

LMP CAPITAL & INCOME FUND INC.
Form N-CSRS
September 03, 2009

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

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

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: (888)777-0102

Date of fiscal year December 31,
end:

Date of reporting period: June 30, 2009

ITEM 1. REPORT TO STOCKHOLDERS.

The **Semi-Annual** Report to Stockholders is filed herewith.

SEMI-ANNUAL REPORT / JUNE 30, 2009

LMP Capital and Income Fund Inc.

(SCD)

Managed by **CLEARBRIDGE ADVISORS WESTERN ASSET**

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

Fund objective

The Fund's investment objective is total return with an emphasis on income.

What's inside

Letter from the chairman	I
Fund at a glance	1
Schedule of investments	2
Statement of assets and liabilities	22
Statements of operations	23
Statements of changes in net assets	24
Statement of cash flows	25
Financial highlights	26
Notes to financial statements	28
Dividend reinvestment plan	43

Legg Mason Partners Fund Advisor, LLC (LMPFA) is the Fund's investment manager. ClearBridge Advisors, LLC (ClearBridge), Western Asset Management Company (Western Asset) and Western Asset Management Company Limited (Western Asset Limited) are the Fund's subadvisers. LMPFA, ClearBridge, Western Asset and Western Asset Limited are wholly-owned subsidiaries of Legg Mason, Inc.

Letter from the chairman

Dear Shareholder,

The U.S. economy remained weak during the six-month reporting period ended June 30, 2009. Looking back, the U.S. Department of Commerce reported that third and fourth quarter 2008 U.S. gross domestic product (GDP)i contracted 2.7% and 5.4%, respectively. Economic contraction has continued in 2009 as GDP fell 6.4% during the first quarter and the advance estimate for the second quarter is a 1.0% decline. The economy's more modest contraction in the second quarter was due, in part, to smaller declines in exports and business spending.

The U.S. recession, which began in December 2007, now has the dubious distinction of being the lengthiest since the Great Depression. Contributing to the economy's troubles has been extreme weakness in the labor market. Since December 2007, approximately six and a half million jobs have been shed and we have experienced eighteen consecutive months of job losses. In addition, the unemployment rate continued to move steadily higher, rising from 9.4% in May to 9.5% in June 2009, to reach its highest rate since August 1983.

Another strain on the economy, the housing market, may finally be getting closer to reaching a bottom. After plunging late in 2008, new single-family home starts have been fairly stable in recent months and, while home prices have continued to fall, the pace of the decline has moderated somewhat. Other recent economic news also seemed to be less negative. Inflation remained low, manufacturing contracted at a slower pace and inventory levels were drawn down.

Ongoing issues related to the housing and subprime mortgage markets and seizing credit markets prompted the Federal Reserve Board (Fed)ii to take aggressive and, in some cases, unprecedented actions. After reducing the federal funds rateiii from 5.25% in August 2007 to a range of 0 to 1/4 percent in December 2008 a historic low the Fed has maintained this stance thus far in 2009. In conjunction with its June meeting, the Fed stated that it will maintain the target range for the federal funds rate at 0 to 1/4 percent and

Letter from the chairman *continued*

continues to anticipate that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period.

In addition to maintaining extremely low short-term interest rates, the Fed took several actions to improve liquidity in the credit markets. Back in September 2008, it announced an \$85 billion rescue plan for ailing AIG and pumped \$70 billion into the financial system as Lehman Brothers bankruptcy and mounting troubles at other financial firms roiled the markets. More recently, the Fed has taken additional measures to thaw the frozen credit markets, including the purchase of debt issued by Fannie Mae and Freddie Mac, as well as introducing the Term Asset-Backed Securities Loan Facility (TALF). In March 2009, the Fed continued to pursue aggressive measures as it announced its intentions to:

- Purchase up to an additional \$750 billion of agency mortgage-backed securities, bringing its total purchases of these securities to up to \$1.25 trillion in 2009.
- Increase its purchases of agency debt this year by up to \$100 billion to a total of up to \$200 billion.
- Buy up to \$300 billion of longer-term Treasury securities over the next six months.

The U.S. Department of the Treasury has also taken an active role in attempting to stabilize the financial system, as it orchestrated the government's takeover of mortgage giants Fannie Mae and Freddie Mac in September 2008. In October, the Treasury's \$700 billion Troubled Asset Relief Program (TARP) was approved by Congress and signed into law by former President Bush. Then, in March 2009, Treasury Secretary Geithner introduced the Public-Private Partnership Investment Program (PPIP), which is intended to facilitate the purchase of troubled mortgage assets from bank balance sheets. President Obama has also made reviving the economy a priority in his administration, the cornerstone thus far being the \$787 billion stimulus package that was signed into law in February 2009.

Despite an extremely poor start, the U.S. stock market, as measured by the S&P 500 Index^{iv} (the Index), generated a positive return for the six months ended June 30, 2009. Continued fallout from the financial crisis and a rapidly weakening economy caused the market to fall sharply in January and February 2009, with the Index returning -8.43% and -10.65%, respectively. Stock prices continued to plunge in early March, reaching a twelve-year low on March 9th. Stocks then rallied sharply, rising approximately 36% from their March low through the end of June 2009. This rebound was due to a variety of factors, including optimism that the economy was bottoming and that corporate profits would improve as the year progressed. All told, the Index gained 3.16% over the six-month reporting period.

II LMP Capital and Income Fund Inc.

Both short- and long-term Treasury yields fluctuated during the reporting period. This was often prompted by changing perceptions regarding the economy, future Fed policy decisions and the government's initiatives to stabilize the financial system. When the period began, Treasury yields were extremely low, given numerous flights to quality in 2008 that were triggered by the financial crisis. After starting the period at 0.76% and 2.25%, respectively, two- and ten-year Treasury yields drifted even lower (and their prices higher) in mid-January 2009. Yields then generally moved higher (and their prices lower) until early June. Two- and ten-year yields peaked at 1.42% and 3.98%, respectively, before falling and ending the reporting period at 1.11% and 3.53%. Over the six months ended June 30, 2009, longer-term yields moved higher than their shorter-term counterparts due to fears of future inflation given the government's massive stimulus program. In a reversal from 2008, investor risk aversion faded as the six-month reporting period progressed, driving spread sector (non-Treasury) prices higher. For the six-month period ended June 30, 2009, the Barclays Capital U.S. Aggregate Index returned 1.90%.

Performance review

For the six months ended June 30, 2009, LMP Capital and Income Fund Inc. returned 10.68% based on its net asset value (NAV) and 15.01% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmarks, the Barclays Capital U.S. Aggregate Index and the S&P 500 Index, returned 1.90% and 3.16%, respectively, over the same time frame. The Fund's Lipper Income and Preferred Stock Closed-End Funds Category Average returned 17.19% for the same period. Please note that Lipper performance returns are based on each fund's NAV.

During this six-month period, the Fund made distributions to shareholders totaling \$0.26 per share, which may have included a return of capital. The performance table shows the Fund's six-month total return based on its NAV and market price as of June 30, 2009. **Past performance is no guarantee of future results.**

PERFORMANCE SNAPSHOT as of June 30, 2009 (unaudited)

PRICE PER SHARE	6-MONTH TOTAL RETURN*
\$10.86 (NAV)	(not annualized)
\$8.60 (Market Price)	10.68%
	15.01%

All figures represent past performance and are not a guarantee of future results.

***Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund's Dividend Reinvestment Plan.**

Letter from the chairman *continued*

Special shareholder notice

On August 5, 2009, the Fund announced that effective immediately, Harry D. Hersh Cohen, Peter Vanderlee, CFA, and Michael Clarfeld, CFA, of ClearBridge Advisors, LLC (ClearBridge Advisors) have been named lead portfolio managers of the Fund. As the lead portfolio managers, they are responsible for the day-to-day management of the Fund's equity assets and for the allocation of the Fund's assets between equity and fixed-income investments. The portfolio management team from Western Asset Management Company will continue to be responsible for the Fund's fixed-income investments.

As of June 30, 2009, ClearBridge Advisors had approximately \$47.1 billion in assets under management. Hersh Cohen, Peter Vanderlee and Michael Clarfeld collectively bring with them over sixty years of investment industry experience.

Hersh Cohen is Chief Investment Officer, Managing Director and Senior Portfolio Manager with ClearBridge Advisors, a unit of Legg Mason, Inc. (Legg Mason). Mr. Cohen has over forty years of investment industry experience and was a nominee for Morningstar's Domestic-Equity Manager of the Year in 2008 for Legg Mason Partners Appreciation Fund. Mr. Cohen received his BA from Western Reserve University and earned a PhD in Psychology from Tufts University.

Peter Vanderlee is a Managing Director and Portfolio Manager with ClearBridge Advisors. He has ten years of investment management experience and twelve years of related investment experience. He received his MS from the University of Technology, Eindhoven, Holland, and earned his MBA from New York University. He is a member of the CFA Institute.

Michael Clarfeld is a Director and Portfolio Manager with ClearBridge Advisors. He has ten years of investment management experience. He received his BA from Duke University and is a member of the CFA Institute and the New York Society of Security Analysts.

Legg Mason Partners Fund Advisor, LLC, a wholly-owned subsidiary of Legg Mason, serves as the Fund's investment manager. The Fund is subadvised by ClearBridge Advisors, Western Asset Management Company and Western Asset Management Company Limited affiliates of the investment manager.

A special note regarding increased market volatility

Dramatically higher volatility in the financial markets has been very challenging for many investors. Market movements have been rapid sometimes in reaction to economic news, and sometimes creating the news.

IV LMP Capital and Income Fund Inc.

In the midst of this evolving market environment, we at Legg Mason want to do everything we can to help you reach your financial goals. Now, as always, we remain committed to providing you with excellent service and a full spectrum of investment choices. Rest assured, we will continue to work hard to ensure that our investment managers make every effort to deliver strong long-term results.

We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our enhanced website, www.leggmason.com/cef. Here you can gain immediate access to many special features to help guide you through difficult times, including:

- Fund prices and performance,
- Market insights and commentaries from our portfolio managers, and
- A host of educational resources.

During periods of market unrest, it is especially important to work closely with your financial advisor and remember that reaching one's investment goals unfolds over time and through multiple market cycles. Time and again, history has shown that, over the long run, the markets have eventually recovered and grown.

Information about your fund

Important information with regard to certain regulatory developments that may affect the Fund is contained in the Notes to Financial Statements included in this report.

Looking for additional information?

The Fund is traded under the symbol **SCD** and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol **XSCDX** on most financial websites. *Barron's* and *The Wall Street Journal's* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites, as well as www.leggmason.com/cef.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern Standard Time, for the Fund's current NAV, market price and other information.

Letter from the chairman *continued*

As always, thank you for your confidence in our stewardship of your assets. We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

August 5, 2009

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

RISKS: Stock and bond prices are subject to fluctuation. As interest rates rise, bond prices fall, reducing the value of the fixed-income securities held by the Fund. Investing in foreign securities is subject to certain risks not associated with domestic investing, such as currency fluctuations and changes in political and economic conditions. These risks are magnified in emerging or developing markets. High-yield bonds involve greater credit and liquidity risks than investment grade bonds. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. Leverage may magnify gains and increase losses in the Fund's portfolio.

All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

- i Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.
- ii The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.

Edgar Filing: LMP CAPITAL & INCOME FUND INC. - Form N-CSRS

- iii The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.
- iv The S&P 500 Index is an unmanaged index of 500 stocks and is generally representative of the performance of larger companies in the U.S.
- v The Barclays Capital (formerly Lehman Brothers) U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- vi Net asset value (NAV) is calculated by subtracting total liabilities from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- vii Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended June 30, 2009, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 30 funds in the Fund's Lipper category.

VI LMP Capital and Income Fund Inc.

Fund at a glance (unaudited)

INVESTMENT BREAKDOWN (%) As a percent of total investments

Schedule of investments (unaudited)

June 30, 2009

LMP CAPITAL AND INCOME FUND INC.

SHARES	SECURITY	VALUE
COMMON STOCKS 60.2%		
CONSUMER DISCRETIONARY 3.8%		
487	Hotels, Restaurants & Leisure 0.0%	
	Buffets Restaurant Holdings(a)*	\$ 438
143,210	Media 3.8%	
230,923	Thomson Reuters PLC(a)	4,084,632
119,000	Time Warner Inc.	5,816,951
365,100	Walt Disney Co.	2,776,270
	Warner Music Group Corp.*	2,135,835
	<i>Total Media</i>	<i>14,813,688</i>
	TOTAL CONSUMER DISCRETIONARY	14,814,126
CONSUMER STAPLES 7.4%		
107,280	Beverages 1.5%	
	PepsiCo Inc.	5,896,109
243,040	Food Products 1.6%	
	Kraft Foods Inc., Class A Shares	6,158,634
59,030	Household Products 4.3%	
115,510	Colgate-Palmolive Co.	4,175,782
128,480	Kimberly-Clark Corp.	6,056,189
	Procter & Gamble Co.	6,565,328
	<i>Total Household Products</i>	<i>16,797,299</i>
	TOTAL CONSUMER STAPLES	28,852,042
ENERGY 9.3%		
113,720	Energy Equipment & Services 1.9%	
150,230	Halliburton Co.	2,354,004
	National-Oilwell Varco Inc.*	4,906,512
	<i>Total Energy Equipment & Services</i>	<i>7,260,516</i>
67,645	Oil, Gas & Consumable Fuels 7.4%	
789,170	Devon Energy Corp.	3,686,653
269,970	El Paso Corp.	7,284,039
194,060	Spectra Energy Corp.	4,567,892
134,370	Suncor Energy Inc.	5,887,780
	Total SA, ADR	7,286,885
	<i>Total Oil, Gas & Consumable Fuels</i>	<i>28,713,249</i>
	TOTAL ENERGY	35,973,765
FINANCIALS 10.5%		
325,707	Capital Markets 4.1%	
469,040	Charles Schwab Corp.	5,712,901
208,077	Invesco Ltd.	8,358,293
	Och-Ziff Capital Management Group	1,853,966
	<i>Total Capital Markets</i>	<i>15,925,160</i>

See Notes to Financial Statements.

LMP CAPITAL AND INCOME FUND INC.

SHARES		SECURITY	VALUE
23,500		Commercial Banks 0.1%	
		Wells Fargo & Co.	\$ 570,110
108,250		Insurance 5.6%	
149,360		Arch Capital Group Ltd.*	6,341,285
232,560		Chubb Corp.	5,956,477
		Travelers Cos. Inc.	9,544,262
		<i>Total Insurance</i>	21,842,024
175,330		Real Estate Investment Trusts (REITs) 0.7%	
		Redwood Trust Inc.	2,587,871
		TOTAL FINANCIALS	40,925,165
HEALTH CARE 6.2%		Biotechnology 1.2%	
54,030		Celgene Corp.*	2,584,795
47,670		Gilead Sciences Inc.*	2,232,863
		<i>Total Biotechnology</i>	4,817,658
24,030		Health Care Equipment & Supplies 1.2%	
58,320		Alcon Inc.	2,790,364
		Medtronic Inc.	2,034,785
		<i>Total Health Care Equipment & Supplies</i>	4,825,149
281,220		Health Care Technology 1.0%	
		HLTH Corp.*	3,683,982
102,650		Pharmaceuticals 2.8%	
123,670		Johnson & Johnson	5,830,520
		Novartis AG, ADR	5,044,499
		<i>Total Pharmaceuticals</i>	10,875,019
		TOTAL HEALTH CARE	24,201,808
INDUSTRIALS 7.7%		Aerospace & Defense 2.5%	
112,300		L-3 Communications Holdings Inc.	7,791,374
50,950		TransDigm Group Inc.*	1,844,390
		<i>Total Aerospace & Defense</i>	9,635,764
532,754		Commercial Services & Supplies 2.3%	
		Covanta Holding Corp.*	9,035,508
192,560		Industrial Conglomerates 2.9%	
144,420		McDermott International Inc.*	3,910,894
		United Technologies Corp.	7,504,063
		<i>Total Industrial Conglomerates</i>	11,414,957
		TOTAL INDUSTRIALS	30,086,229

See Notes to Financial Statements.

Schedule of investments (unaudited) *continued*

June 30, 2009

LMP CAPITAL AND INCOME FUND INC.

SHARES		SECURITY	VALUE
INFORMATION TECHNOLOGY	9.3%		
243,150		Communications Equipment 1.8%	
76,810		Nokia Oyj, ADR	\$ 3,545,127
		QUALCOMM Inc.	3,471,812
		<i>Total Communications Equipment</i>	<i>7,016,939</i>
425,800		Computers & Peripherals 2.5%	
175,230		EMC Corp.*	5,577,980
		Teradata Corp.*	4,105,639
		<i>Total Computers & Peripherals</i>	<i>9,683,619</i>
208,530		Software 5.0%	
112,660		Activision Blizzard Inc.*	2,633,734
275,800		Electronic Arts Inc.*	2,446,975
366,350		Microsoft Corp.	6,555,766
		Oracle Corp.	7,847,217
		<i>Total Software</i>	<i>19,483,692</i>
		TOTAL INFORMATION TECHNOLOGY	36,184,250
MATERIALS	4.2%		
28,680		Chemicals 1.3%	
45,680		Air Products & Chemicals Inc.	1,852,441
		Monsanto Co.	3,395,851
		<i>Total Chemicals</i>	<i>5,248,292</i>
65,530		Metals & Mining 2.9%	
96,150		Agnico-Eagle Mines Ltd.	3,439,015
88,580		Barrick Gold Corp.	3,225,833
74,430		Commercial Metals Co.	1,419,937
		Newmont Mining Corp.	3,041,954
		<i>Total Metals & Mining</i>	<i>11,126,739</i>
		TOTAL MATERIALS	16,375,031
TELECOMMUNICATION SERVICES	1.8%		
225,020		Wireless Telecommunication Services 1.8%	
		American Tower Corp., Class A Shares*	7,094,880
		TOTAL COMMON STOCKS	
		(Cost \$287,203,850)	234,507,296
CONVERTIBLE PREFERRED STOCKS	1.7%		
ENERGY	0.6%		
3,200		Oil, Gas & Consumable Fuels 0.6%	
		El Paso Corp., 4.990%	2,480,800
MATERIALS	1.1%		
3,620		Metals & Mining 1.1%	
		Freeport-McMoRan Copper & Gold Inc., 5.500%	4,073,405
		TOTAL CONVERTIBLE PREFERRED STOCKS	
		(Cost \$4,725,116)	6,554,205

Edgar Filing: LMP CAPITAL & INCOME FUND INC. - Form N-CSRS

See Notes to Financial Statements.

4 LMP Capital and Income Fund Inc. 2009 Semi-Annual Report

LMP CAPITAL AND INCOME FUND INC.

SHARES	SECURITY	VALUE
PREFERRED STOCKS 0.1%		
FINANCIALS 0.1%		
809	Consumer Finance 0.1% Preferred Blocker Inc., 7.000%(b)	\$ 347,971
25,950	Thriffs & Mortgage Finance 0.0% Federal Home Loan Mortgage Corp. (FHLMC), 8.375%(c)*	31,659
300	Federal National Mortgage Association (FNMA), 7.000%(c)*	465
17,650	Federal National Mortgage Association (FNMA), 8.250%(c)*	23,651
	<i>Total Thriffs & Mortgage Finance</i>	55,775
	TOTAL PREFERRED STOCKS	
	(Cost \$1,296,392)	403,746
FACE		
AMOUNT		
ASSET-BACKED SECURITIES 1.1%		
FINANCIALS 1.1%		
419,625	Home Equity 1.0% Asset-Backed Funding Certificates, 2.489% due 1/25/34(d)	142,253
126,653	Countrywide Asset-Backed Certificates, 1.564% due 6/25/34(d)	9,275
688,703	Credit-Based Asset Servicing & Securitization LLC, 5.704% due 12/25/36	333,062
73,417	Finance America Net Interest Margin Trust, 5.250% due 6/27/34(a)(b)(e)	37
154,012	Fremont Home Loan Trust, 1.964% due 2/25/34(d)	49,038
	GSAA Home Equity Trust:	
1,770,000	0.614% due 3/25/37(d)	583,615
1,790,000	0.584% due 7/25/37(a)(d)	466,494
1,720,000	0.614% due 5/25/47(d)	600,376
332,475	GSAMP Trust, 1.464% due 11/25/34(a)(d)	23,312
308,535	Lehman XS Trust, 0.384% due 6/25/46(d)	215,974
485,367	MASTR Specialized Loan Trust, 0.739% due 5/25/37(b)(d)	145,610
1,223,220	Option One Mortgage Loan Trust, 1.364% due 5/25/34(d)	726,333
619,225	RAAC, 0.694% due 10/25/46(b)(d)	251,317
417,342	Renaissance Home Equity Loan Trust, 2.214% due 3/25/34(d)	121,236
	Sail Net Interest Margin Notes:	
141,210	7.750% due 4/27/33(b)(e)	15
71,380	5.500% due 3/27/34(b)(e)	7
415,826	Structured Asset Securities Corp., 0.564% due 11/25/37(a)(d)	312,550
	<i>Total Home Equity</i>	3,980,504
	Student Loan 0.1%	
350,000	Nelnet Student Loan Trust, 2.572% due 4/25/24(d)	345,573
	TOTAL ASSET-BACKED SECURITIES	
	(Cost \$8,530,046)	4,326,077

See Notes to Financial Statements.

Schedule of investments (unaudited) *continued*

June 30, 2009

LMP CAPITAL AND INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
COLLATERALIZED MORTGAGE OBLIGATIONS	2.0%	
260,000	American Home Mortgage Investment Trust, 1.114% due 11/25/45(d)	\$ 2,223
1,239,646	BCAP LLC Trust, 0.504% due 10/25/36(d)	484,519
131,305	Bear Stearns ARM Trust, 5.765% due 2/25/36(a)(d)	67,993
26,449	Countrywide Alternative Loan Trust: 6.000% due 2/25/34	24,767
1,412,856	0.525% due 7/20/46(d)	546,080
14,073	Federal Home Loan Mortgage Corp. (FHLMC): 6.000% due 3/15/34(c)(d)	13,844
403,248	PAC, 6.000% due 4/15/34(c)(d)	401,242
745,500	Harborview Mortgage Loan Trust, 1.383% due 11/19/35(d)	12,297
2,110,000	JPMorgan Mortgage Trust: 5.887% due 6/25/37(a)(d)	935,920
1,060,000	6.000% due 8/25/37	392,002
803,468	MASTR ARM Trust, 4.356% due 9/25/33(d)	659,599
1,470,184	MASTR Reperforming Loan Trust, 4.739% due 5/25/36(a)(b)(d)	1,130,593
280,902	Merit Securities Corp., 1.808% due 9/28/32(b)(d)	205,514
278,029	MLCC Mortgage Investors Inc.: 1.234% due 4/25/29(d)	107,373
440,779	1.194% due 5/25/29(d)	164,533
980,761	RBS Greenwich Capital, Mortgage Pass-Through Certificates, 7.000% due 4/25/35	673,459
1,625,826	Structured ARM Loan Trust: 5.347% due 5/25/35(d)	897,155
577,318	5.872% due 5/25/36(d)	298,071
200,634	Thornburg Mortgage Securities Trust: 6.190% due 7/25/37(d)	129,164
208,064	6.208% due 7/25/37(d)	150,717
712,934	Washington Mutual Inc. Pass-Through Certificates, 2.330% due 6/25/46(d)	222,982
747,154	Wells Fargo Alternative Loan Trust, 0.744% due 6/25/37(d)	315,815
	TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS	
	(Cost \$12,509,828)	7,835,862
COLLATERALIZED SENIOR LOANS 2.7%		
CONSUMER DISCRETIONARY 0.9%		
246,250	Diversified Consumer Services 0.1% Thomson Learning Hold, Term Loan B, 2.930% due 7/5/14(d)	207,808
14,607	Hotels, Restaurants & Leisure 0.1% Aramark Corp.:	
229,916	Letter of Credit Facility Deposits, 1.875% due 1/31/14(d)	13,469
	Term Loan, 6.705% due 1/31/14(d)	212,018
	<i>Total Hotels, Restaurants & Leisure</i>	225,487

Edgar Filing: LMP CAPITAL & INCOME FUND INC. - Form N-CSRS

See Notes to Financial Statements.

6 LMP Capital and Income Fund Inc. 2009 Semi-Annual Report

Edgar Filing: LMP CAPITAL & INCOME FUND INC. - Form N-CSRS

LMP CAPITAL AND INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Media 0.6%	
246,872	Charter Communications, Term Loan B, 4.434% due 3/15/14(d)	\$ 223,882
234,665	CMP Susquehanna Corp., Term Loan, 2.446% due 6/7/13(d)	121,439
479,879	Idearc Inc., Term Loan B, 4.250% due 11/1/14(d)	207,205
	LodgeNet Entertainment Corp., Term Loan B, 4.250% due 4/4/14(d)	196,401
231,970	Newsday LLC, Term Loan, 9.750% due 7/15/13(d)	1,005,000
1,000,000	UPC Broadband Holding BV: Term Loan, 3.815% due 10/17/13(d)	84,246
87,928	Term Loan N, 2.065% due 3/30/14(d)	150,524
162,072	Virgin Media Inc., Term Loan, 3.100% due 1/15/14(d)	590,117
628,620	<i>Total Media</i>	2,578,814
	Multiline Retail 0.0%	
250,000	Neiman Marcus Group Inc., Term Loan B, 2.509% due 3/13/13(d)	189,410
	Specialty Retail 0.1%	
246,222	Michaels Stores Inc., Term Loan B, 2.680% due 10/31/13(d)	196,157
	TOTAL CONSUMER DISCRETIONARY	3,397,676
HEALTH CARE 0.1%	Health Care Providers & Services 0.1%	
	Community Health Systems Inc.:	
11,572	Delayed Draw Term Loan, 2.569% due 7/2/14(d)	10,445
222,481	Term Loan B, 2.898% due 7/2/14(d)	200,815
210,800	HCA Inc., Term Loan B, 3.709% due 11/1/13(d)	190,774
	TOTAL HEALTH CARE	402,034
INDUSTRIALS 0.2%	Aerospace & Defense 0.1%	
	Dubai Aerospace Enterprise, Term Loan:	
282,437	6.550% due 7/31/14(d)	220,301
287,234	6.750% due 7/31/14(d)	224,043
	<i>Total Aerospace & Defense</i>	444,344
	Airlines 0.0%	
176,438	United Airlines Inc., Term Loan B, 2.331% due 1/12/14(d)	104,466
	Commercial Services & Supplies 0.1%	
245,614	US Investigations Services Inc., Term Loan B, 3.977% due 2/21/15(d)	216,754
	TOTAL INDUSTRIALS	765,564
INFORMATION TECHNOLOGY 0.1%	IT Services 0.1%	
561,450	First Data Corp., Term Loan, 3.059% due 10/15/14(d)	422,491
MATERIALS 0.6%	Chemicals 0.2%	
	Lyondell Chemical Co., Term Loan:	
268,015	5.740% due 12/15/09(d)	223,961
268,147	13.000% due 12/15/09(d)	277,097

See Notes to Financial Statements.

Schedule of investments (unaudited) *continued*

June 30, 2009

LMP CAPITAL AND INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
726,476	Chemicals 0.2%<i>continued</i> 6.561% due 12/20/14(d) <i>Total Chemicals</i>	\$ 324,008 825,066
492,613	Containers & Packaging 0.1% Graphic Packaging International, Term Loan C, 3.579% due 5/16/14(d)	467,521
923,295	Paper & Forest Products 0.3% Georgia-Pacific Corp., Term Loan, 2.692% due 12/23/13(d)	873,353
619	NewPage Corp., Term Loan, Tranche B, 4.807% due 11/5/14(d) <i>Total Paper & Forest Products</i>	537 873,890
	TOTAL MATERIALS	2,166,477
TELECOMMUNICATION SERVICES 0.6%		
168,750	Diversified Telecommunication Services 0.4% Insight Midwest, Term Loan B, 2.320% due 4/10/14(d)	157,500
991,094	Intelsat Corp., Term Loan, 2.819% due 6/30/13(d)	906,851
500,000	Level 3 Communications Inc., Term Loan, 3.155% due 3/1/14(d) <i>Total Diversified Telecommunication Services</i>	416,875 1,481,226
989,822	Wireless Telecommunication Services 0.2% MetroPCS Wireless Inc., Term Loan, 3.066% due 2/20/14(d)	944,166
	TOTAL TELECOMMUNICATION SERVICES	2,425,392
UTILITIES 0.2%		
492,500	Electric Utilities 0.1% TXU Corp., Term Loan B, 6.110% due 10/10/14(d)	353,154
500,000	Independent Power Producers & Energy Traders 0.1% Calpine Corp., Term Loan B, 4.335% due 3/29/14(d)	443,889
	TOTAL UTILITIES	797,043
	TOTAL COLLATERALIZED SENIOR LOANS	
	(Cost \$11,398,901)	10,376,677
CONVERTIBLE BONDS & NOTES 0.3%		
INFORMATION TECHNOLOGY 0.3%		
1,981,000	Internet Software & Services 0.3% VeriSign Inc., 3.250% due 8/15/37	
	(Cost \$1,316,436)	1,319,841
CORPORATE BONDS & NOTES 23.4%		
CONSUMER DISCRETIONARY 3.1%		
280,000	Auto Components 0.1% Allison Transmission Inc., Senior Notes, 11.250% due 11/1/15(b)(f)	197,400
155,000	Keystone Automotive Operations Inc., Senior Subordinated Notes, 9.750% due 11/1/13	51,925
1,507,000	Visteon Corp., Senior Notes: 8.250% due 8/1/10(g)	52,745
827,000	12.250% due 12/31/16(b)(g) <i>Total Auto Components</i>	33,080 335,150

See Notes to Financial Statements.

8 LMP Capital and Income Fund Inc. 2009 Semi-Annual Report

LMP CAPITAL AND INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Automobiles 0.1%	
	General Motors Corp., Senior Debentures:	
600,000	8.250% due 7/15/23(g)	\$ 76,500
1,270,000	8.375% due 7/15/33(g)	168,275
	<i>Total Automobiles</i>	244,775
	Diversified Consumer Services 0.1%	
360,000	Education Management LLC/Education Management Finance Corp., Senior Subordinated Notes, 10.250% due 6/1/16	353,700
	Hotels, Restaurants & Leisure 1.1%	
1,000,000	Boyd Gaming Corp., Senior Subordinated Notes, 6.750% due 4/15/14	815,000
810,000	Caesars Entertainment Inc., Senior Subordinated Notes, 8.125% due 5/15/11	676,350
295,000	Choctaw Resort Development Enterprise, Senior Notes, 7.250% due 11/15/19(b)	169,625
550,000	Denny's Holdings Inc., Senior Notes, 10.000% due 10/1/12	536,250
	El Pollo Loco Inc.:	
170,000	Senior Notes, 11.750% due 11/15/13	136,850
5,000	Senior Secured Notes, 11.750% due 12/1/12(b)	5,150
660,000	Inn of the Mountain Gods Resort & Casino, Senior Notes, 12.000% due 11/15/10(g)	267,300
330,000	McDonald's Corp., Medium Term Notes, 5.350% due 3/1/18	348,810
	MGM MIRAGE Inc.:	
380,000	Notes, 6.750% due 9/1/12	271,700
	Senior Secured Notes:	
45,000	10.375% due 5/15/14(b)	46,912
105,000	11.125% due 11/15/17(b)	111,825
203,000	Senior Subordinated Notes, 9.375% due 2/15/10	193,865
750,000	River Rock Entertainment Authority, Senior Secured Notes, 9.750% due 11/1/11	566,250
250,000	Sbarro Inc., Senior Notes, 10.375% due 2/1/15	153,750
	Station Casinos Inc.:	
	Senior Notes:	
60,000	6.000% due 4/1/12(e)(g)	21,000
530,000	7.750% due 8/15/16(e)(g)	185,500
100,000	Senior Subordinated Notes, 6.875% due 3/1/16(e)(g)	3,000
	<i>Total Hotels, Restaurants & Leisure</i>	4,509,137
	Household Durables 0.3%	
485,000	Norcraft Cos. LP/Norcraft Finance Corp., Senior Subordinated Notes, 9.000% due 11/1/11	482,575
700,000	Norcraft Holdings LP/Norcraft Capital Corp., Senior Discount Notes, 9.750% due 9/1/12	658,000
	<i>Total Household Durables</i>	1,140,575

See Notes to Financial Statements.

Schedule of investments (unaudited) *continued*

June 30, 2009

LMP CAPITAL AND INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Leisure Equipment & Products 0.0%	
60,000	WMG Acquisition Corp., Senior Secured Notes, 9.500% due 6/15/16(b)	\$ 60,000
	Media 1.2%	
340,000	Affinion Group Inc., Senior Subordinated Notes, 11.500% due 10/15/15	292,400
3,419,000	CCH I LLC/CCH I Capital Corp., Senior Secured Notes, 11.000% due 10/1/15(e)(g)	427,375
325,000	CCH II LLC/CCH II Capital Corp., Senior Notes, 10.250% due 10/1/13(e)(g)	342,875
360,000	Cengage Learning Acquisitions Inc., Senior Notes, 10.500% due 1/15/15(b)	293,400
85,000	Charter Communications Holdings LLC/Charter Communications Holdings Capital Corp., Senior Discount Notes, 11.750% due 5/15/11(e)(g)	680
230,000	Charter Communications Inc., Senior Secured Notes, 10.875% due 9/15/14(b)(e)	239,200
1,320,000	Comcast Corp., Notes 5.700% due 5/15/18	1,329,381
85,000	Dex Media West LLC/Dex Media Finance Co., Senior Notes, 8.500% due 8/15/10(g)	61,625
1,265,000	Idearc Inc., Senior Notes, 8.000% due 11/15/16(g)	39,531
20,000	News America Inc., Senior Notes, 6.650% due 11/15/37	18,044
	R.H. Donnelley Corp.:	
655,000	Senior Discount Notes, 6.875% due 1/15/13(g)	36,844
450,000	Senior Notes, 8.875% due 1/15/16(g)	25,312
	Time Warner Cable Inc.:	
10,000	Notes 5.850% due 5/1/17	10,002
410,000	Senior Notes, 6.200% due 7/1/13	432,375
400,000	Time Warner Inc., Senior Subordinated Notes, 6.875% due 5/1/12	428,173
240,000	Univision Communications Inc., Senior Secured Notes, 12.000% due 7/1/14(b)	237,000
500,000	Virgin Media Finance PLC, Senior Notes, 9.125% due 8/15/16	483,750
	<i>Total Media</i>	4,697,967
	Multiline Retail 0.1%	
130,000	Dollar General Corp., Senior Subordinated Notes, 11.875% due 7/15/17(f)	141,050
756,309	Neiman Marcus Group Inc., Senior Notes, 9.000% due 10/15/15(f)	450,004
	<i>Total Multiline Retail</i>	591,054
	Specialty Retail 0.1%	
315,000	Blockbuster Inc., Senior Subordinated Notes, 9.000% due 9/1/12	152,775
155,000	Michaels Stores Inc., Senior Notes, 10.000% due 11/1/14	130,975
	<i>Total Specialty Retail</i>	283,750
	Textiles, Apparel & Luxury Goods 0.0%	
135,000	Oxford Industries Inc., Senior Secured Notes, 11.375% due 7/15/15(b)	134,325
	TOTAL CONSUMER DISCRETIONARY	12,350,433

See Notes to Financial Statements.

LMP CAPITAL AND INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
CONSUMER STAPLES 0.6%		
	Food & Staples Retailing 0.2%	
417,801	CVS Caremark Corp., Pass-Through Certificates, 6.943% due 1/10/30(b)	\$ 379,026
200,000	Kroger Co., Senior Notes:	
400,000	5.500% due 2/1/13	206,784
	6.150% due 1/15/20	409,481
	<i>Total Food & Staples Retailing</i>	995,291
	Food Products 0.1%	
	Dole Food Co. Inc., Senior Notes:	
125,000	7.250% due 6/15/10	123,750
261,000	8.875% due 3/15/11	255,780
	<i>Total Food Products</i>	379,530
	Tobacco 0.3%	
	Alliance One International Inc., Senior Notes:	
150,000	8.500% due 5/15/12	148,875
230,000	11.000% due 5/15/12	241,500
180,000	10.000% due 7/15/16(b)	171,450
580,000	Reynolds American Inc., 6.750% due 6/15/17	542,358
	<i>Total Tobacco</i>	1,104,183
	TOTAL CONSUMER STAPLES	2,479,004
ENERGY 3.5%		
	Energy Equipment & Services 0.2%	
250,000	Key Energy Services Inc., Senior Notes, 8.375% due 12/1/14	221,875
10,000	Southern Natural Gas Co., Senior Notes, 8.000% due 3/1/32	10,631
460,000	Transocean Inc., Senior Notes, 5.250% due 3/15/13	477,397
	<i>Total Energy Equipment & Services</i>	709,903
	Oil, Gas & Consumable Fuels 3.3%	
750,000	Amerada Hess Corp., Senior Notes, 6.650% due 8/15/11	798,643
	Anadarko Petroleum Corp., Senior Notes:	
60,000	5.950% due 9/15/16	59,283
1,040,000	6.450% due 9/15/36	937,687
540,000	Apache Corp., Senior Notes, 5.625% due 1/15/17	567,393
440,000	Belden & Blake Corp., Secured Notes, 8.750% due 7/15/12	358,600
130,000	Berry Petroleum Co., Senior Notes, 10.250% due 6/1/14	131,950
	Chesapeake Energy Corp., Senior Notes:	
275,000	6.375% due 6/15/15	246,125
400,000	6.500% due 8/15/17	338,000
	Compagnie Generale de Geophysique SA, Senior Notes, 7.500% due 5/15/15	78,413
85,000		
330,000	ConocoPhillips Holding Co., Senior Notes, 6.950% due 4/15/29	356,561
750,000	Devon Financing Corp. ULC, Notes, 6.875% due 9/30/11	814,993

See Notes to Financial Statements.

Schedule of investments (unaudited) *continued*

June 30, 2009

LMP CAPITAL AND INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Oil, Gas & Consumable Fuels 3.3%<i>continued</i>	
	El Paso Corp.:	
500,000	Medium-Term Notes, 7.750% due 1/15/32	\$ 409,510
280,000	Senior Notes, 8.250% due 2/15/16	273,700
870,000	Energy Transfer Partners LP, Senior Notes, 6.700% due 7/1/18	890,896
	Enterprise Products Operating LLP, Junior Subordinated Notes, 8.375% due 8/1/66(d)	257,919
320,000	EXCO Resources Inc., Senior Notes, 7.250% due 1/15/11	945,750
970,000	International Coal Group Inc., Senior Notes, 10.250% due 7/15/14	184,600
260,000	Kerr-McGee Corp., Notes:	
300,000	6.875% due 9/15/11	316,561
140,000	6.950% due 7/1/24	130,194
	Kinder Morgan Energy Partners LP:	
580,000	Medium-Term Notes, 6.950% due 1/15/38	563,545
	Senior Notes:	
540,000	6.000% due 2/1/17	536,520
100,000	5.950% due 2/15/18	98,051
455,000	OPTI Canada Inc., Senior Secured Notes, 8.250% due 12/15/14	302,575
	Overseas Shipholding Group Inc., Senior Notes, 7.500% due 2/15/24	175,500
240,000	Parker Drilling Co., Senior Notes, 9.625% due 10/1/13	381,300
410,000	Petroplus Finance Ltd., Senior Notes, 7.000% due 5/1/17(b)	133,600
160,000	SandRidge Energy Inc., Senior Notes, 9.875% due 5/15/16(b)	354,050
365,000	SemGroup LP, Senior Notes, 8.750% due 11/15/15(b)(e)(g)	35,100
780,000	Stone Energy Corp., Senior Subordinated Notes, 8.250% due 12/15/11	214,500
260,000	Teekay Corp., Senior Notes, 8.875% due 7/15/11	329,175
330,000	Whiting Petroleum Corp., Senior Subordinated Notes, 7.250% due 5/1/12	341,688
355,000	Williams Cos. Inc.:	
100,000	Notes, 8.750% due 3/15/32	100,747
470,000	Senior Notes, 7.750% due 6/15/31	424,048
	XTO Energy Inc., Senior Notes:	
170,000	7.500% due 4/15/12	188,436
350,000	5.650% due 4/1/16	354,829
300,000	5.500% due 6/15/18	301,145
	<i>Total Oil, Gas & Consumable Fuels</i>	<i>12,931,587</i>
	TOTAL ENERGY	13,641,490
FINANCIALS 5.6%	Capital Markets 0.6%	
300,000	Bear Stearns Co. Inc., Senior Notes, 6.400% due 10/2/17	301,009
	Goldman Sachs Capital II, Junior Subordinated Bonds, 5.793% due 6/1/12(d)(h)	18,294
30,000		
600,000	Goldman Sachs Group Inc., Senior Notes, 6.150% due 4/1/18	585,118

See Notes to Financial Statements.

12 LMP Capital and Income Fund Inc. 2009 Semi-Annual Report

LMP CAPITAL AND INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Capital Markets 0.6%<i>continued</i>	
1,200,000	Kaupthing Bank HF, Subordinated Notes, 7.125% due 5/19/16(b)(e)(g)	\$ 3,000
50,000	Lehman Brothers Holdings Capital Trust VII, Medium-Term Notes, 5.857% due 5/31/12(d)(g)(h)	5
1,110,000	Lehman Brothers Holdings Inc., Medium-Term Notes: 6.750% due 12/28/17(g)	111
130,000	Senior Notes, 6.200% due 9/26/14(g)	19,825
520,000	Merrill Lynch & Co. Inc.: Notes, 6.875% due 4/25/18	482,060
100,000	Senior Notes, 5.450% due 2/5/13	97,407
940,000	Morgan Stanley, Medium-Term Notes, 5.625% due 1/9/12	962,561
	<i>Total Capital Markets</i>	<i>2,469,390</i>
	Commercial Banks 1.2%	
20,000	BAC Capital Trust XIV, Junior Subordinated Notes, 5.630% due 3/15/12(d)(h)	10,005
13,635	Fifth Third Bank, Notes, 2.870% due 8/10/09	13,517
290,000	Glitnir Banki HF, Notes, 6.375% due 9/25/12(b)(e)(g)	48,575
100,000	HBOS Capital Funding LP, Tier 1 Notes, Perpetual Bonds, 6.071% due 6/30/14(b)(d)(h)	36,480
1,300,000	Resona Preferred Global Securities Cayman Ltd., Junior Subordinated, Bonds, 7.191% due 7/30/15(b)(d)(h)	950,036
1,400,000	Shinsei Finance Cayman Ltd., Junior Subordinated Bonds, 6.418% due 7/20/16(b)(d)(h)	560,573
700,000	SunTrust Capital, Trust Preferred Securities, 6.100% due 12/15/36(d)	455,861
1,520,000	Wachovia Corp., Medium Term Notes, 5.500% due 5/1/13	1,571,511
690,000	Wells Fargo & Co., Senior Notes, 5.625% due 12/11/17	680,314
380,000	Wells Fargo Capital X, Capital Securities, 5.950% due 12/15/36	281,998
	<i>Total Commercial Banks</i>	<i>4,608,870</i>
	Consumer Finance 1.8%	
300,000	Aiful Corp., Notes, 6.000% due 12/12/11(b)	147,068
610,000	American Express Co., Subordinated Debentures, 6.800% due 9/1/66(d)	439,769
300,000	Caterpillar Financial Services Corp., Medium-Term Notes, 5.450% due 4/15/18	286,105
	Ford Motor Credit Co.: Notes:	
750,000	5.700% due 1/15/10	723,952
1,050,000	7.000% due 10/1/13	844,961
	Senior Notes:	
135,000	9.750% due 9/15/10	129,351
1,600,000	9.875% due 8/10/11	1,480,755
310,000	12.000% due 5/15/15	290,192

See Notes to Financial Statements.

Schedule of investments (unaudited) *continued*

June 30, 2009

LMP CAPITAL AND INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Consumer Finance 1.8%<i>continued</i>	
	GMAC LLC:	
	Senior Notes:	
1,203,000	6.625% due 5/15/12(b)	\$ 1,016,535
61,000	7.500% due 12/31/13(b)	47,885
184,000	6.750% due 12/1/14(b)	146,280
53,000	Subordinated Notes, 8.000% due 12/31/18(b)	34,185
500,000	John Deere Capital Corp., Medium-Term Notes, 5.350% due 4/3/18	497,871
1,340,000	SLM Corp., Senior Notes, 8.450% due 6/15/18	1,148,042
	<i>Total Consumer Finance</i>	<i>7,232,951</i>
	Diversified Financial Services 1.3%	
150,000	AAC Group Holding Corp., Senior Discount Notes, 10.250% due 10/1/12(b)	109,500
100,000	Aiful Corp., Notes, 5.000% due 8/10/10(b)	61,013
	Bank of America Corp.:	
970,000	Senior Notes, 5.650% due 5/1/18	858,556
100,000	Subordinated Notes, 5.420% due 3/15/17	83,169
125,000	Capital One Bank, Notes, 5.750% due 9/15/10	127,451
	Citigroup Inc.:	
210,000	2.125% due 4/30/12	211,065
550,000	Notes, 6.875% due 3/5/38	487,145
125,000	Countrywide Home Loans Inc., Medium-Term Notes, 4.125% due 9/15/09	125,414
	General Electric Capital Corp.:	
850,000	Senior Notes, 5.625% due 5/1/18	805,283
20,000	Subordinated Debentures, 6.375% due 11/15/67(d)	13,364
1,320,000	JPMorgan Chase & Co., Subordinated Notes, 6.125% due 6/27/17	1,306,242
	Leucadia National Corp., Senior Notes:	
370,000	8.125% due 9/15/15	336,700
70,000	7.125% due 3/15/17	57,225
620,000	Vanguard Health Holdings Co., I LLC, Senior Discount Notes, step bond to yield 10.257% due 10/1/15	607,600
	<i>Total Diversified Financial Services</i>	<i>5,189,727</i>
	Insurance 0.5%	
1,170,000	American International Group Inc., Medium-Term Notes, 5.850% due 1/16/18	619,855
650,000	MetLife Inc., Junior Subordinated Debentures, 6.400% due 12/15/36	465,969
600,000	Pacific Life Global Funding, Notes, 5.150% due 4/15/13(b)	598,504
140,000	Travelers Cos. Inc., Junior Subordinated Debentures, 6.250% due 3/15/37 (d)	112,997
	<i>Total Insurance</i>	<i>1,797,325</i>

See Notes to Financial Statements.

LMP CAPITAL AND INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Real Estate Investment Trusts (REITs) 0.1%	
220,000	Forest City Enterprises Inc., Senior Notes, 6.500% due 2/1/17	\$ 122,100
85,000	Ventas Realty LP/Ventas Capital Corp., Senior Notes, 6.500% due 6/1/16	76,500
	<i>Total Real Estate Investment Trusts (REITs)</i>	<i>198,600</i>
	Real Estate Management & Development 0.1%	
140,400	Ashton Woods USA LLC, Ashton Woods Finance Co., Senior Subordinated Notes, step bond to yield 23.322% due 6/30/15(a)(b)(e)	52,650
570,000	Realogy Corp., Senior Subordinated Notes, 12.375% due 4/15/15	162,450
	<i>Total Real Estate Management & Development</i>	<i>215,100</i>
	TOTAL FINANCIALS	21,711,963
HEALTH CARE 2.0%		
	Health Care Equipment & Supplies 0.1%	
390,000	Biomet Inc., Senior Notes, 10.375% due 10/15/17(f)	379,275
	Health Care Providers & Services 1.7%	
550,000	Cardinal Health Inc., Senior Notes, 5.800% due 10/15/16	533,147
730,000	DaVita Inc., Senior Subordinated Notes, 7.250% due 3/15/15	689,850
	HCA Inc., Senior Secured Notes:	
800,000	9.125% due 11/15/14	794,000
977,000	9.625% due 11/15/16(f)	969,672
	Tenet Healthcare Corp., Senior Notes:	
400,000	7.375% due 2/1/13	362,000
525,000	9.000% due 5/1/15(b)	531,563
525,000	10.000% due 5/1/18(b)	553,875
600,000	UnitedHealth Group Inc., Senior Notes, 5.250% due 3/15/11	619,472
1,001,000	US Oncology Holdings Inc., Senior Notes, 7.654% due 3/15/12(d)(f)	848,348
	WellPoint Inc.:	
720,000	Senior Notes, 5.000% due 1/15/11	738,481
30,000	Notes, 5.875% due 6/15/17	29,407
	<i>Total Health Care Providers & Services</i>	<i>6,669,815</i>
	Pharmaceuticals 0.2%	
320,000	Abbott Laboratories, Senior Notes, 5.600% due 11/30/17	343,340
445,000	Leiner Health Products Inc., Senior Subordinated Notes, 11.000% due 6/1/12(e)(g)	2,225
370,000	Wyeth, Notes, 5.950% due 4/1/37	384,093
	<i>Total Pharmaceuticals</i>	<i>729,658</i>
	TOTAL HEALTH CARE	7,778,748
INDUSTRIALS 1.7%		
	Aerospace & Defense 0.2%	
1,809,000	Hawker Beechcraft Acquisition Co., Senior Notes, 8.875% due 4/1/15(f)	768,825

See Notes to Financial Statements.

Schedule of investments (unaudited) *continued*

June 30, 2009

LMP CAPITAL AND INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Airlines 0.2%	
	Continental Airlines Inc., Pass-Through Certificates:	
85,882	8.312% due 4/2/11	\$ 70,423
380,000	7.339% due 4/19/14	273,600
800,000	DAE Aviation Holdings Inc., Senior Notes, 11.250% due 8/1/15(b)	468,000
	<i>Total Airlines</i>	<i>812,023</i>
	Building Products 0.3%	
1,110,000	Associated Materials Inc., Senior Subordinated Notes, 9.750% due 4/15/12	976,800
1,790,000	NTK Holdings Inc., Senior Discount Notes, step bond to yield 21.028% due 3/1/14	152,150
	<i>Total Building Products</i>	<i>1,128,950</i>
	Commercial Services & Supplies 0.5%	
220,000	Allied Waste North America Inc., Senior Notes, 6.875% due 6/1/17	218,128
275,000	DynCorp International LLC/DIV Capital Corp., Senior Subordinated Notes, 9.500% due 2/15/13	265,375
400,000	Interface Inc., Senior Subordinated Notes, 9.500% due 2/1/14	370,000
440,000	RSC Equipment Rental Inc., Senior Notes, 9.500% due 12/1/14	355,300
790,000	US Investigations Services Inc., Senior Subordinated Notes, 10.500% due 11/1/15(b)	647,800
225,000	Waste Management Inc., Senior Notes, 6.375% due 11/15/12	239,105
	<i>Total Commercial Services & Supplies</i>	<i>2,095,708</i>
	Road & Rail 0.1%	
90,000	Hertz Corp., Senior Subordinated Notes, 10.500% due 1/1/16	80,550
50,000	Kansas City Southern de Mexico, Senior Notes, 7.625% due 12/1/13	43,250
100,000	RailAmerica Inc., Senior Secured Notes, 9.250% due 7/1/17(b)	97,000
	<i>Total Road & Rail</i>	<i>220,800</i>
	Trading Companies & Distributors 0.3%	
800,000	Ashtead Capital Inc., Notes, 9.000% due 8/15/16(b)	682,000
440,000	H&E Equipment Services Inc., Senior Notes, 8.375% due 7/15/16	355,300
650,000	Penhall International Corp., Senior Secured Notes, 12.000% due 8/1/14(b)(e)	237,250
	<i>Total Trading Companies & Distributors</i>	<i>1,274,550</i>
	Transportation Infrastructure 0.1%	
	Swift Transportation Co., Senior Secured Notes:	
110,000	8.633% due 5/15/15(b)(d)	36,850
445,000	12.500% due 5/15/17(b)	157,975
	<i>Total Transportation Infrastructure</i>	<i>194,825</i>
	TOTAL INDUSTRIALS	6,495,681

See Notes to Financial Statements.

LMP CAPITAL AND INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
INFORMATION TECHNOLOGY 0.2%		
170,000	IT Services 0.1%	
360,000	Ceridian Corp., Senior Notes, 12.250% due 11/15/15(f)	\$ 123,463
	First Data Corp., Senior Notes, 9.875% due 9/24/15	257,400
	<i>Total IT Services</i>	380,863
290,000	Office Electronics 0.1%	
	Xerox Corp., Senior Notes, 6.750% due 2/1/17	264,280
35,000	Semiconductors & Semiconductor Equipment 0.0%	
	Freescale Semiconductor Inc., Senior Notes, 8.875% due 12/15/14	17,850
	TOTAL INFORMATION TECHNOLOGY	662,993
MATERIALS 1.6%		
	Chemicals 0.1%	
90,000	Georgia Gulf Corp., Senior Notes:	
515,000	9.500% due 10/15/14(e)(g)	27,450
360,000	10.750% due 10/15/16(e)(g)	54,075
	PPG Industries Inc., Senior Notes, 6.650% due 3/15/18	383,365
	<i>Total Chemicals</i>	464,890
	Metals & Mining 0.9%	
170,876	Noranda Aluminium Acquisition Corp., Senior Notes, 5.413% due 5/15/15(d)(f)	95,050
1,940,000	Novelis Inc., Senior Notes, 7.250% due 2/15/15	1,484,100
700,000	Ryerson Inc., Senior Secured Notes, 12.000% due 11/1/15	574,000
	Steel Dynamics Inc., Senior Notes:	
100,000	7.375% due 11/1/12	95,250
785,000	8.250% due 4/15/16(b)	743,787
	Teck Resources Ltd., Senior Secured Notes:	
110,000	9.750% due 5/15/14(b)	113,959
100,000	10.250% due 5/15/16(b)	104,879
190,000	10.750% due 5/15/19(b)	204,565
156,000	Vale Overseas Ltd., Notes, 6.875% due 11/21/36	148,513
	<i>Total Metals & Mining</i>	3,564,103
	Paper & Forest Products 0.6%	
1,640,000	Abitibi-Consolidated Co. of Canada, Senior Secured Notes, 13.750% due 4/1/11(b)(g)	1,517,000
1,185,000	Appleton Papers Inc., Senior Subordinated Notes, 9.750% due 6/15/14(e)	408,825
435,000	NewPage Corp., Senior Secured Notes, 7.278% due 5/1/12(d)	215,325
150,000	Weyerhaeuser Co., Senior Notes, 6.750% due 3/15/12	150,145
	<i>Total Paper & Forest Products</i>	2,291,295
	TOTAL MATERIALS	6,320,288

See Notes to Financial Statements.

Schedule of investments (unaudited) *continued*

June 30, 2009

LMP CAPITAL AND INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
TELECOMMUNICATION SERVICES 2.7%		
	Diversified Telecommunication Services 2.4%	
630,000	AT&T Inc.:	
1,210,000	Global Notes, 5.600% due 5/15/18	\$ 634,498
460,000	Senior Notes, 6.400% due 5/15/38	1,188,323
	British Telecommunications PLC, Bonds, 9.625% due 12/15/30	511,205
600,000	Deutsche Telekom International Finance, Senior Notes, 5.750% due 3/23/16	615,168
730,000	Embarq Corp., Senior Notes, 6.738% due 6/1/13	737,517
	Hawaiian Telcom Communications Inc., Senior Subordinated Notes, 12.500% due 5/1/15(e)(g)	66
660,000	Intelsat Bermuda Ltd., Senior Notes, 11.250% due 6/15/16	697,000
680,000	Level 3 Financing Inc., Senior Notes:	
795,000	9.250% due 11/1/14	655,875
30,000	5.474% due 2/15/15(d)	20,550
	Nordic Telephone Co. Holdings, Senior Secured Bonds, 8.875% due 5/1/16(b)	1,062,150
1,095,000	Telecom Italia Capital S.p.A., Senior Notes, 5.250% due 10/1/15	96,660
100,000	Telefonica Emisiones SAU, Senior Notes, 6.221% due 7/3/17	837,110
790,000	Verizon Communications Inc., Senior Notes:	
	5.500% due 2/15/18	656,565
660,000	6.400% due 2/15/38	716,974
730,000	Wind Acquisition Finance SA, Senior Bonds, 10.750% due 12/1/15(b)	301,500
300,000	Windstream Corp., Senior Notes, 8.625% due 8/1/16	481,250
500,000	<i>Total Diversified Telecommunication Services</i>	<i>9,212,411</i>
	Wireless Telecommunication Services 0.3%	
	ALLTEL Communications Inc., Senior Notes, 10.375% due 12/1/17(b)(f)	501,078
420,000	MetroPCS Wireless Inc., Senior Notes, 9.250% due 11/1/14	24,969
25,000	Sprint Capital Corp., Senior Notes, 6.875% due 11/15/28	235,950
330,000	True Move Co., Ltd., Notes, 10.750% due 12/16/13(b)	600,600
780,000	<i>Total Wireless Telecommunication Services</i>	<i>1,362,597</i>
	TOTAL TELECOMMUNICATION SERVICES	10,575,008
UTILITIES 2.4%		
	Electric Utilities 0.3%	
365,000	FirstEnergy Corp., Notes, 7.375% due 11/15/31	345,419
	Pacific Gas & Electric Co.:	
320,000	Senior Notes, 5.625% due 11/30/17	339,283
230,000	Senior Unsubordinated Notes, 5.800% due 3/1/37	231,945
	Texas Competitive Electric Holdings Co. LLC, Senior Notes, 10.500% due 11/1/16(f)	329,075
707,688	<i>Total Electric Utilities</i>	<i>1,245,722</i>

See Notes to Financial Statements.

18 LMP Capital and Income Fund Inc. 2009 Semi-Annual Report

LMP CAPITAL AND INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
770,000	Gas Utilities 0.2% Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes, 6.875% due 12/15/13	\$ 712,250
720,000	Independent Power Producers & Energy Traders 1.9% AES Corp., Senior Notes, 7.750% due 10/15/15	673,200
490,000	Dynegy Holdings Inc., Senior Notes, 7.750% due 6/1/19	384,037
990,000	Dynegy Inc., Bonds, 7.670% due 11/8/16	868,725
480,000	Edison Mission Energy, Senior Notes: 7.750% due 6/15/16	393,600
350,000	7.200% due 5/15/19	262,500
750,000	7.625% due 5/15/27	483,750
4,155,200	Energy Future Holdings Corp., Senior Notes, 11.250% due 11/1/17(f)	2,555,448
720,978	Mirant Mid Atlantic LLC, Pass-Through Certificates, 10.060% due 12/30/28	693,040
1,105,000	NRG Energy Inc., Senior Notes, 7.375% due 2/1/16	1,048,369
	<i>Total Independent Power Producers & Energy Traders</i>	7,362,669
	TOTAL UTILITIES	9,320,641
	TOTAL CORPORATE BONDS & NOTES (Cost \$118,579,480)	91,336,249
SOVEREIGN BONDS 0.0%		
22,931ARS	Argentina 0.0% Republic of Argentina, GDP Linked Securities, 1.384% due 12/15/35(d) (Cost \$266)	260
U.S. GOVERNMENT & AGENCY OBLIGATIONS 4.0%		
	U.S. Government Agencies 1.3% Federal Home Loan Bank (FHLB): 1.050% due 2/23/10	3,012,507
3,000,000	Bonds, 1.625% due 7/27/11	1,780,643
1,770,000	Global Bonds, 5.500% due 7/15/36	102,339
100,000	Federal National Mortgage Association (FNMA), Subordinated Notes, 5.250% due 8/1/12(c)	114,382
110,000	<i>Total U.S. Government Agencies</i>	5,009,871
	U.S. Government Obligations 2.7% U.S. Treasury Notes, 2.250% due 5/31/14	10,362,167
10,500,000	TOTAL U.S. GOVERNMENT & AGENCY OBLIGATIONS (Cost \$15,471,226)	15,372,038
U.S. TREASURY INFLATION PROTECTED SECURITIES 0.7%		
	U.S. Treasury Bonds, Inflation Indexed: 2.000% due 1/15/26	801,152
816,460	2.375% due 1/15/27(i)	2,073,252
1,998,316	TOTAL U.S. TREASURY INFLATION PROTECTED SECURITIES (Cost \$2,758,529)	2,874,404

See Notes to Financial Statements.

Schedule of investments (unaudited) *continued*

June 30, 2009

LMP CAPITAL AND INCOME FUND INC.

WARRANTS		SECURITY	VALUE
WARRANTS	0.0%		
	215	Buffets Restaurant Holdings, Expires 4/28/14(a)(e)* (Cost \$0)	0
CONTRACTS			
PURCHASED OPTIONS	1.1%		
	551	S&P 500 Index, Put @ \$800.00, Expires 12/19/09	1,653,000
	551	S&P 500 Index, Put @ \$850.00, Expires 12/19/09	2,507,050
		TOTAL PURCHASED OPTIONS	
		(Cost \$4,730,886)	4,160,050
		TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS	
		(Cost \$468,520,956)	379,066,705
FACE AMOUNT			
SHORT-TERM INVESTMENTS	2.7%		
	3,800,000	U.S. Government Obligation 1.0% U.S. Treasury Bills, 0.267% due 11/12/09(j) (Cost \$3,796,231)	3,796,747
	3,557,000	Repurchase Agreements 1.7% Interest in \$489,946,000 joint tri-party repurchase agreement dated 6/30/09 with Greenwich Capital Markets Inc., 0.080% due 7/1/09; Proceeds at maturity \$3,557,008; (Fully collateralized by various U.S. government agency obligations, 1.750% to 6.625% due 8/18/09 to 2/20/29; Market value \$3,628,159)	3,557,000
	3,337,000	Morgan Stanley tri-party repurchase agreement dated 6/30/09, 0.030% due 7/1/09; Proceeds at maturity \$3,337,003; (Fully collateralized by U.S. government agency obligations, 3.000% due 4/21/14; Market value \$3,445,084)	3,337,000
		<i>Total Repurchase Agreements (Cost \$6,894,000)</i>	<i>6,894,000</i>
		TOTAL SHORT-TERM INVESTMENTS (Cost \$10,690,231)	10,690,747
		TOTAL INVESTMENTS 100.0% (Cost \$479,211,187#)	\$389,757,452

Face amount denominated in U.S. dollars, unless otherwise noted.

Under the Statement of Financial Accounting Standards No. 157 (FAS 157), all securities are deemed Level 2. Please refer to Note 1 of the Notes to Financial Statements.

* Non-income producing security.

(a) Security is valued in good faith at fair value by or under the direction of the Board of Directors (See Note 1).

(b) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.

(c) On September 7, 2008, the Federal Housing Finance Agency placed Fannie Mae and Freddie Mac into conservatorship.

(d) Variable rate security. Interest rate disclosed is that which is in effect at June 30, 2009.

(e) Illiquid security.

(f) Payment-in-kind security for which part of the income earned may be paid as additional principal.

Edgar Filing: LMP CAPITAL & INCOME FUND INC. - Form N-CSRS

- (g) Security is currently in default.
- (h) Security has no maturity date. The date shown represents the next call date.
- (i) All or a portion of this security is held at the broker as collateral for open futures contracts.
- (j) Rate shown represents yield-to-maturity.
- # Aggregate cost for federal income tax purposes is substantially the same.

See Notes to Financial Statements.

20 LMP Capital and Income Fund Inc. 2009 Semi-Annual Report

LMP CAPITAL AND INCOME FUND INC.Abbreviations used in this schedule:

ADR	American Depositary Receipt
ARM	Adjustable Rate Mortgage
ARS	Argentine Peso
GDP	Gross Domestic Product
GMAC	General Motors Acceptance Corp.
GSAMP	Goldman Sachs Alternative Mortgage Products
MASTR	Mortgage Asset Securitization Transactions Inc.
MLCC	Merrill Lynch Credit Corporation
PAC	Planned Amortization Class

SCHEDULE OF WRITTEN OPTIONS

CONTRACTS	SECURITY	EXPIRATION DATE	STRIKE PRICE	VALUE
116	Air Products & Chemicals Inc., Call	1/16/10	\$ 55.00	\$ 143,840
120	Alcon Inc., Call	1/16/10	100.00	246,600
1,036	American Tower Corp., Call	1/16/10	30.00	433,048
900	Charles Schwab Corp., Call	1/16/10	17.50	182,250
885	Commercial Metals Co., Call	1/16/10	15.00	283,200
294	Devon Energy Corp., Call	1/16/10	50.00	264,600
2,233	EMC Corp., Call	1/16/10	12.50	393,008
10	Eurodollar Futures, Call	9/14/09	99.25	3,875
1,534	Invesco Ltd., Call	10/17/09	17.50	322,140
195	Johnson & Johnson, Call	10/16/10	50.00	144,300
656	Kraft Foods Inc., Call	1/16/10	25.00	118,080
185	L-3 Communications Holdings Corp., Call	1/16/10	70.00	92,870
174	L-3 Communications Holdings Corp., Call	1/16/10	60.00	200,100
590	Novartis AG, Call	1/16/10	40.00	206,500
988	Oracle Corp., Call	1/16/10	17.50	463,372
1,080	Travelers Cos. Inc., Call	1/16/10	40.00	469,800
378	United Technologies Corp., Call	1/16/10	45.00	330,750
1,190	Walt Disney Co., Call	1/16/10	17.50	761,600
	TOTAL WRITTEN OPTIONS (Premium Received	\$5,923,926)		\$5,059,933

See Notes to Financial Statements.

Statement of assets and liabilities (unaudited)

June 30, 2009

ASSETS:

Investments, at value (Cost \$479,211,187)	\$ 389,757,452
Foreign currency, at value (Cost \$71,307)	76,877
Cash	56,244
Dividends and interest receivable	2,846,978
Receivable for securities sold	520,885
Receivable for open forward currency contracts	413,878
Cash deposits with brokers for open futures contracts	45,029
Prepaid expenses	129,715
<i>Total Assets</i>	<i>393,847,058</i>

LIABILITIES:

Loan payable (Note 5)	60,000,000
Written options, at value (premium received \$5,923,926)	5,059,933
Payable for securities purchased	2,513,732
Payable for open forward currency contracts	446,552
Investment management fee payable	271,719
Interest payable (Note 5)	35,318
Payable to broker variation margin on open futures contracts	26,238