

WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.

Form N-Q

March 26, 2019

**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: (888)-777-0102

Date of fiscal year end: **October 31**

Date of reporting period: **January 31, 2019**

**ITEM 1. SCHEDULE OF INVESTMENTS.**

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

FORM N-Q

JANUARY 31, 2019

**WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.****Schedule of investments (unaudited)****January 31, 2019**

| SECURITY  | RATE   | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE                    |
|---|--------|------------------|----------------|--------------------------|
| <b>MUNICIPAL BONDS - 98.8%</b>  |        |                  |                |                          |
| <b>Alabama - 5.9%</b>   |        |                  |                |                          |
| Jefferson County, AL, Sewer Revenue:  |        |                  |                |                          |
| Convertible CAB, Subordinated Lien, Warrants, (Step bond, 0.000% until 10/1/23; 7.900%)               | 0.000% | 10/1/50          | \$ 3,020,000   | \$ 2,639,178             |
| Senior Lien, Warrants, Series A, AGM  | 5.500% | 10/1/53          | 400,000        | 441,152                  |
| Subordinated Lien, Warrants, Series D   | 6.000% | 10/1/42          | 1,120,000      | 1,280,115                |
| Subordinated Lien, Warrants, Series D   | 6.500% | 10/1/53          | 3,000,000      | 3,512,640                |
| Lower Alabama Gas District, Natural Gas Revenue, Series A   | 5.000% | 9/1/46           | 1,700,000      | 1,988,660                |
| <i>Total Alabama</i>  |        |                  |                | <i>9,861,745</i>         |
| <b>Arizona - 3.6%</b>   |        |                  |                |                          |
| Arizona State Lottery Revenue, Refunding  | 5.000% | 7/1/29           | 190,000        | 226,856 <sup>(a)</sup>   |
| La Paz County, AZ, IDA Revenue, Charter School Solutions, Harmony Public School Project               | 5.000% | 2/15/36          | 1,000,000      | 1,062,010 <sup>(b)</sup> |
| Navajo Nation, AZ, Revenue, Series A, Refunding   | 5.500% | 12/1/30          | 190,000        | 209,967 <sup>(b)</sup>   |
| Phoenix, AZ, IDA Revenue:   |        |                  |                |                          |
| Basis School Inc., Refunding  | 5.000% | 7/1/35           | 1,000,000      | 1,025,290 <sup>(b)</sup> |
| Great Hearts Academies, Refunding   | 5.000% | 7/1/41           | 1,200,000      | 1,241,808                |
| Salt Verde Financial Corp., AZ, Natural Gas Revenue   | 5.000% | 12/1/37          | 1,500,000      | 1,747,035                |
| University Medical Center Corp., AZ, Hospital Revenue   | 6.250% | 7/1/29           | 500,000        | 509,060 <sup>(c)</sup>   |
| <i>Total Arizona</i>  |        |                  |                | <i>6,022,026</i>         |
| <b>California - 11.5%</b>   |        |                  |                |                          |
| Alameda, CA, Corridor Transportation Authority Revenue, Second Subordinated Lien, Series B, Refunding | 5.000% | 10/1/34          | 500,000        | 558,115                  |
| Anaheim, CA, Public Financing Authority Lease Revenue, Series A                                       | 5.000% | 5/1/46           | 2,000,000      | 2,197,680                |
| California State MFA Revenue, Senior Lien, Linux Apartment Project, Series A                          | 5.000% | 12/31/43         | 500,000        | 546,235 <sup>(d)</sup>   |
| California State Pollution Control Financing Authority, Water Furnishing Revenue:                     |        |                  |                |                          |
| San Diego County Water Authority Desalination Project   | 5.000% | 7/1/39           | 700,000        | 783,818 <sup>(a)</sup>   |
| San Diego County Water Authority Desalination Project   | 5.000% | 11/21/45         | 2,960,000      | 2,995,283 <sup>(b)</sup> |
| California State Public Works Board Lease Revenue, Various Capital Projects, Series A                 | 5.125% | 10/1/31          | 1,500,000      | 1,627,635                |

**See Notes to Schedule of Investments.**



**WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.****Schedule of investments (unaudited) (cont d)****January 31, 2019**

| <b>SECURITY</b>   | <b>RATE</b> | <b>MATURITY<br/>DATE</b> | <b>FACE<br/>AMOUNT</b> | <b>VALUE</b>              |
|---|-------------|--------------------------|------------------------|---------------------------|
| <b>California - (continued)</b>   |             |                          |                        |                           |
| California Statewide CDA Revenue:   |             |                          |                        |                           |
| Provident Group-Pomona Properties LLC, Series A   | 5.750%      | 1/15/45                  | \$ 360,000             | \$ 378,454 <sup>(b)</sup> |
| Provident Group-Pomona Properties LLC, Series A   | 5.600%      | 1/15/36                  | 500,000                | 526,505 <sup>(b)</sup>    |
| Golden State, CA, Tobacco Securitization Corp. Revenue:   |             |                          |                        |                           |
| Tobacco Settlement Funded, Series A-1   | 5.000%      | 6/1/47                   | 300,000                | 284,250                   |
| Tobacco Settlement Funded, Series A-2   | 5.000%      | 6/1/47                   | 400,000                | 379,000                   |
| Inland Valley, CA, Development Agency, Successor<br>Agency Tax Allocation Revenue, Series A, Refunding                        | 5.000%      | 9/1/44                   | 500,000                | 546,740                   |
| Morongo Band of Mission Indians, CA, Revenue,<br>Tribal Economic Development, Series A  | 5.000%      | 10/1/42                  | 100,000                | 102,614 <sup>(b)</sup>    |
| M-S-R Energy Authority, CA, Gas Revenue:  |             |                          |                        |                           |
| Series B  | 6.500%      | 11/1/39                  | 1,000,000              | 1,377,910                 |
| Series C  | 7.000%      | 11/1/34                  | 2,000,000              | 2,838,540                 |
| Series C  | 6.500%      | 11/1/39                  | 2,000,000              | 2,755,820                 |
| Redding, CA, Redevelopment Agency, Tax<br>Allocation, Shastec Redevelopment Project   | 5.000%      | 9/1/29                   | 600,000                | 601,440                   |
| River Islands, CA, Public Financing Authority,<br>Special Tax Revenue, Community Facilities District<br>No. 2003-1, Refunding | 5.500%      | 9/1/45                   | 620,000                | 657,163                   |
| <i>Total California</i>   |             |                          |                        | <i>19,157,202</i>         |
| <b>Colorado - 3.7%</b>  |             |                          |                        |                           |
| Aristation Metropolitan District, CO, GO, Convertible<br>Unlimited & Special Revenue, Refunding and<br>Improvements           | 5.000%      | 12/1/38                  | 500,000                | 507,080                   |
| Colorado State High Performance Transportation<br>Enterprise Revenue, C-470 Express Lanes                                     | 5.000%      | 12/31/51                 | 150,000                | 159,522                   |
| North Range, CO, Metropolitan District #2, GO,<br>Series A, Refunding   | 5.625%      | 12/1/37                  | 500,000                | 497,370                   |
| Public Authority for Colorado Energy, Natural Gas<br>Purchase Revenue   | 6.125%      | 11/15/23                 | 4,000,000              | 4,469,240                 |
| Solaris, CO, Metropolitan District #3, GO,<br>Subordinate Limited Tax, Series B   | 7.000%      | 12/15/46                 | 500,000                | 478,780                   |
| <i>Total Colorado</i>   |             |                          |                        | <i>6,111,992</i>          |
| <b>Connecticut - 0.3%</b>   |             |                          |                        |                           |
| Connecticut State Special Tax Revenue,<br>Transportation Infrastructure   | 5.000%      | 1/1/37                   | 500,000                | 554,535                   |

**See Notes to Schedule of Investments.**

**WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.****Schedule of investments (unaudited) (cont d)****January 31, 2019**

| <b>SECURITY</b>   | <b>RATE</b> | <b>MATURITY<br/>DATE</b> | <b>FACE<br/>AMOUNT</b> | <b>VALUE</b>             |
|---|-------------|--------------------------|------------------------|--------------------------|
| <b>Delaware - 1.2%</b>  |             |                          |                        |                          |
| Delaware State EDA Revenue, Indian River Power LLC  | 5.375%      | 10/1/45                  | \$ 2,000,000           | \$ 2,067,000             |
| <b>District of Columbia - 1.6%</b>  |             |                          |                        |                          |
| District of Columbia Revenue:   |             |                          |                        |                          |
| Friendship Public Charter School Inc.   | 5.000%      | 6/1/42                   | 2,000,000              | 2,074,480                |
| Ingleside Rock Creek Project, Series A  | 4.125%      | 7/1/27                   | 100,000                | 100,397                  |
| KIPP Charter School   | 6.000%      | 7/1/33                   | 200,000                | 235,534 <sup>(c)</sup>   |
| KIPP Charter School   | 6.000%      | 7/1/43                   | 250,000                | 294,417 <sup>(c)</sup>   |
| <i>Total District of Columbia</i>   |             |                          |                        | <i>2,704,828</i>         |
| <b>Florida - 2.3%</b>   |             |                          |                        |                          |
| Florida State Development Finance Corp., Educational Facilities Revenue:  |             |                          |                        |                          |
| Renaissance Charter School Inc. Project   | 6.000%      | 6/15/35                  | 250,000                | 257,020 <sup>(b)</sup>   |
| Renaissance Charter School Inc. Project   | 6.125%      | 6/15/46                  | 215,000                | 218,425 <sup>(b)</sup>   |
| Florida State Mid-Bay Bridge Authority Revenue, Series A, Refunding   | 5.000%      | 10/1/28                  | 500,000                | 565,405                  |
| Martin County, FL, IDA Revenue, Indiantown Cogeneration LP Project, Refunding                                     | 4.200%      | 12/15/25                 | 1,500,000              | 1,519,215 <sup>(b)</sup> |
| Palm Beach County, FL, Health Facilities Authority Revenue, Sinai Residences Boca Raton Project                   | 7.500%      | 6/1/49                   | 400,000                | 449,764                  |
| Reunion, FL, East Community Development District, Special Assessment:   |             |                          |                        |                          |
| Series 1  | 6.600%      | 5/1/33                   | 295,000                | 294,422*                 |
| Series A-2  | 7.375%      | 5/1/33                   | 285,000                | 3 <sup>*(e)</sup>        |
| Santa Rosa, FL, Bay Bridge Authority Revenue  | 6.250%      | 7/1/28                   | 722,671                | 538,390 <sup>(e)</sup>   |
| <i>Total Florida</i>  |             |                          |                        | <i>3,842,644</i>         |
| <b>Georgia - 1.8%</b>   |             |                          |                        |                          |
| Atlanta, GA, Water & Wastewater Revenue, Series A   | 6.250%      | 11/1/39                  | 2,000,000              | 2,068,080 <sup>(c)</sup> |
| DeKalb Newton & Gwinnett Counties, GA, Joint Development Authority Revenue, GGC Foundation LLC Project            | 6.125%      | 7/1/40                   | 1,000,000              | 1,018,030 <sup>(c)</sup> |
| <i>Total Georgia</i>  |             |                          |                        | <i>3,086,110</i>         |
| <b>Hawaii - 1.2%</b>  |             |                          |                        |                          |
| Hawaii State Department of Budget & Finance Special Purpose Revenue, Hawaiian Electric Co. and Subsidiary Project | 6.500%      | 7/1/39                   | 2,000,000              | 2,035,860                |



**Illinois - 9.1%**

|  |        |         |         |         |
|--|--------|---------|---------|---------|
| Chicago, IL, Board of Education, Dedicated Capital Improvement, Special Tax, Series 2018 | 5.000% | 4/1/42  | 500,000 | 532,865 |
| Chicago, IL, Board of Education, GO, Series C  | 5.000% | 12/1/32 | 250,000 | 280,275 |

**See Notes to Schedule of Investments.**

**WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.****Schedule of investments (unaudited) (cont d)****January 31, 2019**

| <b>SECURITY</b>  | <b>RATE</b> | <b>MATURITY<br/>DATE</b> | <b>FACE<br/>AMOUNT</b> | <b>VALUE</b>             |
|--|-------------|--------------------------|------------------------|--------------------------|
| <b>Illinois - (continued)</b>  |             |                          |                        |                          |
| Chicago, IL, GO:   |             |                          |                        |                          |
| Series 2005D, Refunding  | 5.500%      | 1/1/34                   | \$ 1,250,000           | \$ 1,330,162             |
| Series A, Refunding  | 6.000%      | 1/1/38                   | 300,000                | 335,577                  |
| Series C, Refunding  | 5.000%      | 1/1/25                   | 500,000                | 535,565                  |
| Chicago, IL, Motor Fuel Tax Revenue, Refunding, AGM  | 5.000%      | 1/1/32                   | 1,000,000              | 1,073,370                |
| Chicago, IL, O Hare International Airport Revenue:   |             |                          |                        |                          |
| Senior Lien, Series A, Refunding   | 5.000%      | 1/1/31                   | 1,500,000              | 1,649,340 <sup>(d)</sup> |
| Senior Lien, Series G  | 5.000%      | 1/1/42                   | 500,000                | 542,060 <sup>(d)</sup>   |
| Chicago, IL, Transit Authority, Sales Tax Receipts<br>Revenue, Second Lien   | 5.000%      | 12/1/51                  | 1,000,000              | 1,063,110                |
| Chicago, IL, Wastewater Transmission Revenue, Second<br>Lien, Series B, Refunding                                      | 5.000%      | 1/1/38                   | 500,000                | 539,925                  |
| Chicago, IL, Waterworks Revenue:   |             |                          |                        |                          |
| Second Lien, Refunding   | 5.000%      | 11/1/29                  | 500,000                | 573,465                  |
| Second Lien, Series 2017-2, Refunding, AGM   | 5.000%      | 11/1/32                  | 1,260,000              | 1,425,539                |
| Illinois State Finance Authority Revenue, Franciscan<br>Communities Inc., Series A                                     | 5.250%      | 5/15/47                  | 1,000,000              | 1,026,880                |
| Illinois State University, Auxiliary Facilities System,<br>Series A, Refunding, AGM                                    | 5.000%      | 4/1/28                   | 100,000                | 116,082                  |
| Illinois State, GO:  |             |                          |                        |                          |
| Refunding  | 5.000%      | 2/1/29                   | 300,000                | 320,559                  |
| Series 2016, Refunding   | 5.000%      | 2/1/26                   | 650,000                | 702,468                  |
| Series 2017D   | 5.000%      | 11/1/26                  | 1,200,000              | 1,299,912                |
| Series 2018A, Refunding  | 5.000%      | 10/1/29                  | 1,100,000              | 1,188,264                |
| Metropolitan Pier & Exposition Authority, IL, Dedicated State Revenue:   |             |                          |                        |                          |
| McCormick Place Expansion Project, Series A, CAB,<br>State Appropriations  | 0.000%      | 12/15/52                 | 700,000                | 131,894                  |
| McCormick Place Expansion Project, Series A, State<br>Appropriations   | 5.000%      | 6/15/57                  | 350,000                | 360,591                  |
| McCormick Place Expansion Project, Series B2,<br>Refunding, State Appropriations                                       | 5.000%      | 6/15/50                  | 155,000                | 155,456                  |
| <i>Total Illinois</i>  |             |                          |                        | <i>15,183,359</i>        |
| <b>Indiana - 1.6%</b>  |             |                          |                        |                          |
| Indiana State Finance Authority Revenue, Private<br>Activity Ohio River Bridges East End Crossing Project,<br>Series A | 5.000%      | 7/1/48                   | 2,000,000              | 2,102,800                |
| Valparaiso, IN, Exempt Facilities Revenue, Pratt Paper<br>LLC Project  | 7.000%      | 1/1/44                   | 500,000                | 573,660 <sup>(d)</sup>   |

*Total Indiana*

2,676,460

**See Notes to Schedule of Investments.**

**WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.****Schedule of investments (unaudited) (cont d)****January 31, 2019**

| <b>SECURITY</b>   | <b>RATE</b> | <b>MATURITY<br/>DATE</b> | <b>FACE<br/>AMOUNT</b> | <b>VALUE</b>                |
|---|-------------|--------------------------|------------------------|-----------------------------|
| <b>Kentucky - 3.1%</b>  |             |                          |                        |                             |
| Kentucky State PEA, Gas Supply Revenue:   |             |                          |                        |                             |
| Series A  | 4.000%      | 4/1/24                   | \$ 1,400,000           | \$ 1,476,678 <sup>(f)</sup> |
| Series B  | 4.000%      | 1/1/25                   | 1,500,000              | 1,600,710 <sup>(f)</sup>    |
| Owen County, KY Waterworks System Revenue,<br>Kentucky American Water Co. Project, Series A             | 6.250%      | 6/1/39                   | 2,000,000              | 2,025,580                   |
| <i>Total Kentucky</i>   |             |                          |                        | <i>5,102,968</i>            |
| <b>Louisiana - 0.5%</b>   |             |                          |                        |                             |
| Louisiana State PFA, Lease Revenue, Provident<br>Group, Flagship Properties                             | 5.000%      | 7/1/42                   | 700,000                | 766,283                     |
| <b>Maryland - 1.9%</b>  |             |                          |                        |                             |
| Maryland State Health & Higher EFA Revenue,<br>Mercy Medical Center                                     | 6.250%      | 7/1/31                   | 3,000,000              | 3,246,630                   |
| <b>Massachusetts - 0.9%</b>   |             |                          |                        |                             |
| Massachusetts State DFA Revenue:  |             |                          |                        |                             |
| Newbridge Charles Inc., Refunding   | 5.000%      | 10/1/47                  | 250,000                | 258,505 <sup>(b)</sup>      |
| Tufts Medical Center Inc., Series I, Prerefunded  | 6.875%      | 1/1/41                   | 600,000                | 656,736 <sup>(c)</sup>      |
| Tufts Medical Center Inc., Series I, Unrefunded   | 6.875%      | 1/1/41                   | 400,000                | 434,748                     |
| UMass Boston Student Housing Project  | 5.000%      | 10/1/41                  | 200,000                | 211,448                     |
| <i>Total Massachusetts</i>  |             |                          |                        | <i>1,561,437</i>            |
| <b>Michigan - 1.9%</b>  |             |                          |                        |                             |
| Detroit, MI, Downtown Development Authority Revenue,<br>Catalyst Development, Series A, Refunding , AGM | 5.000%      | 7/1/43                   | 250,000                | 267,815                     |
| Great Lakes, MI, Water Authority Water Supply System<br>Revenue, Senior Lien, Series C, Refunding       | 5.000%      | 7/1/35                   | 200,000                | 228,100                     |
| Michigan State Finance Authority Limited Obligation Revenue:  |             |                          |                        |                             |
| Higher Education, Thomas M Cooley Law School Project,<br>Refunding                                      | 6.000%      | 7/1/24                   | 310,000                | 315,103 <sup>(b)</sup>      |
| Higher Education, Thomas M Cooley Law School Project,<br>Refunding                                      | 6.750%      | 7/1/44                   | 230,000                | 230,991 <sup>(b)</sup>      |
| Michigan State Finance Authority Revenue:   |             |                          |                        |                             |
| Senior Lien, Detroit Water & Sewer  | 5.000%      | 7/1/44                   | 270,000                | 288,031                     |
| Senior Lien, Detroit Water & Sewer, Refunding   | 5.000%      | 7/1/33                   | 260,000                | 285,776                     |
| Michigan Strategic Fund Limited Obligation Revenue:   |             |                          |                        |                             |
| Evangelical Homes of Michigan, Refunding  | 5.250%      | 6/1/32                   | 500,000                | 511,895                     |

**See Notes to Schedule of Investments.**

**WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.****Schedule of investments (unaudited) (cont d)****January 31, 2019**

| <b>SECURITY</b>   | <b>RATE</b> | <b>MATURITY<br/>DATE</b> | <b>FACE<br/>AMOUNT</b> | <b>VALUE</b>             |
|---|-------------|--------------------------|------------------------|--------------------------|
| <b>Michigan - (continued)</b>   |             |                          |                        |                          |
| Evangelical Homes of Michigan, Refunding  | 5.500%      | 6/1/47                   | \$ 750,000             | \$ 768,217               |
| I-75 Improvement Project  | 5.000%      | 12/31/43                 | 250,000                | 273,058 <sup>(d)</sup>   |
| <i>Total Michigan</i>   |             |                          |                        | <i>3,168,986</i>         |
| <b>Missouri - 2.2%</b>  |             |                          |                        |                          |
| Kansas City, MO, IDA, Senior Living Facilities Revenue, Kingswood Project   | 6.000%      | 11/15/51                 | 200,000                | 160,916 <sup>(b)</sup>   |
| Missouri State HEFA Revenue, Senior Living Facilities: Lutheran Senior Services   | 6.000%      | 2/1/41                   | 500,000                | 522,765                  |
| Lutheran Senior Services  | 5.000%      | 2/1/44                   | 750,000                | 775,740                  |
| St. Louis County, MO, IDA, Senior Living Facilities Revenue, Friendship Village of Sunset Hills, Series A                 | 5.875%      | 9/1/43                   | 2,000,000              | 2,138,040                |
| <i>Total Missouri</i>   |             |                          |                        | <i>3,597,461</i>         |
| <b>Nebraska - 2.1%</b>  |             |                          |                        |                          |
| Central Plains Energy Project, NE, Gas Project Revenue, Project #3, Series A, Refunding                                   | 5.000%      | 9/1/42                   | 3,340,000              | 3,587,060                |
| <b>Nevada - 0.5%</b>  |             |                          |                        |                          |
| State of Nevada Department of Business & Industry Revenue: Charter School Lease Revenue, Somerset Academy, Series A       | 5.000%      | 12/15/35                 | 300,000                | 304,860 <sup>(b)</sup>   |
| Charter School Lease Revenue, Somerset Academy, Series A  | 5.125%      | 12/15/45                 | 500,000                | 505,880 <sup>(b)</sup>   |
| <i>Total Nevada</i>   |             |                          |                        | <i>810,740</i>           |
| <b>New Jersey - 6.2%</b>  |             |                          |                        |                          |
| Gloucester County, NJ, Pollution Control Financing Authority Revenue, Keystone Urban Renewal, Logan Generating, Refunding | 5.000%      | 12/1/24                  | 450,000                | 476,991 <sup>(d)</sup>   |
| New Jersey State EDA Revenue: Port Newark Container Terminal LLC Project, Refunding                                       | 5.000%      | 10/1/37                  | 125,000                | 133,594 <sup>(d)</sup>   |
| Private Activity-The Goethals Bridge Replacement Project  | 5.375%      | 1/1/43                   | 1,500,000              | 1,613,175 <sup>(d)</sup> |
| New Jersey State Health Care Facilities Financing Authority Revenue, Hackensack Meridian Health,                          | 5.000%      | 7/1/38                   | 100,000                | 113,018                  |

Refunding

|   |        |         |           |                        |
|---|--------|---------|-----------|------------------------|
| New Jersey State Higher Education State, Student Assistance Authority Revenue, Subordinate, Series 1B | 5.000% | 12/1/44 | 640,000   | 670,656 <sup>(d)</sup> |
| New Jersey State Transportation Trust Fund Authority Revenue, Transportation Program, Series AA       | 5.250% | 6/15/32 | 4,720,000 | 5,148,009              |

**See Notes to Schedule of Investments.**

**WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.****Schedule of investments (unaudited) (cont d)****January 31, 2019**

| <b>SECURITY</b>  | <b>RATE</b> | <b>MATURITY<br/>DATE</b> | <b>FACE<br/>AMOUNT</b> | <b>VALUE</b>                |
|--|-------------|--------------------------|------------------------|-----------------------------|
| <b>New Jersey - (continued)</b>  |             |                          |                        |                             |
| Salem County, NJ, Pollution Control Financing Authority Revenue, Chambers Project, Series A                        | 5.000%      | 12/1/23                  | \$ 2,000,000           | \$ 2,114,740 <sup>(d)</sup> |
| Tobacco Settlement Financing Corp., NJ, Revenue, Senior, Series A  | 5.000%      | 6/1/46                   | 150,000                | 155,304                     |
| <i>Total New Jersey</i>  |             |                          |                        | <i>10,425,487</i>           |
| <b>New York - 2.7%</b>   |             |                          |                        |                             |
| Brooklyn Arena, NY, Local Development Corp. Revenue, Barclays Center Project                                       | 6.250%      | 7/15/40                  | 2,000,000              | 2,088,220 <sup>(c)</sup>    |
| New York State Liberty Development Corp., Liberty Revenue, Class 1, 3 World Trade Center LLC Project, Refunding    | 5.000%      | 11/15/44                 | 1,205,000              | 1,249,561 <sup>(b)</sup>    |
| New York State Transportation Development Corp., Special Facilities Revenue:                                       |             |                          |                        |                             |
| Delta Air Lines Inc., LaGuardia Airport Terminal C & D Redevelopment Project                                       | 5.000%      | 1/1/36                   | 750,000                | 834,832 <sup>(d)</sup>      |
| LaGuardia Airport Terminal B Redevelopment Project   | 5.000%      | 7/1/46                   | 300,000                | 316,239 <sup>(d)</sup>      |
| <i>Total New York</i>  |             |                          |                        | <i>4,488,852</i>            |
| <b>North Carolina - 0.3%</b>   |             |                          |                        |                             |
| North Carolina State Turnpike Authority, Monroe Expressway Toll Revenue, Series A, Refunding, State Appropriations | 5.000%      | 7/1/47                   | 500,000                | 535,740                     |
| <b>Ohio - 0.4%</b>   |             |                          |                        |                             |
| Ohio State Private Activity Revenue, Portsmouth Bypass Project   | 5.000%      | 6/30/53                  | 700,000                | 735,147 <sup>(d)</sup>      |
| <b>Oklahoma - 1.0%</b>   |             |                          |                        |                             |
| Payne County, OK, Economic Development Authority Revenue, Epworth Living at The Ranch, Series A                    | 6.250%      | 11/1/31                  | 215,000                | 96,750 <sup>*(e)</sup>      |
| Tulsa County, OK, Industrial Authority, Senior Living Community Revenue:   |             |                          |                        |                             |
| Montereau Inc. Project   | 5.250%      | 11/15/37                 | 500,000                | 542,230                     |
| Montereau Inc. Project, Series A   | 7.125%      | 11/1/30                  | 1,000,000              | 1,063,780 <sup>(c)</sup>    |



*Total Oklahoma* 1,702,760

**Oregon - 0.8%**

|  |        |          |         |         |
|--|--------|----------|---------|---------|
| Clackamas County, OR, Hospital Facility Authority<br>Revenue, Senior Living, Willamette View Project,<br>Refunding | 5.000% | 11/15/37 | 500,000 | 535,155 |
| Yamhill County, OR, Hospital Authority Revenue,<br>Friendsview Retirement Community, Refunding                     | 5.000% | 11/15/51 | 725,000 | 749,491 |

*Total Oregon* 1,284,646

**See Notes to Schedule of Investments.**

**WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.****Schedule of investments (unaudited) (cont d)****January 31, 2019**

| <b>SECURITY</b>  | <b>RATE</b> | <b>MATURITY<br/>DATE</b> | <b>FACE<br/>AMOUNT</b> | <b>VALUE</b>             |
|--|-------------|--------------------------|------------------------|--------------------------|
| <b>Pennsylvania - 5.5%</b>   |             |                          |                        |                          |
| Commonwealth Financing Authority, PA, Tobacco<br>Master Settlement Payment Revenue, Tobacco Master<br>Settlement Payment Bonds           | 5.000%      | 6/1/33                   | \$ 200,000             | \$ 226,576               |
| Cumberland County, PA, Municipal Authority Revenue,<br>Diakon Lutheran Social Ministries Project   | 5.000%      | 1/1/28                   | 350,000                | 383,464                  |
| Erie County, PA, Convention Center Authority<br>Guaranteed Hotel Revenue, County Guaranty,<br>Refunding                                  | 5.000%      | 1/15/36                  | 750,000                | 843,742                  |
| Montgomery County, PA, Industrial Development<br>Authority, Retirement Community Revenue:<br>Acts Retirement-Life-Communities, Refunding | 5.000%      | 11/15/28                 | 1,400,000              | 1,488,144                |
| Acts Retirement-Life-Communities, Refunding  | 5.000%      | 11/15/29                 | 1,350,000              | 1,430,487                |
| Pennsylvania State Turnpike Commission Revenue,<br>Subordinated, Series B, Refunding   | 5.000%      | 6/1/39                   | 3,170,000              | 3,442,747                |
| Philadelphia, PA, Authority for Industrial Development<br>Revenue:<br>Discovery Charter School Project                                   | 6.250%      | 4/1/37                   | 500,000                | 504,785                  |
| Performing Arts Charter School Project   | 6.000%      | 6/15/23                  | 360,000                | 371,333 <sup>(b)</sup>   |
| Philadelphia, PA, Authority for Industrial Development,<br>City Service Agreement Revenue, Rebuild Project                               | 5.000%      | 5/1/38                   | 500,000                | 557,085                  |
| <i>Total Pennsylvania</i>  |             |                          |                        | 9,248,363                |
| <b>Texas - 19.4%</b>   |             |                          |                        |                          |
| Arlington, TX, Higher Education Finance Corp.,<br>Education Revenue, Uplift Education, Series A  | 5.000%      | 12/1/46                  | 200,000                | 211,112                  |
| Arlington, TX, Special Tax Revenue, Subordinated Lien,<br>Series C, BAM  | 5.000%      | 2/15/41                  | 500,000                | 551,885                  |
| Central Texas Regional Mobility Authority Revenue,<br>Subordinated Lien, Refunding   | 5.000%      | 1/1/42                   | 2,000,000              | 2,121,400                |
| Dallas/Fort Worth, TX, International Airport Revenue,<br>Joint Improvement, Series D   | 5.000%      | 11/1/42                  | 4,000,000              | 4,209,960 <sup>(d)</sup> |
| Grand Parkway Transportation Corp., TX, System Toll<br>Revenue, Convertible CAB, Series B (Step bond,<br>0.000% until 10/1/28; 5.500%)   | 0.000%      | 10/1/35                  | 1,500,000              | 1,464,120                |
| Gulf Coast, TX, IDA, Solid Waste Disposal Revenue,<br>Citgo Petroleum Corp. Project  | 4.875%      | 5/1/25                   | 1,000,000              | 1,020,920 <sup>(d)</sup> |
| Love Field, TX, Airport Modernization Corp., General Airport Revenue:<br>Series 2017   | 5.000%      | 11/1/33                  | 20,000                 | 22,611 <sup>(d)</sup>    |
| Series 2017  | 5.000%      | 11/1/36                  | 20,000                 | 22,363 <sup>(d)</sup>    |

|  |        |         |           |           |
|--|--------|---------|-----------|-----------|
| Love Field, TX, Airport Modernization Corp., Special<br>Facilities Revenue, Southwest Airlines Co. Project | 5.250% | 11/1/40 | 5,000,000 | 5,196,200 |
|--|--------|---------|-----------|-----------|

**See Notes to Schedule of Investments.**

**WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.****Schedule of investments (unaudited) (cont d)****January 31, 2019**

| <b>SECURITY</b>  | <b>RATE</b> | <b>MATURITY<br/>DATE</b> | <b>FACE<br/>AMOUNT</b> | <b>VALUE</b>             |
|--|-------------|--------------------------|------------------------|--------------------------|
| <b>Texas - (continued)</b>   |             |                          |                        |                          |
| New Hope, TX, Cultural Education Facilities Finance Corp., Retirement Facility Revenue:  |             |                          |                        |                          |
| MRC Crestview  | 5.000%      | 11/15/36                 | \$ 550,000             | \$ 572,242               |
| MRC Senior Living, Langford Project  | 5.375%      | 11/15/36                 | 475,000                | 473,076                  |
| Westminster Manor Project  | 5.000%      | 11/1/40                  | 1,000,000              | 1,062,530                |
| New Hope, TX, Cultural Education Facilities Finance Corp., Senior Living Revenue:  |             |                          |                        |                          |
| Cardinal Bay Inc., Village on the Park Carriage Inn Project  | 5.000%      | 7/1/46                   | 100,000                | 108,102                  |
| Cardinal Bay Inc., Village on the Park Carriage Inn Project  | 5.000%      | 7/1/46                   | 150,000                | 156,887                  |
| Cardinal Bay Inc., Village on the Park Carriage Inn Project  | 5.000%      | 7/1/51                   | 150,000                | 161,748                  |
| New Hope, TX, Cultural Education Facilities Finance Corp., Student Housing Revenue, Collegiate Housing Stephenville II LLC, Tartleton State University Project |             |                          |                        |                          |
|  | 5.000%      | 4/1/39                   | 1,165,000              | 1,208,303                |
| Tarrant County, TX, Cultural Education Facilities Finance Corp., Retirement Facility Revenue, Buckner Retirement Services Inc. Project, Refunding              |             |                          |                        |                          |
| Texas Midwest Public Facility Corp., Revenue, Secure Treatment Facility Project  | 9.000%      | 10/1/30                  | 2,000,000              | 460,000 <sup>(e)</sup>   |
| Texas Private Activity Bond Surface Transportation Corp. Revenue:  |             |                          |                        |                          |
| Senior Lien, Blueridge Transportation Group LLC  | 5.000%      | 12/31/40                 | 1,000,000              | 1,069,770 <sup>(d)</sup> |
| Senior Lien, LBJ Infrastructure Group LLC  | 7.000%      | 6/30/40                  | 4,000,000              | 4,241,800                |
| Senior Lien, NTE Mobility Partners LLC   | 6.875%      | 12/31/39                 | 2,000,000              | 2,076,380                |
| Texas State Municipal Gas Acquisition & Supply Corp. I, Gas Supply Revenue, Senior Lien, Series D  |             |                          |                        |                          |
|  | 6.250%      | 12/15/26                 | 930,000                | 1,070,421                |
| Texas State Municipal Gas Acquisition & Supply Corp. III, Gas Supply Revenue, Series 2012  |             |                          |                        |                          |
|  | 5.000%      | 12/15/28                 | 1,500,000              | 1,619,430                |
| Texas State Public Finance Authority Charter School Finance Corp. Revenue, Cosmos Foundation Inc., Series A  |             |                          |                        |                          |
|  | 6.200%      | 2/15/40                  | 1,000,000              | 1,044,930 <sup>(c)</sup> |
| Texas State Water Development Board Revenue, State Water Implementation Fund, Series A   |             |                          |                        |                          |
|  | 5.000%      | 10/15/43                 | 1,000,000              | 1,144,960 <sup>(g)</sup> |
| Willacy County, TX, Jail, Public Facilities Corp. Project Revenue  |             |                          |                        |                          |
|  | 7.500%      | 11/1/25                  | 360,000                | 325,332                  |
| <i>Total Texas</i>   |             |                          |                        | <i>32,375,394</i>        |

**See Notes to Schedule of Investments.**

**WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.****Schedule of investments (unaudited) (cont d)****January 31, 2019**

| <b>SECURITY</b>  | <b>RATE</b> | <b>MATURITY<br/>DATE</b> | <b>FACE<br/>AMOUNT</b> | <b>VALUE</b>              |
|--|-------------|--------------------------|------------------------|---------------------------|
| <b>U.S. Virgin Islands - 1.5%</b>  |             |                          |                        |                           |
| Virgin Islands Public Finance Authority<br>Revenue, Matching Fund Loan, Diageo<br>Project, Series A                                      | 6.750%      | 10/1/37                  | \$ 2,400,000           | \$ 2,426,736              |
| <b>Utah - 0.5%</b>   |             |                          |                        |                           |
| Utah State Charter School Finance Authority,<br>Charter School Revenue, Syracuse Arts<br>Academy Project, UT CSCE                        | 5.000%      | 4/15/42                  | 250,000                | 273,165                   |
| Utah State Infrastructure Agency,<br>Telecommunication Revenue, Series A   | 5.250%      | 10/15/33                 | 550,000                | 600,474                   |
| <i>Total Utah</i>  |             |                          |                        | 873,639                   |
| <b>Virginia - 2.3%</b>   |             |                          |                        |                           |
| Virginia Port Authority, Port Facilities<br>Revenue:   |             |                          |                        |                           |
| Series B, Refunding  | 5.000%      | 7/1/41                   | 250,000                | 276,857 <sup>(d)</sup>    |
| Series B, Refunding  | 5.000%      | 7/1/45                   | 300,000                | 329,544 <sup>(d)</sup>    |
| Virginia Small Business Financing Authority Revenue:   |             |                          |                        |                           |
| Senior Lien, Elizabeth River Crossing Opco<br>LLC Project  | 5.250%      | 1/1/32                   | 1,000,000              | 1,065,670                 |
| Senior Lien, Elizabeth River Crossing Opco<br>LLC Project  | 5.500%      | 1/1/42                   | 2,000,000              | 2,137,340                 |
| <i>Total Virginia</i>  |             |                          |                        | 3,809,411                 |
| <b>Wisconsin - 1.3%</b>  |             |                          |                        |                           |
| Public Finance Authority, WI, Ltd. Obligation,<br>Pilot Revenue, American Dream @<br>Meadowlands Project                                 | 7.000%      | 12/1/50                  | 250,000                | 280,935 <sup>(b)</sup>    |
| Public Finance Authority, WI, Revenue:   |             |                          |                        |                           |
| Celanese Project, Series B, Refunding  | 5.000%      | 12/1/25                  | 550,000                | 598,978 <sup>(b)(d)</sup> |
| Church Home of Hartford Inc. Project,<br>Refunding   | 5.000%      | 9/1/38                   | 250,000                | 254,000 <sup>(b)</sup>    |
| Public Finance Authority, WI, Student Housing<br>Revenue, CHF Wilmington LLC, University of<br>North Carolina at Wilmington Project, AGM | 5.000%      | 7/1/53                   | 1,000,000              | 1,074,480                 |
| <i>Total Wisconsin</i>   |             |                          |                        | 2,208,393                 |

**TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS**

(Cost - \$157,719,952)

165,259,894

**SHORT-TERM INVESTMENTS - 1.2%**

**MUNICIPAL BONDS - 1.2%**

**Florida - 0.1%**

Liberty County, FL, Industrial Development

Revenue, Georgia Pacific Corp. Project

1.590%

10/1/28

100,000

*100,000*<sup>(b)(d)(h)(i)</sup>

**See Notes to Schedule of Investments.**

**WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.****Schedule of investments (unaudited) (cont d)****January 31, 2019**

| SECURITY   | RATE   | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE                        |
|--|--------|------------------|----------------|------------------------------|
| <b>Massachusetts - 0.1%</b>  |        |                  |                |                              |
| Massachusetts State DFA Revenue, Partners<br>Healthcare Systems Inc., Series K-1, SPA - Wells<br>Fargo Bank N.A.   | 1.450% | 7/1/46           | \$ 235,000     | \$ 235,000 <sup>(h)(i)</sup> |
| <b>New York - 0.5%</b>   |        |                  |                |                              |
| New York City, NY, GO, Subseries I-2, SPA -<br>JPMorgan Chase Bank   | 1.630% | 3/1/40           | 100,000        | 100,000 <sup>(h)(i)</sup>    |
| New York State Energy Research & Development<br>Authority Revenue, Consolidated Edison Co. of<br>New York Inc. Project, Subseries A-2, LOC -<br>Scotiabank | 1.510% | 6/1/36           | 200,000        | 200,000 <sup>(d)(h)(i)</sup> |
| New York State HFA Revenue:<br>160 Madison Avenue, Series A, LOC - Landesbank<br>Hessen - Thuringen  | 1.640% | 11/1/46          | 400,000        | 400,000 <sup>(h)(i)</sup>    |
| 363 West 30th Street, Series A, LIQ - FHLMC  | 1.440% | 11/1/32          | 100,000        | 100,000 <sup>(d)(h)(i)</sup> |
| <i>Total New York</i>  |        |                  |                | <i>800,000</i>               |
| <b>North Carolina - 0.1%</b>   |        |                  |                |                              |
| Charlotte, NC, Water & Sewer System Revenue,<br>Series B, SPA - Wells Fargo Bank N.A.  | 1.410% | 7/1/36           | 100,000        | 100,000 <sup>(h)(i)</sup>    |
| <b>Texas - 0.4%</b>  |        |                  |                |                              |
| Harris County, TX, Cultural Education Facilities<br>Finance Corp. Revenue, Methodist Hospital System,<br>Subseries C-2                                     | 1.650% | 12/1/27          | 100,000        | 100,000 <sup>(h)(i)</sup>    |
| Harris County, TX, Health Facilities Development<br>Corp. Revenue, Methodist Hospital System, Series<br>A-1, Refunding                                     | 1.650% | 12/1/41          | 500,000        | 500,000 <sup>(h)(i)</sup>    |
| Houston, TX, Combined Utility Systems Revenue,<br>First Lien B-3, Refunding , LOC - Sumitomo Mitsui<br>Banking   | 1.430% | 5/15/34          | 100,000        | 100,000 <sup>(h)(i)</sup>    |
| <i>Total Texas</i>   |        |                  |                | <i>700,000</i>               |
| <b>TOTAL MUNICIPAL BONDS</b><br>(Cost - \$1,935,000)   |        |                  |                | <b>1,935,000</b>             |

**SHARES**



**MONEY MARKET FUNDS - 0.0%**

Dreyfus Government Cash Management,  
Institutional Shares

|                   |        |        |        |
|-------------------|--------|--------|--------|
| (Cost - \$46,040) | 2.359% | 46,040 | 46,040 |
|-------------------|--------|--------|--------|

**TOTAL SHORT-TERM INVESTMENTS**

|                      |  |  |           |
|----------------------|--|--|-----------|
| (Cost - \$1,981,040) |  |  | 1,981,040 |
|----------------------|--|--|-----------|

**TOTAL INVESTMENTS - 100.0%**

|                        |  |  |             |
|------------------------|--|--|-------------|
| (Cost - \$159,700,992) |  |  | 167,240,934 |
|------------------------|--|--|-------------|

|  |  |  |        |
|--|--|--|--------|
| Other Assets in Excess of Liabilities - 0.0% |  |  | 41,271 |
|--|--|--|--------|

|                                  |  |  |                       |
|----------------------------------|--|--|-----------------------|
| <b>TOTAL NET ASSETS - 100.0%</b> |  |  | <b>\$ 167,282,205</b> |
|----------------------------------|--|--|-----------------------|

**See Notes to Schedule of Investments.**

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

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

**January 31, 2019**

\* Non-income producing security.

(a) Securities traded on a when-issued or delayed delivery basis.

(b) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors.

(c) Pre-Refunded bonds are escrowed with U.S. government obligations and/or U.S. government agency securities and are considered by the manager to be triple-A rated even if issuer has not applied for new ratings.

(d) Income from this issue is considered a preference item for purposes of calculating the alternative minimum tax ( AMT ).

(e) The coupon payment on these securities is currently in default as of January 31, 2019.

(f) Maturity date shown represents the mandatory tender date.

(g) All or a portion of this security is held at the broker as collateral for open futures contracts.

(h) Variable rate demand obligations ( VRDOs ) have a demand feature under which the Fund can tender them back to the issuer or liquidity provider on no more than 7 days notice. The interest rate generally resets on a daily or weekly basis and is determined on the specific interest rate reset date by the Remarketing Agent, pursuant to a formula specified in official documents for the VRDO, or set at the highest rate allowable as specified in official documents for the VRDO. VRDOs are benchmarked to the Securities Industry and Financial Markets Association ( SIFMA ) Municipal Swap Index. The SIFMA Municipal Swap Index is compiled from weekly interest rate resets of tax-exempt VRDOs reported to the Municipal Securities Rulemaking Board's Short-term Obligation Rate Transparency System.

(i) Maturity date shown is the final maturity date. The security may be sold back to the issuer before final maturity.

Abbreviations used in this schedule:

|       |  |
|-------|--|
| AGM   | Assured Guaranty Municipal Corporation - Insured Bonds |
| BAM   | Build America Mutual - Insured Bonds                   |
| CAB   | Capital Appreciation Bonds                             |
| CDA   | Communities Development Authority                      |
| CSCE  | Charter School Credit Enhancement                      |
| DFA   | Development Finance Agency                             |
| EDA   | Economic Development Authority                         |
| EFA   | Educational Facilities Authority                       |
| FHLMC | Federal Home Loan Mortgage Corporation                 |
| GO    | General Obligation                                     |
| HEFA  | Health & Educational Facilities Authority              |
| IDA   | Industrial Development Authority                       |
| LIQ   | Liquidity Facility                                     |
| LOC   | Letter of Credit                                       |
| MFA   | Municipal Finance Authority                            |
| PEA   | Public Energy Authority                                |
| PFA   | Public Facilities Authority                            |
| SPA   | Standby Bond Purchase Agreement - Insured Bonds        |

**See Notes to Schedule of Investments.**

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**WESTERN ASSET MUNICIPAL HIGH INCOME FUND INC.****Schedule of investments (unaudited) (cont d)****January 31, 2019**

At January 31, 2019, the Fund had the following open futures contracts:

|                                     | <b>Number of<br/>Contracts</b> | <b>Expiration<br/>Date</b> | <b>Notional<br/>Amount</b> | <b>Market<br/>Value</b> | <b>Unrealized<br/>Appreciation</b> |
|-------------------------------------|--------------------------------|----------------------------|----------------------------|-------------------------|------------------------------------|
| <b>Contracts to Sell:</b>           |                                |                            |                            |                         |                                    |
| U.S. Treasury Ultra Long-Term Bonds | 16                             | 3/19                       | \$ 2,598,285               | \$ 2,578,000            | \$ 20,285                          |

This Schedule of Investments is unaudited and is intended to provide information about the Fund's investments as of the date of the schedule. Other information regarding the Fund is available in the Fund's most recent annual or semi-annual shareholder report.

**See Notes to Schedule of Investments.**

## Notes to Schedule of Investments (unaudited)

### 1. Organization and significant accounting policies

Western Asset Municipal High Income Fund Inc. (the Fund) was incorporated in Maryland and is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund seeks high current income exempt from federal income taxes. The Fund invests primarily in intermediate-and long-term municipal debt securities issued by state and local governments. However, the Fund may invest in municipal obligations of any maturity.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP).

**(a) Investment valuation.** The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Investments in open-end funds are valued at the closing net asset value per share of each fund on the day of valuation. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund's Board of Directors.

The Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North Atlantic Fund Valuation Committee (the Valuation Committee). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations, evaluating the effectiveness of the Fund's pricing policies, and reporting to the Board of Directors. When determining the reliability of third party pricing information for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include,

**Notes to Schedule of Investments (unaudited) (continued)**

but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Directors, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such back testing monthly and fair valuation occurrences are reported to the Board of Directors quarterly.

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

GAAP establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are summarized in the three broad levels listed below:

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

**Notes to Schedule of Investments (unaudited) (continued)**

The following is a summary of the inputs used in valuing the Fund's assets carried at fair value:

| DESCRIPTION                  | ASSETS                     |   |  | TOTAL          |
|------------------------------|----------------------------|---|--|----------------|
|                              | QUOTED PRICES<br>(LEVEL 1) | OTHER SIGNIFICANT<br>OBSERVABLE INPUTS<br>(LEVEL 2) | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS<br>(LEVEL 3) |                |
| Municipal Bonds              |                            | \$ 165,259,894                                      |  | \$ 165,259,894 |
| Short-Term Investments :     |                            |   |  |                |
| Municipal Bonds              |                            | 1,935,000   |  | 1,935,000      |
| Money Market Funds           | \$ 46,040                  |   |  | 46,040         |
| Total Short-Term Investments | 46,040                     | 1,935,000   |  | 1,981,040      |
| Total Investments            | \$ 46,040                  | \$ 167,194,894                                      |  | \$ 167,240,934 |
| Other Financial Instruments: |                            |   |  |                |
| Futures Contracts            | \$ 20,285                  |   |  | \$ 20,285      |
| Total                        | \$ 66,325                  | \$ 167,194,894                                      |  | \$ 167,261,219 |

See Schedule of Investments for additional detailed categorizations.

**ITEM 2. CONTROLS AND PROCEDURES.**

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.
  
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

**ITEM 3. EXHIBITS.**

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are attached hereto.



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Western Asset Municipal High Income Fund Inc.

By                    /s/ JANE TRUST  
                         **Jane Trust**  
                         **Chief Executive Officer**

Date: March 25, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By                    /s/ JANE TRUST  
                         **Jane Trust**  
                         **Chief Executive Officer**

Date: March 25, 2019

By                    /s/ RICHARD F. SENNETT  
                         **Richard F. Sennett**  
                         **Principal Financial Officer**

Date: March 25, 2019