WESTERN ASSET MANAGED MUNICIPALS FUND INC.
Form N-CSRS
February 07, 2008

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)

125 Broad Street, New York, NY	10004
(Address of principal executive offices)	(Zip code)

Robert I. Frenkel, Esq.
Legg Mason & Co., LLC
300 First Stamford Place, 4th Floor
Stamford, CT 06902
(Name and address of agent for service)

Registrant s telephone number, including area code: (800) 451-2010

Date of fiscal year end: May 31

Date of reporting period: November 30, 2007

ITEM 1. REPORT TO STOCKHOLDERS.

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

Western Asset Managed Municipals Fund Inc. (MMU)

SEMI-ANNUAL REPORT

NOVEMBER 30, 2007

Western Asset Managed Municipals Fund Inc.

Semi-Annual Report • November 30, 2007

What s Inside

Fund Objective

The Fund objective is to seek as high a level of current income exempt from federal income tax as is consistent with preservation of principal.

Letter from the Chairman

Dear Shareholder,

Despite continued weakness in the housing market and a credit crunch that began in the summer of 2007, the U.S. economy was largely resilient during the six-month reporting period ended November 30, 2007. In the first quarter of 2007, U.S. gross domestic product (GDP[i]) growth was a tepid 0.6%, according to the U.S. Commerce Department. This was the lowest growth rate since the fourth quarter of 2002. The economy then rebounded, as second quarter 2007 GDP growth was a solid 3.8%. Given the modest increase earlier in the year, this higher growth rate was not unexpected. The final estimate for third quarter GDP growth was 4.9%. A surge in inventory-building and robust exports supported the economy during the third calendar quarter. While initial fourth quarter 2007 GDP data will not be released until the end of January 2008, the Federal Reserve Board (Fed[ii],) among others, anticipates that economic growth will moderate significantly.

R. JAY GERKEN, CFA

Chairman, President and
Chief Executive Officer

Ongoing issues related to the housing and subprime mortgage markets and an abrupt tightening in the credit markets prompted the Fed to take several actions during the reporting period. The Fed initially responded by lowering the discount rate the rate the Fed uses for loans it makes directly to banks from 6.25% to 5.75% in mid-August 2007. Then, at its meeting on September 18, the Fed reduced the discount rate to 5.25% and the federal funds rate[iii] from 5.25% to 4.75%. This marked the first reduction in the federal funds rate since June 2003. The Fed again lowered the discount rate and federal funds rate in October to 5.00% and 4.50%, respectively. In December 2007, after the end of the reporting period, the Fed again reduced rates, as it cut both the discount rate and federal funds rate another 0.25% to 4.75% and

4.25%, respectively. In its statement accompanying the December meeting, the Fed stated: Incoming information suggests that economic growth is slowing, reflecting the intensification of the housing correction and some softening in business and consumer spending. Moreover, strains in financial markets have increased in recent weeks. Today s action, combined with the policy actions taken earlier, should help promote moderate growth over time.

During the six-month reporting period, both short- and long-term Treasury yields experienced periods of significant volatility given mixed economic data and shifting expectations regarding the Fed s future monetary policy. After falling during the first three months of 2007, yields then moved steadily higher during much of the second calendar quarter. This was due, in part, to inflationary fears, a solid job market and expectations that the Fed would not be cutting short-term rates in the foreseeable future. During the remainder of the reporting period, the U.S. fixed-income markets were extremely volatile, which negatively impacted market liquidity conditions. Initially, the concern on the part of market participants was limited to the subprime segment of the mortgage-backed market. These concerns broadened, however, to include a wide range of financial institutions and markets. As a result, other fixed-income instruments also experienced increased price volatility. This turmoil triggered several flights to quality, causing Treasury yields to move sharply lower (and their prices higher), while riskier segments of the market saw their yields move higher (and their prices lower). Overall, during the six months ended November 30, 2007, two-year Treasury yields fell from 4.92% to 3.04%. Over the same period, 10-year Treasury yields fell from 4.90% to 3.97%.

The municipal bond market lagged its taxable bond counterparts over the six months ended November 30, 2007. Over that period, the Lehman Brothers Municipal Bond Index[iv] and the Lehman Brothers U.S. Aggregate Index[v] returned 2.40% and 5.32%, respectively.

Performance Review

For the six months ended November 30, 2007, Western Asset Managed Municipals Fund Inc. returned 2.92% based on its net asset value (NAV[vi]) and -2.27% based on its New York Stock Exchange (NYSE) market price per share. In comparison, the Fund s unmanaged benchmark, the Lehman Brothers Municipal Bond Index, returned 2.40% over the same time frame. The Lipper General Municipal Debt Funds Leveraged Closed-End Funds Category Average[vii] returned -0.50% for the same period. Please note that Lipper performance returns are based on each fund s NAV per share.

During this six-month period, the Fund made distributions to shareholders totaling $0.27 per share (which may have included a return of capital). The performance table shows the Fund s six-month total return based on its NAV and market price as of November 30, 2007. **Past performance is no guarantee of future results.**

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.

Performance Snapshot as of November 30, 2007 (unaudited)

Price Per Share	**6-Month Total Return**
$12.09 (NAV)	2.92%
$10.66 (Market Price)	-2.27%

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, including returns of capital, if any, in additional shares.

Special Shareholder Notices

On November 19, 2007, the Board of Directors of Western Asset Managed Municipals Fund Inc. approved changes, to be effective on December 19, 2007, to non-fundamental investment policies relating to the credit ratings and types of securities in which the Fund may invest.

These changes, which are further described below, are expected to provide the portfolio managers with additional flexibility to meet the Fund s investment objective and address developments in the market, but the Fund s portfolio managers do not currently anticipate any dramatic changes in the Fund s portfolio composition or investment approach will result.

Under the Fund s amended non-fundamental investment policies recommended by Fund management and approved by the Board of Directors, the Fund may, under normal market conditions, invest up 20% of its total assets in municipal obligations that are, at the time of investment, rated below investment grade (high-yield) by a nationally recognized statistical rating organization (NRSRO) or, if unrated, of equivalent quality as determined by the investment manager. Previously, the Fund did not have the ability to invest in municipal obligations that were not rated investment grade by any NRSRO at the time of purchase.

In addition, the Fund has the ability to invest in participation interests in municipal bonds, including industrial development bonds, private activity bonds and floating and variable rate securities. The Fund may also invest in non-appropriation municipal lease obligations. Previously, the Fund had the ability to invest only up to 5% of its assets in such participation interests and only up to 5% in non-appropriation municipal lease obligations, respectively.

Investments in these types of securities may involve additional risks. High-yield securities, commonly referred to as junk bonds, and unrated securities generally offer a higher current yield than that available from higher grade issues, but are considered speculative and, compared to investment grade securities, tend to have more volatile prices and increased price sensitivity to changing interest rates and to adverse economic and business developments, a greater risk of loss due to default or declining credit quality, a greater likelihood that adverse economic or company specific events will make the issuer unable to make interest and/or principal payments, a greater susceptibility to negative market sentiments leading to depressed prices and decreased liquidity. During periods of economic downturn or rising interest rates, issuers of low-rated and unrated instruments may experience financial stress that could adversely affect their ability to make payments of principal and interest and increase the possibility of default. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of low-rated and unrated securities especially in a market characterized by a low volume of trading.

A participation interest gives the Fund an undivided interest in a municipal bond owned by a bank, which the Fund has the right to sell back to the bank. If a participation interest is unrated, it will be backed by an irrevocable letter of credit or guarantee of a bank that the Board has determined meets certain credit quality standards or the payment obligation will otherwise be collateralized by U.S. government securities. The Fund will have the right, with respect to certain participation interests, to draw on the letter of credit on demand, after specified notice for all or any part of the principal amount of the Fund s participation interest, plus accrued interest. Generally, the Fund intends to exercise the demand under the letters of credit or other guarantees only upon a default under the terms of the underlying bond, or to maintain the Fund s assets in accordance with its investment objective and policies. The ability of a bank to fulfill its obligations under a letter of credit or guarantee might be affected by possible financial difficulties of its borrowers, adverse interest rate or economic conditions, regulatory limitations or other factors. The manager will monitor the pricing, quality and liquidity of the participation interests held by the Fund and the credit standing of the banks issuing letters of credit or guarantees supporting such participation interests on the basis of published financial information, reports of rating services and bank analytical services.

Additionally, the Fund may invest in participations in lease obligations or installment purchase contract obligations of municipal authorities or entities that contain non-appropriation clauses (non-appropriation municipal lease obligations). Although lease obligations do not constitute general obligations of the municipality for which the municipality s taxing power is pledged, a lease obligation is ordinarily backed by the municipality s covenant to budget for, appropriate and make the payments due under the lease obligation. However, certain lease obligations contain non-appropriation clauses, which provide that the municipality has no obligation to make lease or installment purchase payments in future years unless money is appropriated for such purpose on a yearly basis. In addition to the non-appropriation risk, these securities represent a relatively new type of financing that has not yet developed the depth of marketability associated with more conventional securities. Although non-appropriation lease obligations are secured by the leased property, disposition of the property in the event of foreclosure might prove difficult. In addition, the tax treatment of such obligations in the event of non-appropriation is unclear.

Information About Your Fund

Important information with regard to recent regulatory developments that may affect the Fund is contained in the Notes to Financial Statements included in this report.

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/individualinvestors.

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 6:00 p.m. Eastern Time, for the Fund s current NAV, market price and other information.

As always, thank you for your confidence in our stewardship of your assets. We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA
Chairman, President and Chief Executive Officer

December 28, 2007

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.

RISKS: Fixed-income investments are subject to interest rate risk. As interest rates rise, the price of fixed-income investments declines. Derivatives are subject to a number of risks such as liquidity risk, interest rate risk, credit risk, leveraging risk, management risk, and may disproportionately increase losses and could have a potentially large impact on Fund performance.

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 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.

iv The Lehman Brothers Municipal Bond Index is a market value weighted index of investment grade municipal bonds with maturities of one year or more.

v The Lehman Brothers 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.

vi 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 at the Fund s market price as determined by supply of and demand for the Fund s shares.

vii Lipper, Inc. is a major independent mutual-fund tracking organization. Returns are based on the six-month period ended November 30, 2007, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 54 funds in the Fund s Lipper category.

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Fund at a Glance (unaudited)

Investment Breakdown

As a Percent of Total Investments

Schedule of Investments (November 30, 2007) (unaudited)

WESTERN ASSET MANAGED MUNICIPALS FUND INC.

Face Amount		Security		Value
MUNICIPAL BONDS 95.2%				
Alabama 3.3%				
$	24,510,000	Jefferson County, AL, Sewer Revenue, Capital Improvement Warrants, FGIC, 5.375% due 2/1/36 (a)(b)	$	25,347,997
Arizona 1.6%				
	3,705,000	Greater Arizona Development Authority, Development Authority Infrastructure Revenue, Pinal County Road Project, MBIA, 5.000% due 8/1/19		3,959,645
	4,000,000	Mesa, AZ, IDA, Revenue, Discovery Health Systems, MBIA, 5.625% due 1/1/29 (a)		4,228,680
		Phoenix, AZ:		
	3,000,000	Civic Improvement Corp. Airport Revenue, Senior Lien, FGIC, 5.250% due 7/1/22 (c)		3,096,960
	1,000,000	GO, 5.000% due 7/1/27 (a)		1,061,110
		Total Arizona		12,346,395
California 13.5%				