

LMP CAPITAL & INCOME FUND INC.
Form N-CSRS
July 06, 2007

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)

125 Broad Street, New York, NY
(Address of principal executive offices)

10004
(Zip code)

Robert I. Frenkel, Esq.
Legg Mason & Co., LLC
300 First Stamford Place, 4th Floor
Stamford, CT 06902
(Name and address of agent for service)

Registrant's telephone number, including area code: (800) 451-2010

Date of fiscal year end: October 31

Date of reporting period: April 30, 2007

ITEM 1.

REPORT TO STOCKHOLDERS.

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

**LMP
Capital and Income Fund Inc.
(SCD)**

**SEMI-ANNUAL
REPORT**

APRIL 30, 2007

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

LMP
Capital and Income Fund Inc.

Semi-Annual Report April 30, 2007

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The Fund's investment objective is total return with an emphasis on income.	Dividend Reinvestment Plan	31

Letter from the Chairman

Dear Shareholder,

The U.S. economy showed signs of weakening during the six-month reporting period. U.S. gross domestic product (GDP) expanded 2.5% in the fourth quarter of 2006. Based on the preliminary estimate from the U.S. Commerce Department, GDP growth was a tepid 0.6% in the first quarter of 2007. While consumer spending remained fairly solid, ongoing troubles in the housing market continued to negatively impact the economy. In addition, corporate spending was mixed during the reporting period.

After increasing the federal funds rateⁱⁱ to 5.25% in June 2006 – its 17th consecutive rate hike – the Federal Reserve Board (Fedⁱⁱⁱ) held rates steady at its last seven meetings. In its statement accompanying the May 2007 meeting, the Fed stated, “Economic growth slowed in the first part of this year and the adjustment in the housing sector is ongoing. Nevertheless, the economy seems likely to expand at a moderate pace over coming quarters. Core inflation remains somewhat elevated. Although inflation pressures seem likely to moderate over time, the high level of resource utilization has the potential to sustain those pressures.”

Despite concerns regarding the economy and increased volatility in the financial markets, stock prices generally rose during the six-month reporting period. After treading water during the first half of 2006, U.S. stocks rallied through the end of the year. 2007 began on a positive note, as the S&P 500 Index^{iv} hit a six-year high in January. Stock prices rose on the back of optimism for continued solid corporate profits and hopes for a soft economic landing. The U.S. stock market’s ascent continued during much of February 2007, before a sharp decline at the end of the

R. JAY GERKEN, CFA

Chairman, President and
Chief Executive Officer

LMP Capital and Income Fund Inc. I

month. This was, in part, triggered by an 8.8% fall in China's stock market on February 28, its worst one-day performance in 10 years. The repercussions of this decline were widespread, as stock markets around the world also declined. After a modest increase in March, U.S. stock prices rallied sharply in April 2007, due to surprisingly strong first quarter corporate profits. All told, the S&P 500 Index returned 8.60% during the six months ended April 30, 2007.

During the reporting period, short- and long-term Treasury yields experienced periods of volatility. Initially, yields fluctuated given mixed economic data and shifting expectations regarding the Fed's future monetary policy. Yields then fell sharply at the end of February 2007, as economic data weakened and the stock market experienced its largest one-day decline in more than five years. Overall, during the six months ended April 30, 2007, two-year Treasury yields fell from 4.71% to 4.60%. Over the same period, 10-year Treasury yields moved from 4.61% to 4.63%. Looking at the six-month period as a whole, the overall bond market, as measured by the Lehman Brothers U.S. Aggregate Index^v, returned 2.64%.

Performance Review

For the six months ended April 30, 2007, LMP Capital and Income Fund Inc. returned 10.63% based on its net asset value (NAVⁱ) and 12.37% based on its New York Stock Exchange (NYSE) market price per share. In comparison, the Fund's unmanaged benchmarks, the Lehman Brothers U.S. Aggregate Index and S&P 500 Index, returned 2.64% and 8.60%, respectively, for the same time frame. The Lipper Income and Preferred Stock Closed-End Funds Category Average^{vii} increased 5.98% over the same period. Please note that Lipper performance returns are based on each fund's NAV per share.

During this six-month period, the Fund made distributions to shareholders totaling \$0.75 per share. The performance table shows the Fund's six-month total return based on

its NAV and market price as of April 30, 2007. **Past performance is no guarantee of future results.**

Performance Snapshot as of April 30, 2007 (unaudited)

Price Per Share	Six-Month Total Return
\$22.61 (NAV)	10.63%
\$19.66 (Market Price)	12.37%

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.

Special Shareholder Notices

The Fund's Board of Directors approved a change in the benchmark indices for the Fund to include the Lehman Brothers U.S. Aggregate Index in addition to the S&P 500 Index. This change became effective April 2, 2007. In the opinion of the investment manager, the use of both the S&P 500 Index and the Lehman Brothers U.S. Aggregate Index provides more effective benchmark indices for the Fund, which has the ability to allocate assets to both equity and fixed income investments. The Fund's investment objective is total return with an emphasis on income. Under normal market conditions, the Fund seeks to achieve its investment objective by investing at least 80% of its assets in a broad range of equity and fixed income securities of both U.S. and foreign issuers.

Pursuant to its Managed Distribution Policy, the Fund intends to make regular monthly distributions to shareholders of its common stock at a fixed rate per common share, which may be adjusted from time to time by the Fund's Board of Directors. Under the Fund's Managed Distribution Policy, if, for any monthly distribution, the total net investment income and net realized capital gain is less than the amount of the distribution, the difference will be distributed from the Fund's assets (and constitute a return of capital). The Board of Directors may terminate the Managed Distribution Policy at any time, including when certain events would make part of the return of capital taxable to

shareholders. Any such termination could have an adverse effect on the market price for the Fund's shares.

Prior to October 9, 2006, the Fund was known as Salomon Brothers Capital and Income Fund Inc.

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/InvestorServices.

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 6:00 p.m. Eastern Time, for the Fund's current NAV, market price and other information.

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

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

June 4, 2007

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: As interest rates rise, bond prices fall, reducing the value of the Fund's share price. 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 funds rate is the interest rate that banks with excess reserves at a Federal Reserve district bank charge other banks that need overnight loans.
- iii 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.
- iv The S&P 500 Index is an unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the U.S.
- v The 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 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 at the Fund's market price, as determined by supply of and demand for the Fund's shares.
- vii Lipper, Inc. is a major independent mutual-fund tracking organization. Returns are based on the six-month period ended April 30, 2007, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 34 funds in the Fund's Lipper category.

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Fund at a Glance (unaudited)

Investment Breakdown

As a Percent of Total Investments

Schedule of Investments (April 30, 2007) (unaudited)

LMP CAPITAL AND INCOME FUND INC.

Shares	Security	Value
COMMON STOCKS 72.6%		
CONSUMER DISCRETIONARY 6.5%		
Hotels, Restaurants & Leisure 2.4%		
222,600	Ameristar Casinos Inc.	\$ 6,758,136
175,940	Penn National Gaming Inc. *	8,504,940
79,400	Starwood Hotels & Resorts Worldwide Inc.	5,321,388
	Total Hotels, Restaurants & Leisure	20,584,464
Household Durables 0.0%		
1,226,577	Home Interiors & Gifts Inc. (a)(b)*	12,266
Media 4.1%		
160,000	Liberty Media Holding Corp., Capital Group, Series A Shares *	18,075,200
86,800	R.H. Donnelley Corp. *	6,778,212
633,700	Warner Music Group Corp.	10,899,640
	Total Media	35,753,052
	TOTAL CONSUMER DISCRETIONARY	56,349,782
CONSUMER STAPLES 2.8%		
Food Products 1.0%		
226,700	Archer-Daniels-Midland Co.	8,773,290
Tobacco 1.8%		
216,800	Altria Group Inc.	14,941,856
	TOTAL CONSUMER STAPLES	23,715,146
ENERGY 9.9%		
Energy Equipment & Services 3.7%		
175,740	CCS Income Trust	5,771,728
81,600	Diamond Offshore Drilling Inc.	6,984,960
101,050	SEACOR Holdings Inc. *	9,628,044
116,700	Transocean Inc. *	10,059,540
	Total Energy Equipment & Services	32,444,272
Oil, Gas & Consumable Fuels 6.2%		
260,850	Anadarko Petroleum Corp.	12,171,261
192,410	Cheniere Energy Inc. *	6,416,874
464,900	Crosstex Energy Inc.	13,970,245
212,820	Range Resources Corp.	7,778,571
176,560	Total SA, ADR	13,010,706
	Total Oil, Gas & Consumable Fuels	53,347,657
	TOTAL ENERGY	85,791,929

See Notes to Financial Statements.

Schedule of Investments (April 30, 2007) (unaudited) (continued)

Shares	Security	Value
FINANCIALS 20.9%		
Capital Markets 4.0%		
523,200	E*TRADE Financial Corp. *	\$ 11,552,256
356,300	UBS AG	23,123,870
	Total Capital Markets	34,676,126
Commercial Banks 1.6%		
376,700	Wells Fargo & Co.	13,519,763
Consumer Finance 4.5%		
391,300	American Express Co.	23,740,171
207,832	Capital One Financial Corp.	15,433,604
	Total Consumer Finance	39,173,775
Insurance 10.8%		
173,900	ACE Ltd.	10,340,094
274,000	AFLAC Inc.	14,067,160
269,700	American International Group Inc.	18,854,727
222,900	Chubb Corp.	11,998,707
519,910	Fidelity National Financial Inc., Class A Shares	13,252,506
185,000	First American Corp.	9,527,500
468,400	Marsh & McLennan Cos. Inc.	14,876,384
	Total Insurance	92,917,078
	TOTAL FINANCIALS	180,286,742
HEALTH CARE 4.4%		
Health Care Equipment & Supplies 1.2%		
177,100	Baxter International Inc.	10,029,173
Health Care Providers & Services 2.3%		
148,300	UnitedHealth Group Inc.	7,868,798
156,000	WellPoint Inc. *	12,319,320
	Total Health Care Providers & Services	20,188,118
Health Care Technology 0.9%		
265,300	IMS Health Inc.	7,781,249
	TOTAL HEALTH CARE	37,998,540
INDUSTRIALS 11.8%		
Aerospace & Defense 4.2%		
115,520	Alliant Techsystems Inc. *	10,758,378
153,010	L-3 Communications Holdings Inc.	13,760,189
179,900	United Technologies Corp.	12,076,687
	Total Aerospace & Defense	36,595,254
Air Freight & Logistics 0.7%		
84,100	United Parcel Service Inc., Class B Shares	5,923,163
Commercial Services & Supplies 1.0%		
366,100	Covanta Holding Corp. *	8,984,094

See Notes to Financial Statements.

Schedule of Investments (April 30, 2007) (unaudited) (continued)

Shares	Security	Value
Industrial Conglomerates 5.0%		
701,500	General Electric Co.	\$ 25,857,290
524,700	Tyco International Ltd.	17,120,961
	Total Industrial Conglomerates	42,978,251
Machinery 0.9%		
223,010	Mueller Industries Inc.	7,314,728
	TOTAL INDUSTRIALS	101,795,490
INFORMATION TECHNOLOGY 13.6%		
Communications Equipment 2.8%		
441,400	Cisco Systems Inc. *	11,803,036
286,300	QUALCOMM Inc.	12,539,940
	Total Communications Equipment	24,342,976
Electronic Equipment & Instruments 1.0%		
242,500	Agilent Technologies Inc. *	8,334,725
Internet Software & Services 1.1%		
340,800	Yahoo! Inc. *	9,556,032
IT Services 5.0%		
245,700	Ceridian Corp. *	8,294,832
107,380	eFunds Corp. *	2,995,902
314,811	Fidelity National Information Services Inc.	15,907,400
548,710	Hewitt Associates Inc., Class A Shares *	16,324,122
	Total IT Services	43,522,256
Software 3.7%		
673,000	Microsoft Corp.	20,149,620
180,800	Oracle Corp. *	3,399,040
462,800	Symantec Corp. *	8,145,280
	Total Software	31,693,940
	TOTAL INFORMATION TECHNOLOGY	117,449,929
MATERIALS 0.8%		
Chemicals 0.8%		
270,360	Nalco Holding Co.	7,186,169
UTILITIES 1.9%		
Gas Utilities 1.9%		
348,160	National Fuel Gas Co.	16,367,002
	TOTAL COMMON STOCKS	
	(Cost \$584,357,002)	626,940,729

See Notes to Financial Statements.

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Schedule of Investments (April 30, 2007) (unaudited) (continued)

Face Amount	Security	Value
ASSET-BACKED SECURITIES 0.7%		
Home Equity 0.7%		
\$ 750,000	Asset-Backed Funding Certificates, Series 2004-FF1, Class M2, 6.770% due 1/25/34 (c)	\$ 754,389
209,859	Countrywide Asset-Backed Certificates: Series 2003-03, Class M4, 6.720% due 3/25/33 (c)	211,277
410,000	Series 2004-05, Class M4, 6.570% due 6/25/34 (c)	412,444
73,417	Finance America Net Interest Margin Trust, Series 2004-01, Class A, 5.250% due 6/27/34 (d)	280
214,244	Fremont Home Loan Trust: Series 2004-01, Class M5, 6.420% due 2/25/34 (c)	214,624
875,000	Series 2004-D, Class M5, 6.320% due 11/25/34 (c)	877,045
1,005,000	GSAMP Trust, Series 2004-OPT, Class M3, 6.470% due 11/25/34 (c)	1,010,299
3,420	Merrill Lynch Mortgage Investors Inc., Series 2005-WM1N, Class N1, 5.000% due 9/25/35 (d)	3,271
1,500,000	Option One Mortgage Loan Trust, Series 2004-02, Class M2, 6.370% due 5/25/34 (c)	1,500,930
596,937	Renaissance Home Equity Loan Trust, Series 2003-4, Class M3, 7.220% due 3/25/34 (c)	603,211
141,210	Sail Net Interest Margin Notes: Series 2003-BC2A, Class A, 7.750% due 4/27/33 (d)	33,591
71,380	Series 2004-2A, Class A, 5.500% due 3/27/34 (d)	19,397
	TOTAL ASSET-BACKED SECURITIES (Cost \$5,864,755)	5,640,758
COLLATERALIZED MORTGAGE OBLIGATIONS 0.4%		
260,000	American Home Mortgage Investment Trust, Series 2005-4, Class M3, 6.120% due 11/25/45 (c)	258,758
85,781	Federal Home Loan Mortgage Corp. (FHLMC): Series 2764, Class DT, 6.000% due 3/15/34 (c)	83,755
567,903	Series 2780, Class SL, PAC, 6.000% due 4/15/34 (c)	563,276
747,781	Harborview Mortgage Loan Trust, Series 2005-10, Class B6, 6.390% due 11/19/35 (c)	729,904
588,644	Merit Securities Corp., Series 11PA, Class B2, 6.820% due 9/28/32 (c)(d)	506,834
507,310	MLCC Mortgage Investors Inc.: Series 2004-A, Class B2, 6.240% due 4/25/29 (c)	507,937
732,307	Series 2004-B, Class B2, 6.200% due 5/25/29 (c)	735,559
	TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (Cost \$3,410,522)	3,386,023
CORPORATE BONDS & NOTES 7.9%		
Aerospace & Defense 0.0%		
275,000	Alliant Techsystems Inc., Senior Subordinated Notes, 6.750% due 4/1/16	279,125
Airlines 0.0%	Continental Airlines Inc., Notes, 8.750% due 12/1/11	168,725

See Notes to Financial Statements.

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Schedule of Investments (April 30, 2007) (unaudited) (continued)

Face Amount	Security	Value
Auto Components 0.2%		
\$ 295,000	Keystone Automotive Operations Inc., Senior Subordinated Notes, 9.750% due 11/1/13	\$ 281,725
1,075,000	Visteon Corp., Senior Notes, 8.250% due 8/1/10	1,101,875
	Total Auto Components	1,383,600
Automobiles 0.1%		
110,000	Ford Motor Co., Debentures, 8.875% due 1/15/22	97,625
630,000	General Motors Corp., Senior Debentures, 8.250% due 7/15/23	573,300
	Total Automobiles	670,925
Building Products 0.1%		
540,000	Associated Materials Inc., Senior Subordinated Notes, 9.750% due 4/15/12	565,650
490,000	NTK Holdings Inc., Senior Discount Notes, step bond to yield 11.186% due 3/1/14	369,950
	Total Building Products	935,600
Capital Markets 0.1%		
160,000	E*TRADE Financial Corp., Senior Notes: 7.375% due 9/15/13	167,800
65,000	7.875% due 12/1/15	70,444
340,000	Kaupthing Bank HF, Subordinated Notes, 7.125% due 5/19/16 (d)	368,733
	Total Capital Markets	606,977
Chemicals 0.2%		
1,000,000	Equistar Chemicals LP, Senior Notes, 10.625% due 5/1/11	1,060,000
570,000	Georgia Gulf Corp., Senior Notes, 9.500% due 10/15/14 (d)	572,850
110,000	Huntsman International LLC, Senior Subordinated Notes, 7.875% due 11/13/14 (d)	115,500
6,000	PPG Industries Inc., Notes, 6.500% due 11/1/07	6,015
	Total Chemicals	1,754,365
Commercial Banks 0.1%		
125,000	American Express Centurion Bank, Notes, 5.410% due 7/19/07 (c)	125,030
250,000	Bank United Corp., Senior Notes, 8.875% due 5/1/07	250,000
68,181	Fifth Third Bank, Notes, 2.870% due 8/10/09	66,156
340,000	Resona Preferred Global Securities Cayman Ltd., Bond, 7.191% due 7/30/15 (c)(d)(e)	359,962
340,000	Shinsei Finance Cayman Ltd., Junior Subordinated Bonds, 6.418% due 7/20/16 (c)(d)(e)	344,444
	Total Commercial Banks	1,145,592
Commercial Services & Supplies 0.2%		
180,000	Allied Security Escrow Corp., Senior Subordinated Notes, 11.375% due 7/15/11	183,600
75,000	Allied Waste North America Inc., Senior Notes, Series B, 7.250% due 3/15/15	77,438
40,000	Aramark Corp., Senior Notes, 8.860% due 2/1/15 (c)(d)	41,300
315,000	DynCorp International LLC/DIV Capital Corporation, Senior Subordinated Notes, Series B, 9.500% due 2/15/13	340,200
600,000	Interface Inc., Senior Subordinated Notes, 9.500% due 2/1/14	657,000
210,000	Rental Services Corp., Senior Bonds, 9.500% due 12/1/14 (d)	224,175
	Total Commercial Services & Supplies	1,523,713

See Notes to Financial Statements.

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Schedule of Investments (April 30, 2007) (unaudited) (continued)

Face Amount	Security	Value
Consumer Finance 0.4%		
\$ 1,050,000	Ford Motor Credit Co.: Notes, 7.000% due 10/1/13	\$ 994,124
750,000	Senior Notes: 5.800% due 1/12/09	737,783
135,000	9.750% due 9/15/10	142,955
559,000	10.605% due 6/15/11 (c)	602,973
170,000	8.000% due 12/15/16	166,529
	General Motors Acceptance Corp., Notes:	
500,000	5.625% due 5/15/09	493,207
300,000	6.750% due 12/1/14	296,278
	SLM Corp., Medium-Term Notes, Series A, 5.555% due 1/26/09 (c)	123,834
	Total Consumer Finance	3,557,683
Containers & Packaging 0.2%		
550,000	Graham Packaging Co. Inc., Senior Subordinated Notes, 9.875% due 10/15/14	572,000
535,000	Graphic Packaging International Corp., Senior Subordinated Notes, 9.500% due 8/15/13	575,125
195,000	Plastipak Holdings Inc., Senior Notes, 8.500% due 12/15/15 (d)	209,625
	Total Containers & Packaging	1,356,750
Diversified Consumer Services 0.0%		
	Education Management LLC/Education Management Finance Corp.:	
20,000	Senior Notes, 8.750% due 6/1/14	21,250
210,000	Senior Subordinated Notes, 10.250% due 6/1/16	230,475
	Total Diversified Consumer Services	251,725
Diversified Financial Services 0.4%		
150,000	AAC Group Holding Corp., Senior Discount Notes, step bond to yield 9.092% due 10/1/12	137,250
100,000	Aiful Corp., Notes, 5.000% due 8/10/10 (d)	98,716
100,000	Bank of America Corp., Subordinated Notes, 5.420% due 3/15/17 (d)	99,653
870,000	Basell AF SCA, Senior Secured Subordinated Second Priority Notes, 8.375% due 8/15/15 (d)	909,150
125,000	Capital One Bank, Notes, 5.750% due 9/15/10	126,987
110,493	Core Investment Grade Bond Trust I, Pass-Through Certificates, 4.642% due 11/30/07	110,107
125,000	Countrywide Home Loans Inc., Medium-Term Notes, Series M, 4.125% due 9/15/09	121,755
162,000	Global Cash Access LLC/Global Cash Finance Corp., Senior Subordinated Notes, 8.750% due 3/15/12	170,505
125,000	HSBC Finance Corp., Senior Subordinated Notes, 5.875% due 2/1/09	126,485
410,000	Idearc Inc., Senior Notes, 8.000% due 11/15/16 (d)	429,475
	Milacron Escrow Corp., Senior Secured Notes, 11.500% due 5/15/11	59,775
60,000	UCAR Finance Inc., Senior Notes, 10.250% due 2/15/12	72,967
69,000	UGS Corp., Senior Subordinated Notes, 10.000% due 6/1/12	175,200
160,000	Vanguard Health Holdings Co. I LLC, Senior Discount Notes, step bond to yield 10.257% due 10/1/15	520,800
620,000		270,725
260,000		

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Vanguard Health Holdings Co. II LLC, Senior Subordinated Notes,
9.000% due 10/1/14

Total Diversified Financial Services

3,429,550

See Notes to Financial Statements.

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Schedule of Investments (April 30, 2007) (unaudited) (continued)

Face Amount	Security	Value
Diversified Telecommunication Services 0.6%		
\$ 100,000	Deutsche Telekom International Finance, Senior Notes, 5.750% due 3/23/16	\$ 100,580
400,000	Hawaiian Telcom Communications Inc., Senior Subordinated Notes, Series B, 12.500% due 5/1/15	452,000
180,000	Intelsat Bermuda Ltd.: 9.250% due 6/15/16	198,900
90,000	Senior Notes: 8.872% due 1/15/15 (c)	92,475
680,000	11.250% due 6/15/16	779,450
25,000	Level 3 Financing Inc., Senior Notes: 9.250% due 11/1/14 (d)	26,094
10,000	9.150% due 2/15/15 (c)(d)	10,175
450,000	NTL Cable PLC, Senior Notes: 8.750% due 4/15/14	474,750
220,000	9.125% due 8/15/16	235,950
285,000	Qwest Communications International Inc., Senior Notes: 7.500% due 2/15/14	295,687
740,000	Series B, 7.500% due 2/15/14	767,750
605,000	Telcordia Technologies Inc., Senior Subordinated Notes, 10.000% due 3/15/13 (d)	574,750
100,000	Telecom Italia Capital S.p.A., Notes, 5.250% due 10/1/15	96,278
660,000	Windstream Corp., Senior Notes, 8.625% due 8/1/16	727,650
	Total Diversified Telecommunication Services	4,832,489
Electric Utilities 0.1%		
283,000	Midwest Generation LLC, Secured Notes, 8.750% due 5/1/34	314,130
100,000	Orion Power Holdings Inc., Senior Notes, 12.000% due 5/1/10	116,000
	Total Electric Utilities	430,130
Electronic Equipment & Instruments 0.1%		
1,065,000	NXP BV/NXP Funding LLC, Senior Notes, 9.500% due 10/15/15 (d)	1,123,575
Energy Equipment & Services 0.2%		
725,000	Complete Production Services Inc., Senior Notes, 8.000% due 12/15/16 (d)	753,094
529,000	Dresser-Rand Group Inc., Senior Subordinated Notes, 7.375% due 11/1/14	542,225
95,000	Geokinetics Inc., Senior Secured Notes, 11.855% due 12/15/12 (c)(d)	98,562
55,000	Pride International Inc., Senior Notes, 7.375% due 7/15/14	56,719
10,000	Southern Natural Gas Co., Senior Notes, 8.000% due 3/1/32	12,091
	Total Energy Equipment & Services	1,462,691
Food & Staples Retailing 0.0%		
150,000	Safeway Inc., Senior Notes, 6.500% due 11/15/08	152,505
Food Products 0.0%		
125,000	Dole Food Co. Inc., Senior Notes: 7.250% due 6/15/10	123,281
261,000	8.875% due 3/15/11	265,568
	Total Food Products	388,849

See Notes to Financial Statements.

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Schedule of Investments (April 30, 2007) (unaudited) (continued)

Face Amount	Security	Value
Health Care Providers & Services 0.4%		
\$ 250,000	AmeriPath Inc., Senior Subordinated Notes, 10.500% due 4/1/13	\$ 273,438
260,000	DaVita Inc., Senior Notes, 6.625% due 3/15/13 (d)	262,275
600,000	Genesis HealthCare Corp., Senior Subordinated Notes, 8.000% due 10/15/13	640,500
295,000	HCA Inc.: Notes, 6.375% due 1/15/15	257,756
345,000	Senior Notes, 6.500% due 2/15/16	302,306
215,000	Senior Secured Notes: 9.250% due 11/15/16 (d)	234,888
165,000	9.625% due 11/15/16 (d)(f)	180,469
425,000	IASIS Healthcare LLC/IASIS Capital Corp., Senior Subordinated Notes, 8.750% due 6/15/14	442,531
650,000	Tenet Healthcare Corp., Senior Notes: 7.375% due 2/1/13	614,250
70,000	9.875% due 7/1/14	72,100
175,000	Triad Hospitals Inc., Senior Subordinated Notes, 7.000% due 11/15/13	183,750
150,000	UnitedHealth Group Inc., Senior Notes, 3.300% due 1/30/08	147,599
	Total Health Care Providers & Services	3,611,862
Hotels, Restaurants & Leisure 0.9%		
1,000,000	Boyd Gaming Corp., Senior Subordinated Notes, 6.750% due 4/15/14	1,003,750
315,000	Choctaw Resort Development Enterprise, Senior Notes, 7.250% due 11/15/19 (d)	320,906
550,000		