

SECURITIES AND EXCHANGE COMMISSION

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FILER

PRICE T ROWE HIGH YIELD FUND INC

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FELLOW SHAREHOLDERS

Before we review the financial markets and your Fund's performance, we want to mention that you have received two consecutive annual reports because your Fund's fiscal year-end was recently changed from February 28 to May 31.

MARKET ENVIRONMENT

The recent quarter was a reminder to all of us who invest in high-yield bonds that the trade-off for above-average yields can be periods of above-average volatility. After generating strong returns for three consecutive years, the high-yield bond market faltered in February of this year after the Federal Reserve moved to a tighter monetary policy, and then spiraled downwards along with most of the world's major bond markets. By the close of your Fund's quarter on May 31, the worst seemed to be over, and prices for both high-quality and high-yield (junk) bonds had moved up a bit from their lows.

As we mentioned in our previous report, the high-yield market had gradually become more vulnerable to potential setbacks because of the lengthy decline in its yield advantage over top-quality issues. It is important to note, however, that the narrowing yield spread was the result of this market's superior performance. When the Fed initiated what turned out to be the first of four monthly increases in the federal funds rate, high-yield bonds did indeed fall harder than their high-quality counterparts. As market sentiment worsened, the bonds of any company with disappointing earnings were quickly trounced, whereas last year similar news would probably have been shrugged off.

These developments were exacerbated by outflows from mutual funds, a dominant presence in the high-yield market, which sold bonds to meet redemptions. Given the high-yield market's illiquid nature, persistent selling soon produced the same exaggerated price changes on the downside that consistently strong demand had recently generated on the upside.

The chart below is a picture of market turmoil: sharply rising yields from February to early April followed by unnerving seesaw activity and a semblance of stability in May.

The stock market's 6% correction from February through April (measured by the S&P 500 Stock Index) also cast a pall on the high-yield market. Many junk bond issuers look to a healthy stock market to help them reduce debt loads by issuing stock, and a falling market is inhospitable to this activity. New bond issues likewise faced poor reception. Many were postponed, and the high yields required of those that were sold triggered instant price reductions on existing, comparable issues.

YIELD COMPARISON CHART

A line graph compares the yields of the First Boston BB-Rated Bond Index and the 10-Year Treasury Note from January to May 1994.

The U.S. markets also suffered from overseas developments. The Fed's first tightening in five years was "a shot heard 'round the world" as bond yields in both industrialized and emerging countries rose. Falling bond prices abroad boomeranged back to the U.S. through their effect on large U.S. hedge funds that had invested heavily in foreign bonds, frequently using borrowed money. In February, many of these funds had to dump bonds of all kinds---whatever could be sold---to meet margin calls, thus accelerating the U.S. bond market's tailspin. In March, wealthy, highly leveraged private investors, primarily in Latin America, became heavy sellers of foreign bonds. In the third week of March, following the Fed's third hike in the fed funds rate, an incipient rally in emerging country bonds was torpedoed by the assassination of the leading Mexican presidential candidate.

PERFORMANCE AND STRATEGY REVIEW

Your Fund's results followed the high-yield market pattern, with a negative quarter coming on the heels of a cumulative return of 85% for the three years ended December 31, 1993. Specifically, the Fund was in the path of two downward price spirals, one involving junk bonds, which compose most of our portfolio, and one involving emerging country bonds, which accounted for about 9% to 10% of assets during the quarter. Our foreign investments had contributed significantly to the Fund's strong absolute and relative results last year and, by the same token, were largely responsible for our lagging results shown below.

PERFORMANCE COMPARISON

	Periods Ended 5/31/94	
	3 Months	12 Months

High Yield Fund	-6.52%	2.34%
Lipper High Yield Fund		

Despite the difficult environment, we made few changes in our sector weightings during the quarter because we believe the fundamentals of the high-yield market and of most individual issuers remain sound. In the universe of high-yield bond issuers, many continue to improve their financial conditions and the default rate is at an all-time low. Although some of our holdings with lower-than-expected earnings were punished severely by investors, the vast majority are experiencing no credit problems. Gaming continued to be our largest sector because we believe the long-term prospects of this very profitable industry remain favorable despite some recent setbacks.

OUTLOOK

The economy continues to expand, corporate earnings are increasing, and, recent events notwithstanding, interest rates remain quite low by historical standards. All these are positive for high-yield bonds. We were encouraged by signs of an improvement in our market's psychology in May and by positive inflows into high-yield mutual funds. We certainly hope both trends are sustained. The sharp rise in junk bond yields has begun to attract bargain hunters as well as some institutional investors like insurance companies, not seen in this market since 1989, and some pension funds.

In our last report we commented on the volatility and unpredictability of the high-yield bond market, so we will not hazard a short-term forecast here. Over the long term, however, these bonds and your Fund have provided high returns to investors who rode out the sometimes nail-biting periods of falling prices. We see no reason why this will not be true in the future.

Respectfully submitted,

/s/Richard S. Swingle

Richard S. Swingle
President and Chairman of the
Investment Advisory Committee

June 23, 1994

STATISTICAL HIGHLIGHTS

T. ROWE PRICE HIGH YIELD FUND / MAY 31, 1994

KEY STATISTICS

Dividend Yield*	Periods Ended 5/31/94
3 Months	8.54%
12 Months	9.15
Dividend Per Share	
3 Months	\$0.18
12 Months	0.79
Change in Per-Share Value	
3 Months (From \$9.15 to \$8.37)	\$-0.78
12 Months (From \$8.93 to \$8.37)	-0.56

*Dividends earned and reinvested for the periods indicated are annualized and divided by the average daily net asset values per share for the same period.

QUALITY DIVERSIFICATION

TRPA Quality Rating*	Percent of Net Assets		
	5/31/93	2/28/94	5/31/94
1	1%	4%	3%
2	5	0	2
3	0	0	0
4	1	1	1
5	13	7	5
6	73	73	69
7	2	2	6
8	1	2	1
9	0	1	2
10	2	3	2

Not Rated	2	7	9

WEIGHTED AVERAGE	5.6	5.6	5.4

*On a scale of 1 to 10, with Grade 1 representing highest quality.

MATURITY DIVERSIFICATION

Range	Percent of Net Assets		
	5/31/93	2/28/94	5/31/94
Short-Term (0 to 1 Year)	4%	5%	6%
Short Intermediate-Term (1+ to 5 Years)	12	11	7
Long Intermediate-Term (5+ to 10 Years)	59	54	57
Long-Term (Over 10 Years)	25	30	30

WEIGHTED AVERAGE (YEARS)	9.0	9.9	10.3

SECTOR DIVERSIFICATION*

	Percent of Net Assets		
	5/31/93	2/28/94	5/31/94
Hotels & Gaming	11%	12%	11%
Foreign	3	9	10
Health Care	8	6	8
Paper & Paper Products	2	5	7
Textiles & Apparel	4	5	5
Specialty Chemicals	1	3	5
Aerospace & Defense	0	4	4
Manufacturing	8	3	3
Beverages	1	3	3
Building Products	3	3	3
Telecommunications	0	3	3
Cable Operators	5	4	2
Containers	8	5	2
Miscellaneous	4	3	2
Specialty Retailers	4	3	2
Service	1	2	2

*Sectors representing at least 2% of net assets on 5/31/94.

FISCAL-YEAR PERFORMANCE COMPARISON

A line graph compares the 5/31/94 value of a hypothetical \$10,000 investment made in the High-Yield Fund at its inception (12/31/84) and a similar investment made concurrently in the First Boston High-Yield Index. At 5/31/94, the Fund investment would have been worth \$33416 and the First Boston Index investment would have been worth \$27657.

FISCAL-YEAR PERFORMANCE

Periods Ended May 31, 1994

Since		
1 Year	5 Years*	Inception (12/31/84)*
2.34%	7.97%	10.62%

* Average Annual Compound Total Return

Income return and principal value represent past performance and will vary. Shares may be worth more or less at redemption than at original purchase.

INVESTMENT RECORD

T. ROWE PRICE HIGH YIELD FUND

The table below shows the investment record of one share of the T. Rowe Price

High Yield Fund, purchased at the original offering price of \$10.00. Over this time, interest rates have been volatile.

The results shown should not be considered a representation of the dividend income or capital gain or loss which may be realized from an investment made in the Fund today.

Fiscal Year Ended	Net Asset Value	Income Dividends	Capital Gains Distributions/2/	With Dividends Reinvested	With Dividends and Capital Gains Reinvested	Total Return
2/28/85 /1/	\$9.99	\$0.22	-	\$10.21	\$10.21	1.96%
1986	10.99	1.37	-	12.79	12.79	25.45
1987	11.26	1.28	\$0.13	14.71	14.88	16.36
1988	10.21	1.25	0.14	15.03	15.40	3.49
1989	10.24	1.26	-	17.04	17.46	13.37
1990	8.20	1.26	-	15.57	15.96	-8.62
1991	7.13	1.07	-	15.59	15.98	0.12
1992	8.23	0.88	-	20.14	20.65	29.15
1993	8.58	0.82	-	23.15	23.75	14.96
1994	9.15	0.81	-	26.99	27.66	16.59
5/31/94 /3/	8.37	0.18	-	25.23	25.85	-6.52
TOTAL		\$10.40	\$0.27			

/1/ From inception 12/31/84 to 2/28/85.

/2/ Includes short-term capital gain of \$0.09 on 3/11/86.

/3/ Fiscal year-end changed from February 28 to May 31; figures are for three months from 3/1/94 to 5/31/94.

STATEMENT OF NET ASSETS (AMOUNTS IN THOUSANDS)

T. ROWE PRICE HIGH YIELD FUND / MAY 31, 1994

<TABLE>

<CAPTION>

Corporate Bonds & Notes, Common & Preferred Stocks---85.0%

	Face Amount	Value
<S>	<C>	<C>
AEROSPACE & DEFENSE---4.1%		
[double dagger] Abex, Common Stock.....	620 shs.	\$4,498
IMO Industries, Sr. Sub. Deb., 12.00%, 11/1/01.....	\$23,300	23,999
12.25%, 8/15/97.....	1,970	1,960
K & F Industries, Sr. Secured Notes, 11.875%, 12/1/03.....	9,650	8,878
Sr. Sub. Notes, 13.75%, 8/1/01.....	9,725	8,947
[double dagger] Tracor, Common Stock.....	374 shs.	2,992
[double dagger] Tracor Technology Resources, Common Stock.....	40	40
		51,314
AUTOMOBILES & RELATED---2.0%		
[double dagger]# Borg Warner Automotive, Common Stock, Class A.....	319	7,733
Exide, Sr. Notes, 10.75%, 12/15/02.....	\$8,250	8,663
[double dagger] Lear Seating, Common Stock.....	379 shs.	6,965
[double dagger] Motor Wheel, Common Stock, Class A.....	6	1,200
[dagger]		24,561
BEVERAGES---3.4%		
Coca-Cola Bottling Group, Sr. Sub. Notes, 9.00%, 11/15/03.....	\$5,200	4,732
Dr Pepper Bottling Holdings, Sr. Disc. Notes, STEP, Zero Coupon, 2/15/98; 11.625%, 2/15/98-2/15/03.....	17,850	11,602
[double dagger] Common Stock, Class A.....	1,184 shs.	4,736
[double dagger]# Common Stock, Class A.....	120	480
[double dagger] Dr Pepper/Seven-Up, Common Stock.....	533	13,048
Texas Bottling Group, Sr. Sub. Notes, 9.00%, 11/15/03.....	\$8,000	7,200
		41,798
BROADCASTING---1.1%		
[double dagger] SCI Television, Common Stock, Class B.....	50 shs.	0
Spectravision, Sr. Sub. Notes, 11.50%, 12/1/02.....	\$23,523	13,408
		13,408
BUILDING PRODUCTS---3.1%		
Acme Holdings, Sr. Notes, 11.75%, 6/1/00.....	12,000	6,600
Maxxam Group, Sr. Secured Notes, 11.25%, 8/1/03.....	10,100	9,595
Overhead Door, Sr. Notes, 12.25%, 2/1/00.....	9,825	10,316
Southdown, Sr. Sub. Notes, 14.00%, 10/15/01.....	5,175	5,822
Waxman Industries, Sr. Secured Notes, 12.25%, 9/1/98.....	6,850	6,713
[double dagger] Warrants.....	133 wts.	7
		39,053
BUILDING & REAL ESTATE---0.0%		

[double dagger]	Gulfstream Housing, Warrants.....	30	3
	Mid Atlantic Realty Trust, Common Stock.....	33 shs.	304
			307
CABLE OPERATORS---2.5%			
	Adelphia Communications, Sr. Deb., 11.875%, 9/15/04.....	\$2,000	2,020
	Sr. Notes, 12.50%, 5/15/02.....	5,600	5,768
[double dagger]	Cencom Cable Entertainment, Warrants#.....	10 wts.	500
[dagger]			
	Continental Cablevision, Sr. Sub. Deb., 11.00%, 6/1/07.....	\$6,450	\$6,643
[double dagger]	Insight Communications, Warrants.....	80 wts.	80
[double dagger]	Peachtree Cable Associates Ltd., Common Stock.....	10 shs.	170
[dagger]			
	Summit Communications Group, Sr. Sub. Deb., 10.50%, 4/15/05.....	\$15,675	15,636
			30,817
CONGLOMERATES---1.7%			
[double dagger]	Insilco, Common Stock.....	1 shs.	9
	Jordan Industries, Sr. Sub. Disc. Notes, STEP, Zero Coupon, 8/1/98; 11.75%, 8/1/98-8/1/05.....	\$31,400	18,212
[double dagger]	Reeves Industries, Common Stock.....	75 shs.	337
[dagger]			
[double dagger]	Thermadyne Holdings, Common Stock.....	26	341
[double dagger]	Triton Group Limited, Common Stock.....	1,119	1,679
			20,578
CONTAINERS---2.3%			
	Owens-Illinois, Sr. Deb., 11.00%, 12/1/03.....	\$6,050	6,473
	Plastic Containers, Sr. Secured Notes, 10.75%, 4/1/01.....	12,300	12,300
	Silgan Holdings, Sr. Sub. Notes, 11.75%, 6/15/02.....	10,000	10,250
			29,023
COSMETICS---1.0%			
	Revlon Worldwide, Sr. Secured Disc. Notes, Zero Coupon, 3/15/98.....	30,750	12,915
ELECTRONIC COMPONENTS---1.7%			
[double dagger]	Amphenol, Common Stock, Class A.....	150 shs.	2,548
[double dagger]	Berg Electronics Holdings, Common Stock.....	740	1,294
[dagger]			
	Sr. Exch. Pfd. Stock, Series E.....	707	17,861
			21,703
ENTERTAINMENT & LEISURE---0.9%			
[double dagger]	Fair Lanes Entertainment, Sr. Notes, Zero Coupon, 1/31/01.....	\$4,485	112
[double dagger]	PIK, Series A, 9.50%, 1/31/98.....	10,618	531
[double dagger]	Sr. Secured Notes, 11.875%, 8/15/97.....	6,400	5,056
[double dagger]	Common Stock, Class A.....	257 shs.	13
	Sam Houston Race Park, Sr. Secured Notes, 11.75%, 7/15/99.....	\$6,000	5,100
[double dagger]	Warrants.....	24 wts.	180
[dagger]			10,992
EXPLORATION & PRODUCTION---1.8%			
[double dagger]	Argo Petroleum, Sub. Deb., 16.50%, 1/1/02.....	\$2,000	86
	Gulf Canada Resources Limited, Sr. Sub. Deb., 9.25%, 1/15/04.....	2,260	2,068
	Maxus Energy, Sr. Notes, 9.875%, 10/15/02.....	2,910	2,619
	Mesa, Secured Disc. Notes, STEP, Zero Coupon, 6/30/95; 12.75%, 6/30/95-6/30/98.....	6,562	5,742
[double dagger]	Common Stock.....	323 shs.	2,181
[dagger]			
	Plains Resources, Sr. Sub. Notes, 12.00%, 10/1/99.....	\$10,000	9,900
			22,596
FOOD PROCESSING---1.3%			
	Mafco, Sr. Sub. Notes, 11.875%, 11/15/02.....	12,750	12,877
	Rymer Foods, Sr. Notes, 11.00%, 12/15/00.....	2,782	2,521
[double dagger]	Common Stock.....	604 shs.	1,058
			16,456
FOOD SERVICES---0.3%			
	ARA Group, Sub. Deb., 12.00%, 4/15/00.....	\$3,000	\$3,240
GENERAL MERCHANDISERS---0.8%			
[double dagger]	Federated Department Stores, Common Stock.....	1 shs.	1
[double dagger]	G.C. Murphy, Deb., 7.375%, 1/1/97.....	\$2,310	809
[double dagger]	Lamonts Apparel, Common Stock.....	309 shs.	618
[dagger]			
[double dagger]	Warrants.....	25 wts.	0
[double dagger]	Macy Swiss Bank Debt, 10.41%, 6/24/98.....	\$9,500	8,455
[dagger]			9,883
HEALTH CARE---7.7%			
	Continental Medical Systems, Sr. Sub. Notes, 10.875%, 8/15/02.....	35,575	32,996
	Healthsouth Rehabilitation, Sr. Sub. Notes, 9.50%, 4/1/01.....	5,125	4,971
	Healthtrust, Sub. Notes, 10.25%, 4/15/04.....	22,500	22,612
	Quorum Health Group, Notes, 11.875%, 12/15/02.....	19,225	21,148
[double dagger]	The Kendall Company, Rights.....	2 rts.	54
[double dagger]	Warrants, Series A.....	3 wts.	90
[double dagger]	Series B.....	3	90
	Wright Medical Technology, Sr. Secured Notes, Series B, 10.75%, 7/1/00.....	\$14,100	13,395
[double dagger]	Warrants.....	4 wts.	305
[dagger]			95,661

HOTELS & GAMING---11.2%		
	Aztar, Sr. Sub. Notes, 11.00%, 10/15/02.....	\$12,600 12,096
[double dagger]	Bally's Grand, Common Stock.....	112 shs. 1,229
[double dagger]	Warrants.....	51 wts. 203
[double dagger]	Becker Gaming, Warrants#.....	425 1,062
[dagger]	Belle Casinos, 1st Mtg. Notes, 12.00%, 10/15/00.....	\$6,650 5,819
[double dagger]	Warrants.....	7 wts. 33
[dagger]	Capital Gaming International, Sr. 2nd Mtg. Bonds, 11.50%, 2/1/01.....	\$8,300 9,130
[double dagger]	Warrants#.....	21 wts. 21
[dagger]	Capital Queen and Casino, 1st Mtg. Notes, 12.00%, 11/15/00.....	\$6,800 5,780
[dagger]	Elsinore, Units, (144a), (Each unit consists of a \$1,000 par 1st Mtg. Note, 12.50%, 10/1/00 and 40.794 warrants).....	19,500 15,795
	GNF, 1st Mtg. Notes, Series B, 10.625%, 4/1/03.....	8,000 6,000
	Grand Casino Resorts, Gtd. 1st Mtg. Bonds, Series B, 12.50%, 2/1/00.....	15,250 16,127
[double dagger]	Grand Casinos, Common Stock.....	161 shs. 2,779
[double dagger]	GTech Holdings, Common Stock.....	8 169
[dagger]	Hemmeter Enterprises, PIK Units, (Each unit consists of a \$1,000 par Sr. Sec. Note, 11.50%, 12/15/00, and 12 warrants)	\$10,500 9,765
[double dagger]	Hollywood Casino, Common Stock, Class A.....	633 shs. 4,750
[double dagger]	Hollywood Park, Common Stock.....	130 2,860
	President Riverboat Casinos, Sr. Sub. Notes, 11.75%, 9/15/01.....	\$18,225 17,314
[double dagger]	Common Stock.....	30 shs. 285
[double dagger]	Warrants.....	147 wts. 110
[dagger]	PRT Funding, Sr. Notes, 11.625%, 4/15/04.....	\$3,000 2,400
[double dagger]	Resorts International, Secured Notes, PIK, Series B, 15.00%, 4/15/94.....	5,447 3,541
	Showboat, 1st Mtg. Bonds, 9.25%, 5/1/08.....	\$4,350 \$4,035
	Trump Taj Mahal, 1st Mtg. Bonds, PIK, 11.35%, 11/15/99.....	21,023 18,282
		139,585
MANUFACTURING---3.5%		
	American Standard, Sr. Deb., 11.375%, 5/15/04.....	19,250 20,212
	Calmar, Sr. Secured Notes, 12.00%, 12/15/97.....	1,000 980
	Calmar Spraying Systems, Sr. Sub. Notes, 14.00%, 2/15/99.....	4,100 3,916
	Coltec Industries, Sr. Sub. Notes, 10.25%, 4/1/02.....	9,000 9,000
	Plastic Specialties & Technologies, Common Stock.....	70 shs. 70
[double dagger]	Simplicity Manufacturing, Common Stock.....	23 23
	Uniroyal Technology, Sr. Secured Notes, 11.75%, 6/1/03.....	\$9,100 8,827
[double dagger]	Warrants.....	131 wts. 327
		43,355
MEDIA & ADVERTISING---1.3%		
	Heritage Media, Sr. Sub. Notes, 11.00%, 10/1/02.....	\$15,300 15,682
METALS & MINING---0.2%		
	Freeport McMoran Copper & Gold, Conv. Pfd. Stock.....	125 shs. 2,891
MISCELLANEOUS---2.3%		
[double dagger]	Allied Waste Industries, Common Stock.....	305 1,220
	Anacomp International N.V., Conv. Sub. Deb., 9.00%, 1/15/96.....	\$1,900 1,810
	Convex Computer, Conv. Sub. Deb., 6.00%, 3/1/12.....	7,500 4,162
	Cooper Industries, Conv. Pfd. Stock.....	100 shs. 2,325
[double dagger]	Efficient Market Services, Conv. Pfd. Stock, Series C*.....	364 6,055
[dagger]	Envirotest Systems, Sr. Sub. Notes, 9.125%, 3/15/01.....	\$1,470 1,404
	9.625%, 4/1/03.....	3,750 3,543
[double dagger]	Common Stock, Class A.....	183 shs. 3,439
[double dagger]	Miramar Marine, Warrants.....	54 wts. 1
[double dagger]	Nutri System, Warrants.....	150 0
[double dagger]	Wang Laboratories, Common Stock.....	411 shs. 4,830
		28,789
PAPER & PAPER PRODUCTS---7.5%		
	Container Corporation of America, Sr. Notes, 11.25%, 5/1/04.....	\$4,350 4,481
[double dagger]	Gaylord Container, Common Stock, Class A.....	1,615 shs. 8,275
[double dagger]	Jefferson Smurfit, Common Stock.....	400 5,500
[double dagger]	Kane Industries, Sr. Sub. Disc. Notes, STEP, Zero Coupon, 8/1/95; 8.00%, 8/1/95-2/1/98.....	\$1,050 3
[double dagger]	Warrants.....	45 wts. 0
[double dagger]	Papercraft Holding, Common Stock.....	9 shs. 0
	Repap Enterprises, Conv. Notes, 8.50%, 8/1/97.....	\$7,500 6,750
[double dagger]	Common Stock.....	2,783 shs. 8,870
	Repap Wisconsin, Sr. Secured 2nd Priority Notes, 9.875%, 5/1/06.....	\$11,325 10,419
	Stone Container, Sr. Sub. Notes, 9.875%, 2/1/01.....	18,500 17,575
	10.75%, 4/1/02.....	17,750 16,907
[double dagger]	Common Stock.....	700 shs. 10,238
	Conv. Exch. Pfd. Stock, Series E.....	178 3,380
[double dagger]	Stone Savannah River Pulp & Paper, Common Stock.....	5 62
[dagger]		92,460
PRINTING & PUBLISHING---0.0%		
[double dagger]	New Century Communications, Pfd. Stock.....	124 shs. \$124
[dagger]	Warrants, Series A.....	46 wts. 5

[double dagger]	Series B.....	29	0
[dagger]			129
REAL ESTATE---0.8%			
[double dagger]	Prime Retail, Conv. Pfd. Stock, Series B.....	390 shs.	9,555
REFINING---1.5%			
	Tesoro Petroleum, Sub. Deb., 12.75%, 3/15/01.....	\$18,881	18,881
SERVICE---2.2%			
[double dagger]	Borg Warner Security, Common Stock.....	10 shs.	141
[dagger]	Protection One Alarm Monitoring, Sr. Sub. Notes, Series A, 12.00%, 11/1/03....	\$4,750	4,513
[double dagger]	Warrants.....	133 wts.	427
[dagger]			
	Solon Automated Services, Sr. Notes, 12.75%, 7/15/01.....	\$18,750	19,687
	Sr. Sub. Notes, 13.75%, 10/15/02.....	2,900	3,031
			27,799
SPECIALTY CHEMICALS---4.7%			
	Agriculture Minerals and Chemicals, Sr. Notes, 10.75%, 9/30/03.....	14,300	14,407
	IMC Fertilizer Group, Sr. Notes, Series B, 9.25%, 10/1/00.....	6,000	5,670
	9.45%, 12/15/11.....	4,600	4,370
	10.125%, 6/15/01.....	4,690	4,596
	10.75%, 6/15/03.....	16,750	16,918
	Sherritt, Sr. Notes, 10.50%, 3/31/14.....	12,000	11,805
			57,766
SPECIALTY RETAILERS---2.3%			
	Barry's Jewelers, Sub. Notes, 12.625%, 5/16/96.....	77	62
[double dagger]	Common Stock.....	968 shs.	968
[double dagger]	Dart Drug Stores, Pfd. Stock, \$4.00.....	46	0
[double dagger]	Warrants.....	6 wts.	0
	Loehmann's Holdings, Sr. Secured Notes, 10.50%, 10/1/97.....	\$7,500	6,675
	Sr. Sub. Notes, 13.75%, 2/15/99.....	10,850	10,199
[double dagger]	Common Stock.....	476 shs.	476
[dagger]			
[double dagger]	Class B.....	321	65
	Pfd. Stock, Series A.....	524	157
[double dagger]	Merry Go Round Enterprises, 5.50%, 7/3/95.....	\$10,594	9,217
[dagger]			
[double dagger]	Payless Cashways, Warrants.....	10 wts.	163
[double dagger]	The Southland Company, Common Stock.....	1 shs.	0
			27,982
SUPERMARKETS---1.9%			
	Grand Union Capital, Sr. Sub. Notes, STEP, Zero Coupon, 7/15/99;		
	15.00%, 7/15/99-7/15/04.....	\$10,000	4,100
	Zero Coupon, 1/15/07.....	15,760	1,852
	Grand Union Holdings, Pfd. Stock, Series A.....	33 shs.	3,861
[double dagger]	Warrants, Class A.....	1 wts.	361
[dagger]			
	GU Acquisition, Sr. Sub. Notes, 13.00%, 3/2/98.....	\$1,200	\$1,212
	The Grand Union Company, Sr. Sub. Notes, 12.25%, 7/15/02.....	12,600	12,600
			23,986
TELECOMMUNICATIONS---3.0%			
[double dagger]	ALC Communications, Warrants.....	60 wts.	60
	Allnet Communication Services, Sr. Sub. Notes, 9.00%, 5/15/03.....	\$5,615	5,334
	Dial Page, Sr. Notes, 12.25%, 2/15/00.....	14,530	14,748
[dagger]	Mobile Telecommunication Technologies, (144a), Conv. Pfd. Stock.....	192 shs.	5,331
[dagger]	Page America Group, Sr. Sub. Notes, 12.00%, 12/31/03.....	\$8,000	7,600
[double dagger]	Common Stock.....	500 shs.	1,841
[dagger]			
[dagger]	Conv. Pfd. Stock, Series I.....	20	1,636
[double dagger]	Warrants.....	711 wts.	253
[dagger]			36,803
TEXTILES & APPAREL---4.7%			
[dagger]	Acme Boot, Sr. Notes, 11.50%, 12/15/00.....	\$9,000	7,650
[dagger]	Units, (Each unit consists of 1 share of 12.50% Cum. Pfd. Stock		
	and 7 shares of common stock).....	4	3,230
	Hartmarx, Sr. Sub. Notes, 10.875%, 1/15/02.....	10,875	10,440
	Plaid Clothing Group, Sr. Sub. Notes, 11.00%, 8/1/03.....	14,275	13,704
	Synthetic Industries, Sr. Sub. Deb., 12.75%, 12/1/02.....	21,300	23,430
			58,454
TOBACCO---0.7%			
	Consolidated Cigar, Sr. Sub. Notes, 10.50%, 3/1/03.....	9,245	8,321
TRANSPORTATION---1.5%			
	Sea Containers Ltd., 12.50%, 12/1/04.....	17,200	17,974
	Sr. Notes, Series B, 12.50%, 12/1/04.....	1,000	1,050
			19,024

TOTAL CORPORATE BONDS & NOTES, COMMON & PREFERRED STOCKS			
(COST---\$1,108,938)			1,055,767
Hybrid Instruments---0.8%			

Bankers Trust Bank Notes, 5.00%, 12/14/94; principal repayment value is indexed to the spread between Mexican par bonds and U.S. Treasury Bonds....	4,750	3,337
Goldman Sachs, L.P., CP, 3.80%, 12/2/94; principal repayment value is indexed to the spread between Mexican par bonds and U.S. Treasury Bonds.....	9,750	6,874

TOTAL HYBRID INSTRUMENTS (COST---\$13,340)		10,211
U.S. \$ Denominated Foreign Securities/1/---6.1%		
Algeria Refinancing Loans, FR, 5.00%, 3/4/00.....	3,000	1,200
Argentina Bonds, FR, 5.00%, 3/31/05.....	10,000	7,862
Argentina Discount Bonds, 5.8125%, 3/31/23.....	11,000	8,415
Argentina Par Bonds, FR, 4.25%, 3/31/23.....	8,000	4,450
Brazil Bonds, Series C, 4.00%, 12/31/08 When-&-If-Issued.....	12,000	5,370
Brazil Exit Bonds, 6.00%, 9/15/13.....	\$5,000	\$2,488
Brazil IDU, 4.3125%, 1/1/01.....	4,950	3,682
[double dagger] Bulgaria Syndicated, Non-performing Loans, 3.937%, 1/1/99.....	4,000	1,140
Kingdom of Morocco, FR, 4.50%, 1/1/09.....	26,500	19,908
Poland Debt Deferred Restructure Agreement, Zero Coupon, 12/31/99.....	5,000	1,888
[double dagger] Poland Revolving Short-Term Trade Agreement.....	20,667	7,130
Venezuela DCB, FR, 4.3125%, 12/18/07.....	3,000	1,661
Venezuela FLIRB, Series A, 7.00%, 3/31/07.....	2,000	1,130
Venezuela Par Bonds, 5.4375%, 3/31/20.....	5,000	2,913
[double dagger] Vnesheconombank Bilateral, Non-performing Loans.....	2,767	837
[double dagger] Vnesheconombank Syndicated, Non-performing Loans.....	17,000	5,142

TOTAL U.S. \$ DENOMINATED FOREIGN SECURITIES (COST---\$83,526)		75,216
Non-U.S. \$ Denominated Foreign Securities/2/---3.0%		
[double dagger] Bulgaria Letter of Credit.....	ATS 117,766	3,514
[double dagger] Bulgaria Syndicated, Non-performing Loans.....	ATS 80,000	2,335
Eskom, Series E, 11.00%, 06/01/08.....	ZAR 98,700	17,408
[double dagger] Poland Debt Deferred Restructure Agreement.....	CHF 12,000	3,058
[double dagger] Poland Revolving Short-Term Trade Agreement.....	ECU 5,000	1,932
Vnesheconombank, 8.00%, 9/8/95.....	ATS 35,000	2,558
[double dagger] Vnesheconombank Syndicated, Non-performing Loans.....	FRF 30,750	1,340
[double dagger] Non-performing Loans.....	ATS 32,415	666
[double dagger] Non-performing Loans.....	ECU 5,500	1,529
[double dagger] Non-performing Loans.....	GBP 8,749	3,142

TOTAL NON-U.S. \$ DENOMINATED FOREIGN SECURITIES (COST---\$44,614)		37,482
Commercial Paper---4.8%		
Aon, 4.20-4.25%, 6/1/94.....	\$8,186	8,181
BASF, 4.22%, 6/22/94.....	5,747	5,725
Countrywide Funding, 4.20%, 6/1/94.....	2,000	1,998
Hanson Finance, 4.25%, 6/23/94.....	1,200	1,196
Harvard University, 4.25%, 6/1/94.....	20,131	20,129
John Hancock Capital, 4(2), 4.27%, 6/1/94.....	2,025	2,025
Koch Industries, 4.28%, 6/1/94.....	20,200	20,197

TOTAL COMMERCIAL PAPER (COST---\$59,453)		59,451

TOTAL INVESTMENTS IN SECURITIES---99.7% (COST \$1,309,871).....		\$1,238,127

		3,153
Other Assets Less Liabilities---0.3%		
NET ASSETS CONSISTING OF:		
Accumulated net investment income---net of distributions.....	\$3,988	
Accumulated realized gains/losses---net of distributions.....	(129,505)	
Unrealized depreciation of investments.....	(73,023)	
Paid-in-capital applicable to 148,244,826 shares of \$0.01 par value capital stock outstanding;	1,439,820	
1,000,000,000 shares authorized.....		
		\$1,241,280

NET ASSETS---100.0%.....		

		\$8.37

NET ASSET VALUE PER SHARE.....		

<FN>

- /1/ Marketable securities (payable in U.S. dollars) issued or guaranteed by a foreign government or community.
- /2/ Denominated in foreign currency.
- [double dagger] Non-income Producing

[dagger] Private Placement
 * Security valued by the Fund's Board of Directors.
 # Restricted as to the resale of the security.

CP - Commercial Paper
 DCB - Debt Conversion Bond
 FLIRB - Front Loaded Interest Reduction Bond
 FR - Floating Rate
 IDU - Interest Due & Unpaid
 PIK - Paid in Kind
 STEP - Stepped Coupon Bond.
 144a - Security was purchased pursuant to Rule 144a under the Securities Act of 1933 and may not be resold subject to that rule except to qualified institutional buyers.
 4(2) - Commercial Paper sold within terms of a private-placement memorandum, exempt from registration under Section 4.2 of the Securities Act of 1933, as amended, and may be sold only to dealers in that program or other "accredited investors."
 ATS - Austrian schilling denominated
 CHF - Swiss franc denominated
 ECU - European currency unit denominated
 FRF - French franc denominated
 GBP - British sterling denominated
 ZAR - South African financial rand denominated
 </TABLE>

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

STATEMENT OF OPERATIONS
 T. ROWE PRICE HIGH YIELD FUND

<TABLE>
 <CAPTION>

	Three Months Ended	
	May 31, 1994	Year Ended
	[double dagger]	Feb. 28, 1994

	Amounts in Thousands	

<S>	<C>	<C>
INVESTMENT INCOME		
Interest & dividend income.....	\$31,313	\$160,452
	-----	-----
Expenses		
Investment management fees.....	2,197	10,554
Shareholder servicing fees & expenses.....	513	2,569
Custodian and accounting fees & expenses.....	93	360
Prospectus & shareholder reports.....	27	163
Legal & auditing fees.....	25	67
Registration fees & expenses.....	17	116
Directors' fees & expenses.....	5	27
Miscellaneous	9	35
	-----	-----
Total expenses.....	2,886	13,891
	-----	-----
Net investment income.....	28,427	146,561
	-----	-----
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized gain (loss)		
Securities.....	(5,716)	84,762
Currencies and forward currency exchange contracts.....	(535)	333
Options.....	306	(657)
	-----	-----
Net realized gain (loss).....	(5,945)	84,438
	-----	-----
Change in unrealized appreciation or depreciation		
Securities.....	(118,340)	13,999
Other assets and liabilities denominated in foreign currencies.....	(1,240)	(40)
	-----	-----
Change in unrealized appreciation or depreciation.....	(119,580)	13,959
	-----	-----
Net gain (loss) on investments	(125,525)	98,397

INCREASE (DECREASE) IN NET ASSETS FROM

OPERATIONS \$ (97,098) \$244,958

[double dagger] The Fund's fiscal year-end was changed to May 31.

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

STATEMENT OF CHANGES IN NET ASSETS
T. ROWE PRICE HIGH YIELD FUND

</TABLE>
<TABLE>
<CAPTION>

	Three Months Ended May 31, 1994 [double dagger]	Year Ended	
		Feb. 28, 1994	Feb. 28, 1993
Amounts in Thousands			
<S>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS			
Operations			
Net investment income.....	\$28,427	\$146,561	\$120,882
Net realized gain (loss) on investments.....	(5,945)	84,438	28,645
Change in unrealized appreciation or depreciation of investments	(119,580)	13,959	22,971
Increase (decrease) in net assets from operations.....	(97,098)	244,958	172,498
Distributions to shareholders			
Net investment income.....	(28,787)	(146,027)	(121,009)
Capital share transactions/1/			
Sold	65,217	706,868	840,145
Distributions reinvested	22,300	117,658	97,288
Redeemed	(344,528)	(703,713)	(692,913)
Redemption fees	406	-	-
Increase (decrease) in net assets from capital share transactions.....	(256,605)	120,813	244,520
Total increase (decrease)	(382,490)	219,744	296,009
NET ASSETS			
Beginning of period.....	1,623,770	1,404,026	1,108,017
End of period.....	\$1,241,280	\$1,623,770	\$1,404,026

/1/Share transactions			
Sold	7,539 shs.	78,966 shs.	101,010 shs.
Distributions reinvested	2,626	13,001	11,680
Redeemed	(39,312)	(78,166)	(83,750)
Increase (decrease) in shares outstanding	(29,147) shs.	13,801 shs.	28,940 shs.

<FN>
[double dagger] The Fund's fiscal year-end was changed to May 31.
</TABLE>

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

T. Rowe Price High Yield Fund (the Fund) is registered under the Investment Company Act of 1940 as a diversified, open-end management investment company. Effective March 1, 1994, the fiscal year-end of the Fund changed from February 28 to May 31.

A) Security valuation - Debt securities are generally traded in the over-the-counter market. Investments in securities with remaining maturities of one year or more are stated at fair value as furnished by dealers who make markets in such securities or by an independent pricing service, which considers yield or price of bonds of comparable quality, coupon, maturity, and type, as well as prices quoted by dealers who make markets in such securities. Securities with remaining maturities less than one year are stated at fair value which is determined by using a matrix system that establishes a value for each security based on money market yields. Equity securities are valued at the last bid price.

For purposes of determining the Fund's net asset value per share, all assets and liabilities initially expressed in foreign currencies are converted into U.S. dollars at the mean of the bid and offer prices of such currencies against U.S. dollars quoted by a major bank.

Assets and liabilities for which the above valuation procedures are inappropriate or are deemed not to reflect fair value are stated at fair value as determined in good faith by, or under the supervision of, the officers of the Fund, as authorized by the Board of Directors.

B) Currency translation - Foreign currency amounts are translated into U.S. dollars at prevailing exchange rates as follows: assets and liabilities at the rate of exchange at the end of the respective period, purchases and sales of securities and income and expenses at the rate of exchange prevailing on the dates of such transactions.

C) Other - Income and expenses are recorded on the accrual basis. Investment transactions are accounted for on the trade date. Realized gains and losses are reported on an identified cost basis. Dividend income and distributions to shareholders are recorded by the Fund on the ex-dividend date. Income and capital gain distributions are determined in accordance with federal income tax regulations which may differ from generally accepted accounting principles.

NOTE 2 - FINANCIAL INSTRUMENTS

As a part of its investment program, the Fund engages in the following activities, the nature and risk of which are set forth more fully in the Fund's Prospectus and Statement of Additional Information.

A) Forward Currency Exchange Contracts - At May 31, 1994, the Fund had entered into various forward currency exchange contracts under which it is obligated to exchange currencies at specified future dates. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movements in currency values. Outstanding contracts at May 31, 1994 are as follows:

Settlement Date	Contract to		Unrealized (Deprec.)	Counter-party
	Receive	Deliver		
	Amount in Thousands			
9/2/94	USD 4,055	ATS 49,143	(193)	Salomon
9/8/94	USD 238	ATS 2,800	(4)	Citibank
9/12/94	USD 1,762	ATS 21,334	(82)	Citibank
9/12/94	USD 4,814	CHF 6,913	(125)	Citibank
9/26/94	USD 2,900	ATS 34,669	(99)	Citibank/ Salomon
9/30/94	USD 2,688	ATS 31,671	(51)	Citibank
10/11/94	USD 1,971	GBP 1,350	(67)	Salomon
10/17/94	USD 368	GBP 251	(11)	Citicorp

Aggregate unrealized depreciation of \$632,000 on these contracts at May 31, 1994 is included in the accompanying financial statements.

B) Other - Purchases and sales of portfolio and U.S. Government securities, excluding short-term, were as follows:

	Three Months Ended	Year Ended
	May 31, 1994	Feb. 28, 1994

Portfolio Securities

Purchases	\$200,179,000	\$1,734,982,000
Sales	455,303,000	1,630,316,000

U.S. Government Securities

Purchases	\$---	\$4,069,000
Sales	4,231,000	5,281,000

NOTE 3 - FEDERAL INCOME TAXES

No provision for federal income taxes is required since the Fund intends to continue to qualify as a regulated investment company and distribute all of its taxable income. The Fund has unused realized capital loss carryforwards for federal income tax purposes of \$130,610,000 at May 31, 1994, which expire in 1998 through 2002.

At May 31, 1994, the aggregate cost of investments for federal income tax and financial reporting purposes was \$1,309,871,000 and net unrealized depreciation aggregated \$71,744,000, of which \$54,444,000 related to appreciated investments and \$126,188,000 to depreciated investments.

NOTE 4 - RELATED PARTY TRANSACTIONS

The investment management agreement between the Fund and T. Rowe Price Associates, Inc. (the Manager) provides for an annual investment management fee, computed daily and paid monthly, consisting of an Individual Fund Fee equal to 0.30% of average daily net assets and a Group Fee. The Group Fee is based on the combined assets of certain mutual funds sponsored by the Manager or Rowe Price-Fleming International, Inc. (the Group). The Group Fee rate ranges from 0.48% for the first \$1 billion of assets to 0.31% for assets in excess of \$34 billion. The effective annual Group Fee rate at May 31, 1994, and for the three months then ended was 0.34%. The rate at February 28, 1994 was 0.34%, and for the year then ended was 0.35%. The Fund pays a pro rata portion of the Group Fee based on the ratio of the Fund's net assets to those of the Group.

T. Rowe Price Services, Inc. (TRPS) and Retirement Plan Services, Inc. (RPS) are wholly owned subsidiaries of the Manager. TRPS provides transfer and dividend disbursing agent functions and shareholder services for all accounts. RPS provides subaccounting and recordkeeping services for certain retirement accounts invested in the Fund. The Manager, under a separate agreement, calculates the daily share price and maintains the financial records of the Fund. The Fund is one of several T. Rowe Price mutual funds (the Underlying Funds) in which the T. Rowe Price Spectrum Income Fund (Spectrum) invests. In accordance with an Agreement between Spectrum, the Underlying Funds, the Manager and TRPS, expenses from the operation of Spectrum are borne by the Underlying Funds based on each Underlying Fund's proportionate share of assets owned by Spectrum. For the three months ended May 31, 1994, and the year ended February 28, 1994, the Fund incurred fees totalling approximately \$584,000 and \$2,389,000, respectively, for these services provided by related parties. At May 31, 1994, investment management and service fees payable were \$930,000.

FINANCIAL HIGHLIGHTS

T. ROWE PRICE NEW INCOME FUND

<TABLE>
<CAPTION>

For a share outstanding throughout each period

	Three Months		Year Ended			
	Ended May 31, 1994 [double dagger]	Feb. 28, 1994	Feb. 28, 1993	Feb. 29, 1992	Feb. 28, 1991	Feb. 28, 1990
<S> Net Asset Value, Beginning of PERIOD.....	<C> \$9.15	<C> \$8.58	<C> \$8.23	<C> \$7.13	<C> \$8.20	<C> \$10.24
Investment Activities						
Net investment income.....	0.18	0.81	0.82	0.88	1.07	1.26
Net realized and unrealized gain (loss)....	(0.78)	0.57	0.35	1.10	(1.07)	(2.04)
Total from Investment Activities.....	(0.60)	1.38	1.17	1.98	-	(0.78)
Distributions						
Net investment income.....	(0.18)	(0.81)	(0.82)	(0.88)	(1.07)	(1.26)
NET ASSET VALUE, END OF PERIOD.....	\$8.37	\$9.15	\$8.58	\$8.23	\$7.13	\$8.20

RATIOS/SUPPLEMENTAL DATA						
Total Return.....	(6.52)%	16.59%	14.96%	29.15%	0.12%	(8.62)%
Ratio of Expenses to Average Net Assets.....	0.85%	0.85%	0.89%	0.97%	1.03%	1.02%

Ratio of Net Investment Income to Average Net Assets.....	[dagger] 8.37%					
Portfolio Turnover Rate.....	[dagger] 62.5%	8.99%	9.85%	11.22%	14.02%	13.01%
	[dagger]	107.0%	104.4%	58.9%	82.6%	65.6%
Net Assets, End of Period (in thousands).....	[dagger] \$1,241,280	\$1,623,770	\$1,404,026	\$1,108,017	\$556,261	\$660,014

[double dagger] The Fund's fiscal year-end was changed to May 31.
[dagger] Annualized.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors of
T. Rowe Price High Yield Fund, Inc.

In our opinion, the accompanying statement of net assets and the related statements of operations and of changes in net assets and the selected per share data and information (which appears under the heading "Financial Highlights") present fairly, in all material respects, the financial position of T. Rowe Price High Yield Fund, Inc. at May 31, 1994, the results of its operations, the changes in its net assets and the selected per share data and information for each of the fiscal periods presented in conformity with generally accepted accounting principles. These financial statements and selected per share data and information (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at May 31, 1994 by correspondence with custodians and brokers and, where appropriate, the application of alternative auditing procedures for unsettled security transactions, provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE

Baltimore, Maryland
June 17, 1994

</TABLE>