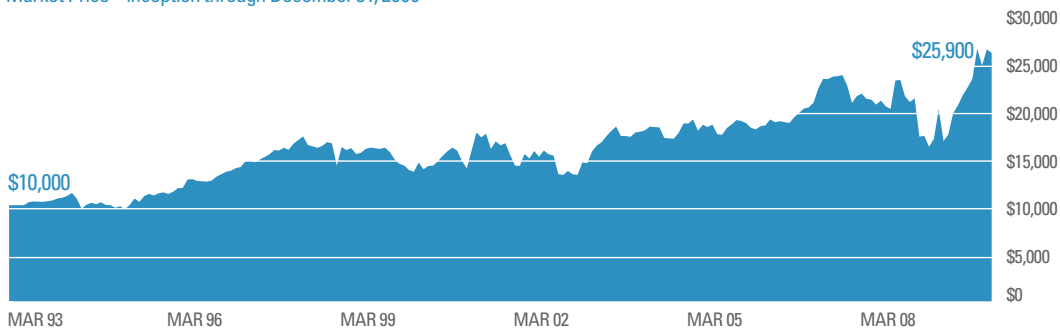


Western Asset Managed High Income Fund Inc. (MHY)

Growth of a \$10,000 investment

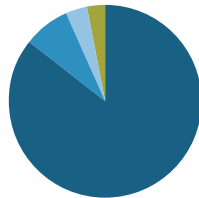
Market Price – inception through December 31, 2009



Average annual total returns based on Market Price assume reinvestment of all distributions at the Dividend Reinvestment Plan Price and the deduction of all fund expenses.

Asset allocation (%)

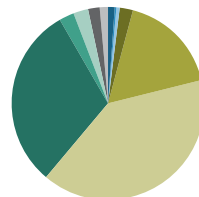
High Yield	85.8
Investment Grade	7.7
Emerging Market Debt	3.7
Investment Grade US Dollar	0.5
Non-Investment Grade US Dollar	3.1
Cash & Other Securities	2.8



Credit quality allocation (%)⁴

(Lower of S&P/Moody's/Fitch)

AAA	1.2
AA	0.4
A	0.5
BBB	2.3
BB	16.9
B	39.9
CCC	30.7
CC	2.3
C	2.5
D	2.0
Not Rated	1.3



Fund data

Trading Symbol	MHY
NAV Symbol	XMHYX
Listed Exchange	NYSE
Inception Date	3/26/93
Market Price	\$5.79
Net Asset Value (NAV)	\$5.81
Premium/Discount	-0.3%
Distribution	0.0500
Distribution Rate (Mkt Price) ¹	10.4%
Distribution Rate (NAV) ¹	10.3%
Distribution Frequency	Monthly

Portfolio characteristics

Total Assets (in millions)	\$268.8
Loans	0.0%
Preferreds	0.0%
Reverse Repos	0.0%
Net Assets ² (in millions)	\$268.8
Average Coupon	9.0
Weighted Average Life (years)	6.6
Effective Duration (years) ³	4.0
Average Credit Quality (S&P)	B

Our goal

High current income. Capital appreciation is a secondary objective.

What we invest in

The Fund invests in high yield corporate bonds, debentures and notes.

Our approach

Western Asset's approach emphasizes team management and intensive proprietary research to identify undervalued securities with the potential to outperform over the long term. The teams employ multiple investment strategies in an effort to manage risk and create diversified portfolios, including sector rotation, issue selection and duration management.

¹ Distribution rate is calculated by annualizing the most recent distribution amount paid, excluding special distributions, divided by the closing market price or NAV as of 12/31/09. Distributions may be paid from investment income, realized capital gains, return of capital or a combination thereof. The Distribution Rate is subject to change and is not a quotation of Fund performance. A return of capital is not taxable and results in a reduction in the tax basis of a shareholder's investment. For more information about a distribution's composition refer to the fund's distribution press release or, if applicable, the Section 19 notice located in the press release section of our website.

² The difference between total assets and net assets, if any, is due primarily to the Fund's use of borrowings and other assets and liabilities; net assets do not include borrowings. The Fund may employ leverage in the form of loans, preferred stock, reverse repurchase agreements and/or other instruments. When the Fund engages in transactions that have a leveraging effect on the Fund's portfolio, the value of the Fund will be more volatile and all other risks will tend to be compounded.

³ Effective duration is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change. Please note, duration measures the sensitivity of price (the value of principal) of a fixed-income investment to a change in interest rates.

⁴ All data is based on 100% of the total fund's holdings and subject to change.

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

For more information including current performance to most current month end, please visit www.leggmason.com/cef or 888-777-0102

Western Asset Managed High Income Fund Inc. (MHY)

What should I know before investing?

All investments are subject to risks, including the possible loss of principal. The Fund's investments are subject to credit risk, inflation risk, and interest rate risk. As interest rates rise, bond prices fall, reducing the value of the Fund's share price. The Fund may invest in lower-rated high yield bonds which are subject to greater credit risk (risk of default) than higher-rated obligations. Investments in foreign securities involve risks, including the possibility of losses due to changes in currency exchange rates and negative developments in the political, economic, or regulatory structure of specific countries or regions. These risks are greater in emerging markets. Leverage may result in greater volatility of NAV and the market price of common shares and increases a shareholder's risk of loss. The Fund may make significant investments in derivative instruments. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance.

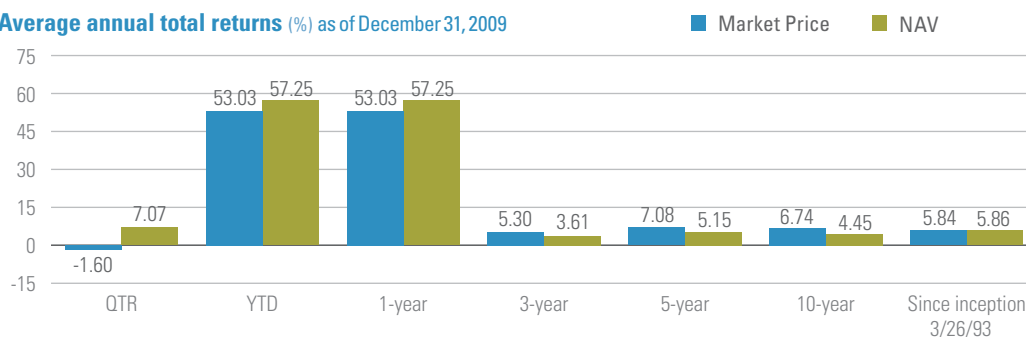
For more information including current performance to most current month end, visit www.leggmason.com/cef or 888-777-0102

The Fund is not sold or distributed by Legg Mason Investor Services, LLC ("LMIS") or any affiliate of Legg Mason, Inc. Shares of the fund are bought and sold through non-affiliated broker/dealers and trade on the NYSE.

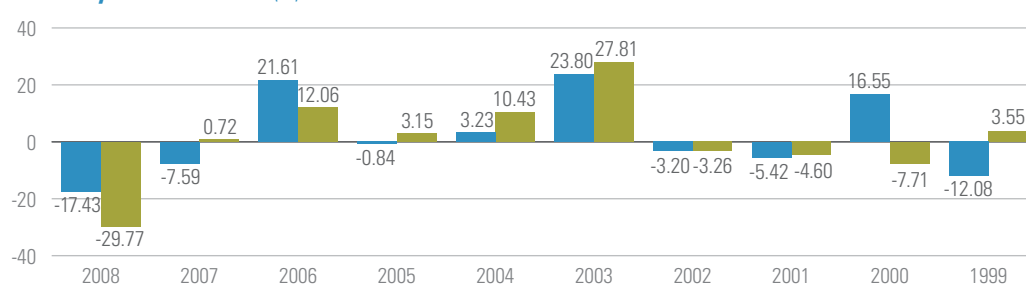
© 2010 Legg Mason Investor Services, LLC, member FINRA, SIPC. Western Asset Management Company and LMIS are subsidiaries of Legg Mason, Inc. 403468 WASX010623 2/10 FN0911944 D5955

Fund performance

Average annual total returns (%) as of December 31, 2009



Calendar-year total returns (%)



Performance shown represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so shares, when sold, may be worth more or less than the original cost. Average annual total returns based on Market Price assume the reinvestment of all distributions

at the Dividend Reinvestment Plan Price and the deduction of all fund expenses. Average annual total returns based on NAV assume the reinvestment of all distributions at net asset value and the deduction of all fund expenses. Quarter (QTR) and Year-To-Date (YTD) returns are cumulative figures, are not annualized and are calculated from January 1 of the reporting year.

Top high yield industries (%)⁴

Consumer Cyclical	17.3
Communications	12.4
Consumer Non-Cyclical	11.1
Energy	9.3
Basic Industry	9.1
Electric	8.3
Capital Goods	5.7
Transportation	3.1
Bank Loans	2.8
Natural Gas	1.7

Top emerging market countries (%)⁴

Mexico	1.3
United Arab Emirates	1.1
Russia	0.5
Thailand	0.5
South Africa	0.2

Meet your Western Asset managers

Western Asset uses a team-based approach to managing your fund, with team members averaging over 19 years of investment industry experience. One of the world's largest and leading fixed-income managers, Western Asset has focused exclusively on fixed income since its founding in 1971. They offer investors a broad range of core and specialized bond portfolios from across the fixed-income universe, all managed using a long-term, value-oriented investment process.

⁴ All data is based on 100% of the total fund's holdings and subject to change. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value (NAV) is total assets less total liabilities divided by the number of shares outstanding. At the time of sale, your shares may have a market price that is above or below NAV. Shares of closed-end funds frequently trade at a market price that is below their net asset value. There is no assurance that the fund will achieve its investment objective. The fund is subject to investment risks, including the possible loss of principal invested.