

FRANKLIN TEMPLETON LTD DURATION INCOME TRUST

Form N-Q

February 28, 2008

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21357

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  
-----

Date of fiscal year end: 03/31  
-----

Date of reporting period: 12/31/07  
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Item 1. Schedule of Investments.

Franklin Templeton  
Limited Duration Income Trust

QUARTERLY STATEMENT OF INVESTMENTS  
DECEMBER 31, 2007

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CONTENTS

Statement of Investments ..... 3  
Notes to Statement of Investments ..... 15

[LOGO] (R)  
FRANKLIN TEMPLETON  
INVESTMENTS

FRANKLIN o Templeton o Mutual Series

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Franklin Templeton  
 Limited Duration Income Trust

STATEMENT OF INVESTMENTS, DECEMBER 31, 2007 (UNAUDITED)

	COUNTRY	PRIN
LONG TERM INVESTMENTS 148.1%		
CORPORATE BONDS 43.8%		
COMMERCIAL SERVICES 3.3%		
b ARAMARK Corp., senior note, FRN, 8.411%, 2/01/15 .....	United States	
Dex Media West LLC, senior sub. note, 9.875%, 8/15/13 .....	United States	
JohnsonDiversey Holdings Inc., senior disc. note, 10.67%, 5/15/13 ....	United States	
c Lamar Media Corp., senior sub. note, 144A, 6.625%, 8/15/15 .....	United States	
RSC Equipment Rental Inc., senior note, 9.50%, 12/01/14 .....	United States	
COMMUNICATIONS 3.8%		
c Digicel Group Ltd., senior note, 144A, 8.875%, 1/15/15 .....	Jamaica	
Intelsat Subsidiary Holding Co. Ltd., senior note, 8.25%, 1/15/13 ....	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	
c Wind Acquisition Finance SA, senior note, 144A, 10.75%, 12/01/15 .....	Italy	
CONSUMER DURABLES 3.1%		
Ford Motor Credit Co. LLC,		
b FRN, 9.693%, 4/15/12 .....	United States	
senior note, 5.80%, 1/12/09 .....	United States	
senior note, 9.875%, 8/10/11 .....	United States	
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 NON-DURABLES 1.2%		
Reynolds American Inc., senior secured note, 7.25%, 6/01/13 .....	United States	
Smithfield Foods Inc., senior note, 8.00%, 10/15/09 .....	United States	
CONSUMER SERVICES 7.0%		
CanWest Media Inc., senior sub. note, 8.00%, 9/15/12 .....	Canada	
CCH II LLC, senior note, 10.25%, 9/15/10 .....	United States	
CSC Holdings Inc., senior note, 8.125%, 7/15/09 .....	United States	
DIRECTV Holdings LLC, senior note, 8.375%, 3/15/13 .....	United States	
Liberty Media Corp., senior note, 7.875%, 7/15/09 .....	United States	
LIN Television Corp., senior sub. note, 6.50%, 5/15/13 .....	United States	

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MGM MIRAGE, senior note, 6.75%, 4/01/13 .....	United States
c Outback Steakhouse Inc., senior note, 144A, 10.00%, 6/15/15 .....	United States
Pinnacle Entertainment Inc., senior sub. note, 8.75%, 10/01/13 .....	United States
Quebecor Media Inc.,	
c 144A, 7.75%, 3/15/16 .....	Canada
senior note, 7.75%, 3/15/16 .....	Canada

Quarterly Statement of Investments | 3

Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, DECEMBER 31, 2007 (UNAUDITED) (CONTINUED)

	COUNTRY	PRIN
-----		
LONG TERM INVESTMENTS (CONTINUED)		
CORPORATE BONDS (CONTINUED)		
CONSUMER SERVICES (CONTINUED)		
Radio One Inc., senior sub. note, B, 8.875%, 7/01/11 .....	United States	
c Rainbow National Services LLC, senior sub. deb., 144A, 10.375%, 9/01/14 .....	United States	
Royal Caribbean Cruises Ltd., senior note, 8.00%, 5/15/10 .....	United States	
ELECTRONIC TECHNOLOGY 1.9%		
b Freescale Semiconductor Inc., senior note, FRN, 8.866%, 12/15/14 .....	United States	
NXP BV/NXP Funding LLC, senior secured note, 7.875%, 10/15/14 .....	Netherlands	
Sanmina-SCI Corp.,		
b,c senior note, 144A, FRN, 7.741%, 6/15/14 .....	United States	
senior sub. note, 6.75%, 3/01/13 .....	United States	
TransDigm Inc., senior sub. note, 7.75%, 7/15/14 .....	United States	
ENERGY MINERALS 2.3%		
Chesapeake Energy Corp., senior note, 7.50%, 6/15/14 .....	United States	
Mariner Energy Inc., senior note, 7.50%, 4/15/13 .....	United States	
c Petroplus Finance Ltd., senior note, 144A, 6.75%, 5/01/14 .....	Switzerland	
FINANCE 3.8%		
CIT Group Funding Co. of Canada, senior note, 4.65%, 7/01/10 .....	United States	
CIT Group Inc., senior note, 7.625%, 11/30/12 .....	United States	
E*TRADE Financial Corp., senior note, 8.00%, 6/15/11 .....	United States	
GMAC LLC,		
7.25%, 3/02/11 .....	United States	
6.875%, 8/28/12 .....	United States	
c ICICI Bank Ltd., 144A, 6.625%, 10/03/12 .....	India	
Lehman Brothers Holdings Inc., senior note, 6.20%, 9/26/14 .....	United States	

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Morgan Stanley, sub. note, 4.75%, 4/01/14 .....	United States
United Rentals North America Inc., senior sub. note, 7.75%, 11/15/13 .....	United States
HEALTH SERVICES 5.3%	
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
c FMC Finance III SA, senior note, 144A, 6.875%, 7/15/17 .....	Germany
Fresenius Medical Care Capital Trust II, 7.875%, 2/01/08 .....	Germany
HCA Inc., senior secured note, 9.125%, 11/15/14 .....	United States
Tenet Healthcare Corp., senior note, 6.375%, 12/01/11 .....	United States

4 | Quarterly Statement of Investments

Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, DECEMBER 31, 2007 (UNAUDITED) (CONTINUED)

	COUNTRY	PRIN
-----		
LONG TERM INVESTMENTS (CONTINUED)		
CORPORATE BONDS (CONTINUED)		
HEALTH SERVICES (CONTINUED)		
U.S. Oncology Holdings Inc., senior note, PIK, 10.759%, 3/15/12 .....	United States	
United Surgical Partners International Inc., senior sub. note, PIK, 9.25%, 5/01/17 .....	United States	
Vanguard Health Holding Co. II LLC, senior sub. note, 9.00%, 10/01/14 .....	United States	
INDUSTRIAL SERVICES 1.7%		
Compagnie Generale de Geophysique-Veritas, senior note, 7.50%, 5/15/15 .....	France	
El Paso Corp., senior note, 6.875%, 6/15/14 .....	United States	
The Williams Co. Inc., 8.125%, 3/15/12 .....	United States	
NON-ENERGY MINERALS 0.8%		
b Freeport-McMoRan Copper & Gold Inc., senior note, FRN, 8.394%, 4/01/15 .....	United States	
PROCESS INDUSTRIES 4.3%		
Buckeye Technologies Inc., senior sub. note, 8.00%, 10/15/10 .....	United States	
Crown Americas Inc., senior note, 7.625%, 11/15/13 .....	United States	
Huntsman International LLC, senior sub. note, 7.875%, 11/15/14 .....	United States	
c Ineos Group Holdings PLC, 144A, 8.50%, 2/15/16 .....	United Kingdom	
JSG Funding PLC, senior sub. note, 7.75%, 4/01/15 .....	Ireland	

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c 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
PRODUCER MANUFACTURING 0.6%	
RBS Global & Rexnord Corp., senior note, 9.50%, 8/01/14 .....	United States
REAL ESTATE INVESTMENT TRUST 0.7%	
Host Marriott LP, senior note, K, 7.125%, 11/01/13 .....	United States
RETAIL TRADE 0.5%	
Michaels Stores Inc., senior note, 10.00%, 11/01/14 .....	United States
TECHNOLOGY SERVICES 1.1%	
SunGard Data Systems Inc., senior note, 9.125%, 8/15/13 .....	United States
UTILITIES 2.4%	
Aquila Inc., senior note, 9.95%, 2/01/11 .....	United States
Dynegy Holdings Inc., senior note, 7.50%, 6/01/15 .....	United States
NRG Energy Inc., senior note, 7.25%, 2/01/14 .....	United States
c Texas Competitive Electric Holdings Co. LLC, senior note, B, 144A, 10.25%, 11/01/15 .....	United States
TOTAL CORPORATE BONDS (COST \$161,394,450) .....	

Quarterly Statement of Investments | 5

Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, DECEMBER 31, 2007 (UNAUDITED) (CONTINUED)

-----		COUNTRY	PRIN
-----			
LONG TERM INVESTMENTS (CONTINUED)			
MORTGAGE-BACKED SECURITIES 35.0%			
b FEDERAL HOME LOAN MORTGAGE CORP. (FHLMC) ADJUSTABLE RATE 0.3%			
FHLMC, 5.267%, 5/01/34 .....		United States	
FEDERAL HOME LOAN MORTGAGE CORP. (FHLMC) FIXED RATE 12.7%			
FHLMC Gold 15 Year, 4.50%, 6/01/18 - 9/01/18 .....		United States	
FHLMC Gold 15 Year, 5.00%, 9/01/18 - 11/01/18 .....		United States	
FHLMC Gold 15 Year, 5.50%, 7/01/19 .....		United States	
FHLMC Gold 15 Year, 6.00%, 5/01/22 .....		United States	
FHLMC Gold 30 Year, 5.50%, 8/01/33 .....		United States	
FHLMC Gold 30 Year, 5.50%, 12/01/34 - 2/01/37 .....		United States	
d FHLMC Gold 30 Year, 6.00%, 1/15/31 .....		United States	
FHLMC Gold 30 Year, 6.00%, 7/01/28 - 10/01/36 .....		United States	
FHLMC Gold 30 Year, 6.00%, 7/01/36 .....		United States	
FHLMC Gold 30 Year, 6.50%, 1/01/35 .....		United States	

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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
b FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) ADJUSTABLE RATE 0.6%	
FNMA, 4.583%, 7/01/34 .....	United States
FNMA, 5.991%, 6/01/32 .....	United States
FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) FIXED RATE 18.8%	
FNMA 15 Year, 5.00%, 10/01/17 .....	United States
FNMA 15 Year, 5.50%, 10/01/17 - 1/01/21 .....	United States
FNMA 15 Year, 6.00%, 8/01/21 .....	United States
FNMA 15 Year, 6.00%, 9/01/21 .....	United States
FNMA 15 Year, 6.50%, 7/01/20 .....	United States
FNMA 30 Year, 5.00%, 3/01/37 .....	United States
FNMA 30 Year, 5.50%, 8/01/33 - 1/01/36 .....	United States
FNMA 30 Year, 5.50%, 9/01/33 .....	United States
FNMA 30 Year, 6.00%, 4/01/33 - 1/01/36 .....	United States
d FNMA 30 Year, 6.50%, 1/01/32 .....	United States
FNMA 30 Year, 6.50%, 8/01/32 - 6/01/36 .....	United States
FNMA 30 Year, 6.50%, 6/01/36 .....	United States
FNMA 30 Year, 7.00%, 9/01/18 .....	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 2.6%	
GNMA I SF 30 Year, 5.50%, 4/15/33 - 12/15/34 .....	United States
GNMA I SF 30 Year, 5.50%, 12/15/34 .....	United States
GNMA I SF 30 Year, 6.50%, 6/15/31 - 12/15/33 .....	United States

6 | Quarterly Statement of Investments

Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, DECEMBER 31, 2007 (UNAUDITED) (CONTINUED)

	COUNTRY	PRIN
LONG TERM INVESTMENTS (CONTINUED)		
MORTGAGE-BACKED SECURITIES (CONTINUED)		
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA) FIXED RATE CONTINUED)		
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 \$126,148,165) .....		

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ASSET-BACKED SECURITIES AND COMMERCIAL MORTGAGE-BACKED

SECURITIES 6.4%

COMMERCIAL SERVICES 1.4%

Banc of America Commercial Mortgage Inc., 2005-3, A2, 4.501%,

7/10/43 ..... United States

FINANCE 5.0%

b Argent Securities Inc., 2003-W5, M4, FRN, 6.663%, 10/25/33 ..... United States

b Chase Credit Card Master Trust, 2003-6, A, FRN, 5.138%,  
2/15/11 ..... United States

b Chase Funding Mortgage Loan Asset-Backed Certificates, 2004-2, 2A2,  
FRN, 5.115%, 2/25/35 ..... United States

b Chase Issuance Trust, 2005-A9, A9, FRN, 5.048%, 11/15/11 ..... United States

b Citigroup/Deutsche Bank Commercial Mortgage Trust, 2005-CD1, A3,  
FRN, 5.40%, 7/15/44 ..... United States

Greenwich Capital Commercial Funding Corp., 2004-GG1, A7,  
5.317%, 6/10/36 ..... United States

b GSAMP Trust, 2003-AHL, B1, FRN, 8.865%, 10/25/33 ..... United States

LB-UBS Commercial Mortgage Trust,  
2005-C1, A2, 4.31%, 2/15/30 ..... United States

b 2002-C2, A4, FRN, 5.594%, 6/15/31 ..... United States

b Merrill Lynch Mortgage Investors Trust, 2003-OPT1, B2, FRN, 7.615%,  
7/25/34 ..... United States

b Morgan Stanley ABS Capital,  
2003-HE3, B1, FRN, 8.165%, 10/25/33 ..... United States

2003-NC10, B1, FRN, 8.165%, 10/25/33 ..... United States

b Morgan Stanley Dean Witter Capital I, 2003-NC3, B1, FRN, 9.252%,  
3/25/33 ..... United States

b New Century Home Equity Loan Trust, 2003-2, M3, FRN, 10.169%,  
1/25/33 ..... United States

b Option One Mortgage Loan Trust, 2003-6, M5, FRN, 8.165%,  
11/25/33 ..... United States

b Specialty Underwriting & Residential Finance, 2003-BC4, B2, FRN,  
7.365%, 11/25/34 ..... United States

b Structured Asset Investment Loan Trust,  
2003-BC2, M3, FRN, 8.115%, 4/25/33 ..... United States

2003-BC13, M4, FRN, 7.615%, 11/25/33 ..... United States

TOTAL ASSET-BACKED SECURITIES AND COMMERCIAL MORTGAGE-BACKED

SECURITIES (COST \$25,935,037) .....

Quarterly Statement of Investments | 7

Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, DECEMBER 31, 2007 (UNAUDITED) (CONTINUED)

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COUNTRY PRIN  
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LONG TERM INVESTMENTS (CONTINUED)		
b	SENIOR FLOATING RATE INTERESTS 58.3%	
	COMMERCIAL SERVICES 7.8%	
	Acxiom Corp., Term Loan B, 6.541% - 6.715%, 9/14/12 .....	United States
	Affiliated Computer Services Inc.,	
	Additional Term Loan, 6.845% - 7.243%, 3/20/13 .....	United States
	Term Loan B, 6.865%, 3/20/13 .....	United States
	ARAMARK Corp.,	
	Synthetic L/C, 5.198%, 1/26/14 .....	United States
	Term Loan B, 6.705%, 1/26/14 .....	United States
	Cenveo Corp.,	
	Delayed Draw Term Loan, 6.66%, 6/21/13 .....	United States
	Term Loan C, 6.66%, 6/21/13 .....	United States
	Corporate Express U.S. Finance Inc., Term Loan D-1 Add-On,	
	6.991% - 7.01%, 12/23/10 .....	United States
	Dealer Computer Services Inc. (Reynolds & Reynolds), First Lien Term	
	Loan, 6.843%, 10/26/12 .....	United States
	Emdeon Business Services LLC, First Lien Term Loan, 6.83%,	
	11/16/13 .....	United States
	First Data Corp., Term Loan B-2, 7.58% - 7.634%, 9/24/14 .....	United States
	Idearc Inc., Term Loan B, 6.83%, 11/17/14 .....	United States
	Nielsen Finance LLC (VNU Inc.), Dollar Term Loan, 6.896% - 7.493%,	
	8/09/13 .....	United States
	R.H. Donnelley Inc., Term Loan D-2, 6.33% - 6.66%, 6/30/11 .....	United States
	COMMUNICATIONS 3.5%	
	Alaska Communications Systems Holdings Inc.,	
	2005 Incremental Loan, 6.58%, 2/01/12 .....	United States
	Term Loan, 6.58%, 2/01/12 .....	United States
	Alltel Communications Corp., Term Loan B-3, 7.778%, 6/30/15 .....	United States
d	CommScope Inc., Term Loan B, 9.00%, 11/30/14 .....	United States
	West Corp., Term Loan B-2, 7.22% - 7.468%, 10/24/13 .....	United States
	Windstream Corp., Tranche B-1, 6.714%, 7/17/13 .....	United States
	CONSUMER DURABLES 1.3%	
	Jarden Corp., Term Loan B2, 6.58%, 1/24/12 .....	United States
	Stile Acquisition Corp. (Masonite), Canadian Term Loan,	
	6.83% - 7.084%, 4/05/13 .....	Canada
	Stile U.S. Acquisition Corp. (Masonite), U.S. Term Loan,	
	6.83% - 7.084%, 4/05/13 .....	United States
	CONSUMER NON-DURABLES 2.1%	
	Acco Brands Corp., Term Loan B, 6.676% - 6.949%, 8/17/12 .....	United States
	Bumble Bee Foods LLC, Term Loan B, 7.148% - 7.474%, 5/02/12 .....	United States

8 | Quarterly Statement of Investments

Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, DECEMBER 31, 2007 (UNAUDITED) (CONTINUED)



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	COUNTRY	PRIN
LONG TERM INVESTMENTS (CONTINUED)		
b SENIOR FLOATING RATE INTERESTS (CONTINUED)		
CONSUMER NON-DURABLES (CONTINUED)		
CBRL Group (Cracker Barrel),		
Term Loan B1, 6.40%, 4/27/13 .....	United States	
Term Loan B2 (Delayed Draw), 6.38% - 6.40%, 4/27/13 .....	United States	
Central Garden & Pet Co., Term Loan B, 6.35% - 6.53%, 9/30/12 .....	United States	
Dean Foods Co., Term Loan B, 6.58%, 4/02/14 .....	United States	
Michael Foods Inc., Term Loan B1, 6.845% - 6.91%, 11/21/10 .....	United States	
CONSUMER SERVICES 16.1%		
Arby's Restaurant Holdings LLC, Term Loan B, 7.08% - 7.21%,		
7/25/12 .....	United States	
Charter Communications Operating LLC, Term Loan, 6.99%,		
3/06/14 .....	United States	
Cinram International, Term Loan B, 6.878%, 5/05/11 .....	Canada	
Citadel Broadcasting Corp., Term Loan B, 6.455% - 6.475%,		
6/12/14 .....	United States	
CSC Holdings Inc. (Cablevision), Incremental Term Loan, 6.896%,		
3/29/13 .....	United States	
Education Management LLC, Term Loan C, 6.625%, 6/01/13 .....		
Entravision Communications Corp., Term Loan B, 6.73%, 3/29/13 .....	United States	
Gray Television Inc., Term Loan B, 6.73%, 12/31/14 .....		
Insight Midwest Holdings, Term Loan B, 7.00%, 4/02/14 .....	United States	
Intelsat Corp. (Panamsat), Term Loan B2, 7.225%, 1/03/14 .....		
Intelsat Subsidiary Holding Co. Ltd., Term Loan B, 6.975%,		
6/30/13 .....	United States	
Laureate Education Inc., Closing Date Term Loan, 8.729%,		
9/25/14 .....	United States	
MCC Iowa,		
Term Loan D-1, 6.69%, 1/31/15 .....	United States	
Term Loan D-2 (Delayed Draw), 6.69%, 1/31/15 .....	United States	
MediaNews Group Inc., Term Loan B, 6.58%, 12/30/10 .....		
Mission Broadcasting Inc., Term Loan B, 6.58%, 10/01/12 .....	United States	
Nexstar Broadcasting Inc., Term Loan B, 6.58%, 10/01/12 .....		
OSI Restaurant Partners LLC (Outback),		
Pre-Funded Revolving Credit, 4.878%, 6/14/13 .....	United States	
Term Loan B, 7.125%, 6/14/14 .....	United States	
Penn National Gaming Inc., Term Loan B, 6.58% - 6.76%,		
10/03/12 .....	United States	
Regal Cinemas Corp., Term Loan, 6.33%, 10/27/13 .....		
Tribune Co., Term Loan B, 7.91%, 5/16/14 .....	United States	
Univision Communications Inc., Term Loan B, 7.095% - 7.21%,		
9/29/14 .....	United States	
UPC Financing Partnership, Term Loan N, 7.13%, 12/31/14 .....	Netherlands	

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Limited Duration Income Trust

STATEMENT OF INVESTMENTS, DECEMBER 31, 2007 (UNAUDITED) (CONTINUED)

	COUNTRY	PRIN
-----		
LONG TERM INVESTMENTS (CONTINUED)		
b SENIOR FLOATING RATE INTERESTS (CONTINUED)		
CONSUMER SERVICES (CONTINUED)		
VML U.S. Finance LLC (Venetian Macau),		
Delay Draw, 7.08%, 5/25/12 .....	Macau	
New Project Term Loans, 7.08%, 5/25/13 .....	Macau	
Term Loan B, 7.08%, 5/24/13 .....	Macau	
WMG Acquisition Corp. (Warner Music), Term Loan B,		
7.015% - 7.151%, 2/28/11 .....	United States	
ELECTRONIC TECHNOLOGY 1.8%		
Flextronics International USA Inc.,		
Term Loan A, 7.394% - 7.395%, 10/01/14 .....	United States	
Term Loan A-1, 7.455%, 10/01/14 .....	United States	
Marvell Technology Group Ltd., Term Loan, 7.33%, 11/09/09 .....	Bermuda	
Spirit Aerosystems Inc. (Onex Wind Finance LP), Term Loan B,		
6.901%, 12/31/11 .....	United States	
ENERGY MINERALS 0.6%		
Citgo Petroleum Corp., Term Loan B, 6.435%, 11/15/12 .....	United States	
Western Refining Inc., Term Loan B, 6.595%, 5/30/14 .....	United States	
FINANCE 2.2%		
CB Richard Ellis Services Inc., Term Loan B, 6.449%, 12/20/13 .....	United States	
Conseco Inc., Term Loan, 6.845%, 10/10/13 .....	United States	
Nuveen Investments Inc., Term Loan B, 7.83% - 7.865%,		
11/13/14 .....	United States	
TD Ameritrade Holding Corp., Term Loan B, 6.35%, 12/31/12 .....	United States	
HEALTH SERVICES 5.2%		
Community Health Systems Inc., Term Loan, 7.331%, 7/25/14 .....	United States	
DaVita Inc., Term Loan B-1, 6.35% - 6.75%, 10/05/12 .....	United States	
Fresenius Medical Care Holdings Inc., Term Loan B,		
6.205% - 6.624%, 3/31/13 .....	United States	
HCA Inc., Term Loan B-1, 7.08%, 11/18/13 .....	United States	
HCR Healthcare LLC, Term Loan B, 7.605%, 12/21/14 .....	United States	
Health Management Associates Inc., Term Loan B, 6.58% - 6.595%,		
2/28/14 .....	United States	
Vanguard Health Holding Co. II LLC, Replacement Term Loan,		
7.095%, 9/23/11 .....	United States	

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10 | Quarterly Statement of Investments

Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, DECEMBER 31, 2007 (UNAUDITED) (CONTINUED)

	COUNTRY	PRIN
LONG TERM INVESTMENTS (CONTINUED)		
b SENIOR FLOATING RATE INTERESTS (CONTINUED)		
HEALTH TECHNOLOGY 1.5%		
Bausch and Lomb Inc., Parent Term Loan B, 8.08%, 4/28/15 .....	United States	
DJO Finance LLC, Term Loan B, 7.83%, 5/20/14 .....	United States	
d Mylan Inc., Term Loan B, 9.75%, 10/02/14 .....	United States	
INDUSTRIAL SERVICES 1.7%		
Allied Waste North America Inc.,		
Credit Link, 5.121%, 3/28/14 .....	United States	
Term Loan B, 6.36% - 6.88%, 3/28/14 .....	United States	
Knight Inc. (Kinder Morgan), Term Loan B, 6.35%, 5/30/14 .....	United States	
URS Corp., Term Loan B, 7.593%, 5/15/13 .....	United States	
PROCESS INDUSTRIES 5.3%		
Georgia-Pacific Corp.,		
Additional Term Loan, 6.58% - 6.896%, 12/20/12 .....	United States	
Term Loan B, 6.58% - 6.896%, 12/20/12 .....	United States	
Hexion Specialty Chemicals Inc., Term Loan C-1, 7.50%, 5/03/13 .....	United States	
Hexion Specialty Chemicals, B.V., Term Loan C-2, 7.125%, 5/03/13 .....	Netherlands	
Huntsman International LLC, Term Loan B, 6.615%, 4/21/14 .....	United States	
Ineos U.S. Finance LLC,		
Term Loan B2, 7.357%, 12/16/13 .....	United States	
Term Loan C2, 7.857%, 12/23/14 .....	United States	
Nalco Co., Term Loan B, 6.48% - 7.12%, 11/04/10 .....	United States	
d NewPage Corp., Term Loan, 10.25%, 12/22/14 .....	United States	
Oxbow Carbon LLC,		
Delayed Draw Term Loan, 6.83%, 5/08/14 .....	United States	
Term Loan B, 7.51%, 5/08/14 .....	United States	
Univar Inc., OPCO Tranche Term Loan B, 7.887%, 10/11/14 .....	United States	
Verso Paper Holdings LLC, Term Loan B, 6.58%, 8/01/13 .....	United States	
PRODUCER MANUFACTURING 5.7%		
Allison Transmission, Term Loan B, 7.90% - 8.00%, 8/07/14 .....	United States	
Cooper Standard Automotive Inc., Term Loan D, 7.375%, 12/23/11 .....	United States	
Dresser Inc., Term Loan B, 6.449% - 7.345%, 5/04/14 .....	United States	

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GPS CCMP Merger Corp. (Generac), Term Loan B, 7.73%, 11/09/13 .....	United States
Nortek Inc., Term Loan, 7.10%, 8/27/11 .....	United States
Oshkosh Truck Corp., Term Loan A, 6.65%, 12/06/11 .....	United States
Term Loan B, 6.90%, 12/06/13 .....	United States
RBS Global Inc. (Rexnord Corp.), Term Loan, 7.449% - 7.68%, 7/22/13 .....	United States

Quarterly Statement of Investments | 11

Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, DECEMBER 31, 2007 (UNAUDITED) (CONTINUED)

	COUNTRY	PRIN
LONG TERM INVESTMENTS (CONTINUED)		
b SENIOR FLOATING RATE INTERESTS (CONTINUED)		
PRODUCER MANUFACTURING (CONTINUED)		
Sensus Metering Systems Inc.,		
Term Loan B1, 6.901% - 7.18%, 12/17/10 .....	United States	
Term Loan B2, 6.718% - 6.901%, 12/17/10 .....	Luxembourg	
TriMas Co. LLC,		
Term Loan B, 7.234%, 8/02/13 .....	United States	
Tranche B-1 L/C, 7.70%, 8/02/13 .....	United States	
TRW Automotive Inc., Tranche B-1 Term Loan, 6.688%, 2/09/14 .....	United States	
RETAIL TRADE 0.2%		
Neiman Marcus Group Inc., Term Loan, 6.90% - 7.002%, 4/06/13 .....	United States	
TECHNOLOGY SERVICES 1.0%		
SunGard Data Systems Inc., New U.S. Term Loan, 6.898%, 2/28/14 .....	United States	
UTILITIES 2.3%		
Dynege Holdings Inc.,		
Term L/C Facility, 6.355%, 4/02/13 .....	United States	
Term Loan B, 6.752%, 4/02/13 .....	United States	
NRG Energy Inc.,		
Credit Link, 6.48%, 2/01/13 .....	United States	
Term Loan, 6.58%, 2/01/13 .....	United States	
Texas Competitive Electric Holdings Co. LLC, Term Loan B-2, 8.396%, 10/10/14 .....	United States	
TOTAL SENIOR FLOATING RATE INTERESTS (COST \$218,801,734) .....		
FOREIGN GOVERNMENT AND AGENCY SECURITIES 4.6%		
b,e Government of Argentina, FRN, 5.389%, 8/03/12 .....	Argentina	

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Government of Malaysia,		
6.45%, 7/01/08 .....	Malaysia	
7.00%, 3/15/09 .....	Malaysia	
3.756%, 4/28/11 .....	Malaysia	
Government of Norway, 5.50%, 5/15/09 .....	Norway	
Government of Poland, 6.00%, 5/24/09 .....	Poland	
Government of Singapore, 5.625%, 7/01/08 .....	Singapore	
Government of Sweden,		
6.50%, 5/05/08 .....	Sweden	
5.00%, 1/28/09 .....	Sweden	
f Strip, 9/17/08 .....	Sweden	
Korea Treasury Bond, 5.25%, 9/10/12 .....	South Korea	3,6
TOTAL FOREIGN GOVERNMENT AND AGENCY SECURITIES		
(COST \$16,085,853) .....		
TOTAL LONG TERM INVESTMENTS (COST \$548,365,239) .....		

12 | Quarterly Statement of Investments

Franklin Templeton  
Limited Duration Income Trust

STATEMENT OF INVESTMENTS, DECEMBER 31, 2007 (UNAUDITED) (CONTINUED)

	COUNTRY	PRIN
SHORT TERM INVESTMENTS 5.8%		
FOREIGN GOVERNMENT AND AGENCY SECURITIES 0.7%		
f Egypt Treasury Bills, 7/01/08 - 12/16/08 .....	Egypt	
f Government of Sweden, Strip, 6/18/08 .....	Sweden	
f Malaysia Treasury Bill, 6/06/08 .....	Malaysia	
f Norway Treasury Bills, 6/18/08 - 9/17/08 .....	Norway	
TOTAL FOREIGN GOVERNMENT AND AGENCY SECURITIES		
(COST \$2,421,067) .....		
TOTAL INVESTMENTS BEFORE MONEY MARKET FUND		
(COST \$550,786,306) .....		
MONEY MARKET FUND (COST \$18,334,059) 5.1%		
g Franklin Institutional Fiduciary Trust Money Market Portfolio, 4.58% .....	United States	
TOTAL INVESTMENTS (COST \$569,120,365) 153.9% .....		
PREFERRED SHARES (52.6)% .....		
NET UNREALIZED GAIN ON FORWARD EXCHANGE		
CONTRACTS 0.0% h .....		

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OTHER ASSETS, LESS LIABILITIES (1.3)% .....

NET ASSETS APPLICABLE TO COMMON SHARES 100.0% .....

### CURRENCY ABBREVIATIONS

EGP - Egyptian Pound  
KRW - South Korean Won  
MYR - Malaysian Ringgit  
NOK - Norwegian Krone  
PLN - Polish Zloty  
SEK - Swedish Krona  
SGD - Singapore Dollar

### SELECTED PORTFOLIO ABBREVIATIONS

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

Quarterly Statement of Investments | 13

Franklin Templeton  
Limited Duration Income Trust

### STATEMENT OF INVESTMENTS, DECEMBER 31, 2007 (UNAUDITED) (CONTINUED)

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

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

c 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 December 31, 2007, the aggregate value of these securities was \$21,446,425, representing 5.94% of net assets.

d A portion or all of the security purchased on a delayed delivery or to-be-announced basis.

e The principal amount is stated in original face, and scheduled paydowns are reflected in the market price on ex-date.

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

g The Franklin Institutional Fiduciary Trust Money Market Portfolio is managed by the Fund's investment manager. The rate shown is the annualized seven-day yield at period end.

h Rounds to less than 0.1% of net assets.

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 diversified, closed-end investment company.

2. SECURITY VALUATION

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. Investments in open-end mutual funds are valued at the closing net asset value.

Corporate debt securities, government securities, mortgage pass-through securities, other mortgage-backed securities, and asset-backed 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 rate spreads and yield curves, to determine current value.

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.

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, matrix pricing, discounts from market prices of similar securities, or discounts applied due to the nature and duration of

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 Limited Duration Income Trust

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

### 2. SECURITY VALUATION (CONTINUED)

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. INCOME TAXES

At December 31, 2007, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments .....		\$ 570,257,920	=====
Unrealized appreciation .....		\$ 3,854,027	
Unrealized depreciation .....		(18,478,498)	-----
Net unrealized appreciation (depreciation) .....		\$ (14,624,471)	=====

### 4. FORWARD EXCHANGE CONTRACTS

At December 31, 2007, the Fund had the following forward exchange contract outstanding:

	CONTRACT AMOUNT a	SETTLEMENT DATE	UNREALIZED GAIN
			-----
CONTRACTS TO BUY			
5,900,000 Norwegian Krone .....	1,055,116	1/28/08	\$ 29,676
Net unrealized gain (loss) on forward exchange contracts .....			\$ 29,676
			=====

a In U.S. dollars unless otherwise indicated.

Franklin Templeton  
 Limited Duration Income Trust

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



5. NEW ACCOUNTING PRONOUNCEMENT

In September 2006, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 157, "Fair Value Measurement" (SFAS 157), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Fund believes the adoption of SFAS 157 will have no material impact on its financial statements.

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 | 17

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 1940 of Galen G. Vetter, Chief Executive Officer - Finance and Administration, and Laura Ferguson, Chief Financial Officer and Chief Accounting Officer.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the

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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/GALEN G. VETTER

-----  
Galen G. Vetter  
Chief Executive Officer -  
Finance and Administration  
Date February 27, 2008

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/GALEN G. VETTER

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Galen G. Vetter  
Chief Executive Officer -  
Finance and Administration  
Date February 27, 2008

By /s/LAURA FERGERSON

-----  
Laura Ferguson  
Chief Financial Officer and  
Chief Accounting Officer  
Date February 27, 2008