



UPDATE

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

Objectives

Preferred Shares (TSX: PDV.PR.A):

(i) to provide holders of the Preferred Shares with cumulative preferential monthly cash dividends at a rate per annum equal to the Prime Rate in Canada plus 0.75% (minimum 5%, maximum 7%) based on original issue price of \$10.00 per share (ii) on or about December 1, 2012 (termination date), to pay the holders of the Preferred Shares the original issue price of those shares.

Class A Shares (TSX: PDV):

(i) to provide holders of the Class A Shares with regular floating rate monthly cash distributions targeted to be at a rate per annum equal to the Prime Rate in Canada plus 2.0% (minimum 5%, maximum 10%) based on original issue price of \$15.00 per share (ii) on or about December 1, 2012 (termination date), to pay the holders of Class A Shares at least the original issue price of those shares.

The current Prime Rate in Canada is 6.0%.

Distributions (by record date)

	PDV	PDV.PR.A	Total
Total to Date	\$1.8500	\$1.0600	\$2.9100
2007 YTD	\$0.6000	\$0.3375	\$0.9375
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

Toronto Dominion Bank (TSX: TD) increased its quarterly dividend of \$0.48 to \$0.53 a share, a 10% increase (Feb 07). Great-West Lifeco (TSX: GWO) increased its quarterly dividend of \$0.24 to \$0.255 a share, a 6% increase (Feb 07).

CIBC (TSX: CM) increased its quarterly common share dividend from \$0.70 to \$0.77 a share, a 10% increase (Mar 07). Bank of Montreal (TSX: BMO) increased its quarterly dividend from \$0.65 to \$0.68 a share, a 4.6% increase (Mar 07). Royal Bank (RY on TSX & NYSE) increased its quarterly common share dividend from \$0.40 to \$0.46 a share, a 15% increase (Mar 07).

Manulife Financial (TSX: MFC) increased its quarterly common share dividend from \$0.20 to \$0.22 a share, a 10% increase (May 07).

TD, GWO, CM, BMO, RY and MFC are holdings of Prime Dividend.

The Prime Dividend portfolio has a current dividend yield of approx. 3.2%.

Details

Gross Proceeds:	\$60,000,000
Units Issued:	2,400,000
Inception Date:	Nov 16, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$25.77 (Jun 29/07)
Cash Weighting:	1%
Canadian Equity Weighting:	99%
PDV.PR.A Issue Price:	\$10.00
Trading Price:	\$11.04 (Jun 29/07)
Current Yield:	6.1% annually
PDV Issue Price:	\$15.00
Trading Price:	\$13.97 (Jun 29/07)
Current Yield:	8.6% annually

Holdings Sorted By Weight Symbol

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

Weightings subject to change at any time.