

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	\$4.3566	\$2.7644	\$7.1210
2010 YTD	\$0.4375	\$0.2917	\$0.7292
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

North American financial markets experienced solid gains during July spurred on by generally stronger than expected Q2 earnings, an easing of the European sovereign debt crisis and progress in the containment of the Gulf oil spill. In particular, the results of the European bank stress tests which were released in June were generally received favorably and helped reverse the decline in the Euro which improved stability in world financial markets.

Despite these positive developments, the economy and stock markets seem to have reached a critical juncture as market participants are increasingly questioning the durability and robustness of the recovery as many of the government sponsored stimulus measures come to an end. High unemployment, continued housing weakness and ballooning deficits in the U.S continue to act as a significant headwind for a more robust economic recovery. The Canadian economy is clearly doing better than most other developed countries but will be adversely impacted if worldwide growth slows due to its dependence on resource exports.

Over the coming months, market participants will continue to carefully scrutinize every piece of economic data in order to try and ascertain the shape and durability of this economic recovery. As mentioned in previous commentaries, sustained economic growth will require a greater transition from government led growth to private economic growth.

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 act as a major support at these current market prices.

	One Month to July 31, 2010	Year to Date July 31, 2010
TSX	3.71%	-0.28%
S&P 500	6.88%	-1.21%
DJII	7.08%	0.36%
NASDAQ	6.90%	-0.64%

Details

Gross Proceeds:	\$60,000,000
Units Issued:	2,400,000
Inception Date:	Nov 16, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$17.15 (July 30/10)

Cash Weighting:	6%
Canadian Equity Weighting:	94%

PDV.PR.A Trading Price:	\$10.16 (July 30/10)
Current Yield:	4.9% annually*
Asset Coverage:	172%
Market Capitalization:	\$17,488,306

PDV Trading Price:	\$7.02 (July 30/10)
Current Yield:	10.7% annually*
Market Capitalization:	\$12,083,456

**Last distribution annualized.*

Top Holdings (sorted by weight)

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

Weightings subject to change at any time.