

FRANKLIN TEMPLETON LTD DURATION INCOME TRUST

Form N-Q

August 28, 2009

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21357  
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FRANKLIN TEMPLETON LIMITED DURATION INCOME TRUST

-----  
(Exact name of registrant as specified in charter)

ONE FRANKLIN PARKWAY, SAN MATEO, CA 94403-1906

-----  
(Address of principal executive offices) (Zip code)

CRAIG S. TYLE, ONE FRANKLIN PARKWAY, SAN MATEO, CA 94403-1906

-----  
(Name and address of agent for service)

Registrant's telephone number, including area code: (650) 312-2000  
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Date of fiscal year end: 03/31  
-----

Date of reporting period: 6/30/09  
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ITEM 1. SCHEDULE OF INVESTMENTS.

Franklin Templeton  
Limited Duration Income Trust

QUARTERLY STATEMENT OF INVESTMENTS  
JUNE 30, 2009

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(FRANKLIN TEMPLETON INVESTMENTS(R) LOGO)

FRANKLIN - Templeton - Mutual Series

Quarterly Statement of Investments | 1

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Franklin Templeton  
 Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2009 (UNAUDITED)

	COUNTRY
	-----
PREFERRED STOCKS (COST \$237,850) 0.1%	
DIVERSIFIED FINANCIALS 0.1%	
(a) Preferred Blocker Inc., 9.00%, pfd., 144A .....	United States
CORPORATE BONDS 58.6%	
AUTOMOBILES & COMPONENTS 1.2%	
Ford Motor Credit Co. LLC, senior note,	
9.75%, 9/15/10 .....	United States
9.875%, 8/10/11 .....	United States
CAPITAL GOODS 1.9%	
(a) Allison Transmission Inc., senior note, 144A, 11.00%, 11/01/15 .....	United States
Case New Holland Inc., senior note, 7.125%, 3/01/14 .....	United States
RBS Global & Rexnord Corp., senior note, 9.50%, 8/01/14 .....	United States
RSC Equipment Rental Inc., senior note, 9.50%, 12/01/14 .....	United States
COMMERCIAL & PROFESSIONAL SERVICES 1.3%	
(c) ARAMARK Corp., senior note, FRN, 4.528%, 2/01/15 .....	United States
JohnsonDiversey Holdings Inc., senior disc. note, 10.67%, 5/15/13 ....	United States
CONSUMER DURABLES & APPAREL 1.7%	
Jarden Corp., senior sub. note, 7.50%, 5/01/17 .....	United States
Jostens IH Corp., senior sub. note, 7.625%, 10/01/12 .....	United States
KB Home, senior note, 6.375%, 8/15/11 .....	United States
CONSUMER SERVICES 4.3%	
(a) Harrah's Operating Escrow, senior secured note, 144A, 11.25%,	
6/01/17 .....	United States
Host Hotels & Resorts LP, senior note, K, 7.125%, 11/01/13 .....	United States
MGM MIRAGE, senior note, 6.75%, 4/01/13 .....	United States
Pinnacle Entertainment Inc., senior sub. note, 8.75%, 10/01/13 .....	United States
Royal Caribbean Cruises Ltd., senior note, 8.00%, 5/15/10 .....	United States
Starwood Hotels & Resorts Worldwide Inc., senior note, 6.75%,	
5/15/18 .....	United States

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DIVERSIFIED FINANCIALS 4.3%		
American Express Credit Corp., senior note, C, 7.30%, 8/20/13 .....		United States
(c) General Electric Capital Corp., FRN, 1.163%, 4/28/11 .....		United States
(a) GMAC LLC, senior note, 144A,		
7.25%, 3/02/11 .....		United States
6.875%, 8/28/12 .....		United States
The Goldman Sachs Group Inc., senior note, 6.00%, 5/01/14 .....		United States
JPMorgan Chase & Co., sub. note, 5.75%, 1/02/13 .....		United States

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Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2009 (UNAUDITED) (CONTINUED)

	COUNTRY
	-----
CORPORATE BONDS (CONTINUED)	
DIVERSIFIED FINANCIALS (CONTINUED)	
(d) Lehman Brothers Holdings Inc., senior note, 6.20%, 9/26/14 .....	United States
Merrill Lynch & Co. Inc., 5.45%, 2/05/13 .....	United States
Morgan Stanley, senior note, 6.00%, 5/13/14 .....	United States
ENERGY 8.1%	
Berry Petroleum Co., senior note, 10.25%, 6/01/14 .....	United States
(e) Bill Barrett Corp., senior note, 9.875%, 7/17/16 .....	United States
Chesapeake Energy Corp., senior note, 7.50%, 6/15/14 .....	United States
Compagnie Generale de Geophysique-Veritas, senior note, 7.50%, 5/15/15 .....	France
El Paso Corp., senior note, 12.00%, 12/12/13 .....	United States
Mariner Energy Inc., senior note, 7.50%, 4/15/13 .....	United States
(a) Markwest Energy Partners LP, senior note, 144A, 6.875%, 11/01/14 .....	United States
Peabody Energy Corp., senior note, B, 6.875%, 3/15/13 .....	United States
(a) Petrohawk Energy Corp., senior note, 144A, 10.50%, 8/01/14 .....	United States
(a) Petroplus Finance Ltd., senior note, 144A, 6.75%, 5/01/14 .....	Switzerland
Plains Exploration & Production Co., senior note, 10.00%, 3/01/16 .....	United States
(a) SandRidge Energy Inc., senior note, 144A, 8.00%, 6/01/18 .....	United States
Tesoro Corp., senior note, 6.625%, 11/01/15 .....	United States
The Williams Co. Inc., 8.125%, 3/15/12 .....	United States
FOOD & STAPLES RETAILING 1.0%	
(a) Rite Aid Corp., senior secured note, 144A, 9.75%, 6/12/16 .....	United States
SUPERVALU Inc., senior note, 8.00%, 5/01/16 .....	United States
FOOD, BEVERAGE & TOBACCO 3.7%	
Altria Group Inc., 7.75%, 2/06/14 .....	United States
(a) Anheuser-Busch InBev NV, senior note, 144A, 7.20%, 1/15/14 .....	United States

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(a) BAT International Finance PLC, 144A, 8.125%, 11/15/13 .....	United Kingdom
Dean Foods Inc., senior note, 7.00%, 6/01/16 .....	United States
(a) Dole Food Co. Inc, senior note, 144A, 13.875%, 3/15/14 .....	United States
(a) JBS USA LLC, senior note, 144A, 11.625%, 5/01/14 .....	United States
(a) Tyson Foods Inc., senior note, 144A, 10.50%, 3/01/14 .....	United States
HEALTH CARE EQUIPMENT & SERVICES 5.6%	
Coventry Health Care Inc., senior note, 5.875%, 1/15/12 .....	United States
DaVita Inc.,	
senior note, 6.625%, 3/15/13 .....	United States
senior sub. note, 7.25%, 3/15/15 .....	United States
FMC Finance III SA, senior note, 6.875%, 7/15/17 .....	Germany
(a) Fresenius US Finance II, senior note, 144A, 9.00%, 7/15/15 .....	Germany
HCA Inc., senior secured note, 9.125%, 11/15/14 .....	United States

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Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2009 (UNAUDITED) (CONTINUED)

	COUNTRY
	-----
CORPORATE BONDS (CONTINUED)	
HEALTH CARE EQUIPMENT & SERVICES (CONTINUED)	
(a) Tenet Healthcare Corp., senior note, 144A,	
9.00%, 05/01/15 .....	United States
10.00%, 5/01/18 .....	United States
(f) United Surgical Partners International Inc., senior sub. note, PIK,	
9.25%, 5/01/17 .....	United States
(c, f) US Oncology Holdings Inc., senior note, PIK, FRN, 6.904%, 3/15/12 ....	United States
Vanguard Health Holding Co. II LLC, senior sub. note, 9.00%,	
10/01/14 .....	United States
INSURANCE 0.6%	
(a) Metropolitan Life Global Funding I, senior secured note, 144A, 5.125%,	
4/10/13 .....	United States
MATERIALS 5.9%	
(a) Anglo American Capital PLC, senior note, 144A, 9.375%, 4/08/14 .....	United Kingdom
ArcelorMittal, senior note, 9.00%, 2/15/15 .....	Luxembourg
(a) Clearwater Paper Corp., senior note, 144A, 10.625%, 6/15/16 .....	United States
Crown Americas Inc., senior note, 7.625%, 11/15/13 .....	United States
(c) Freeport-McMoRan Copper & Gold Inc., senior note, FRN, 4.995%,	
4/01/15 .....	United States
Huntsman International LLC, senior sub. note, 7.875%, 11/15/14 .....	United States
(a) Ineos Group Holdings PLC, senior secured note, 144A, 8.50%, 2/15/16...	United Kingdom
(a) MacDermid Inc., senior sub. note, 144A, 9.50%, 4/15/17 .....	United States
Nalco Co., senior sub. note, 8.875%, 11/15/13 .....	United States
(a) Owens-Brockway Glass Container Inc., senior note, 144A, 7.375%,	

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5/15/16 .....	United States
Solo Cup Co.,	
(a, e) senior secured note, 144A, 10.50%, 11/01/13 .....	United States
senior sub. note, 8.50%, 2/15/14 .....	United States
(a) Teck Resources Ltd., senior secured note, 144A, 9.75%, 5/15/14 .....	Canada
MEDIA 6.4%	
(d) CanWest Media Inc., senior sub. note, 8.00%, 9/15/12 .....	Canada
(d, g) CCH II LLC, senior note, 10.25%, 9/15/10 .....	United States
(a) CSC Holdings Inc., senior note, 144A, 8.50%, 4/15/14 .....	United States
(d, g) Dex Media West Finance, senior sub. note, 9.875%, 8/15/13 .....	United States
DIRECTV Holdings LLC, senior note, 8.375%, 3/15/13 .....	United States
EchoStar DBS Corp., senior note, 6.375%, 10/01/11 .....	United States
Lamar Media Corp., senior sub. note,	
7.25%, 1/01/13 .....	United States
C, 6.625%, 8/15/15 .....	United States
LIN Television Corp., senior sub. note, 6.50%, 5/15/13 .....	United States
Quebecor Media Inc., senior note, 7.75%, 3/15/16 .....	Canada
Radio One Inc., senior sub. note, B, 8.875%, 7/01/11 .....	United States
(a) UPC Holding BV, senior note, 144A, 9.875%, 4/15/18 .....	Netherlands
(a) WMG Acquisition Corp., senior secured note, 144A, 9.50%, 6/15/16 .....	United States

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Franklin Templeton  
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STATEMENT OF INVESTMENTS, JUNE 30, 2009 (UNAUDITED) (CONTINUED)

	COUNTRY
	-----
CORPORATE BONDS (CONTINUED)	
REAL ESTATE 0.8%	
Forest City Enterprises Inc., senior note, 7.625%, 6/01/15 .....	United States
Simon Property Group LP, senior note, 6.75%, 5/15/14 .....	United States
RETAILING 0.5%	
Michaels Stores Inc., senior note, 10.00%, 11/01/14 .....	United States
SOFTWARE & SERVICES 0.9%	
SunGard Data Systems Inc., senior note, 9.125%, 8/15/13 .....	United States
TECHNOLOGY HARDWARE & EQUIPMENT 1.0%	
(d) Nortel Networks Ltd., senior note, 10.75%, 7/15/16 .....	Canada
Sanmina-SCI Corp.,	
(a, c) senior note, 144A, FRN, 3.379%, 6/15/14 .....	United States
senior sub. note, 6.75%, 3/01/13 .....	United States
Xerox Corp., senior note, 8.25%, 5/15/14 .....	United States

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TELECOMMUNICATION SERVICES 4.9%		
(a) CC Holdings GS V LLC, senior secured note, 144A, 7.75%, 5/01/17 .....		United States
Crown Castle International Corp., senior note, 9.00%, 1/15/15 .....		United States
(a) Digicel Group Ltd., senior note, 144A, 8.875%, 1/15/15 .....		Jamaica
Intelsat Subsidiary Holding Co. Ltd., senior note,		
8.50%, 1/15/13 .....		Bermuda
8.875%, 1/15/15 .....		Bermuda
MetroPCS Wireless Inc., senior note, 9.25%, 11/01/14 .....		United States
Millicom International Cellular SA, senior note, 10.00%, 12/01/13 ....		Luxembourg
Qwest Communications International Inc., senior note, B, 7.50%,		
2/15/14 .....		United States
(a) Qwest Corp., senior note, 144A, 8.375%, 5/01/16 .....		United States
(a) Wind Acquisition Finance SA, senior note, 144A, 10.75%, 12/01/15 .....		Italy
UTILITIES 4.5%		
Ameren Corp., senior note, 8.875%, 5/15/14 .....		United States
Duke Energy Corp., senior note, 6.30%, 2/01/14 .....		United States
Dynegy Holdings Inc., senior note, 7.50%, 6/01/15 .....		United States
Mirant North America LLC, senior note, 7.375%, 12/31/13 .....		United States
NRG Energy Inc., senior note, 7.25%, 2/01/14 .....		United States
PG&E Corp., senior note, 5.75%, 4/01/14 .....		United States
Texas Competitive Electric Holdings Co. LLC, senior note, A, 10.25%,		
11/01/15 .....		United States
TOTAL CORPORATE BONDS (COST \$197,565,792) .....		
MORTGAGE-BACKED SECURITIES 29.4%		
(c) FEDERAL HOME LOAN MORTGAGE CORP. (FHLMC) ADJUSTABLE RATE 0.3%		
FHLMC, 4.202%, 5/01/34 .....		United States

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Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2009 (UNAUDITED) (CONTINUED)

	COUNTRY
	-----
MORTGAGE-BACKED SECURITIES (CONTINUED)	
FEDERAL HOME LOAN MORTGAGE CORP. (FHLMC) FIXED RATE 13.9%	
FHLMC Gold 15 Year, 4.50%, 6/01/23 .....	United States
FHLMC Gold 15 Year, 5.00%, 5/01/23 - 4/01/24 .....	United States
FHLMC Gold 15 Year, 5.50%, 7/01/19 .....	United States
FHLMC Gold 15 Year, 6.00%, 7/01/23 .....	United States
(e) FHLMC Gold 30 Year, 5.00%, 7/01/39 .....	United States
FHLMC Gold 30 Year, 5.50%, 1/01/38 - 6/01/38 .....	United States

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(e) FHLMC Gold 30 Year, 5.50%, 7/01/39 .....	United States
FHLMC Gold 30 Year, 6.00%, 7/01/28 - 11/01/33 .....	United States
(e) FHLMC Gold 30 Year, 6.00%, 7/01/39 .....	United States
(e) FHLMC Gold 30 Year, 6.50%, 7/01/39 .....	United States
FHLMC Gold 30 Year, 7.00%, 9/01/27 .....	United States
FHLMC Gold 30 Year, 8.00%, 1/01/31 .....	United States
FHLMC Gold 30 Year, 8.50%, 7/01/31 .....	United States
(c) FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) ADJUSTABLE RATE 0.5%	
FNMA, 3.473%, 7/01/34 .....	United States
FNMA, 5.911%, 6/01/32 .....	United States
FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) FIXED RATE 11.9%	
FNMA 15 Year, 5.00%, 6/01/23 .....	United States
FNMA 15 Year, 5.50%, 7/01/20 - 9/01/22 .....	United States
FNMA 15 Year, 6.00%, 10/01/23 .....	United States
FNMA 15 Year, 6.50%, 7/01/20 .....	United States
FNMA 15 Year, 7.00%, 9/01/18 .....	United States
(e) FNMA 30 Year, 4.50%, 7/01/39 .....	United States
FNMA 30 Year, 5.00%, 5/01/37 .....	United States
(e) FNMA 30 Year, 5.00%, 7/01/39 .....	United States
(e) FNMA 30 Year, 5.50%, 7/01/39 .....	United States
FNMA 30 Year, 6.00%, 4/01/33 .....	United States
(e) FNMA 30 Year, 6.00%, 7/01/39 .....	United States
FNMA 30 Year, 6.50%, 8/01/32 .....	United States
(e) FNMA 30 Year, 6.50%, 7/01/39 .....	United States
FNMA 30 Year, 8.00%, 10/01/29 .....	United States
FNMA 30 Year, 8.50%, 8/01/26 .....	United States
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA) FIXED RATE 2.8%	
(e) GNMA I SF 30 Year, 5.50%, 7/01/39 .....	United States
GNMA I SF 30 Year, 6.50%, 6/15/31 - 12/15/33 .....	United States
GNMA II SF 30 Year, 7.00%, 1/20/24 - 1/20/29 .....	United States
GNMA II SF 30 Year, 8.00%, 1/20/28 - 2/20/32 .....	United States
TOTAL MORTGAGE-BACKED SECURITIES (COST \$90,898,846) .....	

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Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2009 (UNAUDITED) (CONTINUED)

COUNTRY

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ASSET-BACKED SECURITIES AND COMMERCIAL MORTGAGE-BACKED SECURITIES 8.2%	
BANKS 5.2%	
Banc of America Commercial Mortgage Inc., 2005-3, A2, 4.501%, 7/10/43 .....	United States
(c) Citigroup/Deutsche Bank Commercial Mortgage Trust, 2005-CD1, A3, FRN, 5.225%, 7/15/44 .....	United States
A4, FRN, 5.225%, 7/15/44 .....	United States
Greenwich Capital Commercial Funding Corp., 2004-GG1, A7, 5.317%, 6/10/36 .....	United States
2005-GG5, A5, 5.224%, 4/10/37 .....	United States
GS Mortgage Securities Corp. II, 2003-C1, A3, 4.608%, 1/10/40 .....	United States
LB-UBS Commercial Mortgage Trust, (c) 2002-C2, A4, FRN, 5.594%, 6/15/31 .....	United States
2005-C1, A2, 4.31%, 2/15/30 .....	United States
2006-C1, A4, 5.156%, 2/15/31 .....	United States
(c) Merrill Lynch Mortgage Investors Trust, 2003-OPT1, B2, FRN, 3.064%, 7/25/34 .....	United States
(c) Morgan Stanley ABS Capital I Inc. Trust, 2003-HE3, B1, FRN, 3.614%, 10/25/33 .....	United States
2003-NC10, B1, FRN, 5.264%, 10/25/33 .....	United States
DIVERSIFIED FINANCIALS 3.0%	
(c) Advanta Business Card Master Trust, 2007-A4, A4, FRN, 0.345%, 4/22/13 .....	United States
(c) Argent Securities Inc., 2003-W5, M4, FRN, 4.064%, 10/25/33 .....	United States
(c) Chase Funding Mortgage Loan Asset-Backed Certificates, 2004-2, 2A2, FRN, 0.564%, 2/25/35 .....	United States
(c) Chase Issuance Trust, 2005-A9, A9, FRN, 0.339%, 11/15/11 .....	United States
Citigroup Commercial Mortgage Trust, (c) 2007-C6, AM, FRN, 5.699%, 6/10/17 .....	United States
2008-C7, A4, 6.095%, 12/10/49 .....	United States
(c) GSAMP Trust, 2003-AHL, B1, FRN, 4.314%, 10/25/33 .....	United States
JPMorgan Chase Commercial Mortgage Securities Corp., 2005-LDP2, AM, 4.78%, 7/15/42 .....	United States
(c) 2005-LDP5, A4, FRN, 5.179%, 12/15/44 .....	United States
(c) MBNA Master Credit Card Trust II, 1997-B, A, FRN, 0.479%, 8/15/14 ....	United States
(c) Morgan Stanley Dean Witter Capital I, 2003-NC3, B1, FRN, 4.814%, 3/25/33 .....	United States
(c, h) New Century Home Equity Loan Trust, 2003-2, M3, FRN, 5.864%, 1/25/33..	United States
(c) Option One Mortgage Loan Trust, 2003-6, M5, FRN, 3.614%, 11/25/33 ....	United States
(c) Specialty Underwriting & Residential Finance, 2003-BC4, B2, FRN, 2.814%, 11/25/34 .....	United States

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Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2009 (UNAUDITED) (CONTINUED)

COUNTRY

ASSET-BACKED SECURITIES AND COMMERCIAL MORTGAGE-BACKED



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SECURITIES (CONTINUED)	
DIVERSIFIED FINANCIALS (CONTINUED)	
(c) Structured Asset Investment Loan Trust,	
2003-BC2, M3, FRN, 5.189%, 4/25/33 .....	United States
2003-BC13, M4, FRN, 4.439%, 11/25/33 .....	United States
TOTAL ASSET-BACKED SECURITIES AND COMMERCIAL	
MORTGAGE-BACKED SECURITIES (COST \$31,830,828) .....	
(c) SENIOR FLOATING RATE INTERESTS 47.9%	
AUTOMOBILES & COMPONENTS 1.0%	
Federal-Mogul Corp., Term Loan B, 2.248% - 2.258%, 12/27/14 .....	United States
United Components Inc., Term Loan D, 3.21%, 6/29/12 .....	United States
CAPITAL GOODS 4.8%	
Baldor Electric Co., Term Loan B, 5.25%, 1/31/14 .....	United States
BE Aerospace Inc., Term Loan B, 5.75%, 7/28/14 .....	United States
Goodman Global Holdings Co. Inc., Term Loan B, 6.50%, 2/13/14 .....	United States
Itron Inc., Dollar Term Loan, 3.81%, 4/18/14 .....	United States
Manitowoc Co. Inc., Term Loan B, 6.50%, 11/06/14 .....	United States
Oshkosh Truck Corp.,	
Term Loan A, 8.25%, 12/06/11 .....	United States
Term Loan B, 6.64% - 8.25%, 12/06/13 .....	United States
RBS Global Inc. (Rexnord),	
Incremental Tranche B-2, 2.313%, 7/22/13 .....	United States
Term Loan, 2.875% - 3.625%, 7/22/13 .....	United States
Spirit Aerosystems Inc. (Onex Wind Finance LP), Term B-1 Loan, 2.89%, 12/31/11 .....	United States
TriMas Co. LLC,	
Term Loan B, 2.558% - 3.323%, 8/02/13 .....	United States
Tranche B-1 L/C, 2.62%, 8/02/11 .....	United States
URS Corp., Term Loan B, 2.56% - 3.427%, 5/15/13 .....	United States
COMMERCIAL & PROFESSIONAL SERVICES 2.6%	
ARAMARK Corp.,	
Synthetic L/C, 2.336%, 1/26/14 .....	United States
Term Loan B, 2.473%, 1/26/14 .....	United States
JohnsonDiversey Inc.,	
Delay Draw, 3.016%, 12/16/10 .....	United States
Term Loan B, 3.016%, 12/16/11 .....	United States
Nielsen Finance LLC (VNU Inc.), Class A Term Loan, 2.321%, 8/09/13 ...	United States
West Corp., Term Loan B-2, 2.683% - 2.693%, 10/24/13 .....	United States

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Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2009 (UNAUDITED) (CONTINUED)

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	COUNTRY
	-----
(c) SENIOR FLOATING RATE INTERESTS (CONTINUED)	
CONSUMER DURABLES & APPAREL 1.2%	
Jarden Corp., Term Loan B2, 2.348%, 1/24/12 .....	United States
Jostens IH Corp. (Visant Holding Corp.), Term Loan C, 2.637%, 12/21/11 .....	United States
CONSUMER SERVICES 4.7%	
Affinion Group Inc., Term Loan B, 2.81%, 10/17/12 .....	United States
Education Management LLC, Term Loan C, 2.375%, 6/01/13 .....	United States
Laureate Education Inc., Closing Date Term Loan, 4.342%, 8/18/14 .....	United States
Delayed Draw Term Loan, 4.342%, 8/18/14 .....	United States
Penn National Gaming Inc., Term Loan B, 2.06% - 2.72%, 10/03/12 .....	United States
VML U.S. Finance LLC (Venetian Macau), Delayed Draw, 2.85%, 5/25/12 .....	Macau
New Project Term Loans, 2.85%, 5/25/13 .....	Macau
Term Loan B, 2.85%, 5/25/13 .....	Macau
ENERGY 0.4%	
Dresser Inc., Term Loan B, 3.104%, 5/04/14 .....	United States
FOOD & STAPLES RETAILING 0.2%	
Rite Aid Corp., Tranche 4 Term Loan, 9.50%, 6/10/15 .....	United States
FOOD, BEVERAGE & TOBACCO 0.8%	
Dean Foods Co., Term Loan B, 1.685% - 1.975%, 4/02/14 .....	United States
Wm. Wrigley Jr. Co., Term Loan B, 6.50%, 10/06/14 .....	United States
HEALTH CARE EQUIPMENT & SERVICES 6.4%	
Bausch and Lomb Inc., Delayed Draw Term Loan, 3.25% - 3.848%, 4/28/15 .....	United States
Parent Term Loan, 3.848%, 4/28/15 .....	United States
Community Health Systems Inc., Delayed Draw Term Loan, 2.56%, 7/25/14 .....	United States
Term Loan, 2.56% - 2.924%, 7/25/14 .....	United States
DaVita Inc., Term Loan B-1, 1.81% - 2.71%, 10/05/12 .....	United States
DJO Finance LLC, Term Loan B, 3.31% - 3.598%, 5/20/14 .....	United States
Fresenius Medical Care Holdings Inc., Term Loan B, 1.973% - 2.514%, 3/31/13 .....	Germany
Fresenius SE (APP), Term Loan B2, 6.75%, 9/10/14 .....	Germany
Fresenius SE (New Fincol), Term Loan B, 6.75%, 9/10/14 .....	Germany
HCA Inc., Term Loan B-1, 2.848%, 11/18/13 .....	United States
Iasis Healthcare LLC, Delayed Draw Term Loan, 2.31%, 3/14/14 .....	United States
Initial Term Loan, 2.31%, 3/14/14 .....	United States
Synthetic L/C, 4.54%, 3/14/14 .....	United States

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Franklin Templeton  
 Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2009 (UNAUDITED) (CONTINUED)

	COUNTRY -----
 (c) SENIOR FLOATING RATE INTERESTS (CONTINUED)	
HEALTH CARE EQUIPMENT & SERVICES (CONTINUED)	
LifePoint Hospitals Inc., Term Loan B, 2.295%, 4/15/12 .....	United States
Psychiatric Solutions Inc., Term Loan, 2.058% - 2.068%, 7/01/12 .....	United States
Team Finance LLC, Term Loan B, 2.608% - 2.716%, 11/23/12 .....	United States
Vanguard Health Holding Co. II LLC, Replacement Term Loan, 2.56%, 9/23/11 .....	United States
 INSURANCE 0.5%	
Conseco Inc., Term Loan, 6.50%, 10/10/13 .....	United States
 MATERIALS 7.0%	
Anchor Glass Container Corp., Term Loan, 6.75%, 6/20/14 .....	United States
Ashland Inc., Term Loan B, 7.65%, 5/13/14 .....	United States
Celanese U.S. Holdings LLC, Dollar Term Loan, 2.942%, 4/02/14 .....	United States
Domtar Corp., Term Loan, 1.696%, 3/07/14 .....	United States
Georgia-Pacific LLC, Additional Term Loan, 2.31% - 2.323%, 12/20/12 .....	United States
Term Loan B, 2.31% - 2.65%, 12/20/12 .....	United States
Hexion Specialty Chemicals BV, Term Loan C-2, 2.875%, 5/03/13 .....	Netherlands
Hexion Specialty Chemicals Inc., Term Loan C-1, 3.50%, 5/03/13 .....	United States
Huntsman International LLC, Term Loan B, 2.058%, 4/21/14 .....	United States
Nalco Co., Term Loan B, 6.50%, 5/13/16 .....	United States
NewPage Corp., Term Loan, 4.063%, 12/22/14 .....	United States
Oxbow Carbon LLC, Delayed Draw Term Loan, 2.31%, 5/08/14 .....	United States
Term Loan B, 2.31% - 2.598%, 5/08/14 .....	United States
Rockwood Specialties Group Inc., Term Loan H, 6.00%, 5/15/14 .....	United States
Univar Inc., Opco Tranche B Term Loan, 3.31%, 10/10/14 .....	United States
 MEDIA 7.8%	
CSC Holdings Inc., Incremental Term Loan B-2, 2.069%, 3/29/13 .....	United States
Dex Media West LLC, Term Loan B, 7.00%, 10/24/14 .....	United States
Discovery Communications Inc., Term Loan C, 5.25%, 5/14/14 .....	United States
Entravision Communications Corp., Term Loan B, 6.46%, 3/29/13 .....	United States
Gray Television Inc., Term Loan B, 3.82%, 12/31/14 .....	United States
Insight Midwest Holdings, Term Loan B, 2.32%, 4/02/14 .....	United States
MCC Iowa, Term Loan E, 6.50%, 1/03/16 .....	United States
Tranche D-1 Term Loan, 2.05%, 1/31/15 .....	United States
Tranche D-2 Term Loan, 2.05%, 1/31/15 .....	United States
Mission Broadcasting Inc., Term Loan B, 2.348%, 10/01/12 .....	United States
Newsday LLC, Floating Rate Term Loan, 6.631%, 8/01/13 .....	United States
Nexstar Broadcasting Inc., Term Loan B, 2.789%, 10/01/12 .....	United States
Regal Cinemas Corp., Term Loan, 4.348%, 10/27/13 .....	United States

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Quarterly Statement of Investments | 11

Franklin Templeton  
 Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2009 (UNAUDITED) (CONTINUED)

	COUNTRY
	-----
(c) SENIOR FLOATING RATE INTERESTS (CONTINUED)	
MEDIA (CONTINUED)	
(d) Tribune Co.,	
Term Loan B, 5.25%, 5/16/14 .....	United States
Term Loan X, 5.00%, 2/20/49 .....	United States
Tribune Receivables LLC, Term Loan (DIP), 9.00%, 4/10/10 .....	United States
Univision Communications Inc., Initial Term Loan, 2.56%, 9/29/14 .....	United States
UPC Financing Partnership,	
Term Loan N, 2.065%, 12/31/14 .....	Netherlands
Term Loan T, 3.815%, 12/31/16 .....	Netherlands
PHARMACEUTICALS, BIOTECHNOLOGY & LIFE SCIENCES 0.9%	
Life Technologies Corp., Term Loan B, 5.25%, 11/21/15 .....	United States
Mylan Inc., Term Loan B, 3.563% - 3.875%, 10/02/14 .....	United States
REAL ESTATE 0.2%	
CB Richard Ellis Services Inc., Term Loan B, 6.00 - 6.25%, 12/20/13 ..	United States
RETAILING 0.3%	
Dollar General Corp., Tranche B-1 Term Loan, 3.06% - 3.789%, 7/07/14 .....	United States
SOFTWARE & SERVICES 3.7%	
Affiliated Computer Services Inc.,	
Additional Term Loan, 2.31% - 2.321%, 3/20/13 .....	United States
Term Loan B, 2.308%, 3/20/13 .....	United States
Emdeon Business Services LLC, First Lien Term Loan, 2.31% - 2.598%, 11/16/13 .....	United States
First Data Corp., Term Loan B-2, 3.06% - 3.065%, 9/24/14 .....	United States
Metavante Corp., Term Loan B, 2.778%, 11/01/14 .....	United States
Rovi Corp., Term Loan B, 6.00%, 5/02/13 .....	United States
SunGard Data Systems Inc.,	
New U.S. Term Loan, 2.071% - 2.724%, 2/28/14 .....	United States
Tranche B U.S. TL, 3.951% - 4.604%, 2/28/16 .....	United States
TECHNOLOGY HARDWARE & EQUIPMENT 1.2%	
CommScope Inc., Term Loan B, 3.098%, 12/26/14 .....	United States
Flextronics International USA Inc.,	
Term Loan A, 2.568% - 3.458%, 10/01/14 .....	United States

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Term Loan A-1, 3.381%, 10/01/14 .....	United States
Sensus Metering Systems Inc., Term Loan B1, 2.613% - 2.716%, 12/17/10 .....	United States

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Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2009 (UNAUDITED) (CONTINUED)

	COUNTRY
	-----
(c) SENIOR FLOATING RATE INTERESTS (CONTINUED)	
TELECOMMUNICATION SERVICES 2.5%	
GCI Holdings Inc., Add-On Term Loan, 4.56%, 8/31/12 .....	United States
Intelsat Corp. (Panamsat),	
Tranche B-2-A, 2.819%, 1/03/14 .....	United States
Tranche B-2-B, 2.819%, 1/03/14 .....	United States
Tranche B-2-C, 2.819%, 1/03/14 .....	United States
Windstream Corp., Tranche B-1, 1.82% - 2.62%, 7/17/13 .....	United States
UTILITIES 1.7%	
Dynegy Holdings Inc., Term L/C Facility, 1.81%, 4/02/13 .....	United States
NRG Energy Inc.,	
Credit Link, 0.498%, 2/01/13 .....	United States
Term Loan, 1.81% - 2.098%, 2/01/13 .....	United States
Texas Competitive Electric Holdings Co. LLC, Term Loan B-2, 3.81% - 3.821%, 10/10/14 .....	United States
TOTAL SENIOR FLOATING RATE INTERESTS (COST \$159,860,113)	
FOREIGN GOVERNMENT AND AGENCY SECURITIES 1.0%	
Government of Argentina, senior bond, amortization and cpn., 8/03/09 .....	Argentina
(c, i) FRN, 1.683%, 8/03/12 .....	Argentina
Government of Malaysia, 3.756%, 4/28/11 .....	Malaysia
TOTAL FOREIGN GOVERNMENT AND AGENCY SECURITIES (COST \$3,601,829) .....	
TOTAL INVESTMENTS BEFORE SHORT TERM INVESTMENTS (COST \$483,995,258) .....	

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SHORT TERM INVESTMENTS (COST \$3,883,074)	1.2%	
MONEY MARKET FUNDS	1.2%	
(j) Institutional Fiduciary Trust Money Market Portfolio,	0.00%	United States
TOTAL INVESTMENTS (COST \$487,878,332)	146.4%	
PREFERRED SHARES (28.7)%		
OTHER ASSETS, LESS LIABILITIES (17.7)%		
NET ASSETS APPLICABLE TO COMMON SHARES	100.0%	

Quarterly Statement of Investments | 13

Franklin Templeton  
 Limited Duration Income Trust

STATEMENT OF INVESTMENTS, JUNE 30, 2009 (UNAUDITED) (CONTINUED)

- (a) Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. These securities have been deemed liquid under guidelines approved by the Fund's Board of Trustees. At June 30, 2009, the aggregate value of these securities was \$46,667,377, representing 14.87% of net assets.
- (b) The principal amount is stated in U.S. dollars unless otherwise indicated.
- (c) The coupon rate shown represents the rate at period end.
- (d) Defaulted security or security for which income has been deemed uncollectible.
- (e) A portion or all of the security purchased on a when-issued or to-be-announced basis.
- (f) Income may be received in additional securities and/or cash.
- (g) See Note 5 regarding other considerations.
- (h) The bond pays interest and/or principal based upon the issuer's ability to pay, which may be less than the stated interest rate or principal paydown.
- (i) The principal amount is stated in original face, and scheduled paydowns are reflected in the market price on ex-date.
- (j) The Institutional Fiduciary Trust Money Market Portfolio is managed by the Fund's investment manager. The rate shown is the annualized seven-day yield at period end.

At June 30, 2009, the Fund had the following forward exchange contracts outstanding.

CONTRACT SETTLEMENT

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CURRENCY -----	COUNTERPARTY -----	TYPE ---	QUANTITY -----	AMOUNT (*) -----	DATE -----
South Korean Won .....	JPHQ	Buy	308,000,000	289,716 CHF	7/09/
South Korean Won .....	JPHQ	Sell	308,000,000	312,310 CHF	7/09/
United States Dollar .....	JPHQ	Buy	300,000	195,081 EUR	7/10/
United States Dollar .....	JPHQ	Sell	300,000	236,072 EUR	7/10/
South Korean Won .....	JPHQ	Buy	101,000,000	95,042 CHF	7/24/
South Korean Won .....	JPHQ	Sell	101,000,000	101,722 CHF	7/24/
Unrealized appreciation (depreciation) .....					
Net unrealized appreciation (depreciation) .....					

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

See Abbreviations on page 19.

See Notes to Statement of Investments.

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Franklin Templeton  
Limited Duration Income Trust

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

1. ORGANIZATION

Franklin Templeton Limited Duration Income Trust (Fund) is registered under the Investment Company Act of 1940, as amended, as a closed-end investment company.

2. SECURITY VALUATION

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

Corporate debt securities, government securities, mortgage backed securities, asset-backed securities, collateralized debt obligations and other debt securities generally trade in the over-the-counter market rather than on a securities exchange. The Fund may utilize independent pricing services, quotations from bond dealers, and information with respect to bond and note transactions, to assist in determining a current market value for each security. The Fund's pricing services may use valuation models or matrix pricing which considers information with respect to comparable bond and note transactions, quotations from bond dealers, or by reference to other securities that are considered comparable in such characteristics as rating, interest rate and maturity date, option adjusted spread models, prepayment projections, interest

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rate spreads and yield curves, to determine current value. Debt securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at the close of the NYSE on the date that the values of the foreign debt securities are determined.

Senior secured corporate loans with floating or variable interest rates generally trade in the over-the-counter market rather than on a securities exchange. The Fund may utilize independent pricing services, quotations from loan dealers and other financial institutions, and information with respect to bond and note transactions, to assist in determining a current market value for each security. The Fund's pricing services use independent market quotations from loan dealers or financial institutions and may incorporate valuation methodologies that consider multiple bond characteristics such as dealer quotes, issuer type, coupon, maturity, weighted average maturity, interest rate spreads and yield curves, cash flow and credit risk/quality analysis, to determine current value.

Quarterly Statement of Investments | 15

Franklin Templeton  
Limited Duration Income Trust

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)

### 2. SECURITY VALUATION (CONTINUED)

The Fund has procedures to determine the fair value of individual securities and other assets for which market prices are not readily available or which may not be reliably priced. Methods for valuing these securities may include: fundamental analysis based upon the underlying investment book value, anticipated future cash flows, market changes in comparable or similar securities, matrix pricing, discounts from market prices of similar securities, or discounts applied due to the nature and duration of restrictions on the disposition of the securities. Due to the inherent uncertainty of valuations of such securities, the fair values may differ significantly from the values that would have been used had a ready market for such investments existed. Occasionally, events occur between the time at which trading in a security is completed and the close of the NYSE that might call into question the availability (including the reliability) of the value of a portfolio security held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services. All security valuation procedures are approved by the Fund's Board of Trustees.

### 3. DERIVATIVE FINANCIAL INSTRUMENTS

The Fund may invest in derivative financial instruments (derivatives) in order to manage risk or gain exposure to various other investments or markets. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial net investment that is smaller than would normally be required to have a similar response to changes in market factors, and require or permit net settlement. Derivatives may contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract, the potential for an illiquid secondary market, and the potential for market movements.

Derivatives are marked to market daily based upon quotations from market makers or the Fund's independent pricing services and the Fund's net benefit or obligation under the contract, as measured by the fair market value of the



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contract, is included in net assets.

The Fund enters into forward exchange contracts in order to hedge against fluctuations in foreign exchange rates or to gain exposure to certain foreign currencies. A forward exchange contract is an agreement between the Fund and a counterparty to buy or sell a foreign currency for a specific exchange rate on a future date.

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Franklin Templeton  
Limited Duration Income Trust

#### NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)

##### 4. INCOME TAXES

At June 30, 2009, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments .....	\$489,165,721
	=====
Unrealized appreciation .....	\$ 12,076,687
Unrealized depreciation .....	(41,896,032)
	-----
Net unrealized appreciation (depreciation).....	\$(29,819,345)
	=====

##### 5. OTHER CONSIDERATIONS

From time to time officers, directors or employees of the Fund's Investment Manager may have discussions or enter into agreements with issuers, underwriters or creditors' committees which, pursuant to the Fund's policies and requirements of applicable securities laws, could prevent the Fund from trading in the securities of such company for limited or extended periods of time.

##### 6. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Statement No. 157, "Fair Value Measurement" establishes a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's investments and are summarized in the following fair value hierarchy:

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

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

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Quarterly Statement of Investments | 17

Franklin Templeton  
Limited Duration Income Trust

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)

6. FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a summary of the inputs used as of June 30, 2009, in valuing the Fund's assets and liabilities carried at fair value:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	-----	-----	-----	-----
<b>ASSETS:</b>				
Investments in Securities:				
Equity Investments	\$ --	\$ 288,184	\$--	\$ 288,184
Corporate Bonds	--	183,983,779	--	183,983,779
Mortgage-Backed Securities	--	92,113,163	--	92,113,163
Asset-Backed Securities and Commercial Mortgage-Backed Securities	--	25,664,638	--	25,664,638
Senior Floating Rate Interests	--	150,282,543	--	150,282,543
Foreign Government and Agency Securities	--	3,130,995	--	3,130,995
Short Term Investments	3,883,074	--	--	3,883,074
	-----	-----	---	-----
Total Investments in Securities (a)	\$3,883,074	\$455,463,302	\$--	\$459,346,376
	=====	=====	===	=====
Forward Exchange Contracts	--	117,938	--	117,938
Unfunded Loan Commitments	--	11,012	--	11,012
<b>LIABILITIES:</b>				
Forward Exchange Contracts	--	32,966	--	32,966

(a) For detailed industry descriptions, see the accompanying Statement of Investments.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 21, 2009 and determined that no events have occurred that require disclosure.

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Franklin Templeton  
Limited Duration Income Trust

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)

ABBREVIATIONS

CURRENCY

## Edgar Filing: FRANKLIN TEMPLETON LTD DURATION INCOME TRUST - Form N-Q

CHF - Swiss Franc  
EUR - Euro  
MYR - Malaysian Ringgit

### SELECTED PORTFOLIO

DIP - Debtor-In-Possession  
FHLMC - Federal Home Loan Mortgage Corp.  
FNMA - Federal National Mortgage Association  
FRN - Floating Rate Note  
GNMA - Government National Mortgage Association  
L/C - Letter of Credit  
PIK - Payment-In-Kind  
SF - Single Family

### COUNTERPARTY

JPHQ - JPMorgan Chase Bank, N.A.

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

Quarterly Statement of Investments | 19

### ITEM 2. CONTROLS AND PROCEDURES.

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. The Registrant maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Registrant's filings under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Registrant's management, including the principal executive officer and the principal financial officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Within 90 days prior to the filing date of this Quarterly Schedule of Portfolio Holdings on Form N-Q, the Registrant had carried out an evaluation, under the supervision and with the participation of the Registrant's management, including the Registrant's principal executive officer and the Registrant's principal financial officer, of the effectiveness of the design and operation of the Registrant's disclosure controls and procedures. Based on such evaluation, the Registrant's principal executive officer and principal financial officer concluded that the Registrant's disclosure controls and procedures are effective.

(b) CHANGES IN INTERNAL CONTROLS. There have been no significant changes in the Registrant's internal controls or in other factors that could significantly affect the internal controls subsequent to the date of their evaluation in connection with the preparation of this Quarterly Schedule of Portfolio Holdings on Form N-Q.

### ITEM 3. EXHIBITS.

(a) Certification pursuant to Section 30a-2 under the Investment Company Act of

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1940 of Laura F. Fergerson, Chief Executive Officer - Finance and Administration, and Gaston Gardey, Chief Financial Officer and Chief Accounting Officer.

SIGNATURES

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

FRANKLIN TEMPLETON LIMITED DURATION INCOME TRUST

By /s/LAURA F. FERGERSON

-----  
Laura F. Fergerson  
Chief Executive Officer -  
Finance and Administration  
Date August 27, 2009

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

By /s/LAURA F. FERGERSON

-----  
Laura F. Fergerson  
Chief Executive Officer -  
Finance and Administration  
Date August 27, 2009

By /s/GASTON GARDEY

-----  
Gaston Gardey  
Chief Financial Officer and  
Chief Accounting Officer  
Date August 27, 2009