



**PFO ANNOUNCES PARTIAL REDEMPTION OF PREFERRED SHARES**  
PASADENA, CALIFORNIA – February 23, 2009

The Board of Directors of Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated (NYSE: PFO) has announced that the Fund will redeem approximately 26% of its outstanding auction preferred stock (“APS”) at a redemption price equal to the liquidation preference of \$100,000 per share, plus the amount of accumulated but unpaid dividends, for consideration of approximately \$13 million.

Subject to satisfying the notice and other requirements that apply to APS redemptions, 130 shares of the Fund’s APS are expected to be redeemed on March 10, 2009. The Fund will use currently available cash to fund this redemption.

Depository Trust Company (DTC), the holder of record, determines how a partial series redemption will be allocated among each participant broker-dealer account. Each participant broker-dealer, as nominee for underlying beneficial owners (street name shareholders), in turn determines how redeemed shares are allocated among its underlying beneficial owners. The procedures used by different broker-dealers to allocate redeemed shares among beneficial owners may differ from each other as well as from the procedures used by DTC.

The CUSIP for the Fund’s APS is 33848E205.

*PFO was organized in 1992 as a closed-end, diversified investment company which invests primarily in preferred securities. The Fund’s investment objective for holders of its common stock is high current income consistent with preservation of capital. PFO is 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.*

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