

HIGH YIELD INCOME FUND INC
Form N-CSR
November 08, 2005

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:	8/31/2005
Date of reporting period:	8/31/2005

Item 1 Reports to Stockholders

ANNUAL REPORT

AUGUST 31, 2005

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.

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 8/31/05

	Total Return 12 Months	NAV 8/31/05	Market Price 8/31/05
High Yield Income Fund ¹	9.95%	\$ 5.61	\$ 5.43
Lehman Brothers U.S. Corporate High Yield Index ²	9.35	N/A	N/A
Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index ²	9.10	N/A	N/A
Lipper Closed-End High Current Yield Funds Avg ³	11.92	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 (9/1/04) through the end (8/31/05) 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 category for 12 months.

Yield and Dividend as of 8/31/05

**Total Monthly Dividends
Paid per Share
12 Months**
\$0.495

Yield at Market Price
9.12%

Investment Adviser's Report

Prudential Investment Management, Inc.

U.S. high yield bond market resilient in a challenging year

The U.S. high yield bond market coped well with the challenges that arose during the 12-month period that began September 1, 2004. The high yield market returned 9.35% for the year ended August 31, 2005, according to the Lehman Brothers U.S. Corporate High Yield Index (the Index). The Fund exceeded the Index by returning 9.95% for the period, but lagged the 11.92% return of the Lipper Closed-End High Current Yield Funds Average (the Lipper Average).

Several favorable characteristics contributed to the resiliency of the high yield market. Investors searching for attractive yields often looked to high yield bonds amid a lack of alternative investment opportunities. The default rate on high yield bonds remained low, reflecting corporate earnings growth and a generally declining level of debt on corporate balance sheets. Many companies also generated free cash flow, which improved their liquidity. These factors helped draw investors back to the high yield market after it sold off in the spring of 2005 due to trouble in the U.S. automotive industry and to fear that the Federal Reserve (the Fed) might speed up its measured pace of short-term interest-rate hikes to curb inflationary pressures.

Limited exposure to automotive sector aided Fund

The situation in the U.S. auto industry took a turn for the worse in mid-March 2005. General Motors Corp. (GM) slashed its earnings forecast, reflecting its declining share of the North American auto market. Initially this news weighed heavily on prices of auto bonds and other high yield bonds because the debt securities of GM, one of the largest issuers of corporate bonds, would pour into the high yield market if they were downgraded to below investment grade. As it turned out, the credit ratings of both GM and Ford Motor Co. (Ford) were cut to high yield status. Nevertheless, beginning in mid-May 2005, it became increasingly clear that the process of absorbing these auto manufacturers' bonds into the high yield market would proceed more smoothly than expected. In addition, economic data released during that time suggested that the Fed would not have to raise short-term rates more aggressively as inflationary pressures were surprisingly tame. These favorable developments encouraged bargain hunting in the high yield market, which helped bond prices generally improve for much of the remainder of the Fund's reporting period.

With that said, the Fund still benefited from having an underweight exposure to auto bonds relative to the Index. This was particularly true in the case of auto parts suppliers, which face a tough operating environment due to production cutbacks at GM and Ford. We sold bonds of auto parts supplier Collins & Aikman Products Co. in early 2005 long before it filed to reorganize under Chapter 11 of the U.S. Bankruptcy Code in May 2005. The Fund had a very limited exposure to Delphi Corp., another auto parts supplier that filed for bankruptcy protection on October 8, 2005, which was after the reporting period ended. As noted previously, the Fund's relative

performance benefited from an underweight exposure to auto bonds like Delphi's. We expect, however, Delphi's bankruptcy to detract slightly from the Fund's return in the next reporting period.

Fund held too few telecommunications bonds

The Fund also had an underweight exposure to another key sector of the high yield market—telecommunications. Telecom bonds performed particularly well amid a wave of proposed mergers and acquisitions such as local telephone carrier Verizon Communications Inc.'s bid to purchase long-distance carrier MCI Inc. While the Fund held bonds of MCI, AT&T Corp., Nextel Communications, Inc., and other telecom positions that gained in value, its underweight exposure to the sector detracted from its performance relative to the Index.

Leverage remained critical factor in Fund's performance

The Fund continued to employ leverage, which refers to the practice of taking out a relatively low-interest loan against a percentage of portfolio assets and investing the money back into the high yield market. Leverage can materially enhance a portfolio's return when the underlying bonds gain in value, or it can detract from a portfolio's return when the underlying bonds decline in value. We believe the Fund's use of leverage, which declined late in the reporting period, was among the factors that helped it outperform the Index. Meanwhile, some portfolios included in the Lipper Average employ leverage more aggressively than the Fund and have a larger exposure to lower-quality high yield bonds and even equities. We believe the Fund's more moderate use of leverage and smaller exposure to lower-quality high yield bonds were major reasons that the Fund lagged the Lipper Average.

Commodity-oriented holdings aided the Fund

Credit trends remained generally positive in cyclical sectors such as chemicals, paper, and steel. We are concerned, nevertheless, that the financial health of companies in these economically sensitive industries could suffer if rising interest rates and high oil prices negatively affect their businesses. With this in mind, we trimmed the Fund's exposure to bonds of chemical company Rhodia S.A. and paper manufacturer Georgia-Pacific Corp. by taking profits on some of them. We continued to hold the bonds of several commodity producers, such as Huntsman Group Inc. (chemicals) and Mittal Steel Co. N.V. bonds, which performed well even though steel prices softened in the second quarter of 2005.

One bond that helped Fund's performance, and one that did not

Individual security selection remained critical to successful investing in the high yield arena, particularly in an investment environment characterized by rising short-term interest rates and rising energy prices. We continued to focus on bottom-up, credit-intensive security selection to identify those companies that are more likely to remain

Investment Adviser's Report (continued)

profitable even if the economy loses steam. Some of our selections worked well while others did not. The Fund held securities of Premium Standard Farms Inc. that gained in value as the company successfully completed an initial public offering of stock. In contrast, the Fund owned bonds of Anchor Glass Container Corp. that declined in value. Escalating business costs and declining demand for glass pushed the firm to file for reorganization under Chapter 11 of the U.S. Bankruptcy Code in August 2005.

Fund benefited from select emerging-market exposure

Emerging-market bonds performed particularly well during the reporting period. Rapidly expanding emerging-market economies, comparatively attractive yields, and improving credit ratings encouraged investment in these bonds. However, because the market for bonds of developing nations can be very volatile, we limited the Fund's exposure to a few issues such as the restructured sovereign bonds of the Republic of Argentina. They gained in value after the government of Argentina announced it had successfully completed the process in which investors exchanged defaulted bonds for the new restructured bonds. The restructured bonds were subsequently upgraded by Standard & Poor's Ratings Services.

Schedule of Investments

August 31, 2005

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
LONG-TERM INVESTMENTS 131.5%					
CORPORATE BONDS 127.9%					
Aerospace/Defense 2.9%					
Alliant Techsystems, Inc., Sr. Sub. Notes	B2	8.50%	5/15/11	\$ 200	\$ 211,000
Argo-Tech Corp., Sr. Notes	B3	9.25	6/1/11	55	60,225
BE Aerospace, Inc., Sr. Sub. Notes, Ser. B	Caa2	8.00	3/1/08	50	50,000
Sr. Sub. Notes, Ser. B	Caa2	8.875	5/1/11	235	245,575
Esterline Technologies Corp., Sr. Sub. Notes	B1	7.75	6/15/13	300	318,000
K&F Acquisition, Inc., Sr. Sub. Notes	Caa1	7.75	11/15/14	150	153,375
L-3 Communications Corp., Sr. Sub. Notes	Ba3	7.625	6/15/12	325	344,500
Sequa Corp., Sr. Notes, Ser. B	B1	8.875	4/1/08	200	213,000
Standard Aerospace Holdings, Inc., Sr. Sub. Notes	Caa1	8.25	9/1/14	125(h)	125,000
TransDigm, Inc., Sr. Sub. Notes	B3	8.375	7/15/11	180	190,800
					1,911,475
Airlines 0.4%					
AMR Corp., Deb.	Caa2	10.00	4/15/21	125	81,875
M.T.N., Ser. B	CCC(d)	10.40	3/10/11	100	73,500
Delta Air Lines, Inc., Notes	Ca	8.30	12/15/29	140	23,450
Continental Airlines, Inc., Pass thru Certs., Ser. 1998-1, Class B	Ba2	6.748	3/15/17	97	83,118
Northwest Airlines Corp., Sr. Notes	Caa3	10.00	2/1/09	25	10,875
					272,818
Automotive 5.3%					
ArvinMeritor, Inc., Notes	Ba2	8.75	3/1/12	495	513,562
Delphi Corp., Notes	Ca	6.50	5/1/09	65	52,163
Ford Motor Credit Co., Notes	Baa3	7.875	6/15/10	575	578,052
General Motors Acceptance Corp., Notes	Ba1	6.125	9/15/06	350	351,353
Notes	Ba1	6.875	8/28/12	400	376,028
Notes	Ba1	6.75	12/1/14	100	91,976

See Notes to Financial Statements.

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Schedule of Investments

August 31, 2005 Cont d.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Goodyear Tire & Rubber Co., Sr. Notes	B3	9.00%	7/1/15	\$ 150(h)	\$ 150,000
Lear Corp., Sr. Notes, Ser. B	Ba2	8.11	5/15/09	155	161,538
Navistar International Corp., Sr. Notes	Ba3	7.50	6/15/11	120	121,500
Tenneco Automotive, Inc., Sr. Sub. Notes	B3	8.625	11/15/14	175	181,563
TRW Automotive, Inc., Sr. Notes	Ba3	9.375	2/15/13	276	306,360
Sr. Sub. Notes	B1	11.00	2/15/13	50	57,500
Visteon Corp., Sr. Notes	B3	8.25	8/1/10	250	242,500
Sr. Notes	B3	7.00	3/10/14	305	269,925
					3,454,020
Banking 0.7%					
Halyk Savings Bank Kazakhstan, Notes (Kazakhstan)	Baa2	8.125	10/7/09	100(c)(h)	106,400
Kazkommerts International BV, Gtd. Notes (Netherlands)	Baa2	8.50	4/16/13	205(c)(h)	220,888
Notes (Netherlands)	Baa2	7.00	11/3/09	105(c)(h)	107,756
					435,044
Building Materials 2.4%					
Beazer Homes USA, Inc., Sr. Notes	Ba1	8.625	5/15/11	110	116,325
D.R. Horton, Inc., Sr. Notes	Ba1	8.00	2/1/09	375	406,677
KB HOME Notes	Ba1	6.375	8/15/11	150	153,415
Sr. Sub. Notes	Ba2	8.625	12/15/08	160	172,277
Nortek, Inc., Sr. Sub. Notes	Caa1	8.50	9/1/14	300	291,750
Standard Pacific Corp., Sr. Notes	Ba2	6.50	8/15/10	425	421,813
					1,562,257
Cable 3.3%					
Callahan Nordrhein-Westfalen, (Germany), Sr. Disc. Notes, (cost \$296,038; purchased 6/29/00)	NR	16.00	7/15/10	500(a)(c)(f)	45,000
Charter Communications Operating LLC, Sr. Notes	B2	8.375	4/30/14	100(h)	100,750

See Notes to Financial Statements.

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	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Charter Communications Holdings II, Sr. Notes	Caa1	10.25%	9/15/10	\$ 325	\$ 335,563
Charter Communications Holdings LLC, Sr. Disc. Notes, Zero Coupon (until 5/15/06)	Ca	Zero	5/15/11	500	338,750
Sr. Notes	Ca	10.75	10/1/09	100	85,000
Sr. Notes	Ca	10.25	1/15/10	195	158,925
Sr. Notes	Ca	11.125	1/15/11	400	307,000
Sr. Notes	Ca	10.00	5/15/11	200	149,500
CSC Holdings, Inc., Sr. Notes	B1	7.875	12/15/07	350	360,500
Sr. Notes, Ser. B	B1	8.125	7/15/09	75	76,875
Kabel Deutschland GmbH, Sr. Notes (Germany)	B2	10.625	7/1/14	200(c)(h)	223,500
					2,181,363
Capital Goods 6.2%					
ALH Finance LLC, Sr. Sub. Notes	B3	8.50	1/15/13	200	193,500
Allied Waste North America, Inc. Sr. Notes, Ser. B	B2	8.50	12/1/08	135	142,763
Sec d. Notes, Ser. B	B2	5.75	2/15/11	450	420,188
Sr. Notes	B2	7.25	3/15/15	95(h)	94,288
Gtd. Notes, Ser. B.	B2	9.25	9/1/12	167	182,448
Blount, Inc., Sr. Sub. Notes	B3	8.875	8/1/12	300	327,000
Case New Holland, Inc., Sr. Notes	Ba3	9.25	8/1/11	200	213,000
Columbus McKinnon Corp., Sr. Sub. Notes	B3	8.875	11/1/13	135(h)	136,688
Great Lakes Dredge & Dock Corp., Sr. Sub. Notes, Ser. B	Caa3	7.75	12/15/13	70	64,050
Invensys PLC, Sr. Notes (United Kingdom)	B3	9.875	3/15/11	115(c)(h)	115,575
Johnson Diversey Holdings, Inc., Sr. Disc. Notes, Zero Coupon (until 5/15/07)	Caa1	Zero	5/15/13	215	161,788
Manitowoc Co., Inc., (The), Sr. Sub. Notes	B2	10.50	8/1/12	260	293,800
Mueller Group, Inc., Sr. Sub. Notes	Caa1	10.00	5/1/12	115	123,194
Rexnord Corp., Sr. Sub. Notes	B3	10.125	12/15/12	225	246,938

See Notes to Financial Statements.

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Schedule of Investments

August 31, 2005 Cont d.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Stena AB, (Sweden)					
Sr. Notes	Ba3	9.625%	12/1/12	\$ 100(c)	\$ 109,750
Sr. Notes	Ba3	7.50	11/1/13	275(c)	275,000
Terex Corp.,					
Sr. Sub. Notes	B3	9.25	7/15/11	50	54,125
Sr. Sub. Notes	B3	7.375	1/15/14	275(h)	286,000
Sr. Sub., Ser. B	B3	10.375	4/1/11	240	257,400
Tyco Int'l. Group S.A., Gtd. Notes (Luxembourg)	Baa3	3.125	1/15/23	40(c)(h)	52,900
United Rentals North America, Inc., Sr. Sub. Notes	B3	7.75	11/15/13	275	268,813
					4,019,208
Chemicals 12.7%					
BCI Financial, Corp., Sr. Sec'd Notes	B3	9.0988	7/15/10	325(h)(i)	331,500
Borden U.S. Finance Corp., Sr. Sec'd Notes	B3	8.3487	7/15/10	500(h)(i)	502,500
Equistar Chemical Funding LP, Notes (cost \$142,047; purchase 5/5/03)	BB (d)	6.50	2/15/06	140(f)	140,175
Sr. Notes	B2	10.125	9/1/08	215	235,425
Sr. Notes	B2	10.625	5/1/11	85	94,350
Hercules, Inc., Deb. (cost \$454,625; purchased 5/7/03)	Ba1	6.60	8/1/27	450(f)	461,250
Huntsman Advanced Materials, Inc., Sec'd Notes, Ser. L	Ba3	11.00	7/15/10	360	408,600
Huntsman ICI Chemicals LLC, Sr. Notes	B3	10.125	7/1/09	42	43,260
Huntsman International LLC, Sr. Notes,	B2	9.875	3/1/09	680	724,199
Huntsman LLC, Sr. Sec'd Notes	Ba3	11.625	10/15/10	450	527,062
IMC Global, Inc., Debs.	B1	6.875	7/15/07	300	304,500
Sr. Notes	Ba3	10.875	8/1/13	300	354,750
Gtd. Notes, Ser. B	Ba3	11.25	6/1/11	200	220,000
Notes, Ser. B	Ba3	10.875	6/1/08	100	113,250
Gtd. Notes, Ser. B	Ba3	11.25	6/1/11	100	110,000
ISP Chemco, Inc., Notes, Ser. B	B1	10.25	7/1/11	485	523,193
Koppers, Inc., Sr. Sec'd Notes	B2	9.875	10/15/13	455	505,049

See Notes to Financial Statements.

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	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Lyondell Chemical Co.,					
Sr. Sec d. Notes	B1	9.50%	12/15/08	\$ 850	\$ 894,624
Sr. Sec d. Notes	B1	10.50	6/1/13	224	258,160
Nalco Co.,					
Sr. Notes	B2	7.75	11/15/11	140	146,650
Sr. Sub. Notes	Caa1	8.875	11/15/13	235	252,919
Nell AF SARL, Sr. Notes (Luxembourg)	B2	8.375	8/15/15	245(h)	247,756
PQ Corp., Gtd. Notes	B3	7.50	2/15/13	275(h)	276,375
Rhodia SA, (France)					
Sr. Notes	B3	10.25	6/1/10	125(c)	135,313
Sr. Sub. Notes	Caa1	8.875	6/1/11	140(c)	136,500
Rockwood Specialties, Inc.,					
Sr. Sub. Notes	B3	10.625	5/15/11	150	165,000
Westlake Chemical Corp.,					
Sr. Notes	Ba2	8.75	7/15/11	140	151,900
					8,264,260
Consumer 2.1%					
Coinmach Corp., Sr. Notes	B3	9.00	2/1/10	114	117,990
K2, Inc., Sr. Notes	Ba3	7.375	7/1/14	90	92,813
Levi Strauss & Co., Sr. Notes	Caa2	12.25	12/15/12	275	309,031
Mac-Gray Corp., Sr. Notes	B1	7.625	8/15/15	150(h)	154,875
Propex Fabrics, Inc., Sr. Notes	Caa1	10.00	12/1/12	225	217,125
Rayovac Corp., Sr. Sub. Notes	B3	8.50	10/1/13	80	82,400
Service Corp. International, Inc.,					
Notes	Ba3	6.50	3/15/08	125	126,563
Sr. Notes	Ba3	6.00	12/15/05	235	235,294
					1,336,091
Electric 11.4%					
AES Corp.,					
Sr. Notes	B1	9.50	6/1/09	75	82,688
Sr. Notes	B1	9.375	9/15/10	700	785,749
Sr. Notes	Ba3	8.75	5/15/13	90(h)	99,000
AES Eastern Energy LP, Pass-Through Cert., Ser 1999-A					
	Ba1	9.00	1/2/17	209	241,525
Allegheny Energy Supply Co., LLC, Notes					
	Ba3	8.25	4/15/12	210(h)	236,250
Aquila, Inc., Sr. Notes					
	B2	9.95	2/1/11	195	216,938

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 9

Schedule of Investments

August 31, 2005 Cont d.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Calpine Corp., Sr. Sec d. Notes	B (d)	8.75%	7/15/13	\$ 785(h)	\$ 580,899
CMS Energy Corp., Sr. Notes	B1	7.50	1/15/09	120	126,600
Dynegy Holdings, Inc., Deb.	Caa2	7.125	5/15/18	50	47,500
Deb.	Caa2	7.625	10/15/26	75	71,063
Sr. Notes	Caa2	6.875	4/1/11	75	74,250
Sr. Notes	B3	9.875	7/15/10	20(h)	21,800
Sr. Notes	B3	10.125	7/15/13	340(h)	379,950
Edison Mission Energy, Sr. Notes	B1	7.73	6/15/09	275	290,813
Empresa Nacional de Electricidad, Notes (Chile), Notes	Ba1	8.35	8/1/13	670(c)	782,253
Homer City Funding LLC, Sr. Notes	Ba2	8.137	10/1/19	144	163,080
Midland Funding Corp., Debs., Ser. B	Ba3	13.25	7/23/06	225	239,362
Midwest Generation LLC, Pass-thru Certs., Ser. A (cost \$200,488; purchased 11/20/03)	B1	8.30	7/2/09	195(f)	205,725
Pass-thru Certs., Ser. B	B1	8.56	1/2/16	38	41,630
Sr. Sec d. Notes	B1	8.75	5/1/34	325	364,000
Mirant Corp., Sr. Notes	NR	7.40	7/15/04	75(a)(h)	76,688
Mission Energy Holdings Co., Sr. Sec d. Notes	B2	13.50	7/15/08	75	89,250
Nevada Power Co., Gen. Ref. Mtge., Notes, Ser. E	Ba2	10.875	10/15/09	10	11,075
Gen. Ref. Mtge., Notes, Ser. I	Ba2	6.50	4/15/12	130	135,850
NoteCo Ltd., Notes, Ser. B F. R. N. (United Kingdom)	NR	6.6725	6/30/25	GBP 7(a)(i)	14,389
NRG Energy, Inc., Sr. Sec d. Notes	B1	8.00	12/15/13	\$ 426(h)	460,080
Orion Power Holdings, Inc., Sr. Notes	B2	12.00	5/1/10	370	447,700
Reliant Resources, Inc., Sr. Sec d. Notes	B1	9.50	7/15/13	400	445,000
Sierra Pacific Resources, Sr. Notes	B2	8.625	3/15/14	95	104,975
TECO Energy, Inc., Sr. Notes	Ba2	7.50	6/15/10	400	434,000
UtiliCorp Canada Finance Corp., (Canada) Gtd. Notes	B2	7.75	6/15/11	115(c)	120,175
					7,390,257

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	Moody s Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Energy Other 5.0%					
Chesapeake Energy Corp., Sr. Notes	Ba3	7.00%	8/15/14	\$ 150	\$ 158,250
Sr. Notes	Ba3	6.375	6/15/15	200	204,000
Sr. Notes	Ba3	6.875	1/15/16	200	207,250
Gtd. Notes	Ba3	6.25	1/15/18	25	24,781
Encore Acquisition Co., Sr. Sub. Notes	B2	6.25	4/15/14	75	74,625
Evergreen Resources, Inc., Sr. Notes	Baa3	5.875	3/15/12	225	225,495
Forest Oil Corp., Sr. Notes	Ba3	8.00	6/15/08	100	106,125
Sr. Notes	Ba3	8.00	12/15/11	95	104,263
Hanover Equipment Trust, Sr. Sec d. Notes, Ser. A	B2	8.50	9/1/08	105	109,463
Sr. Sec d. Notes, Ser. B	B2	8.75	9/1/11	125	134,063
Houston Exploration Co., Sr. Sub. Notes	B2	7.00	6/15/13	100	102,500
Magnum Hunter Resources, Inc., Sr. Notes	B2	9.60	3/15/12	23	25,300
Newfield Exploration Co., Sr. Sub. Notes	Ba3	8.375	8/15/12	100	108,750
Sr. Sub. Notes	Ba3	6.625	9/1/14	75	78,563
Parker Drilling Co., Sr. Notes	B2	9.625	10/1/13	450	511,312
Sr. Notes, Ser. B	B2	10.125	11/15/09	48	50,400
Pogo Producing Co., Sr. Sub. Notes	Ba3	6.625	3/15/15	125(h)	128,438
Premcor Refining Group, Inc., Sr. Notes	Baa3	6.75	2/1/11	100	107,250
Sr. Notes	Baa3	9.50	2/1/13	235	267,313
Sr. Notes	Baa3	6.75	5/1/14	85	90,950
Pride International, Inc., Sr. Notes	Ba2	7.375	7/15/14	125	135,625
Vintage Petroleum, Inc., Sr. Sub. Notes	B1	7.875	5/15/11	275	287,375
					3,242,091
Financial Services 0.4%					
Residential Capital Corp., Notes	Baa3	6.375	6/30/10	250(h)	255,199

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 11

Schedule of Investments

August 31, 2005 Cont d.

	Moody s Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Foods 2.6%					
Agrilink Foods Inc., Gtd. Notes (cost \$20,127; purchased 4/11/00)	B3	11.875%	11/1/08	\$ 21(f)	\$ 21,525
Ahold Finance USA, Inc., Gtd. Notes	Ba2	8.25	7/15/10	75	81,750
Carrols Corp., Sr. Sub. Notes	B3	9.00	1/15/13	175(h)	182,875
Delhaize America, Inc., Gtd. Notes	Ba1	8.125	4/15/11	125	139,747
Del Monte Corp., Sr. Sub. Notes	B2	8.625	12/15/12	250	271,250
Dole Foods Co., Inc., Sr. Notes	B2	8.625	5/01/09	115	122,188
Sr. Notes	B2	7.25	6/15/10	100	101,250
Sr. Notes	B2	8.875	3/15/11	41	43,665
Dominos, Inc., Sr. Sub. Notes	B2	8.25	7/01/11	73	78,110
National Beef Packing Co., LLC, Sr. Notes	B3	10.50	8/01/11	100	104,500
Pathmark Stores, Inc., Gtd. Notes	Caa1	8.75	2/01/12	140	139,300
Smithfield Foods, Inc., Sr. Notes, Ser.	Ba2	7.00	8/01/11	125	128,750
Sr. Notes	Ba2	7.75	5/15/13	200	215,000
Stater Bros. Holdings, Inc., Sr. Notes	B1	8.125	6/15/12	75	76,125
					1,706,035
Gaming 8.3%					
Argosy Gaming Co., Sr. Sub. Notes	Ba3	9.00	9/01/11	75	81,563
Aztar Corp., Sr. Sub. Notes	Ba3	7.875	6/15/14	210	222,600
Boyd Gaming Corp., Sr. Sub. Notes	B1	8.75	4/15/12	200	217,000
Caesars Entertainment, Inc., Sr. Sub. Notes, Ser. A	Ba1	7.875	12/15/05	500	503,125
Sr. Sub. Notes	Ba1	8.125	5/15/11	85	95,731
CCM Merger, Inc., Notes	B3	8.00	8/1/13	125(h)	127,500
Isle of Capri Casinos, Inc., Sr. Sub. Notes	B2	9.00	3/15/12	110	117,700
Sr. Sub. Notes	B2	7.00	3/1/14	50	49,125
Mandalay Resort Group, Sr. Notes	Ba2	9.50	8/01/08	250	274,063

See Notes to Financial Statements.

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	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
MGM MIRAGE, Sr. Notes	Ba2	6.00%	10/01/09	\$ 730	\$ 727,262
Sr. Sub. Notes	Ba3	9.75	6/01/07	480	512,399
Sr. Sub. Notes	Ba2	6.625	7/15/15	350(h)	353,500
Mohegan Tribal Gaming Authority, Sr. Sub. Notes	Ba3	6.375	7/15/09	150	152,250
Sr. Sub. Notes	Ba3	8.00	4/01/12	175	186,375
Sr. Sub. Notes	Ba3	7.125	8/15/14	50	52,500
Trump Entertainment Resorts, Inc., Sec d. Notes	Caa1	8.50	6/01/15	315	315,000
Penn National Gaming, Inc., Sr. Sub. Notes	B3	6.75	3/01/15	75(h)	74,250
Station Casinos, Inc., Sr. Notes	Ba2	6.00	4/01/12	200	201,500
Sr. Sub. Notes	B1	6.875	3/01/16	100(h)	102,750
Sun International Ltd., (Bahamas), Sr. Sub. Notes	B2	8.875	8/15/11	765(c)	814,724
Wynn Las Vegas LLC, First Mtge., Bonds	B2	6.625	12/01/14	250	243,125
					5,424,042
Health Care & Pharmaceutical 10.4%					
Alliance Imaging, Inc., Sr. Sub. Notes	B3	7.25	12/15/12	100	97,250
Concentra Operating Corp., Sr. Sub. Notes	B3	9.50	8/15/10	275	290,125
Coventry Health Care, Inc., Sr. Notes	Ba1	8.125	2/15/12	200(f)	214,500
Elan Finance PLC (Ireland), Sr. Notes	B3	7.75	11/15/11	100(c)(h)	88,000
HCA, Inc., Deb.	Ba2	8.36	4/15/24	100	112,232
Deb.	Ba2	7.50	11/15/95	150	146,482
Notes	Ba2	6.75	7/15/13	300	314,536
Notes	Ba2	7.50	11/6/33	350	371,395
HEALTHSOUTH Corp., Sr. Notes	NR	8.50	2/1/08	200	201,000
Sr. Notes	NR	7.625	6/1/12	275	267,438
Sr. Sub. Notes	NR	10.75	10/1/08	150	155,250
Inverness Medical Innovations, Inc., Sr. Sub. Notes	Caa3	8.75	2/15/12	165	169,950

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 13

Schedule of Investments

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	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Magellan Health Services, Inc., Sr. Notes,	B3	9.375%	11/15/08	\$ 831	\$ 876,578
MedCo Health Solutions, Inc., Sr. Notes	Ba1	7.25	8/15/13	145	164,391
Medical Device Corp., Gtd. Notes, Ser. B	Caa1	10.00	7/15/12	300	325,500
MedQuest, Inc., Sr. Sub. Notes	Caa1	11.875	8/15/12	200	211,000
Omega Healthcare Investors, Inc., Notes	B1	6.95	8/1/07	275	277,750
Omnicare, Inc., Sr. Sub. Notes	Ba2	6.125	6/1/13	125	123,438
Res-Care, Inc., Sr. Notes	B2	10.625	11/15/08	335	356,608
Select Medical Corp., Sr. Sub. Notes	B3	7.625	2/1/15	125	121,563
Senior Housing Properties Trust, Sr. Notes	Ba2	8.625	1/15/12	150	168,000
Tenet Healthcare Corp., Sr. Notes	B3	6.375	12/1/11	75	70,875
Vanguard Health Holdings Co. II LLS, Sr. Sub. Notes	Caa1	9.00	10/1/14	250	271,875
Ventas Realty LP, Sr. Notes	Ba3	8.75	5/1/09	280	305,200
Sr. Notes	Ba3	6.75	6/1/10	200(h)	205,000
Sr. Notes	Ba3	9.00	5/1/12	45	51,750
Sr. Notes	Ba3	6.625	10/15/14	150	152,625
Sr. Notes	Ba3	7.125	6/1/15	125(h)	130,625
Warner Chilcott Corp.	Caa1	8.75	2/1/15	525(h)	519,749
					6,760,685
Lodging 5.4%					
Felcor Lodging LP, Sr. Notes	B1	7.78	6/1/11	125(i)	130,313
Sr. Notes	B1	9.00	6/1/11	150	165,375
Felcor Suites LP, Gtd. Notes	B1	7.625	10/1/07	125	129,375
HMH Properties, Inc., Sr. Notes, Ser. B	Ba3	7.875	8/1/08	64	64,880
Host Marriott LP, Sr. Notes, Ser. I	Ba3	9.50	1/15/07	275	288,750
Sr. Notes	Ba3	7.125	11/1/13	400	418,000
Sr. Notes, Ser. M	Ba3	7.00	8/15/12	200	209,000
ITT Corp., Deb.	Ba1	7.375	11/15/15	150	164,250
Notes	Ba1	6.75	11/15/05	90	90,338
John Q. Hammons Hotels, Inc. Notes First Mtge., Ser. B	B2	8.875	5/15/12	100	110,000

See Notes to Financial Statements.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
LA Quinta Inns, Inc.,					
Sr. Notes	Ba3	7.40%	9/15/05	\$ 445	\$ 445,556
Sr. Notes	Ba3	8.875	3/15/11	100	107,750
Royal Caribbean Cruises Ltd., (Liberia)					
Sr. Notes	Ba1	8.00	5/15/10	350(c)	383,250
Sr. Notes	Ba1	6.875	12/1/13	75(c)	79,875
Sr. Notes	Ba1	7.50	10/15/27	50(c)	54,875
Starwood Hotels & Resorts Worldwide, Inc.,					
Sr. Notes	Ba1	7.375	5/1/07	570	590,662
Sr. Notes	Ba1	7.875	5/1/12	70	77,525
					3,509,774
Media & Entertainment 9.5%					
AMC Entertainment, Inc.,					
Sr. Sub. Notes	B2	8.625	8/15/12	275	284,625
Sr. Sub. Notes	B3	8.00	3/1/14	100	92,500
CanWest Media, Inc., (Canada)					
Sr. Sub. Notes, Ser. B	Ba3	7.625	4/15/13	60(c)	64,200
Sr. Sub. Notes	B2	10.625	5/15/11	225(c)	243,000
Dex Media East LLC,					
Sr. Sub. Notes	B2	12.125	11/15/12	406	480,095
Dex Media West LLC,					
Sr. Sub. Notes	B2	9.875	8/15/13	415	469,469
Dex Media, Inc., Notes	B3	8.00	11/15/13	165	175,313
DirectTVHoldings LLC,					
Sr. Sub. Notes	Ba2	8.375	3/15/13	48	52,680
EchoStar DBS Corp.,					
Sr. Notes	Ba3	9.125	1/15/09	152	160,550
Gray Television, Inc.,					
Sr. Sub. Notes	Ba3	9.25	12/15/11	285	308,513
Intelsat Ltd. (Bermuda), Sr. Notes	B2	8.695	1/15/12	375(c)(h)(i)	381,563
Intrawest Corp. (Canada),					
Sr. Notes	B1	7.50	10/15/13	150(c)	154,875
MediaNews Group, Inc.,					
Sr. Sub. Notes	B2	6.875	10/1/13	200	199,250
Morris Publishing Co. LLC,					
Sr. Sub. Notes	Ba3	7.00	8/1/13	65	65,406
New Skies Satellites NV (Netherlands), Sr. Notes	B3	8.5388	11/1/11	200(c)(h)(i)	207,500

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Schedule of Investments

August 31, 2005 Cont d.

	Moody s Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
PRIMEDIA, Inc., Sr. Notes	B2	9.165%	5/15/10	\$ 200(i)	\$ 212,250
Quebecor Media, Inc., (Canada) Sr. Disc. Notes, Zero Coupon (until 7/15/06)	B2	Zero	7/15/11	400(c)	406,000
Rainbow National Services LLC, Sr. Notes	B3	8.75	9/1/12	125(h)	136,094
RH Donnelley Finance Corp., Sr. Sub. Notes	B2	10.875	12/15/12	200(h)	231,250
Sinclair Broadcast Group, Inc., Sr. Sub. Notes	B2	8.75	12/15/11	165	174,281
Six Flags, Inc., Sr. Notes	Caa1	9.625	6/1/14	100	100,250
Sun Media Corp., (Canada), Gtd. Notes	Ba3	7.625	2/15/13	400(c)	422,500
Susquehanna Media Co., Sr. Sub. Notes	B1	7.375	4/15/13	300	314,625
Universal City Florida Holdings Co., Sr. Notes	B3	8.44	5/1/10	400(i)	419,000
Vail Resorts, Inc., Sr. Sub. Notes	B2	6.75	2/15/14	150	153,375
Vertis, Inc., Sr. Notes, Ser. B	Caa1	10.875	6/15/09	45	46,013
Sr. Notes	B3	9.75	4/1/09	200	210,000
					6,165,177
Metals 4.9%					
AK Steel Corp., Sr. Notes	B1	7.75	6/15/12	110	102,025
AK Steel Holdings Corp., Sr. Notes	B1	7.875	2/15/09	190	184,775
Arch Western Finance LLC, Sr. Notes	Ba3	6.75	7/01/13	275	280,500
Century Aluminum Co., Sr. Notes	B1	7.50	8/15/14	175	181,125
Chaparral Steel Co., Sr. Unsec d. Notes	B1	10.00	7/15/13	100(h)	105,000
Foundation Coal Co., Gtd. Notes	B1	7.25	8/01/14	200	210,250
Ispat Inland ULC (Canada), Sr. Sec d. Notes	Ba1	9.75	4/01/14	380(c)	444,600
Novelis, Inc., (Canada), Sr. Notes	B1	7.25	2/15/15	420(c)(h)	421,050
Oregon Steel Mills, Inc., First Mtge. Notes	B1	10.00	7/15/09	510	553,349
Russel Metals, Inc. (Canada) Sr. Notes	Ba3	6.375	3/01/14	265(c)	255,725
Ryerson Tull, Inc., Sr. Notes	B2	8.25	12/15/11	150	145,500

See Notes to Financial Statements.

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	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
United States Steel Corp., Sr. Notes	Ba2	10.75%	8/01/08	\$ 100	\$ 112,500
Sr. Notes	Ba2	9.75	5/15/10	150	164,250
					3,160,649
Packaging 4.2%					
AEP Industries, Inc. Sr. Notes	B2	7.875	3/15/13	215(h)	219,232
Berry Plastics Corp., Sr. Sub. Notes	B3	10.75	7/15/12	275	302,500
Crown Cork & Seal Finance PLC (United Kingdom), Notes	B3	7.00	12/15/06	435(c)	444,788
Graham Packaging Co., Inc., Sr. Notes	Caa1	8.50	10/15/12	100	103,000
Sr. Notes	Caa2	9.875	10/15/14	250	258,750
Greif Brothers Corp., Sr. Sub. Notes	B1	8.875	8/01/12	480	523,199
Owens-Brockway Glass Container, Inc., Sr. Sec d. Notes	B1	7.75	5/15/11	45	47,700
Sr. Sec d Notes	B1	8.75	11/15/12	660	719,399
Silgan Holdings, Inc., Sr. Sub. Notes	B1	6.75	11/15/13	125	127,656
					2,746,224
Paper 5.5%					
Ainsworth Lumber Co. Ltd. (Canada) Sr. Notes	B2	7.24	10/1/10	400(c)(i)	396,000
Bowater Canada Finance, (Canada) Notes	Ba3	7.95	11/15/11	25(c)	25,750
Caraustar Industries, Inc., Sr. Sub. Notes	Caa1	9.875	4/1/11	125	129,063
Cascades Inc., (Canada), Sr. Notes	Ba3	7.25	2/15/13	250(c)	253,750
Cellu Tissue Holdings, Inc., Sec d Notes	B2	9.75	3/15/10	300	303,750
Georgia-Pacific Corp., Debs.	Ba3	7.75	11/15/29	300	334,125
Notes, (cost \$523,125; purchased 5/13/04)	Ba3	7.50	5/15/06	500(f)	508,124
Sr. Notes	Ba2	9.375	2/1/13	150	167,625

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The High Yield Income Fund, Inc. 17

Schedule of Investments

August 31, 2005 Cont d.

	Moody s Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Jefferson Smurfit Corp., Sr. Notes	B2	8.25%	10/1/12	\$ 400	\$ 395,000
Sr. Notes	B2	7.50	6/1/13	200	190,500
Mercer International, Inc., Sr. Notes	Caa1	9.25	2/15/13	100	86,250
Millar Western Forest Products Ltd. (Canada), Sr. Notes	B2	7.75	11/15/13	130(c)	118,950
Norampac, Inc. (Canada), Sr. Notes					