

NEW AMERICA HIGH INCOME FUND INC  
Form N-CSR  
March 05, 2013

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

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-05399

THE NEW AMERICA HIGH INCOME FUND, INC.  
(Exact name of registrant as specified in charter)

33 Broad Street, Boston, MA  
(Address of principal executive offices)

02109  
(Zip code)

Ellen E. Terry

33 Broad Street

Boston, MA 02109  
(Name and address of agent for service)

Registrant's telephone number, including area code: (617) 263-6400

Date of fiscal year end: December 31, 2012

Date of reporting period: July 1, 2012 to December 31, 2012

Item 1. Report to Stockholders

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February 15, 2013

**Dear Shareholder,**

We are pleased to report to our shareholders on the results of The New America High Income Fund (the "Fund") for the year ended December 31, 2012. The Fund's net asset value per share (the "NAV") ended the period at \$10.49. The market price for the Fund's shares was \$10.45 on December 31, 2012, representing a market price discount to NAV of 0.4%. In 2012, the Fund paid common stock dividends totaling \$0.965 per share, including a special dividend of \$.25 per share. The dividend yield for the year ended December 31, 2012 on a share of common stock purchased at year-end 2011 was approximately 9.45%. However, there is no certainty that the monthly dividend will continue at the current level of \$.065 per share per month. The common stock dividend can be affected by portfolio results, the cost and amount of leverage, market conditions, and operating expenses, among other factors. The Fund's leverage contributed approximately 25% of the common stock dividend in 2012. It is important to note that leverage is a two-edged sword. Leverage increases the total return to the common shareholders in favorable markets while the reverse is true in unfavorable markets.

As previously announced, in November, the Fund redeemed all outstanding shares of the Fund's Auction Term Preferred Stock (the "ATP") at their liquidation preference plus accumulated but unpaid dividends, as provided under the terms of the ATP. To finance the ATP redemption and to maintain its leveraged capital structure, the Fund entered into a credit facility (the "Facility") with The Bank of Nova Scotia pursuant to which the Fund may borrow up to an aggregate amount of \$100 million. The Facility is expected to be more costly than the ATP. The Fund's borrowings under the Facility currently total \$85.4 million. The Facility provides for an initial term of one year and may be extended with respect to amounts outstanding at the end of the initial term for an additional year at the option of the Fund. Amounts borrowed under the Facility will bear interest at an adjustable rate based on a margin above LIBOR.

	<b>Total Returns for the Periods Ending December 31, 2012</b>	
	<b>1 Year</b>	<b>3 Years Cumulative</b>
New America High Income Fund (Stock Price and Dividends)*	12.18%	55.51%
New America High Income Fund (NAV and Dividends)	20.21%	49.90%
Lipper Closed-End Fund Leveraged High Yield Average	20.06%	49.38%
Credit Suisse High Yield Index	14.71%	38.43%
Citigroup 10 Year Treasury Index	4.23%	31.82%

Sources: Credit Suisse, Citigroup, Lipper Inc., The New America High Income Fund, Inc.

Past performance is no guarantee of future results. Total return assumes the reinvestment of dividends.

The Credit Suisse High Yield Index and Citigroup 10 Year Treasury Index are unmanaged indices. Unlike the Fund, the indices have no trading activity, expenses or leverage.

\* Because the Fund's shares may trade at either a discount or premium to the Fund's net asset value per share, returns based upon the stock price and dividends will tend to differ from those derived from the underlying change in net asset value and dividends.

In December 2012, the U.S. Securities and Exchange Commission entered into a settlement agreement with the Fund and its executive officers with respect to actions relating to the ATP. A copy of the SEC order describing the settlement is available at [www.sec.gov/litigation/admin/2012/ic-30313.pdf](http://www.sec.gov/litigation/admin/2012/ic-30313.pdf). The Fund is pleased these matters have been fully resolved and believes the SEC order will not adversely affect the Fund's day-to-day operations or management.

### *Market Review*

High yield bonds produced strong returns in the fourth quarter, capping off an outstanding year in which the asset class outperformed the broad U.S. equity market. The asset class was resilient despite uncertainties surrounding U.S. fiscal policy, the European debt crisis and lackluster economic growth, generating its third double-digit calendar year return in the past four years. While investor sentiment often veered toward pessimism, the fundamentals of high yield companies generally remained sound. Defaults in the asset class continued on a downward trend and are approaching historical lows. The par-weighted default rate for the J.P. Morgan Global High Yield Index ended the year at 1.1%, which is less than the 2011 rate of 1.8% and well below the long-term average of roughly 4%.

More than \$360 billion of new high yield issues came to the market in 2012, about \$60 billion higher than the previous annual record set in 2010. Most of the proceeds from these deals were used to lower companies' cost of capital and extend maturities. However, in the second half of the year, new issuance became more aggressive and a growing percentage of the transactions generated cash to pay shareholders special dividends. We believe that this activity will carry over into 2013.

Many individual and institutional investors increased their high yield allocations throughout 2012, and profit taking was limited. This strong technical backdrop pushed absolute yields close to record lows for below investment-grade bonds but the yield for the asset class still compares favorably against other fixed income alternatives. Robust inflows into the asset class forced portfolio managers to put cash to work at increasingly stretched valuations, spawning a sellers' market (one favoring the issuers of high yield debt) as investment bankers and companies responded to the uptick in demand. Because it is a closed-end fund, New America High Income Fund is not subject to this same pressure to invest cash flows. But insatiable demand for high yield bonds throughout most of the year was a significant factor affecting price levels and trading activity for high yield securities in general, including those securities held by the Fund.

Even though yields are near all-time lows, credit spreads have not yet reached the nadir achieved during the low volatility environment of 2005 to 2007. For context, the average spread versus comparable Treasuries for the yield of J.P. Morgan Global High Yield Index finished 2012 at 561 basis points versus a record low of 263 basis points recorded June 2007. Based on this comparison, a number of strategists are suggesting that the high yield market could rally further in 2013 if the U.S. economy remains stable.

### *Strategy Review*

Staying fully invested is a significant challenge for high yield managers in the current environment as companies take advantage of prevailing low interest rates to refinance bonds. Historically, staying invested by participating in the new issue market has not yielded the best relative performance. This is especially true in what we would describe today as a market that favors the issuer of debt as opposed to the buyer.

We have adapted to these current conditions by focusing more heavily on existing bonds as opposed to new issues to source investments. In 2012, roughly 70% of our trading volume was executed in the secondary market. One example of this strategy was the Fund's purchase of ArcelorMittal bonds in November shortly after the company's securities were downgraded to BB. The largest steel producer in the world carries over \$20 billion of debt on its balance sheet, and our traders sourced a substantial amount of paper across five of the company's outstanding issues. We also significantly increased our Sprint exposure after Japanese wireless carrier Softbank announced its intent to acquire over 70% of Sprint Nextel's outstanding common stock. Meaningful purchases like Sprint Nextel and ArcelorMittal allowed us to remain selective on new issues during the final three months of the year.



In the present environment we see little value among most new high yield offerings, so we continue to cast a wider net, encompassing emerging market corporates, European and convertible issues within manageable limits in our search for opportunities. One of the biggest surprises of 2012 was the excellent performance of the European high yield market, despite the drama over the fiscal health of peripheral sovereigns. European performance, as measured by various benchmarks, exceeded the domestic US high yield markets' impressive gains by a wide margin. The Fund holds positions in convertibles issued by two iconic US corporations; auto manufacturer GM and American Airlines parent, AMR, though each is perhaps more notable today for their recent bankruptcies. Despite the recent corporate challenges faced by each company, their securities have boosted results among the Fund's airline and automotive holdings and delivered attractive returns.

There are two general performance factors worth contemplating for 2012, one relating to the market overall and the second to the Fund's results. For the 12 months ended December 31st, all five credit quality ratings categories in the Credit Suisse High Yield Index, (the "Index") delivered double digit gains. Securities in the Index rated BBB/BB, for example, earned 13.08% while CCCs clocked a gain of 16.55% over the preceding year. All categories in between this range delivered similar performance. We attribute this amazing result in part to the indiscriminant demand for yield of any kind among investors. With respect to the Fund's portfolio, for the twelve months ended December 31st, it beat the Index in each ratings sub-category. The Fund's highest quality holdings, rated BBB/BB, returned 17.80% versus the Index's result of 13.08% for the category. At the lower quality end, the Fund's CCCs generated a 17.05% gain versus a 16.55% return for the Index. The Fund's B-rated holdings earned a 16.46% return for the year against the Index result of 15.74%. While we are pleased with these results, we are mindful that they are likely not sustainable and investors in high yield are urged to temper their expectations accordingly.

Sincerely,

Robert F. Birch  
President  
The New America High Income Fund, Inc.

Mark Vaselkiv  
Vice President  
T. Rowe Price Associates, Inc.

Ellen E. Terry  
Vice President  
The New America High Income Fund, Inc.

Paul A. Karpers  
Vice President  
T. Rowe Price Associates, Inc.

*The views expressed in this update are as of the date of this letter. These views and any portfolio holdings discussed in the update are subject to change at any time based on market or other conditions. The Fund and T. Rowe Price Associates, Inc. disclaim any duty to update these views, which may not be relied upon as investment advice. In addition, references to specific companies' securities should not be regarded as investment recommendations or indicative of the Fund's portfolio as a whole*

## The New America High Income Fund, Inc.

<b>Industry Summary December 31, 2012</b>	<b>As a Percent of Total Investments</b>
Finance	11.21%
Oil and Gas	9.78%
Telecommunications	9.68%
Broadcasting and Entertainment	9.38%
Diversified/Conglomerate Service	8.50%
Healthcare, Education and Childcare	5.75%
Building and Real Estate	5.51%
Mining, Steel, Iron and Non-Precious Metals	4.86%
Diversified/Conglomerate Manufacturing	4.12%
Hotels, Motels, Inns and Gaming	3.90%
Containers, Packaging and Glass	3.78%
Retail Stores	3.46%
Chemicals, Plastics and Rubber	2.84%
Electronics	2.74%
Automobile	2.67%
Beverage, Food and Tobacco	1.92%
Utilities	1.85%
Personal, Food and Miscellaneous Services	1.53%
Aerospace and Defense	1.15%
Insurance	1.14%
Personal Transportation	0.94%
Cargo Transport	0.78%
Leisure, Amusement and Entertainment	0.76%
Textiles and Leather	0.62%
Personal Non-Durable Consumer Products	0.34%
Groceries	0.27%
Banking	0.26%
Printing and Publishing	0.15%
Furnishings	0.11%
Total Investments	100.00%
<b>Moody's Investors Service Ratings December 31, 2012 (Unaudited)</b>	<b>As a Percent of Total Investments</b>
Baa1	0.24%
Baa2	0.38%
Baa3	0.91%
Total Baa	1.53%
Ba1	6.51%
Ba2	8.70%
Ba3	12.23%
Total Ba	27.44%
B1	14.02%
B2	13.59%
B3	21.26%
Total B	48.87%
Caa1	10.77%
Caa2	5.59%



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Caa3	1.79%
Total Caa	18.15%
Ca	0.22%
C	0.03%
Unrated	2.74%
Equity	1.02%
Total Investments	100.00%



## The New America High Income Fund, Inc.

## Schedule of Investments December 31, 2012 (Dollar Amounts in Thousands)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
<b>CORPORATE DEBT SECURITIES 130.47%</b>				
<b>(d)(i)</b>				
<b>Aerospace and Defense 1.52%</b>				
\$	475	Ducommun, Inc., Senior Notes, 9.75%, 07/15/18	B3	\$ 511
	500	Esterline Technologies, Senior Notes, 7%, 08/01/20	Ba2	554
	775	Kratos Defense and Security Solutions, Inc., Senior Notes, 10%, 06/01/17	B3	849
	625	Moog, Inc., Senior Notes, 7.25%, 06/15/18	Ba3	657
	200	Spirit Aerosystems, Inc., Senior Notes, 7.50%, 10/01/17	Ba3	214
	850	Transdigm, Inc., Senior Subordinated Notes, 7.75%, 12/15/18	B3	939
				<b>3,724</b>
<b>Automobile 3.15%</b>				
	725	Allison Transmission, Inc., Senior Notes, 7.125% 05/15/19 (g)	B3	779
	375		B2	383

		American Axle and Manufacturing, Inc., Senior Notes, 6.625%, 10/15/22		
	1,000	Chrysler Group LLC, Senior Notes, 8%, 06/15/19	B2	1,093
	775	Chrysler Group LLC, Senior Notes, 8.25%, 06/15/21	B2	854
	400	Conti Gummi Finance B.V., Senior Notes, 8.50%, 07/15/15 (g)(EUR)	Ba2	570
	300	Delphi Corporation, Senior Notes, 5.875%, 05/15/19	Ba2	324
	375	Delphi Corporation, Senior Notes, 6.125%, 05/15/21	Ba2	416
	750	Ford Motor Credit Company LLC, Senior Notes, 5%, 05/15/18	Baa3	828
	175	Goodyear Tire & Rubber Company, Senior Notes, 7%, 05/15/22	B1	189
<b>Principal Amount/Units</b>			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
\$	550	Goodyear Tire & Rubber Company, Senior Notes, 8.25%, 08/15/20	B1	\$ 604

	200	Goodyear Tire & Rubber Company, Senior Notes, 8.75%, 08/15/20	B1	231
	225	Pittsburgh Glass Works, LLC, Senior Notes, 8.50%, 04/15/16 (g)	B2	207
	200	Schaeffler Finance B.V., Senior Notes, 7.75%, 02/15/17 (g)	Ba3	222
	600	Schaeffler Finance B.V., Senior Notes, 8.50%, 02/15/19 (g)	Ba3	675
	300	Sonic Automotive, Inc., Senior Subordinated Notes, 7%, 07/15/22 (g)	B3	328
				7,703
<b>Banking</b>	<b>.34%</b>			
	800	Amsouth Bank, N.A., Subordinated Notes, 5.20%, 04/01/15	Ba1	836
<b>Beverage, Food and Tobacco</b>	<b>2.54%</b>			
	370	Bumble Bee Acquisition Company, Senior Notes, 9%, 12/15/17 (g)	B2	399
	250	Constellation Brands, Inc., Senior Notes, 4.625%, 03/01/23	Ba1	261
	600	Constellation Brands, Inc.,	Ba1	688

	Senior Notes, 6%, 05/01/22		
	Del Monte Foods Company, Senior Notes, 7.625%, 02/15/19	B3	1,616
1,550			
	Land O'Lakes Capital Trust I, 7.45%, 03/15/28 (g)	Ba3	739
750			
	Michael Foods, Inc., Senior Notes, 8.50%, 07/15/18 (g)	Caa1	385
375			
	Pinnacle Foods Finance LLC, Senior Notes, 8.25%, 09/01/17	Caa1	933
875			
	Shearers Food, Inc., Senior Notes, 9%, 11/01/19 (g)	B3	369
350			

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

## Schedule of Investments December 31, 2012 Continued (Dollar Amounts in Thousands)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
<b>CORPORATE DEBT SECURITIES continued</b>				
		U.S. Food Service, Inc., Senior Notes, 8.50%, 06/30/19 (g)	Caa2	\$ 822
\$	800			\$ 822
<b>Broadcasting and Entertainment 12.33%</b>				
		AMC Entertainment, Inc., Senior Notes, 8.75%, 06/01/19	B2	886
	800			
		AMC Networks, Inc., Senior Notes, 4.75%, 12/15/22	B1	803
	800			
		Altice Financing S.A., Senior Notes, 7.875%, 12/15/19 (g)	Ba2	264
	250			
		Altice Financing S.A., Senior Notes, 9.875%, 12/15/20 (g)	B2	293
	275			
		Block Communications, Inc., Senior Notes, 7.25%, 02/01/20 (g)	Ba3	506
	475			
		Cablevision Systems Corporation, Senior Notes, 8.625%, 09/15/17	B1	321
	275			
	1,250	CCO Holdings, LLC, Senior	B1	1,250

	Notes, 5.125%, 02/15/23		
1,075	CCO Holdings, LLC, Senior Notes, 6.625%, 01/31/22	B1	1,177
100	CCO Holdings, LLC, Senior Notes, 7.375%, 06/01/20	B1	111
625	Central European Media Enterprises Ltd., Senior Notes, 11.625%, 09/15/16 (g)(EUR)	(e)	866
650	Cequel Communications Holdings I, LLC, Senior Notes, 6.375%, 09/15/20 (g)	B3	673
250	Cinemark USA, Inc., Senior Notes, 5.125%, 12/15/22 (g)	B2	253
150	Cinemark USA, Inc., Senior Notes, 7.375%, 06/15/21	B3	165
725	Clear Channel Communications, Inc., Senior Notes, 4.90%, 05/15/15	Ca	616
225	Clear Channel Communications, Inc., Senior Notes, 7.25%, 10/15/27	Ca	111



Principal Amount/Units		Moody's Rating (Unaudited)	Value (Note 1)
\$	175	Clear Channel Worldwide Holdings, Inc., Senior Subordinated Notes, 7.625%, 03/15/20 B3	\$ 175
	675	Clear Channel Worldwide Holdings, Inc., Senior Subordinated Notes, 7.625%, 03/15/20 B3	680
	600	CSC Holdings, LLC, Senior Notes, 6.75%, 11/15/21 (g) Ba3	669
	150	Cyfrowy Polsat Finance AB, Senior Notes, 7.125%, 05/20/18 (g)(EUR) Ba2	217
	750	Dish DBS Corporation, Senior Notes, 5%, 03/15/23 (g) Ba2	758
	850	Dish DBS Corporation, Senior Notes, 5.875%, 07/15/22 Ba2	914
	550	Dish DBS Corporation, Senior Notes, 6.75%, 06/01/21 Ba2	626
	150	Dish DBS Corporation, Senior Notes, 7.125%, 02/01/16 Ba2	168
	700	Dish DBS Corporation, Senior Notes, 7.875%, 09/01/19 Ba2	830
	575	GTP Acquisition Partners I, LLC, Senior Notes, 7.628%, 06/15/41 (g) Ba3	606

		Lamar Media Corporation, Senior Subordinated Notes,		
225		5%, 05/01/23 (g)	B1	231
		Lamar Media Corporation, Senior Subordinated Notes,		
325		5.875%, 02/01/22	B1	353
		Lin Television Corporation, Senior Notes,		
350		8.375%, 04/15/18	B3	383
		Mediacom Broadband LLC, Senior Notes,		
500		6.375%, 04/01/23 (g)	B3	509
		National CineMedia LLC, Senior Notes,		
350		6%, 04/15/22	Ba2	371
		Nexstar Broadcasting, Inc., Senior Notes,		
825		8.875%, 04/15/17	B3	905
		Numericable Finance & Co. S.C.A., Senior Notes,		
100		8.75%, 02/15/19 (g)(EUR)	B2	141

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

## Schedule of Investments December 31, 2012 Continued (Dollar Amounts in Thousands)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
<b>CORPORATE DEBT SECURITIES continued</b>				
		Numericable Finance & Co. S.C.A., Senior Notes, 12.375%, 02/15/19 (g)(EUR)	B2	\$ 547
\$	350			
		Polish Television Holding B.V., Senior Notes, 11.25%, 05/15/17 (g)(EUR)	(e)	683
	475			
		Regal Cinemas Corporation, Senior Notes, 9.125%, 08/15/18 (g)	B3	920
	825			
		Sinclair Television Group, Inc., Senior Notes, 6.125%, 10/01/22 (g)	B2	637
	600			
		Starz LLC, Senior Notes, 5%, 09/15/19 (g)	Ba2	487
	475			
		Telenet Finance V Luxembourg S.C.A, Senior Notes, 6.25%, 08/15/22 (g)(EUR)	Ba3	351
	250			
		Unitymedia Hessen GmbH&Co., Senior Notes, 9.50%, 03/15/21 (g)(EUR)	B3	726
	475			
		Univision Communications, Inc., Senior Notes, 6.75%, 09/15/22 (g)	B2	539
	525			

		(g)		
		Univision Communications, Inc., Senior Notes, 6.875%, 05/15/19		
	375	(g)	B2	388
		Univision Communications, Inc., Senior Notes, 7.875%, 11/01/20		
	1,950	(g)	B2	2,111
		Univision Communications, Inc., Senior Notes, 8.50%, 05/15/21		
	1,750	(g)	Caa2	1,811
		UPCB Finance Limited, Senior Notes, 6.875%, 01/15/22		
	475	(g)	Ba3	513
		UPCB Finance Limited, Senior Notes, 7.25%, 11/15/21		
	550	(g)	Ba3	606
		UPCB Finance Limited, Senior Notes, 7.625%, 01/15/20		
	450	(g)(EUR)	Ba3	653
		Videotron Ltee., Senior Notes, 5%, 07/15/22		
	575		Ba2	603
<b>Principal Amount/Units</b>			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
		WaveDivision Holdings, LLC, Senior Notes, 8.125%, 09/01/20 (g)		
\$	175	(g)	Caa1	\$ 181
		Wide Open West Finance, LLC, Senior Notes, 10.25%, 07/15/19 (g)		
	600	(g)	Caa1	638

	275	WMG Acquisition Corporation, Senior Notes, 6%, 01/15/21 (g)	Ba2	290
	300	WMG Acquisition Corporation, Senior Notes, 11.50%, 10/01/18	B3	345
	200	Ziggo Bond Company BV, Senior Notes, 8%, 05/15/18 (g)(EUR)	Ba2	290
				30,150
<b>Building and Real Estate</b>	<b>7.28%</b>			
	200	Ainsworth Lumber Company Ltd., Senior Notes, 7.50%, 12/15/17 (g)	B2	210
	1,250	Associated Materials, Inc., Senior Notes, 9.125%, 11/01/17	Caa1	1,275
	275	Aviv Healthcare Properties Ltd. Partnership, Senior Notes, 7.75%, 02/15/19	B1	292
	500	CB Richard Ellis Services, Inc., Senior Subordinated Notes, 6.625%, 10/15/20	Ba1	546
	325	CB Richard Ellis Services, Inc., Senior Subordinated Notes,	Ba2	357

	11.625%, 06/15/17		
	Cemex Espana Luxembourg, Senior Notes, 9.25%, 05/12/20 (g)	(e)	707
650			
	Cemex Finance LLC, Senior Notes, 9.50%, 12/14/16 (g)	(e)	731
675			
	Cemex SAB de CV, Senior Notes, 9%, 01/11/18 (g)	(e)	708
650			
	Dycom Investments Inc., Senior Subordinated Notes, 7.125%, 01/15/21	Ba3	686
650			
	P.H. Glatfelter Company, Senior Notes, 5.375%, 10/15/20 (g)	Ba1	666
650			

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

## Schedule of Investments December 31, 2012 Continued (Dollar Amounts in Thousands)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
<b>CORPORATE DEBT SECURITIES continued</b>				
\$	300	Host Hotels and Resorts, L.P., Senior Notes, 5.875%, 06/15/19	Baa3	\$ 327
	525	iStar Financial, Inc., Senior Notes, 7.125%, 02/15/18	B3	538
	600	KB Home, Senior Notes, 8%, 03/15/20	B2	684
	400	Ladder Capital Finance Holdings LLLP, Senior Notes, 7.375%, 10/01/17 (g)	Ba3	411
	500	LaFarge SA, Senior Notes, 6.75%, 12/16/19 (EUR)	Ba1	747
	475	Masco Corporation, Senior Notes, 5.85%, 03/15/17	Ba3	518
	325	Masco Corporation, Senior Notes, 6.125%, 10/03/16	Ba3	360
	750	Mercer International, Inc., Senior Notes, 9.50%, 12/01/17	B3	793
	225	Meritage Homes Corporation, Senior Notes, 7%, 04/01/22	B1	246
	250	MPT Operating Partnership, L.P., Senior Notes, 6.375%, 02/15/22	Ba1	264
	525		Ba1	570

		MPT Operating Partnership, L.P., Senior Notes, 6.875%, 05/01/21		
	575	Nortek, Inc., Senior Notes, 8.50%, 04/15/21	Caa1	644
	650	Nortek, Inc., Senior Notes, 10%, 12/01/18	Caa1	735
	575	Potlach Corporation, Senior Notes, 7.50%, 11/01/19	Ba1	627
	900	Shea Homes Limited Partnership, Senior Notes, 8.625%, 05/15/19	B2	997
	200	Standard Pacific Corporation, Senior Notes, 8.375%, 05/15/18	B3	234
	400	Standard Pacific Corporation, Senior Notes, 10.75%, 09/15/16	B3	500
	550	Summit Materials LLC, Senior Notes, 10.50%, 01/31/20 (g)	B3	589
			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
<b>Principal Amount/Units</b>				
	\$ 525	Texas Industries, Senior Notes, 9.25%, 08/15/20	Caa2	\$ 564
	125	USG Corporation, Senior Notes, 8.375%, 10/15/18 (g)	B2	139
	450	USG Corporation, Senior Notes, 9.75%, 08/01/14 (g)	B2	489
	125		Caa2	141



		USG Corporation, Senior Notes, 9.75%, 01/15/18		
	500	William Lyons Homes, Inc., Senior Notes, 8.50%, 11/15/20 (g)	Caa2	523
				17,818
<b>Cargo Transport</b>	<b>1.03%</b>			
	480	DP World Ltd., Senior Notes, 6.85%, 07/02/37(g)	Baa3	559
	233	Florida East Coast Holdings, Senior Notes, 10.50%, 08/01/17 (h)	Caa3	232
	600	Florida East Coast Railway Corporation, Senior Notes, 8.125%, 02/01/17	B3	636
	250	Kansas City Southern de Mexico, S.A. de C.V., Senior Notes, 6.125%, 06/15/21	Ba1	281
	200	Kansas City Southern de Mexico, S.A. de C.V., Senior Notes, 6.625%, 12/15/20	Ba1	226
	525	Kansas City Southern de Mexico, S.A. de C.V., Senior Notes, 8%, 02/01/18	Ba1	579
				2,513
<b>Chemicals, Plastics and Rubber</b>	<b>3.76%</b>			
	475		Ba2	493

	Ashland Inc., Senior Notes, 4.75%, 08/15/22 (g)		
	Celanese US Holdings LLC, Senior Notes, 4.625%, 11/15/22	Ba2	918
875			
	Compass Minerals International, Inc., Senior Notes, 8%, 06/01/19	Ba2	242
225			
	Hexion Specialty Chemicals, Inc., Senior Notes, 9%, 11/15/20	(e)	251
275			

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

**Schedule of Investments**   **December 31, 2012**   **Continued**   (Dollar Amounts in Thousands)

Principal Amount/Units			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
<b>CORPORATE DEBT SECURITIES</b> <b>continued</b>				
\$	175	Huntsman International LLC, Senior Subordinated Notes, 8.625%, 03/15/20	B2	\$ 198
	550	Huntsman International LLC, Senior Subordinated Notes, 8.625%, 03/15/21	B2	624
	575	Ineos Finance PLC, Senior Notes, 8.375%, 02/15/19 (g)	B1	618
	200	Ineos Finance PLC, Senior Notes, 9%, 05/15/15 (g)	B1	212
	375	Koppers Holdings Inc., Senior Notes, 7.875%, 12/01/19	B1	413
	475	Lyondell Chemical Company, Senior Notes, 5%, 04/15/19	Baa3	526
	450	Momentive Performance Materials, Inc., Senior Notes, 9%, 01/15/21	Caa1	328
	275	Momentive Performance	B1	278

	Materials, Inc., Senior Notes, 8.875%, 10/15/20 (g)		
325	PolyOne Corporation, Senior Notes, 7.375%, 09/15/20	Ba3	356
950	PQ Corporation, Senior Notes, 8.75%, 05/01/18 (g)	Caa1	997
200	Rain CII Carbon LLC, Senior Notes, 8.25%, 01/15/21 (g)	(e)	205
1,200	Rockwood Specialty Group, Inc., Senior Notes, 4.625%, 10/15/20	Ba2	1,242
550	Styrolution Group GmbH, Senior Notes, 7.625%, 05/15/16 (g)(EUR)	B2	759
525	Tronox Finance LLC, Senior Notes, 6.375%, 08/15/20 (g)	B1	530
			9,190
<b>Containers, Packaging and Glass 5.00%</b>			
375	AEP Industries, Inc., Senior Notes, 8.25%, 04/15/19	B3	400
211	ARD Finance S.A., Senior Notes, 11.125%, 06/01/18 (g)	Caa1	223
875	Ardagh Packaging	B3	1,263

Finance plc,  
Senior Notes,  
9.25%,  
10/15/20  
(g)(EUR)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
\$	425	Ball Corporation, Senior Notes, 7.375%, 09/01/19	Ba1	\$ 473
	1,000	Beverage Packaging Holdings, Senior Notes, 8%, 12/15/16 (g)(EUR)	Caa2	1,343
	425	Boise Cascade LLC, Senior Notes, 6.375%, 11/01/20 (g)	B2	438
	250	Boise Paper Holdings LLC, Senior Notes, 8%, 04/01/20	Ba3	276
	375	Boise Paper Holdings LLC, Senior Notes, 9%, 11/01/17	Ba3	409
	425	Bway Holding Company, Senior Notes, 10%, 06/15/18	B3	472
	1,200	Cascades Inc., Senior Notes, 7.75%, 12/15/17	Ba3	1,266
	925	Cascades, Inc., Senior Notes, 7.875%, 01/15/20	Ba3	985
	250	Clearwater Paper Corporation, Senior Notes, 7.125%, 11/01/18	Ba3	273
	400	Exopack Holding Corporation, Senior Notes, 10%, 06/01/18	Caa2	358
	525	Graphic Packaging International, Inc., Senior Notes, 7.875%, 10/01/18	B2	579

600	Graphic Packaging International, Inc., Senior Notes, 9.50%, 06/15/17	B2	648
350	Greif Inc., Senior Notes, 7.75%, 08/01/19	Ba2	404
300	Plastipak Holdings, Inc., Senior Notes, 10.625%, 08/15/19 (g)	B3	343
175	Reynolds Group Issuer, Inc., Senior Notes, 7.125%, 04/15/19	B1	188
285	Rock-Tenn Company, Senior Notes, 3.50%, 03/01/20 (g)	Ba1	292
135	Rock-Tenn Company, Senior Notes, 4.45%, 03/01/19 (g)	Ba1	146
90	Rock-Tenn Company, Senior Notes, 4.90%, 03/01/22 (g)	Ba1	97

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

**Schedule of Investments December 31, 2012 Continued** (Dollar Amounts in Thousands)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
<b>CORPORATE DEBT SECURITIES continued</b>				
\$	575	Sappi Papier Holding GmbH, Senior Notes, 7.75%, 07/15/17 (g)	Ba2	\$ 624
	275	Sappi Papier Holding GmbH, Senior Notes, 8.375%, 06/15/19 (g)	Ba2	300
	400	Tekni Plex, Inc., Senior Notes, 9.75%, 06/01/19 (g)	Caa1	437
				12,237
<b>Diversified/Conglomerate Manufacturing 5.45%</b>				
	375	Amsted Industries, Inc., Senior Notes, 8.125%, 03/15/18 (g)	B1	401
	1,075	Building Materials Corporation of America, Senior Notes, 6.75%, 05/01/21 (g)	Ba3	1,187
	650	Case New Holland, Incorporated, Senior Notes, 7.875%, 12/01/17	Ba2	769
	900	CNH Capital LLC, Senior Notes, 6.25%, 11/01/16	Ba2	992
	450		B3	484

	Coleman Cable, Inc., Senior Notes, 9%, 02/15/18		
250	Columbus McKinnon Corporation, Senior Subordinated Notes, 7.875%, 02/01/19	B1	268
2,000	Commscope, Inc., Senior Notes, 8.25%, 01/15/19 (g)	B3	2,185
500	Fiat Industrial Finance, Senior Notes, 6.25%, 03/09/18 (EUR)	Ba2	739
325	General Cable Corporation, Senior Notes, 5.75%, 10/01/22 (g)	B1	335
275	Interline Brands, Inc., Senior Notes, 10%, 11/15/18 (g)	Caa1	296
100	KM Germany Holding GMBH, Senior Notes, 8.75%, 12/15/20 (g)(EUR)	B2	137
400	Manitowoc Company, Inc., Senior Notes, 5.875%, 10/15/22	B3	403
300	Manitowoc Company, Inc., Senior Notes, 8.50%, 11/01/20	B3	337



Principal Amount/Units		Moody's Rating (Unaudited)	Value (Note 1)
\$ 375	Mcron Finance Sub LLC, Senior Notes, 8.375%, 05/15/19 (g)	B1	\$ 385
350	Navistar International Corporation, Senior Notes, 8.25%, 11/01/21	B3	338
800	RBS Global, Inc., Senior Notes, 8.50%, 05/01/18	B3	867
700	Sensata Technologies BV, Senior Notes, 6.50%, 05/15/19 (g)	B2	746
425	Silver II Borrower S.C.A., Senior Notes, 7.75%, 12/15/20 (g)	Caa1	439
1,000	Terex Corporation, Senior Notes, 6%, 5/15/21	B3	1,050
200	Terex Corporation, Senior Notes, 6.50%, 04/01/20	B3	212
675	Vulcan Materials, Senior Notes, 7.50%, 06/15/21	Ba3	768
			13,338
<b>Diversified/Conglomerate Service 11.24%</b>			
1,250	Aguila 3 S.A., Senior Notes, 7.875%, 01/31/18 (g)	B2	1,325

550	Alliance Data Systems Company, Senior Notes, 5.25%, 12/01/17 (g)	(e)	558
575	Alliance Data Systems Company, Senior Notes, 6.375%, 04/01/20 (g)	(e)	604
275	Anixter Inc., Senior Notes, 5.625%, 05/01/19	Ba3	289
475	Anixter Inc., Senior Notes, 10%, 03/15/14	Ba3	515
600	Aramark Holdings, Senior Notes, 8.625%, 05/01/16 (g)	B3	614
250	Ashtead Capital Inc., Senior Notes, 6.50%, 07/15/22 (g)	B2	270
1,000	Avis Budget Car Rental LLC, Senior Notes, 9.625%, 03/15/18	B2	1,115
700	Capsugel Finance Company, Senior Notes, 9.875%, 08/01/19 (g)(EUR)	Caa1	1,039

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

## Schedule of Investments December 31, 2012 Continued (Dollar Amounts in Thousands)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
<b>CORPORATE DEBT SECURITIES continued</b>				
\$	25	CDW Corporation, Senior Secured Notes, 8%, 12/15/18	B1	\$ 28
	1,981	CDW Corporation, Senior Subordinate Notes, 12.535%, 10/12/17	Caa1	2,117
	1,600	CDW Escrow Corporation, Senior Subordinate Notes, 8.50%, 04/01/19	B3	1,732
	275	Ceridian Corporation, Senior Notes, 8.875%, 07/15/19 (g)	B1	299
	325	Clean Harbors, Incorporated, Senior Notes, 5.125%, 06/01/21 (g)	Ba2	337
	250	Clean Harbors, Incorporated, Senior Notes, 5.25%, 08/01/20	Ba2	261
	300	Europcar Groupe SA, Senior Notes, 11.50%, 05/15/17 (g)(EUR)	Caa1	419
	125	Fidelity National Information Company, Senior Notes, 7.625%, 07/15/17	Ba2	136
	325		Ba2	367

		Fidelity National Information Company, Senior Notes, 7.875%, 07/15/20		
	675	First Data Corporation, Senior Notes, 6.75%, 11/01/20 (g)	B1	683
	1,300	First Data Corporation, Senior Notes, 7.375%, 06/15/19 (g)	B1	1,349
	2,150	First Data Corporation, Senior Notes, 12.625%, 01/15/21	Caa1	2,263
	175	FTI Consulting Inc., Senior Notes, 6%, 11/15/22 (g)	Ba2	182
	475	FTI Consulting Inc., Senior Notes, 6.75%, 10/01/20	Ba2	507
	100	Garda World Security Corporation, Senior Notes, 9.75%, 03/15/17 (g)	B2	105
	125	Gategroup Finance (Luxembourg) S.A., Senior Notes, 6.75%, 03/01/19 (g)(EUR)	B1	175
	425	Global General Merger, Senior Notes, 11%, 12/15/20 (g)	Caa1	431
<b>Principal Amount/Units</b>			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
\$	475	Goodman Networks, Inc., Senior Notes,	B2	\$ 520

	12.375%, 07/01/18 (g)		
300	H&E Equipment Services, Senior Notes, 7%, 09/01/22 (g)	B3	319
325	HDTFS, Inc., Senior Notes, 6.25%, 10/15/22 (g)	B2	347
600	Harbinger Group, Inc., Senior Notes, 7.875%, 07/15/19 (g)	B3	594
350	Igloo Holdings Corporation, Senior Notes, 8.25%, 12/15/17 (g)	Caa1	346
700	iPayment, Inc., Senior Notes, 10.25%, 05/15/18	B3	571
325	Iron Mountain Inc., Senior Subordinated Notes, 5.75%, 08/15/24	B1	330
175	Jaguar Holdings, Inc., Senior Notes, 9.375%, 10/15/17 (g)	Caa1	183
700	Jaguar Holdings, Inc., Senior Notes, 9.50%, 12/01/19 (g)	B3	796
350	Maxim Crane Works, L.P., Senior Notes, 12.25%, 04/15/15 (g)	Caa2	360
275	Service Master Company, Senior Notes, 8%, 02/15/20	B3	287
500	Sungard Data Systems, Inc., Senior Subordinated Notes, 6.625%, 11/01/19 (g)	Caa1	511

675	Syniverse Holdings, Inc., Senior Notes, 9.125%, 01/15/19	Caa1	720
100	Techem GmbH, Senior Notes, 6.125%, 10/01/19 (g)(EUR)	Ba3	142
250	Transunion Holding Company, Inc., Senior Notes, 8.125%, 06/15/18 (g)	Caa1	256
250	Truven Health Analytics, Senior Notes, 10.625%, 06/01/20 (g)	Caa1	266
325	United Rentals of North America, Inc., Senior Notes, 6.125%, 06/15/23	B3	344

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

**Schedule of Investments December 31, 2012 Continued** (Dollar Amounts in Thousands)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
<b>CORPORATE DEBT SECURITIES continued</b>				
\$	350	UR Financing Escrow Corporation, Senior Notes, 5.75%, 07/15/18 (g)	Ba3	\$ 377
	625	Verisure Holding AB, Senior Notes, 8.75%, 09/01/18 (g)(EUR)	B2	896
	525	West Corporation, Senior Notes, 7.875%, 01/15/19	Caa1	542
	1,025	West Corporation, Senior Notes, 8.625%, 10/01/18	Caa1	1,079
				27,506
<b>Electronics 3.63%</b>				
	650	Advanced Micro Devices, Inc., Senior Notes, 7.50%, 08/15/22 (g)	B1	533
	475	Advanced Micro Devices, Inc., Senior Notes, 7.75%, 08/01/20	B1	398
	700	Core Logic, Inc., Senior Notes, 7.25%, 06/01/21	Ba3	762
	500		Caa1	525

	Epicor Software Corporation, Senior Notes, 8.625%, 05/01/19		
975	HD Supply, Inc., Senior Notes, 8.125%, 04/15/19 (g)	B2	1,112
475	HD Supply, Inc., Senior Notes, 11%, 04/15/20 (g)	Caa1	561
350	HD Supply, Inc., Senior Notes, 11.50%, 07/15/20 (g)	Caa2	393
1,375	iGATE Corporation, Senior Notes, 9%, 05/01/16	B2	1,488
650	Infor US, Inc., Senior Notes, 9.375%, 04/01/19	Caa1	728
225	Infor US, Inc., Senior Notes, 11.50%, 07/15/18	Caa1	263
375	JDA Software Group, Inc., Senior Notes, 8%, 12/15/14	B1	391
1,000	MEMC Electronic Materials, Inc., Senior Notes, 7.75%, 04/01/19	Caa1	840
100	NCR Corporation, Senior Notes, 4.625%, 02/15/21 (g)	Ba3	100
275	NCR Corporation, Senior Notes,	Ba3	279



		5%, 07/15/22 (g)		
Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
		Nuance Communications, Senior Notes, 5.375%, 08/15/20 (g)	Ba3	\$ 496
\$	475			8,869
<b>Finance</b>	<b>13.95%</b>			
		AerCap Aviation Solutions B.V., Senior Notes, 6.375%, 05/30/17	(e)	499
	475			
		Aircastle Limited, Senior Notes, 6.25%, 12/01/19 (g)	Ba3	678
	650			
		Aircastle Limited, Senior Notes, 6.75%, 04/15/17	Ba3	323
	300			
		Aircastle Limited, Senior Notes, 7.625%, 04/15/20	Ba3	840
	750			
		Aircastle Limited, Senior Notes, 9.75%, 08/01/18	Ba3	680
	600			
		Air Lease Corporation, Senior Notes, 4.50%, 01/15/16 (g)	(e)	429
	425			
		Air Lease Corporation, Senior Notes, 5.625%, 04/01/17	(e)	848
	800			
	875	Algeco Scotsman Global Finance	B1	904

	PLC, Senior Notes, 8.50%, 10/15/18 (g)		
1,025	Ally Financial, Inc., Senior Notes, 4.625%, 06/26/15	B1	1066
1,175	Ally Financial, Inc., Senior Notes, 5.50%, 02/15/17	B1	1,257
500	Ally Financial, Inc., Senior Notes, 6.25%, 12/01/17	B1	554
775	Ally Financial, Inc., Senior Notes, 7.50%, 09/15/20	B1	938
700	CIT Group, Inc., Senior Notes, 4.25%, 08/15/17	B1	723
700	CIT Group, Inc., Senior Notes, 5%, 08/15/22	B1	751
1,575	CIT Group, Inc., Senior Notes, 5.375%, 05/15/20	B1	1,717
2,175	CIT Group, Inc., Senior Notes, 5.50%, 02/15/19 (g)	B1	2,360
1,650	CIT Group, Inc., Senior Notes, 6.625%, 04/01/18 (g)	B1	1,865
1,200	Discover Financial Services,	Ba1	1,533

Senior Notes,  
10.25%,  
07/15/19

The accompanying notes are an integral part of these financial statements.

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## The New America High Income Fund, Inc.

## Schedule of Investments December 31, 2012 Continued (Dollar Amounts in Thousands)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
<b>CORPORATE DEBT SECURITIES continued</b>				
\$	225	E*Trade Financial Corporation, Senior Notes, 6%, 11/15/17	B2	\$ 230
	900	E*Trade Financial Corporation, Senior Notes, 6.375%, 11/15/19	B2	920
	400	E*Trade Financial Corporation, Senior Notes, 6.75%, 06/01/16	B2	420
	775	General Motors Financial Company, Inc., Senior Notes, 4.75%, 08/15/17 (g)	Ba3	814
	350	General Motors Financial Company, Inc., Senior Notes, 6.75%, 06/01/18	Ba3	402
	1,450	Icahn Enterprises, L.P., Senior Notes, 8%, 01/15/18	Ba3	1,555
	425	International Lease Finance Corporation, Senior Notes, 4.875%, 04/01/15	Ba3	441
	350	International Lease Finance Corporation, Senior Notes, 5.75%, 05/15/16	Ba3	368
	525	International Lease Finance Corporation,	Ba3	652

Principal Amount/Units		Senior Notes, 8.625%, 01/15/22		
	1,800	International Lease Finance Corporation, Senior Notes, 8.875%, 09/01/17	Ba3	2,115
	525	MBIA Insurance Corporation, Surplus Notes, 14%, 01/15/33 (g)	C	83
	500	Nationstar Mortgage LLC, Senior Notes, 9.625%, 05/01/19 (g)	B2	565
	200	Nationstar Mortgage LLC, Senior Notes, 9.625%, 05/01/19 (g)	B2	226
	400	Neuberger Berman Group LLC, Senior Notes, 5.625%, 03/15/20 (g)	Ba1	419
	425	Neuberger Berman Group LLC, Senior Notes, 5.875%, 03/15/22 (g)	Ba1	451
			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
\$	1,275	Nuveen Investments, Inc., Senior Notes, 9.125%, 10/15/17 (g)	Caa2	\$ 1,250
	225	Provident Funding Associates, L.P., Senior Notes, 10.125%, 02/15/19 (g)	B2	237
	575	Provident Funding	Ba3	632

		Associates, L.P., Senior Notes, 10.25%, 04/15/17 (g)		
	750	SLM Corporation, Senior Medium Term Notes, 4.625%, 09/25/17	Ba1	770
	1,725	SLM Corporation, Senior Medium Term Notes, 8.45%, 06/15/18	Ba1	2,024
	625	Springleaf Finance Corporation, Senior Medium Term Notes, 6.90%, 12/15/17	Caa1	559
	900	Synovus Financial Corporation, Subordinate Notes, 5.125%, 06/15/17	B3	886
	125	Synovus Financial Corporation, Senior Notes, 7.875%, 02/15/19	B2	138
				34,122
<b>Furnishings</b>	<b>.15%</b>			
	350	Tempur-Pedic International, Inc., Senior Notes, 6.875%, 12/15/20 (g)	B3	364
<b>Groceries</b>	<b>.36%</b>			
	500	Susser Holdings LLC, Senior Notes,	B2	532

	8.50%, 05/15/16		
	The Pantry, Inc., Senior Notes, 8.375%, 08/01/20 (g)	Caa1	340
325			872
<b>Healthcare, Education and Childcare 7.60%</b>			
	Biomet, Inc., Senior Notes, 6.50%, 08/01/20 (g)	B3	1,192
1,125			
	Capella Healthcare Inc., Senior Notes, 9.25%, 07/01/17	B3	858
800			
	CHS/Community Health Systems, Inc., Senior Notes, 5.125%, 08/15/18	Ba3	626
600			

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

**Schedule of Investments**    **December 31, 2012**    **Continued**    (Dollar Amounts in Thousands)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
<b>CORPORATE DEBT SECURITIES</b> <b>continued</b>				
\$	625	CHS/Community Health Systems, Inc., Senior Notes, 7.125%, 07/15/20	B3	\$ 667
	475	CHS/Community Health Systems, Inc., Senior Notes, 8%, 11/15/19	B3	514
	175	Crown Newco 3 plc, Senior Notes, 7%, 02/15/18 (g)(GBP)	B2	301
	525	Davita, Inc., Senior Notes, 6.375%, 11/01/18	B2	563
	450	Elan Finance, plc, Senior Notes, 6.25%, 10/15/19 (g)	Ba3	471
	775	Fresenius Medical Care US Finance II, Inc., Senior Notes, 5.625%, 07/31/19 (g)	Ba2	833
	450	Fresenius Medical Care US Finance II, Inc., Senior Notes, 5.875%, 01/31/22 (g)	Ba2	486
	525	HCA Holdings, Inc., Senior Notes, 6.25%, 02/15/21	B3	538
	1,375	HCA, Inc., Senior Notes, 7.50%, 02/15/22	B3	1,574



	550	HCA, Inc., Senior Secured Notes, 8.50%, 04/15/19	Ba3	613
	98	HCA, Inc., Senior Secured Notes, 9.875%, 02/15/17	B2	104
	950	Health Management Associates, Inc., Senior Notes, 7.375%, 01/15/20	B3	1,024
	375	Hologic, Inc., Senior Notes, 6.25%, 08/01/20 (g)	B2	403
	825	Iasis Healthcare Capital 8.375%, 05/15/19	Caa1	780
	600	Inventive Health Inc., Senior Notes, 10%, 08/15/18 (g)	Caa2	513
	425	Inventive Health Inc., Senior Notes, 10.25%, 08/15/18 (g)	Caa2	363
	525	Kindred Healthcare, Inc., Senior Notes, 8.25%, 06/01/19	B3	512
	275	Kinetic Concepts, Inc., Senior Notes, 10.50%, 11/01/18 (g)	B3	289
	250	LifePoint Hospitals, Inc., Senior Notes, 6.625%, 10/01/20	Ba1	270
<b>Principal Amount/Units</b>			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
\$	475	MedAssets, Inc., Senior Notes, 8%, 11/15/18	B3	\$ 515
	900	Multiplan, Inc., Senior Notes, 9.875%, 09/01/18 (g)	Caa1	1,001

350	Mylan Inc., Senior Notes, 7.625%, 07/15/17 (g)	Baa3	394
300	Sky Growth Holdings Corporation, Senior Notes, 7.375%, 10/15/20 (g)	Caa1	298
925	Tenet Healthcare Corporation, Senior Notes, 6.25%, 11/01/18	B1	1,018
50	Tenet Healthcare Corporation, Senior Notes, 8.875%, 07/01/19	B1	56
175	Universal Health Services, Inc., Senior Notes, 7%, 10/01/18	B1	192
325	Universal Hospital Services, Inc., Senior Notes, 7.625%, 08/15/20 (g)	B3	342
550	Valeant Pharmaceuticals International, Senior Notes, 6.375%, 10/15/20 (g)	B1	590
150	Valeant Pharmaceuticals International, Senior Notes, 6.375%, 10/15/20 (g)	B1	161
500	Vanguard Health Holding Company II, LLC, Senior Notes, 7.75%,	B3	515

	02/01/19		
	Vanguard		
	Health		
	Systems, Inc.,		
	Senior		
	Discount		
	Notes,		
	Zero Coupon,		
31	02/01/16	Caa1	23
			18,599
<b>Hotels, Motels, Inns and Gaming 5.16%</b>			
	Ameristar		
	Casinos, Inc.,		
	Senior Notes,		
	7.50%,		
490	04/15/21	B3	532
	Boyd		
	Acquisition		
	Sub, LLC,		
	Senior Notes,		
	8.375%,		
375	02/15/18 (g)	Caa1	392
	Boyd Gaming		
	Corporation,		
	Senior Notes,		
	9%, 07/01/20		
450	(g)	B3	445

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

**Schedule of Investments December 31, 2012 Continued** (Dollar Amounts in Thousands)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
<b>CORPORATE DEBT SECURITIES continued</b>				
\$	475	Boyd Gaming Corporation, Senior Notes, 9.125%, 12/01/18	B3	\$ 485
	425	Caesar's Entertainment Operating Company, Inc., Senior Notes, 5.625%, 06/01/15	Caa3	372
	925	Caesar's Entertainment Operating Company, Inc., Senior Notes, 8.50%, 02/15/20	B2	923
	525	Caesar's Entertainment Operating Company, Inc., Senior Notes, 9%, 02/15/20 (g)	B2	528
	850	CCM Merger, Inc., Senior Notes, 9.125%, 05/01/19 (g)	Caa2	854
	275	Choice Hotels International, Inc., Senior Notes, 5.75%, 07/01/22	Baa3	305
	50	City Center Holdings LLC, Senior Notes, 10.75%, 01/15/17	Caa2	54
	825	Graton Economic Development Authority, Senior Notes, 9.625%, 09/01/19 (g)	B3	887
	300		B1	314

		Great Canadian Gaming Corporation, Senior Subordinated Notes, 6.625%, 07/25/22 (g)(CAD)		
	1,775	MGM Resorts International, Senior Notes, 6.625%, 12/15/21 (g)	B3	1,771
	1,375	MGM Resorts International, Senior Notes, 6.75%, 10/01/20 (g)	B3	1,399
	325	Quapaw Downstream Development Authority, Senior Notes, 10.50%, 07/01/19 (g)	B3	352
	400	Rivers Pittsburgh Borrower, L.P., Senior Notes, 9.50%, 06/15/19 (g)	B3	434
	450	Seminole Tribe of Florida, Senior Notes, 7.75%, 10/01/17 (g)	Ba1	487
<b>Principal Amount/Units</b>			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
\$	925	Seneca Gaming Corporation, Senior Notes, 8.25%, 12/01/18 (g)	B2	\$ 976
	1,300	Station Casinos LLC, Senior Notes, 3.66%, 06/18/18	Caa2	1,118
<b>Insurance 1.51%</b>	250		Caa2	249
				12,628

	Alliant Holdings I, LLC, Senior Notes, 7.875%, 12/15/20 (g)		
650	Amerigroup Corporation, Senior Notes, 7.50%, 11/15/19	Baa2	780
925	Assured Guarantee Holdings Municipal Holdings, Inc., Junior Subordinated Debentures, 6.40%, 12/15/66 (g)	Baa1	763
450	Centene Corporation, Senior Notes, 5.75%, 06/01/17	Ba2	486
475	CNO Financial Group Inc., Senior Notes, 6.375%, 10/01/20 (g)	Ba3	494
425	Compass Investors Inc., Senior Notes, 7.75%, 01/15/21 (g)	Caa2	424
475	Hub International Limited, Senior Notes, 8.125%, 10/15/18 (g)	Caa2	488
			3,684
<b>Leisure, Amusement and Entertainment</b>			
<b>1.00%</b>			
525	Cedar Fair LP, Senior Notes, 9.125%, 08/01/18	B2	591
175	Easton Bell Sports Inc.,	B2	188

	Senior Notes, 9.75%, 12/01/16		
	Manchester United Finance plc, Senior Notes, 8.375%, 02/01/17 (g)	(e)	362
334			
	Royal Caribbean Cruises, Ltd., Senior Notes, 5.25%, 11/15/22	Ba1	633
600			
	Six Flags Entertainment Corporation, Senior Notes, 5.25%, 01/15/21 (g)	B3	675
675			
			2,449

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

## Schedule of Investments December 31, 2012 Continued (Dollar Amounts in Thousands)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
<b>CORPORATE DEBT SECURITIES continued</b>				
<b>Mining, Steel, Iron and Non-Precious Metals 6.42%</b>				
\$	725	AK Steel Corporation, Senior Notes, 7.625%, 05/15/20	B3	\$ 627
	425	Aleris Senior Notes, 7.875%, 11/01/20 (g)	B2	425
	575	Alrosa Finance S.A., Senior Notes, 7.75%, 11/03/20 (g)	Ba3	666
	575	ArcelorMittal, Senior Notes, 6%, 03/01/21	Ba1	575
	850	ArcelorMittal, Senior Notes, 6.125%, 06/01/18	Ba1	863
	250	ArcelorMittal, Senior Notes, 6.75%, 02/25/22	Ba1	262
	500	ArcelorMittal, Senior Notes, 10.35%, 06/01/19	Ba1	603
	250	Consol Energy, Inc., Senior Notes, 8%, 04/01/17	B1	271
	525	Consol Energy, Inc., Senior Notes, 8.25%, 04/01/20	B1	568
	1,150	Eldorado Gold Corporation, Senior Notes, 6.125%, 12/15/20 (g)	Ba3	1,173
	525	Essar Steel Algoma Inc., Senior Notes,	Caa2	357



		9.875%, 06/15/15 (g)		
		FMG Resources Pty. Ltd., Senior Notes, 7%, 11/01/15 (g)	B1	1,292
	1,225			
		Foresight Energy LLC, Senior Notes, 9.625%, 08/15/17 (g)	Caa1	1,311
	1,225			
		JMC Steel Group, Inc., Senior Notes, 8.25%, 03/15/18 (g)	B3	733
	700			
		Novelis, Inc., Senior Notes, 8.75%, 12/15/20	B2	473
	425			
		Peabody Energy Corporation, Senior Notes, 6%, 11/15/18	Ba1	663
	625			
		Peabody Energy Corporation, Senior Notes, 6.25%, 11/15/21	Ba1	185
	175			
		Ryerson Inc., Senior Secured Notes, 9%, 10/15/17 (g)	Caa2	1,246
	1,225			
		Ryerson Inc., Senior Secured Notes, 11.25%, 10/15/18 (g)	Caa3	2,260
	2,450			
			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
<b>Principal Amount/Units</b>				
		Severstal Columbus LLC, Senior Notes, 10.25%, 02/15/18	B3	\$ 816
\$	775			
		Steel Dynamics, Senior Notes, 6.125%, 08/15/19 (g)	Ba2	344
	325			
				15,713

**Oil and Gas 12.94%**

		AmeriGas Finance LLC, Senior Notes, 6.75%, 05/20/20	Ba2	302
275				
		AmeriGas Finance LLC, Senior Notes, 7%, 05/20/22	Ba2	585
525				
		Antero Resources Finance Corporation, Senior Notes, 6%, 12/01/20 (g)	B2	759
750				
		Antero Resources Finance Corporation, Senior Notes, 7.25%, 08/01/19	B2	1,199
1,100				
		Antero Resources Finance Corporation, Senior Notes, 9.375%, 12/01/17	B2	466
425				
		Berry Petroleum Company, Senior Notes, 6.375%, 09/15/22	B1	651
625				
		Berry Petroleum Company, Senior Notes, 6.75%, 11/01/20	B1	322
300				
		Bill Barrett Corporation, Senior Notes, 7%, 10/15/22	B1	644
625				
1,100		Bill Barrett Corporation, Senior Notes, 7.625%,	B1	1,161

	10/01/19		
	Carrizo Oil and Gas, Inc., Senior Notes, 7.50%,		
125	09/15/20	B3	129
	Chesapeake Energy Corp., Senior Notes, 6.625%,		
350	11/15/19 (g)	Ba3	332
	Clayton Williams Energy Company, Senior Notes, 7.75%,		
825	04/01/19	B3	822
	Concho Resources, Inc., Senior Notes, 5.50%,		
600	04/01/23	B1	630

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

**Schedule of Investments**   **December 31, 2012**   **Continued** (Dollar Amounts in Thousands)

Principal Amount/Units			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
<b>CORPORATE DEBT SECURITIES</b> <b>continued</b>				
\$	300	Concho Resources, Inc., Senior Notes, 7%, 01/15/21	B1	\$ 334
	150	Continental Resources, Inc., Senior Notes, 5%, 09/15/22	Ba2	161
	175	Crosstex Energy L.P., Senior Notes, 8.875%, 02/15/18	B2	189
	625	DPL, Inc., Senior Notes, 6.50%, 10/15/16	Ba1	661
	800	DPL, Inc., Senior Notes, 7.25%, 10/15/21	Ba1	856
	800	El Paso Corporation, Senior Notes, 7.75%, 01/15/32	Ba2	945
	200	El Paso Corporation, Senior Notes, 7.80%, 08/01/31	Ba2	235
	50	EPL Oil and Gas, Inc., Senior Notes, 8.25%, 02/15/18 (g)	Caa1	51
	650	Exterran Holdings, Inc., Senior Notes, 7.25%, 12/01/18	Ba3	687
	1,875	Ferrellgas, L.P., Senior Notes, 6.50%, 05/01/21	B2	1,856
	50	Ferrellgas, L.P., Senior Notes, 9.125%, 10/01/17	B2	54
	500		B3	531

		Halcon Resources Corporation, Senior Notes, 8.875%, 5/15/21 (g)		
	200	Inergy Midstream, L.P., Senior Notes, 6%, 12/15/20 (g)	B1	207
	600	Laredo Petroleum, Inc., Senior Notes, 7.375%, 05/01/22	B3	652
	175	Laredo Petroleum, Inc., Senior Notes, 9.50%, 02/15/19	B3	196
	750	Newfield Exploration Company, Senior Subordinated Notes, 5.75%, 01/30/22	Ba1	826
	710	Newfield Exploration Company, Senior Subordinated Notes, 6.875%, 02/01/20	Ba2	761
	550	OGX Austria GMBH 8.50%, 06/01/18 (g)	B1	495
<b>Principal Amount/Units</b>			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
\$	775	Parker Drilling Company, Senior Notes, 9.125%, 04/01/18	B1	\$ 827
	1,175	PDC Energy, Senior Notes, 7.75%, 10/15/22 (g)	B3	1,207
	725	Penn Virginia Corporation, Senior Notes,	B2	779

	8.375%, 06/01/20 (g)		
800	Penn Virginia Resources Partners, L.P., Senior Notes, 8.25%, 04/15/18	B2	848
875	Petroleum Geo Services ASA, Senior Notes, 7.375%, 12/15/18 (g)	Ba2	929
75	Plains Exploration and Production Company, Senior Notes, 6.75%, 02/01/22	B1	84
525	QEP Resources, Inc., Senior Notes, 5.25%, 05/01/23	Ba1	558
825	Range Resources Corporaiton, Senior Subordinated Notes, 6.75%, 08/01/20	Ba3	897
350	Regency Energy Partners, L.P., Senior Notes, 5.50%, 04/15/23	B1	374
450	Regency Energy Partners, L.P., Senior Notes, 6.875%, 12/01/18	B1	492
50	Rockies Express Pipeline LLC, Senior Notes, 6.85%, 07/15/18 (g)	Ba1	52
275	Sandridge Energy, Inc., Senior Notes, 7.50%, 03/15/21	B2	294
150	Sandridge Energy, Inc., Senior Notes, 7.50%, 02/15/23	B2	160
575	SESI LLC, Senior Notes, 6.375%, 05/01/19	Ba2	615
500		Ba3	556

	SESI LLC, Senior Notes, 7.125%, 12/15/21		
325	SM Energy Company, Senior Notes, 6.50%, 11/15/21	B1	347
575	SM Energy Company, Senior Notes, 6.50%, 01/01/23	B1	614

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

**Schedule of Investments December 31, 2012 Continued** (Dollar Amounts in Thousands)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
<b>CORPORATE DEBT SECURITIES continued</b>				
\$	225	SM Energy Company, Senior Notes, 6.625%, 02/15/19	B1	\$ 240
	825	Swift Energy Company, Senior Notes, 7.875%, 03/01/22	B3	867
	275	Swift Energy Company, Senior Notes, 7.875%, 03/01/22 (g)	B3	289
	650	Swift Energy Company, Senior Notes, 8.875%, 01/15/20	B3	708
	650	Targa Resources Partners L.P., Senior Notes, 6.375%, 08/01/22 (g)	Ba3	710
	575	Tervita Corporation, Senior Notes, 9.75%, 11/01/19 (g)	Caa2	569
	875	WPX Energy, Inc., Senior Notes, 6%, 01/15/22	Ba1	943
				31,658
<b>Personal, Food and Miscellaneous Services 2.02%</b>				
	400	Central Garden & Pet Company, Senior	B2	423



		Subordinated Notes, 8.25%, 03/01/18		
		CKE Restaurants, Senior Notes, 11.375%, 07/15/18	B2	591
514				
		DineEquity, Inc., Senior Notes, 9.50%, 10/30/18	B3	1,704
1,500				
		Fiesta Restaurant Group, Senior Notes, 8.875%, 08/15/16	B2	483
450				
		Laureate Education, Senior Notes, 9.25%, 09/01/19 (g)	Caa1	993
950				
		Realogy Corporation, Senior Notes, 9%, 01/15/20 (g)	Caa1	141
125				
		Wok Acquisition Corporation, Senior Notes, 10.25%, 06/30/20 (g)	Caa1	614
575				
				4,949
<b>Personal Non-Durable Consumer Products</b>				
<b>.46%</b>				
		Jarden Corporation, Senior Notes, 8%, 05/01/16	Ba3	266
250				
		Mead Products, Senior Notes, 6.75%, 04/30/20 (g)	B1	395
375				
			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
<b>Principal Amount/Units</b>				
\$	225		B3	\$ 239

		Spectrum Brands Escrow, Senior Notes, 6.375%, 11/15/20 (g)		
	200	Spectrum Brands Escrow, Senior Notes, 6.625%, 11/15/22 (g)	B3	216
				1,116
<b>Personal Transportation</b>	<b>.91%</b>			
	1,300	Continental Airlines, Inc., Senior Notes, 6.75%, 09/15/15 (g)	Ba2	1,365
	175	Continental Airlines, Inc., Senior Notes, 7.25%, 05/10/21	Baa2	202
	109	Continental Airlines, Inc., Senior Notes, 9.25%, 11/10/18	Ba2	120
	161	Northwest Airlines 7.575%, 09/01/20	(e)	175
	150	United Airlines, Inc., Senior Notes, 12%, 11/01/13 (g)	B2	151
	145	US Airways, Inc., Senior Notes, 4.625%, 12/03/26	Ba1	148
	65	US Airways, Inc., Senior Notes, 6.75%, 12/03/22	B1	67
				2,228
<b>Printing and Publishing</b>	<b>.20%</b>			
	500		B3	475

		Trader Corporation, Senior Notes, 9.875%, 08/15/18 (g)		
<b>Retail Stores</b>	<b>4.45%</b>			
	1,125	Academy, Ltd., Senior Notes 9.25%, 08/01/19 (g)	Caa1	1,249
	250	Best Buy Company, Inc., Senior Notes, 3.75%, 03/15/16	Baa2	234
	525	CDR DB Sub, Inc., Senior Notes, 7.75%, 10/15/20 (g)	Caa2	524
	1,275	Claire's Escrow Corporation, Senior Notes, 9%, 03/15/19 (g)	B2	1,371
	309	Claire's Stores, Inc., Senior Notes, 9.625%, 06/01/15	Caa2	287
	770	Dollar General Corporation, Senior Notes, 4.125%, 07/15/17	Ba2	809

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

**Schedule of Investments**   **December 31, 2012**   **Continued**   (Dollar Amounts in Thousands)

Principal Amount/Units			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
<b>CORPORATE DEBT SECURITIES</b> <b>continued</b>				
\$	500	Jo-Ann Stores Holdings Inc., Senior Notes, 8.125%, 03/15/19 (g)	Caa1	\$ 512
	625	Jo-Ann Stores Holdings Inc., Senior Notes, 9.75%, 10/15/19 (g)	Caa1	636
	550	New Academy Finance Company LLC 8%, 06/15/18 (g)	Caa1	558
	400	99 Cents Only Stores, Senior Notes, 11%, 12/15/19	Caa1	457
	700	Party City Holdings, Inc., Senior Notes, 8.875%, 08/01/20 (g)	Caa1	753
	400	Penske Automotive Group, Inc., Senior Subordinated Notes, 5.75%, 10/01/22 (g)	B2	413
	250	QVC, Inc., Senior Notes, 7.50%, 10/01/19 (g)	Ba2	276
	675	Radio Shack Corporation, Senior Notes 6.75%, 05/15/19	Caa1	429
	325		Caa3	278

		Rite Aid Corporation, Senior Notes, 7.70%, 02/15/27		
	800	Rite Aid Corporation, Senior Notes, 9.25%, 03/15/20	Caa2	850
	1,200	Rite Aid Corporation, Senior Notes, 9.50%, 06/15/17	Caa2	1,251
				10,887
<b>Telecommunications</b>	<b>12.81%</b>			
	425	Clearwire Communications LLC, Senior Notes, 12%, 12/01/17 (g)	Caa3	495
	1,375	Cricket Communications, Inc., Senior Notes, 7.75%, 10/15/20	B3	1,406
	950	Crown Castle International Corporation, Senior Notes, 5.25%, 01/15/23 (g)	B1	1,012
	700	Digicel Limited, Senior Notes, 8.25%, 09/01/17 (g)	B1	753
	400	Digicel Limited, Senior Notes, 8.25%, 09/30/20 (g)	Caa1	439
	450	Digicel Limited, Senior Notes, 10.50%, 04/15/18 (g)	Caa1	505
<b>Principal Amount/Units</b>			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
\$	325		B2	\$ 341

		Earthlink Inc., Senior Notes, 8.875%, 05/15/19		
	1,000	Equinix, Inc., Senior Notes, 7%, 07/15/21	Ba2	1,110
	450	GCI, Inc., Senior Notes, 6.75%, 06/01/21	B2	444
	775	Hughes Satellite Systems, Inc., Senior Notes, 6.50%, 06/15/19	Ba3	852
	775	Hughes Satellite Systems, Inc., Senior Notes, 7.625%, 06/15/21	B3	882
	675	Intelsat Jackson Holdings Ltd., Senior Notes, 7.25%, 10/15/20	B3	731
	100	Intelsat Jackson Holdings Ltd., Senior Notes, 7.25%, 10/15/20 (g)	B3	108
	2,050	Intelsat (Luxembourg) S.A., Senior Notes, 11.25%, 02/04/17	Caa3	2,168
	90	ITC Deltacom, Inc., Senior Notes, 10.50%, 04/01/16	B1	96
	200	Level 3 Communications, Inc., Senior Notes, 8.875%, 06/01/19 (g)	Caa2	213
	1,000	Level 3 Communications, Inc., Senior Notes, 11.875%, 02/01/19	Caa2	1,150
	650	Level 3 Financing, Inc., Senior Notes, 8.625%, 07/15/20	B3	723
	400	Level 3 Financing, Inc.,	B3	448

	Senior Notes, 9.375%, 04/01/19		
	Matterhorn Mobile S.A., Senior Notes, 7.75%, 02/15/20		
675	(g)(EUR)	Caa1	904
	NII Capital Corporation, Senior Notes, 7.625, 04/01/21	B2	766
1,025			
	NII Capital Corporation, Senior Notes, 8.875%, 12/15/19	B2	375
475			
	Paetec Holding Corporation, Senior Notes, 8.875%, 06/30/17	(e)	402
375			

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

## Schedule of Investments December 31, 2012 Continued (Dollar Amounts in Thousands)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
<b>CORPORATE DEBT SECURITIES continued</b>				
\$	425	Sable International Finance Limited, Senior Notes, 7.75%, 02/15/17 (g)	Ba2	\$ 462
	200	Sable International Finance Limited, Senior Notes, 8.75%, 02/01/20 (g)	Ba2	227
	125	Satelites Mexicanos, S.A. de C.V., Senior Notes, 9.50%, 05/15/17	Caa1	131
	471	SBA Telecommunications, Inc., Senior Notes, 8.25%, 08/15/19	B1	526
	2,000	Sprint Capital Corporation, Senior Notes, 6.875%, 11/15/28	B3	2,085
	600	Sprint Capital Corporation, Senior Notes, 8.75%, 03/15/32	B3	735
	800	Sprint Nextel Corporation, Senior Notes, 6%, 11/15/22	B3	822
	2,225	Sprint Nextel Corporation, Senior Notes, 9%, 11/15/18 (g)	Ba3	2,748
	825	Sprint Nextel Corporation, Senior Notes, 9.125%, 03/01/17	B3	974



	475	Sprint Nextel Corporation, Senior Notes, 11.50%, 11/15/21	B3	646
	900	Telesat Canada, Senior Subordinated Notes, 12.50%, 11/01/17	B3	988
	325	TW Telecom Holdings, Inc., Senior Notes, 5.375%, 10/01/22 (g)	B1	340
	375	ViaSat, Inc., Senior Notes, 6.875%, 06/15/20	B1	392
	550	Vimpelcom Holdings, Senior Notes, 7.504%, 03/01/22 (g)	Ba3	630
	300	Vimpelcom Holdings, Senior Notes, 7.748%, 02/02/21 (g)	Ba3	347
	500	Wind Acquisition Holdings Finance S.A., Senior Notes, 7.25%, 02/15/18 (g)	Ba3	507
<b>Principal Amount/Units</b>			<b>Moody's Rating (Unaudited)</b>	<b>Value (Note 1)</b>
\$	225	Wind Acquisition Holdings Finance S.A., Senior Notes, 7.25%, 02/15/18 (g)	Ba3	\$ 226
	825	Wind Acquisition Holdings Finance S.A., Senior Notes, 11.75%,	B3	864

		07/15/17 (g)		
		Wind Acquisition Holdings Finance S.A., Senior Notes, 12.25%,		
896		07/15/17 (g)(h)	Caa1	861
		Windstream Corporation, Senior Notes, 7.875%,		
450		11/01/17	Ba3	505
				31,339
<b>Textiles and Leather</b>	<b>.82%</b>			
		Hanesbrands, Inc., Senior Notes, 6.375%,		
750		12/15/20	B1	825
		Levi Strauss & Co., Senior Notes, 6.875%,		
275		05/01/22	B2	295
		Levi Strauss & Co., Senior Notes, 7.625%,		
200		05/15/20	B2	220
		PVH Corporation, Senior Notes, 4.50%,		
450		12/15/22	Ba3	454
		Wolverine World Wide, Inc., Senior Notes, 6.125%,		
200		10/15/20 (g)	B2	210
				2,004
<b>Utilities</b>	<b>2.44%</b>			
		Calpine Corporation, Senior Notes, 7.50%,		
900		02/15/21 (g)	B1	995
1,175		GenOn Escrow Corporation,	B3	1,298

	Senior Notes, 7.875%, 06/15/17		
1,750	GenOn Escrow Corporation, Senior Notes, 9.50%, 10/15/18	B3	2,074
550	NRG Energy, Inc., Senior Notes, 6.625%, 03/15/23 (g)	B1	589
325	Sabine Pass LNG, L.P., Senior Notes, 6.50%, 11/01/20 (g)	B1	331
625	Sabine Pass LNG, L.P., Senior Notes, 7.50%, 11/30/16	B1	689
			5,976
	<b>Total Corporate Debt Securities</b> (Total cost of \$302,563)		319,159

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

## Schedule of Investments December 31, 2012 Continued (Dollar Amounts in Thousands)

Principal Amount/Units			Moody's Rating (Unaudited)	Value (Note 1)
<b>CONVERTIBLE DEBT SECURITIES .47%</b>				
<b>(d)(i)</b>				
<b>Personal Transportation .34%</b>				
		AMR Corporation, 6.25%, 10/15/14 (a)	(e)	
\$	950			\$ 831
<b>Retail Stores .13%</b>				
		Radio Shack Corporation, Senior Notes 2.50%, 08/01/13 (g)	Caa1	
	350			322
		<b>Total Convertible Debt Securities</b> (Total cost of \$980)		1,153
<b>Shares</b>				
<b>PREFERRED STOCK 1.35% (d)(i)</b>				
<b>Automobile .39%</b>				
		General Motors Company, Convertible, 4.75%	(e)	
	21,350			942
<b>Broadcasting and Entertainment .08%</b>				
		Spanish Broadcasting System, Inc., 10.75% (a)	Caa3	
	495			198
<b>Containers, Packaging and Glass 0%</b>				
		Smurfit-Stone Container Corporation, 7%, (c)(f) ESC	(e)	
	1,975			
<b>Finance .88%</b>				
		Ally Financial, Inc., 7% (g)	B3	
	1,125			1,105
		GMAC Capital Trust, 8.125%	B3	
	39,575			1,055
				2,160

	<b>Total Preferred Stock</b>	
	(Total cost of \$3,250)	3,300
	<b>TOTAL INVESTMENTS</b>	
	<b>132.29% (d)</b>	
	(Total cost of \$306,793)	323,612
	<b>CASH AND OTHER ASSETS LESS LIABILITIES</b>	
	<b>(32.29)% (d)</b>	(78,981)
	<b>NET ASSETS</b>	
	<b>100.00%</b>	<b>\$244,631</b>

(a) Denotes income is not being accrued and/or issuer is in bankruptcy proceedings.

(b) Securities are step interest bonds. Interest on these bonds accrues based on the effective interest method which results in a constant rate of interest being recognized.

(c) Security is valued at fair value using methods determined by the Board of Directors. The total value of these securities at December 31, 2012 was \$0.

(d) Percentages indicated are based on total net assets to common shareholders of \$244,631.

(e) Not rated.

(f) Non-income producing.

(g) Securities are exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be resold, normally to qualified institutional buyers in transactions exempt from registration. Unless otherwise noted, 144A Securities are deemed to be liquid. See Note 1 of the Note to Schedule of Investments for valuation policy. Total market value of Rule 144A securities amounted to \$134,718 as of December 31, 2012.

(h) Pay-In-Kind

(i) All of the Fund's investments and other assets are pledged as collateral in accordance with the Bank Credit Agreement (Note 4).

(CAD) Canadian Dollar

(EUR) Euro

(GBP) British Pound

ESC Escrow Cusip. Represents a beneficial interest to account for possible future payments by the company. Interest rate and maturity date are those of the original security.

The accompanying notes are an integral part of these financial statements.

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## The New America High Income Fund, Inc.

**Statement of Assets and Liabilities****December 31, 2012**

(Dollars in thousands, except shares and per share amounts)

**Assets:**

INVESTMENTS IN SECURITIES, at value (Identified cost of \$306,793 see Schedule of Investments and Note 1)	\$323,612
CASH	7,366
RECEIVABLES:	
Interest and dividends	5,688
PREPAID EXPENSES	99
Total assets	\$336,765

**Liabilities:**

CREDIT AGREEMENT (Note 4)	\$ 85,425
PAYABLES:	
Investment securities purchased	27
Dividend on common stock	5,956
Interest on loan (Note 4)	155
ACCRUED EXPENSES (Note 3)	347
UNREALIZED LOSS ON CURRENCY AND FORWARD CURRENCY EXCHANGE CONTRACTS (Notes 1 and 10)	224
Total liabilities	\$ 92,134

**Net Assets** **\$244,631****Represented By:**

COMMON STOCK:	
\$0.01 par value, 40,000,000 shares authorized, 23,325,180 shares issued and outstanding	\$ 233
CAPITAL IN EXCESS OF PAR VALUE	267,964
UNDISTRIBUTED NET INVESTMENT INCOME (Note 2)	249
ACCUMULATED NET REALIZED LOSS FROM SECURITIES TRANSACTIONS (Note 2)	(40,410)
NET UNREALIZED APPRECIATION ON INVESTMENTS AND FORWARD CURRENCY EXCHANGE CONTRACTS	16,595

**Net Assets Applicable To Common Stock**

(Equivalent to \$10.49 per share, based on  
23,325,180 shares outstanding) \$244,631

**Statement of Operations****For the Year Ended****December 31, 2012** (Dollars in thousands)**Investment Income:** (Note 1)

Interest income	\$ 24,403
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Dividend income	403
Other income	391
Total investment income	\$ 25,197
<b>Expenses:</b>	
Cost of leverage:	
Interest expense (Note 4)	\$ 155
Preferred, auction and loan fees (Note 4 and 6)	99
Total cost of leverage	\$ 254
Professional services:	
Investment Advisor (Note 3)	\$ 1,122
Legal (Note 9)	776
Custodian and transfer agent	294
Audit	62
Total professional services	\$ 2,254
Administrative:	
General administrative (Note 8)	\$ 559
Directors	181
Insurance	141
Rating Agency	62
Shareholder communications	41
NYSE	25
Miscellaneous	22
Total administrative	\$ 1,031
Total expenses	\$ 3,539
Net investment income	\$ 21,658
<b>Realized and Unrealized Gain (Loss) on Investment Activities:</b>	
Realized gain on investments and currencies, net	\$ 5,113
Change in net unrealized appreciation on investments and other financial instruments	\$ 16,887
Net gain on investments	\$ 22,000
<b>Cost of Preferred Leverage</b>	
Dividends to preferred stockholders (Note 5)	\$ (168)
Net increase in net assets resulting from operations	\$ 43,490

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

**Statements of Changes in Net Assets** (Dollars in thousands, except shares and per share amounts)

	<b>For the Year Ended December 31, 2012</b>	<b>For the Year Ended December 31, 2011</b>
<b>From Operations:</b>		
Net investment income	\$ 21,658	\$ 23,792
Realized gain on investments and currencies, net	5,113	7,335
Change in net unrealized appreciation on investments and other financial instruments	16,887	(20,616)
Distributions from net investment income related to preferred stock		
Dividends to preferred stockholders	(168)	(168)
Net increase in net assets resulting from operations	\$ 43,490	\$ 10,343
<b>From Fund Share Transactions:</b>		
Net asset value of 190,565 and 70,487 shares issued to common stockholders for reinvestment of dividends in 2012 and 2011	1,955	709
<b>Distributions to Common Stockholders:</b>		
From net investment income (\$.97 and \$1.04 per share in 2012 and 2011, respectively)	\$ (22,470)	\$ (24,020)
Total net increase (decrease) in net assets	\$ 22,975	\$ (12,968)
<b>Net Assets Applicable to Common Stock:</b>		
Beginning of period	\$ 221,656	\$ 234,624
End of period (Including \$249 and \$1,188 of undistributed net investment income at December 31, 2012 and December 31, 2011, respectively)	\$ 244,631	\$ 221,656

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

**Financial Highlights****Selected Per Share Data and Ratios****For Each Share of Common Stock Outstanding Throughout the Period (b)**

	<b>For the Years Ended December 31,</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>NET ASSET VALUE:</b>					
Beginning of period	\$ 9.58	\$ 10.17	\$ 9.44	\$ 5.75	\$ 9.70
<b>NET INVESTMENT INCOME</b>					
	.93	1.03	1.06	1.06	1.10
<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND OTHER FINANCIAL INSTRUMENTS</b>					
	.96	(.57)	.73	3.65	(4.00)
<b>DISTRIBUTIONS FROM NET INVESTMENT INCOME RELATED TO PREFERRED STOCK: (c)</b>					
	(.01)	(.01)	(.03)	(.12)	(.20)
<b>TOTAL FROM INVESTMENT OPERATIONS</b>					
	1.88	.45	1.76	4.59	(3.10)
<b>DISTRIBUTIONS TO COMMON SHAREHOLDERS:</b>					
From net investment income	(.97)	(1.04)	(1.03)	(.90)	(.85)
<b>TOTAL DISTRIBUTIONS</b>					
	(.97)	(1.04)	(1.03)	(.90)	(.85)
<b>NET ASSET VALUE:</b>					
End of period	\$ 10.49	\$ 9.58	\$ 10.17	\$ 9.44	\$ 5.75
<b>PER SHARE MARKET VALUE:</b>					
End of period	\$ 10.45	\$ 10.21	\$ 9.96	\$ 9.05	\$ 4.50
<b>TOTAL INVESTMENT RETURN†</b>					
	12.18%	13.61%	22.02%	126.88%	(40.53)%

† Total investment return is calculated assuming a purchase of common stock at the current market value on the first day and a sale at the current market value on the last day of each year reported. Dividends and distributions are assumed for purposes of this calculation to be reinvested at prices obtained under the dividend reinvestment plan. This calculation does not reflect brokerage commissions.

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

**Financial Highlights****Selected Per Share Data and Ratios****For Each Share of Common Stock Outstanding Throughout the Period (b) Continued**

	<b>For the Years Ended December 31,</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
NET ASSETS, END OF PERIOD, APPLICABLE TO COMMON STOCK (a)	\$244,631	\$221,656	\$234,624	\$217,224	\$132,539
NET ASSETS, END OF PERIOD, APPLICABLE TO PREFERRED STOCK (a)(c)		\$ 85,425	\$ 85,425	\$ 85,425	\$ 85,425
TOTAL NET ASSETS APPLICABLE TO COMMON AND PREFERRED STOCK, END OF PERIOD (a)(c)	\$244,631	\$307,081	\$320,049	\$302,649	\$217,964
EXPENSE RATIOS:					
Ratio of interest expense to average net assets*	.06%				
Ratio of preferred and other leverage expenses to average net assets*	.04%	.04%	.05%	.04%	.15%
Ratio of operating expenses to average net assets*	1.38%	1.42%	1.92%	1.55%	1.30%
RATIO OF TOTAL EXPENSES TO AVERAGE NET ASSETS*	1.48%	1.46%	1.97%	1.59%	1.45%
RATIO OF NET INVESTMENT INCOME TO AVERAGE NET ASSETS*	9.07%	10.10%	10.66%	13.59%	13.13%

RATIO OF TOTAL EXPENSES TO AVERAGE NET ASSETS APPLICABLE TO COMMON AND PREFERRED STOCK (c)	1.13%	1.07%	1.43%	1.07%	.92%
RATIO OF NET INVESTMENT INCOME TO AVERAGE NET ASSETS APPLICABLE TO COMMON AND PREFERRED STOCK (c)	6.94%	7.41%	7.76%	9.20%	8.31%
PORTFOLIO TURNOVER RATE	69.91%	58.91%	79.02%	81.05%	57.08%

(a) Dollars in thousands.

(b) The per share data for 2008 has been adjusted to reflect a 1 for 5 reverse stock split in 2009.

(c) In 2012, the preferred stock was redeemed. See Note 5 to the financial statements.

\* Ratios calculated on the basis of expenses and net investment income applicable to the common shares relative to the average net assets of the common stockholders only.

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

**Information Regarding Senior Securities**

	2012	2011	As of December 31, 2010	2009	2008
TOTAL AMOUNT OUTSTANDING:					
Preferred Stock	\$	\$85,425,000	\$85,425,000	\$85,425,000	\$85,425,000
Credit Agreement	\$85,425,000				
ASSET COVERAGE:					
Per Preferred Stock Share (1)	\$	\$ 89,869	\$ 93,664	\$ 88,572	\$ 63,788
Per \$1,000 borrowed under Credit Agreement (2)	\$ 3,864				
Credit Agreement Asset Coverage (3)	386%				
INVOLUNTARY LIQUIDATION PREFERENCE:					
Per Preferred Stock Share (4)(5)	\$	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
LIQUIDATION VALUE:					
Per Preferred Stock Share (4)(5)	\$	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

(1) Calculated by subtracting the Fund's total liabilities from the Fund's total assets and dividing such amount by the number of preferred shares outstanding.

(2) Calculated by subtracting the Fund's total liabilities excluding the amount borrowed under the credit facility, from the Fund's total assets and dividing such amount by the amount borrowed under the credit facility, (per \$1,000 of amount borrowed).

(3) Calculated by subtracting the Fund's total liabilities excluding the amount borrowed under the credit facility, from the Fund's total assets and dividing such amount by the amount borrowed under the credit facility.

(4) Plus accumulated and unpaid dividends.

(5) In January 2008, the Fund repurchased 600 shares of preferred stock at a price of \$25,000 per share. In October 2008, the Fund accepted an unsolicited offer to buy back and retire 1,183 shares of preferred stock at a price of \$16,250 per share. The Fund realized a gain of \$10,351,000 on this transaction. In November 2012, the Fund redeemed all outstanding shares of its preferred stock at the liquidation preference per share of \$25,000. See Note 5 to the financial statements.

The accompanying notes are an integral part of these financial statements.

## The New America High Income Fund, Inc.

**Statement of Cash Flows**

	<b>For the Year Ended December 31, 2012</b>
<b>Cash Flows From Operating Activities:</b> (Dollars in thousands)	
Purchases of portfolio securities	\$ (2,014,066)
Sales and maturities of portfolio securities	2,018,570
Interest and dividends received	25,026
Other income	391
Operating expenses paid	(3,348)
Net cash provided by operating activities	\$ 26,573
<b>Cash Flows From Financing Activities:</b>	
Redemption of preferred stock	(85,425)
Credit facility borrowings	85,425
Preferred stock dividends	(175)
Common stock dividends	(22,068)
Net cash used for financing activities	\$ (22,243)
<b>Net Increase in Cash</b>	<b>\$ 4,330</b>
<b>Cash at Beginning of Period</b>	<b>3,036</b>
<b>Cash at End of Period</b>	<b>\$ 7,366</b>
<b>Reconciliation of Net Increase in Net Assets Resulting from Operations to Net Cash Provided by Operating Activities:</b>	
Purchases of portfolio securities	\$ (2,014,066)
Sales and maturities of portfolio securities	2,018,570
Net increase in net assets resulting from operations	43,490
Amortization of interest	(387)
Net realized gain on investments and currencies	(5,113)
Change in net unrealized appreciation on investments and other financial instruments	(16,887)
Decrease in interest and dividend receivable	606
Increase in prepaid expenses	(31)
Increase in accrued expenses and other payables	223
Dividends to preferred stockholders	168
Net cash provided by operating activities	\$ 26,573
<b>Supplemental Disclosure of Cash Flow Information:</b>	
Non-cash financing activities not included herin consist of reinvestment of dividend distributions	\$ 1,921

The accompanying notes are an integral part of these financial statements.





The New America High Income Fund, Inc.

**Notes to Financial Statements**  
**December 31, 2012**

**(1) Significant Accounting and Other Policies**

The New America High Income Fund, Inc. (the Fund) was organized as a corporation in the state of Maryland on November 19, 1987 and is registered with the Securities and Exchange Commission as a diversified, closed-end investment company under the Investment Company Act of 1940. The Fund commenced operations on February 26, 1988. The investment objective of the Fund is to provide high current income while seeking to preserve stockholders' capital through investment in a professionally managed, diversified portfolio of "high yield" fixed-income securities.

The Fund invests primarily in fixed maturity corporate debt securities that are rated less than investment grade. Risk of loss upon default by the issuer is significantly greater with respect to such securities compared to investment grade securities because these securities are generally unsecured and are often subordinated to other creditors of the issuer and because these issuers usually have high levels of indebtedness and are more sensitive to adverse economic conditions, such as a recession, than are investment grade issuers. In some cases, the collection of principal and timely receipt of interest is dependent upon the issuer attaining improved operating results, selling assets or obtaining additional financing.

The Fund may focus its investments in certain industries, subjecting it to greater risk than a Fund that is more diversified. See the schedule of investments for information on individual securities as well as industry diversification and credit quality ratings.

The Fund's financial statements have been prepared in conformity with accounting principles generally accepted in the United States for investment companies that require the management of the Fund to, among other things, make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts

of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

The following is a summary of significant accounting policies consistently followed by the Fund, which are in conformity with those generally accepted in the investment company industry.

(a) *Valuation of Investments* Investments for which market quotations are readily available are stated at market value, which is determined by using the most recently quoted bid price provided by an independent pricing service or principal market maker. Independent pricing services provide market quotations based primarily on quotations from dealers and brokers, market transactions, accessing data from quotations services, offering sheets obtained from dealers and various relationships between securities. Investments whose primary market is on an exchange are valued at the last sale price on the day of valuation. Short-term investments with original maturities of 60 days or less are stated at amortized cost, which approximates market value. Following procedures approved by the Board of Directors, investments for which market quotations are not yet available (primarily fixed-income corporate bonds and notes) are stated at fair value on the basis of subjective valuations furnished by securities dealers and brokers. Other investments, for which market quotations are not readily available are valued in good faith at fair value

using methods approved by the Board of Directors. Fair value measurement is further discussed in section (f) of this footnote.

(b) *Foreign Currency* Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U. S. dollar amounts on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations

The New America High Income Fund, Inc.

**Notes to Financial Statements Continued**  
**December 31, 2012**

arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transaction, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

(c) *Foreign Currency Forward Exchange Contracts* The Fund may enter into foreign currency forward exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar denominated investment securities. When entering into a forward currency contract, the Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. The Fund's net equity therein, representing unrealized gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included in the statement of assets and liabilities. Realized and unrealized gains and losses are included in the statement of operations. These instruments involve market risk, credit risk or both kinds of risks, in excess of the amount recognized in the statement of assets and liabilities. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities values and interest rates.

(d) *Securities Transactions and Net Investment Income* Securities transactions are recorded on trade date. Realized gains or losses on sales of securities are

calculated on the identified cost basis. Interest income is accrued on a daily basis. Discount on short-term investments is amortized to investment income. Premiums or discounts on corporate debt securities are amortized based on the interest method for financial reporting purposes. All income on original issue discount and step interest bonds is accrued based on the effective interest method. The Fund does not amortize market premiums or discounts for tax purposes. Dividend payments received in the form of additional securities are recorded on the ex-dividend date in an amount equal to the value of the security on such date.

(e) *Federal Income Taxes* It is the Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders each year. Accordingly, no federal income tax provision is required.

(f) *Fair Value Measurement* The Fund applies ASC 820 "Fair Value Measurements and Disclosures". This standard establishes the definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements.

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

The New America High Income Fund, Inc.

**Notes to Financial Statements    Continued**  
**December 31, 2012**

Level 3 Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

A description of the valuation techniques applied to the Fund's major asset and liability categories is as follows.

Debt securities (corporate, convertible & bank debt). The fair value of debt securities is provided by independent pricing services using quotations from dealers and brokers, market transactions, data from quotations services, offering sheets and various relationships between securities. While most corporate bonds are categorized in level 2 of the fair value hierarchy, there may

be instances where less observable inputs necessitate a level 3 categorization.

Equity securities (preferred and common stock). Equity securities for which the primary market is on an exchange will be valued at the last sale price on the day of valuation and are categorized in level 1 of the fair value hierarchy. Other equity securities traded in inactive markets or valued by independent pricing services using methods similar to debt securities are categorized in level 2. The fair value of equity securities in which observable inputs are unavailable are categorized in level 3.

Short-term investments. Short-term investments are valued using amortized cost, which approximates fair value. To the extent the inputs are observable and timely the values would be categorized in level 2 of the fair value hierarchy.

Forwards are valued at the unrealized gain or loss on the contract as measured by the difference between the forward exchange rates at the date of entry into the contract and the forward rates at the reporting date. Forwards are categorized in level 2 of the fair value hierarchy.

The following is a summary of the inputs used as of December 31, 2012 in valuing the Fund's investments:

	<b>Level 1 Quoted Prices  (000's)</b>	<b>Level 2 Significant Observable Inputs (000's)</b>	<b>Level 3 Significant Unobservable Inputs (000's)</b>	<b>Total Value  (000's)</b>
<b>Investments</b>				
Debt Securities*	\$	\$ 320,312	\$	\$ 320,312
Preferred Stock				
Automobile	942			942
Broadcasting and Entertainment		198		198
Containers, Packaging and Glass				

## The New America High Income Fund, Inc.

**Notes to Financial Statements Continued**  
**December 31, 2012**

	<b>Level 1 Quoted Prices</b>	<b>Level 2 Significant Observable Inputs</b>	<b>Level 3 Significant Unobservable Inputs</b>	<b>Total Value</b>
	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>
Finance	\$ 1,055	\$ 1,105	\$	\$ 2,160
<b>Total Investments</b>	<b>\$ 1,997</b>	<b>\$ 321,615</b>	<b>\$</b>	<b>\$ 323,612</b>
Forward Currency Exchange Contracts	\$	\$ (230)	\$	\$ (230)

\* Debt Securities All are level 2. Type of debt and industries are shown on the Schedule of Investments.

The Fund owns one Level 3 security with a value of zero at December 31, 2012. The value was determined by the Valuation Committee of the Fund's investment Advisor, T. Rowe Price, under procedures approved by the Board of Directors. The techniques used to arrive at this valuation have taken into account litigation involving the security with no settlement expected for the foreseeable future. The security is not trading and there is no guarantee that holders will receive any distribution. The security will continue to be valued at zero until trading commences, the occurrence of company-specific or industry events, or other market factors suggest the value should be changed.

The following is a reconciliation of Fund investments using Level 3 inputs for the period:

	<b>Equity Securities</b>
Balance, December 31, 2011	\$
Sales	(126)
Change in unrealized appreciation (depreciation)	
Realized gain (loss)	(36)
Transfers to Level 3 from Level 2	162
Balance, December 31, 2012	\$

Level 1 and Level 2 assets are evaluated on a quarterly basis for changes in listings or delistings on national exchanges.

Transfers between levels are recognized at the value at the end of the reporting period. During the year ended December 31, 2012, the Fund recognized no transfers to Level 1 from Level 2.

**(2) Tax Matters and Distributions**

At December 31, 2012, the total cost of securities (including temporary cash investments) for federal income tax purposes was approximately \$306,811,000. Aggregate gross unrealized gain on securities in which there was an excess of value over tax cost was approximately \$19,389,000. Aggregate gross unrealized loss on securities in which there was an excess of tax cost over value was approximately \$2,588,000. Net unrealized gain on investments for tax purposes at December 31, 2012 was approximately



\$16,801,000.

At December 31, 2012, the Fund had approximate capital loss carryovers available to offset future capital gains, if any, to the extent provided by regulations:

<b>Carryover Available</b>	<b>Expiration Date</b>
\$ 13,487,000	December 31, 2016
26,830,000	December 31, 2017
<b>\$ 40,317,000</b>	

It is the policy of the Fund to reduce future distributions of realized gains to shareholders to the extent of the unexpired capital loss carry forward.

The tax character of distributions paid to common and preferred shareholders of approximately \$22,638,000 and \$24,188,000 in 2012 and 2011, respectively, was from ordinary income.

## The New America High Income Fund, Inc.

**Notes to Financial Statements    Continued**  
**December 31, 2012**

As of December 31, 2012, the components of distributable earnings on a tax basis were approximately:

Undistributed Ordinary income	\$ 174,000
Unrealized Gain	16,577,000
Capital Losses Carry Forward	(40,317,000)
	\$(23,566,000)

The difference between components of distributable earnings on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to market discount adjustments, wash sales and post-October losses. The Fund has recorded several reclassifications in the capital accounts to present undistributed net investment income and accumulated net realized losses on a tax basis. These reclassifications have no impact on the net asset value of the Fund. For the year ended December 31, 2012, permanent differences between book and tax accounting have been reclassified as follows:

Increase (decrease) in:

Undistributed net investment income	\$ 41,000
Accumulated net realized loss from securities transactions	\$ (36,000)
Capital in excess of par value	\$ (5,000)

Distributions on common stock are declared based upon annual projections of the Fund's investment company taxable income. The Fund records all dividends and distributions payable to shareholders on the ex-dividend date and declares and distributes income dividends monthly.

The Fund is required to amortize market discounts and premiums for financial reporting purposes. This results in additional interest income in some years and decreased interest income in others for financial reporting purposes only. The Fund does not amortize market discounts or premiums for tax purposes. Therefore, the additional or decreased interest income for financial

reporting purposes does not result in additional or decreased common stock dividend income.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Fund's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years 2009-2011, or expected to be taken in the Fund's 2012 tax returns. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

**(3) Investment Advisory Agreement**

T. Rowe Price Associates, Inc. (T. Rowe Price), the Fund's Investment Advisor, earned approximately \$1,122,000 in management fees during the year ended December 31, 2012. Management fees paid by the Fund to T. Rowe Price were calculated at 0.50% on the first \$50,000,000 of the Fund's average weekly net assets, 0.40% on the next \$50 million and 0.30% on average weekly net assets in excess of \$100 million. T. Rowe Price's fee is calculated based on assets attributable to the Fund's common stock, auction term preferred stock and any other senior security. At December 31, 2012, the fee payable to T. Rowe Price was

approximately \$98,000, which was included in accrued expenses on the accompanying statement of assets and liabilities.

**(4) Bank Credit Agreement**

On October 10, 2012 the Fund entered into a credit agreement with The Bank of Nova Scotia pursuant to which the Fund may borrow up to an aggregate amount of \$100,000,000. On November 8, 2012 the Fund borrowed \$85,425,000 through this credit facility to finance the scheduled redemption of all outstanding shares of its auction term preferred stock. The credit facility

The New America High Income Fund, Inc.

**Notes to Financial Statements Continued**  
**December 31, 2012**

provides for an initial term of one year and may be extended with respect to amounts outstanding at the end of the initial term for an additional year at the option of the Fund. Amounts borrowed under the credit facility will bear interest at an adjustable rate based on a margin above LIBOR. The rate paid on this borrowing is approximately 1.212% and will be in effect until February 8, 2013 at which time the rate will be reset. For the period November 8, 2012 through December 31, 2012 the weighted average rate on the loan was approximately 1.212% and the maximum amount borrowed during the period was \$85,425,000. On December 31, 2012 the total amount outstanding on the loan was \$85,425,000.

The Fund pays a commitment fee to The Bank of Nova Scotia at a rate of .15% per annum for any unused portion of borrowings not to exceed \$100,000,000. For the period ended December 31, 2012 the Fund paid approximately \$15,000 for this commitment.

The Fund has granted to The Bank of Nova Scotia a security interest in the investments and other assets of the Fund in accordance with the Credit Agreement.

**(5) Auction Term Preferred Stock (ATP)**

The Fund announced that on November 9, 2012 it consummated, as provided under the terms of its charter, the scheduled redemption of all outstanding shares of its ATP at the liquidation preference per share of \$25,000, plus all accrued and unpaid dividends to the date of redemption. As discussed in footnote 4, the aggregate amount of the redemption was financed through a credit facility with The Bank of Nova Scotia.

Prior to the redemption of ATP, the Fund had 3,417 shares of ATP issued and outstanding. The ATP's dividends were cumulative at a rate designed to be determined using an auction process, the terms of which are set forth in the Fund's charter. Dividend periods were typically 28 days unless notice was given for periods to be longer or shorter than 28 days. If, as had been

the case since February 2008, the auction process did not yield a rate based on orders submitted, then the ATP dividend rate was set using formulas based on a specified percentage of the 30-day AA composite commercial paper rate, which was 150% of such rate for each series' dividend period through July 11, 2012. Dividend rates ranged from .045% .497% for the period ended July 11, 2012. The weighted average dividend rate on July 11, 2012 was .170%.

On July 12, 2012, Moody's Investors Service ("Moody's"), one of two nationally recognized statistical rating organizations (an "NRSO") rating the Auction Term Preferred Stock ("ATP") of The New America High Income Fund, Inc. (the "Fund"), announced that it had downgraded the ATP from Aaa to Aa3. This action occurred following a review by Moody's of its ratings of the securities of all closed-end registered investment companies, which was undertaken in conjunction with the adoption of changes to the methodology Moody's uses to rate securities issued by closed-end funds. The Fund's ATP continued to have a credit rating in the highest rating category from Fitch Ratings, which affirmed its rating on March 1, 2012.

Under the terms of the ATP, the Fund was required to maintain a rating in the highest category from two NRSOs. From the date of the downgrade until the ATP was redeemed, the dividend rate for the ATP had

been increased to 300% of the 30-day AA composite commercial paper rate. Since July 12, 2012 through the date of redemption dividend rates ranged from .210% .453%.

The ATP was redeemable, at the option of the Fund, or subject to mandatory redemption (if the Fund was in default of certain coverage and ATP ratings requirements) at a redemption price equal to \$25,000 per share plus accumulated and unpaid dividends. In response to the action by Moody's, the Fund elected to redeem all outstanding shares of ATP at their liquidation preference (par value) of \$25,000 per share plus accumulated but

The New America High Income Fund, Inc.

**Notes to Financial Statements Continued**  
**December 31, 2012**

unpaid dividends within 120 days of the downgrade, as provided by the terms of the ATP.

None of the ATP auctions successfully closed during the period ended November 8, 2012 and the approximate market value of the ATP was not determinable at November 8, 2012. The Fund was required to maintain certain asset coverages with respect to the ATP under the Fund's Charter and the 1940 Act to maintain the Fund's Aaa/AAA ratings by Moody's Investors Service and Fitch, Inc., respectively. At November 8, 2012, the Fund was in compliance with these asset coverage requirements.

**(6) ATP Auction-Related Matters**

Deutsche Bank (DB) served as the ATP's auction agent pursuant to an agreement entered into on January 4, 1994 with Bankers Trust Company (BTC). BTC was later acquired by DB. The term of the agreement was unlimited and could be terminated by either party. DB could resign upon notice to the Fund, such resignation to be effective on the earlier of the 90th day after the delivery of such notice and the date on which a successor auction agent was appointed by the Fund. The Fund could also replace DB as auction agent at any time.

After each auction, DB would pay to each broker-dealer, from funds provided by the Fund, a maximum service charge at the annual rate of 0.25 of 1% or such other percentage subsequently agreed to by the Fund and the broker-dealers, of the purchase price of shares placed by such broker-dealers at such auction. In the event an auction scheduled to occur on an auction date failed to occur for any reason, the broker-dealers would be entitled to service charges as if the auction had occurred and all holders of shares placed by them had submitted valid hold orders. The Fund incurred approximately \$84,000 for service charges for the period ended November 8, 2012. This

amount is included under the caption preferred, auction and loan fees in the accompanying statement of operations.

The Fund was not paying a service charge on series A, B and C ATP because the broker-dealer was not participating in the auctions. A service charge of .15% was being paid on series D.

**(7) Purchases and Sales of Securities**

Purchases and proceeds of sales or maturities of long-term securities during the year ended December 31, 2012 were approximately:

Cost of purchases	\$219,255,000
Proceeds of sales or maturities	\$223,310,000

**(8) Related Party Transactions**

The Fund paid approximately \$338,000 during the year ended December 31, 2012 to two officers of the Fund for the provision of certain administrative services.

**(9) Legal Expenses**

For the years ended December 31, 2010, December 31, 2011 and December 31, 2012, the Fund incurred legal expenses in the course of responding to inquiries from the staff of the SEC's Division of Enforcement (the "Staff") in connection with the Staff's investigation of matters relating to the Fund's ATP, which expenses were materially higher than the legal expenses incurred in comparable periods prior to 2010. The Fund has reached a settlement with the Staff with respect to these matters, and accordingly does not anticipate incurring comparable amounts of related legal expenses in future periods. In addition, the Fund incurred legal expenses in 2012 in connection with the refinancing of the Fund's ATP with the credit facility.

## The New America High Income Fund, Inc.

**Notes to Financial Statements Continued**  
**December 31, 2012****(10) Derivative Contracts** (Currency Amounts in Thousands)

**Forward Currency Exchange Contracts** As of December 31, 2012 the Fund had forward currency exchange contracts outstanding as follows:

Counterparty	Settlement Date	Receive	Deliver	Unrealized Depreciation
UBS	1/10/13	USD 296	GBP 185	\$ (5)
HSBC	3/11/13	USD 13,128	EUR 10,119	(223)
Goldman Sachs	3/11/13	USD 133	EUR 102	(2)
Goldman Sachs	3/11/13	USD 132	EUR 100	
State Street Bank	3/11/13	USD 44	EUR 34	
<b>Net unrealized loss on open forward currency exchange contracts</b>				\$ (230)

**Fair Value of Derivative Instruments** The fair value of derivative instruments as of December 31, 2012 was as follows:

	Asset Derivatives December 31, 2012	Fair Value
	Statement of Assets and Liabilities Location	
Forward currency contracts	Unrealized loss on currency and forward currency exchange contracts	\$ (230)

The effect of derivative instruments that are included on the Statement of Operations for the year ended December 31, 2012 was as follows:

**Amount of Realized Gain on Derivatives**

Forward currency contracts	Realized gain on investments and currencies, net	\$ 267
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**Change in Unrealized Appreciation on Derivatives**

Forward currency contracts	Change in net unrealized appreciation on investments and other financial instruments	\$ (539)
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**(11) New Accounting Pronouncement**



In December 2011, FASB issued ASU No. 2011-11 related to disclosures about offsetting assets and liabilities. The amendments in this ASU require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The ASU is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The guidance requires retrospective application for all comparative periods presented. At this time, management is currently evaluating the impact ASU 2011-11 will have on the financial statement disclosures.

**(12) Subsequent Events**

The Fund has evaluated the need for additional disclosures and/or adjustments resulting from subsequent events through the date the financial statements were issued. Based on this evaluation, no adjustments were required to the financial statements as of December 31, 2012.



The New America High Income Fund, Inc.

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders  
The New America High Income Fund, Inc.

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The New America High Income Fund, Inc., as of December 31, 2012, and the related statements of operations and cash flows for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (US). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2012, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of The New America High Income Fund, Inc. as of December 31, 2012, the results of its operations and cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania  
February 16, 2013

The New America High Income Fund, Inc.

**Notes to Financial Statements Continued**  
**Supplemental Information** (Unaudited)

**Availability of Portfolio Holdings**

The Fund provides a complete schedule of its portfolio holdings quarterly. The lists of holdings as of the end of the second and fourth quarters appear in the Fund's semi-annual and annual reports to shareholders, respectively. The schedules of portfolio holdings as of the end of the first and third quarters are filed with the Securities and Exchange Commission (the "SEC") on Form N-Q (the "Forms") within 60 days of the end of the first and third quarters. Shareholders can look up the Forms on the SEC's web site at [www.sec.gov](http://www.sec.gov). The Forms may also be reviewed and copied at the SEC's public reference room in Washington, D.C. You may call the SEC at 1-800-SEC-0330 for information about the SEC's web site and their public reference room. In addition, the Forms may be reviewed on the Fund's web site at [www.newamerica-hyb.com](http://www.newamerica-hyb.com).

**Compliance with CFTC Regulation of Transactions in Commodity Interests**

The Fund does not currently intend to engage in transactions in commodity interests such as futures contracts, options on futures contracts, and swaps. However, the Fund may in the future enter into interest rate transactions, such as swaps, caps, collars and floors for the purpose or with the effect of hedging its portfolio and/or its payment obligations with respect to senior securities. In addition, the Fund has reserved the right, subject to the approval of the Board of Directors, to purchase and sell financial futures contracts and options on such futures contracts for the purpose of hedging its portfolio securities (or portfolio securities which it expects to acquire) against anticipated changes in prevailing interest rates. To the extent it engages in transactions in commodity interests, the Fund expects their use to be limited such that its investment adviser is able to claim the exclusion from the definition of the term "commodity pool operator" available under Regulation 4.5 of the Commodity Futures Trading Commission under the Commodity Exchange Act, and is therefore not subject to regulation as a pool operator under the Commodity Exchange Act with respect to its management of the Fund.

**Common Stock Transactions**

The Fund may purchase shares of its Common Stock in the open market when the Common Stock trades at a discount to net asset value or at other times if the Fund determines such purchases are advisable. There can be no assurance that the Fund will take such action in the event of a market discount to net asset value or that Fund purchases will reduce a discount.

The New America High Income Fund, Inc.

**Notes to Financial Statements Continued**  
**Supplemental Information** (Unaudited)

**Information About the Review and Approval of the Fund's Investment Advisory Agreement**

On October 25, 2012, the Board of Directors, including all of the Directors that are not "interested persons" of the Fund (the "Independent Directors") within the meaning of the Investment Company Act of 1940, approved the continuation of the Advisory Agreement with the Adviser. In considering this action, the Directors requested and reviewed a variety of materials relating to the Fund and the Adviser, including information on the Adviser's organization, operations and personnel, services the Adviser provides to the Fund, the Adviser's investment management practices, the Adviser's fees and profitability, the Adviser's compliance programs and the performance and the expenses of the Fund relative to other closed-end high yield debt funds, the Adviser's other high yield debt clients and high yield debt indices, among other matters. The Directors also took into account performance, portfolio management, organizational and other information regarding the Fund and the Adviser provided to them by the Adviser and Fund management throughout the year.

*Nature, Extent and Quality of Services.* In considering the nature, extent and quality of the services provided by the Adviser, the Directors reviewed information relating to the Adviser's operations and personnel. Among other things, the Adviser provided financial information, biographical information on its portfolio management and other professional staff and descriptions of its organizational and management structure, its trade placement policies and its compliance practices. The Directors also took into account information provided periodically since the Board's last renewal of the Advisory Agreement by the Adviser relating to the performance of its duties with respect to the Fund and Fund management in connection with Board meetings and otherwise. In the course of their deliberations regarding the Advisory Agreement, the Directors evaluated, among other things: (a) the services rendered by the Adviser in the past; (b) the qualifications and experience of the Adviser's personnel; and (c) the Adviser's compliance programs. The Directors also took into account the financial condition of the Adviser with respect to its ability to provide the services required under the Advisory Agreement. After consideration of the foregoing, the Directors concluded that: (1) the Adviser is a large, well capitalized organization with substantial resources and personnel; (2) the Adviser has demonstrated that it possesses the capability and resources to perform the duties required of it under the Advisory Agreement; (3) the Adviser's personnel are qualified to manage the Fund's assets in accordance with its investment objectives and policies; (4) the Adviser's disciplined but flexible investment approach is appropriate for the Fund; (5) the Adviser has demonstrated an appropriate awareness of the special requirements associated with the Fund's leveraged structure; and (6) the Adviser maintains appropriate compliance programs.

*Fund Performance.* The Directors noted (a) the Fund's cumulative total return relative to the performance of other closed-end high yield debt funds in the Lipper CEFHY Leveraged Index, (b) the Fund's performance based on net asset value relative to the performance of the Lipper CEFHY Leveraged Index, the Lipper CEFHY Non-Leveraged Index, and the Lipper High Yield Index, and (c) the Fund's total return calculated without taking into account the effect of any fees and expenses or the costs or effects of the Fund's leverage relative to the performance of the Credit Suisse High Yield Index, the Barclays Capital U.S. Corporate High Yield Index, the BofA Merrill Lynch High Yield Cash Pay Index, the JP Morgan Global High Yield Index and the Citigroup BB-B Index. In analyzing the Adviser's performance, the Directors took note of the conditions in the high yield debt market during the period since the Adviser was retained, the Adviser's responsiveness to the Board's emphasis on maintaining dividend stability and the limitations imposed on portfolio management by the diversification and asset coverage requirements associated with

the credit

The New America High Income Fund, Inc.

**Notes to Financial Statements Continued**  
**Supplemental Information** (Unaudited)

rating for the Fund's auction term preferred stock. On the basis of the foregoing, among other considerations associated with the Fund's performance, the Directors concluded that the Fund's performance is reasonable given the investment/risk profile the Fund has sought to maintain and conditions in the high yield debt market.

*Costs of Services/Adviser Profitability.* The Directors determined that information relating to the cost to the Adviser of the services it provides under the Advisory Agreement and the profitability to the Adviser of its relationship with the Fund were not relevant to their consideration of the Advisory Agreement's continuation, since (a) during all relevant time periods there has been no affiliation or other relationship between Fund management or the Directors on one hand and the Adviser on the other hand, that would compromise the independence of Fund management and the Directors from the Adviser and (b) the process of selecting the Adviser was characterized by independent evaluation of potential firms to succeed the Fund's former investment adviser and arm's length bargaining between Fund management and the Board on one hand, and the Adviser on the other, to determine the terms of, and the fee rate to be paid under, the Advisory Agreement. Fallout benefits to the Adviser from its relationship with the Fund were not a consideration in the Directors' deliberations as the Adviser did not appear to receive any material benefit from the Fund other than its advisory fees.

*Economies of Scale.* Given the Fund's advisory fee structure under the Advisory Agreement (which provides for breakpoints), and the Fund's current and anticipated size, the Directors concluded that the Fund's advisory fee adequately reflects any economies of scale the Adviser might enjoy in managing the Fund.

*Advisory Fee.* In considering the fee payable to the Adviser under the Advisory Agreement, the Directors reviewed information relating to the fees paid by open-end funds focused on high yield debt for which the Adviser serves as investment manager or subadviser, the Adviser's other fee schedules for client accounts focused on high yield debt, and data from Lipper Inc. on advisory fees paid by other funds in the Lipper CEFHY Leveraged Index. The Directors concluded that, in light of the nature, extent and quality of the services provided by the Adviser, the Fund's performance, and the other considerations noted above with respect to the Adviser, the Fund's advisory fee is reasonable.

Based on the above-mentioned factors and their related conclusions, with no single factor or conclusion being determinative and with each Director not necessarily attributing the same weight to each factor, the Directors concluded that approval of the Advisory Agreement would be in the interests of the Fund and its shareholders. Accordingly, on October 25, 2012, the Directors, including all of the Independent Directors, voted to approve continuation of the Advisory Agreement.

The New America High Income Fund, Inc.

**Directors**

Robert F. Birch  
Joseph L. Bower  
Bernard J. Korman  
Marguerite A. Piret

**Officers**

Robert F. Birch President  
Ellen E. Terry Vice President, Treasurer, Secretary

**Investment Advisor**

T. Rowe Price Associates, Inc.  
100 E. Pratt Street  
Baltimore, Maryland 21202

**Administrator**

The New America High Income Fund, Inc.  
33 Broad Street  
Boston, MA 02109  
(617) 263-6400

**Custodian**

State Street Corporation  
One Lincoln Street  
Boston, MA 02111

**Independent Registered Public Accountants**

Tait, Weller & Baker LLP  
1818 Market Street  
Philadelphia, PA 19103

**Transfer Agent**

American Stock Transfer & Trust Company  
59 Maiden Lane  
New York, NY 10038  
(866) 624-4105  
Web site: [www.amstock.com](http://www.amstock.com)

Listed: NYSE  
Symbol: HYB  
Web site: [www.newamerica-hyb.com](http://www.newamerica-hyb.com)





## The New America High Income Fund, Inc.

**Information About the Fund's Directors and Officers February 15, 2013****Independent Directors**

<b>Name, Address<sup>1</sup>, and Date of Birth</b>	<b>Term of Office<sup>2</sup> and Length of Time Served</b>	<b>Principal Occupation(s) During Past 5 Years (and Other Relevant Experience, Attributes and Skills)<sup>3</sup></b>	<b>Other Directorships Held by Director</b>
Joseph L. Bower DOB: 09/21/38	Director since 1988	Professor, Harvard Business School since 1963 as Donald K. David Professor of Business Administration (1986-2007), Baker Foundation Professor since 2007, Senior Associate Dean, Chair of the Doctoral Programs, Chair of the General Management Area, Chair of the General Manager Program, and Chair of The Corporate Leader; Consultant on corporate strategy and organizational development since 1966.	Director of Anika Therapeutics, Inc. since 1992 and Loews Corporation (a conglomerate) since 2002.
Bernard J. Korman DOB: 10/13/31	Director since 1987	Chairman of the Board of Directors of Philadelphia Health Care Trust (non-profit corporation supporting healthcare delivery, education and research) (1995-2010); Director of Medical Nutrition USA, INC (develops and distributes nutritional products) (2004-2010); Director of NutraMax Products, Inc. (consumer health care products) (1995-2008); President, Chief Executive Officer and Director of MEDIQ Incorporated (healthcare services) (1977-1995); Trustee of Kramont Realty Trust (a real estate investment trust) (June 2000-April 2005); Director of Pep Boys, Inc. (automotive aftermarket service and retail chain) (1988-2004) and Chairman (2003-2004).	Director of Omega Healthcare Investors, Inc. (real estate investment trust) since 1993.
Marguerite A. Piret DOB: 5/10/48	Director since 2004	President and Chief Executive Officer of Newbury, Piret & Company, Inc. (an investment bank) (1981-Present); Member, Board of Governors, Investment Company Institute (1996-2004).	Trustee of Pioneer Funds (57 funds) since 1980.

The New America High Income Fund, Inc.

**Information About the Fund's Directors and Officers February 15, 2013 Continued**

**Interested Directors and Officers**

<b>Name, Address<sup>1</sup>, and Date of Birth</b>	<b>Term of Office<sup>2</sup> and Length of Time Served</b>	<b>Position(s) Held with Fund</b>	<b>Principal Occupation(s) During Past 5 Years (and Other Relevant Experience, Attributes and Skills)<sup>3</sup></b>	<b>Other Directorships Held by Director</b>
Robert F. Birch <sup>4</sup> DOB: 3/12/36	Director since 1992	Director and President	Chief Executive Officer of the Fund, Director of Brookfield/Helios Funds (1998-2011); Director of Brandywine Funds (2001-2008); Chairman of Board and Co-Founder of The China Business Group, Inc. (strategic management consulting firm) (1995-2008); Director and Strategic Planning Consultant at Dewe Rogerson, Ltd. (1992-1998) (consulting firm); Director and Chief Executive Officer of Memtek Corporation (manufacturer of capital equipment to treat liquid toxic waste) (1989-1992); President and Chief Executive Officer of Gardner and Preston Moss, Inc. (investment management firm) (1969-1987); Manager at Arthur Andersen and Company (audit and management consulting) (1960-1968).	

1 The address for each Director is c/o The New America High Income Fund, Inc., 33 Broad Street, Boston, MA 02109.

2 Each Director serves as such until the next annual meeting of the Fund's stockholders and until the Director's successor shall have been duly elected and qualified.

3 The information reported includes the principal occupation during the last five years for each Director and other information relating to the professional experiences, attributes and skills relevant to each Director's qualifications to serve as a Director.

4 As the Fund's President, Mr. Birch is an interested person of the Fund within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act").

Ellen E. Terry (D.O.B. 4/9/59), Vice President and Treasurer of the Fund since February 18, 1992, is the only executive officer of the Fund not named in the above table of interested Directors. Ms. Terry served as Acting President and Treasurer of the Fund from October 1991 through February 18, 1992, and as Vice President of the Fund prior to such time. Ms. Terry's address is: c/o The New America High Income Fund, 33 Broad Street, Boston, MA 02109. A Fund officer holds office until the officer's successor is duly elected and qualified, until the officer's death or until the officer resigns or has been removed.



The New America High Income Fund, Inc.

**PRIVACY POLICY**

The New America High Income Fund Inc., (the "Fund") receives nonpublic personal information about individuals from the following sources:

- Information the Fund receives from an individual who chooses to register Fund shares in the individual's own name (a "registered holder") as provided on applications, forms, and otherwise;
- Information generated by a registered holder's Fund transaction and other account activity; and
- Information provided by individuals who make inquiries to the Fund via letter, E-mail or phone call ("correspondents")

The Fund does not disclose any nonpublic personal information about registered holders, former registered holders or correspondents to anyone, except as required by law or allowed under certain limited federal privacy law exceptions that relate, for example, to the maintenance and servicing of the Fund relationship. The Fund limits access to nonpublic personal information about these individuals to those Fund employees and third-party service providers who need the information in connection with Fund-related activities the Fund has asked them to perform. The Fund also maintains physical, electronic, and procedural safeguards that comply with federal standards to protect the security of registered holders' and correspondents' nonpublic personal information.



American Stock Transfer & Trust Company  
59 Maiden Lane  
New York, NY 10038

**The New  
America  
High Income  
Fund, Inc.**

**Annual**

**Report**

**December 31, 2012**

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ITEM 2. CODE OF ETHICS.

As of December 31, 2003, the Fund has adopted a code of ethics, as defined in Item 2 of Form N-CSR, that applies to its Principal Executive Officer, Principal Financial Officer/Chief Financial Officer, Principal Accounting Officer, Vice President, Treasurer and Manager of Accounting and Compliance. During the period covered by this report, there were no amendments to or waivers granted under the Code of Ethics. The code of ethics is attached as an exhibit to this report and posted on the Fund's web site at [www.newamerica-hyb.com](http://www.newamerica-hyb.com).

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Fund's Audit, Nominating and Compensation Committee is comprised solely of Directors who are independent as such term has been defined by the Securities and Exchange Commission in regulations implementing Section 407 of the Sarbanes-Oxley Act. The Board of Directors (a) has determined that each member of the Audit, Nominating and Compensation Committee is financially literate and has accounting or related financial management experience as these terms are used in the corporate governance standards of the New York Stock Exchange and (b) believes that each has substantial experience relating to the review of financial statements and the operations of audit committees. In addition, the Board of Directors has determined that based upon their review of her experience and education, Ms. Piret qualifies as an audit committee financial expert, as that term has been defined by the instructions to this Item.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Tait, Weller & Baker LLP ( Tait, Weller ) served as independent public accountants for the Fund for the years ended December 31, 2012 and December 31, 2011. The services provided by Tait, Weller consisted of the examination of the Fund's annual financial statements, assistance and consultation in connection with SEC filings, and review of tax and certain compliance matters on behalf of the Fund.

*Audit Fees.* For fiscal 2012, the aggregate fees billed by Tait, Weller in connection with the audit of the Fund's 2012 financial statements and review of the 2012 semi-annual financial statements totaled \$47,100. Those fees for fiscal 2011 were \$47,000.

*Audit-Related Fees.* For fiscal 2012, the aggregate fees billed by Tait, Weller for assurance and related services that are reasonable related to the performance of the audit and review of the Fund's financial statements, including annual agreed-upon procedures related to requirements of the Fund's articles supplementary totaled \$6,200. Those fees for fiscal 2011 were \$6,250.

*Tax Fees.* For fiscal 2012, the aggregate fees billed by Tait, Weller for its professional services related to preparation of the Fund's federal and state tax returns, review of excise distributions, and testing of quarterly asset diversification totaled \$7,200. For fiscal 2011 those fees were \$7,000.

*All Other Fees.* Tait Weller did not bill for any products or services except as noted above, in fiscal 2012 or 2011.

Tait, Weller did not provide any non-audit services to T. Rowe Price Group, Inc. ( Price Group ), the parent company of the Fund's investment adviser, or any of Price Group's subsidiaries in 2012 or 2011.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The Board of Directors has an Audit, Nominating and Compensation Committee, which consists of all the independent Directors. The Audit, Nominating and Compensation Committee is presently comprised of Mr. Bernard J. Korman, Ms. Marguerite Piret and Professor Joseph L. Bower.

ITEM 6.

This schedule is included as part of the Report to Shareholders filed under Item 1 of this Form.

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ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

**T. ROWE PRICE ASSOCIATES, INC.**

**T. ROWE PRICE INTERNATIONAL LTD**

**T. ROWE PRICE (CANADA), INC**

**T. ROWE PRICE HONG KONG LIMITED**

**T. ROWE PRICE SINGAPORE PRIVATE LTD.**

**PROXY VOTING POLICIES AND PROCEDURES**

**RESPONSIBILITY TO VOTE PROXIES**

T. Rowe Price Associates, Inc., T. Rowe Price International Ltd, T. Rowe Price (Canada), Inc., T. Rowe Price Hong Kong Limited, and T. Rowe Price Singapore Private Ltd. ( **T. Rowe Price** ) recognize and adhere to the principle that one of the privileges of owning stock in a company is the right to vote in the election of the company's directors and on matters affecting certain important aspects of the company's structure and operations that are submitted to shareholder vote. As an investment adviser with a fiduciary responsibility to its clients, T. Rowe Price analyzes the proxy statements of issuers whose stock is owned by the U.S.-registered investment companies which it sponsors and serves as investment adviser ( **T. Rowe Price Funds** ) and by common trust funds, offshore funds, institutional and private counsel clients who have requested that T. Rowe Price be involved in the proxy process. T. Rowe Price has assumed the responsibility for voting proxies on behalf of the T. Rowe Price Funds and certain counsel clients who have delegated such responsibility to T. Rowe Price. In addition, T. Rowe Price makes recommendations regarding proxy voting to counsel clients who have not delegated the voting responsibility but who have requested voting advice. T. Rowe Price reserves the right to decline to vote proxies in accordance with client-specific voting guidelines.

T. Rowe Price has adopted these Proxy Voting Policies and Procedures ( **Policies and Procedures** ) for the purpose of establishing formal policies and procedures for performing and documenting its fiduciary duty with regard to the voting of client proxies.

**Fiduciary Considerations.** It is the policy of T. Rowe Price that decisions with respect to proxy issues will be made in light of the anticipated impact of the issue on the desirability of investing in the portfolio company from the viewpoint of the particular client or Price Fund. Proxies are voted solely in the interests of the client, Price Fund shareholders or, where employee benefit plan assets are involved, in the interests of plan participants and beneficiaries. Our intent has always been to vote proxies, where possible to do so, in a manner consistent with our fiduciary obligations and responsibilities. Practicalities and costs involved with international investing may make it impossible at times, and at other times disadvantageous, to vote proxies in every instance.

**Other Considerations.** One of the primary factors T. Rowe Price considers when determining the desirability of investing in a particular company is the quality and depth of its management. We recognize that a company's management is entrusted with the day-to-day



operations of the company, as well as its long-term direction and strategic planning, subject to the oversight of the company's board of directors. Accordingly, our proxy voting guidelines are not intended to substitute our judgment for management's with respect to the company's day-to-day operations. Rather, our voting guidelines are designed to promote accountability of a company's management and board of directors to its shareholders; to align the interests of management with those of shareholders; and to encourage companies to adopt best practices in terms of their corporate governance. In addition to our voting guidelines, we rely on a company's disclosures, its board's recommendations, a company's track record, country-specific best practices codes, our research providers and, most importantly, our investment professionals' views, in making voting decisions.

## ADMINISTRATION OF POLICIES AND PROCEDURES

**Proxy Committee.** T. Rowe Price's Proxy Committee ( **Proxy Committee** ) is responsible for establishing positions with respect to corporate governance and other proxy issues, including those involving corporate social responsibility issues. Certain delegated members of the Proxy Committee also review questions and respond to inquiries from clients and mutual fund shareholders pertaining to proxy issues. While the Proxy Committee sets voting guidelines and serves as a resource for T. Rowe Price portfolio management, it does not have proxy voting authority for any Price Fund or counsel client. Rather, this responsibility is held by the Chairperson of the Fund's Investment Advisory Committee or counsel client's portfolio manager.

**Global Proxy Services Group.** The Global Proxy Services Group is responsible for administering the proxy voting process as set forth in the Policies and Procedures.

**Proxy Administrator.** The Global Proxy Services Group will assign a Proxy Administrator who will be responsible for ensuring that all meeting notices are reviewed and important proxy matters are communicated to the portfolio managers for consideration.

**Global Corporate Governance Analyst.** Our Global Corporate Governance Analyst is responsible for reviewing the proxy agendas for all upcoming meetings and making company-specific recommendations to our global industry analysts and portfolio managers with regard to the voting decisions in their portfolios.

## HOW PROXIES ARE REVIEWED, PROCESSED AND VOTED

In order to facilitate the proxy voting process, T. Rowe Price has retained ISS as an expert in the proxy voting and corporate governance area. ISS specializes in providing a variety of fiduciary-level proxy advisory and voting services. These services include voting recommendations as well as vote execution, reporting, auditing and consulting assistance for the handling of proxy voting responsibility. In order to reflect T. Rowe Price's issue-by-issue voting guidelines as approved each year by the Proxy Committee, ISS maintains and implements a custom voting policy for the Price Funds and other client accounts.

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### **Meeting Notification**

T. Rowe Price utilizes ISS's voting agent services to notify us of upcoming shareholder meetings for portfolio companies held in client accounts and to transmit votes to the various custodian banks of our clients. ISS tracks and reconciles T. Rowe Price holdings against incoming proxy ballots. If ballots do not arrive on time, ISS procures them from the appropriate custodian or proxy distribution agent. Meeting and record date information is updated daily, and transmitted to T. Rowe Price through Proxy Exchange, ISS's web-based application.

### **Vote Determination**

Each day, ISS delivers into T. Rowe Price's proprietary proxy research platform a comprehensive summary of upcoming meetings, proxy proposals, publications discussing key proxy voting issues, and custom vote recommendations to assist us with proxy research and processing. The final authority and responsibility for proxy voting decisions remains with T. Rowe Price. Decisions with respect to proxy matters are made primarily in light of the anticipated impact of the issue on the desirability of investing in the company from the perspective of our clients.

Portfolio managers may decide to vote their proxies consistent with T. Rowe Price's policies as set by the Proxy Committee and instruct our Proxy Administrator to vote all proxies accordingly. Alternatively, portfolio managers may request to review the vote recommendations and sign off on all proxies before the votes are cast, or they may choose only to sign off on those votes cast against management. The portfolio managers are also given the option of reviewing and determining the votes on all proxies without utilizing the vote guidelines of the Proxy Committee. In all cases, the portfolio managers may elect to receive current reports summarizing all proxy votes in their client accounts. Portfolio managers who vote their proxies inconsistent with T. Rowe Price guidelines are required to document the rationale for their votes. The Proxy Administrator is responsible for maintaining this documentation and assuring that it adequately reflects the basis for any vote which is cast contrary to T. Rowe Price guidelines.

### **T. Rowe Price Voting Policies**

Specific voting guidelines have been adopted by the Proxy Committee for all regularly occurring categories of management and shareholder proposals. A detailed set of voting guidelines is available on the T. Rowe Price web site, [www.troweprice.com](http://www.troweprice.com). The following is a summary of our guidelines on the most significant proxy voting topics:

*Election of Directors* For U.S. companies, T. Rowe Price generally supports slates with a majority of independent directors. However, T. Rowe Price may vote against outside directors who do not meet our criteria relating to their independence, particularly when they serve on key board committees, such as compensation and nominating committees, for which we believe that all directors should be independent. Outside the U.S., we expect companies to adhere to the minimum independence standard established by regional corporate governance codes. At a

minimum, however, we believe boards in all regions should include a blend of executive and non-executive members, and we are likely to vote against senior executives at companies without any independent directors. We also vote against directors who are unable to dedicate sufficient time to their board duties due to their commitments to other boards. We may vote against certain directors who have served on company boards where we believe there has been a gross failure in governance or oversight. Additionally, we may vote against compensation committee members who approve excessive executive compensation or severance arrangements. We support efforts to elect all board members annually because boards with staggered terms lessen directors' accountability to shareholders and act as deterrents to takeover proposals. To strengthen boards' accountability, T. Rowe Price supports proposals calling for a majority vote threshold for the election of directors and we may withhold votes from an entire board if they fail to implement shareholder proposals that receive majority support.

*Anti-takeover, Capital Structure and Corporate Governance Issues* T. Rowe Price generally opposes anti-takeover measures since they adversely impact shareholder rights and limit the ability of shareholders to act on potential value-enhancing transactions. Such anti-takeover mechanisms include classified boards, supermajority voting requirements, dual share classes, and poison pills. When voting on capital structure proposals, T. Rowe Price will consider the dilutive impact to shareholders and the effect on shareholder rights. We may support shareholder proposals that call for the separation of the Chairman and CEO positions if we determine that insufficient governance safeguards are in place at the company.

*Executive Compensation Issues* T. Rowe Price's goal is to assure that a company's equity-based compensation plan is aligned with shareholders' long-term interests. We evaluate plans on a case-by-case basis, using a proprietary, scorecard-based approach that employs a number of factors, including dilution to shareholders, problematic plan features, burn rate, and the equity compensation mix. Plans that are constructed to effectively and fairly align executives' and shareholders' incentives generally earn our approval. Conversely, we oppose compensation packages that provide what we view as excessive awards to few senior executives, contain the potential for excessive dilution relative to the company's peers, or rely on an inappropriate mix of options and full-value awards. We also may oppose equity plans at any company where we deem the overall compensation practices to be problematic. We generally oppose efforts to reprice options in the event of a decline in value of the underlying stock unless such plans appropriately balance shareholder and employee interests. For companies with particularly egregious pay practices such as excessive severance packages, executives with outsized pledged/hedged stock positions, executive perks, and bonuses that are not adequately linked to performance, we may vote against compensation committee members. We analyze management proposals requesting ratification of a company's executive compensation practices ( Say-on-Pay proposals) on a case-by-case basis, using a proprietary scorecard-based approach that assesses the long-term linkage between executive compensation and company performance as well as the presence of objectionable structural features in compensation plans. With respect to the frequency in which companies should seek advisory votes on compensation, we believe shareholders should be offered the opportunity to vote annually. Finally, we may withhold votes from compensation committee members or even the entire board if we have cast votes against a company's Say-on-Pay vote in consecutive years.

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*Mergers and Acquisitions* T. Rowe Price considers takeover offers, mergers, and other extraordinary corporate transactions on a case-by-case basis to determine if they are beneficial to shareholders' current and future earnings stream and to ensure that our Price Funds and clients are receiving fair consideration for their securities. We generally oppose proposals for the ratification of executive severance packages ( Say on Golden Parachute proposals) in conjunction with merger transactions because we believe these arrangements are, by and large, unnecessary, and they reduce the alignment of executives' incentives with shareholders' interests.

*Corporate Social Responsibility Issues* Vote recommendations for corporate responsibility issues are generated by the Global Corporate Governance Analyst using ISS' s proxy research and company reports. T. Rowe Price generally votes with a company' s management on social, environmental and corporate responsibility issues unless the issue has substantial investment implications for the company' s business or operations which have not been adequately addressed by management. T. Rowe Price supports well-targeted shareholder proposals on environmental and other public policy issues that are particularly relevant to a company' s businesses.

*Global Portfolio Companies* ISS applies a two-tier approach to determining and applying global proxy voting policies. The first tier establishes baseline policy guidelines for the most fundamental issues, which span the corporate governance spectrum without regard to a company' s domicile. The second tier takes into account various idiosyncrasies of different countries, making allowances for standard market practices, as long as they do not violate the fundamental goals of good corporate governance. The goal is to enhance shareholder value through effective use of the shareholder franchise, recognizing that application of policies developed for U.S. corporate governance issues are not appropriate for all markets. The Proxy Committee has reviewed ISS' s general global policies and has developed international proxy voting guidelines which in most instances are consistent with ISS recommendations.

*Index and Passively Managed Accounts* Proxy voting for index and other passively-managed portfolios is administered by the Proxy Services Group using T. Rowe Price' s policies as set by the Proxy Committee. If a portfolio company is held in both an actively managed account and an index account, the index account will default to the vote as determined by the actively managed proxy voting process.

*Divided Votes* In situations where a decision is made which is contrary to the policies established by the Proxy Committee, or differs from the vote for any other client or T. Rowe Price Fund, the Proxy Services Group advises the portfolio managers involved of the divided vote. The persons representing opposing views may wish to confer to discuss their positions. In such instances, it is the normal practice for the portfolio manager to document the reasons for the vote if it is against T. Rowe Price policy. The Proxy Administrator is responsible for assuring that adequate documentation is maintained to reflect the basis for any vote which is cast in opposition to T. Rowe Price policy.

*Shareblocking* Shareblocking is the practice in certain foreign countries of freezing shares for trading purposes in order to vote proxies relating to those shares. In markets where

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shareblocking applies, the custodian or sub-custodian automatically freezes shares prior to a shareholder meeting once a proxy has been voted. Shareblocking typically takes place between one and fifteen (15) days before the shareholder meeting, depending on the market. In markets where shareblocking applies, there is a potential for a pending trade to fail if trade settlement takes place during the blocking period. T. Rowe Price's policy is generally to abstain from voting shares in shareblocking countries unless the matter has compelling economic consequences that outweigh the loss of liquidity in the blocked shares.

*Securities on Loan* The T. Rowe Price Funds and our institutional clients may participate in securities lending programs to generate income. Generally, the voting rights pass with the securities on loan; however, lending agreements give the lender the right to terminate the loan and pull back the loaned shares provided sufficient notice is given to the custodian bank in advance of the voting deadline. T. Rowe Price's policy is generally not to vote securities on loan unless the portfolio manager has knowledge of a material voting event that could affect the value of the loaned securities. In this event, the portfolio manager has the discretion to instruct the Proxy Administrator to pull back the loaned securities in order to cast a vote at an upcoming shareholder meeting.

### **Monitoring and Resolving Conflicts of Interest**

The Proxy Committee is also responsible for monitoring and resolving potential conflicts between the interests of T. Rowe Price and those of its clients with respect to proxy voting. We have adopted safeguards to ensure that our proxy voting is not influenced by interests other than those of our fund shareholders. While membership on the Proxy Committee is diverse, it does not include individuals whose primary duties relate to client relationship management, marketing, or sales. Since T. Rowe Price's voting guidelines are pre-determined by the Proxy Committee, application of the guidelines by fund portfolio managers to vote fund proxies should in most instances adequately address any potential conflicts of interest. However, the Proxy Committee conducts a post-vote review of all proxy votes that are inconsistent with the guidelines to determine whether the portfolio manager's voting rationale appears reasonable. The Proxy Committee also assesses whether any business or other material relationships between T. Rowe Price and a portfolio company (unrelated to the ownership of the portfolio company's securities) could have influenced an inconsistent vote on that company's proxy. Issues raising potential conflicts of interest are referred to designated members of the Proxy Committee for immediate resolution prior to the time T. Rowe Price casts its vote. With respect to personal conflicts of interest, T. Rowe Price's Code of Ethics and Conduct requires all employees to avoid placing themselves in a compromising position in which their interests may conflict with those of our clients and restrict their ability to engage in certain outside business activities. Portfolio managers or Proxy Committee members with a personal conflict of interest regarding a particular proxy vote must recuse themselves and not participate in the voting decisions with respect to that proxy.

*Specific Conflict of Interest Situations* - Voting of T. Rowe Price Group, Inc. common stock (sym: TROW) by certain T. Rowe Price Index Funds will be done in all instances in accordance with T. Rowe Price policy, and votes inconsistent with policy will not be permitted.

In addition, T. Rowe Price has voting authority for proxies of the holdings of certain T. Rowe Price funds that invest in other T. Rowe Price funds. In cases where the underlying fund of a T. Rowe Price fund-of-funds holds a proxy vote, T. Rowe Price will mirror vote the fund shares held by the fund-of-funds in the same proportion as the votes cast by the shareholders of the underlying funds.

#### **REPORTING AND RECORD RETENTION**

Vote Summary Reports will be generated for each client that requests T. Rowe Price to furnish proxy voting records. The report specifies the portfolio companies, meeting dates, proxy proposals, and votes which have been cast for the client during the period and the position taken with respect to each issue. Reports normally cover quarterly or annual periods and are provided to clients upon request.

T. Rowe Price retains proxy solicitation materials, memoranda regarding votes cast in opposition to the position of a company's management, and documentation on shares voted differently. In addition, any document which is material to a proxy voting decision such as the T. Rowe Price voting guidelines, Proxy Committee meeting materials, and other internal research relating to voting decisions will be kept. All proxy voting materials and supporting documentation are retained for six years (except for proxy statements available on the SEC's EDGAR database).

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**Item 8. Portfolio Managers of Closed-End Management Investment Companies**

**Item 8(a)(1)**

The New America High Income Fund (the Fund) is managed by an Investment Advisory Committee co-chaired by Mark J. Vaselkiv and Paul A. Karpers. Messrs. Vaselkiv and Karpers share day-to-day responsibility for managing the Fund and work with the Committee in developing and executing the Fund's investment program. Mr. Vaselkiv has been a chairman of the Committee since 2002. He has served as a portfolio manager throughout the past five years. Mr. Karpers has been a chairman of the Committee since 2005. He has served as a portfolio manager throughout the past five years. Their biographies are as follows:

**Mark J. Vaselkiv**

Mark Vaselkiv is a vice president of T. Rowe Price Group, Inc., and T. Rowe Price Associates, Inc., and is a portfolio manager in the Fixed Income Division, heading taxable high yield bond management. He serves as president of the T. Rowe Price High Yield Fund and as Chairman of the T. Rowe Price High Yield Fund, Inc. Advisory Committee, Chairman of the T. Rowe Price High Yield Fund Advisor Class Advisory Committee and Chairman of the T. Rowe Price Institutional High Yield Fund Advisory Committee, Chairman of the High Yield Fund Investment Advisory Committee, as well as being a member of the Fixed Income Steering Committee. Prior to joining the firm in 1988, he was employed as a vice president for Shenkman Capital Management, Inc., New York, analyzing and trading high yield debt securities, and as a private placement credit analyst in the Capital Markets Group of Prudential Insurance Company. Mark earned a B.A. in political science from Wheaton College, Illinois, and an M.B.A. in finance from New York University.

**Paul A. Karpers, CFA**

Paul Karpers is a vice president of T. Rowe Price Group, Inc., and T. Rowe Price Associates, Inc., and a high yield portfolio manager in the Fixed Income Division. He is chairman of the Investment Advisory Committee of the T. Rowe Price Institutional High Yield Fund. Prior to joining the firm in 1994, Paul was with the Vanguard Group in Philadelphia. He earned a B.S. in finance from LaSalle University and an M.B.A. with concentrations in finance and information systems from New York University. Paul also has earned his Chartered Financial Analyst designation and is a member of the CFA Institute and the Baltimore CFA Society.

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**Item 8(a)(2)****Other Accounts:****Mark Vaselkiv:**

	Number of Accounts		TOTAL Assets
• registered investment companies:	6	\$	12,178.6 million
• other pooled investment vehicles:	7	\$	260.3 million
• other accounts:	10	\$	2,705.9 million

As of 12/31/2012.

**Paul Karpers:**

	Number of Accounts		TOTAL Assets
• registered investment companies:	2	\$	2,946.3 million
• other pooled investment vehicles:	5	\$	2,120.6 million
• other accounts:	9	\$	3,126.7 million

As of 12/31/2012.

None of the accounts listed above have performance-based fees.

**Conflicts of Interest**

Portfolio managers at T. Rowe Price typically manage multiple accounts. These accounts may include, among others, mutual funds, separate accounts (assets managed on behalf of institutions such as pension funds, colleges and universities, foundations), offshore funds, and commingled trust accounts. Portfolio managers make investment decisions for each portfolio based on the investment objectives, policies, practices and other relevant investment considerations that the managers believe are applicable to that portfolio. Consequently, portfolio managers may purchase (or sell) securities for one portfolio and not another portfolio. T. Rowe Price has adopted brokerage and trade allocation policies and procedures which it believes are reasonably designed to address any potential conflicts associated with managing multiple

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accounts for multiple clients. Also, as disclosed under the Portfolio Manager's Compensation section, our portfolio managers' compensation is determined in the same manner with respect to all portfolios managed by the portfolio manager.

T. Rowe Price funds may, from time to time, own shares of Morningstar, Inc. Morningstar is a provider of investment research to individual and institutional investors, and publishes ratings on mutual funds, including the Price Funds. T.

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Rowe Price manages the Morningstar retirement plan and T. Rowe Price and its affiliates pay Morningstar for a variety of products and services. In addition, Morningstar may provide investment consulting and investment management services to clients of T. Rowe Price or its affiliates.

**Item 8(a)(3)**

**Compensation:**

Portfolio manager compensation consists primarily of a base salary, a cash bonus, and an equity incentive that usually comes in the form of a stock option grant. Occasionally, portfolio managers will also have the opportunity to participate in certain investment partnerships. Compensation is variable and is determined based on the following factors.

Investment performance over one-, three-, five-, and 10-year periods is the most important input. The weightings for these time periods are generally balanced and are applied consistently across similar strategies. We evaluate performance in absolute, relative, and risk-adjusted terms. Relative performance and risk-adjusted performance are determined with reference to the broad based index (ex. CS First Boston High Yield) and an applicable Lipper index (ex. High Current Yield Funds Average), though other benchmarks may be used as well. Investment results are also compared to comparably managed funds of competitive investment management firms.

Performance is primarily measured on a pre-tax basis though tax-efficiency is considered and is especially important for tax efficient funds. It is important to note that compensation is viewed with a long term time horizon. The more consistent a manager's performance over time, the higher the compensation opportunity. The increase or decrease in a fund's assets due to the purchase or sale of fund shares is not considered a material factor.

Contribution to our overall investment process is an important consideration as well. Sharing ideas with other portfolio managers, working effectively with and mentoring our younger analysts, and being good corporate citizens are important components of our long term success and are highly valued.

All employees of T. Rowe Price, including portfolio managers, participate in a 401(k) plan sponsored by T. Rowe Price Group. In addition, all employees are eligible to purchase T. Rowe Price common stock through an employee stock purchase plan that features a limited corporate matching contribution. Eligibility for and participation in these plans is on the same basis as for all employees. Finally, all vice presidents of T. Rowe Price Group, including all portfolio managers, receive supplemental medical/hospital reimbursement benefits.

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This compensation structure is used for all portfolios managed by the portfolio manager.

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**Item 8(a)(4)**

**Ownership of Securities**

<b>Portfolio Manager</b>	<b>Fund</b>	<b>Dollar Range of Equity Securities Beneficially Owned*</b>
Mark J. Vaselkiv	New America High Income Fund	None
Paul A. Karpers	New America High Income Fund	\$100,001 - \$500,000

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\* As of 12/31/2012.

**Item 8(b) Not applicable.**

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ITEM 9. PURCHASE OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

ITEM 11. CONTROLS AND PROCEDURES.

(a) The Fund's principal executive officer and principal financial officer concluded that the Fund disclosure controls and procedures (as defined in Rule 30a-3(c) under the 1940 Act) provide reasonable assurances that information required to be disclosed by the Fund on Form N-CSR is recorded, processed, summarized and reported within the required time periods and that information required to be disclosed by the Fund in the reports that it files or submits on Form N-CSR is accumulated and communicated to the Fund's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure, based on their evaluation of the disclosure controls and procedures as of a date within 90 days of the filing date of this report.

(b) There was no change in the Fund's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the Fund's second fiscal quarter of the period that has materially affected, or is reasonably likely to materially affect, the Fund's internal control over financial reporting.

ITEM 12. EXHIBITS.

- (a)(1) The Code of Ethics.
  - (a)(2) The certifications required by Rule 30a-2(a) under the 1940 Act.
  - (a)(3) Not applicable.
  - (b) The certifications required by Rule 30a-2(b) under the 1940 Act.
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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.

The New America High Income Fund, Inc.

By: /s/ Robert F. Birch  
Name: Robert F. Birch  
Title: President and Director  
Date: March 5, 2013

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: /s/ Robert F. Birch  
Name: Robert F. Birch  
Title: President  
Date: March 5, 2013

By: /s/ Ellen E. Terry  
Name: Ellen E. Terry  
Title: Treasurer  
Date: March 5, 2013

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