

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.
Form N-CSR
July 25, 2013

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 811-07686

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

620 Eighth Avenue, 49th Floor, New York, NY
(Address of principal executive offices)

10018
(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, 2013

ITEM 1. REPORT TO STOCKHOLDERS.

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

Annual Report May 31, 2013

WESTERN ASSET

EMERGING MARKETS INCOME FUND INC. (EMD)

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

Fund objectives

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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Letter from the chairman

Dear Shareholder,

We are pleased to provide the annual report of Western Asset Emerging Markets Income Fund Inc. for the twelve-month reporting period ended May 31, 2013. Please read on for a detailed look at prevailing economic and market conditions during the Fund's reporting period and to learn how those conditions have affected Fund performance.

I am pleased to introduce myself as the new Chairman, President and Chief Executive Officer of the Fund, succeeding R. Jay Gerken, as he embarks upon his retirement. Jay has most recently served as Chairman, President and Chief Executive Officer of the Fund and other funds in the Legg Mason complex. On behalf of all our shareholders and the Fund's Board of Directors, I would like to thank Jay for his vision and guidance, and wish him all the best.

I am honored to have been appointed to my new role with the Fund. During my 23 year career in the financial industry, I have seen it evolve and expand. Despite these changes, keeping an unwavering focus on our shareholders and their needs remains paramount. This was a consistent focus of Jay's, and I look forward to following his lead in the years to come.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.lmcef.com. Here you can gain immediate access to market and investment information, including:

- Fund prices and performance,

- Market insights and commentaries from our portfolio managers, and

- A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

Kenneth D. Fuller

Chairman, President and Chief Executive Officer

June 28, 2013

Western Asset Emerging Markets Income Fund Inc.

II

Investment commentary

Economic review

The U.S. economy expanded over the twelve months ended May 31, 2013, but the pace was generally far from robust. U.S. gross domestic product (GDP) growth, as reported by the U.S. Department of Commerce, was a tepid 1.3% in the second quarter of 2012. Economic growth accelerated to 3.1% in the third quarter, partially due to increased private inventory investment, higher federal government spending and moderating imports. However, economic activity sharply moderated in the fourth quarter, with GDP expanding an anemic 0.4%. This was driven by a reversal of the above factors, as private inventory investment and federal government spending weakened. Economic growth then improved, as the U.S. Department of Commerce's final reading for first quarter 2013 GDP growth, released after the reporting period ended, was 1.8%. Accelerating growth was due, in part, to strengthening consumer spending, which rose 2.6% during the first quarter, versus a 1.8% increase during the previous quarter.

While there was some improvement in the U.S. job market, unemployment remained elevated throughout the reporting period. When the period began, unemployment, as reported by the U.S. Department of Labor, was 8.2%. Unemployment then generally declined and was 7.8% in September 2012. The unemployment rate then fluctuated between 7.8% and 7.9% over the next four months. Unemployment then fell to 7.7% in February, 7.6% in March and 7.5% in April, before edging up to 7.6% in May. In an encouraging sign, the number of longer-term unemployed has declined in recent months. In February 2013, more than 40% of the people without a job had been out of work for more than six months. This fell to 37.3% in May 2013.

Meanwhile, the housing market brightened, as sales generally improved and home prices continued to rebound. According to the National Association of Realtors (NAR), existing-home sales rose 4.2% on a seasonally adjusted basis in May 2013 versus the previous month and were 12.9% higher than in May 2012. In addition, the NAR reported that the median existing-home price for all housing types was \$208,000 in May 2013, up 15.4% from May 2012. This marked the fifteenth consecutive month that home prices rose compared to the same period a year earlier. While the inventory of homes available for sale rose 3.3% in May 2013 to a 5.1 month supply at the current sales pace, it was 10.1% lower than in May 2012.

The manufacturing sector expanded during the majority of the reporting period, although it experienced several soft patches. Based on the Institute for Supply Management's Purchasing Managers' Index (PMI)ⁱⁱ, after expanding 34 consecutive months, the PMI fell to 49.7 in June 2012, which represented the first contraction in the manufacturing sector since July 2009 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). Manufacturing continued to contract over the next two months before ticking up to 51.5 in September and 51.7 in October. The PMI fell back to contraction territory with a reading of 49.5 in November. While manufacturing then expanded over the next five months, in May 2013 the PMI fell to 49.0, its lowest level since July 2009.

Growth generally moderated overseas and, in some cases, fell back into a recession. In its April 2013 *World Economic Outlook Update*, the International Monetary Fund (IMF) stated that "Emerging market and developing economies are still going strong, but in advanced economies, there appears to be a growing bifurcation between the United States on one hand and the euro area on the other." The IMF projects that global growth will increase from 3.2% in 2012 to 3.3% in 2013. From a regional perspective, the IMF anticipates 2013 growth will be -0.3% in the Eurozone. Growth in emerging market countries is expected to remain higher than in their developed country counterparts, and the IMF projects that emerging market growth will increase from 5.1% in 2012 to 5.3% in 2013. In particular, China's economy is expected to grow 8.0% in 2013, versus 7.8% in 2012. Elsewhere, the IMF projects that growth in India will increase from 4.0% in 2012 to 5.7% in 2013.

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The Federal Reserve Board (Fed)iii took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. As has been the case since December 2008, the

Western Asset Emerging Markets Income Fund Inc. III

Investment commentary (cont d)

Fed kept the federal funds rate at a historically low range between zero and 0.25%. At its June 2012 meeting, the Fed announced that it would continue its program of purchasing longer-term Treasury securities and selling an equal amount of shorter-term Treasury securities (often referred to as Operation Twist) until the end of 2012. In September, the Fed announced a third round of quantitative easing (QE3), which involves purchasing \$40 billion each month of agency mortgage-backed securities (MBS) on an open-end basis. In addition, the Fed further extended the duration that it expects to keep the federal funds rate on hold, until at least mid-2015. At its meeting in December, the Fed announced that it would continue purchasing \$40 billion per month of agency MBS, as well as initially purchasing \$45 billion a month of longer-term Treasuries. The Fed also said that it would keep the federal funds rate on hold ...as long as the unemployment rate remains above 6.5%, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee's 2.0% longer-run goal, and longer-term inflation expectations continue to be well anchored. At its meeting that ended on June 19, 2013, after the reporting period ended, the Fed did not make any material changes to its official policy statement. However, in a press conference following the meeting, Fed Chairman Bernanke said ...the Committee currently anticipates that it would be appropriate to moderate the monthly pace of purchases later this year; and if the subsequent data remain broadly aligned with our current expectations for the economy, we would continue to reduce the pace of purchases in measured steps through the first half of next year, ending purchases around midyear. These comments initially triggered a sharp sell-off in both the stock and bond markets. While the stock market subsequently rallied and recouped its losses in early July, the bond market has not rebounded as sharply. As a result, Treasury yields remain higher than they were prior to Chairman Bernanke's press conference.

Given the economic challenges in the Eurozone, the European Central Bank (ECB) lowered interest rates from 1.00% to 0.75% in July 2012, at the time a record low. In September the ECB introduced its Outright Monetary Transactions (OMT) program. With the OMT, the ECB can purchase an unlimited amount of bonds that are issued by troubled Eurozone countries, provided the countries formally ask to participate in the program and agree to certain conditions. In May 2013, the ECB cut rates to a new record low of 0.50%. In other developed countries, the Bank of England kept rates on hold at 0.50% during the reporting period, as did Japan at a range of zero to 0.10%, its lowest level since 2006. In September, the Bank of Japan announced that it would increase its asset-purchase program and extend its duration by six months until the end of 2013. Then, in January 2013, the Bank of Japan announced that it would raise its target for annual inflation from 1% to 2%, and the Japanese government introduced a ¥10.3 trillion (\$116 billion) stimulus package to support its economy. Elsewhere, with growth rates declining, both China and India lowered their cash reserve ratios for banks.

As always, thank you for your confidence in our stewardship of your assets.

Sincerely,

Kenneth D. Fuller

Chairman, President and Chief Executive Officer

July 5, 2013

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. Forecasts and predictions are inherently limited and should not be relied upon as an indication of actual or future performance.

Western Asset Emerging Markets Income Fund Inc.

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- 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 Institute for Supply Management's PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the manufacturing sector.
- iii 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.
- iv 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.
- v The European Central Bank (ECB) is responsible for the monetary system of the European Union and the euro currency.

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 management personnel, 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. The individuals responsible for development of investment strategy, day-to-day portfolio management, oversight and coordination of the Fund are Stephen A. Walsh, Keith J. Gardner, Matthew C. Duda, Gordon S. Brown and S. Kenneth Leech. It is anticipated that Mr. Walsh will step down as a member of the Fund's portfolio management team effective on or about March 31, 2014.

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

A. The emerging market debt asset class posted strong results during the twelve months ended May 31, 2013, with the JPMorgan Emerging Markets Bond Index Global (EMBI Global) gaining 10.41%. The EMBI Global generated positive returns during the first seven months covered by this report. Supporting emerging market debt prices was stronger economic growth and superior sovereign balance sheets in many developing countries versus their developed country counterparts. Investor demand was also generally robust as they looked to generate incremental yield in the low interest rate environment. However, the EMBI Global then declined during four of the last five months of the reporting period. This turnaround was triggered by moderating global growth, concerns regarding China's ability to orchestrate a soft landing for its economy, a reemergence of concerns related to the European sovereign debt crisis and rising U.S. Treasury yields. Despite this weakness, it was not enough to offset the rally in the asset class earlier in the reporting period.

While emerging market debt, in aggregate, performed well, there were some differences in the returns of the three sub-sectors in the asset class. As discussed, U.S. dollar-denominated government debt, as represented by the EMBI Global, gained 10.41%. Elsewhere, emerging market corporate bonds, as measured by the JPMorgan Corporate Emerging Markets Bond Index Broad (CEMBI Broad), returned 9.72% and local currency bonds, as measured by the JPMorgan GBI-EM Global

Fund overview (cont d)

Diversified Index,ⁱⁱⁱ gained 11.58% over the twelve months ended May 31, 2013.

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

A. A number of adjustments were made to the Fund's portfolio during the fiscal year. We eliminated our exposures to several local currencies, such as the Indonesian rupiah, the Malaysian ringgit and the Peruvian sol. In contrast, we increased the Fund's exposure to the Russian ruble and the Turkish lira. We also added to the Fund's allocation to emerging market corporate and quasi-sovereign bonds. From a country perspective, we added to the Fund's exposures to Mexico and Turkey, while paring its position in Argentina.

During the period, currency forwards, which were utilized to manage the Fund's currency exposures, detracted from results.

We initiated the use of leverage in the Fund during the twelve months ended May 31, 2013. We ended the period with leverage as a percentage of gross assets, of approximately 5%. The use of leverage detracted from results during the period it was used by the Fund.

Performance review

For the twelve months ended May 31, 2013, Western Asset Emerging Markets Income Fund Inc. returned 8.22% based on its net asset value (NAV)^{iv} and 9.49% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmark, the EMBI Global, returned 10.41% for the same period. The Lipper Emerging Markets Debt Closed-End Funds Category Average^v returned 12.58% 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 \$1.02 per share. The performance table shows the Fund's twelve-month total return based on its NAV and market price as of May 31, 2013. **Past performance is no guarantee of future results.**

Performance Snapshot as of May 31, 2013

Price Per Share	12-Month Total Return*
\$14.99 (NAV)	8.22%
\$14.14 (Market Price)	9.49%

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. Returns reflect the deduction of all Fund expenses, including management fees, operating expenses, and other Fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares.

Total return assumes the reinvestment of all distributions at NAV.

Total return assumes 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. The largest contributor to the Fund's relative performance during the reporting period was its overweight exposure to Venezuelan sovereign debt. These securities, which began the period at cheap valuations, benefited from higher oil prices and increased expectations that President Chavez would not be reelected. While Chavez was reelected in October 2012, it was not enough to offset the country's sovereign bond's earlier strong results. On March 5, 2013, Chavez died and Venezuelan sovereign debt rallied sharply. We believe valuations in Venezuela are still very attractive at a yield level of approximately 9% and our belief is that there are both ability and willingness for the country to meet its debt obligations.

An overweight to the Mexican peso was a positive for performance. Demand for the currency was generally solid as the country's economy improved, led by gains in the manufacturing sector. Mexico's favorable labor costs relative to China have supported a rebound of the Mexican manufacturing

sector, while Mexico's proximity to the U.S. has the potential to serve as a strong growth catalyst should we see a sustained U.S. economic recovery. We see no near-term economic or political risks in the country following the recent presidential elections and feel that key labor, tax and energy reforms by the new administration will allow the positive momentum in the country's economic fundamentals to continue. Successes on these fronts would strengthen Mexico's balance sheet position further, paving the way for a long-awaited sovereign ratings upgrade by all three ratings agencies.

Overweight exposures to Brazilian, Mexican and Russian corporate bonds were also beneficial for results. Examples of holdings that generated strong results were overweight positions in Mexican construction materials company Cemex, Mexican telecommunications company Axtel and Indian metals and mining company Vedanta. All three issuers are below investment grade and corporate high-yield securities in aggregate significantly outperformed their investment grade counterparts during the reporting period. Axtel rallied due to the completion of its debt exchange and subsequent tower sale. Those transactions resulted in a much improved balance sheet, reducing its leverage and increasing its liquidity. Also, Mexico approved telecom reform laws to improve regulation and promote competition in the industry, which is expected to have a positive impact for smaller companies. Cemex has successfully implemented several measures to dramatically improve its debt maturity profile and reduce its refinancing risk. In addition, its geographically diversified operations have benefitted from the continued growth in Mexico's construction sector, which has been driven by investment in public infrastructure and the recovery of the U.S. housing sector. Vedanta reported strong performance during the reporting period, driven by strong results in its oil and gas and zinc businesses. The company was also able to reduce its net debt due to strong cash flow generation. In addition, Vedanta announced a refinancing plan to shore up liquidity and repay or refinance near term debt maturities, thus reducing concerns about refinancing risks. During the period, Standard & Poor's affirmed Vedanta's BB ratings and removed it from CreditWatch Negative, while Moody's confirmed Vedanta's senior unsecured ratings at Ba3.

Q. What were the leading detractors from performance?

A. The largest detractor from relative performance during the reporting period was the Fund's country selection. Having overweight exposures to higher quality Latin American countries such as Mexico, Brazil and Colombia were not rewarded. These overweights were detrimental, as higher betavi lower quality countries generated the best results given their higher yields and investors' search for income in the low rate environment. In particular, the Fund's underweights to Eastern European countries, including Hungary and Ukraine, were drags on performance.

An overweight to the Brazilian real negatively impacted performance during the reporting period. The real performed poorly as economic growth in Brazil moderated and the government took actions to weaken its currency.

Overweights to a number of higher quality emerging market corporate bonds also detracted from results, including Brazilian metals and mining company Vale Overseas, Mexican mining company Southern Copper and Mexican telecommunications Company Grupo Televisa. Most of their underperformance during the reporting period was due to rising interest rates. Vale and Southern Copper have been negatively impacted by weaker commodity prices, on the back of concerns that slowing growth in China will lead to lower demand for iron ore and copper. Vale has also been impaired by continuing regulatory/tax issues that have yet to be resolved. Televisa suffered from a slight decline in advertising and pay TV revenue but mostly on concerns about future growth, loss of market share and increased competition due to the proposed regulatory reforms.

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*

Fund overview (cont d)

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.lmcef.com.

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 5:30 p.m. Eastern 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 14, 2013

RISKS: *Fixed-income securities are subject to credit risk, inflation risk, call risk and interest rate risk. As interest rates rise, bond prices fall, reducing the value of the Fund's holdings. Foreign bonds are subject to certain risks of overseas investing including currency fluctuations and changes in political, regulatory 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.*

Portfolio holdings and breakdowns are as of May 31, 2013 and are subject to change and may not be representative of the portfolio managers current or future investments. Please refer to pages 9 through 16 for a list and percentage breakdown of the Fund's holdings.

The mention of sector breakdowns is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. The information provided regarding such sectors is not a sufficient basis upon which to make an investment decision. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional. The Fund's top five sector holdings (as a percentage of net assets) as of May 31, 2013 were: Sovereign Bonds (59.7%), Energy (19.3%), Materials (13.5%), Telecommunication Services (3.2%) and Utilities (3.0%). The Fund's portfolio composition is subject to change at any time.

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All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

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.

Western Asset Emerging Markets Income Fund Inc. 2013 Annual Report

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- 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.
- ii The JPMorgan Corporate Emerging Markets Bond Index Broad (CEMBI Broad) tracks total returns for U.S. dollar-denominated debt instruments issued by corporate entities in emerging market countries.
- iii The JPMorgan Government Bond Index-Emerging Markets (GBI-EM) Indices are comprehensive Emerging Markets debt benchmarks that track local currency bonds issued by Emerging Market governments. GBI-EM Global is positioned as the investable benchmark that includes only those countries that are accessible by most of the international investor base. The GBI-EM Global excludes countries with explicit capital controls, but does not factor in regulatory/tax hurdles in assessing eligibility. Diversified: The maximum weight to a country is capped at 10%.
- iv 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.
- v 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, 2013, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 9 funds in the Fund's Lipper category.
- vi Beta measures the sensitivity of the investment to the movements of its benchmark. A beta higher than 1.0 indicates the investment has been more volatile than the benchmark and a beta of less than 1.0 indicates that the investment has been less volatile than the benchmark.

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of May 31, 2013 and May 31, 2012 and does not include derivatives, such as forward foreign currency contracts. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.
Represents less than 0.1%.

Western Asset Emerging Markets Income Fund Inc. 2013 Annual Report

Spread duration (unaudited)

Economic Exposure May 31, 2013

Total Spread Duration

EMD	6.35 years
Benchmark	6.96 years

Spread duration measures the sensitivity to changes in spreads. The spread over Treasuries is the annual risk-premium demanded by investors to hold non-Treasury securities. Spread duration is quantified as the % change in price resulting from a 100 basis points change in spreads. For a security with positive spread duration, an increase in spreads would result in a price decline and a decline in spreads would result in a price increase. This chart highlights the market sector exposure of the Fund's sectors relative to the selected benchmark sectors as of the end of the reporting period.

Benchmark	JPMorgan Emerging Markets Bond Index Global
EM	Emerging Markets
EMD	Western Asset Emerging Markets Income Fund Inc.
IG Credit	Investment Grade Credit

Effective duration (unaudited)

Interest Rate Exposure May 31, 2013

Total Effective Duration

EMD	7.10 years
Benchmark	7.30 years

Effective duration measures the sensitivity to changes in relevant interest rates. Effective duration is quantified as the % change in price resulting from a 100 basis points change in interest rates. For a security with positive effective duration, an increase in interest rates would result in a price decline and a decline in interest rates would result in a price increase. This chart highlights the interest rate exposure of the Fund's sectors relative to the selected benchmark sectors as of the end of the reporting period.

Benchmark	JPMorgan Emerging Markets Bond Index Global
EM	Emerging Markets
EMD	Western Asset Emerging Markets Income Fund Inc.
IG Credit	Investment Grade Credit

Schedule of investments

May 31, 2013

Western Asset Emerging Markets Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Sovereign Bonds 59.7%				
Argentina 0.6%				
Republic of Argentina, Senior Bonds	7.000%	9/12/13	1,541,000	\$ 1,536,704
Republic of Argentina, Senior Bonds	7.000%	10/3/15	1,237,000	1,075,365
Total Argentina				2,612,069
Brazil 5.4%				
Brazil Nota do Tesouro Nacional, Notes	10.000%	1/1/14	2,865,000BRL	1,347,132
Brazil Nota do Tesouro Nacional, Notes	10.000%	1/1/17	35,373,000BRL	16,659,431
Brazil Nota do Tesouro Nacional, Notes	10.000%	1/1/21	3,108,000BRL	1,434,701
Federative Republic of Brazil, Senior Bonds	7.125%	1/20/37	1,337,000	1,758,155
Federative Republic of Brazil, Senior Notes	8.000%	1/15/18	556	640
Federative Republic of Brazil, Senior Notes	4.875%	1/22/21	1,780,000	2,006,950
Total Brazil				23,207,009
Chile 1.7%				
Banco del Estado de Chile, Senior Notes	4.125%	10/7/20	380,000	401,160(a)
Corporacion Nacional del Cobre de Chile, Senior Notes	3.750%	11/4/20	1,190,000	1,226,157(a)
Corporacion Nacional del Cobre de Chile, Senior Notes	3.875%	11/3/21	1,970,000	2,030,335(a)
Corporacion Nacional del Cobre de Chile, Senior Notes	3.000%	7/17/22	2,021,000	1,933,992(a)
Republic of Chile, Senior Notes	3.875%	8/5/20	1,750,000	1,903,125
Total Chile				7,494,769
Colombia 3.4%				
Republic of Colombia, Senior Bonds	4.375%	7/12/21	400,000	435,000
Republic of Colombia, Senior Bonds	7.375%	9/18/37	5,781,000	7,934,422
Republic of Colombia, Senior Bonds	6.125%	1/18/41	760,000	913,900
Republic of Colombia, Senior Notes	7.375%	3/18/19	4,076,000	5,109,266
Total Colombia				14,392,588
Croatia 0.6%				
Republic of Croatia, Notes	5.500%	4/4/23	2,600,000	2,665,650(a)
Indonesia 3.1%				
Republic of Indonesia, Notes	3.750%	4/25/22	3,170,000	3,134,337(a)
Republic of Indonesia, Notes	5.250%	1/17/42	7,740,000	7,681,950(a)
Republic of Indonesia, Senior Bonds	6.875%	1/17/18	420,000	497,175(a)
Republic of Indonesia, Senior Bonds	6.625%	2/17/37	1,105,000	1,319,094(a)
Republic of Indonesia, Senior Notes	3.375%	4/15/23	550,000	521,125(a)
Total Indonesia				13,153,681
Mexico 6.4%				
Mexican Bonos, Bonds	8.000%	6/11/20	117,106,000MXN	10,784,988
Mexican Bonos, Bonds	6.500%	6/9/22	16,055,600MXN	1,356,635
Mexican Bonos, Bonds	10.000%	12/5/24	19,610,000MXN	2,122,911
Mexican Bonos, Bonds	8.500%	11/18/38	46,670,000MXN	4,605,937

See Notes to Financial Statements.

Schedule of investments (cont d)

May 31, 2013

Western Asset Emerging Markets Income Fund Inc.

Security	Rate	Maturity Date	Face Amount		Value
Mexico continued					
United Mexican States, Medium-Term Notes	6.050%	1/11/40	4,000	\$	4,760
United Mexican States, Senior Notes	5.950%	3/19/19	3,560,000		4,236,400
United Mexican States, Senior Notes	5.125%	1/15/20	100,000		114,500
United Mexican States, Senior Notes	3.625%	3/15/22	3,256,000		3,378,100
United Mexican States, Senior Notes	4.750%	3/8/44	806,000		801,970
Total Mexico					27,406,201
Panama 0.7%					
Republic of Panama, Senior Bonds	9.375%	4/1/29	1,213,000		1,923,818
Republic of Panama, Senior Bonds	6.700%	1/26/36	86,000		110,295
Republic of Panama, Senior Bonds	4.300%	4/29/53	910,000		809,900
Total Panama					2,844,013
Peru 4.2%					
Republic of Peru, Bonds	6.550%	3/14/37	1,620,000		2,085,750
Republic of Peru, Global Senior Bonds	7.350%	7/21/25	4,300,000		5,832,950
Republic of Peru, Senior Bonds	8.750%	11/21/33	5,705,000		8,942,587(b)
Republic of Peru, Senior Bonds	5.625%	11/18/50	1,077,000		1,225,088
Total Peru					18,086,375
Philippines 0.7%					
Republic of the Philippines, Senior Bonds	5.500%	3/30/26	2,590,000		3,088,575
Poland 2.9%					
Republic of Poland, Senior Notes	6.375%	7/15/19	1,840,000		2,221,800
Republic of Poland, Senior Notes	5.125%	4/21/21	3,910,000		4,457,400(b)
Republic of Poland, Senior Notes	5.000%	3/23/22	5,170,000		5,842,100(b)
Total Poland					12,521,300
Russia 9.0%					
RSHB Capital, Loan Participation Notes, Senior Notes	6.299%	5/15/17	1,073,000		1,169,355(a)
RSHB Capital, Loan Participation Notes, Senior Notes	9.000%	6/11/14	1,000,000		1,074,050(a)
Russian Federal Bond OFZ, Bonds	7.400%	6/14/17	211,690,000RUB		6,865,012
Russian Federal Bond OFZ, Bonds	7.500%	3/15/18	47,017,000RUB		1,535,048
Russian Foreign Bond Eurobond, Senior Bonds	11.000%	7/24/18	110,000		156,200(a)
Russian Foreign Bond Eurobond, Senior Bonds	12.750%	6/24/28	617,000		1,159,960(a)
Russian Foreign Bond Eurobond, Senior Bonds	7.500%	3/31/30	16,885,425		20,549,563(a)
Russian Foreign Bond Eurobond, Senior Notes	5.625%	4/4/42	5,400,000		5,926,500(a)
Total Russia					38,435,688
Turkey 10.8%					
Republic of Turkey, Bonds	9.000%	3/8/17	15,029,810TRY		8,728,928
Republic of Turkey, Notes	6.750%	5/30/40	2,750,000		3,461,563
Republic of Turkey, Notes	4.875%	4/16/43	2,270,000		2,258,650

See Notes to Financial Statements.

Western Asset Emerging Markets Income Fund Inc. 2013 Annual Report

Western Asset Emerging Markets Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Turkey continued				
Republic of Turkey, Senior Bonds	11.875%	1/15/30	3,348,000	\$ 6,202,170(b)
Republic of Turkey, Senior Notes	7.500%	7/14/17	100,000	121,375
Republic of Turkey, Senior Notes	6.875%	3/17/36	20,390,000	25,767,862(b)
Total Turkey				46,540,548
Venezuela 10.2%				
Bolivarian Republic of Venezuela, Collective Action Securities, Senior Notes	10.750%	9/19/13	3,800,000	3,864,600(b)
Bolivarian Republic of Venezuela, Global Senior Bonds	8.500%	10/8/14	6,694,000	6,851,309(b)
Bolivarian Republic of Venezuela, Senior Bonds	5.750%	2/26/16	16,036,000	14,993,660(a)
Bolivarian Republic of Venezuela, Senior Bonds	9.250%	9/15/27	2,805,000	2,566,575(b)
Bolivarian Republic of Venezuela, Senior Bonds	9.375%	1/13/34	7,239,000	6,478,905(b)
Bolivarian Republic of Venezuela, Senior Notes	7.000%	12/1/18	1,920,000	1,718,400(a)
Bolivarian Republic of Venezuela, Senior Notes	7.750%	10/13/19	7,280,000	6,552,000(a)
Bolivarian Republic of Venezuela, Senior Notes	7.650%	4/21/25	933,000	751,065
Total Venezuela				43,776,514
Total Sovereign Bonds (Cost \$236,061,938)				256,224,980
Corporate Bonds & Notes 42.9%				
Consumer Discretionary 1.0%				
Media 1.0%				
Grupo Televisa SA, Senior Bonds	6.625%	1/15/40	3,430,000	4,111,709
Consumer Staples 0.8%				
Food Products 0.5%				
Alicorp SAA, Senior Notes	3.875%	3/20/23	790,000	778,150(a)
Marfrig Holding Europe BV, Senior Notes	8.375%	5/9/18	1,110,000	1,026,750(a)
Virgolino de Oliveira Finance Ltd., Senior Notes	10.500%	1/28/18	400,000	384,000(a)
Total Food Products				2,188,900
Personal Products 0.3%				
Hypermarcas SA, Notes	6.500%	4/20/21	1,040,000	1,118,000(a)
Total Consumer Staples				3,306,900
Energy 19.3%				
Energy Equipment & Services 0.2%				
TMK OAO Via TMK Capital SA, Senior Notes	6.750%	4/3/20	1,130,000	1,100,337(a)
Oil, Gas & Consumable Fuels 19.1%				
Alliance Oil Co., Ltd., Senior Notes	7.000%	5/4/20	1,340,000	1,318,225(a)
Dolphin Energy Ltd., Senior Secured Bonds	5.888%	6/15/19	2,170,581	2,382,213(a)
Ecopetrol SA, Senior Notes	7.625%	7/23/19	960,000	1,176,480
EDC Finance Ltd., Senior Notes	4.875%	4/17/20	2,240,000	2,217,600(a)
GeoPark Latin America Ltd. Agencia en Chile, Senior Secured Notes	7.500%	2/11/20	1,060,000	1,091,800(a)
KazMunayGas Finance Sub BV, Senior Notes	8.375%	7/2/13	5,390,000	5,417,166(a)

See Notes to Financial Statements.

Schedule of investments (cont d)

May 31, 2013

Western Asset Emerging Markets Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels continued</i>				
KazMunayGas Finance Sub BV, Senior Notes	8.375%	7/2/13	910,000	\$ 914,586(a)
LUKOIL International Finance BV, Bonds	6.656%	6/7/22	2,799,000	3,201,356(a)
Novatek Finance Ltd., Notes	6.604%	2/3/21	1,800,000	2,040,120(a)
Pacific Rubiales Energy Corp., Senior Notes	7.250%	12/12/21	2,050,000	2,306,250(a)
Pacific Rubiales Energy Corp., Senior Notes	5.125%	3/28/23	2,100,000	2,126,250(a)
Pan American Energy LLC, Senior Notes	7.875%	5/7/21	484,000	469,480(a)
Pan American Energy LLC, Senior Notes	7.875%	5/7/21	234,000	226,980(a)
Pemex Project Funding Master Trust, Senior Bonds	6.625%	6/15/35	6,176,000	7,102,400
Petrobras International Finance Co., Senior Notes	5.375%	1/27/21	1,990,000	2,114,045
Petrobras International Finance Co., Senior Notes	6.875%	1/20/40	3,710,000	4,023,424
Petroleos de Venezuela SA, Senior Notes	8.500%	11/2/17	4,430,000	4,186,350(a)
Petroleos Mexicanos, Notes	8.000%	5/3/19	130,000	162,500
Petroleos Mexicanos, Senior Bonds	5.500%	6/27/44	3,140,000	3,085,050(a)
Petroleos Mexicanos, Senior Notes	5.500%	1/21/21	9,100,000	10,146,500
Petroleum Co. of Trinidad & Tobago Ltd., Senior Notes	9.750%	8/14/19	1,740,000	2,240,250(a)
Petronas Capital Ltd., Senior Notes	5.250%	8/12/19	5,560,000	6,405,237(a)
Petronas Capital Ltd., Senior Notes	5.250%	8/12/19	1,448,000	1,668,126(a)
PT Pertamina Persero, Notes	5.250%	5/23/21	2,280,000	2,394,000(a)
PT Pertamina Persero, Senior Notes	4.875%	5/3/22	830,000	836,225(a)
PT Pertamina Persero, Senior Notes	4.300%	5/20/23	1,100,000	1,064,250(a)
Ras Laffan Liquefied Natural Gas Co., Ltd. III, Senior Secured Bonds	6.750%	9/30/19	2,429,000	3,033,214(a)
Reliance Holdings USA Inc., Senior Notes	4.500%	10/19/20	2,220,000	2,328,478(a)
Sibur Securities Ltd., Senior Notes	3.914%	1/31/18	1,140,000	1,098,675(a)
TNK-BP Finance SA, Senior Notes	7.500%	7/18/16	1,890,000	2,140,425(a)
TNK-BP Finance SA, Senior Notes	6.625%	3/20/17	1,417,000	1,587,040(a)
Transportadora de Gas del Peru SA, Senior Notes	4.250%	4/30/28	1,390,000	1,323,975(a)
<i>Total Oil, Gas & Consumable Fuels</i>				81,828,670
Total Energy				82,929,007
Financials 0.0%				
<i>Real Estate Management & Development 0.0%</i>				
Agile Property Holdings Ltd., Senior Notes	8.875%	4/28/17	140,000	149,100(a)
Industrials 2.2%				
<i>Building Products 0.6%</i>				
Andrade Gutierrez International SA, Senior Notes	4.000%	4/30/18	1,740,000	1,729,125(a)
Rearden G Holdings EINS GmbH, Senior Notes	7.875%	3/30/20	810,000	884,925(a)
Total Building Products				2,614,050

See Notes to Financial Statements.

Western Asset Emerging Markets Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Construction & Engineering 1.2%				
Odebrecht Finance Ltd., Senior Notes	5.125%	6/26/22	410,000	\$ 429,475(a)
Odebrecht Finance Ltd., Senior Notes	4.375%	4/25/25	4,740,000	4,609,650(a)
Total Construction & Engineering				5,039,125
Industrial Conglomerates 0.4%				
Sinochem Overseas Capital Co., Ltd., Senior Notes	4.500%	11/12/20	1,765,000	1,887,288(a)
Total Industrials				9,540,463
Materials 13.5%				
Chemicals 1.4%				
Alpek SA de CV, Senior Notes	4.500%	11/20/22	1,460,000	1,485,550(a)
Braskem Finance Ltd., Senior Notes	7.000%	5/7/20	1,712,000	1,926,000(a)
Mexichem SAB de CV, Senior Notes	4.875%	9/19/22	1,528,000	1,589,120(a)
Mexichem SAB de CV, Senior Notes	4.875%	9/19/22	930,000	967,200(a)
Total Chemicals				5,967,870
Construction Materials 2.5%				
Cementos Pacasmayo SAA, Senior Notes	4.500%	2/8/23	890,000	867,750(a)
Cemex Finance LLC, Senior Secured Bonds	9.500%	12/14/16	2,960,000	3,152,400(a)
Cemex Finance LLC, Senior Secured Notes	9.375%	10/12/22	2,710,000	3,048,750(a)
Cemex Finance LLC, Senior Secured Notes	9.375%	10/12/22	1,500,000	1,687,500(a)
Cemex SAB de CV, Senior Secured Notes	9.000%	1/11/18	1,900,000	2,042,500(a)
Total Construction Materials				10,798,900
Metals & Mining 8.7%				
CSN Resources SA, Senior Bonds	6.500%	7/21/20	1,020,000	1,035,300(a)
CSN Resources SA, Senior Bonds	6.500%	7/21/20	998,000	1,012,970(a)
Evrax Group SA, Notes	9.500%	4/24/18	810,000	905,175(a)
Evrax Group SA, Notes	6.750%	4/27/18	2,255,000	2,255,000(a)
Evrax Group SA, Senior Notes	9.500%	4/24/18	1,180,000	1,318,650(a)
Evrax Group SA, Senior Notes	6.500%	4/22/20	1,670,000	1,615,725(a)
Gerdau Trade Inc., Senior Notes	4.750%	4/15/23	1,120,000	1,104,020(a)
Samarco Mineracao SA, Senior Notes	4.125%	11/1/22	1,720,000	1,625,400(a)
Severstal OAO Via Steel Capital SA, Senior Notes	4.450%	3/19/18	1,200,000	1,166,112(a)
Southern Copper Corp., Senior Notes	5.375%	4/16/20	800,000	886,574
Southern Copper Corp., Senior Notes	6.750%	4/16/40	3,160,000	3,334,770
Southern Copper Corp., Senior Notes	5.250%	11/8/42	1,870,000	1,630,320
Vale Overseas Ltd., Notes	8.250%	1/17/34	5,596,000	6,890,864
Vale Overseas Ltd., Notes	6.875%	11/21/36	3,349,000	3,611,123
Vale Overseas Ltd., Senior Notes	4.375%	1/11/22	1,670,000	1,667,061
Vedanta Resources PLC, Senior Notes	8.750%	1/15/14	2,752,000	2,845,017(a)
Vedanta Resources PLC, Senior Notes	6.750%	6/7/16	1,630,000	1,719,650(a)
Vedanta Resources PLC, Senior Notes	6.750%	6/7/16	480,000	506,400(a)

See Notes to Financial Statements.

Schedule of investments (cont d)

May 31, 2013

Western Asset Emerging Markets Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Metals & Mining continued				
Vedanta Resources PLC, Senior Notes	9.500%	7/18/18	360,000	\$ 414,900(a)
Vedanta Resources PLC, Senior Notes	6.000%	1/31/19	1,960,000	1,957,250(a)
Total Metals & Mining				37,502,281
Paper & Forest Products 0.9%				
Celulosa Arauco y Constitucion SA, Senior Notes	7.250%	7/29/19	352,000	412,720
Celulosa Arauco y Constitucion SA, Senior Notes	4.750%	1/11/22	625,000	641,824
Inversiones CMPC SA, Notes	4.750%	1/19/18	1,020,000	1,078,774(a)
Inversiones CMPC SA, Notes	4.375%	5/15/23	690,000	678,886(a)
Inversiones CMPC SA, Senior Notes	4.500%	4/25/22	790,000	793,916(a)
Total Paper & Forest Products				3,606,120
Total Materials				
Telecommunication Services 3.1%				
Diversified Telecommunication Services 1.8%				
Axtel SAB de CV, Senior Secured Notes, step bond	7.000%	1/31/20	5,159,000	4,952,640(a)
Qtel International Finance Ltd., Senior Notes	4.750%	2/16/21	910,000	994,175(a)
Telemar Norte Leste SA, Senior Notes	5.500%	10/23/20	1,600,000	1,608,000(a)
UBS Luxembourg SA for OJSC Vimpel Communications, Loan Participation Notes	8.250%	5/23/16	297,000	329,670(a)
Total Diversified Telecommunication Services				7,884,485
Wireless Telecommunication Services 1.3%				
Indosat Palapa Co. BV, Senior Notes	7.375%	7/29/20	1,270,000	1,389,063(a)
Oi S.A., Senior Notes	5.750%	2/10/22	1,030,000	1,032,575(a)
VimpelCom Holdings BV, Senior Notes	5.950%	2/13/23	3,250,000	3,193,937(a)
Total Wireless Telecommunication Services				5,615,575
Total Telecommunication Services				
Utilities 3.0%				
Electric Utilities 1.3%				
Centrais Eletricas Brasileiras SA, Senior Notes	6.875%	7/30/19	385,000	432,163(a)
Centrais Eletricas Brasileiras SA, Senior Notes	5.750%	10/27/21	1,775,000	1,863,750(a)
Majapahit Holding BV, Senior Notes	7.750%	1/20/20	1,970,000	2,398,475(a)
State Grid Overseas Investment 2013 Ltd., Senior Bonds	3.125%	5/22/23	750,000	726,538(a)
Total Electric Utilities				5,420,926
Gas Utilities 0.8%				
Empresa de Energia de Bogota SA, Senior Notes	6.125%	11/10/21	860,000	938,260(a)
Gas Natural de Lima y Callao SA, Senior Notes	4.375%	4/1/23	1,110,000	1,104,450(a)
Transportadora de Gas Internacional SA ESP, Senior Notes	5.700%	3/20/22	1,270,000	1,384,300(a)
Total Gas Utilities				3,427,010

See Notes to Financial Statements.

Western Asset Emerging Markets Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Independent Power Producers & Energy Traders 0.7%				
AES Gener SA, Notes	5.250%	8/15/21	1,000,000	\$ 1,081,409(a)
Colbun SA, Senior Notes	6.000%	1/21/20	1,660,000	1,848,621(a)
Total Independent Power Producers & Energy Traders				2,930,030
Multi-Utilities 0.2%				
Empresas Publicas de Medellin ESP, Senior Notes	7.625%	7/29/19	870,000	1,052,700(a)
Total Utilities				12,830,666
Total Corporate Bonds & Notes (Cost \$177,634,838)				184,243,076
Convertible Bonds & Notes 0.1%				
Telecommunication Services 0.1%				
Diversified Telecommunication Services 0.1%				
Axtel SAB de CV, Senior Secured Notes, step bond (Cost \$926,251)	7.000%	1/31/20	5,881,900	621,413(a)
Warrants 0.1%				
Bolivarian Republic of Venezuela, Oil-linked payment obligations (Cost \$356,500)		4/15/20	11,500	311,937
Total Investments before Short-Term Investments (Cost \$414,979,527)				441,401,406
Short-Term Investments 0.9%				
	Rate	Maturity Date	Face Amount	Value