

LMP CAPITAL & INCOME FUND INC.

Form N-Q

September 29, 2008

**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
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: July 31, 2008

ITEM 1. SCHEDULE OF INVESTMENTS

LMP CAPITAL AND INCOME FUND INC.

FORM N-Q

JULY 31, 2008

LMP Capital and Income Fund Inc.

Schedule of Investments (unaudited)

July 31, 2008

Shares	Security	Value
COMMON STOCKS 56.5%		
CONSUMER DISCRETIONARY 7.6%		
Household Durables 0.0%		
1,226,577	Home Interiors & Gifts Inc. (a)(b)*	\$ 1
Media 5.3%		
352,170	Lamar Advertising Co., Class A Shares *	13,375,417
379,480	Liberty Media Corp. - Entertainment, Series A *	9,342,798
608,260	Time Warner Inc.	8,710,283
511,700	Warner Music Group Corp.	4,267,578
	Total Media	35,696,076
Multiline Retail 1.1%		
171,400	Target Corp.	7,752,422
Specialty Retail 1.2%		
345,300	Staples Inc.	7,769,250
	TOTAL CONSUMER DISCRETIONARY	51,217,749
CONSUMER STAPLES 2.2%		
Food Products 1.2%		
255,800	Kraft Foods Inc., Class A Shares	8,139,556
Household Products 0.4%		
43,800	Kimberly-Clark Corp.	2,532,954
Tobacco 0.6%		
81,140	Philip Morris International Inc. *	4,190,881
	TOTAL CONSUMER STAPLES	14,863,391
ENERGY 11.0%		
Energy Equipment & Services 4.1%		
51,200	Diamond Offshore Drilling Inc.	6,108,160
279,820	Halliburton Co.	12,541,533
113,200	National-Oilwell Varco Inc. *	8,900,916
	Total Energy Equipment & Services	27,550,609
Oil, Gas & Consumable Fuels 6.9%		
516,341	Crosstex Energy Inc.	16,595,200
51,445	Devon Energy Corp.	4,881,616
582,500	El Paso Corp.	10,444,225
78,770	Newfield Exploration Co. *	3,858,154
137,800	Total SA, ADR	10,541,700
	Total Oil, Gas & Consumable Fuels	46,320,895
	TOTAL ENERGY	73,871,504
FINANCIALS 6.0%		
Capital Markets 4.2%		
459,300	Charles Schwab Corp.	10,513,377
506,820	Invesco Ltd.	11,803,838
338,857	Och-Ziff Capital Management Group	5,536,923
	Total Capital Markets	27,854,138
Consumer Finance 0.7%		
131,300	American Express Co.	4,873,856
Diversified Financial Services 1.1%		
184,600	JPMorgan Chase & Co.	7,500,298
	TOTAL FINANCIALS	40,228,292
HEALTH CARE 8.2%		

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Health Care Equipment & Supplies 2.0%

34,200
202,420

Beckman Coulter Inc.
Medtronic Inc.

Total Health Care Equipment & Supplies

2,474,028
10,693,848
13,167,876

See Notes to Schedule of Investments.

LMP Capital and Income Fund Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2008

Shares	Security	Value
Health Care Providers & Services 1.0%		
249,500	UnitedHealth Group Inc.	\$ 7,005,960
Health Care Technology 1.6%		
999,620	HLTH Corp. *	10,935,843
Pharmaceuticals 3.6%		
150,600	Johnson & Johnson	10,311,582
103,400	Novartis AG, ADR	6,136,790
193,100		