

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC

Form N-CSR

November 09, 2004

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-7066

Salomon Brothers Emerging Markets Income Fund Inc.

(Exact name of registrant as specified in charter)

125 Broad Street, New York, NY 10004

(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.

Salomon Brothers Asset Management Inc

300 First Stamford Place

Stamford, CT 06902

(Name and address of agent for service)

Registrant's telephone number, including area code: (800) 725-6666

Date of fiscal year end: August 31

Date of reporting period: August 31, 2004

ITEM 1. REPORT TO STOCKHOLDERS.

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

Salomon Brothers

Emerging Markets

Income Fund Inc.

Annual Report

August 31, 2004

American Stock Transfer & Trust Company

59 Maiden Lane

New York, New York 10038

EMDANN 8/04

04-7247

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Letter From the Chairman

Dear Shareholder,

Bonds generated favorable returns over the first half of the period, although their prices declined significantly in April before stabilizing over recent months. The pullback in bond prices, which tend to move opposite anticipated interest rate movements, was triggered by heightened concern about resurgent inflation, rising rates and anticipation that the Federal Reserve Bank (Fed) would begin to push key short-term rates higher. Rising interest rates can act as a brake on robust economic growth, helping to maintain a balance between steady growth and the inflation that can generally accompany it.

The U.S. economy's quarterly pace of growth continued to advance over the period at a rate that significantly exceeded levels in early 2003. Even the U.S. labor market, which generated lackluster results throughout most of 2003, grew significantly during the period. U.S. Treasury bonds, agencies and mortgage-backed securities collectively generated positive total returns for the 12-month period ended August 31, 2004.

Emerging markets performed well during the 12 months ended August 31, 2004, following a slow start last summer amid a sell-off in the U.S. Treasury bond market and fears that the economy was overheating. Sovereign debt markets rebounded through the fall and early winter, as Treasury markets stabilized and investors refocused their attention on the strong fundamentals in improving emerging market economies. Although markets were disrupted with a second sell-off in April and May 2004, which was driven almost entirely by technical factors, they regained lost ground over the past three months, supporting strong returns for the period.

Please read on for a more detailed look at prevailing economic and market conditions during the fund's fiscal year and to learn how those conditions and changes made to the portfolio during this time may have affected fund performance.

Information About Your Fund

In recent months several issues in the mutual fund industry have come under the scrutiny of federal and state regulators. The fund's Adviser and some of its affiliates have received requests for information from various government regulators regarding market timing, late trading, fees, and other mutual fund issues in connection with various investigations. The fund has been informed that the Adviser and its affiliates are responding to those information requests, but are not in a position to predict the outcome of these requests and investigations.

In November 2003, Citigroup Asset Management (CAM) disclosed an investigation by the Securities and Exchange Commission (SEC) and the U.S. Attorney relating to CAM's entry into the transfer agency business during 1997-1999. Citigroup has disclosed that the Staff of the SEC is considering recommending a civil injunctive action and/or an administrative proceeding against certain advisory and transfer agent entities affiliated with Citigroup, the former CEO of CAM, a former employee and a current employee of CAM, relating to the creation, operation and fees of its internal transfer agent unit that serves various CAM-managed funds. This internal transfer agent did not provide services to the fund. Citigroup is cooperating with the SEC and will seek to resolve this matter in discussion with the

R. Jay Gerken, CFA

Chairman and

Chief Executive Officer

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

SEC Staff. Although there can be no assurance, Citigroup does not believe that this matter will have a material adverse effect on the fund.

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

Sincerely,

R. Jay Gerken, CFA

Chairman and Chief Executive Officer

September 17, 2004

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Manager Overview

Performance Review

During the 12 months ended August 31, 2004, the Salomon Brothers Emerging Markets Income Fund Inc. returned 15.33% based on its New York Stock Exchange (NYSE) market price and 15.26% based on its net asset value (NAV) per share. In comparison, its benchmark, the J.P. Morgan Emerging Markets Bond Index Plus (EMBI+ⁱⁱ) returned 13.97% and its Lipper emerging markets debt closed-end funds category average was 14.54% over the same time period.ⁱⁱⁱ Please note that Lipper performance returns are based on each fund's NAV.

During the 12-month period, the fund distributed dividends to shareholders totaling \$1.65 per share. The performance table below shows the fund's 30-day SEC yield and its 12-month total return based on its NAV and market price as of August 31, 2004. **Past performance is no guarantee of future results. The fund's yield will vary.**

FUND PERFORMANCE AS OF AUGUST 31, 2004

Price Per Share	30-Day SEC Yield	12-Month Total Return
\$16.16 (NAV)	6.69%	15.26%
\$17.56 (NYSE)	6.15%	15.33%

All figures represent past performance and are not a guarantee of future results. The fund's yield will vary.

Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all dividends and/or capital gains distributions, if any, in additional shares. The SEC yield is a return figure often quoted by bond and other fixed-income mutual funds. This quotation is based on the most recent 30-day (or one-month) period covered by the fund's filings with the SEC. The yield figure reflects the dividends and interest earned during the period after deduction of the fund's expenses for the period. The yield is as of August 31, 2004 and is subject to change.

EMERGING MARKETS DEBT OVERVIEW

Despite marked volatility as U.S. interest rate concerns rippled through global markets, emerging markets debt returned 13.97% during the fund's fiscal year, as represented by the EMBI+. Sovereign debt markets rallied early in the period as U.S. Treasury bond markets stabilized after the sharp sell-off in July 2003, when U.S. Treasury bond prices plummeted among investor concerns that the Fed's rate-cutting cycle had run its course, and investors refocused their attention on the strong fundamentals in improving emerging market economies.

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Emerging markets continued to show strong performance into 2004 amid a relatively benign stretch in the U.S. Treasury bond markets; hedge funds joined crossover buyers in adding to their emerging markets debt allocations. However, markets were disrupted in April and May following a sharp sell-off in U.S. Treasury bonds, and yields rose following an extremely strong March U.S. jobs report and comments from the Fed about the economy and inflation concerns in the United States. April saw EMBI+’s largest sell-off since July of 2001, with yield spreads over U.S. Treasuries widening to levels not seen since October of last year.

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Markets took back some losses in the last three months of the period, as the continuation of good country fundamentals coupled with the absence of U.S. Treasury volatility supported strong returns.

Through all of this, emerging markets debt fundamentals remained strong and the markets benefited from increasing signs of a global economic turnaround. Continued strength in commodity prices, including metals, agriculture, and oil provided positive support for many emerging market countries. Oil prices, in particular, remained high favoring oil exporters, but fears remained that high-energy prices might dampen the global recovery. Revenues from oil production contributed to positive performance in Ecuador, Russia, and Venezuela. The markets also benefited from higher-than-expected global economic growth and higher-than-expected inflation.

Spreads tightened 68 basis points^v during the 12-month period ended August 31, 2004, closing at 436 basis points over U.S. Treasuries. Over the same period, 12-month return volatility stood at 8.17%,^{vi} substantially below long-term, historical levels of approximately 16%.

The positive macro environment over the 12 months was supportive of improving credit quality across the emerging markets, which, when combined with continued progress on political and economic reforms in many Latin American countries, encouraged broader investor participation in emerging markets debt. In addition, the improving credit quality of the market may have caused some long-term investors to change their allocation to emerging markets from tactical to strategic, providing some technical support for the market.

FACTORS IMPACTING FUND PERFORMANCE

Performance for the fund for the 12-month period primarily was driven by macroeconomic and market factors, as outlined above, rather than individual country events. That said, our overweight positions in the Brazil and Ecuador markets, which returned approximately 21% and 43%, respectively, positively contributed to the overall performance of the fund during the period. Performance for the fund was also positively impacted by the fund's use of leverageⁱⁱ

Looking for Additional Information?

The fund is traded under the symbol EMD and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under symbol XEMDX. *Barron's* and *The Wall Street Journal's* Monday editions carry closed-end fund tables that will provide additional information. In addition, the fund issues a quarterly press release that can be found on most major financial websites as well as www.sbam.com.

In a continuing effort to provide information concerning the fund, shareholders may call 1-888-777-0102 or 1-800-SALOMON (toll free), Monday through Friday from 8:00 a.m. to 6:00 p.m. Eastern Time, for the fund's current NAV, market price, and other information.

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

Sincerely,

Peter J. Wilby, CFA
President

James E. Craige, CFA
Executive Vice President

September 17, 2004

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

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

RISKS: The fund may invest in high yield and foreign securities, including emerging markets, which involves risks beyond those inherent in solely higher-rated and domestic investments. High yield bonds involve greater credit and liquidity risks than investment grade bonds. Investing in foreign securities is subject to certain risks not associated with domestic investing, such as currency fluctuations, and changes in political and economic conditions. These risks are magnified in emerging or developing markets.

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

- i NAV is calculated by subtracting total liabilities from the closing value of all securities held by the fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the fund has invested. However, the price at which an investor may buy or sell shares of the fund is at the fund's market price as determined by supply of and demand for the fund's shares.
- ii The J.P. Morgan Emerging Markets Bond Index Plus is a total-return-index that tracks the traded market for U.S. dollar-denominated Brady and other similar sovereign restructured bonds traded in the emerging markets.
- iii Lipper, Inc. is a major independent mutual-fund tracking organization. Returns are based on the 12-month period ended August 31, 2004, calculated among the 12 funds in the fund's Lipper category, including the reinvestment of dividends and capital gains, if any.
- iv Yield spread is the difference between yields on securities of the same quality but different maturities or the difference between yields on securities of the same maturity but different quality.
- v A basis point is one one-hundredth (1/100 or 0.01) of one percent.
- vi Source: J.P. Morgan.
- vii Leverage is the percentage of debt in relation to equity in an organization's capital structure.

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Schedule of Investments

August 31, 2004

Face Amount	Security (a)	Value
U.S. Government Obligation 8.7%		
5,750,000	United States Treasury Notes, 4.250% due 8/15/14 (Cost \$5,770,664)	\$ 5,809,300
Sovereign Bonds 113.8%		
Argentina 2.6%		
Republic of Argentina:		
50 ^{ARS}	10.000% due 9/19/08 (b)	5
1,625,000	Discount Bond, Series L-GL, 2.4375% due 3/31/23 (b)(c)	836,875
1,820,000	Series L-GP, 6.000% due 3/31/23 (b)	931,613
		1,768,493
Brazil 33.6%		
Federal Republic of Brazil:		
8,650,000	7.33625% due 6/29/09 (c)	9,298,750
50,000	11.000% due 1/11/12	55,625
850,000	10.500% due 7/14/14	912,475
1,362,000	12.250% due 3/6/30	1,603,755
475,000	11.000% due 8/17/40	508,488
3,705,953	C Bond, 8.000% due 4/15/14	3,629,518
4,258,787	DCB, Series L, 2.125% due 4/15/12 (c)	3,848,879
1,384,615	FLIRB, Series L, 2.0625% due 4/15/09 (c)	1,343,076
1,264,751	NMB, Series L, 2.125% due 4/15/09 (c)	1,219,694
		22,420,260
Bulgaria 1.2%		
680,000	Republic of Bulgaria, 8.250% due 1/15/15	833,425
Colombia 6.5%		
Republic of Colombia:		
725,000	10.000% due 1/23/12	812,000
1,615,000	10.750% due 1/15/13	1,865,325
820,000	11.750% due 2/25/20	1,003,475
100,000	8.125% due 5/21/24	91,500
100,000	8.375% due 2/15/27	92,000
450,000	10.375% due 1/28/33	492,750
		4,357,050
Dominican Republic 0.3%		
215,000	Dominican Republic, 9.500% due 9/27/06	165,550

See Notes to Financial Statements.

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Schedule of Investments (continued)

August 31, 2004

Face Amount	Security (a)	Value
Ecuador 6.6%		
Republic of Ecuador:		
3,375,000	12.000% due 11/15/12	\$ 3,300,750
1,395,000	8.000% due 8/15/30 (c)	1,100,306
		<u>4,401,056</u>
El Salvador 1.1%		
750,000	Republic of El Salvador, 8.250% due 4/10/32	731,250
Germany 1.9%		
1,125,000	Aries Vermoegensverwaltungs GmbH, Russian Federation Sovereign Credit-Linked Notes, Series C, 9.600% due 10/25/14 (d)	1,265,625
Mexico 6.7%		
United Mexican States:		
150,000	11.375% due 9/15/16	219,938
3,725,000	8.300% due 8/15/31	4,277,231
		<u>4,497,169</u>
Panama 1.8%		
1,050,000	Republic of Panama, 9.625% due 2/8/11	1,202,250
Peru 5.6%		
Republic of Peru:		
925,000	9.875% due 2/6/15	1,042,938
2,375,000	FLIRB, 4.500% due 3/7/17 (c)	2,066,250
689,780	PDI, 5.000% due 3/7/17 (c)	629,424
		<u>3,738,612</u>
The Philippines 5.7%		
Republic of the Philippines:		
500,000	8.375% due 3/12/09	533,750
675,000	9.000% due 2/15/13	698,186
2,350,000	10.625% due 3/16/25	2,599,687
		<u>3,831,623</u>
Russia 26.3%		
Russian Federation:		
1,075,000	11.000% due 7/24/18	1,408,250
150,000	12.750% due 6/24/28	228,000
16,620,000	5.000% due 3/31/30 (c)	15,934,425
		<u>17,570,675</u>

See Notes to Financial Statements.

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Schedule of Investments (continued)

August 31, 2004

Face Amount	Security (a)	Value
South Africa 2.0%		
Republic of South Africa:		
300,000	9.125% due 5/19/09	\$ 357,937
900,000	6.500% due 6/2/14	951,750
		<u>1,309,687</u>
Turkey 6.5%		
Republic of Turkey:		
250,000	11.750% due 6/15/10	308,750
2,300,000	11.500% due 1/23/12	2,840,500
75,000	11.000% due 1/14/13	91,500
575,000	9.500% due 1/15/14	649,750
325,000	11.875% due 1/15/30	442,000
		<u>4,332,500</u>
Venezuela 5.4%		
Republic of Venezuela:		
400,000	5.375% due 8/7/10	350,700
700,000	10.750% due 9/19/13	764,750
250,000	6.750% due 3/31/20	237,812
175,000	9.375% due 1/13/34	161,350
1,916,579	DCB, Series DL, 2.750% due 12/18/07 (c)	1,881,841
214,275	FLIRB, Series A, 2.0625% due 3/31/07 (c)	211,597
		<u>3,608,050</u>
Total Sovereign Bonds (Cost \$69,054,747)		76,033,275
Loan Participation (c)(e) 3.7%		
2,508,422	Kingdom of Morocco, Tranche A, 2.78125% due 1/2/09 (CS First Boston Inc., J.P. Morgan Chase & Co., UBS Financial Services Inc.) (Cost \$2,368,392)	<u>2,470,795</u>
Corporate Bonds 7.2%		
Energy 7.2%		
PEMEX Project Funding Master Trust:		
290,000	6.125% due 8/15/08	306,675
1,500,000	9.125% due 10/13/10	1,799,250
1,800,000	8.000% due 11/15/11	2,056,500
550,000	Petronas Capital Ltd., 7.875% due 5/22/22	637,035
		<u>4,799,460</u>
Total Corporate Bonds (Cost \$4,357,456)		4,799,460

See Notes to Financial Statements.

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Schedule of Investments (continued)

August 31, 2004

Warrants	Security (a)	Value
Warrants (d)(f)(g) 0.0%		
500	Asia Pulp & Paper (Exercise price of \$7.8375 per share expiring on 3/15/05. Each warrant exercisable for 12.914 shares of Asia Pulp & Paper.) (Cost \$0)	\$ 0
Face Amount		
Repurchase Agreement 0.7%		
\$ 481,000	UBS Securities LLC dated 8/31/04, 1.580% due 9/1/04; Proceeds at maturity \$481,021; (Fully collateralized by various U.S. Government Agency Obligations, 0.000% to 9.800% due 10/22/04 to 3/1/26; Market value \$490,621) (Cost \$481,000)	481,000
Total Investments 134.1% (Cost \$82,032,259*)		89,593,830
Liabilities in Excess of Other Assets (34.1)%		(22,772,645)
Net Assets 100.0%		\$ 66,821,185

Face amount denominated in U.S. dollars unless otherwise indicated.

- (a) *All securities are segregated as collateral pursuant to loan agreement, futures contracts and/or reverse repurchase agreement.*
- (b) *Security is currently in default.*
- (c) *Rate shown reflects current rate on instrument with variable rate or step coupon rates.*
- (d) *Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors.*
- (e) *Participation interests were acquired through the financial institutions indicated parenthetically.*
- (f) *Non-income producing security.*
- (g) *Security is valued in accordance with fair valuation procedures.*
- * *Aggregate cost for Federal income tax purposes is \$82,336,708.*

Abbreviations used in this schedule:

ARS Argentina Peso.

C Bond Capitalization Bond.

DCB Debt Conversion Bond.

FLIRB Front Loaded Interest Reduction Bond.

NMB New Money Bond.

PDI Past Due Interest.

See Notes to Financial Statements.

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Statement of Assets and Liabilities

August 31, 2004

ASSETS:

Investments, at value (Cost \$82,032,259)	\$ 89,593,830
Cash	180,646
Receivable for securities sold	5,987,761
Interest receivable	1,461,109
Prepaid expenses	6,625
	<hr/>
Total Assets	97,229,971
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LIABILITIES:

Loan payable (Note 4)	20,000,000
Payable for securities purchased	5,781,953
Payable for open reverse repurchase agreements (Note 3)	4,224,175
Interest payable (Notes 3 and 4)	89,281
Payable to broker - variation margin	75,937
Management fee payable	57,791
Accrued expenses	179,649
	<hr/>
Total Liabilities	30,408,786
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Total Net Assets	\$ 66,821,185
	<hr/>

NET ASSETS:

Par value of capital shares (\$0.001 par value, 100,000,000 shares authorized; 4,133,928 shares outstanding)	\$ 4,134
Capital paid in excess of par value	57,290,762
Undistributed net investment income	3,257,430
Accumulated net realized loss on investment transactions, futures contracts and options	(1,071,278)
Net unrealized appreciation of investments and futures contracts	7,340,137
	<hr/>

Total Net Assets	\$ 66,821,185
	<hr/>

Net Asset Value, per share (\$66,821,185 ÷ 4,133,928 shares outstanding)	\$16.16
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See Notes to Financial Statements.

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Statement of Operations

For the Year Ended August 31, 2004

INVESTMENT INCOME:

Interest	\$ 7,018,442
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EXPENSES:

Management fee (Note 2)	689,219
Interest expense (Notes 3 and 4)	457,439
Audit	73,759
Directors' fees	63,069
Shareholder communications	54,608
Legal	40,285
Custody	35,746
Stock exchange listing fees	23,287
Transfer agency services	14,713
Loan fees	6,000
Insurance	2,704
Other	12,290

Total Expenses	1,473,119
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Net Investment Income	5,545,323
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REALIZED AND UNREALIZED GAIN ON INVESTMENTS, FUTURES CONTRACTS AND OPTIONS (NOTE 3):

Realized Gain (Loss) From:	
Investment transactions	2,407,250
Futures contracts	(312,004)
Options	14,000

Net Realized Gain	2,109,246
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Increase in Net Unrealized Appreciation of Investments and Futures Contracts	1,599,720
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Net Gain on Investments, Futures Contracts and Options	3,708,966
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Increase in Net Assets From Operations	\$ 9,254,289
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See Notes to Financial Statements.

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SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Statements of Changes in Net Assets

For the Years Ended August 31,

	2004	2003
OPERATIONS:		
Net investment income	\$ 5,545,323	\$ 6,280,758
Net realized gain	2,109,246	4,287,378
Increase in net unrealized appreciation	1,599,720	11,519,613
Increase in Net Assets From Operations	9,254,289	22,087,749
DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income	(2,472,445)	(6,737,049)
Net realized gain	(4,315,365)	
Decrease in Net Assets From Distributions to Shareholders	(6,787,810)	(6,737,049)
FUND SHARE TRANSACTIONS:		
Proceeds from shares issued on reinvestment of dividends (31,982 and 30,843 shares issued, respectively)	530,731	424,701
Increase in Net Assets From Fund Share Transactions	530,731	424,701
Increase in Net Assets	2,997,210	15,775,401
NET ASSETS:		
Beginning of year	63,823,975	48,048,574
End of year*	\$ 66,821,185	\$ 63,823,975
* Includes undistributed (overdistributed) net investment income of:	\$3,257,430	\$(81,482)

See Notes to Financial Statements.

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Statement of Cash Flows

For the Year Ended August 31, 2004

CASH FLOWS PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES:

Interest received	\$ 5,479,776
Operating expenses paid	(1,022,154)
Net sales of short-term investments	1,452,000
Realized gain on option transactions	14,000
Realized loss on futures contracts	(312,004)
Net change in unrealized depreciation on futures contracts	(221,434)
Net purchases of long-term investments	(93,178,410)
Proceeds from disposition of long-term investments	90,370,177
Change in payable from variation margin	75,937
Interest paid	(444,459)

Net Cash Flows Provided By Operating and Investing Activities	2,213,429
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CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:

Cash distributions paid on Common Stock	(6,787,810)
Proceeds from reverse repurchase agreements	4,224,175
Proceeds from reinvestment of dividends	530,731

Net Cash Flows Used By Financing Activities	(2,032,904)
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Net Increase in Cash	180,525
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Cash, Beginning of year	121
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Cash, End of year	\$ 180,646
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RECONCILIATION OF INCREASE IN NET ASSETS FROM OPERATIONS TO NET CASH FLOWS PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES:

Increase in Net Assets From Operations	\$ 9,254,289
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Accretion of discount on investments	(1,569,044)
Amortization of premium on investments	177,041
Increase in investments, at value	(3,538,238)
Increase in interest receivable	(146,663)
Decrease in prepaid expenses	1,928
Decrease in payable for securities purchased	(222,203)
Increase in variation margin payable	75,937
Increase in receivable for securities sold	(1,824,196)
Increase in interest payable	12,980
Decrease in accrued expenses	(8,402)

Total Adjustments	(7,040,860)
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Net Cash Flows Provided By Operating and Investing Activities	\$ 2,213,429
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See Notes to Financial Statements.

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Financial Highlights

Data for a share of common stock outstanding throughout the year ended August 31, unless otherwise noted:

	2004(1)	2003(1)	2002(1)	2001	2000
Net Asset Value, Beginning of Year	\$15.56	\$11.80	\$12.91	\$14.01	\$ 11.16
Income (Loss) From Operations:					
Net investment income(2)	1.35	1.54	1.67	1.68	1.72
Net realized and unrealized gain (loss)(2)	0.90	3.87	(1.13)	(1.13)	2.78
Total Income From Operations	2.25	5.41	0.54	0.55	4.50
Less Distributions From:					
Net investment income	(0.60)	(1.65)	(1.65)	(1.65)	(1.65)
Net realized gains	(1.05)				
Total Distributions	(1.65)	(1.65)	(1.65)	(1.65)	(1.65)
Net Asset Value, End of Year	\$16.16	\$15.56	\$11.80	\$12.91	\$ 14.01
Market Price, End of Year	\$17.56	\$16.80	\$12.30	\$13.15	\$13.9375
Total Return, Based on Market Price Per Share(3)	15.33%	53.82%	6.10%	7.14%	27.51%
Ratios to Average Net Assets:					
Total expenses, including interest expense	2.24%	2.72%	2.96%	4.76%	5.00%
Total expenses, excluding interest expense (operating expenses)	1.55%	1.83%	1.51%	1.71%	1.73%
Net investment income(2)	8.45%	11.16%	13.24%	12.87%	13.33%
Supplemental Data:					
Net Assets, End of Year (000s)	\$66,821	\$63,824	\$48,049	\$52,209	\$56,313
Portfolio Turnover Rate	110%	179%	168%	195%	136%
Loan Outstanding, End of Period (000s)	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Weighted Average Loan (000s)	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Weighted Average Interest Rate on Loans	2.27%	2.51%	3.70%	7.94%	8.26%
Before Applicable Reimbursement From SBAM, Net Investment Income Per Share and Expense Ratios would have been:					
Net investment income			\$1.63		
Expense ratio, including interest expense			3.26%		
Expense ratio, excluding interest expense (operating expenses)			1.81%		

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

(2) Effective September 1, 2001, the Fund adopted a change in the accounting method that requires the Fund to amortize premiums and accrete all discounts. Without the adoption of this change, for the year ended August 31, 2002, the net investment income, net realized and unrealized loss and the ratio of net investment income to average net assets would have been \$1.68, \$1.14 and 13.29%, respectively. Per share information, ratios and supplemental data for the periods prior to September 1, 2001 have not been restated to reflect this change in presentation.

(3) For the purpose of this calculation, dividends are assumed to be reinvested at prices obtained under the Fund's dividend reinvestment plan and the broker commission paid to purchase or sell a share is excluded.

See Notes to Financial Statements.

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies

Salomon Brothers Emerging Markets Income Fund Inc. (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 Board of Directors authorized 100 million shares of \$0.001 par value common stock.

The following is a summary of the significant accounting policies consistently followed by the Fund and is in conformity with U.S. generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions 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. In valuing the Fund s assets, all securities and options for which market quotations are readily available are valued (i) at the last sale price prior to the time of determination if there was a sale on the date of determination, (ii) at the mean between the last current bid and asked price if there was no sales price on such date and bid and asked quotations are available, and (iii) at the bid price if there was no sales price on such date and only bid quotations are available. Publicly traded foreign government debt securities are typically traded internationally in the over-the-counter market, and are valued at the mean between the last current bid and asked price as of the close of business of that market. However, where the spread between bid and asked price exceeds five percent of the par value of the security, the security is valued at the bid price. Securities may also be valued by independent pricing services which use prices provided by market-makers or estimates of market values obtained from yield data relating to instruments or securities with similar characteristics. Short-term investments having a maturity of 60 days or less are valued at amortized cost, unless the Board of Directors determines that such valuation does not constitute fair value. When market quotations or official closing prices are not readily available, or are determined not to reflect accurately 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 (for example, a foreign exchange or market), 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.

(b) REPURCHASE AGREEMENTS. When entering into repurchase agreements, it is the Fund s policy that the custodian take possession of the underlying collateral securities, the value of which 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 adequacy of the collateral. If the seller defaults and the 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.

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Notes to Financial Statements (continued)

(c) **REVERSE REPURCHASE AGREEMENTS.** The Fund may enter into reverse repurchase agreements in which a Fund sells portfolio securities and agrees to repurchase them from the buyer at a particular date and price. Whenever a Fund enters into a reverse repurchase agreement, the custodian delivers liquid assets in an amount at least equal to the repurchase price marked-to-market daily (including accrued interest), and subsequently monitors the account to ensure that the equivalent value is maintained. A Fund pays interest on amounts obtained pursuant to reverse repurchase agreements. Reverse repurchase agreements are considered to be borrowings by a Fund. Reverse repurchase agreements involve leverage risk and the risk that the market value of securities retained by the Fund may decline below the repurchase price of the securities sold by the Fund which it is obligated to repurchase.

(d) **FUTURES CONTRACTS.** Securities or cash equal to the initial margin amount are either deposited with the broker or segregated by the custodian upon entering into the futures contract. Additional securities are also segregated up to the current market value of the futures contracts. During the period the futures contract is open, changes in the value of the contract are recognized as unrealized gains or losses by marking-to-market on a daily basis to reflect the market value of the contract at the end of each day's trading. Variation margin payments are received or made and recognized as assets due from or liabilities due to broker, depending upon whether unrealized gains or losses are incurred. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transactions and the Fund's basis in the contract. The Fund enters into such contracts typically to hedge a portion of its portfolio. The Fund bears the market risk that arises from changes in the value of the financial instruments and securities indices.

(e) **OPTION CONTRACTS.** The Fund may from time to time enter into option contracts. Premiums paid when put or call options are purchased by the Fund, represent investments, which are marked-to-market daily. When a purchased option expires, the Fund will realize a loss in the amount of the premium paid. When the Fund enters into a closing sales transaction, the Fund will realize a gain or loss depending on whether the proceeds from the closing sales transaction are greater or less than the premium paid for the option. When the Fund exercises a put option, it will realize a gain or loss from the sale of the underlying security and the proceeds from such sale will be decreased by the premium originally paid. When the Fund exercises a call option, the cost of the security which the Fund purchases upon exercise will be increased by the premium originally paid. When the Fund writes a call or put option, an amount equal to the premium received by the Fund is recorded as a liability, the value of which is marked-to-market daily. When a written option expires, the Fund realizes a gain equal to the amount of the premium received. When the Fund enters into a closing purchase transaction, the Fund realizes a gain or loss depending upon whether the cost of the closing transaction is greater or less than the premium originally received, without regard to any unrealized gain or loss on the underlying security, and the liability related to such option is eliminated. When a written call option is exercised the proceeds of the security sold will be increased by the premium originally received. When a written put option is exercised, the amount of the premium originally

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Notes to Financial Statements (continued)

received will reduce the cost of the security which the Fund purchased upon exercise. When written index options are exercised, settlement is made in cash. The Fund enters into options for hedging purposes. The risk associated with purchasing options is limited to the premium originally paid. The risk in writing a covered call option is that the Fund gives up the opportunity to participate in any increase in the price of the underlying security beyond the exercise price. The risk in writing a put option is that the Fund is exposed to the risk of loss if the market price of the underlying security declines. The risk in writing a call option is that the Fund is exposed to the risk of loss if the market price of the underlying security increases.

(f) **LOAN PARTICIPATIONS.** The Fund invests in fixed and floating rate loans arranged through private negotiations between a foreign sovereign entity and one or more financial institutions (lenders). The Fund's investment in any such loan may be in the form of a participation in or an assignment of the loan. In connection with purchasing loan participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the Fund may not benefit directly from any collateral supporting the loan in which it has purchased the participation. As a result, the Fund will assume the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling the participation, the Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower. When the Fund purchases assignments from lenders, the Fund will acquire direct rights against the borrower on the loan, except that under certain circumstances such rights may be more limited than those held by the assigning lender.

(g) **INVESTMENT TRANSACTIONS AND INVESTMENT INCOME.** Securities transactions are recorded on the trade date. Interest income is accrued on a daily basis. Discount and premium on securities purchased is accreted and amortized on an effective yield basis over the life of the security. The Fund uses the specific identification method for determining realized gain or loss on investments sold.

(h) **FOREIGN CURRENCY TRANSLATION.** The books and records of the Fund are maintained in U.S. dollars. Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of portfolio securities and income and expense items denominated in foreign currencies are translated into U.S. dollars at rates of exchange prevailing on the respective dates of such transactions. Net realized gains and losses on foreign currency transactions represent net gains and losses from sales and maturities of forward currency contracts, disposition of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions and the difference between the amount of income accrued and the U.S. dollar equivalent amount actually received. The Fund does not isolate that portion of gains and losses on investments which is due to changes in foreign exchange rates from that which is due

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Notes to Financial Statements (continued)

to changes in market prices of the securities. Such fluctuations are included with the net realized and unrealized gain or loss from investments. However, pursuant to U.S. Federal income tax regulations, certain net foreign exchange gains/losses included in realized gain/loss are included in or are a reduction of ordinary income for Federal income tax purposes.

(i) **DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS.** The Fund declares and pays dividends to shareholders quarterly from net investment income. Net realized gains, if any, in excess of loss carryovers are expected to be distributed annually. Dividends and distributions to shareholders are recorded on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized gains are determined in accordance with Federal income tax regulations, which may differ from GAAP due primarily to differences in the treatment of foreign currency gains/losses and deferral of wash sales and post-October losses incurred by the Fund. These book/tax differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their Federal income tax basis treatment; temporary differences do not require reclassification. Dividends and distributions which exceed net investment income and net realized capital gains for tax purposes are reported as tax return of capital. The character of income and gains to be distributed is determined in accordance with income tax regulations which may differ from GAAP.

(j) **CASH FLOW INFORMATION.** The Fund invests in securities and distributes dividends from net investment income and net realized gains from investment transactions which are paid in cash. These activities are reported in the Statement of Changes in Net Assets. Additional information on cash receipts and cash payments is presented in the Statement of Cash Flows. Accounting practices that do not affect reporting activities on a cash basis include carrying investments at value and amortizing premiums on debt obligations.

(k) **FEDERAL INCOME TAXES.** It is the Fund's intention to continue to comply with the provisions of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its taxable income and capital gains, if any, to its shareholders. Therefore, no Federal income tax or excise tax provision is required.

(l) **YEAR END TAX RECLASSIFICATIONS.** At August 31, 2004, reclassifications were made to the Fund's capital accounts to reflect permanent book/tax differences and income and gains available for distributions under income tax regulations. Accordingly, a portion of undistributed net investment income amounting to \$7,684 was reclassified to paid-in capital. Net investment income, net realized gains and net assets were not affected by these changes.

Note 2. Management and Advisory Fees and Other Transactions

The Fund retains Salomon Brothers Asset Management Inc (SBAM), an indirect wholly-owned subsidiary of Citigroup Inc. (Citigroup), to act as investment manager and administrator of the Fund. SBAM has delegated certain of its administrative responsibilities to

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Notes to Financial Statements (continued)

Smith Barney Fund Management LLC (SBFM), another indirect wholly-owned subsidiary of Citigroup and an affiliate of SBAM, pursuant to a Sub-Administration Agreement between SBAM and SBFM. SBFM does not receive any compensation from the Fund for its services.

The Fund currently pays SBAM a monthly fee at an annual rate of 1.05% of the Fund's average weekly net assets for its services.

Certain officers and/or Directors of the Fund are officers and/or Directors of SBAM.

Note 3. Portfolio Activity

For the year ended August 31, 2004, the aggregate cost of purchases and proceeds from sales of investments (including maturities of long-term investments, but excluding short-term investments) were as follows:

Purchases	\$ 92,956,207
Sales	\$ 92,194,373

At August 31, 2004, the aggregate gross unrealized appreciation and depreciation of investments for Federal income tax purposes were as follows:

Gross unrealized appreciation	\$ 7,576,314
Gross unrealized depreciation	(319,192)
Net unrealized appreciation	\$ 7,257,122

At August 31, 2004, the Fund had the following open futures contracts:

<u>Contracts to Sell</u>	<u>Number of Contracts</u>	<u>Expiration</u>	<u>Basis Value</u>	<u>Market Value</u>	<u>Unrealized Loss</u>
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U.S. Treasury 10 Year Note	180	12/04	\$ 19,994,816	\$ 20,216,250	\$ (221,434)
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Transactions in reverse repurchase agreements for the Fund during the year ended August 31, 2004 were as follows:

Average	Weighted	Maximum
Daily	Average	Amount
Balance	Interest Rate	Outstanding
\$384,943	1.12%	\$4,224,175

Interest rates on reverse repurchase agreements ranged from 1.10% to 1.25% during the year ended August 31, 2004.

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Notes to Financial Statements (continued)

At August 31, 2004, the Fund had the following open reverse repurchase agreements:

Face Amount	Security	Value
\$2,236,342	Reverse Repurchase Agreement with J.P. Morgan Chase & Co., dated 7/8/04 bearing 1.100% to be repurchased at \$2,261,283 on 7/8/05, collateralized by: \$2,000,000 Federal Republic of Brazil, C Bond, 8.000% due 4/15/14; Market value \$1,958,750	\$ 2,236,342
1,987,833	Reverse Repurchase Agreement with J.P. Morgan Chase & Co., dated 8/23/04 bearing 1.250% to be repurchased at \$2,013,026 on 8/23/05, collateralized by: \$2,000,000 Republic of Ecuador, 12.000% due 11/15/12; Market value \$1,956,000	1,987,833
Total Reverse Repurchase Agreements		
	(Cost \$4,224,175)	\$ 4,224,175

At August 31, 2004, the Fund held loan participations with a total cost of \$2,368,392 and with a total market value of \$2,470,795.

The following written covered call option transactions occurred during the year ended August 31, 2004:

	Number of Contracts	Premiums
Options written, outstanding at, August 31, 2003		\$ 0
Options written	1,000	14,500
Options closed	(1,000)	(14,500)
Options written, outstanding at August 31, 2004		\$ 0

At August 31, 2004, the Fund did not hold any purchased call or put option contracts.

Note 4. Loan

At August 31, 2004, the Fund had \$20,000,000 outstanding of an available \$23,000,000 loan pursuant to a revolving credit and security agreement with CXC LLC (CXC), an affiliate of Citigroup, a commercial paper conduit issuer for Citicorp North America, Inc. (CNA). CNA, an affiliate of SBAM, acts as the administrative agent. The loans generally bear interest at a variable rate based on the weighted average interest rates of the underlying commercial paper or LIBOR, plus any applicable margin. 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.

Note 5. Credit and Market Risk

The yields of emerging market debt obligations reflect, among other things, perceived credit risk. The Fund's investment in securities rated below investment grade typically involves risks

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Notes to Financial Statements (continued)

not associated with higher rated securities including, among others, overall greater risk of 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-dollar-denominated securities may also result in foreign currency losses caused by devaluations and exchange rate fluctuations. At August 31, 2004, the Fund had a concentration of risk in sovereign debt of emerging market countries.

The net asset value and/or market value per share of the Fund could be negatively affected if the Fund were required to liquidate assets in other than an orderly manner and/or in adverse market conditions to repay any bank loans outstanding.

Note 6. Dividend Subsequent to August 31, 2004

On July 29, 2004, the Board of Directors of the Fund declared a common stock dividend of \$0.4125 per share from net investment income. The dividend is payable on September 24, 2004 to shareholders of record on September 14, 2004.

Note 7. Income Tax Information & Distributions to Shareholders

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

	<u>2004</u>	<u>2003</u>
Ordinary income	\$ 6,787,810	\$ 6,737,049
Total distributions paid	<u>\$ 6,787,810</u>	<u>\$ 6,737,049</u>

As of August 31, 2004, the components of accumulated earnings on a tax basis were as follows:

Undistributed ordinary income net	\$ 3,312,115
Capital loss carryforward	(1,042,948)*
Other book/tax temporary differences	221,434**
Unrealized appreciation	<u>7,035,688***</u>
Total accumulated earnings	\$ 9,526,289

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- * *On August 31, 2004, the Fund had a net capital loss carryforward of approximately \$1,042,948 which expires on August 31, 2012. This amount will be available to offset like amounts of any future taxable gains.*
 - ** *Other book/tax temporary differences are attributable primarily to the realization for tax purposes of unrealized gains (losses) on certain futures contracts.*
 - *** *The difference between book-basis and tax-basis unrealized appreciation is attributable primarily to the tax deferral of losses on wash sales and the difference between book and tax amortization methods for premiums and discounts on fixed income securities.*

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Notes to Financial Statements (continued)

Note 8. Additional Information

In connection with an investigation previously disclosed by Citigroup, the Staff of the Securities and Exchange Commission (SEC) has notified Citigroup Asset Management (CAM), the Citigroup business unit that includes the funds' investment manager and other investment advisory companies; Citicorp Trust Bank (CTB), an affiliate of CAM; Thomas W. Jones, the former CEO of CAM; and two other individuals, one of whom is an employee and the other of whom is a former employee of CAM, that the SEC Staff is considering recommending a civil injunctive action and/or an administrative proceeding against each of them relating to the creation and operation of an internal transfer agent unit to serve various CAM-managed funds.

In 1999, CTB entered the transfer agent business. CTB hired an unaffiliated subcontractor to perform some of the transfer agent services. The subcontractor, in exchange, had signed a separate agreement with CAM in 1998 that guaranteed investment management revenue to CAM and investment banking revenue to a CAM affiliate. The subcontractor's business was later taken over by PFPC Inc., and at that time the revenue guarantee was eliminated and a one-time payment was made by the subcontractor to a CAM affiliate.

CAM did not disclose the revenue guarantee when the boards of various CAM-managed funds hired CTB as transfer agent. Nor did CAM disclose to the boards of the various CAM-managed funds the one-time payment received by the CAM affiliate when it was made.

In addition, the SEC Staff has indicated that it is considering recommending action based on the adequacy of the disclosures made to the fund boards that approved the transfer agency arrangement, CAM's initiation and operation of, and compensation for, the transfer agent business and CAM's retention of, and agreements with, the subcontractor.

Citigroup is cooperating fully in the investigation and will seek to resolve the matter in discussions with the SEC Staff. Although there can be no assurance, Citigroup does not believe that this matter will have a material adverse effect on the Fund. As previously disclosed, CAM has already agreed to pay the applicable funds, primarily through fee waivers, a total of approximately \$17 million (plus interest) that is the amount of the revenue received by Citigroup relating to the revenue guarantee.

The Fund did not implement the contractual arrangement described above and therefore will not receive any portion of the payment.

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of

Salomon Brothers Emerging Markets Income Fund Inc.

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets and of cash flows and the financial highlights present fairly, in all material respects, the financial position of Salomon Brothers Emerging Markets Income Fund Inc. (Fund) at August 31, 2004, the results of its operations and cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements) are the responsibility of the Fund s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at August 31, 2004 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

300 Madison Avenue

New York, New York 10017

October 22, 2004

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Additional Information (unaudited)**Information about Directors and Officers**

The business and affairs of Salomon Brothers 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.

Name, Address and Age	Position(s) Held with Fund⁽¹⁾	Term of Office⁽¹⁾ and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios Advised by SBAM⁽²⁾, and Overseen by Director (including the Fund)	Other Directorships Held by Director
Non-Interested Directors:					
Carol L. Colman Colman Consulting Co. 278 Hawley Road North Salem, NY 10560 Age 58	Director and Member of the Nominating and Audit Committees, Class II	Since 2003	President, Colman Consulting Co.	37	None
Daniel P. Cronin 24 Woodlawn Avenue New Rochelle, NY 10804 Age 58	Director and Member of the Nominating and Audit Committees, Class II	Since 2003	Formerly, Associate General Counsel, Pfizer Inc.	34	None
Leslie H. Gelb 150 East 69th Street New York, NY 10021 Age 66	Director and Member of the Nominating and Audit Committees, Class III	Since 1994	President, Emeritus and Senior Board Fellow, The Council on Foreign Relations; formerly, Columnist, Deputy Editorial Page Editor and Editor, Op-Ed Page, <i>The New York Times</i>	34	Director of two registered investment companies advised by Advantage Advisers, Inc. (Advantage)
William R. Hutchinson 535 N. Michigan Avenue Suite 1012 Chicago, IL 60611 Age 61	Director and Member of Nominating and Audit Committees, Class I	Since 2003	President, W.R. Hutchinson & Associates Inc.; Formerly Group Vice President, Mergers and Acquisitions, BP Amoco p.l.c.	44	Associated Banc-Corp.
Riordan Roett The Johns Hopkins University 1740 Massachusetts Avenue NW Washington, DC 20036 Age 65	Director and Member of the Nominating and Audit Committees, Class I	Since 1995	Professor and Director, Latin America Studies Program, Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University	34	None

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Additional Information (unaudited) (continued)

Name, Address and Age	Position(s) Held with Fund ⁽¹⁾	Term of Office ⁽¹⁾ and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios Advised by SBAM ⁽²⁾ , and Overseen by Director (including the Fund)	Other Directorships Held by Director
Jeswald W. Salacuse Tufts University The Fletcher School of Law & Diplomacy 160 Packard Avenue Medford, MA 02155 Age 66	Director and Member of the Nominating and Audit Committees, Class I	Since 1994	Henry J. Braker Professor of Commercial Law and formerly Dean, The Fletcher School of Law & Diplomacy, Tufts University	34	Director of two registered investment companies advised by Advantage
Interested Directors:					
R. Jay Gerken, CFA ⁽³⁾ Citigroup Asset Management (CAM) 399 Park Avenue, 4th Floor New York, NY 10022 Age 53	Director, Chairman and Chief Executive Officer, Class III	Since 2002	Managing Director of Citigroup Global Markets Inc. (CGM); Chairman, President, Chief Executive Officer and Director of Smith Barney Fund Management LLC (SBFM), Travelers Investment Adviser, Inc. (TIA) and Citi Fund Management Inc. (CFM); President and Chief Executive Officer of certain mutual funds associated with Citigroup Inc. (Citigroup): Formerly Portfolio Manager of Smith Barney Allocation Series Inc. (from 1996 to 2001) and Smith Barney Growth and Income Fund (from 1996 to 2000)	221	None
Officers:					
Peter J. Wilby, CFA CAM 399 Park Avenue, 4th Floor New York, NY 10022 Age 45	President Executive Vice President	Since 2002 1994 2002	Managing Director of CGM and Salomon Brothers Asset Management Inc (SBAM)	N/A	N/A

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Additional Information (unaudited) (continued)

Name, Address and Age	Position(s) Held with Fund⁽¹⁾	Term of Office⁽¹⁾ and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios Advised by SBAM⁽²⁾, and Overseen by Director (including the Fund)	Other Directorships Held by Director
Andrew B. Shoup CAM 125 Broad Street, 11th Floor New York, NY 10004 Age 47	Senior Vice President and Chief Administrative Officer	Since 2003	Director of CAM; Senior Vice President and Chief Administrative Officer of mutual funds associated with Citigroup; Treasurer of certain mutual funds associated with Citigroup; Head of International Funds Administration of CAM (from 2001 to 2003); Director of Global Funds Administration of CAM (from 2000 to 2001); Head of U.S. Citibank Funds Administration of CAM (from 1998 to 2000)	N/A	N/A
Frances M. Guggino CAM 125 Broad Street, 10th Floor New York, NY 10004 Age 46	Chief Financial Officer and Treasurer	Since 2004	Vice President of CGM; Chief Financial Officer and Treasurer of certain mutual funds associated with Citigroup; Controller of certain mutual funds associated with Citigroup (from 2002 to 2004)	N/A	N/A
James E. Craige, CFA CAM 399 Park Avenue, 4th Floor New York, NY 10022 Age 37	Executive Vice President	Since 1999	Managing Director of CGM and SBAM	N/A	N/A
Thomas K. Flanagan, CFA CAM 399 Park Avenue, 4th Floor New York, NY 10022 Age 50	Executive Vice President	Since 1994	Managing Director of CGM and SBAM	N/A	N/A

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Additional Information (unaudited) (continued)

Name, Address and Age	Position(s) Held with Fund⁽¹⁾	Term of Office⁽¹⁾ and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios Advised by SBAM⁽²⁾, and Overseen by Director (including the Fund)	Other Directorships Held by Director
Wendy S. Setnicka CAM 125 Broad Street, 10th Floor New York, NY 10004 Age 40	Controller	Since 2004	Vice President of CAM; Controller of certain mutual funds associated with Citigroup; Assistant Controller of CAM (from 2002 to 2004)	N/A	N/A
Robert I. Frenkel CAM 300 First Stamford Place 4th Floor Stamford, CT 06902 Age 49	Secretary and Chief Legal Officer	Since 2003	Managing Director and General Counsel of Global Mutual Funds for CAM and its predecessor (since 1994); Secretary of CFM (from 2001 to 2004); Secretary and Chief Legal Officer of mutual funds associated with Citigroup	N/A	N/A
Andrew Beagley CAM 399 Park Avenue 4th Floor New York, NY 10022 Age 40	Chief Compliance Officer	Since 2004	Director of CGM (since 2000); Director of Compliance, North America, CAM (since 2000); Chief Anti-Money Laundering Compliance Officer, Chief Compliance Officer and Vice President of certain mutual funds associated with Citigroup; Director of Compliance, Europe, the Middle East and Africa, CAM (from 1999 to 2000); Compliance Officer, Salomon Brothers Asset Management Limited, Smith Barney Global Capital Management Inc., Salomon Brothers Asset Management Asia Pacific Limited (from 1997 to 1999)		

(1) *The Fund's Board of Directors is divided into three classes: Class I, Class II and Class III. The terms of office of the Class I, II and III Directors expire at the Annual Meetings of Stockholders in the year 2006, year 2004 and year 2005, respectively, or thereafter in each case when their respective successors are duly elected and qualified. The Fund's executive officers are chosen each year to hold office until their successors are duly elected and qualified.*

(2) *Number of portfolios advised by SBAM or affiliates of SBAM.*

(3) *Mr. Gerken is an interested person of the Fund as defined in the Investment Company Act of 1940, as amended, because Mr. Gerken is an officer of SBFM and certain of its affiliates.*

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Form of Terms and Conditions of Amended and Restated Dividend Reinvestment and Cash Purchase Plan (unaudited)

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

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

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

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

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

If (i) the Agent has not invested the full dividend amount in open-market purchases by the date specified in paragraph 4 above as the date on which such purchases must terminate or (ii) a

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Form of Terms and Conditions of Amended and Restated Dividend Reinvestment and Cash Purchase Plan (unaudited) (continued)

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

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

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

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

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Form of Terms and Conditions of Amended and Restated Dividend Reinvestment and Cash Purchase Plan (unaudited) (continued)

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

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

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

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

Participants may terminate their accounts under the Plan by notifying the Agent in writing. Such termination will be effective immediately if notice is received by the Agent not less than 10 days prior to any dividend or distribution record date; otherwise such termination will be effective on the first Trading Day after the payment date for such dividend or distribution with respect to any subsequent dividend or distribution. The Plan may be amended or terminated by the Fund as applied to any voluntary cash payments made and any income dividend or capital gains distribution paid subsequent to written notice of the change or termination sent to Participants at least 30 days prior to the record date for the income dividend or capital gains distribution. The Plan may be amended or terminated by the Agent, with the Fund's prior written consent, on at least 30 days' written notice to Participants. Notwithstanding the preceding two sentences, the Agent or the Fund may amend or supplement the Plan at any time or times when necessary or appropriate to comply with applicable law or rules or policies of the Securities and Exchange Commission or any other regulatory authority. Upon any termination, the Agent will cause a certificate or certificates for the full Shares held by each Participant under the Plan and cash adjustment for any fraction to be delivered to each Participant without charge. If the Participant elects by notice to the Agent in writing in advance of such termination to have the Agent sell part

SALOMON BROTHERS EMERGING MARKETS INCOME FUND INC.

Form of Terms and Conditions of Amended and Restated Dividend Reinvestment and Cash Purchase Plan (unaudited) (continued)

or all of a Participant's Shares and remit the proceeds to the Participant, the Agent is authorized to deduct a \$2.50 fee plus brokerage commission for this transaction from the proceeds.

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

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

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

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

The report is transmitted to the shareholders of the Fund 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.

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

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the Commission's website at www.sec.gov. The Fund's Forms N-Q may be reviewed and copied at the Commission'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 1-800-446-1013.

Information on how the Fund voted proxies relating to portfolio securities during the 12 month period ended June 30, 2004 and a description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling 1-800-446-1013, (2) on the Fund's website at www.citigroupAM.com and (3) on the SEC's website at www.sec.gov.

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, the Chairman 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 for Salomon Brothers Emerging Markets Income Fund Inc. were \$53,000 and \$53,000 for the years ended 8/31/04 and 8/31/03, respectively.
- (b) Audit-Related Fees for Salomon Brothers Emerging Markets Income Fund Inc. were \$8,500 and \$8,500 for the years ended 8/31/04 and 8/31/03. These amounts represent procedures performed and prepared for agreed upon procedures letter in accordance with the terms of the Revolving Credit Facility.

In addition, there were no Audit-Related Fees billed in the years ended 8/31/04 and 8/31/03 for assurance and related services by the Accountant 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 Salomon Brothers 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 period May 6, 2003 to August 31, 2004 (prior to May 6, 2003 services provided by the Accountant were not required to be pre-approved).

- (c) Tax Fees for Salomon Brothers Emerging Markets Income Fund Inc. were \$6,200 and \$6,200 for the years ended 8/31/04 and 8/31/03. These amounts represent aggregate fees paid for tax compliance and tax advice, which includes (the filing and amendment of federal, state and local income tax returns, timely RIC qualification review and tax distribution and analysis planning) rendered by the Accountant to Salomon Brothers Emerging Markets Income Fund Inc.

There were no fees billed for tax services by the Accountants to service affiliates for the period May 6, 2003 through August 31, 2004 that required pre-approval by the Audit Committee.

(d) There were no All Other Fees for Salomon Brothers Emerging Markets Income Fund Inc. for the years ended 8/31/04 and 8/31/03.

All Other Fees. The aggregate fees billed for all other non-audit services rendered by the Accountant to Salomon Brothers Asset Management (SBAM), and any entity controlling, controlled by or under common control with SBAM that provided ongoing services to Salomon Brothers Emerging Markets Income Fund Inc., requiring pre-approval by the Audit Committee for the period May 6, 2003 through August 31, 2004, which included the issuance of reports on internal control under SAS No. 70 relating to various Citigroup Asset Management (CAM) entities, were \$666,000; all of which were pre-approved by the Audit Committee.

(e) (1) Audit Committee s pre approval policies and procedures described in paragraph (c) (7) of Rule 2-01 of Regulation S-X.

The Charter for the Audit Committee (the Committee) of the Board of each registered investment company (the Fund) advised by Smith Barney Fund Management LLC or Salomon Brothers Asset Management Inc. 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 may 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 may 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 may 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 the Salomon Brothers 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 100% for the years ended 8/31/04 and 8/31/03; Tax Fees were 100% and 100% for the years ended 8/31/04 and 8/31/03; There were no Other Fees paid by the Salomon Brothers Emerging Markets Income Fund Inc.

(f) N/A

(g) Non-audit fees billed by the Accountant for services rendered to Salomon Brothers Emerging Markets Income Fund Inc. and CAM and any entity controlling, controlled by, or under common control with CAM that provides ongoing services to Salomon Brothers Emerging Markets Income Fund Inc. were \$2.1 million and \$6.4 million for the years ended 8/31/04 and 8/31/03.

(h) Yes. The Salomon Brothers 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 Auditor's independence. All services provided by the Accountant to the Salomon Brothers 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.

Not applicable.

ITEM 6. [RESERVED]

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The Board of Directors of the Fund has delegated the authority to develop policies and procedures relating to proxy voting to the Manager. The Manager is part of Citigroup Asset Management (CAM), a group of investment adviser affiliates of Citigroup, Inc. (Citigroup). Along with the other investment advisers that

comprise CAM, the Manager has adopted a set of proxy voting policies and procedures (the Policies) to ensure that the Manager votes proxies relating to equity securities in the best interest of clients.

In voting proxies, the Manager is guided by general fiduciary principles and seeks to act prudently and solely in the best interest of clients. The Manager attempts to consider all factors that could affect the value of the investment and will vote proxies in the manner that it believes will be consistent with efforts to maximize shareholder values. The Manager may utilize an external service provider to provide it with information and/or a recommendation with regard to proxy votes. However, such recommendations do not relieve the Manager of its responsibility for the proxy vote.

In the case of a proxy issue for which there is a stated position in the Policies, CAM generally votes in accordance with such stated position. In the case of a proxy issue for which there is a list of factors set forth in the Policies that CAM considers in voting on such issue, CAM votes on a case-by-case basis in accordance with the general principles set forth above and considering such enumerated factors. In the case of a proxy issue for which there is no stated position or list of factors that CAM considers in voting on such issue, CAM votes on a case-by-case basis in accordance with the general principles set forth above. Issues for which there is a stated position set forth in the Policies or for which there is a list of factors set forth in the Policies that CAM considers in voting on such issues fall into a variety of categories, including election of directors, ratification of auditors, proxy and tender offer defenses, capital structure issues, executive and director compensation, mergers and corporate restructurings, and social and environmental issues. The stated position on an issue set forth in the Policies can always be superseded, subject to the duty to act solely in the best interest of the beneficial owners of accounts, by the investment management professionals responsible for the account whose shares are being voted. Issues applicable to a particular industry may cause CAM to abandon a policy that would have otherwise applied to issuers generally. As a result of the independent investment advisory services provided by distinct CAM business units, there may be occasions when different business units or different portfolio managers within the same business unit vote differently on the same issue.

In furtherance of the Manager's goal to vote proxies in the best interest of clients, the Manager follows procedures designed to identify and address material conflicts that may arise between the Manager's interests and those of its clients before voting proxies on behalf of such clients. To seek to identify conflicts of interest, CAM periodically notifies CAM employees (including employees of the Manager) in writing that they are under an obligation (i) to be aware of the potential for conflicts of interest with respect to voting proxies on behalf of client accounts both as a result of their personal relationships and due to special circumstances that may arise during the conduct of CAM's and the Manager's business, and (ii) to bring conflicts of interest of which they become aware to the attention of compliance personnel. The

Manager also maintains and considers a list of significant relationships that could present a conflict of interest for the Manager in voting proxies. The Manager is also sensitive to the fact that a significant, publicized relationship between an issuer and a non-CAM affiliate might appear to the public to influence the manner in which the Manager decides to vote a proxy with respect to such issuer. Absent special circumstances or a significant, publicized non-CAM affiliate relationship that CAM or the Manager for prudential reasons treats as a potential conflict of interest because such relationship might appear to the public to influence the manner in which the Manager decides to vote a proxy, the Manager generally takes the position that non-CAM relationships between Citigroup and an issuer (e.g. investment banking or banking) do not present a conflict of interest for the Manager in voting proxies with respect to such issuer. Such position is based on the fact that the Manager is operated as an independent business unit from other Citigroup business units as well as on the existence of information barriers between the Manager and certain other Citigroup business units.

CAM maintains a Proxy Voting Committee, of which the Manager personnel are members, to review and address conflicts of interest brought to its attention by compliance personnel. A proxy issue that will be voted in accordance with a stated position on an issue or in accordance with the recommendation of an independent third party is not brought to the attention of the Proxy Voting Committee for a conflict of interest review because the Manager's position is that to the extent a conflict of interest issue exists, it is resolved by voting in accordance with a pre-determined policy or in accordance with the recommendation of an independent third party. With respect to a conflict of interest brought to its attention, the Proxy Voting Committee first determines whether such conflict of interest is material. A conflict of interest is considered material to the extent that it is determined that such conflict is likely to influence, or appear to influence, the Manager's decision-making in voting proxies. If it is determined by the Proxy Voting Committee that a conflict of interest is not material, the Manager may vote proxies notwithstanding the existence of the conflict.

If it is determined by the Proxy Voting Committee that a conflict of interest is material, the Proxy Voting Committee is responsible for determining an appropriate method to resolve such conflict of interest before the proxy affected by the conflict of interest is voted. Such determination is based on the particular facts and circumstances, including the importance of the proxy issue and the nature of the conflict of interest. Methods of resolving a material conflict of interest may include, but are not limited to, disclosing the conflict to clients and obtaining their consent before voting, or suggesting to clients that they engage another party to vote the proxy on their behalf.

ITEM 8. [RESERVED]

ITEM 9. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

ITEM 10. 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 11. EXHIBITS.

- (a) Code of Ethics attached hereto.

Exhibit 99.CODE ETH

- (b) Attached hereto.

Exhibit 99.CERT Certifications pursuant to section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 99.906CERT Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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.

Salomon Brothers Emerging Markets Income Fund Inc.

By: /s/ R. Jay Gerken

R. Jay Gerken
Chief Executive Officer of
Salomon Brothers Emerging Markets Income Fund Inc.

Date: November 9, 2004

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
Salomon Brothers Emerging Markets Income Fund Inc.

Date: November 9, 2004

By: /s/ (Frances M. Guggino)

(Frances M. Guggino)
Chief Financial Officer of
Salomon Brothers Emerging Markets Income Fund Inc.

Date: November 9, 2004