

NEW AMERICA HIGH INCOME FUND INC  
Form N-CSR  
March 09, 2006

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

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-05399

THE NEW AMERICA HIGH INCOME FUND, INC.  
(Exact name of registrant as specified in charter)

33 Broad Street, Boston, MA  
(Address of principal executive offices)

02109  
(Zip code)

Ellen E. Terry

33 Broad Street

Boston, MA 02109  
(Name and address of agent for service)

Registrant's telephone number, including area code: (617) 263-6400

Date of fiscal year end: December 31

Date of reporting period: July 1, 2005 to December 31, 2005

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Item 1 - Report to Shareholders

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February 1, 2006

### Dear Fellow Shareholder,

We are pleased to present to you the annual report to shareholders for the year ended December 31, 2005. The high yield market was fairly volatile in 2005. We believe that the high yield market may continue to be volatile in 2006 due to increased activity of private equity funds and the downgrading of high grade debt issuers. Following a weak high yield market early in 2005 and with concerns about General Motors and Ford Motor Company affecting the outlook for the high yield market, investors withdrew \$11.6 billion from high yield mutual funds, according to AMG Data Services. Despite the overall volatility of the high yield bond market, the default rate of the high yield market was approximately 2.6% in 2005, well below the historical average of 4.3%, according to J.P. Morgan. We are pleased that the Fund's portfolio experienced no defaults in 2005. While the absolute 2005 total return for the Fund was modest compared to the total returns on the portfolio in the last two years, the Fund did perform well compared to the average closed-end leveraged high yield fund as reported by Lipper and compared to the Credit Suisse High Yield Index. The performance figures are detailed below. The conservative investing approach within the high yield bond universe of our portfolio managers at T. Rowe Price Associates proved to be a beneficial strategy for 2005.

The Fund's monthly dividend of \$.0175 per share has not changed for three years. In addition to the monthly dividend, the Fund paid a special dividend of \$.025 per share on January 31st, bringing the total dividends declared in 2005 from that year's income to approximately \$.22 per common share. Of course, in the future, the dividend may fluctuate, as it has in the past. Future portfolio results and the direction of the markets will determine the amount of the dividend that is actually paid.

At year-end, the market price of the Fund's shares had declined to \$2.03 from \$2.19 at the beginning of 2005. Based upon the NYSE closing stock price of \$2.18 on January 3, 2005 and annualizing the most recent ordinary monthly dividend of \$.0175 per share, produces a dividend yield of 9.6%. The Fund's total return for 2005 based upon market price and the dividends paid was 2.47%, slightly above the Credit Suisse High Yield Index's total return of 2.26%.

The Fund's net asset value per share ("NAV") began the year at \$2.26 and declined to \$2.13 at year-end. Despite the decline in NAV, the Fund's total return on NAV plus dividends paid was 4.16%, outpacing the Credit Suisse High Yield Index's total return of 2.26%.

Short-term interest rates rose throughout 2005. The dividend rate on the Fund's Auction Term Preferred Stock (the "ATP"), which is reset every 28 days by auction, increased from 2.41% in January 2005 to 4.40% in the last auction of the year. The Fund has been insulated from this 83% increase in its leverage costs by its interest rate swap position. The Fund anticipated the possibility of rising interest rates and entered into an interest rate swap agreement in November, 2004. Under the terms of the swap agreement, the Fund is paying a fixed rate of 3.775% on a notional amount equal to the amount of ATP outstanding and receives a payment that fluctuates with short term rates. The swap arrangement is in place until November, 2009.

The Fund's leverage, which is in the form of the ATP, continues to be an important contributor to the common stock dividend. Of course, as we always remind our fellow shareholders, leverage magnifies the volatility of the NAV. In poor high yield market conditions, the Fund's NAV will decline more than it would if we had the identical portfolio with no leverage. On the other hand, in a strong high yield bond market, the Fund's NAV should increase more than it would if the Fund's portfolio was not leveraged with the ATP.

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## Total Returns for the Periods Ending December 30, 2005

|                                            | 1 Year | 3 Years Cumulative |
|--------------------------------------------|--------|--------------------|
| New America High Income Fund               |        |                    |
| (Stock Price and Dividends)*               | 2.47%  | 37.81%             |
| New America High Income Fund               |        |                    |
| (NAV and Dividends)                        | 4.16%  | 53.56%             |
| Lipper Closed-End Fund Leveraged           |        |                    |
| High Yield Average                         | 2.24%  | 71.20%             |
| Credit Suisse High Yield Index             | 2.26%  | 46.47%             |
| Citigroup 10 Year U.S. Treasury Bond Index | 2.04%  | 8.35%              |

Sources: Credit Suisse, Citigroup, Lipper, The New America High Income Fund, Inc.

Past performance is no guarantee of future results. Total return assumes the reinvestment of dividends.

\* Because the Fund's shares may trade at either a discount or premium to the Fund's net asset value per share, returns based upon the share price and dividends will tend to differ from those derived from the underlying change in net asset value and dividends.

The Fund's portfolio managers, Mark Vaselkiv and Paul Karpers of T. Rowe Price Associates, have met the expectations of the Board. Over the last three years, the Fund has experienced a modest increase in the underlying asset value of the bonds in the portfolio while maintaining a stable dividend, which would have produced a yield of approximately 10.4% based upon the closing stock price on January 2, 2003 of \$2.02.

### High Yield Market Update

The high yield market scratched out small positive returns in the final three months of 2005, ending a year of transition from strong bull market performance to a more uncertain environment. Below investment grade bonds generated respectable relative results versus investment grade corporate debt and U.S. Treasury securities, but lagged stocks and emerging markets securities. Returns for high yield bonds in the second half of 2005 were dragged down by losses in more volatile, lower quality sectors, especially CCC-rated securities. Many bonds issued by automotive companies, utilities, cable operators and forest products producers posted losses due to weaker fundamentals. However, away from these pockets of weakness, the asset class remained generally healthy.

The major investment theme for high yield bonds late in 2005 was the acceleration of merger and acquisition activity, particularly through leveraged buyouts. Almost half of all issuance in the market in the second half of the year related to funding mergers and acquisitions. Private equity sponsors raised about \$125 billion of new capital last year, implying the capability to consummate over \$600 billion in new deals. Assuming appropriate debt structures, this could translate to approximately \$250 billion of new high yield securities to digest. Strategic industry buyers will also compete with LBO sponsors like KKR, Blackstone and the Carlyle Group for corporations that put themselves up for sale. In the fourth quarter alone, several companies in the Fund's portfolio became the target of M&A transactions.

Our biggest concern going into the New Year remains the valuations of high yield bonds, as measured by the spread at which high yield bonds trade versus Treasuries of similar maturity. By this measure, the high yield market demonstrated amazing resiliency throughout 2005 in the face of higher interest rates, skyrocketing energy costs for many of our companies and the downgrades of General Motors and Ford. In our view, these factors seem to have been largely absorbed and discounted into the current spread for the asset class.

*Strategy Update*

The aging of the credit cycle and the anticipated wave of new LBOs rekindled the importance of a strong investment process for successful high yield investing, a trend we saw taking shape in 2005 and allowed us to produce good results versus the Credit Suisse High Yield Index. Our conservative sector allocations in weakening industries and our underweighting of CCC-rated bonds allowed us to comfortably beat this benchmark.

Our analysts also made good calls in areas of the market that have seen fundamentals remain strong. Private equity sponsors began to target bigger companies that often have high quality assets, good competitive positions and deep management teams. The Hertz transaction in December is a good example, and we established a 1% position in the two new bond issues.

In the fourth quarter, we also took a hard look at many of our less stellar credits, and in a number of cases, endured the painful medicine and sold bonds for losses. Our only real credit problem occurred late in the year with Refco Finance, a broker-dealer which filed for bankruptcy after disclosing fraudulent transactions. Fortunately, we were able to keep losses at acceptable levels in exiting this position. For the full year, we experienced no defaults in the portfolio. As always, we remain focused on generating enough interest to support the dividend, while preserving the Fund's invested capital.

Thank you for your interest in the Fund.

Sincerely,

Robert F. Birch  
President  
The New America High Income Fund, Inc.

Mark Vaselkiv  
Vice President  
T. Rowe Price Associates

Ellen E. Terry  
Vice President  
The New America High Income Fund, Inc.

Paul Karpers  
Vice President  
T. Rowe Price Associates

*The views expressed in this update are as of the date of this letter. These views and any portfolio holdings discussed in this update are subject to change at any time based on market or other conditions. The Fund and the Adviser disclaim any duty to update these views, which may not be relied upon as investment advice. In addition, references to specific companies' securities should not be regarded as investment advice.*

The New America High Income Fund, Inc.

| <b>Industry Summary<br/>December 31, 2005</b>                              | <b>As a Percent of<br/>Total Investments</b> |
|----------------------------------------------------------------------------|----------------------------------------------|
| Telecommunications                                                         | 10.68%                                       |
| Oil and Gas                                                                | 9.97%                                        |
| Broadcasting and Entertainment                                             | 6.58%                                        |
| Healthcare, Education and Childcare                                        | 5.73%                                        |
| Chemicals, Plastics and Rubber                                             | 5.67%                                        |
| Utilities                                                                  | 5.58%                                        |
| Hotels, Motels, Inns and Gaming                                            | 5.56%                                        |
| Automobile                                                                 | 5.31%                                        |
| Printing and Publishing                                                    | 4.94%                                        |
| Containers, Packaging and Glass                                            | 4.88%                                        |
| Electronics                                                                | 4.44%                                        |
| Mining, Steel, Iron and Non-Precious Metals                                | 4.11%                                        |
| Retail Stores                                                              | 3.03%                                        |
| Building and Real Estate                                                   | 2.96%                                        |
| Diversified/Conglomerate Service                                           | 2.65%                                        |
| Diversified/Conglomerate Manufacturing                                     | 2.24%                                        |
| Leisure, Amusement and Entertainment                                       | 2.09%                                        |
| Aerospace and Defense                                                      | 2.03%                                        |
| Beverage, Food and Tobacco                                                 | 1.87%                                        |
| Personal, Food and Miscellaneous Services                                  | 1.82%                                        |
| Ecological                                                                 | 1.62%                                        |
| Personal Non-Durable Consumer Products                                     | 1.39%                                        |
| Finance                                                                    | 1.23%                                        |
| Farming and Agriculture                                                    | 0.53%                                        |
| Furnishings, Housewares,<br>Durable Consumer Products                      | 0.48%                                        |
| Textiles and Leather                                                       | 0.29%                                        |
| Machinery                                                                  | 0.25%                                        |
| Grocery                                                                    | 0.18%                                        |
| Cargo Transport                                                            | 0.14%                                        |
| Short-Term Investments                                                     | 1.75%                                        |
|                                                                            | 100.00%                                      |
| <b>Moody's Investors Service Ratings<br/>December 31, 2005 (Unaudited)</b> | <b>As a Percent of<br/>Total Investments</b> |
| Short Term Prime-1                                                         | 1.75%                                        |
| A2                                                                         | 0.36%                                        |
| Baa2                                                                       | 1.03%                                        |
| Baa3                                                                       | 1.25%                                        |
| Total Baa                                                                  | 2.28%                                        |
| Ba1                                                                        | 2.96%                                        |
| Ba2                                                                        | 7.59%                                        |
| Ba3                                                                        | 12.92%                                       |
| Total Ba                                                                   | 23.47%                                       |
| B1                                                                         | 15.35%                                       |
| B2                                                                         | 25.65%                                       |
| B3                                                                         | 19.96%                                       |

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|                   |         |
|-------------------|---------|
| Total B           | 60.96%  |
| Caa1              | 8.13%   |
| Caa2              | 1.80%   |
| Total Caa         | 9.93%   |
| Ca                | 0.14%   |
| Unrated           | 0.37%   |
| Equity            | 0.74%   |
| Total Investments | 100.00% |

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The New America High Income Fund, Inc.

Schedule of Investments December 31, 2005 (Dollar Amounts in Thousands)

| Principal<br>Amount/Units                    |       |                                                    | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
|----------------------------------------------|-------|----------------------------------------------------|----------------------------------|----------------------|
| <b>CORPORATE DEBT SECURITIES 156.60% (d)</b> |       |                                                    |                                  |                      |
| <b>Aerospace and Defense 3.25%</b>           |       |                                                    |                                  |                      |
| \$                                           | 850   | Aviall, Inc., Senior<br>Notes,<br>7.625%, 07/01/11 | B1                               | \$ 871               |
|                                              |       | BE Aerospace, Inc.,<br>Senior                      |                                  |                      |
|                                              | 1,100 | Subordinated Notes,<br>8.875%, 05/01/11            | Caa2                             | 1,155                |
|                                              |       | GenCorp Inc., Senior                               |                                  |                      |
|                                              | 1,625 | Subordinated Notes,<br>9.50%, 08/15/13             | Caa1                             | 1,755                |
|                                              |       | Moog, Inc., Senior                                 |                                  |                      |
|                                              | 425   | Subordinated Notes,<br>6.25%, 01/15/15             | Ba3                              | 419                  |
|                                              |       | Moog, Inc., Senior                                 |                                  |                      |
|                                              | 325   | Subordinated Notes,<br>6.25%, 01/15/15 (g)         | Ba3                              | 320                  |
|                                              |       | Sequa Corporation,<br>Senior Notes,                |                                  |                      |
|                                              | 600   | 9%, 08/01/09                                       | B1                               | 639                  |
|                                              |       | TransDigm Inc., Senior                             |                                  |                      |
|                                              | 650   | Subordinated Notes,<br>8.375%, 07/15/11            | B3                               | 683                  |
|                                              |       | Vought Aircraft<br>Industries, Inc.,               |                                  |                      |
|                                              | 725   | Senior Notes, 8%,<br>07/15/11                      | B2                               | 682                  |
|                                              |       |                                                    |                                  | 6,524                |
| <b>Automobile 8.53%</b>                      |       |                                                    |                                  |                      |
|                                              |       | Accuride Corp., Senior                             |                                  |                      |
|                                              | 1,125 | Subordinated<br>Notes, 8.50%, 02/01/15             | B3                               | 1,108                |
|                                              |       | ADESA, Inc., Senior                                |                                  |                      |
|                                              | 800   | Subordinated<br>Notes, 7.625%,<br>06/15/12         | B1                               | 800                  |
|                                              |       | Autocam Corporation,<br>Senior                     |                                  |                      |
|                                              | 675   | Subordinated Notes,<br>10.875%, 06/15/14           | Ca                               | 462                  |
|                                              |       | Ford Motor Credit<br>Company,                      |                                  |                      |
|                                              | 4,550 | Senior Notes, 7.375%,<br>10/28/09                  | Baa3                             | 4,036                |
|                                              |       | General Motors<br>Acceptance                       |                                  |                      |
|                                              | 6,450 | Corporation, Senior<br>Bonds,<br>6.75%, 12/01/14   | Ba1                              | 5,798                |
|                                              | 1,550 | General Motors<br>Acceptance                       | Ba1                              | 1,506                |
|                                              |       | Corporation, Senior                                |                                  |                      |

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|                                         |       | Bonds,<br>8%, 11/01/31                                                        |                                  |                      |
|-----------------------------------------|-------|-------------------------------------------------------------------------------|----------------------------------|----------------------|
|                                         | 500   | Hawk Corporation,<br>Senior Notes,<br>8.75%, 11/01/14                         | B2                               | 505                  |
|                                         | 750   | Insurance Auto<br>Auctions, Inc.,<br>Senior Notes, 11%,<br>04/01/13           | Caa1                             | 784                  |
| Principal<br>Amount/Units               |       |                                                                               | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
|                                         |       | Tenneco Automotive<br>Inc., Senior<br>Subordinated Notes,<br>8.625%, 11/15/14 | B3                               | \$ 261               |
|                                         | 707   | TRW Automotive Inc.,<br>Senior Notes,<br>9.375%, 02/15/13                     | Ba3                              | 765                  |
|                                         | 1,400 | Visteon Corporation,<br>Senior Notes,<br>7%, 03/10/14                         | B3                               | 1,078                |
|                                         |       |                                                                               |                                  | 17,103               |
| <b>Beverage, Food and Tobacco 3.00%</b> |       |                                                                               |                                  |                      |
|                                         | 281   | Agrilink Foods, Inc. ,<br>Senior<br>Subordinated Notes,<br>11.875%, 11/01/08  | B3                               | 289                  |
|                                         | 250   | Alliance One<br>International, Inc.,<br>Senior Notes, 11%,<br>05/15/12 (g)    | B3                               | 220                  |
|                                         | 925   | B&G Foods, Inc.,<br>Senior Notes,<br>8%, 10/01/11                             | B2                               | 946                  |
|                                         | 325   | Del Monte Corporation,<br>Senior<br>Subordinated Notes,<br>6.75%, 02/15/15    | B2                               | 317                  |
|                                         | 275   | Del Monte Corporation,<br>Senior<br>Subordinated Notes,<br>8.625%, 12/15/12   | B2                               | 292                  |
|                                         | 400   | Dole Food Company,<br>Inc., Senior<br>Notes 8.625%,<br>05/01/09               | B2                               | 412                  |
|                                         | 700   | Dole Food Company,<br>Inc., Senior<br>Notes 8.875%,<br>03/15/11               | B2                               | 725                  |
|                                         | 700   | Le-Nature's, Inc.,<br>Senior<br>Subordinated Notes,<br>10.00%, 06/15/13 (g)   | B3                               | 732                  |
|                                         | 400   | Pierre Foods, Inc.,<br>Senior<br>Subordinated Notes,<br>9.875%, 07/15/12      | B3                               | 416                  |
|                                         | 1,100 | R.J. Reynolds Tobacco<br>Holdings, Inc., Senior<br>Notes                      | Ba2                              | 1,095                |

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|                                              |       |                                                                 |    |       |
|----------------------------------------------|-------|-----------------------------------------------------------------|----|-------|
|                                              |       | 6.50%, 07/15/10 (g)                                             |    |       |
|                                              |       | Wornick Company,<br>Senior Secured                              |    |       |
|                                              | 550   | Notes, 10.875%,<br>07/15/11                                     | B2 | 568   |
|                                              |       |                                                                 |    | 6,012 |
| <b>Broadcasting and Entertainment 10.41%</b> |       |                                                                 |    |       |
|                                              |       | Allbritton<br>Communications<br>Company, Senior<br>Subordinated |    |       |
|                                              | 1,000 | Notes, 7.75%, 12/15/12                                          | B3 | 1,006 |
|                                              |       | AMC Entertainment,<br>Inc., Senior                              |    |       |
|                                              | 325   | Notes, 8.625%,<br>08/15/12                                      | B2 | 340   |

The accompanying notes are an integral part of these financial statements.

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The New America High Income Fund, Inc.

Schedule of Investments December 31, 2005 Continued (Dollar Amounts in Thousands)

| Principal<br>Amount/Units                  |       |                                                                                               | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
|--------------------------------------------|-------|-----------------------------------------------------------------------------------------------|----------------------------------|----------------------|
| <b>CORPORATE DEBT SECURITIES continued</b> |       |                                                                                               |                                  |                      |
|                                            |       | AMC Entertainment, Inc.,<br>Senior<br>Subordinated Notes,<br>8%, 03/01/14                     | B3                               | \$ 295               |
| \$                                         | 325   | Charter Communications<br>Operating, LLC, Senior<br>Secured<br>Notes, 8%, 04/30/12 (g)        | B2                               | 2,381                |
|                                            | 2,375 | Cinemark, Inc., Senior<br>Discount<br>Notes, 9.75%, 03/15/14<br>(b)(g)                        | Caa1                             | 185                  |
|                                            | 250   | Cinemark, Inc., Senior<br>Discount<br>Notes, 9.75%, 03/15/14 (b)                              | Caa1                             | 1,573                |
|                                            | 2,125 | Cinemark USA, Inc.,<br>Senior<br>Subordinated Notes,<br>9%, 02/01/13                          | B3                               | 396                  |
|                                            | 375   | CSC Holdings, Inc., Senior<br>Notes,<br>7%, 04/15/12 (g)                                      | B2                               | 591                  |
|                                            | 625   | CSC Holdings, Inc., Senior<br>Notes,<br>7.625%, 04/01/11                                      | B2                               | 995                  |
|                                            | 1,000 | DirectTV Holdings, LLC,<br>Senior<br>Notes, 6.375%, 06/15/15                                  | Ba2                              | 833                  |
|                                            | 850   | DirectTV Holdings, LLC,<br>Senior<br>Notes, 8.375%, 03/15/13                                  | Ba2                              | 246                  |
|                                            | 228   | EchoStar Communications<br>Corporation, Convertible<br>Subordinated Notes,<br>5.75%, 05/15/08 | B2                               | 491                  |
|                                            | 500   | EchoStar DBS<br>Corporation, Senior<br>Notes, 6.625%, 10/01/14                                | Ba3                              | 481                  |
|                                            | 500   | Fisher Communications,<br>Inc.,<br>Senior Notes, 8.625%,<br>09/15/14                          | B2                               | 237                  |
|                                            | 225   | Gray Television, Inc.,<br>Senior<br>Subordinated Notes,<br>9.25%, 12/15/11                    | Ba3                              | 910                  |
|                                            | 850   | Insight Midwest, L.P.,<br>Senior Notes,<br>9.75%, 10/01/09                                    | B2                               | 386                  |
|                                            | 375   | Insight Midwest, L.P.,<br>Senior Notes,<br>10.50%, 11/01/10                                   | B2                               | 788                  |
|                                            | 750   |                                                                                               |                                  |                      |

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|                                       |       |                                                               |                                   |                          |
|---------------------------------------|-------|---------------------------------------------------------------|-----------------------------------|--------------------------|
|                                       |       | Loews Cineplex Entertainment Corporation, Senior Subordinated |                                   |                          |
|                                       | 425   | Notes, 9%, 08/01/14                                           | B3                                | 429                      |
|                                       |       | Marquee Holdings, Inc., Senior Discount Notes,                |                                   |                          |
|                                       | 1,575 | 12%, 08/15/14 (b)                                             | Caa1                              | 1,008                    |
|                                       |       | Mediacom Broadband LLC, Senior                                |                                   |                          |
|                                       | 350   | Notes, 8.50%, 10/15/15 (g)                                    | B2                                | 324                      |
|                                       |       |                                                               |                                   |                          |
| <b>Principal Amount/Units</b>         |       |                                                               | <b>Moody's Rating (Unaudited)</b> | <b>Value (Note 1(a))</b> |
|                                       |       | Mediacom Broadband LLC, Senior                                |                                   |                          |
| \$                                    | 600   | Notes, 11%, 07/15/13                                          | B2                                | \$ 645                   |
|                                       |       | Quebecor Media, Inc., Senior                                  |                                   |                          |
|                                       | 1,000 | Notes, 11.125%, 07/15/11                                      | B2                                | 1,085                    |
|                                       |       | Rogers Cable Inc., Senior Secured                             |                                   |                          |
|                                       | 850   | Notes, 6.75%, 03/15/15                                        | Ba3                               | 863                      |
|                                       |       | Sinclair Broadcast Group, Inc., Senior Subordinated Notes,    |                                   |                          |
|                                       | 275   | 8%, 03/15/12                                                  | B2                                | 284                      |
|                                       |       | Sinclair Broadcast Group, Inc., Senior Subordinated Notes,    |                                   |                          |
|                                       | 825   | 8.75%, 12/15/11                                               | B2                                | 867                      |
|                                       |       | Videotron Ltee., Senior Notes,                                |                                   |                          |
|                                       | 250   | 6.375%, 12/15/15 (g)                                          | Ba3                               | 248                      |
|                                       |       | Videotron Ltee., Senior Notes,                                |                                   |                          |
|                                       | 825   | 6.875%, 01/15/14                                              | Ba3                               | 833                      |
|                                       |       | Warner Music Group, Senior Subordinated Notes,                |                                   |                          |
|                                       | 850   | 7.375%, 04/15/14                                              | B2                                | 848                      |
|                                       |       | WDAC Subsidiary Corp. Senior                                  |                                   |                          |
|                                       | 300   | Notes, 8.375%, 12/01/14 (g)                                   | Caa1                              | 290                      |
|                                       |       | XM Satellite Radio Inc., Senior Secured Discount Notes,       |                                   |                          |
|                                       | 300   | 14%, 12/31/09 (b)                                             | Caa1                              | 320                      |
|                                       |       | XM Satellite Radio Inc., Senior Secured Notes, 12%, 06/15/10  | Caa1                              | 690                      |
|                                       | 614   |                                                               |                                   | 20,868                   |
| <b>Building and Real Estate 4.74%</b> |       |                                                               |                                   |                          |

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|       |                                                                                               |      |       |
|-------|-----------------------------------------------------------------------------------------------|------|-------|
|       | Ainsworth Lumber<br>Company, Ltd.,<br>Senior Notes, 7.25%,<br>10/01/12                        | B2   | 765   |
| 850   | B.F. Saul Real Estate<br>Investment<br>Trust, Senior Secured<br>Notes,<br>7.50%, 03/01/14     | B2   | 638   |
| 625   | Building Materials<br>Corporation of<br>America, Senior Notes,<br>7.75%, 08/01/14             | B2   | 1,206 |
| 1,250 | Collins & Aikman<br>Floorcoverings,<br>Inc., Senior<br>Subordinated Notes,<br>9.75%, 02/15/10 | Caa1 | 924   |
| 1,050 | FelCor Lodging<br>Limited Partnership,<br>Senior Notes, 8.83%,<br>06/01/11                    | B1   | 284   |
| 275   | FelCor Lodging<br>Limited Partnership,<br>Senior Notes, 9%,<br>06/01/11                       | B1   | 82    |
| 75    | Meristar Hospitality<br>Operating,<br>Senior Notes, 9%,<br>01/15/08                           | B2   | 284   |
| 275   |                                                                                               |      |       |

The accompanying notes are an integral part of these financial statements.

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The New America High Income Fund, Inc.

Schedule of Investments December 31, 2005 Continued (Dollar Amounts in Thousands)

| Principal<br>Amount/Units                   |       |                                                                                       | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
|---------------------------------------------|-------|---------------------------------------------------------------------------------------|----------------------------------|----------------------|
| <b>CORPORATE DEBT SECURITIES continued</b>  |       |                                                                                       |                                  |                      |
|                                             |       | Meristar Hospitality<br>Operating,<br>Senior Notes, 9.125%,<br>01/15/11               | B2                               | \$ 575               |
| \$                                          | 525   |                                                                                       |                                  |                      |
|                                             | 775   | Mobile Mini, Inc.,<br>Senior Notes,<br>9.50%, 07/01/13                                | B2                               | 853                  |
|                                             |       | Norcraft Companies,<br>L.P., Senior<br>Subordinated Notes,<br>9%, 11/01/11            | B3                               | 828                  |
|                                             | 800   |                                                                                       |                                  |                      |
|                                             | 450   | Norcraft Holding<br>Companies, L.P.,<br>Senior Discount Notes,<br>9.75%, 09/01/12 (b) | Caa1                             | 322                  |
|                                             |       | Omega Healthcare<br>Investors, Inc.,<br>Senior Notes, 7%,<br>04/01/14                 | B1                               | 324                  |
|                                             | 325   |                                                                                       |                                  |                      |
|                                             | 875   | Texas Industries, Inc.,<br>Senior Notes,<br>7.25%, 07/15/13 (g)                       | Ba3                              | 908                  |
|                                             |       | Ventas Realty, Limited<br>Partnership,<br>Senior Notes, 6.50%,<br>06/01/16 (g)        | Ba2                              | 501                  |
|                                             | 500   |                                                                                       |                                  |                      |
|                                             | 325   | Ventas Realty, Limited<br>Partnership,<br>Senior Notes, 6.75%,<br>06/01/10            | Ba2                              | 333                  |
|                                             |       | WCI Communities,<br>Inc., Senior<br>Subordinated Notes,<br>9.125%, 05/01/12           | Ba3                              | 693                  |
|                                             | 700   |                                                                                       |                                  | 9,520                |
| <b>Cargo Transport .22%</b>                 |       |                                                                                       |                                  |                      |
|                                             | 400   | TFM, S.A. de C.V.,<br>Senior Notes,<br>9.375%, 05/01/12 (g)                           | B2                               | 438                  |
| <b>Chemicals, Plastics and Rubber 9.10%</b> |       |                                                                                       |                                  |                      |
|                                             | 525   | ARCO Chemical<br>Company, Senior<br>Debentures, 10.25%,<br>11/01/10                   | B1                               | 580                  |
|                                             | 300   | ARCO Chemical<br>Company, Senior<br>Notes, 9.80%, 02/01/20                            | B1                               | 336                  |
|                                             | 1,190 | BCP Caylux Holdings<br>Luxembourg<br>S.C.A., Senior<br>Subordinated                   | B3                               | 1,324                |

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|                                   |       |                                                         |                                           |                              |
|-----------------------------------|-------|---------------------------------------------------------|-------------------------------------------|------------------------------|
|                                   |       | Notes, 9.625%,<br>06/15/14                              |                                           |                              |
|                                   |       | Borden Chemical, Inc.,<br>Senior                        |                                           |                              |
|                                   | 725   | Secured Notes, 9%,<br>07/15/14 (g)                      | B3                                        | 719                          |
|                                   |       | Crystal US Holdings 3<br>LLC, Senior                    |                                           |                              |
|                                   | 274   | Discount Notes,<br>10%, 10/01/14 (b)                    | Caa2                                      | 201                          |
|                                   |       | Crystal US Holdings 3<br>LLC, Senior                    |                                           |                              |
|                                   | 1,167 | Discount Notes,<br>10.50%, 10/01/14 (b)                 | Caa2                                      | 855                          |
|                                   |       | EquiStar Chemicals PL<br>Funding,                       |                                           |                              |
|                                   | 375   | Senior Notes, 8.75%,<br>02/15/09                        | B2                                        | 394                          |
| <b>Principal<br/>Amount/Units</b> |       |                                                         | <b>Moody's<br/>Rating<br/>(Unaudited)</b> | <b>Value<br/>(Note 1(a))</b> |
| \$                                | 475   | Ethyl Corporation,<br>Senior Notes,<br>8.875%, 05/01/10 | B2                                        | \$ 494                       |
|                                   |       | Freeport McMoran<br>Resources,                          |                                           |                              |
|                                   | 425   | Senior Notes, 7%,<br>02/15/08                           | Ba3                                       | 434                          |
|                                   |       | Huntsman International<br>LLC, Senior                   |                                           |                              |
|                                   | 600   | Notes, 9.875%,<br>03/01/09                              | B2                                        | 630                          |
|                                   |       | Huntsman LLC, Senior<br>Secured                         |                                           |                              |
|                                   | 959   | Notes, 11.625%,<br>10/15/10                             | Ba3                                       | 1,088                        |
|                                   | 2,300 | Invista, Units,<br>9.25%, 05/01/12 (g)                  | B1                                        | 2,461                        |
|                                   |       | Koppers Inc., Senior<br>Secured Notes,                  |                                           |                              |
|                                   | 1,250 | 9.875%, 10/15/13                                        | B2                                        | 1,356                        |
|                                   |       | Lyondell Chemical<br>Company, Senior                    |                                           |                              |
|                                   | 236   | Secured Notes,<br>9.50%, 12/15/08                       | B1                                        | 248                          |
|                                   |       | Lyondell Chemical<br>Company, Senior                    |                                           |                              |
|                                   | 600   | Secured Notes,<br>9.625%, 05/01/07                      | B1                                        | 628                          |
|                                   |       | Lyondell Chemical<br>Company,                           |                                           |                              |
|                                   | 625   | Senior Secured Notes,<br>10.50%, 06/01/13               | B1                                        | 708                          |
|                                   |       | Lyondell Chemical<br>Company,                           |                                           |                              |
|                                   | 200   | Senior Secured Notes,<br>11.125%, 07/15/12              | B1                                        | 225                          |
|                                   |       | Nell AF S.a.r.l., Senior<br>Notes,                      |                                           |                              |
|                                   | 750   | 8.375%, 08/15/15 (g)                                    | B2                                        | 742                          |
|                                   | 525   |                                                         | B3                                        | 563                          |

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|                                        |              |                                                                                            |      |        |
|----------------------------------------|--------------|--------------------------------------------------------------------------------------------|------|--------|
|                                        |              | PolyOne Corporation,<br>Senior Notes,<br>10.625%, 05/15/10                                 |      |        |
|                                        |              | Resolution<br>Performance                                                                  |      |        |
|                                        | 825          | Products, LLC, Senior<br>Secured<br>Notes, 9.50%, 04/15/10                                 | B3   | 835    |
|                                        | 1,450        | Rhodia S.A., Senior<br>Notes,<br>10.25%, 06/01/10                                          | B3   | 1,599  |
|                                        | 838          | Rockwood Specialties<br>Group, Inc.,<br>Senior Subordinated<br>Notes,<br>10.625%, 05/15/11 | B3   | 913    |
|                                        | 200          | VWR International,<br>Inc., Senior<br>Notes, 6.875%,<br>04/15/12                           | B3   | 199    |
|                                        | 725          | VWR International,<br>Inc., Senior<br>Subordinated Notes,<br>8%, 04/15/14                  | Caa1 | 718    |
|                                        |              |                                                                                            |      | 18,250 |
| <b>Containers, Packaging and Glass</b> | <b>7.84%</b> |                                                                                            |      |        |
|                                        | 625          | AEP Industries, Inc.,<br>Senior Notes,<br>7.875%, 03/15/13                                 | B2   | 612    |

The accompanying notes are an integral part of these financial statements.

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The New America High Income Fund, Inc.

Schedule of Investments December 31, 2005 Continued (Dollar Amounts in Thousands)

| Principal<br>Amount/Units                  |       |                                                                                            | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
|--------------------------------------------|-------|--------------------------------------------------------------------------------------------|----------------------------------|----------------------|
| <b>CORPORATE DEBT SECURITIES continued</b> |       |                                                                                            |                                  |                      |
|                                            |       | Ball Corporation, Senior<br>Notes,<br>6.875%, 12/15/12.                                    | Ba2                              | \$ 665               |
| \$                                         | 650   | Boise Cascade, LLC,<br>Senior<br>Subordinated, Notes,<br>7.125%, 10/15/14                  | B2                               | 888                  |
|                                            | 950   | BWAY Corporation,<br>Senior<br>Subordinated Notes,<br>10%, 10/15/10                        | B3                               | 810                  |
|                                            | 775   | Crown Americas, Inc.,<br>Senior Notes,<br>7.625%, 11/15/13 (g)                             | B1                               | 752                  |
|                                            | 725   | Graphic Packaging<br>International Inc.,<br>Senior Notes, 8.50%,<br>08/15/11               | B2                               | 451                  |
|                                            | 450   | Graphic Packaging<br>International Inc.,<br>Senior Subordinated,<br>Notes, 9.50%, 08/15/13 | B3                               | 314                  |
|                                            | 325   | Greif Brothers Corporation,<br>Senior Subordinated Notes,<br>8.875%, 08/01/12.             | B1                               | 373                  |
|                                            | 350   | Jefferson Smurfit<br>Corporation, (U.S.)<br>Senior Notes, 7.50%,<br>06/01/13               | B2                               | 644                  |
|                                            | 700   | JSG Funding, PLC, Senior<br>Subordinated Notes,<br>7.75%, 04/01/15                         | Caa1                             | 664                  |
|                                            | 800   | Longview Fibre Company,<br>Senior<br>Subordinated Notes,<br>10%, 01/15/09                  | B2                               | 1,495                |
|                                            | 1,425 | MDP Acquisitions Plc,<br>Senior Notes,<br>9.625%, 10/01/12                                 | B3                               | 1,410                |
|                                            | 1,410 | NewPage Corporation,<br>Senior<br>Secured Notes, 10%,<br>05/01/12                          | B3                               | 123                  |
|                                            | 125   | NewPage Corporation,<br>Senior<br>Secured Notes, 10.50%,<br>05/01/12                       | B3                               | 594                  |
|                                            | 600   | NewPage Corporation,<br>Senior<br>Subordinated Notes,<br>12%, 05/01/13                     | Caa2                             | 299                  |
|                                            | 325   |                                                                                            |                                  |                      |

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|  |     |                                                                                      |    |     |
|--|-----|--------------------------------------------------------------------------------------|----|-----|
|  |     | Norske Skog Canada Ltd.,<br>Senior                                                   |    |     |
|  | 650 | Notes 7.375%, 03/01/14                                                               | B1 | 572 |
|  |     | Owens-Brockway Glass<br>Container,<br>Inc., Senior Notes,<br>8.25%, 05/15/13         | B2 | 671 |
|  | 650 | Owens-Brockway Glass<br>Container,<br>Inc., Senior Secured Notes,<br>7.75%, 05/15/11 | B1 | 468 |
|  | 450 | Owens-Brockway Glass<br>Container,<br>Inc., Senior Secured Notes,<br>8.75%, 11/15/12 | B1 | 779 |
|  | 725 |                                                                                      |    |     |

| Principal<br>Amount/Units |       |                                                                                          | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
|---------------------------|-------|------------------------------------------------------------------------------------------|----------------------------------|----------------------|
|                           |       | Owens-Brockway<br>Glass Container,<br>Inc., Senior Secured<br>Notes,<br>8.875%, 02/15/09 | B1                               | \$ 1,277             |
| \$                        | 1,225 | Plastipak Holdings,<br>Inc., Senior<br>Notes, 8.50%, 12/15/15<br>(g)                     | B2                               | 431                  |
|                           | 425   | Silgan Holdings Inc.,<br>Senior<br>Subordinated Notes,<br>6.75%, 11/15/13                | B1                               | 373                  |
|                           | 375   | Solo Cup Company,<br>Senior<br>Subordinated Notes,<br>8.50%, 02/15/14                    | Caa1                             | 394                  |
|                           | 450   | Stone Container<br>Corporation,<br>Senior Notes, 9.75%,<br>02/01/11                      | B2                               | 101                  |
|                           | 100   | Stone Container<br>Finance Company<br>of Canada, Senior<br>Notes,<br>7.375%, 07/15/14    | B2                               | 569                  |
|                           | 625   |                                                                                          |                                  | 15,729               |

**Diversified/Conglomerate Manufacturing 3.60%**

|  |       |                                                                    |     |       |
|--|-------|--------------------------------------------------------------------|-----|-------|
|  |       | Aearo Company,<br>Senior<br>Subordinated Notes,<br>8.25%, 04/15/12 | B3  | 863   |
|  | 850   | Bombardier, Inc.,<br>Senior Notes,<br>6.30%, 05/1/14 (g)           | Ba2 | 547   |
|  | 625   | Bombardier, Inc.,<br>Senior Notes,<br>6.75%, 05/01/12 (g)          | Ba2 | 1,614 |
|  | 1,750 | Case New Holland Inc.,<br>Senior<br>Notes, 9.25%, 08/01/11         | Ba3 | 905   |
|  | 850   |                                                                    |     |       |

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|                                               |  |                                                                                      |      |       |
|-----------------------------------------------|--|--------------------------------------------------------------------------------------|------|-------|
|                                               |  | Columbus McKinnon Corporation,<br>Senior Subordinated Notes,<br>8.875%, 11/01/13 (g) | B3   | 886   |
| 850                                           |  |                                                                                      |      |       |
|                                               |  | Manitowoc Company, Inc., Senior Notes, 7.125%, 11/01/13                              | B1   | 565   |
| 550                                           |  |                                                                                      |      |       |
|                                               |  | Rexnord Corp., Senior Subordinated Notes,<br>10.125%, 12/15/12                       | B3   | 1,832 |
| 1,700                                         |  |                                                                                      |      |       |
|                                               |  |                                                                                      |      | 7,212 |
| <b>Diversified/Conglomerate Service 4.25%</b> |  |                                                                                      |      |       |
|                                               |  | Brand Services, Inc., Senior Subordinated Notes,<br>12%, 10/15/12                    | Caa1 | 1,601 |
| 1,525                                         |  |                                                                                      |      |       |
|                                               |  | Brickman Group, LTD, Senior Subordinated Notes,<br>11.75%, 12/15/09                  | B2   | 1,352 |
| 1,225                                         |  |                                                                                      |      |       |
|                                               |  | Coinmach Corporation, Senior Notes, 9%, 02/01/10                                     | B3   | 303   |
| 289                                           |  |                                                                                      |      |       |

The accompanying notes are an integral part of these financial statements.

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The New America High Income Fund, Inc.

Schedule of Investments December 31, 2005 Continued (Dollar Amounts in Thousands)

| Principal<br>Amount/Units                  |       |                                                                                     | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
|--------------------------------------------|-------|-------------------------------------------------------------------------------------|----------------------------------|----------------------|
| <b>CORPORATE DEBT SECURITIES continued</b> |       |                                                                                     |                                  |                      |
| \$                                         | 1,450 | Hertz Corporation,<br>Senior Notes,<br>8.875%, 01/01/14 (g)                         | B1                               | \$ 1,479             |
|                                            | 1,775 | Hertz Corporation,<br>Senior<br>Subordinated Notes,<br>10.50%, 01/01/16 (g)         | B3                               | 1,828                |
|                                            | 425   | IKON Office Solutions,<br>Inc., Senior<br>Notes, 7.75%, 09/15/15<br>(g)             | Ba2                              | 413                  |
|                                            | 625   | NationsRent<br>Companies, Inc.,<br>Senior Notes, 9.50%,<br>10/15/10                 | B2                               | 683                  |
|                                            | 850   | Sunstate Equipment Co,<br>LLC,<br>Senior Secured Notes,<br>10.50%, 04/01/13 (g)     | B3                               | 863                  |
|                                            |       |                                                                                     |                                  | 8,522                |
| <b>Ecological 2.61%</b>                    |       |                                                                                     |                                  |                      |
|                                            | 625   | Allied Waste North<br>America, Inc.,<br>Senior Secured Notes,<br>7.875%, 04/15/13   | B2                               | 644                  |
|                                            | 1,125 | Allied Waste North<br>America, Inc.,<br>Senior Secured Notes,<br>8.50%, 12/01/08    | B2                               | 1,183                |
|                                            | 1,050 | Allied Waste North<br>America, Inc.,<br>Senior Secured Notes,<br>8.875%, 04/01/08   | B2                               | 1,105                |
|                                            | 100   | Allied Waste North<br>America, Inc.,<br>Senior Secured Notes,<br>9.25%, 09/01/12    | B2                               | 108                  |
|                                            | 2,075 | Casella Waste Systems,<br>Inc.,<br>Senior Subordinated<br>Notes,<br>9.75%, 02/01/13 | B3                               | 2,184                |
|                                            |       |                                                                                     |                                  | 5,224                |
| <b>Electronics 7.14%</b>                   |       |                                                                                     |                                  |                      |
|                                            | 125   | Activant Solutions,<br>Inc., Senior<br>Notes, 10.054%,<br>04/01/10 (g)              | B2                               | 131                  |
|                                            | 350   | Activant Solutions,<br>Inc., Senior                                                 | B2                               | 368                  |

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|                                   |       |                                             |                                           |                              |
|-----------------------------------|-------|---------------------------------------------|-------------------------------------------|------------------------------|
|                                   |       | Notes, 10.054%,<br>04/01/10 (g)             |                                           |                              |
|                                   |       | Celestica, Inc., Senior<br>Subordinated     |                                           |                              |
|                                   | 825   | Notes, 7.875%,<br>07/01/11                  | B2                                        | 831                          |
|                                   |       | Dycom Investments,<br>Inc., Senior          |                                           |                              |
|                                   | 650   | Subordinated Notes,<br>8.125%, 10/15/15 (g) | Ba3                                       | 652                          |
|                                   |       | Flextronics<br>International, Inc.,         |                                           |                              |
|                                   |       | Senior Subordinated<br>Notes,               |                                           |                              |
|                                   | 850   | 6.25%, 11/15/14                             | Ba2                                       | 837                          |
| <b>Principal<br/>Amount/Units</b> |       |                                             | <b>Moody's<br/>Rating<br/>(Unaudited)</b> | <b>Value<br/>(Note 1(a))</b> |
|                                   |       | Freescall<br>Semiconductor, Inc.,           |                                           |                              |
| \$                                | 650   | Senior Notes, 6.875%,<br>07/15/11           | Ba1                                       | \$ 681                       |
|                                   |       | Freescall<br>Semiconductor, Inc.,           |                                           |                              |
|                                   | 925   | Senior Notes, 7.125%,<br>07/15/14           | Ba1                                       | 985                          |
|                                   |       | General Cable<br>Corporation, Senior        |                                           |                              |
|                                   | 625   | Notes, 9.50%, 11/15/10                      | B2                                        | 664                          |
|                                   |       | Invensys plc, Senior<br>Notes,              |                                           |                              |
|                                   | 850   | 9.875%, 03/15/11 (g)                        | B3                                        | 842                          |
|                                   |       | SS&C Technologies,<br>Inc., Senior          |                                           |                              |
|                                   | 300   | Subordinated Notes,<br>11.75%, 12/01/13 (g) | Caa1                                      | 308                          |
|                                   |       | Sanmina-SCI<br>Corporation, Senior          |                                           |                              |
|                                   | 150   | Secured Notes,<br>10.375%, 01/15/10         | Ba2                                       | 165                          |
|                                   |       | Spansion Technology,<br>Inc., Senior        |                                           |                              |
|                                   | 550   | Notes, 11.25%,<br>01/15/16 (g)              | Caa1                                      | 523                          |
|                                   |       | STATS ChipPAC Ltd.,<br>Senior Notes,        |                                           |                              |
|                                   | 350   | 6.75%, 11/15/11                             | Ba2                                       | 342                          |
|                                   |       | STATS ChipPAC Ltd.,<br>Senior Notes,        |                                           |                              |
|                                   | 325   | 7.50%, 07/19/10                             | Ba2                                       | 329                          |
|                                   |       | Sunguard Data<br>Systems, Inc.,             |                                           |                              |
|                                   | 2,250 | Senior Notes,<br>9.125%, 08/15/13 (g)       | B3                                        | 2,340                        |
|                                   |       | Sunguard Data<br>Systems, Inc.,             |                                           |                              |
|                                   |       | Senior Subordinated<br>Notes,               |                                           |                              |
|                                   | 975   | 10.25%, 08/15/15 (g)                        | Caa1                                      | 980                          |
|                                   | 800   |                                             | B3                                        | 852                          |

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|                                     |                                                                             |     |        |
|-------------------------------------|-----------------------------------------------------------------------------|-----|--------|
|                                     | Telex Communications,<br>Inc., Senior<br>Secured Notes, 11.50%,<br>10/15/08 |     |        |
|                                     | UGS Corp., Senior<br>Subordinated<br>Notes, 10%, 06/01/12                   | B3  | 1,150  |
| 1,050                               |                                                                             |     |        |
|                                     | Unisys Corporation,<br>Senior Notes,<br>7.875%, 04/1/08                     | Ba3 | 367    |
| 375                                 |                                                                             |     |        |
|                                     | Unisys Corporation,<br>Senior Notes,<br>8%, 10/15/12                        | Ba3 | 231    |
| 250                                 |                                                                             |     |        |
|                                     | Xerox Corp., Senior<br>Notes,<br>6.875%, 08/15/11                           | Ba2 | 181    |
| 175                                 |                                                                             |     |        |
|                                     | Xerox Corp., Senior<br>Notes,<br>7.20%, 04/01/16                            | Ba2 | 209    |
| 200                                 |                                                                             |     |        |
|                                     | Xerox Corp., Senior<br>Notes,<br>7.625%, 06/15/13                           | Ba2 | 344    |
| 325                                 |                                                                             |     |        |
|                                     |                                                                             |     | 14,312 |
| <b>Farming and Agriculture .85%</b> |                                                                             |     |        |
|                                     | IMC Global Inc.,<br>Senior Notes,<br>10.875%, 06/01/08                      | Ba3 | 166    |
| 150                                 |                                                                             |     |        |
|                                     | IMC Global Inc.,<br>Senior Notes,<br>10.875%, 08/01/13                      | Ba3 | 143    |
| 125                                 |                                                                             |     |        |

The accompanying notes are an integral part of these financial statements.

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The New America High Income Fund, Inc.

Schedule of Investments December 31, 2005 Continued (Dollar Amounts in Thousands)

| Principal<br>Amount/Units                                      |       |                                                                              | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
|----------------------------------------------------------------|-------|------------------------------------------------------------------------------|----------------------------------|----------------------|
| <b>CORPORATE DEBT SECURITIES continued</b>                     |       |                                                                              |                                  |                      |
| \$                                                             | 100   | IMC Global Inc.,<br>Senior Notes,<br>11.25%, 06/01/11                        | Ba3                              | \$ 108               |
|                                                                | 400   | Terra Capital, Inc.,<br>Senior Notes,<br>11.50%, 06/01/10                    | B2                               | 449                  |
|                                                                | 797   | United Agri Products,<br>Inc., Senior<br>Notes, 8.25%, 12/15/11              | B1                               | 839                  |
|                                                                |       |                                                                              |                                  | 1,705                |
| <b>Finance 1.98%</b>                                           |       |                                                                              |                                  |                      |
|                                                                | 675   | Dollar Financial Group,<br>Inc., Senior<br>Notes, 9.75%, 11/15/11            | B3                               | 697                  |
|                                                                | 2,300 | E*TRADE Financial<br>Corp., Senior<br>Notes, 8%, 06/15/11                    | B1                               | 2,386                |
|                                                                | 840   | Global Cash Access<br>Inc., Senior<br>Subordinated Notes,<br>8.75%, 03/15/12 | Caa1                             | 894                  |
|                                                                |       |                                                                              |                                  | 3,977                |
| <b>Furnishings, Housewares, Durable Consumer Products .77%</b> |       |                                                                              |                                  |                      |
|                                                                | 1,050 | Sealy Mattress<br>Company, Senior<br>Subordinated Notes,<br>8.25%, 06/15/14  | B3                               | 1,081                |
|                                                                | 875   | Simmons Company,<br>Senior<br>Discount Notes,<br>10%, 12/15/14 (b)(g)        | Caa2                             | 472                  |
|                                                                |       |                                                                              |                                  | 1,553                |
| <b>Grocery .29%</b>                                            |       |                                                                              |                                  |                      |
|                                                                | 625   | Pathmark Stores, Inc.,<br>Senior<br>Subordinated Notes,<br>8.75%, 02/01/12   | Caa2                             | 587                  |
| <b>Healthcare, Education and Childcare 9.21%</b>               |       |                                                                              |                                  |                      |
|                                                                | 525   | AmerisourceBergen<br>Corporation,<br>Senior Notes,<br>5.625%, 09/15/12 (g)   | Ba2                              | 524                  |
|                                                                | 700   | Biovail Corporation,<br>Senior<br>Subordinated Notes,<br>7.875%, 04/01/10    | B2                               | 725                  |
|                                                                | 375   | Community Health<br>Systems, Inc.,<br>Senior Subordinated                    | B3                               | 367                  |

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|                           |       | Notes,<br>6.50%, 12/15/12<br>Concentra Operating<br>Corporation,<br>Senior Subordinated<br>Notes,<br>9.50%, 08/15/10 | B3                               | 1,475                |
|---------------------------|-------|----------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------|
|                           | 1,425 |                                                                                                                      |                                  |                      |
|                           |       | Davita, Inc., Senior<br>Notes,<br>6.625%, 03/15/13                                                                   | B2                               | 331                  |
|                           | 325   |                                                                                                                      |                                  |                      |
| Principal<br>Amount/Units |       |                                                                                                                      | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
| \$                        | 825   | Davita, Inc., Senior<br>Subordinated<br>Notes, 7.25%, 03/15/15                                                       | B3                               | \$ 836               |
|                           |       | Fisher Scientific International<br>Inc.,<br>Senior Subordinated Notes,<br>6.125%, 07/01/15 (g)                       | Ba2                              | 1,000                |
|                           | 1,000 |                                                                                                                      |                                  |                      |
|                           |       | Fresenius Medical Care<br>Capital<br>Trust IV, 7.875%, 06/15/11                                                      | B1                               | 612                  |
|                           | 575   |                                                                                                                      |                                  |                      |
|                           |       | Genesis Healthcare<br>Corporation,<br>Senior Subordinated Notes,<br>8%, 10/15/13                                     | B3                               | 1,181                |
|                           | 1,125 |                                                                                                                      |                                  |                      |
|                           |       | HCA Inc., Senior Notes,<br>6.375%, 01/15/15                                                                          | Ba2                              | 885                  |
|                           | 875   |                                                                                                                      |                                  |                      |
|                           |       | HCA Inc., Senior Notes,<br>8.75%, 09/01/10                                                                           | Ba2                              | 2,387                |
|                           | 2,150 |                                                                                                                      |                                  |                      |
|                           |       | Mylan Laboratories, Inc.,<br>Senior<br>Notes, 5.75%, 08/15/10 (g)                                                    | Ba1                              | 551                  |
|                           | 550   |                                                                                                                      |                                  |                      |
|                           |       | Omnicare, Inc., Senior<br>Subordinated<br>Notes, 6.75%, 12/15/13                                                     | Ba3                              | 356                  |
|                           | 350   |                                                                                                                      |                                  |                      |
|                           |       | Omnicare, Inc., Senior<br>Subordinated<br>Notes, 6.875%, 12/15/15                                                    | Ba3                              | 460                  |
|                           | 450   |                                                                                                                      |                                  |                      |
|                           |       | Quintiles Transnational Corp.,<br>Senior<br>Subordinated Notes,<br>10%, 10/01/13                                     | B3                               | 1,254                |
|                           | 1,125 |                                                                                                                      |                                  |                      |
|                           |       | Team Health, Inc., Senior<br>Subordinated Notes,<br>11.25%, 12/01/13 (g)                                             | Caa1                             | 739                  |
|                           | 725   |                                                                                                                      |                                  |                      |
|                           |       | Tenet Healthcare Corporation,<br>Senior Notes, 6.50%,<br>06/01/12                                                    | B3                               | 413                  |
|                           | 450   |                                                                                                                      |                                  |                      |
|                           |       | Tenet Healthcare Corporation,<br>Senior Notes, 7.375%,<br>02/01/13                                                   | B3                               | 277                  |
|                           | 300   |                                                                                                                      |                                  |                      |
|                           |       | Tenet Healthcare Corporation,<br>Senior Notes, 9.875%,<br>07/01/14                                                   | B3                               | 507                  |
|                           | 500   |                                                                                                                      |                                  |                      |
|                           |       | Triad Hospitals, Inc., Senior<br>Subordinated Notes,<br>7%, 11/15/13                                                 | B3                               | 1,306                |
|                           | 1,300 |                                                                                                                      |                                  |                      |

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Triad Hospitals, Inc., Senior  
Subordinated Notes,

350

7%, 05/15/12

B2

358

US Oncology, Inc., Senior  
Notes,

850

9%, 08/15/12

B2

909

Vanguard Health Holding  
Company II, LLC, Senior  
Subordinated Notes,

525

9%, 10/01/14

Caa1

558

The accompanying notes are an integral part of these financial statements.

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The New America High Income Fund, Inc.

Schedule of Investments December 31, 2005 Continued (Dollar Amounts in Thousands)

| Principal<br>Amount/Units                    |       |                                                                                                   | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
|----------------------------------------------|-------|---------------------------------------------------------------------------------------------------|----------------------------------|----------------------|
| <b>CORPORATE DEBT SECURITIES continued</b>   |       |                                                                                                   |                                  |                      |
|                                              |       | Warner Chilcott<br>Corporation,<br>Senior Subordinated<br>Notes,<br>8.75%, 02/01/15 (g)           | Caa1                             | \$ 461               |
| \$                                           | 500   |                                                                                                   |                                  | 18,472               |
| <b>Hotels, Motels, Inns and Gaming 8.93%</b> |       |                                                                                                   |                                  |                      |
|                                              |       | American Casino &<br>Entertainment<br>Properties LLC, Senior<br>Secured<br>Notes, 7.85%, 02/01/12 | B2                               | 1,052                |
|                                              | 1,025 |                                                                                                   |                                  |                      |
|                                              |       | Ameristar Casinos,<br>Inc., Senior<br>Subordinated Notes,<br>10.75%, 02/15/09                     | B2                               | 1,060                |
|                                              | 1,000 |                                                                                                   |                                  |                      |
|                                              |       | Boyd Gaming<br>Corporation, Senior<br>Subordinated Notes,<br>6.75%, 04/15/14                      | B1                               | 995                  |
|                                              | 1,000 |                                                                                                   |                                  |                      |
|                                              |       | Boyd Gaming<br>Corporation, Senior<br>Subordinated Notes,<br>7.75%, 12/15/12                      | B1                               | 157                  |
|                                              | 150   |                                                                                                   |                                  |                      |
|                                              |       | Boyd Gaming<br>Corporation, Senior<br>Subordinated Notes,<br>8.75%, 04/15/12                      | B1                               | 27                   |
|                                              | 25    |                                                                                                   |                                  |                      |
|                                              |       | CCM Merger, Inc.,<br>Senior Notes,<br>8%, 08/01/13 (g)                                            | B3                               | 505                  |
|                                              | 525   |                                                                                                   |                                  |                      |
|                                              |       | Chukchansi Economic<br>Development<br>Authority, Senior<br>Notes,<br>8.06%, 11/15/12 (g)          | B2                               | 484                  |
|                                              | 475   |                                                                                                   |                                  |                      |
|                                              |       | Herbst Gaming, Inc.,<br>Senior<br>Subordinated Notes,<br>7%, 11/15/14                             | B3                               | 696                  |
|                                              | 700   |                                                                                                   |                                  |                      |
|                                              |       | Host Marriott, L.P.,<br>Senior Notes,<br>6.375%, 03/15/15                                         | Ba2                              | 100                  |
|                                              | 100   |                                                                                                   |                                  |                      |
|                                              |       | Host Marriott, L.P.,<br>Senior Notes,<br>7.125%, 11/01/13                                         | Ba2                              | 653                  |
|                                              | 625   |                                                                                                   |                                  |                      |
|                                              |       | MGM MIRAGE,<br>Senior Notes,<br>9.75%, 06/01/07                                                   | Ba3                              | 868                  |
|                                              | 825   |                                                                                                   |                                  |                      |
|                                              |       | MGM MIRAGE,<br>Senior Secured                                                                     | Ba2                              | 846                  |
|                                              | 850   |                                                                                                   |                                  |                      |

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|                                   |       |                                                            |                                           |                              |
|-----------------------------------|-------|------------------------------------------------------------|-------------------------------------------|------------------------------|
|                                   |       | Notes, 6%, 10/01/09                                        |                                           |                              |
|                                   |       | MGM MIRAGE,<br>Senior Secured                              |                                           |                              |
|                                   | 1,500 | Notes, 8.50%, 09/15/10                                     | Ba2                                       | 1,627                        |
|                                   |       | Majestic Star Casino,<br>LLC, Senior                       |                                           |                              |
|                                   | 650   | Notes, 9.75%,<br>01/15/11(g)                               | B3                                        | 657                          |
|                                   |       | Mandalay Resort<br>Group, Senior                           |                                           |                              |
|                                   | 600   | Subordinated Notes,<br>10.25%, 08/01/07                    | Ba3                                       | 639                          |
|                                   |       |                                                            |                                           |                              |
| <b>Principal<br/>Amount/Units</b> |       |                                                            | <b>Moody's<br/>Rating<br/>(Unaudited)</b> | <b>Value<br/>(Note 1(a))</b> |
|                                   |       | Mohegan Tribal<br>Gaming Authority,<br>Senior Subordinated |                                           |                              |
| \$                                | 575   | Notes, 6.875%,<br>02/15/15                                 | Ba3                                       | \$ 581                       |
|                                   |       | Mohegan Tribal<br>Gaming Authority,<br>Senior Subordinated |                                           |                              |
|                                   | 1,100 | Notes,<br>8%, 04/01/12                                     | Ba3                                       | 1,160                        |
|                                   |       | Penn National Gaming,<br>Inc., Senior                      |                                           |                              |
|                                   | 825   | Subordinated Notes,<br>6.75%, 03/01/15                     | B3                                        | 810                          |
|                                   |       | Pinnacle Entertainment,<br>Inc., Senior                    |                                           |                              |
|                                   | 400   | Subordinated Notes,<br>8.25%, 03/15/12                     | Caa1                                      | 414                          |
|                                   |       | Poster Financial group,<br>Inc., Senior                    |                                           |                              |
|                                   | 725   | Notes, 8.75%, 12/01/11                                     | B2                                        | 749                          |
|                                   |       | Resorts International<br>Hotel and                         |                                           |                              |
|                                   | 75    | Casino, Inc., Senior<br>Notes,<br>11.50%, 03/15/09         | B2                                        | 83                           |
|                                   |       | Station Casinos, Inc.,<br>Senior Notes,                    |                                           |                              |
|                                   | 525   | 6%, 04/01/12                                               | Ba2                                       | 529                          |
|                                   |       | Station Casinos, Inc.,<br>Senior                           |                                           |                              |
|                                   | 125   | Subordinated Notes,<br>6.50%, 02/01/14                     | Ba3                                       | 127                          |
|                                   |       | Station Casinos, Inc.,<br>Senior                           |                                           |                              |
|                                   | 1,800 | Subordinated Notes,<br>6.875%, 03/01/16                    | Ba3                                       | 1,840                        |
|                                   |       | Trump Entertainment<br>ResortsHoldings, L.P.,<br>Senior    |                                           |                              |
|                                   | 650   | Secured Notes, 8.50%,<br>06/01/15                          | Caa1                                      | 634                          |
|                                   | 625   | Wynn Las Vegas, LLC,<br>Senior                             | B2                                        | 609                          |

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|                                      |       |                                                                     |                        |      |       |
|--------------------------------------|-------|---------------------------------------------------------------------|------------------------|------|-------|
|                                      |       | Secured Notes, 6.625%,<br>12/01/14                                  |                        |      |       |
|                                      |       | 17,902                                                              |                        |      |       |
| Leisure, Amusement and Entertainment | 3.36% |                                                                     |                        |      |       |
|                                      |       | AMF Bowling<br>Worldwide, Inc. Senior<br>Subordinated Notes,<br>800 | 10%, 03/01/10          | Caa1 | 796   |
|                                      |       | Eastman Kodak<br>Company, Senior<br>1,750                           | Notes, 7.25%, 11/15/13 | B1   | 1,671 |
|                                      |       | Equinox Holdings, Inc.,<br>Senior<br>575                            | Notes, 9%, 12/15/09    | B3   | 615   |
|                                      |       | K2 Inc., Senior Notes,<br>7.375%, 07/01/14                          | 775                    | Ba3  | 773   |
|                                      |       | Six Flags Inc., Senior<br>Notes,<br>325                             | 8.875%, 02/01/10       | Caa1 | 319   |
|                                      |       | Six Flags Inc., Senior<br>Notes,<br>150                             | 9.625%, 06/01/14       | Caa1 | 146   |

The accompanying notes are an integral part of these financial statements.

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The New America High Income Fund, Inc.

Schedule of Investments December 31, 2005 Continued (Dollar Amounts in Thousands)

| Principal<br>Amount/Units                                |       |                                                                                       | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
|----------------------------------------------------------|-------|---------------------------------------------------------------------------------------|----------------------------------|----------------------|
| <b>CORPORATE DEBT SECURITIES continued</b>               |       |                                                                                       |                                  |                      |
| \$                                                       | 275   | Six Flags Inc., Senior<br>Notes,<br>9.75%, 04/15/13                                   | Caa1                             | \$ 270               |
|                                                          | 800   | Town Sports<br>International, Inc.,<br>Senior Notes, 9.625%,<br>04/15/11              | B2                               | 838                  |
|                                                          | 1,175 | Universal City<br>Development<br>Partners, Ltd., Senior<br>Notes,<br>11.75%, 04/01/10 | B2                               | 1,316                |
|                                                          |       |                                                                                       |                                  | 6,744                |
| <b>Machinery .39%</b>                                    |       |                                                                                       |                                  |                      |
|                                                          | 747   | JLG Industries, Inc.,<br>Senior<br>Subordinated Notes,<br>8.375%, 06/15/12            | B3                               | 792                  |
| <b>Mining, Steel, Iron and Non-Precious Metals 6.60%</b> |       |                                                                                       |                                  |                      |
|                                                          | 475   | Aleris International,<br>Inc., Senior<br>Notes, 9%, 11/15/14                          | (e)                              | 489                  |
|                                                          | 825   | Alpha Natural<br>Resources, LLC,<br>Senior Notes, 10%,<br>06/01/12                    | B3                               | 887                  |
|                                                          | 575   | Arch Western Finance<br>LLC, Senior<br>Notes, 6.75%, 07/01/13                         | Ba3                              | 582                  |
|                                                          | 450   | Century Aluminum<br>Company,<br>Senior Notes, 7.50%,<br>08/15/14                      | B1                               | 443                  |
|                                                          | 1,525 | Earle M. Jorgensen<br>Company,<br>Senior Secured Notes,<br>9.75%, 06/01/12            | B1                               | 1,628                |
|                                                          | 825   | Foundation PA Coal<br>Company,<br>Senior Notes, 7.25%,<br>08/01/14                    | B1                               | 856                  |
|                                                          | 750   | Gerdau Ameristeel<br>Corporation,<br>Senior Notes, 10.375%,<br>07/15/11               | Ba3                              | 825                  |
|                                                          | 1,150 | Gibraltar Industries,<br>Inc., Senior<br>Subordinated Notes,<br>8%, 12/01/15 (g)      | Ba3                              | 1,150                |
|                                                          | 825   | James River Coal<br>Company, Senior                                                   | B3                               | 860                  |

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|                                   |       |                                                                          |                                           |                              |
|-----------------------------------|-------|--------------------------------------------------------------------------|-------------------------------------------|------------------------------|
|                                   |       | Notes, 9.375%,<br>06/01/12                                               |                                           |                              |
|                                   |       | Massey Energy<br>Company, Senior                                         |                                           |                              |
|                                   | 675   | Notes, 6.625%,<br>11/15/10                                               | B1                                        | 688                          |
|                                   |       | Massey Energy<br>Company, Senior                                         |                                           |                              |
|                                   | 150   | Notes, 6.875%,<br>12/15/13 (g)                                           | B1                                        | 151                          |
|                                   |       | Metals USA, Inc.,<br>Senior Notes,                                       |                                           |                              |
|                                   | 375   | 11.125%, 12/01/15 (g)                                                    | B3                                        | 388                          |
|                                   |       | Neenah Foundry<br>Company, Senior                                        |                                           |                              |
|                                   | 500   | Secured Notes, 11%,<br>09/30/10 (g)                                      | B2                                        | 546                          |
|                                   |       | Novelis, Inc., Senior<br>Notes,                                          |                                           |                              |
|                                   | 850   | 7.50%, 02/15/15 (g)                                                      | B1                                        | 795                          |
| <b>Principal<br/>Amount/Units</b> |       |                                                                          | <b>Moody's<br/>Rating<br/>(Unaudited)</b> | <b>Value<br/>(Note 1(a))</b> |
|                                   |       | Peabody Energy<br>Corporation,<br>Senior Notes,                          |                                           |                              |
| \$                                | 2,000 | 6.875%, 03/15/13                                                         | Ba3                                       | \$ 2,082                     |
|                                   |       | Valmont Industries,<br>Inc., Senior                                      |                                           |                              |
|                                   | 850   | Subordinated Notes,<br>6.875%, 05/01/14                                  | Ba3                                       | 859                          |
|                                   |       |                                                                          |                                           | 13,229                       |
| <b>Oil and Gas 16.01%</b>         |       |                                                                          |                                           |                              |
|                                   |       | AmeriGas Partners,<br>L.P., Senior                                       |                                           |                              |
|                                   | 2,500 | Notes, 7.25%, 05/20/15                                                   | B2                                        | 2,556                        |
|                                   |       | Atlas Pipeline Partners,<br>L.P., Senior                                 |                                           |                              |
|                                   | 525   | Notes, 8.125%,<br>12/15/15 (g)                                           | B1                                        | 532                          |
|                                   |       | Chaparral Energy, Inc.,<br>Senior                                        |                                           |                              |
|                                   | 1,150 | Notes, 8.50%, 12/01/15<br>(g)                                            | B3                                        | 1,190                        |
|                                   |       | CHC Helicopter<br>Corporation, Senior                                    |                                           |                              |
|                                   | 1,100 | Subordinated Notes,<br>7.375%, 05/01/14                                  | B2                                        | 1,114                        |
|                                   |       | Chesapeake Energy<br>Corporation,<br>Senior Notes, 6.50%,<br>08/15/17(g) | Ba2                                       | 251                          |
|                                   |       | Chesapeake Energy<br>Corporation,<br>Senior Notes, 6.375%,<br>06/15/15   | Ba2                                       | 725                          |
|                                   | 1,425 | Chesapeake Energy<br>Corporation,<br>Senior Notes, 6.625%,<br>01/15/16   | Ba2                                       | 1,443                        |
|                                   | 175   |                                                                          | Ba2                                       | 181                          |

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|     |                                                                             |    |     |
|-----|-----------------------------------------------------------------------------|----|-----|
|     | Chesapeake Energy Corporation,<br>Senior Notes, 7%,<br>08/15/14             |    |     |
| 725 | Colorado Interstate Gas Company,<br>Senior Notes, 6.80%,<br>11/15/15 (g)    | B1 | 728 |
| 775 | Compton Petroleum Corporation,<br>Senior Notes,<br>7.625%, 12/01/13 (g)     | B2 | 783 |
| 750 | Denbury Resources, Inc., Senior Subordinated Notes,<br>7.50%, 04/01/13      | B2 | 761 |
| 225 | Denbury Resources, Inc., Senior Subordinated Notes,<br>7.50%, 12/15/15      | B2 | 228 |
| 286 | Dresser-Rand Group Inc., Senior Subordinated Notes,<br>7.625%, 11/01/14 (g) | B3 | 293 |
| 200 | Dynergy Holdings, Inc., Senior Notes, 9.875%,<br>07/15/10 (g)               | B1 | 219 |
| 800 | Dynergy Holdings, Inc., Senior Notes, 10.125%,<br>07/15/13 (g)              | B1 | 904 |
| 400 | El Paso Production Holding Co.,<br>Senior Notes 7.75%,<br>06/01/13          | B3 | 417 |

The accompanying notes are an integral part of these financial statements.

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The New America High Income Fund, Inc.

Schedule of Investments December 31, 2005 Continued (Dollar Amounts in Thousands)

| Principal<br>Amount/Units                  |       |                                                                                                   | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
|--------------------------------------------|-------|---------------------------------------------------------------------------------------------------|----------------------------------|----------------------|
| <b>CORPORATE DEBT SECURITIES continued</b> |       |                                                                                                   |                                  |                      |
|                                            |       | Encore Acquisition<br>Company,<br>Senior Subordinated<br>Notes, 7.25%, 12/01/17                   | B2                               | \$ 767               |
| \$                                         | 775   |                                                                                                   |                                  |                      |
|                                            |       | Ferrellgas Partners L.P.,<br>Senior Notes,<br>8.75%, 06/15/12                                     | B2                               | 1,435                |
|                                            | 1,450 |                                                                                                   |                                  |                      |
|                                            |       | Grant Pride Company, Inc.,<br>Senior<br>Notes, 6.125%, 08/15/15<br>(g)                            | Ba2                              | 326                  |
|                                            | 325   |                                                                                                   |                                  |                      |
|                                            |       | Hanover Equipment Trust,<br>Senior<br>Secured Notes, 8.75%,<br>09/01/11                           | B2                               | 1,110                |
|                                            | 1,050 |                                                                                                   |                                  |                      |
|                                            |       | Hilcorp Energy I, L.P.,<br>Senior Notes,<br>7.75%, 11/01/15 (g)                                   | B2                               | 1,272                |
|                                            | 1,250 |                                                                                                   |                                  |                      |
|                                            |       | Magnum Hunter<br>Resources, Inc.,<br>Senior Notes, 9.60%,<br>03/15/12                             | Ba3                              | 707                  |
|                                            | 650   |                                                                                                   |                                  |                      |
|                                            |       | Northwest Pipeline<br>Corporation,<br>Senior Notes, 8.125%,<br>03/01/10                           | Ba2                              | 212                  |
|                                            | 200   |                                                                                                   |                                  |                      |
|                                            |       | Ocean Rig Norway AS,<br>Senior<br>Secured Notes,<br>8.375%, 07/01/13 (g)                          | B3                               | 664                  |
|                                            | 625   |                                                                                                   |                                  |                      |
|                                            |       | Petroleum Helicopters,<br>Inc., Senior<br>Notes, 9.375%, 05/01/09                                 | B1                               | 1,000                |
|                                            | 950   |                                                                                                   |                                  |                      |
|                                            |       | Plains Exploration &<br>Production Co.,<br>L.P., Senior Subordinated<br>Notes,<br>8.75%, 07/01/12 | Ba3                              | 833                  |
|                                            | 775   |                                                                                                   |                                  |                      |
|                                            |       | Pogo Producing Company,<br>Senior<br>Subordinated Notes,<br>6.875%, 10/01/17 (g)                  | Ba3                              | 244                  |
|                                            | 250   |                                                                                                   |                                  |                      |
|                                            |       | Pride International, Inc.,<br>Senior<br>Notes, 7.375%, 07/15/14                                   | Ba2                              | 646                  |
|                                            | 600   |                                                                                                   |                                  |                      |
|                                            |       | Range Resources<br>Corporation,<br>Senior Subordinated Notes,<br>6.375%, 03/15/15                 | B2                               | 341                  |
|                                            | 350   |                                                                                                   |                                  |                      |
|                                            |       | Range Resources<br>Corporation,<br>Senior Subordinated Notes,                                     | B2                               | 516                  |
|                                            | 500   |                                                                                                   |                                  |                      |

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|       |                                                      |     |       |
|-------|------------------------------------------------------|-----|-------|
|       | 7.375%, 07/15/13                                     |     |       |
|       | Southern Natural Gas Company,                        |     |       |
| 1,125 | Senior Notes, 8.875%, 03/15/10                       | B1  | 1,205 |
|       | Stone Energy Corporation, Senior Subordinated Notes, |     |       |
| 1,100 | 8.25%, 12/15/11                                      | B3  | 1,136 |
|       | Swift Energy Company, Senior                         |     |       |
| 500   | Notes, 7.625%, 07/15/11                              | B1  | 511   |
|       | Universal Compression, Inc., Senior                  |     |       |
| 925   | Notes, 7.25%, 05/15/10                               | Ba3 | 946   |

| Principal Amount/Units |                                                           | Moody's Rating (Unaudited) | Value (Note 1(a)) |
|------------------------|-----------------------------------------------------------|----------------------------|-------------------|
|                        | Whiting Petroleum Corporation, Senior Subordinated Notes, |                            |                   |
| \$ 975                 | 7%, 02/01/14 (g)                                          | B2                         | \$ 980            |
|                        | Whiting Petroleum Corporation, Senior Subordinated Notes, |                            |                   |
| 675                    | 7.25%, 05/01/13                                           | B2                         | 683               |
|                        | Williams Companies, Inc., Senior                          |                            |                   |
| 175                    | Notes, 7.625%, 07/15/19                                   | B1                         | 187               |
|                        | Williams Companies, Inc., Senior                          |                            |                   |
| 3,725                  | Notes, 8.125%, 03/15/12                                   | B1                         | 4,060             |
|                        |                                                           |                            | 32,106            |

**Personal, Food and Miscellaneous Services 2.92%**

|     |                                              |     |     |
|-----|----------------------------------------------|-----|-----|
|     | FTD, Inc., Senior Subordinated               |     |     |
| 983 | Notes, 7.75%, 02/15/14                       | B3  | 973 |
|     | FTI Consulting, Inc., Senior Notes,          |     |     |
| 600 | 7.625%, 06/15/13 (g)                         | Ba2 | 618 |
|     | Landry's Restaurants, Inc., Senior           |     |     |
| 700 | Notes, 7.50%, 12/15/14                       | B2  | 655 |
|     | Mac-Gray Corporation, Senior Notes,          |     |     |
| 600 | 7.625%, 08/15/15                             | B1  | 611 |
|     | O'Charleys, Inc., Senior Subordinated Notes, |     |     |
| 850 | 9%, 11/01/13                                 | Ba3 | 871 |
|     | Real Mex Restaurants, Inc., Senior           |     |     |
| 475 | Notes, 10.00%, 04/01/10                      | B2  | 506 |
|     | Restaurant Company, Senior Notes,            |     |     |
| 675 | 10%, 10/01/13 (g)                            | B2  | 624 |

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|                                                     |       |                                                                                          |     |       |
|-----------------------------------------------------|-------|------------------------------------------------------------------------------------------|-----|-------|
|                                                     |       | Worldspan, L.P., Senior<br>Notes,<br>10.59%, 02/15/11                                    | B3  | 990   |
|                                                     | 1,125 |                                                                                          |     | 5,848 |
| <b>Personal Non-Durable Consumer Products 2.24%</b> |       |                                                                                          |     |       |
|                                                     |       | ACCO Brands<br>Corporation, Senior<br>Subordinated Notes,<br>7.625%, 08/15/15            | B2  | 801   |
|                                                     | 850   |                                                                                          |     |       |
|                                                     |       | American Achievement<br>Corporation,<br>Senior Subordinated<br>Notes,<br>8.25%, 04/01/12 | B3  | 1,066 |
|                                                     | 1,050 |                                                                                          |     |       |
|                                                     |       | Chattem, Inc., Senior<br>Subordinated<br>Notes, 7%, 03/01/14                             | B2  | 584   |
|                                                     | 575   |                                                                                          |     |       |
|                                                     |       | Church & Dwight<br>Company, Inc.,<br>Senior Subordinated<br>Notes,<br>6%, 12/15/12       | Ba3 | 320   |
|                                                     | 325   |                                                                                          |     |       |
|                                                     |       | Quicksilver, Inc.,<br>Senior Notes,<br>6.875%, 04/15/15 (g)                              | B1  | 265   |
|                                                     | 275   |                                                                                          |     |       |

The accompanying notes are an integral part of these financial statements.

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The New America High Income Fund, Inc.

Schedule of Investments December 31, 2005 Continued (Dollar Amounts in Thousands)

| Principal<br>Amount/Units                  |       |                                                                                     | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
|--------------------------------------------|-------|-------------------------------------------------------------------------------------|----------------------------------|----------------------|
| <b>CORPORATE DEBT SECURITIES continued</b> |       |                                                                                     |                                  |                      |
|                                            |       | Rayovac Corporation,<br>Senior                                                      |                                  |                      |
| \$                                         | 700   | Subordinated Notes,<br>8.50%, 10/01/13                                              | B3                               | \$ 611               |
|                                            |       | Spectrum Brands, Inc.,<br>Senior                                                    |                                  |                      |
|                                            | 1,025 | Subordinated Notes,<br>7.375%, 02/01/15                                             | B3                               | 846                  |
|                                            |       |                                                                                     |                                  | 4,493                |
| <b>Printing and Publishing 7.93%</b>       |       |                                                                                     |                                  |                      |
|                                            |       | Advanstar<br>Communications Inc.,<br>Senior Notes, 10.75%,<br>08/15/10              | B3                               | 493                  |
|                                            | 450   | Advanstar<br>Communications Inc.,<br>Senior Subordinated<br>Notes,<br>12%, 02/15/11 | Caa2                             | 604                  |
|                                            |       | Advanstar Inc., Senior<br>Discount<br>Debentures, 15%,<br>10/15/11                  | (e)                              | 705                  |
|                                            | 675   | Affinity Group Inc.,<br>Senior<br>Subordinated Notes,<br>9%, 02/15/12               | B3                               | 849                  |
|                                            | 850   | Affinity Group Inc.,<br>Senior<br>Subordinated Notes,<br>10.875%, 02/15/12          | Caa1                             | 350                  |
|                                            | 365   | CanWest Media, Inc.,<br>Senior<br>Subordinated Notes,<br>8%, 09/15/12               | B2                               | 1,932                |
|                                            | 1,878 | Cenveo Corporation,<br>Senior Notes,<br>9.625%, 03/15/12                            | B1                               | 684                  |
|                                            | 635   | Dex Media East LLC,<br>Senior<br>Subordinated Notes,<br>12.125%, 11/15/12           | B1                               | 1,330                |
|                                            | 1,137 | Dex Media West LLC,<br>Senior Notes,<br>8.50%, 08/15/10                             | B1                               | 686                  |
|                                            | 650   | Dex Media West LLC,<br>Senior<br>Subordinated Notes,<br>9.875%, 08/15/13            | B2                               | 887                  |
|                                            | 800   |                                                                                     | Caa1                             | 776                  |
|                                            | 725   |                                                                                     |                                  |                      |

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|                            |       | Haight's Cross<br>Communications<br>Operating Company,<br>Senior Notes, 11.75%,<br>08/15/11 |                                  |                      |
|----------------------------|-------|---------------------------------------------------------------------------------------------|----------------------------------|----------------------|
|                            | 700   | Houghton Mifflin<br>Company,<br>Senior Notes, 8.25%,<br>02/01/11                            | B3                               | 728                  |
|                            | 950   | Jostens Intermediate<br>Holding Corp.,<br>Senior Subordinated<br>Notes,<br>7.625%, 10/01/12 | B3                               | 950                  |
| Principal<br>Amount/Units  |       |                                                                                             | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
| \$                         | 950   | Lamar Advertising<br>Company,<br>Convertible Notes,<br>2.875%, 12/31/10                     | B2                               | \$ 1,009             |
|                            | 225   | MediaNews Group,<br>Inc., Senior<br>Subordinated Notes,<br>6.375%, 04/01/14                 | B2                               | 207                  |
|                            | 650   | MediaNews Group,<br>Inc., Senior<br>Subordinated Notes,<br>6.875%, 10/01/13                 | B2                               | 621                  |
|                            | 1,000 | Morris Publishing<br>Group, LLC,<br>Senior Subordinated<br>Notes,<br>7%, 08/01/13           | B1                               | 941                  |
|                            | 1,900 | R.H. Donnelley Inc.,<br>Senior<br>Subordinated Notes,<br>10.875%, 12/15/12                  | B2                               | 2,157                |
|                            |       |                                                                                             |                                  | 15,909               |
| <b>Retail Stores 4.87%</b> |       |                                                                                             |                                  |                      |
|                            | 1,000 | Alimentation<br>Couche-Tard, Inc.,<br>Senior Subordinated<br>Notes,<br>7.50%, 12/15/13      | Ba3                              | 1,025                |
|                            | 1,225 | Amazon.com, Inc.,<br>Convertible<br>Subordinated Notes,<br>4.75%, 02/01/09                  | B2                               | 1,182                |
|                            | 2,600 | GameStop Corporation,<br>Senior<br>Notes, 8%, 10/01/12 (g)                                  | Ba3                              | 2,450                |
|                            | 525   | Gregg Appliances, Inc.,<br>Senior<br>Notes, 9%, 02/01/13                                    | B2                               | 475                  |
|                            | 975   | Jean Coutu Group, Inc.,<br>Senior<br>Notes, 7.625%,<br>08/01/12                             | B3                               | 960                  |

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|                                  |                                                                  |      |       |
|----------------------------------|------------------------------------------------------------------|------|-------|
|                                  | Leslie's Poolmart, Inc.,<br>Senior                               |      |       |
| 1,150                            | Notes, 7.75%, 02/01/13                                           | B2   | 1,153 |
|                                  | Movie Gallery, Inc.,<br>Senior Notes,                            |      |       |
| 1,300                            | 11%, 05/01/12                                                    | B3   | 1,014 |
|                                  | Nebraska Book<br>Company, Inc.,<br>Senior Subordinated<br>Notes, |      |       |
| 1,025                            | 8.625%, 03/15/12                                                 | Caa1 | 943   |
|                                  | Stripes Acquisition,<br>LLC, Senior                              |      |       |
| 550                              | Notes, 10.625%,<br>12/15/13 (g)                                  | B2   | 558   |
|                                  |                                                                  |      | 9,760 |
| <b>Telecommunications 16.38%</b> |                                                                  |      |       |
|                                  | Alamosa (Delaware),<br>Inc., Senior                              |      |       |
| 1,872                            | Notes, 11%, 07/31/10                                             | Caa1 | 2,111 |
|                                  | American Cellular<br>Corporation,<br>Senior Notes, 10%,          |      |       |
| 100                              | 08/01/11                                                         | B3   | 109   |

The accompanying notes are an integral part of these financial statements.

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The New America High Income Fund, Inc.

Schedule of Investments December 31, 2005 Continued (Dollar Amounts in Thousands)

| Principal<br>Amount/Units                  |       |                                                                               | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
|--------------------------------------------|-------|-------------------------------------------------------------------------------|----------------------------------|----------------------|
| <b>CORPORATE DEBT SECURITIES continued</b> |       |                                                                               |                                  |                      |
|                                            |       | American Tower Corporation,<br>Senior Notes, 7.125%,<br>10/15/12              | B1                               | \$ 826               |
| \$                                         | 800   |                                                                               |                                  |                      |
|                                            | 125   | American Tower Corporation, Senior<br>Notes, 7.50%, 05/01/12                  | B1                               | 131                  |
|                                            | 150   | American Towers Corporation,<br>Senior Subordinated Notes,<br>7.25%, 12/01/11 | Ba2                              | 156                  |
|                                            | 1,050 | AT&T Corporation, Senior<br>Notes,<br>9.05%, 11/15/11                         | A2                               | 1,162                |
|                                            | 100   | Centennial Communications Corp.,<br>Senior Notes, 8.125%,<br>02/01/14         | B3                               | 102                  |
|                                            | 250   | Centennial Communications Corp.,<br>Senior Notes, 10%,<br>01/01/13 (g)        | Caa2                             | 253                  |
|                                            | 350   | Centennial Communications Corp.,<br>Senior Notes, 10.125%,<br>06/15/13        | B3                               | 381                  |
|                                            | 900   | Digicel Unlimited, Senior<br>Notes,<br>9.25%, 09/01/12 (g)                    | B3                               | 925                  |
|                                            | 600   | Dobson Cellular Systems,<br>Inc.,<br>Senior Notes 9.875%,<br>11/01/12         | B2                               | 661                  |
|                                            | 725   | Dobson Communications Corporation, Senior Notes,<br>8.875%, 10/01/13          | Caa2                             | 723                  |
|                                            | 1,025 | Eircom Funding plc, Senior<br>Subordinated Notes,<br>8.25%, 08/15/13          | B1                               | 1,102                |
|                                            | 425   | Horizon PCS, Inc., Senior<br>Notes,<br>11.375%, 07/15/12                      | B3                               | 488                  |
|                                            | 1,425 | Intelsat, Ltd., Senior Notes,<br>8.695%, 01/15/12 (g)                         | B2                               | 1,446                |
|                                            | 450   | iPCS Escrow Company,<br>Senior<br>Notes, 11.50%, 05/01/12                     | B3                               | 516                  |
|                                            | 425   | IWO Holdings, Inc., Senior<br>Discount<br>Notes, 10.75%, 01/15/15<br>(b)      | Caa2                             | 309                  |
|                                            | 1,100 | Leucadia National Corporation,                                                | Ba2                              | 1,089                |

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|       |  |                                           |            |
|-------|--|-------------------------------------------|------------|
|       |  | Senior Notes, 7%, 08/15/13                |            |
|       |  | L-3 Communications Corporation,           |            |
|       |  | Senior Subordinated Notes,                |            |
| 875   |  | 6.375%, 10/15/15 (g)                      | Ba3 877    |
| 975   |  | MCI, Inc., Senior Notes, 7.688%, 05/01/09 | Ba3 1,007  |
|       |  | NEXTEL Communications, Inc.,              |            |
| 1,800 |  | Senior Notes, 6.875%, 10/31/13            | Baa2 1,875 |
|       |  | NEXTEL Communications, Inc.,              |            |
| 1,375 |  | Senior Notes, 7.375%, 08/01/15            | Baa2 1,451 |

| Principal Amount/Units |       |                                                                          | Moody's Rating (Unaudited) | Value (Note 1(a)) |
|------------------------|-------|--------------------------------------------------------------------------|----------------------------|-------------------|
| \$                     | 725   | Nextel Partners, Inc., Senior Notes, 8.125%, 07/01/11                    | Ba3                        | \$ 774            |
|                        |       | PanAmSat Holdco, Senior Discount                                         |                            |                   |
|                        | 100   | Notes, 10.375%, 11/01/14 (b)                                             | B3                         | 70                |
|                        | 924   | PanAmSat Corporation, Senior                                             |                            |                   |
|                        |       | Notes, 9%, 08/15/14                                                      | B1                         | 970               |
|                        | 825   | Qwest Corporation, Notes, 7.741%, 06/15/13 (g)                           | Ba3                        | 893               |
|                        | 525   | Qwest Corporation, Notes 8.875%, 03/15/12                                | Ba3                        | 589               |
|                        | 1,025 | Qwest Services Corp., Notes, 7.875%, 09/01/11                            | Ba3                        | 1,104             |
|                        | 375   | Rogers Wireless Inc., Senior                                             |                            |                   |
|                        |       | Secured Notes, 7.50%, 03/15/15                                           | Ba3                        | 405               |
|                        | 2,400 | Rogers Wireless Inc., Senior                                             |                            |                   |
|                        |       | Secured Notes, 8%, 12/15/12                                              | B2                         | 2,544             |
|                        | 1,000 | Rogers Wireless Inc., Senior                                             |                            |                   |
|                        |       | Secured Notes, 9.625%, 05/01/11                                          | Ba3                        | 1,150             |
|                        | 475   | Rural Cellular Corporation, Senior                                       |                            |                   |
|                        |       | Notes, 9.875%, 02/01/10                                                  | Caa1                       | 501               |
|                        | 325   | Rural Cellular Corporation, Senior                                       |                            |                   |
|                        |       | Subordinated Notes, 10.041%, 11/01/12 (g)                                | Caa2                       | 327               |
|                        | 850   | Syniverse Technologies, Inc., Senior Subordinated Notes, 7.75%, 08/15/13 | B2                         | 857               |

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|                                  |                                                                            |      |        |
|----------------------------------|----------------------------------------------------------------------------|------|--------|
|                                  | Time Warner Telecom,<br>Inc., Senior<br>Notes, 10.125%,<br>02/01/11        | Caa1 | 1,178  |
| 1,125                            |                                                                            |      |        |
|                                  | UbiquiTel Operating<br>Co., Senior<br>Notes, 9.875%,<br>03/01/11           | Caa1 | 886    |
| 800                              |                                                                            |      |        |
|                                  | US LEC Corporation,<br>Senior Notes,<br>12.716%, 10/01/09                  | B3   | 831    |
| 775                              |                                                                            |      |        |
|                                  | US Unwired Inc.,<br>Senior Secured<br>Notes, 10%, 06/15/12                 | Caa1 | 1,078  |
| 950                              |                                                                            |      |        |
|                                  | Wind Acquisition<br>Finance S.A.,<br>Senior Notes,<br>10.75%, 12/01/15 (g) | B3   | 990    |
| 950                              |                                                                            |      |        |
|                                  |                                                                            |      | 32,847 |
| <b>Textiles and Leather .46%</b> |                                                                            |      |        |
|                                  | Interface, Inc., Senior<br>Subordinated<br>Notes, 9.50%, 02/01/14          | Caa1 | 99     |
| 100                              |                                                                            |      |        |
|                                  | Rafaella Apparel<br>Group, Inc., Senior<br>Secured, 11.25%,<br>06/15/11(g) | B2   | 833    |
| 850                              |                                                                            |      |        |
|                                  |                                                                            |      | 932    |

The accompanying notes are an integral part of these financial statements.

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The New America High Income Fund, Inc.

Schedule of Investments December 31, 2005 Continued (Dollar Amounts in Thousands)

| Principal<br>Amount/Units                  |       |                                                                                   | Moody's<br>Rating<br>(Unaudited) | Value<br>(Note 1(a)) |
|--------------------------------------------|-------|-----------------------------------------------------------------------------------|----------------------------------|----------------------|
| <b>CORPORATE DEBT SECURITIES continued</b> |       |                                                                                   |                                  |                      |
| Utilities                                  | 8.72% |                                                                                   |                                  |                      |
|                                            |       | The AES Corporation,<br>Senior Notes,<br>7.75%, 03/01/14                          | B1                               | \$ 367               |
|                                            |       | The AES Corporation,<br>Senior Notes,<br>9.375%, 09/15/10                         | B1                               | 1,177                |
|                                            |       | The AES Corporation,<br>Senior<br>Secured Notes, 9%,<br>05/15/15 (g)              | Ba3                              | 3,395                |
|                                            |       | Allegheny Energy<br>Supply Company,<br>LLC, Senior Notes,<br>8.25%, 04/15/12 (g)  | Ba3                              | 1,186                |
|                                            |       | Midwest Generation,<br>LLC, Senior<br>Secured Notes, 8.75%,<br>05/01/34           | B1                               | 1,237                |
|                                            |       | Mirant Americas<br>Generation, LLC,<br>Senior Notes, 8.30%,<br>05/01/11(a)        | B2                               | 1,676                |
|                                            |       | Mirant North<br>America, LLC, Senior<br>Notes, 7.375%,<br>12/31/13 (g)            | B1                               | 1,772                |
|                                            |       | Orion Power<br>Holdings, Inc., Senior<br>Notes, 12%, 05/01/10                     | B2                               | 1,865                |
|                                            |       | Roseton-Danskammer<br>2001, Senior<br>Secured Notes, 7.27%,<br>11/08/10           | B2                               | 704                  |
|                                            |       | Sierra Pacific<br>Resources, Senior<br>Notes, 8.625%,<br>03/15/14                 | B1                               | 1,921                |
|                                            |       | TECO Energy, Inc.,<br>Senior Notes,<br>7%, 05/01/12.                              | Ba2                              | 1,579                |
|                                            |       | Utilicorp Canada<br>Financial<br>Corporation, Senior<br>Notes,<br>7.75%, 06/15/11 | B2                               | 617                  |
|                                            |       |                                                                                   |                                  | 17,496               |
|                                            |       | <b>Total Corporate<br/>Debt Securities</b><br>(Total cost of<br>\$314,331)        |                                  | 314,066              |
| Shares                                     |       |                                                                                   |                                  |                      |

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**PREFERRED STOCK 1.19% (d)**

**Banking 0.00%**

|        |                                                                |     |  |
|--------|----------------------------------------------------------------|-----|--|
|        | WestFed Holdings, Inc., Cumulative, Series A, Preferred Stock, |     |  |
| 57,935 | 15.50% (a)(c)                                                  | (e) |  |

**Broadcasting and Entertainment .17%**

|     |                                                                      |      |     |
|-----|----------------------------------------------------------------------|------|-----|
|     | Spanish Broadcasting System, Inc., Series B, Preferred Stock, 10.75% | Caa1 | 333 |
| 308 |                                                                      |      |     |

**Mining, Steel, Iron, Non-Precious Metals 0.00%**

|        |                                                            |     |  |
|--------|------------------------------------------------------------|-----|--|
|        | Weirton Steel Corporation, Series C Preferred Stock (a)(c) | (e) |  |
| 18,000 |                                                            |     |  |

| Shares                         |                                                          | Moody's Rating (Unaudited) | Value (Note 1(a)) |
|--------------------------------|----------------------------------------------------------|----------------------------|-------------------|
| <b>Telecommunications .78%</b> |                                                          |                            |                   |
|                                | Lucent Technologies Capital Trust Preferred Stock, 7.75% | B3                         | \$ 1,561          |
| 1,625                          |                                                          |                            |                   |
| <b>Utilities .24%</b>          |                                                          |                            |                   |
|                                | NRG Energy, Inc., Convertible Preferred Stock, 4% (g)    | B3                         | 488               |
| 375                            |                                                          |                            |                   |
|                                | <b>Total Preferred Stock</b>                             |                            |                   |
|                                | (Total cost of \$7,644)                                  |                            | 2,382             |

**COMMON STOCK and WARRANTS 0.00% (d)**

|        |                                                                |  |  |
|--------|----------------------------------------------------------------|--|--|
|        | WestFed Holdings, Inc., Common Stock (a)(c)                    |  |  |
| 27,474 |                                                                |  |  |
|        | WKI Holding Company, Inc., Common Stock (c)(f)                 |  |  |
| 10,052 |                                                                |  |  |
|        | <b>Total Common Stock and Warrants</b> (Total cost of \$2,295) |  |  |

**Principal Amount**

**SHORT-TERM INVESTMENTS 2.80% (d)**

|          |                                                                                                  |     |            |
|----------|--------------------------------------------------------------------------------------------------|-----|------------|
|          | Consolidated Edison Company of New York, Inc., Commercial Paper, Due 01/03/06, Discount of 4.14% | P-1 | 5,621      |
| \$ 5,622 |                                                                                                  |     |            |
|          | <b>Total Short-Term Investments</b> (Total cost of \$5,621)                                      |     | 5,621      |
|          | <b>TOTAL INVESTMENTS</b> (Total cost of \$329,891)                                               |     | \$ 322,069 |

(a) Denotes issuer is in bankruptcy proceedings. Income is not being accrued.

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- (b) Securities are step interest bonds. Interest on these bonds accrues based on the effective interest method which results in a constant rate of interest being recognized.
- (c) Security is valued at fair value using methods determined by the Board of Directors. The total value of these securities at December 31, 2005 was \$0.
- (d) Percentages indicated are based on total net assets to common shareholders of \$200,549.
- (e) Not rated.
- (f) Non-income producing.
- (g) Securities are exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be resold, normally to qualified institutional buyers in transactions exempt from registration. Unless otherwise noted, 144A Securities are deemed to be liquid. See Note 1(a) of the Notes to Financial Statements for valuation policy. Total market value of Rule 144A securities amounted to \$61,821 as of December 31, 2005.

The accompanying notes are an integral part of these financial statements.



## The New America High Income Fund, Inc.

**Statement of Assets and Liabilities****December 31, 2005**

(Dollars in thousands, except per share amounts)

**Assets:**

INVESTMENTS IN SECURITIES, at value (Identified  
cost of \$329,891 see Schedule of Investments  
and Notes 1 and 2)

\$ 322,069

INTEREST RATE SWAP, at fair value (Note 6)

4,489

CASH

736

**RECEIVABLES:**

Investment securities sold

144

Interest and dividends

6,066

Swap settlement

52

**PREPAID EXPENSES**

30

Total assets

\$ 333,586

**Liabilities:****PAYABLES:**

Dividend on common stock

\$ 2,647

Dividend on preferred stock

162

**ACCRUED EXPENSES (Note 3)**

228

Total liabilities

\$ 3,037

**Auction Term Preferred Stock:**

\$1.00 par value, 1,000,000 shares authorized,  
5,200 shares issued and outstanding,  
liquidation preference of \$25,000 per share  
(Notes 4 and 5)

\$ 130,000

**Net Assets**

\$ 200,549

**Represented By:****COMMON STOCK:**

\$0.01 par value, 200,000,000 shares authorized,  
94,324,989 shares issued and outstanding

\$ 943

**CAPITAL IN EXCESS OF PAR VALUE**

383,020

**UNDISTRIBUTED NET INVESTMENT INCOME**

(Note 2)

(1,304)

**ACCUMULATED NET REALIZED LOSS FROM**

SECURITIES TRANSACTIONS (Note 2)

(178,777)

**NET UNREALIZED DEPRECIATION ON**

INVESTMENTS AND INTEREST RATE SWAPS

(3,333)

**Net Assets Applicable To Common Stock**

(Equivalent to \$2.13 per share, based on  
94,324,989 shares outstanding)

\$ 200,549

**Statement of Operations****For the Year Ended****December 31, 2005** (Dollars in thousands)**Investment Income:** (Note 1)

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|                                                                                   |             |
|-----------------------------------------------------------------------------------|-------------|
| Interest income                                                                   | \$ 25,302   |
| Other income                                                                      | 1,061       |
| Dividend income                                                                   | 99          |
| Total investment income                                                           | \$ 26,462   |
| <b>Expenses:</b>                                                                  |             |
| Cost of leverage:                                                                 |             |
| Preferred and auction (Note 5)                                                    | \$ 321      |
| Total cost of leverage                                                            | \$ 321      |
| Professional services:                                                            |             |
| Management (Note 3)                                                               | \$ 1,157    |
| Custodian and transfer agent                                                      | 292         |
| Legal (Note 8)                                                                    | 105         |
| Audit                                                                             | 61          |
| Total professional services                                                       | \$ 1,615    |
| Administrative:                                                                   |             |
| General administrative                                                            | \$ 484      |
| Directors                                                                         | 216         |
| NYSE                                                                              | 88          |
| Shareholder communications                                                        | 55          |
| Miscellaneous                                                                     | 40          |
| Shareholder meeting                                                               | 37          |
| Total administrative                                                              | \$ 920      |
| Total expenses                                                                    | \$ 2,856    |
| Net investment income                                                             | \$ 23,606   |
| <b>Realized and Unrealized Gain (Loss) on Investment Activities:</b>              |             |
| Realized gain on investments, net                                                 | \$ 1,761    |
| Net swap settlement disbursements (Note 6)                                        | \$ (643)    |
| Change in net unrealized depreciation on investments                              | \$ (16,077) |
| Change in unrealized appreciation on interest rate swap agreement                 | 3,566       |
| Total change in net unrealized depreciation on investments and interest rate swap | \$ (12,511) |
| Net loss on investments and interest rate swap                                    | \$ (11,393) |
| <b>Cost of Preferred Leverage</b>                                                 |             |
| Distributions to preferred stockholders                                           | \$ (4,364)  |
| Net increase in net assets resulting from operations                              | \$ 7,849    |

The accompanying notes are an integral part of these financial statements.

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The New America High Income Fund, Inc.

**Statements of Changes in Net Assets** (Dollars in thousands, except per share amounts)

|                                                                                                                                                          | <b>For the Years Ended December 31,</b> |             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------|
|                                                                                                                                                          | <b>2005</b>                             | <b>2004</b> |
| <b>From Operations:</b>                                                                                                                                  |                                         |             |
| Net investment income                                                                                                                                    | \$ 23,606                               | \$ 24,824   |
| Realized gain (loss) on investments, net                                                                                                                 | 1,761                                   | (992)       |
| Net swap settlement disbursements                                                                                                                        | (643)                                   | (3,071)     |
| Change in net unrealized appreciation (depreciation) on investments and other financial instruments                                                      | (12,511)                                | 9,758       |
| Distributions from net investment income related to preferred stock                                                                                      |                                         |             |
| Dividends to preferred stockholders                                                                                                                      | (4,364)                                 | (1,999)     |
| Net increase in net assets resulting from operations                                                                                                     | \$ 7,849                                | \$ 28,520   |
| <b>From Fund Share and Auction Term Preferred Stock Transactions:</b>                                                                                    |                                         |             |
| Proceeds from rights offering (23,397,095 shares), net of \$84 of offering costs in 2004                                                                 |                                         |             |
| (Note 9)                                                                                                                                                 | \$                                      | \$ (84)     |
| Net asset value of 456,871 shares and 339,724 shares issued to common stockholders for reinvestment of dividends in 2005 and 2004, respectively          | 993                                     | 750         |
| Increase in net assets resulting from fund share transactions                                                                                            | \$ 993                                  | \$ 666      |
| <b>Distributions to Common Stockholders:</b>                                                                                                             |                                         |             |
| From net investment income (\$.22 and \$.23 per share in 2005 and 2004, respectively)                                                                    | \$ (20,458)                             | \$ (21,726) |
| Total net increase (decrease) in net assets                                                                                                              | \$ (11,616)                             | \$ 7,460    |
| <b>Net Assets Applicable to Common Stock:</b>                                                                                                            |                                         |             |
| Beginning of period                                                                                                                                      | \$ 212,165                              | \$ 204,705  |
| End of period (Including \$(1,304) and \$(864) of accumulated deficit of net investment income at December 31, 2005 and December 31, 2004, respectively) | \$ 200,549                              | \$ 212,165  |

The accompanying notes are an integral part of these financial statements.

The New America High Income Fund, Inc.

**Financial Highlights**  
**Selected Per Share Data and Ratios**  
**For Each Share of Common Stock Outstanding Throughout the Period**

|                                                                                                                | For the Years Ended December 31, |         |          |          |          |
|----------------------------------------------------------------------------------------------------------------|----------------------------------|---------|----------|----------|----------|
|                                                                                                                | 2005                             | 2004    | 2003 (b) | 2002     | 2001 (c) |
| <b>NET ASSET VALUE:</b>                                                                                        |                                  |         |          |          |          |
| Beginning of period                                                                                            | \$ 2.26                          | \$ 2.19 | \$ 1.89  | \$ 2.61  | \$ 2.85  |
| NET INVESTMENT INCOME                                                                                          | .25                              | .26     | .26#     | .37      | .48      |
| NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND OTHER FINANCIAL INSTRUMENTS                         | (.11)                            | .09     | .34      | (.72)    | (.24)    |
| DISTRIBUTIONS FROM NET INVESTMENT INCOME RELATED TO PREFERRED STOCK:                                           | (.05)                            | (.05)   | (.06)    | (.08)    | (.12)    |
| TOTAL FROM INVESTMENT OPERATIONS                                                                               | .09                              | .30     | .54      | (.43)    | .12      |
| <b>DISTRIBUTIONS TO COMMON SHAREHOLDERS:</b>                                                                   |                                  |         |          |          |          |
| From net investment income                                                                                     | (.22)                            | (.23)   | (.22)    | (.29)    | (.36)    |
| TOTAL DISTRIBUTIONS                                                                                            | (.22)                            | (.23)   | (.22)    | (.29)    | (.36)    |
| Effect of rights offering and related expenses; and Auction Term Preferred Stock offering costs and sales load |                                  |         | (.02)    |          |          |
| <b>NET ASSET VALUE:</b>                                                                                        |                                  |         |          |          |          |
| End of period                                                                                                  | \$ 2.13                          | \$ 2.26 | \$ 2.19  | \$ 1.89  | \$ 2.61  |
| <b>PER SHARE MARKET VALUE:</b>                                                                                 |                                  |         |          |          |          |
| End of period                                                                                                  | \$ 2.03                          | \$ 2.19 | \$ 2.16  | \$ 2.01  | \$ 2.64  |
| TOTAL INVESTMENT RETURN                                                                                        | 2.47%                            | 12.80%  | 19.23%   | (12.97)% | 13.97%   |

The accompanying notes are an integral part of these financial statements.

The New America High Income Fund, Inc.

**Financial Highlights**

**Selected Per Share Data and Ratios**

**For Each Share of Common Stock Outstanding Throughout the Period Continued**

|                                                                                               | For the Years Ended December 31, |            |            |            |            |
|-----------------------------------------------------------------------------------------------|----------------------------------|------------|------------|------------|------------|
|                                                                                               | 2005                             | 2004       | 2003 (b)   | 2002       | 2001 (c)   |
| NET ASSETS, END OF PERIOD, APPLICABLE TO COMMON STOCK (a)                                     | \$ 200,549                       | \$ 212,165 | \$ 204,705 | \$ 131,170 | \$ 178,231 |
| NET ASSETS, END OF PERIOD, APPLICABLE TO PREFERRED STOCK (a)                                  | \$ 130,000                       | \$ 130,000 | \$ 130,000 | \$ 100,000 | \$ 150,000 |
| TOTAL NET ASSETS APPLICABLE TO COMMON AND PREFERRED STOCK, END OF PERIOD (a)                  | \$ 330,549                       | \$ 342,165 | \$ 334,705 | \$ 231,170 | \$ 328,231 |
| EXPENSE RATIOS:                                                                               |                                  |            |            |            |            |
| Ratio of preferred and other leverage expenses to average net assets*                         | .16%                             | .15%       | .16%       | .18%       | .17%       |
| Ratio of operating expenses to average net assets*                                            | 1.23%                            | 1.27%      | 1.56%      | 1.46%      | 1.11%      |
| RATIO OF TOTAL EXPENSES TO AVERAGE NET ASSETS*                                                | 1.39%                            | 1.42%      | 1.72%      | 1.64%      | 1.28%      |
| RATIO OF NET INVESTMENT INCOME TO AVERAGE NET ASSETS*                                         | 11.48%                           | 12.02%     | 12.81%     | 16.48%     | 16.70%     |
| RATIO OF TOTAL EXPENSES TO AVERAGE NET ASSETS APPLICABLE TO COMMON AND PREFERRED STOCK        | .85%                             | .87%       | 1.05%      | .89%       | .71%       |
| RATIO OF NET INVESTMENT INCOME TO AVERAGE NET ASSETS APPLICABLE TO COMMON AND PREFERRED STOCK | 7.03%                            | 7.38%      | 7.79%      | 8.91%      | 9.23%      |
| PORTFOLIO TURNOVER RATE                                                                       | 61.54%                           | 70.90%     | 120.47%    | 82.47%     | 38.89%     |

(a) Dollars in thousands.

(b) The Fund issued Series C ATP on October 17, 2003. The per share data and ratios for the year ended December 31, 2003 reflect this transaction.

(c) As required, effective January 1, 2001, the Fund has adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing discount and premium on debt securities. This had no effect on net investment income per share and a \$.01 increase to net realized and unrealized loss per share for the year ended December 31, 2001. The effect of this change increased the ratio of net investment income to average net assets from 16.29% to 16.70%. Per share, ratios and supplemental data for periods prior to January 1, 2001 have not been restated to reflect this change in presentation.

\* Ratios calculated on the basis of expenses and net investment income applicable to the common shares relative to the average net assets of the common stockholders only.

# Calculation is based on average shares outstanding during the indicated period due to the per share effect of the Fund's August, 2003 rights offering.

Total investment return is calculated assuming a purchase of common stock at the current market value on the first day and a sale at the current market value on the last day of each year reported. Dividends and distributions are assumed for purposes of this calculation to be reinvested at prices obtained under the dividend reinvestment plan. This calculation does not reflect brokerage commissions.

The accompanying notes are an integral part of these financial statements.

The New America High Income Fund, Inc.

**Information Regarding  
Senior Securities**

|                                           | As of December 31, |                |                |                |                |
|-------------------------------------------|--------------------|----------------|----------------|----------------|----------------|
|                                           | 2005               | 2004           | 2003           | 2002           | 2001           |
| TOTAL AMOUNT<br>OUTSTANDING:              |                    |                |                |                |                |
| Preferred Stock                           | \$ 130,000,000     | \$ 130,000,000 | \$ 130,000,000 | \$ 100,000,000 | \$ 150,000,000 |
| ASSET COVERAGE:                           |                    |                |                |                |                |
| Per Preferred Stock<br>Share (1)          | \$ 63,567          | \$ 65,801      | \$ 64,366      | \$ 57,793      | \$ 54,705      |
| INVOLUNTARY<br>LIQUIDATION<br>PREFERENCE: |                    |                |                |                |                |
| Preferred Stock Share<br>(2)              | \$ 25,000          | \$ 25,000      | \$ 25,000      | \$ 25,000      | \$ 25,000      |
| APPROXIMATE<br>MARKET VALUE:              |                    |                |                |                |                |
| Per Preferred Stock<br>Share (2)          | \$ 25,000          | \$ 25,000      | \$ 25,000      | \$ 25,000      | \$ 25,000      |

(1) Calculated by subtracting the Fund's total liabilities from the Fund's total assets and dividing such amount by the number of Preferred Shares outstanding.

(2) Plus accumulated and unpaid dividends.

The accompanying notes are an integral part of these financial statements.



The New America High Income Fund, Inc.

**Notes to Financial Statements**  
**December 31, 2005**

**(1) Significant Accounting and Other Policies**

The New America High Income Fund, Inc. (the Fund) was organized as a corporation in the state of Maryland on November 19, 1987 and is registered with the Securities and Exchange Commission as a diversified, closed-end investment company under the Investment Company Act of 1940. The Fund commenced operations on February 26, 1988. The investment objective of the Fund is to provide high current income while seeking to preserve stockholders' capital through investment in a professionally managed, diversified portfolio of "high yield" fixed-income securities.

The Fund invests primarily in fixed maturity corporate debt securities that are rated less than investment grade. Risk of loss upon default by the issuer is significantly greater with respect to such securities compared to investment grade securities because these securities are generally unsecured and are often subordinated to other creditors of the issuer and because these issuers usually have high levels of indebtedness and are more sensitive to adverse economic conditions, such as a recession, than are investment grade issuers. In some cases, the collection of principal and timely receipt of interest is dependent upon the issuer attaining improved operating results, selling assets or obtaining additional financing.

The Fund may focus its investments in certain industries, subjecting it to greater risk than a Fund that is more diversified. See the schedule of investments for information on individual securities as well as industry diversification and credit quality ratings.

The Fund's financial statements have been prepared in conformity with accounting principles generally accepted in the United States for investment companies that require the management of the Fund to, among other things, make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

The following is a summary of significant accounting policies consistently followed by the Fund, which are in conformity with those generally accepted in the investment company industry.

(a) *Valuation of Investments* Investments for which market quotations are readily available are stated at market value, which is determined by using the most recently quoted bid price provided by an independent pricing service or principal market maker. Independent pricing services provide market quotations based primarily on quotations from dealers and brokers, market transactions, accessing data from quotations services, offering sheets obtained from dealers and various relationships between securities. Short-term investments with original maturities of 60 days or less are stated at amortized cost, which approximates market value. Following procedures approved by the Board of Directors, investments for which market quotations are not readily available (primarily fixed-income corporate bonds and notes) are stated at fair value on the basis of subjective valuations furnished by securities dealers and brokers. Other investments, for which market quotations are not readily available with a cost of approximately \$7,594,000 and a value of \$0, are valued in good faith at fair market value using methods determined by the Board of Directors.

(b) *Securities Transactions and Net Investment Income* Securities transactions are recorded on trade date. Realized gains or losses on sales of securities are calculated on the identified cost basis. Interest income is accrued on a daily basis. Discount on short-term investments is amortized to investment income. Premiums or discounts on corporate debt securities are amortized based on the interest method for financial reporting purposes. All income on original issue

## The New America High Income Fund, Inc.

**Notes to Financial Statements   Continued**  
**December 31, 2005**

discount and step interest bonds is accrued based on the effective interest method. The Fund does not amortize market premiums or discounts for tax purposes. Dividend payments received in the form of additional securities are recorded on the ex-dividend date in an amount equal to the value of the security on such date.

(c) *Federal Income Taxes* It is the Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders each year. Accordingly, no federal income tax provision is required.

**(2) Tax Matters and Distributions**

At December 31, 2005, the total cost of securities (including temporary cash investments) for federal income tax purposes was approximately \$331,713,000. Aggregate gross unrealized gain on securities in which there was an excess of value over tax cost was approximately \$4,243,000. Aggregate unrealized loss on securities in which there was an excess of tax cost over value was approximately \$13,887,000. Net unrealized loss on investments for tax purposes at December 31, 2005 was approximately \$9,644,000

At December 31, 2005, the Fund had approximate capital loss carryovers available to offset future capital gains, if any, to the extent provided by regulations:

| Carryover Available |             | Expiration Date   |
|---------------------|-------------|-------------------|
| \$                  | 35,581,000  | December 31, 2007 |
|                     | 21,821,000  | December 31, 2008 |
|                     | 67,043,000  | December 31, 2009 |
|                     | 45,239,000  | December 31, 2010 |
|                     | 7,387,000   | December 31, 2011 |
|                     | 125,000     | December 31, 2012 |
|                     | 954,000     | December 31, 2013 |
| \$                  | 178,150,000 |                   |

It is the policy of the Fund to reduce future distributions of realized gains to shareholders to the extent of the unexpired capital loss carry forward.

The tax character of distributions paid to common and preferred shareholders of approximately \$24,790,000 and \$23,725,000 in 2005 and 2004, respectively, was from ordinary income.

As of December 31, 2005, the components of distributable earnings on a tax basis were approximately:

|                                                               |    |               |
|---------------------------------------------------------------|----|---------------|
| Undistributed Net Investment Income                           | \$ | 584,000       |
| Undistributed Long-Term Gain                                  |    |               |
| Unrealized Loss                                               | \$ | (5,155,000)   |
| Capital Losses Carry Forward and Post October Losses Deferred | \$ | (178,680,000) |

The difference between components of distributable earnings on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to market discount adjustments, and deductibility of preferred stock dividends. For the year ended December 31, 2005, the Fund reclassified \$1,420,000 between undistributed income and accumulated net realized losses from transactions relating to permanent differences between financial and tax reporting.

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Distributions on common stock are declared based upon annual projections of the Fund's investment company taxable income. The Fund records all dividends and distributions payable to shareholders on the ex-dividend date and declares and distributes income dividends monthly.

The Fund was required to amortize market discounts and premiums for financial reporting purposes beginning January 1, 2001. This new accounting policy results in additional interest income in some years and decreased interest income in others for financial reporting purposes only. The Fund does not amortize market discounts or premiums for tax purposes. Therefore, the additional or decreased interest income

The New America High Income Fund, Inc.

**Notes to Financial Statements   Continued**  
**December 31, 2005**

for financial reporting purposes does not result in additional or decreased common stock dividend income.

**(3) Investment Advisory Agreement**

T. Rowe Price Associates, Inc. (T. Rowe Price), the Fund's Investment Advisor, earned approximately \$1,157,000 in management fees during the year ended December 31, 2005. Management fees paid by the Fund to T. Rowe Price were calculated at 0.50% on the first \$50,000,000 of the Fund's average weekly net assets, 0.40% on the next \$50 million and 0.30% on average weekly net assets in excess of \$100 million. T. Rowe Price's fee is calculated based on assets a tributable to the Fund's common and auction term preferred stock. At December 31, 2005, the fee payable to T. Rowe Price was approximately \$97,000, which was included in accrued expenses on the accompanying statement of assets and liabilities.

**(4) Auction Term Preferred Stock (ATP)**

The Fund had 5,200 shares of ATP issued and outstanding at December 31, 2005. The ATP's dividends are cumulative at a rate determined at an auction, and dividend periods will typically be 28 days unless notice is given for periods to be longer or shorter than 28 days. Dividend rates ranged from 2.38% - 4.40% for the year ended December 31, 2005. The average dividend rate as of December 31, 2005 was 4.32%.

The ATP is redeemable, at the option of the Fund, or subject to mandatory redemption (if the Fund is in default of certain coverage requirements) at a redemption price equal to \$25,000 per share plus accumulated and unpaid dividends. The ATP has a liquidation preference of \$25,000 per share plus accumulated and unpaid dividends. The Fund is required to maintain certain asset coverages with respect to the ATP under the Fund's Charter and the 1940 Act in order to maintain the Fund's Aaa/AAA ratings by Moody's Investors Service, Inc. and Fitch, Inc., respectively.

**(5) ATP Auction-Related Matters**

Bankers Trust Company (BTC) serves as the ATP's auction agent pursuant to an agreement entered into on January 4, 1994. The term of the agreement is unlimited and may be terminated by either party. BTC may resign upon notice to the Fund, such resignation to be effective on the earlier of the 90th day after the delivery of such notice and the date on which a successor auction agent is appointed by the Fund. The Fund may also replace BTC as auction agent at any time.

After each auction, BTC as auction agent will pay to each broker-dealer, from funds provided by the Fund, a maximum service charge at the annual rate of 0.25 of 1% or such other percentage subsequently agreed to by the Fund and the broker-dealers, of the purchase price of shares placed by such broker-dealers at such auction. In the event an auction scheduled to occur on an auction date fails to occur for any reason, the broker-dealers will be entitled to service charges as if the auction had occurred and all holders of shares placed by them had submitted valid hold orders. The Fund incurred approximately \$321,000 for service charges for the year ended December 31, 2005. This amount is included under the caption preferred and auction fees in the accompanying statement of operations.

**(6) Interest Rate Swaps**

The Fund entered into an interest payment swap arrangement with Fleet National Bank (Fleet) for the purpose of partially hedging its dividend payment obligations with respect to the ATP. Pursuant to the Swap Arrangement the Fund makes payments to Fleet on a monthly basis at a fixed annual rate. In exchange for such payment Fleet makes payments to the Fund on a monthly basis at a variable rate determined with reference to one month LIBOR. The variable rates ranged from 2.33% to

The New America High Income Fund, Inc.

**Notes to Financial Statements Continued**  
**December 31, 2005**

4.31% for the year ended December 31, 2005. The effective date, notional amount, maturity and fixed rate of the swap is as follows:

| Effective<br>Date | Notional<br>Contract<br>Amount | Maturity | Fixed<br>Annual<br>Rate |
|-------------------|--------------------------------|----------|-------------------------|
| 11/5/04           | \$130 million                  | 11/5/09  | 3.775%                  |

Swap transactions, which involve future settlement, give rise to credit risk. Credit risk is the amount of loss the Fund would incur in the event counterparties failed to perform according to the terms of the contractual commitments. In the event of nonperformance by the counterparty, the Fund's dividend payment obligation with respect to the ATP would no longer be partially hedged. Therefore, the ATP dividend would no longer be partially fixed. In an unfavorable interest rate environment, the Fund would be subject to higher net ATP dividend payments, resulting in less income available for the common share dividend. The Fund does not anticipate nonperformance by any counterparty. While notional contract amounts are used to express the volume of interest rate swap agreements, the amounts potentially subject to credit risk, in the event of nonperformance by counterparties, are substantially smaller.

The Fund recognizes all freestanding derivative instruments in the balance sheet as either assets or liabilities and measures them at fair value. Any change in the unrealized gain or loss is recorded in current earnings. For the year ended December 31, 2005, the Fund's obligations under the swap agreements were more than the amount received from Fleet by approximately \$643,000 and such amount is included in the accompanying statement of operations.

The estimated fair value of the interest rate swap agreement at December 31, 2005 amounted to approximately \$4,489,000 of unrealized gain and is presented in the accompanying balance sheet.

**(7) Purchases and Sales of Securities**

Purchases and proceeds of sales or maturities of long-term securities during the year ended December 31, 2005 were approximately:

|                                 |             |
|---------------------------------|-------------|
| Cost of purchases               | 199,137,000 |
| Proceeds of sales or maturities | 198,430,000 |

**(8) Related Party Transactions**

A partner of Goodwin Procter LLP, counsel to the Fund, serves as a Director of the Fund. Fees earned by Goodwin Procter LLP amounted to approximately \$95,000 for the year ended December 31, 2005.

The Fund paid approximately \$332,000 during the year ended December 31, 2005 to two officers of the Fund for the provision of certain administrative services.

**(9) Rights Offering**

The Fund issued to stockholders of record as of the close of business on July 21, 2003, rights to subscribe for an aggregate of 23,397,095 shares of common stock, \$.01 par value per share, of the Fund. One right was issued for each three full shares of common stock beneficially held on the record date. The rights entitled a stockholder to acquire at the subscription price of \$1.81 per share one share for each right held. The subscription price was 94% of the average of the last reported sales price of the Fund's Common Stock on the New York Stock Exchange on August 18, 2003, the expiration date and the nine preceding business days. On August 22, 2003 the Fund completed its rights offering. Proceeds of approximately \$42,349,000 and shares of 23,397,095 were recorded. In addition, offering expense of approximately \$817,000 was netted against the rights offering proceeds in 2003 and \$84,000 in 2004.



The New America High Income Fund, Inc.

**Notes to Financial Statements   Continued**  
**December 31, 2005**

**Supplemental Information** (Unaudited)

**Availability of Portfolio Holdings**

The Fund provides a complete schedule of its portfolio holdings quarterly. The lists of holdings as of the end of the second and fourth quarters appear in the Fund's semi-annual and annual reports to shareholders, respectively. The schedules of portfolio holdings as of the end of the first and third quarters are filed with the Securities and Exchange Commission (the "SEC") on Form N-Q (the "Forms") within 60 days of the end of the first and third quarters. Shareholders can look up the Forms on the SEC's web site at [www.sec.gov](http://www.sec.gov). The Forms may also be reviewed and copied at the SEC's public reference room in Washington, D.C. You may call the SEC at 1-800-SEC-0330 for information about the SEC's web site and their public reference room. In addition, the Forms may be reviewed on the Fund's web site at [www.newamerica-hyb.com](http://www.newamerica-hyb.com)

**Compliance Certifications**

On May 18, 2005, your Fund submitted a CEO annual certification to the New York Stock Exchange (NYSE) on which the Fund's principal executive officer certified that he was not aware, as of that date, of any violation by the Fund of the NYSE's Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Fund's principal executive and principal financial officers have made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q, relating to, among other things, the Fund's disclosure controls and procedures and internal control over financial reporting.

**Common and Auction Term Preferred Stock Transactions**

From time to time in the future, the Fund may effect redemptions and/or repurchases of its ATP as provided in the applicable constituent instruments or as agreed upon by the Fund and sellers. The Fund intends to effect such redemptions and/or repurchases to the extent necessary to maintain applicable asset coverage requirements.

The Fund may purchase shares of its Common Stock in the open market when the Common Stock trades at a discount to net asset value or at other times if the Fund determines such purchases are in the best interest of its stockholders. There can be no assurance that the Fund will take such action in the event of a market discount to net asset value or that Fund purchases will reduce a discount.

The New America High Income Fund, Inc.

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders  
The New America High Income Fund, Inc.

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The New America High Income Fund, Inc., as of December 31, 2005, and the related statement of operations, the statement of changes in net assets and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit. The statement of changes in net assets for the year ended December 31, 2004 and the financial highlights for each of the four years in the period ended December 31, 2004 were audited by other auditors whose report dated February 17, 2005, expressed an unqualified opinion.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (US). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2005, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of The New America High Income Fund, Inc. as of December 31, 2005, the results of its operations, the changes in its net assets and the financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania  
February 6, 2006

The New America High Income Fund, Inc.

**Directors**

Robert F. Birch  
Joseph L. Bower  
Richard E. Floor  
Bernard J. Korman  
Ernest E. Monrad  
Marguerite A. Piret

**Officers**

Robert F. Birch President  
Ellen E. Terry Vice President, Treasurer  
Richard E. Floor Secretary

**Investment Advisor**

T. Rowe Price Associates, Inc.  
100 E. Pratt Street  
Baltimore, Maryland 21202

**Administrator**

The New America High Income Fund, Inc.  
33 Broad Street  
Boston, MA 02109  
(617) 263-6400

**Custodian**

State Street Bank and Trust Company  
225 Franklin Street  
Boston, MA 02110

**Transfer Agent**

American Stock Transfer & Trust Company  
59 Maiden Lane  
New York, NY 10038  
(866) 624-4105  
Web site: [www.amstock.com](http://www.amstock.com)

**Independent Registered Public Accountants**

Tait, Weller & Baker LLP  
1818 Market Street  
Philadelphia, PA 19103

Listed: NYSE  
Symbol: HYB  
Web site: [www.newamerica-hyb.com](http://www.newamerica-hyb.com)

The New America High Income Fund, Inc.

Information About the Fund's Directors and Officers

Independent Directors

| Name,<br>Address,<br>and<br>Date<br>of<br>Birth | Position(s)<br>Held<br>with<br>Fund | Term<br>of<br>Office <sup>2</sup><br>and<br>Length<br>of<br>Time<br>Served | Principal<br>Occupation(s)<br>During<br>Past 5 Years                                                                                                                                                                                                                | Number of<br>Portfolios<br>in Fund<br>Complex <sup>3</sup><br>Overseen<br>by Director | Other<br>Directorships<br>Held by<br>Director                                                                                                                                                                                   |
|-------------------------------------------------|-------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Joseph L. Bower<br>DOB:<br>09/21/38             | Director                            | Director since 1988                                                        | Professor, Harvard Business School since 1963 as Donald K. David Professor of Business Administration since 1986, Senior Associate Dean, Chair of the Doctoral Programs, Chair of the General Management Area, and currently, Chair of the General Manager Program. | 1                                                                                     | Director of Anika Therapeutics, Inc., Sonesta International Hotels Corporation, Loews, Corporation (a conglomerate), and Brown Shoe Company, Inc., and Trustee of TH Lee-Putnam Emerging Opportunities Portfolio.               |
| Bernard J. Korman<br>DOB:<br>10/13/31           | Director                            | Director since 1987                                                        | Chairman of the Board of Directors of Philadelphia Health Care Trust (non-profit corporation supporting healthcare delivery, education and research).                                                                                                               | 1                                                                                     | Director of Omega Healthcare Investors, Inc. (real estate investment trust), Medical Nutrition USA, Inc. (develops and distributes nutritional products), and Nutramax Products, Inc. (a consumer healthcare products company). |

1 The address for each Director is c/o The New America High Income Fund, Inc., 33 Broad Street, Boston, MA 02109.

2 Each Director serves as such until the next annual meeting of the Fund's stockholders and until the Director's successor shall have been duly elected and qualified.

3 The New America High Income Fund, Inc. is not part of any fund complex.

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The New America High Income Fund, Inc.

## Information About the Fund's Directors and Officers Continued

| Name,<br>Address <sup>1</sup> ,<br>and<br>Date<br>of<br>Birth | Position(s)<br>Held<br>with<br>Fund | Term<br>of<br>Office <sup>2</sup><br>and<br>Length<br>of<br>Time<br>Served | Principal<br>Occupation(s)<br>During<br>Past 5 Years                                                                                                                                                                                                                                                                                | Number of<br>Portfolios<br>in Fund<br>Complex <sup>3</sup><br>Overseen<br>by Director | Other<br>Directorships<br>Held by<br>Director |
|---------------------------------------------------------------|-------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------|
| Ernest<br>E.<br>Monrad<br>DOB:<br>5/30/30                     | Director                            | Director<br>since<br>1988*                                                 | Trustee since 1960 and Chairman of the Trustees from 1969 to May 2001 of Northeast Investors Trust; Chairman, Assistant Treasurer and a Director since 1981 of Northeast Investors Growth Fund; Director and Vice President of Northeast Investment Management, Inc., and Director of Northeast Management & Research Company, Inc. | 1                                                                                     |                                               |
| Marguerite<br>A.<br>Piret<br>DOB:<br>5/10/48                  | Director                            | Director<br>since<br>2004                                                  | President and Chief Executive Officer, Newbury, Piret & Company, Inc., (an investment bank).                                                                                                                                                                                                                                        | 1                                                                                     | Trustee of Pioneer Funds.                     |

## Interested Directors and Officers

|                                                       |                              |                           |                                                                                                               |   |                                                      |
|-------------------------------------------------------|------------------------------|---------------------------|---------------------------------------------------------------------------------------------------------------|---|------------------------------------------------------|
| Robert<br>F.<br>Birch <sup>4</sup><br>DOB:<br>3/12/36 | Director<br>and<br>President | Director<br>since<br>1992 | Mutual Fund Director                                                                                          | 1 | Director of Hyperion Funds and the Brandywine Funds. |
| Richard<br>E.<br>Floor <sup>5</sup><br>DOB:<br>8/3/40 | Director<br>and<br>Secretary | Director<br>since<br>1987 | Partner through his professional corporation with the law firm of Goodwin Procter LLP, Boston, Massachusetts. | 1 | Director of Affiliated Managers Group, Inc.          |

1 The address for each Director is c/o The New America High Income Fund, Inc., 33 Broad Street, Boston, MA 02109.

2 Each Director serves as such until the next annual meeting of the Fund's stockholders and until the Director's successor shall have been duly elected and qualified.

3 The New America High Income Fund, Inc. is not part of any fund complex.

4 As the Fund's President, Mr. Birch is an interested person of the Fund within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act").

5 Mr. Floor is an interested person of the Fund within the meaning of the 1940 Act because, through his professional corporation, Mr. Floor is a partner of Goodwin Procter LLP, counsel to the Fund.

\* Includes service as Director Emeritus from April 2005 until July 2005.

Ellen E. Terry (D.O.B. 4/9/59), Vice President and Treasurer of the Fund since February 18, 1992, is the only executive officer of the Fund not named in the above table of interested Directors. Ms. Terry served as Acting President and Treasurer of the Fund from October 1991 through February 18, 1992, and as Vice President of the Fund prior to such time. Ms. Terry's address is: c/o The New America High Income Fund, 33 Broad Street, Boston, MA 02109. A Fund officer holds office until the officer's successor is duly elected and qualified, until the officer's death or until the officer resigns or has been removed.



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American Stock Transfer & Trust Company  
59 Maiden Lane  
New York, NY 10038

**The New  
America  
High Income  
Fund, Inc.**

**Annual**

**Report**

**December 31, 2005**

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ITEM 2. CODE OF ETHICS.

As of December 31, 2003, the Fund has adopted a code of ethics, as defined in Item 2 of Form N-CSR, that applies to its Principal Executive Officer, Principal Financial Officer/Chief Financial Officer, Principal Accounting Officer, Vice President, Treasurer and Manager of Accounting and Finance. The code of ethics is posted on the Fund's web site at [www.newamerica-hyb.com](http://www.newamerica-hyb.com).

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Fund's Audit and Nominating Committee is comprised solely of Directors who are independent as such term has been defined by the Securities and Exchange Commission in regulations implementing Section 407 of the Sarbanes-Oxley Act. The Board of Directors (a) has determined that each member of the Audit and Nominating Committee is financially literate and has accounting or related financial management experience as these terms are used in the corporate governance standards of the New York Stock Exchange and (b) believes that each has substantial experience relating to the review of financial statements and the operations of audit committees. In addition, the Board of Directors has determined that based upon their review of her experience and education, Ms. Piret qualifies as an audit committee financial expert, as that term has been defined by the instructions to this Item.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by this Item regarding principal accountants, fees and services appears under the caption Independent Accountants and Fees in the Fund's Proxy Statement dated February 28, 2006 prepared for the Annual Meeting of Shareholders to be held April 27, 2006, which was filed with the SEC via EDGAR on February 27, 2006. The information under that caption is incorporated herein by reference.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The information required by this Item regarding the audit committee of the Fund appears under the caption Committees of the Board of Directors and Meetings Audit and Nominating Committee in the Fund's Proxy Statement dated February 28, 2006 prepared for the Annual Meeting of Shareholders to be held April 27, 2006, which was filed with the SEC via EDGAR on February 27, 2006. The information under that caption is incorporated herein by reference.

ITEM 6.

This 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.

PROXY VOTING POLICIES AND PROCEDURES

At its June 26, 2003 meeting, the Fund's Board of Directors authorized and directed T. Rowe Price Associates, Inc. ( T. Rowe Price ), the Fund's investment adviser, to vote proxies relating to the Fund's portfolio securities in accordance with T. Rowe Price's proxy voting policies and procedures. T. Rowe Price, as an investment adviser with a fiduciary responsibility to the Fund, analyzes the proxy statements of issuers whose stock is owned by the Fund, if any.

## RESPONSIBILITY TO VOTE PROXIES

T. Rowe Price recognizes and adheres to the principle that one of the privileges of owning stock in a company is the right to vote in the election of the company's directors and on matters affecting certain important aspects of the company's structure and operations that are submitted to shareholder vote. As an investment adviser with a fiduciary responsibility to its clients, T. Rowe Price analyzes the proxy statements of issuers whose stock is owned by the U.S.-registered investment companies which it sponsors and serves as investment adviser ( **T. Rowe Price Funds** ) and by institutional and private counsel clients who have requested that T. Rowe Price be involved in the proxy process. T. Rowe Price has assumed the responsibility for voting proxies on behalf of the T. Rowe Price Funds and certain counsel clients who have delegated such responsibility to T. Rowe Price. In addition, T. Rowe Price makes recommendations regarding proxy voting to counsel clients who have not delegated the voting responsibility but who have requested voting advice.

T. Rowe Price has adopted these Proxy Voting Policies and Procedures ( **Policies and Procedures** ) for the purpose of establishing formal policies and procedures for performing and documenting its fiduciary duty with regard to the voting of client proxies.

**Fiduciary Considerations.** It is the policy of T. Rowe Price that decisions with respect to proxy issues will be made in light of the anticipated impact of the issue on the desirability of investing in the portfolio company from the viewpoint of the particular client or Price Fund. Proxies are voted solely in the interests of the client, Price Fund shareholders or, where employee benefit plan assets are involved, in the interests of plan participants and beneficiaries. Our intent has always been to vote proxies, where possible to do so, in a manner consistent with our fiduciary obligations and responsibilities. Practicalities and costs involved with international investing may make it impossible at times, and at other times disadvantageous, to vote proxies in every instance.

**Consideration Given Management Recommendations.** One of the primary factors T. Rowe Price considers when determining the desirability of investing in a particular company is the quality and depth of its management. The Policies and Procedures were developed with the recognition that a company's management is entrusted with the day-to-day operations of the company, as well as its long-term direction and strategic planning, subject to the oversight of the company's board of directors. Accordingly, T. Rowe Price believes that the recommendation of management on most issues should be given weight in determining how proxy issues should be voted. However, the position of the company's management will not be supported in any situation where it is found to be not in the best interests of the client, and the portfolio manager may always elect to vote contrary to management when he or she believes a particular proxy proposal may adversely affect the investment merits of owning stock in a portfolio company.

## ADMINISTRATION OF POLICIES AND PROCEDURES

**Proxy Committee.** T. Rowe Price's Proxy Committee ( **Proxy Committee** ) is responsible for establishing positions with respect to corporate governance and other proxy issues, including those involving social responsibility issues. The Proxy Committee also reviews questions and responds to inquiries from clients and mutual fund shareholders pertaining to proxy issues of corporate responsibility. While the Proxy Committee sets voting guidelines and serves as a resource for T. Rowe Price portfolio management, it does not have proxy voting authority for any Price Fund or counsel client. Rather, this responsibility is held by the Chairperson of the Fund's Investment Advisory Committee or counsel client's portfolio manager.

**Investment Services Group.** The Investment Services Group ( **Investment Services Group** ) is responsible for administering the proxy voting process as set forth in the Policies and Procedures.

**Proxy Administrator.** The Investment Services Group will assign a Proxy Administrator ( **Proxy Administrator** ) who will be responsible for ensuring that all meeting notices are reviewed and important proxy matters are communicated to the portfolio managers and regional managers for consideration.

## HOW PROXIES ARE REVIEWED, PROCESSED AND VOTED

In order to facilitate the proxy voting process, T. Rowe Price has retained Institutional Shareholder Services ( ISS ) as an expert in the proxy voting and corporate governance area. ISS specializes in providing a variety of fiduciary-level proxy advisory and voting services. These services include in-depth research, analysis, and voting recommendations as well as vote execution, reporting, auditing and consulting assistance for the handling of proxy voting responsibility and corporate governance-related efforts. While the Proxy Committee relies upon ISS research in establishing T. Rowe Price's proxy voting guidelines, and many of our guidelines are consistent with ISS positions, T. Rowe Price does at times deviate from ISS recommendations on general policy issues or specific proxy proposals.

### Meeting Notification

T. Rowe Price utilizes ISS' voting agent services to notify us of upcoming shareholder meetings for portfolio companies held in client accounts and to transmit votes to the various custodian banks of our clients. ISS tracks and reconciles T. Rowe Price holdings against incoming proxy ballots. If ballots do not arrive on time, ISS procures them from the appropriate custodian or proxy distribution agent. Meeting and record date information is updated daily, and transmitted to T. Rowe Price through ProxyMaster.com, an ISS web-based application. ISS is also responsible for maintaining copies of all proxy statements received by issuers and to promptly provide such materials to T. Rowe Price upon request.

**Vote Determination**



ISS provides comprehensive summaries of proxy proposals (including social responsibility

issues), publications discussing key proxy voting issues, and specific vote recommendations regarding portfolio company proxies to assist in the proxy research process. Upon request, portfolio managers may receive any or all of the above-mentioned research materials to assist in the vote determination process. The final authority and responsibility for proxy voting decisions remains with T. Rowe Price. Decisions with respect to proxy matters are made primarily in light of the anticipated impact of the issue on the desirability of investing in the company from the viewpoint of our clients.

Portfolio managers may decide to vote their proxies consistent with T. Rowe Price's policies as set by the Proxy Committee and instruct our Proxy Administrator to vote all proxies accordingly. In such cases, he or she may request to review the vote recommendations and sign-off on all the proxies before the votes are cast, or may choose only to sign-off on those votes cast against management. The portfolio managers are also given the option of reviewing and determining the votes on all proxies without utilizing the vote guidelines of the Proxy Committee. In all cases, the portfolio managers may elect to receive current reports summarizing all proxy votes in his or her client accounts. Portfolio managers who vote their proxies inconsistent with T. Rowe Price guidelines are required to document the rationale for their vote. The Proxy Administrator is responsible for maintaining this documentation and assuring that it adequately reflects the basis for any vote which is cast in opposition to T. Rowe Price policy.

#### **T. Rowe Price Voting Policies**

Specific voting guidelines have been adopted by the Proxy Committee for routine anti-takeover, executive compensation and corporate governance proposals, as well as other common shareholder proposals, and are available to clients upon request. The following is a summary of the significant T. Rowe Price policies:

*Election of Directors* T. Rowe Price generally supports slates with a majority of independent directors. T. Rowe Price withholds votes for outside directors that do not meet certain criteria relating to their independence or their inability to dedicate sufficient time to their board duties due to their commitments to other boards. We also withhold votes for inside directors serving on compensation, nominating and audit committees and for directors who miss more than one-fourth of the scheduled board meetings. We vote against management efforts to stagger board member terms by withholding votes from directors because a staggered board may act as a deterrent to takeover proposals. T. Rowe Price supports shareholder proposals calling for a majority vote threshold for the election of directors.

*Anti-takeover and Corporate Governance Issues* T. Rowe Price generally opposes anti-takeover measures since they adversely impact shareholder rights and limit the ability of shareholders to act on possible transactions. Such anti-takeover mechanisms include classified boards, supermajority voting requirements, dual share classes, and poison pills. We also oppose proposals that give management a "blank check" to create new classes of stock with disparate rights and privileges. We generally support proposals to permit cumulative voting and those that seek to prevent potential acquirers from receiving a takeover premium for their shares. When voting on corporate governance proposals, T. Rowe Price will consider the dilutive impact to shareholders and

the effect on shareholder rights. With respect to proposals for the approval of a company's auditor, we typically oppose auditors who have a significant non-audit relationship with the company.

*Executive Compensation Issues* T. Rowe Price's goal is to assure that a company's equity-based compensation plan is aligned with shareholders' long-term interests. While we evaluate most plans on a case-by-case basis, T. Rowe Price generally opposes compensation packages that provide what we view as excessive awards to a few senior executives or that contain excessively dilutive stock option grants based on a number of criteria such as the costs associated with the plan, plan features, burn rates which are excessive in relation to the company's peers, dilution to shareholders and comparability to plans in the company's peer group. We generally oppose efforts to reprice options in the event of a decline in value of the underlying stock.

*Social and Corporate Responsibility Issues* - Vote determinations for corporate responsibility issues are made by the Proxy Committee using ISS voting recommendations. T. Rowe Price generally votes with a company's management on the following social issues unless the issue has substantial economic implications for the company's business and operations which have not been adequately addressed by management:

Corporate environmental practices;

Board diversity;

Employment practices and employment opportunity;

Military, nuclear power and related energy issues;

Tobacco, alcohol, infant formula and safety in advertising practices;

Economic conversion and diversification;

International labor practices and operating policies;

Genetically-modified foods;

Animal rights; and

Political contributions/activities and charitable contributions.

*Global Portfolio Companies* ISS applies a two-tier approach to determining and applying global proxy voting policies. The first tier establishes baseline policy guidelines for the most fundamental issues, which span the corporate governance spectrum without regard to a company's domicile. The second tier takes into account various idiosyncrasies of different countries, making allowances for standard market practices, as long as they do not violate the fundamental goals of good corporate governance. The goal is to enhance shareholder value through effective use of shareholder franchise, recognizing that application of policies developed for U.S. corporate governance issues are not necessarily appropriate for foreign markets. The Proxy Committee has reviewed ISS' general global policies and has developed international proxy voting guidelines which in most instances are consistent with ISS recommendations.

*Votes Against Company Management* **Where ISS recommends a vote against management on any particular proxy issue, the Proxy Administrator ensures that the portfolio manager reviews such recommendations before a vote is cast. Consequently, if a portfolio manager believes that management's view on a particular proxy proposal may adversely affect the investment merits of owning stock in a particular company, he/she may elect to vote contrary to management. Also, our research analysts are asked to present their voting recommendations in such situations to our**



*portfolio managers.*



*Index and Passively Managed Accounts* - Proxy voting for index and other passively-managed portfolios is administered by the Investment Services Group using ISS voting recommendations when their recommendations are consistent with T. Rowe Price's policies as set by the Proxy Committee. If a portfolio company is held in both an actively managed account and an index account, the index account will default to the vote as determined by the actively managed proxy voting process.

*Divided Votes* - In the unusual situation where a decision is made which is contrary to the policies established by the Proxy Committee, or differs from the vote for any other client or Price Fund, the Investment Services Group advises the portfolio managers involved of the divided vote. The persons representing opposing views may wish to confer to discuss their positions. Opposing votes will be cast only if it is determined to be prudent to do so in light of each client's investment program and objectives. In such instances, it is the normal practice for the portfolio manager to document the reasons for the vote if it is against T. Rowe Price policy. The Proxy Administrator is responsible for assuring that adequate documentation is maintained to reflect the basis for any vote which is cast in opposition to T. Rowe Price policy.

*Shareblocking* - Shareblocking is the practice in certain foreign countries of freezing shares for trading purposes in order to vote proxies relating to those shares. In markets where shareblocking applies, the custodian or sub-custodian automatically freezes shares prior to a shareholder meeting once a proxy has been voted. Shareblocking typically takes place between one and fifteen (15) days before the shareholder meeting, depending on the market. In markets where shareblocking applies, there is a potential for a pending trade to fail if trade settlement takes place during the blocking period. Depending upon market practice and regulations, shares can sometimes be unblocked, allowing the trade to settle but negating the proxy vote. T. Rowe Price's policy is generally to vote all shares in shareblocking countries unless, in its experience, trade settlement would be unduly restricted.

*Securities on Loan* - The T. Rowe Price Funds and our institutional clients may participate in securities lending programs to generate income. Generally, the voting rights pass with the securities on loan; however, lending agreements give the lender the right to terminate the loan and pull back the loaned shares provided sufficient notice is given to the custodian bank in advance of the voting deadline. T. Rowe Price's policy is generally not to vote securities on loan unless the portfolio manager has knowledge of a material voting event that could affect the value of the loaned securities. In this event, the portfolio manager has the discretion to instruct the Proxy Administrator to pull back the loaned securities in order to cast a vote at an upcoming shareholder meeting.

#### **Vote Execution and Monitoring of Voting Process**



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Once the vote has been determined, the Proxy Administrator enters votes electronically into ISS's ProxyMaster system. ISS then transmits the votes to the proxy agents or custodian banks and

sends electronic confirmation to T. Rowe Price indicating that the votes were successfully transmitted.

On a daily basis, the Proxy Administrator queries the ProxyMaster system to determine newly announced meetings and meetings not yet voted. When the date of the stockholders' meeting is approaching, the Proxy Administrator contacts the applicable portfolio manager if the vote for a particular client or Price Fund has not yet been recorded in the computer system.

Should a portfolio manager wish to change a vote already submitted, the portfolio manager may do so up until the deadline for vote submission, which varies depending on the company's domicile.

### **Monitoring and Resolving Conflicts of Interest**

The Proxy Committee is also responsible for monitoring and resolving possible material conflicts between the interests of T. Rowe Price and those of its clients with respect to proxy voting. We have adopted safeguards to ensure that our proxy voting is not influenced by interests other than those of our fund shareholders. While membership on the Proxy Committee is diverse, it does not include individuals whose primary duties relate to client relationship management, marketing, or sales. Since T. Rowe Price's voting guidelines are pre-determined by the Proxy Committee using recommendations from ISS, an independent third party, application of the T. Rowe Price guidelines by fund portfolio managers to vote fund proxies should in most instances adequately address any possible conflicts of interest. However, the Proxy Committee reviews all proxy votes that are inconsistent with T. Rowe Price guidelines to determine whether the portfolio manager's voting rationale appears reasonable. The Proxy Committee also assesses whether any business or other relationships between T. Rowe Price and a portfolio company could have influenced an inconsistent vote on that company's proxy. Issues raising possible conflicts of interest are referred to designated members of the Proxy Committee for immediate resolution prior to the time T. Rowe Price casts its vote. With respect to personal conflicts of interest, T. Rowe Price's Code of Ethics and Conduct requires all employees to avoid placing themselves in a compromising position in which their interests may conflict with those of our clients and restricts their ability to engage in certain outside business activities. Portfolio managers or Proxy Committee members with a personal conflict of interest regarding a particular proxy vote must recuse themselves and not participate in the voting decisions with respect to that proxy.

*Specific Conflict of Interest Situations* - Voting of T. Rowe Price Group, Inc. common stock (sym: TROW) by certain T. Rowe Price Index Funds will be done in all instances in accordance with T. Rowe Price policy and votes inconsistent with policy will not be permitted. In addition, T. Rowe Price has voting authority for proxies of the holdings of certain T. Rowe Price funds that invest in other T. Rowe Price funds. In cases where the underlying fund of a T. Rowe Price fund-of-funds holds a proxy vote, T. Rowe Price will mirror vote the fund shares held by the fund-of-funds in the same proportion as the votes cast by the shareholders of the underlying funds.

**REPORTING AND RECORD RETENTION**



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Vote Summary Reports will be generated for each client that requests T. Rowe Price to furnish proxy voting records. The report specifies the portfolio companies, meeting dates, proxy proposals, and votes which have been cast for the client during the period and the position taken with respect to each issue. Reports normally cover quarterly or annual periods. All client requests for proxy information will be recorded and fulfilled by the Proxy Administrator.

T. Rowe Price retains proxy solicitation materials, memoranda regarding votes cast in opposition to the position of a company's management, and documentation on shares voted differently. In addition, any document which is material to a proxy voting decision such as the T. Rowe Price voting guidelines, Proxy Committee meeting materials, and other internal research relating to voting decisions will be kept. Proxy statements received from issuers (other than those which are available on the SEC's EDGAR database) are kept by ISS in its capacity as voting agent and are available upon request. All proxy voting materials and supporting documentation are retained for six years.

**Item 8. Portfolio Managers of Closed-End Management Investment Companies**

**Item 8(a)(1)**

The New America High Income Fund (the Fund ) is managed by an Investment Advisory Committee chaired by Mark J. Vaselkiv. Mr. Vaselkiv has day-to-day responsibility for managing the Fund and works with the Committee in developing and executing the Fund's investment program. His biography is as follows:

**Mark J. Vaselkiv**



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Mark Vaselkiv is a Vice President of T. Rowe Price Group, Inc., and T. Rowe Price Associates, Inc., and a Portfolio Manager in the Fixed Income Group, heading taxable high-yield bond management. He serves as President of the T. Rowe Price High Yield Fund and Chairman of the High Yield Fund Investment Advisory Committee. Prior to joining the firm in 1988, he was employed as a Vice President, analyzing and trading high-yield debt securities for Shenkman Capital Management, Inc., New York, and a Private Placement Credit Analyst in the Capital Markets Group of Prudential Insurance Company. Mark earned a B.A. in Political Science from Wheaton College, Illinois, and an M.B.A. in finance from New York University.

**Paul A. Karpers, CFA**



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Paul Karpers is a Vice President of T. Rowe Price Group, Inc., and T. Rowe Price Associates, Inc., and a High Yield Portfolio Manager/Analyst in the Fixed Income Group. Prior to joining the firm in 1995, he was an Analyst with the Vanguard Group in Philadelphia. Paul earned a B.S. in Finance from LaSalle University and an M.B.A. with concentrations in Finance and Information Systems from New York University. He has also achieved the Chartered Financial Analyst accreditation and is a member of the Association for Investment Management and Research and the Baltimore Securities Analyst Society.

**Item 8(a)(2)**

**Other Accounts:**

**Mark Vaselkiv:**

|                                   | Number of<br>Accounts |    | TOTAL Assets    |
|-----------------------------------|-----------------------|----|-----------------|
| registered investment companies:  | 8                     | \$ | 5,019.4 million |
| other pooled investment vehicles: | 10                    | \$ | 3,164.8 million |
| other accounts:                   | 10                    | \$ | 1,680.7 million |

As of 12/31/2005.

**Paul Karpers:**

|                                   | Number of<br>Accounts |    | TOTAL Assets  |
|-----------------------------------|-----------------------|----|---------------|
| registered investment companies:  | 1                     | \$ | 329.0 million |
| other pooled investment vehicles: | 0                     |    |               |
| other accounts:                   | 0                     |    |               |

As of 12/31/2005.

None of the accounts listed above have performance-based fees.

**Conflicts of Interest**

Portfolio managers at T. Rowe Price typically manage multiple accounts. These accounts may include, among others, mutual funds, separate accounts (assets managed on behalf of institutions such as pension funds, colleges and universities, foundations), and commingled trust accounts. Portfolio managers make investment decisions for each portfolio based on the investment objectives, policies, practices and other relevant investment considerations that the managers believe are applicable to that portfolio. Consequently, portfolio managers may purchase (or sell) securities for one portfolio and not another portfolio. T. Rowe Price has adopted brokerage and trade allocation policies and procedures which it believes are reasonably designed to address any potential conflicts associated with managing multiple accounts for multiple clients. Also, as disclosed under the Portfolio Manager's Compensation section, our portfolio managers' compensation is determined in the same manner with respect to all portfolios managed by the portfolio manager.



**Item 8(a)(3)**

**Compensation:**

Portfolio manager compensation consists primarily of a base salary, a cash bonus, and an equity incentive that usually comes in the form of a stock option grant. Occasionally, portfolio managers will also have the opportunity to participate in venture capital partnerships. Compensation is variable and is determined based on the following factors.

Investment performance over one-, three-, five-, and 10-year periods is the most important input. We evaluate performance in absolute, relative, and risk-adjusted terms. Relative performance and risk-adjusted performance are determined with reference to the broad based index (ex. CS First Boston High Yield) and an applicable Lipper index (ex. High Current Yield Funds Average), though other benchmarks may be used as well. Investment results are also compared to comparably managed funds of competitive investment management firms.

Performance is primarily measured on a pre-tax basis though tax-efficiency is considered and is especially important for tax efficient funds. It is important to note that compensation is viewed with a long term time horizon. The more consistent a manager's performance over time, the higher the compensation opportunity. The increase or decrease in a fund's assets due to the purchase or sale of fund shares is not considered a material factor.

Contribution to our overall investment process is an important consideration as well. Sharing ideas with other portfolio managers, working effectively with and mentoring our younger analysts, and being good corporate citizens are important components of our long term success and are highly valued.

All employees of T. Rowe Price, including portfolio managers, participate in a 401(k) plan sponsored by T. Rowe Price Group. In addition, all employees are eligible to purchase T. Rowe Price common stock through an employee stock purchase plan that features a limited corporate matching contribution. Eligibility for and participation in these plans is on the same basis as for all employees. Finally, all vice presidents of T. Rowe Price Group, including all portfolio managers, receive supplemental medical/hospital reimbursement benefits.

This compensation structure is used for all portfolios managed by the portfolio manager.

**Item 8(a)(4)**

**Ownership of Securities**

| <b>Portfolio Manager</b> | <b>Fund</b>                  | <b>Dollar Range of Equity Securities Beneficially Owned*</b> |
|--------------------------|------------------------------|--------------------------------------------------------------|
| Mark J. Vaselkiv         | New America High Income Fund | None                                                         |
| Paul A. Karpers          | New America High Income Fund | \$50,001 - \$100,000                                         |

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\* As of 12/31/2005.

**Item 8(b) Not applicable.**

ITEM 9. PURCHASE OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

ITEM 11. CONTROLS AND PROCEDURES.

(a) The Fund's principal executive officer and principal financial officer concluded that the Fund disclosure controls and procedures (as defined in Rule 30a-3(c) under the 1940 Act) provide reasonable assurances that information required to be disclosed by the Fund on Form N-CSR is recorded, processed, summarized and reported within the required time periods and that information required to be disclosed by the Fund in the reports that it files or submits on Form N-CSR is accumulated and communicated to the Fund's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure, based on their evaluation of the disclosure controls and procedures as of a date within 90 days of the filing date of this report.

(b) There was no change in the Fund's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the Fund's second fiscal quarter of the period that has materially affected, or is reasonably likely to materially affect, the Fund's internal control over financial reporting.

ITEM 12. EXHIBITS.

(a)(1) The Fund's Code of Ethics for Principal Executive and Senior Financial Officers was filed with the SEC via Edgar on March 7, 2006 as Exhibit 99 to the Registrant's Annual Report on Form N-CSR (File No. 811-05399) for the fiscal year ended December 31, 2004 and is incorporated by reference herein.

(a)(2) The certifications required by Rule 30a-2(a) under the 1940 Act.

(a)(3) Not applicable.

(b) The certifications required by Rule 30a-2(b) under the 1940 Act.

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.

The New America High Income Fund, Inc.

|        |                     |                        |
|--------|---------------------|------------------------|
| By:    | /s/ Robert F. Birch |                        |
| Name:  |                     | Robert F. Birch        |
| Title: |                     | President and Director |
| Date:  |                     | March 9, 2006          |

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

|        |                     |                 |
|--------|---------------------|-----------------|
| By:    | /s/ Robert F. Birch |                 |
| Name:  |                     | Robert F. Birch |
| Title: |                     | President       |
| Date:  |                     | March 9, 2006   |

|        |                    |                |
|--------|--------------------|----------------|
| By:    | /s/ Ellen E. Terry |                |
| Name:  |                    | Ellen E. Terry |
| Title: |                    | Treasurer      |
| Date:  |                    | March 9, 2006  |