

TEMPLETON EMERGING MARKETS INCOME FUND
Form N-Q
January 28, 2009

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: 11/30/08_

ITEM 1. SCHEDULE OF INVESTMENTS.

Templeton Emerging Markets Income Fund

QUARTERLY STATEMENT OF INVESTMENTS
NOVEMBER 30, 2008

CONTENTS

Statement of Investments	3
Notes to Statement of Investments	8

(FRANKLIN TEMPLETON INVESTMENTS(R) LOGO)

Franklin - TEMPLETON - Mutual Series

Quarterly Statement of Investments | 1

This page intentionally left blank.

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

Templeton Emerging Markets Income Fund

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2008 (UNAUDITED)

	PRINCIPAL AMOUNT (a)	
BONDS 85.5%		
ARGENTINA 6.6%		
(b, c) Government of Argentina, senior bond, FRN, 3.127%, 8/03/12	140,605,000	\$
BOSNIA & HERZEGOVINA 0.7%		
(b) Government of Bosnia & Herzegovina, FRN, 5.933%, 12/11/17	6,650,731	EUR
BRAZIL 11.6%		
Nota Do Tesouro Nacional,		
9.762%, 1/01/12	64,080 (d)	BRL
9.762%, 1/01/14	20,000 (d)	BRL
9.762%, 1/01/17	46,400 (d)	BRL
(e) Index Linked, 6.00%, 5/15/15	5,600 (d)	BRL
(e) Index Linked, 6.00%, 5/15/45	17,820 (d)	BRL
COLOMBIA 1.0%		
Government of Colombia, 11.75%, 2/25/20	4,255,000	
ECUADOR 0.4%		
(f) Government of Ecuador, Reg S, 9.375%, 12/15/15	7,166,000	
EL SALVADOR 0.3%		
(g) Government of El Salvador, 144A, 7.65%, 6/15/35	2,650,000	
FIJI 1.6%		
Republic of Fiji, 6.875%, 9/13/11	11,370,000	
GEORGIA 0.9%		
Government of Georgia, 7.50%, 4/15/13	6,950,000	
GHANA 0.6%		
(f) Government of Ghana, Reg S, 8.50%, 10/04/17	5,300,000	
INDIA 1.4%		
(g) ICICI Bank Ltd.,		
144A, 6.625%, 10/03/12	6,625,000	
(b) sub. bond, 144A, FRN, 6.375%, 4/30/22	4,100,000	
INDONESIA 10.1%		
Government of Indonesia,		
11.00%, 10/15/14	120,832,000,000	IDR
10.75%, 5/15/16	26,870,000,000	IDR
10.00%, 7/15/17	18,800,000,000	IDR
FR19, 14.25%, 6/15/13	169,282,000,000	IDR
FR20, 14.275%, 12/15/13	166,215,000,000	IDR
FR31, 11.00%, 11/15/20	132,050,000,000	IDR

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

FR36, 11.50%, 9/15/19	40,000,000,000	IDR
FR46, 9.50%, 7/15/23	3,200,000,000	IDR
FR47, 10.00%, 2/15/28	12,210,000,000	IDR
FR48, 9.00%, 9/15/18	5,450,000,000	IDR
IRAQ 3.9%		
(g) Government of Iraq, 144A, 5.80%, 1/15/28	45,775,000	

Quarterly Statement of Investments | 3

Templeton Emerging Markets Income Fund

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2008 (UNAUDITED) (CONTINUED)

	PRINCIPAL AMOUNT (a)	

BONDS (CONTINUED)		
KAZAKHSTAN 5.1%		
HSBK (Europe) BV,		
(g) 144A, 7.25%, 5/03/17	3,125,000	\$
(f) Reg S, 7.25%, 5/03/17	20,500,000	
(g) Kazmunaigaz Finance Sub BV, 144A, 9.125%, 7/02/18	19,200,000	
MEXICO 5.6%		
Government of Mexico,		
8.00%, 12/07/23	1,435,000 (h)	MXN
M 20, 7.50%, 6/03/27	2,978,000 (h)	MXN
NETHERLANDS 2.0%		
Rabobank Nederland, senior note, 8.75%, 1/24/17	157,900,000	MXN
PAKISTAN 1.1%		
(g) Government of Pakistan, 144A, 6.875%, 6/01/17	15,000,000	
PANAMA 1.0%		
Government of Panama, 6.70%, 1/26/36	6,639,000	
PERU 4.6%		
Government of Peru,		
7.35%, 7/21/25	9,420,000	
8.75%, 11/21/33	12,550,000	
(g) Peru Enhanced Pass-Through Finance Ltd., senior secured bond, A-1, 144A, zero cpn., 5/31/18	4,615,365	
PHILIPPINES 5.1%		

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

Government of the Philippines,			
	9.00%, 2/15/13	21,460,000	
(f)	Reg S, 8.75%, 10/07/16	3,750,000	
POLAND 1.0%			
	Government of Poland, 6.25%, 10/24/15	15,380,000	PLN
RUSSIA 5.9%			
(f)	Alfa MTN Markets Ltd. for ABH Financial Ltd., Reg S, 8.20%, 6/25/12	1,575,000	
(f)	Gaz Capital SA, senior bond, Reg S, 8.146%, 4/11/18	6,000,000	
(g)	Gazprom, secured note, 144A, 7.51%, 7/31/13	4,550,000	
LUKOIL International Finance BV,			
(g)	144A, 6.356%, 6/07/17	890,000	
(g)	144A, 6.656%, 6/07/22	4,540,000	
(f)	Reg S, 6.356%, 6/07/17	2,300,000	
(f)	Reg S, 6.656%, 6/07/22	3,970,000	
VTB Capital (VNESHTORGBK), 6.315% to 2/04/10, 7.815% thereafter, 2/04/15			17,000,000
(g)	VTB Capital SA, senior note, 144A, 6.25%, 6/30/35	2,400,000	

4 | Quarterly Statement of Investments

Templeton Emerging Markets Income Fund

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2008 (UNAUDITED) (CONTINUED)

	PRINCIPAL AMOUNT (a)		

BONDS (CONTINUED)			
SOUTH AFRICA 1.7%			
(b, g)	Edcon Holdings, 144A, FRN, 10.458%, 6/15/15	1,200,000	EUR \$
(b, f)	Edcon Proprietary Ltd., senior secured note, Reg S, FRN, 8.208%, 6/15/14	2,100,000	EUR
Government of South Africa,			
	4.50%, 4/05/16	4,000,000	EUR
	5.875%, 5/30/22	5,000,000	
SOUTH KOREA 0.9%			
	Korea Treasury Bond, 0525-2703, 5.25%, 3/10/27	5,148,000,000	KRW
	Korea Treasury Note, 0475-1203, 4.75%, 3/10/12	2,255,000,000	KRW
SUPRANATIONAL 3.9%			
(i)	Inter-American Development Bank, senior note, 7.50%, 12/05/24	355,000,000	MXN

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

UKRAINE 5.5%		
(g) City of Kiev, 144A, 8.625%, 7/15/11	22,400,000	
(g) Government of the Ukraine, 144A, 7.65%, 6/11/13	11,948,000	
(b) FRN, 6.45%, 8/05/09	11,660,000	
UNITED ARAB EMIRATES 0.8%		
(g) DP World Ltd., 144A, 6.85%, 7/02/37	8,080,000	
UNITED STATES 2.1%		
General Electric Capital Corp., senior note, A, 8.50%, 4/06/18	185,000,000	MXN
VIETNAM 0.1%		
(b) Government of Vietnam, FRN, 3.938%, 3/12/16	712,174	
TOTAL BONDS (COST \$616,229,485)		
		NOTIONAL AMOUNT

OPTIONS PURCHASED (COST \$3,750) 0.0%(j)		
PUTS 0.0%(j)		
BRAZIL 0.0%(j)		
(k) Brazilian Real Put, strike price 2.05 BRL, expiration date 1/20/09	\$ 100,000	
TOTAL INVESTMENTS BEFORE SHORT TERM INVESTMENTS (COST \$616,233,235)		

Quarterly Statement of Investments | 5

Templeton Emerging Markets Income Fund

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2008 (UNAUDITED) (CONTINUED)

		PRINCIPAL AMOUNT (a)

SHORT TERM INVESTMENTS 5.6%		
FOREIGN GOVERNMENT AND AGENCY SECURITIES 4.0%		
COSTA RICA 0.7%		
(g) Citigroup Funding Inc., cvt., 144A, zero cpn., 1/09/09	3,841,535	\$
EGYPT 3.3%		

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

(1) Egypt Treasury Bill, 7/07/09	32,375,000	EGP
(1) Egypt Treasury Bills, 12/16/08 - 9/22/09	65,900,000	EGP

TOTAL FOREIGN GOVERNMENT AND AGENCY SECURITIES
(COST \$21,295,137)

TOTAL INVESTMENTS BEFORE MONEY MARKET FUNDS
(COST \$637,528,372)

SHARES

MONEY MARKET FUNDS (COST \$8,436,139) 1.6%	
UNITED STATES 1.6%	
(m) Franklin Institutional Fiduciary Trust Money Market Portfolio, 0.9%	8,436,139
TOTAL INVESTMENTS (COST \$645,964,511) 91.1%	
NET UNREALIZED APPRECIATION ON FORWARD EXCHANGE CONTRACTS 4.5%	
OTHER ASSETS, LESS LIABILITIES 4.3%	
NET ASSETS 100.0%	

See Abbreviations on page 10.

- (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) Principal amount is stated in 1,000 Brazilian Real Units.
- (e) Redemption price at maturity is adjusted for inflation.
- (f) 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. These securities have been deemed liquid under guidelines approved by the Fund's Board of Trustees. At November 30, 2008, the aggregate value of these securities was \$30,025,377, representing 5.87% of net assets.
- (g) 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, 2008, the aggregate value of these securities was \$94,172,410, representing 18.41% of net assets.

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

- (h) Principal amount is stated in 100 Mexican Peso units.
- (i) A supranational organization is an entity formed by two or more central governments through international treaties.
- (j) Rounds to less than 0.1% of net assets.
- (k) Non-income producing for the twelve months ended November 30, 2008.
- (l) The security is traded on a discount basis with no stated coupon rate.
- (m) The Franklin 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.

See Notes to Statement of Investments.

6 | Quarterly Statement of Investments

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 non-diversified, closed-end investment company.

2. SECURITY VALUATION

Securities listed on a securities exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Over-the-counter securities and listed securities for which there is no reported sale are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Investments in open-end mutual funds are valued at the closing net asset value.

Corporate debt securities 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.

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, 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

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

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.

Quarterly Statement of Investments | 7

Templeton Emerging Markets Income Fund

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)

3. INCOME TAXES

At November 30, 2008, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	\$ 649,533,201	
	=====	
Unrealized appreciation	\$ 1,222,102	
Unrealized depreciation	(184,799,419)	

Net unrealized appreciation (depreciation) ...	\$ (183,577,317)	
	=====	

4. FORWARD EXCHANGE CONTRACTS

At November 30, 2008, the Fund had the following forward exchange contracts outstanding:

	CONTRACT AMOUNT (a)	SETTLEMENT DATE	UNREALIZED APPRECIATION	UNREALIZED DEPRECIATION
	-----	-----	-----	-----
CONTRACTS TO BUY				
2,249,893 Peruvian Nuevo Sol	832,369	5/15/09	\$ --	\$ (120,690)
2,814,447 Peruvian Nuevo Sol	1,040,461	5/19/09	--	(150,590)
CONTRACTS TO SELL				
40,428,962 Mexican Peso	3,520,460	1/27/09	524,657	--
8,200,000 Euro	12,547,640	3/27/09	2,147,484	--
183,978,800 Mexican Peso	16,664,746	4/07/09	3,270,854	--
3,099,468 U.S. Dollar	389,804,593 KZT	4/17/09	--	(51,810)
3,446,350 U.S. Dollar	433,137,268 KZT	4/27/09	--	(74,180)
167,925,352 Mexican Peso	15,279,832	5/07/09	3,148,065	--
61,513,239 Mexican Peso	5,599,239	5/15/09	1,164,252	--
457,957,173 Mexican Peso	41,806,834	5/20/09	8,830,907	--
34,649,958 Mexican Peso	3,175,982	6/12/09	693,595	--
1,681,570 Euro	8,324,767 MYR	6/16/09	175,291	--
1,609,368 Euro	7,951,887 MYR	6/17/09	163,556	--
180,829 Euro	264,878	8/18/09	35,339	--
74,700,583 Mexican Peso	6,956,657	8/27/09	1,686,934	--

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

725,485	Euro	1,013,684	9/10/09	92,585	-
362,390	Euro	505,680	9/11/09	45,573	-
13,012,157	Mexican Peso	1,157,459	9/15/09	242,114	-
688,058	Euro	970,299	9/21/09	96,635	-
39,897,968	Mexican Peso	3,467,579	10/01/09	667,603	-
39,728,544	Mexican Peso	3,462,183	10/05/09	675,749	-
				-----	-----
Unrealized appreciation (depreciation) on forward exchange contracts				23,661,193	(397,299)
				-----	-----
Net unrealized appreciation (depreciation) on forward exchange contracts				\$ 23,263,897	
				=====	

See Abbreviations on page 10.

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

8 | Quarterly Statement of Investments

Templeton Emerging Markets Income Fund

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)

5. INTEREST RATE SWAPS

At November 30, 2008, the Fund had the following interest rate swap contracts outstanding:

COUNTER- PARTY	RECEIVE-- FIXED RATE	PAY-- FLOATING RATE	NATIONAL PRINCIPAL AMOUNT (a)	EXPIRATION DATE
-----	-----	-----	-----	-----
JPMorgan	7.06%	Tasa Nominal Annual Rate	1,568,000,000 CLP	6/13/18
Merrill Lynch	7.053%	Tasa Nominal Annual Rate	4,700,000,000 CLP	6/13/18
Merrill Lynch	7.094%	Tasa Nominal Annual Rate	5,100,000,000 CLP	6/16/18
JPMorgan	7.15%	Tasa Nominal Annual Rate	1,600,000,000 CLP	6/18/18
JPMorgan	7.855%	Tasa Nominal Annual Rate	403,200,000 CLP	7/17/18
Merrill Lynch	9.03%	MXN Interbank Equilibrium Interest Rate	241,000,000 MXN	8/17/18
Merrill Lynch	9.10%	MXN Interbank Equilibrium Interest Rate	80,000,000 MXN	8/04/28

Unrealized appreciation (depreciation) on interest rate swap contracts

Net unrealized appreciation (depreciation) on interest rate swap contracts

See Abbreviations on page 10.

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

6. FAIR VALUE MEASUREMENTS

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

The Fund adopted Financial Accounting Standards Board (FASB) issued FASB Statement No. 157, "Fair Value Measurement" (SFAS 157), on September 1, 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Fund has determined that the implementation of SFAS 157 did not have a material impact on the Fund's financial statements.

SFAS 157 establishes 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)

Quarterly Statement of Investments | 9

Templeton Emerging Markets Income Fund

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)

6. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2008, in valuing the Fund's assets and liabilities carried at fair value:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
ASSETS:				
Investments in Securities	\$25,450,629	\$440,505,255	\$--	\$465,955,884
Other Financial Instruments(a) ...	--	24,894,334	--	24,894,334
LIABILITIES:				
Other Financial Instruments(a) ...	--	1,256,445	--	1,256,445

(a) Other financial instruments include net unrealized appreciation (depreciation) of forward exchange contracts and swaps.

7. NEW ACCOUNTING PRONOUNCEMENTS

In March 2008, FASB issued FASB Statement No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" (SFAS 161), which expands disclosures about derivative investments and hedging activities. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. The Fund is currently evaluating the impact, if any, of applying the various provisions of SFAS 161.

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

ABBREVIATIONS

CURRENCY

BRL - Brazilian Real
CLP - Chilean Peso
EGP - Egyptian Pound
EUR - Euro
IDR - Indonesian Rupiah
KRW - South Korean Won
KZT - Kazakhstani Tenge
MXN - Mexican Peso
MYR - Malaysian Ringgit
PLN - Polish Zloty

SELECTED PORTFOLIO

FRN - Floating Rate Note
MTN - Medium Term Note

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.

10 | 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 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.

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

(a) Certification pursuant to Section 30a-2 under the Investment Company Act of 1940 of Jennifer J. Bolt, Chief Executive Officer - Finance and Administration, and Laura F. Fergerson, 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/JENNIFER J. BOLT

Jennifer J. Bolt
Chief Executive Officer -
Finance and Administration
Date January 27, 2009

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/JENNIFER J. BOLT

Jennifer J. Bolt
Chief Executive Officer -
Finance and Administration
Date January 27, 2009

By /s/LAURA F. FERGERSON

Laura F. Fergerson
Chief Financial Officer and
Chief Accounting Officer
Date January 27, 2009