

HIGH YIELD INCOME FUND INC
Form N-CSRS
May 02, 2008

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

The High Yield Income Fund, Inc.

Exact name of registrant as specified in charter:

Gateway Center 3,
100 Mulberry Street,

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Newark, New Jersey 07102
Address of principal executive offices:

Deborah A. Docs
Gateway Center 3,
100 Mulberry Street,
Newark, New Jersey 07102

Name and address of agent for service:

Registrant's telephone number, including area code: 973-367-7521

Date of fiscal year end: 8/31/2008

Date of reporting period: 2/29/2008

Item 1 Reports to Stockholders

SEMIANNUAL REPORT

FEBRUARY 29, 2008

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 29, 2008, were not audited and, accordingly, no auditor's opinion is expressed on them.

Your Fund's Performance

Fund Objectives

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 2/29/08

| | Total Return Six Months | NAV 2/29/08 | Market Price 2/29/08 |
|---|----------------------------|----------------|-------------------------|
| The High Yield Income Fund ¹ | 1.55% | \$ 5.03 | \$ 4.47 |
| Lehman Brothers U.S. Corporate High Yield 1% Issuer Capped Index ² | 1.43 | N/A | N/A |
| Prior Index ³ | 1.39 | N/A | N/A |
| Lipper Closed-End High Current Yield Funds (Leveraged) Avg. ⁴ | 10.44 | N/A | N/A |

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

¹Source: Prudential Investments LLC. Total return of the Fund represents the change in net asset value from the beginning of the period (9/1/07) through the end (2/29/08) 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 1% Issuer Capped Index (1% Issuer Capped Index) covers the universe of U.S. dollar denominated, non-convertible, fixed rate, noninvestment grade debt. Issuers are capped at 1% of the Index. Index holdings must have at least one year to final maturity, at least \$150 million par amount outstanding, and be publicly issued with a rating of Ba1 or lower. Index returns do not include the effect of any sales charges, mutual fund operating expenses or taxes.

³Source: Lipper Inc. The Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index (the Prior 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. The Board recently approved replacing the Prior Index with the 1% Issuer Capped Index.

⁴Source: Lipper Inc. These are the average returns of 31 funds in the Closed-End High Current Yield Funds (Leveraged) category for six months.

Investors cannot invest directly in an index.

Yield and Dividend as of 2/29/08

Total Monthly Dividends

Paid per Share

Six Months

\$0.230

Yield at Market Price⁵

5.15%

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⁵Yield at market price is determined by dividing total monthly dividends paid per share six months by the market price per share as of February 29, 2008.

The High Yield Income Fund, Inc. 1

Portfolio of Investments

as of February 29, 2008 (Unaudited)

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|-------------------------------------|-------------------|------------------|------------------|---------------------------|----------------|
| LONG-TERM INVESTMENTS 136.0% | | | | | |
| CORPORATE BONDS 134.5% | | | | | |
| Aerospace/Defense 3.5% | | | | | |
| DRS Technologies, Inc., | | | | | |
| Gtd. Notes | B1 | 6.625% | 2/1/16 | \$ 200 | \$ 195,500 |
| Gtd. Notes | B3 | 7.625 | 2/1/18 | 425 | 425,000 |
| Esterline Technologies Corp., Sr. | | | | | |
| Sub. Notes | B1 | 7.75 | 6/15/13 | 300 | 303,750 |
| L-3 Communications Corp., | | | | | |
| Gtd. Notes, Ser. B | Ba3 | 6.375 | 10/15/15 | 300 | 297,750 |
| Gtd. Notes | Ba3 | 7.625 | 6/15/12 | 400 | 410,000 |
| Moog, Inc., Sr. Sub. Notes | Ba3 | 6.25 | 1/15/15 | 300 | 287,250 |
| TransDigm, Inc., | | | | | |
| Gtd. Notes | B3 | 7.75 | 7/15/14 | 150 | 149,250 |
| | | | | | 2,068,500 |
| Airlines 0.3% | | | | | |
| AMR Corp., M.T.N., | | | | | |
| Notes, Ser. B | CCC+(d) | 10.40 | 3/10/11 | 100 | 96,125 |
| Continental Airlines, Inc., | | | | | |
| Pass-Thru Certs., | | | | | |
| Ser. 1998-1, Class B (Sinkable, | Ba2 | 6.748 | 3/15/17 | 69 | 65,355 |
| expected maturity 3/15/17) | | | | | |
| | | | | | 161,480 |
| Automotive 3.5% | | | | | |
| Ford Motor Credit Co., Notes | | | | | |
| | B1 | 7.875 | 6/15/10 | 855 | 787,948 |
| General Motors Corp., | | | | | |
| Notes | Caa1 | 7.20 | 1/15/11 | 885 | 800,925 |
| Sr. Notes | Caa1 | 7.125 | 7/15/13 | 50 | 42,000 |
| Lear Corp., Gtd. Notes, | | | | | |
| Ser. B | B3 | 8.75 | 12/1/16 | 125 | 107,813 |
| TRW Automotive, Inc., Gtd. Notes, | | | | | |
| 144A | Ba3 | 7.25 | 3/15/17 | 250 | 227,500 |
| Visteon Corp., | | | | | |
| Sr. Notes | Caa2 | 7.00 | 3/10/14 | 135 | 87,750 |
| | | | | | 2,053,936 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 3

Portfolio of Investments

as of February 29, 2008 (Unaudited) continued

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Banking 0.7% | | | | | |
| Halyk Savings Bank of Kazakhstan (Kazakhstan), Notes, 144A | | | | | |
| | Baa3 | 8.125% | 10/7/09 | \$ 100(c) | \$ 101,500 |
| Kazkommerts International BV (Netherlands), 144A | | | | | |
| Gtd. Notes | Ba1 | 7.00 | 11/3/09 | 105(c) | 101,325 |
| Gtd. Notes | Ba1 | 8.50 | 4/16/13 | 205(c) | 186,038 |
| | | | | | 388,863 |
| Building Materials & Construction 0.5% | | | | | |
| Beazer Homes USA, Inc., Gtd. Notes | | | | | |
| | B1 | 8.625 | 5/15/11 | 110 | 85,525 |
| KB Home, Notes | | | | | |
| | Ba1 | 6.375 | 8/15/11 | 150 | 141,750 |
| Nortek, Inc., Sr. Sub. Notes | | | | | |
| | B3 | 8.50 | 9/1/14 | 100 | 77,500 |
| | | | | | 304,775 |
| Cable 6.5% | | | | | |
| Charter Communications Holdings I LLC, Gtd. Notes | | | | | |
| | Caa3 | 10.00 | 5/15/14 | 99 | 48,015 |
| Gtd. Notes | Caa3 | 11.125 | 1/15/14 | 198 | 96,030 |
| Gtd. Notes | Caa3 | 11.75 | 5/15/14 | 500 | 255,000 |
| Gtd. Notes | NR | 11.00 | 10/1/15 | 4 | 2,740 |
| Sec d. Notes | Caa2 | 11.00 | 10/1/15 | 400 | 278,000 |
| Charter Communications Holdings II LLC, Sr. Notes | | | | | |
| Ser. B | Caa1 | 10.25 | 9/15/10 | 250 | 226,875 |
| CSC Holdings, Inc., Bank Loan | | | | | |
| | Ba1 | 6.391 | 2/24/12 | 2,000(f) | 1,846,166 |
| Debentures | | | | | |
| | B1 | 7.625 | 7/15/18 | 100 | 91,500 |
| Debentures | B1 | 7.875 | 2/15/18 | 50 | 46,125 |
| Sr. Notes, Ser. B | B1 | 7.625 | 4/1/11 | 25 | 24,844 |
| Mediacom Broadband LLC, Sr. Notes | | | | | |
| | B3 | 8.50 | 10/15/15 | 125 | 98,750 |
| Mediacom LLC, Sr. Notes | | | | | |
| | B3 | 9.50 | 1/15/13 | 200 | 175,000 |

See Notes to Financial Statements.

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| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|----------------|---------------|---------------|------------------------|----------------|
| NTL Cable PLC (United Kingdom), Sr. Notes | B2 | 9.125% | 8/15/16 | \$ 400(c) | \$ 336,000 |
| Shaw Communications, Inc. (Canada), Sr. Notes | Ba1 | 7.20 | 12/15/11 | 200(c) | 205,750 |
| Videotron Ltee, (Canada), Gtd. Notes | Ba1 | 6.375 | 12/15/15 | 100(c) | 92,750 |
| | | | | | 3,823,545 |
| Capital Goods 11.9% | | | | | |
| Actuant Corp., Sr. Notes, 144A | Ba2 | 6.875 | 6/15/17 | 125 | 120,625 |
| ALH Finance LLC, Sr. Sub. Notes | B3 | 8.50 | 1/15/13 | 225 | 201,938 |
| Allied Waste North America, Inc., Sec d. Notes, Ser. B | B1 | 5.75 | 2/15/11 | 450 | 438,750 |
| Sr. Notes | B1 | 7.25 | 3/15/15 | 95 | 94,406 |
| Sr. Sec d. Notes | B1 | 6.375 | 4/15/11 | 250 | 245,000 |
| Ashtead Capital, Inc., Notes, 144A | B1 | 9.00 | 8/15/16 | 475 | 391,875 |
| Ashtead Holdings PLC (United Kingdom), Sec d. Notes, 144A | B1 | 8.625 | 8/1/15 | 150(c) | 122,250 |
| Baldor Electric Co., Gtd. Notes | B3 | 8.625 | 2/15/17 | 360 | 352,800 |
| Blount, Inc., Sr. Sub. Notes | B2 | 8.875 | 8/1/12 | 425 | 413,313 |
| Columbus Mckinnon Corp., Sr. Sub. Notes | B1 | 8.875 | 11/1/13 | 300 | 312,000 |
| GrafTech Finance, Inc., Gtd. Notes | B2 | 10.25 | 2/15/12 | 196 | 202,370 |
| Hertz Corp., Gtd. Notes | B1 | 8.875 | 1/1/14 | 820 | 781,049 |
| Invensys PLC (United Kingdom), Sr. Notes | B2 | 9.875 | 3/15/11 | 18(c) | 18,985 |
| JohnsonDiversey Holdings, Inc., Discount Notes | Caa1 | 10.67 | 5/15/13 | 210 | 200,550 |
| JohnsonDiversey, Inc., Gtd. Notes, Ser. B | B3 | 9.625 | 5/15/12 | 75 | 74,625 |
| Mobile Mini, Inc., Sr. Notes | B1 | 6.875 | 5/1/15 | 295 | 238,950 |
| RBS Global, Inc. & Rexnord Corp., Gtd. Notes | B3 | 9.50 | 8/1/14 | 345 | 310,500 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 5

Portfolio of Investments

as of February 29, 2008 (Unaudited) continued

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| Rental Service Corp., Bonds | Caa1 | 9.50% | 12/1/14 | \$ 270 | \$ 220,725 |
| Sensata Technologies, Bank Loan | Ba3 | 5.056 | 4/27/13 | 750(f) | 635,090 |
| SPX Corp., Sr. Notes, 144A | Ba2 | 7.625 | 12/15/14 | 225 | 231,750 |
| Stena AB (Sweden), Sr. Notes | Ba3 | 7.50 | 11/1/13 | 275(c) | 270,531 |
| Terex Corp., Gtd. Notes | Ba2 | 7.375 | 1/15/14 | 275 | 272,938 |
| Sr. Sub. Notes | Ba3 | 8.00 | 11/15/17 | 100 | 99,500 |
| United Rentals North America, Inc., Sr. Sub. Notes | B3 | 7.75 | 11/15/13 | 400 | 326,000 |
| Valmont Industries, Inc., Gtd. Notes | Ba3 | 6.875 | 5/1/14 | 350 | 344,750 |
| | | | | | 6,921,270 |
| Chemicals 5.6% | | | | | |
| Hercules, Inc., Gtd. Notes | Ba3 | 6.75 | 10/15/29 | 175 | 162,750 |
| Huntsman LLC, Gtd. Notes | Ba1 | 11.625 | 10/15/10 | 1,011 | 1,071,660 |
| Ineos Group Holdings PLC (United Kingdom), Sr. Sub. Notes, 144A | B3 | 8.50 | 2/15/16 | 75(c) | 56,250 |
| Koppers, Inc., Gtd. Notes | B2 | 9.875 | 10/15/13 | 730 | 771,975 |
| Momentive Performance Materials, Inc, Gtd. Notes | B3 | 9.75 | 12/1/14 | 390 | 349,050 |
| Mosaic Co. (The), 144A Sr. Notes | Ba1 | 7.625 | 12/1/14 | 125 | 132,813 |
| Sr. Notes | Ba1 | 7.875 | 12/1/16 | 125 | 134,375 |
| Nalco Co., Sr. Notes | B1 | 7.75 | 11/15/11 | 575 | 580,750 |
| | | | | | 3,259,623 |
| Consumer 2.1% | | | | | |
| Mac-Gray Corp., Sr. Notes | B2 | 7.625 | 8/15/15 | 150 | 142,500 |
| Realogy Corp., Gtd. Notes, PIK | Caa1 | 11.00 | 4/15/14 | 450 | 288,000 |
| Gtd. Notes | Caa2 | 12.375 | 4/15/15 | 650 | 344,500 |
| Service Corp. International, Sr. Notes | B1 | 6.75 | 4/1/16 | 100 | 99,500 |
| Sr. Notes | B1 | 7.375 | 10/1/14 | 350 | 357,000 |
| | | | | | 1,231,500 |

See Notes to Financial Statements.

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| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Electric 10.1% | | | | | |
| AES Corp., | | | | | |
| Sec d. Notes, 144A | Ba3 | 8.75% | 5/15/13 | \$ 57 | \$ 59,565 |
| Sr. Notes | B1 | 9.375 | 9/15/10 | 700 | 738,499 |
| Sr. Notes | B1 | 9.50 | 6/1/09 | 75 | 77,625 |
| AES Eastern Energy LP, Pass-Through Cert., Ser. 1999-A | | | | | |
| | Ba1 | 9.00 | 1/2/17 | 190 | 207,122 |
| CMS Energy Corp., Sr. Notes | | | | | |
| | Ba1 | 8.50 | 4/15/11 | 200 | 215,198 |
| Dynergy Holdings, Inc., Debentures | | | | | |
| | B2 | 7.125 | 5/15/18 | 50 | 45,000 |
| Sr. Notes | | | | | |
| | B2 | 6.875 | 4/1/11 | 150 | 145,688 |
| Sr. Unsec d. Notes | | | | | |
| | B2 | 7.50 | 6/1/15 | 175 | 163,844 |
| Sr. Unsec d. Notes | | | | | |
| | B2 | 8.375 | 5/1/16 | 255 | 249,263 |
| Edison Mission Energy, Sr. Unsec d. Notes | | | | | |
| | B1 | 7.75 | 6/15/16 | 225 | 231,750 |
| Energy Future Holdings Corp., Gtd. Notes, 144A | | | | | |
| | B3 | 10.875 | 11/1/17 | 200 | 197,120 |
| Midwest Generation LLC, Pass-Thru Certs., Ser. A | | | | | |
| | Baa3 | 8.30 | 7/2/09 | 103 | 104,126 |
| Mirant Americas Generation LLC, Sr. Unsec d. Notes | | | | | |
| | B3 | 8.30 | 5/1/11 | 100 | 100,625 |
| Mirant Corp., 144A | | | | | |
| | NR | 7.40 | 7/15/49 | 75(a)(f) | 75 |
| NRG Energy, Inc., Gtd. Notes | | | | | |
| | B1 | 7.375 | 2/1/16 | 405 | 390,319 |
| Gtd. Notes | | | | | |
| | B1 | 7.375 | 1/15/17 | 325 | 312,813 |
| NSG Holdings LLC, Sec d. Notes, 144A | | | | | |
| | Ba2 | 7.75 | 12/15/25 | 475 | 460,156 |
| Orion Power Holdings, Inc., Sr. Notes | | | | | |
| | B2 | 12.00 | 5/1/10 | 370 | 401,450 |
| Sierra Pacific Resources, Inc., Sr. Notes | | | | | |
| | Ba3 | 8.625 | 3/15/14 | 199 | 211,613 |
| Texas Competitive Electric Holdings Co. LLC, Bank Loan | | | | | |
| | Ba3 | 6.583 | 10/10/14 | 750(f) | 683,778 |
| Gtd. Notes, Ser. A, 144A | | | | | |
| | B3 | 10.25 | 11/1/15 | 475 | 463,124 |
| Gtd. Notes, Ser. B, 144A | | | | | |
| | B3 | 10.25 | 11/1/15 | 475 | 463,125 |

5,921,878

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 7

Portfolio of Investments

as of February 29, 2008 (Unaudited) continued

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Energy - Other 5.3% | | | | | |
| Compagnie Generale de Geophysique-Veritas (France), Gtd. Notes | Ba3 | 7.50% | 5/15/15 | \$ 110(c) | \$ 110,550 |
| Forest Oil Corp., Sr. Notes | B1 | 8.00 | 6/15/08 | 100 | 100,500 |
| Sr. Notes | B1 | 8.00 | 12/15/11 | 170 | 176,800 |
| McMoran Exploration Co., Gtd. Notes | Caa1 | 11.875 | 11/15/14 | 200 | 204,000 |
| Newfield Exploration Co., Sr. Sub. Notes | Ba3 | 6.625 | 9/01/14 | 75 | 73,500 |
| Sr. Sub. Notes | Ba3 | 6.625 | 4/15/16 | 400 | 388,999 |
| Parker Drilling Co., Sr. Notes | B2 | 9.625 | 10/1/13 | 270 | 286,200 |
| PetroHawk Energy Corp., Gtd. Notes | B3 | 9.125 | 7/15/13 | 250 | 255,000 |
| Petroplus Finance Ltd. (Bermuda), 144A Gtd. Notes | B1 | 6.75 | 5/1/14 | 250(c) | 226,875 |
| Gtd. Notes | B1 | 7.00 | 5/1/17 | 75(c) | 67,313 |
| Pioneer Natural Resource Co., Sr. Notes | Ba1 | 5.875 | 7/15/16 | 50 | 45,799 |
| Sr. Unsec. d. Notes | Ba1 | 6.65 | 3/15/17 | 315 | 302,025 |
| Plains Exploration & Production Co., Gtd. Notes | B1 | 7.00 | 3/15/17 | 410 | 393,599 |
| Swift Energy Co., Gtd. Notes | B1 | 7.125 | 6/1/17 | 225 | 209,250 |
| Tesoro Corp., Gtd. Notes | Ba1 | 6.25 | 11/1/12 | 15 | 14,363 |
| Gtd. Notes | Ba1 | 6.625 | 11/1/15 | 50 | 47,250 |
| Sr. Notes | Ba1 | 6.50 | 6/1/17 | 175 | 162,750 |
| | | | | | 3,064,773 |
| Foods 2.5% | | | | | |
| Ahold Finance USA, Inc., Gtd. Notes | Baa3 | 6.875 | 5/1/29 | 75 | 75,946 |
| Notes | Baa3 | 8.25 | 7/15/10 | 75 | 83,378 |
| Alberton s, Inc., Debentures | B1 | 8.70 | 5/1/30 | 100 | 99,873 |
| Aramark Corp., Gtd. Notes | B3 | 6.739 | 2/1/15 | 200(h) | 175,000 |
| Gtd. Notes | B3 | 8.50 | 2/1/15 | 250 | 246,249 |
| Carrols Corp., Gtd. Notes | B3 | 9.00 | 1/15/13 | 175 | 159,250 |

See Notes to Financial Statements.

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| | 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 | \$ 101,500 |
| Dole Food Co., Inc., Gtd. Notes | Caa1 | 7.25 | 6/15/10 | 100 | 82,000 |
| National Beef Packing Co. LLC, Sr. Notes | Caa1 | 10.50 | 8/1/11 | 150 | 132,000 |
| Stater Brothers Holdings, Sr. Notes | B2 | 7.75 | 4/15/15 | 225 | 213,750 |
| Sr. Notes | B2 | 8.125 | 6/15/12 | 100 | 99,500 |
| | | | | | 1,468,446 |
| Gaming 8.0% | | | | | |
| Caesars Entertainment, Inc., Sr. Sub. Notes | Caa1 | 8.125 | 5/15/11 | 135 | 114,750 |
| CCM Merger, Inc., Notes, 144A | B3 | 8.00 | 8/1/13 | 550 | 481,250 |
| Downstream Development Authority of The Quapaw Tribe of Oklahoma, Sec d. Notes, 144A | B3 | 12.00 | 10/15/15 | 100 | 85,000 |
| Fontainebleau Las Vegas Holdings LLC, Mortgage Backed, 144A | Caa1 | 10.25 | 6/15/15 | 275 | 198,000 |
| Harrah's Operating Co., Inc., Gtd. Notes | Caa1 | 5.50 | 7/1/10 | 150 | 132,375 |
| Gtd. Notes | Caa1 | 5.625 | 6/1/15 | 175 | 105,000 |
| Gtd. Notes, 144A | B3 | 10.75 | 2/1/16 | 300 | 262,125 |
| Notes | Caa1 | 6.50 | 6/1/16 | 25 | 14,938 |
| Mandalay Resort Group, Sr. Notes | Ba2 | 9.50 | 8/1/08 | 250 | 253,125 |
| Sub. Notes | B1 | 9.375 | 2/15/10 | 100 | 102,750 |
| MGM Mirage, Inc. Gtd. Notes | Ba2 | 6.00 | 10/1/09 | 250 | 248,750 |
| Gtd. Notes | Ba2 | 6.875 | 4/1/16 | 225 | 202,500 |
| Gtd. Notes | Ba2 | 7.50 | 6/1/16 | 300 | 279,000 |
| Gtd. Notes | Ba2 | 7.625 | 1/15/17 | 550 | 518,374 |
| Mohegan Tribal Gaming Authority, Sr. Sub. Notes | Ba2 | 8.00 | 4/1/12 | 175 | 169,750 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 9

Portfolio of Investments

as of February 29, 2008 (Unaudited) continued

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Sr. Sub. Notes | Ba2 | 8.375% | 7/1/11 | \$ 850 | \$ 859,562 |
| Sr. Unsec. d. Notes | Baa3 | 6.125 | 2/15/13 | 25 | 22,625 |
| Shingle Springs Tribal Gaming Authority, Sr. Notes, 144A | B3 | 9.375 | 6/15/15 | 150 | 133,500 |
| Station Casinos, Inc., Sr. Notes | B2 | 6.00 | 4/1/12 | 100 | 84,500 |
| Sr. Sub. Notes | Caa1 | 6.50 | 2/1/14 | 275 | 183,563 |
| Sr. Sub. Notes | Caa1 | 6.625 | 3/15/18 | 75 | 45,938 |
| Sr. Sub. Notes | Caa1 | 6.875 | 3/1/16 | 65 | 40,950 |
| Tropicana Entertainment LLC, Sr. Sub. Notes | Caa3 | 9.625 | 12/15/14 | 275 | 132,000 |
| | | | | | 4,670,325 |
| Healthcare & Pharmaceutical 16.2% | | | | | |
| Accellent, Inc., Gtd. Notes | Caa3 | 10.50 | 12/1/13 | 575 | 454,250 |
| Alliance Imaging, Inc., Sr. Sub. Notes | B3 | 7.25 | 12/15/12 | 200 | 189,000 |
| Sr. Sub. Notes, 144A | B3 | 7.25 | 12/15/12 | 85 | 80,325 |
| Columbia/HCA Healthcare Corp., M.T.N. | Caa1 | 8.70 | 2/10/10 | 500 | 507,207 |
| Community Health Systems, Inc., Sr. Notes | B3 | 8.875 | 7/15/15 | 750 | 735,937 |
| Elan Finance PLC (Ireland), Gtd. Notes | B3 | 7.065 | 11/15/11 | 103(c)(h) | 94,503 |
| Gtd. Notes | B3 | 7.75 | 11/15/11 | 275(c) | 259,188 |
| HCA, Inc., Bank Loan | Ba3 | 6.83 | 11/17/12 | 750(f) | 687,991 |
| Debentures | Caa1 | 7.50 | 11/15/95 | 100 | 73,794 |
| Sec. d. Notes | B2 | 9.25 | 11/15/16 | 525 | 538,125 |
| Sr. Sec. d. Notes | B2 | 9.125 | 11/15/14 | 600 | 612,000 |
| LVB Acquisition Merger Sub, Inc., 144A Gtd. Notes | B3 | 10.00 | 10/15/17 | 300 | 310,125 |
| Gtd. Notes | Caa1 | 11.625 | 10/15/17 | 515 | 506,631 |
| Mylan, Inc., Bank Loan | B1 | 7.10 | 10/02/14 | 1,000(f) | 964,721 |

See Notes to Financial Statements.

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| | Moody s Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Omega Healthcare Investors, Inc. Gtd. Notes | Ba3 | 7.00% | 4/1/14 | \$ 50 | \$ 48,625 |
| Gtd. Notes | Ba3 | 7.00 | 1/15/16 | 70 | 67,200 |
| Omnicare, Inc., Sr. Sub. Notes | Ba3 | 6.125 | 6/1/13 | 125 | 109,063 |
| PTS Acquisition Corp., Sr. Notes, PIK, 144A | Caa1 | 9.50 | 4/15/15 | 225 | 183,375 |
| Res-Care, Inc., Sr. Notes | B1 | 7.75 | 10/15/13 | 300 | 287,250 |
| Select Medical Corp., Gtd. Notes | B3 | 7.625 | 2/1/15 | 45 | 36,900 |
| Senior Housing Properties Trust, Sr. Notes | Ba1 | 8.625 | 1/15/12 | 618 | 655,080 |
| Skilled Healthcare Group, Inc., Sr. Sub. Notes | Caa1 | 11.00 | 1/15/14 | 303 | 318,150 |
| Sun Healthcare Group, Inc., Sr. Sub. Notes | B3 | 9.125 | 4/15/15 | 300 | 288,750 |
| Surgical Care Affiliates, Inc., Sr. Sub. Notes, 144A (original cost \$191,884; purchased 6/21/07 - 1/4/08) | Caa1 | 10.00 | 7/15/17 | 200(g) | 152,000 |
| Vanguard Health Holdings Co. II LLC, Sr. Sub. Notes | Caa1 | 9.00 | 10/1/14 | 375 | 358,125 |
| Ventas Realty LP, Gtd. Notes | Ba1 | 8.75 | 5/1/09 | 300 | 306,750 |
| Sr. Notes | Ba1 | 9.00 | 5/1/12 | 175 | 187,250 |
| Viant Holdings, Inc., Gtd. Notes, 144A | Caa1 | 10.125 | 7/15/17 | 555 | 452,325 |
| | | | | | 9,464,640 |
| Lodging 1.6% | | | | | |
| Felcor Lodging LP, Gtd. Notes | Ba3 | 8.50 | 6/1/11 | 225 | 225,563 |
| Gaylord Entertainment Co., Sr. Notes | B3 | 8.00 | 11/15/13 | 25 | 23,000 |
| Host Marriott LP, Gtd. Notes, Ser. Q | Ba1 | 6.75 | 6/1/16 | 325 | 307,937 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 11

Portfolio of Investments

as of February 29, 2008 (Unaudited) continued

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Sr. Notes | Ba1 | 7.125% | 11/1/13 | \$ 200 | \$ 197,000 |
| Sr. Notes, Ser. M | Ba1 | 7.00 | 8/15/12 | 200 | 195,000 |
| | | | | | 948,500 |
| Media & Entertainment 8.6% | | | | | |
| AMC Entertainment, Inc., | | | | | |
| Gtd. Notes | B2 | 11.00 | 2/1/16 | 50 | 47,000 |
| Sr. Sub. Notes | B2 | 8.00 | 3/1/14 | 100 | 84,250 |
| Cinemark, Inc., Sr. Disc. Notes (Zero Coupon Until 3/15/09) | | | | | |
| | B3 | Zero | 3/15/14 | 90 | 81,900 |
| Clear Channel Communications, Inc., | | | | | |
| Debentures | Baa3 | 6.875 | 6/15/18 | 25 | 17,875 |
| Sr. Notes | Baa3 | 5.50 | 9/15/14 | 150 | 99,000 |
| Sr. Notes | Baa3 | 5.75 | 1/15/13 | 250 | 180,000 |
| CMP Susquehanna Corp., Gtd. Notes | | | | | |
| | Caa1 | 9.875 | 5/15/14 | 50 | 33,063 |
| Dex Media West LLC, Sr. Sub. Notes, Ser. B | | | | | |
| | B1 | 9.875 | 8/15/13 | 415 | 348,600 |
| Dex Media, Inc., Notes | | | | | |
| | B2 | 8.00 | 11/15/13 | 165 | 117,150 |
| DirecTV Holdings LLC, Gtd. Notes | | | | | |
| | Ba3 | 6.375 | 6/15/15 | 150 | 139,125 |
| Sr. Notes | Ba3 | 8.375 | 3/15/13 | 150 | 154,500 |
| Echostar DBS Corp., | | | | | |
| Gtd. Notes | Ba3 | 6.625 | 10/1/14 | 75 | 72,188 |
| Gtd. Notes | Ba3 | 7.00 | 10/1/13 | 75 | 73,875 |
| Gtd. Notes | Ba3 | 7.125 | 2/1/16 | 475 | 466,687 |
| Sr. Notes | Ba3 | 6.375 | 10/1/11 | 75 | 73,875 |
| Idearc, Inc., | | | | | |
| Bank Loan | Ba2 | 6.83 | 11/17/14 | 750(f) | 617,030 |
| Gtd. Notes | B2 | 8.00 | 11/15/16 | 350 | 206,500 |
| Intelsat Bermuda Ltd. (Bermuda), Gtd. Notes | | | | | |
| | B3 | 9.25 | 6/15/16 | 175(c) | 175,000 |
| Sr. Unsec d. Notes | Caa2 | 11.25 | 6/15/16 | 225(c) | 224,156 |
| LIN Television Corp., Gtd. Notes | | | | | |
| | B1 | 6.50 | 5/15/13 | 300 | 271,500 |
| Medianews Group, Inc., Sr. Sub. Notes | | | | | |
| | B3 | 6.875 | 10/1/13 | 125 | 64,063 |

See Notes to Financial Statements.

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| Morris Publishing Group LLC, Gtd. Notes | B1 | 7.00% | 8/1/13 | \$ 65 | \$ 39,000 |
| Radio One, Inc., Gtd. Notes, Ser. B | B3 | 8.875 | 7/1/11 | 200 | 159,000 |
| Rainbow National Services LLC, 144A | | | | | |
| Sr. Notes | B1 | 8.75 | 9/1/12 | 125 | 128,125 |
| Sr. Sub. Debentures | B2 | 10.375 | 9/1/14 | 20 | 21,300 |
| RH Donnelley Corp., | | | | | |
| Sr. Notes, 144A | B3 | 8.875 | 10/15/17 | 150 | 87,750 |
| Sr. Notes, Ser. A-3 | B3 | 8.875 | 1/15/16 | 225 | 133,875 |
| Sun Media Corp. (Canada), Gtd. Notes | Ba1 | 7.625 | 2/15/13 | 400(c) | 384,000 |
| Universal City Florida Holdings Co., Sr. Notes | B3 | 7.989 | 5/1/10 | 250(h) | 240,313 |
| Univision Communications, Inc., Sr. Notes, PIK, 144A | B3 | 9.75 | 3/15/15 | 400 | 276,000 |
| | | | | | 5,016,700 |
| Metal 7.3% | | | | | |
| AK Steel Corp., Gtd. Notes | B1 | 7.75 | 6/15/12 | 200 | 201,500 |
| Aleris International, Inc., Sr. Notes, PIK | B3 | 9.00 | 12/15/14 | 150 | 111,750 |
| Century Aluminum Co., Gtd. Notes | B1 | 7.50 | 8/15/14 | 155 | 147,250 |
| FMG Finance Pty Ltd. (Australia), 144A | | | | | |
| Sec d. Notes (original cost \$147,000; purchased 1/18/07) | B1 | 10.00 | 9/1/13 | 140(c)(g) | 151,900 |
| Sec d. Notes (original cost \$67,500; purchased 5/22/07) | B1 | 10.625 | 9/1/16 | 50(c)(g) | 56,750 |
| Freeport-McMoRan Copper & Gold, Inc., | | | | | |
| Sr. Unsec d. Notes | Ba2 | 8.375 | 4/01/17 | 650 | 689,000 |
| Sr. Unsec d. Notes | Ba2 | 8.394 | 4/1/15 | 300(h) | 288,375 |
| Gerdau Ameristeel Corp. (Canada), Sr. Notes | Ba1 | 10.375 | 7/15/11 | 1,000(c) | 1,050,000 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 13

Portfolio of Investments

as of February 29, 2008 (Unaudited) continued

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Ispat Inland ULC (Canada), Sec. d. Notes | Baa2 | 9.75% | 4/1/14 | \$ 790(c) | \$ 858,059 |
| Metals USA, Inc., Sec. d. Notes | B3 | 11.125 | 12/1/15 | 297 | 293,288 |
| Novelis, Inc. (Canada), Gtd. Notes | B3 | 7.25 | 2/15/15 | 115(c) | 103,500 |
| PNA Group, Inc., Sr. Notes | B3 | 10.75 | 9/1/16 | 50 | 44,000 |
| Ryerson, Inc., Sec. d. Notes, 144A (original cost \$250,000; purchased 10/3/07) | B2 | 12.00 | 11/1/15 | 250(g) | 235,000 |
| | | | | | 4,230,372 |
| Non-Captive Finance 2.2% | | | | | |
| General Motors Acceptance Corp., Notes | B1 | 6.75 | 12/1/14 | 85 | 64,023 |
| Notes | B1 | 6.875 | 9/15/11 | 50 | 40,796 |
| Notes | B1 | 6.875 | 8/28/12 | 1,020 | 814,172 |
| GMAC LLC, Unsub. Notes | B1 | 6.625 | 5/15/12 | 75 | 59,478 |
| Residential Capital LLC, Gtd. Notes | B2 | 7.875 | 6/30/10 | 380 | 216,600 |
| Gtd. Notes | B2 | 8.50 | 6/1/12 | 200 | 109,000 |
| | | | | | 1,304,069 |
| Packaging 4.7% | | | | | |
| Ball Corp., Gtd. Notes | Ba1 | 6.625 | 3/15/18 | 525 | 518,437 |
| Berry Plastics Holding Corp., Sec. d. Notes | Caa1 | 8.866 | 9/15/14 | 225(h) | 177,750 |
| Sec. d. Notes | Caa1 | 8.875 | 9/15/14 | 175 | 154,438 |
| BWAY Corp., Gtd. Notes | B3 | 10.00 | 10/15/10 | 150 | 145,500 |
| Crown Americas LLC, Gtd. Notes | B1 | 7.625 | 11/15/13 | 300 | 303,750 |
| Gtd. Notes | B1 | 7.75 | 11/15/15 | 250 | 255,625 |
| Exopack Holding Corp., Gtd. Notes | B3 | 11.25 | 2/01/14 | 150 | 138,750 |
| Graham Packaging Co., Inc., Gtd. Notes | Caa1 | 8.50 | 10/15/12 | 125 | 112,188 |
| Sub. Notes | Caa1 | 9.875 | 10/15/14 | 75 | 63,938 |

See Notes to Financial Statements.

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| | Moody s Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Greif, Inc., Sr. Notes | Ba2 | 6.75% | 2/1/17 | \$ 415 | \$ 400,474 |
| Owens Brockway Glass Container, Inc., Gtd. Notes | B3 | 8.25 | 5/15/13 | 300 | 310,500 |
| Silgan Holdings, Inc., Sr. Sub. Notes | B1 | 6.75 | 11/15/13 | 175 | 164,500 |
| | | | | | 2,745,850 |
| Paper 5.0% | | | | | |
| Cascades, Inc. (Canada), Sr. Notes | Ba3 | 7.25 | 2/15/13 | 275(c) | 248,875 |
| Catalyst Paper Corp., (Canada), Gtd. Notes, Ser. D | B2 | 8.625 | 6/15/11 | 315(c) | 263,813 |
| Cellu Tissue Holdings, Inc., Sec d. Notes | B2 | 9.75 | 3/15/10 | 75 | 69,375 |
| Domtar, Inc., Notes | B+(d) | 7.875 | 10/15/11 | 100 | 98,500 |
| Georgia-Pacific LLC, Bank Loan (original cost \$695,869, purchased 1/30/08) | Ba2 | 6.836 | 12/20/12 | 750(f)(g) | 690,124 |
| Georgia-Pacific Corp., Gtd. Notes, 144A (original cost \$275,000; purchased 12/13/06) | Ba3 | 7.125 | 1/15/17 | 275(g) | 255,750 |
| Graphic Packaging International Corp., Sr. Notes | B2 | 8.50 | 8/15/11 | 275 | 265,375 |
| Sr. Sub. Notes | B3 | 9.50 | 8/15/13 | 75 | 70,688 |
| NewPage Corp., Sr. Sec d. Notes | B2 | 10.00 | 5/1/12 | 350 | 350,875 |
| NewPage Corp., Sr. Sec d. Notes, 144A | B2 | 10.00 | 5/1/12 | 130 | 130,325 |
| Norampac, Inc. (Canada), Sr. Notes | Ba3 | 6.75 | 6/1/13 | 110(c) | 96,250 |
| P.H. Glatfelter, Gtd. Notes | Ba2 | 7.125 | 5/1/16 | 40 | 39,700 |
| Smurfit-Stone Container Enterprises, Inc., Sr. Notes | B3 | 8.00 | 3/15/17 | 165 | 146,025 |
| Verso Paper Holdings LLC, Gtd. Notes, Ser. B | B3 | 11.375 | 8/1/16 | 200 | 181,000 |
| | | | | | 2,906,675 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 15

Portfolio of Investments

as of February 29, 2008 (Unaudited) continued

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Pipelines & Other 4.0% | | | | | |
| AmeriGas Partners LP, Sr. Notes | B1 | 7.125% | 5/20/16 | \$ 175 | \$ 170,625 |
| El Paso Corp., Sr. Notes, M.T.N. | Ba3 | 7.75 | 1/15/32 | 390 | 402,420 |
| Ferrellgas Partners LP, Sr. Notes | Ba3 | 6.75 | 5/1/14 | 50 | 48,813 |
| Inergy LP, Gtd. Notes | B1 | 8.25 | 3/1/16 | 50 | 51,250 |
| Sr. Notes | B1 | 6.875 | 12/15/14 | 150 | 145,500 |
| Kinder Morgan Finance Co. ULC (Canada), Gtd. Notes | Ba2 | 5.70 | 1/5/16 | 125(c) | 116,250 |
| Gtd. Notes | Ba2 | 6.40 | 1/5/36 | 175(c) | 157,500 |
| Targa Resources, Inc., Gtd. Notes, 144A | B3 | 8.50 | 11/1/13 | 400 | 371,000 |
| Williams Cos., Inc. (The), Sr. Unsec d. Notes | Baa3 | 8.125 | 3/15/12 | 475 | 517,749 |
| Williams Partners LP, Gtd. Notes | Ba2 | 7.25 | 2/1/17 | 375 | 377,813 |
| | | | | | 2,358,920 |
| Retailers 2.8% | | | | | |
| Couche-Tard Finance Corp., Sr. Sub. Notes | Ba2 | 7.50 | 12/15/13 | 125 | 124,375 |
| GSC Holdings Corp., Gtd. Notes | Ba3 | 8.00 | 10/01/12 | 165 | 173,869 |
| Neiman-Marcus Group, Inc., Gtd. Notes, PIK | B2 | 9.00 | 10/15/15 | 380 | 378,100 |
| Pantry, Inc. (The), Sr. Sub. Notes | B3 | 7.75 | 2/15/14 | 165 | 146,850 |
| Rite Aid Corp., Sec d. Notes | B3 | 8.125 | 5/01/10 | 545 | 525,925 |
| Saks, Inc., Gtd. Notes | B3 | 9.875 | 10/01/11 | 58 | 58,290 |
| Susser Holdings LLC, Gtd. Notes | B3 | 10.625 | 12/15/13 | 134 | 137,015 |
| Sr. Notes, 144A | B3 | 10.625 | 12/15/13 | 70 | 71,575 |
| | | | | | 1,615,999 |

See Notes to Financial Statements.

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| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| Technology 10.9% | | | | | |
| Affiliated Computer Services, Inc. | Ba2 | 4.70% | 6/1/10 | \$ 1,100 | \$ 1,038,124 |
| Amkor Technology, Inc., Sr. Notes | B1 | 7.125 | 3/15/11 | 75 | 70,875 |
| Avago Technologies Finance Wireless (Singapore), | | | | | |
| Gtd. Notes | B2 | 10.125 | 12/1/13 | 205(c) | 216,275 |
| Gtd. Notes | Caa1 | 11.875 | 12/1/15 | 125(c) | 132,500 |
| First Data Corp., Gtd. Notes, 144A | B3 | 9.875 | 9/24/15 | 150 | 130,125 |
| Flextronics International Ltd., Bank Loan | Ba1 | 7.394 | 10/1/12 | 1,000(f) | 928,333 |
| Freescale Semiconductor, Inc., Sr. Sub. Notes | B3 | 10.125 | 12/15/16 | 20 | 14,200 |
| Sr. Unsec'd. Notes, PIK | B2 | 9.125 | 12/15/14 | 955 | 725,800 |
| Iron Mountain, Inc., Gtd. Notes | B3 | 7.75 | 1/15/15 | 250 | 250,625 |
| Gtd. Notes | B3 | 8.625 | 4/1/13 | 175 | 176,313 |
| Nortel Networks Ltd. (Canada), Gtd. Notes | B3 | 4.25 | 9/1/08 | 68(c) | 67,235 |
| NXP BV/NXP Funding LLC (Netherlands), Sec'd. Notes, Series WI | Ba3 | 7.875 | 10/15/14 | 100(c) | 91,000 |
| Open Solutions, Inc., Sr. Sub. Notes, 144A | Caa1 | 9.75 | 2/1/15 | 200 | 158,000 |
| Seagate Technology HDD Holdings (Cayman Islands), Gtd. Notes | Ba1 | 6.375 | 10/1/11 | 300(c) | 297,000 |
| Sensata Technologies BV (Netherlands), Gtd. Notes | B3 | 8.00 | 5/1/14 | 400(c) | 350,000 |
| Serena Software, Inc., Gtd. Notes | Caa1 | 10.375 | 3/15/16 | 450 | 427,500 |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 17

Portfolio of Investments

as of February 29, 2008 (Unaudited) continued

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|---|-------------------|------------------|------------------|---------------------------|----------------|
| STATS ChipPAC Ltd. (Singapore), Gtd. Notes | Ba1 | 6.75% | 11/15/11 | \$ 250(c) | \$ 258,750 |
| Sr. Notes | Ba1 | 7.50 | 7/19/10 | 150(c) | 157,500 |
| Sungard Data Systems, Bank Loan | Ba3 | 5.128 | 2/28/14 | 750(f) | 690,782 |
| Gtd. Notes | Caa1 | 9.125 | 8/15/13 | 200 | 201,500 |
| | | | | | 6,382,437 |
| Telecommunications 10.7% | | | | | |
| Alltel Communications, Inc., Bank Loan | Ba3 | 5.82 | 5/15/15 | 500(f) | 453,239 |
| American Tower Corp., Sr. Unsec. d. Notes | Ba1 | 7.125 | 10/15/12 | 750 | 768,750 |
| Centennial Communications Corp., Gtd. Notes | B2 | 10.125 | 6/15/13 | 75 | 75,750 |
| Cincinnati Bell, Inc., Sr. Sub. Notes | B2 | 8.375 | 1/15/14 | 175 | 168,000 |
| Citizens Communications Co., Notes | Ba2 | 9.25 | 5/15/11 | 205 | 215,763 |
| Sr. Notes | Ba2 | 6.25 | 1/15/13 | 150 | 138,000 |
| Sr. Notes | Ba2 | 9.00 | 8/15/31 | 150 | 138,000 |
| Hawaiian Telcom Communications, Inc., Gtd. Notes, Ser. B | Caa1 | 12.50 | 5/1/15 | 225 | 173,250 |
| Level 3 Financing, Inc., Gtd. Notes | Caa1 | 12.25 | 3/15/13 | 425 | 395,250 |
| Nordic Telephone Co. Holdings (Denmark), Sr. Notes, 144A | B2 | 8.875 | 5/1/16 | 265(c) | 261,025 |
| Qwest Capital Funding, Inc., Gtd. Notes | B1 | 7.00 | 8/3/09 | 1,000 | 997,499 |
| Qwest Communications International, Inc., Gtd. Notes, Ser. B | Ba3 | 7.50 | 2/15/14 | 205 | 199,363 |
| Qwest Corp., Sr. Notes | Ba1 | 7.50 | 10/1/14 | 275 | 272,250 |
| Rural Cellular Corp., Sr. Notes | B3 | 9.875 | 2/1/10 | 135 | 138,713 |
| Sprint Capital Corp., Gtd. Notes | Baa3 | 6.125 | 11/15/08 | 1,000 | 974,999 |

See Notes to Financial Statements.

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| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------|
| Corporate Bonds | | | | | |
| Time Warner Telecom Holdings, Inc., Gtd. Notes | B3 | 9.25% | 2/15/14 | \$ 100 | \$ 100,000 |
| Windstream Corp., Sr. Notes | Ba3 | 7.00 | 3/15/19 | 500 | 455,000 |
| Sr. Notes | Ba3 | 8.625 | 8/1/16 | 300 | 305,250 |
| | | | | | 6,230,101 |
| Total corporate bonds (cost \$83,292,236) | | | | | 78,543,177 |
| SOVEREIGN BONDS 1.5% | | | | | |
| Republic of Argentina, Bonds, F.R.N. | B3 | 3.00 | 4/30/13 | 173(c) | 108,670 |
| Bonds, F.R.N. | B3 | 3.092 | 8/3/12 | 213(c)(h) | 186,174 |
| Republic of Colombia, Notes | Ba2 | 10.00 | 1/23/12 | 200(c) | 236,000 |
| Republic of Philippines, Bonds | B1 | 9.375 | 1/18/17 | 300(c) | 366,750 |
| Total sovereign bonds (cost \$871,147) | | | | | 897,594 |
| Shares | | | | | |
| COMMON STOCK | | | | | |
| Electric Mirant Corp. (cost \$1,623) | | | | 92 | 3,404 |
| 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., 144A, Expiring 3/15/10 | | | | 150(f) | 0 |
| Total warrants (cost \$219,817) | | | | | 1 |
| Total long-term investments (cost \$84,384,823) | | | | | 79,444,176 |

See Notes to Financial Statements.

Portfolio of Investments

as of February 29, 2008 (Unaudited) continued

| | Moody's Rating | Interest Rate | Maturity Date | Principal Amount (000) | Value (Note 1) |
|--|-------------------|------------------|------------------|---------------------------|----------------------|
| SHORT-TERM INVESTMENT 16.3% | | | | | |
| U.S. GOVERNMENT AGENCY SECURITY | | | | | |
| Federal Home Loan Bank, Discount Note (cost \$9,523,942) | A-1+(d) | 2.00%(e) | 3/03/08 | \$ 9,525 | \$ 9,523,413 |
| Total Investments(i) 152.3% (cost \$93,908,765; Note 4) | | | | | 88,967,589 |
| Liabilities in excess of other assets (52.3%) | | | | | (30,565,865) |
| Total Net Assets 100.0% | | | | | \$ 58,401,724 |

The following abbreviations are used in portfolio descriptions:

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

144A 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 institution buyers. Unless otherwise noted, 144A securities are deemed to be liquid.

The ratings reflected are as of February 29, 2008. Ratings of certain bonds may have changed subsequent to that date.

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

(b) Non-income producing security.

(c) US\$ denominated foreign securities.

(d) Standard & Poor's Rating.

(e) Percentage quoted represents yield-to-maturity as of purchase date.

(f) Indicates a security that has been deemed illiquid.

(g) Indicates a restricted security; the aggregate original cost of such securities is \$1,627,253. The aggregate value of \$1,541,524 is approximately 2.6% of net assets.

(h) Indicates a variable rate security. The interest rate shown reflects the rate in effect at February 29, 2008.

(i) As of February 29, 2008, two securities representing \$76 and 0.0% of the total net assets were fair valued in accordance with the policies adopted by the Board of Directors.

See Notes to Financial Statements.

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The industry classification of portfolio holdings and liabilities in excess of other assets shown as a percentage of net assets as of February 29, 2008 were as follows:

| | |
|---------------------------------------|--------|
| U.S. Government Agency Security | 16.3% |
| Healthcare & Pharmaceutical | 16.2 |
| Capital Goods | 11.9 |
| Technology | 10.9 |
| Telecommunications | 10.7 |
| Electric | 10.1 |
| Media & Entertainment | 8.6 |
| Gaming | 8.0 |
| Metals | 7.3 |
| Cable | 6.5 |
| Chemicals | 5.6 |
| Energy - Other | 5.3 |
| Paper | 5.0 |
| Packaging | 4.7 |
| Pipelines & Other | 4.0 |
| Aerospace/Defense | 3.5 |
| Automotive | 3.5 |
| Retailers | 2.8 |
| Foods | 2.5 |
| Non-Captive Finance | 2.2 |
| Consumer | 2.1 |
| Lodging | 1.6 |
| Sovereign Bonds | 1.5 |
| Banking | 0.7 |
| Building Materials & Construction | 0.5 |
| Airlines | 0.3 |
| | 152.3 |
| Liabilities in excess of other assets | (52.3) |
| | 100.0% |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 21

Statement of Assets and Liabilities

as of February 29, 2008 (Unaudited)

| | |
|--|----------------------|
| Assets | |
| Investments, at value (cost \$93,908,765) | \$ 88,967,589 |
| Foreign currency, at value (cost \$65,126) | 71,629 |
| Interest receivable | 1,651,000 |
| Receivable for investments sold | 585,125 |
| Prepaid expenses | 576 |
| Total assets | 91,275,919 |
| Liabilities | |
| Loan payable (Note 5) | 24,000,000 |
| Payable for investments purchased | 7,325,313 |
| Payable to custodian | 1,179,693 |
| Accrued expenses | 213,488 |
| Loan interest payable | 70,460 |
| Deferred directors' fees | 52,665 |
| Management fee payable | 32,576 |
| Total liabilities | 32,874,195 |
| Net Assets | \$ 58,401,724 |
| Net assets were comprised of: | |
| Common stock, at par | \$ 116,005 |
| Paid-in capital in excess of par | 86,545,245 |
| | 86,661,250 |
| Undistributed net investment income | 98,492 |
| Accumulated net realized loss on investments and foreign currency transactions | (23,423,345) |
| Net unrealized depreciation on investments and foreign currencies | (4,934,673) |
| Net assets, February 29, 2008 | \$ 58,401,724 |
| Net asset value per share (\$58,401,724 ÷ 11,600,472 shares of common stock issued and outstanding) | \$ 5.03 |

See Notes to Financial Statements.

Statement of Operations

Six Months Ended February 29, 2008 (Unaudited)

| | |
|--|-----------------------|
| Net Investment Income | |
| Income | |
| Interest | \$ 3,428,008 |
| Expenses | |
| Management fee | 213,738 |
| Loan interest expense (Note 5) | 521,837 |
| Custodian's fees and expenses | 34,000 |
| Reports to shareholders | 30,000 |
| Transfer agent's fees and expenses | 15,000 |
| Audit fee | 13,000 |
| Legal fees and expenses | 12,000 |
| Registration fees | 12,000 |
| Directors' fees and expenses | 5,000 |
| Miscellaneous | 18,220 |
| Total expenses | 874,795 |
| Net investment income | 2,553,213 |
| Realized And Unrealized Loss On Investments And Foreign Currency Transactions | |
| Net realized loss on investments | (338,709) |
| Net change in net unrealized appreciation/depreciation on: | |
| Investments | (3,352,101) |
| Foreign currencies | (1,054) |
| | (3,353,155) |
| Net loss on investments and foreign currency transactions | (3,691,864) |
| Net Decrease In Net Assets Resulting From Operations | \$ (1,138,651) |

See Notes to Financial Statements.

The High Yield Income Fund, Inc. 23

Statement of Cash Flows

Six Months Ended February 29, 2008 (Unaudited)

Increase (Decrease) in Cash

Cash flows provided from (used in) operating activities:

| | |
|---|--------------|
| Interest and dividends received (excluding discount and premium amortization of \$74,032) | \$ 3,436,378 |
| Operating expenses paid | (321,701) |
| Loan interest paid | (537,002) |
| Maturities of short-term portfolio investments, net | (8,913,519) |
| Purchases of long-term portfolio investments | (30,613,328) |
| Proceeds from disposition of long-term portfolio investments | 33,457,888 |
| Prepaid expenses | 679 |
| Net cash used in operating activities | (3,490,605) |

Cash flows provided from (used in) financing activities:

| | |
|-----------------------|-------------|
| Cash dividends paid | (2,690,250) |
| Increase in borrowing | 5,000,000 |

Net cash from financing activities 2,309,750

Net decrease in cash (1,180,855)
Cash at beginning of period 72,791

Cash at end of period \$ (1,108,064)

Reconciliation of Net Decrease in Net Assets to Net Cash Provided from (used in) Operating Activities

| | |
|--|----------------|
| Net decrease in net assets resulting from operations | \$ (1,138,651) |
| Increase in investments | (12,748,925) |
| Net realized loss on investment transactions | 338,709 |
| Increase in net unrealized depreciation on investments | 3,353,155 |
| Decrease in interest and dividends receivable | 82,402 |
| Increase in receivable for investments sold | (566,168) |
| Decrease in prepaid expenses | 679 |
| Increase in payable for investments purchased | 7,172,102 |
| Decrease in loan interest payable | (25,165) |
| Increase in accrued expenses and other liabilities | 41,257 |
| Total adjustments | (2,351,954) |
| Net cash used in operating activities | \$ (3,490,605) |

See Notes to Financial Statements.

Statement of Changes in Net Assets

(Unaudited)

| | Six Months Ended February 29, 2008 | Year Ended August 31, 2007 |
|--|---|---|
| Decrease In Net Assets | | |
| Operations | | |
| Net investment income | \$ 2,553,213 | \$ 4,886,621 |
| Net realized gain (loss) on investment and foreign currency transactions | (338,709) | 1,244,579 |
| Net change in unrealized appreciation/depreciation on investments and foreign currencies | (3,353,155) | (2,174,339) |
| Net increase (decrease) in net assets resulting from operations | (1,138,651) | 3,956,861 |
| Dividends paid to shareholders from net investment income | (2,668,109) | (5,162,210) |
| Total decrease | (3,806,760) | (1,205,349) |
| Net Assets | | |
| Beginning of period | 62,208,484 | 63,413,833 |
| End of period(a) | \$ 58,401,724 | \$ 62,208,484 |
| (a) Includes undistributed net investment income of | \$ 98,492 | \$ 213,388 |

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 29, 2008, there were two securities representing \$76 whose values were adjusted in accordance with procedures approved by the Board of Directors.

Short-term debt 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 debt 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) continued

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 period-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 accretes 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.

Withholding taxes on foreign dividends are recorded net of reclaimable amounts at the time the related income is earned.

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 to shareholders, which are determined in accordance with federal income tax regulations and which may differ from generally accepted accounting principles, are recorded on the ex-dividend date. 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 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 29, 2008, aggregated \$38,239,370 and \$33,511,189, respectively.

Notes to Financial Statements

(Unaudited) continued

Note 4. Tax Information

The United States federal income tax basis of the Fund's investments and the net unrealized depreciation as of February 29, 2008, were as follows:

| Tax Basis of Investments | Appreciation | Depreciation | Net Unrealized Depreciation |
|-----------------------------|--------------|---------------|--------------------------------|
| \$94,329,304 | \$599,644 | \$(5,961,359) | \$(5,361,715) |

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

Management has analyzed the Funds' tax positions taken on federal income tax returns for all open tax years and has concluded that as of February 29, 2008, no provision for income tax would be required in the Funds' financial statements. The Fund's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

Note 5. Borrowings

The Fund has a credit agreement with State Street Bank & Trust Co. The maximum commitment under this agreement is \$30,000,000. 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. Interest on any such borrowings outstanding fluctuates daily at .50 of 1% over the Federal Funds rate and is payable monthly. The expiration of the renewed credit agreement is June 2, 2008. The average daily balance outstanding for the six months ended February 29, 2008, was \$20,989,010 at a weighted average interest rate of 4.87%. The maximum face amount of borrowings outstanding at any month-end during the six months ended February 29, 2008 was \$24,000,000.

The Fund pays commitment fees at an annual rate of .08 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.

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 29, 2008.

During the six months ended February 29, 2008 and the year ended August 31, 2007 the Fund did not issue shares in connection with the reinvestment of dividends.

Note 7. Subsequent Events

On March 3, 2008 the Board of Directors of the Fund declared dividends of \$.035 per share payable on March 31 2008, to shareholders of record on March 17, 2008, respectively.

Note 8. New Accounting Pronouncements

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, 29 2008 |
|---|---|
| Per Share Operating Performance: | |
| Net Asset Value, Beginning Of Period(a) | \$ 5.36 |
| Net investment income | .22 |
| Net realized and unrealized gain (loss) on investments | (.32) |
| Total from investment operations | (.10) |
| Dividends paid to shareholders from net investment income | (.23) |
| Net asset value, at end of period(a) | \$ 5.03 |
| Market price per share, end of period(a) | \$ 4.47 |
| Total Investment Return(b) | (4.49)% |
| Ratios/Supplemental Data: | |
| Net assets, end of period (000) | \$ 58,402 |
| Average net assets (000) | \$ 61,404 |
| Ratios to average net assets: | |
| Expenses, before loan interest | 1.16%(c) |
| Total expenses | 2.86%(c) |
| Net investment income | 8.36%(c) |
| Portfolio turnover rate | 41%(d) |
| Asset coverage | 343% |
| Total debt outstanding at period-end (000) | \$ 24,000 |

(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.

(c) Annualized.

(d) Not annualized.

See Notes to Financial Statements.

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| 2007 | 2006 | Year Ended August 31, 2005 | 2004 | 2003 |
|-----------|-----------|-------------------------------|-----------|-----------|
| \$ 5.47 | \$ 5.61 | \$ 5.57 | \$ 5.25 | \$ 4.53 |
| .42 | .43 | .45 | .50 | .52 |
| (.08) | (.14) | .09 | .39 | .74 |
| .34 | .29 | .54 | .89 | 1.26 |
| (.45) | (.43) | (.50) | (.57) | (.54) |
| \$ 5.36 | \$ 5.47 | \$ 5.61 | \$ 5.57 | \$ 5.25 |
| \$ 4.91 | \$ 4.89 | \$ 5.43 | \$ 5.93 | \$ 5.23 |
| 9.29% | (1.87)% | (.04)% | 25.47% | 24.52% |
| \$ 62,208 | \$ 63,414 | \$ 65,047 | \$ 64,471 | \$ 60,446 |
| \$ 64,798 | \$ 63,605 | \$ 65,406 | \$ 63,724 | \$ 55,261 |
| 1.12% | 1.16% | 1.36% | 1.48% | 1.44% |
| 3.17% | 3.12% | 2.71% | 2.31% | 2.38% |
| 7.54% | 7.85% | 7.91% | 9.05% | 10.93% |
| 66% | 58% | 75% | 98% | 118% |
| 427% | 376% | 383% | 358% | 347% |
| \$ 19,000 | \$ 23,000 | \$ 23,000 | \$ 25,000 | \$ 24,500 |

See Notes to Financial Statements.

✉ **MAIL**

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

OFFICERS

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* Timothy J. Knierim, *Chief Compliance Officer* Valerie M. Simpson, *Deputy Chief Compliance Officer* Jonathan D. Shain, *Assistant Secretary* Andrew R. French, *Assistant Secretary* M. Sadiq Peshimam, *Assistant Treasurer* Peter Parrella, *Assistant Treasurer*

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 ACCOUNTING FIRM**

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 10154

FUND COUNSEL

Sullivan & Cromwell
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New York, NY
 10004

PROXY VOTING

The Board of Directors of the Fund has delegated to the Fund's investment adviser 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., Prudential Investments, Attn: Board of Directors, 100 Mulberry Street, 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.
 - (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, 2008

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, 2008

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

Date April 23, 2008

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