WESTERN ASSET INTERMEDIATE MUNI FUND INC.
Form N-CSR
January 28, 2011

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, 2010

ITEM 1. REPORT TO STOCKHOLDERS.

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

November 30, 2010

Annual Report

Western Asset Intermediate Muni Fund Inc.

(SBI)

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

Letter from the chairman

Dear Shareholder,

We are pleased to provide the annual report of Western Asset Intermediate Muni Fund Inc. for the twelve-month reporting period ended November 30, 2010. Please read on for a detailed look at prevailing economic and market conditions during the Fund s reporting period and to learn how those conditions have affected Fund performance.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.leggmason.com/cef. Here you can gain immediate access to market and investment information, including:

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

We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

December 31, 2010

Investment commentary

Economic review

While the U.S. economy continued to expand over the twelve months ended November 30, 2010, economic data was mixed and unemployment remained elevated. The Federal Reserve Board (Fed)i expressed concerns regarding the direction of the economy and took additional actions in an attempt to spur growth. This initially caused investor sentiment to improve, but the financial markets declined toward the end of the reporting period given a re-escalation of the European sovereign debt crisis.

In September 2010, the National Bureau of Economic Research (NBER), the organization charged with determining when recessions start and end, announced that the recession that began in December 2007 had concluded in June 2009. However, the NBER said, In determining that a trough occurred in June 2009, the committee did not conclude that economic conditions since that month have been favorable or that the economy has returned to operating at normal capacity. The NBER s point is well-taken given continued areas of weakness in the U.S. economy.

Although the U.S. Department of Commerce continued to report positive U.S. gross domestic product (GDP)ii growth, the expansion has moderated since peaking at 5.0% in the fourth quarter of 2009. A slower drawdown in business inventories and renewed consumer spending were contributing factors spurring the economy s solid growth at the end of 2009. However, the economy has grown at a more modest pace thus far in 2010. According to the Commerce Department, GDP growth was 3.7% and 1.7% during the first and second quarters of 2010, respectively. GDP growth then edged somewhat higher to 2.6% in the third quarter.

Turning to the job market, after experiencing sharp job losses in 2009, the U.S. Department of Labor reported that over one million new positions were added during the first five months of 2010. Included in that number, however, were 700,000 temporary government jobs tied to the 2010 Census. From June through September, more than 525,000 of these temporary positions were eliminated. This more than offset private sector growth and resulted in a total net loss of 300,000 jobs from June through September. The employment picture then brightened somewhat in October, as 172,000 new jobs were created. Payrolls then increased a disappointing 39,000 in November and the unemployment rate inched up to end the period at 9.8%. The unemployment rate has now exceeded 9.0% since May 2009.

There was mixed news in the housing market during the period. According to the National Association of Realtors (NAR), existing-home sales increased 7.0% and 8.0% in March and April, respectively, after sales had fallen for the period from December 2009 through February 2010. The rebound was largely attributed to people rushing to take advantage of the government s $8,000 tax credit for first-time home buyers that expired at the end of April. However, with the end of the tax credit, existing-home sales then declined from May through July. Sales then rose 7.3% and 10.0% in August and September, respectively. Sales then dipped 2.2% in October and rose 5.6% in November. Looking at home prices, the NAR reported that the

Investment commentary (cont d)

median existing-home price for all housing types was $170,600 in November 2010, which was 0.4% higher than in November 2009. Prices appeared to stabilize somewhat as the number of existing homes on the market declined in November. The inventory of unsold homes was a 9.5 month supply in November at the current sales level, versus a 10.5 month supply in October.

One overall bright spot for the economy has been the manufacturing sector. Based on the Institute for Supply Management s PMIiii, the manufacturing sector has grown sixteen consecutive months since it began expanding in August 2009. After reaching a six-year peak of 60.4 in April 2010, PMI data indicated somewhat more modest growth from May through July (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). The manufacturing sector then expanded at a faster pace in August, before moderating somewhat in September. Manufacturing then grew in October at its fastest pace since May with a reading of 56.9 for the month, before dipping to 56.6 in November.

Financial market overview

During the majority of the reporting period, the financial markets were largely characterized by healthy investor risk appetite and solid results by lower-quality bonds. However, the market experienced a sharp sell-off in late April and in May, during which risk aversion returned and investors flocked to the relative safety of U.S. Treasury securities. Demand for riskier assets then resumed in June and July, followed by another flight to quality in August. Risk appetite then returned in September and October before the financial markets again weakened beginning in mid-November.

Due to signs that economic growth was slowing toward the end of the reporting period, the Fed took further actions to spur the economy. At its August 10th meeting, the Fed announced an ongoing program that calls for using the proceeds from expiring agency debt and agency mortgage-backed securities to purchase longer-dated Treasury securities.

In addition, the Fed remained cautious throughout the reporting period given pockets of weakness in the economy. At its meeting in September 2010, the Fed said, The Committee will continue to monitor the economic outlook and financial developments and is prepared to provide additional accommodation if needed to support the economic recovery. . . . This led to speculation that the Fed may again move to purchase large amounts of agency and Treasury securities in an attempt to avoid a double-dip recession and ward off deflation.

The Fed then took additional action in early November. Citing that the pace of recovery in output and employment continues to be slow, the Fed announced another round of quantitative easing to help stimulate the economy, entailing the purchase of $600 billion of long-term U.S. Treasury securities by the end of the second quarter of 2011. This, coupled with the Fed s previously announced program to use the proceeds of expiring securities to purchase Treasuries, means it could buy a total of $850 billion to $900 billion of Treasury securities by the end of June 2011.

Fixed-income market review

Continuing the trend that began in the second quarter of 2009, nearly every spread sector (non-Treasury) outperformed equal-durationiv Treasuries during most of the first half of the reporting period. Over that time, investor confidence was high given encouraging economic data, continued low interest rates, benign inflation and rebounding corporate profits. Robust investor appetite was then replaced with heightened risk aversion toward the end of April and during the month of May. This was due to the escalating sovereign debt crisis in Europe, uncertainties regarding new financial reforms in the U.S. and some worse-than-expected economic data. Most spread sectors then produced positive absolute returns in June and July, as investor demand for these securities again increased. There was another bout of risk aversion in August, given fears that the economy may slip back into a recession. However, with the Fed indicating the possibility of another round of quantitative easing, most spread sectors rallied in September and October. The spread sectors then ended the reporting period on a weak note as financial troubles in Ireland resulted in a re-emergence of the European sovereign debt crisis.

Both short- and long-term Treasury yields fluctuated but, overall, moved lower during the twelve months ended November 30, 2010. When the period began, two- and ten-year Treasury yields were 0.67% and 3.21%, respectively. On April 5, 2010, two- and ten-year Treasury yields peaked at 1.18% and 4.01%, respectively. Subsequent to hitting their highs for the period, yields largely declined during much of the remainder of the reporting period. When the period ended on November 30, 2010, two-year Treasury yields were 0.45%, versus a low of 0.33% earlier in the month. Ten-year Treasury yields ended the period at 2.81%, which was higher than their trough of 2.41% that occurred in October. Longer-term yields moved higher toward the end of the period as fears of future inflation increased in light of the Fed s additional policy accommodation.

The municipal bond market lagged its taxable bond counterpart over the twelve months ended November 30, 2010. Over that period, the Barclays Capital Municipal Bond Indexv and the Barclays Capital U.S. Aggregate Indexvi returned 4.76% and 6.02%, respectively. The majority of the municipal market s underperformance occurred in November 2010. Concerns that Congress may not extend the popular Build America Bond program, which was scheduled to expire at the end of 2010, led to a sharp increase in issuance of these securities, which was not readily absorbed by investor demand. In addition, there were some high profile issues regarding the financial well-being of some municipal bond issuers.

As always, thank you for your confidence in our stewardship of your assets.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and
Chief Executive Officer

December 31, 2010

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

Investment commentary (cont d)

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

iii 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.

iv 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.

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

vi 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.

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. The portfolio managers responsible for development of investment strategy, day-to-day portfolio management, oversight and coordination of the Fund are Stephen A. Walsh, S. Kenneth Leech, Robert E. Amodeo, David T. Fare and Joseph P. Deane.

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

A. During the twelve months ended November 30, 2010, the riskier segments of the fixed-income market produced strong results and outperformed U.S. Treasuries. This was due, in part, to improving economic conditions following the lengthy downturn from mid-2008 through mid-2009. Also supporting the spread sectors (non-U.S. Treasuries) was overall solid demand from investors seeking incremental yields given the low rates available from short-term fixed-income securities.

The spread sectors rallied during most of the reporting period, with notable exceptions being in late April and May 2010, as well as August and November 2010. Starting toward the end of April, there was a flight to quality, triggered by concerns regarding the escalating sovereign debt crisis in Europe. In addition, investor sentiment was negatively impacted by uncertainties surrounding financial reform legislation in the U.S. and signs that economic growth was moderating. Collectively, this caused investors to flock to the relative safety of Treasury securities, driving their yields lower and prices higher.

Robust investor risk appetite largely resumed during June and July, and again in September and October. These turnarounds occurred as the situation in Europe appeared to stabilize, the financial reform bill was signed into law and the Federal Reserve Board (Fed)i continued to indicate that it would keep short-term rates low for an extended period. However, investor risk aversion returned in November when fears regarding the European debt crisis re-emerged.

Fund overview (cont d)

The yields on two- and ten-year Treasuries began the fiscal year at 0.67% and 3.21%, respectively. Treasury yields fluctuated during the twelve-month reporting period given changing perceptions regarding the economy, interest rates, inflation and deflation. Yields moved sharply lower in October 2010 in anticipation of additional quantitative easing by the Fed. Yields then reversed course toward the end of the period as certain economic data were stronger than expected and there were concerns regarding future inflation. During the fiscal year, two-year Treasury yields moved as high as 1.18% and as low as 0.33%, whereas ten-year Treasuries rose as high as 4.01% and as low as 2.41%. On November 30, 2010, yields on two- and ten-year Treasuries were 0.45% and 2.81%, respectively.

Despite a sharp sell-off in November 2010, municipal bonds posted solid returns during the fiscal year as a whole. Although the fundamentals in the municipal market remained challenging, tax-free bond prices rallied during much of the reporting period. This was due, in part, to generally strong demand as investors were drawn to their attractive yields. In addition, new supply in the tax-exempt market was pared due to increased issuance of Build America Bonds (BABs). However, the municipal market ended the fiscal year on a weak note when investor demand could not absorb a sharp increase in new issuance of BABs. This spike in new issuance occurred as municipalities feared that the BAB program, which is scheduled to expire at the end of December, would not be extended by Congress. In addition, there were concerns regarding the financial health of some municipal bond issuers. All told, the Barclays Capital Municipal Bond Index[ii] returned 4.76% for the twelve months ended November 30, 2010. Over the same period, the overall taxable bond market, as measured by the Barclays Capital U.S. Aggregate Index[iii], returned 6.02%.

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

A. A general theme for the Fund throughout the fiscal year was its underweight exposures to State General Obligation bonds (GOs) and Local GOs. These securities are typically economically sensitive, in that the issuing municipality repays bondholders from tax revenues. We avoided GOs given declining tax revenues, ongoing budget challenges and the likelihood of further agency rating downgrades. In contrast, we continued to emphasize essential service revenue bonds and, within this area, we made several tactical adjustments during the reporting period. We increased the Fund s exposure to Industrial Revenue and Special Tax Obligation bonds, as we continued to find them to be attractively valued. We pared the Fund s exposure to Pre-refunded[iv] securities in order to pursue more attractive opportunities.

Performance review

For the twelve months ended November 30, 2010, Western Asset Intermediate Muni Fund Inc. returned 6.58% based on its net asset value (NAV)[v] and 9.44% 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 Index[vi], returned 4.23% for the same period. The Lipper Intermediate Municipal Debt Closed-End Funds Category Average[vii] returned 7.94% over the same time frame. Please note that Lipper performance returns are based on each fund s NAV.

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.

During the twelve-month period, the Fund made distributions to common stock shareholders totaling $0.47 per share. The performance table on the following page shows the Fund s twelve-month total return based on its NAV and market price as of November 30, 2010.

Past performance is no guarantee of future results.

Performance Snapshot as of November 30, 2010

Price Per Share	**12-Month Total Return***
$9.71 (NAV)	6.58%
$9.45 (Market Price)	9.44%

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 the Fund s relative performance during the reporting period was our overweight to Industrial Revenue bonds. Within this sector, the Fund s gas prepayviii securities significantly contributed to performance. These securities performed poorly during the majority of 2008 due to the fallout from the credit crisis. As the financial system recovered, gas prepay securities rallied and generated strong results during much of the fiscal year. Elsewhere, issue selection within the Water & Sewer sector was beneficial for the Fund s performance.

Overweight positions to the strong-performing Health Care and Solid Waste/Resource Recovery sectors also significantly enhanced results. Demand for these securities was generally robust given their attractive yields. The Fund s durationix, which was longer than that of the benchmark, was also a positive for performance as municipal yields moved lower during the fiscal year.

Finally, the Fund s use of leverage contributed to results as the leverage amplified the positive performance in the municipal market during the reporting period.

Q. What were the leading detractors from performance?

A. The largest detractor from relative performance for the period was the Fund s yield curvex positioning. In particular, the Fund maintained an overweight exposure to the twenty-year portion of the curve. This hurt performance, as the seven-year portion of the curve, where the Fund had an underweight versus the benchmark, outperformed the twenty-year portion of the curve.

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 Time, for the Fund s current NAV, market price and other information.

Fund overview (cont d)

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 21, 2010

RISKS: *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.*

The mention of sector breakdowns is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. The information provided regarding such sectors is not a sufficient basis upon which to make an investment decision. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional. Portfolio holdings are subject to change at any time and may not be representative of the portfolio managers current or future investments. The Fund s portfolio composition is subject to change at any time.

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

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.

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 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 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).

v 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.

vi 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.

vii Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended November 30, 2010, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 7 funds in the Fund s Lipper category.

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.

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

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund s investments as of November 30, 2010 and November 30, 2009. The Fund is actively managed. As a result, the composition of the Fund s investments is subject to change at any time.

Spread duration (unaudited)

Economic Exposure November 30, 2010

Spread duration measures the sensitivity to changes in spreads. The spread over Treasuries is the annual risk-premium demanded by investors to hold non-Treasury securities. Spread duration is quantified as the % change in price resulting from a 100 basis points change in spreads. For a security with positive spread duration, an increase in spreads would result in a price decline and a decline in spreads would result in a price increase. This chart highlights the market sector exposure of the Fund s portfolio and the exposure relative to the selected benchmark as of the end of the reporting period.

SBI	Western Asset Intermediate Muni Fund Inc.
BC 1-15 Year Muni Bond	Barclays Capital 1-15 Year Municipal Bond Index

Effective duration (unaudited)

Interest Rate Exposure November 30, 2010

Effective duration measures the sensitivity to changes in Treasury yields. Effective duration is quantified as the % change in price resulting from a 100 basis points change in Treasury yields. For a security with positive effective duration, an increase in Treasury yields would result in a price decline and a decline in Treasury yields would result in a price increase. This chart highlights the interest rate exposure of the Fund s portfolio relative to the selected benchmark as of the end of the reporting period.

SBI	Western Asset Intermediate Muni Fund Inc.
BC 1-15 Year Muni Bond	Barclays Capital 1-15 Year Municipal Bond Index

Schedule of investments

November 30, 2010

Western Asset Intermediate Muni Fund Inc.

Security	Rate	Maturity Date	Face Amount		Value
Municipal Bonds 99.3%					
Alabama 0.5%					
Saraland, AL, GO, NATL	5.250%	1/1/15	$1,000,000	$	***1,013,830***(a)
Alaska 1.6%					
Alaska Industrial Development & Export Authority Revenue, Williams Lynxs Alaska Cargo Port LLC	8.000%	5/1/23	1,000,000		1,029,180(b)
Anchorage, AK, GO, Refunding, FGIC	6.000%	10/1/14	500,000		585,010
North Slope Boro, AK, Refunding, NATL	5.000%	6/30/15	1,250,000		1,424,900
Total Alaska					***3,039,090***
Arkansas 0.5%					
Warren County, AR, Solid Waste Disposal Revenue, Potlatch Corp. Project	7.000%	4/1/12	1,000,000		***1,011,320***(b)
California 4.9%					
California Statewide CDA Revenue:					
Lodi Memorial Hospital	5.000%	12/1/22	2,000,000		2,015,260
Proposition 1A Receivables Program	5.000%	6/15/13	3,000,000		3,211,980
Los Angeles, CA, COP, Hollywood Presbyterian Medical Center, INDLC	9.625%	7/1/13	510,000		577,876(c)
M-S-R Energy Authority, CA, Gas Revenue	6.125%	11/1/29	3,000,000		3,174,870
San Francisco, CA, Airport Improvement Corp., Lease Revenue, United Airlines Inc.	8.000%	7/1/13	165,000		182,602(c)
San Leandro, CA, Hospital Revenue, Vesper Memorial Hospital	11.500%	5/1/11	25,000		26,117(c)
Total California					***9,188,705***
Colorado 6.2%					
Broomfield, CO, COP, Open Space Park & Recreation Facilities, AMBAC	5.500%	12/1/20	1,860,000		1,860,000
Colorado Educational & Cultural Facilities Authority Revenue Charter School:					
Bromley East Project	7.000%	9/15/20	1,000,000		1,050,660(a)
Bromley School Project, XLCA	5.125%	9/15/20	1,155,000		1,188,680
Refunding & Improvement, University Lab School, XLCA	5.250%	6/1/24	1,350,000		1,361,988
University Lab School Project	6.125%	6/1/21	500,000		513,720(a)
Denver, CO, Health & Hospital Authority	6.250%	12/1/16	710,000		750,150(a)
E-470 Public Highway Authority Revenue, CO	5.250%	9/1/25	2,000,000		1,901,300
Public Authority for Colorado Energy, Natural Gas Purchase Revenue	6.125%	11/15/23	2,000,000		2,166,800
SBC Metropolitan District, CO, GO, ACA	5.000%	12/1/25	750,000		725,415
Total Colorado					***11,518,713***

See Notes to Financial Statements.

Western Asset Intermediate Muni Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value	
Connecticut 2.0%					
Connecticut State HEFA Revenue, Bristol Hospital	5.500%	7/1/21	$2,000,000	$ 1,909,300	
Connecticut State Special Obligation Parking Revenue, Bradley International Airport, ACA	6.375%	7/1/12	1,855,000	1,874,700	(b)
Total Connecticut				***3,784,000***	
Florida 5.5%					
Citizens Property Insurance Corp., FL	5.000%	6/1/16	5,000,000	5,241,900	
Miami-Dade County, FL, School Board, COP	5.000%	2/1/24	2,000,000	2,093,980	
Old Palm Community Development District, FL, Palm Beach Gardens	5.375%	5/1/14	1,030,000	995,289	
Orange County, FL, Health Facilities Authority Revenue:					
First Mortgage Healthcare Facilities	8.750%	7/1/11	145,000	145,651	
Hospital Adventist Health Systems	6.250%	11/15/24	1,500,000	1,654,455	(a)
Total Florida				***10,131,275***	
Georgia 6.8%					
Athens, GA, Housing Authority Student Housing Lease Revenue, University of Georgia East Campus, AMBAC	5.250%	12/1/23	970,000	1,049,200	(a)
Atlanta, GA, Water & Wastewater Revenue	6.000%	11/1/23	2,000,000	2,277,980	
Chatham County, GA, Hospital Authority Revenue, Hospital Memorial Health Medical Center	6.000%	1/1/17	650,000	658,333	
DeKalb Private Hospital Authority Revenue, GA, Anticipation CTFS, Children s Health Care of Atlanta Inc.	5.000%	11/15/29	2,000,000	2,041,900	
DeKalb, Newton & Gwinnett Counties, GA, Joint Development Authority Revenue, GGC Foundation LLC Project	6.000%	7/1/29	1,000,000	1,096,040	
Georgia Municipal Electric Authority:					
Power Revenue, Refunding, AGM	5.000%	1/1/18	3,000,000	3,127,320	
Power System Revenue	6.500%	1/1/12	215,000	224,537	
Griffin, GA, Combined Public Utilities Revenue, Refunding & Improvement, AMBAC	5.000%	1/1/21	1,000,000	1,039,160	
Metropolitan Atlanta Rapid Transit Georgia Sales Tax Revenue	7.000%	7/1/11	995,000	1,033,099	(c)
Total Georgia				***12,547,569***	
Illinois 2.2%					
Chicago, IL, O Hare International Airport Revenue, Refunding Bonds, Lien A-2, AGM	5.750%	1/1/19	1,500,000	1,601,235	(b)
Glendale Heights, IL, Hospital Revenue, Refunding Glendale Heights Project	7.100%	12/1/15	660,000	730,726	(c)
Illinois Development Finance Authority, Chicago Charter School Foundation Project A	5.250%	12/1/12	155,000	161,262	(c)
Illinois Finance Authority Revenue, Memorial Health System	5.250%	4/1/29	1,670,000	1,622,037	
Total Illinois				***4,115,260***	

See Notes to Financial Statements.

Schedule of investments (cont d)

November 30, 2010

Western Asset Intermediate Muni Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value	
Indiana 2.8%					
Ball State University, Indiana University Revenue, Student Fee, FGIC	5.750%	7/1/20	$ 800,000	$ 844,728	(a)
Indianapolis, IN, Thermal Energy System, Multi-Mode	5.000%	10/1/23	4,000,000	4,260,800	(d)
Total Indiana				***5,105,528***	
Iowa 0.3%					
Muscatine, IA, Electric Revenue	9.700%	1/1/13	465,000	***509,073***	(c)
Kansas 1.4%					
Burlington, KS, Environmental Improvement Revenue, Kansas City Power & Light	5.250%	4/1/13	2,500,000	***2,657,350***	(e)
Louisiana 0.1%					
Louisiana Public Facilities Authority Hospital Revenue, Southern Baptist Hospital Inc. Project, Aetna	8.000%	5/15/12	105,000	***105,270***	(c)
Maryland 0.3%					
Maryland State Health & Higher EFA Revenue, Refunding Mercy Medical Center, AGM	6.500%	7/1/13	550,000	***583,869***	
Massachusetts 3.1%					
Lancaster, MA, GO, AMBAC	5.375%	4/15/17	1,130,000	1,187,720	
Massachusetts State DFA Revenue:					
Curry College, ACA	6.000%	3/1/20	470,000	473,845	
VOA Concord, GNMA-Collateralized	6.700%	10/20/21	350,000	386,764	(a)
Massachusetts State HEFA Revenue:					
Caritas Christi Obligation	6.500%	7/1/12	1,040,000	1,044,129	(c)
Caritas Christi Obligation	6.750%	7/1/16	835,000	921,823	(a)
Milford-Whitinsville Regional Hospital	6.500%	7/15/23	1,000,000	1,098,490	(a)
Massachusetts State Industrial Finance Agency Assisted Living Facility Revenue, Arbors at Amherst Project, GNMA-Collateralized	5.750%	6/20/17	710,000	710,795	(b)
Total Massachusetts				***5,823,566***	
Michigan 4.1%					
Jenison, MI, Public Schools GO, Building and Site, FGIC	5.500%	5/1/20	1,000,000	1,045,010	(a)
Michigan State Housing Development Authority Rental Housing Revenue	5.250%	10/1/24	2,640,000	2,697,737	
Michigan State, Hospital Finance Authority Revenue:					
Oakwood Obligated Group	5.500%	11/1/18	1,000,000	1,027,510	
Refunding, Hospital Sparrow Obligated	5.000%	11/15/12	500,000	530,620	
Refunding, Hospital Sparrow Obligated	5.000%	11/15/14	1,190,000	1,296,076	

Walled Lake, MI, Consolidated School District, NATL	5.000%	5/1/22	1,000,000	1,047,450	
Total Michigan				***7,644,403***	

See Notes to Financial Statements.

Western Asset Intermediate Muni Fund Inc.

Security	**Rate**		**Maturity Date**	**Face Amount**	**Value**	
Missouri 1.6%						
Lees Summit, MO, IDA, Health Facilities Revenue, John Knox Village	5.750	%	8/15/11	$ 405,000	$ 419,953	(c)
Missouri State Environmental Improvement & Energy Resources Authority, KC Power & Light Co. Project	4.900	%	7/1/13	2,500,000	2,625,825	(b)(e)
Total Missouri					***3,045,778***	
Nevada 2.3%						
Humboldt County, NV, PCR, Idaho Power Co. Project	5.150	%	12/1/24	4,000,000	***4,197,200***	
New Hampshire 3.7%						
New Hampshire HEFA Revenue:						
Covenant Health	6.500	%	7/1/17	445,000	475,621	(a)
Covenant Health, Unrefunded Balance	6.500	%	7/1/17	140,000	145,520	
Healthcare Systems Covenant Health	5.000	%	7/1/28	6,400,000	6,203,264	
Total New Hampshire					***6,824,405***	
New Jersey 4.9%						
New Jersey State EFA Revenue, University of Medicine & Dentistry	7.125	%	12/1/23	2,000,000	2,328,840	
New Jersey State Higher Education Assistance Authority, Student Loan Revenue	5.375	%	6/1/24	4,000,000	4,173,080	
New Jersey State Higher Education Assistance Authority, Student Loan Revenue, AGC	5.875	%	6/1/21	2,450,000	2,609,397	(b)
Ringwood Borough, NJ, Sewer Authority Special Obligation	9.875	%	7/1/13	65,000	73,897	(c)
Total New Jersey					***9,185,214***	
New Mexico 1.5%						
Bernalillo County, NM, Gross Receipts Tax Revenue, AMBAC	5.250	%	10/1/18	1,100,000	1,294,986	
New Mexico Finance Authority Revenue, Subordinated Lien, Public Project Revolving Fund, NATL	5.000	%	6/15/19	1,415,000	1,559,047	
Total New Mexico					***2,854,033***	
New York 2.9%						
New York State Dormitory Authority, New York & Presbyterian Hospital, AGM	5.250	%	2/15/24	3,025,000	3,220,052	
New York State Thruway Authority Highway & Bridge Trust Fund Revenue, AMBAC	5.000	%	4/1/21	2,000,000	2,181,280	
Total New York					***5,401,332***	
North Carolina 1.0%						
North Carolina Eastern Municipal Power Agency, Power Systems Revenue	5.000	%	1/1/26	1,750,000	***1,806,263***	
Ohio 6.7%						
American Municipal Power-Ohio Inc., Electricity Purchase Revenue	5.000	%	2/1/13	2,000,000	2,097,160	

See Notes to Financial Statements.

Schedule of investments (cont d)

November 30, 2010

Western Asset Intermediate Muni Fund Inc.

Security	Rate		Maturity Date	Face Amount	Value	
Ohio continued						
Kettering, OH, City School District, School Improvement, AGM	5.000	%	12/1/19	$1,000,000	$ 1,079,060	
Ohio State Air Quality Development Authority Revenue, FirstEnergy Generation Corp.	5.625	%	6/1/18	1,000,000	1,078,810	
Ohio State Water Development Authority Revenue:						
Refunding, Safe Water Service	9.375	%	12/1/10	110,000	110,000	(c)
Safe Water	9.000	%	12/1/10	25,000	25,000	(c)
Ohio State Water Development Authority, Pollution Control Facilities Revenue, FirstEnergy Nuclear Generation Corp.	3.375	%	7/1/15	5,000,000	4,967,400	(e)
Ohio State, GO, Conservation Project	5.250	%	9/1/13	3,010,000	3,046,210	(a)
Total Ohio					***12,403,640***	
Oklahoma 1.4%						
Grand River Dam Authority, OK, Revenue	5.000	%	6/1/30	2,500,000	***2,513,125***	(f)
Pennsylvania 6.8%						
Conneaut, PA, School District, GO, AMBAC	9.500	%	5/1/12	185,000	192,498	(c)
Harrisburg, PA, Parking Authority Parking Revenue, AGM	5.500	%	5/15/20	1,000,000	1,071,540	(a)
Montgomery County, PA, IDA Revenue, New Regional Medical Center Project, FHA	5.000	%	8/1/24	2,000,000	2,067,860	
Northampton County, PA, IDA Revenue, Mortgage Moravian Hall Square Project, Radian	5.500	%	7/1/19	1,365,000	1,328,582	
Pennsylvania State IDA Revenue, Economic Development, AMBAC	5.500	%	7/1/21	1,000,000	1,040,510	
Pennsylvania State Public School Building Authority Lease Revenue, Philadelphia School District Project, AGM	5.000	%	6/1/27	2,000,000	2,054,420	
Philadelphia, PA, Gas Works Revenue, 7th General Ordinance, AMBAC	5.000	%	10/1/17	1,000,000	1,075,260	
Philadelphia, PA, Water & Wastewater, FGIC	5.250	%	11/1/14	2,000,000	2,129,400	
Pittsburgh, PA, School District GO, AGM	5.375	%	9/1/16	1,350,000	1,573,722	
Total Pennsylvania					***12,533,792***	
Puerto Rico 1.1%						
Puerto Rico Commonwealth Government Development Bank, NATL	4.750	%				