

LMP CAPITAL & INCOME FUND INC.

Form N-CSR

January 27, 2016

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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)

620 Eighth Avenue,

49th Floor, New York, NY 10018

(Address of principal executive offices) (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 end: November 30

Date of reporting period: November 30, 2015

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ITEM 1. REPORT TO STOCKHOLDERS.

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

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Annual Report

November 30, 2015

LMP

CAPITAL AND INCOME FUND INC. (SCD)

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

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

The Fund invests in a broad range of equity and fixed-income securities of both U.S. and foreign issuers. The Fund will vary its allocation between equity and fixed-income securities depending on the investment manager's view of economic, market or political conditions, fiscal and monetary policy and security valuation.

Letter from the chairman

Dear Shareholder,

We are pleased to provide the annual report of LMP Capital and Income Fund Inc. for the twelve-month reporting period ended November 30, 2015. Please read on for a detailed look at prevailing economic and market conditions during the Fund's reporting period and to learn how those conditions have affected Fund performance.

I am pleased to introduce myself as the new Chairman, President and Chief Executive Officer of the Fund, succeeding Kenneth D. Fuller. I am honored to have been appointed to my new role. During my 27 year career with Legg Mason, I have seen the investment management industry evolve and expand. Throughout these changes, maintaining an unwavering focus on our shareholders and their needs has remained paramount.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.lmcef.com. Here you can gain immediate access to market and investment information, including:

Fund prices and performance,

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Market insights and commentaries from our portfolio managers, and

A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

Jane Trust, CFA

Chairman, President and Chief Executive Officer

December 31, 2015

II LMP Capital and Income Fund Inc.

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Investment commentary

Economic review

The pace of U.S. economic activity was mixed during the twelve months ended November 30, 2015 (the reporting period). Looking back, the U.S. Department of Commerce's revised figures showed that fourth quarter 2014 U.S. gross domestic product (GDP) growth was 2.1%. First quarter 2015 GDP growth then moderated to 0.6%. This was attributed to a number of factors, including a deceleration in personal consumption expenditures (PCE), along with negative contributions from exports, nonresidential fixed investment, and state and local government spending. Economic activity then accelerated, as second quarter 2015 GDP growth was 3.9%. The upturn was driven by increasing exports, accelerating PCE, declining imports, expanding state and local government spending, and rising nonresidential fixed investment. The U.S. Department of Commerce's final reading for third quarter 2015 GDP growth released after the reporting period ended was 2.0%. Decelerating growth was primarily due to a downturn in private inventory investment and decelerations in exports, PCE, nonresidential fixed investment, state and local government spending, and residential fixed investment.

The labor market significantly improved and was a tailwind for the economy during the reporting period. When the period began, unemployment was 5.6%, as reported by the U.S. Department of Labor. By November 2015, unemployment was 5.0%, equaling its lowest level since April 2008.

The Federal Reserve Board (Fed) maintained the federal funds rateⁱⁱⁱ at a historically low range between zero and 0.25% during the twelve months ended November 30, 2015. However, at its meeting that ended on December 16, 2015, after the reporting period ended, the Fed raised the federal funds rate for the first time since 2006. In particular, the U.S. central bank raised the federal funds rate to a range between 0.25% and 0.50%. At its meeting that concluded on October 28, 2015, the Fed said, "In determining whether it will be appropriate to raise the target range at its next meeting, the Committee will assess progress both realized and expected toward its objectives of maximum employment and 2 percent inflation." However, in its official statement after the December meeting, the Fed said, "The stance of monetary policy remains accommodative after this increase, thereby supporting further improvement in labor market conditions and a return to 2 percent inflation." The Committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run.

As always, thank you for your confidence in our stewardship of your assets.

Sincerely,

Jane Trust, CFA

Chairman, President and

Chief Executive Officer

December 31, 2015

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results.

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Investment commentary (cont d)

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 U.S. policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.

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 LMP Capital and Income Fund Inc.

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Fund overview

Q. What is the Fund's investment strategy?

A. The Fund's investment objective is total return with an emphasis on income. The Fund invests in a broad range of equity and fixed-income securities of both U.S. and foreign issuers. The Fund may invest without limit in both energy and non-energy master limited partnerships (MLPs), so long as no more than 25% of the Fund's total assets are invested in MLPs that are treated as qualified publicly traded partnerships (QPTPs). The Fund will vary its allocation between equity and fixed-income securities depending on the investment manager's view of economic, market or political conditions, fiscal and monetary policy and security valuation. Depending on the investment manager's view of these factors, which may vary from time to time, the investment manager may allocate substantially all of the investments in the portfolio to equity securities or fixed-income securities.

The Fund's investment manager applies a rigorous, bottom-up research process to identify companies with strong fundamentals, skilled and committed management teams and a clear market advantage. Through patient management, the Fund seeks to capture earnings growth from companies offering new or innovative technologies, products and services.

Peter Vanderlee, CFA of ClearBridge Investments, LLC (ClearBridge), one of the Fund's subadvisers, oversees the Fund's allocation between equity and fixed-income securities, as well as the Fund's equity investments in general, with a focus on dividend-paying securities. The ClearBridge portfolio management team also includes Mark McAllister, CFA, Tim Daubenspeck and Tatiana Thibodeau, who are focused on their respective areas of expertise: Mr. McAllister on real estate investment trusts (REITs), Mr. Daubenspeck on telecommunications, and Ms. Thibodeau on utilities. They manage the equity side of the Fund with a bottom-up approach focused on the risk and reward of each investment opportunity.

A portfolio management team at Western Asset Management Company (Western Asset) manages the fixed-income portion of the Fund. The fixed-income portfolio management team includes portfolio managers S. Kenneth Leech, Chia-Liang (CL) Lian, Mark Lindbloom, Michael C. Buchanan and Ryan Brist. Their focus is on portfolio structure, including sector allocation, duration weighting and term-structure decisions. Mr. Lian joined the Fund's portfolio management team on January 31, 2015. On April 30, 2015, he became Head of the Emerging Markets Debt Team.

During the reporting period, the Fund was substantially invested in equity securities.

Q. What were the overall market conditions during the Fund's reporting period?

A. Major U.S. indices posted positive returns for the reporting year ending November 30, 2015, as the NASDAQ Composite Indexⁱ gained 7.86% while the S&P 500 Indexⁱⁱ and Dow Jones Industrial Average (DJIAⁱⁱⁱ) trailed up 2.75% and 1.87%, respectively. Throughout the reporting period, investors focused on the Federal Reserve Board's (Féd) strategy, mixed economic reports, depressed crude prices, and the rising dollar, as well as a wave of mergers and acquisitions

Table of Contents**Fund overview (cont d)**

(M&A) announcements. The market appreciated through the first half of the year, but the third quarter of 2015 saw sharp declines erase the earlier gains. The selling was indiscriminate and the Chicago Board Options Exchange Volatility Index^v, commonly referred to as the VIX, spiked to the highest level since the U.S. lost its AAA credit rating in late 2011. (Over the last several years, the market has appreciated significantly and has experienced very little volatility. Until late August 2015, the broad averages had not seen a 10% correction in over three years – rare from a historical perspective.)

Growing concern for global growth combined with sliding domestic crude prices appeared to drive much of the volatility. The International Monetary Fund (IMF) twice lowered its global growth projections for 2015, most recently forecasting a 3.1% expansion and pointing to a weak first quarter in the U.S. as well as lower commodity prices and question marks about the Chinese economy as causes for the tempered expectations. Crude oil futures slid throughout the reporting period on oversupply concerns, with prices dropping below \$40 per barrel in mid-August and closing at roughly \$42 at the end of November 2015.

As most anticipated, the Fed wrapped up its bond-buying program in October of 2014, but every month thereafter failed to raise the target lending rate from the low range between zero and 0.25%. Fed officials continue to fixate on tepid inflation in the U.S. despite a decent pace of economic expansion and meaningful improvement in the labor market. Aside from a disappointing 0.6% annualized rate of expansion in the first quarter of 2015, U.S. gross domestic product (GDPⁱ) growth reports have been moderately strong over the past year. Notably, the economy expanded 3.9% in the second quarter of 2015 and 2.1% in both the fourth quarter of 2014 and the third quarter of 2015. Meanwhile, U.S. employers added 2.6 million jobs throughout the reporting year and the unemployment rate fell to 5.0% by the end of November 2015 from 5.8% a year ago. Fed Chair Janet Yellen commented that we should see an initial increase in the federal funds rateⁱⁱ later this [calendar] year, followed by a gradual pace of tightening thereafter. However, she cautioned that they could delay further if the economy surprises us. After opening December 2014 at 2.16%, the ten-year Treasury note yield dropped as low as 1.64% in January but recovered to close above 2.2% at the end of November 2015. Corporations continued to take advantage of low borrowing rates as M&A activity remained strong throughout the period. Dealogic, a provider of Global Investment Banking analysis and systems, reports that there were 45 deals worth \$10 billion or more for a combined total of \$1.2 trillion in the first nine months of 2015. On the other hand, the U.S. dollar strengthened 13% against a broad basket of foreign currencies over the past twelve months, driving material foreign exchange headwinds for U.S. corporate earnings.

Q. How did we respond to these changing market conditions?

A. During the reporting year, our allocation to real estate investment trusts (REITsⁱⁱⁱ) increased to 28% from 23% a year ago, while MLPs' share of the portfolio decreased from 35% to 33%. The shift is a function of our deliberate intent to reduce the Fund's exposure to near-term volatility

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within the MLP sector as well as MLP stock prices declining amid the energy sell-off. Our allocation to common stocks & related equity also increased from last November, ending the period at roughly 64% of the Fund compared to 60% last year. Our view on the U.S. equity market continues to be positive. The U.S. economy bounced back from its anemic first quarter 2015 performance with a much more robust second quarter 2015 GDP print, and despite a softer third quarter 2015 GDP growth report, the economy continues its moderately-paced economic expansion. Consensus estimates show solid corporate earnings growth in 2016 and earnings multiples are fair in the current environment. Therefore, we see a favorable investing environment for U.S. dividend-paying stocks.

MLP stock prices have suffered through this period of depressed commodity prices, with the Alerian MLP Index^{ix} losing 34.03% and trailing the S&P 500 Index by over 3,600 basis point^x over the past twelve months. Despite this, we remain steadfast in our belief that the U.S. renaissance in energy production represents a secular growth opportunity and is attractive for the long-term investor. In our view, energy production in the U.S. will continue to increase over time. In the short-term, the rate of growth in energy production has slowed on a month-over-month basis and has gone negative in some oil basins such as the Bakken and Eagle Ford. Our assessment continues to be that the magnitude of the decline will be modest. Excess U.S. production capacity has been reduced, rig count has substantially declined, and capital expenditures in U.S. energy infrastructure have been curtailed. As a result, U.S. output, especially crude oil, has declined from peak levels, and excess supply is being curtailed. With the weakness in the Alerian MLP Index that we have seen over the past year, we believe that many MLPs are attractively priced and provide a positive risk-reward profile for the long-term investor. We have already factored in the reduced production growth profile in the short-term and continue to believe this will be a temporary phenomenon. In our view, the long-term outlook for owning energy MLPs remains strong.

The MSCI U.S. REIT Index (U.S. REIT Indexⁱ) gained 2.7% over the reporting period, keeping pace with the broader market after materially outperforming in the year prior. Despite the U.S. REIT Index 's strong appreciation over the past two years, we retain our favorable opinion on the U.S. REIT market. We believe, current REIT valuations appear moderately attractive and real estate fundamentals are positive, both in terms of leasing and capital values. We have seen no pullback in investor demand for U.S. commercial real estate, and we expect cash flow multiples on real estate assets to be roughly flat, at least in the near term. In the coming year, Standard & Poor 's and MSCI will break out a new Real Estate GICS sector, which will include equity REITs; mortgage REITs will remain as part of financials. This change should increase investor demand for equity REIT shares over time. In sum, we continue to be optimistic about the REIT market.

Performance review

For the twelve months ended November 30, 2015, LMP Capital and Income Fund Inc. returned -15.80% based on its net asset value (NAVⁱⁱ) and -20.38% based on its New York Stock Exchange (NYSE) market price per share. The Fund 's unmanaged

Table of Contents**Fund overview (cont d)**

benchmarks, the Barclays U.S. Aggregate Index^{xiii} and the S&P 500 Index, returned 0.97% and 2.75%, respectively. The Lipper Income and Preferred Stock Closed-End Funds Category Average^{xiv} returned 1.80% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

During the twelve-month period, the Fund made distributions to shareholders totaling \$1.12 per share.* The performance table shows the Fund's twelve-month total return based on its NAV and market price as of November 30, 2015. **Past performance is no guarantee of future results.**

Performance Snapshot as of November 30, 2015

(unaudited)

Price Per Share	12-Month Total Return**
\$15.31 (NAV)	-15.80%
\$12.80 (Market Price)	-20.38%

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. Returns reflect the deduction of all Fund expenses, including management fees, operating expenses, and other Fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares.**

Total return assumes the reinvestment of all distributions at NAV.

Total return assumes the reinvestment of all distributions in additional shares in accordance with the Fund's Dividend Reinvestment Plan

Q. What were the leading contributors to performance?

A. On an absolute basis, the Fund had positive returns in the Health Care and Consumer Staples sectors during the reporting period.

In terms of individual Fund holdings, leading contributors to performance for the period included Lockheed Martin, Microsoft, Bristol-Myers Squibb, Great Plains Energy and Maxim Integrated Products.

Q. What were the leading detractors from performance?

A. On an absolute basis, the greatest negative contributions from returns were found in the Energy and Financials sectors. Relative to the benchmark, overall security selection and sector allocation detracted from performance. This negative allocation effect was largely due to the Fund's overweight in Energy, which underperformed the benchmark, and its underweight in Consumer Discretionary, which outperformed the benchmark. Meanwhile, stock selection in the Energy and Financials sectors detracted meaningfully from relative performance.

In terms of individual Fund holdings, leading detractors from performance for the period included Och-Ziff Capital Management LLC, TAL International, Seagate Technology, Plains GP Holdings LP and Enterprise Products Partners LP.

Q. Were there any significant changes to the Fund during the reporting period?

A. Among the largest additions to the Fund's portfolio during the period were convertible preferred shares of Allergan and Anadarko Petroleum and common stock in Procter & Gamble, National CineMedia and Johnson & Johnson.

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*For the tax character of distributions paid during the fiscal year ended November 30, 2015, please refer to page 29 of this report.

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Some of the largest existing holdings that were sold over the course of the period were TAL International Group, National Grid, MetLife and Genesis Energy LP. Additionally, convertible preferred shares of United Technologies matured and we chose to sell the security.

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.lmcef.com.

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 Time, for the Fund's current NAV, market price and other information.

Thank you for your investment in LMP Capital and Income Fund Inc. As always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Fund's investment goals.

Sincerely,

Peter Vanderlee, CFA

Portfolio Manager

ClearBridge Investments, LLC

Tim Daubenspeck

Portfolio Manager

ClearBridge Investments, LLC

Mark McAllister

Portfolio Manager

ClearBridge Investments, LLC

Tatiana Thibodeau

Portfolio Manager

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ClearBridge Investments, LLC

Western Asset Management Company

(Fixed-Income Portion)

December 16, 2015

***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. The Fund may invest in lower-rated high yield bonds or junk bonds, which are subject to greater liquidity and credit risk (risk of default) than higher-rated obligations. The repositioning of the Fund's portfolio may increase a shareholder's risk of loss associated with an investment in the Fund's shares. The Fund's investments in MLPs subjects it to the risks of investing in MLPs and the energy sector, including the risks of declines in energy*

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Fund overview (cont d)

and commodity prices, decreases in energy demand, adverse weather conditions, natural or other disasters, changes in government regulation, and changes in tax laws. Funds that invest in securities related to the real estate industry are subject to the risks of real estate markets, including fluctuating property values, changes in interest rates and other mortgage-related risks. 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.

Portfolio holdings and breakdowns are as of November 30, 2015 and are subject to change and may not be representative of the portfolio managers' current or future investments. The Fund's top ten holdings (as a percentage of net assets) as of November 30, 2015 were: Lockheed Martin Corp. (4.1%), Starwood Property Trust Inc. (3.5%), Enterprise Products Partners LP (3.3%), Energy Transfer Partners LP (3.1%), Weyerhaeuser Co., 6.375% (2.9%), Verizon Communications Inc. (2.7%), Dominion Resources Inc., 6.125% (2.6%), Kimberly-Clark Corp. (2.6%), Regal Entertainment Group, Class A Shares (2.5%) and Welltower Inc., 6.500% (2.5%). Please refer to pages 9 through 14 for a list and percentage breakdown of the Fund's holdings.

The mention of sector breakdowns is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. The information provided regarding such sectors is not a sufficient basis upon which to make an investment decision. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional. The Fund's top five sector holdings (as a percentage of net assets) as of November 30, 2015 were: Financials (38.2%), Master Limited Partnerships (32.7%), Health Care (9.8%), Utilities (9.5%) and Information Technology (9.0%). The Fund's portfolio composition is subject to change at any time.

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

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.

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- ⁱ The NASDAQ Composite Index is a market-value weighted index, which measures all securities listed on the NASDAQ stock market.
- ⁱⁱ 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.
- ⁱⁱⁱ The Dow Jones Industrial Average (DJIA) is a widely followed measurement of the stock market. The average is comprised of thirty stocks that represent leading companies in major industries. These stocks, widely held by both individual and institutional investors, are considered to be all blue-chip companies.
- ^{iv} The Federal Reserve Board (Fed) is responsible for the formulation of U.S. policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- ^v The Chicago Board Options Exchange Volatility Index (VIX) reflects a market estimate of future volatility, based on the weighted average of the implied volatilities for a wide range of strikes.
- ^{vi} Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.
- ^{vii} 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.
- ^{viii} Real estate investment trusts (REITs) invest in real estate or loans secured by real estate and issue shares in such investments, which can be illiquid.
- ^{ix} The Alerian MLP Index is a composite of the fifty most prominent energy master limited partnerships (MLPs) and is calculated using a float-adjusted, capitalization-weighted methodology.
- ^x A basis point is one-hundredth (1/100 or 0.01) of one percent.
- ^{xi} The MSCI U.S. REIT Index (U.S. REIT Index) is a free float-adjusted market capitalization weighted index that is comprised of equity Real Estate Investment Trusts (REITs) that are included in the MSCI U.S. Investable Market Index (IMI) which captures large, mid- and small caps securities. The Index represents about 99% of the U.S. REIT universe.
- ^{xii} Net asset value (NAV) is calculated by subtracting total liabilities, including liabilities associated with financial leverage (if any), 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.
- ^{xiii} The Barclays 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.
- ^{xiv} Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended November 30, 2015, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 29 funds in the Fund's Lipper category.

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Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of November 30, 2015 and November 30, 2014. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

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November 30, 2015

LMP Capital and Income Fund Inc.

	Shares	Value
Security		
Common Stocks 63.6%		
Consumer Discretionary 3.5%		
<i>Media 3.5%</i>		
National CineMedia Inc.	167,000	\$ 2,650,290
Regal Entertainment Group, Class A Shares	374,000	7,012,500 ^(a)
Total Consumer Discretionary		9,662,790
Consumer Staples 3.6%		
<i>Household Products 3.6%</i>		
Kimberly-Clark Corp.	60,000	7,149,000 ^(a)
Procter & Gamble Co.	38,000	2,843,920
Total Consumer Staples		9,992,920
Energy 0.4%		
<i>Oil, Gas & Consumable Fuels 0.4%</i>		
EnLink Midstream LLC	60,000	1,012,200
Financials 21.9%		
<i>Capital Markets 0.6%</i>		
Apollo Global Management LLC, Class A Shares	100,000	<i>1,633,000</i> ^(a)
<i>Real Estate Investment Trusts (REITs) 21.3%</i>		
Alexandria Real Estate Equities Inc.	21,000	1,933,890
American Capital Agency Corp.	168,000	3,015,600 ^(a)
Annaly Capital Management Inc.	400,000	3,832,000 ^(a)
AvalonBay Communities Inc.	5,600	1,018,024
BioMed Realty Trust Inc.	74,000	1,736,780 ^(a)
Camden Property Trust	12,000	916,560 ^(a)
DCT Industrial Trust Inc.	37,500	1,431,375 ^(a)
DuPont Fabros Technology Inc.	23,800	786,352
EPR Properties	76,700	4,298,268 ^(a)
Equity Residential	32,500	2,594,150
HCP Inc.	41,000	1,456,730 ^(a)
Highwoods Properties Inc.	26,000	1,132,560 ^(a)
Hospitality Properties Trust	140,500	3,901,685 ^(a)
Inland Real Estate Corp.	185,000	1,777,850 ^(a)
Kilroy Realty Corp.	24,000	1,601,520 ^(a)
Liberty Property Trust	49,000	1,661,100 ^(a)
Ramco-Gershenson Properties Trust	132,000	2,226,840 ^(a)
Regency Centers Corp.	22,000	1,482,360 ^(a)
Retail Properties of America Inc., Class A Shares	155,000	2,371,500
Senior Housing Properties Trust	61,000	881,450 ^(a)
Simon Property Group Inc.	18,610	3,465,926

See Notes to Financial Statements.

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November 30, 2015

LMP Capital and Income Fund Inc.

	Shares	Value
Security		
<i>Real Estate Investment Trusts (REITs) continued</i>		
Spirit Realty Capital Inc.	272,386	\$ 2,674,830 ^(a)
Starwood Property Trust Inc.	475,211	9,661,040 ^(a)
STORE Capital Corp.	52,500	1,194,900
Urstadt Biddle Properties Inc., Class A Shares	85,000	1,701,700 ^(a)
<i>Total Real Estate Investment Trusts (REITs)</i>		<i>58,754,990</i>
Total Financials		60,387,990
Health Care 7.8%		
<i>Pharmaceuticals 7.8%</i>		
AstraZeneca PLC, Sponsored ADR	30,000	1,021,500
Bristol-Myers Squibb Co.	96,800	6,486,568 ^(a)
GlaxoSmithKline PLC, Sponsored ADR	67,000	2,714,170 ^(a)
Johnson & Johnson	25,000	2,531,000
Merck & Co. Inc.	98,000	5,194,980 ^(a)
Pfizer Inc.	108,000	3,539,160 ^(a)
Total Health Care		21,487,378
Industrials 6.5%		
<i>Aerospace & Defense 4.2%</i>		
Lockheed Martin Corp.	52,000	11,396,320
<i>Electrical Equipment 0.3%</i>		
Emerson Electric Co.	18,000	900,000
<i>Industrial Conglomerates 1.0%</i>		
General Electric Co.	94,000	2,814,360 ^(a)
<i>Transportation Infrastructure 1.0%</i>		
Macquarie Infrastructure Corp.	36,800	2,761,104 ^(a)
Total Industrials		17,871,784
Information Technology 9.0%		
<i>Communications Equipment 0.3%</i>		
Cisco Systems Inc.	30,000	817,500
<i>IT Services 0.6%</i>		
Paychex Inc.	29,000	1,573,250
<i>Semiconductors & Semiconductor Equipment 3.2%</i>		
Intel Corp.	152,500	5,302,425 ^(a)
Maxim Integrated Products Inc.	67,000	2,597,590
Microchip Technology Inc.	19,000	917,320
<i>Total Semiconductors & Semiconductor Equipment</i>		<i>8,817,335</i>
<i>Software 2.2%</i>		
Microsoft Corp.	111,000	6,032,850 ^(a)

See Notes to Financial Statements.

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LMP Capital and Income Fund Inc.

	Shares	Value	
Security			
<i>Technology Hardware, Storage & Peripherals 2.7%</i>			
Apple Inc.	10,000	\$ 1,183,000	
Seagate Technology PLC	179,000	6,433,260 ^(a)	
<i>Total Technology Hardware, Storage & Peripherals</i>		<i>7,616,260</i>	
Total Information Technology		24,857,195	
Materials 1.0%			
<i>Paper & Forest Products 1.0%</i>			
International Paper Co.	64,000	2,677,120 ^(a)	
Telecommunication Services 6.6%			
<i>Diversified Telecommunication Services 5.2%</i>			
AT&T Inc.	206,000	6,936,020 ^(a)	
Verizon Communications Inc.	162,000	7,362,900 ^(a)	
<i>Total Diversified Telecommunication Services</i>		<i>14,298,920</i>	
<i>Wireless Telecommunication Services 1.4%</i>			
Vodafone Group PLC, Sponsored ADR	111,000	3,725,160 ^(a)	
Total Telecommunication Services		18,024,080	
Utilities 3.3%			
<i>Electric Utilities 2.7%</i>			
Great Plains Energy Inc.	114,000	3,076,860 ^(a)	
PPL Corp.	128,000	4,357,120 ^(a)	
<i>Total Electric Utilities</i>		<i>7,433,980</i>	
<i>Independent Power and Renewable Electricity Producers 0.2%</i>			
8Point3 Energy Partners LP	43,000	525,890	
<i>Multi-Utilities 0.4%</i>			
CenterPoint Energy Inc.	69,000	1,169,550	
Total Utilities		9,129,420	
Total Common Stocks (Cost \$143,135,744)		175,102,877	
	Rate		
Convertible Preferred Stocks 18.0%			
Energy 1.7%			
<i>Oil, Gas & Consumable Fuels 1.7%</i>			
Anadarko Petroleum Corp.	7.500%	130,000	4,825,600
Financials 7.1%			
<i>Real Estate Investment Trusts (REITs) 7.1%</i>			
American Tower Corp.	5.250%	32,000	3,313,600
American Tower Corp.	5.500%	13,550	1,384,539
Welltower Inc.	6.500%	117,800	6,943,132 ^(a)
Weyerhaeuser Co.	6.375%	151,000	8,001,490
Total Financials			19,642,761

See Notes to Financial Statements.

Table of Contents**Schedule of investments (cont d)**

November 30, 2015

LMP Capital and Income Fund Inc.

	Rate	Shares	Value
Security			
Health Care 2.0%			
<i>Pharmaceuticals 2.0%</i>			
Allergan PLC	5.500%	5,150	\$ 5,393,698
Industrials 1.0%			
<i>Machinery 1.0%</i>			
Stanley Black & Decker Inc.	6.250%	22,000	2,726,020
Utilities 6.2%			
<i>Electric Utilities 3.6%</i>			
Exelon Corp.	6.500%	121,000	4,835,160 ^(a)
NextEra Energy Inc.	5.799%	94,000	4,979,180
<i>Total Electric Utilities</i>			9,814,340
<i>Multi-Utilities 2.6%</i>			
Dominion Resources Inc.	6.125%	134,000	7,186,420 ^(a)
Total Utilities			17,000,760
Total Convertible Preferred Stocks (Cost \$50,192,106)			49,588,839
Investments in Underlying Funds 9.2%			
Financials 9.2%			
<i>Capital Markets 9.2%</i>			
Ares Capital Corp.		362,000	5,726,840 ^{(a)(b)}
FS Investment Corp.		470,000	4,690,600 ^(b)
Golub Capital BDC Inc.		326,000	5,675,660 ^{(a)(b)}
TCP Capital Corp.		331,000	5,060,990 ^{(a)(b)}
TriplePoint Venture Growth BDC Corp.		327,000	4,035,180 ^{(a)(b)}
Total Investments in Underlying Funds (Cost \$27,373,961)			25,189,270
		Shares/Units	
Master Limited Partnerships 32.7%			
<i>Diversified Energy Infrastructure 9.7%</i>			
Energy Transfer Equity LP		247,000	4,678,180 ^(a)
Energy Transfer Partners LP		227,000	8,673,670 ^(a)
Enterprise Products Partners LP		360,000	9,140,400 ^(a)
Plains GP Holdings LP, Class A Shares		354,000	4,340,040 ^(a)
<i>Total Diversified Energy Infrastructure</i>			26,832,290
<i>Financials 4.5%</i>			
Ares Management LP		72,260	1,016,698
Blackstone Group LP		196,000	6,121,080 ^(a)
Och-Ziff Capital Management Group LLC, Class A Shares		858,905	5,308,033 ^(a)
<i>Total Financials</i>			12,445,811
<i>Gathering/Processing 3.8%</i>			
DCP Midstream Partners LP		83,000	2,108,200 ^(a)

See Notes to Financial Statements.

Table of Contents**LMP Capital and Income Fund Inc.**

	Shares/Units	Value
Security		
<i>Gathering/Processing continued</i>		
Enable Midstream Partners LP	90,000	\$ 846,000
MarkWest Energy Partners LP	85,000	4,080,000 ^(a)
Summit Midstream Partners LP	101,640	1,891,521 ^(a)
Targa Resources Partners LP	61,000	1,393,240
<i>Total Gathering/Processing</i>		<i>10,318,961</i>
<i>General Partner 0.4%</i>		
Crestwood Equity Partners LP	14,713	275,565
Tallgrass Energy GP LP	34,930	767,063
<i>Total General Partner</i>		<i>1,042,628</i>
<i>Global Infrastructure 0.8%</i>		
Brookfield Infrastructure Partners LP	55,000	2,284,700 ^(a)
<i>Liquids Transportation & Storage 4.0%</i>		
Buckeye Partners LP	67,000	4,535,230 ^(a)
Magellan Midstream Partners LP	47,000	2,938,910
PBF Logistics LP	98,820	1,949,719 ^(a)
Tesoro Logistics LP	14,513	724,924
World Point Terminals LP	73,000	962,870
<i>Total Liquids Transportation & Storage</i>		<i>11,111,653</i>
<i>Natural Gas Transportation & Storage 2.5%</i>		
Hoegh LNG Partners LP	197,420	3,138,978
Williams Partners LP	138,000	3,783,960 ^(a)
<i>Total Natural Gas Transportation & Storage</i>		<i>6,922,938</i>
<i>Offshore 0.9%</i>		
Dynagas LNG Partners LP	193,000	2,451,100 ^(a)
<i>Oil & Gas Drilling 0.2%</i>		
Transocean Partners LLC	64,500	676,605
<i>Oil, Gas & Consumable Fuels 0.9%</i>		
Enviva Partners LP	80,000	1,224,800
Green Plains Partners LP	100,100	1,322,321
<i>Total Oil, Gas & Consumable Fuels</i>		<i>2,547,121</i>
<i>Oil/Refined Products 2.7%</i>		
CrossAmerica Partners LP	90,000	2,203,200 ^(a)
JP Energy Partners LP	128,000	880,640
Sunoco LP	60,000	2,232,000
VTTI Energy Partners LP	97,000	2,037,970
<i>Total Oil/Refined Products</i>		<i>7,353,810</i>
<i>Petrochemicals 0.1%</i>		
Westlake Chemical Partners LP	17,700	275,766

See Notes to Financial Statements.

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Schedule of investments (cont d)

November 30, 2015

LMP Capital and Income Fund Inc.

	Shares/Units	Value
Security		
<i>Refining 0.3%</i>		
Western Refining Logistics LP	32,960	\$ 771,923
<i>Shipping 1.9%</i>		
Golar LNG Partners LP	180,000	2,581,200 ^(a)
KNOT Offshore Partners LP	158,000	2,512,200
<i>Total Shipping</i>		<i>5,093,400</i>
Total Master Limited Partnerships (Cost \$103,878,137)		90,128,706
Total Investments 123.5% (Cost \$324,579,948#)		340,009,692
Liabilities in Excess of Other Assets (23.5)%		(64,628,724)
Total Net Assets 100.0%		\$ 275,380,968

(a) All or a portion of this security is pledged as collateral pursuant to the loan agreement (See Note 5).

(b) Security is a business development company (See Note 1).

Aggregate cost for federal income tax purposes is \$316,833,078.

Abbreviation used in this schedule:

ADR American Depositary Receipts

See Notes to Financial Statements.

Table of Contents**Statement of assets and liabilities**

November 30, 2015

Assets:	
Investments, at value (Cost \$324,579,948)	\$ 340,009,692
Cash	11,845,446
Receivable for securities sold	1,211,447
Dividends receivable	1,074,100
Prepaid expenses	9,072
Total Assets	354,149,757
Liabilities:	
Loan payable (Note 5)	75,000,000
Payable for securities purchased	3,323,105
Investment management fee payable	240,961
Interest payable (Note 5)	18,572
Directors' fees payable	8,517
Accrued expenses	177,634
Total Liabilities	78,768,789
Total Net Assets	\$ 275,380,968
Net Assets:	
Par value (\$0.001 par value; 17,983,331 shares issued and outstanding;	
100,000,000 shares authorized)	\$ 17,983
Paid-in capital in excess of par value	373,231,008
Undistributed net investment income	4,306,449
Accumulated net realized loss on investments and foreign currency transactions	(117,602,916)
Net unrealized appreciation on investments and foreign currencies	15,428,444
Total Net Assets	\$ 275,380,968
Shares Outstanding	17,983,331
Net Asset Value	\$15.31

See Notes to Financial Statements.

Table of Contents**Statement of operations**

For the Year Ended November 30, 2015

Investment Income:	
Dividends and distributions	\$ 22,293,488
Return of capital (Note 1(g))	(7,630,801)
Net dividends and distributions	14,662,687
Interest	704
Less: Foreign taxes withheld	(29,258)
Total Investment Income	14,634,133
Expenses:	
Investment management fee (Note 2)	3,284,647
Interest expense (Note 5)	625,201
Audit and tax fees	79,827
Transfer agent fees	72,866
Legal fees	52,668
Directors' fees	45,112
Shareholder reports	33,604
Fund accounting fees	32,704
Stock exchange listing fees	21,207
Franchise tax	13,000
Insurance	6,376
Custody fees	918
Miscellaneous expenses	10,944
Total Expenses	4,279,074
Net Investment Income	10,355,059
Realized and Unrealized Gain (Loss) on Investments	
and Foreign Currency Transactions (Notes 1 and 3):	
Net Realized Gain (Loss) From:	
Investment transactions	19,082,968
REIT distributions	263,400
Foreign currency transactions	(32,249)
Net Realized Gain	19,314,119
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments	(82,398,788)
Foreign currencies	(812)
Change in Net Unrealized Appreciation (Depreciation)	(82,399,600)
Net Loss on Investments and Foreign Currency Transactions	(63,085,481)
Decrease in Net Assets from Operations	\$ (52,730,422)

See Notes to Financial Statements.

Table of Contents**Statements of changes in net assets**

For the Years Ended November 30,	2015	2014
Operations:		
Net investment income	\$ 10,355,059	\$ 20,218,053
Net realized gain	19,314,119	17,855,526
Change in net unrealized appreciation (depreciation)	(82,399,600)	15,076,169
<i>Increase (Decrease) in Net Assets From Operations</i>	<i>(52,730,422)</i>	<i>53,149,748</i>
Distributions to Shareholders From (Note 1):		
Net investment income	(20,141,330)	(20,141,330)
<i>Decrease in Net Assets From Distributions to Shareholders</i>	<i>(20,141,330)</i>	<i>(20,141,330)</i>
<i>Increase (Decrease) in Net Assets</i>	<i>(72,871,752)</i>	<i>33,008,418</i>
Net Assets:		
Beginning of year	348,252,720	315,244,302
End of year*	\$ 275,380,968	\$ 348,252,720
*Includes undistributed net investment income of:	\$4,306,449	\$1,403,833

See Notes to Financial Statements.

Table of Contents**Statement of cash flows**

For the Year Ended November 30, 2015

Increase (Decrease) in Cash:**Cash Provided (Used) by Operating Activities:**

Net decrease in net assets resulting from operations	\$ (52,730,422)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided (used) by operating activities:	
Purchases of portfolio securities	(111,187,285)
Sales of portfolio securities	139,384,038
Return of capital	7,630,801
Net purchases, sales and maturities of short-term investments	2,781,252
Decrease in receivable for securities sold	1,212,849
Decrease in dividends receivable	169,051
Decrease in prepaid expenses	880
Decrease in payable for securities purchased	(1,752,849)
Decrease in investment management fee payable	(70,964)
Increase in Directors' fees payable	6,402
Decrease in interest payable	(4,181)
Decrease in accrued expenses	(43,466)
Increase in proceeds from securities litigation	43,785
Net realized gain on investments	(19,082,968)
Change in unrealized depreciation of investments	82,398,788
<i>Net Cash Provided by Operating Activities*</i>	