

LMP CAPITAL & INCOME FUND INC.  
Form SC 13D/A  
February 11, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D  
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO  
§ 240.13d-2(a)

(Amendment No. 2)1

LMP Capital and Income Fund Inc.

(Name of Issuer)

Common Stock, \$0.001 Par Value  
(Title of Class of Securities)

50208A102  
(CUSIP Number)

STEVEN WOLOSKY, ESQ.  
OLSHAN GRUNDMAN FROME ROSENZWEIG & WOLOSKY LLP  
Park Avenue Tower  
65 East 55th Street  
New York, New York 10022  
(212) 451-2300

(Name, Address and Telephone Number of Person

Authorized to Receive Notices and Communications)

February 8, 2011

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box " .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties to whom copies are to be sent.

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1 The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 (“Act”) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP NO. 50208A102

1 NAME OF REPORTING PERSON

WESTERN INVESTMENT LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO, WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		2,250,652
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		2,250,652
	10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,250,652

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.5%

14 TYPE OF REPORTING PERSON

OO

CUSIP NO. 50208A102

1 NAME OF REPORTING PERSON

ARTHUR D. LIPSON

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		2,250,652
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		2,250,652
	10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,250,652

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.5%

14 TYPE OF REPORTING PERSON

IN

CUSIP NO. 50208A102

1 NAME OF REPORTING PERSON

WESTERN INVESTMENT HEDGED PARTNERS L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		760,642
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		760,642
	10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

760,642

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.5%

14 TYPE OF REPORTING PERSON

PN

CUSIP NO. 50208A102

1 NAME OF REPORTING PERSON

WESTERN INVESTMENT ACTIVISM PARTNERS LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		576,832
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		576,832
	10	SHARED DISPOSITIVE POWER
		- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

576,832

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.9%

14 TYPE OF REPORTING PERSON

OO

CUSIP NO. 50208A102

1 NAME OF REPORTING PERSON

WESTERN INVESTMENT TOTAL RETURN PARTNERS L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A (a)   
GROUP (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		541,031
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		541,031
	10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

541,031

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)   
EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.8%

14 TYPE OF REPORTING PERSON

PN

CUSIP NO. 50208A102

1 NAME OF REPORTING PERSON

WESTERN INVESTMENT TOTAL RETURN FUND LTD.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

CAYMAN ISLANDS

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		371,647
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		371,647
	10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

371,647

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.2%

14 TYPE OF REPORTING PERSON

CO



CUSIP NO. 50208A102

1 NAME OF REPORTING PERSON

BENCHMARK PLUS INSTITUTIONAL PARTNERS, L.L.C.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		418,393
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		418,393
	10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

418,393

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.4%

14 TYPE OF REPORTING PERSON

OO

CUSIP NO. 50208A102

1 NAME OF REPORTING PERSON

BENCHMARK PLUS MANAGEMENT, L.L.C.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		418,393
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		418,393
	10	SHARED DISPOSITIVE POWER
		- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

418,393

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.4%

14 TYPE OF REPORTING PERSON

OO

CUSIP NO. 50208A102

1 NAME OF REPORTING PERSON

ROBERT FERGUSON

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		418,393
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		418,393
	10	SHARED DISPOSITIVE POWER
		- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

418,393

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.4%

14 TYPE OF REPORTING PERSON

IN

CUSIP NO. 50208A102

1 NAME OF REPORTING PERSON

SCOTT FRANZBLAU

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		418,393
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		418,393
	10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

418,393

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.4%

14 TYPE OF REPORTING PERSON

IN

CUSIP NO. 50208A102

The following constitutes Amendment No. 2 to the Schedule 13D filed by the undersigned ("Amendment No. 2"). This Amendment No. 2 amends the Schedule 13D as specifically set forth herein.

Item 3. Source and Amount of Funds or Other Consideration.

Item 3 is hereby amended and restated to read as follows:

The aggregate purchase price of the 2,250,652 Shares beneficially owned by WILLC is approximately \$26,397,194. The Shares beneficially owned by WILLC consist of 500 Shares that were acquired with WILLC's working capital, 760,642 Shares that were acquired with WIHP's working capital, 576,832 Shares that were acquired with WIAP's working capital, 541,031 Shares that were acquired with WITRP's working capital and 371,647 Shares that were acquired with WITRL's working capital.

The aggregate purchase price of the 418,393 Shares beneficially owned by BPM is approximately \$4,368,007. The Shares beneficially owned by BPM consist of 418,393 Shares that were acquired with BPIP's working capital.

Item 5. Interest in Securities of the Issuer.

Item 5(a) is amended and restated to read as follows:

(a) The aggregate percentage of Shares reported owned by each person named herein is based upon 29,964,106 Shares outstanding, which is the total number of Shares outstanding as of June 30, 2010, as reported in the Issuer's Semi-Annual Report to Stockholders on Form N-CSR, filed with the Securities and Exchange Commission on August 31, 2010.

As of the close of business on February 10, 2011, WIHP, WIAP, WITRP and WITRL beneficially owned 760,642, 576,832, 541,031 and 371,647 Shares, respectively, constituting approximately 2.5%, 1.9%, 1.8% and 1.2%, respectively, of the Shares outstanding.

As the general partner of each of WIHP and WITRP, the managing member of WIAP and the investment manager of WITRL, WILLC may be deemed to beneficially own the 2,250,152 Shares owned in the aggregate by WIHP, WIAP, WITRP and WITRL, constituting approximately 7.5% of the Shares outstanding, in addition to the 500 Shares it holds directly.

As the managing member of WILLC, Mr. Lipson may be deemed to beneficially own the 2,250,652 Shares beneficially owned by WILLC, constituting approximately 7.5% of the Shares outstanding.

As of the close of business on February 10, 2011, BPIP beneficially owned 418,393 Shares, constituting approximately 1.4% of the Shares outstanding. As the managing member of BPIP, BPM may be deemed to beneficially own the 418,393 Shares owned by BPIP, constituting approximately 1.4% of the Shares outstanding. As managing members of BPM, each of Messrs. Franzblau and Ferguson may be deemed to beneficially own the 418,393 Shares beneficially owned by BPM, constituting approximately 1.4% of the Shares outstanding.

CUSIP NO. 50208A102

Item 5(c) is amended to add the following:

(c) Schedule B annexed hereto lists all transactions in securities of the Issuer since the filing of Amendment No. 1 to the Schedule 13D by the Reporting Persons. All of such transactions were effected in the open market.

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CUSIP NO. 50208A102

SIGNATURES

After reasonable inquiry and to the best of his knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: February 10, 2011

WESTERN INVESTMENT LLC

By: /s/ Arthur D. Lipson  
Name: Arthur D. Lipson  
Title: Managing Member

WESTERN INVESTMENT HEDGED PARTNERS L.P.

By: Western Investment LLC  
General Partner

By: /s/ Arthur D. Lipson  
Name: Arthur D. Lipson  
Title: Managing Member

WESTERN INVESTMENT ACTIVISM PARTNERS LLC

By: Western Investment LLC  
Managing Member

By: /s/ Arthur D. Lipson  
Name: Arthur D. Lipson  
Title: Managing Member

WESTERN INVESTMENT TOTAL RETURN PARTNERS  
L.P.

By: Western Investment LLC  
General Partner

By: /s/ Arthur D. Lipson  
Name: Arthur D. Lipson  
Title: Managing Member

WESTERN INVESTMENT TOTAL RETURN FUND LTD.

By: Western Investment LLC  
Investment Manager

By: /s/ Arthur D. Lipson  
Name: Arthur D. Lipson  
Title: Managing Member

/s/ Arthur D. Lipson  
ARTHUR D. LIPSON



CUSIP NO. 50208A102

BENCHMARK PLUS INSTITUTIONAL PARTNERS, L.L.C.

By: Benchmark Plus Management, L.L.C.  
Managing Member

By: /s/ Robert Ferguson  
Name: Robert Ferguson  
Title: Managing Member

By: /s/ Scott Franzblau  
Name: Scott Franzblau  
Title: Managing Member

BENCHMARK PLUS MANAGEMENT, L.L.C.

By: /s/ Robert Ferguson  
Name: Robert Ferguson  
Title: Managing Member

By: /s/ Scott Franzblau  
Name: Scott Franzblau  
Title: Managing Member

/s/ Robert Ferguson  
ROBERT FERGUSON

/s/ Scott Franzblau  
SCOTT FRANZBLAU

CUSIP NO. 50208A102

## SCHEDULE B

## Transactions in the Shares Since the Filing of Amendment No. 1 to the Schedule 13D

Date of Purchase	Shares of Common Stock Purchased	Price Per Share (\$)
WESTERN INVESTMENT HEDGED PARTNERS L.P.		
01/25/11	203	12.5785
01/25/11	2,589	12.6021
01/26/11	2,256	12.6337
01/26/11	27,035	12.6510
01/27/11	800	12.6385
01/27/11	6,500	12.6572
01/28/11	1,800	12.6245
01/28/11	5,700	12.5999
01/31/11	5,200	12.5818
02/01/11	12,400	12.6828
02/02/11	6,300	12.6959
02/03/11	8,500	12.6876
02/04/11	6,000	12.7958
02/07/11	2,300	12.9012
02/07/11	2,600	12.8975
02/08/11	9,500	12.9294
02/08/11	14,000	12.9157
02/09/11	12,500	12.9202
02/09/11	14,100	12.9071
02/10/11	11,000	12.9541
02/10/11	8,300	12.9432
WESTERN INVESTMENT TOTAL RETURN PARTNERS L.P.		
01/27/11	694	12.6385
01/27/11	6,692	12.6571
01/28/11	1,700	12.6245

01/28/11	5,700	12.5999
01/31/11	5,060	12.5818
02/01/11	12,502	12.6828
02/02/11	6,161	12.6959
02/03/11	8,541	12.6876
02/04/11	5,977	12.7958
02/07/11	2,249	12.9012
02/07/11	2,537	12.8976
02/08/11	9,548	12.9294
02/08/11	14,026	12.9157
02/09/11	12,423	12.9202
02/09/11	14,065	12.9071
02/10/11	11,014	12.9541
02/10/11	8,241	12.9432

WESTERN INVESTMENT TOTAL RETURN FUND LTD.

01/25/11	2,600	12.6021
01/26/11	2,300	12.6337
01/26/11	26,900	12.6510
01/27/11	800	12.6385
01/27/11	6,500	12.6572
01/28/11	1,700	12.6245
01/28/11	5,800	12.5999
01/31/11	5,200	12.5818
02/01/11	12,400	12.6828
02/02/11	6,300	12.6959
02/03/11	8,500	12.6876
02/04/11	6,000	12.7958
02/07/11	2,400	12.9012
02/07/11	2,500	12.8976
02/08/11	9,500	12.9294
02/08/11	14,000	12.9157

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02/09/11	12,500	12.9202
02/09/11	14,100	12.9071
02/10/11	11,000	12.9541
02/10/11	8,300	12.9432