

WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.

Form N-Q

September 28, 2009

**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: July 31, 2009

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ITEM 1. SCHEDULE OF INVESTMENTS

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**WESTERN ASSET**

**MUNICIPAL HIGH INCOME FUND INC.**

**FORM N-Q**

JULY 31, 2009

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## Western Asset Municipal High Income Fund Inc.

Schedule of Investments (unaudited)

July 31, 2009

Face Amount	Security	Value
<b>MUNICIPAL BONDS 99.2%</b>		
<b>Alaska 0.6%</b>		
\$ 1,055,000	Alaska Industrial Development & Export Authority Revenue, Williams Lynxs Alaska Cargoport, 8.125% due 5/1/31 (a)	\$ 896,128
<b>Arizona 2.3%</b>		
1,720,000	Phoenix, AZ, IDA, MFH Revenue, Ventana Palms Apartments Project, 8.000% due 10/1/34 (e)	1,774,679
1,500,000	Salt Verde, AZ Financial Corp., Gas Revenue, 5.000% due 12/1/37	1,123,320
500,000	University Medical Center Corp., AZ, Hospital Revenue, 6.250% due 7/1/29	502,895
	<b>Total Arizona</b>	<b>3,400,894</b>
<b>Arkansas 1.0%</b>		
1,000,000	Arkansas State Development Financing Authority: Hospital Revenue, Washington Regional Medical Center, 7.375% due 2/1/29 (b)	1,026,860
600,000	Industrial Facilities Revenue, Poflatch Corp. Projects, 7.750% due 8/1/25 (a)	535,194
	<b>Total Arkansas</b>	<b>1,562,054</b>
<b>California 4.1%</b>		
1,500,000	Barona, CA, Band of Mission Indians, GO, 8.250% due 12/1/20	1,369,260
2,000,000	California Health Facilities Financing Authority Revenue, Refunding, Cedars-Sinai Medical Center, 5.000% due 11/15/27	1,814,740
2,000,000	Golden State Tobacco Securitization Corp., California Tobacco Settlement Revenue, Asset Backed, 7.800% due 6/1/42 (b)	2,441,240
600,000	Redding, CA, Redevelopment Agency, Tax Allocation, Shastec Redevelopment Project, 5.000% due 9/1/29	486,606
	<b>Total California</b>	<b>6,111,846</b>
<b>Colorado 5.7%</b>		
740,000	Colorado Educational & Cultural Facilities Authority Revenue: Charter School, Peak to Peak Project, 7.500% due 8/15/21 (b)	822,184
680,000	Cheyenne Mountain Charter Academy: 5.250% due 6/15/25	564,740
510,000	5.125% due 6/15/32	387,503
785,000	Elbert County Charter, 7.375% due 3/1/35	683,201
810,000	Unrefunded, University of Denver Project, FGIC, 5.250% due 3/1/23	845,608
4,000,000	Public Authority for Colorado Energy, Natural Gas Purchase Revenue, 6.125% due 11/15/23	3,901,200
1,000,000	Reata South Metropolitan District, CO, GO, 7.250% due 6/1/37	721,590
500,000	Southlands, CO, Metropolitan District No. 1, GO, 7.125% due 12/1/34 (b)	628,745

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		<b>Total Colorado</b>	8,554,771
<b>District of Columbia</b>	<b>1.3%</b>		
	1,895,000	District of Columbia COP, District Public Safety & Emergency, AMBAC, 5.500% due 1/1/20	1,957,649
<b>Florida</b>	<b>8.0%</b>		
	880,000	Beacon Lakes, FL, Community Development District, Special Assessment, 6.900% due 5/1/35	591,061
	1,500,000	Bonnet Creek Resort Community Development District, Special Assessment, 7.500% due 5/1/34	1,201,335
	2,000,000	Capital Projects Finance Authority, FL, Student Housing Revenue, Capital Projects Loan Program, Florida University, 7.850% due 8/15/31 (b)	2,201,540
	920,000	Century Parc Community Development District, Special Assessment, 7.000% due 11/1/31	694,885
	1,000,000	Highlands County, FL, Health Facilities Authority Revenue, Adventist Health Systems, 6.000% due 11/15/25 (b)	1,147,190

*See Notes to Schedule of Investments.*

## Western Asset Municipal High Income Fund Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2009

Face Amount	Security	Value
<b>Florida 8.0% (continued)</b>		
\$ 2,000,000	Martin County, FL, IDA Revenue, Indiantown Cogeneration Project, 7.875% due 12/15/25 (a)	\$ 1,991,520
1,000,000	Orange County, FL, Health Facilities Authority Revenue, First Mortgage, GF, Orlando Inc. Project, 9.000% due 7/1/31	963,870
290,000	Palm Beach County, FL, Health Facilities Authority Revenue, John F. Kennedy Memorial Hospital Inc. Project, 9.500% due 8/1/13 (c)	338,584
2,000,000	Reunion East Community Development District, Special Assessment, 7.375% due 5/1/33	1,364,260
1,000,000	Santa Rosa, FL, Bay Bridge Authority Revenue, 6.250% due 7/1/28	602,350
1,000,000	University of Central Florida, COP, FGIC, 5.000% due 10/1/25	918,020
	<b>Total Florida</b>	<b>12,014,615</b>
<b>Georgia 7.8%</b>		
1,000,000	Atlanta, GA, Airport Revenue: FGIC, 5.625% due 1/1/30 (a)	928,420
1,000,000	FSA, 5.000% due 1/1/26	1,024,680
2,000,000	Atlanta, GA: Development Authority Educational Facilities Revenue, Science Park LLC Project, 5.000% due 7/1/32	1,882,180
2,500,000	Tax Allocation, Atlantic Station Project, 7.900% due 12/1/24 (b)	2,929,525
3,000,000	Water & Wastewater Revenue, 6.250% due 11/1/39	2,939,790
1,000,000	DeKalb, Newton & Gwinnett Counties, GA, Joint Development Authority Revenue, GGC Foundation LLC Project, 6.125% due 7/1/40	