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TEMPLETON EMERGING MARKETS FUND  
Form N-CSR  
October 31, 2003

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-4985  
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TEMPLETON EMERGING MARKETS FUND  
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(Exact name of registrant as specified in charter)

500 EAST BROWARD BLVD., FORT LAUDERDALE, FL 33394-3091  
-----

(Address of principal executive offices) (Zip code)

MURRAY L. SIMPSON, ONE FRANKLIN PARKWAY, SAN MATEO, CA 94403-1906  
-----

(Name and address of agent for service)

Registrant's telephone number, including area code: (954) 527-7500  
-----

Date of fiscal year end: 8/31  
-----

Date of reporting period: 8/31/03  
-----

ITEM 1. REPORTS TO STOCKHOLDERS

AUGUST 31, 2003

[GRAPHIC OMITTED]

ANNUAL REPORT AND SHAREHOLDER INFORMATION

INTERNATIONAL

TEMPLETON  
EMERGING MARKETS FUND

[BACKGROUND GRAPHIC OMITTED]

[FRANKLIN TEMPLETON LOGO OMITTED]

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Franklin Templeton Investments

## GAIN FROM OUR PERSPECTIVE

Franklin Templeton's distinct multi-manager structure combines the specialized expertise of three world-class investment management groups--Franklin, Templeton and Mutual Series.

Each of our portfolio management groups operates autonomously, relying on its own research and staying true to the unique investment disciplines that underlie its success.

FRANKLIN. Founded in 1947, Franklin is a leader in tax-free investing and a driving force in fixed income investing around the globe. They also bring expertise in growth- and value-style U.S. equity investing.

TEMPLETON. Founded in 1940, Templeton pioneered international investing and, in 1954, launched what has become the industry's oldest global fund. Today, with research offices in over 25 countries, they offer investors the broadest global reach in the industry.

MUTUAL SERIES. Established in 1949, Mutual Series is dedicated to a unique style of value investing, searching aggressively for opportunity among undervalued stocks, arbitrage situations and distressed companies.

Because our management groups work independently and adhere to distinctly different investment approaches, Franklin, Templeton and Mutual Series funds typically have a low overlap of securities. That's why our funds can be used to build truly diversified portfolios covering every major asset class.

At Franklin Templeton Investments, we seek to consistently provide investors with exceptional risk-adjusted returns over the long term, as well as the reliable account services that have helped us become one of the most trusted names in financial services.

## SPECIALIZED EXPERTISE

## TRUE DIVERSIFICATION

## RELIABILITY YOU CAN TRUST

MUTUAL FUNDS | RETIREMENT PLANS | 529 COLLEGE SAVINGS PLANS | SEPARATE ACCOUNTS

[Building Art omitted]

Not part of the annual report

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### Annual Report

#### Templeton Emerging Markets Fund

YOUR FUND'S GOAL AND PRIMARY INVESTMENTS: Templeton Emerging Markets Fund seeks long-term capital appreciation by investing, under normal market conditions, at least 80% of its net assets in emerging country equity securities.

[GRAPHIC OMITTED]  
[Bar Chart omitted]

#### GEOGRAPHIC DISTRIBUTION 8/31/03

|  |       |
|--|-------|
| Asia   | 52.2% |
| Europe                                       | 18.0% |
| Latin America                                | 14.8% |
| Middle East & Africa                         | 13.5% |
| Australia                                    | 0.5%  |
| Short-Term Investments<br>& Other Net Assets | 1.0%  |

We are pleased to bring you Templeton Emerging Market Fund's annual report for the fiscal year ended August 31, 2003.

#### PERFORMANCE OVERVIEW

For the 12 months under review, Templeton Emerging Markets Fund delivered cumulative total returns of +50.83% based on market price and +25.88% based on

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net asset value, as shown in the Performance Summary on page 6. The Morgan Stanley Capital International (MSCI) Emerging Markets Free Index posted a 29.27% cumulative total return for the same period.<sup>1</sup>

### ECONOMIC AND MARKET OVERVIEW

During the first half of the Fund's fiscal year, most markets experienced losses as concerns over the attacks in Afghanistan and high oil prices rattled investor confidence. As military action spread to Iraq, investors stayed on the sidelines. However, a quicker-than-expected resolution to the Iraq conflict helped allay some market concerns and emerging markets rebounded by period-end. The emerging markets asset class outperformed U.S., European and Japanese markets during the reporting period.

Asian markets did not benefit from the end of the Iraq war as the region struggled with a severe acute respiratory syndrome (SARS) outbreak. Travel to the region, particularly to Hong Kong, China and Taiwan, was negatively impacted. South-east Asian nations such as Thailand, Singapore and Indonesia were also affected. Thus, travel-related industries suffered as passenger travel declined and hotel occupancy rates fell. Market reaction to the outbreak seemed disproportionate to its

1. Source: Standard & Poor's Micropal. The unmanaged MSCI Emerging Markets Free Index is market capitalization-weighted and measures total returns of equity securities available to foreign (non-local) investors in emerging markets globally. The index includes reinvested dividends. One cannot invest directly in an index, nor is an index representative of the Fund's portfolio.

THE DOLLAR VALUE, NUMBER OF SHARES OR PRINCIPAL AMOUNT, AND COMPLETE LEGAL TITLES OF ALL PORTFOLIO HOLDINGS ARE LISTED IN THE FUND'S STATEMENT OF INVESTMENTS (SOI). THE SOI BEGINS ON PAGE 8.

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economic impact, with panic-selling exerting pressure on Asian markets. However, as health authorities brought the virus' spread under control, bargain investors returned in search of oversold stocks, allowing regional markets to rebound and end the period with an increase.

Eastern European markets rose as prospective candidates successfully passed referendums for accession into the European Union (EU) next year. Domestic matters dominated Latin American news. Brazilian President Lula's popularity contributed to a new wave of investor confidence and Brazil's market ended the period with gains. However, political tensions in Venezuela and lack of reform in Argentina hurt their markets.

### INVESTMENT STRATEGY

Our investment strategy employs a "bottom-up," value-oriented, long-term approach. We focus on the market price of a company's securities relative to our evaluation of the company's long-term earnings, asset value and cash flow potential. As we look for investments, we focus on specific companies and undertake in-depth research to construct an action list from which we make our buy decisions. Before we make a purchase, we generally look at the company's potential for earnings and growth over a five-year horizon. During our analysis,

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we also consider the company's position in its sector, the economic framework and political environment.

### MANAGER'S DISCUSSION

During the year under review, we repositioned the Fund's Asian exposure by making selective purchases in Taiwan and Singapore, and reducing holdings in Thailand and Indonesia. We made key investments in Taiwanese technology companies as signs of a recovering global technology sector appeared. Examples included Sunplus Technology, Taiwan's third-largest fabless (a business model concentrating on design and marketing while outsourcing production) consumer and multimedia integrated circuit company; and D-Link, the largest networking manufacturer outside the U.S. In Singapore, we increased our exposure to Singapore Airlines as the company's stock fell primarily due to the SARS outbreak. We also initiated a position in DBS Group Holdings, one of southeast Asia's largest and one of the world's top 100 banking groups.

In Latin America, we eliminated the Fund's exposure to Peru as we sold Credicorp due to its higher valuation relative to regional peers. We increased our Petroleo Brasileiro (Petrobras) holdings because of its proven reserves and strong production

### TOP 10 COUNTRIES

Based on Equity Investments

8/31/03

|              | % OF TOTAL<br>NET ASSETS |
|--------------|--------------------------|
| South Africa | 13.3%                    |
| South Korea  | 13.2%                    |
| Taiwan       | 11.2%                    |
| Brazil       | 7.6%                     |
| Singapore    | 6.8%                     |
| Hong Kong    | 6.6%                     |
| Mexico       | 6.3%                     |
| China        | 5.4%                     |
| Turkey       | 4.7%                     |
| India        | 3.6%                     |

### TOP 10 EQUITY HOLDINGS

8/31/03

| COMPANY<br>SECTOR/INDUSTRY, COUNTRY | % OF TOTAL<br>NET ASSETS |
|-------------------------------------|--------------------------|
|-------------------------------------|--------------------------|

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|   |      |
|---|------|
| Anglo American PLC<br>METALS & MINING, SOUTH AFRICA   | 4.3% |
| <hr style="border-top: 1px dashed black;"/>   |      |
| SABMiller PLC<br>BEVERAGES, SOUTH AFRICA  | 2.5% |
| <hr style="border-top: 1px dashed black;"/>   |      |
| Hyundai Motor Co. Ltd.<br>AUTOMOBILES, SOUTH KOREA  | 2.4% |
| <hr style="border-top: 1px dashed black;"/>   |      |
| Lukoil Holdings, ADR<br>OIL & GAS, RUSSIA   | 2.1% |
| <hr style="border-top: 1px dashed black;"/>   |      |
| Petroleo Brasileiro SA, ADR, pfd.<br>OIL & GAS, BRAZIL  | 2.0% |
| <hr style="border-top: 1px dashed black;"/>   |      |
| Kimberly Clark de Mexico SA de CV, A<br>Household Products, Mexico                                    | 2.0% |
| <hr style="border-top: 1px dashed black;"/>   |      |
| Telefonos de Mexico SA de CV (Telmex),<br>L, ADR<br>DIVERSIFIED TELECOMMUNICATION SERVICES,<br>MEXICO | 1.7% |
| <hr style="border-top: 1px dashed black;"/>   |      |
| Banco Bradesco SA, ADR, pfd.<br>COMMERCIAL BANKS, BRAZIL  | 1.7% |
| <hr style="border-top: 1px dashed black;"/>   |      |
| Tupras-Turkiye Petrol Rafineleri AS<br>OIL & GAS, TURKEY  | 1.7% |
| <hr style="border-top: 1px dashed black;"/>   |      |
| Polski Koncern Naftowy Orlen SA<br>OIL & GAS, POLAND  | 1.6% |
| <hr style="border-top: 1px dashed black;"/>   |      |

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growth rates, increasing the Fund's Brazilian weighting. With the accession of 10 central and eastern European countries into the EU formally approved for next year, we searched for attractive stocks that could benefit from this integration. Thus, the Fund increased several holdings in Hungary, Croatia and Greece. Elsewhere in Europe, we realized gains on selective holdings in Turkey and Russia following these markets' positive performances during the period.

The Fund's country weightings influenced performance. Our overweighted positions in China and Turkey relative to the MSCI Emerging Markets Free Index benefited the Fund. The Fund's underweighted position in Malaysia also contributed to Fund performance. However, our overweighted positions in Hong Kong and underweighted positions in Israel and Russia negatively impacted the Fund. Anticipating the potential for a recovery, we bought several Hong Kong stocks when share prices fell due to SARS. We remained cautious about Israel due to continued instability in the Middle East region, and we found few potential Russian investments because of poor liquidity and expensive valuations.

By industry, the Fund's holdings in financials, industrials and energy sectors yielded the greatest contribution relative to the MSCI Emerging Markets Free Index during the period. Financial companies that performed well included Brazil's Banco Bradesco and Turkey's Akbank. We continued to favor these banks due to their appealing valuations. In the industrials sector, India's Grasim (sold by period-end) and South Africa's Barloworld generated positive performance. Among India's top three cement manufacturers, Grasim benefited from solid market share. Barloworld's attractiveness stemmed from its successful internationalization drive and strong cash flow. Brazil's Petrobras and Turkey's

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Tupras-Turkiye Petrol Rafineleri led performance in energy. Tupras enjoys dominant market share in Turkey's energy sector. Conversely, the health care, materials and utilities sectors underperformed.

It is important to note that investing in foreign securities involves special risks, such as adverse economic, social and political developments in the countries where the Fund invests, as well as market and currency volatility. Emerging markets securities involve heightened risks related to the same factors in addition to those associated with their relatively small size and lesser liquidity. Investing in any emerging market means accepting a certain amount of volatility and, in some cases, the consequences of severe market corrections.

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Thank you for your continued participation in Templeton Emerging Markets Fund. We look forward to serving your future investment needs.

[Photo Omitted]

/s/ Mark Mobius

Mark Mobius  
President and Chief Executive Officer -  
Investment Management  
Templeton Emerging Markets Fund

THIS DISCUSSION REFLECTS OUR ANALYSIS, OPINIONS AND PORTFOLIO HOLDINGS AS OF AUGUST 31, 2003, THE END OF THE REPORTING PERIOD. OUR STRATEGIES AND THE FUND'S PORTFOLIO COMPOSITION WILL CHANGE DEPENDING ON MARKET AND ECONOMIC CONDITIONS. THESE OPINIONS MAY NOT BE RELIED UPON AS INVESTMENT ADVICE OR AN OFFER FOR A PARTICULAR SECURITY. THE INFORMATION IS NOT A COMPLETE ANALYSIS OF EVERY ASPECT OF ANY MARKET, COUNTRY, INDUSTRY, SECURITY OR THE FUND. STATEMENTS OF FACT ARE FROM SOURCES CONSIDERED RELIABLE, BUT THE INVESTMENT MANAGER MAKES NO REPRESENTATION OR WARRANTY AS TO THEIR COMPLETENESS OR ACCURACY. ALTHOUGH HISTORICAL PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS, THESE INSIGHTS MAY HELP YOU UNDERSTAND OUR INVESTMENT MANAGEMENT PHILOSOPHY.

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Performance Summary as of 8/31/03

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses. Capital gain distributions are net profits realized from the sale of portfolio securities. Total return reflects the Fund's dividend income, capital gain distributions, if any, and any unrealized gains or losses. All total returns include reinvested distributions according to the terms specified in the Fund's dividend reinvestment and cash purchase plan and do not reflect any sales charges paid at inception or brokerage commissions paid on secondary market purchases. The performance table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the sale of Fund shares.

PRICE AND DISTRIBUTION INFORMATION

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|                                | CHANGE   | 8/31/03 | 8/31/02 |
|--------------------------------|----------|---------|---------|
| Net Asset Value (NAV)          | +\$2.06  | \$10.82 | \$8.76  |
| Market Price (NYSE)            | +\$3.84  | \$11.84 | \$8.00  |
| DISTRIBUTIONS (9/1/02-8/31/03) |          |         |         |
| Dividend Income                | \$0.1499 |         |         |

### PERFORMANCE

|                                 | 1-YEAR  | 5-YEAR   | 10-YEAR |
|---------------------------------|---------|----------|---------|
| Cumulative Total Return1        |         |          |         |
| Based on change in NAV          | +25.88% | +59.98%  | +66.84% |
| Based on change in market price | +50.83% | +106.73% | +45.65% |
| Average Annual Total Return1    |         |          |         |
| Based on change in NAV          | +25.88% | +9.85%   | +5.25%  |
| Based on change in market price | +50.83% | +15.64%  | +3.83%  |

ONGOING MARKET VOLATILITY CAN SIGNIFICANTLY AFFECT SHORT-TERM PERFORMANCE; MORE RECENT RETURNS MAY DIFFER FROM THOSE SHOWN. INVESTMENT RETURN AND PRINCIPAL VALUE WILL FLUCTUATE WITH MARKET CONDITIONS. SPECIAL RISKS ARE ASSOCIATED WITH FOREIGN INVESTING, INCLUDING CURRENCY VOLATILITY, ECONOMIC INSTABILITY AND SOCIAL AND POLITICAL DEVELOPMENTS OF COUNTRIES WHERE THE FUND INVESTS. EMERGING MARKETS INVOLVE HEIGHTENED RISKS RELATED TO THE SAME FACTORS, IN ADDITION TO THOSE ASSOCIATED WITH THEIR RELATIVELY SMALL SIZE AND LESSER LIQUIDITY. YOU MAY HAVE A GAIN OR LOSS WHEN YOU SELL YOUR SHARES.

FOR MORE CURRENT PERFORMANCE, PLEASE CALL FRANKLIN TEMPLETON INVESTMENTS AT 1-800/342-5236.

### ENDNOTES

1. Total return calculations represent the cumulative and average annual changes in value of an investment over the periods indicated.

6 | Past performance does not guarantee future results. | Annual Report

Templeton Emerging Markets Fund

FINANCIAL HIGHLIGHTS

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YEAR ENDED AU

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|   | 2003      | 2002      | 2001      |
|---|-----------|-----------|-----------|
| <b>PER SHARE OPERATING PERFORMANCE</b><br>(for a share outstanding throughout the year) |           |           |           |
| Net asset value, beginning of year .....  | \$8.76    | \$8.86    | \$11.84   |
| Income from investment operations:  |           |           |           |
| Net investment income a .....   | .18       | .15       | (.02)     |
| Net realized and unrealized gains (losses) .....  | 2.03      | (.14)     | (2.03)    |
| Total from investment operations .....  | 2.21      | .01       | (2.05)    |
| Less distributions from:  |           |           |           |
| Net investment income .....   | (.15)     | (.11)     | (.11)     |
| Net realized gains .....  | --        | --        | --        |
| Total distributions .....   | (.15)     | (.11)     | (.11)     |
| Net asset value, end of year .....  | \$10.82   | \$8.76    | \$8.76    |
| Market value, end of year b .....   | \$11.840  | \$8.000   | \$8.000   |
| Total return (based on market value per share) .....                                    | 50.83%    | (2.82)%   | (9.14)%   |
| <b>RATIOS/SUPPLEMENTAL DATA</b>   |           |           |           |
| Net assets, end of year (000's) .....   | \$191,076 | \$154,640 | \$156,000 |
| Ratios to average net assets:   |           |           |           |
| Expenses .....  | 1.84%     | 1.64%     | 1.64%     |
| Net investment income .....   | 1.94%     | 1.67%     | 1.67%     |
| Portfolio turnover rate .....   | 48.69%    | 65.13%    | 63.16%    |

aBased on average weighted shares outstanding.

bBased on the last sale on the New York Stock Exchange.

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Templeton Emerging Markets Fund

STATEMENT OF INVESTMENTS, AUGUST 31, 2003

| INDUSTRY                              |                             |
|---------------------------------------|-----------------------------|
| COMMON STOCKS 94.0%                   |                             |
| ARGENTINA .9%                         |                             |
| a Molinos Rio de la Plata SA, B ..... | Food Products               |
| a Quilmes Industrial SA, ADR, B ..... | Beverages                   |
| Tenaris SA .....                      | Energy Equipment & Services |
| Tenaris SA, ADR .....                 | Energy Equipment & Services |

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|                    |  |  |    |
|--------------------|--|--|----|
| AUSTRALIA .5%      |  |  |    |
|                    | BHP Billiton PLC .....                                     | Metals & Mining                        |    |
| AUSTRIA 2.7%       |  |  |    |
| a                  | Bank Austria Creditanstalt .....                           | Capital Markets                        |    |
|                    | OMV AG .....   | Oil & Gas                              |    |
|                    | Wienerberger AG .....                                      | Building Products                      |    |
| BRAZIL 2.7%        |  |  |    |
|                    | Centrais Eletricas Brasileiras SA<br>(Non Taxable) .....   | Electric Utilities                     | 5  |
|                    | Centrais Eletricas Brasileiras SA (Taxable) .              | Electric Utilities                     | 74 |
|                    | Embraer-Empresa Brasileira de Aeronautica SA,<br>ADR ..... | Aerospace & Defense                    |    |
|                    | Souza Cruz SA .....  | Tobacco                                |    |
|                    | Ultrapar Participacoes SA, ADR .....                       | Gas Utilities                          |    |
|                    | Unibanco Uniao de Bancos Brasileiros SA,<br>GDR .....      | Commercial Banks                       |    |
| CHINA 5.4%         |  |  |    |
|                    | Beijing Enterprises Holdings Ltd. ....                     | Industrial Conglomerates               |    |
|                    | China Merchants Holdings (International) Co.<br>Ltd. ....  | Industrial Conglomerates               | 1  |
|                    | China Mobile (Hong Kong) Ltd. ....                         | Wireless Telecommunication Services    |    |
|                    | China Petroleum & Chemical Corp., H .....                  | Oil & Gas                              | 6  |
| a                  | China Resources Cement .....                               | Industrial Conglomerates               |    |
|                    | China Telecom Corp. Ltd. ....                              | Diversified Telecommunication Services | 2  |
|                    | People's Food Holdings Ltd. ....                           | Food & Staples Retailing               |    |
|                    | PetroChina Co. Ltd., H .....                               | Oil & Gas                              | 5  |
|                    | Qingling Motors Co. Ltd., H .....                          | Automobiles                            |    |
|                    | Shandong Intl Power Development Co. Ltd. ....              | Electric Utilities                     |    |
|                    | Shanghai Industrial Holdings Ltd. ....                     | Industrial Conglomerates               |    |
|                    | TCL International Holdings Inc. ....                       | Household Durables                     | 2  |
|                    | Travelsky Technology Ltd., H .....                         | IT Services                            |    |
|                    | Yanzhou Coal Mining Co. Ltd., H .....                      | Metals & Mining                        |    |
| CROATIA .9%        |  |  |    |
|                    | Pliva D D, GDR, Reg S .....                                | Pharmaceuticals                        |    |
| CZECH REPUBLIC .4% |  |  |    |
|                    | CEZ AS .....   | Electric Utilities                     |    |

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Templeton Emerging Markets Fund

STATEMENT OF INVESTMENTS, AUGUST 31, 2003 (CONTINUED)

|   |  | INDUSTRY                               |   |
|---|--|--|---|
| -----   |  |  |   |
| COMMON STOCKS (CONT.)   |  |  |   |
| DENMARK .8%   |  |  |   |
| Carlsberg AS, B .....   |  | Beverages                              |   |
| EGYPT .2%   |  |  |   |
| Commercial International Bank Ltd. ....                         |  | Commercial Banks                       |   |
| GREECE 1.1%   |  |  |   |
| Coca-Cola Hellenic Bottling Co., SA .....                       |  | Beverages                              |   |
| Hellenic Telecommunications Organization SA<br>(OTE) .....      |  | Diversified Telecommunication Services |   |
| HONG KONG 6.6%  |  |  |   |
| Cheung Kong Holdings Ltd. ....                                  |  | Real Estate                            |   |
| Cheung Kong Infrastructure Holdings Ltd. ....                   |  | Construction Materials                 |   |
| China Resources Enterprise Ltd. ....                            |  | Distributors                           | 1 |
| China Travel International Investment Hong<br>Kong Ltd. ....    |  | Hotels Restaurants & Leisure           | 3 |
| Citic Pacific Ltd. ....   |  | Industrial Conglomerates               | 1 |
| Cofco International Ltd. ....                                   |  | Food Products                          |   |
| Dairy Farm International Holdings Ltd. ....                     |  | Food & Staples Retailing               |   |
| Giordano International Ltd. ....                                |  | Specialty Retail                       | 1 |
| Hang Lung Group Ltd. ....                                       |  | Real Estate                            |   |
| Henderson Investment Ltd. ....                                  |  | Real Estate                            | 1 |
| Hengan International Group Co. Ltd. ....                        |  | Household Products                     |   |
| a Hopewell Highway Infrastructure Ltd, wts.,<br>8/05/2006 ..... |  | Transportation Infrastructure          |   |
| Hopewell Holdings Ltd. ....                                     |  | Transportation Infrastructure          |   |
| MTR Corp. Ltd. ....   |  | Road & Rail                            |   |
| Ngai Lik Industrial Holding Ltd. ....                           |  | Household Durables                     |   |
| a Tack Fat Group International Ltd. ....                        |  | Specialty Retail                       | 2 |
| Tingyi (Cayman Islands) Holding Corp. ....                      |  | Food Products                          | 1 |
| a VTech Holdings Ltd. ....                                      |  | Communications Equipment               |   |
| HUNGARY 3.0%  |  |  |   |
| Egis RT .....   |  | Pharmaceuticals                        |   |
| Gedeon Richter Ltd. ....  |  | Pharmaceuticals                        |   |
| Matav RT .....  |  | Diversified Telecommunication Services |   |
| MOL Magyar Olaj-Es Gazipari RT .....                            |  | Oil & Gas                              |   |

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|                                     |  |
|-------------------------------------|--|
| INDIA 3.6%                          |  |
| Container Corp. of India Ltd. ....  | Road & Rail                            |
| Dr. Reddy's Laboratories Ltd. ....  | Pharmaceuticals                        |
| Hero Honda Motors Ltd. ....         | Automobiles                            |
| ICICI Bank Ltd. ....                | Commercial Banks                       |
| ITC Ltd. ....                       | Tobacco                                |
| Mahanagar Telephone Nigam Ltd. .... | Diversified Telecommunication Services |
| a Maruti Udyog Ltd. ....            | Automobiles                            |

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Templeton Emerging Markets Fund

STATEMENT OF INVESTMENTS, AUGUST 31, 2003 (CONTINUED)

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INDUSTRY

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COMMON STOCKS (CONT.)

INDIA (CONT.)

|                                     |  |
|-------------------------------------|--|
| Satyam Computers Services Ltd. .... | IT Services                            |
| Videsh Sanchar Nigam Ltd. ....      | Diversified Telecommunication Services |

INDONESIA 2.4%

|  |  |   |
|--|--|---|
| PT Gudang Garam TBK .....                | Tobacco                                | 1 |
| PT Indosat (Persero) TBK .....           | Diversified Telecommunication Services | 1 |
| PT Telekomunikasi Indonesia TBK, B ..... | Diversified Telecommunication Services | 3 |

MALAYSIA .2%

|                                   |                              |
|-----------------------------------|------------------------------|
| Tanjong PLC .....                 | Hotels Restaurants & Leisure |
| YTL Power International Bhd. .... | Electric Utilities           |

MEXICO 6.3%

|   |  |   |
|---|--|---|
| Cemex SA .....  | Construction Materials                 |   |
| Fomento Economico Mexicano SA de CV Femsa,<br>ADR ..... | Beverages                              |   |
| a Grupo Bimbo SA de CV, A .....                         | Food Products                          |   |
| Grupo Carso SA de CV .....                              | Industrial Conglomerates               |   |
| Grupo Continental SA .....                              | Beverages                              |   |
| Grupo Televisa SA de CV, ADR .....                      | Media                                  |   |
| Kimberly Clark de Mexico SA de CV, A .....              | Household Products                     | 1 |
| Telefonos de Mexico SA de CV (Telmex), L,<br>ADR .....  | Diversified Telecommunication Services |   |

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|                  |   |  |   |
|------------------|---|--|---|
| PHILIPPINES 1.1% |   |  |   |
|                  | San Miguel Corp., B .....               | Beverages                              | 1 |
| POLAND 2.0%      |   |  |   |
| a                | BRE Bank SA .....                       | Commercial Banks                       |   |
|                  | Polski Koncern Naftowy Orlen SA .....   | Oil & Gas                              |   |
|                  | Telekomunikacja Polska SA .....         | Diversified Telecommunication Services |   |
| RUSSIA 2.3%      |   |  |   |
|                  | Lukoil Holdings, ADR .....              | Oil & Gas                              |   |
| a                | Sun Interbrew Ltd., B, GDR, Reg S ..... | Beverages                              |   |
|                  | Yuzhnaya Telecommunication Co. ....     | Diversified Telecommunication Services | 2 |
| SINGAPORE 6.8%   |   |  |   |
|                  | City Developments Ltd. ....             | Real Estate                            |   |
|                  | Comfortdelgro Corp. Ltd. ....           | Road & Rail                            | 1 |
|                  | DBS Group Holdings Ltd. ....            | Commercial Banks                       |   |
|                  | Fraser & Neave Ltd. ....                | Beverages                              |   |
|                  | Keppel Corp. Ltd. ....                  | Industrial Conglomerates               |   |
|                  | MobileOne (Asia) Ltd. ....              | Wireless Telecommunication Services    |   |

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Templeton Emerging Markets Fund

STATEMENT OF INVESTMENTS, AUGUST 31, 2003 (CONTINUED)

---

| INDUSTRY              |  |  |   |
|-----------------------|--|--|---|
| COMMON STOCKS (CONT.) |  |  |   |
| SINGAPORE (CONT.)     |  |  |   |
|                       | Singapore Airlines Ltd. ....           | Airlines                               |   |
|                       | Singapore Press Holdings Ltd. ....     | Media                                  |   |
|                       | Singapore Telecommunications Ltd. .... | Diversified Telecommunication Services | 1 |
| SOUTH AFRICA 13.3%    |  |  |   |
|                       | Anglo American PLC .....               | Metals & Mining                        |   |
|                       | Barloworld Ltd. ....                   | Industrial Conglomerates               |   |
|                       | Imperial Holdings Ltd. ....            | Air Freight & Logistics                |   |
|                       | Investec Ltd. ....                     | Capital Markets                        |   |
|                       | Investec PLC .....                     | Commercial Banks                       |   |

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|                                |                                    |
|--------------------------------|------------------------------------|
| Nampak Ltd. ....               | Containers & Packaging             |
| Old Mutual PLC ....            | Insurance                          |
| Remgro Ltd. ....               | Industrial Conglomerates           |
| Reunert Ltd. ....              | Electronic Equipment & Instruments |
| SABMiller PLC ....             | Beverages                          |
| Sasol Ltd. ....                | Oil & Gas                          |
| Tongaat-Hulett Group Ltd. .... | Food Products                      |

SOUTH KOREA 13.2%

|  |  |
|--|--|
| CJ Corp. ....                          | Food Products                          |
| Hite Brewery Co., Ltd. ....            | Beverages                              |
| Hotel Shilla Co. ....                  | Hotels Restaurants & Leisure           |
| Hyundai Development Co. ....           | Construction & Engineering             |
| Hyundai Motor Co. Ltd. ....            | Automobiles                            |
| Kangwon Land Inc. ....                 | Hotels Restaurants & Leisure           |
| Kookmin Bank ....                      | Commercial Banks                       |
| Korea Electric Power Corp. ....        | Electric Utilities                     |
| Korea Gas Corp. ....                   | Gas Utilities                          |
| KT Corp. ....                          | Diversified Telecommunication Services |
| LG Household & Health Care Ltd. ....   | Household Products                     |
| POSCO ....                             | Metals & Mining                        |
| Samsung Corp. ....                     | Trading Companies & Distributors       |
| Samsung Fine Chemicals ....            | Chemicals                              |
| Samsung Heavy Industries Co. Ltd. .... | Machinery                              |
| SK Corp. ....                          | Oil & Gas                              |
| SK Telecom Co. Ltd. ....               | Wireless Telecommunication Services    |

SWITZERLAND .1%

|  |                                 |
|--|---------------------------------|
| a Compagnie Financiere Richemont AG, Dep.<br>shs. .... | Textiles Apparel & Luxury Goods |
|--|---------------------------------|

TAIWAN 11.2%

|                            |                         |
|----------------------------|-------------------------|
| Advantech Co. Ltd. ....    | Computers & Peripherals |
| Asustek Computer Inc. .... | Computers & Peripherals |

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Templeton Emerging Markets Fund

STATEMENT OF INVESTMENTS, AUGUST 31, 2003 (CONTINUED)

-----  
INDUSTRY  
-----

COMMON STOCKS (CONT.)

TAIWAN (CONT.)

|                   |                         |
|-------------------|-------------------------|
| Avision Inc. .... | Computers & Peripherals |
|-------------------|-------------------------|

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|               |  |  |     |
|---------------|--|--|-----|
| a             | Beng Corp. ....  | Computers & Peripherals                  |     |
|               | Chinatrust Financial Holding Co. Ltd. ....                 | Commercial Banks                         | 1   |
| a             | D-Link Corp. ....  | Communications Equipment                 | 1   |
|               | Delta Electronics Inc. ....                                | Electronic Equipment & Instruments       | 1   |
|               | Elan Microelectronics Corp. ....                           | Software                                 | 1   |
|               | Elite Semiconductor Memory Technology Inc. ..              | Electrical Equipment                     |     |
|               | International Bank of Taipei .....                         | Commercial Banks                         |     |
|               | Kinpo Electronics Inc. ....                                | Office Electronics                       |     |
| a             | Lite-on Technology .....                                   | Computers & Peripherals                  | 1   |
|               | Mega Financial Holding Co. Ltd. ....                       | Commercial Banks                         | 1   |
|               | Phoenixtec Power Co. Ltd. ....                             | Electrical Equipment                     |     |
| a             | President Chain Store Corp. ....                           | Food & Staples Retailing                 |     |
|               | Sinopac Holdings .....                                     | Commercial Banks                         | 3   |
|               | Sunplus Technology Co. Ltd. ....                           | Semiconductors & Semiconductor Equipment | 1   |
|               | Taiwan Cellular Corp. ....                                 | Wireless Telecommunication Services      | 2   |
| a             | Tatung Co. Ltd .....                                       | Electrical Equipment                     |     |
|               | Tsann Kuen Enterprise Co. Ltd. ....                        | Household Durables                       |     |
|               | UNI-President Enterprises Corp. ....                       | Food Products                            | 1   |
|               | Yuanta Core Pacific Securities Co. ....                    | Diversified Financial Services           | 1   |
|               |  |  |     |
| THAILAND 1.6% |  |  |     |
|               | Banpu Public Co. Ltd., fgn. ....                           | Metals & Mining                          |     |
|               | Delta Electronics (Thailand) Public Co.<br>Ltd., fgn. .... | Electronic Equipment & Instruments       |     |
|               | Hana Microelectronics Co. Ltd., fgn. ....                  | Electronic Equipment & Instruments       |     |
|               | National Finance Public Co. Ltd., fgn. ....                | Consumer Finance                         |     |
|               | PTT Exploration & Production Public Co. Ltd.,<br>fgn. .... | Oil & Gas                                |     |
|               | PTT Public Co. Ltd., fgn. ....                             | Oil & Gas                                |     |
| a             | Telecomasia Corp. Public Co. Ltd.,<br>purch. rts. ....     | Diversified Telecommunication Services   |     |
| a             | Tisco Finance, fgn. ....                                   | Consumer Finance                         |     |
|               |  |  |     |
| TURKEY 4.7%   |  |  |     |
|               | Akbank .....   | Commercial Banks                         | 814 |
|               | Arcelik AS, Br. ....                                       | Household Durables                       | 664 |
|               | Migros Turk T.A.S. ....                                    | Food & Staples Retailing                 | 90  |
|               | Tupras-Turkiye Petrol Rafineleri AS .....                  | Oil & Gas                                | 398 |
|               |  |  |     |
|               | TOTAL COMMON STOCKS (COST \$152,938,963).....              |  |     |

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INDUSTRY

|  |                   |
|--|-------------------|
| PREFERRED STOCKS 5.0%  |                   |
| BRAZIL 5.0%  |                   |
| Banco Bradesco SA, ADR, pfd. ....  | Commercial Banks  |
| Cia Vale do Rio Doce, A, ADR, pfd. ....                                  | Metals & Mining   |
| Duratex SA, pfd. ....  | Building Products |
| Metalurgica Gerdau SA, pfd. ....   | Metals & Mining   |
| Petroleo Brasileiro SA, ADR, pfd. ....                                   | Oil & Gas         |
| TOTAL PREFERRED STOCKS (COST \$8,522,573).....                           |                   |
| SHORT TERM INVESTMENTS (COST \$1,008,805) .5%                            |                   |
| b Franklin Institutional Fiduciary Trust Money<br>Market Portfolio ..... | 1                 |
| TOTAL INVESTMENTS (COST \$162,470,341) 99.5%..                           |                   |
| OTHER ASSETS, LESS LIABILITIES .5%.....                                  |                   |
| NET ASSETS 100.0%.....   |                   |

aNon-income producing.

bSee Note 6 regarding investments in the Franklin Institutional Fiduciary Trust Money Market Portfolio.

Annual Report | See notes to financial statements. | 13

Templeton Emerging Markets Fund

FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES  
August 31, 2003

Assets:

|  |               |
|--|---------------|
| Investments in securities:                       |               |
| Cost.....  | \$162,470,341 |
| Value.....                                       | 190,000,167   |
| Cash.....  | 623,079       |
| Foreign currency, at value (cost \$284,501)..... | 283,911       |
| Receivables:                                     |               |
| Investment securities sold.....                  | 248,182       |
| Dividends and interest.....                      | 949,609       |
| Total assets.....                                | 192,104,948   |

Liabilities:

|                                      |         |
|--------------------------------------|---------|
| Payables:                            |         |
| Investment securities purchased..... | 194,396 |

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|  |               |
|--|---------------|
| Affiliates.....  | 220,998       |
| Deferred tax liability (Note 1f).....  | 466,749       |
| Other liabilities .....  | 147,023       |
|  | -----         |
| Total liabilities.....   | 1,029,166     |
|  | -----         |
| Net assets, at value.....  | \$191,075,782 |
|  | -----         |
| Net assets consist of:   |               |
| Undistributed net investment income.....                                       | \$ 2,171,570  |
| Net unrealized appreciation (depreciation).....                                | 27,055,365    |
| Accumulated net realized gain (loss).....                                      | (42,944,964)  |
| Capital shares.....  | 204,793,811   |
|  | -----         |
| Net assets, at value.....  | \$191,075,782 |
|  | -----         |
| Net asset value per share (\$191,075,782 / 17,656,437 shares outstanding)..... | \$10.82       |
|  | -----         |

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Templeton Emerging Markets Fund

FINANCIAL STATEMENTS (CONTINUED)

### STATEMENT OF OPERATIONS

for the year ended August 31, 2003

|   |              |
|---|--------------|
| Investment income:                                    |              |
| (net of foreign taxes of \$627,452)                   |              |
| Dividends .....                                       | \$ 6,013,223 |
| Interest .....  | 2,171        |
|   | -----        |
| Total investment income .....                         | 6,015,394    |
| Expenses:   |              |
| Management fees (Note 3) .....                        | 1,975,332    |
| Administrative fees (Note 3) .....                    | 238,964      |
| Transfer agent fees .....                             | 192,200      |
| Custodian fees .....                                  | 168,500      |
| Reports to shareholders .....                         | 24,400       |
| Registration and filing fees .....                    | 39,600       |
| Professional fees .....                               | 249,100      |
| Directors' fees and expenses .....                    | 34,400       |
| Other .....   | 9,300        |
|   | -----        |
| Total expenses .....                                  | 2,931,796    |
|   | -----        |
| Net investment income .....                           | 3,083,598    |
|   | -----        |
| Realized and unrealized gains (losses):               |              |
| Net realized gain (loss) from:                        |              |
| Investments (net of foreign taxes of \$407,519) ..... | (724,599)    |
| Foreign currency transactions .....                   | (315,547)    |
|   | -----        |
| Net realized gain (loss) .....                        | (1,040,146)  |

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|   |              |
|---|--------------|
| Net unrealized appreciation (depreciation) on:                                |              |
| Investments .....   | 37,433,271   |
| Deferred taxes (Note 1f) .....  | (466,749)    |
| Translation of assets and liabilities denominated in foreign currencies ..... | 72,126       |
|   | -----        |
| Net unrealized appreciation (depreciation) .....                              | 37,038,648   |
|   | -----        |
| Net realized and unrealized gain (loss) .....                                 | 35,998,502   |
|   | -----        |
| Net increase (decrease) in net assets resulting from operations .....         | \$39,082,100 |
|   | -----        |

Annual Report | See notes to financial statements. | 15

Templeton Emerging Markets Fund

FINANCIAL STATEMENTS (CONTINUED)

STATEMENTS OF CHANGES IN NET ASSETS  
for the years ended August 31, 2003 and 2002

|   |        |
|---|--------|
|   | -----  |
|   | 2      |
|   | -----  |
| Increase (decrease) in net assets:  |        |
| Operations:   |        |
| Net investment income .....   | \$ 3,  |
| Net realized gain (loss) from investments and foreign currency transactions .....   | (1,    |
| Net unrealized appreciation (depreciation) on investments, deferred taxes, and<br>translation of assets and liabilities denominated in foreign currencies ..... | 37,    |
|   | -----  |
| Net increase (decrease) in net assets resulting from operations .....   | 39,    |
| Distributions to shareholders from net investment income .....  | (2,    |
|   | -----  |
| Net increase (decrease) in net assets .....   | 36,    |
| Net assets:   |        |
| Beginning of year .....   | 154,   |
|   | -----  |
| End of year   | \$191, |
|   | -----  |
| Undistributed net investment income included in net assets:   |        |
| End of year .....   | \$ 2,  |
|   | -----  |
|   | =====  |

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Templeton Emerging Markets Fund

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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Templeton Emerging Markets Fund (the Fund, formerly Templeton Emerging Markets Fund, Inc.) is registered under the Investment Company Act of 1940 as a closed-end, diversified investment company. Effective November 1, 2002, the Fund was reorganized from a Maryland corporation into a Delaware statutory trust. The reorganization had no effect on shares of the Fund or its investment portfolio. The Fund seeks long-term capital appreciation by investing mainly in emerging country equity securities. The following summarizes the Fund's significant accounting policies.

### A. SECURITY VALUATION

Securities listed or traded on a recognized national exchange or NASDAQ are valued at the last reported sales price. Over-the-counter securities and listed securities for which no sale is reported are valued within the range of the latest quoted bid and asked prices. Securities for which market quotations are not readily available are valued at fair value as determined by management in accordance with procedures established by the Board of Trustees.

### B. FOREIGN CURRENCY TRANSLATION

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

### C. FOREIGN CURRENCY CONTRACTS

When the Fund purchases or sells foreign securities it may enter into foreign exchange contracts to minimize foreign exchange risk from the trade date to the settlement date of the transactions. A foreign exchange contract is an agreement between two parties to exchange different currencies at an agreed upon exchange rate on a specified date. Realized and unrealized gains and losses are included in the Statement of Operations.

The risks of these contracts include movement in the values of the foreign currencies relative to the U.S. dollar and the possible inability of the counterparties to fulfill their obligations under the contracts.

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Templeton Emerging Markets Fund

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. INCOME TAXES

No provision has been made for income taxes because the Fund's policy is to qualify as a regulated investment company under the Internal Revenue Code and to distribute substantially all of its taxable income.

#### E. SECURITY TRANSACTIONS, INVESTMENT INCOME, EXPENSES AND DISTRIBUTIONS

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Certain income from foreign securities is recorded as soon as information is available to the Fund. Interest income and estimated expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date.

#### F. DEFERRED TAXES

Deferred taxes are recorded for estimated tax liabilities inherent in each Fund's portfolio securities which may arise from subsequent sales of those securities and corresponding asset repatriations from countries that impose such taxes.

#### G. ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates.

#### H. GUARANTEES AND INDEMNIFICATIONS

Under the Fund's organizational documents, its officers and trustees are indemnified against certain liability arising out of the performance of their duties to the Funds. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

### 2. CAPITAL SHARES

On November 29, 2000, the Board of Trustees of the Fund authorized management to implement an open-market share repurchase program pursuant to which the Fund may purchase, from time to time, shares of the Fund's common stock in open-market transactions, at the discretion of management.

At August 31, 2003, there were 30 million shares authorized (\$0.01 par value). During the year ended August 31, 2003 and the year ended August 31, 2002, there were no share repurchase transactions.

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 3. TRANSACTIONS WITH AFFILIATES

Certain officers of the Fund are also officers or directors of Templeton Asset Management Ltd. (TAML) and Franklin Templeton Services, LLC (FT Services), the Fund's investment manager and administrative manager, respectively.

The Fund pays an investment management fee to TAML of 1.25% per year of the Fund's average daily net assets. The Fund pays an administrative fee monthly to FT Services at an annual rate of 0.15% per year of the Fund's average daily net assets.

### 4. INCOME TAXES

At August 31, 2003, the cost of investments, net unrealized appreciation (depreciation), and undistributed ordinary income for income tax purposes were as follows:

|  |               |       |
|--|---------------|-------|
| Cost of investments .....                        | \$164,623,254 | ----- |
| Unrealized appreciation .....                    | 33,840,466    |       |
| Unrealized depreciation .....                    | (8,463,553)   | ----- |
| Net unrealized appreciation (depreciation) ..... | \$ 25,376,913 | ===== |
| <br>   |               |       |
| Distributable earnings - ordinary income .....   | \$ 3,740,345  | ===== |

The tax character of distributions paid during the years ended August 31, 2003 and 2002, was as follows:

|                          | -----<br>2003<br>----- | -----<br>2002<br>----- |
|--------------------------|------------------------|------------------------|
| Distributions paid from: |                        |                        |
| Ordinary income .....    | \$2,646,700            | \$1,894,536            |

Net investment income and net realized capital gains differ for financial statement and tax purposes primarily due to differing treatments of passive foreign investment companies, wash sales and losses realized subsequent to October 31 on the sale of foreign currencies.

Templeton Emerging Markets Fund

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 4. INCOME TAXES (CONTINUED)

At August 31, 2003, the Fund had tax basis capital losses which may be carried

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over to offset future capital gains. Such losses expire as follows:

|                                      |              |
|--------------------------------------|--------------|
| Capital loss carryovers expiring in: |              |
| 2008 .....                           | \$ 1,056,614 |
| 2009 .....                           | 2,373,131    |
| 2010 .....                           | 30,608,800   |
| 2011 .....                           | 7,846,360    |
|                                      | -----        |
|                                      | \$41,884,905 |
|                                      | =====        |

At August 31, 2003, the Fund had deferred currency losses occurring subsequent to October 31, 2002 of \$270,525. For tax purposes, such losses will be reflected in the year ending August 31, 2004.

### 5. INVESTMENT TRANSACTIONS

Purchases and sales of securities (excluding short-term securities) for the year ended August 31, 2003 aggregated \$79,500,243 and \$75,458,881, respectively.

### 6. INVESTMENTS IN FRANKLIN INSTITUTIONAL FIDUCIARY TRUST MONEY MARKET PORTFOLIO

The Fund may invest in the Franklin Institutional Fiduciary Trust Money Market Portfolio (the Sweep Money Fund), an open-end investment company managed by Franklin Advisers Inc. (an affiliate of the advisor). Management fees paid by the Fund are reduced on assets invested in the Sweep Money Fund in an amount not to exceed the management fees paid by the Sweep Money Fund. The Fund earned \$55,207 of dividend income from investment in the Sweep Money Fund for the year ended August 31, 2003.

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Templeton Emerging Markets Fund

### INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES AND SHAREHOLDERS OF TEMPLETON EMERGING MARKETS FUND

In our opinion, the accompanying statement of assets and liabilities, including the statement of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Templeton Emerging Markets Fund (the "Fund," formerly Templeton Emerging Markets Fund, Inc.) at August 31, 2003, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles

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used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at August 31, 2003 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California  
October 3, 2003

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Templeton Emerging Markets Fund

### TAX DESIGNATION (UNAUDITED)

Under Section 854(b)(2) of the Internal Revenue Code, the Fund hereby designates up to a maximum of \$3,020,329 as qualified dividends for purposes of the maximum rate under Section 1(h)(11) of the Code for the fiscal year ended August 31, 2003. In January 2004 shareholders will receive Form 1099-DIV which will include their share of qualified dividends distributed during the calendar year 2003. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

At August 31, 2003, more than 50% of the Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from dividends paid to the Fund on these investments. As shown in the table below, the Fund hereby designates to shareholders the foreign source income and foreign taxes paid, pursuant to Section 853 of the Internal Revenue Code. This designation will allow shareholders of record on November 6, 2003, to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.

The following table provides a breakdown by country of foreign source income and foreign taxes paid, as designated by the Fund to shareholders.

| COUNTRY              | FOREIGN TAX<br>PAID PER SHARE | FOREIGN SOURCE<br>INCOME PER SHARE |
|----------------------|-------------------------------|------------------------------------|
| Austria .....        | 0.0014                        | 0.0053                             |
| Brazil .....         | 0.0047                        | 0.0240                             |
| Chile .....          | 0.0002                        | 0.0004                             |
| China .....          | 0.0000                        | 0.0091                             |
| Croatia .....        | 0.0000                        | 0.0008                             |
| Czech Republic ..... | 0.0002                        | 0.0010                             |
| Egypt .....          | 0.0000                        | 0.0013                             |
| Greece .....         | 0.0000                        | 0.0029                             |
| Hong Kong .....      | 0.0000                        | 0.0273                             |
| Hungary .....        | 0.0006                        | 0.0022                             |
| India .....          | 0.0126                        | 0.0101                             |
| Indonesia .....      | 0.0033                        | 0.0129                             |
| Israel .....         | 0.0000                        | 0.0002                             |
| Luxembourg .....     | 0.0000                        | 0.0015                             |
| Malaysia .....       | 0.0006                        | 0.0013                             |
| Mexico .....         | 0.0000                        | 0.0139                             |
| Philippines .....    | 0.0006                        | 0.0013                             |

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|                      |          |          |
|----------------------|----------|----------|
| Poland .....         | 0.0002   | 0.0007   |
| Portugal .....       | 0.0000   | 0.0001   |
| Russia .....         | 0.0013   | 0.0053   |
| Singapore .....      | 0.0029   | 0.0129   |
| South Africa .....   | 0.0015   | 0.0360   |
| South Korea .....    | 0.0089   | 0.0314   |
| Taiwan .....         | 0.0067   | 0.0142   |
| Thailand .....       | 0.0010   | 0.0061   |
| Turkey .....         | 0.0000   | 0.0087   |
| United Kingdom ..... | 0.0000   | 0.0003   |
| -----                |          |          |
| TOTAL .....          | \$0.0467 | \$0.2312 |
| =====                |          |          |

In January 2004, shareholders will receive Form 1099-DIV which will include their share of taxes paid and foreign source income distributed during the calendar year 2003. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their 2003 individual income tax returns.

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Templeton Emerging Markets Fund

ANNUAL MEETING OF SHAREHOLDERS, FEBRUARY 28, 2003

The Annual Meeting of Shareholders of the Fund was held at the Fund's offices, 500 E. Broward Blvd., Fort Lauderdale, Florida, on February 28, 2003. The purpose of the meeting was to elect three Trustees of the Fund. At the meeting, the following persons were elected by the shareholders to serve as Trustees of the Fund: Betty P. Krahmer, Gordon S. Macklin and Fred R. Millsaps.\* No other business was transacted at the meeting.

The results of the voting at the Annual Meeting are as follows:

The election of three (3) Trustees:

| TERM EXPIRING 2006      | FOR        | % OF<br>OUTSTANDING<br>SHARES | % OF<br>VOTED<br>SHARES | WITHHELD | % OF<br>OUTSTANDING<br>SHARES | %<br>VO<br>SHA |
|-------------------------|------------|-------------------------------|-------------------------|----------|-------------------------------|----------------|
| Betty P. Krahmer .....  | 14,764,434 | 83.62%                        | 96.87%                  | 476,722  | 2.70%                         | 3.             |
| Gordon S. Macklin ..... | 14,748,640 | 83.53%                        | 96.77%                  | 492,516  | 2.79%                         | 3.             |
| Fred R. Millsaps .....  | 14,749,862 | 83.54%                        | 96.78%                  | 491,294  | 2.78%                         | 3.             |

\* Harris J. Ashton, Nicholas F. Brady, Harmon E. Burns, Frank J. Crothers, S. Joseph Fortunato, Andrew H. Hines, Jr., Edith E. Holiday, Charles B. Johnson and Constantine D. Tseretopoulos are Trustees of the Fund who are currently serving and whose terms of office continued after the Annual Meeting of Shareholders.

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Templeton Emerging Markets Fund

### DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The Fund offers a Dividend Reinvestment and Cash Purchase Plan (the "Plan") with the following features:

Shareholders must affirmatively elect to participate in the Plan; Stock dividends and capital gains distributions will be reinvested automatically; Mellon Investor Services, P.O. Box 3338, South Hackensack, NJ 07606-1938, will provide additional Plan information upon request.

Whenever the Fund declares dividends in either cash or common stock of the Fund, if the market price is equal to or exceeds net asset value at the valuation date, the participant will receive the dividends entirely in stock at a price equal to the net asset value, but not less than 95% of the then current market price of the Fund's shares. If the market price is lower than net asset value or if dividends and/or capital gains distributions are payable only in cash, the participant will receive shares purchased on the New York Stock Exchange or otherwise on the open market.

A participant has the option of submitting additional payments to Mellon Bank, N.A. (the "Plan Agent"), in any amounts of at least \$100, up to a maximum of \$5,000 per month, for the purchase of Fund shares for his or her account. These payments shall be made by check or money order payable to "Mellon Bank, N.A." and sent to Mellon Investor Services, P.O. Box 382009, Pittsburgh, PA 15250-8009, Attn: Templeton Emerging Markets Fund. The Plan Agent shall apply such payments (less a \$5.00 service charge and less a pro rata share of trading fees) to purchases of Fund shares on the open market.

The automatic reinvestment of dividends and/or capital gains does not relieve the participant of any income tax that may be payable on dividends or distributions.

The participant may withdraw from the Plan without penalty at any time by written notice to the Plan Agent sent to Mellon Investor Services, P.O. Box 3338, South Hackensack, NJ 07606-1938. Upon withdrawal, the participant will receive, without charge, stock certificates issued in the participant's name for all full shares held by the Plan Agent; or, if the participant wishes, the Plan Agent will sell the participant's shares and send the proceeds, less a service charge of \$5.00 and less trading fees.

Whenever shares are purchased on the New York Stock Exchange or otherwise on the open market, each participant will pay a pro rata portion of trading fees. Trading fees will be deducted from amounts to be invested.

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Templeton Emerging Markets Fund

### TRANSFER AGENT

Mellon Investor Services LLC  
85 Challenger Road

## Edgar Filing: TEMPLETON EMERGING MARKETS FUND - Form N-CSR

Ridgefield Park, NJ 07660  
1-800-416-5585  
www.melloninvestor.com

### SHAREHOLDER INFORMATION

Shares of Templeton Emerging Markets Fund are traded on the New York Stock Exchange under the symbol "EMF." The Fund's shares are also listed and traded on the Pacific Exchange. Information about the net asset value and the market price is published each Monday in the Wall Street Journal, weekly in Barron's and each Saturday in The New York Times and other newspapers. Daily market prices for the Fund's shares are published in the New York Stock Exchange Composite Transactions section of newspapers.

For current information about dividends and shareholder accounts, call 1-800/416-5585. Registered shareholders can now access their Fund account on-line with Investor ServiceDirect(R). For information go to Mellon Investor Services' web site at <http://www.melloninvestor.com> and follow the instructions.

The daily closing net asset value as of the previous business day may be obtained when available by calling Franklin Templeton Fund Information after 7 a.m. pacific time any business day at 1-800/DIAL BEN(R) (1-800/342-5236). The Fund's net asset value and dividends are also listed on the NASDAQ Stock Market, Inc.'s Mutual Fund Quotation Service ("NASDAQ MFQS").

Shareholders not receiving copies of the Reports to Shareholders because their shares are registered in the name of a broker or a custodian can request that they be added to the Fund's mailing list, by writing Templeton Emerging Markets Fund, 100 Fountain Parkway, P.O. Box 33030, St. Petersburg, FL 33733-8030.

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### Board Members and Officers

The name, age and address of the officers and board members, as well as their affiliations, positions held with the Fund, principal occupations during the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton Investments fund complex are shown below. Each board member will serve until that person's successor is elected and qualified.

### INDEPENDENT BOARD MEMBERS

| NAME, AGE AND ADDRESS   | POSITION | LENGTH OF TIME SERVED | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY BOARD MEMBER* | OTHER            |
|---|----------|-----------------------|--|------------------|
| HARRIS J. ASHTON (71)<br>500 East Broward Blvd.<br>Suite 2100 | Trustee  | Since 1992            | 142  | Direct<br>compan |

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Fort Lauderdale, FL 33394-3091

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Director of various companies; and FORMERLY, Director, RBC Holdings, Inc. (bank holding company) Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers

|  |         |            |    |      |
|--|---------|------------|----|------|
| FRANK J. CROTHERS (59)<br>500 East Broward Blvd.<br>Suite 2100<br>Fort Lauderdale, FL 33394-3091 | Trustee | Since 1999 | 17 | None |
|--|---------|------------|----|------|

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Chairman, Atlantic Equipment & Power Ltd.; Chairman, Ventures Resources Corporation (Vice Chairman Caribbean Utilities Co. Ltd.; Director and President, Provo Power Company Ltd.; Director, Caribbean Corporation (Chairman until 2002); and director of various other business and nonprofit organiza

|  |         |            |     |      |
|--|---------|------------|-----|------|
| S. JOSEPH FORTUNATO (71)<br>500 East Broward Blvd.<br>Suite 2100<br>Fort Lauderdale, FL 33394-3091 | Trustee | Since 1992 | 143 | None |
|--|---------|------------|-----|------|

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Attorney; and FORMERLY, member of the law firm of Pitney, Hardin, Kipp & Szuch.

|   |         |            |    |      |
|---|---------|------------|----|------|
| ANDREW H. HINES, JR. (80)<br>500 East Broward Blvd.<br>Suite 2100<br>Fort Lauderdale, FL 33394-3091 | Trustee | Since 1990 | 28 | None |
|---|---------|------------|----|------|

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Consultant, Triangle Consulting Group; and FORMERLY, Executive-in-Residence, Eckerd College (199 Precise Power Corporation (1990-1997); Director, Checkers Drive-In Restaurants, Inc. (1994-1997) Chief Executive Officer, Florida Progress Corporation (holding company in the energy area) (1982 its subsidiaries.

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| NAME, AGE AND ADDRESS   | POSITION | LENGTH OF TIME SERVED | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY BOARD MEMBER* | OTHER   |
|---|----------|-----------------------|--|---|
| EDITH E. HOLIDAY (51)<br>500 East Broward Blvd.<br>Suite 2100<br>Fort Lauderdale, FL 33394-3091 | Trustee  | Since 1996            | 92   | Direct<br>(explo<br>gas);<br>fibers<br>Inc. (<br>(proce<br>RTI In<br>(manuf<br>titani<br>(railr |

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Director or Trustee of various companies and trusts; and FORMERLY, Assistant to the President of

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the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Assistant Secretary for Public Affairs and Public Liaison-United States Treasury Department (1987-1989).

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|   |         |            |    |      |
|---|---------|------------|----|------|
| BETTY P. KRAHMER (74)<br>500 East Broward Blvd.<br>Suite 2100<br>Fort Lauderdale, FL 33394-3091 | Trustee | Since 1990 | 21 | None |
|---|---------|------------|----|------|

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PRINCIPAL OCCUPATION DURING PAST 5 YEARS:  
Director or Trustee of various civic associations; and FORMERLY, Economic Analyst, U.S. government.

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|  |         |            |     |   |
|--|---------|------------|-----|---|
| GORDON S. MACKLIN (75)<br>500 East Broward Blvd.<br>Suite 2100<br>Fort Lauderdale, FL 33394-3091 | Trustee | Since 1993 | 142 | Director of<br>Group,<br>Biosci<br>(biote<br>servic<br>servic<br>Commun<br>known<br>Inc.)<br>(1988- |
|--|---------|------------|-----|---|

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PRINCIPAL OCCUPATION DURING PAST 5 YEARS:  
Deputy Chairman, White Mountains Insurance Group, Ltd. (holding company); and FORMERLY, Chairman of White Mountains Insurance Group (financial services) (1993-1998) and Hambrecht & Quist Group (investment banking) (1987-1992); and Chairman of Securities Dealers, Inc. (1970-1987).

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|   |         |            |    |      |
|---|---------|------------|----|------|
| FRED R. MILLSAPS (74)<br>500 East Broward Blvd.<br>Suite 2100<br>Fort Lauderdale, FL 33394-3091 | Trustee | Since 1990 | 28 | None |
|---|---------|------------|----|------|

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PRINCIPAL OCCUPATION DURING PAST 5 YEARS:  
Director of various business and nonprofit organizations; manager of personal investments (1978-1987); and Chief Executive Officer, Landmark Banking Corporation (1969-1978); Financial Vice President, Landmark Banking Corporation (1965-1969); and Vice President, Federal Reserve Bank of Atlanta (1958-1965).

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| NAME, AGE AND ADDRESS   | POSITION | LENGTH OF TIME SERVED | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY BOARD MEMBER* | OTHER   |
|---|----------|-----------------------|--|---|
| FRANK A. OLSON (71)<br>500 East Broward Blvd.<br>Suite 2100<br>Fort Lauderdale, FL 33394-3091 | Trustee  | Since May 2003        | 17   | Director of<br>(medic<br>Insura<br>and Am<br>and re |

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PRINCIPAL OCCUPATION DURING PAST 5 YEARS:  
Chairman of the Board, The Hertz Corporation (car rental) (since 1980) (Chief Executive Officer of the Board, President and Chief Executive Officer, UAL Corporation (airlines).

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|                              |         |            |    |      |
|------------------------------|---------|------------|----|------|
| CONSTANTINE D. TSERETOPOULOS | Trustee | Since 1999 | 17 | None |
|------------------------------|---------|------------|----|------|

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(49)  
 500 East Broward Blvd.  
 Suite 2100  
 Fort Lauderdale, FL 33394-3091

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Physician, Lyford Cay Hospital (1987-present); director of various nonprofit organizations; and University of Maryland (1985-1987) and Internal Medicine Resident, Greater Baltimore Medical Cen

INTERESTED BOARD MEMBERS AND OFFICERS

| NAME, AGE AND ADDRESS  | POSITION | LENGTH OF TIME SERVED | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY BOARD MEMBER* | OTHER  |
|--|----------|-----------------------|--|--|
| **NICHOLAS F. BRADY (73)<br>500 East Broward Blvd.<br>Suite 2100<br>Fort Lauderdale, FL 33394-3091 | Trustee  | Since 1993            | 21   | Direct (explo gas); invest Direct foods 1993-2 |

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Chairman, Templeton Emerging Markets Investment Trust PLC, Darby Overseas Investments, Ltd., Dar and Darby Technology Ventures Group, LLC (investment firms) (1994-present); Director, Templeton Templeton Investment Fund; and FORMERLY, Secretary of the United States Department of the Treasury Board, Dillon, Read & Co., Inc. (investment banking) (until 1988); and U.S. Senator, New Jersey

|  |                            |  |    |      |
|--|----------------------------|--|----|------|
| **HARMON E. BURNS (58)<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Trustee and Vice President | Trustee since 1992 and Vice President since 1996 | 38 | None |
|--|----------------------------|--|----|------|

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Vice Chairman, Member - Office of the Chairman and Director, Franklin Resources, Inc.; Vice Pres Templeton Distributors, Inc.; Executive Vice President, Franklin Advisers, Inc.; Director, Frank Inc.; and officer and/or director or trustee, as the case may be, of some of the other subsidiar of 49 of the investment companies in Franklin Templeton Investments.

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| NAME, AGE AND ADDRESS   | POSITION  | LENGTH OF TIME SERVED   | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY BOARD MEMBER* | OTHER |
|---|---|---|--|-------|
| **CHARLES B. JOHNSON (70)<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Trustee, Chairman of the Board and Vice President | Trustee and Chairman of the Board since 1995 and Vice President since | 142  | None  |

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PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Chairman of the Board, Chief Executive Officer, Member - Office of the Chairman and Director, Franklin Templeton Distributors, Inc.; Director, Fiduciary Trust Company International; trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of Franklin Templeton Investments.

|  |                |            |                |      |
|--|----------------|------------|----------------|------|
| JEFFERY A. EVERETT (39)<br>PO Box N-7759<br>Lyford Cay,<br>Nassau, Bahamas | Vice President | Since 2001 | Not Applicable | None |
|--|----------------|------------|----------------|------|

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

President and Director, Templeton Global Advisors Limited; officer of 15 of the investment companies in Franklin Templeton Investments; and FORMERLY, Investment Officer, First Pennsylvania Investment Research (until 1989).

|   |                |            |                |      |
|---|----------------|------------|----------------|------|
| MARTIN L. FLANAGAN (43)<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Vice President | Since 1989 | Not Applicable | None |
|---|----------------|------------|----------------|------|

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

President, Franklin Resources, Inc.; Senior Vice President and Chief Financial Officer, Franklin Templeton Services, LLC; Vice President, Chief Financial Officer and Director, Templeton Worldwide, Inc.; Executive Vice President, Templeton Investment Counsel, LLC; President and Director, Franklin Advisers, Inc.; Executive Vice President, Templeton Investor Services, LLC; Chief Financial Officer, Templeton Investor Services, LLC; Chairman, Franklin Templeton Services, LLC; and officer and/or director or trustee of 49 of the investment companies in Franklin Templeton Investments and of the other subsidiaries of Franklin Resources, Inc. and of 49 of the investment companies in Franklin Templeton Investments.

|  |  |            |                |      |
|--|--|------------|----------------|------|
| JIMMY D. GAMBILL (56)<br>500 East Broward Blvd.<br>Suite 2100<br>Fort Lauderdale, FL<br>33394-3091 | Senior Vice<br>President and<br>Chief<br>Executive<br>Officer -<br>Finance and<br>Administration | Since 2002 | Not Applicable | None |
|--|--|------------|----------------|------|

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

President, Franklin Templeton Services, LLC; Senior Vice President, Templeton Worldwide, Inc.; and officer of 51 of the investment companies in Franklin Templeton Investments.

|  |                |            |                |      |
|--|----------------|------------|----------------|------|
| DAVID P. GOSS (56)<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Vice President | Since 2000 | Not Applicable | None |
|--|----------------|------------|----------------|------|

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Associate General Counsel, Franklin Resources, Inc.; officer and director of one of the subsidiaries of Franklin Resources, Inc.; officer of 51 of the investment companies in Franklin Templeton Investments; and FORMERLY, President, Property Resources Equity Trust (until 1999) and Franklin Select Realty Trust (until 2000).

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| NAME, AGE AND ADDRESS | POSITION | LENGTH OF<br>TIME SERVED | NUMBER OF PORTFOLIOS IN<br>FUND COMPLEX OVERSEEN<br>BY BOARD MEMBER* | OTHER |
|-----------------------|----------|--------------------------|--|-------|
|-----------------------|----------|--------------------------|--|-------|

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|   |                                 |   |                |      |
|---|---------------------------------|---|----------------|------|
| BARBARA J. GREEN (55)<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Vice President<br>and Secretary | Vice President<br>since 2000 and<br>Secretary since<br>1996 | Not Applicable | None |
|---|---------------------------------|---|----------------|------|

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Vice President and Deputy General Counsel, Franklin Resources, Inc.; Secretary and Senior Vice President, Templeton Worldwide, Inc.; Secretary, Franklin Mutual Advisers, LLC; subsidiaries of Franklin Resources, Inc. and of 51 of the investment companies in Franklin Templeton; Deputy Director, Division of Investment Management, Executive Assistant and Senior Advisor to the Chairman, Special Counsel and Attorney Fellow, U.S. Securities and Exchange Commission (1986-1996); and Judicial Clerk, U.S. District Court (District of Massachusetts) (until 1979).

|   |                |            |                |      |
|---|----------------|------------|----------------|------|
| RUPERT H. JOHNSON, JR. (63)<br>One Franklin Parkway<br>San Mateo, CA 94403-1906 | Vice President | Since 1996 | Not Applicable | None |
|---|----------------|------------|----------------|------|

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Vice Chairman, Member - Office of the Chairman and Director, Franklin Resources, Inc.; Vice President, Templeton Distributors, Inc.; Director, Franklin Advisers, Inc. and Franklin Investment Advisory Services, LLC; and officer and/or director or trustee, as the case may be, of subsidiaries of Franklin Resources, Inc. and of 49 of the investment companies in Franklin Templeton.

|   |                |            |                |      |
|---|----------------|------------|----------------|------|
| JOHN R. KAY (63)<br>500 East Broward Blvd.<br>Suite 2100<br>Fort Lauderdale, FL<br>33394-3091 | Vice President | Since 1994 | Not Applicable | None |
|---|----------------|------------|----------------|------|

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Vice President, Templeton Worldwide, Inc.; Assistant Vice President, Franklin Templeton Distributors, Inc.; Director, Franklin Templeton Services, LLC; and officer of one of the other subsidiaries of Franklin Resources, Inc. and of 47 of the investment companies in Franklin Templeton Investments; and FORMERLY, Vice President and Controller, Franklin Templeton Investments.

|   |                                       |            |                |                    |
|---|---------------------------------------|------------|----------------|--------------------|
| MICHAEL O. MAGDOL (66)<br>600 Fifth Avenue<br>Rockefeller Center<br>New York, NY 10048-0772 | Vice President<br>- AML<br>Compliance | Since 2002 | Not Applicable | Director<br>Inc. a |
|---|---------------------------------------|------------|----------------|--------------------|

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Vice Chairman, Chief Banking Officer and Director, Fiduciary Trust Company International; and officer, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 47 of the investment companies in Franklin Templeton Investments.

|  |  |   |                |      |
|--|--|---|----------------|------|
| MARK MOBIUS (67)<br>17th Floor, The Chater House<br>8 Connaught Road<br>Central<br>Hong Kong | President and<br>Chief<br>Executive<br>Officer -<br>Investment<br>Management | President since<br>1987 and Chief<br>Executive<br>Officer -<br>Investment<br>Management<br>since 2002 | Not Applicable | None |
|--|--|---|----------------|------|

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:

Portfolio Manager of various Templeton advisory affiliates; Managing Director, Templeton Asset Management; President and Director, Templeton Global Advisors Limited; officer of six of the investment companies in Franklin Templeton Investments; officer and/or director, as the case may be, of some of the subsidiaries of Franklin Resources, Inc. and of 47 of the investment companies in Franklin Templeton Investments; President, International Investment Trust Company Limited (investment manager of Taiwan R.O.C. Fund); and Director, Vickers da Costa, Hong Kong (1983-1986).

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| NAME, AGE AND ADDRESS  | POSITION                                    | LENGTH OF TIME SERVED  | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY BOARD MEMBER* | OTHER |
|--|---|--|--|-------|
| BRUCE S. ROSENBERG (41)<br>500 East Broward Blvd.<br>Suite 2100<br>Fort Lauderdale, FL 33394-3091  | Treasurer and<br>Chief Financial<br>Officer | Treasurer since<br>2000 and Chief<br>Financial Officer<br>since 2002 | Not Applicable   | None  |
| PRINCIPAL OCCUPATION DURING PAST 5 YEARS:<br>Vice President, Franklin Templeton Services, LLC; and officer of some of the other subsidiaries<br>41 of the investment companies in Franklin Templeton Investments.  |   |  |  |       |
| MURRAY L. SIMPSON (66)<br>One Franklin Parkway<br>San Mateo, CA 94403-1906   | Vice President                              | Since 2000   | Not Applicable   | None  |
| PRINCIPAL OCCUPATION DURING PAST 5 YEARS:<br>Executive Vice President and General Counsel, Franklin Resources, Inc.; officer and/or director,<br>subsidiaries of Franklin Resources, Inc. and of 51 of the investment companies in Franklin Templeton<br>Chief Executive Officer and Managing Director, Templeton Franklin Investment Services (Asia) Limited<br>Templeton Asset Management Ltd. (until 1999). |   |  |  |       |

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[Franklin Templeton logo omitted]

100 Fountain Parkway  
P.O. Box 33030  
St. Petersburg, FL 33733-8030

ANNUAL REPORT AND SHAREHOLDER INFORMATION  
TEMPLETON EMERGING  
MARKETS FUND

AUDITORS  
PricewaterhouseCoopers LLP  
333 Market Street  
San Francisco, CA 94105

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TRANSFER AGENT  
Mellon Investor Services LLC  
85 Challenger Road  
Ridgefield Park, NJ 07660  
1-800/416-5585  
www.mellon.com

FUND INFORMATION  
1-800/342-5236

Investors should be aware that the value of investments made for the Fund may go down as well as up. Like any investment in securities, the value of the Fund's portfolio will be subject to the risk of loss from market, currency, economic, political and other factors. The Fund and its investors are not protected from such losses by the Investment Manager. Therefore, investors who cannot accept this risk should not invest in shares of the Fund.

To ensure the highest quality of service, telephone calls to or from our service departments may be monitored, recorded and accessed. These calls can be identified by the presence of a regular beeping tone.

TLEMF A2003 10/03

### ITEM 2. CODE OF ETHICS.

(A) THE REGISTRANT HAS ADOPTED A CODE OF ETHICS THAT APPLIES TO ITS PRINCIPAL EXECUTIVE OFFICERS AND PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER.

(C) N/A

(D) N/A

(F) PURSUANT TO ITEM 10(A), THE REGISTRANT IS ATTACHING AS AN EXHIBIT A COPY OF ITS CODE OF ETHICS THAT APPLIES TO ITS PRINCIPAL EXECUTIVE OFFICERS FINANCIAL AND ACCOUNTING OFFICER.

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

(A) (1) THE REGISTRANT HAS AN AUDIT COMMITTEE FINANCIAL EXPERT SERVING ON ITS AUDIT COMMITTEE.

(2) THE AUDIT COMMITTEE FINANCIAL EXPERTS ARE FRED R. MILLSAPS AND FRANK A. OLSON, WHO ARE "INDEPENDENT" AS DEFINED UNDER THE RELEVANT SECURITIES AND EXCHANGE COMMISSION RULES AND RELEASES.

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The board of trustees of the Trust has delegated the authority to vote proxies related to the portfolio securities held by the Fund to the Fund's manager, Templeton Asset Management, Ltd., in accordance with the Proxy Voting Policies and Procedures (Policies) adopted by the manager.

The manager has delegated its administrative duties with respect to the voting of proxies to the Proxy Group within Franklin Templeton Companies, LLC (Proxy

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Group), an affiliate and wholly owned subsidiary of Franklin Resources, Inc. All proxies received by the Proxy Group will be voted based upon the manager's instructions and/or policies.

To assist it in analyzing proxies, the manager subscribes to Institutional Shareholder Services (ISS), an unaffiliated third party corporate governance research service that provides in-depth analyses of shareholder meeting agendas, vote recommendations, recordkeeping and vote disclosure services. Although ISS' analyses are thoroughly reviewed and considered in making a final voting decision, the manager does not consider recommendations from ISS or any other third party to be determinative of the manager's ultimate decision. The manager votes proxies solely in the interests of the Fund and its shareholders. As a matter of policy, the officers, directors and employees of the Fund, the manager and the Proxy Group will not be influenced by outside sources whose interests conflict with the interests of the Fund and its shareholders. All conflicts are resolved in the interests of the manager's clients. In situations where the manager perceives a material conflict of interest, the manager may: disclose the conflict to the Fund's board of trustees; defer to the voting recommendation of the Fund's board of trustees, ISS or those of another independent third party provider of proxy services; or take such other action in good faith (in consultation with counsel) which would protect the interests of the Fund and its shareholders.

The recommendation of management on any issue is a factor which the manager considers in determining how proxies should be voted, but is not determinative of the manager's ultimate decision. As a matter of practice, the votes with respect to most issues are cast in accordance with the position of the company's management. Each issue, however, is considered on its own merits, and the manager will not support the position of the company's management in any situation where it deems that the ratification of management's position would adversely affect the investment merits of owning that company's shares.

**MANAGER'S PROXY VOTING POLICIES AND PRINCIPLES** The manager has adopted general proxy voting guidelines, which are summarized below. These guidelines are not an exhaustive list of all the issues that may arise and the manager cannot anticipate all future situations. In all cases, each proxy will be considered based on the relevant facts and circumstances.

**BOARD OF DIRECTOR.** The manager supports an independent board of directors, and prefers that key committees such as audit, nominating, and compensation committees be comprised of independent directors. The manager will generally vote against management efforts to classify a board and will generally support proposals to declassify the board of directors. The manager may withhold votes from directors who have attended less than 75% of meetings without a valid reason. While generally in favor of separating Chairman and CEO positions, the manager will review this issue as well as proposals to restore or provide for cumulative voting on a case-by-case basis taking into consideration factors such as the company's corporate governance guidelines or provisions and performance.

**MANAGEMENT & DIRECTOR COMPENSATION.** A company's equity-based compensation plan should be in alignment with its shareholders' long-term interests. The manager evaluates plans on a case-by-case basis by considering several factors to determine whether the plan is fair and reasonable, including the ISS quantitative model utilized to assess such plans. The manager will generally oppose plans that have the potential to be excessively dilutive, and will almost always oppose plans that are structured to allow the repricing of underwater options, or plans that have an automatic share replenishment "evergreen" feature. The manager will generally support employee stock option plans in which the purchase price is at least 85% of fair market value, and when potential dilution is 10% or less.

Severance compensation arrangements will be reviewed on a case-by-case basis,

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although the manager will generally oppose "golden parachutes" that are considered to be excessive. The manager will normally support proposals that require a percentage of directors' compensation to be in the form of common stock, as they align their interests with those of shareholders. The manager will review on a case-by-case basis any shareholder proposals to adopt policies on expensing stock option plans.

ANTI-TAKEOVER MECHANISMS AND RELATED ISSUES. The manager generally opposes anti-takeover measures since they tend to reduce shareholder rights. On occasion, the manager may vote with management when the research analyst has concluded that the proposal is not onerous and would not harm the Fund or its shareholders' interests. The manager generally supports proposals that require shareholder rights' plans ("poison pills") to be subject to a shareholder vote and will closely evaluate such plans on a case-by-case basis to determine whether or not they warrant support. The manager will generally vote against any proposal to issue stock that has unequal or subordinate voting rights. The manager generally opposes any supermajority voting requirements as well as the payment of "greenmail." The manager generally supports "fair price" provisions and confidential voting.

CHANGES TO CAPITAL STRUCTURE. The manager will review, on a case-by-case basis, proposals by companies to increase authorized shares and the purpose for the increase and proposals seeking preemptive rights. The manager will generally not vote in favor of dual-class capital structures to increase the number of authorized shares where that class of stock would have superior voting rights. The manager will generally vote in favor of the issuance of preferred stock in cases where the company specifies the voting, dividend, conversion and other rights of such stock and the terms of the preferred stock issuance are deemed reasonable.

MERGERS AND CORPORATE RESTRUCTURING. Mergers and acquisitions will be subject to careful review by the research analyst to determine whether each will be beneficial to shareholders. The manager will analyze various economic and strategic factors in making the final decision on a merger or acquisition. Corporate restructuring and reincorporation proposals are also subject to a thorough examination on a case-by-case basis.

SOCIAL AND CORPORATE POLICY ISSUES. The manager will generally give management discretion with regard to social, environmental and ethical issues, although the manager may vote in favor of those that are believed to have significant economic benefits or implications for the Fund and its shareholders.

GLOBAL CORPORATE GOVERNANCE. Many of the tenets discussed above are applied to proxy voting decisions for international companies. However, the manager must be more flexible in these instances and must be mindful of the varied market practices of each region.

The manager will attempt to process every vote it receives for all domestic and foreign proxies. However, there may be situations in which the manager cannot process proxies, for example, where a meeting notice was received too late, or sell orders preclude the ability to vote. The manager may abstain from voting under certain circumstances or vote against items such as "Other Business" when the manager is not given adequate information from the company.

Shareholders may view the complete Policies on-line at [www.franklintempleton.com](http://www.franklintempleton.com). Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at 1-954/847-2268 or by sending a written request to: Franklin Templeton Companies, LLC, 500 East Broward Boulevard, Suite 1500, Fort Lauderdale, FL 33394, Attention: Proxy Group. Copies of the Fund's proxy voting records will also be made available on-line at [www.franklintempleton.com](http://www.franklintempleton.com) and posted on the SEC website at [www.sec.gov](http://www.sec.gov) no later than August 31, 2004 and will reflect the twelve-month

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period beginning July 1, 2003, and ending June 30, 2004

### ITEM 9. 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 Shareholder Report on Form N-CSR, 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 Shareholder Report on Form N-CSR.

### ITEM 10. EXHIBITS

(A) CODE OF ETHICS FOR PRINCIPAL EXECUTIVE AND SENIOR FINANCIAL OFFICERS.

(B) (1) CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002 OF JIMMY D. GAMBILL, CHIEF EXECUTIVE OFFICER - FINANCE AND ADMINISTRATION, AND BRUCE S. ROSENBERG, CHIEF FINANCIAL OFFICER

(B) (2) CERTIFICATIONS PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 OF JIMMY D. GAMBILL, CHIEF EXECUTIVE OFFICER - FINANCE AND ADMINISTRATION, AND BRUCE S. ROSENBERG, CHIEF FINANCIAL OFFICER

### SIGNATURES

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

TEMPLETON EMERGING MARKETS FUND

By /s/JIMMY D. GAMBILL  
Chief Executive Officer - Finance and Administration  
Date October 31, 2003

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.

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By /s/JIMMY D. GAMBILL  
Chief Executive Officer - Finance and Administration  
Date October 31, 2003

By /s/BRUCE S. ROSENBERG  
Chief Financial Officer  
Date October 31, 2003