

Business Editors:

PFD AND PFO RAISE MONTHLY DIVIDEND RATES; DECLARE EXTRA YEAR-END DIVIDENDS

PASADENA, CALIFORNIA – December 15, 2003

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

The regular monthly dividend rate for PFD was raised 3.8% to \$0.095 per share. An additional year-end dividend of \$0.04 was also declared.

The regular monthly dividend rate for PFO was raised 3.4% to \$0.0755 per share. An additional year-end dividend of \$0.03 was also declared.

The payment dates for all dividends will be December 31, 2003 to holders of record of each Fund's Common Stock on December 24, 2003. The expected ex-dividend date is December 22, 2003. Both regular and extra year-end dividends are payable out of net investment income.

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