



PFD AND PFO DECLARE REGULAR MONTHLY DIVIDEND RATE AND PFO ANNOUNCES A SPECIAL YEAR-END DISTRIBUTION

PASADENA, CALIFORNIA – December 12, 2016

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. In addition, PFO declared a special year-end dividend to be paid in December.

The regular monthly dividend rate for PFD will be \$0.088 per share, which equates to an annual dividend of \$1.056 per share. This new monthly dividend represents a decrease of approximately 2.2% from the prior monthly dividend.

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 \$0.017 per share.

R. Eric Chadwick, Chairman of the Board of each Fund, said “The combination of increases in short-term interest rates and modestly lower top-line income on the portfolio has led us to reduce the dividend rate for PFD. While each Fund’s common stock dividend continues to be enhanced by leverage, the market’s anticipation of Federal Reserve rate increases has caused leverage expense to increase from 1.1% on December 1, 2015 to 1.8% on December 1, 2016. Consequently, we have reduced PFD’s dividend to better reflect income available for distribution to common stock shareholders.”

The December monthly dividend and the special year-end dividend will be paid on December 30, 2016 to holders of record of each fund’s common stock on December 22, 2016. The expected ex-dividend date is December 20, 2016. The tax breakdown of all 2016 distributions will be available early next year, but at this point the funds anticipate that all dividends paid in 2016, including the special year-end dividend for PFO, 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).