

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 | \$4.0441 | \$2.5561 | \$6.6002 |
| 2010 YTD | \$0.1250 | \$0.0833 | \$0.2083 |
| 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 market is fragile right now thus any economic number or political discussion tends to send the market in a direction. January started off with a rather lackluster beginning, but things have turned back around in February edging out some positive monthly returns. Economic conditions are continuing to improve, double digit unemployment in the U.S. is likely to keep fiscal and monetary stimulus in place for some time to come. The low levels of interest rates around the world are proving to provide significant fuel to propel the prices of financial assets and some commodities. As Canadian and U.S. government fixed income yields continue to remain at very low absolute and relative rates, this should continue to be very supportive to the strong dividend paying companies.

Overall confidence in the U.S. financial system continues to improve as some of the larger U.S. Banks continue to repay government funds and raise private capital. However, credit expansion through lending is still very sluggish and this will likely have the effect of dampening the recovery as many small businesses in particular have not been able to access capital. Concerns over commercial real estate and a still weak U.S. housing market continue to weigh on the prospect of a more robust recovery. A surprisingly strong housing market has continued to provide support to the Canadian economy.

Attractive dividend yields, low historic valuations and significant option premiums available in the marketplace continue to bode well for the portfolio. The Manager continues to actively manage the relative weightings of the companies held within the portfolio.

| | One Month to Feb 26, 2010 | Year to Date Feb 26, 2010 |
|---------|------------------------------|------------------------------|
| TSX | 4.83% | -0.99% |
| S&P 500 | 2.85% | -0.95% |
| DJII | 2.56% | -0.99% |
| NASDAQ | 4.23% | -1.36% |

Details

| | |
|-------------------|---------------------|
| Gross Proceeds: | \$60,000,000 |
| Units Issued: | 2,400,000 |
| Inception Date: | Nov 16, 2005 |
| Termination Date: | Dec 1, 2012 |
| Net Asset Value: | \$17.83 (Feb 26/10) |

| | |
|----------------------------|-----|
| Cash Weighting: | 9% |
| Canadian Equity Weighting: | 91% |

| | |
|--------------------------------|---------------------|
| PDV.PR.A Trading Price: | \$10.59 (Feb 26/10) |
| Current Yield: | 4.7% annually* |
| Asset Coverage: | 178% |
| Market Capitalization: | \$18,85,737 |

| | |
|---------------------------|--------------------|
| PDV Trading Price: | \$7.21 (Feb 26/10) |
| Current Yield: | 10.4% annually* |
| Market Capitalization: | \$12,817,145 |

**Last distribution annualized.*

Top Holdings (sorted by weight)

| | |
|------------------------------------|-----|
| AGF Management | AGF |
| TransCanada Corporation | TRP |
| IGM Financial | IGM |
| TransAlta Corporation | TA |
| Power Financial | PWF |
| Canadian Imperial Bank of Commerce | CM |
| TMX Group Inc. | X |
| Royal Bank of Canada | RY |
| CI Financial Income Fund | CIX |
| Bell Canada Inc. | BCE |
| National Bank of Canada | NA |
| Toronto-Dominion Bank | TD |
| Sun Life Financial | SLF |
| Bank of Montreal | BMO |
| Manulife Financial | MFC |
| Bank of Nova Scotia | BNS |
| Great-West Lifeco | GWO |

Weightings subject to change at any time.