

HIGH YIELD INCOME FUND INC
Form N-CSR
November 08, 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:	8/31/2006

Item 1 Reports to Stockholders

ANNUAL REPORT

AUGUST 31, 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.

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 8/31/06

	Total Return 12 Months	NAV 8/31/06	Market Price 8/31/06
The High Yield Income Fund ¹	6.25%	\$ 5.47	\$ 4.89
Lehman Brothers U.S. Corporate High Yield Index ²	5.50	N/A	N/A
Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index ²	4.83	N/A	N/A
Lipper Closed-End High Current Yield Funds (Leveraged) Avg. ³	5.44	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 (8/31/06) 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 12 months.

Yield and Dividend as of 8/31/06

**Total Monthly Dividends
Paid per Share
12 Months**
\$0.425

Yield at Market Price
8.69%

The High Yield Income Fund, Inc. 1

Investment Advisor's Report

Prudential Investment Management, Inc.

High yield bonds a standout in U.S. fixed income market

The 12-month reporting period that ended August 31, 2006, demonstrated why including high yield bonds in a well-diversified asset allocation strategy can make sense for some investors. High yield bonds performed better than most other areas of the U.S. fixed income market for the reporting period by producing a 4.83% return as measured by the Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index (the benchmark index). The high yield asset class produced a 5.50% return as measured by the Lehman Brothers U.S. Corporate High Yield Index (the former benchmark index). The Fund returned 6.25%, outperforming both its benchmark index and the 5.44% return of its Lipper Closed-End High Current Yield Funds Average (Lipper Average). We attribute the Fund's solid relative performance primarily to favorable security selection in sectors such as electric utilities, media/-entertainment, and automotive.

On the whole, high yield bonds remained supported by positive business fundamentals. Corporate balance sheets were generally healthy many companies still generated free cash flow, had low-to-moderate amounts of leverage, and carried positive cash balances. Some firms, looking to make sure they had sufficient liquidity, refinanced their outstanding bonds earlier than necessary to take advantage of favorable market conditions. Moreover, the trailing 12-month high yield bond default rate fell to a record low during the reporting period.

Global rise in short-term rates rattled high yield bond market

Such factors helped restore investor confidence in high yield bonds after they sold off in the spring of 2006 as a global trend toward higher short-term interest rates finally began to discourage investment in riskier assets. High yield bonds tend to be less sensitive to the negative effects of rising interest rates than higher-quality bonds. However, there was widespread concern that major central banks might unintentionally tighten monetary policy too much and choke off the global economic expansion, which could hurt the credit quality of high yield bonds.

In the United States, the Federal Reserve (the Fed) had already raised its short-term rate target 10 times prior to the start of the reporting period as part of its latest campaign to rein in economic growth and curb inflationary pressures. During the reporting period, the Fed raised the target for the federal funds rate on overnight loans between banks another seven times, lifting it from 3.50% to 5.25%. When Fed policymakers met in August 2006 (the final meeting of the reporting period), they voted to leave the target for the benchmark rate unchanged, but left the door open for further rate hikes. While economic growth had begun to moderate, as evidenced by a weaker housing market, some inflation risk remained in the economy. As it turned

out, signs that inflationary pressures had begun to ease amid slower growth helped high yield bonds rally late in the reporting period. This was welcomed news for bond investors as inflation erodes the value of bonds' fixed interest payments.

Favorable security selection in electric utility industry helped

With the high yield market in the late stage of its credit cycle, downside risks tend to outweigh the potential for positive developments in the market. Therefore, we focused on bonds with sufficient asset protection, which benefited the Fund. In the utility sector, the Fund had a favorable position within the capital structure of Calpine Corporation when the independent power producer filed for bankruptcy in December 2005. The Fund held the more senior Calpine bonds, which actually rose in value, while its underweight exposure to Calpine's subordinated debt aided the Fund's performance relative to its benchmark Index.

Security selection in autos and media/entertainment another plus

The automotive sector posted a solid return, but sound security selection was crucial as some debt securities performed better than others. This was particularly true of auto parts suppliers, who faced higher costs for raw materials and energy as well as production cutbacks at key customers such as General Motors Corp. (GM) and Ford Motor Co. (Ford). With that in mind, we avoided Dura Automotive Systems' bonds, which declined in value as the auto parts supplier faced stiff competition from rivals who have had more success at cutting costs. In contrast, the Fund had a sizable position in bonds of Visteon, which performed well even though late in the reporting period a major credit-rating agency said it might downgrade its rating on Visteon debt securities.

The Fund also held GM bonds that performed well. The automaker has made steady progress toward cutting costs, selling a partial stake in its finance subsidiary General Motors Acceptance Corp., and negotiating with Delphi Corp. and the United Auto Workers union. We favored GM bonds over Ford debt securities, as financial markets have viewed GM's restructuring efforts more favorably than Ford's.

In the media/entertainment industry, the Fund held preferred stock of ION Media Networks (formerly Paxson Communications Corporation) that increased in value. The company struck a deal with NBC Universal that gave NBC an 18-month option to purchase a controlling stake in ION or seek another buyer for the option.

Leverage remained a positive factor in Fund performance

The Fund continued to employ leverage, which refers to the practice of taking out a loan against a percentage of portfolio assets and investing the money back into the

Investment Advisor's Report (continued)

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 during the reporting period, was among the factors that helped it outperform its benchmark Index.

Too few airline bonds detracted from Fund performance

Airline bonds gained solidly. In the face of stronger travel demand, carriers reduced capacity by making fewer flights and seats available. This enabled airlines to raise ticket prices, which helped them offset some of the negative impact of sharply higher fuel prices. Some major domestic carriers were even able to report their first profitable quarter in years. Despite these positive developments, we remained cautious with regard to the challenging operating environment faced by the major airlines as it is largely characterized by volatile fuel prices and stiff competition from low-cost carriers. The Fund held airline bonds that gained in value, but its underweight exposure to the sector detracted from its performance relative to its benchmark Index.

Overweight exposure to healthcare another negative

We continued to emphasize bonds in defensive sectors of the high yield market such as healthcare. Compared to its benchmark index, the Fund had an overweight exposure to the sector that included bonds of HCA, Inc.; Skilled Healthcare Group, Inc.; and Accellent, Inc., among others. HCA became involved in a leveraged buyout (LBO) that, if completed, will change the nation's largest hospital chain from a public company to a private one. As part of the transaction, HCA will take on billions of dollars of additional debt. Consequently, three major credit-rating agencies announced they may downgrade their ratings of HCA bonds. The sell-off in HCA bonds spilled over into the rest of the sector, which performed poorly for the reporting period. Thus, the Fund's overweight exposure to the healthcare sector detracted from its return.

Fund benefited from select emerging market exposure

Emerging market bonds also sold off in the spring of 2006 amid concern that the broad trend toward higher rates might undermine the global economic expansion. The sell-off did not last, however. Emerging market bonds bounced back during the summer to end the reporting period solidly in positive territory. The Fund's modest exposure, which included bonds of Argentina, Colombia, and the Philippines, enhanced its performance.

Portfolio of Investments

August 31, 2006

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
LONG-TERM INVESTMENTS 131.3%					
CORPORATE BONDS 127.9%					
Aerospace/Defense 3.6%					
BE Aerospace, Inc.,					
Sr. Sub Notes, Ser. B	B3	8.875%	5/1/11	\$ 235	\$ 244,988
DRS Technologies, Inc.,					
Gtd. Notes	B2	6.625	2/1/16	200	194,500
Gtd. Notes	B3	7.625	2/1/18	150	150,000
Esterline Technologies Corp.,					
Sr. Sub Notes	Ba3	7.75	6/15/13	300	300,000
K&F Acquisition, Inc.,					
Gtd. Notes	Caa1	7.75	11/15/14	150	149,250
L-3 Communications Corp.,					
Gtd. Notes	Ba3	7.625	6/15/12	500	512,499
Moog, Inc.,					
Sr. Sub. Notes	Ba3	6.25	1/15/15	300	283,500
Sequa Corp., Sr. Notes, Ser. B					
	B1	8.875	4/1/08	300	312,000
Standard Aerospace Holdings, Inc., Gtd. Notes					
	Caa1	8.25	9/1/14	125	120,313
					2,267,050
Airlines 0.9%					
AMR Corp., M.T.N., Notes, Ser. B					
	CCC+(d)	10.40	3/10/11	100	94,125
Continental Airlines, Inc.,					
Pass-thru Certs.,					
Ser. D	B3	7.568	12/1/06	400	399,367
Ser. 1998-1, Class B	Ba2	6.748	3/15/17	88	83,179
					576,671
Automotive 9.4%					
ArvinMeritor, Inc., Notes					
	Ba3	8.75	3/1/12	70	68,250
Ford Motor Credit Co.,					
Notes	Ba3	7.875	6/15/10	1,405	1,380,860
Sr. Notes	Ba3	9.875	8/10/11	400	417,921
General Motors Acceptance Corp.,					
Notes	Ba1	6.125	9/15/06	500	499,848
Notes	Ba1	6.75	12/1/14	435	417,029
Notes	Ba1	6.875	9/15/11	450	443,195

See Notes to Financial Statements.

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Portfolio of Investments

August 31, 2006 Cont d.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Notes	Ba1	6.875%	8/28/12	\$ 950	\$ 927,394
Notes	Caa1	7.20	1/15/11	475	425,719
General Motors Nova Scotia Finance Co. (Canada), Gtd. Notes	Caa1	6.85	10/15/08	225(c)	216,563
Goodyear Tire & Rubber Co., Sr. Notes	B3	9.00	7/1/15	60	60,150
Lear Corp., Gtd. Notes, Ser. B	B3	8.11	5/15/09	355	342,575
TRW Automotive, Inc., Sr. Notes	Ba3	9.375	2/15/13	276	294,630
Sr. Sub. Notes	B1	11.00	2/15/13	50	54,375
Visteon Corp., Sr. Notes	B3	7.00	3/10/14	100	88,750
Sr. Notes	B3	8.25	8/1/10	365	357,700
					5,994,959
Banking 0.7%					
Halyk Savings Bank of Kazakhstan (Kazakhstan), Notes (cost \$101,750; purchased 10/22/04)	Baa1	8.125	10/7/09	100(c)(g)(h)	104,375
Kazkommerts International BV (Netherlands), Gtd. Notes	Baa1	7.00	11/3/09	105(c)(h)	105,840
Gtd. Notes	Baa1	8.50	4/16/13	205(c)(h)	216,583
					426,798
Building Materials 2.7%					
Beazer Homes USA, Inc., Gtd. Notes	Ba1	8.625	5/15/11	110	110,413
D.R. Horton, Inc., Sr. Notes	Baa3	8.00	2/1/09	375	392,205
Dycom Industries, Inc., Notes	Ba3	8.125	10/15/15	175	176,750
Goodman Global Holdings, Inc., Sr. Notes, Ser. B	B2	8.329	6/15/12	122(i)	122,000
K Hovnanian Enterprises Inc., Gtd. Notes	Ba1	7.50	5/15/16	170	156,400
Sr. Notes	Ba1	8.625	1/15/17	100	97,625
KB HOME, Notes	Ba1	6.375	8/15/11	150	143,408
Sr. Sub. Notes	Ba2	8.625	12/15/08	160	165,051
Nortek, Inc., Sr. Sub. Notes	Caa1	8.50	9/1/14	350	325,500
					1,689,352

See Notes to Financial Statements.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Cable 4.8%					
Cablevision Systems Corp., Sr. Notes, Ser. B	B3	8.00%	4/15/12	\$ 50	\$ 50,250
Callahan Nordrhein-Westfalen (Germany), Sr. Disc. Notes	NR	16.00	7/15/10	500(a)(c)(f)	5
Charter Communications Holdings LLC, Gtd. Notes	Ca	10.00	5/15/14	99	64,598
Gtd. Notes	Ca	11.125	1/15/14	198	132,660
Gtd. Notes	Ca	11.75	5/15/14	500	340,000
Sec d. Notes	Caa3	11.00	10/1/15	400	354,999
Charter Communications Holdings II LLC, Sr. Notes	Caa1	10.25	9/15/10	325	329,063
Sr. Notes, Ser. B	Caa1	10.25	9/15/10	250	252,500
Charter Communications Operating LLC, Sr. Notes	B2	8.375	4/30/14	100(h)	101,000
Sr. Notes	Ca	10.75	10/1/09	100	91,500
CSC Holdings, Inc., Debs.	B2	7.625	7/15/18	100	100,875
Debs.	B2	7.875	2/15/18	50	51,125
Debs., Ser. B	B2	8.125	8/15/09	100	103,250
Sr. Notes	B2	7.875	12/15/07	350	356,562
Sr. Notes, Ser. B	B2	7.625	4/1/11	25	25,563
Sr. Notes, Ser. B	B2	8.125	7/15/09	200	206,750
NTL Cable PLC (United Kingdom), Sr. Notes	B2	9.125	8/15/16	400(c)	413,999
Videotron Ltee, Gtd. Notes	Ba3	6.375	12/15/15	100	93,625
					3,068,324
Capital Goods 7.4%					
ALH Finance LLC, Sr. Sub. Notes	B3	8.50	1/15/13	75	73,313
Allied Waste North America, Inc., Gtd. Notes, Ser. B	B2	9.25	9/1/12	167	178,690
Sec d. Notes, Ser. B	B2	5.75	2/15/11	450	427,499
Sr. Notes	B2	7.25	3/15/15	95	93,338
Sr. Notes, Ser. B	B2	8.50	12/1/08	135	140,400
Ashtead Capital, Inc., Notes	B3	9.00	8/15/16	175(h)	178,500

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 7

Portfolio of Investments

August 31, 2006 Cont d.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Avis Budget Car Rental LLC, Sr. Notes	Ba3	7.625%	5/15/14	\$ 105(h)	\$ 99,750
Blount, Inc., Sr. Sub Notes	B2	8.875	8/1/12	425	425,531
Case New Holland, Inc., Gtd. Notes	Ba3	9.25	8/01/11	200	212,000
Columbus Mckinnon Corp., Sr. Sub. Notes	B3	8.875	11/1/13	160	163,200
Hertz Corp., Sr. Notes	B1	8.875	1/1/14	495(h)	513,562
Invensys PLC (United Kingdom), Sr. Notes	B2	9.875	3/15/11	59(c)(h)	63,720
JohnsonDiversey Holdings, Inc., Discount Notes, Zero Coupon (until 5/15/07)	Caa1	Zero	5/15/13	135	115,425
JohnsonDiversey, Inc., Gtd. Notes, Ser. B	Caa1	9.625	5/15/12	75	73,875
Manitowoc Co., Inc., (The), Gtd. Notes	B2	10.50	8/1/12	260	279,500
RBS Global & Rexnord Corp., Gtd. Notes	B3	9.50	8/1/14	150(h)	150,750
Stena AB (Sweden), Sr. Notes	Ba3	7.50	11/1/13	275(c)	270,875
Sr. Notes	Ba3	9.625	12/1/12	175(c)	186,375
Terex Corp., Gtd. Notes	B2	7.375	1/15/14	275	275,000
Gtd. Notes	B2	9.25	7/15/11	50	52,688
United Rentals North America, Inc., Sr. Sub. Notes	Caa1	7.75	11/15/13	400	383,000
Valmont Industries, Inc., Gtd. Notes	Ba3	6.875	5/1/14	350	344,750
					4,701,741
Chemicals 6.6%					
BCI Finance Corp., Sr. Sec d. Notes	B3	11.007	7/15/10	185(h)(i)	188,700
Equistar Chemical Funding LP, Gtd. Notes	B1	10.125	9/1/08	215	226,825
Sr. Notes	B1	10.625	5/1/11	85	91,375
Huntsman International LLC, Gtd. Notes	B2	9.875	3/1/09	370	384,800
Gtd. Notes	B3	10.125	7/1/09	42	42,840
Huntsman LLC, Gtd. Notes	Ba3	11.625	10/15/10	611	678,209

See Notes to Financial Statements.

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	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Ineos Group Holdings PLC (United Kingdom), Notes	B2	8.50%	2/15/16	\$ 100(c)(h)	\$ 95,000
Koppers, Inc., Gtd. Notes	B1	9.875	10/15/13	236	255,470
Lyondell Chemical Co., Gtd. Notes	Ba3	9.50	12/15/08	496	510,880
Gtd. Notes	Ba3	10.50	6/1/13	224	246,400
Mosaic Global Holdings, Inc., Debs.	B1	6.875	7/15/07	300	300,000
Gtd. Notes, Ser. B	Ba3	10.875	6/1/08	100	106,750
Gtd. Notes, Ser. B	Ba3	11.25	6/1/11	300	316,875
Nalco Co., Sr. Notes	B2	7.75	11/15/11	140	142,450
Sr. Sub. Notes	Caa1	8.875	11/15/13	235	242,050
Rhodia SA (France), Sr. Notes	B3	10.25	6/1/10	91(c)	99,873
Sr. Sub. Notes	Caa1	8.875	6/1/11	113(c)	115,543
Rockwood Specialties Group, Inc., Sr. Sub. Notes	B3	10.625	5/15/11	110	117,975
					4,162,015
Consumer 2.4%					
Levi Strauss & Co., Sr. Notes	B3	8.875	4/1/16	75	74,063
Sr. Notes	B3	12.25	12/15/12	200	224,000
Mac-Gray Corp., Sr. Notes	B1	7.625	8/15/15	150	152,250
Playtex Products, Inc., Gtd. Notes	Caa1	9.375	6/1/11	325	339,625
Sec d. Notes	B2	8.00	3/1/11	15	15,600
Steinway Musical Instruments, Sr. Notes	Ba3	7.00	3/1/14	350(h)	337,750
Service Corp. International, Inc., Sr. Unsec d. Notes	Ba3	6.50	3/15/08	125	125,000
Simmons Bedding Co., Sr. Sub. Notes	Caa1	7.875	1/15/14	100	96,500
TDS Investor Corp., Sr. Sub. Notes	Caa1	11.875	9/1/16	205(h)	199,875
					1,564,663
Electric 10.3%					
AES Corp., Sec d. Notes	Ba3	8.75	5/15/13	90(h)	96,638

See Notes to Financial Statements.

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Portfolio of Investments

August 31, 2006 Cont d.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Sr. Notes	B1	9.375%	9/15/10	\$ 700	\$ 755,999
Sr. Notes	B1	9.50	6/1/09	75	80,250
AES Eastern Energy LP, Pass-Through Cert., Ser. 1999-A	Ba1	9.00	1/2/17	202	221,889
Aquila, Inc., Sr. Notes	B2	9.95	2/1/11	10	11,058
CMS Energy Corp., Sr. Notes	Ba3	7.50	1/15/09	120	123,300
Sr. Notes	Ba3	8.50	4/15/11	200	214,500
Dynegy Holdings, Inc., Debs.	B2	7.125	5/15/18	50	44,125
Debs.	B2	7.625	10/15/26	75	66,188
Sr. Notes	B2	6.875	4/1/11	75	72,000
Sr. Unsec d. Notes	B2	8.375	5/1/16	275(h)	270,875
Edison Mission Energy, Sr. Notes	B1	7.73	6/15/09	275	281,188
Sr. Notes	B1	7.75	6/15/16	225(h)	225,000
Empresa Nacional de Electricidad (Chile), Unsub. Notes	Ba1	8.35	8/1/13	670(c)	744,244
Homer City Funding LLC, Gtd. Notes	Ba2	8.137	10/1/19	138	147,660
Midwest Generation LLC, Pass-thru Certs., Ser. A	B1	8.30	7/2/09	193(f)	197,502
Pass-thru Certs., Ser. B	B1	8.56	1/2/16	33	35,479
Sec d. Notes	Ba3	8.75	5/1/34	325	346,125
Mirant North America LLC, Gtd. Notes	B2	7.375	12/31/13	360	356,400
Mission Energy Holding Co., Sec d. Notes	B2	13.50	7/15/08	75	83,906
Nevada Power Co., Gen. Ref. Mtge., Notes	Ba1	6.50	4/15/12	130	133,214
NRG Energy, Inc., Gtd. Notes	B1	7.375	2/1/16	550	541,750
Orion Power Holdings, Inc., Sr. Notes	B3	12.00	5/1/10	370	419,950
Reliant Energy, Inc., Sec d. Notes	B2	9.50	7/15/13	220	228,800
Sierra Pacific Resources, Sr. Notes	B1	8.625	3/15/14	95	102,116
Southern Energy Escrow	NR	Zero	7/15/49	75(f)(h)	375
TECO Energy, Inc., Sr. Notes	Ba2	7.50	6/15/10	400	416,000

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	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
TXU Corp., Sr. Notes, Ser. P	Ba1	5.55%	11/15/14	\$ 50	\$ 46,620
Sr. Notes, Ser. Q	Ba1	6.50	11/15/24	150	139,739
UtiliCorp Canada Finance Corp. (Canada), Gtd. Notes	B2	7.75	6/15/11	115(c)	120,463
					6,523,353
Energy Other 5.7%					
Chesapeake Energy Corp., Gtd. Notes	Ba2	6.25	1/15/18	75	69,188
Gtd. Notes	Ba2	6.50	8/15/17	275	255,062
Sr. Notes	Ba2	6.375	6/15/15	200	190,000
Sr. Notes	Ba2	6.875	1/15/16	200	194,000
Sr. Notes	Ba2	7.00	8/15/14	150	148,500
Compton Petroleum Finance Corp. (Canada), Gtd. Notes	B2	7.625	12/1/13	100(c)	97,500
Encore Acquisition Co., Sr. Sub. Notes	B2	6.00	7/15/15	50	46,375
Sr. Sub. Notes	B2	6.25	4/15/14	75	70,500
Forest Oil Corp., Sr. Notes	Ba3	8.00	6/15/08	100	103,000
Sr. Notes	Ba3	8.00	12/15/11	95	98,088
Hanover Equipment Trust, Sec d. Notes, Ser. A	B2	8.50	9/1/08	43	43,753
Sec d. Notes, Ser. B	B2	8.75	9/1/11	125	130,000
Houston Exploration Co., Sr. Sub. Notes	B2	7.00	6/15/13	100	99,500
Kerr-McGee Corp., Sec d. Notes	Ba2	6.95	7/1/24	225	238,806
Magnum Hunter Resources, Inc., Gtd. Notes	Ba3	9.60	3/15/12	23	24,380
Newfield Exploration Co., Sr. Sub. Notes	Ba3	6.625	9/1/14	75	73,312
Sr. Sub. Notes	Ba3	6.625	4/15/16	400	389,000
Parker Drilling Co., Sr. Notes	B2	9.625	10/1/13	450	490,499
Petrohawk Energy Corp., Gtd. Notes	B3	9.125	7/15/13	200(h)	203,500
Pioneer Natural Resource Co., Bonds	Ba1	6.875	5/1/18	100	98,760
Sr. Notes	Ba1	5.875	7/15/16	100	93,281

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 11

Portfolio of Investments

August 31, 2006 Cont d.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Plains Exploration & Production Co., Sr. Notes	Ba2	7.125%	6/15/14	\$ 50	\$ 51,250
Pogo Producing Co., Sr. Sub. Notes	B2	6.875	10/1/17	125	119,063
Sr. Sub. Notes	B2	7.875	5/1/13	75(h)	76,500
Pride International, Inc., Sr. Notes	Ba2	7.375	7/15/14	125	127,188
Tesoro Corp., Gtd. Notes	Ba1	6.625	11/1/15	50(h)	48,250
Sr. Notes	Ba1	6.25	11/1/12	25(h)	24,125
					3,603,380
Foods 2.2%					
Agrilink Foods, Inc., Gtd. Notes	B3	11.875	11/1/08	21	21,158
Ahold Finance USA, Inc., Notes	Ba1	8.25	7/15/10	75	78,844
Albertson's, Inc., Sr. Notes	B2	7.50	2/15/11	100	100,355
Constellation Brands, Inc., Gtd. Notes	Ba2	7.25	9/1/16	175	175,874
Dean Foods Co., Gtd. Notes	Ba2	7.00	6/1/16	100	99,000
Del Monte Corp., Sr. Sub. Notes	B2	8.625	12/15/12	100	104,625
Delhaize America, Inc., Gtd. Notes	Ba1	8.125	4/15/11	125	133,953
Dole Food Co., Inc., Gtd. Notes	B3	7.25	6/15/10	100	93,750
Sr. Notes	B3	8.625	5/1/09	55	54,175
National Beef Packing Co. LLC, Sr. Notes	B3	10.50	8/1/11	150	156,375
Pilgrim's Pride Corp., Gtd. Notes	Ba2	9.625	9/15/11	75	78,563
Smithfield Foods, Inc., Sr. Notes	Ba2	7.00	8/1/11	60	60,225
Sr. Notes, Ser. B	Ba2	7.75	5/15/13	120	122,700
Stater Brothers Holdings, Inc., Sr. Notes	B1	8.125	6/15/12	100	99,750
					1,379,347
Gaming 8.3%					
Aztar Corp., Sr. Sub. Notes	Ba3	7.875	6/15/14	285	307,800
Boyd Gaming Corp., Sr. Sub. Notes	B1	6.75	4/15/14	60	56,550
Sr. Sub. Notes	B1	8.75	4/15/12	200	209,750
Caesars Entertainment, Inc., Sr. Sub. Notes	Ba1	8.125	5/15/11	85	89,463

See Notes to Financial Statements.

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	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
CCM Merger, Inc., Notes	B3	8.00%	8/1/13	\$ 275(h)	\$ 263,313
Greektown Holdings LLC, Sr. Notes	B3	10.75	12/1/13	215(h)	226,288
Isle of Capri Casinos, Inc., Gtd. Notes	B2	9.00	3/15/12	185	193,556
Kerzner International Ltd. (Bahamas), Sr. Sub. Notes (cost \$294,000; purchased 1/19/06)	B2	6.75	10/1/15	300(c)(f)(g)	320,999
Mandalay Resort Group, Sr. Notes	Ba2	9.50	8/1/08	250	264,375
Sr. Sub. Notes	Ba3	9.375	2/15/10	100	105,625
MGM Mirage, Inc., Gtd. Notes	Ba2	6.00	10/1/09	325	317,687
Gtd. Notes	Ba3	9.75	6/1/07	480	491,999
Sr. Notes	Ba2	6.875	4/1/16	225(h)	213,469
Mohegan Tribal Gaming Authority, Sr. Sub. Notes	Ba3	6.375	7/15/09	100	98,750
Sr. Sub. Notes	Ba3	7.125	8/15/14	50	48,750
Sr. Sub. Notes	Ba3	8.00	4/1/12	175	180,469
Sr. Sub. Notes	Ba3	8.375	7/1/11	850(f)	883,999
Station Casinos, Inc., Sr. Notes	Ba3	6.00	4/1/12	215	205,594
Sr. Sub Notes	B1	6.50	2/1/14	75	69,938
Sr. Sub. Notes	B1	6.625	3/15/18	100	89,250
Sr. Sub. Notes	B1	6.875	3/1/16	100	92,625
Sr. Unsec d. Notes	Ba3	7.75	8/15/16	150	154,688
Trump Entertainment Resorts, Inc., Sec d. Notes	Caa1	8.50	6/1/15	305	295,088
Wynn Las Vegas LLC, First Mtge., Bonds	B2	6.625	12/1/14	100	95,500
					5,275,525
Health Care & Pharmaceutical 9.8%					
Accellent, Inc., Gtd. Notes	Caa1	10.50	12/1/13	600	619,499
Alliance Imaging, Inc., Sr. Sub. Notes	B3	7.25	12/15/12	200	186,000
Concentra Operating Corp., Gtd. Notes	B3	9.50	8/15/10	275	286,000
Coventry Health Care, Inc., Sr. Notes	Ba1	8.125	2/15/12	400	417,000

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 13

Portfolio of Investments

August 31, 2006 Cont d.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Elan Finance PLC (Ireland), Gtd. Notes	B3	9.405%	11/15/11	\$ 103(c)(i)	\$ 104,030
Fresenius Medical Care Capital Trust II, Gtd. Notes	B1	7.875	2/1/08	500	510,000
Hanger Orthopedic Group, Inc., Gtd. Notes	B3	10.25	6/1/14	150	150,375
HCA, Inc., Debs.	Ba2	7.50	11/15/95	100	68,297
Notes	Ba2	6.25	2/15/13	100	82,750
Notes	Ba2	6.75	7/15/13	300	251,250
Iasis Healthcare LLC, Sr. Sub. Notes	B3	8.75	6/15/14	140	133,350
Inverness Medical Innovations, Inc., Sr. Sub. Notes	Caa3	8.75	2/15/12	205(f)	202,950
MedQuest, Inc., Gtd. Notes, Ser. B	Caa3	11.875	8/15/12	50	46,250
Omnicare, Inc., Sr. Sub. Notes	Ba3	6.125	6/1/13	125	116,250
Sr. Sub. Notes	Ba3	6.875	12/15/15	100	95,625
Res-Care, Inc., Sr. Notes	B1	7.75	10/15/13	300	299,250
Select Medical Corp., Gtd. Notes	B3	7.625	2/1/15	125	108,125
Senior Housing Properties Trust, Sr. Notes	Ba2	8.625	1/15/12	405	432,338
Skilled Healthcare Group, Inc., Sr. Sub. Notes	Caa1	11.00	1/15/14	550(h)	580,250
Vanguard Health Holding Co. II LLC, Sr. Sub. Notes	Caa1	9.00	10/1/14	160	155,200
Ventas Realty LP, Gtd. Notes	Ba2	6.75	6/1/10	200	203,750
Gtd. Notes	Ba2	7.125	6/1/15	125	127,969
Gtd. Notes	Ba2	8.75	5/1/09	280	299,250
Sr. Notes	Ba2	6.625	10/15/14	150	151,500
Warner Chilcott Corp., Gtd. Notes	Caa1	8.75	2/1/15	615	614,999
					6,242,257
Lodging 3.4%					
Felcor Lodging LP, Gtd. Notes	Ba3	8.50	6/1/11	225	237,938
Sr. Notes	Ba3	9.57	6/1/11	125(i)	128,125

See Notes to Financial Statements.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Gaylord Entertainment Co., Sr. Notes	B3	8.00%	11/15/13	\$ 100	\$ 101,500
Hilton Hotels Corp., Notes	Ba2	7.625	12/1/12	75	79,298
Host Marriott LP, Gtd. Notes	Ba2	6.75	6/1/16	325	315,250
Gtd. Notes, Ser. I	Ba2	9.50	1/15/07	275	278,094
Sr. Notes	Ba2	7.125	11/1/13	400	403,999
Sr. Notes, Ser. M	Ba2	7.00	8/15/12	200	201,500
Royal Caribbean Cruises Ltd. (Liberia), Sr. Notes	Ba1	8.00	5/15/10	175(c)	184,328
Starwood Hotels & Resorts Worldwide, Inc., Debs.	Baa3	7.375	11/15/15	150	159,750
Gtd. Notes	Baa3	7.875	5/1/12	70	75,775
					2,165,557

Media & Entertainment 11.2%

AMC Entertainment, Inc., Gtd. Notes	B3	11.00	2/1/16	50	54,313
Gtd. Notes, Ser. B	B2	8.625	8/15/12	275	281,875
Sr. Sub. Notes	B3	8.00	3/1/14	100	93,500
Cinemark, Inc., Sr. Disc. Notes	Caa1	Zero	3/15/14	225	175,500
Dex Media East LLC, Gtd. Notes	B1	12.125	11/15/12	406	452,689
Dex Media, Inc., Notes	B3	8.00	11/15/13	165	164,175
Dex Media West LLC, Sr. Sub. Notes, Ser. B	B2	9.875	8/15/13	415	445,606
DirecTV Holdings LLC, Sr. Notes	Ba2	8.375	3/15/13	48	50,400
EchoStar DBS Corp., Gtd. Notes	Ba3	6.625	10/1/14	75	72,094
Gtd. Notes	Ba3	7.125	2/1/16	300(h)	292,125
Sr. Notes	Ba3	6.375	10/1/11	75	73,031
Gray Television, Inc., Gtd. Notes	Ba3	9.25	12/15/11	285	296,400
Intelsat Bermuda Ltd. (Bermuda), Gtd. Notes	B2	9.25	6/15/16	175(c)(h)	182,000
Sr. Notes	Caa1	11.25	6/15/16	375(c)(h)	388,593
Intelsat Subsidiary Holding Co., Ltd. (Bermuda), Gtd. Notes	B2	10.484	1/15/12	375(c)	380,624
Intrawest Corp. (Canada), Sr. Notes	B1	7.50	10/15/13	300(c)	318,000

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 15

Portfolio of Investments

August 31, 2006 Cont d.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Lamar Media Corp., Sr. Sub Notes	Ba3	6.625%	8/15/15	\$ 425(h)	\$ 398,438
Medianews Group, Inc., Sr. Sub. Notes	B2	6.875	10/1/13	200	183,000
Morris Publishing Group LLC, Gtd. Notes	B1	7.00	8/1/13	65	61,750
Nielsen Finance LLC, Sr. Notes	B3	10.00	8/1/14	125(h)	127,969
PRIMEDIA, Inc., Sr. Notes	B2	10.78	5/15/10	200(i)	206,000
Rainbow National Services LLC, Sr. Notes	B2	8.75	9/1/12	125(h)	131,875
Sr. Sub. Debs.	B3	10.375	9/1/14	25(h)	27,844
RH Donnelley Finance Corp., Gtd. Notes (cost \$200,000; purchased 11/26/02)	B2	10.875	12/15/12	200(g)(h)	219,000
Sr. Sub. Notes, Series A-3	Caa1	8.875	1/15/16	600	590,999
Sinclair Broadcast Group, Inc., Gtd. Notes	B2	8.75	12/15/11	165	172,219
Six Flags, Inc., Sr. Notes	Caa2	9.625	6/1/14	20	17,850
Sun Media Corp. (Canada), Gtd. Notes	Ba3	7.625	2/15/13	400(c)	406,000
Universal City Florida Holdings Co., Sr. Notes	B3	10.239	5/1/10	400(i)	409,000
Vail Resorts, Inc., Sr. Sub. Notes	B2	6.75	2/15/14	150	145,313
Vertis, Inc., Gtd. Notes, Ser. B	Caa2	10.875	6/15/09	45	45,450
Sec d. Notes	B3	9.75	4/1/09	200	202,500
Warner Music Group, Sr. Sub. Notes	B2	7.375	4/15/14	50	48,125
					7,114,257
Metals 6.4%					
AK Steel Corp., Gtd. Notes	B1	7.75	6/15/12	175	170,625
Arch Western Finance LLC, Sec d. Notes	Ba3	6.75	7/1/13	275	265,375
Century Aluminum Co., Gtd. Notes	Ba3	7.50	8/15/14	300	298,500
Chaparral Steel Co., Gtd. Notes	B1	10.00	7/15/13	430	475,150
Earle M. Jorgensen Co., Sec d. Notes	Ba3	9.75	6/1/12	425	451,563
Gerdau AmeriSteel Corp. (Canada), Sr. Notes	Ba2	10.375	7/15/11	500(c)	538,749

See Notes to Financial Statements.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Indalex Holding Corp., Sec d. Notes	B3	11.50%	2/1/14	\$ 100(h)	\$ 106,000
Ispat Inland ULC (Canada), Sec d. Notes	Baa3	9.75	4/1/14	240(c)	269,760
Metals USA, Inc., Sec d. Notes	B3	11.125	12/1/15	372(h)	410,130
Novelis, Inc. (Canada), Sr. Notes	B1	8.25	2/15/15	225(c)(h)	213,750
PNA Group Inc., Sr. Notes (cost \$175,000; purchased 8/4/06)	B3	10.75	9/1/16	175(g)(h)	178,500
Ryerson, Inc., Sr. Notes	B2	8.25	12/15/11	135	134,663
United States Steel Corp., Sr. Notes	Ba1	9.75	5/15/10	400	425,000
Sr. Notes	Ba1	10.75	8/1/08	100	107,750
					4,045,515
Packaging 3.7%					
Berry Plastics Corp., Gtd. Notes	B3	10.75	7/15/12	275	299,750
Crown Americas, Gtd. Notes	B1	7.625	11/15/13	300	301,500
Graham Packaging Co., Inc., Gtd. Notes	Caa1	8.50	10/15/12	200	193,500
Sub. Notes	Caa2	9.875	10/15/14	125	120,313
Greif Brothers Corp., Gtd. Notes	B1	8.875	8/1/12	480	504,000
Owens-Brockway Glass Container, Inc., Sec d. Notes	B1	8.75	11/15/12	705	749,062
Silgan Holdings, Inc., Sr. Sub. Notes	B1	6.75	11/15/13	175	171,063
					2,339,188
Paper 4.0%					
Abitibi Consolidated, Inc. (Canada), Gtd. Notes	B1	8.375	4/1/15	355(c)	323,050
Notes	B1	7.75	6/15/11	120(c)	110,700
Ainsworth Lumber Co. Ltd. (Canada), Gtd. Notes	B2	9.249	10/1/10	400(c)(i)	333,999
Bowater Canada Finance (Canada), Gtd. Notes	B1	7.95	11/15/11	100(c)	96,000
Cascades, Inc. (Canada), Sr. Notes	Ba3	7.25	2/15/13	300(c)	283,500
Catalyst Paper Corp. (Canada), Gtd. Notes, Ser. D	B1	8.625	6/15/11	100(c)	98,250
Sr. Notes	B1	7.375	3/1/14	100(c)	91,250

See Notes to Financial Statements.

Portfolio of Investments

August 31, 2006 Cont d.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Cellu Tissue Holdings, Inc., Sec d. Notes	B2	9.75%	3/15/10	\$ 300	\$ 292,500
Domtar, Inc. (Canada), Notes	B1	7.875	10/15/11	25(c)	24,813
Graphic Packaging International Corp., Sr. Notes	B2	8.50	8/15/11	200	203,000
Sr. Sub. Notes	B3	9.50	8/15/13	125	125,625
Jefferson Smurfit Corp., Gtd. Notes	B2	8.25	10/1/12	90	85,275
Millar Western Forest Products Ltd. (Canada), Sr. Notes	B2	7.75	11/15/13	130(c)	103,350
Norampac, Inc. (Canada), Sr. Notes	B1	6.75	6/1/13	110(c)	101,200
Smurfit-Stone Container Enterprises, Inc., Sr. Notes	B2	8.375	7/1/12	75	71,438
Tembec Industries, Inc. (Canada), Gtd. Notes	Ca	7.75	3/15/12	205(c)	101,988
Verso Paper Holdings LLC, Sec d. Notes	B1	9.125	8/1/14	75(h)	74,625
					2,520,563
Pipelines & Other 6.4%					
AmeriGas Partners LP, Sr. Notes	B1	7.125	5/20/16	175	170,188
El Paso Corp., Sr. Notes	B2	7.00	5/15/11	465	466,163
El Paso Production Holdings Co., Gtd. Notes	B1	7.75	6/1/13	525	532,874
Ferrelgas Partners LP, Sr. Notes	Ba3	6.75	5/1/14	50	48,125
Sr. Notes	B2	8.75	6/15/12	100	103,500
Inergy LP, Gtd. Notes	B1	8.25	3/1/16	50	51,375
Sr. Notes	B1	6.875	12/15/14	150	142,125
Pacific Energy Partners LP, Sr. Notes	Ba2	7.125	6/15/14	100	101,000
Southern Natural Gas Co., Unsub. Notes	Ba2	8.875	3/15/10	250	262,262
Targa Resources, Inc., Gtd. Notes	B2	8.50	11/1/13	400(h)	399,000
Tennessee Gas Pipeline Co., Debs.	Ba2	7.00	3/15/27	215	215,973

See Notes to Financial Statements.

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	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Debs.	Ba2	7.00%	10/15/28	\$ 25	\$ 24,373
Debs.	Ba2	7.625	4/1/37	295	305,607
TransMontaigne, Inc., Sr. Sub. Notes	B3	9.125	6/1/10	85	90,819
Williams Cos., Inc. (The), Debs., Ser. A	Ba2	7.50	1/15/31	100	96,250
Notes	Ba2	7.125	9/1/11	200	203,000
Notes	Ba2	7.75	6/15/31	100	97,750
Notes	Ba2	7.875	9/1/21	245	249,288
Sr. Unsec d. Notes	Ba2	8.125	3/15/12	475	501,125
					4,060,797

Restaurants 0.4%

Carrols Corp., Gtd. Notes	Caa1	9.00	1/15/13	175	171,500
Domino's, Inc., Sr. Sub. Notes	B2	8.25	7/1/11	73	75,555
					247,055

Retailers 3.0%

Asbury Automotive Group, Inc., Sr. Sub. Notes	B3	8.00	3/15/14	50	48,750
Couche-Tard, Inc., Sr. Sub Notes	Ba2	7.50	12/15/13	125	126,250
GSC Holdings Corp., Gtd. Notes	Ba3	8.00	10/1/12	115	117,444
Gtd. Notes	Ba3	9.383	10/1/11	150(i)	155,813
Jean Coutu Group, Inc. (Canada), Sr. Notes	B3	7.625	8/1/12	50(c)	52,500
Sr. Sub. Notes	Caa2	8.50	8/1/14	145(c)	138,294
Neiman-Marcus Group, Inc., Gtd. Notes	B3	10.375	10/15/15	400	427,999
Pantry, Inc., Sr. Sub. Notes	B3	7.75	2/15/14	165	162,525
Rite Aid Corp., Gtd. Notes	B2	7.50	1/15/15	100	95,500
Sec d. Notes	B2	8.125	5/1/10	245	245,919
Sonic Automotive, Inc., Sr. Sub. Notes, Ser. B	B2	8.625	8/15/13	110	109,175
Stripes Acquisition LLC, Sr. Notes	B2	10.625	12/15/13	200(h)	210,000
					1,890,169

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 19

Portfolio of Investments

August 31, 2006 Cont d.

	Moody s Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Technology 5.3%					
Amkor Technology, Inc., Sr. Notes	Caa3	7.125%	3/15/11	\$ 75	\$ 71,250
Avago Technologies (Singapore), Sr. Notes	B3	10.125	12/1/13	150(c)(h)	156,938
Sr. Sub. Notes	Caa2	11.875	12/1/15	75(c)(h)	80,906
Flextronics International Ltd. (Singapore), Sr. Sub. Notes	Ba2	6.25	11/15/14	200(c)	191,250
Freescale Semiconductor, Inc., Sr. Notes	Ba1	7.125	7/15/14	25	25,750
Iron Mountain, Inc., Gtd. Notes	B3	8.625	4/1/13	175	178,719
Nortel Networks Corp. (Canada), Gtd. Notes	B3	4.25	9/1/08	135(c)	127,744
Nortel Networks Ltd., (Canada), Gtd. Notes	B3	9.73	7/15/11	325(c)(h)(i)	328,250
Sanmina-SCI Corp., Sr. Sub. Notes	B1	8.125	3/1/16	200	195,000
Seagate Technology HDD Holdings (Cayman Islands), Gtd. Notes	Ba1	8.00	5/15/09	150(c)	154,125
Sensata Technologies BV (Netherlands), Sr. Notes	B2	8.00	5/1/14	425(c)(h)	416,500
Serena Software, Inc., Sr. Sub. Notes	Caa1	10.375	3/15/16	300(h)	306,000
Spansion, Inc., Sr. Notes	Caa1	11.25	1/15/16	300(h)	307,125
Sungard Data Data Systems Inc., Gtd. Notes	B3	9.973	8/15/13	750(i)	783,749
Xerox Corp., Sr. Notes	Ba2	6.875	8/15/11	50	51,188
					3,374,494
Telecommunications 8.9%					
Alamosa Delaware, Inc., Gtd. Notes	Caa1	11.00	7/31/10	150	163,875
Centennial Communications Corp., Sr. Notes	B3	8.125	2/1/14	155	150,738
Cincinnati Bell, Inc., Gtd. Notes	B1	7.25	7/15/13	75	76,219
Sr. Sub. Notes	B3	8.375	1/15/14	125	125,469

See Notes to Financial Statements.

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	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Citizens Communications Co., Notes	Ba3	9.25%	5/15/11	\$ 205	\$ 224,219
Sr. Notes	Ba3	6.25	1/15/13	150	144,938
Sr. Notes	Ba3	9.00	8/15/31	100	105,500
Dobson Cellular Systems, Inc., Sec d. Notes	B1	8.375	11/1/11	250	258,750
Hawaiian Telcom Communications, Inc., Gtd. Notes, Ser. B	Caa1	12.50	5/1/15	50	51,125
Level 3 Financing, Inc., Sr. Notes	B3	12.25	3/15/13	575(h)	627,468
Nextel Partners, Inc., Sr. Notes	Ba3	8.125	7/1/11	375	393,749
Nordic Telephone Co. Holdings (Denmark), Sr. Notes	B2	8.875	5/1/16	265(c)(h)	275,600
Qwest Capital Funding, Inc., Gtd. Notes	B3	6.875	7/15/28	150	132,188
Qwest Communications International, Inc., Gtd. Notes, Ser. B	B2	7.50	2/15/14	150	148,688
Qwest Corp., Debs.	Ba3	7.50	6/15/23	650	633,749
Notes	Ba3	8.875	3/15/12	125	135,313
Sr. Notes	Ba3	7.50	10/1/14	200(h)	203,500
Sr. Notes	Ba3	7.625	6/15/15	275	282,219
Sr. Notes	Ba3	7.875	9/1/11	150	156,375
Rogers Wireless, Inc. (Canada), Sec d. Notes	Ba2	7.50	3/15/15	150(c)	156,750
Sec d. Notes	Ba2	9.625	5/1/11	125(c)	139,688
Sr. Sub. Notes	Ba3	8.00	12/15/12	200(c)	209,000
Rural Cellular Corp., Sr. Notes	Caa1	9.875	2/01/10	135	139,388
Time Warner Telecom Holdings, Inc., Gtd. Notes	B3	9.25	2/15/14	100	104,000
UbiquiTel Operating Co., Sr. Notes	Caa1	9.875	3/1/11	250	271,875
Windstream Corp., Sr. Notes	Ba3	8.625	8/01/16	300(h)	317,250
					5,627,633
Tobacco 0.4%					
Reynolds American, Inc., Sec d. Notes	Ba2	6.50	7/15/10	70(h)	70,566

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 21

Portfolio of Investments

August 31, 2006 Cont d.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Sec d. Notes	Ba2	7.625%	6/1/16	\$ 175(h)	\$ 182,587
					253,153

Total corporate bonds
(cost \$80,583,500) 81,113,816

SOVEREIGN BONDS 1.5%

Republic of Argentina, Bonds, F.R.N.	B3	3.00	4/30/13	201(c)(i)	150,817
Bonds, F.R.N.	B3	5.589	8/3/12	255(c)(i)	236,868
Republic of Colombia, Notes	Ba2	10.00	1/23/12	200(c)	232,800
Republic of Philippines, Bonds	B1	9.375	1/18/17	300(c)	350,249

Total sovereign bonds
(cost \$923,033) 970,734

Shares

COMMON STOCKS 1.2%

IMPSAT Fiber Networks, Inc. (Argentina)				2,330(b)(c)	16,543
Liberty Global, Inc., Class A				2,823(b)	65,155
Liberty Global, Inc., Class C				2,783(b)	65,707
Mirant Corp.				1,590(b)	46,062
Premium Standard Farms, Inc. (cost \$249,980; purchased 6/17/05)				21,883(f)(g)	370,261
TELUS Corp. (Canada)				4,049(c)	192,489

Total common stocks
(cost \$604,858) 756,217

PREFERRED STOCK(b) 0.7%

ION Media Networks, Inc., 13.25% , PIK (cost \$393,072)				55	473,000
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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

See Notes to Financial Statements.

	Moody's Rating (Unaudited)	Interest Rate	Maturity Date	Units	Value (Note 1)
XM Satellite Radio, Inc., expiring 3/15/10				150(f)(h)	\$ 0
Total warrants (cost \$219,817)					1
Total long-term investments (cost \$82,724,280)					83,313,768
				Principal Amount (000)	
SHORT-TERM INVESTMENT 2.7%					
U.S. GOVERNMENT AGENCY SECURITY					
Federal Home Loan Bank, Discount Note (cost \$1,692,000)	Aaa	4.98%(e)	9/1/06	\$ 1,692	1,691,766
Total Investments(j) 134.0% (cost \$84,416,280; Note 4)					85,005,534
Liabilities in excess of other assets (34.0%)					(21,591,701)