



PFD AND PFO ANNOUNCE REGULAR MONTHLY DIVIDENDS AND SPECIAL YEAR-END DIVIDENDS

PASADENA, CALIFORNIA – December 11, 2013

The Boards of Directors of Flaherty & Crumrine Preferred Income Fund Incorporated (**NYSE: PFD**) and Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated (**NYSE: PFO**) today declared regular monthly dividends and special year-end dividends to be paid in December.

The regular monthly dividend rate for PFD will continue to be \$0.09 per share, which equates to an annual dividend of \$1.08 per share. In addition, shareholders will receive a special year-end dividend from net investment income of \$0.08 per share.

The regular monthly dividend rate for PFO will continue to be \$0.073 per share, which equates to an annual dividend of \$0.876 per share. In addition, shareholders will receive a special year-end dividend from net investment income of \$0.073 per share.

The December monthly dividend and the special year-end dividend will be paid on December 31, 2013 to holders of record of each fund's common stock on December 23, 2013. The expected ex-dividend date is December 19, 2013. The tax breakdown of all 2013 distributions will be available early next year, but at this point the funds anticipate that all dividends paid in 2013, including the special year-end dividend, will be taxable as income and not capital gains.

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Past performance is not indicative of future performance. To the extent any portion of the distribution is estimated to be sourced from something other than income, such as return of capital, the source would be disclosed on a Section 19(a)-1 letter located under the "SEC Filings and News" section of the funds' website, www.preferredincome.com. A distribution rate that is largely comprised of sources other than income may not be reflective of a fund's performance.

PFD was organized in 1991 and PFO was organized in 1992 as closed-end funds 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 three other U.S. closed-end funds: Flaherty & Crumrine Preferred Securities Income Fund (NYSE: FFC); Flaherty & Crumrine Total Return Fund (NYSE: FLC); and Flaherty & Crumrine Dynamic Preferred and Income Fund (NYSE: DFP).