

HIGH YIELD INCOME FUND INC
Form N-Q
January 29, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

| | |
|---|--|
| Investment Company Act file number: | 811-05296 |
| Exact name of registrant as specified in charter: | The High Yield Income Fund, Inc. |
| Address of principal executive offices: | Gateway Center 3, 100 Mulberry Street, Newark, New Jersey 07102 |
| Name and address of agent for service: | Deborah A. Docs Gateway Center 3, 100 Mulberry Street, Newark, New Jersey 07102 |
| Registrant's telephone number, including area code: | 973-367-7521 |
| Date of fiscal year end: | 8/31/2008 |
| Date of reporting period: | 11/30/2007 |

Item 1. Schedule of Investments

The High Yield Income Fund, Inc.

Schedule of Investments

as of November 30, 2007 (Unaudited)

LONG-TERM INVESTMENTS 126.8%

| | Moody's | Interest | Maturity | Principal | |
|--|---------|----------|----------|-----------|------------|
| | Rating | Rate | Date | Amount | Value |
| | | | | (000) | |
| CORPORATE BONDS 125.4% | | | | | |
| Aerospace/Defense 4.9% | | | | | |
| DRS Technologies, Inc., | | | | | |
| Gtd. Notes | B1 | 6.625% | 2/1/16 | \$ 200 | \$ 197,000 |
| Gtd. Notes | B3 | 7.625 | 2/1/18 | 275 | 279,813 |
| Esterline Technologies Corp., Sr. Sub Notes | B1 | 7.75 | 6/15/13 | 300 | 305,250 |
| Hawker Beechcraft Acquisition Co. LLC, Sr. Notes | B3 | 8.50 | 4/1/15 | 175(h) | 175,875 |
| L-3 Communications Corp., | | | | | |
| Gtd. Notes, Ser. B | Ba3 | 6.375 | 10/15/15 | 300 | 297,000 |
| Gtd. Notes | Ba3 | 7.625 | 6/15/12 | 400 | 410,500 |
| Moog, Inc., Sr. Sub. Notes | Ba3 | 6.25 | 1/15/15 | 300 | 291,000 |
| Sequa Corp., | | | | | |
| Sr. Notes, Ser. B | B2 | 8.875 | 4/1/08 | 300 | 303,750 |
| Unsecured Notes | B2 | 9.00 | 8/1/09 | 562 | 601,340 |
| TransDigm, Inc., Gtd. Notes | B3 | 7.75 | 7/15/14 | 150 | 151,500 |
| | | | | | 3,013,028 |
| Airlines 0.3% | | | | | |
| AMR Corp., M.T.N., Notes, Ser. B | | | | | |
| | CCC+(d) | 10.40 | 3/10/11 | 100 | 100,125 |
| Continental Airlines, Inc., Pass-Thru Certs., Ser. 1998-1, Class B | | | | | |
| (Sinkable, expected maturity 3/15/17) | Ba2 | 6.748 | 9/15/18 | 72 | 68,988 |
| | | | | | 169,113 |
| Automotive 3.6% | | | | | |
| Ford Motor Credit Co., Notes | | | | | |
| | B1 | 7.875 | 6/15/10 | 855 | 793,607 |
| General Motors Corp., | | | | | |
| Notes | Caa1 | 7.20 | 1/15/11 | 1,085 | 1,009,049 |
| Sr. Notes | Caa1 | 7.125 | 7/15/13 | 50 | 43,500 |
| Lear Corp., Gtd. Notes, Ser. B | B3 | 8.75 | 12/1/16 | 125 | 115,000 |
| TRW Automotive, Inc. Gtd. Notes | Ba3 | 7.25 | 3/15/17 | 200(h) | 185,500 |
| Visteon Corp., Sr. Notes | Caa2 | 7.00 | 3/10/14 | 135 | 104,288 |
| | | | | | 2,250,944 |

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Banking 0.6%

| | | | | | |
|---|------|-------|---------|-----------|---------|
| Halyk Savings Bank of Kazakhstan (Kazakhstan), Notes | Baa3 | 8.125 | 10/7/09 | 100(c)(h) | 100,375 |
| Kazkommerts International BV (Netherlands), Gtd. Notes | Ba1 | 7.00 | 11/3/09 | 105(c)(h) | 96,075 |
| Gtd. Notes | Ba1 | 8.50 | 4/16/13 | 205(c)(h) | 180,913 |

377,363

Building Materials & Construction 0.7%

| | | | | | |
|--|-----|-------|---------|--------|---------|
| Beazer Homes USA, Inc., Gtd. Notes | B1 | 8.625 | 5/15/11 | 110 | 83,600 |
| Goodman Global Holdings, Inc., Sr. Notes, Ser. B | B1 | 8.36 | 6/15/12 | 122(i) | 121,848 |
| KB Home, Notes | Ba1 | 6.375 | 8/15/11 | 150 | 138,000 |
| Nortek, Inc., Sr. Sub. Notes | B3 | 8.50 | 9/1/14 | 100 | 81,000 |

424,448

Cable 5.5%

| | | | | | |
|---|------|--------|----------|--------|---------|
| Charter Communications Holdings I LLC, Gtd. Notes | Caa3 | 10.00 | 5/15/14 | 99 | 63,113 |
| Gtd. Notes | NR | 11.00 | 10/1/15 | 4 | 3,470 |
| Gtd. Notes | Caa3 | 11.125 | 1/15/14 | 198 | 132,660 |
| Gtd. Notes | Caa3 | 11.75 | 5/15/14 | 500 | 340,000 |
| Sec d. Notes | Caa2 | 11.00 | 10/1/15 | 400 | 348,000 |
| Charter Communications Holdings II LLC, Sr. Notes, Ser. B | Caa1 | 10.25 | 9/15/10 | 250 | 246,250 |
| CSC Holdings, Inc., Debentures | B2 | 7.625 | 7/15/18 | 100 | 91,000 |
| Debentures | B2 | 7.875 | 2/15/18 | 50 | 46,250 |
| Debentures, Ser. B | B2 | 8.125 | 8/15/09 | 525 | 530,249 |
| Sr. Notes | B2 | 7.875 | 12/15/07 | 350 | 350,108 |
| Sr. Notes, Ser. B | B2 | 7.625 | 4/1/11 | 25 | 24,500 |
| Sr. Notes, Ser. B | B2 | 8.125 | 7/15/09 | 400 | 404,000 |
| Mediacom Broadband LLC, Sr. Notes | B3 | 8.50 | 10/15/15 | 125 | 111,250 |
| Mediacom LLC, Sr. Notes | B3 | 9.50 | 1/15/13 | 200 | 186,000 |
| NTL Cable PLC (United Kingdom), Sr. Notes | B2 | 9.125 | 8/15/16 | 400(c) | 398,000 |
| Videotron Ltee (Canada), Gtd. Notes | Ba1 | 6.375 | 12/15/15 | 100(c) | 92,250 |

3,367,100

Capital Goods 9.7%

| | | | | | |
|---|------|-------|---------|-------------|---------|
| Actuant Corp., Sr. Notes | Ba2 | 6.875 | 6/15/17 | 125(h) | 121,875 |
| ALH Finance LLC, Sr. Sub. Notes | B3 | 8.50 | 1/15/13 | 125 | 117,500 |
| Allied Waste North America, Inc., Sec d. Notes, Ser. B | B1 | 5.75 | 2/15/11 | 450 | 438,188 |
| Sr. Notes | B1 | 7.25 | 3/15/15 | 95 | 94,525 |
| Ashtead Capital, Inc., Notes | B1 | 9.00 | 8/15/16 | 375(h) | 330,000 |
| Ashtead Holdings PLC (United Kingdom), Sec d. Notes | B1 | 8.625 | 8/1/15 | 150(c)(h) | 130,500 |
| Baldor Electric Co., Gtd. Notes | B3 | 8.625 | 2/15/17 | 360 | 369,000 |
| Blount, Inc., Sr. Sub Notes | B2 | 8.875 | 8/1/12 | 425 | 425,000 |
| Columbus McKinnon Corp., Sr. Sub. Notes | B1 | 8.875 | 11/1/13 | 300 | 309,000 |
| GrafTech Finance, Inc., Gtd. Notes | B2 | 10.25 | 2/15/12 | 400 | 412,000 |
| Hertz Corp., Gtd. Notes | B1 | 8.875 | 1/1/14 | 670 | 669,999 |
| Invensys PLC (United Kingdom), Sr. Notes | B2 | 9.875 | 3/15/11 | 18(c)(f)(h) | 18,945 |
| JohnsonDiversey Holdings, Inc., Discount Notes | Caa1 | 10.67 | 5/15/13 | 210 | 210,000 |
| JohnsonDiversey, Inc., Gtd. Notes, Ser. B | B3 | 9.625 | 5/15/12 | 75 | 76,500 |

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|--|------|-------|----------|--------|-----------|
| Mobile Mini, Inc., Sr. Notes | B1 | 6.875 | 5/1/15 | 295 | 266,975 |
| RBS Global, Inc. & Rexnord Corp., Gtd. Notes | B3 | 9.50 | 8/1/14 | 345 | 341,550 |
| Rental Service Corp., Bonds | Caa1 | 9.50 | 12/1/14 | 270 | 250,425 |
| Stena AB (Sweden), Sr. Notes | Ba3 | 7.50 | 11/1/13 | 275(c) | 270,188 |
| Terex Corp., Gtd. Notes | Ba2 | 7.375 | 1/15/14 | 275 | 276,375 |
| Sr. Sub. Notes | Ba3 | 8.00 | 11/15/17 | 100 | 100,500 |
| United Rentals North America, Inc., Sr. Sub. Notes | Caa1 | 7.75 | 11/15/13 | 400 | 366,000 |
| Valmont Industries, Inc., Gtd. Notes | Ba3 | 6.875 | 5/1/14 | 350 | 348,250 |
| | | | | | 5,943,295 |

Chemicals 6.2%

| | | | | | |
|---|-----|--------|----------|----------|-----------|
| Equistar Chemical Funding LP, Gtd. Notes | B1 | 10.125 | 9/1/08 | 108 | 111,780 |
| Sr. Notes | B1 | 10.625 | 5/1/11 | 85 | 88,825 |
| Equistar Chemicals LP, Notes | B1 | 8.75 | 2/15/09 | 251 | 261,040 |
| Hercules, Inc., Gtd. Notes | Ba3 | 6.75 | 10/15/29 | 175 | 168,438 |
| Huntsman LLC, Gtd. Notes | Ba1 | 11.625 | 10/15/10 | 611(f) | 647,660 |
| Ineos Group Holdings PLC (United Kingdom), Sr. Sub. Notes | B3 | 8.50 | 2/15/16 | 75(c)(h) | 67,500 |
| Koppers, Inc., Gtd. Notes | B2 | 9.875 | 10/15/13 | 730 | 766,499 |
| Lyondell Chemical Co., Gtd. Notes | B1 | 6.875 | 6/15/17 | 100 | 113,500 |
| Gtd. Notes | B1 | 8.25 | 9/15/16 | 250 | 293,125 |
| Gtd. Notes | Ba2 | 10.50 | 6/1/13 | 224 | 239,680 |
| Momentive Performance Materials, Inc., Sr. Notes | B3 | 9.75 | 12/1/14 | 215(h) | 199,413 |
| Mosaic Co. (The), Sr. Notes | Ba1 | 7.375 | 12/1/14 | 125(h) | 131,875 |
| Sr. Notes | Ba1 | 7.625 | 12/1/16 | 125(h) | 133,750 |
| Nalco Co., Sr. Notes | B1 | 7.75 | 11/15/11 | 575 | 580,750 |
| | | | | | 3,803,835 |

Consumer 2.6%

| | | | | | |
|---|------|--------|---------|--------|-----------|
| Levi Strauss & Co., Sr. Unsub. Notes | B2 | 9.75 | 1/15/15 | 200 | 200,750 |
| Mac-Gray Corp., Sr. Notes | B2 | 7.625 | 8/15/15 | 150 | 146,250 |
| Realogy Corp., Sr. Notes | Caa1 | 10.50 | 4/15/14 | 100(h) | 75,250 |
| Sr. Notes, PIK | Caa1 | 11.00 | 4/15/14 | 200(h) | 139,500 |
| Sr. Sub. Notes | Caa2 | 12.375 | 4/15/15 | 900(h) | 589,500 |
| Service Corp. International, Sr. Notes | B1 | 6.75 | 4/1/16 | 100 | 94,500 |
| Sr. Notes | B1 | 7.375 | 10/1/14 | 350 | 346,500 |
| | | | | | 1,592,250 |

Electric 12.5%

| | | | | | |
|---|-----|-------|----------|--------|---------|
| AES Corp., Sec d. Notes | Ba3 | 8.75 | 5/15/13 | 57(h) | 59,280 |
| Sr. Notes | B1 | 8.00 | 10/15/17 | 150(h) | 149,250 |
| Sr. Notes | B1 | 9.375 | 9/15/10 | 700 | 728,874 |
| Sr. Notes | B1 | 9.50 | 6/1/09 | 75 | 77,344 |
| AES Eastern Energy LP, Pass-Through Cert., Ser. 1999-A | Ba1 | 9.00 | 1/2/17 | 193(f) | 209,293 |

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|--|------|--------|----------|-------------|-----------|
| CMS Energy Corp., Sr. Notes | Ba1 | 8.50 | 4/15/11 | 200 | 215,306 |
| Dynegy Holdings, Inc., Debentures | B2 | 7.125 | 5/15/18 | 50 | 43,125 |
| Sr. Notes | B2 | 7.50 | 6/1/15 | 175 | 161,000 |
| Sr. Unsec d. Notes | B2 | 8.375 | 5/1/16 | 255 | 245,119 |
| Edison Mission Energy, Sr. Notes | B1 | 7.625 | 5/15/27 | 200 | 186,500 |
| Sr. Unsec d. Notes | B1 | 7.75 | 6/15/16 | 225 | 227,250 |
| Energy Future Holdings Corp., Gtd. Notes | B3 | 10.875 | 11/1/17 | 200(h) | 196,000 |
| Sr. Unsec d. Notes, Ser. C | Caa1 | 6.375 | 1/1/08 | 500 | 499,581 |
| Intergen NV (Netherlands), Sec d. Notes | Ba3 | 9.00 | 6/30/17 | 275(c)(h) | 288,750 |
| Midwest Generation LLC, Pass-Thru Certs., Ser. A | Baa3 | 8.30 | 7/2/09 | 134 | 136,102 |
| Pass-Thru Certs., Ser. B | Baa3 | 8.56 | 1/2/16 | 33 | 35,604 |
| Mirant Americas Generation LLC, Sr. Unsec d. Notes | Caa1 | 8.30 | 5/1/11 | 100 | 99,750 |
| Mirant Corp. | NR | 7.40 | 7/15/49 | 75(a)(f)(h) | 1 |
| Mirant North America LLC, Gtd. Notes | B2 | 7.375 | 12/31/13 | 375 | 375,938 |
| NRG Energy Inc., Gtd. Notes | B1 | 7.375 | 2/1/16 | 405 | 396,900 |
| Gtd. Notes | B1 | 7.375 | 1/15/17 | 325 | 317,688 |
| NSG Holdings LLC, Sec d. Notes | Ba2 | 7.75 | 12/15/25 | 475(h) | 469,063 |
| Orion Power Holdings, Inc., Sr. Notes | B2 | 12.00 | 5/1/10 | 370 | 403,300 |
| PSEG Energy Holdings LLC, Sr. Notes | Ba3 | 8.625 | 2/15/08 | 1,000 | 1,004,018 |
| Sierra Pacific Resources, Inc., Sr. Notes | Ba3 | 8.625 | 3/15/14 | 199 | 211,935 |
| Texas Competitive Electric Holdings Co. LLC, Gtd. Notes | B3 | 10.25 | 11/1/15 | 475(h) | 457,188 |
| Gtd. Notes | B3 | 10.25 | 11/1/15 | 475(h) | 472,535 |

7,666,694

Energy Other 6.1%

| | | | | | |
|--|------|--------|----------|-----------|---------|
| Chesapeake Energy Corp., Gtd. Notes | Ba2 | 6.50 | 8/15/17 | 130 | 124,800 |
| Sr. Notes | Ba2 | 6.375 | 6/15/15 | 200 | 192,000 |
| Sr. Notes | Ba2 | 6.875 | 1/15/16 | 180 | 176,850 |
| Sr. Notes | Ba2 | 7.00 | 8/15/14 | 150 | 150,000 |
| Compagnie Generale de Geophysique-Veritas (France), Gtd. Notes | Ba3 | 7.50 | 5/15/15 | 110(c) | 110,825 |
| Forest Oil Corp., Sr. Notes | B1 | 8.00 | 6/15/08 | 100 | 100,750 |
| Sr. Notes | B1 | 8.00 | 12/15/11 | 95 | 98,325 |
| McMoRan Exploration Co., Gtd. Notes | Caa1 | 11.875 | 11/15/14 | 200 | 203,000 |
| Newfield Exploration Co., Sr. Sub. Notes | Ba3 | 6.625 | 9/1/14 | 75 | 73,500 |
| Sr. Sub. Notes | Ba3 | 6.625 | 4/15/16 | 400 | 392,000 |
| OPTI Canada, Inc. (Canada), Gtd. Notes | B1 | 8.25 | 12/15/14 | 165(c)(h) | 162,525 |
| Parker Drilling Co., Sr. Notes | B2 | 9.625 | 10/1/13 | 270 | 287,550 |
| PetroHawk Energy Corp., Gtd. Notes | B3 | 9.125 | 7/15/13 | 250 | 262,500 |
| Petroplus Finance Ltd. (Bermuda), Gtd. Notes | B1 | 6.75 | 5/1/14 | 150(c)(h) | 139,500 |
| Gtd. Notes | B1 | 7.00 | 5/1/17 | 75(c)(h) | 69,000 |
| Pioneer Natural Resource Co., Sr. Notes | Ba1 | 5.875 | 7/15/16 | 50 | 45,595 |
| Sr. Unsec d. Notes | Ba1 | 6.65 | 3/15/17 | 315 | 301,572 |
| Plains Exploration & Production Co., | | | | | |

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| | | | | | |
|--------------------------------------|-----|-------|---------|-----|---------|
| Gtd. Notes | B1 | 7.00 | 3/15/17 | 410 | 389,500 |
| Pride International, Inc., Sr. Notes | Ba2 | 7.375 | 7/15/14 | 75 | 76,875 |
| Swift Energy Co., Gtd. Notes | B1 | 7.125 | 6/1/17 | 225 | 212,625 |
| Tesoro Corp., | | | | | |
| Gtd. Notes | Ba1 | 6.25 | 11/1/12 | 15 | 14,981 |
| Gtd. Notes | Ba1 | 6.625 | 11/1/15 | 50 | 49,500 |
| Sr. Notes | Ba1 | 6.50 | 6/1/17 | 100 | 98,750 |

3,732,523

Foods 2.9%

| | | | | | |
|--|------|-------|----------|--------|---------|
| Ahold Finance USA, Inc., | | | | | |
| Gtd. Notes | Baa3 | 6.875 | 5/1/29 | 75 | 79,043 |
| Notes | Baa3 | 8.25 | 7/15/10 | 75 | 81,319 |
| Albertson's, Inc., | | | | | |
| Debentures | B1 | 7.45 | 8/1/29 | 275 | 261,999 |
| Debentures | B1 | 8.70 | 5/1/30 | 100 | 108,130 |
| Aramark Corp., | | | | | |
| Gtd. Notes | B3 | 8.411 | 2/1/15 | 200(i) | 194,000 |
| Gtd. Notes | B3 | 8.50 | 2/1/15 | 250 | 250,938 |
| Carrols Corp., Gtd. Notes | Caa1 | 9.00 | 1/15/13 | 175 | 161,438 |
| Del Monte Corp., Sr. Sub. Notes | B2 | 8.625 | 12/15/12 | 100 | 101,000 |
| Dole Food Co., Inc., Gtd. Notes | Caa1 | 7.25 | 6/15/10 | 100 | 91,500 |
| National Beef Packing Co. LLC, Sr. Notes | Caa1 | 10.50 | 8/1/11 | 150 | 145,125 |
| Stater Brothers Holdings, Inc., | | | | | |
| Sr. Notes | B2 | 7.75 | 4/15/15 | 225 | 218,250 |
| Sr. Notes | B2 | 8.125 | 6/15/12 | 100 | 98,250 |

1,790,992

Gaming 7.4%

| | | | | | |
|--|------|-------|----------|--------|---------|
| Boyd Gaming Corp., Sr. Sub. Notes | Ba3 | 6.75 | 4/15/14 | 60 | 57,150 |
| Caesars Entertainment, Inc., Sr. Sub. Notes | Ba1 | 8.125 | 5/15/11 | 135 | 133,650 |
| CCM Merger, Inc., Notes | B3 | 8.00 | 8/1/13 | 450(h) | 417,375 |
| Downstream Development Authority of the Quapaw Tribe of Oklahoma, Sec d. Notes | B3 | 12.00 | 10/15/15 | 100(h) | 94,000 |
| Fountainbleau Las Vegas Holdings LLC, Mortgage Backed | Caa1 | 10.25 | 6/15/15 | 275(h) | 243,375 |
| Harrah's Operating Co. Inc., | | | | | |
| Gtd. Notes | Baa3 | 5.375 | 12/15/13 | 25 | 19,625 |
| Gtd. Notes | Baa3 | 5.50 | 7/1/10 | 150 | 142,125 |
| Gtd. Notes | Baa3 | 5.625 | 6/1/15 | 275 | 204,875 |
| Notes | Baa3 | 6.50 | 6/1/16 | 25 | 19,000 |
| Mandalay Resort Group, | | | | | |
| Sr. Notes | Ba2 | 9.50 | 8/1/08 | 250 | 255,000 |
| Sr. Sub. Notes | B1 | 9.375 | 2/15/10 | 100 | 103,250 |
| MGM Mirage, Inc., | | | | | |
| Gtd. Notes | Ba2 | 6.875 | 4/1/16 | 225 | 211,781 |
| Gtd. Notes | Ba2 | 7.50 | 6/1/16 | 300 | 294,750 |
| Gtd. Notes | Ba2 | 7.625 | 1/15/17 | 550 | 547,250 |
| Mohegan Tribal Gaming Authority, | | | | | |
| Sr. Sub. Notes | Ba2 | 8.00 | 4/1/12 | 175 | 176,531 |
| Sr. Sub. Notes | Ba2 | 8.375 | 7/1/11 | 850 | 858,500 |
| Sr. Unsec d. Notes | Baa3 | 6.125 | 2/15/13 | 25 | 23,750 |
| Shingle Springs Tribal Gaming Authority, | | | | | |
| Sr. Notes | B3 | 9.375 | 6/15/15 | 150(h) | 147,000 |
| Station Casinos, Inc., | | | | | |

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|---|------|-------|----------|-----|---------|
| Sr. Notes | B2 | 6.00 | 4/1/12 | 165 | 149,738 |
| Sr. Sub. Notes | Caa1 | 6.50 | 2/1/14 | 275 | 222,750 |
| Sr. Sub. Notes | Caa1 | 6.625 | 3/15/18 | 75 | 56,813 |
| Tropicana Entertainment LLC, Sr. Sub. Notes | Caa1 | 9.625 | 12/15/14 | 275 | 191,125 |

4,569,413

Healthcare & Pharmaceutical 13.9%

| | | | | | |
|---|------|--------|----------|-----------|-----------|
| Accellent, Inc., Gtd. Notes | Caa2 | 10.50 | 12/1/13 | 450 | 398,250 |
| Alliance Imaging, Inc., Sr. Sub. Notes | B3 | 7.25 | 12/15/12 | 200 | 186,000 |
| Sr. Sub. Notes | B3 | 7.25 | 12/15/12 | 125 | 116,250 |
| Community Health Systems, Inc., Sr. Notes | B3 | 8.875 | 7/15/15 | 750 | 757,500 |
| Elan Finance PLC (Ireland), Gtd. Notes | B3 | 7.75 | 11/15/11 | 275(c) | 269,500 |
| Gtd. Notes | B3 | 8.869 | 11/15/11 | 103(c)(i) | 100,940 |
| Fresenius Medical Care Capital Trust II, Gtd. Notes | B1 | 7.875 | 2/1/08 | 500 | 500,000 |
| Hanger Orthopedic Group, Inc., Gtd. Notes | Caa1 | 10.25 | 6/1/14 | 150 | 153,750 |
| HCA, Inc., Debentures | Caa1 | 7.50 | 11/15/95 | 100 | 75,692 |
| Sec d. Notes | B2 | 9.25 | 11/15/16 | 1,275 | 1,319,624 |
| Sec d. Notes, PIK | B2 | 9.625 | 11/15/16 | 800 | 832,000 |
| Sr. Unsec d. Notes, M.T.N. | Caa1 | 8.70 | 2/10/10 | 500 | 501,388 |
| LVB Acquisition Merger Sub, Inc., Gtd. Notes | B3 | 10.00 | 10/15/17 | 300(h) | 303,375 |
| Gtd. Notes | Caa1 | 11.625 | 10/15/17 | 250(h) | 246,563 |
| Omega Healthcare Investors, Inc., Gtd. Notes | Ba3 | 7.00 | 4/1/14 | 50 | 49,500 |
| Omnicare, Inc., Sr. Sub. Notes | Ba3 | 6.125 | 6/1/13 | 125 | 112,500 |
| PTS Acquisition Corp., Sr. Notes, PIK | Caa1 | 9.50 | 4/15/15 | 225(h) | 204,750 |
| Res-Care, Inc., Sr. Notes | B1 | 7.75 | 10/15/13 | 300(f) | 297,000 |
| Select Medical Corp., Gtd. Notes | B3 | 7.625 | 2/1/15 | 45 | 38,250 |
| Senior Housing Properties Trust, Sr. Notes | Ba1 | 8.625 | 1/15/12 | 618 | 661,260 |
| Skilled Healthcare Group, Inc., Sr. Sub. Notes | Caa1 | 11.00 | 1/15/14 | 303 | 322,695 |
| Sun Healthcare Group, Inc., Sr. Sub. Notes | B3 | 9.125 | 4/15/15 | 300 | 300,750 |
| Surgical Care Affiliates, Inc., Sr. Sub. Notes | Caa1 | 10.00 | 7/15/17 | 125(h) | 113,750 |
| Ventas Realty LP, Gtd. Notes | Ba1 | 9.00 | 5/1/12 | 175 | 189,000 |
| Viant Holdings, Inc., Gtd. Notes | Caa1 | 10.125 | 7/15/17 | 555(h) | 505,050 |

8,555,337

Lodging 1.9%

| | | | | | |
|---|-----|-------|----------|-----|---------|
| Felcor Lodging LP, Gtd. Notes | Ba3 | 8.50 | 6/1/11 | 225 | 236,813 |
| Gaylord Entertainment Co., Sr. Notes | B3 | 8.00 | 11/15/13 | 25 | 24,875 |
| Host Marriott LP, Gtd. Notes, Ser. Q | Ba1 | 6.75 | 6/1/16 | 325 | 322,563 |
| Sr. Notes | Ba1 | 7.125 | 11/1/13 | 400 | 400,999 |
| Sr. Notes, Ser. M | Ba1 | 7.00 | 8/15/12 | 200 | 200,000 |

1,185,250

Media & Entertainment 9.7%

| | | | | | |
|---|----|-------|---------|-----|---------|
| AMC Entertainment, Inc., Gtd. Notes | B2 | 11.00 | 2/1/16 | 50 | 52,375 |
| Sr. Sub. Notes | B2 | 8.00 | 3/1/14 | 100 | 94,750 |
| Cinemark, Inc., Sr. Disc. Notes (Zero Coupon until 3/15/09) | B3 | Zero | 3/15/14 | 225 | 209,250 |

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| | | | | | |
|--|------|--------|----------|-----------|-----------|
| Clear Channel Communications, Inc., | | | | | |
| Debentures | Baa3 | 6.875 | 6/15/18 | 25 | 20,279 |
| Sr. Notes | Baa3 | 5.50 | 9/15/14 | 150 | 119,601 |
| Sr. Notes | Baa3 | 5.75 | 1/15/13 | 250 | 213,750 |
| CMP Susquehanna Corp., Gtd. Notes | Caa1 | 9.875 | 5/15/14 | 50 | 42,000 |
| Dex Media West LLC, Sr. Sub. Notes, Ser. B | B1 | 9.875 | 8/15/13 | 415 | 431,081 |
| Dex Media, Inc., Notes | B2 | 8.00 | 11/15/13 | 165 | 157,575 |
| DirecTV Holdings LLC, | | | | | |
| Gtd. Notes | Ba3 | 6.375 | 6/15/15 | 150 | 145,125 |
| Sr. Notes | Ba3 | 8.375 | 3/15/13 | 150 | 155,625 |
| EchoStar DBS Corp., | | | | | |
| Gtd. Notes | Ba3 | 6.625 | 10/1/14 | 75 | 75,938 |
| Gtd. Notes | Ba3 | 7.00 | 10/1/13 | 75 | 77,625 |
| Gtd. Notes | Ba3 | 7.125 | 2/1/16 | 475 | 494,594 |
| Sr. Notes | Ba3 | 6.375 | 10/1/11 | 75 | 76,125 |
| Idearc, Inc., Gtd. Notes | B2 | 8.00 | 11/15/16 | 350 | 327,250 |
| Intelsat Bermuda Ltd. (Bermuda), | | | | | |
| Gtd. Notes | B2 | 9.25 | 6/15/16 | 175(c) | 178,281 |
| Sr. Unsec d. Notes | Caa1 | 11.25 | 6/15/16 | 875(c) | 905,624 |
| Medianews Group, Inc., Sr. Sub. Notes | B3 | 6.875 | 10/1/13 | 200 | 130,000 |
| Morris Publishing Group LLC, Gtd. Notes | B1 | 7.00 | 8/1/13 | 65 | 46,638 |
| Nielsen Finance LLC, Sr. Notes | Caa1 | 10.00 | 8/1/14 | 125 | 127,188 |
| Quebecor World, Inc. (Canada), Sr. Notes | Caa1 | 9.75 | 1/15/15 | 100(c)(h) | 79,500 |
| Radio One, Inc., Gtd. Notes, Ser. B | B1 | 8.875 | 7/1/11 | 200 | 185,500 |
| Rainbow National Services LLC, | | | | | |
| Sr. Notes | B2 | 8.75 | 9/1/12 | 125(h) | 127,500 |
| Sr. Sub. Debentures | B3 | 10.375 | 9/1/14 | 20(h) | 21,600 |
| RH Donnelley Corp., | | | | | |
| Sr. Notes | B3 | 8.875 | 10/15/17 | 150(h) | 141,375 |
| Sr. Notes, Ser. A-3 | B3 | 8.875 | 1/15/16 | 225 | 212,625 |
| Sun Media Corp. (Canada), Gtd. Notes | Ba1 | 7.625 | 2/15/13 | 400(c) | 384,000 |
| Universal City Florida Holdings Co., Sr. Notes | B3 | 9.661 | 5/1/10 | 250(i) | 252,500 |
| Univision Communications, Inc., Sr. Notes, PIK | B3 | 9.75 | 3/15/15 | 400(h) | 372,000 |
| Vertis, Inc., Sec d. Notes | B1 | 9.75 | 4/1/09 | 105 | 97,650 |
| | | | | | 5,954,924 |

Metals 6.5%

| | | | | | |
|---|------|--------|----------|-----------|---------|
| AK Steel Corp., Gtd. Notes | B1 | 7.75 | 6/15/12 | 450 | 448,875 |
| Aleris International, Inc., | | | | | |
| Sr. Notes, PIK | B3 | 9.00 | 12/15/14 | 150 | 129,000 |
| Sr. Sub Notes | Caa1 | 10.00 | 12/15/16 | 100 | 84,000 |
| Arch Western Finance LLC, Gtd. Notes | B1 | 6.75 | 7/1/13 | 160 | 154,800 |
| Century Aluminum Co., Gtd. Notes | B1 | 7.50 | 8/15/14 | 155 | 152,094 |
| FMG Finance Pty Ltd. (Australia), | | | | | |
| Sec d. Notes | B1 | 10.00 | 9/1/13 | 140(c)(h) | 154,000 |
| Sec d. Notes | B1 | 10.625 | 9/1/16 | 50(c)(h) | 57,500 |
| Freeport-McMoRan Copper & Gold, Inc., | | | | | |
| Sr. Unsec d. Notes | Ba3 | 8.375 | 4/1/17 | 650 | 701,999 |
| Sr. Unsec d. Notes | Ba3 | 8.394 | 4/1/15 | 300(i) | 305,250 |
| GerdaU AmeriSteel Corp. (Canada), Sr. Notes | Ba1 | 10.375 | 7/15/11 | 500(c) | 522,499 |
| Ispat Inland ULC (Canada), Sec d. Notes | Baa3 | 9.75 | 4/1/14 | 340(c) | 371,629 |
| Metals USA, Inc., Sec d. Notes | B3 | 11.125 | 12/1/15 | 347 | 359,145 |
| Novelis, Inc. (Canada), Gtd. Notes | B3 | 7.25 | 2/15/15 | 115(c) | 107,238 |
| Peabody Energy Corp., Gtd. Notes, Ser. B | Ba1 | 6.875 | 3/15/13 | 150 | 150,375 |
| PNA Group, Inc., Sr. Notes | B3 | 10.75 | 9/1/16 | 50 | 48,000 |
| Ryerson, Inc., Sec d. Notes | B2 | 12.00 | 11/1/15 | 250(h) | 245,313 |

3,991,717

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Non-Captive Finance 2.3%

| | | | | | |
|----------------------------------|-----|-------|---------|-------|-----------|
| General Motors Acceptance Corp., | | | | | |
| Notes | Ba2 | 6.75 | 12/1/14 | 85 | 69,925 |
| Notes | Ba2 | 6.875 | 9/15/11 | 50 | 43,685 |
| Notes | Ba2 | 6.875 | 8/28/12 | 1,020 | 867,145 |
| GMAC LLC, Unsub. Notes | | | | | |
| | Ba2 | 6.625 | 5/15/12 | 75 | 63,541 |
| Residential Capital LLC, | | | | | |
| Gtd. Notes | Ba3 | 7.875 | 6/30/10 | 380 | 257,450 |
| Gtd. Notes | Ba3 | 8.00 | 6/1/12 | 200 | 130,000 |
| | | | | | 1,431,746 |

Packaging 4.6%

| | | | | | |
|--|------|-------|----------|--------|-----------|
| Ball Corp., Gtd. Notes | | | | | |
| | Ba1 | 6.625 | 3/15/18 | 525 | 518,437 |
| Berry Plastics Holding Corp., | | | | | |
| Sec d. Notes | B3 | 8.875 | 9/15/14 | 175 | 168,875 |
| Sec d. Notes | B3 | 9.569 | 9/15/14 | 225(i) | 216,000 |
| BWAY Corp., Gtd. Notes | | | | | |
| | B3 | 10.00 | 10/15/10 | 150 | 150,750 |
| Crown Americas LLC, | | | | | |
| Gtd. Notes | B1 | 7.625 | 11/15/13 | 300 | 306,000 |
| Gtd. Notes | B1 | 7.75 | 11/15/15 | 250 | 255,000 |
| Exopack Holding Corp., Gtd. Notes | | | | | |
| | B3 | 11.25 | 2/1/14 | 150 | 147,750 |
| Graham Packaging Co., Inc., | | | | | |
| Gtd. Notes | Caa1 | 8.50 | 10/15/12 | 125 | 116,563 |
| Sub. Notes | Caa1 | 9.875 | 10/15/14 | 75 | 68,813 |
| Greif, Inc., Sr. Notes | | | | | |
| | Ba2 | 6.75 | 2/1/17 | 415 | 393,212 |
| Owens-Brockway Glass Container, Inc., Gtd. Notes | | | | | |
| | B3 | 8.25 | 5/15/13 | 300 | 310,500 |
| Silgan Holdings, Inc., Sr. Sub. Notes | | | | | |
| | B1 | 6.75 | 11/15/13 | 175 | 170,625 |
| | | | | | 2,822,525 |

Paper 3.3%

| | | | | | |
|--|-------|--------|----------|-----------|-----------|
| Cascades, Inc. (Canada), Sr. Notes | | | | | |
| | Ba3 | 7.25 | 2/15/13 | 275(c) | 258,500 |
| Catalyst Paper Corp., (Canada), Gtd. Notes, Ser. D | | | | | |
| | B2 | 8.625 | 6/15/11 | 315(c) | 261,450 |
| Cellu Tissue Holdings, Inc., Sec d. Notes | | | | | |
| | B2 | 9.75 | 3/15/10 | 75 | 72,000 |
| Domtar, Inc, Notes | | | | | |
| | B+(d) | 7.875 | 10/15/11 | 100 | 101,750 |
| Georgia-Pacific Corp., Gtd. Notes (cost \$275,000; purchased 12/13/06) | | | | | |
| | Ba3 | 7.125 | 1/15/17 | 275(g)(h) | 263,313 |
| Graphic Packaging International Corp., | | | | | |
| Sr. Notes | B2 | 8.50 | 8/15/11 | 275 | 270,875 |
| Sr. Sub. Notes | B3 | 9.50 | 8/15/13 | 75 | 74,250 |
| Norampac, Inc. (Canada), Sr. Notes | | | | | |
| | Ba3 | 6.75 | 6/1/13 | 110(c) | 100,650 |
| P.H. Glatfelter, Gtd. Notes | | | | | |
| | Ba2 | 7.125 | 5/1/16 | 40 | 39,200 |
| Smurfit-Stone Container Enterprises, Inc., | | | | | |
| Sr. Notes | B3 | 8.00 | 3/15/17 | 240 | 230,400 |
| Sr. Notes | B3 | 8.375 | 7/1/12 | 120 | 117,300 |
| Stone Container Finance (Canada), Gtd. Notes | | | | | |
| | B3 | 7.375 | 7/15/14 | 50(c) | 46,500 |
| Verso Paper Holdings LLC, Gtd. Notes, Ser. B | | | | | |
| | B3 | 11.375 | 8/1/16 | 200 | 203,000 |
| | | | | | 2,039,188 |

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Pipelines & Other 4.2%

| | | | | | |
|---|------|-------|----------|--------|---------|
| AmeriGas Partners LP, Sr. Notes | B1 | 7.125 | 5/20/16 | 175 | 168,000 |
| El Paso Corp., Sr. Notes, M.T.N. | Ba3 | 7.75 | 1/15/32 | 390 | 389,612 |
| Ferrellgas Partners LP, Sr. Notes | Ba3 | 6.75 | 5/1/14 | 50 | 48,500 |
| Inergy LP, Gtd. Notes | B1 | 8.25 | 3/1/16 | 50 | 51,625 |
| Sr. Notes | B1 | 6.875 | 12/15/14 | 150 | 144,750 |
| Kinder Morgan Finance Co. ULC (Canada), Gtd. Notes | Ba2 | 5.70 | 1/5/16 | 125(c) | 111,759 |
| Gtd. Notes | Ba2 | 6.40 | 1/5/36 | 175(c) | 145,393 |
| Targa Resources, Inc., Gtd. Notes | B3 | 8.50 | 11/1/13 | 400(h) | 392,000 |
| Williams Cos., Inc. (The), Notes | Baa3 | 7.125 | 9/1/11 | 200 | 210,000 |
| Sr. Unsec d. Notes | Baa3 | 8.125 | 3/15/12 | 475 | 517,750 |
| Williams Partners LP, Gtd. Notes | Ba3 | 7.25 | 2/1/17 | 375 | 384,375 |

2,563,764

Retailers 2.9%

| | | | | | |
|--|-----|--------|----------|--------|---------|
| Couche-Tard Finance Corp., Sr. Sub. Notes | Ba2 | 7.50 | 12/15/13 | 125 | 123,750 |
| GSC Holdings Corp., Gtd. Notes | Ba3 | 8.00 | 10/1/12 | 165 | 171,600 |
| Michaels Stores, Inc., Sr. Notes | B2 | 10.00 | 11/1/14 | 100 | 98,500 |
| Neiman-Marcus Group, Inc., Gtd. Notes, PIK | B2 | 9.00 | 10/15/15 | 380 | 395,200 |
| Pantry, Inc. (The), Sr. Sub. Notes | B3 | 7.75 | 2/15/14 | 165(f) | 152,625 |
| Rite Aid Corp., Sec d. Notes | B3 | 8.125 | 5/1/10 | 545 | 545,000 |
| Saks, Inc., Gtd. Notes | B3 | 9.875 | 10/1/11 | 58 | 60,900 |
| Susser Holdings LLC, Gtd. Notes | B3 | 10.625 | 12/15/13 | 134(f) | 140,030 |
| Sr. Notes | B3 | 10.625 | 12/15/13 | 70(h) | 73,150 |

1,760,755

Technology 5.8%

| | | | | | |
|---|------|--------|----------|--------|---------|
| Amkor Technology, Inc., Sr. Notes | B1 | 7.125 | 3/15/11 | 75 | 71,625 |
| Avago Technologies Finance Wireless (Singapore), Gtd. Notes | B2 | 10.125 | 12/1/13 | 55(c) | 57,888 |
| First Data Corp., Gtd. Notes | B3 | 9.875 | 9/24/15 | 150(h) | 139,500 |
| Flextronics International Ltd. (Singapore), Sr. Sub. Notes | Ba2 | 6.25 | 11/15/14 | 200(c) | 190,250 |
| Freescall Semiconductor, Inc., Sr. Notes, PIK | B1 | 9.125 | 12/15/14 | 1,055 | 920,487 |
| Sr. Sub. Notes | B2 | 10.125 | 12/15/16 | 20 | 17,150 |
| Iron Mountain, Inc., Gtd. Notes | B3 | 7.75 | 1/15/15 | 250 | 251,250 |
| Gtd. Notes | B3 | 8.625 | 4/1/13 | 175 | 176,531 |
| Nortel Networks Ltd. (Canada), Gtd. Notes | B3 | 4.25 | 9/1/08 | 68(c) | 66,895 |
| NXP BV/NXP Funding LLC (Netherlands), Sec d. Notes, Sereis WI | Ba3 | 7.875 | 10/15/14 | 100(c) | 96,000 |
| Open Solutions, Inc., Sr. Sub. Notes | Caa1 | 9.75 | 2/1/15 | 200(h) | 186,000 |
| Seagate Technology HDD Holdings (Cayman Islands), Gtd. Notes | Ba1 | 6.375 | 10/1/11 | 300(c) | 297,375 |
| Sensata Technologies BV (Netherlands), Gtd. Notes | B3 | 8.00 | 5/1/14 | 300(c) | 279,000 |
| Serena Software, Inc., Gtd. Notes | Caa1 | 10.375 | 3/15/16 | 300 | 303,000 |
| STATS ChipPAC Ltd. (Singapore), Gtd. Notes | Ba1 | 6.75 | 11/15/11 | 50(c) | 50,000 |
| Unisys Corp., Sr. Unsec d. Notes | B2 | 7.875 | 4/1/08 | 500 | 498,750 |

3,601,701

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| Telecommunications 7.3% | | | | | |
|--|------|--------|----------|-----------|-----------|
| Alltell Corp., Sr. Notes | Caa1 | 7.00 | 7/1/12 | 100 | 86,993 |
| Centennial Communications Corp., Gtd. Notes | B2 | 10.125 | 6/15/13 | 75 | 78,375 |
| Cincinnati Bell, Inc., Gtd. Notes | Ba3 | 7.25 | 7/15/13 | 75 | 75,000 |
| Sr. Sub. Notes | B2 | 8.375 | 1/15/14 | 175 | 169,313 |
| Citizens Communications Co., Notes | Ba2 | 9.25 | 5/15/11 | 205 | 221,913 |
| Sr. Notes | Ba2 | 6.25 | 1/15/13 | 150 | 144,938 |
| Sr. Notes | Ba2 | 9.00 | 8/15/31 | 150 | 151,125 |
| Cricket Communications, Inc., Gtd. Notes | Caa1 | 9.375 | 11/1/14 | 175 | 162,750 |
| Dobson Cellular Systems, Inc., Sec d. Notes | Baa3 | 8.375 | 11/1/11 | 250 | 268,125 |
| Hawaiian Telcom Communications, Inc., Gtd. Notes, Ser. B | Caa1 | 12.50 | 5/1/15 | 225 | 231,750 |
| Level 3 Financing, Inc., Gtd. Notes | Caa1 | 12.25 | 3/15/13 | 575 | 573,562 |
| Nordic Telephone Co. Holdings (Denmark), Sr. Notes | B2 | 8.875 | 5/1/16 | 265(c)(h) | 268,975 |
| PAETEC Holding Corp., Sr. Notes | Caa1 | 9.50 | 7/15/15 | 100(h) | 99,250 |
| Qwest Communications International, Inc., Gtd. Notes, Ser. B | Ba3 | 7.50 | 2/15/14 | 280 | 277,900 |
| Qwest Corp., Debentures | Ba1 | 6.875 | 9/15/33 | 250 | 227,500 |
| Sr. Notes | Ba1 | 7.50 | 10/1/14 | 200 | 202,500 |
| Rogers Wireless, Inc. (Canada), Sr. Sub. Notes | Ba1 | 8.00 | 12/15/12 | 200(c) | 208,648 |
| Rural Cellular Corp., Sr. Notes | B3 | 9.875 | 2/1/10 | 135 | 140,063 |
| Time Warner Telecom Holdings, Inc., Gtd. Notes | B3 | 9.25 | 2/15/14 | 100 | 102,250 |
| Windstream Corp., Sr. Notes | Ba3 | 7.00 | 3/15/19 | 500 | 473,749 |
| Sr. Notes | Ba3 | 8.625 | 8/1/16 | 300 | 311,250 |
| | | | | | 4,475,929 |

Total corporate bonds (cost \$ 79,015,442) 77,083,834

| SOVEREIGN BONDS 1.4% | | | | | |
|---|-----|-------|---------|-----------|---------|
| Republic of Argentina, Bonds, F.R.N. | B3 | 3.00 | 4/30/13 | 173(c)(i) | 106,519 |
| Bonds, F.R.N. | B3 | 5.389 | 8/03/12 | 213(c)(i) | 186,745 |
| Republic of Colombia, Notes | Ba2 | 10.00 | 1/23/12 | 200 | 233,000 |
| Republic of Philippines, Bonds | B1 | 9.375 | 1/18/17 | 300 | 364,500 |
| Total sovereign bonds (cost \$869,894) | | | | | 890,764 |

| | Shares | Value |
|-----------------------------|--------|----------|
| COMMON STOCK | | |
| Electric | | |
| Mirant Corp. (cost \$1,623) | 92 | \$ 3,550 |

| | Units | |
|--|-----------|---|
| WARRANTS(b) | | |
| Sterling Chemical Holdings, Inc., expiring 8/15/08 | 140(f) | 0 |
| Viasystems Group, Inc., expiring 1/10/31 | 10,871(f) | 1 |
| XM Satellite Radio, Inc., expiring 3/15/10 | 150(f)(h) | 0 |
| Total warrants (cost \$ 219,816) | | 1 |

Total long-term investments (cost \$80,106,775) 77,978,149

| | | | | | Principal | |
|---|----|----------|---------|----------|---------------|--|
| | | | | | Amount | |
| | | | | | (000) | |
| SHORT-TERM INVESTMENT 4.4% | | | | | | |
| U.S. GOVERNMENT AGENCY SECURITY | | | | | | |
| Federal Home Loan Bank, Discount Note (cost \$ 2,709,425) | NR | 3.87%(e) | 12/3/07 | \$ 2,710 | 2,709,137 | |
| Total Investments(j) 131.2% (cost \$82,816,200)(k) | | | | | 80,687,286 | |
| Liabilities in excess of other assets (31.2%) | | | | | (19,177,277) | |
| Net Assets 100.0% | | | | | \$ 61,510,009 | |

F.R.N. Floating Rate Note

M.T.N. Medium Term Note

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

PIK Payment in Kind

- (a) Represents issuer in default on interest payment; non-income producing security.
- (b) Non-income producing security.
- (c) US\$ denominated foreign securities.
- (d) Standard & Poor's Rating.
- (e) Percentage quoted represents yield-to-maturity as of purchase date.
- (f) Indicates a security that has been deemed illiquid.
- (g) Indicates a restricted security; the aggregate cost of such securities is \$275,000. The aggregate value of \$263,313 is approximately 0.4% of net assets.
- (h) Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may not be resold subject to that rule except to qualified institutional buyers. Unless otherwise noted, 144A securities are deemed to be liquid.
- (i) Indicates a variable rate security. The interest rate shown reflects the rate in effect at November 30, 2007.
- (j) As of November 30, 2007, two securities representing \$2 and 0.0% of the total market value were fair valued in accordance with the policies adopted by the Board of Directors.
- (k) The United States federal income tax basis of the Fund's investments and the net unrealized depreciation as of November 30, 2007 were as follows:

| Tax Basis | Net Unrealized | | |
|----------------|----------------|--------------|--------------|
| of Investments | Appreciation | Depreciation | Depreciation |
| \$83,317,442 | \$ 862,037 | \$ 3,492,193 | \$ 2,630,156 |

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

Notes to Schedule of Investments (Unaudited)

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

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

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

Item 2. Controls and Procedures

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

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

Item 3. Exhibits

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 Attached hereto.

SIGNATURES

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

(Registrant) The High Yield Income Fund, Inc.

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

Date January 24, 2008

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

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

Date January 24, 2008

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

Date January 24, 2008

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