



Premium Income Corporation

PIC.PR.A
PIC.A

Final Prospectus Filed for Follow-on Treasury Offering

Toronto, September 24, 2004: Premium Income Corporation (“PIC”) announced today that it has filed a final prospectus with the securities regulators in each of the provinces of Canada in connection with a follow-on treasury offering of both its Preferred Shares and Class A Shares (the “Shares”) at a price of \$15.65 per Preferred Share and \$11.23 per Class A Share. PIC is offering a maximum of 6,487,846 Preferred Shares and 6,487,846 Class A Shares for gross proceeds of \$174,393,301. The Shares will be issued and sold by the Company either for cash or in connection with the exercise of a special retraction privilege granted to MCM Pro-AMS Fund security holders. Closing of the offering is scheduled for September 30, 2004.

PIC, which was formed in 1996, 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. 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**.

RBC Capital Markets is lead manager of the syndicate of agents for the offering that includes CIBC World Markets Inc., Scotia Capital Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, Raymond James Ltd. and First Associates Investments Inc.

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