WESTERN ASSET INTERMEDIATE MUNI FUND INC.
Form N-CSR
January 29, 2010

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 811-06506

Western Asset Intermediate Muni Fund Inc.
(Exact name of registrant as specified in charter)

55 Water Street, New York, NY	10041
(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: November 30

Date of reporting period: November 30, 2009

ITEM 1. REPORT TO STOCKHOLDERS.

The **Annual** Report to Stockholders is filed herewith.

ANNUAL REPORT / NOVEMBER 30, 2009

Western Asset Intermediate Muni Fund Inc.

(SBI)

Managed by **WESTERN ASSET**

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

Fund objective

The Fund s investment objective is to provide common shareholders a high level of current income exempt from regular federal income taxes* consistent with prudent investing.

* Certain investors may be subject to the federal alternative minimum tax (AMT), and state and local taxes will apply. Capital gains, if any, are fully taxable. Please consult your personal tax or legal adviser.

What s inside

Legg Mason Partners Fund Advisor, LLC (LMPFA) is the Fund s investment manager and Western Asset Management Company (Western Asset) is the Fund s subadviser. LMPFA and Western Asset are wholly-owned subsidiaries of Legg Mason, Inc.

Letter from the chairman

Dear Shareholder,

At a meeting held in May 2009, the Fund s Board of Directors approved a recommendation from Legg Mason Partners Fund Advisor, LLC, the Fund s investment manager, to change the fiscal year-end of the Fund from December 31 to November 30. As a result of this change, shareholders are being provided with a short-period annual report and a stub-period audit for the eleven-month period from January 1, 2009 through November 30, 2009.

While the U.S. economy remained weak during much of the eleven-month reporting period ended November 30, 2009, the lengthiest recession since the Great Depression finally appeared to have ended during the third quarter of 2009.

Looking back, the U.S. Department of Commerce reported that fourth quarter 2008 U.S. gross domestic product (GDP)i contracted 5.4%. Economic weakness accelerated during the first quarter of 2009, as GDP fell 6.4%. However, the economic environment started to get relatively better during the second quarter, as GDP fell 0.7%. The economy s more modest contraction was due, in part, to smaller declines in both exports and business spending. After contracting four consecutive quarters, the Commerce Department reported that third quarter 2009 GDP growth was 2.2%. A variety of factors helped the economy to expand, including the government s $787 billion stimulus program and its Cash for Clunkers car rebate program, which helped spur an increase in car sales.

Even before GDP advanced in the third quarter, there were signs that the economy was starting to regain its footing. The manufacturing sector, as measured by the Institute for Supply Management s PMIii, rose to 52.9 in August 2009, the first time it surpassed 50 since January 2008 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). PMI data subsequently showed that manufacturing expanded from September through November as well.

The housing market also saw some improvement during the reporting period. According to its most recent data, the S&P/Case-Shiller Home Price Index[iii] indicated that home prices rose for the fourth straight month in

Letter from the chairman *continued*

September. In addition, the Commerce Department reported that, during October, sales of existing homes reached their highest level in two years.

One area that remained weak and could hamper the magnitude of economic recovery was the labor market. While monthly job losses have moderated compared to earlier in the year, the unemployment rate remained elevated during the reporting period. After reaching a twenty-six-year high of 10.2% in October 2009, the unemployment rate fell to 10.0% in November. Since December 2007, the unemployment rate has more than doubled and the number of unemployed workers has risen by 8.2 million.

The Federal Reserve Board (Fed)iv continued to pursue an accommodative monetary policy during the reporting period. After reducing the federal funds ratev from 5.25% in August 2007 to a range of 0 to 1/4 percent in December 2008 a historic low the Fed maintained this stance through the end of 2009. In conjunction with its December 2009 meeting, the Fed said that it will maintain the target range for the federal funds rate at 0 to 1/4 percent and continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period.

Both short- and long-term Treasury yields fluctuated during the reporting period. When the period began, Treasury yields were extremely low, given numerous flights to quality that were triggered by the fallout from last year s financial crisis. After starting the period at 0.76% and 2.25%, respectively, two- and ten-year Treasury yields then generally moved higher (and their prices lower) until early June. Two- and ten-year yields peaked at 1.42% and 3.98%, respectively, before falling and ending the reporting period at 0.67% and 3.21%, respectively. Over the eleven months ended November 30, 2009, longer-term yields moved higher due to fears of future inflation given the government s massive stimulus program. In a reversal from 2008, investor risk aversion faded during the reporting period, driving spread sector (non-Treasury) prices higher.

The municipal bond market outperformed its taxable bond counterpart over the eleven months ended November 30, 2009. Over that period, the Barclays Capital Municipal Bond Indexvi and the Barclays Capital U.S. Aggregate Indexvii returned 12.53% and 7.61%, respectively. The municipal market was supported by strong demand, coupled with declining new issuance of tax-free bonds.

A special note regarding increased market volatility

Dramatically higher volatility in the financial markets has been very challenging for many investors. Market movements have been rapid sometimes in reaction to economic news, and sometimes creating the news. In the midst of this evolving market environment, we at Legg Mason want to do everything we can to help you reach your financial goals. Now, as always, we remain committed to providing you with excellent service and a full spectrum of investment choices. Rest assured, we will continue to work hard to ensure that our investment managers make every effort to deliver strong long-term results.

We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our enhanced website, www.leggmason.com/cef. Here you can gain immediate access to many special features to help guide you through difficult times, including:

- Fund prices and performance,
- Market insights and commentaries from our portfolio managers, and
- A host of educational resources.

During periods of market unrest, it is especially important to work closely with your financial advisor and remember that reaching one s investment goals unfolds over time and through multiple market cycles. Time and again, history has shown that, over the long run, the markets have eventually recovered and grown.

Information about your fund

Please read on for a more detailed look at prevailing economic and market conditions during the Fund s reporting period and to learn how those conditions have affected Fund performance.

Important information with regard to recent regulatory developments that may affect the Fund is contained in the Notes to Financial Statements included in this report.

Letter from the chairman *continued*

As always, thank you for your confidence in our stewardship of your assets. We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

December 24, 2009

All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index

i Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.

ii The Institute for Supply Management s PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the manufacturing sector.

iii The S&P/Case-Shiller Home Price Index measures the residential housing market, tracking changes in the value of the residential real estate market in twenty metropolitan regions across the United States.

iv The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.

v The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.

vi The Barclays Capital Municipal Bond Index is a market value weighted index of investment grade municipal bonds with maturities of one year or more.

vii The Barclays Capital U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.

IV

Western Asset Intermediate Muni Fund Inc.

Fund overview

Q. What is the Fund s investment strategy?

A. The Fund s investment objective is to provide common shareholders a high level of current income exempt from regular federal income taxes consistent with prudent investing. Under normal market conditions, the Fund invests at least 80% of its total assets in municipal obligations. The Fund also maintains a dollar-weighted average effective maturity of between three and ten years. Under normal market conditions, the Fund will invest at least 80% of its total assets in debt securities that are, at the time of investment, rated investment grade by a nationally recognized statistical rating organization (NRSRO) or, if unrated, of equivalent quality as determined by the investment manager. In addition, up to 20% of the Fund s total assets may be invested in debt securities that are, at the time of investment, rated below investment grade by an NRSRO or, if unrated, of equivalent quality as determined by the investment manager.

At Western Asset Management Company (Western Asset), the Fund s subadviser, we utilize a fixed-income team approach, with decisions derived from interaction among various investment management sector specialists. The sector teams are comprised of Western Asset s senior portfolio managers, research analysts and an in-house economist. Under this team approach, management of client fixed-income portfolios will reflect a consensus of interdisciplinary views within the Western Asset organization.

Q. What were the overall market conditions during the Fund s reporting period?

A. During the eleven-month reporting period, from January 1, 2009 through November 30, 2009, the fixed-income market was impacted by the fallout from the financial crisis in 2008 and the subsequent return to more normal conditions given the aggressive actions taken by the Federal Reserve Board (Fed)i, the U.S. Department of the Treasury and other government entities.

The yields on two- and ten-year Treasuries began the reporting period at 0.76% and 2.25%, respectively. As the reporting period began, we were in the midst of a flight to quality, triggered by the seizing credit markets. At the epicenter of the turmoil were the continued repercussions from the September 2008 bankruptcy of Lehman Brothers. During this time, investors were drawn to the relative safety of shorter-term Treasuries, causing their yields to decline, while riskier portions of the bond market performed poorly.

However, as the reporting period progressed, conditions in the credit markets improved, there were signs that the economy was stabilizing and investor risk aversion abated. This led to a strong rally in the spread sectors (non-U.S. Treasuries). Also supporting the spread sectors was strong

Fund overview *continued*

demand from investors seeking incremental yields given the low rates available from short-term fixed-income securities.

After initially falling, Treasury yields then began to move higher as economic conditions generally improved and there were concerns regarding the massive amount of new Treasury issuance that would be needed to fund the economic stimulus package. Two- and ten-year yields peaked at 1.42% and 3.98%, respectively, in June 2009 and then generally moved lower. This was especially the case at the end of the reporting period due to some mixed economic data. At the conclusion of the reporting period, two- and ten-year Treasury yields were 0.67% and 3.21%, respectively.

While municipal bonds were not immune to the volatility in the financial markets, overall, they generated strong results during the reporting period. As the period began, there was continued uncertainty in the municipal market given heightened risk aversion, downgrades of monoline bond insurers, the seizing auction rate preferred market and forced selling by highly leveraged investors into illiquid markets. In addition, there were fears that the deepening recession would negatively impact municipalities, as they would generate less tax revenues.

Although the fundamentals in the municipal market did not significantly change, tax-free bond prices rallied during much of the reporting period. This was due, in part, to improving technical factors, including less forced selling and better liquidity. Demand for tax-free bonds also increased, as investors were drawn to their attractive yields. All told, municipal bonds generated very strong results, with the Barclays Capital Municipal Bond Index[ii] returning 12.53% during the reporting period.

Q. How did we respond to these changing market conditions?

A. We made several adjustments to the Fund s portfolio during the reporting period. We increased the Fund s allocations to the Power and Health Care sectors as we found them to offer attractive spreads and yields. In contrast, we pared the Fund s exposure to the Pre-refunded[iii] and General Obligation sectors, as we felt more attractive opportunities were available elsewhere. Overall, these adjustments positively contributed to performance during the reporting period.

Performance review

For the reporting period from January 1, 2009 through November 30, 2009, Western Asset Intermediate Muni Fund Inc. returned 17.50% based on its net asset value (NAV)iv and 25.66% based on its New York Stock Exchange Amex (NYSE Amex) market price per share. The Fund s unmanaged benchmark, the Barclays Capital 1-15 Year Municipal Bond Indexv, returned 8.93% for the same period. The Lipper Intermediate Municipal Debt Closed-End Funds Category Averagevi returned 21.02% over the same time frame. Please note that Lipper performance returns are based on each fund s NAV.

During the reporting period, the Fund made distributions to shareholders totaling $0.38 per share. The performance table shows the Fund s eleven-month total return based on its NAV and market price as of November 30, 2009. **Past performance is no guarantee of future results.**

Certain investors may be subject to the federal alternative minimum tax, and state and local taxes will apply. Capital gains, if any, are fully taxable. Please consult your personal tax or legal adviser.

PERFORMANCE SNAPSHOT as of November 30, 2009 (unaudited)

PRICE PER SHARE	11-MONTH TOTAL RETURN* (not annualized)
$9.57 (NAV)	17.50%
$9.07 (Market Price)	25.66%

All figures represent past performance and are not a guarantee of future results.

***Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all distributions in additional shares in accordance with the Fund s Dividend Reinvestment Plan.**

Q. What were the leading contributors to performance?

A. The largest contributor to relative performance for the period was the Fund s yield curvevii positioning. In particular, we were rewarded for having an overweight to the ten-year portion of the curve and an underweight to the five-year segment of the curve. This allocation was beneficial as longer-term bonds outperformed shorter-term bonds during the reporting period. Our futures trading strategy also contributed to performance. In particular, our use of a short position in U.S. Treasury futures contributed to results given the underperformance of the U.S. Treasury market versus the municipal market over the course of the reporting period.

Elsewhere, the Fund s overweights to the Industrial Revenue and Health Care sectors enhanced results. Within the Industrial Revenue sector, the

Fund overview *continued*

Fund s exposure to gas prepayviii securities significantly contributed to performance. These securities, which are backed by certain broker/dealers, had performed poorly during much of 2008 given the turmoil in the financial markets. However, as a number of broker/dealers changed their status to bank holding companies and government initiatives such as the Troubled Asset Relief Program (TARP) added confidence in the financial system, gas prepay securities rebounded sharply. The Fund also benefited from having an underweight to State and Local General Obligation bonds. These securities are typically more economically sensitive, in that the issuing municipality repays bondholders from tax revenues.

Q. What were the leading detractors from performance?

A. Detracting from the Fund s performance was its durationix positioning. During the reporting period, the Fund s duration was, overall, modestly shorter than that of its benchmark. This positioning was not beneficial as municipal yields declined during the period. The Fund s exposure to cash also detracted from performance, given the strong performance in the municipal market and the low yields available from short-term money market instruments. Elsewhere, an underweight to the relatively strong Transportation sector was a detractor from performance.

Looking for additional information?

The Fund is traded under the symbol SBI and its closing market price is available in most newspapers under the NYSE Amex listings. The daily NAV is available on-line under the symbol XSBIX on most financial websites. *Barron s* and The *Wall Street Journal s* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites, as well as www.leggmason.com/cef.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern Standard Time, for the Fund s current NAV, market price and other information.

Thank you for your investment in Western Asset Intermediate Muni Fund Inc. As always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Fund s investment goals.

Sincerely,

Western Asset Management Company

December 14, 2009

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

RISKS: Keep in mind, the Fund s investments are subject to interest rate and credit risks. As interest rates rise, bond prices fall, reducing the value of the fixed-income securities held by the Fund. Lower-rated, higher-yielding bonds, known as junk bonds, are subject to greater credit risk, including the risk of default, than higher-rated obligations. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. Certain investors may be subject to the federal alternative minimum tax, and state and local taxes will apply. Capital gains, if any, are fully taxable.

All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

i The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.

ii The Barclays Capital Municipal Bond Index is a market value weighted index of investment grade municipal bonds with maturities of one year or more.

iii A pre-refunded bond is a bond in which the original security has been replaced by an escrow, usually consisting of treasuries or agencies, which has been structured to pay principal and interest and any call premium, either to a call date (in the case of a pre-refunded bond), or to maturity (in the case of an escrowed to maturity bond).

iv Net asset value (NAV) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund s market price as determined by supply of and demand for the Fund s shares.

v The Barclays Capital 1-15 Year Municipal Bond Index is a market value weighted index of investment grade (Baa3/BBB- or higher) fixed-rate municipal bonds with maturities of one to fifteen years.

vi Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the eleven-month period from January 1, 2009 through November 30, 2009, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 7 funds in the Fund s Lipper category.

vii The yield curve is the graphical depiction of the relationship between the yield on bonds of the same credit quality but different maturities.

viii Gas prepay bonds are issued to enable a municipal utility to contract for a stated amount of natural gas supply over an extended period of time. The utility contracts with a natural gas supplier to purchase gas at a discount to the spot price of gas at the time of delivery. The bonds are issued to fund future purchases of the gas supplier. Bonds are repaid by the utility from gas sales to its customers, though the ratings are primarily driven by the credit strength of the financial firm that guarantees the performance of the gas supplier.

ix Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.

Fund at a glance (unaudited)

INVESTMENT BREAKDOWN (%) As a percent of total investments

The bar graphs above represent the composition of the Fund s investments as of November 30, 2009 and December 31, 2008 and do not include derivatives. The Fund is actively managed. As a result, the composition of the Fund s investments is subject to change.

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Schedule of investments

November 30, 2009

WESTERN ASSET INTERMEDIATE MUNI FUND INC.

	FACE AMOUNT	SECURITY		VALUE
MUNICIPAL BONDS	99.3%			
		Alabama 1.3%		
$	1,225,000	Baldwin County, AL, Board of Education, Capital Outlay School Warrants, AMBAC, 5.000% due 6/1/20	$	1,280,578
	1,000,000	Saraland, AL, GO, NATL, 5.250% due 1/1/15		1,036,170
		Total Alabama		*2,316,748*
		Alaska 1.6%		
	1,000,000	Alaska Industrial Development & Export Authority Revenue, Williams Lynxs Alaska Cargo Port LLC, 8.000% due 5/1/23(a)		917,080
	500,000	Anchorage, AK, GO, Refunding, FGIC, 6.000% due 10/1/14		596,670
	1,250,000	North Slope Boro, AK, Refunding, NATL, 5.000% due 6/30/15		1,413,050
		Total Alaska		*2,926,800*
		Arizona 0.1%		
	158,000	Maricopa County, AZ, Hospital Revenue, St. Lukes Medical Center, 8.750% due 2/1/10(b)		*160,154*
		Arkansas 1.4%		
	1,500,000	Arkansas State Development Finance Authority Hospital Revenue, Washington Regional Medical Center, 7.000% due 2/1/15(c)		1,512,525
	1,000,000	Warren County, AR, Solid Waste Disposal Revenue, Potlatch Corp. Project, 7.000% due 4/1/12(a)		1,013,740
		Total Arkansas		*2,526,265*
		California 6.3%		
	1,500,000	Barona, CA, Band of Mission Indians, GO, 8.250% due 1/1/20		1,407,495
		California Statewide CDA Revenue:		
	2,000,000	Lodi Memorial Hospital, 5.000% due 12/1/22		1,969,960
	3,000,000	Proposition 1A Receivables Program, 5.000% due 6/15/13		3,159,540
	655,000	Los Angeles, CA, COP, Hollywood Presbyterian Medical Center, INDLC, 9.625% due 7/1/13(b)		747,355
	3,000,000	M-S-R Energy Authority, CA, 6.125% due 11/1/29		3,018,720
	210,000	San Francisco, CA, Airport Improvement Corp. Lease Revenue, United Airlines Inc., 8.000% due 7/1/13(b)		239,935
	1,000,000	San Francisco, CA, City & County Airports Commission, International Airport Revenue, 6.500% due 5/1/10(a)(d)		1,021,740
	50,000	San Leandro, CA, Hospital Revenue, Vesper Memorial Hospital, 11.500% due 5/1/11(b)		54,734
		Total California		*11,619,479*
		Colorado 6.3%		
	1,860,000	Broomfield, CO, COP, Open Space Park & Recreation Facilities, AMBAC, 5.500% due 12/1/20		1,921,919
		Colorado Educational & Cultural Facilities Authority Revenue Charter School:		
	1,000,000	Bromley East Project, 7.000% due 9/15/20(c)		1,111,630
	1,155,000	Bromley School Project, XLCA, 5.125% due 9/15/20		1,188,945

See Notes to Financial Statements.

Schedule of investments ***continued***

November 30, 2009

WESTERN ASSET INTERMEDIATE MUNI FUND INC.

	FACE AMOUNT	SECURITY		VALUE
		Colorado 6.3% ***continued***		
$	1,350,000	Refunding & Improvement, University Lab School, XLCA, 5.250% due 6/1/24	$	1,371,020
	500,000	University Lab School Project, 6.125% due 6/1/21(c)		537,995
	710,000	Denver, CO, Health & Hospital Authority, 6.250% due 12/1/16(c)		785,516
	2,000,000	Public Authority for Colorado Energy, Natural Gas Purchase Revenue, 6.125% due 11/15/23		2,049,960
	1,765,000	Pueblo, CO, Bridge Waterworks Water Revenue, Improvement, FSA, 6.000% due 11/1/14(c)		1,856,462
	750,000	SBC Metropolitan District, CO, GO, ACA, 5.000% due 12/1/25		722,798
		Total Colorado		*11,546,245*
		Connecticut 2.0%		
	2,000,000	Connecticut State HEFA Revenue, Bristol Hospital, 5.500% due 7/1/21		1,854,260
	1,855,000	Connecticut State Special Obligation Parking Revenue, Bradley International Airport, ACA, 6.375% due 7/1/12(a)		1,828,807
		Total Connecticut		*3,683,067*
		Florida 2.7%		
	2,000,000	Miami-Dade County, FL, School Board, COP, 5.000% due 2/1/24		2,075,800
	1,055,000	Old Palm Community Development District, FL, Palm Beach Gardens, 5.375% due 5/1/14		948,234
		Orange County, FL, Health Facilities Authority Revenue:		
	275,000	First Mortgage Healthcare Facilities, 8.750% due 7/1/11		277,249
	1,500,000	Hospital Adventist Health Systems, 6.250% due 11/15/24(c)		1,689,540
		Total Florida		*4,990,823*
		Georgia 7.3%		
	970,000	Athens, GA, Housing Authority Student Housing Lease Revenue, University of Georgia East Campus, AMBAC, 5.250% due 12/1/23		998,654
	2,000,000	Atlanta, GA, Water & Wastewater Revenue, 6.000% due 11/1/23		2,149,860
	650,000	Chatham County, GA, Hospital Authority Revenue, Hospital Memorial Health Medical Center, 6.000% due 1/1/17		658,144
	2,000,000	DeKalb Private Hospital Authority Revenue, GA, Anticipation CTFS, Children s Health Care of Atlanta Inc., 5.000% due 11/15/29(e)		1,976,660
	1,000,000	DeKalb, Newton & Gwinnett Counties, GA, Joint Development Authority Revenue, GGC Foundation LLC Project, 6.000% due 7/1/29		1,096,870
		Georgia Municipal Electric Authority:		
	3,000,000	Power Revenue, Refunding, FSA, 5.000% due 1/1/18		3,173,250
	315,000	Power System Revenue, 6.500% due 1/1/12		336,700
	1,000,000	Griffin, GA, Combined Public Utilities Revenue, Refunding & Improvement, AMBAC, 5.000% due 1/1/21		1,042,240
	1,895,000	Metropolitan Atlanta Rapid Transit Georgia Sales Tax Revenue, 7.000% due 7/1/11(b)		2,017,967
		Total Georgia		*13,450,345*

See Notes to Financial Statements.

WESTERN ASSET INTERMEDIATE MUNI FUND INC.

	FACE AMOUNT	SECURITY		VALUE
		Illinois 1.5%		
$	535,000	Bourbonnais, IL, Industrial Development Revenue, Refunding Kmart Corp. Project, 6.600% due 10/1/10(f)	$	10,700
	1,500,000	Chicago, IL, O Hare International Airport, Revenue, Refunding Bonds, Lien A-2, FSA, 5.750% due 1/1/19(a)		1,579,935
	750,000	Glendale Heights, IL, Hospital Revenue, Refunding Glendale Heights Project, 7.100% due 12/1/15(b)		867,262
	230,000	Illinois Development Finance Authority, Chicago Charter School Foundation Project A, 5.250% due 12/1/12(b)		234,927
	90,000	Illinois Health Facilities Authority Revenue, Methodist Medical Center of Illinois Project, 9.000% due 10/1/10(b)		96,389
		Total Illinois		*2,789,213*
		Indiana 2.9%		
	800,000	Ball State University, Indiana University Revenue, Student Fee, FGIC, 5.750% due 7/1/20(c)		883,712
	4,000,000	Indianapolis, IN, Thermal Energy System, Multi-Mode, 5.000% due 10/1/23(g)		4,316,440
	70,000	Madison County, IN, Hospital Authority Facilities Revenue, Community Hospital of Anderson Project, 9.250% due 1/1/10(b)		70,485
		Total Indiana		*5,270,637*
		Iowa 0.9%		
	1,000,000	Iowa Finance Authority, Health Care Facilities Revenue, Genesis Medical Center, 6.250% due 7/1/20		1,010,680
	600,000	Muscatine, IA, Electric Revenue, 9.700% due 1/1/13(b)		684,114
		Total Iowa		*1,694,794*
		Kansas 1.4%		
	2,500,000	Burlington, KS, Environmental Improvement Revenue, Kansas City Power & Light, 5.250% due 4/1/13(d)		*2,653,950*
		Louisiana 0.1%		
	155,000	Louisiana Public Facilities Authority Hospital Revenue, Southern Baptist Hospital Inc. Project, Aetna, 8.000% due 5/15/12(b)		*163,954*
		Maryland 0.4%		
	710,000	Maryland State Health & Higher EFA Revenue, Refunding Mercy Medical Center, FSA, 6.500% due 7/1/13		*760,694*
		Massachusetts 5.2%		
	1,130,000	Lancaster, MA, GO, AMBAC, 5.375% due 4/15/17		1,208,874
	2,000,000	Massachusetts Educational Financing Authority Education Loan Revenue, AGC, 6.125% due 1/1/22(a)		2,103,900
		Massachusetts State DFA Revenue:		
	500,000	Curry College, ACA, 6.000% due 3/1/20		503,115
	370,000	VOA Concord, GNMA-Collateralized, 6.700% due 10/20/21(c)		429,581
		Massachusetts State HEFA Revenue:		