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PREFERRED INCOME 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 811-06179

FLAHERTY & CRUMRINE PREFERRED INCOME 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.

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ITEM 1. SCHEDULE OF INVESTMENTS.

The Schedule(s) of Investments is attached herewith.

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

SHARES/\$ PAR

PREFERRED SECURITIES -- 92.6%
 BANKING -- 25.0%

	ABN AMRO North America, Inc.:
3,625	6.46% Pfd., 144A****
4,500	6.59% Pfd., 144A****
400	BancWest Capital I, 9.50% Pfd. 12/01/30
\$ 750,000	Barnett Capital II, 7.95% 12/01/26 Capital Security
\$ 1,500,000	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.:
113,427	5.864% Pfd., Series M
9,876	6.213% Pfd., Series G
26,200	6.231% Pfd., Series H
65,350	6.365% Pfd., Series F
	Cobank, ACB:
50,000	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
\$ 1,500,000	First Union Capital II, 7.95% 11/15/29 Capital Security
\$ 906,000	First Union Institutional Capital I, 8.04% 12/01/26 Capital Security
\$ 1,820,000	First Union Institutional Capital II, 7.85% 01/01/27 Capital Security
\$ 7,820,000	GreenPoint Capital Trust I, 9.10% 06/01/27 Capital Security
\$ 2,500,000	HBOS Capital Funding LP, 6.85% Pfd.
34,200	HSBC USA, Inc., \$2.8575 Pfd.
37,500	J.P. Morgan Chase & Co., 6.625% Pfd., Series H
\$ 270,000	Keycorp Institutional Capital B, 8.25% 12/15/26 Capital Security
\$ 674,000	NB Capital Trust II, 7.83% 12/15/26 Capital Security
\$ 1,700,000	RBS Capital Trust B, 6.80% Pfd.
16,500	Regions Financial Trust I, 8.00% Pfd.
\$ 2,635,000	Republic New York Capital II, 7.53% 12/04/26 Capital Security
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****
7,500	Wachovia Preferred Funding, 7.25% Pfd., Series A

 FINANCIAL SERVICES -- 14.5%

	The Bear Stearns Companies, Inc.:
63,100	5.49% Pfd., Series G
49,040	5.72% Pfd., Series F

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

SHARES/\$ PAR

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

	Fannie Mae:
60,000	4.75% Pfd., Series M
120,000	Adj. Rate Pfd.
	Freddie Mac:
6,975	5.00% Pfd., Series F
28,350	5.30% Pfd
	Lehman Brothers Holdings, Inc.:
68,280	5.67% Pfd., Series D
154,475	5.94% Pfd., Series C
15,000	6.50% Pfd., Series F
123,805	SLM Corporation, 6.97% Pfd., Series A

INSURANCE -- 8.4%

\$ 2,000,000	AON Capital Trust A, 8.205% 01/01/27 Capital Security
21,000	Everest Re Capital Trust II, 6.20% Pfd. Series B
\$ 5,150,000	MMI Capital Trust I, 7.625% 12/15/27 Capital Security, Series B
18	Premium Assets, Series A, Zurich RegCaPS Variable Inverse Pfd., Pvt.
\$ 4,000,000	Provident Financing Trust I, 7.405% 03/15/38 Capital Security
7,000	St. Paul Capital Trust I, 7.60% Pfd.
	Zurich RegCaPS Funding Trust:
2,850	6.01% Pfd., 144A****
2,950	6.58% Pfd., 144A****

UTILITIES -- 37.7%

	Alabama Power Company:
300	4.52% Pfd.
5,734	4.72% Pfd.
111,600	5.20% Pfd.
275,000	5.30% Pfd.
10,000	Baltimore Gas & Electric Company, 6.70% Pfd., Series 1993
	Central Hudson Gas & Electric Corporation:
5,000	4.35% Pfd., Series D, Pvt.
900	4.96% Pfd., Series E, Pvt.
10,000	Central Illinois Light Company, 4.64% Pfd.
11,000	Central Illinois Public Service Corporation, 4.90% Pfd.
16,679	Central Vermont Public Service Corporation, 8.30% Sinking Fund Pfd., Pvt.

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

SHARES/\$ PAR

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

	Connecticut Light & Power Company:
2,024	4.50% Pfd., Pvt.
9,300	5.28% Pfd.
1,905	6.56% Pfd., Series 1968
15,778	\$3.24 Pfd.
2,100	Consolidated Edison Company of New York, 4.65% Pfd., Series C
2,886	Dayton Power and Light Company, 3.90% Pfd., Series C
	Duke Energy Corporation:
4,556	4.50% Pfd., Series C, Pvt.
519	7.04% Pfd., Series Y
30,762	7.85% Pfd., Series S
	Duquesne Light Company:
7,675	4.10% Pfd.
6,330	4.15% Pfd.
910	4.20% Pfd.
25,775	6.50% Pfd.
5,490	\$2.10 Pfd., Series A
5,000	Energy East Capital Trust I, 8.25% Pfd.
	Entergy Arkansas, Inc.:
5,574	7.32% Pfd.
11,350	7.40% Pfd.
5,030	7.80% Pfd.
3,822	7.88% Pfd.
30,266	\$1.96 Pfd.
4,555	Entergy Gulf States, Inc., 7.56% Pfd.
	Entergy Louisiana, Inc.:
260	7.84% Pfd.
106,138	8.00% Pfd., Series 92
	Entergy Mississippi, Inc.:
5,000	4.92% Pfd.
8,600	7.44% Pfd.
10,800	Enterprise Capital Trust I, 7.44% Pfd., Series A
	Florida Power Company:
17,769	4.58% Pfd.
5,157	4.60% Pfd.
18,535	4.75% Pfd.
50,000	Georgia Power Capital Trust V, 7.125% Pfd.
2,010	Great Plains Energy, Inc., 4.50% Pfd.
\$ 3,500,000	Houston Light & Power, Capital Trust II, 8.257%, 02/01/37 Capital Security

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 PORTFOLIO OF INVESTMENTS (CONTINUED)
 FEBRUARY 28, 2005 (UNAUDITED)

SHARES/\$ PAR

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

32,650	Indianapolis Power & Light Company, 5.65% Pfd.
384,000	Interstate Power & Light Company, 8.375% Pfd., Series B
14,250	Narragansett Electric Company, 4.64% Pfd.
	Northern Indiana Public Service Company:
3,905	7.44% Pfd.
7,465	Adj. Rate Pfd., Series A
6,170	Ohio Edison Company, 4.44% Pfd.
	Pacific Enterprises:
27,430	\$4.50 Pfd.
10,000	\$4.75 Pfd., Series 53
	PacifiCorp:
451	5.40% Pfd.
1,225	\$4.56 Pfd.
14,542	\$4.72 Pfd.
14,388	\$7.48 Sinking Fund Pfd.
5,000	PECO Energy Company, \$4.40 Pfd., Series C
790	Pennsylvania Power Company, 7.75% Pfd.
11,194	Portland General Electric, 7.75% Sinking Fund Pfd.
5,000	PPL Electric Utilities Corporation, 6.75% Pfd.
10,000	Public Service Company of New Mexico, 4.58% Pfd., Series 1965
	San Diego Gas & Electric Company:
1,200	4.40% Pfd.
700	4.50% Pfd.
67,000	\$1.70 Pfd.
18,750	\$1.7625 Sinking Fund Pfd.
125,000	Savannah Electric & Power Company, 6.00% Pfd.
	South Carolina Electric & Gas Company:
25,373	5.125% Purchase Fund Pfd., Pvt.
6,703	6.00% Purchase Fund Pfd., Pvt.
54,100	Southern California Edison, 4.08% Pfd.
75,000	Southern Union Company, 7.55% Pfd.
\$ 750,000	TXU Electric Capital V, 8.175% 01/30/37 Capital Security
	TXU US Holdings Company:
10,000	\$4.00 Pfd., Series TES
5,700	\$4.00 Pfd., Series TPL
1,000	\$4.84 Pfd.
	Union Electric Company:
14,150	4.56% Pfd.
4,000	\$7.64 Pfd.

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PREFERRED SECURITIES -- (CONTINUED)

UTILITIES -- (CONTINUED)

12,500	Virginia Electric & Power Company, \$7.05 Pfd.
	Wisconsin Power & Light Company:
1,220	4.50% Pfd.
394	4.80% Pfd.
13,000	6.20% Pfd.
	Xcel Energy, Inc.:
16,030	\$4.08 Pfd., Series B
26,200	\$4.10 Pfd., Series C
22,000	\$4.11 Pfd., Series D
17,750	\$4.16 Pfd., Series E
10,000	\$4.56 Pfd., Series G

OIL AND GAS -- 4.4%

17,200	Anadarko Petroleum Corporation, 5.46% Pfd.
7,000	Apache Corporation, 5.68% Pfd., Series B
8,000	Devon Energy Corporation, 6.49% Pfd., Series A
5,985	EOG Resources, Inc., 7.195% Pfd., Series B
10,000	Lasmo America Limited, 8.15% Pfd., 144A****

REAL ESTATE INVESTMENT TRUST (REIT) -- 0.9%

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

MISCELLANEOUS INDUSTRIES -- 1.7%

13,600	E.I. Du Pont de Nemours and Company, \$4.50 Pfd., Series B
36,200	Farmland Industries, Inc., 8.00% Pfd., 144A****
33,250	Ocean Spray Cranberries, Inc., 6.25% Pfd., 144A****
26,000	Touch America Holdings, \$6.875 Pfd.

TOTAL PREFERRED SECURITIES

(Cost \$204,979,528)

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CORPORATE DEBT SECURITY -- 0.5%
 UTILITIES -- 0.5%

45,000 Northern States Power Company, 8.00%

TOTAL CORPORATE DEBT SECURITY
 (Cost \$1,107,375)

COMMON STOCKS AND CONVERTIBLE SECURITIES -- 5.1%
 BANKING -- 0.4%

50,000 New York Community Bancorp, Inc.

INSURANCE -- 0.7%

50,000 UnumProvident Corporation, 8.25% Mandatory Convertible, 05/16/06

UTILITIES -- 4.0%

107,500 Duke Energy Corporation

88,278 FPL Group, Inc.

TOTAL COMMON STOCKS AND CONVERTIBLE SECURITIES
 (Cost \$11,227,229)

OPTION CONTRACTS -- 0.9%

1,425 June Put Options on June U.S. Treasury Bond Futures, Expiring 05/20/05

TOTAL OPTION CONTRACTS
 (Cost \$1,693,679)

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MONEY MARKET FUND -- 0.5%

1,159,750 BlackRock Provident Institutional, TempFund

TOTAL MONEY MARKET FUND

(Cost \$1,159,750)

TOTAL INVESTMENTS (Cost \$220,167,561***) 99.6%

OTHER ASSETS AND LIABILITIES (NET) 0.4%

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

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signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) FLAHERTY & CRUMRINE PREFERRED INCOME FUND INCORPORATED

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

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.