

NEUBERGER BERMAN INTERMEDIATE MUNICIPAL FUND INC
Form N-30D
December 23, 2002

[NEUBERGER BERMAN LOGO]

ANNUAL REPORT
OCTOBER 31, 2002

NEUBERGER BERMAN
INTERMEDIATE
MUNICIPAL
CLOSED-END FUNDS

CALIFORNIA INTERMEDIATE MUNICIPAL FUND INC.

INTERMEDIATE MUNICIPAL FUND INC.

NEW YORK INTERMEDIATE MUNICIPAL FUND INC.

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CHAIRMAN'S LETTER

[PHOTO]

Dear Fellow Shareholder,

Welcome to the Neuberger Berman Intermediate Municipal Closed-End Funds, which opened on September 24, 2002. We are honored that you have entrusted us with your hard-earned assets, and I can assure you that we will strive to achieve the highest tax-protected yield consistent with controlling risk. The Funds are off to a good start, completing their first month of operation with strong performance across the board.

Each Fund's investment objective is to provide current income exempt from regular Federal income tax and, for each state-specific Fund, current income exempt from that state's income taxes.

We choose to invest in intermediate-term municipal bonds (maturities between three and eight years) because our experience and research indicate strongly that this maturity range has offered the best risk/reward profile on the yield curve, providing much of the return of longer-term bonds--with less volatility and risk.

At this point in the economic cycle, our portfolio managers believe the municipal market offers excellent relative value. As investors have sought safety from the recent stock market declines, they have opted largely for U.S. Treasury bonds, overlooking the intrinsic value and potential of high-quality municipal securities.

This is a time of flux in the municipal markets. On the one hand, many state and local governments now face declining tax revenues and budget deficits, which could lead to credit downgrades. On the other hand, the Federal Reserve has been providing major stimulus to the national economy in the form of interest rate cuts. Our managers expect municipal markets overall to remain strong even as equity markets recover, and they see value in many sectors that may benefit from overall economic improvement. In this environment, we believe that our aversion to excessive risk and our strict bottom-up credit evaluation process will provide a substantial advantage.

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NEUBERGER BERMAN OCTOBER 31, 2002

We hope that the Intermediate Municipal Funds will become a core holding of your portfolio. We believe our conservative investing philosophy and disciplined investment process will benefit you with superior tax-protected income and principal preservation, in both the near and long term.

Thank you for your trust in Neuberger Berman. We will work diligently to keep earning it.

Sincerely,

/s/ Peter Sundman

PETER SUNDMAN
CHAIRMAN OF THE BOARD
NEUBERGER BERMAN INTERMEDIATE
MUNICIPAL CLOSED-END FUNDS

INTERMEDIATE MUNICIPAL CLOSED-END FUNDS Portfolio Commentaries

We are pleased to present our first report to shareholders of the Neuberger Berman Intermediate Municipal Fund Inc., the California Intermediate Municipal Fund Inc., and the New York Intermediate Municipal Fund Inc. Although it is a short reporting period, each Fund's performance is off to a very good start.

We believe the Funds were created at an especially opportune moment in the municipal markets. While the bond market appears to anticipate an end to the Federal Reserve's long easing cycle, meaning that interest rates could rise and bond prices could drop, we view this period of market fluctuation and uncertainty as a moment of opportunity. Even if the stock market recovers, we believe that many investors, having discovered the risks of stocks, will remain heavily invested in the municipal bond market. We see value in many sectors and hope to reap benefits from the potential for rising rates and an improving economy. In this environment, we believe that our strict bottom-up credit evaluation process will provide a substantial advantage for the Funds.

Even as the bond market anticipates an end to the Federal Reserve's easing cycle, we note that the federal budget has swung dramatically to a deficit and many states and local governments face declining tax revenues and budget deficits. Therefore, we have assumed an especially vigilant posture on credit quality. We are seeking to purchase only those high-quality, stable credits that we believe will withstand an economic downturn, even where that might mean sacrificing incremental yield.

We believe that a well-managed portfolio of municipal bonds can provide well-diversified investors with a solid cornerstone for their portfolios. We believe that our conservative approach to providing tax-protected income, safety and principal preservation will be gratifying for investors in the near and long term. We are optimistic about the prospects for the Funds.

INTERMEDIATE MUNICIPAL FUND INC.

The Intermediate Municipal Fund Inc. opened on September 24, 2002, and in the remaining weeks of fiscal 2002 (ending October 31, 2002) performed very well. The Fund outperformed the Lipper Closed End General Leveraged Municipal Debt Fund Average, although the Fund had not yet used leverage.

On October 31, 2002, the portfolio was comprised 52.6% of revenue bonds, 19.7% of general obligations and 27.7% of cash and equivalents. The Fund's average yield to maturity was 4.6% and the duration was 5.4 years. When the Fund is fully invested, we currently expect to meet the projected average duration of 7 years.

Although the Fund is not yet fully invested, sectors currently of interest include health care and transportation.

CUMULATIVE TOTAL RETURN (Life of Fund as of October 31, 2002)

	INTERMEDIATE MUNICIPAL FUND AMEX TICKER SYMBOL NBH	CALIFORNIA INTERMEDIATE MUNICIPAL FUND AMEX TICKER SYMBOL NBW	NEW YORK INTERMEDIATE MUNICIPAL FUND AMEX TICKER SYMBOL NBO
NAV	(0.17%)	(0.10%)	(0.03%)
MARKET PRICE	0.00%	0.00%	0.00%

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INCEPTION DATE

09/24/2002

09/24/2002

09/24/2002

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CALIFORNIA INTERMEDIATE MUNICIPAL FUND INC.

The California Intermediate Municipal Fund Inc. opened on September 24, 2002, and in the remaining weeks of fiscal 2002 (ending October 31, 2002) performed very well. The Fund outperformed the Lipper Closed End California Municipal Debt Fund Index and the Lipper Closed End California Municipal Debt Fund Average.

On October 31, 2002, the portfolio was comprised 51% of revenue bonds, 4.2% of general obligations and 44.8% of cash and equivalents. The Fund's average yield to maturity was 4.2% at the close of the period and duration was 5.2 years. When the Fund is fully invested, we currently expect to meet the projected average duration of 7 years.

Although the Fund is not yet fully invested, sectors currently of interest include solid waste management, health care and transportation.

NEW YORK INTERMEDIATE MUNICIPAL FUND INC.

The New York Intermediate Municipal Fund Inc. opened on September 24, 2002, and in the remaining weeks of fiscal 2002 (ending October 31, 2002) performed very well. The Fund outperformed the Lipper Closed End New York Municipal Debt Fund Average.

On October 31, 2002, the portfolio was comprised 70.7% of revenue bonds, 5% of general obligations and 24.3% of cash and equivalents. The Fund's average yield to maturity averaged 4.5% at the close of the period and duration was 5.9 years. When the Fund is fully invested, we currently expect to meet the projected average duration of 7 years.

Although the Fund is not yet fully invested, sectors of interest include dormitory, energy and mortgage issues, as well as health care and transportation.

Sincerely,

/s/ Ted Giuliano

/s/ Thomas Brophy

/s/ Lori Canell

TED GIULIANO, THOMAS BROPHY AND
LORI CANELL
PORTFOLIO CO-MANAGERS

Closed-end funds, unlike open-end funds are not continually offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange.

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GLOSSARY OF INDICES

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NEW YORK MUNICIPAL DEBT FUND AVERAGE: An equally weighted average of those closed-end funds that invest their assets to those securities that are exempt from taxation in New York (double tax-exempt) or a city in New York (single tax-exempt).

CALIFORNIA MUNICIPAL DEBT FUND INDEX: An equally weighted index, adjusted for income and capital gains distributions, of typically the largest closed-end funds that invest at least 65% of assets in municipal debt issues that are exempt from taxation in California.

CALIFORNIA MUNICIPAL DEBT FUND AVERAGE: An equally weighted average of those closed-end funds that invest at least 65% of assets in municipal debt issues that are exempt from taxation in California.

GENERAL LEVERAGED MUNICIPAL DEBT FUND INDEX: An equally weighted index, adjusted for income and capital gains distributions, of typically the largest closed-end funds that invest 65% or more of their assets in municipal debt issues rated in the top four credit ratings. These funds can be leveraged via use of debt, preferred equity, and/or reverse repurchase agreements.

GENERAL LEVERAGED MUNICIPAL DEBT FUND AVERAGE: An equally weighted average of those closed-end funds that invest 65% or more of their assets in municipal debt issues rated in the top four credit ratings. These funds can be leveraged via use of debt, preferred equity, and/or reverse repurchase agreements.

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SCHEDULE OF INVESTMENTS California Intermediate Municipal Fund Inc.

PRINCIPAL AMOUNT (000'S OMITTED)	SECURITY@	RATING^	
		MOODY'S	S&P
TAX-EXEMPT SECURITIES--BACKED BY INSURANCE (30.1%)			
AMERICAN MUNICIPAL BOND ASSURANCE CORP.			
\$ 1,285	Bay Area (CA) Governments Assoc. Bart SFO Extension Rev. (Arpt. Premium Fare), Ser. 2002 A, 5.00%, due 8/1/21		AAA
1,445	Oceanside (CA) Cert. of Participation Ref. Rev., Ser. 2003 A, 5.25%, due 4/1/14		AAA
500	Salinas Valley (CA) Solid Waste Au. Rev., Ser. 2002, 5.00%, due 8/1/06		AAA
2,000	San Francisco (CA) St. Bldg. Au. Lease Rev. (San Francisco Civic Ctr. Complex), Ser. 1996 A, 5.25%, due 12/1/16		AAA
2,500	San Jose (CA) Fin. Au. Lease Rev. (Civic Ctr. Proj.), Ser. 2002 B, 5.25%, due 6/1/17		AAA
FINANCIAL GUARANTY INSURANCE CO.			
2,655	California Wtr. & Swr. Cert. of Participation Eastern Muni. Wtr. Dist. Rev., Ser. 2001 A, 5.00%, due 7/1/19	Aaa	AAA
1,045	Oakland (CA) G.O., Ser. 2002 A, 5.00%, due 1/15/15		AAA
2,000	San Diego (CA) Unified Sch. Dist. G.O. (Election of 1998), Ser. 2002 D, 5.25%, due 7/1/21	Aaa	AAA

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FINANCIAL SECURITY ASSURANCE INC.

2,000	California St. Dept. Wtr. Res. Wtr. Rev., Ser. 2001 W, 5.50%, due 12/1/13		AAA
3,000	California St. Pub. Works Board Lease Rev. (UCLA Replacement Hosp.), Ser. 2002 A, 5.38%, due 10/1/13		AAA
500	Dixie (CA) Elementary Sch. Dist. Unlimited G.O., Ser. 2002, 5.38%, due 8/1/17		AAA
1,620	Fremont Union (CA) High Sch. Dist. Rev. (Santa Clara Co., Election of 1998), Ser. 2002 C, 5.00%, due 9/1/20	Aaa	AAA

MUNICIPAL BOND INVESTORS ASSURANCE CORP.

2,000	Pasadena (CA) Elec. Rev., Ser. 2002, 5.00%, due 6/1/17	Aaa	AAA
2,260	San Diego (CA) Pub. Fac. Fin. Au. Wtr. Rev., Ser. 2002, 5.00%, due 8/1/18	Aaa	AAA
750	Saratoga Union (CA) Sch. Dist. (Santa Clara Co.) Ref. G.O., Ser. 1999, 5.13%, due 9/1/11		AAA
1,000	Univ. of California Regents Rev. (Multi. Purp. Proj.), Ser. 2000 K, 5.00%, due 9/1/12		AAA

TAX-EXEMPT SECURITIES--OTHER (25.6%)

780	Abag (CA) Fin. Au. For Nonprofit Corps. Rev. Cert. of Participation (Channing House), Ser. 1999, 4.90%, due 2/15/09		BBB+
1,000	California Co. (CA) Tobacco Securitization Agcy. Tobacco Settlement Asset-Backed Rev., Ser. 2002, 4.75%, due 6/1/19	A1	A+
1,750	California Ed. Fac. Au. Ref. Rev. (Stanford Univ.), Ser. 2001 R, 5.00%, due 11/1/21	Aaa	AAA
2,000	California Hlth. Fac. Fin. Au. Rev. (Cedars-Sinai Med. Ctr.), Ser. 1999 A, 6.13%, due 12/1/19	A3	
2,500	California Poll. Ctrl. Fin. Au. Solid Waste Disp. Rev. (Waste Management, Inc. Proj.), Ser. 2002 B, 4.45%, due 7/1/27		BBB
3,000	California St. G.O., Ser. 2002, 5.00%, due 10/1/17	A1	A+
1,000	California St. Univ., Fresno Assoc., Inc. Auxiliary Organization Event Ctr. Sr. Rev., Ser. 2002, 5.00%, due 7/1/12	Baa3	BBB-
1,000	California Statewide CDA Cert. of Participation (The Internext Group), Ser. 1999, 5.38%, due 4/1/17		BBB

See Notes to Schedule of Investments

PRINCIPAL AMOUNT (000'S OMITTED)	SECURITY@	RATING^	
		MOODY'S	S&P
\$ 3,000	California Statewide CDA Rev. (Kaiser Permanente), Ser. 2002 E, 4.70%, due 11/1/36	A3	
1,020	Cerritos (CA) Pub. Fin. Au. Subordinate Tax Allocation Rev. (Cerritos Redevelopment Proj.), Ser. 2002 B, 4.40%, due 11/1/16		BBB
1,210	Elk Grove (CA) Spec. Tax Rev. (East Franklin Comm. Number 1), Ser. 2002 A, 5.38%, due 8/1/17		
3,000	Puerto Rico Children's Trust Tobacco Settlement Asset-Backed Rev., Ser. 2002, 5.38%, due 5/15/33	A1	A
1,000	South Gate (CA) Pub. Fin. Au. Tax Allocation Rev. (South Gate Redevelopment Proj. No. 1), Ser. 2002, 5.00%, due 9/1/16		AAA
600	Univ. of California Regents Cert. of Participation (San Diego		

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1,000	Campus & Sacramento Proj.), Ser. 2002 A, 5.25%, due 1/1/18 Virgin Islands Wtr. & Pwr. Au. Elec. Sys. Ref. Rev., Ser. 1998, 5.30%, due 7/1/18	Aa2	BBB
TAX-EXEMPT CASH EQUIVALENT SECURITIES (15.4%)			
3,045	California Hsg. Fin. Agcy. Multi-Family Hsg. Rev., Ser. 2000 B, 1.95%, VRDN due 2/1/31	VMIG1	A-1+
3,100	California Poll. Ctrl. Fin. Au. Solid Waste Disp. Rev. (Shell Oil Co. Martinez Proj.), Ser. 1994 A, 2.00%, VRDN due 10/1/24	VMIG1	A-1+
3,000	California Statewide CDA Poll. Ctrl. Ref. Rev. (Chevron U.S.A. Inc. Proj.), Ser. 2002, 1.95%, VRDN due 5/15/24		A-1+
3,000	Los Angeles (CA) Wtr. & Pwr. Rev., Sub. Ser. 2001 B-3, 1.95%, VRDN due 7/1/34	VMIG1	A-1+
2,400	Los Angeles (CA) Wtr. & Pwr. Rev., Sub. Ser. 2001 B-6, 1.95%, VRDN due 7/1/34	VMIG1	A-1+
TAX-EXEMPT CASH EQUIVALENT SECURITIES--BACKED BY LETTERS OF CREDIT (39.7%)			
BANK OF AMERICA			
4,650	California Ed. Fac. Au. Rev. (St. Mary's College), Ser. 2001 B, 1.85%, VRDN due 10/1/31	VMIG1	
400	Newport Beach (CA) Rev. (Hoag Mem. Hosp. Presbyterian), Ser. 1992, 1.98%, VRDN due 10/1/22	VMIG1	A-1+
2,100	Newport Beach (CA) Rev. (Hoag Mem. Hosp. Presbyterian), Ser. 1996 A, 2.00%, VRDN due 10/1/26	VMIG1	
BANK OF NEW YORK			
3,800	Abag (CA) Fin. Au. For Nonprofit Corp. Rev. (Jewish Comm. Ctr. Proj.), Ser. 2002, 2.00%, VRDN due 11/15/31	VMIG1	
4,500	California Hsg. Fin. Agcy. Home Mtge. Rev., Ser. 2001 U, 1.98%, VRDN due 8/1/32	VMIG1	A-1+
DEXIA CREDIT LOCALE DE FRANCE			
1,000	Orange Co. (CA) Sanitation Dist. Ref. Cert. of Participation, Ser. 2000 B, 1.95%, VRDN due 8/1/30	VMIG1	A-1+
KBC BANK			
1,100	California Hlth. Fac. Fin. Au. Hosp. Rev. (Adventist Hlth. Sys./West), Ser. 2002 B, 1.95%, VRDN due 9/1/25	VMIG1	
4,000	Irvine (CA) Ltd. Oblig. Imp. Rev. (Assessment Dist. Number 87-8), Ser. 1999, 1.95%, VRDN due 9/2/24	VMIG1	
3,000	Orange Co. (CA) Imp. Rev. (Assessment Dist. Number 88-1), Ser. 1988, 1.95%, VRDN due 9/2/18	P-1	A-1+
LANDESBANK HESSEN-THUERINGEN GIROZENTRALE			
3,500	California Hsg. Fin. Agcy. Multi-Family Hsg. Rev., Ser. 2000 A, 2.01%, VRDN due 2/1/26	VMIG1	A-1+
3,400	California Hsg. Fin. Agcy. Multi-Family Hsg. Rev., Ser. 2000 A, 2.01%, VRDN due 2/1/35	VMIG1	A-1+

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PRINCIPAL AMOUNT (000'S OMITTED)	SECURITY@	RATING^	
		MOODY'S	S&P
U.S. BANK, N.A.			
\$ 3,750	California Statewide CDA Rev. (Masters College), Ser. 2002, 1.85%, VRDN due 2/1/32	VMIG1	
WESTDEUTSCHE LANDESBANK GIROZENTRALE			
2,300	Southern California Metro. Wtr. Dist. Wtr. Rev., Ser. 2000 B-3, 2.00%, VRDN due 7/1/35	VMIG1	A-1+
TAX-EXEMPT CASH EQUIVALENT SECURITIES--BACKED BY INSURANCE (2.1%)			
MUNICIPAL BOND INVESTORS ASSURANCE CORP.			
2,000	California Hsg. Fin. Agcy. Home Mtge. Rev., Ser. 2002 J, 1.98%, VRDN due 2/1/33	VMIG1	A-1+
TOTAL INVESTMENTS (112.9%) (COST \$106,714)			
Liabilities, less cash, receivables and other assets [(12.9%)]			
TOTAL NET ASSETS (100.0%)			

See Notes to Schedule of Investments

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SCHEDULE OF INVESTMENTS Intermediate Municipal Fund Inc.

PRINCIPAL AMOUNT (000'S OMITTED)	SECURITY@	RATING^	
		MOODY'S	S&P
TAX-EXEMPT SECURITIES--BACKED BY INSURANCE (32.6%)			
AMERICAN MUNICIPAL BOND ASSURANCE CORP.			
\$ 5,000	Chicago (IL) G.O., Ser. 1996 A-2, 6.25%, due 1/1/13	Aaa	AAA
4,100	Fargo (ND) Hlth. Sys. Rev. (Meritcare Obligated Group), Ser. 2002 A, 5.63%, due 6/1/17		AAA
FINANCIAL GUARANTY INSURANCE CO.			
2,150	Cass Lake (MN) Independent Sch. Dist. No. 115 G.O., 5.00%, due 2/1/18		AAA
4,000	Denver (CO) City & Co. Arpt. Sys. Ref. Rev., Ser. 2002 E, 5.25%, due 11/15/14	Aaa	AAA
3,075	Detroit (MI) City Sch. Dist. Sch. Bldg. & Site Imp. G.O.,		

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	Ser. 2002 A, 5.50%, due 5/1/15		AAA
4,935	Massachusetts St. Hlth. & Ed. Fac. Au. Rev. (New England Med. Ctr. Hosp.), Ser. 2002 H, 5.38%, due 5/15/16		AAA
2,140	Mt. Pleasant (SC) Wtr. & Swr. Ref. Rev., 5.25%, due 12/1/17		AAA
8,140	Orange Co. (FL) Sales Tax Ref. Rev., Ser. 2002 A, 5.13%, due 1/1/18	Aaa	AAA
5,500	Prince Georges Co. (MD) Cons. Pub. Imp. G.O., Ser. 2001, 5.25%, due 12/1/16	Aaa	AAA
1,000	Sarasota Co. (FL) Util. Sys. Ref. Rev., Ser. 2002 C, 5.25%, due 10/1/20	Aaa	AAA
FINANCIAL SECURITY ASSURANCE INC.			
7,000	Harris Co. (TX) Senior Lien Toll Road Rev., 5.38%, due 8/1/16		AAA
4,260	King Co. (WA) Pub. Trans. Sales Tax Ref. G.O., Ser. 2002, 5.38%, due 12/1/14	Aaa	AAA
1,725	Maine Muni. Bond Bank Rev., Ser. 1998 C, 5.35%, due 11/1/18		AAA
5,395	Truckee Meadows (NV) Wtr. Au. Wtr. Rev., Ser. 2001 A, 5.50%, due 7/1/15		AAA
1,370	Wisconsin St. Hlth. & Ed. Fac. Au. Rev. (Aurora Med. Group, Inc. Proj.), Ser. 1996, 6.00%, due 11/15/11	Aaa	AAA
MUNICIPAL BOND INVESTORS ASSURANCE CORP.			
1,465	Arizona St. Energy Mgt. Svcs. Energy Conservation Rev. (Arizona St. Univ. Proj.), Ser. 2002, 5.25%, due 7/1/17		AAA
5,335	Clark Co. (NV) Passenger Fac. Charge Ref. Rev. (Las Vegas McCarran Arpt. Proj.), Ser. 2002, 5.25%, due 7/1/10		AAA
5,000	Illinois G.O., First Ser. 2002, 5.25%, due 10/1/14	Aaa	
3,000	Illinois Hlth. Fac. Au. Rev. (Loyola Univ.), Ser. 1997 A, 6.00%, due 7/1/14	Aaa	AAA
4,555	Washington St. G.O., Ser. 1998 C, 6.00%, due 7/1/12		AAA
1,000	Western (MI) Townships Util. Au. Sewage Disp. Sys. Ref. G.O., Ser. 2001 A, 5.25%, due 1/1/13	Aaa	AAA
7,205	Wisconsin St. G.O., Ser. 2002 C, 5.25%, due 5/1/17	Aaa	AAA

TAX-EXEMPT SECURITIES--OTHER (39.0%)

1,000	Austin (TX) Convention Enterprises, Inc. Convention Ctr. Hotel First Tier Rev., Ser. 2001 A, 6.38%, due 1/1/16	Baa3	BBB-
2,000	Badger (WI) Tobacco Asset Securitization Corp. Asset-Backed Rev., Ser. 2002, 5.50%, due 6/1/10	A1	A
2,635	Beaufort Co. (SC) Sch. Dist. G.O., Ser. 2001 A, 5.00%, due 3/1/18	Aa1	

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PRINCIPAL AMOUNT (000'S OMITTED)	SECURITY@	RATING^	
		MOODY'S	S&P
\$ 6,000	Brazos River (TX) Harbor Navigation Dist. Rev. (Dow Chemical Co. Proj.), Ser. 2002 B-2, 4.75%, due 5/15/33	A3	A
5,000	Burke Co. (GA) Dev. Au. PCR (Georgia Pwr. Co. Plant Vogtle Proj.), Ser. 2001, 4.45%, due 1/1/32	A2	A
1,000	Clark Co. (WA) Sch. Dist. No. 037 G.O., Ser. 1998, 5.13%,		

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	due 12/1/12		A3	
1,765	Cumberland Co. (PA) West Shore Area Au. Hosp. Rev., (Holy Spirit Hosp. of the Sisters of Christian Charity Proj.), 6.05%, due 1/1/19			BBB+
4,210	DCH Hlth. Care Au. (AL) Hlth. Care Fac. Rev., Ser. 2002, 5.25%, due 6/1/14	A1		A+
4,495	Dist. of Columbia Ref. G.O., Ser. 2002 C, 5.25%, due 6/1/13			AAA
825	Fort Bend Co. (TX) Ind. Dev. Corp. Ref. PCR (Frito-Lay Inc. Proj.), Ser. 1987, 3.00%, due 10/1/11	A1		
5,130	Illinois Ed. Fac. Au. Rev. (Field Museum of Natural History), Ser. 2002, 4.30%, due 11/1/36	A2		A
3,500	Indiana St. Dev. Fin. Au. Solid Waste Disp. Rev. (Waste Management, Inc. Proj.), Ser. 2001, 3.45%, due 10/1/31			BBB
2,000	Jasper (IN) Hosp. Au. Hosp. Fac. Ref. Rev. (Mem. Hosp. Ctr. Proj.), 5.50%, due 11/1/17			AA
2,000	Lubbock (TX) Hlth. Fac. Dev. Corp. Rev. (St. Joseph Hlth. Sys.), Ser. 1998, 5.25%, due 7/1/16	Aa3		AA-
1,500	Maricopa Co. (AZ) IDA Multi-Family Hsg. Rev. (Sun King Arpts. Proj.), Ser. 2000 A, 6.75%, due 11/1/18	A3		A
1,000	Martin Co. (NC) Ind. Fac. & Poll. Ctrl. Fin. Au. Solid Waste Disp. Rev. (Weyerhaeuser Co. Proj.), Ser. 1994, 6.80%, due 5/1/24	Baa2		BBB
1,000	Maryland St. Hlth. & Higher Ed. Fac. Au. Rev. (Union Hosp. of Cecil Co.), Ser. 2002, 5.50%, due 7/1/14	A3		
2,400	Mashnattuck Western Pequot Tribe (CT) Spec. Rev., Sub. Ser. 1997 B, 5.70%, due 9/1/12	Baa3		
2,450	Massachusetts St. Hlth. & Ed. Fac. Au. Rev. (Caritas Christi Oblig. Group), Ser. 1999 A, 5.70%, due 7/1/15			A+
2,810	Massachusetts St. Hlth. & Ed. Fac. Au. Rev. (Milford-Whitinsville Reg. Hosp.), Ser. 1998 C, 5.75%, due 7/15/13	Baa2		BBB
3,085	Memphis-Shelby Co. (TN) Arpt. Au. Spec. Fac. Ref. Rev. (Federal Express Corp.), Ser. 2002, 5.05%, due 9/1/12	Baa2		BBB
1,085	Mesa (AZ) IDA Std. Hsg. Rev. (Mesa Std. Hsg.), Ser. 2001, 5.70%, due 7/1/11			A
1,500	Michigan St. Bldg. Au. Rev. (Fac. Prog.), Ser. 2001 II, 5.50%, due 10/15/18	Aa1		AA+
3,235	Minneapolis (MN) G.O., 5.00%, due 12/1/18			AAA
2,000	Missouri St. Env. Imp. & Energy Res. Au. Wtr. Poll. Ctrl. Rev., Ser. 2002 B, 5.50%, due 7/1/16			AAA
1,500	Missouri St. Hsg. Dev. Comm. Multi-Family Hsg. Rev., Ser. 2001 II, 5.25%, due 12/1/16			AA
5,000	Montgomery Co. (PA) Higher Ed. & Hlth. Au. Hosp. Rev. (Abington Mem. Hosp.), Ser. 2002 A, 5.00%, due 6/1/19			A
3,000	Moraine (OH) Solid Waste Disp. Rev. (General Motors Corp. Proj.), Ser. 1994, 6.75%, due 7/1/14	A3		BBB
4,780	North Central (TX) Hlth. Fac. Dev. Corp. Ref. Hosp. Rev. (Baylor Hlth. Care Sys. Proj.), Ser. 1998, 5.10%, due 5/15/13	Aa3		AA-
2,085	Palm Beach Co. (FL) Hlth. Fac. Au. Ref. Rev. (Boca Raton Comm. Hosp. Corp.), Ser. 2001, 5.00%, due 12/1/12			A+

See Notes to Schedule of Investments

PRINCIPAL AMOUNT (000'S OMITTED)	SECURITY@	RATING^	
		MOODY'S	S&P
\$ 8,000	Puerto Rico Children's Trust Tobacco Settlement Asset-Backed Rev., Ser. 2002, 5.38%, due 5/15/33	A1	A
2,000	Sayre (PA) Hlth. Care Fac. Au. Rev. (Guthrie Hlth.), Ser. 2002 A,		

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	5.75%, due 12/1/21		A-
1,000	Spokane Co. (WA) G.O., Ser. 1998, 5.10%, due 12/1/17	Aa3	
2,500	St. Louis (MO) IDA Rev. (St. Louis Convention Center Headquarters Hotel Proj.), Ser. 2000 A, 7.00%, due 12/15/15	Baa3	
2,540	St. Paul (MN) Port Au. Lease Rev. (Office Bldg.), Ser. 2002, 5.00%, due 12/1/17	Aa1	
500	Texas Std. Hsg. Corp. Std. Hsg. Rev. (Midwestern St. Univ. Proj.), Ser. 2002, 5.50%, due 9/1/12	Baa3	
3,000	Tobacco Settlement Au. (IA) Tobacco Settlement Rev., Ser. 2001 B, 5.30%, due 6/1/25	A1	A
3,500	Union Co. (SC) IDR (Federal Paper Board Co., Inc. Proj.), Ser. 1989, 4.55%, due 11/1/09	Baa2	BBB
1,900	Univ. (WI) Hosp. & Clinics Au. Rev., Ser. 2002 B, 5.50%, due 4/1/12	A1	
3,155	Washington St. Hlth. Care Fac. Au. Rev. (Yakima Valley Mem. Hosp. Assoc.), Ser. 2002, 5.00%, due 12/1/17		A
1,000	Washington St. Var. Purp. G.O., Ser. 1998 A, 4.75%, due 7/1/17	Aa1	AA+
2,780	Wisconsin St. Hlth. & Ed. Fac. Au. Rev. (Kenosha Hosp. & Med. Ctr., Inc. Proj.), Ser. 1999, 5.50%, due 5/15/15		A

TAX-EXEMPT CASH EQUIVALENT SECURITIES (16.0%)

700	Harris Co. (TX) IDC Solid Waste Disp. Rev. (Exxon Proj.), Ser. 1997, 2.00%, VRDN due 4/1/32	VMIG1	A-1+
14,400	Jackson Co. (MS) Port Fac. Ref. Rev. (Chevron U.S.A., Inc. Proj.), Ser. 1993, 2.00%, VRDN due 6/1/23	P-1	
3,500	Joliet (IL) Reg. Port Dist. Ref. Rev. (Exxon Proj.), Ser. 1989, 1.89%, VRDN due 10/1/24	VMIG1	A-1+
10,000	Kentucky Econ. Dev. Fin. Au. Hosp. Fac. Rev. (Baptist Hlth. Care Sys.), Ser. 1999 C, 2.00%, VRDN due 8/15/31	VMIG1	A-1
3,100	Lincoln Co. (WY) PCR (Exxon Proj.), Ser. 1984 C, 1.89%, VRDN due 11/1/14		A-1+
2,900	Lincoln Co. (WY) PCR (Exxon Proj.), Ser. 1984 D, 1.89%, VRDN due 11/1/14	P-1	A-1+
6,000	Lincoln Co. (WY) PCR (Exxon Proj.), Ser. 1987 C, 2.00%, VRDN due 7/1/17		A-1+
6,200	Massachusetts St. Dev. Fin. Agcy. Rev. (Boston Univ.), Ser. 2002 R-4, 1.69%, VRDN due 10/1/42	VMIG1	

TAX-EXEMPT CASH EQUIVALENT SECURITIES--BACKED BY LETTERS OF CREDIT (19.1%)

BANK OF AMERICA

5,000	Missouri St. Hlth. & Ed. Fac. Au. Ed. Fac. Rev. (Rockhurst Univ.), Ser. 2002, 1.95%, VRDN due 11/1/32		A-1+
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BANK OF NEW YORK

5,900	California Hsg. Fin. Agcy. Home Mtge. Rev., Ser. 2001 U, 1.98%, VRDN due 8/1/32	VMIG1	A-1+
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BARCLAYS BANK INT'L., LTD.

4,800	Farmington City (NM) Ref. PCR (Arizona Pub. Svc. Co. Four Corners Proj.), Ser. 1994 C, 2.00%, VRDN due 9/1/24	VMIG1	A-1+
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BAYERISCHE LANDESBANK GIROZENTRALE

6,500	Nashville (TN) Metro. Arpt. Au. Spec. Fac. Ref. Rev. (Amer. Airlines, Inc. Proj.), Ser. 1995 B, 2.00%, VRDN due 10/1/12	A-1+
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PRINCIPAL AMOUNT (000'S OMITTED)	SECURITY@	RATING^ MOODY'S S&P
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BNP PARIBAS

\$ 5,000	Alachua Co. (FL) Hlth. Fac. Continuing Care Rev. (Oak Hammock Univ. Proj.), Ser. 2002 A, 1.95%, VRDN due 10/1/32	VMIG1
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LANDESBANK HESSEN-THUERINGEN GIROZENTRALE

6,400	California Hsg. Fin. Agcy. Multi-Family Hsg. Rev., Ser. 2000 A, 2.01%, VRDN due 2/1/26	VMIG1 A-1+
2,900	Univ. of North Carolina Board of Governors Univ. Hosp. at Chapel Hill Rev., Ser. 2001 A, 1.99%, VRDN due 2/15/31	VMIG1 A-1+

MORGAN GUARANTY TRUST CO.

6,900	New York City (NY) G.O., Sub. Ser. 1993 A-10, 1.95%, VRDN due 8/1/16	VMIG1 A-1+
6,900	New York City (NY) G.O., Sub. Ser. 1993 A-10, 1.95%, VRDN due 8/1/17	VMIG1 A-1+
5,700	New York City (NY) G.O., Sub. Ser. 1993 B-2, 1.95%, VRDN due 8/15/20	VMIG1 A-1+

TAX-EXEMPT CASH EQUIVALENT SECURITIES--BACKED BY INSURANCE (12.4%)

FINANCIAL GUARANTY INSURANCE CO.

170	Clark Co. (NV) Arpt. Rev., Ser. 2001 A, 2.09%, VRDN due 7/1/36	VMIG1 A-1+
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FINANCIAL SECURITY ASSURANCE INC.

4,300	Clark Co. (NV) Sch. Dist. G.O., Ser. 2001 A, 1.95%, VRDN due 6/15/21	VMIG1
2,200	Clark Co. (NV) Sch. Dist. Rev., Ser. 2001 B, 1.89%, VRDN due 6/15/21	VMIG1 A-1+
13,000	Illinois Hlth. Fac. Au. Rev. (Resurrection Hlth. Care), Ser. 1999 A, 2.00%, VRDN due 5/15/29	VMIG1 A-1+

MUNICIPAL BOND INVESTORS ASSURANCE CORP.

6,370	California Hsg. Fin. Agcy. Home Mtge. Rev., Ser. 2002 J, 1.98%, VRDN due 2/1/33	VMIG1 A-1+
10,340	Massachusetts St. Hlth. & Ed. Fac. Au. Rev. (Cap. Asset Prog.), Ser. 1985 D, 1.95%, VRDN due 1/1/35	VMIG1

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TOTAL INVESTMENTS (119.1%) (COST \$349,557)

Liabilities, less cash, receivables and other assets [(19.1%)]

TOTAL NET ASSETS (100.0%)

See Notes to Schedule of Investments

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SCHEDULE OF INVESTMENTS New York Intermediate Municipal Fund Inc.

PRINCIPAL AMOUNT (000'S OMITTED)	SECURITY@	RATING^	
		MOODY'S	S&P
TAX-EXEMPT SECURITIES--BACKED BY INSURANCE (22.6%)			
AMERICAN MUNICIPAL BOND ASSURANCE CORP.			
\$ 2,920	New York City (NY) Ind. Dev. Agcy. Civic Fac. Rev. (Packer Collegiate Inst. Proj.), Ser. 2002, 5.00%, due 6/1/22	Aaa	AAA
960	New York City (NY) Muni. Wtr. Fin. Au. Wtr. & Swr. Sys. Rev., Ser. 1992 A, 5.88%, due 6/15/13	Aaa	
2,025	New York City (NY) Transitional Fin. Au. Ref. Rev., Ser. 2002 C, 5.25%, due 8/1/17		AAA
2,410	New York St. Dorm. Au. Rev. (Rochester Institute of Technology), Ser. 2002 A, 5.25%, due 7/1/19	Aaa	
3,000	Port Authority of NY & NJ Rev., Ser. 2002, 5.50%, due 12/15/12		AAA
MUNICIPAL BOND INVESTORS ASSURANCE CORP.			
2,000	New York St. Dorm. Au. Insured Rev. (Long Island Jewish Med. Ctr.), Ser. 1998, 5.00%, due 7/1/18		AAA
1,980	New York St. Dorm. Au. Insured Rev. (New York Med. College), Ser. 1998, 5.00%, due 7/1/21	Aaa	AAA
1,000	Port Au. of NY & NJ Spec. Proj. Rev. (JFK Int'l. Arpt. Term. LLC Proj.), Ser. 1997-6, 6.00%, due 12/1/06	Aaa	AAA
TAX-EXEMPT SECURITIES--OTHER (55.7%)			
585	Kenmore Village (NY) Hsg. Au. Std. Hsg. Rev. (St. Univ. of N.Y. at Buffalo Std. Apt. Proj.), Ser. 1999 A, 5.40%, due 8/1/12	Baa1	AA
2,000	Long Island Pwr. Au. (NY) Elec. Sys. Gen. Rev., Ser. 1998 A, 5.50%, due 12/1/13	Aaa	AAA
1,000	Monroe Co. (NY) G.O. Pub. Imp. Ref. Rev., Ser. 1996, 6.00%, due 3/1/13	A3	AA-
980	Monroe Co. (NY) Ind. Dev. Agcy. Std. Hsg. Rev., (Collegiate Hsg. Foundation - Rochester Institute of Technology Proj.), 5.25%, due 4/1/19	Baa3	
1,000	New York City (NY) G.O., Ser. 1998 J, 5.00%, due 8/1/11	A2	A
1,500	New York City (NY) G.O., Ser. 2002 A, 5.50%, due 8/1/11	A2	A
2,000	New York City (NY) Muni. Wtr. Fin. Au. Wtr. & Swr. Sys. Rev., Ser. 2002 D, 5.25%, due 6/15/15	Aa2	AA

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1,125	New York St. Dorm. Au. Cons. Rev. (City Univ. Sys.), Ser. 1995 A, 5.63%, due 7/1/16	A3	AA-
250	New York St. Dorm. Au. Ref. Rev. (Brookdale Hosp.), Ser. 1998 J, 5.20%, due 2/15/16	A3	AA-
2,985	New York St. Dorm. Au. Rev. (Lenox Hill Hosp. Oblig. Group), Ser. 2001, 5.75%, due 7/1/14	A3	
2,000	New York St. Dorm. Au. Third Gen. Resolution Rev. (St. Univ. Ed. Fac. Issue), Ser. 2002 B, 5.25%, due 11/15/23	A3	AA-
3,000	New York St. Energy Res. & Dev. Au. Fac. Rev., Ser. 2001, 4.70%, due 6/1/36	A1	A+
2,000	New York St. Env. Fac. Corp. Solid Waste Disp. Rev. (Waste Management, Inc. Proj.), Ser. 2002 A, 4.00%, due 5/1/12		BBB
2,000	New York St. Mtge. Agcy. Homeowner Mtge. Rev., Ser. 1997-67, 5.70%, due 10/1/17	Aa1	
2,500	New York St. Mtge. Agcy. Homeowner Mtge. Rev., Ser. 2002-105, 4.25%, due 10/1/17	Aa1	
2,000	New York St. Pwr. Au. Rev., Ser. 2002 A, 5.25%, due 11/15/16	Aa2	AA-
1,325	New York St. Urban Dev. Corp. Proj. Ref. Rev. (Ctr. for Ind. Innovation), Ser. 1995, 6.25%, due 1/1/09	A3	AA-
2,000	Niagara Co. (NY) Ind. Dev. Agcy. Civic Fac. Rev. (Niagara Univ. Proj. - Asset Guaranty Insured), Ser. 2001 A, 5.50%, due 11/1/16		AA

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PRINCIPAL AMOUNT (000'S OMITTED)	SECURITY@	RATING^	
		MOODY'S	S&P
\$ 2,500	Niagara Co. (NY) Ind. Dev. Agcy. Solid Waste Disp. Fac. Ref. Rev. (American Ref.-Fuel Co. of Niagara), Ser. 2001 C, 5.63%, due 11/15/24	Baa1	BBB
2,000	Puerto Rico Children's Trust Tobacco Settlement Asset-Backed Rev., Ser. 2002, 5.38%, due 5/15/33	A1	A
2,215	Triborough Bridge & Tunnel Au. (NY) Gen. Purp. Rev., Ser. 2001 A, 5.00%, due 1/1/19	Aa3	AA-
2,390	TSASC, Inc. (NY) Tobacco Flexible Amortization Rev., Ser. 1999-1, 5.70%, due 7/15/14	A1	A
1,000	Yonkers (NY) Ind. Dev. Agcy. Civic Fac. Rev. (Comm. Dev. Properties - Yonkers Inc.), Ser. 2001 A, 6.25%, due 2/1/16	Baa3	BBB-

TAX-EXEMPT CASH EQUIVALENT SECURITIES--BACKED BY LETTERS OF CREDIT (12.5%)

BANK OF NEW YORK

2,000	New York City (NY) Muni. Wtr. Fin. Au. Wtr. & Swr. Sys. Rev., Sub. Ser. 2002 C-3, 1.90%, VRDN due 6/15/18	VMIG1	A-1+
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CHASE MANHATTAN BANK, N.A.

3,100	New York City (NY) Hsg. Dev. Corp. Rev. (East 17th St.), Ser. 1993 A, 2.00%, VRDN due 1/1/23		A-1+
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DEXIA CREDIT LOCALE DE FRANCE

600	New York City (NY) Muni. Wtr. Fin. Au. Wtr. & Swr. Sys. Rev., Ser. 2000 C, 1.99%, VRDN due 6/15/33	P-1	A-1+
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MORGAN GUARANTY TRUST CO.

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100	New York City (NY) G.O., Sub. Ser. 1993 E-2, 1.95%, VRDN due 8/1/21	VMIG1	A-1+
1,800	New York City (NY) G.O., Sub. Ser. 1994 E-2, 1.95%, VRDN due 8/1/20	VMIG1	A-1+
2,000	Port Au. of NY & NJ Versatile Structure Oblig. Rev., Ser. 1995-3, 1.95%, VRDN due 6/1/20	VMIG1	A-1+

TAX-EXEMPT CASH EQUIVALENT SECURITIES--BACKED BY INSURANCE (18.4%)

FINANCIAL GUARANTY INSURANCE CO.

4,500	New York City (NY) Muni. Wtr. Fin. Au. Wtr. & Swr. Sys. Rev., Ser. 1994 C, 2.00%, VRDN due 6/15/23	VMIG1	A-1+
1,000	New York City (NY) Muni. Wtr. Fin. Au. Wtr. & Swr. Sys. Rev., Ser. 1994 G, 1.90%, VRDN due 6/15/24	VMIG1	A-1+

FINANCIAL SECURITY ASSURANCE INC.

4,405	New York City (NY) G.O., Sub. Ser. 1994 H3, 1.90%, VRDN due 8/1/14	VMIG1	A-1+
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MUNICIPAL BOND INVESTORS ASSURANCE CORP.

700	New York City (NY) G.O., Sub. Ser. 1994 B-3, 2.00%, VRDN due 8/15/04	VMIG1	A-1+
3,500	New York City (NY) G.O., Sub. Ser. 1994 B-4, 2.00%, VRDN due 8/15/23	VMIG1	A-1+

TOTAL INVESTMENTS (109.2%) (COST \$83,747)

Liabilities, less cash, receivables and other assets [(9.2%)]

TOTAL NET ASSETS (100.0%)

See Notes to Schedule of Investments

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NOTES TO SCHEDULE OF INVESTMENTS

+ Investment securities of the Fund are valued daily by obtaining bid price quotations from independent pricing services on all securities available in each service's data base. For all other securities requiring daily quotations, bid prices are obtained from principal market makers in those securities or, if quotations are not available, by a method the directors of Neuberger Berman California Intermediate Municipal Fund Inc. ("California"), Neuberger Berman Intermediate Municipal Fund Inc. ("Intermediate"), and Neuberger Berman New York Intermediate Municipal Fund Inc. ("New York") (individually a "Fund", collectively, the "Funds"), believe accurately reflects fair value. Short-term debt securities with

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less than 60 days until maturity may be valued at cost which, when combined with interest earned, approximates market value.

At October 31, 2002, selected Fund information on a U.S. Federal income tax basis was as follows:

NEUBERGER BERMAN	COST	GROSS UNREALIZED APPRECIATION	GROSS UNREALIZED DEPRECIATION	AP (DEP)
CALIFORNIA INTERMEDIATE MUNICIPAL FUND INC.	\$ 106,714,000	\$ 511,000	\$ 514,000	\$
INTERMEDIATE MUNICIPAL FUND INC.	349,557,000	1,983,000	2,259,000	
NEW YORK INTERMEDIATE MUNICIPAL FUND INC.	83,747,000	547,000	506,000	

@ Municipal securities held by the Funds are within the four highest ratings categories (with respect to at least 80% of total assets) assigned by a nationally recognized statistical rating organization ("NRSRO") such as Moody's Investors Service, Inc., Standard & Poor's, or Fitch Investors Services, Inc. or, where not rated, are determined by the Funds' investment manager to be of comparable quality. Approximately 72%, 63%, and 49% of the municipal securities held by California, Intermediate, and New York, respectively, have credit enhancement features backing them, which the Funds may rely on, such as letters of credit, insurance, or guarantees. Without these credit enhancement features the securities may or may not meet the quality standards of the Funds. Pre-refunded bonds are supported by securities in escrow issued or guaranteed by the U.S. Government, its agencies, or instrumentalities. The amount escrowed is sufficient to pay the periodic interest due and the principal of these bonds. Putable bonds give the Funds the right to sell back the issue on the date specified.

^ Credit ratings are unaudited.

++ Security is guaranteed by the corporate obligor.

* Security purchased on a when-issued basis. At October 31, 2002, these securities amounted to \$5,370,000, \$33,251,000, and \$4,717,000 for California, Intermediate, and New York, respectively.

** Security is segregated as collateral for when-issued purchase commitments.

See Notes to Financial Statements

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STATEMENTS OF ASSETS AND LIABILITIES

NEUBERGER BERMAN INTERMEDIATE MUNICIPAL CLOSED-END FUNDS (000'S OMITTED EXCEPT PER SHARE AMOUNTS)	CALIFORNIA INTERMEDIATE MUNICIPAL FUND	INTERME MUNI
ASSETS		
INVESTMENTS IN SECURITIES, AT MARKET VALUE* (NOTE A)-SEE SCHEDULE OF INVESTMENTS	\$ 106,711	\$ 34
Cash	1,323	

Interest receivable	556	

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Receivable for securities sold		-	
=====			
TOTAL ASSETS		108,590	35
=====			
LIABILITIES			
Payable for securities purchased		13,983	6
Payable to administrator (Note B)		23	

Accrued expenses and other payables		43	
=====			
TOTAL LIABILITIES		14,049	6
=====			
NET ASSETS AT VALUE		\$ 94,541	\$ 29
=====			
NET ASSETS CONSIST OF:			
Paid-in capital		\$ 94,447	\$ 29
Undistributed (dividends in excess of) net investment income		97	

Net unrealized appreciation (depreciation) in value of investments		(3)	
=====			
NET ASSETS AT VALUE		\$ 94,541	\$ 29
=====			
SHARES OUTSTANDING (\$.0001 PAR VALUE; 1,000,000,000 SHARES AUTHORIZED)		6,607	2

NET ASSET VALUE PER SHARE OUTSTANDING		\$ 14.31	\$
=====			
*COST OF INVESTMENTS		\$ 106,714	\$ 34
=====			

See Notes to Financial Statements

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STATEMENTS OF OPERATIONS

	CALIFORNIA INTERMEDIATE MUNICIPAL FUND	INTERMEDIATE MUNICIPAL FUND
	FOR THE PERIOD FROM SEPTEMBER 27, 2002 (COMMENCEMENT OF OPERATIONS) TO OCTOBER 31, 2002	PER SEPT (COMM OF OPERAT OCT
NEUBERGER BERMAN INTERMEDIATE MUNICIPAL CLOSED-END FUNDS (000'S OMITTED)		
INVESTMENT INCOME		
Interest income	\$ 169	\$
=====		
EXPENSES:		

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Investment management fee (Note B)	22
Administration fee (Note B)	26

Stock transfer agent fees	3
Auditing fees	22
Custodian fees (Note B)	10

Shareholder reports	8

Stock exchange listing fees	1
Directors' fees and expenses	3
Miscellaneous	-
=====	
Total expenses	95
Investment management fee waived and expenses reduced by custodian fee expense offset arrangement (Note B)	(23)
=====	
Total net expenses	72
=====	
Net investment income	97
=====	
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	
Change in net unrealized appreciation (depreciation) in value of:	
Investment securities (Note A)	(3)
=====	
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ 94
=====	

See Notes to Financial Statements

STATEMENTS OF CHANGES IN NET ASSETS

	CALIFORNIA INTERMEDIATE MUNICIPAL FUND	PERIOD FROM SEPTEMBER 27, 2002 (COMMENCEMENT OF OPERATIONS) TO OCTOBER 31, 2002	INTERMEDIATE MUNICIPAL FUND	PERIOD FROM SEPTEMBER 27, 2002 (COMMENCEMENT OF OPERATIONS) TO OCTOBER 31, 2002
NEUBERGER BERMAN INTERMEDIATE MUNICIPAL CLOSED-END FUNDS (000'S OMITTED)				
INCREASE (DECREASE) IN NET ASSETS:				
FROM OPERATIONS:				
Net investment income (loss)	\$	97	\$	97

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Change in net unrealized appreciation (depreciation) of investments	(3)
=====	
Net increase (decrease) in net assets resulting from operations	94
=====	

FROM FUND SHARE TRANSACTIONS:

Proceeds from issuance of common shares	90,158
Proceeds from underwriters' over-allotment option exercised	4,289
=====	
Total proceeds from Fund share transactions	94,447
=====	
NET INCREASE (DECREASE) IN NET ASSETS	94,541

NET ASSETS:

Beginning of period	-
=====	
End of period	\$ 94,541
=====	
Accumulated undistributed net investment income at end of period	\$ 97
=====	

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS Intermediate Municipal Closed-End Funds

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1 GENERAL: Neuberger Berman California Intermediate Municipal Fund Inc. ("California"), Neuberger Berman Intermediate Municipal Fund Inc. ("Intermediate"), and Neuberger Berman New York Intermediate Municipal Fund Inc. ("New York") (individually a "Fund", collectively, the "Funds") were organized as Maryland corporations on July 29, 2002. California and New York are registered as non-diversified, closed-end management investment companies and Intermediate is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the "1940 Act"). Each Fund had no operations until September 27, 2002, other than matters relating to their organization and the sale on September 19, 2002 of 6,981 shares of common stock for \$100,005 (\$14.325 per share) from each Fund to Neuberger Berman LLC ("Neuberger"), the Funds' sub-adviser.

The assets of each Fund belong only to that Fund, and the liabilities of each Fund are borne solely by that Fund and no other.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires Neuberger Berman Management Inc. ("Management") to make estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates.

2 PORTFOLIO VALUATION: Investment securities are valued as indicated in the notes following the Funds' Schedule of Investments.

3 SECURITIES TRANSACTIONS AND INVESTMENT INCOME: Securities transactions are recorded on a trade date basis. Interest income, including accretion of discount (adjusted for original issue discount, where applicable) and

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amortization of premium, where applicable, is recorded on the accrual basis. Realized gains and losses from securities transactions are recorded on the basis of identified cost.

- 4 FEDERAL INCOME TAXES: It is the intention of each Fund to qualify as a regulated investment company by complying with the provisions available to certain investment companies, as defined in applicable sections of the Internal Revenue Code, and to make distributions of investment company taxable income and net capital gains (after reduction for any amounts available for U.S. Federal income tax purposes as capital loss carryforwards) sufficient to relieve them from all, or substantially all, U.S. Federal income taxes. Accordingly, each Fund paid no U.S. Federal income taxes and no provision for U.S. Federal income taxes was required.
- 5 DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS: Each Fund earns income, net of expenses, daily on its investments. It is the policy of each Fund to declare and pay dividends from net investment income on a monthly basis. Distributions from net realized capital gains, if any, are normally distributed in December. Income dividends and capital gain distributions to shareholders are recorded on the ex-dividend date. To the extent each Fund's net realized capital gains, if any, can be offset by capital loss carryforwards, it is the policy of each Fund not to distribute such gains.

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Each Fund distinguishes between dividends on a tax basis and a financial reporting basis and only distributions in excess of tax basis earnings and profits are reported in the financial statements as a return of capital. Differences in the recognition or classification of income between the financial statements and tax earnings and profits which result in temporary over-distributions for financial statement purposes are classified as distributions in excess of net investment income or accumulated net realized gains in the components of net assets on the Statements of Assets and Liabilities.

The Funds declared dividends from their net investment income which were paid December 16, 2002, to shareholders of record on November 18, 2002, with an ex-dividend date of November 14, 2002, as follows:

DIVIDEND PER SHARE

CALIFORNIA	\$ 0.06250
INTERMEDIATE	0.06625
NEW YORK	0.06500

As of October 31, 2002, the components of distributable earnings (accumulated losses) on a federal income tax basis were as follows:

	UNDISTRIBUTED TAX-EXEMPT INCOME	UNDISTRIBUTED TAXABLE INCOME	UNDISTRIBUTED LONG-TERM GAIN	UNREALIZED APPRECIATION (DEPRECIATION)	CARRYFOR AND DEFE
CALIFORNIA	\$ 96,491	\$ 56	\$ -	\$ (2,566)	\$
INTERMEDIATE	441,103	440	-	(276,028)	
NEW YORK	87,508	-	-	40,553	

There were no significant differences between book basis and tax basis.

- 6 EXPENSE ALLOCATION: Expenses directly attributable to a Fund are charged to that Fund. Expenses not directly attributed to a Fund are allocated, on the basis of relative net assets, except where a more appropriate allocation of expenses to each of the Funds can otherwise be made fairly.
- 7 ORGANIZATION EXPENSES AND OFFERING COSTS: Management has agreed to pay all organizational expenses and the amount by which each Fund's offering costs for common stock (other than sales load) exceed \$0.03 per share. Offering costs for common stock paid by each Fund were charged as a reduction of paid-in-capital at the completion of each Fund's offering and amounted to \$198,209, \$615,209, and \$160,709 for California, Intermediate, and New York, respectively.
- 8 CONCENTRATION OF RISK: The ability of the issuers of the debt securities held by the Funds to meet their obligations may be affected by economic developments, including those particular to a specific industry or region. The investment policies of California and New York involve investing substantially all of their assets in California state and New York state municipal bonds, respectively. This policy makes those funds more susceptible to adverse economic, political, regulatory or other factors affecting the issuers of such municipal bonds than a fund that does not limit its investments to such issuers.

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NOTE B--MANAGEMENT FEES, ADMINISTRATION FEES, DISTRIBUTION ARRANGEMENTS, AND OTHER TRANSACTIONS WITH AFFILIATES:

Each Fund retains Management as its investment manager under a Management Agreement. For such investment management services, each Fund pays Management a fee at the annual rate of 0.25% of its average daily Managed Assets. Managed Assets equals the total assets of the Fund less liabilities, other than the aggregate indebtedness entered into for purposes of leverage. For purposes of calculating Managed Assets, the liquidation preference of any preferred shares outstanding is not considered a liability.

Management has contractually agreed to waive a portion of the management fees it is entitled to receive from each Fund at the following annual rates:

FISCAL PERIOD OR YEAR ENDED OCTOBER 31,	% OF AVERAGE DAILY MANAGED ASSETS
2002 - 2007	0.25%
2008	0.20
2009	0.15
2010	0.10
2011	0.05

Management has not agreed to waive any portion of its fees beyond October 31, 2011.

For the period ended October 31, 2002, such waived fees amounted to \$21,955, \$67,982, and \$17,878 for California, Intermediate, and New York, respectively.

Each Fund retains Management as its administrator under an Administration Agreement ("Agreement"). Pursuant to this Agreement each Fund pays Management an administration fee at the annual rate of 0.30% of its average daily Managed Assets.

Additionally, Management retains State Street Bank and Trust Company ("State Street") as its sub-administrator under a Sub-Administration Agreement. Management pays State Street a fee for all services received under the agreement.

Management and Neuberger, a member firm of The New York Stock Exchange and sub-adviser to each Fund, are wholly owned subsidiaries of Neuberger Berman Inc., a publicly held company. Neuberger is retained by Management to furnish it with investment recommendations and research information without added cost to each Fund. Several individuals who are officers and/or directors of each Fund are also employees of Neuberger and/or Management.

Each Fund has an expense offset arrangement in connection with its custodian contract. The impact of this arrangement, reflected in the Statements of Operations under the caption Custodian fees, was a reduction of \$1,289, \$993, and \$696 for California, Intermediate, and New York, respectively.

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NOTE C--SECURITIES TRANSACTIONS:

During the period ended October 31, 2002, there were purchase and sale transactions (excluding short-term securities) as follows:

	PURCHASES	SALES
CALIFORNIA	\$ 52,677,000	\$ 0
INTERMEDIATE	208,096,000	0
NEW YORK	60,056,000	0

NOTE D--CAPITAL:

At October 31, 2002, the shares outstanding and the shares owned by Neuberger for each Fund were as follows:

	COMMON SHARES OUTSTANDING	COMMON SHARES OWNED BY NEUBERGER
CALIFORNIA	6,606,981	6,981
INTERMEDIATE	20,506,981	6,981
NEW YORK	5,356,981	6,981

Transactions in common shares of capital stock for the period ended October 31, 2002, were as follows:

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	INITIAL PUBLIC OFFERING	UNDERWRITERS' EXERCISE OF OVER-ALLOTMENT OPTION	REINVESTMENT OF DIVIDENDS AND DISTRIBUTIONS
CALIFORNIA	6,306,981	300,000	-
INTERMEDIATE	19,506,981	1,000,000	-
NEW YORK	5,156,981	200,000	-

NOTE E--USE OF LEVERAGE:

Subject to market conditions, each Fund intends to offer Preferred Shares representing approximately 38% of each Fund's capital after issuance. The Funds also may add leverage to the portfolio through the utilization of derivative instruments. The Funds may issue Preferred Shares so long as after their issuance the liquidation value of the Preferred Shares, plus the aggregate amount of senior securities representing indebtedness, does not exceed 50% of each Fund's capital. Once Preferred Shares are issued and/or other forms of leverage are used, the net asset value and market price of the common shares and the yield to common stockholders will be more volatile.

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FINANCIAL HIGHLIGHTS California Intermediate Municipal Fund

The following table includes selected data for a share outstanding throughout the period and other performance information derived from the Financial Statements.

	PERIOD FROM SEPTEMBER 27, 2002^ TO OCTOBER 31, 2002
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 14.32
INCOME FROM INVESTMENT OPERATIONS	
NET INVESTMENT INCOME (LOSS)	.02
NET GAINS OR LOSSES ON SECURITIES (BOTH REALIZED AND UNREALIZED)	-
TOTAL FROM INVESTMENT OPERATIONS	.02
LESS CAPITAL CHARGES	
ISSUANCE OF COMMON SHARES	(.03)
NET ASSET VALUE, END OF PERIOD	\$ 14.31
MARKET VALUE, END OF PERIOD	\$ 15.00
TOTAL RETURN, NET ASSET VALUE+	-0.10%**
TOTAL RETURN, MARKET VALUE+	+0.00%**
RATIOS/SUPPLEMENTAL DATA	
NET ASSETS, END OF PERIOD (IN MILLIONS)	\$ 94.5
RATIO OF GROSS EXPENSES TO AVERAGE NET ASSETS#	.84%*
RATIO OF NET EXPENSES TO AVERAGE NET ASSETS++	.83%*
RATIO OF NET INVESTMENT INCOME (LOSS) TO AVERAGE NET ASSETS	1.10%*
PORTFOLIO TURNOVER RATE	0%

See Notes to Financial Highlights

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FINANCIAL HIGHLIGHTS Intermediate Municipal Fund

The following table includes selected data for a share outstanding throughout the period and other performance information derived from the Financial Statements.

	PERIOD FROM SEPTEMBER 27, 2002^ TO OCTOBER 31, 2002
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 14.32 -----
INCOME FROM INVESTMENT OPERATIONS	
NET INVESTMENT INCOME (LOSS)	.01
NET GAINS OR LOSSES ON SECURITIES (BOTH REALIZED AND UNREALIZED)	-

TOTAL FROM INVESTMENT OPERATIONS	.01 -----
LESS CAPITAL CHARGES	
ISSUANCE OF COMMON SHARES	(.03) -----
NET ASSET VALUE, END OF PERIOD	\$ 14.30 -----
MARKET VALUE, END OF PERIOD	\$ 15.00 -----
TOTAL RETURN, NET ASSET VALUE+	-0.17%**
TOTAL RETURN, MARKET VALUE+	+0.00%**
RATIOS/SUPPLEMENTAL DATA	
NET ASSETS, END OF PERIOD (IN MILLIONS)	\$ 293.3
RATIO OF GROSS EXPENSES TO AVERAGE NET ASSETS#	.51%*
RATIO OF NET EXPENSES TO AVERAGE NET ASSETS++	.51%*
RATIO OF NET INVESTMENT INCOME (LOSS) TO AVERAGE NET ASSETS	1.62%*
PORTFOLIO TURNOVER RATE	0%

See Notes to Financial Highlights

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FINANCIAL HIGHLIGHTS New York Intermediate Municipal Fund

The following table includes selected data for a share outstanding throughout the period and other performance information derived from the Financial Statements.

PERIOD FROM
SEPTEMBER 27, 2002^
TO OCTOBER 31,
2002

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NET ASSET VALUE, BEGINNING OF PERIOD	\$ 14.32

INCOME FROM INVESTMENT OPERATIONS	
NET INVESTMENT INCOME (LOSS)	.03
NET GAINS OR LOSSES ON SECURITIES (BOTH REALIZED AND UNREALIZED)	-

TOTAL FROM INVESTMENT OPERATIONS	.03

LESS CAPITAL CHARGES	
ISSUANCE OF COMMON SHARES	(.03)

NET ASSET VALUE, END OF PERIOD	\$ 14.32

MARKET VALUE, END OF PERIOD	\$ 15.00

TOTAL RETURN, NET ASSET VALUE+	-0.03%**
TOTAL RETURN, MARKET VALUE+	+0.00%**
RATIOS/SUPPLEMENTAL DATA NET ASSETS, END OF PERIOD (IN MILLIONS)	\$ 76.7
RATIO OF GROSS EXPENSES TO AVERAGE NET ASSETS#	.94%*
RATIO OF NET EXPENSES TO AVERAGE NET ASSETS++	.93%*
RATIO OF NET INVESTMENT INCOME (LOSS) TO AVERAGE NET ASSETS	1.22%*
PORTFOLIO TURNOVER RATE	0%

See Notes to Financial Highlights

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NOTES TO FINANCIAL HIGHLIGHTS Intermediate Municipal Closed-End Funds

+ Total return based on per share net asset value reflects the effects of changes in net asset value on the performance of each Fund during each fiscal period. Total return based on per share market value assumes the purchase of common shares at the market price on the first day and sales of common shares at the market price on the last day of the period indicated. Dividends and distributions, if any, are assumed to be reinvested at prices obtained under each Fund's dividend reinvestment plan. Results represent past performance and do not guarantee future results. For each Fund, total return would have been lower if Management had not waived the investment management fee.

The Fund is required to calculate an expense ratio without taking into consideration any expense reductions related to expense offset arrangements.

++ After waiver of investment management fee. Had Management not undertaken such action the annualized ratios of net expenses to average daily net assets would have been:

	PERIOD ENDED
	OCTOBER 31,
	2002
CALIFORNIA INTERMEDIATE MUNICIPAL FUND INC.	1.08%(1)
INTERMEDIATE MUNICIPAL FUND INC.	.76%(1)
NEW YORK INTERMEDIATE MUNICIPAL FUND INC.	1.18%(1)

(1) Period from September 27, 2002 to October 31, 2002.

^ The date investment operations commenced.

* Annualized.

** Not annualized.

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REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of
Neuberger Berman California Intermediate Municipal Fund Inc.
Neuberger Berman Intermediate Municipal Fund Inc.
Neuberger Berman New York Intermediate Municipal Fund Inc.

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Neuberger Berman California Intermediate Municipal Fund Inc., Neuberger Berman Intermediate Municipal Fund Inc., and Neuberger Berman New York Intermediate Municipal Fund Inc. (the "Funds") as of October 31, 2002, and the related statements of operations, statements of changes in net assets and financial highlights for the period from September 27, 2002 (commencement of operations) to October 31, 2002. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of October 31, 2002, by correspondence with the custodian and brokers or other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of Neuberger Berman California Intermediate Municipal Fund Inc., Neuberger Berman Intermediate Municipal Fund Inc., and Neuberger Berman New York Intermediate Municipal Fund Inc. at October 31, 2002, the results of their operations, changes in their net assets, and their financial highlights for the periods from September 27, 2002 (commencement of operations) to October 31, 2002, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst and Young LLP

Boston, Massachusetts
December 6, 2002

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DIVIDEND REINVESTMENT PLAN

The Fund's Board has established a Dividend Reinvestment Plan (the "Plan") pursuant to which all holders of common stock ("Common Stockholders") whose shares are registered in their own names will have all dividends and any capital gain distributions (referred to collectively in this section as "dividends") on their shares automatically reinvested in additional shares of common stock ("Common Shares") by The Bank of New York, as agent for the Common Stockholders ("Plan Agent"), unless such Common Stockholders elect to receive cash. An election to receive cash may be revoked or reinstated at a Common Stockholder's option. In the case of record Common Stockholders such as banks, brokers or other nominees that hold shares of common stock for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by the record Common Stockholder as representing the total amount registered in such Common Stockholder's name and held for the account of beneficial owners who participate in the Plan. Common Stockholders whose shares are held in the name of a bank, broker or other nominee should contact the nominee for details. Such stockholders may not be able to transfer their shares to another nominee and continue to participate in the Plan. All dividends to investors who elect not to participate in the Plan (or whose bank, broker or other nominee elects not to participate on the investor's behalf), will be paid in cash by check mailed, in the case of direct Common Stockholders, to the record holder by The Bank of New York, as the Fund's dividend disbursement agent.

Unless you (or your bank, broker or other nominee) elect not to participate in the Plan, the number of Common Shares you will receive as a result of a Fund dividend will be determined as follows:

- (1) If Common Shares are trading at or above their net asset value (minus estimated brokerage commissions that would be incurred upon the purchase of Common Shares on the open market) on the payment date, the Fund will issue new Common Shares at the greater of (i) the net asset value per Common Share on the payment date or (ii) 95% of the market price per Common Share on the payment date. Because Common Shares may be issued at less than their market price, Plan participants may get a benefit that non-participants do not.
- (2) If Common Shares are trading below their net asset value (minus estimated brokerage commissions that would be incurred upon the purchase of Common Shares on the open market) on the payment date, the Plan Agent will receive the dividend in cash and will purchase Common Shares in the open market, on the American Stock Exchange or elsewhere, for the participants' accounts. It is possible that the market price for the Common Shares may increase before the Plan Agent has completed its purchases. Therefore, the average purchase price per Common Share paid by the Plan Agent may exceed the market price thereof on the payment date, resulting in the purchase of fewer Common Shares than if the dividend had been paid in Common Shares issued by the Fund. The Plan Agent will use all dividends received in cash to purchase Common Shares in the open market on or shortly after the payment date, but in no event later than the ex-dividend date for the next dividend. Interest will not be paid on any uninvested cash payments.

If you own Common Shares directly, you may withdraw from the Plan at any time by giving written notice to the Plan Agent; please be sure to include your name and account number. You may also rejoin the Plan later. Contact the Plan Agent at the following address for information on how to do so: The Bank of New York, ATTN: Stock Transfer Administration, 101 Barclay Street, 11-E, New York, New York 10286. If you wish, the Plan Agent will sell the Common Shares and send you the proceeds, minus brokerage commissions.

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The Plan Agent maintains all stockholders' accounts in the Plan and gives written confirmation of all transactions in the accounts, including information stockholders may need for tax records. The Plan Agent will also furnish each Common Stockholder with written instructions detailing the procedures for electing not to participate in the Plan and to instead receive dividends in cash. Common Shares in your account will be held by the Plan Agent in non-certificated form. Any proxy you receive will include all Common Shares held for you under the Plan.

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There is no brokerage charge for reinvestment of your dividends in Common Shares. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases.

Automatically reinvested dividends are taxed in the same manner as cash dividends.

The Fund and the Plan Agent reserve the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants. Additional information about the Plan may be obtained from your broker or by calling The Bank of New York at 1-800-524-4458.

Notice is hereby given in accordance with Section 23(C) of the Investment Company Act of 1940 that from time to time the Fund may purchase shares of its common stock in the open market at market prices.

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DIRECTORY

INVESTMENT MANAGER AND ADMINISTRATOR

Neuberger Berman Management Inc.
605 Third Avenue 2nd Floor
New York, NY 10158-0180
800.877.9700 or 212.476.8800

SUB-ADVISER

Neuberger Berman, LLC
605 Third Avenue
New York, NY 10158-3698

CUSTODIAN

State Street Bank and Trust Company
225 Franklin Street
Boston, MA 02110

STOCK TRANSFER AGENT

Bank of New York
101 Barclay Street 11-E
New York, NY 10286

LEGAL COUNSEL

Kirkpatrick & Lockhart LLP
1800 Massachusetts Avenue, NW
2nd Floor
Washington, DC 20036-1800

INDEPENDENT AUDITORS

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Ernst & Young LLP
 200 Clarendon Street
 Boston, MA 02116

DIRECTORS AND OFFICERS (Unaudited)

The following tables set forth information concerning the directors and officers of the Funds. All persons named as directors and officers also serve in similar capacities for other funds administered or managed by NB Management and Neuberger Berman, LLC. The Statement of Additional Information for each Fund includes additional information about fund directors and is available upon request, without charge, by calling (877) 461-1899.

THE BOARD OF DIRECTORS

NAME, AGE, ADDRESS (1) AND POSITION WITH FUND	PRINCIPAL OCCUPATION(S) (2)	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTH

CLASS I			
INDEPENDENT FUND DIRECTORS			
Faith Colish (67) Director	Counsel to Carter, Ledyard & Milburn since October 2002; prior thereto, Attorney at Law and President, Faith Colish, A Professional Corporation; 1980 to 2002.	33	
C. Anne Harvey (65) Director	Consultant, C.A. Harvey Associates, June 2001 to present; Member, Individual Investors Advisory Committee to the New York Stock Exchange Board of Directors, 1998 to present; Secretary, Board of Associates to The National Rehabilitation Hospital's Board of Directors; Director of American Association of Retired Persons (AARP), 1978 to December 2000; Member, American Savings Education Council's Policy Board (ASEC), 1998-2000; Member, Executive Committee, Crime Prevention Coalition of America, 1997 - 2000.	33	
Cornelius T. Ryan (71) Director	General Partner of Oxford Partners and Oxford Bioscience Partners (venture capital partnerships) and President of Oxford Venture Corporation.	33	For Cas mar Fun
Peter P. Trapp (58) Director	Regional Manager for Atlanta Region, Ford Motor Credit Company since August 1997; prior thereto, President, Ford Life Insurance Company, April 1995 until August 1997.	33	

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NAME, AGE, ADDRESS (1) AND POSITION WITH FUND	PRINCIPAL OCCUPATION(S) (2)	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTH
DIRECTOR WHO IS AN "INTERESTED PERSON"			
Peter E. Sundman* (43) Chief Executive Officer, Director and Chairman of the Board	Executive Vice President of Neuberger Berman since 1999; Principal of Neuberger Berman from 1997 until 1999; Senior Vice President of NB Management from 1996 until 1999; Director of Institutional Services of NB Management from 1988 until 1996.	33	Exe Dir Inc 199 of Dir Neu Inc
CLASS II			
INDEPENDENT FUND DIRECTORS			
John Cannon (72) Director	Retired. Formerly, Chairman and Chief Investment Officer of CDC Capital Management (registered investment adviser) (1993-Jan.1999).	33	Ind Dir Opp New Roc Opp Sec pre
Barry Hirsch (69) Director	Senior Vice President and Senior Counsel of Loews Corporation (diversified financial corporation) since May 2002; prior thereto, General Counsel of Loews Corporation.	33	Dir Jer the For Cor mic
Howard A. Mileaf (65) Director	Retired. Formerly, Vice President and Special Counsel to WHX Corporation (holding company); 1993 - 2001.	33	Dir Jer the For Cor mic
John P. Rosenthal (69) Director	Senior Vice President of Burnham Securities Inc. (a registered broker-dealer) since 1991.	33	Dir (no For Tre

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NAME, AGE, ADDRESS (1) AND POSITION WITH FUND	PRINCIPAL OCCUPATION(S) (2)	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTH
Tom Decker Seip (52) Director	General Partner of Seip Investments LP (a private investment partnership); President and CEO of Westaff, Inc. (temporary staffing), May 2001 to	33	Dir (fi May

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January 2002; Senior Executive at the Charles Schwab Corporation from 1983 to 1999, including Chief Executive Officer of Charles Schwab Investment Management, Inc. and Trustee of Schwab Family of Funds and Schwab Investments from 1997 to 1998 and Executive Vice President-Retail Brokerage for Charles Schwab Investment Management from 1994 to 1997.

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DIRECTOR WHO IS AN "INTERESTED PERSON"

Michael M. Kassen* (49) President and Director	Executive Vice President and Chief Investment Officer of Neuberger Berman since 1999; Executive Vice President and Chief Investment Officer of NB Management from November 1999 to May 2000; Vice President of NB Management from 1990 until 1999; Partner or Principal of Neuberger Berman from 1993.	33
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CLASS III

INDEPENDENT FUND DIRECTORS

Walter G. Ehlers (69) Director	Consultant; Retired President and Director of Teachers Insurance & Annuity (TIAA) and College Retirement Equities Fund (CREF).	33
Robert A. Kavesh (75) Director present.	Professor of Finance and Economics at Stern School of Business, New York University.	33
Candace L. Straight (55) Director	Private investor and consultant specializing in the insurance industry; Advisory Director of Securities Capital LLC (a global private equity investment firm dedicated to making investments in the insurance sector).	33

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NAME, AGE, ADDRESS (1) AND POSITION WITH FUND	PRINCIPAL OCCUPATION(S) (2)	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR	OTH
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DIRECTORS WHO ARE "INTERESTED PERSONS"

Edward I. O'Brien* (74)	Member, Investment Policy Committee, Edward Jones,	33
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Director	1993 - 2001; President of the Securities Industry Association (SIA) (securities industry's representative in government relations and regulatory matters at the federal and state levels) from 1974 - 1992; Adviser to SIA from November 1992 -November 1993.	
William E. Rulon (70) Director	Retired. Senior Vice President of Foodmaker, Inc. (operator and franchiser of restaurants) until January 1997; Secretary of Foodmaker, Inc. until July 1996.	33

* Indicates a director who is an "interested person" within the meaning of the 1940 Act. Mr. Sundman and Mr. Kassen are interested persons of the Fund by virtue of the fact that each is an officer and/or director of NB Management and Executive Vice President of Neuberger Berman. Mr. O'Brien is an interested person of the Fund by virtue of the fact that he is a director of Legg Mason, Inc., a wholly owned subsidiary of which, from time to time, serves as a broker or dealer to the Fund and other funds or accounts for which NB Management serves as investment manager.

- (1) The business address of each listed person is 605 Third Avenue, New York, New York 10158.
- (2) Except as otherwise indicated, each person has held the positions shown for at least the last five years. The Board of Directors shall at all times be divided as equally as possible into three classes of Directors designated Class I, Class II, and Class III. The terms of office of Class I, Class II, and Class III Directors shall expire at the annual meetings of stockholders held in 2003, 2004, and 2005 respectively, and at each third annual meeting of stockholders thereafter.

INFORMATION ABOUT THE OFFICERS OF THE FUND

NAME, AGE, AND ADDRESS (1)	POSITION AND LENGTH OF TIME SERVED (2)	PRINCIPAL OCCUPAT
Claudia A. Brandon (46)	Secretary since 2002	Vice President of Neuberger Berma employee since 1999; Vice Preside Board Relations of NB Management President of NB Management from 1 Secretary of six other registered companies for which NB Management investment manager and administra
Robert Conti (46)	Vice President since 2002	Vice President of Neuberger Berma Senior Vice President of NB Manag 2000; Controller of NB Management Treasurer of NB Management from 1 Vice President of three other reg investment companies for which NB as investment manager and adminis 2000 and of three other registere

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companies since 2002.

Stacy Cooper-Shugrue (39)	Assistant Secretary since 2002	Vice President-Mutual Fund Board Management since 2002; Employee of Berman since 1999; Assistant Vice Management from 1993 to 1999; Ass of six other registered investmen which NB Management acts as inves and administrator.
Brian J. Gaffney (49)	Vice President since 2002	Managing Director of Neuberger Be Senior Vice President of NB Manag 2000; Vice President of NB Manage until 1999; Vice President of thr registered investment companies f Management acts as investment man administrator since 2000 and of t registered investment companies s
Sheila R. James (37)	Assistant Secretary since 2002	Employee of Neuberger Berman sinc of NB Management from 1991 to 199 Secretary of six other registered companies for which NB Management investment manager and administra

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NAME, AGE, AND ADDRESS(1)	POSITION AND LENGTH OF TIME SERVED(2)	PRINCIPAL OCCUPAT
John M. McGovern (32)	Assistant Treasurer since 2002	Employee of NB Management since 1 Treasurer of six other registered companies for which NB Management investment manager and administra
Barbara Muinos (43)	Treasurer and Principal Financial and Accounting Officer since 2002	Vice President of Neuberger Berma Vice President of NB Management f Treasurer and Principal Financial of six other registered investmen NB Management acts as investment administrator since 2002; Assista to 2002 of three other mutual fun Management acts as investment man
Frederic B. Soule (56)	Vice President since 2002	Vice President of Neuberger Berma Vice President of NB Management f 1999; Vice President of three oth investment companies for which NB as investment manager and adminis 2000 and of three other registere companies since 2002.
Trani Wyman (33)	Assistant Treasurer since 2002	Employee of NB Management since 1 Treasurer of six other registered companies for which NB Management investment manager and administra

(1) The business address of each listed person is 605 Third Avenue, New York,

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New York 10158.

(2) Except as otherwise indicated, each individual has held the positions shown for at least the last five years.

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TABLE OF COMPENSATION FOR PERIOD ENDED 10/31/02

NAME AND POSITION WITH THE FUND	AGGREGATE COMPENSATION FROM THE FUND

INDEPENDENT FUND DIRECTORS	
John Cannon Director	\$ 2,060
Faith Colish Director	2,060
Walter G. Ehlers Director	2,060
C. Anne Harvey Director	2,060
Barry Hirsch Director	2,060
Robert A. Kavesh Director	2,060
Howard A. Mileaf Director	2,060
John P. Rosenthal Director	2,060
William E. Rulon Director	2,060
Cornelius T. Ryan Director	2,060
Tom Decker Seip Director	2,060
Candace L. Straight Director	2,060
Peter P. Trapp Director	2,060
DIRECTORS WHO ARE "INTERESTED PERSONS"	
Michael M. Kassen Director	0

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Edward I. O'Brien Director	2,060
Peter E. Sundman Director	0

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[NEUBERGER BERMAN LOGO]

NEUBERGER BERMAN MANAGEMENT INC.
605 Third Avenue 2nd Floor
New York, NY 10158-0180
INSTITUTIONAL SERVICES
800.366.6264
www.nb.com

Statistics and projections in this report are derived from sources deemed to be reliable but cannot be regarded as a representation of future results of the Funds. This report is prepared for the general information of shareholders and is not an offer of shares of the Funds.

- C0453 12/02