

WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.

Form N-Q

March 28, 2012

**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)

620 Eighth Avenue, New York, NY  
(Address of principal executive offices)

10018  
(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, 2012

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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, 2012

## WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.

Schedule of investments (unaudited)

January 31, 2012

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
MUNICIPAL BONDS 97.8%				
<b>Arizona 1.8%</b>				
Pima County, AZ, IDA Revenue, Tucson Electric Power Co.	5.750%	9/1/29	\$ 1,000,000	\$ 1,046,110
Salt Verde, AZ, Financial Corp. Gas Revenue	5.000%	12/1/37	1,500,000	1,512,945
University Medical Center Corp., AZ, Hospital Revenue	6.250%	7/1/29	500,000	561,295
<i>Total Arizona</i>				<i>3,120,350</i>
<b>Arkansas 0.4%</b>				
Arkansas State Development Financing Authority, Industrial Facilities Revenue, Potlatch Corp. Projects	7.750%	8/1/25	600,000	617,982(a)
<b>California 5.5%</b>				
California State Public Works Board, Lease Revenue, Various Capital Projects	5.125%	10/1/31	1,500,000	1,621,545
Golden State Tobacco Securitization Corp., California Tobacco Settlement Revenue, Asset Backed	7.800%	6/1/42	2,000,000	2,193,240(b)
M-S-R Energy Authority, CA, Gas Revenue	7.000%	11/1/34	2,000,000	2,565,400
M-S-R Energy Authority, CA, Gas Revenue	6.500%	11/1/39	2,000,000	2,440,440
Redding, CA, Redevelopment Agency, Tax Allocation, Shastec Redevelopment Project	5.000%	9/1/29	600,000	601,698
<i>Total California</i>				<i>9,422,323</i>
<b>Colorado 4.7%</b>				
Colorado Educational & Cultural Facilities Authority Revenue:				
Cheyenne Mountain Charter Academy	5.250%	6/15/25	680,000	694,287
Cheyenne Mountain Charter Academy	5.125%	6/15/32	510,000	510,321
Elbert County Charter	7.375%	3/1/35	785,000	783,634
Public Authority for Colorado Energy, Natural Gas Purchase Revenue	6.125%	11/15/23	4,000,000	4,561,560
Reata South Metropolitan District, CO, GO	7.250%	6/1/37	1,000,000	876,450
Southlands, CO, Metropolitan District No. 1, GO	7.125%	12/1/34	500,000	592,735(b)
<i>Total Colorado</i>				<i>8,018,987</i>
<b>Delaware 4.3%</b>				
Delaware State EDA Revenue, Indian River Power LLC	5.375%	10/1/45	4,000,000	4,056,360
Sussex County, DE, Recovery Zone Facility Revenue, NRG Energy Inc., Indian River Power LLC	6.000%	10/1/40	3,000,000	3,192,390
<i>Total Delaware</i>				<i>7,248,750</i>
<b>District of Columbia 1.2%</b>				
District of Columbia COP, District Public Safety & Emergency, AMBAC	5.500%	1/1/20	1,895,000	2,015,408
<b>Florida 6.1%</b>				
Beacon Lakes, FL, Community Development District, Special Assessment	6.900%	5/1/35	815,000	825,929
Bonnet Creek Resort Community Development District, Special Assessment	7.500%	5/1/34	1,500,000	1,441,875
Century Parc Community Development District, Special Assessment	7.000%	11/1/31	865,000	878,477
	6.000%	11/15/25	1,000,000	1,042,530(b)

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Highlands County, FL, Health Facilities Authority Revenue,  
Adventist Health Systems  
Martin County, FL, IDA Revenue, Indiantown Cogeneration  
Project

7.875%

12/15/25

2,000,000

2,010,100(a)

*See Notes to Schedule of Investments.*

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

Schedule of investments (unaudited) (cont d)

January 31, 2012

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Florida continued</b>				
Orange County, FL, Health Facilities Authority Revenue, First Mortgage Healthcare Facilities Revenue Bonds, GF/Orlando Inc. Project	9.000%	7/1/31	\$ 1,000,000	\$ 999,860
Palm Beach County, FL, Health Facilities Authority Revenue, John F. Kennedy Memorial Hospital Inc. Project	9.500%	8/1/13	155,000	162,056(d)
Reunion, FL, East Community Development District, Special Assessment	7.375%	5/1/33	2,000,000	1,631,803
Santa Rosa, FL, Bay Bridge Authority Revenue	6.250%	7/1/28	1,000,000	380,000(c)
University of Central Florida, COP, FGIC	5.000%	10/1/25	1,000,000	1,010,930
<i>Total Florida</i>				<i>10,383,560</i>
<b>Georgia 4.5%</b>				