

BLACKROCK ENHANCED CAPITAL & INCOME FUND, INC.

Form N-Q

September 25, 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 811-21506

Name of Fund: BlackRock Enhanced Capital and Income Fund, Inc. (CII)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Enhanced Capital and Income Fund, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 10/31/2012

Date of reporting period: 07/31/2012

Item 1 – Schedule of Investments

Schedule of Investments July 31, 2012 (Unaudited) **BlackRock Enhanced Capital and Income Fund, Inc. (CII)**  
**(Percentages shown are based on Net Assets)**

| <b>Common Stocks</b>   | <b>Shares</b> | <b>Value</b>  |
|--|---------------|---------------|
| <b>Aerospace &amp; Defense — 4.5%</b>                            |               |               |
| Honeywell International, Inc. (a)                                | 182,700       | \$ 10,605,735 |
| Northrop Grumman Corp. (a)                                       | 141,000       | 9,334,200     |
| Raytheon Co. (a)   | 151,600       | 8,410,768     |
|  |               | 28,350,703    |
| <b>Automobiles — 0.6%</b>  |               |               |
| Ford Motor Co. (a)   | 414,800       | 3,832,752     |
| <b>Beverages — 1.1%</b>  |               |               |
| PepsiCo, Inc. (a)  | 97,500        | 7,091,175     |
| <b>Capital Markets — 1.5%</b>                                    |               |               |
| Invesco Ltd. (a)   | 420,700       | 9,310,091     |
| <b>Chemicals — 2.0%</b>  |               |               |
| E.I. du Pont de Nemours & Co. (a)                                | 246,700       | 12,260,990    |
| <b>Commercial Banks — 2.8%</b>                                   |               |               |
| Wells Fargo & Co. (a)  | 521,000       | 17,615,010    |
| <b>Communications Equipment — 0.4%</b>                           |               |               |
| Cisco Systems, Inc. (a)  | 158,700       | 2,531,265     |
| <b>Containers &amp; Packaging — 0.4%</b>                         |               |               |
| Sealed Air Corp. (a)   | 159,600       | 2,585,520     |
| <b>Diversified Financial Services — 3.3%</b>                     |               |               |
| Citigroup, Inc. (a)  | 212,130       | 5,755,087     |
| JPMorgan Chase & Co. (a)   | 411,600       | 14,817,600    |
|  |               | 20,572,687    |
| <b>Diversified Telecommunication Services — 7.3%</b>             |               |               |
| AT&T, Inc. (a)   | 379,600       | 14,394,432    |
| CenturyLink, Inc. (a)  | 311,300       | 12,931,402    |
| Verizon Communications, Inc. (a)                                 | 402,100       | 18,150,794    |
|  |               | 45,476,628    |
| <b>Electric Utilities — 3.1%</b>                                 |               |               |
| NextEra Energy, Inc. (a)   | 121,400       | 8,607,260     |
| The Southern Co. (a)   | 221,900       | 10,684,485    |
|  |               | 19,291,745    |
| <b>Electrical Equipment — 1.9%</b>                               |               |               |
| Emerson Electric Co. (a)   | 241,400       | 11,531,678    |
| <b>Electronic Equipment, Instruments &amp; Components — 0.4%</b> |               |               |
| Corning, Inc. (a)  | 235,400       | 2,685,914     |
| <b>Energy Equipment &amp; Services — 3.8%</b>                    |               |               |

|                        |         |            |
|------------------------|---------|------------|
| EnSCO Plc, Class A (a) | 164,100 | 8,915,553  |
| Halliburton Co. (a)    | 140,800 | 4,664,704  |
| Noble Corp. (a)        | 267,300 | 9,890,100  |
|                        |         | 23,470,357 |

**Food Products — 3.2%**

|                             |         |            |
|-----------------------------|---------|------------|
| General Mills, Inc. (a)     | 129,400 | 5,007,780  |
| Unilever NV - NY Shares (a) | 432,600 | 14,989,590 |
|                             |         | 19,997,370 |

**Health Care Equipment & Supplies — 1.8%**

|                     |         |            |
|---------------------|---------|------------|
| Medtronic, Inc. (a) | 279,400 | 11,013,948 |
|---------------------|---------|------------|

|  |               |              |
|--|---------------|--------------|
|  | <b>Shares</b> | <b>Value</b> |
|--|---------------|--------------|

**Common Stocks****Household Products — 4.5%**

|                              |         |               |
|------------------------------|---------|---------------|
| Kimberly-Clark Corp. (a)     | 252,500 | \$ 21,944,775 |
| The Procter & Gamble Co. (a) | 95,500  | 6,163,570     |
|                              |         | 28,108,345    |

**Industrial Conglomerates — 2.9%**

|                          |         |            |
|--------------------------|---------|------------|
| General Electric Co. (a) | 864,100 | 17,930,075 |
|--------------------------|---------|------------|

**Insurance — 8.4%**

|  |         |            |
|--|---------|------------|
| ACE Ltd. (a)                                   | 179,900 | 13,222,650 |
| Aflac, Inc. (a)                                | 140,200 | 6,137,956  |
| Hartford Financial Services Group,<br>Inc. (a) | 297,100 | 4,887,295  |
| MetLife, Inc. (a)                              | 322,800 | 9,932,556  |
| Prudential Financial, Inc. (a)                 | 132,400 | 6,392,272  |
| The Travelers Cos., Inc. (a)                   | 188,300 | 11,796,995 |
|  |         | 52,369,724 |

**IT Services — 0.5%**

|                           |         |           |
|---------------------------|---------|-----------|
| The Western Union Co. (a) | 169,030 | 2,946,193 |
|---------------------------|---------|-----------|

**Media — 6.2%**

|                                    |         |            |
|------------------------------------|---------|------------|
| Comcast Corp., Special Class A (a) | 291,800 | 9,317,174  |
| Time Warner, Inc. (a)              | 358,900 | 14,040,168 |
| Viacom, Inc., Class B (a)          | 197,500 | 9,225,225  |
| The Walt Disney Co. (a)            | 118,100 | 5,803,434  |
|                                    |         | 38,386,001 |

**Metals & Mining — 2.4%**

|   |        |           |
|---|--------|-----------|
| Freeport-McMoRan Copper & Gold,<br>Inc. (a) | 80,700 | 2,717,169 |
|---|--------|-----------|

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|                 |         |            |
|-----------------|---------|------------|
| Nucor Corp. (a) | 311,200 | 12,199,040 |
|                 |         | 14,916,209 |

**Multi-Utilities — 2.1%**

|   |         |            |
|---|---------|------------|
| Dominion Resources, Inc. (a)              | 189,400 | 10,286,314 |
| Public Service Enterprise Group, Inc. (a) | 88,000  | 2,925,120  |
|   |         | 13,211,434 |

**Oil, Gas & Consumable Fuels — 7.1%**

|                              |         |            |
|------------------------------|---------|------------|
| Chevron Corp. (a)            | 171,700 | 18,814,886 |
| Exxon Mobil Corp. (a)        | 182,300 | 15,832,755 |
| Marathon Oil Corp. (a)       | 203,300 | 5,381,351  |
| Marathon Petroleum Corp. (a) | 96,700  | 4,573,910  |
|                              |         | 44,602,902 |

**Pharmaceuticals — 14.2%**

|                              |           |            |
|------------------------------|-----------|------------|
| Bristol-Myers Squibb Co. (a) | 561,600   | 19,992,960 |
| Eli Lilly & Co. (a)          | 308,000   | 13,561,240 |
| Johnson & Johnson (a)        | 127,900   | 8,853,238  |
| Merck & Co., Inc. (a)        | 493,400   | 21,793,478 |
| Pfizer, Inc. (a)             | 1,003,300 | 24,119,332 |
|                              |           | 88,320,248 |

**Semiconductors & Semiconductor Equipment — 9.6%**

|                          |           |            |
|--------------------------|-----------|------------|
| Analog Devices, Inc. (a) | 384,100   | 15,010,628 |
| Intel Corp. (a)          | 592,800   | 15,234,960 |
| LSI Corp. (a)(b)         | 1,009,800 | 6,967,620  |

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Schedule of Investments (continued) **BlackRock Enhanced Capital and Income Fund, Inc. (CII)**  
**(Percentages shown are based on Net Assets)**

| <b>Common Stocks</b>  | <b>Shares</b> | <b>Value</b> |
|---|---------------|--------------|
| <b>Semiconductors &amp; Semiconductor Equipment (concluded)</b> |               |              |
| Marvell Technology Group Ltd. (a)                               | 294,400       | \$ 3,314,944 |
| Maxim Integrated Products, Inc. (a)                             | 702,600       | 19,131,798   |
|   |               | 59,659,950   |
| <b>Software — 1.9%</b>  |               |              |
| Microsoft Corp. (a)   | 393,500       | 11,596,445   |
| <b>Specialty Retail — 1.2%</b>                                  |               |              |
| Limited Brands, Inc. (a)  | 151,900       | 7,222,845    |
| <b>Total Long-Term Investments</b>                              |               |              |
| <b>(Cost – \$610,586,062) – 99.1%</b>                           |               | 616,888,204  |

**Short-Term Securities****Money Market Funds — 3.0%**

|  |            |            |
|--|------------|------------|
| BlackRock Liquidity Funds,<br>TempFund, Institutional Class,<br>0.15% (c)(d) | 18,990,369 | 18,990,369 |
| <b>Total Short-Term Securities</b>   |            |            |
| <b>(Cost – \$18,990,369) – 3.0%</b>  |            | 18,990,369 |

**Total Investments Before Options Written**

**(Cost – \$629,576,431\*) – 102.1%** 635,878,573

**Contracts****Options Written****Exchange-Traded Call Options — (1.0)%**

|  |       |           |
|--|-------|-----------|
| Aflac, Inc.:                             |       |           |
| Strike Price \$46.00, Expires<br>8/18/12 | 355   | (4,615)   |
| Strike Price \$44.00, Expires<br>9/22/12 | 415   | (57,893)  |
| Analog Devices, Inc.:                    |       |           |
| Strike Price \$38.00, Expires<br>8/18/12 | 1,035 | (157,838) |

|  |       |           |
|--|-------|-----------|
| Strike Price \$37.00, Expires<br>9/22/12                           | 532   | (142,310) |
| Strike Price \$38.00, Expires<br>9/22/12                           | 545   | (107,638) |
| AT&T, Inc., Strike Price \$35.75,<br>Expires 8/29/12               | 1,415 | (308,363) |
| Bristol-Myers Squibb Co., Strike Price<br>\$36.00, Expires 8/18/12 | 1,122 | (34,221)  |

### Contracts Value

#### Options Written

##### Exchange-Traded Call Options (continued)

CenturyLink, Inc.:

|  |     |             |
|--|-----|-------------|
| Strike Price \$42.00, Expires<br>8/18/12 | 990 | \$ (59,400) |
|--|-----|-------------|

|  |     |          |
|--|-----|----------|
| Strike Price \$42.00, Expires<br>9/22/12 | 990 | (74,250) |
|--|-----|----------|

|  |     |           |
|--|-----|-----------|
| Chevron Corp., Strike Price \$110.00,<br>Expires 9/22/12 | 945 | (233,415) |
|--|-----|-----------|

|   |     |         |
|---|-----|---------|
| Cisco Systems, Inc., Strike Price<br>\$18.00, Expires 8/18/12 | 870 | (6,525) |
|---|-----|---------|

Citigroup, Inc.:

|  |     |          |
|--|-----|----------|
| Strike Price \$27.00, Expires<br>9/22/12 | 370 | (56,610) |
|--|-----|----------|

|   |     |          |
|---|-----|----------|
| Strike Price \$28.00, Expires<br>10/20/12 | 370 | (55,685) |
|---|-----|----------|

|   |       |           |
|---|-------|-----------|
| Comcast Corp., Special Class A,<br>Strike Price \$31.00, Expires<br>8/18/12 | 1,605 | (224,700) |
|---|-------|-----------|

|  |    |         |
|--|----|---------|
| Dominion Resources, Inc. (Virginia),<br>Strike Price \$55.00, Expires<br>9/22/12 | 92 | (5,060) |
|--|----|---------|

|   |     |          |
|---|-----|----------|
| E.I. du Pont de Nemours & Co., Strike<br>Price \$50.00, Expires 8/18/12 | 400 | (22,600) |
|---|-----|----------|

Eli Lilly & Co.:

|  |     |           |
|--|-----|-----------|
| Strike Price \$43.00, Expires<br>8/18/12 | 860 | (118,680) |
|--|-----|-----------|

|  |     |           |
|--|-----|-----------|
| Strike Price \$44.00, Expires<br>9/22/12 | 835 | (133,183) |
|--|-----|-----------|

Emerson Electric Co., Strike Price

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|   |       |           |
|---|-------|-----------|
| \$48.00, Expires 8/18/12  | 845   | (84,500)  |
| EnSCO Plc, Class A:   |       |           |
| Strike Price \$44.00, Expires<br>8/18/12  | 295   | (306,800) |
| Strike Price \$52.50, Expires<br>9/22/12  | 280   | (100,800) |
| Exxon Mobil Corp., Strike Price<br>\$84.00, Expires 8/18/12                       | 340   | (106,760) |
| Ford Motor Co., Strike Price \$9.50,<br>Expires 9/13/12                           | 2,280 | (50,178)  |
| Freeport-McMoRan Copper & Gold,<br>Inc., Strike Price \$36.00, Expires<br>8/18/12 | 440   | (12,540)  |
| General Electric Co.:   |       |           |
| Strike Price \$20.15, Expires<br>8/13/12  | 420   | (29,027)  |
| Strike Price \$20.00, Expires<br>8/18/12  | 2,180 | (191,840) |
| Strike Price \$21.00, Expires<br>9/22/12  | 425   | (19,550)  |
| Halliburton Co.:  |       |           |
| Strike Price \$31.00, Expires<br>8/18/12  | 195   | (45,630)  |
| Strike Price \$32.00, Expires<br>8/18/12  | 290   | (45,240)  |

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Schedule of Investments (continued) **BlackRock Enhanced Capital and Income Fund, Inc. (CII)**  
**(Percentages shown are based on Net Assets)**

|   | Contracts | Value       |
|---|-----------|-------------|
| <b>Options Written</b>                          |           |             |
| <b>Exchange-Traded Call Options (continued)</b> |           |             |
| Hartford Financial Services Group, Inc.:        |           |             |
| Strike Price \$18.00, Expires                   |           |             |
| 8/18/12   | 740       | \$ (12,580) |
| Strike Price \$17.00, Expires                   |           |             |
| 9/22/12   | 1,635     | (118,538)   |
| Intel Corp.:                                    |           |             |
| Strike Price \$27.00, Expires                   |           |             |
| 8/18/12   | 438       | (2,847)     |
| Strike Price \$28.00, Expires                   |           |             |
| 8/18/12   | 218       | (327)       |
| Strike Price \$26.00, Expires                   |           |             |
| 9/22/12   | 1,200     | (69,000)    |
| Strike Price \$27.00, Expires                   |           |             |
| 10/20/12  | 220       | (10,890)    |
| Invesco Ltd.:                                   |           |             |
| Strike Price \$22.00, Expires                   |           |             |
| 9/22/12   | 93        | (8,835)     |
| Strike Price \$23.00, Expires                   |           |             |
| 9/22/12   | 93        | (4,882)     |
| Johnson & Johnson:                              |           |             |
| Strike Price \$66.75, Expires                   |           |             |
| 8/07/12   | 630       | (155,610)   |
| Strike Price \$70.00, Expires                   |           |             |
| 9/22/12   | 330       | (22,440)    |
| JPMorgan Chase & Co.:                           |           |             |
| Strike Price \$36.00, Expires                   |           |             |
| 8/18/12   | 500       | (45,250)    |
| Strike Price \$37.00, Expires                   |           |             |
| 8/18/12   | 500       | (23,000)    |
| Strike Price \$35.00, Expires                   |           |             |
| 9/22/12   | 250       | (53,000)    |
| Limited Brands, Inc., Strike Price              |           |             |

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|                                       |     |           |
|---------------------------------------|-----|-----------|
| \$42.00, Expires 8/18/12              | 570 | (324,900) |
| Marathon Oil Corp.:                   |     |           |
| Strike Price \$26.00, Expires 8/18/12 | 555 | (55,222)  |
| Strike Price \$27.00, Expires 9/22/12 | 555 | (48,285)  |
| Marathon Petroleum Corp.:             |     |           |
| Strike Price \$47.50, Expires 8/18/12 | 265 | (28,487)  |
| Strike Price \$47.50, Expires 9/22/12 | 265 | (49,687)  |
| Maxim Integrated Products, Inc.:      |     |           |
| Strike Price \$27.00, Expires 8/18/12 | 875 | (65,625)  |
| Strike Price \$28.00, Expires 8/18/12 | 875 | (24,062)  |
| Medtronic, Inc.:                      |     |           |
| Strike Price \$38.00, Expires 8/18/12 | 770 | (121,971) |
| Strike Price \$39.00, Expires 9/22/12 | 750 | (106,377) |

**Contracts Value**

**Options Written**

**Exchange-Traded Call Options (continued)**

|                                       |     |             |
|---------------------------------------|-----|-------------|
| Merck & Co., Inc.:                    |     |             |
| Strike Price \$43.00, Expires 8/18/12 | 535 | \$ (75,435) |
| Strike Price \$44.00, Expires 9/22/12 | 535 | (59,118)    |
| MetLife, Inc.:                        |     |             |
| Strike Price \$31.00, Expires 8/18/12 | 380 | (30,210)    |
| Strike Price \$30.00, Expires 9/22/12 | 750 | (147,375)   |
| Microsoft Corp.:                      |     |             |
| Strike Price \$30.00, Expires 8/18/12 | 405 | (10,732)    |
| Strike Price \$30.65, Expires 9/22/12 | 970 | (33,383)    |
| Noble Corp.:                          |     |             |

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|  |       |           |
|--|-------|-----------|
| Strike Price \$33.00, Expires<br>8/18/12                               | 750   | (309,375) |
| Strike Price \$37.00, Expires<br>9/22/12                               | 720   | (136,800) |
| Northrop Grumman Corp., Strike<br>Price \$65.00, Expires 8/18/12       | 520   | (89,700)  |
| Nucor Corp., Strike Price \$38.00,<br>Expires 9/22/12                  | 1,090 | (234,895) |
| PepsiCo, Inc.:   |       |           |
| Strike Price \$70.00, Expires<br>8/18/12                               | 250   | (71,250)  |
| Strike Price \$70.00, Expires<br>9/22/12                               | 290   | (88,450)  |
| Pfizer, Inc.:  |       |           |
| Strike Price \$22.85, Expires<br>8/18/12                               | 1,000 | (121,170) |
| Strike Price \$23.00, Expires<br>8/18/12                               | 91    | (9,464)   |
| Strike Price \$24.00, Expires<br>9/22/12                               | 1,070 | (57,245)  |
| Strike Price \$24.50, Expires<br>9/22/12                               | 1,315 | (53,915)  |
| The Procter & Gamble Co., Strike<br>Price \$65.00, Expires 8/18/12     | 525   | (37,537)  |
| Prudential Financial, Inc., Strike Price<br>\$50.00, Expires 8/18/12   | 730   | (43,800)  |
| Sealed Air Corp., Strike Price \$15.00,<br>Expires 8/18/12             | 480   | (66,000)  |
| Time Warner, Inc.:   |       |           |
| Strike Price \$38.00, Expires<br>8/18/12                               | 495   | (75,983)  |
| Strike Price \$38.00, Expires<br>9/22/12                               | 480   | (89,520)  |
| The Travelers Cos., Inc., Strike Price<br>\$65.00, Expires 8/18/12     | 370   | (5,550)   |
| Unilever NV NY Shares, Strike Price<br>\$35.00, Expires 9/22/12        | 974   | (60,875)  |
| Verizon Communications, Inc., Strike<br>Price \$45.00, Expires 8/18/12 | 560   | (36,400)  |

Schedule of Investments (continued) **BlackRock Enhanced Capital and Income Fund, Inc. (CII)**  
**(Percentages shown are based on Net Assets)**

|  | Contracts | Value       |
|--|-----------|-------------|
| <b>Options Written</b>   |           |             |
| <b>Exchange-Traded Call Options (concluded)</b>  |           |             |
| Viacom, Inc., Class B, Strike Price<br>\$48.00, Expires 8/18/12                                      | 105       | \$ (4,725)  |
| The Walt Disney Co., Strike Price<br>\$47.00, Expires 8/18/12  | 650       | (168,675)   |
| Wells Fargo & Co., Strike Price<br>\$35.00, Expires 9/22/12  | 434       | (21,700)    |
| The Western Union Co., Strike Price<br>\$17.00, Expires 8/18/12                                      | 540       | (29,700)    |
|  |           | (6,316,648) |
| <b>Over-the-Counter Call Options — (0.9)%</b>  |           |             |
| ACE Ltd.:  |           |             |
| Strike Price \$72.93, Expires<br>8/16/12, Broker Morgan<br>Stanley                                   | 50,000    | (66,906)    |
| Strike Price \$73.00, Expires<br>8/31/12, Broker Morgan<br>Stanley                                   | 50,000    | (84,329)    |
| AT&T, Inc., Strike Price \$35.04,<br>Expires 8/09/12, Broker Goldman<br>Sachs Group, Inc.            | 143,000   | (411,840)   |
| Bristol-Myers Squibb Co., Strike Price<br>\$34.75, Expires 8/07/12, Broker<br>Bank of America Corp.  | 309,000   | (272,927)   |
| Corning, Inc.:   |           |             |
| Strike Price \$12.61, Expires<br>9/04/12, Broker Morgan<br>Stanley                                   | 64,500    | (14,835)    |
| Strike Price \$12.61, Expires<br>9/14/12, Broker Morgan<br>Stanley                                   | 64,500    | (4,176)     |
| Dominion Resources, Inc., Strike<br>Price \$54.64, Expires 8/24/12,<br>Broker Credit Suisse Group AG | 95,000    | (36,575)    |

|  |         |           |
|--|---------|-----------|
| E.I. du Pont de Nemours & Co., Strike Price \$51.15, Expires 8/10/12, Broker Bank of America Corp. | 95,500  | (11,119)  |
| Exxon Mobil Corp., Strike Price \$86.33, Expires 9/04/12, Broker Citigroup, Inc.                   | 66,000  | (136,122) |
| General Mills, Inc.:<br>Strike Price \$38.95, Expires 8/24/12, Broker Deutsche Bank AG             | 81,800  | (23,702)  |
| Strike Price \$39.21, Expires 8/24/12, Broker Deutsche Bank AG                                     | 12,000  | (2,961)   |
| Halliburton Co., Strike Price \$31.72, Expires 9/07/12, Broker Bank of America Corp.               | 29,000  | (62,217)  |
| Honeywell International, Inc., Strike Price \$56.29, Expires 8/08/12, Broker Citigroup, Inc.       | 137,000 | (265,422) |

**Contracts Value****Options Written****Over-the-Counter Call Options (continued)**

|  |         |             |
|--|---------|-------------|
| Invesco Ltd., Strike Price \$21.95, Expires 8/07/12, Broker Morgan Stanley             | 78,000  | \$ (31,552) |
| Kimberly-Clark Corp.:<br>Strike Price \$85.24, Expires 9/14/12, Broker Citigroup, Inc. | 69,500  | (167,119)   |
| Strike Price \$85.24, Expires 9/28/12, Broker Citigroup, Inc.                          | 69,500  | (178,830)   |
| Limited Brands, Inc., Strike Price \$43.01, Expires 8/02/12, Broker Citigroup, Inc.    | 57,000  | (258,780)   |
| LSI Corp.:<br>Strike Price \$6.52, Expires 8/03/12, Broker Goldman Sachs Group, Inc.   | 157,000 | (61,143)    |
| Strike Price \$6.55, Expires   |         |             |

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|  |         |           |
|--|---------|-----------|
| 8/24/12, Broker Goldman Sachs Group, Inc.  | 241,000 | (114,983) |
| Strike Price \$6.41, Expires 9/13/12, Broker Deutsche Bank AG  | 157,000 | (109,321) |
| Marvell Technology Group Ltd.: Strike Price \$12.30, Expires 8/09/12, Broker Credit Suisse Group AG  | 81,000  | (5,281)   |
| Strike Price \$12.30, Expires 8/23/12, Broker Credit Suisse Group AG                                 | 81,000  | (17,751)  |
| Maxim Integrated Products, Inc., Strike Price \$26.16, Expires 9/06/12, Broker Bank of America Corp. | 210,000 | (339,545) |
| Merck & Co., Inc.: Strike Price \$37.72, Expires 8/03/12, Broker Morgan Stanley                      | 82,000  | (528,703) |
| Strike Price \$37.72, Expires 8/10/12, Broker Morgan Stanley   | 82,000  | (528,703) |
| NextEra Energy, Inc., Strike Price \$68.40, Expires 8/13/12, Broker Morgan Stanley                   | 42,500  | (106,450) |
| Northrop Grumman Corp., Strike Price \$63.92, Expires 8/24/12, Broker Bank of America Corp.          | 53,000  | (130,481) |
| Nucor Corp., Strike Price \$38.06, Expires 8/09/12, Broker Citigroup, Inc.                           | 12,000  | (15,553)  |

BLACKROCK ENHANCED CAPITAL AND INCOME FUND, INC. JULY 31, 2012 4

Schedule of Investments (continued) **BlackRock Enhanced Capital and Income Fund, Inc. (CII)**  
**(Percentages shown are based on Net Assets)**

|   | Contracts | Value        |
|---|-----------|--------------|
| <b>Options Written</b>  |           |              |
| <b>Over-the-Counter Call Options (concluded)</b>  |           |              |
| Pfizer, Inc.:   |           |              |
| Strike Price \$21.93, Expires<br>8/06/12, Broker Deutsche<br>Bank AG  | 110,000   | \$ (231,660) |
| Strike Price \$23.68, Expires<br>9/07/12, Broker Morgan<br>Stanley  | 98,500    | (69,834)     |
| Public Service Enterprise Group, Inc.,<br>Strike Price \$33.09, Expires<br>9/14/12, Broker Bank of America<br>Corp. | 48,500    | (24,424)     |
| Raytheon Co., Strike Price \$56.59,<br>Expires 8/28/12, Broker Deutsche<br>Bank AG                                  | 114,000   | (56,128)     |
| Sealed Air Corp., Strike Price \$16.32,<br>Expires 8/01/12, Broker Citigroup,<br>Inc.                               | 40,000    | (2,384)      |
| The Southern Co., Strike Price<br>\$48.59, Expires 9/27/12, Broker<br>UBS AG  | 166,000   | (77,198)     |
| Time Warner, Inc., Strike Price<br>\$35.30, Expires 8/06/12, Broker<br>Morgan Stanley                               | 100,000   | (381,590)    |
| The Travelers Cos., Inc., Strike Price<br>\$63.75, Expires 9/19/12, Broker<br>Morgan Stanley                        | 66,500    | (52,487)     |
| Unilever NV - NY Shares, Strike Price<br>\$32.40, Expires 8/23/12, Broker<br>UBS AG                                 | 54,000    | (122,886)    |
| Verizon Communications, Inc., Strike<br>Price \$45.00, Expires 9/11/12,<br>Broker Goldman Sachs Group, Inc.         | 165,000   | (141,517)    |
| Viacom, Inc., Class B, Strike Price   |           |              |

|   |        |                |
|---|--------|----------------|
| \$48.55, Expires 9/06/12, Broker                          |        |                |
| Morgan Stanley  | 98,000 | (64,621)       |
| Wells Fargo & Co.:  |        |                |
| Strike Price \$31.70, Expires                             |        |                |
| 8/06/12, Broker Deutsche                                  |        |                |
| Bank AG   | 44,000 | (92,840)       |
| Strike Price \$32.84, Expires                             |        |                |
| 8/16/12, Broker Deutsche                                  |        |                |
| Bank AG   | 95,000 | (111,212)      |
|   |        | (5,416,107)    |
| <b>Total Options Written</b>                              |        |                |
| <b>(Premiums Received – \$7,359,368) – (1.9%)</b>         |        | (11,732,755)   |
| <b>Total Investments, Net of Options Written – 100.2%</b> |        | 624,145,818    |
| <b>Liabilities in Excess of Other Assets – (0.2)%</b>     |        | (1,053,055)    |
| <b>Net Assets – 100.0%</b>                                |        | \$ 623,092,763 |

\* As of July 31, 2012, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

|                               |                 |
|-------------------------------|-----------------|
| Tax cost                      | \$ 676,125,616  |
| Gross unrealized appreciation | \$ 31,096,594   |
| Gross unrealized depreciation | (71,343,637)    |
| Net unrealized depreciation   | \$ (40,247,043) |

(a) All or a portion of the security has been pledged as collateral in connection with outstanding options written.

(b) Non-income producing security.

(c) Investments in companies considered to be an affiliate of the Fund during the period, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate     | Shares<br>Held at<br>October 31, Net<br>2011 | Shares<br>Held at<br>July 31,<br>2012 | Income              |
|---------------|--|---------------------------------------|---------------------|
| BlackRock     |  |                                       |                     |
| Liquidity     |  |                                       |                     |
| Funds,        |  |                                       |                     |
| TempFund,     |  |                                       |                     |
| Institutional |  |                                       |                     |
| Class         | 2,617,964                                    | 16,372,405                            | 18,990,369 \$13,869 |

(d) Represents the current yield as of report date.



For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Fund management. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Fair Value Measurements - Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial reporting purposes as follows:

Level 1 — unadjusted price quotations in active markets/exchanges for identical assets and liabilities

Level 2 — other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 — unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivative financial instruments)

BLACKROCK ENHANCED CAPITAL AND INCOME FUND, INC. JULY 31, 2012 5

Schedule of Investments (concluded) **BlackRock Enhanced Capital and Income Fund, Inc. (CII)**

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to the Fund's most recent financial statements as contained in its semi-annual report.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy as of July 31, 2012:

|                            | <b>Level 1</b>       | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>         |
|----------------------------|----------------------|----------------|----------------|----------------------|
| <b>Assets:</b>             |                      |                |                |                      |
| Investments:               |                      |                |                |                      |
| Long-Term                  |                      |                |                |                      |
| Investments <sup>1</sup> . | \$616,888,204        | —              | —              | \$616,888,204        |
| Short-Term                 |                      |                |                |                      |
| Securities                 | 18,990,369           | —              | —              | 18,990,369           |
| <b>Total</b>               | <b>\$635,878,573</b> | <b>—</b>       | <b>—</b>       | <b>\$635,878,573</b> |

<sup>1</sup>See above Schedule of Investments for values in each industry.

|   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |                |
|---|----------------|----------------|----------------|--------------|----------------|
| Derivative Financial Instruments <sup>2</sup> |                |                |                |              |                |
| <b>Liabilities:</b>                           |                |                |                |              |                |
| Equity contracts                              |                | \$(5,405,780)  | \$(6,326,975)  | —            | \$(11,732,755) |

<sup>2</sup>Derivative financial instruments are options, which are shown at value.

Certain of the Fund's assets and liabilities are held at carrying amount, which approximates fair value for financial reporting purposes. As of July 31, 2012, such assets and liabilities are categorized within the disclosure hierarchy as follows:

|                | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|----------------|----------------|----------------|----------------|--------------|
| <b>Assets:</b> |                |                |                |              |
| Foreign        |                |                |                |              |
| currency       | \$6,173        | —              | —              | \$ 6,173     |

**Liabilities:**

|              |         |             |   |             |
|--------------|---------|-------------|---|-------------|
| Bank         |         |             |   |             |
| overdraft    | —       | \$(182,567) | — | (182,567)   |
| <b>Total</b> | \$6,173 | \$(182,567) | — | \$(176,394) |

There were no transfers between levels during the period ended July 31, 2012.

BLACKROCK ENHANCED CAPITAL AND INCOME FUND, INC. JULY 31, 2012 6

Item 2 – Controls and Procedures

2(a) – The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act )) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

2(b) – There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 – Exhibits

Certifications – Attached hereto

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock Enhanced Capital and Income Fund, Inc.

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Enhanced Capital and Income Fund, Inc.

Date: September 25, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Enhanced Capital and Income Fund, Inc.

Date: September 25, 2012

By: /s/ Neal J. Andrews

Neal J. Andrews

Chief Financial Officer (principal financial officer) of  
BlackRock Enhanced Capital and Income Fund, Inc.

Date: September 25, 2012