

TEMPLETON EMERGING MARKETS INCOME FUND
Form N-Q
January 29, 2010

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF
REGISTERED MANAGEMENT INVESTMENT COMPANY

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: 8/31

Date of reporting period: 11/30/09

ITEM 1. SCHEDULE OF INVESTMENTS.

Templeton Emerging Markets Income Fund

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2009 (UNAUDITED)

	PRINCIPAL AMOUNT (a)

BONDS 96.1%	
ARGENTINA 8.9%	
Government of Argentina, senior bond,	
(b, c) FRN, 0.943%, 8/03/12	140,605,0
(d) GDP Linked Securities, 12/15/35	219,745,0
BOSNIA & HERZEGOVINA 1.0%	
(b) Government of Bosnia & Herzegovina, FRN, 2.288%, 12/11/17	6,281,2
BRAZIL 13.4%	
(e) Centrais Eletricas Brasileiras SA, senior note, 144A, 6.875%, 7/30/19	4,150,0
Nota Do Tesouro Nacional,	
9.609%, 1/01/12	30,9
9.609%, 1/01/14	20,0

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-Q

	9.609%, 1/01/17	46,4
(g)	Index Linked, 6.00%, 5/15/15	22,0
(g)	Index Linked, 6.00%, 5/15/45	17,8
COLOMBIA 1.4%		
Government of Colombia,		
	senior bond, 11.75%, 2/25/20	4,255,0
	senior note, 7.375%, 3/18/19	3,000,0
CROATIA 1.2%		
(e)	Government of Croatia, 144A, 6.75%, 11/05/19	7,920,0
EL SALVADOR 0.4%		
(e)	Government of El Salvador, 144A, 7.65%, 6/15/35	2,650,0
FIJI 1.7%		
	Republic of Fiji, 6.875%, 9/13/11	12,360,0
GEORGIA 1.0%		
	Government of Georgia, 7.50%, 4/15/13	6,950,0
GHANA 0.8%		
(h)	Government of Ghana, Reg S, 8.50%, 10/04/17	5,300,0
HUNGARY 0.5%		
Government of Hungary,		
	3.50%, 7/18/16	190,0
	4.375%, 7/04/17	560,0
	5.75%, 6/11/18	1,255,0
	senior note, 3.875%, 2/24/20	535,0
INDIA 1.5%		
(e)	ICICI Bank Ltd.,	
	144A, 6.625%, 10/03/12	6,625,0
(b)	sub. bond, 144A, FRN, 6.375%, 4/30/22	4,100,0

Quarterly Statement of Investments See Notes to Statements of Investments

INDONESIA 11.1%		
Government of Indonesia,		
	FR26, 11.00%, 10/15/14	120,832,000,0
	FR28, 10.00%, 7/15/17	18,800,000,0
	FR31, 11.00%, 11/15/20	132,050,000,0
	FR36, 11.50%, 9/15/19	40,000,000,0
	FR40, 11.00%, 9/15/25	387,140,000,0
	FR46, 9.50%, 7/15/23	3,200,000,0
	FR47, 10.00%, 2/15/28	12,210,000,0
	FR48, 9.00%, 9/15/18	5,450,000,0

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-Q

IRAQ 4.6%		
Government of Iraq,		
(e)	144A, 5.80%, 1/15/28	41,800,0
(h)	Reg S, 5.80%, 1/15/28	1,675,0
KAZAKHSTAN 6.2%		
HSBK (Europe) BV,		
(e)	144A, 7.25%, 5/03/17	4,305,0
(h)	Reg S, 7.25%, 5/03/17	21,730,0
(e)	Kazmunaigaz Finance Sub BV, 144A, 9.125%, 7/02/18	19,200,0
LITHUANIA 1.1%		
(e)	Government of Lithuania, 144A, 6.75%, 1/15/15	7,750,0
LUXEMBOURG 0.8%		
(e)	RSHB Capital SA, 144A, 9.00%, 6/11/14	4,880,0
MEXICO 2.5%		
(e)	Alestra SA, senior note, 144A, 11.75%, 8/11/14	1,400,0
	Government of Mexico, M 20, 7.50%, 6/03/27	2,248,0
NETHERLANDS 1.7%		
	Rabobank Nederland, senior note, 8.75%, 1/24/17	157,900,0
PAKISTAN 1.9%		
(e)	Government of Pakistan, 144A, 6.875%, 6/01/17	15,000,0
PANAMA 0.5%		
	Government of Panama, 6.70%, 1/26/36	3,339,0
PERU 2.9%		
	Government of Peru, 8.75%, 11/21/33	12,550,0
(e)	Peru Enhanced Pass-Through Finance Ltd., senior secured bond, A-1, 144A, zero cpn., 5/31/18	4,271,9
PHILIPPINES 0.6%		
(h)	Government of the Philippines, Reg S, 8.75%, 10/07/16	3,750,0
POLAND 0.8%		
	Government of Poland, 6.25%, 10/24/15	15,380,0
RUSSIA 6.9%		
(h)	Alfa MTN Markets Ltd. for ABH Financial Ltd., Reg S, 8.20%, 6/25/12	1,575,0
(h)	Gaz Capital SA, senior bond, Reg S, 8.146%, 4/11/18	6,000,0
(e)	Gazprom, secured note, 144A, 7.51%, 7/31/13	4,550,0
(h)	Government of Russia, senior bond, Reg S, 7.50%, 3/31/30	5,010,2
LUKOIL International Finance BV,		
(e)	144A, 6.356%, 6/07/17	890,0
(e)	144A, 6.656%, 6/07/22	4,540,0
(h)	Reg S, 6.356%, 6/07/17	2,300,0
(h)	Reg S, 6.656%, 6/07/22	3,970,0

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-Q

	VTB Capital (VNESHTORGBK), 6.315% to 2/04/10, 7.815% thereafter, 2/04/15	17,000,0
(e)	VTB Capital SA, senior note, 144A, 6.25%, 6/30/35	\$ 2,400,0
	SOUTH AFRICA 2.0%	
(b, e)	Edcon Holdings, 144A, FRN, 6.273%, 6/15/15	1,200,0
(b, h)	Edcon Proprietary Ltd., senior secured note, Reg S, FRN, 4.023%, 6/15/14	2,100,0
	Government of South Africa,	
	4.50%, 4/05/16	4,000,0
	senior note, 5.875%, 5/30/22	5,000,0
	SOUTH KOREA 0.9%	
	Korea Treasury Bond,	
	0400-1206, 4.00%, 6/10/12	2,051,690,0
	0475-1112, 4.75%, 12/10/11	2,804,070,0
	0475-1203, 4.75%, 3/10/12	2,255,000,0
	SRI LANKA 2.5%	
	Government of Sri Lanka,	
(e)	144A, 7.40%, 1/22/15	3,500,0
	A, 8.50%, 1/15/13	312,300,0
	A, 13.50%, 2/01/13	303,200,0
	A, 11.25%, 7/15/14	354,200,0
	A, 11.00%, 8/01/15	607,700,0
(j)	SUPRANATIONAL 5.1%	
	African Development Bank, senior note, 340, 25.50%, 6/24/11	8,200,0
	Corporacion Andina De Fomento, 8.125%, 6/04/19	4,550,0
	Inter-American Development Bank, senior note, 7.50%, 12/05/24	355,000,0
	TRINIDAD AND TOBAGO 0.8%	
	Petro Co. of Trinidad and Tobago Ltd., senior note,	
(e)	144A, 9.75%, 8/14/19	4,500,0
(h)	Reg S, 9.75%, 8/14/19	210,0
	UKRAINE 4.0%	
(e)	City of Kiev, 144A, 8.625%, 7/15/11	22,400,0
(e)	Government of the Ukraine, 144A, 7.65%, 6/11/13	11,948,0
	UNITED ARAB EMIRATES 0.8%	
(e)	DP World Ltd., 144A, 6.85%, 7/02/37	8,080,0
	UNITED STATES 1.9%	

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-Q

General Electric Capital Corp., senior note, A, 8.50%, 4/06/18	185,000,0
VENEZUELA 4.7%	
Government of Venezuela, 10.75%, 9/19/13	3,800,0
(h) senior bond, Reg S, 5.375%, 8/07/10	870,0
Petroleos de Venezuela SA, senior bond, zero cpn., 7/10/11	35,985,0
 TOTAL BONDS (COST \$646,278,475)	

SHORT TERM INVESTMENTS (COST \$8,156,875) 1.2%	
	SHARES

MONEY MARKET FUNDS 1.2%	
UNITED STATES 1.2%	
(k) Institutional Fiduciary Trust Money Market Portfolio, 0.00%	8,156,8
TOTAL INVESTMENTS (COST \$654,435,350) 97.3%	
OTHER ASSETS, LESS LIABILITIES 2.7%	
NET ASSETS 100.0%	

- (a) The principal amount is stated in U.S. dollars unless otherwise indicated.
- (b) The coupon rate shown represents the rate at period end.
- (c) The principal amount is stated in original face, and scheduled paydowns are reflected in the market price on ex-date.
- (d) Security is linked to the Argentine GDP and does not pay principal over the life of the security or at expiration. Security entitles the holder to receive only variable income payments, subject to certain conditions, which are based on growth of the Argentine GDP and the principal or "notional" value of this GDP linked security.
- (e) 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, 2009, the aggregate value of these securities was \$169,499,963, representing 24.08% of net assets.
- (f) Principal amount is stated in 1,000 Brazilian Real units
- (g) Redemption price at maturity is adjusted for inflation.
- (h) Security was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States. Such a security cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration.

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-Q

These securities have been deemed liquid under guidelines approved by the Fund's Board of Trustees. At November 30, 2009, the aggregate value of these securities was \$52,784,381, representing 7.50% of net assets.

- (i) Principal amount is stated in 100 Mexican Peso Units.
- (j) A supranational organization is an entity formed by two or more central governments through international treaties.
- (k) The Institutional Fiduciary Trust Money Market Portfolio is managed by the Fund's investment manager. The rate shown is the annualized seven-day yield at period end.

At November 30, 2009, the Fund had the following forward exchange contracts outstanding. See Note 3.

CURRENCY	COUNTERPARTY	TYPE	QUANTITY	CONTRACT AMOUNT	SETTLEMENT DATE	UNREALIZED APPRECIATION
Mexican Peso	CITI	Sell	11,801,000	871,083	12/01/2009	\$ --
Mexican Peso	CITI	Buy	11,801,000	914,877	12/01/2009	3,504
Mexican Peso	CITI	Sell	34,649,958	2,467,155	12/14/2009	--
Mexican Peso	DBAB	Sell	96,948,564	7,150,021	12/22/2009	--
Mexican Peso	DBAB	Buy	96,948,564	6,847,859	12/22/2009	625,215
Mexican Peso	DBAB	Sell	40,262,564	2,971,824	12/23/2009	--
Mexican Peso	DBAB	Buy	40,262,564	2,853,275	12/23/2009	249,855
Mexican Peso	DBAB	Sell	64,556,594	4,747,856	12/24/2009	--
Mexican Peso	DBAB	Buy	64,556,594	4,565,239	12/24/2009	409,607
Mexican Peso	DBAB	Sell	7,781,929	571,256	1/20/2010	--
Mexican Peso	DBAB	Buy	7,781,929	524,565	1/20/2010	73,062
Mexican Peso	HSBC	Sell	115,740,103	8,493,876	1/21/2010	--
Mexican Peso	HSBC	Buy	115,740,103	7,868,482	1/21/2010	1,018,879
Mexican Peso	CITI	Sell	11,914,000	873,973	1/29/2010	--
Euro	DBAB	Sell	180,829	254,419	2/19/2010	--
Mexican Peso	DBAB	Sell	61,551,442	4,619,159	2/19/2010	--
Mexican Peso	DBAB	Sell	457,957,173	34,604,592	2/22/2010	--
Euro	DBAB	Sell	7,600,000	10,313,656	3/29/2010	--
Peruvian Nuevo Sol	DBAB	Buy	5,367,447	1,749,032	5/18/2010	111,383
Mexican Peso	DBAB	Sell	67,925,352	4,869,725	6/09/2010	--
Malaysian Ringgit	DBAB	Buy	2,499,000	694,553	7/16/2010	34,752
Malaysian Ringgit	DBAB	Buy	3,942,000	1,103,954	7/20/2010	46,340
Malaysian Ringgit	DBAB	Buy	4,793,000	1,353,572	7/23/2010	44,925
Malaysian Ringgit	JPHQ	Buy	5,039,000	1,419,437	7/27/2010	50,667
Euro	UBSW	Sell	2,260,000	3,185,809	8/20/2010	--
Euro	DBAB	Sell	2,260,000	3,192,024	8/20/2010	--
Euro	BZWS	Sell	2,260,000	3,193,493	8/20/2010	--
Mexican Peso	DBAB	Sell	74,700,583	5,514,993	8/27/2010	--
Euro	DBAB	Sell	725,485	1,052,751	9/10/2010	--
Euro	UBSW	Sell	362,390	528,275	9/13/2010	--
Mexican Peso	DBAB	Sell	13,012,157	925,862	9/15/2010	--
Euro	DBAB	Sell	688,058	1,011,032	9/22/2010	--
Mexican Peso	DBAB	Sell	39,897,968	2,806,119	10/04/2010	--
Mexican Peso	CITI	Sell	11,801,000	868,935	12/02/2010	--

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-Q

Unrealized appreciation (depreciation)

2,668,189

Net unrealized appreciation (depreciation)

At November 30, 2009, the Fund had the following interest rate swap contracts outstanding. See Note 3.

COUNTERPARTY	PAY/RECEIVE FLOATING RATE	FIXED RATE	FLOATING RATE	NOTATIONAL AMOUNT (a)	EXPIRATION DATE
MLCO	Pay	7.094%	Tasa Nominal Annual Rate	5,100,000,000 CLP	6/16/
MLCO	Pay	9.03%	MXN Interbank Equilibrium Interest Rate	241,000,000 MXN	8/17/
MLCO	Pay	9.10%	MXN Interbank Equilibrium Interest Rate	80,000,000 MXN	8/04/

Unrealized appreciation (depreciation)

Net unrealized appreciation (depreciation)

(a) In U.S. dollars unless otherwise indicated.

CURRENCY

BRL Brazilian Real
CLP Chilean Peso
EUR Euro
GHS Ghana Cedi
IDR Indonesian Rupiah
KRW South Korean Won
LKR Sri Lankan Rupee
MXN Mexican Peso
PLN Polish Zloty

SELECTED PORTFOLIO

FRN Floating Rate Note
GDP Gross Domestic Product

COUNTERPARTY

BZWS Barclays Bank PLC
CITI Citibank, Inc.
DBAB Deutsche Bank AG
HSBC HSBC Bank USA, N.A.

JPHQ JP Morgan Chase & Co.
MLCO Merrill Lynch & Co., Inc.
UBSW UBS AG

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-Q

Templeton Emerging Markets Income Fund

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

1. ORGANIZATION

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

2. SECURITY VALUATION

Corporate debt and government securities generally trade in the over-the-counter market rather than on a securities exchange. The Fund may utilize independent pricing services, quotations from bond dealers, and information with respect to bond and note transactions, to assist in determining a current market value for each security. The Fund's pricing services may use valuation models or matrix pricing which considers information with respect to comparable bond and note transactions, quotations from bond dealers, or by reference to other securities that are considered comparable in such characteristics as rating, interest rate and maturity date, option adjusted spread models, prepayment projections, interest rate spreads and yield curves, to determine current value. Debt securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at the close of the NYSE on the date that the values of the foreign debt securities are determined. Investments in open-end mutual funds are valued at the closing net asset value.

The Fund has procedures to determine the fair value of individual securities and other assets for which market prices are not readily available or which may not be reliably priced. Methods for valuing these securities may include: fundamental analysis based upon the underlying investment book value, anticipated future cash flows, market changes in comparable or similar securities, matrix pricing, discounts from market prices of similar securities, or discounts applied due to the nature and duration of restrictions on the disposition of the securities. Due to the inherent uncertainty of valuations of such securities, the fair values may differ significantly from the values that would have been used had a ready market for such investments existed. Occasionally, events occur between the time at which trading in a security is completed and the close of the NYSE that might call into question the availability (including the reliability) of the value of a portfolio security held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services. All security valuation procedures are approved by the Fund's Board of Trustees.

3. DERIVATIVE FINANCIAL INSTRUMENTS

The Fund may invest in derivative financial instruments (derivatives) in order to manage risk or gain exposure to various other investments or markets. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial net investment that is smaller than would normally be required to have a similar response to changes in market factors, and require or permit net settlement. Derivatives may contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract, the potential for an illiquid secondary market, and the potential for market movements.

Derivatives are marked to market daily based upon quotations from market makers or the Fund's independent pricing services and the Fund's net benefit or obligation under the contract, as measured by the fair market value of the contract, is included in net assets.

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-Q

The Fund enters into forward exchange contracts in order to hedge against fluctuations in foreign exchange rates or to gain exposure to certain foreign currencies. A forward exchange contract is an agreement between the Fund and a counterparty to

buy or sell a foreign currency for a specific exchange rate on a future date. Pursuant to the terms of the forward exchange contracts, cash or securities may be required to be deposited as collateral.

The Fund enters into interest rate swap contracts generally in order to manage interest rate risk. An interest rate swap is an agreement between the Fund and a counterparty to exchange cash flows based on the difference between two interest rates, applied to a notional principal amount. Over the term of the contract, contractually required payments to be paid and to be received are accrued daily and recorded as unrealized depreciation and appreciation until the payments are made, at which time they are realized. Pursuant to the terms of the interest rate swap contract, cash or securities may be required to be deposited as collateral. Any cash received may be invested according to the Fund's investment objectives.

4. INCOME TAXES

At November 30, 2009, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	\$656,507,828

Unrealized appreciation	\$ 59,081,285
Unrealized depreciation	(30,585,963)

Net unrealized appreciation (depreciation)	\$ 28,495,322
	=====

5. FAIR VALUE MEASUREMENTS

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's investments and are summarized in the following fair value hierarchy:

- Level 1 - quoted prices in active markets for identical securities
- Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speed, credit risk, etc.)
- Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of November 30, 2009, in valuing the Fund's assets and liabilities carried at fair value:

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-Q

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
ASSETS:				
Investments in Securities				
Bonds	\$ --	\$676,846,275	\$--	\$676,846,275
Short Term Investments	8,156,875	--	--	8,156,875
Total Investments in Securities	\$8,156,875	\$676,846,275	\$--	\$685,003,150
Swaps	\$ --	\$ 2,953,164	\$--	\$ 2,953,164
Forward Exchange Contracts	--	2,668,189	--	2,668,189
LIABILITIES:				
Forward Exchange Contracts	--	4,143,995	--	4,143,995

6. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through January 22, 2010, the issuance date of the financial statements and determined that no events have occurred that require disclosure.

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

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 Portfolio Holdings on Form N-Q.

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form N-Q

ITEM 3. EXHIBITS.

(a) Certification pursuant to Section 30a-2 under the Investment Company Act of 1940 of Laura F. Ferguson, Chief Executive Officer - Finance and Administration, and Mark H. Otani, Chief Financial Officer and Chief Accounting 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/LAURA F. FERGERSON

Laura F. Ferguson
Chief Executive Officer -
Finance and Administration
Date January 27, 2010

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/LAURA F. FERGERSON

Laura F. Ferguson
Chief Executive Officer -
Finance and Administration
Date January 27, 2010

By /s/MARK H. OTANI

Mark H. Otani
Chief Financial Officer and
Chief Accounting Officer
Date January 27, 2010