WESTERN ASSET MANAGED MUNICIPALS FUND INC.
Form N-CSR
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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)

55 Water Street, New York, NY	10041
(Address of principal executive offices)	(Zip code)

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

Registrant s telephone number, including area code: (888) 777-0102

Date of fiscal year end: May 31

Date of reporting period: May 31, 2009

ITEM 1. REPORT TO STOCKHOLDERS.

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

ANNUAL REPORT / MAY 31, 2009

Western Asset Managed Municipals Fund Inc.

(MMU)

Managed by **WESTERN ASSET**

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

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

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

Letter from the chairman

Dear Shareholder,

The U.S. economy weakened significantly during the twelve-month reporting period ended May 31, 2009. Looking back, U.S. gross domestic product (GDP)i growth was 2.8% during the second quarter of 2008. Contributing to the economy s expansion were rising exports that were buoyed by a weakening U.S. dollar. In addition, consumer spending increased, aided by the government s tax rebate program. However, the dollar s rally and the end of the rebate program, combined with other strains on the economy, caused GDP to take a step backward during the second half of 2008. According to the U.S. Department of Commerce, third and fourth quarter 2008 GDP contracted 0.5% and 6.3%, respectively, the latter being the worst quarterly reading since 1982. Economic weakness continued in early 2009, as first quarter 2009 GDP declined 5.5%. This marked the first time in thirty-four years that the U.S. economy posted three consecutive quarters of negative GDP growth.

It may seem like ancient history, but when the reporting period began, speculation remained as to whether the U.S. would experience a recession. This ended in December 2008, when the National Bureau of Economic Research (NBER) which has the final say on when one begins and ends announced that a recession had begun in December 2007, making the current recession the lengthiest since the Great Depression. Contributing to the economy s troubles has been the accelerating weakness in the labor market. Since December 2007, approximately six million jobs have been shed and we have experienced seventeen consecutive months of job losses, matching the record that occurred during the 1981-82 recession. In addition, the unemployment rate continued to move steadily higher, rising from 8.9% in April to 9.4% in May 2009, to reach its highest rate since 1983.

Another strain on the economy, the housing market, may finally be getting closer to reaching a bottom. After plunging late last year, new single-family home starts have been fairly stable in recent months and, while home prices continued to fall, the pace of the decline has moderated somewhat. Other economic news also seemed to be less negative. Inflation remained low, May retail sales (excluding gasoline) were modestly higher and consumer sentiment rose a fourth straight month in June, albeit from a very low level. In addition, while 345,000 jobs were lost in May, it was substantially less than April s 504,000 decline and the smallest monthly loss since September 2008.

Letter from the chairman ***continued***

Ongoing issues related to the housing and subprime mortgage markets and seizing credit markets prompted the Federal Reserve Board (Fed)ii to take aggressive and, in some cases, unprecedented actions. Looking back, after reducing the federal funds rateiii from 5.25% in August 2007 to 2.00% in April 2008, the Fed then left rates on hold for several months due to growing inflationary pressures as a result of soaring oil and commodity prices, coupled with the sagging U.S. dollar. However, as inflation receded along with oil prices and the global financial crisis escalated, the Fed cut rates twice in October 2008 to 1.00%. Then, in December 2008, it reduced the federal funds rate to a range of 0 to 1/4 percent a historic low and has maintained this stance thus far in 2009. In conjunction with the June meeting, the Fed stated that it will maintain the target range for the federal funds rate at 0 to 1/4 percent and continues to anticipate that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period.

In addition to the interest rate cuts, the Fed took several actions to improve liquidity in the credit markets. In September 2008, it announced an $85 billion rescue plan for ailing AIG and pumped $70 billion into the financial system as Lehman Brothers bankruptcy and mounting troubles at other financial firms roiled the markets. More recently, the Fed has taken additional measures to thaw the frozen credit markets, including the purchase of debt issued by Fannie Mae and Freddie Mac, as well as introducing the Term Asset-Backed Securities Loan Facility (TALF). In March 2009, the Fed continued to pursue aggressive measures as it announced its intentions to:

- Purchase up to an additional $750 billion of agency mortgage-backed securities, bringing its total purchases of these securities to up to $1.25 trillion in 2009.

- Increase its purchases of agency debt this year by up to $100 billion to a total of up to $200 billion.

- Buy up to $300 billion of longer-term Treasury securities over the next six months.

The U.S. Department of the Treasury has also taken an active role in attempting to stabilize the financial system, as it orchestrated the government s takeover of mortgage giants Fannie Mae and Freddie Mac in September 2008. In October, the Treasury s $700 billion Troubled Asset Relief Program (TARP) was approved by Congress and signed into law by former President Bush. Then, in March 2009, Treasury Secretary Geithner introduced the Public-Private Partnership Investment Program (PPIP), which is intended to facilitate the purchase of troubled mortgage assets from bank balance sheets. President Obama has also made reviving the economy a priority in his administration, the cornerstone thus far being the $787 billion stimulus package that was signed into law in February 2009.

During the twelve-month reporting period ended May 31, 2009, both short- and long-term Treasury yields experienced periods of extreme volatility. While earlier in 2008 investors were focused on the subprime segment of the mortgage-backed market, these concerns broadened to include a wide range of financial institutions and markets. As a result, other fixed-income instruments also experienced increased price volatility. This unrest triggered several flights to quality, causing Treasury yields to move lower (and their prices higher), while riskier segments of the market saw their yields move higher (and their prices lower). This was particularly true toward the end of 2008, as the turmoil in the financial markets and sharply falling stock prices caused investors to flee securities that were perceived to be risky, even high-quality corporate bonds and high-grade municipal bonds. On several occasions, the yield available from short-term Treasuries fell to nearly zero, as investors were essentially willing to forgo any return potential in order to access the relative safety of government-backed securities. During the twelve months ended May 31, 2009, two-year Treasury yields fell from 2.66% to 0.92%. Over the same time frame, ten-year Treasury yields moved from 4.06% to 3.47%.

The municipal bond market underperformed its taxable bond counterpart over the twelve months ended May 31, 2009. Over that period, the Barclays Capital Municipal Bond Index[iv] and the Barclays Capital U.S. Aggregate Index[v] returned 3.57% and 5.36%, respectively. While municipal securities significantly outperformed the taxable market during the second half of the reporting period, it was not enough to overcome the aforementioned flights to quality, which negatively impacted the tax-free bond market.

A special note regarding increased market volatility

Dramatically higher volatility in the financial markets has been very challenging for many investors. Market movements have been rapid sometimes in reaction to economic news, and sometimes creating the news. In the midst of this evolving market environment, we at Legg Mason want to do everything we can to help you reach your financial goals. Now, as always, we remain committed to providing you with excellent service and a full spectrum of investment choices. Rest assured, we will continue to work hard to ensure that our investment managers make every effort to deliver strong long-term results.

We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our enhanced website, www.leggmason.com/cef. Here you can gain immediate access to many special features to help guide you through difficult times, including:

- Fund prices and performance,

- Market insights and commentaries from our portfolio managers, and

- A host of educational resources.

Letter from the chairman *continued*

During periods of market unrest, it is especially important to work closely with your financial advisor and remember that reaching one s investment goals unfolds over time and through multiple market cycles. Time and again, history has shown that, over the long run, the markets have eventually recovered and grown.

Information about your fund

Please read on for a more detailed look at prevailing economic and market conditions during the Fund s reporting period and to learn how those conditions have affected Fund performance.

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

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

June 26, 2009

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 Barclays Capital (formerly 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 Barclays Capital (formerly 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.

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.

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

A. During the fiscal year, the U.S. fixed-income market experienced periods of extreme volatility. Changing perceptions regarding the economy, inflation, deflation and future Federal Reserve Board (Fed)[i] monetary policy caused bond prices to fluctuate.

The yields on two- and ten-year Treasuries began the reporting period at 2.66% and 4.06%, respectively. Treasury yields moved higher in early June 2008, as the economy performed better than expected. In addition, inflationary pressures mounted as oil prices surged to record levels. During this time, riskier fixed-income asset classes, such as high-yield bonds and emerging market debt, rallied. However, beginning in mid-June, seizing credit markets triggered an extreme flight to quality. Investor risk aversion further intensified from September through November given the severe disruptions in the global financial markets. As a result, investors were drawn to the relative safety of Treasuries, while riskier portions of the bond market performed poorly.

Toward the end of the reporting period, Treasury yields moved higher, especially on the long end of the yield curve[ii]. This was due to concerns regarding the massive amount of new government issuance that would be needed to fund the economic stimulus package. At the conclusion of the fiscal year, two- and ten-year Treasury yields were 0.92% and 3.47%, respectively.

Fund overview ***continued***

While the municipal market was not immune to the volatility in the financial markets, it ultimately generated positive results over the fiscal year. During the first half of the reporting period, tax-free bond prices weakened and their spreads significantly widened. This challenging environment was triggered by a number of issues, including increased risk aversion, downgrades of monoline bond insurers, the seizing auction rate market and forced selling by highly-leveraged investors into illiquid markets. In addition, there were fears that the deepening recession would negatively impact municipalities, as they would generate less tax revenues. Collectively, this caused tax-free bond yields to reach 125% to 150% of the yield offered by comparable Treasuries.

While the fundamentals in the municipal market did not significantly change, tax-free bond prices rallied during the second half of the reporting period, with the Barclays Capital Municipal Bond Index[iii] and the Barclays Capital U.S. Aggregate Index[iv] returning 9.00% and 5.10%, respectively, for the period from December 1, 2008 through May 31, 2009. This was due, in part, to improving technical factors, including less forced selling and improved liquidity. Demand for tax-free bonds increased during this period, as investors were drawn to their historically attractive yields. While this demand was initially focused on higher-quality securities, even lower-rated tax-free bonds performed well toward the end of the reporting period. This was triggered by optimism regarding the government s initiatives to stabilize the financial system and stimulate the economy. Despite this strong rally, municipal bonds lagged their taxable counterparts over the twelve-month period as a whole. During this time, the Barclays Capital Municipal Bond Index returned 3.57%, versus a 5.36% return for the Barclays Capital U.S. Aggregate Index.

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

A. We actively managed the Fund s portfolio during the fiscal year. When the reporting period began, we were defensively positioned given our expectations for a steepening municipal yield curve. At the start of the period, the Fund s duration[v] was shorter than that of its benchmark and we emphasized higher-quality securities in the portfolio. In particular, we had a significant overweight position to the Pre-refunded[vi] sector of the municipal market.

When the municipal market sold off, we sold some of our shorter-duration positions and redeployed those assets into longer-maturity securities that we felt had compelling risk/reward characteristics. This repositioning was not initially rewarded, as longer-term spreads widened until late in the reporting period. As municipal spreads widened to what we believed were unsustainable levels, we also adjusted the portfolio by reducing our exposure to Pre-refunded securities and used the proceeds to selectively purchase some lower-quality securities that we believed to be attractively valued. As discussed, we also opportunistically extended the Fund s duration. Overall, the adjustments we made produced mixed results, as our decision to add lower-quality issues was somewhat premature, although these securities produced strong returns toward the end of the reporting period.

Performance review

For the twelve months ended May 31, 2009, Western Asset Managed Municipals Fund Inc. returned 3.19% based on its net asset value (NAV)vii and 5.27% based on its New York Stock Exchange (NYSE) market price per share. The Fund s unmanaged benchmark, the Barclays Capital Municipal Bond Index, returned 3.57% for the same period. The Lipper General Municipal Debt (Leveraged) Closed-End Funds Category Averageviii returned -5.77% over the same time frame. Please note that Lipper performance returns are based on each fund s NAV.

During the twelve-month period, the Fund made distributions to shareholders totaling $0.56 per share. The performance table shows the Fund s twelve-month total return based on its NAV and market price as of May 31, 2009. **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 May 31, 2009

PRICE PER SHARE	12-MONTH TOTAL RETURN*
$11.80 (NAV)	3.19%
$11.10 (Market Price)	5.27%

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 in additional shares in accordance with the Fund s Dividend Reinvestment Plan.**

Q. What were the leading contributors to performance?

A. Actively managing the Fund s Pre-refunded exposure contributed to performance during the fiscal year. Our initial overweight position was rewarded as these high-quality securities performed extremely well during the market turmoil that characterized the first half of the reporting period. Subsequently reducing this exposure was also beneficial as this sector of the municipal market underperformed the benchmark during the second half of the period.

Our overweight, relative to the benchmark, to the Housing sector also contributed to results. We increased our exposure to the sector in response to new tax policy changes that allowed these securities to come to market without being subject to the alternative minimum tax. These securities also offered attractive yields.

The Fund s exposure to gas prepay securities contributed to performance as well. These securities, which are backed by certain broker/dealers, performed poorly early in the fiscal year given the turmoil in the financial

Fund overview *continued*

markets. However, as a number of broker/dealers changed their status to bank holding companies and government initiatives such as the Troubled Asset Relief Program (TARP) added confidence in the financial system, gas prepay securities rebounded sharply.

Q. What were the leading detractors from performance?

A. Our futures trading strategy produced mixed results during the reporting period but, overall, was a detractor from performance. While our use of a short position in Treasury futures did meet its desired goal of helping to manage the Fund s duration, this strategy was more than offset by the outperformance of Treasuries as risk aversion drove U.S. Treasury yields down to historically low levels.

Overall, our yield curve positioning hurt the Fund s performance as our exposure to securities with 22+ year maturities performed poorly during the first half of the reporting period. While this portion of the yield curve offered attractive yields, it was dragged down as these securities experienced the largest degree of forced selling by overly leveraged investors. While these securities rebounded and positively contributed to performance during the second half of the reporting period, it was not enough to overcome their earlier weakness.

From a sector perspective, the Fund s overweight to Health Care[1], relative to the benchmark, was an overall negative. This was another case of being early in our decision to emphasize an area of the municipal market. While our Health Care bonds initially generated disappointing results, their performance significantly improved during the last five months of the fiscal year. The same was true of our exposure to the Industrial Development Revenue/Pollution Control Revenue sector. While this sector has performed very well thus far in 2009, it was a detractor from performance for the twelve-month reporting period as a whole.

Finally, the Fund s use of leverage was an overall negative. This was largely the result of leverage amplifying the negative performance in the municipal market in the first half of the reporting period. However, the use of leverage was beneficial as the reporting period progressed.

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

1 Health Care consists of the following industries: Hospitals/Nursing Facilities, Pharmacy Services, Medical Wholesale Drug Distributors, Drug Delivery Systems, Medical Products/Instruments, Medical & Laboratory Testing, Healthcare Cost Containment and Scientific Instruments.

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 6:00 p.m. Eastern Standard 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 16, 2009

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. Lower-rated, higher-yielding bonds are subject to greater credit risk than higher-rated investment grade securities. 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. Leverage may result in greater volatility of NAV and market price of common shares and may increase a shareholder s risk of loss.

All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

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

iii The Barclays Capital (formerly Lehman Brothers) Municipal Bond Index is a market value weighted index of investment grade municipal bonds with maturities of one year or more.

iv The Barclays Capital (formerly 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.

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 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).

vii 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.

viii 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, 2009, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 58 funds in the Fund s Lipper category.

Fund at a glance (unaudited)

INVESTMENT BREAKDOWN (%) As a percent of total investments

Schedule of investments

May 31, 2009

WESTERN ASSET MANAGED MUNICIPALS FUND INC.

	FACE AMOUNT	SECURITY	VALUE
MUNICIPAL BONDS 95.8%			
		Arizona 3.4%	
$	3,705,000	Greater Arizona Development Authority, Development Authority Infrastructure Revenue, Pinal County Road Project, NATL, 5.000% due 8/1/19	$ 4,027,261
		Phoenix, AZ:	
	3,000,000	Civic Improvement Corp. Airport Revenue, Senior Lien, FGIC, 5.250% due 7/1/22(a)	2,938,770
	1,000,000	GO, 5.000% due 7/1/27(b)	1,053,240
		Salt Verde, AZ Financial Corp.:	
		Gas Revenue:	
	10,000,000	5.000% due 12/1/32	8,160,000
	10,040,000	5.000% due 12/1/37	8,024,169
	2,000,000	Senior Gas Revenue, 5.250% due 12/1/28	1,727,780
		Total Arizona	*25,931,220*
		California 9.8%	
	1,170,000	California EFA Revenue, 5.625% due 7/1/23	897,566
		California Housing Finance Agency Revenue, Home Mortgage:	
	3,100,000	4.700% due 8/1/24(a)	2,610,882
	10,000,000	4.800% due 8/1/37(a)	7,614,300
	5,000,000	California	