

Carter James S
 Form 5
 February 24, 2010

FORM 5

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

OMB APPROVAL

OMB Number: 3235-0362
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *
 Carter James S

2. Issuer Name and Ticker or Trading Symbol
 Calumet Specialty Products Partners,
 L.P. [CLMT]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 12/31/2009

Director 10% Owner
 Officer (give title below) Other (specify below)

2780 WATERFRONT PKWY E.
 DRIVE SUITE 200

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting

(check applicable line)

INDIANAPOLIS, IN 46214

Form Filed by One Reporting Person
 Form Filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	(A) or (D)	Price	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
Common Units	05/06/2009	Â	M4	1,219	A	\$ (1)	31,479	D	Â
Common Units	05/06/2009	Â	M4	48	A	\$ (1)	31,527	D	Â
Common Units	08/03/2009	Â	M4	861	A	\$ (1)	32,388	D	Â
Common Units	08/14/2009	Â	M4	67	A	\$ (1)	32,455	D	Â

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Common Units	11/03/2009	Â	M4	934	A	\$ <u>(1)</u>	33,389	D	Â
Common Units	11/13/2009	Â	M4	79	A	\$ <u>(1)</u>	33,468	D	Â

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 2270
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
					(A)	(D)	Date Exercisable	Expiration Date		
Phantom Units	Â	05/06/2009	Â	A4	1,219	Â	Â <u>(2)</u>	Â <u>(2)</u>	Common Units	1,219
Phantom Units	Â	05/06/2009	Â	M4	1,219	Â	Â <u>(2)</u>	Â <u>(2)</u>	Common Units	1,219
Phantom Units	Â	05/06/2009	Â	A4	402	Â	Â <u>(3)</u>	Â <u>(3)</u>	Common Units	402
Phantom Units	Â	05/15/2009	Â	A4	48	Â	Â <u>(2)</u>	Â <u>(2)</u>	Common Units	48
Phantom Units	Â	05/15/2009	Â	M4	48	Â	Â <u>(2)</u>	Â <u>(2)</u>	Common Units	48
Phantom Units	Â	05/15/2009	Â	A4	16	Â	Â <u>(3)</u>	Â <u>(3)</u>	Common Units	16
Phantom Units	Â	08/04/2009	Â	A4	861	Â	Â <u>(2)</u>	Â <u>(2)</u>	Common Units	861
Phantom Units	Â	08/04/2009	Â	M4	861	Â	Â <u>(2)</u>	Â <u>(2)</u>	Common Units	861
Phantom Units	Â	08/04/2009	Â	A4	284	Â	Â <u>(3)</u>	Â <u>(3)</u>	Common Units	284
Phantom Units	Â	08/14/2009	Â	A4	67	Â	Â <u>(2)</u>	Â <u>(2)</u>	Common Units	67
Phantom Units	Â	08/14/2009	Â	M4	67	Â	Â <u>(2)</u>	Â <u>(2)</u>	Common Units	67

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Phantom Units	08/14/2009	A4	22	(3)	(3)	Common Units	22	\$
Phantom Units	11/03/2009	A4	934	(2)	(2)	Common Units	934	\$
Phantom Units	11/03/2009	M4	934	(2)	(2)	Common Units	934	\$
Phantom Units	11/03/2009	A4	308	(3)	(3)	Common Units	308	\$
Phantom Units	11/13/2009	A4	79	(2)	(2)	Common Units	79	\$
Phantom Units	11/13/2009	M4	79	(2)	(2)	Common Units	79	\$
Phantom Units	11/13/2009	A4	26	(3)	(3)	Common Units	26	\$

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Carter James S 2780 WATERFRONT PKWY E. DRIVE SUITE 200 INDIANAPOLIS, IN 46214	X			

Signatures

/s/ R. Patrick Murray, II, as attorney-in-fact
Date: 02/24/2010

Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Each Phantom Unit is the economic equivalent of a Calumet Specialty Products Partners, L.P. Common Unit
 - (2) Each Phantom Unit becomes payable either in the form of a Common Unit or the cash value thereof upon the earlier of the date specified by the reporting person or the reporting person's termination date. Phantom Units are 100% vested.
Each Phantom Unit becomes payable either in the form of a Common Unit or the cash value thereof upon the earlier of the date specified
 - (3) by the reporting person or the reporting person's termination of service. 25% of the Phantom Units vest on January 22 of each year beginning on January 22, 2010.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. e="margin:0in 0in .0001pt;text-align:right;text-autospace:none;text-indent:0in;">2,419,080

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M-S-R Energy Authority, CA:

2,000,000

7.000% due 11/1/34

2,228,100

2,000,000

6.500% due 11/1/39

2,108,940

600,000

Redding, CA, Redevelopment Agency, Tax Allocation,
Shastec Redevelopment Project, 5.000% due 9/1/29

Explanation of Responses:

Total California

10,644,747

Colorado 5.9%

Colorado Educational & Cultural Facilities Authority Revenue:

705,000

Charter School, Peak to Peak Project, 7.500% due 8/15/21 (b)

Explanation of Responses:

763,698

Cheyenne Mountain Charter Academy:

680,000

5.250% due 6/15/25

695,368

510,000

5.125% due 6/15/32

500,978

785,000

Explanation of Responses:

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Elbert County Charter, 7.375% due 3/1/35

732,970

810,000

Unrefunded, University of Denver Project, NATL/FGIC,
5.250% due 3/1/23

856,065

4,000,000

Public Authority for Colorado Energy, Natural Gas Purchase Revenue, 6.125% due 11/15/23

4,344,040

1,000,000

Reata South Metropolitan District, CO, GO, 7.250% due 6/1/37

Explanation of Responses:

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811,920

500,000

Southlands, CO, Metropolitan District No. 1, GO, 7.125% due 12/1/34 (b)

625,725

Total Colorado

9,330,764

District of Columbia 1.3%

1,895,000

District of Columbia COP, District Public Safety & Emergency, AMBAC, 5.500% due 1/1/20

Explanation of Responses:

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1,996,894

Florida 7.9%

875,000

Beacon Lakes, FL, Community Development District, Special Assessment, 6.900% due 5/1/35

838,644

1,500,000

Bonnet Creek Resort Community Development District, Special Assessment, 7.500% due 5/1/34

1,225,560

2,000,000

Capital Projects Finance Authority, FL, Student Housing Revenue, Capital Projects Loan Program, Florida University, 7.850% due 8/15/31 (b)

Explanation of Responses:

See Notes to Schedule of Investments.

Western Asset Municipal High Income Fund Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

	Face Amount	Security	Value
Florida 7.9% (continued)			
\$	905,000	Century Parc Community Development District, Special Assessment, 7.000% due 11/1/31	\$ 878,366
	1,000,000	Highlands County, FL, Health Facilities Authority Revenue, Adventist Health Systems, 6.000% due 11/15/25 (b)	1,128,050
	2,000,000	Martin County, FL, IDA Revenue, Indiantown Cogeneration Project, 7.875% due 12/15/25 (a)	2,097,140
	1,000,000	Orange County, FL, Health Facilities Authority Revenue, First Mortgage, GF, Orlando Inc. Project, 9.000% due 7/1/31	992,360
	290,000	Palm Beach County, FL, Health Facilities Authority Revenue, John F. Kennedy Memorial Hospital Inc. Project, 9.500% due 8/1/13 (c)	338,230
	2,000,000	Reunion East Community Development District, Special Assessment, 7.375% due 5/1/33	1,446,180
	1,000,000	Santa Rosa, FL, Bay Bridge Authority Revenue, 6.250% due 7/1/28	577,730
	1,000,000	University of Central Florida, COP, FGIC, 5.000% due 10/1/25	946,920
		Total Florida	12,605,400
Georgia 7.0%			
	1,000,000	Atlanta, GA, Airport Revenue: AGM, 5.000% due 1/1/26	1,029,320
	1,000,000	FGIC, 5.625% due 1/1/30 (a)	1,002,900
	2,000,000	Atlanta, GA: Development Authority Educational Facilities Revenue, Science Park LLC Project, 5.000% due 7/1/32	2,002,540
	2,500,000	Tax Allocation, Atlantic Station Project, 7.900% due 12/1/24 (b)	2,850,475
	2,000,000	Water & Wastewater Revenue, 6.250% due 11/1/39	2,107,160
	1,000,000	DeKalb, Newton & Gwinnett Counties, GA, Joint Development Authority Revenue, GGC Foundation LLC Project, 6.125% due 7/1/40	1,097,750
	1,000,000	Gainesville & Hall County, GA, Development Authority Revenue, Senior Living Facilities, Lanier Village Estates, 7.250% due 11/15/29	1,010,120
		Total Georgia	11,100,265
Hawaii 2.8%			
	2,000,000	Hawaii State Department of Budget & Finance Special Purpose: Revenue, Hawaiian Electric Co., 6.500% due 7/1/39	2,149,840
	550,000	Senior Living Revenue: 6.400% due 11/15/14	556,105
	1,500,000	7.500% due 11/15/15	1,550,190

Explanation of Responses:

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	200,000	15 Craigside Project, 8.750% due 11/15/29	219,256
		Total Hawaii	4,475,391
Illinois	0.6%		
	1,000,000	Illinois Finance Authority Revenue, Refunding, Chicago Charter School Project, 5.000% due 12/1/26	907,690
Indiana	0.4%		
	285,000	County of St. Joseph, IN, EDR, Holy Cross Village Notre Dame Project:	
	550,000	6.000% due 5/15/26	244,909
		6.000% due 5/15/38	434,473
		Total Indiana	679,382
Kansas	0.7%		
	1,150,000	Salina, KS, Hospital Revenue, Refunding & Improvement Salina Regional Health, 5.000% due 10/1/22	1,179,325
Kentucky	1.9%		
	1,000,000	Louisville & Jefferson County, KY, Metro Government Health System Revenue, Norton Healthcare Inc., 5.250% due 10/1/36	953,080

See Notes to Schedule of Investments.

Western Asset Municipal High Income Fund Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Face Amount	Security	Value
Kentucky 1.9% (continued)		
\$ 2,000,000	Owen County, KY, Waterworks System Revenue, Kentucky American Water Co. Project, 6.250% due 6/1/39	\$ 2,136,720
	Total Kentucky	3,089,800
Louisiana 1.2%		
1,000,000	Epps, LA, COP, 8.000% due 6/1/18	1,004,110
1,000,000	St. John Baptist Parish, LA, Revenue, Marathon Oil Corp., 5.125% due 6/1/37	949,930
	Total Louisiana	1,954,040
Massachusetts 2.0%		
860,000	Boston, MA, Industrial Development Financing Authority Revenue, Roundhouse Hospitality LLC Project, 7.875% due 3/1/25 (a)	722,022
1,000,000	Massachusetts State: DFA Revenue, Briarwood, 8.250% due 12/1/30 (b)	1,071,700
1,000,000	HEFA Revenue, Caritas Christi Obligation, 6.750% due 7/1/16	1,043,010
265,000	Port Authority Revenue, 13.000% due 7/1/13 (c)	323,957
	Total Massachusetts	3,160,689
Michigan 5.3%		
2,130,000	Allen Academy, COP, 7.500% due 6/1/23	1,875,443
1,000,000	Cesar Chavez Academy, COP: 6.500% due 2/1/33	847,970
1,000,000	8.000% due 2/1/33	1,002,020
1,000,000	Gaudior Academy, COP, 7.250% due 4/1/34	852,690
2,000,000	Royal Oak, MI, Hospital Finance Authority Revenue, William Beaumont Hospital, 8.250% due 9/1/39	2,364,460
975,000	Star International Academy, COP, 7.000% due 3/1/33	817,801
700,000	William C. Abney Academy, COP, 6.750% due 7/1/19	692,762
	Total Michigan	8,453,146
Missouri 0.8%		
1,300,000	Missouri State HEFA Revenue, Refunding, St. Lukes Episcopal, 5.000% due 12/1/21	1,312,636
Montana 1.2%		
2,330,000	Montana State Board of Investment, Resource Recovery Revenue, Yellowstone Energy LP Project, 7.000% due 12/31/19 (a)	1,909,388
New Hampshire 1.0%		
1,600,000	New Hampshire HEFA Revenue, Healthcare System, Covenant Health System, 5.500% due 7/1/34	1,578,768
New Jersey 8.6%		
1,500,000	Casino Reinvestment Development Authority Revenue, NATL, 5.250% due 6/1/20	1,527,765
1,000,000	New Jersey EDA, Retirement Community Revenue, SeaBrook Village Inc., 8.250% due 11/15/30 (b)	1,072,120

Explanation of Responses:

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		New Jersey Health Care Facilities Financing Authority Revenue,	
		Trinitas Hospital Obligation Group:	
	5,000,000	5.250% due 7/1/30	4,194,600
	3,000,000	7.500% due 7/1/30 (b)	3,114,000
	5,000,000	New Jersey State, EDA, Revenue, Refunding, 6.875% due 1/1/37 (a)	3,792,950
		Total New Jersey	13,701,435
New Mexico	0.6%		
	1,000,000	Otero County, NM, Jail Project Revenue, 7.500% due 12/1/24	960,210

See Notes to Schedule of Investments.

Western Asset Municipal High Income Fund Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

	Face Amount	Security	Value
New York	3.4%		
\$	700,000	Brookhaven, NY, IDA Civic Facilities Revenue, Memorial Hospital Medical Center Inc., 8.250% due 11/15/30 (b)	\$ 748,048
	2,000,000	Brooklyn Arena, NY, Local Development Corp., Barclays Center Project, 6.250% due 7/15/40	2,044,260
	1,000,000	Monroe County, NY, IDA, Civic Facilities Revenue, Woodland Village Project, 8.550% due 11/15/32 (b)	1,080,090
	695,000	New York City, NY, IDA, Civic Facilities Revenue, Special Needs Facilities Pooled Program, 8.125% due 7/1/19 (b)	709,977
	800,000	Suffolk County, NY, IDA, Civic Facilities Revenue, Eastern Long Island Hospital Association, 7.750% due 1/1/22 (b)	885,368
		Total New York	5,467,743
Ohio	2.7%		
	1,500,000	Cuyahoga County, OH, Hospital Facilities Revenue, Canton Inc. Project, 7.500% due 1/1/30	1,517,970
	1,500,000	Miami County, OH, Hospital Facilities Revenue, Refunding and Improvement Upper Valley Medical Center, 5.250% due 5/15/21	1,486,035
	1,260,000	Riversouth Authority, OH, Revenue, Riversouth Area Redevelopment, 5.000% due 12/1/25	1,320,178
		Total Ohio	4,324,183
Pennsylvania	5.7%		
	1,000,000	Cumberland County, PA, Municipal Authority Retirement Community Revenue, Wesley Affiliate Services Inc. Project, 7.250% due 1/1/35 (b)	1,181,580
	1,000,000	Lebanon County, PA, Health Facilities Authority Revenue, Good Samaritan Hospital Project, 6.000% due 11/15/35	926,010
	1,000,000	Monroe County, PA, Hospital Authority Revenue, Pocono Medical Center, 5.000% due 1/1/27	949,580
	920,000	Northumberland County, PA, IDA Facilities Revenue, NHS Youth Services Inc. Project, 7.500% due 2/15/29	798,312
	2,000,000	Pennsylvania Economic Development Financing Authority, Health Systems Revenue, Albert Einstein Healthcare, 6.250% due 10/15/23	2,108,320
	1,000,000	Philadelphia, PA, Authority for IDR, Host Marriot LP Project, Remarketed 10/31/95, 7.750% due 12/1/17 (a)	1,002,420
	2,000,000	Westmoreland County, PA, IDA Revenue, Health Care Facilities, Redstone Highlands Health, 8.125% due 11/15/30 (b)	2,138,980
		Total Pennsylvania	9,105,202
Tennessee	4.4%		
	1,000,000	Clarksville, TN, Natural Gas Acquisition Corp. Gas Revenue, 5.000% due 12/15/21	985,870
	1,000,000		968,830

Explanation of Responses:

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		Johnson City, TN, Health & Educational Facilities Board, Hospital Revenue, Mountain States Health Alliance, 5.500% due 7/1/36	
2,500,000		Shelby County, TN, Health Educational & Housing Facilities Board Revenue, Trezevant Manor Project, 5.750% due 9/1/37	2,131,075
3,000,000		Tennessee Energy Acquisition Corp., Gas Revenue, 5.250% due 9/1/26	2,912,610
		Total Tennessee	6,998,385
Texas 16.6%			
1,500,000		Brazos River, TX, Harbor Industrial Development Corp., Environmental Facilities Revenue, Dow Chemical Co., 5.900% due 5/1/28 (a)(d)	1,468,695
1,500,000		Burnet County, TX, Public Facility Project Revenue, 7.500% due 8/1/24	1,506,465
1,000,000		Garza County, TX, Public Facility Corp.: 5.500% due 10/1/18	939,500
2,000,000		Project Revenue, 5.750% due 10/1/25	2,044,620
2,000,000		Gulf Coast of Texas, IDA, Solid Waste Disposal Revenue, CITGO Petroleum Corp. Project, 7.500% due 10/1/12 (a)(d)	2,051,820

See Notes to Schedule of Investments.

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Western Asset Municipal High Income Fund Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Texas	Face Amount	Security	Value
\$	2,000,000	Harris County, TX, Cultural Education Facilities Finance Corp., Medical Facilities Revenue, Baylor College of Medicine, 5.625% due 11/15/32	\$ 1,851,280
	2,750,000	Houston, TX, Airport Systems Revenue, Special Facilities, Continental Airlines Inc. Project, 6.125% due 7/15/27 (a)	2,426,518
	1,000,000	Laredo, TX, ISD Public Facility Corp. Lease Revenue, AMBAC, 5.000% due 8/1/29	1,009,450
	1,000,000	Midlothian, TX, Development Authority, Tax Increment Contract Revenue, 6.200% due 11/15/29	1,005,900
	2,500,000	North Texas Tollway Authority Revenue, 5.750% due 1/1/40	2,552,375
	2,000,000	Texas Midwest Public Facility Corp. Revenue, Secure Treatment Facility Project, 9.000% due 10/1/30	2,075,440
	2,000,000	Texas Private Activity Bond Surface Transportation Corp., Senior Lien, 6.875% due 12/31/39	2,078,900
	1,500,000	Texas State Public Finance Authority, Uplift Education, 5.750% due 12/1/27	1,459,140
	1,865,000	West Texas Detention Facility Corp. Revenue, 8.000% due 2/1/25	1,654,553
	1,025,000	Willacy County, TX: Local Government Corp. Revenue, 6.875% due 9/1/28	888,634
	1,000,000	PFC Project Revenue: 8.250% due 12/1/23	924,840
	580,000	County Jail, 7.500% due 11/1/25	509,588
		Total Texas	26,447,718
U.S. Virgin Islands	1.7%		
	2,500,000	Virgin Islands Public Finance Authority Revenue, Matching Fund Loan, 6.750% due 10/1/37	2,662,100
Virginia	2.3%		
	345,000	Alexandria, VA, Redevelopment & Housing Authority, MFH Revenue, Parkwood Court Apartments Project, 8.125% due 4/1/30	321,909
	1,000,000	Broad Street CDA Revenue, 7.500% due 6/1/33	899,980
	2,500,000	Chesterfield County, VA, EDA, Solid Waste and Sewer Disposal Revenue, Virginia Electric Power Co. Project, 5.600% due 11/1/31 (a)	2,465,750
		Total Virginia	3,687,639
West Virginia	1.5%		
	2,500,000	Pleasants County, WV, PCR, Refunding County Commission Allegheny, 5.250% due 10/15/37	2,380,750
Wisconsin	0.6%		
	1,000,000	Wisconsin State HEFA Revenue, Aurora Health Care, 6.400% due 4/15/33	1,018,060
		TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS	
		(Cost \$157,846,079)	156,500,434

Explanation of Responses:

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SHORT-TERM INVESTMENTS 1.8%

Colorado 0.1%	100,000	Colorado Educational & Cultural Facilities Authority Revenue, YMCA Rockies Project, LOC-Bank of America N.A., 0.200%, 2/1/10 (e)	100,000
Florida 0.8%	1,300,000	Florida State Municipal Power Agency Revenue, All Requirements Power Supply, LOC-SunTrust Bank, 0.240%, 2/1/10 (e)	1,300,000
Puerto Rico 0.9%	100,000	Commonwealth of Puerto Rico, GO, Public Improvements: AGM, SPA-Dexia Bank, 0.230%, 2/4/10 (e)	100,000

See Notes to Schedule of Investments.

Western Asset Municipal High Income Fund Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Face Amount	Security	Value
Puerto Rico 0.9% (continued)		
\$ 1,300,000	LOC-Wachovia Bank N.A., 0.180%, 2/1/10 (e)	\$ 1,300,000
	Total Puerto Rico	1,400,000
	TOTAL SHORT-TERM INVESTMENTS	
	(Cost \$2,800,000)	2,800,000
	TOTAL INVESTMENTS 100.0% (Cost \$160,646,079#)	159,300,434
	Other Assets in Excess of Liabilities 0.0%	1,034
	TOTAL NET ASSETS 100.0%	\$ 159,301,468

- (a) Income from this issue is considered a preference item for purposes of calculating the alternative minimum tax (AMT).
- (b) Pre-Refunded bonds are escrowed with U.S. government obligations and/or U.S. government agency securities and are considered by the manager to be triple-A rated even if issuer has not applied for new ratings.
- (c) Bonds are escrowed to maturity by government securities and/or U.S. government agency securities and are considered by the manager to be triple-A rated even if issuer has not applied for new ratings.
- (d) Maturity date shown represents the mandatory tender date.
- (e) Variable rate demand obligations have a demand feature under which the Fund can tender them back to the issuer or liquidity provider on no more than 7 days notice. Date shown is the date of the next interest rate change.
- # Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

AGM	-	Assured Guaranty Municipal Corp. - Insured Bonds
AMBAC	-	American Municipal Bond Assurance Corporation - Insured Bonds
CDA	-	Community Development Authority
COP	-	Certificate of Participation
DFA	-	Development Finance Agency
EDA	-	Economic Development Authority
EDR	-	Economic Development Revenue
FGIC	-	Financial Guaranty Insurance Company - Insured Bonds
GO	-	General Obligation
HEFA	-	Health & Educational Facilities Authority
IDA	-	Industrial Development Authority
IDR	-	Industrial Development Revenue
ISD	-	Independent School District
LOC	-	Letter of Credit
MFH	-	Multi-Family Housing
NATL	-	National Public Finance Guarantee Corporation - Insured Bonds
PCR	-	Pollution Control Revenue
PFC	-	Public Facilities Corporation
SPA	-	Standby Bond Purchase Agreement - Insured Bonds

See Notes to Schedule of Investments.

Western Asset Municipal High Income Fund Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Summary of Investments by Industry *

Health Care	19.6%
Industrial Revenue	16.7
Pre-Refunded/Escrowed to Maturity	14.8
Leasing	11.1
Power	8.8
Special Tax Obligation	5.1
Education	5.0
Other	4.8
Transportation	4.5
Solid Waste/Resource Recovery	4.0
Local General Obligation	2.3
Water & Sewer	1.3
Housing	0.2
Short-Term Investment	1.8
	100.0%

*As a percentage of total investments. Please note that Fund holdings are as of January 31, 2010 and are subject to change.

Ratings Table**S&P/Moody's/Fitch**

AAA/Aaa	5.5%
AA/Aa	0.8
A	26.6
BBB/Baa	27.0
BB/Ba	7.2
CCC/Caa	1.5
CC/Ca	0.4
A-1/VMIG1	1.8
NR	29.2
	100.0%

As a percentage of total investments.

In the event that a security is rated by multiple nationally recognized statistical rating organizations (NRSROs) and receives different ratings, the Fund will treat the security as being rated in the lowest rating category received from an NRSRO.

See pages 8 and 9 for definitions of ratings.

Explanation of Responses:

See Notes to Schedule of Investments.

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Bond Ratings (unaudited)

The definitions of the applicable rating symbols are set forth below:

Standard & Poor's Ratings Service (Standard & Poor's) Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) to show relative standings within the major rating categories.

AAA	Bonds rated AAA have the highest rating assigned by Standard & Poor's. Capacity to pay interest and repay principal is extremely strong.
AA	Bonds rated AA have a very strong capacity to pay interest and repay principal and differ from the highest rated issues only in a small degree.
A	Bonds rated A have a strong capacity to pay interest and repay principal although they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.
BBB	Bonds rated BBB are regarded as having an adequate capacity to pay interest and repay principal. Whereas they normally exhibit adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for bonds in this category than in higher rated categories.
BB, B, CCC, CC and C	Bonds rated BB, B, CCC, CC and C are regarded, on balance, as predominant speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. BB represents the lowest degree of speculation and C the highest degree of speculation. While such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.
D	Bonds rated D are in default and payment of interest and/or repayment of principal is in arrears.

Moody's Investors Service (Moody's) Numerical modifiers 1, 2 and 3 may be applied to each generic rating from Aaa to Caa, where 1 is the highest and 3 the lowest ranking within its generic category.

Aaa	Bonds rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes can be visualized as most unlikely to impair the fundamentally strong position of such issues.
Aa	Bonds rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities.
A	Bonds rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment some time in the future.
Baa	Bonds rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack

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Ba

outstanding investment characteristics and in fact have speculative characteristics as well.

Bonds rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and therefore

Bond Ratings (unaudited)(continued)

	not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.
B	Bonds rated B generally lack characteristics of desirable investments. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.
Caa	Bonds rated Caa are of poor standing. These may be in default, or present elements of danger may exist with respect to principal or interest.
Ca	Bonds rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked short-comings.
C	Bonds rated C are the lowest class of bonds and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Fitch Ratings Service (Fitch) Ratings from AA to CCC may be modified by the addition of a plus (+) or minus () sign to show relative standing within the major rating categories.

AAA	Bonds rated AAA have the highest rating assigned by Fitch. Capacity to pay interest and repay principal is extremely strong.
AA	Bonds rated AA have a very strong capacity to pay interest and repay principal and differ from the highest rated issues only in a small degree.
A	Bonds rated A have a strong capacity to pay interest and repay principal although they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.
BBB	Bonds rated BBB are regarded as having an adequate capacity to pay interest and repay principal. Whereas they normally exhibit adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for bonds in this category than in higher rated categories.
BB, B, CCC and CC	Bonds rated BB , B , CCC and CC are regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. BB represents a lower degree of speculation than B , and CC the highest degree of speculation. While such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.
NR	Indicates that the bond is not rated by Standard & Poor s, Moody s or Fitch.

Short-Term Security Ratings (unaudited)

SP-1	Standard & Poor s highest rating indicating very strong or strong capacity to pay principal and interest; those issues determined to possess overwhelming safety characteristics are denoted with a plus (+) sign.
A-1	Standard & Poor s highest commercial paper and variable-rate demand obligation (VRDO) rating indicating that the degree of safety regarding timely payment is either overwhelming or very strong; those issues determined to possess overwhelming safety characteristics are denoted with a plus (+) sign.
VMIG 1	Moody s highest rating for issues having a demand feature VRDO.
MIG 1	Moody s highest rating for short-term municipal obligations.
P-1	Moody s highest rating for commercial paper and for VRDO prior to the advent of the VMIG 1 rating.
F1	Fitch s highest rating indicating the strongest capacity for timely payment of financial commitments; those issues determined to possess overwhelming strong credit feature are denoted with a plus (+) sign.

Notes to Schedule of Investments (unaudited)

1. Organization and Significant Accounting Policies

Western Asset Municipal High Income Fund Inc. (the Fund) was incorporated in Maryland and is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund seeks high current income exempt from federal income taxes.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP).

(a) Investment Valuation. Securities are valued at the mean between the last quoted bid and asked prices provided by an independent pricing service, which are based on transactions in municipal obligations, quotations from municipal bond dealers, market transactions in comparable securities and various other relationships between securities. When prices are not readily available, or are determined not to reflect fair value, the Fund values these securities at fair value as determined in accordance with procedures approved by the Fund's Board of Directors. Short-term obligations with maturities of 60 days or less are valued at amortized cost, which approximates fair value.

The Fund has adopted Financial Accounting Standards Board Codification Topic 820 (ASC Topic 820). ASC Topic 820 establishes a single definition of fair value, creates a three-tier hierarchy as a framework for measuring fair value based on inputs used to value the Fund's investments, and requires additional disclosure about fair value. The hierarchy of inputs is summarized below.

- Level 1 quoted prices in active markets for identical investments
- Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of the security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to convert future amounts to a single present amount.

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The following is a summary of the inputs used in valuing the Fund's assets carried at fair value:

DESCRIPTION	QUOTED PRICES (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Municipal bonds	\$	156,500,434	\$	156,500,434
Short-term investments		2,800,000		2,800,000
Total investments	\$	159,300,434	\$	159,300,434

See Schedule of Investments for additional detailed categorizations.

(b) Credit and Market Risk. The Fund invests in high yield instruments that are subject to certain credit and market risks. The yields of high yield obligations reflect, among other things, perceived credit and market risks. The Fund's investment in securities rated below investment grade typically involves risks not associated with higher rated securities including, among others, greater risk related to timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading.

(c) Security Transactions. Security transactions are accounted for on a trade date basis.

Notes to Schedule of Investments (unaudited) (continued)

2. Investments

At January 31, 2010, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$	5,957,039
Gross unrealized depreciation		(7,302,684)
Net unrealized depreciation	\$	(1,345,645)

3. Derivative Instruments and Hedging Activities

Financial Accounting Standards Board Codification Topic 815 (ASC Topic 815) requires enhanced disclosure about an entity's derivative and hedging activities.

During the period ended January 31, 2010, the Fund did not invest in any derivative instruments.

ITEM 2. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.

(b) There were no changes 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 quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are attached hereto.

SIGNATURES

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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.

Western Asset Municipal High Income Fund Inc.

By /s/ R. Jay Gerken
R. Jay Gerken
Chief Executive Officer

Date: March 25, 2010

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/ R. Jay Gerken
R. Jay Gerken
Chief Executive Officer

Date: March 25, 2010

By /s/ Kaprel Ozsolak
Kaprel Ozsolak
Chief Financial Officer

Date: March 25, 2010
