

# PREMIUM INCOME CORPORATION

## PREMIUM INCOME CORPORATION FILES FINAL PROSPECTUS FOR RIGHTS OFFERING

**Toronto, Ontario, November 5, 2012 – (TSX: PIC.A; PIC.PR.A)** – Premium Income Corporation (the “Fund”) is pleased to announce that it has filed a final short form prospectus relating to an offering of rights (“Rights”) to holders (“Shareholders”) of its class A shares (“Class A Shares”) and preferred shares (“Preferred Shares”). Each Shareholder of record on November 13, 2012 will receive one Right for each Class A Share or Preferred Share held.

Two Rights will entitle the holder to acquire one Class A Share and one Preferred Share upon payment of the subscription price of \$20.88. The Toronto Stock Exchange has conditionally approved the listing of the Rights under the symbol PIC.RT and the Class A Shares and the Preferred Shares issuable upon the exercise thereof. It is expected that the Rights will commence trading on November 9, 2012 and will remain trading until noon (EST) on the expiry date of December 11, 2012.

The Fund invests in a portfolio consisting principally of common shares of Bank of Montreal, 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 Strathbridge Asset Management Inc.

The exercise of Rights by holders will provide the Fund with additional capital that can be used to take advantage of attractive investment opportunities in the Banks 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 Manager believes that current markets offer an excellent opportunity for Shareholders to increase their exposure to the Fund and its portfolio of the Banks. For the 4th consecutive year, Canadian banks were ranked #1 by the Geneva based World Economic Forum in the “Soundness of Banks” category. All 5 banks raised their dividend in the third quarter by 3-7%. Several banks also announced normal course issuer bids to repurchase shares.

Consequently, the Fund believes this is an opportune time to issue Rights to all Shareholders of the Fund to allow Shareholders to acquire additional Shares of the Fund.

For further information, please contact Investor Relations at 416.681.3966, toll free at 1.800.725.7172 or visit [www.strathbridge.com](http://www.strathbridge.com)

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*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.*