

PLAINS GP HOLDINGS LP  
Form 4  
April 13, 2015

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2015  
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
SINNOTT ROBERT V

2. Issuer Name and Ticker or Trading Symbol  
PLAINS GP HOLDINGS LP  
[PAGP]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

1800 AVE OF THE STARS, 3RD FLR

04/09/2015

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

LOS ANGELES, CA 90067

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |     |       |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|-----|-------|
|                                 |                                      |  |                                | (A) or (D)  | Code  | V  | Amount                            | (D) | Price |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative | 2. Conversion | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if | 4. Transaction | 5. Number of Derivative | 6. Date Exercisable and Expiration Date | 7. Title and Amount of Underlying | 8. Price of Deriva |
|------------------------|---------------|--------------------------------------|-------------------------------|----------------|-------------------------|---|-----------------------------------|--------------------|
|------------------------|---------------|--------------------------------------|-------------------------------|----------------|-------------------------|---|-----------------------------------|--------------------|

## Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

| Security (Instr. 3)               | or Exercise Price of Derivative Security | any (Month/Day/Year) | Code (Instr. 8) | Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | (Month/Day/Year) | Securities (Instr. 3 and 4) | Security (Instr.) |                 |                |                            |    |
|-----------------------------------|--|----------------------|-----------------|---|------------------|-----------------------------|-------------------|-----------------|----------------|----------------------------|----|
|                                   |  |                      | Code            | V   | (A)              | (D)                         | Date Exercisable  | Expiration Date | Title          | Amount or Number of Shares |    |
| Class A Units in Plains AAP, L.P. | \$ 0                                     | 04/09/2015           | J               | (4)(5)  | 29,156           | (1)(2)                      | (1)(2)            |                 | Class A Shares | 29,156                     | \$ |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| SINNOTT ROBERT V<br>1800 AVE OF THE STARS<br>3RD FLR<br>LOS ANGELES, CA 90067 | X             |           |         |       |

## Signatures

Robert V. Sinnott                      04/13/2015

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

As of the date of this Form 4, the Reporting Person holds an indirect ownership interest in Plains GP Holdings, L.P. (the "Issuer") through his ownership in KAFU Holdings LP, KAFU Holdings (QP) LP, and KAFU Holdings II, LP (collectively, "KAFU"). Further, the

(1) Reporting Person is the Chief Executive Officer of Kayne Anderson Capital Advisors, L.P. ("KACALP"), an SEC registered investment adviser and the managing member of KAFU. The Reporting Person may be deemed to be the beneficial owner of all of the interests held by KAFU and KACALP as applicable.

(2) In connection with the initial public offering of the Issuer, the limited partnership agreement of Plains AAP, L.P. ("AAP") was amended and restated to provide that each limited partner of AAP, including KAFU and KACALP, will have the right, at any time (without expiration) and from time to time, to immediately exchange (the "Exchange Right") its Class A Units in AAP (the "AAP Units"), together with a like number of Class B shares and units of the Issuer's general partner (the "GP Units"), for a like number of Class A shares of the Issuer (the "Class A shares"). The Exchange Right may be settled in cash at the option of the Issuer and, as a result the Reporting Person may not be deemed to beneficially own any Class A shares reported herein. Nonetheless, the number of derivative securities included in the table above represents the number of Class B shares owned by KAFU (100,496,204) and KACALP (594,949), that are potentially exchangeable for an equivalent number of Class A shares.

(3) The Reporting Person disclaims beneficial ownership of the securities held by KAFU and KACALP, except to the extent of his pecuniary interest therein.

(4) The Reporting Person may have been deemed to beneficially own the AAP Units held by KAFU prior to the consummation of the initial public offering of the Issuer. The AAP Units, collectively with the Class B shares and the GP Units, constitute the derivative security as

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

described herein.

- (5) The reported transaction is an in-kind distribution to KACALP. Such distribution represents KACALP's realized interest in the incentive allocation earned as managing member of KA Fund Advisors, LLC ("KAFA"), manager of KA First Reserve XII, LLC.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. font-size:10.0pt;">Net investment income

0.87

0.84

0.98

1.26

1.35

Net realized and unrealized gain (loss)

(0.05

)

(0.07

)

0.39

1.77

0.90

*Total income from operations*

Explanation of Responses:

0.82

0.77

1.37

3.03

2.25

LESS DISTRIBUTIONS FROM:

Net investment income

(0.66

)

(0.85

Explanation of Responses:

4

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

|                            |        |
|----------------------------|--------|
| )                          | (1.40) |
| )                          | (1.69) |
| )                          | (0.60) |
| )                          |        |
| Net realized gains         |        |
|                            | (0.60) |
| )                          | (1.03) |
| )                          | (1.81) |
| )                          |        |
|                            | (1.05) |
| )                          |        |
| <i>Total distributions</i> |        |
|                            | (1.26) |
| )                          | (1.88) |
| )                          | (3.21) |
| )                          | (1.69) |

) (1.65

)  
NET ASSET VALUE, END OF YEAR

\$14.11

\$14.55

\$15.66

\$17.50

\$16.16

MARKET PRICE, END OF YEAR

\$12.14

\$13.28

\$15.29

\$17.58

\$17.56

*Total return, based on NAV<sup>2,3</sup>*

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

|  |          |
|--|----------|
|  | 5.71     |
| %  |          |
|  | 4.99     |
| %  |          |
|  | 8.74     |
| %  |          |
|  | 19.94    |
| %  |          |
|  | 15.26    |
| %  |          |
| <i>Total return, based on Market Price<sup>3</sup></i> |          |
|  | 0.70     |
| %  |          |
|  | (1.70)   |
| )%   |          |
|  | 5.84     |
| %  |          |
|  | 10.14    |
| %  |          |
|  | 15.33    |
| %  |          |
| NET ASSETS, END OF YEAR (000s)                         |          |
|  | \$59,486 |
|  | \$61,335 |

\$65,739

\$72,773

\$66,821

RATIOS TO AVERAGE NET ASSETS:

Gross expenses

1.68

%4

1.75

%

2.10

%

2.46

Explanation of Responses:

8



Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

|  |      |
|--|------|
| %  | 2.24 |
| %  |      |
| Gross expenses, excluding interest expense |      |
|  | 1.54 |
| 4  | 1.52 |
|  | 1.46 |
|  | 1.44 |
|  | 1.55 |
| Net expenses                               |      |
|  | 1.68 |
| 4  | 1.75 |
| 5  | 2.10 |
| 5  | 2.46 |
|  | 2.24 |
| Net expenses, excluding interest expense   |      |

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

|                           |      |
|---------------------------|------|
|                           | 1.54 |
| 4                         |      |
|                           | 1.52 |
| 5                         |      |
|                           | 1.46 |
| 5                         |      |
|                           | 1.44 |
|                           | 1.55 |
| Net investment income     |      |
|                           | 5.98 |
|                           | 5.52 |
|                           | 5.59 |
|                           | 7.59 |
|                           | 8.45 |
| PORTFOLIO TURNOVER RATE   |      |
|                           | 26   |
| %                         |      |
|                           | 90   |
| Explanation of Responses: | 10   |

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

|   |     |
|---|-----|
| % | 90  |
| % | 88  |
| % | 110 |
| % |     |

SUPPLEMENTAL DATA:

Loans Outstanding, End of Year (000s)

|   |          |
|---|----------|
| 6 |          |
| 6 |          |
| 6 |          |
|   | \$16,000 |

|                           |    |
|---------------------------|----|
| Explanation of Responses: | 11 |
|---------------------------|----|

\$20,000

Weighted Average Loan (000s)

6

6

\$7,771

6

\$18,707

\$20,000

Weighted Average Interest Rate on Loans

6

6

5.54

%6

3.58

%

2.27

%

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

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 reorganization 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 1.68% and 1.54%, respectively.

5

Reflects fee waivers and/or expense reimbursements.

6

At August 31, 2008, August 31, 2007 and August 31, 2006 the Fund did not have an outstanding loan.

See Notes to Financial Statements.

16 Western Asset Emerging Markets Income Fund Inc. 2008 Annual Report

**Notes to financial statements**

**1. Organization and significant accounting policies**

Western Asset Emerging Markets Income Fund Inc. (the Fund) was incorporated in Maryland on July 30, 1992 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 Board of Directors authorized 100 million shares of \$0.001 par value common stock. 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 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 sale price or official closing price on the primary market or exchange on which they trade. 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 investments 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.

**(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 to ensure the

**Notes to financial statements** *continued*

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.

**(d) Financial futures contracts.** The Fund may enter into financial futures contracts typically to hedge a portion of the portfolio. Upon entering into a financial futures contract, the Fund is required to deposit cash or securities as initial margin, equal in value to a certain percentage of the contract amount (initial margin deposit). Additional securities are also segregated up to the current market value of the financial futures contracts. Subsequent payments, known as variation margin, are made or received by the Fund each day, depending on the daily fluctuations in the value of the underlying financial instruments. For foreign currency denominated futures contracts, variation margins are not settled daily. The Fund recognizes an unrealized gain or loss equal to the fluctuation in the value. When the financial futures contracts are closed, a realized gain or loss is recognized equal to the difference between the proceeds from (or cost of) the closing transactions and the Fund's basis in the contracts.

The risks associated with entering into financial futures contracts include the possibility that a change in the value of the contract may not correlate with the changes in the value of the underlying financial instruments. In addition, investing in financial futures contracts involves the risk that the Fund could lose more than the initial margin deposit and subsequent payments required for a futures transaction. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

**(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) 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 issuers or sovereign issuers of an emerging country, on a specified obligation. The Fund may use a CDS to provide a measure of protection against defaults of the issuers (i.e., to reduce risk where a Fund has exposure to the 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 fixed rate of income 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 Fund will pay to the buyer of the protection an amount up to the notional value of the swap, and in certain instances take delivery of the security. As the seller, the Fund would effectively add 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.

Payments received or made at the beginning of the measurement period are reflected as such on the Statement of Assets and Liabilities. These upfront payments are recorded as realized gain or loss on the Statement of Operations and are amortized over the life of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain or loss on the Statement of Operations. Net periodic payments received or paid by the Fund are recorded as realized gain or loss on the Statement of Operations.

Entering into a CDS agreement involves, to varying degrees, elements of credit, market and documentation risk in excess of the related amounts recognized on 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.

**(g) Foreign currency translation.** Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar



**Notes to financial statements** *continued*

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.

**(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) 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.

**(j) 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 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.

**(k) 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.

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 August 31, 2008, 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***

**(l) 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<br>investment income | Accumulated net<br>realized gain | Paid-in capital |
|-----|--|----------------------------------|-----------------|
| (a) | \$ 40,179                              |                                  | \$(40,179)      |
| (b) | 588,933                                | \$(588,933)                      |                 |

(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 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. LMPFA, Western Asset and Western Asset Limited 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 provides certain advisory services to the Fund relating to currency transactions and investments in non-U.S. dollar denominated securities. Western Asset Limited does not receive any compensation from the Fund and is paid 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 the assets managed by Western Asset Limited.

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

**3. Investments**

During the year ended August 31, 2008, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) were as follows:

Explanation of Responses:

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

|           |              |
|-----------|--------------|
| Purchases | \$14,738,016 |
| Sales     | 19,673,634   |

22 Western Asset Emerging Markets Income Fund Inc. 2008 Annual Report

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

At August 31, 2008, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

|                               |              |
|-------------------------------|--------------|
| Gross unrealized appreciation | \$ 1,889,903 |
| Gross unrealized depreciation | (2,649,164)  |
| Net unrealized depreciation   | \$ (759,261) |

Transactions in reverse repurchase agreements for the Fund during the year ended August 31, 2008 were as follows:

|                              |                                       |                                  |
|------------------------------|---------------------------------------|----------------------------------|
| AVERAGE<br>DAILY<br>BALANCE* | WEIGHTED<br>AVERAGE<br>INTEREST RATE* | MAXIMUM<br>AMOUNT<br>OUTSTANDING |
| \$3,115,071                  | 2.785%                                | \$3,667,502                      |

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

Interest rates on reverse repurchase agreements ranged from 0.350% to 4.750% during the year ended August 31, 2008. Interest expense incurred on reverse repurchase agreements totaled \$88,207.

At August 31, 2008, the Fund had the following open reverse repurchase agreement:

| FACE<br>AMOUNT | SECURITY  | VALUE       |
|----------------|---|-------------|
| \$1,061,060    | Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 6/30/08 bearing 2.250% to be repurchased at \$1,066,365 9/18/08, collateralized by: \$1,060,000 Gaz Capital SA, 8.625% due 4/28/34;<br>Market value (including accrued interest) \$1,136,524 (Proceeds \$1,061,060) | \$1,061,060 |

At August 31, 2008, the Fund had the following open forward foreign currency contracts:

| FOREIGN<br>CURRENCY  | LOCAL<br>CURRENCY | MARKET<br>VALUE | SETTLEMENT<br>DATE | UNREALIZED<br>LOSS |
|--|-------------------|-----------------|--------------------|--------------------|
| <b>Contracts to Buy:</b>                                       |                   |                 |                    |                    |
| Indian Rupee   | 9,316,100         | \$211,686       | 9/16/08            | \$(3,119)          |
| Indian Rupee   | 7,804,750         | 177,344         | 9/16/08            | (4,204)            |
| Indian Rupee   | 6,200,000         | 140,880         | 9/16/08            | (2,175)            |
| Net unrealized loss on open forward foreign currency contracts |                   |                 |                    | \$(9,498)          |

**Notes to financial statements continued**

At August 31, 2008, the Fund held the following credit default swap contract:

| SWAP COUNTERPARTY<br>(REFERENCE ENTITY)   | NOTIONAL<br>AMOUNT | TERMINATION<br>DATE | PERIODIC<br>PAYMENTS<br>MADE BY<br>THE FUND | PERIODIC<br>PAYMENTS<br>RECEIVED BY<br>THE FUND | UNREALIZED<br>DEPRECIATION |
|---|--------------------|---------------------|---|---|----------------------------|
| Morgan Stanley & Co. Inc.<br>( <i>TuranAlem Finance BV</i> ,<br>8.000% due 3/24/14) | \$610,000          | 10/29/08            | (a)   | 7.500%<br>quarterly                             | \$(2,929)                  |

(a) As a seller of protection, the Fund will pay an amount up to the notional value of the swap, and in certain instances take delivery of the security if a credit event occurs.

Percentage shown is an annual percentage rate.

**4. Loan**

At August 31, 2008, the Fund had a \$7,000,000 credit line pursuant to an amended and restated revolving credit and security agreement ( Agreement ) dated November 20, 2006 and amended November 16, 2007, among the Fund, CHARTA, LLC, (the Lender ), as successor by assignment to Panterra Funding, LLC, and Citibank N.A. ( Citibank ). Citibank acts as administrative agent and secondary lender pursuant to the Agreement. A loan made pursuant to the agreement generally bears interest at a variable rate based on the weighted average interest rates of the 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. 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. For the year ended August 31, 2008, the Fund incurred a commitment fee in the amount of \$7,115. The Fund did not have any borrowings outstanding during the year ended August 31, 2008.

**5. Distributions subsequent to August 31, 2008**

On August 14, 2008, the Board of Directors of the Fund declared a distribution in the amount of \$0.3150 per share payable on September 26, 2008 to shareholders of record on September 19, 2008. On October 17, 2008, the Fund announced distributions of \$0.2254 per share from net investment income, \$0.0022 per share from short-term capital gains and \$0.0098 per share from long-term capital gains, payable on October 31, 2008 to shareholders of record as of October 24, 2008.

**6. Income tax information and distributions to shareholders**

The tax character of distributions paid during the fiscal years ended August 31 was as follows:

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

|                                 | 2008        | 2007        |
|---------------------------------|-------------|-------------|
| <b>Distributions Paid From:</b> |             |             |
| Ordinary income                 | \$3,320,370 | \$3,977,590 |
| Net long-term capital gains     | 1,990,198   | 3,919,903   |
| Total distributions paid        | \$5,310,568 | \$7,897,493 |

24 Western Asset Emerging Markets Income Fund Inc. 2008 Annual Report

## Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

As of August 31, 2008, the components of accumulated earnings on a tax basis were as follows:

|   |             |
|---|-------------|
| Undistributed ordinary income net         | \$1,561,901 |
| Undistributed long-term capital gains net | 173,740     |
| Total undistributed earnings              | 1,735,641   |
| Other book/tax temporary differences(a)   | \$ (28,936) |
| Unrealized appreciation/(depreciation)(b) | (777,635)   |
| Total accumulated earnings/(losses) net   | \$ 929,070  |

- (a) Other book/tax temporary differences are attributable primarily to the 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.

### 7. Recent accounting pronouncements

On September 20, 2006, the Financial Accounting Standards Board ( FASB ) released Statement of Financial Accounting Standards No. 157, Fair Value Measurements ( FAS 157 ). FAS 157 establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. The application of FAS 157 is required for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Management has determined that there is no material impact to the Fund s valuation policies as a result of adopting FAS 157. The Fund will implement the disclosure requirements beginning with its November 30, 2008 Form N-Q.

\* \* \*

In March 2008, FASB issued the Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities* ( FAS 161 ). FAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. FAS 161 requires enhanced disclosures about the Fund s derivative and hedging activities, including how such activities are accounted for and their effect on the Fund s financial position, performance and cash flows. Management is currently evaluating the impact the adoption of FAS 161 will have on the Fund s financial statements and related disclosures.

### 8. Subsequent event

On May 27, 2008, the respective Board of Directors of Western Asset Emerging Markets Income Fund Inc. and Western Asset Emerging Markets Income Fund II Inc. (each a Fund and together the Funds ) approved a proposal, subject to stockholder approval, to merge Western Asset Emerging Markets Income Fund Inc. with and into Western Asset Emerging Markets Income Fund II Inc. On October 17, 2008, the stockholders of Western Asset Emerging Markets Income



**Notes to financial statements *continued***

Fund Inc. at its Special Meeting of Stockholders voted to approve the merger of Western Asset Emerging Markets Income Fund Inc. with and into Western Asset Emerging Markets Income Fund II Inc. (NYSE: EDF).

The merger is expected to be effective prior to the opening of business on November 3, 2008.

Effective with the merger and prior to the opening of business on November 3, 2008, Western Asset Emerging Markets Income Fund II Inc. will be renamed Western Asset Emerging Markets Income Fund Inc. and trade on the New York Stock Exchange under the symbol EMD .

26 Western Asset Emerging Markets Income Fund Inc. 2008 Annual Report

**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. as of August 31, 2008, 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 August 31, 2004 were audited by other independent registered public accountants whose report thereon, dated October 22, 2004, 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 August 31, 2008, 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 August 31, 2008, 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  
October 24, 2008

**Additional information (unaudited)**

**Information about Directors and Officers**

The business and affairs of Western Asset Emerging Markets Income Fund Inc. ( 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, 620 Eighth Avenue, New York, NY 10018

|   |  |
|---|--|
| Birth year  | 1946   |
| Position(s) held<br>with Fund1  | Director and Member of the Nominating and Audit Committees, Class II |
| Term of office1 and<br>length of time served  | Since 2003   |
| Principal<br>occupation(s) during<br>past 5 years   | President, Colman Consulting Co.                                     |
| Number of portfolios in fund complex<br>overseen<br><br>by director (including<br>the Fund) | 24   |
| Other board member-<br>ships held by Director   | None   |

DANIEL P. CRONIN

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

|  |   |
|--|---|
| Birth year                                   | 1946  |
| Position(s) held<br>with Fund1               | Director and Member of the Nominating and Audit Committees, Class II                    |
| Term of office1 and<br>length of time served | Since 2003  |
| Principal<br>occupation(s) during            | Retired; Formerly, Associate General Counsel, Pfizer Inc. (prior to and including 2004) |

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

past 5 years

Number of portfolios in fund complex  
overseen

by director (including  
the Fund)

24

Other board member-  
ships held by Director

None

28 Western Asset Emerging Markets Income Fund Inc.

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

PAOLO M. CUCCHI

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

|   |  |
|---|--|
| Birth year  | 1941   |
| Position(s) held<br>with Fund1                    | Director and Member of the Nominating and Audit Committees, Class III  |
| Term of office1 and<br>length of time served      | Since 2007   |
| Principal<br>occupation(s) during<br>past 5 years | Professor of Italian and French languages, Drew University (since 1984);<br>Formerly, Vice President and Dean of College of Liberal Arts at Drew<br>University (from 1984 to 2008) |
| Number of portfolios in fund complex<br>overseen  |  |
| by director (including<br>the Fund)               | 24   |
| Other board member-<br>ships held by Director     | None   |

LESLIE H. GELB

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

|   |   |
|---|---|
| Birth year  | 1937  |
| Position(s) held<br>with Fund1                    | Director and Member of the Nominating and Audit Committees, Class III   |
| Term of office1 and<br>length of time served      | Since 1994  |
| Principal<br>occupation(s) during<br>past 5 years | President Emeritus and Senior Board Fellow, The Council on Foreign<br>Relations (since 2003); Formerly, President, The Council on Foreign<br>Relations; Formerly, Columnist, Deputy Editorial Page Editor and Editor,<br>Op-Ed Page, The New York Times |
| Number of portfolios in fund complex<br>overseen  |   |
| by director (including<br>the Fund)               | 24  |
| Other board member-<br>ships held by Director     | Director of two registered investment companies advised by Blackstone<br>Asia Advisors LLC: India Fund, Inc. and Asia Tigers Fund, Inc.   |

Explanation of Responses:

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

WILLIAM R. HUTCHINSON

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

|   |   |
|---|---|
| Birth year  | 1942  |
| Position(s) held<br>with Fund1  | Director and Member of the Nominating and Audit Committees, Class I |
| Term of office1 and<br>length of time served  | Since 2003  |
| Principal<br>occupation(s) during<br>past 5 years                                       | President, W.R. Hutchinson & Associates Inc. (since 2001)           |
| Number of portfolios in<br>fund complex overseen<br>by director (including<br>the Fund) | 24  |
| Other board member-<br>ships held by Director   | Director of Associated Banc-Corp.                                   |

Western Asset Emerging Markets Income Fund Inc. 29

**Additional information (unaudited) continued**

**Information about Directors and Officers**

RIORDAN ROETT

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

|   |   |
|---|---|
| Birth year  | 1938  |
| Position(s) held<br>with Fund1  | Director and Member of the Nominating and Audit Committees, Class I   |
| Term of office1 and<br>length of time served  | Since 1995  |
| Principal<br>occupation(s) during<br>past 5 years                                       | The Sarita and Don Johnston Professor of Political Science and Director of Western Hemisphere Studies, Paul H. Nitze School of Avanced International Studies, The Johns Hopkins University (since 1993) |
| Number of portfolios in<br>fund complex overseen<br>by director (including<br>the Fund) | 24  |
| Other board member-<br>ships held by Director   | None  |

JESWALD W. SALACUSE

c/o Chairman of the Fund, 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<br>length of time served                               | Since 1994   |
| Principal<br>occupation(s) during<br>past 5 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<br>fund complex overseen<br>by director (including | 24   |

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

the Fund)

Other board member-

ships held by Director

Director of two registered investment companies advised by Blackstone Advisors

30 Western Asset Emerging Markets Income Fund Inc.



**INTERESTED DIRECTOR**

R. JAY GERKEN, CFA2

Legg Mason & Co., LLC ( Legg Mason ), 620 Eighth Avenue, New York, NY 10018

|   |  |
|---|--|
| Birth year  | 1951   |
| Position(s) held<br>with Fund1  | Director, Chairman, President and Chief Executive Officer, Class III   |
| Term of office1 and<br>length of time served  | Since 2002   |
| Principal<br>occupation(s) during<br>past 5 years                                       | Managing Director, Legg Mason; Chairman of the Board and Trustee/Director of 164 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; Formerly, Chairman, Smith Barney Fund Management LLC ( SBFM ) and Citi Fund Management, Inc. ( CFM ) (2002 to 2005); Formerly, Chairman, President and Chief Executive Officer, Travelers Investment Advisers Inc. (2002 to 2005) |
| Number of portfolios in<br>fund complex overseen<br>by director (including<br>the Fund) | 149  |
| Other board member-<br>ships held by Director   | None   |

**OFFICERS:**

KAPREL OZSOLAK

Legg Mason, 55 Water Street, New York, NY 10041

|  |  |
|--|--|
| Birth year                                   | 1965   |
| Position(s) held<br>with Fund1               | Chief Financial Officer and Treasurer  |
| Term of office1 and<br>length of time served | Since 2007   |
| Principal                                    | Director of Legg Mason; Chief Financial Officer and Treasurer of certain funds associated with Legg Mason; Formerly, Controller of certain funds |

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

occupation(s) during  
past 5 years

associated with certain predecessor firms of Legg Mason (from 2002 to  
2004)

Western Asset Emerging Markets Income Fund Inc. 31

**Additional information (unaudited) continued**

**Information about Directors and Officers**

TED P. BECKER

Legg Mason, 620 Eighth Avenue, New York, NY 10018

|   |  |
|---|--|
| Birth year  | 1951   |
| Position(s) held<br>with Fund1                    | Chief Compliance Officer   |
| Term of office1 and<br>length of time served      | Since 2006   |
| Principal<br>occupation(s) during<br>past 5 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, 300 First Stamford Place, Stamford, CT 06902

|   |   |
|---|---|
| Birth year  | 1954  |
| Position(s) held<br>with Fund1                    | Secretary and Chief Legal Officer   |
| Term of office1 and<br>length of time served      | Since 2003  |
| Principal<br>occupation(s) during<br>past 5 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) |

THOMAS C. MANDIA

Legg Mason, 300 First Stamford Place, Stamford, CT 06902

|                                |                     |
|--------------------------------|---------------------|
| Birth year                     | 1962                |
| Position(s) held<br>with Fund1 | Assistant Secretary |

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

|  |   |
|--|---|
| Term of office <sup>1</sup> and<br>length of time served | Since 2006  |
| Principal<br>occupation(s) during<br>past 5 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 |

32 Western Asset Emerging Markets Income Fund Inc.

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

STEVEN FRANK

Legg Mason, 55 Water Street, New York, NY 10041

|                                 |  |
|---------------------------------|--|
| Birth year                      | 1967   |
| Position(s) held                | Controller   |
| with Fund <sup>1</sup>          |  |
| Term of office <sup>1</sup> and | Since 2005   |
| length of time served           |  |
| Principal                       | 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) |
| occupation(s) during            |  |
| past 5 years                    |  |

ALBERT LASKAJ

Legg Mason, 55 Water Street, New York, NY 10041

|                                 |   |
|---------------------------------|---|
| Birth year                      | 1977  |
| Position(s) held                | Controller  |
| with Fund <sup>1</sup>          |   |
| Term of office <sup>1</sup> and | Since 2007  |
| length of time served           |   |
| Principal                       | 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) |
| occupation(s) during            |   |
| past 5 years                    |   |

<sup>1</sup> 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 2010 and year 2008, 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 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.

<sup>2</sup> 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.

**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.

34 Western Asset Emerging Markets Income Fund Inc.

**Dividend reinvestment plan (unaudited)**

In order to facilitate the merger of Western Asset Emerging Markets Income Fund Inc. and Western Asset Emerging Markets Income Fund II Inc., Western Asset Emerging Markets Income Fund Inc. will suspend its distribution reinvestment plan for the month of October 2008, and distribution reinvestment plan participants will instead receive cash payments. Any shareholder that is a participant in the Western Asset Emerging Markets Income Fund Inc. distribution reinvestment plan will automatically become re-enrolled in the distribution reinvestment plan for Western Asset Emerging Markets Income Fund II Inc. Any investor who is not currently a plan participant but wishes to become one may either contact American Stock Transfer and Trust Company, in writing at 59 Maiden Lane, New York, NY 10038 or by telephone at 1-877-248-6417, or speak with his or her financial advisor.

Western Asset Emerging Markets Income Fund Inc. 35

**Important tax information (unaudited)**

The following information is provided with respect to the distributions paid during the taxable year ended August 31, 2008:

|                                 |            |            |            |            |
|---------------------------------|------------|------------|------------|------------|
| Record date:                    | 9/21/2007  | 12/21/2007 | 3/20/2008  | 6/20/2008  |
| Payable date:                   | 9/28/2007  | 12/28/2007 | 3/28/2008  | 6/27/2008  |
| Long-term capital gain dividend | \$0.248400 | \$0.160800 | \$0.031500 | \$0.031500 |

Additionally the following information is provided with respect to the distributions paid after the taxable year ended August 31, 2008:

|                                 |            |            |
|---------------------------------|------------|------------|
| Record date:                    | 9/19/2008  | 10/24/2008 |
| Payable date:                   | 9/26/2008  | 10/31/2008 |
| Long-term capital gain dividend | \$0.031500 | \$0.009800 |

Additionally, the Fund hereby designates any additional amount necessary as long-term capital gains to cover any undistributed long-term capital gains for the period from September 1, 2008 up to and including the merger date.

Please retain this information for your records.

36 Western Asset Emerging Markets Income Fund Inc.



**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*

Robert I. Frenkel  
*Secretary and Chief Legal Officer*

Thomas Mandia  
*Assistant Secretary*

Steven Frank  
*Controller*

Albert Laskaj  
*Controller*

**Western Asset Emerging Markets Income Fund Inc.**

55 Water Street  
New York, New York 10041

**Investment manager**

Legg Mason Partners  
Fund Advisor, LLC

**Subadvisers**

Western Asset Management Company  
Western Asset Management Company Limited

**Custodian**

State Street Bank and Trust Company  
225 Franklin Street  
Boston, Massachusetts 02110

**Transfer agent**

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

**Independent registered public accounting firm**

KPMG LLP  
345 Park Avenue  
New York, New York 10154

**Legal counsel**

Simpson Thacher & Bartlett LLP  
425 Lexington Avenue  
New York, New York 10017

**New York Stock Exchange Symbol**

EMD

**Western Asset Emerging Markets Income Fund Inc.**

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.

55 Water Street  
New York, New York 10041

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Fund may purchase, at market prices, shares of its common stock in the open market.

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ( SEC ) for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington D.C., and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. To obtain information on Form N-Q from the Fund, shareholders can call 1-800-451-2010.

Information on how the Fund voted proxies relating to portfolio securities during the prior 12-month period ended June 30th of each year and a description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio transactions are available (1) without charge, upon request, by calling 1-800-451-2010, (2) on the Fund's website at [www.leggmason.com/cef](http://www.leggmason.com/cef) and (3) on the SEC's website at [www.sec.gov](http://www.sec.gov).

This report is transmitted to the shareholders of Western Asset Emerging Markets Income Fund Inc. for their information. This is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report.

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

**WASX010339 8/08 SR08-662**

ITEM 2. CODE OF ETHICS.

The registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Board of Directors of the registrant has determined that William R. Hutchinson, a member of the Board's Audit Committee, possesses the technical attributes identified in Instruction 2(b) of Item 3 to Form N-CSR to qualify as an audit committee financial expert, and has designated Mr. Hutchinson as the Audit Committee's financial expert. Mr. Hutchinson is an independent Director pursuant to paragraph (a)(2) of Item 3 to Form N-CSR.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

a) Audit Fees. The aggregate fees billed in the last two fiscal years ending August 31, 2007 and August 31, 2008 (the Reporting Periods) for professional services rendered by the Registrant's principal accountant (the Auditor) for the audit of the Registrant's annual financial statements, or services that are normally provided by the Auditor in connection with the statutory and regulatory filings or engagements for the Reporting Periods, were \$54,000 in 2007 and \$54,000 in 2008.

b) Audit-Related Fees. The aggregate fees billed in the Reporting Period for assurance and related services by the Auditor that are reasonably related to the performance of the Registrant's financial statements were \$0 in 2007 and \$6,000 in 2008. These services consisted of procedures performed in connection with the agreed upon procedures performed in connection with the review of Form N-1A and consent letter dated July 11, 2008 for the Western Asset Emerging Markets Income Fund Inc.

In addition, there were no Audit-Related Fees billed in the Reporting Period for assurance and related services by the Auditor to the Registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by or under common control with the investment adviser that provides ongoing services to the Western Asset Emerging Markets Income Fund Inc. (service affiliates), that were reasonably related to the performance of the annual audit of the service affiliates. Accordingly, there were no such fees that required pre-approval by the Audit Committee for the Reporting Periods (prior to July 6, 2003 services provided by the Auditor were not required to be pre-approved).

(c) Tax Fees. The aggregate fees billed in the Reporting Periods for professional services rendered by the Auditor for tax compliance, tax advice and tax planning (Tax Services) were \$5,150 in 2007 and \$2,650 in 2008. These services consisted of (i) review or preparation of U.S. federal, state, local and excise tax returns; (ii) U.S. federal, state and local tax planning, advice and assistance regarding statutory, regulatory or administrative developments, and (iii) tax advice regarding tax qualification matters and/or treatment of various financial instruments held or proposed to be acquired or held.

## Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

There were no fees billed for tax services by the Auditors to service affiliates during the Reporting Periods that required pre-approval by the Audit Committee.

d) All Other Fees. There were no other fees billed in the Reporting Periods for products and services provided by the Auditor, other than the services reported in paragraphs (a) through (c) of this Item for the Western Asset Emerging Markets Income Fund Inc..

All Other Fees. There were no other non-audit services rendered by the Auditor to Legg Mason Partners Fund Advisor, LLC ( LMPFA ) and any entity controlling, controlled by or under common control with LMPFA that provided ongoing services to Western Asset Emerging Markets Income Fund Inc. requiring pre-approval by the Audit Committee in the Reporting Period.

---

(e) Audit Committee's pre-approval policies and procedures described in paragraph (c) (7) of Rule 2-01 of Regulation S-X.

(1) The Charter for the Audit Committee (the Committee) of the Board of each registered investment company (the Fund) advised by LMPFA or one of their affiliates (each, an Adviser) requires that the Committee shall approve (a) all audit and permissible non-audit services to be provided to the Fund and (b) all permissible non-audit services to be provided by the Fund's independent auditors to the Adviser and any Covered Service Providers if the engagement relates directly to the operations and financial reporting of the Fund. The Committee duly implement policies and procedures by which such services are approved other than by the full Committee.

The Committee shall not approve non-audit services that the Committee believes duly impair the independence of the auditors. As of the date of the approval of this Audit Committee Charter, permissible non-audit services include any professional services (including tax services), that are not prohibited services as described below, provided to the Fund by the independent auditors, other than those provided to the Fund in connection with an audit or a review of the financial statements of the Fund. Permissible non-audit services duly not include: (i) bookkeeping or other services related to the accounting records or financial statements of the Fund; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions or human resources; (vii) broker or dealer, investment adviser or investment banking services; (viii) legal services and expert services unrelated to the audit; and (ix) any other service the Public Company Accounting Oversight Board determines, by regulation, is impermissible.

Pre-approval by the Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided to the Fund, the Adviser and any service providers controlling, controlled by or under common control with the Adviser that provide ongoing services to the Fund (Covered Service Providers) constitutes not more than 5% of the total amount of revenues paid to the independent auditors during the fiscal year in which the permissible non-audit services are provided to (a) the Fund, (b) the Adviser and (c) any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the Fund during the fiscal year in which the services are provided that would have to be approved by the Committee; (ii) the permissible non-audit services were not recognized by the Fund at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved by the Committee (or its delegate(s)) prior to the completion of the audit.

(2) For Western Asset Emerging Markets Income Fund Inc., the percentage of fees that were approved by the audit committee, with respect to: Audit-Related Fees were 100% and 0% for 2007 and 2008; Tax Fees were 100% and 0% for 2007 and 2008; and Other Fees were 100% and 0% for 2007 and 2008.

(f) N/A

(g) Non-audit fees billed by the Auditor for services rendered to Western Asset Emerging Markets Income Fund Inc., LMPFA and any entity controlling, controlled by, or under common control with LMPFA that provides ongoing services to Western Asset Emerging Markets Income Fund Inc. during the reporting period were \$0 in 2008.

(h) Yes. Western Asset Emerging Markets Income Fund Inc.'s Audit Committee has considered whether the provision of non-audit services that were rendered to Service Affiliates, which were not pre-approved (not requiring pre-approval), is compatible with maintaining the Accountant's independence. All services provided by the Auditor to the Western Asset Emerging Markets Income Fund Inc. or to Service Affiliates, which were required to be pre-approved, were pre-approved as required.



ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

a) Registrant has a separately-designated standing Audit Committee established in accordance with *Section 3(a)58(A) of the Exchange Act*. The Audit Committee consists of the following Board members:

William R. Hutchinson

Paolo M. Cucchi

Daniel P. Cronin

Carol L. Colman

Leslie H. Gelb

Dr. Riordan Roett

Jeswald W. Salacuse

b) Not applicable

ITEM 6. SCHEDULE OF INVESTMENTS.

Included herein under Item 1.

ITEM 7. PROXY VOTING LMPFA & Western

**Proxy Voting Guidelines and Procedures**

Legg Mason Partners Fund Advisor, LLC ( LMPFA ) delegates the responsibility for voting proxies for the fund to the subadviser through its contracts with the subadviser. The subadviser will use its own proxy voting policies and procedures to vote proxies. Accordingly, LMPFA does not expect to have proxy-voting responsibility for the fund. Should LMPFA become responsible for voting proxies for any reason, such as the inability of the subadviser to provide investment advisory services, LMPFA shall utilize the proxy voting guidelines established by the most recent subadviser to vote proxies until a new subadviser is retained.

## Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

The subadviser's Proxy Voting Policies and Procedures govern in determining how proxies relating to the fund's portfolio securities are voted and are provided below. Information regarding how each fund voted proxies (if any) relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge (1) by calling 888-425-6432, (2) on the fund's website at <http://www.leggmason.com/individualinvestors> and (3) on the SEC's website at <http://www.sec.gov>.

### Background

Western Asset Management Company ( WA ) and Western Asset Management Company Limited ( WAML ) (together Western Asset ) have adopted and implemented policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interest of clients, in accordance with our fiduciary duties and SEC Rule 206(4)-6 under the Investment Advisers Act of 1940 ( Advisers Act ). Our authority to vote the proxies of our clients is established through investment management agreements or comparable documents, and our proxy voting guidelines have been tailored to reflect these specific contractual obligations. In addition to SEC requirements governing advisers, our proxy voting policies reflect the long-standing fiduciary standards and responsibilities for ERISA accounts. Unless a manager of ERISA assets has been expressly precluded from voting proxies, the Department of Labor has determined that the responsibility for these votes lies with the Investment Manager.

---



In exercising its voting authority, Western Asset will not consult or enter into agreements with officers, directors or employees of Legg Mason Inc. or any of its affiliates (except that WA and WAML may so consult and agree with each other) regarding the voting of any securities owned by its clients.

### **Policy**

Western Asset's proxy voting procedures are designed and implemented in a way that is reasonably expected to ensure that proxy matters are handled in the best interest of our clients. While the guidelines included in the procedures are intended to provide a benchmark for voting standards, each vote is ultimately cast on a case-by-case basis, taking into consideration Western Asset's contractual obligations to our clients and all other relevant facts and circumstances at the time of the vote (such that these guidelines may be overridden to the extent Western Asset deems appropriate).

### **Procedures**

#### Responsibility and Oversight

The Western Asset Compliance Department ( Compliance Department ) is responsible for administering and overseeing the proxy voting process. The gathering of proxies is coordinated through the Corporate Actions area of Investment Support ( Corporate Actions ). Research analysts and portfolio managers are responsible for determining appropriate voting positions on each proxy utilizing any applicable guidelines contained in these procedures.

#### Client Authority

Prior to August 1, 2003, all existing client investment management agreements ( IMAs ) will be reviewed to determine whether Western Asset has authority to vote client proxies. At account start-up, or upon amendment of an IMA, the applicable client IMA are similarly reviewed. If an agreement is silent on proxy voting, but contains an overall delegation of discretionary authority or if the account represents assets of an ERISA plan, Western Asset will assume responsibility for proxy voting. The Client Account Transition Team maintains a matrix of proxy voting authority.

#### Proxy Gathering

Registered owners of record, client custodians, client banks and trustees ( Proxy Recipients ) that receive proxy materials on behalf of clients should forward them to Corporate Actions. Prior to August 1, 2003, Proxy Recipients of existing clients will be reminded of the appropriate routing to Corporate Actions for proxy materials received and reminded of their responsibility to forward all proxy materials on a timely basis. Proxy Recipients for new clients (or, if Western Asset becomes aware that the applicable Proxy Recipient for an existing client has changed, the Proxy Recipient for the existing client) are notified at start-up of appropriate routing to Corporate Actions of proxy materials received and reminded of their responsibility to forward all proxy materials on a timely basis. If Western Asset personnel other than Corporate Actions

receive proxy materials, they should promptly forward the materials to Corporate Actions.

Proxy Voting

Once proxy materials are received by Corporate Actions, they are forwarded to the Compliance Department for coordination and the following actions:

- a. Proxies are reviewed to determine accounts impacted.
  - b. Impacted accounts are checked to confirm Western Asset voting authority.
-

## Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

c. Compliance Department staff reviews proxy issues to determine any material conflicts of interest. (See conflicts of interest section of these procedures for further information on determining material conflicts of interest.)

d. If a material conflict of interest exists, (i) to the extent reasonably practicable and permitted by applicable law, the client is promptly notified, the conflict is disclosed and Western Asset obtains the client's proxy voting instructions, and (ii) to the extent that it is not reasonably practicable or permitted by applicable law to notify the client and obtain such instructions (e.g., the client is a mutual fund or other commingled vehicle or is an ERISA plan client), Western Asset seeks voting instructions from an independent third party.

e. Compliance Department staff provides proxy material to the appropriate research analyst or portfolio manager to obtain their recommended vote. Research analysts and portfolio managers determine votes on a case-by-case basis taking into account the voting guidelines contained in these procedures. For avoidance of doubt, depending on the best interest of each individual client, Western Asset may vote the same proxy differently for different clients. The analyst's or portfolio manager's basis for their decision is documented and maintained by the Compliance Department.

f. Compliance Department staff votes the proxy pursuant to the instructions received in (d) or (e) and returns the voted proxy as indicated in the proxy materials.

### Timing

Western Asset personnel act in such a manner to ensure that, absent special circumstances, the proxy gathering and proxy voting steps noted above can be completed before the applicable deadline for returning proxy votes.

### Recordkeeping

Western Asset maintains records of proxies voted pursuant to Section 204-2 of the Advisers Act and ERISA DOL Bulletin 94-2. These records include:

a. A copy of Western Asset's policies and procedures.

b. Copies of proxy statements received regarding client securities.

c. A copy of any document created by Western Asset that was material to making a decision how to vote proxies.

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

d. Each written client request for proxy voting records and Western Asset's written response to both verbal and written client requests.

e. A proxy log including:

1. Issuer name;
  2. Exchange ticker symbol of the issuer's shares to be voted;
  3. Council on Uniform Securities Identification Procedures (CUSIP) number for the shares to be voted;
  4. A brief identification of the matter voted on;
  5. Whether the matter was proposed by the issuer or by a shareholder of the issuer;
-

6. Whether a vote was cast on the matter;
7. A record of how the vote was cast; and
8. Whether the vote was cast for or against the recommendation of the issuer's management team.

Records are maintained in an easily accessible place for five years, the first two in Western Asset's offices.

#### Disclosure

Part II of both the WA Form ADV and the WAML Form ADV contain a description of Western Asset's proxy policies. Prior to August 1, 2003, Western Asset will deliver Part II of its revised Form ADV to all existing clients, along with a letter identifying the new disclosure. Clients will be provided a copy of these policies and procedures upon request. In addition, upon request, clients may receive reports on how their proxies have been voted.

#### Conflicts of Interest

All proxies are reviewed by the Compliance Department for material conflicts of interest. Issues to be reviewed include, but are not limited to:

1. Whether Western Asset (or, to the extent required to be considered by applicable law, its affiliates) manages assets for the company or an employee group of the company or otherwise has an interest in the company;
2. Whether Western Asset or an officer or director of Western Asset or the applicable portfolio manager or analyst responsible for recommending the proxy vote (together, "Voting Persons") is a close relative of or has a personal or business relationship with an executive, director or person who is a candidate for director of the company or is a participant in a proxy contest; and
3. Whether there is any other business or personal relationship where a Voting Person has a personal interest in the outcome of the matter before shareholders.

#### **Voting Guidelines**

Western Asset's substantive voting decisions turn on the particular facts and circumstances of each proxy vote and are evaluated by the designated research analyst or portfolio manager. The examples outlined below are meant as guidelines to aid in the decision making process.

Guidelines are grouped according to the types of proposals generally presented to shareholders. Part I deals with proposals which have been approved and are recommended by a company's board of directors; Part II deals with proposals submitted by shareholders for inclusion in proxy statements; Part III addresses issues relating to voting shares of investment companies; and Part IV addresses unique considerations pertaining to foreign issuers.

I. Board Approved Proposals

The vast majority of matters presented to shareholders for a vote involve proposals made by a company itself that have been approved and recommended by its board of directors. In view of the enhanced corporate governance practices currently being implemented in public companies, Western Asset generally votes in support of decisions reached by independent boards of directors. More specific guidelines related to certain board-approved proposals are as follows:

---

1. Matters relating to the Board of Directors

Western Asset votes proxies for the election of the company's nominees for directors and for board-approved proposals on other matters relating to the board of directors with the following exceptions:

- a. Votes are withheld for the entire board of directors if the board does not have a majority of independent directors or the board does not have nominating, audit and compensation committees composed solely of independent directors.
- b. Votes are withheld for any nominee for director who is considered an independent director by the company and who has received compensation from the company other than for service as a director.
- c. Votes are withheld for any nominee for director who attends less than 75% of board and committee meetings without valid reasons for absences.
- d. Votes are cast on a case-by-case basis in contested elections of directors.

2. Matters relating to Executive Compensation

Western Asset generally favors compensation programs that relate executive compensation to a company's long-term performance. Votes are cast on a case-by-case basis on board-approved proposals relating to executive compensation, except as follows:

- a. Except where the firm is otherwise withholding votes for the entire board of directors, Western Asset votes for stock option plans that will result in a minimal annual dilution.
- b. Western Asset votes against stock option plans or proposals that permit replacing or repricing of underwater options.
- c. Western Asset votes against stock option plans that permit issuance of options with an exercise price below the stock's current market price.
- d. Except where the firm is otherwise withholding votes for the entire board of directors, Western Asset votes for employee stock purchase plans that limit the discount for shares purchased under the plan to no more than 15% of their market value, have an offering period of 27 months or less and result in dilution of 10% or less.

3. Matters relating to Capitalization

The management of a company's capital structure involves a number of important issues, including cash flows, financing needs and market conditions that are unique to the circumstances of each company. As a result, Western Asset votes on a case-by-case basis on board-approved proposals involving changes to a company's capitalization except where Western Asset is otherwise withholding votes for the entire board of directors.

a. Western Asset votes for proposals relating to the authorization of additional common stock.

b. Western Asset votes for proposals to effect stock splits (excluding reverse stock splits).

---



c. Western Asset votes for proposals authorizing share repurchase programs.

#### 4. Matters relating to Acquisitions, Mergers, Reorganizations and Other Transactions

Western Asset votes these issues on a case-by-case basis on board-approved transactions.

#### 5. Matters relating to Anti-Takeover Measures

Western Asset votes against board-approved proposals to adopt anti-takeover measures except as follows:

a. Western Asset votes on a case-by-case basis on proposals to ratify or approve shareholder rights plans.

b. Western Asset votes on a case-by-case basis on proposals to adopt fair price provisions.

#### 6. Other Business Matters

Western Asset votes for board-approved proposals approving such routine business matters such as changing the company's name, ratifying the appointment of auditors and procedural matters relating to the shareholder meeting.

a. Western Asset votes on a case-by-case basis on proposals to amend a company's charter or bylaws.

b. Western Asset votes against authorization to transact other unidentified, substantive business at the meeting.

## II. Shareholder Proposals

SEC regulations permit shareholders to submit proposals for inclusion in a company's proxy statement. These proposals generally seek to change some aspect of a company's corporate governance structure or to change some aspect of its business operations. Western Asset votes in accordance with the recommendation of the company's board of directors on all shareholder proposals, except as follows:

Explanation of Responses:

1. Western Asset votes for shareholder proposals to require shareholder approval of shareholder rights plans.
2. Western Asset votes for shareholder proposals that are consistent with Western Asset's proxy voting guidelines for board-approved proposals.
3. Western Asset votes on a case-by-case basis on other shareholder proposals where the firm is otherwise withholding votes for the entire board of directors.

### III. Voting Shares of Investment Companies

Western Asset may utilize shares of open or closed-end investment companies to implement its investment strategies. Shareholder votes for investment companies that fall within the categories listed in Parts I and II above are voted in accordance with those guidelines.

---

1. Western Asset votes on a case-by-case basis on proposals relating to changes in the investment objectives of an investment company taking into account the original intent of the fund and the role the fund plays in the clients' portfolios.

2. Western Asset votes on a case-by-case basis all proposals that would result in increases in expenses (e.g., proposals to adopt 12b-1 plans, alter investment advisory arrangements or approve fund mergers) taking into account comparable expenses for similar funds and the services to be provided.

IV. Voting Shares of Foreign Issuers

In the event Western Asset is required to vote on securities held in foreign issuers i.e. issuers that are incorporated under the laws of a foreign jurisdiction and that are not listed on a U.S. securities exchange or the NASDAQ stock market, the following guidelines are used, which are premised on the existence of a sound corporate governance and disclosure framework. These guidelines, however, may not be appropriate under some circumstances for foreign issuers and therefore apply only where applicable.

1. Western Asset votes for shareholder proposals calling for a majority of the directors to be independent of management.

2. Western Asset votes for shareholder proposals seeking to increase the independence of board nominating, audit and compensation committees.

3. Western Asset votes for shareholder proposals that implement corporate governance standards similar to those established under U.S. federal law and the listing requirements of U.S. stock exchanges, and that do not otherwise violate the laws of the jurisdiction under which the company is incorporated.

4. Western Asset votes on a case-by-case basis on proposals relating to (1) the issuance of common stock in excess of 20% of a company's outstanding common stock where shareholders do not have preemptive rights, or (2) the issuance of common stock in excess of 100% of a company's outstanding common stock where shareholders have preemptive rights.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

(a)(1):

| NAME AND ADDRESS | LENGTH OF TIME SERVED | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS |
|------------------|-----------------------|---|
|------------------|-----------------------|---|

Explanation of Responses:

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

S. Kenneth Leech

Since  
2006

Co-portfolio manager of the fund; Chief Investment Officer of Western Asset since 1998.

Western Asset  
385 East  
Colorado Blvd.  
Pasadena, CA  
91101

---

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

|                  |            |  |
|------------------|------------|--|
| Stephen A. Walsh | Since 2006 | Co-portfolio manager of the fund; Deputy Chief Investment Officer of Western Asset since 2000. |
|------------------|------------|--|

Western Asset  
385 East  
Colorado Blvd.  
Pasadena, CA  
91101

|                  |            |   |
|------------------|------------|---|
| Keith J. Gardner | Since 2006 | Co-portfolio manager of the fund; portfolio manager and research analyst at Western Asset since 1994. |
|------------------|------------|---|

Western Asset  
385 East  
Colorado Blvd.  
Pasadena, CA  
91101

|                     |            |   |
|---------------------|------------|---|
| Michael C. Buchanan | Since 2006 | Co-portfolio manager of the fund; Managing Director and head of U.S. Credit Products from 2003-2005 at Credit Suisse Asset Management; Executive Vice President and portfolio manager for Janus Capital in 2003; Managing Director and head of High Yield Trading from 1998-2003 at Blackrock Financial Management. |
|---------------------|------------|---|

Western Asset  
385 East  
Colorado  
Blvd.  
Pasadena, CA  
91101

Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

Matthew C. Duda Since 2006 Co-portfolio manager of the fund; Research Analyst at Western Asset Management since 2001; Vice President and Investment Strategist from 1997-2001 at Credit Suisse First Boston Corporation.

Western Asset  
385 East  
Colorado  
Blvd.  
Pasadena, CA  
91101

Detlev Schlichter Since 2006 Co-portfolio manager of the fund; portfolio manager at Western Asset since 2001.

Western Asset  
385 East  
Colorado  
Blvd.  
Pasadena, CA  
91101

(a)(2): DATA TO BE PROVIDED BY FINANCIAL CONTROL

The following tables set forth certain additional information with respect to the fund's portfolio managers for the fund. Unless noted otherwise, all information is provided as of August 31, 2008.

Other Accounts Managed by Portfolio Managers

The table below identifies the number of accounts (other than the fund) for which the fund's portfolio managers have day-to-day management responsibilities and the total assets in such accounts, within each of the following categories: registered investment companies, other pooled investment vehicles, and other accounts. For each category, the number of accounts and total assets in the accounts where fees are based on performance is also indicated.

| Portfolio Manager(s) | Registered Investment Companies   | Other Pooled Investment Vehicles   | Other Accounts  |
|----------------------|---|--|---|
| S. Kenneth Leech     | 115 registered investment companies with \$120.1 billion in total assets under management | 273 Other pooled investment vehicles with \$235.6 billion in assets under management | 1,009 Other accounts with \$269.2 billion in total assets under management* |
| Stephen A. Walsh     | 115 registered investment companies with \$120.1  | 273 Other pooled investment vehicles   | 1,009 Other accounts with \$269.2 billion in total                          |



Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

|                     | billion in total assets under management   | with \$235.6 billion in assets under management                                   | assets under management*   |
|---------------------|--|---|--|
| Keith J. Gardner    | 6 registered investment companies with \$1.1 billion in total assets under management  | 8 Other pooled investment vehicles with \$1.2 billion in assets under management  | 0 Other accounts with \$0 million in total assets under management       |
| Michael C. Buchanan | 19 registered investment Companies with \$9.0 billion in total assets Under management | 7 Other pooled investment vehicles with \$5.2 billion in assets under management  | 18 Other accounts with \$2.2 billion in total assets under management    |
| Matthew C. Duda     | 0 registered investment Companies with \$0.0 billion in total assets Under management  | 1 Other pooled investment vehicles with \$4.3 million in assets under management  | 10 Other accounts with \$0.5 billion in total assets under management    |
| Detlev Schlichter   | 2 registered investment Companies with \$0.2 billion in total assets Under management  | 29 Other pooled investment vehicles with \$4.2 billion in assets under management | 66 Other accounts with \$24.3 billion in total assets under management** |

\* Includes 95 accounts managed, totaling \$27.8 billion, for which advisory fee is performance based.

\*\* Includes 19 accounts managed, totaling \$6.6 billion, for which advisory fee is performance based.

*The numbers above reflect the overall number of portfolios managed by employees of Western Asset Management Company ( Western Asset ). Mr. Leech and Mr. Walsh are involved in the management of all the Firm s portfolios, but they are not solely responsible for particular portfolios. Western Asset s investment discipline emphasizes a team approach that combines the efforts of groups of specialists working in different market sectors. They are responsible for overseeing implementation of Western Asset s overall investment ideas and coordinating the work of the various sector teams. This structure ensures that client portfolios benefit from a consensus that draws on the expertise of all team members.*

**(a)(3): Portfolio Manager Compensation**

With respect to the compensation of the portfolio managers, the Advisers compensation system assigns each employee a total compensation target and a respective cap, which are derived from annual market surveys that benchmark each role with their job function and peer universe. This method is designed to reward employees with total compensation reflective of the external market value of their skills, experience, and ability to produce desired results.

Standard compensation includes competitive base salaries, generous employee benefits, and a retirement plan.



## Edgar Filing: PLAINS GP HOLDINGS LP - Form 4

In addition, employees are eligible for bonuses. These are structured to closely align the interests of employees with those of the Advisers, and are determined by the professional's job function and performance as measured by a formal review process. All bonuses are completely discretionary. One of the principal factors considered is a portfolio manager's investment performance versus appropriate peer groups and benchmarks. Performance is reviewed on a 1, 3 and 5 year basis for compensation with 3 years having the most emphasis. Because portfolio managers are generally responsible for multiple accounts (including the Portfolio) with similar investment strategies, they are compensated on the performance of the

---

aggregate group of similar accounts, rather than a specific account, though relative performance against the stated benchmark and its applicable Lipper peer group is considered. A smaller portion of a bonus payment is derived from factors that include client service, business development, length of service to the Adviser, management or supervisory responsibilities, contributions to developing business strategy and overall contributions to the Adviser's business.

Finally, in order to attract and retain top talent, all professionals are eligible for additional incentives in recognition of outstanding performance. These are determined based upon the factors described above and include Legg Mason, Inc. stock options and long-term incentives that vest over a set period of time past the award date.

### **Potential Conflicts of Interest**

Potential conflicts of interest may arise in connection with the management of multiple accounts (including accounts managed in a personal capacity). These could include potential conflicts of interest related to the knowledge and timing of a Portfolio's trades, investment opportunities and broker selection. Portfolio managers may be privy to the size, timing and possible market impact of a Portfolio's trades.

It is possible that an investment opportunity may be suitable for both a Portfolio and other accounts managed by a portfolio manager, but may not be available in sufficient quantities for both the Portfolio and the other accounts to participate fully. Similarly, there may be limited opportunity to sell an investment held by a Portfolio and another account. A conflict may arise where the portfolio manager may have an incentive to treat an account preferentially as compared to a Portfolio because the account pays a performance-based fee or the portfolio manager, the Advisers or an affiliate has an interest in the account. The Advisers have adopted procedures for allocation of portfolio transactions and investment opportunities across multiple client accounts on a fair and equitable basis over time. All eligible accounts that can participate in a trade share the same price on a pro-rata allocation basis in an attempt to mitigate any conflict of interest. Trades are allocated among similarly managed accounts to maintain consistency of portfolio strategy, taking into account cash availability, investment restrictions and guidelines, and portfolio composition versus strategy.

With respect to securities transactions for the Portfolios, the Advisers determine which broker or dealer to use to execute each order, consistent with their duty to seek best execution of the transaction. However, with respect to certain other accounts (such as pooled investment vehicles that are not registered investment companies and other accounts managed for organizations and individuals), the Advisers may be limited by the client with respect to the selection of brokers or dealers or may be instructed to direct trades through a particular broker or dealer. In these cases, trades for a Portfolio in a particular security may be placed separately from, rather than aggregated with, such other accounts. Having separate transactions with respect to a security may temporarily affect the market price of the security or the execution of the transaction, or both, to the possible detriment of a Portfolio or the other account(s) involved. Additionally, the management of multiple Portfolios and/or other accounts may result in a portfolio manager devoting unequal time and attention to the management of each Portfolio and/or other account.

It is theoretically possible that portfolio managers could use information to the advantage of other accounts they manage and to the possible detriment of a Portfolio. For example, a portfolio manager could short sell a security for an account immediately prior to a Portfolio's sale of that security. To address this conflict, the Advisers have adopted procedures for reviewing and comparing selected trades of alternative investment accounts (which may make directional trades such as short sales) with long only accounts (which include the Portfolios) for timing and pattern related issues. Trading decisions for alternative investment and long only accounts may not be identical even though the same Portfolio Manager may manage both types of accounts. Whether the Adviser allocates a particular investment opportunity to only alternative investment accounts or to alternative investment and long only accounts will depend on the investment strategy being implemented.



If, under the circumstances, an investment opportunity is appropriate for both its alternative investment and long only accounts, then it will be allocated to both on a pro-rata basis.

A portfolio manager may also face other potential conflicts of interest in managing a Portfolio, and the description above is not a complete description of every conflict of interest that could be deemed to exist in managing both a Portfolio and the other accounts listed above.

---

(a)(4): *Portfolio Manager Securities Ownership*

The table below identifies the dollar range of securities beneficially owned by each portfolio managers as of August 31, 2008.

| Portfolio Manager(s) | Dollar Range of<br>Portfolio<br>Securities<br>Beneficially<br>Owned |
|----------------------|---|
| S. Kenneth Leech     | C   |
| Stephen A. Walsh     | A   |
| Keith J. Gardner     | A   |
| Michael C. Buchanan  | A   |
| Detlev Schlichter    | A   |
| Matthew C. Duda      | A   |

Dollar Range ownership is as follows:

- A: none
- B: \$1 - \$10,000
- C: 10,001 - \$50,000
- D: \$50,001 - \$100,000
- E: \$100,001 - \$500,000
- F: \$500,001 - \$1 million
- G: over \$1 million

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

None.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

Explanation of Responses:

ITEM 11. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the

---

1940 Act) that occurred during the registrant's last fiscal half-year (the registrant's second fiscal half-year in the case of an annual report) that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

(a) (1) Code of Ethics attached hereto.

Exhibit 99.CODE ETH

(a) (2) Certifications pursuant to section 302 of the Sarbanes-Oxley Act of 2002 attached hereto.

Exhibit 99.CERT

(b) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 attached hereto.

Exhibit 99.906CERT

---

SIGNATURES

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

**Western Asset Emerging Markets Income Fund Inc.**

By: **/s/ R. Jay Gerken**  
**(R. Jay Gerken)**  
Chief Executive Officer of  
**Western Asset Emerging Markets Income Fund Inc.**

Date: November 7, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: **/s/ R. Jay Gerken**  
**(R. Jay Gerken)**  
Chief Executive Officer of  
**Western Asset Emerging Markets Income Fund Inc.**

Date: November 7, 2008

By: **/s/ Kaprel Ozsolak**  
**(Kaprel Ozsolak)**  
Chief Financial Officer of  
**Western Asset Emerging Markets Income Fund Inc.**

Date: November 7, 2008