



PFD AND PFO ANNOUNCE INCREASED MONTHLY DIVIDENDS

PASADENA, CALIFORNIA – July 20, 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 \$0.089 per share, which equates to an annual dividend of \$1.068 per share. This new monthly dividend represents an increase of approximately 7.9% over the prior monthly dividend.

The new monthly dividend rate for PFO will be \$0.0725 per share, which equates to an annual dividend of \$0.87 per share. This new monthly dividend represents an increase of approximately 9.8% over the prior monthly dividend.

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

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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