

TEMPLETON GLOBAL INCOME FUND
Form N-Q
July 28, 2006

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-05459

TEMPLETON GLOBAL 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: 08/31

Date of reporting period: 5/31/06

ITEM 1. SCHEDULE OF INVESTMENTS.

Templeton Global Income Fund

QUARTERLY STATEMENT OF INVESTMENTS
MAY 31, 2006

CONTENTS

| | |
|---|---|
| Statement of Investments | 3 |
| Notes to Statement of Investments | 8 |

[LOGO] (R)
FRANKLIN TEMPLETON
INVESTMENTS

Franklin o TEMPLETON o Mutual Series

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Templeton Global Income Fund

STATEMENT OF INVESTMENTS, MAY 31, 2006 (UNAUDITED)

| | PRINCIPAL |
|---|-----------|
| ----- | |
| BONDS 91.6% | |
| ARGENTINA 3.2% | |
| a,b Government of Argentina, FRN, 4.889%, 8/03/12 | 45, |
| AUSTRALIA 5.0% | |
| New South Wales Treasury Corp., | |
| 8.00%, 3/01/08 | 6, |
| 6.00%, 5/01/12 | 10, |
| Queensland Treasury Corp., | |
| 6.00%, 7/14/09 | 4, |
| 6.00%, 8/14/13 | 56, |
| AUSTRIA 1.3% | |
| Government of Austria, | |
| 9.00%, 9/15/06 | 865, |
| 5.50%, 10/20/07 | 2, |
| BELGIUM 0.2% | |
| Government of Belgium, 8.50%, 10/01/07 | 1, |
| CANADA 6.8% | |
| Government of Canada, 7.25%, 6/01/07 | 27, |
| Province of Alberta, 5.00%, 12/16/08 | 28, |
| Province of British Columbia, | |
| 5.25%, 12/01/06 | 7, |
| 6.00%, 6/09/08 | 7, |
| Province of Ontario, | |
| 7.75%, 7/24/06 | 8, |
| 3.50%, 9/08/06 | 6, |
| FINLAND 0.2% | |
| Government of Finland, 5.00%, 7/04/07 | 2, |
| FRANCE 0.2% | |
| Government of France, 4.25%, 4/25/19 | 2, |
| GERMANY 2.0% | |
| Government of Germany, 2.75%, 6/23/06 | |
| KfW Bankengruppe, | |
| 8.25%, 9/20/07 | 609, |
| senior note, 6.375%, 2/17/15 | 22, |

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| | |
|---|----------|
| ICELAND 0.6% | |
| Inter-American Development Bank, 9.00%, 1/04/07 | 560, |
| INDONESIA 7.4% | |
| Government of Indonesia, | |
| 11.00%, 10/15/14 | 55,000, |
| 9.50%, 6/15/15 | 33,050, |
| 10.75%, 5/15/16 | 82,245, |
| 11.50%, 9/15/19 | 23,000, |
| 11.00%, 11/15/20 | 359,100, |

Quarterly Statement of Investments | 3

Templeton Global Income Fund

STATEMENT OF INVESTMENTS, MAY 31, 2006 (UNAUDITED) (CONTINUED)

PRINCIPAL

| | |
|----------------------------|----------|
| BONDS (CONTINUED) | |
| INDONESIA (CONTINUED) | |
| Indonesia Recapital Bonds, | |
| 13.15%, 3/15/10 | 21,330, |
| 15.425%, 9/15/10 | 4,800, |
| 13.15%, 1/15/12 | 33,200, |
| 14.25%, 6/15/13 | 84,050, |
| 14.275%, 12/15/13 | 126,836, |

| | |
|--|----|
| IRISH REPUBLIC 0.4% | |
| Government of Ireland, 4.25%, 10/18/07 | 3, |

| | |
|---------------------------|--------|
| JAPAN 1.7% | |
| European Investment Bank, | |
| 3.00%, 9/20/06 | 1,280, |
| 2.125%, 9/20/07 | 950, |

| | |
|-------------------------|-----|
| MALAYSIA 2.3% | |
| Government of Malaysia, | |
| 6.90%, 3/15/07 | 3, |
| 8.60%, 12/01/07 | 6, |
| 3.135%, 12/17/07 | 2, |
| 4.305%, 2/27/09 | 75, |
| 4.032%, 9/15/09 | 7, |

NETHERLANDS 0.1%

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| | |
|--|------|
| Government of the Netherlands, 5.75%, 2/15/07 | |
| NEW ZEALAND 1.3% | |
| Government of New Zealand, 6.00%, 11/15/11 | 18, |
| Inter-American Development Bank, 6.00%, 12/15/17 | 6, |
| NORWAY 4.8% | |
| Government of Norway, 6.75%, 1/15/07 | 332, |
| PERU 5.0% | |
| Government of Peru, | |
| 9.91%, 5/05/15 | 6, |
| 7.84%, 8/12/20 | 47, |
| 7.35%, 7/21/25 | 16, |
| 8.75%, 11/21/33 | 5, |
| Series 7, 8.60%, 8/12/17 | 61, |
| PHILIPPINES 2.0% | |
| Government of the Philippines, | |
| 9.00%, 2/15/13 | 5, |
| d Reg S, 9.125%, 2/22/10 | 12, |

4 | Quarterly Statement of Investments

Templeton Global Income Fund

STATEMENT OF INVESTMENTS, MAY 31, 2006 (UNAUDITED) (CONTINUED)

PRINCIP

| | |
|--------------------------|------|
| BONDS (CONTINUED) | |
| POLAND 8.1% | |
| Government of Poland, | |
| 8.50%, 11/12/06 | 100, |
| 8.50%, 5/12/07 | 68, |
| 6.00%, 5/24/09 | 65, |
| 6.25%, 10/24/15 | 12, |
| 5.75%, 9/23/22 | 34, |
| SINGAPORE 3.6% | |
| Government of Singapore, | |
| 1.75%, 2/01/07 | 9, |
| 4.00%, 3/01/07 | 55, |

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SLOVAK REPUBLIC 4.8%

Government of Slovakia,

| | |
|------------------------|--------|
| 4.80%, 4/14/09 | 298, |
| 7.50%, 3/13/12 | 84, |
| 4.90%, 2/11/14 | 53, |
| 5.30%, 5/12/19 | 50, |
| e Strip, 1/14/07 | 1,189, |

SOUTH AFRICA 0.2%

| | |
|--|----|
| Government of South Africa, 5.25%, 5/16/13 | 2, |
|--|----|

SOUTH KOREA 15.9%

Government of Korea,

| | |
|-----------------------|---------|
| 6.90%, 1/16/07 | 41,010, |
| 4.75%, 3/03/07 | 7,900, |
| 6.15%, 7/10/07 | 10,000, |
| 3.75%, 9/10/07 | 28,100, |
| 5.77%, 10/09/07 | 39,640, |
| 4.75%, 3/12/08 | 8,075, |
| 4.50%, 9/09/08 | 12,000, |
| 4.25%, 9/10/08 | 27,900, |

SWEDEN 8.7%

Government of Sweden,

| | |
|------------------------|------|
| 8.00%, 8/15/07 | 554, |
| 6.50%, 5/05/08 | 100, |
| e Strip, 9/20/06 | 39, |

Quarterly Statement of Investments | 5

Templeton Global Income Fund

STATEMENT OF INVESTMENTS, MAY 31, 2006 (UNAUDITED) (CONTINUED)

PRINCIP

BONDS (CONTINUED)

THAILAND 5.8%

| | |
|---|--------|
| Bank of Thailand Bond, 3.25%, 5/19/07 | 407, |
| Government of Thailand, | |
| 8.00%, 12/08/06 | 1,453, |
| 5.60%, 7/07/07 | 499, |
| 4.125%, 2/12/08 | 178, |
| 8.50%, 12/08/08 | 31, |

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| | |
|--|-------------------|
| TOTAL BONDS (COST \$990,038,563) | |
| ----- | |
| | SHARES/PR AMOU |
| ----- | |
| SHORT TERM INVESTMENTS 6.0% | |
| GOVERNMENT AND AGENCY SECURITIES 6.0% | |
| CANADA 1.0% | |
| e Canada Treasury Bill, 11/30/06 | 13, |
| EGYPT 1.5% | |
| e Egypt Treasury Bills, 6/20/06 - 1/16/07 | 98, |
| THAILAND 0.5% | |
| e Thailand Treasury Bills, 4/05/07 - 5/03/07 | 235, |
| UNITED STATES 3.0% | |
| e Federal National Mortgage Association, 2.125%, 10/09/07 | 3,900, |
| TOTAL GOVERNMENT AND AGENCY SECURITIES (COST \$34,272,735) | |
| MONEY MARKET FUND (COST \$2,411) 0.0% f | |
| UNITED STATES 0.0% f | |
| g Franklin Institutional Fiduciary Trust Money Market Portfolio, 4.71% | |
| TOTAL SHORT TERM INVESTMENTS (COST \$70,307,765) | |
| TOTAL INVESTMENTS (COST \$1,060,346,328) 97.6% | |
| NET UNREALIZED GAIN ON FORWARD EXCHANGE CONTRACTS 0.3% | |
| OTHER ASSETS, LESS LIABILITIES 2.1% | |
| NET ASSETS 100.0% | |

6 | Quarterly Statement of Investments

Templeton Global Income Fund

STATEMENT OF INVESTMENTS, MAY 31, 2006 (UNAUDITED) (CONTINUED)

CURRENCY ABBREVIATIONS

AUD - Australian Dollar
 CAD - Canadian Dollar
 EGP - Egyptian Pound
 EUR - Euro
 IDR - Indonesian Rupiah
 ISK - Iceland Krona
 JPY - Japanese Yen
 KRW - Korean Won
 MYR - Malaysian Ringgit
 NOK - Norwegian Krone
 NZD - New Zealand Dollar
 PEN - Peru Nuevo Sol
 PLN - Polish Zloty
 SEK - Swedish Krona
 SGD - Singapore Dollar
 SKK - Slovak Koruna

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THB - Thailand Baht

SELECTED PORTFOLIO ABBREVIATION

FRN - Floating Rate Note

- a The coupon rate shown represents the rate at period end.
- b The principal amount is stated in original face, and scheduled paydowns are reflected in the market price on ex-date.
- c The principal amount is stated in U.S. dollars unless otherwise indicated.
- d 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, 2006, the value of this security was \$17,723,555, representing 1.52% of net assets.
- e The security is traded on a discount basis with no stated coupon rate.
- f Rounds to less than 0.1% of net assets.
- g 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.

Quarterly Statement of Investments | See Notes to Statement of Investments. | 7

Templeton Global Income Fund

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

Templeton Global Income Fund (the Fund) is registered under the Investment Company Act of 1940 as a non-diversified, closed-end investment company.

1. INCOME TAXES

At May 31, 2006, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

| | |
|--|------------------|
| Cost of investments | \$ 1,080,237,459 |
| | ===== |
| Unrealized appreciation | \$ 72,902,178 |
| Unrealized depreciation | (12,323,019) |
| | ===== |
| Net unrealized appreciation (depreciation) | \$ 60,579,159 |
| | ===== |

2. FORWARD EXCHANGE CONTRACTS

At May 31, 2006, the Fund had the following forward exchange contracts outstanding:

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| CONTRACTS TO BUY | CONTRACT AMOUNT a | SETTLEMENT DATE | UNREALIZED GAIN (LOSS) |
|---|-------------------|-----------------|------------------------|
| 225,000,000 Indonesia Rupiah | 7,303,772 NZD | 6/21/06 | \$ 221,617 |
| 1,350,000,000 Japanese Yen | 11,690,741 | 10/16/06 | 537,037 |
| 4,200,000 Canadian Dollar | 5,472,313 NZD | 10/24/06 | 382,192 |
| 3,600,000,000 Korean Won | 5,534,290 NZD | 10/24/06 | 340,421 |
| 145,000,000 Thailand Baht | 5,557,046 NZD | 10/24/06 | 295,644 |
| 2,800,000,000 Korean Won | 4,232,676 NZD | 10/26/06 | 310,490 |
| 130,000,000 Indonesia Rupiah | 4,291,845 NZD | 10/26/06 | 96,812 |
| 155,000,000 Indonesia Rupiah | 5,193,848 NZD | 10/27/06 | 67,240 |
| 117,100,000 Thailand Baht | 4,118,599 NZD | 11/30/06 | 476,043 |
| 117,100,000 Thailand Baht | 4,104,092 NZD | 12/06/06 | 485,823 |
| 2,950,000,000 Korean Won | 4,130,154 NZD | 12/06/06 | 544,649 |
| 1,937,371,200 Japanese Yen | 17,700,000 | 2/09/07 | 116,071 |
| 7,434,000 Brazilian Real | 2,950,000 | 2/28/07 | 50,101 |
| 543,250,000 Japanese Yen | 5,000,000 | 3/05/07 | 11,190 |
| UNREALIZED GAIN ON FORWARD EXCHANGE CONTRACTS | | | \$ 3,935,331 |

8 | Quarterly Statement of Investments

Templeton Global Income Fund

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)

2. FORWARD EXCHANGE CONTRACTS (CONTINUED)

| CONTRACTS TO BUY | CONTRACT AMOUNT a | SETTLEMENT DATE |
|---|-------------------|-----------------|
| 7,000,000 Brazilian Real | 2,941,794 | 1/04/07 |
| 1,280,000,000 Japanese Yen | 11,949,216 | 2/13/07 |
| 228,082,050 Japanese Yen | 2,135,000 | 2/22/07 |
| UNREALIZED LOSS ON FORWARD EXCHANGE CONTRACTS | | |
| NET UNREALIZED GAIN ON FORWARD EXCHANGE CONTRACTS | | |

a In US Dollar unless otherwise indicated.

CURRENCY ABBREVIATION

NZD - New Zealand Dollar

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

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.

(a) Certifications pursuant to Section 30a-2 of the Investment Company Act of 1940 of Jimmy D. Gambill, Chief Executive Officer - Finance and Administration, and Galen G. Vetter, Chief Financial Officer.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEMPLETON GLOBAL INCOME FUND

By /s/JIMMY D. GAMBILL

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Jimmy D. Gambill
Chief Executive Officer -
Finance and Administration
Date July 27, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/JIMMY D. GAMBILL

Jimmy D. Gambill
Chief Executive Officer -
Finance and Administration
Date July 27, 2006

By /s/GALEN G. VETTER

Galen G. Vetter
Chief Financial Officer
Date July 27, 2006