

WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.

Form N-Q

March 22, 2011

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

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-5497

Western Asset Municipal High Income Fund Inc.
(Exact name of registrant as specified in charter)

55 Water Street, New York, NY
(Address of principal executive offices)

10041
(Zip code)

Robert I. Frenkel, Esq.
Legg Mason & Co., LLC
100 First Stamford Place
Stamford, CT 06902
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-888-777-0102

Date of fiscal year end: October 31

Date of reporting period: January 31, 2011

ITEM 1. SCHEDULE OF INVESTMENTS

**WESTERN ASSET
MUNICIPAL HIGH INCOME FUND INC.**

FORM N-Q

JANUARY 31, 2011

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Schedule of investments (unaudited)

January 31, 2011

WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
MUNICIPAL BONDS 95.1%				
Alaska 0.7%				
Alaska Industrial Development & Export Authority Revenue, Williams Lynxs Alaska Cargoport	8.125%	5/1/31	\$ 1,055,000	\$ 1,062,364(a)
Arizona 1.7%				
Pima County, AZ, IDA Revenue, Tucson Electric Power Co.	5.750%	9/1/29	1,000,000	978,740
Salt Verde, AZ, Financial Corp. Gas Revenue	5.000%	12/1/37	1,500,000	1,265,025
University Medical Center Corp., AZ, Hospital Revenue	6.250%	7/1/29	500,000	512,105
<i>Total Arizona</i>				2,755,870
Arkansas 0.4%				
Arkansas State Development Financing Authority, Industrial Facilities Revenue, Potlatch Corp. Projects	7.750%	8/1/25	600,000	600,684(a)
California 4.4%				
Golden State Tobacco Securitization Corp., California Tobacco Settlement Revenue, Asset Backed	7.800%	6/1/42	2,000,000	2,300,560(b)
M-S-R Energy Authority, CA, Gas Revenue	7.000%	11/1/34	2,000,000	2,150,340
M-S-R Energy Authority, CA, Gas Revenue	6.500%	11/1/39	2,000,000	2,020,620
Redding, CA, Redevelopment Agency, Tax Allocation, Shastec Redevelopment Project	5.000%	9/1/29	600,000	493,584
<i>Total California</i>				8,965,104
Colorado 5.1%				
Colorado Educational & Cultural Facilities Authority Revenue:				
Charter School Peak to Peak Project	7.500%	8/15/21	665,000	689,579(b)
Cheyenne Mountain Charter Academy	5.250%	6/15/25	680,000	631,924
Cheyenne Mountain Charter Academy	5.125%	6/15/32	510,000	440,650
Elbert County Charter	7.375%	3/1/35	785,000	704,561
Public Authority for Colorado Energy, Natural Gas Purchase Revenue	6.125%	11/15/23	4,000,000	4,208,160
Reata South Metropolitan District, CO, GO	7.250%	6/1/37	1,000,000	792,950
Southlands, CO, Metropolitan District No. 1, GO	7.125%	12/1/34	500,000	601,745(b)
<i>Total Colorado</i>				8,069,569
Delaware 4.1%				
Delaware State EDA Revenue, Indian River Power LLC	5.375%	10/1/45	4,000,000	3,552,160
Sussex County, DE, Recovery Zone Facility Revenue, NRG Energy Inc., Indian River Power LLC	6.000%	10/1/40	3,000,000	2,867,910
<i>Total Delaware</i>				6,420,070
District of Columbia 1.2%				
District of Columbia COP, District Public Safety & Emergency, AMBAC	5.500%	1/1/20	1,895,000	1,964,925
Florida 6.3%				
Beacon Lakes, FL, Community Development District, Special Assessment	6.900%	5/1/35	860,000	806,241
Bonnet Creek Resort Community Development District, Special Assessment	7.500%	5/1/34	1,500,000	1,374,105(c)
	7.000%	11/1/31	885,000	844,024

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Century Parc Community Development District, Special Assessment

Highlands County, FL, Health Facilities Authority Revenue, Adventist Health Systems

6.000%

11/15/25

1,000,000

1,088,140(b)

Martin County, FL, IDA Revenue, Indiantown Cogeneration Project

7.875%

12/15/25

2,000,000

2,008,820(a)

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Schedule of investments (unaudited) (cont d)

January 31, 2011

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SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Florida continued				
Orange County, FL, Health Facilities Authority Revenue, First Mortgage, GF, Orlando Inc. Project	9.000%	7/1/31	\$ 1,000,000	\$ 972,640
Palm Beach County, FL, Health Facilities Authority Revenue, John F. Kennedy Memorial Hospital Inc. Project	9.500%	8/1/13	225,000	252,932(d)
Reunion East Community Development District, Special Assessment	7.375%	5/1/33	2,000,000	1,317,980(c)
Santa Rosa, FL, Bay Bridge Authority Revenue	6.250%	7/1/28	1,000,000	440,470(c)
University of Central Florida, COP, FGIC	5.000%	10/1/25	1,000,000	902,400
<i>Total Florida</i>				<i>10,007,752</i>
Georgia 6.7%				
Atlanta, GA, Airport Revenue:				
AGM	5.000%	1/1/26	1,000,000	981,410
FGIC	5.625%	1/1/30	1,000,000	974,410(a)
Atlanta, GA, Development Authority Educational Facilities Revenue, Science Park LLC Project	5.000%	7/1/32	2,000,000	1,797,760
Atlanta, GA, Tax Allocation, Atlantic Station Project	7.900%	12/1/24	2,500,000	2,679,250(b)
Atlanta, GA, Water & Wastewater Revenue	6.250%	11/1/39	2,000,000	2,053,940
DeKalb, Newton & Gwinnett Counties, GA, Joint Development Authority Revenue, GGC Foundation LLC Project	6.125%	7/1/40	1,000,000	1,060,220
Gainesville & Hall County, GA, Development Authority Revenue, Senior Living Facilities, Lanier Village Estates	7.250%	11/15/29	1,000,000	1,001,720
<i>Total Georgia</i>				<i>10,548,710</i>
Hawaii 2.7%				
Hawaii State Department of Budget & Finance Special Purpose: Revenue, Hawaiian Electric Co.				
Senior Living Revenue	6.500%	7/1/39	2,000,000	2,007,560
Senior Living Revenue	6.400%	11/15/14	550,000	551,677
Senior Living Revenue	7.500%	11/15/15	1,500,000	1,543,890
Senior Living Revenue, 15 Craigside Project	8.750%	11/15/29	200,000	224,034
<i>Total Hawaii</i>				<i>4,327,161</i>
Illinois 2.4%				
Cook County, IL, Revenue, Navistar International Corp.	6.500%	10/15/40	2,000,000	2,001,180
Illinois Finance Authority Revenue:				
Park Place of Elmhurst	8.125%	5/15/40	1,000,000	942,160
Refunding, Chicago Charter School Project	5.000%	12/1/26	1,000,000	839,030
<i>Total Illinois</i>				<i>3,782,370</i>
Indiana 0.5%				
County of St. Joseph, IN, EDR:				
Holy Cross Village Notre Dame Project	6.000%	5/15/26	285,000	256,500
Holy Cross Village Notre Dame Project	6.000%	5/15/38	550,000	460,763
<i>Total Indiana</i>				<i>717,263</i>
Kansas 0.7%				
Salina, KS, Hospital Revenue, Refunding & Improvement				
Salina Regional Health	5.000%	10/1/22	1,150,000	1,167,687
Kentucky 1.3%				

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Owen County, KY, Waterworks System Revenue, Kentucky American Water Co. Project	6.250%	6/1/39	2,000,000	2,017,860
Louisiana 0.6% Epps, LA, COP	8.000%	6/1/18	930,000	920,235
Massachusetts 0.6% Boston, MA, Industrial Development Financing Authority Revenue, Roundhouse Hospitality LLC Project	7.875%	3/1/25	825,000	673,695(a)

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Massachusetts continued				
Massachusetts State Port Authority Revenue	13.000%	7/1/13	\$ 210,000	\$ 246,767(d)
<i>Total Massachusetts</i>				<i>920,462</i>
Michigan 5.2%				
Allen Academy, COP	7.500%	6/1/23	2,130,000	2,157,797
Cesar Chavez Academy, COP	6.500%	2/1/33	1,000,000	966,010
Cesar Chavez Academy, COP	8.000%	2/1/33	1,000,000	1,039,530
Gaudior Academy, COP	7.250%	4/1/34	1,000,000	872,360
Royal Oak, MI, Hospital Finance Authority Revenue, William				
Beaumont Hospital	8.250%	9/1/39	2,000,000	2,252,500
Star International Academy, COP	7.000%	3/1/33	960,000	904,579
<i>Total Michigan</i>				<i>8,192,776</i>
Missouri 0.8%				
Missouri State HEFA Revenue, Refunding, St. Lukes Episcopal	5.000%	12/1/21	1,300,000	1,306,435
Montana 1.3%				
Montana State Board of Investment, Resource Recovery				
Revenue, Yellowstone Energy LP Project	7.000%	12/31/19	2,205,000	2,082,755(a)
New Jersey 3.6%				
Casino Reinvestment Development Authority Revenue, NATL	5.250%	6/1/20	1,500,000	1,498,785
New Jersey State EDA Revenue, Refunding	6.875%	1/1/37	5,000,000	4,199,400(a)
<i>Total New Jersey</i>				<i>5,698,185</i>
New Mexico 0.6%				
Otero County, NM, Jail Project Revenue	7.500%	12/1/24	1,000,000	931,650
New York 5.2%				
Brooklyn Arena, NY, Local Development Corp., Barclays				
Center Project	6.250%	7/15/40	2,000,000	1,924,560
New York City, NY, IDA, Civic Facilities Revenue, Special				
Needs Facilities Pooled Program	8.125%	7/1/19	385,000	392,700
New York Liberty Development Corp., Liberty Revenue,				
Refunding, Second Priority, Bank of America	6.375%	7/15/49	5,000,000	5,059,200
Suffolk County, NY, IDA, Civic Facilities Revenue, Eastern				
Long Island Hospital Association	7.750%	1/1/22	755,000	803,720(b)
<i>Total New York</i>				<i>8,180,180</i>
Ohio 2.7%				
Cuyahoga County, OH, Hospital Facilities Revenue, Canton Inc.				
Project	7.500%	1/1/30	1,465,000	1,483,561
Miami County, OH, Hospital Facilities Revenue, Refunding and				
Improvement Upper Valley Medical Center	5.250%	5/15/21	1,500,000	1,496,340
Riversouth Authority, OH, Revenue, Riversouth Area				
Redevelopment	5.000%	12/1/25	1,260,000	1,279,883
<i>Total Ohio</i>				<i>4,259,784</i>
Oklahoma 1.5%				
Tulsa County, OK, Industrial Authority, Senior Living				
Community Revenue:				
Montereau Inc. Project	6.875%	11/1/23	1,300,000	1,293,825

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Montereau Inc. Project	7.125%	11/1/30	1,000,000	989,930
<i>Total Oklahoma</i>				2,283,755
Pennsylvania 4.2%				
Cumberland County, PA, Municipal Authority Retirement Community Revenue, Wesley Affiliate Services Inc. Project	7.250%	1/1/35	1,000,000	1,127,610(b)
Lebanon County, PA, Health Facilities Authority Revenue, Good Samaritan Hospital Project	6.000%	11/15/35	1,000,000	857,990

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Pennsylvania continued				
Monroe County, PA, Hospital Authority Revenue, Pocono Medical Center	5.000%	1/1/27	\$ 1,000,000	\$ 868,540
Northumberland County, PA, IDA Facilities Revenue, NHS Youth Services Inc. Project	7.500%	2/15/29	900,000	755,469
Pennsylvania Economic Development Financing Authority, Health Systems Revenue, Albert Einstein Healthcare Philadelphia, PA, Authority for IDR, Host Marriot LP Project, Remarketed 10/31/95	6.250%	10/15/23	2,000,000	2,030,580
	7.750%	12/1/17	1,000,000	1,004,410(a)
<i>Total Pennsylvania</i>				<i>6,644,599</i>
Puerto Rico 0.6%				
Puerto Rico Electric Power Authority, Power Revenue	5.250%	7/1/40	1,000,000	879,750
Tennessee 1.3%				
Shelby County, TN, Health Educational & Housing Facilities Board Revenue, Trezevant Manor Project	5.750%	9/1/37	2,500,000	2,033,050
Texas 22.8%				
Brazos River, TX, Harbor Industrial Development Corp., Environmental Facilities Revenue, Dow Chemical Co.	5.900%	5/1/28	1,500,000	1,483,860(a)(e)
Burnet County, TX, Public Facility Project Revenue	7.500%	8/1/24	1,440,000	1,376,654
Garza County, TX, Public Facility Corp.	5.500%	10/1/18	1,000,000	950,130
Garza County, TX, Public Facility Corp., Project Revenue	5.750%	10/1/25	2,000,000	2,001,160
Gulf Coast of Texas, IDA, Solid Waste Disposal Revenue, CITGO Petroleum Corp. Project	7.500%	10/1/12	2,000,000	2,028,560(a)(e)
Harris County, TX, Cultural Education Facilities Finance Corp., Medical Facilities Revenue, Baylor College of Medicine Houston, TX, Airport Systems Revenue, Special Facilities, Continental Airlines Inc. Project	6.125%	7/15/27	2,750,000	2,504,480(a)
Laredo, TX, ISD Public Facility Corp., Lease Revenue, AMBAC Love Field Airport Modernization Corp, TX, Special Facilities Revenue, Southwest Airlines Co. Project	5.000%	8/1/29	1,000,000	972,950
	5.250%	11/1/40	6,000,000	5,378,640
Midlothian, TX, Development Authority, Tax Increment Contract Revenue	6.200%	11/15/29	1,000,000	992,220
North Texas Tollway Authority Revenue	5.750%	1/1/40	2,500,000	2,384,900
Texas Midwest Public Facility Corp. Revenue, Secure Treatment Facility Project	9.000%	10/1/30	2,000,000	1,786,560
Texas Private Activity Bond Surface Transportation Corp., Senior Lien	6.875%	12/31/39	2,000,000	2,009,740
Texas Private Activity Bond Surface Transportation Corp. Revenue, LBJ Infrastructure Group LLC				