

NEW AMERICA HIGH INCOME FUND INC  
Form N-CSRS  
September 05, 2003

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 No. 811-5399  
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THE NEW AMERICA HIGH INCOME FUND, INC.  
-----

(Exact Name of Registrant as Specified in Charter)

33 Broad Street, Boston, MA 02109  
-----

(Address of Principal Executive Offices) (Zip Code)

Richard E. Floor, Secretary  
The New America High Income Fund, Inc.  
33 Broad Street  
Boston, MA 02109

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

Date of fiscal year end: December 31

Date of reporting period: January 1, 2003 to June 30, 2003

ITEM 1. REPORTS TO STOCKHOLDERS.

THE NEW  
AMERICA  
HIGH INCOME  
FUND, INC.

[NEW AMERICA HIGH INCOME FUND LOGO]

SEMI-ANNUAL  
REPORT  
JUNE 30, 2003

August 22, 2003

DEAR SHAREHOLDER,

During the first six months of 2003, the high yield bond market continued the improvement that began late in 2002. The Fund's market price per share was \$2.20 on June 30th. Including the dividends paid of \$.0975 per share, the Fund had a 14.6% total return for the first half of 2003, based upon the market price per share. When this letter went to press on August 22, 2003, our Fund's shares had an annualized dividend yield of 10.6%, based upon a stock price of \$1.98 and the

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current monthly dividend of \$.0175 per month. The net asset value per share was \$2.19 on June 30th, up almost 16% from the December 31, 2002 level of \$1.89.

Looking back over the last six months there have been two significant events in the Fund:

- The new investment manager, T. Rowe Price Associates, Inc. (TRP) was able to take over the management of the portfolio in a rising market and has managed the Fund's portfolio with a goal of achieving an asset mix designed to preserve income.
- The Fund successfully completed a rights offering. The offering raised approximately \$42 million through the sale of new shares at a subscription price of \$1.81 per share. Because the issuance of additional common stock in the rights offering has caused a reduction in the Fund's leverage ratio, the Directors have authorized action designed to restore the leverage ratio to approximately 40%, its general level prior to the rights offering. The leverage is an important contributor supporting the Fund's common dividend.

As you all know, the Fund's leverage exaggerates both the decline in net asset value per share in a falling market and the gain in net asset value per share in rising markets. A positive impact on the high yield debt market from a recovering economy should put the Fund in a position to benefit from its leveraged capital structure. A detailed review of the high yield market and the economy written by the Fund's investment manager, TRP, follows.

### HIGH YIELD MARKET UPDATE

The high yield market continued its impressive recovery during the first half of 2003, adding to significant gains earned in the fourth quarter of 2002. The second quarter saw strong performance in the stock market and the continued process of balance sheet repair undertaken by many U.S. corporations.

The high yield market has now generated a return of over 20% during the past twelve months. The most impressive results originated from the lowest rated and most speculative companies and sectors. CCC-rated bonds continue to significantly outperform higher rated securities, from both a yield and capital appreciation standpoint. Conversely, we see many higher rated BB bonds as fundamentally overvalued in a low interest rate environment. With yields under 7% for many credits, BB-rated bonds could be susceptible to rising interest rates if momentum in the economy improves.

### STRATEGY REVIEW

High yield investors assume two types of risk: credit and interest rate. For the past five years, managing credit risk has been the principal challenge in the high yield bear market. We now see the risk shifting more to interest rates. If fiscal and monetary stimulus in the U.S. gain traction by the second half of 2003, we could see stronger economic activity. With interest rates near historic lows, we expect yields to move upward if our scenario proves correct. While high yield bonds should outperform their investment grade counterparts, in a rising interest rate environment, rising interest rates could wipe out most of the income from higher rated bonds in our universe. The average duration and yield of BB-rated bonds are 4.5 and 6.6%, respectively. The basics of bond mathematics lead us to an obvious conclusion. We will continue to reduce our exposure to BB's in the portfolio.

The outlook for lower rated B's and CCC's appears much brighter in our forecast. In addition to their significant yield advantage relative to BB's, we expect the lower quality sectors of the market to benefit if trends in improving credit quality and reduced default risk. The default rate in the high yield market has already fallen sharply

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this year. Even the most speculative companies in our universe have found ways to repair balance sheets through new bank and bond financings. With equity markets rallying sharply, high yield companies should also be able to issue stock and low coupon convertible bonds.

No sector better exemplifies the shift in the credit cycle than utilities, with year-to-date performance exceeding 30%. At year end, we had limited exposure in this industry. Today utilities comprise one of our top sector exposures and we have found numerous ideas that have generated meaningful capital appreciation. Williams, AES and Calpine are among the recommendations that were strong contributors during the second quarter.

Three years ago, the telecommunications sector began a dramatic and well documented upheaval that made even the more established credits seem dicey propositions at best. Today, we see opportunities among higher yielding telecom companies that will remain solvent and continue to pay the coupons on their bonds. Like the utility sector, we increased our allocation in this area of the market with very positive results. Qwest and Charter Communications are two major names in the high yield market that have staged impressive recoveries this year. Both are now core positions in the portfolio. We were also gratified to see a significant rebound in our wireless services companies, with some of the best returns in the market.

We noted in our last report our intention to exercise particular care when considering the sale of the portfolio's discounted securities, mindful of the fact that many could enjoy meaningful capital appreciation in an improving market. We can now report that we successfully harvested significant gains from recoveries in discounted positions Athena Nuro, Avista, Case and airlines Delta and Northwest, among others. Proceeds from these recovered positions have been gradually redeployed to reduce the portfolio's sector and credit concentrations. We anticipate this will result in less volatile performance going forward.

While we have shifted from a conservative to a neutral stance by rotating from BB's to CCC's, we have not compromised our risk control standards. Even with the increased allocation, CCC's remain a relatively small part of the portfolio and subject to limitations associated with maintaining the AAA credit rating for the ATP. Today the portfolio is more balanced from a sector standpoint, with no industry representing more than 10% of assets and no current intention to move to a more concentrated strategy. Our risk control priorities will be a drag on performance in 2003, as opposed to a positive contributor in less favorable market conditions, but still remain a critical component in generating superior long term returns in this asset class.

Thank you for your continued interest in the Fund,

Sincerely,

/s/ Robert F. Birch

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

/s/ Mark Vaselkiv

Mark Vaselkiv  
Vice President  
T. Rowe Price Associates, Inc.

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(Dollar Amounts in Thousands)

PRINCIPAL AMOUNT/UNITS	MOODY'S RATING (UNAUDITED)	VALUE (NOTE 1(a))
-----		
CORPORATE DEBT SECURITIES -- 154.09% (d)		
-----		
AEROSPACE AND DEFENSE -- 1.87%		
\$ 650	Aviall, Inc., Senior Notes, 7.625%, 07/01/11 (g)	\$ 660
350	Esterline Technologies Corp., Senior Subordinated Notes, 7.75%, 06/15/13 (g)	367
600	Sequa Corporation, Senior Notes, 9%, 08/01/09	636
1,200	Vought Aircraft Industries, Inc., Senior Notes, 8%, 7/15/11 (g)	1,209
		-----
		2,872
		-----
AUTOMOBILE -- 3.86%		
150	Arvin Industries, Inc., Senior Notes, 7.125%, 03/15/09	158
450	ArvinMeritor, Inc., Senior Notes, 8.75%, 03/01/12	506
365	Cummins, Inc., Senior Notes, 9.50% 12/01/10 (g)	411
575	Dana Corporation, Notes 9%, 08/15/11	622
395	Dana Corporation, Senior Notes, 10.125%, 03/15/10	435
250	General Motors Corporation, Senior Notes, 7.125%, 07/15/13	250
650	HLI Operating Company Inc., Senior Notes, 10.50%, 06/15/10 (g)	683
600	Tenneco Automotive Inc., Senior Secured Notes, 10.25%, 07/15/13 (g)	608
275	Tenneco Automotive Inc., Senior Subordinated Notes, 11.625%, 10/15/09	242
1,225	TRW Automotive Inc., Senior Notes, 9.375%, 02/15/13 (g)	1,335
600	TRW Automotive Inc., Senior Subordinated Notes, 11%, 02/15/13 (g)	660
		-----
		5,910
		-----
BEVERAGE, FOOD AND TOBACCO -- 5.75%		
\$ 1,125	Agrilink Foods, Inc., Senior Subordinated Notes, 11.875%, 11/01/08	\$ 1,218
1,200	B&G Foods, Inc., Senior Subordinated Notes,	

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	9.625%, 08/01/07	B3	1,239
625	Burns Philp, Senior Subordinated Notes,		
	10.75%, 02/15/11 (g)	B3	654
1,125	DIMON Incorporated, Senior Notes,		
	9.625%, 10/15/11	Ba3	1,238
600	Doane Pet Care Co., Senior Notes,		
	10.75%, 03/01/10	B2	654
400	Dole Food Company, Inc., Senior Notes		
	7.25%, 05/01/09	B2	424
825	Dole Food Company, Inc., Senior Notes		
	8.875%, 03/15/11 (g)	B2	875
325	Domino's, Inc., Senior Subordinated Notes,		
	8.25%, 07/01/11 (g)	B3	336
1,125	Le-Nature's, Inc., Senior Subordinated Notes,		
	9%, 06/15/13 (g)	B3	1,164
325	Luigino's Inc., Senior Subordinated Notes,		
	10%, 02/01/06	B3	338
650	Merisant Co., Senior Subordinated Notes,		
	9.50%, 07/15/13 (g)	B2	671
			-----
			8,811
			-----
BROADCASTING AND ENTERTAINMENT -- 8.44%			
1,125	Charter Communications Holdings, LLC, Senior Notes,		
	10.75%, 10/01/09	Ca	878
775	Charter Communications Holdings, LLC, Senior Notes,		
	11.125%, 01/15/11	Ca	601
2,550	CSC Holdings, Inc., Senior Notes,		
	7.625%, 04/01/11	B1	2,588
1,250	Insight Midwest, L.P., Senior Notes,		
	9.75%, 10/01/09 (g)	B2	1,325
575	Insight Midwest, L.P., Senior Notes,		
	10.50%, 11/01/10	B2	633

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

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PRINCIPAL AMOUNT/UNITS		MOODY'S RATING (UNAUDITED)	VALUE (NOTE 1(a))
-----			
CORPORATE DEBT SECURITIES -- CONTINUED			
-----			
\$ 1,175	Mediacom Broadband LLC, Senior Notes,		
	11%, 07/15/13	B2	\$ 1,316

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925	Paxson Communications Corporation, Senior Subordinated Notes, 10.75%, 07/15/08	Caa1	999
550	Radio One, Inc., Senior Subordinated Notes, 8.875%, 07/01/11	B2	606
1,955	Rogers Communications, Inc., Senior Notes, 8.875%, 07/15/07	B2	2,014
1,150	Spanish Broadcasting System, Inc., Senior Subordinated Notes, 9.625%, 11/01/09	B3	1,219
150	XM Satellite Radio Inc., Senior Secured Discount Debentures, 14%, 12/31/09 (h)	Caa1	108
650	XM Satellite Radio Inc., Senior Secured Notes, 12%, 06/15/10 (g)	Caa1	643
			-----
			12,930
			-----
BUILDING AND REAL ESTATE -- 7.46%			
1,175	Associated Materials, Inc., Senior Subordinated Notes, 9.75%, 04/15/12	B3	1,281
125	D.R. Horton, Inc., Senior Notes, 6.875%, 05/01/13	Ba1	133
75	D.R. Horton, Inc., Senior Notes, 8.50%, 04/15/12	Ba1	84
500	Georgia-Pacific Corporation, Senior Debentures, 9.875%, 11/01/21	Ba3	502
1,500	Georgia-Pacific Corporation, Senior Notes, 9.375%, 02/01/13 (g)	Ba2	1,650
50	LNR Property Corporation, Senior Subordinated Notes, 7.625%, 07/15/13 (g)	Ba3	50
1,175	LNR Property Corporation, Senior Subordinated Notes, 10.50%, 01/15/09	Ba3	1,269
\$ 950	Lennar Corporation, Senior Notes, 9.95%, 05/01/10	Baa3	\$ 1,123
1,100	Ryland Group, Inc. Senior Subordinated Notes, 8.25%, 04/01/08	Ba2	1,148
2,000	Standard Pacific Corp., Senior Notes, 8%, 02/15/08	Ba2	2,090
650	Texas Industries, Inc., Senior Notes, 10.25%, 06/15/11 (g)	B1	676
50	WCI Communities, Inc., Senior Subordinated Notes, 9.125%, 05/01/12	Ba3	53
700	WCI Communities, Inc., Senior Subordinated Notes, 10.625%, 02/15/11	Ba3	774
600	Williams Scotsman, Inc., Senior Notes, 9.875%, 06/01/07	B3	594
			-----

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			11,427
			-----
CHEMICALS, PLASTICS AND RUBBER -- 10.03%			
3,400	ARCO Chemical Company, Debentures, 9.80%, 02/01/20	Ba3	3,026
1,450	Avecia Group plc, Senior Notes, 11%, 07/01/09	Caa1	1,305
1,650	Compass Minerals Group, Inc., Senior Subordinated Notes, 10%, 08/15/11	B3	1,848
150	Equistar Chemicals, LP, Senior Notes, 10.625%, 05/01/11 (g)	B1	154
1,025	Hercules, Inc., Senior Notes, 11.125%, 11/15/07	Ba2	1,189
525	Huntsman Advanced Materials LLC, Senior Secured Notes, 11%, 07/15/10 (g)	B2	545
600	Huntsman International LLC, Senior Notes, 9.875%, 03/01/09	B3	627
1,325	Huntsman International LLC, Senior Subordinated 10.125%, 07/01/09	Caa1	1,285
2,375	Koppers Inc., Senior Subordinated Notes, 9.875%, 12/01/07	B2	2,452

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

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PRINCIPAL AMOUNT/UNITS		MOODY'S RATING (UNAUDITED)	VALUE (NOTE 1(a))
-----			
CORPORATE DEBT SECURITIES -- CONTINUED			
-----			
\$ 275	PolyOne Corporation, Senior Notes, 10.625%, 05/15/10 (g)	B2	\$ 271
625	Resolution Performance Products LLC, Senior 9.50%, 04/15/10	B2	650
1,950	Rhodia S.A., Senior Subordinated Notes, 8.875%, 06/01/11 (g)	Ba3	2,018
			-----
			15,370
			-----
CONTAINERS, PACKAGING AND GLASS -- 14.17%			
725	AEP Industries, Inc., Senior Subordinated Notes, 9.875%, 11/15/07	B3	678
1,625	Ainsworth Lumber Co. Ltd., Senior Secured Notes, 12.50%, 07/15/07	B3	1,828

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350	Applied Extrusion Technologies, Inc., Senior Notes, 10.75%, 07/01/11	Caa1		259
925	Bway Corporation, Senior Subordinated Notes, 10%, 10/15/10 (g)	B3		967
800	Constar International, Inc. Senior Subordinated Notes, 11%, 12/01/12	B3		868
1,250	Crown European Holdings SA, Senior Secured Notes, 9.50%, 03/01/11 (g)	B1		1,356
725	Crown European Holdings SA, Senior Secured Notes, 10.875%, 03/01/13 (g)	B2		792
550	FiberMark, Inc., Senior Notes, 10.75%, 04/15/11	B2		564
825	Jefferson Smurfit Corporation, (U.S.) Senior Notes, 8.25%, 10/01/12	B2		891
1,425	Longview 10%, 01/15/09	B2		1,571
1,185	MDP Acquisitions PLC, Senior Notes, 9.625%, 10/01/12	B2		1,309
350	Owens-Brockway Glass Container, Inc., Senior Secured Notes, 7.75%, 05/15/11 (g)	B1		368
\$ 925	Owens-Brockway Glass Container, Inc., Senior Notes, 8.25%, 05/15/13 (g)	B2	\$	962
175	Owens-Brockway Glass Container, Inc., Senior Secured Notes, 8.75%, 11/15/12	B1		191
2,000	Owens-Brockway Glass Container, Inc., Senior Secured Notes, 8.875%, 02/15/09	B1		2,170
525	Packaging Corporation of America, Senior Subordinated Notes, 9.625%, 04/01/09	Ba2		578
1,700	Plastipak Holdings, Inc., Senior Notes, 10.75%, 09/01/11	B3		1,836
1,600	Potlatch Corporation, Senior Subordinated Notes, 10%, 07/15/11	Ba1		1,776
1,750	Silgan Corporation, Senior Subordinated Debentures, 9%, 06/01/09	B1		1,811
550	Smurfit Capital, Guaranteed Notes, 6.75%, 11/20/05	Ba3		568
350	Stone Container Finance Company of Canada, Senior Notes, 11.50%, 08/15/06 (g)	B2		374
				-----
				21,717
				-----
DIVERSIFIED/CONGLOMERATE MANUFACTURING -- 2.79%				
875	Actuant Financial Corporation, Senior Subordinated Notes, 13%, 05/01/09	B2		1,024
275	AGCO Corporation, Senior Notes,			



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	9.50%, 05/01/08	Ba3	302
1,450	Case Corporation, Senior Notes, 7.25%, 08/01/05	Ba3	1,450
420	Numatics, Incorporated, Senior Subordinated Notes, 9.625%, 04/01/08	Caa2	269
1,200	Trimas Corp. Senior Subordinated Notes, 9.875%, 06/15/12	B3	1,224
			-----
			4,269
			-----

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PRINCIPAL AMOUNT/UNITS		MOODY'S RATING (UNAUDITED)	VALUE (NOTE 1(a))
-----			
CORPORATE DEBT SECURITIES -- CONTINUED			
-----			
DIVERSIFIED/CONGLOMERATE SERVICE -- 1.85%			
\$ 775	Brand Services, Inc., Senior Subordinated Notes, 12%, 10/15/12	B3	\$ 883
600	Brickman Group LTD, Senior Subordinated Notes, 11.75%, 12/15/09 (g)	B2	672
1,150	National Waterworks, Inc., Senior Subordinated Notes, 10.50%, 12/01/12	B3	1,276
			-----
			2,831
			-----
ECOLOGICAL -- 2.48%			
1,000	Allied Waste North America, Inc., Senior Notes, 8.50%, 12/01/08	Ba3	1,077
200	Allied Waste North America, Inc., Senior Secured Notes, 7.875%, 04/15/13	Ba3	210
1,225	Casella Waste Systems, Inc., Senior Subordinated Notes, 9.75%, 02/01/13 (g)	B3	1,305
825	IESI Corporation, Senior Subordinated Notes, 10.25%, 06/15/12	B3	883
300	Synagro Technologies, Inc., Senior Subordinated Notes, 9.50%, 04/01/09	B3	321
			-----
			3,796
			-----
ELECTRONICS -- 4.16%			

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500	AMI Semiconductor, Inc., Senior Subordinated Notes, 10.75%, 02/01/13 (g)	B3	560
650	Amkor Technology, Inc., Senior Notes, 7.75%, 05/15/13 (g)	B1	611
825	Avaya Inc., Senior Secured Notes, 11.125%, 04/01/09	B2	903
575	Chippac International Ltd., Senior Subordinated Notes, Series B, 12.75%, 08/01/09	B3	644
875	Fairchild Semiconductor Corporation, Senior 10.50%, 02/01/09	B2	976
\$ 875	IPC Acquisition Corporation, Senior Subordinated Notes, 11.50%, 12/15/09	B3	\$ 919
800	ON Semiconductor Corporation, Senior Secured Notes, 12%, 03/15/10	B3	876
225	ON Semiconductor Corporation, Senior Secured Notes, 12%, 05/15/08	Caa1	227
600	Sanmina Scientific Corporation, Senior Secured Notes, 10.375%, 01/15/10 (g)	Ba2	666
			-----
			6,382
			-----
FURNISHINGS, HOUSEWARES, DURABLE CONSUMER PRODUCTS -- .80%			
625	Sealy Mattress Company, Senior Subordinated Notes, 9.875%, 12/15/07	B3	619
575	Simmons Company, Senior Subordinated Notes, 10.25%, 03/15/09	B2	615
			-----
			1,234
			-----
GROCERY STORES -- .76%			
1,125	The Pantry Inc., Senior Subordinated Notes, 10.25%, 10/15/07	B3	1,164
			-----
HEALTHCARE, EDUCATION AND CHILDCARE -- 7.34%			
1,500	Alaris Medical Systems, Inc., Senior Secured Notes 11.625%, 12/01/06	B2	1,830
750	Ameripath, Inc. Senior Subordinated Notes, 10.50%, 04/01/13 (g)	B3	802
565	AmerisourceBergen Corporation, Senior Notes, 7.25%, 11/15/12	Ba3	614
225	AmerisourceBergen Corporation, Senior Notes, 8.125%, 09/01/08	Ba3	248
1,500	Athena Neurosciences Financial, Senior Notes, 7.25%, 02/21/08	Caa2	1,275
1,125	Bio-Rad Laboratories, Inc., Senior Subordinated Notes,		

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11.625%, 02/15/07

B2

1,237

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PRINCIPAL AMOUNT/UNITS	MOODY'S RATING (UNAUDITED)	VALUE (NOTE 1(a))
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CORPORATE DEBT SECURITIES -- CONTINUED		
-----		
\$ 375	Concentra Operating Corporation, Senior Subordinated Notes, 13%, 08/15/09	B3 \$ 420
450	Fisher Scientific International Inc., Senior Subordinated Notes, 8.125%, 05/01/12	B2 486
450	Fresenius Medical Care Capital Trust IV, 7.875%, 06/15/11	Ba2 473
650	InSight Health Services Corp., Senior Subordinated Notes, 9.875%, 11/01/11	B3 676
950	Kinetic Concepts, Inc., Senior Subordinated Notes, 9.625%, 11/01/07	B3 997
1,100	Triad Hospitals Holdings, Inc., Senior Notes, 11%, 05/15/09	B2 1,226
875	Vicar Operating Inc., Senior Notes, 9.875%, 12/01/09	B3 958
		----- 11,242 -----
HOTELS, MOTELS, INNS AND GAMING -- 13.15%		
1,150	Ameristar Casinos, Inc., Senior Subordinated Notes, 10.75%, 02/15/09	B3 1,305
1,125	Argosy Gaming Company, Senior Subordinated Notes, 10.75%, 06/01/09	B2 1,229
450	Chukansi Economic Development 14.50%, 06/15/09 (g)	(e) 495
575	Coast Hotels and Casinos, Inc., Senior Subordinated Notes, 9.50%, 04/01/09	B2 615
1,675	Courtyard Marriott II Ltd., Senior Secured Notes, 10.75%, 02/01/08	B2 1,675
1,475	John Q. Hammons Hotels, LP, First Mortgage Notes, 8.875%, 05/15/12	B2 1,558
725	Hard Rock Hotel, Inc., Senior Secured Notes, 8.875%, 06/01/13 (g)	B3 758

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550	Horseshoe Gaming Holding Corp., Senior Subordinated Notes, 8.625%, 05/15/09	B2		586
\$ 1,215	Host Marriott LP, Senior Notes, Series I, 9.50%, 01/15/07	Ba3	\$	1,315
600	Isle of Capri Casinos, Inc., Senior Subordinated Notes, 8.75%, 04/15/09	B2		642
2,450	La Quinta Properties, Inc., Senior Notes, 8.875%, 03/15/11 (g)	Ba3		2,646
475	MeriStar Hospitality Operating Partnership, L.P., Senior Notes, 9%, 01/15/08	B2		468
250	MeriStar Hospitality Operating Partnership, L.P., Senior Notes, 9.125%, 01/15/11	B2		244
800	Mikohn Gaming Corporation, Senior Secured Notes, 11.875%, 08/15/08	B3		792
425	Old Evangeline Downs, LLC, Senior Secured Notes, 13%, 03/01/10 (g)	(e)		434
1,225	Penn National Gaming, Inc., Senior Subordinated Notes, 11.125%, 03/01/08	B3		1,360
1,350	Pinnacle Entertainment, Inc., Senior Subordinated Notes, 9.25%, 02/15/07	Caa1		1,336
1,200	Station Casinos, Inc., Senior Subordinated Notes, 9.875%, 07/01/10	B2		1,332
1,200	Venetian Casino Resort, LLC, Mortgage Notes, 11%, 06/15/10	B3		1,356
				----- 20,146 -----
LEISURE, AMUSEMENT AND ENTERTAINMENT -- 2.32%				
575	AMF Bowling Worldwide, Inc. Senior Subordinated Notes, 13%, 09/01/08	B3		630
750	Bally Total Fitness Holding Corporation, Senior Notes, 10.50%, 07/15/11 (g)	B2		750
475	The Hockey Company, Senior Secured Notes, 11.25%, 04/15/09	B2		527
1,275	Six Flags Inc., Senior Notes, 9.50%, 02/01/09	B2		1,256

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PRINCIPAL AMOUNT/UNITS		RATING (UNAUDITED)	VALUE (NOTE 1(a))
-----			
CORPORATE DEBT SECURITIES -- CONTINUED			
-----			
\$ 350	Universal City Development Partners, Ltd., Senior Notes, 11.75%, 04/01/10 (g)	B2	\$ 386
			-----
			3,549
			-----
MACHINERY -- .84%			
1,175	Rexnord Corp., Senior Subordinated Notes, 10.125%, 12/15/12 (g)	B3	1,292
			-----
MINING, STEEL, IRON AND NON-PRECIOUS METALS -- 8.41%			
1,195	AK Steel Corporation, Senior Notes, 7.75%, 06/15/12	B1	998
650	AK Steel Corporation, Senior Notes, 7.875%, 02/15/09	B1	559
550	Arch Western Finance LLC, Senior Notes, 6.75%, 07/01/13 (g)	Ba2	562
1,800	Century Aluminum Co., Senior Secured Notes, 11.75%, 04/15/08	B1	1,818
1,200	Gerdau Ameristeel Corporation, Senior Notes, 10.375%, 07/15/11 (g)	B2	1,170
175	IPSCO Inc., Senior Notes, 8.75%, 06/01/13 (g)	Ba3	177
1,750	Earle M. Jorgensen Company, Senior Secured Notes, 9.75%, 06/01/12	B2	1,855
675	Luscar Coal Ltd., Senior Notes, 9.75%, 10/15/11	Ba3	775
350	Mobile Mini, Inc., Senior Notes, 9.50%, 07/01/13 (g)	B2	364
1,800	Russel Metals, Inc., Units, Senior Notes, 10%, 06/01/09	B1	1,926
1,155	Steel Dynamics, Inc., Senior Notes, 9.50%, 03/15/09	B2	1,213
1,300	United States Steel Corporation, Senior Notes, 9.75%, 05/15/10	B1	1,332
1,100	Weirton Steel Corporation, Senior Secured Notes, 10%, 04/01/08 (a) (b)	(e)	143
			-----
			12,892
			-----
OIL AND GAS -- 6.22%			
\$ 175	ANR Pipeline Company, Senior Notes, 8.875%, 03/15/10 (g)	B1	\$ 192
250	Bluewater Financial Ltd., Guaranteed Senior Notes, 10.25%, 02/15/12 (g)	B1	249
875	Chesapeake Energy Corporation, Senior Notes,		

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	9%, 08/15/12	Ba3	980
700	Compagnie Generale de Geophysique (CGG), Senior Notes, 10.625%, 11/15/07	Ba3	717
425	Dresser, Inc., Senior Notes, 9.375%, 04/15/11	B2	440
425	Dynegy Holdings, Inc., Senior Notes, 8.75%, 02/15/12	Caa2	397
150	Encore Acquisition Company, Senior Subordinated Notes, 8.375%, 06/15/12	B2	160
1,275	Ferrellgas Partners, LP, 8.75%, 06/15/12	B2	1,383
375	Frontier Escrow Corporation, Senior Notes, 8%, 04/15/13 (g)	(e)	393
750	Magnum Hunter Resources, Inc., Senior Notes, 9.60%, 03/15/12	B2	829
200	Northwest Pipeline Corporation, Senior Notes, 8.125%, 03/01/10	B1	215
375	Southern Natural Gas Company, Senior Notes, 8.875%, 03/15/10 (g)	B1	412
825	Stone Energy Corporation, Senior Subordinated Notes, 8.25%, 12/15/11	B2	870
1,175	Swift Energy Company, Senior Subordinated Notes, 9.375%, 05/01/12	B3	1,269
700	Universal Compression, Inc., Senior Notes, 7.25%, 05/15/10 (g)	B1	728
275	Westport Resources Corporation, Senior Subordinated Notes, 8.25%, 11/01/11	Ba3	300
			-----
			9,534
			-----

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

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PRINCIPAL AMOUNT/UNITS	MOODY'S RATING (UNAUDITED)	VALUE (NOTE 1(a))
-----		
CORPORATE DEBT SECURITIES -- CONTINUED		
-----		
PERSONAL, FOOD AND MISCELLANEOUS SERVICES -- 1.83%		
\$ 775	Advantica Restaurant Group, Senior Notes, 11.25%, 01/15/08	Caa2 \$ 618
900	Coinmach Corporation,	

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	Senior Notes, 9%, 02/01/10	B2	976
175	Jacuzzi Brands, Inc., Senior Notes, 9.625%, 07/01/10 (g)	B3	179
900	Travelcenters 12.75%, 5/01/09	B3	1,026
			-----
			2,799
			-----
PERSONAL NON-DURABLE CONSUMER PRODUCTS -- 3.82%			
575	American Achievement Corporation, 11.625%, 01/01/07	B1	628
425	American Safety Razor Company, Senior Notes, 9.875%, 08/01/05	B3	411
400	Commemorative Brands, Inc., Senior Subordinated Notes, 11%, 01/15/07	Caa1	386
275	Johnson Diversey Inc., Senior Subordinated Notes, 9.625%, 05/15/12	B2	305
2,125	Jostens, Inc., Senior Subordinated Notes, 12.75%, 05/01/10	B3	2,529
1,600	Playtex Products, Inc., Senior Subordinated Notes, 9.375%, 06/01/11	B3	1,600
			-----
			5,859
			-----
PERSONAL TRANSPORTATION -- 2.19%			
1,550	Delta Air Lines, Inc., Notes, 7.90%, 12/15/09	B3	1,248
650	Laidlaw International, Incorporated, Senior Notes, 10.75%, 06/15/11 (g)	B2	682
1,500	Northwest Airlines, Inc., Senior Notes, 8.875%, 06/01/06	Caa1	1,222
200	Worldspan, L.P., Senior Notes, 9.625%, 06/15/11 (g)	B2	207
			-----
			3,359
			-----
PRINTING AND PUBLISHING -- 11.15%			
\$ 150	CBD Media LLC, Senior Subordinated Notes, 8.625%, 06/01/11 (g)	B3	\$ 155
725	CanWest Media, Inc., Senior Subordinated Notes, 10.625%, 05/15/11	B2	830
575	Dex Media East LLC, Senior Notes, 9.875%, 11/15/09	B2	648
1750	Dex Media East, LLC, Senior Subordinated Notes, 12.125%, 11/15/12	B3	2,082
2,245	RH Donnelley Financial Corporation, Senior Subordinated Notes, 10.875%, 12/15/12 (g)	B2	2,604
825	Houghton Mifflin Company, Senior Subordinated Notes, 9.875%, 02/01/13 (g)	B3	912

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925	Liberty Group Operating, Inc., Senior Subordinated Notes, 9.375%, 02/01/08	Caa1	935
1,610	Mail-Well I Corp., Senior Notes, 9.625%, 03/15/12	B1	1,703
1,850	Quebecor Media Inc., Senior Notes, 11.125%, 07/15/11	B2	2,128
600	Vertis, Inc., Senior Secured Notes, 9.75%, 04/01/09 (g)	B2	639
1,850	Vivendi Universal S.A., Senior Notes, 9.25%, 04/15/10 (g)	B1	2,146
2,150	Von Hoffman Corp., Senior Notes, 10.25%, 03/15/09	B2	2,300
			----- 17,082 -----
RETAIL STORES -- 1.31%			
375	Barney's, Inc., Units, Senior Secured Notes, 9%, 04/01/08 (g)	B3	338
575	Dillard's Inc., Senior Notes, 6.875%, 06/01/05	Ba3	572
900	Gap Incorporated, Senior Notes, 10.55%, 12/15/08	Ba3	1,094
			----- 2,004 -----
TELECOMMUNICATIONS -- 15.79%			
525	Alamosa (Delaware) Inc., Senior Notes, 12.50%, 02/01/11	Caa3	436

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

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PRINCIPAL AMOUNT/UNITS		MOODY'S RATING (UNAUDITED)	VALUE (NOTE 1(a))
-----			
CORPORATE DEBT SECURITIES -- CONTINUED			
-----			
\$ 1,050	Alaska Communications System Holdings, Inc., Senior Subordinated Notes, 9.375%, 05/15/09	B3	\$ 1,050
550	Colt Telecom Group plc, Senior Discount Notes, 12%, 12/15/06	B3	553
2,150	DIRECTV Holdings LLC, Senior Notes, 8.375%, 03/15/13 (g)	B1	2,403
400	Dobson Communications Corporation, Senior Notes, 10.875%, 07/01/10	B3	432
2,990	Echostar DBS Corporation,		



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	Senior Notes, 9.125%, 01/15/09	Ba3	3,341
375	Echostar DBS Corporation, Senior Notes, 10.375%, 10/01/07	Ba3	415
625	Level 3 Communications, Inc., Senior Notes, 9.125%, 05/01/08	Caa3	563
1,100	NEXTEL Communications, Inc., Senior Discount Notes, 9.95%, 02/15/08	B3	1,146
2,675	NEXTEL Communications, Inc., Senior Serial Notes, 9.50%, 02/01/11	B3	2,963
350	Nextel Partners, Inc., Senior Notes, 11%, 03/15/10	Caa1	380
150	Nextel Partners, Inc., Senior Notes, 8.125%, 07/01/11 (g)	Caa1	149
1,025	Pegasus Satellite Communications, Inc., Senior Notes, 11.25%, 01/15/10 (g)	Ca	964
600	Pegasus Satellite Communications, Inc., Senior Notes, 12.375%, 08/01/06	Ca	564
150	Pegasus Satellite Communications, Inc., Senior Notes, 12.50%, 08/01/07	Ca	140
175	Pegasus Satellite Communications, Inc., Senior Subordinated Discount Notes, 13.50%, 03/01/07 (h)	C	147
\$ 1,175	Qwest Corporation, Senior Notes, 8.875%, 03/15/12 (g)	Ba3	\$ 1,310
1,747	Qwest Services Corporation, Senior Subordinated Secured Notes, 13.50%, 12/15/10 (g)	(e)	1,974
775	Rogers Wireless Inc., Senior Secured Notes, 9.375%, 06/01/08	Ba3	810
400	Rogers Wireless Inc., Senior Secured Notes, 9.625%, 05/01/11	Ba3	458
650	Rural Cellular Corporation, Senior Subordinated Notes, 9.75%, 01/15/10	Caa1	572
300	Time Warner Telecom, Inc., Senior Notes, 9.75%, 07/15/08	B3	292
675	Time Warner Telecom, Inc., Senior Notes, 10.125%, 02/01/11	B3	656
1,075	Tritel PCS, Inc., Senior Subordinated Notes, 10.375%, 01/15/11	Baa2	1,322
775	Triton PCS, Inc., Senior Notes, 8.50%, 06/01/13 (g)	B2	833
390	US West Capital Funding Inc., Notes, 6.375%, 07/15/08	Caa2	322
			-----
			24,195
			-----

TEXTILES AND LEATHER -- 2.63%

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625	Anvil Knitwear, Incorporated, Senior Notes, 10.875%, 03/15/07	(e)	625
425	Avondale Mills Incorporated, Senior Subordinated Notes, 10.25%, 05/01/06	B3	430
800	Avondale Mills, Incorporated, Senior Subordinated Notes, 10.25%, 07/01/13 (g)	B3	802
775	Collins & Aikman Floorcoverings, Inc., Senior Subordinated Notes, 9.75%, 02/15/10	B2	810
250	Dan River, Inc., Senior Notes, 12.75%, 04/15/09 (g)	B3	223
775	Interface, Incorporated, Senior Notes, 7.30%, 04/01/08	B2	659

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

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PRINCIPAL AMOUNT/UNITS		MOODY'S RATING (UNAUDITED)	VALUE (NOTE 1(a))
-----			
CORPORATE DEBT SECURITIES -- CONTINUED			
-----			
\$ 575	Levi Strauss & Co., Senior Notes, 12.25%, 12/15/12	B3	\$ 479
			-----
			4,028
			-----
UTILITIES -- 12.67%			
1,200	The AES Corporation, Senior Secured, 9%, 05/15/15 (g)	B2	1,272
975	The AES Corporation, Senior Subordinated Notes, 8.375%, 08/15/07	Caa1	936
900	The AES Corporation, Senior Subordinated Notes, 8.50%, 11/01/07	Caa1	864
750	Allegeny Energy Supply Company, LLC, Senior Notes, 8.25%, 04/15/12 (g)	B1	637
375	Aquila, Inc., Senior Notes, 14.875%, 07/01/12 (g)	Caa1	399
1,000	Avista Corporation, Senior Notes, 9.75%, 06/01/08	Ba1	1,150
1,000	Calpine Corporation, Senior Notes, 8.50%, 02/15/11	B1	750
515	Calpine Corporation, Senior Notes, 8.625%, 08/15/10	B1	386
1,275	CMS Energy Corporation, Senior Notes		

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	9.875%, 10/15/07	B3		1,364
450	DPL, Inc., Senior Notes, 8.25%, 03/01/07	Baa2		516
825	Illinois Power Company, Senior Secured First Mortgage Bonds, 11.50%, 12/15/10 (g)	B3		943
225	Northwestern Corporation, Senior Notes, 7.875%, 03/15/07	Caa1		176
500	Northwestern Corporation, Senior Notes, 8.75%, 03/15/12	Caa1		385
\$ 600	Orion Power Holdings, Inc., Senior Notes, 12%, 05/01/10	B2	\$	693
650	Reliant Resources, Inc., Senior Secured Notes, 9.50%, 07/15/13 (g)	B1		657
456	South Point Energy Center, LLC, Senior Secured, 8.40%, 05/30/12 (g)	B1		456
1,125	South Point Energy Center, LLC, Senior Secured, 9.825%, 05/30/19 (g)	B1		1,057
775	TECO Energy, Inc., Senior Notes, 7%, 05/01/12	Ba1		759
200	TECO Energy, Inc., Senior Notes, 7.20%, 05/01/11	Ba1		200
100	TECO Energy, Inc., Senior Notes, 7.50%, 06/15/10	Ba1		103
1,025	TNP Enterprises, Inc., Senior Subordinated Notes, 10.25%, 04/01/10	Ba3		1,025
1,300	Western Resources, Inc., Senior Notes, 7.125%, 8/01/09	Ba2		1,302
750	The Williams Companies, Inc., Senior Notes, 7.50%, 01/15/31	B3		713
350	The Williams Companies, Inc., Senior Notes, 7.625%, 7/15/19	B3		340
500	The Williams Companies, Inc., Senior Notes, 8.125%, 03/15/12	B3		514
1,050	The Williams Companies, Inc., Senior Notes, 8.625%, 06/01/10	B3		1,097
700	The Williams Companies, Inc., Senior Notes, 8.75%, 03/15/32	B3		728
				-----
				19,422
				-----
	TOTAL CORPORATE DEBT SECURITIES (Total cost of \$227,315)			236,116
				-----

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

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SHARES		MOODY'S RATING (UNAUDITED)	VALUE (NOTE 1(a))
-----			
PREFERRED STOCK -- 2.70% (d)			
-----			
BANKING -- 0.00%			
57,935	WestFed Holdings, Inc., Cumulative, Series A, Preferred Stock, 15.50% (a) (c) (f)	(e)	\$ --
-----			
BROADCASTING AND ENTERTAINMENT -- 1.97%			
25,300	CSC Holdings, Inc., Series M, Preferred Stock, 11.125% (f)	B3	2,606
42	Paxson Communications Corporation, Junior Exchangeable Preferred Stock, 14.25%	Caa2	418
			-----
			3,024
-----			
CHEMICALS, PLASTICS AND RUBBER -- .37%			
875	Hercules Trust II, Convertible Preferred Stock, 6.50%	Ba3	561
-----			
MINING, STEEL, IRON AND NON-PRECIOUS METALS -- 0.02%			
18,000	Weirton Steel Corp., Series C, Preferred Stock (a) (f)	(e)	27
-----			
TELECOMMUNICATIONS -- .34%			
200	Dobson Communications Corporation, Senior Exchangeable Preferred Stock, 12.25%	Caa2	198
325	Dobson Communications Corporation, Senior Exchangeable Preferred Stock, 12.25%	Caa2	322
			-----
			520
-----			
TOTAL PREFERRED STOCK			
(Total cost of \$8,787)			4,132
-----			
COMMON STOCK -- 0.00% (d)			
-----			
4,780	Mediq Inc. Common Stock (a) (c) (f)		--
27,474	WestFed Holdings, Inc., Common Stock (a) (c) (f)		--
10,052	WKI Holdings Common Stock Common Stock (c) (f)		--
			-----
TOTAL COMMON STOCK			
(Total cost of \$4,890)			--

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SHORT-TERM INVESTMENTS -- 12.00% (d)

\$ 5,000	Alpine Securitization Corp., Commercial Paper, due 07/17/03, Discount of 1%	P-1	\$ 4,998
5,000	Total S.A., Commercial Paper, due 07/31/03, Discount of 1.31%	P-1	4,995
3,403	UBS Finance (Delaware), Inc., Commercial Paper, due 07/01/03, Discount of 1.31%	P-1	3,403
5,000	Wal-Mart, Commercial Paper due 08/14/03, Discount of 1.04%	P-1	4,994
TOTAL SHORT-TERM INVESTMENTS (Total cost of \$18,390)			18,390
TOTAL INVESTMENTS (Total cost of \$259,382)			\$ 258,638

- (a) Denotes issuer is in bankruptcy proceedings.
- (b) Non-income producing security which is on non-accrual and/or has defaulted on interest payments.
- (c) Security is valued at fair value using methods determined by the Board of Directors. The total value of these securities at June 30, 2003 was \$0.
- (d) Percentages indicated are based on total net assets to common shareholders of \$153,228.
- (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. See Note 1(a) of the Notes to Financial Statements for valuation policy. Total market value of Rule 144A securities amounted to \$59,349 as of June 30, 2003.
- (h) Securities are step interest bonds. Interest on these bonds accrue based on the effective interest rate.

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

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The New America High Income Fund, Inc.

STATEMENT OF ASSETS AND LIABILITIES  
JUNE 30, 2003 (UNAUDITED)

ASSETS: (Dollars in thousands, except per share amounts)  
INVESTMENTS IN SECURITIES, at value (Identified  
cost of \$259,382 see Schedule of Investments  
and Notes 1 and 2) \$ 258,638

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RECEIVABLES:	
Investment securities sold	1,416
Interest and dividends	5,577
PREPAID EXPENSES	82
DEFERRED OFFERING EXPENSES (Note 9)	880
	-----
Total assets	\$ 266,593
	-----

LIABILITIES:	
PAYABLES:	
Investment securities purchased	\$ 3,910
Dividend on common stock	166
Dividend on preferred stock	45
INTEREST RATE SWAP, at fair value (Note 6)	8,061
ACCRUED EXPENSES (Note 3)	380
ACCRUED OFFERING EXPENSES (Note 9)	803
	-----
Total liabilities	\$ 13,365
	-----

AUCTION TERM PREFERRED STOCK:	
\$1.00 par value, 1,000,000 shares authorized, 4,000 shares issued and outstanding, liquidation preference of \$25,000 per share (Notes 4 and 5)	\$ 100,000
	-----
NET ASSETS	\$ 153,228
	=====

REPRESENTED BY:	
COMMON STOCK:	
\$0.01 par value, 200,000,000 shares authorized, 70,055,538 shares issued and outstanding	\$ 701
CAPITAL IN EXCESS OF PAR VALUE	340,674
UNDISTRIBUTED NET INVESTMENT INCOME (Note 2)	1,159
ACCUMULATED NET REALIZED LOSS FROM SECURITIES TRANSACTIONS (Note 2)	(180,501)
NET UNREALIZED DEPRECIATION ON INVESTMENTS AND INTEREST RATE SWAPS	(8,805)
	-----
Net assets applicable to common stock (Equivalent to \$2.19 per share, based on 70,055,538 shares outstanding)	\$ 153,228
	=====

STATEMENT OF OPERATIONS  
FOR THE PERIOD ENDED  
JUNE 30, 2003 (UNAUDITED)

INVESTMENT INCOME: (Note 1) (Dollars in thousands)	
Interest income	\$ 11,169
Other income	73
Dividend income	43
	-----
Total investment income	\$ 11,285
	-----

EXPENSES:	
Cost of leverage:	
Preferred and auction fees (Note 5)	\$ 123
	-----

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Total cost of leverage	\$	123
		-----
Professional services expenses:		
Management fees (Note 3)	\$	405
Legal fees		238
Custodian and transfer agent fees		117
Audit fees		41
		-----
Total professional services expenses	\$	801
		-----
Administrative expenses:		
General administrative fees	\$	216
Shareholder meeting expenses		128
Directors' fees		104
NYSE fees		34
Miscellaneous expenses		27
		-----
Total administrative expenses	\$	509
		-----
Total expenses	\$	1,433
		-----
Net investment income	\$	9,852
		-----
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT ACTIVITIES:		
Realized loss on investments	\$	(4,108)
		-----
Net swap settlement disbursements (Note 6)	\$	(1,591)
		-----
Change in net unrealized depreciation on investments	\$	25,643
Change in unrealized depreciation on interest rate swap agreement		(1,293)
		-----
Total change in net unrealized depreciation on investments and interest rate swap	\$	24,350
		-----
Net gain on investments and interest rate swap	\$	18,651
		-----
COST OF PREFERRED LEVERAGE		
Distributions to preferred stockholders	\$	(678)
		-----
Net increase in net assets resulting from operations	\$	27,825
		=====

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

SIX MON  
JUNE 3  
(UNAU  
-----

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FROM OPERATIONS: (Dollars in thousands, except per share amounts)		
Net investment income		\$
Realized loss on investments, net		
Net swap settlement disbursements		
Change in net unrealized depreciation on investments and other financial instruments		
Distributions from net investment income related to preferred stock		
Dividends to preferred stockholders (\$170 and \$488 per preferred share in 2003 and 2002, respectively)		
Net increase (decrease) in net assets resulting from operations		\$
-----		
FROM FUND SHARE TRANSACTIONS:		
Net asset value of 507,385 shares and 1,215,044 shares issued to common stockholders for reinvestment of dividends in 2003 and 2002, respectively		\$
Increase in net assets resulting from fund share transactions		\$
-----		
DISTRIBUTIONS TO COMMON STOCKHOLDERS:		
From net investment income (\$.10 and \$.29 per share in 2003 and 2002, respectively)		\$
-----		
Total net increase (decrease) in net assets		\$
-----		
NET ASSETS APPLICABLE TO COMMON STOCK:		
Beginning of period		\$
-----		
End of period (Including \$1,159 and \$351 of undistributed net investment income at June 30, 2003 and December 31, 2002, respectively)		\$
=====		

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

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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 SIX MONTHS ENDED JUNE 30, 2003 (UNAUDITED)	2002	FOR THE YEARS 2001 (c)	
	-----	-----	-----	-----
NET ASSET VALUE:				
Beginning of period	\$ 1.89	\$ 2.61	\$ 2.85	\$
	-----	-----	-----	-----
NET INVESTMENT INCOME	.14	.37	.48	
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND OTHER FINANCIAL INSTRUMENTS	.29	(.72)	(.24)	
DISTRIBUTIONS FROM NET INVESTMENT INCOME RELATED TO PREFERRED STOCK:	(.03)	(.08)	(.12)	



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TOTAL FROM INVESTMENT OPERATIONS	.40	(.43)	.12	
DISTRIBUTIONS TO COMMON SHAREHOLDERS:				
From net investment income	(.10)	(.29)	(.36)	
In excess of net investment income	--	--	--	
TOTAL DISTRIBUTIONS	(.10)	(.29)	(.36)	
Effect of rights offering and related expenses; and Auction Term Preferred Stock offering costs and sales load	--	--	--	
NET ASSET VALUE:				
End of period	\$ 2.19	\$ 1.89	\$ 2.61	\$
PER SHARE MARKET VALUE:				
End of period	\$ 2.20	\$ 2.01	\$ 2.64	\$
TOTAL INVESTMENT RETURN+	14.57%	(12.97)%	13.97%	

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

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	FOR THE SIX MONTHS ENDED JUNE 30, 2003 (UNAUDITED)	2002	FOR THE YEARS 2001 (c)	
NET ASSETS, END OF PERIOD, APPLICABLE TO COMMON STOCK (a)	\$ 153,228	\$ 131,170	\$ 178,231	\$
NET ASSETS, END OF PERIOD, APPLICABLE TO PREFERRED STOCK (a)	\$ 100,000	\$ 100,000	\$ 150,000	\$
TOTAL NET ASSETS APPLICABLE TO COMMON AND PREFERRED STOCK, END OF PERIOD (a)	\$ 253,228	\$ 231,170	\$ 328,231	\$
EXPENSE RATIOS:				
Ratio of preferred and other leverage expenses to average net assets*	.17%**	.18%	.17%	
Ratio of operating expenses to average net assets*	1.85%**	1.46%	1.11%	
RATIO OF TOTAL EXPENSES TO AVERAGE NET ASSETS*	2.02%**	1.64%	1.28%	
RATIO OF NET INVESTMENT INCOME TO AVERAGE NET ASSETS*	13.90%**	16.48%	16.70%	
RATIO OF TOTAL EXPENSES TO AVERAGE NET ASSETS APPLICABLE TO COMMON AND PREFERRED STOCK	1.19%**	.89%	.71%	

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RATIO OF NET INVESTMENT INCOME TO AVERAGE NET ASSETS APPLICABLE TO COMMON AND PREFERRED STOCK	8.18%**	8.91%	9.23%
PORTFOLIO TURNOVER RATE	156.63%**	82.47%	38.89%

- (a) Dollars in thousands.
- (b) The Fund issued Series D ATP on May 20, 1998. The per share data and ratios for the year ended December 31, 1998 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. The expense ratio and net investment income ratio do not reflect the effect of dividend payments (including net swap settlement receipts/payments) to preferred stockholders.

\*\* Annualized

# Calculation is based on average shares outstanding during the indicated period due to the per share effect of the Fund's March 1998 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.

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### INFORMATION REGARDING SENIOR SECURITIES

	JUNE 30, 2003 (UNAUDITED)	2002	AS OF DECEMBER 31	
	-----	-----	-----	-----
TOTAL AMOUNT OUTSTANDING:				
Preferred Stock	\$ 100,000,000	\$ 100,000,000	\$ 150,000,000	\$ 160,000,000
ASSET COVERAGE:				
Per Preferred Stock Share (1)	\$ 63,307	\$ 57,793	\$ 54,705	\$ 54,705
INVOLUNTARY LIQUIDATION PREFERENCE:				
Preferred Stock Share (2)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
APPROXIMATE MARKET VALUE:				
Per Preferred Stock Share (2)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

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- (1) Calculated by subtracting the Fund's total liabilities (not including the Preferred Stock) 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.

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### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2003 (UNAUDITED)

#### (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.

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 generally accepted accounting principles in the United States 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 having 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

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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, with a cost of approximately \$9,809,000 and a value of \$0, are valued in good faith at fair market value using methods determined by the Board of Directors.

(b) INTEREST AND DIVIDEND INCOME--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 discount and step interest bonds is accrued based on the effective interest method for tax reporting purposes as required by federal income tax regulations. The Fund does not amortize market premiums or discounts for tax purposes. Dividend payments received in the

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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 June 30, 2003, the total cost of securities (including temporary cash investments) for federal income tax purposes was approximately \$259,406,000. Aggregate gross unrealized gain on securities in which there was an excess of value over tax cost was approximately \$12,904,000. Aggregate unrealized loss on securities in which there was an excess of tax cost over value was approximately \$13,672,000. Net unrealized loss on investments for tax purposes at June 30, 2003 was approximately \$768,000.

At December 31, 2002, 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
21,822,000	December 31, 2008
67,042,000	December 31, 2009
46,118,000	December 31, 2010
\$ 170,563,000	

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 \$22,371,000 in 2002 was from ordinary income.

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As of December 31, 2002, the components of distributable earnings on a tax basis were approximately:

Undistributed Net Investment Income	\$	402,000
Undistributed Long-Term Gain		--
Unrealized Gain (Loss)	\$	(26,462,000)
Capital Losses Carry Forward and Post October Losses Deferred	\$	(176,822,000)

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 wash sales, accrued interest on defaulted bonds and amortization of swap termination payments.

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 resulted in additional interest income for financial reporting purposes only. The Fund does not amortize market discounts or premiums for tax purposes. Therefore, the additional interest income for financial reporting purposes does not result in additional common stock dividend income.

The Fund has recorded several reclassifications in the capital accounts to present undistributed net investment income or accumulated net realized gains and losses on a tax basis, which is considered to be more informative to the shareholder. These reclassifications have no impact on the net asset value of the Fund.

### (3) INVESTMENT ADVISORY AGREEMENT

T. Rowe Price Associates, Inc. (T. Rowe Price), the Fund's Investment Advisor, earned approximately \$405,000 in management fees during the six months

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ended June 30, 2003. 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 attributable to the Fund's common and auction term preferred stock. At June 30, 2003, the fee payable to T. Rowe Price was approximately \$74,000, which was included in accrued expenses on the accompanying statement of assets and liabilities.

### (4) AUCTION TERM PREFERRED STOCK (ATP)

The Fund had 4,000 shares of ATP issued and outstanding at June 30, 2003. 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 1.15% to 1.60% for the six months ended June 30, 2003. The average dividend rate as of June 30, 2003 was 1.25%.

The ATP is redeemable, at the option of the Fund, or subject to mandatory

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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 \$123,000 for service charges through June 30, 2003. 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 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 1.31% to 1.44% for the six months ended June 30, 2003. The effective date, notional amount, maturity and fixed rate of the swap is as follows:

EFFECTIVE DATE	NOTIONAL CONTRACT AMOUNT	MATURITY	FIXED ANNUAL RATE
10/1/01	\$100 million	10/1/06	4.50%

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

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agreements, the amounts potentially subject to credit risk, in the event of nonperformance by counterparties, are substantially smaller.

The Fund accounts for interest rate swaps in accordance with the Statement of Financial Accounting Standards No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. This statement requires an entity to recognize all freestanding derivative instruments in the balance sheet as either assets or liabilities and measure them at fair value. Any change in the unrealized gain or loss is recorded in current earnings. For the six months ended June 30, 2003, the Fund's obligations under the swap agreements were more than the amount received from Fleet by approximately \$1,591,000 and is included in the accompanying statement of operations.

The estimated fair value of the interest rate swap agreement at June 30, 2003 amounted to approximately \$8,061,000 of unrealized loss 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 six months ended June 30, 2003 were approximately:

Purchases of securities	\$ 180,270,000
Sales of securities	\$ 191,034,000

### (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 \$397,000 for the six months ended June 30, 2003. The Fund paid approximately \$130,000 during the six months ended June 30, 2003 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 \$42,348,000 and shares of 23,397,095 were recorded. In addition the deferred offering expense of approximately \$880,000 was netted against the rights offering proceeds.

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### 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.

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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.

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### DIRECTORS

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

### DIRECTOR EMERITUS

Franco Modigliani

### 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

EquiServe Trust Company N.A.  
P.O. Box 43011  
Providence, RI 02940-3011  
(617) 328-5000 ext. 6406  
(800) 426-5523

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

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### EQUISERVE TRUST COMPANY N.A.

P.O. BOX 43011  
PROVIDENCE, RI 02940-3011

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ITEM 2. CODE OF ETHICS.  
Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.  
Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.  
Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.  
Not applicable.

ITEM 6. [RESERVED]

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END  
MANAGEMENT INVESTMENT COMPANIES.  
Not applicable.

ITEM 8. [RESERVED]

ITEM 9. CONTROLS AND PROCEDURES.

(a) The principal executive officer and principal financial officer concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Investment Company Act of 1940, as amended (the "1940 Act") provide reasonable assurances that material information regarding the Registrant is made known to them by the appropriate persons, 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 registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the Registrant's last fiscal half-year that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 10. EXHIBITS.

(a) (1) Not applicable.

(a) (2) The certifications required by Rule 30a-2(a) under the 1940 Act are attached as exhibits to this report.

(b) The certifications required by Rule 30a-2(b) under the 1940 Act are attached as exhibits to this report.

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: Chief Executive Officer  
Date: September 5, 2003

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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

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Name: Robert F. Birch  
Title: Chief Executive Officer  
Date: September 5, 2003

By: /s/ Ellen E. Terry

-----  
Name: Ellen E. Terry  
Title: Chief Financial Officer  
Date: September 5, 2003