

Monthly 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 (\$10) 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 (\$15) of those shares.

The current Prime Rate in Canada is **5.25%**.

Distributions (by record date)

	PDV	PDV.PR.A	Total
Total to Date	\$2.7531	\$1.5683	\$4.3214
2008 YTD	\$0.2875	\$0.1604	\$0.4479
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

Overall financial markets during the last two quarters were adversely impacted by deteriorating credit conditions originating from the US sub-prime lending market. At March 31, 2008, the Company's portfolio remained primarily invested in the 17 core high yielding Canadian stocks. The dividend income in the portfolio continues to be supplemented by a limited covered call writing program which provides some additional income to the portfolio.

Sun Life Financial (TSX: SLF) increased its quarterly dividend to \$0.36 per share, a 5% increase from last quarter for a total increase of 12.5% over the past year (Feb 08). Great-West Lifeco (TSX: GWO) increased its quarterly dividend to \$0.2925 per share, a 6.4% increase from last quarter for a total increase of 14% over the past year (Feb 08). TD Bank (TSX: TD) increased its quarterly dividend to \$0.59 per share, a 3.5% increase from last quarter (Feb 08). AGF Management (TSX: AGF) declared its quarterly dividend to \$0.25 a share, a 25% increase (Mar 08). SLF, GWO, TD and AGF are holdings of Prime Dividend.

The Bank of Canada lowered its benchmark rate by 50 basis points which triggered a decrease in the Prime Rate in Canada to 5.25%. The move was taken due to a sagging economy, a more expensive Canadian dollar and a decline in exports. This move directly impacts the rate of distributions on the shares, as they are floating based on current Prime Rate.

The Prime Dividend portfolio has a current dividend yield of approx. 4.0%.

Details

Gross Proceeds:	\$60,000,000
Units Issued:	2,400,000
Inception Date:	Nov 16, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$21.24 (Mar 31/08)

Cash Weighting:	1%
Canadian Equity Weighting:	99%

PDV.PR.A Trading Price:	\$10.27 (Mar 31/08)
Current Yield:	5.8% annually
Asset Coverage:	212%
Market Capitalization:	\$23,945,013

PDV Trading Price:	\$10.12 (Mar 31/08)
Current Yield:	10.7% annually
Market Capitalization:	\$23,497,628

Top Holdings (sorted by weight)

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

Weightings subject to change at any time.