

HIGH YIELD INCOME FUND INC
Form N-CSR
May 05, 2006

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: | 811-05296 |
| Exact name of registrant as specified in charter: | The High Yield Income Fund, Inc. |
| Address of principal executive offices: | Gateway Center 3, 100 Mulberry Street, Newark, New Jersey 07102 |
| Name and address of agent for service: | Deborah A. Docs Gateway Center 3, 100 Mulberry Street, Newark, New Jersey 07102 |
| Registrant's telephone number, including area code: | 973-367-7521 |
| Date of fiscal year end: | 8/31/2006 |
| Date of reporting period: | 2/28/2006 |

Item 1 Reports to Stockholders

SEMIANNUAL REPORT

FEBRUARY 28, 2006

THE HIGH YIELD INCOME FUND, INC.

This report is for stockholder information. This is not a prospectus intended for use in the purchase or sale of fund shares.

The views expressed in this report and information about the Fund's holdings are for the period covered by this report and are subject to change thereafter.

The accompanying financial statements as of February 28, 2006, were not audited, and accordingly, no auditor's opinion is expressed on them.

Your Fund's Performance

Fund Objective

The primary investment objective of **The High Yield Income Fund, Inc.** (the Fund) is to maximize current income to shareholders. As a secondary investment objective, the Fund will seek capital appreciation, but only when consistent with its primary objective. The Fund will seek to achieve its objectives by investing primarily in corporate bonds rated below investment grade by independent rating agencies. Bonds rated below investment grade are commonly known as "junk" bonds and are subject to greater risk of default and higher volatility than investment-grade bonds. Furthermore, these bonds tend to be less liquid than higher-quality bonds. The Fund is diversified, and we carefully research companies to find those with attractive yields and improving credit quality. There can be no assurance that the Fund will achieve its investment objectives.

Performance as of 2/28/06

| | Total Return Six Months | NAV 2/28/06 | Market Price 2/28/06 |
|---|----------------------------|----------------|-------------------------|
| High Yield Income Fund ¹ | 2.52% | \$ 5.51 | \$ 4.92 |
| Lehman Brothers U.S. Corporate High Yield Index ² | 1.94 | N/A | N/A |
| Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index ² | 2.07 | N/A | N/A |
| Lipper Closed-End High Current Yield Funds (Leveraged) Avg ³ | 2.49 | N/A | N/A |

Past performance does not guarantee future results and current performance may be lower or higher than the past performance data quoted. The investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than the original cost. For the most recent month-end performance, call (800) 451-6788. There are no sales charges.

¹Source: Prudential Investments LLC. Total return of the Fund represents the change in net asset value from the beginning of the period (9/1/05) through the end (2/28/06) and assumes the reinvestment of dividends and distributions. Shares of the Fund are traded on the New York Stock Exchange, Inc. using the symbol HYI. Past performance is not indicative of future results.

²Source: Lipper Inc. The Lehman Brothers U.S. Corporate High Yield Index is an unmanaged index of fixed-rate, noninvestment-grade debt securities with at least one year remaining to maturity. Beginning in September 2005, the Fund's performance will be compared to the Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index in place of the Lehman Brothers U.S. Corporate High Yield Index as one of the Fund's benchmarks. The Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index better represents the composition of the Fund. In particular, the Fund generally maintains positions of 2% or less per issuer (although the Fund may hold positions greater than that amount). The Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index is an unmanaged index of fixed-rate, noninvestment-grade debt securities with at least one year remaining to maturity. However, the representation of any single bond issuer is restricted to a maximum of 2% of the total index. Investors cannot invest directly in an index.

³Source: Lipper Inc. These are the average returns of 28 funds in the Closed-End High Current Yield Funds (Leveraged) category for six months.

Yield and Dividend as of 2/28/06

**Total Monthly Dividends
Paid per Share
Six Months**
\$0.215

Yield at Market Price
4.37%

The High Yield Income Fund, Inc. 1

Portfolio of Investments

February 28, 2006 (Unaudited)

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| LONG-TERM INVESTMENTS 131.2% | | | | | |
| CORPORATE BONDS 127.3% | | | | | |
| Aerospace/Defense 4.0% | | | | | |
| Alliant Techsystems, Inc., Sr. Sub. Notes | B2 | 8.50% | 5/15/11 | \$ 200 | \$ 209,250 |
| Argo-Tech Corp., Sr. Notes | B3 | 9.25 | 6/1/11 | 55 | 58,300 |
| BE Aerospace, Inc., Sr. Sub Notes, Ser. B | B3 | 8.875 | 5/1/11 | 235 | 246,163 |
| DRS Technologies, Inc., Gtd. Notes | B3 | 7.625 | 2/1/18 | 150 | 154,125 |
| Esterline Technologies Corp., Sr. Sub Notes | B1 | 7.75 | 6/15/13 | 300 | 310,500 |
| K&F Acquisition, Inc., Sr. Sub. Notes | Caa1 | 7.75 | 11/15/14 | 150 | 153,000 |
| L-3 Communications Corp., Sr. Sub. Notes | Ba3 | 7.625 | 6/15/12 | 500 | 523,750 |
| Moog, Inc., Sr. Sub. Notes | Ba3 | 6.25 | 1/15/15 | 300 | 297,000 |
| Sequa Corp., Sr. Notes, Ser. B | B1 | 8.875 | 4/1/08 | 300 | 314,250 |
| Standard Aerospace Holdings, Inc., Sr. Sub. Notes | Caa1 | 8.25 | 9/1/14 | 125 | 110,000 |
| TransDigm, Inc., Sr. Sub. Notes | B3 | 8.375 | 7/15/11 | 180 | 188,100 |
| | | | | | 2,564,438 |
| Airlines 0.5% | | | | | |
| AMR Corp., Deb. | Caa2 | 10.00 | 4/15/21 | 125 | 103,750 |
| M.T.N., Ser. B | CCC(d) | 10.40 | 3/10/11 | 100 | 91,000 |
| Continental Airlines, Inc., Pass thru Certs., Ser. 1998-1, Class B | Ba2 | 6.748 | 3/15/17 | 97 | 90,635 |
| | | | | | 285,385 |
| Automotive 8.1% | | | | | |
| ArvinMeritor, Inc., Notes | Ba2 | 8.75 | 3/1/12 | 495 | 485,100 |
| Dana Corp., Notes | Caa1 | 6.50 | 3/1/09 | 125 | 80,625 |
| Ford Motor Credit Co., Notes | Ba2 | 7.875 | 6/15/10 | 1,140 | 1,054,347 |
| General Motors Acceptance Corp., Notes | Ba1 | 6.125 | 9/15/06 | 500 | 493,958 |
| Notes | Ba1 | 6.875 | 9/15/11 | 450 | 402,918 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 3

Portfolio of Investments

February 28, 2006 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| Notes | Ba1 | 6.875% | 8/28/12 | \$ 800 | \$ 712,797 |
| Notes | Ba1 | 6.75 | 12/1/14 | 435 | 384,296 |
| Goodyear Tire & Rubber Co., Sr. Notes | B3 | 9.00 | 7/1/15 | 150 | 150,750 |
| Lear Corp., Sr. Notes, Ser. B | Ba2 | 8.11 | 5/15/09 | 280 | 247,100 |
| Navistar International Corp., Sr. Notes | Ba3 | 7.50 | 6/15/11 | 120 | 120,900 |
| Tenneco Automotive, Inc., Sr. Sub. Notes | B3 | 8.625 | 11/15/14 | 175 | 174,125 |
| TRW Automotive, Inc., Sr. Notes | Ba3 | 9.375 | 2/15/13 | 276 | 299,460 |
| Sr. Sub. Notes | B1 | 11.00 | 2/15/13 | 50 | 56,125 |
| Visteon Corp., Sr. Notes | B3 | 8.25 | 8/1/10 | 430 | 341,850 |
| Sr. Notes | B3 | 7.00 | 3/10/14 | 200 | 148,500 |
| | | | | | 5,152,851 |
| Banking 0.7% | | | | | |
| Halyk Savings Bank Kazakhstan, Notes (Kazakhstan) | Baa2 | 8.125 | 10/7/09 | 100(c)(h) | 107,125 |
| Kazkommerts International BV (Netherlands), Gtd. Notes | Baa2 | 8.50 | 4/16/13 | 205(c)(h) | 223,963 |
| Notes | Baa2 | 7.00 | 11/3/09 | 105(c)(h) | 107,625 |
| | | | | | 438,713 |
| Building Materials 3.4% | | | | | |
| Beazer Homes USA, Inc., Sr. Notes | Ba1 | 8.625 | 5/15/11 | 110 | 115,225 |
| D.R. Horton, Inc., Sr. Notes | Baa3 | 8.00 | 2/1/09 | 375 | 397,797 |
| Sr. Notes | Ba1 | 9.375 | 3/15/11 | 200 | 209,955 |
| Goodman Global Holdings Co., Inc., Sr. Notes | B2 | 7.491 | 6/15/12 | 125(i) | 127,188 |
| Sr. Notes | B3 | 7.875 | 12/15/12 | 125 | 122,188 |
| KB HOME, Notes | Ba1 | 6.375 | 8/15/11 | 150 | 147,791 |
| Sr. Sub. Notes | Ba2 | 8.625 | 12/15/08 | 160 | 169,161 |
| K Hovnanian Enterprises, Inc. | Ba1 | 7.50 | 5/15/16 | 170 | 170,128 |
| Nortek, Inc., Sr. Sub. Notes | Caa1 | 8.50 | 9/1/14 | 300 | 299,250 |

See Notes to Financial Statements.

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| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| Standard Pacific Corp., Sr. Notes | Ba2 | 6.50% | 8/15/10 | \$ 425 | \$ 407,468 |
| | | | | | 2,166,151 |
| Cable 3.2% | | | | | |
| Cablevision Systems Corp., Sr. Notes, Ser. B | B3 | 8.00 | 4/15/12 | 50 | 49,125 |
| Callahan Nordrhein-Westfalen (Germany), Sr. Disc. Notes | NR | 16.00 | 7/15/10 | 500(a)(c)(f) | 5 |
| Charter Communications Operating LLC, Sr. Notes | B2 | 8.375 | 4/30/14 | 100(h) | 100,750 |
| Charter Communications Holdings II LLC, Sr. Notes | Caa1 | 10.25 | 9/15/10 | 325 | 324,188 |
| Charter Communications Holdings LLC, Sr. Disc. Notes, Zero Coupon (until 5/15/06) | Ca | Zero | 5/15/14 | 500(h) | 260,000 |
| Sr. Notes | Ca | 10.75 | 10/1/09 | 100 | 77,000 |
| Sr. Notes | Ca | 10.00 | 5/15/14 | 99(h) | 51,480 |
| Sr. Notes | Ca | 11.125 | 1/15/14 | 198(h) | 108,900 |
| Sec d. Notes | Caa3 | 11.00 | 10/1/15 | 400(h) | 336,500 |
| CSC Holdings, Inc., Deb. | B2 | 7.625 | 7/15/18 | 100 | 97,375 |
| Sr. Notes | B2 | 7.875 | 12/15/07 | 350 | 358,750 |
| Sr. Notes, Ser. B | B2 | 8.125 | 7/15/09 | 100 | 103,125 |
| Sr. Notes, Ser. B | B2 | 8.125 | 8/15/09 | 100 | 103,125 |
| Videotron Ltee, Notes | Ba3 | 6.375 | 12/15/15 | 100 | 99,000 |
| | | | | | 2,069,323 |
| Capital Goods 6.1% | | | | | |
| ALH Finance LLC, Sr. Sub. Notes | B3 | 8.50 | 1/15/13 | 135 | 130,275 |
| Allied Waste North America, Inc., Sr. Notes, Ser. B | B2 | 8.50 | 12/1/08 | 135 | 142,256 |
| Sec d. Notes, Ser. B | B2 | 5.75 | 2/15/11 | 450 | 430,874 |
| Sr. Notes | B2 | 7.25 | 3/15/15 | 95 | 96,425 |
| Gtd. Notes, Ser. B | B2 | 9.25 | 9/1/12 | 167 | 181,195 |
| Blount, Inc., Sr. Sub Notes | B3 | 8.875 | 8/1/12 | 350 | 367,500 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 5

Portfolio of Investments

February 28, 2006 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| Case New Holland, Inc., Sr. Notes | Ba3 | 9.25% | 8/1/11 | \$ 200 | \$ 214,500 |
| Columbus McKinnon Corp., Sr. Sub. Notes | B3 | 8.875 | 11/1/13 | 160(h) | 168,400 |
| Manitowoc Co., Inc., (The), Sr. Sub. Notes | B2 | 10.50 | 8/1/12 | 260 | 287,950 |
| Mueller Group, Inc., Sr. Sub. Notes | Caa1 | 10.00 | 5/1/12 | 90 | 98,550 |
| Stena AB (Sweden), Sr. Notes | Ba3 | 9.625 | 12/1/12 | 150(c) | 163,500 |
| Sr. Notes | Ba3 | 7.50 | 11/1/13 | 275(c) | 269,500 |
| Terex Corp., Sr. Sub. Notes | Caa1 | 9.25 | 7/15/11 | 50 | 53,313 |
| Sr. Sub. Notes | Caa1 | 7.375 | 1/15/14 | 275(h) | 283,250 |
| Sr. Sub. Notes, Ser. B | Caa1 | 10.375 | 4/1/11 | 240 | 253,200 |
| United Rentals North America, Inc., Sr. Sub. Notes | Caa1 | 7.75 | 11/15/13 | 425 | 426,594 |
| Valmont Industries, Inc., Gtd. Notes | Ba3 | 6.875 | 5/1/14 | 350 | 350,875 |
| | | | | | 3,918,157 |
| Chemicals 7.5% | | | | | |
| BCI Financial Corp., Sr. Sec d. Notes | B3 | 10.10 | 7/15/10 | 325(h)(i) | 333,125 |
| Equistar Chemical Funding LP, Notes (cost \$244,162; purchased 5/5/03) | B2 | 10.125 | 9/1/08 | 215 | 231,125 |
| Sr. Notes | B2 | 10.625 | 5/1/11 | 85 | 92,438 |
| Huntsman LLC, Gtd. Notes | Ba3 | 11.625 | 10/15/10 | 611 | 696,540 |
| Huntsman International LLC, Gtd. Notes | B3 | 10.125 | 7/1/09 | 42 | 43,050 |
| Gtd. Notes | B2 | 9.875 | 3/1/09 | 680 | 712,299 |
| IMC Global, Inc., Debs. | B1 | 6.875 | 7/15/07 | 300 | 303,750 |
| Gtd. Notes, Ser. B | Ba3 | 10.875 | 6/1/08 | 100 | 110,750 |
| Gtd. Notes, Ser. B | Ba3 | 11.25 | 6/1/11 | 300 | 321,750 |
| Sr. Notes | Ba3 | 10.875 | 8/1/13 | 65 | 74,750 |
| Koppers, Inc., Sr. Sec d. Notes | B2 | 9.875 | 10/15/13 | 355 | 383,400 |
| Lyondell Chemical Co., Sr. Sec d. Notes | B1 | 9.50 | 12/15/08 | 496 | 518,320 |
| Sr. Sec d. Notes | B1 | 10.50 | 6/1/13 | 224 | 250,320 |

See Notes to Financial Statements.

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| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Nalco Co., | | | | | |
| Sr. Notes | B2 | 7.75% | 11/15/11 | \$ 140 | \$ 142,450 |
| Sr. Sub. Notes | Caa1 | 8.875 | 11/15/13 | 235 | 246,163 |
| Rhodia SA (France), | | | | | |
| Sr. Notes | B3 | 10.25 | 6/1/10 | 91(c) | 102,375 |
| Sr. Sub. Notes | Caa1 | 8.875 | 6/1/11 | 113(c) | 117,238 |
| Rockwood Specialties, Inc., | | | | | |
| Sr. Sub. Notes | B3 | 10.625 | 5/15/11 | 110 | 121,000 |
| | | | | | 4,800,843 |
| Consumer 1.8% | | | | | |
| Dycom Industries, Inc., Notes | Ba3 | 8.125 | 10/15/15 | 175(h) | 182,000 |
| K2, Inc., Sr. Notes | Ba3 | 7.375 | 7/1/14 | 90 | 90,675 |
| Levi Strauss & Co., Sr. Notes | Caa2 | 12.25 | 12/15/12 | 200 | 228,500 |
| Mac-Gray Corp., Sr. Notes | B1 | 7.625 | 8/15/15 | 150 | 153,750 |
| Playtex Products, Inc., | | | | | |
| Gtd. Notes | Caa1 | 9.375 | 6/1/11 | 275 | 288,062 |
| Service Corp. International, Inc., | | | | | |
| Notes | Ba3 | 6.50 | 3/15/08 | 125 | 126,250 |
| Simmons Bedding Co., | | | | | |
| Sr. Sub. Notes | Caa1 | 7.875 | 1/15/14 | 100 | 96,000 |
| | | | | | 1,165,237 |
| Diversified Manufacturing 1.1% | | | | | |
| Covalence Specialty Materials Corp. | B3 | 10.25 | 3/1/16 | 225(h) | 233,156 |
| Invensys PLC, Sr. Notes | | | | | |
| (United Kingdom) | B3 | 9.875 | 3/15/11 | 115(c)(h) | 119,025 |
| Johnson Diversey Holdings, Inc., | | | | | |
| Sr. Disc. Notes, Zero Coupon (until 5/15/07) | Caa1 | Zero | 5/15/13 | 135 | 116,438 |
| Rexnord Corp., Sr. Sub. Notes | B3 | 10.125 | 12/15/12 | 225 | 247,500 |
| | | | | | 716,119 |
| Electric 11.0% | | | | | |
| AES Corp., | | | | | |
| Sr. Notes | B1 | 9.50 | 6/1/09 | 75 | 81,094 |
| Sr. Notes | B1 | 9.375 | 9/15/10 | 700 | 768,249 |
| Sr. Notes | Ba3 | 8.75 | 5/15/13 | 90(h) | 97,650 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 7

Portfolio of Investments

February 28, 2006 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| AES Eastern Energy LP, Pass-Through Cert., Ser. 1999-A | Ba1 | 9.00% | 1/2/17 | \$ 207 | \$ 233,956 |
| Aquila, Inc., Sr. Notes | B2 | 9.95 | 2/1/11 | 195 | 216,938 |
| CMS Energy Corp., Sr. Notes | B1 | 7.50 | 1/15/09 | 120 | 123,900 |
| Dynegy Holdings, Inc., Deb. | B2 | 7.125 | 5/15/18 | 50 | 48,750 |
| Deb. | B2 | 7.625 | 10/15/26 | 75 | 73,125 |
| Sr. Notes | B2 | 6.875 | 4/1/11 | 75 | 74,813 |
| Sec d. Notes | B1 | 9.875 | 7/15/10 | 20(h) | 21,850 |
| Sr. Sec d. Notes | B1 | 10.125 | 7/15/13 | 440(h) | 494,999 |
| Edison Mission Energy, Sr. Notes | B1 | 7.73 | 6/15/09 | 275 | 283,938 |
| Empresa Nacional de Electricidad (Chile), Notes | Ba1 | 8.35 | 8/1/13 | 670(c) | 759,308 |
| Homer City Funding LLC, Sr. Notes | Ba2 | 8.137 | 10/1/19 | 141 | 154,395 |
| Midland Funding Corp., Debs., Ser. B | B3 | 13.25 | 7/23/06 | 225 | 230,618 |
| Midwest Generation LLC, Pass-thru Certs., Ser. A | B1 | 8.30 | 7/2/09 | 195(f) | 201,880 |
| Pass-thru Certs., Ser. B | B1 | 8.56 | 1/2/16 | 36 | 38,670 |
| Sr. Sec d. Notes | B1 | 8.75 | 5/1/34 | 325 | 355,063 |
| Mirant North America LLC, Sr. Notes | B1 | 7.375 | 12/31/13 | 400(h) | 410,500 |
| Mission Energy Holdings Co., Sr. Sec d. Notes | B2 | 13.50 | 7/15/08 | 75 | 86,438 |
| Nevada Power Co., Gen. Ref. Mtge., Notes, Ser E | Ba1 | 10.875 | 10/15/09 | 10 | 10,828 |
| Gen. Ref. Mtge., Notes, Ser. I | Ba1 | 6.50 | 4/15/12 | 130 | 134,063 |
| NRG Energy, Inc., Sr. Sec d. Notes | B1 | 7.375 | 2/1/16 | 550 | 566,500 |
| Orion Power Holdings, Inc., Sr. Notes | B2 | 12.00 | 5/1/10 | 370 | 423,649 |
| Reliant Resources, Inc., Sr. Sec.d. Notes | B1 | 9.50 | 7/15/13 | 400 | 408,000 |
| Sierra Pacific Resources, Inc., Sr. Notes | B1 | 8.625 | 3/15/14 | 95 | 103,677 |
| Southern Energy Escrow | NR | 7.40 | 7/15/04 | 75 | 4,500 |
| TECO Energy, Inc., Sr. Notes, | Ba2 | 7.50 | 6/15/10 | 400 | 425,999 |
| TXU Corp., Sr. Notes, Ser. Q | BA1 | 6.50 | 11/15/24 | 75 | 71,510 |

See Notes to Financial Statements.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| UtiliCorp Canada Finance Corp. (Canada), Gtd. Notes | B2 | 7.75% | 6/15/11 | \$ 115(c) | \$ 118,738 |
| | | | | | 7,023,598 |
| Energy Other 5.7% | | | | | |
| Allis-Chalmers Energy, Inc., Sr. Notes | B3 | 9.00 | 1/15/14 | 150(h) | 150,000 |
| Chesapeake Energy Corp., Sr. Notes | Ba2 | 7.00 | 8/15/14 | 150 | 155,625 |
| Sr. Notes | Ba2 | 6.375 | 6/15/15 | 200 | 200,000 |
| Sr. Notes | Ba2 | 6.875 | 1/15/16 | 200 | 205,000 |
| Sr. Notes | Ba2 | 6.50 | 8/15/17 | 275 | 276,719 |
| Gtd. Notes | Ba2 | 6.25 | 1/15/18 | 75 | 74,906 |
| Compton Petroleum Corp. Gtd. Notes | B2 | 7.625 | 12/01/13 | 100 | 102,250 |
| Encore Acquisition Co., Sr. Sub. Notes | B2 | 6.25 | 4/15/14 | 75 | 73,500 |
| Forest Oil Corp., Sr. Notes | Ba3 | 8.00 | 6/15/08 | 100 | 104,375 |
| Sr. Notes | Ba3 | 8.00 | 12/15/11 | 95 | 103,550 |
| Hanover Equipment Trust, Sr. Sec d. Notes, Ser A | B2 | 8.50 | 9/1/08 | 43 | 44,398 |
| Sr. Sec d. Notes, Ser. B | B2 | 8.75 | 9/1/11 | 125 | 131,875 |
| Houston Exploration Co., Sr. Sub. Notes | B2 | 7.00 | 6/15/13 | 100 | 99,000 |
| Kerr-McGee Corp., Sec d. Notes | Ba3 | 6.95 | 7/1/24 | 225 | 239,295 |
| Magnum Hunter Resources, Inc., Sr. Notes | Ba3 | 9.60 | 3/15/12 | 23 | 24,840 |
| Newfield Exploration Co., Sr. Sub. Notes | Ba3 | 8.375 | 8/15/12 | 100 | 107,250 |
| Sr. Sub. Notes | Ba3 | 6.625 | 9/1/14 | 75 | 77,438 |
| Parker Drilling Co., Sr. Notes | B2 | 9.625 | 10/1/13 | 450 | 503,999 |
| Pogo Producing Co., Sr. Sub. Notes | Ba3 | 6.875 | 10/1/17 | 125 | 125,938 |
| Premcor Refining Group, Inc., Sr. Notes | Baa3 | 6.75 | 2/1/11 | 100 | 105,077 |
| Sr. Notes | Baa3 | 9.50 | 2/1/13 | 235 | 261,636 |
| Sr. Notes | Baa3 | 6.75 | 5/1/14 | 85 | 89,179 |
| Pride International, Inc., Sr. Notes | Ba2 | 7.375 | 7/15/14 | 125 | 133,438 |

See Notes to Financial Statements.

Portfolio of Investments

February 28, 2006 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| Vintage Petroleum, Inc., Sr. Sub Notes | B1 | 7.875% | 5/15/11 | \$ 275 | \$ 286,957 |
| | | | | | 3,676,245 |
| Non-Captive Financial 0.4% | | | | | |
| Residential Capital Corp., Notes | Baa3 | 6.375 | 6/30/10 | 250 | 252,427 |
| Foods 2.2% | | | | | |
| Agrilink Foods, Inc., Gtd. Notes | B3 | 11.875 | 11/1/08 | 21 | 21,420 |
| Ahold Finance USA, Inc., Gtd. Notes | Ba1 | 8.25 | 7/15/10 | 75 | 80,250 |
| Delhaize America, Inc., Gtd. Notes | Ba1 | 8.125 | 4/15/11 | 125 | 135,850 |
| Del Monte Corp., Sr. Sub. Notes | B2 | 8.625 | 12/15/12 | 240 | 255,599 |
| Dole Foods Co, Inc., Sr. Notes | B2 | 8.625 | 5/1/09 | 115 | 116,438 |
| Sr. Notes | B2 | 7.25 | 6/15/10 | 100 | 96,250 |
| Sr. Notes | B2 | 8.875 | 3/15/11 | 41 | 41,359 |
| National Beef Packing Co., LLC, Sr. Notes | B3 | 10.50 | 8/1/11 | 100 | 101,750 |
| Pathmark Stores, Inc., Gtd. Notes | Caa2 | 8.75 | 2/1/12 | 140 | 133,000 |
| Pilgrim's Pride Corp., Gtd. Notes | B1 | 9.625 | 9/15/11 | 75 | 79,406 |
| Smithfield Foods, Inc., Sr. Notes | Ba2 | 7.00 | 8/1/11 | 60 | 60,750 |
| Sr. Notes, Ser. B | Ba2 | 7.75 | 5/15/13 | 200 | 209,250 |
| Stater Brothers Holdings, Inc., Sr. Notes | B1 | 8.125 | 6/15/12 | 75 | 75,750 |
| | | | | | 1,407,072 |
| Gaming 8.5% | | | | | |
| Aztar Corp., Sr. Sub. Notes | Ba3 | 7.875 | 6/15/14 | 285 | 296,400 |
| Boyd Gaming Corp., Sr. Sub. Notes | B1 | 8.75 | 4/15/12 | 200 | 214,000 |
| CCM Merger, Inc., Notes | B3 | 8.00 | 8/1/13 | 225(h) | 223,875 |
| Galaxy Entertainment Finance Co., Notes (cost \$80,000; purchased 12/7/05) | B1 | 9.875 | 12/15/12 | 80(g)(h) | 82,800 |
| Greektown Holdings, Sr. Notes | B3 | 10.75 | 12/1/13 | 200(h) | 206,000 |
| Isle of Capri Casinos, Inc., Sr. Sub. Notes | B2 | 9.00 | 3/15/12 | 185 | 196,563 |
| Kerzner International Ltd. Sr. Sub. Notes | B2 | 6.75 | 10/1/15 | 300 | 297,750 |

See Notes to Financial Statements.

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| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|----------------|---------------|---------------|------------------------|----------------|
| Mandalay Resort Group, Sr. Notes | Ba2 | 9.50% | 8/1/08 | \$ 250 | \$ 270,000 |
| Sr. Sub. Notes | Ba3 | 9.38 | 2/15/10 | 100 | 109,750 |
| MGM Mirage, Inc., Sr. Notes | Ba2 | 6.00 | 10/1/09 | 445 | 442,775 |
| Sr. Sub. Notes | Ba3 | 9.75 | 6/1/07 | 480 | 502,799 |
| Sr. Sub. Notes | Ba2 | 6.625 | 7/15/15 | 180 | 180,675 |
| Mohegan Tribal Gaming Authority, Sr. Sub. Notes | Ba3 | 6.375 | 7/15/09 | 100 | 100,625 |
| Sr. Sub. Notes | Ba3 | 8.375 | 7/1/11 | 850 | 892,499 |
| Sr. Sub. Notes | Ba3 | 8.00 | 4/1/12 | 175 | 183,969 |
| Sr. Sub. Notes | Ba3 | 7.125 | 8/15/14 | 50 | 51,500 |
| Park Place Entertainment, Inc., Sr. Sub. Notes | Ba1 | 8.125 | 5/15/11 | 85 | 93,288 |
| Penn National Gaming, Inc., Sr. Sub. Notes | B1 | 6.75 | 3/1/15 | 75 | 75,375 |
| Station Casinos, Inc., Sr. Notes | Ba2 | 6.00 | 4/1/12 | 200 | 200,000 |
| Notes | Ba3 | 6.50 | 2/1/14 | 75 | 75,000 |
| Sr. Sub. Notes | Ba3 | 6.875 | 3/1/16 | 100(h) | 101,750 |
| Notes | Ba3 | 6.625 | 3/15/18 | 100 | 99,750 |
| Trump Entertainment Resorts, Inc., Sec d. Notes | Caa1 | 8.50 | 6/1/15 | 315 | 314,213 |
| Wynn Las Vegas LLC, First Mtge., Bonds | B2 | 6.625 | 12/1/14 | 250 | 246,250 |
| | | | | | 5,457,606 |
| Health Care & Pharmaceutical 11.5% | | | | | |
| Accellent, Inc., Sr. Sub. Notes | Caa1 | 10.50 | 12/1/13 | 600(h) | 629,999 |
| Alliance Imaging, Inc., Sr. Sub. Notes | B3 | 7.25 | 12/15/12 | 100 | 83,750 |
| Concentra Operating Corp., Sr. Sub. Notes | B3 | 9.50 | 8/15/10 | 275 | 286,688 |
| Coventry Health Care, Inc., Sr. Notes | Ba1 | 8.125 | 2/15/12 | 400(f) | 424,000 |
| Elan Finance PLC (Ireland), Sr. Notes | B3 | 7.75 | 11/15/11 | 340(c) | 316,200 |
| Sr. Notes | B3 | 8.75 | 11/15/11 | 103(c)(i) | 99,653 |
| Fresenius Medical Care Capital Trust II, Gtd. Notes | B1 | 7.875 | 2/1/08 | 500 | 517,499 |
| HCA, Inc., Debs. | Ba2 | 7.50 | 11/15/95 | 150 | 138,751 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 11

Portfolio of Investments

February 28, 2006 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| Debs. | Ba2 | 8.36% | 4/15/24 | \$ 100 | \$ 108,047 |
| Notes | Ba2 | 6.75 | 7/15/13 | 300 | 305,585 |
| Notes | Ba2 | 7.50 | 11/6/33 | 350 | 357,082 |
| Inverness Medical Innovations, Inc., Sr. Sub. Notes | Caa3 | 8.75 | 2/15/12 | 165 | 163,350 |
| MedCo Health Solutions, Inc., Sr. Notes | Ba1 | 7.25 | 8/15/13 | 145 | 158,094 |
| MedQuest, Inc., Sr., Sub. Notes | Caa1 | 11.875 | 8/15/12 | 100 | 77,000 |
| Mylan Laboratories, Inc. | Ba1 | 6.375 | 8/15/15 | 200 | 202,250 |
| Omnicare, Inc., Notes, | Ba3 | 6.875 | 12/15/15 | 350 | 357,000 |
| Sr. Sub. Notes | Ba3 | 6.125 | 6/1/13 | 125 | 123,438 |
| Res-Care, Inc., Sr. Notes | B1 | 7.75 | 10/15/13 | 300(h) | 304,500 |
| Select Medical Corp., Sr. Sub. Notes | B3 | 7.625 | 2/1/15 | 125 | 106,875 |
| Senior Housing Properties Trust, Sr. Notes | Ba2 | 8.625 | 1/15/12 | 405 | 444,488 |
| Skilled Healthcare Group, Inc., Notes | Caa1 | 11.00 | 1/15/14 | 475(h) | 493,999 |
| Vanguard Health Holdings Co. II, LLC, Sr. Sub. Notes | Caa1 | 9.00 | 10/1/14 | 265 | 276,263 |
| Ventas Realty LP, Sr. Notes | Ba2 | 8.75 | 5/1/09 | 280 | 300,650 |
| Sr. Notes | Ba2 | 6.75 | 6/1/10 | 200 | 204,250 |
| Sr. Notes | Ba2 | 9.00 | 5/1/12 | 45 | 51,244 |
| Sr. Notes | Ba2 | 6.625 | 10/15/14 | 150 | 151,875 |
| Sr. Notes | Ba2 | 7.125 | 6/1/15 | 125 | 130,938 |
| Warner Chilcott Corp., Gtd. Notes | Caa1 | 8.75 | 2/1/15 | 525(h) | 515,812 |
| | | | | | 7,329,280 |
| Lodging 4.2% | | | | | |
| Felcor Lodging LP, Sr. Notes | B1 | 9.00 | 6/1/11 | 225 | 248,625 |
| Sr. Notes | B1 | 8.83 | 6/1/11 | 125(i) | 130,000 |
| Felcor Suites LP, Gtd. Notes | B1 | 7.625 | 10/1/07 | 125 | 128,125 |
| Gaylord Entertainment Co., Sr. Notes | B3 | 8.00 | 11/15/13 | 100 | 104,625 |
| HMH Properties, Inc., Sr. Notes, Ser. B | Ba2 | 7.875 | 8/1/08 | 64 | 64,400 |

See Notes to Financial Statements.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Host Marriott LP, Sr. Notes, Ser. I | Ba2 | 9.50% | 1/15/07 | \$ 275 | \$ 283,594 |
| Sr. Notes | Ba2 | 7.125 | 11/1/13 | 400 | 413,000 |
| Sr. Notes, Ser. M | Ba2 | 7.00 | 8/15/12 | 200 | 204,000 |
| Royal Caribbean Cruises Ltd. (Liberia), Sr. Notes | Ba1 | 8.00 | 5/15/10 | 175(c) | 189,275 |
| Sr. Notes | Ba1 | 6.875 | 12/1/13 | 50(c) | 52,777 |
| Sr. Notes | Ba1 | 7.50 | 10/15/27 | 50(c) | 54,789 |
| Starwood Hotels & Resorts Worldwide, Inc., Sr. Notes | Ba1 | 7.375 | 5/1/07 | 570 | 581,399 |
| Sr. Notes | Ba1 | 7.875 | 5/1/12 | 70 | 76,825 |
| Debs. | Ba1 | 7.375 | 11/15/15 | 150 | 162,750 |
| | | | | | 2,694,184 |

Media & Entertainment 10.2%

| | | | | | |
|--|-----|--------|----------|-----------|---------|
| AMC Entertainment, Inc., Sr. Sub. Notes | B2 | 8.625 | 8/15/12 | 275 | 286,688 |
| Sr. Sub. Notes | B3 | 8.00 | 3/1/14 | 100 | 87,125 |
| Dex Media East LLC, Sr. Sub. Notes | B1 | 12.125 | 11/15/12 | 406 | 468,422 |
| Dex Media West LLC, Sr. Sub. Notes | B2 | 9.875 | 8/15/13 | 415 | 459,612 |
| Dex Media, Inc., Notes | B3 | 8.00 | 11/15/13 | 165 | 170,775 |
| DirecTVHoldings LLC, Sr. Sub. Notes | Ba2 | 8.375 | 3/15/13 | 48 | 51,480 |
| EchoStar DBS Corp., Sr. Notes | Ba3 | 6.375 | 10/1/11 | 75 | 73,313 |
| Gtd. Notes | Ba3 | 7.125 | 2/1/16 | 250(h)(i) | 247,500 |
| Gray Television, Inc., Sr. Sub. Notes | Ba3 | 9.25 | 12/15/11 | 285 | 303,169 |
| Intelsat Ltd. (Bermuda), Sr. Notes | B2 | 9.61 | 1/15/12 | 375(c)(h) | 382,500 |
| Intrawest Corp. (Canada), Sr. Notes | B1 | 7.50 | 10/15/13 | 300(c) | 305,250 |
| MediaNews Group, Inc., Sr. Sub. Notes | B2 | 6.875 | 10/1/13 | 200 | 186,500 |
| Morris Publishing Group LLC, Sr. Sub. Notes | B1 | 7.00 | 8/1/13 | 65 | 60,938 |

See Notes to Financial Statements.

Portfolio of Investments

February 28, 2006 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| New Skies Satellites NV (Netherlands), Sr. Notes | B3 | 9.57% | 11/1/11 | \$ 200(c)(i) | \$ 206,500 |
| PRIMEDIA, Inc., Sr. Notes | B2 | 10.12 | 5/15/10 | 200(i) | 199,000 |
| Quebecor Media Inc. (Canada), Sr. Notes | B2 | 7.75 | 3/15/16 | 160(c) | 164,000 |
| Rainbow National Services LLC, Sr. Notes | B2 | 8.75 | 9/1/12 | 125(h) | 134,688 |
| Sr. Sub. Notes | B3 | 10.375 | 9/1/14 | 25(h) | 28,281 |
| RH Donnelley Finance Corp., Sr. Sub. Notes | Caa1 | 8.875 | 1/15/16 | 600(h) | 626,249 |
| Sr. Sub. Notes | B2 | 10.875 | 12/15/12 | 200(h) | 225,000 |
| Sinclair Broadcast Group, Inc., Sr. Sub. Notes | B2 | 8.75 | 12/15/11 | 165 | 173,456 |
| Six Flags, Inc., Sr. Notes | Caa1 | 9.625 | 6/1/14 | 100 | 101,500 |
| Steinway Musical Instruments | Ba3 | 7.00 | 3/1/14 | 350(h) | 352,625 |
| Sun Media Corp. (Canada), Gtd. Notes | Ba3 | 7.625 | 2/15/13 | 400(c) | 412,499 |
| Universal City Florida Holdings Co., Sr. Notes | B3 | 9.43 | 5/1/10 | 400(i) | 405,999 |
| Vail Resorts, Inc., Sr. Sub. Notes | B2 | 6.75 | 2/15/14 | 150 | 150,563 |
| Vertis, Inc., Sr. Notes, Ser. B | Caa1 | 10.875 | 6/15/09 | 45 | 44,213 |
| Sr. Notes | B3 | 9.75 | 4/1/09 | 200 | 207,000 |
| | | | | | 6,514,845 |
| Metal 6.7% | | | | | |
| AK Steel Corp., Sr. Notes | B1 | 7.75 | 6/15/12 | 175 | 166,688 |
| Arch Western Finance LLC, Sr. Notes | Ba3 | 6.75 | 7/1/13 | 275 | 275,688 |
| Century Aluminum Co., Sr. Notes | B1 | 7.50 | 8/15/14 | 275 | 286,000 |
| Chaparral Steel Co., Sr. Unsec d. Notes | B1 | 10.00 | 7/15/13 | 200 | 221,000 |
| Earle M. Jorgensen Co., Sec d. Notes | B1 | 9.75 | 6/1/12 | 700 | 759,499 |
| Foundation Coal Co., Gtd. Notes | B1 | 7.25 | 8/1/14 | 200 | 205,000 |
| Gerdau AmeriSteel Corp., Sr. Notes | Ba3 | 10.375 | 7/15/11 | 500 | 549,375 |
| Indalex Holding Corp., Sec d. Notes | B3 | 11.50 | 2/1/14 | 100(h) | 98,000 |
| Ispat Inland ULC (Canada), Sec d. Notes | Baa3 | 9.75 | 4/1/14 | 240(c) | 273,000 |
| Metals USA, Sec d. Notes | B3 | 11.125 | 12/1/15 | 225(h) | 241,875 |
| Novelis, Inc. (Canada), Sr. Notes | B1 | 7.75 | 2/15/15 | 225(c)(h) | 218,250 |

See Notes to Financial Statements.

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| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Oregon Steel Mills, Inc., First Mtge. Notes | Ba3 | 10.00% | 7/15/09 | \$ 410 | \$ 435,625 |
| Russel Metals, Inc. (Canada), Sr. Notes | Ba3 | 6.375 | 3/1/14 | 165(c) | 161,700 |
| Ryerson Tull, Inc., Sr. Notes | B2 | 8.25 | 12/15/11 | 135 | 133,650 |
| United States Steel Corp., Sr. Notes | Ba2 | 10.75 | 8/1/08 | 100 | 110,500 |
| Sr. Notes | Ba2 | 9.75 | 5/15/10 | 150 | 162,750 |
| | | | | | 4,298,600 |
| Packaging 3.7% | | | | | |
| Berry Plastics Corp., Sr. Sub. Notes | B3 | 10.75 | 7/15/12 | 275 | 299,063 |
| Crown Americas, Sr. Notes | B1 | 7.625 | 11/15/13 | 300(h) | 312,750 |
| Graham Packaging Co., Inc., Sr. Notes | Caa1 | 8.50 | 10/15/12 | 100 | 101,875 |
| Sr. Notes | Caa2 | 9.875 | 10/15/14 | 250 | 253,750 |
| Greif Brothers Corp., Sr. Sub. Notes | B1 | 8.875 | 8/1/12 | 480 | 510,000 |
| Owens-Brockway Glass Container, Inc., Sr. Sec d. Notes | B1 | 8.75 | 11/15/12 | 705 | 757,874 |
| Silgan Holdings, Inc., Sr. Sub. Notes | B1 | 6.75 | 11/15/13 | 125 | 124,063 |
| | | | | | 2,359,375 |
| Paper 3.4% | | | | | |
| Abitibi Consolidated, Inc. (Canada), Sr. Notes | B1 | 8.375 | 4/1/15 | 475(c) | 448,875 |
| Ainsworth Lumber Co. Ltd. (Canada), Sr. Notes | B2 | 8.277 | 10/1/10 | 400(c)(i) | 396,000 |
| Caraustar Industries, Inc., Sr. Sub. Notes | Caa1 | 9.875 | 4/1/11 | 125 | 131,406 |
| Cascades, Inc. (Canada), Sr. Notes | Ba3 | 7.25 | 2/15/13 | 300(c) | 271,500 |
| Cellu Tissue Holdings, Inc., Sec d. Notes | B2 | 9.75 | 3/15/10 | 300 | 295,500 |
| Domtar, Inc., Notes | B1 | 7.875 | 10/15/11 | 25 | 22,500 |
| Jefferson Smurfit Corp., Sr. Notes | B2 | 8.25 | 10/1/12 | 90 | 87,975 |
| Millar Western Forest Products Ltd. (Canada), Sr. Notes | B2 | 7.75 | 11/15/13 | 130(c) | 93,600 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 15

Portfolio of Investments

February 28, 2006 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Norampac, Inc. (Canada), Sr. Notes | Ba2 | 6.75% | 6/1/13 | \$ 110(c) | \$ 102,300 |
| Norske Skog Ltd. (Canada), Sr. Notes | B1 | 7.375 | 3/1/14 | 100 | 92,000 |
| Smurfit-Stone Container Corp., Sr. Notes | B2 | 9.25 | 2/1/08 | 26 | 27,073 |
| Sr. Notes | B2 | 8.375 | 7/1/12 | 75 | 73,500 |
| Tembec Industries, Inc. (Canada), Sr. Notes | Ca | 7.75 | 3/15/12 | 220(c) | 111,100 |
| | | | | | 2,153,329 |
| Pipelines & Other 6.2% | | | | | |
| AmeriGas Partners LP | B1 | 7.125 | 5/20/16 | 175 | 175,875 |
| El Paso Corp., Sr. Notes | Caa1 | 7.00 | 5/15/11 | 465 | 473,138 |
| El Paso Production Holding Co., Sr. Notes | B3 | 7.75 | 6/1/13 | 525 | 553,874 |
| Ferrellgas Partners LP, Sr. Notes | B2 | 8.75 | 6/15/12 | 100 | 101,250 |
| Sr. Notes | Ba3 | 6.75 | 5/1/14 | 50 | 48,750 |
| Inergy LP Sr. Notes | B1 | 6.875 | 12/15/14 | 150(h) | 142,875 |
| Sr. Notes | B1 | 8.25 | 3/1/16 | 50 | 51,000 |
| Pacific Energy Partners LP, Sr. Notes | Ba2 | 7.125 | 6/15/14 | 100 | 103,250 |
| Southern Natural Gas Co., Notes | B1 | 8.875 | 3/15/10 | 250 | 267,405 |
| Targa Resources Inc., Sr. Notes | B2 | 8.50 | 11/1/13 | 400(h) | 424,000 |
| Tennessee Gas Pipeline Co., Deb. | B1 | 7.00 | 3/15/27 | 215 | 229,610 |
| Deb. | B1 | 7.00 | 10/15/28 | 25 | 26,294 |
| Deb. | B1 | 7.625 | 4/1/37 | 295 | 330,998 |
| TransMontaigne, Inc., Sr. Sub. Notes | B3 | 9.125 | 6/1/10 | 85 | 87,338 |
| Williams Companies, Inc., (The) Deb. | B1 | 7.50 | 1/15/31 | 100 | 107,750 |
| Sr. Notes | B1 | 7.125 | 9/1/11 | 200 | 209,500 |
| Sr. Notes | B1 | 7.75 | 6/15/31 | 100 | 110,375 |
| Sr. Unsec d. Notes | B1 | 8.125 | 3/15/12 | 475 | 520,125 |
| | | | | | 3,963,407 |

See Notes to Financial Statements.

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| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|----------------|---------------|---------------|------------------------|----------------|
| Restaurants 0.4% | | | | | |
| Carrols Corp., Gtd. Notes | B3 | 9.00% | 1/15/13 | \$ 175 | \$ 177,188 |
| Dominos, Inc., Sr. Sub. Notes | B2 | 8.25 | 7/1/11 | 73 | 75,920 |
| | | | | | 253,108 |
| Retailers 3.0% | | | | | |
| Asbury Automotive Group, Inc., Sr. Sub. Notes | B3 | 8.00 | 3/15/14 | 100(h) | 100,875 |
| GSC Holdings, Gtd. Notes | Ba3 | 8.405 | 10/1/11 | 150(h)(i) | 153,188 |
| Gtd. Notes | Ba3 | 8.00 | 10/1/12 | 40(h) | 39,900 |
| J.C. Penney Co., Inc., Deb. | Baa3 | 7.40 | 4/1/37 | 360 | 413,848 |
| Neiman Marcus Group, Gtd. Notes | B3 | 10.375 | 10/15/15 | 275(h) | 289,438 |
| Pantry, Inc., Sr. Sub. Notes | B3 | 7.75 | 2/15/14 | 175 | 178,500 |
| Rite Aid Corp., Sr. Sec d. Notes | B2 | 8.125 | 5/1/10 | 245 | 249,900 |
| Sr. Sec d. Notes | B2 | 7.50 | 1/15/15 | 200 | 192,750 |
| Sonic Automotive, Inc., Sr. Sub. Notes | B2 | 8.625 | 8/15/13 | 110 | 110,275 |
| Stripes Acquisition LLC, Sr. Notes | B2 | 10.625 | 12/15/13 | 200(h) | 209,000 |
| | | | | | 1,937,674 |
| Technology 4.9% | | | | | |
| Amkor Technology, Inc., Sr. Notes | Caa1 | 7.125 | 3/15/11 | 75 | 70,500 |
| Avago Technologies, Sr. Notes | B3 | 10.125 | 12/1/13 | 150(h) | 159,375 |
| Sr. Sub. Notes | Caa2 | 11.875 | 12/1/15 | 275(h) | 290,813 |
| Flextronics International, Ltd. (Singapore), Sr. Sub. Notes | Ba2 | 6.50 | 5/15/13 | 160(c) | 161,200 |
| Sr. Sub. Notes | Ba2 | 6.25 | 11/15/14 | 200(c) | 199,000 |
| Freescall Semiconductor, Inc., Sr. Notes | Ba1 | 6.875 | 7/15/11 | 175 | 180,031 |
| Sr. Notes | Ba1 | 7.125 | 7/15/14 | 25 | 26,406 |
| Iron Mountain, Inc., Sr. Notes | Caa1 | 8.625 | 4/1/13 | 175 | 182,438 |
| Nortel Networks Ltd. (Canada), Notes | B3 | 4.25 | 9/1/08 | 135(c) | 127,406 |
| Sanmina-SCI Corp. | B1 | 8.125 | 3/1/16 | 200 | 204,500 |
| Seagate Technology, Gtd. Notes | Ba2 | 8.00 | 5/15/09 | 500 | 520,000 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 17

Portfolio of Investments

February 28, 2006 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| SunGard Data Systems, Inc., Sr. Notes | Caa1 | 10.25% | 8/15/15 | \$ 80(h) | \$ 83,900 |
| Sr. Notes, | B3 | 9.125 | 8/15/13 | 100(h) | 106,375 |
| Sr. Notes | B3 | 9.43 | 8/15/13 | 750(h)(i) | 791,249 |
| Xerox Corp., Sr. Notes | Ba2 | 6.875 | 8/15/11 | 50 | 51,688 |
| | | | | | 3,154,881 |
| Telecommunications 7.4% | | | | | |
| Alamosa Delaware, Inc., Sr. Notes | Caa1 | 11.00 | 7/31/10 | 150 | 167,250 |
| Sr. Notes | Caa1 | 8.50 | 1/31/12 | 225 | 243,000 |
| Centennial Communications Corp., Sr. Notes | B3 | 8.125 | 2/1/14 | 155 | 158,100 |
| Cincinnati Bell, Inc., Gtd. Notes | B1 | 7.25 | 7/15/13 | 50 | 51,688 |
| Sr. Sub. Notes | B3 | 8.375 | 1/15/14 | 80 | 80,800 |
| Citizens Communications Co., Notes | Ba3 | 9.25 | 5/15/11 | 260 | 287,950 |
| Sr. Notes | Ba3 | 6.25 | 1/15/13 | 150 | 147,188 |
| Dobson Communications Corp., Sec d. Notes | B1 | 8.375 | 11/1/11 | 250(h) | 265,000 |
| Eircom Funding PLC (Ireland), Sr. Sub. Notes | B1 | 8.25 | 8/15/13 | 120(c) | 128,250 |
| Hawaiian Telcom Communication, Inc., Sr. Sub. Notes | Caa1 | 12.50 | 5/1/15 | 50(h) | 47,375 |
| MCI, Inc., Notes | Ba3 | 7.688 | 5/1/09 | 650 | 669,499 |
| Nextel Partners, Inc., Sr. Notes | Ba3 | 8.125 | 7/1/11 | 375 | 397,500 |
| Qwest Communications International, Inc., Sr. Notes | B2 | 7.50 | 2/15/14 | 150 | 154,125 |
| Qwest Services Corp., Sr. Notes | Ba3 | 7.875 | 9/1/11 | 100 | 107,000 |
| Rogers Wireless, Inc. (Canada), Sr. Sec d. Notes | Ba2 | 9.625 | 5/1/11 | 125(c) | 144,688 |
| Sr. Sub. Notes | Ba3 | 8.00 | 12/15/12 | 200(c) | 213,500 |
| Sec d. Notes | Ba2 | 7.50 | 3/15/15 | 150(c) | 162,750 |
| Rural Cellular Corp., Sr. Sub. Notes | Caa1 | 9.875 | 2/1/10 | 150 | 160,500 |

See Notes to Financial Statements.

| | Moody s Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| SBA Communications Corp., Sr. Notes | Caa1 | 8.50% | 12/1/12 | \$ 36 | \$ 39,600 |
| Triton PCS, Inc., Gtd. Notes | Caa1 | 8.50 | 6/1/13 | 95 | 91,913 |
| Ubiquitel Operating Co., Sr. Notes | Caa1 | 9.875 | 3/1/11 | 250 | 275,000 |
| U.S. Unwired, Inc., Sr. Sec d. Notes | B2 | 8.74 | 6/15/10 | 75(i) | 77,250 |
| US West Communications, Debs. | Ba3 | 7.50 | 6/15/23 | 625 | 634,374 |
| | | | | | 4,704,300 |
| Tobacco 0.2% | | | | | |
| RJ Reynolds Tobacco Holdings, Inc., Notes | Ba2 | 6.50 | 7/15/10 | 100 | 100,500 |
| Transportation Services 1.3% | | | | | |
| Hertz Corp., Sr. Notes | B1 | 8.875 | 1/1/14 | 500(h) | 522,500 |
| Sr. Notes | B3 | 10.50 | 1/1/16 | 300(h) | 323,250 |
| | | | | | 845,750 |
| Total corporate bonds (cost \$80,049,015) | | | | | 81,403,398 |
| SOVEREIGN BONDS 1.7% | | | | | |
| Republic of Argentina, Bonds, F.R.N. | B3 | 4.89 | 8/3/12 | 298(c)(i) | 277,084 |
| Bonds, F.R.N. | B3 | 3.00 | 4/30/13 | 230(c)(i) | 199,065 |
| Republic of Colombia, Notes | Ba2 | 10.00 | 1/23/12 | 200(c) | 243,500 |
| Republic of Philippines, Bonds | B1 | 9.375 | 1/18/17 | 300(c) | 349,125 |
| Total sovereign bonds (cost \$978,156) | | | | | 1,068,774 |
| | | | | Shares | |
| COMMON STOCKS 1.5% | | | | | |
| IMPSAT Fiber Networks, Inc. | | | | 2,330(b) | 15,728 |
| Liberty Global Inc., Class A | | | | 3,066 | 59,461 |
| Liberty Global Inc., Class C | | | | 3,066 | 62,250 |
| Mirant Corp. | | | | 3,990(b) | 98,154 |
| Premium Standard Farms, Inc. | | | | 21,883 | 328,245 |

See Notes to Financial Statements.

Portfolio of Investments

February 28, 2006 (Unaudited) Cont d.

| | Shares | Value (Note 1) |
|--|---------------|-----------------------|
| Telewest Global, Inc. (United Kingdom) | 9,911(b)(c) | \$ 236,377 |
| TELUS Corp. | 4,049 | 157,344 |
| Walter Industries, Inc. | 320 | 21,066 |
| | | <hr/> |
| Total common stock (cost \$762,290) | | 978,625 |
| | | <hr/> |
| PREFERRED STOCK(b) 0.7% | | |
| Paxson Communications Corp., 14.25%, PIK (cost \$393,072) | 52 | 434,200 |
| | Units | |
| | <hr/> | |
| WARRANTS(b) | | |
| Sterling Chemical Holdings, Inc., expiring 8/15/08 | 140(f) | 0 |
| Viasystems Group, Inc., expiring 1/31/10 | 10,871(f) | 1 |
| XM Satellite Radio, Inc., expiring 3/3/10 | 150(f)(h) | 0 |
| | | <hr/> |
| Total warrants (cost \$219,816) | | 1 |
| | | <hr/> |
| Total long-term investments (cost \$82,402,349) | | 83,884,998 |
| | | <hr/> |

See Notes to Financial Statements.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| SHORT-TERM INVESTMENT 2.4% | | | | | |
| U.S. GOVERNMENT AGENCY SECURITIES | | | | | |
| Federal Home Loan Bank, Discount Notes (cost \$1,554,812) | Aaa | 4.35% | 3/1/02 | \$ 1,555(e) | \$ 1,555,000 |
| Total Investments 133.6% (cost \$83,957,161; Note 4) | | | | | 85,439,998 |
| Liabilities in excess of other assets (33.6%) | | | | | (21,491,724) |
| Net Assets 100.0% | | | | | \$ 63,948,274 |

F.R.N. Floating Rate Note.

M.T.N. Medium Term Note.

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

The Fund's current Statement of Additional Information contains a description of Moody's and Standard & Poor's ratings.

PIK Payment in Kind.

(a) Represents issuer in default on interest payment; non-income producing security.

(b) Non-income producing security.

(c) US\$ denominated foreign securities.

(d) Standard & Poor's Rating.

(e) Percentage quoted represents yield-to-maturity as of purchase date.

(f) Indicates a security that has been deemed illiquid.

(g) Indicates a restricted security; the aggregate cost of such securities is \$80,000. The aggregate value of \$82,800 is approximately 0.1% of net assets.

(h) Security was purchased pursuant to Rule 144A under the Securities Act of 1993 and may not be resold subject to that rule except to qualified institutional buyers. Unless otherwise noted, 144A securities are deemed to be liquid.

(i) Indicates a variable rate security. The interest rate shown reflects the rate in effect at February 28, 2006.

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 21

Portfolio of Investments

as of February 28, 2006 (Unaudited) Cont d

The industry classification of portfolio holdings and liabilities in excess of other assets shown as a percentage of net assets as of February 28, 2006 was as follows:

| | |
|---------------------------------------|--------|
| Healthcare & Pharmaceutical | 11.5% |
| Electric | 11.0 |
| Media & Entertainment | 10.2 |
| Gaming | 8.5 |
| Automotive | 8.1 |
| Chemicals | 7.5 |
| Telecommunications | 7.4 |
| Metals | 6.7 |
| Pipelines & Other | 6.2 |
| Capital Goods | 6.1 |
| Energy-Other | 5.7 |
| Technology | 4.9 |
| Lodging | 4.2 |
| Aerospace & Defense | 4.0 |
| Packaging | 3.7 |
| Building Materials | 3.4 |
| Paper | 3.4 |
| Cable | 3.2 |
| Retailers | 3.0 |
| U.S. Government Agency Securities | 2.4 |
| Foods | 2.2 |
| Consumer | 1.8 |
| Sovereign Bonds | 1.7 |
| Common Stocks | 1.5 |
| Transportation Services | 1.3 |
| Diversified Manufacturing | 1.1 |
| Banking | 0.7 |
| Preferred Stocks | 0.7 |
| Airlines | 0.5 |
| Restaurants | 0.4 |
| Non-Captive Financial | 0.4 |
| Tobacco | 0.2 |
| | 133.6 |
| Liabilities in excess of other assets | (33.6) |
| | 100.0% |

Industry classification is subject to change.

See Notes to Financial Statements.

Statement of Assets and Liabilities

as of February 28, 2006 (Unaudited)

| | |
|--|----------------------|
| Assets | |
| Investments, at value (cost \$83,957,161) | \$ 85,439,998 |
| Cash | 758 |
| Foreign currency, at value (cost \$62,994) | 61,312 |
| Interest and dividend receivable | 1,587,686 |
| Receivable for investments sold | 594,986 |
| Prepaid expenses | 9,840 |
| | <hr/> |
| Total assets | 87,694,580 |
| | <hr/> |
| Liabilities | |
| Loan payable (Note 5) | 23,000,000 |
| Payable for investments purchased | 404,918 |
| Accrued expenses | 191,371 |
| Deferred directors' fees | 62,243 |
| Loan interest payable | 53,720 |
| Management fee payable | 34,054 |
| | <hr/> |
| Total liabilities | 23,746,306 |
| | <hr/> |
| Net Assets | \$ 63,948,274 |
| | <hr/> |
| Net assets were comprised of: | |
| Common stock, at par | \$ 116,005 |
| Paid-in capital in excess of par | 86,546,061 |
| | <hr/> |
| Overdistribution of net investment income | 86,662,066 |
| Accumulated net realized loss on investments | (111,774) |
| Net unrealized appreciation on investments and foreign currencies | (24,083,173) |
| | <hr/> |
| Net assets, February 28, 2006 | \$ 63,948,274 |
| | <hr/> |
| Net asset value per share (\$63,948,274 ÷ 11,600,472 shares of common stock issued and outstanding) | \$ 5.51 |
| | <hr/> |

See Notes to Financial Statements.

Statement of Operations

Six Months Ended February 28, 2006 (Unaudited)

| | |
|---|---------------------|
| Net Investment Income | |
| Income | |
| Interest | \$ 3,382,859 |
| Dividends (net of foreign withholding taxes of \$241) | 38,811 |
| | <u>3,421,670</u> |
| Total Income | |
| | |
| Expenses | |
| Management fee | 220,788 |
| Custodian's fees and expenses | 104,000 |
| Reports to shareholders | 41,000 |
| Legal fees and expenses | 26,000 |
| Transfer agent's fees and expenses | 13,000 |
| Registration fees | 12,000 |
| Audit fee | 10,000 |
| Directors' fees and expenses | 7,000 |
| Miscellaneous | 15,523 |
| | <u>449,311</u> |
| Total operating expenses | 449,311 |
| Loan interest expense (Note 5) | 527,593 |
| | <u>976,904</u> |
| Total expenses | 976,904 |
| | <u>2,444,766</u> |
| Net investment income | 2,444,766 |
| Realized and Unrealized Gain (Loss) on Investments and Foreign Currency Transactions | |
| Net realized loss on: | |
| Investment transactions | (548,562) |
| Foreign currency transaction | (1,047) |
| | <u>(549,609)</u> |
| Net change in net unrealized appreciation (depreciation) on: | |
| Investments | (498,951) |
| Foreign currencies | (190) |
| | <u>(499,141)</u> |
| Net loss on investments and foreign currency transactions | (1,048,750) |
| | <u>\$ 1,396,016</u> |
| Net Increase In Net Assets Resulting From Operations | \$ 1,396,016 |

See Notes to Financial Statements.

Statement of Cash Flows

Six Months Ended February 28, 2006 (Unaudited)

Increase (Decrease) in Cash

| | |
|---|--------------------|
| Cash flows provided from (used in) operating activities: | |
| Interest and dividends received (excluding discount and premium amortization of \$85,619) | \$ 3,692,593 |
| Operating expenses paid | (543,325) |
| Loan interest and commitment fees paid | (639,829) |
| Maturities of short-term portfolio investments, net | 328,444 |
| Purchases of long-term portfolio investments | (28,889,507) |
| Proceeds from disposition of long-term portfolio investments | 28,939,811 |
| Prepaid expenses | (9,571) |
| Net cash provided from operating activities | 2,878,616 |
| Cash flows provided from (used in) financing activities: | |
| Cash dividends paid | (2,494,297) |
| Decrease in payable to custodian for temporary overdraft | (366,301) |
| Net cash used in financing activities | (2,860,598) |
| Net increase in cash | 18,018 |
| Cash at beginning of period | 44,052 |
| Cash at end of period | \$ 62,070 |

Reconciliation of Net Increase in Net Assets to Net Cash Provided from (used in) Operating Activities

| | |
|--|---------------------|
| Net increase in net assets resulting from operations | \$ 1,396,016 |
| Decrease in investments | 973,647 |
| Net realized loss on investment transactions | 549,609 |
| Decrease in net unrealized appreciation on investments | 499,141 |
| Decrease in interest and dividends receivable | 19,296 |
| Increase in receivable for investments sold | (328,235) |
| Increase in prepaid expenses | (9,571) |
| Decrease in payable for investments purchased | (15,037) |
| Decrease in loan interest payable | (112,236) |
| Decrease in accrued expenses and other liabilities | (94,014) |
| Total adjustments | 1,482,600 |
| Net cash provided from operating activities | \$ 2,878,616 |

See Notes to Financial Statements.

Statement of Changes in Net Assets

(Unaudited)

| | Six Months Ended February 28, 2006 | Year Ended August 31, 2005 |
|--|---|---|
| Increase (Decrease) In Net Assets | | |
| Operations | | |
| Net investment income | \$ 2,444,766 | \$ 5,175,108 |
| Net realized gain (loss) on investment and foreign currency transactions | (549,609) | 1,230,841 |
| Net change in unrealized appreciation (depreciation) on investments and foreign currencies | (499,141) | (244,307) |
| | <hr/> | <hr/> |
| Net increase in net assets resulting from operations | 1,396,016 | 6,161,642 |
| Dividends paid to shareholders from net investment income | (2,494,297) | (5,738,011) |
| Net asset value of shares issued to shareholders in reinvestment of dividends | | 151,657 |
| | <hr/> | <hr/> |
| Total increase (decrease) | (1,098,281) | 575,288 |
| Net Assets | | |
| Beginning of period | 65,046,555 | 64,471,267 |
| | <hr/> | <hr/> |
| End of period | \$ 63,948,274 | \$ 65,046,555 |
| | <hr/> | <hr/> |

See Notes to Financial Statements.

Notes to Financial Statements

(Unaudited)

The High Yield Income Fund, Inc. (the Fund) was organized in Maryland on August 21, 1987 as a diversified, closed-end management investment company. The Fund's primary investment objective is to maximize current income to shareholders through investment in a diversified portfolio of high-yield, fixed-income securities rated in the medium to lower categories by recognized rating services, or non-rated securities of comparable quality. As a secondary investment objective, the Fund will seek capital appreciation, but only when consistent with its primary objective. The ability of issuers of debt securities held by the Fund to meet their obligations may be affected by economic or political developments in a specific industry or region.

Note 1. Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

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

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

Notes to Financial Statements

(Unaudited) Cont d

maturity and cost. Short-term securities, which mature in more than sixty days, are valued at current market quotations.

In connection with transactions in repurchase agreements with U.S. financial institutions, it is the Fund's policy that its custodian or designated subcustodians, as the case may be under tri-party repurchase agreements, take possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction including accrued interest. If the seller defaults and the value of the collateral declines, or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. The Fund's custodian will maintain, in a segregated account of the Fund, cash, U.S. Government securities, equity securities or other liquid, unencumbered assets marked to market daily, having a value equal to or greater than the Fund's purchase commitments with respect to certain investments.

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

Cash Flow Information: The Fund invests in securities and distributes dividends from net investment income, which are paid in cash or are reinvested at the discretion of shareholders. These activities are reported in the Statement of Changes in Net Assets and additional information on cash receipts and cash payments is presented in the Statement of Cash Flows.

Accounting practices that do not affect reporting activities on a cash basis include carrying investments at value, accruing income on PIK (payment-in-kind) securities and accreting discounts and amortizing premiums on debt obligations.

Foreign Currency Translation: The books and records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars on the following basis:

(i) market value of investment securities, other assets and liabilities at the current rates of exchange.

(ii) purchases and sales of investment securities, income and expenses at the rates of exchange prevailing on the respective dates of such transactions.

Although the net assets of the Fund are presented at the foreign exchange rates and market values at the close of the period, the Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of the securities held at the end of the period. Similarly, the Fund does not isolate the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of long-term debt securities sold during the period. Accordingly, such realized foreign currency gains or losses are included in the reported net realized gains or losses on investment transactions.

Net realized gains or losses on foreign currency transactions represent net foreign exchange gains or losses from sales and maturities of short-term securities and forward currency contracts, disposition of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of interest, discount and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid. Net currency gains or losses resulting from the valuing of foreign currency denominated assets (excluding investments) and liabilities at year-end exchange rates are reflected as a component of net unrealized appreciation or depreciation on investments and foreign currencies.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. companies as a result of, among other factors, the possibility of political or economic instability and the level of governmental supervision and regulation of foreign securities markets.

Security Transactions and Investment Income: Security transactions are recorded on the trade date. Realized and unrealized gains or losses from securities transactions are calculated on the identified cost basis. Interest income, which is comprised of stated coupon rate, original issue discount, market discount and premium, is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. The Fund amortizes premium and accrue discounts on debt securities as adjustments to interest income. Expenses are recorded on the accrual basis.

Taxes: For federal income tax purposes, it is the Fund's policy to continue to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable net income and capital gains, if any, to its shareholders. Therefore, no federal income tax provision is required.

Notes to Financial Statements

(Unaudited) Cont d

Dividends and Distributions: The Fund expects to pay dividends of net investment income monthly and make distributions of net realized capital and currency gains, if any, annually. Dividends and distributions are recorded on the ex-dividend date. Dividends and distributions to shareholders, which are determined in accordance with federal income tax regulations and which may differ from generally accepted accounting principles. Permanent book/tax differences relating to income and gains are reclassified amongst undistributed net investment income, accumulated net realized gain or loss and paid-in capital in excess of par, as appropriate.

Estimates: The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Note 2. Agreements

The Fund has a management agreement with Prudential Investments LLC (PI). Pursuant to this agreement, PI has responsibility for all investment advisory services and supervises the subadviser s performance of such services. PI has entered into a subadvisory agreement with Prudential Investment Management, Inc. (PIM). PIM furnishes investment advisory services in connection with the management of the Fund. PI pays for the services of PIM, the compensation of officers and employees of the Fund, occupancy and certain clerical and bookkeeping costs of the Fund. The Fund bears all other costs and expenses.

The management fee paid to PI is computed weekly and payable monthly, at an annual rate of .70 of 1% of the average weekly net assets of the Fund.

PI and PIM are indirect, wholly-owned subsidiaries of The Prudential Financial, Inc. (Prudential).

Note 3. Portfolio Securities

Purchases and sales of investment securities, other than short-term investments, for the six months ended February 28, 2006, aggregated \$28,889,507 and \$28,939,811, respectively.

Note 4. Tax Information

The United States federal income tax basis of the Fund's investments and the net unrealized appreciation as of February 28, 2006, were as follows:

| Tax Basis | | Net Unrealized | |
|----------------|--------------|----------------|--------------|
| of Investments | Appreciation | Depreciation | Appreciation |
| \$84,520,180 | \$2,913,549 | \$1,993,731 | \$919,818 |

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

For federal income tax purposes, the Fund had a capital loss carryforward as of August 31, 2005 of approximately \$22,894,000, of which \$510,300 expires in 2007, \$3,336,700 expires in 2008, \$5,010,500 expires in 2009, \$6,960,200 expires in 2010, \$7,076,300 expires in 2011. The Fund utilized approximately \$851,100 of its prior year capital loss carryforward to offset net taxable gains realized in the fiscal year ended August 31, 2005. Accordingly, no capital gains distribution is expected to be paid to shareholders until net realized gains have been realized in excess of such amounts. It is uncertain whether the Fund will be able to realize the full benefit prior to the expiration date.

Note 5. Borrowings

The Fund has a credit agreement with State Street Bank & Trust Co. The maximum commitment under this agreement is \$35,000,000. Interest on any such borrowings is based on market rates and is payable monthly. The Fund may utilize these borrowings (leverage) in order to increase the potential for gain on amounts invested. There can be no guarantee that these gains will be realized. There are increased risks associated with the use of leverage. The expiration of the credit agreement is June 5, 2006. The average daily balance outstanding during the six months ended February 28, 2006, was \$23,000,000 at a weighted average interest rate of 4.83%. The maximum face amount of borrowings outstanding at any month-end during the six months ended February 28, 2006 was \$23,000,000.

The Fund pays commitment fees at an annual rate of .10 of 1% on any unused portion of the credit agreement. The commitment fee is accrued daily and paid quarterly. Commitment fees are included in Loan interest expense as reported on the Statement of Operations.

Notes to Financial Statements

(Unaudited) Cont d

Note 6. Capital

There are 200 million shares of \$.01 par value common stock authorized. Prudential owned 11,000 shares of common stock as of February 28, 2006.

During the six months ended February 28, 2006 the Fund did not issue shares in connection with the reinvestment of dividends. During the year ended August 31, 2005 the Fund issued 21,425 shares in connection with the reinvestment of dividends.

Note 7. Subsequent Events

On March 1 and April 3, 2006 the Board of Directors of the Fund declared dividends of \$.0350 per share payable on March 31 and April 28, 2006, respectively, to shareholders of record on March 15 and April 17, 2006, respectively.

Financial Highlights

FEBRUARY 28, 2006

SEMIANNUAL REPORT

The High Yield Income Fund, Inc.

Financial Highlights

(Unaudited)

| | Six Months Ended February 28, 2006 |
|---|--|
| Per Share Operating Performance: | |
| Net Asset Value, Beginning Of Period(a) | \$ 5.61 |
| Net investment income | .21 |
| Net realized and unrealized gain (loss) on investments | (.09) |
| Total from investment operations | .12 |
| Dividends paid to shareholders from net investment income | (.22) |
| Net asset value, at end of period(a) | \$ 5.51 |
| Market price per share, end of period(a) | \$ 4.92 |
| Total Investment Return(b) | (5.42)% |
| Ratios/Supplemental Data: | |
| Net assets, end of period (000) | \$ 63,948 |
| Average net assets (000) | \$ 63,942 |
| Ratios to average net assets: | |
| Expenses, before loan interest | 1.42%(c) |
| Total expenses | 3.08%(c) |
| Net investment income | 7.71%(c) |
| Portfolio turnover rate | 35%(d) |
| Asset coverage | 378% |
| Total debt outstanding at period-end (000) | \$ 23,000 |

(a) NAV and market value are published in The Wall Street Journal each Monday.

(b) Total investment return is calculated assuming a purchase of common stock at the current market price on the first day and a sale at the closing market price on the last day of each year reported. Dividends are assumed, for the purpose of this calculation, to be reinvested at prices obtainable under the Fund's dividend reinvestment plan. This amount does not reflect brokerage commissions. Total investment return for periods less than one full year are not annualized.

(c) Annualized.

(d) Not annualized.

* Effective September 1, 2001 the fund has adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began accreting market discount on debt securities. The effect of this change for the year ended August 31, 2002 was to decrease net investment income per share by \$.02 and increase net realized and unrealized gain (loss) per share by \$.02 and decrease the ratio of net investment income from 11.40% to 11.15%. Per share amounts and ratios for the years prior to August 31, 2002 have not been restated to reflect this change in presentation.

See Notes to Financial Statements.

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| | Year Ended August 31, | | | | |
|-----------|-----------------------|-----------|-----------|-----------|--|
| 2005 | 2004 | 2003 | 2002* | 2001 | |
| \$ 5.57 | \$ 5.25 | \$ 4.53 | \$ 5.42 | \$ 6.07 | |
| .45 | .50 | .52 | .57 | .62 | |
| .09 | .39 | .74 | (.90) | (.67) | |
| .54 | .89 | 1.26 | (.33) | (.05) | |
| (.50) | (.57) | (.54) | (.56) | (.60) | |
| \$ 5.61 | \$ 5.57 | \$ 5.25 | \$ 4.53 | \$ 5.42 | |
| \$ 5.43 | \$ 5.93 | \$ 5.23 | \$ 4.67 | \$ 5.95 | |
| (.04)% | 25.47% | 24.52% | (12.52)% | 16.68% | |
| \$ 65,047 | \$ 64,471 | \$ 60,446 | \$ 51,806 | \$ 61,519 | |
| \$ 65,406 | \$ 63,724 | \$ 55,261 | \$ 56,741 | \$ 64,140 | |
| 1.36% | 1.48% | 1.44% | 1.31% | 1.23% | |
| 2.71% | 2.31% | 2.38% | 2.33% | 3.11% | |
| 7.91% | 9.05% | 10.93% | 11.15% | 11.00% | |
| 75% | 98% | 118% | 133% | 81% | |
| 383% | 358% | 347% | 349% | 424% | |
| \$ 23,000 | \$ 25,000 | \$ 24,500 | \$ 21,000 | \$ 19,000 | |

See Notes to Financial Statements.

n MAIL

Gateway Center Three

100 Mulberry Street

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n TELEPHONE

(800) 451-6788

DIRECTORS

Linda W. Bynoe David E. A. Carson Robert F. Gunia Robert E. La Blanc
 Douglas H. McCorkindale Richard A. Redeker Judy A. Rice Robin B. Smith
 Stephen G. Stoneburn Clay T. Whitehead

OFFICERS

Judy A. Rice, *President* Robert F. Gunia, *Vice President* Grace C. Torres, *Treasurer and Principal Financial and Accounting Officer* Jack Benintende, *Assistant Treasurer* M. Sadiq Peshimam, *Assistant Treasurer* Deborah A. Docs, *Chief Legal Officer and Secretary* Jonathan D. Shain, *Assistant Secretary* Claudia DiGiacomo, *Assistant Secretary* John P. Schwartz, *Assistant Secretary* Lee D. Augsburger, *Chief Compliance Officer*

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Prudential
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 07102

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 Management, Inc.

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 York

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 ACCOUNTING FIRM**

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 Avenue
 New York, NY
 10154

FUND COUNSEL

Willkie Farr &
 Gallagher LLP

787 Seventh
 Avenue
 New York, NY
 10019

PROXY VOTING

The Board of Directors of the Fund has delegated to the Fund's investment advisor the responsibility for voting any proxies and maintaining proxy recordkeeping with respect to the Fund. A description of these proxy voting policies and procedures is available without charge, upon request, by calling (800) 451-6788 or by visiting the Securities and Exchange Commission's website at www.sec.gov. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available on the Fund's website and on the Commission's website.

An investor should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing.

SHAREHOLDER COMMUNICATIONS WITH DIRECTORS

Shareholders can communicate directly with the Board of Directors by writing to the Chair of the Board, The High Yield Income Fund, Inc., PO Box 13964, Philadelphia, PA 19176. Shareholders can communicate directly with an individual Director by writing to that Director at the same address. Communications are not screened before being delivered to the addressee.

AVAILABILITY OF PORTFOLIO SCHEDULE

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the Commission's website at www.sec.gov. The Fund's Forms N-Q may also be reviewed and copied at the Commission's Public Reference Room in Washington, D.C. Information on the operation and location of the Public Reference Room may be obtained by calling (800) SEC-0330 (732-0330).

Mutual Funds:

ARE NOT INSURED BY THE FDIC OR ANY
FEDERAL GOVERNMENT AGENCY

MAY LOSE VALUE

ARE NOT A DEPOSIT OF OR GUARANTEED BY
ANY BANK OR ANY BANK AFFILIATE

HYIS 429904105 IFS-A117526 Ed. 04/2006

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Item 2 Code of Ethics Not required, as this is not an annual filing.

Item 3 Audit Committee Financial Expert Not required, as this is not an annual filing.

Item 4 Principal Accountant Fees and Services Not required, as this is not an annual filing.

Item 5 Audit Committee of Listed Registrants Not required, as this is not an annual filing.

Item 6 Schedule of Investments The schedule is included as part of the report to shareholders filed under Item 1 of this Form.

Item 7 Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies Not required, as this is not an annual filing.

Item 8 Portfolio Managers of Closed-End Management Investment Companies Not required, as this is not an annual filing.

Item 9 Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers There have been no purchases of equity securities by the registrant or any affiliated purchasers during the period covered by this report.

Item 10 Submission of Matters to a Vote of Security Holders Not applicable.

Item 11 Controls and Procedures

- (a) It is the conclusion of the registrant's principal executive officer and principal financial officer that the effectiveness of the registrant's current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant has been recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms and that the information required to be disclosed by the registrant has been accumulated and communicated to the registrant's principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.
- (b) There has been no significant change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter of the period covered by this report that has materially affected, or is likely to materially affect, the registrant's internal control over financial reporting.

Item 12 Exhibits

- (a)
 - (1) Code of Ethics Not required, as this is not an annual filing.
 - (2) Certifications pursuant to Section 302 of the Sarbanes-Oxley Act Attached hereto as Exhibit EX-99.CERT.
 - (3) Any written solicitation to purchase securities under Rule 23c-1. Not applicable.
- (b) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act Attached hereto as Exhibit EX-99.906CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) The High Yield Income Fund, Inc.

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

Date April 28, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)* /s/ Judy A. Rice
Judy A. Rice
President and Principal
Executive Officer

Date April 28, 2006

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

Date April 28, 2006

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