

HIGH YIELD INCOME FUND INC
Form N-CSRS
May 03, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number:	811-05296
Exact name of registrant as specified in charter:	The High Yield Income Fund, Inc.
Address of principal executive offices:	Gateway Center 3, 100 Mulberry Street, Newark, New Jersey 07102
Name and address of agent for service:	Deborah A. Docs Gateway Center 3, 100 Mulberry Street, Newark, New Jersey 07102
Registrant's telephone number, including area code:	973-367-7521
Date of fiscal year end:	8/31/2005
Date of reporting period:	2/28/2005

Item 1 Reports to Stockholders [INSERT REPORT]

SEMIANNUAL REPORT

FEBRUARY 28, 2005

THE HIGH YIELD INCOME FUND, INC.

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

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

Your Fund's Performance

Fund Objective

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

Performance as of 2/28/05

	Total Return Six Months	NAV 2/28/05	Market Price 2/28/05
High Yield Income Fund ¹	8.43%	\$ 5.78	\$ 5.77
Lehman Brothers U.S. Corporate High Yield Index ²	7.51	N/A	N/A
Lipper Closed-End High Current Yield Funds Avg ³	10.78	N/A	N/A

Past performance does not guarantee future results and current performance may be lower or higher than the past performance data quoted. The investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than the original cost. For the most recent month-end performance call (800) 451-6788. There are no sales charges

¹Source: Prudential Investments LLC. Total return of the Fund represents the change in net asset value from the beginning of the period (9/1/04) through the end (2/28/05), and assumes the reinvestment of dividends and distributions. Shares of the Fund are traded on the New York Stock Exchange, Inc. using the symbol HYI. Past performance is not indicative of future results.

²Source: Lipper Inc. The Lehman Brothers U.S. Corporate High Yield Index is an unmanaged index of fixed-rate, noninvestment-grade debt securities with at least one year remaining to maturity. Investors cannot invest directly in an index.

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

Yield and Dividend as of 2/28/05

Total Monthly Dividends

Paid per Share

Six Months

\$0.26

Yield at Market Price

4.42%

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Portfolio of Investments

as of February 28, 2005 (Unaudited)

Description	Moody s Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
LONG-TERM INVESTMENTS 133.3%					
ASSET BACKED SECURITIES 0.5%					
Continental Airlines, Inc.,					
Pass-thru Certs., Ser. 1996-1, Class C	B3	9.50%	10/15/13	\$ 113(g)	\$ 82,800
Pass-thru Certs., Ser. 1998-1, Class B	Ba2	6.748	3/15/17	97(g)	76,851
Pass-thru Certs., Ser. 1999-1, Class B	Ba2	6.795	8/02/18	112(g)	90,356
Pass-thru Certs., Ser. 2001-1, Class B	Ba1	7.373	12/15/15	78(g)	62,743
Total asset backed securities (cost \$315,217)					312,750
CORPORATE BONDS 128.4%					
Aerospace/Defense 2.9%					
Alliant Techsystems, Inc., Sr. Sub. Notes	B2	8.50	5/15/11	200(g)	215,000
Argo-Tech Corp., Sr. Notes	B3	9.25	6/01/11	55	60,500
BE Aerospace, Inc., Sr. Sub. Notes, Ser. B	Caa3	8.00	3/01/08	50(g)	50,125
Sr. Sub. Notes, Ser. B	Caa3	8.875	5/01/11	235(g)	247,338
Esterline Technologies Corp., Sr. Sub. Notes	B1	7.75	6/15/13	300(g)	326,250
K&F Acquisition, Inc., Sr. Sub. Notes	Caa1	7.75	11/15/14	150(j)	151,875
L-3 Communications Corp., Sr. Sub. Notes	Ba3	7.625	6/15/12	325(g)	355,062
Sequa Corp., Sr. Notes, Ser. B	B1	8.875	4/01/08	200(g)	218,000
Standard Aerospace Holdings, Inc., Sr. Sub. Notes	Caa1	8.25	9/01/14	125(j)	134,375
TransDigm, Inc., Sr. Sub. Notes	B3	8.375	7/15/11	180(g)	191,250
					1,949,775

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 3

Portfolio of Investments

as of February 28, 2005 (Unaudited) Cont d.

Description	Moody's Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Airlines 0.5%					
AMR Corp., Debs.	Caa2	10.00%	4/15/21	\$ 125(g)	\$ 81,875
M.T.N., Ser. B	NR	10.40	3/10/11	100(g)	70,000
Delta Air Lines, Inc., Notes	Ca	8.30	12/15/29	340(g)	126,650
Northwest Airlines Corp., Sr. Notes	Caa1	10.00	2/01/09	25	18,000
					296,525
Automotive 2.0%					
ArvinMeritor, Inc., Notes	Ba1	8.75	3/01/12	420	474,600
Navistar International Corp., Sr. Notes	Ba3	7.50	6/15/11	120(g)	127,800
Tenneco Automotive, Inc., Sr. Sub. Notes	B3	8.625	11/15/14	175(g)(j)	186,375
TRW Automotive, Inc., Sr. Notes	Ba3	9.375	2/15/13	156(g)	176,280
Sr. Sub. Notes	B1	11.00	2/15/13	50	58,750
Visteon Corp., Sr. Notes	Ba2	8.25	8/01/10	155	155,000
Sr. Notes	Ba2	7.00	3/10/14	200	182,500
					1,361,305
Banking 0.6%					
Halyk Bank of Kazakhstan, Notes (Kazakhstan)	Baa2	8.125	10/07/09	100(c)(j)	104,250
Kazkommerts International BV (Netherlands), Gtd. Notes	Baa2	8.50	4/16/13	205(c)(j)	215,250
Notes	Baa2	7.00	11/03/09	105(c)(j)	105,525
					425,025
Building Materials & Construction 2.2%					
American Standard, Inc., Sr. Notes (cost \$288,750; purchased 3/11/03)	Baa3	7.375	4/15/05	275(h)	276,444
Beazer Homes USA, Inc., Sr. Notes	Ba1	8.625	5/15/11	110(g)	119,075
D.R. Horton, Inc., Sr. Notes	Ba1	8.00	2/01/09	375(g)	415,292

See Notes to Financial Statements.

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Description	Moody s Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
KB HOME, Sr. Notes	Ba1	6.375%	8/15/11	\$ 150	\$ 158,473
Sr. Sub. Notes	Ba2	8.625	12/15/08	160(g)	180,135
Nortek, Inc., Sr. Sub. Notes	Caa1	8.50	9/01/14	300	306,000
					1,455,419
Cable 5.1%					
Callahan Nordrhein Westfalen (Germany), Sr. Disc. Notes, Zero Coupon (until 7/15/05) (cost \$331,230; purchased 6/29/00)	NR	Zero	7/15/10	500(a)(c)(g)(h)	20,000
Charter Communications Holdings II, Sr. Notes	Caa1	10.25	9/15/10	325	343,281
Charter Communications Holdings LLC, Sr. Notes	Ca	10.75	10/01/09	100	86,250
Sr. Notes	Ca	10.25	1/15/10	195	162,825
Sr. Notes	Ca	11.125	1/15/11	400	342,000
Sr. Disc. Notes, Zero Coupon (until 5/15/06)	Ca	Zero	5/15/11	500(g)	358,750
Sr. Notes	Ca	10.00	5/15/11	200	163,500
CSC Holdings, Inc., Sr. Notes	B1	7.875	12/15/07	275(g)	295,969
Sr. Notes, Ser. B	B1	8.125	7/15/09	50	55,625
Sr. Sub. Notes, Ser. B	B1	7.625	4/01/11	100	111,250
Kabel Deutschland GmbH, Sr. Notes, (Germany)	B2	10.625	7/01/14	200(c)(j)	230,000
NTL Cable PLC, Sr. Notes (United Kingdom)	B3	7.66	10/15/12	750(c)(g)(j)	773,437
Rogers Cablesystems, Ltd., Sr. Notes, Ser. B (Canada)	Ba3	10.00	3/15/05	500(c)(g)	501,167
					3,444,054
Capital Goods 8.2%					
ALH Finance LLC, Sr. Sub. Notes	B3	8.50	1/15/13	300(j)	309,000

See Notes to Financial Statements.

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Portfolio of Investments

as of February 28, 2005 (Unaudited) Cont d.

Description	Moody's Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Allied Waste North America, Inc., Sr. Notes	B2	8.50%	12/01/08	\$ 135(g)	\$ 145,125
Sr. Notes	B2	5.75	2/15/11	450(g)	425,250
Sr. Sec d. Notes, Ser B.	B2	9.25	9/01/12	250(g)	276,250
American Commercial Lines LLC, Sr. Notes	B3	9.50	2/15/15	135(j)	141,750
Blount, Inc., Sr. Sub. Notes	Caa1	8.875	8/01/12	300	327,750
Case New Holland, Inc., Sr. Notes	Ba3	9.25	8/01/11	230(g)(j)	253,000
Flowsolve Corp., Sr. Sub. Notes	B2	12.25	8/15/10	250(g)	272,500
Great Lakes Dredge & Dock Corp., Sr. Sub. Notes, Ser. B	Caa3	7.75	12/15/13	120	108,000
Invensys PLC, Sr. Notes (United Kingdom)	B3	9.875	3/15/11	130(c)(g)(j)	140,400
JohnsonDiversey Holdings, Inc., Sr. Disc. Notes, Zero Coupon (until 5/15/07) (cost \$305,617; purchased 3/9/04)	B3	Zero	5/15/13	350(g)(h)	308,000
Joy Global, Inc., Sr. Sub. Notes, Ser. B	Ba2	8.75	3/15/12	350(g)	392,000
Knowledge Learning Corp., Sr. Sub. Notes	B3	7.75	2/01/15	175(j)	175,875
Manitowoc Co., Inc. (The), Sr. Sub. Notes	B2	10.50	8/01/12	260	300,950
Mueller Group, Inc., Sr. Sub. Notes	Caa1	10.00	5/01/12	115	126,500
Rexnord Corp., Sr. Sub. Notes, (cost \$225,000; purchased 11/19/02)	B3	10.125	12/15/12	225(g)(h)	254,250
Sensus Metering Systems, Inc., Sr. Sub. Notes	Caa1	8.625	12/15/13	155	160,038
SPX Corp., Sr. Notes	Ba3	7.50	1/01/13	65(g)	72,475
Stena AB (Sweden), Sr. Notes	Ba3	9.625	12/01/12	100(c)	113,500
Sr. Notes	Ba3	7.50	11/01/13	175(c)(g)	179,375

See Notes to Financial Statements.

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Description	Moody's Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Terex Corp., Sr. Sub. Notes	B3	9.25%	7/15/11	\$ 50(g)	\$ 55,750
Sr. Sub. Notes	B3	7.375	1/15/14	150(g)(j)	157,875
Sr. Sub. Notes, Ser. B	B3	10.375	4/01/11	240(g)	267,600
Thermadyne Holdings Corp., Sr. Sub. Notes	Caa1	9.25	2/01/14	175	170,625
UCAR Finance, Inc., Sr. Notes (cost \$73,665; purchased 4/22/03)	B2	10.25	2/15/12	75(g)(h)	83,438
United Rentals North America, Inc., Sr. Sub. Notes	B2	7.75	11/15/13	275(g)	275,687
					5,492,963
Chemicals 9.9%					
Borden U.S. Finance Corp., Sr. Sec d. Notes	B3	7.41	7/15/10	500(g)(j)	516,875
Equistar Chemicals Funding LP, Notes (cost \$141,835; purchased 5/5/03)	B2	6.50	2/15/06	140(g)(h)	143,850
Sr. Notes	B2	10.125	9/01/08	215	246,712
Sr. Notes	B2	10.625	5/01/11	85(g)	98,175
Hercules, Inc., Debs. (cost \$327,438; purchased 5/7/03)	Ba1	6.60	8/01/27	325(g)(h)	329,875
Sr. Notes	Ba2	11.125	11/15/07	125(g)	146,875
Huntsman Advanced Materials, Inc., Sr. Sec d. Notes, Ser. L	Ba3	11.00	7/15/10	360(g)(j)	423,900
Huntsman ICI Chemicals LLC, Sr. Sub. Notes	B3	10.125	7/01/09	42	44,153
Huntsman International LLC, Sr. Notes	B2	9.875	3/01/09	180(g)	198,450
IMC Global, Inc., Debs., (cost \$306,000; purchased 5/25/04)	B1	6.875	7/15/07	300(g)(h)	309,000
Sr. Notes, Ser. B	Ba3	11.25	6/01/11	200	227,000
Sr. Notes, Ser. B	Ba3	10.875	6/01/08	100(g)	116,875
Sr. Notes, Ser. B	Ba3	11.25	6/01/11	100(g)	113,500

See Notes to Financial Statements.

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Portfolio of Investments

as of February 28, 2005 (Unaudited) Cont d.

Description	Moody's Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
ISP Chemco, Inc., Notes, Ser. B	B1	10.25%	7/01/11	\$ 485(g)	\$ 543,200
Koppers, Inc., Sr. Sec d. Notes	B2	9.875	10/15/13	355	404,700
Lyondell Chemical Co., Sr. Sec d. Notes	B1	9.50	12/15/08	1,000	1,080,000
Sr. Sec d., Ser. B	B1	9.875	5/01/07	125(g)	130,000
Nalco Co., Sr. Sub. Notes	Caa1	8.875	11/15/13	375	414,375
PQ Corp., Gtd. Notes	B3	7.50	2/15/13	275(j)	284,969
Rhodia SA (France), Sr. Notes	B3	10.25	6/01/10	225(c)(g)	258,750
Sr. Sub. Notes	Caa1	8.875	6/01/11	290(c)	300,875
Rockwood Specialties, Inc., Sr. Sub. Notes (cost \$160,500; purchased 4/26/04)	B3	10.625	5/15/11	150(h)	170,250
Westlake Chemical Corp., Sr. Notes	Ba2	8.75	7/15/11	140(g)	156,100
					6,658,459
Consumer 1.8%					
Coinmach Corp., Sr. Notes	B3	9.00	2/01/10	114	119,130
K2, Inc., Sr. Notes	Ba3	7.375	7/01/14	150	162,375
Levi Strauss & Co., Sr. Notes	Caa3	12.25	12/15/12	275	314,875
Propex Fabrics, Inc., Sr. Notes	Caa1	10.00	12/01/12	275(j)	277,750
Rayovac Corp., Sr. Sub. Notes	B3	8.50	10/01/13	80(g)	87,500
Service Corp. International, Inc., Notes	Ba3	6.50	3/15/08	25	26,063
Sr. Notes	Ba3	6.00	12/15/05	235(g)	238,231
					1,225,924
Electric 12.7%					
AES Corp., Sr. Notes	B1	9.50	6/01/09	75(g)	86,437
Sr. Notes	B1	9.375	9/15/10	700	815,500
Sr. Notes	Ba3	8.75	5/15/13	230(j)	261,625

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Description	Moody's Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
AES Eastern Energy LP, Pass-Through Cert., Ser. 1999-A	Ba1	9.00%	1/02/17	\$ 213(g)	\$ 246,651
Allegheny Energy Supply Co., LLC, Notes	B2	8.25	4/15/12	95(g)(j)	108,300
Aquila, Inc., Sr. Notes	B2	9.95	2/01/11	285(g)	327,038
Calpine Corp., Sr. Sec d. Notes	B(e)	8.75	7/15/13	845(g)(j)	678,112
CMS Energy Corp., Sr. Notes	B1	7.50	1/15/09	120	128,400
Dynegy Holdings, Inc., Debs.	Caa2	7.125	5/15/18	50	42,812
Debs. Sr. Notes	Caa2	7.625	10/15/26	75	63,750
Sr. Sec d. Notes	Caa2	6.875	4/01/11	75	69,844
Sr. Sec d. Notes	B3	9.875	7/15/10	20(j)	22,400
Sr. Sec d. Notes	B3	10.125	7/15/13	390(g)(j)	444,600
Edison Mission Energy, Sr. Notes	B1	7.73	6/15/09	275(g)	295,625
Empresa Nacional de Electricidad (Chile), Notes	Ba1	8.35	8/01/13	670(c)(g)	777,124
Homer City Funding LLC, Sr. Sec. Bonds	Ba2	8.137	10/01/19	147(g)	167,580
Midland Funding Corp., Debs., Ser. B (cost \$344,844; purchased 9/7/00)	Ba3	13.25	7/23/06	305(g)(h)	330,950
Midland Funding Corp. II, Deb., Ser. A	Ba3	11.75	7/23/05	136(g)	139,470
Midwest Generation LLC, Pass-thru Certs., Ser. A (cost \$200,488; purchased 11/20/03)	B1	8.30	7/02/09	195(g)(h)	208,650
Pass-thru Certs., Ser. B	B1	8.56	1/02/16	40	44,800
Sr. Sec d Notes	B1	8.75	5/01/34	325(g)	372,937
Mirant Corp., Sr. Notes	Ca	7.40	7/15/49	75(a)(j)	59,625
Mission Energy Holding Co., Sr. Sec d. Notes	B3	13.50	7/15/08	75(g)	93,750

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 9

Portfolio of Investments

as of February 28, 2005 (Unaudited) Cont d

Description	Moody's Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Nevada Power Co., Gen. Ref. Mtge., Ser. E	Ba2	10.875%	10/15/09	\$ 15	\$ 17,138
Gen. Ref. Mtge., Ser. I	Ba2	6.50	4/15/12	130	137,800
NoteCo Ltd., Notes, Ser. B, F.R.N. (United Kingdom)	NR	6.92	6/30/25	GBP 28(a)(k)	57,588
NRG Energy, Inc., Sr. Sec d. Notes	B1	8.00	12/15/13	\$ 426(g)(j)	470,730
Orion Power Holdings, Inc., Sr. Notes	B2	12.00	5/01/10	370(g)	462,500
Reliant Resources, Inc., Sr. Sec d. Notes	B1	9.50	7/15/13	400(g)	450,000
Sierra Pacific Resources, Inc., Notes (cost \$521,250; purchased 5/20/04)	B2	8.75	5/15/05	500(g)(h)	504,918
Sr. Notes	B2	8.625	3/15/14	95	104,975
TECO Energy, Inc., Notes	Ba2	7.50	6/15/10	400(g)	444,000
UtiliCorp Canada Finance Corp., (Canada) Gtd. Notes	B2	7.75	6/15/11	40(c)	42,400
					8,478,029

Energy Other 5.4%

Chesapeake Energy Corp., Sr. Notes	Ba3	7.00	8/15/14	150	164,250
Sr. Notes	Ba3	6.375	6/15/15	200(g)(j)	211,500
Sr. Notes	Ba3	6.875	1/15/16	200(g)	215,000
Encore Acquisition Co., Sr. Sub. Notes (cost \$75,000; purchased 3/30/04)	B2	6.25	4/15/14	75(h)	75,563
Evergreen Resources, Inc., Sr. Sub. Notes (cost \$223,445; purchased 3/5/04)	Baa3	5.875	3/15/12	225(g)(h)	231,117
Forest Oil Corp., Sr. Notes	Ba3	8.00	6/15/08	100(g)	109,750
Sr. Notes	Ba3	8.00	12/15/11	95	109,487
Hanover Compressor Co., Sr. Notes	B3	8.625	12/15/10	125(g)	135,625

See Notes to Financial Statements.

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Description	Moody s Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Hanover Equipment Trust, Sr. Sec d. Notes, Ser. A	B2	8.50%	9/01/08	\$ 105(g)	\$ 111,562
Sr. Sec d. Notes, Ser. B	B2	8.75	9/01/11	200(g)	217,000
Houston Exploration Co., Sr. Sub. Notes	B2	7.00	6/15/13	100(g)	105,000
Magnum Hunter Resources, Inc., Sr. Notes	B2	9.60	3/15/12	23(g)	26,220
Newfield Exploration Co., Sr. Sub. Notes	Ba3	8.375	8/15/12	100	111,875
Sr. Sub. Notes	Ba3	6.625	9/01/14	75(j)	81,188
Parker Drilling Co., Sr. Notes	B2	9.625	10/01/13	450(g)	514,125
Sr. Notes, Ser. B	B2	10.125	11/15/09	175	184,406
Premcor Refining Group, Inc., Sr. Notes	Ba3	6.75	2/01/11	100	108,000
Sr. Notes	Ba3	9.50	2/01/13	235(g)	272,600
Sr. Notes	Ba3	6.75	5/01/14	85	90,312
Sr. Sub. Notes	B2	7.75	2/01/12	125	137,188
Pride International, Inc., Sr. Notes	Ba2	7.375	7/15/14	125	139,063
Vintage Petroleum, Inc., Sr. Sub. Notes	B1	7.875	5/15/11	275(g)	294,937
					3,645,768
Foods 3.6%					
Agrilink Foods, Inc., Sr. Sub. Notes (cost \$20,008; purchased 4/11/00)	B3	11.875	11/01/08	21(g)(h)	21,840
Ahold Finance USA, Inc., Gtd. Notes	Ba2	8.25	7/15/10	75(g)	85,500
Carrols Corp., Sr. Sub. Notes	B3	9.00	1/15/13	175(g)(j)	184,625
Del Monte Corp., Sr. Sub. Notes	B2	8.625	12/15/12	250(g)	278,750
Sr. Sub. Notes	B2	6.75	2/15/15	625(j)	642,187
Delhaize America, Inc., Notes	Ba1	8.125	4/15/11	125(g)	143,760

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 11

Portfolio of Investments

as of February 28, 2005 (Unaudited) Cont d

Description	Moody's Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Dole Food, Inc., Sr. Notes	B2	8.625%	5/01/09	\$ 150(g)	\$ 161,625
Sr. Notes	B2	7.25	6/15/10	100(g)	102,750
Sr. Notes	B2	8.875	3/15/11	115(g)	124,488
Dominos, Inc., Sr. Sub. Notes	B2	8.25	7/01/11	73(g)	78,840
Pathmark Stores, Inc., Sr. Sub. Notes	Caa1	8.75	2/01/12	140(g)	137,900
Smithfield Foods, Inc., Sr. Notes	Ba2	7.00	8/01/11	125	134,375
Sr. Notes	Ba2	7.75	5/15/13	200(g)	224,250
Stater Brothers Holdings, Inc., Sr. Notes	B1	8.125	6/15/12	75	78,000
					2,398,890
Gaming 6.7%					
Argosy Gaming Co., Sr. Sub. Notes	Ba3	9.00	9/01/11	75(g)	83,438
Aztar Corp., Sr. Sub. Notes	Ba3	7.875	6/15/14	210(g)	233,100
Boyd Gaming Corp., Sr. Sub. Notes	B1	8.75	4/15/12	200(g)	220,500
Isle of Capri Casinos, Inc., Sr. Sub. Notes	B2	9.00	3/15/12	110(g)	121,550
Sr. Sub. Notes	B2	7.00	3/01/14	50	51,875
Kerzner International Ltd. (Bahamas), Sr. Sub. Notes	B2	8.875	8/15/11	315(c)(g)	343,350
Mandalay Resort Group, Sr. Notes	Ba2	9.50	8/01/08	250(g)	283,125
MGM MIRAGE, Sr. Notes	Ba2	6.00	10/01/09	825(g)	845,625
Sr. Sub. Notes	Ba3	9.75	6/01/07	480(g)	531,600
Mohegan Tribal Gaming Authority, Sr. Sub. Notes	Ba3	6.375	7/15/09	150(g)	153,750
Sr. Sub. Notes	Ba3	8.00	4/01/12	175(g)	190,094
Sr. Sub. Notes	Ba3	7.125	8/15/14	50	52,062

See Notes to Financial Statements.

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Description	Moody s Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Park Place Entertainment Corp., Sr. Notes	Ba1	7.50%	9/01/09	\$ 610(g)	\$ 676,337
Sr. Sub. Notes	Ba2	8.125	5/15/11	85	98,175
Penn National Gaming, Inc., Sr. Sub. Notes	B3	6.75	3/01/15	150(j)	153,000
Station Casinos, Inc., Sr. Notes	Ba3	6.00	4/01/12	200(g)	207,250
Wynn Las Vegas LLC, First Mtge., Bonds	B2	6.625	12/01/14	250(g)(j)	249,375
					4,494,206
Healthcare & Pharmaceutical 9.4%					
Alliance Imaging, Inc., Sr. Sub. Notes	B3	7.25	12/15/12	100(j)	101,500
Concentra Operating Corp., Sr. Sub. Notes	B3	9.50	8/15/10	275(g)	297,688
Coventry Health Care, Inc., Sr. Notes	Ba1	5.875	1/15/12	150(j)	154,125
Sr. Notes	Ba1	8.125	2/15/12	100	109,750
HCA, Inc., Deb.	Ba2	8.36	4/15/24	100	111,629
Deb.	Ba2	7.50	11/15/95	150(g)	147,867
Notes	Ba2	7.50	11/06/33	100(g)	105,659
HEALTHSOUTH Corp., Sr. Notes	NR	6.875	6/15/05	100(g)	100,250
Sr. Notes	NR	8.50	2/01/08	275	286,000
Sr. Notes	NR	7.625	6/01/12	275	278,437
Sr. Sub. Notes	NR	10.75	10/01/08	150	157,875
Inverness Medical Innovations, Inc., Sr. Sub. Notes	Caa1	8.75	2/15/12	165(g)(j)	172,425
Magellan Health Services, Inc., Sr. Notes	B3	9.375	11/15/08	831(g)	897,351
MedCo Health Solutions, Inc., Sr. Notes	Ba1	7.25	8/15/13	145(g)	164,794
Medical Device Manufacturing, Inc., Sr. Sub. Notes	Caa1	10.00	7/15/12	225(j)	245,250
MedQuest, Inc., Sr. Sub. Notes	B3	11.875	8/15/12	275(g)	313,500

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 13

Portfolio of Investments

as of February 28, 2005 (Unaudited) Cont d.

Description	Moody's Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Omega Healthcare Investors, Inc., Notes	B1	6.95%	8/01/07	\$ 275(g)	\$ 284,969
Sr. Notes	B1	7.00	4/01/14	100	102,500
Res-Care, Inc., Sr. Notes	B2	10.625	11/15/08	335(g)	363,475
Select Medical Corp., Sr. Sub. Notes	B3	7.625	2/01/15	225(j)	232,594
Senior Housing Properties Trust, Sr. Notes	Ba2	8.625	1/15/12	150(g)	171,375
Tenet Healthcare Corp., Sr. Notes	B3	6.375	12/01/11	75(g)	69,375
Sr. Notes	B3	6.50	6/01/12	110(g)	101,475
Vanguard Health Holding Co. II LLC, Sr. Sub. Notes	Caa1	9.00	10/01/14	250	275,000
Ventas Realty LP, Sr. Notes	Ba3	8.75	5/01/09	280	310,800
Sr. Notes	Ba3	9.00	5/01/12	145(g)	168,200
Sr. Notes	Ba3	6.625	10/15/14	150	153,000
Warner Chilcott Corp., Sr. Sub. Notes	Caa1	8.75	2/01/15	400(j)	416,000
					6,292,863
Lodging 5.9%					
Felcore Lodging LP, Sr. Notes	B1	6.874	6/01/11	125	132,656
Sr. Notes	B1	9.00	6/01/11	150(g)	169,688
Felcore Suites LP, Gtd. Notes	B1	7.625	10/01/07	125(g)	131,094
HMH Properties, Inc., Sr. Notes, Ser. B	Ba3	7.875	8/01/08	143	146,933
Host Marriott LP, Sr. Notes, Ser. E	Ba3	8.375	2/15/06	700(g)	724,500
Sr. Notes, Ser. I	Ba3	9.50	1/15/07	275(g)	297,000
Sr. Notes, Ser. L	Ba3	7.00	8/15/12	200(g)(j)	210,000
ITT Corp., Debs.	Ba1	7.375	11/15/15	150(g)	171,937
Notes	Ba1	6.75	11/15/05	90(g)	91,575
John Q. Hammons Hotels, Inc., First Mtge. Bonds, Ser. B	B2	8.875	5/15/12	100	111,375

See Notes to Financial Statements.

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Description	Moody s Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
La Quinta Inns, Inc., Sr. Notes	Ba3	7.40%	9/15/05	\$ 445(g)	\$ 452,231
La Quinta Properties, Inc., Sr. Notes	Ba3	8.875	3/15/11	100	110,125
Royal Caribbean Cruises Ltd. (Liberia), Sr. Notes	Ba1	8.00	5/15/10	350(c)(g)	395,937
Sr. Notes	Ba1	6.875	12/01/13	75(c)(g)	81,750
Sr. Notes	Ba1	7.50	10/15/27	50(c)	55,750
Starwood Hotels & Resorts Worldwide, Inc., Sr. Notes	Ba1	7.375	5/01/07	570(g)	605,625
Sr. Notes	Ba1	7.875	5/01/12	70(g)	81,025
					3,969,201
Media & Entertainment 11.8%					
Advertising Directory Solutions, Inc., Sr. Notes (Canada)	Caa1	9.25	11/15/12	250(c)(j)	264,062
AMC Entertainment, Inc., Sr. Sub. Notes	B2	8.625	8/15/12	275(g)(j)	301,812
Sr. Sub. Notes	B3	8.00	3/01/14	100	101,000
American Color Graphics, Inc., Sr. Sec d. Notes	Caa1	10.00	6/15/10	110(g)	77,550
CanWest Media, Inc. (Canada), Sr. Notes, Ser. B	Ba3	7.625	4/15/13	60(c)(g)	65,550
Sr. Sub. Notes	B2	10.625	5/15/11	225(c)(g)	250,031
Dex Media East LLC, Sr. Sub. Notes	B2	12.125	11/15/12	311(g)	376,310
Dex Media West LLC, Sr. Sub. Notes	B2	9.875	8/15/13	510(g)	585,225
Dex Media, Inc., Notes	B3	8.00	11/15/13	165	179,025
DirecTV Holdings LLC, Sr. Notes	Ba2	8.375	3/15/13	325(g)	367,250
EchoStar DBS Corp., Sr. Notes	Ba3	9.125	1/15/09	152(g)	164,730
Gray Television, Inc., Sr. Sub. Notes	B2	9.25	12/15/11	285(c)(g)	316,350
Intelsat Ltd. (Bermuda), Sr. Notes	B2	7.793	1/15/12	750(c)(j)	770,625

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 15

Portfolio of Investments

as of February 28, 2005 (Unaudited) Cont d.

Description	Moody's Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Intrawest Corp. (Canada), Sr. Notes	B1	7.50%	10/15/13	\$ 150(c)	\$ 159,188
LCE Acquisition Corp., Sr. Sub. Notes	B3	9.00	8/01/14	100(j)	104,750
Leslie's Poolmart, Inc., Sr. Notes	B2	7.75	2/01/13	375(j)	389,062
MediaNews Group, Inc., Sr. Sub. Notes	B2	6.875	10/01/13	200(g)	203,500
Morris Publishing Co. LLC, Sr. Sub. Notes	Ba3	7.00	8/01/13	65	66,138
New Skies Satellites NV (Netherlands), Sr. Notes	B3	7.438	11/01/11	200(c)(g)(j)	209,750
PRIMEDIA, Inc., Sr. Notes	B3	8.169	5/15/10	200(g)	215,250
Quebecor Media, Inc. (Canada), Sr. Disc. Notes, Zero Coupon (until 7/15/06)	B2	Zero	7/15/11	400(c)(g)	398,500
RH Donnelley Finance Corp., Sr. Sub. Notes	B2	10.875	12/15/12	200(g)(j)	234,500
Sinclair Broadcast Group, Inc., Sr. Sub. Notes	B2	8.75	12/15/11	165	178,613
Six Flags, Inc., Sr. Notes	Caa1	9.625	6/01/14	160(g)	150,000
Sun Media Corp. (Canada), Gtd. Notes	Ba3	7.625	2/15/13	400(c)(g)	432,000
Susquehanna Media Co., Sr. Sub. Notes	B1	7.375	4/15/13	300(g)	319,500
Universal City Florida Holding Co., Sr. Notes	B3	7.492	5/01/10	400(g)(j)	419,000
Vail Resorts, Inc., Sr. Sub. Notes	B2	6.75	2/15/14	150	153,000
Vertis, Inc., Sr. Note, Ser. B	B3	10.875	6/15/09	115(g)	116,150
Sr. Notes	B2	9.75	4/01/09	300(g)	318,000
					7,886,421
Metals 4.4%					
AK Steel Corp., Sr. Notes	B1	7.75	6/15/12	110(g)	116,600
AK Steel Holdings Corp., Sr. Notes	B1	7.875	2/15/09	365(g)	375,037
Arch Western Finance LLC, Sr. Notes	Ba3	6.75	7/01/13	100	104,000
Sr. Notes	Ba3	6.75	7/01/13	100(j)	104,000

See Notes to Financial Statements.

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Description	Moody s Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Century Aluminum Co., Sr. Notes	B1	7.50%	8/15/14	\$ 225(j)	\$ 241,875
Foundation Coal Co., Gtd. Notes	B1	7.25	8/01/14	200	212,000
Ispat Inland ULC (Canada), Sr. Sec d. Notes	Ba1	9.75	4/01/14	500(c)	610,000
Novelis, Inc., Sr. Notes	B1	7.25	2/15/15	200(c)(j)	207,000
Oregon Steel Mills, Inc., First Mtge. Bonds	B1	10.00	7/15/09	300(c)	333,750
Russel Metals, Inc. (Canada), Sr. Notes	Ba3	6.375	3/01/14	265(c)(g)	267,650
Ryerson Tull, Inc., Sr. Notes	B2	8.25	12/15/11	100(j)	100,000
United States Steel Corp., Sr. Notes	Ba2	10.75	8/01/08	225(g)	267,188
					2,939,100
Packaging 3.9%					
Anchor Glass Container Corp., Sr. Sec d. Notes, Ser. B	B2	11.00	2/15/13	250(g)	258,125
Berry Plastics Corp., Sr. Sub. Notes	B3	10.75	7/15/12	275(g)	313,500
Crown Cork & Seal Finance PLC (United Kingdom), Notes	B3	7.00	12/15/06	435(c)(g)	453,488
Graham Packaging Co., Inc., Sr. Notes	Caa1	8.50	10/15/12	100(j)	106,750
Sr. Sub. Notes	Caa2	9.875	10/15/14	250(j)	269,375
Greif Brothers. Corp., Sr. Sub. Notes	B1	8.875	8/01/12	455	505,050
Owens-Brockway Glass Container, Inc., Sr. Sec d. Notes	B1	7.75	5/15/11	45(g)	48,600
Sr. Sec d. Notes	B1	8.75	11/15/12	485(g)	541,987
Silgan Holdings, Inc., Sr. Sub. Notes	B1	6.75	11/15/13	125(g)	129,375
					2,626,250

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 17

Portfolio of Investments

as of February 28, 2005 (Unaudited) Cont d.

Description	Moody's Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Paper 7.0%					
Abitibi-Consolidated, Inc. (Canada), Debs.	Ba3	8.30%	8/01/05	\$ 400(c)(g)	\$ 403,000
Ainsworth Lumber Co. Ltd. (Canada), Sr. Notes	B2	6.30	10/01/10	400(c)(g)(j)	412,000
Boise Cascade LLC, Sr. Notes	B1	5.535	10/15/12	900(g)(j)	929,250
Bowater Finance Corp. (Canada), Notes	Ba3	7.95	11/15/11	25(c)	27,267
Caraustar Industries, Inc., Sr. Sub. Notes	Caa1	9.875	4/01/11	125	136,875
Cascades, Inc. (Canada), Sr. Notes	Ba3	7.25	2/15/13	250(c)(g)(j)	266,250
Cellu Tissue Holdings, Inc., Sr. Sec d. Notes	B2	9.75	3/15/10	300(g)	315,000
Georgia-Pacific Corp., Debs.	Ba3	7.75	11/15/29	300(g)	353,250
Notes, (cost \$523,125; purchased 5/13/04)	Ba3	7.50	5/15/06	500(g)(h)	520,625
Sr. Notes	Ba2	9.375	2/01/13	150(g)	173,437
Jefferson Smurfit Corp., Sr. Notes	B2	8.25	10/01/12	125	135,000
Sr. Notes	B2	7.50	6/01/13	200	210,750
Mercer International, Inc., Sr. Notes	B(e)	9.25	2/15/13	100	98,875
Millar Western Forest Products Ltd. (Canada), Sr. Notes	B2	7.75	11/15/13	130(c)	137,150
Norske Skog Canada Ltd. (Canada), Sr. Notes	Ba3	7.375	3/01/14	150(c)(g)	157,500
Smurfit-Stone Container Corp., Sr. Notes	B2	8.375	7/01/12	75	81,188
Tembec Industries, Inc. (Canada), Sr. Notes	B2	8.625	6/30/09	75(c)	75,188
Sr. Notes	B2	7.75	3/15/12	265(c)(g)	255,725
					4,688,330

See Notes to Financial Statements.

Description	Moody s Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Pipelines & Other 4.8%					
AmeriGas Partners LP, Sr. Notes	B2	8.875%	5/20/11	\$ 175(g)	\$ 190,750
El Paso Corp., Sr. Notes	Caa1	7.00	5/15/11	465(g)	473,137
El Paso Production Holding Co., Sr. Notes	B3	7.75	6/01/13	300(g)	321,750
Enterprise Products Operating LP, Sr. Notes	Baa3	5.60	10/15/14	200(g)(j)	204,460
Ferrellgas Partners LP, Sr. Notes	B2	8.75	6/15/12	100(g)	107,750
Sr. Notes	Ba3	6.75	5/01/14	50	50,250
Inergy Finance Corp., Sr. Notes	B1	6.875	12/15/14	150(j)	152,250
Markwest Energy Partners LP, Sr. Notes	B1	6.875	11/01/14	100(j)	103,000
Pacific Energy Partners LP, Sr. Notes	Ba2	7.125	6/15/14	100	106,250
Southern Natural Gas Co., Sr. Notes	B1	8.875	3/15/10	250(g)	276,875
Tennessee Gas Pipeline Co., Debs.	B1	7.00	10/15/28	25(g)	26,000
Debs.	B1	7.625	4/01/37	295(g)	323,025
Debs. (cost \$189,919; purchased 12/3/02)	B1	7.00	3/15/27	215(g)(h)	224,954
TransMontaigne, Inc., Sr. Sub. Notes	B3	9.125	6/01/10	85(g)	91,375
Williams Companies., Inc. (The), Notes	B1	7.125	9/01/11	200(g)	220,000
Notes	B1	8.125	3/15/12	300(g)	348,750
					3,220,576
Retailers 4.4%					
Asbury Automotive Group, Inc., Sr. Sub. Notes	B3	8.00	3/15/14	100(j)	103,250
AutoNation, Inc., Sr. Notes	Ba2	9.00	8/01/08	50(g)	56,500
General Nutrition Centers, Inc., Sr. Sub. Notes	Caa1	8.50	12/01/10	150	127,125
Group 1 Automotive, Inc., Sr. Sub. Notes	B1	8.25	8/15/13	300(g)	318,000

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 19

Portfolio of Investments

as of February 28, 2005 (Unaudited) Cont d

Description	Moody's Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
J.C. Penney Co., Inc., Debs.	Ba2	7.125%	11/15/23	\$ 175(g)	\$ 195,096
Debs.	Ba2	7.40	4/01/37	610(g)	691,076
Jean Coutu Group (PJC), Inc. (The), (Canada), Sr. Sub. Notes	B2	7.625	8/01/12	175(c)(j)	183,750
Sr. Sub. Notes	B3	8.50	8/01/14	90(c)(j)	92,250
Lazy Days RV Center, Inc., Sr. Notes	B3	11.75	5/15/12	275(g)	303,875
Pantry, Inc., Sr. Sub. Notes	B3	7.75	2/15/14	175(g)	185,500
Rite Aid Corp., Sr. Sec d. Notes	B2	8.125	5/01/10	20	20,900
Saks, Inc., Notes	Ba3	7.00	12/01/13	240(g)	249,600
Notes	Ba3	7.375	2/15/19	90(g)	93,262
Sonic Automotive, Inc., Sr. Sub. Notes	B2	8.625	8/15/13	110(g)	118,525
Toys R Us, Inc., Notes	Ba2	7.625	8/01/11	50	50,875
Notes	Ba2	7.875	4/15/13	150	151,875
					2,941,459
Technology 3.8%					
Amkor Technology, Inc., Sr. Notes	B3	7.125	3/15/11	75	65,250
Flextronics International Ltd. (Singapore), Sr. Sub. Notes	Ba2	6.50	5/15/13	200(c)(g)	208,000
Freescale Semiconductor, Inc., Sr. Notes	Ba2	7.125	7/15/14	60	65,400
Iron Mountain, Inc., Sr. Notes	Caa1	8.625	4/01/13	175(g)	183,313
Nortel Networks Ltd. (Canada), Notes	B3	6.125	2/15/06	135(c)(g)	137,025
Sanmina-SCI Corp., Sr. Sec d. Notes	Ba2	10.375	1/15/10	375(g)	427,500
Seagate Technology, Gtd. Notes	Ba2	8.00	5/15/09	425(c)(g)	457,937
STATS ChipPAC Ltd. (Singapore), Sr. Notes	Ba2	6.75	11/15/11	160(c)(g)(j)	157,600
UGS Corp., Sr. Sub. Notes	B3	10.00	6/01/12	115(j)	129,950
Unisys Corp., Sr. Notes	Ba1	8.125	6/01/06	400(g)	417,500

See Notes to Financial Statements.

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Description	Moody s Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Xerox Corp., Sr. Notes	Ba2	6.875%	8/15/11	\$ 200(g)	\$ 214,000
Sr. Notes	Ba2	7.625	6/15/13	50	54,188
					2,517,663
Telecommunications 10.9%					
Alamosa Holdings, Inc., Sr. Notes	Caa1	11.00	7/31/10	150	175,500
Sr. Notes	Caa1	8.50	1/31/12	225	244,125
AT&T Corp., Sr. Notes	Ba1	9.05	11/15/11	285(g)	330,244
Sr. Notes	Ba1	9.75	11/15/31	125	158,906
Centennial Communications Corp., Sr. Notes	Caa1	8.125	2/01/14	225	246,938
Cincinnati Bell, Inc., Sr. Sub. Notes	B3	8.375	1/15/14	165(g)	170,569
Citizens Communications Co., Notes	Ba3	9.25	5/15/11	260(g)	299,650
Sr. Notes	Ba3	6.25	1/15/13	150(g)	148,875
Crown Castle International Corp., Sr. Notes	B3	9.375	8/01/11	73	81,030
Sr. Notes	B3	10.75	8/01/11	215(g)	231,662
Sr. Notes	B3	7.50	12/01/13	250(g)	271,250
Sr. Notes, Ser. B	B3	7.50	12/01/13	75	81,375
Eircom Funding PLC (Ireland), Sr. Sub. Notes	B1	8.25	8/15/13	175(c)(g)	195,563
MCI, Inc., Notes	B2	7.688	5/01/09	650(g)	684,937
Notes	B2	8.735	5/01/14	10	11,238
Nextel Communications, Inc., Sr. Notes	Ba3	7.375	8/01/15	825(g)	903,375
Nextel Partners, Inc., Sr. Notes	B3	8.125	7/01/11	375(g)	414,375
Qwest Services Corp., Notes	Caa1	14.00	12/15/10	1,427(j)	1,694,562

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 21

Portfolio of Investments

as of February 28, 2005 (Unaudited) Cont d

Description	Moody's Rating	Interest Rate	Maturity Date	Principal Amount (000)	Value (Note 1)
Rogers Wireless, Inc. (Canada), Sr. Sec d. Notes	BB(e)	7.50%	3/15/15	\$ 150(c)	\$ 164,250
Sr. Sec d. Notes	Ba3	9.625	5/01/11	125(c)(g)	148,437
Sr. Sub. Notes	B2	8.00	12/15/12	200(c)	216,750
Triton PCS, Inc., Sr. Notes	Caa1	8.50	6/01/13	95(g)	94,763
U.S. Unwired, Inc., Sr. Sec d. Notes	B2	6.74	6/15/10	75	78,375
UbiquiTel Operating Co., Sr. Notes	Caa1	9.875	3/01/11	50	56,500
Sr. Notes	Caa1	9.875	3/01/11	200(j)	226,000
					7,329,249
Tobacco 0.5%					
DIMON, Inc., Sr. Notes, Ser. B	B1	9.625	10/15/11	80(g)	89,400
North Atlantic Trading Co., Sr. Notes	B3	9.25	3/01/12	40	31,800
Standard Commercial Corp., Sr. Notes	Ba3	8.00	4/15/12	200(g)	216,000
					337,200
Total corporate bonds (cost \$81,515,779)					86,074,654
CONVERTIBLE BONDS 0.4%					
Nortel Networks Corp. (Canada), Sr. Notes	B3	4.25	9/01/08	135(c)(g)	129,094
Tyco International Group S.A. (Luxembourg), Sr. Notes	Baa3	3.125	1/15/23	100(c)(j)	157,125
Total convertible bonds (cost \$217,083)					286,219
SOVEREIGN BONDS 1.6%					
Republic of Argentina, Bonds, F.R.N.	Caa1	3.01	8/03/12	340(c)(k)	306,000
Republic of Argentina, Bonds, F.R.N.	Caa1	2.332	4/30/13	230(c)(k)	188,019
Republic of Colombia, Notes	Ba2	10.00	1/23/12	200(c)	225,000
Republic of Philippines, Bonds	B1	9.375	1/18/17	300(c)	321,750
Total sovereign bonds (cost \$1,000,480)					1,040,769

See Notes to Financial Statements.

Description	Shares	Value (Note 1)
COMMON STOCKS 1.4%		
GenTek, Inc.	608(b)	\$ 29,263
IMPSAT Fiber Networks, Inc. (Argentina)	2,330(c)(b)	14,795
NTL, Inc. (United Kingdom)	700(c)(b)	45,423
PSF Group Holdings, Inc., Class A (cost \$462,534; purchased 3/8/94)	279(b)(d)(h)(i)	474,708
Telewest Global, Inc. (United Kingdom)	14,911(c)(b)	248,865
UnitedGlobalCom, Inc., Class A	14,226(b)	132,302
Walter Industries, Inc.	320	12,278
Total common stocks (cost \$1,264,170)		957,634
PREFERRED STOCKS 0.9%		
McLeodUSA, Inc., Ser. A	1,868(b)	4,016
Paxson Communications Corp., 14.25%, PIK	56(b)	453,740
PRIMEDIA, Inc., Ser. D, 10.00%	1,500	151,875
Total preferred stocks (cost \$950,717)		609,631

	<u>Units</u>	
WARRANTS(b) 0.1%		
GenTek, Inc., Class B, expiring 10/31/08 @ \$96 (cost \$96; purchased 8/3/99)	710(h)(i)	2,378
GenTek, Inc., expiring 10/31/10 @ \$64 (cost \$64; purchased 8/3/99)	347(h)(i)	1,232
IntelCom Group, Inc. (Canada), expiring 9/15/05 (cost \$0; purchased 8/4/95)	9,900(c)(h)	1
McLeodUSA, Inc., Class A, expiring 4/16/07	4,141	456
Sterling Chemical Holdings, Inc., expiring 8/15/08 (cost \$0; purchased 8/16/96)	140(h)	0

See Notes to Financial Statements.

Portfolio of Investments

as of February 28, 2005 (Unaudited) Cont d.

Description	Units	Value (Note 1)
Telus Corp. (Canada), expiring 9/15/15	4,049(c)	\$ 80,413
Viasystems Group, Inc. (Canada), expiring 1/31/10 (cost \$219,816; purchased 11/17/97)	10,871(c)(d)(h)	1
XM Satellite Radio, Inc., expiring 3/03/10 (cost \$0; purchased 7/11/00)	150(h)(j)	2
Total warrants (cost \$280,193)		84,483
Total long-term investments (cost \$85,543,639)		89,366,140
	Moody's	Interest
	Rating	Rate
		Maturity
		Date
		Principal
		Amount (000)
SHORT-TERM INVESTMENT 1.2%		
U.S. GOVERNMENT AGENCY SECURITIES		
Federal Home Loan Bank, Sr. Disc. Notes (cost \$804,000)	Aaa	2.51%
		3/01/05
		\$ 804(f)
		804,000
Total Investments 134.5% (cost \$86,347,639)		
		90,170,140
Liabilities in excess of other assets (34.5%)		(23,115,464)
Net Assets 100.0%		\$ 67,054,676

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) Fair-valued security-value is determined by the Valuation Committee or Board of Directors in consultation with the investment adviser.

(e) Standard & Poor's Rating.

See Notes to Financial Statements.

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- (f) Percentage quoted represents yield-to-maturity as of purchase date.
 - (g) All or partial principal amount segregated as collateral for line of credit. Aggregate value of segregated securities \$57,856,584 (Note 5).
 - (h) Indicates a security that has been deemed illiquid. The aggregate cost of the illiquid securities is \$4,940,624. The aggregate value, \$4,492,046 represents 6.70% of net assets.
 - (i) Indicates a restricted security; the aggregate cost of the restricted securities is \$462,694 the aggregate value, \$478,318 represents .71% of net assets.
 - (j) 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.
 - (k) Indicates a variable rate security. The interest rate shown reflects the rate in effect at February 28, 2005.
- The Fund's current Statement of Additional Information contains a description of Moody's and Standard & Poor's ratings.

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 25

Portfolio of Investments

as of February 28, 2005 (Unaudited) Cont d.

The industry classification of portfolio holdings and liabilities in excess of other assets shown as a percentage of net assets as of February 28, 2005 was as follows:

Media & Entertainment	12.7%
Electric	12.7
Telecommunications	11.7
Chemicals	9.9
Healthcare & Pharmaceutical	9.4
Capital Goods	9.2
Paper	7.0
Gaming	6.7
Lodging	5.9
Energy Other	5.4
Cable	5.1
Pipelines & Other	4.8
Metals	4.4
Retailers	4.4
Technology	4.0
Packaging	3.9
Foods	3.6
Aerospace/Defense	2.9
Building Materials & Construction	2.2
Automotive	2.0
Consumer	1.8
Sovereign Bonds	1.6
U.S. Government Securities	1.2
Airlines	0.9
Banking	0.6
Tobacco	0.5
	<hr/>
	134.5
Liabilities in excess of other assets:	(34.5)
	<hr/>
	100.0%
	<hr/>

See Notes to Financial Statements.

Statement of Assets and Liabilities

as of February 28, 2005 (Unaudited)

Assets	
Investments, at value (cost \$86,347,639)	\$ 90,170,140
Foreign currency, at value (cost \$5,335)	5,447
Interest and dividend receivable	1,645,012
Receivable for investments sold	1,428,463
Prepaid expenses	1,867
	<hr/>
Total assets	93,250,929
	<hr/>
Liabilities	
Loan payable (Note 5)	25,000,000
Payable for investments purchased	852,952
Loan interest payable	131,407
Accrued expenses	87,999
Deferred directors' fees	63,022
Management fee payable	35,970
Dividends payable	24,882
Payable to custodian	21
	<hr/>
Total liabilities	26,196,253
	<hr/>
Net Assets	\$ 67,054,676
	<hr/>
Net assets were comprised of:	
Common stock, at par	\$ 115,966
Paid-in capital in excess of par	86,603,809
	<hr/>
	86,719,775
Overdistribution of net investment income	(258,049)
Accumulated net realized loss on investments	(23,229,663)
Net unrealized appreciation on investments and foreign currencies	3,822,613
	<hr/>
Net assets, February 28, 2005	\$ 67,054,676
	<hr/>
Net asset value per share (\$67,054,676 ÷ 11,596,649 shares of common stock issued and outstanding)	\$ 5.78
	<hr/>

See Notes to Financial Statements.

Statement of Operations

Six Months Ended February 28, 2005 (Unaudited)

Net Investment Income	
Income	
Interest	\$ 3,443,642
Dividends	40,415
	<u>3,484,057</u>
Expenses	
Management fee	230,326
Custodian's fees and expenses	102,000
Legal fees and expenses	40,000
Reports to shareholders	30,000
Transfer agent's fees and expenses	18,000
Registration fees	12,000
Audit fee	11,000
Directors' fees and expenses	6,000
Miscellaneous	3,751
	<u>453,077</u>
Total operating expenses	453,077
Loan interest expense (Note 5)	385,634
	<u>838,711</u>
Total expenses	838,711
Net investment income	<u>2,645,346</u>
Realized and Unrealized Gain on Investments and Foreign Currency Transactions	
Net realized gain on:	
Investments transactions	1,164,692
	<u>1,164,692</u>
Net change in net unrealized appreciation on:	
Investments	1,597,661
Foreign currencies	349
	<u>1,598,010</u>
Net gain on investments and foreign currencies	<u>2,762,702</u>
Net Increase in Net Assets Resulting from Operations	<u>\$ 5,408,048</u>

See Notes to Financial Statements.

Statement of Cash Flows

Six Months Ended February 28, 2005 (Unaudited)

Increase (Decrease) in Cash

Cash flows provided from (used in) operating activities:	
Interest and dividends received (excluding discount and premium amortization of \$192,343)	\$ 3,470,806
Operating expenses paid	(437,067)
Loan interest paid	(341,840)
Maturities of short-term portfolio investments, net	2,905,000
Purchases of long-term portfolio investments	(31,149,790)
Proceeds from disposition of long-term portfolio investments	28,366,406
Prepaid expenses	813
Net cash provided from operating activities	2,814,328
Cash flows provided from (used in) financing activities:	
Cash dividends paid (excluding reinvestment of dividends of \$130,176)	(2,799,757)
Decrease in payable to custodian for temporary overdraft	(14,222)
Net cash used in financing activities	(2,813,979)
Net increase in cash	349
Cash at beginning of period	5,098
Cash at end of period	\$ 5,447
Reconciliation of Net Increase in Net Assets to Net Cash Provided from (used in) Operating Activities	
Net increase in net assets resulting from operations	\$ 5,408,048
Decrease in investments	904,637
Net realized gain on investment transactions	(1,164,692)
Increase in net unrealized appreciation on investments	(1,598,010)
Decrease in interest and dividends receivable	6,430
Increase in receivable for investments sold	(1,317,550)
Decrease in prepaid expenses	813
Increase in payable for investments purchased	514,848
Increase in loan interest payable	43,794
Increase in accrued expenses and other liabilities	16,010
Total adjustments	(2,593,720)
Net cash provided from operating activities	\$ 2,814,328

See Notes to Financial Statements.

Statement of Changes in Net Assets

(Unaudited)

	Six Months	Year
	Ended	Ended
	February 28, 2005	August 31, 2004
Increase in Net Assets		