

HIGH YIELD INCOME FUND INC
Form N-Q
July 30, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

| | |
|---|--|
| Investment Company Act file number: | 811-05296 |
| Exact name of registrant as specified in charter: | The High Yield Income Fund, Inc. |
| Address of principal executive offices: | Gateway Center 3, 100 Mulberry Street, Newark, New Jersey 07102 |
| Name and address of agent for service: | Deborah A. Docs Gateway Center 3, 100 Mulberry Street, Newark, New Jersey 07102 |
| Registrant's telephone number, including area code: | 973-367-7521 |
| Date of fiscal year end: | 8/31/2007 |
| Date of reporting period: | 5/31/2007 |

Item 1. Schedule of Investments

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The High Yield Income Fund, Inc.

Schedule of Investments

May 31, 2007 (Unaudited)

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value |
|--|-------------------|------------------|------------------|------------------------------|------------|
| LONG-TERM INVESTMENTS 127.0% | | | | | |
| CORPORATE BONDS 125.6% | | | | | |
| Aerospace/Defense 4.0% | | | | | |
| DRS Technologies, Inc., | | | | | |
| Gtd. Notes | B1 | 6.625% | 2/1/16 | \$ 200 | \$ 201,500 |
| Gtd. Notes | B3 | 7.625 | 2/1/18 | 150 | 155,438 |
| Esterline Technologies Corp., | | | | | |
| Sr. Sub Notes | B1 | 7.75 | 6/15/13 | 300 | 309,750 |
| Hawker Beechcraft Acquisition Co. LLC, | | | | | |
| Sr. Notes | B3 | 8.50 | 4/1/15 | 325(h) | 342,875 |
| K&F Acquisition, Inc., | | | | | |
| Gtd. Notes | Caa1 | 7.75 | 11/15/14 | 150 | 159,750 |
| L-3 Communications Corp., | | | | | |
| Gtd. Notes, Ser. B | Ba3 | 6.375 | 10/15/15 | 150 | 149,625 |
| Gtd. Notes | Ba3 | 7.625 | 6/15/12 | 500 | 517,499 |
| Moog, Inc., Sr. Sub. Notes | Ba3 | 6.25 | 1/15/15 | 300 | 300,000 |
| Sequa Corp., Sr. Notes, Ser. B | B2 | 8.875 | 4/1/08 | 300 | 305,625 |
| Standard Aerospace Holdings, Inc., Gtd. Notes | Caa1 | 8.25 | 9/1/14 | 45 | 48,488 |
| TransDigm, Inc., Sr. Sub. Notes | B3 | 7.75 | 7/15/14 | 150(h) | 156,000 |
| | | | | | 2,646,550 |
| Airlines 0.3% | | | | | |
| AMR Corp., M.T.N., Notes, Ser. B | | | | | |
| | CCC+(d) | 10.40 | 3/10/11 | 100 | 102,500 |
| Continental Airlines, Inc., | | | | | |
| Pass-Thru Certs., Ser. 1998-1, Class B | | | | | |
| (Sinkable, expected maturity 3/15/17) | Ba2 | 6.748 | 9/15/18 | 84 | 82,693 |
| | | | | | 185,193 |
| Automotive 4.7% | | | | | |
| Ford Motor Credit Co., | | | | | |
| Notes | B1 | 7.875 | 6/15/10 | 1,305 | 1,317,585 |
| Sr. Notes | B1 | 9.875 | 8/10/11 | 200 | 214,241 |
| General Motors Corp., | | | | | |
| Notes | Caa1 | 7.20 | 1/15/11 | 1,085 | 1,041,600 |
| Sr. Notes | Caa1 | 7.125 | 7/15/13 | 50 | 46,875 |
| General Motors Nova Scotia Finance Co. (Canada), | | | | | |
| Gtd. Notes | Caa1 | 6.85 | 10/15/08 | 225(c) | 223,594 |
| Lear Corp., Gtd. Notes, Ser. B | B3 | 8.75 | 12/1/16 | 170 | 163,200 |
| Visteon Corp., Sr. Notes | Caa2 | 7.00 | 3/10/14 | 135 | 118,800 |
| | | | | | 3,125,895 |
| Banking 0.6% | | | | | |
| Halyk Savings Bank of Kazakhstan (Kazakhstan), | | | | | |
| Notes (cost \$101,750; purchased 10/22/04) | Baa2 | 8.125 | 10/7/09 | 100(c)(g)(h) | 104,770 |

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Kazkommerts International BV (Netherlands),

| | | | | | |
|------------|------|------|---------|-----------|---------|
| Gtd. Notes | Baa1 | 7.00 | 11/3/09 | 105(c)(h) | 105,903 |
| Gtd. Notes | Baa1 | 8.50 | 4/16/13 | 205(c)(h) | 213,200 |
| | | | | | 423,873 |

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Building Materials & Construction 1.6%

| | | | | | |
|--|-----|-------|----------|--------|-----------|
| Beazer Homes USA, Inc., Gtd. Notes | Ba2 | 8.625 | 5/15/11 | 110 | 110,825 |
| Goodman Global Holdings, Inc., Sr. Notes, Ser. B | B1 | 8.36 | 6/15/12 | 122(i) | 123,373 |
| K Hovnanian Enterprises Inc., Gtd. Notes | Ba3 | 7.50 | 5/15/16 | 170 | 165,750 |
| KB Home, Notes | Ba1 | 6.375 | 8/15/11 | 150 | 148,500 |
| Sr. Sub. Notes | Ba2 | 8.625 | 12/15/08 | 160 | 164,600 |
| Nortek, Inc., Sr. Sub. Notes | B3 | 8.50 | 9/1/14 | 350 | 347,375 |
| | | | | | 1,060,423 |

Cable 5.5%

| | | | | | |
|--|------|--------|----------|--------------|-----------|
| Callahan Nordrhein-Westfalen (Germany), Sr. Disc. Notes | NR | Zero | 7/15/10 | 500(a)(c)(f) | 5 |
| Charter Communications Holdings I LLC, Gtd. Notes | Caa3 | 10.00 | 5/15/14 | 99 | 95,040 |
| Gtd. Notes | NR | 11.00 | 10/1/15 | 4 | 4,340 |
| Gtd. Notes | Caa3 | 11.125 | 1/15/14 | 198 | 196,020 |
| Gtd. Notes | Caa3 | 11.75 | 5/15/14 | 500 | 504,999 |
| Sec d. Notes | Caa2 | 11.00 | 10/1/15 | 400 | 435,000 |
| Charter Communications Holdings II LLC, Gtd. Notes | NR | 10.25 | 10/1/13 | 88 | 97,680 |
| Sr. Notes | Caa2 | 10.25 | 9/15/10 | 325 | 346,125 |
| Sr. Notes, Series B | Caa2 | 10.25 | 9/15/10 | 250 | 265,625 |
| CSC Holdings, Inc., Debs. | B2 | 7.625 | 7/15/18 | 100 | 100,500 |
| Debs. | B2 | 7.875 | 2/15/18 | 50 | 50,875 |
| Debs., Ser. B | B2 | 8.125 | 8/15/09 | 100 | 103,625 |
| Sr. Notes | B2 | 7.875 | 12/15/07 | 350 | 353,938 |
| Sr. Notes, Ser. B | B2 | 7.625 | 4/1/11 | 25 | 25,625 |
| Sr. Notes, Ser. B | B2 | 8.125 | 7/15/09 | 400 | 414,500 |
| Mediacom Broadband LLC, Sr. Notes | B3 | 8.50 | 10/15/15 | 125(h) | 129,688 |
| Mediacom LLC, Sr. Notes | B3 | 9.50 | 1/15/13 | 25 | 25,813 |
| NTL Cable PLC (United Kingdom), Sr. Notes | B2 | 9.125 | 8/15/16 | 400(c) | 435,000 |
| Videotron Ltee (Canada), Gtd. Notes | Ba2 | 6.375 | 12/15/15 | 100(c) | 98,750 |
| | | | | | 3,683,148 |

Capital Goods 9.2%

| | | | | | |
|---|------|-------|---------|----------|---------|
| ALH Finance LLC, Sr. Sub. Notes | B3 | 8.50 | 1/15/13 | 75 | 75,188 |
| Allied Waste North America, Inc., Gtd. Notes, Ser. B | B1 | 9.25 | 9/1/12 | 167 | 175,768 |
| Sec d. Notes, Ser. B | B1 | 5.75 | 2/15/11 | 450 | 442,687 |
| Sr. Notes | B1 | 7.25 | 3/15/15 | 95 | 98,088 |
| Ashtead Capital, Inc., Notes | B3 | 9.00 | 8/15/16 | 275(h) | 297,688 |
| Avis Budget Car Rental LLC, Sr. Notes | Ba3 | 7.625 | 5/15/14 | 105(h) | 108,938 |
| Baldor Electric Co., Gtd. Notes | B3 | 8.625 | 2/15/17 | 175 | 188,125 |
| Blount, Inc., Sr. Sub Notes | B2 | 8.875 | 8/1/12 | 425 | 441,999 |
| Case New Holland, Inc., Gtd. Notes | Ba3 | 9.25 | 8/1/11 | 200 | 210,000 |
| Columbus McKinnon Corp., Sr. Sub. Notes | B2 | 8.875 | 11/1/13 | 300 | 321,000 |
| Hertz Corp., Gtd. Notes | B1 | 8.875 | 1/1/14 | 495 | 532,743 |
| Invensys PLC (United Kingdom), Sr. Notes | B2 | 9.875 | 3/15/11 | 18(c)(h) | 19,350 |
| JohnsonDiversey Holdings, Inc., Disc. Notes, | Caa1 | 10.67 | 5/15/13 | 210 | 218,400 |

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|---|------|-------|----------|--------|---------|
| JohnsonDiversey, Inc., Gtd. Notes, Ser. B | B3 | 9.625 | 5/15/12 | 75 | 78,375 |
| Manitowoc Co., Inc., (The), Gtd. Notes | B2 | 10.50 | 8/1/12 | 260 | 274,950 |
| Mobile Mini, Inc., Sr. Notes | B1 | 6.875 | 5/1/15 | 375(h) | 374,531 |
| Mueller Water Products, Inc., Sr. Sub. Notes | B3 | 7.375 | 6/1/17 | 250(h) | 252,686 |
| RBS Global, Inc. & Rexnord Corp., Gtd. Notes | B3 | 9.50 | 8/1/14 | 400 | 429,999 |
| Rental Service Corp., Bonds | Caa1 | 9.50 | 12/1/14 | 250(h) | 268,750 |
| Stena AB (Sweden), Sr. Notes | Ba3 | 7.50 | 11/1/13 | 275(c) | 280,844 |
| Terex Corp., Gtd. Notes | B1 | 7.375 | 1/15/14 | 275 | 286,688 |
| United Rentals North America, Inc., Sr. Sub. Notes | B3 | 7.75 | 11/15/13 | 400 | 414,999 |
| Valmont Industries, Inc., Gtd. Notes | Ba3 | 6.875 | 5/1/14 | 350 | 352,188 |

6,143,984

Chemicals 6.1%

| | | | | | |
|--|------|--------|----------|----------|---------|
| Equistar Chemical Funding LP, Gtd. Notes | B1 | 10.125 | 9/1/08 | 215 | 226,288 |
| Sr. Notes | B1 | 10.625 | 5/1/11 | 85 | 89,675 |
| Equistar Chemicals LP, Notes | B1 | 8.75 | 2/15/09 | 251 | 261,668 |
| Huntsman LLC, Gtd. Notes | Ba1 | 11.625 | 10/15/10 | 611 | 656,824 |
| Ineos Group Holdings PLC (United Kingdom), Sr. Sub. Notes | B2 | 8.50 | 2/15/16 | 75(c)(h) | 75,469 |
| Koppers, Inc., Gtd. Notes | B2 | 9.875 | 10/15/13 | 730 | 793,874 |
| Lyondell Chemical Co., Gtd. Notes | B1 | 6.875 | 6/15/17 | 100 | 100,125 |
| Gtd. Notes | B1 | 8.25 | 9/15/16 | 250 | 270,625 |
| Gtd. Notes | Ba2 | 10.50 | 6/1/13 | 224 | 244,720 |
| MacDermid, Inc., Sr. Sub. Notes | Caa1 | 9.50 | 4/15/17 | 300(h) | 316,500 |
| Momentive Performance Materials, Inc., Sr. Notes | B3 | 9.75 | 12/1/14 | 225(h) | 235,125 |
| Mosaic Co. (The), Sr. Notes | B1 | 7.375 | 12/1/14 | 125(h) | 130,313 |
| Sr. Notes | B1 | 7.625 | 12/1/16 | 125(h) | 132,813 |
| Nalco Co., Sr. Notes | B1 | 7.75 | 11/15/11 | 275 | 284,625 |
| Sr. Sub. Notes | B3 | 8.875 | 11/15/13 | 100 | 107,250 |
| Rhodia SA (France), Sr. Sub. Notes | B3 | 8.875 | 6/1/11 | 113(c) | 118,015 |

4,043,909

Consumer 3.4%

| | | | | | |
|--|------|--------|---------|--------|---------|
| Levi Strauss & Co., Sr. Unsub. Notes | B2 | 9.75 | 1/15/15 | 200 | 217,250 |
| Mac-Gray Corp., Sr. Notes | B2 | 7.625 | 8/15/15 | 150 | 152,250 |
| Playtex Products, Inc., Gtd. Notes | Caa1 | 9.375 | 6/1/11 | 350 | 360,938 |
| Sec d. Notes | Ba3 | 8.00 | 3/1/11 | 15 | 15,638 |
| Realogy Corp., Sr. Notes | Caa1 | 10.50 | 4/15/14 | 100(h) | 100,375 |
| Sr. Notes, PIK | Caa1 | 11.00 | 4/15/14 | 200(h) | 199,000 |
| Sr. Sub. Notes | Caa2 | 12.375 | 4/15/15 | 825(h) | 804,374 |
| Service Corp. International, Inc., Sr. Notes | B1 | 7.375 | 10/1/14 | 350 | 362,688 |
| TDS Investor Corp., Sr. Sub. Notes | Caa1 | 11.875 | 9/1/16 | 60(h) | 67,650 |

2,280,163

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Electric 9.7%

| | | | | | |
|---|------|-------|----------|-------------|---------|
| AES Corp., Sec d. Notes | Ba3 | 8.75 | 5/15/13 | 90(h) | 95,513 |
| Sr. Notes | B1 | 9.50 | 6/1/09 | 75 | 79,781 |
| Sr. Notes | B1 | 9.375 | 9/15/10 | 700 | 766,500 |
| AES Eastern Energy LP, Pass-Through Cert., Ser. 1999-A | Ba1 | 9.00 | 1/2/17 | 199 | 221,631 |
| Aquila, Inc., Sr. Notes | B2 | 9.95 | 2/1/11 | 10 | 10,920 |
| CMS Energy Corp., Sr. Notes | Ba3 | 7.50 | 1/15/09 | 120 | 123,117 |
| Sr. Notes | Ba3 | 8.50 | 4/15/11 | 200 | 217,326 |
| Dynegy Holdings, Inc., Debs. | B2 | 7.125 | 5/15/18 | 50 | 47,625 |
| Sr. Notes | B2 | 6.875 | 4/1/11 | 75 | 75,281 |
| Sr. Notes | B2 | 7.50 | 6/1/15 | 175(h) | 173,688 |
| Sr. Unsec d. Notes | B2 | 8.375 | 5/1/16 | 255 | 264,881 |
| Edison Mission Energy, Sr. Notes | B1 | 7.625 | 5/15/27 | 800(h) | 809,999 |
| Sr. Unsec d. Notes | B1 | 7.75 | 6/15/16 | 225 | 234,000 |
| Homer City Funding LLC, Gtd. Notes | Ba2 | 8.137 | 10/1/19 | 131 | 142,734 |
| Midwest Generation LLC, Pass-Thru Certs., Ser. A | Ba2 | 8.30 | 7/2/09 | 164 | 168,042 |
| Pass-Thru Certs., Ser. B | Ba2 | 8.56 | 1/2/16 | 33 | 36,564 |
| Mirant Americas Generation LLC, Sr. Unsec d. Notes | Caa1 | 8.30 | 5/1/11 | 100 | 106,500 |
| Mirant Corp. | NR | 7.40 | 7/15/04 | 75(a)(f)(h) | 5,625 |
| Mirant North America LLC, Gtd. Notes | B2 | 7.375 | 12/31/13 | 385 | 407,138 |
| NRG Energy Inc., Gtd. Notes | B1 | 7.375 | 2/1/16 | 550 | 570,625 |
| Gtd. Notes | B1 | 7.375 | 1/15/17 | 325 | 337,594 |
| NSG Holdings LLC, Sec d. Notes | Ba2 | 7.75 | 12/15/25 | 475(h) | 499,938 |
| Orion Power Holdings, Inc., Sr. Notes | B2 | 12.00 | 5/1/10 | 370 | 425,963 |
| Reliant Energy, Inc., Sec d. Notes | B2 | 9.50 | 7/15/13 | 220 | 238,425 |
| Sierra Pacific Resources, Inc., Sr. Notes | B1 | 8.625 | 3/15/14 | 95 | 102,064 |
| TXU Corp., Sr. Notes, Ser. P | Ba1 | 5.55 | 11/15/14 | 50 | 44,376 |
| Sr. Notes, Ser. Q | Ba1 | 6.50 | 11/15/24 | 150 | 128,711 |
| UtiliCorp Canada Finance Corp. (Canada), Gtd. Notes | B2 | 7.75 | 6/15/11 | 115(c) | 123,132 |

6,457,693

Energy-Other 6.4%

| | | | | | |
|---|-----|-------|---------|--------|---------|
| Chesapeake Energy Corp., Gtd. Notes | Ba2 | 6.50 | 8/15/17 | 130 | 128,700 |
| Sr. Notes | Ba2 | 6.375 | 6/15/15 | 200 | 200,000 |
| Sr. Notes | Ba2 | 6.875 | 1/15/16 | 180 | 182,700 |
| Sr. Notes | Ba2 | 7.00 | 8/15/14 | 150 | 154,500 |
| Compagnie Generale de Geophysique-Veritas (France), Gtd. Notes | Ba3 | 7.50 | 5/15/15 | 360(c) | 376,649 |
| Compton Petroleum Finance Corp. (Canada), Gtd. Notes | B2 | 7.625 | 12/1/13 | 100(c) | 101,000 |
| Forest Oil Corp., Sr. Notes | B1 | 8.00 | 6/15/08 | 100 | 102,000 |
| Sr. Notes | B1 | 8.00 | 6/15/12 | 95 | 99,750 |
| Hanover Equipment Trust, Sec d. Notes, Ser. A | Ba3 | 8.50 | 9/1/08 | 43 | 43,108 |
| Sec d. Notes, Ser. B | Ba3 | 8.75 | 9/1/11 | 125 | 129,063 |
| Houston Exploration Co., Sr. Sub. Notes | B2 | 7.00 | 6/15/13 | 100 | 101,000 |

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|---|-----|-------|----------|-----------|-----------|
| Newfield Exploration Co., | | | | | |
| Sr. Sub. Notes | Ba3 | 6.625 | 9/1/14 | 75 | 75,374 |
| Sr. Sub. Notes | Ba3 | 6.625 | 9/1/16 | 475 | 402,000 |
| OPTI Canada, Inc. (Canada), Gtd. Notes | B1 | 8.25 | 12/15/14 | 200(c)(h) | 212,500 |
| Parker Drilling Co., Sr. Notes | B2 | 9.625 | 10/1/13 | 270 | 291,599 |
| PetroHawk Energy Corp., Gtd. Notes | B3 | 9.125 | 7/15/13 | 250 | 268,750 |
| Petroplus Finance Ltd. (Bermuda), | | | | | |
| Gtd. Notes | B1 | 6.75 | 5/1/14 | 150(c)(h) | 150,188 |
| Gtd. Notes | B1 | 7.00 | 5/1/17 | 75(c)(h) | 75,563 |
| Pioneer Natural Resource Co., | | | | | |
| Sr. Notes | Ba1 | 5.875 | 7/15/16 | 40 | 36,695 |
| Sr. Unsec d. Notes | Ba1 | 6.65 | 3/15/17 | 275 | 266,492 |
| Plains Exploration & Production Co., | | | | | |
| Gtd. Notes | Ba3 | 7.00 | 3/15/17 | 410 | 407,949 |
| Pride International, Inc., Sr. Notes | Ba2 | 7.375 | 7/15/14 | 75 | 77,250 |
| Swift Energy Co., Gtd. Notes | B1 | 7.125 | 6/1/17 | 225 | 222,188 |
| Tesoro Corp., | | | | | |
| Gtd. Notes | Ba1 | 6.25 | 11/1/12 | 15 | 15,038 |
| Gtd. Notes | Ba1 | 6.625 | 11/1/15 | 50 | 50,688 |
| Sr. Notes | Ba1 | 6.50 | 6/1/17 | 100(h) | 100,125 |
| | | | | | 4,270,869 |

Foods 3.4%

| | | | | | |
|--|------|-------|----------|-----------|-----------|
| Ahold Finance USA Inc., | | | | | |
| Gtd Notes | Ba1 | 6.875 | 5/1/29 | 75 | 76,707 |
| Notes | Ba1 | 8.25 | 7/15/10 | 75 | 80,855 |
| Albertson's, Inc., | | | | | |
| Debs. | B1 | 7.45 | 8/1/29 | 275 | 277,194 |
| Debs. | B1 | 8.70 | 5/1/30 | 100 | 112,371 |
| Aramark Corp., | | | | | |
| Sr. Notes | B3 | 8.50 | 2/1/15 | 250(h) | 262,813 |
| Sr. Notes | B3 | 8.856 | 2/1/15 | 200(h)(i) | 206,250 |
| Carrols Corp., Gtd. Notes | Caa1 | 9.00 | 1/15/13 | 175 | 180,250 |
| Dean Foods Co., Gtd. Notes | B1 | 7.00 | 6/1/16 | 45 | 44,888 |
| Del Monte Corp., Sr. Sub. Notes | B2 | 8.625 | 12/15/12 | 100 | 105,000 |
| Dole Food Co., Inc., | | | | | |
| Gtd. Notes | Caa1 | 7.25 | 6/15/10 | 100 | 99,000 |
| Sr. Notes | Caa1 | 8.625 | 5/1/09 | 35 | 35,700 |
| National Beef Packing Co. LLC, Sr. Notes | Caa1 | 10.50 | 8/1/11 | 150 | 157,875 |
| Pilgrim's Pride Corp., | | | | | |
| Gtd. Notes | B1 | 9.625 | 9/15/11 | 75 | 78,000 |
| Sr. Unsec d. Notes | B1 | 7.625 | 5/1/15 | 100 | 102,750 |
| Stater Brothers Holdings, Inc., | | | | | |
| Sr. Notes | B2 | 7.75 | 4/15/15 | 225(h) | 234,000 |
| Sr. Notes | B2 | 8.125 | 6/15/12 | 100 | 104,000 |
| Supervalu, Inc., Sr. Notes | B1 | 7.50 | 11/15/14 | 100 | 105,000 |
| | | | | | 2,262,653 |

Gaming 7.2%

| | | | | | |
|--|------|-------|---------|--------|---------|
| Boyd Gaming Corp., Sr. Sub. Notes | | | | | |
| | Ba3 | 6.75 | 4/15/14 | 60 | 60,525 |
| Caesars Entertainment, Inc., Sr. Sub. Notes | | | | | |
| | Ba1 | 8.125 | 5/15/11 | 135 | 142,931 |
| CCM Merger, Inc., Notes | | | | | |
| | B3 | 8.00 | 8/1/13 | 450(h) | 460,125 |
| Fountainbleau Las Vegas Holdings LLC, | | | | | |
| Mortgage Backed | Caa1 | 10.25 | 6/15/15 | 175(h) | 180,250 |
| Harrah's Operating Co. Inc., | | | | | |

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|--|------|-------|----------|-----------|-----------|
| Gtd. Notes | Baa3 | 5.375 | 12/15/13 | 25 | 22,250 |
| Gtd. Notes | Baa3 | 5.50 | 7/1/10 | 150 | 147,375 |
| Gtd. Notes | Baa3 | 5.625 | 6/1/15 | 375 | 318,750 |
| Notes | Baa3 | 6.50 | 6/1/16 | 25 | 22,094 |
| Isle of Capri Casinos, Inc., Gtd. Notes | B1 | 9.00 | 3/15/12 | 185 | 193,325 |
| Mandalay Resort Group, Sr. Notes | Ba2 | 9.50 | 8/1/08 | 250 | 258,750 |
| Sr. Sub. Notes | B1 | 9.375 | 2/15/10 | 100 | 107,250 |
| MGM Mirage, Inc., Gtd. Notes | Ba2 | 6.875 | 4/1/16 | 225 | 215,438 |
| Gtd. Notes | Ba2 | 7.50 | 6/1/16 | 300 | 295,500 |
| Gtd. Notes | Ba2 | 7.625 | 1/15/17 | 100 | 98,750 |
| Gtd. Notes | B1 | 9.75 | 6/1/07 | 480 | 480,039 |
| Mohegan Tribal Gaming Authority, Sr. Sub. Notes | Ba2 | 7.125 | 8/15/14 | 50 | 50,625 |
| Sr. Sub. Notes | Ba2 | 8.00 | 4/1/12 | 175 | 182,219 |
| Sr. Sub. Notes | Ba2 | 8.375 | 7/1/11 | 850(f) | 875,499 |
| Snoqualmie Entertainment Authority, Sr. Notes | B3 | 9.15 | 2/1/14 | 100(h)(i) | 102,250 |
| Station Casinos, Inc., Sr. Notes | Ba2 | 6.00 | 4/1/12 | 215 | 208,550 |
| Sr. Sub. Notes | Ba3 | 6.50 | 2/1/14 | 75 | 69,469 |
| Sr. Unsec d. Notes | Ba2 | 7.75 | 8/15/16 | 150 | 154,875 |
| Trump Entertainment Resorts, Inc., Sec d. Notes | Caa1 | 8.50 | 6/1/15 | 150 | 153,563 |
| | | | | | 4,800,402 |

Healthcare & Pharmaceutical 11.6%

| | | | | | |
|--|------|-------|----------|-----------|-----------|
| Accellent, Inc., Gtd. Notes | Caa2 | 10.50 | 12/1/13 | 450 | 464,063 |
| Advanced Medical Optics, Inc., Sr. Sub. Notes | B1 | 7.50 | 5/1/17 | 110(h) | 108,488 |
| Alliance Imaging, Inc., Sr. Sub. Notes | B3 | 7.25 | 12/15/12 | 200 | 196,500 |
| Concentra Operating Corp., Gtd. Notes | B3 | 9.50 | 8/15/10 | 942 | 989,099 |
| Elan Finance PLC (Ireland), Gtd. Notes | B3 | 9.36 | 11/15/11 | 103(c)(i) | 105,060 |
| Fisher Scientific International, Inc., Sr. Sub. Notes | Baa3 | 6.125 | 7/1/15 | 150 | 149,237 |
| Fresenius Medical Care Capital Trust II, Gtd. Notes | B1 | 7.875 | 2/1/08 | 500 | 506,875 |
| Hanger Orthopedic Group, Inc., Gtd. Notes | Caa1 | 10.25 | 6/1/14 | 150 | 162,750 |
| HCA, Inc., Debs. | Caa1 | 7.50 | 11/15/95 | 100 | 82,308 |
| Sec d. Notes | B2 | 9.25 | 11/15/16 | 775(h) | 849,593 |
| Sec d Notes, PIK | B2 | 9.625 | 11/15/16 | 1,100(h) | 1,212,749 |
| Inverness Medical Innovations, Inc., Sr. Sub. Notes | Caa1 | 8.75 | 2/15/12 | 205 | 217,300 |
| Mylan Laboratories, Inc., Gtd. Notes | Ba1 | 6.375 | 8/15/15 | 75 | 77,813 |
| Omega Healthcare Investors, Inc., Gtd. Notes | Ba3 | 7.00 | 4/1/14 | 50 | 51,125 |
| Omnicare, Inc., Sr. Sub. Notes | Ba3 | 6.125 | 6/1/13 | 125 | 119,688 |
| Sr. Sub. Notes | Ba3 | 6.875 | 12/15/15 | 100 | 98,500 |
| PTS Acquisition Corp., Sr. Notes, PIK | Caa1 | 9.50 | 4/15/15 | 325(h) | 333,938 |
| Res-Care, Inc., Sr. Notes | B1 | 7.75 | 10/15/13 | 300 | 307,500 |
| Select Medical Corp., Gtd. Notes | B3 | 7.625 | 2/1/15 | 45 | 41,625 |
| Senior Housing Properties Trust, Sr. Notes | Ba2 | 8.625 | 1/15/12 | 405 | 441,450 |
| Skilled Healthcare Group, Inc., Sr. Sub. Notes | Caa1 | 11.00 | 1/15/14 | 455(h) | 513,013 |
| Sun Healthcare Group, Inc., Sr. Sub. Notes | B3 | 9.125 | 4/15/15 | 500(h) | 525,000 |
| Warner Chilcott Corp., Gtd. Notes | Caa1 | 8.75 | 2/01/15 | 161 | 170,861 |
| | | | | | 7,724,535 |

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Lodging 1.9%

| | | | | | |
|---|-----|-------|----------|-----|-----------|
| Felcor Lodging LP, Gtd. Notes | Ba3 | 8.50 | 6/1/11 | 225 | 240,188 |
| Gaylord Entertainment Co., Sr. Notes | B3 | 8.00 | 11/15/13 | 100 | 104,500 |
| Host Marriott LP, Gtd. Notes, Ser. Q | Ba1 | 6.75 | 6/1/16 | 325 | 329,469 |
| Sr. Notes | Ba1 | 7.125 | 11/1/13 | 400 | 409,999 |
| Sr. Notes, Ser. M | Ba1 | 7.00 | 8/15/12 | 200 | 203,500 |
| | | | | | 1,287,656 |

Media & Entertainment 9.8%

| | | | | | |
|--|------|--------|----------|-----------|---------|
| AMC Entertainment, Inc., Gtd. Notes | B3 | 11.00 | 2/1/16 | 50 | 57,063 |
| Sr. Sub. Notes | B3 | 8.00 | 3/1/14 | 100 | 103,250 |
| Cinemark, Inc., Sr. Disc. Notes (Zero Coupon until 3/15/09) | B3 | Zero | 3/15/14 | 225 | 207,844 |
| Clear Channel Communications, Inc., Debs. | Baa3 | 6.875 | 6/15/18 | 25 | 22,604 |
| Sr. Notes | Baa3 | 5.50 | 9/15/14 | 150 | 130,475 |
| Sr. Notes | Baa3 | 5.75 | 1/15/13 | 250 | 227,337 |
| Dex Media East LLC, Gtd. Notes | B2 | 12.125 | 11/15/12 | 406 | 440,509 |
| Dex Media West LLC, Sr. Sub. Notes, Ser. B | B2 | 9.875 | 8/15/13 | 415 | 450,793 |
| Dex Media, Inc., Notes | B3 | 8.00 | 11/15/13 | 165 | 172,425 |
| DirecTV Holdings LLC, Gtd. Notes | Ba3 | 6.375 | 6/15/15 | 25 | 24,250 |
| Sr. Notes | Ba3 | 8.375 | 3/15/13 | 150 | 158,250 |
| Echostar DBS Corp., Gtd. Notes | Ba3 | 7.00 | 10/1/13 | 75 | 76,781 |
| Gtd. Notes | Ba3 | 6.625 | 10/1/14 | 75 | 75,000 |
| Gtd. Notes | Ba3 | 7.125 | 2/1/16 | 475 | 487,468 |
| Sr. Notes | Ba3 | 6.375 | 10/1/11 | 75 | 75,281 |
| Idearc, Inc., Sr. Notes | B2 | 8.00 | 11/15/16 | 150(h) | 155,438 |
| Intelsat Bermuda Ltd. (Bermuda), Gtd. Notes | B2 | 9.25 | 6/15/16 | 175(c) | 193,813 |
| Sr. Unsec d. Notes | Caa1 | 11.25 | 6/15/16 | 750(c) | 856,874 |
| Medianews Group, Inc., Sr. Sub. Notes | B2 | 6.875 | 10/1/13 | 200 | 184,000 |
| Morris Publishing Group LLC, Gtd. Notes | B1 | 7.00 | 8/1/13 | 65 | 60,044 |
| Nielsen Finance LLC, Sr. Notes | Caa1 | 10.00 | 8/1/14 | 125(h) | 136,250 |
| PRIMEDIA, Inc., Sr. Notes | B2 | 10.735 | 5/15/10 | 200(i) | 206,250 |
| Quebecor World, Inc. (Canada), Sr. Notes | B2 | 9.75 | 1/15/15 | 100(c)(h) | 106,000 |
| Rainbow National Services LLC, Sr. Notes | B2 | 8.75 | 9/1/12 | 125(h) | 133,438 |
| Sr. Sub. Debs. | B3 | 10.375 | 9/1/14 | 25(h) | 28,063 |
| RH Donnelly Corp., Sr. Notes, Ser. A-3 | B3 | 8.875 | 1/15/16 | 225 | 242,438 |
| RH Donnelley Finance Corp. I, Gtd. Notes (cost \$200,000; purchased 11/26/02) | B2 | 10.875 | 12/15/12 | 200(g)(h) | 215,250 |
| Six Flags, Inc., Sr. Notes | Caa1 | 9.625 | 6/1/14 | 20 | 19,250 |
| Sun Media Corp. (Canada), Gtd. Notes | Ba2 | 7.625 | 2/15/13 | 400(c) | 413,000 |
| Universal City Florida Holdings Co., Sr. Notes | B3 | 10.106 | 5/1/10 | 250(i) | 258,125 |
| Univision Communications, Inc., Sr. Notes, PIK | B3 | 9.75 | 3/15/15 | 400(h) | 414,000 |
| Vertis, Inc., Sec d. Notes | B1 | 9.75 | 4/1/09 | 200 | 205,000 |

6,536,563

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| Metals 7.0% | | | | | | |
|---|------|--------|----------|--------------|--|-----------|
| AK Steel Corp., Gtd. Notes | B2 | 7.75 | 6/15/12 | 150 | | 154,313 |
| Aleris International, Inc., Sr. Notes, PIK | B3 | 9.00 | 12/15/14 | 150(h) | | 160,500 |
| Sr. Sub. Notes | Caa1 | 10.00 | 12/15/16 | 100(h) | | 105,125 |
| Arch Western Finance LLC, Gtd. Notes | B1 | 6.75 | 7/1/13 | 160 | | 159,400 |
| Century Aluminum Co., Gtd. Notes | B1 | 7.50 | 8/15/14 | 300 | | 312,750 |
| Chaparral Steel Co., Gtd. Notes | B1 | 10.00 | 7/15/13 | 430 | | 479,450 |
| FMG Finance Pty Ltd. (Australia), Sec d. Notes (cost \$147,000; purchased 1/18/07) | Ba3 | 10.00 | 9/1/13 | 140(c)(g)(h) | | 157,150 |
| Sec d. Notes (cost \$90,750; purchased 5/22/07) | Ba3 | 10.625 | 9/1/16 | 75(c)(g)(h) | | 90,094 |
| Freeport-McMoRan Copper & Gold, Inc., Sr. Unsec d Notes | Ba3 | 8.375 | 4/1/17 | 275 | | 300,438 |
| Sr. Unsec d Notes | Ba3 | 8.564 | 4/1/15 | 300(i) | | 316,125 |
| Gerdau AmeriSteel Corp. (Canada), Sr. Notes | Ba2 | 10.375 | 7/15/11 | 500(c) | | 528,749 |
| Ispat Inland ULC (Canada), Sec d. Notes | Baa3 | 9.75 | 4/1/14 | 340(c) | | 375,622 |
| Metals USA, Inc., Sec d. Notes | B3 | 11.125 | 12/1/15 | 447 | | 501,757 |
| Novelis, Inc. (Canada), Gtd. Notes | B2 | 7.25 | 2/15/15 | 225(c) | | 237,375 |
| PNA Group, Inc., Sr. Notes (cost \$175,000; purchased 8/4/06) | B3 | 10.75 | 9/1/16 | 175(f)(g)(h) | | 194,250 |
| Ryerson, Inc., Sr. Notes | B3 | 8.25 | 12/15/11 | 135 | | 139,388 |
| United States Steel Corp., Sr. Notes | Baa3 | 9.75 | 5/15/10 | 400 | | 422,000 |
| | | | | | | 4,634,486 |

| Non-Captive Finance 2.6% | | | | | | |
|---|-----|-------|---------|-----|--|-----------|
| General Motors Acceptance Corp., Notes | Ba1 | 6.75 | 12/1/14 | 285 | | 284,086 |
| Notes | Ba1 | 6.875 | 9/15/11 | 450 | | 453,394 |
| Notes | Ba1 | 6.875 | 8/28/12 | 950 | | 954,626 |
| GMAC LLC, Unsub. Notes | Ba1 | 6.625 | 5/15/12 | 75 | | 74,632 |
| | | | | | | 1,766,738 |

| Packaging 4.2% | | | | | | |
|---|------|-------|----------|--------|--|-----------|
| Ball Corp., Gtd. Notes | Ba1 | 6.625 | 3/15/18 | 350 | | 351,750 |
| Berry Plastics Holding Corp., Sec d. Notes | B3 | 8.875 | 9/15/14 | 75 | | 76,875 |
| Sec d. Notes | B3 | 9.23 | 9/15/14 | 225(i) | | 230,344 |
| Crown Americas LLC, Gtd. Notes | B1 | 7.625 | 11/15/13 | 300 | | 311,250 |
| Gtd. Notes | B1 | 7.75 | 11/15/15 | 250 | | 261,250 |
| Exopack Holding Corp., Gtd. Notes | B3 | 11.25 | 2/1/14 | 150 | | 163,500 |
| Graham Packaging Co., Inc., Gtd. Notes | Caa1 | 8.50 | 10/15/12 | 175 | | 178,500 |
| Sub. Notes | Caa1 | 9.875 | 10/15/14 | 125 | | 128,750 |
| Greif, Inc., Sr. Notes | Ba2 | 6.75 | 2/1/17 | 175(h) | | 176,750 |
| Owens-Brockway Glass Container, Inc., Sec d. Notes | Ba2 | 8.75 | 11/15/12 | 705 | | 742,012 |
| Silgan Holdings, Inc., Sr. Sub. Notes | B1 | 6.75 | 11/15/13 | 175 | | 173,688 |
| | | | | | | 2,794,669 |

| Paper 3.6% | | | | | | |
|--|-----|------|----------|--------|--|---------|
| Bowater Canada Finance Corp. (Canada), Gtd. Notes | B3 | 7.95 | 11/15/11 | 100(c) | | 96,375 |
| Cascades, Inc. (Canada), Sr. Notes | Ba3 | 7.25 | 2/15/13 | 275(c) | | 277,406 |
| Catalyst Paper Corp. (Canada), | | | | | | |

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| | | | | | |
|---|----|-------|----------|--------|---------|
| Gtd. Notes, Ser. D | B2 | 8.625 | 6/15/11 | 315(c) | 315,787 |
| Sr. Notes | B2 | 7.375 | 3/1/14 | 100(c) | 94,375 |
| Cellu Tissue Holdings, Inc., Sec d. Notes | B2 | 9.75 | 3/15/10 | 300 | 301,499 |
| Domtar, Inc., (Canada), Notes | B2 | 7.875 | 10/15/11 | 100(c) | 105,000 |

Georgia-Pacific Corp., Gtd. Notes

| | | | | | |
|---|-----|-------|---------|-----------|---------|
| (cost \$275,000; purchased 12/14/06) | Ba3 | 7.125 | 1/15/17 | 275(g)(h) | 274,313 |
| Graphic Packaging International Corp., Sr. Notes | B2 | 8.50 | 8/15/11 | 200 | 208,250 |
| Sr. Sub. Notes | B3 | 9.50 | 8/15/13 | 150 | 159,563 |
| Norampac, Inc. (Canada), Sr. Notes | Ba3 | 6.75 | 6/1/13 | 110(c) | 108,625 |
| P.H. Glatfelter, Gtd. Notes | Ba1 | 7.125 | 5/1/16 | 40 | 40,800 |
| Smurfit-Stone Container Enterprises, Inc., Sr. Notes | B3 | 8.00 | 3/15/17 | 265 | 266,988 |
| Sr. Notes | B3 | 8.375 | 7/1/12 | 75 | 76,500 |
| Stone Container Finance (Canada), Gtd. Notes | B3 | 7.375 | 7/15/14 | 95(c)(h) | 94,050 |

2,419,531

Pipelines & Other 5.0%

| | | | | | |
|---|------|-------|----------|--------|---------|
| AmeriGas Partners LP, Sr. Notes | B1 | 7.125 | 5/20/16 | 175 | 177,188 |
| El Paso Corp., Sr. Notes, M.T.N. | Ba3 | 7.75 | 1/15/32 | 390 | 427,719 |
| Ferrellgas Partners LP, Sr. Notes | Ba3 | 6.75 | 5/1/14 | 50 | 49,625 |
| Inergy LP, Gtd. Notes | B1 | 8.25 | 3/1/16 | 50 | 52,875 |
| Sr. Notes | B1 | 6.875 | 12/15/14 | 150 | 148,500 |
| Kinder Morgan Finance Co. ULC (Canada), Gtd. Notes | Ba2 | 5.70 | 1/5/16 | 125(c) | 117,771 |
| Gtd. Notes | Ba2 | 6.40 | 1/5/36 | 175(c) | 160,579 |
| Pacific Energy Partners LP, Sr. Notes | Baa3 | 7.125 | 6/15/14 | 100 | 104,341 |
| Targa Resources, Inc., Gtd. Notes | B3 | 8.50 | 11/1/13 | 400(h) | 416,000 |
| Williams Cos., Inc. (The), Debs., Ser. A | Ba2 | 7.50 | 1/15/31 | 100 | 108,000 |
| Notes | Ba2 | 7.125 | 9/1/11 | 200 | 209,750 |
| Notes | Ba2 | 7.75 | 6/15/31 | 100 | 109,500 |
| Notes | Ba2 | 7.875 | 9/1/21 | 245 | 274,400 |
| Notes | Ba2 | 8.75 | 3/15/32 | 25 | 29,750 |
| Sr. Unsec d. Notes | Ba2 | 8.125 | 3/15/12 | 475 | 517,156 |
| Williams Partners LP, Gtd. Notes | Ba3 | 7.25 | 2/1/17 | 375 | 397,500 |

3,300,654

Retailers 2.3%

| | | | | | |
|---|------|--------|----------|--------|---------|
| Asbury Automotive Group, Inc., Sr. Sub. Notes | B3 | 8.00 | 3/15/14 | 50 | 51,125 |
| Couche-Tard Finance Corp., Sr. Sub. Notes | Ba2 | 7.50 | 12/15/13 | 125 | 129,375 |
| GSC Holdings Corp., Gtd. Notes | Ba3 | 8.00 | 10/1/12 | 65 | 69,225 |
| Jean Coutu Group, Inc. (Canada), Sr. Notes | B3 | 7.625 | 8/1/12 | 50(c) | 52,960 |
| Sr. Sub. Notes | Caa2 | 8.50 | 8/1/14 | 145(c) | 156,517 |
| Neiman-Marcus Group, Inc., Gtd. Notes, PIK | B2 | 9.00 | 10/15/15 | 125 | 137,188 |
| Gtd. Notes | B3 | 10.375 | 10/15/15 | 30 | 33,750 |
| Pantry, Inc. (The), Sr. Sub. Notes | B3 | 7.75 | 2/15/14 | 165 | 165,825 |
| Rite Aid Corp., Sec d. Notes | B3 | 8.125 | 5/1/10 | 545 | 561,350 |
| Susser Holdings LLC, Gtd. Notes | B2 | 10.625 | 12/15/13 | 134 | 147,400 |

1,504,715

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| Technology 5.6% | | | | | |
|--|------|--------|----------|-----------|-----------|
| Amkor Technology, Inc., Sr. Notes | B1 | 7.125 | 3/15/11 | 75 | 73,594 |
| Avago Technologies Finance Wireless (Singapore), Gtd. Notes | B2 | 10.125 | 12/1/13 | 260(c) | 283,400 |
| Gtd. Notes | Caa1 | 11.875 | 12/1/15 | 75(c) | 85,313 |
| Flextronics International Ltd. (Singapore), Sr. Sub.Notes | Ba2 | 6.25 | 11/15/14 | 200(c) | 193,500 |
| Freescale Semiconductor, Inc., Sr. Notes | B1 | 8.875 | 12/15/14 | 205(h) | 205,256 |
| Sr. Notes, PIK | B1 | 9.125 | 12/15/14 | 1,155(h) | 1,143,449 |
| Sr. Sub Notes | B2 | 10.125 | 12/15/16 | 20(h) | 20,025 |
| Iron Mountain, Inc., Gtd. Notes | B3 | 7.75 | 1/15/15 | 250 | 257,500 |
| Gtd. Notes | B3 | 8.625 | 4/1/13 | 175 | 179,813 |
| Nortel Networks Ltd. (Canada), Gtd. Notes | B3 | 4.25 | 9/1/08 | 135(c) | 131,625 |
| NXP BV/NXP Funding LLC (Netherlands), Gtd. Notes, Series WI | B2 | 9.50 | 10/15/15 | 125(c)(h) | 129,375 |
| Sec d. Notes, Series WI | Ba2 | 7.875 | 10/15/14 | 175(c)(h) | 180,250 |
| Seagate Technology HDD Holdings (Cayman Islands), Gtd. Notes | Ba1 | 6.375 | 10/1/11 | 150(c) | 148,500 |
| Sensata Technologies BV (Netherlands), Gtd. Notes | Caa1 | 8.00 | 5/1/14 | 300(c) | 303,000 |
| Serena Software, Inc., Gtd. Notes | Caa1 | 10.375 | 3/15/16 | 300 | 327,750 |
| STATS ChipPAC Ltd. (Singapore), Gtd. Notes | Ba2 | 6.75 | 11/15/11 | 50(c) | 51,250 |
| | | | | | 3,713,600 |

| Telecommunications 9.6% | | | | | |
|--|--------|-------|---------|-----------|---------|
| Centennial Communications Corp., Sr. Notes | Caa1 | 10.00 | 1/1/13 | 75 | 81,375 |
| Cincinnati Bell, Inc., Gtd. Notes | Ba3 | 7.25 | 7/15/13 | 75 | 78,000 |
| Sr. Sub. Notes | B2 | 8.375 | 1/15/14 | 75 | 76,875 |
| Citizens Communications Co., Notes | Ba2 | 9.25 | 5/15/11 | 205 | 226,525 |
| Sr. Notes | Ba2 | 6.25 | 1/15/13 | 150 | 148,500 |
| Sr. Notes | Ba2 | 9.00 | 8/15/31 | 75 | 81,188 |
| Cricket Communications, Inc., Gtd. Notes | Caa1 | 9.375 | 11/1/14 | 175 | 185,500 |
| Dobson Cellular Systems, Inc., Sec d. Notes | Ba2 | 8.375 | 11/1/11 | 250 | 266,250 |
| Hawaiian Telcom Communications, Inc., Gtd. Notes, Ser. B | Caa1 | 12.50 | 5/1/15 | 225 | 258,750 |
| Level 3 Financing, Inc., Gtd. Notes | B3 | 12.25 | 3/15/13 | 575 | 672,749 |
| Sr. Notes | B3 | 8.75 | 2/15/17 | 175(h) | 179,594 |
| Sr. Notes | B3 | 9.25 | 11/1/14 | 100(h) | 104,375 |
| MetroPCS Wireless, Inc., Sr. Notes | Caa1 | 9.25 | 11/1/14 | 200(h) | 212,000 |
| Nextel Partners, Inc., Gtd. Notes | BBB(d) | 8.125 | 7/1/11 | 375 | 390,998 |
| Nordic Telephone Co. Holdings (Denmark), Sr. Notes | B2 | 8.875 | 5/1/16 | 265(c)(h) | 287,194 |
| Qwest Communications International, Inc., Gtd. Notes, Ser. B | Ba3 | 7.50 | 2/15/14 | 65 | 67,113 |
| Qwest Corp., Debs. | Ba1 | 6.875 | 9/15/33 | 250 | 240,000 |
| Debs. | Ba1 | 7.50 | 6/15/23 | 650 | 661,374 |
| Notes | Ba1 | 8.875 | 3/15/12 | 125 | 137,188 |
| Sr. Notes | Ba1 | 7.50 | 10/1/14 | 200 | 210,500 |
| Sr. Notes | Ba1 | 7.625 | 6/15/15 | 210 | 222,600 |
| Sr. Notes | Ba1 | 7.875 | 9/1/11 | 150 | 158,625 |
| Rogers Wireless, Inc. (Canada), | | | | | |

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| | | | | | |
|---|------|-------|----------|--------|-----------|
| Sec d. Notes | Baa3 | 9.625 | 5/1/11 | 125(c) | 141,442 |
| Sr. Sub. Notes | Ba1 | 8.00 | 12/15/12 | 200(c) | 211,285 |
| Rural Cellular Corp., Sr. Notes | B3 | 9.875 | 2/1/10 | 135 | 141,919 |
| Time Warner Telecom Holdings, Inc., Gtd. Notes | B3 | 9.25 | 2/15/14 | 100 | 107,375 |
| Windstream Corp., Sr. Notes | Ba3 | 7.00 | 3/15/19 | 500 | 498,124 |
| Sr. Notes | Ba3 | 8.625 | 8/1/16 | 300 | 327,750 |
| | | | | | 6,375,168 |

Tobacco 0.3%

| | | | | | |
|---------------------------------------|-----|-------|--------|-----|---------|
| Reynolds American, Inc., Sec d. Notes | Ba2 | 7.625 | 6/1/16 | 175 | 189,580 |
|---------------------------------------|-----|-------|--------|-----|---------|

Total corporate bonds (cost \$81,016,509) 83,632,650

SOVEREIGN BONDS 1.4%

| | | | | | |
|---|-----|-------|---------|-----------|---------|
| Republic of Argentina, Bonds, F.R.N. | B3 | 3.00 | 4/30/13 | 173(c)(i) | 114,368 |
| Bonds, F.R.N. | B3 | 5.475 | 8/3/12 | 255(c)(i) | 244,707 |
| Republic of Colombia, Notes | Ba2 | 10.00 | 1/23/12 | 200(c) | 235,400 |
| Republic of Philippines, Bonds | B1 | 9.375 | 1/18/17 | 300(c) | 369,749 |

Total sovereign bonds (cost \$903,525) 964,224

Units

| | | | | | |
|--|--|--|--|-----------|---|
| WARRANTS(b) | | | | | |
| Sterling Chemical Holdings, Inc., expiring 8/15/08 | | | | 140(f) | 0 |
| Viasystems Group, Inc., expiring 1/10/31 | | | | 10,871(f) | 1 |
| XM Satellite Radio, Inc., expiring 3/15/10 | | | | 150(f)(h) | 0 |

Total warrants (cost \$219,817) 1

Total long-term investments (cost \$82,139,851) 84,596,875

Principal

Amount

(000)

SHORT-TERM INVESTMENT 2.5%

U.S. GOVERNMENT AGENCY SECURITY

| | | | | | |
|--|---------|----------|--------|----------|-----------|
| Federal Home Loan Bank, Discount Note | | | | | |
| (cost \$1,679,000) | A-1+(d) | 5.10%(e) | 6/1/07 | \$ 1,679 | 1,678,762 |

Total Investments(j) 129.5%

(cost \$83,818,851)(k) 86,275,637

Liabilities in excess of other assets (29.5%) (19,676,658)

Net Assets 100.0% \$ 66,598,979

F.R.N. Floating Rate Note

M.T.N. Medium Term Note

NR Not rated by Moody's or Standard & Poor's

PIK Payment in Kind

- (a) Represents issuer in default on interest payment; non-income producing security.
- (b) Non-income producing security.
- (c) US\$ denominated foreign securities.
- (d) Standard & Poor's Rating.
- (e) Percentage quoted represents yield-to-maturity as of purchase date.
- (f) Indicates a security that has been deemed illiquid.
- (g) Indicates a restricted security; the aggregate cost of such securities is \$989,500. The aggregate value of \$1,035,827 is approximately 1.6% of net assets.
- (h) Security was purchased pursuant to Rule 144A under the Securities Act of 1993 and may not be resold subject to that rule except to qualified institutional buyers. Unless otherwise noted, 144A securities are deemed to be liquid.
- (i) Indicates a variable rate security. The interest rate shown reflects the rate in effect at May 31, 2007.
- (j) As of May 31, 2007, one security representing \$1 and 0.0% of the total market value was fair valued in accordance with the policies adopted by the Board of Directors.
- (k) The United States federal income tax basis of the Fund's investments and the net unrealized appreciation as of May 31, 2007 were as follows:

| Tax Basis of Investments | Appreciation | Depreciation | Net Unrealized Appreciation |
|-----------------------------|--------------|--------------|--------------------------------|
| \$ 84,379,751 | \$ 3,001,247 | \$ 1,105,361 | \$ 1,895,886 |

The difference between the book basis and tax basis is primarily attributable to deferred losses on wash sales and differences in the treatment of premium and market discount amortization for book and tax purposes.

Notes to Schedule of Investments (Unaudited)

Securities Valuation: Securities for which market quotations are readily available including securities listed on national securities exchanges and those traded over-the-counter are valued at the last quoted sales price on the valuation date on which the security is traded. If such securities were not traded on the valuation date, but market quotations are readily available, they are valued at the most recently quoted bid price provided by an independent pricing service or by a principal market maker. Securities for which market quotations are not readily available or for which the pricing agent or market maker does not provide a valuation or methodology, or provides a valuation or methodology that, in the judgment of the adviser, does not represent fair value, are valued by a Valuation Committee appointed by the Board of Directors, in consultation with the adviser. When determining the fair valuation of securities some of the factors influencing the valuation include, the nature of any restrictions on disposition of the securities; assessment of the general liquidity of the securities; the issuer's financial condition and the markets in which it does business; the cost of the investment; the size of the holding and the capitalization of issuer; the prices of any recent transactions or bids/offers for such securities or any comparable securities; any available analyst media or other reports or information deemed reliable by the investment adviser regarding the issuer or the markets or industry in which it operates. Using fair value to price securities may result in a value that is different from a security's most recent closing price and from the price used by other mutual funds to calculate their net asset values.

Short-term securities, which mature in sixty days or less, are valued at amortized cost, which approximates market value. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of the difference between the principal amount due at maturity and cost. Short-term securities, which mature in more than sixty days, are valued at current market quotations.

Other information regarding the Fund is available in the Fund's most recent Report to Shareholders. This information is available on the Securities and Exchange Commission's website (www.sec.gov).

Item 2. Controls and Procedures

- (a) It is the conclusion of the registrant's principal executive officer and principal financial officer that the effectiveness of the registrant's current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant has been recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms and that the information required to be disclosed by the registrant has been accumulated and communicated to the registrant's principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.

- (b) There have been no significant changes in the registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 3. Exhibits

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 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) The High Yield Income Fund, Inc.

By (Signature and Title)* /s/ Deborah A. Docs
 Deborah A. Docs
 Secretary of the Fund

Date July 26, 2007

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/ Judy A. Rice
 Judy A. Rice
 President and Principal Executive Officer

Date July 26, 2007

By (Signature and Title)* /s/ Grace C. Torres
 Grace C. Torres
 Treasurer and Principal Financial Officer

Date July 26, 2007

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