

COLONIAL INTERMEDIATE HIGH INCOME FUND  
Form N-CSR  
February 07, 2007

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 811-5567  
-----

Colonial Intermediate High Income Fund  
-----

(Exact name of registrant as specified in charter)

One Financial Center, Boston, Massachusetts 02111  
-----

(Address of principal executive offices) (Zip code)

James R. Bordewick, Jr., Esq.  
Columbia Management Advisors, LLC  
One Financial Center  
Boston, MA 02111  
-----

(Name and address of agent for service)

Registrant's telephone number, including area code: 1-617-426-3750  
-----

Date of fiscal year end: November 30, 2006  
-----

Date of reporting period: November 30, 2006  
-----

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. (S) 3507.

Item 1. Reports to Stockholders.

[GRAPHIC]

[GRAPHIC]

COLONIAL INTERMEDIATE HIGH INCOME FUND

ANNUAL REPORT

NOVEMBER 30, 2006

[LOGO] NOT FDIC INSURED      May Lose Value  
No Bank Guarantee

Economic Update - Colonial Intermediate High Income Fund

The US economy grew at a solid but uneven pace during the 12-month period that began December 1, 2005 and ended November 30, 2006. Gross domestic product (GDP) growth was robust in the first quarter of 2006, as businesses created jobs at a brisk pace, industrial production rose and both personal spending and personal income moved higher. However, a weak housing market began to weigh on the economy, and the manufacturing sector contracted late in the period--registering its first downturn since the spring of 2003. Against this backdrop, economic growth averaged 3.0% for the 12-month period.

Between December and June, the Federal Reserve Board (the Fed) raised a key short-term interest rate, the federal funds rate, five times--to 5.25%. But as economic growth slowed, the Fed turned cautious and declined to increase the federal funds rate after its June meeting. Inflation also retreated during the period, which lent further support to the Fed's decision. Investors reacted favorably to the prospect of stable or possibly even lower interest rates and both the stock and bond markets rallied in the second half of the period.

Solid returns from fixed income markets

Although yields moved higher early in the period, the US fixed income markets delivered respectable returns, as prices rose and yields declined in reaction to the Fed's mid-year decision to put further short-term rate increases on hold. The yield on the 10-year US Treasury note, a bellwether for the bond market, ended the period at 4.4%--slightly lower than where it started. High-yield bonds led the fixed income markets, reflecting investor confidence about the overall resilience of the economy despite its slower pace of growth.

The views expressed in the Economic Update and Portfolio Managers' report reflect the current views of the respective parties. These views are not guarantees of future performance and involve certain risks, uncertainties and

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

assumptions that are difficult to predict so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the respective parties disclaim any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for the fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any fund. References to specific company securities should not be construed as a recommendation or investment advice.

### Portfolio Managers' Report - Colonial Intermediate High Income Fund

For the 12-month period ended November 30, 2006, Colonial Intermediate High Income Fund returned 21.22%, based on its market price. Changes in the market price of the fund's shares reflect investor demand and are not necessarily linked directly to changes in the fund's net asset value. The fund returned 11.20% based on investment at net asset value. The average return of the Lipper High Current Yield Funds (Leveraged) Classification was 12.48%.<sup>1/</sup> We believe that the fund's lower return relative to its peer group occurred because the fund had more emphasis on higher quality high-yield bonds which underperformed lower quality bonds.

Riskier assets were favored by investors

Against a backdrop of steady economic growth, strong equity performance, historically low corporate default rates, large new issuance and relatively low Treasury yields, investors became increasingly comfortable with risk and favored the lowest quality high-yield securities. In this environment, we chose to reduce exposure to lower quality bonds and lock in profits because we felt the narrowing difference in yields between higher and lower quality securities did not justify the added risk posed by the latter. This shift in the fund's holdings proved to be premature, as lower quality securities set the pace in the high-yield market for the entire 12 months. Nevertheless, we believe that our prudence has the potential to be rewarded going forward.

A focus on the wireless, energy and utilities sectors produced mixed results. Wireless telecommunications was one of the largest positions in the fund. Investments in this sector were positive for performance, as strong growth and industry consolidation aided results. Robust merger and acquisition activity also drove up the valuations of the fund's investments in the aerospace industry, and strong operating and financial results contributed to the returns of cable holdings. Strong performance in the transportation sector was led by recoveries in Ford Motor Credit and General Motors bonds. While the fund was underweight in the sector, transportation holdings were positive for the fund's returns.

The fund also held substantial positions in the energy and utility sectors, which detracted from performance because these higher quality industries did not keep pace with some lower quality sectors. Housing also did poorly for the fund as the sector slowed.

Rising interest rates on the fund's term and revolving loans also had a negative impact on performance. The fund seeks to enhance its return by borrowing money to invest in high-yield securities at higher rates than its cost of funds. Rising interest rates during the first seven months of the fiscal year increased the fund's expense for interest payments on these loans, which was not fully offset by income from investments because the interest rates on the loans rose faster than the long-term yields on the fund's investments. When interest rates declined during the final five months of the

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

fiscal period, some, but not all, of these losses were offset.

/1/Lipper Inc., a widely respected data provider in the industry, calculates an average total return (assuming reinvestment of distributions) for mutual funds with investment objectives similar to those of the fund. Lipper makes no adjustment for the effect of sales loads.

\*See Page 28 for returns based on market price for the past five fiscal years.

### Price per share

as of 11/30/06 (\$)  
Market price 3.46  
Net asset value 3.64

### 1-year total return

as of 11/30/06 (%)\*  
Market price 21.22  
Net asset value 11.20  
Lipper High Current Yield  
Funds (Leveraged)  
Classification average 12.48

Performance is historical, assumes reinvestment of all dividends and capital gains, and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when sold, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please call 800-730-6001 for the fund's most recent performance. Total return based on net asset value reflects changes in the fund's net asset value during each period. Total return based on market value reflects changes in market value. These figures will differ depending on the level of any discount from or premium to net asset value during the period.

### Distributions declared per share

12/01/05 - 11/30/06 (\$) 0.34

1

Portfolio Managers' Report (continued) - Colonial Intermediate High Income Fund

### Quality breakdown

as of 11/30/06 (%)

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

BBB	1.7
BB	22.4
B	53.9
CCC	16.9
CC	0.6
Non-rated	0.3
Equity, Preferred Stocks	3.0
Cash and Equivalents	1.2

### Top 10 corporate issuers

as of 11/30/06 (%)	
General Motors**	2.1
El Paso**	1.8
Qwest**	1.5
Ford Motor Credit	1.5
Dow Jones CDX High Yield Index	1.5
Charter Communications	1.4
Freescale Semiconductor	1.4
Williams Companies	1.3
HCA	1.3
Allied Waste North America	1.1

Quality breakdown and corporate issuers are calculated as a percentage of total investments. Ratings shown in the quality breakdown represent the rating assigned to a particular bond by one of the following nationally recognized rating agencies: Standard & Poor's, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc. or Fitch Ratings, Ltd. Ratings are relative and subjective and are not absolute standards of quality. The Credit quality does not remove market risk. The majority of the bonds that are non-rated are considered by the advisor to be of non-investment grade quality.

Portfolio characteristics and holdings are subject to change periodically and may not be representative of current characteristics and holdings. Because the fund is actively managed, there is no guarantee that the fund will maintain these quality breakdowns or will continue to invest in these issuers in the future.

\*\*Includes affiliated companies.

Maintaining flexibility in a potentially changing investment environment  
Valuations in the high-yield market have risen to levels that we believe are near fair value. However, we believe that the economic environment is strong enough to support yields that are not significantly higher than those offered by investment grade securities for the foreseeable future. That said, we are mindful of the potential risks of a greater-than-expected economic slowdown, disruption in the leveraged loan market or a rise in highly speculative private equity transactions. In this environment, we have taken a neutral stance toward the market and will make pronounced portfolio shifts if our outlook for the high-yield market changes.

#### Portfolio Management

Gregg R. Smalley, CFA, has managed Colonial Intermediate High Income Fund since June 2000 and has been with the advisor or its predecessors or affiliate organizations since August 1997.

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Kevin L. Cronk, CFA, has co-managed the fund since February 2003 and has been with the advisor or its predecessors or affiliate organizations since August 1999.

Thomas A. LaPointe, CFA, has co-managed the fund since February 2003 and has been with the advisor or its predecessors or affiliate organizations since February 1999.

Shares of closed-end funds frequently trade at a discount to net asset value. The price of the fund's shares is determined by a number of factors, several of which are beyond the control of the fund. Therefore, the fund cannot predict whether its shares will trade at, below or above net asset value.

Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yield and share price fluctuations due to changes in interest rates. When interest rates go up, bond prices typically drop, and vice versa.

Investing in high-yield or "junk" bonds offers the potential for higher income than investments in investment-grade bonds, but also has a higher degree of risk. Changes in economic conditions or other circumstances may adversely affect a high-yield bond issuer's ability to make timely principal and interest payments.

2

Investment Portfolio - Colonial Intermediate High Income Fund  
November 30, 2006

Corporate Fixed-Income Bonds & Notes - 130.4%

	Par (\$)	Value (\$)
Basic Materials - 10.9%		
Chemicals - 6.8%		
Agricultural Chemicals - 1.8%		
IMC Global, Inc.	10.875% 08/01/13	310,000 353,013
Mosaic Co.	7.375% 12/01/14 (a) (b)	120,000 121,950
	7.625% 12/01/16 (a) (b)	445,000 455,012
Terra Capital, Inc.	12.875% 10/15/08	420,000 469,350
	-----	-----
		1,399,325
Chemicals-Diversified - 3.9%		
BCP Crystal US Holdings Corp.	9.625% 06/15/14	215,000 235,963
EquiStar Chemicals LP	10.625% 05/01/11	345,000 368,287
Huntsman International LLC	6.875% 11/15/13	EUR 200,000 263,215
	7.875% 11/15/14 (a)	USD 285,000 286,425
Ineos Group Holdings PLC	7.875% 02/15/16	EUR 165,000 211,143
	8.500% 02/15/16 (a)	USD 265,000 255,725

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Innophos Investments Holdings, Inc. PIK,	13.374% 02/15/15 (c)	266,601	278,598
Lyondell Chemical Co.	8.000% 09/15/14	250,000	257,812
	8.250% 09/15/16	380,000	395,200
NOVA Chemicals Corp.	6.500% 01/15/12	425,000	401,625
			-----
			2,953,993
Chemicals-Specialty - 1.1%			
Chemtura Corp.	6.875% 06/01/16	365,000	358,613
Momentive Performance Materials, Inc.	9.750% 12/01/14 (a)	210,000	210,525
Rhodia SA	8.875% 06/01/11	271,000	283,195
			-----
			852,333
	Chemicals Total		5,205,651
Forest Products & Paper - 2.8%			
Paper & Related Products - 2.8%			
Abitibi-Consolidated, Inc.	8.375% 04/01/15	380,000	330,600
Boise Cascade LLC	7.125% 10/15/14	190,000	182,400
Buckeye Technologies, Inc.	8.500% 10/01/13	60,000	62,100
Domtar, Inc.	7.125% 08/15/15	330,000	315,975
Georgia-Pacific Corp.	8.000% 01/15/24	530,000	543,250
Neenah Paper, Inc.	7.375% 11/15/14	130,000	123,175
NewPage Corp.	10.000% 05/01/12	250,000	263,125
	12.000% 05/01/13	105,000	110,775
Norske Skog	8.625% 06/15/11	190,000	191,900
			-----
			2,123,300
	Forest Products & Paper Total		2,123,300

See Accompanying Notes to Financial Statements.

3

Colonial Intermediate High Income Fund  
November 30, 2006

Corporate Fixed-Income Bonds & Notes (continued)

Basic Materials (continued)

Iron/Steel - 0.5%

Par (\$) Value (\$)

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Steel-Producers - 0.2%				
Steel Dynamics, Inc.	9.500%	03/15/09	160,000	165,000
			-----	-----
				165,000
Steel-Specialty - 0.3%				
UCAR Finance, Inc.	10.250%	02/15/12	215,000	226,825
			-----	-----
				226,825
		Iron/Steel Total		391,825
Metals & Mining - 0.8%				
Diversified Minerals - 0.7%				
FMG Finance Ltd.	10.625%	09/01/16 (a)	505,000	508,787
			-----	-----
				508,787
Mining Services - 0.1%				
Hudson Bay Mining & Smelting Co., Ltd.	9.625%	01/15/12	105,000	117,600
			-----	-----
				117,600
		Metals & Mining Total		626,387
Basic Materials Total				8,347,163
Communications - 27.9%				
Media - 11.6%				
Broadcast Services/Programs - 1.0%				
Clear Channel Communications, Inc.	4.900%	05/15/15	230,000	186,696
	5.500%	12/15/16	365,000	301,548
XM Satellite Radio, Inc.	9.750%	05/01/14	290,000	287,100
			-----	-----
				775,344
Cable TV - 5.0%				
Atlantic Broadband Finance LLC	9.375%	01/15/14	305,000	306,906
Charter Communications Holdings I LLC	11.000%	10/01/15	485,000	475,300
Charter Communications Holdings II LLC	10.250%	09/15/10	490,000	512,050
Charter Communications Holdings LLC	9.920%	04/01/14	580,000	477,050
CSC Holdings, Inc.	7.625%	04/01/11	585,000	595,969
DirecTV Holdings LLC	6.375%	06/15/15	435,000	419,775
EchoStar DBS Corp.	6.625%	10/01/14	605,000	586,850
Insight Midwest LP	9.750%	10/01/09	101,000	102,389
	9.750%	10/01/09	42,000	42,577
Telenet Group Holding NV	(d)	06/15/14		
	(11.500%	12/15/08) (a)	368,000	328,440
			-----	-----
				3,847,306

See Accompanying Notes to Financial Statements.



Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

4

Colonial Intermediate High Income Fund  
November 30, 2006

Corporate Fixed-Income Bonds & Notes (continued)

		Par (\$)	Value (\$)
Communications (continued)			
Media (continued)			
Multimedia - 1.4%			
Advanstar Communications, Inc.	15.000% 10/15/11	310,000	321,625
Lamar Media Corp.	6.625% 08/15/15	360,000	349,650
Quebecor Media, Inc.	7.750% 03/15/16	390,000	394,875
			-----
			1,066,150
Publishing-Periodicals - 3.3%			
Dex Media West LLC	9.875% 08/15/13	739,000	805,510
Dex Media, Inc.	(d) 11/15/13 (9.000% 11/15/08)	250,000	221,250
Idearc, Inc.	8.000% 11/15/16 (a)	750,000	762,188
PriMedia, Inc.	8.000% 05/15/13	530,000	495,550
RH Donnelley Corp.	8.875% 01/15/16	290,000	304,500
			-----
			2,588,998
Radio - 0.5%			
CMP Susquehanna Corp.	9.875% 05/15/14 (a)	355,000	348,788
			-----
			348,788
Television - 0.4%			
Sinclair Broadcast Group, Inc.	8.750% 12/15/11	255,000	266,475
			-----
			266,475
	Media Total		8,893,061
Telecommunication Services - 16.3%			
Cellular Telecommunications - 6.1%			
Cricket Communications, Inc.	9.375% 11/01/14 (a)	270,000	276,075
Digicel Ltd.	9.250% 09/01/12 (a)	440,000	466,400
Dobson Cellular Systems, Inc.	8.375% 11/01/11	400,000	417,000
	9.875% 11/01/12	510,000	553,350
Horizon PCS, Inc.	11.375% 07/15/12	190,000	210,900

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

iPCS Escrow Co.	11.500%	05/01/12	170,000	189,125
MetroPCS Wireless, Inc.	9.250%	11/01/14 (a)	440,000	447,150
Nextel Partners, Inc.	8.125%	07/01/11	390,000	405,600
Rogers Cantel, Inc.	9.750%	06/01/16	385,000	481,250
Rogers Wireless, Inc.	8.000%	12/15/12	255,000	270,300
Rural Cellular Corp.	9.750%	01/15/10	65,000	66,625
	11.121%	11/01/12 (c)	320,000	332,800
US Unwired, Inc.	10.000%	06/15/12	500,000	550,000
				-----
				4,666,575

See Accompanying Notes to Financial Statements.

5

Colonial Intermediate High Income Fund  
November 30, 2006

Corporate Fixed-Income Bonds & Notes (continued)

			Par (\$)	Value (\$)
Communications (continued)				
Telecommunication Services (continued)				
Satellite Telecommunications - 2.3%				
Inmarsat Finance II PLC	(d)	11/15/12 (10.375% 11/15/08)	460,000	420,325
Intelsat Bermuda, Ltd.		11.250% 06/15/16 (a)	815,000	893,444
Intelsat Intermediate Holdings Co., Ltd.	(d)	02/01/15 (9.250% 02/01/10)	330,000	249,975
PanAmSat Corp.		9.000% 08/15/14	226,000	237,300
			-----	-----
				1,801,044
Telecommunication Equipment - 0.6%				
Lucent Technologies, Inc.		6.450% 03/15/29	475,000	427,500
			-----	-----
				427,500
Telecommunication Services - 2.4%				
Embarq Corp.		7.082% 06/01/16	160,000	165,715
		7.995% 06/01/36	165,000	178,577
Nordic Telephone Co. Holdings ApS		8.250% 05/01/16	EUR 240,000	348,834
Syniverse Technologies, Inc.		7.750% 08/15/13	USD 260,000	252,850
Time Warner Telecom Holdings, Inc.		9.250% 02/15/14	380,000	404,700

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

West Corp.	11.000% 10/15/16 (a)	475,000	472,031
			1,822,707
Telephone-Integrated - 4.9%			
Cincinnati Bell, Inc.	7.000% 02/15/15	360,000	355,500
Citizens Communications Co.	9.000% 08/15/31	600,000	654,000
NTL Cable PLC	8.750% 04/15/14	EUR 180,000	188,100
	8.750% 04/15/14	USD 160,000	227,523
Qwest Communications International, Inc.	7.500% 02/15/14	250,000	257,500
Qwest Corp.	7.500% 10/01/14 (a)	145,000	154,063
	7.500% 06/15/23	575,000	586,500
	8.875% 03/15/12	515,000	573,581
US LEC Corp.	13.870% 10/01/09 (c)	225,000	238,781
Windstream Corp.	8.625% 08/01/16 (a)	470,000	511,713
			3,747,261
	Telecommunication Services Total		12,465,087
Communications Total			21,358,148

See Accompanying Notes to Financial Statements.

6

Colonial Intermediate High Income Fund  
November 30, 2006

Corporate Fixed-Income Bonds & Notes (continued)

		Par (\$)	Value (\$)
Consumer Cyclical - 23.5%			
Airlines - 0.6%			
Continental Airlines, Inc.	7.568% 12/01/06	475,000	475,000
			475,000
Airlines Total			475,000
Apparel - 1.7%			
Apparel Manufacturers - 1.7%			
Broder Brothers Co.	11.250% 10/15/10	260,000	252,200
Levi Strauss & Co.	9.750% 01/15/15	570,000	609,187
Phillips-Van Heusen Corp.	7.250% 02/15/11	400,000	408,500
	8.125% 05/01/13	60,000	63,375

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

			1,333,262
	Apparel Total		1,333,262
Auto Manufacturers - 0.6%			
Auto-Cars/Light Trucks - 0.6%			
General Motors Corp.	8.375% 07/15/33	465,000	423,731
			423,731
	Auto Manufacturers Total		423,731
Auto Parts & Equipment - 1.8%			
Auto/Truck Parts & Equipment-Original - 0.5%			
TRW Automotive, Inc.	9.375% 02/15/13	340,000	364,650
			364,650
Auto/Truck Parts & Equipment-Replacement - 0.3%			
Commercial Vehicle Group	8.000% 07/01/13	295,000	285,413
			285,413
Rubber-Tires - 1.0%			
Goodyear Tire & Rubber Co.	8.625% 12/01/11 (a)	165,000	167,475
	9.000% 07/01/15	575,000	587,937
			755,412
	Auto Parts & Equipment Total		1,405,475
Distribution/Wholesale - 0.3%			
Distribution/Wholesale - 0.3%			
Buhrmann US, Inc.	7.875% 03/01/15	230,000	221,950
			221,950
	Distribution/Wholesale Total		221,950
Entertainment - 2.1%			
Gambling (Non-Hotel) - 0.5%			
Global Cash Access LLC	8.750% 03/15/12	332,000	350,675
			350,675
Music - 1.1%			
Steinway Musical Instruments, Inc.	7.000% 03/01/14 (a)	350,000	340,375

See Accompanying Notes to Financial Statements.

7

Colonial Intermediate High Income Fund  
November 30, 2006

Corporate Fixed-Income Bonds & Notes (continued)

Consumer Cyclical (continued)

Par (\$) Value (\$)

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Entertainment (continued)				
Music (continued)				
Warner Music Group	7.375%	04/15/14	325,000	321,750
WMG Holdings Corp.	(d)	12/15/14		
	(9.500%)	12/15/09)	250,000	198,750
			-----	-----
				860,875
Resorts/Theme Parks - 0.5%				
Six Flags, Inc.	9.625%	06/01/14	435,000	397,481
			-----	-----
				397,481
		Entertainment Total		1,609,031
Home Builders - 0.9%				
Building-Residential/Commercial - 0.9%				
K. Hovnanian Enterprises, Inc.	6.375%	12/15/14	235,000	223,250
	8.875%	04/01/12	170,000	172,338
KB Home	5.875%	01/15/15	290,000	268,688
			-----	-----
				664,276
		Home Builders Total		664,276
Home Furnishings - 0.4%				
Home Furnishings - 0.4%				
Sealy Mattress Co.	8.250%	06/15/14	330,000	342,788
			-----	-----
				342,788
		Home Furnishings Total		342,788
Leisure Time - 1.4%				
Cruise Lines - 0.8%				
Royal Caribbean Cruises Ltd.	7.000%	06/15/13	535,000	550,433
			-----	-----
				550,433
Leisure & Recreational Products - 0.3%				
K2, Inc.	7.375%	07/01/14	245,000	243,775
			-----	-----
				243,775
Recreational Centers - 0.3%				
Town Sports International, Inc.	(d)	02/01/14		
	(11.000%)	02/01/09)	286,000	238,095
			-----	-----
				238,095
		Leisure Time Total		1,032,303
Lodging - 8.6%				
Casino Hotels - 8.1%				
Caesars Entertainment, Inc.	7.875%	03/15/10	300,000	308,250
CCM Merger, Inc.	8.000%	08/01/13 (a)	480,000	463,200
Chukchansi Economic Development Authority	8.877%	11/15/12 (a) (c)	275,000	282,219
Circus & Eldorado/Silver Legacy Capital Corp.	10.125%	03/01/12	300,000	315,375

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

See Accompanying Notes to Financial Statements.

8

Colonial Intermediate High Income Fund  
November 30, 2006

Corporate Fixed-Income Bonds & Notes (continued)

		Par (\$)	Value (\$)
Consumer Cyclical (continued)			
Lodging (continued)			
Casino Hotels (continued)			
Galaxy Entertainment Finance Co., Ltd.	9.875% 12/15/12 (a)	350,000	373,625
Greektown Holdings LLC	10.750% 12/01/13 (a)	390,000	408,525
Hard Rock Hotel, Inc.	8.875% 06/01/13	520,000	557,700
Harrah's Operating Co., Inc.	5.625% 06/01/15	480,000	411,775
Jacobs Entertainment, Inc.	9.750% 06/15/14	440,000	440,000
Las Vegas Sands Corp.	6.375% 02/15/15	180,000	173,475
MGM Mirage	6.750% 09/01/12	480,000	474,000
	8.500% 09/15/10	115,000	122,762
Pinnacle Entertainment, Inc.	8.250% 03/15/12	575,000	586,500
Pokagon Gaming Authority	10.375% 06/15/14 (a)	200,000	217,000
Station Casinos, Inc.	6.625% 03/15/18	650,000	591,500
Wynn Las Vegas LLC	6.625% 12/01/14	450,000	443,250
			-----
			6,169,156
Hotels & Motels - 0.5%			
ITT Corp.	7.375% 11/15/15	370,000	383,310
			-----
			383,310
	Lodging Total		6,552,466
Retail - 4.7%			
Retail-Arts & Crafts - 0.5%			
Michaels Stores, Inc.	11.375% 11/01/16 (a)	365,000	374,125
			-----
			374,125
Retail-Automobiles - 1.0%			
Asbury Automotive Group, Inc.	8.000% 03/15/14	360,000	362,700
Autonation, Inc.	7.000% 04/15/14	140,000	140,000

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

	7.374% 04/15/13 (c)	85,000	85,000
United Auto Group, Inc.	7.750% 12/15/16 (a)	145,000	145,000
			732,700
Retail-Drug Stores - 0.4%			
Rite Aid Corp.	7.500% 01/15/15	350,000	336,000
			336,000
Retail-Home Furnishings - 0.5%			
Tempur-Pedic, Inc.	10.250% 08/15/10	382,000	412,560
			412,560

See Accompanying Notes to Financial Statements.

9

Colonial Intermediate High Income Fund  
November 30, 2006

Corporate Fixed-Income Bonds & Notes (continued)

		Par (\$)	Value (\$)
Consumer Cyclical (continued)			
Retail (continued)			
Retail-Propane Distributors - 1.1%			
AmeriGas Partners LP	7.125% 05/20/16	300,000	298,500
Ferrellgas Partners LP	8.750% 06/15/12	300,000	308,250
Inergy LP/Inergy Finance Corp.	8.250% 03/01/16	240,000	250,200
			856,950
Retail-Restaurants - 1.2%			
Buffets, Inc.	12.500% 11/01/14 (a)	370,000	370,925
Dave & Buster's, Inc.	11.250% 03/15/14	230,000	223,100
Landry's Restaurants, Inc.	7.500% 12/15/14	305,000	296,612
			890,637
	Retail Total		3,602,972
Textiles - 0.4%			
Textile-Products - 0.4%			
INVISTA	9.250% 05/01/12 (a)	285,000	304,238
			304,238
	Textiles Total		304,238
Consumer Cyclical Total			17,967,492
Consumer Non-Cyclical - 22.5%			

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Agriculture - 0.8%			
Tobacco - 0.8%			
Alliance One International, Inc.	11.000%	05/15/12	240,000 254,400
Reynolds American, Inc.	7.625%	06/01/16 (a)	345,000 368,138
			-----
			622,538
		Agriculture Total	622,538
Beverages - 1.0%			
Beverages-Non-Alcoholic - 0.3%			
Cott Beverages, Inc.	8.000%	12/15/11	270,000 275,400
			-----
			275,400
Beverages-Wine/Spirits - 0.7%			
Constellation Brands, Inc.	7.250%	09/01/16	295,000 302,006
	8.125%	01/15/12	195,000 203,288
			-----
			505,294
		Beverages Total	780,694
Biotechnology - 0.5%			
Medical-Biomedical/Gene - 0.5%			
Bio-Rad Laboratories, Inc.	7.500%	08/15/13	375,000 385,312
			-----
			385,312
		Biotechnology Total	385,312

See Accompanying Notes to Financial Statements.

10

Colonial Intermediate High Income Fund  
November 30, 2006

Corporate Fixed-Income Bonds & Notes (continued)

			Par (\$)	Value (\$)
Consumer Non-Cyclical (continued)				
Commercial Services - 5.9%				
Commercial Services - 0.5%				
Iron Mountain, Inc.	7.750%	01/15/15	350,000	357,000
			-----	-----
				357,000
Commercial Services-Finance - 0.3%				
ACE Cash Express, Inc.	10.250%	10/01/14 (a)	250,000	252,500
			-----	-----
				252,500
Funeral Services & Related Items - 0.3%				
Service Corp. International	6.750%	04/01/16	95,000	93,337



Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

	7.375% 10/01/14	50,000	52,000
	7.625% 10/01/18	70,000	73,150
			-----
			218,487
Printing-Commercial - 0.7%			
Quebecor World Capital Corp.	8.750% 03/15/16 (a)	510,000	494,700
			-----
			494,700
Private Corrections - 1.0%			
Corrections Corp. of America	6.250% 03/15/13	360,000	354,600
GEO Group, Inc.	8.250% 07/15/13	415,000	423,300
			-----
			777,900
Rental Auto/Equipment - 3.1%			
Ashtead Capital, Inc.	9.000% 08/15/16 (a)	150,000	160,500
Ashtead Holdings PLC	8.625% 08/01/15 (a)	350,000	362,250
Avis Budget Car Rental LLC	7.625% 05/15/14 (a)	235,000	227,069
	7.750% 05/15/16 (a)	160,000	154,200
Hertz Corp.	8.875% 01/01/14 (a)	395,000	409,813
Rental Services Corp.	9.500% 12/01/14 (a)	585,000	592,312
United Rentals North America, Inc.	6.500% 02/15/12	295,000	289,100
	7.750% 11/15/13	210,000	210,000
			-----
			2,405,244
	Commercial Services Total		4,505,831
Cosmetics/Personal Care - 1.4%			
Cosmetics & Toiletries - 1.4%			
DEL Laboratories, Inc.	8.000% 02/01/12	355,000	326,600
Elizabeth Arden, Inc.	7.750% 01/15/14	380,000	378,100
Sally Holdings LLC	10.500% 11/15/16 (a)	365,000	374,581
			-----
			1,079,281
	Cosmetics/Personal Care Total		1,079,281
Food - 2.0%			
Food-Confectionery - 0.2%			
Merisant Co.	9.500% 07/15/13	215,000	118,250
			-----
			118,250

See Accompanying Notes to Financial Statements.

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Corporate Fixed-Income Bonds & Notes (continued)

		Par (\$)	Value (\$)
Consumer Non-Cyclical (continued)			
Food-Dairy Products - 0.4%			
Dean Foods Co.	7.000% 06/01/16	320,000	326,800
		-----	-----
			326,800
Food-Miscellaneous/Diversified - 1.4%			
Dole Food Co., Inc.	8.625% 05/01/09	352,000	346,720
Pinnacle Foods Holding Corp.	8.250% 12/01/13	470,000	479,400
Reddy Ice Holdings, Inc.	(d) 11/01/12 (10.500% 11/01/08)	315,000	280,350
		-----	-----
Food Total			1,106,470
			1,551,520
Healthcare Services - 4.6%			
Dialysis Centers - 0.4%			
DaVita, Inc.	7.250% 03/15/15	325,000	327,438
		-----	-----
			327,438
Medical-HMO - 0.5%			
Coventry Health Care, Inc.	8.125% 02/15/12	340,000	353,175
		-----	-----
			353,175
Medical-Hospitals - 2.6%			
HCA, Inc.			
	9.250% 11/15/16 (a)	775,000	808,906
	9.625% 11/15/16 (a)	585,000	612,787
Tenet Healthcare Corp.	9.875% 07/01/14	565,000	566,413
		-----	-----
			1,988,106
Medical-Outpatient/Home Medical - 0.2%			
Select Medical Corp.	7.625% 02/01/15	205,000	171,175
		-----	-----
			171,175
MRI/Medical Diagnostic Imaging - 0.2%			
MedQuest, Inc.	11.875% 08/15/12	145,000	117,450
		-----	-----
			117,450
Physician Practice Management - 0.7%			
US Oncology Holdings, Inc.	10.675% 03/15/15 (c)	145,000	148,988
US Oncology, Inc.	9.000% 08/15/12	395,000	413,762
		-----	-----
			562,750
Healthcare Services Total			3,520,094
Household Products/Wares - 2.2%			
Consumer Products-Miscellaneous - 1.8%			

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

American Greetings Corp.	7.375% 06/01/16	320,000	327,200
Amscan Holdings, Inc.	8.750% 05/01/14	385,000	369,600
Jostens IH Corp.	7.625% 10/01/12	345,000	348,450

See Accompanying Notes to Financial Statements.

12

Colonial Intermediate High Income Fund  
November 30, 2006

Corporate Fixed-Income Bonds & Notes (continued)

		Par (\$)	Value (\$)
Consumer Non-Cyclical (continued)			
Household Products/Wares (continued)			
Consumer Products-Miscellaneous (continued)			
Scotts Co.	6.625% 11/15/13	350,000	349,125
			-----
			1,394,375
Office Supplies & Forms - 0.4%			
ACCO Brands Corp.	7.625% 08/15/15	270,000	264,937
			-----
			264,937
			-----
			Household Products/Wares Total
			1,659,312
Pharmaceuticals - 4.1%			
Medical-Drugs - 2.1%			
Elan Finance PLC	8.875% 12/01/13 (a)	950,000	946,437
Rotavax LLC	10.620% 10/15/14	258,622	261,855
Warner Chilcott Corp.	8.750% 02/01/15 (b) (c)	401,000	411,025
			-----
			1,619,317
Medical-Generic Drugs - 0.5%			
Mylan Laboratories, Inc.	6.375% 08/15/15	410,000	403,850
			-----
			403,850
Medical-Wholesale Drug Distribution - 0.8%			
AmerisourceBergen Corp.	5.875% 09/15/15	225,000	224,900
Nycomed A/S	PIK, 11.750% 09/15/13 (a)	EUR 256,305	351,610
			-----
			576,510
Pharmacy Services - 0.3%			
Omnicare, Inc.	6.750% 12/15/13	USD 220,000	215,600
			-----

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

215,600

Vitamins & Nutrition Products - 0.4%			
NBTY, Inc.	7.125% 10/01/15	265,000	258,375
		-----	-----
			258,375
Pharmaceuticals Total			3,073,652
Consumer Non-cyclical Total			17,178,234
Energy - 11.7%			
Coal - 1.3%			
Coal - 1.3%			
Arch Western Finance LLC	6.750% 07/01/13	395,000	387,100
Massey Energy Co.	6.875% 12/15/13	435,000	404,550
Peabody Energy Corp.	7.375% 11/01/16	180,000	189,225
		-----	-----
Coal Total			980,875
			980,875

See Accompanying Notes to Financial Statements.

13

Colonial Intermediate High Income Fund  
November 30, 2006

Corporate Fixed-Income Bonds & Notes (continued)

		Par (\$)	Value (\$)
Energy (continued)			
Oil & Gas - 4.3%			
Oil & Gas Drilling - 0.3%			
Pride International, Inc.	7.375% 07/15/14	220,000	228,250
		-----	-----
			228,250
Oil Companies-Exploration & Production - 3.6%			
Chesapeake Energy Corp.	6.375% 06/15/15	270,000	262,575
	7.500% 06/15/14	370,000	382,025
Compton Petroleum Corp.	7.625% 12/01/13	355,000	337,250
Forest Oil Corp.	8.000% 12/15/11	220,000	228,800
Magnum Hunter Resources, Inc.	9.600% 03/15/12	283,000	298,211
Newfield Exploration Co.	6.625% 04/15/16	255,000	254,362
PetroHawk Energy Corp.	9.125% 07/15/13	375,000	390,469
Pogo Producing Co.	6.625% 03/15/15	295,000	283,200
Quicksilver Resources, Inc.	7.125% 04/01/16	325,000	312,000
		-----	-----

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

2,748,892

Oil Refining & Marketing - 0.4%			
Tesoro Corp.	6.625%	11/01/15	345,000 341,550
			-----
			341,550
Oil & Gas Total			3,318,692
Oil & Gas Services - 0.7%			
Oil Field Machinery & Equipment - 0.3%			
Complete Production Services, Inc.	8.000%	12/15/16 (a)	200,000 202,000
			-----
			202,000
Oil-Field Services - 0.4%			
Hornbeck Offshore Services, Inc.	6.125%	12/01/14	355,000 333,700
			-----
			333,700
Oil & Gas Services Total			535,700
Pipelines - 5.4%			
Atlas Pipeline Partners LP	8.125%	12/15/15	255,000 261,375
Colorado Interstate Gas Co.	6.800%	11/15/15	460,000 476,794
El Paso Performance-Linked Trust	7.750%	07/15/11 (a)	210,000 217,350
MarkWest Energy Partners LP	6.875%	11/01/14	315,000 296,100
	8.500%	07/15/16 (a)	150,000 151,500
Northwest Pipeline Corp.	8.125%	03/01/10	130,000 134,388
Sonat, Inc.	7.625%	07/15/11	1,160,000 1,203,500
Southern Natural Gas Co.	8.875%	03/15/10	60,000 63,067

See Accompanying Notes to Financial Statements.

14

Colonial Intermediate High Income Fund  
November 30, 2006

Corporate Fixed-Income Bonds & Notes (continued)

		Par (\$)	Value (\$)
Energy (continued)			
Pipelines (continued)			
Williams Companies, Inc.	6.375%	10/01/10 (a)	935,000 937,337
	8.125%	03/15/12	140,000 150,500
	8.750%	03/15/32	215,000 241,338
			-----
Pipelines Total			4,133,249
Energy Total			8,968,516

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Financials - 8.6%				
Diversified Financial Services - 7.4%				
Finance-Auto Loans - 4.4%				
Ford Motor Credit Co.	7.375%	02/01/11	975,000	963,439
	9.875%	08/10/11	560,000	599,119
General Motors Acceptance Corp.				
	6.875%	09/15/11	770,000	792,767
	8.000%	11/01/31	895,000	1,003,157
			-----	-----
				3,358,482
Finance-Investment Banker/Broker - 1.0%				
E*Trade Financial Corp.				
	8.000%	06/15/11	410,000	425,375
LaBranche & Co., Inc.				
	11.000%	05/15/12	345,000	372,600
			-----	-----
				797,975
Special Purpose Entity - 2.0%				
Dow Jones CDX High Yield Index				
	8.375%	12/29/11 (a)	1,500,000	1,537,500
			-----	-----
				1,537,500
Diversified Financial Services Total				5,693,957
Real Estate Investment Trusts (REITs) - 1.2%				
REITs-Hotels - 0.7%				
Host Marriott LP				
	6.750%	06/01/16	510,000	511,912
			-----	-----
				511,912
REITs-Regional Malls - 0.5%				
Rouse Co. LP/TRC Co-Issuer, Inc.				
	6.750%	05/01/13 (a)	350,000	356,291
			-----	-----
				356,291
Real Estate Investment Trusts (REITs) Total				868,203
Financials Total				6,562,160

See Accompanying Notes to Financial Statements.

15

Colonial Intermediate High Income Fund

November 30, 2006

Corporate Fixed-Income Bonds & Notes (continued)

			Par (\$)	Value (\$)
Industrials - 16.7%				
Aerospace & Defense - 1.4%				
Aerospace/Defense-Equipment - 0.8%				
DRS Technologies, Inc.	6.875%	11/01/13	355,000	357,663
Sequa Corp.				
	9.000%	08/01/09	255,000	271,256
			-----	-----
				628,919

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Electronics-Military - 0.6%			
L-3 Communications Corp.	5.875% 01/15/15	105,000	101,850
	6.375% 10/15/15	340,000	337,450
		-----	-----
			439,300
	Total Aerospace & Defense		1,068,219
Building Materials - 1.5%			
Building & Construction			
Products-Miscellaneous - 0.8%			
Nortek, Inc.	8.500% 09/01/14	290,000	279,850
NTK Holdings, Inc.	(d) 03/01/14		
	(10.750% 09/01/09)	235,000	162,150
Ply Gem Industries, Inc.	9.000% 02/15/12	220,000	180,950
		-----	-----
			622,950
Building Products-Air & Heating - 0.3%			
Goodman Global Holding Co., Inc.	7.875% 12/15/12	290,000	279,850
		-----	-----
			279,850
Building Products-Cement/Aggregation - 0.4%			
RMCC Acquisition Co.	9.500% 11/01/12 (a)	265,000	288,850
		-----	-----
			288,850
	Building Materials Total		1,191,650
Electronics - 0.9%			
Electronic Components-Miscellaneous - 0.9%			
Flextronics International Ltd.	6.250% 11/15/14	420,000	407,400
NXP BV/NXP Funding LLC	9.500% 10/15/15 (a)	285,000	292,481
		-----	-----
			699,881
	Electronics Total		699,881
Environmental Control - 1.6%			
Non-Hazardous Waste Disposal - 1.6%			
Allied Waste North America, Inc.	7.125% 05/15/16	585,000	581,344
	7.875% 04/15/13	590,000	610,650
		-----	-----
			1,191,994
	Environmental Control Total		1,191,994
Machinery-Construction & Mining - 0.5%			
Terex Corp.	7.375% 01/15/14	355,000	360,325
		-----	-----
			360,325
	Machinery-Construction & Mining Total		360,325

See Accompanying Notes to Financial Statements.

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

### Corporate Fixed-Income Bonds & Notes (continued)

	Par (\$)	Value (\$)
Industrials (continued)		
Machinery-Diversified - 0.9%		
Machinery-General Industry - 0.5%		
Douglas Dynamics LLC	7.750% 01/15/12 (a)	240,000 225,600
Manitowoc Co., Inc.	7.125% 11/01/13	165,000 165,825
	-----	-----
		391,425
Machinery-Material Handling - 0.4%		
Columbus McKinnon Corp.	8.875% 11/01/13	255,000 265,200
	-----	-----
		265,200
	Machinery-Diversified Total	656,625
Metal Fabricate/Hardware - 0.7%		
Metal Processors & Fabrication - 0.7%		
Mueller Group, Inc.	10.000% 05/01/12	146,000 158,775
Mueller Holdings, Inc.	(d) 04/15/14 (14.750% 04/15/09)	175,000 154,000
TriMas Corp.	9.875% 06/15/12	205,000 196,800
	-----	-----
		509,575
	Metal Fabricate/Hardware Total	509,575
Miscellaneous Manufacturing - 2.4%		
Diversified Manufacturing Operators - 2.0%		
Bombardier, Inc.	6.300% 05/01/14 (a)	640,000 590,400
J.B. Poindexter & Co.	8.750% 03/15/14	270,000 230,175
Koppers Holdings, Inc.	(d) 11/15/14 (9.875% 11/15/09)	340,000 266,900
Trinity Industries, Inc.	6.500% 03/15/14	445,000 432,763
	-----	-----
		1,520,238
Miscellaneous Manufacturing - 0.4%		
Nutro Products, Inc.	10.750% 04/15/14 (a)	305,000 330,925
	-----	-----
		330,925
	Miscellaneous Manufacturing Total	1,851,163
Packaging & Containers - 3.7%		
Containers-Metal/Glass - 2.1%		
Crown Americas LLC & Crown Americas Capital Corp.	7.750% 11/15/15	530,000 544,575
Owens-Brockway Glass Container, Inc.	8.250% 05/15/13	900,000 927,000
Owens-Illinois, Inc.	7.500% 05/15/10	145,000 146,450



Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

		-----	1,618,025
Containers-Paper/Plastic - 1.6%			
Consolidated Container Co., LLC	(d) 06/15/09		
	(10.750% 06/15/07)	275,000	275,000
Jefferson Smurfit Corp.	8.250% 10/01/12	450,000	433,125

See Accompanying Notes to Financial Statements.

17

Colonial Intermediate High Income Fund  
November 30, 2006

Corporate Fixed-Income Bonds & Notes (continued)

		Par (\$)	Value (\$)
Industrials (continued)			
Packaging & Containers (continued)			
Containers-Paper/Plastic (continued)			
MDP Acquisitions PLC	9.625% 10/01/12	365,000	385,987
Solo Cup Co.	8.500% 02/15/14	165,000	138,600
		-----	-----
			1,232,712
	Packaging & Containers Total		2,850,737
Transportation - 3.1%			
Transportation-Marine - 1.3%			
Ship Finance International Ltd.	8.500% 12/15/13	440,000	434,500
Stena AB	7.500% 11/01/13	555,000	550,837
		-----	-----
			985,337
Transportation-Railroad - 0.6%			
TFM SA de CV	9.375% 05/01/12	410,000	438,700
		-----	-----
			438,700
Transportation-Services - 0.9%			
CHC Helicopter Corp.	7.375% 05/01/14	450,000	435,375
PHI, Inc.	7.125% 04/15/13 (a)	260,000	249,600
		-----	-----
			684,975
Transportation-Trucks - 0.3%			
QDI LLC	9.000% 11/15/10	265,000	257,713
		-----	-----
			257,713
	Transportation Total		2,366,725
Industrials Total			12,746,894

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Technology - 2.9%				
Computers - 0.4%				
Computer Services - 0.4%				
Sungard Data Systems, Inc.	9.125%	08/15/13	300,000	314,625
			-----	-----
				314,625
Computers Total				314,625
Semiconductors - 2.5%				
Electronic Components-Semiconductors - 2.5%				
Advanced Micro Devices, Inc.	7.750%	11/01/12	205,000	210,125
Amkor Technology, Inc.	9.250%	06/01/16	240,000	236,400
Freescale Semiconductor, Inc.	6.875%	07/15/11	200,000	210,938
	10.125%	12/15/16 (a) (b)	715,000	723,044
		PIK,		
	9.125%	12/15/14 (a) (b)	520,000	520,000
			-----	-----
				1,900,507
Semiconductors Total				1,900,507
Technology Total				2,215,132

See Accompanying Notes to Financial Statements.

18

Colonial Intermediate High Income Fund  
November 30, 2006

Corporate Fixed-Income Bonds & Notes (continued)

			Par (\$)	Value (\$)
Utilities - 5.7%				
Electric - 5.7%				
Electric-Generation - 1.4%				
AES Corp.	7.750%	03/01/14	495,000	524,700
Edison Mission Energy	7.730%	06/15/09	475,000	492,813
			-----	-----
				1,017,513
Electric-Integrated - 1.5%				
CMS Energy Corp.	6.875%	12/15/15	240,000	246,600
	8.500%	04/15/11	125,000	136,562
Nevada Power Co.	9.000%	08/15/13	120,000	130,242
Sierra Pacific Resources	6.750%	08/15/17	355,000	357,370
TECO Energy, Inc.	7.000%	05/01/12	255,000	267,112
			-----	-----
				1,137,886
Independent Power Producer - 2.8%				

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Dynegy Holdings, Inc.	6.875% 04/01/11	300,000	297,375
	7.125% 05/15/18	240,000	226,800
Mirant North America LLC	7.375% 12/31/13	435,000	440,437
MSW Energy Holdings II LLC	7.375% 09/01/10	150,000	153,000
MSW Energy Holdings LLC	8.500% 09/01/10	305,000	317,200
NRG Energy, Inc.	7.250% 02/01/14	225,000	225,000
	7.375% 02/01/16	265,000	265,000
	7.375% 01/15/17	225,000	224,438
			-----
	Electric Total		2,149,250
Utilities Total			4,304,649
	Total Corporate Fixed-Income Bonds & Notes (Cost of \$98,245,353)		4,304,649
Preferred Stocks - 2.7%			99,648,388
		Shares	
Communications - 1.0%			
Media - 1.0%			
Radio - 1.0%			
Spanish Broadcasting System, Inc. PIK,			
	10.750%	692	761,200
			-----
	Media Total		761,200
Communications Total			761,200

See Accompanying Notes to Financial Statements.

19

Colonial Intermediate High Income Fund  
November 30, 2006

Preferred Stocks (continued)

		Shares	Value
Financials - 1.7%			
Real Estate Investment Trusts (REITs) - 1.7%			
REITS-Diversified - 1.7%			
iStar Financial, Inc., Series E,	7.875%	13,000	33
iStar Financial, Inc., Series F,	7.800%	15,007	38
Sovereign Real Estate	12.000% (a)	365,000	54
			-----
Investment Corp. (e)			1,26
	Real Estate Investment Trusts (REITs) Total		1,26
Financials Total			1,26
	Total Preferred Stocks (Cost of \$1,966,480)		2,02
Common Stocks - 1.4%			
Consumer Discretionary - 0.4%			

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Media - 0.4%	Idearc, Inc. (e)	7,000	19
	Sinclair Broadcast Group, Inc., Class A	15,000	14
	-----		
	Media Total		34
Consumer Discretionary Total			34
Industrials - 0.0%			
Commercial Services &	Fairlane Management Corp. (e) (f) (g)	8,000	
	-----		
Supplies - 0.0%	Commercial Services & Supplies Total		
Industrials Total			
Materials - 0.2%			
Chemicals - 0.2%	Lyondell Chemical Co.	5,000	12
	-----		
	Chemicals Total		12
Materials Total			12
Telecommunication Services - 0.6%			
Diversified Telecommunication	Embarq Corp. (e)	2,692	13
Services - 0.4%	NTL, Inc.	7,355	17
	-----		
	Diversified Telecommunication Services Total		31
Wireless Telecommunication	Sprint Nextel Corp.	7,853	15
	-----		
Services - 0.2%	Wireless Telecommunication Services Total		15
Telecommunication Services Total			46
Utilities - 0.2%			
Independent Power Producers &	Mirant Corp. (e)	4,780	14
	-----		
Energy Traders - 0.2%	Independent Power Producers & Energy Traders Total		14
Utilities Total			14
	Total Common Stocks (Cost of \$1,143,714)		1,07

See Accompanying Notes to Financial Statements.

20

Colonial Intermediate High Income Fund  
November 30, 2006

Municipal Bond (Taxable) - 0.8%

		Par (\$)	Value
California - 0.8%			
CA Cabazon Band Mission Indians	13.000% 10/01/11	575,000	610
California Total			610
	Total Municipal Bond (Taxable) (Cost of \$575,000)		610
Convertible Bonds - 0.3%			
Communications - 0.3%			
Telecommunication Services - 0.3%			
Telecommunication Equipment - 0.3%			
Nortel Networks Corp.	4.250% 09/01/08	275,000	264
	-----		
	Telecommunication Services Total		264
			264

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Communications Total		264
	Total Convertible Bonds (Cost of \$277,554)	264
Warrants - 0.0%		
		Units
Communications - 0.0%		
Media - 0.0%		
Broadcast Services/Programs - 0.0%		
XM Satellite Radio Holdings, Inc. Expires 03/15/10 (a) (e)		600
		2
		2
	Media Total	2
Telecommunication Services - 0.0%		
Cellular Telecommunications - 0.0%		
UbiquiTel, Inc. Expires 04/15/10 (a) (e) (f) (g)		525
		2
Telecommunication Services - 0.0%		
Jazztel PLC Expires 07/15/10 (e) (f) (g)		350
		2
	Telecommunication Services Total	2
Communications Total		2

See Accompanying Notes to Financial Statements.

21

Colonial Intermediate High Income Fund  
November 30, 2006

Warrants (continued)

		Units	Value
Industrials - 0.0%			
Transportation - 0.0%			
Transportation-Trucks - 0.0%			
QDI LLC Expires 01/15/07 (a) (e) (g)		2,041	3
		3	3
	Transportation Total		3
Industrials Total			3
	Total Warrants (Cost of \$97,125)		3
		Par (\$)	Value
Short-Term Obligation - 3.4%			
	Repurchase agreement with State Street Bank & Trust Co., dated 11/30/06, due 12/01/06 at 5.220%, collateralized by a U.S. Treasury Bond maturing 08/15/28, market value of \$2,629,547 (repurchase proceeds \$2,574,373)	2,574,000	2,574,000
	Total Short-Term Obligation (Cost of \$2,574,000)		2,574,000

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Total Investments - 139.0% (Cost of \$104,879,226) (h)	106,24
-----	
Other Assets & Liabilities, Net - (39.0)%	(29,80
-----	
Net Assets - 100.0%	76,43

Notes to Investment Portfolio:

(a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At November 30, 2006, these securities, which do not include any illiquid securities, except for the following, amounted to \$23,269,754, which represents 30.4% of net assets.

Security	Acquisition Date	Units	Cost	Value
-----	-----	-----	-----	-----
QDI LLC	06/01/02	2,041	\$ --	\$36,050
UbiquiTel, Inc.	04/11/00	525	26,600	--
				-----
				\$36,050
				=====

- (b) Security purchased on a delayed delivery basis.
- (c) The interest rate shown on floating rate or variable rate securities reflects the rate at November 30, 2006.
- (d) Step bond. This security is currently not paying a coupon. Shown parenthetically is the next interest rate to be paid and the date the Fund will begin accruing at this rate.
- (e) Non-income producing security.
- (f) Security has no value.
- (g) Represents fair value as determined in good faith under procedures approved by the Board of Trustees.
- (h) Cost for federal income tax purposes is \$104,964,403.

At November 30, 2006, the asset allocation of the Fund is as follows:

Asset Allocation (unaudited)	% of Net Assets
-----	-----
Corporate Fixed-Income Bonds & Notes	130.4%
Preferred Stocks	2.7
Common Stocks	1.4
Municipal Bond (Taxable)	0.8
Convertible Bonds	0.3
Warrants	0.0*
	-----
	135.6
Short-Term Obligation	3.4

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Other Assets & Liabilities, Net (39.0)  
 -----  
 100.0%  
 =====

\* Rounds to less than 0.1%.

See Accompanying Notes to Financial Statements.

22

Colonial Intermediate High Income Fund  
 November 30, 2006

At November 30, 2006, the Fund had entered into  
 the following forward currency exchange contracts:

Forward Currency Contracts to Buy	Value	Aggregate Face Value	Settlement Date	Unrealized Appreciation
EUR	\$ 72,867	\$ 70,564	12/8/2006	\$ 2,303

  

Forward Currency Contracts to Sell	Value	Aggregate Face Value	Settlement Date	Unrealized Depreciation
EUR	\$351,088	\$333,290	12/8/2006	\$ (17,798)
EUR	265,036	255,594	12/13/2006	(9,442)
EUR	848,320	821,210	12/18/2006	(27,110)
				-----
				\$ (54,350)
				=====

Acronym Name  
 -----

EUR Euro  
 PIK Payment-In-Kind  
 USD U.S. Dollar

See Accompanying Notes to Financial Statements.

23

Statement of Assets and Liabilities - Colonial Intermediate High Income Fund  
 November 30, 2006

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Assets	Investments, at cost	\$104,
	Investments, at value	106,
	Cash	
	Foreign currency (cost of \$209)	
	Unrealized appreciation on foreign forward currency contracts	
	Receivable for:	
	Investments sold	
	Investments sold on a delayed delivery basis	
	Interest	1,
	Dividends	
	Foreign tax reclaims	
	Deferred Trustees' compensation plan	
	Other assets	
	-----	-----
	Total Assets	108,
Liabilities	Unrealized depreciation on foreign forward currency contracts	
	Payable for:	
	Investments purchased	
	Investments purchased on a delayed delivery basis	1,
	Distributions	
	Investment advisory fee	
	Transfer agent fee	
	Pricing and bookkeeping fees	
	Trustees' fees	
	Custody fee	
	Interest	
	Chief compliance officer expenses	
	Deferred Trustees' fees	
	Notes payable -- short-term	21,
	Notes payable -- long term	7,
	Other liabilities	
	-----	-----
	Total Liabilities	32,
	-----	-----
	Net Assets	76,
Composition of Net Assets	Paid-in capital	140,
	Overdistributed net investment income	(
	Accumulated net realized loss	(65,
	Net unrealized appreciation (depreciation) on:	
	Investments	1,
	Foreign currency translations	
	-----	-----
	Net Assets	\$ 76,
	Shares outstanding	21,
	Net asset value per share	

See Accompanying Notes to Financial Statements.



# Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

For the Year Ended November 30, 2006

		(\$	
Investment Income	Interest		8
	Dividends		8
	-----		
	Total Investment Income		8
Expenses	Investment advisory fee		
	Transfer agent fee		
	Pricing and bookkeeping fees		
	Trustees' fees		
	Custody fee		
	Audit fee		
	Reports to shareholders		
	Chief compliance officer expenses		
	Other expenses		
	-----		
	Total Operating Expenses		
	Interest expense		1
	-----		
	Total Expenses		2
	Fees and expenses waived or reimbursed by Investment Advisor		
	Custody earnings credit		
	-----		
	Net Expenses		2
	-----		
	Net Investment Income		6
Net Realized and Unrealized Gain (Loss) on Investments and Foreign Currency	Net realized loss on:		
	Investments		(1
	Foreign currency transactions		(1
	-----		
	Net realized loss		(1
	Net change in unrealized appreciation (depreciation) on:		
	Investments		3
	Foreign currency translations		
	-----		
	Net change in unrealized appreciation (depreciation)		3
	-----		
	Net Gain		1
	-----		
	Net Increase in Net Assets from Operations		7

See Accompanying Notes to Financial Statements.

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Increase (Decrease) in Net Assets Year Ended November 30,		2006 (\$
Operations	Net investment income	6,176,
	Net realized loss on investments and foreign currency transactions	(1,615,
	Net change in unrealized appreciation (depreciation) on investments and foreign currency translations	3,351,
	-----	
	Net Increase from Operations	7,912,
Distributions Declared to Shareholders	From net investment income	(7,141,
	-----	
	Net Increase (Decrease) in Net Assets	771,
Net Assets	Beginning of period	75,661,
	End of period	76,433,
	Undistributed (overdistributed) net investment income at end of period	(132,
	-----	
Number of Fund Shares Outstanding	End of period	21,003,
	-----	

See Accompanying Notes to Financial Statements.

26

Statement of Cash Flows - Colonial Intermediate High Income Fund

Year Ended November 30, 2006

Increase (Decrease) in Cash

Cash Flows From Operating Activities	Net investment income
	Adjustments to reconcile net investment income to net cash provided by operating activities:
	Purchase of investment securities
	Proceeds from disposition of investment securities
	Proceeds from disposition of short-term investments, net
	Net realized loss due to foreign currency transactions
	Increase in dividend and interest receivable
	Increase in other assets
	Decrease in receivable for investments sold
	Increase in payable for investments purchased
	Decrease in accrued expenses and other liabilities
	Net amortization/accretion of income
	-----
	Net cash provided by operating activities
Cash Flows From Financing	Increase in interest payable

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Activities	Distributions paid in cash
	-----
	Net cash used by financing activities
	-----
	Net decrease in cash
Cash	Beginning of period
	-----
	End of period
	-----

See Accompanying Notes to Financial Statements.

27

Financial Highlights - Colonial Intermediate High Income Fund

Selected data for a share outstanding throughout each period is as follows:

	Year Ended November 30,			One Month Ended November 30,	Year En October	
	2006	2005	2004	2003 (a)	2003	20
	-----	-----	-----	-----	-----	-----
Net Asset Value, Beginning of Period	\$ 3.60	\$ 3.87	\$ 3.57	\$ 3.51	\$ 2.79	\$
Income from Investment Operations:						
Net investment income (b)	0.29	0.33	0.34	0.02	0.29	
Net realized and unrealized gain (loss) on investments and foreign currency	0.09	(0.28)	0.26	0.07	0.75	
	-----	-----	-----	-----	-----	-----
Total from Investment Operations	0.38	0.05	0.60	0.09	1.04	
Less Distributions Declared to Shareholders:						
From net investment income	(0.34)	(0.32)	(0.30)	(0.03)	(0.30)	
Return of capital	--	--	--	--	(0.02)	
	-----	-----	-----	-----	-----	-----
Total Distributions Declared to Shareholders	(0.34)	(0.32)	(0.30)	(0.03)	(0.32)	
Net Asset Value, End of Period	\$ 3.64	\$ 3.60	\$ 3.87	\$ 3.57	\$ 3.51	\$
Market price per share	\$ 3.46	\$ 3.15	\$ 3.51	\$ 3.50	\$ 3.65	\$
	-----	-----	-----	-----	-----	-----
Total return-based on market value (c)	21.22%	(1.63)%	9.24%	(3.40)% (d)	44.56%	(
Ratios to Average Net Assets/Supplemental Data:						
Operating expenses (e)	1.04%	1.37%	1.48%	1.63% (f)	1.35%	
Interest	2.08%	1.42%	1.18%	1.38% (f)	2.00%	
Total expenses (e)	3.12%	2.79%	2.66%	3.01% (f)	3.35%	
Net investment income (e)	8.24%	8.79%	9.25%	7.82% (f)	9.18%	
Waiver/reimbursement	0.21%	0.02%	--	--	--	
Portfolio turnover rate	54%	66%	80%	7% (d)	64%	
Net assets, end of period (000's)	\$76,433	\$75,662	\$81,229	\$74,952	\$73,623	\$5

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

- (a) The Fund changed its fiscal year end from October 31 to November 30.
- (b) Per share data was calculated using average shares outstanding during the period.
- (c) Total return at market value assuming all distributions reinvested at prices calculated in accordance with the Dividend Reinvestment Plan.
- (d) Not annualized.
- (e) The benefits derived from custody credits had an impact of less than 0.01%, except for the year ended November 30, 2006, which had a 0.01% impact.
- (f) Annualized.

See Accompanying Notes to Financial Statements.

28

Loan Agreement Asset Coverage Requirements - Colonial Intermediate High Income Fund

Date	Total Amount Outstanding	Asset Coverage Per \$1,000 of Indebtedness*
11/30/06	\$28,500,000	\$3,682
11/30/05	28,500,000	3,655
11/30/04	29,500,000	3,754
11/30/03	28,500,000	3,630
10/31/03	28,500,000	3,583
10/31/02	24,500,000	3,373
10/31/01	30,500,000	3,372
10/31/00	47,300,000	3,079
10/31/99	47,300,000	3,558
10/31/98	47,300,000	3,632
10/31/97	27,400,000	4,933

\* Calculated by subtracting the Fund's total liabilities plus loans outstanding from the Fund's total assets and dividing the amount by the amount of loans outstanding.

See Accompanying Notes to Financial Statements.

29

Notes to Financial Statements - Colonial Intermediate High Income Fund

November 30, 2006

Note 1. Organization

Colonial Intermediate High Income Fund (the "Fund") is a Massachusetts business

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

trust registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company.

### Investment Goal

The Fund seeks high current income and total return by investing primarily in high yield fixed income securities in lower-rated categories.

### Fund Shares

The Fund may issue an unlimited number of shares.

### Note 2. Significant Accounting Policies

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements.

#### Security Valuation

Debt securities generally are valued by pricing services approved by the Fund's Board of Trustees, based upon market transactions for normal, institutional-size trading units of similar securities. The services may use various pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes. Debt securities for which quotations are readily available are valued at an over-the-counter or exchange bid quotation. Certain debt securities, which tend to be more thinly traded and of lesser quality, are priced based on fundamental analysis of the financial condition of the issuer and the estimated value of any collateral. Valuations developed through pricing techniques may vary from the actual amounts realized upon sale of the securities, and the potential variation may be greater for those securities valued using fundamental analysis.

Short-term debt obligations maturing within 60 days are valued at amortized cost, which approximates market value.

Equity securities are valued at the last sale price on the principal exchange on which they trade, except for securities traded on the NASDAQ, which are valued at the NASDAQ official close price. Unlisted securities or listed securities for which there were no sales during the day are valued at the closing bid price on such exchanges or over-the-counter markets.

Forward currency exchange contracts are valued at the prevailing forward exchange rate of the underlying currencies.

Foreign securities are generally valued at the last sale price on the foreign exchange or market on which they trade. If any foreign share prices are not readily available as a result of limited share activity, the securities are valued at the last sale price of the local shares in the principal market in which such securities are normally traded.

Generally, trading in foreign securities is substantially completed each day at various times prior to the close of the New York Stock Exchange ("NYSE"). The values of such securities used in computing the net asset value of the Fund's shares are determined as of such times. Foreign currency exchange rates are generally determined at 4:00 p.m. Eastern (U.S.) time. Events affecting the values of such foreign securities and such exchange rates may occur between the

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

times at which they are determined and the close of the customary trading session of the NYSE, which would not be reflected in the computation of the Fund's net asset value. If events materially affecting the values of such foreign securities occur and it is determined that market quotations are not reliable, then these foreign securities will be valued at fair value using procedures approved by the Board of Trustees. The Fund may use a systematic fair valuation model provided by an independent third party to value securities principally traded in foreign markets in order to adjust for possible stale pricing that may occur between the close of the foreign exchanges and the time for valuation. If a security is valued at "fair value", such value is likely to be different from the last quoted market price for the security.

Investments for which market quotations are not readily available, or that have quotations which management believes are not reliable, are valued at fair value as determined in good faith under consistently applied procedures established by and under the general supervision of the Board of Trustees.

30

Colonial Intermediate High Income Fund

November 30, 2006

In September 2006, Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("SFAS 157"), was issued. SFAS 157 is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Management has recently begun to evaluate the impact the application of SFAS 157 will have on the Fund's financial statement disclosures.

### Security Transactions

Security transactions are accounted for on the trade date. Cost is determined and gains (losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

### Forward Foreign Currency Exchange Contracts

Forward foreign currency exchange contracts are agreements to exchange one currency for another at a future date at a specified price. The Fund may utilize forward foreign currency exchange contracts in connection with the settlement of purchases and sales of securities. These contracts are used to minimize the exposure to foreign exchange rate fluctuations during the period between trade and settlement date. The Fund may also enter into these contracts to hedge certain other foreign currency denominated assets. Contracts to buy generally are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the Fund's investments against currency fluctuations. Forward currency contracts are valued daily at the current exchange rate of the underlying currency, resulting in unrealized gains (losses) which become realized at the time the foreign currency contracts are closed or mature. Realized and unrealized gains (losses) arising from such transactions are included in net realized and unrealized gains (losses) on foreign currency transactions. The use of forward currency contracts does not eliminate fluctuations in the prices of the Fund's portfolio securities. Although the maximum potential loss from such contracts is the aggregate face value in U.S. dollars at the time the contract was opened, exposure is typically limited to the change in value of the contract (in U.S. dollars) over the period it remains open. The Fund could also be exposed to risk if the counterparties of the contracts are unable to fulfill the terms of the contracts.

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

### Repurchase Agreements

The Fund may engage in repurchase agreement transactions with institutions that the Fund's investment advisor has determined are creditworthy. The Fund, through its custodian, receives delivery of underlying securities collateralizing a repurchase agreement. Collateral is required to be at least equal, at all times, to the value of the repurchase obligation including interest. A repurchase agreement transaction involves certain risks in the event of default or insolvency of the counterparty. These risks include possible delays or restrictions upon the Fund's ability to dispose of the underlying securities and a possible decline in the value of the underlying securities during the period while the Fund seeks to assert its rights.

### Delayed Delivery Securities

The Fund may trade securities on other than normal settlement terms, including securities purchased or sold on a "when-issued" basis. This may increase the risk if the other party to the transaction fails to deliver and causes the Fund to subsequently invest at less advantageous prices. The Fund identifies cash or liquid portfolio securities as segregated with the custodian in an amount equal to the delayed delivery commitment.

### Income Recognition

Interest income is recorded on the accrual basis. Premium and discount are amortized and accreted, respectively, on all debt securities. Corporate actions and dividend income are recorded on the ex-date, except for certain foreign securities which are recorded as soon after ex-date as the Fund becomes aware of such, net of non-reclaimable tax withholdings. The value of additional securities received as an income payment is recorded as income and as the cost basis of such securities.

### Foreign Currency Transactions

The values of all assets and liabilities quoted in foreign currencies are translated into U.S. dollars at that day's exchange rates. Net realized and unrealized gains (losses) on foreign currency transactions include gains (losses) arising from the fluctuation in exchange rates between trade and settlement dates on securities transactions, gains (losses) arising from the disposition of foreign currency and currency

31

### Colonial Intermediate High Income Fund

November 30, 2006

gains (losses) between the accrual and payment dates on dividends, interest income and foreign withholding taxes.

For financial statement purposes, the Fund does not distinguish that portion of gains (losses) on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included with the net realized and unrealized gains (losses) on investments.

### Federal Income Tax Status

The Fund intends to qualify each year as a "regulated investment company" under Subchapter M of the Internal Revenue Code, as amended, and will distribute substantially all of its taxable income, if any, for its tax year, and as such will not be subject to federal income taxes. In addition, the Fund intends to distribute in each calendar year substantially all of its net investment

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

income, capital gains and certain other amounts, if any, such that the Fund should not be subject to federal excise tax. Therefore, no federal income or excise tax provision is recorded.

### Distributions to Shareholders

Distributions to shareholders are recorded on ex-date. Net realized capital gains, if any, are distributed at least annually.

### Statement of Cash Flows

Information on financial transactions which have been settled through the receipt or disbursement of cash is presented in the Statement of Cash Flows. The cash amount shown in the Statement of Cash Flows is the amount included within the Fund's Statement of Assets and Liabilities and includes cash on hand at its custodian bank and does not include any short-term investments.

### Indemnification

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnities. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims against the Fund. Also, under the Fund's organizational documents and by contract, the Trustees and Officers of the Trust are indemnified against certain liabilities that may arise out of their duties to the Trust. However, based on experience, the Fund expects the risk of loss due to these warranties and indemnities to be minimal.

### Note 3. Federal Tax Information

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP. Reclassifications are made to the Fund's capital accounts for permanent tax differences to reflect income and gains available for distribution (or available capital loss carryforwards) under income tax regulations.

For the year ended November 30, 2006, permanent book and tax basis differences resulting primarily from differing treatments for expired capital loss carryforwards, discount accretion/premium amortization on debt securities, foreign currency transactions and market discount reclassification adjustments were identified and reclassified among the components of the Fund's net assets as follows:

Overdistributed Net Investment Income	Accumulated Net Realized Gain	Paid-In Capital
\$100,526	\$309,689	\$(410,215)

Net investment income and net realized gains (losses), as disclosed on the Statement of Operations, and net assets were not affected by this reclassification.

The tax character of distributions paid during the years ended November 30, 2006 and November 30, 2005 was as follows:

	November 30, 2006	November 30, 2005
Distributions paid from:		
Ordinary Income	\$7,141,189	\$6,763,126



Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

As of November 30, 2006, the components of distributable earnings on a tax basis were as follows:

Undistributed Ordinary Income	Undistributed Long-term Capital Gains	Net Unrealized Appreciation*
\$420,732	\$--	\$1,278,237

\*The differences between book-basis and tax-basis net unrealized appreciation/depreciation are primarily due to deferral of losses from wash sales.

Unrealized appreciation and depreciation at November 30, 2006, based on cost of investments for federal income tax purposes, was:

Unrealized appreciation	\$ 2,965,231
Unrealized depreciation	(1,686,994)
Net unrealized appreciation	\$ 1,278,237

32

Colonial Intermediate High Income Fund

November 30, 2006

The following capital loss carryforwards, determined as of November 30, 2006, may be available to reduce taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Internal Revenue Code:

Year of Expiration	Capital Loss Carryforward
2007	\$10,437,671
2008	22,694,029
2009	23,203,433
2010	6,431,055
2013	796,437
2014	2,075,017
	-----
Total	\$65,637,642
	-----

Capital loss carryforwards of \$410,216 expired during the year ended November 30, 2006.

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109 (the "Interpretation"). This Interpretation is effective for fiscal years beginning after December 15, 2006 and is to be applied to open tax positions upon initial adoption. This Interpretation prescribes a minimum recognition threshold and measurement method for the financial statement recognition of tax positions taken or expected to be taken in a tax return and also requires certain expanded disclosures. Management has recently begun to evaluate the application of this Interpretation to the Trust and has not at this time quantified the impact, if any, resulting from the adoption of this Interpretation on the Fund's financial statements.

### Note 4. Fees and Compensation Paid to Affiliates

#### Investment Advisory Fee

Columbia Management Advisors, LLC ("Columbia"), an indirect, wholly-owned subsidiary of Bank of America Corporation ("BOA"), is the investment advisor to the Fund and provides administrative and other services. Columbia receives a monthly investment advisory fee at the annual rate of 0.65% of the Fund's average weekly net assets.

In addition, the Fund shall pay Columbia a monthly fee of 20% of the Fund's monthly "leverage income" (as that term is defined in the management contract). Columbia has voluntarily agreed to waive this fee. In the event that the Fund's monthly net leverage income is less than zero, then Columbia shall pay the Fund 20% of the deficit.

#### Pricing and Bookkeeping Fees

Columbia is responsible for providing pricing and bookkeeping services to the Fund under a pricing and bookkeeping agreement. Under a separate agreement (the "Outsourcing Agreement"), Columbia has delegated certain functions to State Street Bank & Trust Company ("State Street"). As a result, the total fees payable under the pricing and bookkeeping agreement (other than certain reimbursements paid to Columbia and discussed below) are paid to State Street.

Under its pricing and bookkeeping agreement with the Fund, Columbia receives an annual fee of \$38,000 paid monthly plus an additional monthly fee based on the level of average daily net assets for the month; provided that during any 12-month period, the aggregate fee (exclusive of out-of-pocket expenses and charges) shall not exceed \$140,000.

The Fund also reimburses Columbia and State Street for out-of-pocket expenses and charges, including fees payable to third parties for pricing the Fund's portfolio securities and direct internal costs incurred by Columbia in connection with providing fund accounting oversight and monitoring and certain other services. For the year ended November 30, 2006, the Fund's effective pricing and bookkeeping fee rate inclusive of out-of-pocket expenses, was 0.124% of the Fund's average daily net assets.

#### Custody Credits

The Fund has an agreement with its custodian bank under which custody fees may be reduced by balance credits. These credits are recorded as a reduction of total expenses on the Statement of Operations. The Fund could have invested a portion of the assets utilized in connection with the expense offset arrangement in an income-producing asset if it had not entered into such an agreement.

#### Fees Paid to Officers and Trustees

All officers of the Fund, with the exception of the Fund's Chief Compliance Officer, are employees of Columbia or its affiliates and receive no compensation from the Fund. The Board of Trustees has appointed a Chief Compliance Officer to the Fund in accordance with federal securities

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

regulations. The Fund, along with other affiliated funds, pays its pro-rata share of the expenses associated with the Chief Compliance Officer. The Fund's expenses for the Office of the Chief Compliance Officer will not exceed \$15,000 per year.

33

S

Colonial Intermediate High Income Fund

November 30, 2006

The Fund's Trustees may participate in a deferred compensation plan which may be terminated at any time. Obligations of the plan will be paid solely out of the Fund's assets.

### Other

Columbia provides certain services to the Fund related to Sarbanes-Oxley compliance. For the year ended November 30, 2006, the Fund paid \$2,509 to Columbia for such services. This amount is included in "Other expenses" on the Statement of Operations.

### Note 5. Portfolio Information

For the year ended November 30, 2006, the cost of purchases and proceeds from sales of securities, excluding short-term obligations, were \$58,661,034 and \$51,094,193, respectively.

### Note 6. Loan Agreement

At November 30, 2006, the Fund had term loans and a revolving loan outstanding with State Street, totaling \$28,500,000. The term loans are comprised of an \$8,000,000 loan which bears interest at 6.14% per annum, due August 24, 2007, a \$7,000,000 loan which bears interest at 5.20% per annum, due August 24, 2007, and a \$7,000,000 loan which bears interest at 5.98% per annum, due August 22, 2008. The revolving loan is a \$6,500,000 floating rate loan, maturing on February 22, 2007. Interest is charged at a rate per annum equal to the London Interbank Offered Rate plus 0.65%. The interest rate at November 30, 2006 was 5.42%. For the year ended November 30, 2006, the average daily loan balance was \$28,500,000 at a weighted average interest rate of 5.47%. The Fund is subject to certain covenants including, but not limited to, requirements with respect to asset coverage, portfolio diversification and liquidity.

### Note 7. Disclosure of Significant Risks and Contingencies

#### Foreign Securities

There are certain additional risks involved when investing in foreign securities that are not inherent with investments in domestic securities. These risks may involve foreign currency exchange rate fluctuations, adverse political and economic developments and the possible prevention of currency exchange or other foreign governmental laws or restrictions. In addition, the liquidity of foreign securities may be more limited than that of domestic securities.

#### High-Yield Securities

Investing in high-yield securities may involve greater credit risk and considerations not typically associated with investing in U.S. Government bonds and other higher quality fixed income securities. These securities are non-investment grade securities,

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

often referred to as "junk bonds". Economic downturns may disrupt the high yield market and impair the ability of issuers to repay principal and interest. Also, an increase in interest rates would likely have an adverse impact on the value of such obligations. Moreover, high-yield securities may be less liquid to the extent that there is no established secondary market.

### Industry Focus

The Fund may focus its investments in certain industries, subjecting it to greater risk than a Fund that is more diversified.

### Legal Proceedings

On February 9, 2005, Columbia Management Advisors, Inc. (which has since merged into Banc of America Capital Management, LLC (now named Columbia Management Advisors, LLC)) ("Columbia") and Columbia Funds Distributor, Inc. (which has been renamed Columbia Management Distributors, Inc.) (the "Distributor") (collectively, the "Columbia Group") entered into an Assurance of Discontinuance with the New York Attorney General ("NYAG") (the "NYAG Settlement") and consented to the entry of a cease-and-desist order by the Securities and Exchange Commission ("SEC") (the "SEC Order"). The SEC Order and the NYAG Settlement are referred to collectively as the "Settlements". The Settlements contain substantially the same terms and conditions as outlined in the agreements in principle which Columbia Group entered into with the SEC and NYAG in March 2004.

Under the terms of the SEC Order, the Columbia Group agreed, among other things, to: pay \$70 million in disgorgement and \$70 million in civil money penalties; cease and desist from violations of the antifraud provisions and certain other provisions of the federal securities laws; maintain certain compliance and ethics oversight structures; retain an independent consultant to review the Columbia Group's applicable supervisory, compliance, control and other policies and procedures; and retain an independent distribution consultant (see below). The Columbia Funds have also voluntarily undertaken to implement certain governance measures designed to maintain the independence of their boards of trustees. The NYAG Settlement also, among other things, requires Columbia and its affiliates to reduce management fees for certain Columbia

34

### Colonial Intermediate High Income Fund

November 30, 2006

Funds (including the former Nations Funds) and other mutual funds collectively by \$32 million per year for five years, for a projected total of \$160 million in management fee reductions.

Pursuant to the procedures set forth in the SEC order, the \$140 million in settlement amounts described above will be distributed in accordance with a distribution plan developed by an independent distribution consultant and approved by the SEC. The independent distribution consultant has been in consultation with the staff of the SEC and has submitted a proposed plan of distribution. The SEC has released the proposed plan of distribution for public notice and comment but has not yet approved a final plan of distribution.

As a result of these matters or any adverse publicity or other developments resulting from them, the market price of fund shares could decline.

A copy of the SEC Order is available on the SEC website at <http://www.sec.gov>.

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

A copy of the NYAG Settlement is available as part of the Bank of America Corporation Form 8-K filing on February 10, 2005.

In connection with the events described in detail above, various parties have filed suit against certain funds, the Trustees of the Columbia Funds, FleetBoston Financial Corporation and its affiliated entities and/or Bank of America and its affiliated entities.

On February 20, 2004, the Judicial Panel on Multidistrict Litigation transferred these cases and cases against other mutual fund companies based on similar allegations to the United States District Court in Maryland for consolidated or coordinated pretrial proceedings (the "MDL"). Subsequently, additional related cases were transferred to the MDL. On September 29, 2004, the plaintiffs in the MDL filed amended and consolidated complaints. One of these amended complaints is a putative class action that includes claims under the federal securities laws and state common law, and that names Columbia, the Distributor, the Trustees of the Columbia Funds, Bank of America Corporation and others as defendants. Another of the amended complaints is a derivative action purportedly on behalf of the Columbia Funds that asserts claims under federal securities laws and state common law.

On February 25, 2005, Columbia and other defendants filed motions to dismiss the claims in the pending cases. On March 1, 2006, for reasons stated in the court's memoranda dated November 3, 2005, the U.S. District Court for the District of Maryland granted in part and denied in part the defendants' motions to dismiss. The court dismissed all of the class action claims pending against the Columbia Funds Trusts. As to Columbia and the Distributor, the claims under the Securities Act of 1933, the claims under Sections 34(b) and 36(a) of the Investment Company Act of 1940 ("ICA") and the state law claims were dismissed. The claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and claims under Section 36(b) of the ICA were not dismissed.

On March 21, 2005, a purported class action was filed in Massachusetts state court alleging that the conduct, including market timing, entitles Class B shareholders in certain Columbia funds to an exemption from contingent deferred sales charges upon early redemption ("the CDSC Lawsuit"). The CDSC Lawsuit has been removed to federal court in Massachusetts and the federal Judicial Panel has transferred the CDSC Lawsuit to the MDL.

On April 4, 2006, the plaintiffs and the Columbia defendants named in the MDL, including the Columbia Funds, entered into a term sheet containing the principal terms of a stipulation of settlement that would settle all Columbia-related claims in the MDL described above, including the CDSC Lawsuit. On April 6, 2006, the U.S. District Court for the District of Maryland stayed all actions with respect to these Columbia-related claims.

In 2004, certain Columbia funds, the Trustees of the Columbia Funds, advisers and affiliated entities were named as defendants in certain purported shareholder class and derivative actions making claims, including claims under the Investment Company and the Investment Advisers Acts of 1940 and state law. The suits allege, inter alia, that the fees and expenses paid by the funds are excessive and that the advisers and their affiliates inappropriately used fund assets to distribute the funds and for other improper purposes. On March 2, 2005, the actions were consolidated in the Massachusetts federal court as In re Columbia Entities Litigation. The plaintiffs filed a consolidated amended complaint on June 9, 2005 naming the Columbia Funds as nominal defendants. On November 30, 2005, the judge dismissed all claims by plaintiffs and ordered that the case be closed. The plaintiffs filed a notice of appeal to the United States Court of Appeals for the First Circuit on December 30, 2005; this appeal is currently pending. The parties have advised the appellate court that they are engaged in settlement discussions and the court has, accordingly, deferred the briefing schedule for the appeal. The settlement has not yet been

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

finalized. Any settlement ultimately agreed by the parties will be subject to court approval.

This matter is ongoing. Accordingly, no estimate can be made of the financial impact, if any, of this litigation on any fund.

35

### Report of Independent Registered Public Accounting Firm

To the Trustees and the Shareholders of Colonial Intermediate High Income Fund  
In our opinion, the accompanying statement of assets and liabilities, including the investment portfolio, and the related statements of operations, cash flows and changes in net assets, and the financial highlights present fairly, in all material respects, the financial position of Colonial Intermediate High Income Fund (the "Fund") at November 30, 2006, and the results of its operations, its cash flows, the changes in its net assets, and its financial highlights for the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at November 30, 2006 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
Boston, Massachusetts  
January 25, 2007

36

### Dividend Reinvestment Plan

#### Colonial Intermediate High Income Fund

The Fund generally distributes net investment income monthly and capital gains annually. Under the Fund's Dividend Reinvestment Plan (the "Plan") all distributions will be reinvested automatically in additional shares of the Fund, unless the shareholder elects to receive cash or the shares are held in broker or nominee name and a reinvestment service is not provided by the broker or nominee. All cash distributions will be mailed by check directly to the record holder by the dividend paying agent.

If the market price of the shares on the distribution payment date is equal to or greater than the net asset value, Plan participants will be issued shares at the higher of net asset value or 95% of the market price. The aggregate market

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

value of the shares may constitute income to shareholders for federal income tax purposes. However, if the market price of the shares is less than the net asset value, shares will be bought as soon as practicable (but no more than 30 days after the distribution, except as may be required to comply with federal securities laws) in the open market for the accounts of Plan participants. If, during this purchase period, the market price surpasses the net asset value, the average per share price paid may exceed the asset value of the shares, resulting in the acquisition of fewer shares than if the distribution had been in newly-issued shares.

All Plan accounts receive written confirmations of all transactions. Shares purchased under the Plan are held in uncertificated form. Each shareholder's proxy includes shares purchased pursuant to the Plan. The automatic reinvestment of distributions does not relieve participants of any income tax payable on the distributions.

Fees and expenses of the Plan other than brokerage charges will be paid by the Fund. No brokerage charges are incurred on shares issued directly by the Fund. Participants will bear a pro-rata share of brokerage charges incurred on open market purchases.

A Plan participant may terminate his or her participation by written notice to the Plan agent. The Plan may be amended or terminated on 90 days written notice to the Plan participants. Contact the Plan Agent for additional information regarding the Plan. All correspondence concerning the Plan should be directed to Computershare, the Plan agent, by mail at P.O. Box 43010, Providence, RI 02940-3010 or by phone at 1-800-730-6001.

37

Fund Governance - Colonial Intermediate High Income Fund

The Trustees serve terms of indefinite duration. The names, addresses and ages of the Trustees and officers of the Funds in the Columbia Funds Complex, the year each was first elected or appointed to office, their principal business occupations during at least the last five years, the number of portfolios overseen by each Trustee and other directorships they hold are shown below. Each officer listed below serves as an officer of each Fund in the Columbia Funds Complex.

Independent Trustees

Name, address and year of birth, position with funds, year first elected or appointed to office/(1)/	Principal occupation(s) during past five years, number of portfolios in Columbia Funds Complex overseen by trustee, other directorships held
--	--

Douglas A. Hacker (Born 1955)

c/o Columbia Management Advisors, LLC  
One Financial Center  
Boston, MA 02111  
Trustee (since 1996)

Independent business executive since May, 2006; Executive Vice President-Strategy of United Airlines (airline) from December, 2002 to May, 2006; President of UAL Loyalty Services (airline marketing company) from September, 2001 to December, 2002; Executive Vice President and Chief Financial Officer of United

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Airlines from July, 1999 to September, 2001. Oversees 81, Nash Finch Company (food distributor); Aircastle Limited (aircraft leasing)

Janet Langford Kelly (Born 1957)

c/o Columbia Management  
Advisors, LLC  
One Financial Center  
Boston, MA 02111  
Trustee (since 1996)

Deputy General Counsel-Corporate Legal Services, ConocoPhillips (integrated petroleum company) since August, 2006; Partner, Zelle, Hofmann, Voelbel, Mason & Gette LLP (law firm) from March, 2005 to July, 2006; Adjunct Professor of Law, Northwestern University, from September, 2004 to June, 2006, Director, UAL Corporation (airline) from February, 2006 to July, 2006; Chief Administrative Officer and Senior Vice President, Kmart Holding Corporation (consumer goods), from September, 2003 to March, 2004; Executive Vice President-Corporate Development and Administration, General Counsel and Secretary, Kellogg Company (food manufacturer), from September, 1999 to August, 2003. Oversees 81, None

Richard W. Lowry (Born 1936)

c/o Columbia Management  
Advisors, LLC  
One Financial Center  
Boston, MA 02111  
Trustee (since 1995)

Private Investor since August, 1987 (formerly Chairman and Chief Executive Officer, U.S. Plywood Corporation (building products manufacturer) until 1987). Oversees 81, None

Charles R. Nelson (Born 1943)

c/o Columbia Management  
Advisors, LLC  
One Financial Center  
Boston, MA 02111  
Trustee (since 1981)

Professor of Economics, University of Washington, since January, 1976; Ford and Louisa Van Voorhis Professor of Political Economy, University of Washington, since September, 1993; Director, Institute for Economic Research, University of Washington from September, 2001 to June, 2003; Adjunct Professor of Statistics, University of Washington, since September, 1980; Associate Editor, Journal of Money Credit and Banking, since September, 1993; Consultant on econometric and statistical matters. Oversees 81, None

/(1)/In December 2000, the boards of each of the former Liberty Funds and former Stein Roe Funds were combined into one board of trustees responsible for the oversight of both fund groups (collectively, the "Liberty Board"). In October 2003, the trustees on the Liberty Board were elected to the boards of the Columbia Funds (the "Columbia Board") and of the CMG Fund Trust (the "CMG Funds Board"); simultaneous with that election, Patrick J. Simpson who had been a director on the Columbia Board and trustee on the CMG Funds Board, was appointed to serve as trustee of the Liberty Board. The date shown is the earliest date on which a trustee/director was elected or appointed to the board of a Fund in the Columbia Funds Complex.

38

Fund Governance (continued) - Colonial Intermediate High Income Fund



## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Name, address and year of birth, position with funds, year first elected or appointed to office/(1)/	Principal occupation(s) during past five years, number of portfolios in columbia funds complex overseen by trustee, other directorships held
--	--

John J. Neuhauser (Born 1942)

c/o Columbia Management  
Advisors, LLC  
One Financial Center  
Boston, MA 02111  
Trustee (since 1985)

University Professor, Boston College since November, 2005; Academic Vice President and Dean of Faculties, Boston College from August, 1999 to October, 2005.  
Oversees 81, None

Patrick J. Simpson (Born 1944)

c/o Columbia Management  
Advisors, LLC  
One Financial Center  
Boston, MA 02111  
Trustee (since 2000)

Partner, Perkins Coie LLP (law firm). Oversees 81, None

Thomas E. Stitzel (Born 1936)

c/o Columbia Management  
Advisors, LLC  
One Financial Center  
Boston, MA 02111  
Trustee (since 1998)

Business Consultant since 1999; Chartered Financial Analyst. Oversees 81, None

Thomas C. Theobald (Born 1937)

c/o Columbia Management  
Advisors, LLC  
One Financial Center  
Boston, MA 02111  
Trustee and Chairman of the Board/(2)/ (since 1996)

Partner and Senior Advisor, Chicago Growth Partners (private equity investing) since September, 2004; Managing Director, William Blair Capital Partners (private equity investing) from September, 1994 to September, 2004. Oversees 81, Anixter International (network support equipment distributor); Ventas, Inc. (real estate investment trust); Jones Lang LaSalle (real estate management services); Ambac Financial Group (financial guaranty insurance)

Anne-Lee Verville (Born 1945)

c/o Columbia Management  
Advisors, LLC  
One Financial Center  
Boston, MA 02111  
Trustee (since 1998)

Retired since 1997 (formerly General Manager, Global Education Industry, IBM Corporation (computer and technology) from 1994 to 1997). Oversees 81, None

Interested Trustee

William E. Mayer (Born 1940)

c/o Columbia Management  
Advisors, LLC

Partner, Park Avenue Equity Partners (private equity) since February, 1999; Dean and Professor, College of

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

<p>One Financial Center          Boston, MA 02111          Trustee/(3)/ (since 1994)</p>	<p>Business, University of Maryland, 1992 to 1997.          Oversees 81, Lee Enterprises (print media), WR          Hambrecht + Co. (financial service provider); Reader's          Digest (publishing)</p>
--	---

/(2)/Mr. Theobald/ /was appointed as Chairman of the Board effective December 10, 2003.

/(3)/Mr. Mayer/ /is an "interested person" (as defined in the Investment Company Act of 1940 (1940 Act)) by reason of his affiliation with WR Hambrecht + Co.

The Statement of Additional Information includes additional information about the Trustees of the Funds and is available, without charge, upon request by calling 800-426-3750.

39

Fund Governance (continued) - Colonial Intermediate High Income Fund

Officers

<p>Name, address and year of birth,          position with columbia funds,          year first elected or          appointed to office</p>	<p>Principal occupation(s) during past five years</p>
--	---

Christopher L. Wilson (Born 1957)

<p>One Financial Center          Boston, MA 02111          President (since 2004)</p>	<p>Head of Mutual Funds since August, 2004 and Managing Director of Columbia Management Advisors, LLC ("the Advisor") since September, 2005; President and Chief Executive Officer, CDC IXIS Asset Management Services, Inc. (investment management) from September, 1998 to August, 2004.</p>
---	--

James R. Bordewick, Jr. (Born 1959)

<p>One Financial Center          Boston, MA 02111          Senior Vice President, Secretary and          Chief Legal Officer (since 2006)</p>	<p>Associate General Counsel, Bank of America since April, 2005; Senior Vice President and Associate General Counsel, MFS Investment Management (investment management) prior to April, 2005.</p>
---	---

J. Kevin Connaughton (Born 1964)

<p>One Financial Center          Boston, MA 02111          Senior Vice President, Chief          Financial Officer and Treasurer          (since 2000)</p>	<p>Managing Director of the Advisor since February, 1998.</p>
--	---

Linda J. Wondrack (Born 1964)

<p>One Financial Center          Boston, MA 02111</p>	<p>Director (Columbia Management Group LLC and Investment Product Group Compliance), Bank of America since June</p>
---	---

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Senior Vice President, Chief  
Compliance Officer  
(since 2007)

2005; Director of Corporate Compliance and Conflicts  
Officer, MFS Investment Management (investment  
management), August 2004 to May 2005; Managing  
Director, Deutsche Asset Management (investment  
management) prior to August 2004.

Michael G. Clarke (Born 1969)

One Financial Center  
Boston, MA 02111  
Chief Accounting Officer and  
Assistant Treasurer (since 2004)

Director of Fund Administration of the Advisor since  
January, 2006; Managing Director of the Advisor  
September, 2004 to December, 2005; Vice President Fund  
Administration of the Advisor June, 2002 to September,  
2004. Vice President Product Strategy and Development  
of the Advisor from February, 2001 to June, 2002.

Jeffrey R. Coleman (Born 1969)

One Financial Center  
Boston, MA 02111  
Deputy Treasurer (since 2006)

Director of Fund Administration of the Advisor since  
January, 2006; Fund Controller of the Advisor from  
October 2004 to January 2006; Vice President of CDC  
IXIS Asset Management Services, Inc. (investment  
management) from August, 2000 to September, 2004.

Joseph F. DiMaria (Born 1968)

One Financial Center  
Boston, MA 02111  
Deputy Treasurer (since 2006)

Director of Fund Administration of the Advisor since  
January, 2006; Head of Tax/Compliance and Assistant  
Treasurer of the Advisor from November, 2004 to  
December, 2005; Director of Trustee Administration  
(Sarbanes-Oxley) of the Advisor from May, 2003 to  
October, 2004; Senior Audit Manager,  
PricewaterhouseCoopers (independent registered public  
accounting firm) from July, 2000 to April, 2003.

40

Fund Governance (continued) - Colonial Intermediate High Income Fund

Name, address and year of birth, Principal occupation(s) during past five years  
position with columbia funds,  
year first elected or  
appointed to office

Ty S. Edwards (Born 1966)

One Financial Center  
Boston, MA 02111  
Deputy Treasurer (since 2006)

Director of Fund Administration of the Advisor since  
January, 2006; Vice President of the Advisor from  
July, 2002 to December, 2005; Assistant Vice president  
and Director, State Street Corporation (financial  
services) prior to 2002.

Barry S. Vallan (Born 1969)

One Financial Center

Vice President-Fund Treasury of the Advisor since

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Boston, MA 02111  
Controller (since 2006)

October, 2004; Vice President- Trustee Reporting of the Advisor from April, 2002 to October, 2004; Management Consultant, PricewaterhouseCoopers (independent registered public accounting firm) prior to October, 2002.

41

### Board Consideration and Approval of Investment Advisory Agreements

The Advisory Fees and Expenses Committee of the Board of Trustees meets one or more times annually to review the advisory agreements (collectively, the "Agreements") of the funds for which the Trustees serve as trustees (each a "fund") and determine whether to recommend that the full Board approve the continuation of the Agreements for an additional one-year period. After the Committee has made its recommendation, the full Board, including the Independent Trustees, determines whether to approve the continuation of the Agreements. In addition, the Board, including the Independent Trustees, considers matters bearing on the Agreements at most of its other meetings throughout the year and meets regularly with the heads of each investment area within Columbia. Through the Board's Investment Oversight Committees, Trustees also meet with selected fund portfolio managers at various times throughout the year.

The Trustees receive and review all materials that they, their legal counsel or Columbia, the funds' investment adviser, believe to be reasonably necessary for the Trustees to evaluate the Agreements and determine whether to approve the continuation of the Agreements. Those materials generally include, among other items, (i) information on the investment performance of each fund relative to the performance of peer groups of mutual funds and the fund's performance benchmarks, (ii) information on each fund's advisory fees and other expenses, including information comparing the fund's expenses to those of peer groups of mutual funds and information about any applicable expense caps and fee "breakpoints," (iii) information about the profitability of the Agreements to Columbia, including potential "fall-out" or ancillary benefits that Columbia and its affiliates may receive as a result of their relationships with the funds and (iv) information obtained through Columbia's response to a questionnaire prepared at the request of the Trustees by counsel to the funds and independent legal counsel to the Independent Trustees. The Trustees also consider other information such as (v) Columbia's financial results and financial condition, (vi) each fund's investment objective and strategies and the size, education and experience of Columbia's investment staffs and their use of technology, external research and trading cost measurement tools, (vii) the allocation of the funds' brokerage, if any, and the use of "soft" commission dollars to pay for research products and services, (viii) Columbia's resources devoted to, and its record of compliance with, the funds' investment policies and restrictions, policies on personal securities transactions and other compliance policies, (ix) Columbia's response to various legal and regulatory proceedings since 2003 and (x) the economic outlook generally and for the mutual fund industry in particular. In addition, the Advisory Fees and Expenses Committee confers with the funds' independent fee consultant and reviews materials relating to the funds' relationships with Columbia provided by the independent fee consultant. Throughout the process, the Trustees have the opportunity to ask questions of and request additional materials from Columbia and to consult with independent legal counsel to the Independent Trustees and the independent fee consultant.

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

The Board of Trustees most recently approved the continuation of the Agreements at its October, 2006 meeting, following meetings of the Advisory Fees and Expenses Committee held in August, September and October, 2006. In considering whether to approve the continuation of the Agreements, the Trustees, including the Independent Trustees, did not identify any single factor as determinative, and each weighed various factors as he or she deemed appropriate. The Trustees considered the following matters in connection with their approval of the continuation of the Agreements:

The nature, extent and quality of the services provided to the funds under the Agreements. The Trustees considered the nature, extent and quality of the services provided by Columbia and its affiliates to the funds and the resources dedicated to the funds by Columbia and its affiliates. Among other things, the Trustees considered (i) Columbia's ability (including its personnel and other resources, compensation programs for personnel involved in fund management, reputation and other attributes) to attract and retain highly qualified research, advisory and supervisory investment professionals; (ii) the portfolio management services provided by those investment professionals; and (iii) the trade execution services provided on behalf of the funds. For each fund, the Trustees also considered the benefits to shareholders of investing in a mutual fund that is part of a family of funds offering exposure to a variety of asset classes and investment disciplines and providing a variety of fund and shareholder services. After reviewing those and related factors, the Trustees concluded, within the context of their overall conclusions regarding each of the Agreements, that the nature, extent and quality of services provided supported the continuation of the Agreements.

42

Investment performance of the funds and Columbia. The Trustees reviewed information about the performance of each fund over various time periods, including information prepared by an independent third party that compared the performance of each fund to the performance of peer groups of mutual funds and performance benchmarks. The Trustees also reviewed a description of the third party's methodology for identifying each fund's peer group for purposes of performance and expense comparisons. The Trustees also considered additional information that the Advisory Fees and Expenses Committee requested from Columbia relating to funds that presented relatively weaker performance and/or relatively higher expenses.

In the case of each fund whose performance lagged that of a relevant peer group for certain (although not necessarily all) periods, the Trustees concluded that other factors relevant to performance were sufficient, in light of other considerations, to warrant continuation of the fund's Agreements. Those factors varied from fund to fund, but included one or more of the following: (i) that the fund's performance, although lagging in certain recent periods, was stronger over the longer term; (ii) that the underperformance was attributable, to a significant extent, to investment decisions that were reasonable and consistent with the fund's investment strategy and policies and that the fund was performing as expected, given these investment decisions, market conditions and the fund's investment strategy; (iii) that the fund's performance was competitive when compared to other relevant performance benchmarks or peer groups; (iv) that Columbia had taken or was taking steps designed to help improve the fund's investment performance, including, but not limited to, replacing portfolio managers or modifying investment strategies; and (v) that the fund was proposed to be reorganized into another fund, and that such

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

reorganization would result in a reduction in fund expenses.

The Trustees also considered Columbia's performance and reputation generally, the funds' performance as a fund family generally, and Columbia's historical responsiveness to Trustee concerns about performance and Columbia's willingness to take steps intended to improve performance.

After reviewing those and related factors, the Trustees concluded, within the context of their overall conclusions regarding each of the Agreements, that the performance of each fund and Columbia was sufficient, in light of other considerations, to warrant the continuation of the Agreement(s) pertaining to that fund.

The costs of the services provided and profits realized by Columbia and its affiliates from their relationships with the funds. The Trustees considered the fees charged to the funds for advisory services as well as the total expense levels of the funds. That information included comparisons (provided by management and by an independent third party) of each fund's advisory fees and total expense levels to those of the fund's peer groups and information about the advisory fees charged by Columbia to comparable institutional accounts. In considering the fees charged to those accounts, the Trustees took into account, among other things, management's representations about the differences between managing mutual funds as compared to other types of accounts, including differences in the services provided, differences in the risk profile of such business for Columbia, and the additional resources required to manage mutual funds effectively. In evaluating each fund's advisory fees, the Trustees also took into account the demands, complexity and quality of the investment management of the fund. The Trustees considered existing advisory fee breakpoints, and Columbia's use of advisory fee waivers and expense caps, which benefited a number of the funds. The Trustees also noted management's stated justification for the fees charged to the funds, which included information about the investment performance of the funds and the services provided to the funds.

The Trustees also considered the compensation directly or indirectly received by Columbia and its affiliates from their relationships with the funds. The Trustees reviewed information provided by management as to the profitability to Columbia and its affiliates of their relationships with each fund, and information about the allocation of expenses used to calculate profitability. When reviewing profitability, the Trustees also considered court cases in which adviser profitability was an issue in whole or in part, the performance of the relevant funds, the expense level of each fund, and whether Columbia had implemented breakpoints and/or expense caps with respect to the fund.

After reviewing those and related factors, the Trustees concluded, within the context of their overall conclusions regarding each of the Agreements, that the advisory fees charged to each fund, and the related profitability to Columbia

43

and its affiliates of their relationships with the fund, supported the continuation of the Agreement(s) pertaining to that fund.

Economies of Scale. The Trustees considered the existence of any economies of scale in the provision by Columbia of services to each fund, to groups of related funds, and to Columbia's investment advisory clients as a whole and whether those economies were shared with the funds through breakpoints in the

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

investment advisory fees or other means, such as expense waivers/reductions and additional investments by Columbia in investment, trading and compliance resources. The Trustees noted that many of the funds benefited from breakpoints, expense caps, or both. In considering those issues, the Trustees also took note of the costs of the services provided (both on an absolute and a relative basis) and the profitability to Columbia and its affiliates of their relationships with the funds, as discussed above.

After reviewing those and related factors, the Trustees concluded, within the context of their overall conclusions regarding each of the Agreements, that the extent to which economies of scale were shared with the funds supported the continuation of the Agreements.

Other Factors. The Trustees also considered other factors, which included but were not limited to the following:

- .. the extent to which each fund had operated in accordance with its investment objective and investment restrictions, the nature and scope of the compliance programs of the funds and Columbia and the compliance-related resources that Columbia and its affiliates were providing to the funds;
- .. the nature, quality, cost and extent of administrative and shareholder services performed by Columbia and its affiliates, both under the Agreements and under separate agreements for the provision of transfer agency and administrative services;
- .. so-called "fall-out benefits" to Columbia and its affiliates, such as the engagement of its affiliates to provide distribution, brokerage and transfer agency services to the funds, and the benefits of research made available to Columbia by reason of brokerage commissions generated by the funds' securities transactions, as well as possible conflicts of interest associated with those fall-out and other benefits, and the reporting, disclosure and other processes in place to disclose and monitor those possible conflicts of interest; and
- .. the draft report provided by the funds' independent fee consultant, which included information about and analysis of the funds' fees, expenses and performance.

Based on their evaluation of all factors that they deemed to be material, including those factors described above, and assisted by the advice of independent counsel and the independent fee consultant, the Trustees, including the Independent Trustees, approved the continuance of each of the Agreements through October 31, 2007.

44

### Summary of Management Fee Evaluation by Independent Fee Consultant

INDEPENDENT FEE CONSULTANT'S EVALUATION OF THE PROCESS BY WHICH MANAGEMENT FEES ARE NEGOTIATED FOR THE COLUMBIA MUTUAL FUNDS OVERSEEN BY THE COLUMBIA ATLANTIC BOARD

Prepared Pursuant to the February 9, 2005 Assurance of Discontinuance between the Office of Attorney General of New York State and Columbia Management Advisors, Inc. and Columbia Funds Distributor, Inc. October 11, 2006

#### I. Overview

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Columbia Management Advisors, LLC ("CMA") and Columbia Funds Distributors, Inc./1/ ("CFD") agreed on February 9, 2005 to the New York Attorney General's Assurance of Discontinuance ("AOD"). Among other things, the AOD stipulates that CMA may manage or advise a Columbia Fund ("Fund" and together with all such funds or a group of such funds as the "Funds") only if the Independent Members of the Fund's Board of Trustees (such Independent Members of the Fund's Board together with the other members of the Fund's Board, referred to as the "Trustees") appoint a Senior Officer or retain an Independent Fee Consultant ("IFC") who is to manage the process by which proposed management fees are negotiated. The AOD further stipulates that the Senior Officer or IFC is to prepare a written annual evaluation of the fee negotiation process.

On September 14, 2006, the Independent Members of the Funds' Boards retained me as IFC for the Funds. In this capacity, I have prepared the second annual written evaluation of the fee negotiation process. I am successor to the first IFC, Erik Sirri, who prepared the annual evaluation in 2005 and who contributed to the second annual written evaluation until his resignation as IFC in August 2006 to become Director of the Division of Market Regulation at the U.S. Securities and Exchange Commission./2/

### A. Role of the Independent Fee Consultant

The AOD charges the IFC with "managing the process by which proposed management fees...to be charged the Columbia Fund are negotiated so that they are negotiated in a manner which is at arms' length and reasonable and consistent with this Assurance of Discontinuance." In this role, the IFC does not replace the Trustees in negotiating management fees with CMA, and the IFC does not substitute his or her judgment for that of the Trustees about the reasonableness of proposed fees. As the AOD states, CMA "may manage or advise a Columbia Fund only if the reasonableness of the proposed management fees is determined by the Board of Trustees...using...an annual independent written evaluation prepared by or under the direction of...the Independent Fee Consultant."

### B. Elements Involved in Managing the Fee Negotiation Process

Managing the fee negotiation process has three elements. One involves reviewing the information provided by CMG to the Trustees for evaluating the proposed management fees and augmenting that information, as necessary, with additional information from CMG or other sources and with further analyses of the information and data. The second element involves reviewing the information and analysis relative to at least the following six factors set forth in the AOD:

- 1.The nature and quality of CMA's services, including the Fund's performance;
- 2.Management fees (including any components thereof) charged by other mutual fund companies for like services;
- 3.Possible economies of scale as the Fund grows larger;

/1/ CMA and CFD are subsidiaries of Columbia Management Group, Inc. ("CMG"), which also is the parent of Columbia Management Services, Inc. ("CFS"), the Funds' transfer agent. Before the date of this report, CMA merged into an affiliated entity, Banc of America Capital Management, LLC, which was renamed Columbia Management Advisors, LLC and which carries on the business of CMA. CFD also has been renamed Columbia Management Distributors, Inc.

/2/ I am an independent economic consultant. From August 2005 until August 2006, I provided support to Mr. Sirri as an independent consultant. From 1994 to 2004, I was Chief Economist at the Investment Company Institute. Earlier, I was Section Chief and Assistant Director at the Federal Reserve Board and Professor of Economics at Oklahoma State University. I have no



## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

material relationship with Bank of America or CMG, aside from serving as IFC, and I am aware of no material relationship with any of their affiliates. To assist me with the report, I engaged NERA Economic Consulting, an independent consulting firm that has had extensive experience in the mutual fund industry. I also have retained Willkie Farr & Gallagher LLP as counsel to advise me in connection with the report.

45

4. Management fees (including any components thereof) charged to institutional and other clients of CMA for like services;
5. Costs to CMA and its affiliates of supplying services pursuant to the management fee agreements, excluding any intra-corporate profit; and
6. Profit margins of CMA and its affiliates from supplying such services.

The final element involves providing the Trustees with a written evaluation of the above factors as they relate to the fee negotiation process.

### C. Organization of the Annual Evaluation

The 2006 annual evaluation focuses on the six factors and contains a section for each factor except that CMA's costs and profits from managing the Funds have been combined into a single section. In each section, the discussion of the factor considers and analyzes the available data and other information as they bear upon the fee negotiation process. If appropriate, the discussion in the section may point out certain aspects of the proposed fees that may warrant particular attention from the Trustees. The discussion also may suggest other data, information, and approaches that the Trustees might consider incorporating into the fee negotiation process in future years.

In addition to a discussion of the six factors, the report reviews the status of recommendations made in the 2005 IFC evaluation. The 2006 report also summarizes the findings with regard to the six factors and contains a summary of recommendations for possible enhancements to the process.

### II. Status of 2005 Recommendations

The 2005 IFC evaluation contains recommendations aimed at enhancing the evaluation of proposed management fees by Trustees. The section summarizes those recommendations and includes my assessment of the response to the recommendations.

1. Recommendation: Trustees should consider requesting more analytical work from CMG in the preparation of future 15(c) materials.

Status: CMG has provided additional analyses to the Trustees on economies of scale, a comparative analysis of institutional and retail management fees, management fee breakpoints, risk-adjusted performance, fee waivers and expense reimbursements, and CMG's costs and profitability.

2. Recommendation: Trustees may wish to consider whether CMG should continue expanding the use of Morningstar or other third party data to supplement CMG's fee and performance analysis that is now based primarily on Lipper reports.

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Status: CMG has used data from Morningstar Inc. to compare with data from Lipper Inc. ("Lipper") in performing the Trustees' screening procedures.

- 3.Recommendation: Trustees should consider whether...the fund-by-fund screen...should place comparable emphasis on both basis point and quintile information in their evaluation of the funds...Also, the Trustees should consider incorporating sequences of one-year performance into a fund-by-fund screen.

Status: CMG has not provided Trustees with results of the screening process using percentiles. CMG has provided Trustees with information on the changes in performance and expenses between 2005 and 2006 and data on one year returns.

- 4.Recommendation: Given the volatility of fund performance, the Trustees may want to consider whether a better method exists than th[e] fee waiver process to deal with fund underperformance.

Status: It is my understanding that the Trustees have determined to address fund underperformance not only through fee waivers and expense caps but also through discussions with CMG regarding the sources of underperformance. CMG has provided Trustees with an analysis of the relationship between breakpoints, expense reimbursements, and fee waivers.

- 5.Recommendation: [Seventy-one] percent of funds [have] yet to reach their first management fee break point...Trustees may wish to consider whether the results of my ongoing economies-of-scale work affects the underlying economic assumptions reflected in the existing breakpoint schedules.

Status: CMG has prepared a memo for the Trustees discussing its views on the nature and sharing of potential

46

economies of scale. The memo discusses CMG's view that economies of scale arise at the complex level rather than the fund level. The memo also describes steps, including the introduction of breakpoints, taken to share economies of scale with shareholders. CMG's analysis, however, does not discuss specific sources of economies of scale and does not link breakpoints to economies of scale that might be realized as the Funds' assets increase.

- 6.Recommendation: Trustees should continue working with management to address issues of funds that demonstrate consistent or significant underperformance even if the fee levels for the funds are low.

Status: Trustees monitor performance on an ongoing basis.

### III. Findings

#### A. General

- 1.Based upon my examination of the available information and the six factors, I conclude that the Trustees have the relevant information necessary to evaluate the reasonableness of the proposed management fees for the Funds. CMG has provided the Trustees with relevant materials on the six factors through the 15(c) contract renewal process and in materials prepared for review at Board and Committee meetings.

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

2. In my view, the process by which the proposed management fees of the Funds have been negotiated in 2006 thus far has been, to the extent practicable, at arms' length and reasonable and consistent with the AOD.

### B. Nature and Quality of Services, Including Performance

3. The performance of the Funds has been relatively strong, especially that of fixed-income Funds. For each of the 1-, 3-, 5- and 10-year performance periods, over 60 percent of the funds have ranked in the top three performance quintiles.

4. The performance of the equity Funds overall, though less concentrated in the top two quintiles than the fixed-income Funds, improved in 2006 relative to that in 2005. The fixed income funds maintained the relatively high performance level of 2005 in 2006.

5. The Funds' overall performance adjusted for risk was significantly stronger than performance unadjusted for risk. Domestic and international equity funds, in particular, moved to higher relative performance rankings after adjusting for risk.

6. The procedure used to construct the performance universe in which each Fund's performance is ranked relative to comparable funds may bias a Fund's ranking upward within that universe. The bias occurs because the performance ranking procedure includes all share classes of multi-class funds in the universe and because the procedure ranks either no-load or A share classes of the Funds. No-load and A share classes generally have lower total expenses than B and C shares (owing to B and C shares having higher distribution/service fees) and thus, given all else, would outperform many of B and C share classes included in the universe. A preliminary analysis that adjusts for the bias results in a downward movement in the relative performance for the Funds but does not change the general finding that the Funds' performance has been strong relative to comparable funds.

### C. Management Fees Charged by Other

#### Mutual Fund Companies

7. The Funds' management fees and total expenses are generally low relative to those of their peers. At least 56 percent of the Funds are in the first or second quintiles with the lowest fees and expenses and nearly three-fourths or more in the first three quintiles. Equity Funds are more highly concentrated in the first three quintiles than fixed income Funds.

8. The fee and expense rankings as whole are similar to those in 2005 in that the majority of funds are ranked in the top quintiles. Nonetheless, a number of individual funds experienced a change in ranking between 2005 and 2006. This fund-level instability may reflect sensitivity of rankings to the composition of the comparison groups, as the membership of the peer groups typically changed substantially between the two years.

9. The Liberty Money Market Fund VS appears to have a higher management fee structure than that of other Columbia money market funds of comparable asset size.

47

### D. Trustees' Fee and Performance Evaluation Process

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

10. The Trustees' evaluation process identified 21 funds in 2006 for further review based upon their relative performance or expenses. Seventeen of these funds had been subject to review in 2004 or 2005.

### E. Potential Economies of Scale

11. CMG has prepared a memo for the Trustees containing its views on the sources and sharing of potential economies of scale. CMG views economies of scale as arising at the complex level and would regard estimates of scale economies for individual funds as unreliable. CMG has not, however, identified specific sources of economies of scale nor has it provided any estimates of the magnitude of any economies of scale. In the memo, CMG also describes measures taken by the Trustees and CMG that seek to share any potential economies of scale through breakpoints in management fee schedules, expense reimbursements, fee waivers, enhanced shareholder services, fund mergers, and operational consolidation. These measures, although of significant benefit to shareholders, have not been directly linked in the memo to the existence, sources, and magnitude of economies of scale.

### F. Management Fees Charged to Institutional

#### Clients

12. CMG has provided Trustees with comparisons of mutual fund management fees and institutional fees based upon standardized fee schedules and upon actual fees. Based upon the information, institutional fees are generally lower than the Funds' management fees. This pattern is consistent with the economics of the two financial products. Data are not available, however, on actual institutional fees at other money managers. Thus, it is not possible to determine the extent to which differences between the Funds' management fees and institutional fees are consistent with those seen generally in the marketplace.

### G. Revenues, Expenses, and Profits

13. The financial statements and the methodology underlying their construction generally form a sufficient basis for Trustees to evaluate the expenses and profitability of the Funds.

## IV. Recommendations

### A. Performance

1. Trustees may wish to consider incorporating risk-adjusted measures in their evaluation of performance. CMG has begun to prepare reports for the Trustees with risk adjustments, which could form the basis for formally including the measures in the 15(c) materials. To this end, Trustees may wish to have CMG prepare documents explaining risk adjustments and describing their advantages and disadvantages.

2. Trustees may wish to consider having CMG evaluate the sensitivity of performance rankings to the design of the universe. The preliminary analysis contained in the evaluation suggests that the method employed by Lipper, the source of performance rankings used by the Trustees, may bias performance rankings upward.

### B. Economies of Scale

3. Trustees may wish to consider having CMG extend its analysis of economies of scale by examining the sources of such economies, if any. Identification of the sources may enable the Trustees and CMG to gauge their magnitude. It also may enable the Trustees and CMG to build upon past work on standardized fee schedules so that the schedules themselves are consistent with any economies of scale and their sources. Finally, an extension of the analysis may enable the Trustees and CMG to develop a framework that coordinates the use of fee waivers and expense caps with the standard fee schedules and with any economies of scale and their sources.

C. Institutional Fees

4.Trustees may wish to consider encouraging CMG to build further upon its expanded analysis of institutional fees by

48

refining the matching of institutional accounts with mutual funds, by dating the establishment of each institutional account, and by incorporating other accounts, such as subadvisory relationships, trusts, offshore funds, and separately managed accounts into the analysis.

D. Profitability

5.Trustees may wish to consider requesting that CMG expand the reporting of revenues and expenses to include more line-item detail for management and administration, transfer agency, fund accounting, and distribution.

6.Trustees may wish to consider requesting that CMG provide a statement of its operations in the 15(c) materials.

7.Trustees may wish to consider the treatment of the revenue sharing with the Private Bank of Bank of America in their review of CMG's profitability.

Respectfully submitted,  
John D. Rea

49

APPENDIX

SOURCES OF INFORMATION USED IN THE EVALUATION

The following list generally describes the sources and types of information that were used in preparing this report.

- 1.Performance, management fees, and expense ratios for the Funds and comparable funds from other fund complexes from Lipper and CMG. The sources of this information were CMG and Lipper;
- 2.CMG's expenses and profitability obtained directly from CMG;
- 3.Information on CMG's organizational structure;
- 4.Profitability of publicly traded asset managers from Lipper;
- 5.Interviews with CMG staff, including members of senior management, legal staff, heads of affiliates, portfolio managers, and financial personnel;
- 6.Documents prepared by CMG for Section 15(c) contract renewals in 2005 and 2006;

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

7. Academic research papers, industry publications, professional materials on mutual fund operations and profitability, and SEC releases and studies of mutual fund expenses
8. Interviews with and documents prepared by Ernst & Young LLP in its review of the Private Bank Revenue Sharing Agreement;
9. Discussions with Trustees and attendance at Board and committee meetings during which matters pertaining to the evaluation were considered.

In addition, I engaged NERA Economic Consulting ("NERA") to assist me in data management and analysis. NERA has extensive experience in the mutual fund industry that provides unique insights and special knowledge pertaining to my independent analysis of fees, performance, and profitability. I have also retained attorneys in the Washington, D.C. office of Willkie Farr & Gallagher LLP as outside counsel to advise me in connection with my evaluation.

Finally, meetings and discussions with CMG staff were informative. My participation in Board and committee meetings in which Trustees and CMG management discussed issues relating to management contracts were of great benefit to the preparation of the evaluation.

50

### Important Information About This Report

#### Colonial Intermediate High Income Fund

##### Transfer Agent

Computershare  
P.O. Box 43010  
Providence, RI 02940-3010

The fund mails one shareholder report to each shareholder address. Shareholders can order additional reports by calling 800-730-6001. In addition, representatives at that number can provide shareholders information about the fund.

Financial advisors who want additional information about the fund may speak to a representative at 800-426-3750.

A description of the fund's proxy voting policies and procedures is available (i) at [www.columbiamanagement.com](http://www.columbiamanagement.com); (ii) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov), and (iii) without charge, upon request, by calling 800-730-6001. Information regarding how the fund voted proxies relating to portfolio securities during the 12-month period ended June 30 is available from the SEC's website. Information regarding how the fund voted proxies relating to portfolio securities is also available at [www.columbiamanagement.com](http://www.columbiamanagement.com).

The fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available on the SEC's website at [www.sec.gov](http://www.sec.gov) and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Annual Certifications -- As required, on June 21, 2006, the fund submitted to

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

the New York Stock Exchange ("NYSE") the annual certification of the fund's Chief Executive Officer certifying that he is not aware of any violation of the NYSE's Corporate Governance listing standards. The fund also has included the certifications of the fund's Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002 as exhibits to the fund's Form N-CSR filed with the Securities and Exchange Commission for the annual period.

This report has been prepared for shareholders of Colonial Intermediate High Income Fund.

51

[GRAPHIC]

COLONIAL INTERMEDIATE HIGH INCOME FUND

ANNUAL REPORT

SHC-42/115614-1106 (01/07) 07/33121

### Item 2. Code of Ethics.

- (a) The registrant has, as of the end of the period covered by this report, adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.
- (b) The registrant's Board adopted, effective January 3, 2006, a revised code of ethics described in 2(a) above. This revised code of ethics, which is attached as an exhibit hereto, does not differ materially from the code of ethics in effect for the year ended November 30, 2005.
- (c) During the period covered by this report, there were no waivers, including any implicit waivers, from a provision of the code of ethics described in 2(a) above that relates to one or more of the items set forth in paragraph (b) of this item's instructions.

### Item 3. Audit Committee Financial Expert.

The registrant's Board of Trustees has determined that Douglas A. Hacker, Thomas E. Stitzel and Anne-Lee Verville, each of whom are members of the registrant's Board of Trustees and Audit Committee, each qualify as an audit committee financial expert. Mr. Hacker, Mr. Stitzel and Ms. Verville are each independent trustees, as defined in paragraph (a)(2) of this item's instructions and collectively constitute the entire Audit Committee.

### Item 4. Principal Accountant Fees and Services.

(a) Audit Fees. Aggregate Audit Fees billed by the principal accountant for professional services rendered during the fiscal years ended November 30, 2006 and November 30, 2005 are approximately as follows:

2006	2005
----	----
\$39,000	\$35,500

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Audit Fees include amounts related to the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

(b) Audit-Related Fees. Aggregate Audit-Related Fees billed to the registrant by the principal accountant for professional services rendered during the fiscal years ended November 30, 2006 and November 30, 2005 are approximately as follows:

2006	2005
----	----
\$4,100	\$3,900

Audit-Related Fees include amounts for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported in Audit Fees above. In both fiscal years 2006 and 2005, Audit-Related Fees include agreed-upon procedures performed for semi-annual shareholder reports.

During the fiscal years ended November 30, 2006 and November 30, 2005, there were no Audit-Related Fees billed by the registrant's principal accountant to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for an engagement that related directly to the operations and financial reporting of the registrant.

(c) Tax Fees. Aggregate Tax Fees billed by the principal accountant to the registrant for professional services rendered during the fiscal years ended November 30, 2006 and November 30, 2005 are approximately as follows:

2006	2005
----	----
\$2,800	\$2,500

Tax Fees consist primarily of the review of annual tax returns and include amounts for professional services by the principal accountant for tax compliance, tax advice and tax planning.

During the fiscal years ended November 30, 2006 and November 30, 2005, there were no Tax Fees billed by the registrant's principal accountant to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for an engagement that related directly to the operations and financial reporting of the registrant.

(d) All Other Fees. Aggregate All Other Fees billed by the principal accountant to the registrant for professional services rendered during the fiscal years ended November 30, 2006 and November 30, 2005 are approximately as follows:

2006	2005
----	----
\$0	\$0



## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

All Other Fees include amounts for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) above.

Aggregate All Other Fees billed by the registrant's principal accountant to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for an engagement that related directly to the operations and financial reporting of the registrant during the fiscal years ended November 30, 2006 and November 30, 2005 are approximately as follows:

2006	2005
----	----
\$505,500	\$255,500

In both fiscal years 2006 and 2005, All Other Fees include internal control reviews of the registrant's investment advisor.

### (e) (1) Audit Committee Pre-Approval Policies and Procedures

The registrant's Audit Committee is required to pre-approve the engagement of the registrant's independent accountants to provide audit and non-audit services to the registrant and non-audit services to its investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) or any entity controlling, controlled by or under common control with such investment adviser that provides ongoing services to the registrant ("Adviser Affiliates"), if the engagement relates directly to the operations and financial reporting of the registrant.

The Audit Committee has adopted a Policy for Engagement of Independent Accountants for Audit and Non-Audit Services ("Policy"). The Policy sets forth the understanding of the Audit Committee regarding the engagement of the registrant's independent accountants to provide (i) audit and permissible audit-related, tax and other services to the registrant (collectively "Fund Services"); (ii) non-audit services to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) and Adviser Affiliates, if the engagement relates directly to the operations or financial reporting of a Fund (collectively "Fund-related Adviser Services"); and (iii) certain other audit and non-audit services to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) and Adviser Affiliates. Unless a type of service receives general pre-approval under the Policy, it requires specific pre-approval by the Audit Committee if it is to be provided by the independent accountants. Pre-approval of non-audit services to the registrant, the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) and Adviser Affiliates may be waived provided that the "de minimis" requirements set forth under paragraph (c) (7) (i) (C) of Rule 2-01 of Regulation S-X are met.

Under the Policy, the Audit Committee may delegate pre-approval authority to any pre-designated member or members who are Independent Trustees/Directors. The member(s) to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next regular meeting. The Audit Committee's responsibilities with

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

respect to the pre-approval of services performed by the independent accountants may not be delegated to management.

The Policy requires the Fund Treasurer and/or Director of Board Administration to submit to the Audit Committee, on an annual basis, a schedule of the types of services that are subject to general pre-approval. The schedule(s) provide a description of each type of service that is subject to general pre-approval and, where possible, will provide estimated fee caps for each instance of providing each service. The Audit Committees will review and approve the types of services and review the projected fees for the next fiscal year and may add to, or subtract from, the list of general pre-approved services from time to time based on subsequent determinations. That approval acknowledges that the Audit Committee is in agreement with the specific types of services that the independent accountants will be permitted to perform.

The Fund Treasurer and/or Director of Board Administration shall report to the Audit Committee at each of its regular meetings regarding all Fund Services or Fund-related Adviser Services initiated since the last such report was rendered, including a general description of the services, actual billed and projected fees, and the means by which such Fund Services or Fund-related Adviser Services were pre-approved by the Audit Committee.

\*\*\*\*\*

(e) (2) The percentage of services described in paragraphs (b) through (d) of this Item approved pursuant to the "de minimis" exception under paragraph (c) (7) (i) (C) of Rule 2-01 of Regulation S-X during both fiscal years ended November 30, 2006 and November 30, 2005 was zero.

(f) Not applicable.

(g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for the fiscal years ended November 30, 2006 and November 30, 2005 are approximately as follows:

2006	2005
----	----
\$512,400	\$261,900

(h) The registrant's Audit Committee of the Board of Directors has considered whether the provision of non-audit services that were rendered to the registrant's adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c) (7) (ii) of Rule 2-01 of Regulation S-X, is compatible with maintaining the principal accountant's independence.

Item 5. Audit Committee of Listed Registrants.

The registrant has a separately-designated standing audit committee established in accordance with Section 3(a) (58) (A) of the Exchange Act (15 U.S.C. 78c(a) (58) (A)). Douglas A. Hacker, Thomas E. Stitzel and Anne-Lee Verville are each independent trustees and collectively constitute the entire Audit

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Committee.

### Item 6. Schedule of Investments

The registrant's "Schedule I - Investments in securities of unaffiliated issuers" (as set forth in 17 CFR 210.12-12) is included in Item 1 of this Form N-CSR.

### Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

The Fund has delegated to Columbia Management Advisors, LLC (the "Advisor") the responsibility to vote proxies relating to portfolio securities held by the Fund. In deciding to delegate this responsibility to the Advisor, the Board of Trustees of the Trust reviewed and approved the policies and procedures adopted by the Advisor. These included the procedures that the Advisor follows when a vote presents a conflict between the interests of the Fund and its shareholders and the Advisor, its affiliates, its other clients or other persons.

The Advisor's policy is to vote all proxies for Fund securities in a manner considered by the Advisor to be in the best interest of the Fund and its shareholders without regard to any benefit to the Advisor, its affiliates, its other clients or other persons. The Advisor examines each proposal and votes against the proposal, if, in its judgment, approval or adoption of the proposal would be expected to impact adversely the current or potential market value of the issuer's securities. The Advisor also examines each proposal and votes the proxies against the proposal, if, in its judgment, the proposal would be expected to affect adversely the best interest of the Fund. The Advisor determines the best interest of the Fund in light of the potential economic return on the Fund's investment.

The Advisor addresses potential material conflicts of interest by having predetermined voting guidelines. For those proposals that require special consideration or in instances where special circumstances may require varying from the predetermined guideline, the Advisor's Proxy Committee determines the vote in the best interest of the Fund, without consideration of any benefit to the Advisor, its affiliates, its other clients or other persons.

The Advisor may also address potential material conflicts of interest by delegating the proxy to an independent third party voting agent.

The Advisor's Proxy Committee is composed of representatives of the Advisor's investment management team, compliance, legal and fund administration functions. In addition to the responsibilities described above, the Proxy Committee has the responsibility to review, at least annually, the Advisor's proxy voting policies to ensure consistency with internal and regulatory agency policies and to develop additional predetermined voting guidelines to assist in the review of proxy proposals.

The Proxy Committee may vary from a predetermined guideline if it determines that voting on the proposal according to the predetermined guideline would be expected to impact adversely the current or potential market value of the issuer's securities or to affect adversely the best interest of the client. References to the best interest of a client refer to the interest of the client in terms of the potential economic return on the client's investment. In determining the vote on any proposal, the Proxy Committee does not consider any benefit other than benefits to the owner of the securities to be voted. A member of the Proxy Committee is prohibited from voting on any proposal for which he or she has a conflict of interest by reason of a direct relationship with the issuer or other party affected by a given proposal. Persons making

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

recommendations to the Proxy Committee or its members are required to disclose to the Committee any relationship with a party making a proposal or other matter known to the person that would create a potential conflict of interest.

The Advisor has retained a third party vendor to implement its proxy voting process. The vendor provides proxy analysis, record keeping services and vote disclosure services.

Item 8. Portfolio Managers of Closed-End Management Investment Companies.

(a) (1) PORTFOLIO MANAGER

GREGG R. SMALLEY, a senior vice president of Columbia Management Advisors, LLC, is the manager for the Fund and has managed the Fund since June 2000. Mr. Smalley has been associated with Columbia Management Advisors, LLC or its predecessors since August 1997.

KEVIN L. CRONK, a senior vice president of Columbia Management Advisors, LLC, is the manager for the Fund and has co-managed the Fund since February 2003. Mr. Cronk has been associated with Columbia Management Advisors, LLC or its predecessors since August 1999.

THOMAS A. LAPOINTE, a senior vice president of Columbia Management Advisors, LLC, is the manager for the Fund and has co-managed the Fund since February 2003. Mr. LaPointe has been associated with Columbia Management Advisors, LLC or its predecessors since February 1999.

(2) OTHER ACCOUNTS MANAGED BY THE PORTFOLIO MANAGER

The following table shows the number and assets of other investment accounts (or portions of investment accounts) that the Fund's portfolio manager managed as of the Fund's fiscal year-end.

Portfolio Manager	Other SEC- registered open- end and closed-end funds		Other pooled investment vehicles		Other accounts	
	Number of accounts	Assets	Number of accounts	Assets	Number of accounts	Assets
Gregg R. Smalley	0	\$0	0	0	4	\$600 million
Kevin L. Cronk	12	\$8.6 billion	10	\$267 million	5	\$386 million
Thomas A. LaPointe	12	\$8.6 billion	10	\$267 million	6	\$386 million

None of these accounts are subject to an advisory fee that is based on the performance of the account.

POTENTIAL CONFLICTS OF INTEREST IN MANAGING MULTIPLE ACCOUNTS

Like other investment professionals with multiple clients, a portfolio manager for the Fund may face certain potential conflicts of interest in connection with managing both the Fund and other accounts at the same time. The paragraphs below describe some of these potential conflicts, which Columbia Management Advisors, LLC believes are faced by investment professionals at most major financial firms. Columbia Management Advisors, LLC and the Trustees of the Fund

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

have adopted compliance policies and procedures that attempt to address certain of these potential conflicts.

The management of accounts with different advisory fee rates and/or fee structures, including accounts that pay advisory fees based on account performance ("performance fee accounts"), may raise potential conflicts of interest by creating an incentive to favor higher-fee accounts. These potential conflicts may include, among others:

- . The most attractive investments could be allocated to higher-fee accounts or performance fee accounts.
- . The trading of higher-fee accounts could be favored as to timing and/or execution price. For example, higher-fee accounts could be permitted to sell securities earlier than other accounts when a prompt sale is desirable or to buy securities at an earlier and more opportune time.
- . The trading of other accounts could be used to benefit higher-fee accounts (front- running).
- . The investment management team could focus their time and efforts primarily on higher-fee accounts due to a personal stake in compensation.

Potential conflicts of interest may also arise when the portfolio managers have personal investments in other accounts that may create an incentive to favor those accounts. As a general matter and subject to limited exceptions, Columbia Management Advisors, LLC's investment professionals do not have the opportunity to invest in client accounts, other than the Columbia Funds.

A potential conflict of interest may arise when the Fund and other accounts purchase or sell the same securities. On occasions when a portfolio manager considers the purchase or sale of a security to be in the best interests of the Fund as well as other accounts, Columbia Management Advisors, LLC 's trading desk may, to the extent permitted by applicable laws and regulations, aggregate the securities to be sold or purchased in order to obtain the best execution and lower brokerage commissions, if any. Aggregation of trades may create the potential for unfairness to the Fund or another account if one account is favored over another in allocating the securities purchased or sold -- for example, by allocating a disproportionate amount of a security that is likely to increase in value to a favored account.

"Cross trades," in which one Columbia account sells a particular security to another account (potentially saving transaction costs for both accounts), may also pose a potential conflict of interest. Cross trades may be seen to involve a potential conflict of interest if, for example, one account is permitted to sell a security to another account at a higher price than an independent third party would pay. Columbia Management Advisors, LLC and the Funds' Trustees have adopted compliance procedures that provide that any transactions between the Fund and another Columbia-advised account are to be made at an independent current market price, as required by law.

Another potential conflict of interest may arise based on the different investment objectives and strategies of the Fund and other accounts. For example, another account may have a shorter-term investment horizon or different investment objectives, policies or restrictions than the Fund. Depending on another account's objectives or other factors, a portfolio manager may give advice and make decisions that may differ from advice given, or the timing or nature of decisions made, with respect to the Fund. In addition, investment decisions are the product of many factors in addition to basic suitability for the particular account involved. Thus, a particular security

## Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

may be bought or sold for certain accounts even though it could have been bought or sold for other accounts at the same time. More rarely, a particular security may be bought for one or more accounts managed by a portfolio manager when one or more other accounts are selling the security (including short sales). There may be circumstances when purchases or sales of portfolio securities for one or more accounts may have an adverse effect on other accounts.

The Fund's portfolio manager who is responsible for managing multiple funds and/or accounts may devote unequal time and attention to the management of those funds and/or accounts. As a result, the portfolio manager may not be able to formulate as complete a strategy or identify equally attractive investment opportunities for each of those accounts

as might be the case if he or she were to devote substantially more attention to the management of a single fund. The effects of this potential conflict may be more pronounced where funds and/or accounts overseen by a particular portfolio manager have different investment strategies.

The Fund's portfolio managers may be able to select or influence the selection of the brokers and dealers that are used to execute securities transactions for the Fund. In addition to executing trades, some brokers and dealers provide portfolio managers with brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934), which may result in the payment of higher brokerage fees than might have otherwise be available. These services may be more beneficial to certain funds or accounts than to others. Although the payment of brokerage commissions is subject to the requirement that the portfolio manager determine in good faith that the commissions are reasonable in relation to the value of the brokerage and research services provided to the fund, a portfolio manager's decision as to the selection of brokers and dealers could yield disproportionate costs and benefits among the funds and/or accounts that he or she manages.

Columbia Management Advisors, LLC or an affiliate may provide more services (such as distribution or recordkeeping) for some types of funds or accounts than for others. In such cases, a portfolio manager may benefit, either directly or indirectly, by devoting disproportionate attention to the management of fund and/or accounts that provide greater overall returns to the investment manager and its affiliates.

The Fund's portfolio manager(s) may also face other potential conflicts of interest in managing the Fund, and the description above is not a complete description of every conflict that could be deemed to exist in managing both the Fund and other accounts. In addition, the Fund's portfolio manager may also manage other accounts (including their personal assets or the assets of family members) in their personal capacity. The management of these accounts may also involve certain of the potential conflicts described above. Investment personnel at Columbia Management Advisors, LLC, including the Fund's portfolio manager, are subject to restrictions on engaging in personal securities transactions pursuant to Codes of Ethics adopted by the Columbia Management Advisors, LLC and the Fund, which contain provisions and requirements designed to identify and address certain conflicts of interest between personal investment activities and the interests of the Fund.

### (3) COMPENSATION

As of the Fund's most recent fiscal year end, the portfolio manager received all of his or her compensation from Columbia Management Advisors, LLC and its parent company, Columbia Management Group, in the form of salary, bonus, stock options and restricted stock. A portfolio manager's bonus is variable and is

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

generally based on (1) an evaluation of the manager's investment performance and (2) the results of a peer and/or management review of such individual, which takes into account skills and attributes such as team participation, investment process, communication and professionalism. In evaluating investment performance, Columbia Management Advisors, LLC generally

considers the one-, three- and five-year performance of mutual funds and other accounts under the portfolio manager's oversight relative to the benchmarks and peer groups noted below, emphasizing the manager's three- and five-year performance. Columbia Management Advisors, LLC may also consider the portfolio manager's performance in managing client assets in sectors and industries assigned to the manager as part of his or her investment team responsibilities, where applicable. For portfolio managers who also have group management responsibilities, another factor in their evaluation is an assessment of the group's overall investment performance.

Portfolio Manager	Performance Benchmark	Peer Group
Gregg R. Smalley	Lehman Brothers Government/Credit Bond Index	Lipper High Current Yield Funds (Leveraged)
Kevin L. Cronk	Lehman Brothers Government/Credit Bond Index	Lipper High Current Yield Funds (Leveraged)
Thomas A. LaPointe	Lehman Brothers Government/Credit Bond Index	Lipper High Current Yield Funds (Leveraged)

The size of the overall bonus pool each year is determined by Columbia Management Group and depends in part on levels of compensation generally in the investment management industry (based on market compensation data) and Columbia Management Advisors, LLC 's profitability for the year, which is influenced by assets under management.

(4) OWNERSHIP OF SECURITIES

The table below shows the dollar ranges of shares of the Fund beneficially owned (as determined pursuant to Rule 16a-1(a)(2) under the Securities Exchange Act of 1934, as amended) by the portfolio manager listed above at the end of the Fund's most recent fiscal year:

Portfolio Manager	Dollar Range of Equity Securities in the Fund Beneficially Owned
Gregg R. Smalley	None
Kevin L. Cronk	None
Thomas A. LaPointe	None

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

Registrant Purchases of Equity Securities\*

(c)  
Total Number of (d)

Edgar Filing: COLONIAL INTERMEDIATE HIGH INCOME FUND - Form N-CSR

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
06/01/06 through 06/30/06	16,109	\$3.35	16,109	N/A
07/01/06 through 07/31/06	15,938	\$3.39	15,938	N/A
08/01/06 through 08/31/06	15,520	\$3.46	15,520	N/A
09/01/06 through 09/30/06	15,305	\$3.55	15,305	N/A
10/01/06 through 10/31/06	13,224	\$3.50	13,224	N/A
11/01/06 through 11/30/06	12,756	\$3.54	12,756	N/A
Total	88,852	\$3.46	88,852	N/A

\* Includes shares purchased by the Dividend Reinvestment Agent pursuant to the Registrant's Dividend Reinvestment Plan.

Item 10. Submission of Matters to a Vote of Security Holders.

There have not been any material changes to the procedures by which shareholders may recommend nominees to the registrant's board of directors, since those procedures were last disclosed in response to requirements of Item 7(d)(2)(ii)(G) of Schedule 14A or this Item.

Item 11. Controls and Procedures.

(a) The registrant's principal executive officer and principal financial officers, based on their evaluation of the registrant's disclosure controls and procedures as of a date within 90 days of the filing of this report, have concluded that such controls and procedures are adequately designed to ensure that information required to be disclosed by the registrant in Form N-CSR is accumulated and communicated to the registrant's management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) There was no change in the registrant's internal control over financial reporting that occurred during the registrant's second fiscal quarter of the period covered by

this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits.

(a)(1) Code of ethics required to be disclosed under Item 2 of Form N-CSR attached hereto as Exhibit 99.CODE ETH.

(a)(2) Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) attached hereto as Exhibit 99.CERT.

(a)(3) Not applicable.

(b) Certification pursuant to Rule 30a-2(b) under the Investment Company Act of 1940 (17 CFR 270.30a-2(b)) attached hereto as Exhibit 99.906CERT.



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, thereunto duly authorized.

(registrant) Colonial Intermediate High Income Fund  
-----

By (Signature and Title) /s/ Christopher L. Wilson  
-----  
Christopher L. Wilson, President

Date January 25, 2007  
-----

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 (Signature and Title) /s/ Christopher L. Wilson  
-----  
Christopher L. Wilson, President

Date January 25, 2007  
-----

By (Signature and Title) /s/ J. Kevin Connaughton  
-----  
J. Kevin Connaughton, Treasurer

Date January 25, 2007  
-----