

MUNICIPAL HIGH INCOME FUND INC
Form N-Q
March 30, 2005

**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

Municipal High Income Fund Inc.

(Exact name of registrant as specified in charter)

125 Broad Street, New York, NY 10004
(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.
Salomon Brothers Asset Management Inc.
300 First Stamford Place
Stamford, CT 06902
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-800-725-6666

Date of fiscal year end: **October 31**
Date of reporting period: **January 31, 2005**

ITEM 1. SCHEDULE OF INVESTMENTS

MUNICIPAL HIGH INCOME FUND INC.

**FORM N-Q
JANUARY 31, 2005**

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Municipal High Income Fund Inc.
 Schedule of Investments (unaudited)
 January 31, 2005

FACE AMOUNT	RATING(a)	SECURITY	VALUE
MUNICIPAL BONDS 98.9%			
Alabama 1.1%			
\$ 615,000	NR	Capstone Improvement District of Brookwood, AL, Series A, 7.700% due 8/15/23 (b)	\$ 61,500
11,765	D	Mobile, AL IDB, Solid Waste Disposal Revenue, (Mobile Energy Services Co. Project), 6.950% due 1/1/20 (b)	74
1,000,000	NR	Rainbow City, AL Special Health Care Facility Financing Authority, Series A, 8.250% due 1/1/31 (b)	691,670
1,000,000	AAA	West Jefferson, AL Amusement & Public Park Authority Revenue, (Visionland Project), (Call 12/1/06 @ 102), 8.000% due 12/1/26 (c)	1,119,620
			<hr/>
			1,872,864
Alaska 1.9%			
2,000,000	AAA	Alaska Housing Finance Corporation, Series A, FGIC-Insured, 5.000% due 12/1/26 (d)	2,116,060
1,055,000	NR	Alaska Industrial Development & Export Authority Revenue, Williams Lynxs Alaska Cargoport, 8.125% due 5/1/31 (e)	1,122,066
			<hr/>
			3,238,126
Arizona 3.1%			
1,500,000	NR	Casa Grande, AZ IDA, Hospital Revenue, Casa Grande Regional Medical Center, Series A, 7.625% due 12/1/29	1,604,370
1,000,000	BB-	Gila County, AZ IDA Revenue, ASARCO Inc., 5.550% due 1/1/27	839,930
935,000	NR	Maricopa, AZ IDA, MFH Revenue, (Gran Victoria Housing LLC Project), Series B, 10.000% due 5/1/31 (f)	943,733
1,795,000	NR	Phoenix, AZ IDA, MFH Revenue, (Ventana Palms Apartments Project), Series B, 8.000% due 10/1/34	1,792,667
			<hr/>
			5,180,700
Arkansas 1.1%			
1,000,000	BBB-	Arkansas State Development Finance Authority: Hospital Revenue, (Washington Regional Medical Center Project), 7.375% due 2/1/29	1,115,920
600,000	BB+	Industrial Facilities Revenue, (Potlatch Corp. Project), Series A, 7.750% due 8/1/25 (e)	661,596
			<hr/>
			1,777,516

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California 8.5%

1,500,000	NR	Barona, CA Band of Mission Indians, GO, 8.250% due 1/1/20 (f)	1,619,160
3,000,000	A-1+	California Pollution Control Financing Authority, Pollution Control Revenue, Pacific Gas & Electric Corp., Series F, 1.890% due 11/1/26 (g)	3,000,000

See Notes to Schedule of Investments.

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Municipal High Income Fund Inc.
 Schedule of Investments (unaudited) (continued)
 January 31, 2005

FACE AMOUNT	RATING(a)	SECURITY	VALUE
California 8.5% (continued)			
		California State Department of Water Resources, Power Supply Revenue:	
\$ 1,500,000	AAA	MBIA-Insured, RITES, 8.311% due 5/1/11 (h)	\$ 1,829,490
750,000	NR	XLCA-Insured, RITES, 7.798% due 5/1/10 (h)	934,035
1,500,000	NR	California Statewide Communities Development Authority Revenue, (East Valley Tourist Project), Series A, 9.250% due 10/1/20	1,623,330
		Golden State Tobacco Securitization Corp., Tobacco Settlement Revenue:	
1,000,000	A-	5.625% due 6/1/38	1,078,070
2,000,000	BBB	7.800% due 6/1/42 (d)	2,205,460
1,865,000	Ba2*	Vallejo, CA COP, Touro University, 7.375% due 6/1/29	1,937,660
			14,227,205
Colorado 2.7%			
		Colorado Education and Cultural Facilities Authority Revenue:	
2,000,000	NR	Colorado Lutheran High School Project, Series A, 7.625% due 6/1/34 (d)	2,039,060
910,000	AAA	Peak to Peak Project, (Call 8/5/11 @ 100), 7.500% due 8/15/21 (c)	1,105,195
785,000	NR	Elbert County Charter, 7.375% due 3/1/35	793,454
500,000	NR	Southlands Medical District, CO, 7.125% due 12/1/34	513,245
			4,450,954
District of Columbia 1.3%			
1,895,000	AAA	District of Columbia COP, AMBAC-Insured, 5.500% due 1/1/20 (d)	2,125,868
Florida 11.6%			
1,000,000	NR	Beacon Lakes Community Development District, Special Assessment, Series A, 6.900% due 5/1/35	1,041,250
1,500,000	NR	Bonnet Creek Resort Community Development District, FL Special Assessment, 7.500% due 5/1/34	1,613,670
		Capital Projects Finance Authority, FL:	
2,000,000	NR	Continuing Care Retirement, Glenridge on Palmer Ranch, Series A, 8.000% due 6/1/32 (d)	2,111,200
2,000,000	NR	Student Housing Revenue, Florida University, Series A, 7.850% due 8/15/31 (d)	2,012,220
1,000,000	NR	Capital Trust Agency Revenue, Seminole Tribe Convention	

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		Center, Series A, 10.000% due 10/1/33	1,144,940
980,000	NR	Century Parc Community Development District, Special Assessment, 7.000% due 11/1/31	1,042,279
1,000,000	A	Highlands County, FL Health Facilities Authority Revenue, Adventist Health Systems, 6.000% due 11/15/25	1,108,580

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Municipal High Income Fund Inc.
 Schedule of Investments (unaudited) (continued)
 January 31, 2005

FACE AMOUNT	RATING(a)	SECURITY	VALUE
Florida 11.6% (continued)			
\$ 875,000	NR	Homestead , FL IDR, Community Rehabilitation Providers Program, Series A, 7.950% due 11/1/18	\$ 888,606
2,000,000	BB+	Martin County , FL IDA Revenue, (Indiantown Cogeneration Project), Series A, 7.875% due 12/15/25 (d)(e)	2,051,500
1,000,000	NR	Orange County , FL Health Facilities Authority Revenue, First Mortgage, (GF/Orlando, Inc. Project), 9.000% due 7/1/31	1,028,270
535,000	AAA	Palm Beach County , FL Health Facilities Authority Revenue, (John F. Kennedy Memorial Hospital Inc. Project), 9.500% due 8/1/13 (i)	689,481
2,000,000	NR	Reunion East Community Development District, Special Assessment, Series A, 7.375% due 5/1/33	2,177,340
1,000,000	B-	Santa Rosa Bay Bridge Authority, FL Revenue, 6.250% due 7/1/28	924,970
1,450,000	NR	Waterlefe Community Development District, Golf Course Revenue, 8.125% due 10/1/25	1,573,120
			<hr/>
			19,407,426
Georgia 4.2%			
1,000,000	AAA	Atlanta, GA Airport Revenue, Series B, FGIC-Insured, 5.625% due 1/1/30 (e)	1,058,430
2,500,000	NR	Atlanta, GA Tax Allocation, (Atlantic Station Project), 7.900% due 12/1/24 (d)	2,751,300
1,000,000	NR	Brunswick & Glynn County, GA Development Authority Revenue, First Mortgage, Coastal Community Retirement, Series A, 7.250% due 1/1/35	1,015,350
1,000,000	BBB+	Gainesville & Hall County, GA Development Authority Revenue, Senior Living Facility, Lanier Village Estates, Series C, 7.250% due 11/15/29	1,085,400
1,005,000	NR	Walton County, GA IDA Revenue, (Walton Manufacturing Co. Project), 8.500% due 9/1/07	1,045,170
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			6,955,650
Illinois 1.3%			
2,000,000	AAA	Chicago , IL GO, Neighborhoods Alive 21 Program, FGIC-Insured, 5.500% due 1/1/31 (d)	2,186,160
Indiana 2.1%			
2,500,000	BBB-	East Chicago , IN PCR, (Inland Steel Co. Project No. 10), 6.800% due 6/1/13 (d)	2,530,800

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1,000,000	BB+	Indiana State Development Finance Authority, PCR, (Inland Steel Co. Project No. 13), 7.250% due 11/1/11 (e)	1,050,740
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			3,581,540
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FACE AMOUNT	RATING(a)	SECURITY	VALUE
Kentucky 0.6%			
\$ 1,000,000	A-1+	Louisville & Jefferson County, KY Metropolitan Sewer District, Sewer & Drain System, Series B, FSA-Insured, 1.830% due 5/15/23 (g)	\$ 1,000,000
Louisiana 2.1%			
1,000,000	NR	Epps , LA COP, 8.000% due 6/1/18	1,039,710
1,600,000	NR	Louisiana Local Government Environmental Facilities, Community Development Authority Revenue Refunding, St. James Place , Series A, 7.000% due 11/1/25	1,542,768
1,000,000	BB-	Port of New Orleans, LA IDR, (Continental Grain Co. Project), 7.500% due 7/1/13	1,014,590
			3,597,068
Maryland 1.9%			
3,000,000	NR	Maryland State Economic Development Corp. Revenue, Chesapeake Bay, Series A, 7.730% due 12/1/27 (d)	3,183,930
Massachusetts 4.2%			
		Boston, MA IDA Financing Revenue:	
750,000	NR	Crosstown Center Project, 8.000% due 9/1/35 (e)	767,010
970,000	NR	Roundhouse Hospitality LLC Project, 7.875% due 3/1/25 (e)	985,365
1,000,000	BBB	Caritas Christi Obligation, Series B, 6.750% due 7/1/16	1,138,790
1,000,000	NR	Massachusetts State Development Finance Agency Revenue Briarwood, Series B, (Call 12/1/10 @ 101), 8.250% due 12/1/30 (c)	1,277,860
200,000	A-1+	Massachusetts State Health & Educational Facilities Authority Revenue, Partners Healthcare System, Series D-5, 1.880% due 7/1/17 (g)	200,000
1,900,000	NR	Massachusetts State Industrial Finance Agency Revenue, Assisted Living Facility, (Marina Bay LLC Project), 7.500% due 12/1/27 (d)(e)	1,951,851
455,000	AAA	Massachusetts State Port Authority Revenue, 13.000% due 7/1/13 (i)	662,607
			6,983,483
Michigan 6.3%			
2,130,000	NR	Allen Academy, COP, 7.500% due 6/1/23 (d)	2,129,659
1,000,000	NR	Cesar Chavez Academy, COP, 8.000% due 2/1/33	1,041,850

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1,900,000	Ba2*	Garden City, MI Hospital Finance Authority, Hospital Revenue, Garden City Hospital Obligation Group, Series A, 5.625% due 9/1/10	1,888,695
1,000,000	NR	Gaudior Academy, MI COP, 7.250% due 4/1/34	1,019,780
1,750,000	NR	Kalamazoo Advantage Academy, COP, 8.000% due 12/1/33	1,780,083
1,000,000	NR	Merritt Academy, MI COP, 7.250% due 12/1/24	1,011,730

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FACE AMOUNT	RATING(a)	SECURITY	VALUE
Michigan 6.3% (continued)			
\$ 1,000,000	NR	Star International Academy, MI COP, 7.000% due 3/1/33	\$ 1,020,920
700,000	NR	William C. Abney Academy, MI COP, 6.750% due 7/1/19	696,759
			10,589,476
Minnesota 0.6%			
1,000,000	NR	Minneapolis & St. Paul, MN Metropolitan Airports Community Special Facility Revenue, (Northwest Airlines Project), Series A, 7.000% due 4/1/25 (e)	940,410
Missouri 0.2%			
250,000	NR	St. Joseph, MO IDA, (Living Community of St. Joseph Project), 7.000% due 8/15/32	265,150
Montana 2.3%			
4,515,000	NR	Montana State Board of Investment, Resource Recovery Revenue, (Yellowstone Energy L.P. Project), 7.000% due 12/31/19 (d)(e)	3,780,816
New Jersey 3.8%			
1,000,000	NR	New Jersey EDA, Series A, Retirement Community Revenue, 8.250% due 11/15/30	1,104,730
3,000,000	BBB-	New Jersey Health Care Facilities Financing Authority Revenue, Trinitas Hospital Obligation Group, 7.500% due 7/1/30 (d)	3,401,940
1,750,000	BBB	Tobacco Settlement Financing Corp. Revenue, 6.750% due 6/1/39	1,780,958
			6,287,628
New Mexico 1.5%			
Albuquerque, NM Hospital Revenue, Southwest Community Health Services:			
220,000	AAA	Call 8/1/08 @ 100, 10.000% due 8/1/12 (c)	262,651
115,000	AAA	Call 8/1/08 @ 100, 10.125% due 8/1/12 (c)	137,695
1,000,000	NR	Otero County, (Detention Facility Project), COP, 7.500% due 12/1/24	1,003,830
1,000,000	NR	Sandoval County, NM Project Revenue, (Santa Ana Pueblo Project), 7.750% due 7/1/15	1,042,300
			2,446,476
New York 5.5%			
700,000	NR	Brookhaven, NY IDA, Civic Facility Revenue, Memorial	