

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

	SHARES	VALUE
SECURITY		
COMMON STOCKS 78.0%		
CONSUMER STAPLES 1.9%		
Household Products 1.9%		
Kimberly-Clark Corp.	72,000	\$ 5,247,360(a)
ENERGY 10.5%		
Energy Equipment & Services 2.4%		
Diamond Offshore Drilling Inc.	93,020	6,369,079(a)
Oil, Gas & Consumable Fuels 8.1%		
Enduro Royalty Trust	155,000	3,341,800(a)
SandRidge Permian Trust	106,000	2,570,500
Total SA, ADR	288,000	16,148,160(a)
<i>Total Oil, Gas & Consumable Fuels</i>		<i>22,060,460</i>
TOTAL ENERGY		28,429,539
FINANCIALS 25.0%		
Capital Markets 2.4%		
Medley Capital Corp.	584,200	6,455,410(a)
Real Estate Investment Trusts (REITs) 22.6%		
American Capital Agency Corp.	117,170	3,598,291(a)
Annaly Capital Management Inc.	750,000	12,465,000(a)
Campus Crest Communities Inc.	80,000	847,200(a)
CommonWealth REIT	93,000	1,729,800(a)
DCT Industrial Trust Inc.	150,000	849,000
Dundee Real Estate Investment Trust	26,000	903,936(a)
Entertainment Properties Trust	41,000	1,865,500(a)
Excel Trust Inc.	131,000	1,570,690(a)
First Potomac Realty Trust	63,000	833,490(a)
Hatteras Financial Corp.	273,000	7,775,040(a)
HCP Inc.	41,000	1,619,500(a)
Health Care REIT Inc.	27,000	1,469,880(a)
Highwoods Properties Inc.	26,000	832,000(a)
Hospitality Properties Trust	119,000	2,942,870(a)
Inland Real Estate Corp.	185,000	1,603,950(a)
Kilroy Realty Corp.	24,000	1,052,160(a)
Liberty Property Trust	49,000	1,662,080(a)
Mack-Cali Realty Corp.	58,000	1,658,800(a)
OMEGA Healthcare Investors Inc.	90,000	1,833,300(a)
Primaris Retail Real Estate Investment Trust	46,000	1,009,308(a)
Ramco-Gershenson Properties Trust	132,000	1,461,240(a)
Regency Centers Corp.	22,000	941,380(a)
Senior Housing Properties Trust	50,000	1,070,000(a)
Starwood Property Trust Inc.	190,000	3,750,600(a)
Urstadt Biddle Properties, Class A Shares	85,000	1,616,700(a)
Westfield Group	439,000	4,138,383(a)
<i>Total Real Estate Investment Trusts (REITs)</i>		<i>61,100,098</i>
TOTAL FINANCIALS		67,555,508
HEALTH CARE 5.6%		

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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

	SHARES	VALUE
SECURITY		
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)
<i>Total Diversified Telecommunication Services</i>		<i>45,373,218</i>
Wireless Telecommunication Services 4.2%		
Vodafone Group PLC, ADR	420,000	11,377,800(a)
TOTAL TELECOMMUNICATION SERVICES		56,751,018
UTILITIES 5.9%		
Electric Utilities 1.8%		
UIL Holdings Corp.	142,000	5,005,500(a)
Multi-Utilities 4.1%		
Integrus Energy Group Inc.	124,000	6,451,720(a)
National Grid PLC	445,000	4,541,503(a)
<i>Total Multi-Utilities</i>		<i>10,993,223</i>
TOTAL UTILITIES		15,998,723
TOTAL COMMON STOCKS (Cost \$201,203,472)		211,021,393
	RATE	
CONVERTIBLE PREFERRED STOCKS 15.6%		
ENERGY 1.8%		
Oil, Gas & Consumable Fuels 1.8%		
Apache Corp.	6.000%	80,120 4,862,483(a)
FINANCIALS 3.2%		
Insurance 1.0%		
Metlife Inc.	5.000%	39,000 2,823,210(a)
Real Estate Investment Trusts (REITs) 2.2%		
Health Care Reit Inc.	6.500%	110,000 5,841,000(a)
TOTAL FINANCIALS		8,664,210
UTILITIES 10.6%		
Electric Utilities 10.6%		
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		28,634,791
TOTAL CONVERTIBLE PREFERRED STOCKS (Cost \$40,764,801)		42,161,484
MASTER LIMITED PARTNERSHIPS 20.1%		
Diversified Energy Infrastructure 7.5%		
Energy Transfer Equity LP	260,000	11,307,400

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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

PREFERRED STOCKS 2.8%	RATE		
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 \$7,336,186)			7,442,092

ASSET-BACKED SECURITIES 0.2%	Maturity Date	Face Amount
Asset-Backed Funding Certificates, 2004-FF1 M2	2.419%	