



**PREMIUM INCOME CORPORATION
ANNOUNCES NORMAL COURSE ISSUER BID**

Toronto, Ontario, December 17, 2010 – Premium Income Corporation, which operates as Mulvihill Premium Canadian Bank Fund (the “Fund”), is pleased to announce that today, the Toronto Stock Exchange has accepted its Notice of Intention to make a normal course issuer bid. The Fund will have the right to purchase under the bid up to a maximum of 947,069 Class A Shares and 947,069 Preferred Shares (respectively representing approximately 10% of the Fund’s public float of 9,470,693 Class A Shares and 9,470,693 Preferred Shares, both as of December 7, 2010), together in units (each consisting of one Class A Share and one Preferred Share), commencing December 21, 2010. The Fund may not purchase more than 190,470 of its units (representing approximately 2% of the Fund’s 9,523,493 issued and outstanding Class A Shares and approximately 2% of the Fund’s 9,523,493 issued and outstanding Preferred Shares, both as of December 7, 2010) in any 30-day period under the bid. Purchases made pursuant to the normal course issuer bid will be made in the open market through the facilities of the Toronto Stock Exchange. The normal course issuer bid will remain in effect until the earlier of December 20, 2011, the termination of the bid by the Fund or the Fund purchasing the maximum number of units permitted under the bid. Class A Shares and Preferred Shares purchased by the Fund pursuant to the issuer bid will be cancelled. The Fund has not purchased any Class A Shares or Preferred Shares during the previous year pursuant to any issuer bid.

The directors of the Fund believe that units of the Fund may become available during the proposed purchase period at prices that would make such purchases in the best interests of the Fund.

The Fund’s investment portfolio is managed by its investment manager, Mulvihill Capital Management Inc. The Fund’s Class A Shares and Preferred Shares are listed on the Toronto Stock Exchange under the symbols PIC.A and PIC.PR.A respectively.

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.