

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

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

FRANKLIN o Templeton o Mutual Series

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FRANKLIN TEMPLETON
LIMITED DURATION INCOME TRUST

STATEMENT OF INVESTMENTS, DECEMBER 31, 2004 (UNAUDITED)

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| | 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 | |

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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 | |

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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 | |

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| | |
|--|---------------|
| 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% | | |

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| | |
|---|---------------|
| 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 | |

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| | |
|--|----------------|
| 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 |
| DirectTV 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 | |

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| | |
|--|---------------|
| (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 | |

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| | |
|---|---------------|
| 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%

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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 |
| | ===== |

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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

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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,

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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

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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