

BLACKROCK LTD DURATION INCOME TRUST  
Form N-CSRS  
May 08, 2009

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

**FORM N-CSRS**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES**

Investment Company Act file number 811-21349

Name of Fund: BlackRock Limited Duration Income Trust (BLW)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 08/31/2009

Date of reporting period: 02/28/2009

Item 1 Report to Stockholders

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EQUITIES FIXED INCOME REAL ESTATE LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

## Semi-Annual Report

FEBRUARY 28, 2009 | (UNAUDITED)

[BlackRock Defined Opportunity Credit Trust \(BHL\)](#)

[BlackRock Diversified Income Strategies Fund, Inc. \(DVF\)](#)

[BlackRock Floating Rate Income Strategies Fund, Inc. \(FRA\)](#)

[BlackRock Limited Duration Income Trust \(BLW\)](#)

[BlackRock Senior Floating Rate Fund, Inc.](#)

## BlackRock Senior Floating Rate Fund II, Inc.

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

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## A Letter to Shareholders

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Dear Shareholder

The present time may well be remembered as one of the most tumultuous periods in financial market history. Over the past year, the housing market

collapse and the ensuing credit crisis swelled into an all-out global financial market meltdown, featuring the collapse of storied financial firms, volatile

swings in the world's financial markets and monumental government actions, including the recent passage of the nearly \$800 billion American Recovery

and Reinvestment Act of 2009.

The US economy appeared somewhat resilient through the first few months of 2008 before becoming mired in the worst recession in decades. The

economic data was dire across the board, but worse was the intensifying pace of deterioration in consumer spending, employment, manufacturing and

other key indicators. US gross domestic product (GDP) contracted at an annual rate of 6.3% in the 2008 fourth quarter substantially below forecast and

the worst reading since 1982. The Federal Reserve Board (the Fed) took forceful action to revive the global economy and financial system. In addition to

slashing the federal funds target rate from 3% to a record low range of 0% to 0.25%, the central bank provided enormous cash injections and significantly

expanded its balance sheet via various lending and acquisition programs.

Against this backdrop, US equities contended with relentless market volatility, and the sentiment turned decisively negative toward period end. Declines

were significant and broad based, with little divergence among the returns for large and small cap stocks. Non-US stocks were not spared either, as the

credit crisis revealed itself to be global in nature and economic activity slowed dramatically.

Risk aversion remained the dominant theme in fixed income markets, leading the Treasury sector to top all other asset classes. The high yield market was

particularly hard hit in this environment, as economic turmoil, combined with frozen credit markets and substantial technical pressures, took a heavy toll.

Meanwhile, tax-exempt issues posted positive returns for the period, but the sector was not without significant challenges, including a shortage of market

participants, lack of liquidity, difficult funding environment and backlog of new-issue supply.

In all, investors continued to gravitate toward relative safety, as evidenced in the six- and 12-month returns of the major benchmark indexes:

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<b>Total Returns as of February 28, 2009</b>	<b>6-month</b>	<b>12-month</b>
US equities (S&P 500 Index)	(41.82)%	(43.32)%
Small cap US equities (Russell 2000 Index)	(46.91)	(42.38)
International equities (MSCI Europe, Australasia, Far East Index)	(44.58)	(50.22)
US Treasury securities (Merrill Lynch 10-Year US Treasury Index)	8.52	8.09
Taxable fixed income (Barclays Capital US Aggregate Bond Index*)	1.88	2.06
Tax-exempt fixed income (Barclays Capital Municipal Bond Index*)	0.05	5.18
High yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index*)	(21.50)	(20.92)

\* Formerly a Lehman Brothers index.

Past performance is no guarantee of future results. Index performance shown for illustrative purposes only. You cannot invest directly in an index.

Through periods of market turbulence, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For our most current

views on the economy and financial markets, we invite you to visit [www.blackrock.com/funds](http://www.blackrock.com/funds). We thank you for entrusting BlackRock with your investments,

and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

THIS PAGE NOT PART OF YOUR FUND REPORT 3

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### Fund Summary as of February 28, 2009 **BlackRock Defined Opportunity Credit Trust**

#### Investment Objective

BlackRock Defined Opportunity Credit Trust (BHL) (the Fund) seeks high current income, with a secondary objective of long-term capital appreciation.

#### Performance

For the six months ended February 28, 2009, the Fund returned (20.79)% based on market price and (27.30)% based on net asset value (NAV). For the same period, the Lipper Loan Participation Funds category posted an average return of (39.55)% on a market price basis and (35.93)% on a NAV basis. The performance of the Lipper category does not necessarily correlate to that of the Fund, as the Lipper group comprises both closed-end funds and unleveraged continuously offered closed-end funds. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. This semi-annual period was one of the most difficult in market history. Accordingly, the Fund was conservatively invested with an emphasis on more liquid credits and defensive market

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sectors, which aided relative performance for the six months.

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### Fund Information

Symbol on New York Stock Exchange	BHL
Initial Offering Date	January 31, 2008
Yield on Closing Market Price as of February 28, 2009 (\$9.35) <sup>1</sup>	14.44%
Current Monthly Distribution per Share <sup>2</sup>	\$0.1125
Current Annualized Distribution per Share <sup>2</sup>	\$1.3500
Leverage as of February 28, 2009 <sup>3</sup>	24%

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

Past performance does not guarantee future results.

<sup>2</sup> A change in the distribution rate was declared on March 2, 2009. The Monthly Distribution per Share was decreased to \$0.0825. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future. A portion of the distribution may be deemed a tax return of capital or net realized gain.

<sup>3</sup> Represents loans outstanding as a percentage of managed assets, which is the total assets of the Fund, including any assets attributable to any borrowing that may be outstanding, minus the sum of accrued liabilities (other than debt representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

The table below summarizes the changes in the Fund's market price and NAV per share:

	2/28/09	8/31/08	Change	High	Low
Market Price	\$9.35	\$12.66	(26.15)%	\$13.29	\$6.53
Net Asset Value	\$9.70	\$14.31	(32.22)%	\$14.35	\$8.36

The following chart shows the portfolio composition of the Fund's long-term investments:

### Portfolio Composition

	2/28/09	8/31/08
Floating Rate Loan Interests	99%	99%
Corporate Bonds	1	1

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**Fund Summary** as of February 28, 2009 **BlackRock Diversified Income Strategies Fund, Inc.**

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## Investment Objective

BlackRock Diversified Income Strategies Fund, Inc. (DVF) (the Fund) seeks to provide investors with a high current income by investing primarily in a diversified portfolio of floating rate debt securities and instruments, including floating or variable rate loans, bonds, preferred securities (including convertible preferred securities), notes or other debt securities or instruments that pay a floating rate of interest.

## Performance

For the six months ended February 28, 2009, the Fund returned (47.13)% based on market price and (53.82)% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of (39.55)% on a market price basis and (35.93)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund moved from a discount to a premium to NAV, which accounts for the difference between performance based on price and performance based on NAV. During the period, high yield bonds, which made up 48% of the Fund's portfolio as of February 28, 2009, performed inline with loans. This was neutral to performance, however, the Fund's allocation to high yield floating rate notes detracted, as these issues underperformed. The Fund was 25% leveraged as of February 28, 2009, amplifying its negative return during one of the most difficult periods in market history. Credit quality also hampered results, as the Fund's average credit distribution was lower than that of the market.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

## Fund Information

Symbol on New York Stock Exchange	DVF
Initial Offering Date	January 31, 2005
Yield on Closing Market Price as of February 28, 2009 (\$6.03) <sup>1</sup>	24.88%
Current Monthly Distribution per Share <sup>2</sup>	\$0.125
Current Annualized Distribution per Share <sup>2</sup>	\$1.500
Leverage as of February 28, 2009 <sup>3</sup>	25%

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

Past performance does not guarantee future results.

<sup>2</sup> A change in the distribution rate was declared on March 2, 2009. The Monthly Distribution per Share was decreased to \$0.1150. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future. A portion of the distribution may be deemed a tax return of capital or net realized gain.

<sup>3</sup> As a percentage of managed assets, which is the total assets of the Fund, including any assets attributable to any borrowing that may be outstanding, minus the sum of accrued liabilities, other than debt representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

The table below summarizes the changes in the Fund's market price and NAV per share:

	2/28/09	8/31/08	Change	High	Low
Market Price	\$6.03	\$12.77	(52.78)%	\$13.04	\$4.75
Net Asset Value	\$5.75	\$13.94	(58.75)%	\$13.94	\$5.73

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The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond investments:

### Portfolio Composition

	2/28/09	8/31/08
Floating Rate Loan Interests	50%	47%
Corporate Bonds	48	50
Common Stock	1	3
Non-U.S. Government Agency Mortgage-Backed Securities	1	

### Credit Quality Allocations<sup>4</sup>

	2/28/09	8/31/08
AA/Aa		3%
BBB/Baa		1
BB/Ba	9%	7
B/B	62	61
CCC/Caa	19	20
CC/Ca	6	2
Not Rated	4	6

<sup>4</sup> Using the higher of Standard & Poor's (S&P) or Moody's Investor Service (Moody's) ratings.

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## Fund Summary as of February 28, 2009 BlackRock Floating Rate Income Strategies Fund, Inc

### Investment Objective

BlackRock Floating Rate Income Strategies Fund, Inc. (FRA) (the Fund) seeks high current income and such preservation of capital as is consistent with investment in a diversified, leveraged portfolio consisting primarily of floating rate debt securities and instruments.

### Performance

For the six months ended February 28, 2009, the Fund returned (35.03)% based on market price and (37.26)% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of (39.55)% on a market price basis and (35.93)% on a NAV basis. The performance of the Lipper category does not necessarily correlate to that of the Fund, as the Lipper group comprises both closed-end funds and unleveraged continuously offered closed-end funds. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The six-month period featured considerable volatility in credit markets. Consequently, the Fund was invested fairly conservatively in terms of credit and sector allocation, which aided performance.

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### Fund Information

Symbol on New York Stock Exchange	FRA
Initial Offering Date	October 31, 2003
Yield on Closing Market Price as of February 28, 2009 (\$8.74) <sup>1</sup>	15.77%
Current Monthly Distribution per Share <sup>2</sup>	\$0.114835
Current Annualized Distribution per Share <sup>2</sup>	\$1.378020
Leverage as of February 28, 2009 <sup>3</sup>	19%

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

Past performance does not guarantee future results.

<sup>2</sup> A change in the distribution rate was declared on March 2, 2009. The Monthly Distribution per Share was decreased to \$0.104835. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

<sup>3</sup> Represents loans outstanding as a percentage of managed assets, which is the total assets of the Fund, including any assets attributable to any borrowing that may be outstanding, minus the sum of accrued liabilities (other than debt representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

The table below summarizes the changes in the Fund's market price and NAV per share:

	2/28/09	8/31/08	Change	High	Low
Market Price	\$8.74	\$14.49	(39.68)%	\$14.68	\$7.79
Net Asset Value	\$9.39	\$16.12	(41.75)%	\$16.12	\$8.96

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond investments:

#### Portfolio Composition

	2/28/09	8/31/08
Floating Rate Loan Interests	71%	73%
Corporate Bonds	28	26
Non-U.S. Government Agency Mortgage-Backed Securities	1	
Common Stocks		1

#### Credit Quality Allocations<sup>4</sup>

	2/28/09	8/31/08
AA/Aa		5%



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BBB/Baa	18%	11
BB/Ba	17	11
B/B	51	59
CCC/Caa	7	8
CC/Ca	1	
D	1	
Not Rated	5	6

<sup>4</sup> Using the higher of S&P's or Moody's ratings.

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### Fund Summary as of February 28, 2009 **BlackRock Limited Duration Income Trust**

#### Investment Objective

BlackRock Limited Duration Income Trust (BLW) (the Fund) seeks to provide current income and capital appreciation.

#### Performance

For the six months ended February 28, 2009, the Fund returned (13.14)% based on market price and (20.15)% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of (34.08)% on a market price basis and (34.87)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The Fund's 24% allocation to mortgage securities (as of February 28, 2009) helped relative performance dramatically, as these issues outperformed high yield for the six-month period. The Fund employed very little leverage, which also proved beneficial to performance.

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#### Fund Information

Symbol on New York Stock Exchange	BLW
Initial Offering Date	July 30, 2003
Yield on Closing Market Price as of February 28, 2009 (\$11.96) <sup>1</sup>	10.03%
Current Monthly Distribution per Share <sup>2</sup>	\$0.10
Current Annualized Distribution per Share <sup>2</sup>	\$1.20

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

<sup>2</sup> A change in the distribution rate was declared on March 2, 2009. The Monthly Distribution per Share was decreased to \$0.09. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new

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distribution rate is not constant and is subject to further change in the future. A portion of the distribution may be deemed a tax return of capital or net realized gain.

The table below summarizes the Fund's market price and net asset value per share:

	2/28/09	8/31/08	Change	High	Low
Market Price	\$11.96	\$14.57	(17.91)%	\$14.83	\$ 8.83
Net Asset Value	\$12.61	\$16.71	(24.54)%	\$16.81	\$11.86

The following charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's corporate bond investments:

### Portfolio Composition

	2/28/09	8/31/08
Floating Rate Loan Interests	44%	46%
U.S. Government Agency Mortgage-Backed Securities	24	16
Corporate Bonds	24	32
U.S. Government Obligations	5	4
Foreign Government Obligations	3	2

### Credit Quality Allocations<sup>3</sup>

	2/28/09	8/31/08
AAA/Aaa		7%
BBB/Baa	23%	14
BB/Ba	21	17
B/B	34	44
CCC/Caa	17	13
C/C	1	
Not Rated	4	5

<sup>3</sup> Using the higher of S&P's or Moody's ratings.

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## Fund Summary as of February 28, 2009 **BlackRock Senior Floating Rate Fund, Inc.**

### Investment Objective

BlackRock Senior Floating Rate Fund, Inc. (the Fund) is a continuously offered closed-end fund that seeks high current income and such preservation of capital as is consistent with investment in senior collateralized corporate loans made by banks and other financial institutions.

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## Performance

For the six months ended February 28, 2009, the Fund returned (22.69)% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of (35.93)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund employed no leverage during the six months, while the Lipper category comprises primarily leveraged closed-end funds. This had a huge impact on relative performance during the first three months of the reporting period notably, the worst period in market history. In general, the Fund was defensively positioned with respect to sector allocation, and was broadly diversified among individual credits. This aided performance in the first half, but detracted as performance improved during the final two months.

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## Fund Information<sup>1</sup>

Initial Offering Date	November 3, 1989
Yield based on Net Asset Value as of February 28, 2009 (\$5.95) <sup>2</sup>	6.60%
Current Monthly Distribution per Share <sup>3</sup>	\$0.030132
Current Annualized Distribution per Share <sup>3</sup>	\$0.392792

<sup>1</sup> The Fund is a continuously offered closed-end fund that does not trade on an exchange.

<sup>2</sup> Yield based on net asset value is calculated by dividing the current annualized distribution per share by the net asset value.

Past performance does not guarantee future results.

<sup>3</sup> The distribution is not constant and is subject to change.

The table below summarizes the change in the Fund's NAV per share:

	2/28/09	8/31/08	Change	High	Low
Net Asset Value	\$5.95	\$7.98	(25.44)%	\$7.98	\$5.54

## Expense Example for Continuously Offered Closed-End Funds

	Actual			Hypothetical <sup>5</sup>		
	Beginning Account Value	Ending Account Value	Expenses Paid	Beginning Account Value	Ending Account Value	Expenses Paid
	September 1, 2008	February 28, 2009	During the Period <sup>4</sup>	September 1, 2008	February 28, 2009	During the Period <sup>4</sup>
BlackRock Senior Floating Rate, Inc.	\$1,000	\$773.10	\$6.66	\$1,000	\$1,017.39	\$7.57

<sup>4</sup> Expenses are equal to the annualized expense ratio of 1.51%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period shown). Because the Fund is a feeder fund, the expense table reflects the expenses of both the feeder fund and the Master LLC in which it

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invests.

<sup>5</sup> Hypothetical 5% annual return before expenses is calculated by pro-rating the number of days in the most recent fiscal half year divided by 365. See Disclosure of Expenses for Continuously Offered Closed-End Funds on page 11 for further information on how expenses were calculated.

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## Fund Summary as of February 28, 2009 BlackRock Senior Floating Rate Fund II, Inc.

### Investment Objective

BlackRock Senior Floating Rate Fund II, Inc. (the Fund) is a continuously offered closed-end fund that seeks high current income and such preservation of capital as is consistent with investment in senior collateralized corporate loans made by banks and other financial institutions.

### Performance

For the six months ended February 28, 2009, the Fund returned (22.75)% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of (35.93)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund employed no leverage during the six months, while the Lipper category comprises primarily leveraged closed-end funds. This had a huge impact on relative performance during the first three months of the reporting period notably, the worst period in market history. In general, the Fund was defensively positioned with respect to sector allocation, and was broadly diversified among individual credits. This aided performance in the first half, but detracted as performance improved during the final two months.

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### Fund Information<sup>1</sup>

Initial Offering Date	March 26, 1999
Yield based on Net Asset Value as of February 28, 2009 (\$6.44) <sup>2</sup>	6.46%
Current Monthly Distribution per Share <sup>3</sup>	\$0.031926
Current Annualized Distribution per Share <sup>3</sup>	\$0.416178

<sup>1</sup> The Fund is a continuously offered closed-end fund that does not trade on an exchange.

<sup>2</sup> Yield based on net asset value is calculated by dividing the current annualized distribution per share by the net asset value. Past performance does not guarantee future results.

<sup>3</sup> The distribution is not constant and is subject to change.

The table below summarizes the change in the Fund's NAV per share:

	2/28/09	8/31/08	Change	High	Low
Net Asset Value	\$6.44	\$8.67	(25.72)%	\$8.67	\$6.02

### Expense Example for Continuously Offered Closed-End Funds

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	Actual			Hypothetical <sup>5</sup>		
	Beginning Account Value September 1, 2008 February 28, 2009	Ending Account Value	Expenses Paid During the Period <sup>4</sup>	Beginning Account Value September 1, 2008 February 28, 2009	Ending Account Value	Expenses Paid During the Period
BlackRock Senior Floating Rate II, Inc.	\$1,000	\$772.50	\$7.30	\$1,000	\$1,016.56	\$8.30

<sup>4</sup> Expenses are equal to the annualized expense ratio of 1.67%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year

period shown). Because the Fund is a feeder fund, the expense table reflects the expenses of both the feeder fund and the Master LLC in which it invests.

<sup>5</sup> Hypothetical 5% annual return before expenses is calculated by pro-rating the number of days in the most recent fiscal half year divided by 365. See Disclosure of Expenses for Continuously Offered Closed-End Funds on page 11 for further information on how expenses were calculated.

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## The Benefits and Risks of Leveraging

BlackRock Defined Opportunity Credit Trust, BlackRock Diversified Income Strategies Fund, Inc., BlackRock Floating Rate Income Strategies Fund, Inc. and BlackRock Limited Duration Income Trust (each a Fund and collectively, the Funds) may utilize leverage to seek to enhance the yield and NAV of its Common Shares. However, these objectives cannot be achieved in all interest rate environments.

The Funds may utilize leverage through borrowings and the issuance of short-term debt securities. In general, the concept of leveraging is based on the premise that the cost of assets to be obtained from leverage will be based on short-term interest rates, which normally will be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of the Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Fund's shareholders will benefit from the incremental yield.

The interest earned on securities purchased with the proceeds from leverage is paid to Common Shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV of the Fund's Common Shares. However, in order to benefit Common Shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. If the yield curve becomes negatively sloped, meaning short-term interest rates exceed long-term interest rates, returns to Common Shareholders will be lower than if the Fund had not used leverage.

To illustrate these concepts, assume a Fund's Common Shares capitalization is \$100 million and it issues debt securities for an additional \$30 million, creating a total value of \$130 million available for investment in long-

term securities. If prevailing short-term interest rates are 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund pays interest expense on the \$30 million of debt securities based on the lower short-term interest rates. At the same time, the Fund's total portfolio of \$130 million earns the income based on long-term interest rates. In this case, the interest expense of the debt securities is significantly lower than the income earned on the fund's long-term investments, and therefore the Common Shareholders are the beneficiaries of the incremental yield.

Conversely, if prevailing short-term interest rates rise above long-term interest rates of 6%, the yield curve has a negative slope. In this case, the Fund pays interest expense on the higher short-term interest rates whereas the Fund's total portfolio earns income based on lower long-term interest rates. If short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental yield pickup on the Common Shares will be reduced or eliminated completely.

Furthermore, the value of the Fund's portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the redemption value of the Fund's debt securities do not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Fund's NAV positively or negatively in addition to the impact on Fund performance from leverage from debt securities.

The use of leverage may enhance opportunities for increased returns to the Funds and Common Shareholders, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in a Funds' NAV, market price and dividend rate than a comparable portfolio without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Funds' net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, the Funds' net income will be less than if leverage had not been used, and therefore the amount available for distribution to shareholders will be reduced. The Funds may be required to sell portfolio securities at inopportune times or below fair market values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments which may cause the Funds to incur losses. The use of leverage may limit a Funds' ability to invest in certain types of securities or use certain types of hedging strategies. The Funds will incur expenses in connection with the use of leverage, all of which are borne by the holders of the Common Shares and may reduce returns on the Common Shares.

Under the Investment Company Act of 1940, the Funds are permitted to borrow through a credit facility and the issuance of short-term debt securities up to  $33\frac{1}{3}\%$  of total managed assets. As of February 28, 2009, BlackRock Limited Duration Income Trust had no outstanding leverage and the other Funds had outstanding leverage from credit facility borrowings as a per-

centage of total managed assets as follows:

	<b>Percent of Leverage</b>
BlackRock Defined Opportunity Credit Trust	24%
BlackRock Diversified Income Strategies Fund, Inc	25%
BlackRock Floating Rate Income Strategies Fund, Inc	19%

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## Derivative Instruments

The Funds may invest in various derivative instruments, including swap agreements, futures and forward currency contracts, and other instruments specified in the Notes to Financial Statements, which constitute forms of economic leverage. Such instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market and/or interest rate risks. Such derivative instruments involve risks, including the imperfect correlation between the value of a derivative instrument and the underlying asset, possible default of the other party to the transaction and illiquidity of the derivative instrument. The Funds' ability to

successfully use a derivative instrument depends on the Advisor's ability to accurately predict pertinent market movements, which cannot be assured. The use of derivative instruments may result in losses greater than if they had not been used, may require the Funds to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Funds can realize on an investment or may cause the Funds to hold a security that it might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

## Disclosure of Expenses for Continuously Offered Closed-End Funds

Shareholders of BlackRock Senior Floating Rate Fund, Inc. and BlackRock Senior Floating Rate Fund II, Inc. may incur the following charges:

(a) expenses related to transactions, including early withdrawal fees; and  
 (b) operating expenses, including advisory fees, and other Fund expenses.  
 The examples on pages 8 and 9 (which are based on a hypothetical investment of \$1,000 invested on September 1, 2008 and held through February 28, 2009) are intended to assist shareholders both in calculating expenses based on an investment in each Fund and in comparing these expenses with similar costs of investing in other mutual funds.

The tables provide information about actual account values and actual expenses. In order to estimate the expenses a shareholder paid during the period covered by this report, shareholders can divide their account

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value by \$1,000 and then multiply the result by the number under the heading entitled Expenses Paid During the Period.

The tables also provide information about hypothetical account values and hypothetical expenses based on each Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses. In order to assist shareholders in comparing the ongoing expenses of investing in these Funds and other funds, compare the 5% hypothetical example with the 5% hypothetical examples that appear in other funds' shareholder reports.

The expenses shown in the tables are intended to highlight shareholders' ongoing costs only and do not reflect any transactional expenses, such as early withdrawal fees. Therefore, the hypothetical examples are useful in comparing ongoing expenses only, and will not help shareholders determine the relative total expenses of owning different funds. If these transactional expenses were included, shareholder expenses would have been higher.

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### Schedule of Investments February 28, 2009 (Unaudited)

#### BlackRock Defined Opportunity Credit Trust (BHL)

(Percentages shown are based on Net Assets)

	Par (000)	Value
<b>Floating Rate Loan Interests</b>		
<b>Aerospace &amp; Defense 1.8%</b>		
Avio S.p.A. Facility:		
B2, 2.604%, 12/15/14	USD 471 \$	243,834
C2, 3.229%, 12/14/15	500	258,750
Hawker Beechcraft Acquisition Co. LLC:		
Letter of Credit Facility Deposit, 2.10%, 3/26/14	135	61,807
Term Loan, 2.479% - 3.459%, 3/26/14	2,291	1,052,566
		1,616,957
<b>Auto Components 2.7%</b>		
Allison Transmission, Inc. Term Loan, 3.20%, 8/07/14	2,199	1,456,534
Dana Holding Corp. Term Advance, 6.50% - 7.25%, 1/31/15	1,321	402,071
Goodyear Tire & Rubber Co., The Loan (Second Lien), 2.23%, 4/30/14	750	521,518
		2,380,123
<b>Automobiles 0.4%</b>		
Ford Motor Co. Term Loan, 5%, 12/15/13	992	317,156



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### Building Products 1.5%

Building Materials Corp. of America Term Loan Advance, 3.625% 3.875%, 2/22/14		745	507,849
Momentive Performance Materials (Blitz 06-103 GMBH) Tranche B-2 Term Loan, 3.803%, 12/04/13	EUR	1,000	790,229 1,298,078

### Capital Markets 0.7%

Nuveen Investments, Inc. Term Loan, 3.479% 4.466%, 11/13/14	USD	1,310	617,619
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### Chemicals 5.5%

Brenntag Holding Gmbh & Co. KG Facility B2, 2.47% 3.501%, 1/20/14		1,000	790,000
Cognis GMBH Facility C, 3.996%, 9/15/13		1,000	587,500
Huish Detergents Inc. Tranche B Term Loan, 2.17%, 4/26/14		992	840,269
Matrix Acquisition Corp. (MacDermid, Inc.) Tranche B Term Loan, 2.479%, 4/12/14		1,712	1,010,017
PQ Corp. (fka Niagara Acquisition, Inc.): Loan (Second Lien), 7.68%, 7/30/15		1,000	350,000
Term Loan (First Lien), 4.43% 4.71%, 7/31/14		995	594,513
Solutia Inc. Loan, 8.50%, 2/28/14		992	637,669
			4,809,968

### Commercial Services & Supplies 4.6%

Alliance Laundry Systems LLC Term Loan, 3.35% 3.59%, 1/27/12		842	686,316
Aramark Corp.: Letter of Credit Facility, 2.038%, 1/26/14		119	103,208
U.S. Term Loan, 3.334%, 1/26/14		1,881	1,624,570
Kion Group GMBH (formerly Neggio Holdings 3 GMBH): Facility B, 2.479%, 12/29/14		500	170,000
Facility C, 2.979%, 12/29/15		500	170,000
Synagro Technologies, Inc. Term Loan (First Lien), 2.45%, 4/02/14		992	553,287
West Corp. Term B-2 Loan, 2.82% 2.854%, 10/24/13		988	722,953
			4,030,334

### Computers & Peripherals 1.0%

Intergraph Corp. Initial Term Loan (First Lien), 3.256%, 5/29/14		1,000	855,000
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Floating Rate Loan Interests	Par (000)	Value
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**Containers & Packaging 3.5%**

Crown Americas LLC Additional Term B Dollar Loan, 2.205%, 11/15/12	USD	495 \$	442,109
Graphic Packaging International, Inc. Incremental Term Loan, 3.203% 4.185%, 5/16/14		1,480	1,261,557
Smurfit Kappa Acquisitions (JSG):			
C1 Term Loan Facility, 3.678% 5.28%, 7/16/15	EUR	500	466,426
Term B1, 3.428% 5.03%, 7/16/14		500	466,426
Smurfit-Stone Container TLB, 8.75%, 2/03/10	USD	435	432,281
			3,068,799

**Diversified Consumer Services 1.1%**

Coinmach Corp. Term Loan, 3.47% 4.26%, 11/14/14		1,489	967,669
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**Diversified Telecommunication Services 5.7%**

BCM Ireland Holdings Ltd. (Eircom):			
Facility B, 3.428%, 8/14/14	EUR	493	416,914
Facility C, 3.678%, 8/14/13		492	416,961
Hawaiian Telcom Communications, Inc. Tranche C Term Loan, 4.75%, 5/30/14	USD	500	208,438
Integra Telecom Holdings, Inc. Term Loan (First Lien), 5.506% 7.219%, 8/31/13		1,982	1,189,462
PAETEC Holding Corp. Replacement Term Loan, 2.979%, 2/28/13		970	703,345
Time Warner Telecom Holdings Inc. Term Loan B Loan, 2.48%, 1/07/13		1,030	910,639
Wind Finance SL S.A. Euro Facility (Second Lien), 11.473%, 12/17/14	EUR	1,000	1,097,923
			4,943,682

**Electric Utilities 0.6%**

Astoria Generating Co. Acquisitions, LLC Second Lien Term Loan C, 4.23%, 8/23/13	USD	750	540,937
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**Electronic Equipment & Instruments 2.4%**

Flextronics International Ltd.:			
A Closing Date Loan, 3.344% 3.685%, 10/01/14		765	501,144
Delay Draw Term Loan, 3.344%, 10/01/12		220	144,007
L-1 Identity Solutions Operating Co. Term Loan, 6.75%, 8/05/13		370	339,762
Matinvest 2 SAS/Butterfly Wendel US, Inc. (Deutsche Connector):			
B-2 Facility, 2.695%, 6/22/14		909	609,205
C-2 Facility, 3.195%, 6/22/15		751	503,360

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			2,097,478
<b>Energy Equipment &amp; Services 1.9%</b>			
Dresser, Inc. Term B Loan, 2.729% 3.488%, 5/04/14		1,488	1,068,565
Volnay Acquisition Co. I (aka CGG) B1 Term Loan Facility, 2.906% 5.428%, 1/12/14		702	605,528
			1,674,093
<b>Food &amp; Staples Retailing 1.1%</b>			
AB Acquisitions UK Topco 2 Ltd Facility B2 UK Borrower, 4.161%, 7/09/15	GBP	1,000	1,005,300
<b>Food Products 1.3%</b>			
Dole Food Co., Inc.:			
Credit-Linked Deposit, 2.13%, 4/12/13	USD	74	65,941
Tranche B Term Loan, 2.50% 4.25%, 4/12/13		130	116,575
Solvest, Ltd. (Dole) Tranche C Term Loan, 2.563% 4.25%, 4/12/13		485	434,324
Wm. Wrigley Jr. Co. Tranche B Term Loan, 6.50%, 10/06/14		500	493,334
			1,110,174

See Notes to Financial Statements.

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## Schedule of Investments (continued)

### BlackRock Defined Opportunity Credit Trust (BHL) (Percentages shown are based on Net Assets)

		Par (000)	Value
<b>Floating Rate Loan Interests</b>			
<b>Health Care Equipment &amp; Supplies 3.3%</b>			
Bausch & Lomb Inc.			
Delayed Draw Term Loan, 4.709%, 4/24/15	USD	150 \$	127,664
Parent Term Loan, 4.709%, 4/24/15		988	842,580
Biomet, Inc. Dollar Term Loan, 4.459%, 3/25/15		977	870,064
DJO Finance LLC (ReAble Therapeutics Fin LLC) Term Loan, 3.479% 4.459%, 5/20/14		990	823,350
Hologic, Inc. Tranche B Term Loan, 3.75%, 3/31/13		254	228,521
			2,892,179
<b>Health Care Providers &amp; Services 8.9%</b>			

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CHS/Community Health Systems, Inc.:		
Delayed Draw Term Loan, 2.729%, 7/25/14	168	142,069
Funded Term Loan, 2.729% 3.506%, 7/25/14	3,292	2,787,375
HCA Inc.:		
Tranche A-1 Term Loan, 3.459%, 11/17/12	1,963	1,708,546
Tranche B-1 Term Loan, 3.709%, 11/18/13	961	809,761
HealthSouth Corp. Term Loan,		
2.95% 4.69%, 3/10/13	1,762	1,554,935
Surgical Care Affiliates, LLC Term Loan,		
3.459%, 12/29/14	495	296,985
Symbion, Inc.:		
Tranche A Term Loan, 3.729%, 8/23/13	477	238,378
Tranche B Term Loan, 3.729%, 8/25/14	477	238,378
		7,776,427
<b>Health Care Technology 0.5%</b>		
Sunquest Information Systems, Inc. (Misys Hospital		
Systems, Inc.) Term Loan, 3.73% 4.21%, 10/13/14	494	395,000
<b>Hotels, Restaurants &amp; Leisure 3.1%</b>		
Harrah s Operating Co., Inc. Term B-2 Loan,		
4.159% 4.459%, 1/28/15	1,729	1,005,931
Penn National Gaming, Inc. Term Loan B,		
2.23% 2.99%, 10/03/12	985	886,928
QCE, LLC (Quiznos) Term Loan (First Lien),		
3.75%, 5/05/13	992	547,220
VML US Finance LLC (aka Venetian Macau) Term B:		
Delayed Draw Project Loan, 2.73%, 5/25/12	181	104,014
Funded Project Loan, 2.73%, 5/27/13	319	183,714
		2,727,807
<b>Household Durables 2.9%</b>		
Jarden Corp. Term Loan B3, 3.959%, 1/24/12		
Yankee Candle Co., Inc. Term Loan,	1,733	1,564,501
2.42% 3.47%, 2/06/14	1,606	974,197
		2,538,698
<b>Household Products 0.5%</b>		
VI-JON, Inc. (VJCS Acquisition, Inc.) Tranche B		
Term Loan, 2.72%, 4/24/14	500	425,000
<b>IT Services 8.6%</b>		
Amadeus Global Travel Distribution SA:		
Term Loan B, 2.419%, 5/22/15	969	550,393
Term Loan C, 2.919%, 5/22/16	969	550,393
Amadeus IT Group SA/Amadeus Verwaltungs GmbH:		

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Term B3 Facility, 3.747%, 6/30/13	EUR	308	233,198
Term B4 Facility, 3.747%, 6/30/13		186	141,219
Term C3 Facility, 4.247%, 6/30/14		308	233,198
Term C3 Facility, 4.247%, 6/30/14		186	141,219
Ceridian Corp U.S. Term Loan, 3.47%, 11/09/14	USD	2,000	1,380,000
First Data Corp. Initial Tranche:			
B-2 Term Loan, 3.223% 3.229%, 9/24/14		2,724	1,788,577
B-3 Term Loan, 3.223% 3.229%, 9/24/14		991	647,588

<b>Floating Rate Loan Interests</b>	<b>Par</b>	<b>(000)</b>	<b>Value</b>
<b>IT Services (concluded)</b>			
SunGard Data Systems Inc. (Solar Capital Corp.)			
New US Term Loan:			
2.198% 2.991%, 2/28/14	USD	1,982	\$ 1,658,528
6.75%, 2/28/14		249	229,924
			7,554,237

### Independent Power Producers &

#### Energy Traders 6.7%

Dynergy Holdings Inc.:			
Term Letter of Credit Facility Term Loan, 1.98%, 4/02/13		208	172,078
Tranche B Term Loan, 1.98%, 4/02/13		17	13,994
Mirant North America, LLC Term Loan,			
2.229%, 1/03/13		748	681,636
NRG Energy, Inc.:			
Credit-Linked Deposit, 1.60%, 2/01/13		164	150,182
Term Loan, 1.869% 2.959%, 2/01/13		1,738	1,595,512
Texas Competitive Electric Holdings Co., LLC (TXU):			
Initial Tranche B-1 Term Loan,			
3.948% 4.451%, 10/10/14		496	309,338
Initial Tranche B-3 Term Loan,			
3.948% 4.451%, 10/10/14		4,702	2,933,110
			5,855,850

#### Industrial Conglomerates 0.7%

Sequa Corp. Term Loan, 3.67% 3.70%, 12/03/14		990	603,718
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#### Insurance 0.8%

Alliant Holdings I, Inc. Term Loan, 4.459%, 8/21/14		990	742,481
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#### Internet & Catalog Retail 0.2%

FTD Group, Inc. Tranche B Term Loan, 6.75%, 8/04/14		249	213,216
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#### Life Sciences Tools & Services 1.4%

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Life Technologies Corp. Term B Facility, 5.25%, 11/20/15	1,247	1,220,379
<b>Machinery 3.3%</b>		
LN Acquisition Corp. (Lincoln Industrial):		
Delayed Draw Term Loan (First Lien), 2.95%, 7/11/14	269	216,252
Initial U.S. Term Loan (First Lien), 2.95%, 7/11/14	716	576,673
Navistar International Corp.:		
Revolving Credit-Linked Deposit, 3.677% 3.729%, 1/19/12	533	381,778
Term Advance, 3.729%, 1/19/12	1,467	1,049,888
Oshkosh Truck Corp. Term B Loan, 2.20% 3.95%, 12/06/13	892	