

WESTERN ASSET MANAGED MUNICIPALS FUND INC.
Form N-CSRS
January 25, 2012

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 811-6629

Western Asset Managed Municipals Fund Inc.
(Exact name of registrant as specified in charter)

620 Eighth Avenue, 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: May 31

Date of reporting period: November 30, 2011

ITEM 1. REPORT TO STOCKHOLDERS.

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

November 30, 2011

Semi-Annual Report

Western Asset Managed Municipals Fund Inc.
(MMU)

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

Western Asset Managed Municipals Fund Inc.

II

Fund objective

The Fund seeks to maximize current income exempt from federal income tax* as is consistent with preservation of principal.

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

What's inside

Letter from the chairman	II
Investment commentary	III
Fund at a glance	1
Spread duration	2
Effective duration	3
Schedule of investments	4
Statement of assets and liabilities	18
Statement of operations	19
Statements of changes in net assets	20
Financial highlights	21
Notes to financial statements	22
Board approval of management and subadvisory agreements	29
Additional shareholder information	35
Dividend reinvestment plan	36

Letter from the chairman

Dear Shareholder,

We are pleased to provide the semi-annual report of Western Asset Managed Municipals Fund Inc. for the six-month reporting period ended November 30, 2011. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

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

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

We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

December 30, 2011

Investment commentary

Economic review

Although the U.S. economy continued to grow over the six months ended November 30, 2011, the pace of the expansion was generally disappointing. U.S. gross domestic product (GDP)i growth, as reported by the U.S. Department of Commerce, has been less robust than during most other periods exiting a severe recession. Looking back, the Commerce Department reported that first and second quarter 2011 GDP growth were 0.4% and 1.3%, respectively. For comparison purposes, GDP growth was 3.0% for calendar 2010 as a whole. This moderation in growth during the first half of the calendar year was due to a variety of factors, including less robust export activity and a deceleration in consumer spending given higher oil and food prices. Third quarter GDP growth then rose to 1.8%. Improving growth was attributed, in part, to higher consumer spending, which grew 1.7% in the third quarter, versus a modest 0.7% gain in the second quarter.

Two factors holding back the economy have been the weak job market and continued strains in the housing market. While there was some improvement late in the reporting period, unemployment remained elevated. As reported by the U.S. Department of Labor, unemployment was 9.2% in June 2011, its highest reading since December 2010. Unemployment stayed at or above 9.0% over the next four months, before falling to 8.6% in November, its lowest rate since March 2009.

The housing market continued to experience challenges. Looking back, existing-home sales moved somewhat higher toward the end of 2010 and in January 2011, according to the National Association of Realtors (NAR). Existing-home sales then declined during five of the next ten months. Existing-home prices were weak versus a year ago, with the NAR reporting that the median existing-home price for all housing types was \$164,200 in November 2011, down 3.5% from November 2010.

While the manufacturing sector continued to expand, it experienced a soft patch during a portion of the reporting period. Based on the Institute for Supply Management's PMI (PMI)ii, in June 2011 it had a reading of 55.3 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). The PMI then declined over the next two months and was 50.6 in August 2011, its lowest reading in two years. However, the manufacturing sector gained some momentum late in the period and ended November at 52.7.

Western Asset Managed Municipals Fund Inc.

IV

Investment commentary (cont d)

Market review

Q. Did Treasury yields trend higher or lower during the six months ended November 30, 2011?

A. Both short- and long-term Treasury yields fluctuated but, overall, moved lower. When the period began, two- and ten-year Treasury yields were 0.45% and 3.05%, respectively. Yields initially moved higher, as two-year Treasury yields peaked at 0.50% and ten-year Treasuries peaked at 3.22% on July 1, 2011. Yields then generally declined due to disappointing economic data and increased risk aversion. During the height of the flight to quality in September 2011, two-year Treasuries hit their low for the reporting period of 0.16% and ten-year Treasuries reached their reporting period trough of 1.72%. With risk appetite increasing, yields generally moved higher in October. Two-year Treasury yields again moved higher in November, whereas ten-year Treasury yields declined during the month. When the reporting period ended on November 30, 2011, two-year Treasury yields were 0.25% and ten-year Treasury yields were 2.08%.

Q. How did the Federal Reserve Board (Fed)iii respond to the economic environment?

A. The Fed 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 rateiv at a historically low range between zero and 0.25%. In addition, in August 2011, the Fed declared its intention to keep the federal funds rate on hold until mid-2013. In September 2011, the Fed announced its intention to purchase \$400 billion of longer-term Treasury securities and to sell an equal amount of shorter-term Treasury securities by June 2012 (often referred to as Operation Twist). Finally, at its meeting in December (after the reporting period ended), the Fed potentially opened the door to another round of quantitative easing in 2012, saying it is prepared to employ its tools to promote a stronger economic recovery in a context of price stability.

Q. What factors impacted the spread sectors (non-Treasuries) during the reporting period?

A. The spread sectors experienced periods of heightened volatility during the period. Risk aversion was often elevated during the first four months of the period given a host of disappointing economic data, a further escalation of the European sovereign debt crisis and the downgrading of U.S. government securities by Standard & Poor s. Risk appetite returned in October due to some better-than-expected economic data and signs of progress in Europe. However, risk aversion increased again in November, given renewed fears regarding the European sovereign debt crisis. While most U.S. spread sectors posted positive results during the six-month reporting period, they produced mixed results versus equal-durationv Treasuries.

Q. How did the municipal bond market perform versus the taxable bond market over the reporting period?

A. The municipal bond market outperformed its taxable bond counterpart during the six months ended November 30, 2011. Over that period, the Barclays Capital Municipal Bond Index^{vi} and the Barclays Capital U.S. Aggregate Index^{vii} returned 4.40% and 3.54%, respectively. The municipal bond market outperformed the taxable bond market during four of the six months of

the period given improving tax revenues, a sharp decline in new issuance, increased demand and low default rates. Additionally, investor sentiment improved as a number of states made progress toward shoring up their financial situation by raising taxes and cutting expenses.

Performance review

For the six months ended November 30, 2011, Western Asset Managed Municipals Fund Inc. returned 7.44% based on its net asset value (NAV)^{viii} and 12.35% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmark, the Barclays Capital Municipal Bond Index, returned 4.40% over the same time frame. The Lipper General & Insured Municipal Debt (Leveraged) Closed-End Funds Category Average^{ix} returned 7.86% for the same period. 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 this six-month period, the Fund made distributions to common stock shareholders totaling \$0.39 per share, which may have included a return of capital. The performance table shows the Fund's six-month total return based on its NAV and market price as of November 30, 2011. **Past performance is no guarantee of future results.**

Performance Snapshot as of November 30, 2011 (unaudited)

Price Per Share	6-Month Total Return*
\$12.84 (NAV)	7.44%
\$13.35 (Market Price)	12.35%

All figures represent past performance and are not a guarantee of future results. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.

* Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund's Dividend Reinvestment Plan.

Looking for additional information?

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

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

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

Western Asset Managed Municipals Fund Inc.

VI

Investment commentary (cont d)

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

December 30, 2011

RISKS: *The Fund's investments are subject to a number of risks such as liquidity risk, interest rate risk, credit risk, leveraging risk and management risk. As interest rates rise, the price of fixed-income investments declines. Lower-rated, higher-yielding bonds are subject to greater credit risk than higher-rated investment grade securities. 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 make significant investments in derivative instruments. Derivative instruments can be illiquid, may disproportionately increase losses and could have a potentially large impact on Fund performance. Leverage may result in greater volatility of NAV and market price of common shares and may increase a shareholder's risk of loss.*

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 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.

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- 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.
- 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 The Barclays Capital Municipal Bond Index is a market value weighted index of investment grade municipal bonds with maturities of one year or more.
- vii The Barclays Capital U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- viii Net asset value (NAV) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- ix Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended November 30, 2011, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 82 funds in the Fund's Lipper category.

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, 2011 and May 31, 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.

Western Asset Managed Municipals Fund Inc. 2011 Semi-Annual Report

2

Spread duration (unaudited)

Economic Exposure November 30, 2011

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

MMU	Western Asset Managed Municipals Fund Inc.
BC Muni Bond	Barclays Capital Municipal Bond Index

Effective duration (unaudited)

Interest Rate Exposure November 30, 2011

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.

MMU Western Asset Managed Municipals Fund Inc.
BC Muni Bond Barclays Capital Municipal Bond Index

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4 Western Asset Managed Municipals Fund Inc. 2011 Semi-Annual Report

Schedule of investments (unaudited)

November 30, 2011

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Municipal Bonds 99.5%				
Arizona 4.5%				
Greater Arizona Development Authority, Development Authority Infrastructure Revenue, Pinal County Road Project, NATL	5.000%	8/1/19	\$ 3,705,000	\$ 4,019,554
Phoenix, AZ, Civic Improvement Corp. Airport Revenue	5.000%	7/1/40	5,000,000	5,058,900
Phoenix, AZ, Civic Improvement Corp. Airport Revenue, Senior Lien, FGIC	5.250%	7/1/22	3,000,000	3,021,090(a)
Phoenix, AZ, GO	5.000%	7/1/27	580,000	586,786
Phoenix, AZ, GO	5.000%	7/1/27	420,000	431,399(b)
Salt Verde, AZ, Financial Corp. Gas Revenue	5.000%	12/1/32	15,000,000	13,984,500
Salt Verde, AZ, Financial Corp. Gas Revenue	5.000%	12/1/37	7,040,000	6,465,184
Salt Verde, AZ, Financial Corp. Senior Gas Revenue	5.250%	12/1/28	2,000,000	1,969,080
Total Arizona				35,536,493
California 13.6%				
Bay Area Toll Authority, CA, Toll Bridge Revenue, San Francisco Bay Area	5.125%	4/1/39	21,700,000	22,715,777
California EFA Revenue, Pooled College, Western University of Health Sciences	5.625%	7/1/23	1,170,000	1,021,047
California Health Facilities Financing Authority Revenue, Stanford Hospital & Clinics	5.150%	11/15/40	2,000,000	2,038,700
California Housing Finance Agency Revenue, Home Mortgage	4.700%	8/1/24	3,100,000	2,790,186(a)
California Statewide CDA Revenue, Methodist Hospital Project, FHA	6.625%	8/1/29	5,885,000	7,021,864
Garden Grove, CA, Agency for Community Development, Tax Allocation, Refunding, AMBAC	5.000%	10/1/29	7,375,000	6,633,444
Imperial Irrigation District, CA, Electric Revenue	5.500%	11/1/41	2,750,000	2,904,358
Los Angeles, CA, Convention & Exhibition Center Authority, Lease Revenue	5.125%	8/15/22	7,250,000	7,598,580
Los Angeles, CA, Department of Airports Revenue, Los Angeles International Airport	5.000%	5/15/40	7,215,000	7,543,283
M-S-R Energy Authority, CA	7.000%	11/1/34	3,000,000	3,503,670
M-S-R Energy Authority, CA, Gas Revenue	6.500%	11/1/39	9,000,000	9,972,270
Modesto, CA, Irrigation District, COP, Capital Improvements	6.000%	10/1/39	6,500,000	6,812,780
Rancho Cucamonga, CA, RDA, Tax Allocation, Rancho Redevelopment Projects, NATL	5.125%	9/1/30	3,340,000	3,149,653
Sacramento County, CA, COP, Unrefunded Balance, Public Facilities Project, NATL	5.375%	2/1/19	1,145,000	1,145,996
San Bernardino County, CA, COP, Arrowhead Project	5.125%	8/1/24	5,185,000	5,345,165

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
California continued				
San Mateo County Community College District, COP, NATL	5.000%	10/1/25	\$ 3,000,000	\$ 3,369,720(b)
Shafter Wasco Irrigation District Revenue, CA, COP	5.000%	11/1/40	5,000,000	5,049,900
Walnut, CA, Energy Center Authority Revenue	5.000%	1/1/40	7,745,000	7,775,360
Total California				106,391,753
Colorado 8.3%				
Colorado Health Facilities Authority Revenue:				
Catholic Health Initiatives	5.000%	9/1/41	4,000,000	3,963,000
Sisters Leavenworth	5.000%	1/1/35	6,000,000	5,999,760
Denver, CO, City & County Airport Revenue	6.125%	11/15/25	10,945,000	14,295,155(a)(c)
Denver, CO, City & County Airport Revenue, Unrefunded Balance	6.125%	11/15/25	13,630,000	13,668,573(a)
El Paso County, CO, COP, Detention Facility Project, AMBAC	5.000%	12/1/23	1,700,000	1,778,829(b)
Garfield County, CO, GO:				
School District No. 2, AGM, State Aid Withholding	5.000%	12/1/23	2,300,000	2,406,651(b)
School District No. 2, AGM, State Aid Withholding	5.000%	12/1/25	1,000,000	1,046,370(b)
Public Authority for Colorado Energy, Natural Gas Purchase Revenue	6.500%	11/15/38	20,000,000	21,523,400
Total Colorado				64,681,738
Delaware 0.6%				
Delaware State EDA Revenue, Indian River Power LLC	5.375%	10/1/45	5,000,000	4,623,750
District of Columbia 1.9%				
District of Columbia, Hospital Revenue, Children's Hospital Obligation, AGM	5.450%	7/15/35	14,495,000	14,921,443
Florida 8.0%				
Florida State Department of Transportation, GO, Right of Way Project, FGIC				
Jacksonville, FL, Electric Authority, Electric System Revenue	5.000%	7/1/25	1,465,000	1,498,827
Martin County, FL, IDA Revenue, Indiantown Cogeneration Project	5.000%	10/1/28	3,305,000	3,383,990
	7.875%	12/15/25	6,500,000	6,527,170(a)
Miami Beach, FL, Stormwater Revenue, FGIC	5.375%	9/1/30	1,290,000	1,297,043
Miami-Dade County, FL, Aviation Revenue	5.500%	10/1/41	10,000,000	10,261,100
Miami-Dade County, FL, Aviation Revenue, Miami International Airport	5.375%	10/1/35	10,705,000	10,949,395
Miami-Dade County, FL, Expressway Authority Toll System Revenue	5.000%	7/1/40	10,000,000	9,960,400
Orange County, FL, Health Facilities Authority Revenue, Hospital-Orlando Regional Healthcare	5.000%	11/1/35	4,545,000	4,629,764

See Notes to Financial Statements.

6 Western Asset Managed Municipals Fund Inc. 2011 Semi-Annual Report

Schedule of investments (unaudited) (cont d)

November 30, 2011

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Florida continued				
Orange County, FL, School Board, COP, AGC	5.500%	8/1/34	\$ 8,000,000	\$ 8,587,760
Orlando, FL, State Sales Tax Payments Revenue	5.000%	8/1/32	5,000,000	5,272,950
Total Florida				62,368,399
Georgia 3.6%				
Atlanta, GA, Water & Wastewater Revenue	6.250%	11/1/39	13,000,000	14,462,110
DeKalb, Newton & Gwinnett Counties, GA, Joint Development Authority Revenue, GGC Foundation LLC Project	6.125%	7/1/40	6,220,000	6,803,871
Main Street Natural Gas Inc., GA, Gas Project Revenue	5.000%	3/15/22	4,000,000	3,896,240
Private Colleges & Universities Authority Revenue:				
Mercer University Project, Refunding	5.250%	10/1/25	2,000,000	2,000,360
Mercer University Project, Refunding	5.375%	10/1/29	1,000,000	999,970
Total Georgia				28,162,551
Hawaii 0.9%				
Hawaii State Airports System Revenue	5.000%	7/1/39	7,000,000	7,092,260
Illinois 9.5%				
Chicago, IL, O Hare International Airport Revenue	5.625%	1/1/35	6,415,000	6,873,416
Chicago, IL, O Hare International Airport Revenue	5.750%	1/1/39	6,000,000	6,479,160
Illinois Finance Authority Revenue:				
Advocate Health Care & Hospitals Corp. Network	6.250%	11/1/28	2,445,000	2,704,072
Alexian, AGM	5.500%	1/1/28	12,530,000	13,293,578
Depaul University	6.125%	10/1/40	5,000,000	5,334,000
Memorial Health System	5.500%	4/1/39	7,000,000	7,070,770
Metropolitan Pier & Exposition Authority, IL, Dedicated State Tax Revenue, McCormick Project	5.250%	6/15/50	32,000,000	32,217,920(d)
Total Illinois				73,972,916
Indiana 2.0%				
Indiana Finance Authority, Wastewater Utility Revenue, CWA Authority	5.000%	10/1/41	5,000,000	5,096,900
Indianapolis, IN, Thermal Energy System	5.000%	10/1/25	5,000,000	5,376,000(e)
Richmond, IN, Hospital Authority Revenue, Reid Hospital & Health Care Services Inc. Project	6.625%	1/1/39	5,000,000	5,447,750
Total Indiana				15,920,650
Kentucky 1.4%				
Louisville & Jefferson County, KY, Metropolitan Government Health System Revenue, Norton Healthcare Inc.	5.250%	10/1/36	11,000,000	10,983,940

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Maryland 1.0%				
Baltimore, MD, Project Revenue:				
Refunding, Wastewater Projects, FGIC	5.125%	7/1/32	\$ 2,500,000	\$ 2,521,625
Refunding, Wastewater Projects, FGIC	5.200%	7/1/32	2,000,000	2,018,140
Maryland State Health & Higher EFA Revenue, Johns Hopkins Hospital Issue	5.000%	11/15/26	3,075,000	3,344,924(b)
Total Maryland				7,884,689
Massachusetts 3.7%				
Massachusetts DFA Revenue, Merrimack College Issue, NATL	5.200%	7/1/32	1,125,000	1,048,297
Massachusetts State DFA Revenue:				
Boston University	5.000%	10/1/29	3,000,000	3,172,770
Boston University, AMBAC	5.000%	10/1/39	3,500,000	3,537,345
Broad Institute Inc.	5.250%	4/1/37	8,000,000	8,237,120
Massachusetts State HEFA Revenue, Suffolk University	5.750%	7/1/39	8,000,000	8,221,760
Massachusetts State Housing Finance Agency Revenue	7.000%	12/1/38	4,575,000	4,941,229
Total Massachusetts				29,158,521
Michigan 1.7%				
Lansing, MI, Board of Water & Light Utility System Revenue	5.000%	7/1/37	7,000,000	7,341,740
Michigan State Hospital Finance Authority Revenue, Refunding, Trinity Health Credit	5.375%	12/1/23	1,500,000	1,575,105(b)
Royal Oak, MI, Hospital Finance Authority Revenue, William Beaumont Hospital	8.250%	9/1/39	4,000,000	4,733,000
Total Michigan				13,649,845
Minnesota 0.2%				
Dakota County, MN, CDA, MFH Revenue, Southfork Apartments, LIQ-FNMA	5.625%	2/1/26	1,500,000	1,468,530
Missouri 1.8%				
Greene County, MO, Reorganized School District No. 8, GO,				
Missouri State Aid Direct Deposit Program, AGM	5.100%	3/1/22	1,500,000	1,516,140
Kansa City, MO, Water Revenue	5.250%	12/1/32	1,000,000	1,086,980
Missouri State HEFA Revenue, Children s Mercy Hospital	5.625%	5/15/39	6,000,000	6,264,600
Platte County, MO, IDA Revenue, Refunding & Improvement Zona Rosa Retail Project	5.000%	12/1/32	5,000,000	5,296,700
Total Missouri				14,164,420
Montana 1.1%				
Montana State Board of Investment, Resource Recovery Revenue, Yellowstone Energy LP Project	7.000%	12/31/19	8,585,000	8,267,698(a)

See Notes to Financial Statements.

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Western Asset Managed Municipals Fund Inc. 2011 Semi-Annual Report

8

Schedule of investments (unaudited) (cont d)

November 30, 2011

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Nebraska 0.4%				
Nebraska Public Power Generation Agency Revenue, Whelan Energy Center Unit 2-A, AMBAC	5.000%	1/1/25	\$ 3,000,000	\$ 3,105,750
Nevada 1.7%				
Reno, NV, Hospital Revenue, Washoe Medical Centre, AGM	5.500%	6/1/33	12,750,000	13,007,550
New Jersey 4.1%				
New Jersey State Higher Education Assistance Authority, Student Loan Revenue	5.625%	6/1/30	12,320,000	13,037,886
New Jersey State Higher Education Assistance Authority, Student Loan Revenue, AGC	6.125%	6/1/30	10,000,000	10,459,100(a)
New Jersey State Housing & Mortgage Finance Agency Revenue	6.375%	10/1/28	6,465,000	6,957,504
South Jersey Port Corp., New Jersey Revenue, Refunding	5.000%	1/1/26	1,350,000	1,372,086
Total New Jersey				31,826,576
New Mexico 0.7%				
New Mexico State Hospital Equipment Loan Council, Hospital Revenue, Presbyterian Healthcare Services	6.125%	8/1/28	5,000,000	5,516,850
New York 8.5%				
Liberty, NY, Development Corporation Revenue:				
Goldman Sachs Headquarters	5.250%	10/1/35	9,000,000	9,122,040
Goldman Sachs Headquarters	5.500%	10/1/37	8,985,000	9,058,587
Long Island Power Authority, NY, Electric System Revenue	6.000%	5/1/33	24,570,000	27,524,542
MTA, NY, Revenue	5.250%	11/15/40	5,000,000	5,187,700
New York City, NY, TFA, Building Aid Revenue	5.000%	1/15/32	4,000,000	4,212,360
New York Liberty Development Corp., Liberty Revenue:				
4 World Trade Center LLC Project	5.750%	11/15/51	5,000,000	5,298,900
Second Priority, Bank of America Tower	5.125%	1/15/44	1,000,000	1,002,250
New York State Dormitory Authority Revenue, Willow Towers Inc. Project, GNMA-Collateralized	5.250%	2/1/22	960,000	997,680
Port Authority of New York & New Jersey	5.000%	1/15/41	3,820,000	4,022,575
Total New York				66,426,634
North Carolina 0.5%				
Harnett County, NC, GO, Refunded Custody Receipts, AMBAC	5.250%	6/1/24	1,615,000	1,713,887

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
North Carolina continued				
North Carolina Capital Facilities Finance Agency, Educational Facilities Revenue:				
Elizabeth City State University Housing Foundation LLC Project, AMBAC	5.000%	6/1/23	\$ 1,000,000	\$ 957,820
Elizabeth City State University Housing Foundation LLC Project, AMBAC	5.000%	6/1/33	1,250,000	1,097,400
Total North Carolina				3,769,107
North Dakota 1.1%				
North Dakota State Housing Finance Agency Revenue, Housing Finance Program, Home Mortgage Finance	5.625%	1/1/39	7,970,000	8,202,565
Ohio 3.4%				
Hamilton County, OH, Hospital Facilities Revenue, Cincinnati Children's Hospital, FGIC	5.250%	5/15/23	2,000,000	2,024,140
Hamilton County, OH, Sales Tax Revenue, AMBAC	5.250%	12/1/32	5,075,000	5,075,000
Lorain County, OH, Hospital Revenue, Catholic Healthcare Partners	5.375%	10/1/30	7,500,000	7,554,900
Lucas County, OH, Hospital Revenue, Promedica Healthcare Obligation Group, AMBAC	5.375%	11/15/29	5,990,000	5,999,584
Ohio State Water Development Authority, Environmental Improvement Revenue, U.S. Steel Corp. Project	6.600%	5/1/29	3,000,000	3,052,080
Summit County, OH, GO:				
FGIC	5.000%	12/1/21	1,000,000	1,038,430
FGIC	5.000%	12/1/22	500,000	518,565
Trumbull County, OH, GO, NATL	5.200%	12/1/20	1,500,000	1,530,000
Total Ohio				26,792,699
Oregon 0.4%				
Oregon State Housing & Community Services Department, Mortgage Revenue, Single-Family Mortgage Program	5.050%	7/1/26	1,665,000	1,677,055(a)
Umatilla County, OR, Hospital Facility Authority Revenue:				
Catholic Health Initiatives	5.000%	5/1/32	535,000	540,403
Catholic Health Initiatives	5.000%	5/1/32	465,000	514,262(b)
Total Oregon				2,731,720
Pennsylvania 1.7%				
Pennsylvania State Public School Building Authority Lease Revenue, Philadelphia School District Project, AGM	5.000%	6/1/33	7,255,000	7,412,216
Pennsylvania State Turnpike Commission	5.250%	12/1/41	6,000,000	6,079,080
Total Pennsylvania				13,491,296

See Notes to Financial Statements.

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Western Asset Managed Municipals Fund Inc. 2011 Semi-Annual Report

10

Schedule of investments (unaudited) (cont d)

November 30, 2011

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Puerto Rico 4.0%				
Puerto Rico Electric Power Authority Revenue	5.500%	7/1/38	\$ 5,000,000	\$ 5,110,300
Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue	5.750%	8/1/37	6,000,000	6,369,060
Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue	5.250%	8/1/41	5,550,000	5,615,046
Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue	6.000%	8/1/42	4,000,000	4,309,520
Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue	5.000%	8/1/43	10,000,000	9,936,400
Total Puerto Rico				31,340,326
Rhode Island 0.7%				
Rhode Island State Health & Educational Building Corp., Revenue, Hospital Financing	7.000%	5/15/39	5,000,000	5,543,000
South Carolina 0.3%				
South Carolina State Ports Authority Revenue	5.250%	7/1/40	2,500,000	2,621,175
Tennessee 0.1%				
Hardeman County, TN, Correctional Facilities Corp., Correctional Facilities Revenue	7.750%	8/1/17	705,000	705,409
Texas 7.6%				
Dallas-Fort Worth, TX, International Airport Facilities Improvement Corp. Revenue, American Airlines Inc., Guarantee Agreement	6.375%	5/1/35	5,000,000	1,000,000(a)
Dallas-Fort Worth, TX, International Airport Revenue: Joint Improvement	5.000%	11/1/45	10,000,000	10,020,900
NATL	6.000%	11/1/23	4,240,000	4,249,286(a)
Harris County, TX, Health Facilities Development Corp., School Health Care System Revenue	5.750%	7/1/27	1,000,000	1,259,530(c)
Love Field Airport Modernization Corp, TX, Special Facilities Revenue, Southwest Airlines Co. Project	5.250%	11/1/40	15,000,000	14,480,550
North Texas Tollway Authority Revenue	5.750%	1/1/33	5,000,000	5,123,100
North Texas Tollway Authority Revenue	5.750%	1/1/40	15,000,000	15,542,550
Texas Private Activity Bond Surface Transportation Corp. Revenue, LBJ Infrastructure Group LLC	7.000%	6/30/40	7,000,000	7,570,360
Total Texas				59,246,276
Virginia 0.4%				
Chesterfield County, VA, IDA, PCR, Virginia Electric & Power Co., Remarketed 11/8/02	5.875%	6/1/17	3,000,000	3,052,170

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Wisconsin 0.1% Wisconsin State HEFA Revenue, Kenosha Hospital & Medical Center Project	5.700%	5/15/20	\$ 565,000	\$ 565,644
Total Investments before Short-Term Investments (Cost \$732,518,256)				777,194,343
Short-Term Investments 0.5%				
Illinois 0.4% Illinois Finance Authority Revenue, University of Chicago Medical Center, LOC-Bank of America N.A.	0.090%	8/1/43	3,220,000	3,220,000 ^{(f)(g)}
Missouri 0.0% Missouri State HEFA, Educational Facilities Revenue, St. Louis University, LOC-Bank of America N.A.	0.090%	10/1/35	200,000	200,000 ^{(f)(g)}
Virginia 0.1% Virginia College Building Authority, VA, Educational Facilities Revenue, 21st Century College, SPA-Wells Fargo Bank N.A. Refunding, University Richmond Project, SPA-SunTrust Bank	0.120%	11/1/36	500,000	500,000 ^{(f)(g)}
Total Short-Term Investments (Cost \$3,920,000)				3,920,000
Total Investments 100.0% (Cost \$736,438,256#)				781,114,343

- (a) Income from this issue is considered a preference item for purposes of calculating the alternative minimum tax (AMT).
- (b) 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.
- (c) 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.
- (d) All or a portion of this security is held at the broker as collateral for open futures contracts.
- (e) Variable rate security. Interest rate disclosed is as of the most recent information available.
- (f) Variable rate demand obligations have a demand feature under which the Fund can tender them back to the issuer or liquidity provider on no more than 7 days notice.
- (g) Maturity date shown is the final maturity date. The security may be sold back to the issuer before final maturity.
- # Aggregate cost for federal income tax purposes is substantially the same.

See Notes to Financial Statements.

12 Western Asset Managed Municipals Fund Inc. 2011 Semi-Annual Report

Schedule of investments (unaudited) (cont d)

November 30, 2011

Western Asset Managed Municipals Fund Inc.

Abbreviations used in this schedule:

AGC	Assured Guaranty Corporation	Insured Bonds
AGM	Assured Guaranty Municipal Corporation	Insured Bonds
AMBAC	American Municipal Bond Assurance Corporation	Insured Bonds
CDA	Communities Development Authority	
COP	Certificates of Participation	
DFA	Development Finance Agency	
EDA	Economic Development Authority	
EFA	Educational Facilities Authority	
FGIC	Financial Guaranty Insurance Company	Insured Bonds
FHA	Federal Housing Administration	
FNMA	Federal National Mortgage Association	
GNMA	Government National Mortgage Association	
GO	General Obligation	
HEFA	Health & Educational Facilities Authority	
IDA	Industrial Development Authority	
LIQ	Liquidity Facility	
LOC	Letter of Credit	
MFH	Multi-Family Housing	
MTA	Metropolitan Transportation Authority	
NATL	National Public Finance Guarantee Corporation	Insured Bonds
PCR	Pollution Control Revenue	
RDA	Redevelopment Agency	
SPA	Standby Bond Purchase Agreement	Insured Bonds
TFA	Transitional Finance Authority	

Summary of Investments by Industry

Transportation	22.4%
Health Care	17.4
Industrial Revenue	13.0
Special Tax Obligation	10.9
Power	10.6
Education	8.4
Leasing	4.7

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Pre-Refunded/Escrowed to Maturity	3.8
Water & Sewer	3.4
Housing	3.3
Local General Obligation	0.9
Other	0.7
Short-term investments	0.5
	100.0%

As a percentage of total investments. Please note that Fund holdings are as of November, 30, 2011 and are subject to change.

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc.**Ratings Table***

Standard & Poor's/Moody's/Fitch**

AAA/Aaa	4.4%
AA/Aa	34.4
A	51.5
BBB/Baa	5.6
BB/Ba	1.2
B/B	0.2
CCC/Caa	0.1
A-1/VMIG 1	0.5
NR	2.1
	100.0%

* As a percentage of total investments.

** The ratings shown are based on each portfolio security's rating as determined by Standard & Poor's, Moody's or Fitch, each a Nationally Recognized Statistical Rating Organization (NRSRO). These ratings are the opinions of the NRSRO and are not measures of quality or guarantees of performance. Securities may be rated by other NRSROs, and these ratings may be higher or lower. In the event that a security is rated by multiple NRSROs and receives different ratings, the Fund will treat the security as being rated in the highest rating category received from a NRSRO.

See pages 14 through 17 for definitions of ratings.

See Notes to Financial Statements.

Bond ratings

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

Long-term security ratings (unaudited)

Standard & Poor's Ratings Service (Standard & Poor's) Long-term Issue Credit Ratings 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 An obligation rated AAA has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.
- AA An obligation rated AA differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.
- A An obligation rated A is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.
- BBB An obligation rated BBB exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.
- BB An obligation rated BB is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.
- B An obligation rated B is more vulnerable to nonpayment than obligations rated BB, but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.
- CCC An obligation rated CCC is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.
- CC An obligation rated CC is currently highly vulnerable to nonpayment.
- C The C rating may be used to cover a situation where a bankruptcy petition has been filed or similar action has been taken, but payments on this obligation are being continued.
- D An obligation rated D is in payment default. The D rating category is used when payments on an obligation are not made on the date due, even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The D rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments of an obligation are jeopardized.

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

Aaa	Obligations rated Aaa	are judged to be of the highest quality, with minimal credit risk.
Aa	Obligations rated Aa	are judged to be of high quality and are subject to very low credit risk.
A	Obligations rated A	are considered upper-medium grade and are subject to low credit risk.
Baa	Obligations rated Baa	are subject to moderate credit risk. They are considered medium grade and as such may possess certain speculative characteristics.
Ba	Obligations rated Ba	are judged to have speculative elements and are subject to substantial credit risk.
B	Obligations rated B	are considered speculative and are subject to high credit risk.
Caa	Obligations rated Caa	are judged to be of poor standing and are subject to very high credit risk.
Ca	Obligations rated Ca	are highly speculative and are likely in, or very near, default, with some prospect of recovery for principal and interest.
C	Obligations rated C	are the lowest rated class and are typically in default, with little prospect of recovery for principal and interest.

Fitch Ratings Service (Fitch) Structured, Project & Public Finance Obligations 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	Obligations rated AAA	by Fitch denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Obligations rated AA	denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	Obligations rated A	denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB	Obligations rated BBB	indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.
BB	Obligations rated BB	indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.
B	Obligations rated B	indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.
CCC		Default is a real possibility.
CC		Default of some kind appears probable.
C		Default is imminent or inevitable, or the issuer is in standstill.
NR		Indicates that the obligation is not rated by Standard & Poor's, Moody's or Fitch.

Short-term security ratings (unaudited)

Standard & Poor's Municipal Short-Term Notes Ratings

- SP-1 A short-term obligation rated SP-1 is rated in the highest category by Standard & Poor's. Strong capacity to pay principal and interest. An issue determined to possess a very strong capacity to pay debt service is given a plus (+) designation.
- SP-2 A short-term obligation rated SP-2 is a Standard & Poor's rating indicating satisfactory capacity to pay principal and interest, with some vulnerability to adverse financial and economic changes over the term of the notes.
- SP-3 A short-term obligation rated SP-3 is a Standard & Poor's rating indicating speculative capacity to pay principal and interest.

Standard & Poor's Short-Term Issues Credit Ratings

- A-1 A short-term obligation rated A-1 is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.
- A-2 A short-term obligation rated A-2 by Standard & Poor's is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.
- A-3 A short-term obligation rated A-3 by Standard & Poor's exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.
- B A short-term obligation rated B by Standard & Poor's is regarded as having significant speculative characteristics. Ratings of B-1, B-2 and B-3 may be assigned to indicate finer distinctions within the B category. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

Moody's Variable Rate Demand Obligations (VRDO) Ratings

- VMIG 1 Moody's highest rating for issues having a variable rate demand feature VRDO. This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price on demand.
- VMIG 2 This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price on demand.
- VMIG 3 This designation denotes acceptable credit quality. Adequate protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price on demand.
- SG This designation denotes speculative-grade credit quality. Demand features rated in this category may be supported by a liquidity provider that does not have an investment grade short term rating or may lack the structural and/or legal protections necessary to ensure the timely payment of purchase price upon demand.

Moody's Short-Term Municipal Obligations Ratings

- MIG 1 Moody's highest rating for short-term municipal obligations. This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.
- MIG 2 This designation denotes strong credit quality. Margins of protection are ample, although not as large as the preceding group.
- MIG 3 This designation denotes acceptable credit quality. Liquidity and cash flow protection may be narrow, and market access for refinancing is likely to be less well-established.
- SG This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

Moody's Short-Term Obligations Ratings

- P-1 Moody's highest rating for commercial paper and for VRDO prior to the advent of the VMIG 1 rating. Have a superior ability to repay short-term debt obligations.
- P-2 Have a strong ability to repay short-term debt obligations.
- P-3 Have an acceptable ability to repay short-term debt obligations.
- NP Issuers do not fall within any of the Prime rating categories.

Fitch's Short-Term Issuer or Obligations Ratings

- F1 Fitch's highest rating indicating the strongest intrinsic capacity for timely payment of financial commitments; may have an added + to denote any exceptionally strong credit feature.
- F2 Fitch rating indicating good intrinsic capacity for timely payment of financial commitments.
- F3 Fitch rating indicating intrinsic capacity for timely payment of financial commitments is adequate.
- B Fitch rating indicating minimal capacity for timely payment of financial commitments, plus heightened vulnerability to near term changes in financial and economic conditions.
- C Fitch rating indicating default is a real possibility.
- NR Indicates that the obligation is not rated by Standard & Poor's, Moody's or Fitch.

18 Western Asset Managed Municipals Fund Inc. 2011 Semi-Annual Report

Statement of assets and liabilities (unaudited)

November 30, 2011

Assets:

Investments, at value (Cost \$736,438,256)	\$781,114,343
Cash	64,781
Interest receivable	11,446,406
Receivable for securities sold	1,729,883
Receivable from broker variation margin on open futures contracts	569,750
Prepaid expenses	62,283
Total Assets	794,987,446

Liabilities:

Investment management fee payable	359,347
Directors fees payable	15,421
Distributions payable to Auction Rate Cumulative Preferred Stockholders	6,702
Accrued expenses	83,949
Total Liabilities	465,419

Series M, T, W, Th and F Auction Rate Cumulative Preferred Stock (2,000 shares for each series authorized and issued at \$25,000 for each share) (Note 5)	250,000,000
Total Net Assets	\$544,522,027

Net Assets:

Par value (\$0.001 par value; 42,420,163 common shares issued and outstanding; 500,000,000 common shares authorized)	\$ 42,420
Paid-in capital in excess of par value	514,177,941
Undistributed net investment income	16,757,925
Accumulated net realized loss on investments	(32,319,916)
Net unrealized appreciation on investments and futures contracts	45,863,657
Total Net Assets	\$544,522,027

Shares Outstanding	42,420,163
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Net Asset Value	\$12.84
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See Notes to Financial Statements.

Statement of operations (unaudited)

For the Six Months Ended November 30, 2011

Investment Income:

Interest	\$20,860,640
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Expenses:

Investment management fee (Note 2)	2,166,409
Auction participation fees (Note 5)	62,743
Directors' fees	56,927
Transfer agent fees	46,560
Legal fees	38,715
Audit and tax	32,450
Fund accounting fees	24,949
Shareholder reports	17,213
Stock exchange listing fees	16,769
Auction agent fees	9,783
Rating agency fees	5,727
Custody fees	4,757
Insurance	4,630
Miscellaneous expenses	4,518
Total Expenses	2,492,150
Net Investment Income	18,368,490

Realized and Unrealized Gain on Investments and Futures Contracts (Notes 1, 3 and 4):

Net Realized Gain From Investment transactions	501,459
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments	18,146,355
Futures contracts	1,187,570
Change in Net Unrealized Appreciation (Depreciation)	19,333,925
Net Gain on Investments and Futures Contracts	19,835,384
Distributions Paid to Auction Rate Cumulative Preferred Stockholders From Net Investment Income (Note 1)	(274,654)
Increase in Net Assets From Operations	\$37,929,220

See Notes to Financial Statements.

20 Western Asset Managed Municipals Fund Inc. 2011 Semi-Annual Report

Statements of changes in net assets**For the six months ended November 30, 2011 (unaudited)
and the year ended May 31, 2011**

	November 30	May 31
Operations:		
Net investment income	\$ 18,368,490	\$ 36,824,567
Net realized gain (loss)	501,459	(798,453)
Change in net unrealized appreciation (depreciation)	19,333,925	(23,123,480)
Distributions paid to auction rate cumulative preferred stockholders from net investment income	(274,654)	(1,028,923)
<i>Increase in Net Assets From Operations</i>	<i>37,929,220</i>	<i>11,873,711</i>
Distributions to Common Stock Shareholders From (Note 1):		
Net investment income	(16,519,491)	(32,997,649)
<i>Decrease in Net Assets From Distributions to Common Stock Shareholders</i>	<i>(16,519,491)</i>	<i>(32,997,649)</i>
Fund Share Transactions:		
Reinvestment of distributions (75,064 and 341,060 shares issued, respectively)	952,741	4,101,534
<i>Increase in Net Assets From Fund Share Transactions</i>	<i>952,741</i>	<i>4,101,534</i>
<i>Increase (Decrease) in Net Assets</i>	<i>22,362,470</i>	<i>(17,022,404)</i>
Net Assets:		
Beginning of period	522,159,557	539,181,961
End of period*	\$544,522,027	\$522,159,557
*Includes undistributed net investment income of:	\$16,757,925	\$15,183,580

See Notes to Financial Statements.

Financial highlights

For a share of capital stock outstanding throughout each year ended May 31, unless otherwise noted:

	2011 ¹	2011	2010	2009	2008	2007
Net asset value, beginning of period	\$12.33	\$12.84	\$11.80	\$12.07	\$12.04	\$11.96
Income (loss) from operations:						
Net investment income	0.43	0.87	0.88	0.83	0.78	0.77
Net realized and unrealized gain (loss)	0.48	(0.58)	0.91	(0.41)	0.01	0.08
Distributions paid to auction rate cumulative preferred stockholders from net investment income	(0.01)	(0.02)	(0.03)	(0.13)	(0.22)	(0.22)
Total income from operations	0.90	0.27	1.76	0.29	0.57	0.63
Distributions paid to common stock shareholders from:						
Net investment income	(0.39)	(0.78)	(0.72)	(0.56)	(0.54)	(0.55)
Net asset value, end of period	\$12.84	\$12.33	\$12.84	\$11.80	\$12.07	\$12.04
Market price, end of period	\$13.35	\$12.26	\$12.90	\$11.10	\$11.13	\$11.18
Total return, based on NAV^{2,3}	7.44%	2.47%	15.44%	3.19%	5.30%	5.71%
Total return, based on Market Price³	12.35%	1.42%	23.29%	5.27%	4.57%	8.81%
Net assets, end of period (000s)	\$544,522	\$522,160	\$539,182	\$494,582	\$505,751	\$504,471
Ratios to Average Net Assets based on common shares outstanding⁴:						
Gross expenses	0.93% ⁵	0.95%	0.97%	1.16%	1.09%	1.08% ⁶
Net expenses ⁷	0.935	0.95	0.97	1.16	1.09	1.076,8
Net investment income	6.835	7.09	7.06	7.59	6.47	6.38
Portfolio turnover rate	4%	23%	28%	49%	40%	23%
Auction Rate Preferred Stock:						
Total Amount Outstanding (000s)	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Asset Coverage Per Share	79,452	77,216	78,918	74,458	75,575	75,447
Involuntary Liquidating Preference Per Share ⁹	25,000	25,000	25,000	25,000	25,000	25,000

1 For the six months ended November 30, 2011 (unaudited).

2 Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

3 The total return calculation assumes that distributions are reinvested in accordance with the Fund's dividend reinvestment plan. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

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- 4 Calculated on the basis of average net assets of common stock shareholders. Ratios do not reflect the effect of dividend payments to preferred stockholders.
- 5 Annualized.
- 6 Included in the expense ratios are certain non-recurring restructuring (and reorganization, if applicable) fees that were incurred by the Fund during the period. Without these fees, the gross and net expense ratios would both have been 1.05%.
- 7 The impact of compensating balance arrangements, if any, was less than 0.01%.
- 8 Reflects fee waivers and/or expense reimbursements.
- 9 Excludes accumulated and unpaid distributions.

See Notes to Financial Statements.

Notes to financial statements (unaudited)

1. Organization and significant accounting policies

Western Asset Managed Municipals Fund Inc. (the Fund) was incorporated in Maryland and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund seeks to maximize current income exempt from federal income tax as is consistent with preservation of principal.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP). Estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ. Subsequent events have been evaluated through the date the financial statements were issued.

(a) Investment valuation. The valuations for fixed income securities and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of fair valuation techniques and methodologies. Short-term fixed income securities that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund's Board of Directors.

The Fund has adopted Financial Accounting Standards Board Codification Topic 820 (ASC Topic 820). ASC Topic 820 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

- 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)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

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

Description	ASSETS			Total
	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Municipal bonds		\$777,194,343		\$777,194,343
Short-term investments		3,920,000		3,920,000
Total investments		\$781,114,343		\$781,114,343
Other financial instruments:				
Futures contracts		1,187,570		1,187,570
Total		\$782,301,913		\$782,301,913

See Schedule of Investments for additional detailed categorizations.

(b) Futures contracts. The Fund uses futures contracts generally to gain exposure to, or hedge against, changes in interest rates or gain exposure to, or hedge against, changes in certain asset classes. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the Fund is required to deposit cash or cash equivalents with a broker in an amount equal to a certain percentage of the contract amount. This is known as the initial margin and subsequent payments (variation margin) are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. The daily changes in contract value are recorded as unrealized gains or losses in the Statement of Operations and the Fund recognizes a realized gain or loss when the contract is closed.

Futures contracts involve, to varying degrees, risk of loss in excess of the amounts reflected in the financial statements. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

(c) **Security transactions and investment income.** Security transactions are accounted for on a trade date basis. Interest income, adjusted for amortization of premium and accretion of discount, is recorded on the accrual basis. The cost of investments sold is determined by use of the specific

Notes to financial statements (unaudited) (cont d)

identification method. To the extent any issuer defaults or a credit event occurs that impacts the issuer, the Fund may halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default or credit event.

(d) Distributions to shareholders. Distributions from net investment income for the Fund, if any, are declared quarterly and paid on a monthly basis. The Fund intends to satisfy conditions that will enable interest from municipal securities, which is exempt from federal and certain state income taxes, to retain such tax-exempt status when distributed to the shareholders of the Fund. Distributions of net realized gains, if any, are taxable and are declared at least annually. Distributions to shareholders of the Fund are recorded on the ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP.

In addition, the holders of the Auction Rate Cumulative Preferred Stock (ARCPS) shall be entitled to receive dividends in accordance with an auction that will normally be held weekly and out of the funds legally available to shareholders.

(e) Compensating balance arrangements. The Fund has an arrangement with its custodian bank whereby a portion of the custodian's fees is paid indirectly by credits earned on the Fund's cash on deposit with the bank.

(f) Net asset value. The net asset value (NAV) of the Fund's Common Stock is determined no less frequently than the close of business on the Fund's last business day of each week (generally Friday) and on the last business day of the month. It is determined by dividing the value of the net assets available to Common Stock by the total number of shares of Common Stock outstanding. For the purpose of determining the NAV per share of the Common Stock, the value of the Fund's net assets shall be deemed to equal the value of the Fund's assets less (1) the Fund's liabilities, and (2) the aggregate liquidation value (i.e., \$25,000 per outstanding share) of the ARCPS.

(g) Federal and other taxes. It is the Fund's policy to comply with the federal income and excise tax requirements of the Internal Revenue Code of 1986 (the Code), as amended, applicable to regulated investment companies. Accordingly, the Fund intends to distribute its taxable income and net realized gains, if any, to shareholders in accordance with timing requirements imposed by the Code. Therefore, no federal or state income tax provision is required in the Fund's financial statements.

Management has analyzed the Fund's tax positions taken on income tax returns for all open tax years and has concluded that as of November 30, 2011, no provision for income tax is required in the Fund's financial statements. The Fund's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by Internal Revenue Service and state departments of revenue.

(h) Reclassification. GAAP requires that certain components of net assets be reclassified to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share.

2. Investment management agreement and other transactions with affiliates

Legg Mason Partners Fund Advisor, LLC (LMPFA) is the Fund's investment manager and Western Asset Management Company (Western Asset) is the Fund's subadvisor. LMPFA and Western Asset are wholly-owned subsidiaries of Legg Mason, Inc. (Legg Mason).

LMPFA provides administrative and certain oversight services to the Fund. The Fund pays LMPFA an investment management fee, calculated daily and paid monthly, at an annual rate of 0.55% of the Fund's average daily net assets plus the aggregate liquidation value of the Fund's preferred stock.

LMPFA delegates to Western Asset the day-to-day portfolio management of the Fund. For its services, LMPFA pays Western Asset 70% of the net management fee it receives from the Fund.

All officers and one Director of the Fund are employees of Legg Mason or its affiliates and do not receive compensation from the Fund.

3. Investments

During the six months ended November 30, 2011, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) were as follows:

Purchases	\$38,643,641
Sales	31,248,785

At November 30, 2011, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$51,054,478
Gross unrealized depreciation	(6,378,391)

Net unrealized appreciation

\$44,676,087

At November 30, 2011, the Fund had the following open futures contracts:

	Number of Contracts	Expiration Date	Basis Value	Market Value	Unrealized Gain
Contracts to Sell:					
U.S. Treasury 30-Year Bonds	344	12/11	\$49,906,570	\$48,719,000	\$1,187,570

26 Western Asset Managed Municipals Fund Inc. 2011 Semi-Annual Report

Notes to financial statements (unaudited) (cont d)

4. Derivative instruments and hedging activities

Financial Accounting Standards Board Codification Topic 815 requires enhanced disclosure about an entity's derivative and hedging activities.

Below is a table, grouped by derivative type, that provides information about the fair value and the location of derivatives within the Statement of Assets and Liabilities at November 30, 2011.

ASSET DERIVATIVES¹

	Interest Rate Contracts Risk
Futures contracts ²	\$1,187,570

¹ Generally, the balance sheet location for asset derivatives is receivables/net unrealized appreciation (depreciation) and for liability derivatives is payables/net unrealized appreciation (depreciation).

² Includes cumulative appreciation of futures contracts as reported in the footnotes. Only variation margin is reported within the receivables and/or payables of the Statement of Assets and Liabilities.

The following table provides information about the effect of derivatives and hedging activities on the Fund's Statement of Operations for the six months ended November 30, 2011. The table provides additional information about the change in unrealized appreciation (depreciation) resulting from the Fund's derivatives and hedging activities during the period.

CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) ON DERIVATIVES RECOGNIZED

	Interest Rate Contracts Risk
Futures contracts	\$1,187,570

During the six months ended November 30, 2011, the volume of derivative activity for the Fund was as follows:

	Average Market Value
Futures contracts (to sell)	\$20,801,250

5. Auction rate cumulative preferred stock

As of November 30, 2011, the Fund had 2,000 outstanding shares of each of ARCPS Series M, Series T, Series W, Series Th and Series F. The ARCPS dividends are cumulative at a rate determined at an auction and the dividend period is typically seven days. The dividend rate cannot exceed a certain maximum rate, including in the event of a failed auction, unless the Board of Directors of the Fund authorizes an increased maximum rate. Due to failed auctions experienced by the Fund's ARCPS starting February 14, 2008, the Fund paid the applicable maximum rate, which was calculated as 110% of the prevailing 30-day AA Financial Composite Commercial Paper Rate. The Fund may pay higher maximum rates if the rating of the Fund's ARCPS were to be lowered by the rating agencies.

The dividend rates ranged from 0.107% to 0.305% during the six months ended November 30, 2011. At November 30, 2011, the dividend rates in effect were as follows:

	Series M	Series T	Series W	Series Th	Series F
Dividend Rates	0.213%	0.198%	0.229%	0.229%	0.229%

The ARCPS are redeemable under certain conditions by the Fund, or subject to mandatory redemption (if the Fund is in default of certain coverage requirements) at a redemption price equal to the liquidation preference, which is the sum of \$25,000 per share plus accumulated and unpaid dividends.

The Fund is required to maintain certain asset coverages with respect to the ARCPS. If the Fund fails to maintain these coverages and does not cure any such failure within the required time period, the Fund is required to redeem a requisite number of the ARCPS in order to meet the applicable requirement. Additionally, failure to meet the foregoing asset requirements would restrict the Fund's ability to pay dividends to common stock shareholders.

Citigroup Global Markets Inc. (CGM) currently acts as the broker/dealer in connection with the auction of ARCPS. After each auction, the auction agent will pay to the participating broker/dealer, from monies the Fund provides, a participation fee at an annual rate of 0.25% of the purchase price of the ARCPS that the broker/dealer places at the auction. However, effective August 3, 2009, CGM reduced its participation fee to an annual rate of 0.05% of the purchase price of the ARCPS, in the case of a failed auction. For the six months ended November 30, 2011, the Fund incurred auction participation fees of \$62,743 for CGM's services as the participating broker/dealer.

6. Distributions subsequent to November 30, 2011

On November 10, 2011, the Fund's Board of Directors declared three dividends, each in the amount of \$0.065 per share, payable on December 23, 2011, January 27, 2012 and February 24, 2012 to shareholders of record on December 16, 2011, January 20, 2012 and February 17, 2012, respectively.

7. Capital loss carryforward

As of May 31, 2011, the Fund had a net capital loss carryforward of approximately \$33,466,145, of which \$25,731,958 expires in 2013, \$3,349,357 expires in 2018, and \$4,384,830 expires in 2019. These amounts will be available to offset any future taxable capital gains.

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Under the recently enacted Regulated Investment Company Modernization Act of 2010, the Fund will be permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. However, any losses incurred during those future years will be required to be utilized prior to the losses incurred in pre-enactment taxable years. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment

28 Western Asset Managed Municipals Fund Inc. 2011 Semi-Annual Report

Notes to financial statements (unaudited) (cont d)

capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law.

8. Other tax information

On December 22, 2010, President Obama signed into law the Regulated Investment Company Modernization Act of 2010 (the Act). The Act updates certain tax rules applicable to regulated investment companies (RICs). The various provisions of the Act will generally be effective for RICs with taxable years beginning after December 22, 2010. Additional information regarding the impact of the Act on the Fund, if any, will be contained within the relevant sections of the notes to the financial statements for the fiscal year ending May 31, 2012.

9. Recent accounting pronouncement

In May 2011, the Financial Accounting Standards Board issued Accounting Standard Update No. 2011-04, Fair Value Measurement (Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (ASU No. 2011-04). ASU No. 2011-04 establishes common requirements for measuring fair value and for disclosing information about fair value measurements. ASU No. 2011-04 is effective during interim and annual periods beginning after December 15, 2011. Management is currently evaluating the impact the adoption of ASU No. 2011-04 will have on the Fund's financial statements and related disclosures.

Board approval of management and subadvisory agreements (unaudited)**Background**

The Investment Company Act of 1940, as amended (the 1940 Act), requires that the Board of Directors (the Board) of Western Asset Managed Municipals Fund, Inc. (the Fund), including a majority of its members that are not considered to be interested persons under the 1940 Act (the Independent Directors) voting separately, approve on an annual basis the continuation of the investment management contract (the Management Agreement) with the Fund's manager, Legg Mason Partners Fund Advisor, LLC (the Manager), and the sub-advisory agreement (the Sub-Advisory Agreement) with the Manager's affiliate, Western Asset Management Company (the Sub-Adviser). At a meeting (the Contract Renewal Meeting) held in-person on November 9 and 10, 2011, the Board, including the Independent Directors, considered and approved the continuation of each of the Management Agreement and the Sub-Advisory Agreement for an additional one-year term. To assist in its consideration of the renewals of the Management Agreement and the Sub-Advisory Agreement, the Board received and considered a variety of information (together with the information provided at the Contract Renewal Meeting, the Contract Renewal Information) about the Manager and Sub-Adviser, as well as the management and sub-advisory arrangements for the Fund and the other closed-end funds in the same complex under the Board's supervision (collectively, the Legg Mason Closed-end Funds), certain portions of which are discussed below. A presentation made by the Manager and the Sub-Adviser to the Board at the Contract Renewal Meeting in connection with its evaluations of the Management Agreement and the Sub-Advisory Agreement encompassed the Fund and other Legg Mason Closed-end Funds. In addition to the Contract Renewal Information, the Board received performance and other information throughout the year related to the respective services rendered by the Manager and the Sub-Adviser to the Fund. The Board's evaluation took into account the information received throughout the year and also reflected the knowledge and familiarity gained as members of the Board of the Fund and other Legg Mason Closed-end Funds with respect to the services provided to the Fund by the Manager and the Sub-Adviser.

The Manager provides the Fund with investment advisory and administrative services pursuant to the Management Agreement and the Sub-Adviser provides the Fund with certain investment sub-advisory services pursuant to the Sub-Advisory Agreement. The discussion below covers both the advisory and administrative functions being rendered by the Manager, each such function being encompassed by the Management Agreement, and the investment sub-advisory functions being rendered by the Sub-Adviser.

30 Western Asset Managed Municipals Fund Inc.

Board approval of management and subadvisory agreements (unaudited) (cont d)

Board approval of management agreement and sub-advisory agreement

In its deliberations regarding renewal of the Management Agreement and the Sub-Advisory Agreement, the Board, including the Independent Directors, considered the factors below.

Nature, extent and quality of the services under the management agreement and sub-advisory agreement

The Board received and considered Contract Renewal Information regarding the nature, extent and quality of services provided to the Fund by the Manager and the Sub-Adviser under the Management Agreement and the Sub-Advisory Agreement, respectively, during the past year. The Board also reviewed Contract Renewal Information regarding the Fund's compliance policies and procedures established pursuant to the 1940 Act.

The Board reviewed the qualifications, backgrounds and responsibilities of the Fund's senior personnel and the portfolio management team primarily responsible for the day-to-day portfolio management of the Fund. The Board also considered, based on its knowledge of the Manager and its affiliates, the Contract Renewal Information and the Board's discussions with the Manager and the Sub-Adviser at the Contract Renewal Meeting, the general reputation and investment performance records of the Manager and the Sub-Adviser and their affiliates and the financial resources available to the corporate parent of the Manager and the Sub-Adviser, Legg Mason, Inc. (Legg Mason), to support their activities in respect of the Fund and the other Legg Mason Closed-end Funds.

The Board considered the responsibilities of the Manager and the Sub-Adviser under the Management Agreement and the Sub-Advisory Agreement, respectively, including the Manager's coordination and oversight of the services provided to the Fund by the Sub-Adviser and others. The Management Agreement permits the Manager to delegate certain of its responsibilities, including its investment advisory duties thereunder, provided that the Manager, in each case, will supervise the activities of the delegee. Pursuant to this provision of the Management Agreement, the Manager does not provide day-to-day portfolio management services to the Fund. Rather, portfolio management services for the Fund are provided by the Sub-Adviser pursuant to the Sub-Advisory Agreement.

In reaching its determinations regarding continuation of the Management Agreement and Sub-Advisory Agreements, the Board took into account that Fund shareholders, in pursuing their investment goals and objectives, likely purchased their shares based upon the reputation and the investment style, philosophy and strategy of the Manager and the Sub-Adviser, as well as the resources available to the Manager and the Sub-Adviser.

The Board concluded that, overall, the nature, extent and quality of the management and other services provided to the Fund under the Management Agreement and the Sub-Advisory Agreement have been satisfactory under the circumstances.

Fund performance

The Board received and considered performance information and analyses (the Lipper Performance Information) for the Fund, as well as for a group of funds (the Performance Universe) selected by Lipper, Inc. (Lipper), an independent provider of investment company data. The Board was provided with a description of the methodology Lipper used to determine the similarity of the Fund with the funds included in the Performance Universe. The Performance Universe consisted of the Fund and all funds classified by Lipper as leveraged general municipal debt closed-end funds regardless of asset size. The Board noted that it had received and discussed with the Manager and the Sub-Adviser information throughout the year at periodic intervals comparing the Fund s performance against its benchmarks and its peer funds as selected by Lipper.

The Lipper Performance Information comparing the Fund s performance to that of the Performance Universe showed, among other things, that the Fund s performance for the 1-year period ended June 30, 2011 was ranked in the third quintile of the funds in the Performance Universe, and that its performance for the 3-, 5- and 10-year periods ended June 30, 2011 was ranked in the first quintile of the funds in the Performance Universe for that period. In these rankings, the first quintile represents funds with the best performance among the funds in the Performance Universe and the fifth quintile represents funds with poorest performance among funds in the Performance Universe. The Board also considered the Fund s performance relative to its benchmarks and in absolute terms.

Based on its review of the Fund s performance, which included consideration of all of the factors noted above, the Board concluded that, under the circumstances, the Fund s performance supported continuation of the Management Agreement and the Sub-Advisory Agreement for an additional period not to exceed one year.

Management fees and expense ratios

The Board reviewed and considered the management fee (the Management Fee) payable by the Fund to the Manager under the Management Agreement and the sub-advisory fee (the Sub-Advisory Fee) payable to the Sub-Adviser under the Sub-Advisory Agreement in light of the nature, extent and overall quality of the management, investment advisory and other services provided by the Manager and the Sub-Adviser. The Board noted that the Sub-Advisory Fee is paid by the Manager, not the Fund, and, accordingly,

32 Western Asset Managed Municipals Fund Inc.

Board approval of management and subadvisory agreements (unaudited) (cont d)

that the retention of the Sub-Adviser does not increase the fees or expenses otherwise incurred by the Fund's shareholders.

Additionally, the Board received and considered information and analyses prepared by Lipper (the Lipper Expense Information) comparing the Management Fee and the Fund's overall expenses with those of funds in an expense group (the Expense Group) selected and provided by Lipper. The comparison was based upon the constituent funds' latest fiscal years. The Expense Group consisted of the Fund and eight other leveraged general municipal debt closed-end funds, as classified by Lipper. The Expense Group funds had net common share assets ranging from \$314.7 million to \$563.1 million. Four of the other funds in the Expense Group were larger than the Fund and four were smaller.

The Lipper Expense Information, comparing the Management Fee as well as the Fund's actual total expenses to the Fund's Expense Group, showed, among other things, that the Fund's contractual Management Fee was ranked first among the nine funds in the Expense Group. The Fund's actual Management Fee (i.e., giving effect to any voluntary fee waivers implemented by the Manager with respect to the Fund and by the managers of the other Expense Group funds) on the basis of common share assets only was ranked fifth among the nine Expense Group funds and was at the Expense Group median. The Fund's actual Management Fee on the basis of common and leveraged assets was ranked fourth among the Expense Group Funds and was at the Expense Group median. The Board noted that the Fund's actual total expenses were better than the median for the Expense Group on both a common share assets only basis and on a common share and leveraged assets basis, ranking second among Expense Group funds. The Board noted that the small number of funds in the Expense Group made meaningful comparisons difficult.

The Board also reviewed Contract Renewal Information regarding fees charged by the Manager to other U.S. clients investing primarily in an asset class similar to that of the Fund, including, where applicable, institutional and separate accounts. The Board was advised that the fees paid by such institutional, separate account and other clients generally are lower, and may be significantly lower, than the Management Fee. The Contract Renewal Information discussed the significant differences in scope of services provided to the Fund and to these other clients, noting that the Fund is provided with administrative services, office facilities, Fund officers (including the Fund's chief executive, chief financial and chief compliance officers), and that the Manager coordinates and oversees the provision of services to the Fund by other fund service providers. The Contract Renewal Information included information regarding management fees paid by open-end mutual funds in the same complex (the Legg Mason Open-end Funds) and that such information indicated that the management fees paid by the Legg Mason

Closed-end Funds generally were higher than those paid by the Legg Mason Open-end Funds. The Manager, in response to an inquiry by the Board as to the reasons for the fee differential, provided information as to differences between the services provided to the Fund and the other Legg Mason Closed-end Funds and services provided to the Legg Mason Open-end Funds. The Board considered the fee comparisons in light of the different services provided in managing these other types of clients and funds.

Taking all of the above into consideration, the Board determined that the Management Fee and the Sub-Advisory Fee were reasonable in light of the nature, extent and overall quality of the management, investment advisory and other services provided to the Fund under the Management Agreement and the Sub-Advisory Agreement.

Manager profitability

The Board, as part of the Contract Renewal Information, received an analysis of the profitability to the Manager and its affiliates in providing services to the Fund for the Manager's fiscal years ended March 31, 2011 and March 31, 2010. The Board also received profitability information with respect to the Legg Mason fund complex as a whole. In addition, the Board received Contract Renewal Information with respect to the Manager's revenue and cost allocation methodologies used in preparing such profitability data. In 2007, the Board received a report from an outside consultant that had reviewed the Manager's methodologies and the Board was assured by the Manager at the Contract Renewal Meeting that there had been no significant changes in those methodologies since the report was rendered. The profitability to the Sub-Adviser was not considered to be a material factor in the Board's considerations since the Sub-Advisory Fee is paid by the Manager. The profitability analysis presented to the Board as part of the Contract Renewal Information indicated that profitability to the Manager in providing services to the Fund had increased by 7 percent over the period covered by the analysis. Under the circumstances, the Board concluded that the Manager's profitability remained at a reasonable level in light of the nature, extent and overall quality of investment advisory and other services provided to the Fund.

Economies of scale

The Board received and discussed Contract Renewal Information concerning whether the Manager realizes economies of scale if the Fund's assets grow. The Board noted that because the Fund is a closed-end fund with no current plans to seek additional assets beyond maintaining its dividend reinvestment plan, any significant growth in its assets generally will occur through appreciation in the value of the Fund's investment portfolio, rather than sales of additional shares in the Fund. The Board determined that the Management Fee structure was appropriate under present circumstances.

34 Western Asset Managed Municipals Fund Inc.

Board approval of management and subadvisory agreements (unaudited) (cont d)

Other benefits to the manager and the sub-adviser

The Board considered other benefits received by the Manager, the Sub-Adviser and their affiliates as a result of their relationship with the Fund and did not regard such benefits as excessive.

* * * * *

In light of all of the foregoing and other relevant factors, the Board determined that, under the circumstances, continuation of the Management Agreement and the Sub-Advisory Agreements would be consistent with the interests of the Fund and its shareholders and unanimously voted to continue each Agreement for a period of one additional year.

No single factor reviewed by the Board was identified by the Board as the principal factor in determining whether to approve continuation of the Management Agreement and the Sub-Advisory Agreement, and each Board member attributed different weights to the various factors. The Independent Directors were advised by separate independent legal counsel throughout the process. Prior to the Contract Renewal Meeting, the Board received a memorandum prepared by the Manager discussing its responsibilities in connection with the proposed continuation of the Management Agreement and the Sub-Advisory Agreement as part of the Contract Renewal Information and the Independent Directors separately received a memorandum discussing such responsibilities from their independent counsel. Prior to voting, the Independent Directors also discussed the proposed continuation of the Management Agreement and the Sub-Advisory Agreement in private sessions with their independent legal counsel at which no representatives of the Manager were present.

Additional shareholder information (unaudited)**Results of annual meeting of shareholders**

The Annual Meeting of Shareholders of the Fund was held on September 23, 2011, for the purpose of considering and voting upon the election of Directors. The following table provides information concerning the matter voted upon at the meeting:

Election of directors

Nominees	Common Shares and Preferred Shares as a Single Class Voted for Election	Common Shares and Preferred Shares as a Single Class Withheld
Leslie H. Gelb	39,591,248	954,624
William R. Hutchinson	39,735,947	809,925
Riordan Roett	39,636,845	909,027

At November 30, 2011, in addition to Leslie H. Gelb, William R. Hutchinson and Riordan Roett the other Directors of the Fund were as follows:

Carol L. Colman

Daniel P. Cronin

Paolo M. Cucchi

R. Jay Gerken

Jeswald W. Salacuse

36 Western Asset Managed Municipals Fund Inc.

Dividend reinvestment plan (unaudited)

Under the Fund's Dividend Reinvestment Plan (Plan), a shareholder whose shares of common stock are registered in his own name will have all distributions from the Fund reinvested automatically by American Stock Transfer & Trust Company (AST), as purchasing agent under the Plan, unless the shareholder elects to receive cash. Distributions with respect to shares registered in the name of a broker-dealer or other nominee (that is, in street name) will be reinvested by the broker or nominee in additional shares under the Plan, unless the service is not provided by the broker or nominee or the shareholder elects to receive distributions in cash. Investors who own common stock registered in street name should consult their broker-dealers for details regarding reinvestment. All distributions to shareholders who do not participate in the Plan will be paid by check mailed directly to the record holder by or under the direction of AST as dividend paying agent.

The number of shares of common stock distributed to participants in the Plan in lieu of a cash dividend is determined in the following manner. When the market price of the common stock is equal to or exceeds 98% of the net asset value per share of the common stock on the determination date (generally, the record date for the distribution), Plan participants will be issued shares of common stock by the Fund at a price equal to the greater of 98% of net asset value or 95% of the market price of the common stock.

If the market price of the common stock is less than 98% of the net asset value of the common stock at the time of valuation (which is the close of business on the determination date), AST will buy common stock in the open market, on the NYSE or elsewhere, for the participants accounts. If following the commencement of the purchases and before AST has completed its purchases, the market price exceeds the net asset value of the common stock as of the valuation time, AST will attempt to terminate purchases in the open market and cause the Fund to issue the remaining portion of the dividend or distribution in shares at a price equal to the greater of (a) 98% of net asset value as of the valuation time or (b) 95% of the then current market price. In this case, the number of shares received by a Plan participant will be based on the weighted average of prices paid for shares purchased in the open market and the price at which the Fund issues the remaining shares. To the extent AST is unable to stop open market purchases and cause the Fund to issue the remaining shares, the average per share purchase price paid by AST may exceed the net asset value of the common stock as of the valuation time, resulting in the acquisition of fewer shares than if the dividend or capital gains distribution had been paid in common stock issued by the Fund at such net asset value. AST will begin to purchase common stock on the open market as soon as practicable after the determination date for the dividend or capital gains distribution, but in no event shall such purchases continue later than 30 days after the payment date for such dividend or distribution, or the record date for a succeeding dividend or distribution, except when necessary to comply with applicable provisions of the federal securities laws.

AST maintains all shareholder accounts in the Plan and furnishes written confirmations of all transactions in each account, including information needed by a shareholder for personal and tax records. The automatic reinvestment of dividends and capital gains distributions will not relieve Plan participants of any income tax that may be payable on the dividends or capital gains distributions. Common stock in the account of each Plan participant will be held by AST in uncertificated form in the name of the Plan participant.

Plan participants are subject to no charge for reinvesting dividends and capital gains distributions under the Plan. AST's fees for handling the reinvestment of dividends and capital gains distributions will be paid by the Fund. No brokerage charges apply with respect to shares of common stock issued directly by the Fund under the Plan. Each Plan participant will, however, bear a proportionate share of any brokerage commissions actually incurred with respect to any open market purchases made under the Plan.

Experience under the Plan may indicate that changes to it are desirable. The Fund reserves the right to amend or terminate the Plan as applied to any dividend or capital gains distribution paid subsequent to written notice of the change sent to participants at least 30 days before the record date for the dividend or capital gains distribution. The Plan also may be amended or terminated by AST, with the Fund's prior written consent, on at least 30 days' written notice to Plan participants. All correspondence concerning the plan should be directed by mail to American Stock Transfer & Trust Company, 59 Maiden Lane, New York, New York 10038 or by telephone at 1-888-888-0151.

Western Asset

Managed Municipals Fund Inc.

Directors

Carol L. Colman
Daniel P. Cronin
Paolo M. Cucchi
Leslie H. Gelb
R. Jay Gerken
Chairman
William R. Hutchinson
Riordan Roett
Jeswald W. Salacuse

Officers

R. Jay Gerken
President and Chief Executive Officer
Richard F. Sennett
Principal Financial Officer
Ted P. Becker
Chief Compliance Officer
Vanessa A. Williams
Identity Theft Prevention Officer
Robert I. Frenkel
Secretary and Chief Legal Officer
Thomas C. Mandia
Assistant Secretary
Steven Frank
Treasurer
Jeanne M. Kelly
Senior Vice President

Western Asset Managed Municipals Fund Inc.

620 Eighth Avenue
49th Floor
New York, NY 10018

Investment manager

Legg Mason Partners Fund Advisor, LLC

Subadviser

Western Asset Management Company

Auction agent

Deutsche Bank
60 Wall Street
New York, NY 10005

Custodian

State Street Bank and Trust Company
1 Lincoln Street
Boston, MA 02111

Transfer agent

American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10038

Independent registered public accounting firm

KPMG LLP
345 Park Avenue
New York, NY 10154

Legal counsel

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017

New York Stock Exchange Symbol

MMU

Legg Mason Funds Privacy and Security Notice

Your Privacy and the Security of Your Personal Information is Very Important to the Legg Mason Funds

This Privacy and Security Notice (the "Privacy Notice") addresses the Legg Mason Funds' privacy and data protection practices with respect to nonpublic personal information the Funds receive. The Legg Mason Funds include any funds sold by the Funds' distributor, Legg Mason Investor Services, LLC, as well as Legg Mason-sponsored closed-end funds and certain closed-end funds managed or sub-advised by Legg Mason or its affiliates and certain other closed-end funds managed or sub-advised by Legg Mason or its affiliates. The provisions of this Privacy Notice apply to your information both while you are a shareholder and after you are no longer invested with the Funds.

The Type of Nonpublic Personal Information the Funds Collect About You

The Funds collect and maintain nonpublic personal information about you in connection with your shareholder account. Such information may include, but is not limited to:

- Personal information included on applications or other forms;
- Account balances, transactions, and mutual fund holdings and positions;
- Online account access user IDs, passwords, security challenge question responses; and
- Information received from consumer reporting agencies regarding credit history and creditworthiness (such as the amount of an individual's total debt, payment history, etc.).

How the Funds Use Nonpublic Personal Information About You

The Funds do not sell or share your nonpublic personal information with third parties or with affiliates for their marketing purposes, or with other financial institutions or affiliates for joint marketing purposes, unless you have authorized the Funds to do so. The Funds do not disclose any nonpublic personal information about you except as may be required to perform transactions or services you have authorized or as permitted or required by law. The Funds may disclose information about you to:

- Employees, agents, and affiliates on a "need to know" basis to enable the Funds to conduct ordinary business or comply with obligations to government regulators;
- Service providers, including the Funds' affiliates, who assist the Funds as part of the ordinary course of business (such as printing, mailing services, or processing or servicing your account with us) or otherwise perform services on the Funds' behalf, including companies that may perform marketing services solely for the Funds;

- The Funds' representatives such as legal counsel, accountants and auditors; and
- Fiduciaries or representatives acting on your behalf, such as an IRA custodian or trustee of a grantor trust.

NOT PART OF THE SEMI-ANNUAL REPORT

Legg Mason Funds Privacy and Security Notice (cont d)

Except as otherwise permitted by applicable law, companies acting on the Funds' behalf are contractually obligated to keep nonpublic personal information the Funds provide to them confidential and to use the information the Funds share only to provide the services the Funds ask them to perform.

The Funds may disclose nonpublic personal information about you when necessary to enforce their rights or protect against fraud, or as permitted or required by applicable law, such as in connection with a law enforcement or regulatory request, subpoena, or similar legal process. In the event of a corporate action or in the event a Fund service provider changes, the Funds may be required to disclose your nonpublic personal information to third parties. While it is the Funds' practice to obtain protections for disclosed information in these types of transactions, the Funds cannot guarantee their privacy policy will remain unchanged.

Keeping You Informed of the Funds' Privacy and Security Practices

The Funds will notify you annually of their privacy policy as required by federal law. While the Funds reserve the right to modify this policy at any time they will notify you promptly if this privacy policy changes.

The Funds' Security Practices

The Funds maintain appropriate physical, electronic and procedural safeguards designed to guard your nonpublic personal information. The Funds' internal data security policies restrict access to your nonpublic personal information to authorized employees, who may use your nonpublic personal information for Fund business purposes only.

Although the Funds strive to protect your nonpublic personal information, they cannot ensure or warrant the security of any information you provide or transmit to them, and you do so at your own risk. In the event of a breach of the confidentiality or security of your nonpublic personal information, the Funds will attempt to notify you as necessary so you can take appropriate protective steps. If you have consented to the Funds using electronic communications or electronic delivery of statements, they may notify you under such circumstances using the most current email address you have on record with them.

In order for the Funds to provide effective service to you, keeping your account information accurate is very important. If you believe that your account information is incomplete, not accurate or not current, or if you have questions about the Funds' privacy practices, write the Funds using the contact information on your account statements, email the Funds by clicking on the Contact Us section of the Funds' website at www.leggmason.com, or contact the Fund at 1-888-777-0102.

Revised April 2011

NOT PART OF THE SEMI-ANNUAL REPORT

Western Asset Managed Municipals Fund Inc.

Western Asset Managed Municipals Fund Inc.
620 Eighth Avenue
49th Floor
New York, NY 10018

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Fund may purchase at market prices, shares of its Common Stock in the open market.

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at www.sec.gov. The Fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington D.C., and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. To obtain information on Form N-Q from the Fund, shareholders can call 1-888-777-0102.

Information on how the Fund voted proxies relating to portfolio securities during the prior 12-month period ended June 30th of each year and a description of the policies and procedures that the Fund uses to determine how to vote proxies related to portfolio transactions are available (1) without charge, upon request, by calling 1-888-777-0102, (2) on the Fund's website at www.leggmason.com/cef and (3) on the SEC's website at www.sec.gov.

This report is transmitted to the shareholders of Western Asset Managed Municipals Fund Inc. for their information. This is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or any securities mentioned in this report.

American Stock
Transfer & Trust Company
59 Maiden Lane
New York, NY 10038

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ITEM 2. CODE OF ETHICS.

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable.

ITEM 6. SCHEDULE OF INVESTMENTS.

Included herein under Item 1.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

ITEM 11. 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 second fiscal quarter of the period covered by this report that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

(a) (1) Not applicable.
Exhibit 99.CODE ETH

(a) (2) Certifications pursuant to section 302 of the Sarbanes-Oxley Act of 2002 attached hereto.
Exhibit 99.CERT

(b) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 attached hereto.
Exhibit 99.906CERT

SIGNATURES

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

Western Asset Managed Municipals Fund Inc.

By: /s/ R. Jay Gerken
(R. Jay Gerken)
Chief Executive Officer
Western Asset Managed Municipals Fund Inc.

Date: January 25, 2012

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
Western Asset Managed Municipals Fund Inc.

Date: January 25, 2012

By: /s/ Richard F. Sennett
(Richard F. Sennett)
Principal Financial Officer
Western Asset Managed Municipals Fund Inc.

Date: January 25, 2012
