

PFD & PFO DECLARE MONTHLY DIVIDEND RATE

PASADENA, CALIFORNIA – December 12, 2005

The Board 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 \$0.0905 per share. The regular monthly dividend rate for PFO remains unchanged at \$0.0705 per share.

The payment date for these dividends will be December 30, 2005 to holders of record of each Fund's Common Stock on December 22, 2005. The expected ex-dividend date is December 20, 2005.

The tax breakdown of the 2005 distribution 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.

PRESS, ANALYST, SHARHOLDER INQUIRIES:

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