



**PFD AND PFO ANNOUNCE INCREASED REGULAR MONTHLY DIVIDENDS**  
PASADENA, CALIFORNIA – July 19, 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 approved new regular monthly dividend amounts to be paid in August.

The new regular monthly dividend rate for PFD will be \$0.093 per share, which equates to an annual dividend of \$1.116 per share. This new monthly dividend represents an increase of approximately 3.3% over the prior monthly dividend.

The new regular monthly dividend rate for PFO will be \$0.0755 per share, which equates to an annual dividend of \$0.906 per share. This new monthly dividend represents an increase of approximately 2.7% over the prior monthly dividend.

The August monthly dividend will be paid on August 31, 2011. Record and expected ex-dividend dates will be announced early next month.

Donald F. Crumrine, Chairman of the Boards of the funds, said “We are very pleased that both funds continue to deliver on their objectives of high current income. The continued recovery of the funds’ net asset values allowed them to increase their borrowings throughout the first half of the fiscal year. Earnings from that additional borrowing, together with very low borrowing costs, allows the funds to earn additional income that can be distributed to shareholders.”

*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](http://www.preferredincome.com)