

## **FORTUNECITY.COM, INC**

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### **NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

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To the Stockholders of FortuneCity.com Inc.

Notice is hereby given that a Special Meeting of the Stockholders (together with any adjournments or postponements thereof, the "Meeting") of FortuneCity.com Inc., a Delaware corporation (the "Company"), will be held at the Company's offices at 322 Eighth Avenue, Suite 701, New York, New York on June 12, 2008, at 10:00 a.m., local time, for the following purposes:

1. To approve the sale by the Company of its FortuneCity.com website and related business pursuant to an Asset Purchase Agreement;
2. To approve an amendment to the Company's Amended and Restated Certificate of Incorporation to change the corporate name to MyPhotoAlbum Inc.;
3. To approve an amendment to the Company's 1998 Stock Incentive Plan to extend the Plan for an additional period of ten years; and
4. To transact such other business as may properly come before the Meeting.

Stockholders of record of the Common Stock at the close of business on June 2, 2008, which is the record date for the Meeting, are entitled to receive notice of and to vote at the Meeting and at any adjournment thereof.

Stockholders do not have appraisal or similar rights of dissenters with respect to any of the matters to be acted upon at the Meeting.

All stockholders are cordially invited to attend the Meeting in person. Whether or not you plan to attend the Meeting, please complete, sign, date and return the enclosed Proxy, which is solicited by the Board of Directors, to ensure that your shares are represented at the Meeting. Stockholders who attend the Meeting may revoke their proxies and vote their shares in person.

By Order of the Board of Directors

Thomas Duhamel  
*Secretary*

New York, New York  
June 2, 2008

## **INFORMATION ABOUT THE SPECIAL MEETING**

### **VOTING SECURITIES AND VOTING**

Only holders of shares of our Common Stock, \$.01 par value, of record at the close of business on June 2, 2008 (the “Record Date”) are entitled to notice of and to vote at the Meeting. As of the close of business on the Record Date 42,623,990 shares of Common Stock were issued and outstanding and entitled to vote at the Meeting. Each share of Common Stock is entitled to one vote. No other class of voting securities of the Company was outstanding as of the Record Date.

The presence, in person or by proxy, of the holders of shares representing a majority of the outstanding shares of Common Stock on the Record Date will constitute a quorum.

The approval of the Asset Purchase Agreement (the “Purchase Agreement”) and of the name change requires the approval of a majority of the outstanding shares. The affirmative vote of a majority of the shares present in person or represented by proxy at the Meeting and voting on the proposal is required to approve the extension of the 1998 Stock Incentive Plan (the “Incentive Plan”).

All shares of Common Stock which are represented by a properly executed proxy received prior to or at the Meeting will, unless such proxies have been revoked, be voted in accordance with the instructions indicated in such proxies. If no instructions are indicated on a properly executed proxy, such shares will be voted FOR each of the proposals discussed below. A stockholder may revoke his proxy at any time prior to the Meeting by delivering to the Secretary of the Company a notice of revocation bearing a later date, by a duly executed proxy bearing a later date or by attending the Meeting and voting in person.

The Meeting may be adjourned to another date and/or place for any proper purpose (including, without limitations, for the purpose of soliciting additional proxies).

Our Board of Directors unanimously adopted resolutions approving the Purchase Agreement, the name change and the extension of the Incentive Plan, and unanimously recommends that stockholders vote FOR those proposals.

### **PROPOSALS**

#### **1. Sale of fortunecity.com website**

Our Board of Directors approved the sale of our FortuneCity.com website and related business to an unrelated entity (the “Buyer”) pursuant to the Purchase Agreement. The purchase price is \$2,212,500, payable \$1,732,500 in cash at closing and \$480,000 paid into escrow subject to future indemnification claims, plus the Buyer’s assumption of certain specified liabilities. Assuming no indemnification claims are asserted, we will receive 50% of the escrow funds in 12 months and the remaining 50% in 18 months from closing.

The Purchase Agreement contains customary seller representations, warranties and covenants, and our indemnification of the Buyer in the event of our breach of any of our representations and warranties. With respect to most of the representations and warranties the indemnification claims must be asserted within 18 months from closing, with our liability subject to a \$50,000 basket and a maximum liability of \$400,000. There are no contractual limitations with respect to the remaining representations, warranties and covenants. The closing of the Purchase Agreement is subject to customary closing conditions, including the change of corporate name mentioned below, and should occur promptly after stockholder approval.

The Board of Directors decided to sell the fortunecity.com website to enable the Company to concentrate its managerial and financial assets on its online photo service, the fastest growing area of the Company's business. The sale will allow the Company to accelerate the growth of the myphotoalbum.com website, which experienced revenue growth of 179% in 2006 and 92% in 2007, and currently generates approximately 40% of the our revenues.

In connection with the sale, we will be entering into agreements with the Buyer to provide certain transition services for up to six months and joint marketing arrangements. In addition, for a period of 18 months we cannot engage in activities related to certain advertising supported hosting services, web logs and online games, excluding services through MyPhotoAlbum.com. Further, we will be terminating our Marketing and Licensing Agreement with Hostopia.com, Inc. The stockholder approval would be the authorization of the Board of Directors and the executive officers to sell the fortunecity.com website on or in substantially on the above terms.

Information about our business and financial condition, including our audited 2007 Annual Report, is available on our website [www.fortunecity.com/about us](http://www.fortunecity.com/about_us) or you may request a copy by contacting us by phone (212-981-8600) or by email [peter@corp.fortunecity.com](mailto:peter@corp.fortunecity.com).

## 2. Change of Corporate Name

We plan to change our corporate name to MyPhotoAlbum Inc. The Buyer requested that as a condition of closing the Purchase Agreement we change our name to one that does not connote the business being sold by us.

We chose MyPhotoAlbum Inc. as that name identifies the Company with our primary business: the MyPhotoAlbum.com photo service website.

The name change will be effective promptly after the closing of the Purchase Agreement upon the filing of a Certificate of Amendment to our Amended and Restated Certificate of Incorporation.

## 3. Extension of Incentive Plan

In 1998, we adopted the Incentive Plan to provide for the grant of stock awards to our employees, officers, non-employee directors and consultants. The Incentive Plan currently provides that no awards may be granted thereunder after June 30, 2008. The extension would

permit the Board of Directors or a Board Committee to grant awards under the Incentive Plan through June 30, 2018.

We have found the Incentive Plan to be an important component of our incentive packages in attracting and retaining key persons. We are permitted to grant awards for up to 23,600,000 shares of Common Stock. As of May 20, 2008, we had outstanding awards for an aggregate of 7,281,869 shares of Common Stock and awards have been exercised for 2,272,637 shares of Common Stock. The President and CEO, Peter Macnee, will not be eligible for additional awards in the current year.