

PREMIUM INCOME CORPORATION

PREMIUM INCOME CORPORATION FILES PRELIMINARY PROSPECTUS FOR RIGHTS OFFERING

Toronto, Ontario, October 19, 2012 – (TSX: PIC.A; PIC.PR.A) – Premium Income Corporation (the “Fund”) is pleased to announce that it has filed a preliminary short form prospectus relating to an offering of rights (“Rights”) to holders (“Shareholders”) of its class A shares (“Class A Shares”) and preferred shares (“Preferred Shares”). Each Shareholder of record on a date to be established prior to filing the final short form prospectus will receive one Right for each Class A or Preferred Share held.

Two Rights will entitle the holder to acquire one Class A Share and one Preferred Share upon payment of the subscription price. The record date and the subscription price will be determined at the time the Fund files its final prospectus for the offering.

The exercise of Rights by holders will provide the Fund with additional capital that can be used to take advantage of attractive investment opportunities and is also expected to increase the trading liquidity of the Class A Shares and the Preferred Shares as well as reduce the management expense ratio of the Fund.

The Fund invests in a portfolio consisting principally of common shares of Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and The Toronto-Dominion Bank (the “Banks”). To generate additional returns above the dividend income earned on the Fund’s portfolio, the Fund may from time to time write covered call options in respect of some or all of the common shares in the Fund’s portfolio. The Fund may also, from time to time, write cash-covered put options in respect of securities in which the Fund is permitted to invest. The manager and investment manager of the Fund is Strathbridge Asset Management Inc.

For further information, please contact Investor Relations at 416.681.3966, toll free at 1.800.725.7172 or visit www.strathbridge.com.

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