

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-Q

Quarterly schedule of portfolio holdings of registered management investment company filed  
on Form N-Q

Filing Date: **2013-01-28** | Period of Report: **2012-11-30**  
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### FILER

#### TEMPLETON EMERGING MARKETS INCOME FUND

CIK: [909112](#) | IRS No.: **593192205** | State of Incorpor.: **DE** | Fiscal Year End: **0831**  
Type: **N-Q** | Act: **40** | File No.: [811-07866](#) | Film No.: **13552101**

#### Mailing Address

*300 S.E. 2ND STREET  
FORT LAUDERDALE FL  
33301-1923*

#### Business Address

*300 S.E. 2ND STREET  
FORT LAUDERDALE FL  
33301-1923  
9545277500*

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 811-07866

Templeton Emerging Markets Income Fund  
(Exact name of registrant as specified in charter)

300 S.E. 2<sup>nd</sup> Street, Fort Lauderdale, FL 33301-1923  
(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: 11/30/12

**Item 1. Schedule of Investments.**



# Templeton Emerging Markets Income Fund

## Statement of Investments, November 30, 2012 (unaudited)

	Principal Amount*	Value
<b>Foreign Government and Agency Securities 57.9%</b>		
<b>Argentina 5.5%</b>		
Government of Argentina,		
*GDP Linked Securities, 4.383%, 12/15/35	219,745,000	\$ 26,638,588
senior bond, 7.00%, 10/03/15	20,000,000	16,900,489
		<u>43,539,077</u>
<b>Bosnia &amp; Herzegovina 0.6%</b>		
*Government of Bosnia & Herzegovina, FRN, 1.696%, 12/11/17	9,105,390	DEM 5,025,423
<b>Brazil 8.8%</b>		
Nota Do Tesouro Nacional,		
10.00%, 1/01/14	20,000 <sup>c</sup>	BRL 9,611,700
*Index Linked, 6.00%, 5/15/15	22,323 <sup>c</sup>	BRL 25,204,216
*Index Linked, 6.00%, 8/15/16	4,890 <sup>c</sup>	BRL 5,655,369
*Index Linked, 6.00%, 5/15/17	134 <sup>c</sup>	BRL 156,934
*Index Linked, 6.00%, 8/15/18	3,185 <sup>c</sup>	BRL 3,795,149
*Index Linked, 6.00%, 5/15/45	17,820 <sup>c</sup>	BRL 24,994,588
		<u>69,417,956</u>
<b>Colombia 0.9%</b>		
Government of Colombia, senior bond, 11.75%, 2/25/20	4,255,000	6,944,479
<b>Croatia 1.2%</b>		
*Government of Croatia, 144A, 6.75%, 11/05/19	7,920,000	9,178,528
<b>El Salvador 0.4%</b>		
*Government of El Salvador, 144A, 7.65%, 6/15/35	2,650,000	2,959,957
<b>Georgia 0.4%</b>		
*Government of Georgia, 144A, 6.875%, 4/12/21	3,050,000	3,553,250
<b>Ghana 4.8%</b>		
Government of Ghana,		
14.99%, 3/11/13	7,450,000	GHS 3,859,283
15.65%, 6/03/13	8,500,000	GHS 4,371,967
13.30%, 9/30/13	10,150,000	GHS 5,060,441
13.00%, 6/02/14	9,110,000	GHS 4,390,519
24.00%, 5/25/15	3,680,000	GHS 2,084,419
23.00%, 8/21/17	7,560,000	GHS 4,346,811
*144A, 8.50%, 10/04/17	6,900,000	7,966,188
*Reg S, 8.50%, 10/04/17	5,300,000	6,118,956
		<u>38,198,584</u>
<b>Hungary 2.5%</b>		
Government of Hungary, senior note,		
3.50%, 7/18/16	190,000	EUR 237,690
4.375%, 7/04/17	560,000	EUR 713,196
5.75%, 6/11/18	1,255,000	EUR 1,668,914
3.875%, 2/24/20	535,000	EUR 631,398
6.375%, 3/29/21	15,000,000	16,603,125
		<u>19,854,323</u>
<b>Indonesia 4.2%</b>		
Government of Indonesia,		
FR31, 11.00%, 11/15/20	132,050,000,000	IDR 18,839,309
FR36, 11.50%, 9/15/19	40,000,000,000	IDR 5,664,608
FR40, 11.00%, 9/15/25	58,140,000,000	IDR 8,906,112
		<u>33,410,029</u>
<b>Iraq 5.2%</b>		
Government of Iraq,		
*144A, 5.80%, 1/15/28	41,800,000	39,498,074

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



# Templeton Emerging Markets Income Fund

## Statement of Investments, November 30, 2012 (unaudited) (continued)

†Reg S, 5.80%, 1/15/28	1,675,000	1,582,758
		41,080,832
<b>Latvia 1.6%</b>		
*Government of Latvia, 144A, 5.25%, 2/22/17	11,050,000	12,320,750
<b>Lithuania 0.6%</b>		
*Government of Lithuania, 144A, 7.375%, 2/11/20	3,400,000	4,385,320
<b>Mexico 2.5%</b>		
Government of Mexico,		
9.00%, 12/20/12	463,000* MXN	3,586,968
9.00%, 6/20/13	517,500* MXN	4,096,257
8.00%, 12/19/13	1,555,100* MXN	12,421,507
		20,104,732
<b>Romania 1.0%</b>		
*Government of Romania, senior note, Reg S, 5.25%, 6/17/16	5,460,000 EUR	7,562,568
<b>Russia 0.7%</b>		
*Government of Russia, senior bond, Reg S, 7.50%, 3/31/30	4,130,750	5,249,770
<b>Serbia 2.9%</b>		
*Government of Serbia, senior note, 144A, 7.25%, 9/28/21	11,080,000	12,508,157
Serbia Treasury Bonds, 10.00%,		
4/27/15	780,000,000 RSD	8,222,954
9/14/15	205,300,000 RSD	2,130,182
11/08/17	36,330,000 RSD	353,986
		23,215,279
<b>Sri Lanka 3.5%</b>		
Government of Sri Lanka,		
*144A, 7.40%, 1/22/15	3,500,000	3,808,437
*144A, 5.875%, 7/25/22	7,750,000	8,355,469
A, 8.50%, 1/15/13	312,300,000 LKR	2,391,716
A, 13.50%, 2/01/13	303,200,000 LKR	2,334,256
A, 7.50%, 8/01/13	157,190,000 LKR	1,173,315
A, 7.00%, 3/01/14	19,710,000 LKR	141,963
A, 11.25%, 7/15/14	354,200,000 LKR	2,670,121
A, 11.75%, 3/15/15	3,840,000 LKR	29,115
A, 6.50%, 7/15/15	108,070,000 LKR	723,874
A, 11.00%, 8/01/15	607,700,000 LKR	4,508,653
A, 6.40%, 8/01/16	49,800,000 LKR	314,207
A, 5.80%, 1/15/17	51,000,000 LKR	308,016
B, 8.50%, 7/15/13	3,580,000 LKR	26,965
B, 11.75%, 4/01/14	31,010,000 LKR	235,780
B, 6.60%, 6/01/14	25,600,000 LKR	181,054
B, 6.40%, 10/01/16	53,200,000 LKR	333,570
		27,536,511
<b>*Supranational 0.7%</b>		
*Eastern & Southern African Trade and Development Bank, Reg S, 6.875%, 1/09/16	5,000,000	5,164,700
<b>Ukraine 5.9%</b>		
*Government of Ukraine,		
144A, 9.25%, 7/24/17	1,330,000	1,453,025
144A, 7.75%, 9/23/20	19,840,000	20,824,163
senior bond, 144A, 7.65%, 6/11/13	11,948,000	12,107,506
*Kyiv Finance PLC (City of Kiev), loan participation, senior note, 144A, 9.375%, 7/11/16	12,940,000	12,115,075
		46,499,769
<b>Venezuela 0.5%</b>		
Government of Venezuela, 10.75%, 9/19/13	3,800,000	3,941,835
<b>Vietnam 1.0%</b>		
*Government of Vietnam, 144A, 6.75%, 1/29/20	6,835,000	7,902,969



# Templeton Emerging Markets Income Fund

## Statement of Investments, November 30, 2012 (unaudited) *(continued)*

<b>Zambia 2.5%</b>		
• Government of Zambia International Bond, 144A, 5.375%, 9/20/22	20,000,000	19,975,000
<b>Total Foreign Government and Agency Securities (Cost \$413,128,328)</b>		<b>457,021,641</b>
<b>Quasi-Sovereign and Corporate Bonds 32.8%</b>		
<b>India 0.5%</b>		
• IICI Bank Ltd., sub. bond, 144A, 6.375% to 4/30/17, FRN thereafter, 4/30/22	4,100,000	4,120,500
<b>Kazakhstan 7.8%</b>		
• HSBK (Europe) BV, senior note, 144A, 7.25%, 5/03/17	26,035,000	28,501,035
• Kazakhstan Temir Zholy Finance BV, senior note, 144A, 6.375%, 10/06/20	6,090,000	7,353,523
• KazMunayGas National Co., senior note, 144A, 9.125%, 7/02/18	19,200,000	25,366,272
		<b>61,220,830</b>
<b>Mexico 4.4%</b>		
• Cemex Espana Luxembourg, senior secured note, 144A, 9.25%, 5/12/20	2,355,000	2,512,502
• Cemex SAB de CV, senior secured note, 144A, 9.00%, 1/11/18	21,845,000	23,122,496
• Corporacion GEO SAB de CV, senior note, 144A, 8.875%, 3/27/22	8,420,000	8,841,000
		<b>34,475,998</b>
<b>Peru 0.3%</b>		
• Peru Enhanced Pass-Through Finance Ltd., senior secured bond, A-1, 144A, zero cpn., 5/31/18	2,818,935	2,593,420
<b>Russia 5.9%</b>		
• Alfa Bond Issuance PLC (Alfa Bank OJSC), loan participation, secured note, 144A, 7.875%, 9/25/17	6,550,000	7,276,297
• senior note, 144A, 7.75%, 4/28/21	7,900,000	8,670,250
• Gaz Capital SA (OJSC Gazprom), loan participation, senior bond, 144A, 8.146%, 4/11/18	6,000,000	7,395,930
• LUKOIL International Finance BV,		
• 144A, 6.356%, 6/07/17	890,000	1,011,182
• 144A, 6.656%, 6/07/22	4,540,000	5,488,815
• Reg S, 6.356%, 6/07/17	2,300,000	2,618,953
• Reg S, 6.656%, 6/07/22	3,970,000	4,781,408
• RSHB Capital SA (Russian Agricultural Bank OJSC), loan participation, senior note, 144A, 9.00%, 6/11/14	4,880,000	5,361,461
• TNK-BP Finance SA, senior bond, 144A, 7.25%, 2/02/20	1,190,000	1,441,655
• VTB Capital SA (VTB Bank), loan participation, senior bond, 144A, 6.25%, 6/30/35	2,400,000	2,563,320
		<b>46,609,271</b>
<b>South Africa 2.5%</b>		
• Edcon Holdings Pty. Ltd., secured note, 144A, FRN, 5.752%, 6/15/15	8,285,000	EUR 9,470,736
• Edcon Pty. Ltd., senior secured note, 144A, 9.50%, 3/01/18	7,250,000	6,982,656
• 3/01/18	2,828,000	EUR 3,457,278
		<b>19,910,670</b>
<b>Trinidad and Tobago 0.8%</b>		
• Petro Co. of Trinidad and Tobago Ltd., senior note,		
• 144A, 9.75%, 8/14/19	4,500,000	5,996,250
• Reg S, 9.75%, 8/14/19	210,000	279,825
		<b>6,276,075</b>
<b>Turkey 3.3%</b>		
• Akbank TAS, senior note, 144A, 6.50%, 3/09/18	2,588,000	2,976,161
• Finansbank AS, senior note, 144A, 5.50%, 5/11/16	8,425,000	8,530,313
• Turkiye Is Bankasi, sub. note, 144A, 6.00%, 10/24/22	3,000,000	3,191,250
• Willow No.2 (Yasar Holding SA), loan participation, secured note, Reg S, 9.625%, 10/07/15	10,900,000	11,690,250
		<b>26,387,974</b>
<b>Ukraine 0.2%</b>		
• Financing of Infrastructure Projects State Enterprise, 144A, 8.375%, 11/03/17	2,000,000	1,958,750
<b>United Arab Emirates 3.7%</b>		
• DP World Ltd., 144A, 6.85%, 7/02/37	13,500,000	14,999,445







# Templeton Emerging Markets Income Fund

## Statement of Investments, November 30, 2012 (unaudited) (continued)

•Dubai Electricity & Water Authority, senior note, 144A, 7.375%, 10/21/20	11,500,000		13,903,615
			<u>28,903,060</u>
<b>United States 2.0%</b>			
General Electric Capital Corp., senior note, A, 8.50%, 4/06/18	185,000,000	MXN	15,633,138
<b>Venezuela 1.4%</b>			
Petroleos de Venezuela SA, senior sub. bond, 4.90%, 10/28/14	11,800,000		11,203,628
<b>Total Quasi-Sovereign and Corporate Bonds (Cost \$218,072,111)</b>			<u>259,293,314</u>
<b>Credit-Linked Notes (Cost \$1,701,024) 0.2%</b>			
<b>Ukraine 0.2%</b>			
•ING Americas Issuance BV, (Government of Ukraine), 144A, 5.50%, 8/25/15	14,824,200	UAH	1,482,655
<b>Total Investments before Short Term Investments (Cost \$632,901,463)</b>			<u>717,797,610</u>
<b>Short Term Investments 3.2%</b>			
<b>Foreign Government and Agency Securities 1.1%</b>			
<b>Nigeria 1.1%</b>			
†Nigeria Treasury Bills, 4/25/13 - 5/09/13	1,442,380,000	NGN	8,624,936
<b>Sri Lanka 0.0%†</b>			
†Sri Lanka Treasury Bills, 8/02/13 - 10/11/13	12,040,000	LKR	84,819
<b>Total Foreign Government and Agency Securities (Cost \$8,694,776)</b>			<u>8,709,755</u>
<b>Total Investments before Money Market Funds (Cost \$641,596,239)</b>			<u>726,507,365</u>
		<b>Shares</b>	
<b>Money Market Funds (Cost \$16,689,763) 2.1%</b>			
<b>United States 2.1%</b>			
‡Institutional Fiduciary Trust Money Market Portfolio	16,689,763		16,689,763
<b>Total Investments (Cost \$658,286,002) 94.1%</b>			<u>743,197,128</u>
<b>Other Assets, less Liabilities 5.9%</b>			<u>46,515,207</u>
<b>Net Assets 100.0%</b>			<u>\$ 789,712,335</u>

†Rounds to less than 0.1% of net assets.

‡The principal amount is stated in U.S. dollars unless otherwise indicated.

\*Security is linked to the Argentine GDP and does not pay principal over the life of the security or at expiration. The holder is entitled to receive only variable 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.

†The coupon rate shown represents the rate at period end.

‡Principal amount is stated in 1,000 Brazilian Real Units.

\*Redemption price at maturity is adjusted for inflation.

\*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, 2012, the aggregate value of these securities was \$393,480,635, representing 49.83% of net assets.

†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, 2012, the aggregate value of these securities was \$45,049,188, representing 5.70% of net assets.

†Principal amount is stated in 100 Mexican Peso Units.

†A supranational organization is an entity formed by two or more central governments through international treaties.

†The security is traded on a discount basis with no stated coupon rate.

†Non-income producing.

‡The Institutional Fiduciary Trust Money Market Portfolio is managed by the Fund's investment manager.



# Templeton Emerging Markets Income Fund

## Statement of Investments, November 30, 2012 (unaudited) (continued)

At November 30, 2012, the Fund had the following forward exchange contracts outstanding. See Note 3.

### Forward Exchange Contracts

Currency	Counterparty	Type	Quantity	Contract Amount <sup>1</sup>	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Japanese Yen	CITI	Sell	624,500,000	8,185,870	1/10/13	\$ 607,532	\$ -
Euro	BZWS	Sell	628,500	804,197	1/11/13	-	(13,570)
Japanese Yen	BZWS	Sell	1,248,860,000	16,374,197	1/11/13	1,219,096	-
Japanese Yen	UBSW	Sell	624,380,000	8,180,544	1/11/13	603,600	-
Japanese Yen	BZWS	Sell	986,330,000	12,902,479	1/15/13	932,825	-
Japanese Yen	HSBK	Sell	1,620,890,000	21,209,591	1/15/13	1,539,204	-
Japanese Yen	UBSW	Sell	784,550,000	10,256,628	1/15/13	735,685	-
Japanese Yen	DBAB	Sell	626,420,000	8,207,809	1/15/13	605,860	-
Euro	BZWS	Sell	2,547,416	3,321,703	1/28/13	6,611	-
Euro	DBAB	Sell	3,345,000	4,473,938	3/28/13	118,283	-
Euro	HSBK	Sell	826,000	1,088,172	4/10/13	12,454	-
Euro	DBAB	Sell	688,000	902,422	4/11/13	6,415	-
Euro	UBSW	Sell	413,000	541,472	4/11/13	3,607	-
South Korean Won	JPHQ	Buy	7,297,662,505	6,091,538	6/07/13	591,552	-
Polish Zloty	DBAB	Buy	16,600,000	3,775,387	EUR 7/05/13	239,971	-
Ghana Cedi	BZWS	Buy	835,000	363,834	7/11/13	28,088	-
Malaysian Ringgit	DBAB	Buy	2,499,000	775,052	7/18/13	34,532	-
Malaysian Ringgit	DBAB	Buy	3,942,000	1,231,413	7/22/13	45,360	-
Malaysian Ringgit	DBAB	Buy	4,793,000	1,489,342	7/25/13	62,798	-
Malaysian Ringgit	JPHQ	Buy	5,039,000	1,559,531	7/29/13	71,904	-
Euro	CITI	Sell	358,630	448,184	8/09/13	-	(19,517)
Euro	GSCO	Sell	3,663,000	4,534,428	8/14/13	-	(242,893)
Euro	MSCO	Sell	907,070	1,155,857	8/15/13	-	(27,167)
Euro	DBAB	Sell	359,450	446,106	8/15/13	-	(22,698)
Euro	DBAB	Sell	1,347,000	1,668,087	8/20/13	-	(88,809)
Euro	UBSW	Sell	2,260,000	2,797,089	8/22/13	-	(150,706)
Euro	BZWS	Sell	1,604,997	2,009,777	8/23/13	-	(83,700)
Euro	UBSW	Sell	362,390	453,423	8/26/13	-	(19,278)
Euro	DBAB	Sell	3,316,031	4,167,771	8/28/13	-	(157,755)
Euro	DBAB	Sell	6,050,000	7,611,505	8/30/13	-	(280,489)
Euro	DBAB	Sell	1,506,000	1,949,592	9/16/13	-	(15,354)



# Templeton Emerging Markets Income Fund

## Statement of Investments, November 30, 2012 (unaudited) *(continued)*

Ghana Cedi	BZWS	Buy	1,395,324	629,943	10/07/13	-	(1,841)
Euro	DBAB	Sell	266,000	342,236	11/08/13	-	(5,062)
Euro	MSCO	Sell	907,070	1,157,263	11/15/13	-	(27,140)
Unrealized appreciation (depreciation)						7,465,377	(1,155,979)
Net unrealized appreciation (depreciation)						\$ 6,309,398	

\*In U.S. dollars unless otherwise indicated.

At November 30, 2012, the Fund had the following interest rate swap contracts outstanding. See Note 3.

### Interest Rate Swap Contracts

Counterparty	Pay/Receive Floating Rate	Fixed Rate	Floating Rate	Notional Amount*	Expiration Date	Unrealized Appreciation	Unrealized Depreciation
CITI	Receive	3.440%	3-month USD BBA LIBOR	7,900,000	4/24/21	\$ -	\$ (1,313,252)

\*In U.S. dollars unless otherwise indicated.

### ABBREVIATIONS

#### Counterparty

BZWS	- Barclays Bank PLC
CITI	- Citibank N.A.
DBAB	- Deutsche Bank AG
GSCO	- The Goldman Sachs Group, Inc.
HSBK	- HSBC Bank PLC
JPHQ	- JPMorgan Chase Bank N.A.
MSCO	- Morgan Stanley and Co. Inc.
UBSW	- UBS AG

#### Currency

BRL	- Brazilian Real
DEM	- Deutsche Mark
EUR	- Euro
GHS	- Ghanaian Cedi
IDR	- Indonesian Rupiah
LKR	- Sri Lankan Rupee
MXN	- Mexican Peso
NGN	- Nigerian Naira
RSD	- Serbian Dinar
UAH	- Ukraine Hryvnia

#### Selected Portfolio

FRN	- Floating Rate Note
GDP	- Gross Domestic Product

# 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. FINANCIAL INSTRUMENT VALUATION

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Under procedures approved by the Fund's Board of Trustees (the Board), the Fund's administrator, investment manager and other affiliates have formed the Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Debt securities generally trade in the over-the-counter (OTC) market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value. 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. Derivative financial instruments (derivatives) listed on an exchange are valued at the official closing price of the day. Investments in open-end mutual funds are valued at the closing net asset value.

Certain derivatives trade in the OTC market. The Fund's pricing services use various techniques including industry standard option pricing models and proprietary discounted cash flow models to determine the fair value of those instruments. The Fund's net benefit or obligation under the derivative contract, as measured by the fair market value of the contract, is included in net assets.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VLOC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VLOC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VLOC employs various methods for calibrating these valuation approaches

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including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before the daily close of business on the NYSE. Occasionally, events occur between the time at which trading in a foreign security is completed and the close of the NYSE that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at the close of the NYSE. In order to minimize the potential for these differences, the VLOC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities 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.

### 3. DERIVATIVE FINANCIAL INSTRUMENTS

The Fund invested in 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 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/or the potential for market movements.

The Fund entered into OTC forward exchange contracts primarily to manage and/or 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. Unrestricted cash may be invested according to the Fund's investment objectives.

The Fund entered into OTC interest rate swap contracts primarily 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. Unrestricted cash may be invested according to the Fund's investment objectives.

### 4. INCOME TAXES

At November 30, 2012, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	\$ 663,730,834
Unrealized appreciation	\$ 95,531,757
Unrealized depreciation	(16,065,463)
Net unrealized appreciation (depreciation)	\$ 79,466,294

## 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 financial instruments and are summarized in the following fair value hierarchy:

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

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

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

A summary of inputs used as of November 30, 2012, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
<b>Investments in Securities:</b>				
Foreign Government and Agency Securities*	\$ -	\$ 457,021,641	\$ -	\$ 457,021,641
Quasi-Sovereign and Corporate Bonds*	-	259,293,314	-	259,293,314
Credit-Linked Notes	-	1,482,655	-	1,482,655
Short Term Investments	16,689,763	8,709,755	-	25,399,518
Total Investments in Securities	\$ 16,689,763	\$ 726,507,365	\$ -	\$ 743,197,128
Forward Exchange Contracts	\$ -	\$ 7,465,377	\$ -	\$ 7,465,377
<b>Liabilities:</b>				
Swaps	-	1,313,252	-	1,313,252
Forward Exchange Contracts	-	1,155,979	-	1,155,979

\*For detailed categories, see the accompanying Statement of Investments.

## 6. NEW ACCOUNTING PRONOUNCEMENTS

In December 2011, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2011-11, Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities. The amendments in the ASU enhance disclosures about offsetting of financial assets and liabilities to enable investors to understand the effect of these arrangements on a fund's financial position. The ASU is effective for interim and annual reporting periods beginning on or after January 1, 2013. The Fund believes the adoption of this ASU will not have a material impact on its financial statements.

## 7. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through the issuance of the Statement of Investments and determined that no events have occurred that require disclosure.

For additional information on the Fund's 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 changes in the Registrant's internal controls or in other factors that could materially affect the internal controls over financial reporting 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) 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.

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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.

**Templeton Emerging Markets Income Fund**

By /s/LAURA F. FERGERSON  
Laura F. Ferguson  
Chief Executive Officer -  
Finance and Administration  
Date January 25, 2013

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 25, 2013

By /s/MARK H. OTANI  
Mark H. Otani  
Chief Financial Officer and  
Chief Accounting Officer  
Date January 25, 2013

I, Laura F. Fergerson, certify that:

1. I have reviewed this report on Form N-Q of **Templeton Emerging Markets Income Fund**;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

1/25/2013

S\LAURA F. FERGERSON

Laura F. Fergerson  
Chief Executive Officer - Finance and Administration

I, Mark H. Otani, certify that:

1. I have reviewed this report on Form N-Q of **Templeton Emerging Markets Income Fund**;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

1/25/2013

SMARK H. OTANI

Mark H. Otani  
Chief Financial Officer and Chief Accounting Officer