

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

ITEM 1. SCHEDULE OF INVESTMENTS

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%		
Hotels, Restaurants & Leisure 2.8%		
McDonald's Corp.	185,000	\$ 12,343,200
Media 3.2%		
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
Specialty Retail 1.4%		
Home Depot Inc.	197,210	6,379,744
TOTAL CONSUMER DISCRETIONARY		33,198,630
CONSUMER STAPLES 14.3%		
Beverages 1.7%		
PepsiCo Inc.	115,360	7,632,218
Food & Staples Retailing 1.9%		
Wal-Mart Stores Inc.	155,850	8,665,260
Food Products 4.4%		
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
Household Products 6.3%		
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%		
Energy Equipment & Services 0.8%		
Diamond Offshore Drilling Inc.	40,000	3,552,400
Oil, Gas & Consumable Fuels 7.5%		
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 & Consumable Fuels</i>		33,574,935
TOTAL ENERGY		37,127,335
FINANCIALS 8.8%		
Insurance 4.1%		
Chubb Corp.	149,360	7,744,316
Travelers Cos. Inc.	196,160	10,580,870
<i>Total Insurance</i>		18,325,186
Real Estate Investment Trusts (REITs) 2.4%		
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
Thriffs & Mortgage Finance 2.3%		
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 & Mortgage Finance</i>		<i>10,170,120</i>
TOTAL FINANCIALS		39,360,386
HEALTH CARE 6.5%		
Pharmaceuticals 6.5%		
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%		
Aerospace & Defense 2.4%		
Honeywell International Inc.	50,000	\$ 2,263,500
Lockheed Martin Corp.	100,000	8,322,000
<i>Total Aerospace & Defense</i>		10,585,500
Commercial Services & Supplies 2.7%		
Waste Management Inc.	350,510	12,068,059
Industrial Conglomerates 2.3%		
3M Co.	53,210	4,446,760
United Technologies Corp.	80,000	5,888,800
<i>Total Industrial Conglomerates</i>		10,335,560
Marine 0.8%		
Alexander & Baldwin Inc.	115,661	3,822,596
TOTAL INDUSTRIALS		36,811,715
INFORMATION TECHNOLOGY 3.8%		
IT Services 2.3%		
Automatic Data Processing Inc.	137,000	6,092,390
Paychex Inc.	138,140	4,240,898
<i>Total IT Services</i>		10,333,288
Semiconductors & Semiconductor Equipment 0.9%		
Microchip Technology Inc.	140,000	3,942,400
Software 0.6%		
Microsoft Corp.	94,000	2,751,380
TOTAL INFORMATION TECHNOLOGY		17,027,068
MATERIALS 1.8%		
Chemicals 1.8%		
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%		
Diversified Telecommunication Services 4.4%		
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%		
Electric Utilities 5.2%		
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>		23,053,591
Multi-Utilities 1.8%		
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%			
Diversified Financial Services 1.5%			
CalEnergy Capital Trust III	6.500%	150,000	6,825,000
UTILITIES 0.8%			
Electric Utilities 0.8%			
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%				
Thrifts & Mortgage Finance 0.0%				
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%				
Electric Utilities 0.9%				
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%				
Home Equity 0.8%				
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>				3,564,012
Student Loan 0.1%				
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%				
Internet Software & Services 1.3%				
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%				
Hotels, Restaurants & Leisure 0.1%				
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 & Leisure</i>				572,013
Media 0.3%				
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%				
Food & Staples Retailing 1.2%				
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 & Staples Retailing</i>				5,391,668
Tobacco 0.0%				
Reynolds American Inc.	6.750%	6/15/17	180,000	193,071
TOTAL CONSUMER STAPLES				5,584,739
ENERGY 1.6%				
Energy Equipment & Services 0.1%				
Transocean Inc., Senior Notes	5.250%	3/15/13	190,000	205,266
Oil, Gas & Consumable Fuels 1.5%				
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 & Consumable Fuels</i>				<i>6,850,850</i>
TOTAL ENERGY				7,056,116
FINANCIALS 2.7%				
Capital Markets 0.3%				
Bear Stearns Co. Inc., Senior Notes	6.400%	10/2/17	300,000	331,913
Goldman Sachs Capital II, Junior Subordinated Bonds	5.793%	6/1/12	30,000	25,575(b)(f)
Goldman Sachs Group Inc., Senior Notes	6.150%	4/1/18	300,000	317,926
Merrill Lynch & Co. Inc., Notes	6.875%	4/25/18	280,000	302,216
Morgan Stanley, Medium-Term Notes	5.625%	1/9/12	290,000	307,288
UBS AG Stamford CT, Senior Notes	3.875%	1/15/15	260,000	256,775
<i>Total Capital Markets</i>				<i>1,541,693</i>

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
Commercial Banks 0.4%				
BAC Capital Trust XIV, Junior Subordinated Notes	5.630%	3/15/12	\$ 20,000	\$ 15,200(b)(f)
Bank of Tokyo-Mitsubishi UFJ Ltd., Senior Notes	3.850%	1/22/15	100,000	101,154(c)
Nordea Bank AB, Senior Notes	4.875%	1/27/20	200,000	198,709(c)
Resona Preferred Global Securities Cayman Ltd., Junior Subordinated, Bonds	7.191%	7/30/15	260,000	243,968(b)(c)(f)
Santander US Debt SA Unipersonal, Senior Notes	3.724%	1/20/15	100,000	99,731(c)
Shinsei Finance Cayman Ltd., Junior Subordinated Bonds	6.418%	7/20/16	490,000	340,197(b)(c)(f)
SunTrust Capital, Trust Preferred Securities	6.100%	12/15/36	420,000	346,684(b)
Wachovia Bank N.A., Subordinated Notes	6.000%	11/15/17	380,000	412,513
Wells Fargo Capital X, Capital Securities	5.950%	12/15/36	280,000	258,114
<i>Total Commercial Banks</i>				<i>2,016,270</i>
Consumer Finance 0.3%				
American Express Co., Subordinated Debentures	6.800%	9/1/66	380,000	373,350(b)
Caterpillar Financial Services Corp., Medium-Term Notes	5.450%	4/15/18	190,000	201,334
John Deere Capital Corp., Medium-Term Notes	5.350%	4/3/18	170,000	181,189
SLM Corp., Medium-Term Notes, Senior Notes	8.450%	6/15/18	450,000	455,778
<i>Total Consumer Finance</i>				<i>1,211,651</i>
Diversified Financial Services 1.4%				
Bank of America Corp., Senior Notes	5.650%	5/1/18	330,000	334,388
Capital One Bank, Notes	5.750%	9/15/10	125,000	127,507
Citigroup Inc., Senior Notes	6.875%	3/5/38	550,000	557,502
General Electric Capital Corp., Senior Notes	5.625%	5/1/18	560,000	586,155
General Electric Capital Corp., Subordinated Debentures	6.375%	11/15/67	20,000	18,900(b)
JPMorgan Chase & Co., Junior Subordinated Notes	7.900%	4/30/18	4,000,000	4,278,816(b)(f)
JPMorgan Chase & Co., Subordinated Notes	6.125%	6/27/17	190,000	204,828
<i>Total Diversified Financial Services</i>				<i>6,108,096</i>
Insurance 0.3%				
American International Group Inc., Medium-Term Notes, Senior Notes	5.850%	1/16/18	550,000	511,819
MetLife Inc., Junior Subordinated Debentures	6.400%	12/15/36	350,000	318,500
	6.850%	12/16/39	20,000	21,767(c)

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Teachers Insurance & Annuity Association of America - College Retirement Equity Fund, Notes				
Travelers Cos. Inc., Junior Subordinated Debentures	6.250%	3/15/37	395,000	389,360(b)
<i>Total Insurance</i>				<i>1,241,446</i>
TOTAL FINANCIALS				12,119,156
HEALTH CARE 0.1%				
Health Care Equipment & Supplies 0.0%				
Medtronic Inc., Senior Notes	4.450%	3/15/20	50,000	49,860
Health Care Providers & Services 0.1%				
UnitedHealth Group Inc., Senior Notes	5.250%	3/15/11	170,000	176,570
WellPoint Inc., Notes	5.875%	6/15/17	30,000	32,258
WellPoint Inc., Senior Notes	5.000%	1/15/11	140,000	144,136
<i>Total Health Care Providers & Services</i>				<i>352,964</i>
Pharmaceuticals				