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PREMIUM INCOME CORPORATION

PREMIUM INCOME CORPORATION FILES PRELIMINARY PROSPECTUS FOR FOLLOW-ON OFFERING

Toronto, Ontario, October 23, 2014 – (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 a treasury offering of preferred shares and class A shares. Investors may purchase preferred shares or class A shares by way of cash payment or through an exchange of freely tradable shares of the five banks included in the portfolio and of shares of the National Bank of Canada. For any purchase by way of exchange in excess of \$1 million purchasers may elect to defer any accrued gains through a tax-deferred rollover.

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 will selectively 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 preferred shares pay fixed cumulative preferential quarterly cash distributions in the amount of \$0.215625 (\$0.8625 per annum) per preferred share representing a yield of 5.75% on the original issue price of \$15.00. The class A shares currently pay quarterly distributions in the amount \$0.20319 (\$0.81276 per annum) per class A share.

The syndicate of agents for the offering is being led by Scotiabank and RBC Capital Markets and includes BMO Capital Markets, CIBC, National Bank Financial Inc., TD Securities Inc., Raymond James Ltd., Canaccord Genuity Corp., Desjardins Securities Inc., Dundee Securities Ltd. and Mackie Research Capital Corporation.

For further information, please contact Investor Relations at 416.681.3966, toll free at 1.800.725.7172, email at info@strathbridge.com or visit 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.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or any applicable exemption from the registration requirements. This news release does not constitute an offer to sell or the solicitation of an offer to buy securities nor will there be any sale of such securities in any state in which such offer, solicitation or sale would be unlawful.