

WESTERN ASSET EMERGING MARKETS INCOME FUND II INC.
Form N-CSRS
February 05, 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, 4th Floor

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

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

Date of fiscal year end: May 31

Date of reporting period: November 30, 2008

ITEM 1. REPORT TO STOCKHOLDERS.

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

SEMI-ANNUAL REPORT / NOVEMBER 30, 2008

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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Prior to November 3, 2008, the Fund's name was Western Asset Emerging Markets Income Fund II Inc.

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. LMPFA, Western Asset and Western Asset Limited are wholly-owned subsidiaries of Legg Mason, Inc.

Letter from the chairman

Dear Shareholder,

Economic growth in the U.S. was mixed during the six-month reporting period ended November 30, 2008. Looking back, during the fourth quarter of 2007, U.S. gross domestic product (GDP) declined 0.2%. This weakness was triggered by problems in the housing market, an ongoing credit crunch and soaring oil and food prices. The economy then expanded 0.9% and 2.8% during the first and second quarters of 2008, respectively. This rebound was due, in part, to rising exports that were buoyed by a weakening U.S. dollar and solid consumer spending, which was aided by the government's tax rebate program. The dollar's rally and the end of the rebate program, combined with other strains on the economy, then caused GDP to take a step backward in the third quarter of 2008. According to the U.S. Department of Commerce, third quarter 2008 GDP declined 0.5%.

In early December 2008, after the reporting period ended, the National Bureau of Economic Research (NBER) announced that a recession had begun in December 2007. While one definition of a recession is based on having two consecutive quarters of negative growth (which has not yet occurred), the NBER determined that a recession had already started using its definition, which is based on a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income and other indicators.

Regardless of how one defines a recession, it certainly has felt like we are in the midst of an economic contraction. Consumer spending, which represents approximately two-thirds of GDP, has fallen sharply. During November 2008, sales at U.S. retailers experienced their largest monthly decline in nearly 40 years. In terms of the job market, the U.S. Department of Labor reported that payroll employment declined in each of the 12 months of 2008. During 2008 as a whole, 2.6 million jobs were lost, the largest annual decline since World War II ended in 1945. In addition, at the end of 2008, the unemployment rate had risen to 7.2%, its highest level since January 1993.

Letter from the chairman *continued*

Ongoing issues related to the housing and subprime mortgage markets and seizing credit markets prompted the Federal Reserve Board (Fed)ⁱⁱ to take aggressive and, in some cases, unprecedented actions. Beginning in September 2007, the Fed reduced the federal funds rateⁱⁱⁱ from 5.25% to 4.75%. This marked the first such reduction since June 2003. The Fed then reduced the federal funds rate on six additional occasions through April 2008, bringing the federal funds rate to 2.00%. The Fed then shifted gears in the face of mounting inflationary prices and a weakening U.S. dollar. At its meetings in June, August and September 2008, the Fed held rates steady. Then, on October 8, 2008, in a global coordination effort with six central banks around the world, interest rates were cut in an attempt to reduce the strains in the global financial markets. At that time, the Fed lowered the federal funds rate from 2.00% to 1.50%. The Fed again cut rates from 1.50% to 1.00% at its regularly scheduled meeting on October 29, 2008. On December 16, 2008, after the reporting period ended, the Fed cut rates to a range of zero to 0.25%, the lowest level since the Fed started publishing the federal funds rate in 1990. In conjunction with its December meeting, the Fed stated that it will employ all available tools to promote the resumption of sustainable economic growth and to preserve price stability. In particular, the Committee anticipates that weak economic conditions are likely to warrant exceptionally low levels of the federal funds rate for some time.

In addition to the interest rate cuts, the Fed took several actions to improve liquidity in the credit markets. In March 2008, the Fed established a new lending program allowing certain brokerage firms, known as primary dealers, to also borrow from its discount window. Also in March, the Fed played a major role in facilitating the purchase of Bear Stearns by JPMorgan Chase. In mid-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.

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 addition, on October 3, 2008, the Treasury's \$700 billion Troubled Asset Relief Program (TARP) was approved by Congress and signed into law by President Bush. As part of TARP, the Treasury had planned to purchase bad loans and other troubled financial assets. However, in November 2008, Treasury Secretary Paulson said, "Our assessment at this time is that this is not the most effective way to use TARP funds, but we will continue to examine whether targeted forms of

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asset purchase can play a useful role, relative to other potential uses of TARP resources, in helping to strengthen our financial system and support lending.

During the six-month reporting period ended November 30, 2008, both short- and long-term Treasury yields experienced periods of extreme volatility. Earlier in the year, investors were focused on the subprime segment of the mortgage-backed market. These concerns broadened, however, to include a wide range of financial institutions and markets. As a result, other fixed-income instruments also experienced increased price volatility. This unrest triggered several flights to quality, at which times Treasury yields moved 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 the reporting period, 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 six months ended November 30, 2008, two-year Treasury yields fell from 2.66% to 1.00%. Over the same time frame, 10-year Treasury yields moved from 4.06% to 2.93%. Looking at the six-month period as a whole, the overall bond market, as measured by the Barclays Capital U.S. Aggregate Indexiv, returned 0.24%.

Periods of increased investor risk aversion caused the high-yield bond market to produce extremely poor results over the six months ended November 30, 2008. While the asset class modestly rallied on several occasions, it was not enough to overcome numerous 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 September, October and November 2008. During those three months, the Citigroup High Yield Market Indexv (the Index) returned -8.01%, -15.34% and -9.75%, respectively. Over the six months ended November 30, 2008, the Index returned -32.87%.

Despite periods of extreme market volatility, emerging market debt prices largely treaded water during the first half of the reporting period. During that time, the asset class was supported by solid demand, superior growth rates in emerging market countries, increased domestic spending and rating upgrades in countries such as Brazil. However, fears of a global recession, falling commodity prices and seizing credit markets sent

Letter from the chairman *continued*

emerging market debt prices sharply lower in September and October 2008. During those months, the JPMorgan Emerging Markets Bond Index Global (EMBI Global)vi returned -6.84% and -14.89%, respectively. Over the six months ended November 30, 2008, the EMBI Global returned -18.78%.

Performance review

For the six months ended November 30, 2008, Western Asset Emerging Markets Income Fund Inc. (formerly known as Western Asset Emerging Markets Income Fund II Inc.) returned -27.69% based on its net asset value (NAV)vii and -45.23% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmark, the EMBI Global, returned -18.78% over the same time frame. The Lipper Emerging Markets Debt Closed-End Funds Category Averageviii returned -26.80% for the same period. Please note that Lipper performance returns are based on each fund's NAV.

During the six-month period, the Fund made distributions to shareholders totaling \$0.58 per share, which may have included a return of capital. The performance table shows the Fund's six-month total return based on its NAV and market price as of November 30, 2008. **Past performance is no guarantee of future results.**

PERFORMANCE SNAPSHOT as of November 30, 2008 (unaudited)

	6-MONTH TOTAL RETURN*
PRICE PER SHARE	
\$10.06 (NAV)	(not annualized) -27.69%
\$6.98 (Market Price)	-45.23%

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

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

Special shareholder notices

Western Asset Emerging Markets Income Fund Inc. (which previously traded on the NYSE under the symbol EMD) merged with and into Western Asset Emerging Markets Income Fund II Inc. following the close of business on October 31, 2008. Effective with the merger and prior to the opening of business on November 3, 2008, stockholders of Western Asset Emerging Markets Income Fund Inc. became stockholders of

Western

IV Western Asset Emerging Markets Income Fund Inc.

Asset Emerging Markets Income Fund II Inc. (which was listed on the NYSE under the symbol EDF).

Each share of common stock of Western Asset Emerging Markets Income Fund Inc. converted into an equivalent dollar amount (to the nearest \$0.001) of full shares of common stock of Western Asset Emerging Markets Income Fund II Inc., based on the NAV of each Fund calculated at the close of business on Friday, October 31, 2008. Western Asset Emerging Markets Income Fund II Inc. reported an NAV of \$10.04 and Western Asset Emerging Markets Income Fund Inc. reported an NAV of \$9.96 as of the close of business on Friday, October 31, 2008. The conversion ratio was calculated at 0.992105 common shares of Western Asset Emerging Markets Income Fund II Inc. for each common share of Western Asset Emerging Markets Income Fund Inc. Western Asset Emerging Markets Income Fund II Inc. did not issue any fractional shares to Western Asset Emerging Markets Income Fund Inc. shareholders. In lieu thereof, Western Asset Emerging Markets Income Fund II Inc. purchased all fractional shares at the current NAV of the shares and remitted the cash proceeds to former Western Asset Emerging Markets Income Fund Inc. shareholders in proportion to their fractional shares.

Also, prior to the opening of business on November 3, 2008, Western Asset Emerging Markets Income Fund II Inc. was renamed Western Asset Emerging Markets Income Fund Inc. and trades on the NYSE under the symbol EMD.

A special note regarding increased market volatility

In recent months, we have experienced a series of events that have impacted the financial markets and created concerns among both novice and seasoned investors alike. In particular, we have witnessed the failure and consolidation of several storied financial institutions, periods of heightened market volatility, and aggressive actions by the U.S. federal government to steady the financial markets and restore investor confidence. While we hope that the worst is over in terms of the issues surrounding the credit and housing crises, it is likely that the fallout will continue to impact the financial markets and the U.S. economy well into 2009.

Like all asset management firms, Legg Mason has not been immune to these difficult and, in some ways, unprecedented times. However, today's challenges have only strengthened our resolve 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

Western Asset Emerging Markets Income Fund Inc. V

Letter from the chairman *continued*

investment choices. And 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.

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

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

Looking for additional information?

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

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

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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

January 9, 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 Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.
- ii The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.
- iii The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.
- iv The Barclays Capital (formerly Lehman Brothers) 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

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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.

- vii Net asset value (NAV) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- viii Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended November 30, 2008, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 11 funds in the Fund's Lipper category.

Western Asset Emerging Markets Income Fund Inc. VII

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Fund at a glance (unaudited)

INVESTMENT BREAKDOWN (%) As a percent of total investments November 30, 2008

Schedule of investments (unaudited)

November 30, 2008

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
SOVEREIGN BONDS 44.0%		
	Argentina 2.2%	
	Republic of Argentina:	
2,000,000DEM	10.250% due 2/6/03(a)	\$ 199,617
1,000,000DEM	9.000% due 9/19/03(a)	89,260
3,500,000DEM	7.000% due 3/18/04(a)	329,449
3,875,000DEM	8.500% due 2/23/05(a)	377,325
5,400,000DEM	11.250% due 4/10/06(a)	534,585
1,000,000EUR	9.000% due 4/26/06(a)	187,273
550,000EUR	9.000% due 7/6/10(a)	98,636
1,000,000DEM	11.750% due 5/20/11(a)	97,374
8,800,000DEM	12.000% due 9/19/16(a)	799,767
950,000DEM	11.750% due 11/13/26(a)	83,255
5,165,000	Bonds, 7.000% due 9/12/13	1,519,801
	GDP Linked Securities:	
3,800,000EUR	1.985% due 12/15/35(b)	190,574
3,195,000	2.280% due 12/15/35(b)	142,976
20,189,523ARS	2.458% due 12/15/35(b)	424,813
	Medium-Term Notes:	
6,500,000,000ITL	7.000% due 3/18/04(a)	662,268
3,000,000,000ITL	5.002% due 7/13/05(a)	282,776
1,000,000EUR	10.000% due 2/22/07(a)	195,209
1,000,000,000ITL	7.625% due 8/11/07(a)	90,983
625,000DEM	8.000% due 10/30/09(a)	54,266
	<i>Total Argentina</i>	<i>6,360,207</i>
	Brazil 7.9%	
	Brazil Nota do Tesouro Nacional:	
2,000BRL	10.000% due 1/1/10	824
38,357,000BRL	10.000% due 7/1/10	15,450,746
19,737,000BRL	10.000% due 1/1/12	7,337,835
1,000	Federative Republic of Brazil, Collective Action Securities, Notes, 8.000% due 1/15/18	1,015
	<i>Total Brazil</i>	<i>22,790,420</i>
	Colombia 3.1%	
	Republic of Colombia:	
1,632,000	7.375% due 1/27/17	1,513,680
8,701,000	7.375% due 9/18/37	7,265,335
	<i>Total Colombia</i>	<i>8,779,015</i>
	Ecuador 0.6%	
5,717,000	Republic of Ecuador, 10.000% due 8/15/30(c)(d)	1,657,930

See Notes to Financial Statements.

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
12,530,000EGP	Egypt 0.6% Arab Republic of Egypt, 8.750% due 7/18/12(c)	\$ 1,869,304
2,160,000	Gabon 0.4% Gabonese Republic, 8.200% due 12/12/17(c)	1,220,400
10,904,000,000IDR	Indonesia 1.6% Republic of Indonesia: 10.250% due 7/15/22	641,242
24,952,000,000IDR	11.000% due 9/15/25	1,508,605
21,034,000,000IDR	10.250% due 7/15/27	1,174,010
25,039,000,000IDR	9.750% due 5/15/37	1,271,024
	<i>Total Indonesia</i>	4,594,881
	Mexico 4.9% United Mexican States, Medium-Term Notes:	
1,400,000	5.625% due 1/15/17	1,253,000
8,525,000	8.000% due 9/24/22	8,780,750
5,334,000	6.050% due 1/11/40	4,133,850
	<i>Total Mexico</i>	14,167,600
	Panama 3.6% Republic of Panama:	
1,664,000	7.250% due 3/15/15	1,580,800
2,283,000	9.375% due 4/1/29	2,283,000
8,260,000	6.700% due 1/26/36	6,484,100
	<i>Total Panama</i>	10,347,900
	Peru 2.1% Republic of Peru:	
169,000	8.750% due 11/21/33	169,845
2,725,000	Bonds, 6.550% due 3/14/37	2,152,750
3,550,000	Senior Bonds, 8.375% due 5/3/16	3,647,625
	<i>Total Peru</i>	5,970,220
	Russia 3.3% Russian Federation:	
110,000	11.000% due 7/24/18(c)	129,888
617,000	12.750% due 6/24/28(c)	712,635
10,201,800	7.500% due 3/31/30(c)	8,722,539
	<i>Total Russia</i>	9,565,062
	Turkey 7.9% Republic of Turkey:	
3,348,000	11.875% due 1/15/30	4,452,840
25,804,000	Notes, 6.875% due 3/17/36	18,191,820
	<i>Total Turkey</i>	22,644,660

See Notes to Financial Statements.

Schedule of investments (unaudited) *continued*

November 30, 2008

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Venezuela 5.8%	
	Bolivarian Republic of Venezuela:	
8,804,000	8.500% due 10/8/14	\$ 5,106,320
6,802,000	5.750% due 2/26/16(c)	3,145,925
1,920,000	7.000% due 12/1/18(c)	888,000
933,000	7.650% due 4/21/25	426,848
	Collective Action Securities:	
7,239,000	9.375% due 1/13/34	3,764,280
4,600,000	Notes, 10.750% due 9/19/13	3,289,000
	<i>Total Venezuela</i>	<i>16,620,373</i>
	TOTAL SOVEREIGN BONDS	
	(Cost \$176,325,007)	126,587,972
COLLATERALIZED SENIOR LOANS 0.5%	United States 0.5%	
	Ashmore Energy International:	
248,796	Synthetic Revolving Credit Facility, 5.496% due 3/30/12(b)	159,229
2,014,722	Term Loan, 5.696% due 3/30/14(b)	1,168,539
	TOTAL COLLATERALIZED SENIOR LOANS	
	(Cost \$2,139,874)	1,327,768
CORPORATE BONDS & NOTES 40.5%	Bahamas 3.9%	
	Credit Suisse/Nassau, Credit-Linked Notes (Gazprom):	
257,200,000RUB	6.790% due 10/29/09(c)	8,631,769
85,730,000RUB	7.000% due 10/27/11(c)	2,540,915
	<i>Total Bahamas</i>	<i>11,172,684</i>
	Brazil 6.0%	
	Globo Comunicacoes e Participacoes SA:	
2,556,000	Bonds, 7.250% due 4/26/22(c)	1,974,510
110,000	Senior Bonds, 7.250% due 4/26/22(c)	84,975
	GTL Trade Finance Inc.:	
1,090,000	7.250% due 10/20/17(c)	915,488
2,093,000	7.250% due 10/20/17(c)	1,754,834
1,900,000	Odebrecht Finance Ltd., 7.500% due 10/18/17(c)	1,429,750
	Vale Overseas Ltd., Notes:	
2,436,000	8.250% due 1/17/34	2,355,051
10,660,000	6.875% due 11/21/36	8,710,158
	<i>Total Brazil</i>	<i>17,224,766</i>
	Chile 1.0%	
2,894,000	Enersis SA, Notes, 7.375% due 1/15/14	2,918,457
	China 0.1%	
1,040,000	Galaxy Entertainment Finance Co. Ltd., 8.133% due 12/15/10(b)(c)	400,400

See Notes to Financial Statements.

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WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Colombia 0.5%	
	EEB International Ltd.:	
720,000	8.750% due 10/31/14(c)	\$ 619,200
1,120,000	Senior Bonds, 8.750% due 10/31/14(c)	963,200
	<i>Total Colombia</i>	<i>1,582,400</i>
	India 0.2%	
	ICICI Bank Ltd., Subordinated Bonds:	
570,000	6.375% due 4/30/22(b)(c)	284,949
454,000	6.375% due 4/30/22(b)(c)	229,239
	<i>Total India</i>	<i>514,188</i>
	Kazakhstan 3.5%	
	ATF Capital BV:	
860,000	9.250% due 2/21/14(c)	507,400
2,610,000	Senior Notes, 9.250% due 2/21/14(c)	1,579,050
	HSBK Europe BV:	
200,000	9.250% due 10/16/13(c)	153,000
2,040,000	7.250% due 5/3/17(c)	1,173,000
369,000	Senior Notes, 9.250% due 10/16/13(c)	267,525
6,160,000	KazMunaiGaz Finance Sub B.V., Senior Notes, 8.375% due 7/2/13(c)	4,712,400
	TuranAlem Finance BV, Bonds:	
2,333,000	8.250% due 1/22/37(c)	915,702
1,930,000	8.250% due 1/22/37(c)	762,350
	<i>Total Kazakhstan</i>	<i>10,070,427</i>
	Mexico 7.3%	
1,200,000	America Movil SAB de CV, Senior Notes, 5.625% due 11/15/17	1,012,401
	Axtel SAB de CV, Senior Notes:	
230,000	11.000% due 12/15/13	180,550
8,540,000	7.625% due 2/1/17(c)	5,849,900
2,156,000	7.625% due 2/1/17(c)	1,471,470
320,000	Kansas City Southern de Mexico, Senior Notes, 9.375% due 5/1/12	256,000
	Pemex Project Funding Master Trust:	
7,530,000	6.625% due 6/15/35(c)	5,698,794
8,841,000	Senior Bonds, 6.625% due 6/15/35	6,690,975
	<i>Total Mexico</i>	<i>21,160,090</i>

See Notes to Financial Statements.

Schedule of investments (unaudited) *continued*

November 30, 2008

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Russia 13.6%	
	Evraz Group SA, Notes:	
2,265,000	8.875% due 4/24/13(c)	\$ 1,002,262
4,810,000	8.875% due 4/24/13(c)	2,116,400
2,020,000	9.500% due 4/24/18(c)	878,700
	Gaz Capital SA:	
3,100,000	Medium Term Notes, 7.288% due 8/16/37(c)	1,767,000
7,110,000	Notes, 8.625% due 4/28/34(c)	5,510,250
1,140,000	Gazprom, Loan Participation Notes, 6.212% due 11/22/16(c)	666,900
113,440,000RUB	Gazprom OAO, 6.950% due 8/6/09	3,760,381
	LUKOIL International Finance BV:	
1,459,000	6.356% due 6/7/17(c)	765,975
5,216,000	6.656% due 6/7/22(c)	2,477,600
	RSHB Capital, Loan Participation Notes:	
	Secured Notes:	
3,414,000	7.175% due 5/16/13(c)	2,319,130
3,750,000	7.125% due 1/14/14(c)	2,410,500
3,510,000	7.125% due 1/14/14(c)	2,193,750
	Senior Secured Notes:	
1,280,000	7.175% due 5/16/13(c)	896,000
3,563,000	6.299% due 5/15/17(c)	1,852,047
	TNK-BP Finance SA:	
2,110,000	7.500% due 7/18/16(c)	928,400
2,387,000	6.625% due 3/20/17(c)	984,638
218,000	7.875% due 3/13/18(c)	92,650
4,650,000	Bonds, 7.500% due 7/18/16(c)	2,069,250
	Senior Notes:	
2,105,000	7.500%; due 3/13/13(c)	1,105,125
830,000	7.875% due 3/13/18(c)	361,050
2,567,000	UBS Luxembourg SA for OJSC Vimpel Communications, Loan Participation Notes, 8.250% due 5/23/16(c)	1,161,568
	Vimpel Communications, Loan Participation Notes:	
2,080,000	8.375% due 4/30/13(c)	1,154,400
5,017,000	Secured Notes, 8.375% due 4/30/13(c)	2,697,275
	<i>Total Russia</i>	<i>39,171,251</i>
	Thailand 1.0%	
	True Move Co., Ltd.:	
200,000	10.750% due 12/16/13(c)	83,066
3,070,000	10.375% due 8/1/14(c)	1,028,450
4,950,000	Notes, 10.750% due 12/16/13(c)	1,757,250
	<i>Total Thailand</i>	<i>2,868,766</i>

See Notes to Financial Statements.

6 Western Asset Emerging Markets Income Fund Inc. 2008 Semi-Annual Report

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
56,805,000RUB	United Kingdom 3.3% HSBC Bank PLC, Credit-Linked Notes (Russian Agricultural Bank), 8.900% due 12/20/10(b)(c)(e)	\$ 960,324
209,880,000RUB	JPMorgan Chase Bank, Credit-Linked Notes (Russian Agricultural Bank), 9.500% due 2/11/11(b)(c)(e)	4,944,411
6,200,000	Vedanta Resources PLC, Senior Notes, 8.750% due 1/15/14(c)	3,503,000
	<i>Total United Kingdom</i>	<i>9,407,735</i>
310,000	United States 0.1% Freeport-McMoRan Copper & Gold Inc., Senior Notes, 8.375% due 4/1/17	220,393
	TOTAL CORPORATE BONDS & NOTES (Cost \$175,569,176)	116,711,557
WARRANTS		
WARRANTS 0.1%		
11,500	Bolivarian Republic of Venezuela, Oil-linked payment obligations, Expires 4/15/20 (Cost \$356,500)	287,500
	TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS (Cost \$354,390,557)	244,914,797
FACE AMOUNT		
SHORT-TERM INVESTMENTS 10.3%		
	Sovereign Bonds 2.6%	
10,000MYR	Bank Negara Malaysia Monetary Notes: Zero coupon bond to yield 3.200% due 12/16/08	2,756
10,000MYR	Zero coupon bond to yield 3.250% due 12/16/08	2,756
11,809,000MYR	Zero coupon bond to yield 3.430% due 12/30/08	3,250,122
2,500,000MYR	Zero coupon bond to yield 3.490% due 2/17/09	684,918
8,434,000	Brazil Letras Tesouro Nacional: Zero coupon bond to yield 10.790% due 1/1/09	3,605,606
	<i>Total Sovereign Bonds (Cost \$8,850,892)</i>	<i>7,546,158</i>

See Notes to Financial Statements.

Schedule of investments (unaudited) *continued*

November 30, 2008

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Repurchase Agreement 7.7%	
22,116,000	Morgan Stanley tri-party repurchase agreement dated 11/28/08, 0.180% due 12/1/08; Proceeds at maturity \$22,116,332; (Fully collateralized by U.S. government agency obligations, 4.500% due 10/17/12; Market value \$22,669,748) (Cost \$22,116,000)	\$ 22,116,000
	TOTAL SHORT-TERM INVESTMENTS (Cost \$30,966,892)	29,662,158
	TOTAL INVESTMENTS 95.4% (Cost \$385,357,449#)	274,576,955
	Other Assets in Excess of Liabilities 4.6%	13,327,590
	TOTAL NET ASSETS 100.0%	\$287,904,545

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

- (a) Security is currently in default.
- (b) Variable rate security. Interest rate disclosed is that which is in effect at November 30, 2008.
- (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) Subsequent to November 30, 2008, this security is in default as of December 12, 2008.
- (e) Security is valued in good faith at fair value by or under the direction of the Board of Directors (See Note 2).
- # Aggregate cost for federal income tax purposes is substantially the same.

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
MYR	Malaysian Ringgit
OJSC	Open Joint Stock Company
RUB	Russian Ruble

See Notes to Financial Statements.

Statement of assets and liabilities (unaudited)**November 30, 2008**

ASSETS:	
Investments, at value (Cost \$385,357,449)	\$ 274,576,955
Foreign currency, at value (Cost \$11,121,589)	10,444,601
Cash	772
Receivable for securities sold	4,154,648
Interest receivable	7,522,722
Receivable for open forward currency contracts	288,446
Receivable for open swap contracts	53,627
Prepaid expenses	6,938
<i>Total Assets</i>	<i>297,048,709</i>
LIABILITIES:	
Payable for securities purchased	7,977,925
Payable for open forward currency contracts	483,378
Investment management fee payable	245,431
Unrealized depreciation on swaps	55,983
Directors' fees payable	7,544
Accrued expenses	373,903
<i>Total Liabilities</i>	<i>9,144,164</i>
TOTAL NET ASSETS	\$ 287,904,545
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	388,504,709
Undistributed net investment income	14,649,933
Accumulated net realized loss on investments, swap contracts and foreign currency transactions	(3,270,773)
Net unrealized depreciation on investments, swap contracts and foreign currencies	(112,007,938)
TOTAL NET ASSETS	\$ 287,904,545
Shares Outstanding	28,613,964
Net Asset Value	\$10.06

See Notes to Financial Statements.

Statement of operations (unaudited)**For the Six Months Ended November 30, 2008**

INVESTMENT INCOME:	
Interest	\$ 13,082,139
Less: Foreign taxes withheld	(85,793)
<i>Total Investment Income</i>	<i>12,996,346</i>
EXPENSES:	
Investment management fee (Note 3)	1,691,759
Excise tax (Note 1)	128,230
Custody fees	118,499
Interest expense (Note 4)	77,226
Shareholder reports	48,019
Commitment fee (Note 5)	43,237
Directors fees	39,411
Reorganization fees	34,088
Audit and tax	30,150
Legal fees	28,039
Stock exchange listing fees	14,176
Transfer agent fees	11,638
Insurance	3,519
Miscellaneous expenses	5,348
<i>Total Expenses</i>	<i>2,273,339</i>
NET INVESTMENT INCOME	10,723,007
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, SWAP CONTRACTS AND FOREIGN CURRENCY TRANSACTIONS (NOTES 1 AND 4):	
Net Realized Gain (Loss) From:	
Investment transactions	(2,594,670)
Swap contracts	285,983
Foreign currency transactions	(617,661)
<i>Net Realized Loss</i>	<i>(2,926,348)</i>
Change in Net Unrealized Appreciation/Depreciation From:	
Investments	(101,574,517)
Swap contracts	(55,983)
Foreign currencies	(938,994)
<i>Change in Net Unrealized Appreciation/Depreciation</i>	<i>(102,569,494)</i>
NET LOSS ON INVESTMENTS, SWAP CONTRACTS AND FOREIGN CURRENCY TRANSACTIONS	(105,495,842)
DECREASE IN NET ASSETS FROM OPERATIONS	\$ (94,772,835)

See Notes to Financial Statements.

Statements of changes in net assets

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2008 (unaudited)
AND THE YEAR ENDED MAY 31, 2008

	November 30	May 31
OPERATIONS:		
Net investment income	\$ 10,723,007	\$ 22,022,090
Net realized gain (loss)	(2,926,348)	7,882,013
Change in net unrealized appreciation/depreciation	(102,569,494)	(13,836,572)
<i>Increase (Decrease) in Net Assets From Operations</i>	<i>(94,772,835)</i>	<i>16,067,531</i>
DISTRIBUTIONS TO SHAREHOLDERS FROM (NOTE 1):		
Net investment income	(11,781,381)	(18,708,012)
Net realized gains	(2,389,504)	(8,900,782)
<i>Decrease in Net Assets From Distributions to Shareholders</i>	<i>(14,170,885)</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	(66,947,074)	(11,541,263)
NET ASSETS:		
Beginning of period	354,851,619	366,392,882
End of period*	\$ 287,904,545	\$ 354,851,619
* Includes undistributed net investment income of:	\$14,649,933	\$15,615,859

See Notes to Financial Statements.

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

	2008 ^{1,2}	2008 ²	2007	2006	2005 ²	2004 ²
NET ASSET VALUE, BEGINNING OF PERIOD	\$14.52	\$15.00	\$14.34	\$14.72	\$12.84	\$13.88
INCOME (LOSS) FROM OPERATIONS:						
Net investment income	0.43	0.90	0.81	0.98	1.15	1.26
Net realized and unrealized gain (loss)	(4.31)	(0.25)	1.18	0.35	2.37	(0.65)
<i>Total income (loss) from operations</i>	<i>(3.88)</i>	<i>0.65</i>	<i>1.99</i>	<i>1.33</i>	<i>3.52</i>	<i>0.61</i>
LESS DISTRIBUTIONS FROM:						
Net investment income	(0.48)	(0.77)	(0.68)	(0.78)	(1.41)	(1.06)
Net realized gains	(0.10)	(0.36)	(0.65)	(0.93)	(0.24)	(0.59)
<i>Total distributions</i>	<i>(0.58)</i>	<i>(1.13)</i>	<i>(1.33)</i>	<i>(1.71)</i>	<i>(1.65)</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 PERIOD	\$10.06	\$14.52	\$15.00	\$14.34	\$14.72	\$12.84
MARKET PRICE, END OF PERIOD	\$6.98	\$13.41	\$13.82	\$12.57	\$13.57	\$14.40
<i>Total return, based on NAV^{3,4}</i>	<i>(27.69)%</i>	<i>4.62%</i>	<i>14.46%</i>	<i>9.12%</i>	<i>29.20%</i>	<i>4.11%</i>
<i>Total return, based on Market Price⁴</i>	<i>(45.23)%</i>	<i>5.86%</i>	<i>21.77%</i>	<i>5.05%</i>	<i>5.27%</i>	<i>3.38%</i>
NET ASSETS, END OF PERIOD (000s)	\$287,905	\$354,852	\$366,393	\$350,372	\$359,610	\$311,714
RATIOS TO AVERAGE NET ASSETS:						
Gross expenses	1.41% ^{5,6}	1.53%	1.27%	1.83%	2.22%	1.98%
Gross expenses, excluding interest expense	1.365,6	1.28	1.18	1.17	1.19	1.21
Net expenses	1.415,6	1.53	1.277	1.827	2.22	1.98
Net expenses, excluding interest expense	1.365,6	1.28	1.187	1.177	1.19	1.21
Net investment income	6.665	6.21	5.47	6.06	8.29	9.19