

LMP CAPITAL & INCOME FUND INC.
Form N-Q
March 29, 2007

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)

125 Broad Street, New York, NY 10004

(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

300 First Stamford Place

Stamford, CT 06902

(Name and address of agent for service)

Registrant's telephone number, including area code: **1-800-451-2010**

Date of fiscal year end: **October 31**

Date of reporting period: **January 31, 2007**

LMP CAPITAL AND INCOME FUND

FORM N-Q

JANUARY 31, 2007

ITEM 1. SCHEDULE OF INVESTMENTS

LMP Capital and Income Fund Inc.

Schedule of Investments (unaudited)

January 31, 2007

Shares	Security	Value
COMMON STOCKS 71.2%		
CONSUMER DISCRETIONARY 10.6%		
Hotels, Restaurants & Leisure 3.3%		
35,320	Las Vegas Sands Corp. *	\$ 3,675,752
262,900	McDonald's Corp.	11,659,615
140,600	Penn National Gaming Inc. *	6,161,092
93,300	Starwood Hotels & Resorts Worldwide Inc.	5,838,714
	Total Hotels, Restaurants & Leisure	27,335,173
Household Durables 0.0%		
1,226,577	Home Interiors & Gifts Inc. (a)(b) *	12,266
Media 7.3%		
182,030	Clear Channel Communications Inc.	6,611,330
130,000	EchoStar Communications Corp., Class A Shares *	5,244,200
79,444	Lamar Advertising Co., Class A Shares *	5,265,548
167,300	R.H. Donnelley Corp. *	11,138,834
498,400	SES Global SA, FDR	8,649,066
517,600	Time Warner Inc.	11,319,912
534,200	Warner Music Group Corp.	11,453,248
	Total Media	59,682,138
	TOTAL CONSUMER DISCRETIONARY	87,029,577
CONSUMER STAPLES 2.7%		
Household Products 0.6%		
79,200	Procter & Gamble Co.	5,137,704
Tobacco 2.1%		
199,300	Altria Group Inc.	17,416,827
	TOTAL CONSUMER STAPLES	22,554,531
ENERGY 6.5%		
Energy Equipment & Services 2.0%		
66,400	GlobalSantaFe Corp.	3,851,864
86,000	SEACOR Holdings Inc. *	8,705,780
48,300	Transocean Inc. *	3,736,971
	Total Energy Equipment & Services	16,294,615
Oil, Gas & Consumable Fuels 4.5%		
347,400	Anadarko Petroleum Corp.	15,198,750
143,190	Cheniere Energy Inc. *	3,963,499
72,300	Crosstex Energy Inc.	2,369,994
159,000	Range Resources Corp.	4,879,710
159,560	Total SA, ADR	10,858,058
	Total Oil, Gas & Consumable Fuels	37,270,011
	TOTAL ENERGY	53,564,626
EXCHANGE TRADED FUND 1.7%		
Exchange Traded 1.7%		
309,400	Nasdaq-100 Index Tracking Stock	13,635,258
FINANCIALS 20.1%		
Capital Markets 3.0%		
22,300	Goldman Sachs Group Inc.	4,731,168

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318,300	UBS AG	20,056,083
Commercial Banks 1.4%	Total Capital Markets	24,787,251
328,200	Wells Fargo & Co.	11,788,944
Consumer Finance 4.6%	American Express Co.	25,477,072
437,600	Capital One Financial Corp.	12,175,133
151,432	Total Consumer Finance	37,652,205

See Notes to Schedule of Investments.

LMP Capital and Income Fund Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2007

Shares	Security	Value
Diversified Financial Services 1.2%		
185,352	Bank of America Corp.	\$ 9,745,808
Insurance 9.9%		
199,300	ACE Ltd.	11,515,554
282,900	AFLAC Inc.	13,468,869
219,400	American International Group Inc.	15,017,930
238,570	Chubb Corp.	12,415,183
504,710	Fidelity National Financial Inc., Class A	11,981,815
393,100	First American Corp.	16,659,578
	Total Insurance	81,058,929
	TOTAL FINANCIALS	165,033,137
HEALTH CARE 4.0%		
Health Care Providers & Services 4.0%		
317,300	UnitedHealth Group Inc.	16,582,098
202,600	WellPoint Inc.*	15,879,788
	TOTAL HEALTH CARE	32,461,886
INDUSTRIALS 10.7%		
Aerospace & Defense 4.3%		
108,920	Alliant Techsystems Inc.*	8,822,520
214,893	Hexcel Corp.*	4,134,541
219,500	Honeywell International Inc.	10,028,955
153,010	L-3 Communications Holdings Inc.	12,598,844
	Total Aerospace & Defense	35,584,860
Commercial Services & Supplies 0.4%		
130,920	Covanta Holding Corp.*	3,097,567
Electrical Equipment 1.1%		
493,200	ABB Ltd., ADR*	8,783,892
Industrial Conglomerates 4.9%		
677,900	General Electric Co.	24,438,295
506,000	Tyco International Ltd.	16,131,280
	Total Industrial Conglomerates	40,569,575
	TOTAL INDUSTRIALS	88,035,894
INFORMATION TECHNOLOGY 11.7%		
Communications Equipment 2.6%		
389,700	Cisco Systems Inc.*	10,362,123
299,400	QUALCOMM Inc.	11,275,404
	Total Communications Equipment	21,637,527
Electronic Equipment & Instruments 1.2%		
306,500	Agilent Technologies Inc.*	9,808,000
Internet Software & Services 1.3%		
366,900	Yahoo! Inc.*	10,386,939
IT Services 3.4%		
392,900	Ceridian Corp.*	11,775,213
375,011	Fidelity National Information Services Inc.	15,945,468
	Total IT Services	27,720,681
Software 3.2%		

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557,300	Microsoft Corp.	17,198,278
527,200	Oracle Corp.*	9,046,752
	Total Software	26,245,030
	TOTAL INFORMATION TECHNOLOGY	95,798,177
MATERIALS 0.9%		
Chemicals 0.9%		
95,920	Koppers Holdings Inc.	2,437,327

See Notes to Schedule of Investments.

LMP Capital and Income Fund Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2007

Chemicals	Shares	Security	Value
0.9% (continued)			
	224,260	Nalco Holding Co.*	\$ 5,155,738
		TOTAL MATERIALS	7,593,065
UTILITIES 2.3%			
Gas Utilities 2.3%			
	471,700	National Fuel Gas Co.	19,193,473
		TOTAL COMMON STOCKS	
		(Cost \$547,645,619)	584,899,624
	Face Amount		
ASSET-BACKED SECURITIES 2.9%			
Home Equity 2.9%			
\$	1,000,000	Ameriquest Mortgage Securities Inc., Series 2003-12, Class M2, 7.020% due 11/25/33 (c)	1,013,150
	2,000,000	Argent Securities Inc., Series 2004-W8, Class M04, 6.620% due 5/25/34 (c)	2,014,483
	750,000	Asset-Backed Funding Certificates, Series 2004-FF1, Class M2, 6.770% due 1/25/34 (c)	757,442
	2,000,000	Bear Stearns Asset-Backed Securities Inc., Series 2004-HE5, Class M1, 5.890% due 7/25/34 (c)	2,001,239
	233,414	Countrywide Asset-Backed Certificates:	
	17,430	Series 2003-03, Class M4, 6.750% due 3/25/33 (c)	235,292
	410,000	Series 2004-02N, Class N1, 5.000% due 2/25/35 (d)	17,346
	73,417	Series 2004-05, Class M4, 6.570% due 6/25/34 (c)	415,808
	750,000	Finance America Net Interest Margin Trust, Series 2004-01, Class A, 5.250% due 6/27/34 (d)	4,750
	792,575	First Franklin Mortgage Loan Asset Backed Certificates, Series 2004-FF2, Class M4, 6.220% due 3/25/34 (c)	752,345
	2,000,000	Fremont Home Loan Trust:	
	875,000	Series 2004-01, Class M5, 6.420% due 2/25/34 (c)	794,035
	1,005,000	Series 2004-B, Class M4, 6.490% due 5/25/34 (c)	2,003,456
		Series 2004-D, Class M5, 6.320% due 11/25/34 (c)	880,567
		GSAMP Trust, Series 2004-OPT, Class M3, 6.470% due 11/25/34 (c)	1,013,240
	44,421	Merrill Lynch Mortgage Investors Inc.:	
	4,417	Series 2004-WM2N, Class N1, 4.500% due 12/25/34 (d)	44,066
	1,400,000	Series 2005-WM1N, Class N1, 5.000% due 9/25/35 (d)	4,394
		Morgan Stanley Asset-Backed Securities Capital I, Series 2004-HE4, Class M2, 6.620% due 5/25/34 (c)	1,400,863
	1,250,000	New Century Home Equity Loan Trust:	
	1,500,000	Series 2001-NC1, Class M2, 6.420% due 6/20/31 (c)	1,251,455
		Series 2003-04, Class M2, 7.140% due 10/25/33 (c)	1,509,857
	1,000,000	Novastar Home Equity Loan:	
	1,250,000	Series 2004-01, Class M4, 6.295% due 6/25/34 (c)	1,005,601
	750,000	Series 2004-02, Class M5, 6.820% due 9/25/34 (c)	1,260,224
		Series 2005-02, Class M10, 8.320% due 10/25/35 (c)	712,684

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	Option One Mortgage Loan Trust:	
206,644	Series 2002-04, Class M2, 7.015% due 7/25/32 (c)	206,991
1,500,000	Series 2004-02, Class M2, 6.370% due 5/25/34 (c)	1,500,931
1,000,000	Renaissance Home Equity Loan Trust, Series 2003-4, Class M3, 7.220% due 3/25/34 (c)	1,009,592
511,479	SACO I Trust, Series 2005-02, Class A, 5.520% due 4/25/35 (c)(d)	511,748
	Sail Net Interest Margin Notes:	
141,210	Series 2003-BC2A, Class A, 7.750% due 4/27/33 (d)	31,138
71,380	Series 2004-2A, Class A, 5.500% due 3/27/34 (d)	21,358
1,500,000	Structured Asset Investment Loan Trust, Series 2003-BC10, Class M2, 7.170% due 10/25/33 (c)	1,503,588
	TOTAL ASSET-BACKED SECURITIES	
	(Cost \$24,073,166)	23,877,643

See Notes to Schedule of Investments.

LMP Capital and Income Fund Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2007

Face Amount	Security	Value
COLLATERALIZED MORTGAGE OBLIGATIONS(c)	0.8%	
\$ 260,000	American Home Mortgage Investment Trust, Series 2005-4, Class M3, 6.120% due 11/25/45	