

BLACKROCK LTD DURATION INCOME TRUST
Form N-CSR
January 04, 2008

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

FORM N-CSR

**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

Name and address of agent for service: Donald C. Burke, Chief Executive Officer, BlackRock Limited Duration
Income Trust,
800 Scudders Mill Road, Plainsboro, NJ, 08536. Mailing address: P.O. Box 9011, Princeton, NJ,
08543-9011

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

Date of fiscal year end: 10/31/2007

Date of reporting period: 11/01/2006 - 10/31/2007

Item 1 Report to Stockholders

EQUITIES FIXED REAL LIQUIDITY ALTERNATIVES BLACKROCK
INCOME ESTATE SOLUTIONS

A black rectangular graphic with white text. The top half contains the text "Closed-End Funds" in a large, bold, sans-serif font. The bottom half contains the text "ANNUAL REPORT | OCTOBER 31, 2007" in a smaller, all-caps, sans-serif font. A thin blue horizontal bar is at the bottom of the graphic.

Closed-End Funds

ANNUAL REPORT | OCTOBER 31, 2007

[BlackRock Broad Investment Grade 2009 Term Trust Inc. \(BCT\)](#)

[BlackRock Core Bond Trust \(BHK\)](#)

[BlackRock High Yield Trust \(BHY\)](#)

[BlackRock Income Opportunity Trust \(BNA\)](#)

[BlackRock Income Trust Inc. \(BKT\)](#)

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

[BlackRock Preferred and Equity Advantage Trust \(BTZ\)](#)

[BlackRock Strategic Bond Trust \(BHD\)](#)

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

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A Letter to Shareholders

Dear Shareholder

The October reporting period was fairly tumultuous for financial markets, but culminated in positive performance for most major benchmarks:

Total returns as of October 31, 2007

| | 6-month | 12-month |
|---|---------|----------|
| U.S. equities (S&P 500 Index) | +5.49 % | +14.56% |
| Small cap U.S. equities (Russell 2000 Index) | +2.25 % | +9.27% |
| International equities (MSCI Europe, Australasia, Far East Index) | +8.19 % | +24.91% |
| Fixed income (Lehman Brothers U.S. Aggregate Bond Index) | +2.68 % | +5.38% |
| Tax-exempt fixed income (Lehman Brothers Municipal Bond Index) | +1.30 % | +2.91% |
| High yield bonds (Lehman Brothers U.S. Corporate High Yield 2% Issuer Cap Index) | -0.07 % | +6.89% |

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

Subprime mortgage woes dominated headlines for much of 2007, but intensified in the summer and fall, spawning a widespread liquidity and credit crisis with ramifications across global markets. The Federal Reserve Board (Fed) and other countries' central banks stepped in to inject liquidity into the markets and bolster investor confidence. The Fed cut the federal funds rate by 0.50% in September and another 0.25% on the final day of the reporting period, bringing its target rate to 4.50%. In taking action, the central bankers, who had long deemed themselves inflation fighters, were seeking to stem the fallout from the credit crunch and forestall a wider economic unraveling. By period-end, the Fed had cited the risks between slower economic growth and faster inflation as equally balanced.

Amid the volatility throughout the past year, equity markets have displayed surprising resilience. Most recently, the credit turmoil dampened corporate merger-and-acquisition (M&A) activity, a key source of strength for equity markets. Still, market fundamentals have held firm, dividend payouts and share buybacks have continued to grow, and valuations remain attractive. These tailwinds generally have prevailed over the headwinds created by the slowing U.S. economy, troubled housing market and, recently, a more difficult corporate earnings backdrop. International markets fared even better than U.S. equities, benefiting from robust M&A activity and generally stronger economies.

In fixed income markets, mixed economic signals and the credit woes resulted in a flight to quality. At the height of the uncertainty, investors shunned bonds associated with the housing and credit markets in favor of higher-quality Treasury issues. The yield on 10-year Treasury issues, which touched 5.30% in June (its highest level in five years), fell to 4.48% by period-end, while prices correspondingly rose. The tax-exempt bond market has been challenged by a combination of record-setting supply year-to-date, economic uncertainty and concerns around the credit worthiness of bond insurers. This has brought municipal bond prices to relatively attractive levels and, as such, demand generally has remained firm.

As you navigate market volatility, we encourage you to review your investment goals with your financial professional and to make portfolio changes, as needed. For more market insight and commentary from BlackRock investment professionals, we invite you to visit www.blackrock.com/funds. As always, we thank you for entrusting BlackRock with your investment assets, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

Robert C. Doll, Jr.

Vice Chairman, BlackRock, Inc.

THIS PAGE NOT PART OF YOUR TRUSTS REPORT

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Trust Summary as of October 31, 2007

BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT)

Investment Objective

The Trust's investment objective is to manage a portfolio of fixed income securities that will return \$15 per share (the initial public offering price per share) to investors on or about December 31, 2009 while providing high monthly income.

Trust Information

| | |
|--|---------------|
| Symbol on American Stock Exchange: | BCT |
| Initial Offering Date: | June 17, 1993 |
| Yield on Closing Market Price as of October 31, 2007 (\$15.15): ¹ | 5.94% |
| Current Monthly Distribution per Share: ² | \$ 0.075 |
| Current Annualized Distribution per Share: ² | \$ 0.900 |

¹ 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.

² A change in the distribution rate was declared on November 1, 2007. The Monthly Distribution per Common Share was decreased to \$0.049. The Yield on Closing Market Price, Current Monthly Distribution and Current Annualized Distribution do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

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

| | 10/31/07 | 10/31/06 | Change | High | Low |
|-----------------|----------|----------|---------|----------|----------|
| Market Price | \$ 15.15 | \$ 15.08 | 0.46% | \$ 15.65 | \$ 14.82 |
| Net Asset Value | \$ 13.38 | \$ 13.79 | (2.97)% | \$ 13.81 | \$ 13.36 |

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

Portfolio Composition

| Composition | 10/31/07 | 10/31/06 |
|--|----------|----------|
| Agency Multiple Class Mortgage Pass-Through Securities | 31% | 28% |
| Taxable Municipal Bonds | 18 | 11 |
| Non-Agency Multiple Class Mortgage Pass-Through Securities | 16 | |
| Inverse Floating Rate Mortgage Securities | 15 | 8 |

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| | | |
|--|---|----|
| Corporate Bonds | 9 | 14 |
| Interest Only Mortgage-Backed Securities | 8 | 7 |
| Mortgage Pass-Through Securities | 3 | 2 |
| U.S. Government and Agency Securities | | 30 |

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Trust Summary as of October 31, 2007

BlackRock Core Bond Trust (BHK)

Investment Objective

The Trust's investment objective is to provide current income and capital appreciation.

Trust Information

| | |
|--|-------------------|
| Symbol on New York Stock Exchange: | BHK |
| Initial Offering Date: | November 27, 2001 |
| Yield on Closing Market Price as of October 31, 2007 (\$12.23): ¹ | 6.57% |
| Current Monthly Distribution per Share: ² | \$0.067 |
| Current Annualized Distribution per Share: ² | \$0.804 |
| Leverage as of October 31, 2007: ³ | 22% |

- 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.
- A change in the distribution rate was declared on December 5, 2007. The Monthly Distribution per Common Share was decreased to \$0.062. The Yield on Closing Market Price, Current Monthly Distribution and Current Annualized Distribution do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.
- As a percentage of managed assets (as defined in Note 2 of the Notes to Financial Statements).

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

| | 10/31/07 | 10/31/06 | Change | High | Low |
|-----------------|----------|----------|-------------|---------|---------|
| Market Price | \$12.23 | \$12.86 | (4.90) % | \$13.25 | \$11.32 |
| Net Asset Value | \$13.63 | \$13.82 | (1.37) % | \$14.01 | \$13.11 |

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

Portfolio Composition

| Composition | 10/31/07 | 10/31/06 |
|----------------------------------|----------|----------|
| Corporate Bonds | 42% | 58% |
| Mortgage Pass-Through Securities | 36 | 10 |

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| | | |
|--|---|---|
| Asset-Backed Securities | 4 | 8 |
| Commercial Mortgage-Backed Securities | 4 | 6 |
| U.S. Government and Agency Securities | 4 | 5 |
| Non-Agency Multiple Class Mortgage Pass-Through Securities | 4 | 2 |
| Agency Multiple Class Mortgage Pass-Through Securities | 3 | 8 |
| Trust Preferred Stocks | 2 | |
| Interest Only Mortgage-Backed Securities | 1 | 1 |
| Interest Only Asset-Backed Securities | | 1 |
| Foreign Government Bonds | | 1 |

Corporate Bond Breakdown⁴

| Credit Rating | 10/31/07 | 10/31/06 |
|---------------|----------|----------|
| AAA/Aaa | 6% | 7% |
| AA/Aa | 24 | 26 |
| A | 21 | 10 |
| BBB/Baa | 20 | 17 |
| BB/Ba | 7 | 12 |
| B | 16 | 23 |
| CCC/Caa | 6 | 5 |

4 Using the highest of Standard & Poor's (S&P's), Moody's Investors Service (Moody's) or Fitch Rating (Fitch's) ratings. Corporate bonds represented approximately 66.2% and 58.3% of net assets on October 31, 2007 and 2006, respectively.

Trust Summary as of October 31, 2007

BlackRock High Yield Trust (BHY)

Investment Objective

The Trust's investment objective is to generate high current income and, to a lesser extent, to seek capital appreciation.

Trust Information

| | |
|---|-------------------|
| Symbol on New York Stock Exchange: | BHY |
| Initial Offering Date: | December 23, 1998 |
| Yield on Closing Market Price as of October 31, 2007 (\$6.92): ¹ | 8.84% |
| Current Monthly Distribution per Share: ² | \$0.051 |
| Current Annualized Distribution per Share: ² | \$0.612 |
| Leverage as of October 31, 2007: ³ | 15% |

1 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.

2 The distribution is not constant and is subject to change.

3 As a percentage of managed assets (as defined in Note 2 of the Notes to Financial Statements).

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

| | 10/31/07 | 10/31/06 | Change | High | Low |
|-----------------|----------|----------|----------|--------|--------|
| Market Price | \$6.92 | \$7.77 | (10.94)% | \$8.70 | \$5.83 |
| Net Asset Value | \$7.91 | \$7.85 | 0.76% | \$8.32 | \$7.63 |

The following unaudited charts show the portfolio composition and credit quality allocations of the Trust's corporate bond investments:

Portfolio Composition⁴

| Corporate Portfolio Composition | 10/31/07 | 10/31/06 |
|---------------------------------|----------|----------|
| Telecommunications | 15% | 13% |
| Energy | 14 | 16 |
| Media | 11 | 11 |
| Basic Materials | 10 | 11 |
| Financial Institutions | 10 | 14 |
| Consumer Products | 6 | 6 |
| Technology | 6 | 5 |

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| | | |
|---------------------------------|---|---|
| Automotive | 4 | 3 |
| Entertainment & Leisure | 4 | 4 |
| Industrials | 4 | 3 |
| Health Care | 3 | 3 |
| Containers & Packaging | 3 | 3 |
| Aerospace & Defense | 3 | 3 |
| Transportation | 2 | 2 |
| Building & Development | 2 | 3 |
| Real Estate | 1 | |
| Ecological Services & Equipment | 1 | |
| Commercial Services | 1 | |

- 4 For Trust compliance purposes, the Trust's sector and industry classification refer to any one or more of the Standard Industry Codes as defined by the SEC. This definition may not apply for purposes of this report, which may combine sector and industry sub-classification for reporting ease.

Corporate Bond Breakdown⁵

| Credit Rating | 10/31/07 | 10/31/06 |
|---------------|----------|----------|
| BBB/Baa | 4% | 3% |
| BB/Ba | 21 | 26 |
| B | 51 | 55 |
| CCC/Caa | 21 | 12 |
| C | | 2 |
| Not Rated | 3 | 2 |

- 5 Using the highest of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 110.4% and 128.9% of net assets on October 31, 2007 and 2006, respectively.

Trust Summary as of October 31, 2007

BlackRock Income Opportunity Trust (BNA)

Investment Objective

The Trust's investment objective is to provide current income and capital appreciation.

Trust Information

| | |
|--|-------------------|
| Symbol on New York Stock Exchange: | BNA |
| Initial Offering Date: | December 20, 1991 |
| Yield on Closing Market Price as of October 31, 2007 (\$10.19): ¹ | 6.48% |
| Current Monthly Distribution per Share: ² | \$0.055 |
| Current Annualized Distribution per Share: ² | \$0.660 |
| Leverage as of October 31, 2007: ³ | 22% |

- 1 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.
- 2 A change in the distribution rate was declared on December 5, 2007. The Monthly Distribution per Common Share was decreased to \$0.051. The Yield on Closing Market Price, Current Monthly Distribution and Current Annualized Distribution do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.
- 3 As a percentage of managed assets (as defined in Note 2 of the Notes to Financial Statements).