

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	\$3.9816	\$2.5144	\$6.4960
2010 YTD	\$0.0625	\$0.0417	\$0.1042
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

January started off with a rather lackluster beginning, unable to continue the broad market indices rally from December 2009. Although 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 Jan 29, 2010	Year to Date Jan 29, 2010
TSX	-5.55%	-5.55%
S&P 500	-3.70%	-3.70%
DJII	-3.46%	-3.46%
NASDAQ	-5.37%	-5.37%

Details

Gross Proceeds:	\$60,000,000
Units Issued:	2,400,000
Inception Date:	Nov 16, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$17.52 (Jan 29/10)

Cash Weighting:	8%
Canadian Equity Weighting:	92%

PDV.PR.A Trading Price:	\$10.21 (Jan 29/10)
Current Yield:	4.9% annually*
Asset Coverage:	175%
Market Capitalization:	\$18,150,215

PDV Trading Price:	\$6.95 (Jan 29/10)
Current Yield:	10.8% annually*
Market Capitalization:	\$12,354,945

**Last distribution annualized.*

Top Holdings (sorted by weight)

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

Weightings subject to change at any time.