

TEMPLETON EMERGING MARKETS INCOME FUND
Form N-Q
July 28, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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. 2nd Street, Fort Lauderdale, FL
33301-1923**

(Address of principal executive offices) (Zip code)

**Craig S. Tyle, One Franklin Parkway, San
Mateo, CA 94403-1906**

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(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: 05/31/15

Item 1. Schedule of Investments.

Templeton Emerging Markets Income Fund

Statement of Investments, May 31, 2015 (unaudited)

	Principal Amount*		Value
Foreign Government and Agency Securities 56.3%			
Bosnia & Herzegovina 0.5%			
aGovernment of Bosnia & Herzegovina, FRN, 0.938%, 12/11/17	5,492,140	DEM \$	2,811,173
Brazil 8.7%			
bNota Do Tesouro Nacional, Index Linked, 6.00%, 5/15/17	134	c BRL	110,243
5/15/19	16,424	c BRL	13,428,367
8/15/22	11,920	c BRL	9,749,482
5/15/23	13,639	c BRL	11,187,660
8/15/24	3,340	c BRL	2,784,718
8/15/50	18,020	c BRL	15,157,805
			52,418,275
Croatia 1.5%			
dGovernment of Croatia, 144A, 6.75%, 11/05/19	7,920,000		8,824,543
Ecuador 4.9%			
dGovernment of Ecuador, senior note, 144A, 7.95%, 6/20/24	31,380,000		29,873,760
El Salvador 0.5%			
dGovernment of El Salvador, 144A, 7.65%, 6/15/35	2,650,000		2,749,375
Ethiopia 1.7%			
dFederal Democratic Republic of Ethiopia, 144A, 6.625%, 12/11/24	10,000,000		10,092,000
Georgia 0.6%			
dGovernment of Georgia, 144A, 6.875%, 4/12/21	3,050,000		3,389,618
Ghana 2.8%			
Government of Ghana, 21.00%, 10/26/15	3,257,000	GHS	786,958
16.90%, 3/07/16	430,000	GHS	101,103
19.24%, 5/30/16	11,875,000	GHS	2,825,200

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23.00%, 2/13/17	9,290,000	GHS	2,290,510
25.48%, 4/24/17	230,000	GHS	58,711
24.44%, 5/29/17	3,670,000	GHS	925,187
26.00%, 6/05/17	130,000	GHS	33,546
25.40%, 7/31/17	3,410,000	GHS	873,144
23.00%, 8/21/17	12,650,000	GHS	3,116,531
23.23%, 2/19/18	2,470,000	GHS	615,889
22.49%, 4/23/18	1,330,000	GHS	327,807
23.47%, 5/21/18	7,840,000	GHS	1,945,004
19.04%, 9/24/18	14,300,000	GHS	3,234,786
			17,134,376

Hungary 3.9%

Government of Hungary,

4.125%, 2/19/18	2,040,000		2,138,124
5.375%, 2/21/23	3,750,000		4,155,000
senior note, 6.375%, 3/29/21	15,000,000		17,374,875
			23,667,999

India 1.1%

Government of India,

senior bond, 7.80%, 5/03/20	68,300,000	INR	1,069,764
senior bond, 8.28%, 9/21/27	20,600,000	INR	331,139
senior bond, 8.60%, 6/02/28	71,000,000	INR	1,179,480
senior note, 7.28%, 6/03/19	2,700,000	INR	41,688
senior note, 8.12%, 12/10/20	51,300,000	INR	814,419
senior note, 8.35%, 5/14/22	20,200,000	INR	323,821
senior note, 7.16%, 5/20/23	12,700,000	INR	190,684

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

Templeton Emerging Markets Income Fund

Statement of Investments, May 31, 2015 (unaudited) *(continued)*

senior note, 8.83%, 11/25/23	171,200,000 INR	2,837,461
		6,788,456
Indonesia 3.6%		
Government of Indonesia, 7.875%, 4/15/19	18,074,000,000 IDR	1,363,340
FR31, 11.00%, 11/15/20	134,139,000,000 IDR	11,474,545
FR36, 11.50%, 9/15/19	40,000,000,000 IDR	3,410,344
FR40, 11.00%, 9/15/25	58,140,000,000 IDR	5,231,897
senior bond, FR53, 8.25%, 7/15/21	5,281,000,000 IDR	403,806
		21,883,932
Iraq 3.7%		
dGovernment of Iraq, 144A, 5.80%, 1/15/28	27,190,000	22,532,625
Kenya 1.1%		
dGovernment of Kenya, senior note, 144A, 6.875%, 6/24/24	6,290,000	6,604,815
Lithuania 0.3%		
dGovernment of Lithuania, 144A, 7.375%, 2/11/20	1,700,000	2,068,475
Mexico 2.5%		
Government of Mexico, 6.00%, 6/18/15	1,109,180 ^e MXN	7,215,200
8.00%, 12/17/15	606,600 ^e MXN	4,042,582
6.25%, 6/16/16	167,650 ^e MXN	1,119,888
7.25%, 12/15/16	367,050 ^e MXN	2,505,534
		14,883,204
Mongolia 1.1%		
dGovernment of Mongolia, senior note, 144A, 5.125%, 12/05/22	7,100,000	6,447,510
Nigeria 0.6%		
Government of Nigeria, 13.05%, 8/16/16	740,980,000 NGN	3,691,964
Senegal 1.1%		
dGovernment of Senegal, 144A, 6.25%, 7/30/24	6,900,000	6,799,329

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Serbia 2.9%

dGovernment of Serbia, senior note, 144A, 7.25%, 9/28/21	11,080,000	12,765,157
Serbia Treasury Note,		
10.00%, 9/14/15	205,300,000 RSD	1,891,812
10.00%, 1/30/16	3,510,000 RSD	32,724
10.00%, 5/22/16	17,420,000 RSD	163,943
10.00%, 6/27/16	65,340,000 RSD	616,252
10.00%, 8/15/16	26,900,000 RSD	254,348
10.00%, 10/17/16	15,050,000 RSD	142,741
10.00%, 12/19/16	15,400,000 RSD	146,451
8.00%, 1/12/17	1,540,000 RSD	14,244
8.00%, 3/23/17	400,000 RSD	3,698
8.00%, 4/06/17	9,050,000 RSD	83,647
10.00%, 5/08/17	10,040,000 RSD	95,965
10.00%, 11/08/17	36,330,000 RSD	349,799
10.00%, 4/27/18	3,540,000 RSD	34,193
10.00%, 11/21/18	13,450,000 RSD	130,070
10.00%, 3/20/21	23,990,000 RSD	228,934
10.00%, 9/11/21	68,330,000 RSD	648,214
		17,602,192

Slovenia 0.6%

dGovernment of Slovenia, senior note, 144A, 5.85%, 5/10/23	3,370,000	3,936,935
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Sri Lanka 4.7%

Government of Sri Lanka,		
8.25%, 3/01/17	18,920,000 LKR	144,407
8.00%, 6/15/17	18,120,000 LKR	137,754
10.60%, 7/01/19	203,020,000 LKR	1,648,174
10.60%, 9/15/19	294,590,000 LKR	2,400,084

Templeton Emerging Markets Income Fund

Statement of Investments, May 31, 2015 (unaudited) *(continued)*

8.00%, 11/01/19	18,120,000 LKR	135,486
11.20%, 7/01/22	31,680,000 LKR	269,883
d144A, 5.875%, 7/25/22	7,750,000	7,713,304
A, 6.50%, 7/15/15	108,070,000 LKR	806,851
A, 11.00%, 8/01/15	607,700,000 LKR	4,568,407
A, 8.50%, 11/01/15	65,580,000 LKR	493,235
A, 6.40%, 8/01/16	49,800,000 LKR	371,430
A, 5.80%, 1/15/17	51,000,000 LKR	375,139
A, 7.50%, 8/15/18	28,860,000 LKR	213,964
A, 8.00%, 11/15/18	230,150,000 LKR	1,727,293
A, 9.00%, 5/01/21	387,750,000 LKR	2,966,331
B, 6.40%, 10/01/16	53,200,000 LKR	395,768
B, 8.50%, 7/15/18	65,800,000 LKR	502,626
C, 8.50%, 4/01/18	218,250,000 LKR	1,666,738
D, 8.50%, 6/01/18	284,830,000 LKR	2,174,635
		28,711,509
fSupranational 0.8%		
gEastern & Southern African Trade and Development Bank, Reg S, 6.875%, 1/09/16	5,000,000	5,098,375
Ukraine 3.6%		
dGovernment of Ukraine,		
144A, 9.25%, 7/24/17	2,300,000	1,112,625
144A, 7.75%, 9/23/20	19,840,000	9,488,976
senior bond, 144A, 7.80%, 11/28/22	3,780,000	1,823,850
senior note, 144A, 7.95%, 2/23/21	260,000	125,287
senior note, 144A, 7.50%, 4/17/23	6,080,000	3,192,000
dKyiv Finance PLC, (City of Kiev), loan participation, senior note, 144A, 9.375%, 7/11/16	12,940,000	6,195,025
		21,937,763
Zambia 3.5%		
dGovernment of Zambia International Bond, 144A,		
5.375%, 9/20/22	20,000,000	18,430,000
8.50%, 4/14/24	2,470,000	2,674,232
		21,104,232
Total Foreign Government and Agency Securities (Cost \$388,319,774)		341,052,435
Quasi-Sovereign and Corporate Bonds 23.5%		
Canada 1.6%		
dFirst Quantum Minerals Ltd., senior note, 144A, 7.25%, 5/15/22	10,000,000	9,662,500

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Chile 2.1%

dVTR Finance BV, senior secured note, 144A, 6.875%, 1/15/24	12,000,000	12,525,000
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Costa Rica 2.5%

hReventazon Finance Trust, secured bond, first lien, 144A, 8.00%, 11/15/33	14,400,000	15,333,686
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India 0.7%

dICICI Bank Ltd., junior sub. bond, 144A, 6.375% to 4/30/17, FRN thereafter, 4/30/22	4,100,000	4,260,064
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Mexico 0.0%

d,iCorporacion GEO SAB de CV, senior note, 144A, 8.875%, 3/27/22	8,420,000	252,600
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Nigeria 3.8%

dAccess Bank PLC, sub. note, 144A, 9.25% to 6/23/19, FRN thereafter, 6/24/21	10,100,000	9,696,000
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dZenith Bank PLC, senior note, 144A, 6.25%, 4/22/19	13,670,000	13,216,293
		22,912,293

Peru 0.2%

dPeru Enhanced Pass-Through Finance Ltd., senior secured bond, A-1, 144A, zero cpn., 5/31/18	1,537,601	1,474,480
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Poland 1.0%

d,jPlay Topco SA, senior note, 144A, PIK, 7.75%, 2/28/20	5,250,000 EUR	5,991,146
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Templeton Emerging Markets Income Fund

Statement of Investments, May 31, 2015 (unaudited) (continued)

Russia 3.3%

dAlfa Bond Issuance PLC (Alfa Bank OJSC), loan participation, secured note, 144A, 7.875%, 9/25/17	3,920,000		4,111,100
senior note, 144A, 7.75%, 4/28/21	6,840,000		6,993,900
LUKOIL International Finance BV, d144A, 6.656%, 6/07/22	4,540,000		4,801,050
gReg S, 6.656%, 6/07/22	3,970,000		4,192,876
			20,098,926

South Africa 1.9%

d,oEdcon Holdings Pty. Ltd., senior note, 144A, 13.375%, 6/30/19	10,415,000	EUR	2,881,933
d,oEdcon Ltd., senior secured note, 144A, 9.50%, 3/01/18	7,250,000		5,972,188
3/01/18	2,828,000	EUR	2,578,678
			11,432,799

Turkey 1.7%

dTurkiye Is Bankasi, sub. note, 144A, 6.00%, 10/24/22	3,000,000		3,007,110
dYasar Holdings SA, senior note, 144A, 8.875%, 5/06/20	6,680,000		7,088,816
			10,095,926

Ukraine 0.9%

dFinancing of Infrastructure Projects State Enterprise, 144A, 8.375%, 11/03/17	2,000,000		922,620
gState Export-Import Bank of Ukraine (Biz Finance PLC), loan participation, Reg S, 8.75%, 1/22/18	6,405,000		4,711,678
			5,634,298

United Arab Emirates 2.6%

dDP World Ltd., 144A, 6.85%, 7/02/37	13,500,000		15,520,140
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United States 1.2%

General Electric Capital Corp., senior note, A, 8.50%, 4/06/18	101,000,000	MXN	7,175,563
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Total Quasi-Sovereign and Corporate Bonds (Cost \$167,265,136)

142,369,421

Credit-Linked Notes (Cost \$237,995) 0.0%

Ukraine 0.0%

dING Americas Issuance BV (Government of Ukraine), 144A, 5.50%, 8/25/15	2,470,700	UAH	112,174
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Total Investments before Short Term Investments (Cost \$555,822,905)		483,534,030
Short Term Investments 14.2%		
Foreign Government and Agency Securities (Cost \$11,344,594) 1.7%		
Mexico 1.7%		
l ^k Mexico Treasury Bills, 6/25/15 - 4/14/16	15,885,050 l	MXN 10,183,449
Total Investments before Money Market Funds (Cost \$567,167,499)		493,717,479
	Shares	
Money Market Funds (Cost \$75,856,178) 12.5%		
United States 12.5%		
m,nInstitutional Fiduciary Trust Money Market Portfolio	75,856,178	75,856,178
Total Investments (Cost \$643,023,677) 94.0%		569,573,657
Other Assets, less Liabilities 6.0%		36,073,433
Net Assets 100.0%		\$ 605,647,090

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

Rounds to less than 0.1% of net assets.

^a The coupon rate shown represents the rate at period end.

Templeton Emerging Markets Income Fund

Statement of Investments, May 31, 2015 (unaudited) *(continued)*

^b Redemption price at maturity is adjusted for inflation.

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

^d 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

May 31, 2015, the aggregate value of these securities was \$277,907,233, representing 45.89% of net assets.

^e Principal amount is stated in 100 Mexican Peso Units.

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

^g 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 May 31, 2015, the aggregate value of these

securities was \$14,002,929, representing 2.31% of net assets.

^h See Note 6 regarding restricted securities.

ⁱ Defaulted security or security for which income has been deemed uncollectible.

^j Income may be received in additional securities and/or cash.

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

^l Principal amount is stated in 10 Mexican Peso Units.

^m Non-income producing.

ⁿ Institutional Fiduciary Trust Money Market Portfolio is an affiliated open-end management investment company.

^o At May 31, 2015, pursuant to the Fund's policies and the requirements of applicable securities law, the Fund may be restricted from trading these securities for a limited or extended period of time.

At May 31, 2015, the Fund had the following forward exchange contracts outstanding. See Note 3.

Forward Exchange Contracts

Currency	Counterparty ^a	Type	Quantity	Contract Amount [*]	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Euro	DBAB	Sell	1,506,000	2,053,777	6/08/15	\$ 399,073	\$ -
South Korean Won	JPHQ	Buy	7,297,662,505	7,010,916	6/09/15	-	(463,011)
Ghanaian Cedi	BZWS	Buy	1,780,000	473,090	6/10/15	-	(39,271)
Polish Zloty	DBAB	Buy	16,600,000	3,922,681	7/07/15	117,725	-
Japanese Yen	HSBK	Sell	1,620,890,000	13,963,560	7/16/15	894,582	-
Japanese Yen	SCNY	Sell	1,770,880,000	15,191,428	7/16/15	913,105	-
Malaysian Ringgit	DBAB	Buy	2,499,000	765,508	7/20/15	-	(86,537)
Japanese Yen	DBAB	Sell	626,420,000	5,386,937	7/21/15	335,914	-

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Malaysian Ringgit	DBAB	Buy	3,942,000	1,211,991	7/22/15	-	(141,139)
Malaysian Ringgit	DBAB	Buy	4,793,000	1,482,020	7/27/15	-	(180,528)
Malaysian Ringgit	JPHQ	Buy	5,039,000	1,558,132	7/30/15	-	(190,175)
Euro	CITI	Sell	358,630	479,848	8/10/15	85,444	-
Euro	DBAB	Sell	2,344,550	3,145,448	8/13/15	566,915	-
Euro	MSCO	Sell	907,070	1,132,894	8/14/15	135,285	-
Euro	DBAB	Sell	359,450	481,638	8/17/15	86,292	-
Euro	MSCO	Sell	907,070	1,217,764	8/17/15	220,110	-
Euro	DBAB	Sell	1,347,000	1,806,765	8/20/15	325,180	-
Euro	JPHQ	Sell	2,260,000	3,017,439	8/21/15	531,596	-
Euro	BZWS	Sell	1,604,997		8/26/15	370,132	-

Templeton Emerging Markets Income Fund

Statement of Investments, May 31, 2015 (unaudited) (continued)

				2,135,649				
Euro	SCNY	Sell	362,390	411,389	8/26/15	12,755	-	
Euro	DBAB	Sell	9,366,031	12,387,701	8/31/15	2,084,069	-	
Euro	HSBK	Sell	826,000	896,177	10/13/15	-	(13,194)	
Euro	DBAB	Sell	266,000	331,503	11/12/15	38,500	-	
Euro	GSCO	Sell	910,000	1,016,497	11/13/15	14,104	-	
Euro	BZWS	Sell	10,415,000	13,034,685	11/16/15	1,561,636	-	
Euro	GSCO	Sell	2,753,000	3,102,879	11/16/15	70,204	-	
Euro	SCNY	Sell	628,500	746,501	1/13/16	53,282	-	
Japanese Yen	CITI	Sell	624,500,000	5,267,553	1/14/16	214,551	-	
Japanese Yen	SCNY	Sell	1,873,240,000	15,899,168	1/14/16	742,265	-	
Euro	BZWS	Sell	2,547,416	2,892,259	1/27/16	81,645	-	
Euro	DBAB	Sell	3,345,000	3,671,472	3/31/16	-	(25,326)	
Ghanaian Cedi	BZWS	Buy	2,895,477	613,449	4/08/16	-	(23,202)	
Euro	DBAB	Sell	688,000	744,987	4/13/16	-	(15,657)	
Euro	SCNY	Sell	413,000	443,242	4/13/16	-	(13,365)	
Totals Forward Exchange Contracts unrealized appreciation (depreciation)						\$	9,854,364	\$ (1,191,405)
Net unrealized appreciation (depreciation)						\$	8,662,959	

^a May be comprised of multiple contracts with the same counterparty, currency and settlement date.

* In U.S. dollars unless otherwise indicated.

At May 31, 2015, the Fund had the following interest rate swap contracts outstanding. See Note 3.

Interest Rate Swap Contracts

Description	Counterparty		Notional Amount	Expiration Date	Unrealized Appreciation	Unrealized Depreciation
	Exchange	/				
Centrally Cleared Swaps						
Receive Floating rate 3-month USD BBA LIBOR Pay Fixed rate 0.926%	LCH		\$ 17,160,000	10/17/17	\$ 10,426	\$ -
Receive Floating rate 3-month USD BBA LIBOR Pay Fixed rate 2.532%	CME		75,850,000	8/28/24	-	(2,912,784)
Receive Floating rate 3-month USD BBA LIBOR Pay Fixed rate 3.129%	CME		39,530,000	8/30/44	-	(4,387,855)

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Totals Interest Rate Swaps unrealized appreciation (depreciation)	\$	10,426	\$	(7,300,639)
Net unrealized appreciation (depreciation)			\$	(7,290,213)

ABBREVIATIONS

Counterparty / Exchange

BZWS Barclays Bank PLC

CITI Citibank N.A.

CME Chicago Mercantile Exchange

DBAB Deutsche Bank AG

GSCO Goldman Sachs Group, Inc.

HSBK HSBC Bank PLC

JPHQ JPMorgan Chase Bank N.A.

Templeton Emerging Markets Income Fund

Statement of Investments, May 31, 2015 (unaudited) *(continued)*

LCH London Clearing House
MSCO Morgan Stanley and Co. Inc.
SCNY Standard Chartered Bank

Currency

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

Selected Portfolio

FRN - Floating Rate Note
PIK - Payment-In-Kind

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 a closed-end management investment company and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles.

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. The Fund calculates the net asset value (NAV) per share at the close of the New York Stock Exchange (NYSE), generally at 4 p.m. Eastern time (NYSE close) on each day the NYSE is open for trading. Under compliance policies and procedures approved by the Fund's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional 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 NYSE close on the date that the values of the foreign debt securities are determined. Investments in open-end mutual funds are valued at the closing NAV.

Derivative financial instruments (derivatives) listed on an exchange are valued at the official closing price of the day. 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 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

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 NYSE close. In addition, trading in certain foreign markets may not take place on every NYSE business day. 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.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the NYSE is closed, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

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.

Derivative counterparty credit risk is managed through a formal evaluation of the creditworthiness of all potential counterparties. The Fund attempts to reduce its exposure to counterparty credit risk on OTC derivatives, whenever possible, by entering into International Swaps and Derivatives Association (ISDA) master agreements with certain counterparties. These agreements contain various provisions, including but not limited to collateral requirements, events of default, or early termination. Termination events applicable to the counterparty include certain deteriorations in the credit quality of the counterparty. Termination events applicable to the Fund include failure of the Fund to maintain certain net asset levels and/or limit the decline in net assets over various periods of time. In the event of default or early termination, the ISDA master agreement gives the non-defaulting party the right to net and close-out all transactions traded, whether or not arising under the ISDA agreement, to one net amount payable by one counterparty to the other. Early termination by the counterparty may result in an immediate payment by the Fund of any net liability owed to that counterparty under the ISDA agreement.

Collateral requirements differ by type of derivative. Collateral or initial margin requirements are set by the broker or exchange clearing house for exchange traded and centrally cleared derivatives. Initial margin deposited is held at the exchange and can be in the form of cash and/or securities. For OTC derivatives traded under an ISDA master agreement, posting of collateral is required by either the fund or the applicable counterparty if the total net exposure of all OTC derivatives with the applicable counterparty exceeds the minimum transfer amount, which typically ranges from \$100,000 to \$250,000, and can vary depending on the counterparty and the type of the agreement. Generally, collateral is determined at the close of fund business each day and any additional collateral required due to changes in derivative values may be delivered by the fund or the counterparty within a few business days. Collateral pledged and/or

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received by the fund for OTC derivatives, if any, is held in segregated accounts with the fund's custodian/counterparty broker and can be in the form of cash and/or securities. Unrestricted cash may be invested according to the Fund's investment objectives.

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.

The Fund entered into 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 amount. These agreements may be privately negotiated in the over-the-counter market ("OTC interest rate swaps") or may be executed on a registered exchange ("centrally cleared interest rate swaps"). For centrally cleared interest rate swaps, required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable. 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.

4. INCOME TAXES

At May 31, 2015, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	\$	645,155,240
Unrealized appreciation	\$	20,542,253
Unrealized depreciation		(96,123,836)
Net unrealized appreciation (depreciation)	\$	(75,581,583)

5. CONCENTRATION OF RISK

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities.

6. RESTRICTED SECURITIES

At May 31, 2015, the Fund held investments in restricted securities, excluding certain securities exempt from registration under the Securities Act of 1933 deemed to be liquid, as follows:

Principal Amount	Issuer	Acquisition Date	Cost	Value
14,400,000	Reventazon Finance Trust, secured bond, first lien, 144A, 8.00%, 11/15/33			
Total Restricted Securities (Value is 2.53% of Net Assets)			12/18/13 \$ 14,400,000	\$ 15,333,686

7. FAIR VALUE MEASUREMENTS

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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
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- 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 input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

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 May 31, 2015, in valuing the Fund’s assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities:				
Foreign Government and Agency Securities ^a	\$ -	\$ 341,052,435	\$ -	\$ 341,052,435
Quasi-Sovereign and Corporate Bonds ^a	-	127,035,735	15,333,686	142,369,421
Credit-Linked Notes	-	112,174	-	112,174
Short Term Investments	75,856,178	10,183,449	-	86,039,627
Total Investments in Securities	\$ 75,856,178	\$ 478,383,793	\$ 15,333,686	\$ 569,573,657
Other Financial Instruments				
Forward Exchange Contracts	\$ -	\$ 9,854,364	\$ -	\$ 9,854,364
Swap Contracts	-	10,426	-	10,426
Total Other Financial Instruments	\$ -	\$ 9,864,790	\$ -	\$ 9,864,790
Liabilities:				
Other Financial Instruments				
Forward Exchange Contracts	\$ -	\$ 1,191,405	\$ -	\$ 1,191,405
Swap Contracts	-	7,300,639	-	7,300,639
Total Other Financial Instruments	\$ -	\$ 8,492,044	\$ -	\$ 8,492,044

^aFor detailed categories, see the accompanying Statement of Investments.

A reconciliation of assets in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 financial instruments at the end of the period. The reconciliation of assets for the nine months ended May 31, 2015, is as follows:

Balance at	Net Unrealized Appreciation	Net Change in Unrealized Appreciation (Depreciation) on
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	Beginning of Period	Purchases Transfers Into (Sales) Level 3	Cost Basis (Out of) Adjustments	Net Realized Gain (Loss)	(Depreciation)	Balance at End of Period	Assets Held at Period End
Assets:							
Investments in Securities:							
Quasi-Sovereign and Corporate Bonds	\$ 15,418,646	\$ -	- \$ - \$	- \$	(84,960)	\$ 15,333,686	(84,960)

Significant unobservable valuation inputs developed by the VLOC for material Level 3 financial

instruments and impact to fair value as a result of changes in unobservable valuation inputs as of May

31, 2015, are as follows:

Description	Fair Value at End of Period	Valuation Technique	Unobservable Inputs	Amount	Impact to Fair Value if Input Increases ^a
Assets:					
Investments in Securities:					
Quasi-Sovereign and Corporate Bonds	\$ 15,333,686 model	Discounted cash flow	Discount rate ^b	7.2 %	Decrease

^aRepresents the expected directional change in the fair value of the Level 3 investments that would result from an increase in the corresponding input. A decrease to the

unobservable input would have the opposite effect. Significant changes in these inputs could result in significantly higher or lower fair value measurement.

^bThe discount rate is comprised of the risk-free rate, the 10-year Costa Rican CDS curve, and an incremental credit spread that combines with the first two components to

arrive at an 8% yield on issue date for an 8% coupon bond issued at par.

8. 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.

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 July 27, 2015

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 July 27, 2015

By /s/MARK H. OTANI

Mark H. Otani

Chief Financial Officer and

Chief Accounting Officer

Date July 27, 2015