

WESTERN ASSET MANAGED MUNICIPALS FUND INC.

Form N-CSR

July 25, 2011

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 May 31
end:

Date of reporting period: May 31, 2011

ITEM 1. REPORT TO STOCKHOLDERS.

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

May 31, 2011

Annual Report

Western Asset Managed Municipals Fund Inc.
(MMU)

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

II Western Asset Managed Municipals Fund Inc.

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 overview	1
Fund at a glance	5
Spread duration	6
Effective duration	7
Schedule of investments	8
Statement of assets and liabilities	22
Statement of operations	23
Statements of changes in net assets	24
Financial highlights	25
Notes to financial statements	26
Report of independent registered public accounting firm	33
Additional information	34
Annual chief executive officer and chief financial officer certifications	40
Other shareholder communications regarding accounting matters	41
Dividend reinvestment plan	42
Important tax information	44

Letter from the chairman

Dear Shareholder,

We are pleased to provide the annual report of Western Asset Managed Municipals Fund Inc. for the twelve-month reporting period ended May 31, 2011. Please read on for a detailed look at prevailing economic and market conditions during the Fund's reporting period and to learn how those conditions have affected Fund performance.

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

June 24, 2011

Investment commentary

Economic review

While economic indicators were somewhat mixed, the U.S. economy continued to expand over the twelve months ended May 31, 2011. Looking back, beginning with the fourth quarter of 2010, fears regarding moderating economic growth were replaced with optimism for a strengthening economy in 2011. However, toward the end of the reporting period, concerns regarding the sustainability of the economic recovery returned, negatively impacting some sectors of the equity and fixed-income markets. All told, investors who took on additional risk in their portfolios during the reporting period were generally rewarded.

Although the U.S. Department of Commerce continued to report positive U.S. gross domestic product (GDP)i growth, the expansion has been less robust than has been realized during most other periods exiting a severe recession. According to the Commerce Department, GDP growth was 3.7%, 1.7%, 2.6% and 3.1% during the first, second, third and fourth quarters of 2010, respectively. For calendar 2010 as a whole, the economy expanded 2.9%. The Commerce Department then reported that first quarter 2011 GDP growth was 1.9%. This moderation in growth during the first quarter was due to a variety of factors, including less robust export activity, a decline in government spending and a deceleration in consumer spending given rising oil and food prices.

Turning to the job market, while there were some periods of improvement during the reporting period, unemployment remained stubbornly high. After being 9.0% or higher since April 2009, the unemployment rate fell to 8.9% in February and 8.8% in March 2011. The job market then took two steps backward, as unemployment rose to 9.0% in April and 9.1% in May. Based on U.S. Department of Labor figures, the private sector which represents roughly 70% of the total U.S. workforce added only 83,000 jobs in May, the smallest amount since June 2010. As of the end of the reporting period, approximately 13.9 million Americans looking for work had yet to find a job, and roughly 45% of these individuals have been out of work for more than six months. In addition, while the Federal Reserve Board (Fed)ii believes that unemployment will decline, it projects that it will remain relatively high, between 7.5% and 8.0% at the end of 2012.

The long-ailing housing market continued to show signs of strain during the reporting period. Looking back, sales increased in the spring of 2010 largely due to the government's \$8,000 tax credit for first-time home buyers. This proved to be only a temporary boost, as sales subsequently weakened after the tax credit expired at the end of April. Existing-home sales did rebound somewhat toward the end of 2010 and in January 2011, as mortgage rates remained relatively low. However, according to the National Association of Realtors (NAR), existing-home sales then declined a sharp 8.9% in February. After a 3.5% increase in March, existing-home sales fell 1.8% and 3.8% in April and May, respectively. At the end of May, the inventory of unsold homes was a 9.3 month supply at the current sales level, versus a 9.0 month supply in April. Existing-home prices remained disappointingly low, with the NAR reporting that the median existing-home price for all housing types was \$166,500 in May 2011, down 4.6% from May 2010.

IV Western Asset Managed Municipals Fund Inc.

Investment commentary (continued)

Even the manufacturing sector, one of the stalwarts of the economy in recent years, softened at the end of the reporting period. Based on the Institute for Supply Management's PMIⁱⁱⁱ, the manufacturing sector grew twenty-two consecutive months since it began expanding (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion) in August 2009. In January 2011, the manufacturing sector expanded at its fastest pace since May 2004, with a reading of 60.8 versus 58.5 for the previous month. Manufacturing activity remained strong during the next three months and was 60.4 in April. However, it then declined to 53.5 in May, the lowest reading in the past twelve months. This was attributed, in part, to supply disruptions triggered by the March earthquake and tsunami in Japan.

Financial market overview

To a large extent, the financial markets were characterized by healthy investor risk appetite and solid results by stocks and lower-quality bonds. However, the financial markets experienced several periods of heightened volatility during the reporting period. The markets experienced sell-offs in mid-November 2010 and in mid-February, mid-March and May 2011. During those periods, investors tended to favor the relative safety of U.S. Treasury securities. However, these setbacks proved to be only temporary and risk aversion was generally replaced with solid demand for riskier assets.

Due to signs that certain areas of the economy were moderating early in the reporting period, the Fed took further actions to spur the economy. At its August 2010 meeting, the Fed announced an ongoing program that calls for using the proceeds from maturing agency debt and agency mortgage-backed securities to purchase longer-dated Treasury securities.

In addition, the Fed remained cautious throughout the reporting period given pockets of weakness in the economy. At its meeting in September 2010, the Fed said, "The Committee will continue to monitor the economic outlook and financial developments and is prepared to provide additional accommodation if needed to support the economic recovery. . . . This led to speculation that the Fed may again move to purchase large amounts of agency and Treasury securities in an attempt to avoid a double-dip recession and ward off deflation."

The Fed then took additional action in early November 2010. Citing that "the pace of recovery in output and employment continues to be slow," the Fed announced another round of quantitative easing to help stimulate the economy, entailing the purchase of \$600 billion of long-term U.S. Treasury securities by the end of the second quarter of 2011. This, coupled with its previously announced program to use the proceeds of maturing securities to purchase Treasuries, means the Fed could buy a total of \$850 billion to \$900 billion of Treasury securities by the end of June 2011.

At its meeting in June 2011, the Fed said, "Information received since the Federal Open Market Committee met in April indicates that the economic recovery is continuing at a moderate pace, though somewhat more slowly than the Committee had expected. . . . To promote the ongoing economic recovery and to help ensure that inflation, over time, is at levels consistent with its

Western Asset Managed Municipals Fund Inc. V

mandate, the Committee decided today to keep the target range for the federal funds rateiv at 0 to 1/4 percent. The Committee continues to anticipate that economic conditions including low rates of resource utilization and a subdued outlook for inflation over the medium run are likely to warrant exceptionally low levels for the federal funds rate for an extended period. The Fed also announced that it will complete its \$600 billion Treasury securities purchase program at the end of June.

Fixed-income market review

Most spread sectors (non-Treasuries) started the reporting period on the right foot, as they produced positive absolute returns in June and July, given robust investor demand for these securities. This rally was interrupted by a bout of risk aversion in August, with fears that the economy might slip back into a recession. Due to expectations for additional quantitative easing, most spread sectors rallied in September and October, before weakening again in the middle of November as the European sovereign debt crisis again took center stage. Most U.S. spread sectors then rallied through the end of April 2011. However, emerging market debt produced mixed results given uncertainties in Europe, concerns regarding economic growth in China and its potential impact on the global economy, geopolitical unrest in the Middle East and the devastating earthquake and tsunami in Japan. In May, the U.S. spread sectors generally posted positive results, but underperformed equal-durationv Treasuries. This occurred as economic data were often worse-than-expected and Treasuries rallied sharply given increased investor risk aversion.

Both short- and long-term Treasury yields fluctuated but, overall, moved lower during the twelve months ended May 31, 2011. When the period began, two- and ten-year Treasury yields were 0.76% and 3.31%, respectively. Yields largely declined during much of the next five months, with two-year Treasuries hitting their low for the reporting period of 0.33% on November 4, 2010. Ten-year Treasuries reached their reporting period trough of 2.41% in early October. Yields then moved sharply higher given expectations for stronger growth in 2011 and the potential for rising inflation. Yields declined again beginning in mid-February as there was another flight to quality due to the conflict in Libya and, later, given the tragic events in Japan. Yields moved higher toward the end of March as investor risk appetite resumed, but then declined in April and May largely due to disappointing economic data. When the period ended on May 31, 2011, two-year Treasury yields were 0.45% and ten-year Treasury yields were 3.05%.

The municipal bond market lagged its taxable bond counterpart over the twelve months ended May 31, 2011. Over that period, the Barclays Capital Municipal Bond Indexvi and the Barclays Capital U.S. Aggregate Indexvii returned 3.18% and 5.84%, respectively. The municipal bond market was negatively impacted by a sharp increase in issuance of Build America Bonds in advance of the expiration of the popular program at the end of 2010. These new securities were not readily absorbed by investor demand. In addition, there were some high profile issues regarding the financial well-being of some municipal bond issuers. However, the

VI Western Asset Managed Municipals Fund Inc.

Investment commentary (continued)

municipal market posted positive returns for three of the last four months of the period given improving tax revenues, a sharp decline in new issuance and an increase in demand from non-traditional municipal investors, such as insurance companies and hedge funds.

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

Sincerely,

R. Jay Gerken, CFA

Chairman, President and

Chief Executive Officer

June 24, 2011

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.

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 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.

iii 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.

Edgar Filing: WESTERN ASSET MANAGED MUNICIPALS FUND INC. - Form N-CSR

- 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.

Fund overview

Q. What is the Fund's investment strategy?

A. The Fund seeks to maximize current income exempt from federal income tax as is consistent with the preservation of principal. We select securities primarily by identifying undervalued sectors and individual securities, while also selecting securities that we believe will benefit from changes in market conditions.

Under normal market conditions, the Fund invests primarily in investment grade municipal bonds, but it can also invest up to 20% of its total assets in municipal bonds rated below investment grade by a nationally recognized statistical rating organization or, if unrated, determined to be of equivalent quality. The Fund may also use a variety of derivative instruments for investment purposes, as well as for hedging or risk-management purposes.

At Western Asset Management Company (Western Asset), the Fund's subadviser, we utilize a fixed-income team approach, with decisions derived from interaction among various investment management sector specialists. The sector teams are comprised of Western Asset's senior portfolio managers, research analysts and an in-house economist. Under this team approach, management of client fixed-income portfolios will reflect a consensus of interdisciplinary views within the Western Asset organization. The portfolio managers responsible for development of investment strategy, day-to-day portfolio management, oversight and coordination of the Fund are Stephen A. Walsh, Robert E. Amodeo and David T. Fare. Effective July 1, 2011, Joseph P. Deane no longer serves as a portfolio manager for this Fund. Effective May 1, 2011, S. Kenneth Leech also no longer serves as a portfolio manager for this Fund. While Mr. Leech continues to help shape Western Asset's overall investment strategy, his day-to-day role is becoming more concentrated on global portfolios. To reflect this global focus, he will continue to serve as a portfolio manager of the global funds, but not of the non-global funds.

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

A. During the twelve months ended May 31, 2011, risk appetite was generally strong as investors sought incremental yields given the low rates available from short-term fixed-income securities. Also supporting the spread sectors (non-U.S. Treasuries) were continued positive economic growth, generally improving corporate profits and strengthening corporate balance sheets.

While the spread sectors rallied during most of the reporting period, there were several occasions when investor risk aversion increased. These flights to quality were triggered by a number of events, including the sovereign debt crisis in Europe, concerns regarding the economy and inflation, geopolitical issues in the Middle East and Northern Africa and the tragedy in Japan. However, in most cases, risk aversion was fairly quickly replaced with a resumption of demand for riskier assets.

The yields on two- and ten-year Treasuries began the fiscal year at 0.76% and 3.31%, respectively. Treasury yields fluctuated during the twelve-month reporting period given changing expectations regarding the economy and uncertainties regarding Federal Reserve Board

Edgar Filing: WESTERN ASSET MANAGED MUNICIPALS FUND INC. - Form N-CSR

(Fed)i monetary policy. During the fiscal year, two-year Treasury yields moved as high as 0.87% and as low as 0.33%, while ten-year Treasury yields rose as high as 3.75% and fell as low as 2.41%. On May 31, 2011, yields on two- and ten-year Treasuries were 0.45% and 3.05%, respectively.

The municipal bond market experienced periods of heightened volatility during the reporting period. Although the fundamentals in the municipal market remained challenging, tax-free bond prices rallied during much of the first three months of the period. This was due, in part, to generally strong demand as

2 Western Asset Managed Municipals Fund Inc. 2011 Annual Report

Fund overview (cont d)

investors were drawn to their attractive yields. However, the municipal market weakened during most of the next five months of the period as investor demand could not absorb a sharp increase in new issuance of Build America Bonds (BABs). This spike in new issuance occurred as the BAB program was expiring at the end of December. Also pressuring the market were concerns regarding the financial health of some municipal bond issuers, fears of increasing defaults and investor redemptions from municipal bond mutual funds. The municipal market strengthened over the majority of the remainder of the reporting period, as tax revenues increased, new issuance declined and there were signs that some states were taking steps to reduce spending and get their financial houses in order. All told, the Barclays Capital Municipal Bond Indexⁱⁱ returned 3.18% for the twelve months ended May 31, 2011. Over the same period, the overall taxable bond market, as measured by the Barclays Capital U.S. Aggregate Indexⁱⁱⁱ, returned 5.84%.

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

A. A general theme for the Fund throughout the fiscal year was its underweight exposures to State General Obligation bonds (GOs) and Local GOs. These securities are typically economically sensitive, in that the issuing municipality repays bondholders from tax revenues. We avoided GOs given declining tax revenues, ongoing budget challenges and the likelihood of further rating agency downgrades. In contrast, we continued to emphasize service revenue bonds. Given the steepness of the municipal yield curve^{iv}, we extended the Fund 's duration^v during the latter part of the reporting period as we found more value on the longer end of the curve.

The Fund employed short U.S. Treasury futures during the reporting period to manage duration and in expectation of an underperformance by Treasuries. This strategy materially detracted from the Fund 's performance, and we closed the position in November 2010.

Performance review

For the twelve months ended May 31, 2011, Western Asset Managed Municipals Fund Inc. returned 2.47% based on its net asset value (NAV)^{vi} and 1.42% based on its New York Stock Exchange (NYSE) market price per share. The Fund 's unmanaged benchmark, the Barclays Capital Municipal Bond Index, returned 3.18% for the same period. The Lipper General & Insured Municipal Debt (Leveraged) Closed-End Funds Category Average^{vii} returned 2.74% over the same time frame. Please note that Lipper performance returns are based on each fund 's NAV.

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

Edgar Filing: WESTERN ASSET MANAGED MUNICIPALS FUND INC. - Form N-CSR

During the twelve-month period, the Fund made distributions to common stock shareholders totaling \$0.78 per share. The performance table shows the Fund's twelve-month total return based on its NAV and market price as of May 31, 2011. **Past performance is no guarantee of future results.**

Performance Snapshot as of May 31, 2011

Price Per Share	12-Month Total Return*
\$12.33 (NAV)	2.47%
\$12.26 (Market Price)	1.42%

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

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

Q. What were the leading contributors to performance?

A. The largest contributor to the Fund's relative performance during the reporting period was security selection. In particular, the Fund's overweight positions in service revenue bonds within the Industrial Revenue, Housing and Transportation sectors were beneficial for results. Additionally, the Fund's slight underweight to the Pre-Refunded^{viii} sector also contributed to performance.

Q. What were the leading detractors from performance?

A. The largest detractor from relative performance for the period was the use of a short Treasury futures position. This derivative position was employed to manage duration and given our expectation for Treasuries to underperform municipal bonds due to a dramatic increase in Treasury issuance. However, Treasuries outperformed the municipal market over the twelve months ended May 31, 2011.

The Fund's overweight, relative to the benchmark, to the long end of the municipal yield curve (20+ year maturities) negatively impacted performance, with the 20+ year maturity range being the poorest performing segment of the municipal curve for the reporting period. Although these securities performed well toward the end of the fiscal year, it was not enough to overcome their earlier weakness.

As discussed, the Fund's exposure to certain service revenue holdings was positive for performance. However, overall, the Fund's overweight exposure to service revenue bonds was not rewarded, as these securities as a whole lagged the overall benchmark.

Elsewhere, our underweights to State and Local GOs were detractors from performance. We avoided State and Local GOs based on our belief that their valuations were not attractive and that they were not compensating investors for the risk of future downgrades. This positioning was not beneficial as State and Local GOs outperformed the overall benchmark during the reporting period.

Looking for additional information?

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.

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

Sincerely,

Western Asset Management Company

June 14, 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*

4 Western Asset Managed Municipals Fund Inc. 2011 Annual Report

Fund overview (cont'd)

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.

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

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

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

i The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.

ii The Barclays Capital Municipal Bond Index is a market value weighted index of investment grade municipal bonds with maturities of one year or more.

iii 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.

iv The yield curve is the graphical depiction of the relationship between the yield on bonds of the same credit quality but different maturities.

v Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.

vi Net asset value (NAV) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total 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.

Edgar Filing: WESTERN ASSET MANAGED MUNICIPALS FUND INC. - Form N-CSR

vii Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended May 31, 2011, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 82 funds in the Fund's Lipper category.

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

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of May 31, 2011 and May 31, 2010 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.

6 Western Asset Managed Municipals Fund Inc. 2011 Annual Report

Spread duration (unaudited)

Economic Exposure May 31, 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 May 31, 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

8 Western Asset Managed Municipals Fund Inc. 2011 Annual Report

Schedule of investments

May 31, 2011

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Municipal Bonds 98.2%				
<i>Arizona 4.5%</i>				
Greater Arizona Development Authority, Development Authority Infrastructure Revenue, Pinal County Road Project, NATL	5.000%	8/1/19	\$ 3,705,000	\$ 3,961,571
Phoenix, AZ, Civic Improvement Corp. Airport Revenue	5.000%	7/1/40	5,000,000	4,814,450
Phoenix, AZ, Civic Improvement Corp. Airport Revenue, Senior Lien, FGIC	5.250%	7/1/22	3,000,000	3,030,240(a)
Phoenix, AZ, GO	5.000%	7/1/27	580,000	589,970
Phoenix, AZ, GO	5.000%	7/1/27	420,000	441,319(b)
Salt Verde, AZ, Financial Corp. Gas Revenue	5.000%	12/1/32	15,000,000	13,533,000
Salt Verde, AZ, Financial Corp. Gas Revenue	5.000%	12/1/37	7,040,000	6,237,018
Salt Verde, AZ, Financial Corp. Senior Gas Revenue	5.250%	12/1/28	2,000,000	1,922,560
Total Arizona				34,530,128
<i>California 13.8%</i>				
Bay Area Toll Authority, CA, Toll Bridge Revenue, San Francisco Bay Area	5.125%	4/1/39	21,700,000	21,900,291
California EFA Revenue, Pooled College, Western University of Health Sciences	5.625%	7/1/23	1,170,000	970,737
California Health Facilities Financing Authority Revenue, Stanford Hospital & Clinics	5.150%	11/15/40	2,000,000	1,895,620
California Housing Finance Agency Revenue, Home Mortgage	4.700%	8/1/24	3,100,000	2,969,924(a)
California Statewide CDA Revenue, Methodist Hospital Project, FHA	6.625%	8/1/29	5,885,000	6,700,661
Garden Grove, CA, Agency for Community Development, Tax Allocation, Refunding, AMBAC	5.000%	10/1/29	7,375,000	6,347,958
Imperial Irrigation District, CA, Electric Revenue	5.500%	11/1/41	2,750,000	2,835,415
Los Angeles, CA, Convention & Exhibition Center Authority, Lease Revenue	5.125%	8/15/22	7,250,000	7,404,787
Los Angeles, CA, Department of Airports Revenue, Los Angeles International Airport	5.000%	5/15/40	7,215,000	7,287,439
M-S-R Energy Authority, CA	7.000%	11/1/34	3,000,000	3,449,250
M-S-R Energy Authority, CA, Gas Revenue	6.500%	11/1/39	9,000,000	9,844,920
Modesto, CA, Irrigation District, COP, Capital Improvements	6.000%	10/1/39	6,500,000	6,703,905
Rancho Cucamonga, CA, RDA, Tax Allocation, Rancho Redevelopment Projects, NATL	5.125%	9/1/30	3,340,000	2,767,190
Sacramento County, CA, COP, Unrefunded Balance, Public Facilities Project, NATL	5.375%	2/1/19	1,145,000	1,145,630
San Bernardino County, CA, COP, Arrowhead Project	5.125%	8/1/24	5,185,000	5,196,614

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>California continued</i>				
San Mateo County Community College District, COP, NATL	5.000%	10/1/25	\$3,000,000	\$3,423,570(b)
Santa Clara, CA, RDA, Tax Allocation, Bayshore North Project, NATL	5.000%	6/1/23	2,500,000	2,464,550
Shafter Wasco Irrigation District Revenue, CA, COP	5.000%	11/1/40	5,000,000	4,784,700
Walnut, CA, Energy Center Authority Revenue	5.000%	1/1/40	7,745,000	7,145,382
<i>Total California</i>				<i>105,238,543</i>
<i>Colorado 8.4%</i>				
Colorado Health Facilities Authority Revenue:				
Catholic Health Initiatives	5.000%	9/1/41	4,000,000	3,860,680
Sisters Leavenworth	5.000%	1/1/35	6,000,000	5,829,840
Denver, CO, City & County Airport Revenue	6.125%	11/15/25	10,945,000	13,800,550(a)(c)
Denver, CO, City & County Airport Revenue, Unrefunded Balance	6.125%	11/15/25	13,630,000	13,671,299(a)
El Paso County, CO, COP, Detention Facility Project, AMBAC	5.000%	12/1/23	1,700,000	1,724,922
Garfield County, CO, GO:				
School District No. 2, AGM, State Aid Withholding	5.000%	12/1/23	2,300,000	2,458,194(b)
School District No. 2, AGM, State Aid Withholding	5.000%	12/1/25	1,000,000	1,068,780(b)
Public Authority for Colorado Energy, Natural Gas Purchase Revenue	6.500%	11/15/38	20,000,000	21,707,200
<i>Total Colorado</i>				<i>64,121,465</i>
<i>Connecticut 0.1%</i>				
Connecticut State HEFA Revenue, Child Care Facilities Project, AMBAC	5.625%	7/1/29	970,000	<i>972,270</i>
<i>Delaware 0.6%</i>				
Delaware State EDA Revenue, Indian River Power LLC	5.375%	10/1/45	5,000,000	<i>4,441,750</i>
<i>District of Columbia 1.9%</i>				
District of Columbia, Hospital Revenue, Children's Hospital Obligation, AGM	5.450%	7/15/35	14,665,000	<i>14,508,818</i>
<i>Florida 8.9%</i>				
Florida State Board of Education Capital Outlay, GO, Public Education, Refunding, AGM	5.000%	6/1/24	5,000,000	5,062,500
Florida State Department of Transportation, GO, Right of Way Project, FGIC	5.000%	7/1/25	1,465,000	1,509,521
Jacksonville, FL, Electric Authority, Electric System Revenue	5.000%	10/1/28	3,305,000	3,373,149
Martin County, FL, IDA Revenue, Indiantown Cogeneration Project	7.875%	12/15/25	6,500,000	6,527,820(a)
Miami Beach, FL, Stormwater Revenue, FGIC	5.375%	9/1/30	1,290,000	1,294,825
Miami-Dade County, FL, Aviation Revenue	5.500%	10/1/41	10,000,000	9,999,200

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc. 2011 Annual Report

10

Schedule of investments (cont d)

May 31, 2011

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Florida continued				
Miami-Dade County, FL, Aviation Revenue, Miami International Airport	5.375%	10/1/35	\$10,705,000	\$10,668,175
Miami-Dade County, FL, Expressway Authority Toll System Revenue	5.000%	7/1/40	10,000,000	9,557,200
Orange County, FL, Health Facilities Authority Revenue, Hospital-Orlando Regional Healthcare	5.000%	11/1/35	4,545,000	4,481,733
Orange County, FL, School Board, COP, AGC	5.500%	8/1/34	8,000,000	8,210,880
Orlando, FL, State Sales Tax Payments Revenue	5.000%	8/1/32	5,000,000	5,162,550
South Brevard, FL, Recreational Facilities Improvement, Special District, AMBAC	5.000%	7/1/20	2,500,000	2,505,000
Total Florida				68,352,553
Georgia 3.6%				
Atlanta, GA, Water & Wastewater Revenue	6.250%	11/1/39	13,000,000	13,874,120
DeKalb, Newton & Gwinnett Counties, GA, Joint Development Authority Revenue, GGC Foundation LLC Project	6.125%	7/1/40	6,220,000	6,662,988
Main Street Natural Gas Inc., GA, Gas Project Revenue	5.000%	3/15/22	4,000,000	3,911,680
Private Colleges & Universities Authority Revenue:				
Mercer University Project, Refunding	5.250%	10/1/25	2,000,000	1,960,420
Mercer University Project, Refunding	5.375%	10/1/29	1,000,000	945,860
Total Georgia				27,355,068
Hawaii 0.9%				
Hawaii State Airports System Revenue	5.000%	7/1/39	7,000,000	6,704,530
Illinois 9.1%				
Chicago, IL, O'Hare International Airport Revenue	5.625%	1/1/35	6,415,000	6,497,561
Chicago, IL, O'Hare International Airport Revenue	5.750%	1/1/39	6,000,000	6,092,340
Illinois Finance Authority Revenue:				
Advocate Health Care & Hospitals Corp. Network	6.250%	11/1/28	2,445,000	2,643,216
Alexian, AGM	5.500%	1/1/28	12,530,000	12,830,971
DePaul University	6.125%	10/1/40	5,000,000	5,165,350
Memorial Health System	5.500%	4/1/39	7,000,000	6,701,730
Metropolitan Pier & Exposition Authority, IL, Dedicated State Tax Revenue, McCormick	5.250%	6/15/50	32,000,000	29,848,960
Total Illinois				69,780,128
Indiana 1.4%				
Indianapolis, IN, Thermal Energy System	5.000%	10/1/25	5,000,000	5,301,550(d)
Richmond, IN, Hospital Authority Revenue, Reid Hospital & Health Care Services Inc. Project	6.625%	1/1/39	5,000,000	5,256,000

Total Indiana

10,557,550

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Kentucky 1.3%				
Louisville & Jefferson County, KY, Metro Government Health System Revenue, Norton Healthcare Inc.	5.250%	10/1/36	\$11,000,000	\$ 9,954,670
Maine 0.2%				
Maine State Housing Authority Mortgage Revenue	5.300%	11/15/23	1,770,000	1,776,000
Maryland 1.0%				
Baltimore, MD, Project Revenue:				
Refunding, Wastewater Projects, FGIC	5.125%	7/1/32	2,500,000	2,524,300
Refunding, Wastewater Projects, FGIC	5.200%	7/1/32	2,000,000	2,021,000
Maryland State Health & Higher EFA Revenue, Johns Hopkins Hospital Issue	5.000%	11/15/26	3,075,000	3,411,528(b)
Total Maryland				7,956,828
Massachusetts 4.2%				
Massachusetts DFA Revenue, Merrimack College Issue, NATL	5.200%	7/1/32	1,125,000	997,211
Massachusetts State DFA Revenue:				
Boston University	5.000%	10/1/29	3,000,000	3,077,880
Boston University, AMBAC	5.000%	10/1/39	3,500,000	3,432,170
Broad Institute Inc.	5.250%	4/1/37	8,000,000	8,091,280
Massachusetts State HEFA Revenue:				
Berklee College of Music	5.000%	10/1/32	1,500,000	1,509,600
Suffolk University	5.750%	7/1/39	8,000,000	7,687,680
Massachusetts State Housing Finance Agency Revenue	7.000%	12/1/38	5,000,000	5,376,200
Massachusetts State Special Obligation Dedicated Tax Revenue, NATL, FGIC	5.500%	1/1/34	2,000,000	2,106,460
Total Massachusetts				32,278,481
Michigan 1.7%				
Lansing, MI, Board of Water & Light Utility System Revenue	5.000%	7/1/37	7,000,000	7,071,540(e)
Michigan State Hospital Finance Authority Revenue, Refunding, Trinity Health Credit	5.375%	12/1/23	1,500,000	1,529,625
Royal Oak, MI, Hospital Finance Authority Revenue, William Beaumont Hospital	8.250%	9/1/39	4,000,000	4,592,800
Total Michigan				13,193,965
Minnesota 0.2%				
Dakota County, MN, CDA, MFH Revenue, Southfork Apartments, LIQ-FNMA	5.625%	2/1/26	1,500,000	1,447,785
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	1,547,535

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc. 2011 Annual Report

12

Schedule of investments (cont d)

May 31, 2011

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Missouri continued				
Kansas City, MO, Water Revenue	5.250%	12/1/32	\$ 1,000,000	\$ 1,064,270
Missouri State HEFA Revenue, Children's Mercy Hospital	5.625%	5/15/39	6,000,000	6,032,220
Platte County, MO, IDA Revenue, Refunding & Improvement Zona Rosa Retail Project	5.000%	12/1/32	5,000,000	5,196,500
Total Missouri				13,840,525
Montana 1.1%				
Montana State Board of Investment, Resource Recovery Revenue, Yellowstone Energy LP Project	7.000%	12/31/19	8,840,000	8,382,795 ^(a)
Nebraska 0.4%				
Nebraska Public Power Generation Agency Revenue, Whelan Energy Center Unit 2-A, AMBAC	5.000%	1/1/25	3,000,000	3,046,530
Nevada 1.7%				
Reno, NV, Hospital Revenue, Washoe Medical Centre, AGM	5.500%	6/1/33	12,750,000	12,717,743
New Jersey 4.1%				
New Jersey State Higher Education Assistance Authority, Student Loan Revenue	5.625%	6/1/30	12,320,000	12,707,587
New Jersey State Higher Education Assistance Authority, Student Loan Revenue, AGC	6.125%	6/1/30	10,000,000	10,447,200 ^(a)
New Jersey State Housing & Mortgage Finance Agency Revenue	6.375%	10/1/28	6,530,000	7,000,226
South Jersey Port Corp., New Jersey Revenue, Refunding	5.000%	1/1/26	1,350,000	1,371,438
Total New Jersey				31,526,451
New Mexico 0.7%				
New Mexico State Hospital Equipment Loan Council, Hospital Revenue, Presbyterian Healthcare Services	6.125%	8/1/28	5,000,000	5,412,850
New York 8.1%				
Liberty, NY, Development Corporation Revenue:				
Goldman Sachs Headquarters	5.250%	10/1/35	5,000,000	4,999,600
Goldman Sachs Headquarters	5.500%	10/1/37	8,985,000	9,211,961
Long Island Power Authority, NY, Electric System Revenue	6.000%	5/1/33	24,570,000	26,879,580
MTA, NY, Revenue	5.250%	11/15/40	5,000,000	5,074,250
New York City, NY, Municipal Water Finance Authority, Water & Sewer Systems Revenue	5.250%	6/15/25	4,315,000	4,365,399
New York City, NY, Municipal Water Finance Authority, Water & Sewer Systems Revenue	5.250%	6/15/25	1,685,000	1,704,664 ^(b)
New York City, NY, TFA, Building Aid Revenue	5.000%	1/15/32	4,000,000	4,119,760
New York Liberty Development Corp., Liberty Revenue, Second Priority, Bank of America Tower	5.125%	1/15/44	1,000,000	972,920

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>New York continued</i>				
New York State Dormitory Authority Revenue, Willow Towers Inc. Project, GNMA-Collateralized	5.250%	2/1/22	\$ 1,000,000	\$ 1,026,550
Port Authority of New York & New Jersey	5.000%	1/15/41	3,820,000	3,931,506
<i>Total New York</i>				62,286,190
<i>North Carolina 0.5%</i>				
Harnett County, NC, GO, Refunded Custody Receipts, AMBAC	5.250%	6/1/24	1,615,000	1,711,189
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	923,400
Elizabeth City State University Housing Foundation LLC Project, AMBAC	5.000%	6/1/33	1,250,000	1,042,388
<i>Total North Carolina</i>				3,676,977
<i>North Dakota 1.4%</i>				
North Dakota State Housing Finance Agency Revenue, Housing Finance Program, Home Mortgage Finance	5.625%	1/1/39	10,025,000	10,366,452
<i>Ohio 3.1%</i>				
Hamilton County, OH, Hospital Facilities Revenue, Cincinnati Children's Hospital, FGIC	5.250%	5/15/23	2,000,000	1,977,240
Hamilton County, OH, Sales Tax Revenue, AMBAC	5.250%	12/1/32	5,075,000	5,075,254
Lorain County, OH, Hospital Revenue, Catholic Healthcare Partners	5.375%	10/1/30	7,500,000	7,530,375
Lucas County, OH, Hospital Revenue, Promedica Healthcare Obligation Group, AMBAC	5.375%	11/15/29	5,990,000	5,995,031
Summit County, OH, GO:				
FGIC	5.000%	12/1/21	1,000,000	1,046,230
FGIC	5.000%	12/1/22	500,000	522,060
Trumbull County, OH, GO, NATL	5.200%	12/1/20	1,500,000	1,551,840
<i>Total Ohio</i>				23,698,030
<i>Oregon 0.4%</i>				
Oregon State Housing & Community Services Department, Mortgage Revenue, Single-Family Mortgage Program	5.050%	7/1/26	1,665,000	1,661,453(a)
Umatilla County, OR, Hospital Facility Authority Revenue:				
Catholic Health Initiatives	5.000%	5/1/32	535,000	535,407
Catholic Health Initiatives	5.000%	5/1/32	465,000	522,372(b)
<i>Total Oregon</i>				2,719,232

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc. 2011 Annual Report

14

Schedule of investments (cont d)

May 31, 2011

Western Asset Managed Municipals Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Pennsylvania 1.0%				
Pennsylvania State Public School Building Authority Lease Revenue, Philadelphia School District Project, AGM	5.000%	6/1/33	\$ 7,255,000	\$ 7,331,323
Puerto Rico 2.0%				
Puerto Rico Electric Power Authority Revenue	5.500%	7/1/38	5,000,000	4,944,200
Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue	5.750%	8/1/37	6,000,000	6,089,160
Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue	6.000%	8/1/42	4,000,000	4,103,320
Total Puerto Rico				15,136,680
Rhode Island 0.7%				
Rhode Island State Health & Educational Building Corp., Revenue, Hospital Financing	7.000%	5/15/39	5,000,000	5,464,100
South Carolina 0.3%				
South Carolina State Ports Authority Revenue	5.250%	7/1/40	2,500,000	2,535,950
Tennessee 0.1%				
Hardeman County, TN, Correctional Facilities Corp., Correctional Facilities Revenue	7.750%	8/1/17	795,000	795,143
Texas 8.5%				
Dallas-Fort Worth, TX, International Airport Facilities Improvement Corp. Revenue, American Airlines Inc., Guarantee Agreement	6.375%	5/1/35	5,000,000	3,769,600(a)
Dallas-Fort Worth, TX, International Airport Revenue: Joint Improvement	5.000%	11/1/45	10,000,000	9,466,700
NATL	6.000%	11/1/23	5,000,000	5,017,550(a)
Harris County, TX, Health Facilities Development Corp., School Health Care System Revenue	5.750%	7/1/27	1,000,000	1,223,890(c)
Love Field Airport Modernization Corp, TX, Special Facilities Revenue, Southwest Airlines Co. Project	5.250%	11/1/40	15,000,000	13,491,750
North Texas Tollway Authority Revenue	5.750%	1/1/33	5,000,000	5,032,350
North Texas Tollway Authority Revenue	5.750%	1/1/40	15,000,000	15,056,100
Tarrant County, TX, Cultural Education Facilities Finance Corp. Revenue, Texas Health Resources	5.000%	11/15/40	5,000,000	4,706,600
Texas Private Activity Bond Surface Transportation Corp. Revenue, LBJ Infrastructure Group LLC	7.000%	6/30/40	7,000,000	7,468,790
Total Texas				65,233,330
Virginia 0.4%				
Chesterfield County, VA, IDA, PCR, Virginia Electric & Power Co., Remarketed 11/8/02	5.875%	6/1/17	3,000,000	3,070,350

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	\$ 565,548
Total Investments before Short-Term Investments (Cost \$724,446,999)				750,976,731
Short-Term Investments 1.8%				
Florida 0.2% Orange County, FL, Health Facilities Authority Revenue, Orlando Regional Healthcare, AGM, SPA-Dexia Credit Local	0.400%	10/1/41	1,700,000	1,700,000(f)(g)
Louisiana 0.7% St. James Parish, LA, PCR, Texaco Inc. Project	0.110%	7/1/12	4,900,000	4,900,000(f)(g)
Michigan 0.1% Michigan State Hospital Finance Authority Revenue, Ltd. Obligation Radiation, LOC-Fifth Third Bank	0.330%	2/1/22	440,000	440,000(f)(g)
New York 0.0% New York City, NY, MFA, Water & Sewer System Revenue, Second General Resolution Fiscal 2008, SPA-Fortis Bank SA	0.120%	6/15/34	300,000	300,000(f)(g)
Puerto Rico 0.0% Commonwealth of Puerto Rico, GO, Public Improvement, AGM, SPA-Dexia Credit Local	0.180%	7/1/21	300,000	300,000(f)(g)
Wisconsin 0.8% Wisconsin State HEFA Revenue, Gunderson Lutheran, AGM, SPA-Dexia Public Finance Bank	1.000%	12/1/15	6,100,000	6,100,000(f)(g)
Total Short-Term Investments (Cost \$13,740,000)				13,740,000
Total Investments 100.0% (Cost \$738,186,999#)				\$764,716,731

- (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) Variable rate security. Interest rate disclosed is as of the most recent information available.
- (e) Security is purchased on a when-issued basis.
- (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 \$737,542,229.

See Notes to Financial Statements.

16 Western Asset Managed Municipals Fund Inc. 2011 Annual Report

Schedule of investments (cont d)

May 31, 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
MFA	Municipal Finance Authority
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 (unaudited)

Transportation	21.5%
Health care	18.2
Industrial revenue	12.5
Power	10.5
Special tax obligation	9.2
Education	8.6
Leasing	4.9
Housing	4.0
Pre-refunded/escrowed to maturity	3.6

Edgar Filing: WESTERN ASSET MANAGED MUNICIPALS FUND INC. - Form N-CSR

Water & sewer	3.3
Local general obligation	1.2
State general obligation	0.7
Short-term investments	1.8
	100.0%

As a percentage of total investments. Please note that Fund holdings are as of May 31, 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	5.7%
AA/Aa	34.7
A	48.3
BBB/Baa	5.1
BB/Ba	0.9
B/B	0.2
CCC/Caa	0.5
A-1/VMIG 1	1.8
NR	2.8
	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 an NRSRO.

See pages 18 through 21 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.

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.
NR	Indicates that the obligation is not rated by Standard & Poor's, Moody's or Fitch.

Western Asset Managed Municipals Fund Inc. 2011 Annual Report

22

Statement of assets and liabilities

May 31, 2011

Assets:

Investments, at value (Cost \$738,186,999)	\$764,716,731
Cash	94,688
Interest receivable	11,230,877
Receivable for securities sold	3,562,581
Prepaid expenses	24,345
Total Assets	779,629,222

Liabilities:

Payable for securities purchased	6,949,390
Investment management fee payable	357,166
Directors' fees payable	12,834
Distributions payable to Auction Rate Cumulative Preferred Stockholders	9,605
Accrued expenses	140,670
Total Liabilities	7,469,665

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	\$522,159,557

Net Assets:

Par value (\$0.001 par value; 42,345,099 common shares issued and outstanding; 500,000,000 common shares authorized)	\$ 42,345
Paid-in capital in excess of par value	513,225,275
Undistributed net investment income	15,183,580
Accumulated net realized loss on investments and futures contracts	(32,821,375)
Net unrealized appreciation on investments	26,529,732
Total Net Assets	\$522,159,557

Shares Outstanding	42,345,099
---------------------------	------------

Net Asset Value	\$12.33
------------------------	---------

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc. 2011 Annual Report

23

Statement of operations

For the Year Ended May 31, 2011

Investment Income:

Interest	\$ 41,767,050
-----------------	----------------------

Expenses:

Investment management fee (Note 2)	4,231,650
Directors' fees	152,546
Auction participation fees (Note 5)	125,000
Legal fees	112,144
Audit and tax	67,700
Transfer agent fees	50,743
Shareholder reports	47,675
Auction agent fees	43,948
Stock exchange listing fees	33,067
Fund accounting fees	21,076
Insurance	18,179
Rating agency fees	18,178
Custody fees	10,642
Miscellaneous expenses	9,935
Total Expenses	4,942,483
Net Investment Income	36,824,567

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

Net Realized Gain (Loss) From:	
Investment transactions	8,163,151
Futures contracts	(8,961,604)
Net Realized Loss	(798,453)
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments	(21,853,608)
Futures contracts	(1,269,872)
Change in Net Unrealized Appreciation (Depreciation)	(23,123,480)
Net Loss on Investments and Futures Contracts	(23,921,933)
Distributions Paid to Auction Rate Cumulative Preferred Stockholders from Net Investment Income (Note 1)	(1,028,923)
Increase in Net Assets from Operations	\$ 11,873,711

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc. 2011 Annual Report

24

Statements of changes in net assets

For the Years Ended May 31,	2011	2010
Operations:		
Net investment income	\$36,824,567	\$37,061,255
Net realized gain (loss)	(798,453)	1,347,532
Change in net unrealized appreciation (depreciation)	(23,123,480)	36,342,685
Distributions paid to auction rate preferred stockholders from net investment income	(1,028,923)	(1,076,296)
<i>Increase in Net Assets From Operations</i>	<i>11,873,711</i>	<i>73,675,176</i>
Distributions to Shareholders From (Note 1):		
Net investment income	(32,997,649)	(30,188,939)
<i>Decrease in Net Assets From Distributions to Common Stock Shareholders</i>	<i>(32,997,649)</i>	<i>(30,188,939)</i>
Fund Share Transactions:		
Reinvestment of distributions (341,060 and 88,528 shares issued, respectively)	4,101,534	1,113,238
<i>Increase in Net Assets From Fund Share Transactions</i>	<i>4,101,534</i>	<i>1,113,238</i>
<i>Increase (Decrease) in Net Assets</i>	<i>(17,022,404)</i>	<i>44,599,475</i>
Net Assets:		
Beginning of year	539,181,961	494,582,486
End of year*	\$522,159,557	\$539,181,961
* Includes undistributed net investment income of:	\$15,183,580	\$12,448,790

See Notes to Financial Statements.

Western Asset Managed Municipals Fund Inc. 2011 Annual Report

25