

EXCELSIOR INCOME SHARES INC  
Form DFAN14A  
May 04, 2001

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May 3, 2001

Dear Fellow Stockholders of Excelsior Income Shares, Inc.:

PLEASE ACT NOW TO MAKE YOUR INVESTMENT WORK HARDER FOR YOU

The annual meeting for our Fund has been ADJOURNED UNTIL MAY 11, 2001. Your vote will help determine the future of your investment. My fellow nominees and I (Green Proxy) are committed to maximize the value of the Fund's shares. The Fund's current directors (White Proxy) are spending enormous amounts of our Fund's money in this proxy fight to confuse the issues and distort our record at other funds in order to reelect themselves.

Simply stated, to increase the value of the Fund's shares, the distributions to shareholders need to be increased, and the discount to Net Asset Value ("NAV") at which the Fund's shares trade in the market needs to be reduced. If elected, my fellow nominees and I propose the following, subject to shareholder approval:

FIRST, we will increase the yearly total distribution from \$1.05 to at least \$1.85 per share from now on. This represents an approximate yield of 11% based on the current market price of the shares. Since this distribution will likely exceed the current income earned by the Fund in the first few years, shareholders will have the option to reinvest all or part of it in additional shares. Therefore, each shareholder will have some flexibility in determining the amount of his or her distribution and continued investment in the Fund.

SECOND, we will increase the NAV per share for remaining shareholders by having the Fund buy-back substantial amounts of shares in the open market when those shares are selling at more than a nominal discount. The gains realized by retiring shares at a discount produce a permanent benefit to the remaining shareholders. Repurchases will also likely result in reducing the discount and increasing the market value at which the Fund's shares trade.

My fellow nominees and I have experience in turning around poorly performing closed-end funds. My earliest directorship commenced in 1998 when I joined the Board of the Clemente Strategic Value Fund, and was subsequently joined by my fellow nominees. Based on the audited, public shareholder reports over the last three years, I have put together the following facts to help you decide what is in your best interests. Compare our actions and results at Clemente with what you have experienced at Excelsior under the guidance of the current Board, as summarized on the reverse. You choose what is best for your investment, and then vote accordingly.

LOOK AT THE FACTS AND THE DIFFERENCE IS CLEAR - VOTE THE GREEN PROXY



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THE ISSUES ARE IMPORTANT

THE DIFFERENCE IS CLEAR

You are one of the substantial shareholders of  
EXCELSIOR INCOME SHARES, INC.

YOUR VOTE MAY WELL DECIDE OUR FUND'S FUTURE

PLEASE CALL ME IMMEDIATELY  
COLLECT AT (828) 255-4833  
TO DISCUSS THE IMPORTANT ISSUES IN THIS  
CONTEST FOR THE MAY 11, 2001 MEETING

THANK YOU FOR CARING ABOUT OUR FUND'S FUTURE

Ralph W. Bradshaw