



## PREMIUM INCOME CORPORATION FILES PRELIMINARY PROSPECTUS FOR WARRANT OFFERING

Toronto, Ontario, March 16, 2011 – (TSX: PIC.A; PIC.PR.A) – Premium Income Corporation (the “Fund”) is pleased to announce that it has filed a preliminary short form prospectus relating to an offering of warrants (“Warrants”) to holders (“Shareholders”) of its class A shares (“Class A Shares”). Each Shareholder of record on a date to be established prior to filing the final short form prospectus will receive one Warrant for each Class A Share held.

Two Warrants will entitle the holder to acquire one Class A Share and one Preferred Share upon payment of the subscription price. The Record Date and the subscription price will be determined at the time the Fund files its final prospectus for the offering. The Fund has applied to list the Warrants and the Class A Shares and the Preferred Shares issuable upon the exercise thereof on the Toronto Stock Exchange.

The exercise of Warrants by holders will provide the Fund with additional capital that can be used to take advantage of attractive investment opportunities and is also expected to increase the trading liquidity of the Class A Shares and the Preferred Shares and to reduce the management expense ratio of the Fund.

The Fund invests in a portfolio consisting principally of common shares of Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and The Toronto-Dominion Bank (the “Banks”). To generate additional returns above the dividend income earned on the Fund’s portfolio, the Fund may from time to time write covered call options in respect of some or all of the common shares in the Fund’s portfolio. The Fund may also, from time to time, write cash-covered put options in respect of securities in which the Fund is permitted to invest. The manager and investment manager of the Fund is Mulvihill Capital Management Inc.

For further information, please contact Investor Relations at 416.681.3900, toll free at 1.800.725.7172 or visit [www.mulvihill.com](http://www.mulvihill.com).

John Mulvihill, President and CEO  
David Roode, President, Fund Services

### Mulvihill Structured Products

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A member of the Mulvihill Capital Management Inc. Group of Funds

***A preliminary short form prospectus containing important information relating to these securities has been filed with the securities commissions or similar authorities in certain jurisdictions of Canada. The preliminary short form prospectus is still subject to completion or amendment. Copies of the preliminary short form prospectus may be obtained from Mulvihill Capital Management Inc. at the address, telephone numbers, website and e-mail address set forth above. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued.***

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