



Press Release 

Mulvihill Premium Canadian Bank

PIC.A
PIC.PR.A

Completes Follow-on Treasury Offering of Preferred Shares and Class A Shares

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

The offering was led by RBC Capital Markets with a syndicate of agents that included CIBC World Markets Inc., Scotia Capital Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Desjardins Securities Inc., Canaccord Capital Corporation, First Associates Investments Inc., HSBC Securities (Canada) Inc. and Raymond James Ltd.

PIC, which was formed in 1996, will invest the net proceeds of the offering 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.

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