



**PREMIUM INCOME CORPORATION
ANNOUNCES CLASS A SHARE CONSOLIDATION RATIO**

Toronto, Ontario, October 28, 2010 – (TSX: PIC.A) In connection with the special retraction right granted to shareholders pursuant to the extension of the term of the fund approved by shareholders on September 29, 2010, the company is announcing a consolidation of the Class A shares effective the opening of trading on November 1, 2010. The consolidation will ensure that an equal number of Class A shares and Preferred shares are outstanding subsequent to the special retraction. Each shareholder will receive 0.738208641 new Class A shares for each Class A share held. The total value of a shareholder's investment will not change, however, the number of Class A shares reflected in the shareholder's account will decline and the net asset value per share will increase proportionately. Investors are advised that the CUSIP number will change to 740910302. No fractional shares will be issued and shareholders are not required to take any action for the consolidation to be effective.

For further information, please contact Investor Relations at 416.681.3966, toll free at 1.800.725.7172 or visit www.mulvihill.com.

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Commissions, trailing commissions, management fees and expenses all may be associated with investment funds. Please read the prospectus before investing. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.