

MUNICIPAL HIGH INCOME FUND INC  
Form N-CSR  
June 27, 2003

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

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)

Christina T. Sydor, Esq.  
300 First Stamford Place  
Stamford, CT 06902  
(Name and address of agent for service)

Registrant's telephone number, including area code:  
(800) 451-2010

Date of fiscal year end: October 31  
Date of reporting period: April 30, 2003

ITEM 1. REPORT TO STOCKHOLDERS.

The Semi-Annual Report to Stockholders is filed herewith.

[CLIP ART]

Municipal  
High Income  
Fund Inc.

[GRAPHIC OMITTED]

Semi-Annual  
Report

[CLIP ART]

April 30,  
2003

=====  
[CLIP ART]

Municipal High Income Fund Inc.

=====

# Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

## WHAT'S INSIDE

Letter From the Chairman .....	1
Schedule of Investments .....	3
Statement of Assets and Liabilities .....	15
Statement of Operations .....	16
Statements of Changes in Net Assets .....	17
Notes to Financial Statements .....	18
Financial Highlights .....	21
Financial Data .....	22
Additional Shareholder Information .....	23
Dividend Reinvestment Plan .....	24

=====

===== [CLIP ART] =====

Municipal High Income Fund Inc.

=====

## LETTER FROM THE CHAIRMAN

[PHOTO OMITTED]

R. JAY GERKEN  
Chairman, President and  
Chief Executive Officer

Dear Shareholder,

The philosopher Bertrand Russell famously remarked that, "Change is one thing, progress is another." You will notice in the following pages that we have begun to implement some changes to your shareholder report and we will be reflecting other changes in future reports. Our aim is to make meaningful improvements in reporting on the management of your Fund and its performance, not just to enact change for change's sake. Please bear with us during this transition period.

We know that you have questions about fund managers' decisions and plans, and we want to be sure that you have easy access to the information you need. Keeping investors informed is, and always will be, one of my top priorities as Chairman of your Fund. To that end, we encourage you to contact Investor Relations at 1-888-735-6507.

As always, thank you for entrusting your assets to us. We look forward to helping you continue to meet your financial goals.

Sincerely,

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

/s/ R. Jay Gerken

R. Jay Gerken  
Chairman, President and Chief Executive Officer

May 14, 2003

1

=====

===== [CLIP ART] =====

-----  
Take Advantage of the Fund's Dividend Reinvestment Plan!

Did you know that Fund investors may reinvest their dividends in an effort to take advantage of what can be one of the most effective wealth-building tools available today? When the Fund achieves its objectives, systematic investments by shareholders put time to work for them through the strength of compounding.

As an investor in the Fund, you can participate in its Dividend Reinvestment Plan ("Plan"), a convenient, simple and efficient way to reinvest your dividends and capital gains, if any, in additional shares of the Fund. A more complete description of the Plan begins on page 24. Below is a short summary of how the Plan works.

Plan Summary

If you are a Plan participant who has not elected to receive your dividends in the form of a cash payment, then your dividend and capital gain distributions will be reinvested automatically in additional shares of the Fund.

The number of common stock shares in the Fund you will receive in lieu of a cash dividend is determined in the following manner. If the market price of the common stock is equal to or higher than 98% of the net asset value ("NAV") per share on the date of valuation, you will be issued shares for the equivalent of either 98% of the most recently determined NAV per share or 95% of the market price, whichever is greater.

If 98% of the NAV per share at the time of valuation is greater than the market price of the common stock, the Fund will buy common stock for your account in the open market or on the New York Stock Exchange.

If the Fund begins to purchase additional shares in the open market and the market price of the shares subsequently rises above 98% of the NAV before the purchases are completed, the Fund will attempt to cancel any remaining orders and issue the remaining dividend or distribution in shares at 98% of the Fund's NAV per share. In that case, the number of Fund shares you receive will be based on the weighted average of prices paid for shares purchased in the open market and the price at which the Fund issues the remaining shares.

To find out more detailed information about the Plan and about how you can participate, please call PFPC Global Fund Services at 1 (800) 331-1710.

-----

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

2

[CLIP ART] Municipal High Income Fund Inc.  
 Schedule of Investments (unaudited)  
 April 30, 2003

FACE AMOUNT	RATING (a)	SECURITY	VALU
Alabama -- 3.8%			
\$ 4,000,000	BB+	Butler, AL IDB, Solid Waste Disposal Revenue, (James River Corp. Project), 8.000% due 9/1/28 (b).....	\$ 3,722
615,000	NR	Capstone Improvement District of Brookwood, AL, Series A, 7.700% due 8/15/23 (c).....	153
1,000,000	CCC	Mobile, AL IDB, Solid Waste Disposal Revenue, (Mobile Energy Services Co. Project), 6.950% due 1/1/20 (c).....	7
1,000,000	NR	Rainbow City, AL Special Health Care Facility Financing Authority, Series A, 8.250% due 1/1/31.....	1,036
1,000,000	AAA	West Jefferson, AL Amusement & Public Park Authority Revenue, (Visionland Project), (Pre-Refunded-- Escrowed with U.S. government securities to 12/1/06 Call @ 102), 8.000% due 12/1/26.....	1,229
			6,148
Alaska -- 0.7%			
1,055,000	NR	Alaska Industrial Development & Export Authority Revenue, Williams Lynxs Alaska Cargoport, 8.125% due 5/1/31 (b).....	1,096
Arizona -- 3.3%			
1,500,000	NR	Casa Grande, AZ IDA, Hospital Revenue, Casa Grande Regional Medical Center, Series A, 7.625% due 12/1/29.....	1,548
1,750,000	Ca*	Gila County, AZ IDA Revenue, ASARCO Inc., 5.550% due 1/1/27.....	420
		Maricopa, AZ IDA, MFH Revenue:	
485,000	NR	Avalon Apartments Project, Series C, 10.000% due 4/1/30.....	478
960,000	NR	Gran Victoria Housing LLC Project, Series B, 10.000% due 5/1/31 (d) (e).....	978
1,820,000	A3*	Phoenix, AZ IDA, MFH Revenue, (Ventana Palms Apartments Project), Series B, 8.000% due 10/1/34.....	1,835
			5,261
Arkansas -- 1.1%			
		Arkansas State Development Finance Authority:	
1,000,000	BBB++	Hospital Revenue, (Washington Regional Medical Center Project), 7.375% due 2/1/29 (d).....	1,079
600,000	BB+	Industrial Facilities Revenue, (Potlatch Corp. Projects), Series A, 7.750% due 8/1/25 (b).....	599
			1,679
California -- 4.1%			
1,500,000	NR	Barona, CA Band of Mission Indians, GO,	

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

		8.250% due 1/1/20 (d).....	1,612
3,000,000	A3*	California State Department of Water Resources, Power Supply Revenue, Series A, 5.375% due 5/1/21 (d).....	3,133
1,865,000	Ba3*	Vallejo, CA COP, Touro University, 7.375% due 6/1/29.....	1,922
			-----
			6,667
			-----

See Notes to Financial Statements.

[CLIP ART] Municipal High Income Fund Inc.  
Schedule of Investments (unaudited) (continued)  
April 30, 2003

FACE AMOUNT	RATING (a)	SECURITY	VALU
=====			
Colorado -- 0.6%			
\$ 999,000	NR	Highline Business Improvement District, Littleton, CO GO, Series B, 8.750% due 12/15/19.....	\$ 1,001
			-----
Connecticut -- 2.0%			
		Connecticut State Development Authority:	
1,735,000	NR	Aquarium Project Revenue, (Mystic Marineliflife Aquarium Project), Series A, 7.000% due 12/1/27 (d).....	1,781
1,435,000	NR	Health Care Revenue, (Independent Living Project), Series B, (Pre-Refunded -- Escrowed with state & local government securities to 7/1/03 Call @ 102), 8.000% due 7/1/17.....	1,478
			-----
			3,260
			-----
Delaware -- 0.6%			
1,000,000	NR	Sussex County, DE Assisted Living Facilities Revenue, (Heritage at Milford Project), 7.250% due 7/1/29.....	884
			-----
Florida -- 11.3%			
2,000,000	AAA	Broward County, FL Water & Sewer Utility Revenue, MBIA-Insured, 5.000% due 10/1/23 (d).....	2,080
		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).....	1,964
2,000,000	NR	Student Housing Revenue, Florida University, Series A, 7.850% due 8/15/31 (d).....	2,032
1,000,000	NR	Century Parc Community Development District, FL Special Assessment, 7.000% due 11/1/31 (d).....	1,028
		Hillsborough County, FL:	
1,285,000	AAA	Aviation Authority Revenue, Tampa International Airport, Series B, MBIA-Insured, 5.000% due 10/1/20 (b).....	1,307
2,750,000	NR	IDA Revenue, (Lakeshore Villas Project), Series A, 6.750% due 7/1/29.....	2,228
875,000	NR	Homestead, FL IDR, Community Rehabilitation Providers	

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

		Program, Series A, 7.950% due 11/1/18.....	899
2,000,000	BBB++	Martin County, FL IDA, IDR, (Indiantown Cogeneration Project), Series A, 7.875% due 12/15/25 (b) (d).....	2,080
1,000,000	NR	Orange County, FL Health Facilities Authority Revenue, First Mortgage, (GF/Orlando, Inc. Project), 9.000% due 7/1/31.....	1,027
2,000,000	NR	Reunion East Community Development District, FL Special Assessment, Series A, 7.375% due 5/1/33.....	2,072
1,500,000	NR	Waterlefe Community Development District, FL Golf Course Revenue, 8.125% due 10/1/25.....	1,539
			-----
			18,261
			-----

See Notes to Financial Statements.

[CLIP ART] Municipal High Income Fund Inc.  
Schedule of Investments (unaudited) (continued)  
April 30, 2003

FACE				VALU
AMOUNT	RATING (a)	SECURITY		
=====				
Georgia -- 4.5%				
\$ 1,000,000	AAA	Atlanta, GA Airport Revenue, Series B, FGIC-Insured, 5.625% due 1/1/30 (b).....	\$	1,052
2,500,000	NR	Atlanta, GA Tax Allocation, (Atlantic Station Project), 7.900% due 12/1/24 (d).....		2,538
1,000,000	NR	Atlanta, GA Urban Residential Finance Authority, MFH Revenue, Park Place Apartments, Series A, 6.750% due 3/1/31.....		941
1,000,000	NR	Gainesville & Hall County, GA Development Authority Revenue, Senior Living Facility, Lanier Village Estates, Series C, 7.250% due 11/15/29.....		1,028
1,435,000	NR	Savannah, GA EDA Revenue, Marshview Inn, Series A, 7.125% due 7/1/29.....		789
1,005,000	NR	Walton County, GA IDA, IDR, (Walton Manufacturing Co. Project), 8.500% due 9/1/07.....		913
				-----
				7,264
				-----
Illinois -- 1.3%				
2,000,000	AAA	Chicago, IL GO, Neighborhoods Alive 21 Program, FGIC-Insured, 5.500% due 1/1/31.....		2,117
				-----
Indiana -- 1.8%				
2,500,000	B-	East Chicago, IN PCR, (Inland Steel Co. Project No. 10), 6.800% due 6/1/13.....		1,575
1,000,000	CCC	Indiana State Development Finance Authority, PCR, (Inland Steel Co. Project No. 13), 7.250% due 11/1/11 (b).....		402
975,000	NR	Indianapolis, IN MFH Revenue, (Lake Nora Fox Club Project), Series B, 7.500% due 10/1/29.....		852
				-----
				2,830

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

Kentucky -- 0.7%				
1,500,000	BB-	Kenton County, KY Airport Board Revenue, (Delta Airlines Project), Series A, 7.500% due 2/1/20 (b).....	1,110	
Louisiana -- 6.7%				
1,200,000	Baa2*	Lake Charles, LA Harbor & Terminal District, Port Facilities Revenue, (Trunkline LNG Co. Project), 7.750% due 8/15/22.....	1,245	
2,000,000	NR	Louisiana Local Government Environmental Facilities, Community Development Authority Revenue, St. James Place, Series A, 8.000% due 11/1/25.....	1,959	
2,975,000	NR	Louisiana Public Facilities Authority Hospital Revenue, (Lake Charles Memorial Hospital Project), 8.625% due 12/1/30.....	2,718	
645,000	NR	Port of New Orleans, LA IDR: Avondale Industries, Inc. Project: ETM with U.S. government securities, 8.250% due 6/1/04 (f).....	669	

See Notes to Financial Statements.

[CLIP ART] Municipal High Income Fund Inc.  
Schedule of Investments (unaudited) (continued)  
April 30, 2003

FACE AMOUNT	RATING (a)	SECURITY	VALU
Louisiana -- 6.7% (continued)			
\$ 2,845,000	NR	Pre-Refunded -- Escrowed with U.S. government securities to 6/1/01 Call @ 103, 8.500% due 6/1/14 (d)(f).....	\$ 3,118
1,000,000	BB-	Continental Grain Co. Project, 7.500% due 7/1/13.....	1,022
			10,733
Maryland -- 1.8%			
3,000,000	NR	Maryland State Economic Development Corp. Revenue, Chesapeake Bay, Series A, 7.730% due 12/1/27 (d).....	2,851
Massachusetts -- 5.5%			
Boston, MA IDA Financing Revenue:			
750,000	NR	Crosstown Center Project, 8.000% due 9/1/35 (b).....	752
970,000	NR	Roundhouse Hospitality LLC Project, 7.875% due 3/1/25 (b).....	987
Massachusetts State Development Finance Agency Revenue:			
1,100,000	NR	Alliance Health Care Facility, Series A, 7.100% due 7/1/32....	1,082
1,000,000	NR	Briarwood, Series B, 8.250% due 12/1/30.....	1,051
Massachusetts State Health & Education Facilities Authority Revenue:			
1,000,000	AAA	Beth Israel Deaconess Medical Center, Series G-4, AMBAC-Insured, Variable Rate INFLOS,	

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

		10.712% due 7/1/25 (g).....	1,031
1,000,000	BBB	Caritas Christi Obligation, Series B, 6.750% due 7/1/16.....	1,055
895,000	AA	Massachusetts State HFA, Single-Family Housing Revenue, Series 38, 7.200% due 12/1/26 (b).....	932
1,965,000	NR	Massachusetts State Industrial Finance Agency Revenue, Assisted Living Facility, (Marina Bay LLC Project), 7.500% due 12/1/27 (b).....	1,987
			-----
			8,881
			-----
Michigan -- 2.4%			
1,000,000	NR	Cesar Chavez Academy, COP, 8.000% due 2/1/33.....	1,001
		Garden City, MI Hospital Finance Authority, Hospital Revenue, Garden City Hospital Obligation Group, Series A: 5.625% due 9/1/10.....	1,686
2,000,000	B1*	5.750% due 9/1/17.....	751
1,000,000	B1*		
2,000,000	NR	Michigan State Strategic Fund, Resource Recovery Limited Obligation Revenue, Central Wayne Energy Recovery L.P., Series A, 6.900% due 7/1/19 (b) (c).....	500
			-----
			3,938
			-----

See Notes to Financial Statements.

6

Municipal High Income Fund Inc.  
Schedule of Investments (unaudited) (continued)  
April 30, 2003

[CLIP ART]

=====

FACE				VALU
AMOUNT	RATING (a)	SECURITY		
=====				
Minnesota -- 1.4%				
\$ 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 (b).....	\$	660
1,865,000	Ba2*	St. Paul, MN Housing & Redevelopment Authority Hospital Revenue, (Healtheast Project), Series A, 6.625% due 11/1/17.....		1,663
				-----
				2,323
				-----
Missouri -- 0.2%				
250,000	NR	St. Joseph, MO IDA, (Living Community of St. Joseph Project), 7.000% due 8/15/32.....		250
				-----
Montana -- 2.1%				
4,520,000	NR	Montana State Board of Investment, Resource Recovery Revenue, (Yellowstone Energy L.P. Project), 7.000% due 12/31/19 (b) (d).....		3,419
				-----
New Jersey -- 3.5%				

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

		New Jersey EDA, Series A:		
1,000,000	NR	Healthcare Facility Revenue, (Sayreville Senior Living Project), 6.375% due 4/1/29 (c).....	420	
1,000,000	NR	Retirement Community Revenue, 8.250% due 11/15/30.....	1,086	
3,000,000	BBB-	New Jersey Health Care Facilities Financing Authority Revenue, Trinitas Hospital Obligation Group, 7.500% due 7/1/30 (d).....	3,296	
1,000,000	A-	Tobacco Settlement Financing Corp. Revenue, 6.750% due 6/1/39.....	884	
			-----	5,687
New Mexico -- 0.1%				
175,000	AAA	New Mexico Mortgage Finance Authority, Single-Family Mortgage Program, Series B, FHA-Insured, 8.300% due 3/1/20 (b).....	178	
New York -- 5.5%				
700,000	NR	Brookhaven, NY IDA, Civic Facility Revenue, Memorial Hospital Medical Center, Series A, 8.250% due 11/15/30.....	748	
Monroe County, NY IDA:				
1,900,000	NR	Empire Sports Project, Series A, 6.250% due 3/1/28.....	1,172	
1,000,000	NR	Woodland Village Project, 8.550% due 11/15/32.....	1,066	
New York City, NY IDA, Civic Facility Revenue:				
1,380,000	NR	Community Residence for the Developmentally Disabled, 7.500% due 8/1/26.....	1,448	
1,335,000	NR	Special Needs Facility Pooled Program, Series A-1, 8.125% due 7/1/19.....	1,433	

See Notes to Financial Statements.

[CLIP ART] Municipal High Income Fund Inc.  
Schedule of Investments (unaudited) (continued)  
April 30, 2003

FACE AMOUNT	RATING (a)	SECURITY	VALU
New York -- 5.5% (continued)			
Suffolk County, NY IDA, Civic Facility Revenue, Southampton Hospital Association:			
Series A:			
\$ 1,000,000	NR	7.250% due 1/1/20.....	\$ 973
990,000	NR	7.750% due 1/1/22.....	997
1,000,000	NR	Series B, 7.625% due 1/1/30.....	1,002
			-----
			8,843
North Carolina -- 2.5%			
1,000,000	NR	Charlotte, NC Special Facilities Revenue, Charlotte/Douglas International Airport, 5.600% due 7/1/27 (b)(c).....	685
			-----
			685
North Carolina Medical Care Commission, Health Care Facilities Revenue, First Mortgage, (De Paul Community			

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

		Facilities Project):	
1,240,000	NR	6.125% due 1/1/28.....	1,126
995,000	NR	7.625% due 11/1/29.....	1,023
1,000,000	AAA	North Carolina Municipal Power Agency, Catawba Electric Revenue, MBIA-Insured, Variable Rate FLAIRS, 12.591% due 1/1/11.....	1,250
			-----
			4,085
			-----
Ohio -- 3.4%			
1,500,000	BBB	Cuyahoga County, OH Hospital Facilities Revenue, (Canton Inc. Project), 7.500% due 1/1/30.....	1,662
		Montgomery County, OH Health Systems Revenue, Series B-1, (Escrowed with state & local government securities to 7/1/06 Call @ 102):	
1,035,000	AAA	Pre-Refunded, 8.100% due 7/1/18.....	1,254
420,000	AAA	Unrefunded Balance, 8.100% due 7/1/18.....	483
2,000,000	BBB-	Ohio State Air Quality Development Authority Revenue, Cleveland Pollution Control, Series A, 6.000% due 12/1/13.....	2,082
1,250,000	NR	Ohio State Solid Waste Revenue, Republic Engineered Steels Inc., 9.000% due 6/1/21 (b) (c).....	
			-----
			5,483
			-----
Oklahoma -- 0.9%			
2,000,000	B1*	Oklahoma Development Finance Authority Revenue, Hillcrest Healthcare System, Series A, 5.625% due 8/15/29.....	1,466
			-----
Pennsylvania -- 9.9%			
2,200,000	C*	Allegheny County, PA IDA, Airport Special Facilities Revenue, (USAir Inc. Project), Series B, 8.500% due 3/1/21 (b) (c).....	260
		Beaver County, PA IDA, PCR:	
1,500,000	BBB	Cleveland Electric Illuminating Co. Project, 7.625% due 5/1/25.....	1,618
2,000,000	BBB	Toledo Edison Co. Project, 7.625% due 5/1/20.....	2,157

See Notes to Financial Statements.

[CLIP ART] Municipal High Income Fund Inc.  
 Schedule of Investments (unaudited) (continued)  
 April 30, 2003

FACE AMOUNT	RATING (a)	SECURITY	VALU
=====			
Pennsylvania -- 9.9% (continued)			
\$ 1,000,000	NR	Cumberland County, PA Municipal Authority Retirement Community Revenue, (Wesley Affiliated Services Inc. Project), Series A, 7.250% due 1/1/35.....	\$ 999
3,000,000	NR	Dauphin County, PA General Authority Revenue, Hotel & Conference Center - Hyatt Regency, 6.200% due 1/1/29.....	2,417
2,640,000	NR	Montgomery County, PA Higher Education & Health	

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

		Authority Revenue, Temple Continuing Care Center, 6.625% due 7/1/19 (d).....	1,320
1,000,000	NR	Northumberland County, PA IDA, (NHS Youth Services Inc. Project), Series A, 7.500% due 2/15/29.....	972
1,000,000	NR	Philadelphia, PA Authority for IDR, (Host Marriott L.P. Project), Remarketed 10/31/95, 7.750% due 12/1/17.....	1,017
500,000	BB+++	Scranton-Lackawanna, PA Health & Welfare Authority Revenue: Allied Services Rehabilitation Hospital, Series A, 7.600% due 7/15/20.....	500
1,115,000	BB+	Moses Taylor Hospital Project: 6.150% due 7/1/14.....	742
3,050,000	BB+	6.250% due 7/1/20.....	1,931
2,000,000	NR	Westmoreland County, PA IDA, Healthcare Facilities, Redstone Highlands Health, Series B, 8.125% due 11/15/30.....	2,104
			----- 16,042 -----
Rhode Island -- 1.2%			
2,500,000	NR	Tobacco Settlement Financing Corp. Revenue, Variable Rate FLAIRS, 9.653% due 6/1/08.....	1,944
-----			
South Carolina -- 2.3%			
		Connector 2000 Association Inc., SC Toll Road Revenue: Capital Appreciation, Series B:	
3,100,000	B-	Zero coupon bond to yield 8.939% due 1/1/27.....	125
7,750,000	B-	Zero coupon bond to yield 10.334% due 1/1/34.....	188
2,000,000	B-	Southern Connector Project, Series A, 5.375% due 1/1/38.....	837
435,000	NR	Florence County, SC IDR, Stone Container Corp., 7.375% due 2/1/07.....	446
595,000	NR	McCormick County, SC COP, 9.750% due 7/1/09.....	595
2,000,000	NR	Tobacco Settlement Revenue Management Authority, Variable Rate FLAIRS, 10.486% due 5/15/28.....	1,474
			----- 3,667 -----
South Dakota -- 0.9%			
1,515,000	NR	Oglala Sioux Tribe, SD Pine Ridge County, Revenue Bonds, 7.500% due 7/1/13.....	1,517
			-----

See Notes to Financial Statements.

[CLIP ART] Municipal High Income Fund Inc.  
Schedule of Investments (unaudited) (continued)  
April 30, 2003  
=====

FACE AMOUNT	RATING (a)	SECURITY	VALU
=====			
Tennessee -- 1.1%			
\$ 1,915,000	NR	Shelby County, TN Health, Educational & Housing Facilities Board Revenue, MFH, (Hedgerow Apartments Project),	

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

		6.875% due 7/1/36.....	\$ 1,831
-----			
Texas -- 7.7%			
		Bexar County, TX Housing Financial Corp, MFH:	
1,000,000	NR	Continental Lady Ester, Series A, 6.875% due 6/1/29.....	955
1,185,000	Baa3*	Nob Hill Apartments, Series B, 8.500% due 6/1/31.....	1,171
245,000	Baa3*	Waters at Northern Hills, Series C, 7.750% due 8/1/36.....	240
2,000,000	Ba3*	El Paso, TX International Airport Revenue, Special Facilities, (Marriott Corp. Project), 7.750% due 3/1/12 (d).....	2,021
2,000,000	Ba3*	Gulf Coast, TX IDA, Solid Waste Disposal Revenue, (CITGO Petroleum Corp. Project), 7.500% due 5/1/25 (b).....	1,969
2,750,000	B	Houston, TX Airport Systems Revenue, Special Facilities, Continental Airlines Inc., Series C, 6.125% due 7/15/27 (b)...	1,608
1,000,000	CCC++	Northgate Crossing, TX Municipal Utility, District No. 1, GO, 8.875% due 12/1/13.....	1,044
985,000	Baa3*	Texas State Affordable Housing Corp., MFH Revenue, HIC Arborstone Baybrook, Series C, 7.250% due 11/1/31.....	981
1,405,000	Baa2*	Travis County, TX HFA, MFH Revenue, (Lakeview Apartments Project), Series A, 6.375% due 1/1/34 (d).....	1,396
1,000,000	NR	Willacy County, TX (Public Facility Corp. Project), Series A-1, 8.250% due 12/1/23.....	997
			-----
			12,386
-----			
Utah -- 1.9%			
1,615,000	NR	Hurricane, UT Health Facilities Development Revenue, (Mission Health Services Project), 10.500% due 7/1/20 (c).....	1,130
2,000,000	NR	Utah State HFA Revenue, (RHA Community Services of Utah Inc. Project), Series A, 6.875% due 7/1/27.....	1,991
			-----
			3,122
-----			
Virginia -- 1.9%			
550,000	A3*	Alexandria, VA Redevelopment & Housing Authority, MFH Revenue, (Parkwood Court Apartments Project), Series C, 8.125% due 4/1/30.....	561
1,000,000	NR	Fairfax County, VA EDA Revenue, Retirement Community, Greenspring Village Inc., Series A, 7.500% due 10/1/29.....	1,065
23,400,000	BBB-++	Pocahontas Parkway Association, VA Toll Road Revenue, Capital Appreciation, Series B, zero coupon bond to yield 8.776% due 8/15/34.....	1,400
			-----
			3,027
-----			

See Notes to Financial Statements.

[CLIP ART] Municipal High Income Fund Inc.  
Schedule of Investments (unaudited) (continued)  
April 30, 2003  
=====

FACE			
AMOUNT	RATING (a)	SECURITY	VALU

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

=====		
West Virginia -- 0.6%		
\$ 1,000,000 NR	West Virginia EDA, Commercial Development Revenue, (Stonewall Jackson Project), Series B, 8.000% due 4/1/30.....	\$ 1,002
		-----
Wisconsin -- 0.7%		
1,745,000 NR	Wisconsin State Health & Educational Facilities Authority Revenue, (Benchmark Healthcare of Green Bay Inc. Project), Series A, 7.750% due 5/1/27.....	1,134
		-----
	TOTAL INVESTMENTS -- 100%	
	(Cost -- \$181,891,215***).....	\$161,405
		=====

- 
- (a) All ratings are by Standard & Poor's Rating Service, except for those identified by an asterisk (\*), which are rated by Moody's Investors Service and those identified by a double dagger (++) , which are rated by Fitch Ratings.
  - (b) Income from this issue is considered a preference item for purposes of calculating the alternative minimum tax.
  - (c) Security is currently in default.
  - (d) All of a portion of this security has been segregated for open futures contracts commitments (See Note 4).
  - (e) All or a portion of this security is held as collateral for open futures contracts commitments (See Note 4).
  - (f) Pre-Refunded bonds escrowed with U.S. government securities and bonds escrowed to maturity with U.S. government securities are considered by the investment adviser to be triple-A rated even if the issuer has not applied for new ratings.
  - (g) Inverse floating rate security -- coupon varies inversely with level of short-term tax exempt interest rates.
- \*\* Aggregate cost for Federal income tax purposes is substantially the same.

See pages 12 through 14 for definitions of ratings and certain security descriptions.

See Notes to Financial Statements.

[CLIP ART] Municipal High Income Fund Inc.  
Bond Ratings (unaudited)

=====

The definitions of the applicable ratings symbols are set forth below:

Standard & Poor's Ratings Service ("Standard & Poor's") -- Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or a minus (-) sign to show relative standings within the major rating categories.

AAA -- Bonds rated "AAA" have the highest rating assigned by Standard & Poor's. Capacity to pay interest and repay principal is extremely strong.

AA -- Bonds rated "AA" have a very strong capacity to pay interest and repay principal and differ from the highest rated issue only in a small degree.

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

- A -- Bonds rated "A" have a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.
- BBB -- Bonds rated "BBB" are regarded as having an adequate capacity to pay interest and repay principal. Whereas they normally exhibit adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.
- BB, B, CCC and CC -- Bonds rated "BB", "B", "CCC" and "CC" are regarded, on balance, as predominantly speculative and with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. "BB" represents a lower degree of speculation than "B", and "CC" the highest degree of speculation. While such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.

Moody's Investors Service ("Moody's") -- Numerical modifiers 1, 2 and 3 may be applied to each generic rating from "Aa" to "Caa," where 1 is the highest and 3 the lowest rating within its generic category.

- Aaa -- Bonds rated "Aaa" are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.
- Aa -- Bonds rated "Aa" are judged to be of high quality by all standards. Together with the "Aaa" group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large in "Aaa" securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in "Aaa" securities.
- A -- Bonds rated "A" possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment some time in the future

[CLIP ART] Municipal High Income Fund Inc.  
Bond Ratings (unaudited) (continued)

- Baa -- Bonds rated "Baa" are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.
- Ba -- Bonds rated "Ba" are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate thereby

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

- not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.
- B -- Bonds rated "B" generally lack characteristics of desirable investments. Assurance of interest and principal payments or of maintenance of other terms of the contract over many long period of time may be small.
  - Caa -- Bonds rated "Caa" are of poor standing. These issues may be in default, or there may be present elements of danger with respect to principal or interest.
  - Ca -- Bonds rated "Ca" represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.
  - C -- Bonds rated "C" are the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Fitch Ratings ("Fitch") -- Ratings from "BBB" to "CCC" may be modified by the addition of a plus (+) or a minus (-) sign to show relative standings with the major ratings categories.

- BBB -- Bonds rated "BBB" by Fitch currently have a low expectation of credit risk. The capacity for timely payment of financial commitments is considered to be adequate. Adverse changes in economic conditions and circumstances, however, are more likely to impair this capacity. This is the lowest investment grade category assigned by Fitch.
- BB -- Bonds rated "BB" by Fitch carry the possibility of credit risk developing, particularly as the result of adverse economic change over time. Business or financial alternatives may, however, be available to allow financial commitments to be met. Securities rated in this category are not considered by Fitch to be investment grade.
- CCC, CC and C -- Bonds rated "CCC", "CC" and "C" by Fitch carry the real possibility of defaulting. The capacity to meet financial commitments depends solely on a sustained, favorable business and economic environment. Default of some kind on bonds rated "CC" appears probable, a "C" rating indicates imminent default.
- NR -- Indicates that the bond is not rated by Standard & Poor's, Moody's or Fitch.

[CLIP ART] Municipal High Income Fund Inc.  
Short-Term Bond Ratings (unaudited)

- 
- A-1 -- Standard & Poor's highest commercial paper and variable-rate demand obligation (VRDO) rating indicating that the degree of safety regarding timely payment is either overwhelming or very strong; those issues determined to possess overwhelming safety characteristics are denoted with a plus (+) sign.
  - VMIG 1 -- Moody's highest rating for issues having a demand feature -- VRDO.

Security Descriptions (unaudited)

---

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

ABAG -- Association of Bay Area Governments  
 AIG -- American International Guaranty  
 AMBAC -- American Municipal Bond Assurance Corporation  
 BAN -- Bond Anticipation Notes  
 BIG -- Bond Investors Guaranty  
 CGIC -- Capital Guaranty Insurance Company  
 CHFCLI -- California Health Facility Construction Loan Insurance  
 CONNIE -- College Construction Loan  
     LEE Insurance Association  
 COP -- Certificate of Participation  
 EDA -- Economic Development Authority  
 ETM -- Escrowed to Maturity  
 FGIC -- Financial Guaranty Insurance Company  
 FHA -- Federal Housing Administration  
 FHLMC -- Federal Home Loan Mortgage Corporation  
 FLAIRS -- Floating Adjustable Interest Rate Securities  
 FNMA -- Federal National Mortgage Association  
 FRTC -- Floating Rate Trust Certificates  
 FSA -- Financing Security Assurance  
 GIC -- Guaranteed Investment Contract  
 GNMA -- Government National Mortgage Association  
 GO -- General Obligation  
 HDC -- Housing Development Corporation  
 HFA -- Housing Finance Authority  
 IDA -- Industrial Development Authority/Agency  
 IDB -- Industrial Development Board  
 IDR -- Industrial Development Revenue  
 INFLOS -- Inverse Floaters  
 ISD -- Independent School District  
 LOC -- Letter of Credit  
 MBIA -- Municipal Bond Investors Assurance Corporation  
 MFH -- Multi-Family Housing  
 MVRICS -- Municipal Variable Rate Inverse Coupon Security  
 PCR -- Pollution Control Revenue  
 PSFG -- Permanent School Fund Guaranty  
 RAN -- Revenue Anticipation Notes  
 RIBS -- Residual Interest Bonds  
 RITES -- Residual Interest Tax-Exempt Securities  
 SYCC -- Structured Yield Curve Certificate  
 TAN -- Tax Anticipation Notes  
 TECP -- Tax-Exempt Commercial Paper  
 TOB -- Tender Option Bonds  
 TRAN -- Tax and Revenue Anticipation Notes  
 VA -- Veterans Administration  
 VRWE -- Variable Rate Wednesday Demand

14

Municipal High Income Fund Inc.  
 Statement of Assets and Liabilities (unaudited)  
 April 30, 2003

[CLIP ART]

=====

ASSETS:

Investments, at value (Cost -- \$181,891,215) .....	\$ 161,405,282
Interest receivable .....	4,295,871
Receivable for securities sold .....	30,000
	-----

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

Total Assets .....	165,731,153
	-----
LIABILITIES:	
Payable to broker -- variation margin .....	304,688
Bank overdraft .....	273,902
Investment advisory fee payable .....	57,516
Administration fee payable .....	28,497
Accrued expenses .....	69,243
	-----
Total Liabilities .....	733,846
	-----
Total Net Assets .....	\$ 164,997,307
	=====
NET ASSETS:	
Par value of capital shares .....	\$ 208,831
Capital paid in excess of par value .....	192,384,932
Undistributed net investment income .....	614,060
Accumulated net realized loss from security transactions and futures contracts .....	(7,822,350)
Net unrealized depreciation of investments and futures contracts .....	(20,388,166)
	-----
Total Net Assets .....	\$ 164,997,307
	=====
Shares Outstanding .....	20,883,100
	-----
Net Asset Value .....	\$ 7.90
	-----

See Notes to Financial Statements.

15

[CLIP ART] Municipal High Income Fund Inc.  
Statement of Operations (unaudited)  
For the Six Months Ended April 30, 2003

=====	
INVESTMENT INCOME:	
Interest .....	\$ 6,631,870
	-----
EXPENSES:	
Investment advisory fee (Note 3) .....	333,101
Administration fee (Note 3) .....	166,551
Shareholder servicing fees .....	46,155
Audit and legal .....	45,250
Directors' fees .....	34,390
Custody .....	25,340
Shareholder communications .....	12,670
Other .....	35,295
	-----
Total Expenses .....	698,752
	-----
Net Investment Income .....	5,933,118
	-----

REALIZED AND UNREALIZED LOSS ON INVESTMENTS

## Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

AND FUTURES CONTRACTS (NOTES 4 AND 5):

Realized Loss From:	
Security transactions (excluding short-term securities) ..	(2,179,100)
Futures contracts .....	(2,344,842)
	-----
Net Realized Loss .....	(4,523,942)
	-----
Change in Net Unrealized Depreciation of Investments and Futures Contracts:	
Beginning of period .....	(19,294,641)
End of period .....	(20,388,166)
	-----
Increase in Net Unrealized Depreciation .....	(1,093,525)
	-----
Net Loss on Investments and Futures Contracts .....	(5,617,467)
	-----
Increase in Net Assets From Operations .....	\$ 315,651
	=====

See Notes to Financial Statements.

16

Municipal High Income Fund Inc.  
Statements of Changes in Net Assets  
For the Six Months Ended April 30, 2003 (unaudited)  
and the Year Ended October 31, 2002

	2003	2002
	----	----
=====		
Operations:		
Net investment income .....	\$ 5,933,118	\$ 11,994,943
Net realized loss .....	(4,523,942)	(164,823)
Increase in net unrealized depreciation .....	(1,093,525)	(10,433,215)
	-----	-----
Increase in Net Assets From Operations .....	315,651	1,396,905
	-----	-----
DISTRIBUTIONS TO SHAREHOLDERS		
FROM (NOTE 2):		
Net investment income .....	(5,826,385)	(11,902,496)
	-----	-----
Decrease in Net Assets From Distributions to Shareholders .....	(5,826,385)	(11,902,496)
	-----	-----
FUND SHARE TRANSACTIONS (NOTE 6):		
Net asset value of shares issued for reinvestment of dividends .....	--	1,446,084
	-----	-----
Increase in Net Assets From Fund Share Transactions .....	--	1,446,084
	-----	-----
Decrease in Net Assets .....	(5,510,734)	(9,059,507)

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

NET ASSETS:		
Beginning of period .....	170,508,041	179,567,548
	-----	-----
End of period* .....	\$ 164,997,307	\$ 170,508,041
	=====	=====
 * Includes undistributed net investment income of: ...	 \$ 614,060	 \$ 507,327
	=====	=====

See Notes to Financial Statements.

17

Municipal High Income Fund Inc.  
Notes to Financial Statements (unaudited)

[CLIP ART]

=====

1. Significant Accounting Policies

Municipal High Income Fund Inc. ("Fund"), a Maryland corporation, is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company.

The significant accounting policies consistently followed by the Fund are: (a) security transactions are accounted for on trade date; (b) securities are valued at the mean between the bid and asked prices provided by an independent pricing service. Securities with no readily obtainable market quotations are valued at fair value as determined by an independent pricing service under the supervision of the Fund's Board of Directors; (c) securities maturing within 60 days are valued at cost plus accreted discount, or minus amortized premium, which approximates value; (d) gains or losses on the sale of securities are calculated by using the specific identification method; (e) interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis; (f) dividends and distributions to shareholders are recorded on the ex-dividend date; (g) the Fund intends to comply with the applicable provisions of the Internal Revenue Code of 1986, as amended, pertaining to regulated investment companies and to make distributions of taxable income sufficient to relieve it from substantially all Federal income and excise taxes; (h) the character of income and gains to be distributed are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America; and (i) estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ.

In addition, the Fund invests in high yield instruments that are subject to certain credit and market risks. The yields of high yield debt obligations reflect, among other things, perceived credit risk. The Fund's investment in securities rated below investment grade typically involve risks not associated with higher rated securities including, among others, greater risk of timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading.

18

# Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

Municipal High Income Fund Inc.  
 [CLIP ART] Notes to Financial Statements (unaudited) (continued)

## 2. Exempt-Interest Dividends and Other Distributions

The Fund intends to satisfy conditions that will enable interest from municipal securities, which is exempt from Federal income tax, to retain such tax-exempt status when distributed to the shareholders of the Fund.

Capital gains distributions, if any, are taxable to shareholders, and are declared and paid at least annually.

## 3. Investment Advisory Agreement, Administration Agreement and Other Transactions

Smith Barney Fund Management LLC ("SBFM"), an indirect wholly-owned subsidiary of Citigroup Inc. ("Citigroup"), acts as investment adviser to the Fund. The Fund pays SBFM an investment advisory fee calculated at an annual rate of 0.40% of the average daily net assets. SBFM also acts as the administrator of the Fund for which it receives a fee calculated at an annual rate of 0.20% of the average daily net assets. These fees are calculated daily and paid monthly.

All officers and one Director of the Fund are employees of Citigroup or its affiliates.

## 4. Investments

During the six months ended April 30, 2003, the aggregate cost of purchases and proceeds from sales of investments (including maturities of long-term securities, but excluding short-term securities) were as follows:

Purchases .....	\$20,616,066 =====
Sales .....	\$20,962,122 =====

At April 30, 2003, the aggregate gross unrealized appreciation and depreciation of investments for Federal income tax purposes were substantially as follows:

Gross unrealized appreciation .....	\$ 4,121,927
Gross unrealized depreciation .....	(24,607,860) -----
Net unrealized depreciation .....	\$(20,485,933) =====

Municipal High Income Fund Inc.  
 [CLIP ART] Notes to Financial Statements (unaudited) (continued)

## 5. Futures Contracts

Initial margin deposits made upon entering into futures contracts are recognized as assets. Securities equal to the initial margin amount are segregated by the custodian in the name of the broker. Additional securities are also segregated up to the current market value of the futures contracts. During

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

the period the futures contract is open, changes in the value of the contract are recognized as unrealized gains or losses by "marking to market" on a daily basis to reflect the market value of the contract at the end of each day's trading. Variation margin payments are received or made and recognized as assets due from or liabilities due to broker, depending upon whether unrealized gains or losses are incurred. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transactions and the Fund's basis in the contract. The Fund enters into such contracts to hedge a portion of its portfolio. The Fund bears the market risk that arises from changes in the value of the financial instruments and securities indices (futures contracts).

At April 30, 2003, the Fund had the following open futures contracts:

	Number of Contracts	Expiration	Basis Value	Market Value	Unrealized Gain
	-----	-----	-----	-----	-----
To Sell:					
U.S. Treasury 20 Year Bond	325	6/03	\$37,157,923	\$37,060,156	\$97,767

6. Capital Shares

At April 30, 2003, the Fund had 500,000,000 shares of capital stock authorized with a par value of \$0.01 per share.

Capital stock transactions were as follows:

	Six Months Ended April 30, 2003		Year Ended October 31, 2002	
	Shares	Amount	Shares	Amount
	-----	-----	-----	-----
Shares issued on reinvestment .....	--	--	174,992	\$1,446,084
	=====	=====	=====	=====

20

[CLIP ART] Municipal High Income Fund Inc.  
Financial Highlights

=====

For a share of capital stock outstanding throughout each year ended October 31, unless otherwise noted:

	2003(1)	2002	2001	2000	
	-----	-----	-----	-----	-----
Net Asset Value, Beginning of Period .....	\$ 8.16	\$ 8.67	\$ 8.86	\$ 9.00	\$
	-----	-----	-----	-----	-----

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

Income (Loss) From Operations:					
Net investment income(2) .....	0.28	0.58	0.59	0.60	
Net realized and unrealized gain (loss) (2) .....	(0.26)	(0.52)	(0.20)	(0.16)	
	-----	-----	-----	-----	-----
Total Income (Loss) From Operations .....	0.02	0.06	0.39	0.44	
	-----	-----	-----	-----	-----
Less Distributions From:					
Net investment income .....	(0.28)	(0.57)	(0.58)	(0.58)	
In excess of net investment income .....	--	--	--	--	
	-----	-----	-----	-----	-----
Total Distributions .....	(0.28)	(0.57)	(0.58)	(0.58)	
	-----	-----	-----	-----	-----
Net Asset Value, End of Period .....	\$ 7.90	\$ 8.16	\$ 8.67	\$ 8.86	\$
	=====	=====	=====	=====	=====
Total Return, Based on Market Price .....	1.91%++	(4.70)%	13.85%	9.39%	(
	=====	=====	=====	=====	=====
Total Return, Based on Net Asset Value .....	0.49%++	0.91%	4.77%	5.97%	
	=====	=====	=====	=====	=====
Net Assets, End of Period (millions) .....	\$ 165	\$ 171	\$ 180	\$ 181	\$
	=====	=====	=====	=====	=====
Ratios to Average Net Assets:					
Expenses .....	0.84%+	0.80%	0.82%	0.71%	
Net investment income(2) .....	7.12+	6.84	6.74	6.72	
Portfolio Turnover Rate .....	13%	33%	15%	27%	
Market Price, End of Period ....	\$ 7.540	\$ 7.680	\$ 8.640	\$ 8.125	\$

- 
- (1) For the six months ended April 30, 2003 (unaudited).
- (2) Effective November 1, 2001, the Fund adopted a change in the accounting method, that requires the Fund to amortize premiums and accrete all discounts. Without the adoption of this change, for the year ended October 31, 2002, the ratio of net investment income to average net assets would have been 6.80%. Per share, ratios and supplemental data for the periods prior to November 1, 2001 have not been restated to reflect this change in presentation. In addition, the impact of this change to net investment income and net realized and unrealized loss was less than \$0.01 per share.
- ++ Total return is not annualized, as it may not be representative of the total for the year.
- + Annualized.

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

Record Date	Payable Date	NYSE Closing Price*	Net Asset Value*	Dividend Paid	Dividend Reinvestment Price
11/20/00	11/24/00	\$8.0600	\$8.25	\$0.0485	\$7.96
12/26/00	12/29/00	8.0625	8.81	0.0485	8.49
1/23/01	1/26/01	8.8125	8.79	0.0485	8.61
2/20/01	2/23/01	8.7400	8.77	0.0485	8.60
3/27/01	3/30/01	8.3800	8.77	0.0485	8.57
4/24/01	4/27/01	8.6800	8.67	0.0485	8.50
5/22/01	5/25/01	8.6200	8.69	0.0485	8.52
6/26/01	6/29/01	8.6300	8.71	0.0485	8.54
7/24/01	7/27/01	8.5700	8.75	0.0485	8.57
8/28/01	8/31/01	8.8900	8.83	0.0485	8.65
9/25/01	9/28/01	8.3000	8.71	0.0485	8.54
10/23/01	10/26/01	8.6300	8.70	0.0485	8.53
11/27/01	11/30/01	8.5000	8.59	0.0485	8.42
12/24/01	12/28/01	7.8900	8.42	0.0485	8.16
1/22/02	1/25/02	8.3000	8.45	0.0485	8.28
2/19/02	2/22/02	8.3500	8.40	0.0485	8.23
3/19/02	3/22/02	8.1600	8.34	0.0485	8.11
4/23/02	4/26/02	8.0700	8.36	0.0485	8.18
5/28/02	5/31/02	8.1200	8.36	0.0485	8.19
6/25/02	6/28/02	8.1600	8.43	0.0465	8.25
7/23/02	7/26/02	8.0700	8.46	0.0465	8.22
8/27/02	8/30/02	8.1600	8.41	0.0465	8.23
9/24/02	9/27/02	8.3100	8.40	0.0465	8.23
10/22/02	10/25/02	7.6200	8.15	0.0465	7.79
11/25/02	11/29/02	7.2600	8.12	0.0465	7.35
12/23/02	12/27/02	7.3400	8.11	0.0465	7.42
1/28/03	1/31/03	7.3900	8.03	0.0465	7.50
2/25/03	2/28/03	7.4000	7.99	0.0465	7.51
3/25/03	3/28/03	7.4000	7.93	0.0465	7.48
4/22/03	4/25/03	7.4400	7.88	0.0465	7.49

\* As of record date.

Municipal High Income Fund Inc.  
 [CLIP ART] Additional Shareholder Information (unaudited)

Result of Annual Meeting of Shareholders

The Annual Meeting of Shareholders of Municipal High Income Fund Inc. was held on February 24, 2003, for the purpose of considering and voting upon the election of three Directors, each for a three year term. The following table provides information concerning the matters voted upon at the Meeting:

1. Election of Directors\*

Nominees	Votes For	Votes Withheld
Allan J. Bloostein	17,403,355	436,275
R. Jay Gerken	17,459,694	379,936

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

George M. Pavia

17,447,650

391,980

-----  
\* The following Directors, representing the balance of the Board of Directors, continue to serve as Directors: Dwight B. Crane, Paolo M. Cucchi, Robert A. Frankel, Paul Hardin and William R. Hutchinson.

23

Municipal High Income Fund Inc.  
[CLIP ART] Dividend Reinvestment Plan (unaudited)  
=====

The Fund's policy, which may be changed by the Fund's Board of Directors, is generally to make monthly distributions of substantially all its net investment income (i.e., income other than net realized capital gains) to the holders of the Fund's common stock. From time to time, when the Fund makes a substantial capital gains distribution, it may do so in lieu of paying its regular monthly dividend, net income of the Fund consists of all interest income accrued on portfolio assets less all expenses of the Fund. Expenses of the Fund are accrued each day. Net realized capital gains, if any, will be distributed to the shareholders at least once a year.

Under the Fund's Dividend Reinvestment Plan ("Plan"), a shareholder whose common stock is registered in his or her own name will have all distributions reinvested automatically by PFPC Global Fund Services ("PFPC"), as purchasing agent under the Plan, unless the shareholder elects to receive cash. Distributions with respect to shares registered in the name of a broker-dealer or other nominee (that is, in "street name") will be reinvested by the broker or nominee in additional shares under the Plan, unless the service is not provided by the broker or nominee or the shareholder elects to receive distributions in cash. Investors who own common stock registered in street name should consult their broker-dealers for details regarding reinvestment. All distributions to shareholders who do not participate in the Plan will be paid by check mailed directly to the record holder by or under the direction of PFPC, as dividend-paying agent.

The number of shares of common stock distributed to participants in the Plan in lieu of a cash dividend is determined in the following manner. Whenever the market price of the common stock is equal to or exceeds 98% of net asset value ("NAV") per share on the determination date (generally, the record date for the distribution), participants will be issued shares of common stock valued at the greater of (1) 98% of the NAV or (2) 95% of the market price. To the extent that the Fund issues shares to participants in the Plan at a discount to NAV, the interests of remaining shareholders (i.e., those who do not participate in the Plan) in the Fund's net assets will be proportionately diluted.

If 98% of the NAV per share of the common stock at the time of valuation (which is the close of business on the determination date) exceeds the market price of common stock, PFPC will buy common stock in the open market, on the NYSE or elsewhere, for the participants' accounts. If, following the commencement of the purchases and before PFPC has completed its purchases, the market price exceeds 98% of what the NAV per share of the common stock was at the valuation time, PFPC will attempt to terminate purchases in the open market and cause the Fund to issue the remaining portion of the dividend or distribution by issuing shares at a price equal to the greater of (1) 98% of the NAV per share as of the valuation time, or (2) 95% of the then current market price. In this case, the number of shares of common stock received by a Plan participant will be based on the weighted average of prices paid for shares

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

purchased in the open market and the price at which the Fund issues the remaining shares. To the extent PFPC is unable to stop open market purchases and cause the Fund to issue the remaining shares, the average per share price paid by PFPC may

[CLIP ART] Municipal High Income Fund Inc. Dividend Reinvestment Plan (unaudited) (continued)

exceed 98% of the NAV per share of the common stock. PFPC will begin to purchase common stock on the open market as soon as practicable after the payment date of the dividend or capital gains distribution, but in no event shall such purchases continue later than 30 days after that date, except when necessary to comply with applicable provisions of the Federal securities laws.

PFPC maintains all shareholder accounts in the Plan and furnishes written confirmations of all transactions in each account, including information needed by a shareholder for personal and tax records. The automatic reinvestment of dividends and capital gains distributions will not relieve Plan participants of any income tax that may be payable on the dividends or capital gains distributions. Common stock in the account of each Plan participant will be held by PFPC in uncertificated form in the name of the Plan participant.

Plan participants are subject to no charge for reinvesting dividends and capital gains distributions under the Plan. PFPC's fees for handling the reinvestment of dividends and capital gains distributions will be paid by the Fund. No brokerage charges shall apply with respect to shares of common stock issued directly by the Fund under the Plan. Each Plan participant will, however, bear a pro-rata share of brokerage commissions actually incurred with respect to any open market purchases made under the Plan.

Experience under the Plan may indicate that changes to it are desirable. The Fund reserves the right to amend or terminate the Plan as applied to any dividend or capital gains distribution paid subsequent to written notice of the change sent to participants at least 30 days before the record date for the dividend or capital gains distribution. The Plan also may be amended or terminated by PFPC or the Fund on at least 30 days' written notice to Plan participants. All correspondence concerning the Plan should be directed by mail to PFPC Global Fund Services, P.O. Box 8030, Boston, Massachusetts 02266-8030 or by telephone at 1 (800) 331-1710.

-----

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Fund may purchase at market prices shares of its common stock in the open market. As of April 30, 2003, the Fund has not repurchased any shares.

[CLIP ART] Municipal High Income Fund Inc. Management of the Fund

Directors

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

Allan J. Bloostein  
Dwight B. Crane  
Paolo M. Cucchi  
Robert A. Frankel  
R. Jay Gerken, Chairman  
Paul Hardin  
William R. Hutchinson  
George M. Pavia

Officers

R. Jay Gerken  
President and Chief  
Executive Officer

Lewis E. Daidone  
Senior Vice President and  
Chief Administrative Officer

Richard L. Peteka  
Chief Financial Officer  
and Treasurer

Peter M. Coffey  
Vice President and  
Investment Officer

Michael J. Maher  
Investment Officer

Kaprel Ozsolak  
Controller

Christina T. Sydor  
Secretary

Investment Adviser and Administrator

Smith Barney Fund Management LLC  
399 Park Avenue  
New York, New York 10022

Transfer Agent

PFPC Global Fund Services  
P.O. Box 8030  
Boston, Massachusetts 02266-8030

Custodian

State Street Bank and Trust Company  
225 Franklin Street  
Boston, Massachusetts 02110

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

(This page intentionally left blank.)

[GRAPHIC OMITTED]

[CLIP ART]

This report is intended only for shareholders of Municipal High Income Fund Inc. It is not a Prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.

Municipal High Income Fund Inc.  
125 Broad Street  
10th Floor, MF-2  
New York, NY 10004

FD1139 6/03  
03-4962

ITEM 2. CODE OF ETHICS.

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable.

ITEM 6. [RESERVED]

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 8. [RESERVED]

ITEM 9. 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-2(c) under the Investment Company Act of 1940, as amended) are effective based on their evaluation of the disclosure controls and procedures as of a date within 90 days of the filing date of this document.

(b) In the last 90 days, there have been no significant changes in the Registrant's internal controls or in other factors that could significantly affect these controls.

Edgar Filing: MUNICIPAL HIGH INCOME FUND INC - Form N-CSR

ITEM 10. EXHIBITS.

(a) Not applicable.

(b) Attached hereto.

Exhibit 99.CERT Certifications pursuant to section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 99.906CERT Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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, there unto duly authorized.

Municipal High Income Fund Inc.

By: /s/ R. Jay Gerken  
-----  
R. Jay Gerken  
Chief Executive Officer of  
Municipal High Income Fund Inc.

Date: June 27, 2003

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/ R. Jay Gerken  
-----  
(R. Jay Gerken)  
Chief Executive Officer of  
Municipal High Income Fund Inc.

Date: June 27, 2003

By: /s/ Richard Peteka  
-----  
Chief Financial Officer of  
Municipal High Income Fund Inc.

Date: June 27, 2003