

# Press Release:



TSX SYMBOLS: PDV, PDV.PR.A

## PRIME DIVIDEND CORP.

### Proposed dividend tax reduction to benefit shareholders

**TORONTO, ONTARIO – November 16, 2005** / CCN Matthews: The Federal government's November 23rd proposal to reduce federal taxes on ordinary dividend income received from Canadian corporations will be very beneficial to shareholders of Prime Dividend Corp.

Prime Dividend Corp. is a mutual fund corporation that pays ordinary dividends and capital gains dividends (which also enjoy very favourable after tax treatment). If the proposal is enacted, both Preferred shareholders and Class A shareholders will benefit through the enhanced after tax return they'll receive on dividend payments made in 2006. The top marginal personal tax rate on dividends is expected to decrease by approximately 35% from 31.3% to 20.3% (in Ontario), if fully implemented at both the federal and provincial level. Preferred shareholders are expected to receive their distributions in the form of ordinary dividend income and the Class A shareholders to receive a mix of ordinary dividend income and capital gains dividends.

In addition, Prime Dividend Corp. investments include some of the highest paying dividend corporations in Canada as outlined below. The proposal will make dividends received from these Canadian corporations much more attractive on an after tax basis and encourage these corporations to raise their dividend payments to shareholders.

The fund's investment objectives are:

#### Floating Rate Preferred Shares:

- (i) to provide holders of Preferred shares with cumulative preferential monthly cash dividends initially at a rate of 5.50% per annum. The dividend will float at the prime rate in Canada plus 0.75%; and
- (ii) on or about December 1, 2012 (termination date), to pay holders of the Preferred Shares the original issue price of those shares.

#### Floating Rate Class A Shares:

- (i) to provide holders of Class A shares regular monthly cash distributions initially targeted to be 6.75% per annum. The dividend will float at the prime rate in Canada plus 2.00%; and
- (ii) on or about December 1, 2012 (termination date) to pay the holders of Class A at least the original issue price of those shares.

Prime Dividend invests in a portfolio of high yielding Canadian Companies as follows:

**Banks**  
Bank of Montreal  
The Bank of Nova Scotia  
CIBC  
National Bank of Canada  
Royal Bank of Canada  
Toronto-Dominion Bank

**Investment Management**  
AGF Management Ltd.  
CI Financial Inc.  
IGM Financial Inc.

**Life Insurance**  
Great-West Lifeco Inc.  
Manulife Financial Corp.  
Sun Life Financial Inc.

**Utilities & Other**  
BCE Inc.  
TransAlta Corp  
TransCanada Corp  
Power Financial Corp.  
TSX Group Inc.

*Shares held within the Portfolio will generally represent no less than 4% and no more than 8% of the net asset value.*

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**For further information, please contact Investor Relations:**

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