

WESTERN ASSET MANAGED MUNICIPALS FUND INC.

Form N-Q

October 26, 2012

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

**FORM N-Q**

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

Investment Company Act file number 811-6629

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

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

10018  
(Zip code)

Robert I. Frenkel, Esq.  
Legg Mason & Co., LLC  
100 First Stamford Place  
Stamford, CT 06902  
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-888-777-0102

Date of fiscal year end: May 31

Date of reporting period: August 31, 2012

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ITEM 1. SCHEDULE OF INVESTMENTS.

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**WESTERN ASSET MANAGED MUNICIPALS FUND INC.**

FORM N-Q

AUGUST 31, 2012

## WESTERN ASSET MANAGED MUNICIPALS FUND INC.

Schedule of investments (unaudited)

August 31, 2012

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT  | VALUE        |
|--|--------|---------------|--------------|--------------|
| MUNICIPAL BONDS 131.8%   |        |               |              |              |
| <b>Arizona 6.3%</b>  |        |               |              |              |
| Greater Arizona Development Authority, Development Authority Infrastructure Revenue, Pinal County Road Project, NATL | 5.000% | 8/1/19        | \$ 3,705,000 | \$ 4,092,321 |
| Phoenix, AZ, Civic Improvement Corp. Airport Revenue   | 5.000% | 7/1/40        | 5,000,000    | 5,473,150    |
| Phoenix, AZ, Civic Improvement Corp. Airport Revenue, Senior Lien, FGIC  | 5.250% | 7/1/22        | 3,000,000    | 3,005,100(a) |
| Salt Verde, AZ, Financial Corp. Gas Revenue  | 5.000% | 12/1/32       | 15,000,000   | 15,988,350   |
| Salt Verde, AZ, Financial Corp. Gas Revenue  | 5.000% | 12/1/37       | 7,040,000    | 7,534,067    |
| Salt Verde, AZ, Financial Corp. Senior Gas Revenue   | 5.250% | 12/1/28       | 2,000,000    | 2,190,740    |
| <i>Total Arizona</i>   |        |               |              | 38,283,728   |
| <b>California 17.3%</b>  |        |               |              |              |
| Bay Area Toll Authority, CA, Toll Bridge Revenue, San Francisco Bay Area   | 5.125% | 4/1/39        | 21,700,000   | 24,334,380   |
| California Health Facilities Financing Authority Revenue, Stanford Hospital & Clinics                                | 5.150% | 11/15/40      | 2,000,000    | 2,252,880    |
| California Housing Finance Agency Revenue, Home Mortgage   | 4.700% | 8/1/24        | 3,100,000    | 2,970,699(a) |
| California Statewide CDA Revenue, Methodist Hospital Project, FHA  | 6.625% | 8/1/29        | 5,885,000    | 7,449,292    |
| Garden Grove, CA, Agency for Community Development, Tax Allocation, Refunding, AMBAC                                 | 5.000% | 10/1/29       | 7,375,000    | 7,201,024    |
| Imperial Irrigation District, CA, Electric Revenue   | 5.500% | 11/1/41       | 2,750,000    | 3,132,855    |
| Los Angeles, CA, Convention & Exhibition Center Authority, Lease Revenue   | 5.125% | 8/15/22       | 7,250,000    | 8,074,252    |
| Los Angeles, CA, Department of Airports Revenue, Los Angeles International Airport                                   | 5.000% | 5/15/40       | 7,215,000    | 8,031,522    |
| M-S-R Energy Authority, CA   | 7.000% | 11/1/34       | 3,000,000    | 4,008,690    |
| M-S-R Energy Authority, CA, Gas Revenue  | 6.500% | 11/1/39       | 9,000,000    | 11,469,780   |
| Modesto, CA, Irrigation District, COP, Capital Improvements  | 6.000% | 10/1/39       | 6,500,000    | 7,161,505    |
| Rancho Cucamonga, CA, RDA, Tax Allocation, Rancho Redevelopment Projects, NATL                                       | 5.125% | 9/1/30        | 3,340,000    | 3,340,234    |
| Sacramento County, CA, COP, Unrefunded Balance, Public Facilities Project, NATL                                      | 5.375% | 2/1/19        | 1,145,000    | 1,146,374    |
| San Bernardino County, CA, COP, Arrowhead Project  | 5.125% | 8/1/24        | 5,185,000    | 5,431,650    |
| San Mateo County Community College District, COP, NATL   | 5.000% | 10/1/25       | 3,000,000    | 3,290,670(b) |
| Shafter Wasco Irrigation District Revenue, CA, COP   | 5.000% | 11/1/40       | 5,000,000    | 5,395,200    |
| <i>Total California</i>  |        |               |              | 104,691,007  |
| <b>Colorado 11.6%</b>  |        |               |              |              |
| Colorado Health Facilities Authority Revenue:  |        |               |              |              |
| Catholic Health Initiatives  | 5.000% | 9/1/41        | 4,000,000    | 4,233,640    |
| Sisters Leavenworth  | 5.000% | 1/1/35        | 6,000,000    | 6,552,120    |

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|   |        |          |            |                  |
|---|--------|----------|------------|------------------|
| Denver, CO, City & County Airport Revenue                                     | 6.125% | 11/15/25 | 10,945,000 | 15,038,868(a)(c) |
| Denver, CO, City & County Airport Revenue,<br>Unrefunded Balance              | 6.125% | 11/15/25 | 13,630,000 | 13,667,891(a)    |
| El Paso County, CO, COP, Detention Facility Project,<br>AMBAC                 | 5.000% | 12/1/23  | 1,700,000  | 1,719,363(b)     |
| Garfield County, CO, GO:<br>School District No. 2, AGM, State Aid Withholding | 5.000% | 12/1/23  | 2,300,000  | 2,326,197(b)     |
| School District No. 2, AGM, State Aid Withholding                             | 5.000% | 12/1/25  | 1,000,000  | 1,011,390(b)     |

*See Notes to Schedule of Investments.*

## WESTERN ASSET MANAGED MUNICIPALS FUND INC.

Schedule of investments (unaudited) (cont d)

August 31, 2012

| SECURITY  | RATE   | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE             |
|---|--------|------------------|----------------|-------------------|
| <b>Colorado continued</b>   |        |                  |                |                   |
| Public Authority for Colorado Energy, Natural Gas<br>Purchase Revenue   | 6.500% | 11/15/38         | \$ 20,000,000  | \$ 25,460,600     |
| <i>Total Colorado</i>   |        |                  |                | <i>70,010,069</i> |
| <b>District of Columbia 2.6%</b>  |        |                  |                |                   |
| District of Columbia, Hospital Revenue, Children's<br>Hospital Obligation, AGM                                | 5.450% | 7/15/35          | 14,335,000     | 15,704,853        |
| <b>Florida 10.5%</b>  |        |                  |                |                   |
| Jacksonville, FL, Electric Authority, Electric System<br>Revenue  | 5.000% | 10/1/28          | 3,305,000      | 3,409,339         |
| Martin County, FL, IDA Revenue, Indiantown<br>Cogeneration Project  | 7.875% | 12/15/25         | 6,500,000      | 6,530,420(a)      |
| Miami-Dade County, FL, Aviation Revenue   | 5.500% | 10/1/41          | 10,000,000     | 11,045,000        |
| Miami-Dade County, FL, Aviation Revenue, Miami<br>International Airport                                       | 5.375% | 10/1/35          | 10,705,000     | 12,185,822        |
| Miami-Dade County, FL, Expressway Authority Toll<br>System Revenue  | 5.000% | 7/1/40           | 10,000,000     | 10,875,200        |
| Orange County, FL, Health Facilities Authority Revenue,<br>Hospital-Orlando Regional Healthcare               | 5.000% | 11/1/35          | 4,545,000      | 4,911,418         |
| Orange County, FL, School Board, COP, AGC   | 5.500% | 8/1/34           | 8,000,000      | 9,206,080         |
| Orlando, FL, State Sales Tax Payments Revenue   | 5.000% | 8/1/32           | 5,000,000      | 5,529,350         |
| <i>Total Florida</i>  |        |                  |                | <i>63,692,629</i> |
| <b>Georgia 4.5%</b>   |        |                  |                |                   |
| Atlanta, GA, Water & Wastewater Revenue   | 6.250% | 11/1/39          | 13,000,000     | 15,803,710        |
| DeKalb, Newton & Gwinnett Counties, GA, Joint<br>Development Authority Revenue, GGC Foundation LLC<br>Project | 6.125% | 7/1/40           | 6,220,000      | 7,218,932         |
| Main Street Natural Gas Inc., GA, Gas Project Revenue   | 5.000% | 3/15/22          | 4,000,000      | 4,291,240         |
| <i>Total Georgia</i>  |        |                  |                | <i>27,313,882</i> |
| <b>Hawaii 1.3%</b>  |        |                  |                |                   |
| Hawaii State Airports System Revenue  | 5.000% | 7/1/39           | 7,000,000      | 7,682,360         |
| <b>Illinois 7.3%</b>  |        |                  |                |                   |
| Chicago, IL, O'Hare International Airport Revenue   | 5.625% | 1/1/35           | 6,415,000      | 7,527,682         |
| Chicago, IL, O'Hare International Airport Revenue   | 5.750% | 1/1/39           | 6,000,000      | 7,032,960         |
| Illinois Finance Authority Revenue:   |        |                  |                |                   |
| Advocate Health Care & Hospitals Corp. Network  | 6.250% | 11/1/28          | 2,445,000      | 3,011,824         |
| DePaul University   | 6.125% | 10/1/40          | 5,000,000      | 5,811,550         |
| Memorial Health System  | 5.500% | 4/1/39           | 7,000,000      | 7,656,110         |
| Metropolitan Pier & Exposition Authority, IL, Dedicated<br>State Tax Revenue, McCormick Project               | 5.250% | 6/15/50          | 12,000,000     | 13,305,960        |
| <i>Total Illinois</i>   |        |                  |                | <i>44,346,086</i> |
| <b>Indiana 2.8%</b>   |        |                  |                |                   |
| Indiana Finance Authority, Wastewater Utility Revenue,<br>CWA Authority                                       | 5.000% | 10/1/41          | 5,000,000      | 5,574,300         |
| Indianapolis, IN, Thermal Energy System   | 5.000% | 10/1/25          | 5,000,000      | 5,592,200(d)      |

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|  |        |         |            |                   |
|--|--------|---------|------------|-------------------|
| Richmond, IN, Hospital Authority Revenue, Reid<br>Hospital & Health Care Services Inc. Project                 | 6.625% | 1/1/39  | 5,000,000  | 5,807,900         |
| <i>Total Indiana</i>   |        |         |            | <i>16,974,400</i> |
| <b>Kentucky 1.9%</b>   |        |         |            |                   |
| Louisville & Jefferson County, KY, Metropolitan<br>Government Health System Revenue, Norton Healthcare<br>Inc. | 5.250% | 10/1/36 | 11,000,000 | 11,519,750        |

*See Notes to Schedule of Investments.*

## WESTERN ASSET MANAGED MUNICIPALS FUND INC.

Schedule of investments (unaudited) (cont d)

August 31, 2012

| SECURITY  | RATE   | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE             |
|---|--------|------------------|----------------|-------------------|
| <b>Louisiana 0.9%</b>   |        |                  |                |                   |
| St. Charles Parish, LA, Gulf Zone Opportunity Zone Revenue, Valero Refining-New Orleans LLC | 4.000% | 6/1/22           | \$ 5,000,000   | \$ 5,384,250(e)   |
| <b>Maryland 1.3%</b>  |        |                  |                |                   |
| Baltimore, MD, Project Revenue:<br>Refunding, Wastewater Projects, FGIC                     | 5.125% | 7/1/32           | 2,500,000      | 2,505,825         |
| Refunding, Wastewater Projects, FGIC  | 5.200% | 7/1/32           | 2,000,000      | 2,004,760         |
| Maryland State Health & Higher EFA Revenue, Johns Hopkins Hospital Issue                    | 5.000% | 11/15/26         | 3,075,000      | 3,247,538(b)      |
| <i>Total Maryland</i>   |        |                  |                | <i>7,758,123</i>  |
| <b>Massachusetts 5.1%</b>   |        |                  |                |                   |
| Massachusetts DFA Revenue, Merrimack College Issue, NATL                                    | 5.200% | 7/1/32           | 1,125,000      | 1,126,091         |
| Massachusetts State DFA Revenue:  |        |                  |                |                   |
| Boston University   | 5.000% | 10/1/29          | 3,000,000      | 3,361,320         |
| Boston University, AMBAC  | 5.000% | 10/1/39          | 3,500,000      | 3,751,545         |
| Broad Institute Inc.  | 5.250% | 4/1/37           | 8,000,000      | 8,884,720         |
| Massachusetts State HEFA Revenue, Suffolk University  | 5.750% | 7/1/39           | 8,000,000      | 8,969,760         |
| Massachusetts State Housing Finance Agency Revenue  | 7.000% | 12/1/38          | 4,575,000      | 5,101,034         |
| <i>Total Massachusetts</i>  |        |                  |                | <i>31,194,470</i> |
| <b>Michigan 2.4%</b>  |        |                  |                |                   |
| Lansing, MI, Board of Water & Light Utility System Revenue                                  | 5.000% | 7/1/37           | 7,000,000      | 7,966,980         |
| Michigan State Hospital Finance Authority Revenue, Refunding, Trinity Health Credit         | 5.375% | 12/1/23          | 1,500,000      | 1,518,420(b)      |
| Royal Oak, MI, Hospital Finance Authority Revenue, William Beaumont Hospital                | 8.250% | 9/1/39           | 4,000,000      | 5,155,520         |
| <i>Total Michigan</i>   |        |                  |                | <i>14,640,920</i> |
| <b>Minnesota 0.2%</b>   |        |                  |                |                   |
| Dakota County, MN, CDA, MFH Revenue, Southfork Apartments, LIQ-FNMA                         | 5.625% | 2/1/26           | 1,500,000      | 1,500,645         |
| <b>Missouri 2.2%</b>  |        |                  |                |                   |
| Kansas City, MO, Water Revenue  | 5.250% | 12/1/32          | 1,000,000      | 1,149,120         |
| Missouri State HEFA Revenue, Children's Mercy Hospital                                      | 5.625% | 5/15/39          | 6,000,000      | 6,645,000         |
| Platte County, MO, IDA Revenue, Refunding & Improvement Zona Rosa Retail Project            | 5.000% | 12/1/32          | 5,000,000      | 5,537,200         |
| <i>Total Missouri</i>   |        |                  |                | <i>13,331,320</i> |
| <b>Montana 1.3%</b>   |        |                  |                |                   |
| Montana State Board of Investment, Resource Recovery Revenue, Yellowstone Energy LP Project | 7.000% | 12/31/19         | 8,050,000      | 8,054,830(a)      |
| <b>Nebraska 0.5%</b>  |        |                  |                |                   |
| Nebraska Public Power Generation Agency Revenue, Whelan Energy Center Unit 2-A, AMBAC       | 5.000% | 1/1/25           | 3,000,000      | 3,296,130         |
| <b>Nevada 2.3%</b>  |        |                  |                |                   |



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|   |        |         |            |            |
|---|--------|---------|------------|------------|
| Reno, NV, Hospital Revenue, Washoe Medical Centre,<br>AGM | 5.500% | 6/1/33  | 12,750,000 | 13,761,457 |
| <b>New Jersey 7.2%</b>                                    |        |         |            |            |
| New Jersey State EDA Revenue                              | 5.000% | 6/15/26 | 2,500,000  | 2,803,650  |
| New Jersey State EDA Revenue:                             |        |         |            |            |

*See Notes to Schedule of Investments.*

## WESTERN ASSET MANAGED MUNICIPALS FUND INC.

Schedule of investments (unaudited) (cont d)

August 31, 2012

| SECURITY  | RATE   | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE                       |
|---|--------|------------------|----------------|-----------------------------|
| <b>New Jersey continued</b>   |        |                  |                |                             |
| Continental Airlines Inc. Project   | 4.875% | 9/15/19          | \$ 3,000,000   | \$ 3,054,420 <sup>(a)</sup> |
| Continental Airlines Inc. Project   | 5.125% | 9/15/23          | 2,000,000      | 2,026,040 <sup>(a)</sup>    |
| Continental Airlines Inc. Project   | 5.250% | 9/15/29          | 3,000,000      | 3,056,250 <sup>(a)</sup>    |
| New Jersey State Higher Education Assistance Authority,<br>Student Loan Revenue                         | 5.625% | 6/1/30           | 12,320,000     | 13,784,109                  |
| New Jersey State Higher Education Assistance Authority,<br>Student Loan Revenue, AGC                    | 6.125% | 6/1/30           | 10,000,000     | 10,950,100 <sup>(a)</sup>   |
| New Jersey State Housing & Mortgage Finance Agency<br>Revenue   | 6.375% | 10/1/28          | 5,800,000      | 6,466,188                   |
| South Jersey Port Corp., New Jersey Revenue, Refunding  | 5.000% | 1/1/26           | 1,350,000      | 1,361,691                   |
| <i>Total New Jersey</i>   |        |                  |                | <i>43,502,448</i>           |
| <b>New Mexico 1.0%</b>  |        |                  |                |                             |
| New Mexico State Hospital Equipment Loan Council,<br>Hospital Revenue, Presbyterian Healthcare Services | 6.125% | 8/1/28           | 5,000,000      | 5,967,600                   |
| <b>New York 12.2%</b>   |        |                  |                |                             |
| Liberty, NY, Development Corporation Revenue:   |        |                  |                |                             |
| Goldman Sachs Headquarters  | 5.250% | 10/1/35          | 9,000,000      | 10,460,430                  |
| Goldman Sachs Headquarters  | 5.500% | 10/1/37          | 8,985,000      | 10,722,070                  |
| Long Island Power Authority, NY, Electric System<br>Revenue   | 6.000% | 5/1/33           | 24,570,000     | 30,079,577                  |
| MTA, NY, Revenue  | 5.250% | 11/15/40         | 5,000,000      | 5,648,650                   |
| New York City, NY, TFA, Building Aid Revenue  | 5.000% | 1/15/32          | 4,000,000      | 4,541,560                   |
| New York Liberty Development Corp., Liberty Revenue:  |        |                  |                |                             |
| 4 World Trade Center LLC Project  | 5.750% | 11/15/51         | 5,000,000      | 5,924,950                   |
| Second Priority, Bank of America Tower  | 5.125% | 1/15/44          | 1,000,000      | 1,103,890                   |
| New York State Dormitory Authority Revenue, Willow<br>Towers Inc. Project, GNMA-Collateralized          | 5.250% | 2/1/22           | 880,000        | 891,862                     |
| Port Authority of New York & New Jersey   | 5.000% | 1/15/41          | 3,820,000      | 4,326,609                   |
| <i>Total New York</i>   |        |                  |                | <i>73,699,598</i>           |
| <b>North Carolina 0.7%</b>  |        |                  |                |                             |
| Harnett County, NC, GO, Refunded Custody Receipts,<br>AMBAC   | 5.250% | 6/1/24           | 1,615,000      | 1,750,951                   |
| North Carolina Capital Facilities Finance Agency,<br>Educational Facilities Revenue:                    |        |                  |                |                             |
| Elizabeth City State University Housing Foundation LLC<br>Project, AMBAC                                | 5.000% | 6/1/23           | 1,000,000      | 1,004,590                   |
| Elizabeth City State University Housing Foundation LLC<br>Project, AMBAC                                | 5.000% | 6/1/33           | 1,250,000      | 1,251,062                   |
| <i>Total North Carolina</i>   |        |                  |                | <i>4,006,603</i>            |
| <b>North Dakota 0.8%</b>  |        |                  |                |                             |
| North Dakota State Housing Finance Agency Revenue,<br>Housing Finance Program, Home Mortgage Finance    | 5.625% | 1/1/39           | 4,835,000      | 4,980,534                   |
| <b>Ohio 2.4%</b>  | 5.250% | 5/15/23          | 2,000,000      | 2,078,640                   |

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|  |        |         |           |              |
|--|--------|---------|-----------|--------------|
| Hamilton County, OH, Hospital Facilities Revenue,<br>Cincinnati Children's Hospital, FGIC              |        |         |           |              |
| Lorain County, OH, Hospital Revenue, Catholic Healthcare<br>Partners                                   | 5.375% | 10/1/30 | 7,500,000 | 7,527,075(b) |
| Ohio State Water Development Authority, Environmental<br>Improvement Revenue, U.S. Steel Corp. Project | 6.600% | 5/1/29  | 3,000,000 | 3,291,090    |
| Summit County, OH, GO:<br>FGIC   | 5.000% | 12/1/21 | 1,000,000 | 1,018,860    |

*See Notes to Schedule of Investments.*

## WESTERN ASSET MANAGED MUNICIPALS FUND INC.

Schedule of investments (unaudited) (cont d)

August 31, 2012

| SECURITY  | RATE   | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE             |
|---|--------|------------------|----------------|-------------------|
| <b>Ohio continued</b>   |        |                  |                |                   |
| FGIC  | 5.000% | 12/1/22          | \$ 500,000     | \$ 509,285        |
| <i>Total Ohio</i>   |        |                  |                | <i>14,424,950</i> |
| <b>Oregon 0.4%</b>  |        |                  |                |                   |
| Oregon State Housing & Community Services Department,<br>Mortgage Revenue, Single-Family Mortgage Program<br>Umatilla County, OR, Hospital Facility Authority<br>Revenue: | 5.050% | 7/1/26           | 1,330,000      | 1,381,817(a)      |
| Catholic Health Initiatives   | 5.000% | 5/1/32           | 535,000        | 558,278           |
| Catholic Health Initiatives   | 5.000% | 5/1/32           | 465,000        | 500,921(b)        |
| <i>Total Oregon</i>   |        |                  |                | <i>2,441,016</i>  |
| <b>Pennsylvania 2.4%</b>  |        |                  |                |                   |
| Pennsylvania State Public School Building Authority Lease<br>Revenue, Philadelphia School District Project, AGM   | 5.000% | 6/1/33           | 7,255,000      | 7,606,722(f)      |
| Pennsylvania State Turnpike Commission Revenue  | 5.250% | 12/1/41          | 6,000,000      | 6,716,640         |
| <i>Total Pennsylvania</i>   |        |                  |                | <i>14,323,362</i> |
| <b>Puerto Rico 7.9%</b>   |        |                  |                |                   |
| Puerto Rico Commonwealth Aqueduct & Sewer Authority<br>Revenue  | 5.000% | 7/1/33           | 7,000,000      | 7,059,010         |
| Puerto Rico Electric Power Authority Revenue  | 5.500% | 7/1/38           | 5,000,000      | 5,318,900         |
| Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue  | 5.750% | 8/1/37           | 6,000,000      | 6,681,180         |
| Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue  | 5.250% | 8/1/41           | 5,550,000      | 5,869,402         |
| Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue  | 5.500% | 8/1/42           | 7,500,000      | 8,094,750         |
| Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue  | 6.000% | 8/1/42           | 4,000,000      | 4,480,760         |
| Puerto Rico Sales Tax Financing Corp., Sales Tax Revenue  | 5.000% | 8/1/43           | 10,000,000     | 10,445,100        |
| <i>Total Puerto Rico</i>  |        |                  |                | <i>47,949,102</i> |
| <b>Rhode Island 1.0%</b>  |        |                  |                |                   |
| Rhode Island State Health & Educational Building Corp.,<br>Revenue, Hospital Financing  | 7.000% | 5/15/39          | 5,000,000      | 5,834,300         |
| <b>South Carolina 0.5%</b>  |        |                  |                |                   |
| South Carolina State Ports Authority Revenue  | 5.250% | 7/1/40           | 2,500,000      | 2,786,050         |
| <b>Tennessee 0.1%</b>   |        |                  |                |                   |
| Hardeman County, TN, Correctional Facilities Corp.,<br>Correctional Facilities Revenue  | 7.750% | 8/1/17           | 605,000        | 608,382           |
| <b>Texas 12.0%</b>  |        |                  |                |                   |
| Dallas-Fort Worth, TX, International Airport Facilities<br>Improvement Corp. Revenue, American Airlines Inc.,<br>Guarantee Agreement                                      | 6.375% | 5/1/35           | 5,000,000      | 2,334,550(a)(g)   |
| Dallas-Fort Worth, TX, International Airport Revenue:<br>Joint Improvement  | 5.000% | 11/1/38          | 8,000,000      | 8,607,680(a)      |
| Joint Improvement   | 5.000% | 11/1/45          | 10,000,000     | 11,003,300        |
| NATL  | 6.000% | 11/1/23          | 2,065,000      | 2,071,030(a)      |
| Harris County, TX, Health Facilities Development Corp.,<br>School Health Care System Revenue  | 5.750% | 7/1/27           | 1,000,000      | 1,342,210(c)      |
|   | 5.250% | 11/1/40          | 15,000,000     | 16,195,200        |

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Love Field Airport Modernization Corp., TX, Special  
Facilities Revenue, Southwest Airlines Co. Project

|                                       |        |        |            |            |
|---------------------------------------|--------|--------|------------|------------|
| North Texas Tollway Authority Revenue | 5.750% | 1/1/33 | 5,000,000  | 5,518,450  |
| North Texas Tollway Authority Revenue | 5.750% | 1/1/40 | 15,000,000 | 16,974,150 |

*See Notes to Schedule of Investments.*

## WESTERN ASSET MANAGED MUNICIPALS FUND INC.

Schedule of investments (unaudited) (cont d)

August 31, 2012

| SECURITY   | RATE   | MATURITY DATE  | FACE AMOUNT  | VALUE             |
|--|--------|----------------|--------------|-------------------|
| <b>Texas continued</b>   |        |                |              |                   |
| Texas Private Activity Bond Surface Transportation Corp. Revenue, LBJ Infrastructure Group LLC                     | 7.000% | 6/30/40        | \$ 7,000,000 | \$ 8,555,120      |
| <i>Total Texas</i>   |        |                |              | <i>72,601,690</i> |
| <b>Virginia 0.9%</b>   |        |                |              |                   |
| Virginia State Small Business Financing Authority Revenue: Elizabeth River Crossings OpCo LLC Project              | 5.250% | 1/1/32         | 3,000,000    | 3,278,940(a)      |
| Elizabeth River Crossings OpCo LLC Project   | 5.500% | 1/1/42         | 2,000,000    | 2,203,940(a)      |
| <i>Total Virginia</i>  |        |                |              | <i>5,482,880</i>  |
| TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS (Cost  |        | \$699,002,472) |              | 797,749,424       |
| SHORT-TERM INVESTMENTS 7.8%  |        |                |              |                   |
| <b>California 0.5%</b>   |        |                |              |                   |
| ABAG Finance Authority for Nonprofit Corp., CA, Revenue, Acacia Creek at Union Project, SPA-Bank of America N.A.   | 0.270% | 7/1/38         | 400,000      | 400,000(h)(i)     |
| Los Angeles, CA, Department of Water & Power Waterworks Revenue, SPA-Banco Bilbao Vizcaya                          | 0.150% | 7/1/35         | 800,000      | 800,000(h)(i)     |
| Metropolitan Water District of Southern California, SPA-Banco Bilbao Vizcaya                                       | 0.500% | 7/1/35         | 2,000,000    | 2,000,000(h)(i)   |
| <i>Total California</i>  |        |                |              | <i>3,200,000</i>  |
| <b>Florida 0.2%</b>  |        |                |              |                   |
| Halifax, FL, Hospital Medical Center, LOC-JPMorgan Chase   | 0.170% | 6/1/48         | 500,000      | 500,000(h)(i)     |
| Pinellas County, FL, Health Facilities Authority Revenue, Hospital Facilities Bayfront Projects, LOC-SunTrust Bank | 0.250% | 7/1/34         | 390,000      | 390,000(h)(i)     |
| <i>Total Florida</i>   |        |                |              | <i>890,000</i>    |
| <b>Kansas 0.0%</b>   |        |                |              |                   |
| Kansas State Department of Transportation Highway Revenue, SPA-Dexia Credit Local & Westdeutsche Landesbank        | 0.140% | 9/1/19         | 100,000      | 100,000(h)(i)     |
| <b>New Jersey 0.1%</b>   |        |                |              |                   |
| New Jersey EDA, Gas Facilities Revenue, Pivotal Utility Holdings Project, LOC-Bank of Tokyo-Mitsubishi UFJ         | 0.150% | 10/1/22        | 700,000      | 700,000(h)(i)     |
| <b>New York 0.8%</b>   |        |                |              |                   |
| New York City, NY, GO: AGM, SPA-Dexia Credit Local   | 0.280% | 11/1/26        | 200,000      | 200,000(h)(i)     |
| SPA-Dexia Credit Local   | 0.280% | 8/1/28         | 1,500,000    | 1,500,000(h)(i)   |
|  | 0.280% | 6/15/32        | 600,000      | 600,000(h)(i)     |

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|  |        |         |           |                  |
|--|--------|---------|-----------|------------------|
| New York City, NY, Municipal Water Finance Authority, SPA-Dexia Credit Local                                 |        |         |           |                  |
| New York City, NY, TFA Revenue, New York City Recovery Project Revenue, Subordinated, LIQ-Dexia Credit Local | 0.280% | 11/1/22 | 1,700,000 | 1,700,000(h)(i)  |
| New York City, NY, Trust for Cultural Resources Revenue:   |        |         |           |                  |
| American Museum of Natural History, SPA-Bank of America N.A.   | 0.200% | 4/1/27  | 400,000   | 400,000(h)(i)    |
| American Museum of Natural History, SPA-Wells Fargo Bank N.A.  | 0.150% | 4/1/29  | 600,000   | 600,000(h)(i)    |
| <i>Total New York</i>  |        |         |           | <i>5,000,000</i> |

*See Notes to Schedule of Investments.*

**WESTERN ASSET MANAGED MUNICIPALS FUND INC.**

Schedule of investments (unaudited) (cont d)

August 31, 2012

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT  | VALUE              |
|---|--------|---------------|--------------|--------------------|
| <b>North Carolina 6.0%</b>  |        |               |              |                    |
| Charlotte-Mecklenburg Hospital Authority, NC, Health Care System Revenue:   |        |               |              |                    |
| AGM, SPA-Dexia Credit Local   | 0.220% | 1/15/42       | \$ 2,300,000 | \$ 2,300,000(h)(i) |
| AGM, SPA-Dexia Credit Local   | 0.220% | 1/15/43       | 12,600,000   | 12,600,000(h)(i)   |
| AGM, SPA-Dexia Credit Local   | 0.220% | 1/15/44       | 21,200,000   | 21,200,000(h)(i)   |
| <i>Total North Carolina</i>   |        |               |              | <i>36,100,000</i>  |
| <b>Tennessee 0.2%</b>   |        |               |              |                    |
| Clarksville, TN, Public Building Authority Revenue, Pooled Financing, Tennessee Municipal Bond Fund, LOC-Bank of America N.A. |        |               |              |                    |
|   | 0.250% | 11/1/35       | 1,190,000    | 1,190,000(h)(i)    |
| TOTAL SHORT-TERM INVESTMENTS (Cost \$47,180,000)  |        |               |              | 47,180,000         |
| TOTAL INVESTMENTS 139.6% (Cost \$746,182,472#)  |        |               |              | 844,929,424        |
| Auction Rate Cumulative Preferred Stock, at Liquidation Value (41.3)%   |        |               |              | (250,000,000)      |
| Other Assets in Excess of Liabilities 1.7%  |        |               |              | 10,175,277         |
| TOTAL NET ASSETS 100.0%   |        |               |              | \$ 605,104,701     |

- (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) Maturity date shown represents the mandatory tender date.
- (f) All or a portion of this security is held at the broker as collateral for open futures contracts.
- (g) The coupon payment on these securities is currently in default as of August 31, 2012.
- (h) 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.
- (i) 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.

Abbreviations used in this schedule:

|       |   |
|-------|---|
| ABAG  | - Association of Bay Area Governments                           |
| 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                      |



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|      |   |
|------|---|
| 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 |
| RDA  | - Redevelopment Agency  |
| SPA  | - Standby Bond Purchase Agreement - Insured Bonds               |
| TFA  | - Transitional Finance Authority                                |

*See Notes to Schedule of Investments.*

**WESTERN ASSET MANAGED MUNICIPALS FUND INC.**

Schedule of investments (unaudited) (cont d)

August 31, 2012

**Summary of Investments by Industry**

|                                   |        |
|-----------------------------------|--------|
| Transportation                    | 21.3%  |
| Industrial Revenue                | 15.3   |
| Health Care                       | 13.7   |
| Power                             | 9.6    |
| Special Tax Obligation            | 8.3    |
| Education                         | 7.8    |
| Pre-Refunded/Escrowed to Maturity | 6.1    |
| Leasing                           | 4.6    |
| Water & Sewer                     | 4.0    |
| Housing                           | 2.6    |
| Other                             | 0.7    |
| Local General Obligation          | 0.4    |
| Short-Term Investments            | 5.6    |
|                                   | 100.0% |

As a percentage of total investments. Please note that Fund holdings are as of August 31, 2012 and are subject to change.

**Ratings Table\***

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

|            |        |
|------------|--------|
| AAA/Aaa    | 1.6%   |
| AA/Aa      | 30.1   |
| A          | 50.8   |
| BBB/Baa    | 7.8    |
| BB/Ba      | 1.1    |
| B          | 1.0    |
| A-1/VMIG 1 | 5.6    |
| NR         | 2.0    |
|            | 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 Notes to Schedule of Investments.*



**Notes to schedule of investments (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).

**(a) Investment valuation.** The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed 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 valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. 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 or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. 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 Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North American Fund Valuation Committee (the Valuation Committee). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations, evaluating the effectiveness of the Fund's pricing policies, and reporting to the Board of Directors. When determining the reliability of third party pricing information for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

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For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Directors, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such back testing monthly and fair valuation occurrences are reported to the Board of Directors quarterly.

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.

GAAP establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are summarized in the three broad levels listed below:

**Notes to schedule of investments (unaudited) (continued)**

- 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 methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

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

| DESCRIPTION            | ASSETS                  |   |   | TOTAL          |
|------------------------|-------------------------|---|---|----------------|
|                        | QUOTED PRICES (LEVEL 1) | OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) |                |
| Municipal bonds        |                         | \$ 797,749,424                                |   | \$ 797,749,424 |
| Short-term investments |                         | 47,180,000                                    |   | 47,180,000     |
| Total investments      |                         | \$ 844,929,424                                |   | \$ 844,929,424 |

| DESCRIPTION  | LIABILITIES             |   |   | TOTAL     |
|--|-------------------------|---|---|-----------|
|  | QUOTED PRICES (LEVEL 1) | OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) |           |
| Other financial instruments:   |                         |   |   |           |
| Futures contracts  | \$ 61,040               |   |   | \$ 61,040 |
| 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.

Futures contracts involve, to varying degrees, risk of loss. 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.** Security transactions are accounted for on a trade date basis.

## 2. Investments

At August 31, 2012, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

|                               |    |             |
|-------------------------------|----|-------------|
| Gross unrealized appreciation | \$ | 102,083,610 |
| Gross unrealized depreciation |    | (3,336,658) |
| Net unrealized appreciation   | \$ | 98,746,952  |

**Notes to schedule of investments (unaudited) (continued)**

At August 31, 2012, the Fund had the following open futures contracts:

|                             | NUMBER OF<br>CONTRACTS | EXPIRATION<br>DATE | BASIS<br>VALUE | MARKET<br>VALUE | UNREALIZED<br>LOSS |
|-----------------------------|------------------------|--------------------|----------------|-----------------|--------------------|
| <b>Contracts to Sell:</b>   |                        |                    |                |                 |                    |
| U.S. Treasury 30-Year Bonds | 243                    | 9/12               | \$ 36,510,460  | \$ 36,571,500   | \$ (61,040)        |

**3. Derivative instruments and hedging activities**

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

The following is a summary of the Fund's derivative instruments categorized by risk exposure at August 31, 2012.

| Primary Underlying<br>Risk Disclosure | Futures Contracts<br>Unrealized<br>Depreciation |
|---------------------------------------|---|
| Interest Rate Risk                    | \$ (61,040)                                     |

During the period ended August 31, 2012, the volume of derivative activity for the Fund was as follows:

|                             |                         |
|-----------------------------|-------------------------|
| Futures contracts (to sell) | Average<br>market value |
|                             | \$ 36,436,711           |

**4. Recent accounting pronouncement**

In May 2011, the Financial Accounting Standards Board issued Accounting Standards 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 has evaluated ASU No. 2011-04 and concluded that it does not materially impact the financial statement amounts; however, as required, additional disclosure has been included about fair value measurement.





ITEM 2. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

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

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**SIGNATURES**

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

**Western Asset Managed Municipals Fund Inc.**

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

Date: October 26, 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

Date: October 26, 2012

By                               /s/ Richard F. Sennett  
                                      Richard F. Sennett  
                                      Principal Financial Officer

Date: October 26, 2012

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