FORM N-CSR

Certified annual shareholder report of registered management investment companies filed on Form N-CSR

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FILER

LMP CAPITAL & INCOME FUND INC.

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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, 2012

ITEM 1. REPORT TO STOCKHOLDERS.

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

November 30, 2012

LEGG MASON
GLOBAL ASSET MANAGEMENT

Annual Report

LMP Capital and Income Fund Inc.
(SCD)

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

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, 2012. 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.

Recent regulations adopted by the Commodity Futures Trading Commission (the "CFTC") require operators of registered investment companies, including closed-end funds, to register as "commodity pool operators" unless the fund limits its investments in commodity interests. Effective December 31, 2012, your Fund' s manager has claimed the exclusion from the definition of "commodity pool operator." More information about the CFTC rules and their effect on the Fund is included later in this report on page 30.

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,
- 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,

R. Jay Gerken, CFA
Chairman, President and Chief Executive Officer

December 28, 2012

Investment commentary

Economic review

While the U.S. economy continued to grow over the twelve months ended November 30, 2012, it did so at an uneven pace. U.S. gross domestic product ("GDP")[i] growth, as reported by the U.S. Department of Commerce, was 4.1% in the fourth quarter of 2011. Economic growth in the U.S. then decelerated, as first quarter 2012 GDP growth was 2.0%. This was primarily due to less robust private inventory and non-residential fixed investments. The economy slowed further in the second quarter, as GDP growth was a tepid 1.3%. GDP growth then moved to 3.1% in the third quarter. The increase was partially due to increased private inventory and investment, higher federal government spending and a deceleration in imports.

The U.S. job market remained weak. While there was some improvement during the reporting period, unemployment remained elevated. When the reporting period began, unemployment, as reported by the U.S. Department of Labor, was 8.5%. Unemployment then generally declined and was 8.1% in April 2012, the lowest rate since January 2009, but still high by historical standards. The unemployment rate then rose to 8.3% in July, before falling to 7.8% in September and ending the reporting period at 7.7% in November. However, the number of longer-term unemployed remained high, as roughly 40% of the 12 million people without a job have been out of work for more than six months.

Meanwhile, the housing market brightened, as sales have started to improve of late and home prices continued to rebound. According to the National Association of Realtors ("NAR"), existing-home sales rose 5.9% on a seasonally adjusted basis in November 2012 versus the previous month and they were 14.5% higher than in November 2011. In addition, the NAR reported that the median existing-home price for all housing types was $180,600 in November 2012, up 10.1% from November 2011. This marked the ninth consecutive month that home prices rose compared to the same period a year earlier. Furthermore, the inventory of homes available for sale fell 3.8% in November, which represents a 4.8 month supply at the current sales pace. This represents the lowest inventory since September 2005.

The manufacturing sector appeared to overcome a soft patch that occurred in the summer of 2012 as it improved toward the end of the reporting period, only to experience another setback in November 2012. Based on the Institute for Supply Management' s PMI ("PMI")[ii], after expanding 34 consecutive months, the PMI fell to 49.7 in June 2012, which represented the first contraction in the manufacturing sector since July 2009 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). Manufacturing continued to contract in July and August before ticking up to 51.5 in September and 51.7 in October. However, the PMI fell back to contraction territory with a reading of 49.5 in November, its lowest level since July 2009.

The Federal Reserve Board ("Fed")[iii] took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. As has been the case since December 2008, the Fed kept the federal funds rate[iv] at a historically low range between zero and 0.25%. In September 2011, prior to the beginning

of the reporting period, the Fed announced its intention to purchase $400 billion of longer-term Treasury securities and to sell an equal amount of shorter-term Treasury securities by June 2012 (often referred to as "Operation Twist"). In January 2012, the Fed extended the period it expects to keep rates on hold until at least through late 2014. Operation Twist was then extended in June 2012 until the end of the year. In September the Fed announced a third round of quantitative easing, which involves purchasing $40 billion each month of agency mortgage-backed securities (MBS) on an open-end basis. In addition, the Fed said that Operation Twist would continue and that it will keep the federal funds rate on hold until at least mid-2015. Finally, at its meeting in December, after the reporting period ended, the Fed announced that it would continue purchasing $40 billion per month of agency MBS, as well as initially purchasing $45 billion a month of longer-term Treasuries. The Fed also said that it would keep the federal funds rate on hold "...as long as the unemployment rate remains above 6.5%, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee' s 2.0% longer-run goal, and longer-term inflation expectations continue to be well anchored."

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

Sincerely,

R. Jay Gerken, CFA
Chairman, President and Chief Executive Officer

December 28, 2012

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

[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 Institute for Supply Management' s PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the manufacturing sector.

[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 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.

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, including up to 25% of its total assets in energy master limited partnerships ("MLPs"). 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 (prior to December 5, 2012, known as ClearBridge Advisors, 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”)[i], 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 team includes portfolio managers Stephen A. Walsh, Keith J. Gardner, Mark Lindbloom, Michael C. Buchanan and Ryan Brist. Their focus is on portfolio structure, including sector allocation, duration[ii] weighting and term-structure decisions.

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

A. The reporting period began amid significant market volatility and weakness, stemming largely from uncertainty over the state of the European sovereign debt crisis and the failure of the U.S. Congressional “super committee” to produce a deficit reduction plan. However, the start of the new calendar year saw stocks rise significantly, with both the Dow Jones Industrial Average (“DJIA”)[iii] and the S&P 500 Index[iv] making strong advances in the first calendar quarter of 2012. The key catalysts for the rise were the European Central Bank’ s (“ECB”) introduction of the Long-Term Refinancing Operations (“LTRO”) in December 2011, which alleviated much of the concern about a potential European bank liquidity crisis and financial contagion, and modest improvement seen in U.S. economic data.

As the period progressed, both the domestic economic recovery and the bull market for equities managed to continue despite weaker corporate

earnings guidance and slowing economic growth in both the U.S. and China. Increasingly, stock market performance was correlated with central bank activity, as additional policy easing actions taken by the ECB and the Federal Reserve Board (“Fed”)[v] sparked solid stock market gains. Over the summer and fall, uncertainty over the outcome of the U.S. Presidential election and fears of the “fiscal cliff” remained in the forefront, but were not enough to stop the market’ s rise to multi-year highs in September and October. The market dipped following President Obama’ s re-election in early November, but rapidly recovered to end the period with significant gains. The spread sectors (non-Treasuries) experienced periods of volatility during the reporting period, but ultimately posted positive results. Demand for the spread sectors was generally robust during the first three months of the reporting period. This was due to several factors, including signs that the U.S. economy was gathering momentum and some progress in the European sovereign debt crisis. However, fears that the economy may be experiencing a soft patch and contagion fears from Europe led to periods of heightened risk aversion during portions of March, April and May 2012. The spread sectors then largely rallied from June through November as investor sentiment improved.

Short-term Treasury yields were unchanged, whereas long-term Treasury yields declined during the reporting period. When the period began, two-year Treasury yields were 0.25%. They moved as low as 0.21% on January 17, 2012 and as high as 0.41% on March 20, 2012. Ten-year Treasury yields were 2.08% at the beginning of the period and peaked at 2.39% on March 19, 2012. On July 25, 2012, ten-year Treasuries closed at an all-time low of 1.43%. Yields then edged higher due to some positive developments in Europe and hopes for additional Fed actions to stimulate the economy. When the reporting period ended on November 30, 2012, two-year Treasury yields were 0.25% and ten-year Treasury yields were 1.69%. All told, the Barclays U.S. Aggregate Index[vi], returned 5.51% for the twelve months ended November 30, 2012.

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

A. On the equity side of the Fund, we seek out companies with sound or improving balance sheets that demonstrate leadership in their industry. We also focus on companies that generate ample free cash flow and which exhibit a strong dividend profile. Against a backdrop where, during the reporting period, investment grade bonds did not offer what we consider to be an attractive yield, as exemplified by the historically low yield on the ten-year Treasury, we felt equities could provide a better avenue to capture income and growth potential. As such, we heavily tilted the portfolio to equity securities, in particular those that provide a high and sustainable current income stream. The case for equities over bonds was further underscored by observing that many stocks offered dividends that exceeded the yields on their bonds and notes, a situation that is a rare occurrence since the 1950s.

Throughout the reporting period, the fixed-income portion of the Fund continued to represent approximately 1% of its total assets. To a great extent, this allocation was held in non-agency mortgage-backed securities (“MBS”). On two occasions during the reporting

period – in January/February 2012 and in August/September 2012 – we pared our exposure to non-agency MBS given their strong performance and in order to reduce the fixed-income portion of the portfolio’ s overall risk exposure. We believe that the Fund’ s positioning offers our shareholders an attractive current yield combined with the potential for distribution growth and capital appreciation over time.

The Fund has a managed distribution policy and pays a quarterly distribution of $0.28 per share. As of the close of the period, we remain comfortable with our ability to sustain the Fund’ s distribution rate.

The Fund has a sizable exposure to energy MLPs. We believe that the U.S. is undergoing a renaissance in energy production as a result of a resurgence in drilling activity enabled by technological advancements in horizontal drilling and hydraulic fracturing. It is our belief that the energy MLPs are very well positioned to capitalize on this growth opportunity by providing the necessary infrastructure to move, process and store these hydrocarbons.

Regarding the Fund’ s exposure to the Utilities sector, our holdings largely had regulated returns, low earnings volatility and a relatively attractive dividend yield. Within the Utilities sector, we have been focusing on what we feel are quality names that offer an attractive dividend yield and where we feel the dividend is sustainable and could grow over time. The Fund’ s meaningful Telecommunication Services (“Telecom”) weighting is due to the sector’ s attractive dividend yield profile, as well as our belief that the sector’ s yields are very sustainable.

Performance review

For the twelve months ended November 30, 2012, LMP Capital and Income Fund Inc. returned 17.02% based on its net asset value (“NAV”)[vii] and 23.69% based on its New York Stock Exchange (“NYSE”) market price per share. The Fund’ s unmanaged benchmarks, the Barclays U.S. Aggregate Index and the S&P 500 Index, returned 5.51% and 16.13%, respectively. The Lipper Income and Preferred Stock Closed-End Funds Category Average[viii] returned 21.72% 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, 2012. **Past performance is no guarantee of future results.**

Performance Snapshot as of November 30, 2012

Price Per Share	**12-Month Total Return***
$14.43 (NAV)	17.02%†
$13.90 (Market Price)	23.69%‡

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 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. With respect to the equity portion of the portfolio, on an absolute basis the Fund had positive returns in all nine economic sectors in which it was invested during the reporting period (among ten sectors in total), with the greatest contributions to returns coming from the Financials, Energy and Industrials sectors.

Relative to the S&P 500 Index, significant contributions to performance included the Fund' s stock selection in the Energy, Industrials, Information Technology ("IT"), Utilities and Consumer Staples sectors. As for sector allocation, the Fund' s overweights to the Financials and Telecom sectors and its underweights to the IT and Materials sectors also contributed to relative performance.

In terms of individual Fund holdings, leading contributors to performance for the period included positions in Medley Capital Corp. in the Financials sector, Seagate Technology Inc. in the IT sector, TAL International Group Inc. in the Industrials sector, as well as AT&T Inc. and Verizon Communications Inc., both in the Telecom sector.

In the fixed-income portion of the Fund, relative to the Barclays U.S. Aggregate Index, the Fund' s non-agency MBS exposure contributed to results. While the sector experienced some periods of volatility, overall they generated strong results over the twelve months ended November 30, 2012. Supporting the non-agency MBS sector was generally strong demand from investors looking to generate incremental yield in the low interest rate environment. In addition, fundamentals improved given the strengthening housing market.

Q. What were the leading detractors from performance?

A. With respect to the equity portion of the portfolio, relative to the benchmark, both the Fund' s overall sector allocation and overall stock selection detracted from performance for the period. In particular, stock selection in the Telecom, Financials and Health Care sectors detracted from relative performance for the period. In terms of allocation, sector overweights to the Utilities and Energy sectors and underweights to the Consumer Discretionary and Health Care sectors also hurt relative performance for the period.

In terms of individual Fund holdings, leading detractors from performance for the period included positions in France Telecom ADS and Windstream Corp., both in the Telecom sector, Buckeye Partners LP, Apache Corp. Preferred Convertible Series D, and DCP Midstream Partners LP, all in the Energy sector.

In the fixed-income portion of the portfolio, there were no detractors from relative performance.

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 new positions in Energy Transfer Equity LP, Linn Energy LLC, and Enterprise Products Partners LP, all in the Energy sector, as well as Nextera Energy Inc. Unit 09/01/2015 and Great Plains Energy Inc., both in the Utilities sector.

Some of the largest existing holdings that were sold over the course of the period were positions in Total SA ADS in the Energy sector, Nextera Energy Inc. Unit 08/31/2013 and Great Plains Energy Inc. Unit 06/15/2042 in the

Utilities sector, France Telecom ADS in the Telecom sector and New York Community Bancorp Inc. in the Financials sector.

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,

Tim Daubenspeck
Portfolio Manager
ClearBridge Investments, LLC

Mark McAllister
Portfolio Manager
ClearBridge Investments, LLC

Tatiana Thibodeau
Portfolio Manager
ClearBridge Investments, LLC

Peter Vanderlee, CFA
Portfolio Manager
ClearBridge Investments, LLC

Western Asset Management Company
(Fixed-Income Portion)

December 20, 2012

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 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 energy-related MLPs subjects it to the risks of investing in MLPs and the energy sector, including the risks of declines in energy 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, 2012 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, 2012 were: Energy Transfer Equity LP (5.8%), NextEra Energy Inc., 5.889% (5.1%), PPL Corp., 9.500% (4.5%), Linn Energy LLC (4.4%), Enterprise Products Partners LP (4.2%), Vodafone Group PLC, ADR (4.2%), CenturyLink Inc. (3.9%), Annaly Capital Management

Inc. (3.5%), MetLife Inc., Junior Subordinated Debentures, 6.400% due 12/15/36 (3.3%) and Great Plains Energy Inc. (3.2%). Please refer to pages 8 through 13 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, 2012 were: Financials (38.4%), Energy (33.7%), Utilities (17.7%), Telecommunication Services (14.2%) and Industrials (7.8%). 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.

[i] 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.

[ii] Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.

[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 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 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.

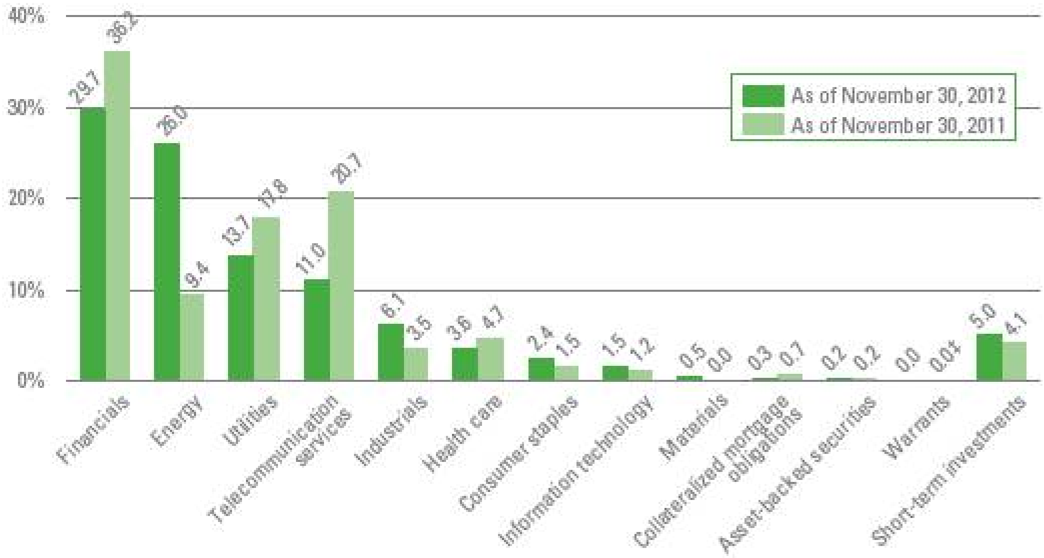
[vi] The Barclays U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.

[vii] Net asset value ("NAV") is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total investments) 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.

[viii] 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, 2012, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 21 funds in the Fund' s Lipper category.

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, 2012 and November 30, 2011 and does not include derivatives, such as written options, futures contracts, options on futures and swap contracts. The Fund is actively managed. As a result, the composition of the Fund' s investments is subject to change at any time.

‡ Represents less than 0.1%.

Schedule of investments
November 30, 2012

LMP Capital and Income Fund Inc.

Security	**Shares**	**Value**
Common Stocks − 66.1%		
Consumer Staples − 3.1%		
Food Products − 1.4%		
H.J. Heinz Co.	60,000	**$ *3,507,600***(a)
Household Products − 1.7%		
Kimberly-Clark Corp.	53,000	***4,543,160***(a)
Total Consumer Staples		**8,050,760**
Energy − 2.5%		
Energy Equipment & Services − 2.5%		
Diamond Offshore Drilling Inc.	93,020	**6,418,380**(a)
Financials − 26.9%		
Capital Markets − 3.1%		
Medley Capital Corp.	584,200	***7,962,646***(a)
Insurance − 0.7%		
MetLife Inc.	57,169	***1,897,439***(a)

Real Estate Investment Trusts (REITs) − 23.1%		
American Capital Agency Corp.	242,000	7,635,100[(a)]
Annaly Capital Management Inc.	622,000	9,155,840[(a)]
DCT Industrial Trust Inc.	150,000	937,500
EPR Properties	41,000	1,859,350[(a)]
Excel Trust Inc.	131,000	1,558,900[(a)]
Hatteras Financial Corp.	246,000	6,558,360[(a)]
HCP Inc.	41,000	1,847,050[(a)]
Health Care REIT Inc.	27,000	1,590,030[(a)]
Highwoods Properties Inc.	26,000	838,240[(a)]
Hospitality Properties Trust	119,000	2,701,300[(a)]
Inland Real Estate Corp.	185,000	1,474,450[(a)]
Kilroy Realty Corp.	24,000	1,082,400[(a)]
Liberty Property Trust	49,000	1,706,670[(a)]
Mack-Cali Realty Corp.	58,000	1,466,240[(a)]
OMEGA Healthcare Investors Inc.	90,000	2,062,800[(a)]
Primaris Retail Real Estate Investment Trust	46,000	1,062,304[(a)]
Ramco-Gershenson Properties Trust	132,000	1,766,160[(a)]
Regency Centers Corp.	22,000	1,030,700[(a)]
Senior Housing Properties Trust	50,000	1,117,500[(a)]
Spirit Realty Capital Inc.	115,000	1,866,450*[(a)]
Starwood Property Trust Inc.	190,000	4,343,400[(a)]
Urstadt Biddle Properties, Class A Shares	85,000	1,597,150[(a)]
Westfield Group	439,000	4,773,821[(a)]
Total Real Estate Investment Trusts (REITs)		***60,031,715***
Total Financials		**69,891,800**

See Notes to Financial Statements.

Security	Shares	Value
Health Care − 4.6%		
Pharmaceuticals − 4.6%		
Bristol-Myers Squibb Co.	72,000	$ 2,349,360[(a)]
GlaxoSmithKline PLC, ADR	165,000	7,096,650[(a)]
Pfizer Inc.	102,000	2,552,040
Total Health Care		**11,998,050**
Industrials − 6.5%		
Aerospace & Defense − 2.1%		
Lockheed Martin Corp.	60,000	***5,598,000***[(a)]
Machinery − 1.4%		

Eaton Corp.	69,000	***3,599,040***[(a)]
Trading Companies & Distributors − 3.0%		
TAL International Group Inc.	226,000	***7,695,300***[(a)]
Total Industrials		**16,892,340**
Information Technology − 1.9%		
Computers & Peripherals − 1.9%		
Seagate Technology PLC	195,000	**4,894,500**
Materials − 0.7%		
Paper & Forest Products − 0.7%		
International Paper Co.	50,000	**1,857,000**
Telecommunication Services − 14.2%		
Diversified Telecommunication Services − 10.0%		
AT&T Inc.	185,000	6,314,050[(a)]
CenturyLink Inc.	262,000	10,176,080[(a)]
Verizon Communications Inc.	146,000	6,441,520[(a)]
Windstream Corp.	377,970	3,167,389[(a)]
Total Diversified Telecommunication Services		***26,099,039***
Wireless Telecommunication Services − 4.2%		
Vodafone Group PLC, ADR	420,000	***10,836,000***[(a)]
Total Telecommunication Services		**36,935,039**
Utilities − 5.7%		
Electric Utilities − 3.2%		
Great Plains Energy Inc.	410,000	***8,302,500***[(a)]
Multi-Utilities − 2.5%		
Integrys Energy Group Inc.	47,000	2,498,990[(a)]
National Grid PLC	340,000	3,840,355[(a)]
Total Multi-Utilities		***6,339,345***
Total Utilities		**14,641,845**
Total Common Stocks (Cost − $160,135,333)		**171,579,714**

See Notes to Financial Statements.

Security	Rate	Shares	Value
Convertible Preferred Stocks − 14.7%			
Financials − 3.8%			
Insurance − 1.4%			
MetLife Inc.	5.000%	81,000	**$ *3,611,790***[(a)]
Real Estate Investment Trusts (REITs) − 2.4%			

Health Care REIT Inc.	6.500%	110,000	***6,182,000***[(a)]
Total Financials			**9,793,790**
Industrials – 1.3%			
Industrial Conglomerates – 1.3%			
United Technologies Corp.	7.500%	64,000	**3,502,080**
Utilities – 9.6%			
Electric Utilities – 9.6%			
NextEra Energy Inc.	5.889%	263,000	13,115,810
PPL Corp.	9.500%	219,000	11,804,100[(a)]
Total Utilities			**24,919,910**
Total Convertible Preferred Stocks (Cost – $37,664,405)			**38,215,780**
Master Limited Partnerships – 32.7%			
Diversified Energy Infrastructure – 11.7%			
Energy Transfer Equity LP		332,000	15,096,040[(a)]
Enterprise Products Partners LP		212,160	10,996,253[(a)]
Genesis Energy LP		73,000	2,618,510[(a)]
Williams Partners LP		30,000	1,527,300
Total Diversified Energy Infrastructure			**30,238,103**
Exploration & Production – 4.4%			
Linn Energy LLC		289,000	**11,453,070**[(a)]
Financials – 1.5%			
Och-Ziff Capital Management Group LLC		418,000	**3,979,360**[(a)]
Gathering/Processing – 8.6%			
Access Midstream Partners LP		60,000	2,099,400
Copano Energy LLC		70,000	2,207,100
DCP Midstream Partners LP		135,021	5,654,679[(a)]
EQT Midstream Partners LP		150,500	4,623,360
MarkWest Energy Partners LP		45,000	2,325,600[(a)]
Summit Midstream Partners LP		130,000	2,568,800*
Western Gas Partners LP		55,000	2,692,800[(a)]
Total Gathering/Processing			**22,171,739**
Liquids Transportation & Storage – 5.8%			
Enbridge Energy Partners LP		105,000	3,047,100
Magellan Midstream Partners LP		30,000	1,334,400
Plains All American Pipeline LP		52,000	2,422,160
Sunoco Logistics Partners LP		47,000	2,388,540

See Notes to Financial Statements.

Security	Shares	Value
Liquids Transportation & Storage – continued		

Susser Petroleum Partners LP			165,000	$ 4,120,050
Tesoro Logistics LP			38,000	1,751,800
Total Liquids Transportation & Storage				**15,064,050**
Shipping – 0.7%				
Golar LNG Partners LP			61,000	**1,823,900**[(a)]
Total Master Limited Partnerships (Cost – $75,874,960)				**84,730,222**
	Rate			
Preferred Stocks – 1.1%				
Financials – 1.1%				
Real Estate Investment Trusts (REITs) – 1.1%				
Ashford Hospitality Trust, Series E	9.000%		33,661	908,847[(a)]
Glimcher Realty Trust, Series H	7.500%		34,000	872,100
Pebblebrook Hotel Trust, Series A	7.875%		31,112	812,645[(a)]
Sunstone Hotel Investors Inc.	8.000%		8,085	210,574
Total Preferred Stocks (Cost – $2,693,790)				**2,804,166**
		Maturity Date	**Face Amount**	
Asset-Backed Securities – 0.2%				
Asset-Backed Funding Certificates, 2004-FF1 M2	2.383%	1/25/34	$184,366	15,008[(b)]
Countrywide Asset-Backed Certificates, 2004-5 M4	1.458%	6/25/34	126,652	48,817[(b)]
Finance America Net Interest Margin Trust, 2004-1 A	5.250%	6/27/34	73,417	1[(c)(d)(e)]
Fremont Home Loan Trust, 2004-1 M5	1.858%	2/25/34	110,435	63,065[(b)]
GSAMP Trust, 2004-OPT M3	1.358%	11/25/34	204,846	101,463[(b)]
MASTR Specialized Loan Trust, 2007-2 A	0.558%	5/25/37	330,710	193,700[(b)(c)]
Renaissance Home Equity Loan Trust, 2003-4 M3	2.108%	3/25/34	313,746	169,470[(b)]
Sail Net Interest Margin Notes, 2003-BC2A A	7.750%	4/27/33	141,210	1[(c)(d)(e)]
Sail Net Interest Margin Notes, 2004-2A A	5.500%	3/27/34	71,380	1[(c)(d)(e)]
Total Asset-Backed Securities (Cost – $1,456,209)				**591,526**
Collateralized Mortgage Obligations – 0.4%				
Bear Stearns ARM Trust, 2005-12 24A1	5.501%	2/25/36	84,016	71,606[(b)]
Federal National Mortgage Association (FNMA), 2011-63 SW, IO	6.473%	7/25/41	64,081	10,422[(b)]
Merit Securities Corp., 11PA B2	1.709%	9/28/32	53,954	53,012[(b)(c)]
MLCC Mortgage Investors Inc., 2004-A B2	1.588%	4/25/29	234,932	112,448[(b)]
MLCC Mortgage Investors Inc., 2004-B B2	1.528%	5/25/29	337,960	241,409[(b)]
Washington Mutual Inc. Pass-Through Certificates, 2006-AR5 4A	1.150%	6/25/46	458,004	238,679[(b)]
Wells Fargo Alternative Loan Trust, 2007-PA2 2A1	0.638%	6/25/37	466,021	265,262[(b)]
Total Collateralized Mortgage Obligations (Cost – $1,374,996)				**992,838**

See Notes to Financial Statements.

Schedule of investments (cont' d)

November 30, 2012

LMP Capital and Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Corporate Bonds & Notes − 7.5%				
Financials − 5.1%				
Capital Markets − 1.8%				
Charles Schwab Corp., Notes	7.000%	2/1/22	$ 4,000,000	$ ***4,604,280***[(b)(f)]
Insurance − 3.3%				
MetLife Inc., Junior Subordinated Debentures	6.400%	12/15/36	8,000,000	***8,538,928***[(a)]
Total Financials				**13,143,208**
Utilities − 2.4%				
Electric Utilities − 2.4%				
NextEra Energy Capital Holding Inc., Junior Subordinated Notes	6.350%	10/1/66	1,849,000	1,980,111[(b)]
NextEra Energy Capital Holding Inc., Junior Subordinated Notes	6.650%	6/15/67	4,000,000	4,306,212[(a)(b)]
Total Utilities				**6,286,323**
Total Corporate Bonds & Notes (Cost − $17,339,136)				**19,429,531**
Total Investments before Short-Term Investments (Cost − $296,538,829)				**318,343,777**
Short-Term Investments − 6.5%				
Repurchase Agreements − 6.5%				
Interest in $481,671,000 joint tri-party repurchase agreement dated 11/30/12 with Deutsche Bank Securities Inc.; Proceeds at maturity − $16,834,337; (Fully collateralized by various U.S. government agency obligations, 0.375% to 5.050% due 9/27/13 to 10/4/27; Market value − $17,170,690) (Cost − $16,834,000)	0.240%	12/3/12	16,834,000	**16,834,000**
Total Investments − 129.2% (Cost − $313,372,829#)				**335,177,777**
Liabilities in Excess of Other Assets − (29.2)%				(75,686,433)
Total Net Assets − 100.0%				**$259,491,344**

* Non-income producing security.

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

(b) Variable rate security. Interest rate disclosed is as of the most recent information available.

(c) 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.

(d) Illiquid security (unaudited).

(e) The coupon payment on these securities is currently in default as of November 30, 2012.

(f) Security has no maturity date. The date shown represents the next call date.

\# Aggregate cost for federal income tax purposes is substantially $313,746,185.

See Notes to Financial Statements.

LMP Capital and Income Fund Inc.

Abbreviations used in this schedule:

ADR	− American Depositary Receipts
ARM	− Adjustable Rate Mortgage
IO	− Interest Only
REIT	− Real Estate Investment Trust

See Notes to Financial Statements.

Statement of assets and liabilities

November 30, 2012

Assets:		
Investments, at value (Cost − $313,372,829)	$	335,177,777
Foreign currency, at value (Cost − $165)		116
Cash		113,531
Dividends and interest receivable		1,708,353
Prepaid expenses		11,707
Total Assets		***337,011,484***
Liabilities:		
Loan payable (Note 5)		77,000,000
Investment management fee payable		232,497
Payable for securities purchased		39,539
Interest payable (Note 5)		19,779
Accrued expenses		228,325
Total Liabilities		***77,520,140***
Total Net Assets	**$**	**259,491,344**
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		393,723,276
Overdistributed net investment income		(727,593)
Accumulated net realized loss on investments and foreign currency transactions		(155,327,270)
Net unrealized appreciation on investments		21,804,948

Total Net Assets	**$ 259,491,344**
Shares Outstanding	17,983,331
Net Asset Value	$14.43

See Notes to Financial Statements.

Statement of operations

For the Year Ended November 30, 2012

Investment Income:	
Dividends and distributions	$ 20,650,457
Return of capital (Note 1(f))	(4,363,066)
Net dividends and distributions	**16,287,391**
Interest	1,752,919
Less: Foreign taxes withheld	(138,527)
Total Investment Income	***17,901,783***
Expenses:	
Investment management fee (Note 2)	2,852,195
Interest expense (Note 5)	688,600
Transfer agent fees	214,919
Audit and tax	157,900
Shareholder reports	78,758
Legal fees	68,684
Directors' fees	40,607
Fund accounting fees	23,767
Stock exchange listing fees	21,341
Insurance	9,102
Custody fees	1,897
Miscellaneous expenses	21,072
Total Expenses	***4,178,842***
Net Investment Income	**13,722,941**
Realized and Unrealized Gain (Loss) on Investments and Foreign Currency Transactions (Notes 1 and 3):	
Net Realized Gain (Loss) From:	
Investment transactions	(11,746,133)
REIT distributions	476,048
Foreign currency transactions	(1,264)
Net Realized Loss	***(11,271,349)***
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments	37,705,946

Foreign currencies	42
Change in Net Unrealized Appreciation (Depreciation)	***37,705,988***
Net Gain on Investments and Foreign Currency Transactions	**26,434,639**
Increase in Net Assets from Operations	**$ 40,157,580**

See Notes to Financial Statements.

Statements of changes in net assets

For the Year Ended November 30, 2012, the Period Ended November 30, 2011, and the Year Ended December 31, 2010	**2012**	**2011†**	**2010**
Operations:			
Net investment income	$ 13,722,941	$ 19,599,226	$ 16,282,966
Net realized gain (loss)	(11,271,349)	59,398,832	2,411,673
Change in net unrealized appreciation (depreciation)	37,705,988	(68,308,269)	35,056,300
Increase in Net Assets From Operations	***40,157,580***	***10,689,789***	***53,750,939***
Distributions to Shareholders From (Note 1):			
Net investment income	(20,950,332)	(14,862,196)	(16,180,617)
Decrease in Net Assets From Distributions to Shareholders	***(20,950,332)***	***(14,862,196)***	***(16,180,617)***
Fund Share Transactions (Notes 6 and 8):			
Cost of tendered shares (1,942,799, 10,037,976 and 0 tendered shares, respectively)	(25,988,673)	(140,013,284)	–
Decrease in Net Assets From Fund Share Transactions	***(25,988,673)***	***(140,013,284)***	–
Increase (Decrease) in Net Assets	***(6,781,425)***	***(144,185,691)***	***37,570,322***
Net Assets:			
Beginning of year	266,272,769	410,458,460	372,888,138
End of year*	**$ 259,491,344**	**$ 266,272,769**	**$ 410,458,460**
* Includes (overdistributed) undistributed net investment income, respectively, of:	$(727,593)	$6,917,066	$2,032,848

† For the period January 1, 2011 to November 30, 2011.

See Notes to Financial Statements.

Statement of cash flows

For the Year Ended November 30, 2012

Increase (Decrease) in Cash:		
Cash Provided (Used) by Operating Activities:		
Net increase in net assets resulting from operations	$	40,157,580
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided (used) by operating activities:		
Purchases of portfolio securities		(164,826,934)
Proceeds from sales of portfolio securities		189,112,193
Net purchases, sales and maturities of short-term investments		(2,901,000)
Return of capital		4,363,066
Net amortization of premium (accretion of discount)		113,045
Reorganization of investments		2,006,660
Capital gain REIT distributions		415,922
Decrease in receivable for securities sold		13,377
Decrease in dividend and interest receivable		604,760
Decrease in prepaid expenses		2,569
Increase in payable for securities purchased		39,539
Decrease in investment management fee payable		(2,188)
Decrease in Directors' fee payable		(2,377)
Decrease in interest payable		(2,960)
Increase in accrued expenses		143,871
Net realized loss on investments and REIT distributions		11,270,085
Change in unrealized appreciation of investments		(37,705,946)
Net Cash Provided by Operating Activities*		***42,801,262***
Cash Flows from Financing Activities:		
Distributions paid on common stock		(20,950,332)
Payment for tendered shares		(25,988,673)
Increase in loan payable		4,000,000
Net Cash Used in Financing Activities		***(42,939,005)***
Net Decrease in Cash		**(137,743)**
Cash at Beginning of Year		251,390
Cash at End of Year	$	113,647

* Included in operating expenses is cash of $691,560 paid for interest on borrowings.

See Notes to Financial Statements.

Financial highlights

For a share of capital stock outstanding throughout each year ended November 30, unless otherwise noted:

	2012[1]	2011[2]	2010[3]	2009[3]	2008[1,4]	2008[1,5]	2007[1,5]
Net asset value, beginning of year	$13.36	$13.70	$12.44	$10.07	$11.20	$22.95	$21.15
Income (loss) from operations:							
Net investment income	0.75	0.86	0.54	0.43	0.11	0.31	0.13
Net realized and unrealized gain (loss)	1.41	(0.73)	1.26	2.46	(0.96)	(8.85)	3.22
Total income (loss) from operations	***2.16***	***0.13***	***1.80***	***2.89***	***(0.85)***	***(8.54)***	***3.35***
Less distributions from:							
Net investment income	(1.12)	(0.58)	(0.54)	(0.52)	(0.28)	(0.20)	(0.01)
Net realized gains	–	–	–	–	–	(3.01)	(1.54)
Total distributions	***(1.12)***	***(0.58)***	***(0.54)***	***(0.52)***	***(0.28)***	***(3.21)***	***(1.55)***
Increase in net asset value due to shares repurchased in tender offers	0.03	0.11	–	–	–	–	–
Net asset value, end of year	$14.43	$13.36	$13.70	$12.44	$10.07	$11.20	$22.95
Market price, end of year	$13.90	$12.23	$12.45	$10.35	$7.73	$9.07	$19.88
Total return, based on NAV[6,7]	***17.02%[8]***	***1.84%[8]***	***14.83%***	***29.52%***	***(7.43)%***	***(42.09)%***	***16.32%***
Total return, based on Market Price[9]	***23.69%***	***2.80%***	***26.18%***	***42.02%***	***(11.44)%***	***(44.95)%***	***18.22%***
Net assets, end of year (000s)	$259,491	$266,273	$410,458	$372,888	$301,672	$335,588	$687,760
Ratios to average net assets:							
Gross expenses	1.61%	1.53%[10]	1.49%	1.59%	3.10%[10]	2.72%	3.03%[11]
Net expenses[12]	1.61	1.53[10]	1.49	1.59	3.10[10]	2.72	3.03[11,13]
Net investment income	5.28	5.94[10]	4.29	3.90	6.74[10]	1.73	0.60
Portfolio turnover rate	51%	79%[14]	49%[14]	135%[14]	8%	169%[14]	180%
Supplemental data:							
Loans Outstanding, End of Year (000s)	$77,000	$73,000	$100,000	$60,000	$100,000	$145,000	$170,000
Asset Coverage for Loan Outstanding	437%	465%	511%	721%	402%	331%	505%
Weighted Average Loan (000s)	$75,686	$92,757	$73,589	$66,192	$123,361	$168,497	$181,370
Weighted Average Interest Rate on Loans	0.91%	0.91%	1.62%	1.44%	3.35%	3.89%	5.67%

1 Per share amounts have been calculated using the average shares method.

2 For the period January 1, 2011 to November 30, 2011.

3 For the year ended December 31.

4 For the period November 1, 2008 through December 31, 2008.

5 For the year ended October 31.

6 Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

7 The total return calculation assumes that distributions are reinvested at NAV. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

8 The total return reflects an increase in net asset value due to shares repurchased in tender offers. Absent these tender offers, the total return would have been 16.78% for the year ended November 30, 2012 and 1.00% for the period ended November 30, 2011.

9 The total return calculation assumes that distributions are reinvested in accordance with the Fund' s dividend reinvestment plan. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

10 Annualized.

11 Included in the expense ratios are certain non-recurring restructuring (and reorganization, if applicable) fees that were incurred by the Fund during the period. Without these fees, the gross and net expense ratios would not have changed.

12 The impact of compensating balance arrangements, if any, was less than 0.01%.

13 Reflects fee waivers and/or expense reimbursements.

[14] Excluding mortgage dollar roll transactions. If mortgage dollar roll transactions had been included, the portfolio turnover rate would have been 115% for the period ended November 30, 2011, 111% and 185% for the years ended December 31, 2010 and 2009, respectively, and 177% for the year ended October 31, 2008.

See Notes to Financial Statements.

Notes to financial statements

1. Organization and significant accounting policies

LMP Capital and Income Fund Inc. (the "Fund") was incorporated in Maryland on November 12, 2003 and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the "1940 Act"). The Board of Directors authorized 100 million shares of $0.001 par value common stock. The Fund' s investment objective is total return with an emphasis on income. The Fund pursues its investment objective by investing 80% of its assets in a broad range of equity and fixed income securities of both U.S. and foreign issuers. The Fund is permitted to invest up to 25% of its total assets in energy master limited partnerships ("MLPs").

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles ("GAAP"). Estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ. Subsequent events have been evaluated through the date the financial statements were issued.

(a) Investment valuation. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Short-term fixed income securities that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment' s fair value. When the Fund holds securities or other assets that are denominated in a foreign currency, the Fund will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund' s Board of Directors.

The Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North American Fund Valuation Committee (the "Valuation Committee"). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations, evaluating the effectiveness of the Fund' s pricing policies, and reporting to the Board of Directors. When determining the reliability of third party pricing information for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer' s financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Directors, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such back testing monthly and fair valuation occurrences are reported to the Board of Directors quarterly.

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

GAAP establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are summarized in the three broad levels listed below:

- Level 1 − quoted prices in active markets for identical investments

- Level 2 − other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

- Level 3 − significant unobservable inputs (including the Fund' s own assumptions in determining the fair value of investments)

The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Fund' s assets carried at fair value:

ASSETS

Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Long-term investments†:				
Common stocks	$171,579,714	–	–	$171,579,714
Convertible preferred stocks	38,215,780	–	–	38,215,780
Master limited partnerships	84,730,222	–	–	84,730,222
Preferred stocks	2,804,166	–	–	2,804,166
Asset-backed securities	–	$ 591,526	–	591,526
Collateralized mortgage obligations	–	992,838	–	992,838
Corporate bonds & notes	–	19,429,531	–	19,429,531
Total long-term investments	**$297,329,882**	**$21,013,895**	–	**$318,343,777**
Short-term investments†	–	**16,834,000**	–	**16,834,000**
Total investments	**$297,329,882**	**$37,847,895**	–	**$335,177,777**

† See Schedule of Investments for additional detailed categorizations.

For the year ended November 30, 2012, as a result of the fair value pricing procedures for international equities utilized by the Fund, certain securities have transferred in and out of Level 1 and Level 2 measurements during the period. The Fund’ s policy is to recognize transfers between levels as of the end of the reporting period. At November 30, 2012, securities valued at $8,614,176 were transferred from Level 2 to Level 1 within the fair value hierarchy.

(b) Repurchase agreements. The Fund may enter into repurchase agreements with institutions that its investment adviser has determined are creditworthy. Each repurchase agreement is recorded at cost. Under the terms of a typical repurchase agreement, the Fund acquires a debt security subject to an obligation of the seller to repurchase, and of the Fund to resell, the security at an agreed-upon price and time, thereby determining the yield during the Fund’ s holding period. When entering into repurchase agreements, it is the Fund’ s policy that its custodian or a third party custodian, acting on the Fund’ s behalf, take possession of the underlying collateral securities, the market value of which, at all times, at least equals the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction maturity exceeds one business day, the value of the collateral is marked-to-market and measured against the value of the agreement in an

effort to ensure the adequacy of the collateral. If the counterparty defaults, the Fund generally has the right to use the collateral to satisfy the terms of the repurchase transaction. However, if the market value of the collateral declines during the period in which the Fund seeks to assert its rights or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

(c) Foreign currency translation. Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from fluctuations in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, including gains and losses on forward foreign currency contracts, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund' s books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the values of assets and liabilities, other than investments in securities, on the date of valuation, resulting from changes in exchange rates.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, the possibility of lower levels of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

(d) Master limited partnerships. The Fund may invest up to 25% of its total net assets in the securities of Master Limited Partnerships ("MPLs") whose primary business is in the oil and gas, natural resources or commodities industries. Entities commonly referred to as "MLPs" are generally organized under state law as limited partnerships or limited liability companies. To be treated as a partnership for U.S. federal income tax purposes, an MLP whose units are traded on a securities exchange must receive at least 90% of its income from qualifying sources such as interest, dividends, real estate rents, gain from the sale or disposition of real property, income and gain from mineral or natural resources activities, income and gain from the transportation or storage of certain fuels, and, in certain circumstances, income and gain from commodities or futures, forwards and options with respect to commodities.

Mineral or natural resources activities include exploration, development, production, processing, mining, refining, marketing and transportation (including pipelines) of oil and gas, minerals, geothermal energy, fertilizer, timber or industrial source carbon dioxide. An MLP consists of a general partner and limited partners (or in the case of MLPs organized as limited liability companies, a managing member and members). The general partner or managing member typically controls the operations and management of the MLP and has an ownership stake in the partnership. The limited partners or members, through their ownership of limited partner or member interests, provide capital to the entity, are intended to have no role in the operation and management of the entity and receive cash distributions. The MLPs themselves generally do not pay U.S. federal income taxes. Thus, unlike investors in corporate securities, direct MLP investors are generally not subject to double taxation (i.e., corporate level tax and tax on corporate dividends). Currently, most MLPs operate in the energy and/or natural resources sector.

(e) Partnership accounting policy. The Fund records its pro rata share of the income (loss) and capital gains (losses), to the extent of distributions it has received, allocated from the underlying partnerships and accordingly adjusts the cost basis of the underlying partnerships for return of capital. These amounts are included in the Fund' s Statement of Operations.

(f) Return of capital estimates. Distributions received from the Fund' s investments in MLPs generally are comprised of income and return of capital and the Fund' s investments in REITs generally are comprised of income, realized capital gains and return of capital. The Fund records investment income, realized capital gains and return of capital based on estimates made at the time such distributions are received. Such estimates are based on historical information available from each MLP or REIT and other industry sources. These estimates may subsequently be revised based on information received from the MLPs and REITs after their tax reporting periods are concluded. For the year ended November 30, 2012, the Fund estimated that approximately 20.71% of distributions received by the Fund would be treated as a return of capital.

(g) Foreign investment risks. The Fund' s investments in foreign securities may involve risks not present in domestic investments. Since securities may be denominated in foreign currencies, may require settlement in foreign currencies or pay interest or dividends in foreign currencies, changes in the relationship of these foreign currencies to the U.S. dollar can significantly affect the value of the investments and earnings of the Fund. Foreign investments may also subject the Fund to foreign government exchange restrictions, expropriation, taxation or other political, social or economic developments, all of which affect the market and/or credit risk of the investments.

(h) Security transactions and investment income. Security transactions are accounted for on a trade date basis. Interest income, adjusted for amortization of premium and accretion of discount, is recorded on the accrual basis.

Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as practicable after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. The cost of investments sold is determined by use of the specific identification method. To the extent any issuer defaults or a credit event occurs that impacts the issuer, the Fund may halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default or credit event.

(i) Distributions to shareholders. Distributions from net investment income by the Fund, if any, are declared and paid on a quarterly basis. The Fund intends to distribute all of its net investment income earned each quarter and any cash received during the quarter from its investments in MLPs and REITs. The Fund intends to distribute the cash received from MLPs and REITs even if all or a portion of that cash may represent a return of capital to the Fund. The Fund may distribute additional amounts if required under the income tax regulations. Distributions of net realized gains, if any, are declared at least annually. Pursuant to its Managed Distribution Policy, the Fund intends to make regular quarterly distributions to shareholders at a fixed rate per common share, which rate may be adjusted from time to time by the Fund' s Board of Directors. Under the Fund' s Managed Distribution Policy, if, for any quarterly distribution, the value of the Fund' s 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 net assets (and may constitute a "return of capital"). The Board of Directors may modify, terminate or suspend the Managed Distribution Policy at any time, including when certain events would make part of the return of capital taxable to shareholders. Any such modification, termination or suspension could have an adverse effect on the market price of the Fund' s shares. Distributions to shareholders of the Fund are recorded on the ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP.

(j) Cash flow information. The Fund invests in securities and distributes dividends from net investment income and net realized gains, which are paid in cash and may be reinvested at the discretion of shareholders. These activities are reported in the Statement of Changes in Net Assets and additional information on cash receipts and cash payments are presented in the Statement of Cash Flows.

(k) Compensating balance arrangements. The Fund has an arrangement with its custodian bank whereby a portion of the custodian' s fees is paid indirectly by credits earned on the Fund' s cash on deposit with the bank.

(l) Federal and other taxes. It is the Fund' s policy to comply with the federal income and excise tax requirements of the Internal Revenue Code of 1986 (the "Code"), as amended, applicable to regulated investment companies. Accordingly, the Fund intends to distribute its taxable income and net realized gains, if any, to shareholders in accordance with timing requirements

imposed by the Code. Therefore, no federal or state income tax provision is required in the Fund' s financial statements.

The Fund may invest in up to 25% of its total assets in MLPs, which generally are treated as partnerships for federal income tax purposes. As a limited partner in the MLPs, the Fund reports its allocable share of the MLP' s taxable income in computing its own taxable income. The distributions paid by the MLPs generally do not constitute income for tax purposes. Each MLP may allocate losses to the Fund which are generally not deductible in computing the Fund' s taxable income until such time as that particular MLP either generates income to offset those losses or the Fund disposes of units in that MLP. This may result in the Fund' s taxable income being substantially different than its book income in any given year. As a result, the Fund may have insufficient taxable income to support its distributions paid resulting in a return of capital to shareholders. A return of capital distribution is generally not treated as taxable income to shareholders and instead reduces a shareholder' s basis in their shares of the Fund.

Management has analyzed the Fund' s tax positions taken on income tax returns for all open tax years and has concluded that as of November 30, 2012, no provision for income tax is required in the Fund' s financial statements. The Fund' s federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

Under the applicable foreign tax laws, a withholding tax may be imposed on interest, dividends and capital gains at various rates.

(m) Reclassification. GAAP requires that certain components of net assets be reclassified to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. During the current year, the following reclassifications have been made:

	Overdistributed Net Investment Income	Accumulated Net Realized Loss
(a)	$(417,268)	$417,268

(a) Reclassifications are primarily due to foreign currency transactions treated as ordinary income for tax purposes, differences between book and tax amortization of premium on fixed income securities, losses from mortgage backed securities treated as capital losses for tax purposes and book/tax differences on investments in limited partnerships.

2. Investment management agreement and other transactions with affiliates

Legg Mason Partners Fund Advisor, LLC ("LMPFA") is the Fund' s investment manager. ClearBridge Investments, LLC (formerly ClearBridge Advisors, LLC) ("ClearBridge"), Western Asset Management Company ("Western Asset") and Western Asset Management Company Limited ("Western Asset Limited") are

Notes to financial statements (cont’ d)

the Fund’ s subadvisers. LMPFA, ClearBridge, Western Asset and Western Asset Limited are wholly-owned subsidiaries of Legg Mason, Inc. (“Legg Mason”).

LMPFA provides administrative and certain oversight services to the Fund. The Fund pays LMPFA an investment management fee, calculated daily and paid monthly, at an annual rate of 0.85% of the Fund’ s average daily net assets plus the proceeds of any outstanding borrowings used for leverage.

LMPFA delegates to the subadvisers the day-to-day portfolio management of the Fund. ClearBridge provides investment advisory services to the Fund by both determining the allocation of the Fund’ s assets between equity and fixed-income investments and performing the day-to-day management of the Fund’ s investments in equity securities. Western Asset provides advisory services to the Fund by performing the day-to-day management of the Fund’ s fixed-income investments. For its services, LMPFA pays the subadvisers 70% of the net management fee it receives from the Fund. This fee will be divided on a pro rata basis, based on assets allocated to each subadviser, from time to time.

Western Asset Limited provides certain advisory services to the Fund relating to currency transactions and investments in non-U.S. dollar denominated securities. Western Asset Limited does not receive any compensation from the Fund. In turn, Western Asset pays Western Asset Limited a subadvisory fee of 0.30% on the assets managed by Western Asset Limited.

During the periods in which the Fund is utilizing borrowings, the fee which is payable to LMPFA as a percentage of the Fund’ s assets will be higher than if the Fund did not utilize borrowings because the fee is calculated as a percentage of the Fund’ s net assets, including those investments purchased with borrowings. Borrowings for the purpose of the calculation of the management fee include loans from certain financial institutions, the use of mortgage dollar roll transactions and reverse repurchase agreements, if any.

All officers and one Director of the Fund are employees of Legg Mason or its affiliates and do not receive compensation from the Fund.

3. Investments

During the year ended November 30, 2012, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) were as follows:

Purchases	$164,826,934
Sales	189,112,193

At November 30, 2012, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

Gross unrealized appreciation	$29,428,976
Gross unrealized depreciation	(7,997,384)
Net unrealized appreciation	**$21,431,592**

4. Derivative instruments and hedging activities

GAAP requires enhanced disclosure about an entity' s derivative and hedging activities.

During the year ended November 30, 2012, the Fund did not invest in any derivative instruments.

5. Line of credit

The Fund has a 364 day revolving credit agreement with a financial institution, which allows the Fund to borrow up to an aggregate amount of $125,000,000. Unless renewed, this agreement terminates on December 12, 2012. The interest on the loan is calculated at a variable rate based on LIBOR, plus any applicable margin. Interest expense related to the loan for the year ended November 30, 2012 was $688,600. For the year ended November 30, 2012, the Fund incurred no commitment fee. For the year ended November 30, 2012, the Fund had an average daily loan balance outstanding of $75.7 million and the weighted average interest rate was 0.91%. At November 30, 2012, the Fund had $77,000,000 of borrowings outstanding per this credit agreement.

Subsequent to the period of this report, on December 13, 2012, the Fund renewed its revolving credit agreement with the same financial institution, so that the term extends to December 11, 2013 and allows the Fund to borrow up to an aggregate amount of $125,000,000.

6. Capital shares

On November 20, 2006, the Fund' s Board of Directors (the "Board") authorized the Fund to repurchase from time to time in the open market up to 1,000,000 shares of the Fund' s common stock (the "Program"). The Board directed the investment manager of the Fund to repurchase shares of the Fund' s common stock at such times and in such amounts as management believes will enhance shareholder value, subject to review by the Fund' s Board.

This is the fourth repurchase program authorized by the Board since the Fund' s inception in 2004. Pursuant to the Fund' s previous three repurchase programs of up to 1,000,000 shares each, the Fund has repurchased 3,000,000 shares of common stock.

7. Distributions subsequent to November 30, 2012

On November 8, 2012, the Board declared a quarterly distribution in the amount of $0.28 per share, payable on December 21, 2012 to shareholders of record on December 14, 2012.

8. Tender offers

During the year ended November 30, 2012, the Fund, in accordance with its tender offer for up to 996,307 and 946,492 of its issued and outstanding

shares of common stock, accepted and made payment of these shares at $13.07 and $13.70 per share (98% of the net asset value per share of $13.33 on December 28, 2011 and $13.97 on March 29, 2012). Each of these tendered shares represented 5% of the Fund' s then outstanding shares.

During the period ended November 30, 2011, the Fund, in accordance with its tender offers for up to 8,989,232 and 1,048,744 of its issued and outstanding shares of common stock, accepted and made payment of these shares at $14.15 and $12.22 per share (98% of the net asset value per share of $14.43 on June 30, 2011 and $12.46 on September 30, 2011). These shares represent 30% and 5%, respectively, of the Fund' s then outstanding shares.

9. Income tax information and distributions to shareholders

The tax character of distributions paid during the fiscal year ended November 30, 2012 and the period ended November 30, 2011 were as follows:

	2012	2011
Distributions Paid From:		
Ordinary Income	$20,950,332	$14,862,196

As of November 30, 2012, the components of accumulated earnings on a tax basis were as follows:

Undistributed ordinary income − net	$ 247,381
Capital loss carryforward*	(155,743,894)
Other book/tax temporary differences[(a)]	(184,994)
Unrealized appreciation (depreciation)[(b)]	21,431,592
Total accumulated earnings (losses) − net	**$(134,249,915)**

* As of November 30, 2012, the Fund had the following net capital loss carryforwards remaining:

Year of Expiration	Amount
No Expiration	$ (14,650,010)
11/30/2016	(16,162,643)
11/30/2017	(121,685,830)
11/30/2018	(3,245,411)
	$(155,743,894)

These amounts will be available to offset any future taxable capital gains.

(a) Other book/tax temporary differences are attributable primarily to differences between book/tax difference in the accrual of interest income on securities in default and book/tax differences in the timing of the deductibility of various expenses.

(b) The difference between book-basis and tax-basis unrealized appreciation (depreciation) is attributable primarily to the difference between book and tax amortization methods for premiums on fixed income securities, book/tax differences in the treatment of income from partnership investments and the realization for tax purposes of unrealized gains on investments in passive foreign investment companies.

Report of independent registered public accounting firm

The Board of Directors and Shareholders
LMP Capital and Income Fund Inc.:

We have audited the accompanying statement of assets and liabilities of LMP Capital and Income Fund Inc., including the schedule of investments, as of November 30, 2012, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for the year then ended, the period from January 1, 2011 to November 30, 2011, and the year ended December 31, 2010, and the financial highlights for the year then ended, the period from January 1, 2011 to November 30, 2011, each of the years in the two-year period ended December 31, 2010, the period from November 1, 2008 to December 31, 2008 and each of the years in the two-year period ended October 31, 2008. These financial statements and financial highlights are the responsibility of the Fund' s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of November 30, 2012, by correspondence with the custodian and brokers or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of LMP Capital and Income Fund Inc. as of November 30, 2012, and the results of its operations, its cash flows, the changes in its net assets, and the financial highlights for the periods described above, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

New York, New York
January 18, 2013

Commodity exchange act regulation exclusion − No action relief (unaudited)

Effective December 31, 2012, the Fund is limited in its ability to use commodity futures (which include futures on broad-based securities indexes and interest rate futures) (collectively, "commodity interests") or options on commodity futures, engage in certain swaps transactions or make certain other investments (whether directly or indirectly through investments in other investment vehicles) for purposes other than "bona fide hedging," as defined in the rules of the Commodity Futures Trading Commission (the "CFTC"). With respect to transactions other than for bona fide hedging purposes, either: (1) the aggregate initial margin and premiums required to establish the Fund' s positions in such investments may not exceed 5% of the liquidation value of the Fund' s portfolio (after accounting for unrealized profits and unrealized losses on any such investments); or (2) the aggregate net notional value of such instruments, determined at the time the most recent position was established, may not exceed 100% of the liquidation value of the Fund' s portfolio (after accounting for unrealized profits and unrealized losses on any such positions). In addition to meeting one of the foregoing trading limitations, the Fund may not market itself as a commodity pool or otherwise as a vehicle for trading in the futures, options or swaps markets.

As noted above, the Fund may be exposed to commodity interests indirectly in excess of the limits described in the prior paragraph. Such exposure may result from the Fund' s investment in other investment vehicles, including investment companies that are not managed by the Fund' s manager or one of its affiliates, certain securitized vehicles that may invest in commodity interests and/or non-equity REITs that may invest in commodity interests. These investment vehicles are referred to collectively as "underlying funds." The manager may have limited or no information as to what an underlying fund may be invested in at any given time, because they are not managed by the manager or persons affiliated with the manager and their holdings will likely change over time. To address this lack of transparency, the CFTC staff has issued a no-action letter permitting the manager of a Fund that invests in such underlying funds to register as a commodity pool operator (a "CPO") or to claim the exclusion from the CPO definition until the later of June 30, 2013 or six months from the date on which the CFTC issues additional guidance on the application of de minimis thresholds in the context of the CFTC exemptive rules. In order to rely on this no-action relief, the manager must meet certain conditions (including certain compliance measures), and otherwise be able to rely on a claim of exclusion from the CPO definition. The Fund' s manager has filed the required notice to claim this no-action relief.

Board approval of management and sub-advisory agreements (unaudited)

Background

The Investment Company Act of 1940, as amended (the "1940 Act") requires that the Board of Directors (the "Board") of LMP Capital and Income Fund Inc. (the "Fund"), including a majority of its members that are not considered to be "interested persons" under the 1940 Act (the "Independent Directors") voting separately, approve on an annual basis the continuation of the investment management contract (the "Management Agreement") with the Fund' s manager, Legg Mason Partners Fund Advisor, LLC (the "Manager"), and the sub-advisory agreements (individually, a "Sub-Advisory Agreement" and, collectively, the "Sub-Advisory Agreements") with the Manager' s affiliates, ClearBridge Investments, LLC (formerly ClearBridge Advisors, LLC) ("ClearBridge"), Western Asset Management Company ("Western Asset") and Western Asset Management Company Limited in London ("Western Asset London," and with ClearBridge and Western Asset, collectively, the "Sub-Advisers"). At a meeting (the "Contract Renewal Meeting") held in-person on November 7 and 8, 2012, the Board, including the Independent Directors, considered and approved the continuation of each of the Management Agreement and the Sub-Advisory Agreements for an additional one-year term. To assist in its consideration of the renewals of the Management Agreement and the Sub-Advisory Agreements, the Board received and considered a variety of information (together with the information provided at the Contract Renewal Meeting, the "Contract Renewal Information") about the Manager and the Sub-Advisers, as well as the management and sub-advisory arrangements for the Fund and the other closed-end funds in the same complex under the Board' s supervision (collectively, the "Legg Mason Closed-end Funds"), certain portions of which are discussed below. A presentation made by the Manager and Western Asset to the Board at the Contract Renewal Meeting in connection with its evaluations of the Management Agreement and the Sub-Advisory Agreements encompassed the Fund and other Legg Mason Closed-end Funds. ClearBridge also made a presentation to the Board at the Contract Renewal Meeting regarding its sub-advisory services to the Fund. In addition to the Contract Renewal Information, the Board received performance and other information throughout the year related to the respective services rendered by the Manager and the Sub-Advisers to the Fund. The Board' s evaluation took into account the information received throughout the year and also reflected the knowledge and familiarity gained as members of the Board of the Fund and other Legg Mason Closed-end Funds with respect to the services provided to the Fund by the Manager and the Sub-Advisers.

The Manager provides the Fund with investment advisory and administrative services pursuant to the Management Agreement and the Sub-Advisers provide the Fund with certain investment sub-advisory services pursuant to the Sub-Advisory Agreements. The discussion below covers both the advisory and administrative functions being rendered by the Manager, each such

function being encompassed by the Management Agreement, and the investment sub-advisory functions being rendered by the Sub-Advisers.

Board approval of management agreement and sub-advisory agreements

In its deliberations regarding renewal of the Management Agreement and the Sub-Advisory Agreements, the Board, including the Independent Directors, considered the factors below.

Nature, extent and quality of the services under the management agreement and sub-advisory agreements

The Board received and considered Contract Renewal Information regarding the nature, extent and quality of services provided to the Fund by the Manager and the Sub-Advisers under the Management Agreement and the Sub-Advisory Agreements, respectively, during the past year. The Board also reviewed Contract Renewal Information regarding the Fund' s compliance policies and procedures established pursuant to the 1940 Act.

The Board reviewed the qualifications, backgrounds and responsibilities of the Fund' s senior personnel and the portfolio management team primarily responsible for the day-to-day portfolio management of the Fund. The Board also considered, based on its knowledge of the Manager and its affiliates, the Contract Renewal Information and the Board' s discussions with the Manager, ClearBridge and Western Asset at the Contract Renewal Meeting, the general reputation and investment performance records of the Manager, ClearBridge and Western Asset and their affiliates and the financial resources available to the corporate parent of the Manager and the Sub-Advisers, Legg Mason, Inc. ("Legg Mason"), to support their activities in respect of the Fund and the other Legg Mason Closed-end Funds.

The Board considered the responsibilities of the Manager and the Sub-Advisers under the Management Agreement and the Sub-Advisory Agreements, respectively, including the Manager' s coordination and oversight of the services provided to the Fund by the Sub-Advisers and others and Western Asset' s coordination and oversight of services provided to the Fund by Western Asset London. The Management Agreement permits the Manager to delegate certain of its responsibilities, including its investment advisory duties thereunder, provided that the Manager, in each case, will supervise the activities of the delegee. Pursuant to this provision of the Management Agreement, the Manager does not provide day-to-day portfolio management services to the Fund. Rather, portfolio management services for the Fund are provided by Western Asset pursuant to the Sub-Advisory Agreement (the "Western Asset Sub-Advisory Agreement") between the Manager and Western Asset and by ClearBridge pursuant to the Sub-Advisory Agreement between the Manager and ClearBridge. The Western

Asset Sub-Advisory Agreement permits Western Asset to delegate certain of its responsibilities, including its sub-advisory duties thereunder, provided that Western Asset, in each case, will supervise the activities of the delegee. Pursuant to this provision of the Western Asset-Sub-Advisory Agreement, Western Asset London helps Western Asset to provide portfolio management services for the Fund pursuant to the Sub-Advisory Agreement between Western Asset and Western Asset London. The Board also considered the brokerage policies and practices of the Manager and ClearBridge, the standards applied in seeking best execution, the policies and practices of the Manager and ClearBridge regarding soft dollars, the use of a broker affiliated with the Manager or ClearBridge, and the existence of quality controls applicable to brokerage allocation procedures.

In reaching its determinations regarding continuation of the Management Agreement and the Sub-Advisory Agreements, the Board took into account that Fund shareholders, in pursuing their investment goals and objectives, likely purchased their shares based upon the reputation and the investment style, philosophy and strategy of the Manager, ClearBridge and Western Asset, as well as the resources available to the Manager and the Sub-Advisers.

In evaluating the nature, extent and quality of the investment advisory and other services provided, and which are expected to be provided, to the Fund pursuant to the Management Agreement and the Sub-Advisory Agreements, the Board inquired as to any impact on the Fund' s operations of significant changes in the senior management of the Manager and Legg Mason and other personnel providing services to the Fund during the past two years to the date of the Contract Renewal Meeting, including the resignation of Legg Mason' s Chief Executive Officer ("CEO"). At the Contract Renewal Meeting, the interim CEO and other senior representatives of Legg Mason and the Manager discussed these changes with the Board and assured the Board that such changes have not resulted, and are not expected in the future to result, in any diminution in the nature, extent or quality of services provided to the Fund and that the Board of Directors of Legg Mason had undertaken a search for a permanent CEO. In addition, the Board inquired as to published reports speculating that control of Legg Mason, the Manager or certain affiliates of Legg Mason, including the Sub-Advisers, might change. The senior representatives of Legg Mason discussed these published reports with the Board, confirming Legg Mason' s continuing commitment to its current business model and its affiliations with the Manager and the Sub-Advisers.

The Board concluded that, overall, the nature, extent and quality of the management and other services provided to the Fund under the Management Agreement and the Sub-Advisory Agreements have been satisfactory under the circumstances.

Fund performance

The Board received and considered performance information and analyses (the "Lipper Performance Information") for the Fund, as well as for a group of funds (the "Performance Universe") selected by Lipper, Inc. ("Lipper"), an independent provider of investment company data. The Board was provided with a description of the methodology Lipper used to determine the similarity of the Fund with the funds included in the Performance Universe. The Performance Universe included the Fund and all leveraged income and preferred stock closed-end funds, as classified by Lipper, regardless of asset size. The Performance Universe consisted of twenty funds, including the Fund, for the 1-year period ended June 30, 2012 and of nineteen funds, including the Fund, for the 3- and 5-year periods ended June 30, 2012. The Board noted that it had received and discussed with the Manager, ClearBridge and Western Asset information throughout the year at periodic intervals comparing the Fund' s performance against its benchmarks and its peer funds as selected by Lipper.

The Lipper Performance Information comparing the Fund' s performance to that of the Performance Universe based on net asset value per share showed, among other things, that the Fund' s performance for each of the 1-, 3- and 5-periods ended June 30, 2012 was ranked eighteenth among the Funds in the Performance Universe for those periods and in each case was significantly worse than the Performance Universe median. The Manager noted that the small number of funds in the Performance Universe makes meaningful performance comparisons difficult. In evaluating the Fund' s performance, the Board considered the Manager' s explanation that the portfolio management team for the equity portion of the Fund' s investment portfolio changed in 2009 and again in 2011 and that the new portfolio management team in each case implemented significant changes to the Fund' s investment portfolio and program, the full effect of which may be determined only over a meaningful time frame. The Manager also advised the Board that the Fund' s investment program now most closely is aligned with that of an equity income fund and that the Performance Universe was, therefore, no longer appropriate. The Board also considered the Fund' s performance relative to its benchmarks and in absolute terms.

Based on its review of the Fund' s performance, which included consideration of all of the factors noted above, the Board concluded that, under the circumstances, continuation of the Management Agreement and the Sub-Advisory Agreements for an additional one-year period would be in the interests of the Fund and its shareholders, especially in light of the Fund' s limited performance experience under its new portfolio management team.

Management fees and expense ratios

The Board reviewed and considered the management fee (the "Management Fee") payable by the Fund to the Manager under the Management Agreement and the sub-advisory fees (the "Sub-Advisory Fees") payable to the Sub-Advisers under the Sub-Advisory Agreements in light of the nature, extent and overall quality of the management, investment advisory and other services provided by the Manager and the Sub-Advisers. The Board noted that the Sub-Advisory Fees payable to ClearBridge and Western Asset under their Sub-Advisory Agreements with the Manager are paid by the Manager, not the Fund, and, accordingly, that the retention of the Sub-Advisers does not increase the fees or expenses otherwise incurred by the Fund' s shareholders. Similarly, the Board noted that the Sub-Advisory Fees payable to Western Asset London under its Sub-Advisory Agreement with Western Asset are paid by Western Asset, not the Fund, and, accordingly, that the retention of Western Asset London does not increase the fees or expenses otherwise incurred by the Fund' s shareholders.

Additionally, the Board received and considered information and analyses prepared by Lipper (the "Lipper Expense Information") comparing the Management Fee and the Fund' s overall expenses with those of funds in an expense group (the "Expense Group") selected and provided by Lipper. The comparison was based upon the constituent funds' latest fiscal years. The Expense Group consisted of the Fund and seven other funds classified by Lipper as leveraged income and preferred stock closed-end funds. The Expense Group funds had average net common share assets ranging from $74.4 million to $717.4 million. Two of the other funds in the Expense Group were larger than the Fund and five were smaller.

The Lipper Expense Information, comparing the contractual Management Fee as well as the Fund' s actual total expenses to the Fund' s Expense Group, showed, among other things, that the Fund' s contractual Management Fee was ranked sixth among the funds in the Expense Group and was worse than the median for the Expense Group. The Fund' s actual Management Fee (i.e., giving effect to any voluntary fee waivers implemented by the Manager with respect to the Fund and by the managers of the other Expense Group funds) was ranked fourth among the funds in the Expense Group and was slightly better than the Expense Group median when measured on the basis of common share assets only, but was ranked sixth among the funds in the Expense Group and was worse than the Expense Group median when measured on the basis of common share and leveraged assets. The Fund' s total expenses were ranked second among the funds in the Expense Group and were better than the Expense Group median for that expense component when compared on the basis of common share assets only, but were ranked fourth among the funds in the Expense Group and were slightly worse than

Board approval of management and sub-advisory agreements (unaudited) (cont' d)

the Expense Group median when compared on the basis of common share and leveraged assets.

The Board also reviewed Contract Renewal Information regarding fees charged by the Manager to other U.S. clients investing primarily in an asset class similar to that of the Fund, including, where applicable, institutional and separate accounts. The Board was advised that the fees paid by such institutional, separate account and other clients generally are lower, and may be significantly lower, than the Management Fee. The Contract Renewal Information discussed the significant differences in scope of services provided to the Fund and to these other clients, noting that the Fund is provided with administrative services, office facilities, Fund officers (including the Fund' s chief executive, chief financial and chief compliance officers), and that the Manager coordinates and oversees the provision of services to the Fund by other fund service providers. The Contract Renewal Information included information regarding management fees paid by open-end mutual funds in the same complex (the "Legg Mason Open-end Funds") and that such information indicated that the management fees paid by the Legg Mason Closed-end Funds generally were higher than those paid by the Legg Mason Open-end Funds. The Manager, in response to an inquiry by the Board as to the reasons for the fee differential, provided information as to differences between the services provided to the Fund and the other Legg Mason Closed-end Funds and services provided to the Legg Mason Open-end Funds. The Board considered the fee comparisons in light of the different services provided in managing these other types of clients and funds.

Taking all of the above into consideration, the Board determined that the Management Fee and the Sub-Advisory Fees were reasonable in light of the nature, extent and overall quality of the management, investment advisory and other services provided to the Fund under the Management Agreement and the Sub-Advisory Agreements.

Manager profitability

The Board, as part of the Contract Renewal Information, received an analysis of the profitability to the Manager and its affiliates in providing services to the Fund for the Manager' s fiscal years ended March 31, 2012 and March 31, 2011. The Board also received profitability information with respect to the Legg Mason fund complex as a whole. In addition, the Board received Contract Renewal Information with respect to the Manager' s revenue and cost allocation methodologies used in preparing such profitability data. The Board received a report from an outside consultant engaged by the Manager that had reviewed the revenue and cost allocation Manager' s methodologies. The profitability to each of the Sub-Advisers was not considered to be a material factor in the Board' s considerations since the Sub-Advisers' fees are paid by the Manager in the case of ClearBridge and Western Asset and by Western Asset in the case of Western Asset London. The profitability analysis

presented to the Board as part of the Contract Renewal Information indicated that profitability to the Manager in providing services to the Fund had not increased during the period covered by the analysis and remained at a level which the Board believed to be reasonable in light of the nature, extent and overall quality of the investment advisory and other services provided to the Fund.

Economies of scale

The Board received and discussed Contract Renewal Information concerning whether the Manager realizes economies of scale if the Fund' s assets grow. The Board noted that because the Fund is a closed-end fund with no current plans to seek additional assets beyond maintaining its dividend reinvestment plan, any significant growth in its assets generally will occur through appreciation in the value of the Fund' s investment portfolio, rather than sales of additional shares in the Fund. The Board determined that the Management Fee structure, which incorporates no breakpoints reducing the Management Fee at specified increased asset levels, was appropriate under present circumstances.

Other benefits to the manager and the sub-advisers

The Board considered other benefits received by the Manager, the Sub-Advisers and their affiliates as a result of their relationship with the Fund, including the opportunity to obtain research services from brokers who effect Fund portfolio transactions, and did not regard such benefits as excessive.

* * * * * *

In light of all of the foregoing and other relevant factors, the Board determined that, under the circumstances, continuation of the Management Agreement and the Sub-Advisory Agreements would be consistent with the interests of the Fund and its shareholders and unanimously voted to continue each Agreement for a period of one additional year.

No single factor reviewed by the Board was identified by the Board as the principal factor in determining whether to approve continuation of the Management Agreement and the Sub-Advisory Agreements, and each Board member attributed different weights to the various factors. The Independent Directors were advised by separate independent legal counsel throughout the process. Prior to the Contract Renewal Meeting, the Board received a memorandum prepared by the Manager discussing its responsibilities in connection with the proposed continuation of the Management Agreement and the Sub-Advisory Agreements as part of the Contract Renewal Information and the Independent Directors separately received a memorandum discussing such responsibilities from their independent counsel. Prior to voting, the Independent Directors also discussed the proposed continuation of the Management Agreement and the Sub-Advisory Agreements in private sessions with their independent legal counsel at which no representatives of the Manager were present.

Additional information (unaudited)
Information about Directors and Officers

The business and affairs of LMP Capital and Income Fund Inc. (the "Fund") are conducted by management under the supervision and subject to the direction of its Board of Directors. The business address of each Director is c/o R. Jay Gerken, 620 Eighth Avenue, 49th Floor, New York, New York 10018. Information pertaining to the Directors and officers of the Fund is set forth below.

Independent Directors†:

Carol L. Colman

Year of birth	1946
Position(s) held with Fund[1]	Director and Member of the Nominating and Audit Committees, Class I
Term of office[1] and length of time served	Since 2003
Principal occupation(s) during past five years	President, Colman Consulting Company (consulting)

Number of portfolios in fund complex overseen by Director (including the Fund)	28
Other board memberships held by Director	None

Daniel P. Cronin

Year of birth	1946
Position(s) held with Fund[1]	Director and Member of the Nominating and Audit Committees, Class I
Term of office[1] and length of time served	Since 2003
Principal occupation(s) during past five years	Retired; formerly, Associate General Counsel, Pfizer Inc. (prior to and including 2004)
Number of portfolios in fund complex overseen by Director (including the Fund)	28
Other board memberships held by Director	None

Paolo M. Cucchi

Year of birth	1941
Position(s) held with Fund[1]	Director and Member of the Nominating and Audit Committees, Class I
Term of office[1] and length of time served	Since 2007
Principal occupation(s) during past five years	Professor of French and Italian at Drew University; formerly, Vice President and Dean of College of Liberal Arts at Drew University (1984 to 2009)
Number of portfolios in fund complex overseen by Director (including the Fund)	28
Other board memberships held by Director	None

Independent Directors cont’ d

Leslie H. Gelb

Year of birth	1937
Position(s) held with Fund[1]	Director and Member of the Nominating and Audit Committees, Class II
Term of office[1] and length of time served	Since 2003
Principal occupation(s) during past five years	President Emeritus and Senior Board Fellow (since 2003), The Council on Foreign Relations; formerly, President, (prior to 2003), the Council on Foreign Relations; formerly, Columnist, Deputy Editorial Page Editor and Editor, Op-Ed Page, The New York Times
Number of portfolios in fund complex overseen by Director (including the Fund)	28
Other board memberships held by Director	Director of two registered investment companies advised by Aberdeen Asset Management Asia Limited (since 1994)

William R. Hutchinson

Year of birth	1942
Position(s) held with Fund[1]	Director and Member of the Nominating and Audit Committees, Class II
Term of office[1] and length of time served	Since 2003
Principal occupation(s) during past five years	President, W.R. Hutchinson & Associates Inc. (Consulting) (since 2001)
Number of portfolios in fund complex overseen by Director (including the Fund)	28
Other board memberships held by Director	Director (Non-Executive Chairman of the Board (since December 1, 2009)), Associated Banc Corp. (banking) (since 1994)

Riordan Roett

Year of birth	1938
Position(s) held with Fund[1]	Director and Member of the Nominating and Audit Committees, Class III
Term of office[1] and length of time served	Since 2003
Principal occupation(s) during past five years	The Sarita and Don Johnston Professor of Political Science and Director of Western Hemisphere Studies, Paul H. Nitze School of Advanced International Studies, The John Hopkins University (since 1973)
Number of portfolios in fund complex overseen by Director (including the Fund)	28
Other board memberships held by Director	None

Independent Directors cont' d

Jeswald W. Salacuse

Year of birth	1938
Position(s) held with Fund[1]	Director and Member of the Nominating and Audit Committees, Class III
Term of office[1] and length of time served	Since 2003
Principal occupation(s) during past five years	Henry J. Braker Professor of Commercial Law, The Fletcher School of Law and Diplomacy, Tufts University (since 1986); President and Member, Arbitration Tribunal, World Bank/ICSID (since 2004)
Number of portfolios in fund complex overseen by Director (including the Fund)	28
Other board memberships held by Director	Director of two registered investment companies advised by Aberdeen Asset Management Asia Limited (since 1993)

Interested Director and Officer:

R. Jay Gerken[2]

Year of birth	1951
Position(s) held with Fund[1]	Director, Chairman, President and Chief Executive Officer, Class II
Term of office[1] and length of time served	Since 2003
Principal occupation(s) during past five years	Managing Director of Legg Mason & Co., LLC ("Legg Mason & Co.") (since 2005); Officer and Trustee/Director of 157 funds associated with Legg Mason Partners Fund Advisor, LLC ("LMPFA") or its affiliates (since 2006) and Legg Mason & Co. predecessors (prior to 2006); President and Chief Executive Officer ("CEO") of LMPFA (since 2006); President and CEO of Smith Barney Fund Management LLC ("SBFM") (formerly a registered investment adviser) (since 2002)
Number of portfolios in fund complex overseen by Director (including the Fund)	157
Other board memberships held by Director	None

Additional Officers:

Ted P. Becker

Legg Mason

620 Eighth Avenue, New York, NY 10018

Year of birth	1951
Position(s) held with Fund[1]	Chief Compliance Officer
Term of office[1] and length of time served	Since 2006
Principal occupation(s) during past five years	Director of Global Compliance at Legg Mason (since 2006); Chief Compliance Officer of LMPFA (since 2006); Managing Director of Compliance of Legg Mason & Co. (since 2005); Chief Compliance Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2006)

Vanessa A. Williams

Legg Mason

100 First Stamford Place, Stamford, CT 06902

Year of birth	1979
Position(s) with Fund[1]	Identity Theft Prevention Officer
Term of office[1] and length of time served	Since 2011
Principal occupation(s) during past five years	Vice President of Legg Mason & Co. (since 2012); Identity Theft Prevention Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2011); Chief Anti-Money Laundering Compliance Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2011); formerly, Senior Compliance Officer of Legg Mason & Co. (2008 to 2011); formerly, Compliance Analyst of Legg Mason & Co. (2006 to 2008) and Legg Mason & Co. predecessors (prior to 2006)

Robert I. Frenkel

Legg Mason

100 First Stamford Place, Stamford, CT 06902

Year of birth	1954
Position(s) held with Fund[1]	Secretary and Chief Legal Officer
Term of office[1] and length of time served	Since 2003
Principal occupation(s) during past five years	Vice President and Deputy General Counsel of Legg Mason (since 2006); Managing Director and General Counsel of Global Mutual Funds for Legg Mason & Co. (since 2006) and Legg Mason & Co. predecessors (since 1994); Secretary and Chief Legal Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2006) and Legg Mason & Co. predecessors (prior to 2006)

Additional Officers cont' d

Thomas C. Mandia

Legg Mason

100 First Stamford Place, Stamford, CT 06902

Year of birth	1962
Position(s) held with Fund[1]	Assistant Secretary
Term of office[1] and length of time served	Since 2006
Principal occupation(s) during past five years	Managing Director and Deputy General Counsel of Legg Mason & Co. (since 2005) and Legg Mason & Co. predecessors (prior to 2005); Secretary of LMPFA (since 2006); Assistant Secretary of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2006) and Legg Mason & Co. predecessors (prior to 2006); Secretary of SBFM (since 2002)

Richard F. Sennett

Legg Mason

100 International Drive, Baltimore, MD 21202

Year of birth	1970
Position(s) held with Fund[1]	Principal Financial Officer
Term of office[1] and length of time served	Since 2011
Principal occupation(s) during past five years	Principal Financial Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2011); Managing Director of Legg Mason & Co. and Senior Manager of the Treasury Policy group for Legg Mason & Co.' s Global Fiduciary Platform (since 2011); formerly, Chief Accountant within the SEC' s

Division of Investment Management (2007 to 2011); formerly, Assistant Chief Accountant within the SEC' s Division of Investment Management (2002 to 2007)

Additional Officers cont' d

Steven Frank
Legg Mason
55 Water Street, New York, NY 10041

Year of birth	1967
Position(s) held with Fund[1]	Treasurer
Term of office[1] and length of time served	Since 2010
Principal occupation(s) during past five years	Vice President of Legg Mason & Co. and Legg Mason & Co. predecessors (since 2002); Treasurer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2010); formerly, Controller of certain mutual funds associated with Legg Mason & Co. or its affiliates (prior to 2010)

Jeanne M. Kelly
Legg Mason
620 Eighth Avenue, New York, NY 10018

Year of birth	1951
Position(s) with Fund[1]	Senior Vice President
Term of office[1] and length of time served	Since 2009
Principal occupation(s) during past five years	Senior Vice President of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2007); Senior Vice President of LMPFA (since 2006); Managing Director of Legg Mason & Co. (since 2005) and Legg Mason & Co. predecessors (prior to 2005)

† Directors who are not "interested persons" of the Fund within the meaning of Section 2(a)(19) of the 1940 Act.

1 The Fund' s Board of Directors is divided into three classes: Class I, Class II and Class III. The terms of office of the Class I, II and III Directors expire at the Annual Meetings of Stockholders in the year 2015, year 2013 and year 2014, respectively, or thereafter in each case when their respective successors are duly elected and qualified. The Fund' s executive officers are chosen each year at the first meeting of the Fund' s Board of Directors following the Annual Meeting of Stockholders, to hold office until the meeting of the Board following the next Annual Meeting of Stockholders and until their successors are duly elected and qualified.

2 Mr. Gerken is an "interested person" of the Fund as defined in the 1940 Act because Mr. Gerken is an officer of LMPFA and certain of its affiliates.

Annual chief executive officer and principal financial officer certifications (unaudited)

The Fund' s Chief Executive Officer ("CEO") has submitted to the NYSE the required annual certification and the Fund also has included the certifications of the Fund' s CEO and Principal Financial Officer required by Section 302 of the Sarbanes-Oxley Act in the Fund' s Form N-CSR filed with the SEC for the period of this report.

Other shareholder communications regarding accounting matters (unaudited)

The Fund' s Audit Committee has established guidelines and procedures regarding the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters (collectively, "Accounting Matters"). Persons with complaints or concerns regarding Accounting Matters may submit their complaints to the Chief Compliance Officer ("CCO"). Persons who are uncomfortable submitting complaints to the CCO, including complaints involving the CCO, may submit complaints directly to the Fund' s Audit Committee Chair (together with the CCO, "Complaint Officers"). Complaints may be submitted on an anonymous basis.

The CCO may be contacted at:
Legg Mason & Co., LLC
Compliance Department
620 Eighth Avenue, 49th Floor
New York, New York 10018

Complaints may also be submitted by telephone at 1-800-742-5274. Complaints submitted through this number will be received by the CCO.

Dividend reinvestment plan (unaudited)

Unless you elect to receive distributions in cash, all distributions, on your Common Shares will be automatically reinvested by American Stock Transfer & Trust Company, as agent for the Common Shareholders (the "Plan Agent"), in additional Common Shares under the Dividend Reinvestment Plan (the "Plan"). You may elect not to participate in the Plan by contacting the Plan Agent. If you do not participate, you will receive all cash distributions paid by check mailed directly to you by American Stock Transfer & Trust Company as dividend paying agent.

If you participate in the Plan, the number of Common Shares you will receive will be determined as follows:

(1) If the market price of the Common Shares on the record date (or, if the record date is not a New York Stock Exchange trading day, the immediately preceding trading day) for determining shareholders eligible to receive the relevant distribution (the "determination date") is equal to or exceeds the net asset value per share of the Common Shares, the Fund will issue new Common Shares at a price equal to the greater of (a) the net asset value per share at the close of trading on the Exchange on the determination date or (b) 95% of the market price per share of the Common Shares on the determination date.

(2) If the net asset value per share of the Common Shares exceeds the market price of the Common Shares on the determination date, the Plan Agent will receive the distribution in cash and will buy Common Shares in the open market, on the Exchange or elsewhere, for your account as soon as practicable commencing on the trading day following the determination date and terminating no later than the earlier of (a) 30 days after the distribution payment date, or (b) the record date for the next succeeding distribution to be made to the Common Shareholders; except when necessary to comply with applicable provisions of the federal securities laws. If during this period: (i) the market price rises so that it equals or exceeds the net asset value per share of the Common Shares at the close of trading on the Exchange on the determination date before the Plan Agent has completed the open market purchases or (ii) if the Plan Agent is unable to invest the full amount eligible to be reinvested in open market purchases, the Plan Agent will cease purchasing Common Shares in the open market and the Fund shall issue the remaining Common Shares at a price per share equal to the greater of (a) the net asset value per share at the close of trading on the Exchange on the determination date or (b) 95% of the then current market price per share.

The Plan Agent maintains all participants' accounts in the Plan and gives written confirmation of all transactions in the accounts, including information you may need for tax records. Common Shares in your account will be held by the Plan Agent in non-certified form. Any proxy you receive will include all Common Shares you have received under the Plan.

You may withdraw from the Plan by notifying the Plan Agent in writing at 59 Maiden Lane, New York, New York 10038. Such withdrawal will be effective immediately if notice is received by the Plan Agent not less than ten business days prior to any dividend or distribution record date; otherwise such withdrawal will be effective as soon as practicable after the Plan Agent's investment of the most recently declared dividend or distribution on the Common Shares. The Plan may be terminated by the Fund upon notice in writing mailed to Common Shareholders at least 30 days prior to the record date for the payment of any dividend or distribution by the Fund for which the termination is to be effective. Upon any termination, you will be sent a certificate or certificates for the full Common Shares held for you under the Plan and cash for any fractional Common Shares. You may elect to notify the Plan Agent in advance of such termination to have the Plan Agent sell part or all of your shares on your behalf. The Plan Agent is authorized to deduct brokerage charges actually incurred for this transaction from the proceeds.

There is no service charge for reinvestment of your dividends or distributions in Common Shares. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases. Because all dividends and distributions will be automatically reinvested in additional Common Shares, this allows you to add to your investment through dollar cost averaging, which may lower the average cost of your Common Shares over time.

Automatically reinvesting dividends and distributions does not mean that you do not have to pay income taxes due upon receiving dividends and distributions.

The Fund reserves the right to amend or terminate the Plan if, in the judgment of the Board of Directors, the change is warranted. There is no direct service charge to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants. Additional information about the Plan and your account may be obtained from the Plan Agent at 1-888-888-0151.

Important tax information (unaudited)

The following information is provided with respect to the distributions paid during the taxable year ended November 30, 2012:

Record date:	12/16/11	3/23/12	6/22/12	9/21/12
Payable date:	12/23/11	3/30/12	6/29/12	9/28/12
Ordinary income:				
Qualified dividend income for individuals	75.76%	69.96%	66.58%	66.58%
Dividends qualifying for the dividends received deduction for corporations	61.95%	57.74%	54.81%	54.81%
Interest from Federal obligations	0.81%	–	–	–

The law varies in each state as to whether and what percentage of dividend income attributable to Federal obligations is exempt from state income tax. We recommend that you consult with your tax adviser to determine if any portion of the dividends you received is exempt from state income taxes.

Please retain this information for your records.

LMP
Capital and Income Fund Inc.

Directors
Carol L. Colman
Daniel P. Cronin
Paolo M. Cucchi
Leslie H. Gelb
R. Jay Gerken
Chairman
William R. Hutchinson
Riordan Roett
Jeswald W. Salacuse

Officers
R. Jay Gerken
President and Chief Executive Officer
Richard F. Sennett
Principal Financial Officer
Ted P. Becker
Chief Compliance Officer
Vanessa A. Williams
Identity Theft Prevention Officer
Robert I. Frenkel
Secretary and Chief Legal Officer
Thomas C. Mandia
Assistant Secretary
Steven Frank
Treasurer

LMP Capital and Income Fund Inc.
620 Eighth Avenue
49th Floor
New York, NY 10018

Investment manager
Legg Mason Partners Fund Advisor, LLC

Subadvisers
ClearBridge Investments, LLC
Western Asset Management Company
Western Asset Management Company Limited

Custodian
State Street Bank and Trust Company
1 Lincoln Street
Boston, MA 02111

Transfer agent
American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10038

Independent registered public accounting firm
KPMG LLP
345 Park Avenue
New York, NY 10154

Legal counsel
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017

New York Stock Exchange Symbol
SCD

Jeanne M. Kelly
Senior Vice President

Legg Mason Funds Privacy and Security Notice

Your Privacy and the Security of Your Personal Information is Very Important to the Legg Mason Funds

This Privacy and Security Notice (the "Privacy Notice") addresses the Legg Mason Funds' privacy and data protection practices with respect to nonpublic personal information the Funds receive. The Legg Mason Funds include any funds sold by the Funds' distributor, Legg Mason Investor Services, LLC, as well as Legg Mason-sponsored closed-end funds and certain closed-end funds managed or sub-advised by Legg Mason or its affiliates. The provisions of this Privacy Notice apply to your information both while you are a shareholder and after you are no longer invested with the Funds.

The Type of Nonpublic Personal Information the Funds Collect About You

The Funds collect and maintain nonpublic personal information about you in connection with your shareholder account. Such information may include, but is not limited to:

- Personal information included on applications or other forms;
- Account balances, transactions, and mutual fund holdings and positions;
- Online account access user IDs, passwords, security challenge question responses; and
- Information received from consumer reporting agencies regarding credit history and creditworthiness (such as the amount of an individual's total debt, payment history, etc.).

How the Funds Use Nonpublic Personal Information About You

The Funds do not sell or share your nonpublic personal information with third parties or with affiliates for their marketing purposes, or with other financial institutions or affiliates for joint marketing purposes, unless you have authorized the Funds to do so. The Funds do not disclose any nonpublic personal information about you except as may be required to perform transactions or services you have authorized or as permitted or required by law. The Funds may disclose information about you to:

- Employees, agents, and affiliates on a "need to know" basis to enable the Funds to conduct ordinary business or comply with obligations to government regulators;
- Service providers, including the Funds' affiliates, who assist the Funds as part of the ordinary course of business (such as printing, mailing services, or processing or servicing your account with us) or otherwise perform services on the Funds' behalf, including companies that may perform marketing services solely for the Funds;
- The Funds' representatives such as legal counsel, accountants and auditors; and
- Fiduciaries or representatives acting on your behalf, such as an IRA custodian or trustee of a grantor trust.

NOT PART OF THE ANNUAL REPORT

Except as otherwise permitted by applicable law, companies acting on the Funds' behalf are contractually obligated to keep nonpublic personal information the Funds provide to them confidential and to use the information the Funds share only to provide the services the Funds ask them to perform.

The Funds may disclose nonpublic personal information about you when necessary to enforce their rights or protect against fraud, or as permitted or required by applicable law, such as in connection with a law enforcement or regulatory request, subpoena, or similar legal process. In the event of a corporate action or in the event a Fund service provider changes, the Funds may be required to disclose your nonpublic personal information to third parties. While it is the Funds' practice to obtain protections for disclosed information in these types of transactions, the Funds cannot guarantee their privacy policy will remain unchanged.

Keeping You Informed of the Funds' Privacy and Security Practices

The Funds will notify you annually of their privacy policy as required by federal law. While the Funds reserve the right to modify this policy at any time they will notify you promptly if this privacy policy changes.

The Funds' Security Practices

The Funds maintain appropriate physical, electronic and procedural safeguards designed to guard your nonpublic personal information. The Funds' internal data security policies restrict access to your nonpublic personal information to authorized employees, who may use your nonpublic personal information for Fund business purposes only.

Although the Funds strive to protect your nonpublic personal information, they cannot ensure or warrant the security of any information you provide or transmit to them, and you do so at your own risk. In the event of a breach of the confidentiality or security of your nonpublic personal information, the Funds will attempt to notify you as necessary so you can take appropriate protective steps. If you have consented to the Funds using electronic communications or electronic delivery of statements, they may notify you under such circumstances using the most current email address you have on record with them.

In order for the Funds to provide effective service to you, keeping your account information accurate is very important. If you believe that your account information is incomplete, not accurate or not current, or if you have questions about the Funds' privacy practices, write the Funds using the contact information on your account statements, email the Funds by clicking on the Contact Us section of the Funds' website at www.leggmason.com, or contact the Fund at 1-888-777-0102.

Revised April 2011

NOT PART OF THE ANNUAL REPORT

LMP Capital and Income Fund Inc.

LMP Capital and Income Fund Inc.
620 Eighth Avenue
49th Floor
New York, NY 10018

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Fund may purchase, at market prices, shares of its common stock in the open market.

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (“SEC”) for the first and third quarters of each fiscal year on Form N-Q. The Fund’ s Forms N-Q are available on the SEC’ s website at www.sec.gov. The Fund’ s Forms N-Q may be reviewed and copied at the SEC’ s Public Reference Room in Washington D.C., and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. To obtain information on Form N-Q from the Fund, shareholders can call 1-888-777-0102.

Information on how the Fund voted proxies relating to portfolio securities during the prior 12-month period ended June 30th of each year and a description of the policies and procedures that the Fund uses to determine how to vote proxies related to portfolio transactions are available (1) without charge, upon request, by calling 1-888-777-0102, (2) on the Fund’ s website at www.lmcef.com and (3) on the SEC’ s website at www.sec.gov.

This report is transmitted to the shareholders of LMP Capital and Income Fund Inc. for their information. This is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report.

American Stock
Transfer & Trust Company
59 Maiden Lane
New York, NY 10038

FD03548 1/13 SR12-1827

ITEM 2. CODE OF ETHICS.

The registrant has adopted a code of ethics that applies to the registrant’ s principal executive officer, principal financial officer, principal accounting officer or controller.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Board of Directors of the registrant has determined that William R. Hutchinson, a member of the Board’ s Audit Committee, possesses the technical attributes identified in Instruction 2(b) of Item 3 to Form N-CSR to qualify as an “audit committee financial expert,” and has designated Mr. Hutchinson as the Audit Committee’ s financial expert. Mr. Hutchinson is an “independent” Director pursuant to paragraph (a)(2) of Item 3 to Form N-CSR.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

a) Audit Fees. The aggregate fees billed in the last fiscal year ending November 30, 2011 and the fiscal period ending on November 30, 2012 (the “Reporting Periods”) for professional services rendered by the Registrant’ s principal accountant (the “Auditor”) for the audit of the Registrant’ s annual financial statements, or services that are normally provided by the Auditor in connection with the statutory and regulatory filings or engagements for the Reporting Periods, were $71,900 in 2011 and $74,100 in 2012.

b) Audit-Related Fees. The aggregate fees billed in the Reporting Period for assurance and related services by the Auditor that are reasonably related to the performance of the Registrant’ s financial statements were $0 in 2011 and $0 in 2012.

In addition, there were no Audit-Related Fees billed in the Reporting Period for assurance and related services by the Auditor to the Registrant' s investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by or under common control with the investment adviser that provides ongoing services to the LMP Capital and Income Fund Inc. "service affiliates"), that were reasonably related to the performance of the annual audit of the service affiliates.

(c) Tax Fees. The aggregate fees billed in the Reporting Periods for professional services rendered by the Auditor for tax compliance, tax advice and tax planning ("Tax Services") were $9,182 in 2011 and $0 in 2012. These services consisted of (i) review or preparation of U.S. federal, state, local and excise tax returns; (ii) U.S. federal, state and local tax planning, advice and assistance regarding statutory, regulatory or administrative developments, and (iii) tax advice regarding tax qualification matters and/or treatment of various financial instruments held or proposed to be acquired or held.

There were no fees billed for tax services by the Auditors to service affiliates during the Reporting Periods that required pre-approval by the Audit Committee.

d) All Other Fees. There were no other fees billed in the Reporting Periods for products and services provided by the Auditor, other than the services reported in paragraphs (a) through (c) of this Item 4 for the LMP Capital and Income Fund Inc.

All Other Fees. There were no other non-audit services rendered by the Auditor to Legg Mason Partners Fund Advisors, LLC ("LMPFA"), and any entity controlling, controlled by or under

common control with LMPFA that provided ongoing services to LMP Capital and Income Fund Inc. requiring pre-approval by the Audit Committee in the Reporting Period.

(e) Audit Committee' s pre-approval policies and procedures described in paragraph (c) (7) of Rule 2-01 of Regulation S-X.

(1) The Charter for the Audit Committee (the "Committee") of the Board of each registered investment company (the "Fund") advised by LMPFA or one of their affiliates (each, an "Adviser") requires that the Committee shall approve (a) all audit and permissible non-audit services to be provided to the Fund and (b) all permissible non-audit services to be provided by the Fund' s independent auditors to the Adviser and any Covered Service Providers if the engagement relates directly to the operations and financial reporting of the Fund. The Committee may implement policies and procedures by which such services are approved other than by the full Committee.

The Committee shall not approve non-audit services that the Committee believes may impair the independence of the auditors. As of the date of the approval of this Audit Committee Charter, permissible non-audit services include any professional services (including tax services), that are not prohibited services as described below, provided to the Fund by the independent auditors, other than those provided to the Fund in connection with an audit or a review of the financial statements of the Fund. Permissible non-audit services may not include: (i) bookkeeping or other services related to the accounting records or financial statements of the Fund; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions or human resources; (vii) broker or dealer, investment adviser or investment banking services; (viii) legal services and expert services unrelated to the audit; and (ix) any other service the Public Company Accounting Oversight Board determines, by regulation, is impermissible.

Pre-approval by the Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided to the Fund, the Adviser and any service providers controlling, controlled by or under common control with the Adviser that provide ongoing services to the Fund ("Covered Service Providers") constitutes not more than 5% of the total amount of revenues paid to the independent auditors during the fiscal year in which the permissible non-audit services are provided to (a) the Fund, (b) the Adviser and (c) any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the Fund during the fiscal year in which the services are provided that would have to be approved by the Committee; (ii) the permissible non-audit services were not recognized by the Fund at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved by the Committee (or its delegate(s)) prior to the completion of the audit.

(2) For the LMP Capital and Income Fund Inc., the percentage of fees that were approved by the audit committee, with respect to: Audit-Related Fees were 100% and 100% for 2011 and 2012; Tax Fees were 100% and 100% for 2011 and 2012; and Other Fees were 100% and 100% for 2011 and 2012.

(f) N/A

(g) Non-audit fees billed by the Auditor for services rendered to LMP Capital and Income Fund Inc., LMPFA and any entity controlling, controlled by, or under common control with LMPFA that provides ongoing services to LMP Capital and Income Fund Inc. during the reporting period were $0 in 2012.

(h) Yes. LMP Capital and Income Fund Inc.' s Audit Committee has considered whether the provision of non-audit services that were rendered to Service Affiliates, which were not pre-approved (not requiring pre-approval), is compatible with maintaining the Accountant' s independence. All services provided by the Auditor to the LMP Capital and Income Fund Inc. or to Service Affiliates, which were required to be pre-approved, were pre-approved as required.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

a) Registrant has a separately-designated standing Audit Committee established in accordance with *Section 3(a)58(A) of the Exchange Act*. The Audit Committee consists of the following Board members:

William R. Hutchinson
Paolo M. Cucchi
Daniel P. Cronin
Carol L. Colman
Leslie H. Gelb
Dr. Riordan Roett
Jeswald W. Salacuse

b) Not applicable

ITEM 6. SCHEDULE OF INVESTMENTS.

Included herein under Item 1.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Proxy Voting Guidelines and Procedures

Legg Mason Partners Fund Advisor, LLC ("LMPFA") delegates the responsibility for voting proxies for the fund to the subadviser through its contracts with the subadviser. The subadviser will use its own proxy voting policies and procedures to vote proxies. Accordingly, LMPFA does not expect to have proxy-voting responsibility for the fund. Should LMPFA become responsible for voting proxies for any reason, such as the inability of the subadviser to provide investment advisory services, LMPFA shall utilize the proxy voting guidelines established by the most recent subadviser to vote proxies until a new subadviser is retained.

The subadviser' s Proxy Voting Policies and Procedures govern in determining how proxies relating to the fund' s portfolio securities are voted and are provided below. Information regarding how each fund voted proxies (if any) relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge (1) by calling 888-777-0102, (2) on the fund' s website at http://www.lmcef.com and (3) on the SEC' s website at http://www.sec.gov.

PROXY VOTING GUIDELINES & PROCEDURES SUMMARY
Concerning ClearBridge Investments, LLC
(formerly known as ClearBridge Advisors, LLC)
("ClearBridge")
Proxy Voting Policies and Procedures

ClearBridge is subject to the Proxy Voting Policies and Procedures that it has adopted to seek to ensure that it votes proxies relating to equity securities in the best interest of client accounts. The following is a brief overview of the policies.

ClearBridge votes proxies for each client account with respect to which it has been authorized or is required by law to vote proxies. In voting proxies, ClearBridge is guided by general fiduciary principles and seeks to act prudently and solely in the best interest of the beneficial owners of the accounts it manages. ClearBridge attempts to consider all factors that could affect the value of the investment and will vote proxies in the manner that it believes will be consistent with efforts to maximize shareholder values. ClearBridge may utilize an external service provider to provide it with information and/or a recommendation with regard to proxy votes. However, such recommendations do not relieve ClearBridge of its responsibility for the proxy vote.

In the case of a proxy issue for which there is a stated position in the policies, ClearBridge generally votes in accordance with such stated position. In the case of a proxy issue for which there is a list of factors set forth in the policies that ClearBridge considers in voting on such issue, ClearBridge considers those factors and votes on a case-by-case basis in accordance with the general principles set forth above. In the case of a proxy issue for which there is no stated position or list of factors that ClearBridge considers in voting on such issue, ClearBridge votes on a case-by-case basis in accordance with the general principles set forth above. Issues for which there is a stated position set forth in the policies or for which there is a list of factors set forth in the policies that ClearBridge considers in voting on such issues fall into a variety of categories, including election of directors, ratification of auditors, proxy and tender offer defenses, capital structure issues, executive and director compensation, mergers and corporate restructuring, and social and environmental issues. The stated position on an issue set forth in the policies can always be superseded, subject to the duty to act solely in the best interest of the beneficial owners of accounts, by the investment management professionals responsible for the account whose shares are being voted. There may be occasions when different investment teams vote differently on the same issue. An investment team (e.g., ClearBridge SAI investment team) may adopt proxy voting policies that supplement ClearBridge' s Proxy Voting Policies and Procedures. In addition, in the case of Taft-Hartley clients, ClearBridge will comply with a client direction to vote proxies in accordance with Institutional Shareholder Services' (ISS) PVS Voting guidelines, which ISS represents to be fully consistent with AFL-CIO guidelines.

In furtherance of ClearBridge' s goal to vote proxies in the best interest of clients, ClearBridge follows procedures designed to identify and address material conflicts that may arise between ClearBridge' s interests and those of its clients before voting proxies on behalf of such clients. To seek to identify conflicts of interest, ClearBridge periodically notifies ClearBridge employees in writing that they are under an obligation (i) to be aware of the potential for conflicts of interest on the part of ClearBridge with respect to voting proxies on behalf of client accounts both as a result of their personal relationships and due to special circumstances that may arise during the conduct of ClearBridge' s business, and (ii) to bring conflicts of interest of which they become aware to the attention of ClearBridge' s compliance personnel. ClearBridge also maintains and considers a list of significant ClearBridge relationships that could present a conflict of interest for ClearBridge in voting proxies.ClearBridge is also sensitive to the fact that a significant, publicized relationship between an issuer and a non-ClearBridge Legg Mason affiliate might appear to the public to influence the manner in which ClearBridge decides to vote a proxy with respect to such issuer.

Absent special circumstances or a significant, publicized non-ClearBridge Legg Mason affiliate relationship that ClearBridge for prudential reasons treats as a potential conflict of interest because such relationship might appear to the public to influence the manner in which ClearBridge decides to vote a proxy, ClearBridge generally takes the position that non-ClearBridge relationships between a Legg Mason affiliate and an issuer do not present a conflict of interest for ClearBridge in voting proxies with respect to such issuer. Such position is based on the fact that ClearBridge is operated as an independent business unit from

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other Legg Mason business units as well as on the existence of information barriers between ClearBridge and certain other Legg Mason business units.

ClearBridge maintains a Proxy Committee to review and address conflicts of interest brought to its attention by ClearBridge compliance personnel. A proxy issue that will be voted in accordance with a stated ClearBridge position on such issue or in accordance with the recommendation of an independent third party is not brought to the attention of the Proxy Committee for a conflict of interest review because ClearBridge' s position is that to the extent a conflict of interest issue exists, it is resolved by voting in accordance with a pre-determined policy or in accordance with the recommendation of an independent third party. With respect to a conflict of interest brought to its attention, the Proxy Committee first determines whether such conflict of interest is material. A conflict of interest is considered material to the extent that it is determined that such conflict is likely to influence, or appear to influence, ClearBridge' s decision-making in voting proxies. If it is determined by the Proxy Committee that a conflict of interest is not material, ClearBridge may vote proxies notwithstanding the existence of the conflict.

If it is determined by the Proxy Committee that a conflict of interest is material, the Proxy Committee is responsible for determining an appropriate method to resolve such conflict of interest before the proxy affected by the conflict of interest is voted. Such determination is based on the particular facts and circumstances, including the importance of the proxy issue and the nature of the conflict of interest.

Western Asset Management Company and Western Asset Management Company Limited (together, "Western Asset" or the "Firm") Proxy Voting Policy

Background

Western Asset Management Company ("WA") and Western Asset Management Company Limited ("WAML") (together "Western Asset") have adopted and implemented policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interest of clients, in accordance with our fiduciary duties and SEC Rule 206(4)-6 under the Investment Advisers Act of 1940 ("Advisers Act"). Our authority to vote the proxies of our clients is established through investment management agreements or comparable documents, and our proxy voting guidelines have been tailored to reflect these specific contractual obligations. In addition to SEC requirements governing advisers, our proxy voting policies reflect the long-standing fiduciary standards and responsibilities for

ERISA accounts. Unless a manager of ERISA assets has been expressly precluded from voting proxies, the Department of Labor has determined that the responsibility for these votes lies with the Investment Manager.

In exercising its voting authority, Western Asset will not consult or enter into agreements with officers, directors or employees of Legg Mason Inc. or any of its affiliates (except that WA and WAML may so consult and agree with each other) regarding the voting of any securities owned by its clients.

Policy

Western Asset' s proxy voting procedures are designed and implemented in a way that is reasonably expected to ensure that proxy matters are handled in the best interest of our clients. While the guidelines included in the procedures are intended to provide a benchmark for voting standards, each vote is ultimately cast on a case-by-case basis, taking into consideration Western Asset' s contractual obligations to our clients and all other relevant facts and circumstances at the time of the vote (such that these guidelines may be overridden to the extent Western Asset deems appropriate).

Procedures

Responsibility and Oversight

The Western Asset Legal and Compliance Department ("Legal and Compliance Department") is responsible for administering and overseeing the proxy voting process. The gathering of proxies is coordinated through the Corporate Actions area of Investment Support ("Corporate Actions"). Research analysts and portfolio managers are responsible for determining appropriate voting positions on each proxy utilizing any applicable guidelines contained in these procedures.

Client Authority

The Investment Management Agreement for each client is reviewed at account start-up for proxy voting instructions. If an agreement is silent on proxy voting, but contains an overall delegation of discretionary authority or if the account represents assets of an ERISA plan, Western Asset will assume responsibility for proxy voting. The Legal and Compliance Department maintains a matrix of proxy voting authority.

Proxy Gathering

Registered owners of record, client custodians, client banks and trustees ("Proxy Recipients") that receive proxy materials on behalf of clients should forward them to Corporate Actions. Proxy Recipients for new clients (or, if Western Asset becomes aware that the applicable Proxy Recipient for an existing client has changed, the Proxy Recipient for the existing client) are notified at start-up of appropriate routing to Corporate Actions of proxy materials received and reminded of their responsibility to forward all proxy materials on a timely basis. If Western Asset personnel other than Corporate Actions receive proxy materials, they should promptly forward the materials to Corporate Actions.

Proxy Voting

Once proxy materials are received by Corporate Actions, they are forwarded to the Legal and Compliance Department for coordination and the following actions:

a. Proxies are reviewed to determine accounts impacted.

b. Impacted accounts are checked to confirm Western Asset voting authority.

c. Legal and Compliance Department staff reviews proxy issues to determine any material conflicts of interest. (See conflicts of interest section of these procedures for further information on determining material conflicts of interest.)

d. If a material conflict of interest exists, (i) to the extent reasonably practicable and permitted by applicable law, the client is promptly notified, the conflict is disclosed and Western Asset obtains the client' s proxy voting instructions, and (ii) to the extent that it is not reasonably practicable or permitted by applicable law to notify the client and obtain such instructions (e.g., the client is a mutual fund or other commingled vehicle or is an ERISA plan client), Western Asset seeks voting instructions from an independent third party.

e. Legal and Compliance Department staff provides proxy material to the appropriate research analyst or portfolio manager to obtain their recommended vote. Research analysts and portfolio managers determine votes on a case-by-case basis taking into account the voting guidelines contained in these procedures. For avoidance of doubt, depending on the best interest of each individual client, Western Asset may vote the same proxy differently for different clients. The analyst' s or portfolio manager' s basis for their decision is documented and maintained by the Legal and Compliance Department.

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f. Legal and Compliance Department staff votes the proxy pursuant to the instructions received in (d) or (e) and returns the voted proxy as indicated in the proxy materials.

Timing

Western Asset personnel act in such a manner to ensure that, absent special circumstances, the proxy gathering and proxy voting steps noted above can be completed before the applicable deadline for returning proxy votes.

Recordkeeping

Western Asset maintains records of proxies voted pursuant to Section 204-2 of the Advisers Act and ERISA DOL Bulletin 94-2. These records include:

a. A copy of Western Asset' s policies and procedures.

b. Copies of proxy statements received regarding client securities.

c. A copy of any document created by Western Asset that was material to making a decision how to vote proxies.

d. Each written client request for proxy voting records and Western Asset' s written response to both verbal and written client requests.

e. A proxy log including:

1. Issuer name;
2. Exchange ticker symbol of the issuer' s shares to be voted;
3. Committee on Uniform Securities Identification Procedures ("CUSIP") number for the shares to be voted;
4. A brief identification of the matter voted on;
5. Whether the matter was proposed by the issuer or by a shareholder of the issuer;

6. Whether a vote was cast on the matter;
7. A record of how the vote was cast; and
8. Whether the vote was cast for or against the recommendation of the issuer’ s management team.

Records are maintained in an easily accessible place for five years, the first two in Western Asset’ s offices.

Disclosure

Part II of the WA Form ADV, the WAML Form ADV, the WAMCL Form ADV and the WAMC Form ADV, each, contain a description of Western Asset’ s proxy policies. Clients will be provided a copy of these policies and procedures upon request. In addition, upon request, clients may receive reports on how their proxies have been voted.

Conflicts of Interest

All proxies are reviewed by the Legal and Compliance Department for material conflicts of interest. Issues to be reviewed include, but are not limited to:

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1. Whether Western Asset (or, to the extent required to be considered by applicable law, its affiliates) manages assets for the company or an employee group of the company or otherwise has an interest in the company;

2. Whether Western Asset or an officer or director of Western Asset or the applicable portfolio manager or analyst responsible for recommending the proxy vote (together, “Voting Persons”) is a close relative of or has a personal or business relationship with an executive, director or person who is a candidate for director of the company or is a participant in a proxy contest; and

3. Whether there is any other business or personal relationship where a Voting Person has a personal interest in the outcome of the matter before shareholders.

Voting Guidelines

Western Asset’ s substantive voting decisions turn on the particular facts and circumstances of each proxy vote and are evaluated by the designated research analyst or portfolio manager. The examples outlined below are meant as guidelines to aid in the decision making process.

Guidelines are grouped according to the types of proposals generally presented to shareholders. Part I deals with proposals which have been approved and are recommended by a company’ s board of directors; Part II deals with proposals submitted by shareholders for inclusion in proxy statements; Part III addresses issues relating to voting shares of investment companies; and Part IV addresses unique considerations pertaining to foreign issuers.

I. Board Approved Proposals

The vast majority of matters presented to shareholders for a vote involve proposals made by a company itself that have been approved and recommended by its board of directors. In view of the enhanced corporate governance practices currently being implemented in public companies, Western Asset generally votes in support of decisions reached by independent boards of directors. More specific guidelines related to certain board-approved proposals are as follows:

1. Matters relating to the Board of Directors

Western Asset votes proxies for the election of the company’ s nominees for directors and for board-approved proposals on other matters relating to the board of directors with the following exceptions:

a. Votes are withheld for the entire board of directors if the board does not have a majority of independent directors or the board does not have nominating, audit and compensation committees composed solely of independent directors.

b. Votes are withheld for any nominee for director who is considered an independent director by the company and who has received compensation from the company other than for service as a director.

c. Votes are withheld for any nominee for director who attends less than 75% of board and committee meetings without valid reasons for absences.

d. Votes are cast on a case-by-case basis in contested elections of directors.

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2. Matters relating to Executive Compensation

Western Asset generally favors compensation programs that relate executive compensation to a company’ s long-term performance. Votes are cast on a case-by-case basis on board-approved proposals relating to executive compensation, except as follows:

a. Except where the firm is otherwise withholding votes for the entire board of directors, Western Asset votes for stock option plans that will result in a minimal annual dilution.

b. Western Asset votes against stock option plans or proposals that permit replacing or repricing of underwater options.

c. Western Asset votes against stock option plans that permit issuance of options with an exercise price below the stock’ s current market price.

d. Except where the firm is otherwise withholding votes for the entire board of directors, Western Asset votes for employee stock purchase plans that limit the discount for shares purchased under the plan to no more than 15% of their market value, have an offering period of 27 months or less and result in dilution of 10% or less.

3. Matters relating to Capitalization

The management of a company’ s capital structure involves a number of important issues, including cash flows, financing needs and market conditions that are unique to the circumstances of each company. As a result, Western Asset votes on a case-by-case basis on board-approved proposals involving changes to a company’ s capitalization except where Western Asset is otherwise withholding votes for the entire board of directors.

a. Western Asset votes for proposals relating to the authorization of additional common stock.

b. Western Asset votes for proposals to effect stock splits (excluding reverse stock splits).

c. Western Asset votes for proposals authorizing share repurchase programs.

4. Matters relating to Acquisitions, Mergers, Reorganizations and Other Transactions

Western Asset votes these issues on a case-by-case basis on board-approved transactions.

5. Matters relating to Anti-Takeover Measures

Western Asset votes against board-approved proposals to adopt anti-takeover measures except as follows:

a. Western Asset votes on a case-by-case basis on proposals to ratify or approve shareholder rights plans.

b. Western Asset votes on a case-by-case basis on proposals to adopt fair price provisions.

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6. Other Business Matters

Western Asset votes for board-approved proposals approving such routine business matters such as changing the company' s name, ratifying the appointment of auditors and procedural matters relating to the shareholder meeting.

a. Western Asset votes on a case-by-case basis on proposals to amend a company' s charter or bylaws.

b. Western Asset votes against authorization to transact other unidentified, substantive business at the meeting.

II. Shareholder Proposals

SEC regulations permit shareholders to submit proposals for inclusion in a company' s proxy statement. These proposals generally seek to change some aspect of a company' s corporate governance structure or to change some aspect of its business operations. Western Asset votes in accordance with the recommendation of the company' s board of directors on all shareholder proposals, except as follows:

1. Western Asset votes for shareholder proposals to require shareholder approval of shareholder rights plans.

2. Western Asset votes for shareholder proposals that are consistent with Western Asset' s proxy voting guidelines for board-approved proposals.

3. Western Asset votes on a case-by-case basis on other shareholder proposals where the firm is otherwise withholding votes for the entire board of directors.

III. Voting Shares of Investment Companies

Western Asset may utilize shares of open or closed-end investment companies to implement its investment strategies. Shareholder votes for investment companies that fall within the categories listed in Parts I and II above are voted in accordance with those guidelines.

1. Western Asset votes on a case-by-case basis on proposals relating to changes in the investment objectives of an investment company taking into account the original intent of the fund and the role the fund plays in the clients' portfolios.

2. Western Asset votes on a case-by-case basis all proposals that would result in increases in expenses (e.g., proposals to adopt 12b-1 plans, alter investment advisory arrangements or approve fund mergers) taking into account comparable expenses for similar funds and the services to be provided.

IV. Voting Shares of Foreign Issuers

In the event Western Asset is required to vote on securities held in non-U.S. issuers − i.e. issuers that are incorporated under the laws of a foreign jurisdiction and that are not listed on a U.S. securities exchange or the NASDAQ stock market, the following guidelines are used, which are premised on the existence of a sound corporate governance and disclosure framework. These guidelines, however, may not be appropriate under some circumstances for foreign issuers and therefore apply only where applicable.

1. Western Asset votes for shareholder proposals calling for a majority of the directors to be independent of management.

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2. Western Asset votes for shareholder proposals seeking to increase the independence of board nominating, audit and compensation committees.

3. Western Asset votes for shareholder proposals that implement corporate governance standards similar to those established under U.S. federal law and the listing requirements of U.S. stock exchanges, and that do not otherwise violate the laws of the jurisdiction under which the company is incorporated.

4. Western Asset votes on a case-by-case basis on proposals relating to (1) the issuance of common stock in excess of 20% of a company' s outstanding common stock where shareholders do not have preemptive rights, or (2) the issuance of common stock in excess of 100% of a company' s outstanding common stock where shareholders have preemptive rights.

Retirement Accounts

For accounts subject to ERISA, as well as other Retirement Accounts, Western Asset is presumed to have the responsibility to vote proxies for the client. The Department of Labor ("DOL") has issued a bulletin that states that investment managers have the responsibility to vote proxies on behalf of Retirement Accounts unless the authority to vote proxies has been specifically reserved to another named fiduciary. Furthermore, unless Western Asset is expressly precluded from voting the proxies, the DOL has determined that the responsibility remains with the investment manager.

In order to comply with the DOL' s position, Western Asset will be presumed to have the obligation to vote proxies for its Retirement Accounts unless Western Asset has obtained a specific written instruction indicating that: (a) the right to vote proxies has been reserved to a named fiduciary of the client, and (b) Western Asset is precluded from voting proxies on behalf of the client. If Western Asset does not receive such an instruction, Western Asset will be responsible for voting proxies in the best interests of the Retirement Account client and in accordance with any proxy voting guidelines provided by the client.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

(a)(1):

NAME AND ADDRESS	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
Stephen A. Walsh Western Asset 385 East Colorado Blvd. Pasadena, CA 91101	Since 2006	Responsible for the day-to-day management with other members of the Fund' s portfolio management team; Deputy Chief Investment Officer of Western Asset from 2000 to 2008; Chief Investment Officer of Western Asset since 2008.

Keith J. Gardner Western Asset 385 East Colorado Blvd. Pasadena, CA 91101	Since 2007	Responsible for the day-to-day management with other members of the Fund' s portfolio management team; portfolio manager and research analyst at Western Asset since 1994.

Michael C. Buchanan Western Asset 385 East Colorado Blvd. Pasadena, CA 91101	Since 2010	Responsible for the day-to-day management with other members of the Fund' s portfolio management team; employed by Western Asset Management as an investment professional for at least the past five years; Managing Director and head of U.S. Credit Products from 2003-2005 at Credit Suisse Asset Management
Ryan Brist Western Asset 385 East Colorado Blvd. Pasadena, CA 91101	Since 2010	Responsible for the day-to-day management with other members of the Fund' s portfolio management team; Head of U.S. Investment Grade Credit of Western Asset since 2009; Chief Investment Officer and Portfolio Manager at Logan Circle Partners, L.P. from 2007-2009; Co-Chief Investment Officer and Senior Portfolio Manager at Delaware Investment Advisors from 2000-2007
Mark Lindbloom Western Asset 385 East Colorado Blvd. Pasadena, CA 91101	Since 2010	Co-portfolio manager of the fund; Portfolio Manager with Western Asset since 2006. Formerly, a Managing Director of Citigroup Asset Management and its predecessors from 1986-2006.
Mark McAllister Clearbridge 620 Eighth Avenue New York, NY 10018	Since 2011	Co-portfolio manager of the fund; Managing Director and Senior Portfolio Manager with ClearBridge; Mr. McAllister has 24 years of investment industry experience.
Peter Vanderlee Clearbridge 620 Eighth Avenue New York, NY 10018	Since 2009	Co-portfolio manager of the fund; Managing Director and Portfolio Manager with ClearBridge Advisors. Mr. Vanderlee has eleven years of investment management experience and thirteen years of related investment experience.
Tim Daubenspeck Clearbridge 620 Eighth Avenue New York, NY 10018	Since 2011	Co-portfolio manager of the fund; Director and Portfolio Manager with ClearBridge Advisors. Mr. Daubenspeck has twelve years of investment management experience.
Tatiana Thibodeau Clearbridge 620 Eighth Avenue New York, NY 10018	Since 2011	Co-portfolio manager of the fund; Director and Portfolio Manager with ClearBridge Advisors. Ms. Thibodeau has twelve years of investment management experience.

(a)(2): DATA TO BE PROVIDED BY FINANCIAL CONTROL

The following tables set forth certain additional information with respect to the fund' s portfolio managers for the fund. Unless noted otherwise, all information is provided as of November 30, 2012.

Other Accounts Managed by Portfolio Managers

The table below identifies the number of accounts (other than the fund) for which the fund' s portfolio managers have day-to-day management responsibilities and the total assets in such accounts, within each of the following categories: registered investment companies, other pooled investment vehicles, and other accounts. For each category, the number of accounts and total assets in the accounts where fees are based on performance is also indicated.

Portfolio Manager(s)	**Registered Investment Companies**	**Other Pooled Investment Vehicles**	**Other Accounts**
Stephen A. Walsh♯	95 registered investment companies with $188.3 billion in total assets under management	232 Other pooled investment vehicles with $99.6 billion in assets under management*	723 Other accounts with $174.4 billion in total assets under management**
Keith J. Gardner♯	29 registered investment companies with $26.2 billion in total assets under management	27 Other pooled investment vehicles with $14.5 billion in assets under management***	171 Other accounts with $43.5 billion in total assets under management****
Michael C. Buchanan	♯40 registered investment Companies with $32.5 billion in total assets Under management	46 Other pooled investment vehicles with $26.5 billion in assets under management+	199 Other accounts with $51.5 billion in total assets under management++
Ryan Brist ♯	8 registered investment Companies with $2.0 billion in total assets Under management	13 Other pooled investment vehicles with $8.5 billion in assets under management +++	31 Other accounts with $8.0 billion in total assets under management++++
Mark Lindbloom ♯	*16* registered investment Companies with $27.3 billion in total assets Under management	14 Other pooled investment vehicles with $4.9 billion in assets under management	178 Other accounts with $49.3 billion in total assets under management@
Mark McAllister	2 registered investment Company with $0.3 billion in total assets Under management	0 Other pooled investment vehicle with $0 billion in assets under management	0 Other accounts with $0.0 billion in assets under management
Tim Daubenspeck	0 registered investment Companies with $0.0 billion in total assets Under management	0 Other pooled investment vehicles with $0 billion in assets under management	0 Other accounts with $0.0 billion in assets under management
Peter Vanderlee	6 registered investment Companies with $8.5 billion in total assets Under management	1 Other pooled investment vehicle with $70 million in assets under management	21,978 Other accounts with $2.9 billion in assets under management
Tatiana Thibodeau	0 registered investment Companies with $0.0 billion in total assets Under management	0 Other pooled investment vehicles with $0 billion in assets under management	0 Other accounts with $0.0 billion in assets under management

*	Includes 6 accounts managed, totaling $0.8 billion, for which advisory fee is performance based.
**	Includes 69 accounts managed, totaling $16.6 billion, for which advisory fee is performance based.
***	Includes 1 account managed, totaling $140 million, for which advisory fee is performance based.
****	Includes 21 accounts managed, totaling $7.0 billion, for which advisory fee is performance based.

+	Includes 4 accounts managed, totaling $0.5 billion, for which advisory fee is performance based.
++	Includes 22 accounts managed, totaling $7.1 billion, for which advisory fee is performance based.
+++	Includes 1 account managed, totaling $1 million, for which advisory fee is performance based.
++++	Includes 2 accounts managed, totaling $0.4 billion, for which advisory fee is performance based.
@	Includes 25 accounts managed, totaling $7.5 billion, for which advisory fee is performance based.

‡ The numbers above reflect the overall number of portfolios managed by employees of Western Asset Management Company ("Western Asset"). Mr. Walsh is involved in the management of all the Firm's portfolios, but they are not solely responsible for particular portfolios. Western Asset's investment discipline emphasizes a team approach that combines the efforts of groups of specialists working in different market sectors. They are responsible for overseeing implementation of Western Asset's overall investment ideas and coordinating the work of the various sector teams. This structure ensures that client portfolios benefit from a consensus that draws on the expertise of all team members.

(a)(3): *Investment Professional Compensation (Western Asset)*

With respect to the compensation of the investment professionals, Western Asset's compensation system assigns each employee a total compensation range, which is derived from annual market surveys that benchmark each role with its job function and peer universe. This method is designed to reward employees with total compensation reflective of the external market value of their skills, experience, and ability to produce desired results. Standard compensation includes competitive base salaries, generous employee benefits, and a retirement plan.

In addition, the subadviser's employees are eligible for bonuses. These are structured to closely align the interests of employees with those of the subadviser, and are determined by the professional's job function and pre-tax performance as measured by a formal review process. All bonuses are completely discretionary. The principal factor considered is an investment professional's investment performance versus appropriate peer groups and benchmarks (*e.g.*, a securities index and with respect to a fund, the benchmark set forth in the fund's Prospectus to which the fund's average annual total returns are compared or, if none, the benchmark set forth in the fund's annual report). Performance is reviewed on a 1, 3 and 5 year basis for compensation−with 3 years having the most emphasis. The subadviser may also measure an

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investment professional's pre-tax investment performance against other benchmarks, as it determines appropriate. Because investment professionals are generally responsible for multiple accounts (including the funds) with similar investment strategies, they are generally compensated on the performance of the aggregate group of similar accounts, rather than a specific account. Other factors that may be considered when making bonus decisions include client service, business development, length of service to the subadviser, management or supervisory responsibilities, contributions to developing business strategy and overall contributions to the subadviser's business.

Finally, in order to attract and retain top talent, all professionals are eligible for additional incentives in recognition of outstanding performance. These are determined based upon the factors described above and include Legg Mason stock options and long-term incentives that vest over a set period of time past the award date.

Potential Conflicts of Interest

Conflicts of Interest

The manager, the subadviser and investment professionals have interests which conflict with the interests of the fund. There is no guarantee that the policies and procedures adopted by the manager, the subadviser and the fund will be able to identify or mitigate these conflicts of interest.

Some examples of material conflicts of interest include:

Allocation of Limited Time and Attention. An investment professional who is responsible for managing multiple funds and/or accounts may devote unequal time and attention to the management of those funds and/or accounts. An investment professional may not be able to formulate as complete a strategy or identify equally attractive investment opportunities for each of those funds and accounts as might be the case if he or she were to devote substantially more attention to the management of a single fund. Such an investment professional may make general determinations across multiple funds, rather than tailoring a unique approach for each fund. The effects of this conflict may be more pronounced where funds and/or accounts overseen by a particular investment professional have different investment strategies.

Allocation of Limited Investment Opportunities; Aggregation of Orders. If an investment professional identifies a limited investment opportunity that may be suitable for multiple funds and/or accounts, the opportunity may be allocated among these several funds or accounts, which may limit the fund' s ability to take full advantage of the investment opportunity. Additionally, the subadviser may aggregate transaction orders for multiple accounts for purpose of execution. Such aggregation may cause the price or brokerage costs to be less favorable to a particular client than if similar transactions were not being executed concurrently for other accounts. In addition, the subadviser' s trade allocation policies may result in the fund' s orders not being fully executed or being delayed in execution.

Pursuit of Differing Strategies. At times, an investment professional may determine that an investment opportunity may be appropriate for only some of the funds and/or accounts for which he or she exercises investment responsibility, or may decide that certain of the funds and/or accounts should take differing positions with respect to a particular security. In these cases, the investment professional may place separate transactions for one or more funds or accounts which may affect the market price of the security or the execution of the transaction, or both, to the detriment or benefit of one or more other funds and/or accounts. For example, an investment professional may determine that it would be in the interest of another account to sell a security that the fund holds long, potentially resulting in a decrease in the market value of the security held by the fund.

Cross Trades. Investment professionals may manage funds that engage in cross trades, where one of the manager' s funds or accounts sells a particular security to another fund or account managed by the same manager. Cross trades may pose conflicts of interest because of, for example, the possibility that one account sells a security to another account at a higher price than an independent third party would pay or

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otherwise enters into a transaction that it would not enter into with an independent party, such as the sale of a difficult-to-obtain security.

Selection of Broker/Dealers. Investment professionals may select or influence the selection of the brokers and dealers that are used to execute securities transactions for the funds and/or accounts that they supervise. In addition to executing trades, some brokers and dealers provide the subadviser with brokerage and research services, These services may be taken into account in the selection of brokers and dealers whether a broker is being selected to effect a trade on an agency basis for a commission or (as is normally the case for the funds) whether a dealer is being selected to effect a trade on a principal basis. This may result in the payment of higher brokerage fees and/or execution at a less favorable price than might have otherwise been available. The services obtained may ultimately be more beneficial to certain of the manager' s funds or accounts than to others (but not necessarily to the funds that pay the increased commission or incur the less favorable execution). A decision as to the selection of brokers and dealers could therefore yield disproportionate costs and benefits among the funds and/or accounts managed.

Variation in Financial and Other Benefits. A conflict of interest arises where the financial or other benefits available to an investment professional differ among the funds and/or accounts that he or she manages. If the amount or structure of the investment manager' s management fee and/or an investment professional' s compensation differs among funds and/or accounts (such as where certain funds or accounts pay higher management fees or performance-based management fees), the investment professional might be motivated to help certain funds and/or accounts over others. Similarly, the desire to maintain assets under management or to enhance the investment professional' s performance record or to derive other rewards, financial or otherwise, could influence the investment professional in affording preferential treatment to those funds and/or accounts that could most significantly benefit the investment professional. An investment professional may, for example, have an incentive to allocate favorable or limited opportunity investments or structure the timing of investments to favor such funds and/or accounts. Also, an investment professional' s or the manager' s or the subadviser' s desire to increase assets under management could influence the investment professional to keep a fund open for new investors without regard to potential benefits of closing the fund to new investors. Additionally, the investment professional might be motivated to favor funds and/or accounts in which he or she has an ownership interest or in which the investment manager and/or its affiliates have ownership interests. Conversely, if an investment professional does not personally hold an investment in the fund, the investment professional' s conflicts of interest with respect to the fund may be more acute.

Related Business Opportunities. The investment manager or its affiliates may provide more services (such as distribution or recordkeeping) for some types of funds or accounts than for others. In such cases, an investment professional may benefit, either directly or indirectly, by devoting disproportionate attention to the management of funds and/or accounts that provide greater overall returns to the investment manager and its affiliates.

Portfolio Manager Compensation (ClearBridge)

ClearBridge' s portfolio managers participate in a competitive compensation program that is designed to attract and retain outstanding investment professionals and closely align the interests of its investment professionals with those of its clients and overall firm results. The total compensation program includes a significant incentive component that rewards high performance standards, integrity, and collaboration consistent with the firm' s values. Portfolio manager compensation is reviewed and modified each year as appropriate to reflect changes in the market and to ensure the continued alignment with the goals stated above. ClearBridges' s portfolio managers and other investment professionals receive a combination of base compensation and discretionary compensation, comprising a cash incentive award and deferred incentive plans described below.

Base salary compensation. Base salary is fixed and primarily determined based on market factors and the experience and responsibilities of the investment professional within the firm.

Discretionary compensation. In addition to base compensation managers may receive discretionary compensation.

Discretionary compensation can include:

- Cash Incentive Award

- ClearBridge' s Deferred Incentive Plan (CDIP)‒a mandatory program that typically defers 15% of discretionary year-end compensation into ClearBridge managed products. For portfolio managers, one-third of this deferral tracks the performance of their primary managed product, one-third tracks the performance of a composite portfolio of the firm' s new products and one-third can be elected to track the performance of one or more of ClearBridge managed funds. Consequently, portfolio managers can have two-thirds of their CDIP award tracking the performance of their primary managed product.

For centralized research analysts, two-thirds of their deferral is elected to track the performance of one of more of ClearBridge managed funds, while one-third tracks the performance of the new product composite.

ClearBridge then makes a company investment in the proprietary managed funds equal to the deferral amounts by fund. This investment is a company asset held on the balance sheet and paid out to the employees in shares subject to vesting requirements.

- Legg Mason Restricted Stock Deferral‒a mandatory program that typically defers 5% of discretionary year-end compensation into Legg Mason restricted stock. The award is paid out to employees in shares subject to vesting requirements.

- Legg Mason Restricted Stock and Stock Option Grants‒a discretionary program that may be utilized as part of the total compensation program. These special grants reward and recognize significant contributions to our clients, shareholders and the firm and aid in retaining key talent.

Several factors are considered by ClearBridge Senior Management when determining discretionary compensation for portfolio managers. These include but are not limited to:

- *Investment performance.* A portfolio manager' s compensation is linked to the pre-tax investment performance of the fund/ accounts managed by the portfolio manager. Investment performance is calculated for 1-, 3-, and 5-year periods measured against the applicable product benchmark (*e.g.*, a securities index and, with respect to a fund, the benchmark set forth in the fund' s Prospectus) and relative to applicable industry peer groups. The greatest weight is generally placed on 3- and 5-year performance.
- Appropriate risk positioning that is consistent with ClearBridge' s investment philosophy and the Investment Committee/CIO approach to generation of alpha;
- Overall firm profitability and performance;
- Amount and nature of assets managed by the portfolio manager;
- Contributions for asset retention, gathering and client satisfaction;
- Contribution to mentoring, coaching and/or supervising;
- Contribution and communication of investment ideas in ClearBridge' s Investment Committee meetings and on a day to day basis;
- Market compensation survey research by independent third parties

Potential Conflicts of Interest

Potential conflicts of interest may arise when the fund' s portfolio manager also has day-to-day management responsibilities with respect to one or more other funds or other accounts, as is the case for the fund' s portfolio manager.

The manager, the subadviser and the fund have adopted compliance polices and procedures that are designed to address various conflicts of interest that may arise for the manager or the subadviser and the individuals that each employs. For example, the manager and the subadviser each seek to minimize the effects of competing interests for the time and attention of the portfolio manager by assigning the portfolio manager to manage funds and accounts that share a similar investment style. The manager and the subadviser have also adopted trade allocation procedures that are designed to facilitate the fair allocation of

limited investment opportunities among multiple funds and accounts. There is no guarantee, however, that the policies and procedures adopted by the manager, the subadviser and the fund will be able to detect and/or prevent every situation in which an actual or potential conflict may appear. These potential conflicts include:

Allocation of Limited Time and Attention. A portfolio manager who is responsible for managing multiple funds and/or accounts may devote unequal time and attention to the management of those funds and/or accounts. As a result, the portfolio manager may not be able to formulate as complete a strategy or identify equally attractive investment opportunities for each of those accounts as might be the case if he or she were to devote substantially more attention to the management of a single fund. The effects of this potential conflict may be more pronounced where funds and/or accounts overseen by a particular portfolio manager have different investment strategies.

Allocation of Limited Investment Opportunities. If a portfolio manager identifies a limited investment opportunity that may be suitable for multiple funds and/or accounts, the opportunity may be allocated among these several funds or accounts, which may limit a fund' s ability to take full advantage of the investment opportunity.

Pursuit of Differing Strategies. At times, a portfolio manager may determine that an investment opportunity may be appropriate for only some of the funds and/or accounts for which he or she exercises investment responsibility, or may decide that certain of the funds and/or accounts should take differing positions with respect to a particular security. In these cases, the portfolio manager may place separate transactions for one or more funds or accounts which may affect the market price of the security or the execution of the transaction, or both, to the detriment or benefit of one or more other funds and/or accounts.

Selection of Broker/Dealers. Portfolio managers may be able to select or influence the selection of the brokers and dealers that are used to execute securities transactions for the funds and/or accounts that they supervise. In addition to executing trades, some brokers and dealers provide brokerage and research services (as those terms are defined in Section 28(e) of the 1934 Act), which may result in the payment of higher brokerage fees than might have otherwise been available. These services may be more beneficial to certain funds or accounts than to others. Although the payment of brokerage commissions is subject to the requirement that the sub-adviser determines in good faith that the commissions are reasonable in relation to the value of the brokerage and research services provided to the fund, a decision as to the selection of brokers and dealers could yield disproportionate costs and benefits among the funds and/or accounts managed. For this reason, the subadviser has formed a brokerage committee that reviews, among other things, the allocation of brokerage to broker/dealers, best execution and soft dollar usage.

Variation in Compensation. A conflict of interest may arise where the financial or other benefits available to a portfolio manager differ among the funds and/or accounts that he or she manages. If the structure of the manager' s management fee and/or the portfolio manager' s compensation differs among funds and/or accounts (such as where certain funds or accounts pay higher management fees or performance-based management fees), the portfolio manager might be motivated to help certain funds and/ or accounts over others. The portfolio manager might be motivated to favor funds and/or accounts in which he or she has an interest or in which the manager and/or its affiliates have interests. Similarly, the desire to maintain assets under management or to enhance the portfolio manager' s performance record or to derive other rewards, financial or otherwise, could influence the portfolio manager in affording preferential treatment to those funds and/or accounts that could most significantly benefit the portfolio manager.

Related Business Opportunities. The manager or its affiliates may provide more services (such as distribution or recordkeeping) for some types of funds or accounts than for others. In such cases, a portfolio manager may benefit, either directly or indirectly, by devoting disproportionate attention to the management of funds and/or accounts that provide greater overall returns to the manager and its affiliates.

(a)(4): *Portfolio Manager Securities Ownership*

The table below identifies the dollar range of securities beneficially owned by each portfolio managers as of November 30, 2012.

Portfolio Manager(s)	Dollar Range of Portfolio Securities Beneficially Owned
Stephen A. Walsh	A
Ryan Brist	A
Michael Lindbloom	A
Keith J. Gardner	A
Michael Buchanan	A
Michael McAllister	C
Tim Daubenspeck	A
Peter Vanderlee	E
Tatiana Thibodeau	A

Dollar Range ownership is as follows:
A: none
B: $1 - $10,000
C: 10,001 - $50,000
D: $50,001 - $100,000
E: $100,001 - $500,000
F: $500,001 - $1 million
G: over $1 million

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

ITEM 11. CONTROLS AND PROCEDURES.

(a) The registrant' s principal executive officer and principal financial officer have concluded that the registrant' s disclosure controls and procedures (as defined in Rule 30a- 3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.

(b) There were no changes in the registrant' s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are likely to materially affect the registrant' s internal control over financial reporting.

ITEM 12. EXHIBITS.

(a) (1) Code of Ethics attached hereto.

Exhibit 99.CODE ETH

(a) (2) Certifications pursuant to section 302 of the Sarbanes-Oxley Act of 2002 attached hereto.

Exhibit 99.CERT

(b) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 attached hereto.

Exhibit 99.906CERT

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this Report to be signed on its behalf by the undersigned, there unto duly authorized.

LMP Capital and Income Fund Inc.

By: /s/ **R. Jay Gerken**
(R. Jay Gerken)
Chief Executive Officer of
LMP Capital and Income Fund Inc.

Date: January 25, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ **R. Jay Gerken**
(R. Jay Gerken)
Chief Executive Officer of
LMP Capital and Income Fund Inc.

Date: January 25, 2013

By: /s/ **Richard F. Sennett**
(Richard F. Sennett)
Principal Financial Officer of
LMP Capital and Income Fund Inc.

Date: January 25, 2013

Exhibit 99.CODEETH

I. Covered Officers/Purpose of the Code

This code of ethics (the “Code”) for Legg Mason Partners Funds (“Funds” and each a, “Company”) applies to each Company’ s Chief Executive Officer, Chief Administrative Officer, Chief Financial Officer and Controller (the “Covered Officers”(1)) for the purpose of promoting:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (“SEC”) and in other public communications made by the Company;
- compliance with applicable laws and governmental rules and regulations;
- the prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and
- accountability for adherence to the Code.

Each Covered Officer should adhere to a high standard of business ethics and should be sensitive to situations that may give rise to actual as well as apparent conflicts of interest.

II. Administration of Code

The Funds’ CCO is responsible for administration of this Code, including granting pre-approvals (see Section III below) and waivers (as described in Section VI below), applying this Code in specific situations in which questions are presented under it and interpreting this Code in any particular situation.

III. Covered Officers Should Ethically Handle Actual and Apparent Conflicts of Interest

Overview. A “conflict of interest” occurs when a Covered Officer’ s private interest interferes with the interests of, or his service to, the Company. For example, a conflict of interest would arise if a Covered Officer, or a member of his family, receives improper personal benefits as a result of his position with the Company.

Certain conflicts of interest arise out of the relationships between Covered Officers and the Company and already are subject to conflict of interest provisions in the Investment Company Act of 1940 (“Investment Company Act”) and the Investment Advisers Act of 1940 (“Investment Advisers Act”). For example, Covered Officers may not individually engage in certain transactions (such as the purchase or sale of securities or other property) with the Company because of their status as “affiliated

(1) Including persons performing similar functions.

persons” of the Company. The compliance programs and procedures of the Company and its investment adviser are designed to prevent, or identify and correct, violations of these provisions. This Code does not, and is not intended to, repeat or replace these programs and procedures, and such conflicts fall outside of the parameters of this Code (see Section VII below).

Although typically not presenting an opportunity for improper personal benefit, conflicts arise from, or as a result of, the contractual relationship between a Company and the investment adviser of which the Covered Officers are also officers or employees. As a result, this Code recognizes that the Covered Officers will, in the normal course of their duties (whether formally for a Company or for the adviser, or for both), be involved in establishing policies and implementing decisions that will have different effects on the adviser and a Company. The participation of the Covered Officers in such activities is inherent in the contractual relationship between the Company and the adviser and is consistent with the performance by the Covered Officers of their duties as officers of a Company. Thus, if performed in conformity with the provisions of the Investment Company Act and the Investment Advisers Act, such activities will be deemed to have been handled ethically. In addition, it is recognized by the Funds' Boards of Directors\Trustees ("Boards") that the Covered Officers may also be officers or employees of one or more other investment companies covered by this or other codes.

Other conflicts of interest are covered by the Code, even if such conflicts of interest are not subject to provisions in the Investment Company Act and the Investment Advisers Act. The following list provides examples of conflicts of interest under the Code, but Covered Officers should keep in mind that these examples are not exhaustive. The overarching principle is that the personal interest of a Covered Officer should not be placed improperly before the interest of the Company.

Each Covered Officer must:

- not use his personal influence or personal relationships improperly to influence investment decisions or financial reporting (e.g. through fraudulent accounting practices) by the Company whereby the Covered Officer(2) would benefit personally to the detriment of the Company;
- not cause the Company to take action, or fail to take action, for the individual personal benefit of the Covered Officer rather than for the benefit of the Company; and
- not use material non-public knowledge of portfolio transactions made or contemplated for the Company to trade personally or cause others to trade personally in contemplation of the market affect of such transactions.

(2) Any activity or relationship that would present a conflict for a Covered Officer would also present a conflict for the Covered Officer if a member of a Covered Officer' s family (spouse, minor children and any account over which a Covered Officer is deemed to have beneficial interest) engages in such an activity or has such a relationship.

There are some potential conflict of interest situations that should always be discussed with the CCO, if material. Examples are as follows:

(1) service as a director on the board of any public or private company;
(2) any ownership interest in, or any consulting or employment relationship with, any of the Company' s service providers, other than its investment adviser;
(3) a direct or indirect financial interest in commissions, transaction charges or spreads paid by the Company for effecting portfolio transactions or for selling or redeeming shares other than an interest arising from the Covered Officer' s employment, such as compensation or equity ownership; and
4) the receipt of any gifts or the conveyance of any value (including entertainment) from any company with which the Company has current or prospective business dealings, except:

(a) any non-cash gifts of nominal value (nominal value is less than $100); and
(b) customary and reasonable meals and entertainment at which the giver is present, such as the occasional business meal or sporting event.

IV. Disclosure and Compliance

Each Covered Officer:

- should be familiar with his or her responsibilities in connection with the disclosure requirements generally applicable to the Company;
- should not knowingly misrepresent, or knowingly cause others to misrepresent, facts about the Company to others, whether within or outside the Company, including to the Company' s directors and auditors, and to governmental regulators and self-regulatory organizations;
- should, to the extent appropriate within his or her area of responsibility, consult with other officers and employees of the Funds and the investment adviser with the goal of promoting full, fair, accurate, timely and understandable disclosure in the reports and documents the Funds file with, or submit to, the SEC and in other public communications made by the Funds; and
- is responsible to promote compliance with the standards and restrictions imposed by applicable laws, rules and regulations.

V. Reporting and Accountability

Each Covered Officer must:

- upon adoption of the Code (or thereafter as applicable, upon becoming a Covered Officer), affirm in writing to the Board that the Covered Officer has received, read, and understands the Code;

- annually thereafter affirm to the Board that he or she has complied with the requirements of the Code;
- annually disclose affiliations and other relationships related to conflicts of interest;
- not retaliate against any other Covered Officer or any employee of the Funds or their affiliated persons for reports of potential violations that are made in good faith**;** and
- notify the CCO promptly if he knows of any violation of this Code (failure to do so is itself a violation of this Code).

In rendering decisions and interpretations and in conducting investigations of potential violations under the Code, the CCO may, at his discretion, consult with such persons as he determines to be appropriate, including, but not limited to, a senior legal officer of the Company or its investment adviser or its affiliates, independent auditors or other consultants, subject to any requirement to seek pre-approval from the Company' s audit committee for the retention of independent auditors to perform permissible non-audit services. The Funds will follow these procedures in investigating and enforcing the Code:

- the CCO will take all appropriate action to investigate any potential violation of which he becomes aware;
- if, after investigation the CCO believes that no violation has occurred, the CCO is not required to take any further action;
- any matter that the CCO believes is a violation will be reported to the Directors of the Fund who are not "interested persons" as defined in the Investment Company Act the ("Non-interested Directors")
- if the Non-interested Directors of the Board concur that a violation has occurred, it will consider appropriate action, which may include review of, and appropriate modifications to, applicable policies and procedures; notification to appropriate personnel of the investment adviser or its board; or a recommendation to dismiss the Covered Officer; and
- any changes to or waivers of this Code will, to the extent required, be disclosed as provided by SEC rules.

The CCO shall submit an annual report to the Board describing any waivers granted.

VI. Waivers(3)

A Covered Officer may request a waiver of any of the provisions of the Code by submitting a written request for such waiver to the CCO, setting forth the basis of such request and explaining how the waiver would be consistent with the standards of

(3) For purposes of this Code, Item 2 of Form N-CSR defines "waiver" as "the approval by a Company of a material departure from a provision of the Code" and includes an "implicit waiver," which means a Company' s failure to take action within a reasonable period of time regarding a material departure from a provision of the Code that has been made known to an executive officer of the Company.

conduct described herein. The CCO shall review such request and make a determination thereon in writing, which shall be binding.

In determining whether to waive any provisions of this Code, the CCO shall consider whether the proposed waiver is consistent with honest and ethical conduct and other purposes of this Code.

VII. Other Policies and Procedures

This Code shall be the sole code of ethics adopted by the Funds for purposes of Section 406 of the Sarbanes-Oxley Act and the rules and forms applicable to registered investment companies thereunder. Insofar as other policies or procedures of the Funds, the Funds' investment advisers, principal underwriters, or other service providers govern or purport to govern the behavior or activities of the Covered Officers who are subject to this Code, they are superseded by this Code to the extent that they overlap or conflict with the provisions of this Code. The codes of ethics of the funds and the investment advisers and principal underwriters under Rule 17j-1 of the Investment Company Act and the Legg Mason Code of Conduct as well as other policies of the Fund' s investment advisers or their affiliates are separate requirements applying to the Covered Officers and others, and are not part of this Code.

VIII. Amendments

Any amendments to this Code must be approved or ratified by a majority vote of the Board, including a majority of Non-interested Directors.

IX. Confidentiality

All reports and records prepared or maintained pursuant to this Code will be considered confidential and shall be maintained and protected accordingly. Except as otherwise required by law or this Code, such matters shall not be disclosed to anyone other than the appropriate Board and Company and their respective counsel, counsel to the non-Interested Directors or independent auditors or other consultants referred to in Section V above.

X. Internal Use

The Code is intended solely for the internal use by the Funds and does not constitute an admission, by or on behalf of any Company, as to any fact, circumstance, or legal conclusion.

EX-99.CERT

CERTIFICATIONS PURSUANT TO SECTION 302

CERTIFICATIONS

I, R. Jay Gerken, certify that:

1. I have reviewed this report on Form N-CSR of LMP Capital and Income Fund Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, changes in net assets, and cash flows (if the financial statements are required to include a statement of cash flows) of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officers and I have disclosed to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize, and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: January 25, 2013

/s/ R. Jay Gerken

R. Jay Gerken
Chief Executive Officer

I, Richard F. Sennett, certify that:

1. I have reviewed this report on Form N-CSR of LMP Capital and Income Fund Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial information included in this report, and the financial statements on which the financial information is based, fairly present in all material respects the financial condition, results of operations, changes in net assets, and cash flows (if the financial statements are required to include a statement of cash flows) of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officers and I have disclosed to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize, and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: January 25, 2013	/s/ Richard F. Sennett
	Richard F. Sennett
	Principal Financial Officer

EX-99.906CERT

CERTIFICATIONS PURSUANT TO SECTION 906

CERTIFICATION

R. Jay Gerken, Chief Executive Officer, and **Richard F. Sennett,** Principal Financial Officer of LMP Capital and Income Fund Inc. (the "Registrant"), each certify to the best of his knowledge that:

1. The Registrant' s periodic report on Form N-CSR for the period ended **November 30, 2012** the "Form N-CSR") fully complies with the requirements of section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Form N-CSR fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Chief Executive Officer LMP Capital and Income Fund Inc.	Principal Financial Officer LMP Capital and Income Fund Inc.
/s/ R. Jay Gerken	/s/ Richard F. Sennett
R. Jay Gerken Date: January 25, 2013	Richard F. Sennett Date: January 25, 2013

This certification is being furnished to the Securities and Exchange Commission solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Form N-CSR with the Commission.