

HIGH YIELD INCOME FUND INC
Form N-Q
January 29, 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: | 11/30/2006 |

Item 1. Schedule of Investments

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The High Yield Income Fund, Inc.

Schedule of Investments

November 30, 2006 (Unaudited)

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value |
|---|-------------------|------------------|------------------|---------------------------|------------|
| LONG-TERM INVESTMENTS 132.5% | | | | | |
| CORPORATE BONDS 129.4% | | | | | |
| Aerospace/Defense 3.7% | | | | | |
| BE Aerospace, Inc., Sr. Sub Notes, Ser. B | B3 | 8.875% | 5/1/11 | \$ 235 | \$ 243,519 |
| Bombardier Inc. (Canada), Sr. Notes | Ba2 | 8.00 | 11/15/14 | 100(c)(h) | 100,500 |
| DRS Technologies, Inc., Gtd. Notes | B1 | 6.625 | 2/1/16 | 200 | 201,500 |
| Gtd. Notes | B3 | 7.625 | 2/1/18 | 150 | 154,500 |
| Esterline Technologies Corp., Sr. Sub Notes | Ba3 | 7.75 | 6/15/13 | 300 | 307,500 |
| K&F Acquisition, Inc., Gtd. Notes | Caa1 | 7.75 | 11/15/14 | 150 | 153,375 |
| L-3 Communications Corp., Gtd. Notes | Ba3 | 7.625 | 6/15/12 | 500 | 518,125 |
| Moog, Inc., Sr. Sub. Notes | Ba3 | 6.25 | 1/15/15 | 300 | 288,750 |
| Sequa Corp., Sr. Notes, Ser. B | B2 | 8.875 | 4/1/08 | 300 | 309,750 |
| Standard Aerospace Holdings, Inc., Gtd. Notes | Caa1 | 8.25 | 9/1/14 | 125 | 125,000 |
| | | | | | 2,402,519 |
| Airlines 0.9% | | | | | |
| AMR Corp., M.T.N., Notes, Ser. B | CCC+(d) | 10.40 | 3/10/11 | 100 | 100,125 |
| Continental Airlines, Inc., Pass-thru Certs., Ser. D | B3 | 7.568 | 12/1/06 | 400 | 400,000 |
| Ser. 1998-1, Class B | Ba2 | 6.748 | 3/15/17 | 88 | 87,087 |
| | | | | | 587,212 |
| Automotive 9.3% | | | | | |
| ArvinMeritor, Inc., Notes | Ba3 | 8.75 | 3/1/12 | 70 | 70,700 |
| Ford Motor Credit Co., Notes | B1 | 7.875 | 6/15/10 | 1,405 | 1,411,387 |
| Sr. Notes | B1 | 9.875 | 8/10/11 | 400 | 427,942 |
| General Motors Acceptance Corp., Notes | Ba1 | 6.75 | 12/1/14 | 435 | 446,059 |
| Notes | Ba1 | 6.875 | 9/15/11 | 450 | 463,306 |
| Notes | Ba1 | 6.875 | 8/28/12 | 950 | 979,004 |
| Notes | Caa1 | 7.20 | 1/15/11 | 700 | 667,625 |
| General Motors Nova Scotia Finance Co. (Canada), Gtd. Notes | Caa1 | 6.85 | 10/15/08 | 225(c) | 221,906 |
| Lear Corp., Gtd. Notes, Ser. B | B3 | 8.11 | 5/15/09 | 355 | 374,081 |
| Sr. Notes | B3 | 8.75 | 12/1/16 | 170(h) | 167,450 |
| TRW Automotive, Inc., Sr. Notes | Ba3 | 9.375 | 2/15/13 | 276 | 296,010 |
| Sr. Sub. Notes | B1 | 11.00 | 2/15/13 | 50 | 54,875 |
| Visteon Corp., Sr. Notes | Caa2 | 7.00 | 3/10/14 | 100 | 87,500 |
| Sr. Notes | Caa2 | 8.25 | 8/1/10 | 365 | 354,963 |
| | | | | | 6,022,808 |

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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) | 104,750 |
| Kazkommerts International BV (Netherlands), Gtd. Notes | Baa1 | 7.00 | 11/3/09 | 105(c)(h) | 106,444 |
| Gtd. Notes | Baa1 | 8.50 | 4/16/13 | 205(c)(h) | 220,631 |
| | | | | | 431,825 |

Building Materials 2.2%

| | | | | | |
|--|------|-------|----------|--------|-----------|
| Beazer Homes USA, Inc., Gtd. Notes | Ba1 | 8.625 | 5/15/11 | 110 | 113,025 |
| D.R. Horton, Inc., Gtd. Notes | Baa3 | 8.00 | 2/1/09 | 375 | 394,246 |
| Goodman Global Holdings, Inc., Sr. Notes, Ser. B | B1 | 8.329 | 6/15/12 | 122(i) | 124,440 |
| K Hovnanian Enterprises Inc., Gtd. Notes | Ba1 | 7.50 | 5/15/16 | 170 | 169,575 |
| KB Home, Notes | Ba1 | 6.375 | 8/15/11 | 150 | 148,573 |
| Sr. Sub. Notes | Ba2 | 8.625 | 12/15/08 | 160 | 166,662 |
| Nortek, Inc., Sr. Sub. Notes | B3 | 8.50 | 9/1/14 | 350 | 337,750 |
| | | | | | 1,454,271 |

Cable 5.1%

| | | | | | |
|---|------|--------|----------|--------------|-----------|
| Cablevision Systems Corp., Sr. Notes, Ser. B | B3 | 8.00 | 4/15/12 | 50 | 49,125 |
| Callahan Nordrhein-Westfalen (Germany), Sr. Disc. Notes | NR | 16.00 | 7/15/10 | 500(a)(c)(f) | 5 |
| Charter Communications Holdings I LLC, Bonds | NR | 11.00 | 10/1/15 | 4(h) | 3,900 |
| Gtd. Notes | Caa3 | 10.00 | 5/15/14 | 99 | 81,675 |
| Gtd. Notes | Caa3 | 11.125 | 1/15/14 | 198 | 170,280 |
| Gtd. Notes | Caa3 | 11.75 | 5/15/14 | 500 | 434,999 |
| Sec d. Notes | Caa2 | 11.00 | 10/1/15 | 400 | 392,000 |
| Charter Communications Holdings II LLC, Gtd. Notes | NR | 10.25 | 10/1/13 | 88(h) | 91,960 |
| Sr. Notes | Caa2 | 10.25 | 9/15/10 | 325 | 339,625 |
| Sr. Notes, Series B | Caa2 | 10.25 | 9/15/10 | 250 | 260,625 |
| CSC Holdings, Inc., Debs. | B2 | 7.625 | 7/15/18 | 100 | 98,750 |
| Debs. | B2 | 7.875 | 2/15/18 | 50 | 50,375 |
| Debs., Ser. B | B2 | 8.125 | 8/15/09 | 100 | 103,375 |
| Sr. Notes | B2 | 7.875 | 12/15/07 | 350 | 355,250 |
| Sr. Notes, Ser. B | B2 | 7.625 | 4/1/11 | 25 | 25,469 |
| Sr. Notes, Ser. B | B2 | 8.125 | 7/15/09 | 200 | 206,750 |
| Mediacom Broadband LLC, Sr. Notes | B3 | 8.50 | 10/15/15 | 125 | 125,156 |
| Mediacom LLC, Sr. Notes | B3 | 9.50 | 1/15/13 | 25(h) | 25,688 |
| NTL Cable PLC (United Kingdom), Sr. Notes | B2 | 9.125 | 8/15/16 | 400(c) | 423,000 |
| Videotron Ltee (Canada), Gtd. Notes | Ba2 | 6.375 | 12/15/15 | 100(c) | 96,750 |
| | | | | | 3,334,757 |

Capital Goods 7.7%

| | | | | | |
|---|----|------|---------|-----|---------|
| ALH Finance LLC, Sr. Sub. Notes | B3 | 8.50 | 1/15/13 | 75 | 73,500 |
| Allied Waste North America, Inc., Gtd. Notes, Ser. B | B2 | 9.25 | 9/1/12 | 167 | 178,273 |
| Sec d. Notes, Ser. B | B2 | 5.75 | 2/15/11 | 450 | 436,499 |

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| | | | | | |
|--|------|-------|----------|----------|-----------|
| Sr. Notes | B2 | 7.25 | 3/15/15 | 95 | 95,000 |
| Sr. Notes, Ser. B | B2 | 8.50 | 12/1/08 | 135 | 142,425 |
| Aramark Services, Inc., Notes | B2 | 5.00 | 6/1/12 | 175 | 148,673 |
| Ashtead Capital, Inc., Notes | B3 | 9.00 | 8/15/16 | 175(h) | 187,250 |
| Avis Budget Car Rental LLC, Sr. Notes | Ba3 | 7.625 | 5/15/14 | 105(h) | 101,456 |
| Blount, Inc., Sr. Sub Notes | B2 | 8.875 | 8/1/12 | 425 | 433,500 |
| Case New Holland, Inc., Gtd. Notes | Ba3 | 9.25 | 8/1/11 | 200 | 212,250 |
| Columbus McKinnon Corp., Sr. Sub. Notes | B2 | 8.875 | 11/1/13 | 160 | 166,400 |
| Hertz Corp., Sr. Notes | B1 | 8.875 | 1/1/14 | 495(h) | 513,562 |
| Invensys PLC (United Kingdom), Sr. Notes | B2 | 9.875 | 3/15/11 | 18(c)(h) | 19,395 |
| JohnsonDiversey Holdings, Inc., Disc. Notes, Zero Coupon (until 5/15/07) | Caa1 | Zero | 5/15/13 | 135 | 125,888 |
| JohnsonDiversey, Inc., Gtd. Notes, Ser. B | B3 | 9.625 | 5/15/12 | 75 | 77,625 |
| Manitowoc Co., Inc., (The), Gtd. Notes | B2 | 10.50 | 8/1/12 | 260 | 279,825 |
| RBS Global & Rexnord Corp., Gtd. Notes | B3 | 9.50 | 8/1/14 | 150(h) | 156,375 |
| Rental Service Corp., Bonds | Caa1 | 9.50 | 12/1/14 | 125(h) | 126,563 |
| Stena AB (Sweden), Sr. Notes | Ba3 | 7.50 | 11/1/13 | 275(c) | 272,938 |
| Sr. Notes | Ba3 | 9.625 | 12/1/12 | 175(c) | 187,031 |
| Terex Corp., Gtd. Notes | B1 | 7.375 | 1/15/14 | 275 | 279,125 |
| Gtd. Notes | B1 | 9.25 | 7/15/11 | 50 | 52,375 |
| United Rentals North America, Inc., Sr. Sub. Notes | B3 | 7.75 | 11/15/13 | 400 | 400,000 |
| Valmont Industries, Inc., Gtd. Notes | Ba3 | 6.875 | 5/1/14 | 350 | 350,000 |
| | | | | | 5,015,928 |

Chemicals 6.2%

| | | | | | |
|--|-----|--------|----------|--------|-----------|
| Equistar Chemical Funding LP, Gtd. Notes | B1 | 10.125 | 9/1/08 | 215 | 228,438 |
| Sr. Notes | B1 | 10.625 | 5/1/11 | 85 | 90,738 |
| Huntsman International LLC, Gtd. Notes | B2 | 9.875 | 3/1/09 | 266 | 274,645 |
| Gtd. Notes | B3 | 10.125 | 7/1/09 | 42 | 42,630 |
| Huntsman LLC, Gtd. Notes | Ba3 | 11.625 | 10/15/10 | 611 | 675,154 |
| Koppers, Inc., Gtd. Notes | B2 | 9.875 | 10/15/13 | 236 | 256,060 |
| Lyondell Chemical Co., Gtd. Notes | Ba2 | 9.50 | 12/15/08 | 496 | 509,639 |
| Gtd. Notes | Ba2 | 10.50 | 6/1/13 | 224 | 246,400 |
| Mosaic Co. (The), Sr. Notes | B1 | 7.375 | 12/1/14 | 125(h) | 127,031 |
| Sr. Notes | B1 | 7.625 | 12/1/16 | 125(h) | 127,813 |
| Mosaic Global Holdings, Inc., Debs. | B2 | 6.875 | 7/15/07 | 300 | 302,250 |
| Gtd. Notes, Ser. B | B1 | 10.875 | 6/1/08 | 100 | 107,875 |
| Gtd. Notes, Ser. B | B1 | 11.25 | 6/1/11 | 300 | 316,875 |
| Nalco Co., Sr. Notes | B1 | 7.75 | 11/15/11 | 140 | 142,800 |
| Sr. Sub. Notes | B3 | 8.875 | 11/15/13 | 235 | 248,513 |
| Rhodia SA (France), Sr. Notes | B2 | 10.25 | 6/1/10 | 91(c) | 103,513 |
| Sr. Sub. Notes | B3 | 8.875 | 6/1/11 | 113(c) | 118,085 |
| Rockwood Specialties Group, Inc., Sr. Sub. Notes | B3 | 10.625 | 5/15/11 | 110 | 117,150 |
| | | | | | 4,035,609 |

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Consumer 2.5%

| | | | | | |
|-------------------------------------|------|--------|----------|--------|---------|
| Levi Strauss & Co., | | | | | |
| Sr. Notes | B3 | 8.875 | 4/1/16 | 75 | 77,531 |
| Sr. Notes | B3 | 12.25 | 12/15/12 | 200 | 223,250 |
| 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 | 325 | 338,813 |
| Sec d. Notes | Ba3 | 8.00 | 3/1/11 | 15 | 15,675 |
| Service Corp. International, Inc., | | | | | |
| Sr. Unsec d. Notes | B1 | 6.50 | 3/15/08 | 125 | 125,156 |
| Sr. Notes | B1 | 7.375 | 10/1/14 | 350 | 364,000 |
| Simmons Bedding Co., Sr. Sub. Notes | B3 | 7.875 | 1/15/14 | 100 | 99,500 |
| TDS Investor Corp., Sr. Sub. Notes | Caa1 | 11.875 | 9/1/16 | 205(h) | 201,413 |

1,597,588

Electric 10.7%

| | | | | | |
|--|-----|-------|----------|-------------|---------|
| AES Corp., Sec d. Notes | Ba3 | 8.75 | 5/15/13 | 90(h) | 96,300 |
| Sr. Notes | B1 | 9.375 | 9/15/10 | 700 | 761,249 |
| Sr. Notes | B1 | 9.50 | 6/1/09 | 75 | 80,250 |
| AES Eastern Energy LP, Pass-Through Cert., Ser. 1999-A | Ba1 | 9.00 | 1/2/17 | 202 | 225,923 |
| Aquila, Inc., Sr. Notes | B2 | 9.95 | 2/1/11 | 10 | 11,063 |
| CMS Energy Corp., | | | | | |
| Sr. Notes | Ba3 | 7.50 | 1/15/09 | 120 | 123,900 |
| Sr. Notes | Ba3 | 8.50 | 4/15/11 | 200 | 218,500 |
| Dynegy Holdings, Inc., | | | | | |
| Debs. | B2 | 7.125 | 5/15/18 | 50 | 47,250 |
| Debs. | B2 | 7.625 | 10/15/26 | 75 | 71,438 |
| Sr. Notes | B2 | 6.875 | 4/1/11 | 75 | 74,344 |
| Sr. Unsec d. Notes | B2 | 8.375 | 5/1/16 | 275 | 286,000 |
| Edison Mission Energy, | | | | | |
| Sr. Notes | B1 | 7.73 | 6/15/09 | 275 | 285,313 |
| Sr. Unsec d. Notes | B1 | 7.75 | 6/15/16 | 225 | 235,125 |
| Empresa Nacional de Electricidad (Chile), Unsub. Notes | Ba1 | 8.35 | 8/1/13 | 670(c) | 766,722 |
| Homer City Funding LLC, Gtd. Notes | Ba2 | 8.137 | 10/1/19 | 135 | 147,150 |
| Midwest Generation LLC, | | | | | |
| Pass-thru Certs., Ser. A | Ba2 | 8.30 | 7/2/09 | 193(f) | 196,776 |
| Pass-thru Certs., Ser. B | Ba2 | 8.56 | 1/2/16 | 33 | 36,397 |
| Sec d. Notes | Ba2 | 8.75 | 5/1/34 | 325 | 352,625 |
| Mirant North America LLC, Gtd. Notes | B2 | 7.375 | 12/31/13 | 360 | 364,500 |
| Mission Energy Holdings Co., Sec d. Notes | B2 | 13.50 | 7/15/08 | 75 | 83,250 |
| Nevada Power Co., Gen. Ref. Mtge., Notes, Ser. I | Ba1 | 6.50 | 4/15/12 | 130 | 135,032 |
| NRG Energy Inc., | | | | | |
| Gtd. Notes | B1 | 7.375 | 2/1/16 | 550 | 549,999 |
| Gtd. Notes | B1 | 7.375 | 1/15/17 | 325 | 324,188 |
| Orion Power Holdings, Inc., Sr. Notes | B2 | 12.00 | 5/1/10 | 370 | 419,025 |
| Reliant Energy, Inc., Sec d. Notes | B2 | 9.50 | 7/15/13 | 220 | 234,025 |
| Sierra Pacific Resources, Inc., Sr. Notes | B1 | 8.625 | 3/15/14 | 95 | 102,584 |
| Southern Energy Escrow | NR | 7.40 | 7/15/49 | 75(a)(f)(h) | 750 |
| TECO Energy, Inc., Sr. Notes | Ba2 | 7.50 | 6/15/10 | 400 | 423,000 |
| TXU Corp., | | | | | |

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|---|-----|------|----------|--------|-----------|
| Sr. Notes, Ser. P | Ba1 | 5.55 | 11/15/14 | 50 | 48,044 |
| Sr. Notes, Ser. Q | Ba1 | 6.50 | 11/15/24 | 150 | 145,052 |
| UtiliCorp Canada Finance Corp. (Canada), Gtd. Notes | B2 | 7.75 | 6/15/11 | 115(c) | 122,080 |
| | | | | | 6,967,854 |

Energy - Other 4.9%

| | | | | | |
|---|-----|-------|----------|--------|-----------|
| Chesapeake Energy Corp., Gtd. Notes | Ba2 | 6.50 | 8/15/17 | 185 | 176,675 |
| Sr. Notes | Ba2 | 6.375 | 6/15/15 | 200 | 194,500 |
| Sr. Notes | Ba2 | 6.875 | 1/15/16 | 200 | 200,250 |
| Sr. Notes | Ba2 | 7.00 | 8/15/14 | 150 | 150,750 |
| Compton Petroleum Finance Corp. (Canda), Gtd. Notes | B2 | 7.625 | 12/1/13 | 100(c) | 95,000 |
| Encore Acquisition Co., Sr. Sub. Notes | B1 | 6.00 | 7/15/15 | 50 | 45,375 |
| Sr. Sub. Notes | B1 | 6.25 | 4/15/14 | 125 | 116,875 |
| Forest Oil Corp., Sr. Notes | B1 | 8.00 | 6/15/08 | 100 | 102,375 |
| Sr. Notes | B1 | 8.00 | 12/15/11 | 95 | 98,800 |
| Hanover Equipment Trust, Sec d. Notes, Ser. A | Ba3 | 8.50 | 9/1/08 | 43 | 43,538 |
| Sec d. Notes, Ser. B | Ba3 | 8.75 | 9/1/11 | 125 | 130,313 |
| Houston Exploration Co., Sr. Sub. Notes | B2 | 7.00 | 6/15/13 | 100 | 98,250 |
| Magnum Hunter Resources, Inc., Gtd. Notes | B1 | 9.60 | 3/15/12 | 23 | 24,236 |
| Newfield Exploration Co., Sr. Sub. Notes | Ba3 | 6.625 | 9/1/14 | 75 | 75,000 |
| Sr. Sub. Notes | Ba3 | 6.625 | 4/15/16 | 400 | 399,000 |
| Parker Drilling Co., Sr. Notes | B2 | 9.625 | 10/1/13 | 450 | 492,749 |
| PetroHawk Energy Corp., Gtd. Notes | B3 | 9.125 | 7/15/13 | 250 | 260,313 |
| Pioneer Natural Resource Co., Bonds | Ba1 | 6.875 | 5/1/18 | 175 | 171,807 |
| Sr. Notes | Ba1 | 5.875 | 7/15/16 | 100 | 93,810 |
| Pogo Producing Co., Sr. Sub. Notes | B1 | 6.875 | 10/1/17 | 60 | 57,450 |
| Sr. Sub. Notes | B1 | 7.875 | 5/1/13 | 75(h) | 76,875 |
| Pride International, Inc., Sr. Notes | Ba2 | 7.375 | 7/15/14 | 15 | 15,562 |
| Tesoro Corp., Gtd. Notes | Ba1 | 6.25 | 11/1/12 | 25 | 24,813 |
| Gtd. Notes | Ba1 | 6.625 | 11/1/15 | 50 | 49,500 |
| | | | | | 3,193,816 |

Foods 3.2%

| | | | | | |
|--|------|-------|----------|-----|---------|
| Ahold Finance USA Inc., Gtd Notes | Ba1 | 6.875 | 5/1/29 | 75 | 72,750 |
| Notes | Ba1 | 8.25 | 7/15/10 | 75 | 80,625 |
| Albertson's, Inc., Debs. | B1 | 7.45 | 8/1/29 | 275 | 269,631 |
| Debs. | B1 | 8.70 | 5/1/30 | 100 | 105,576 |
| Sr. Notes | B1 | 7.50 | 2/15/11 | 100 | 104,048 |
| Carrols Corp., Gtd. Notes | Caa1 | 9.00 | 1/15/13 | 175 | 176,750 |
| Constellation Brands, Inc., Gtd. Notes | Ba2 | 7.25 | 9/1/16 | 175 | 179,155 |
| Dean Foods Co., Gtd. Notes | Ba2 | 7.00 | 6/1/16 | 100 | 102,125 |
| Del Monte Corp., Sr. Sub. Notes | B2 | 8.625 | 12/15/12 | 100 | 105,500 |
| Delhaize America, Inc., Gtd. Notes | Ba1 | 8.125 | 4/15/11 | 125 | 135,809 |

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|---|------|-------|----------|-----|--|-----------|
| Dole Food Co., Inc., | | | | | | |
| Gtd. Notes | B3 | 7.25 | 6/15/10 | 100 | | 94,125 |
| Sr. Notes | B3 | 8.625 | 5/1/09 | 35 | | 34,475 |
| National Beef Packing Co. LLC, Sr. Notes | Caa1 | 10.50 | 8/1/11 | 150 | | 156,750 |
| Pilgrim s Pride Corp., Gtd. Notes | Ba3 | 9.625 | 9/15/11 | 75 | | 78,750 |
| Smithfield Foods, Inc., | | | | | | |
| Sr. Notes | Ba2 | 7.00 | 8/1/11 | 60 | | 61,650 |
| Sr. Notes, Ser. B | Ba2 | 7.75 | 5/15/13 | 120 | | 125,100 |
| Stater Brothers Holdings, Inc., Sr. Notes | B1 | 8.125 | 6/15/12 | 100 | | 101,000 |
| Supervalu, Inc., Sr. Notes | B1 | 7.50 | 11/15/14 | 100 | | 102,635 |
| | | | | | | |
| | | | | | | 2,086,454 |

Gaming 7.9%

| | | | | | | |
|---|------|-------|---------|--------|--|-----------|
| Aztar Corp., Sr. Sub. Notes | Ba3 | 7.875 | 6/15/14 | 285 | | 307,800 |
| Boyd Gaming Corp., | | | | | | |
| Sr. Sub. Notes | Ba3 | 6.75 | 4/15/14 | 60 | | 59,475 |
| Sr. Sub. Notes | Ba3 | 8.75 | 4/15/12 | 200 | | 209,500 |
| Caesars Entertainment, Inc., Sr. Sub. Notes | Ba1 | 8.125 | 5/15/11 | 85 | | 87,869 |
| CCM Merger, Inc., Notes | B3 | 8.00 | 8/1/13 | 275(h) | | 265,375 |
| Greektown Holdings LLC, Sr. Notes | B3 | 10.75 | 12/1/13 | 45(h) | | 47,138 |
| Harrah s Operating Co. Inc., | | | | | | |
| Gtd. Notes | Baa3 | 5.50 | 7/1/10 | 150 | | 145,432 |
| Gtd. Notes | Baa3 | 5.625 | 6/1/15 | 375 | | 321,699 |
| Notes | Baa3 | 6.50 | 6/1/16 | 25 | | 22,325 |
| Isle of Capri Casinos, Inc., Gtd. Notes | B1 | 9.00 | 3/15/12 | 185 | | 193,556 |
| Mandalay Resort Group, | | | | | | |
| Sr. Notes | Ba2 | 9.50 | 8/1/08 | 250 | | 264,063 |
| Sr. Sub. Notes | B1 | 9.375 | 2/15/10 | 100 | | 106,250 |
| MGM Mirage, Inc., | | | | | | |
| Gtd. Notes | Ba2 | 6.00 | 10/1/09 | 325 | | 324,188 |
| Gtd. Notes | Ba2 | 6.875 | 4/1/16 | 225 | | 217,969 |
| Gtd. Notes | B1 | 9.75 | 6/1/07 | 480 | | 488,399 |
| Mohegan Tribal Gaming Authority, | | | | | | |
| Sr. Sub. Notes | Ba2 | 6.375 | 7/15/09 | 100 | | 99,625 |
| Sr. Sub. Notes | Ba2 | 7.125 | 8/15/14 | 50 | | 50,375 |
| Sr. Sub. Notes | Ba2 | 8.00 | 4/1/12 | 175 | | 182,000 |
| Sr. Sub. Notes | Ba2 | 8.375 | 7/1/11 | 850(f) | | 881,874 |
| Station Casinos, Inc., | | | | | | |
| Sr. Notes | Ba2 | 6.00 | 4/1/12 | 215 | | 206,400 |
| Sr. Sub. Notes | Ba3 | 6.50 | 2/1/14 | 75 | | 70,219 |
| Sr. Sub. Notes | Ba3 | 6.625 | 3/15/18 | 100 | | 91,000 |
| Sr. Sub. Notes | Ba3 | 6.875 | 3/1/16 | 100 | | 93,250 |
| Sr. Unsec d. Notes | Ba2 | 7.75 | 8/15/16 | 150 | | 154,313 |
| Trump Entertainment Resorts, Inc., Sec d. Notes | Caa1 | 8.50 | 6/1/15 | 270 | | 267,975 |
| | | | | | | |
| | | | | | | 5,158,069 |

Health Care Insurance 0.6%

| | | | | | | |
|---------------------------------------|-----|-------|---------|-----|--|---------|
| Coventry Health Care, Inc., Sr. Notes | Ba1 | 8.125 | 2/15/12 | 400 | | 415,500 |
|---------------------------------------|-----|-------|---------|-----|--|---------|

Health Care & Pharmaceutical 8.6%

| | | | | | | |
|--|------|-------|----------|-----------|--|---------|
| Accellent, Inc., Gtd. Notes | Caa1 | 10.50 | 12/01/13 | 600 | | 609,000 |
| Alliance Imaging, Inc., Sr. Sub. Notes | B3 | 7.25 | 12/15/12 | 200 | | 186,000 |
| Concentra Operating Corp., Gtd. Notes | B3 | 9.50 | 8/15/10 | 275 | | 288,406 |
| Elan Finance PLC (Ireland), Gtd. Notes | B3 | 9.374 | 11/15/11 | 103(c)(i) | | 102,485 |
| Fresenius Medical Care Capital Trust II, | | | | | | |

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| | | | | | |
|---|------|--------|----------|--------|---------|
| Gtd. Notes | B1 | 7.875 | 2/1/08 | 500 | 512,500 |
| Hanger Orthopedic Group, Inc., Gtd. Notes | Caa2 | 10.25 | 6/1/14 | 150 | 154,125 |
| HCA, Inc., Debs. | Caa1 | 7.50 | 11/15/95 | 100 | 74,816 |
| Sec d Notes | B2 | 9.625 | 11/15/16 | 600(h) | 628,499 |
| Sr. Unsec d. Notes | Caa1 | 6.25 | 2/15/13 | 100 | 87,000 |
| Inverness Medical Innovations, Inc., Sr. Sub. Notes | Caa1 | 8.75 | 2/15/12 | 205(f) | 212,175 |
| MedQuest, Inc., Gtd. Notes, Ser. B | Caa1 | 11.875 | 8/15/12 | 50 | 40,500 |
| Omnicare, Inc., Sr. Sub. Notes | Ba3 | 6.125 | 6/1/13 | 125 | 118,906 |
| Sr. Sub. Notes | Ba3 | 6.875 | 12/15/15 | 100 | 97,750 |
| Res-Care, Inc., Sr. Notes | B1 | 7.75 | 10/15/13 | 300 | 302,250 |
| Select Medical Corp., Gtd. Notes | B2 | 7.625 | 2/1/15 | 125 | 104,375 |
| Senior Housing Properties Trust, Sr. Notes | Ba2 | 8.625 | 1/15/12 | 405 | 438,413 |
| Skilled Healthcare Group, Inc., Sr. Sub. Notes | Caa1 | 11.00 | 1/15/14 | 550(h) | 605,000 |
| Ventas Realty LP, Gtd. Notes | Ba2 | 6.75 | 6/1/10 | 200 | 205,000 |
| Gtd. Notes | Ba2 | 7.125 | 6/1/15 | 125 | 130,000 |
| Gtd. Notes | Ba2 | 8.75 | 5/1/09 | 280 | 296,800 |
| Sr. Notes | Ba2 | 6.625 | 10/15/14 | 150 | 152,813 |
| Warner Chilcott Corp., Gtd. Notes | Caa1 | 8.75 | 2/1/15 | 241 | 247,025 |

5,593,838

Lodging 2.8%

| | | | | | |
|---|-----|-------|----------|--------|---------|
| Felcor Lodging LP, Gtd. Notes | Ba3 | 8.50 | 6/1/11 | 225 | 239,625 |
| Gaylord Entertainment Co., Sr. Notes | B3 | 8.00 | 11/15/13 | 100 | 102,250 |
| Hilton Hotels Corp., Notes | Ba2 | 7.625 | 12/1/12 | 75 | 79,125 |
| Host Marriott LP, Gtd. Notes, Ser. I | Ba1 | 9.50 | 1/15/07 | 275 | 276,037 |
| Gtd. Notes, Ser. Q | Ba1 | 6.75 | 6/1/16 | 325 | 326,219 |
| Sr. Notes | Ba1 | 7.125 | 11/1/13 | 400 | 408,500 |
| Sr. Notes, Ser. M | Ba1 | 7.00 | 8/15/12 | 200 | 203,000 |
| Royal Caribbean Cruises Ltd. (Liberia), Sr. Notes | Ba1 | 8.00 | 5/15/10 | 175(c) | 186,290 |

1,821,046

Media & Entertainment 11.2%

| | | | | | |
|---|--------|--------|----------|-----------|---------|
| AMC Entertainment, Inc., Gtd. Notes | B3 | 11.00 | 2/1/16 | 50 | 55,188 |
| Gtd. Notes, Ser. B | Ba3 | 8.625 | 8/15/12 | 275 | 283,938 |
| Sr. Sub. Notes | B3 | 8.00 | 3/1/14 | 100 | 96,500 |
| Cinemark, Inc., Sr. Disc. Notes (Zero Coupon until 3/15/09) | B3 | Zero | 3/15/14 | 225 | 184,500 |
| Dex Media East LLC, Gtd. Notes | B2 | 12.125 | 11/15/12 | 406 | 449,645 |
| Dex Media, Inc., Notes | B3 | 8.00 | 11/15/13 | 165 | 168,300 |
| Dex Media West LLC, Sr. Sub. Notes, Ser. B | B2 | 9.875 | 8/15/13 | 415 | 452,349 |
| Echostar DBS Corp., Gtd. Notes | Ba3 | 6.625 | 10/1/14 | 75 | 72,750 |
| Gtd. Notes | BB-(d) | 7.125 | 2/1/16 | 300 | 297,750 |
| Sr. Notes | Ba3 | 6.375 | 10/1/11 | 75 | 74,625 |
| Gray Television, Inc., Gtd. Notes | B1 | 9.25 | 12/15/11 | 285 | 297,825 |
| Idearc, Inc., Sr. Notes | B2 | 8.00 | 11/15/16 | 200(h) | 203,250 |
| Intelsat Bermuda Ltd., (Bermuda), Gtd. Notes | B2 | 9.25 | 6/15/16 | 175(c)(h) | 187,250 |

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| | | | | | |
|---|------|--------|----------|-----------|---------|
| Sr. Notes | Caa1 | 11.25 | 6/15/16 | 750(c)(h) | 822,187 |
| Intelsat Subsidiary Holding Co., Ltd. (Bermuda), Gtd. Notes | B2 | 10.484 | 1/15/12 | 375(c)(i) | 379,688 |
| Lamar Media Corp., Sr. Sub. Notes | Ba3 | 6.625 | 8/15/15 | 425(h) | 412,781 |
| Medianews Group, Inc., Sr. Sub. Notes | B2 | 6.875 | 10/1/13 | 200 | 184,750 |
| Morris Publishing Group LLC, Gtd. Notes | B1 | 7.00 | 8/1/13 | 65 | 61,425 |
| Nielsen Finance LLC, Sr. Notes | B3 | 10.00 | 8/1/14 | 125(h) | 132,188 |
| PRIMEDIA, Inc., Sr. Notes | B2 | 10.749 | 5/15/10 | 200(i) | 207,000 |
| Quebecor World Capital Corp. (Canada), Sr. Notes | B1 | 8.75 | 3/15/16 | 100(c)(h) | 97,000 |
| Rainbow National Services LLC, Sr. Notes | B2 | 8.75 | 9/1/12 | 125(h) | 131,250 |
| Sr. Sub. Debs. | B3 | 10.375 | 9/1/14 | 25(h) | 27,750 |
| RH Donnelly Corp., Sr. Notes, Ser. A-3 | B3 | 8.875 | 1/15/16 | 450 | 472,499 |
| RH Donnelley Finance Corp. I, Gtd. Notes (cost \$200,000; purchased 11/26/02) | B2 | 10.875 | 12/15/12 | 200(g)(h) | 218,000 |
| Sinclair Broadcast Group, Inc., Gtd. Notes | Ba3 | 8.75 | 12/15/11 | 165 | 172,425 |
| Six Flags, Inc., Sr. Notes | Caa1 | 9.625 | 6/1/14 | 20 | 18,275 |
| Sun Media Corp. (Canada), Gtd. Notes | Ba2 | 7.625 | 2/15/13 | 400(c) | 406,000 |
| Universal City Florida Holdings Co., Sr. Notes | B3 | 10.121 | 5/1/10 | 400(i) | 411,000 |
| Vertis, Inc., Gtd. Notes, Ser. B | Caa1 | 10.875 | 6/15/09 | 45 | 44,775 |
| Sec d. Notes | B1 | 9.75 | 4/1/09 | 200 | 205,000 |
| Warner Music Group, Sr. Sub. Notes | B2 | 7.375 | 4/15/14 | 50 | 49,500 |

7,277,363

Metals 5.5%

| | | | | | |
|--|------|--------|----------|--------------|---------|
| AK Steel Corp., Gtd. Notes | B2 | 7.75 | 6/15/12 | 175 | 174,125 |
| Arch Western Finance LLC, Gtd. Notes | B1 | 6.75 | 7/1/13 | 275 | 269,500 |
| Century Aluminum Co., Gtd. Notes | B1 | 7.50 | 8/15/14 | 300 | 302,250 |
| Chaparral Steel Co., Gtd. Notes | B1 | 10.00 | 7/15/13 | 430 | 478,375 |
| Gerdau AmeriSteel Corp. (Canada), Sr. Notes | Ba2 | 10.375 | 7/15/11 | 500(c) | 537,500 |
| Indalex Holding Corp., Sec d. Notes | Caa1 | 11.50 | 2/1/14 | 100(h) | 104,250 |
| Ispat Inland ULC (Canada), Sec d. Notes | Baa3 | 9.75 | 4/1/14 | 140(c) | 156,450 |
| Metals USA, Inc., Sec d. Notes | B3 | 11.125 | 12/1/15 | 447 | 495,053 |
| Novelis, Inc. (Canada), Sr. Notes | B2 | 8.25 | 2/15/15 | 225(c)(h) | 216,000 |
| PNA Group, Inc., Sr. Notes (cost \$175,000; purchased 8/04/06) | B3 | 10.75 | 9/1/16 | 175(f)(g)(h) | 181,125 |
| Ryerson, Inc., Sr. Notes | B3 | 8.25 | 12/15/11 | 135 | 133,650 |
| United States Steel Corp., Sr. Notes | Ba1 | 9.75 | 5/15/10 | 400 | 424,500 |
| Sr. Notes | Ba1 | 10.75 | 8/1/08 | 100 | 108,750 |

3,581,528

Non-Captive Finance 0.3%

| | | | | | |
|--|----|------|---------|--------|---------|
| Momentive Performance Materials, Inc., Sr. Notes | B3 | 9.75 | 12/1/14 | 225(h) | 225,563 |
|--|----|------|---------|--------|---------|

Packaging 3.8%

| | | | | | |
|---|----|-------|----------|-----------|---------|
| Berry Plastics Holding Corp., Sec d. Notes | B2 | 8.875 | 9/15/14 | 50(h) | 50,438 |
| Sec d. Notes | B2 | 9.265 | 9/15/14 | 225(h)(i) | 226,969 |
| Crown Americas LLC, Gtd. Notes | B1 | 7.625 | 11/15/13 | 300 | 307,500 |
| Exopack Holding Corp., Sr. Notes | B3 | 11.25 | 2/1/14 | 150(h) | 156,750 |
| Graham Packaging Co., Inc., | | | | | |

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| | | | | | |
|--|------|-------|----------|-----|---------|
| Gtd. Notes | Caa1 | 8.50 | 10/15/12 | 200 | 198,000 |
| Sub. Notes | Caa1 | 9.875 | 10/15/14 | 125 | 123,750 |
| Greif Brothers Corp., Gtd. Notes | Ba3 | 8.875 | 8/1/12 | 480 | 505,200 |
| Owens-Brockway Glass Container, Inc., Sec d. Notes | Ba2 | 8.75 | 11/15/12 | 705 | 745,537 |
| Silgan Holdings, Inc., Sr. Sub. Notes | B1 | 6.75 | 11/15/13 | 175 | 171,500 |

2,485,644

Paper 3.6%

| | | | | | |
|---|-----|-------|----------|-----------|---------|
| Abitibi Consolidated, Inc. (Canada), Notes | B2 | 7.75 | 6/15/11 | 120(c) | 107,700 |
| Ainsworth Lumber Co. Ltd. (Canada), Gtd. Notes | B2 | 9.117 | 10/1/10 | 400(c)(i) | 338,000 |
| Bowater Canada Finance Corp. (Canada), Gtd. Notes | B2 | 7.95 | 11/15/11 | 100(c) | 96,000 |
| Cascades, Inc. (Canada), Sr. Notes | Ba3 | 7.25 | 2/15/13 | 275(c) | 273,625 |
| Catalyst Paper Corp. (Canada), Gtd. Notes, Ser. D | B2 | 8.625 | 6/15/11 | 100(c) | 101,000 |
| Sr. Notes | B2 | 7.375 | 3/1/14 | 100(c) | 93,750 |
| Cellu Tissue Holdings, Inc., Sec d. Notes | B2 | 9.75 | 3/15/10 | 300 | 295,500 |
| Domtar, Inc., (Canada), Notes | B2 | 7.875 | 10/15/11 | 100(c) | 102,000 |
| Graphic Packaging International Corp., Sr. Notes | B2 | 8.50 | 8/15/11 | 200 | 206,000 |
| Sr. Sub. Notes | B3 | 9.50 | 8/15/13 | 150 | 154,500 |
| Millar Western Forest Products Ltd. (Canada), Sr. Notes | B2 | 7.75 | 11/15/13 | 130(c) | 113,100 |
| Norampac, Inc. (Canada), Sr. Notes | B1 | 6.75 | 6/1/13 | 110(c) | 106,975 |
| P.H. Glatfelter, Gtd. Notes | Ba1 | 7.125 | 5/1/16 | 75(h) | 75,000 |
| Smurfit-Stone Container Enterprises, Inc., Sr. Notes | B2 | 8.375 | 7/1/12 | 75 | 72,563 |
| Tembec Industries, Inc. (Canada), Gtd. Notes | Ca | 7.75 | 3/15/12 | 205(c) | 114,800 |
| Verso Paper Holdings LLC, Sec d. Notes | B2 | 9.125 | 8/1/14 | 75(h) | 78,000 |

2,328,513

Pipelines & Other 6.3%

| | | | | | |
|---|------|-------|----------|--------|---------|
| AmeriGas Partners LP, Sr. Notes | B1 | 7.125 | 5/20/16 | 175 | 174,125 |
| El Paso Corp., Sr. Notes | B2 | 7.00 | 5/15/11 | 465 | 474,300 |
| El Paso Production Holding Co., Gtd. Notes | B1 | 7.75 | 6/1/13 | 525 | 544,030 |
| Ferrellgas Partners LP, Sr. Notes | Ba3 | 6.75 | 5/1/14 | 50 | 48,875 |
| Sr. Notes | B2 | 8.75 | 6/15/12 | 100 | 102,750 |
| Inergy LP, Gtd. Notes | B1 | 8.25 | 3/1/16 | 50 | 52,125 |
| Sr. Notes | B1 | 6.875 | 12/15/14 | 150 | 145,500 |
| Pacific Energy Partners LP, Sr. Notes | Baa3 | 7.125 | 6/15/14 | 100 | 103,500 |
| Southern Natural Gas Co., Unsub. Notes | Ba1 | 8.875 | 3/15/10 | 250 | 262,781 |
| Targa Resources, Inc., Gtd. Notes | B3 | 8.50 | 11/1/13 | 400(h) | 404,000 |
| Tennessee Gas Pipeline Co., Debs. | Ba1 | 7.00 | 3/15/27 | 215 | 227,966 |
| Debs. | Ba1 | 7.00 | 10/15/28 | 25 | 26,503 |
| Debs. | Ba1 | 7.625 | 4/1/37 | 295 | 331,797 |
| Williams Cos., Inc. (The), Debs., Ser. A | Ba2 | 7.50 | 1/15/31 | 100 | 103,000 |
| Notes | Ba2 | 7.125 | 9/1/11 | 200 | 207,000 |

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| | | | | | |
|--------------------|-----|-------|---------|-----|---------|
| Notes | Ba2 | 7.75 | 6/15/31 | 100 | 104,000 |
| Notes | Ba2 | 7.875 | 9/1/21 | 245 | 261,538 |
| Notes | Ba2 | 8.75 | 3/15/32 | 25 | 28,063 |
| Sr. Unsec d. Notes | Ba2 | 8.125 | 3/15/12 | 475 | 510,625 |

4,112,478

Retailers 3.1%

| | | | | | |
|---|------|--------|----------|--------|---------|
| Asbury Automotive Group, Inc., Sr. Sub. Notes | B3 | 8.00 | 3/15/14 | 50 | 50,375 |
| Couche-Tard Finance Corp., Sr. Sub. Notes | Ba2 | 7.50 | 12/15/13 | 125 | 127,813 |
| GSC Holdings Corp., | | | | | |
| Gtd. Notes | B1 | 8.00 | 10/1/12 | 65 | 67,763 |
| Gtd. Notes | B1 | 9.247 | 10/1/11 | 275(i) | 285,655 |
| Jean Coutu Group, Inc. (Canada), | | | | | |
| Sr. Notes | B3 | 7.625 | 8/1/12 | 50(c) | 52,500 |
| Sr. Sub. Notes | Caa2 | 8.50 | 8/1/14 | 145(c) | 145,000 |
| Neiman-Marcus Group, Inc., | | | | | |
| Gtd. Notes | B2 | 9.00 | 10/15/15 | 120 | 130,050 |
| Gtd. Notes | B3 | 10.375 | 10/15/15 | 215 | 237,844 |
| Pantry, Inc. (The), Sr. Sub. Notes | B3 | 7.75 | 2/15/14 | 165 | 166,238 |
| Rite Aid Corp., Sec d. Notes | B2 | 8.125 | 5/1/10 | 245 | 248,063 |
| Steinway Musical Instruments, Sr. Notes | B1 | 7.00 | 3/1/14 | 350(h) | 340,374 |
| Stripes Acquisition LLC, Sr. Notes | B2 | 10.625 | 12/15/13 | 134(h) | 144,720 |

1,996,395

Technology 8.5%

| | | | | | |
|--|------|--------|----------|--------------|---------|
| Amkor Technology, Inc., Sr. Notes | Caa1 | 7.125 | 3/15/11 | 75 | 70,500 |
| Avago Technologies (Singapore), | | | | | |
| Sr. Notes | B2 | 10.125 | 12/1/13 | 260(c)(h) | 276,250 |
| Sr. Sub. Notes | Caa1 | 11.875 | 12/1/15 | 75(c)(h) | 82,500 |
| Flextronics International Ltd. (Singapore), Sr. Sub. Notes | Ba2 | 6.25 | 11/15/14 | 200(c) | 194,000 |
| Freescale Semiconductor, Inc., | | | | | |
| Sr. Notes | Ba1 | 7.125 | 7/15/14 | 25 | 26,844 |
| Sr. Notes | B1 | 8.875 | 12/15/14 | 205(h) | 205,513 |
| Sr. Notes, PIK | B1 | 9.125 | 12/15/14 | 525(h) | 525,000 |
| Sr. Sub Notes | B2 | 10.125 | 12/15/16 | 425(h) | 429,781 |
| Iron Mountain, Inc., | | | | | |
| Gtd. Notes | B3 | 7.75 | 1/15/15 | 250 | 255,000 |
| Gtd. Notes | B3 | 8.625 | 4/1/13 | 175 | 180,688 |
| Nortel Networks Ltd. (Canada), | | | | | |
| Gtd. Notes | B3 | 4.25 | 9/1/08 | 135(c) | 129,769 |
| Gtd. Notes | B3 | 9.624 | 7/15/11 | 325(c)(h)(i) | 337,188 |
| NXP BV/NXP Funding LLC, | | | | | |
| Sec d. Notes | Ba2 | 7.875 | 10/15/14 | 700(h) | 719,249 |
| Sr. Notes | B2 | 9.50 | 10/15/15 | 325(h) | 333,531 |
| Sensata Technologies BV (Netherlands), Sr. Notes | Caa1 | 8.00 | 5/1/14 | 305(c)(h) | 291,656 |
| Serena Software, Inc., Gtd. Notes | Caa1 | 10.375 | 3/15/16 | 300 | 318,000 |
| Spansion LLC, Sr. Notes | Caa1 | 11.25 | 1/15/16 | 300(h) | 313,125 |
| Sungard Data Data Systems Inc., Gtd. Notes | Caa1 | 9.973 | 8/15/13 | 750(i) | 779,062 |
| Xerox Corp., Sr. Notes | Baa3 | 6.875 | 8/15/11 | 50 | 52,850 |

5,520,506

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Telecommunications 9.7%

| | | | | | |
|--|---------|-------|----------|-----------|-----------|
| Centennial Communications Corp., Sr. Notes | B2 | 8.125 | 2/1/14 | 155 | 156,163 |
| Cincinnati Bell, Inc., Gtd. Notes | Ba3 | 7.25 | 7/15/13 | 75 | 76,875 |
| Sr. Sub. Notes | B2 | 8.375 | 1/15/14 | 125 | 127,813 |
| Citizens Communications Co., Notes | Ba2 | 9.25 | 5/15/11 | 205 | 226,781 |
| Sr. Notes | Ba2 | 6.25 | 1/15/13 | 150 | 146,813 |
| Sr. Notes | Ba2 | 9.00 | 8/15/31 | 75 | 81,750 |
| Cricket Communications, Inc., Sr. Notes | Caa2 | 9.375 | 11/1/14 | 175(h) | 178,938 |
| Dobson Cellular Systems, Inc., Sec d. Notes | Ba3 | 8.375 | 11/1/11 | 250 | 260,625 |
| Hawaiian Telcom Communications, Inc., Gtd. Notes, Ser. B | B3 | 12.50 | 5/1/15 | 225 | 234,563 |
| Level 3 Financing, Inc., Gtd. Notes | B2 | 12.25 | 3/15/13 | 575 | 649,749 |
| Sr. Notes | B2 | 9.25 | 11/1/14 | 100(h) | 101,125 |
| MetroPCS Wireless, Inc., Sr. Notes | Caa2 | 9.25 | 11/1/14 | 200(h) | 203,250 |
| Nextel Partners, Inc., Gtd. Notes | BBB+(d) | 8.125 | 7/1/11 | 375 | 389,999 |
| Nordic Telephone Co. Holdings (Denmark), Sr. Notes | B2 | 8.875 | 5/1/16 | 265(c)(h) | 280,238 |
| Qwest Communications International, Inc., Gtd. Notes, Ser. B | Ba3 | 7.50 | 2/15/14 | 150 | 154,500 |
| Qwest Corp., Debs. | Ba1 | 6.875 | 9/15/33 | 250 | 241,875 |
| Debs. | Ba1 | 7.50 | 6/15/23 | 650 | 662,999 |
| Notes | Ba1 | 8.875 | 3/15/12 | 125 | 139,219 |
| Sr. Notes | Ba1 | 7.50 | 10/1/14 | 200(h) | 212,500 |
| Sr. Notes | Ba1 | 7.625 | 6/15/15 | 275 | 293,563 |
| Sr. Notes | Ba1 | 7.875 | 9/1/11 | 150 | 160,125 |
| Rogers Wireless, Inc. (Canada), Sec d. Notes | Ba2 | 7.50 | 3/15/15 | 150(c) | 160,688 |
| Sec d. Notes | Ba2 | 9.625 | 5/1/11 | 125(c) | 141,875 |
| Sr. Sub. Notes | B1 | 8.00 | 12/15/12 | 200(c) | 212,000 |
| Rural Cellular Corp., Sr. Notes | B3 | 9.875 | 2/1/10 | 135 | 142,763 |
| Time Warner Telecom Holdings, Inc., Gtd. Notes | B3 | 9.25 | 2/15/14 | 100 | 106,500 |
| UbiquiTel Operating Co., Gtd. Notes | BBB+(d) | 9.875 | 3/1/11 | 250 | 270,000 |
| Windstream Corp., Sr. Notes | Ba3 | 8.625 | 8/1/16 | 300(h) | 326,624 |
| | | | | | 6,339,913 |

Tobacco 0.4%

| | | | | | |
|--|-----|-------|---------|--------|---------|
| Reynolds American, Inc., Sec d. Notes | Ba3 | 6.50 | 7/15/10 | 70(h) | 71,440 |
| Sec d. Notes | Ba3 | 7.625 | 6/1/16 | 175(h) | 186,737 |
| | | | | | 258,177 |

Total corporate bonds (cost \$82,105,875) 84,245,174

SOVEREIGN BONDS 1.5%

| | | | | | |
|---|-----|-------|---------|-----------|---------|
| Republic of Argentina, Bonds, F.R.N. | B3 | 3.00 | 4/30/13 | 201(c)(i) | 152,749 |
| Bonds, F.R.N. | B3 | 5.589 | 8/03/12 | 255(c)(i) | 237,904 |
| Republic of Colombia, Notes | Ba2 | 10.00 | 1/23/12 | 200(c) | 235,300 |
| Republic of Philippines, Bonds | B1 | 9.375 | 1/18/17 | 300(c) | 366,750 |

Total sovereign bonds (cost \$924,775) 992,703

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| | | Shares | |
|--|-----|------------------|----------------------|
| COMMON STOCKS 0.9% | | | |
| IMPSAT Fiber Networks, Inc. (Argentina) | | 2,330(b)(c) | 21,296 |
| Liberty Global Inc., | | | |
| Class A | | 2,823(b) | 73,850 |
| Class C | | 2,783(b) | 75,058 |
| Premium Standard Farms, Inc. (cost \$249,980; purchased 6/17/05) | | 21,883(f)(g) | 415,558 |
| Total common stocks (cost \$480,584) | | | 585,762 |
| PREFERRED STOCK(b) 0.7% | | | |
| ION Media Networks, Inc., | | | |
| 14.25%, PIK | | | |
| (cost \$393,072) | | 55 | 423,500 |
| | | 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 \$84,124,123) | | | 86,247,140 |
| | | Principal | |
| | | Amount | |
| | | (000) | |
| SHORT-TERM INVESTMENT 2.9% | | | |
| U.S. GOVERNMENT AGENCY SECURITY | | | |
| Federal Home Loan Bank, Discount Note (cost \$1,894,000) | Aaa | 5.20(e) | 12/1/06 |
| | | \$1,894 | 1,893,726 |
| Total Investments(j) 135.4% (cost \$86,018,123)(k) | | | 88,140,866 |
| Liabilities in excess of other assets (35.4%) | | | (23,026,053) |
| Net Assets 100.0% | | | \$ 65,114,813 |

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 \$726,730. The aggregate value of \$919,433 is approximately 1.4% 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 November 30, 2006.
- (j) As of November 30, 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 November 30, 2006 were as follows:

| Tax Basis | | | Net Unrealized |
|-----------------------|---------------------|---------------------|-----------------------|
| Of Investments | Appreciation | Depreciation | Appreciation |
| \$86,618,994 | \$ 3,095,839 | \$ 1,573,967 | \$ 1,521,872 |

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 January 23, 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 January 23, 2007

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

Date January 23, 2007

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