

TEMPLETON EMERGING MARKETS INCOME FUND
Form N-Q
January 27, 2006

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-07866

TEMPLETON EMERGING MARKETS INCOME FUND

(Exact name of registrant as specified in charter)

500 EAST BROWARD BLVD., SUITE 2100, FORT LAUDERDALE, FL 33394-3091

(Address of principal executive offices) (Zip code)

CRAIG S. TYLE, ONE FRANKLIN PARKWAY, SAN MATEO, CA 94403-1906

(Name and address of agent for service)

Registrant's telephone number, including area code: (954) 527-7500

Date of fiscal year end: 08/31

Date of reporting period: 11/30/05

ITEM 1. SCHEDULE OF INVESTMENTS.

TEMPLETON EMERGING MARKETS INCOME FUND

QUARTERLY STATEMENT OF INVESTMENTS
NOVEMBER 30, 2005

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[LOGO] (R)
FRANKLIN TEMPLETON
INVESTMENTS

Franklin o TEMPLETON o Mutual Series

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TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2005 (UNAUDITED)

	PRINCIPAL

LONG TERM INVESTMENTS 92.9%	
ARGENTINA 9.9%	
(a), (b) Government of Argentina, FRN, 4.005%, 8/03/12	8
BOSNIA AND HERZEGOVINA 1.7%	
(b) Government of Bosnia & Herzegovina, FRN, 3.50%, 12/11/17	1
BRAZIL 16.6%	
Government of Brazil,	
7.875%, 3/07/15	
8.00%, 1/15/18	5
(b) FRN, 5.25%, 4/15/12	3
(b) FRN, RG, 5.25%, 4/15/12	
COLOMBIA 3.5%	
Government of Colombia,	
10.50%, 7/09/10	
10.75%, 1/15/13	
11.75%, 2/25/20	1
INDONESIA 12.2%	
Government of Indonesia,	
10.00%, 10/15/11	1,69
11.00%, 12/15/12	3,65
11.00%, 10/15/14	120,83
9.50%, 6/15/15	9,45
10.75%, 5/15/16	26,87
10.00%, 7/15/17	18,80
11.00%, 11/15/20	129,55
Indonesia Recapital Bonds,	
14.00%, 6/15/09	34,60
13.15%, 3/15/10	11,83
15.425%, 9/15/10	2,80
14.25%, 6/15/13	234,28
14.275%, 12/15/13	166,21
(c), (d), (e) PT Indah Kiat Finance Mauritius Ltd.,	
(b) FRN, 4.19%, 4/29/15	
(b) FRN, 4.19%, 4/29/18	
zero cpn., 4/29/25	
(c), (d), (e) Tjiwi Kimia Finance Mauritius,	
(b) secured note, 144A, FRN, 4.19%, 4/29/15	
(b) secured note, 144A, FRN, 4.19%, 4/29/18	
secured note, 144A, zero cpn., 4/29/25	

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MEXICO 1.3%
 Government of Mexico,
 (f)144A, 7.50%, 3/08/10
 Reg S, 7.50%, 3/08/10

Quarterly Statement of Investments | 3

TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2005 (UNAUDITED) (CONTINUED)

-----		PRINCIP

LONG TERM INVESTMENTS (CONT.)		
PANAMA 1.0%		
Government of Panama, 10.75%, 5/15/20		4
PERU 4.8%		
Government of Peru,		
9.875%, 2/06/15		4
9.91%, 5/05/15		51
7.84%, 8/12/20		
Series 7, 8.60%, 8/12/17		24
PHILIPPINES 4.7%		
Government of the Philippines,		
8.375%, 2/15/11		2
9.00%, 2/15/13		17
8.875%, 3/17/15		2
Reg S, 9.125%, 2/22/10		
Reg S, 8.75%, 10/07/16		5
POLAND 4.5%		
Government of Poland,		
8.50%, 11/12/06		20
8.50%, 5/12/07		33
6.00%, 5/24/09		23
6.25%, 10/24/15		15
5.75%, 9/23/22		2
RUSSIA 9.5%		
Aries Vermogen, Reg S, 9.60%, 10/25/14		24
Government of Russia,		
Reg S, 11.00%, 7/24/18		12
Reg S, 12.75%, 6/24/28		6

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SLOVAK REPUBLIC 2.0%		
Government of Slovakia,		
4.90%, 2/11/14		285
5.30%, 5/12/19		92
SOUTH AFRICA 0.5%		
Government of South Africa, 5.25%, 5/16/13		2
SOUTH KOREA 4.5%		
Government of Korea,		
6.90%, 1/16/07		10,000
4.75%, 3/12/08		20,465

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TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2005 (UNAUDITED) (CONTINUED)

-----		PRINCIPAL A

LONG TERM INVESTMENTS (CONT.)		
THAILAND 2.2%		
Bank of Thailand Bond, 3.25%, 5/19/07		17,165,
Government of Thailand,		
8.00%, 12/08/06		244,500,
4.125%, 2/12/08		98,000,
8.50%, 12/08/08		11,000,
4.80%, 4/09/10		212,000,
UKRAINE 3.9%		
Government of the Ukraine,		
(f)144A, 7.65%, 6/11/13		11,948,
(b), (f)144A, FRN, 7.34313%, 8/05/09		11,100,
(b)FRN, 7.34313%, 8/05/09		560,
VENEZUELA 10.0%		
Government of Venezuela,		
10.75%, 9/19/13		6,175,
9.25%, 9/15/27		49,484,
(b)FRN, 5.19375%, 4/20/11		375,

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VIETNAM 0.1%	
(b) Government of Vietnam, FRN, 4.8125%, 3/12/16	997,
TOTAL LONG TERM INVESTMENTS (COST \$559,627,408)	
SHORT TERM INVESTMENTS 5.9%	
EGYPT 0.8%	
(h) Egypt Treasury Bills, 5/30/06 - 11/21/06	31,000,
THAILAND 2.7%	
(h) Thailand Treasury Bills, 5/18/06 - 10/12/06	760,500,
UNITED STATES 2.4%	
(i) Franklin Institutional Fiduciary Trust Money Market Portfolio	15,248,
TOTAL SHORT TERM INVESTMENTS (COST \$38,374,671)	
TOTAL INVESTMENTS (COST \$598,002,079) 98.8%	
OTHER ASSETS, LESS LIABILITIES 1.2%	
NET ASSETS 100.0%	

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TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2005 (UNAUDITED) (CONTINUED)

 SHARES/PRINCIPAL

CURRENCY ABBREVIATIONS

EGP - Egyptian Pound
 EUR - Euro
 IDR - Indonesian Rupiah
 KRW - Korean Won
 PEN - Peru Nuevo Sol
 PLN - Polish Zloty
 SKK - Slovak Koruna
 THB - Thai Baht

SELECTED PORTFOLIO ABBREVIATIONS

FRN - Floating Rate Notes

- (a) The principal amount is stated in original face, and scheduled paydowns are reflected in the market price on ex-date.
- (b) The coupon shown represents the rate at period end.
- (c) Non-income producing.

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- (d) See Note 2 regarding restricted and illiquid securities.
- (e) See Note 3 regarding other considerations.
- (f) Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. These securities have been deemed liquid under guidelines approved by the Fund's Board of Trustees. At November 30, 2005, the aggregate value of these securities was \$30,238,432, representing 4.64% of net assets.
- (g) The principal amount is stated in U.S. dollars unless otherwise indicated.
- (h) The security is traded on a discount basis with no stated coupon rate.
- (i) The Franklin Institutional Fiduciary Trust Money Market Portfolio is managed by the Fund's investment manager.

6 | See Notes to Statement of Investments. | Quarterly Statement of Investments

TEMPLETON EMERGING MARKETS INCOME FUND

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

Templeton Emerging Markets Income Fund (the Fund) is registered under the Investment Company Act of 1940 as a non-diversified closed-end investment company.

1. INCOME TAXES

At November 30, 2005, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	\$ 599,797,710
	=====
Unrealized appreciation	\$ 61,982,506
Unrealized depreciation	(17,766,310)

Net unrealized appreciation (depreciation)	\$ 44,216,196
	=====

2. RESTRICTED AND ILLIQUID SECURITIES

At November 30, 2005, the Fund held investments in restricted and illiquid securities, valued in accordance with procedures approved by the Fund's Board of Trustees as reflecting fair value, as follows:

PRINCIPAL AMOUNT	ISSUER	ACQUISITION DATE	
\$ 3,155,909	PT Indah Kiat Finance Mauritius Ltd., FRN, 4.19%, 4/29/15	4/29/05	\$1
8,284,051	PT Indah Kiat Finance Mauritius Ltd., FRN, 4.19%, 4/29/18	4/29/05	3
5,370,423	PT Indah Kiat Finance Mauritius Ltd., zero cpn., 4/29/25	4/29/05	2
1,184,694	Tjiwi Kimia Finance Mauritius, secured note, 144A, FRN, 4.19%, 4/29/15	4/29/05	

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3,049,247	Tjiwi Kimia Finance Mauritius, secured note, 144A, FRN, 4.19%, 4/29/18	4/29/05
3,927,195	Tjiwi Kimia Finance Mauritius, secured note, zero cpn., 4/29/25	4/29/05
TOTAL RESTRICTED AND ILLIQUID SECURITIES (1.38% OF Net Assets)		

3. OTHER CONSIDERATIONS

Subject to certain terms and conditions, the Fund has agreed to sell its holdings in PT Indah Kiat Finance Mauritius Ltd. and Tjiwi Kimia International Finance in November 2006. Until the completion of the sale, the transaction is being accounted for as a secured borrowing with a pledge of collateral and any preliminary sales proceeds or other interest and cash distributions received are deferred until the completion of the transaction and are recorded as part of the net sales proceeds.

For information on the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent semiannual or annual shareholder report.

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ITEM 2. CONTROLS AND PROCEDURES.

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. The Registrant maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Registrant's filings under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Registrant's management, including the principal executive officer and the principal financial officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Within 90 days prior to the filing date of this Quarterly Schedule of Portfolio Holdings on Form N-Q, the Registrant had carried out an evaluation, under the supervision and with the participation of the Registrant's management, including the Registrant's principal executive officer and the Registrant's principal financial officer, of the effectiveness of the design and operation of the Registrant's disclosure controls and procedures. Based on such evaluation, the Registrant's principal executive officer and principal financial officer concluded that the Registrant's disclosure controls and procedures are effective.

(b) CHANGES IN INTERNAL CONTROLS. There have been no significant changes in the Registrant's internal controls or in other factors that could significantly affect the internal controls subsequent to the date of their evaluation in connection with the preparation of this Quarterly Schedule of

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Portfolio Holdings on Form N-Q.

ITEM 3. EXHIBITS.

(a) Certifications pursuant to Section 30a-2 of the Investment Company Act of 1940 of Jimmy D. Gambill, Chief Executive Officer - Finance and Administration, and Galen G. Vetter, Chief Financial Officer.

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.

TEMPLETON EMERGING MARKETS INCOME FUND

By /s/JIMMY D. GAMBILL

Jimmy D. Gambill
Chief Executive Officer -
Finance and Administration
Date January 23, 2006

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/JIMMY D. GAMBILL

Jimmy D. Gambill
Chief Executive Officer -
Finance and Administration
Date January 23, 2006

By /s/GALEN G. VETTER

Galen G. Vetter
Chief Financial Officer
Date January 23, 2006