

INTERMEDIATE MUNI FUND INC  
Form N-CSRS  
September 07, 2004

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 811-6506

Intermediate Muni 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.  
Smith Barney Fund Management LLC  
300 First Stamford Place  
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: December 31  
Date of reporting period: June 30, 2004

ITEM 1. REPORT TO STOCKHOLDERS.

The Semi-Annual Report to Stockholders is filed herewith.

INTERMEDIATE  
MUNI FUND, INC.

Semi-Annual Report  
June 30, 2004

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LETTER FROM THE CHAIRMAN

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[PHOTO OMITTED]

R. JAY GERKEN, CFA  
Chairman, President and  
Chief Executive Officer

Dear Shareholder,

After a four-year period of monetary easing, which saw the Federal Reserve Bank ("Fed") steer the key federal funds target rate(i) down to a four-decade low of one percent, the central bank reversed course in late June to what many observers believe will be a protracted period of monetary tightening or steering short-term interest rates higher. Higher interest rates can act as a brake on robust economic growth to help maintain a balance between steady growth and the inflation that generally accompanies that growth.

The Fed's increase in the federal funds rate to 1.25% at the end of June was widely anticipated. Bond yields, particularly those on longer-maturity issues, began moving up earlier this year as bond prices declined. Yields continued their ascent as it became more evident that the improving economy and higher inflation would compel the Fed to act in June. In particular, evidence of renewed job growth - the one missing piece from the economic recovery - drove rates higher beginning in the spring.

Intermediate-term municipal bonds, particularly those with 7-to-10 year maturities, succumbed to more pricing pressure than 15-to-20 year issues, but all these maturity classes held up better than bonds with longer maturities in excess of 22 years.(ii) However, as the fund's portfolio manager, Peter Coffey, explained in past letters to fund shareholders, the fund remained defensively positioned to hold up better than the municipal bond market in the event of a rising rate environment. In terms of Net Asset Value ("NAV") (iii) performance, while the portfolio manager's investment approach reduced the fund's full participation in the bond market's upside moves when bond prices rose, it contributed to the fund's NAV returns by diminishing the downward pricing pressures on the fund when bond prices declined, particularly in April and much of May. The fund's performance also was influenced by isolated issue- and sector-specific factors. From a credit-quality perspective, the portfolio manager maintained a conservative posture targeting bonds in a diverse cross section of market segments.

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Intermediate Muni Fund, Inc.

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Fund Performance

The Intermediate Muni Fund, Inc. returned -6.57%, based on its American Stock

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Exchange ("AMEX") market price and 0.44% based on its NAV per share during the six-month period ended June 30, 2004. In comparison, the unmanaged, broad-based Lehman Brothers Municipal Bond Index, (iv) returned -0.68% and the fund's Lipper general muni debt (leveraged) closed-end funds category average(v) was -1.26% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV. Also, the funds in this Lipper category generally are not restricted to intermediate-term municipal securities and may hold more market-sensitive, longer-term bonds.

During this six-month period, the fund distributed dividends to shareholders totaling \$0.31 per share. The performance table shows the fund's 30-day SEC and annualized distribution yields as well as its six-month total return based on its NAV and market price as of June 30, 2004. Certain investors may be subject to the federal Alternative Minimum Tax ("AMT"), and state and local taxes may apply. Capital gains, if any, are fully taxable. Please consult with your tax or legal advisor. Past performance is no guarantee of future results. The fund's yields will vary.

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FUND PERFORMANCE  
AS OF JUNE 30, 2004

Price Per Share	30-Day SEC Yield	Annualized Distribution Yield	6-Month Total Return
\$9.99 NAV	5.94%	6.13%	0.44%
\$9.23 AMEX	6.43%	6.63%	-6.57%

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All figures represent past performance and are no guarantee of future results. The fund's yields will vary.

Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all dividends and/or capital gains distributions, if any, in additional shares. Annualized distribution yield is the fund's current monthly income dividend rate, annualized, and then divided by the NAV or the market price noted in this report. The "SEC yield" is a return figure often quoted by bond and other fixed-income mutual funds. This quotation is based on the most recent 30-day (or one-month) period covered by the fund's filings with the SEC. The yield figure reflects the dividends and interest earned during the period after deduction of the fund's expenses for the period. The annualized distribution yield assumes a current monthly income dividend rate of \$0.051 for 12 months. These yields are as of June 30, 2004 and are subject to change.

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Considering that short-term rates are still hovering near four-decade lows, the portfolio manager believes that prudence dictates maintaining a conservative posture in managing the fund's exposure to interest rate risk while focusing on pursuing competitive yields.

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In recent months several issues in the mutual fund industry have come under the scrutiny of federal and state regulators. The fund's Adviser and some of its affiliates have received requests for information from various government regulators regarding market timing, late trading, fees, and other mutual fund issues in connection with various investigations. The fund has been informed that the Adviser and its affiliates are responding to those information requests, but are not in a position to predict the outcome of these requests and investigations.

In November 2003, Citigroup Asset Management disclosed an investigation by the Securities and Exchange Commission ("SEC") and the U.S. Attorney relating to Citigroup Asset Management's entry into the transfer agency business during 1997-1999. On July 20, 2004, Citigroup disclosed that it had been notified by the Staff of the SEC that the Staff is considering recommending a civil injunctive action and/or an administrative proceeding against certain advisory and transfer agent entities affiliated with Citigroup relating to the creation and operation of its internal transfer agent unit to serve primarily the Smith Barney family of mutual funds. This internal transfer agent did not provide services to the fund. Citigroup is cooperating with the SEC and will seek to resolve this matter in discussion with the SEC Staff. Although there can be no assurance, Citigroup does not believe that this matter will have a material adverse effect on the fund.

Looking for Additional Information?

The fund is traded under the symbol "SBI" and its closing market price is available in most newspapers under the AMEX listings. The daily NAV is available on-line under symbol XSBIX. Barron's and The Wall Street Journal's Monday editions carry closed-end fund tables that will 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.citigroupassetmanagement.com](http://www.citigroupassetmanagement.com).

In a continuing effort to provide information concerning the fund, shareholders may call 1-888-735-6507, Monday through Friday from 8:00 a.m. to 6:00 p.m. Eastern Time, for the fund's current net asset value, market price, and other information regarding the fund's portfolio holdings and allocations.

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Intermediate Muni Fund, Inc.

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Thank you for your investment in the Intermediate Muni Fund, Inc. We appreciate that you have entrusted us to manage your money and value our relationship with you.

Sincerely,

/s/ R. Jay Gerken

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

July 22, 2004

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.

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Portfolio holdings and breakdowns are as of June 30, 2004 and are subject to change and may not be representative of the portfolio manager's current or future investments. Please refer to pages 6 through 14 for a list and percentage breakdown of the fund's holdings.

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

**RISKS:** Keep in mind the fund's investments are subject to interest rate and credit risks. Lower-rated, higher-yielding bonds, known as "junk bonds", are subject to greater credit risk, including the risk of default, than higher-rated obligations. The fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on fund performance.

As interest rates rise, bond prices fall, reducing the value of the fund's share price.

Dividends and yields fluctuate and are subject to change. Yields and dividends represent past performance and there is no guarantee they will continue to be paid. Please be advised that not all dividends declared by our funds will qualify for lower tax rates under the recent tax law changes. Please consult your tax or legal advisor.

U.S. Treasuries are direct debt obligations issued and backed by the "full faith and credit" of the U.S. government. The principal and interest payments on U.S. Treasuries are guaranteed by the U.S. government when the securities are held to maturity.

- (i) The federal funds rate is the interest rate that banks with excess reserves at a Federal Reserve district bank charge other banks that need overnight loans.
- (ii) Source: Based upon Lehman Brothers index performance data for each respective maturity category of municipal bonds.
- (iii) NAV is calculated by subtracting total liabilities and outstanding preferred stock 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.
- (iv) The Lehman Brothers Municipal Bond Index is a broad measure of the municipal bond market with maturities of at least one year.
- (v) Lipper is a major independent mutual fund tracking organization. Average annual returns are based on the six-month period ended June 30, 2004, calculated among 65 funds in the Lipper general muni debt (leveraged) closed-end funds category with reinvestment of dividends and capital gains.

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**Take Advantage of the Fund's Dividend Reinvestment Plan!**

As an investor in the Fund, you can participate in its Dividend Reinvestment Plan ("Plan"), a convenient, simple and efficient way to reinvest your dividends

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and capital gains distributions, if any, in additional shares of the Fund. Below is a short summary of how the Plan works.

Plan Summary

If you are a Plan participant who has not elected to receive your dividends in the form of a cash payment, then your dividend and capital gain distributions will be reinvested automatically in additional shares of the Fund.

The number of common stock shares in the Fund you will receive in lieu of a cash dividend is determined in the following manner. If the market price of the common stock is equal to or exceeds the net asset value per share ("NAV") on the determination date, you will be issued shares by the Fund at a price reflecting the NAV, or 95% of the market price, whichever is greater.

If the market price is less than the NAV at the time of valuation (the close of business on the determination date), PFPC Inc. ("Plan Agent") will buy common stock for your account in the open market.

If the Plan Agent begins to purchase additional shares in the open market and the market price of the shares subsequently rises above the previously determined NAV before the purchases are completed, the Plan Agent will attempt to terminate purchases and have the Fund issue the remaining dividend or distribution in shares at the greater of the previously determined NAV or 95% of the market price. In that case, the number of Fund shares you receive will be based on the weighted average of prices paid for shares purchased in the open market and the price at which the Fund issues the remaining shares.

A more complete description of the current Plan appears in the section of this report beginning on page 28. To find out more detailed information about the Plan and about how you can participate, please call PFPC Inc. at (800) 331-1710.

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 Schedule of Investments (unaudited) June 30, 2004  
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FACE AMOUNT	RATING (a)	SECURITY	
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Education -- 16.3%			
\$ 3,000,000	AAA	Alabama State Public School & College Authority Revenue, 5.125% due 11/1/15	\$
1,000,000	A2*	Arizona Educational Loan Marketing Corp., Educational Loan Revenue, Sub-Series, 6.625% due 9/1/05 (b)	
1,000,000	Aaa*	Athens, GA Housing Authority, Student Housing Lease Revenue, (University of Georgia - East Campus Project), AMBAC-Insured, 5.250% due 12/1/23	
800,000	AAA	Ball State, University of Indiana, University Revenue, Series K, FGIC-Insured, 5.750% due 7/1/20	
1,000,000	Baa3*	Colorado Educational and Cultural Facilities Authority Revenue, Charter School: Community Education Center, (Bromley East Project A),	

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		7.000% due 9/15/20
500,000	Baa2*	University Lab School Project, 6.125% due 6/1/21
970,000	AAA	Conneaut, PA School District, AMBAC-Insured, 9.500% due 5/1/12+
2,895,000	AAA	Fulton County, GA Development Authority Revenue, Georgia Tech Athletic Association, 5.500% due 10/1/17 (c) Greenville County, SC School District, Installment Purchase Revenue, (Building Equity Sooner for Tomorrow Project):
2,000,000	AA-	5.875% due 12/1/19 (c)
2,000,000	AA-	6.000% due 12/1/21 (c)
1,855,000	Aaa*	Highland, OH Local School District, FSA-Insured, 5.750% due 12/1/19
500,000	BBB	Illinois Development Finance Authority Revenue, (Chicago Charter School Foundation Project A), 5.250% due 12/1/12
1,000,000	AAA	Jenison, MI Public Schools, FGIC-Insured, 5.500% due 5/1/20
500,000	NR	Los Angeles, CA School District, MBIA-Insured, 9.058% due 7/1/18
500,000	A	Massachusetts State Development Finance Agency Revenue, Curry College, Series A, ACA-Insured, 6.000% due 3/1/20
1,450,000	AAA	Morgan Hill, CA School District, FGIC-Insured, 5.750% due 8/1/17 (c) NebHELP Inc. Revenue, NE, MBIA-Insured:
1,000,000	Aaa*	Jr. Sub-Series A-6, 6.450% due 6/1/18 (b) (c)
1,800,000	Aaa*	Sr. Sub-Series A-5A, 6.200% due 6/1/13 (b) (c)
500,000	A3*	New England Education Loan Marketing Corp., MA Student Loan Revenue, Sub-Issue H, 6.900% due 11/1/09 (b)
630,000	A	New Mexico Educational Assistance Foundation, Student Loan Revenue, First Sub-Series A-2, 5.950% due 11/1/07 (b)
1,000,000	AAA	Philadelphia, PA School District, Series A, FSA-Insured, 5.500% due 2/1/23
1,350,000	AAA	Pittsburgh, PA School District, FSA-Insured, 5.375% due 9/1/16 (c)
1,000,000	AAA	Southwest Higher Education Authority Inc., TX, (Southern Methodist University Project), AMBAC-Insured, 5.500% due 10/1/19

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See Notes to Financial Statements.

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Schedule of Investments (unaudited) (continued)

June 30, 2004

FACE			
AMOUNT	RATING (a)	SECURITY	

General Obligation -- 9.3%

\$ 500,000	AAA	Anchorage, AK GO, Refunding, FGIC-Insured, 6.000% due 10/1/14	\$
1,000,000	AA	Central Falls, RI GO, 5.875% due 5/15/15	

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1,000,000	AA	Harvey, IL GO, Refunding, 6.700% due 2/1/09 (c)
1,310,000	AAA	Kane County, IL GO, FGIC-Insured, 5.500% due 1/1/14
1,130,000	Aaa*	Lancaster, MA GO, AMBAC-Insured, 5.375% due 4/15/17
1,500,000	AAA	Massachusetts State GO, MBIA-Insured, FLAIRS, 9.285% due 5/1/09 (d)
1,000,000	Aaa*	Memphis, MI GO, FGIC-Insured, 5.150% due 5/1/19
2,400,000	Aa2*	Minnehaha County, SD GO, Limited Tax Certificates, 5.625% due 12/1/20 (c)
2,000,000	AAA	Montgomery County, MD GO, Refunding, 5.250% due 10/1/14 (c)
3,010,000	AA+	Ohio State GO, (Conservation Projects), Series A, 5.250% due 9/1/13 (c)
1,000,000	AAA	Saraland, AL GO, MBIA-Insured, 5.250% due 1/1/15

Hospital -- 23.9%

170,000	AAA	Anderson County, SC Hospital Facilities Revenue, 7.125% due 8/1/07+
1,500,000	BBB-	Arkansas State Development Finance Authority, Hospital Revenue, Washington Regional Medical Center, 7.000% due 2/1/15
334,127	AAA	Birmingham, AL Medical Clinic Board Revenue, Baptist Medical Centers, 8.300% due 7/1/08+
650,000	AAA	Calcasieu Parish, LA Memorial Hospital Service District Hospital Revenue, (Lake Charles Memorial Hospital Project), Series A, CONNIE LEE-Insured, 7.500% due 12/1/05
1,160,000	NR	California Statewide COP, Community Development Authority Revenue Refunding, Hospital Triad Healthcare, (Pre-Refunded-- Escrowed with state and local government securities to 8/1/04 Call @ 100), 6.250% due 8/1/06
650,000	A-	Chatham County, GA Hospital Authority Revenue, Memorial Health Medical Center, Series A, 6.000% due 1/1/17
2,000,000	AA	Connecticut State Health & Educational Facilities Authority Revenue, Bristol Hospital, Series B, 5.500% due 7/1/21
1,770,000	BBB	Cuyahoga County, OH Hospital Facility Revenue, (Canton Inc. Project), 6.750% due 1/1/10
710,000	BBB	Denver, CO Health & Hospital Authority Healthcare Revenue, Series A, 6.250% due 12/1/16
1,000,000	AAA	Harris County, TX Hospital District Revenue Refunding, MBIA-Insured, 6.000% due 2/15/15 (c)
2,000,000	BBB+	Hawaii State Department of Budget & Finance, Special Purpose Revenue, Kapiolani Health Care System, 6.400% due 7/1/13
1,220,000	BBB+	Henderson, NV Health Care Facility Revenue, Catholic Healthcare West, Series A, 6.200% due 7/1/09

See Notes to Financial Statements.

Intermediate Muni Fund, Inc.

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Schedule of Investments (unaudited) (continued)

June 30, 2004

FACE  
AMOUNT

RATING (a)

SECURITY



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Hospital -- 23.9% (continued)

			Illinois Health Facilities Authority Revenue:	
\$	625,000	AAA	Methodist Medical Center Project, 9.000% due 10/1/10+	\$
	750,000	AAA	Ravenswood Hospital Medical Center Project, 7.250% due 8/1/06+	
	1,300,000	BBB	Illinois Health Facilities Authority Revenue Refunding, Friendship Village of Schaumburg, 6.650% due 12/1/06	
	1,000,000	A1*	Iowa Finance Authority Health Care Facilities Revenue, Genesis Medical Center, 6.250% due 7/1/20	
	1,200,000	BBB	Klamath Falls, OR Intercommunity Hospital Authority Revenue, (Merle West Medical Center Project), 8.000% due 9/1/08+	
	290,000	AAA	Lake County, OH Hospital Improvement Revenue: Lake County Memorial Hospital Project, 8.625% due 11/1/09+	
	155,000	NR	Ridgecliff Hospital Project, 8.000% due 10/01/09+	
	1,625,000	NR	Lee Memorial Health System Board of Directors, FL Hospital Revenue, FSA-Insured, FLAIRS, 10.238% due 4/1/10 (d)	
	405,000	NR	Lees Summit, MO IDA, Health Facilities Revenue, (John Knox Village Project), 5.750% due 8/15/11	
	270,000	AAA	Lima, OH Hospital Revenue, St. Rita Hospital of Lima, 7.500% due 11/1/06+	
	15,000	NR	Loma Linda, CA Community Hospital Corporation Revenue, 8.000% due 12/1/08	
	1,150,000	NR	Los Angeles, CA COP, Hollywood Presbyterian Medical Center, 9.625% due 7/1/13+	
	150,000	AAA	Louisiana Public Facilities Authority Hospital Revenue Refunding, (Southern Baptist Hospital Inc. Project), 8.000% due 5/15/12+	
	330,000	AAA	Madison County, IN Industrial Hospital Authority Facilities Revenue, (Community Hospital of Anderson Project), 9.250% due 1/1/10+	
			Maricopa County, AZ Hospital Revenue:	
	180,000	AAA	Samaritan Health Service, 7.625% due 1/1/08	
	784,000	AAA	St. Luke's Hospital Medical Center Project, 8.750% due 2/1/10+	
	1,000,000	AAA	Maryland State Health & Higher Education Facilities Authority Revenue Refunding, (Mercy Medical Center Project), FSA-Insured, 6.500% due 7/1/13	
	370,000	AAA	Massachusetts State Development Finance Agency Revenue, Series A, GNMA-Collateralized, 6.700% due 10/20/21	
			Massachusetts State Health & Educational Facilities Authority Revenue:	
			Caritas Christi Obligation, Series B:	
	2,000,000	BBB	6.500% due 7/1/12	
	835,000	BBB	6.750% due 7/1/16	
	1,000,000	BBB-	Milford-Whitinsville Regional Hospital, Series D, 6.500% due 7/15/23	
	1,000,000	BBB	Winchester Hospital, Series E, 6.750% due 7/1/30	
	1,190,000	AAA	Massachusetts State Industrial Finance Agency, Assisted Living Facility Revenue, (Arbors at Amherst Project), GNMA-Collateralized, 5.750% due 6/20/17 (b)	

See Notes to Financial Statements.

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Schedule of Investments (unaudited) (continued)

June 30, 2004

FACE AMOUNT	RATING (a)	SECURITY
Hospital -- 23.9% (continued)		
\$ 1,000,000	A	Michigan State Hospital Finance Authority Revenue, Oakwood Obligated Group, 5.500% due 11/1/18+
915,000	A-	New Hampshire Health & Educational Facilities Authority Revenue, Covenant Healthcare System, 6.500% due 7/1/17
1,135,000	NR	New York City, NY IDA, Civic Facilities Revenue Refunding, (New York Community Hospital Brooklyn), 6.875% due 11/1/10 (c)
2,000,000	B-	Oklahoma Developmental Finance Authority Revenue Refunding, Hillcrest Healthcare System, Series A, 5.625% due 8/15/19 (c) Orange County, FL Health Facilities Authority Revenue: Adventist Health Care: 6.250% due 11/15/24
1,500,000	A	Southern Adventist Hospital Project, 8.750% due 10/1/09+
630,000	AAA	First Mortgage, Health Care Facilities, 8.750% due 7/1/11
785,000	NR	Philadelphia, PA Hospitals Authority Revenue: Thomas Jefferson University Hospital, 7.000% due 7/1/08+
125,000	AAA	United Hospital Inc. Project, (Call 7/1/05 @ 100), 10.875% due 7/1/08 (e)
535,000	Aaa*	Rainbow City, AL Special Health Care Facilities Financing Authority, (Regency Pointe Inc.), Series B, 7.250% due 1/1/06 (c)
1,000,000	NR	San Leandro, CA Hospital Revenue, Vesper Memorial Hospital, AMBAC-Insured, 11.500% due 5/1/11+
130,000	AAA	Tarrant County, TX Hospital Authority Revenue, Adventist Health System-Sunbelt, 10.250% due 10/1/10
340,000	Aaa*	Tom Green County, TX Hospital Authority, 7.875% due 2/1/06+
255,000	NR	
Housing: Multi-Family -- 3.8%		
1,000,000	A3*	Bexar County, TX Housing Finance Corp., Multi-Family Housing Revenue Refunding, Nob Hill Apartments, Series A, 6.000% due 6/1/21
285,000	AAA	Charlotte, NC Mortgage Revenue Refunding, Double Oaks Apartments, Series A, FHA-Insured, 7.300% due 11/15/07
490,000	Baa1*	Dallas, TX Housing Corp., Capital Projects Refunding, 7.700% due 8/1/05 El Paso County, TX Housing Finance Corp., Multi-Family Housing Revenue: American Village Communities, Series A, 6.250% due 12/1/24
360,000	A3*	La Plaza Apartments, Sub-Series C, 8.000% due 7/1/30
280,000	Baa3*	Grand Prairie, TX Housing Finance Corp., Multi-Family Housing Revenue, (Landings of Carrier Project A), GNMA-Collateralized, 6.650% due 9/20/22 (c)
585,000	AAA	Lubbock, TX Housing Finance Corp., Multi-Family Housing Revenue, (Las Colinas Quality Creek Apartments), 6.000% due 7/1/22
1,175,000	A3*	

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See Notes to Financial Statements.

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Intermediate Muni Fund, Inc.

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Schedule of Investments (unaudited) (continued)

June 30, 2004

FACE AMOUNT	RATING (a)	SECURITY
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Housing: Multi-Family -- 3.8% (continued)		
\$ 500,000	Aaa*	Maricopa County, AZ IDA, Multi-Family Housing Revenue, (Bay Club at Mesa Cove Project), Series A, MBIA-Insured, 5.700% due 9/1/20
530,000	A2*	McMinnville, TN Housing Authority Revenue Refunding, First Mortgage, Beersheba Heights, 6.000% due 10/1/09
215,000	Ba3*	Mount Vernon, IL Elderly Housing Corp., First Lien Revenue: 7.875% due 4/1/05
235,000	Ba3*	7.875% due 4/1/06
250,000	Ba3*	7.875% due 4/1/07
270,000	Ba3*	7.875% due 4/1/08
		Tarrant County, TX Housing Finance Corp. Revenue, Multi-Family Housing, Westridge:
100,000	Ba3*	Sr. Series A, 6.000% due 6/1/21
470,000	Caa1*	Sub-Series C, 8.500% due 6/1/31
430,000	BBB	Tulsa, OK Housing Assistance Corp., Multi-Family Revenue, 7.250% due 10/1/07 (b)

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Housing: Single-Family -- 0.9%		
135,000	AAA	Cabell, Putnam & Wayne Counties, WV Single-Family Residence Mortgage Revenue, FGIC-Insured, 7.375% due 4/1/10
5,000	AA	Juneau, AK City & Borough Home Mortgage Revenue Refunding, Mortgage-Backed Securities Program, FNMA-Collateralized, 8.000% due 2/1/09
395,000	AA	Massachusetts State Housing Finance Agency, Single-Family Housing Revenue, Series 38, 7.200% due 12/1/26 (b)
95,000	AAA	Missouri State Housing Development Community Mortgage Revenue, Series C, GNMA/FNMA-Collateralized, 7.450% due 9/1/27 (b)
145,000	AAA	Pima County, AZ IDA, Single-Family Mortgage Revenue, Series A, GNMA/FNMA/FHLMC-Collateralized, 7.100% due 11/1/29 (b)
295,000	NR	San Leandro, CA Redevelopment Agency, Residential Mortgage Revenue, (Call 10/1/04 @ 100), 11.250% due 4/1/13 (e)
85,000	AAA	St. Louis County, MO Single-Family Mortgage Revenue, MBIA-Insured, 6.750% due 4/1/10
375,000	AAA	Texas State Department of Housing and Community Affairs, Home Mortgage Revenue, RIBS, Series C-2, GMNA/FNMA/ FHLMC-Collateralized, 11.822% due 7/2/24 (b) (d)

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Industrial Development -- 5.5%		
1,000,000	NR	Alaska Industrial Development & Export Authority Revenue, Williams Lynxs Alaska Cargoport, 8.000% due 5/1/23 (b)
535,000	NR	Bourbonnais, IL IDR Refunding, (Kmart Corp. Project), 6.600% due 10/1/06 (f)

See Notes to Financial Statements.

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2004 Semi-Annual Report

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Schedule of Investments (unaudited) (continued) June 30, 2004

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FACE AMOUNT	RATING (a)	SECURITY
Industrial Development -- 5.5% (continued)		
\$ 2,000,000	BBB	LaCrosse, WI Resource Recovery Revenue Refunding, (Northern States Power Co. Project), 6.000% due 11/1/21 (b)
1,365,000	AA	Northampton County, PA IDA Revenue, (Moravian Hall Square Project), 5.500% due 7/1/19 (c)
55,000	AAA	Oklahoma State Industrial Authority Revenue, Oklahoma Health Care Corp., Series A, FGIC-Insured, (Call 5/1/07 @ 100), 9.125% due 11/1/08 (e)
1,000,000	AAA	Pennsylvania State IDR, Economic Development Revenue, AMBAC-Insured, 5.500% due 7/1/21
1,000,000	B2*	Rockbridge County, VA IDA Revenue, Virginia Horse Center, Series C, 6.850% due 7/15/21
795,000	A	South Dakota Economic Development Finance Authority, Economic Development Revenue, APA Optics, Series A, 6.750% due 4/1/16 (b)
1,280,000	NR	Suffolk County, NY IDA, Civic Facility Revenue, (Eastern Long Island Hospital Association Project A), 7.750% due 1/1/22
1,500,000	NR	Wasco County, OR Solid Waste Disposal Revenue, (Waste Connections Inc. Project), 7.000% due 3/1/12 (b)

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Miscellaneous -- 8.1%		
1,500,000	NR	Barona Band of Mission Indians, CA, 8.250% due 1/1/20
1,860,000	Aaa*	Broomfield, CO COP, Open Space Park & Recreational Facilities, AMBAC-Insured, 5.500% due 12/1/20
3,000,000	AA-	California State Economic Recovery, Series A, 5.000% due 7/1/17
1,260,000	BBB	District of Columbia, Tobacco Settlement Financing Corp., 6.250% due 5/15/24
745,000	A	Illinois Development Finance Authority Revenue, East St. Louis, 6.875% due 11/15/05
1,690,000	AAA	Monroe, LA Sales & Use Tax Revenue, FGIC-Insured, 5.625% due 7/1/25 (c)
1,000,000	NR	Oglala Sioux Tribe, SD Essential Government Revenue,

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5.500% due 7/1/13  
 1,500,000 BBB+ Puerto Rico Housing Bank & Finance Agency,  
 7.500% due 12/1/06 (c)  
 2,000,000 AA- Tobacco Settlement Financing Corp., NY, Series C-1,  
 5.500% due 6/1/14

-----  
 1  
 -----  
 Pollution Control -- 3.4%  
 2,000,000 Aa3\* Brazos River, TX Harbor Navigation District, Brazoria  
 County, PCR, (BASF Corp. Project), 6.750% due 2/1/10  
 1,000,000 AAA Monroe County, MI PCR, (Detroit Edison Co. Project),  
 Series A, AMBAC-Insured, 6.350% due 12/1/04 (b) (c)

See Notes to Financial Statements.

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 Intermediate Muni Fund, Inc. 11

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 Schedule of Investments (unaudited) (continued) June 30, 2004  
 -----

FACE

AMOUNT RATING (a) SECURITY

-----  
 Pollution Control -- 3.4% (continued)

\$ 2,000,000 BB+ Ohio State Air Quality Development Authority Revenue,  
 Pollution Control, (Cleveland Electric Illuminating Co.  
 Project), 6.000% due 12/1/13 (c) \$  
 1,000,000 BB+ Warren, AR Solid Waste Disposal Revenue, (Potlatch Corp.  
 Project), 7.000% due 4/1/12

-----  
 Public Facilities -- 1.5%

De Kalb County, IN Industrial Redevelopment Authority  
 Revenue, (Mini-Mill Local Public Improvement Project),  
 Series A:  
 1,000,000 A- 6.250% due 1/15/08  
 1,350,000 A- 6.250% due 1/15/09  
 400,000 Aaa\* Sevier County, TN Public Building Authority, Local  
 Government Public Improvement, 1.080% due 6/1/20

-----  
 Transportation -- 11.9%

2,120,000 AAA Atlanta, GA Metropolitan Rapid Transit Authority, Sales Tax  
 Revenue, Series E, 7.000% due 7/1/11+  
 1,500,000 AAA Chicago, IL O'Hare International Airport Revenue, Lien A-2,  
 5.750% due 1/1/19 (c)  
 1,855,000 A Connecticut State Special Obligation, Parking Revenue,  
 Bradley International Airport, Series A, ACA-Insured,  
 6.375% due 7/1/12 (b)  
 1,500,000 AAA Connecticut State Special Tax Obligation Revenue,  
 FSA-Insured, FLAIRS, 9.576% due 10/1/09 (d)

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5,000,000	B-	Connector 2000 Association, SC Toll Road Revenue, Capital Appreciation, Series B, zero coupon due 1/1/15
2,000,000	AAA	Dallas, TX Area Rapid Transit Sales Tax Revenue, Sr. Lien, AMBAC-Insured, 5.375% due 12/1/16 (c)
1,500,000	CCC	Dallas/Fort Worth, TX International Airport Facility, Improvement Corp. Revenue Refunding, American Airlines Inc., Series C, 6.150% due 5/1/29, mandatory tender 11/1/07 (b) (c)
1,855,000	AAA	Delaware River, Port Authority of Pennsylvania & New Jersey, FSA-Insured, FLAIRS, 9.775% due 1/1/10 (d)
1,000,000	Aaa*	Harrisburg, PA Parking Authority, Parking Revenue, FSA-Insured, 5.500% due 5/15/20 (c)
2,505,000	AAA	Hillsborough County, Florida Aviation Authority Revenue, Tampa International Airport, Series C, 5.000% due 10/1/17
250,000	AAA	Lee County, FL Southwest Florida Regional Airport Revenue, MBIA-Insured, 8.625% due 10/1/09+
145,000	AAA	Metropolitan Nashville, TN Airport Authority Tennessee Airport Revenue, MBIA-Insured, 7.500% due 7/1/05+
4,595,000	BB	Pocahontas Parkway Association, VA Toll Road Revenue, Capital Appreciation, Series B, zero coupon due 8/15/19 (c)
235,000	AAA	San Francisco, CA Airport Improvement Corp. Lease Revenue, United Airlines Inc., 8.000% due 7/1/13+

See Notes to Financial Statements.

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2004 Semi-Annual Report

Schedule of Investments (unaudited) (continued)

June 30, 2004

FACE AMOUNT	RATING (a)	SECURITY	
Transportation -- 11.9% (continued)			
\$ 595,000	NR	Sanford, FL Airport Authority IDR, (Central Florida Terminals Inc. Project A), 7.500% due 5/1/06 (b)	\$
		Tulsa, OK Municipal Airport Revenue Refunding, American Airlines, Series B:	
500,000	B-	6.000% due 6/1/35, mandatory tender 12/1/08 (b)	
500,000	B-	5.650% due 12/1/35, mandatory tender 12/1/08 (b)	
-----			
Utilities -- 4.0%			
1,000,000	BBB	Burlington, KS Environmental Improvement Revenue, (Kansas City Power & Light Project), 4.750% due 9/1/15	
2,000,000	AAA	Energy Northwest Washington Electric Revenue, (Project No. 3), Series A, FSA-Insured, 5.500% due 7/1/18 (c)	
500,000	A	Georgia Municipal Electric Authority, Power System Revenue, Series X, 6.500% due 1/1/12 (c)	
1,000,000	AAA	Griffin, GA Combined Public Utility Revenue, AMBAC-Insured, 5.000% due 1/1/21 (c)	

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1,000,000	BBB	North Carolina Eastern Municipal Power Agency, Power System Revenue, Series D, 6.450% due 1/1/14 (c)+
1,390,000	AAA	North Carolina Municipal Power Agency No. 1, Catawba Electricity Revenue, 10.500% due 1/1/10 (c)

-----  
 Water & Sewer -- 11.4%

1,045,000	AAA	Boston, MA Water & Sewer Community Revenue, (Escrowed to maturity with state and local government securities), 10.875% due 1/1/09
1,445,000	AA-	Charleston, SC Waterworks & Sewer Revenue, 5.250% due 1/1/16
2,000,000	AA+	Chicago, IL Metropolitan Water Reclamation District, Capital Improvement, Series A, (Escrowed with state and local government securities to 12/1/12 Call @ 101), 5.500% due 12/1/14+
1,370,000	AAA	Cleveland, OH Waterworks Revenue, Series K, FGIC-Insured, 5.250% due 1/1/21
1,000,000	AAA	El Paso, TX Water and Sewer Revenue Refunding and Improvement, Series A, FSA-Insured, 6.000% due 3/1/15
2,000,000	AA	Fort Worth, TX Water and Sewer Revenue, 5.625% due 2/15/17 (c)+
1,000,000	AAA	Gainesville, GA Water & Sewer Revenue, FSA-Insured, 5.375% due 11/15/20 (c)
600,000	AAA	Jackson, TN Water and Sewer Revenue, 7.200% due 7/1/12
2,660,000	AAA	Ohio State Water Development Authority Revenue: 9.375% due 12/1/10 (c) (g)+
465,000	AAA	Safe Water, Series III, 9.000% due 12/1/10
2,000,000	AAA	Philadelphia, PA Water & Wastewater Revenue, Series B, FGIC-Insured, 5.250% due 11/1/14
1,765,000	AAA	Pueblo, CO Bridge Waterworks, Water Revenue Improvement, Series A, FSA-Insured, 6.000% due 11/1/14 (c)

See Notes to Financial Statements.

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 Intermediate Muni Fund, Inc.

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 Schedule of Investments (unaudited) (continued)

June 30, 2004  
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FACE			
AMOUNT	RATING (a)	SECURITY	

Water & Sewer -- 11.4% (continued)

\$ 190,000	AAA	Ringwood Borough, NJ Sewer Authority Special Obligation, 9.875% due 7/1/13	\$
350,000	Aa*	Spanish Fork City, UT Water Revenue, FSA-Insured: Call 6/1/12 @ 100, 5.500% due 6/1/16 (e)	
1,135,000	Aa*	Unrefunded, 5.500% due 6/1/16	

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 TOTAL INVESTMENTS -- 100.0%

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(Cost -- \$182,198,610\*\*)

\$18

- (a) All ratings are by Standard & Poor's Ratings Service, except for those that are identified by an asterisk (\*), which are rated by Moody's Investors Service.
  - (b) Income from this issue is considered a preference item for purposes of calculating the alternative minimum tax.
  - (c) All or a portion of this security is segregated for open futures contracts.
  - (d) Inverse floating rate security -- coupon varies inversely with level of short-term tax-exempt interest rates.
  - (e) Pre-Refunded bonds are escrowed with U.S. government securities and are considered by the Manager to be triple-A rated even if the issuer has not applied for new ratings.
  - (f) Security is currently in default.
  - (g) All or a portion of this security is held as collateral for open futures contracts.
- + Bonds are escrowed to maturity with U.S. government securities and are considered by the Manager to be triple-A rated even if the issuer has not applied for new ratings.
- \*\* Aggregate cost for Federal income tax purposes is substantially the same.

See pages 15 and 16 for definitions of ratings and certain abbreviations.

See Notes to Financial Statements.

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2004 Semi-Annual Report

## Bond Ratings (unaudited)

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

Standard & Poor's Ratings Service ("Standard & Poor's") -- Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or a minus (-) sign to show relative standings within the major rating categories.

- AAA -- Bonds rated "AAA" have the highest rating assigned by Standard & Poor's. Capacity to pay interest and repay principal is extremely strong.
- AA -- Bonds rated "AA" have a very strong capacity to pay interest and repay principal and differs from the highest rated issue only in a small degree.
- A -- Bonds rated "A" have a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.
- BBB -- Bonds rated "BBB" are regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.
- BB, B  
CCC and CC -- Bonds rated "BB", "B", "CCC" and "CC" are regarded, on balance, as predominantly speculative and with respect to capacity to pay interest and repay principal in accordance with the terms of the



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obligation. "BB" represents a lower degree of speculation than "B", and "CC" the highest degree of speculation. While such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.

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

- Aaa -- Bonds rated "Aaa" are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.
- Aa -- Bonds rated "Aa" are judged to be of high quality by all standards. Together with the "Aaa" group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in "Aaa" securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in "Aaa" securities.
- A -- Bonds rated "A" possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment some time in the future.
- Baa -- Bonds rated "Baa" are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.
- Ba -- Bonds rated "Ba" are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate, and therefore not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.
- B -- Bonds rated "B" generally lack characteristics of the desirable investments. Assurance of interest and principal payments or maintenance of other terms of the contract over any long period of time may be small.
- Caa -- Bonds rated "Caa" are of poor standing. These issues may be in default, or there may be present elements of danger with respect to principal or interest.

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Intermediate Muni Fund, Inc.

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Bond Ratings (unaudited) (continued)

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- Ca -- Bonds rated "Ca" represent obligations which are speculative in a high degree. Such issues are often in default or have other marked

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- shortcomings.
- C -- Bonds rated "C" are the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.
- Fitch Ratings ("Fitch") -- Ratings from "AA" to "BBB" may be modified by the addition of a plus (+) sign or minus (-) sign to show relative standings within the major ratings categories.
- AA -- Bonds rated "AA" are considered to be investment-grade and of very high credit quality. The obligor's ability to pay interest and/or dividends and repay principal is very strong.
- A -- Bonds and preferred stock considered to be investment-grade and of high credit quality. The obligor's ability to pay interest and/or dividends and repay principal is considered to be strong, but may be more vulnerable to adverse changes in economic conditions and circumstances than debt or preferred securities with higher ratings.
- BBB -- Bonds rated "BBB" are considered to be investment-grade and of satisfactory credit quality. The obligor's ability to pay interest or dividends and repay principal is considered to be adequate. Adverse changes in economic conditions and circumstances, however, are more likely to have adverse impact on these securities and, therefore, impair timely payment. The likelihood that the ratings of these bonds will fall below investment grade is higher than for securities with higher ratings.
- NR -- Indicates that the bond is not rated by Standard & Poor's, Moody's or Fitch.

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### Short-Term Security Ratings (unaudited)

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- SP-1 -- Standard & Poor's highest rating indicating very strong or strong capacity to pay principal and interest; those issues determined to possess overwhelming safety characteristics are denoted with a plus (+) sign.
- A-1 -- Standard & Poor's highest commercial paper and variable-rate demand obligation ("VRDO") rating indicating that the degree of safety regarding timely payment is either overwhelming or very strong; those issues determined to possess overwhelming safety characteristics are denoted with a plus (+) sign.
- VMIG 1 -- Moody's highest rating for issues having a demand feature -- VRDO.

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### Abbreviations\* (unaudited)

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- ACA -- American Capital Assurance
- AMBAC -- Ambac
- CGIC -- Capital Guaranty Insurance Company
- CONNIE -- College Construction Loan  
LEE Insurance Association
- COP -- Certificate of Participation
- FGIC -- Financial Guaranty Insurance Company
- FHA -- Federal Housing Administration
- FHLB -- Federal Home Loan Bank
- FHLMC -- Federal Home Loan Mortgage Corporation
- FLAIRS -- Floating Adjustable Interest Rate Securities
- FNMA -- Federal National Mortgage Association
- FSA -- Financial Security Assurance

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GIC -- Guaranteed Investment Contract  
GNMA -- Government National Mortgage Association  
GO -- General Obligation  
HFA -- Housing Finance Authority  
IDA -- Industrial Development Agency  
IDR -- Industrial Development Revenue  
INDLC -- Industrial Indemnity Company  
ISD -- Independent School District  
LOC -- Letter of Credit  
MBIA -- Municipal Bond Investors Assurance Corporation  
PCFA -- Pollution Control Financing Authority  
PCR -- Pollution Control Revenue  
PSFG -- Permanent School Fund Guaranty  
RIBS -- Residual Interest Bonds  
VRDD -- Variable Rate Daily Demand

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\* Abbreviations may or may not appear in the Schedule of Investments.

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2004 Semi-Annual Report

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Statement of Assets and Liabilities (unaudited)

June 30, 2004

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**ASSETS:**

Investments, at value (Cost -- \$182,198,610)	\$ 186,603,459
Cash	7,339
Interest receivable	3,341,765
Receivable for securities sold	848,373
Prepaid expenses	21,848

-----  
Total Assets 190,822,784

-----  
**LIABILITIES:**

Payable to broker -- variation margin	468,750
Management fee payable	93,605
Distributions payable to Municipal Auction Rate	
Cumulative Preferred Stockholders	3,473
Accrued expenses	50,037

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Total Liabilities 615,865

-----  
Series M Municipal Auction Rate Cumulative Preferred Stock

(2,000 shares authorized and issued at \$25,000 per share) (Note 6)	50,000,000
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-----  
Total Net Assets

\$ 140,206,919

=====

**NET ASSETS:**

Par value of capital shares	\$ 14,033
Capital paid in excess of par value	141,521,690
Undistributed net investment income	1,322,082
Accumulated net realized loss from investment transactions and futures contracts	(5,930,735)
Net unrealized appreciation of investments and futures contracts	3,279,849

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Total Net Assets  
 (Equivalent to \$9.99 per share on 14,032,784 capital shares of  
 \$0.001 par value outstanding; 100,000,000 capital shares authorized)      \$ 140,206,919

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See Notes to Financial Statements.

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 Intermediate Muni Fund, Inc. 17

-----  
 Statement of Operations (unaudited)  
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For the Six Months Ended June 30, 2004

INVESTMENT INCOME:

Interest \$ 5,318,328

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EXPENSES:

Management fee (Note 3)	575,848
Auction participation fees (Note 6)	62,401
Audit and legal	22,986
Transfer agency services	21,294
Custody	15,470
Shareholder communications	15,106
Stock exchange listing fees	8,726
Rating agency fees	8,500
Insurance fees	3,946
Directors' fees	2,730
Auction agency fees	1,900
Other	6,424

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Total Expenses	745,331
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Net Investment Income	4,572,997
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REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS  
 AND FUTURES CONTRACTS (NOTES 4 AND 5):

Realized Gain (Loss) From:	
Investment transactions	(148,169)
Futures contracts	503,144

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Net Realized Gain	354,975
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Change in Net Unrealized Appreciation of Investments  
 and Futures Contracts:

Beginning of period	7,433,181
End of period	3,279,849

-----

Decrease in Net Unrealized Appreciation	(4,153,332)
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-----

Net Loss on Investments and Futures Contracts	(3,798,357)
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Distributions Paid to Municipal Auction Rate Cumulative Preferred Stockholders From Net Investment Income	(244,622)
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Increase in Net Assets From Operations	\$ 530,018
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See Notes to Financial Statements.

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2004 Semi-Annual Report

Statements of Changes in Net Assets

For the Six Months Ended June 30, 2004 (unaudited)  
and the Year Ended December 31, 2003

	2004	2003
<b>OPERATIONS:</b>		
Net investment income	\$ 4,572,997	\$ 9,401,89
Net realized gain (loss)	354,975	(462,62
Decrease in net unrealized appreciation	(4,153,332)	(70,34
Dividends paid to Municipal Auction Rate Cumulative Preferred Stockholders from net investment income	(244,622)	(501,98
<b>Increase in Net Assets From Operations</b>	<b>530,018</b>	<b>8,366,94</b>
<b>DISTRIBUTIONS PAID TO COMMON STOCK SHAREHOLDERS FROM (NOTE 2):</b>		
Net investment income	(4,291,186)	(8,570,90
<b>Decrease in Net Assets From Distributions Paid to Common Stock Shareholders</b>	<b>(4,291,186)</b>	<b>(8,570,90</b>
<b>FUND SHARE TRANSACTIONS:</b>		
Net asset value of shares issued for reinvestment of dividends	287,921	-
<b>Increase in Net Assets From Fund Share Transactions</b>	<b>287,921</b>	<b>-</b>
<b>Decrease in Net Assets</b>	<b>(3,473,247)</b>	<b>(203,95</b>
<b>NET ASSETS:</b>		
Beginning of period	143,680,166	143,884,12
<b>End of period*</b>	<b>\$ 140,206,919</b>	<b>\$ 143,680,16</b>

\* Includes undistributed net investment income of: \$ 1,322,082 \$ 1,284,89

See Notes to Financial Statements.

Intermediate Muni Fund, Inc.

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Notes to Financial Statements (unaudited)

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## 1. Significant Accounting Policies

The Intermediate Muni Fund, Inc. ("Fund"), a Maryland corporation, is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles ("GAAP"): (a) security transactions are accounted for on trade date; (b) securities are valued at the mean between the bid and asked prices provided by an independent pricing service that are based on transactions in municipal obligations, quotations from municipal bond dealers, market transactions in comparable securities and various relationships between securities; (c) securities for which market quotations are not available will be valued in good faith at fair value by or under the direction of the Board of Directors; (d) securities maturing within 60 days are valued at cost plus accreted discount, or minus amortized premium, which approximates value; (e) gains or losses on the sale of securities are calculated by using the specific identification method; (f) interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis; (g) dividends and distributions to shareholders are recorded monthly by the Fund on the ex-dividend date for the shareholders of Common Stock based on net investment income. The holders of the Municipal Auction Rate Cumulative Preferred Stock shall be entitled to receive dividends in accordance with an auction that will normally be held weekly and out of funds legally available to shareholders; (h) the character of income and gains to be distributed is determined in accordance with income tax regulations which may differ from GAAP; (i) the Fund intends to comply with the applicable provisions of the Internal Revenue Code of 1986, as amended, pertaining to regulated investment companies and to make distributions of taxable income sufficient to relieve it from substantially all Federal income and excise taxes; (j) the net asset value of the Fund's Common Stock is determined by dividing the value of the net assets available to Common Stock by the total number of shares of common stock outstanding. For the purpose of determining the net asset value per share of the common stock, the value of the Fund's net assets shall be deemed to equal the value of the Fund's assets less (1) the Fund's liabilities, (2) the aggregate liquidation value (i.e., \$25,000 per outstanding share) of the Municipal Auction Rate Cumulative Preferred Stock and (3) accumulated and unpaid dividends on the outstanding Municipal Auction Rate Cumulative Preferred Stock issue; and (k) estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ.

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2004 Semi-Annual Report

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Notes to Financial Statements (unaudited) (continued)  
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## 2. Exempt-Interest Dividends and Other Distributions

The Fund intends to satisfy conditions that will enable interest from municipal securities, which is exempt from Federal income tax and from designated state income taxes, to retain such tax-exempt status when distributed to the shareholders of the Fund.

Capital gains distributions, if any, are taxable to shareholders, and are

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declared and paid at least annually.

3. Management Agreement and Transactions with Affiliated Persons

Smith Barney Fund Management LLC ("SBFM"), an indirect wholly-owned subsidiary of Citigroup Inc. ("Citigroup"), acts as investment manager to the Fund. As compensation for its services, the Fund pays SBFM a management fee calculated at an annual rate of 0.60% of the Fund's average daily net assets. For purposes of calculating the management fee, the liquidation value of any preferred stock of the Fund is not deducted in determining the Fund's average daily net assets. This fee is calculated daily and paid monthly.

All officers and one Director of the Fund are employees of Citigroup or its affiliates.

4. Investments

During the six months ended June 30, 2004, the aggregate cost of purchases and proceeds from sales of investments (including maturities of long-term investments, but excluding short-term investments) were as follows:

Purchases	\$27,218,530
Sales	26,018,241

At June 30, 2004, the aggregate gross unrealized appreciation and depreciation of investments for Federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$ 6,695,209
Gross unrealized depreciation	(2,290,360)
Net unrealized appreciation	\$ 4,404,849

5. Futures Contracts

Securities or cash equal to the initial margin amount are either deposited with the broker or segregated by the custodian upon entering into the futures contract. Additional securities are also segregated up to the current market value of the futures contracts. During the period the futures contract is open, changes in the

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Intermediate Muni Fund, Inc. 21

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Notes to Financial Statements (unaudited) (continued)  
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value of the contract are recognized as unrealized gains or losses by "marking to market" on a daily basis to reflect the market value of the contract at the end of each day's trading. Variation margin payments are received or made and recognized as assets due from or liabilities due to broker, depending upon whether unrealized gains or losses are incurred. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transactions and the Fund's basis in the contract. The Fund enters into such contracts typically to hedge a portion of

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its portfolio. The Fund bears the market risk that arises from changes in the value of the financial instruments and securities indices.

At June 30, 2004, the Fund had the following open futures contracts:

	Number of Contracts	Expiration	Basis Value	Market Value	Un
Contracts to Sell:					
U.S. 10 Year Treasury Note	500	9/04	\$52,062,500	\$53,187,500	\$ (1

### 6. Municipal Auction Rate Cumulative Preferred Stock

On January 28, 2002, the Fund issued 2,000 shares of Series M Municipal Auction Rate Cumulative Preferred Stock ("ARCPS"). The underwriting discount of \$500,000 and offering expenses of \$278,731 associated with the ARCPS offering were recorded as a reduction of the capital paid in excess of par value of common stock for the year ended December 31, 2002. The ARCPS' dividends are cumulative at a rate determined at an auction and the dividend period is typically 7 days. The dividend rates ranged from 0.80% to 1.16% during the six months ended June 30, 2004. At June 30, 2004, the dividend rate was 1.16%.

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

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

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Notes to Financial Statements (unaudited) (continued)  
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Citigroup Global Markets Inc. ("CGM") another indirect wholly-owned subsidiary of Citigroup, also currently acts as a broker/dealer in connection with the auction of ARCPS. After each auction, the auction agent will pay to each broker/dealer, from monies the Fund provides, a participation fee at the annual rate of 0.25% of the purchase price of the ARCPS that the broker/dealer places at the auction. For the six months ended June 30, 2004, CGM earned \$62,401 as a participating broker/dealer.

### 7. Additional Information

Citigroup has been notified by the Staff of the Securities and Exchange Commission ("SEC") that the Staff is considering recommending a civil injunctive action and/or an administrative proceeding against Citigroup Asset Management ("CAM"), including its applicable investment advisory companies and Citicorp



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Trust Bank ("CTB"), an internal transfer agent, relating to the creation and operation of the internal transfer agent unit to serve certain CAM-managed funds. CTB did not provide services to the Fund. This notification arises out of a previously disclosed investigation by the SEC and the U.S. Attorney and relates to CTB's entry in 1999 into the transfer agency business, CAM's retention of, and agreements with an unaffiliated sub transfer agent, the adequacy of the disclosures made to the fund boards that approved the transfer agency arrangements, (including CAM's failure to disclose a related revenue guarantee agreement benefiting CAM and its affiliates), and CAM's operation of and compensation for the transfer agency business. The revenue guarantee described above was terminated in 1999 and CAM will be paying the applicable funds, primarily through fee waivers, a total of approximately \$17 million (plus interest) that is the amount of the revenue received by Citigroup relating to the revenue guarantee. The Fund did not implement the contractual arrangement described above and therefore will not receive any portion of the payment. Citigroup is cooperating fully in the investigation and will seek to resolve the matter in discussions with the SEC Staff. Although there can be no assurance, Citigroup does not believe that this matter will have a material adverse effect on the Fund.

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Intermediate Muni Fund, Inc.

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

	2004 (1)	2003	2002	2001
Net Asset Value, Beginning of Period	\$ 10.26	\$ 10.27	\$ 10.21	\$ 10.20
Income (Loss) From Operations:				
Net investment income(2)	0.34	0.68	0.68	0.56
Net realized and unrealized gain (loss) (2)	(0.28)	(0.03)	0.07	--
Dividends paid to Municipal Auction Rate Cumulative Preferred Stockholders from net investment income	(0.02)	(0.05)	(0.05)	--
Total Income (Loss) From Operations	0.04	0.60	0.70	0.56
Gains From Repurchase of Treasury Stock	--	--	--	0.00*
Underwriting Commissions and Expenses from the Issuance of Municipal Auction Rate Cumulative Preferred Stock	--	--	(0.06)	--
Distributions Paid To Common				

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Stock Shareholders From:					
Net investment income	(0.31)	(0.61)	(0.58)	(0.55)	
Net realized gains	--	--	--	--	
-----					
Total Distributions Paid to Common Stock Shareholders	(0.31)	(0.61)	(0.58)	(0.55)	
-----					
Net Asset Value, End of Period	\$ 9.99	\$ 10.26	\$ 10.27	\$ 10.21	
-----					
Total Return, Based on Market Price(3)	(6.57)%++	13.33%	4.03%	17.17%	
-----					
Total Return, Based on Net Asset Value(3)	0.44%++	6.22%	6.73%	6.01%	
-----					
Net Assets, End of Period (millions)	\$ 140	\$ 144	\$ 144	\$ 143	
-----					
Ratios to Average Net Assets Based on Common Shares Outstanding(4):					
Expenses	1.05%+	1.07%	1.08%	0.80%	
Net investment income(2)	6.45+	6.55	6.59	5.35	
-----					
Portfolio Turnover Rate	14%	21%	49%	36%	
-----					
Market Price, End of Period	\$ 9.23	\$ 10.19	\$ 9.56	\$ 9.75	
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2004 Semi-Annual Report

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Financial Highlights (continued)  
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	2004 (1)	2003	2002	2001
-----				
Municipal Auction Rate				
Cumulative Preferred Stock(5):				
Total Amount Outstanding (000s)	\$ 50,000	\$ 50,000	\$ 50,000	--
Asset Coverage Per Share	95,103	96,840	96,942	--
Involuntary Liquidating Preference Per Share(6)	25,000	25,000	25,000	--
Average Market Value Per Share(6)	25,000	25,000	25,000	--
=====				

(1) For the six months ended June 30, 2004 (unaudited).

(2) Effective January 1, 2001, the Fund adopted a change in the accounting method that requires the Fund to amortize premiums and accrete all discounts. Without the adoption of this change, for the year ended December 31, 2001, the ratio of net investment income to average net assets would have been 5.31%. Per share information, ratios and supplemental data for the periods prior to January 1, 2001 have not been

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restated to reflect this change in presentation. In addition, the impact of this change to net investment income and net realized and unrealized gain was less than \$0.01 per share.

- (3) The total return calculation assumes that dividends are reinvested in accordance with the Fund's dividend reinvestment plan.
- (4) Calculated on basis of average net assets of common shareholders. Ratios do not reflect the effect of dividend payments to preferred shareholders.
- (5) On January 28, 2002, the Fund issued 2,000 shares of Series M Municipal Auction Rate Cumulative Preferred Stock at \$25,000 a share.
- (6) Excludes accumulated and unpaid dividends.
- \* Amount represents less than \$0.01 per share.
- ++ Total return is not annualized, as it may not be representative of the total return for the year.
- + Annualized.

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 Intermediate Muni Fund, Inc.

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 Financial Data (unaudited)  
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For a share of capital stock outstanding throughout each period:

Period	AMEX Closing Price*	Net Asset Value*	Dividends Paid	Reinvestment Price
=====				
Fiscal Year 2002				
January	\$ 9.70	\$10.21	\$0.046	\$ 9.67
February	9.69	10.29	0.046	9.67
March	9.50	10.02	0.046	9.52
April	9.59	10.16	0.048	9.58
May	9.70	10.18	0.048	9.75
June	9.87	10.27	0.048	9.95
July	9.90	10.37	0.048	9.92
August	10.05	10.44	0.048	10.07
September	10.09	10.57	0.048	10.11
October	9.75	10.24	0.051	9.50
November	9.42	10.16	0.051	9.57
December	9.56	10.27	0.051	9.48
Fiscal Year 2003				
January	9.45	10.18	0.051	9.47
February	9.47	10.25	0.051	9.60
March	9.48	10.19	0.051	9.53
April	9.75	10.24	0.051	9.70
May	10.09	10.40	0.051	10.01
June	9.98	10.31	0.051	10.03
July	9.61	10.12	0.051	10.12
August	10.02	10.09	0.051	10.01
September	10.15	10.24	0.051	10.19
October	10.22	10.21	0.051	10.25
November	10.39	10.28	0.051	10.32
December	10.19	10.26	0.051	10.31
Fiscal Year 2004				
January	10.41	10.27	0.051	10.29
February	10.49	10.36	0.051	10.41
March	10.49	10.19	0.051	10.25
April	9.20	10.08	0.051	9.24

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May	9.57	10.02	0.051	9.60
June	9.23	9.99	0.051	9.39

\* On the last business day of the month.

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 Additional Shareholder Information (unaudited)  
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Results of the Annual Meeting of Shareholders

The Annual Meeting of Shareholders of the Intermediate Muni Fund, Inc. was held on April 29, 2004, for the purpose of considering and voting upon the election of three Class II Directors, each for a three-year term. At the Meeting the holders of the Preferred Stock voting separately, voted on a Preferred Class Director. The following table provides information concerning the matters voted on at the Meeting.

Election of Directors\*

Nominees -----	Votes For -----	Votes Withheld -----
Paul Hardin (Preferred Stockholders only)	12,513,674 1,794	154,494 2
Roderick C. Rasmussen	12,517,920	150,248
John P. Toolan	12,511,951	156,217

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 \* The following Directors representing the balance of the Board of Directors continue to serve as Directors: Lee Abraham, Alan J. Bloostein, Jane F. Dasher, Donald R. Foley, R. Jay Gerken and Richard E. Hanson Jr.

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 Intermediate Muni Fund, Inc. 27

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

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

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

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Dividend Reinvestment Plan (unaudited) (continued)  
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shall such purchases continue later than 30 days after the payment date for such dividend or distribution, or the record date for a succeeding dividend or distribution, except when necessary to comply with applicable provisions of the federal securities laws.

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

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

Experience under the Plan may indicate that changes to it are desirable. The

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Fund reserves the right to amend or terminate the plan as applied to any dividend or capital gains distribution paid subsequent to written notice of the change sent to participants at least 30 days before the record date for the dividend or capital gains distribution. The plan also may be amended or terminated by PFPC, with the fund's prior written consent, on at least 30 days' written notice to plan participants. All correspondence concerning the plan should be directed by mail to PFPC Inc., P.O. Box 8030, Boston, Massachusetts 02266-8030 or by telephone at (800) 331-1710.

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Beginning August 31, 2004, information on how the Fund voted proxies relating to portfolio securities during the 12 month period ended June 30, 2004 will be available (1) without charge, upon request, by calling 1-800-451-2010 and (2) on the SEC's website at [www.sec.gov](http://www.sec.gov).

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by telephoning the Fund (toll-free) at 1-800-451-2010 and by visiting the SEC's website at [www.sec.gov](http://www.sec.gov).

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INTERMEDIATE  
MUNI FUND, INC.

[GRAPHIC OMITTED]

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### DIRECTORS

Lee Abraham  
Alan J. Bloostein  
Jane F. Dasher  
Donald R. Foley  
R. Jay Gerken, CFA  
Chairman  
Richard E. Hanson, Jr.  
Paul Hardin  
Roderick C. Rasmussen  
John P. Toolan

### OFFICERS

R. Jay Gerken, CFA  
President and Chief  
Executive Officer

Andrew B. Shoup  
Senior Vice President and  
Chief Administrative Officer

Robert J. Brault  
Chief Financial Officer  
and Treasurer

Peter M. Coffey  
Vice President

Andrew Beagley  
Chief Compliance Officer

Kaprel Ozsolak

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Controller

Robert I. Frenkel  
Secretary and  
Chief Legal Officer

INVESTMENT MANAGER

Smith Barney Fund Management LLC

CUSTODIAN

State Street Bank and Trust Company

SHAREHOLDER  
SERVICING AGENT

PFPC Inc.  
P.O. Box 8030  
Boston, Massachusetts 02266-8030

This report is intended only for the shareholders of Intermediate Muni Fund, Inc. It is not a Prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or any securities mentioned in the report.

INTERMEDIATE  
MUNI FUND, INC.

125 Broad Street  
10th Floor, MF-2  
New York, New York 10004

FD0633 8/04  
04-7079

SBI  
Listed on the American  
Stock Exchange

ITEM 2. CODE OF ETHICS.

Not Applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not Applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable.

ITEM 6. [RESERVED]

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

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Not applicable.

ITEM 8. [RESERVED]

ITEM 9. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

ITEM 10. 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 half-year (the registrant's second fiscal half-year in the case of an annual report) that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 11. EXHIBITS.

- (a) Not applicable.
- (b) Attached hereto.

Exhibit 99.CERT                      Certifications pursuant to section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 99.906CERT                  Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

### SIGNATURES

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

Intermediate Muni Fund, Inc.

By:    /s/ R. Jay Gerken  
      R. Jay Gerken  
      Chief Executive Officer of  
      Intermediate Muni Fund, Inc.

Date: September 7, 2004

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



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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 of  
Intermediate Muni Fund, Inc.

Date: September 7, 2004

By: /s/ Robert J. Brault  
Robert J. Brault  
Chief Financial Officer of  
Intermediate Muni Fund, Inc.

Date: September 7, 2004