

FRANKLIN TEMPLETON LIMITED DURATION INCOME TRUST  
Form N-Q  
February 28, 2005

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)

Murray L. Simpson, One Franklin Parkway, San Mateo, CA 94403-1906  
(Name and address of agent for service)

Registrant's telephone number, including area code: 650 312-2000

Date of fiscal year end: 3/31

Date of reporting period: 12/31/04

Item 1. Schedule of Investments.

FRANKLIN TEMPLETON  
LIMITED DURATION INCOME TRUST

QUARTERLY STATEMENT OF INVESTMENTS  
DECEMBER 31, 2004

-----

CONTENTS

Statement of Investments .....	3
Notes to Statement of Investments .....	11

[LOGO] (R)  
FRANKLIN (R) TEMPLETON (R)  
INVESTMENTS

FRANKLIN o Templeton o Mutual Series

Quarterly Statement of Investments | 1

This page intentionally left blank.

FRANKLIN TEMPLETON  
LIMITED DURATION INCOME TRUST

STATEMENT OF INVESTMENTS, DECEMBER 31, 2004 (UNAUDITED)

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

	COUNTRY	PR
BONDS 58.9%		
COMMERCIAL SERVICES 1.0%		
JohnsonDiversey Holdings Inc., senior disc. note, zero cpn. to 5/17/07, 10.67% thereafter, 5/15/13 .....	United States	\$
COMMUNICATIONS 7.2%		
Dobson Cellular Systems Inc., secured note, 144A, 9.875%, 11/01/12 .....	United States	
MCI Inc., senior note, 6.908%, 5/01/07 .....	United States	
MCI Inc., senior note, 7.688%, 5/01/09 .....	United States	
MCI Inc., senior note, 8.735%, 5/01/14 .....	United States	
Millicom International Cellular SA, senior note, 144A, 10.00%, 12/01/13 .....	Luxembourg	
NTL Cable PLC, senior note, 144A, FRN, 6.07%, 10/15/12 .....	United Kingdom	
Qwest Services Corp., senior secured note, 144A, 13.00%, 12/15/07 .....	United States	
Rogers Wireless Communications Inc., senior secured note, 144A, FRN, 5.525%, 12/15/10 .....	Canada	
Rural Cellular Corp., senior note, 9.875%, 2/01/10 .....	United States	
Time Warner Telecom Inc., senior note, 10.125%, 2/01/11 .....	United States	
Time Warner Telecom Inc., senior note, 9.25%, 2/15/14 .....	United States	
CONSUMER DURABLES 1.1%		
D. R. Horton Inc., senior note, 8.00%, 2/01/09 .....	United States	
CONSUMER NON-DURABLES 2.2%		
Del Monte Corp., senior sub. note, B, 9.25%, 5/15/11 .....	United States	
Smithfield Foods Inc., senior note, 8.00%, 10/15/09 .....	United States	
CONSUMER SERVICES 15.9%		
Advanstar Communications Inc., senior secured note, 10.75%, 8/15/10 .....	United States	
Boyd Gaming Corp., senior sub. note, 8.75%, 4/15/12 .....	United States	
Charter Communications Holdings II, senior note, 10.25%, 9/15/10 .....	United States	
Clear Channel Communications Inc., senior note, 7.65%, 9/15/10 .....	United States	
CSC Holdings Inc., senior note, 8.125%, 7/15/09 .....	United States	
Dex Media West LLC, senior sub. note, 9.875%, 8/15/13 .....	United States	
DirectTV Holdings LLC, senior note, 8.375%, 3/15/13 .....	United States	
Inmarsat Finance PLC, senior note, 7.625%, 6/30/12 .....	United Kingdom	
LIN Television Corp., senior note, 8.00%, 1/15/08 .....	United States	
Marquee Inc., senior note, 144A, FRN, 5.97%, 8/15/10 .....	United States	
Park Place Entertainment Corp., senior sub. note, 9.375%, 2/15/07 .....	United States	

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

FRANKLIN TEMPLETON  
LIMITED DURATION INCOME TRUST

STATEMENT OF INVESTMENTS, DECEMBER 31, 2004 (UNAUDITED) (CONTINUED)

	COUNTRY	PR
BONDS (CONT.)		
CONSUMER SERVICES (CONT.)		
Paxson Communications Corp., senior secured note, 144A, 4.82%, 1/15/10 .....	United States	\$
Pinnacle Entertainment Inc., senior sub. note, 8.75%, 10/01/13 .....	United States	
Pinnacle Entertainment Inc., senior sub. note, B, 9.25%, 2/15/07 .....	United States	
Quebecor Media Inc., senior disc. note, zero cpn. to 7/15/06, 13.75% thereafter, 7/15/11 .....	Canada	
Royal Caribbean Cruises Ltd., senior note, 8.00%, 5/15/10 .....	United States	
ELECTRONIC TECHNOLOGY 2.3%		
Solectron Corp., senior note, 9.625%, 2/15/09 .....	United States	
Xerox Corp., senior note, 9.75%, 1/15/09 .....	United States	
HEALTH SERVICES 3.2%		
HCA Inc., senior note, 8.75%, 9/01/10 .....	United States	
Tenet Healthcare Corp., senior note, 6.375%, 12/01/11 .....	United States	
Vanguard Health Holding Co. II LLC, senior sub. note, 144A, 9.00%, 10/01/14 .....	United States	
INDUSTRIAL SERVICES 3.1%		
Allied Waste North America Inc., senior note, B, 8.50%, 12/01/08 .....	United States	
Hanover Equipment Trust 01, senior secured note, A, 8.50%, 9/01/08 .....	United States	
URS Corp., senior note, 11.50%, 9/15/09 .....	United States	
NON-ENERGY MINERALS 1.1%		
Ispat Inland ULC, senior secured note, FRN, 7.86%, 4/01/10 .....	United States	
PROCESS INDUSTRIES 7.6%		
Boise Cascade LLC, senior note, 144A, FRN, 5.005%, 10/15/12 .....	United States	
Crown European Holdings SA, senior secured note, 10.875%, 3/01/13 .....	France	
Georgia-Pacific Corp., senior note, 9.375%, 2/01/13 .....	United States	
Huntsman ICI Holdings LLC, senior disc. note, zero cpn., 12/31/09 .....	United States	
Jefferson Smurfit Corp., senior note, 7.50%, 6/01/13 .....	United States	
Lyondell Chemical Co., senior secured note, B, 9.875%, 5/01/07 .....	United States	
Nalco Co., senior note, 7.75%, 11/15/11 .....	United States	
Rhodia SA, senior note, 10.25%, 6/01/10 .....	France	

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

4 | Quarterly Statement of Investments

FRANKLIN TEMPLETON  
LIMITED DURATION INCOME TRUST

STATEMENT OF INVESTMENTS, DECEMBER 31, 2004 (UNAUDITED) (CONTINUED)

	COUNTRY	PR
BONDS (CONT.)		
PRODUCER MANUFACTURING 4.1%		
Case New Holland Inc., senior note, 144A, 9.25%, 8/01/11 .....	United States	\$
Invensys PLC, senior note, 144A, 9.875%, 3/15/11 .....	United Kingdom	
Milacron Escrow Corp., senior secured note, 11.50%, 5/15/11 .....	United States	
TRW Automotive Inc., senior note, 9.375%, 2/15/13 .....	United States	
REAL ESTATE INVESTMENT TRUSTS 1.1%		
Host Marriott LP, senior note, 9.25%, 10/01/07 .....	United States	
TRANSPORTATION 2.4%		
CP Ships Ltd., senior note, 10.375%, 7/15/12 .....	Canada	
Laidlaw International Inc., senior note, 10.75%, 6/15/11 .....	United States	
UTILITIES 6.6%		
Calpine Corp., senior secured note, 144A, 8.50%, 7/15/10 .....	United States	
Centerpoint Energy Inc., senior note, B, 7.25%, 9/01/10 .....	United States	
Dynegy Holdings Inc., senior secured note, 144A, 9.875%, 7/15/10 .....	United States	
Edison Mission Energy, senior note, 9.875%, 4/15/11 .....	United States	
El Paso Natural Gas Co., senior note, 7.625%, 8/01/10 .....	United States	
Utilicorp United Inc., senior note, 9.95%, 2/01/11 .....	United States	
TOTAL BONDS (COST \$221,383,154)		
U.S. GOVERNMENT AND AGENCY SECURITIES 32.5%		
FHLMC, 4.50%, 6/01/18 - 9/01/18 .....	United States	
FHLMC, 5.00%, 9/01/18 - 6/01/34 .....	United States	
FHLMC, 5.50%, 7/01/19 - 8/01/33 .....	United States	
FHLMC, 6.00%, 7/01/28 - 9/01/33 .....	United States	
FHLMC, 7.00%, 9/01/27 .....	United States	
FHLMC, 8.00%, 1/01/31 .....	United States	
FHLMC, 8.50%, 7/01/31 .....	United States	
FNMA, 4.617%, 7/01/34 .....	United States	
FNMA, 5.00%, 10/01/17 .....	United States	
FNMA, 5.50%, 10/01/17 - 10/01/33 .....	United States	
FNMA, 5.936%, 6/01/32 .....	United States	

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

FNMA, 6.00%, 4/01/33 - 12/01/34 .....	United States
FNMA, 6.50, 8/01/32 .....	United States
FNMA, 7.00%, 9/01/18 .....	United States
FNMA, 8.00%, 10/01/29 .....	United States
FNMA, 8.50%, 8/01/26 .....	United States
GNMA, 5.50%, 4/15/33 - 12/15/34 .....	United States
GNMA, 6.50%, 6/15/31 - 12/15/33 .....	United States
GNMA, 7.00%, 12/20/28 - 12/20/30 .....	United States

Quarterly Statement of Investments | 5

FRANKLIN TEMPLETON  
LIMITED DURATION INCOME TRUST

STATEMENT OF INVESTMENTS, DECEMBER 31, 2004 (UNAUDITED) (CONTINUED)

	COUNTRY	PR
-----		
U.S. GOVERNMENT AND AGENCY SECURITIES (CONT.)		
GNMA, 8.00%, 1/20/28 - 2/20/32 .....	United States	\$
GNMA II, 8.00%, 2/20/30 - 5/20/30 .....	United States	
GNMA, SF, 5.00%, 10/20/33 .....	United States	
GNMA, SF, 7.00%, 1/20/24 - 1/20/29 .....	United States	
TOTAL U.S. GOVERNMENT AND AGENCY SECURITIES (COST \$126,638,630)		
ASSET-BACKED SECURITIES 10.3%		
Argent Securities Inc., 2003-W5, M4, 4.85%, 10/25/33 .....	United States	
GSR Mortgage Trust, 2003-AHL, B1, 6.00%, 10/25/33 .....	United States	
Merrill Lynch Mortgage Investors Inc., 2003-OPT1, B2, 3.87%, 7/25/34 .....	United States	
Morgan Stanley ABS Capital, 2003-HE3, B1, 4.42%, 10/25/33 .....	United States	
Morgan Stanley ABS Capital, 2003-NC10, B1, 5.20%, 10/25/33 .....	United States	
Morgan Stanley Auto Loan Trust, 2003-HB1, D, 144A, 5.50%, 4/15/11 .....	United States	
Morgan Stanley Dean Witter Capital Trust I, 2003-NC3, B1, 4.45%, 3/25/33 .....	United States	
New Century Home Equity Loan Trust, 2003-2, M3, 4.981%, 1/25/33 .....	United States	
Option One Mortgage Loan Trust, 2003-6, M5, 5.233%, 11/25/33 .....	United States	
Residential Asset Securities Corp., 2003-KS10, MII3, 3.67%, 12/25/33 .....	United States	
Specialty Underwriting and Residential Finance, 03-BC4, B2, 3.80%, 11/25/34 .....	United States	
Structured Asset Investment Loan Trust, 03-BC13, 3.868%, 11/25/33 .....	United States	
Structured Asset Investment Loan Trust, 2003-BC2, M3, 4.555%, 4/25/33 .....	United States	
TOTAL ASSET-BACKED SECURITIES (COST \$39,191,046)		
SENIOR FLOATING RATE INTERESTS 40.5%		
COMMERCIAL SERVICES .9%		

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

DS Waters Enterprises LP, Term Loan, 6.67 - 7.266%, 11/07/09 .....	United States
COMMUNICATIONS 2.8%	
AAT Communications Corp., Term Loan B, 5.25 - 5.26%, 12/31/11 .....	United States
ALEC Holdings Inc., Term Loan B, 5.813%, 8/20/10 .....	United States
American Tower Corp., Term Loan B, 4.23%, 8/31/11 .....	United States
GCI Holdings Inc., Term Loan, 4.668%, 10/31/07 .....	United States
Nextel Finance (Nextel Communications Inc.), Term Loan E, 4.688%, 12/15/10 .....	United States
Valor Telecom Inc., First Lien Term Loan, 5.75 - 5.92%, 10/30/11 .....	United States

6 | Quarterly Statement of Investments

FRANKLIN TEMPLETON  
LIMITED DURATION INCOME TRUST

STATEMENT OF INVESTMENTS, DECEMBER 31, 2004 (UNAUDITED) (CONTINUED)

	COUNTRY	PR
SENIOR FLOATING RATE INTERESTS (CONT.)		
CONSUMER DURABLES 2.0%		
BRP Holdings LP, Term Loan, 4.97%, 12/18/10 .....	United States	\$
LandSource Communities Development LLC, Term Loan B, 4.938%, 3/31/10 .....	United States	
Sola International Inc., Term Loan, 4.92%, 12/05/09 .....	United States	
Solo Cup Co., Term Loan B, 4.66 - 5.05%, 2/27/11 .....	United States	
CONSUMER NON-DURABLES 1.9%		
Constellation Brands Inc., Term Loan B, 6.00%, 12/22/11 .....	United States	
Dole Food Co. Inc., Term Loan D, 4.313 - 6.50%, 9/28/08 .....	United States	
Land O'Lakes Inc., Term Loan B, 5.71%, 10/11/08 .....	United States	
Meow Mix Co., First Lien Term Loan, 6.20 - 7.02%, 8/21/09 .....	United States	
Michael Foods Inc., Term Loan B, 4.63 - 5.09%, 11/21/10 .....	United States	
Rayovac Corp., Term Loan C, 4.22 - 4.92%, 9/30/09 .....	United States	
Southern Wine & Spirits of America Inc., Term Loan B, 4.81%, 7/02/08 .....	United States	
CONSUMER SERVICES 16.6%		
Advertising Directory Solutions Inc., Term Loan B, 4.40%, 11/05/11 .....	United States	
Alderwoods Group Inc., Term Loan B1, 3.94 - 4.54%, 8/19/10 .....	United States	
Alliance Gaming Corp., Term Loan B, 4.90%, 8/22/09 .....	United States	
Canwest Media Inc., Term Loan E, 4.49%, 5/15/09 .....	Canada	
Charter Communications Operating LLC, Term Loan B, 5.38%, 4/23/11 .....	United States	

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

Cinram International Inc., Term Loan D, 5.40%, 9/30/09 .....	Canada
Cumulus Media Inc., Term Loan F, 3.938%, 11/18/11 .....	United States
Dex Media West LLC, Term Loan B, 4.10 - 6.00%, 3/09/10 .....	United States
DirecTV Holdings LLC, Term Loan, 4.39 - 4.41%, 3/06/10 .....	United States
Emmis Operating Co., Term Loan B, 4.10%, 11/10/11 .....	United States
Grapeclose Ltd. (Inmarsat), Term Loan B, 5.502%, 10/10/10 .....	United Kingdom
Grapeclose Ltd. (Inmarsat), Term Loan C, 6.002%, 10/10/11 .....	United Kingdom
Green Valley Ranch Gaming LLC, Term Loan B, 4.501%, 12/22/10 .....	United States
Insight Midwest Holdings LLC, Term Loan A, 3.938%, 6/30/09 .....	United States
Insight Midwest Holdings LLC, Term Loan B, 5.188%, 12/31/09 .....	United States
Mediacom Broadband Inc., Term Loan B1, 4.81 - 5.06%, 9/12/10 .....	United States
MediaNews Group Inc., Term Loan C, 3.92%, 12/30/10 .....	United States
Metro-Goldwyn-Mayer Studios Inc., Term Loan B, 5.06%, 4/30/11 .....	United States
Mission Broadcasting Inc., Term Loan D, 4.31%, 12/31/10 .....	United States
New Skies Satellites B.V., Term Loan, 5.188%, 5/01/11 .....	United States
Nexstar Finance LLC, Term Loan D, 4.31%, 12/31/10 .....	United States
Panamsat Corp., Term Loan B, 5.16%, 8/01/11 .....	United States

Quarterly Statement of Investments | 7

FRANKLIN TEMPLETON  
LIMITED DURATION INCOME TRUST

STATEMENT OF INVESTMENTS, DECEMBER 31, 2004 (UNAUDITED) (CONTINUED)

	COUNTRY	PR
SENIOR FLOATING RATE INTERESTS (CONT.)		
CONSUMER SERVICES (CONT.)		
Primedia Inc., Term Loan B, 5.063%, 6/30/09 .....	United States	\$
R.H. Donnelley Inc., Term Loan D, 4.09 - 4.31%, 6/30/11 .....	United States	
Rainbow National Services LLC, Term Loan B, 5.19%, 3/31/12 .....	United States	
Reader's Digest Association Inc., Term Loan B, 4.55%, 5/20/08 .....	United States	
(a)Regal Cinemas Inc., Term Loan B, 4.56%, 11/10/10 .....	United States	
Six Flags Theme Parks Inc., Term Loan B, 4.84%, 6/30/09 .....	United States	
SpectraSite Communications Inc., Term Loan B, 4.03%, 5/30/12 .....	United States	
Warner Music Inc., Term Loan B, 4.97 - 5.38%, 2/28/11 .....	United States	
Wyndham International Inc., Term Loan B, 7.125%, 6/30/06 .....	United States	
FINANCE 2.3%		
Conseco Inc., Term Loan, 5.918%, 6/22/10 .....	United States	
General Growth Properties Inc., Term Loan B, 4.53%, 11/12/09 .....	United States	
Newkirk Master LP, Term Loan, 6.92 - 7.06%, 11/24/06 .....	United States	
Refco Group Ltd. LLC, Term Loan B, 5.163%, 8/05/11 .....	United States	
HEALTH SERVICES 1.9%		
Davita Inc., Term Loan B, 3.98 - 4.775%, 6/30/10 .....	United States	
Multiplan Inc., Term Loan, 5.31%, 3/04/09 .....	United States	

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

(a) Pacificare Health Systems Inc., Term Loan B, 4.063 - 4.25%, 12/13/10 .....	United States
Quintiles Transnational Corp., Term Loan B, 6.67 - 6.81%, 9/25/09 .....	United States
INDUSTRIAL SERVICES 1.8%	
Allied Waste North America Inc., Term Loan C, 5.24 - 5.27%, 1/15/10 .....	United States
Allied Waste North America Inc., Term Loan D, 4.54%, 1/15/10 .....	United States
Washington Group International Inc., Synthetic Term Loan, 2.32%, 10/01/07 .....	United States
NON-ENERGY MINERALS .8%	
St. Marys Cement Inc., Term Loan B, 4.56%, 12/04/09 .....	Canada
PROCESS INDUSTRIES 2.6%	
Berry Plastics Corp., Term Loan C, 4.22%, 7/22/10 .....	United States
Boise Cascade LLC, Term Loan B, 4.688%, 10/01/11 .....	United States
Boise Land and Timber Corp., Term Loan C, 4.688%, 10/01/10 .....	United States

8 | Quarterly Statement of Investments

FRANKLIN TEMPLETON  
LIMITED DURATION INCOME TRUST

STATEMENT OF INVESTMENTS, DECEMBER 31, 2004 (UNAUDITED) (CONTINUED)

	COUNTRY	PR
SENIOR FLOATING RATE INTERESTS (CONT.)		
PROCESS INDUSTRIES (CONT.)		
Graham Packaging Co., First Lien Term Loan, 4.875 - 5.00%, 10/07/11 .....	United States	\$
Graham Packaging Co., Second Lien Term Loan, 6.813%, 4/07/12 .....	United States	
Nalco Co., Term Loan B, 3.93 - 4.53%, 11/04/10 .....	United States	
Rockwood Specialties Group Inc., Term Loan D, 4.38%, 7/30/11 .....	United States	
PRODUCER MANUFACTURING 3.1%		
Day International Group Inc., Term Loan D, 5.92 - 6.06%, 1/01/10 .....	United States	
Headwaters Inc., Term Loan B, 5.33%, 4/30/11 .....	United States	
Itron Inc., Term Loan B, 4.688 - 4.813%, 11/24/10 .....	United States	
Masonite International Corp., Term Loan C2, 4.688%, 8/31/08 .....	United States	
Metaldyne (Mascotech Inc.), Term Loan D, 6.563%, 12/31/09 .....	United States	
Sensus Metering Systems Inc., Term Loan, 4.391 - 4.421%, 12/17/10 .....	United States	
TriMas Corp., Term Loan B, 5.625%, 12/06/09 .....	United States	
(a) TRW Automotive Inc., Term Loan B, 3.625 - 4.125%, 10/31/10 .....	United States	



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

RETAIL TRADE 1.3%	
CSK Auto Inc., Term Loan C, 4.06%, 6/20/09 .....	United States
The Jean Coutu Group (PJC) Inc., Term Loan B, 4.438%, 7/28/11 .....	United States
Pantry Inc., Term Loan, 4.67%, 3/12/11 .....	United States
TECHNOLOGY SERVICES .1%	
Worldspan LP, Term Loan, 5.813 - 8.00%, 6/30/07 .....	United States
TRANSPORTATION .9%	
Laidlaw International Inc., Term Loan B, 6.17%, 6/17/09 .....	United States
Northwest Airlines Inc., Term Loan, 9.10%, 11/23/10 .....	United States
UTILITIES 1.5%	
AES Corp., Term Loan B, 4.25 - 4.40%, 4/30/08 .....	United States
Calpine Corp., Second Lien Term Loan, 7.82%, 7/15/07 .....	United States
Coleto Creek WLE LP, Term Loan C, 5.63%, 7/31/12 .....	United States
Texas Genco LLC, First Lien Term Loan, 4.48%, 12/14/11 .....	United States

TOTAL SENIOR FLOATING RATE INTERESTS (COST \$158,442,928)

Quarterly Statement of Investments | 9

FRANKLIN TEMPLETON  
LIMITED DURATION INCOME TRUST

STATEMENT OF INVESTMENTS, DECEMBER 31, 2004 (UNAUDITED) (CONTINUED)

	COUNTRY	PR
FOREIGN GOVERNMENT AND AGENCY SECURITIES 2.9%		
Government of New Zealand, 8.00%, 11/15/06 .....	New Zealand	
Government of Thailand, 8.50%, 10/14/05 .....	Thailand	
Kingdom of Norway, 6.75%, 1/15/07 .....	Norway	
Kingdom of Sweden, 8.00%, 8/15/07 .....	Sweden	
Korea Treasury Bond, 6.90%, 1/16/07 .....	South Korea	
New South Wales Treasury Corp., 6.50%, 5/01/06 .....	Australia	
TOTAL FOREIGN GOVERNMENT AND AGENCY SECURITIES (COST \$10,325,234)		

PREFERRED STOCK (COST \$4,165,250) 1.1%

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

### HEALTH SERVICES

Fresenius Medical Care Capital Trust II, 7.875%, 2/01/08 ..... Germany

TOTAL LONG TERM INVESTMENTS (COST \$560,146,242)

SHORT TERM INVESTMENT (COST \$9,387,598) 2.4%

(b) Franklin Institutional Fiduciary Trust Money Market Portfolio ..... United States

TOTAL INVESTMENTS (COST \$569,533,840) 148.6%

PREFERRED SHARES (48.2)%

OTHER ASSETS, LESS LIABILITIES (.4)%

NET ASSETS APPLICABLE TO COMMON SHARES 100.0%

CURRENCY ABBREVIATIONS | AUD - Australian Dollar | KRW - South Korean Won |  
 NOK - Norwegian Krone | NZD - New Zealand Dollar  
 SEK - Swedish Krona | THB - Thai Baht

### GLOSSARY OF TERMS

FRN - Floating Rate Note  
 LLC - Limited Liability Corporation  
 LP - Limited Partnership  
 PLC - Partnership Liability Corporation  
 SF - Single Family  
 ULC - Unlimited Liability Corporation

- (a) Security purchased on a delayed delivery basis.
- (b) The Franklin Institutional Fiduciary Trust Money Market Portfolio is managed by the Fund's investment manager.
- (c) The principal amount is stated in U.S. dollars unless otherwise indicated.

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

### FRANKLIN TEMPLETON LIMITED DURATION INCOME TRUST

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

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

#### 1. INCOME TAXES

At December 31, 2004, the unrealized appreciation (depreciation) based on the cost of investments for income tax purposes was as follows:

Cost of investments .....	\$ 571,362,568
	=====
Unrealized appreciation .....	\$ 15,195,104
Unrealized depreciation .....	(1,228,762)
	-----
Net unrealized appreciation (depreciation) .....	\$ 13,966,342
	=====

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

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

Quarterly Statement of Investments | 11

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 Jimmy D. Gambill, Chief Executive Officer - Finance and Administration, and Galen G. Vetter, Chief Financial Officer.

SIGNATURES

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

(Registrant) FRANKLIN TEMPLETON LIMITED DURATION INCOME TRUST

By /s/ Jimmy D. Gambill

-----

Chief Executive Officer - Finance and Administration

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

Date February 18, 2005

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

By /s/ Jimmy D. Gambill  
-----

Chief Executive Officer - Finance and Administration  
Date February 18, 2005

By /s/ Galen G. Vetter  
-----

Chief Financial Officer  
Date February 18, 2005

EXHIBIT A

I, Jimmy D. Gambill, certify that:

1. I have reviewed this report on Form N-Q of Franklin Templeton Limited Duration Income Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities,

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

particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 18, 2005

/S/JIMMY D. GAMBILL  
Chief Executive Officer - Finance and Administration

I, Galen G. Vetter, certify that:

1. I have reviewed this report on Form N-Q of Franklin Templeton Limited Duration Income Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;

4. The registrant's other certifying officer(s) and I are responsible for

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

establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 18, 2005

/S/GALEN G. VETTER  
Chief Financial Officer