

WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.

Form N-Q

March 26, 2014

**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 **811-05497**

**Western Asset Municipal High Income Fund Inc.**

(Exact name of registrant as specified in charter)

**620 Eighth Avenue, 49<sup>th</sup> Floor, New York, NY 10018**

(Address of principal executive offices) (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, 2014**

**ITEM 1. SCHEDULE OF INVESTMENTS.**

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

FORM N-Q

JANUARY 31, 2014

## WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.

## Schedule of investments (unaudited)

January 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>MUNICIPAL BONDS - 95.0%</b>				
<b>Alabama - 2.5%</b>				
Jefferson County, AL, Sewer Revenue	6.000%	10/1/42	\$ 1,120,000	\$ 1,104,813
Jefferson County, AL, Sewer Revenue: AGM	5.500%	10/1/53	400,000	397,412
Convertible Cabs	0.000%	10/1/50	3,500,000	1,711,010
Subordinated Lien Warrants	6.500%	10/1/53	1,000,000	994,250
<i>Total Alabama</i>				4,207,485
<b>Arizona - 1.9%</b>				
Pima County, AZ, IDA Revenue, Tucson Electric Power Co.	5.750%	9/1/29	1,000,000	1,022,750
Salt Verde, AZ, Financial Corp. Gas Revenue	5.000%	12/1/37	1,500,000	1,522,965
University Medical Center Corp., AZ, Hospital Revenue	6.250%	7/1/29	500,000	545,550
<i>Total Arizona</i>				3,091,265
<b>California - 8.4%</b>				
California State PCFA, Water Furnishing Revenue	5.000%	11/21/45	3,000,000	2,809,740
California State Public Works Board, Lease Revenue, Various Capital Projects	5.125%	10/1/31	1,500,000	1,601,085
California Statewide CDA, Student Housing Revenue: Provident Group-Pomona Properties LLC	5.600%	1/15/36	505,000	440,547
Provident Group-Pomona Properties LLC	5.750%	1/15/45	360,000	307,739
M-S-R Energy Authority, CA, Gas Revenue	7.000%	11/1/34	2,000,000	2,592,460
M-S-R Energy Authority, CA, Gas Revenue	6.500%	11/1/39	4,500,000	5,515,920
Redding, CA, Redevelopment Agency, Tax Allocation, Shastec Redevelopment Project	5.000%	9/1/29	600,000	599,976
<i>Total California</i>				13,867,467
<b>Colorado - 4.9%</b>				
Colorado Educational & Cultural Facilities Authority Revenue: Cheyenne Mountain Charter Academy	5.250%	6/15/25	680,000	697,408
Cheyenne Mountain Charter Academy	5.125%	6/15/32	510,000	512,387
Elbert County Charter	7.375%	3/1/35	785,000	768,939
Public Authority for Colorado Energy, Natural Gas Purchase Revenue	6.125%	11/15/23	4,000,000	4,717,520
Reata South Metropolitan District, CO, GO	7.250%	6/1/37	1,000,000	884,990
Southlands, CO, Metropolitan District No. 1, GO	7.125%	12/1/34	500,000	528,345 <sup>(a)</sup>
<i>Total Colorado</i>				8,109,589
<b>Delaware - 3.1%</b>				
Delaware State EDA Revenue, Indian River Power LLC	5.375%	10/1/45	2,000,000	1,995,320
Sussex County, DE, Recovery Zone Facility Revenue, NRG Energy Inc., Indian River Power LLC	6.000%	10/1/40	3,000,000	3,150,630
<i>Total Delaware</i>				5,145,950

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**District of Columbia - 2.5%**

District of Columbia COP, District Public Safety & Emergency, AMBAC	5.500%	1/1/20	1,895,000	1,901,367
District of Columbia Revenue:				
Friendship Public Charter School Inc.	5.000%	6/1/42	2,000,000	1,778,600
KIPP Charter School	6.000%	7/1/33	200,000	215,318
KIPP Charter School	6.000%	7/1/43	250,000	262,063

*Total District of Columbia* 4,157,348

**See Notes to Schedule of Investments.**

## WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.

## Schedule of investments (unaudited) (cont d)

January 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Florida - 3.6%</b>				
Beacon Lakes, FL, Community Development District, Special Assessment	6.900%	5/1/35	\$ 100,000	\$ 100,146
Bonnet Creek Resort Community Development District, Special Assessment	7.500%	5/1/34	1,250,000	1,249,925
Martin County, FL, IDA Revenue, Indiantown Cogeneration LP Project	4.200%	12/15/25	1,500,000	1,332,855 <sup>(b)</sup>
Reunion, FL, East Community Development District, Special Assessment	7.375%	5/1/33	1,385,000	1,388,186
Reunion, FL, East Community Development District, Special Assessment	7.375%	5/1/33	615,000	430,500 <sup>(c)</sup>
Santa Rosa, FL, Bay Bridge Authority Revenue	6.250%	7/1/28	932,789	401,099 <sup>(c)</sup>
University of Central Florida, COP, FGIC	5.000%	10/1/25	1,000,000	1,007,360
<i>Total Florida</i>				<i>5,910,071</i>
<b>Georgia - 3.8%</b>				
Atlanta, GA, Development Authority Educational Facilities Revenue, Science Park LLC Project	5.000%	7/1/32	2,000,000	2,081,760
Atlanta, GA, Water & Wastewater Revenue	6.250%	11/1/39	2,000,000	2,285,820
DeKalb, Newton & Gwinnett Counties, GA, Joint Development Authority Revenue, GGC Foundation LLC Project	6.125%	7/1/40	1,000,000	1,075,670
Franklin County, GA, Industrial Building Authority Revenue, Emmanuel College Inc.	6.000%	11/1/32	1,000,000	884,970
<i>Total Georgia</i>				<i>6,328,220</i>
<b>Hawaii - 1.6%</b>				
Hawaii State Department of Budget & Finance Special Purpose Revenue: Craigside Retirement Residence	7.500%	11/15/15	375,000	375,761
Hawaiian Electric Co.	6.500%	7/1/39	2,000,000	2,202,020
<i>Total Hawaii</i>				<i>2,577,781</i>
<b>Illinois - 1.6%</b>				
Illinois Finance Authority Revenue: Park Place of Elmhurst	8.125%	5/15/40	1,000,000	804,520 <sup>(d)</sup>
Refunding, Chicago Charter School Project	5.000%	12/1/26	1,000,000	1,002,540
Illinois State Finance Authority Revenue, Franciscan Communities Inc.	5.250%	5/15/47	1,000,000	817,780
<i>Total Illinois</i>				<i>2,624,840</i>
<b>Indiana - 2.0%</b>				
County of St. Joseph, IN, EDR: Holy Cross Village Notre Dame Project	6.000%	5/15/26	285,000	289,628
Holy Cross Village Notre Dame Project	6.000%	5/15/38	550,000	549,940
Indiana State Finance Authority Revenue, Private Activity Ohio River Bridges East End Crossing Project	5.000%	7/1/48	2,000,000	1,866,580 <sup>(b)</sup>
Valparaiso, IN, Exempt Facilities Revenue, Pratt Paper LLC Project	7.000%	1/1/44	500,000	521,345 <sup>(b)</sup>
<i>Total Indiana</i>				<i>3,227,493</i>
<b>Iowa - 1.4%</b>				

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Iowa State Finance Authority Midwestern Disaster Area Revenue:

Iowa Fertilizer Co. Project	5.000%	12/1/19	500,000	494,255
Iowa Fertilizer Co. Project	5.250%	12/1/25	2,025,000 &nb	