

WESTERN ASSET EMERGING MARKETS INCOME FUND II INC.

Form N-CSR

August 07, 2009

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 811-7686

Western Asset Emerging Markets Income Fund Inc.
(Exact name of registrant as specified in charter)

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

10041
(Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902
(Name and address of agent for service)

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

Date of fiscal year end: May 31

Date of reporting period: May 31, 2009

ITEM 1. REPORT TO STOCKHOLDERS.

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

ANNUAL REPORT / MAY 31, 2009

Western Asset Emerging Markets Income Fund Inc.

(EMD)

Managed by **WESTERN ASSET**

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

Fund objective

The Fund's primary investment objective is to seek high current income. As a secondary objective, the Fund seeks capital appreciation.

What's inside

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Legg Mason Partners Fund Advisor, LLC (LMPFA) is the Fund's investment manager. Western Asset Management Company (Western Asset), Western Asset Management Company Limited (Western Asset Limited) and Western Asset Management Company Pte. Ltd. in Singapore (Western Singapore) are the Fund's subadvisers. LMPFA, Western Asset, Western Asset Limited and Western Singapore are wholly-owned subsidiaries of Legg Mason, Inc.

Letter from the chairman

Dear Shareholder,

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

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

Another strain on the economy, the housing market, may finally be getting closer to reaching a bottom. After plunging late last year, new single-family home starts have been fairly stable in recent months and, while home prices

Letter from the chairman *continued*

continued to fall, the pace of the decline has moderated somewhat. Other economic news also seemed to be less negative. Inflation remained low, May retail sales (excluding gasoline) were modestly higher and consumer sentiment rose a fourth straight month in June, albeit from a very low level. In addition, while 345,000 jobs were lost in May, it was substantially less than April's 504,000 decline and the smallest monthly loss since September 2008.

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

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

- Purchase up to an additional \$750 billion of agency mortgage-backed securities, bringing its total purchases of these securities to up to \$1.25 trillion in 2009.
- Increase its purchases of agency debt this year by up to \$100 billion to a total of up to \$200 billion.
- Buy up to \$300 billion of longer-term Treasury securities over the next six months.

The U.S. Department of the Treasury has also taken an active role in attempting to stabilize the financial system, as it orchestrated the government's takeover of mortgage giants Fannie Mae and Freddie Mac in September 2008. In October, the Treasury's \$700 billion Troubled Asset

Relief Program (TARP) was approved by Congress and signed into law by former President Bush. Then, in March 2009, Treasury Secretary Geithner introduced the Public-Private Partnership Investment Program (PPIP), which is intended to facilitate the purchase of troubled mortgage assets from bank balance sheets. President Obama has also made reviving the economy a priority in his administration, the cornerstone thus far being the \$787 billion stimulus package that was signed into law in February 2009.

During the twelve-month reporting period ended May 31, 2009, both short- and long-term Treasury yields experienced periods of extreme volatility. While earlier in 2008 investors were focused on the subprime segment of the mortgage-backed market, these concerns broadened to include a wide range of financial institutions and markets. As a result, other fixed-income instruments also experienced increased price volatility. This unrest triggered several flights to quality, causing Treasury yields to move lower (and their prices higher), while riskier segments of the market saw their yields move higher (and their prices lower). This was particularly true toward the end of 2008, as the turmoil in the financial markets and sharply falling stock prices caused investors to flee securities that were perceived to be risky, even high-quality corporate bonds and high-grade municipal bonds. On several occasions, the yield available from short-term Treasuries fell to nearly zero, as investors were essentially willing to forgo any return potential in order to access the relative safety of government-backed securities. During the twelve months ended May 31, 2009, two-year Treasury yields fell from 2.66% to 0.92%. Over the same time frame, ten-year Treasury yields moved from 4.06% to 3.47%. For the twelve-month period ended May 31, 2009, the Barclays Capital U.S. Aggregate Index^{iv} returned 5.36%.

Periods of increased investor risk aversion caused the high-yield bond market to produce poor results over the twelve months ended May 31, 2009. While the asset class posted strong returns during the second half of the reporting period, it was not enough to overcome earlier flights to quality. In particular, seizing credit markets, coupled with fears of a global recession and rising corporate bond default rates, sent high-yield bond prices sharply lower in October and November 2008. All told, over the twelve months ended May 31, 2009, the Citigroup High Yield Market Index^v returned -9.24%.

Fears of a global recession, falling commodity prices and seizing credit markets sent emerging market debt prices lower during the twelve-month reporting period. While the asset class rallied on several occasions, it was not enough to offset its sharp loss in October 2008, as the JPMorgan Emerging Markets Bond Index Global (EMBI Global)^{vi} returned -14.89% for the month. Over the twelve months ended May 31, 2009, the EMBI Global returned -1.03%.

Letter from the chairman *continued*

Special shareholder notice

The Board of Directors of the Fund has approved Western Asset Management Company Pte. Ltd. in Singapore (Western Singapore) as a subadviser to the Fund under an additional subadvisory agreement between Western Asset Management Company (Western Asset) and Western Singapore. Western Asset will supervise Western Singapore's provision of services to the Fund. The appointment was effective as of February 3, 2009.

Western Singapore was established in 2000 and has offices at 1 George Street #23-01, Singapore 049145. The Western Singapore office is responsible, generally, for managing Asian (excluding Japan) fixed-income mandates, including the related portions of Western Asset's broader portfolios, as well as servicing these relationships. It undertakes all investment-related activities including investment management, research and analysis, securities settlement and client services.

While Western Asset will remain ultimately responsible for investment decisions relating to the Fund's portfolio, Western Singapore will provide certain subadvisory services to the Fund relating to currency transactions and investments in non-U.S. dollar-denominated securities and related foreign currency instruments. The Fund's current management fee remains unchanged. Western Asset and Western Singapore are wholly-owned subsidiaries of Legg Mason, Inc.

A special note regarding increased market volatility

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

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

- Fund prices and performance,
- Market insights and commentaries from our portfolio managers, and

- A host of educational resources.

IV Western Asset Emerging Markets Income Fund Inc.

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

Information about your fund

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

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

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

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

June 26, 2009

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

- i Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.
- ii The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.
- iii

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The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.

- iv The Barclays Capital (formerly Lehman Brothers) U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- v The Citigroup High Yield Market Index is a broad-based unmanaged index of high-yield securities.
- vi The JPMorgan Emerging Markets Bond Index Global (EMBI Global) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments.

Western Asset Emerging Markets Income Fund Inc. V

Fund overview

Q. What is the Fund's investment strategy?

A. As a primary investment objective, the Fund seeks high current income. As a secondary objective, the Fund seeks capital appreciation. Under normal conditions, the Fund invests a minimum of 80% of its net assets, plus any borrowings for investment purposes, in debt securities of government and government-related issuers located in emerging market countries, of entities organized to restructure outstanding debt of such issuers and debt of corporate issuers in emerging market countries. We believe attractive risk-adjusted returns can be achieved in the emerging market debt asset class through diligent country selection based on fundamental analysis, rigorous quantitative fixed-income analysis focusing on market inefficiencies among sectors and securities in each country and a focus on managing risk through active management.

The portfolio, which invests in government and corporate issuers of emerging market countries, is actively managed. A risk-aware approach that assimilates the top-down global economic views of Western Asset Management Company (Western Asset), the Fund's subadviser, with analysts' fundamental and relative value views regarding emerging market country opportunities is employed. In allocating among different countries, the following are some of the factors that are considered: currency regime, inflation and interest rate trends, growth rate forecasts, liquidity of markets for that country's debt, fiscal policies, political outlook and tax environment. Individual securities that appear to be most undervalued and that offer attractive potential returns relative to the amount of credit, interest rate, liquidity and other risks presented by these securities are then selected. Independent fundamental analysis is used to evaluate the creditworthiness of corporate and governmental issuers.

At Western Asset, we utilize a fixed-income team approach, with decisions derived from interaction among various investment management sector specialists. The sector teams are comprised of Western Asset's senior portfolio managers, research analysts and an in-house economist. Under this team approach, management of client fixed-income portfolios will reflect a consensus of interdisciplinary views within the Western Asset organization.

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

A. The emerging market debt asset class was extremely volatile during the fiscal year. After largely trading water during the first three months of the reporting period, emerging market debt prices then plunged in September and October 2008. During that time, investor risk aversion rose sharply as turmoil in the financial markets, highlighted by the bankruptcy of Lehman Brothers, triggered a massive flight to quality. Investors were drawn to the relative safety of short-term U.S. Treasuries and sold securities that were

Fund overview *continued*

perceived to be risky. A number of commodity-rich emerging market countries were further hurt as the deepening global recession caused the price of oil and other commodities to fall sharply.

Emerging market prices then rebounded and the asset class posted positive returns during six of the last seven months of the reporting period. This turnaround was attributed to a number of factors, including improving liquidity and the belief that many emerging market countries were better equipped to weather the economic downturn than in previous recessions. The rally gained momentum over the last three months of the period as investor confidence grew due to some early signs that the global economy might be stabilizing. In addition, investor risk appetite increased and certain commodity prices moved higher. However, this was not enough to overcome the weakness earlier in the fiscal year as the JPMorgan Emerging Markets Bond Index Global (EMBI Global) returned -1.03% for the twelve months ended May 31, 2009.

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

A. Given the extreme volatility and unprecedented events in the financial markets, we proactively pared the Fund's risk exposure in September 2008. In particular, we increased the Fund's cash position and reduced its local currency-denominated debt exposure. While we were optimistic regarding the long-term prospects for local currencies, we felt they exposed the Fund to excessive risks given the current economic environment. Among the local currency debt still held in the Fund as well as our U.S. dollar-denominated debt we emphasized countries with strong policy flexibility which we believed could help them weather the storm in the global financial system. We also eliminated the Fund's modest exposure to leverage.

As the reporting period progressed and the global financial crisis abated, we used a portion of our cash position to increase the Fund's exposure to emerging market corporate bonds. To a large extent, we focused on securities that we felt had become attractively valued following the sell-off during the fourth calendar quarter of 2008. For example, we purchased securities issued by corporations in Brazil and Russia.

Performance review

For the twelve months ended May 31, 2009, Western Asset Emerging Markets Income Fund Inc. returned -6.94% based on its net asset value (NAV)ii and -15.05% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmark, the EMBI Global, returned -1.03% for the same period. The Lipper Emerging Markets Debt Closed-End Funds Category Averageiii returned -6.91% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

During the twelve-month period, the Fund made distributions to shareholders totaling \$1.16 per share. The performance table shows the Fund's twelve-month total return based on its NAV and market price as of May 31, 2009. **Past performance is no guarantee of future results.**

PERFORMANCE SNAPSHOT as of May 31, 2009

PRICE PER SHARE	12-MONTH TOTAL RETURN*
\$12.25 (NAV)	-6.94%
\$10.10 (Market Price)	-15.05%

All figures represent past performance and are not a guarantee of future results.

***Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all distributions in additional shares in accordance with the Fund's Dividend Reinvestment Plan.**

Q. What were the leading contributors to performance?

A. Avoiding small, higher-risk countries, such as the Ukraine, and emphasizing larger, more liquid countries contributed to performance during the twelve-month period.

Q. What were the leading detractors from performance?

A. The Fund's local currency exposure was a large detractor from performance during the first half of the fiscal year. While both the Russian ruble and Brazilian real depreciated significantly in the first part of the reporting period, they subsequently appreciated as the period progressed. However, it was not enough to recover the sharp losses following the Lehman Brothers bankruptcy. While the Fund's corporate exposure contributed to performance during the second half of the year, its corporate and quasi-sovereign bonds had an overall negative impact on the Fund's performance for the reporting period. To a large extent, investors preferred the safety of sovereign issues during the fiscal year and corporate debt was disproportionately punished. The Fund's underweight to the Philippines also detracted from performance. While the country performed well during the fiscal year as a whole, we were concerned about the country's level of debt and did not find it to be attractively valued. The Fund used futures contracts on Treasuries as a means to hedge duration risk. These positions increased the duration of the Fund and brought the Fund closer to a neutral position relative to its benchmark. As interest rates rose over the second half of the reporting period, the longer duration had a negative impact on both the Fund and its benchmark.

Looking for additional information?

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The Fund is traded under the symbol EMD and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is

Fund overview *continued*

available on-line under the symbol XEMDX on most financial websites. *Barron's* and *The Wall Street Journal's* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites, as well as www.leggmason.com/cef.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 6:00 p.m. Eastern Standard Time, for the Fund's current NAV, market price and other information.

Thank you for your investment in Western Asset Emerging Markets Income Fund Inc. As always, we appreciate that you have chosen us to manage your assets, and we remain focused on achieving the Fund's investment goals.

Sincerely,

Western Asset Management Company

June 16, 2009

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

RISKS: Foreign bonds are subject to certain risks of overseas investing including currency fluctuations and changes in political and economic conditions, which could result in significant market fluctuations. These risks are magnified in emerging or developing markets. High-yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. 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. Leverage may magnify gains and increase losses in the Fund's portfolio.

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

i The JPMorgan Emerging Markets Bond Index Global (EMBI Global) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments.

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ii Net asset value (NAV) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.

iii Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended May 31, 2009, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 10 funds in the Fund's Lipper category.

iv Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.

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Fund at a glance (unaudited)

INVESTMENT BREAKDOWN (%) As a percent of total investments

Schedule of investments

May 31, 2009

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
SOVEREIGN BONDS 46.1%		
	Argentina 1.9%	
	Republic of Argentina:	
2,000,000DEM	10.250% due 2/6/03(a)	\$ 187,672
1,000,000DEM	9.000% due 9/19/03(a)	93,836
3,500,000DEM	7.000% due 3/18/04(a)	328,426
3,875,000DEM	8.500% due 2/23/05(a)	363,615
5,400,000DEM	11.250% due 4/10/06(a)	526,204
1,000,000EUR	9.000% due 4/26/06(a)	183,527
550,000EUR	9.000% due 7/6/10(a)	100,940
1,000,000DEM	11.750% due 5/20/11(a)	93,836
8,800,000DEM	12.000% due 9/19/16(a)	825,757
950,000DEM	11.750% due 11/13/26(a)	89,144
5,165,000	Bonds, 7.000% due 9/12/13	2,255,814
	GDP Linked Securities:	
3,195,000	1.330% due 12/15/35(b)	104,317
3,800,000EUR	1.985% due 12/15/35(b)	139,481
20,189,523ARS	2.458% due 12/15/35(b)	222,644
	Medium Term Notes:	
6,500,000,000ITL	7.000% due 3/18/04(a)	616,096
3,000,000,000ITL	5.002% due 7/13/05(a)	284,352
1,000,000EUR	10.000% due 2/22/07(a)	183,527
1,000,000,000ITL	7.625% due 8/11/07(a)	94,784
625,000DEM	8.000% due 10/30/09(a)	58,648
	<i>Total Argentina</i>	6,752,620
	Brazil 8.0%	
	Brazil Nota do Tesouro Nacional:	
35,389,000BRL	10.000% due 7/1/10	18,080,894
19,737,000BRL	10.000% due 1/1/12	9,847,176
1,000	Federative Republic of Brazil, Collective Action Securities, Notes,	
	8.000% due 1/15/18	1,125
	<i>Total Brazil</i>	27,929,195
	Colombia 4.3%	
	Republic of Colombia:	
1,632,000	7.375% due 1/27/17	1,773,168
8,701,000	7.375% due 9/18/37	8,861,968
4,040,000	Senior Notes, 7.375% due 3/18/19	4,302,600
	<i>Total Colombia</i>	14,937,736
	Egypt 0.1%	
1,260,000EGP	Arab Republic of Egypt, 8.750% due 7/18/12(c)	206,190

See Notes to Financial Statements.

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
2,160,000	Gabon 0.5% Gabonese Republic, 8.200% due 12/12/17(c)	\$ 1,922,400
	Indonesia 2.0% Republic of Indonesia:	
10,904,000,000IDR	10.250% due 7/15/22	1,014,917
21,720,000,000IDR	11.000% due 9/15/25	2,072,637
21,034,000,000IDR	10.250% due 7/15/27	1,878,449
25,039,000,000IDR	Bonds, 9.750% due 5/15/37	2,076,495
	<i>Total Indonesia</i>	7,042,498
	Mexico 4.7% United Mexican States, Medium Term Notes:	
1,400,000	5.625% due 1/15/17	1,435,000
8,525,000	8.000% due 9/24/22	10,016,875
5,334,000	6.050% due 1/11/40	5,040,630
	<i>Total Mexico</i>	16,492,505
	Panama 3.6% Republic of Panama:	
1,664,000	7.250% due 3/15/15	1,792,960
2,283,000	9.375% due 4/1/29	2,830,920
8,260,000	6.700% due 1/26/36	7,970,900
	<i>Total Panama</i>	12,594,780
	Peru 2.0% Republic of Peru:	
169,000	8.750% due 11/21/33	205,335
2,725,000	Bonds, 6.550% due 3/14/37	2,660,963
3,550,000	Global Senior Bonds, 8.375% due 5/3/16	4,110,900
	<i>Total Peru</i>	6,977,198
	Russia 5.2% Russian Federation:	
110,000	11.000% due 7/24/18(c)	161,013
617,000	12.750% due 6/24/28(c)	906,990
17,022,720	7.500% due 3/31/30(c)	17,150,390
	<i>Total Russia</i>	18,218,393
	Turkey 8.1% Republic of Turkey:	
3,348,000	11.875% due 1/15/30	4,980,150
25,804,000	Notes, 6.875% due 3/17/36	23,481,640
	<i>Total Turkey</i>	28,461,790
	United Arab Emirates 0.2% MDC GMTN B.V., Senior Notes, 5.750% due 5/6/14(c)	864,966

See Notes to Financial Statements.

Schedule of investments *continued*

May 31, 2009

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Venezuela 5.5%	
	Bolivarian Republic of Venezuela:	
8,804,000	8.500% due 10/8/14	\$ 5,942,700
6,802,000	5.750% due 2/26/16(c)	3,792,115
1,920,000	7.000% due 12/1/18(c)	1,065,600
933,000	7.650% due 4/21/25	478,162
	Collective Action Securities:	
7,239,000	9.375% due 1/13/34	4,234,815
4,600,000	Notes, 10.750% due 9/19/13	3,657,000
	<i>Total Venezuela</i>	<i>19,170,392</i>
	TOTAL SOVEREIGN BONDS (Cost \$178,383,061)	161,570,663
COLLATERALIZED SENIOR LOANS 0.4%	United States 0.4%	
	Ashmore Energy International:	
248,796	Synthetic Revolving Credit Facility, 3.313% due 3/30/14(b)	187,841
1,969,170	Term Loan, 4.220% due 3/30/14(b)	1,486,723
	TOTAL COLLATERALIZED SENIOR LOANS (Cost \$2,103,939)	1,674,564
CORPORATE BONDS & NOTES 42.0%	Brazil 5.6%	
	Globo Comunicacoes e Participacoes SA:	
2,556,000	Bonds, 7.250% due 4/26/22(c)	2,382,192
110,000	Senior Bonds, 7.250% due 4/26/22(c)	102,520
	GTL Trade Finance Inc.:	
1,090,000	7.250% due 10/20/17(c)	1,051,850
2,093,000	Senior Notes, 7.250% due 10/20/17(c)	2,019,745
1,900,000	Odebrecht Finance Ltd., 7.500% due 10/18/17(c)	1,885,750
	Vale Overseas Ltd., Notes:	
2,436,000	8.250% due 1/17/34	2,536,483
10,660,000	6.875% due 11/21/36	9,662,885
	<i>Total Brazil</i>	<i>19,641,425</i>
	Chile 0.9%	
2,894,000	Enersis SA, Notes, 7.375% due 1/15/14	3,121,139
	China 0.3%	
1,040,000	Galaxy Entertainment Finance Co. Ltd., Senior Notes, 7.323% due 12/15/10(b)(c)	930,800
	Colombia 0.5%	
	EEB International Ltd.:	
720,000	8.750% due 10/31/14(c)	741,600
1,120,000	Senior Bonds, 8.750% due 10/31/14(c)	1,153,600
	<i>Total Colombia</i>	<i>1,895,200</i>

See Notes to Financial Statements.

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	India 0.2%	
	ICICI Bank Ltd., Subordinated Bonds:	
570,000	6.375% due 4/30/22(b)(c)	\$ 422,188
454,000	6.375% due 4/30/22(b)(c)	342,988
	<i>Total India</i>	<i>765,176</i>
	Kazakhstan 3.3%	
	ATF Capital BV:	
1,270,000	Notes, 9.250% due 2/21/14(c)	869,950
2,610,000	Senior Notes, 9.250% due 2/21/14(c)	1,722,600
	HSBK Europe BV:	
200,000	9.250% due 10/16/13(c)	136,000
2,040,000	7.250% due 5/3/17(c)	1,203,600
7,070,000	KazMunaiGaz Finance Sub B.V., Senior Notes, 8.375% due 7/2/13(c)	6,489,416
	TuranAlem Finance BV, Bonds:	
2,333,000	8.250% due 1/22/37(c)	548,255
1,930,000	8.250% due 1/22/37(c)	405,300
	<i>Total Kazakhstan</i>	<i>11,375,121</i>
	Mexico 7.7%	
3,160,000	America Movil SAB de CV, Senior Notes, 5.625% due 11/15/17	3,074,272
	Axtel SAB de CV, Senior Notes:	
230,000	11.000% due 12/15/13	218,500
8,540,000	7.625% due 2/1/17(c)	6,447,700
2,156,000	7.625% due 2/1/17(c)	1,622,390
320,000	Kansas City Southern de Mexico, Senior Notes, 9.375% due 5/1/12	288,800
16,371,000	Pemex Project Funding Master Trust, Senior Bonds, 6.625% due 6/15/35	15,232,970
130,000	Petroleos Mexicanos, 8.000% due 5/3/19(c)	142,740
	<i>Total Mexico</i>	<i>27,027,372</i>
	Russia 19.7%	
	Evraz Group SA, Notes:	
4,810,000	8.875% due 4/24/13(c)	3,848,000
2,265,000	8.875% due 4/24/13(c)	1,830,686
2,020,000	9.500% due 4/24/18(c)	1,474,600
	Gaz Capital SA:	
7,110,000	Notes, 8.625% due 4/28/34(c)	7,074,450
3,100,000	Senior Secured Notes, 7.288% due 8/16/37(c)	2,356,000
1,140,000	Gazprom, Loan Participation Notes, 6.212% due 11/22/16(c)	964,668

See Notes to Financial Statements.

Schedule of investments *continued*

May 31, 2009

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Russia 19.7%<i>continued</i>	
	LUKOIL International Finance BV:	
5,216,000	6.656% due 6/7/22(c)	\$ 3,990,240
1,459,000	Notes, 6.356% due 6/7/17(c)	1,218,265
8,020,000	Morgan Stanley Bank AG for OAO Gazprom, Loan Participation Notes, 9.625% due 3/1/13(c)	8,290,675
	RSHB Capital, Loan Participation Notes:	
	Secured Notes:	
3,414,000	7.175% due 5/16/13(c)	3,265,150
6,890,000	7.125% due 1/14/14(c)	6,582,775
3,750,000	7.125% due 1/14/14(c)	3,553,875
	Senior Secured Notes:	
2,630,000	7.175% due 5/16/13(c)	2,531,375
3,563,000	6.299% due 5/15/17(c)	3,081,995
	TNK-BP Finance SA:	
2,387,000	6.625% due 3/20/17(c)	1,861,860
218,000	7.875% due 3/13/18(c)	181,485
	Senior Notes:	
2,105,000	7.500% due 3/13/13(c)	1,994,487
4,650,000	7.500% due 7/18/16(c)	3,882,750
2,110,000	7.500% due 7/18/16(c)	1,798,775
830,000	7.875% due 3/13/18(c)	688,900
2,567,000	UBS Luxembourg SA for OJSC Vimpel Communications, Loan Participation Notes, 8.250% due 5/23/16(c)	2,137,027
	Vimpel Communications, Loan Participation Notes:	
2,080,000	8.375% due 4/30/13(c)	1,903,200
5,017,000	Secured Notes, 8.375% due 4/30/13(c)	4,614,913
	<i>Total Russia</i>	<i>69,126,151</i>
	Thailand 1.7%	
	True Move Co., Ltd.:	
430,000	10.750% due 12/16/13(c)	311,750
3,070,000	10.375% due 8/1/14(c)	2,102,950
5,050,000	Notes, 10.750% due 12/16/13(c)	3,661,250
	<i>Total Thailand</i>	<i>6,075,950</i>
	United Kingdom 2.0%	
56,805,000RUB	HSBC Bank PLC, Credit-Linked Notes, (Russian Agricultural Bank), 8.900% due 12/20/10(b)(c)	865,806
6,200,000	Vedanta Resources PLC, Senior Notes, 8.750% due 1/15/14(c)	6,045,000
	<i>Total United Kingdom</i>	<i>6,910,806</i>

See Notes to Financial Statements.

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
310,000	United States 0.1% Freeport-McMoRan Copper & Gold Inc., Senior Notes, 8.375% due 4/1/17	\$ 308,110
	TOTAL CORPORATE BONDS & NOTES (Cost \$163,343,794)	147,177,250
WARRANTS WARRANTS 0.1%		
11,500	Bolivarian Republic of Venezuela, Oil linked payment obligations, Expires 4/15/20 (Cost \$356,500)	194,465
	TOTAL INVESTMENTS BEFORE SHORT TERM INVESTMENTS (Cost \$344,187,294)	310,616,942
FACE AMOUNT		
SHORT-TERM INVESTMENTS 7.3%		
9,300,000	U.S. Government Agencies 2.9% Federal Home Loan Mortgage Corp. (FHLMC), Discount Notes, 0.471% due 6/15/09(d)(e)	9,298,300
812,000	Federal National Mortgage Association (FNMA), Discount Notes, 0.401% due 1/25/10(d)(e)(f) <i>Total U.S. Government Agencies (Cost \$10,108,153)</i>	810,524 10,108,824
5,000,000	U.S. Government Obligation 1.4% U.S. Treasury Bills, 0.150% due 6/25/09 (Cost \$4,999,502)(e)	4,999,502
10,660,000	Repurchase Agreement 3.0% Morgan Stanley tri-party repurchase agreement dated 5/29/09, 0.110% due 6/1/09; Proceeds at maturity \$10,660,098; (Fully collateralized by U.S. government agency obligation, 2.750% due 4/29/14; Market value \$10,898,971) (Cost \$10,660,000)	10,660,000
	TOTAL SHORT-TERM INVESTMENTS (Cost \$25,767,655)	25,768,326
	TOTAL INVESTMENTS 95.9% (Cost \$369,954,949#)	336,385,268
	Other Assets in Excess of Liabilities 4.1%	14,222,389
	TOTAL NET ASSETS 100.0%	\$350,607,657

Face amount denominated in U.S. dollars, unless otherwise noted.

* Non-income producing security.

(a) Security is currently in default.

(b) Variable rate security. Interest rate disclosed is that which is in effect at May 31, 2009.

(c) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.

(d) On September 7, 2008, the Federal Housing Finance Agency placed Fannie Mae and Freddie Mac into conservatorship.

- (e) Rate shown represents yield-to-maturity.
- (f) All or a portion of this security is held as collateral for open futures contracts.
- # Aggregate cost for federal income tax purposes is \$370,970,900.

See Notes to Financial Statements.

Schedule of investments *continued*

May 31, 2009

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

Abbreviations used in this schedule:

ARS	Argentine Peso
BRL	Brazilian Real
DEM	German Mark
EGP	Egyptian Pound
EUR	Euro
GDP	Gross Domestic Product
IDR	Indonesian Rupiah
ITL	Italian Lira
OJSC	Open Joint Stock Company
RUB	Russian Ruble

See Notes to Financial Statements.

Statement of assets and liabilities

May 31, 2009

ASSETS:	
Investments, at value (Cost \$369,954,949)	\$336,385,268
Foreign currency, at value (Cost \$1,041,008)	910,390
Cash	368
Interest receivable	7,328,483
Receivable for securities sold	6,122,096
Receivable from broker variation margin on open futures contracts	375,062
Prepaid expenses	34,799
<i>Total Assets</i>	<i>351,156,466</i>
LIABILITIES:	
Investment management fee payable	301,507
Directors fees payable	12,525
Accrued expenses	234,777
<i>Total Liabilities</i>	<i>548,809</i>
TOTAL NET ASSETS	\$350,607,657
NET ASSETS:	
Par value (\$0.001 par value; 28,613,964 shares issued and outstanding; 100,000,000 shares authorized)	\$ 28,614
Paid-in capital in excess of par value	388,202,399
Undistributed net investment income	4,603,527
Accumulated net realized loss on investments, futures contracts, swap contracts and foreign currency transactions	(8,013,088)
Net unrealized depreciation on investments, futures contracts and foreign currencies	(34,213,795)
TOTAL NET ASSETS	\$350,607,657
Shares Outstanding	28,613,964
Net Asset Value	\$12.25

See Notes to Financial Statements.

Statement of operations**For the Year Ended May 31, 2009**

INVESTMENT INCOME:	
Interest	\$ 27,988,116
Dividends	64,500
Less: Foreign taxes withheld	(151,559)
<i>Total Investment Income</i>	<i>27,901,057</i>
EXPENSES:	
Investment management fee (Note 2)	3,315,944
Commitment fee (Note 5)	351,017
Custody fees	157,518
Legal fees	153,952
Shareholder reports	115,157
Excise tax (Note 1)	95,995
Directors' fees	94,139
Interest expense (Note 3)	77,226
Audit and tax	72,998
Reorganization fees	55,103
Transfer agent fees	30,043
Stock exchange listing fees	21,095
Insurance	7,108
Miscellaneous expenses	11,701
<i>Total Expenses</i>	<i>4,558,996</i>
NET INVESTMENT INCOME	23,342,061
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS AND FOREIGN CURRENCY TRANSACTIONS (NOTES 1 AND 3):	
Net Realized Gain (Loss) From:	
Investment transactions	(12,249,935)
Futures contracts	(546,521)
Swap contracts	491,704
Foreign currency transactions	(1,584,370)
<i>Net Realized Loss</i>	<i>(13,889,122)</i>
Change in Net Unrealized Appreciation/Depreciation From:	
Investments	(24,339,951)
Futures contracts	(671,245)
Foreign currencies	84,633
<i>Change in Net Unrealized Appreciation/Depreciation</i>	<i>(24,926,563)</i>
NET LOSS ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS AND FOREIGN CURRENCY TRANSACTIONS	(38,815,685)
DECREASE IN NET ASSETS FROM OPERATIONS	\$(15,473,624)

See Notes to Financial Statements.

Statements of changes in net assets

FOR THE YEARS ENDED MAY 31,	2009	2008
OPERATIONS:		
Net investment income	\$ 23,342,061	\$ 22,022,090
Net realized gain (loss)	(13,889,122)	7,882,013
Change in net unrealized appreciation/depreciation	(24,926,563)	(13,836,572)
<i>Increase (Decrease) in Net Assets From Operations</i>	<i>(15,473,624)</i>	<i>16,067,531</i>
DISTRIBUTIONS TO SHAREHOLDERS FROM (NOTE 1):		
Net investment income	(27,582,011)	(18,708,012)
Net realized gains	(3,184,973)	(8,900,782)
<i>Decrease in Net Assets From Distributions to Shareholders</i>	<i>(30,766,984)</i>	<i>(27,608,794)</i>
FUND SHARE TRANSACTIONS (NOTE 7):		
Net assets of shares issued in connection with merger (4,181,461 shares issued)	41,997,225	
Cost of aggregate fractional shares repurchased (58 aggregate fractional shares)	(579)	
<i>Increase in Net Assets From Fund Share Transactions</i>	<i>41,996,646</i>	
DECREASE IN NET ASSETS	(4,243,962)	(11,541,263)
NET ASSETS:		
Beginning of year	354,851,619	366,392,882
End of year*	\$350,607,657	\$354,851,619
* Includes undistributed net investment income of:	\$4,603,527	\$15,615,859

See Notes to Financial Statements.

Financial highlights**FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH YEAR ENDED MAY 31:**

	2009 ¹	2008 ¹	2007	2006	2005 ¹
NET ASSET VALUE, BEGINNING OF YEAR	\$14.52	\$15.00	\$14.34	\$14.72	\$12.84
INCOME (LOSS) FROM OPERATIONS:					
Net investment income	0.87	0.90	0.81	0.98	1.15
Net realized and unrealized gain (loss)	(1.98)	(0.25)	1.18	0.35	2.37
<i>Total income (loss) from operations</i>	<i>(1.11)</i>	<i>0.65</i>	<i>1.99</i>	<i>1.33</i>	<i>3.52</i>
LESS DISTRIBUTIONS FROM:					
Net investment income	(1.03)	(0.77)	(0.68)	(0.78)	(1.41)
Net realized gains	(0.13)	(0.36)	(0.65)	(0.93)	(0.24)
<i>Total distributions</i>	<i>(1.16)</i>	<i>(1.13)</i>	<i>(1.33)</i>	<i>(1.71)</i>	<i>(1.65)</i>
<i>Increase in Net Asset Value due to shares issued on reinvestment of distributions</i>					<i>0.01</i>
NET ASSET VALUE, END OF YEAR	\$12.25	\$14.52	\$15.00	\$14.34	\$14.72
MARKET PRICE, END OF YEAR	\$10.10	\$13.41	\$13.82	\$12.57	\$13.57
<i>Total return, based on NAV^{2, 3}</i>	<i>(6.94)%</i>	<i>4.62%</i>	<i>14.46%</i>	<i>9.12%</i>	<i>29.20%</i>
<i>Total return, based on Market Price³</i>	<i>(15.05)%</i>	<i>5.86%</i>	<i>21.77%</i>	<i>5.05%</i>	<i>5.27%</i>
NET ASSETS, END OF YEAR (000S)	\$350,608	\$354,852	\$366,393	\$350,372	\$359,610
RATIOS TO AVERAGE NET ASSETS:					
Gross expenses	1.44% ⁴	1.53%	1.27%	1.83%	2.22%
Gross expenses, excluding interest expense	1.424	1.28	1.18	1.17	1.19
Net expenses	1.444	1.53	1.275	1.825	2.22
Net expenses, excluding interest expense	1.424	1.28	1.185	1.175	1.19
Net investment income	7.39	6.21	5.47	6.06	8.29
PORTFOLIO TURNOVER RATE	36%	45%	87%	98%	75%
SUPPLEMENTAL DATA:					
Loans Outstanding, End of Year (000s)	6	6	6	\$30,000	\$55,000
Asset Coverage (000s)	6	6	6	\$380,372	\$414,610
Asset Coverage for Loan Outstanding	6	6	6	1,268%	754%
Weighted Average Loan (000s)	6	6	\$904	\$38,767	\$74,192
Weighted Average Interest Rate on Loans	6	6	5.22% ⁶	5.16%	3.34%

1 Per share amounts have been calculated using the average shares method.

2 Performance figures may reflect fee waivers and/or expense reimbursements. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results.

3 The total return calculation assumes that distributions are reinvested in accordance with the Fund's dividend reinvestment plan. Past performance is no guarantee of future results.

4 Included in the expense ratios are certain non-recurring restructuring (and reorganization, if applicable) fees that were incurred by the Fund during the period. Without these fees, both the gross and net expense ratios and both the gross and net expense ratios excluding interest expense would have been 1.43% and 1.40%, respectively.

5 Reflects fee waivers and/or expense reimbursements.

6 At May 31, 2009, May 31, 2008 and May 31, 2007, the Fund did not have an outstanding loan.

See Notes to Financial Statements.

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Notes to financial statements

1. Organization and significant accounting policies

Western Asset Emerging Markets Income Fund Inc. (formerly known as Western Asset Emerging Markets Income Fund II Inc.) (the Fund) was incorporated in Maryland and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund's primary investment objective is to seek high current income. As a secondary objective, the Fund seeks capital appreciation. In pursuit of these objectives, the Fund under normal conditions invests at least 80% of its net assets, plus any borrowings for investment purposes, in debt securities of government and government related issuers located in emerging market countries (including participations in loans between governments and financial institutions), and of entities organized to restructure the outstanding debt of such issuers, and in debt securities of corporate issuers located in emerging market countries.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP). 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.

(a) Investment valuation. Debt securities are valued at the mean between the last quoted bid and asked prices provided by an independent pricing service that are based on transactions in debt obligations, quotations from bond dealers, market transactions in comparable securities and various other relationships between securities. Publicly traded foreign government debt securities are typically traded internationally in the over-the-counter market, and are valued at the mean between the last quoted bid and asked prices as of the close of business of that market. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. When prices are not readily available, or are determined not to reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund may value these securities at fair value as determined in accordance with the procedures approved by the Fund's Board of Directors. Short-term obligations with maturities of 60 days or less are valued at amortized cost, which approximates fair value.

Effective June 1, 2008 the Fund adopted Statement of Financial Accounting Standards No. 157 (FAS 157). FAS 157 establishes a single definition of fair value, creates a three-tier hierarchy as a framework for measuring fair value

Notes to financial statements *continued*

based on inputs used to value the Fund's investments, and requires additional disclosure about fair value. The hierarchy of inputs is summarized below.

- Level 1 quoted prices in active markets for identical investments
- Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

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

	MAY 31, 2009	QUOTED PRICES (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments in securities	\$336,385,268	\$ 194,465	\$336,190,803	
Other financial instruments*	(671,245)	(671,245)		
Total	\$335,714,023	\$(476,780)	\$336,190,803	

* Other financial instruments may include written options, futures, swaps and forward contracts.

(b) Repurchase agreements. When entering into repurchase agreements, it is the Fund's policy that its custodian or a third party custodian take possession of the underlying collateral securities, the market value of which, at all times, at least equals the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market daily to ensure the adequacy of the collateral. If the seller defaults, and the market value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

(c) Reverse repurchase agreements. The Fund may enter into a reverse repurchase agreement in which the Fund sells a portfolio security at a specified price with an agreement to purchase the same or substantially the same security from the same counterparty at a fixed or determinable price at a future date. When entering into reverse repurchase agreements, the Fund's custodian delivers to the counterparty liquid assets, the market value of which, at the inception of the transaction, at least equals the repurchase price (including accrued interest). The Fund pays interest on amounts obtained pursuant to reverse repurchase agreements. Reverse repurchase agreements are considered to be borrowings, which may create leverage risk to the Fund.

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(d) Loan participations. The Fund may invest in loans arranged through private negotiation between one or more financial institutions. The Fund's investment in any such loan may be in the form of a participation in or an assignment of the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower and the Fund may not benefit directly from any collateral supporting the loan in which it has purchased the participation.

The Fund assumes the credit risk of the borrower, the lender that is selling the participation and any other persons interpositioned between the Fund and the borrower. In the event of the insolvency of the lender selling the participation, the Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.

(e) Forward foreign currency contracts. The Fund may enter into a forward foreign currency contract to hedge against foreign currency exchange rate risk on its non-U.S. dollar denominated securities or to facilitate settlement of a foreign currency denominated portfolio transaction. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price with delivery and settlement at a future date. The contract is marked-to-market daily and the change in value is recorded by the Fund as an unrealized gain or loss. When a forward foreign currency contract is closed, through either delivery or offset by entering into another forward foreign currency contract, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it was closed.

Forward foreign currency contracts involve elements of market risk in excess of the amounts reflected in the Statement of Assets and Liabilities. The Fund bears the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign currency contract. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

(f) Futures contracts. The Fund may use futures contracts to gain exposure to, or hedge against, changes in the value of equities, interest rates or foreign currencies. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the Fund is required to deposit with a broker cash or cash equivalents in an amount equal to a certain percentage of the contract amount. This is known as the initial margin. Subsequent payments (variation margin) are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. For certain futures including foreign denominated futures, variation margin is not settled daily, but is recorded as a net variation margin payable or receivable. Futures contracts are valued daily at the settlement price established by the board of

Notes to financial statements *continued*

trade or exchange on which they are traded. The daily changes in contract value are recorded as unrealized gains or losses in the Statement of Operations and the Fund recognizes a realized gain or loss when the contract is closed.

Futures contracts involve, to varying degrees, risk of loss in excess of the amounts reflected in the financial statements. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

(g) Swap agreements. The Fund may invest in swaps for the purpose of managing their exposure to interest rate, credit or market risk, or for other purposes. The use of swaps involves risks that are different from those associated with ordinary portfolio transactions.

Credit Default Swaps.

The Fund may enter into credit default swap (CDS) contracts for investment purposes, to manage its credit risk or to add leverage. CDS agreements involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default by a third party, typically corporate or sovereign issuers, on a specified obligation, or in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising a credit index. The Fund may use a CDS to provide protection against defaults of the issuers (i.e., to reduce risk where a Fund has exposure to a sovereign issuer) or to take an active long or short position with respect to the likelihood of a particular issuer's default. As a seller of protection, the Fund generally receives an upfront payment or a stream of payments throughout the term of the swap provided that there is no credit event. If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the maximum potential amount of future payments (undiscounted) that the Fund could be required to make under a credit default swap agreement would be an amount equal to the notional amount of the agreement. These amounts of potential payments will be partially offset by any recovery of values from the respective referenced obligations. As a seller of protection, the Fund effectively adds leverage to its portfolio because, in addition to its total net assets, the Fund would be subject to investment exposure on the notional amount of the swap. As a buyer of protection, the Fund generally receives an amount up to the notional value of the swap if a credit event occurs.

Implied spreads are the theoretical prices a lender receives for credit default protection. When spreads rise, market perceived credit risk rises and when spreads fall, market perceived credit risk falls. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to enter into the agreement. Wider credit spreads and decreasing market values, when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event

occurring as defined under the terms of the agreement. Credit spreads utilized in determining the period end market value of credit default swap agreements on corporate or sovereign issues are disclosed in the Notes to Financial Statements and serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for credit derivatives. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values, particularly in relation to the notional amount of the contract as well as the annual payment rate, serve as an indication of the current status of the payment/performance risk.

Payments received or made at the beginning of the measurement period are reflected as a premium or deposit, respectively, on the Statement of Assets and Liabilities. These upfront payments are amortized over the life of the swap and are recognized as realized gain or loss in the Statement of Operations. A liquidation payment received or made at the termination of the swap is recognized as realized gain or loss in the Statement of Operations. Net periodic payments received or paid by the Fund are recognized as realized gain or loss at the time of receipt of payment on the Statement of Operations.

The Fund's maximum risk of loss from counterparty risk, either as the protection seller or as the protection buyer, is the fair value of the contract (this risk is mitigated by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty). Credit default swaps are considered to have credit risk-related contingent features since they require payment by the protection seller to the protection buyer upon the occurrence of a defined credit event.

Entering into a CDS agreement involves, to varying degrees, elements of credit, market and documentation risk in excess of the related amounts recognized in the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreement may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreement, and that there will be unfavorable changes in net interest rates.

Swap contracts are marked-to-market daily and changes in value are recorded as unrealized appreciation/ (depreciation). Gains or losses are realized upon termination of the swap agreement. Periodic payments and premiums received or made by a Fund are recorded in the Statement of Operations as realized gains or losses, respectively. Collateral, in the form of restricted cash or securities, may be required to be held in segregated accounts with the Fund's custodian in compliance with the terms of the swap contracts. Securities held as collateral for swap contracts are identified in the Portfolio of Investments and restricted cash, if any, is identified in the Statement of Assets and Liabilities. Risks may exceed amounts recognized in the Statement of Assets and Liabilities. These risks include changes in the returns of the underlying

Notes to financial statements *continued*

instruments, failure of the counterparties to perform under the contracts terms, and the possible lack of liquidity with respect to the swap agreements.

(h) Credit and market risk. The Fund invests in high yield and emerging market instruments that are subject to certain credit and market risks. The yields of high yield and emerging market debt obligations reflect, among other things, perceived credit and market risks. The Fund's investment in securities rated below investment grade typically involves risks not associated with higher rated securities including, among others, greater risk related to timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading. The consequences of political, social, economic or diplomatic changes may have disruptive effects on the market prices of investments held by the Fund. The Fund's investment in non-U.S. dollar denominated securities may also result in foreign currency losses caused by devaluations and exchange rate fluctuations.

(i) Foreign currency translation. Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, including gains and losses on forward foreign currency contracts, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities, at the date of valuation, resulting from changes in exchange rates.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, the possibility of lower levels of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

(j) Security transactions and investment income. Security transactions are accounted for on a trade date basis. Interest income, adjusted for amortization of premium and accretion of discount, is recorded on the accrual basis. Dividend

income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as practicable after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. The cost of investments sold is determined by use of the specific identification method. To the extent any issuer defaults on an expected interest payment, the Fund's policy is to generally halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default.

(k) Distributions to shareholders. Distributions from net investment income for the Fund, if any, are declared and paid on a quarterly basis. Distributions of net realized gains, if any, are declared at least annually. Pursuant to its Managed Distribution Policy, the Fund intends to make regular quarterly distributions to shareholders at a fixed rate per common share, which rate may be adjusted from time to time by the Fund's Board of Directors. Under the Fund's Managed Distribution Policy, if, for any quarterly distribution, the value of the Fund's net investment income and net realized capital gain is less than the amount of the distribution, the difference will be distributed from the Fund's assets (and constitute a return of capital). The Board of Directors may terminate or suspend the Managed Distribution Policy at any time, including when certain events would make part of the return of capital taxable to shareholders. Any such termination or suspension could have an adverse effect on the market price for Fund's shares. Distributions are recorded on the ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP.

(l) Federal and other taxes. It is the Fund's policy to comply with the federal income and excise tax requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, the Fund intends to distribute substantially all of its taxable income and net realized gains, if any, to shareholders each year. Therefore, no federal income tax provision is required in the Fund's financial statements. However, due to the timing of when distributions are made, the Fund may be subject to an excise tax of 4% of the amount by which 98% of the Fund's annual taxable income exceeds the distributions from such taxable income for the year. The Fund paid \$95,995 of federal excise taxes attributable to calendar year 2008 in March 2009.

Management has analyzed the Fund's tax positions taken on federal income tax returns for all open tax years and has concluded that as of May 31, 2009, no provision for income tax would be required in the Fund's financial statements. The Fund's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

Under the applicable foreign tax laws, a withholding tax may be imposed on interest, dividends and capital gains at various rates.

Notes to financial statements *continued*

(m) Reclassification. GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. During the current year, the following reclassifications have been made:

	UNDISTRIBUTED NET INVESTMENT INCOME	ACCUMULATED NET REALIZED LOSS	PAID-IN CAPITAL
(a)	\$ 151,098		\$(151,098)
(b)	(7,015,928)	\$7,015,928	

(a) Reclassifications are primarily due to a non-deductible excise tax paid by the Fund and non-deductible reorganization costs for tax purposes.

(b) Reclassifications are primarily due to foreign currency transactions treated as ordinary income for tax purposes, differences between book and tax amortization of premium on fixed income securities, book/tax differences in the treatment of distributions and book/tax differences in the treatment of swaps.

2. Investment management agreement and other transactions with affiliates

Legg Mason Partners Fund Advisor, LLC (LMPFA) is the Fund's investment manager. Western Asset Management Company (Western Asset) and Western Asset Management Company Limited (Western Asset Limited) are the Fund's subadvisers. Effective February 3, 2009, Western Asset Management Company Pte. Ltd. in Singapore (Western Singapore) serves as an additional subadviser to the Fund, under an additional subadvisory agreement with Western Asset. LMPFA, Western Asset, Western Asset Limited and Western Singapore are wholly-owned subsidiaries of Legg Mason, Inc. (Legg Mason).

LMPFA provides administrative and certain oversight services to the Fund. The Fund pays LMPFA an investment management fee, calculated daily and paid monthly, at an annual rate of 1.05% of the Fund's average weekly net assets.

LMPFA has delegated to Western Asset the day-to-day portfolio management of the Fund. Western Asset Limited and Western Singapore provide certain advisory services to the Fund relating to currency transactions and investment in non-U.S. dollar denominated securities. Western Asset Limited and Western Singapore do not receive any compensation from the Fund and are compensated by Western Asset for its services to the Fund. For its services, LMPFA pays Western Asset 70% of the net management fee it receives from the Fund. In turn, Western Asset pays Western Asset Limited a subadvisory fee of 0.30% on assets managed by Western Asset Limited. In addition, effective February 3, 2009, Western Asset will also pay Western Asset Singapore a subadvisory fee of 0.30% on assets managed by Western Singapore.

Certain officers and one Director of the Fund are employees of Legg Mason or its affiliates and do not receive compensation from the Fund.

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3. Investments

During the year ended May 31, 2009, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) were as follows:

Purchases	\$103,080,427
Sales	121,004,927

At May 31, 2009, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

Gross unrealized appreciation	\$ 12,581,493
Gross unrealized depreciation	(47,167,125)
Net unrealized depreciation	\$(34,585,632)

Transactions in reverse repurchase agreements for the Fund during the year ended May 31, 2009 were as follows:

AVERAGE DAILY BALANCE*	WEIGHTED AVERAGE INTEREST RATE*	MAXIMUM AMOUNT OUTSTANDING
\$9,763,293	2.225%	\$15,321,199

* Average based on number of days the Fund had reverse repurchase agreements outstanding.

Interest rates on reverse repurchase agreements ranged from 1.25% to 3.00% during the year ended May 31, 2009. Interest expense incurred on reverse repurchase agreements totaled \$77,226.

At May 31, 2009, the Fund did not have any open reverse repurchase agreements.

At May 31, 2009, the Fund had the following open futures contracts:

	NUMBER OF CONTRACTS	EXPIRATION DATE	BASIS VALUE	MARKET VALUE	UNREALIZED LOSS
Contracts to Buy:					
U.S. Treasury 10-Year Notes	353	9/09	\$41,972,245	\$41,301,000	\$(671,245)

4. Derivative instruments and hedging activities

The Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities*, requires enhanced disclosure about an entity s derivative and hedging activities.

Notes to financial statements *continued*

Below is a table, grouped by derivative type that provides information about the fair value and the location of derivatives within the Statement of Assets and Liabilities at May 31, 2009.

LIABILITY DERIVATIVES

	INTEREST RATE CONTRACTS RISK(1)	FOREIGN EXCHANGE CONTRACTS RISK(2)	CREDIT CONTRACTS RISK(2)	OTHER CONTRACTS RISK(2)	TOTAL
Futures contracts(3)	\$671,245				\$671,245

(1) Balance sheet location: Payables, Net Assets Unrealized appreciation (depreciation)

(2) Balance sheet location: Payables

(3) Includes cumulative appreciation/depreciation of futures contracts as reported in the footnotes. Only current day's variation margin is reported within the Statement of Assets and Liabilities.

The following tables provide information about the effect of derivatives and hedging activities in the Fund's Statement of Operations for the six months ended May 31, 2009. The first table provides additional detail about the amounts and sources of gains/(losses) realized on derivatives during the period. The second table provides additional information about the changes in unrealized appreciation/(depreciation) resulting from the Fund's derivatives and hedging activities during the period.

AMOUNT OF REALIZED GAIN OR (LOSS) ON DERIVATIVES RECOGNIZED

	INTEREST RATE CONTRACTS RISK	FOREIGN EXCHANGE CONTRACTS RISK	CREDIT CONTRACTS RISK	OTHER CONTRACTS RISK	TOTAL
Futures contracts	\$(546,521)				\$(546,521)
Swap contracts			\$205,721		205,721
Total	\$(546,521)		\$205,721		\$(340,800)

CHANGE IN UNREALIZED APPRECIATION/DEPRECIATION ON DERIVATIVES RECOGNIZED

	INTEREST RATE CONTRACTS RISK	FOREIGN EXCHANGE CONTRACTS RISK	CREDIT CONTRACTS RISK	OTHER CONTRACTS RISK	TOTAL
Futures contracts	\$(671,245)				\$(671,245)
Swap contracts			\$55,983		55,983
Total	\$(671,245)		\$55,983		\$(615,262)

5. Loan

At May 31, 2009, the Fund had a \$48,000,000 credit line available pursuant to an amended and restated revolving credit and security agreement, dated as of November 20, 2006 and amended November 16, 2007 and again as of November 14, 2008, with CHARTA, LLC (the Lender), as successor by assignment to Panterra Funding, LLC, and Citibank N.A. (Citibank) as a secondary lender, for which Citibank also acts as administrative agent. The loan generally bears interest at a variable rate based on the weighted average

interest rates of the underlying commercial paper or LIBOR, plus any applicable margin. In addition, the Fund pays a commitment fee on the total amount of the loan available, whether used or unused. For the year ended May 31, 2009, the Fund paid \$351,017 in commitment fees. Securities held by the Fund are subject to a lien, granted to the lenders, to the extent of the borrowing outstanding and any additional expenses.

The Fund did not have any outstanding loans during the year ended May 31, 2009.

6. Distributions subsequent to May 31, 2009

On May 26, 2009, the Board of Directors of the Fund declared a distribution in the amount of \$0.2500 per share payable on June 26, 2009 to shareholders of record on June 19, 2009.

7. Transfer of net assets

On October 31, 2008, the Fund acquired the assets and certain liabilities of Western Asset Emerging Markets Income Fund Inc. (the Acquired Fund) pursuant to a plan of reorganization approved by shareholders of the Acquired Fund. Total shares issued by the Fund and the total net assets of the Acquired Fund and the Fund on the date of the transfer were as follows:

ACQUIRED FUND	SHARES ISSUED BY THE FUND	TOTAL NET ASSETS OF THE ACQUIRED FUND	TOTAL NET ASSETS OF THE FUND
Western Asset Emerging Markets Income Fund Inc.	4,181,461	\$41,997,225	\$245,392,637

As part of the reorganization, shareholders of the Acquired Fund received 0.992105 shares of the Fund's shares. The Fund did not issue any fractional shares to shareholders of the Acquired Fund. In lieu thereof, the Fund purchased all fractional shares at the current net asset value of the shares and remitted the cash proceeds to former shareholders of the Acquired Fund in proportion to their fractional shares.

The total net assets of the Acquired Fund before acquisition included unrealized depreciation of \$16,017,132, accumulated net realized loss of \$357,205 and undistributed net investment income of \$92,448. Total net assets of the Fund immediately after the transfer were \$287,389,862. The transaction was structured to qualify as a tax-free reorganization under the Internal Revenue Code of 1986, as amended.

Notes to financial statements *continued***8. Income tax information and distributions to shareholders**

The tax character of distributions paid during the fiscal years ended May 31, were as follows:

	2009	2008
Distributions Paid From:		
Ordinary income	\$28,057,585	\$22,419,318
Net long-term capital gains	2,709,399	5,189,476
Total distributions paid	\$30,766,984	\$27,608,794

As of May 31, 2009, the components of accumulated earnings on a tax basis were as follows:

Undistributed ordinary income net	\$ 4,687,862
Capital loss carryforward*	(842,078)
Other book/tax temporary differences(a)	(6,239,394)
Unrealized appreciation/(depreciation)(b)	(35,229,746)
Total accumulated earnings / (losses) net	\$(37,623,356)

* During the taxable year ended May 31, 2009, \$201,318 of capital loss carryforwards were transferred to the Fund as a result of the reorganizations discussed in Note 7. As of May 31, 2009, the Fund had the following net capital loss carryforward remaining:

YEAR OF EXPIRATION	AMOUNT
5/31/2016	\$(201,318)
5/31/2017	(640,760)
	\$(842,078)

These amounts will be available to offset any future taxable capital gains subject to certain limitations as a result of the reorganization discussed in Note 7.

(a) Other book/tax temporary differences are attributable primarily to the realization for tax purposes of unrealized losses on certain futures currency contracts, the deferral of post-October capital losses for tax purposes, and book/tax differences in the timing of the deductibility of various expenses.

(b) The difference between book-basis and tax-basis unrealized appreciation / (depreciation) is attributable primarily to the tax deferral of losses on wash sales and the difference between book and tax amortization methods for premiums on fixed income securities.

9. Recent accounting pronouncement

In April 2009, FASB issued FASB Staff Position No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP 157-4). FSP 157-4 provides additional guidance for estimating fair value in accordance with FAS 157, when the volume and level of activity for the asset or liability have significantly decreased as well as guidance on identifying circumstances that indicate a transaction is not orderly. FSP 157-4 is effective for fiscal years and interim periods ending after June 15, 2009. Management is currently evaluating the impact the adoption of FSP 157-4 will have on the Fund's financial statement disclosures.

Report of independent registered public accounting firm

The Board of Directors and Shareholders

Western Asset Emerging Markets Income Fund Inc.:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Western Asset Emerging Markets Income Fund Inc. (formerly Western Asset Emerging Markets Income Fund II Inc.) as of May 31, 2009, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the four-year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for the year ended May 31, 2005 was audited by other independent registered public accountants whose report thereon dated July 21, 2005, expressed an unqualified opinion on those financial highlights.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of May 31, 2009, by correspondence with the custodian and brokers or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Western Asset Emerging Markets Income Fund Inc. as of May 31, 2009, and the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the four-year period then ended, in conformity with U.S. generally accepted accounting principles.

New York, New York
July 24, 2009

Board approval of management and subadvisory agreements (unaudited)

Background

The Investment Company Act of 1940 (the 1940 Act) requires that the Board of Directors (the Board) of Western Asset Emerging Markets Income Fund, Inc. (the Fund), formerly Western Asset Emerging Markets Income Fund II, Inc., including a majority of its members that are not considered to be interested persons under the 1940 Act (the Independent Directors) voting separately, approve the continuation of the investment management contract (the Management Agreement) with the Fund's manager, Legg Mason Partners Fund Advisor, LLC (the Manager) and the sub-advisory agreements (individually, a Sub-Advisory Agreement and, collectively, the Sub-Advisory Agreements) with the Manager's affiliates, Western Asset Management Company (Western Asset) and Western Asset Management Company Limited in London (together with Western Asset, the Subadviser), on an annual basis. In response to a request by the Independent Directors, an in-person meeting of the Board was held on October 23, 2008 (the Leadership Meeting) with senior leadership of the Manager, the Subadviser and their corporate parent, Legg Mason, Inc. (Legg Mason) to discuss the investment advisory and other services provided to the Fund and other funds in the same complex under the Board's supervision (the Legg Mason Closed-end Funds). During this Leadership Meeting, information was presented to the Board regarding, among other things, the Subadviser's economic and financial markets outlook and its investment strategies given that outlook. Additionally, the Board received information regarding recent organizational changes and the continuing financial and other resources available to the Legg Mason organization to support its activities in respect of the Legg Mason Closed-end Funds. At a meeting (the Contract Renewal Meeting) held in-person on November 12 and 13, 2008, the Board, including the Independent Directors, considered and approved continuation of each of the Management Agreement and Sub-Advisory Agreements for an additional one-year term. To assist in its consideration of the renewals of the Management Agreement and Sub-Advisory Agreements, the Board received and considered a variety of information about the Manager and Subadviser, as well as the management and sub-advisory arrangements for the Fund and other funds overseen by the Board (together with the information provided at the Leadership and Contract Renewal Meetings, the Contract Renewal Information), certain portions of which are discussed below. A presentation made by the Manager and Western Asset to the Board at the Contract Renewal Meeting in connection with its evaluations of the Management Agreement and Sub-Advisory Agreements encompassed the Fund and the other Legg Mason Closed-end Funds. In addition to the Contract Renewal Information, the Board received performance and other information throughout the year related to the respective services rendered by the Manager and the Subadviser to the Fund. The Board's evaluation took into account the information received throughout the year and also reflected the knowledge and familiarity gained as members of the Board of the Fund and the other Legg Mason Closed-end Funds with respect to the services provided to the Fund by each of the Manager and Subadviser.

The discussion below covers both advisory and administrative functions being rendered by the Manager, each such function being encompassed by the Management Agreement, and the investment advisory function being rendered by the Subadviser.

Board approval of management agreement and sub-advisory agreements

In its deliberations regarding renewal of the Management Agreement and Sub-Advisory Agreements, the Fund's Board, including the Independent Directors, considered the factors below.

Nature, extent and quality of the services under the management agreement and sub-advisory agreements

The Board received and considered Contract Renewal Information regarding the nature, extent and quality of services provided to the Fund by the Manager and the Subadviser under the Management Agreement and the Sub-Advisory Agreements, respectively, during the past year. The Board also reviewed Contract Renewal Information regarding the Fund's compliance policies and procedures established pursuant to Rule 38a-1 under the 1940 Act.

The Board reviewed the qualifications, backgrounds and responsibilities of the Fund's senior personnel and the portfolio management team primarily responsible for the day-to-day portfolio management of the Fund. The Board also considered, based on its knowledge of the Manager and its affiliates, the Contract Renewal Information and the Board's discussions with the Manager at the Contract Renewal Meeting, the financial resources available to the Legg Mason organization.

The Board considered the responsibilities of the Manager and the Subadviser under the Management Agreement and the Sub-Advisory Agreements, respectively, including the Manager's coordination and oversight of services provided to the Fund by the Subadviser and others.

The Board concluded that, overall, the nature, extent and quality of services provided (and expected to be provided) to the Fund under the Management Agreement and the Sub-Advisory Agreements have been satisfactory under the circumstances.

Fund performance

The Board received and considered performance information and analyses (the Lipper Performance Information) for the Fund, as well as for a group of funds (the Performance Universe) selected by Lipper, Inc. (Lipper), an independent provider of investment company data. The Board was provided with a description of the methodology Lipper used to determine the similarity of the Fund with the funds included in the Performance Universe. The Performance Universe consisted of the Fund and all closed-end leveraged emerging markets

Board approval of management and subadvisory agreements (unaudited) *continued*

debt funds, as classified by Lipper, regardless of asset size. The Board noted that it had received and discussed with the Manager and Subadviser information throughout the year at periodic intervals comparing the Fund's performance against its benchmark(s) and its peer funds as selected by Lipper.

The Lipper Performance Information comparing the Fund's performance to that of the Performance Universe based on net asset value per share showed, among other things, that the Fund's performance for the 1-year period ended June 30, 2008 was ranked first among the nine funds in the Performance Universe for that period; the Fund's performance for the 3-year period ended June 30, 2008 was ranked third among the eight funds in the Performance Universe for that period; and the Fund's performance for the 5- and 10-year periods ended June 30, 2008 in both cases was ranked first among the seven funds in the Performance Universe for those periods. The Board noted that the small number of funds in the Performance Universe, which included other funds managed by Western Asset, made meaningful comparisons difficult. The Board also considered the volatile market conditions during the past year and the Fund's performance in relation to its benchmark(s) and in absolute terms.

Based on its review, which included consideration of all of the factors noted above, the Board concluded that, under the circumstances, the Fund's performance supported continuation of the Management Agreement and Sub-Advisory Agreements for an additional period not to exceed one year.

Management fees and expense ratios

The Board reviewed and considered the management fee (the Management Fee) payable by the Fund to the Manager in light of the nature, extent and quality of the management and sub-advisory services provided by the Manager and the Subadviser. The Board noted that the compensation paid to the Subadviser (the Sub-advisory Fee) is paid by the Manager, not the Fund, and, accordingly, that the retention of the Subadviser does not increase the fees or expenses otherwise incurred by the Fund's shareholders.

Additionally, the Board received and considered information and analyses prepared by Lipper (the Lipper Expense Information) comparing the Management Fee and the Fund's overall expenses with those of funds in an expense universe (the Expense Universe) selected and provided by Lipper for the 1-year period ended June 30, 2008. The Expense Universe consisted of the Fund and seven other leveraged closed-end emerging market debt funds, as classified by Lipper. The Expense Universe funds had assets ranging from \$34.4 million to \$1.102 billion. Two of the other funds in the Expense Universe were larger than the Fund and five of the other funds were smaller than the Fund.

The Lipper Expense Information comparing the Management Fee as well as the Fund's actual total expenses to the Fund's Expense Universe showed that the Management Fee on a contractual basis was ranked fourth among the eight funds in the Expense Universe and was at the Expense Universe median; the

Management Fee on an actual basis (i.e., giving in effect to any voluntary fee waivers implemented by the Manager with respect to the Fund and by the managers of the other Expense Universe funds) was ranked sixth among the funds in the Expense Universe and was worse than the Expense Universe median; and the Fund's actual total expenses were ranked fourth among the funds in the Expense Universe and were better than the Expense Universe median. The Board noted the small number of funds in the Expense Universe, making meaningful comparisons difficult.

The Board also reviewed Contract Renewal Information regarding fees charged by the Manager to other U.S. clients investing primarily in an asset class similar to that of the Fund, including, where applicable, separate accounts. The Board was advised that the fees paid by such other clients generally are lower, and may be significantly lower, than the Management Fee. The Contract Renewal Information discussed the significant differences in scope of services provided to the Fund and to these other clients, noting that the Fund is provided with administrative services, office facilities, Fund officers (including the Fund's chief executive, chief financial and chief compliance officers), and that the Manager coordinates and oversees the provision of services to the Fund by other fund service providers. The Board considered the fee comparisons in light of the differences required to manage these different types of accounts. The Contract Renewal Information included an analysis of complex-wide management fees provided by the Manager.

Taking all of the above into consideration, the Board determined that the Management Fee and the Sub-advisory Fee were reasonable in light of the nature, extent and quality of the services provided to the Fund under the Management Agreement and the Sub-Advisory Agreements.

Manager profitability

The Board, as part of the Contract Renewal Information, received a profitability analysis of the Manager and its affiliates in providing services to the Fund for the fiscal years ended March 31, 2008 and March 31, 2007. The Board also received profitability information with respect to the Legg Mason fund complex as a whole. In addition, the Board received information with respect to the Manager's revenue and cost allocation methodologies used in preparing such profitability data. In 2007, the Board received a report from an outside consultant that had reviewed the Manager's methodologies and was assured by the Manager at the Contract Renewal Meeting that there had been no significant changes in those methodologies since the report was rendered. The profitability to the Subadviser was not considered to be a material factor in the Board's considerations since the Sub-advisory Fee is paid by the Manager, not the Fund. The profitability analysis presented to the Board as part of the Contract Renewal Information indicated that profitability to the Manager in providing services to the Fund had increased by 4 percent over the period covered by the analysis. The Board concluded, however, that profitability remained at a reasonable level given the nature, scope and quality of the

Board approval of management and subadvisory agreements (unaudited) *continued*

investment advisory and other services provided to the Fund by the Manager and the Subadviser.

Economies of scale

The Board received and discussed Contract Renewal Information concerning whether the Manager realizes economies of scale if the Fund's assets grow. The Board noted that the Fund is a closed-end fund with no current plans to seek additional assets beyond maintaining its dividend reinvestment plan. Any significant growth in its assets, therefore, generally would occur through appreciation in the value of the Fund's investment portfolio. It was noted that a merger of another Legg Mason Closed-end Fund with and into the Fund was completed shortly before the Contract Renewal Meeting and that, although the other Legg Mason Closed-end Fund was much smaller, the merger potentially could result in economies of scale to be considered by the Board in the future. The Board determined that the management fee structure was appropriate under present circumstances.

Other benefits to the manager and the subadviser

The Board considered other benefits received by the Manager, the Subadviser and their affiliates as a result of their relationship with the Fund.

* * * * *

In light of all of the foregoing, the Board determined that, under the circumstances, continuation of the Management Agreement and Sub-Advisory Agreements would be consistent with the interests of the Fund and its shareholders and unanimously voted to continue each Agreement for a period of one additional year.

No single factor reviewed by the Board was identified by the Board as the principal factor in determining whether to approve continuation of the Management Agreement and Sub-Advisory Agreements, and each Board member attributed different weights to the various factors. The Independent Directors were advised by separate independent legal counsel throughout the process. Prior to the Contract Renewal Meeting, the Board received a memorandum discussing its responsibilities in connection with the proposed continuation of the Management Agreement and Sub-Advisory Agreements as part of the Contract Renewal Information and the Independent Directors separately received a memorandum discussing such responsibilities from their independent counsel. Prior to voting, the Independent Directors also discussed the proposed continuation of the Management Agreement and the Sub-Advisory Agreements in private sessions with their independent legal counsel at which no representatives of the Manager were present.

Board approval of new non-U.S. sub-advisory agreement

An additional investment advisory arrangement between Western Asset and a non-U.S. affiliate of Western Asset was approved by the Board during 2008 prior to the Contract Renewal Meeting. In this regard, at an in-person meeting held on August 13, 2008 (the August Board Meeting), the Board, including the Independent Directors, approved a sub-advisory agreement (the Non-U.S. Sub-Advisory Agreement) between Western Asset and Western Asset Management Company Pte. Ltd. (Singapore) (Western Asset Singapore) for an initial term of two years. After that term, the Non-U.S. Sub-Advisory Agreement will continue in effect only so long as such continuance is approved annually by the Board, including a majority of the Independent Directors, or by the shareholders of the Fund. Prior to the August Board Meeting, the Board received information regarding Western Asset Singapore and its proposed role in the management of the Fund's portfolio. At the August Board Meeting, the Manager and Western Asset made a presentation to the Board in support of their request and recommendation for approval of the Non-U.S. Sub-Advisory Agreement. The Manager noted that the Sub-Advisory Agreement with Western Asset (the Western Asset Sub-Advisory Agreement) authorizes Western Asset to retain, subject to the requirements of the 1940 Act, one or more subadvisers to manage all or a portion of the investment portfolio of the Fund so long as Western Asset supervises the activities of each such subadviser. The Manager advised the Board that Western Asset would remain the subadviser to the Fund with authority and responsibility for establishment of the investment strategies and program for the Fund and that the Manager and Western Asset would continue to be responsible for the conformity of portfolio investments with the Fund's investment strategies and program. The Manager noted that there already was a high degree of integration of the advisory operations of Western Asset and Western Asset Singapore. Among other things, the Manager advised that all investment personnel of Western Asset Singapore reported, and would continue to report, to the Chief Investment Officer and Deputy Chief Investment Officer of Western Asset and that other personnel of Western Asset Singapore, such as analysts, legal and compliance information technology and investment support personnel, also ultimately report to Western Asset's department heads. Western Asset Singapore has been involved in the investment process relating to Western Asset's general investment strategy development and in discussions relating to implementation of that strategy as members of the management team. Western Asset Singapore has access to Western Asset's research and other resources. The Manager explained in support of its request and recommendation for approval of the Non-U.S. Sub-Advisory Agreement that Western Asset Singapore, among other things, would offer a local presence, along with trading and investment expertise, in its region and would be expected to provide related operational efficiencies.

The Manager and Western Asset assured the Board that appointment of Western Asset Singapore would not result in any material change in the nature, scope or quality of investment advisory services. The Manager and the Fund's

Board approval of management and subadvisory agreements (unaudited) *continued*

Chief Compliance Officer also discussed the compliance program and policies and procedures of Western Asset Singapore with the Board and provided assurances that such program, policies and procedures satisfy applicable legal and regulatory requirements.

The Manager noted that the terms and conditions of the Non-U.S. Sub-Advisory Agreement are substantially the same as the terms and conditions of the Western Asset Sub-Advisory Agreement and that Western Asset would be responsible for payment of Western Asset Singapore's fees out of its fee. Therefore, the aggregate fees paid by the Fund for services contemplated by the Management and the Western Asset Sub-Advisory Agreement would not increase as a result of the approval of the Non-U.S. Sub-Advisory Agreement.

The Manager advised the Board that the transfer of responsibilities to Western Asset Singapore pursuant to the Non-U.S. Sub-Advisory Agreement would not constitute an assignment of the Management Agreement or the Western Asset Sub-Advisory Agreement, as defined in the 1940 Act, resulting in an automatic termination of such agreement and would not be deemed a material amendment of the Management Agreement or the Western Asset Sub-Advisory Agreement requiring shareholder approval of the new Non-U.S. Sub-Advisory Agreement. The Manager undertook to obtain, and has obtained, an opinion of counsel to that effect from a law firm with significant expertise in 1940 Act matters.

The Board approved the new Non-U.S. Sub-Advisory Agreement based substantially upon the authority of Western Asset to appoint subadvisers under the Western Asset Sub-Advisory Agreement; the assurances of the Manager and Western Asset that there would be no diminution in the nature, scope or quality of the investment advisory and other services provided to the Fund as a result of the new Non-U.S. Sub-Advisory Agreement; the absence of any increase in the aggregate fees paid by the Fund for services contemplated by the Management Agreement and the Western Asset Sub-Advisory Agreement; the assurances of the Manager and Western Asset that they would continue to be directly responsible for the Fund's investment strategy and program and for supervision of Western Asset Singapore's activities in furtherance of the Fund's investment strategy and program; and the advice of the Manager and Western Asset and their counsel that the transfer of responsibilities to Western Asset Singapore pursuant to the Non-U.S. Sub-Advisory Agreement would not constitute an assignment and, therefore, would not cause a termination of the Management or the Western Asset Sub-Advisory Agreement or require Fund shareholder approval of the Non-U.S. Sub-Advisory Agreement under the 1940 Act. In approving the proposal, the Board considered its findings at its meeting held on November 13 and 14, 2007 in approving the continuation of the Management and the Western Asset Sub-Advisory Agreement for an additional period of one year, including its findings as to the nature, quality and scope of services provided to the Fund; the reasonableness of the aggregate fees paid by the Fund; whether economies of scale have been realized and are being shared appropriately with the Fund's shareholders; and profitability of the Fund

relationship to the Manager and its affiliates. The Board concluded, after considering relevant factors, including the factors described above, that the proposed Non-U.S. Sub-Advisory Agreement would not affect those prior findings and that approval of the Non-U.S. Sub-Advisory Agreement would be consistent with the interests of the Fund and its shareholders, and unanimously voted to approve the Agreement. The Independent Directors were represented by separate independent legal counsel in their consideration of the Non-U.S. Sub-Advisory Agreement and, prior to voting, discussed the proposed approval of the Non-U.S. Sub-Advisory Agreement in a private session with their independent legal counsel at which no representatives of the Manager or Western Asset or their affiliates, including Western Asset Singapore, were present.

Western Asset Emerging Markets Income Fund Inc.. 37

Additional information (unaudited)

Information about Directors and Officers

The business and affairs of Western Asset Emerging Markets Income Fund Inc. (the Fund) are managed under the direction of the Board of Directors. Information pertaining to the Directors and Officers of the Fund is set forth below.

NON-INTERESTED DIRECTORS

CAROL L. COLMAN
 c/o Chairman of the Fund, Legg Mason & Co., LLC (Legg Mason)
 620 Eighth Avenue, New York, NY 10018

Birth year	1946
Position(s) held with Fund1	Director and Member of the Nominating and Audit Committees, Class III
Term of office1 and length of time served	Since 2002
Principal occupation(s) during past five years	President, Colman Consulting Co.
Number of portfolios in fund complex overseen by director (including the Fund)	21
Other board member ships held by Director	None

DANIEL P. CRONIN
 c/o Chairman of the Fund, Legg Mason
 620 Eighth Avenue, New York, NY 10018

Birth year	1946
Position(s) held with Fund1	Director and Member of the Nominating and Audit Committees, Class III
Term of office1 and length of time served	Since 2002
Principal occupation(s) during past five years	Retired; formerly, Associate General Counsel, Pfizer Inc. (prior to and including 2004)
	21

Number of portfolios in
fund complex overseen
by director (including
the Fund)

Other board member
ships held by Director

None

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PAOLO M. CUCCHI

c/o Chairman of the Fund, Legg Mason
620 Eighth Avenue, New York, NY 10018

Birth year	1941
Position(s) held with Fund1	Director and Member of the Nominating and Audit Committees, Class I
Term of office1 and length of time served	Since 2007
Principal occupation(s) during past five years	Professor of Italian and French languages, Drew University (since 1984); formerly, Vice President and Dean of College of Liberal Arts at Drew University (from 1984 to 2008)
Number of portfolios in fund complex overseen by director (including the Fund)	21
Other board member ships held by Director	None

LESLIE H. GELB

c/o Chairman of the Fund, Legg Mason
620 Eighth Avenue, New York, NY 10018

Birth year	1937
Position(s) held with Fund1	Director and Member of the Nominating and Audit Committees, Class I
Term of office1 and length of time served	Since 2001
Principal occupation(s) during past five years	President Emeritus and Senior Board Fellow, The Council on Foreign Relations (since 2003); formerly, President, The Council on Foreign Relations; formerly, Columnist, Deputy Editorial Page Editor and Editor, Op-Ed Page, The New York Times
Number of portfolios in fund complex overseen by director (including the Fund)	21
Other board member ships held by Director	Director of two registered investment companies advised by Blackstone Asia Advisors LLC (Blackstone Asia Advisors)

Additional information (unaudited) continued

Information about Directors and Officers

WILLIAM R. HUTCHINSON

c/o Chairman of the Fund, Legg Mason
620 Eighth Avenue, New York, NY 10018

Birth year	1942
Position(s) held with Fund1	Director and Member of the Nominating and Audit Committees, Class III
Term of office1 and length of time served	Since 2003
Principal occupation(s) during past five years	President, W.R. Hutchinson & Associates Inc. (Consulting) (since 2001)
Number of portfolios in fund complex overseen by director (including the Fund)	21
Other board member ships held by Director	Director of Associated Banc-Corp.

RIORDAN ROETT

c/o Chairman of the Fund, Legg Mason
620 Eighth Avenue, New York, NY 10018

Birth year	1938
Position(s) held with Fund1	Director and Member of the Nominating and Audit Committees, Class I
Term of office1 and length of time served	Since 1998
Principal occupation(s) during past five years	The Sarita and Don Johnston Professor of Political Science and Director, of Western Hemisphere Studies, Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University (since 1993)
Number of portfolios in fund complex overseen by director (including the Fund)	21
Other board member ships held by Director	None

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JESWALD W. SALACUSE
c/o Chairman of the Fund, Legg Mason
620 Eighth Avenue, New York, NY 10018

Birth year	1938
Position(s) held with Fund1	Director and Member of the Nominating and Audit Committees, Class II
Term of office1 and length of time served	Since 1998
Principal occupation(s) during past five years	Henry J. Braker Professor of Commercial Law, The Fletcher School of Law and Diplomacy, Tufts University (since 1986); President, Arbitration Tribunal, World Bank/ICSID (since 2004)
Number of portfolios in fund complex overseen by director (including the Fund)	21
Other board member ships held by Director	Director of two registered investment companies advised by Blackstone Asia Advisors

INTERESTED DIRECTOR

R. JAY GERKEN, CFA2
Legg Mason
620 Eighth Avenue, New York, NY 10018

Birth year	1951
Position(s) held with Fund1	Director, Chairman, President and Chief Executive Officer, Class II
Term of office1 and length of time served	Since 2002
Principal occupation(s) during past five years	Managing Director, Legg Mason; Chairman of the Board and Trustee/Director of 151 funds associated with Legg Mason Partners Fund Advisor, LLC. (LMPFA) and its affiliates; President of LMPFA (since 2006); Chairman, President and Chief Executive Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates; formerly, Chairman, Smith Barney Fund Management LLC (SBFM) and Citi Fund Management, Inc. (CFM) (from 2002 to 2005); formerly, Chairman, President and Chief Executive Officer, Travelers Investment Advisers Inc. (from 2002 to 2005)
Number of portfolios in fund complex overseen by director (including the Fund)	138
Other board member ships held by Director	None

Additional information (unaudited) continued

Information about Directors and Officers

OFFICERS

KAPREL OZSOLAK

Legg Mason
55 Water Street, New York, NY 10041

Birth year	1965
Position(s) held with Fund1	Chief Financial Officer and Treasurer
Term of office1 and length of time served	Since 2007
Principal occupation(s) during past five years	Director of Legg Mason; Chief Financial Officer and Treasurer of certain funds associated with Legg Mason; formerly, Controller of certain funds associated with certain predecessor firms of Legg Mason (from 2002 to 2004)

TED P. BECKER

Legg Mason
620 Eighth Avenue, New York, NY 10018

Birth year	1951
Position(s) held with Fund1	Chief Compliance Officer
Term of office1 and length of time served	Since 2006
Principal occupation(s) during past five years	Director of Global Compliance at Legg Mason (since 2006); Chief Compliance Officer of LMPFA (since 2006); Managing Director of Compliance at Legg Mason, (since 2005); Chief Compliance Officer with certain mutual funds associated with Legg Mason, LMPFA and certain affiliates (since 2006); formerly, Managing Director of Compliance at Citigroup Asset Management (CAM) or its predecessors (from 2002 to 2005)

ROBERT I. FRENKEL

Legg Mason
100 First Stamford Place, Stamford, CT 06902

Birth year	1954
Position(s) held with Fund1	Secretary and Chief Legal Officer
	Since 2003

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Term of office1 and length of time served	Principal occupation(s) during past five years
Managing Director and General Counsel of Global Mutual Funds for Legg Mason and its predecessor (since 1994); Secretary and Chief Legal Officer of mutual funds associated with Legg Mason (since 2003); formerly, Secretary of CFM (from 2001 to 2004)	

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THOMAS C. MANDIA

Legg Mason
100 First Stamford Place, Stamford, CT 06902

Birth year	1962
Position(s) held with Fund1	Assistant Secretary
Term of office1 and length of time served	Since 2006
Principal occupation(s) during past five years	Managing Director and Deputy General Counsel of Legg Mason (since 2005); Managing Director and Deputy General Counsel for CAM (from 1992 to 2005); Assistant Secretary of certain mutual funds associated with Legg Mason

STEVEN FRANK

Legg Mason
55 Water Street, New York, NY 10041

Birth year	1967
Position(s) held with Fund1	Controller
Term of office1 and length of time served	Since 2007
Principal occupation(s) during past five years	Vice President of Legg Mason (since 2002); Controller of certain funds associated with Legg Mason or its predecessors (since 2005); formerly, Assistant Controller of certain mutual funds associated with Legg Mason predecessors (from 2001 to 2005)

ALBERT LASKAJ

Legg Mason
55 Water Street, New York, NY 10041

Birth year	1977
Position(s) held with Fund1	Controller
Term of office1 and length of time served	Since 2007
Principal occupation(s) during past five years	Vice President of Legg Mason (since 2008); Controller of certain funds associated with Legg Mason (Since 2007); formerly, Assistant Controller of certain mutual funds associated with Legg Mason (from 2005 to 2007); formerly, Accounting Manager of certain mutual funds associated with certain predecessor firms of Legg Mason (from 2003 to 2005)

1 The Fund's Board of Directors is divided into three classes: Class I, Class II and Class III. The terms of office of the Class I, II and III Directors expire at the Annual Meetings of Stockholders in the year 2009, year 2011 and year 2010, respectively, or thereafter in each case when their respective successors are duly elected and qualified. The Fund's executive officers are chosen each year at the first meeting of the Fund's

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Board of Directors following the Annual Meeting of Stockholders, to hold office until the meeting of the Board following the next Annual Meeting of Stockholders and until their successors are duly elected and qualified.

2 Mr. Gerken is an interested person of the Fund as defined in the 1940 Act because Mr. Gerken is an officer of LMPFA and certain of its affiliates.

Western Asset Emerging Markets Income Fund Inc.. 43

Annual chief executive officer and chief financial officer certifications (unaudited)

The Fund's Chief Executive Officer has submitted to the NYSE the required annual certification and the Fund also has included the certifications of the Fund's Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act in the Fund's N-CSR filed with the SEC, for the period of this report.

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Dividend reinvestment plan (unaudited)

Pursuant to certain rules of the Securities and Exchange Commission, the following additional disclosure is provided.

Each shareholder holding shares of common stock (Shares) of Western Asset Emerging Markets Income Fund Inc., will be deemed to have elected to be a participant in the Amended and Restated Dividend Reinvestment and Cash Purchase Plan (Plan), unless the shareholder specifically elects in writing (addressed to the Agent at the address below or to any nominee who holds Shares for the shareholder in its name) to receive all distributions in cash, paid by check, mailed directly to the record holder by or under the direction of American Stock Transfer & Trust Company as the Fund's dividend-paying agent (Agent). A shareholder whose Shares are held in the name of a broker or nominee who does not provide an automatic reinvestment service may be required to take such Shares out of street name and register such Shares in the shareholder's name in order to participate, otherwise distributions will be paid in cash to such shareholder by the broker or nominee. Each participant in the Plan is referred to herein as a Participant. The Agent will act as agent for each Participant, and will open accounts for each Participant under the Plan in the same name as their Shares are registered.

Unless the Fund declares a distribution payable only in the form of cash, the Agent will apply all distributions in the manner set forth below.

If, on the determination date, the market price per Share equals or exceeds the net asset value per Share on that date (such condition, a market premium), the Agent will receive the distribution in newly issued Shares of the Fund on behalf of Participants. If, on the determination date, the net asset value per Share exceeds the market price per Share (such condition, a market discount), the Agent will purchase Shares in the open-market. The determination date will be the fourth New York Stock Exchange trading day (a New York Stock Exchange trading day being referred to herein as a Trading Day) preceding the payment date for the distribution. For purposes herein, market price will mean the average of the highest and lowest prices at which the Shares sell on the New York Stock Exchange on the particular date, or if there is no sale on that date, the average of the closing bid and asked quotations.

Purchases made by the Agent will be made as soon as practicable commencing on the Trading Day following the determination date and terminating no later than 30 days after the distribution payment date except where temporary curtailment or suspension of purchase is necessary to comply with applicable provisions of federal securities law; provided, however, that such purchases will, in any event, terminate on the earlier of (i) 60 days after the distribution payment date and (ii) the Trading Day prior to the ex-dividend date next succeeding the distribution payment date.

If (i) the Agent has not invested the full distribution amount in open-market purchases by the date specified in paragraph 4 above as the date on which such

Dividend reinvestment plan (unaudited) *continued*

purchases must terminate or (ii) a market discount shifts to a market premium during the purchase period, then the Agent will cease making open-market purchases and will receive the uninvested portion of the distribution amount in newly issued Shares (x) in the case of (i) above, at the close of business on the date the Agent is required to terminate making open-market purchases as specified in paragraph 4 above or (y) in the case of (ii) above, at the close of business on the date such shift occurs; but in no event prior to the payment date for the distribution.

In the event that all or part of a distribution amount is to be paid in newly issued Shares, such Shares will be issued to Participants in accordance with the following formula: (i) if, on the valuation date, the net asset value per Share is less than or equal to the market price per Share, then the newly issued Shares will be valued at net asset value per Share on the valuation date; provided, however, that if the net asset value is less than 95% of the market price on the valuation date, then such Shares will be issued at 95% of the market price and (ii) if, on the valuation date, the net asset value per Share is greater than the market price per Share, then the newly issued Shares will be issued at the market price on the valuation date. The valuation date will be the distribution payment date, except that with respect to Shares issued pursuant to paragraph 5 above, the valuation date will be the date such Shares are issued. If a date that would otherwise be a valuation date is not a Trading Day, the valuation date will be the next preceding Trading Day.

Participants have the option of making additional cash payments to the Agent, monthly, in a minimum amount of \$250, for investment in Shares. The Agent will use all such funds received from Participants to purchase Shares in the open market on or about the first business day of each month. To avoid unnecessary cash accumulations, and also to allow ample time for receipt and processing by the Agent, Participants should send in voluntary cash payments to be received by the Agent approximately 10 days before an applicable purchase date specified above. A Participant may withdraw a voluntary cash payment by written notice, if the notice is received by the Agent not less than 48 hours before such payment is to be invested.

Purchases by the Agent pursuant to paragraphs 4 and 7 above may be made on any securities exchange on which the Shares are traded, in the over-the-counter market or in negotiated transactions, and may be on such terms as to price, delivery and otherwise as the Agent shall determine. Funds held by the Agent uninvested will not bear interest, and it is understood that, in any event, the Agent shall have no liability in connection with any inability to purchase Shares within the time periods herein provided, or with the timing of any purchases effected. The Agent shall have no responsibility as to the value of the Shares acquired for the Participant's account. The Agent may commingle amounts of all Participants to be used for open-market purchases of Shares and the price per Share allocable to each Participant in connection with such

purchases shall be the average price (including brokerage commissions) of all Shares purchased by the Agent.

The Agent will maintain all Participants' accounts in the Plan and will furnish written confirmations of all transactions in each account, including information needed by Participants for personal and tax records. The Agent will hold Shares acquired pursuant to the Plan in non-certificated form in the Participant's name or that of its nominee, and each Participant's proxy will include those Shares purchased pursuant to the Plan. The Agent will forward to Participants any proxy solicitation material and will vote any Shares so held for Participants only in accordance with the proxy returned by Participants to the Fund. Upon written request, the Agent will deliver to Participants, without charge, a certificate or certificates for the full Shares.

The Agent will confirm to Participants each acquisition made for their respective accounts as soon as practicable but not later than 60 days after the date thereof. Although Participants may from time to time have an undivided fractional interest (computed to three decimal places) in a Share of the Fund, no certificates for fractional shares will be issued. Distributions on fractional shares will be credited to each Participant's account. In the event of termination of a Participant's account under the Plan, the Agent will adjust for any such undivided fractional interest in cash at the market value of the Fund's Shares at the time of termination less the pro rata expense of any sale required to make such an adjustment.

Any share dividends or split shares distributed by the Fund on Shares held by the Agent for Participants will be credited to their respective accounts. In the event that the Fund makes available to Participants rights to purchase additional Shares or other securities, the Shares held for Participants under the Plan will be added to other Shares held by the Participants in calculating the number of rights to be issued to Participants.

The Agent's service fee for handling distributions will be paid by the Fund. Participants will be charged a pro rata share of brokerage commissions on all open-market purchases.

Participants may terminate their accounts under the Plan by notifying the Agent in writing. Such termination will be effective immediately if notice is received by the Agent not less than 10 days prior to any distribution record date; otherwise such termination will be effective on the first Trading Day after the payment date for such distribution with respect to any subsequent distribution. The Plan may be amended or terminated by the Fund as applied to any voluntary cash payments made and any distribution paid subsequent to written notice of the change or termination sent to Participants at least 30 days prior to the record date for the distribution. The Plan may be amended or terminated by the Agent, with the Fund's prior written consent, on at least 30 days' written notice to Participants. Notwithstanding the preceding two sentences, the Agent or the Fund may amend or supplement the Plan at any time or times when necessary.

Dividend reinvestment plan (unaudited) *continued*

or appropriate to comply with applicable law or rules or policies of the Securities and Exchange Commission or any other regulatory authority. Upon any termination, the Agent will cause a certificate or certificates for the full Shares held by each Participant under the Plan and cash adjustment for any fraction to be delivered to each Participant without charge.

Any amendment or supplement shall be deemed to be accepted by each Participant unless, prior to the effective date thereof, the Agent receives written notice of the termination of the Participant's account under the Plan. Any such amendment may include an appointment by the Agent in its place and stead of a successor Agent under these terms and conditions, with full power and authority to perform all or any of the acts to be performed by the Agent under these terms and conditions. Upon any such appointment of an Agent for the purpose of receiving distributions, the Fund will be authorized to pay to such successor Agent, for each Participant's account, all distributions payable on Shares of the Fund held in each Participant's name or under the Plan for retention or application by such successor Agent as provided in these terms and conditions.

In the case of Participants, such as banks, broker-dealers or other nominees, which hold Shares for others who are beneficial owners (Nominee Holders), the Agent will administer the Plan on the basis of the number of Shares certified from time to time by each Nominee Holder as representing the total amount registered in the Nominee Holder's name and held for the account of beneficial owners who are to participate in the Plan.

The Agent shall at all times act in good faith and use its best efforts within reasonable limits to insure the accuracy of all services performed under this Agreement and to comply with applicable law, but assumes no responsibility and shall not be liable for loss or damage due to errors unless such error is caused by its negligence, bad faith, or willful misconduct or that of its employees.

All correspondence concerning the Plan should be directed to the Agent at 59 Maiden Lane, New York, New York 10038.

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Important tax information (unaudited)

The following information is provided with respect to the distributions paid during the taxable year ended May 31, 2009:

Record date:	6/20/2008	9/19/2008	12/19/2008
Payable date:	6/27/2008	9/26/2008	12/26/2008
Long-term capital gain dividend	\$0.041600	\$0.041600	\$0.023600

Please retain this information for your records.

Western Asset Emerging Markets Income Fund Inc.

Directors

Carol L. Colman
Daniel P. Cronin
Paolo M. Cucchi
Leslie H. Gelb
R. Jay Gerken, CFA
Chairman
William R. Hutchinson
Riordan Roett
Jeswald W. Salacuse

Officers

R. Jay Gerken, CFA
President and Chief Executive Officer

Kaprel Ozsolak
Chief Financial Officer and Treasurer

Ted P. Becker
Chief Compliance Officer

Investment manager

Legg Mason Partners Fund Advisor, LLC

Subadvisers

Western Asset Management Company

Western Asset Management Company Limited

Western Asset Management Company Pte. Ltd. in Singapore

Custodian

State Street Bank and Trust Company
1 Lincoln Street
Boston, Massachusetts 02111

Transfer agent

American Stock Transfer & Trust Company
59 Maiden Lane
New York, New York 10038