



## **PFD & PFO DECLARE MONTHLY DIVIDEND RATES**

PASADENA, CALIFORNIA – December 10, 2007

The Boards of Directors of Flaherty & Crumrine Preferred Income Fund Incorporated (**NYSE: PFD**) and Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated (**NYSE:PFO**) today declared the regular monthly dividend rates as detailed below.

The regular monthly dividend rate for PFD remains unchanged at \$0.086 per share. The regular monthly dividend rate for PFO remains unchanged at \$0.068 per share.

The payment date for these dividends will be December 31, 2007 to holders of record of each Fund's Common Stock on December 21, 2007. The expected ex-dividend date is December 19, 2007.

The tax character of the 2007 distributions to shareholders will be available shortly after calendar year-end. We anticipate that the regular monthly dividends will be taxable as ordinary income, although this conclusion is preliminary and may be subject to change.

*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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