

# SECURITIES AND EXCHANGE COMMISSION

## FORM NSAR-B

Annual report for management companies filed on Form N-SAR

Filing Date: **1998-01-05** | Period of Report: **1997-10-31**  
SEC Accession No. **0000091155-98-000004**

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### FILER

#### **MUNICIPAL HIGH INCOME FUND INC**

CIK: **830487** | State of Incorporation: **MD** | Fiscal Year End: **1031**  
Type: **NSAR-B** | Act: **40** | File No.: **811-05497** | Film No.: **98500582**

Mailing Address	Business Address
<i>TWO WORLD TRADE CENTER NEW YORK NY 10048</i>	<i>2 WORLD TRADE CENTER NEW YORK NY 10048 6175731240</i>

PAGE 1  
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000 C000000 830487  
000 D000000 N  
000 E000000 NF  
000 F000000 Y  
000 G000000 N  
000 H000000 N  
000 I000000 3.0.a  
000 J000000 A  
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001 C000000 2128166550  
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002 D010000 10013  
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PAGE 5

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086 F010000 0  
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087 A010000 MUNICIPAL HIGH INCOME  
087 A020000 626214100  
087 A030000 MHF  
SIGNATURE THOMAS M. REYNOLDS  
TITLE CONTROLLER

[ARTICLE] 6  
[CIK] 0000830487  
[NAME] MUNICIPAL HIGH INCOME FUND INC.

<TABLE>

<S>	<C>
[PERIOD-TYPE]	YEAR
[FISCAL-YEAR-END]	OCT-31-1997
[PERIOD-END]	OCT-31-1997
[INVESTMENTS-AT-COST]	179,490,677
[INVESTMENTS-AT-VALUE]	192,022,200
[RECEIVABLES]	4,505,499
[ASSETS-OTHER]	79,352
[OTHER-ITEMS-ASSETS]	0
[TOTAL-ASSETS]	196,607,051
[PAYABLE-FOR-SECURITIES]	2,239,160
[SENIOR-LONG-TERM-DEBT]	0
[OTHER-ITEMS-LIABILITIES]	234,598
[TOTAL-LIABILITIES]	2,473,758
[SENIOR-EQUITY]	0
[PAID-IN-CAPITAL-COMMON]	185,007,253
[SHARES-COMMON-STOCK]	19,885,306
[SHARES-COMMON-PRIOR]	19,659,882
[ACCUMULATED-NII-CURRENT]	136,698
[OVERDISTRIBUTION-NII]	0
[ACCUMULATED-NET-GAINS]	(3,542,181)
[OVERDISTRIBUTION-GAINS]	0
[ACCUM-APPREC-OR-DEPREC]	12,531,523
[NET-ASSETS]	194,133,293
[DIVIDEND-INCOME]	0
[INTEREST-INCOME]	13,493,658
[OTHER-INCOME]	0
[EXPENSES-NET]	1,411,050
[NET-INVESTMENT-INCOME]	12,082,608
[REALIZED-GAINS-CURRENT]	(388,613)
[APPREC-INCREASE-CURRENT]	5,290,943
[NET-CHANGE-FROM-OPS]	16,973,938
[EQUALIZATION]	0
[DISTRIBUTIONS-OF-INCOME]	12,281,068
[DISTRIBUTIONS-OF-GAINS]	0
[DISTRIBUTIONS-OTHER]	0
[NUMBER-OF-SHARES-SOLD]	0
[NUMBER-OF-SHARES-REDEEMED]	0
[SHARES-REINVESTED]	2,136,996
[NET-CHANGE-IN-ASSETS]	6,829,866
[ACCUMULATED-NII-PRIOR]	335,158
[ACCUMULATED-GAINS-PRIOR]	(3,142,568)
[OVERDISTRIB-NII-PRIOR]	0
[OVERDIST-NET-GAINS-PRIOR]	0
[GROSS-ADVISORY-FEES]	1,136,844

[INTEREST-EXPENSE]	0
[GROSS-EXPENSE]	1,411,050
[AVERAGE-NET-ASSETS]	189,492,720
[PER-SHARE-NAV-BEGIN]	9.53
[PER-SHARE-NII]	0.61
[PER-SHARE-GAIN-APPREC]	0.24
[PER-SHARE-DIVIDEND]	0.62
[PER-SHARE-DISTRIBUTIONS]	0
[RETURNS-OF-CAPITAL]	0
[PER-SHARE-NAV-END]	9.76
[EXPENSE-RATIO]	0.74
[AVG-DEBT-OUTSTANDING]	0
[AVG-DEBT-PER-SHARE]	0

</TABLE>

To the Shareholders and Board of Directors of  
Municipal High Income Fund Inc.:

In planning and performing our audit of the financial statements of Municipal High Income Fund Inc. (the "Fund") for the year ended October 31, 1997, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and to comply with the requirements of Form N-SAR, not to provide assurance on the internal control.

The management of the Fund is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls. Generally, controls that are relevant to an audit pertain to the entity's objective of preparing financial statements for external purposes that are fairly presented in conformity with generally accepted accounting principles. Those controls include the safeguarding of assets against unauthorized acquisition, use, or disposition.

Because of inherent limitations in internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that it may become inadequate because of changes in conditions or that the effectiveness of the design and operation may deteriorate.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control and its operation, including controls for safeguarding securities that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of management, the Board of Directors of the Fund, and the Securities and Exchange Commission.

December 8, 1997