

Business Editors:

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

PASADENA, CALIFORNIA – December 13, 2004

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 and declared extra year-end dividends as detailed below.

The regular monthly dividend rate for PFD remains unchanged at \$0.095 per share. An extra year-end dividend of \$0.065 was also declared.

The regular monthly dividend rate for PFO remains unchanged at \$0.0755 per share. An extra year-end dividend of \$0.045 was also declared.

The payment dates for these dividends will be December 31, 2004 to holders of record of each Fund's Common Stock on December 23, 2004. The expected ex-dividend date is December 21, 2004.

The tax breakdown of the 2004 distributions to shareholders will be available shortly after calendar year-end. We anticipate that the regular monthly dividends and extra year-end dividends will be taxable as ordinary income, although this conclusion is preliminary and may be subject to change.

**SHAREHOLDER, PRESS AND ANALYST INQUIRIES:**

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