

TEMPLETON EMERGING MARKETS INCOME FUND
Form N-Q
July 29, 2005

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)

MURRAY L. SIMPSON, 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: 05/31/05

ITEM 1. SCHEDULE OF INVESTMENTS.

TEMPLETON EMERGING MARKETS INCOME FUND

QUARTERLY STATEMENT OF INVESTMENTS
MAY 31, 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, MAY 31, 2005 (UNAUDITED)

| | PRINCIPAL AMOUNT |
|---|------------------|
| ----- | |
| LONG TERM INVESTMENTS 96.5% | |
| ARGENTINA 9.0% | |
| Republic of Argentina, FRN, 3.01%, 8/03/12 | \$ 65,8 |
| | |
| BOSNIA AND HERZEGOVINA 1.3% | |
| Bosnia & Herzegovina, FRN, 3.00%, 12/11/17 | 8,0 |
| | |
| BRAZIL 16.5% | |
| Republic of Brazil, | |
| DCB, L, FRN, 3.125%, 4/15/12 | 42,6 |
| RG, FRN, 3.125%, 4/15/12 | 8,1 |
| 8.00%, 4/15/14 | 58,2 |
| | |
| COLOMBIA 3.6% | |
| Republic of Colombia, | |
| 10.50%, 07/09/10 | 2,7 |
| 10.75%, 01/15/13 | 12,4 |
| 11.75%, 02/25/20 | 4,2 |
| | |
| HUNGARY 2.7% | |
| Government of Hungary, | |
| 8.50%, 10/12/05 | 2,983,4 |
| 7.00%, 4/12/06 | 120,0 |
| 6.25%, 6/12/08 | 500,0 |
| | |
| INDONESIA 10.8% | |
| Government of Indonesia, | |
| 11.00%, 10/15/14 | 56,602,0 |
| 10.75%, 5/15/16 | 6,000,0 |
| 10.00%, 7/15/17 | 18,800,0 |
| Indonesia Recapital Bonds, | |
| 13.15%, 3/15/10 | 81,420,0 |
| 14.25%, 6/15/13 | 208,402,0 |
| 14.275%, 12/15/13 | 154,470,0 |
| (a), (c) P T Indah Kiat Finance Mauritius Ltd., 10.00%, 7/01/07 | 16,3 |
| (a), (c) PT Inti Indorayon Utama TBK, 9.125%, 10/15/49 | 6,8 |
| (a), (c) Tjiwi Kimia International Finance 13.25%, Co. BV, | |

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| | |
|-----------------------------|-----|
| senior note, 8/01/01 | 8,0 |
| MALAYSIA 0.3% | |
| Government of Malaysia, | |
| 4.305%, 2/27/09 | 4,4 |
| 4.032%, 9/15/09 | 1,8 |
| MEXICO 2.5% | |
| United Mexican States, | |
| 5.375%, 6/10/13 | 5,5 |
| 144A, 7.50%, 3/08/10 | 3,8 |
| Reg S, 7.50%, 3/08/10 | 2,6 |

Quarterly Statement of Investments | 3

TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS, MAY 31, 2005 (UNAUDITED) (CONTINUED)

| | PRINCIPAL A |
|---|-------------|
| ----- | |
| LONG TERM INVESTMENTS (CONT.) | |
| PANAMA 0.9% | |
| Republic of Panama, 10.75%, 5/15/20 | \$ 4,6 |
| PERU 3.3% | |
| Republic of Peru, | |
| 9.875%, 2/06/15 | 7,6 |
| FRN, 4.50%, 3/07/17 | 13,1 |
| PHILIPPINES 5.0% | |
| Republic of Philippines, | |
| 8.375%, 2/15/11 | 6,5 |
| 9.00%, 2/15/13 | 17,2 |
| 8.875%, 3/17/15 | 2,1 |
| Reg S, 8.75%, 10/07/16 | 5,4 |
| POLAND 4.5% | |
| Republic of Poland, | |
| 8.50%, 11/12/06 | 20,0 |

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| | |
|--|----------|
| 8.50%, 5/12/07 | 37,3 |
| 6.00%, 5/24/09 | 23,0 |
| 6.25%, 10/24/15 | 15,3 |
| | |
| RUSSIA 9.5% | |
| Aries Vermogen, Reg S, 9.60%, 10/25/14 | 24,0 |
| Russian Federation, | |
| Reg S, 11.00%, 07/24/18 | 13,4 |
| Reg S, 12.75%, 6/24/28 | 6,5 |
| | |
| SLOVAK REPUBLIC 0.5% | |
| Republic of Slovakia, 4.90%, 2/11/14 | 91,0 |
| | |
| SOUTH AFRICA 2.2% | |
| Republic of South Africa, 5.25%, 5/16/13 | 10,4 |
| | |
| SOUTH KOREA 4.8% | |
| Korea Treasury Bond, | |
| 6.90%, 1/16/07 | 10,000,0 |
| 4.75%, 3/12/08 | 20,465,0 |
| | |
| THAILAND 4.0% | |
| Thailand Government Bond, | |
| 8.50%, 10/14/05 | 670,0 |
| 8.00%, 12/08/06 | 54,5 |
| 4.125%, 2/12/08 | 98,0 |
| 8.50%, 12/08/08 | 11,0 |
| 4.80%, 4/09/10 | 212,0 |

4 | Quarterly Statement of Investments

TEMPLETON EMERGING MARKETS INCOME FUND

STATEMENT OF INVESTMENTS, MAY 31, 2005 (UNAUDITED) (CONTINUED)

| | PRINCIPAL AM |
|---------------------------------|--------------|
| ----- | |
| LONG TERM INVESTMENTS (CONT.) | |
| UKRAINE 4.7% | |
| Republic of Ukraine, | |
| 144A, FRN, 5.33%, 8/05/09 | \$ 11,1 |

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| | | |
|--|---------------|------|
| 144A, 7.65%, 6/11/13 | | 16,9 |
| FRN, 5.36%, 8/05/09 | | 5 |
| | | |
| VENEZUELA 9.7% | | |
| Republic of Venezuela, | | |
| 10.75%, 9/19/13 | | 6,1 |
| 9.25%, 9/15/27 | | 55,8 |
| FRN, 3.09%, 4/20/11 | | 7 |
| | | |
| VIETNAM 0.7% | | |
| Socialist Republic of Vietnam, FRN, 4.0625%, 3/12/16 | | 5,0 |
| | | |
| TOTAL LONG TERM INVESTMENTS (COST \$597,193,525) | | |
| | | |
| | ----- | |
| | SHARES/PRINCI | |
| | ----- | |
| SHORT TERM INVESTMENTS 2.2% | | |
| THAILAND 0.2% | | |
| Bank of Thailand, 5/18/06 | Thailand | 55,0 |
| | | |
| UNITED STATES 2.0% | | |
| (d)Franklin Institutional Fiduciary Trust Money Market Portfolio ... | United States | 12,9 |
| | | |
| TOTAL SHORT TERM INVESTMENTS (COST \$14,290,204)..... | | |
| | | |
| TOTAL INVESTMENTS (COST \$611,483,729) 98.7% | | |
| OTHER ASSETS, LESS LIABILITIES 1.3% | | |
| | | |
| NET ASSETS 100.0% | | |

CURRENCY ABBREVIATIONS:

EUR - Euro
HUF - Hungarian Forint
IDR - Indonesian Rupiah
KRW - Korean Won
MYR - Malaysian Ringett
PLN - Polish Zloty
SKK - Slovak Koruna
THB - Thai Baht

SELECTED PORTFOLIO ABBREVIATIONS

FRN - Floating Rate Notes

- (a) Non-income producing.
- (b) The principal amount is stated in U.S. dollars unless otherwise indicated.

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- (c) Defaulted security.
- (d) The Franklin Institutional Fiduciary Trust Money Market Portfolio is managed by an affiliate of the Fund's investment manager.

Quarterly Statement of Investments |
See Notes to Statement of Investments. | 5

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 May 31, 2005 the net unrealized appreciation (depreciation) based on the cost of investments for income tax purposes was as follows:

| | |
|--|----------------|
| Cost of investments | \$ 618,003,422 |
| | ===== |
| Unrealized appreciation | \$ 57,680,387 |
| Unrealized depreciation | (28,142,475) |
| | ----- |
| Net unrealized appreciation (depreciation) | \$ 29,537,912 |
| | ===== |

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.

6 | Quarterly Statement of Investments

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

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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.

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 July 22, 2005

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 July 22, 2005

By /s/GALEN G. VETTER

Galen G. Vetter
Chief Financial Officer

Date July 22, 2005