

LMP CAPITAL & INCOME FUND INC.
Form N-Q
May 28, 2009

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

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number

811-21467

LMP Capital and Income Fund Inc.
(Exact name of registrant as specified in charter)

55 Water Street, New York, NY
(Address of principal executive offices)

10041
(Zip code)

Robert I. Frenkel, Esq.
Legg Mason & Co., LLC
100 First Stamford Place
Stamford, CT 06902
(Name and address of agent for service)

Registrant's telephone number, including area code:

1-888-777-0102

Date of fiscal year end: December 31

Date of reporting period: March 31, 2009

ITEM 1. SCHEDULE OF INVESTMENTS

LMP CAPITAL AND INCOME FUND INC.

FORM N-Q

MARCH 31, 2009

Edgar Filing: LMP CAPITAL & INCOME FUND INC. - Form N-Q

LMP Capital and Income Fund Inc.

Schedule of Investments (unaudited)

March 31, 2009

Shares	Security	Value
COMMON STOCKS 55.2%		
CONSUMER DISCRETIONARY 3.7%		
Media 3.7%		
129,580	Lamar Advertising Co., Class A Shares *	\$ 1,263,405
116,200	Thomson Reuters PLC (a)	2,599,374
59,121	Time Warner Cable Inc.	1,466,206
235,533	Time Warner Inc.	4,545,794
119,000	Walt Disney Co.	2,161,040
511,700	Warner Music Group Corp. *	1,202,495
	TOTAL CONSUMER DISCRETIONARY	13,238,314
CONSUMER STAPLES 4.6%		
Food Products 1.5%		
243,040	Kraft Foods Inc., Class A Shares	5,417,361
Household Products 3.1%		
141,640	Kimberly-Clark Corp.	6,531,020
94,150	Procter & Gamble Co.	4,433,524
	Total Household Products	10,964,544
	TOTAL CONSUMER STAPLES	16,381,905
ENERGY 8.1%		
Energy Equipment & Services 2.4%		
227,720	Halliburton Co.	3,522,829
182,820	National-Oilwell Varco Inc. *	5,248,762
	Total Energy Equipment & Services	8,771,591
Oil, Gas & Consumable Fuels 5.7%		
60,255	Devon Energy Corp.	2,692,796
858,910	El Paso Corp.	5,368,187
50,930	Petrohawk Energy Corp. *	979,384
32,620	Range Resources Corp.	1,342,639
193,700	Spectra Energy Corp.	2,738,918
147,510	Total SA, ADR	7,236,841
	Total Oil, Gas & Consumable Fuels	20,358,765
	TOTAL ENERGY	29,130,356
EXCHANGE TRADED FUND 2.6%		
116,790	UltraShort S&P500 ProShares	9,238,089
FINANCIALS 6.5%		
Capital Markets 3.6%		
465,630	Charles Schwab Corp.	7,217,265
307,220	Invesco Ltd.	4,258,069
252,687	Och-Ziff Capital Management Group	1,533,810
	Total Capital Markets	13,009,144
Insurance 2.5%		
63,350	Arch Capital Group Ltd. *	3,412,031
140,050	Travelers Cos. Inc.	5,691,632
	Total Insurance	9,103,663
Real Estate Investment Trusts (REITs) 0.4%		
89,730	Redwood Trust Inc.	1,377,356
	TOTAL FINANCIALS	23,490,163
HEALTH CARE 4.5%		
Health Care Equipment & Supplies 1.2%		
24,090	Alcon Inc.	2,190,022
66,820	Medtronic Inc.	1,969,185
	Total Health Care Equipment & Supplies	4,159,207

See Notes to Schedule of Investments.

Edgar Filing: LMP CAPITAL & INCOME FUND INC. - Form N-Q

LMP Capital and Income Fund Inc.

Schedule of Investments (unaudited) (continued)

March 31, 2009

Shares	Security	Value
Health Care Technology 1.2%		
418,520	HLTH Corp. *	\$ 4,331,682
Pharmaceuticals 2.1%		
60,950	Johnson & Johnson	3,205,970
117,560	Novartis AG, ADR	4,447,295
	Total Pharmaceuticals	7,653,265
	TOTAL HEALTH CARE	16,144,154
INDUSTRIALS 9.0%		
Aerospace & Defense 2.7%		
109,960	L-3 Communications Holdings Inc.	7,455,288
69,120	TransDigm Group Inc. *	2,269,901
	Total Aerospace & Defense	9,725,189
Commercial Services & Supplies 1.9%		
505,984	Covanta Holding Corp. *	6,623,330
Industrial Conglomerates 4.4%		
411,970	General Electric Co.	4,165,017
410,360	McDermott International Inc. *	5,494,720
143,710	United Technologies Corp.	6,176,656
	Total Industrial Conglomerates	15,836,393
	TOTAL INDUSTRIALS	32,184,912
INFORMATION TECHNOLOGY 7.3%		
Communications Equipment 1.5%		
208,990	Nokia Oyj, ADR	2,438,913
76,810	QUALCOMM Inc.	2,988,677
	Total Communications Equipment	5,427,590
Computers & Peripherals 1.4%		
446,720	EMC Corp. *	5,092,608
Software 4.4%		
73,400	Adobe Systems Inc. *	1,570,026
391,560	Microsoft Corp.	7,192,958
381,060	Oracle Corp. *	6,885,754
	Total Software	15,648,738
	TOTAL INFORMATION TECHNOLOGY	26,168,936
MATERIALS 5.7%		
Chemicals 2.7%		
93,290	Air Products & Chemicals Inc.	5,247,562
54,310	Monsanto Co.	4,513,161
	Total Chemicals	9,760,723
Metals & Mining 3.0%		
60,600	Agnico-Eagle Mines Ltd.	3,449,352
72,500	Barrick Gold Corp.	2,350,450
177,080	Commercial Metals Co.	2,045,274
64,000	Newmont Mining Corp.	2,864,640
	Total Metals & Mining	10,709,716
	TOTAL MATERIALS	20,470,439
TELECOMMUNICATION SERVICES 1.8%		
Wireless Telecommunication Services 1.8%		
207,170	American Tower Corp., Class A Shares *	6,304,183
UTILITIES 1.4%		
Gas Utilities 1.4%		
159,460	National Fuel Gas Co.	4,890,638
		197,642,089

TOTAL COMMON STOCKS

(Cost \$300,326,461)

See Notes to Schedule of Investments.

Edgar Filing: LMP CAPITAL & INCOME FUND INC. - Form N-Q

LMP Capital and Income Fund Inc.

Schedule of Investments (unaudited) (continued)

March 31, 2009

Shares	Security	Value
CONVERTIBLE PREFERRED STOCKS 1.6%		
ENERGY 0.5%		
Oil, Gas & Consumable Fuels 0.5%		
3,200	El Paso Corp., 4.990%	\$ 1,856,800
MATERIALS 1.1%		
Metals & Mining 1.1%		
4,350	Freeport-McMoRan Copper & Gold Inc., 5.500%	3,959,587
	TOTAL CONVERTIBLE PREFERRED STOCKS	
	(Cost \$5,096,416)	5,816,387
PREFERRED STOCKS 0.1%		
FINANCIALS 0.1%		
Consumer Finance 0.1%		
809	Preferred Blocker Inc., 7.000% (b)	161,117
Thrifts & Mortgage Finance 0.0%		
25,950	Federal Home Loan Mortgage Corp. (FHLMC), 8.375% (c)*	11,937
300	Federal National Mortgage Association (FNMA), 7.000% (c)*	180
17,650	Federal National Mortgage Association (FNMA), 8.250% (c)*	12,532
	Total Thrifts & Mortgage Finance	24,649
	TOTAL PREFERRED STOCKS	
	(Cost \$1,296,392)	185,766
Face Amount		
ASSET-BACKED SECURITIES 1.7%		
FINANCIALS 1.7%		
Home Equity 1.6%		
\$ 505,456	Asset-Backed Funding Certificates, 2.697% due 1/25/34 (d)	233,167
126,653	Countrywide Asset-Backed Certificates, 1.772% due 6/25/34 (d)	10,144
709,178	Credit-Based Asset Servicing & Securitization LLC, 5.704% due 12/25/36	385,256
73,417	Finance America Net Interest Margin Trust, 5.250% due 6/27/34 (a)(b)(e)(f)	73
157,651	Fremont Home Loan Trust, 2.172% due 2/25/34 (d)	43,058
1,820,000	Green Tree, 8.970% due 4/25/38 (b)(d)	1,334,599
1,770,000	GSAA Home Equity Trust: 0.822% due 3/25/37 (d)	299,445
1,790,000	0.792% due 7/25/37 (a)(d)	412,561
1,720,000	0.822% due 5/25/47 (d)	523,372
610,028	GSAMP Trust, 1.672% due 11/25/34 (d)	261,169
484,290	Lehman XS Trust, 0.592% due 6/25/46 (d)	363,217
508,274	MASTR Specialized Loan Trust, 0.739% due 5/25/37 (b)(d)	203,309
1,332,535	Option One Mortgage Loan Trust, 1.572% due 5/25/34 (d)	778,386
657,017	RAAC, 0.902% due 10/25/46 (b)(d)	289,008
433,112	Renaissance Home Equity Loan Trust, 2.422% due 3/25/34 (d)	133,942
141,210	Sail Net Interest Margin Notes: 7.750% due 4/27/33 (b)(e)(f)	16

Edgar Filing: LMP CAPITAL & INCOME FUND INC. - Form N-Q

	71,380	5.500% due 3/27/34 (b)(e)(f)	7
	445,644	Structured Asset Securities Corp., 0.724% due 11/25/37 (a)(d)	319,227
		Total Home Equity	5,589,956
Student Loan	0.1%		
	350,000	Nelnet Student Loan Trust, 2.639% due 4/25/24 (d)	304,769
		TOTAL ASSET-BACKED SECURITIES	
		(Cost \$10,585,271)	5,894,725
COLLATERALIZED MORTGAGE OBLIGATIONS	2.2%		
	260,000	American Home Mortgage Investment Trust, 1.322% due 11/25/45 (d)	27,328
	1,298,056	BCAP LLC Trust, 0.712% due 10/25/36 (d)	503,830
	150,139	Bear Stearns ARM Trust, 5.778% due 2/25/36 (d)	73,052

See Notes to Schedule of Investments.

Edgar Filing: LMP CAPITAL & INCOME FUND INC. - Form N-Q

LMP Capital and Income Fund Inc.

Schedule of Investments (unaudited) (continued)

March 31, 2009

Face Amount	Security	Value
\$ 28,596	Countrywide Alternative Loan Trust: 6.000% due 2/25/34	\$ 26,486
1,435,404	0.755% due 7/20/46 (d)	519,128
60,576	Federal Home Loan Mortgage Corp. (FHLMC): 6.000% due 3/15/34 (c)(d)	60,205
508,620	PAC, 6.000% due 4/15/34 (c)(d)	509,188
746,067	Harborview Mortgage Loan Trust, 1.626% due 11/19/35 (d)	14,921
2,110,000	JPMorgan Mortgage Trust: 5.888% due 6/25/37 (a)(d)	894,336
1,060,000	6.000% due 8/25/37	414,073
823,320	MASTR ARM Trust, 4.532% due 9/25/33 (d)	619,436
1,511,121	MASTR Reperforming Loan Trust, 4.895% due 5/25/36 (a)(b)(d)	1,087,837
296,042	Merit Securities Corp., 2.023% due 9/28/32 (b)(d)	213,055
288,456	MLCC Mortgage Investors Inc.: 1.442% due 4/25/29 (d)	110,666
458,914	1.402% due 5/25/29 (d)	170,976
1,023,626	RBS Greenwich Capital, Mortgage Pass-Through Certificates, 7.000% due 4/25/35	682,079
1,680,695	Structured ARM Loan Trust: 5.372% due 5/25/35 (d)	819,914
611,800	5.892% due 5/25/36 (d)	303,092
206,995	Thornburg Mortgage Securities Trust: 6.200% due 7/25/37 (d)	129,634
214,921	6.209% due 7/25/37 (d)	149,617
738,372	Washington Mutual Mortgage Pass-Through Certificates, 2.813% due 6/25/46 (a)(d)	232,587
758,300	Wells Fargo Alternative Loan Trust, 0.903% due 6/25/37 (d)	325,338
	TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS	
	(Cost \$12,943,748)	7,886,778
COLLATERALIZED SENIOR LOANS 2.9%		
CONSUMER DISCRETIONARY 1.0%		
Diversified Consumer Services 0.1%		
246,875	Thomson Learning Hold, Term Loan B, 2.910% due 7/5/14 (d)	167,875
Hotels, Restaurants & Leisure 0.1%		
14,607	Aramark Corp.:	
229,916	Letter of Credit Facility Deposits, 1.875% due 1/31/14 (d)	12,726
	Term Loan, 6.705% due 1/31/14	200,314
	Total Hotels, Restaurants & Leisure	213,040
Media 0.8%		
247,492	Charter Communications, Term Loan B, 3.732% due 3/15/14 (d)	203,149
246,714	CMP Susquehanna Corp., Term Loan, 2.491% due 6/7/13 (d)	89,064
495,601	Idearc Inc., Term Loan B, Senior Notes, 3.220% due 11/1/14 (d)	191,426
235,250	LodgeNet Entertainment Corp., Term Loan B, 3.220% due 4/4/14 (d)	136,837

Edgar Filing: LMP CAPITAL & INCOME FUND INC. - Form N-Q

1,000,000		Newsday LLC, Term Loan, 9.750% due 7/15/13	912,500
246,843		Regal Cinemas Corp., Term Loan B, 4.970% due 10/19/10 (d)	228,947
250,000		UPC Broadband Holding BV, Term Loan N, 2.247% due 3/30/14 (d)	217,250
1,000,000		Virgin Media Inc., Term Loan, 7.500% due 1/15/14	908,750
		Total Media	2,887,923
Multiline Retail	0.0%		
250,000		Neiman Marcus Group Inc., Term Loan B, 2.985% due 3/13/13 (d)	145,274
Specialty Retail	0.0%		
246,851		Michaels Stores Inc., Term Loan B, 3.327% due 10/31/13 (d)	137,890
		TOTAL CONSUMER DISCRETIONARY	3,552,002

See Notes to Schedule of Investments.

Edgar Filing: LMP CAPITAL & INCOME FUND INC. - Form N-Q

LMP Capital and Income Fund Inc.

Schedule of Investments (unaudited) (continued)

March 31, 2009

Face Amount	Security	Value
HEALTH CARE 0.2%		
Health Care Equipment & Supplies 0.1%		
\$ 198,000	Bausch & Lomb Inc.:	\$ 170,032
50,000	Term Loan, 4.709% due 4/11/15 (d)	42,938
	Term Loan B, 3.768% due 4/11/15 (d)	212,970
	Total Health Care Equipment & Supplies	
Health Care Providers & Services 0.1%		
15,468	Community Health Systems Inc.:	13,407
226,754	Delayed Draw Term Loan, 7.756% due 7/2/14	196,538
240,196	Term Loan B, 3.436% due 7/2/14 (d)	204,947
	HCA Inc., Term Loan B, 3.709% due 11/1/13 (d)	414,892
	Total Health Care Providers & Services	627,862
	TOTAL HEALTH CARE	
INDUSTRIALS 0.1%		
Aerospace & Defense 0.1%		
283,146	Dubai Aerospace Enterprise, Term Loan:	142,989
287,234	6.550% due 7/31/14 (d)	145,053
	7.280% due 7/31/14 (d)	288,042
	Total Aerospace & Defense	
Airlines 0.0%		
177,694	United Airlines Inc., Term Loan B, 2.563% due 1/12/14 (d)	86,725
Commercial Services & Supplies 0.0%		
246,241	US Investigations Services Inc., Term Loan B, 3.977% due 2/21/15 (d)	199,557
	TOTAL INDUSTRIALS	574,324
INFORMATION TECHNOLOGY 0.1%		
IT Services 0.1%		
562,875	First Data Corp., Term Loan, 3.219% due 10/15/14 (d)	380,961
MATERIALS 0.6%		
Chemicals 0.2%		
268,147	Lyondell Chemical Co., Term Loan:	143,906
268,147	0.000% due 12/15/09 (d)	266,136
726,834	5.660% due 12/15/09 (d)	176,712
	0.000% due 12/20/14 (d)	586,754
	Total Chemicals	
Containers & Packaging 0.1%		
492,613	Graphic Packaging International, Term Loan C, 3.579% due 5/16/14 (d)	433,499
Paper & Forest Products 0.3%		
930,601	Georgia-Pacific Corp., Term Loan, 4.544% due 12/23/13 (d)	823,145
247,500	NewPage Corp., Term Loan, Tranche B, 4.807% due 11/5/14 (d)	170,280
	Total Paper & Forest Products	993,425
	TOTAL MATERIALS	2,013,678
TELECOMMUNICATION SERVICES 0.6%		
Diversified Telecommunication Services 0.4%		
5,115	Cablevision Systems Corp., Term Loan B, 2.083% due 3/30/13 (d)	4,653
168,750	Insight Midwest, Term Loan B, 2.500% due 4/10/14 (d)	148,440
993,639	Intelsat Corp., Term Loan, 5.288% due 6/30/13 (d)	866,453
500,000	Level 3 Communications Inc., Term Loan, 5.772% due 3/1/14 (d)	378,000

Edgar Filing: LMP CAPITAL & INCOME FUND INC. - Form N-Q

Wireless Telecommunication Services	0.2%	Total Diversified Telecommunication Services	1,397,546
992,366		MetroPCS Wireless Inc., Term Loan, 2.970% due 2/20/14 (d)	905,672
		TOTAL TELECOMMUNICATION SERVICES	2,303,218

See Notes to Schedule of Investments.

LMP Capital and Income Fund Inc.

Schedule of Investments (unaudited) (continued)

March 31, 2009

**Face
Amount**