



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

PASADENA, CALIFORNIA – December 12, 2011

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 the regular monthly dividend and a special year-end dividend to be paid in December.

The regular monthly dividend rate for PFD will continue to be \$0.093 per share, which equates to an annual dividend of \$1.116 per share. In addition, shareholders will receive a special year-end dividend from net investment income of \$0.047 per share.

The regular monthly dividend rate for PFO will continue to be \$0.0755 per share, which equates to an annual dividend of \$0.906 per share. In addition, shareholders will receive a special year-end dividend from net investment income of \$0.045 per share.

The December monthly dividend and the special year-end dividend will be paid on December 30, 2011 to holders of record of each fund's common stock on December 22, 2011. The expected ex-dividend date is December 20, 2011. The tax breakdown of all 2011 distributions will be available early next year, but at this point the funds anticipate that all dividends paid in 2011, including the special year-end dividend, will be taxable as income and not capital gains.

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:

Flaherty & Crumrine Incorporated
Donald F. Crumrine
626-795-7300
Pasadena, California
crumrine@pfdincome.com
Website: www.preferredincome.com