LMP CAPITAL & INCOME FUND INC. Form N-Q April 26, 2012

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)

620 Eighth Avenue, 49th Floor, New York, NY (Address of principal executive offices)

10018 (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: November 30

Date of reporting period: February 29, 2012

ITEM 1. SCHEDULE OF INVESTMENTS

LMP CAPITAL AND INCOME FUND INC.

FORM N-Q

FEBRUARY 29, 2012

LMP CAPITAL AND INCOME FUND INC.

Schedule of investments (unaudited)

February 29, 2012

COMNOM STOCKS 78.0% CONSUMER STAPLES 1.9% Household Products 1.9% So. 247.360(a)	SECURITY	SHARES	VALUE
Notation Nation			
Rimerly-Clark Corp. 72,000 \$ 5,247,360(a) ENERGY 10.5% 200,000 20,000 20,000 Energy Equipment & Services 2.4% Diamond Offshore Drilling Inc. 30,000 30,000 3,341,800(a) Enduro Royalty Trust 155,000 3,341,800(a) Enduro Royalty Trust 155,000 2,570,500 Total SA, ADR 288,000 16,148,160(a) Total Oil, Gas & Consumable Fuels 22,000,460 TOTAL ENERGY 28,249,539 FINANCIALS 25,0% Capital Markets 2.4% Redley Capital Corp. 584,200 6,455,410(a) Real Estate Investment Trusts (REITs) 22.6% Real Estate Investment Trust (REITs) 2.6% Campus Crest Communities Inc. 30,000 1,245,000(a) Campus Crest Communities Inc. 30,000 847,200(a) Campus Crest Communities Inc. 30,000 847,200(a) Common-Wealth REIT 30,000 3,836,000 Common-Wealth REIT 30,00			
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Total Real Estate Investment Trusts (REITs) 61,100,098 TOTAL FINANCIALS 67,555,508	•		
TOTAL FINANCIALS 67,555,508		157,000	
, ,			
HEALTH CARE 5.070	HEALTH CARE 5.6%		

Pharmaceuticals 5.6%		
Bristol-Myers Squibb Co.	288,000	9,264,960(a)
GlaxoSmithKline PLC, ADR	131,000	5,804,610(a)
TOTAL HEALTH CARE		15,069,570
INDUSTRIALS 6.0%		
Aerospace & Defense 2.0%		
Lockheed Martin Corp.	60,000	5,304,600(a)
Commercial Services & Supplies 1.4%		
Waste Management Inc.	107,260	3,751,955(a)
Trading Companies & Distributors 2.6%		
TAL International Group Inc.	198,000	7,135,920(a)
TOTAL INDUSTRIALS		16,192,475

See Notes to Schedule of Investments.

LMP CAPITAL AND INCOME FUND INC.

Schedule of investments (unaudited) (cont d)

February 29, 2012

SECURITY		SHARES	VALUE
INFORMATION TECHNOLOGY 2.1%			
Computers & Peripherals 2.1%			
Seagate Technology PLC		220,000 \$	5,777,200
TELECOMMUNICATION SERVICES 21.0%			
Diversified Telecommunication Services			
16.8%			
AT&T Inc.		372,510	11,395,081(a)
CenturyLink Inc.		262,000	10,545,500(a)
France Telecom SA, ADR		385,000	5,898,200(a)
Verizon Communications Inc.		220,000	8,384,200(a)
Windstream Corp.		757,470	9,150,237(a)
Total Diversified Telecommunication Services		,,,,,	45,373,218
Wireless Telecommunication Services 4.2%			70,0,0,210
Vodafone Group PLC, ADR		420,000	11,377,800(a)
TOTAL TELECOMMUNICATION SERVICES		120,000	56,751,018
UTILITIES 5.9%			30,731,010
Electric Utilities 1.8%			
UIL Holdings Corp.		142,000	5,005,500(a)
Multi-Utilities 4.1%		142,000	5,005,500(a)
Integrys Energy Group Inc.		124,000	6,451,720(a)
National Grid PLC		445,000	4,541,503(a)
Total Multi-Utilities		443,000	10,993,223
TOTAL UTILITIES			15,998,723
			211,021,393
TOTAL COMMON STOCKS (Cost \$201,203,472)			211,021,393
	RATE		
CONVERTIBLE PREFERRED STOCKS 15.6%	KAIE		
ENERGY 1.8%			
Oil, Gas & Consumable Fuels 1.8%			
	6.000%	80,120	4,862,483(a)
Apache Corp. FINANCIALS 3.2%	0.000%	80,120	4,002,403(a)
Insurance 1.0%			
Metlife Inc.	5.000%	20,000	2 922 210()
	3.000%	39,000	2,823,210(a)
Real Estate Investment Trusts (REITs) 2.2%	6.5000	110,000	5 941 000()
Health Care Reit Inc.	6.500%	110,000	5,841,000(a)
TOTAL FINANCIALS			8,664,210
UTILITIES 10.6%			
Electric Utilities 10.6%	12 0000	154.040	0.200.400
Great Plains Energy Inc.	12.000%	154,940	9,299,499(a)
NextEra Energy Inc.	7.000%	230,010	12,466,542(a)
PPL Corp.	9.500%	125,000	6,868,750(a)
TOTAL UTILITIES	0.40.764.001)		28,634,791
TOTAL CONVERTIBLE PREFERRED STOCKS (Cost	\$40,764,801)		42,161,484
MASTER LIMITED PARTNERSHIPS 20.1%			
Diversified Energy Infrastructure 7.5%		240.000	11.00= 100
Energy Transfer Equity LP		260,000	11,307,400

Enterprise Products Partners LP	125,000	6,485,000
Genesis Energy LP	55,000	1,700,050
Williams Partners LP	14,000	870,940
Total Diversified Energy Infrastructure		20,363,390

See Notes to Schedule of Investments.

LMP CAPITAL AND INCOME FUND INC.

Schedule of investments (unaudited) (cont d)

February 29, 2012

SECURITY			SHARES	VALUE
Exploration & Production 1.9%				
Linn Energy LLC			135,000	\$5,150,250
Gathering/Processing 2.8%				. =
Chesapeake Midstream Partners LP			60,000	1,713,600
Copano Energy LLC			70,000	2,602,600
MarkWest Energy Partners LP			30,000	1,794,300
Western Gas Partners LP			30,000	1,373,700
Total Gathering/Processing				7,484,200
Liquids Transportation & Storage 6.8%				
Buckeye Partners LP			172,000	10,285,600(a)
Enbridge Energy Partners LP			60,000	1,953,000
Magellan Midstream Partners LP			10,000	731,700
NuStar GP Holdings LLC			75,000	2,609,250
Plains All American Pipeline LP			14,000	1,157,800
Sunoco Logistics Partners LP			30,000	1,171,500
Tesoro Logistics LP			10,000	365,000
Total Liquids Transportation & Storage				18,273,850
Other 0.5%				
Sandridge Mississippian Trust I			45,000	1,438,200(a)
Shipping 0.6%				
Golar LNG Partners LP			46,000	1,711,200
TOTAL MASTER LIMITED PARTNERSHIPS (Cost \$53,951,806)				54,421,090
	RATE			
PREFERRED STOCKS 2.8%				
FINANCIALS 2.8%				
Real Estate Investment Trusts (REITs) 2.8%				
Ashford Hospitality Trust	9.000%		33,661	880,235(a)
BioMed Realty Trust Inc., Series A	7.375%		31,338	795,985
CBL & Associates Properties Inc.	7.375%		64,000	1,616,000(a)
Glimcher Realty Trust	8.125%		43,353	1,064,750(a)
Pebblebrook Hotel Trust, Series A	7.875%		31,112	815,446(a)
Sunstone Hotel Investors Inc., Cumulative			- ,	, - (-)
Redeemable, Series A	8.000%		91,000	2,269,676(a)
TOTAL PREFERRED STOCKS (Cost	0.00070		71,000	=,=0>,0 / O(u)
\$7,336,186)				7,442,092
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		MATURITY	FACE	
		DATE	AMOUNT	
ASSET-BACKED SECURITIES 0.2%				
Asset-Backed Funding Certificates, 2004-FF1 M2	2.419%			
	=1.12770			