

WESTERN ASSET INTERMEDIATE MUNI FUND INC.
Form N-CSR
January 28, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-06506

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

620 Eighth Avenue, 49th Floor, New York, NY
(Address of principal executive offices)

10018
(Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902
(Name and address of agent for service)

Registrant's telephone number, including area code: (888) 777-0102

Date of fiscal year end: November 30

Date of reporting period: November 30, 2012

ITEM 1. REPORT TO STOCKHOLDERS.

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

November 30, 2012

Annual Report

**Western Asset Intermediate Muni Fund Inc.
(SBI)**

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE
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II Western Asset Intermediate Muni Fund Inc.

Fund objective

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

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

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Letter from the chairman

Dear Shareholder,

We are pleased to provide the annual report of Western Asset Intermediate Muni Fund Inc. for the twelve-month reporting period ended November 30, 2012. Please read on for a detailed look at prevailing economic and market conditions during the Fund's reporting period and to learn how those conditions have affected Fund performance.

Recent regulations adopted by the Commodity Futures Trading Commission (the CFTC) require operators of registered investment companies, including closed-end funds, to register as commodity pool operators unless the fund limits its investments in commodity interests. Effective December 31, 2012, your Fund's manager has claimed the exclusion from the definition of commodity pool operator. More information about the CFTC rules and their effect on the Fund is included later in this report on page 30.

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

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

We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

December 28, 2012

Investment commentary

Economic review

While the U.S. economy continued to grow over the twelve months ended November 30, 2012, it did so at an uneven pace. U.S. gross domestic product (GDP)ⁱ growth, as reported by the U.S. Department of Commerce, was 4.1% in the fourth quarter of 2011. Economic growth in the U.S. then decelerated, as first quarter 2012 GDP growth was 2.0%. This was primarily due to less robust private inventory and non-residential fixed investments. The economy slowed further in the second quarter, as GDP growth was a tepid 1.3%. GDP growth then moved to 3.1% in the third quarter. The increase was partially due to increased private inventory and investment, higher federal government spending and a deceleration in imports.

The U.S. job market remained weak. While there was some improvement during the reporting period, unemployment remained elevated. When the reporting period began, unemployment, as reported by the U.S. Department of Labor, was 8.5%. Unemployment then generally declined and was 8.1% in April 2012, the lowest rate since January 2009, but still high by historical standards. The unemployment rate then rose to 8.3% in July, before falling to 7.8% in September and ending the reporting period at 7.7% in November. However, the number of longer-term unemployed remained high, as roughly 40% of the 12 million people without a job have been out of work for more than six months.

Meanwhile, the housing market brightened, as sales have started to improve of late and home prices continued to rebound. According to the National Association of Realtors (NAR)ⁱⁱ, existing-home sales rose 5.9% on a seasonally adjusted basis in November 2012 versus the previous month and they were 14.5% higher than in November 2011. In addition, the NAR reported that the median existing-home price for all housing types was \$180,600 in November 2012, up 10.1% from November 2011. This marked the ninth consecutive month that home prices rose compared to the same period a year earlier. Furthermore, the inventory of homes available for sale fell 3.8% in November, which represents a 4.8 month supply at the current sales pace. This represents the lowest inventory since September 2005.

The manufacturing sector appeared to overcome a soft patch that occurred in the summer of 2012 as it improved toward the end of the reporting period, only to experience another setback in November 2012. Based on the Institute for Supply Management's PMI (PMI)ⁱⁱ, after expanding 34 consecutive months, the PMI fell to 49.7 in June 2012, which represented the first contraction in the manufacturing sector since July 2009 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). Manufacturing continued to contract in July and August before ticking up to 51.5 in September and 51.7 in October. However, the PMI fell back to contraction territory with a reading of 49.5 in November, its lowest level since July 2009.

The Federal Reserve Board (Fed)ⁱⁱⁱ took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. As has been the case since December 2008, the Fed kept the federal funds rate^{iv} at a historically low range between zero and 0.25%. In September 2011, prior to the beginning of the reporting period, the Fed announced its intention to purchase \$400 billion of

IV Western Asset Intermediate Muni Fund Inc.

Investment commentary (cont d)

longer-term Treasury securities and to sell an equal amount of shorter-term Treasury securities by June 2012 (often referred to as Operation Twist). In January 2012, the Fed extended the period it expects to keep rates on hold until at least through late 2014. Operation Twist was then extended in June 2012 until the end of the year. In September the Fed announced a third round of quantitative easing, which involves purchasing \$40 billion each month of agency mortgage-backed securities (MBS) on an open-end basis. In addition, the Fed said that Operation Twist would continue and that it will keep the federal funds rate on hold until at least mid-2015. Finally, at its meeting in December, after the reporting period ended, the Fed announced that it would continue purchasing \$40 billion per month of agency MBS, as well as initially purchasing \$45 billion a month of longer-term Treasuries. The Fed also said that it would keep the federal funds rate on hold ...as long as the unemployment rate remains above 6.5%, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee s 2.0% longer-run goal, and longer-term inflation expectations continue to be well anchored.

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

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

December 28, 2012

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results.

- i Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.
- ii The Institute for Supply Management s PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the manufacturing sector.
- iii The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- iv The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to

day.

Fund overview**Q. What is the Fund's investment strategy?**

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

At Western Asset Management Company (Western Asset), the Fund's subadviser, we utilize a fixed-income team approach, with decisions derived from interaction among various investment management sector specialists. The sector teams are comprised of Western Asset's senior portfolio management personnel, research analysts and an in-house economist. Under this team approach, management of client fixed-income portfolios will reflect a consensus of interdisciplinary views within the Western Asset organization. The individuals responsible for development of investment strategy, day-to-day portfolio management, oversight and coordination of the Fund are Stephen A. Walsh, Robert E. Amodeo, David T. Fare and Dennis J. McNamara.

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

A. The spread sectors (non-Treasuries) experienced periods of volatility during the reporting period, but ultimately posted positive results. Demand for the spread sectors was generally robust during the first three months of the reporting period. This was due to several factors, including signs that the U.S. economy was gathering momentum and some progress in the European sovereign debt crisis. However, fears that the economy may be experiencing a soft patch and contagion fears from Europe led to periods of heightened risk aversion during portions of March, April and May 2012. The spread sectors then largely rallied from June through November as investor sentiment improved.

Short-term Treasury yields were unchanged, whereas long-term Treasury yields declined during the reporting period. When the period began, two-year Treasury yields were 0.25%. They moved as low as 0.21% on January 17, 2012 and as high as 0.41% on March 20, 2012. Ten-year Treasury yields were 2.08% at the beginning of the period and peaked at 2.39% on March 19, 2012. On July 25, 2012, ten-year Treasuries closed at an all-time low of 1.43%. Yields then edged higher due to some positive developments in Europe and hopes for additional Federal Reserve Board (Fed) actions to stimulate the economy. When the reporting period ended on November 30, 2012, two-year Treasury yields were 0.25% and ten-year Treasury yields were 1.62%.

Fund overview (cont'd)

Aside from some temporary setbacks, the municipal bond market generated strong results during the reporting period. Demand was generally robust and the municipal market posted positive returns during ten of the twelve months covered by this report. Supporting the municipal market were increasing tax revenues, relatively low new issuance and extremely low defaults. In addition, while certain challenges remain, a number of states took actions to reduce spending and get their financial houses in order. All told, the Barclays Municipal Bond Indexⁱⁱ returned 10.17% for the twelve months ended November 30, 2012. Over the same period, the overall taxable bond market, as measured by the Barclays U.S. Aggregate Indexⁱⁱⁱ, returned 5.51%.

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

A. There were only minor changes to the Fund during the reporting period, as we were generally comfortable with its sector and yield curve positioning. During the reporting period, we utilized leverage in the Fund. This was a significant contributor to results given the municipal market's solid results. We ended the period with leverage from preferred shares as a percentage of gross assets of roughly 25%. The Fund opportunistically employed the use of short U.S. Treasury futures on several occasions during the reporting period to manage duration. This strategy modestly detracted from the Fund's performance during the period.

Performance review

For the twelve months ended November 30, 2012, Western Asset Intermediate Muni Fund Inc. returned 13.02% based on its net asset value (NAV)^{vi} and 19.09% based on its New York Stock Exchange Amex (NYSE Amex) market price per share. The Fund's unmanaged benchmark, the Barclays 1-15 Year Municipal Bond Index^{vii}, returned 7.55% for the same period. The Lipper Intermediate Municipal Debt Closed-End Funds Category Average^{viii} returned 14.77% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

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

During the twelve-month period, the Fund made distributions to common stock shareholders totaling \$0.48 per share. The performance table shows the Fund's twelve-month total return based on its NAV and market price as of November 30, 2012. **Past performance is no guarantee of future results.**

Performance Snapshot as of November 30, 2012

Price Per Share	12-Month Total Return*
\$10.68 (NAV)	13.02%
\$10.99 (Market Price)	19.09%

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

* **Total returns are based on changes in NAV or market price, respectively.**

Total return assumes the reinvestment of all distributions at NAV. Prior to January 1, 2012, total return assumed the reinvestment of all distributions in additional shares in accordance with the Fund's Dividend Reinvestment Plan.

Total return assumes the reinvestment of all distributions in additional shares in

accordance with the Fund's Dividend Reinvestment Plan.

Q. What were the leading contributors to performance?

A. The largest contributors to the Fund's relative performance during the reporting period were its duration and overall yield curve positioning. The Fund's duration was longer than that of the benchmark, which was beneficial as rates moved lower during the reporting period. From a yield curve perspective, the Fund maintained an overweight to the 10 to 20 year portion of the municipal yield curve. This positively impacted performance as longer-term securities outperformed shorter-term securities.

Also benefiting the Fund's performance were its overweight exposure to lower rated investment grade municipal bonds and its underweight to AA-rated and AAA-rated municipal bonds. We felt that high-quality securities were richly valued and the underweight position was rewarded given that they lagged their lower-rated counterparts during the period.

Sector positioning, overall, enhanced the Fund's results during the reporting period. In particular, overweights to the strong performing Health Care and Industrial Revenue sectors were positive for performance. In addition, having underweights to State General Obligation bonds (GOs) and Pre-refunded securities were rewarded as they lagged the benchmark.

Q. What were the leading detractors from performance?

A. The largest detractor from relative performance during the reporting period was the Fund's overweight to securities with maturities of one year. An underweight allocation to Local GOs, as well as underweights to the Leasing and Transportations sectors were not rewarded, as they outperformed the benchmark. Elsewhere, the Fund's underweights to California and Illinois intermediate municipal bonds were not rewarded as they outperformed the overall tax-exempt market. Finally, the Fund's short U.S. Treasury futures position was a modest detractor as Treasury yields declined during the period given several flights to quality.

Looking for additional information?

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

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

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

Sincerely,

Western Asset Management Company

December 18, 2012

Fund overview (cont d)

RISKS: *The Fund's investments are subject to interest rate and credit risks. As interest rates rise, bond prices fall, reducing the value of the fixed-income securities held by the Fund. Lower-rated, higher-yielding bonds, known as junk bond, are subject to greater credit risk, including the risk of default, than higher rated obligations. Municipal securities purchased by the Fund may be adversely affected by changes in the financial condition of municipal issuers and insurers, regulatory and political developments, uncertainties and public perceptions, and other factors. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance.*

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

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

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

- i The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- ii The Barclays Municipal Bond Index is a market value weighted index of investment grade municipal bonds with maturities of one year or more.
- iii The Barclays U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- iv The yield curve is the graphical depiction of the relationship between the yield on bonds of the same credit quality but different maturities.
- v Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.
- vi Net asset value (NAV) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total investments) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- vii The Barclays 1-15 Year Municipal Bond Index is a market value weighted index of investment grade (Baa3/BBB- or higher) fixed-rate municipal bonds with maturities of one to fifteen years.
- viii Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended November 30, 2012, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 7 funds in the Fund's Lipper category.

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

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of November 30, 2012 and November 30, 2011 and does not include derivatives such as futures contracts. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

Spread duration (unaudited)

Economic Exposure November 30, 2012

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

SBI Western Asset Intermediate Muni Fund Inc.

Benchmark Barclays 1-15 Year Municipal Bond Index

Effective duration (unaudited)

Interest Rate Exposure November 30, 2012

Total Effective Duration

SBI 4.91 years

Benchmark 4.68 years

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

SBI Western Asset Intermediate Muni Fund Inc.

Benchmark Barclays 1-15 Year Municipal Bond Index

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Schedule of investments

November 30, 2012

Western Asset Intermediate Muni Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Municipal Bonds 129.6%				
Alaska 0.4%				
Anchorage, AK, GO, Refunding, FGIC	6.000%	10/1/14	\$ 500,000	\$ 546,360
Arizona 3.1%				
Pinal County, AZ, Electric District No. 3	4.000%	7/1/23	1,000,000	1,076,640
Pinal County, AZ, Electric District No. 3	5.000%	7/1/24	1,760,000	2,041,600
Pinal County, AZ, Electric District No. 3	5.000%	7/1/25	1,280,000	1,479,539
Total Arizona				4,597,779
California 13.6%				
California Statewide CDA Revenue:				
Lodi Memorial Hospital, CMI	5.000%	12/1/22	2,000,000	2,194,740
Proposition 1A Receivables Program	5.000%	6/15/13	2,000,000	2,049,860
Long Beach, CA, Bond Finance Authority Lease Revenue	5.000%	8/1/31	1,855,000	2,174,116 ^(a)
Los Angeles County, CA, Public Works Financing Authority, Lease Revenue:				
Multiple Capital Project II	5.000%	8/1/21	1,000,000	1,221,320
Multiple Capital Project II	5.000%	8/1/22	1,000,000	1,225,760
Los Angeles, CA, COP, Hollywood Presbyterian Medical Center, INDLC	9.625%	7/1/13	185,000	194,799 ^(b)
M-S-R Energy Authority, CA, Gas Revenue	6.125%	11/1/29	3,000,000	3,921,510
Modesto, CA, Irrigation District Electric Revenue	5.000%	7/1/24	4,130,000	4,996,557
Modesto, CA, Irrigation District Electric Revenue	5.000%	7/1/25	2,000,000	2,405,840
San Francisco, CA, Airport Improvement Corp., Lease Revenue, United Airlines Inc.	8.000%	7/1/13	60,000	62,639 ^(b)
Total California				20,447,141
Colorado 5.4%				
Colorado Educational & Cultural Facilities Authority Revenue Charter School:				
Bromley School Project, SCA	5.125%	9/15/20	1,155,000	1,216,111
Refunding & Improvement, University Lab School, SCA	5.250%	6/1/24	1,350,000	1,381,023
E-470 Public Highway Authority Revenue, CO	5.250%	9/1/25	2,000,000	2,236,820
Public Authority for Colorado Energy, Natural Gas Purchase Revenue	6.125%	11/15/23	2,000,000	2,521,740
SBC Metropolitan District, CO, GO, ACA	5.000%	12/1/25	750,000	769,230
Total Colorado				8,124,924

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Connecticut 3.1%					
Connecticut State HEFA Revenue, Bristol Hospital		5.500%	7/1/21	1,845,000	1,865,424
Connecticut State, Development Authority PCR, Connecticut Light & Power Co. Project		4.375%	9/1/28	2,500,000	2,780,725
Total Connecticut					4,646,149

See Notes to Financial Statements.

Western Asset Intermediate Muni Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Florida 7.0%				
Citizens Property Insurance Corp., FL	5.000%	6/1/16	\$ 5,000,000	\$ 5,616,250
Jacksonville, FL, Sales Tax Revenue, Better Jacksonville	5.000%	10/1/30	1,500,000	1,791,570
Miami-Dade County, FL, School Board, COP	5.000%	2/1/24	2,000,000	2,310,720
Old Palm Community Development District, FL, Palm Beach Gardens	5.375%	5/1/14	855,000	849,408
Total Florida				10,567,948
Georgia 7.3%				
Athens, GA, Housing Authority Student Housing Lease Revenue, University of Georgia East Campus, AMBAC	5.250%	12/1/23	970,000	970,000 (c)
Atlanta, GA, Water & Wastewater Revenue	6.000%	11/1/23	2,000,000	2,586,740
DeKalb Private Hospital Authority Revenue, GA, Anticipation CTFS, Children s Health Care of Atlanta Inc	5.000%	11/15/29	2,000,000	2,255,720
DeKalb, Newton & Gwinnett Counties, GA, Joint Development Authority Revenue, GGC Foundation LLC Project	6.000%	7/1/29	1,000,000	1,183,610
Georgia Municipal Electric Authority, Power Revenue, Refunding, AGM	5.000%	1/1/18	3,000,000	3,010,470 (c)
Griffin, GA, Combined Public Utilities Revenue, Refunding & Improvement, AMBAC	5.000%	1/1/21	1,000,000	1,023,490
Total Georgia				11,030,030
Illinois 2.7%				
Chicago, IL, O Hare International Airport Revenue, Refunding Bonds, Lien A-2, AGM	5.750%	1/1/19	1,500,000	1,578,435 (d)
Glendale Heights, IL, Hospital Revenue, Refunding Glendale Heights Project	7.100%	12/1/15	440,000	484,810 (b)
Illinois Development Finance Authority, Chicago Charter School Foundation Project A	5.250%	12/1/12	80,000	80,000 (b)
Illinois Finance Authority Revenue, Memorial Health System	5.250%	4/1/29	1,670,000	1,869,548
Total Illinois				4,012,793
Indiana 3.8%				
Indiana State Finance Authority, Environmental Revenue, U.S. Steel Corp.	6.000%	12/1/19	1,000,000	1,087,220
Indianapolis, IN, Thermal Energy System, Multi-Mode	5.000%	10/1/23	4,000,000	4,554,840 (e)
Total Indiana				5,642,060
Iowa 0.1%				
Muscatine, IA, Electric Revenue	9.700%	1/1/13	165,000	166,125 (b)

See Notes to Financial Statements.

10 Western Asset Intermediate Muni Fund Inc. 2012 Annual Report

Schedule of investments (cont d)

November 30, 2012

Western Asset Intermediate Muni Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Kansas 1.7%				
Burlington, KS, Environmental Improvement Revenue, Kansas City Power & Light	5.250%	4/1/13	\$ 2,500,000	\$ 2,527,825 (f)
Maryland 0.1%				
Maryland State Health & Higher EFA Revenue, Refunding Mercy Medical Center, AGM	6.500%	7/1/13	195,000	200,532
Massachusetts 0.3%				
Massachusetts State DFA Revenue, Curry College, ACA	6.000%	3/1/20	395,000	395,842
Michigan 11.7%				
Detroit, MI, Water Supply System Revenue, Senior Lien	5.250%	7/1/26	5,000,000	5,647,000
Michigan State Housing Development Authority Rental Housing Revenue	5.250%	10/1/24	2,640,000	2,835,413
Michigan State, Hospital Finance Authority Revenue:				
Oakwood Obligated Group	5.500%	11/1/18	1,000,000	1,047,640 (c)
Refunding, Hospital Sparrow Obligated	5.000%	11/15/14	1,190,000	1,283,593
Walled Lake, MI, Consolidated School District, NATL	5.000%	5/1/22	1,000,000	1,090,580
Wayne County, MI, Airport Authority Revenue, Detroit Metropolitan Airport	5.000%	12/1/16	5,000,000	5,706,400 (d)
Total Michigan				17,610,626
Missouri 1.7%				
Missouri State Environmental Improvement & Energy Resources Authority, KC Power & Light Co. Project	4.900%	7/1/13	2,500,000	2,544,900 (d)(f)
Nevada 3.0%				
Humboldt County, NV, PCR, Idaho Power Co. Project	5.150%	12/1/24	4,000,000	4,493,040
New Hampshire 4.6%				
New Hampshire HEFA Revenue, Healthcare Systems Covenant Health	5.000%	7/1/28	6,400,000	6,980,096
New Jersey 10.4%				
New Jersey State EDA Revenue, Continental Airlines Inc. Project	4.875%	9/15/19	2,000,000	2,063,300 (d)
New Jersey State EFA Revenue, University of Medicine & Dentistry	7.125%	12/1/23	2,000,000	2,601,040
New Jersey State Higher Education Assistance Authority, Student Loan Revenue	5.375%	6/1/24	4,000,000	4,571,560
New Jersey State Higher Education Assistance Authority, Student Loan Revenue, AGC	5.875%	6/1/21	1,220,000	1,399,608 (d)

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New Jersey State Transportation Trust Fund Authority Revenue	5.250%	6/15/23	4,000,000	5,018,120
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See Notes to Financial Statements.

Western Asset Intermediate Muni Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>New Jersey continued</i>				
Ringwood Borough, NJ, Sewer Authority Special Obligation	9.875%	7/1/13	\$ 25,000	\$ 26,371 (b)
<i>Total New Jersey</i>				15,679,999
<i>New Mexico 2.0%</i>				
Bernalillo County, NM, Gross Receipts Tax Revenue, AMBAC	5.250%	10/1/18	1,100,000	1,357,455
New Mexico Finance Authority Revenue, Subordinated Lien, Public Project Revolving Fund, NATL	5.000%	6/15/19	1,415,000	1,611,232
<i>Total New Mexico</i>				2,968,687
<i>New York 7.8%</i>				
New York State Dormitory Authority, New York & Presbyterian Hospital, AGM	5.250%	2/15/24	2,975,000	3,149,038
New York State Thruway Authority Highway & Bridge Trust Fund Revenue, AMBAC	5.000%	4/1/21	2,000,000	2,244,080
New York, NY, GO	5.000%	8/1/21	5,000,000	6,382,800
<i>Total New York</i>				11,775,918
<i>North Carolina 1.4%</i>				
North Carolina Eastern Municipal Power Agency, Power Systems Revenue	5.000%	1/1/26	1,750,000	2,035,723
<i>Ohio 6.3%</i>				
American Municipal Power-Ohio Inc., Electricity Purchase Revenue	5.000%	2/1/13	2,000,000	2,013,700
Kettering, OH, City School District, School Improvement, AGM	5.000%	12/1/19	1,000,000	1,091,870 (c)
Ohio State Air Quality Development Authority Revenue, FirstEnergy Generation Corp.	5.625%	6/1/18	1,000,000	1,167,160
Ohio State Water Development Authority, Pollution Control Facilities Revenue, FirstEnergy Nuclear Generation Corp.	3.375%	7/1/15	5,000,000	5,174,050 (f)
<i>Total Ohio</i>				9,446,780
<i>Oklahoma 2.0%</i>				
Grand River Dam Authority, OK, Revenue	5.000%	6/1/30	2,500,000	2,946,850
<i>Oregon 0.4%</i>				
Portland, OR, River District Urban Renewal & Redevelopment	5.000%	6/15/28	570,000	671,095
<i>Pennsylvania 5.9%</i>				
Montgomery County, PA, IDA Revenue, New Regional Medical Center Project, FHA	5.000%	8/1/24	2,000,000	2,347,880
Northampton County, PA, IDA Revenue, Mortgage Moravian Hall Square Project, Radian	5.500%	7/1/19	1,365,000	1,373,572

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Schedule of investments (cont d)

November 30, 2012

Western Asset Intermediate Muni Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Pennsylvania continued				
Pennsylvania State Public School Building Authority Lease Revenue, Philadelphia School District Project, AGM	5.000%	6/1/27	\$ 2,000,000	\$ 2,440,820
Philadelphia, PA, Gas Works Revenue, 7th General Ordinance, AMBAC	5.000%	10/1/17	1,000,000	1,154,150
Pittsburgh, PA, School District GO, AGM	5.375%	9/1/16	1,350,000	1,553,837
Total Pennsylvania				8,870,259
Puerto Rico 3.2%				
Puerto Rico Commonwealth Government Development Bank, NATL	4.750%	12/1/15	2,000,000	2,056,680
Puerto Rico Commonwealth, GO, Public Improvement	5.500%	7/1/26	2,500,000	2,714,900
Total Puerto Rico				4,771,580
Rhode Island 0.7%				
Central Falls, RI, GO, Radian	5.875%	5/15/15	1,000,000	1,001,650
South Carolina 0.7%				
Greenville County, SC, School District Installment Purchase, Revenue, Refunding, Building Equity	6.000%	12/1/21	1,100,000	1,111,000 (c)
Tennessee 5.5%				
Tennessee Energy Acquisition Corp., Gas Revenue	5.250%	9/1/20	2,030,000	2,406,382
Tennessee Energy Acquisition Corp., Gas Revenue	5.250%	9/1/23	4,940,000	5,898,657
Total Tennessee				8,305,039
Texas 6.5%				
Dallas-Fort Worth, TX, International Airport Revenue, Refunding, AGM	5.500%	11/1/20	1,000,000	1,085,310 (d)
El Paso County, TX, Housing Finance Corp., La Plaza Apartments, Subordinated	8.000%	7/1/30	235,000	235,252
El Paso County, TX, Housing Finance Corp., MFH Revenue, American Village Communities	6.250%	12/1/24	360,000	360,320
North Texas Tollway Authority Revenue, NATL	5.125%	1/1/28	2,000,000	2,269,000
Sabine River Authority, Texas PCR, Southwestern Electric Power Co., NATL	4.950%	3/1/18	3,000,000	3,401,250
Texas State Department Housing Community Affairs Home Mortgage Revenue, RIBS, GNMA/FNMA/FHLMC-Collateralized	11.670%	7/2/24	125,000	137,890 (d)(e)
Texas State Municipal Gas Acquisition & Supply Corp. III, Gas Supply Revenue	5.000%	12/15/22	2,000,000	2,332,860 (a)

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<i>Total Texas</i>					9,821,882
<i>Virginia 4.8%</i>					
Pittsylvania County, VA, GO	5.500%	2/1/22	540,000	658,373	
Pittsylvania County, VA, GO	5.500%	2/1/23	1,030,000	1,248,422	
Pittsylvania County, VA, GO	5.600%	2/1/24	2,490,000	3,024,354	

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Western Asset Intermediate Muni Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Virginia continued</i>				