



INTERMEDIATE
MUNI FUND, INC.

Semi-Annual Report
June 30, 2001

Intermediate Muni Fund, Inc.

Dear Shareholder,

We are pleased to provide the semi-annual report for the Intermediate Muni Fund, Inc. (“Fund”), for the period ended June 30, 2001. In this report, we summarize the period’s prevailing economic and market conditions and outline our investment strategy. We hope you find this report to be useful and informative.

During the period, the Fund paid income dividends totaling \$0.28 per share. The table below details the annualized distribution rate and the six-month total return for the Fund based on its June 30, 2001, net asset value (“NAV”) per share and the American Stock Exchange (“AMEX”) closing price.¹

<u>Price Per Share</u>	<u>Annualized Distribution Rate²</u>	<u>Six-Month Total Return²</u>
\$10.26 (NAV)	5.38%	3.54%
\$9.58 (AMEX)	5.76%	11.90%

During the period, the Fund generated a return based on NAV of 3.54%. In comparison, the Lipper Inc. (“Lipper”)³ peer group of general and insured municipal bond funds (unleveraged) returned 2.83% for the same period. Please note that past performance is not indicative of future results.

¹ The NAV is calculated by subtracting total liabilities 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 shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which the investor may buy or sell shares of the Fund is its market price (AMEX) as determined by supply and demand.

² Total returns assume the reinvestment of all dividends and/or capital gains distributions in additional shares. The annualized distribution rate is the Fund’s current monthly income dividend rate, annualized, and then divided by the NAV or the market value noted in this report. The annualized distribution rate assumes a current monthly income dividend rate of \$0.046 for twelve months. This rate is as of July 31, 2001 and is subject to change. The important difference between a total return and an annualized distribution rate is that the total return takes into consideration a number of factors including the fluctuation of the NAV or the market value during the period reported. The NAV fluctuation includes the effects of unrealized appreciation or depreciation in the Fund. Accordingly, since an annualized distribution rate only reflects the current monthly income dividend rate annualized, it should not be used as the sole indicator to judge the return you receive from your Fund’s investment.

³ Lipper is an independent mutual fund-tracking organization.



**HEATH B.
MCLENDON**

Chairman



**PETER M.
COFFEY**

Vice President

Investment Strategy

The Fund seeks to provide investors with an income stream for the long-term. To this end, we have generally focused on investing in securities with high credit quality and good call protection, as we believe these securities offer solid long-term values. Moreover, the Fund has a fairly long weighted-average life.⁴ In addition, we think our greater emphasis on call protection may provide our shareholders with consistent income in this environment of declining interest rates.

Market and Economic Overview

The year 2001 began on a positive note for fixed-income investors. Unrelenting volatility in the equity markets, deteriorating corporate earnings and an increased probability of a weaker domestic economy led many investors to sell their equity holdings and reallocate assets to fixed-income investments. The U.S. Federal Reserve Board (“Fed”) responded by aggressively lowering short-term interest rates by 2.75% over the course of six months.

During the period, municipals labored to keep pace with the performance of taxable fixed-income securities. A relatively large amount of new issue municipal supply tempered performance. As the supply of municipal issuance increases, demand among investors typically becomes sated and prices generally decline. State and local governments issued approximately \$134 billion of debt during the first half of 2001 — a 40% increase over 2000’s pace of \$96 billion. The increase in municipal bond supply was attributable to a 300% increase in refunding activity versus the prior year. Should this pace be sustained, 2001 would become one of the top three years ever for tax-exempt new issuance.

In spite of the high volume of new issuance, demand for municipal bonds was strong during the period. Buying was dominated by individual investors who viewed municipals as a safe harbor from the volatile equity markets. In the months ahead, we believe the retail investor will remain a dominant player in the municipal bond market.

Outlook

Looking forward, tax-exempt bonds are likely to remain attractive on an after-tax basis relative to Treasuries, despite future reductions in federal income tax rates. Additionally, the relatively strong fundamental quality of many municipal debt issuers appears likely to remain unchanged during the remainder of 2001. According to Standard & Poor’s, a major rating agency, the number of municipal issues upgraded during 2001 thus far has outpaced the number of municipal downgrades. We do, however, expect the pace of improvement in municipal credit quality to slow if sales tax revenue continues to wane because of the weaker U.S. economy.

⁴ Average life is the length of time before the principal of debt issues is scheduled to be repaid through amortization or sinking fund.

A report by the Nelson A. Rockefeller Institute of Government recently showed that sales tax revenue growth during the first quarter of 2001 had slowed to an anemic 0.3%, versus the prior year (adjusted for inflation and legislative changes). Data from the second quarter was not available at the time of this writing. Many state and local governments have prepared for an eventual economic slowdown by setting aside a portion of their surpluses during the tax-receipt boom years. These “rainy day funds” are now available to soften negative impacts from lower tax receipts in the future.

On June 7, President George W. Bush signed the Economic Recovery and Tax Relief Act of 2001, which will reduce federal income tax rates over the next five years. We believe the effect of this new legislation on municipal bonds will be minor. The municipal bond market enjoys advantages that could help keep demand strong versus other fixed-income asset classes, including relatively low default rates, low volatility and competitive yields on a tax-adjusted basis. Additionally, we are somewhat wary of the political willingness to leave tax legislation unchanged for five years, which is the phase-in period for new tax rates.

For the second half of 2001, we expect municipal issuers to continue to take advantage of the low interest rate environment to finance new projects and refund outstanding debt. As a result, the tax-exempt new issue calendar is likely to remain sizeable over the next several months. We anticipate continued strong demand for municipal bonds since they are currently attractive relative to taxable fixed-income alternatives and have proved less volatile than equities.

Thank you for your investment in the Intermediate Muni Fund, Inc.

Sincerely,



Heath B. McLendon
Chairman



Peter M. Coffey
Vice President

July 12, 2001

The information provided in this letter represents the opinion of the manager and is not intended to be a forecast of future events, a guarantee of future results nor investment advice. Further, there is no assurance that certain securities will remain in or out of the Fund. Please refer to pages 5 through 12 for a list and percentage breakdown of the Fund's holdings. Also, please note any discussion of the Fund's holdings is as of June 30, 2001 and is subject to change.

Take Advantage of the Fund's Dividend Reinvestment Plan!

Did you know that Fund investors who reinvest their dividends are taking advantage of one of the most effective wealth-building tools available today? Systematic investments put time to work for you through the strength of compounding.

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 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), or if the Fund declares a dividend or capital gains distribution payable only in cash, PFPC Global Fund Services ("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 25. To find out more detailed information about the Plan and about how you can participate, please call PFPC Global Fund Services at (800) 331-1710.

Schedule of Investments (unaudited)

June 30, 2001

FACE AMOUNT	RATING(a)	SECURITY	VALUE
Education — 10.9%			
\$1,200,000	AAA	Alta Loma, CA School District, Capital Appreciation, Series A, FGIC-Insured, zero coupon due 8/1/19	\$ 457,500
		Arizona Educational Lien Revenue:	
1,700,000	Aa2*	Series B, 7.000% due 3/1/02 (b)	1,735,785
1,000,000	Aa2*	Sub-Series, 6.625% due 9/1/05 (b)	1,030,000
2,000,000	AAA	Chicago, IL Board of Education, Capital Appreciation, Chicago School Reform, Series A, AMBAC-Insured, zero coupon due 12/1/15	937,500
500,000	A	Clackamas County, OR School District No. 86, School Board Guaranteed, 5.250% due 6/15/20	504,375
1,000,000	Baa3*	Colorado Educational and Cultural Facilities Authority Revenue, (Bromley East Project), 7.000% due 9/15/20	1,007,500
1,000,000	AAA	Ephrata, PA School District, Series A, 5.250% due 4/15/19	1,013,750
400,000	AAA	Joshua, TX Independent School Board, Capital Appreciation, Series C, PSFG, zero coupon due 2/15/12	238,000
1,075,000	Aaa*	Lago Vista, TX Independent School District, Capital Appreciation, PSFG, zero coupon due 8/15/21	354,750
220,000	AAA	Massachusetts Education Loan Authority, Issue E, Series A, AMBAC-Insured, 6.850% due 1/1/04 (b)	226,992
500,000	A-	Massachusetts State Development Finance Agency Revenue, Curry College, Series A, ACA-Insured, 6.000% due 3/1/20	523,750
1,550,000	AAA	McHenry & Kane County, IL Community Construction, School District No. 158, FGIC-Insured, zero coupon due 1/1/15	759,500
430,000	A	Montana Higher Education Student Assistance Corp., Student Loan Revenue, Series B, 7.050% due 6/1/04 (b)	443,773
1,000,000	Aaa*	Nebhelp Inc., NE Revenue, Junior Subordinate, Series A-6, MBIA-Insured, 6.450% due 6/1/18 (b)	1,087,500
2,000,000	Aaa*	Nebhelp Inc., NE Revenue, Series A, MBIA-Insured, 6.200% due 6/1/13	2,175,000
500,000	A3*	New England Education Loan Marketing Corp., MA Refunding Student Loan Revenue, 6.900% due 11/1/09 (b)	566,250
1,635,000	A*	New Mexico Educational Assistance Foundation, Student Loan Revenue, Series A-2, 5.950% due 11/1/07 (b)	1,698,356
		North Forest Independent School District, Capital Appreciation, ACA-Insured:	
805,000	A	Zero coupon due 8/15/13	375,331
805,000	A	Zero coupon due 8/15/14	348,163
			15,483,775
Escrowed to Maturity (c) — 8.6%			
205,000	AAA	Anderson County, SC Hospital Facilities Revenue, 7.125% due 8/1/07	225,244
1,035,000	AAA	Boston, MA Water & Sewer Community Revenue, Series A, 10.875% due 1/1/09	1,309,275
600,000	AAA	Illinois Health Facilities Authority Revenue, (Ravenwood Hospital Medical Center Project), 7.250% due 8/1/06	651,000
630,000	AAA	Illinois Health Facility Authority Revenue, (Methodist Medical Center Project), 9.000% due 10/1/10	753,638

See Notes to Financial Statements.

Schedule of Investments (unaudited) (continued)

June 30, 2001

FACE AMOUNT	RATING(a)	SECURITY	VALUE
Escrowed to Maturity (c) — 8.6% (continued)			
\$ 775,000	AAA	Jackson, TN Water and Sewer Revenue, 7.200% due 7/1/12	\$ 889,313
385,000	AAA	Lake County, OH Hospital Improvement Revenue, (Lake County Memorial Hospital Project), 8.625% due 11/1/09	460,556
1,370,000	NR	Los Angeles, CA Hollywood Presbyterian Medical Center, INDLC-Insured, 9.625% due 7/1/13	1,803,263
190,000	AAA	Louisiana Public Facilities, Southern Baptist Hospital, 8.000% due 5/15/12	225,388
555,000	AAA	Metropolitan Nashville, TN Airport Authority Revenue, MBIA-Insured, 7.500% due 7/1/05	594,544
140,000	Aaa*	Nacogdoches County, TX Hospital District Revenue, 9.000% due 5/15/04	154,175
250,000	AAA	New Haven, CT GO, Series 1992A, 9.250% due 3/1/02	260,588
279,000	AAA	New Jersey State Turnpike Authority, Revenue Refunding Bond, 10.375% due 1/1/03	298,000
2,455,000	AAA	Ohio State Water Development Authority Revenue, 9.375% due 12/1/10	2,973,619
290,000	AAA	Ringwood Borough, NJ Sewer Authority Special Obligation Refunding, 9.875% due 7/1/13	361,413
40,000	AAA	Salt Lake City, UT Water Conservancy Distribution Revenue, Series A, MBIA-Insured, 10.875% due 10/1/02	42,126
640,000	NR	Southwestern Illinois, Development Authority Hospital Revenue, (Wood River Hospital Project), 6.875% due 8/1/03	664,000
565,000	NR	Tom Green County, TX Hospital Authority, 7.875% due 2/1/06	621,500
			12,287,642
General Obligation — 4.2%			
500,000	AAA	Anchorage, AK, FGIC-Insured, 6.000% due 10/1/14	560,000
1,000,000	AA	Central Falls, RI GO, Asset Guaranty-Insured, 5.875% due 5/15/15	1,058,750
1,000,000	AAA	Chicago, IL GO, AMBAC-Insured, 6.100% due 1/1/03	1,042,500
1,000,000	AA	Harvey, IL GO, Refunding, Asset Guaranty-Insured, 6.700% due 2/1/09	1,086,250
130,000	A3*	New Haven, CT Unrefunded Balance, Series B, 9.000% due 12/1/01	133,263
1,500,000	AAA	Northwest Parkway Public Highway Authority, Colorado Revenue, Capital Appreciation, Series C, AMBAC-Insured, 6.875% due 11/1/10	875,625
1,735,000	AAA	Palo Duro River Authority, TX Capital Appreciation, CGIC-Insured, zero coupon due 8/1/09	1,199,319
			5,955,707
Hospital — 22.6%			
335,000	BBB	Allentown, PA Area Hospital Authority Revenue Refunding, Sacred Heart Hospital, Series A, 6.200% due 11/15/03	330,813
1,500,000	BBB-	Arkansas Development Finance Authority Revenue Refunding, (Washington Regional Medical Center), 7.000% due 2/1/15	1,522,500
650,000	AAA	Calcasieu Parish, LA Memorial Hospital Service, District Revenue Refunding, (Lake Charles Memorial Hospital), Series A, CONNIE LEE-Insured, 7.500% due 12/1/05	742,625

See Notes to Financial Statements.

Schedule of Investments (unaudited) (continued)

June 30, 2001

FACE AMOUNT	RATING(a)	SECURITY	VALUE
Hospital — 22.6% (continued)			
\$1,500,000	A+	California Statewide COP, Community Development, Hospital Authority Revenue Refunding, (Triad Healthcare), 6.250% due 8/1/06	\$ 1,623,750
650,000	A3*	Chatham County, GA Hospital Authority Revenue, (Memorial Health Medical Center), Series A, 6.000% due 1/1/17	654,063
500,000	AA	Clackamas County, OR Hospital Authority Revenue, (Legacy Health System), 5.750% due 5/1/16	520,625
820,000	BB+	Colorado Health Facilities Authority Revenue, Rocky Mountain Adventist, 6.250% due 2/1/04	854,613
2,000,000	BBB	Cuyahoga County, OH Hospital Facility Revenue, (Canton Inc. Project), 6.750% due 1/1/10	2,125,000
330,000	AA	Harris County, TX Health Facilities Development Corp., (Texas Children's Hospital Project), Series A, 5.375% due 10/1/14	336,188
1,000,000	AAA	Harris County, TX Hospital District Revenue, MBIA-Insured: 6.000% due 2/15/15	1,076,250
1,225,000	AAA	6.000% due 2/15/16	1,315,344
2,000,000	A	Hawaii State Department of Budget and Finance, Special Purpose Management Revenue, Kapiolani Health Care System, 6.400% due 7/1/13	2,065,000
1,605,000	BBB+	Henderson, NV Health Care Facility Revenue, (Catholic Healthcare West Project), Series A, 6.200% due 7/1/09	1,665,188
1,300,000	A-	Illinois Health Facilities Authority Revenue, Friendship Village Hospital, 6.650% due 12/1/06	1,314,625
1,000,000	A2*	Indiana Health Facilities Authority, Hospital Revenue Refunding Bonds, St. Anthony's Medical Center, Series A, 7.000% due 10/1/06	1,050,420
1,000,000	A1*	Iowa Financial Authority, Health Care Facilities Revenue, Genesis Medical Center, 6.250% due 7/1/20	1,030,000
1,900,000	AAA	Kentucky Economic Development Finance Authority Revenue System, Norton Healthcare Inc., Series B, MBIA-Insured, zero coupon due 10/1/21	619,875
1,200,000	BBB+	Klamath Falls, OR Intercommunity, Merle Hospital, 8.000% due 9/1/08	1,360,500
350,000	B3*	Langhorne Manor Borough, PA Higher Education and Health Authority, Bucks County, Lower Bucks Hospital, 6.750% due 7/1/02	334,572
475,000	AAA	Lima, OH Hospital Revenue, 7.500% due 11/1/06	527,250
675,000	BBB-	Louisiana Public Facilities Authority Revenue, (General Health Systems Project), 6.800% due 11/1/16	684,281
440,000	AAA	Madison County, IN Hospital Authority Facilities Revenue, (Community Hospital Anderson Project), 9.250% due 1/1/10	536,800
1,000,000	AAA	Maryland Health & Higher Education Facility Authority Revenue, (Mercy Medical Center Project), FSA-Insured, 6.500% due 7/1/13	1,150,000

See Notes to Financial Statements.

Schedule of Investments (unaudited) (continued)

June 30, 2001

FACE AMOUNT	RATING(a)	SECURITY	VALUE
Hospital — 22.6% (continued)			
\$ 935,000	Baa2*	New Jersey Health Care Facility Financing Authority Revenue, Capital Health System Obligation Group, 5.125% due 7/1/12	\$ 807,606
1,500,000	NR	New York City, NY IDA, Civic Facilities Revenue, (New York Community Hospital Brooklyn), 6.875% due 11/1/10	1,443,750
2,500,000	AAA	Orange County, FL Health Facilities Authority Revenue: Adventist Health, 6.050% due 11/15/07	2,625,000
1,000,000	NR	Health Care Facilities, 8.750% due 7/1/11	1,006,250
1,000,000	NR	Rainbow City, AL Health Care Facilities Financing Authority, Series B, 7.250% due 1/1/26	1,002,500
1,045,000	BBB+	Rhode Island State Health & Education Building Corp. Revenue, Roger Williams Hospital Financing, 5.400% due 7/1/13	935,275
1,000,000	Baa2*	Tomball, TX Hospital Authority Revenue, Tomball Regional Hospital, 5.750% due 7/1/14	931,250
			32,191,913
Housing: Multi-Family — 12.3%			
865,000	AA	Beaumont, TX Multi-Family Housing Finance, Regency Place Apartments, Asset Guaranty-Insured, 7.000% mandatory tender 10/1/03	866,426
1,000,000	A3*	Bexar County, TX Multi-Family Housing Revenue, Nob Hill Apartments, 6.000% due 6/1/21	965,000
480,000	AAA	Charlotte, NC Mortgage Revenue Refunding, Double Oaks Apartment, Series A, FHA-Insured, 7.300% due 11/15/07	516,600
1,100,000	Baa2*	Dallas, TX Housing Corp., Capital Program Revenue Refunding, Section 8 Assisted, 7.700% due 8/1/05	1,112,078
360,000	Baa3*	El Paso County, TX Housing Finance Corp., Multi-Family Housing Revenue: American Village Community Project, Series A, 6.200% due 12/24/24	355,050
285,000	A3*	La Plaza Apartments, Sub-Series C, 8.000% due 7/1/30	293,550
200,000	AAA	Framingham, MA Housing Authority, Mortgage Revenue, Beaver Terrace, Series A, GNMA-Collateralized, 6.350% due 2/20/32	213,000
585,000	AAA	Grand Prairie, TX Housing Financial Corporate Multi-Family Housing Revenue, (Landing of Carrier Project), Series A, GNMA-Collateralized, 6.650% due 9/20/22	628,144
645,000	BBB	Housing Assistance Corp., Tulsa, OK Multi-Family Revenue, Section 8 Rehabilitation, 7.250% due 10/1/07 (b)	665,156
610,000	AA	Hudson County, NJ Improvement Authority, Multi-Family Housing Revenue, (Observer Park Project), Series A, FNMA-Collateralized, 6.600% due 6/1/04 (b)	636,688
1,470,000	NR	Lynchburg, VA Redevelopment & Housing Authority, Multi-Family Housing Revenue Refunding, Princeton Circle Association, 6.250% due 12/1/10	1,473,675
610,000	A2*	Maricopa County, AZ COP, (Desert Vista Project), 5.400% due 7/1/14	626,775

See Notes to Financial Statements.

Schedule of Investments (unaudited) (continued)

June 30, 2001

FACE AMOUNT	RATING(a)	SECURITY	VALUE
Housing: Multi-Family — 12.3% (continued)			
\$ 500,000	Aaa*	Maricopa County, AZ Industrial Development Authority, Multi-Family Housing Revenue, (Bay Club at Mesa Cove Project), Series A, MBIA-Insured, 5.700% due 9/1/20	\$ 511,875
750,000	A2*	McMinnville, TN Housing Authority Revenue Refunding, First Mortgage, Beersheba Heights, 6.000% due 10/1/09	796,875
340,000	AAA	Missouri State Housing Development Community, Mortgage Revenue, Series C, GNMA/FNMA-Collateralized, 7.450% due 9/1/27 (b)	372,300
1,500,000	AA	Missouri State Housing Development Community, Series I, 5.500% due 12/1/15	1,550,625
1,000,000	NR	Montgomery County, PA Redevelopment Authority, Multi-Family Housing Revenue, (KBF Association L.P. Project), Series A, 6.375% due 7/1/12	1,065,000
		Mount Vernon, IL Elderly Housing Corp., First Lien Revenue Bonds, Section 8 Assisted, Series 1979:	
170,000	Ba3*	7.875% due 4/1/02	172,098
185,000	Ba3*	7.875% due 4/1/03	185,220
200,000	Ba3*	7.875% due 4/1/04	200,226
215,000	Ba3*	7.875% due 4/1/05	215,234
235,000	Ba3*	7.875% due 4/1/06	235,256
250,000	Ba3*	7.875% due 4/1/07	250,238
270,000	Ba3*	7.875% due 4/1/08	270,270
1,150,000	Aa3*	Nevada Housing Division, Multi-Unit Housing Campaign, Series A, 5.450% due 10/1/18	1,155,750
620,000	A-	Private Colleges and Universities Authority, GA Student Housing Revenue, (Mercer Housing Corp. Project), Series A, ACA-Insured, 5.375% due 6/1/17	613,025
690,000	AAA	San Jose, CA Multi-Family Housing, (County Brook Project), Series A, FNMA-Collateralized, 6.500% mandatory tender 4/1/02 (b)	701,440
660,000	Aa2*	Streamwood, IL Multi-Family Housing Revenue, (Southgate Project), FHA-Insured, 6.200% due 11/1/07	678,104
220,000	AAA	Washington County, OR Housing Authority, Multi-Family Housing Revenue, (Terrace View Project), FNMA-Collateralized, 5.500% due 12/17/17 (b)	222,475
			17,548,153
Housing: Single-Family — 5.2%			
110,000	A1*	Ford County, KS Single-Family Mortgage Revenue Refunding, Series A, FHA-Insured, 7.900% due 8/1/10	114,994
140,000	AA	Juneau City & Borough, AK Home Mortgage Revenue Refunding, Mortgage-Backed Securities Program, FNMA-Collateralized, 8.000% due 2/1/09	143,714
475,000	NR	Lees Summit, MO IDA, Health Facilities, Refunding & Improvement Revenue, (John Knox Village Project), 7.125% due 8/15/12	485,374
1,670,000	Aa3*	Massachusetts State HFA, Single-Family Housing Revenue, Series 38, 7.200% due 12/1/26 (b)	1,761,850

See Notes to Financial Statements.

Schedule of Investments (unaudited) (continued)

June 30, 2001

FACE AMOUNT	RATING(a)	SECURITY	VALUE
Housing: Single-Family — 5.2% (continued)			
\$ 770,000	AAA	Pima County, AZ IDA, Single-Family Mortgage Revenue, Series A, GNMA/FNMA-Collateralized, step bond to yield 7.000% due 11/1/29 (b)	\$ 833,525
1,500,000	BBB	Puerto Rico Housing Bank & Finance Agency, 7.500% due 12/1/06	1,702,500
170,000	AAA	St. Louis County, MO Single-Family Mortgage Revenue, MBIA-Insured, 6.750% due 4/1/10	170,425
950,000	AAA	Texas State Department of Housing and Community Affairs, Home Mortgage Revenue, Series C-2, GMNA/FNMA/FHLMC-Collateralized, 9.561% due 7/2/24 (b)	1,141,188
1,000,000	AA+	Virginia State Housing Development Authority, Commonwealth Mortgage, Series H, 6.100% due 7/1/03	1,028,750
			7,382,320
Industrial Development — 8.9%			
1,000,000	NR	Alaska IDR, (Williams Lynxs Cargoport), 8.000% due 5/1/23	1,007,500
535,000	BB+	Bourbonnais, IL IDR Refunding, (KMart Corp. Project), 6.600% due 10/1/06	552,388
1,500,000	AAA	Des Moines, IA IDR Refunding Revenue, (The Printer Project), 6.375% due 9/1/09	1,531,875
1,500,000	BBB+	Dickinson County, MI Economic Development Corp., Solid Waste Disposal Refunding Revenue, Champion International, 6.550% due 3/1/07	1,526,070
1,000,000	NR	Florida Capital Region, Community Development District Revenue, Series B, 5.950% due 5/1/06	996,250
1,000,000	A+	Kanawha, WV Commercial Development Revenue, (May Department Store Project), 6.500% due 6/1/03	1,042,500
2,000,000	A-	LaCrosse, WI Resource Recovery Revenue, (Northern States Power Co. Project), 6.000% due 11/1/21 (b)	2,147,500
370,000	AAA	Massachusetts State Developmental Finance Agency Revenue: Series A, GNMA-Collateralized, 6.700% due 10/20/21	419,025
1,300,000	AA	Worcester Redevelopment Authority Issue, Asset Guaranty-Issued, 6.000% due 6/1/24	1,384,500
2,000,000	B-	Oklahoma Developmental Finance Authority Revenue, Hillcrest Healthcare System, Series A, 5.625% due 8/15/19	1,460,000
1,000,000	CC	Tooele County, UT Hazardous Waste Disposal Revenue, Laidlaw Incineration, Series A, 6.750% due 8/1/10 (b)	150,000
500,000	BBB-	Tulsa, OK Municipal Airport, Refunding Revenue, Series B, 5.650% due 12/1/35	503,750
			12,721,358
Life Care — 1.3%			
945,000	NR	Coweta County, GA Development Authority Revenue, (Care-Pointe Project), Series A, 6.750% due 7/1/10	472,500
1,355,000	A	Massachusetts State Industrial Finance Agency, Assisted Living Facility Revenue, (Arbors at Amherst Project), GNMA-Collateralized, 5.750% due 6/20/17 (b)	1,434,606
			1,907,106

See Notes to Financial Statements.

Schedule of Investments (unaudited) (continued)

June 30, 2001

FACE AMOUNT	RATING(a)	SECURITY	VALUE
Miscellaneous — 7.4%			
\$1,500,000	NR	Barona Band of Mission Indians, CA, 8.250% due 1/1/20	\$ 1,580,625
2,000,000	BBB-	Clarksville, TN Natural Gas Acquisition Corp., Gas Revenue, Series A, 7.500% due 11/1/04	2,050,980
640,000	NR	Clayton County, GA Development Authority Revenue, First Mortgage, Senior Care Group Inc., (Bayberry Project), Series A, 6.750% due 7/1/10	320,000
1,500,000	A	District of Columbia, Tobacco Settlement Financing Corp., 6.250% due 5/15/24	1,537,500
1,700,000	A	Illinois Development Finance Authority Revenue, City of East St. Louis, 6.875% due 11/15/05	1,848,750
645,000	Baa2*	Indianapolis, IN Economic Development Refunding & Improvement Revenue, National Benevolent Association, 6.900% due 10/1/04	669,188
600,000	A	Quinalt Indian Nation, WA/Quinalt Beach, Series A, ACA-Insured, 5.800% due 12/1/15	605,250
1,000,000	A	South Carolina Tobacco Settlement Revenue Management, Series B, 6.000% due 5/15/22	1,016,250
795,000	A	South Dakota Economic Development Finance Authority, APA Optics, Series A, 6.750% due 4/1/16 (b)	856,613
			10,485,156
Pollution Control — 2.7%			
460,000	B1*	Atlantic City, NJ Utility Authority Solid Waste Revenue, 7.000% due 3/1/02	460,575
2,000,000	Aa3*	Brazos River, TX Navigation Harbor District, Brazonia County, PCR, (BASF Corp. Project), 6.750% due 2/1/10	2,307,500
1,000,000	AAA	Monroe County, MI PCR, (Detroit Edison Co. Project), AMBAC-Insured, 6.350% due 12/1/04 (b)	1,090,000
			3,858,075
Pre-Refunded (d) — 1.2%			
55,000	AAA	Oklahoma State IDA, Oklahoma Health Care Corp., Series A, FGIC-Insured, (Various Call Dates), 9.125% due 11/1/08	65,244
190,000	AAA	Oshkosh, WI Hospital Facility Revenue, Mercy Medical Center, 7.375% due 7/1/09	213,038
820,000	AAA	Philadelphia, PA Hospital Authority Revenue, (United Hospital Inc. Project), 10.875% due 7/1/08	968,625
345,000	NR	San Leandro, CA Redevelopment Agency, Residential Mortgage Revenue, 11.250% due 4/1/13	412,706
			1,659,613
Public Facilities — 1.8%			
		De Kalb County, IN Redevelopment Authority Revenue, (Mini-Mill LOC Public Improvement Project):	
1,350,000	A*	6.250% due 1/15/09	1,459,688
1,000,000	A-	Series A, 6.250% due 1/15/08	1,083,750
			2,543,438
Transportation — 7.2%			
1,855,000	A	Connecticut State Special Obligation, (Bradley International Airport), ACA-Insured, Series A, 6.375% due 7/1/12	1,952,388

See Notes to Financial Statements.

Schedule of Investments (unaudited) (continued)
June 30, 2001

FACE AMOUNT	RATING(a)	SECURITY	VALUE
Transportation — 7.2% (continued)			
\$5,000,000	BBB-	Connector 2000 Association, SC Toll Road Revenue, Capital Appreciation, Series B, zero coupon due 1/1/15	\$ 1,956,250
1,500,000	Baa1*	Dallas/Fort Worth, TX International Airport Facility, Improvement Corp. Revenue, American Airlines, Series C, 6.150% due 5/1/29	1,565,625
2,035,000	AAA	Dallas/Fort Worth, TX Regional Airport Revenue Refunding, Series 1992A, FGIC-Insured, 7.750% due 11/1/03	2,235,956
5,000,000	A-	Pocahontas Parkway Association, Virginia Toll Road Revenue, Capital Appreciation, Series B, zero coupon due 8/15/19	1,481,250
595,000	NR	Sanford, FL Airport Authority IDR, (Central Florida Terminals Project), Series B, 7.500% due 5/1/06 (b)	628,469
500,000	BBB-	Tulsa, OK Airport Revenue, Series B, 6.000% due 6/1/35 (b)	516,250
			10,336,188
Utilities — 1.7%			
1,500,000	AAA	Chelan County, WA, Public Utilities Distribution No.1, Columbia River Rock Island, Capital Appreciation, MBIA-Insured, zero coupon due 6/1/13	825,000
500,000	A	Georgia Municipal Electric Power Agency, Power System Revenue, Series X, 6.500% due 1/1/12	561,250
1,000,000	BBB	North Carolina Eastern Municipal Power Agency, Power System Revenue, Series D, 6.450% due 1/1/14	1,065,000
			2,451,250
Water & Sewer — 4.0%			
1,000,000	AAA	Detroit, MI Water Supply System, Series A, FGIC-Insured, 5.750% due 7/1/28	1,047,500
155,000	AAA	Indiana Bank Bond Revenue, Series B, 5.000% due 8/1/23	148,606
1,765,000	AAA	Pueblo, CO Bridge Waterworks, Water Revenue, Series A, FSA-Insured, 6.000% due 11/1/14	1,972,388
1,500,000	NR	Wasco County, OR Solid Waste Connections, Incineration Project, 7.000% due 3/1/12	1,515,000
1,000,000	AA-	Washington State Public Power Supply System, Revenue Refunding, (Nuclear Project No.1), Series C, 7.750% due 7/1/03	1,085,000
			5,768,494
		TOTAL INVESTMENTS — 100%	
		(Cost — \$138,399,878**)	\$142,580,188

(a) All ratings are by Standard & Poor's Ratings Service, except for those which are identified by an asterisk (*), are rated by Moody's Investors Service, Inc.

(b) Income from these issues is considered a preference item for purposes of calculating the alternative minimum tax.

(c) 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.

(d) 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.

** Aggregate cost for Federal income tax purposes is substantially the same.

See pages 13 and 14 for definitions of ratings and certain security descriptions.

See Notes to Financial Statements.

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 "CC" 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 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, Inc. ("Moody's") — Numerical modifiers 1, 2, and 3 may be applied to each generic rating from "Aa" to "B", 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.
- NR — Indicates that the bond is not rated by Standard & Poor's or Moody's.

Security Descriptions (unaudited)

ACA	— American Capital Assurance	GIC	— Guaranteed Investment Contract
AMBAC	— AMBAC Indemnity Corporation	GNMA	— Government National Mortgage Association
CGIC	— Capital Guaranty Insurance Company	GO	— General Obligation
CONNIE	— College Construction Loan	HFA	— Housing Finance Authority
LEE	— Insurance Association	IDA	— Industrial Development Agency
COP	— Certificate of Participation	IDR	— Industrial Development Revenue
FGIC	— Financial Guaranty Insurance Company	INDLC	— Industrial Indemnity Company
FHA	— Federal Housing Administration	ISD	— Independent School District
FHLMC	— Federal Home Loan Mortgage Corporation	LOC	— Letter of Credit
FLAIRS	— Floating Adjustable Interest Rate Securities	MBIA	— Municipal Bond Investors Assurance Corporation
FNMA	— Federal National Mortgage Association	PCFA	— Pollution Control Financing Authority
FSA	— Financial Security Assurance	PCR	— Pollution Control Revenue
		PSFG	— Permanent School Fund Guaranty
		RIBS	— Residual Interest Bonds

Statement of Assets and Liabilities (unaudited)**June 30, 2001****ASSETS:**

Investments, at value (Cost — \$138,399,878)	\$ 142,580,188
Receivable for securities sold	1,029,088
Interest receivable	2,532,554
Other assets	112,612

Total Assets	146,254,442
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LIABILITIES:

Payable for securities purchased	2,069,242
Payable to bank	189,322
Dividends payable	163,731
Management fee payable	61,598
Accrued expenses	38,058

Total Liabilities	2,521,951
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Total Net Assets	\$143,732,491
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NET ASSETS:

Par value of capital shares	\$ 14,005
Capital paid in excess of par value	142,012,528
Undistributed net investment income	283,821
Accumulated net realized loss from security transactions	(2,758,173)
Net unrealized appreciation of investments	4,180,310

Total Net Assets

(Equivalent to \$10.26 a share on 14,004,750 shares of \$0.001
par value outstanding; 100,000,000 shares authorized)

\$143,732,491

See Notes to Financial Statements.

Statement of Operations (unaudited)

For the Six Months Ended June 30, 2001

INVESTMENT INCOME:

Interest	\$ 4,467,358
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EXPENSES:

Management fee (Note 3)	429,778
Shareholder and system servicing fees	37,556
Audit and legal	18,578
Shareholder communications	14,956
Pricing service fees	11,940
Registration fees	7,932
Custody	3,188
Directors' fees	182
Other	7,598

Total Expenses	531,708
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Net Investment Income	3,935,650
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REALIZED AND UNREALIZED GAIN ON INVESTMENTS (NOTE 4):

Realized Gain From Security Transactions (excluding short-term securities):	
Proceeds from sales	23,197,005
Cost of securities sold	22,720,297

Net Realized Gain	476,708
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Increase in Net Unrealized Appreciation	371,791
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Net Gain on Investments	848,499
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Increase in Net Assets From Operations	\$ 4,784,149
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See Notes to Financial Statements.

Statements of Changes in Net Assets

For the Six Months Ended June 30, 2001 (unaudited)
and the Year Ended December 31, 2000

	2001	2000
OPERATIONS:		
Net investment income	\$ 3,935,650	\$ 4,529,828
Net realized gain (loss)	476,708	(186,322)
Increase in net unrealized appreciation	371,791	2,509,574
Increase in Net Assets From Operations	4,784,149	6,853,080
DISTRIBUTIONS TO SHAREHOLDERS FROM (NOTE 2):		
Net investment income	(3,865,313)	(4,471,638)
Decrease in Net Assets From Distributions to Shareholders	(3,865,313)	(4,471,638)
FUND SHARE TRANSACTIONS (NOTE 7):		
Net asset value of shares issued in connection with the transfer of the Smith Barney Municipal Fund Inc.'s net assets (Note 8)	—	59,059,977
Treasury stock acquired	(621)	(1,340,857)
Increase (Decrease) in Net Assets From Fund Share Transactions	(621)	57,719,120
Increase in Net Assets	918,215	60,100,562
NET ASSETS:		
Beginning of period	142,814,276	82,713,714
End of period*	\$143,732,491	\$142,814,276
* Includes undistributed net investment income of:	\$283,821	\$87,806

See Notes to Financial Statements.

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 significant accounting policies consistently followed by the Fund are: (a) security transactions are accounted for on trade date; (b) securities are valued at the mean between the bid and ask 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 market 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 the accrual basis; (g) 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; (h) dividends and distributions to shareholders are recorded on the ex-dividend date; (i) the character of income and gains to be distributed are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America. At December 31, 2000, reclassifications were made to the Fund’s capital accounts to reflect permanent book/tax differences and income and gains available for distributions under income tax regulations. Accordingly, a portion of accumulated net realized gains amounting to \$1,678,463 was reclassified to paid-in capital. Net investment income, net realized gains and net assets were not affected by this change; and (j) 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.

In November 2000, the American Institute of Certified Public Accountants (“AICPA”) issued a revised Audit and Accounting Guide for Investment Companies (“Guide”). This revised version is effective for financial statements issued for fiscal years beginning after December 15, 2000. The revised Guide requires the Fund to amortize premium and accrete all discounts on all fixed-

income securities. The Fund elected to adopt this requirement effective January 1, 2001. This change does not affect the Fund's net asset value, but does change the classification of certain amounts in the statement of operations. For the six-month period ended June 30, 2001, interest income increased by \$26,465 and the change in net unrealized appreciation of investments decreased by \$26,465. In addition, the Fund recorded adjustments to increase the cost of securities and increase accumulated undistributed net investment income by \$125,678 to reflect the cumulative effect of this change up to the date of the adoption.

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 declared and paid at least annually.

3. Management Agreement and Transactions with Affiliated Persons

Smith Barney Fund Management LLC ("SBFM"), formerly known as SSB Citi Fund Management LLC, a subsidiary of Salomon Smith Barney Holdings Inc., which, in turn, is a subsidiary of Citigroup Inc. ("Citigroup"), acts as investment manager to the Fund. As compensation for its services, the Fund pays SBFM a fee calculated at the annual rate of 0.60% of 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, 2001, the aggregate cost of purchases and proceeds from sales of investments (including maturities, but excluding short-term securities) were as follows:

Purchases	\$25,218,296
Sales	23,197,005

Notes to Financial Statements (unaudited) (continued)

At June 30, 2001, aggregate gross unrealized appreciation and depreciation of investments for Federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$ 6,128,631
Gross unrealized depreciation	(1,948,321)
Net unrealized appreciation	\$ 4,180,310

5. Futures Contracts

Initial margin deposits made upon entering into futures contracts are recognized as assets. The initial margin is segregated by the custodian and is noted in the schedule of investments. During the period the futures contract is open, changes in the 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 made or received 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 to hedge a portion of its portfolio. The Fund bears the market risk that arises from changes in the value of the financial instruments and securities indices (futures contracts).

At June 30, 2001, the Fund did not hold any futures contracts.

6. Option Contracts

Premiums paid when put or call options are purchased by the Fund represent investments, which are marked-to-market daily. When a purchased option expires, the Fund will realize a loss in the amount of the premium paid. When the Fund enters into a closing sales transaction, the Fund will realize a gain or loss depending on whether the proceeds from the closing sales transaction are greater or less than the premium paid for the option. When the Fund exercises a put option, it will realize a gain or loss from the sale of the underlying security and the proceeds from such sale will be decreased by the premium originally paid. When the Fund exercises a call option, the cost of the security which the Fund purchases upon exercise will be increased by the premium originally paid.

At June 30, 2001, the Fund did not hold any purchased call or put option contracts.

When a Fund writes a covered call or put option, an amount equal to the premium received by the Fund is recorded as a liability, the value of which is marked-to-market daily. When a written option expires, the Fund realizes a gain equal to the

amount of the premium received. When the Fund enters into a closing purchase transaction, the Fund realizes a gain or loss depending upon whether the cost of the closing transaction is greater or less than the premium originally received without regard to any unrealized gain or loss on the underlying security, and the liability related to such option is eliminated. When a written call option is exercised, the cost of the security sold will be decreased by the premium originally received. When a put option is exercised, the amount of the premium originally received will reduce the cost of the security which the Fund purchased upon exercise. When written index options are exercised, settlement is made in cash.

The risk associated with purchasing options is limited to the premium originally paid. The Fund enters into options for hedging purposes. The risk in writing a covered call option is that the Fund gives up the opportunity to participate in any increase in the price of the underlying security beyond the exercise price. The risk in writing a put option is that the Fund is exposed to the risk of a loss if the market price of the underlying security declines.

During the six months ended June 30, 2001, the Fund did not enter into any written covered call or put option contracts.

7. Capital Shares

At June 30, 2001, the Fund had 100,000,000 shares of common stock authorized with a par value of \$0.001 per share.

On January 4, 2000, the Fund commenced a share repurchase plan. Since the inception of the plan, repurchased shares totaled 156,000 for a total cost of \$1,340,857. For the six months ended June 30, 2001, the Fund repurchased (and retired) 42 shares with a total cost of \$621.

8. Transfer of Net Assets

On December 27, 2000, the Fund acquired the assets and certain liabilities of the Smith Barney Municipal Fund, Inc. pursuant to a plan of reorganization approved by Smith Barney Municipal Fund, Inc. shareholders on December 4, 2000. Total shares issued by the Fund, the total net assets of the Smith Barney Municipal Fund, Inc. and total net assets of the Fund on the date of the transfer were as follows:

Acquired Portfolio	Shares Issued by the Fund	Total Net Assets of the Smith Barney Municipal Fund, Inc.	Total Net Assets of the Fund
Smith Barney Municipal Fund, Inc.	5,796,627	\$59,059,977	\$83,668,484

The total net assets of the Smith Barney Municipal Fund, Inc. before acquisition included unrealized appreciation of \$1,030,758. Total net assets of the Fund immediately after the transfer were \$142,728,461. The transaction was structured to qualify as a tax-free reorganization under the Internal Revenue Code of 1986, as amended.

9. Capital Loss Carryforward

At December 31, 2000, the Fund had, for Federal income tax purposes, a capital loss carryforward of approximately \$3,175,000, available to offset future capital gains. To the extent that these carryforward losses are used to offset capital gains, it is probable that any gains so offset will not be distributed.

The amount and year of expiration for each carryforward loss is indicated below. Expiration occurs on December 31 of the year indicated:

	2007	2008
Carryforward Amounts	\$2,678,000	\$497,000

Financial Highlights

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

	2001 ⁽¹⁾	2000	1999	1998	1997	1996
Net Asset Value, Beginning of Period	\$10.20	\$9.89	\$10.61	\$10.64	\$10.47	\$10.66
Income (Loss) From Operations:						
Net investment income ⁽²⁾	0.28	0.55	0.53	0.55	0.57	0.58
Net realized and unrealized gain (loss)	0.06	0.28	(0.71)	0.01	0.28	(0.17)
Total Income (Loss) From Operations	0.34	0.83	(0.18)	0.56	0.85	0.41
Gains From Repurchase of Treasury Stock	—	0.02	—	—	—	—
Less Distributions From:						
Net investment income In excess of net investment income	(0.28)	(0.54)	(0.53)	(0.55)	(0.57)	(0.60)
Net realized gains	—	—	(0.01)	(0.04)	(0.10)	—
Total Distributions	(0.28)	(0.54)	(0.54)	(0.59)	(0.68)	(0.60)
Net Asset Value, End of Period	\$10.26	\$10.20	\$9.89	\$10.61	\$10.64	\$10.47
Total Return, Based on Market Value⁽³⁾	11.90%‡	11.90%	(17.10)%	7.05%	13.42%	1.56%
Total Return, Based on Net Asset Value⁽³⁾	3.54%‡	9.68%	(1.39)%	5.50%	8.49%	4.13%
Net Assets, End of Period (millions)	\$144	\$143	\$83	\$89	\$89	\$87
Ratios to Average Net Assets:						
Expenses	0.74%†	0.78%	0.77%	0.76%	0.74%	0.77%
Net investment income ⁽²⁾	5.49†	5.47	5.17	5.10	5.42	5.56
Portfolio Turnover Rate	17%	45%	54%	42%	58%	21%
Market Price, End of Period	\$9.58	\$8.813	\$8.375	\$10.688	\$10.563	\$9.938

(1) For the six months ended June 30, 2001 (unaudited).

(2) Without the adoption of the change in the accounting method discussed in Note 1, the ratio of net investment income to average net assets would have been 5.46%. Per share, ratios and supplemental data for the periods prior to January 1, 2001 have not been restated to reflect this change in presentation. In addition, the impact of this change to net investment income per share was less than \$0.01.

(3) The total return calculation assumes that dividends are reinvested in accordance with the Fund's dividend reinvestment plan.

‡ Total return is not annualized, as it may not be representative of the total return for the year.

† Annualized.

Financial Data (unaudited)

For a share of capital stock outstanding throughout each period:

Period	AMEX Closing Price*	Net Asset Value*	Dividends Paid	Reinvestment Price
1999				
January	\$ 9.88	\$10.69	\$0.044	\$10.06
February	10.25	10.58	0.044	10.31
March	10.13	10.53	0.044	10.12
April	10.13	10.52	0.044	10.02
May	9.88	10.40	0.044	9.86
June	9.50	10.23	0.044	9.53
June†	9.50	10.23	0.006	9.53
July	9.50	10.22	0.044	9.53
August	9.38	10.11	0.044	9.37
September	9.31	10.06	0.044	9.27
October	9.00	9.94	0.044	8.94
November	8.56	9.99	0.044	8.54
December	8.38	9.89	0.044	8.47
2000				
January	8.63	9.83	0.044	8.64
February	8.50	9.87	0.044	8.46
March	8.56	10.00	0.044	8.54
April	8.44	9.92	0.045	8.50
May	8.56	9.84	0.045	8.64
June	8.88	10.00	0.045	8.91
July	9.38	10.05	0.046	9.28
August	9.13	10.13	0.046	9.08
September	8.81	10.06	0.046	8.84
October	8.69	10.12	0.046	8.73
November	8.88	10.08	0.046	8.90
December	8.81	10.20	0.046	9.24
2001				
January	9.69	10.24	0.046	9.52
February	9.40	10.24	0.046	9.48
March	9.55	10.28	0.046	9.44
April	9.37	10.18	0.046	9.42
May	9.60	10.24	0.046	9.63
June	9.58	10.26	0.046	9.60

* On the last business day of the month.

† Capital gain distribution.

Dividend Reinvestment Plan (unaudited)

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 Global Fund Services ("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.

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), or if the Fund declares a dividend or capital gains distribution payable only in cash, 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

Dividend Reinvestment Plan (unaudited) (continued)

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 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 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 Global Fund Services, P.O. Box 8030, Boston, Massachusetts 02266-8030 or by telephone at (800) 331-1710.

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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.

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