

HIGH YIELD INCOME FUND INC  
Form N-Q  
January 30, 2006

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM N-Q**

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**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**  
**MANAGEMENT INVESTMENT COMPANIES**

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|   |  |
|---|--|
| Investment Company Act file number:                 | 811-05296  |
| Exact name of registrant as specified in charter:   | High Yield Income Fund, Inc.   |
| Address of principal executive offices:             | Gateway Center 3,<br>100 Mulberry Street,<br>Newark, New Jersey 07102                    |
| Name and address of agent for service:              | Deborah A. Docs<br>Gateway Center 3,<br>100 Mulberry Street,<br>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:                           | 11/30/2005   |

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**Item 1. Schedule of Investments** [INSERT REPORT]

**THE HIGH YIELD INCOME FUND, INC.**

## Schedule of Investments

November 30, 2005 (Unaudited)

| Principal<br>Amount<br>(000)        |  | Moody's<br>Ratings | Interest<br>Rate | Maturity<br>Date | Value      |
|-------------------------------------|--|--------------------|------------------|------------------|------------|
| <b>LONG-TERM INVESTMENTS 130.2%</b> |  |                    |                  |                  |            |
| <b>CORPORATE BONDS 126.4%</b>       |  |                    |                  |                  |            |
| <b>Aerospace/Defense 3.9%</b>       |  |                    |                  |                  |            |
|                                     | Alliant Techsystems, Inc.,             |                    |                  |                  |            |
| \$ 200                              | Sr. Sub. Notes                         | B2                 | 8.50%            | 5/15/11          | \$ 210,000 |
| 55                                  | Argo-Tech Corp., Sr. Notes             | NR                 | 9.25             | 6/01/11          | 56,787     |
|                                     | BE Aerospace, Inc.,                    |                    |                  |                  |            |
| 50                                  | Sr. Sub. Notes, Ser. B                 | Caa2               | 8.00             | 3/01/08          | 50,063     |
| 235                                 | Sr. Sub. Notes, Ser. B                 | Caa2               | 8.875            | 5/01/11          | 247,338    |
|                                     | Esterline Technologies Corp.,          |                    |                  |                  |            |
| 300                                 | Sr. Sub Notes                          | B1                 | 7.75             | 6/15/13          | 313,500    |
|                                     | K&F Acquisition, Inc.,                 |                    |                  |                  |            |
| 150                                 | Sr. Sub. Notes                         | Caa1               | 7.75             | 11/15/14         | 151,125    |
|                                     | L-3 Communications Corp.,              |                    |                  |                  |            |
| 500                                 | Sr. Sub. Notes                         | Ba3                | 7.625            | 6/15/12          | 525,000    |
|                                     | Moog Inc.,                             |                    |                  |                  |            |
| 300(h)                              | Sr. Sub. Notes                         | Ba3                | 6.25             | 1/15/15          | 296,250    |
| 300                                 | Sequa Corp., Sr. Notes, Ser. B         | B1                 | 8.875            | 4/01/08          | 312,000    |
|                                     | Standard Aerospace Holdings, Inc., Sr. |                    |                  |                  |            |
| 125                                 | Sub. Notes                             | Caa1               | 8.25             | 9/01/14          | 103,750    |
| 180                                 | TransDigm, Inc., Sr. Sub, Notes        | B3                 | 8.375            | 7/15/11          | 186,300    |
|                                     |  |                    |                  |                  | 2,452,113  |
| <b>Airlines 0.4%</b>                |  |                    |                  |                  |            |
|                                     | AMR Corp.,                             |                    |                  |                  |            |
| 125                                 | Deb.                                   | Caa2               | 10.00            | 4/15/21          | 82,500     |
| 100                                 | M.T.N., Ser. B                         | NR                 | 10.40            | 3/10/11          | 74,500     |
|                                     | Continental Airlines, Inc.,            |                    |                  |                  |            |
| 97                                  | Pass thru Certs., Ser. 1998-1, Class B | Ba2                | 6.748            | 3/15/17          | 82,419     |
|                                     |  |                    |                  |                  | 239,419    |
| <b>Automotive 8.3%</b>              |  |                    |                  |                  |            |
| 495                                 | ArvinMeritor, Inc., Notes              | Ba2                | 8.75             | 3/01/12          | 462,825    |
| 125                                 | Dana Corp., Notes                      | Ba2                | 6.50             | 3/01/09          | 100,000    |
| 815                                 | Ford Motor Credit Co., Notes           | Baa3               | 7.875            | 6/15/10          | 763,820    |

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|                                  |  |     |       |          |         |
|----------------------------------|--|-----|-------|----------|---------|
| General Motors Acceptance Corp., |  |     |       |          |         |
| 900                              | Notes  | Ba1 | 6.75  | 1/15/06  | 896,952 |
| 350                              | Notes  | Ba1 | 6.125 | 9/15/06  | 337,646 |
| 450                              | Notes  | Ba1 | 6.875 | 9/15/11  | 406,587 |
| 550                              | Notes  | Ba1 | 6.875 | 8/28/12  | 498,033 |
| 435                              | Notes  | Ba1 | 6.75  | 12/01/14 | 394,660 |
| Goodyear Tire & Rubber Co.,      |  |     |       |          |         |
| 150(h)                           | Sr. Notes  | B3  | 9.00  | 7/01/15  | 146,625 |
| 155                              | Lear Corp., Sr. Notes, Ser. B<br>Navistar International Corp., | Ba2 | 8.11  | 5/15/09  | 146,213 |
| 120                              | Sr. Notes  | Ba3 | 7.50  | 6/15/11  | 115,800 |

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|              |   |      |        |          |           |
|--------------|---|------|--------|----------|-----------|
|              | Tenneco Automotive, Inc.,                         |      |        |          |           |
| 175          | Sr. Sub Notes                                     | B3   | 8.625  | 11/15/14 | 163,406   |
|              | TRW Automotive, Inc.,                             |      |        |          |           |
| 276          | Sr. Notes   | Ba3  | 9.375  | 2/15/13  | 297,390   |
| 50           | Sr. Sub. Notes                                    | B1   | 11.00  | 2/15/13  | 55,875    |
|              | Visteon Corp.,                                    |      |        |          |           |
| 250          | Sr. Notes   | B3   | 8.25   | 8/01/10  | 217,500   |
| 305          | Sr. Notes   | B3   | 7.00   | 3/10/14  | 245,144   |
|              |   |      |        |          | 5,248,476 |
|              | <b>Banking 0.7%</b>                               |      |        |          |           |
|              | Halyk Savings Bank Kazakhstan,                    |      |        |          |           |
| 100(c)(h)    | Notes (Kazakhstan)                                | Baa2 | 8.125  | 10/07/09 | 106,250   |
|              | Kazkommerts International BV,                     |      |        |          |           |
| 205(c)(h)    | Gtd. Notes (Netherlands)                          | Baa2 | 8.50   | 4/16/13  | 217,300   |
| 105(c)(h)    | Notes (Netherlands)                               | Baa2 | 7.00   | 11/03/09 | 106,444   |
|              |   |      |        |          | 429,994   |
|              | <b>Building Materials &amp; Construction 2.7%</b> |      |        |          |           |
|              | Beazer Homes USA, Inc.,                           |      |        |          |           |
| 110          | Sr. Notes   | Ba1  | 8.625  | 5/15/11  | 114,400   |
| 375          | D.R. Horton, Inc., Sr. Notes                      | Baa3 | 8.00   | 2/01/09  | 399,980   |
|              | Goodman Global Holdings Co., Inc.,                |      |        |          |           |
| 200(h)       | Sr. Notes   | B3   | 6.41   | 6/15/12  | 198,000   |
|              | KB HOME   |      |        |          |           |
| 150          | Notes   | Ba1  | 6.375  | 8/15/11  | 148,568   |
| 160          | Sr. Sub. Notes                                    | Ba2  | 8.625  | 12/15/08 | 169,155   |
| 300          | Nortek, Inc., Sr. Sub. Notes                      | Caa1 | 8.50   | 9/01/14  | 288,000   |
| 425          | Standard Pacific Corp., Sr. Notes                 | Ba2  | 6.50   | 8/15/10  | 405,875   |
|              |   |      |        |          | 1,723,978 |
|              | <b>Cable 3.4%</b>                                 |      |        |          |           |
| 25           | Cablevision Systems Corp., Sr. Notes              | B3   | 8.00   | 4/15/12  | 23,875    |
|              | Callahan Nordrhein-Westfalen, (Germany),          |      |        |          |           |
| 500(a)(c)(f) | Sr. Disc. Notes                                   | NR   | Zero   | 7/15/10  | 45,000    |
|              | Charter Communications Operating LLC,             |      |        |          |           |
| 100(h)       | Sr. Notes   | B2   | 8.375  | 4/30/14  | 99,500    |
|              | Charter Communications Holdings II,               |      |        |          |           |
| 325          | Sr. Notes   | Caa1 | 10.25  | 9/15/10  | 323,375   |
|              | Charter Communications Holdings LLC,              |      |        |          |           |
| 500(h)       | Gtd. Notes  | Ca   | Zero   | 5/15/14  | 302,500   |
| 99(h)        | Gtd. Notes  | Ca   | 10.00  | 5/15/14  | 60,885    |
| 198(h)       | Gtd. Notes  | Ca   | 11.125 | 1/15/14  | 125,730   |
| 400(h)       | Sec d. Notes                                      | Caa3 | 11.00  | 10/01/15 | 343,000   |
|              | Charter Communications Holdings,                  |      |        |          |           |
| 100          | Sr. Notes   | Ca   | 10.75  | 10/01/09 | 81,500    |
|              | CSC Holdings, Inc.,                               |      |        |          |           |
| 350          | Sr. Notes   | B1   | 7.875  | 12/15/07 | 357,000   |

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|           |                                  |     |        |          |           |
|-----------|----------------------------------|-----|--------|----------|-----------|
| 75        | Sr. Notes, Ser. B                | B1  | 8.125  | 7/15/09  | 75,938    |
| 25        | Debs.<br>Kabel Deutschland GmbH, | B1  | 7.625  | 7/15/18  | 23,750    |
| 200(c)(h) | Sr. Notes (Germany)              | B2  | 10.625 | 7/01/14  | 215,000   |
| 100(h)    | Videotron Ltee, Notes            | Ba3 | 6.375  | 12/15/15 | 99,125    |
|           |                                  |     |        |          | 2,176,178 |

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| <b>Capital Goods 6.3%</b> |  |        |        |          |                  |
|---------------------------|--|--------|--------|----------|------------------|
| 135                       | ALH Finance LLC, Sr. Sub. Notes              | B3     | 8.50   | 1/15/13  | 125,550          |
|                           | Allied Waste North America, Inc.,            |        |        |          |                  |
| 167                       | Gtd. Notes, Ser. B                           | B2     | 9.25   | 9/01/12  | 181,613          |
| 450                       | Sec d. Notes, Ser. B                         | B2     | 5.75   | 2/15/11  | 428,625          |
| 135                       | Sr. Notes, Ser. B                            | B2     | 8.50   | 12/01/08 | 142,088          |
| 95(h)                     | Sr. Notes                                    | B2     | 7.25   | 3/15/15  | 96,662           |
| 350                       | Blount, Inc., Sr. Sub Notes                  | B3     | 8.875  | 8/01/12  | 363,125          |
| 200                       | Case New Holland, Inc., Sr. Notes            | Ba3    | 9.25   | 8/01/11  | 212,000          |
|                           | Columbus McKinnon Corp.,                     |        |        |          |                  |
| 135(h)                    | Sr. Sub. Notes                               | B3     | 8.875  | 11/01/13 | 138,038          |
|                           | Great Lakes Dredge & Dock Corp.,             |        |        |          |                  |
| 25                        | Sr. Sub. Notes, Ser. B                       | Caa3   | 7.75   | 12/15/13 | 22,062           |
|                           | Invensys PLC, Sr. Notes                      |        |        |          |                  |
| 115(c)(h)                 | (United Kingdom)                             | B3     | 9.875  | 3/15/11  | 112,700          |
|                           | Johnson Diversey Holdings, Inc.,             |        |        |          |                  |
| 215                       | Sr. Disc. Notes, Zero Coupon (Until 5/15/07) | Caa1   | Zero   | 5/15/13  | 162,325          |
|                           | Manitowoc Co., Inc., (The),                  |        |        |          |                  |
| 260                       | Sr. Sub. Notes                               | B2     | 10.50  | 8/01/12  | 289,900          |
|                           | Mueller Group, Inc.,                         |        |        |          |                  |
| 115                       | Sr. Sub. Notes                               | Caa1   | 10.00  | 5/01/12  | 121,325          |
| 225                       | Rexnord Corp., Sr. Sub. Notes                | B3     | 10.125 | 12/15/12 | 243,000          |
|                           | Stena AB, (Sweden)                           |        |        |          |                  |
| 150(c)                    | Sr. Notes                                    | Ba3    | 9.625  | 12/01/12 | 163,500          |
| 275(c)                    | Sr. Notes                                    | Ba3    | 7.50   | 11/01/13 | 264,688          |
|                           | Terex Corp.,                                 |        |        |          |                  |
| 275(h)                    | Sr. Sub. Notes                               | Caa1   | 7.375  | 1/15/14  | 274,312          |
| 240                       | Sr. Sub., Ser. B                             | Caa1   | 10.375 | 4/01/11  | 255,600          |
| 50                        | Sr. Sub. Notes                               | Caa1   | 9.25   | 7/15/11  | 53,500           |
|                           | Tyco Int l. Group S.A.,                      |        |        |          |                  |
| 40(c)(h)                  | Gtd. Notes (Luxembourg)                      | Baa3   | 3.125  | 1/15/23  | 53,950           |
|                           | United Rentals North America, Inc., Sr.      |        |        |          |                  |
| 275                       | Sub. Notes                                   | Caa1   | 7.75   | 11/15/13 | 264,687          |
|                           |  |        |        |          | <u>3,969,250</u> |
| <b>Chemicals 13.7%</b>    |  |        |        |          |                  |
| 325(h)(i)                 | BCI Financial Corp., Sr. Sec d. Notes        | B3     | 9.65   | 7/15/10  | 330,281          |
|                           | Borden U.S. Finance Corp.,                   |        |        |          |                  |
| 500(h)(i)                 | Sr. Sec d. Notes                             | B3     | 8.90   | 7/15/10  | 501,875          |
|                           | Equistar Chemical Funding LP,                |        |        |          |                  |
| 140(f)                    | Notes  | BB-(d) | 6.50   | 2/15/06  | 140,000          |
| 215                       | Sr. Notes                                    | B2     | 10.125 | 9/01/08  | 233,544          |
| 85                        | Sr. Notes                                    | B2     | 10.625 | 5/01/11  | 93,712           |
| 300                       | Hercules, Inc., Deb.                         | Ba1    | 6.60   | 8/01/27  | 306,000          |
|                           | Huntsman Advanced Materials, Inc.,           |        |        |          |                  |
| 360                       | Sec d. Notes, Ser, L                         | Ba3    | 11.00  | 7/15/10  | 411,300          |
|                           | Huntsman ICI Chemicals, LLC,                 |        |        |          |                  |
| 42                        | Sr. Notes                                    | B3     | 10.125 | 7/01/09  | 43,260           |
|                           | Huntsman International LLC,                  |        |        |          |                  |
| 680                       | Sr. Notes                                    | B2     | 9.875  | 3/01/09  | 714,850          |
| 611                       | Huntsman LLC, Sr. Sec d. Notes               | Ba3    | 11.625 | 10/15/10 | 694,249          |
|                           | IMC Global, Inc.,                            |        |        |          |                  |
| 300                       | Debs.  | B1     | 6.875  | 7/15/07  | 304,500          |

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|     |                                 |     |        |          |         |
|-----|---------------------------------|-----|--------|----------|---------|
| 100 | Notes, Ser. B                   | Ba3 | 10.875 | 6/01/08  | 110,750 |
| 300 | Gtd. Notes, Ser. B              | Ba3 | 11.25  | 6/01/11  | 325,500 |
| 300 | Sr. Notes                       | Ba3 | 10.875 | 8/01/13  | 346,500 |
| 485 | ISP Chemco, Inc., Notes, Ser. B | B1  | 10.25  | 7/01/11  | 516,525 |
| 355 | Koppers, Inc., Sr. Sec d. Notes | B2  | 9.875  | 10/15/13 | 385,175 |
| 850 | Lyondell Chemical Co.,          |     |        |          |         |
|     | Sr. Sec d. Notes                | B1  | 9.50   | 12/15/08 | 890,375 |



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|                       |   |      |        |          |           |
|-----------------------|---|------|--------|----------|-----------|
| 224                   | Sr. Sec d. Notes<br>Nalco Co.,  | B1   | 10.50  | 6/01/13  | 254,520   |
| 140                   | Sr. Notes   | B2   | 7.75   | 11/15/11 | 143,850   |
| 235                   | Sr. Sub. Notes  | Caa1 | 8.875  | 11/15/13 | 243,812   |
| 170(h)                | Nell AF SARL, Sr. Notes (Luxembourg)<br>Nova Chemicals Corp.,         | B2   | 8.375  | 8/15/15  | 166,600   |
| 700(h)                | Sr. Notes   | Ba2  | 7.5612 | 11/15/13 | 714,000   |
| 275(h)                | PQ Corp., Gtd. Notes<br>Rhodia SA, (France)                           | B3   | 7.50   | 2/15/13  | 253,000   |
| 125(c)                | Sr. Notes   | B3   | 10.25  | 6/01/10  | 137,187   |
| 140(c)                | Sr. Sub. Notes<br>Rockwood Specialties, Inc.,                         | Caa1 | 8.875  | 6/01/11  | 142,100   |
| 110                   | Sr. Sub. Notes<br>Westlake Chemical Corp.,                            | B3   | 10.625 | 5/15/11  | 119,075   |
| 140                   | Sr. Notes   | Ba2  | 8.75   | 7/15/11  | 148,750   |
|                       |   |      |        |          | 8,671,290 |
| <b>Consumer 2.4%</b>  |   |      |        |          |           |
| 114                   | Coinmach Corp., Sr. Notes   | B3   | 9.00   | 2/01/10  | 119,558   |
| 175(h)                | Dycom Industries Inc., Notes  | Ba3  | 8.125  | 10/15/15 | 175,000   |
| 90                    | K2, Inc., Sr. Notes   | Ba3  | 7.375  | 7/01/14  | 88,875    |
| 200                   | Levi Strauss & Co., Sr. Notes   | Caa2 | 12.25  | 12/15/12 | 223,500   |
| 150(h)                | Mac-Gray Corp., Sr. Notes   | B1   | 7.625  | 8/15/15  | 152,625   |
| 200                   | Playtex Products Inc., Gtd. Notes                                     | Caa2 | 9.375  | 6/01/11  | 210,750   |
| 225                   | Propex Fabrics, Inc., Sr. Notes<br>Service Corp. International, Inc., | Caa1 | 10.00  | 12/01/12 | 195,469   |
| 125                   | Notes   | Ba3  | 6.50   | 3/15/08  | 126,562   |
| 235                   | Sr. Notes   | Ba3  | 6.00   | 12/15/05 | 235,000   |
|                       |   |      |        |          | 1,527,339 |
| <b>Electric 10.8%</b> |   |      |        |          |           |
| AES Corp.,            |   |      |        |          |           |
| 75                    | Sr. Notes   | B1   | 9.50   | 6/01/09  | 80,813    |
| 700                   | Sr. Notes   | B1   | 9.375  | 9/15/10  | 761,250   |
| 90(h)                 | Sr. Notes<br>AES Eastern Energy LP, Pass-Through Cert.,               | Ba3  | 8.75   | 5/15/13  | 97,875    |
| 209                   | Ser. 1999-A<br>Allegheny Energy Supply Co.,                           | Ba1  | 9.00   | 1/02/17  | 236,830   |
| 210(h)                | LLC, Notes  | Ba3  | 8.25   | 4/15/12  | 236,250   |
| 195                   | Aquila, Inc., Sr. Notes   | B2   | 9.95   | 2/01/11  | 215,475   |
| 285(h)                | Calpine Corp., Sr. Sec d. Notes                                       | D(d) | 8.75   | 7/15/13  | 213,750   |
| 120                   | CMS Energy Corp., Sr. Notes<br>Dynergy Holdings, Inc.,                | B1   | 7.50   | 1/15/09  | 122,700   |
| 50                    | Deb.  | Caa2 | 7.125  | 5/15/18  | 44,375    |
| 75                    | Deb.  | Caa2 | 7.625  | 10/15/26 | 66,750    |
| 75                    | Sr. Notes   | Caa2 | 6.875  | 4/01/11  | 72,937    |
| 20(h)                 | Sr. Notes   | B3   | 9.875  | 7/15/10  | 21,850    |
| 340(h)                | Sr. Notes   | B3   | 10.125 | 7/15/13  | 380,800   |
| 275                   | Edison Mission Energy, Sr. Notes<br>Empresa Nacional de Electricidad, | B1   | 7.73   | 6/15/09  | 283,938   |

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|        |   |     |       |          |         |
|--------|---|-----|-------|----------|---------|
| 670(c) | Notes (Chile)<br>Homer City Funding LLC,                        | Ba1 | 8.35  | 8/01/13  | 760,682 |
| 141    | Sr. Notes   | Ba2 | 8.137 | 10/01/19 | 155,805 |
| 225    | Midland Funding Corp., Debs., Ser. B<br>Midwest Generation LLC, | B1  | 13.25 | 7/23/06  | 234,672 |
| 195(f) | Pass-thru Certs., Ser. A  | B1  | 8.30  | 7/02/09  | 202,800 |
| 38     | Pass-thru Certs., Ser. B  | B1  | 8.56  | 1/02/16  | 41,252  |
| 325    | Sr. Sec d. Notes  | B1  | 8.75  | 5/01/34  | 358,313 |

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|             |                                    |      |        |          |           |
|-------------|------------------------------------|------|--------|----------|-----------|
| 75(a)(h)    | Mirant Corp., Sr. Notes            | NR   | 7.40   | 7/15/04  | 90,375    |
|             | Mission Energy Holdings Co.,       |      |        |          |           |
| 75          | Sr. Sec d. Notes                   | B2   | 13.50  | 7/15/08  | 87,187    |
|             | Nevada Power Co.,                  |      |        |          |           |
| 10          | Gen. Ref. Mtge., Notes, Ser. E     | Ba1  | 10.875 | 10/15/09 | 10,950    |
| 130         | Gen. Ref. Mtge., Notes, Ser. I     | Ba1  | 6.50   | 4/15/12  | 132,925   |
|             | NoteCo Ltd., Notes, Ser. B         |      |        |          |           |
| GBP 7(a)(i) | F.R.N. (United Kingdom)            | NR   | 6.6725 | 6/30/25  | 15,455    |
| \$ 361      | NRG Energy, Inc., Sr. Sec d. Notes | B1   | 8.00   | 12/15/13 | 396,198   |
|             | Orion Power Holdings, Inc.,        |      |        |          |           |
|             | Sr. Notes                          | B2   | 12.00  | 5/01/10  | 421,800   |
|             | Reliant Resources, Inc.,           |      |        |          |           |
| 400         | Sr. Sec d. Notes                   | B1   | 9.50   | 7/15/13  | 408,000   |
|             | Sierra Pacific Resources,          |      |        |          |           |
| 95          | Sr. Notes                          | B1   | 8.625  | 3/15/14  | 103,787   |
| 400         | TECO Energy, Inc., Sr. Notes       | Ba2  | 7.50   | 6/15/10  | 425,000   |
|             | UtiliCorp Canada Finance Corp.,    |      |        |          |           |
| 115(c)      | (Canada) Gtd. Notes                | B2   | 7.75   | 6/15/11  | 117,875   |
|             |                                    |      |        |          | 6,798,669 |
|             |                                    |      |        |          | 6,798,669 |
|             | <b>Energy Other 4.9%</b>           |      |        |          |           |
|             | Chesapeake Energy Corp.,           |      |        |          |           |
| 150         | Sr. Notes                          | Ba2  | 7.00   | 8/15/14  | 155,250   |
| 200         | Sr. Notes                          | Ba2  | 6.375  | 6/15/15  | 196,000   |
| 200         | Sr. Notes                          | Ba2  | 6.875  | 1/15/16  | 201,000   |
| 75          | Gtd. Notes                         | Ba2  | 6.25   | 1/15/18  | 71,813    |
|             | Compton Petroleum Corp.,           |      |        |          |           |
| 100(h)      | Sr. Notes                          | B2   | 7.625  | 12/01/13 | 101,500   |
|             | Encore Acquisition Co.,            |      |        |          |           |
| 75          | Sr. Sub. Notes                     | B2   | 6.25   | 4/15/14  | 71,437    |
|             | Forest Oil Corp.,                  |      |        |          |           |
| 100         | Sr. Notes                          | Ba3  | 8.00   | 6/15/08  | 104,750   |
| 95          | Sr. Notes                          | Ba3  | 8.00   | 12/15/11 | 104,500   |
|             | Hanover Equipment Trust,           |      |        |          |           |
| 43          | Sr. Sec d. Notes, Ser. A           | B2   | 8.50   | 9/01/08  | 44,505    |
| 125         | Sr. Sec d. Notes, Ser. B           | B2   | 8.75   | 9/01/11  | 131,875   |
|             | Houston Exploration Co.,           |      |        |          |           |
| 100         | Sr. Sub. Notes                     | B2   | 7.00   | 6/15/13  | 97,500    |
| 50          | Kerr-McGee Corp., Sec d. Notes     | Ba3  | 6.95   | 7/01/24  | 52,062    |
|             | Magnum Hunter Resources, Inc.,     |      |        |          |           |
| 23          | Sr. Notes                          | Ba3  | 9.60   | 3/15/12  | 24,897    |
|             | Newfield Exploration Co.,          |      |        |          |           |
| 100         | Sr. Sub. Notes                     | Ba3  | 8.375  | 8/15/12  | 106,750   |
| 75          | Sr. Sub. Notes                     | Ba3  | 6.625  | 9/01/14  | 75,750    |
|             | Parker Drilling Co.,               |      |        |          |           |
| 450         | Sr. Notes                          | B2   | 9.625  | 10/01/13 | 502,875   |
| 48          | Sr. Notes, Ser. B                  | B2   | 10.125 | 11/15/09 | 49,860    |
|             | Pogo Producing Co.,                |      |        |          |           |
| 125(h)      | Sr. Sub. Notes                     | Ba3  | 6.875  | 10/01/17 | 121,875   |
|             | Premcor Refining Group, Inc.,      |      |        |          |           |
| 100         | Sr. Notes                          | Baa3 | 6.75   | 2/01/11  | 105,633   |
| 235         | Sr. Notes                          | Baa3 | 9.50   | 2/01/13  | 262,606   |
| 85          | Sr. Notes                          | Baa3 | 6.75   | 5/01/14  | 89,406    |
| 125         | Pride International, Inc.,         | Ba2  | 7.375  | 7/15/14  | 134,688   |

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|     |                          |    |       |         |                |                  |
|-----|--------------------------|----|-------|---------|----------------|------------------|
|     | Sr. Notes                |    |       |         |                |                  |
|     | Vintage Petroleum, Inc., |    |       |         |                |                  |
| 275 | Sr. Sub. Notes           | B1 | 7.875 | 5/15/11 | 287,375        |                  |
|     |                          |    |       |         | <u>287,375</u> |                  |
|     |                          |    |       |         |                | <u>3,093,907</u> |

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| <b>Foods 2.6%</b>  |  |      |        |          |           |
|--------------------|--|------|--------|----------|-----------|
| 21                 | Agrilink Foods, Inc., Gtd. Notes<br>Ahold Finance USA, Inc.,         | B3   | 11.875 | 11/01/08 | 21,472    |
| 75                 | Gtd. Notes   | Ba2  | 8.25   | 7/15/10  | 81,188    |
| 175(h)             | Carrols Corp., Sr. Sub. Notes<br>Delhaize America, Inc.,             | B3   | 9.00   | 1/15/13  | 169,750   |
| 125                | Gtd. Notes   | Ba1  | 8.125  | 4/15/11  | 135,093   |
| 250                | Del Monte Corp., Sr. Sub. Notes<br>Dole Foods Co., Inc.,             | B2   | 8.625  | 12/15/12 | 262,500   |
| 115                | Sr. Notes  | B2   | 8.625  | 5/01/09  | 118,163   |
| 100                | Sr. Notes  | B2   | 7.25   | 6/15/10  | 98,000    |
| 41                 | Sr. Notes  | B2   | 8.875  | 3/15/11  | 42,127    |
| 73                 | Dominos, Inc., Sr. Sub. Notes<br>National Beef Packing Co., LLC, Sr. | B2   | 8.25   | 7/01/11  | 75,555    |
| 100                | Notes  | B3   | 10.50  | 8/01/11  | 103,250   |
| 140                | Pathmark Stores, Inc., Gtd. Notes<br>Smithfield Foods, Inc.,         | Caa1 | 8.75   | 2/01/12  | 133,000   |
| 125                | Sr. Notes  | Ba2  | 7.00   | 8/01/11  | 127,344   |
| 200                | Sr. Notes<br>Stater Bros Holdings, Inc.,                             | Ba2  | 7.75   | 5/15/13  | 212,000   |
| 75                 | Sr. Notes  | B1   | 8.125  | 6/15/12  | 73,875    |
|                    |  |      |        |          | 1,653,317 |
| <b>Gaming 6.2%</b> |  |      |        |          |           |
| 210                | Azstar Corp., Sr. Sub. Notes<br>Boyd Gaming Corp.,                   | Ba3  | 7.875  | 6/15/14  | 217,350   |
| 200                | Sr. Sub. Notes<br>Caesars Entertainment, Inc.,                       | B1   | 8.75   | 4/15/12  | 214,500   |
| 85                 | Sr. Sub. Notes   | Ba1  | 8.125  | 5/15/11  | 93,288    |
| 125(h)             | CCM Merger, Inc., Notes<br>Greektown Holdings,                       | B3   | 8.00   | 8/01/13  | 120,937   |
| 175(h)             | Sr. Notes<br>Isle of Capri Casinos, Inc.,                            | B3   | 10.75  | 12/01/13 | 176,094   |
| 110                | Sr. Sub. Notes   | B2   | 9.00   | 3/15/12  | 116,325   |
| 250                | Mandalay Resort Group, Sr. Notes<br>MGM Grand, Inc.,                 | Ba2  | 9.50   | 8/01/08  | 270,000   |
| 480                | Gtd. Notes<br>MGM MIRAGE,  | Ba3  | 9.75   | 6/01/07  | 505,200   |
| 600                | Sr. Notes  | Ba2  | 6.00   | 10/01/09 | 595,500   |
| 350(h)             | Sr. Sub Notes<br>Mohegan Tribal Gaming Authority,                    | Ba2  | 6.625  | 7/15/15  | 345,625   |
| 100                | Sr. Sub. Notes   | Ba3  | 6.375  | 7/15/09  | 100,250   |
| 175                | Sr. Sub. Notes   | Ba3  | 8.00   | 4/01/12  | 184,625   |
| 50                 | Sr. Sub. Notes<br>Penn National Gaming, Inc.,                        | Ba3  | 7.125  | 8/15/14  | 51,000    |
| 75                 | Sr. Sub. Notes   | B3   | 6.75   | 3/01/15  | 72,562    |
| 200                | Station Casinos, Inc.,   | Ba2  | 6.00   | 4/01/12  | 199,500   |

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|        |   |      |       |          |                  |
|--------|---|------|-------|----------|------------------|
|        | Sr. Notes                                     |      |       |          |                  |
| 100(h) | Sr. Sub. Notes                                | Ba3  | 6.875 | 3/01/16  | 101,500          |
|        | Trump Entertainment Resorts, Inc.,            |      |       |          |                  |
| 315    | Sec d. Notes                                  | Caa1 | 8.50  | 6/01/15  | 305,550          |
| 250    | Wynn Las Vegas LLC, First Mtge., Bonds        | B2   | 6.625 | 12/01/14 | 241,563          |
|        |   |      |       |          | <u>3,911,369</u> |
|        | <b>Health Care &amp; Pharmaceutical 10.0%</b> |      |       |          |                  |
| 375(h) | Accellent Inc., Gtd. Notes                    | Caa1 | 10.50 | 12/01/13 | 378,750          |

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|        |  |      |        |          |           |
|--------|--|------|--------|----------|-----------|
| 100    | Alliance Imaging, Inc.,<br>Sr. Sub. Notes<br>Concentra Operating Corp.,            | B3   | 7.25   | 12/15/12 | 84,000    |
| 275    | Sr. Sub. Notes<br>Coventry Health Care, Inc.,                                      | B3   | 9.50   | 8/15/10  | 283,250   |
| 200(f) | Sr. Notes<br>Elan Finance PLC (Ireland),   | Ba1  | 8.125  | 2/15/12  | 213,000   |
| 100(c) | Sr. Notes  | B3   | 7.75   | 11/15/11 | 91,750    |
| 303(c) | Sr. Notes<br>HCA, Inc.,  | B3   | 8.34   | 11/15/11 | 281,790   |
| 100    | Deb.   | Ba2  | 8.36   | 4/15/24  | 106,394   |
| 150    | Deb.   | Ba2  | 7.50   | 11/15/95 | 140,587   |
| 300    | Notes  | Ba2  | 6.75   | 7/15/13  | 305,716   |
| 350    | Notes<br>HEALTHSOUTH Corp.,  | Ba2  | 7.50   | 11/06/33 | 351,930   |
| 170    | Sr. Notes  | NR   | 7.625  | 6/01/12  | 157,250   |
| 105    | Sr. Notes<br>Inverness Medical Innovations, Inc., Sr.                              | NR   | 8.50   | 2/01/08  | 101,850   |
| 165    | Sub. Notes<br>MedCo Health Solutions, Inc.,  | Caa3 | 8.75   | 2/15/12  | 169,125   |
| 145    | Sr. Notes  | Ba1  | 7.25   | 8/15/13  | 158,664   |
| 200    | MedQuest, Inc., Sr. Sub. Notes<br>Omega Healthcare Investors,                      | Caa1 | 11.875 | 8/15/12  | 200,000   |
| 1,025  | Inc. Notes   | B1   | 6.95   | 8/01/07  | 1,032,687 |
| 125    | Omnicare, Inc., Sr. Sub. Notes   | Ba2  | 6.125  | 6/01/13  | 119,687   |
| 300(h) | Res-Care, Inc., Sr. Notes  | B1   | 7.75   | 10/15/13 | 302,250   |
| 125    | Select Medical Corp., Sr. Sub. Notes   | B3   | 7.625  | 2/01/15  | 118,750   |
| 150    | Senior Housing Properties Trust, Sr. Notes<br>Vanguard Health Holdings Co. II LLS, | Ba2  | 8.625  | 1/15/12  | 164,250   |
| 250    | Sr. Sub. Notes<br>Ventas Realty LP,  | Caa1 | 9.00   | 10/01/14 | 263,750   |
| 280    | Sr. Notes  | Ba3  | 8.75   | 5/01/09  | 300,300   |
| 200    | Sr. Notes  | Ba3  | 6.75   | 6/01/10  | 203,000   |
| 45     | Sr. Notes  | Ba3  | 9.00   | 5/01/12  | 50,850    |
| 150    | Sr. Notes  | Ba3  | 6.625  | 10/15/14 | 151,875   |
| 125    | Sr. Notes  | Ba3  | 7.125  | 6/01/15  | 130,000   |
| 525    | Warner Chilcott Corp.  | Caa1 | 8.75   | 2/01/15  | 477,750   |
|        |  |      |        |          | 6,339,205 |
|        | <b>Lodging 4.4%</b>  |      |        |          |           |
|        | Felcor Lodging LP,<br>Sr. Notes  |      |        |          |           |
| 125(i) | Sr. Notes  | B1   | 7.78   | 6/01/11  | 130,000   |
| 225    | Sr. Notes  | B1   | 9.00   | 6/01/11  | 246,375   |
| 125    | Felcor Suites LP, Gtd. Notes   | B1   | 7.625  | 10/01/07 | 128,437   |
| 100    | Gaylord Entertainment Co., Sr. Notes<br>HMH Properties, Inc.,                      | B3   | 8.00   | 11/15/13 | 103,500   |
| 64     | Sr. Notes, Ser. B<br>Host Marriott LP,   | Ba2  | 7.875  | 8/01/08  | 64,960    |
| 275    | Sr. Notes, Ser. I  | Ba2  | 9.50   | 1/15/07  | 286,688   |

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|  |                   |     |       |          |         |
|--|-------------------|-----|-------|----------|---------|
| 400  | Sr. Notes         | Ba2 | 7.125 | 11/01/13 | 415,000 |
| 200  | Sr. Notes, Ser. M | Ba2 | 7.00  | 8/15/12  | 206,250 |
| La Quinta Properties, Inc.,                |                   |     |       |          |         |
| 100  | Sr. Notes         | Ba2 | 8.875 | 3/15/11  | 107,875 |
| Royal Caribbean Cruises Ltd., (Liberia)    |                   |     |       |          |         |
| 175(c)                                     | Sr. Notes         | Ba1 | 8.00  | 5/15/10  | 190,094 |
| 50(c)                                      | Sr. Notes         | Ba1 | 6.875 | 12/01/13 | 52,500  |
| 50(c)                                      | Sr. Notes         | Ba1 | 7.50  | 10/15/27 | 53,000  |
| Starwood Hotels & Resorts Worldwide, Inc., |                   |     |       |          |         |
| 570  | Sr. Notes         | Ba1 | 7.375 | 5/01/07  | 584,962 |



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|  |                                    |      |        |          |           |
|--|------------------------------------|------|--------|----------|-----------|
| 70                                     | Sr. Notes                          | Ba1  | 7.875  | 5/01/12  | 76,650    |
| 150                                    | Debs.                              | Ba1  | 7.375  | 11/15/15 | 160,875   |
|  |                                    |      |        |          | 2,807,166 |
| <b>Media &amp; Entertainment 9.3%</b>  |                                    |      |        |          |           |
| AMC Entertainment, Inc.,               |                                    |      |        |          |           |
| 275                                    | Sr. Sub. Notes, Ser. B             | B2   | 8.625  | 8/15/12  | 285,312   |
| 100                                    | Sr. Sub. Notes                     | B3   | 8.00   | 3/01/14  | 89,500    |
| Dex Media East LLC,                    |                                    |      |        |          |           |
| 406                                    | Sr. Sub. Notes                     | B1   | 12.125 | 11/15/12 | 472,990   |
| Dex Media West LLC,                    |                                    |      |        |          |           |
| 415                                    | Sr. Sub. Notes                     | B2   | 9.875  | 8/15/13  | 459,094   |
| 165                                    | Dex Media, Inc., Notes             | B3   | 8.00   | 11/15/13 | 168,300   |
| DirecTVHoldings LLC,                   |                                    |      |        |          |           |
| 48                                     | Sr. Sub. Notes                     | Ba2  | 8.375  | 3/15/13  | 52,080    |
| EchoStar DBS Corp.,                    |                                    |      |        |          |           |
| 152                                    | Sr. Notes                          | Ba3  | 9.125  | 1/15/09  | 159,600   |
| Gray Television, Inc.,                 |                                    |      |        |          |           |
| 285                                    | Sr. Sub. Notes                     | Ba3  | 9.25   | 12/15/11 | 304,950   |
| 375(c)(h)(i)                           | Intelsat Ltd. (Bermuda), Sr. Notes | B2   | 8.695  | 1/15/12  | 380,625   |
| Intrawest Corp. (Canada),              |                                    |      |        |          |           |
| 300(c)                                 | Sr. Notes                          | B1   | 7.50   | 10/15/13 | 301,875   |
| MediaNews Group, Inc.,                 |                                    |      |        |          |           |
| 200                                    | Sr. Sub. Notes                     | B2   | 6.875  | 10/01/13 | 195,000   |
| Morris Publishing Co. LLC,             |                                    |      |        |          |           |
| 65                                     | Sr. Sub. Notes                     | B1   | 7.00   | 8/01/13  | 62,075    |
| New Skies Satellites NV (Netherlands), |                                    |      |        |          |           |
| 200(c)(i)                              | Sr. Notes                          | B3   | 9.5725 | 11/01/11 | 205,500   |
| 200(i)                                 | PRIMEDIA, Inc., Sr. Notes          | B2   | 9.715  | 5/15/10  | 198,000   |
| Quebecor Media, Inc., (Canada)         |                                    |      |        |          |           |
| 400(c)                                 | Sr. Disc.Notes, Zero Coupon        | B2   | Zero   | 7/15/11  | 408,500   |
| (until 07/15/06)                       |                                    |      |        |          |           |
| Rainbow National Services LLC,         |                                    |      |        |          |           |
| 125(h)                                 | Sr. Notes                          | B3   | 8.75   | 9/01/12  | 131,875   |
| RH Donnelley Finance Corp.,            |                                    |      |        |          |           |
| 200(h)                                 | Sr. Sub. Notes                     | B2   | 10.875 | 12/15/12 | 226,500   |
| Sinclair Broadcast Group, Inc.,        |                                    |      |        |          |           |
| 165                                    | Sr. Sub. Notes                     | B2   | 8.75   | 12/15/11 | 174,281   |
| 100                                    | Six Flags, Inc., Sr. Notes         | Caa1 | 9.625  | 6/01/14  | 98,250    |
| Sun Media Corp., (Canada),             |                                    |      |        |          |           |
| 400(c)                                 | Gtd. Notes                         | Ba3  | 7.625  | 2/15/13  | 411,000   |
| Susquehanna Media Co.,                 |                                    |      |        |          |           |
| 300                                    | Sr. Sub. Notes                     | B1   | 7.375  | 4/15/13  | 318,375   |
| Universal City Florida Holdings Co.,   |                                    |      |        |          |           |
| 400(i)                                 | Sr. Notes                          | B3   | 9.00   | 5/01/10  | 405,000   |
| 150                                    | Vail Resorts, Inc., Sr. Sub. Notes | B2   | 6.75   | 2/15/14  | 150,188   |
| Vertis, Inc.,                          |                                    |      |        |          |           |
| 45                                     | Sr. Notes, Ser. B                  | Caa1 | 10.875 | 6/15/09  | 43,762    |
| 200                                    | Sr. Notes                          | B3   | 9.75   | 4/01/09  | 205,500   |

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|                    |                                 |     |       |         |  |           |
|--------------------|---------------------------------|-----|-------|---------|--|-----------|
|                    |                                 |     |       |         |  | 5,908,132 |
| <b>Metals 4.6%</b> |                                 |     |       |         |  |           |
| 90                 | AK Steel Corp., Sr. Notes       | B1  | 7.75  | 6/15/12 |  | 81,225    |
|                    | Arch Western Finance LLC,       |     |       |         |  |           |
| 275                | Sr. Notes                       | Ba3 | 6.75  | 7/01/13 |  | 277,750   |
| 275                | Century Aluminum Co., Sr. Notes | B1  | 7.50  | 8/15/14 |  | 265,375   |
|                    | Chaparral Steel Co.,            |     |       |         |  |           |
| 200(h)             | Sr. Unsec d. Notes              | B1  | 10.00 | 7/15/13 |  | 212,500   |

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|           |                                       |      |        |          |           |
|-----------|---------------------------------------|------|--------|----------|-----------|
| 200       | Foundation Coal Co., Gtd. Notes       | B1   | 7.25   | 8/01/14  | 204,000   |
|           | Ispat Inland ULC (Canada),            |      |        |          |           |
| 190(c)    | Sr. Sec d. Notes                      | Ba1  | 9.75   | 4/01/14  | 214,225   |
| 125(h)    | Metals USA, Sec d. Notes              | B3   | 11.125 | 12/01/15 | 127,813   |
| 340(c)(h) | Novelis, Inc., (Canada), Sr. Notes    | B1   | 7.50   | 2/15/15  | 317,900   |
|           | Oregon Steel Mills, Inc.,             |      |        |          |           |
| 510       | First Mtge. Notes                     | Ba3  | 10.00  | 7/15/09  | 546,974   |
|           | Russel Metals, Inc. (Canada)          |      |        |          |           |
| 165(c)    | Sr. Notes                             | Ba3  | 6.375  | 3/01/14  | 159,638   |
| 150       | Ryerson Tull, Inc., Sr. Notes         | B2   | 8.25   | 12/15/11 | 146,625   |
|           | United States Steel Corp.,            |      |        |          |           |
| 100       | Sr. Notes                             | Ba2  | 10.75  | 8/01/08  | 110,375   |
| 150       | Sr. Notes                             | Ba2  | 9.75   | 5/15/10  | 162,937   |
|           |                                       |      |        |          | 2,827,337 |
|           |                                       |      |        |          | 2,827,337 |
|           | <b>Non Captive Finance 0.4%</b>       |      |        |          |           |
|           | Residential Capital Corp.,            |      |        |          |           |
| 250       | Notes                                 | Baa3 | 6.375  | 6/30/10  | 251,998   |
|           |                                       |      |        |          | 251,998   |
|           | <b>Packaging 3.7%</b>                 |      |        |          |           |
| 275       | Berry Plastics Corp., Sr. Sub. Notes  | B3   | 10.75  | 7/15/12  | 288,750   |
| 300(h)    | Crown Americas, Sr. Notes             | B1   | 7.625  | 11/15/13 | 307,500   |
|           | Graham Packaging Co., Inc.,           |      |        |          |           |
| 100       | Sr. Notes                             | Caa1 | 8.50   | 10/15/12 | 98,000    |
| 250       | Sr. Notes                             | Caa2 | 9.875  | 10/15/14 | 241,875   |
| 480       | Greif Borthers Corp., Sr. Sub. Notes  | B1   | 8.875  | 8/01/12  | 510,000   |
|           | Owens-Brockway Glass Container, Inc., |      |        |          |           |
| 45        | Sr. Sec d. Notes                      | B1   | 7.75   | 5/15/11  | 46,800    |
| 660       | Sr. Sec d. Notes                      | B1   | 8.75   | 11/15/12 | 712,800   |
|           | Silgan Holdings, Inc.,                |      |        |          |           |
| 125       | Sr. Sub. Notes                        | B1   | 6.75   | 11/15/13 | 125,000   |
|           |                                       |      |        |          | 2,330,725 |
|           |                                       |      |        |          | 2,330,725 |
|           | <b>Paper 5.0%</b>                     |      |        |          |           |
|           | Abitibi Consolidated, Inc., (Canada)  |      |        |          |           |
| 475       | Sr. Notes                             | Ba3  | 8.375  | 4/01/15  | 459,563   |
|           | Ainsworth Lumber Co. Ltd.             |      |        |          |           |
| 400(c)(i) | (Canada) Gtd. Notes                   | B2   | 7.7704 | 10/01/10 | 390,000   |
|           | Bowater Canada Finance,               |      |        |          |           |
| 25(c)     | (Canada) Notes                        | Ba3  | 7.95   | 11/15/11 | 24,625    |
|           | Caraustar Industries, Inc.,           |      |        |          |           |
| 125       | Sr. Sub. Notes                        | Caa1 | 9.875  | 4/01/11  | 125,625   |
|           | Cascades Inc., (Canada),              |      |        |          |           |
| 250(c)    | Sr. Notes                             | Ba3  | 7.25   | 2/15/13  | 230,625   |
|           | Cellu Tissue Holdings, Inc.,          |      |        |          |           |
| 300       | Sec d. Notes                          | B2   | 9.75   | 3/15/10  | 294,750   |
|           | Georgia-Pacific Corp.,                |      |        |          |           |
| 500(f)    | Notes                                 | Ba2  | 7.50   | 5/15/06  | 501,249   |

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|        |  |      |       |          |         |
|--------|--|------|-------|----------|---------|
| 150    | Sr. Notes<br>Jefferson Smurfit Corp.,                      | Ba1  | 9.375 | 2/01/13  | 168,188 |
| 275    | Sr. Notes<br>Mercer International, Inc.,                   | B2   | 8.25  | 10/01/12 | 266,750 |
| 100    | Sr. Notes<br>Millar Western Forest Products Ltd. (Canada), | Caa1 | 9.25  | 2/15/13  | 84,000  |
| 130(c) | Sr. Notes<br>Norampac, Inc. (Canada),                      | B2   | 7.75  | 11/15/13 | 99,450  |
| 110(c) | Sr. Notes  | Ba2  | 6.75  | 6/01/13  | 106,150 |

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|        |   |      |        |          |           |
|--------|---|------|--------|----------|-----------|
|        | Smurfit-Stone Container Corp.,            |      |        |          |           |
| 226    | Sr. Notes                                 | B2   | 9.25   | 2/01/08  | 232,780   |
| 75     | Sr. Notes                                 | B2   | 8.375  | 7/01/12  | 73,125    |
|        | Tembec Industries, Inc. (Canada)          |      |        |          |           |
| 220(c) | Sr. Notes                                 | B3   | 7.75   | 3/15/12  | 129,800   |
|        |   |      |        |          | 3,186,680 |
|        | <b>Pipelines &amp; Others 4.9%</b>        |      |        |          |           |
| 465    | El Paso Corp., Sr. Notes                  | Caa1 | 7.00   | 5/15/11  | 453,956   |
| 425    | El Paso Production Holding Co., Sr. Notes | B3   | 7.75   | 6/01/13  | 435,625   |
|        | Ferrellgas Partners LP,                   |      |        |          |           |
| 100    | Sr. Notes                                 | B2   | 8.75   | 6/15/12  | 96,500    |
| 50     | Sr. Notes                                 | Ba3  | 6.75   | 5/01/14  | 46,875    |
| 150    | Inergy Finance Corp., Sr. Notes           | B1   | 6.875  | 12/15/14 | 139,875   |
|        | Pacific Energy Partners LP,               |      |        |          |           |
| 100    | Sr. Notes                                 | Ba2  | 7.125  | 6/15/14  | 104,000   |
| 250    | Southern Natural Gas Co.,                 | B1   | 8.875  | 3/15/10  | 267,340   |
| 400(h) | Targa Resources Inc., Gtd. Notes          | B2   | 8.50   | 11/01/13 | 409,000   |
|        | Tennessee Gas Pipeline Co.,               |      |        |          |           |
| 215    | Deb.                                      | B1   | 7.00   | 3/15/27  | 218,496   |
| 25     | Deb.                                      | B1   | 7.00   | 10/15/28 | 24,164    |
| 295    | Deb.                                      | B1   | 7.625  | 4/01/37  | 301,109   |
|        | TransMontaigne, Inc.,                     |      |        |          |           |
| 85     | Sr. Sub. Notes                            | B3   | 9.125  | 6/01/10  | 82,875    |
|        | Williams Companies, Inc., (The)           |      |        |          |           |
| 200    | Notes                                     | B1   | 7.125  | 9/01/11  | 206,500   |
| 300    | Notes                                     | B1   | 8.125  | 3/15/12  | 323,250   |
|        |   |      |        |          | 3,109,565 |
|        | <b>Retailers 2.6%</b>                     |      |        |          |           |
|        | Asbury Automotive Group, Inc.,            |      |        |          |           |
| 100(h) | Sr. Sub. Notes                            | B3   | 8.00   | 3/15/14  | 93,750    |
|        | GSC Holdings,                             |      |        |          |           |
| 150(h) | Gtd. Notes                                | Ba3  | 7.875  | 10/01/11 | 150,750   |
| 75(h)  | Gtd. Notes                                | Ba3  | 8.00   | 10/01/12 | 72,375    |
|        | J.C. Penney Co., Inc.,                    |      |        |          |           |
| 360    | Deb.                                      | Ba1  | 7.40   | 4/01/37  | 384,276   |
|        | Neiman Marcus Group,                      |      |        |          |           |
| 275(h) | Gtd. Notes                                | B3   | 10.375 | 10/15/15 | 278,094   |
| 175    | Pantry, Inc., Sr. Sub. Notes              | B3   | 7.75   | 2/15/14  | 169,750   |
|        | Rite Aid Corp.,                           |      |        |          |           |
| 220    | Sr. Sec d. Notes                          | B2   | 8.125  | 5/01/10  | 220,000   |
| 200    | Sr. Sec d. Notes                          | B2   | 7.50   | 1/15/15  | 185,000   |
|        | Sonic Automotive, Inc.,                   |      |        |          |           |
| 110    | Sr. Sub. Notes                            | B2   | 8.625  | 8/15/13  | 104,775   |
|        |   |      |        |          | 1,658,770 |

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| <b>Technology 7.7%</b> |  |      |        |          |         |
|------------------------|--|------|--------|----------|---------|
| 75                     | Amkor Technology, Inc., Sr. Notes          | Caa1 | 7.125  | 3/15/11  | 65,625  |
|                        | Avago Technologies,                        |      |        |          |         |
| 150(h)                 | Sr. Notes                                  | B3   | 10.125 | 12/01/13 | 153,000 |
| 375(h)                 | Sr. Sub Notes                              | Caa2 | 11.875 | 12/01/15 | 380,625 |
|                        | Flextronics International Ltd. (Singapore) |      |        |          |         |
| 160(c)                 | Sr. Sub. Notes                             | Ba2  | 6.50   | 5/15/13  | 161,600 |
| 325(c)                 | Sr. Sub. Notes                             | Ba2  | 6.25   | 11/15/14 | 319,313 |
|                        | Freescale Semiconductor, Inc.,             |      |        |          |         |
| 175                    | Sr. Notes                                  | Ba2  | 6.875  | 7/15/11  | 182,875 |

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|        |   |      |        |          |           |
|--------|---|------|--------|----------|-----------|
| 335    | Sr. Notes                                 | Ba2  | 7.125  | 7/15/14  | 353,425   |
| 175    | Iron Mountain, Inc., Sr. Notes            | Caa1 | 8.625  | 4/01/13  | 182,875   |
|        | Nortel Networks Ltd., (Canada)            |      |        |          |           |
| 285(c) | Notes                                     | B3   | 6.125  | 2/15/06  | 284,288   |
| 135(c) | Notes                                     | B3   | 4.25   | 9/01/08  | 126,563   |
|        | Sanmina-SCI Corp.,                        |      |        |          |           |
| 550    | Sr. Sec d. Notes                          | Ba2  | 10.375 | 1/15/10  | 600,874   |
|        | Seagate Technology,                       |      |        |          |           |
| 500    | Gtd. Notes                                | Ba2  | 8.00   | 5/15/09  | 523,125   |
|        | SunGard Data Systems, Inc.,               |      |        |          |           |
| 150(h) | Sr. Sub. Notes                            | Caa1 | 10.25  | 8/15/15  | 151,500   |
| 750(h) | Sr. Notes                                 | B3   | 8.5247 | 8/15/13  | 777,187   |
| 250(h) | Sr. Notes                                 | B3   | 9.125  | 8/15/13  | 258,750   |
| 115    | UGS Corp., Gtd. Notes                     | B3   | 10.00  | 6/01/12  | 125,350   |
| 200    | Unisys Corp., Sr. Notes                   | Ba3  | 8.50   | 10/15/15 | 182,000   |
| 50     | Xerox Corp., Sr. Notes                    | Ba2  | 6.875  | 8/15/11  | 51,813    |
|        |   |      |        |          | 4,880,788 |
|        |   |      |        |          | 4,880,788 |
|        | <b>Telecommunications 7.3%</b>            |      |        |          |           |
|        | Alamosa Holdings, Inc.,                   |      |        |          |           |
| 150    | Sr. Notes                                 | Caa1 | 11.00  | 7/31/10  | 170,250   |
| 225    | Sr. Notes                                 | Caa1 | 8.50   | 1/31/12  | 245,250   |
|        | AT&T Corp.,                               |      |        |          |           |
| 135    | Sr. Notes                                 | Baa2 | 9.05   | 11/15/11 | 149,808   |
| 125    | Sr. Notes                                 | Baa2 | 9.75   | 11/15/31 | 153,750   |
|        | Centennial Communications Corp., Sr.      |      |        |          |           |
| 225    | Notes                                     | B3   | 8.125  | 2/01/14  | 232,875   |
|        | Cincinnati Bell, Inc.,                    |      |        |          |           |
| 50     | Gtd. Notes                                | B1   | 7.25   | 7/15/13  | 52,000    |
| 80     | Sr. Sub Notes                             | B3   | 8.375  | 1/15/14  | 78,400    |
|        | Citizens Communications Co.,              |      |        |          |           |
| 260    | Notes                                     | Ba3  | 9.25   | 5/15/11  | 284,050   |
| 150    | Sr. Notes                                 | Ba3  | 6.25   | 1/15/13  | 144,375   |
|        | Dobson Cellular Systems, Inc.,            |      |        |          |           |
| 250(h) | Gtd. Notes                                | B1   | 8.375  | 11/01/11 | 265,000   |
|        | Eircom Funding PLC (Ireland),             |      |        |          |           |
| 120(c) | Sr. Sub. Notes                            | B1   | 8.25   | 8/15/13  | 129,900   |
|        | Hawaiian Telcom Communication, Inc.,      |      |        |          |           |
| 50(h)  | Sr. Sub. Notes                            | Caa1 | 12.50  | 5/01/15  | 44,000    |
|        | MCI, Inc.,                                |      |        |          |           |
| 650    | Notes                                     | B2   | 7.688  | 5/01/09  | 673,563   |
| 85     | Notes                                     | B2   | 8.735  | 5/01/14  | 93,819    |
|        | Nextel Communications, Inc.,              |      |        |          |           |
| 225    | Sr. Notes                                 | Baa2 | 7.375  | 8/01/15  | 236,837   |
| 375    | Nextel Partners, Inc., Sr. Notes          | Ba3  | 8.125  | 7/01/11  | 399,375   |
|        | Qwest Communications International, Inc., |      |        |          |           |
| 150(h) | Sr. Notes                                 | B2   | 7.50   | 2/15/14  | 151,500   |
|        | Qwest Services Corp.,                     |      |        |          |           |
| 100    | Sr. Notes                                 | Ba3  | 7.875  | 9/01/11  | 107,250   |

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|        |                                     |      |       |          |           |
|--------|-------------------------------------|------|-------|----------|-----------|
|        | Rogers Wireless, Inc. (Canada),     |      |       |          |           |
| 125(c) | Sr. Sec d. Notes                    | Ba3  | 9.625 | 5/01/11  | 143,281   |
| 200(c) | Sr. Sub. Notes                      | B2   | 8.00  | 12/15/12 | 211,750   |
| 150(c) | Sec d. Notes                        | Ba3  | 7.50  | 3/15/15  | 160,500   |
| 36     | SBA Communications Corp., Sr. Notes | Caa1 | 8.50  | 12/01/12 | 39,960    |
| 95     | Triton PCS, Inc., Gtd. Notes        | Caa1 | 8.50  | 6/01/13  | 89,775    |
| 250    | UbiquiTel Operating Co., Sr. Notes  | Caa1 | 9.875 | 3/01/11  | 276,563   |
| 75(i)  | U.S. Unwired, Inc., Sr. Sec d Notes | B2   | 8.12  | 6/15/10  | 77,250    |
|        |                                     |      |       |          | 4,611,081 |



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| <b>Tobacco 0.2%</b>                          |                                |  |     |       |         |            |
|--|--------------------------------|--|-----|-------|---------|------------|
| RJ Reynolds Tobacco Holdings, Inc.,          |                                |  |     |       |         |            |
| 100(h)                                       | Notes 144A                     |  | Ba2 | 6.50  | 7/15/10 | 98,500     |
| Total corporate bonds<br>(cost \$78,961,907) |                                |  |     |       |         | 79,905,246 |
| <b>SOVEREIGN BONDS 1.6%</b>                  |                                |  |     |       |         |            |
| Republic of Argentina,                       |                                |  |     |       |         |            |
| 298(c)(i)                                    | Bonds, F.R.N.                  |  | B3  | 4.005 | 8/03/12 | 262,983    |
| 230(c)(i)                                    | Bonds, F.R.N.                  |  | B3  | 3.00  | 4/30/13 | 185,955    |
| 200(c)                                       | Republic of Colombia, Notes    |  | Ba2 | 10.00 | 1/23/12 | 237,000    |
| 300(c)                                       | Republic of Philippines, Bonds |  | B1  | 9.375 | 1/18/17 | 337,875    |
| Total sovereign bonds<br>(cost \$975,977)    |                                |  |     |       |         | 1,023,813  |

**SHARES**

| <b>COMMON STOCKS 1.5%</b>                 |  |  |  |  |  |           |
|---|--|--|--|--|--|-----------|
| 2,330(b)                                  | IMPSAT Fiber Networks, Inc.                                      |  |  |  |  | \$ 16,077 |
|   | Liberty Global, Inc., Class A                                    |  |  |  |  |           |
| 3,066                                     |  |  |  |  |  | 68,396    |
| 3,066                                     | Liberty Global, Inc., Class C                                    |  |  |  |  | 63,674    |
| 700(b)(c)                                 | NTL, Inc.  |  |  |  |  | 40,761    |
| 21,883(g)                                 | Premium Standard Farms, Inc. (cost \$249,980; purchased 6/15/05) |  |  |  |  | 364,352   |
|   | Telewest Global, Inc.,   |  |  |  |  |           |
| 9,911(b)(c)                               | (United Kingdom)   |  |  |  |  | 220,916   |
| 4,049                                     | TELUS Corp.  |  |  |  |  | 155,077   |
| 320                                       | Walter Industries, Inc.  |  |  |  |  | 16,112    |
| Total common stock<br>(cost \$803,559)    |  |  |  |  |  | 945,365   |
| <b>PREFERRED STOCK 0.7%</b>               |  |  |  |  |  |           |
| 1,868(b)                                  | McLeodUSA, Inc., Ser. A  |  |  |  |  | 205       |
| 54(b)                                     | Paxson Communications, Corp., 14.25%, PIK                        |  |  |  |  | 456,521   |
| Total preferred stock<br>(cost \$857,746) |  |  |  |  |  | 456,726   |

**UNITS**

| <b>WARRANTS (b)</b>                |  |  |  |  |  |    |
|------------------------------------|--|--|--|--|--|----|
| 4,141                              | McLeodUSA, Inc., expiring 4/16/07                  |  |  |  |  | 25 |
| 140(f)                             | Sterling Chemical Holdings, Inc., expiring 8/15/08 |  |  |  |  | 0  |
| 10,871(f)                          | Viasystems Group, Inc., expiring 1/10/31           |  |  |  |  | 1  |
| 150(f)(h)                          | XM Satellite Radio, Inc., expiring 3/15/10         |  |  |  |  | 0  |
| Total warrants<br>(cost \$219,816) |  |  |  |  |  | 26 |

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Total long-term investments  
(cost \$81,819,005)

82,331,176

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| Principal Amount<br>(000)  |   | Moody's<br>Ratings | Interest<br>Rate | Maturity<br>Date |                      |
|--|---|--------------------|------------------|------------------|----------------------|
| <b>SHORT-TERM INVESTMENT 6.4%</b>                                |   |                    |                  |                  |                      |
| <b>U.S. GOVERNMENT AGENCY SECURITIES</b>                         |   |                    |                  |                  |                      |
| \$ 4,074   | Fannie Mae Discount Notes<br>(cost \$4,074,000) | A-1+ (d)           | 3.90% (e)        | 12/01/05         | \$ 4,074,000         |
| <b>Total Investments 136.6%</b><br><b>(cost \$85,893,005)(j)</b> |   |                    |                  |                  | 86,405,176           |
| Liabilities in excess of other assets (36.6%)                    |   |                    |                  |                  | (23,141,857)         |
| <b>Net Assets 100.0%</b>   |   |                    |                  |                  | <b>\$ 63,263,319</b> |

F.R.N. Floating Rate Note.

GBP Great British Pounds.

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 securities.
- (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 the restricted securities is \$249,980. The aggregate value, \$364,352 represents .58% 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, 2005.
- (j) The United States Federal income tax basis of the Fund's investments and the net unrealized depreciation as of November 30, 2005 were as follows:

| <u>Tax Basis</u> | <u>Appreciation</u> | <u>Depreciation</u> | <u>Net<br/>Unrealized<br/>Depreciation</u> |
|------------------|---------------------|---------------------|--|
| \$ 86,487,918    | \$ 2,686,076        | \$ (2,768,818)      | \$ (82,742)                                |

The difference between book basis and tax basis is 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 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 securities, which mature in more than sixty days, are valued at current market quotations.

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

*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](http://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) High Yield Income Fund, Inc.

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

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Deborah A. Docs  
Secretary of the Fund

Date January 25, 2006

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

By (Signature and Title)\* /s/ Judy A. Rice

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Judy A. Rice  
President and Principal Executive Officer

Date January 25, 2006

By (Signature and Title)\* /s/ Grace C. Torres

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Grace C. Torres  
Treasurer and Principal Financial Officer

Date January 25, 2006

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