

HIGH YIELD INCOME FUND INC
Form N-Q
July 28, 2006

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: | 8/31/2006 |
| Date of reporting period: | 5/31/2006 |

Item 1. Schedule of Investments

THE HIGH YIELD INCOME FUND, INC.

Schedule of Investments

May 31, 2006 (Unaudited)

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value |
|---|-------------------|------------------|------------------|---------------------------|-----------|
| LONG-TERM INVESTMENTS 132.2% | | | | | |
| CORPORATE BONDS 128.7% | | | | | |
| Aerospace/Defense 3.7% | | | | | |
| Argo-Tech Corp., Sr. Notes | B3 | 9.25% | 6/1/11 | \$ 55 | \$ 57,750 |
| BE Aerospace, Inc., Sr. Sub Notes, Ser. B | B3 | 8.875 | 5/1/11 | 235 | 244,400 |
| DRS Technologies, Inc., Gtd. Notes | B3 | 7.625 | 2/1/18 | 150 | 151,500 |
| Esterline Technologies Corp., Sr. Sub Notes | B1 | 7.75 | 6/15/13 | 300 | 307,500 |
| K&F Acquisition, Inc., Sr. Sub. Notes | Caa1 | 7.75 | 11/15/14 | 150 | 152,250 |
| L-3 Communications Corp., Sr. Sub. Notes | Ba3 | 7.625 | 6/15/12 | 500 | 510,000 |
| Moog, Inc., Sr. Sub. Notes | Ba3 | 6.25 | 1/15/15 | 300 | 287,250 |
| Sequa Corp., Sr. Notes, Ser. B | B1 | 8.875 | 4/1/08 | 300 | 312,750 |
| Standard Aerospace Holdings, Inc., Sr. Sub. Notes | Caa1 | 8.25 | 9/1/14 | 125 | 110,000 |
| TransDigm, Inc., Sr. Sub. Notes | B3 | 8.375 | 7/15/11 | 180 | 191,250 |
| | | | | | 2,324,650 |
| Airlines 0.9% | | | | | |
| AMR Corp., Deb. | | | | | |
| M.T.N., Ser. B | Caa2 | 10.00 | 4/15/21 | 125 | 114,063 |
| Continental Airlines, Inc., Pass thru Certs., Ser. D | CCC(d) | 10.40 | 3/10/11 | 100 | 94,750 |
| Pass-thru Certs., Ser. 1998-1, Class B | B3 | 7.568 | 12/1/06 | 300 | 299,203 |
| | Ba2 | 6.748 | 3/15/17 | 88 | 82,303 |
| | | | | | 590,319 |
| Automotive 8.9% | | | | | |
| ArvinMeritor, Inc., Notes | Ba2 | 8.75 | 3/1/12 | 250 | 251,250 |
| Ford Motor Credit Co., Notes | Ba2 | 7.875 | 6/15/10 | 1,405 | 1,296,289 |
| General Motors Nova Scotia Finance Co., Gtd. Notes | B3 | 6.85 | 10/15/08 | 225 | 202,500 |
| General Motors Acceptance Corp., Notes | Ba1 | 6.125 | 9/15/06 | 500 | 498,237 |
| Notes | Ba1 | 6.875 | 9/15/11 | 450 | 422,739 |
| Notes | Ba1 | 6.875 | 8/28/12 | 950 | 883,056 |
| Notes | Ba1 | 6.75 | 12/1/14 | 435 | 394,876 |
| Notes | B3 | 7.20 | 1/15/11 | 180 | 151,200 |
| Goodyear Tire & Rubber Co., Sr. Notes | B3 | 9.00 | 7/1/15 | 150 | 152,625 |
| Lear Corp., Sr. Notes, Ser. B | B3 | 8.11 | 5/15/09 | 390 | 380,250 |
| Tenneco Automotive, Inc., Sr. Sub. Notes | B3 | 8.625 | 11/15/14 | 100 | 100,500 |

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| | | | | | |
|-----------------------|-----|-------|---------|-----|-----------|
| TRW Automotive, Inc., | | | | | |
| Sr. Notes | Ba3 | 9.375 | 2/15/13 | 276 | 297,390 |
| Sr. Sub. Notes | B1 | 11.00 | 2/15/13 | 50 | 55,375 |
| Visteon Corp., | | | | | |
| Sr. Notes | B3 | 8.25 | 8/1/10 | 365 | 339,450 |
| Sr. Notes | B3 | 7.00 | 3/10/14 | 290 | 239,975 |
| | | | | | 5,665,712 |

Banking 0.7%

| | | | | | |
|--|------|-------|---------|--------------|---------|
| Halyk Savings Bank of Kazakhstan (Kazakhstan), | | | | | |
| Notes (cost \$101,750; purchased 10/22/04) | Baa1 | 8.125 | 10/7/09 | 100(c)(g)(h) | 103,875 |
| Kazkommerts International BV (Netherlands), | | | | | |
| Gtd. Notes | Baa1 | 8.50 | 4/16/13 | 205(c)(h) | 214,225 |
| Notes | Baa1 | 7.00 | 11/3/09 | 105(c)(h) | 105,000 |
| | | | | | 423,100 |

Building Materials 2.7%

| | | | | | |
|--|------|-------|----------|--------|-----------|
| Beazer Homes USA, Inc., Sr. Notes | | | | | |
| | Ba1 | 8.625 | 5/15/11 | 110 | 114,675 |
| D.R. Horton, Inc., Sr. Notes | | | | | |
| | Baa3 | 8.00 | 2/1/09 | 375 | 391,126 |
| Dycom Industries Inc., Notes | | | | | |
| | Ba3 | 8.125 | 10/15/15 | 175 | 178,500 |
| Goodman Global Holdings Co., Inc., | | | | | |
| Sr. Notes | B2 | 7.491 | 6/15/12 | 125(i) | 126,563 |
| Sr. Notes | B3 | 7.875 | 12/15/12 | 75 | 73,500 |
| K Hovnanian Enterprises Inc., Gtd. Notes | | | | | |
| | Ba1 | 7.50 | 5/15/16 | 170 | 163,168 |
| KB HOME, | | | | | |
| Notes | Ba1 | 6.375 | 8/15/11 | 150 | 145,437 |
| Sr. Sub. Notes | | | | | |
| | Ba2 | 8.625 | 12/15/08 | 160 | 167,576 |
| Nortek, Inc., Sr. Sub. Notes | | | | | |
| | Caa1 | 8.50 | 9/1/14 | 350 | 351,750 |
| | | | | | 1,712,295 |

Cable 3.9%

| | | | | | |
|---|------|--------|----------|--------------|-----------|
| Cablevision Systems Corp., Sr. Notes, Ser. B | | | | | |
| | B3 | 8.00 | 4/15/12 | 50 | 49,500 |
| Callahan Nordrhein-Westfalen (Germany), Sr. Disc. Notes | | | | | |
| | NR | 16.00 | 7/15/10 | 500(a)(c)(f) | 5 |
| Charter Communications Holdings I LLC, | | | | | |
| Gtd. Notes | Cae | 11.125 | 1/15/14 | 198 | 125,235 |
| Gtd. Notes | Cae | 10.00 | 5/15/14 | 99 | 60,390 |
| Gtd. Notes | Ca | 11.75 | 5/15/14 | 500 | 315,000 |
| Sec d. Notes | Caa3 | 11.00 | 10/1/15 | 400 | 344,000 |
| Charter Communications Holdings II LLC, | | | | | |
| Sr. Notes | Caa1 | 10.25 | 9/15/10 | 250(h) | 248,750 |
| Sr. Notes | Caa1 | 10.25 | 9/15/10 | 325 | 324,188 |
| Charter Communications Operating LLC, | | | | | |
| Sr. Notes | Ca | 10.75 | 10/1/09 | 100 | 77,500 |
| Sr. Notes | B2 | 8.375 | 4/30/14 | 100(h) | 99,750 |
| CSC Holdings, Inc., | | | | | |
| Sr. Notes, Ser. B | B2 | 7.625 | 4/1/11 | 25 | 25,125 |
| Deb. | B2 | 7.625 | 7/15/18 | 100 | 99,500 |
| Deb. | B2 | 7.875 | 2/15/18 | 50 | 50,375 |
| Sr. Notes, | B2 | 7.875 | 12/15/07 | 350 | 356,125 |
| Sr. Notes, Ser. B | B2 | 8.125 | 7/15/09 | 100 | 102,500 |
| Deb. | B2 | 8.125 | 8/15/09 | 100 | 102,500 |
| Videotron Ltée, Notes | | | | | |
| | Ba3 | 6.375 | 12/15/15 | 100 | 94,000 |
| | | | | | 2,474,443 |

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| Capital Goods 8.5% | | | | | | |
|---|------|--------|----------|-----------|--|-----------|
| ALH Finance LLC, Sr. Sub. Notes | B3 | 8.50 | 1/15/13 | 160 | | 156,800 |
| Allied Waste North America, Inc., Sec d. Notes, Ser. B | B2 | 5.75 | 2/15/11 | 450 | | 425,250 |
| Sr. Notes | B2 | 7.25 | 3/15/15 | 95 | | 92,981 |
| Sr. Notes, Ser. B | B2 | 8.50 | 12/1/08 | 135 | | 141,581 |
| Gtd. Notes, Ser. B | B2 | 9.25 | 9/1/12 | 167 | | 178,064 |
| Avis Budget Car Rental LLC, Sr. Notes | Ba3 | 7.625 | 5/15/14 | 180(h) | | 180,900 |
| Blount, Inc., Sr. Sub Notes | B2 | 8.875 | 8/1/12 | 425 | | 437,749 |
| Case New Holland, Inc., Sr. Notes | Ba3 | 9.25 | 8/1/11 | 200 | | 212,500 |
| Columbus McKinnon Corp., Sr. Sub. Notes | B3 | 8.875 | 11/1/13 | 160 | | 164,400 |
| Hertz Corp., Sr. Notes | B1 | 8.875 | 1/1/14 | 500(h) | | 520,000 |
| Sr. Notes | B3 | 10.50 | 1/1/16 | 300(h) | | 324,750 |
| Invensys PLC, Sr. Notes (United Kingdom) | B3 | 9.875 | 3/15/11 | 95(c)(h) | | 103,075 |
| Johnson Diversey, Inc., Gtd. Notes | Caa1 | 9.625 | 5/15/12 | 75 | | 75,750 |
| Manitowoc Co., Inc., (The), Sr. Sub. Notes | B2 | 10.50 | 8/1/12 | 260 | | 283,400 |
| Mueller Group, Inc., Sr. Sub. Notes | Caa1 | 10.00 | 5/1/12 | 90 | | 98,325 |
| Rexnord Corp., Sr. Sub. Notes | B3 | 10.125 | 12/15/12 | 225 | | 249,750 |
| Stena AB (Sweden), Sr. Notes | Ba3 | 9.625 | 12/1/12 | 175(c) | | 187,688 |
| Sr. Notes | Ba3 | 7.50 | 11/1/13 | 275(c) | | 268,125 |
| Terex Corp., Sr. Sub. Notes | Caa1 | 9.25 | 7/15/11 | 50 | | 52,875 |
| Sr. Sub. Notes | Caa1 | 7.375 | 1/15/14 | 275 | | 275,688 |
| Sr. Sub. Notes, Ser. B | Caa1 | 10.375 | 4/1/11 | 240 | | 252,900 |
| United Rentals North America, Inc., Sr. Sub. Notes | Caa1 | 7.75 | 11/15/13 | 400 | | 392,000 |
| Valmont Industries, Inc., Gtd. Notes | Ba3 | 6.875 | 5/1/14 | 350 | | 345,625 |
| | | | | | | 5,420,176 |
| Chemicals 7.3% | | | | | | |
| BCI Finance Corp., Sr. Sec d. Notes | B3 | 10.577 | 7/15/10 | 285(h)(i) | | 290,700 |
| Equistar Chemical Funding LP, Notes | B2 | 10.125 | 9/1/08 | 215 | | 228,975 |
| Sr. Notes | B2 | 10.625 | 5/1/11 | 85 | | 92,013 |
| Huntsman LLC, Gtd. Notes | Ba3 | 11.625 | 10/15/10 | 611 | | 678,210 |
| Huntsman International LLC, Gtd. Notes | B2 | 9.875 | 3/1/09 | 680 | | 708,900 |
| Gtd. Notes | B3 | 10.125 | 7/1/09 | 42 | | 42,735 |
| IMC Global, Inc., Debs. | B1 | 6.875 | 7/15/07 | 300 | | 301,500 |
| Gtd. Notes, Ser. B | Ba3 | 10.875 | 6/1/08 | 100 | | 107,500 |
| Gtd. Notes, Ser. B | Ba3 | 11.25 | 6/1/11 | 300 | | 316,875 |
| Ineos Group Holdings PLC (Great Britain), Notes | B2 | 8.50 | 2/15/16 | 100(h) | | 93,500 |

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|--|------|--------|----------|--------|-----------|
| Koppers, Inc., Sr. Sec d. Notes | B1 | 9.875 | 10/15/13 | 236 | 259,600 |
| Lyondell Chemical Co., Sr. Sec d. Notes | B1 | 9.50 | 12/15/08 | 496 | 515,220 |
| Sr. Sec d. Notes | B1 | 10.50 | 6/1/13 | 224 | 250,880 |
| Nalco Co., Sr. Notes | B2 | 7.75 | 11/15/11 | 140 | 140,350 |
| Sr. Sub. Notes | Caa1 | 8.875 | 11/15/13 | 235 | 241,756 |
| Rhodia SA (France), Sr. Notes | B3 | 10.25 | 6/1/10 | 91(c) | 99,986 |
| Sr. Sub. Notes | Caa1 | 8.875 | 6/1/11 | 113(c) | 114,130 |
| Rockwood Specialties, Inc., Sr. Sub. Notes | B3 | 10.625 | 5/15/11 | 110 | 118,800 |
| | | | | | 4,601,630 |

Consumer 1.6%

| | | | | | |
|--|------|-------|----------|-------|-----------|
| Levi Strauss & Co., Sr. Notes | B3 | 12.25 | 12/15/12 | 200 | 224,999 |
| Sr. Notes | B3 | 8.875 | 4/1/16 | 75(h) | 73,688 |
| Mac-Gray Corp., Sr. Notes | B1 | 7.625 | 8/15/15 | 150 | 153,000 |
| Playtex Products, Inc., Sec d Notes | B2 | 8.00 | 3/1/11 | 25 | 26,313 |
| Gtd. Notes | Caa1 | 9.375 | 6/1/11 | 325 | 338,812 |
| Service Corp. International, Inc., Notes | Ba3 | 6.50 | 3/15/08 | 125 | 124,688 |
| Simmons Bedding Co., Sr. Sub. Notes | Caa1 | 7.875 | 1/15/14 | 100 | 97,250 |
| | | | | | 1,038,750 |

Diversified Manufacturing 0.2%

| | | | | | |
|--|------|-------|---------|-----|---------|
| Johnson Diversey Holdings, Inc., Sr. Disc. Notes, Zero Coupon (until 5/15/07) | Caa1 | 10.67 | 5/15/13 | 135 | 116,100 |
|--|------|-------|---------|-----|---------|

Electric 10.1%

| | | | | | |
|--|-----|-------|----------|--------|---------|
| AES Corp., Sr. Notes | B1 | 9.50 | 6/1/09 | 75 | 80,250 |
| Sr. Notes | B1 | 9.375 | 9/15/10 | 700 | 757,749 |
| Sr. Notes | Ba3 | 8.75 | 5/15/13 | 90(h) | 97,200 |
| AES Eastern Energy LP, Pass-Through Cert., Ser. 1999-A | Ba1 | 9.00 | 1/2/17 | 207 | 228,003 |
| Aquila, Inc., Sr. Notes | B2 | 9.95 | 2/1/11 | 195 | 217,913 |
| CMS Energy Corp., Sr. Notes | B1 | 7.50 | 1/15/09 | 120 | 121,500 |
| Dynegy Holdings, Inc., Sr. Unsec d. Notes | B2 | 8.375 | 5/1/16 | 275(h) | 273,625 |
| Deb. | B2 | 7.125 | 5/15/18 | 50 | 44,500 |
| Deb. | B2 | 7.625 | 10/15/26 | 75 | 66,750 |
| Sr. Notes | B2 | 6.875 | 4/1/11 | 75 | 71,625 |
| Edison Mission Energy, Sr. Notes | B1 | 7.73 | 6/15/09 | 275 | 280,500 |
| Sr. Notes | B1 | 7.75 | 6/15/16 | 225(h) | 222,750 |
| Empresa Nacional de Electricidad (Chile), Notes | Ba1 | 8.35 | 8/1/13 | 670(c) | 729,359 |
| Homer City Funding LLC, Sr. Notes | Ba2 | 8.137 | 10/1/19 | 138 | 148,005 |

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|---|-----|--------|----------|--------|-----------|
| Midwest Generation LLC, | | | | | |
| Pass-thru Certs., Ser. A | B1 | 8.30 | 7/2/09 | 195(f) | 199,875 |
| Pass-thru Certs., Ser. B | B1 | 8.56 | 1/2/16 | 36 | 38,180 |
| Sr. Sec d. Notes | Ba3 | 8.75 | 5/1/34 | 325 | 347,750 |
| Mirant North America LLC, Sr. Notes | B1 | 7.375 | 12/31/13 | 360(h) | 355,500 |
| Mission Energy Holdings Co., Sr. Sec d. Notes | B2 | 13.50 | 7/15/08 | 75 | 84,656 |
| Nevada Power Co., | | | | | |
| Gen. Ref. Mtge., Notes, Ser. E | Ba1 | 10.875 | 10/15/09 | 10 | 10,702 |
| Gen. Ref. Mtge., Notes, Ser. I | Ba1 | 6.50 | 4/15/12 | 130 | 130,538 |
| NRG Energy, Inc., Sr. Sec d. Notes | B1 | 7.375 | 2/1/16 | 550 | 550,688 |
| Orion Power Holdings, Inc., Sr. Notes | B3 | 12.00 | 5/1/10 | 370 | 417,175 |
| Reliant Resources, Inc., Sr. Sec d. Notes | B2 | 9.50 | 7/15/13 | 220 | 222,200 |
| Sierra Pacific Resources, Inc., Sr. Notes | B1 | 8.625 | 3/15/14 | 95 | 102,332 |
| Southern Energy Escrow | NR | 7.40 | 7/15/04 | 75 | 750 |
| TECO Energy, Inc., Sr. Notes, | Ba2 | 7.50 | 6/15/10 | 400 | 416,000 |
| TXU Corp., | | | | | |
| Sr. Notes | Ba1 | 5.55 | 11/15/14 | 50 | 45,927 |
| Sr. Notes, Ser. Q | Ba1 | 6.50 | 11/15/24 | 150 | 135,259 |
| | | | | | 6,397,261 |

Energy - Other 5.4%

| | | | | | |
|--|-----|-------|----------|--------|---------|
| Chesapeake Energy Corp., | | | | | |
| Gtd. Notes | Ba2 | 6.25 | 1/15/18 | 75 | 69,750 |
| Sr. Notes | Ba2 | 7.00 | 8/15/14 | 150 | 149,438 |
| Sr. Notes | Ba2 | 6.375 | 6/15/15 | 200 | 188,500 |
| Sr. Notes | Ba2 | 6.875 | 1/15/16 | 200 | 194,500 |
| Sr. Notes | Ba2 | 6.50 | 8/15/17 | 275(h) | 259,874 |
| Compton Petroleum Corp., Gtd. Notes | B2 | 7.625 | 12/1/13 | 100 | 97,500 |
| Encore Acquisition Co., Sr. Sub. Notes | B2 | 6.25 | 4/15/14 | 75 | 68,813 |
| Forest Oil Corp., | | | | | |
| Sr. Notes | Ba3 | 8.00 | 6/15/08 | 100 | 102,125 |
| Sr. Notes | Ba3 | 8.00 | 12/15/11 | 95 | 98,563 |
| Hanover Equipment Trust, | | | | | |
| Sr. Sec d. Notes, Ser. A | B2 | 8.50 | 9/1/08 | 43 | 43,753 |
| Sr. Sec d. Notes, Ser. B | B2 | 8.75 | 9/1/11 | 125 | 130,000 |
| Houston Exploration Co., Sr. Sub. Notes | B2 | 7.00 | 6/15/13 | 100 | 96,750 |
| Kerr-McGee Corp., Sec d. Notes | Ba2 | 6.95 | 7/1/24 | 225 | 221,330 |
| Magnum Hunter Resources, Inc., Sr. Notes | Ba3 | 9.60 | 3/15/12 | 23 | 24,409 |
| Newfield Exploration Co., | | | | | |
| Sr. Sub. Notes | Ba3 | 6.625 | 4/15/16 | 400 | 380,999 |
| Sr. Sub. Notes | Ba3 | 6.625 | 9/1/14 | 75 | 71,813 |
| Parker Drilling Co., Sr. Notes | B2 | 9.625 | 10/1/13 | 450 | 493,874 |
| Pioneer Natural Resource Co., | | | | | |
| Bonds | Ba1 | 6.875 | 5/1/18 | 100 | 96,379 |
| Sr. Notes | Ba1 | 5.875 | 7/15/16 | 100 | 90,890 |

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|---|------|-------|---------|-------|---------|
| Pogo Producing Co., Sr. Sub. Notes | B2 | 6.875 | 10/1/17 | 125 | 118,125 |
| Premcor Refining Group, Inc., Sr. Notes | Baa3 | 9.50 | 2/1/13 | 235 | 258,233 |
| Pride International, Inc., Sr. Notes | Ba2 | 7.375 | 7/15/14 | 125 | 127,813 |
| Tesoro Corp., Sr. Notes | Ba1 | 6.25 | 11/1/12 | 25(h) | 24,000 |

3,407,431

Foods 1.8%

| | | | | | |
|---|-----|--------|----------|-----|---------|
| Agrilink Foods, Inc., Gtd. Notes | B3 | 11.875 | 11/1/08 | 21 | 21,394 |
| Ahold Finance USA, Inc., Gtd. Notes | Ba1 | 8.25 | 7/15/10 | 75 | 78,563 |
| Dean Foods Co., Gtd. Notes | Ba2 | 7.00 | 6/1/16 | 100 | 98,000 |
| Del Monte Corp., Sr. Sub. Notes | B2 | 8.625 | 12/15/12 | 100 | 104,250 |
| Delhaize America, Inc., Gtd. Notes | Ba1 | 8.125 | 4/15/11 | 125 | 133,090 |
| Dole Foods Co., Inc., Sr. Notes | B3 | 8.625 | 5/1/09 | 55 | 54,175 |
| Sr. Notes | B2 | 7.25 | 6/15/10 | 100 | 93,500 |
| National Beef Packing Co., LLC, Sr. Notes | B3 | 10.50 | 8/1/11 | 150 | 150,749 |
| Pilgrim s Pride Corp., Gtd. Notes | Ba2 | 9.625 | 9/15/11 | 75 | 78,563 |
| Smithfield Foods, Inc., Sr. Notes | Ba2 | 7.00 | 8/1/11 | 60 | 58,800 |
| Sr. Notes, Ser. B | Ba2 | 7.75 | 5/15/13 | 155 | 155,774 |
| Stater Brothers Holdings, Inc., Sr. Notes | B1 | 8.125 | 6/15/12 | 100 | 99,250 |

1,126,108

Gaming 8.6%

| | | | | | |
|--|-----|-------|---------|--------|---------|
| Aztar Corp., Sr. Sub. Notes | Ba3 | 7.875 | 6/15/14 | 285 | 304,594 |
| Boyd Gaming Corp., Sr. Sub. Notes | B1 | 8.75 | 4/15/12 | 200 | 211,500 |
| CCM Merger, Inc., Notes | B3 | 8.00 | 8/1/13 | 275(h) | 264,000 |
| Greektown Holdings, Sr. Notes | B3 | 10.75 | 12/1/13 | 250(h) | 265,000 |
| Isle of Capri Casinos, Inc., Sr. Sub. Notes | B2 | 9.00 | 3/15/12 | 185 | 195,175 |
| Kerzner International Ltd., Sr. Sub. Notes | B2 | 6.75 | 10/1/15 | 300 | 316,500 |
| Mandalay Resort Group, Sr. Notes | Ba2 | 9.50 | 8/1/08 | 250 | 266,250 |
| Sr. Sub. Notes | Ba3 | 9.375 | 2/15/10 | 100 | 106,750 |
| MGM Mirage, Inc., Sr. Notes | Ba2 | 6.875 | 4/1/16 | 225(h) | 216,000 |
| Sr. Notes | Ba2 | 6.00 | 10/1/09 | 325 | 320,531 |
| Sr. Sub. Notes | Ba3 | 9.75 | 6/1/07 | 480 | 496,200 |
| Sr. Sub. Notes | Ba2 | 6.625 | 7/15/15 | 180 | 171,000 |
| Mohegan Tribal Gaming Authority, Sr. Sub. Notes | Ba3 | 6.375 | 7/15/09 | 100 | 98,375 |
| Sr. Sub. Notes | Ba3 | 8.375 | 7/1/11 | 850(f) | 888,250 |
| Sr. Sub. Notes | Ba3 | 8.00 | 4/1/12 | 175 | 179,375 |
| Sr. Sub. Notes | Ba3 | 7.125 | 8/15/14 | 50 | 48,750 |
| Park Place Entertainment, Inc., Sr. Sub. Notes | Ba1 | 8.125 | 5/15/11 | 85 | 90,525 |

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| | | | | | |
|---|------|-------|---------|--------|---------|
| Station Casinos, Inc., | | | | | |
| Sr. Sub. Notes | Ba3 | 6.625 | 3/15/18 | 100 | 93,000 |
| Notes | Ba3 | 6.50 | 2/1/14 | 75 | 71,625 |
| Sr. Notes | Ba2 | 6.00 | 4/1/12 | 200 | 191,500 |
| Sr. Sub. Notes | Ba3 | 6.875 | 3/1/16 | 100(h) | 96,625 |
| Trump Entertainment Resorts, Inc., Sec d. Notes | Caa1 | 8.50 | 6/1/15 | 340 | 333,200 |
| Wynn Las Vegas LLC, First Mtge., Bonds | B2 | 6.625 | 12/1/14 | 250 | 237,188 |

5,461,913

Health Care & Pharmaceutical 12.0%

| | | | | | |
|---|------|--------|----------|-----------|---------|
| Accellent, Inc., Gtd. Notes | Caa1 | 10.50 | 12/1/13 | 600 | 631,499 |
| Alliance Imaging, Inc., Sr. Sub. Notes | B3 | 7.25 | 12/15/12 | 100 | 89,750 |
| Angiotech Pharmaceutical, Inc. (Canada), Sr. Sub. Notes | B2 | 7.75 | 4/1/14 | 175(h) | 174,563 |
| Concentra Operating Corp., Sr. Sub. Notes | B3 | 9.50 | 8/15/10 | 275 | 289,094 |
| Coventry Health Care, Inc., Sr. Notes | Ba1 | 8.125 | 2/15/12 | 400 | 418,000 |
| Elan Finance PLC (Ireland), | | | | | |
| Sr. Notes | B3 | 7.75 | 11/15/11 | 340(c) | 331,500 |
| Sr. Notes | B3 | 9.17 | 11/15/11 | 103(c)(i) | 104,288 |
| Fresenius Medical Care Capital Trust II, Gtd. Notes | B1 | 7.875 | 2/1/08 | 500 | 510,000 |
| Hanger Orthopedic Group, Inc., Sr. Notes | B3 | 10.25 | 6/1/14 | 150(h) | 149,813 |
| HCA, Inc., | | | | | |
| Notes | Ba2 | 6.25 | 2/15/13 | 100 | 95,188 |
| Debs. | Ba2 | 8.36 | 4/15/24 | 100 | 101,086 |
| Debs. | Ba2 | 7.50 | 11/15/95 | 150 | 126,105 |
| Notes | Ba2 | 6.75 | 7/15/13 | 300 | 293,126 |
| Notes | Ba2 | 7.50 | 11/6/33 | 350 | 326,580 |
| Iasis Healthcare LLC, Sr. Sub. Notes | B3 | 8.75 | 6/15/14 | 225 | 227,531 |
| Inverness Medical Innovations, Inc., Sr. Sub. Notes | Caa3 | 8.75 | 2/15/12 | 165(f) | 163,350 |
| MedQuest, Inc., Sr. Sub. Notes | Caa1 | 11.875 | 8/15/12 | 50 | 44,938 |
| Mylan Laboratories, Inc. | Ba1 | 6.375 | 8/15/15 | 200 | 193,000 |
| Omnicare, Inc., | | | | | |
| Notes | Ba3 | 6.875 | 12/15/15 | 100 | 97,000 |
| Sr. Sub. Notes | Ba3 | 6.125 | 6/1/13 | 125 | 118,125 |
| Res-Care, Inc., Sr. Notes | B1 | 7.75 | 10/15/13 | 300 | 300,750 |
| Select Medical Corp., Sr. Sub. Notes | B3 | 7.625 | 2/1/15 | 125 | 111,563 |
| Senior Housing Properties Trust, Sr. Notes | Ba2 | 8.625 | 1/15/12 | 405 | 441,450 |
| Skilled Healthcare Group, Inc., Notes | Caa1 | 11.00 | 1/15/14 | 550(h) | 588,499 |
| Vanguard Health Holdings Co. II, LLC, Sr. Sub. Notes | Caa1 | 9.00 | 10/1/14 | 265 | 271,625 |
| Ventas Realty LP, | | | | | |
| Sr. Notes | Ba2 | 6.625 | 10/15/14 | 150 | 146,625 |
| Sr. Notes | Ba2 | 6.75 | 6/1/10 | 200 | 200,750 |
| Sr. Notes | Ba2 | 7.125 | 6/1/15 | 125 | 126,094 |
| Sr. Notes | Ba2 | 8.75 | 5/1/09 | 280 | 295,400 |
| Sr. Notes | Ba2 | 9.00 | 5/1/12 | 45 | 49,725 |
| Warner Chilcott Corp., Gtd. Notes | Caa1 | 8.75 | 2/1/15 | 615 | 613,462 |

7,630,479

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Lodging 3.6%

| | | | | | |
|---|-----|-------|----------|--------|-----------|
| Felcor Lodging LP, | | | | | |
| Sr. Notes | Ba3 | 8.83 | 6/1/11 | 125(i) | 128,906 |
| Sr. Notes | Ba3 | 8.50 | 6/1/11 | 225 | 240,750 |
| Gtd. Notes | Ba3 | 7.625 | 10/1/07 | 125 | 127,500 |
| Gaylord Entertainment Co., Sr. Notes | B3 | 8.00 | 11/15/13 | 100 | 102,000 |
| Hilton Hotels Corp., Notes | Ba2 | 7.625 | 12/1/12 | 75 | 78,226 |
| Host Marriott LP, | | | | | |
| Sr. Notes | Ba2 | 6.75 | 6/1/16 | 325(h) | 315,656 |
| Sr. Notes | Ba2 | 7.125 | 11/1/13 | 400 | 402,001 |
| Sr. Notes, Ser. I | Ba2 | 9.50 | 1/15/07 | 275 | 280,156 |
| Sr. Notes, Ser. M | Ba2 | 7.00 | 8/15/12 | 200 | 200,500 |
| Royal Caribbean Cruises Ltd. (Liberia), Sr. Notes | Ba1 | 8.00 | 5/15/10 | 175(c) | 184,292 |
| Starwood Hotels & Resorts Worldwide, Inc., | | | | | |
| Debs. | Ba1 | 7.375 | 11/15/15 | 150 | 154,125 |
| Sr. Notes | Ba1 | 7.875 | 5/1/12 | 70 | 74,025 |
| | | | | | 2,288,137 |

Media & Entertainment 9.6%

| | | | | | |
|--|------|--------|----------|-----------|---------|
| AMC Entertainment, Inc., | | | | | |
| Gtd. Notes | B3 | 11.00 | 2/1/16 | 50(h) | 54,000 |
| Sr. Sub. Notes | B2 | 8.625 | 8/15/12 | 275 | 283,250 |
| Sr. Sub. Notes | B3 | 8.00 | 3/1/14 | 100 | 93,250 |
| Cinemark, Inc., Sr. Disc. Notes | Caa1 | Zero | 3/15/14 | 225 | 176,344 |
| Dex Media, Inc., Notes | B3 | 8.00 | 11/15/13 | 165 | 167,063 |
| Dex Media East LLC, Sr. Sub. Notes | B1 | 12.125 | 11/15/12 | 406 | 457,764 |
| Dex Media West LLC, Sr. Sub. Notes | B2 | 9.875 | 8/15/13 | 415 | 452,350 |
| DirecTVHoldings LLC, Sr. Sub. Notes | Ba2 | 8.375 | 3/15/13 | 48 | 50,820 |
| Echostar DBS Corp., | | | | | |
| Gtd. Notes | Ba3 | 6.625 | 10/1/14 | 75 | 70,875 |
| Gtd. Notes | Ba3 | 7.125 | 2/1/16 | 250(h)(i) | 239,375 |
| Sr. Notes | Ba3 | 6.375 | 10/1/11 | 75 | 72,000 |
| Gray Television, Inc., Sr. Sub. Notes | Ba3 | 9.25 | 12/15/11 | 285 | 299,963 |
| Intrawest Corp. (Canada), Sr. Notes | B1 | 7.50 | 10/15/13 | 300(c) | 304,500 |
| Medianews Group, Inc., Sr. Sub. Notes | B2 | 6.875 | 10/1/13 | 200 | 188,000 |
| Morris Publishing Group LLC, Sr. Sub. Notes | B1 | 7.00 | 8/1/13 | 65 | 61,831 |
| New Skies Satellites NV (Netherlands), Sr. Notes | B1 | 10.414 | 11/1/11 | 200(c)(i) | 206,500 |
| PRIMEDIA, Inc., Sr. Notes | B2 | 10.545 | 5/15/10 | 200(i) | 204,000 |
| Quebecor Media Inc. (Canada), Sr. Notes | B2 | 7.75 | 3/15/16 | 160(c)(h) | 162,400 |
| Rainbow National Services LLC, | | | | | |
| Sr. Notes | B2 | 8.75 | 9/1/12 | 125(h) | 132,500 |
| Sr. Sub. Notes | B3 | 10.375 | 9/1/14 | 25(h) | 27,938 |

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| | | | | | |
|--|------|--------|----------|--------|-----------|
| RH Donnelley Finance Corp., | | | | | |
| Sr. Sub. Notes | B2 | 10.875 | 12/15/12 | 200(h) | 220,000 |
| Sr. Sub. Notes | Caa1 | 8.875 | 1/15/16 | 600(h) | 602,999 |
| Sinclair Broadcast Group, Inc., Sr. Sub. Notes | B2 | 8.75 | 12/15/11 | 165 | 171,600 |
| Six Flags, Inc., Sr. Notes | Caa1 | 9.625 | 6/1/14 | 100 | 98,750 |
| Sun Media Corp. (Canada), Gtd. Notes | Ba3 | 7.625 | 2/15/13 | 400(c) | 408,000 |
| Universal City Florida Holdings Co., Sr. Notes | B3 | 9.899 | 5/1/10 | 400(i) | 413,000 |
| Vail Resorts, Inc., Sr. Sub. Notes | B2 | 6.75 | 2/15/14 | 150 | 144,188 |
| Vertis, Inc., | | | | | |
| Sr. Notes | B3 | 9.75 | 4/1/09 | 200 | 204,000 |
| Sr. Notes, Ser. B | Caa2 | 10.875 | 6/15/09 | 45 | 43,875 |
| Warner Music Group, Sr. Sub. Notes | B2 | 7.375 | 4/15/14 | 50 | 49,500 |
| | | | | | 6,060,635 |

Metal 7.0%

| | | | | | |
|---|------|--------|----------|-----------|-----------|
| AK Steel Corp., Sr. Notes | B1 | 7.75 | 6/15/12 | 175 | 172,375 |
| Arch Western Finance LLC, Sr. Notes | Ba3 | 6.75 | 7/1/13 | 275 | 266,750 |
| Century Aluminum Co., Sr. Notes | B1 | 7.50 | 8/15/14 | 100 | 103,000 |
| Chaparral Steel Co., Sr. Unsec d. Notes | B1 | 10.00 | 7/15/13 | 430 | 478,375 |
| Earle M. Jorgensen Co., Sec d. Notes | Ba3 | 9.75 | 6/1/12 | 700 | 748,999 |
| Foundation Coal Co., Gtd. Notes | B1 | 7.25 | 8/1/14 | 200 | 201,000 |
| Gerdau AmeriSteel Corp., Sr. Notes | Ba2 | 10.375 | 7/15/11 | 500 | 541,250 |
| Indalex Holding Corp., Sec d. Notes | B3 | 11.50 | 2/1/14 | 100(h) | 105,000 |
| Ispat Inland ULC (Canada), Sec d. Notes | Baa3 | 9.75 | 4/1/14 | 290(c) | 324,438 |
| Metals USA, Sec d. Notes | B3 | 11.125 | 12/1/15 | 372(h) | 414,780 |
| Novelis, Inc. (Canada), Sr. Notes | B1 | 7.75 | 2/15/15 | 225(c)(h) | 214,875 |
| Oregon Steel Mills, Inc., First Mtge. Notes | Ba3 | 10.00 | 7/15/09 | 210 | 220,500 |
| Ryerson Tull, Inc., Sr. Notes | B2 | 8.25 | 12/15/11 | 135 | 135,338 |
| United States Steel Corp., | | | | | |
| Sr. Notes | B1 | 10.75 | 8/1/08 | 100 | 108,500 |
| Sr. Notes | B1 | 9.75 | 5/15/10 | 400 | 430,000 |
| | | | | | 4,465,180 |

Non-Captive Financial 0.4%

| | | | | | |
|----------------------------------|------|-------|---------|-----|---------|
| Residential Capital Corp., Notes | Baa3 | 6.375 | 6/30/10 | 250 | 246,783 |
|----------------------------------|------|-------|---------|-----|---------|

Packaging 3.9%

| | | | | | |
|--------------------------------------|------|-------|----------|--------|---------|
| Berry Plastics Corp., Sr. Sub. Notes | B3 | 10.75 | 7/15/12 | 275 | 298,375 |
| Crown Americas, Sr. Notes | B1 | 7.625 | 11/15/13 | 300(h) | 301,500 |
| Graham Packaging Co., Inc., | | | | | |
| Sr. Notes | Caa1 | 8.50 | 10/15/12 | 200 | 202,000 |
| Sr. Notes | Caa2 | 9.875 | 10/15/14 | 250 | 255,000 |
| Greif Brothers Corp., Sr. Sub. Notes | B1 | 8.875 | 8/1/12 | 480 | 506,400 |

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| | | | | | |
|--|----|------|----------|-----|---------|
| Owens-Brockway Glass Container, Inc., Sr. Sec d. Notes | B1 | 8.75 | 11/15/12 | 705 | 745,537 |
| Silgan Holdings, Inc., Sr. Sub. Notes | B1 | 6.75 | 11/15/13 | 175 | 172,813 |

2,481,625

Paper 4.1%

| | | | | | |
|---|-----|-------|----------|-----------|---------|
| Abitibi Consolidated, Inc. (Canada), Sr. Notes | B1 | 8.375 | 4/1/15 | 475(c) | 453,625 |
| Ainsworth Lumber Co. Ltd. (Canada), Sr. Notes | B2 | 8.71 | 10/1/10 | 400(c)(i) | 400,000 |
| Bowater Canada Finance (Canada), Gtd. Notes | B1 | 7.95 | 11/15/11 | 100(c) | 97,500 |
| Cascades, Inc. (Canada), Sr. Notes | Ba3 | 7.25 | 2/15/13 | 300(c) | 281,250 |
| Catalyst Paper Corp., Gtd. Notes (Canada) | B1 | 8.625 | 6/15/11 | 100 | 99,500 |
| Cellu Tissue Holdings, Inc., Sec d. Notes | B2 | 9.75 | 3/15/10 | 300 | 303,750 |
| Domtar, Inc., Notes | B1 | 7.875 | 10/15/11 | 25 | 23,500 |
| Graphic Packaging International Corp., Sr. Notes | B2 | 8.50 | 8/15/11 | 200 | 201,500 |
| Sr. Sub. Notes | B3 | 9.50 | 8/15/13 | 125 | 125,625 |
| Jefferson Smurfit Corp., Sr. Notes | B2 | 8.25 | 10/1/12 | 90 | 84,600 |
| Millar Western Forest Products Ltd. (Canada), Sr. Notes | B2 | 7.75 | 11/15/13 | 130(c) | 101,400 |
| Norampac, Inc. (Canada), Sr. Notes | Ba2 | 6.75 | 6/1/13 | 110(c) | 101,475 |
| Norske Skog Ltd. (Canada), Sr. Notes | B1 | 7.375 | 3/1/14 | 100 | 92,000 |
| Smurfit-Stone Container Corp., Sr. Notes | B2 | 9.25 | 2/1/08 | 26 | 27,365 |
| Sr. Notes | B2 | 8.375 | 7/1/12 | 75 | 70,875 |
| Tembec Industries, Inc. (Canada), Sr. Notes | Ca | 7.75 | 3/15/12 | 205(c) | 108,650 |

2,572,615

Pipelines & Other 5.9%

| | | | | | |
|--|------|-------|----------|--------|---------|
| Amerigas Partners LP, Sr. Notes | B1 | 7.125 | 5/20/16 | 175 | 168,438 |
| El Paso Corp., Sr. Notes | Caa1 | 7.00 | 5/15/11 | 465 | 462,675 |
| El Paso Production Holdings Co., Sr. Notes | B3 | 7.75 | 6/1/13 | 525 | 535,499 |
| Ferrellgas Partners LP, Sr. Notes | B2 | 8.75 | 6/15/12 | 100 | 102,000 |
| Sr. Notes | Ba3 | 6.75 | 5/1/14 | 50 | 47,875 |
| Inergy LP, Gtd. Notes | B1 | 8.25 | 3/1/16 | 50 | 51,250 |
| Sr. Notes | B1 | 6.875 | 12/15/14 | 150 | 141,375 |
| Pacific Energy Partners LP, Sr. Notes | Ba2 | 7.125 | 6/15/14 | 100 | 99,750 |
| Southern Natural Gas Co., Notes | B1 | 8.875 | 3/15/10 | 250 | 264,648 |
| Targa Resources, Inc., Sr. Notes | B2 | 8.50 | 11/1/13 | 400(h) | 396,000 |
| Tennessee Gas Pipeline Co., Deb. | Ba2 | 7.00 | 3/15/27 | 215 | 216,549 |
| Deb. | Ba2 | 7.00 | 10/15/28 | 25 | 23,804 |
| Deb. | Ba2 | 7.625 | 4/1/37 | 295 | 297,903 |

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| | | | | | |
|--|----|-------|---------|-----|---------|
| Williams Companies, Inc. (The), | | | | | |
| Deb. | B1 | 7.50 | 1/15/31 | 100 | 99,500 |
| Sr. Notes | B1 | 7.125 | 9/1/11 | 200 | 204,000 |
| Sr. Notes | B1 | 7.75 | 6/15/31 | 100 | 101,750 |
| Sr. Unsec d. Notes | B1 | 8.125 | 3/15/12 | 425 | 450,500 |
| Notes | B1 | 7.875 | 9/1/21 | 75 | 77,813 |

3,741,329

Restaurants 0.4%

| | | | | | |
|-------------------------------|----|------|---------|-----|---------|
| Carrols Corp., Gtd. Notes | B3 | 9.00 | 1/15/13 | 175 | 176,750 |
| Dominos, Inc., Sr. Sub. Notes | B2 | 8.25 | 7/1/11 | 73 | 75,190 |

251,940

Retailers 3.4%

| | | | | | |
|---|------|--------|----------|-----------|---------|
| Asbury Automotive Group, Inc., Sr. Sub. Notes | B3 | 8.00 | 3/15/14 | 100 | 99,500 |
| GSC Holdings, Gtd. Notes | Ba3 | 8.865 | 10/1/11 | 150(h)(i) | 155,250 |
| Gtd. Notes | Ba3 | 8.00 | 10/1/12 | 115(h) | 114,425 |
| Jean Coutu Group (PJC), Inc., Sr. Sub. Notes | Caa2 | 8.50 | 8/1/14 | 125 | 116,250 |
| Neiman Marcus Group, Gtd. Notes | B3 | 10.375 | 10/15/15 | 350(h) | 368,374 |
| Pantry, Inc., Sr. Sub. Notes | B3 | 7.75 | 2/15/14 | 175 | 176,094 |
| Rite Aid Corp., Sr. Sec d. Notes | B2 | 8.125 | 5/1/10 | 245 | 246,838 |
| Sr. Sec d. Notes | B2 | 7.50 | 1/15/15 | 200 | 195,000 |
| Sonic Automotive, Inc., Sr. Sub. Notes | B2 | 8.625 | 8/15/13 | 110 | 111,100 |
| Steinway Musical Instruments, Sr. Notes | Ba3 | 7.00 | 3/1/14 | 350(h) | 343,875 |
| Stripes Acquisition LLC, Sr. Notes | B2 | 10.625 | 12/15/13 | 200(h) | 217,000 |

2,143,706

Technology 5.6%

| | | | | | |
|---|------|--------|----------|-----------|---------|
| Amkor Technology, Inc., Sr. Notes | Caa1 | 7.125 | 3/15/11 | 75 | 68,438 |
| Avago Technologies, Sr. Notes | B3 | 10.125 | 12/1/13 | 150(h) | 160,875 |
| Sr. Sub. Notes | Caa2 | 11.875 | 12/1/15 | 75(h) | 83,625 |
| Flextronics International, Ltd. (Singapore), Sr. Sub. Notes | Ba2 | 6.25 | 11/15/14 | 200(c) | 190,000 |
| Freescall Semiconductor, Inc., Sr. Notes | Ba1 | 6.875 | 7/15/11 | 175 | 176,750 |
| Sr. Notes | Ba1 | 7.125 | 7/15/14 | 25 | 25,500 |
| Iron Mountain, Inc., Sr. Notes | Caa1 | 8.625 | 4/1/13 | 175 | 179,813 |
| Nortel Networks Ltd. (Canada), Notes | B3 | 4.25 | 9/1/08 | 135(c) | 127,744 |
| Sanmina-SCI Corp., Sr. Sub. Notes | B1 | 8.125 | 3/1/16 | 200 | 200,500 |
| Seagate Technology, Gtd. Notes | Ba2 | 8.00 | 5/15/09 | 500 | 513,750 |
| Sensata Technology, Sr. Notes | B2 | 8.00 | 5/1/14 | 375(h) | 369,375 |
| Serena Software, Inc., Sr. Sub. Notes | Caa1 | 10.375 | 3/15/16 | 300(h) | 313,500 |
| Spansion LLC, Sr. Notes | Caa1 | 11.25 | 1/15/16 | 300(h) | 308,250 |
| SunGard Data Systems, Inc., Sr. Notes | B3 | 9.431 | 8/15/13 | 750(h)(i) | 789,374 |
| Xerox Corp., Sr. Notes | Ba2 | 6.875 | 8/15/11 | 50 | 50,500 |

3,557,994

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| Telecommunications 8.1% | | | | | |
|---|------|-------|----------|-----------|---------|
| Alamosa Delaware, Inc., Sr. Notes | Caa1 | 11.00 | 7/31/10 | 150 | 165,375 |
| Centennial Communications Corp., Sr. Notes | B3 | 8.125 | 2/1/14 | 155 | 156,550 |
| Cincinnati Bell, Inc., Sr. Sub. Notes | B3 | 8.375 | 1/15/14 | 105 | 106,050 |
| Citizens Communications Co., Sr. Notes | Ba3 | 9.00 | 8/15/31 | 100 | 105,000 |
| Notes | Ba3 | 9.25 | 5/15/11 | 260 | 282,425 |
| Sr. Notes | Ba3 | 6.25 | 1/15/13 | 150 | 143,250 |
| Dobson Communications Corp., Sec d. Notes | B1 | 8.375 | 11/1/11 | 250 | 259,688 |
| Eircom Funding PLC (Ireland), Sr. Sub. Notes | B1 | 8.25 | 8/15/13 | 120(c) | 128,700 |
| Hawaiian Telcom Communications, Inc., Gtd. Notes | Caa1 | 12.50 | 5/1/15 | 50 | 53,563 |
| Intelsat Subsidiary Holding Co., Ltd. (Bermuda), Gtd. Notes | B2 | 9.614 | 1/15/12 | 375(c)(i) | 380,156 |
| Level 3 Financing, Inc., Gtd. Notes | B3 | 10.75 | 10/15/11 | 50 | 52,000 |
| Sr. Notes | B3 | 12.25 | 3/15/13 | 575(h) | 620,999 |
| Nextel Partners, Inc., Sr. Notes | Ba3 | 8.125 | 7/1/11 | 375 | 393,750 |
| Nordic Telephone Co. Holdings (Denmark), Sr. Notes | B2 | 8.875 | 5/1/16 | 265(h) | 273,613 |
| Qwest Capital Funding, Inc., Gtd. Notes | B3 | 6.875 | 7/15/28 | 150 | 132,000 |
| Qwest Communications International, Inc., Sr. Notes | B2 | 7.50 | 2/15/14 | 150 | 148,500 |
| Qwest Services Corp., Sr. Notes | Ba3 | 7.875 | 9/1/11 | 150 | 154,313 |
| Rogers Wireless, Inc. (Canada), Sec d. Notes | Ba2 | 7.50 | 3/15/15 | 150(c) | 152,625 |
| Sr. Sec d. Notes | Ba2 | 9.625 | 5/1/11 | 125(c) | 137,500 |
| Sr. Sub. Notes | Ba3 | 8.00 | 12/15/12 | 200(c) | 205,750 |
| Rural Cellular Corp., Sr. Sub. Notes | Caa1 | 9.875 | 2/1/10 | 150 | 157,875 |
| Ubiquitel Operating Co., Sr. Notes | Caa1 | 9.875 | 3/1/11 | 250 | 273,125 |
| U.S. Unwired, Inc., Sr. Sec d. Notes | Baa2 | 9.16 | 6/15/10 | 75(i) | 76,875 |
| US West Communications, Debs. | Ba3 | 7.50 | 6/15/23 | 625 | 596,874 |

5,156,556

Tobacco 0.4%

| | | | | | |
|---|-----|-------|---------|--------|---------|
| Reynolds American, Inc., Sec d. Notes | Ba2 | 7.625 | 6/1/16 | 200(h) | 197,803 |
| RJ Reynolds Tobacco Holdings, Inc., Notes | Ba2 | 6.50 | 7/15/10 | 70 | 68,775 |

266,578

Total corporate bonds
(cost \$81,112,288)

81,623,445

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SOVEREIGN BONDS 1.6%

| | | | | | | |
|---|-----|-------|---------|-----------|--|---------|
| Republic of Argentina, | | | | | | |
| Bonds | B3 | 4.889 | 8/3/12 | 298(c)(i) | | 273,418 |
| Bonds | B3 | 3.00 | 4/30/13 | 201(c)(i) | | 143,451 |
| Republic of Colombia, Notes | | | | | | |
| | Ba2 | 10.00 | 1/23/12 | 200(c) | | 229,000 |
| Republic of Philippines, Bonds | | | | | | |
| | B1 | 9.375 | 1/18/17 | 300(c) | | 337,875 |
| Total sovereign bonds (cost \$963,062) | | | | | | 983,744 |

Shares

COMMON STOCKS 1.1%

| | | | | | | |
|---|--|--|--|----------------|--|---------|
| IMPSAT Fiber Networks, Inc. | | | | | | |
| | | | | 2,330(b) | | 21,320 |
| Liberty Global Inc., Class A | | | | | | |
| | | | | 3,065 | | 67,920 |
| Liberty Global Inc., Class C | | | | | | |
| | | | | 3,065 | | 70,280 |
| Mirant Corp. | | | | | | |
| | | | | 1,590(b)(f)(h) | | 39,559 |
| Premium Standard Farms, Inc. (cost \$249,980; purchased 6/16/05) | | | | | | |
| | | | | 21,883(f)(g) | | 363,477 |
| TELUS Corp. | | | | | | |
| | | | | 4,049 | | 163,782 |

| | | | | | | |
|---|--|--|--|--|--|---------|
| Total common stocks (cost \$614,741) | | | | | | 726,338 |
|---|--|--|--|--|--|---------|

PREFERRED STOCK(b) 0.8%

| | | | | | | |
|--|--|--|--|----|--|---------|
| Paxson Communications Corp., 14.25%, PIK (cost \$393,072) | | | | | | |
| | | | | 55 | | 476,321 |

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 3/3/10 | | | | | | |
| | | | | 150(f)(h) | | 0 |

| | | | | | | |
|------------------------------------|--|--|--|--|--|---|
| Total warrants (cost \$219,817) | | | | | | 1 |
|------------------------------------|--|--|--|--|--|---|

| | | | | | | |
|--|--|--|--|--|--|------------|
| Total long-term investments (cost \$83,302,980) | | | | | | 83,809,849 |
|--|--|--|--|--|--|------------|

**Principal
Amount (000)**

SHORT-TERM INVESTMENTS 1.1%

U.S. GOVERNMENT AGENCY SECURITIES

| | | | | | | |
|---|---------|------|--------|----|--------|---------|
| Federal Home Loan Bank, Discount Notes (cost \$695,000) | A-1+(d) | Zero | 6/1/06 | \$ | 695(e) | 694,905 |
|---|---------|------|--------|----|--------|---------|

| | | | | | | |
|---|--|--|--|--|--|--------------|
| Total investments(j) 133.3% (cost \$83,997,980)(k) | | | | | | 84,504,754 |
| Liabilities in excess of other assets (33.3%) | | | | | | (21,106,718) |

| | | | | | | |
|--------------------------|--|--|--|--|--|----------------------|
| Net Assets 100.0% | | | | | | \$ 63,398,036 |
|--------------------------|--|--|--|--|--|----------------------|

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 securities.
- (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 the restricted securities is \$351,730. The aggregate value of \$467,352 represents 0.74% of net assets.
- (h) Security was purchased pursuant to Rule 144A under the Securities Act of 1933 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, 2006.
- (j) As of May 31, 2006, 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, 2006 were as follows:

| Tax Basis | Appreciation | Depreciation | Net Unrealized Depreciation |
|---------------|--------------|----------------|-----------------------------------|
| \$ 84,594,928 | \$ 2,328,907 | \$ (2,419,081) | \$ (90,174) |

The difference between book basis and tax basis is 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.

Restricted Securities: The Fund may invest up to 20% of its total assets in securities which are not readily marketable, including those which are restricted as to disposition under securities law (restricted securities).

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) High Yield Income Fund, Inc.

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

Date July 25, 2006

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 25, 2006

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

Date July 25, 2006

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