

LMP CAPITAL & INCOME FUND INC.  
Form N-Q  
May 25, 2011

**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, 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: December 31

Date of reporting period: March 31, 2011

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ITEM 1. SCHEDULE OF INVESTMENTS

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**LMP CAPITAL AND INCOME FUND INC.**

**FORM N-Q**

**MARCH 31, 2011**

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Schedule of investments (unaudited)

March 31, 2011

**LMP CAPITAL AND INCOME FUND INC.**

	SHARES	VALUE
SECURITY		
COMMON STOCKS 64.7%		
CONSUMER DISCRETIONARY 4.9%		
<b>Hotels, Restaurants &amp; Leisure 2.0%</b>		
McDonald's Corp.	145,000	\$ 11,033,050
<b>Media 1.9%</b>		
Charter Communications Inc., Class A Shares	11,990	607,053*
Reed Elsevier PLC	500,000	4,331,338
Thomson Corp.	150,000	5,886,000
<i>Total Media</i>		10,824,391
<b>Specialty Retail 1.0%</b>		
Home Depot Inc.	150,000	5,559,000
TOTAL CONSUMER DISCRETIONARY		27,416,441
CONSUMER STAPLES 9.4%		
<b>Beverages 0.6%</b>		
PepsiCo Inc.	50,000	3,220,500
<b>Food Products 3.2%</b>		
H.J. Heinz Co.	310,000	15,134,200
Kraft Foods Inc., Class A Shares	80,000	2,508,800
<i>Total Food Products</i>		17,643,000
<b>Household Products 5.6%</b>		
Kimberly-Clark Corp.	290,000	18,928,300
Procter & Gamble Co.	198,000	12,196,800
<i>Total Household Products</i>		31,125,100
TOTAL CONSUMER STAPLES		51,988,600
ENERGY 7.7%		
<b>Energy Equipment &amp; Services 0.5%</b>		
Diamond Offshore Drilling Inc.	35,520	2,759,904
<b>Oil, Gas &amp; Consumable Fuels 7.2%</b>		
Kinder Morgan Inc.	140,000	4,149,600
Spectra Energy Corp.	620,000	16,851,600
Targa Resources Corp.	100,000	3,624,000
Total SA, ADR	255,000	15,547,350
<i>Total Oil, Gas &amp; Consumable Fuels</i>		40,172,550
TOTAL ENERGY		42,932,454
FINANCIALS 10.7%		
<b>Capital Markets 0.5%</b>		
Medley Capital Corp.	220,000	2,679,600
<b>Insurance 1.6%</b>		
Travelers Cos. Inc.	150,000	8,922,000
<b>Real Estate Investment Trusts (REITs) 4.0%</b>		
Annaly Capital Management Inc.	864,910	15,092,680
Chimera Investment Corp.	1,792,770	7,099,369
<i>Total Real Estate Investment Trusts (REITs)</i>		22,192,049
<b>Thriffs &amp; Mortgage Finance 4.6%</b>		
First Niagara Financial Group Inc.	590,000	8,012,200
New York Community Bancorp Inc.	480,000	8,284,800

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People's United Financial Inc.	740,000	9,309,200
<i>Total Thrifts &amp; Mortgage Finance</i>		<i>25,606,200</i>
<b>TOTAL FINANCIALS</b>		<b>59,399,849</b>
<b>HEALTH CARE 6.5%</b>		
<b>Pharmaceuticals 6.5%</b>		
Bristol-Myers Squibb Co.	480,000	12,686,400
GlaxoSmithKline PLC, ADR	208,000	7,989,280
Johnson & Johnson	220,000	13,035,000
Pfizer Inc.	100,000	2,031,000
<b>TOTAL HEALTH CARE</b>		<b>35,741,680</b>
<b>INDUSTRIALS 6.8%</b>		
<b>Aerospace &amp; Defense 1.9%</b>		
Lockheed Martin Corp.	128,000	10,291,200

*See Notes to Schedule of Investments.*

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Schedule of investments (unaudited) (cont d)

March 31, 2011

**LMP CAPITAL AND INCOME FUND INC.**

	SHARES	VALUE
SECURITY		
<b>Building Products 0.0%</b>		
Ashton Woods USA LLC, Class B Membership	43	\$ 19,352*(a)(b)
<b>Commercial Services &amp; Supplies 2.4%</b>		
Waste Management Inc.	350,510	13,088,043
<b>Industrial Conglomerates 1.5%</b>		
3M Co.	70,000	6,545,000
General Electric Co.	100,000	2,005,000
<i>Total Industrial Conglomerates</i>		8,550,000
<b>Marine 1.0%</b>		
Alexander & Baldwin Inc.	120,000	5,478,000
TOTAL INDUSTRIALS		37,426,595
INFORMATION TECHNOLOGY 3.3%		
<b>IT Services 2.0%</b>		
Automatic Data Processing Inc.	100,000	5,131,000
Paychex Inc.	180,000	5,644,800
<i>Total IT Services</i>		10,775,800
<b>Semiconductors &amp; Semiconductor Equipment 0.9%</b>		
Intel Corp.	255,000	5,143,350
<b>Software 0.4%</b>		
Microsoft Corp.	94,000	2,383,840
TOTAL INFORMATION TECHNOLOGY		18,302,990
MATERIALS 0.9%		
<b>Chemicals 0.9%</b>		
E.I. du Pont de Nemours & Co.	90,000	4,947,300
TELECOMMUNICATION SERVICES 8.3%		
<b>Diversified Telecommunication Services 8.3%</b>		
AT&T Inc.	640,000	19,584,000
Verizon Communications Inc.	403,000	15,531,620
Windstream Corp.	830,000	10,682,100
TOTAL TELECOMMUNICATION SERVICES		45,797,720
UTILITIES 6.2%		
<b>Electric Utilities 3.9%</b>		
American Electric Power Co. Inc.	235,000	8,257,900
Duke Energy Corp.	251,870	4,571,441
NextEra Energy Inc.	18,000	992,160
Southern Co.	204,530	7,794,638
<i>Total Electric Utilities</i>		21,616,139
<b>Multi-Utilities 2.3%</b>		
CenterPoint Energy Inc.	730,000	12,818,800
TOTAL UTILITIES		34,434,939
TOTAL COMMON STOCKS (Cost \$311,363,591)		358,388,568
	RATE	
CONVERTIBLE PREFERRED STOCKS 8.4%		
CONSUMER DISCRETIONARY 0.1%		
General Motors Co.	4.750%	8,000 385,600

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ENERGY 0.4%			
Apache Corp.	6.000%	37,000	2,621,820
FINANCIALS 4.6%			
<b>Diversified Financial Services 2.1%</b>			
CalEnergy Capital Trust III	6.500%	228,100	11,519,050
<b>Insurance 1.5%</b>			
Metlife Inc.	5.000%	96,000	8,145,600*
<b>Real Estate Investment Trusts (REITs) 1.0%</b>			
Health Care Reit Inc.	6.500%	110,000	5,731,000*
TOTAL FINANCIALS			25,395,650

*See Notes to Schedule of Investments.*

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Schedule of investments (unaudited) (cont d)

March 31, 2011

**LMP CAPITAL AND INCOME FUND INC.**

SECURITY	RATE		SHARES	VALUE
UTILITIES 3.3%				
<b>Electric Utilities 3.3%</b>				
Great Plains Energy Inc.	12.000%		65,370	\$ 4,219,634
NextEra Energy Inc.	7.000%		280,010	14,140,505
TOTAL UTILITIES				18,360,139
TOTAL CONVERTIBLE PREFERRED STOCKS (Cost \$44,589,532)				46,763,209
PREFERRED STOCKS 0.0%				
FINANCIALS 0.0%				
<b>Thrifts &amp; Mortgage Finance 0.0%</b>				
Federal Home Loan Mortgage Corp. (FHLMC)	8.375%		25,950	44,115*
Federal National Mortgage Association (FNMA)	7.000%		300	900*
Federal National Mortgage Association (FNMA)	8.250%		17,650	30,005*
TOTAL PREFERRED STOCKS (Cost \$1,105,960)				75,020
		MATURITY DATE	FACE AMOUNT	
ASSET-BACKED SECURITIES 0.3%				
Asset-Backed Funding Certificates, 2004-FF1 M2	2.425%	1/25/34	\$ 289,958	96,498(c)
Countrywide Asset-Backed Certificates, 2004-5 M4	1.500%	6/25/34	126,652	39,449(c)
Finance America Net Interest Margin Trust, 2004-1 A	5.250%	6/27/34	73,417	1(b)(d)
Fremont Home Loan Trust, 2004-1 M5	1.900%	2/25/34	121,618	54,491(c)
GSAMP Trust, 2004-OPT M3	1.400%	11/25/34	236,471	96,895(c)
MASTR Specialized Loan Trust, 2007-2 A	0.600%	5/25/37	391,412	221,860(c)(d)
Nelnet Student Loan Trust, 2008-4 A4	1.783%	4/25/24	350,000	359,888(c)
RAAC Series, 2007-RP3 A	0.630%	10/25/46	443,789	290,455(c)(d)
Renaissance Home Equity Loan Trust, 2003-4 M3	2.150%	3/25/34	389,160	175,526(c)
Sail Net Interest Margin Notes, 2003-BC2A A	7.750%	4/27/33	141,210	0(b)(d)
Sail Net Interest Margin Notes, 2004-2A A	5.500%	3/27/34	71,380	1(b)(d)
TOTAL ASSET-BACKED SECURITIES (Cost \$2,350,921)				1,335,064
COLLATERALIZED MORTGAGE OBLIGATIONS 1.1%				
BCAP LLC Trust, 2006-AA1 A1	0.440%	10/25/36	1,032,383	637,184(c)
Bear Stearns ARM Trust, 2005-12 24A1	5.592%	2/25/36	104,285	74,054(c)
Countrywide Alternative Loan Trust, 2006-0A9 2A1A	0.464%	7/20/46	1,248,439	562,477(c)
Federal Home Loan Mortgage Corp. (FHLMC), 3738 BP	4.000%	12/15/38	100,000	97,523

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Federal Home Loan Mortgage Corp. (FHLMC), K007 X1, IO	1.521%	8/25/20	1,395,168	127,662(c)
Government National Mortgage Association (GNMA), 2010-H22 FE	0.610%	5/20/59	99,657	99,159(c)
Government National Mortgage Association (GNMA), 2010-H26 LF	0.610%	8/20/58	199,221	198,723(c)
Greenwich Capital Commercial Funding Corp., 2006-GG7	5.890%	7/10/38	25,000	27,382(c)
GS Mortgage Securities Corp.	1.345%	3/10/44	600,000	37,920(a)(c)(d)
JPMorgan Mortgage Trust, 2007-S3 1A74	6.000%	8/25/37	1,060,000	929,933
LB-UBS Commercial Mortgage Trust, 2006-C6 A4	5.372%	9/15/39	100,000	106,868
MASTR ARM Trust, 2003-3 3A4	2.494%	9/25/33	656,769	591,640(c)
Merit Securities Corp., 11PA B2	1.748%	9/28/32	147,026	138,764(c)(d)
MLCC Mortgage Investors Inc., 2004-A B2	1.170%	4/25/29	237,843	96,781(c)
MLCC Mortgage Investors Inc., 2004-B B2	1.130%	5/25/29	385,496	184,973(c)
Morgan Stanley Capital I, 2006-IQ11 A4	5.726%	10/15/42	120,000	131,614(c)
RBS Greenwich Capital, Mortgage Pass-Through Certificates, 2005-A 5A	7.000%	4/25/35	850,877	810,902
Structured ARM Loan Trust, 2006-4 4A1	5.556%	5/25/36	611,738	480,582(c)
Thornburg Mortgage Securities Trust, 2007-4 2A1	6.182%	7/25/37	137,587	136,328(c)
Thornburg Mortgage Securities Trust, 2007-4 3A1	6.174%	7/25/37	143,853	144,869(c)

*See Notes to Schedule of Investments.*

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Schedule of investments (unaudited) (cont d)

March 31, 2011

**LMP CAPITAL AND INCOME FUND INC.**

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
COLLATERALIZED MORTGAGE OBLIGATIONS	continued			
Washington Mutual Inc. Pass-Through Certificates, 2006-AR5 4A	1.282%	6/25/46	\$ 585,454	\$ 264,149(c)
Wells Fargo Alternative Loan Trust, 2007-PA2 2A1	0.692%	6/25/37	601,367	364,670(c)
<b>TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (Cost</b>		<b>\$6,939,607)</b>		<b>6,244,157</b>
CONVERTIBLE BONDS & NOTES 1.4%				
INFORMATION TECHNOLOGY 1.4%				
<b>Internet Software &amp; Services 1.4%</b>				
VeriSign Inc., Junior Subordinated Notes (Cost - \$4,962,577)	3.250%	8/15/37	6,500,000	7,865,000
CORPORATE BONDS & NOTES 16.1%				
CONSUMER DISCRETIONARY 0.2%				
<b>Hotels, Restaurants &amp; Leisure 0.1%</b>				
Choctaw Resort Development Enterprise, Senior Notes	7.250%	11/15/19	285,000	220,875(d)
Inn of the Mountain Gods Resort & Casino, Senior Secured Notes	8.750%	11/30/20	198,000	195,525(d)
<i>Total Hotels, Restaurants &amp; Leisure</i>				<i>416,400</i>
<b>Media 0.1%</b>				
Comcast Corp.	5.700%	5/15/18	300,000	327,036
News America Inc., Senior Notes	6.650%	11/15/37	10,000	10,521
Time Warner Cable Inc., Senior Notes	6.200%	7/1/13	180,000	198,008
Time Warner Cable Inc., Senior Notes	5.850%	5/1/17	10,000	10,951
<i>Total Media</i>				<i>546,516</i>
<b>TOTAL CONSUMER DISCRETIONARY</b>				<b>962,916</b>
CONSUMER STAPLES 2.0%				
<b>Food &amp; Staples Retailing 2.0%</b>				
CVS Caremark Corp., Junior Subordinated Bonds	6.302%	6/1/37	10,825,000	10,638,464(c)
CVS Corp., Pass-Through Trust, Secured Notes	6.943%	1/10/30	139,794	152,345
Kroger Co., Senior Notes	5.500%	2/1/13	60,000	64,229
Kroger Co., Senior Notes	6.150%	1/15/20	50,000	56,485
Safeway Inc., Senior Notes	3.950%	8/15/20	20,000	18,954
<i>Total Food &amp; Staples Retailing</i>				<i>10,930,477</i>
<b>Tobacco 0.0%</b>				
Reynolds American Inc., Senior Notes	6.750%	6/15/17	110,000	125,952
<b>TOTAL CONSUMER STAPLES</b>				<b>11,056,429</b>
ENERGY 2.6%				
<b>Energy Equipment &amp; Services 0.0%</b>				
Transocean Inc., Senior Notes	5.250%	3/15/13	110,000	116,827
<b>Oil, Gas &amp; Consumable Fuels 2.6%</b>				
Apache Corp., Senior Notes	5.625%	1/15/17	80,000	90,086
ConocoPhillips Holding Co., Senior Notes	6.950%	4/15/29	140,000	167,611

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Devon Financing Corp. ULC, Notes	6.875%	9/30/11	120,000	123,682
Energy Transfer Partners LP, Senior Notes	6.700%	7/1/18	10,000	11,346
Kerr-McGee Corp., Notes	6.950%	7/1/24	80,000	88,685
Kinder Morgan Energy Partners LP, Senior Notes	6.000%	2/1/17	170,000	189,420
Shell International Finance BV, Senior Notes	4.375%	3/25/20	30,000	31,026
Southern Union Co., Junior Subordinated Notes	7.200%	11/1/66	14,000,000	13,440,000(c)
Williams Cos. Inc., Senior Notes	7.750%	6/15/31	108,000	128,616
<i>Total Oil, Gas &amp; Consumable Fuels</i>				<i>14,270,472</i>
<b>TOTAL ENERGY</b>				<b>14,387,299</b>
<b>FINANCIALS 7.5%</b>				
<b>Capital Markets 0.2%</b>				
Bear Stearns Co. Inc., Senior Notes	6.400%	10/2/17	180,000	202,480
Goldman Sachs Group Inc., Senior Notes	5.300%	2/14/12	10,000	10,392
Goldman Sachs Group Inc., Senior Notes	5.250%	10/15/13	20,000	21,490
Goldman Sachs Group Inc., Senior Notes	6.150%	4/1/18	180,000	195,430
Merrill Lynch & Co. Inc., Notes	6.875%	4/25/18	160,000	177,962
Morgan Stanley, Medium-Term Notes	5.625%	1/9/12	170,000	176,540

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Schedule of investments (unaudited) (cont d)

March 31, 2011

**LMP CAPITAL AND INCOME FUND INC.**

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Capital Markets continued</b>				
UBS AG Stamford CT, Senior Notes	3.875%	1/15/15	\$ 260,000	\$ 266,711
<i>Total Capital Markets</i>				<i>1,051,005</i>
<b>Commercial Banks 1.2%</b>				
BAC Capital Trust XIV, Junior Subordinated Notes	5.630%	3/15/12	10,000	7,775(c)(e)
Bank of Montreal, Secured Bonds	2.850%	6/9/15	300,000	302,874(d)
Nordea Bank AB, Senior Notes	4.875%	1/27/20	120,000	122,981(d)
Resona Preferred Global Securities Cayman Ltd., Junior Subordinated Bonds	7.191%	7/30/15	150,000	149,644(c)(d)(e)
Santander US Debt SA Unipersonal, Senior Notes	3.724%	1/20/15	100,000	96,789(d)
Wachovia Bank N.A., Subordinated Notes	6.000%	11/15/17	250,000	277,958
Wells Fargo Capital X, Capital Securities	5.950%	12/1/36	160,000	158,344
Wells Fargo Capital XIII, Medium-Term Notes	7.700%	3/26/13	3,000,000	3,105,000(c)(e)
Wells Fargo Capital XV, Junior Subordinated Notes	9.750%	9/26/13	2,500,000	2,756,250(c)(e)
<i>Total Commercial Banks</i>				<i>6,977,615</i>
<b>Consumer Finance 0.1%</b>				
American Express Co., Subordinated Debentures	6.800%	9/1/66	220,000	226,050(c)
Caterpillar Financial Services Corp., Medium-Term Notes	5.450%	4/15/18	110,000	122,478
John Deere Capital Corp., Medium-Term Notes	5.350%	4/3/18	100,000	110,289
SLM Corp., Medium-Term Notes, Senior Notes	8.450%	6/15/18	140,000	157,015
<i>Total Consumer Finance</i>				<i>615,832</i>
<b>Diversified Financial Services 4.7%</b>				
Bank of America Corp., Senior Notes	5.650%	5/1/18	190,000	198,855
Citigroup Inc., Senior Notes	6.875%	3/5/38	320,000	352,793
General Electric Capital Corp., Senior Notes	5.625%	5/1/18	330,000	357,292
General Electric Capital Corp., Subordinated Debentures	6.375%	11/15/67	10,000	10,312(c)
JPMorgan Chase & Co., Junior Subordinated Notes	7.900%	4/30/18	12,000,000	13,174,836(c)(e)
JPMorgan Chase & Co., Subordinated Notes	6.125%	6/27/17	110,000	119,858
PPL Capital Funding Inc., Junior Subordinated Notes	6.700%	3/30/67	12,000,000	11,849,364(c)
<i>Total Diversified Financial Services</i>				<i>26,063,310</i>
<b>Insurance 1.3%</b>				
American International Group Inc., Medium-Term Notes, Senior Notes	5.850%	1/16/18	290,000	302,919
MetLife Inc., Junior Subordinated Debentures	6.400%	12/15/36	6,910,000	6,689,571
Teachers Insurance & Annuity Association of America - College Retirement Equity Fund, Notes	6.850%	12/16/39	10,000	11,313(d)
<i>Total Insurance</i>				<i>7,003,803</i>
<b>TOTAL FINANCIALS</b>				<b>41,711,565</b>
<b>HEALTH CARE 0.0%</b>				
<b>Health Care Equipment &amp; Supplies 0.0%</b>				
Medtronic Inc., Senior Notes	4.450%	3/15/20	30,000	30,790
<b>Health Care Providers &amp; Services 0.0%</b>				
WellPoint Inc., Notes	5.875%	6/15/17	20,000	22,463
<b>Pharmaceuticals 0.0%</b>				
Wyeth, Notes	5.950%	4/1/37	120,000	128,723

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TOTAL HEALTH CARE				181,976
MATERIALS 0.1%				
<b>Chemicals 0.0%</b>				
Potash Corp. of Saskatchewan Inc., Senior Notes	4.875%	3/30/20	10,000	10,388
PPG Industries Inc., Senior Notes	6.650%	3/15/18	120,000	139,883
<i>Total Chemicals</i>				<i>150,271</i>
<b>Metals &amp; Mining 0.0%</b>				
Vale Overseas Ltd., Notes	6.875%	11/21/36	156,000	166,509
<b>Paper &amp; Forest Products 0.1%</b>				
Appleton Papers Inc., Senior Secured Notes	11.250%	12/15/15	408,000	397,800
TOTAL MATERIALS				714,580

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Schedule of investments (unaudited) (cont d)

March 31, 2011

**LMP CAPITAL AND INCOME FUND INC.**

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
TELECOMMUNICATION SERVICES 0.2%				
<b>Diversified Telecommunication Services</b>				
<b>0.2%</b>				
AT&T Inc., Global Notes	5.600%	5/15/18	\$ 80,000	\$ 87,960
AT&T Inc., Senior Notes	6.400%	5/15/38	100,000	102,428
British Telecommunications PLC, Bonds	9.875%	12/15/30	40,000	55,470
Deutsche Telekom International Finance BV, Senior Notes	5.750%	3/23/16	100,000	112,081
Telecom Italia Capital, Senior Notes	5.250%	10/1/15	40,000	41,444
Telefonica Emisiones SAU, Senior Notes	6.221%	7/3/17	130,000	142,007
Verizon Communications Inc., Senior Notes	5.500%	2/15/18	120,000	131,009
Verizon Communications Inc., Senior Notes	6.400%	2/15/38	120,000	126,139
TOTAL TELECOMMUNICATION SERVICES				798,538
UTILITIES 3.5%				
<b>Electric Utilities 2.6%</b>				
FirstEnergy Corp., Notes	7.375%	11/15/31	125,000	135,771
NextEra Energy Capital Holding Inc., Junior Subordinated Notes	6.350%	10/1/66	6,000,000	5,924,250(c)
NextEra Energy Capital Holding Inc., Junior Subordinated Notes	6.650%	6/15/67	8,000,000	8,000,016(c)
Pacific Gas & Electric Co., Senior Notes	5.800%	3/1/37	140,000	142,008
<i>Total Electric Utilities</i>				<i>14,202,045</i>
<b>Multi-Utilities 0.9%</b>				
Dominion Resources Inc., Junior Subordinated Notes	6.300%	9/30/66	5,000,000	4,913,070(c)
TOTAL UTILITIES				19,115,115
TOTAL CORPORATE BONDS & NOTES (Cost \$86,081,899)				88,928,418
MORTGAGE-BACKED SECURITIES 2.3%				
<b>FHLMC 0.1%</b>				
Federal Home Loan Mortgage Corp. (FHLMC)	3.500%	4/13/41	200,000	187,969(f)
Federal Home Loan Mortgage Corp. (FHLMC), Gold	5.500%			