

WESTERN ASSET INTERMEDIATE MUNI FUND INC.

Form N-Q

November 25, 2008

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

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-06506

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

55 Water Street, New York, NY
(Address of principal executive offices)

10041
(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: 1-800-451-2010

Date of fiscal year end: December 31,

Date of reporting period: September 30, 2008

ITEM 1. SCHEDULE OF INVESTMENTS

WESTERN ASSET INTERMEDIATE MUNI FUND INC.

FORM N-Q

SEPTEMBER 30, 2008

Western Asset Intermediate Muni Fund Inc.

Schedule of Investments (unaudited)

September 30, 2008

Face Amount	Security	Value
MUNICIPAL BONDS 98.8%		
Alabama 3.1%		
\$ 3,000,000	Alabama State Public School & College Authority, FSA, 5.125% due 11/1/15	\$ 3,048,420
1,225,000	Baldwin County, AL, Board of Education, Capital Outlay School Warrants, AMBAC, 5.000% due 6/1/20	1,228,516
1,000,000	Saraland, AL, GO, MBIA, 5.250% due 1/1/15	1,040,260
	Total Alabama	5,317,196
Alaska 1.7%		
1,000,000	Alaska Industrial Development & Export Authority Revenue, Williams Lynxs Alaska Cargo Port LLC, 8.000% due 5/1/23 (a)	981,400
500,000	Anchorage, AK, GO, Refunding, FGIC, 6.000% due 10/1/14	557,625
1,250,000	North Slope Boro, AK, Refunding, MBIA, 5.000% due 6/30/15	1,326,187
	Total Alaska	2,865,212
Arizona 0.2%		
308,000	Maricopa County, AZ, Hospital Revenue, St. Lukes Medical Center, 8.750% due 2/1/10 (b)	321,703
Arkansas 1.5%		
1,500,000	Arkansas State Development Finance Authority Hospital Revenue, Washington Regional Medical Center, 7.000% due 2/1/15 (c)	1,585,110
1,000,000	Warren County, AR, Solid Waste Disposal Revenue, Potlatch Corp. Project, 7.000% due 4/1/12 (a)	1,017,580
	Total Arkansas	2,602,690
California 2.7%		
1,500,000	Barona, CA, Band of Mission Indians, GO, 8.250% due 1/1/20	1,501,785
2,000,000	California Statewide CDA Revenue, Lodi Memorial Hospital, 5.000% due 12/1/22	1,829,060
5,000	Loma Linda, CA, Community Hospital Corp. Revenue, First Mortgage, 8.000% due 12/1/08 (b)	5,041
785,000	Los Angeles, CA, COP, Hollywood Presbyterian Medical Center, INDLC, 9.625% due 7/1/13 (b)	920,169
250,000	San Francisco, CA, Airport Improvement Corp. Lease Revenue, United Airlines Inc., 8.000% due 7/1/13 (b)	281,845
70,000	San Leandro, CA, Hospital Revenue, Vesper Memorial Hospital, 11.500% due 5/1/11 (b)	79,415
	Total California	4,617,315
Colorado 6.5%		
1,860,000	Broomfield, CO, COP, Open Space Park & Recreation Facilities, AMBAC, 5.500% due 12/1/20	1,860,223
	Colorado Educational & Cultural Facilities Authority Revenue Charter School:	
1,000,000	Bromley East Project, 7.000% due 9/15/20 (c)	1,109,710
1,155,000	Bromley School Project, XLCA, 5.125% due 9/15/20	1,148,347
1,350,000		1,222,803

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		Refunding & Improvement, University Lab School, XLCA, 5.250% due 6/1/24	
500,000		University Lab School Project, 6.125% due 6/1/21 (c)	539,920
710,000		Denver, CO, Health & Hospital Authority, 6.250% due 12/1/16 (c)	778,387
2,000,000		Public Authority for Colorado Energy, Natural Gas Purchase Revenue, 6.125% due 11/15/23	1,773,520
1,765,000		Pueblo, CO, Bridge Waterworks Water Revenue, Improvement, FSA, 6.000% due 11/1/14 (c)	1,887,791
750,000		SBC Metropolitan District, CO, GO, ACA, 5.000% due 12/1/25	659,288
		Total Colorado	10,979,989
Connecticut 2.2%			
2,000,000		Connecticut State HEFA Revenue, Bristol Hospital, 5.500% due 7/1/21	1,870,260

See Notes to Schedule of Investments.

Western Asset Intermediate Muni Fund Inc.

Schedule of Investments (unaudited)(continued)

September 30, 2008

Face Amount	Security	Value
Connecticut 2.2% (continued)		
\$ 1,855,000	Connecticut State Special Obligation Parking Revenue, Bradley International Airport, ACA, 6.375% due 7/1/12 (a)	\$ 1,817,121
	Total Connecticut	3,687,381
Florida 1.9%		
55,000	Lee County, FL, Southwest Florida Regional Airport Revenue, MBIA, 8.625% due 10/1/09 (b)	56,579
1,140,000	Old Palm Community Development District, FL, Palm Beach Gardens, 5.375% due 5/1/14	988,813
	Orange County, FL, Health Facilities Authority Revenue:	
395,000	First Mortgage Healthcare Facilities, 8.750% due 7/1/11	403,157
1,500,000	Hospital Adventist Health Systems, 6.250% due 11/15/24 (c)	1,659,825
130,000	Southern Adventist Hospital, Adventist Health Systems, 8.750% due 10/1/09 (b)	133,817
	Total Florida	3,242,191
Georgia 7.7%		
970,000	Athens, GA, Housing Authority Student Housing Lease Revenue, University of Georgia East Campus, AMBAC, 5.250% due 12/1/23	978,216
650,000	Chatham County, GA, Hospital Authority Revenue, Hospital Memorial Health Medical Center, 6.000% due 1/1/17	601,282
	Georgia Municipal Electric Authority:	
3,000,000	Power Revenue, Refunding, FSA, 5.000% due 1/1/18	3,072,300
410,000	Power System Revenue, 6.500% due 1/1/12	434,231
1,000,000	Griffin, GA, Combined Public Utilities Revenue, Refunding & Improvement, AMBAC, 5.000% due 1/1/21	981,080
6,000,000	Main Street Natural Gas Inc., GA, Gas Project Revenue, 5.500% due 9/15/24	4,891,980
2,015,000	Metropolitan Atlanta Rapid Transit Georgia Sales Tax Revenue, 7.000% due 7/1/11 (b)	2,176,039
	Total Georgia	13,135,128
Illinois 3.2%		
535,000	Bourbonnais, IL, Industrial Development Revenue, Refunding Kmart Corp. Project, 6.600% due 10/1/06 (d)	10,700
1,500,000	Chicago, IL, O Hare International Airport, Revenue, Refunding Bonds, Lien A-2, FSA, 5.750% due 1/1/19 (a)	1,441,545
1,000,000	Cicero, IL, Tax Increment, XLCA, 5.250% due 1/1/21	981,340
905,000	Glendale Heights, IL, Hospital Revenue, Refunding Glendale Heights Project, 7.100% due 12/1/15 (b)	1,022,867
365,000	Illinois Development Finance Authority, Chicago Charter School Foundation Project A, 5.250% due	377,936

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	175,000	12/1/12 (b) Illinois Health Facilities Authority Revenue, Methodist Medical Center of Illinois Project, 9.000% due 10/1/10	
		(b)	184,511
	1,310,000	Kane County, IL, GO, FGIC, 5.500% due 1/1/14	1,397,783
		Total Illinois	5,416,682
Indiana	2.8%		
	800,000	Ball State University, Indiana University Revenue, Student Fee, FGIC, 5.750% due 7/1/20 (c)	864,400
	4,000,000	Indianapolis, IN, Thermal Energy System, Multi-Mode, 5.000% due 10/1/23 (e)	3,710,600
	130,000	Madison County, IN, Hospital Authority Facilities Revenue, Community Hospital of Anderson Project, 9.250% due 1/1/10 (b)	135,755
		Total Indiana	4,710,755
Iowa	1.1%		
	1,000,000	Iowa Finance Authority, Health Care Facilities Revenue, Genesis Medical Center, 6.250% due 7/1/20	1,018,870

See Notes to Schedule of Investments.

Western Asset Intermediate Muni Fund Inc.

Schedule of Investments (unaudited)(continued)

September 30, 2008

Face Amount	Security	Value
Iowa 1.1% (continued)		
\$ 720,000	Muscatine, IA, Electric Revenue, 9.700% due 1/1/13 (b)	\$ 825,026
	Total Iowa	1,843,896
Louisiana 1.2%		
200,000	Louisiana Public Facilities Authority Hospital Revenue, Southern Baptist Hospital Inc. Project, Aetna, 8.000% due 5/15/12 (b)	220,638
1,690,000	Monroe, LA, Sales & Use Tax Revenue, FGIC, 5.625% due 7/1/25 (c)	1,857,141
	Total Louisiana	2,077,779
Maryland 1.8%		
860,000	Maryland State Health & Higher EFA Revenue, Refunding Mercy Medical Center, FSA, 6.500% due 7/1/13	929,565
2,000,000	Montgomery County, MD, GO, 5.250% due 10/1/14	2,117,880
	Total Maryland	3,047,445
Massachusetts 6.0%		
255,000	Boston, MA, Water & Sewer Commission Revenue, 10.875% due 1/1/09 (b)	260,243
1,130,000	Lancaster, MA, GO, AMBAC, 5.375% due 4/15/17	1,170,849
2,000,000	Massachusetts Educational Financing Authority Education Loan Revenue, 6.125% due 1/1/22 (a)	1,872,960
500,000	Massachusetts State DFA Revenue: Curry College, ACA, 6.000% due 3/1/20	504,200
370,000	VOA Concord, GNMA-Collateralized, 6.700% due 10/20/21 (c)	427,901
2,000,000	Massachusetts State HEFA Revenue: Caritas Christi Obligation: 6.500% due 7/1/12	2,028,080
835,000	6.750% due 7/1/16	852,836
1,000,000	Milford-Whitinsville Regional Hospital, 6.500% due 7/15/23 (c)	1,119,810
960,000	Winchester Hospital, 6.750% due 7/1/30 (c)	1,026,432
920,000	Massachusetts State Industrial Finance Agency Assisted Living Facility Revenue, Arbors at Amherst Project, GNMA-Collateralized, 5.750% due 6/20/17 (a)	930,985
	Total Massachusetts	10,194,296
Michigan 2.8%		
1,000,000	Jenison, MI, Public Schools GO, Building and Site, FGIC, 5.500% due 5/1/20	1,022,720
1,000,000	Michigan State, Hospital Finance Authority Revenue: Oakwood Obligated Group, 5.500% due 11/1/18	992,330
500,000	Refunding, Hospital Sparrow Obligated: 5.000% due 11/15/12	512,485
1,190,000	5.000% due 11/15/14	1,215,704
1,000,000	Walled Lake, MI, Consolidated School District, MBIA, 5.000% due 5/1/22	974,010
	Total Michigan	4,717,249
Missouri 3.0%		
1,000,000		915,960

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405,000	Hazelwood, MO, School District, Missouri Direct Deposit Program, FGIC, 5.000% due 3/1/23	
	Lees Summit, MO, IDA Health Facilities Revenue, John Knox Village, 5.750% due 8/15/11 (b)	435,010
2,500,000	Missouri State Environmental Improvement & Energy Resources Authority:	
1,000,000	KC Power & Light Co. Project, 4.900% due 7/1/13 (a)(e)(f)	2,420,675
	Water Pollution Control, State Revolving Funds Program, 5.250% due 7/1/18	1,079,870
10,000	Missouri State Housing Development Community Mortgage Revenue, GNMA/FNMA-Collateralized, 7.450% due 9/1/27 (a)	9,566

See Notes to Schedule of Investments.

Western Asset Intermediate Muni Fund Inc.

Schedule of Investments (unaudited)(continued)

September 30, 2008

Face Amount	Security	Value
Missouri 3.0% (continued)		
\$ 160,000	Nevada, MO, Waterworks Systems Revenue, AMBAC, 10.000% due 10/1/10 (b)	\$ 172,403
	Total Missouri	5,033,484
Nebraska 1.1%		
1,000,000	NebHELP Inc. Nebraska Revenue, MBIA: 6.200% due 6/1/13 (a)	1,000,550
1,000,000	6.450% due 6/1/18 (a)	953,280
	Total Nebraska	1,953,830
Nevada 0.2%		
275,000	Henderson, NV, Health Care Facilities Revenue, Unrefunded Balance, Catholic West, 6.200% due 7/1/09 (b)	282,860
New Hampshire 3.6%		
445,000	New Hampshire HEFA Revenue: Covenant Health: 6.500% due 7/1/17 (c)	493,607
265,000	6.500% due 7/1/17	277,299
6,400,000	Healthcare Systems Covenant Health, 5.000% due 7/1/28	5,373,696
	Total New Hampshire	6,144,602
New Jersey 1.9%		
295,000	New Jersey EDA Revenue, Cigarette Tax, 5.625% due 6/15/17	295,183
3,000,000	New Jersey State, Higher Education Assistance Authority, Student Loan Revenue, Student Loan, 5.875% due 6/1/21 (a)	2,804,190
110,000	Ringwood Borough, NJ, Sewer Authority Special Obligation, 9.875% due 7/1/13 (b)	128,500
	Total New Jersey	3,227,873
New Mexico 1.5%		
1,100,000	Bernalillo County, NM, Gross Receipts Tax Revenue, AMBAC, 5.250% due 10/1/18	1,176,791
1,415,000	New Mexico Finance Authority Revenue, Subordinated Lien, Public Project Revolving Fund, MBIA, 5.000% due 6/15/19	1,440,229
	Total New Mexico	2,617,020
New York 3.3%		
585,000	New York City, NY, IDA, Civic Facilities Revenue, Community Hospital Brooklyn, 6.875% due 11/1/10	587,217
3,025,000	New York State Dormitory Authority, New York & Presbyterian Hospital, FSA, 5.250% due 2/15/24	2,956,212
2,000,000	New York State Thruway Authority, Highway & Bridge, Trust Fund Revenue, AMBAC, 5.000% due 4/1/21	2,004,680
	Total New York	5,548,109
North Carolina 1.0%		
1,000,000	North Carolina Eastern Municipal Power Agency, Power System Revenue, 6.450% due 1/1/14	1,030,630

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	645,000	North Carolina Municipal Power Agency No. 1, Catawba Electricity Revenue, 10.500% due 1/1/10 (b)	679,604
		Total North Carolina	1,710,234
Ohio 5.5%	2,000,000	American Municipal Power-Ohio Inc., Electricity Purchase Revenue, 5.000% due 2/1/13	1,843,100
	1,370,000	Cleveland, OH, Waterworks Revenue, 5.250% due 1/1/21 (c)	1,461,489
	665,000	Cuyahoga County, OH, Hospital Facilities Revenue, Canton Inc. Project, 6.750% due 1/1/10	675,773

See Notes to Schedule of Investments.

Western Asset Intermediate Muni Fund Inc.

Schedule of Investments (unaudited)(continued)

September 30, 2008

Face Amount	Security	Value
Ohio 5.5% (continued)		
\$ 1,000,000	Kettering, OH, City School District, School Improvement, FSA, 5.000% due 12/1/19	\$ 1,025,500
115,000	Lake County, OH, Hospital Improvement Revenue: Lake County Memorial Hospital Project, 8.625% due 11/1/09 (b)	118,556
45,000	Ridgecliff Hospital Project, 8.000% due 10/1/09 (b)	46,144
3,010,000	Ohio State: GO, Conservation Project, 5.250% due 9/1/13	3,139,189
860,000	Water Development Authority Revenue: Refunding, Safe Water Service, 9.375% due 12/1/10 (b)(g)	900,609
110,000	Safe Water, 9.000% due 12/1/10 (b)	110,985
	Total Ohio	9,321,345
Oklahoma 0.6%		
500,000	Tulsa, OK, Municipal Airport Trust Revenue, Refunding American Airlines: 5.650% due 12/1/08 (a)(e)(f)	498,045
500,000	6.000% due 12/1/08 (a)(e)(f)	498,310
	Total Oklahoma	996,355
Oregon 0.5%		
855,000	Wasco County, OR, Solid Waste Disposal Revenue, Waste Connections Inc. Project, 7.000% due 3/1/12 (a)	860,600
Pennsylvania 5.7%		
495,000	Conneaut, PA, School District GO, AMBAC, 9.500% due 5/1/12 (b)	546,179
1,000,000	Harrisburg, PA, Parking Authority Parking Revenue, FSA, 5.500% due 5/15/20 (c)	1,082,550
1,365,000	Northampton County, PA, IDA Revenue, Mortgage Moravian Hall Square Project, Radian, 5.500% due 7/1/19	1,344,238
1,000,000	Pennsylvania State IDA Revenue, Economic Development, AMBAC, 5.500% due 7/1/21	1,014,060
1,000,000	Philadelphia, PA: Gas Works Revenue, 7th General Ordinance, AMBAC, 5.000% due 10/1/17	1,045,680
1,000,000	School District, FSA, 5.500% due 2/1/23 (c)	1,076,270
2,000,000	Water & Wastewater, FGIC, 5.250% due 11/1/14	2,083,200
1,350,000	Pittsburgh, PA, School District GO, FSA, 5.375% due 9/1/16	1,475,726
	Total Pennsylvania	9,667,903
Rhode Island 0.6%		
1,000,000	Central Falls, RI, GO, Radian, 5.875% due 5/15/15	1,027,920
South Carolina 4.3%		
1,445,000	Charleston, SC, Waterworks & Sewer Revenue, 5.250% due 1/1/16	1,500,011
1,100,000	Greenville County, SC, School District Installment Purchase, Revenue, Refunding, Building Equity, 6.000% due 12/1/21 (c)	1,226,412

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	5,030,000	South Carolina Transportation Infrastructure Bank Revenue, AMBAC, 5.000% due 10/1/29	4,506,578
		Total South Carolina	7,233,001
South Dakota	1.5%		
	2,400,000	Minnehaha County, SD, GO, Limited Tax Certificates, 5.625% due 12/1/20 (c)	2,463,312
Tennessee	3.8%		
	300,000	Jackson, TN, Water & Sewer Revenue, 7.200% due 7/1/12 (b)	324,336
	2,500,000	Tennessee Energy Acquisition Corp., Gas Revenue: 5.250% due 9/1/20	2,117,700

See Notes to Schedule of Investments.

Western Asset Intermediate Muni Fund Inc.

Schedule of Investments (unaudited)(continued)

September 30, 2008

Face Amount	Security	Value
Tennessee 3.8% (continued)		
\$ 5,000,000	5.250% due 9/1/23	\$ 4,082,650
	Total Tennessee	6,524,686
Texas 11.0%		
5,140,000	Austin Texas Electric Utility System Revenue, Refunding, AMBAC, 5.000% due 11/15/19	5,146,528
1,600,000	Brazos River, TX, Harbor Navigation District, BASF Corp. Project, 6.750% due 2/1/10	1,672,528
1,000,000	Dallas-Fort Worth, TX, International Airport Revenue, Refunding, FSA, 5.500% due 11/1/20 (a)	933,020
260,000	El Paso County, TX, Housing Finance Corp.:	
360,000	La Plaza Apartments, Subordinated, 8.000% due 7/1/30	245,198
	MFH Revenue, American Village Communities, 6.250% due 12/1/24	351,778
955,000	El Paso, TX, Water & Sewer Revenue, Refunding & Improvement, FSA:	
45,000	6.000% due 3/1/15 (c)	1,043,318
	6.000% due 3/1/15	48,827
2,000,000	Fort Worth, TX, Water & Sewer Revenue, 5.625% due 2/15/17 (c)	2,155,540
1,000,000	Harris County, TX, Hospital District Revenue, MBIA, 6.000% due 2/15/15 (c)	1,056,080
2,000,000	North Texas Tollway Authority Revenue, MBIA, 5.125% due 1/1/28	1,773,460
3,000,000	Sabine River Authority, Texas PCR, Southwestern Electric Power Co., MBIA, 4.950% due 3/1/18	2,861,280
1,000,000	Southwest Higher Education Authority Inc., Southern Methodist University Project, AMBAC, 5.500% due 10/1/19 (c)	1,083,650
125,000	Tarrant County, TX, Hospital Authority Revenue, Adventist Health System-Sunbelt, 10.250% due 10/1/10 (b)	133,894
175,000	Texas State Department Housing Community Affairs Home Mortgage Revenue, RIBS, GNMA/FNMA/FHLMC-Collateralized, 10.481% due 10/16/08 (a)(e)(h)	177,268
	Total Texas	18,682,369
Utah 0.9%		
1,135,000	Spanish Fork City, UT, Water Revenue, FSA:	
350,000	5.500% due 6/1/16	1,193,169
	5.500% due 6/1/16 (c)	379,225
	Total Utah	1,572,394
Washington 1.2%		
2,000,000	Energy Northwest Washington Electric Revenue, Project No. 3, FSA, 5.500% due 7/1/18	2,093,980
West Virginia 0.0%		
45,000	Cabell Putnam & Wayne Counties, WV, Single - Family Residence Mortgage Revenue, FGIC, 7.375% due 4/1/10 (b)	46,447
Wisconsin 1.2%		
2,000,000		1,959,140

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La Crosse, WI, Resource Recovery Revenue, Refunding
 Bonds, Northern States Power Co. Project, 6.000% due 11/1/21
 (a)

**TOTAL INVESTMENTS BEFORE SHORT-TERM
 INVESTMENTS** (Cost \$173,776,858) 167,744,371

SHORT-TERM INVESTMENT 1.2%
Pennsylvania 1.2%
 2,000,000

Langhorne Manor Boro, PA, Higher Education & Health
 Authority Retirement, Wesley Enhanced Living, Radian,
 LOC-Citizens Bank of Pennsylvania, SPA-Citizens Bank of
 Pennsylvania, 4.350%, 10/1/08 (i) (Cost - \$2,000,000) 2,000,000
TOTAL INVESTMENTS 100.0% (Cost \$175,776,858#) 169,744,371

See Notes to Schedule of Investments.

Western Asset Intermediate Muni Fund Inc.

Schedule of Investments (unaudited) (continued)

September 30, 2008

-
- (a) Income from this issue is considered a preference item for purposes of calculating the alternative minimum tax (AMT).
- (b) Bonds are escrowed to maturity by government securities and/or U.S. government agency securities and are considered by the manager to be triple-A rated even if issuer has not applied for new ratings.
- (c) Pre-Refunded bonds are escrowed with U.S. government obligations and/or U.S. government agency securities and are considered by the manager to be triple-A rated even if issuer has not applied for new ratings.
- (d) Security is currently in default.
- (e) Variable rate security. Interest rate disclosed is that which is in effect at September 30, 2008.
- (f) Maturity date shown represents the mandatory tender date.
- (g) All or a portion of this security is held at the broker as collateral for open futures contracts.
- (h) Residual interest bonds coupon varies inversely with level of short-term tax-exempt interest rates.
- (i) Variable rate demand obligations have a demand feature under which the Fund can tender them back to the issuer on no more than 7 days notice. Date shown is the date of the next interest rate change.
- # Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

ACA	-	American Capital Assurance - Insured Bonds
AMBAC	-	Ambac Assurance Corporation - Insured Bonds
CDA	-	Community Development Authority
COP	-	Certificate of Participation
DFA	-	Development Finance Agency
EDA	-	Economic Development Authority
EFA	-	Educational Facilities Authority
FGIC	-	Financial Guaranty Insurance Company - Insured Bonds
FHLMC	-	Federal Home Loan Mortgage Corporation
FNMA	-	Federal National Mortgage Association
FSA	-	Financial Security Assurance - Insured Bonds
GNMA	-	Government National Mortgage Association
GO	-	General Obligation
HEFA	-	Health & Educational Facilities Authority
IDA	-	Industrial Development Authority
INDLC	-	Industrial Indemnity Company - Insured Bonds
LOC	-	Letter of Credit
MBIA	-	Municipal Bond Investors Assurance Corporation - Insured Bonds
MFH	-	Multi-Family Housing
PCR	-	Pollution Control Revenue
RIBS	-	Residual Interest Bonds
Radian	-	Radian Asset Assurance
SPA	-	Standby Bond Purchase Agreement - Insured Bonds
XLCA	-	XL Capital Assurance Inc. - Insured Bonds

See Notes to Schedule of Investments.

Western Asset Intermediate Muni Fund Inc.

Schedule of Investments (unaudited) (continued)

September 30, 2008

Summary of Investments by Sector *

Pre-Refunded/Escrowed to Maturity	22.8%
Hospitals	14.4
Electric	12.5
Industrial Development	11.5
Local General Obligation	8.7
Education	7.9
Transportation	7.4
Water & Sewer	3.5
Leasing	3.1
Resource Recovery	2.5
Other Revenue	2.2
State General Obligation	1.8
Special Tax	1.3
Housing	0.4
	100.0%

*As a percentage of total investments. Please note that Fund holdings are as of September 30, 2008 and are subject to change.

Ratings Table

S&P/Moody's/Fitch	
AAA/Aaa	27.3%
AA/ Aa	34.5
A	17.4
BBB/Baa	12.9
BB/Ba	1.7
B	0.6
A-1/VMIG1	1.2
NR	4.4
	100.0%

As a percentage of total investments.

S&P primary rating; Moody's secondary; then Fitch

See pages 9 and 10 for definitions of ratings.

See Notes to Schedule of Investments.

Bond Ratings (unaudited)

The definitions of the applicable rating symbols are set forth below:

Standard & Poor's Ratings Service (Standard & Poor's) Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standings within the major rating categories.

AAA	Bonds rated AAA have the highest rating assigned by Standard & Poor's. Capacity to pay interest and repay principal is extremely strong.
AA	Bonds rated AA have a very strong capacity to pay interest and repay principal and differ from the highest rated issues only in a small degree.
A	Bonds rated A have a strong capacity to pay interest and repay principal although they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.
BBB	Bonds rated BBB are regarded as having an adequate capacity to pay interest and repay principal. Whereas they normally exhibit adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for bonds in this category than in higher rated categories.
BB, B, CCC, CC and C	Bonds rated BB, B, CCC, CC and C are regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. BB represents the lowest degree of speculation and C the highest degree of speculation. While such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.
D	Bonds rated D are in default and payment of interest and/or repayment of principal is in arrears.

Moody's Investors Service (Moody's) Numerical modifiers 1, 2 and 3 may be applied to each generic rating from Aaa to Caa, where 1 is the highest and 3 the lowest ranking within its generic category.

Aaa	Bonds rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes can be visualized as most unlikely to impair the fundamentally strong position of such issues.
Aa	Bonds rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities.
A	Bonds rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment some time in the future.
Baa	Bonds rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.
Ba	Bonds rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and therefore

Bond Ratings (unaudited)(continued)

	not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.
B	Bonds rated B generally lack characteristics of desirable investments. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.
Caa	Bonds rated Caa are of poor standing. These may be in default, or present elements of danger may exist with respect to principal or interest.
Ca	Bonds rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked short-comings.
C	Bonds rated C are the lowest class of bonds and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Fitch Ratings Service (Fitch) Ratings from AA to CCC may be modified by the addition of a plus (+) or minus () sign to show relative standings within the major rating categories.

AAA	Bonds rated AAA have the highest rating assigned by Fitch. Capacity to pay interest and repay principal is extremely strong.
AA	Bonds rated AA have a very strong capacity to pay interest and repay principal and differ from the highest rated issues only in a small degree.
A	Bonds rated A have a strong capacity to pay interest and repay principal although they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.
BBB	Bonds rated BBB are regarded as having an adequate capacity to pay interest and repay principal. Whereas they normally exhibit adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for bonds in this category than in higher rated categories.
BB, B, CCC and CC	Bonds rated BB , B , CCC and CC are regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. BB represents a lower degree of speculation than B , and CC the highest degree of speculation. While such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.
NR	Indicates that the bond is not rated by Standard & Poor s, Moody s or Fitch.

Short-Term Security Ratings (unaudited)

SP-1	Standard & Poor s highest rating indicating very strong or strong capacity to pay principal and interest; those issues determined to possess overwhelming safety characteristics are denoted with a plus (+) sign.
A-1	Standard & Poor s highest commercial paper and variable-rate demand obligation (VRDO) rating indicating that the degree of safety regarding timely payment is either overwhelming or very strong; those issues determined to possess overwhelming safety characteristics are denoted with a plus (+) sign.
VMIG 1	Moody s highest rating for issues having a demand feature VRDO.
MIG1	Moody s highest rating for short-term municipal obligations.
P-1	Moody s highest rating for commercial paper and for VRDO prior to the advent of the VMIG 1 rating.
F1	Fitch s highest rating indicating the strongest capacity for timely payment of financial commitments; those issues determined to possess overwhelming strong credit feature are denoted with a plus (+) sign.

Notes to Schedule of Investments (unaudited)

1. Organization and Significant Accounting Policies

Western Asset Intermediate Muni Fund Inc. (the Fund) was incorporated in Maryland on December 19, 1991 and is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Board of Directors authorized 100 million shares of \$0.001 par value common stock. 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.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP).

(a) Financial Futures Contracts. The Fund may enter into financial futures contracts typically to hedge a portion of the portfolio. Upon entering into a financial futures contract, the Fund is required to deposit cash or securities as initial margin, equal in value to a certain percentage of the contract amount (initial margin deposit). Additional securities are also segregated up to the current market value of the financial futures contracts. Subsequent payments, known as variation margin, are made or received by the Fund each day, depending on the daily fluctuations in the value of the underlying financial instruments. For foreign currency denominated futures contracts, variation margins are not settled daily. The Fund recognizes an unrealized gain or loss equal to the fluctuation in the value. When the financial futures contracts are closed, a realized gain or loss is recognized equal to the difference between the proceeds from (or cost of) the closing transactions and the Fund's basis in the contracts.

The risks associated with entering into financial futures contracts include the possibility that a change in the value of the contract may not correlate with the changes in the value of the underlying financial instruments. In addition, investing in financial futures contracts involves the risk that the Fund could lose more than the initial margin deposit and subsequent payments required for a futures transaction. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

(b) Security Transactions. Security transactions are accounted for on a trade date basis.

2. Investment Valuation

Effective January 1, 2008, the Fund adopted Statement of Financial Accounting Standards No. 157 (FAS 157). FAS 157 establishes a single definition of fair value, creates a three-tier hierarchy as a framework for measuring fair value based on inputs used to value the Fund's investments, and requires additional disclosure about fair value. The hierarchy of inputs is summarized below.

- Level 1 quoted prices in active markets for identical investments

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- Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

Securities are valued at the mean between the last quoted bid and asked prices provided by an independent pricing service that are based on transactions in municipal obligations, quotations from municipal bond dealers, market transactions in comparable securities and various other relationships between securities. When prices are not readily available, or are determined not to reflect fair value, the Fund may value these securities at fair value as determined in accordance with the procedures approved by the Fund's Board of Directors. Short-term obligations with maturities of 60 days or less are valued at amortized cost, which approximates fair value.

The following is a summary of the inputs used in valuing the Fund's assets carried at fair value:

	September 30, 2008	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments in Securities	\$169,744,371		\$169,744,371	
Other Financial Instruments*	247,653	\$247,653		
Total	\$169,992,024	\$247,653	\$169,744,371	

* Other financial instruments include futures contracts.

Notes to Schedule of Investments (unaudited) (continued)

3. Investments

At September 30, 2008, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$	2,709,974
Gross unrealized depreciation		(8,742,461)
Net unrealized depreciation	\$	(6,032,487)

At September 30, 2008, the Fund had the following open futures contracts:

	Number of Contracts	Expiration Date	Basis Value	Market Value	Unrealized Gain
Contracts to Sell:					
U.S. 10-Year Treasury Notes	345	12/08	\$39,793,278	\$39,545,625	\$247,653

4. Recent Accounting Pronouncement

In March 2008, the Financial Accounting Standards Board issued the Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities* (FAS 161). FAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. FAS 161 requires enhanced disclosures about the Fund's derivative and hedging activities, including how such activities are accounted for and their effect on the Fund's financial position, performance and cash flows. Management is currently evaluating the impact the adoption of FAS 161 will have on the Fund's financial statements and related disclosures.

ITEM 2. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Western Asset Intermediate Muni Fund Inc.

By /s/ R. Jay Gerken
R. Jay Gerken
Chief Executive Officer

Date: November 25, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ R. Jay Gerken
R. Jay Gerken
Chief Executive Officer

Date: November 25, 2008

By /s/ Kaprel Ozsolak
Kaprel Ozsolak
Chief Financial Officer

Date: November 25, 2008
