

HIGH YIELD INCOME FUND INC
Form N-CSRS
May 04, 2007

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: | 8/31/2007 |
| Date of reporting period: | 2/28/2007 |

Item 1 Reports to Stockholders

SEMIANNUAL REPORT

FEBRUARY 28, 2007

THE HIGH YIELD INCOME FUND, INC.

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

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

The accompanying financial statements as of February 28, 2007, were not audited, and accordingly, no auditor's opinion is expressed on them.

Your Fund's Performance

Fund Objective

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

Performance as of 2/28/07

| | Total Return Six Months | NAV 2/28/07 | Market Price 2/28/07 |
|---|----------------------------|----------------|-------------------------|
| The High Yield Income Fund ¹ | 8.71% | \$ 5.71 | \$ 5.23 |
| Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index ² | 8.32 | N/A | N/A |
| Lipper Closed-End High Current Yield Funds (Leveraged) Avg. ³ | 9.74 | 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 (9/1/06) through the end (2/28/07) 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 2% Issuer Capped Index is an unmanaged index of fixed-rate, noninvestment-grade debt securities with at least one year remaining to maturity. However, the representation of any single bond issuer is restricted to a maximum of 2% of the total index. Investors cannot invest directly in an index.

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

Yield and Dividend as of 2/28/07

Total Monthly Dividends

Paid per Share

Six Months

\$0.210

Yield at Market Price

4.02%

The High Yield Income Fund, Inc. 1

Portfolio of Investments

February 28, 2007 (Unaudited)

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| LONG-TERM INVESTMENTS 128.3% | | | | | |
| CORPORATE BONDS 125.5% | | | | | |
| Aerospace/Defense 3.6% | | | | | |
| BE Aerospace, Inc., Sr. Sub Notes, Ser. B | B3 | 8.875% | 5/1/11 | \$ 235 | \$ 242,931 |
| DRS Technologies, Inc., Gtd. Notes | B1 | 6.625 | 2/1/16 | 200 | 200,500 |
| Gtd. Notes | B3 | 7.625 | 2/1/18 | 150 | 154,500 |
| Esterline Technologies Corp., Sr. Sub Notes | B1 | 7.75 | 6/15/13 | 300 | 306,000 |
| K&F Acquisition, Inc., Gtd. Notes | Caa1 | 7.75 | 11/15/14 | 150 | 154,875 |
| L-3 Communications Corp., Gtd. Notes | Ba3 | 7.625 | 6/15/12 | 500 | 518,750 |
| Moog, Inc., Sr. Sub. Notes | Ba3 | 6.25 | 1/15/15 | 300 | 297,750 |
| Sequa Corp., Sr. Notes, Ser. B | B2 | 8.875 | 4/1/08 | 300 | 307,500 |
| Standard Aerospace Holdings, Inc., Gtd. Notes | Caa1 | 8.25 | 9/1/14 | 45 | 45,788 |
| TransDigm, Inc., Sr. Sub. Notes | B3 | 7.75 | 7/15/14 | 150(h) | 154,125 |
| | | | | | 2,382,719 |
| Airlines 0.3% | | | | | |
| AMR Corp., M.T.N., Notes, Ser. B | CCC+(d) | 10.40 | 3/10/11 | 100 | 104,000 |
| Continental Airlines, Inc., Pass-thru Certs., Ser. 1998-1, Class B | Ba2 | 6.748 | 3/15/17 | 88 | 87,087 |
| | | | | | 191,087 |
| Automotive 5.4% | | | | | |
| American Axle & Manufacturing, Inc., Gtd. Notes | Ba3 | 7.875 | 3/1/17 | 150 | 150,000 |
| Ford Motor Credit Co., Notes | B1 | 7.875 | 6/15/10 | 1,405 | 1,429,200 |
| Sr. Notes | B1 | 9.875 | 8/10/11 | 400 | 431,584 |
| General Motors Corp., Notes | Caa1 | 7.20 | 1/15/11 | 700 | 682,500 |
| General Motors Nova Scotia Finance Co. (Canada), Gtd. Notes | Caa1 | 6.85 | 10/15/08 | 225(c) | 223,875 |
| Lear Corp., Gtd. Notes, Ser. B | B3 | 8.75 | 12/1/16 | 170 | 163,838 |
| TRW Automotive, Inc., Sr. Notes | Ba3 | 9.375 | 2/15/13 | 276 | 296,355 |
| Sr. Sub. Notes | B1 | 11.00 | 2/15/13 | 50 | 54,813 |
| Visteon Corp., Sr. Notes | Caa2 | 7.00 | 3/10/14 | 165 | 143,550 |
| | | | | | 3,575,715 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 3

Portfolio of Investments

February 28, 2007 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Banking 0.6% | | | | | |
| Halyk Savings Bank of Kazakhstan (Kazakhstan), Notes | Baa1 | 8.125% | 10/7/09 | \$ 100(c)(h) | \$ 104,300 |
| Kazkommerts International BV (Netherlands), Gtd. Notes | Baa1 | 7.00 | 11/3/09 | 105(c)(h) | 105,893 |
| Gtd. Notes | Baa1 | 8.50 | 4/16/13 | 205(c)(h) | 216,623 |
| | | | | | 426,816 |
| Building Materials & Construction 2.2% | | | | | |
| Beazer Homes USA, Inc., Gtd. Notes | Ba1 | 8.625 | 5/15/11 | 110 | 112,750 |
| D.R. Horton, Inc., Gtd. Notes | Baa3 | 8.00 | 2/1/09 | 375 | 392,144 |
| Goodman Global Holdings, Inc., Sr. Notes, Ser. B | B1 | 8.36 | 6/15/12 | 122(i) | 123,525 |
| K Hovnanian Enterprises Inc., Gtd. Notes | Ba1 | 7.50 | 5/15/16 | 170 | 170,425 |
| KB Home, Notes | Ba1 | 6.375 | 8/15/11 | 150 | 150,573 |
| Sr. Sub. Notes | Ba2 | 8.625 | 12/15/08 | 160 | 167,139 |
| Nortek, Inc., Sr. Sub. Notes | B3 | 8.50 | 9/1/14 | 350 | 356,125 |
| | | | | | 1,472,681 |
| Cable 5.1% | | | | | |
| Callahan Nordrhein-Westfalen (Germany), Sr. Disc. Notes | NR | 16.00 | 7/15/10 | 500(a)(c)(f) | 5 |
| Charter Communications Holdings I LLC, Gtd. Notes | Caa3 | 10.00 | 5/15/14 | 99 | 91,080 |
| Gtd. Notes | NR | 11.00 | 10/1/15 | 4 | 4,150 |
| Gtd. Notes | Caa3 | 11.125 | 1/15/14 | 198 | 188,595 |
| Gtd. Notes | Caa3 | 11.75 | 5/15/14 | 500 | 488,749 |
| Sec d. Notes | Caa2 | 11.00 | 10/1/15 | 400 | 416,000 |
| Charter Communications Holdings II LLC, Gtd. Notes | NR | 10.25 | 10/1/13 | 88 | 95,480 |
| Sr. Notes | Caa2 | 10.25 | 9/15/10 | 325 | 342,063 |
| Sr. Notes, Ser. B | Caa2 | 10.25 | 9/15/10 | 250 | 262,500 |

See Notes to Financial Statements.

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| | Moody s Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| CSC Holdings, Inc., Debs. | B2 | 7.625% | 7/15/18 | \$ 100 | \$ 101,250 |
| Debs. | B2 | 7.875 | 2/15/18 | 50 | 51,688 |
| Debs., Ser. B | B2 | 8.125 | 8/15/09 | 100 | 103,500 |
| Sr. Notes | B2 | 7.875 | 12/15/07 | 350 | 354,375 |
| Sr. Notes, Ser. B | B2 | 7.625 | 4/1/11 | 25 | 25,688 |
| Sr. Notes, Ser. B | B2 | 8.125 | 7/15/09 | 200 | 207,000 |
| Mediacom Broadband LLC, Sr. Notes | B3 | 8.50 | 10/15/15 | 125(h) | 127,188 |
| Mediacom LLC., Sr. Notes | B3 | 9.50 | 1/15/13 | 25 | 25,688 |
| NTL Cable PLC (United Kingdom), Sr. Notes | B2 | 9.125 | 8/15/16 | 400(c) | 424,999 |
| Videotron Ltee (Canada), Gtd. Notes | Ba2 | 6.375 | 12/15/15 | 100(c) | 98,250 |
| | | | | | 3,408,248 |
| Capital Goods 8.7% | | | | | |
| ALH Finance LLC, Sr. Sub. Notes | B3 | 8.50 | 1/15/13 | 75 | 75,375 |
| Allied Waste North America, Inc., Gtd. Notes, Ser. B | B1 | 9.25 | 9/1/12 | 167 | 176,603 |
| Sec d. Notes, Ser. B | B1 | 5.75 | 2/15/11 | 450 | 439,312 |
| Sr. Notes | B1 | 7.25 | 3/15/15 | 95 | 96,900 |
| Sr. Notes, Ser. B | B1 | 8.50 | 12/1/08 | 135 | 141,750 |
| American Railcar Industries, Inc., Sr. Unsec d. Notes | B1 | 7.50 | 3/1/14 | 325(h) | 330,688 |
| Ashtead Capital, Inc., Notes | B3 | 9.00 | 8/15/16 | 175(h) | 189,000 |
| Avis Budget Car Rental LLC, Sr. Notes | Ba3 | 7.625 | 5/15/14 | 105(h) | 106,575 |
| Baldor Electric Co., Gtd. Notes | B3 | 8.625 | 2/15/17 | 175 | 183,969 |
| Blount, Inc., Sr. Sub Notes | B2 | 8.875 | 8/1/12 | 425 | 443,062 |
| Case New Holland, Inc., Gtd. Notes | Ba3 | 9.25 | 8/1/11 | 200 | 211,000 |
| Columbus McKinnon Corp., Sr. Sub. Notes | B2 | 8.875 | 11/1/13 | 300 | 319,500 |
| Hertz Corp., Gtd. Notes | B1 | 8.875 | 1/1/14 | 495 | 533,362 |
| Invensys PLC (United Kingdom), Sr. Notes | B2 | 9.875 | 3/15/11 | 18(c)(h) | 19,350 |
| JohnsonDiversey Holdings, Inc., Disc. Notes, Zero Coupon (until 5/15/07) | Caa1 | Zero | 5/15/13 | 210 | 214,200 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 5

Portfolio of Investments

February 28, 2007 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| JohnsonDiversey, Inc., Gtd. Notes, Ser. B | B3 | 9.625% | 5/15/12 | \$ 75 | \$ 78,656 |
| Manitowoc Co., Inc., (The), Gtd. Notes | B2 | 10.50 | 8/1/12 | 260 | 276,900 |
| RBS Global & Rexnord Corp., Gtd. Notes | B3 | 9.50 | 8/1/14 | 300(h) | 316,500 |
| Rental Service Corp., Bonds | Caa1 | 9.50 | 12/1/14 | 250(h) | 266,250 |
| Stena AB (Sweden), Sr. Notes | Ba3 | 7.50 | 11/1/13 | 275(c) | 279,125 |
| Terex Corp., Gtd. Notes | B1 | 7.375 | 1/15/14 | 275 | 282,563 |
| United Rentals North America, Inc., Sr. Sub. Notes | B3 | 7.75 | 11/15/13 | 400 | 409,000 |
| Valmont Industries, Inc., Gtd. Notes | Ba3 | 6.875 | 5/1/14 | 350 | 353,500 |
| | | | | | 5,743,140 |
| Chemicals 4.5% | | | | | |
| Equistar Chemical Funding LP, Gtd. Notes | B1 | 10.125 | 9/1/08 | 215 | 227,363 |
| Sr. Notes | B1 | 10.625 | 5/1/11 | 85 | 89,888 |
| Huntsman International LLC, Gtd. Notes | NR | 9.875 | 3/1/09 | 266 | 272,564 |
| Huntsman LLC, Gtd. Notes | Ba3 | 11.625 | 10/15/10 | 611 | 662,934 |
| Ineos Group Holdings PLC (United Kingdom), Sr. Sub. Notes | B2 | 8.50 | 2/15/16 | 75(c)(h) | 72,938 |
| Koppers, Inc., Gtd. Notes | B2 | 9.875 | 10/15/13 | 236 | 257,239 |
| Lyondell Chemical Co., Gtd. Notes | Ba2 | 10.50 | 6/1/13 | 224 | 245,280 |
| Momentive Performance Materials, Inc., Sr. Notes | B3 | 9.75 | 12/1/14 | 225(h) | 235,688 |
| Mosaic Co. (The), Sr. Notes | B1 | 7.375 | 12/1/14 | 125(h) | 129,063 |
| Sr. Notes | B1 | 7.625 | 12/1/16 | 125(h) | 130,313 |
| Nalco Co., Sr. Notes | B1 | 7.75 | 11/15/11 | 275 | 283,937 |
| Sr. Sub. Notes | B3 | 8.875 | 11/15/13 | 100 | 106,500 |
| Rhodia SA (France), Sr. Sub. Notes | B3 | 8.875 | 6/1/11 | 113(c) | 118,368 |
| Rockwood Specialties Group, Inc., Sr. Sub. Notes | B3 | 10.625 | 5/15/11 | 110 | 116,050 |
| | | | | | 2,948,125 |

See Notes to Financial Statements.

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| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Consumer 2.1% | | | | | |
| Levi Strauss & Co., Sr. Unsub. Notes | B3 | 9.75% | 1/15/15 | \$ 200 | \$ 220,000 |
| Mac-Gray Corp., Sr. Notes | B2 | 7.625 | 8/15/15 | 150 | 154,125 |
| Playtex Products, Inc., Gtd. Notes | Caa1 | 9.375 | 6/1/11 | 325 | 335,969 |
| Sec d. Notes | Ba3 | 8.00 | 3/1/11 | 15 | 15,675 |
| Service Corp. International, Inc., Sr. Notes | B1 | 7.375 | 10/1/14 | 350 | 366,625 |
| Sr. Unsec d. Notes | B1 | 6.50 | 3/15/08 | 125 | 125,625 |
| TDS Investor Corp., Sr. Sub. Notes | Caa1 | 11.875 | 9/1/16 | 135(h) | 149,513 |
| | | | | | 1,367,532 |
| Electric 9.5% | | | | | |
| AES Corp., Sec d. Notes | Ba3 | 8.75 | 5/15/13 | 90(h) | 96,075 |
| Sr. Notes | B1 | 9.375 | 9/15/10 | 700 | 759,499 |
| Sr. Notes | B1 | 9.50 | 6/1/09 | 75 | 79,688 |
| AES Eastern Energy LP, Pass-Through Cert., Ser. 1999-A | Ba1 | 9.00 | 1/2/17 | 199 | 221,383 |
| Aquila, Inc., Sr. Notes | B2 | 9.95 | 2/1/11 | 10 | 10,950 |
| CMS Energy Corp., Sr. Notes | Ba3 | 7.50 | 1/15/09 | 120 | 122,700 |
| Sr. Notes | Ba3 | 8.50 | 4/15/11 | 200 | 217,000 |
| Dynegy Holdings, Inc., Debs. | B2 | 7.125 | 5/15/18 | 50 | 49,000 |
| Debs. | B2 | 7.625 | 10/15/26 | 75 | 74,250 |
| Sr. Notes | B2 | 6.875 | 4/1/11 | 75 | 75,563 |
| Sr. Unsec d. Notes | B2 | 8.375 | 5/1/16 | 275 | 294,250 |
| Edison Mission Energy, Sr. Notes | B1 | 7.73 | 6/15/09 | 275 | 283,938 |
| Sr. Unsec d. Notes | B1 | 7.75 | 6/15/16 | 225 | 238,500 |
| Homer City Funding LLC, Gtd. Notes | Ba2 | 8.137 | 10/1/19 | 135 | 147,488 |
| Midwest Generation LLC, Pass-thru Certs., Ser. A | Ba2 | 8.30 | 7/2/09 | 164 | 169,480 |
| Pass-thru Certs., Ser. B | Ba2 | 8.56 | 1/2/16 | 33 | 36,523 |
| Sec d. Notes | Ba2 | 8.75 | 5/1/34 | 325 | 350,188 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 7

Portfolio of Investments

February 28, 2007 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Mirant Americas Generation LLC, Sr. Unsec d. Notes | Caa1 | 8.30% | 5/1/11 | \$ 100 | \$ 102,000 |
| Mirant Corp. | NR | 7.40 | 7/15/04 | 75(f)(h) | 1,125 |
| Mirant North America LLC, Gtd. Notes | B2 | 7.375 | 12/31/13 | 360 | 369,899 |
| Mission Energy Holdings Co., Sec d. Notes | B2 | 13.50 | 7/15/08 | 75 | 81,844 |
| Nevada Power Co., Gen. Ref. Mtge., Notes, Ser. I | Ba1 | 6.50 | 4/15/12 | 130 | 135,750 |
| NRG Energy Inc., Gtd. Notes | B1 | 7.375 | 2/1/16 | 550 | 560,999 |
| Gtd. Notes | B1 | 7.375 | 1/15/17 | 325 | 330,688 |
| Orion Power Holdings, Inc., Sr. Notes | B2 | 12.00 | 5/1/10 | 370 | 429,199 |
| Reliant Energy, Inc., Sec d. Notes | B2 | 9.50 | 7/15/13 | 220 | 238,425 |
| Sierra Pacific Resources, Inc., Sr. Notes | B1 | 8.625 | 3/15/14 | 95 | 102,879 |
| TECO Energy, Inc., Sr. Notes | Ba2 | 7.50 | 6/15/10 | 400 | 423,499 |
| TXU Corp., Sr. Notes, Ser. P | Ba1 | 5.55 | 11/15/14 | 50 | 45,732 |
| Sr. Notes, Ser. Q | Ba1 | 6.50 | 11/15/24 | 150 | 135,944 |
| UtiliCorp Canada Finance Corp. (Canada), Gtd. Notes | B2 | 7.75 | 6/15/11 | 115(c) | 123,625 |
| | | | | | 6,308,083 |
| Energy-Other 5.7% | | | | | |
| Chesapeake Energy Corp., Gtd. Notes | Ba2 | 6.50 | 8/15/17 | 185 | 182,225 |
| Sr. Notes | Ba2 | 6.375 | 6/15/15 | 200 | 198,500 |
| Sr. Notes | Ba2 | 6.875 | 1/15/16 | 200 | 202,500 |
| Sr. Notes | Ba2 | 7.00 | 8/15/14 | 150 | 154,125 |
| Compagnie Generale de Geophysique-Veritas (France), Gtd. Notes | Ba3 | 7.50 | 5/15/15 | 425(c) | 433,499 |
| Compton Petroleum Finance Corp. (Canada), Gtd. Notes | B2 | 7.625 | 12/1/13 | 100(c) | 98,000 |
| Encore Acquisition Co., Sr. Sub. Notes | B1 | 6.00 | 7/15/15 | 50 | 44,750 |
| Sr. Sub. Notes | B1 | 6.25 | 4/15/14 | 125 | 115,313 |
| Forest Oil Corp., Sr. Notes | B1 | 8.00 | 6/15/08 | 100 | 102,000 |
| Sr. Notes | B1 | 8.00 | 12/15/11 | 95 | 99,038 |

See Notes to Financial Statements.

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| | Moody s Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Energy | | | | | |
| Hanover Equipment Trust, Sec d. Notes, Ser. A | Ba3 | 8.50% | 9/1/08 | \$ 43 | \$ 43,108 |
| Sec d. Notes, Ser. B | Ba3 | 8.75 | 9/1/11 | 125 | 130,000 |
| Houston Exploration Co., Sr. Sub. Notes | B2 | 7.00 | 6/15/13 | 100 | 100,000 |
| Magnum Hunter Resources, Inc., Gtd. Notes | B1 | 9.60 | 3/15/12 | 23 | 24,121 |
| Newfield Exploration Co., Sr. Sub. Notes | Ba3 | 6.625 | 9/1/14 | 75 | 74,438 |
| Sr. Sub. Notes | Ba3 | 6.625 | 4/15/16 | 400 | 398,000 |
| OPTI Canada, Inc. (Canada), Gtd. Notes | B1 | 8.25 | 12/15/14 | 200(c)(h) | 207,000 |
| Parker Drilling Co., Sr. Notes | B2 | 9.625 | 10/1/13 | 450 | 489,374 |
| PetroHawk Energy Corp., Gtd. Notes | B3 | 9.125 | 7/15/13 | 250 | 265,625 |
| Pioneer Natural Resource Co., Bonds | Ba1 | 6.875 | 5/1/18 | 175 | 175,289 |
| Sr. Notes | Ba1 | 5.875 | 7/15/16 | 100 | 94,773 |
| Pogo Producing Co., Sr. Sub. Notes | B1 | 6.875 | 10/1/17 | 60 | 58,500 |
| Pride International, Inc., Sr. Notes | Ba2 | 7.375 | 7/15/14 | 15 | 15,375 |
| Tesoro Corp., Gtd. Notes | Ba1 | 6.25 | 11/1/12 | 15 | 15,075 |
| Gtd. Notes | Ba1 | 6.625 | 11/1/15 | 50 | 50,500 |
| | | | | | 3,771,128 |
| Foods 3.4% | | | | | |
| Ahold Finance USA Inc., Gtd Notes | Ba1 | 6.875 | 5/1/29 | 75 | 74,719 |
| Notes | Ba1 | 8.25 | 7/15/10 | 75 | 81,000 |
| Albertsons, Inc., Debs. | B1 | 7.45 | 8/1/29 | 275 | 276,734 |
| Debs. | B1 | 8.70 | 5/1/30 | 100 | 109,092 |
| Sr. Notes | B1 | 7.50 | 2/15/11 | 100 | 105,287 |
| Aramark Corp., Sr. Notes | B3 | 8.50 | 2/1/15 | 125(h) | 129,844 |
| Sr. Notes | B3 | 8.86 | 2/1/15 | 200(h)(i) | 206,499 |
| Carrols Corp., Gtd. Notes | Caa1 | 9.00 | 1/15/13 | 175 | 180,688 |
| Constellation Brands, Inc., Gtd. Notes | Ba2 | 7.25 | 9/1/16 | 175 | 181,562 |
| Dean Foods Co., Gtd. Notes | Ba2 | 7.00 | 6/1/16 | 100 | 103,250 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 9

Portfolio of Investments

February 28, 2007 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Del Monte Corp., Sr. Sub. Notes | B2 | 8.625% | 12/15/12 | \$ 100 | \$ 105,000 |
| Delhaize America, Inc., Gtd. Notes | Ba1 | 8.125 | 4/15/11 | 125 | 136,604 |
| Dole Food Co., Inc., Gtd. Notes | Caa1 | 7.25 | 6/15/10 | 100 | 97,000 |
| Sr. Notes | Caa1 | 8.625 | 5/1/09 | 35 | 35,088 |
| National Beef Packing Co. LLC, Sr. Notes | Caa1 | 10.50 | 8/1/11 | 150 | 157,125 |
| Pilgrim's Pride Corp., Gtd. Notes | B1 | 9.625 | 9/15/11 | 75 | 78,563 |
| Stater Brothers Holdings, Inc., Sr. Notes | B1 | 8.125 | 6/15/12 | 100 | 102,125 |
| Supervalu, Inc., Sr. Notes | B1 | 7.50 | 11/15/14 | 100 | 103,956 |
| | | | | | 2,264,136 |
| Gaming 7.7% | | | | | |
| Boyd Gaming Corp., Sr. Sub. Notes | Ba3 | 6.75 | 4/15/14 | 60 | 59,700 |
| Sr. Sub. Notes | Ba3 | 8.75 | 4/15/12 | 200 | 208,500 |
| Caesars Entertainment, Inc., Sr. Sub. Notes | Ba1 | 8.125 | 5/15/11 | 110 | 116,463 |
| CCM Merger, Inc., Notes | B3 | 8.00 | 8/1/13 | 400(h) | 400,000 |
| Harrah's Operating Co. Inc., Gtd. Notes | Baa3 | 5.375 | 12/15/13 | 25 | 22,313 |
| Gtd. Notes | Baa3 | 5.50 | 7/1/10 | 150 | 148,125 |
| Gtd. Notes | Baa3 | 5.625 | 6/1/15 | 375 | 324,375 |
| Notes | Baa3 | 6.50 | 6/1/16 | 25 | 22,250 |
| Isle of Capri Casinos, Inc., Gtd. Notes | B1 | 9.00 | 3/15/12 | 185 | 193,325 |
| Mandalay Resort Group, Sr. Notes | Ba2 | 9.50 | 8/1/08 | 250 | 261,563 |
| Sr. Sub. Notes | B1 | 9.375 | 2/15/10 | 100 | 106,750 |
| MGM Mirage, Inc., Gtd. Notes | Ba2 | 6.00 | 10/1/09 | 325 | 324,594 |
| Gtd. Notes | Ba2 | 6.875 | 4/1/16 | 225 | 218,250 |
| Gtd. Notes | Ba2 | 7.625 | 1/15/17 | 100 | 101,250 |
| Gtd. Notes | B1 | 9.75 | 6/1/07 | 480 | 484,199 |
| Mohegan Tribal Gaming Authority, Sr. Sub. Notes | Ba2 | 7.125 | 8/15/14 | 50 | 50,875 |
| Sr. Sub. Notes | Ba2 | 8.00 | 4/1/12 | 175 | 182,000 |
| Sr. Sub. Notes | Ba2 | 8.375 | 7/1/11 | 850(f) | 879,749 |

See Notes to Financial Statements.

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| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|----------------|---------------|---------------|------------------------|----------------|
| Snoqualmie Entertainment Authority, Sr. Notes | B3 | 9.15% | 2/1/14 | \$ 200(h)(i) | \$ 203,000 |
| Station Casinos, Inc., Sr. Notes | Ba2 | 6.00 | 4/1/12 | 215 | 208,550 |
| Sr. Sub. Notes | Ba3 | 6.50 | 2/1/14 | 75 | 69,563 |
| Sr. Sub. Notes | Ba3 | 6.625 | 3/15/18 | 85 | 77,031 |
| Unsec d. Notes | Ba2 | 7.75 | 8/15/16 | 150 | 154,125 |
| Trump Entertainment Resorts, Inc., Sec d. Notes | Caa1 | 8.50 | 6/1/15 | 270 | 270,000 |
| | | | | | 5,086,550 |
| Healthcare & Pharmaceutical 9.6% | | | | | |
| Accellent, Inc., Gtd. Notes | Caa2 | 10.50 | 12/1/13 | 600 | 623,999 |
| Alliance Imaging, Inc., Sr. Sub. Notes | B3 | 7.25 | 12/15/12 | 200 | 194,500 |
| Concentra Operating Corp., Gtd. Notes | B3 | 9.50 | 8/15/10 | 275 | 290,813 |
| Elan Finance PLC (Ireland), Gtd. Notes | B3 | 9.36 | 11/15/11 | 103 | 104,803 |
| Fisher Scientific International, Inc., Sr. Sub. Notes | Baa3 | 6.125 | 7/1/15 | 150 | 150,125 |
| Fresenius Medical Care Capital Trust II, Gtd. Notes | B1 | 7.875 | 2/1/08 | 500 | 507,500 |
| Hanger Orthopedic Group, Inc., Gtd. Notes | Caa2 | 10.25 | 6/1/14 | 150 | 160,500 |
| HCA, Inc., Debs. | Caa1 | 7.50 | 11/15/95 | 100 | 82,043 |
| Sec d. Notes | B2 | 9.25 | 11/15/16 | 775(h) | 830,218 |
| Sec d Notes, PIK | B2 | 9.625 | 11/15/16 | 600(h) | 647,999 |
| Sr. Unsec d. Notes | Caa1 | 6.25 | 2/15/13 | 100 | 90,625 |
| Inverness Medical Innovations, Inc., Sr. Sub. Notes | Caa1 | 8.75 | 2/15/12 | 205 | 212,688 |
| Mylan Laboratories, Inc., Gtd. Notes | Ba1 | 6.375 | 8/15/15 | 75 | 74,813 |
| Omnicare, Inc., Sr. Sub. Notes | Ba3 | 6.125 | 6/1/13 | 125 | 120,313 |
| Sr. Sub. Notes | Ba3 | 6.875 | 12/15/15 | 100 | 99,000 |
| Res-Care, Inc., Sr. Notes | B1 | 7.75 | 10/15/13 | 300 | 306,750 |
| Select Medical Corp., Gtd. Notes | B2 | 7.625 | 2/1/15 | 125 | 110,000 |
| Senior Housing Properties Trust, Sr. Notes | Ba2 | 8.625 | 1/15/12 | 405 | 441,450 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 11

Portfolio of Investments

February 28, 2007 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Skilled Healthcare Group, Inc., Sr. Sub. Notes | Caa1 | 11.00% | 1/15/14 | \$ 530(h) | \$ 590,950 |
| Ventas Realty LP, Gtd. Notes | Ba2 | 6.75 | 6/1/10 | 200 | 204,250 |
| Gtd. Notes | Ba2 | 8.75 | 5/1/09 | 280 | 296,800 |
| Warner Chilcott Corp., Gtd. Notes | Caa1 | 8.75 | 2/1/15 | 191 | 199,118 |
| | | | | | 6,339,257 |
| Lodging 2.2% | | | | | |
| Felcor Lodging LP, Gtd. Notes | Ba3 | 8.50 | 6/1/11 | 225 | 241,594 |
| Gaylord Entertainment Co., Sr. Notes | B3 | 8.00 | 11/15/13 | 100 | 103,500 |
| Host Marriott LP, Gtd. Notes, Ser. Q | Ba1 | 6.75 | 6/1/16 | 325 | 326,625 |
| Sr. Notes | Ba1 | 7.125 | 11/1/13 | 400 | 407,999 |
| Sr. Notes, Ser. M | Ba1 | 7.00 | 8/15/12 | 200 | 203,000 |
| Royal Caribbean Cruises Ltd. (Liberia), Sr. Notes | Ba1 | 8.00 | 5/15/10 | 175(c) | 186,456 |
| | | | | | 1,469,174 |
| Media & Entertainment 10.4% | | | | | |
| AMC Entertainment, Inc., Gtd. Notes | B3 | 11.00 | 2/1/16 | 50 | 56,813 |
| Gtd. Notes, Ser. B | Ba3 | 8.625 | 8/15/12 | 275 | 292,188 |
| Sr. Sub. Notes | B3 | 8.00 | 3/1/14 | 100 | 102,500 |
| Cinemark, Inc., Sr. Disc. Notes (Zero Coupon until 3/15/09) | B3 | Zero | 3/15/14 | 225 | 201,938 |
| Clear Channel Communications, Inc. Debs. | Baa3 | 6.875 | 6/15/18 | 25 | 23,456 |
| Sr. Notes | Baa3 | 5.50 | 9/15/14 | 75 | 66,480 |
| Sr. Notes | Baa3 | 5.75 | 1/15/13 | 250 | 235,709 |
| Dex Media East LLC, Gtd. Notes | B2 | 12.125 | 11/15/12 | 406 | 445,078 |
| Dex Media West LLC, Sr. Sub. Notes, Ser. B | B2 | 9.875 | 8/15/13 | 415 | 451,830 |
| Dex Media, Inc., Notes | B3 | 8.00 | 11/15/13 | 165 | 172,425 |
| DirecTV Holdings LLC, Sr. Notes | Ba3 | 8.375 | 3/15/13 | 150 | 158,438 |
| Echostar DBS Corp., Gtd. Notes | Ba3 | 6.625 | 10/1/14 | 75 | 75,750 |
| Gtd. Notes | Ba3 | 7.125 | 2/1/16 | 325 | 335,969 |
| Sr. Notes | Ba3 | 6.375 | 10/1/11 | 75 | 75,375 |

See Notes to Financial Statements.

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| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|----------------|---------------|---------------|------------------------|----------------|
| Gray Television, Inc., Gtd. Notes | B1 | 9.25% | 12/15/11 | \$ 285 | \$ 297,825 |
| Idearc, Inc., Sr. Notes | B2 | 8.00 | 11/15/16 | 200(h) | 205,500 |
| Intelsat Bermuda Ltd., (Bermuda), Gtd. Notes | B2 | 9.25 | 6/15/16 | 175(c)(h) | 193,375 |
| Sr. Notes | Caa1 | 11.25 | 6/15/16 | 750(c)(h) | 849,374 |
| Medianews Group, Inc., Sr. Sub. Notes | B2 | 6.875 | 10/1/13 | 200 | 185,000 |
| Morris Publishing Group LLC, Gtd. Notes | B1 | 7.00 | 8/1/13 | 65 | 62,400 |
| Nielsen Finance LLC, Sr. Notes | B3 | 10.00 | 8/1/14 | 125(h) | 136,563 |
| PRIMEDIA, Inc., Sr. Notes | B2 | 10.735 | 5/15/10 | 200(i) | 207,500 |
| Quebecor World Capital Corp. (Canada), Sr. Notes | B2 | 8.75 | 3/15/16 | 125(c)(h) | 127,813 |
| Quebecor World, Inc. (Canada), Sr. Notes | B2 | 9.75 | 1/15/15 | 100(c)(h) | 105,750 |
| Rainbow National Services LLC, Sr. Notes | B2 | 8.75 | 9/1/12 | 125(h) | 132,813 |
| Sr. Sub. Debs. | B3 | 10.375 | 9/1/14 | 25(h) | 28,000 |
| RH Donnelly Corp., Sr. Notes, Ser. A-3 | B3 | 8.875 | 1/15/16 | 450 | 480,374 |
| RH Donnelley Finance Corp. I, Gtd. Notes | B2 | 10.875 | 12/15/12 | 200(h) | 217,000 |
| Six Flags, Inc., Sr. Notes | Caa1 | 9.625 | 6/1/14 | 20 | 19,350 |
| Sun Media Corp. (Canada), Gtd. Notes | Ba2 | 7.625 | 2/15/13 | 400(c) | 406,000 |
| Universal City Florida Holdings Co., Sr. Notes | B3 | 10.11 | 5/1/10 | 250(i) | 258,750 |
| Vertis, Inc., Gtd. Notes, Ser. B | Caa1 | 10.875 | 6/15/09 | 45 | 45,900 |
| Sec d. Notes | B1 | 9.75 | 4/1/09 | 200 | 204,000 |
| | | | | | 6,857,236 |
| Metals 5.6% | | | | | |
| AK Steel Corp., Gtd. Notes | B2 | 7.75 | 6/15/12 | 175 | 177,188 |
| Aleris International, Inc., Sr. Notes, PIK | B3 | 9.00 | 12/15/14 | 150(h) | 159,000 |
| Sr. Sub. Notes | Caa1 | 10.00 | 12/15/16 | 100(h) | 105,500 |
| Arch Western Finance LLC, Gtd. Notes | B1 | 6.75 | 7/1/13 | 160 | 157,200 |
| Century Aluminum Co., Gtd. Notes | B1 | 7.50 | 8/15/14 | 300 | 306,750 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 13

Portfolio of Investments

February 28, 2007 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| Chaparral Steel Co., Gtd. Notes | B1 | 10.00% | 7/15/13 | \$ 430 | \$ 480,525 |
| FMG Finance Pty Ltd. (Australia), Sec d. Notes (cost \$147,000; purchased 1/18/07) | Ba3 | 10.00 | 9/1/13 | 140(c)(g)(h) | 151,900 |
| Gerdau AmeriSteel Corp. (Canada), Sr. Notes | Ba2 | 10.375 | 7/15/11 | 500(c) | 532,500 |
| Indalex Holding Corp., Sec d. Notes | Caa1 | 11.50 | 2/1/14 | 25(h) | 26,750 |
| Ispat Inland ULC (Canada), Sec d. Notes | Baa3 | 9.75 | 4/1/14 | 140(c) | 157,555 |
| Metals USA, Inc., Sec d. Notes | B3 | 11.125 | 12/1/15 | 447 | 496,170 |
| Novelis, Inc. (Canada), Gtd. Notes | B2 | 7.25 | 2/15/15 | 225(c) | 234,000 |
| PNA Group, Inc., Sr. Notes (cost \$175,000; purchased 8/4/06) | B3 | 10.75 | 9/1/16 | 175(f)(g)(h) | 185,500 |
| Ryerson, Inc., Sr. Notes | B3 | 8.25 | 12/15/11 | 135 | 136,350 |
| United States Steel Corp., Sr. Notes | Baa3 | 9.75 | 5/15/10 | 400 | 422,500 |
| | | | | | 3,729,388 |
| Non-Captive Finance 2.6% | | | | | |
| General Motors Acceptance Corp., Notes | Ba1 | 6.75 | 12/1/14 | 285 | 284,237 |
| Notes | Ba1 | 6.875 | 9/15/11 | 450 | 455,401 |
| Notes | Ba1 | 6.875 | 8/28/12 | 950 | 957,240 |
| | | | | | 1,696,878 |
| Packaging 3.5% | | | | | |
| Berry Plastics Holding Corp., Sec d. Notes | B2 | 8.875 | 9/15/14 | 200 | 207,000 |
| Sec d. Notes | B2 | 9.235 | 9/15/14 | 225(i) | 232,313 |
| Crown Americas LLC, Gtd. Notes | B1 | 7.625 | 11/15/13 | 300 | 309,750 |
| Exopack Holding Corp., Gtd. Notes | B3 | 11.25 | 2/1/14 | 150 | 162,000 |
| Graham Packaging Co., Inc., Gtd. Notes | Caa1 | 8.50 | 10/15/12 | 175 | 177,625 |
| Sub. Notes | Caa1 | 9.875 | 10/15/14 | 125 | 128,750 |
| Greif, Inc., Sr. Notes | Ba2 | 6.75 | 2/1/17 | 175(h) | 176,750 |

See Notes to Financial Statements.

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| | Moody s Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Owens-Brockway Glass Container, Inc., Sec d. Notes | Ba2 | 8.75% | 11/15/12 | \$ 705 | \$ 740,250 |
| Silgan Holdings, Inc., Sr. Sub. Notes | B1 | 6.75 | 11/15/13 | 175 | 174,125 |
| | | | | | 2,308,563 |
| Paper 4.1% | | | | | |
| Abitibi Consolidated, Inc. (Canada), Notes | B2 | 7.75 | 6/15/11 | 120(c) | 117,600 |
| Bowater Canada Finance Corp. (Canada), Gtd. Notes | B2 | 7.95 | 11/15/11 | 100(c) | 100,500 |
| Cascades, Inc. (Canada), Sr. Notes | Ba3 | 7.25 | 2/15/13 | 275(c) | 277,750 |
| Catalyst Paper Corp. (Canada), Gtd. Notes, Ser. D | B2 | 8.625 | 6/15/11 | 300(c) | 305,999 |
| Sr. Notes | B2 | 7.375 | 3/1/14 | 100(c) | 99,000 |
| Cellu Tissue Holdings, Inc., Sec d. Notes | B2 | 9.75 | 3/15/10 | 300 | 300,000 |
| Domtar, Inc., (Canada), Notes | B2 | 7.875 | 10/15/11 | 100(c) | 105,750 |
| Georgia-Pacific Corp., Gtd. Notes (cost \$275,000; purchased 12/14/06) | Ba3 | 7.125 | 1/15/17 | 275(g)(h) | 275,000 |
| Graphic Packaging International Corp., Sr. Notes | B2 | 8.50 | 8/15/11 | 200 | 208,000 |
| Sr. Sub. Notes | B3 | 9.50 | 8/15/13 | 150 | 159,938 |
| Jefferson Smurfit Corp., Gtd. Notes | B2 | 7.50 | 6/1/13 | 150 | 149,250 |
| Millar Western Forest Products Ltd. (Canada), Sr. Notes | B2 | 7.75 | 11/15/13 | 110(c) | 103,675 |
| Norampac, Inc. (Canada), Sr. Notes | Ba3 | 6.75 | 6/1/13 | 110(c) | 108,900 |
| P.H. Glatfelter., Gtd. Notes | Ba1 | 7.125 | 5/1/16 | 75 | 76,125 |
| Smurfit-Stone Container Enterprises, Inc. Sr. Notes | B2 | 8.375 | 7/1/12 | 75 | 76,500 |
| Sr. Notes | B2 | 9.75 | 2/1/11 | 50 | 51,688 |
| Stone Container Finance (Canada), Gtd. Notes | B2 | 7.375 | 7/15/14 | 100(c) | 98,750 |
| Tembec Industries, Inc. (Canada), Gtd. Notes | Ca | 7.75 | 3/15/12 | 205(c) | 141,706 |
| | | | | | 2,756,131 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 15

Portfolio of Investments

February 28, 2007 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Pipelines & Other 7.3% | | | | | |
| AmeriGas Partners LP, Sr. Notes | B1 | 7.125% | 5/20/16 | \$ 175 | \$ 175,875 |
| El Paso Corp., Sr. Notes | B2 | 7.00 | 5/15/11 | 465 | 487,669 |
| El Paso Production Holdings Co., Gtd. Notes | B1 | 7.75 | 6/01/13 | 525 | 548,624 |
| Ferrellgas Partners LP, Sr. Notes | Ba3 | 6.75 | 5/1/14 | 50 | 49,000 |
| Sr. Notes | B2 | 8.75 | 6/15/12 | 100 | 104,000 |
| Inergy LP, Gtd. Notes | B1 | 8.25 | 3/1/16 | 50 | 52,750 |
| Sr. Notes | B1 | 6.875 | 12/15/14 | 150 | 147,750 |
| Kinder Morgan Finance Co. ULC (Canada), Gtd. Notes | Baa2 | 5.70 | 1/5/16 | 125(c) | 118,975 |
| Gtd. Notes | Baa2 | 6.40 | 1/5/36 | 175(c) | 163,452 |
| Pacific Energy Partners LP, Sr. Notes | Baa3 | 7.125 | 6/15/14 | 100 | 104,857 |
| Southern Natural Gas Co., Unsub. Notes | Ba1 | 8.875 | 3/15/10 | 250 | 261,095 |
| Targa Resources, Inc., Gtd. Notes | B3 | 8.50 | 11/1/13 | 400(h) | 406,000 |
| Tennessee Gas Pipeline Co., Debs. | Ba1 | 7.00 | 3/15/27 | 215 | 235,326 |
| Debs. | Ba1 | 7.00 | 10/15/28 | 25 | 27,358 |
| Debs. | Ba1 | 7.625 | 4/1/37 | 295 | 347,821 |
| Williams Cos., Inc. (The), Debs., Ser. A | Ba2 | 7.50 | 1/15/31 | 100 | 105,500 |
| Notes | Ba2 | 7.125 | 9/1/11 | 200 | 209,000 |
| Notes | Ba2 | 7.75 | 6/15/31 | 100 | 106,500 |
| Notes | Ba2 | 7.875 | 9/1/21 | 245 | 268,275 |
| Notes | Ba2 | 8.75 | 3/15/32 | 25 | 28,625 |
| Sr. Unsec d. Notes | Ba2 | 8.125 | 3/15/12 | 475 | 515,375 |
| Williams Partners LP, Bonds | Ba3 | 7.25 | 2/1/17 | 375(h) | 393,750 |
| | | | | | 4,857,577 |

Retailers 1.8%

| | | | | | |
|--|-----|------|----------|-----|---------|
| Asbury Automotive Group, Inc., Sr. Sub. Notes | B3 | 8.00 | 3/15/14 | 50 | 51,063 |
| Couche-Tard Finance Corp., Sr. Sub. Notes | Ba2 | 7.50 | 12/15/13 | 125 | 128,125 |
| GSC Holdings Corp., Gtd. Notes | B1 | 8.00 | 10/1/12 | 65 | 69,063 |

See Notes to Financial Statements.

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| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Jean Coutu Group, Inc. (Canada), Sr. Notes | B3 | 7.625% | 8/1/12 | \$ 50(c) | \$ 53,125 |
| Sr. Sub. Notes | Caa2 | 8.50 | 8/1/14 | 145(c) | 149,713 |
| Neiman-Marcus Group, Inc., Gtd. Notes, PIK | B2 | 9.00 | 10/15/15 | 125 | 137,500 |
| Gtd. Notes | B3 | 10.375 | 10/15/15 | 30 | 33,600 |
| Pantry, Inc. (The), Sr. Sub. Notes | B3 | 7.75 | 2/15/14 | 165 | 165,825 |
| Rite Aid Corp., Sec d. Notes | B3 | 8.125 | 5/1/10 | 245 | 251,430 |
| Susser Holdings LLC, Gtd. Notes | B2 | 10.625 | 12/15/13 | 134 | 147,400 |
| | | | | | 1,186,844 |
| Technology 8.5% | | | | | |
| Amkor Technology, Inc., Sr. Notes | Caa1 | 7.125 | 3/15/11 | 75 | 72,188 |
| Avago Technologies Wireless (Singapore), Gtd. Notes | B2 | 10.125 | 12/1/13 | 260(c) | 278,200 |
| Gtd. Notes | Caa1 | 11.875 | 12/1/15 | 75(c) | 83,438 |
| Flextronics International Ltd. (Singapore), Sr. Sub. Notes | Ba2 | 6.25 | 11/15/14 | 200(c) | 193,500 |
| Freescale Semiconductor, Inc., Sr. Notes | B1 | 8.875 | 12/15/14 | 205(h) | 207,819 |
| Sr. Notes, PIK | B1 | 9.125 | 12/15/14 | 755(h) | 765,380 |
| Sr. Sub Notes | B2 | 10.125 | 12/15/16 | 525(h) | 537,469 |
| Iron Mountain, Inc., Gtd. Notes | B3 | 7.75 | 1/15/15 | 250 | 255,625 |
| Gtd. Notes | B3 | 8.625 | 4/1/13 | 175 | 179,375 |
| Nortel Networks Ltd. (Canada), Gtd. Notes | B3 | 4.25 | 9/1/08 | 135(c) | 131,794 |
| Gtd. Notes | B3 | 9.61 | 7/15/11 | 325(c)(h)(i) | 347,750 |
| NXP BV/NXP Funding LLC, Sec d. Notes | Ba2 | 7.875 | 10/15/14 | 400(h) | 413,000 |
| Sr. Notes | B2 | 9.50 | 10/15/15 | 325(h) | 335,563 |
| Seagate Technology HDD Holdings (Cayman Islands), Gtd. Notes | Ba1 | 6.375 | 10/1/11 | 150(c) | 150,750 |
| Sensata Technologies BV (Netherlands), Sr. Notes | Caa1 | 8.25 | 5/1/14 | 300(c)(h) | 301,500 |
| Serena Software, Inc., Gtd. Notes | Caa1 | 10.375 | 3/15/16 | 300 | 324,750 |
| Spansion LLC, Sr. Notes | Caa1 | 11.25 | 1/15/16 | 150(h) | 159,000 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 17

Portfolio of Investments

February 28, 2007 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| STATS ChipPAC Ltd. (Singapore), Gtd. Notes | Ba2 | 6.75% | 11/15/11 | \$ 50(c) | \$ 49,500 |
| Sungard Data Data Systems Inc., Gtd. Notes | Caa1 | 9.90 | 8/15/13 | 750(i) | 783,749 |
| Xerox Corp., Sr. Notes | Baa3 | 6.875 | 8/15/11 | 50 | 52,943 |
| | | | | | 5,623,293 |
| Telecommunications 10.7% | | | | | |
| Centennial Communications Corp., Sr. Notes | B2 | 8.125 | 2/1/14 | 155 | 160,813 |
| Cincinnati Bell, Inc., Gtd. Notes | Ba3 | 7.25 | 7/15/13 | 75 | 77,813 |
| Sr. Sub. Notes | B2 | 8.375 | 1/15/14 | 125 | 128,281 |
| Citizens Communications Co., Notes | Ba2 | 9.25 | 5/15/11 | 205 | 228,063 |
| Sr. Notes | Ba2 | 6.25 | 1/15/13 | 150 | 150,000 |
| Sr. Notes | Ba2 | 9.00 | 8/15/31 | 75 | 83,063 |
| Cricket Communications, Inc., Sr. Notes | Caa2 | 9.375 | 11/1/14 | 175(h) | 184,625 |
| Dobson Cellular Systems, Inc., Sec d. Notes | Ba2 | 8.375 | 11/1/11 | 250 | 265,625 |
| Hawaiian Telcom Communications, Inc., Gtd. Notes, Ser. B | B3 | 12.50 | 5/1/15 | 225 | 252,563 |
| Level 3 Communications, Inc., Sr. Notes | CCC(d) | 11.50 | 3/1/10 | 100 | 111,000 |
| Level 3 Financing, Inc., Gtd. Notes | B3 | 12.25 | 3/15/13 | 575 | 671,312 |
| Sr. Notes | B3 | 8.75 | 2/15/17 | 175(h) | 175,656 |
| Sr. Notes | B3 | 9.25 | 11/1/14 | 100(h) | 102,625 |
| MetroPCS Wireless, Inc., Sr. Notes | Caa2 | 9.25 | 11/1/14 | 200(h) | 210,000 |
| Nextel Partners, Inc., Gtd. Notes | BBB(d) | 8.125 | 7/1/11 | 375 | 391,212 |
| Nordic Telephone Co. Holdings (Denmark), Sr. Notes | B2 | 8.875 | 5/1/16 | 265(c)(h) | 285,537 |
| Qwest Communications International, Inc., Gtd. Notes, Ser. B | Ba3 | 7.50 | 2/15/14 | 65 | 67,356 |
| Qwest Corp., Debs. | Ba1 | 6.875 | 9/15/33 | 250 | 242,188 |
| Debs. Notes | Ba1 | 7.50 | 6/15/23 | 650 | 658,937 |
| Sr. Notes | Ba1 | 8.875 | 3/15/12 | 125 | 138,125 |
| Sr. Notes | Ba1 | 7.50 | 10/1/14 | 200 | 212,250 |

See Notes to Financial Statements.

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| | Moody s Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| Sr. Notes | Ba1 | 7.625% | 6/15/15 | \$ 275 | \$ 293,562 |
| Sr. Notes | Ba1 | 7.875 | 9/1/11 | 150 | 159,188 |
| Rogers Wireless, Inc. (Canada), Sec d. Notes | Ba1 | 7.50 | 3/15/15 | 150(c) | 164,625 |
| Sec d. Notes | Ba1 | 9.625 | 5/01/11 | 125(c) | 142,813 |
| Sr. Sub. Notes | Ba2 | 8.00 | 12/15/12 | 200(c) | 213,250 |
| Rural Cellular Corp., Sr. Notes | B3 | 9.875 | 2/01/10 | 135 | 142,763 |
| Time Warner Telecom Holdings, Inc., Gtd. Notes | B3 | 9.25 | 2/15/14 | 100 | 107,250 |
| UbiquiTel Operating Co., Gtd. Notes | BBB(d) | 9.875 | 3/01/11 | 250 | 269,032 |
| Windstream Corp. Sr. Notes | Ba3 | 7.00 | 3/15/19 | 500(h) | 501,874 |
| Sr. Notes | Ba3 | 8.625 | 8/01/16 | 300 | 328,499 |
| | | | | | 7,119,900 |

Tobacco 0.4%

| | | | | | |
|--|-----|-------|---------|-----|---------|
| Reynolds American, Inc., Sec d. Notes | Ba2 | 6.50 | 7/15/10 | 70 | 71,547 |
| Sec d. Notes | Ba2 | 7.625 | 6/1/16 | 175 | 190,071 |
| | | | | | 261,618 |

Total corporate bonds
(cost \$80,238,980)

83,151,819

SOVEREIGN BONDS 1.5%

| | | | | | |
|---|-----|-------|---------|-----------|---------|
| Republic of Argentina, Bonds, F.R.N. | B3 | 3.00 | 4/30/13 | 201(c)(i) | 156,975 |
| Bonds, F.R.N. | B3 | 5.475 | 8/3/12 | 255(c)(i) | 234,305 |
| Republic of Colombia, Notes | Ba2 | 10.00 | 1/23/12 | 200(c) | 235,000 |
| Republic of Philippines, Bonds | B1 | 9.375 | 1/18/17 | 300(c) | 366,375 |

Total sovereign bonds
(cost \$926,494)

992,655

Shares

COMMON STOCKS 0.7%

| | | | | | |
|--|--|--|--|-------------|---------|
| IMPSAT Fiber Networks, Inc. (Argentina) | | | | 2,330(b)(c) | 21,506 |
| Premium Standard Farms, Inc. | | | | 21,883(f) | 454,947 |

Total common stocks
(cost \$374,980)

476,453

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 19

Portfolio of Investments

February 28, 2007 (Unaudited) Cont d.

| | Moody's Rating | Interest Rate | Maturity Date | Shares | Value (Note 1) |
|--|-------------------|------------------|------------------|-----------|----------------|
| PREFERRED STOCK(b) 0.6% | | | | | |
| ION Media Networks, Inc., 14.25%, PIK (cost \$393,072) | | | | | |
| | | | | 55 | \$ 426,250 |
| Units | | | | | |
| WARRANTS(b) | | | | | |
| Sterling Chemical Holdings, Inc., expiring 8/15/08 | | | | | |
| | | | | 140(f) | 0 |
| Viasystems Group, Inc., expiring 1/10/31 | | | | | |
| | | | | 10,871(f) | 1 |
| XM Satellite Radio, Inc., expiring 3/15/10 | | | | | |
| | | | | 150(f)(h) | 0 |
| Total warrants (cost \$219,817) | | | | | |
| | | | | | 1 |
| Total long-term investments (cost \$82,153,343) | | | | | 85,047,178 |
| Principal Amount (000) | | | | | |
| SHORT-TERM INVESTMENT 5.0% | | | | | |
| U.S. GOVERNMENT AGENCY SECURITY | | | | | |
| Federal Home Loan Bank, Discount Note (cost \$3,313,000) | | | | | |
| | NR | 5.17%(e) | 3/1/07 | \$ 3,313 | 3,312,524 |
| Total Investments(j) 133.3% (cost \$85,466,343; Note 4) | | | | | 88,359,702 |
| Liabilities in excess of other assets (33.3%) | | | | | (22,076,578) |
| Net Assets 100.0% | | | | | \$ 66,283,124 |

F.R.N. Floating Rate Note

M.T.N. Medium Term Note

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

PIK Payment in Kind

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

(b) Non-income producing security.

(c) US\$ denominated foreign securities.

See Notes to Financial Statements.

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- (d) Standard & Poor's Rating.
- (e) Percentage quoted represents yield-to-maturity as of purchase date.
- (f) Indicates a security that has been deemed illiquid.
- (g) Indicates a restricted security; the aggregate cost of such securities is \$597,000. The aggregate value of \$612,400 is approximately 0.9% of net assets.
- (h) Security was purchased pursuant to Rule 144A under the Securities Act of 1993 and may not be resold subject to that rule except to qualified institutional buyers. Unless otherwise noted, 144A securities are deemed to be liquid.
- (i) Indicates a variable rate security. The interest rate shown reflects the rate in effect at February 28, 2007.
- (j) As of February 28, 2007, one security representing \$1 and 0.0% of the total market value was fair valued in accordance with the policies adopted by the Board of Directors.

The industry classification of portfolio holdings and liabilities in excess of other assets shown as a percentage of net assets as of February 28, 2007 were as follows:

| | |
|---------------------------------------|--------|
| Telecommunications | 10.7% |
| Media & Entertainment | 10.4 |
| Healthcare & Pharmaceutical | 9.6 |
| Electric | 9.5 |
| Capital Goods | 8.7 |
| Technology | 8.5 |
| Gaming | 7.7 |
| Pipelines & Other | 7.3 |
| Energy-Other | 5.7 |
| Metals | 5.6 |
| Automotive | 5.4 |
| Cable | 5.1 |
| U.S. Government Agency Security | 5.0 |
| Chemicals | 4.5 |
| Paper | 4.1 |
| Aerospace & Defense | 3.6 |
| Packaging | 3.5 |
| Foods | 3.4 |
| Non-Captive Finance | 2.6 |
| Building Materials & Construction | 2.2 |
| Lodging | 2.2 |
| Consumer | 2.1 |
| Retailers | 1.8 |
| Sovereign Bonds | 1.5 |
| Common Stocks | 0.7 |
| Banking | 0.6 |
| Preferred Stock | 0.6 |
| Tobacco | 0.4 |
| Airlines | 0.3 |
| | 133.3 |
| Liabilities in excess of other assets | (33.3) |
| | 100.0% |

See Notes to Financial Statements.

Statement of Assets and Liabilities

as of February 28, 2007 (Unaudited)

| | |
|--|----------------------|
| Assets | |
| Investments, at value (cost \$85,466,343) | \$ 88,359,702 |
| Foreign currency, at value (cost \$64,153) | 69,849 |
| Interest and dividend receivable | 1,656,456 |
| Receivable for investments sold | 655,427 |
| Prepaid expenses | 836 |
| Total assets | 90,742,270 |
| Liabilities | |
| Loan payable (Note 5) | 23,000,000 |
| Payable for investments purchased | 1,115,689 |
| Accrued expenses | 119,298 |
| Loan interest payable | 109,899 |
| Deferred directors' fees | 58,013 |
| Management fee payable | 35,537 |
| Payable to custodian | 20,710 |
| Total liabilities | 24,459,146 |
| Net Assets | \$ 66,283,124 |
| Net assets were comprised of: | |
| Common stock, at par | \$ 116,005 |
| Paid-in capital in excess of par | 86,546,061 |
| | 86,662,066 |
| Undistributed net investment income | 261,211 |
| Accumulated net realized loss on investments and foreign currency transactions | (23,539,208) |
| Net unrealized appreciation on investments and foreign currencies | 2,899,055 |
| Net assets, February 28, 2007 | \$ 66,283,124 |
| Net asset value per share (\$66,283,124 ÷ 11,600,472 shares of common stock issued and outstanding) | \$ 5.71 |

See Notes to Financial Statements.

Statement of Operations

Six Months Ended February 28, 2007 (Unaudited)

| | |
|--|---------------------|
| Net Investment Income | |
| Income | |
| Interest | \$ 3,472,535 |
| Dividends (net of foreign withholding taxes of \$149) | 3,716 |
| Total Income | 3,476,251 |
| Expenses | |
| Management fee | 224,990 |
| Loan interest expense (Note 5) | 703,820 |
| Reports to shareholders | 37,000 |
| Custodian's fees and expenses | 35,000 |
| Legal fees and expenses | 16,000 |
| Transfer agent's fees and expenses | 15,000 |
| Audit fee | 13,000 |
| Registration fees | 12,000 |
| Directors' fees and expenses | 7,000 |
| Miscellaneous | 15,519 |
| Total expenses | 1,079,329 |
| Net investment income | 2,396,922 |
| Realized And Unrealized Gain On Investments And Foreign Currency Transactions | |
| Net realized gain on investments | 602,234 |
| Net change in net unrealized appreciation/depreciation on: | |
| Investments | 2,304,105 |
| Foreign currencies | 2,129 |
| | 2,306,234 |
| Net gain on investments and foreign currency transactions | 2,908,468 |
| Net Increase In Net Assets Resulting From Operations | \$ 5,305,390 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 23

Statement of Cash Flows

Six Months Ended February 28, 2007 (Unaudited)

Increase (Decrease) In Cash

| | |
|---|--------------------|
| Cash flows provided from (used in) operating activities: | |
| Interest and dividends received (excluding discount and premium amortization of \$59,085) | \$ 3,408,768 |
| Operating expenses paid | (388,139) |
| Loan interest paid | (716,275) |
| Maturities of short-term portfolio investments, net | (474,779) |
| Purchases of long-term portfolio investments | (21,349,793) |
| Proceeds from disposition of long-term portfolio investments | 21,959,822 |
| Prepaid expenses | (836) |
| Net cash provided from operating activities | 2,438,768 |
| Cash flows used in financing activities: | |
| Cash dividends paid | (2,456,087) |
| Payable to custodian for temporary overdraft | 20,069 |
| Net cash used in financing activities | (2,436,018) |
| Net increase in cash | 2,750 |
| Cash at beginning of period | 67,099 |
| Cash at end of period | \$ 69,849 |

Reconciliation Of Net Increase In Net Assets To Net Cash Provided From (Used In)

Operating Activities

| | |
|---|---------------------|
| Net increase in net assets resulting from operations | \$ 5,305,390 |
| Increase in investments | (445,700) |
| Net realized gain on investment transactions | (602,234) |
| Increase in net unrealized appreciation on investments | (2,306,234) |
| Increase in interest and dividends receivable | (8,398) |
| Increase in receivable for investments sold | (144,896) |
| Increase in prepaid expenses | (836) |
| Increase in payable for investments purchased | 666,761 |
| Decrease in loan interest payable | (11,400) |
| Decrease in accrued expenses and other liabilities | (13,685) |
| Total adjustments | (2,866,622) |
| Net cash provided from operating activities | \$ 2,438,768 |

See Notes to Financial Statements.

Statement of Changes in Net Assets

(Unaudited)

| | Six Months Ended February 28, 2007 | Year Ended August 31, 2006 |
|--|---|---|
| Increase (Decrease) In Net Assets | | |
| Operations | | |
| Net investment income | \$ 2,396,922 | \$ 4,995,449 |
| Net realized gain (loss) on investment and foreign currency transactions | 602,234 | (310,300) |
| Net change in unrealized appreciation/depreciation on investments and foreign currency transactions | 2,306,234 | (1,387,475) |
| Net increase in net assets resulting from operations | 5,305,390 | 3,297,674 |
| Dividends paid to shareholders from net investment income | (2,436,099) | (4,930,396) |
| Total increase (decrease) | 2,869,291 | (1,632,722) |
| Net Assets | | |
| Beginning of period | 63,413,833 | 65,046,555 |
| End of period(a) | \$ 66,283,124 | \$ 63,413,833 |
| (a) Includes undistributed net investment income of | \$ 261,211 | \$ 300,388 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 25

Notes to Financial Statements

(Unaudited)

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

Note 1. Accounting Policies

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

Securities Valuation: Securities for which market quotations are readily available including securities listed on national securities exchanges and those traded over-the-counter are valued at the last quoted sales price on the valuation date on which the security is traded. If such securities were not traded on the valuation date, but market quotations are readily available, they are valued at the most recently quoted bid price provided by an independent pricing service or by a principal market maker. Securities for which market quotations are not readily available or for which the pricing agent or market maker does not provide a valuation or methodology, or provides a valuation or methodology that, in the judgment of the adviser, does not represent fair value, are valued by a Valuation Committee appointed by the Board of Directors, in consultation with the adviser. When determining the fair valuation of securities some of the factors influencing the valuation include, the nature of any restrictions on disposition of the securities; assessment of the general liquidity of the securities; the issuer's financial condition and the markets in which it does business; the cost of the investment; the size of the holding and the capitalization of issuer; the prices of any recent transactions or bids/offers for such securities or any comparable securities; any available analyst media or other reports or information deemed reliable by the investment adviser regarding the issuer or the markets or industry in which it operates. 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. As of February 28, 2007, there was one security whose value was adjusted in accordance with procedures approved by the Board of Directors.

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.

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

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

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

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

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

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

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

Notes to Financial Statements

(Unaudited) Cont d

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

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

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

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

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

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

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

Note 2. Agreements

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

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

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

Note 3. Portfolio Securities

Purchases and sales of investment securities, other than short-term investments, for the six months ended February 28, 2007, aggregated \$21,349,793 and \$21,959,822, respectively.

Note 4. Tax Information

The United States federal income tax basis of the Fund s investments and the net unrealized appreciation as of February 28, 2007, were as follows:

| Tax Basis of Investments | Appreciation | Depreciation | Net Unrealized Appreciation |
|-----------------------------|--------------|--------------|--------------------------------|
|-----------------------------|--------------|--------------|--------------------------------|

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\$86,033,120

\$3,542,221

\$1,215,639

\$2,326,582

The High Yield Income Fund, Inc. 29

Notes to Financial Statements

(Unaudited) Cont d

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

For federal income tax purposes, the Fund had a capital loss carryforward as of August 31, 2006 of approximately \$23,176,300, of which \$510,300 expires in 2007, \$3,336,700 expires in 2008, \$5,010,500 expires in 2009, \$6,960,200 expires in 2010, \$7,076,300 expires in 2011 and \$282,300 expires in 2014. Accordingly, no capital gains distribution is expected to be paid to shareholders until net realized gains have been realized in excess of such amounts. It is uncertain whether the Fund will be able to realize the full benefit prior to the expiration date. In addition, the Fund elected to treat post-October currency and capital losses of approximately \$1,000 and \$356,100, respectively incurred in the ten month period ended August 31, 2006 as having been incurred in the following fiscal year.

Note 5. Borrowings

The Fund has a credit agreement with State Street Bank & Trust Co. The maximum commitment under this agreement is \$35,000,000. Interest on any such borrowings outstanding fluctuates daily at .75 of one percentage point over the Federal Funds rate and is payable monthly. The Fund may utilize these borrowings (leverage) in order to increase the potential for gain on amounts invested. There can be no guarantee that these gains will be realized. There are increased risks associated with the use of leverage. The expiration of the credit agreement was June 5, 2006. Effective June 6, 2006, the Fund renewed the credit agreement with State Street Bank & Trust Co. under the same terms. The expiration of the renewed credit agreement is June 4, 2007. The average daily balance outstanding during the six months ended February 28, 2007, was \$23,000,000 at a weighted average interest rate of 6.03%. The maximum face amount of borrowings outstanding at any month-end during the six months ended February 28, 2007 was \$23,000,000.

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

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Note 6. Capital

There are 200 million shares of \$.01 par value common stock authorized. Prudential owned 11,000 shares of common stock as of February 28, 2007.

During the six months ended February 28, 2007 the Fund did not issue shares in connection with the reinvestment of dividends. During the year ended August 31, 2006 the Fund did not issue shares in connection with the reinvestment of dividends.

Note 7. Subsequent Events

On March 1 and April 2, 2007 the Board of Directors of the Fund declared dividends of \$.035 and \$.040 per share, respectively, payable on March 30 and April 30, 2007, respectively, to shareholders of record on March 15 and April 16, 2007, respectively.

Note 8. New Accounting Pronouncements

On July 13, 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax benefits or expenses resulting from tax positions not deemed to meet the more-likely-than-not threshold would be recorded in the year in which they arise. On December 22, 2006 the Securities and Exchange Commission delayed the effective date until June 30, 2007. At this time, management is evaluating the implications of FIN 48 and its impact, if any, in the financial statements has not yet been determined.

On September 20, 2006, the FASB released Statement of Financial Accounting Standards No. 157 Fair Value Measurements (FAS 157). FAS 157 establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. The application of FAS 157 is required for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. At this time, management is evaluating the implications of FAS 157 and its impact, if any, in the financial statements has not yet been determined.

Financial Highlights

(Unaudited)

| | Six Months Ended February 28, 2007 |
|---|---|
| Per Share Operating Performance: | |
| Net Asset Value, Beginning Of Period(a) | \$ 5.47 |
| Net investment income | .21 |
| Net realized and unrealized gain (loss) on investments | .24 |
| Total from investment operations | .45 |
| Dividends paid to shareholders from net investment income | (.21) |
| Net asset value, at end of period(a) | \$ 5.71 |
| Market price per share, end of period(a) | \$ 5.23 |
| Total Investment Return(b) | 11.38% |
| Ratios/Supplemental Data: | |
| Net assets, end of period (000) | \$ 66,283 |
| Average net assets (000) | \$ 64,816 |
| Ratios to average net assets: | |
| Expenses, before loan interest | 1.17% (c) |
| Total expenses | 3.36% (c) |
| Net investment income | 7.46% (c) |
| Portfolio turnover rate | 25% (d) |
| Asset coverage | 388% |
| Total debt outstanding at period-end (000) | \$ 23,000 |

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

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

(c) Annualized.

(d) Not annualized.

See Notes to Financial Statements.

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| 2006 | 2005 | Year Ended August 31, 2004 | 2003 | 2002 |
|-----------|-----------|-------------------------------|-----------|-----------|
| \$ 5.61 | \$ 5.57 | \$ 5.25 | \$ 4.53 | \$ 5.42 |
| .43 | .45 | .50 | .52 | .57 |
| (.14) | .09 | .39 | .74 | (.90) |
| .29 | .54 | .89 | 1.26 | (.33) |
| (.43) | (.50) | (.57) | (.54) | (.56) |
| \$ 5.47 | \$ 5.61 | \$ 5.57 | \$ 5.25 | \$ 4.53 |
| \$ 4.89 | \$ 5.43 | \$ 5.93 | \$ 5.23 | \$ 4.67 |
| (1.87)% | (.04)% | 25.47% | 24.52% | (12.52)% |
| \$ 63,414 | \$ 65,047 | \$ 64,471 | \$ 60,446 | \$ 51,806 |
| \$ 63,605 | \$ 65,406 | \$ 63,724 | \$ 55,261 | \$ 56,741 |
| 1.16% | 1.36% | 1.48% | 1.44% | 1.31% |
| 3.12% | 2.71% | 2.31% | 2.38% | 2.33% |
| 7.85% | 7.91% | 9.05% | 10.93% | 11.15% |
| 58% | 75% | 98% | 118% | 133% |
| 376% | 383% | 358% | 347% | 349% |
| \$ 23,000 | \$ 23,000 | \$ 25,000 | \$ 24,500 | \$ 21,000 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 33

MAIL

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 Douglas H. McCorkindale Richard A. Redeker Judy A. Rice Robin B. Smith
 Stephen G. Stoneburn Clay T. Whitehead

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Judy A. Rice, *President* Robert F. Gunia, *Vice President* Grace C. Torres, *Treasurer and Principal Financial and Accounting Officer* Deborah A. Docs, *Chief Legal Officer and Secretary* Lee D. Augsburger, *Chief Compliance Officer* Valerie M. Simpson, *Deputy Chief Compliance Officer* Jonathan D. Shain, *Assistant Secretary* Andrew R. French, *Assistant Secretary* JaBenintende, *Assistant Treasurer* M. Sadiq Peshimam, *Assistant Treasurer*

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 10154

FUND COUNSEL

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 10004

PROXY VOTING

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

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

SHAREHOLDER COMMUNICATIONS WITH DIRECTORS

Shareholders can communicate directly with the Board of Directors by writing to the Chair of the Board, The High Yield Income Fund, Inc., Gateway Center Three, Newark, NJ 07102. Shareholders can communicate directly with an individual Director by writing to that Director at the same address. Communications are not screened before being delivered to the addressee.

AVAILABILITY OF PORTFOLIO SCHEDULE

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

Mutual Funds:

ARE NOT INSURED BY THE FDIC OR ANY
FEDERAL GOVERNMENT AGENCY

MAY LOSE VALUE

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

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- Item 2 Code of Ethics Not required, as this is not an annual filing.
- Item 3 Audit Committee Financial Expert Not required, as this is not an annual filing.
- Item 4 Principal Accountant Fees and Services Not required, as this is not an annual filing.
- Item 5 Audit Committee of Listed Registrants Not required, as this is not an annual filing.
- Item 6 Schedule of Investments The schedule is included as part of the report to shareholders filed under Item 1 of this Form.
- Item 7 Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies Not required, as this is not an annual filing.
- Item 8 Portfolio Managers of Closed-End Management Investment Companies Not required, as this is not an annual filing.
- Item 9 Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers There have been no purchases of equity securities by the registrant or any affiliated purchasers during the period covered by this report.
- Item 10 Submission of Matters to a Vote of Security Holders Not applicable.
- Item 11 Controls and Procedures
- (a) It is the conclusion of the registrant's principal executive officer and principal financial officer that the effectiveness of the registrant's current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant has been recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms and that the information required to be disclosed by the registrant has been accumulated and communicated to the registrant's principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.
- (b) There has been no significant change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter of the period covered by this report that has materially affected, or is likely to materially affect, the registrant's internal control over financial reporting.
- Item 12 Exhibits
- (a) (1) Code of Ethics Not required, as this is not an annual filing.
- (2) Certifications pursuant to Section 302 of the Sarbanes-Oxley Act Attached hereto as Exhibit EX-99.CERT.

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- (3) Any written solicitation to purchase securities under Rule 23c-1. Not applicable.

- (b) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act Attached hereto as Exhibit EX-99.906CERT.

SIGNATURES

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

(Registrant) The High Yield Income Fund, Inc.

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

Date April 23, 2007

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

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

Date April 23, 2007

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

Date April 23, 2007

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