



PFD AND PFO ANNOUNCE INCREASED MONTHLY DIVIDENDS

PASADENA, CALIFORNIA – April 22, 2010

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 \$0.0825 per share, which equates to an annual dividend of \$0.99 per share. This new monthly dividend represents an increase of approximately 14.6% over the prior monthly dividend.

The new monthly dividend rate for PFO will be \$0.0660 per share, which equates to an annual dividend of \$0.792 per share. This new monthly dividend represents an increase of approximately 14.8% over the prior monthly dividend.

These dividend rates will be effective with the dividends to be paid on May 31, 2010. Record and expected ex-dividend dates will be announced early next month.

Donald F. Crumrine, Chairman of the Boards of the funds, said “As we discussed in greater detail in each fund’s recent annual report, the preferred market has seen an extraordinary rebound since its historic lows in early March 2009, and both funds have seen significant improvement in their net asset values. As a result, each fund increased its leverage borrowings in February, March and April. This borrowing has enabled each fund to generate additional income to distribute to shareholders. Further, the funds’ cost of borrowing is tied to short-term interest rates, which are currently at historically low levels. Overall, we are pleased that leverage has continued to help each fund in delivering on its primary investment objective of high current income.”

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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