

WESTERN ASSET EMERGING MARKETS INCOME FUND INC.  
Form N-Q  
January 29, 2008

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

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-7066

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

125 Broad Street, New York, NY  
(Address of principal executive offices)

10004  
(Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

300 First Stamford Place

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

Registrant's telephone number, including area code: 1-800-451-2010

Date of fiscal year end: August 31

Date of reporting period: November 30, 2007

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**WESTERN ASSET EMERGING MARKETS  
INCOME FUND INC.**

**FORM N-Q**

November 30, 2007

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ITEM 1. SCHEDULE OF INVESTMENTS

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## Western Asset Emerging Markets Income Fund Inc.

Schedule of Investments (unaudited)

November 30, 2007

Face Amount	Security	Value
<b>SOVEREIGN BONDS 54.2%</b>		
<b>Argentina 4.3%</b>		
500,000DEM	Republic of Argentina: 7.000% due 3/18/04 (a)	\$ 125,636
1,000,000EUR	9.000% due 4/26/06 (a)	479,988
550,000EUR	9.000% due 7/6/10 (a)	266,417
950,000DEM	11.750% due 11/13/26 (a)	230,004
660,160ARS	5.830% due 12/31/33 (b)	212,783
474,600ARS	Bonds, 2.000% due 1/3/10 (b)	306,107
34,000	Bonds, Series VII, 7.000% due 9/12/13	29,082
	GDP Linked Securities:	
600,000EUR	1.262% due 12/15/35 (b)	99,581
490,000	1.318% due 12/15/35 (b)	63,014
10,662,020ARS	1.383% due 12/15/35 (b)	352,294
	Medium-Term Notes:	
500,000,000ITL	7.000% due 3/18/04 (a)	126,981
1,000,000EUR	10.000% due 2/22/07 (a)	505,984
	<b>Total Argentina</b>	<b>2,797,871</b>
<b>Brazil 12.7%</b>		
1,000BRL	Brazil Nota do Tesouro Nacional: 10.000% due 1/1/10	540
8,243,000BRL	10.000% due 7/1/10 (c)	4,408,381
1,018,000BRL	Series B, 6.000% due 5/15/45	878,129
	Federative Republic of Brazil:	
1,315,000	11.000% due 8/17/40	1,767,031
	Collective Action Securities:	
631,000	8.750% due 2/4/25	809,257
356,000	Notes, 8.000% due 1/15/18	399,966
	<b>Total Brazil</b>	<b>8,263,304</b>
<b>Colombia 3.0%</b>		
1,700,000	Republic of Colombia, 7.375% due 9/18/37	1,916,750
<b>Ecuador 1.3%</b>		
877,000	Republic of Ecuador, 10.000% due 8/15/30 (d)	850,690
<b>Egypt 0.4%</b>		
1,460,000EGP	Arab Republic of Egypt, 8.750% due 7/18/12 (d)	269,975
<b>Indonesia 2.4%</b>		
3,799,000,000IDR	Republic of Indonesia: Series FR40, 11.000% due 9/15/25	398,342
3,120,000,000IDR	Series FR42, 10.250% due 7/15/27	304,750
4,928,000,000IDR	Series FR43, 10.250% due 7/15/22	497,258
3,727,000,000IDR	Series FR45, 9.750% due 5/15/37	340,002
	<b>Total Indonesia</b>	<b>1,540,352</b>
<b>Mexico 6.6%</b>		
325,000	United Mexican States: 11.375% due 9/15/16	463,141
3,760,000	Medium-Term Notes, Series A, 5.625% due 1/15/17 (c)	3,821,100
	<b>Total Mexico</b>	<b>4,284,241</b>
<b>Panama 4.2%</b>		
	Republic of Panama:	

5,000	9.625% due 2/8/11	5,625
54,000	9.375% due 4/1/29	73,980

*See Notes to Schedule of Investments.*

## Western Asset Emerging Markets Income Fund Inc.

Schedule of Investments (unaudited)(continued)

November 30, 2007

	Face Amount	Security	Value
<b>Panama 4.2% (continued)</b>			
	2,489,000	6.700% due 1/26/36 (c)	\$ 2,619,673
		<b>Total Panama</b>	2,699,278
<b>Peru 0.3%</b>	202,000	Republic of Peru, Bonds, 6.550% due 3/14/37	211,090
<b>Russia 2.9%</b>		Russian Federation:	
	750,000	11.000% due 7/24/18 (d)	1,074,375
	455,000	12.750% due 6/24/28 (d)	828,100
	3,960	7.500% due 3/31/30 (d)	4,502
		<b>Total Russia</b>	1,906,977
<b>Turkey 8.6%</b>		Republic of Turkey:	
	920,000TRY	14.000% due 1/19/11	739,656
	919,000	11.875% due 1/15/30 (e)	1,452,020
	3,465,000	Notes, 6.875% due 3/17/36 (c)	3,413,025
		<b>Total Turkey</b>	5,604,701
<b>Uruguay 1.3%</b>		Oriental Republic of Uruguay, Bonds, 7.625% due 3/21/36	207,343
	565,537	Republic of Uruguay, Benchmark Bonds, 7.875% due 1/15/33 (f)	639,764
		<b>Total Uruguay</b>	847,107
<b>Venezuela 6.2%</b>		Bolivarian Republic of Venezuela:	
	1,053,000	8.500% due 10/8/14	999,033
	1,089,000	5.750% due 2/26/16	853,504
	217,000	7.650% due 4/21/25	183,365
		Collective Action Securities:	
	844,000	9.375% due 1/13/34	835,138
	1,100,000	Notes, 10.750% due 9/19/13	1,166,000
		<b>Total Venezuela</b>	4,037,040
		<b>TOTAL SOVEREIGN BONDS</b>	
		(Cost \$33,401,673)	35,229,376
<b>COLLATERALIZED SENIOR LOANS 0.2%</b>			
<b>United States 0.2%</b>		Ashmore Energy International, Synthetic Revolving Credit Facility, 8.250% due 3/30/12 (b)	17,914
	18,564	Ashmore Energy International, Term Loan, 8.198% due 3/30/14 (b)	135,026
	139,923	<b>TOTAL COLLATERALIZED SENIOR LOANS</b>	
		(Cost \$158,125)	152,940
<b>CORPORATE BONDS &amp; NOTES 36.2%</b>			
<b>Brazil 5.4%</b>		Globo Comunicacoes e Participacoes SA, Bonds, 7.250% due 4/26/22 (d)	407,400
	420,000	GTL Trade Finance Inc., 7.250% due 10/20/17 (d)	316,773
	309,000	Odebrecht Finance Ltd., 7.500% due 10/18/17 (d)	162,000
	160,000	Vale Overseas Ltd., Notes:	
	471,000	8.250% due 1/17/34	564,230

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	1,977,000	6.875% due 11/21/36	2,064,996
		<b>Total Brazil</b>	3,515,399
<b>Chile 0.9%</b>	520,000	Enersis SA, Notes, 7.375% due 1/15/14	556,549

*See Notes to Schedule of Investments.*

## Western Asset Emerging Markets Income Fund Inc.

Schedule of Investments (unaudited)(continued)

November 30, 2007

Face Amount	Security	Value
<b>Colombia 0.2%</b>		
110,000	EEB International Ltd., Senior Bonds, 8.750% due 10/31/14 (d)	\$ 112,035
<b>India 0.1%</b>		
114,000	ICICI Bank Ltd., Subordinated Bonds, 6.375% due 4/30/22 (b)(d)	101,266
<b>Kazakhstan 1.3%</b>		
340,000	ATF Capital BV, Senior Notes, 9.250% due 2/21/14 (d)	344,675
320,000	HSBK Europe BV, 7.250% due 5/3/17 (d)	278,000
320,000	TuranAlem Finance BV, Bonds, 8.250% due 1/22/37 (d)	255,200
	<b>Total Kazakhstan</b>	877,875
<b>Mexico 7.2%</b>		
520,000	America Movil SAB de CV, 5.625% due 11/15/17	515,082
	Axtel SAB de CV:	
40,000	11.000% due 12/15/13	43,700
1,240,000	7.625% due 2/1/17 (d)	1,227,600
240,000	Senior Notes, 7.625% due 2/1/17 (d)	237,600
100,000	Grupo Transportacion Ferroviaria Mexicana SA de CV, Senior Notes, 9.375% due 5/1/12	106,000
	Pemex Project Funding Master Trust:	
810,000	6.625% due 6/15/35 (d)	863,888
1,608,000	Senior Bonds, 6.625% due 6/15/35	1,714,977
	<b>Total Mexico</b>	4,708,847
<b>Russia 15.0%</b>		
1,880,000	Gaz Capital SA, Notes, 8.625% due 4/28/34 (d)(e)	2,359,400
	Gazprom:	
	Bonds:	
39,330,000RUB	6.790% due 10/29/09	1,603,524
13,110,000RUB	7.000% due 10/27/11	536,255
	Loan Participation Notes:	
140,000	6.212% due 11/22/16 (d)	135,408
579,000	Senior Notes, 6.510% due 3/7/22 (d)	565,747
17,410,000RUB	Gazprom OAO, 6.950% due 8/6/09	711,980
	LUKOIL International Finance BV:	
160,000	6.356% due 6/7/17 (d)	152,400
336,000	6.656% due 6/7/22 (d)	312,480
	Russian Agricultural Bank, Loan Participation Notes:	
768,000	7.175% due 5/16/13 (d)	793,882
1,139,000	6.299% due 5/15/17 (d)	1,071,685
	TNK-BP Finance SA:	
470,000	7.500% due 7/18/16 (d)	455,383
296,000	6.625% due 3/20/17 (d)	271,077
370,000	Senior Notes, 7.875% due 3/13/18 (d)	365,837
387,000	UBS Luxembourg SA for OJSC Vimpel Communications, Loan Participation Notes, 8.250% due 5/23/16 (d)	392,882
	<b>Total Russia</b>	9,727,940
<b>Thailand 1.9%</b>		
720,000	True Move Co., Ltd.: 10.750% due 12/16/13 (d)	745,200



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	480,000	10.375% due 8/1/14 (d)	482,400
		<b>Total Thailand</b>	1,227,600
<b>United States</b>	<b>1.1%</b>		
	640,000	Freeport-McMoRan Copper & Gold Inc., Senior Notes, 8.375% due 4/1/17	692,800

*See Notes to Schedule of Investments.*

## Western Asset Emerging Markets Income Fund Inc.

Schedule of Investments (unaudited)(continued)

November 30, 2007

	Face Amount	Security	Value
<b>Venezuela</b> <b>3.1%</b>	1,930,000	Petrozuata Finance Inc., 8.220% due 4/1/17 (d)	\$ 1,997,550
		<b>TOTAL CORPORATE BONDS &amp; NOTES</b>	
		(Cost \$23,109,787)	23,517,861
<b>Warrants</b>			
<b>WARRANTS</b> <b>0.1%</b>	1,500	Bolivarian Republic of Venezuela, Oil-linked payment obligations, Expires 4/15/20	
		(Cost - \$46,500)	56,250
		<b>TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS</b>	
		(Cost \$56,716,085)	58,956,427
	Face Amount		
<b>SHORT-TERM INVESTMENTS</b> <b>9.3%</b>			
<b>Sovereign Bonds</b> <b>7.6%</b>			
	2,569,000MYR	Bank Negara Malaysia Monetary Notes: Series 0207, 3.569% due 2/14/08	763,471
	2,200,000MYR	Series 2307, zero coupon bond to yield 3.480% due 1/17/08	651,121
	1,914,000MYR	Series 4207, zero coupon bond to yield 3.400% due 4/22/08	561,176
		Egypt Treasury Bills:	
	13,775,000EGP	Zero coupon bond to yield 7.570% due 10/28/08	2,330,302
	3,725,000EGP	Zero coupon bond to yield 6.800% due 11/11/08 (g)	630,356
		<b>Total Sovereign Bonds</b>	
		(Cost \$4,912,910)	4,936,426
<b>U.S. Government Agencies</b> <b>1.0%</b>			
	100,000	Federal Home Loan Bank (FHLB), Discount Notes, 4.310% due 12/10/07 (h)	99,916
	300,000	Federal Home Loan Mortgage Corp. (FHLMC), Discount Notes, 4.350% due 12/10/07 (h)	299,747
	250,000	Federal National Mortgage Association (FNMA), Discount Notes, 5.203% due 3/17/08 (e)(h)	246,963
		<b>Total U.S. Government Agencies</b>	
		(Cost \$646,010)	646,626
<b>Repurchase Agreement</b> <b>0.7%</b>	442,000	Morgan Stanley tri-party repurchase agreement dated 11/30/07, 4.500% due 12/3/07; Proceeds at maturity - \$442,166; (Fully collateralized by U.S. government agency obligation, 0.000% due 10/15/20; Market value - \$452,272)	
		(Cost - \$442,000)	442,000
		<b>TOTAL SHORT-TERM INVESTMENTS</b>	
		(Cost \$6,000,920)	6,025,052
		<b>TOTAL INVESTMENTS</b> <b>100.0%</b> (Cost \$62,717,005#)	64,981,479

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

- (a) Security is currently in default.
- (b) Variable rate security. Interest rate disclosed is that which is in effect at November 30, 2007.
- (c) All or a portion of this security is segregated for open futures contracts and reverse repurchase agreements.
- (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, unless otherwise noted.
- (e) All or a portion of this security is held at the broker as collateral for open futures contracts and reverse repurchase agreements.
- (f) Payment-in-kind security for which part of the income earned may be paid as additional principal.
- (g) Security is valued in good faith at fair value by or under the direction of the Board of Directors (See Note 1).
- (h) Rate shown represents yield-to-maturity.

*See Notes to Schedule of Investments.*

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

Schedule of Investments (unaudited)(continued)

November 30, 2007

# Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

ARS - Argentine Peso

BRL - Brazilian Dollar

DEM - German Mark

EGP - Egyptian Pound

EUR - Euro

GDP - Gross Domestic Product

IDR - Indonesian Rupiah

ITL - Italian Lira

MYR - Malaysian Ringgit

OJSC - Open Joint Stock Company

RUB - Russian Ruble

TRY - Turkish Lira

*See Notes to Schedule of Investments.*

**Notes to Schedule of Investments (unaudited)**

**1. Organization and Significant Accounting Policies**

Western Asset Emerging Markets Income Fund Inc. (the Fund) was incorporated in Maryland on July 30, 1992 and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Board of Directors authorized 100 million shares of \$0.001 par value common stock. The Fund's primary investment objective is to seek high current income. As a secondary objective, the Fund seeks capital appreciation. In pursuit of these objectives, the Fund under normal conditions invests at least 80% of its net assets plus any borrowings for investment purposes in debt securities of government and government related issuers located in emerging market countries (including participations in loans between governments and financial institutions), and of entities organized to restructure the outstanding debt of such issuers, and in debt securities of corporate issuers located in emerging market countries.

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

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

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

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

obtained pursuant to reverse repurchase agreements. Reverse repurchase agreements are considered to be borrowings, which may create leverage risk to the Fund.

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

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

**(e) Foreign Currency Translation.** Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates at the date of valuation.

**Notes to Schedule of Investments (unaudited)(continued)**

Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the respective dates of such transactions.

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

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

**(g) Security Transactions.** Security transactions are accounted for on a trade date basis.

**2. Investments**

At November 30, 2007, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$	3,402,170
Gross unrealized depreciation		(1,137,696)
Net unrealized appreciation	\$	2,264,474

At November 30, 2007, the Fund had the following open futures contracts:

	Number of Contracts	Expiration Date	Basis Value	Market Value	Unrealized Loss
<b>Contracts to Sell:</b>					
U.S. Treasury, 10-Year Notes	24	3/08	\$ 2,714,325	\$ 2,716,875	\$ (2,550)
U.S. Treasury, 10-Year Notes	15	12/07	1,646,206	1,708,828	(62,622)

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**Net Unrealized Loss on Open Futures  
Contracts**

\$ (65,172)

Transactions in reverse repurchase agreements for the Fund during the period ended November 30, 2007 were as follows:

Average Daily Balance*	Weighted Average Interest Rate*	Maximum Amount Outstanding
\$ 3,313,154	3.52%	\$ 3,667,502

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

Interest rates on reverse repurchase agreements ranged from 1.00% to 4.75% during the period ended November 30, 2007. Interest expense incurred on reverse repurchase agreements totaled \$30,102.

At November 30, 2007, the Fund had the following open reverse repurchase agreements:

Face Amount	Security	Value
\$ 1,320,971	Reverse Repurchase Agreement with Credit Suisse, dated 10/26/07 bearing 4.500% to be repurchased at \$1,328,401 on 12/10/07, collateralized by: \$919,000 Republic of Turkey, 11.875% due 1/15/30; Market value (including accrued interest) - \$1,493,834	\$ 1,320,971
2,158,146	Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 11/6/07 bearing 3.500% to be repurchased at an amount and date to be determined, collateralized by: \$1,880,000 Gaz Capital SA, 8.625% due 4/28/34; Market value (including accrued interest) - \$2,375,349	2,158,146
<b>Total Reverse Repurchase Agreements</b> (Cost \$3,479,117)		\$ 3,479,117



ITEM 2. 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 quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are attached hereto.

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**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, thereunto duly authorized.

Western Asset Emerging Markets Income Fund Inc.

By           /s/ R. Jay Gerken  
                  R. Jay Gerken  
                  Chief Executive Officer

Date: January 29, 2008

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

By           /s/ R. Jay Gerken  
                  R. Jay Gerken  
                  Chief Executive Officer

Date: January 29, 2008

By           /s/ Kaprel Ozsolak  
                  Kaprel Ozsolak  
                  Chief Financial Officer

Date: January 29, 2008

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