



PFD & PFO ANNOUNCE SPECIAL MEETING OF SHAREHOLDERS

PASADENA, CALIFORNIA – March 24, 2008

Flaherty & Crumrine Preferred Income Fund Incorporated (**NYSE: PFD**) and Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated (**NYSE:PFO**) have each scheduled a Special Meeting of Common and Preferred Stock Shareholders for May 21, 2008. The Board of Directors of each Fund has fixed March 31, 2008 as the record date for the determination of which shareholders of the Funds are entitled to notice of and to vote at those Special Meetings.

The purpose of the meetings is to consider changes to each Fund's investment policies and advisory agreement that would grant the Fund greater flexibility in responding to the turbulence in the auction market that sets the rates paid on each Fund's outstanding Preferred Stock. Primarily, these changes would give each Fund the option of using borrowing or other debt financing as a means of leverage.

The Funds expect to mail a Joint Proxy Statement for the Special Meeting in April. This Joint Proxy Statement will contain additional information about the proposals and the Boards' recommendations for their approval.

About PFD and PFO: PFD was organized in 1991 and PFO was organized in 1992 as closed-end, diversified investment companies which invest primarily in preferred securities. Each fund's investment objective for holders of its common stock is high current income consistent with preservation of capital. PFD and PFO are managed by Flaherty & Crumrine Incorporated, an independent investment adviser which was founded in 1983 to specialize in the management of portfolios of preferred and related securities. Flaherty & Crumrine also manages two other U.S. closed-end funds: Flaherty & Crumrine/Claymore Preferred Securities Income Fund (NYSE: FFC); and Flaherty & Crumrine/Claymore Total Return Fund (NYSE: FLC).

PRESS, ANALYST & SHAREHOLDER INQUIRIES:

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