Flaherty & Crumrine PREFERRED INCOME OPPORTUNITY FUND INC
Form N-CSRS
July 29, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

Investment Company Act file number 811-06495

Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated

(Exact name of registrant as specified in charter)

301 E. Colorado Boulevard, Suite 720

Pasadena, CA 91101

(Address of principal executive offices) (Zip code)

R. Eric Chadwick

Flaherty & Crumrine Incorporated

301 E. Colorado Boulevard, Suite 720

Pasadena, CA 91101

(Name and address of agent for service)

Registrant s telephone number, including area code: 626-795-7300

Date of fiscal year end: November 30

Date of reporting period: May 31, 2016

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Reports to Stockholders.

The Report to Shareholders is attached herewith.

FLAHERTY & CRUMRINE PREFERRED INCOME OPPORTUNITY FUND

To the Shareholders of Flaherty & Crumrine Preferred Income Opportunity Fund (PFO):

What a difference a quarter makes. After beginning the fiscal year with weak performance, the preferred market recovered in remarkable fashion during the second fiscal quarter.[1] To be fair, recovery was a story for many markets during this period, but preferreds more than held their own in comparison. Total return[2] on net asset value (NAV) was 6.7% for the quarter and 4.4% for the first half of the fiscal year. Total return on market price of Fund shares over the same periods was 10.2% and 15.4%, respectively.

The table below shows Fund returns over various measurement periods, and they continue to be very good. The table includes performance of two indices, Barclays U.S. Aggregate and S&P 500, as proxies for bond and stock markets, respectively. While neither is a benchmark for Fund performance, they provide context for returns on broad asset categories.

TOTAL RETURN ON NET ASSET VALUE FOR PERIODS ENDED MAY 31, 2016

	Actual Returns			Average Annualized Returns			
	Three Months	**Six Months**	**One Year**	**Three Years**	**Five Years**	**Ten Years**	**Life of Fund(1)**
Flaherty & Crumrine Preferred Income Opportunity Fund	6.7%	4.4%	5.8%	7.8%	10.7%	8.4%	9.3%
Barclays U.S. Aggregate Index(2)	1.3%	3.1%	3.0%	2.9%	3.3%	5.0%	5.9%
S&P 500 Index(3)	9.1%	1.9%	1.7%	11.0%	11.7%	7.4%	9.1%

(1) Since inception on February 13, 1992.

(2) The Barclays U.S. Aggregate Index is an unmanaged index considered representative of the U.S. investment grade, fixed-rate bond market.

(3) The S&P 500 Index is a capitalization-weighted index of 500 common stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. In addition, NAV performance will vary from market price performance, and you may have a taxable gain or loss when you sell your shares.

Investors breathed a sigh of relief in the second fiscal quarter as earlier concerns eased. Commodity prices, such as oil and metals, not only halted their rapid declines, but in several instances rebounded to levels more than 150% above recent lows. Higher common stock prices of oil and other commodity companies, along with the stocks of banks that lend to these sectors, helped improve market sentiment broadly.

The preferred market also benefited from positive technical developments, with a marked increase in issuers redeeming securities. Issuer redemptions ($15.9 billion announced during the second fiscal quarter), combined with measured new-issue supply, provided support to prices as redemption proceeds were reinvested. Many recent redemptions were long overdue from an economic standpoint (because the

1 March 1, 2016 May 31, 2016

2 Following the methodology required by the Securities and Exchange Commission, total return assumes dividend reinvestment.

securities had high coupons), but issuers delayed those calls primarily due to complicated rules around regulatory capital treatment of these securities. We expect issuers to call similar legacy securities over the next several years.

Monetary policy globally appears to be in a holding pattern, albeit still at very accommodative levels. After raising its benchmark interest rate in December 2015, the Federal Reserve has continued to wait on its next rate increase. The European Union (EU) and Japan have not expanded programs in the last quarter. However, the United Kingdom s recent vote to exit the EU (so-called Brexit) may prompt easier monetary policy in the UK and possibly an increase in or extension of the European Central Bank s asset purchase program going forward.

The U.S. economy continues to be a ray of sunshine compared to most others (even if growth is still below historical norms), and it remains to be seen how long the Federal Reserve will wait on its next rate increase. Prior to Brexit, at least one rate hike seemed probable this year, perhaps beginning as soon as July. However, with both domestic and global economic uncertainty on the rise, the Fed is expected to keep monetary policy on hold until at least September and perhaps into 2017.

Taking a step back from what has been a volatile market this year, the fundamentally positive case for preferred securities remains largely unchanged. Investors around the world are searching for yield as interest rates remain low. Credit quality continues to be strong, and modest economic growth should restrain companies and households from over-borrowing despite low rates. New issue supply has been and should remain measured for preferred stocks, with a bias towards non-U.S. issuers going forward. Regulatory trends continue to bolster credit-worthiness at financial companies, which are the largest issuers of preferred securities. As we have said before, the ride may be bumpy as markets traverse much uncharted territory but we believe total returns will continue to be competitive over time for preferred investors.

In the discussion topics that follow, we dig deeper into subjects mentioned here as well as others of interest to shareholders. In addition, we encourage you to visit the Fund s website, www.preferredincome.com, for timely and important information.

Sincerely,

The Flaherty & Crumrine Portfolio Management Team

June 30, 2016

DISCUSSION TOPICS

(Unaudited)

The Fund s Portfolio Results and Components of Total Return on NAV

The table below presents a breakdown of the components that comprise the Fund s total return on NAV over both the recent six months and over the Fund s fiscal year. These components include: (a) the total return on the Fund s portfolio of securities; (b) any returns from hedging the portfolio against significant increases in long-term interest rates; (c) the impact of utilizing leverage to enhance returns to shareholders; and (d) the Fund s operating expenses. When all of these components are added together, they comprise the total return on NAV.

Components of PFO s Total Return on NAV

for the Six Months Ended May 31, 2016[1]

Total Return on Unleveraged Securities Portfolio (including principal change and income)		3.6%
Return from Interest Rate Hedging Strategy		N/A
Impact of Leverage (including leverage expense)		1.5%
Expenses (excluding leverage expense)		-0.7%
[1] Actual, not annualized.	*Total Return on NAV*	**4.4%**

For the six months ended May 31, 2016, the BofA Merrill Lynch 8% Constrained Core West Preferred & Jr Subordinated Securities Index^{SM} (P8JC)[2] returned 3.3%. This index reflects the various segments of the preferred securities market constituting the Fund s primary focus. Since this index return excludes all expenses and the impact of leverage, it compares most directly to the top line in the Fund s performance table above (Total Return on Unleveraged Securities Portfolio).

Total Return on Market Price of Fund Shares

While our focus is primarily on managing the Fund s investment portfolio, our shareholders actual return is comprised of the Fund s monthly dividend payments *plus* changes in the *market price* of Fund shares. During the six-month period ending May 31, 2016, total return on market price of Fund shares was 15.4%.

Historically, the preferred securities market has experienced price volatility consistent with those of other fixed-income securities. However, since mid-2007 it has become clear that preferred-security valuations, including both the Fund s NAV and the market price of its shares, can move dramatically when there is volatility in financial markets. The chart on top of page 4 contrasts the relative stability of the Fund s earlier period with the more recent volatility in both its NAV and market price. Many fixed-income asset classes experienced increased volatility over this period.

[2] The BofA Merrill Lynch 8% Constrained Core West Preferred & Jr Subordinated Securities Index^{SM} (P8JC) includes U.S. dollar-denominated investment-grade or below investment-grade, fixed rate, floating rate or fixed-to-floating rate, retail or institutionally structured preferred securities of U.S. and foreign issuers with issuer concentration capped at 8%. All index returns include interest and dividend income, and, unlike the Fund s returns, are unmanaged and do not reflect any expenses.

In a more perfect world, the market price of Fund shares and its NAV, as shown in the above chart, would track more closely. If so, any premium or discount (calculated as the difference between these two inputs and expressed as a percentage) would remain relatively close to zero. However, as can be seen in the chart below, this often has not been the case.

Although divergence between NAV and market price of a closed-end fund is generally driven by supply/demand imbalances affecting its market price, we can only speculate about why the relationship between the Fund s market price and NAV hasn t been closer.

Based on a closing price of $12.51 on June 30th and assuming its current monthly distribution of $0.073 does not change, the current annualized yield on market price of Fund shares is 7.0%. In our opinion, this distribution rate measures up favorably with most comparable fixed-income investment opportunities. Of course, there can be no guarantee that the Fund s dividend will not change based on market conditions.

U.S. Economic and Credit Outlook

The U.S. economy got off to a slow start in 2016, posting growth in inflation-adjusted gross domestic product (real GDP) of just 0.8% in the first quarter. Second quarter growth looks considerably better, with economists real GDP estimates currently around 2.5% for the rest of 2016. That would leave overall growth of about 2% in 2016, in-line with the average pace since 2010.

Employment growth slowed significantly so far in the second quarter, from an average of 196,000 nonfarm payroll jobs per month in the first quarter to an average of just 76,000 jobs per month in April and May. (June data was not available at the time of writing.) We think this will prove to be a lagged response to Q1 developments, when jobs grew faster than the economy, and we expect employment to pick up again along with better growth. Consistent with gradual labor market tightening, wage growth remained solid, up 2.5% over 12 months ending in May.

Sector performance of the U.S. economy is mixed. On the positive side, consumer spending and housing remain strong, supported by rising income, improved household balance sheets, low interest rates and in the case of housing pent-up demand from years following the housing bust. Government spending is growing slowly. On the negative side, business investment is still feeling the impacts of an energy boom turned bust and shrinking exports. However, cutbacks to energy investment appear mostly done, and oil and gas prices are up from recent lows; those headwinds are diminishing. A wider trade deficit in response to weaker global growth and a sharp rally in the U.S. dollar also slowed U.S. domestic economic growth. While the dollar retreated somewhat prior to Britain s vote to leave the European Union (Brexit), it has rallied again, perhaps setting the stage for greater trade drag ahead. On balance, we expect real GDP growth in the U.S. will continue around its recent 2% average pace.

Core inflation has edged up, but headline inflation remains subdued and well below the Federal Reserve s 2% target. The overall personal consumption expenditure (PCE) deflator was up 0.9% over 12 months ending in May (latest data available); excluding food and energy, the core PCE deflator was up 1.6% over the same period, compared to 1.3% in December 2015. Rising wages and slow productivity growth are encouraging businesses to raise prices, and rising personal income is helping those higher prices stick. If energy prices stabilize or move up further, headline inflation should gradually catch up to core inflation.

Faced with slow first-quarter growth, inflation that remains below target, and uncertainty over employment, the Federal Reserve left monetary policy unchanged in the second quarter. It s likely to do the same at the next Federal Open Market Committee (FOMC) meeting in late July, partly because June s employment data would have to be exceptionally strong to erase doubts raised by weakness in April and May payrolls and partly because Brexit introduces economic uncertainty that might slow U.S. growth for a time. (It s highly likely to slow growth in the UK and Europe.) If global markets are not too unsettled by Brexit, another rate hike is possible at the FOMC s September meeting, by which time it should be clear whether recent weakness in job growth was an outlier or not.

If that outlook is correct, we expect the Fed will hike rates by 0.25% in September. In turn, long-term interest rates should move higher as well, but probably less than short-term rates, since markets already anticipate some Fed tightening. However, uncertainty surrounding the presidential election, Brexit and weaker economic growth abroad, or any number of unforeseen shocks could push the next tightening to December or even into 2017. Forecasting Fed actions is always difficult business, never more so than now.

Fortunately, the credit outlook is a bit less murky, if somewhat mixed. Corporate profits fell in the first quarter (latest data available), and speculative-grade nonfinancial corporate borrowers are experiencing rising rates of default and delinquency. Banks commercial and industrial loan portfolios are feeling some of that strain, and problem loans have risen there. However, most other loan portfolios are seeing stable or improving performance. Moreover, banks are building capital and liquidity, and their credit profiles generally continue to improve. That s good news for the preferred market, and we remain comfortable with the Fund s credit exposures.

This combination of modest economic growth, low interest rates and solid credit conditions provide a good foundation for preferred securities. Although shifting sentiment may make for a bumpy ride occasionally, we think preferred securities should continue to offer good risk-adjusted returns to investors, despite current uncertainties.

Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated

PORTFOLIO OVERVIEW

May 31, 2016 (Unaudited)

Fund Statistics	
Net Asset Value	$ 11.22
Market Price	$ 12.00
Premium	6.95%
Yield on Market Price	7.30%
Common Stock Shares Outstanding	12,398,244

Moody s Ratings*	**% of Net Assets**
A	2.0%
BBB	65.5%
BB	21.2%
Below BB	1.3%
Not Rated**	8.1%
Below Investment Grade***	23.8%

* Ratings are from Moody s Investors Service, Inc. Not Rated securities are those with no ratings available from Moody s.
** Does not include net other assets and liabilities of 1.9%.
*** Below investment grade by all of Moody s, S&P, and Fitch.

Industry Categories **% of Net Assets**

Top 10 Holdings by Issuer	**% of Net Assets**
JPMorgan Chase	4.9%
HSBC PLC	4.7%
Liberty Mutual Group	4.6%
MetLife	4.4%
Wells Fargo & Company	4.2%
Fifth Third Bancorp	3.9%
M&T Bank Corporation	3.2%
PNC Financial Services Group	3.2%
Morgan Stanley	3.1%
Enbridge Energy Partners	2.3%

	% of Net Assets****
Holdings Generating Qualified Dividend Income (QDI) for Individuals	62%
Holdings Generating Income Eligible for the Corporate Dividends Received Deduction (DRD)	49%

**** This does not reflect year-end results or actual tax categorization of Fund distributions. These percentages can, and do, change, perhaps significantly, depending on market conditions. Investors should consult their tax advisor regarding their personal situation.

Net Assets includes assets attributable to the use of leverage.

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Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated

PORTFOLIO OF INVESTMENTS

May 31, 2016 (Unaudited)

Shares/$ Par		Value
Preferred Securities 93.2%		
	Banking 48.9%	
16,773	Astoria Financial Corp., 6.50%, Series C	$ 443,185*
	Bank of America Corporation:	
$ 300,000	6.30%, Series DD	319,125*
$ 1,340,000	8.00%, Series K	1,345,025*(1)
$ 920,000	8.125%, Series M	930,350*(1)
	Barclays Bank PLC:	
56,000	7.10%, Series 3	1,445,920**(3)
4,700	7.75%, Series 4	117,453**(3)
	BNP Paribas:	
$ 3,200,000	7.375%, 144A****	3,196,000**(3)
$ 1,500,000	7.625%, 144A****	1,546,875**(3)
	Capital One Financial Corporation:	
7,000	6.20%, Series F	185,500*
26,333	6.70%, Series D	730,279*
	Citigroup, Inc.:	
81,200	6.875%, Series K	2,263,247*(1)
74,694	7.125%, Series J	2,144,651*(1)
$ 299,000	8.40%, Series E	326,732*
	CoBank ACB:	
15,600	6.125%, Series G, 144A****	1,543,425*
9,000	6.20%, Series H, 144A****	910,125*
10,000	6.25%, Series F, 144A****	1,034,688*(1)
$ 415,000	6.25%, Series I, 144A****	430,671*
$ 4,500,000	Colonial BancGroup, 7.114%, 144A****	6,750(4)(5)
5,150	Cullen/Frost Bankers, Inc., 5.375%, Series A	132,161*
266,700	Fifth Third Bancorp, 6.625%, Series I	8,265,699*(1)
	First Horizon National Corporation:	
750	First Tennessee Bank, Adj. Rate, 3.75%(6), 144A****	503,601*(1)
1	FT Real Estate Securities Company, 9.50%, 144A****	1,302,500
104,000	First Niagara Financial Group, Inc., 8.625%, Series B	2,745,860*(1)
29,050	First Republic Bank, 6.70%, Series A	762,344*(1)
	Goldman Sachs Group:	
$ 195,000	5.70%, Series L	194,513*
50,000	6.375%, Series K	1,384,500*(1)
	HSBC PLC:	
$ 800,000	HSBC Capital Funding LP, 10.176%, 144A****	1,170,000(1)(3)
$ 517,000	HSBC Holdings PLC, 6.875%	522,170**(3)
142,000	HSBC Holdings PLC, 8.00%, Series 2	3,715,075**(1)(3)
128,733	HSBC USA, Inc., 6.50%, Series H	3,271,427*

The accompanying notes are an integral part of the financial statements.

Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)

May 31, 2016 (Unaudited)

Shares/$ Par		**Value**
Preferred Securities (Continued)		
	Banking (Continued)	
75,000	Huntington Bancshares, Inc., 6.25%, Series D	$ 1,966,687*(1)
	ING Groep NV:	
30,000	7.05%	792,675**(3)
21,700	7.20%	573,585**(3)
	JPMorgan Chase & Company:	
$ 300,000	6.00%, Series R	310,407*
54,650	6.70%, Series T	1,521,456*(1)
$ 4,167,000	6.75%, Series S	4,630,578*(1)
$ 3,750,000	7.90%, Series I	3,839,063*(1)
	M&T Bank Corporation:	
$ 2,240,000	6.450%, Series E	2,430,400*(1)
$ 4,393,000	6.875%, Series D, 144A****	4,409,473*(1)
	Morgan Stanley:	
148,000	6.875%, Series F	4,179,520*(1)
77,200	7.125%, Series E	2,308,473*(1)
	PNC Financial Services Group, Inc.:	
200,906	6.125%, Series P	6,019,646*(1)
$ 625,000	6.75%, Series O	696,093*
$ 1,775,000	RaboBank Nederland, 11.00%, 144A****	2,178,812(1)(3)
35,000	Regions Financial Corporation, 6.375%, Series B	963,988*
	Royal Bank of Scotland Group PLC:	
15,000	6.60%, Series S	383,700**(3)
94,800	7.25%, Series T	2,434,464**(1)(3)
	Sovereign Bancorp:	
2,600	Sovereign REIT, 12.00%, Series A, 144A****	3,311,750
83,700	State Street Corporation, 5.90%, Series D	2,357,201*(1)
10,000	Texas Capital Bancshares Inc., 6.50%, Series A	252,425*
35,000	US Bancorp, 6.50%, Series F	1,060,587*(1)
59,300	Webster Financial Corporation, 6.40%, Series E	1,547,285*(1)
	Wells Fargo & Company:	
56,200	5.85%, Series Q	1,492,251*(1)
$ 2,075,000	5.875%, Series U	2,222,844*(1)(2)
34,400	6.625%, Series R	1,011,016*(1)
$ 1,139,000	7.98%, Series K	1,200,221*
104,500	8.00%, Series J	2,920,096*(1)
	Zions Bancorporation:	
$ 1,000,000	7.20%, Series J	1,062,500*
85,200	7.90%, Series F	2,311,476*(1)
		103,278,523

The accompanying notes are an integral part of the financial statements.

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Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)

May 31, 2016 (Unaudited)

Shares/$ Par		**Value**
Preferred Securities (Continued)		
	Financial Services 0.6%	
	HSBC PLC:	
46,081	HSBC Finance Corporation, 6.36%, Series B	$ 1,156,748*
		1,156,748
	Insurance 23.6%	
73,000	Allstate Corp., 6.625%, Series E	2,054,403*(1)
$ 375,000	Aon Corporation, 8.205% 01/01/27	480,938(1)(2)
105,000	Arch Capital Group, Ltd., 6.75%, Series C	2,809,013**(1)(3)
	AXA SA:	
$ 1,453,000	6.379%, 144A****	1,541,996**(1)(3)
$ 500,000	8.60% 12/15/30	672,600(3)
176,618	Axis Capital Holdings Ltd., 6.875%, Series C	4,680,819**(1)(3)
	Chubb Ltd.:	
$ 1,200,000	Ace Capital Trust II, 9.70% 04/01/30	1,719,600(1)(2)(3)
95,000	Delphi Financial Group, 7.376% 05/15/37	2,241,411(1)(2)
	Endurance Specialty Holdings:	
14,000	6.35%, Series C	367,920**(3)
27,250	7.50%, Series B	693,308**(3)
$ 2,305,000	Everest Re Holdings, 6.60% 05/15/37	1,895,863(1)
10,000	Hartford Financial Services Group, Inc., 7.875%	321,425
$ 4,943,000	Liberty Mutual Group, 10.75% 06/15/58, 144A****	7,278,568(1)(2)
	MetLife:	
$ 2,704,000	MetLife, Inc., 10.75% 08/01/39	4,199,312(1)(2)
$ 350,000	MetLife Capital Trust IV, 7.875% 12/15/37, 144A****	416,675(1)
$ 3,350,000	MetLife Capital Trust X, 9.25% 04/08/38, 144A****	4,597,875(1)(2)
	PartnerRe Ltd.:	
23,350	5.875%, Series I	597,760**(1)(3)
5,300	6.50%, Series G	143,736**(3)
78,200	7.25%, Series H	2,302,990**(1)(3)
$ 241,000	Prudential Financial, Inc., 5.625% 06/15/43	254,267
	QBE Insurance:	
$ 2,965,000	QBE Capital Funding III Ltd., 7.25% 05/24/41, 144A****	3,317,094(1)(3)
	Unum Group:	
$ 2,750,000	Provident Financing Trust I, 7.405% 03/15/38	3,164,942(1)(2)
24,000	W.R. Berkley Corporation, 5.75% 06/01/56	602,251
	XL Group PLC:	
$ 4,750,000	XL Capital Ltd., 6.50%, Series E	3,366,563(1)(3)
		49,721,329

The accompanying notes are an integral part of the financial statements.

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Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)

May 31, 2016 (Unaudited)

Shares/$ Par		**Value**
Preferred Securities (Continued)		
	Utilities 11.5%	
	Baltimore Gas & Electric Company:	
6,579	6.70%, Series 1993	$ 670,236*[1]
2,500	7.125%, Series 1993	253,985*
	Commonwealth Edison:	
$ 2,350,000	COMED Financing III, 6.35% 03/15/33	2,496,311[1]
$ 2,300,000	Dominion Resources, Inc., 7.50% 06/30/66	1,926,250[1]
7,000	DTE Energy Company, 5.375% 06/01/76, Series B	176,094
80,000	Entergy Mississippi, Inc., 6.25%	2,022,504*
16,937	Georgia Power Company, 6.50%, Series 2007A	1,787,912*[1]
15,035	Gulf Power Company, 6.00%, Series 1	1,500,310*[1]
24,000	Indianapolis Power & Light Company, 5.65%	2,451,751*[1]
77,100	Integrys Energy Group, Inc., 6.00%	2,028,694[1]
	Nextera Energy:	
$ 1,600,000	FPL Group Capital, Inc., 6.65% 06/15/67, Series C	1,244,000[1]
$ 750,000	FPL Group Capital, Inc., 7.30% 09/01/67, Series D	712,500[1]
	PECO Energy:	
$ 1,500,000	PECO Energy Capital Trust III, 7.38% 04/06/28, Series D	1,705,355[1]
	PPL Corp:	
35,000	PPL Capital Funding, Inc., 5.90%, Series B	931,438[1]
$ 1,250,000	PPL Capital Funding, Inc., 6.70% 03/30/67, Series A	1,012,313[1][2]
$ 3,350,000	Puget Sound Energy, Inc., 6.974% 06/01/67, Series A	2,834,938
20,000	SCE Trust V, 5.45%, Series K	573,450*
		24,328,041
	Energy 3.1%	
$ 6,295,000	Enbridge Energy Partners LP, 8.05% 10/01/37	4,870,756[1][2]
$ 400,000	Enterprise Products Operating L.P., 8.375% 08/01/66, Series A	347,385
28,720	Kinder Morgan, Inc., 9.75%, Series A	1,316,525*
		6,534,666
	Real Estate Investment Trust (REIT) 1.8%	
	National Retail Properties, Inc.:	
40,000	5.70%, Series E	1,042,500[1][2]
19,460	6.625%, Series D	505,228
	PS Business Parks, Inc.:	
8,243	5.70%, Series V	213,844
46,120	6.45%, Series S	1,200,158[1]

The accompanying notes are an integral part of the financial statements.

Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated

PORTFOLIO OF INVESTMENTS (Continued)

May 31, 2016 (Unaudited)

Shares/$ Par			Value
Preferred Securities (Continued)			
	Real Estate Investment Trust (REIT) (Continued)		
8,200	Realty Income Corporation, 6.625%, Series F	$	215,496(1)
25,777	Regency Centers Corporation, 6.625%, Series 6		681,351
			3,858,577
	Miscellaneous Industries 3.7%		
	BHP Billiton Limited:		
$ 400,000	BHP Billiton Finance U.S.A., Ltd., 6.75% 10/19/75, 144A****		415,400(3)
$ 802,000	General Electric Company, 5.00%, Series D		841,098*(1)
$ 3,630,000	Land O Lakes, Inc., 8.00%, 144A****		3,711,675*(1)
32,700	Ocean Spray Cranberries, Inc., 6.25%, 144A****		2,834,681*
			7,802,854
	Total Preferred Securities (Cost $191,036,737)		196,680,738