

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

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ITEM 1. SCHEDULE OF INVESTMENTS

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**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%				
<b>Alaska 0.7%</b>				
Alaska Industrial Development & Export Authority Revenue, Williams Lynxs Alaska Cargoport	8.125%	5/1/31	\$ 1,055,000	\$ 1,062,364(a)
<b>Arizona 1.7%</b>				
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
<b>Arkansas 0.4%</b>				
Arkansas State Development Financing Authority, Industrial Facilities Revenue, Potlatch Corp. Projects	7.750%	8/1/25	600,000	600,684(a)
<b>California 4.4%</b>				
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
<b>Colorado 5.1%</b>				
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
<b>Delaware 4.1%</b>				
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
<b>District of Columbia 1.2%</b>				
District of Columbia COP, District Public Safety & Emergency, AMBAC	5.500%	1/1/20	1,895,000	1,964,925
<b>Florida 6.3%</b>				
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)

*See Notes to Schedule of Investments.*

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Schedule of investments (unaudited) (cont d)

January 31, 2011

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

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Florida continued</b>				
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>
<b>Georgia 6.7%</b>				
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>
<b>Hawaii 2.7%</b>				
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>
<b>Illinois 2.4%</b>				
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>
<b>Indiana 0.5%</b>				
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>
<b>Kansas 0.7%</b>				
Salina, KS, Hospital Revenue, Refunding & Improvement				
Salina Regional Health	5.000%	10/1/22	1,150,000	1,167,687
<b>Kentucky 1.3%</b>				

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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
<b>Louisiana 0.6%</b> Epps, LA, COP	8.000%	6/1/18	930,000	920,235
<b>Massachusetts 0.6%</b> 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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SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Massachusetts continued</b>				
Massachusetts State Port Authority Revenue	13.000%	7/1/13	\$ 210,000	\$ 246,767(d)
<i>Total Massachusetts</i>				920,462
<b>Michigan 5.2%</b>				
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>				8,192,776
<b>Missouri 0.8%</b>				
Missouri State HEFA Revenue, Refunding, St. Lukes Episcopal	5.000%	12/1/21	1,300,000	1,306,435
<b>Montana 1.3%</b>				