
THE MEXICO EQUITY AND INCOME FUND, INC.
615 EAST MICHIGAN STREET
MILWAUKEE, WI 53202

October 21, 2010

Dear Preferred Shareholder,

On October 22, 2007, The Mexico Equity and Income Fund, Inc. (the "Fund") commenced the first of four tender offers to purchase shares of its preferred stock in exchange for the Fund's portfolio securities at a value equal to 99% of the Fund's net asset value per preferred share. As originally designed, the purpose of the tender offers was to provide holders of preferred shares with an alternative source of liquidity for their preferred shares in addition to sales of preferred shares over the NYSE, to enhance shareholder value and to help narrow the discount to net asset value at which the preferred shares might trade. On October 28, 2009, the Fund offered to its shareholders a voluntary conversion of their preferred shares into common shares on a one-to-one basis. As a result of these tender offers and the voluntary conversion, only 68,939 shares, or approximately 5%, of the initially issued 1,429,336 preferred shares remain outstanding.

Because so few preferred shares currently remain outstanding it is both costly and inefficient to conduct additional tender offers for the remaining outstanding preferred shares. In addition, we have been advised that the preferred shares may be delisted by the NYSE for failure to meet its listing requirements, in which case a secondary market for them may no longer exist. Consequently, the Board of Directors of the Fund has determined that it is in the best interests of the Fund and its shareholders for shareholders of the Fund's preferred stock to convert their shares to common shares on a one-for-one basis (since the net asset value of each class is identical).

In accordance with the Amended and Restated Articles Supplementary of the Fund ("Articles"), at a holder's election, the Fund may convert any or all shares of such holder's preferred stock to shares of the Fund's common stock. The number of shares would be determined by the relative net asset value of the preferred and common stock.

TO FACILITATE YOUR ELECTION TO CONVERT YOUR PREFERRED SHARES TO COMMON STOCK, YOU NEED DO NOTHING AND, THEREFORE, IF THE FUND DOES NOT RECEIVE THIS COUNTERSIGNED LETTER FROM YOU INDICATING YOUR ELECTION TO CONVERT YOUR SHARES BY NOVEMBER 19, 2010, YOU WILL BE DEEMED TO HAVE REQUESTED CONVERSION IN ACCORDANCE WITH THE ARTICLES. Shortly thereafter, your preferred shares will be converted to common shares on a one-for-one basis.

If your preferred shares are held in a book entry position, your shares will convert automatically after the close of business on November 19, 2010. If your preferred shares are held in certificate form, they will be deemed converted and you will be entitled to receive a like number of shares of common stock. However, you will need to surrender your preferred certificate to the transfer agent in order to receive your common shares. Additionally, any future dividends will accrue on your account until such time as the certificate is surrendered for conversion. If your shares are held by a bank or broker, please contact your agent for more information.

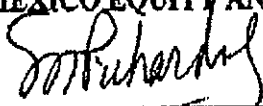
IF YOU DO NOT WISH TO CONVERT YOUR PREFERRED SHARES TO COMMON STOCK, THE FUND MUST RECEIVE THIS COUNTERSIGNED LETTER FROM YOU INDICATING YOUR ELECTION NOT TO CONVERT YOUR SHARES BY NOVEMBER 19, 2010.

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For more information, including information about the Fund's net asset value, please contact the Fund toll free at 866-700-6104.

Sincerely,

THE MEXICO EQUITY AND INCOME FUND, INC.

By: 
Name: Maria Eugenia Pichardo
Title: President

**BY EXECUTING BELOW, I HEREBY
REQUEST THE CONVERSION OF ALL OF
MY PREFERRED SHARES TO COMMON
SHARES IN ACCORDANCE WITH THE
FUND'S ARTICLES:**

NAME:

**BY EXECUTING BELOW, I AM
INFORMING THE FUND THAT I DO NOT
WISH TO CONVERT ANY OF MY
PREFERRED SHARES TO COMMON
SHARES:**

NAME: