

PFD AND PFO REPORT 2003 TAX INFORMATION

Business Editors

Pasadena, Calif. – January 14, 2004 – (NYSE: PFD, PFO)
Flaherty & Crumrine Preferred Income Fund Incorporated (PFD) reported the tax breakdown of its 2003 distributions to Common Shareholders. For tax purposes, the distributions from net investment income totaled \$1.1415, of which 79.82% represents qualified dividend income (QDI) to individual investors. No portion of the distributions was long-term capital gain.

Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated (PFO) reported the tax breakdown of its 2003 distributions to Common Shareholders. For tax purposes, the distributions from net investment income totaled \$0.9085, of which 84.39% represents qualified dividend income (QDI) to individual investors. No portion of the distributions was long-term capital gain.

SHAREHOLDER, PRESS AND ANALYST INQUIRIES:

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