that there will be **no maintenance increase in January**. While the board is very happy to report that there will be no immediate increase, and we are confident that the projected budget may be accommodated without an increase, we must at this time reserve the right to review the cooperative's finances by mid-year 2012 to determine whether we can operate for the remainder of the year without any increases at all.

In reviewing the operating budget, we noted that more than 75% of the operating costs – mortgage payments, real estate taxes and unionized labor – are either fixed or consist of items over which we have little or no control. Having said that, a sizable portion of the budget—approximately 14%—has been set aside to pay for utilities, including water, sewage, heating oil, and electricity. It is our hope that a decline in energy costs will contribute to offsetting the increase in real estate taxes. Conservation efforts by all residents are strongly encouraged as they can serve to reduce this significant portion of operating costs and contribute to the further avoidance of maintenance increases. In order to pursue significant savings beyond those attainable by conservation efforts, the Co-op has engaged the services of Aurora Energy Advisors. Among other things, Aurora will monitor the energy marketplace for opportunities to reduce and/or stabilize energy costs for the building along with a majority of the properties managed by Douglas Elliman Property Management. Furthermore, the Board of Directors will continue to take steps to reduce other operating costs with the help of the resident manager, Michael Ryan and the Managing Agent.

Another important element of the 2012 Operating Budget is the annual tax abatement. Kindly note that the Corporation anticipates receiving an annual abatement in the form of a credit on its 2011/2012 real estate tax bill. As in prior years, the abatement credit will be reflected in the April 2012 maintenance bill. Coinciding with the abatement credit will be an assessment approximately equal to the amount of the abatement credit. Appropriation of the abatement credit, as in prior years, is necessary to meet the building's normal, budgeted operating expenses.

We understand that our fundamental responsibility to all shareholders, including ourselves, is to carefully scrutinize all spending while seeking to maintain the quality of our living environment and protecting our investment. We will continue to work conscientiously to balance these responsibilities now and in the New Year of 2012. The Board would like to take this opportunity to wish all fellow shareholders a joyous holiday season and prosperous new year.

Sincerely,
Board of Directors