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PREFERRED INCOME OPPORTUNITY FUND INC

Form N-Q

April 19, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

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)

Donald F. Crumrine
Flaherty & Crumrine Inc.
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, 2005

Date of reporting period: FEBRUARY 28, 2005

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (ss.ss. 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q 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 the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. SCHEDULE OF INVESTMENTS.

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The Schedule(s) of Investments is attached herewith.

Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated
PORTFOLIO OF INVESTMENTS
FEBRUARY 28, 2005 (UNAUDITED)

SHARES/\$ PAR

PREFERRED SECURITIES -- 92.6%
BANKING -- 20.5%

	ABN AMRO North America, Inc.:
1,165	6.46% Pfd., 144A****
4,200	6.59% Pfd., 144A****
\$ 150,000	BT Capital Trust B, 7.90% 01/15/27, Capital Security
\$ 660,000	BT Preferred Capital Trust II, 7.875% 02/25/27 Capital Security
\$ 250,000	Chase Capital I, 7.67% 12/01/26 Capital Security
	Citigroup, Inc.:
72,435	5.864% Pfd., Series M
7,700	6.213% Pfd., Series G
46,000	6.231% Pfd., Series H
31,850	6.365% Pfd., Series F
	Cobank, ACB:
45,000	7.00% Pfd., 144A****
75,000	Adj. Rate Pfd., 144A****
\$ 500,000	Comerica (Imperial) Capital Trust I, 9.98% 12/31/26 Capital Security, Series B .
\$ 2,250,000	First Hawaiian Capital I, 8.343% 07/01/27 Capital Security, Series B
\$ 719,000	First Union Institutional Capital I, 8.04% 12/01/26 Capital Security
\$ 1,885,000	First Union Institutional Capital II, 7.85% 01/01/27 Capital Security
\$ 4,349,000	GreenPoint Capital Trust I, 9.10% 06/01/27 Capital Security
\$ 2,500,000	HBOS Capital Funding LP, 6.85% Pfd.
6,900	HSBC USA, Inc., \$2.8575 Pfd.
36,500	J.P. Morgan Chase & Co., 6.625% Pfd., Series H
\$ 1,350,000	Keycorp Institutional Capital B, 8.25% 12/15/26 Capital Security
\$ 1,500,000	North Fork Capital Trust I, 8.70% 12/15/26 Capital Security
\$ 1,700,000	RBS Capital Trust B, 6.80% Pfd.
10	Roslyn Real Estate, 8.95% Pfd., Pvt., Series C, 144A****
\$ 1,200,000	Wachovia Capital Trust V, 7.965% 06/01/27 Capital Security, 144A****

FINANCIAL SERVICES -- 15.5%

	The Bear Stearns Companies, Inc.:
63,750	5.49% Pfd., Series G
78,823	5.72% Pfd., Series F
120,000	Fannie Mae, Adj. Rate Pfd.
	Freddie Mac:
6,975	5.00% Pfd., Series F
25,500	5.10% Pfd., Series H
42,650	5.30% Pfd.

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 Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 FEBRUARY 28, 2005 (UNAUDITED)

SHARES/\$ PAR

PREFERRED SECURITIES -- (CONTINUED)
 FINANCIAL SERVICES -- (CONTINUED)

	Lehman Brothers Holdings, Inc.:	
10,150	5.67% Pfd., Series D	
159,505	5.94% Pfd., Series C	
44,000	6.50% Pfd., Series F	
110,900	SLM Corporation, 6.97% Pfd., Series A	

INSURANCE -- 9.0%

\$ 2,000,000	AON Capital Trust A, 8.205% 01/01/27 Capital Security
15,850	Everest Re Capital Trust II, 6.20% Pfd. Series B
\$ 4,395,000	MMI Capital Trust I, 7.625% 12/15/27 Capital Security, Series B
18	Premium Assets, Series A, Zurich RegCaPS Variable Inverse Pfd., Pvt.
\$ 5,734,000	Provident Financing Trust I, 7.405% 03/15/38 Capital Security
	Zurich RegCaPS Funding Trust:
1,750	6.01% Pfd., 144A****
2,600	6.58% Pfd., 144A****

UTILITIES -- 39.8%

	Alabama Power Company:	
4,980	4.60% Pfd.	
6,485	4.72% Pfd.	
868	4.92% Pfd.	
120,900	5.20% Pfd.	
225,000	5.30% Pfd.	
6,000	Baltimore Gas & Electric Company, 6.70% Pfd., Series 1993	
1,628	Central Hudson Gas & Electric Corporation, 4.35% Pfd., Series D, Pvt.	
10,000	Central Illinois Light Company, 4.64% Pfd.	
8,160	Central Illinois Public Service Corporation, 4.90% Pfd.	
3,798	Central Maine Power Company, 4.75% Pfd.	
16,679	Central Vermont Public Service Corporation, 8.30% Sinking Fund Pfd. Pvt.	
	Connecticut Light & Power Company:	
2,050	4.50% Pfd., Series 1956	
2,900	\$2.20 Pfd., Series 1949	
9,652	\$3.24 Pfd.	
2,000	Consolidated Edison Company of New York, 4.65% Pfd., Series C	
7,500	Dayton Power and Light Company, 3.90% Pfd., Series C	

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 Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 FEBRUARY 28, 2005 (UNAUDITED)

SHARES/\$ PAR

PREFERRED SECURITIES -- (CONTINUED)
 UTILITIES -- (CONTINUED)

	Duke Energy Corporation:
8,004	4.50% Pfd., Series C, Pvt.
34,943	7.85% Pfd., Series S
	Duquesne Light Company:
15,030	3.75% Pfd.
25,775	6.50% Pfd.
5,000	Energy East Capital Trust I, 8.25% Pfd.
	Entergy Arkansas, Inc.:
2,840	4.56% Pfd.
3,050	4.56% Pfd., Series 1965
1,050	6.08% Pfd.
13,500	7.40% Pfd.
5,880	7.80% Pfd.
2,265	7.88% Pfd.
23,914	\$1.96 Pfd.
2,441	Entergy Gulf States, Inc., 7.56% Pfd.
	Entergy Louisiana, Inc.:
299	5.16% Pfd.
705	6.44% Pfd.
4,174	7.36% Pfd.
175,000	8.00% Pfd., Series 92
	Entergy Mississippi, Inc.:
3,791	4.36% Pfd.
5,000	4.92% Pfd.
8,500	7.44% Pfd.
10,900	Enterprise Capital Trust I, 7.44% Pfd., Series A
	Florida Power Company:
10,000	4.58% Pfd.
2,000	4.75% Pfd.
	Great Plains Energy, Inc.:
1,625	4.20% Pfd.
2,000	4.35% Pfd.
	Hawaiian Electric Company, Inc.:
1,411	5.00% Pfd., Series D
6,688	5.00% Pfd., Series E
\$ 3,750,000	Houston Light & Power, Capital Trust II, 8.257% 02/01/37 Capital Security
30,500	Indianapolis Power & Light Company, 5.65% Pfd.
340,000	Interstate Power & Light Company, 8.375% Pfd., Series B
2,588	New York State Electric & Gas, \$4.50 Pfd., Series 1949

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 PORTFOLIO OF INVESTMENTS (CONTINUED)
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PREFERRED SECURITIES -- (CONTINUED)
 UTILITIES -- (CONTINUED)

12,265	Northern Indiana Public Service Company, Adj. Rate Pfd., Series A
	Ohio Power Company:
3,018	4.20% Pfd.
1,251	4.40% Pfd.
	Pacific Enterprises:
13,680	\$4.36 Pfd.
24,985	\$4.50 Pfd.
15,730	\$4.75 Pfd., Series 53
	PacifiCorp:
5,672	\$4.56 Pfd.
6,458	\$4.72 Pfd.
12,250	\$7.48 Sinking Fund Pfd.
	PECO Energy Company:
1,100	\$4.30 Pfd., Series B
5,000	\$4.40 Pfd., Series C
17,537	Portland General Electric, 7.75% Sinking Fund Pfd.
14,020	Public Service Electric & Gas Company, 5.28% Pfd., Series E
	San Diego Gas & Electric Company:
55,210	\$1.70 Pfd.
30,000	\$1.7625 Sinking Fund Pfd.
85,000	Savannah Electric & Gas Company, 6.00% Pfd.
	South Carolina Electric & Gas Company:
14,226	5.125% Purchase Fund Pfd., Pvt.
7,774	6.00% Purchase Fund Pfd., Pvt.
57,646	Southern California Edison, 4.08% Pfd.
60,000	Southern Union Company, 7.55% Pfd.
\$ 750,000	TXU Electric Capital V, 8.175% 01/30/37 Capital Security
10,000	TXU US Holdings Company, \$4.00 Pfd., Series TES
5,600	Union Electric Company, 4.56% Pfd.
	Virginia Electric & Power Company:
1,665	\$4.04 Pfd.
2,270	\$4.20 Pfd.
1,673	\$4.80 Pfd.
2,878	\$6.98 Pfd.
12,500	\$7.05 Pfd.
2,262	Washington Gas & Light Company, \$4.25 Pfd.
12,863	Wisconsin Power & Light, 6.20% Pfd.

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PORTFOLIO OF INVESTMENTS (CONTINUED)

FEBRUARY 28, 2005 (UNAUDITED)

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PREFERRED SECURITIES -- (CONTINUED)

UTILITIES -- (CONTINUED)

	Xcel Energy, Inc.:	
15,000	\$4.08 Pfd., Series B	
20,040	\$4.10 Pfd., Series C	
35,510	\$4.11 Pfd., Series D	
17,750	\$4.16 Pfd., Series E	
10,000	\$4.56 Pfd., Series G	

OIL AND GAS -- 5.0%

17,200	Anadarko Petroleum Corporation, 5.46% Pfd.
6,650	Apache Corporation, 5.68% Pfd., Series B
8,000	Devon Energy Corporation, 6.49% Pfd., Series A
6,125	EOG Resources, Inc., 7.195% Pfd., Series B
10,000	Lasmo America Limited, 8.15% Pfd., 144A****

REAL ESTATE INVESTMENT TRUST (REIT) -- 1.0%

40,000	Realty Income Corporation, 7.375% Pfd., REIT, Series D
40,000	Regency Centers Corporation, 7.25% Pfd., REIT

MISCELLANEOUS INDUSTRIES -- 1.8%

13,600	E.I. Du Pont de Nemours and Company, \$4.50 Pfd., Series B
36,200	Farmland Industries, Inc., 8.00% Pfd., 144A****
30,500	Ocean Spray Cranberries, Inc., 6.25% Pfd., 144A****
26,000	Touch America Holdings, \$6.875 Pfd.

TOTAL PREFERRED SECURITIES

(Cost \$182,871,835)

CORPORATE DEBT SECURITY -- 1.1%

OIL AND GAS -- 1.1%

85,900	Nexen, Inc., 7.35% Subordinated Notes
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TOTAL CORPORATE DEBT SECURITY

(Cost \$2,245,426)

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 PORTFOLIO OF INVESTMENTS (CONTINUED)
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COMMON STOCKS AND CONVERTIBLE SECURITIES -- 4.4%
 BANKING -- 0.4%

 50,000 New York Community Bancorp, Inc.

INSURANCE -- 0.4%

 25,000 UnumProvident Corporation, 8.25% Mandatory Convertible, 05/16/06

UTILITIES -- 3.6%

 97,500 Duke Energy Corporation
 64,496 FPL Group, Inc.

TOTAL COMMON STOCKS AND CONVERTIBLE SECURITIES
 (Cost \$8,373,345)

OPTION CONTRACTS -- 1.0%

1,275 June Put Options on June U.S. Treasury Bond Futures, Expiring 05/20/05

 TOTAL OPTION CONTRACTS

(Cost \$1,580,670)

MONEY MARKET FUND -- 0.6%

1,342,237 BlackRock Provident Institutional, TempFund

 TOTAL MONEY MARKET FUND

(Cost \$1,342,237)

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 Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
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TOTAL INVESTMENTS (Cost \$196,413,513***)	99.7%
OTHER ASSETS AND LIABILITIES (NET)	0.3%

TOTAL NET ASSETS AVAILABLE TO COMMON AND PREFERRED STOCK	100.0%++

MONEY MARKET CUMULATIVE PREFERRED(TM) STOCK (MMP(R)) REDEMPTION VALUE	
TOTAL NET ASSETS AVAILABLE TO COMMON STOCK	

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ITEM 2. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) FLAHERTY & CRUMRINE PREFERRED INCOME OPPORTUNITY FUND INCORPORATED

By (Signature and Title)* /S/ DONALD F. CRUMRINE

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Donald F. Crumrine, Director, Chairman of the Board
and Chief Executive Officer
(principal executive officer)

Date APRIL 18, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)* /S/ DONALD F. CRUMRINE

Donald F. Crumrine, Director, Chairman of the Board
and Chief Executive Officer
(principal executive officer)

Date APRIL 18, 2005

By (Signature and Title)* /S/ R. ERIC CHADWICK

R. Eric Chadwick, Chief Financial Officer, Treasurer,
Vice President and Secretary
(principal financial officer)

Date APRIL 18, 2005

* Print the name and title of each signing officer under his or her signature.