

Monthly Update

Prime Dividend Corp is an Investment Corporation designed to pay monthly cash dividends. The Corporation invests in a diversified portfolio consisting of dividend yielding Canadian companies. Two types of shares are available, a Class A and a Preferred.

Distributions (by record date)

	PDV	PDV.PR.A	Total
Total to Date	\$4.6691	\$2.9727	\$7.6418
2010 YTD	\$0.7500	\$0.5000	\$1.2500
2009	\$0.5000	\$0.5000	\$1.0000
2008	\$0.9535	\$0.5648	\$1.5183
2007	\$1.2156	\$0.6854	\$1.9010
2006	\$1.1625	\$0.6500	\$1.8125
2005	\$0.0875	\$0.07247	\$0.15997

**Initial distribution for the period Nov 16/05 to Dec 31/05.*

Commentary

The North American financial markets ended the year on a strong note. The extension of the Bush tax cuts for all individuals in the United States for at least another two years combined with improving economic data seemed to provide the fuel for the strong rally in the month of December. The US housing market and unemployment market continue to exert a large drag on the US economy. Other measures of economic activity including manufacturing activity and retail sales seemed to suggest that the economy continues to improve, albeit at a fairly modest pace. Continued commitment by the US Federal reserve to its quantitative easing program seems to be providing additional upward bias to all commodity and stock markets. The question of whether this economic growth can become sustainable without the continued record levels of fiscal and monetary stimulus remains to be answered in the coming months and years.

The valuations of the companies in the portfolio generally remain at very reasonable levels when measured by price to earnings ratios and current dividend yields and this should continue to act as a major support at these current market prices. Many Canadian companies held in the portfolios are expected to raise their dividends over the next 6 months. The dividend income continues to be supplemented by income generated by the covered call writing program.

	One Month to Dec 31, 2010	Year to Date Dec 31, 2010
TSX	3.79%	14.45%
S&P 500	6.53%	12.78%
DJII	5.19%	11.02%
NASDAQ	6.19%	16.91%

Details

Gross Proceeds:	\$60,000,000
Units Issued:	2,400,000
Inception Date:	November 16, 2005
Termination Date:	December 1, 2012
Net Asset Value	\$18.44
Cash Weighting:	7%
Canadian Equity Weighting:	93%
PDV.PR.A Trading Price:	\$10.43
Current Yield*:	4.8%
Asset Coverage:	184%
Market Capitalization:	\$17,953,055
PDV Trading Price:	\$7.50
Current Yield*:	10.0%
Market Capitalization:	\$12,909,675

**Last distribution annualized.*

Top Holdings (sorted by weight)

AGF Management Ltd.
 TMX Group Inc.
 TransCanada Corp.
 IGM Financial Inc.
 Power Financial Corp.
 TransAlta Corporation
 Toronto-Dominion Bank
 Canadian Imperial Bank of Commerce
 BCE Inc.
 CI Financial Corp.
 Royal Bank of Canada
 Bank of Montreal
 National Bank of Canada
 Manulife Financial Corporation
 Bank of Nova Scotia
 Sun Life Financial Inc.
 Great-West Lifeco Inc.

Weightings subject to change at any time.