

**PREMIUM INCOME CORPORATION – Notice of Switch Ratios
(PIC.PR.A/PIC.A)**
MCM PRO-AMS FUNDS

(Pro-AMS U.S. Trust (PAM.UN); Pro-AMS Trust (PR.UN); Mulvihill Pro-AMS 100 Plus (Cdn\$) Trust (PRC.UN); Mulvihill Pro-AMS 100 Plus (US\$) Trust (PRU.U); and Mulvihill Pro-AMS RSP Split Share Corp. (SPL.A, SPL.B))

Toronto, September 22, 2004: Mulvihill Fund Services Inc., the Manager of Premium Income Corporation and the MCM Pro-AMS Funds, today announced that it has determined the number of Preferred Shares and Class A Shares (the “Shares”) of Premium Income Corporation (“PIC”) to be issued to holders of MCM Pro-AMS Funds retracted pursuant to the special retraction privilege announced on August 16, 2004 (the “Switch Ratio”). The special retraction privilege provided that security holders of MCM Pro-AMS Funds were entitled to retract their MCM Pro-AMS Fund securities for 100% of the net asset value per security as at September 21, 2004 (instead of the usual 96%), provided that the cash proceeds received on the retraction are invested in Shares of PIC.

The Switch Ratios are determined by dividing the September 21, 2004 net asset value per MCM Pro-AMS Fund security minus the September distribution by the per Unit offering price of the Shares of \$26.88.

Fund	September 21 NAV	September Distribution	Switch Ratio
Pro AMS US Trust	21.2523	\$0.04	.78915
Pro AMS Trust	19.8887	\$0.06	.73767
Mulvihill Pro-AMS 100 Plus (Cdn\$) Trust	17.3764	\$0.08	.64347
Mulvihill Pro-AMS 100 Plus (US\$) Trust *	19.5118 (Cdn\$)	\$0.06 (US\$)	.72301
Mulvihill Pro-AMS RSP Split Share Corp	23.4136	\$0.1142	.86679

* US \$1 : \$1.29021 Cdn

The amount of the PIC offering allocated to the Switch Option has been set at approximately \$107 million and the amount of the offering to be allocated to purchasers subscribing for Shares for cash will be approximately \$67 million, for a total of approximately \$174 million. There will be no pro ration of the MCM Pro-AMS Fund securities retracted or the related issuance of Shares. Closing of the offerings is expected to occur on or about September 30, 2004.

PIC, which was formed in 1996, 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. PIC’s investment portfolio is managed by its investment manager, Mulvihill Capital Management Inc. PIC’s Class A Shares and Preferred Shares are listed on the Toronto Stock Exchange under the symbols PIC.A and PIC.PR.A.

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