



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	\$1.7500	\$1.0037	\$2.7537
2007 YTD	\$0.5000	\$0.2813	\$0.7813
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. 3.1%.

Details

Gross Proceeds:	\$60,000,000
Units Issued:	2,400,000
Inception Date:	Nov 16, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$26.64 (May 31/07)
Cash Weighting:	2%
Canadian Equity Weighting:	98%
PDV.PR.A Issue Price	\$10.00
Trading Price:	\$11.11 (May 31/07)
Current Yield:	6.1% annually
PDV Issue Price:	\$15.00
Trading Price:	\$13.85 (May 31/07)
Current Yield:	8.7% annually

Holdings Sorted By Weight Symbol

Canadian Imperial Bank of Commerce	CM
AGF Management	AGF
TransAlta Corporation	TA
Toronto-Dominion Bank	TD
TSX Group Inc.	X
BCE	BCE
TransCanada Corporation	TRP
Bank of Montreal	BMO
National Bank of Canada	NA
IGM Financial	IGM
Manulife Financial	MLF
Power Financial	PWF
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.