



## **PFD AND PFO ANNOUNCE INCREASED MONTHLY DIVIDENDS**

PASADENA, CALIFORNIA – December 14, 2009

The Boards of Directors of Flaherty & Crumrine Preferred Income Fund Incorporated (**NYSE: PFD**) and Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated (**NYSE: PFO**) have approved new dividend amounts on their common stock as detailed below.

The new monthly dividend rate for PFD will be \$0.072 per share, which equates to an annual dividend of \$0.864 per share. This new monthly dividend represents an increase of approximately 14.3% over the prior monthly dividend.

The new monthly dividend rate for PFO will be \$0.0575 per share, which equates to an annual dividend of \$0.690 per share. This new monthly dividend represents an increase of approximately 15% over the prior monthly dividend.

These dividend rates will be effective with the dividends to be paid on December 31, 2009 to holders of record of each fund's common stock on December 23, 2009. The expected ex-dividend date is December 21, 2009.

Donald F. Crumrine, Chairman of the Boards of the funds, said "We are pleased that both funds continue to deliver high current income to their common stock shareholders. The preferred market has seen an extraordinary rebound since its historic lows in early March, and both funds have seen a significant improvement in their net asset values. In addition, earlier this year both funds refinanced their source of leverage with lower cost and more flexible debt. The flexibility of this new source of leverage allowed each fund to increase its borrowings in September and October as the value of its portfolio improved."

*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).*

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