



PFD AND PFO ANNOUNCE NEW REGULAR MONTHLY DIVIDEND RATE

PASADENA, CALIFORNIA – July 20, 2017

The Boards of Directors of Flaherty & Crumrine Preferred Income Fund Incorporated (**NYSE: PFD**) and Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated (**NYSE: PFO**) today announced new regular monthly dividends beginning in August 2017.

The regular monthly dividend rate for PFD will be \$0.082 per share, which equates to an annual dividend of \$0.984 per share. This new monthly dividend represents a decrease of approximately 6.8% from the prior monthly dividend.

The regular monthly dividend rate for PFO will be \$0.069 per share, which equates to an annual dividend of \$0.828 per share. This new monthly dividend represents a decrease of approximately 5.5% from the prior monthly dividend.

R. Eric Chadwick, Chairman of the Board of each Fund, said “The combination of increases in short-term interest rates and lower portfolio income has led us to reduce dividend rates. Each Fund’s common stock dividend continues to be enhanced by leverage, but leverage expense has risen steadily with Fed rate hikes to a rate of 2.2% today. At the same time, preferred-security yields have moved significantly lower as global interest rates have remained low and credit spreads have narrowed. Total returns on net asset values have been excellent in recent years, but a consequence of strong price performance is lower reinvestment yields for preferred securities. Accordingly, we have reduced dividends to better reflect the net income available for distribution to common stock shareholders.”

The August monthly dividend will be paid on August 31, 2017 to holders of record of each fund’s common stock on August 24, 2017. The expected ex-dividend date is August 22, 2017. The tax breakdown of all 2017 distributions will be available early next year, but at this point the funds anticipate that all dividends paid in 2017 will consist of income earned by the fund and not contain capital gains or returns of capital.

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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).