

LMP CAPITAL & INCOME FUND INC.  
Form N-Q  
May 27, 2010

**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, 2010

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ITEM 1. SCHEDULE OF INVESTMENTS

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**LMP CAPITAL AND INCOME FUND INC.**

**FORM N-Q**

**MARCH 31, 2010**

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## Schedule of investments (unaudited)

March 31, 2010

## LMP CAPITAL AND INCOME FUND INC.

	SHARES	VALUE
SECURITY		
COMMON STOCKS 70.5%		
CONSUMER DISCRETIONARY 7.4%		
<b>Hotels, Restaurants &amp; Leisure 2.8%</b>		
McDonald's Corp.	185,000	\$ 12,343,200
<b>Media 3.2%</b>		
Charter Communications Inc.	11,990	413,655(a)
Reed Elsevier PLC	680,000	5,422,631
Thomson Corp.	238,000	8,639,400
<i>Total Media</i>		14,475,686
<b>Specialty Retail 1.4%</b>		
Home Depot Inc.	197,210	6,379,744
TOTAL CONSUMER DISCRETIONARY		33,198,630
CONSUMER STAPLES 14.3%		
<b>Beverages 1.7%</b>		
PepsiCo Inc.	115,360	7,632,218
<b>Food &amp; Staples Retailing 1.9%</b>		
Wal-Mart Stores Inc.	155,850	8,665,260
<b>Food Products 4.4%</b>		
H.J. Heinz Co.	310,000	14,139,100
Kraft Foods Inc., Class A Shares	177,440	5,365,785
<i>Total Food Products</i>		19,504,885
<b>Household Products 6.3%</b>		
Kimberly-Clark Corp.	210,000	13,204,800
Procter & Gamble Co.	236,500	14,963,355
<i>Total Household Products</i>		28,168,155
TOTAL CONSUMER STAPLES		63,970,518
ENERGY 8.3%		
<b>Energy Equipment &amp; Services 0.8%</b>		
Diamond Offshore Drilling Inc.	40,000	3,552,400
<b>Oil, Gas &amp; Consumable Fuels 7.5%</b>		
BP PLC, ADR	200,000	11,414,000
Spectra Energy Corp.	442,820	9,976,735
Total SA, ADR	210,000	12,184,200
<i>Total Oil, Gas &amp; Consumable Fuels</i>		33,574,935
TOTAL ENERGY		37,127,335
FINANCIALS 8.8%		
<b>Insurance 4.1%</b>		
Chubb Corp.	149,360	7,744,316
Travelers Cos. Inc.	196,160	10,580,870
<i>Total Insurance</i>		18,325,186
<b>Real Estate Investment Trusts (REITs) 2.4%</b>		
Annaly Capital Management Inc.	406,000	6,975,080
Chimera Investment Corp.	1,000,000	3,890,000
<i>Total Real Estate Investment Trusts (REITs)</i>		10,865,080
<b>Thriffs &amp; Mortgage Finance 2.3%</b>		
New York Community Bancorp Inc.	300,000	4,962,000

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People's United Financial Inc.	333,000	5,208,120
<i>Total Thrifts &amp; Mortgage Finance</i>		<i>10,170,120</i>
TOTAL FINANCIALS		39,360,386
HEALTH CARE 6.5%		
<b>Pharmaceuticals 6.5%</b>		
Bristol-Myers Squibb Co.	220,000	5,874,000
GlaxoSmithKline PLC, ADR	88,000	3,389,760
Johnson & Johnson	175,000	11,410,000
Novartis AG, ADR	123,670	6,690,547
Pfizer Inc.	100,000	1,715,000
TOTAL HEALTH CARE		29,079,307

*See Notes to Financial Statements.*

## Schedule of investments (unaudited) (continued)

March 31, 2010

## LMP CAPITAL AND INCOME FUND INC.

	SHARES	VALUE
SECURITY		
INDUSTRIALS 8.2%		
<b>Aerospace &amp; Defense 2.4%</b>		
Honeywell International Inc.	50,000	\$ 2,263,500
Lockheed Martin Corp.	100,000	8,322,000
<i>Total Aerospace &amp; Defense</i>		<i>10,585,500</i>
<b>Commercial Services &amp; Supplies 2.7%</b>		
Waste Management Inc.	350,510	12,068,059
<b>Industrial Conglomerates 2.3%</b>		
3M Co.	53,210	4,446,760
United Technologies Corp.	80,000	5,888,800
<i>Total Industrial Conglomerates</i>		<i>10,335,560</i>
<b>Marine 0.8%</b>		
Alexander & Baldwin Inc.	115,661	3,822,596
TOTAL INDUSTRIALS		36,811,715
INFORMATION TECHNOLOGY 3.8%		
<b>IT Services 2.3%</b>		
Automatic Data Processing Inc.	137,000	6,092,390
Paychex Inc.	138,140	4,240,898
<i>Total IT Services</i>		<i>10,333,288</i>
<b>Semiconductors &amp; Semiconductor Equipment 0.9%</b>		
Microchip Technology Inc.	140,000	3,942,400
<b>Software 0.6%</b>		
Microsoft Corp.	94,000	2,751,380
TOTAL INFORMATION TECHNOLOGY		17,027,068
MATERIALS 1.8%		
<b>Chemicals 1.8%</b>		
E.I. du Pont de Nemours & Co.	163,000	6,070,120
PPG Industries Inc.	30,000	1,962,000
TOTAL MATERIALS		8,032,120
TELECOMMUNICATION SERVICES 4.4%		
<b>Diversified Telecommunication Services 4.4%</b>		
AT&T Inc.	278,000	7,183,520
Verizon Communications Inc.	340,000	10,546,800
Windstream Corp.	163,026	1,775,353
TOTAL TELECOMMUNICATION SERVICES		19,505,673
UTILITIES 7.0%		
<b>Electric Utilities 5.2%</b>		
American Electric Power Co. Inc.	235,000	8,032,300
Duke Energy Corp.	251,870	4,110,518
Exelon Corp.	76,990	3,372,932
FPL Group Inc.	82,670	3,995,441
Progress Energy Inc.	90,000	3,542,400
<i>Total Electric Utilities</i>		<i>23,053,591</i>
<b>Multi-Utilities 1.8%</b>		
CenterPoint Energy Inc.	562,000	8,070,320
TOTAL UTILITIES		31,123,911

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TOTAL COMMON STOCKS (Cost \$287,817,477)			315,236,663
	RATE		
CONVERTIBLE PREFERRED STOCKS			
4.1%			
ENERGY 1.8%			
El Paso Corp.	4.990%	8,000	7,842,000
FINANCIALS 1.5%			
<b>Diversified Financial Services 1.5%</b>			
CalEnergy Capital Trust III	6.500%	150,000	6,825,000
UTILITIES 0.8%			
<b>Electric Utilities 0.8%</b>			
FPL Group Inc.	8.375%	71,160	3,588,599
TOTAL CONVERTIBLE PREFERRED STOCKS (Cost \$16,717,657)			18,255,599

*See Notes to Schedule of Investments.*

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Schedule of investments (unaudited) (continued)

March 31, 2010

**LMP CAPITAL AND INCOME FUND INC.**

SECURITY	RATE	SHARES	VALUE
PREFERRED STOCKS 0.9%			
FINANCIALS 0.0%			
<b>Thrifts &amp; Mortgage Finance 0.0%</b>			
Federal Home Loan Mortgage Corp. (FHLMC)	8.375%	25,950	\$ 32,956*
Federal National Mortgage Association (FNMA)	7.000%	300	503*
Federal National Mortgage Association (FNMA)	8.250%	17,650	22,415*
TOTAL FINANCIALS			55,874
UTILITIES 0.9%			
<b>Electric Utilities 0.9%</b>			
Great Plains Energy Inc.	12.000%	65,370	4,151,649
TOTAL PREFERRED STOCKS (Cost \$5,363,924)			4,207,523
		MATURITY DATE	FACE AMOUNT
ASSET-BACKED SECURITIES 0.9%			
FINANCIALS 0.9%			
<b>Home Equity 0.8%</b>			
Asset-Backed Funding Certificates, 2004-FF1 M2	2.421%	1/25/34	\$ 296,473 120,546(b)
Countrywide Asset-Backed Certificates, 2004-5 M4	1.496%	6/25/34	126,653 29,168(b)
Credit-Based Asset Servicing & Securitization LLC, 2006-CB2 AF4	5.704%	12/25/36	640,660 460,162
Finance America Net Interest Margin Trust, 2004-1 A	5.250%	6/27/34	73,417 35(a)(c)(d)(e)
Fremont Home Loan Trust, 2004-1 M5	1.896%	2/25/34	135,730 51,901(b)
GSAA Home Equity Trust, 2007-4 A3A	0.546%	3/25/37	1,752,149 872,030(b)
GSAA Home Equity Trust, 2007-6 A4	0.546%	5/25/47	1,720,000 987,235(b)
GSAMP Trust, 2004-OPT M3	1.396%	11/25/34	254,867 22,938(a)(b)
MASTR Specialized Loan Trust, 2007-2 A	0.596%	5/25/37	422,747 249,421(b)(c)
RAAC Series, 2007-RP3 A	0.626%	10/25/46	518,109 302,204(b)(c)
Renaissance Home Equity Loan Trust, 2003-4 M3	2.146%	3/25/34	389,160 154,771(b)
Sail Net Interest Margin Notes, 2003-BC2A A	7.750%	4/27/33	141,210 1(c)(d)(e)
Sail Net Interest Margin Notes, 2004-2A A	5.500%	3/27/34	71,380 0(c)(d)(e)
Structured Asset Securities Corp., 2007-BC4 A3	0.496%	11/25/37	337,069 313,600(b)
<i>Total Home Equity</i>			<i>3,564,012</i>
<b>Student Loan 0.1%</b>			
Nelnet Student Loan Trust, 2008-4 A4	1.729%	4/25/24	350,000 368,672(b)
TOTAL ASSET-BACKED SECURITIES (Cost \$5,496,275)			3,932,684



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COLLATERALIZED MORTGAGE OBLIGATIONS	1.4%			
BCAP LLC Trust, 2006-AA1 A1	0.436%	10/25/36	1,150,823	617,388(b)
Bear Stearns ARM Trust, 2005-12 24A1	5.743%	2/25/36	120,686	90,764(b)
Countrywide Alternative Loan Trust, 2006-0A9 2A1A	0.450%	7/20/46	1,361,632	538,605(b)
Federal Home Loan Mortgage Corp. (FHLMC), PAC, 2780 SL	6.000%	4/15/34	167,704	168,883(b)
Harborview Mortgage Loan Trust, 2005-10 B6	1.307%	11/19/35	741,244	6,559(b)
JPMorgan Mortgage Trust, 2007-S3 1A74	6.000%	8/25/37	1,060,000	718,995
MASTR ARM Trust, 2003-3 3A4	2.922%	9/25/33	694,795	588,477(b)
MASTR Reperforming Loan Trust, 2006-2 2A1	4.510%	5/25/36	1,223,316	1,022,082(b)(c)
Merit Securities Corp., 11PA B2	1.747%	9/28/32	201,917	167,189(b)(c)
MLCC Mortgage Investors Inc., 2004-A B2	1.166%	4/25/29	262,757	105,767(b)
MLCC Mortgage Investors Inc., 2004-B B2	1.126%	5/25/29	418,516	161,927(b)
RBS Greenwich Capital, Mortgage Pass-Through Certificates, 2005-A 5A	7.000%	4/25/35	900,775	756,794
Structured ARM Loan Trust, 2006-4 4A1	5.862%	5/25/36	756,236	570,812(b)
Thornburg Mortgage Securities Trust, 2007-4 2A1	6.201%	7/25/37	172,899	154,166(b)
Thornburg Mortgage Securities Trust, 2007-4 3A1	6.192%	7/25/37	178,929	153,127(b)
Washington Mutual Inc. Pass-Through Certificates, 2006-AR5 4A	1.461%	6/25/46	637,648	269,404(b)

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (continued)

March 31, 2010

LMP CAPITAL AND INCOME FUND INC.

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Wells Fargo Alternative Loan Trust, 2007-PA2 2A1	0.676%	6/25/37	\$ 699,661	\$ 344,821(b)
TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (Cost \$8,655,225)				6,435,760
CONVERTIBLE BONDS & NOTES				
1.3%				
INFORMATION TECHNOLOGY 1.3%				
<b>Internet Software &amp; Services 1.3%</b>				
VeriSign Inc. (Cost - \$4,935,000)	3.250%	8/15/37	6,500,000	5,906,875
CORPORATE BONDS & NOTES 6.6%				
CONSUMER DISCRETIONARY 0.4%				
<b>Hotels, Restaurants &amp; Leisure 0.1%</b>				
Choctaw Resort Development Enterprise, Senior Notes	7.250%	11/15/19	295,000	202,075(c)
Inn of the Mountain Gods Resort & Casino, Senior Notes	12.000%	11/15/10	660,000	320,100(d)(e)
MGM MIRAGE Inc., Senior Secured Notes	10.375%	5/15/14	45,000	49,838(c)
<i>Total Hotels, Restaurants &amp; Leisure</i>				572,013
<b>Media 0.3%</b>				
CCH II LLC/CCH II Capital Corp., Senior Notes	13.500%	11/30/16	234,181	280,432(c)
Comcast Corp.	5.700%	5/15/18	510,000	541,627
News America Inc., Senior Notes	6.650%	11/15/37	20,000	21,102
Time Warner Cable Inc.	5.850%	5/1/17	10,000	10,723
Time Warner Cable Inc., Senior Notes	6.200%	7/1/13	300,000	331,293
<i>Total Media</i>				1,185,177
TOTAL CONSUMER DISCRETIONARY				1,757,190
CONSUMER STAPLES 1.2%				
<b>Food &amp; Staples Retailing 1.2%</b>				
CVS Caremark Corp., Subordinated Bonds	6.302%	6/1/37	5,000,000	4,727,325(b)
CVS Pass-Through Trust, Secured Notes	6.943%	1/10/30	410,743	436,723
Kroger Co., Senior Notes	5.500%	2/1/13	110,000	118,863
Kroger Co., Senior Notes	6.150%	1/15/20	100,000	108,757
<i>Total Food &amp; Staples Retailing</i>				5,391,668
<b>Tobacco 0.0%</b>				
Reynolds American Inc.	6.750%	6/15/17	180,000	193,071
TOTAL CONSUMER STAPLES				5,584,739
ENERGY 1.6%				
<b>Energy Equipment &amp; Services 0.1%</b>				
Transocean Inc., Senior Notes	5.250%	3/15/13	190,000	205,266
<b>Oil, Gas &amp; Consumable Fuels 1.5%</b>				
Apache Corp., Senior Notes	5.625%	1/15/17	140,000	154,008
	6.950%	4/15/29	230,000	264,728

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ConocoPhillips Holding Co., Senior Notes				
Devon Financing Corp. ULC, Notes	6.875%	9/30/11	200,000	215,879
Energy Transfer Partners LP, Senior Notes	6.700%	7/1/18	240,000	262,583
Kerr-McGee Corp., Notes	6.875%	9/15/11	220,000	237,111
Kerr-McGee Corp., Notes	6.950%	7/1/24	140,000	156,091
Kinder Morgan Energy Partners LP, Senior Notes	6.000%	2/1/17	290,000	311,882
Shell International Finance BV, Senior Notes	4.375%	3/25/20	60,000	59,602
Southern Union Co., Junior Subordinated Notes	7.200%	11/1/66	5,000,000	4,662,500(b)
Williams Cos. Inc., Senior Notes	7.750%	6/15/31	178,000	200,232
XTO Energy Inc., Senior Notes	5.500%	6/15/18	300,000	326,234
<i>Total Oil, Gas &amp; Consumable Fuels</i>				6,850,850
TOTAL ENERGY				7,056,116
FINANCIALS 2.7%				
<b>Capital Markets 0.3%</b>				
Bear Stearns Co. Inc., Senior Notes	6.400%	10/2/17	300,000	331,913
Goldman Sachs Capital II, Junior Subordinated Bonds				