

From: Armand Musey <XXX>
Date: Thursday, June 22, 2017 at 11:20 AM
To: <Jeffrey.Shavelson@nybkw.com>
Cc: <barry.berg@nybkw.com>
Subject: 425 East 86th Street Financials

Mr. Shavelson,

Thanks for your representation at the 425 East 86th Apartment Corp. annual meeting related to the audited financial statements for the years ending December 31, 2015 and 2016.

I'd like to point out a potential omission you may wish to correct:

- Footnote 10 mentions shareholder litigation related to the maintenance of exterior areas – Index Number: 157316/14. As board president David Munves mentioned, this matter is currently pending before the NY Appellate Court.
- Footnote 10 does **NOT** mention unrelated litigation related to shareholder access to corporate books and records - Index Number: 158014/2016 - filed September 23, 2016. Information about this litigation is available on the supreme court's website, as well as at: <http://425east86th.com/financial-disclosures/books-and-records-litigation-round-2/> . Additionally, *Habitat Magazine* wrote an article about the court's significant decision: <https://www.habitatmag.com/Publication-Content/Legal-Financial/2017/2017-May/Co-op-Document-Access>

It would seem a shame if co-op shareholders and potential buyers needed to read *Habitat Magazine* to find information that should have been made available in the co-op's audited financials.

I hope you find this information helpful.

Regards,

Armand Musey

PS: Kindly note the concerns related to compliance with ASC 410-20 for known asbestos abatement liabilities not being carried on the balance sheet. These are described in my August 16, 2016 letter to board president David Munves: <http://www.museyeverest.com/wp-content/uploads/2016/09/Ltr-to-Munves-8-23-16.pdf>