BANK OF MONTREAL /CAN/
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Preliminary Pricing Supplement

(To the Prospectus dated April 27, 2017 and
the Prospectus Supplement dated September 23, 2018)

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Notes Linked to the Raymond James CEFR Domestic Equity Price Return Index,

due February 22, 2022

- The notes will be linked to the Raymond James CEFR Domestic Equity Price Return Index (the "Index").

- The Index consists of certain closed-end funds that are included in either the Morningstar U.S. Sector Equity category or the Morningstar U.S. Equity category (each, a "Reference Fund"). The weighting of these Reference Funds is subject to liquidity adjustments as further described in "The Index." The Reference Funds that comprise the Index are selected by the Closed-End Fund Research Department at Raymond James & Associates, Inc. ("Raymond James"). Bank of Montreal and its affiliates have no involvement in the creation, calculation or maintenance of the Index.

- The notes may pay interest on the third business day of each January, April, July and October, beginning on April 3, 2019, and ending on the maturity date. The amount of any interest to be paid on the notes will not be fixed, and will depend upon the dividends paid on the Reference Funds during the preceding quarter, as described in more detail below.

- On the maturity date, the amount that we will pay to you for each $1,000 in principal amount of the notes (the "Redemption Amount") will depend upon the performance of the Index over the term of the notes. As described in more detail below, the Redemption Amount will be less than the price to the public set forth below if the "Percentage Change" (as defined below) is not at least approximately 102.56%. *In addition, you may lose all or a portion of the principal amount of your notes at maturity.* We describe in more detail below how the payment at maturity will be determined.

- All payments on the notes are subject to our credit risk.

- The notes will not be listed on any securities exchange or quotation system.

- The CUSIP number of the notes is 06367WGV9.

- Our subsidiary, BMO Capital Markets Corp. ("BMOCM"), is the agent for this offering. See "Supplemental Plan of Distribution—Conflicts of Interest" below.

- The notes will not be subject to conversion into our common shares or the common shares of any of our affiliates under subsection 39.2(2.3) of the Canada Deposit Insurance Corporation Act (the "CDIC Act").

Investing in the notes involves risks, including those described in the "Risk Factors" section beginning on page PS-6 of this pricing supplement and the "Risk Factors" sections beginning on page S-1 of the prospectus supplement, and on page 8 of the prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the accuracy of this pricing supplement, the prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.

The notes will be our unsecured obligations and will not be savings accounts or deposits that are insured by the United States Federal Deposit Insurance Corporation, the Deposit Insurance Fund, the Canada Deposit Insurance Corporation or any other governmental agency or instrumentality or other entity.

On the date of this preliminary pricing supplement, the estimated initial value of the notes is $957.20 per $1,000 in principal amount based on the terms set forth above. The estimated initial value of the notes on the pricing date may differ from this value but will not be less than $945 per $1,000 in principal amount. However, as discussed in more detail in this pricing supplement, the actual value of the notes at any time will reflect many factors and cannot be predicted with accuracy.

	Price to Public	Agent's Commission[1]	Proceeds to Us
Per $1,000 of the Notes	US$1,000.00	US$0.00	US$1,000.00
Total	US$	US$	US$

(1) $0.00 per $1,000 in principal amount per note will be received by Raymond James for its services acting as an agent in connection with the distribution of the notes. Please see "Supplemental Plan of Distribution (Conflicts of Interest)" in this pricing supplement.

BMO Capital Markets

Key Terms of the Notes

This section summarizes the terms of the notes, and should be read together with the additional information in this pricing supplement, including the information set forth below under the captions "Risk Factors" and "Description of the Notes."

Pricing Date:	February 15, 2019
Issue Date:	February 22, 2019
Issue Price:	$1,000 per $1,000 in principal amount of the notes.
Index:	The Raymond James CEFR Domestic Equity Price Return Index (Bloomberg Ticker: RJCEFPR). For additional information about the Index and its methodology, please see the section below, "The Index."
Payments of Interest:	
Interest Payment Dates:	The third business day of each January, April, July and October, beginning on April 3, 2019. However, the final interest payment date will occur on the maturity date.
Interest Calculation Dates:	In each case, the final business day of March, June, September and December of each year, beginning in March 2019. However, the final interest calculation date will occur on the final valuation date.
Calculation of Interest Payments:	The amount of each interest payment, if any, will depend upon the amount of dividends paid on each Reference Fund, and will equal, for each $1,000 in principal amount, the sum of the Dividend Amounts (as defined below) for each of the Reference Funds. These interest calculations are intended to provide to noteholders approximately the amount of dividends they would have received had they been owners of the Reference Funds included in the Index during the applicable Interest Calculation Period, as reduced by the Participation Rate.
Interest Calculation Period:	The first Interest Calculation Period will commence on the second Averaging Date and end on the first Interest Calculation Date.

	Each subsequent Interest Calculation Period will begin on the trading day following an Interest Calculation Date and end on the next Interest Calculation Date. The final Interest Calculation Date will occur on the Final Valuation Date.
Dividend Amounts:	The Dividend Amounts will be determined as set forth in the section below, “Description of the Notes—Calculation of Dividend Amounts.” Each Dividend Amount will be rounded to the nearest four decimal places.
Payment at Maturity:	
Redemption Amount:	The amount that you will receive at maturity for each $1,000 in principal amount of the notes will depend upon the performance of the Index. The Redemption Amount will equal the product of (a) $1,000, (b) the Percentage Change, and (c) the Participation Rate. *As discussed in more detail below, the Percentage Change must exceed approximately 102.56% in order for you to receive a Redemption Amount per $1,000 in principal amount of the notes that exceeds the principal amount. In addition, the Redemption Amount could be substantially less than the principal amount of the notes.*
Initial Level:	The average of the closing levels of the Index on the Averaging Dates.
Final Level:	The average of the closing levels of the Index on the Valuation Dates.
Percentage Change:	$\frac{\text{Final Level}}{\text{Initial Level}}$, expressed as a percentage.
General Information:	
Participation Rate:	97.50%. Because the Participation Rate is less than 100%, the Percentage Change must exceed approximately 102.56% in order for you to receive a Redemption Amount per $1,000 in principal amount of the notes that exceeds the principal amount of the notes.
Averaging Dates:	The four scheduled consecutive trading days commencing on the pricing date.
Valuation Dates:	The four scheduled consecutive trading days ending on February 15, 2022 (the “Final Valuation Date”).

Maturity Date:	February 22, 2022
Calculation Agent:	BMO Capital Markets Corp. (“BMOCM”)
CUSIP:	06367WGV9
Distribution:	The notes are not intended for purchase by any investor that is not a United States person, as that term is defined for U.S. federal income tax purposes, and no dealer may make offers of the notes to any such investor.

The pricing date and the issue date of the notes are subject to change. The actual pricing date, issue date, maturity date and other dates set forth above will be set forth in the final pricing supplement relating to the notes.

Hypothetical Payments on the Notes at Maturity

The following hypothetical examples are provided for illustration purposes only and are hypothetical; they do not purport to be representative of every possible scenario concerning increases or decreases in the value of the Basket and the related effect on the Redemption Amount. The following hypothetical examples illustrate the payment you would receive on the maturity date if you purchased $1,000 in principal amount of the notes. Numbers appearing in the examples below have been rounded for ease of analysis. The examples below assume a Participation Rate of 97.50%. These examples do not reflect any interest payments that may be payable on the notes.

Basket Level Percentage	**Redemption Amount per $1,000 in Principal Amount**	**Percentage Gain (or Loss) per $1,000 in Principal Amount**
140.00%	$1,365.00	36.50%
130.00%	$1,267.50	26.75%
120.00%	$1,170.00	17.00%
110.00%	$1,072.50	7.25%
102.56% (1)	$1,000.00	0.00%
100.00%(2)	$975.00	-2.50%
90.00%	$ 877.50	-12.25%
80.00%	$ 780.00	-22.00%
70.00%	$ 682.50	-31.75%
60.00%	$ 585.00	-41.50%

(1) For you to receive a Redemption Amount greater than the principal amount of the notes, the Percentage Change must be greater than approximately 102.56% due to the effect of the Participation Rate being only 97.50%.

(2) If the Percentage Change is not at least approximately 102.56%, you will lose some or all of the principal amount of the notes.

Please see the sections below, "Risk Factors—General Risks Relating to the Notes—Your investment may result in a loss" and "—The notes will not reflect the full performance of the Index, which may negatively impact your return on the notes."

Additional Terms of the Notes

You should read this pricing supplement together with the prospectus supplement dated September 23, 2018 and the prospectus dated April 27, 2017. **This pricing supplement, together with the documents listed below, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours or the agent.** You should carefully consider, among other things, the matters set forth in “Risk Factors” in this pricing supplement, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the notes.

You may access these documents on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- Prospectus supplement dated September 23, 2018: https://www.sec.gov/Archives/edgar/data/927971/000119312518280416/d624491d424b5.htm

- Prospectus dated April 27, 2017: https://www.sec.gov/Archives/edgar/data/927971/000119312517142728/d254784d424b2.htm

Our Central Index Key, or CIK, on the SEC website is 927971. As used in this pricing supplement, “we,” “us” or “our” refers to Bank of Montreal.

Bank of Montreal has filed a registration statement (including a prospectus supplement and a prospectus) with the SEC for this offering. Before you invest, you should read those documents and the other documents relating to this offering that the issuer has filed with the SEC for more complete information about the issuer and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, Bank of Montreal, any agent or any dealer participating in this offering will arrange to send you the prospectus supplement and the prospectus if you so request by calling toll-free at 1-877-369-5412.

RISK FACTORS

An investment in the notes involves risks. This section describes significant risks relating to the terms of the notes. The notes are a riskier investment than ordinary debt securities. In addition, the notes are not equivalent to investing directly in the Reference Funds. Before investing in the notes, you should read the following information about these risks, together with the other information contained in or incorporated by reference in the prospectus supplement and prospectus.

General Risks Relating to the Notes

Your investment in the notes may result in a loss. The notes do not guarantee any return of principal. The amount payable on the notes at maturity will depend on the performance of the Index and the dividends paid on the Reference Funds. The return on the notes may be less, and possibly significantly less, than your initial investment. If the level of the Index decreases, or does not increase by at least 102.56%, the return on the notes will be less than the principal amount. In addition, because the Participation Rate is only 97.50%, the Percentage Change must exceed approximately 102.56% in order for you to receive a Redemption Amount that exceeds the principal amount. You may lose all or a substantial portion of the amount that you invested to purchase the notes. You may incur a loss, even if the Percentage Return is positive (but less than approximately 102.56%). Please also see "—The notes will not reflect the full performance of the Index, which may negatively impact your return on the notes."

The notes may not pay interest and your return may be lower than the return on a conventional debt security of comparable maturity. There are no guaranteed periodic interest payments on the notes as there would be on a conventional fixed-rate or floating-rate debt security having the same maturity. The yield that you will receive on your notes, which could be negative, may be less than the yield you could earn if you purchased a standard senior debt security of Bank of Montreal with the same maturity date. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

The Initial Level will not be known at the time you make your investment decision. The Initial Level will not be determined until after the Averaging Dates. Accordingly, you will not know the Initial Level at the time you make a decision to purchase the notes.

Owning the notes is not the same as owning shares of the Reference Funds or a security directly linked to the performance of the Reference Funds. The return on your notes will not reflect the return you would realize if you actually owned shares of the Reference Funds or a security directly linked to the performance of the Reference Funds or the Index and held that investment for a similar period. Your notes may trade quite differently from the Reference

Funds or the Index. Changes in the prices and dividend yields of the Reference Funds may not result in comparable changes in the market value of your notes. Even if the prices and dividend yields of the Reference Funds increase during the term of the notes, the market value of the notes prior to maturity may not increase to the same extent. It is also possible for the market value of the notes to decrease while the level of the Index increases, and/or the prices and dividend yields of the Reference Funds increase.

Our initial estimated value of the notes will be lower than the price to public. Our initial estimated value of the notes is only an estimate, and is based on a number of factors. The price to public of the notes will exceed our initial estimated value because, among other things, costs associated with offering, structuring and hedging the notes are included in the price to public, but are not included in the estimated value. These costs include the profits that we and our affiliates expect to realize for assuming the risks in hedging our obligations under the notes and the estimated cost of hedging these obligations. The initial estimated value of the notes may be as low as the amount indicated on the cover page of this pricing supplement.

Our initial estimated value does not represent any future value of the notes, and may also differ from the estimated value of any other party. Our initial estimated value of the notes as of the date of this preliminary pricing supplement is, and our estimated value as determined on the pricing date will be, derived using our internal pricing models. This value is based on market conditions, interest rates, and other relevant factors. Different pricing models and assumptions could provide values for the notes that are greater than or less than our initial estimated value. In addition, market conditions and other relevant factors after the pricing date are expected to change, possibly rapidly, and our assumptions may prove to be incorrect. After the pricing date, the value of the notes could change dramatically due to changes in market conditions, our creditworthiness, and the other factors set forth in this pricing supplement. These changes are likely to impact the price, if any, at which we or BMOCM would be willing to purchase the notes from you in any secondary market transactions. Our initial estimated values do not represent a minimum price at which we or our affiliates would be willing to buy your notes in any secondary market at any time.

The terms of the notes are not determined by reference to the credit spreads for our conventional fixed-rate debt. To determine the terms of the notes, we will use an internal funding rate that represents a discount from the credit spreads for our conventional fixed-rate debt. As a result, the terms of the notes are less favorable to you than if we had used a higher funding rate.

Certain costs are likely to adversely affect the value of the notes. Absent any changes in market conditions, any secondary market prices of the notes will likely be lower than the price to public. This is because any secondary market prices will likely take into account our then-current market credit spreads, and because any secondary market prices are likely to exclude all or a portion of the hedging profits and estimated hedging costs that are included in the price to public of the notes and that may be reflected on your account statements. In addition, any such price is also likely to reflect a discount to account for costs associated with establishing or unwinding any related hedge transaction, such as dealer discounts, mark-ups and other transaction costs. As a result, the price, if any, at which BMOCM or any other party may be willing to purchase the notes from you in secondary market transactions, if at all, will likely be lower than the price to public. Any sale that you make prior to the maturity date could result in a substantial loss to you.

The notes may not have an active trading market. Your notes will not be listed on any securities exchange, and there may be little or no secondary market for your notes. Even if a secondary market for your notes develops, it may not provide significant liquidity. We expect that transaction costs in any secondary market would be high. As a result, the difference between bid and ask prices for your notes in any secondary market could be substantial. If you sell your notes before maturity, you may suffer substantial losses.

The notes will not reflect the full performance of the Index, which may negatively impact your return on the notes. Because the calculation of the Redemption Amount includes a Participation Rate of less than 100%, the return, if any, on the notes will not reflect the full performance of the Index. Therefore, the yield to maturity based on the methodology for calculating the Redemption Amount will be less than the Percentage Return of the Index. The Percentage Change must be at least approximately 102.56% for the Redemption Amount to exceed the principal amount.

The market value of your notes may be influenced by many unpredictable factors. The following factors, many of which are beyond our control, may influence the market value of your notes:

- the level of the Index;
- the dividend yields of the Reference Funds;
- economic, financial, political, military, regulatory, legal and other events that affect the securities markets generally and the U.S. markets in particular, and which may affect the level of the Index; and
- interest rates in the market.

These factors may influence the market value of your notes if you sell your notes before maturity. Our creditworthiness, as represented by our credit ratings or as otherwise perceived in the market will also affect the market value of your notes. If you sell your notes prior to maturity, you may receive less than your initial investment.

Payments on the notes are subject to our credit risk, and changes in our credit ratings may adversely affect the market value of the notes. The notes are our senior unsecured debt securities. The payment due on the maturity date is dependent upon our ability to repay our obligations at that time. This will be the case even if the level and the dividend yield of the Index increases as of the Valuation Dates. No assurance can be given as to what our financial condition will be at any time during the term of the notes.

The Final Level may be less than the closing levels of the Index prior to the Valuation Dates. The Final Level will be calculated based on the closing levels of the Index on the Valuation Dates. The levels of the Index prior to the Valuation Dates will not be used to determine the Redemption Amount. Therefore, no matter how high the level of the Index may be during the term of the notes, only the closing level of the Index on the Valuation Dates will be used to calculate the Final Level and the Redemption Amount payable to you at maturity.

You must rely on your own evaluation of the merits of an investment linked to the Index. In the ordinary course of their business, BMOCM, Raymond James and our respective affiliates may have expressed views on expected movements in the level of the Index or the Reference Funds, and may do so in the future. These views or reports may be communicated to our clients, Raymond James' clients, and clients of our respective affiliates. However, these views are subject to change from time to time. Moreover, other professionals who transact business in markets relating to the Index and the Reference Funds may at any time have significantly different views from those of our respective affiliates. For these reasons, you are encouraged to derive information concerning the Index and the Reference Funds from multiple sources, and you should not rely solely on views expressed by us or our respective affiliates.

Our trading and other transactions relating to the Index, futures, options or other derivative products may adversely affect the market value of the notes. As described below under "Use of Proceeds and Hedging," we or our affiliates may hedge our obligations under the notes by purchasing or selling shares of the Reference Funds, futures or options relating to the Index or the Reference Funds, or other derivative instruments with returns linked or related to changes in the performance of the Index. We may adjust these hedges by, among other things, purchasing or selling those assets at any time. Although they are not expected to do so, any of these hedging activities may adversely affect the level of the Index, and therefore, the market value of the notes, and the amount payable at maturity. It is possible that we or one or more of our affiliates could receive substantial returns from these hedging activities, even though the market value of the notes decreases.

We, Raymond James, or one or more of our respective affiliates may also engage in trading relating to the Index or the Reference Funds on a regular basis as part of our general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for our customers, including block trades. Any of these activities could adversely affect the level of the Index or the Reference Funds and, therefore, the market value of the notes. We, Raymond James, or one or more of our respective affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of the Index or the Reference Funds. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the market value of the notes.

Our business activities and the business activities of our affiliates may create conflicts of interest. As noted above, we, Raymond James, or one or more of our respective affiliates expect to engage in trading activities related to the Reference Funds that are not for the account of holders of the notes or on their behalf. These trading activities may present a conflict between the holders' interests in the notes and the interests we and our affiliates will have in their proprietary accounts, in facilitating transactions, including options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the prices of the Reference Funds, could be adverse to the interests of the holders of the notes. We, Raymond James, or one or more of our respective affiliates may, at present or in the future, engage in business with the Reference Funds or their advisors or sponsors, or the issuers of any securities that are held by the Reference Funds, including making loans to or providing advisory services to those companies. These services could include investment banking and merger and acquisition advisory services. These activities may present a conflict between our or one or more of our affiliates' obligations and your interests as a holder of the notes. Moreover, we, Raymond James and our respective affiliates have published, and in the future expect to publish, research reports and other materials with respect to the Index, and/or to most or even all of the Reference Funds. Our views are modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the notes. Any of these activities by us or one or more of our affiliates may affect the level of the Index and, therefore, the market value of the notes.

As calculation agent, BMOCM will have the authority to make determinations that could affect the value of your notes and your payment at maturity. As calculation agent for your notes, BMOCM will have discretion in making various determinations that affect your notes, including determining the Initial Level, the Final Level, the Dividend Amounts, the Redemption Amount and whether any market disruption event has occurred. The calculation agent also has discretion in making certain determinations if the Index is modified or discontinued. The exercise of this discretion by BMOCM could adversely affect the value of your notes and may present BMOCM, which is our wholly owned subsidiary, with a conflict of interest.

Significant aspects of the tax treatment of the notes are uncertain. The tax treatment of the notes is uncertain. We do not plan to request a ruling from the Internal Revenue Service or from any Canadian authorities regarding the tax treatment of the notes, and the Internal Revenue Service or a court may not agree with the tax treatment described in this pricing supplement. Although the U.S. federal income tax treatment of the interest payments is uncertain, we intend to take the position that such interest payments constitute taxable ordinary income to a United States holder at the time received or accrued in accordance with the holder's regular method of accounting.

The Internal Revenue Service has issued a notice that it and the Treasury Department are actively considering whether, among other issues, a holder of an instrument such as the notes should be required to accrue ordinary income on a current basis (in addition to the interest payments) on a current basis. The outcome of this process is uncertain and could apply on a retroactive basis.

Please read carefully the section entitled "Supplemental U.S. Federal Income Tax Considerations" in this pricing supplement, the section entitled "United States Federal Income Taxation" in the accompanying prospectus and the section entitled "Certain Income Tax Consequences" in the accompanying prospectus supplement. You should consult your tax advisor about your own tax situation.

Insurance companies and employee benefit plans should carefully review the legal issues of an investment in the notes. Any insurance company or fiduciary of a pension plan or other employee benefit plan that is subject to the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended, which we call "ERISA," or the Internal Revenue Code of 1986, as amended (the "Code"), including an IRA or Keogh plan (or a governmental plan to which similar prohibitions apply), and that is considering purchasing the notes with the assets of the insurance company or the assets of such plan, should consult with its counsel regarding whether the purchase or holding of the notes could become a "prohibited transaction" under ERISA, the Code or any substantially similar prohibition in light of the representations a purchaser or holder in any of the above categories is deemed to make by purchasing and holding the notes. These issues are discussed in more detail in the section "Employee Retirement Income Security Act" below.

Insurance companies and employee benefit plans should carefully review the legal issues of an investment in the notes. Any insurance company or fiduciary of a pension plan or other employee benefit plan that is subject to the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended, which we call "ERISA," or the Internal Revenue Code of 1986, as amended (the "Code"), including an IRA or Keogh plan (or a governmental plan to which similar prohibitions apply), and that is considering purchasing the notes with the assets of the insurance company or the assets of such plan, should consult with its counsel regarding whether the purchase or holding of the notes could become a "prohibited transaction" under ERISA, the Code or any substantially similar prohibition in light of the representations a purchaser or holder in any of the above categories is deemed to make by purchasing and holding the notes. These issues are discussed in more detail in the section "Employee Retirement Income Security Act" below.

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Additional Risks Relating to the Index

We have no involvement in the operation of the Index. The Index is a proprietary index created by Raymond James & Associates, Inc. (the "Index Sponsor"). We have no involvement in the creation of the Index, its calculation, or the selection of the securities that are included in the Index. The Index Sponsor's policies concerning the calculation of the Index, additions, deletions or substitutions of the components of the Index and the manner in which changes affecting those components, such as stock dividends, reorganizations or mergers may be reflected in the Index, could affect the level of the Index, the amount payable on the notes at maturity, and the market value of the notes prior to maturity. The amounts payable on the notes and their market value could also be affected if the Index Sponsor changes these policies, for example, by changing the manner in which it calculates the Index, or if it discontinues or suspends the calculation or publication of the Index.

We have no affiliation with the Index Sponsor and will not be responsible for any actions taken by the Index Sponsor. The Index Sponsor is not an affiliate of ours and will not be involved in the offering of the notes in any way. Consequently, we have no control over the actions of the Index Sponsor, including any actions of the type that would require the calculation agent to adjust the payment to you at maturity. The Index Sponsor has no obligation of any sort with respect to the notes. Thus, the Index Sponsor has no obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the notes. As described below in the section "Description of the Notes," certain events involving the termination or the modification of the Index may result in an early redemption of the notes.

There are uncertainties regarding the Index because of its limited performance history. The Index began generating performance data on April 10, 2015. Because the Index is of recent origin and limited actual historical performance data exists with respect to it, your investment in the notes may involve a greater risk than investing in securities linked to an index with a more established record of performance. Past performance of the Index is not indicative of future results.

The constituents of the Index are selected according to the criteria set forth in the Index. There can be no assurance that these criteria will result in the selection of index constituents that will perform well, or that will perform better than index constituents that could have been selected by means of a different methodology.

The Index may, at times, lack industry, market capitalization or geographic diversification. The methodology of the Index does not require diversity in any particular industry, geographic area or market capitalization of any particular Reference Fund. Consequently, from time to time, the Index may be concentrated in funds that invest in a particular industry, sector or geographic area (which may be outside of the U.S.), and also may contain a high percentage of companies with a similar market capitalization, daily average trading value and discount to net asset value. These potential concentrations may have an adverse effect on the level of the Index if, for example, a negative event occurs in a particular industry, segment or geographic area.

You will not have any shareholder rights and will have no right to receive any shares of any Reference Fund included in the Index at maturity. Investing in your notes will not make you a holder of any shares of any Reference Fund included in the Index. Neither you nor any other holder or owner of the notes will have any voting rights, any right to receive dividends or other distributions, or any other rights with respect to those securities.

Extraordinary events may require an adjustment to the calculation of the Index. At any time during the term of the notes, the daily calculation of the level of the Index may be adjusted in the event that the Index Calculation Agent (as defined below) determines that an extraordinary event has occurred. Any such extraordinary event may have an adverse impact on the level of the Index or the manner in which it is calculated. See “The Index—Index Maintenance.”

Investors should investigate the Reference Funds as if investing in them directly. Investors should conduct their own diligence of the Reference Funds as an investor would if it were directly investing in the Reference Funds. We make no representation or warranty with respect to the accuracy, validity or completeness of any information provided by the Index Sponsor or the Reference Funds. Furthermore, we cannot give any assurance that all events occurring prior to the date of this document or the pricing date will have been properly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the Reference Funds could affect the payments in the notes. Investors should not conclude that our sale of the notes is any form of investment recommendation by us or any of our affiliates to invest in the Reference Funds.

Your investment in the notes is subject to risks associated with the Reference Funds. The payments on the notes, if any, are linked to the performance of the Reference Funds. Accordingly, certain risk factors applicable to investors who invest directly in the Reference Funds are also applicable to an investment in the notes, to the extent that such risk factors could adversely affect the performance of the notes. Examples of such risk factors include, without limitation, portfolio management risk, debt securities risk, senior loan risk, high-yield / junk bond risk, liquidity risk, credit risk, interest rate risk, foreign securities risk, currency risk, government securities risk, mortgage-related securities risk, and derivatives risk. As a result of these and other risks, the Reference Funds may not achieve their investment objectives. A description of these and other risks applicable each Reference Fund can be found in the offering documents published by each Reference Fund manager and may be obtained from the website for each Reference Fund.

Investors should recognize that it is impossible to know whether the value of the assets held by the Reference Funds will rise or fall and whether the investment decisions of the Reference Fund managers will prove to be successful. Trading prices of such assets will be affected by many factors that interrelate in complex ways, including economic, financial, political, military, regulatory, legal and other events.

There is no affiliation between any Reference Fund manager or the Index Sponsor and us, and we are not responsible for any disclosure by any of the Reference Fund managers or the Index Sponsor. We and our affiliates may currently, or from time to time in the future, engage in business with the Reference Funds. Nevertheless, none of us or our affiliates assumes any responsibility for the accuracy or the completeness of any information about the Index or any of the Reference Funds. Before investing in the notes you should make your own investigation into the Index and the Reference Funds. See the section below entitled “The Index” in this pricing supplement for additional information about the Index.

The Reference Funds are not equally weighted in the Index and changes in the values of the Reference Funds may offset each other. Because the Reference Funds are not equally weighted in the Index, the same percentage change in two or more Reference Funds will have different effects on the level of the Index. Please see the table of Reference Funds set forth in the section “The Index.” Any decrease in the price of a Reference Fund with a higher weighting will have a significantly greater effect on the level of the Index than a comparable percentage increase in the value of Reference Funds with a lower weight. In addition, although the weight of each Reference Fund is subject to a cap, the weights of the Reference Funds may vary between quarterly Index rebalancings. See “The Index” in this pricing supplement.

Additional Risks Relating to Closed-End Funds

Investments in closed-end funds involve certain risks. Because the notes are linked to the performance of an index comprised solely of closed-end funds, you should carefully consider the following risks associated with investments in closed-end funds generally as well as the strategic risks and sector risks associated with investing in funds with specialized investment strategies, as described below:

- ***The Reference Funds may trade at fluctuating discounts from (or premiums to) their net asset values, and this may adversely affect your return***. Shares of closed-end funds often trade in the open market at discounts from their net asset value ("NAV"). The levels of such discounts may fluctuate significantly over time in response to supply and demand, which are influenced by various factors. This risk is separate and distinct from the risk that a Reference Fund's NAV could decrease as a result of its investment activities. In addition, one or more Reference Funds may trade a premium to their respective NAVs. The level of the Index, and thus the return on the notes, will be adversely affected if the Reference Funds experience decreases in premiums or increases in discounts, which is a separate risk from the risk of a decline in the value of the notes due to decreases in the NAVs of the Reference Funds.

- ***The Reference Funds are subject to market risk***. The prices of shares of closed-end funds are sensitive to general movements in the stock market. A drop in the stock market may depress the prices of shares of closed-end funds. Share prices, like other investments, may move up or down, sometimes rapidly and unpredictably. In addition, market prices of the shares of closed-end funds may be affected by investors' perceptions regarding closed-end funds generally or their underlying investments. Events that have an adverse effect on the stock market as a whole could have a similarly adverse effect on the value of the Reference Funds, the Index and the notes, and such adverse effects may not be predictable.

- ***The Reference Funds are subject to management and issuer risk***. The success of the strategy of any closed-end fund is subject to the ability of the fund manager to achieve the fund's investment objective. The Reference Funds may not be managed by individuals who are able to achieve their specific investment objectives, and even previously successful fund managers may be unable, due to general financial, economic and political conditions or due to other factors beyond their control, to achieve their respective investment objectives. Past success in meeting investment objectives does not necessarily indicate that the fund manager will be able to continue to do so. If the fund manager of one or more of the Reference Funds is unable to achieve the relevant fund's investment objective, the NAV of the fund may decrease, and the level of the Index and the value of the notes may be adversely affected.

Further, certain Reference Funds may invest in corporate income-producing securities. The value of these securities may decline for a number of reasons which directly relate to the issuer of those securities, such as management performance, financial leverage and reduced demand for the issuer's goods and services. Such a decline may adversely affect the value of the Reference Fund, the Index and the value of your notes.

- ***Shares of closed-end funds do not assure dividend payments.*** Closed-end funds do not guarantee the payment of dividends. Dividends are paid only when declared by the boards of directors of closed-end funds, and the level of dividends may vary over time. If a Reference Fund reduces or eliminates the level of its regular dividends, this may cause the market price of its shares and the level of the Index, and therefore the value of the notes, to fall.

- ***Certain Reference Funds may be classified as "non-diversified."*** Certain closed-end funds, including some Reference Funds, may be classified as "non-diversified" under the Investment Company Act of 1940, as amended (the "1940 Act"). A non-diversified fund has the ability to invest more of its assets in securities of a single issuer than if it were classified as a "diversified" fund, which may increase its volatility. If a closed-end fund's investment in one or more particular issuers represents a relatively significant percentage of the closed-end fund's portfolio, the value of the portfolio will be more impacted by a loss on that investment than if the portfolio were more diversified. If the investments of the Reference Funds are concentrated in a particular issuer or set of issuers that experiences a loss, the value of the notes could be affected.

- ***The value of a closed-end fund may not accurately track the value of the securities in which that closed-end fund invests.*** Although the trading characteristics and valuations of a closed-end fund will usually mirror the characteristics and valuations of the securities in which such closed-end fund invests, its value may not accurately track the value of such securities. The value of a closed-end fund will also reflect transaction costs and fees (including, without limitation, investment advisory fees, audit fees and the fees of an independent board of direct0rs) in addition to any such fees incurred in connection with individual portfolio investments or that are not associated with such individual portfolio investments. Accordingly, the performance of a Reference Fund may not be equal to the performance of its individual investments during the term of the notes.

- ***The organizational documents of the Reference Funds may contain anti-takeover provisions.*** The organizational documents of certain of the Reference Funds may include provisions that could limit the ability of other entities or persons to acquire control of such fund or to change the composition of its board. These provisions could limit the ability of shareholders to sell their shares at a premium to prevailing market prices by discouraging a third party from seeking to obtain control of the relevant closed-end fund.

There Are Strategic Risks Associated with Closed-End Funds

Closed-end funds employ various strategies to achieve their investment objectives. The following outlines the key risks of strategies that may be pursued by one or more of the Reference Funds. Please note that the Reference Funds included in the Index are expected to change during the term of the notes, and these risks do not reflect all of the risks that these Reference Funds may face at any point in time.

- ***There are risks associated with corporate loans.*** Some of the Reference Funds may invest in corporate loans, and therefore the notes are subject to risks associated with corporate loans. Corporate loans in which the Reference Funds may invest may not be rated by a nationally recognized statistical rating organization ("NRSRO") at the time of investment, generally will not be registered with the SEC and generally will not be listed on a securities exchange. The amount of public information available with respect to these corporate loans generally will be less extensive than that available for more widely rated, registered and exchange-listed securities. In addition, because the interest rates of corporate loans reset frequently, if market interest rates fall, the loans' interest rates will be reset to lower levels, potentially reducing the income earned by a Reference Fund. No active trading market currently exists for many corporate loans in which a Reference Fund may invest and, thus, they are relatively illiquid. As a result, corporate loans generally are more difficult to value than more liquid securities for which a trading market exists.

Reference Funds may also purchase a participation interest in a corporate loan and by doing so acquire some or all of the interest of a bank or other lending institution in a loan to a corporate borrower. A participation interest typically will result in such Reference Fund having a contractual relationship only with the lender, not the borrower. In this instance, the closed-end fund will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the participation and only upon receipt by the lender of the payments from the borrower. If the Reference Fund only acquires a participation in the loan made by a third party, the closed-end fund may not be able to control the exercise of any remedies that the lender would have under the terms of the corporate loan. Such third-party participation arrangements are designed to give corporate loan investors preferential treatment over high-yield investors in the event of a deterioration in the credit quality of the applicable issuer. Even when these arrangements exist, however, there can be no assurance that the principal and interest owed on a corporate loan will be repaid in full.

- ***There are risks associated with investing in small-cap and mid-cap companies***. One or more Reference Funds may hold significant holdings in small-capitalization (or micro-cap) or mid-capitalization companies, which would present particular investment risks. These companies may have limited product lines and markets, as well as shorter operating histories, less experienced management and more limited financial resources than larger companies, and may be more vulnerable to adverse general market or economic developments. Stocks of these companies may be less liquid than those of larger companies, and may experience greater price fluctuations than larger companies. In addition, small-cap or mid-cap company securities may not be widely followed by investors, which may result in reduced demand.

- ***There are risks associated with investments in master limited partnerships ("MLPs")***. One or more Reference Funds may hold units of MLPs, which involves some risks that differ from an investment in the common stock of a corporation. For example, as compared to common stockholders of a corporation, holders of MLP units have more limited control, and limited rights to vote on matters affecting the partnership. In addition, there may be certain tax risks associated with an investment in MLP units, and conflicts of interest may exist between common unit holders and the general partner, including those arising from different types of distribution payments on an MLP.

A portion of the benefit a Reference Fund derives from its investment in units of MLPs is a result of MLPs generally being treated as partnerships for U.S. federal income tax purposes. A change in current tax law, or a change in the business of a given MLP, could result in an MLP being treated as a corporation for U.S. federal income tax purposes, which would materially reduce the after-tax return to the Reference Fund from its investment in such MLPs which could cause the level of the Index, and therefore, the value of the notes, to decline.

- ***There are risks associated with leverage strategies***. Subject to limitations set forth in the 1940 Act, the Reference Funds may employ leverage. Leverage magnifies both the potential for gain and the risk of loss. Leverage may result from ordinary borrowings or may be inherent in the structure of certain investments made by a Reference Fund, such as derivatives. If the prices of such investments decrease, or if the cost of borrowing exceeds any increase in such prices, the NAV of the relevant Reference Fund will decrease faster than if it had not used leverage. To repay borrowings, a Reference Fund may have to sell investments at a time and at a price that is unfavorable. An investment in securities of closed-end funds that use leverage may expose the Index, and therefore expose the notes, to higher volatility in the market value of such securities and the possibility that the notes' long-term returns on such securities will be diminished.

- ***There are risks associated with covered call option writing strategies.*** Some of the Reference Funds may engage in a strategy known as "covered call option writing," which is designed to produce income from option premiums and offset a portion of a market decline in the underlying security. The writer (seller) of a covered call option forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but retains the risk of loss should the price of the underlying security decline. The writer of an option has no control over the time at which it may be required to fulfill its obligation as writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price. As a result, any Reference Funds that engage in covered call option writing may write options on securities that subsequently increase in value above the sum of the premium and the strike price of the call, which could cause such closed-end fund to receive a lower return on such securities than if they had not written such options.

- ***There are risks associated with derivatives.*** Certain Reference Funds may invest in, or enter into, derivative transactions, such as forward contracts, options, futures contracts, options on futures contracts and swap agreements. A derivative instrument often has risks similar to its underlying instrument and may have additional risks, including imperfect correlation between the value of the derivative and the underlying instrument, risks of default by the counterparty to certain derivative transactions, magnification of losses incurred due to changes in the market value of the securities, instruments, indices or interest rates to which the derivative relates, and risks that the derivative instruments may not be liquid.

Derivatives can be volatile, and may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential impact on a Reference Fund's performance. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives. Successful use of derivatives is subject to the ability of the closed-end fund's manager to predict correctly movements in the direction of the relevant market and, to the extent the transaction is entered into for hedging purposes, to ascertain the appropriate correlation between the transaction being hedged and the price movements of the derivatives.

- ***There are risks associated with investing in fixed income securities.*** The Index is comprised of closed-end funds that may invest in fixed income securities. Investing in the notes, which are linked to Reference Funds that may invest in fixed income securities, differs significantly from investing directly in the bonds themselves and holding them until maturity since the values of the Reference Funds fluctuate, at times significantly, during each trading day based upon the current market prices of the underlying bonds. The market prices of these bonds are volatile and significantly influenced by a number of factors, particularly the yields on these bonds as compared to current market interest rates and the actual or perceived credit quality of the issuer of these bonds.

In general, fixed income securities are significantly affected by changes in current market interest rates. As interest rates rise, the price of fixed income securities, including those underlying the Reference Funds, is likely to decrease. Securities with longer durations tend to be more sensitive to interest rate changes, usually making them more volatile than securities with shorter durations. To the extent that the Reference Funds invest in fixed income securities with a longer term remaining to maturity, the risk of price volatility in the underlying securities and, consequently, the volatility in the value of the Reference Funds, will be increased. As a result, rising interest rates may cause the value of the bonds underlying the Reference Funds and the Reference Funds to decline, and therefore may adversely affect the level of the Index and the value of the notes.

- ***There are risks associated with investing in high-yield securities***. The Index is composed of Reference Funds that may invest in high-yield securities. Securities of below investment-grade quality are regarded as having predominately speculative characteristics with respect to capacity to pay interest and repay principal, and are commonly referred to as junk bonds. Issuers of high-yield securities may be highly leveraged and may not have available to them more traditional methods of financing. The prices of these lower-grade securities are typically more sensitive to negative developments, such as a decline in the issuer's revenues or a general economic downturn, than are the prices of higher-grade securities. The secondary market for high-yield securities may not be as liquid as the secondary market for more highly-rated securities, a factor which may have an adverse effect on a Reference Fund's ability to dispose of a particular security. There are fewer dealers in the market for high-yield securities than for investment-grade obligations. The prices quoted by different dealers may vary significantly and the spread between the bid and ask price is generally much larger than for higher quality instruments. Under adverse market or economic conditions, the secondary market for high-yield securities could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. As a result, a Reference Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than the prices used in calculating a closed-end fund's NAV.

- ***Some Reference Funds are subject to interest rate risk.*** There is a risk that debt securities, including debt securities held as collateral, in a Reference Fund's portfolio will decline in value because of increases in market interest rates. When market interest rates rise, the market value of such debt securities, generally, will fall. If a Reference Fund invests in debt securities, then there is a risk that the NAV and market price of its units will decline if market interest rates rise.

During periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing a Reference Fund to reinvest in lower-yielding securities. This is known as call or prepayment risk. Preferred and debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below-market interest rate, increase the security's duration and reduce the value of the security. This is known as extension risk. Any of these events may adversely affect the value of any given Reference Fund, the Index and the value of your notes.

- ***The Reference Funds are subject to credit risk.*** A Reference Fund may be adversely affected if the issuer of a debt obligation, or the counterparty to a derivatives contract, repurchase agreement, loan of portfolio securities or other obligation held in its portfolio, is, or is perceived to be, unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. The downgrade of a portfolio security may also decrease such fund's value. Such events may adversely affect the value of any given Reference Fund, the level of the Index, and the value of your notes.

- ***The Reference Funds are subject to inflation risk.*** Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Reference Funds and distributions, if any, made by the Reference Funds can decline, which may adversely affect the value of your notes.

- ***Some Reference Funds are subject to currency exchange rate risk.*** The notes are linked to Reference Funds that may invest in securities that are traded and quoted in foreign currencies on non-U.S. markets. Therefore, holders of the notes will be exposed to currency exchange rate risk with respect to the currencies in which such securities trade. An investor's net exposure will depend on the extent to which the relevant non-U.S. securities strengthen or weaken against the U.S. dollar and the relative weight of each non-U.S. security in the portfolios of the applicable Reference Funds. If, taking into account such weighting, the U.S. dollar strengthens against the relevant non-U.S. currencies, the value of the securities in which such Reference Funds invest will be adversely affected and the value of the notes may decrease.

- ***There are risks associated with emerging market issuers.*** Some of the Reference Funds may invest in emerging markets, and therefore, the level of the Index and the value of the notes are subject to emerging markets risk. Investments in securities linked directly or indirectly to emerging market securities involve many risks, including, but not limited to: economic, social, political, financial and military conditions in the emerging market; regulation by national, provincial, and local governments; less liquidity and smaller market capitalizations than exist in the case of many large U.S. companies; different accounting and disclosure standards; and political uncertainties. Securities of emerging market issuers may be more volatile and may be affected by market developments differently than U.S. issuers. You should carefully consider the risks related to emerging markets, to which the notes are susceptible, before making a decision to invest in the notes.

There are risks associated with foreign securities markets. Some of the Reference Funds may invest in securities issued by foreign issuers. An investment in securities linked directly or indirectly to the value of securities issued by non-U.S. issuers involves particular risks. There is generally less publicly available information about non-U.S. issuers than about U.S. issuers that are subject to the reporting requirements of the SEC, and non-U.S. issuers are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting issuers. Securities prices in non-U.S. countries are subject to political, economic, financial and social factors that may be unique to the particular country. Moreover, certain aspects of a particular non-U.S. economy may differ favorably or unfavorably from the U.S. economy in important respects, such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency. Finally, it will likely be more costly and difficult to enforce the laws or regulations of a non-U.S. country or exchange.

- ***There are risks associated with preferred stock.*** Some of the Reference Funds may invest in preferred stock. Generally, preferred stockholders have no voting rights with respect to the issuing company unless certain events occur. In addition, preferred stock is subordinated to bonds and other debt instruments in a company's capital structure and therefore will be subject to greater credit risk than those debt instruments. In addition, because some preferred stock may pay dividends at a fixed rate, the market price can be sensitive to changes in interest rates in a manner similar to bonds—that is, as interest rates rise, the value of the preferred stock is likely to decline. To the extent that any Reference Fund invests its assets in fixed rate preferred stock, rising interest rates may cause the value of such Reference Fund's investments, and therefore, the level of the Index, to decline significantly.

- ***There are risks associated with securities lending.*** Some of the Reference Funds may lend their portfolio securities. There may be risks of delay and costs involved in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. These delays and costs could be greater with respect to foreign securities. These Reference Funds also bear the risk that the reinvestment of collateral will result in a principal loss. Finally, there is the risk that the price of the securities will increase while they are on loan and the collateral will not be adequate to cover the increase in value.

- ***There are risks associated with mortgage-backed securities***. Some of the Reference Funds may invest in mortgage-backed securities ("MBS"). The value of relevant Reference Funds may be adversely affected by fluctuations in interest rates and the prepayment of the mortgage loans underlying the MBS held by a Reference Fund. Mortgage loans are most likely to be prepaid in a declining interest rate environment. Prepayment may reduce a Reference Fund's dividend payments, because the proceeds of a prepayment may be invested in lower-yielding securities. In a rising interest rate environment, a declining prepayment rate will extend the average life of many MBS, which in turn would lengthen the duration of the Reference Fund's portfolio. This possibility is often referred to as extension risk. Extending the average life of an MBS increases the risk of depreciation due to future increases in market interest rates. The value of relevant Reference Funds can also be adversely affected by the existence of premiums on the price of MBS the issuer acquires. Certain government agencies or instrumentalities, such as the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC), provide a guarantee as to timely payment of principal and interest for MBS each entity issues, backs or otherwise guarantees. Guarantees may or may not be backed by the full faith and credit of the U.S. government.

- ***There are risks associated with the energy infrastructure sector.*** The stocks of companies in the energy infrastructure sector are subject to risks specific to the industry they serve. The issuers of the securities held by one or more of the Reference Funds may be energy infrastructure Master Limited Partnerships ("MLPs") that earn a majority of their cash flow from the transportation, storage and processing of energy commodities. Stock prices for these types of companies are affected by supply and demand for crude oil, natural gas, refined petroleum products and other energy commodities available for transporting, processing or storing. Changes in the regulatory environment, extreme weather, rising interest rates, world events and economic conditions will likewise affect the performance of these companies. Correspondingly, the stocks of companies in this sector are subject to price fluctuations caused by events relating to international politics, energy conservation, tax and other governmental regulatory policies. Weak demand for oil and gas products and services in general, as well as negative developments in these other areas, would adversely impact the prices of these Reference Funds, the level of the Index, and the value of the notes.

There are risks associated with the financial services sector. The financial services sector includes companies engaged in banking, commercial and consumer finance, investment banking, brokerage, asset management, custody or insurance. To the extent that the Index may include closed-end funds that may invest in companies that operate in the financial services sector, the notes would be sensitive to changes in, and its performance may depend on, the overall condition of the financial services sector. Companies in the financial services sector are subject to extensive government regulation that can affect the scope of their activities, the prices they can charge or the amount of capital they must maintain. The profitability of companies in the financial services sector may be adversely affected by increases in interest rates. The profitability of companies in the financial services sector may also be adversely affected by loan losses, which usually increase in economic downturns. In addition, the financial services sector is undergoing numerous changes, including continuing consolidations, development of new products and structures and changes to its regulatory framework. Furthermore, increased government involvement in the financial services sector could result in a change of the Index's exposure to financial institutions. Recent developments in the credit markets have caused companies operating in the financial services sector to incur large losses, experience declines in the value of their assets and even cease operations.

There are risks associated with investments in life sciences companies. Some Reference Funds may be sensitive to, and could be adversely affected by, regulatory, economic or political factors or trends relating to the life sciences industries. Some life sciences companies have been characterized by limited product focus, rapidly changing technology and extensive government regulation. For example, technological advances can render an existing product, which may account for a significant share of a company's revenue, obsolete. Moreover, obtaining governmental or regulatory approval for new products can be lengthy, expensive and uncertain as to outcome. These factors may result in abrupt advances and declines in the securities prices of particular companies and, in some cases, may have a broad effect on the prices of securities of companies in particular life sciences industries. In addition, intense competition exists within and among certain life sciences industries, including competition to obtain and sustain proprietary technology protection upon which a company can be highly dependent for maintenance of profit margins and market share. Finally, cost containment measures implemented by the federal government, state governments and the private sector have adversely affected certain sectors of the life sciences industries. The implementation of any such further cost containment measures may have an adverse effect on some companies in the life sciences industries.

Description of the Notes

This pricing supplement, and the accompanying prospectus dated April 27, 2017 relating to the notes, should be read together. Because the notes are part of a series of our senior debt securities called Senior Medium-Term Notes, Series E, this pricing supplement and the accompanying prospectus should also be read together with the accompanying prospectus supplement, dated September 23, 2018. Terms used but not defined in this pricing supplement have the meanings given to them in the accompanying prospectus or accompanying prospectus supplement, unless the context requires otherwise.

The notes will be issued in book-entry form through The Depository Trust Company. Owners of beneficial interests in the notes should read the section entitled "Description of the Notes We May Offer—Legal Ownership" in the accompanying prospectus supplement and "Description of Debt Securities We May Offer—Legal Ownership and Book-Entry Issuance" in the accompanying prospectus.

The notes are part of a series of senior debt securities entitled "Senior Medium-Term Notes, Series E" that we may issue from time to time under the senior indenture, dated January 25, 2010 (as supplemented to date), between Bank of Montreal and Wells Fargo Bank, National Association, as trustee. Terms that apply generally to our medium term notes are described in "Description of the Notes We May Offer" in the accompanying prospectus supplement. The terms described in this pricing supplement, supplement those described in the accompanying prospectus and the accompanying prospectus supplement, and, if the terms described here are inconsistent with those described in those documents, the terms described in this pricing supplement are controlling. The provisions of this section should be read together with those in the section above, "Key Terms of the Notes."

Calculation of Dividend Amounts

Each Dividend Amount will be determined as set forth in this section. These calculations are intended to provide to noteholders approximately the amount of dividends they would have received had they been owners of the Reference Funds included in the Index during the applicable Interest Calculation Period, as reduced by the Participation Rate. Please see the definitions below for several capitalized terms that appear in this subsection.

For each Reference Fund, the Dividend Amount will be an amount in U.S. dollars equal to (a) the Note Value multiplied by (b) the applicable Target Rebalance Component Weight divided by (c) the Reference Fund Closing Price multiplied by (d) 100% of the net cash distributions (including ordinary and extraordinary dividends) per Reference Fund share declared by the applicable Reference Fund Issuer, where the date that the applicable Reference Share has commenced trading ex-dividend on its primary U.S. securities exchange (an "ex date") as to each relevant distribution occurs during the term of the notes, as described in more detail in the section below.

Target Rebalance Component Weight: For purposes of calculating the Target Weight Rebalance Component Weight, (i) on a trading day that occurs during a rebalancing period for the Index (as described in the section "The Index"), the target weight of the applicable Reference Fund on the trading day prior to the applicable ex date, or (ii) on a trading day that does not occur during a rebalancing period, the target weight of the applicable Reference Fund on the final trading day during the most recent rebalancing period.

Reference Fund Closing Price: For purposes of calculating the Reference Fund Closing Price, (i) on a trading day that occurs during a rebalancing period, the closing price of the applicable Reference Fund on the trading day prior to the applicable ex date or (ii) on a trading day that does not occur during a rebalancing period, the closing price of the applicable Reference Fund on the final trading day during the most recent rebalancing period.

Note Value: On the pricing date, the "Note Value" will equal $975. On each subsequent trading day, the Note Value will be equal to the product of (a) the Note Value as of the close of the immediately preceding trading day multiplied by (b) the Index Factor for that trading day. For purposes of calculating a dividend amount, (i) on a trading day that occurs during a rebalancing period, the Note Value will equal the Note Value on the day prior to the applicable ex date or (ii) on a trading day that does not occur during a rebalancing period, the Note Value will equal the Note Value as of the final trading day during the most recent rebalancing period.

Index Factor: As of the pricing date, the Index Factor will be 1. On any subsequent trading day, the Index Factor will equal (a) the closing level of the Index on that day divided by (b) the closing level of the Index on the immediately preceding trading day, as determined by the calculation agent. If a market disruption event occurs or is continuing on any trading day, the calculation agent will determine the Index Factor for the notes on each such day using an appropriate closing level of the Index for that day, taking into account the nature and duration of such market disruption event, and any other factors that it reasonably determines to be appropriate.

13,970,245

212,820

Range Resources Corp.

7,778,571

176,560

Total SA, ADR

13,010,706

Total Oil, Gas & Consumable Fuels

53,347,657

TOTAL ENERGY

85,791,929

See Notes to Financial Statements.

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

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

See Notes to Financial Statements.

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

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

See Notes to Financial Statements.

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

	Face Amount	Security		Value
ASSET-BACKED SECURITIES 0.7%				
Home Equity 0.7%				
$	750,000	Asset-Backed Funding Certificates, Series 2004-FF1, Class M2, 6.770% due 1/25/34 (c)	$	754,389
		Countrywide Asset-Backed Certificates:		
	209,859	Series 2003-03, Class M4, 6.720% due 3/25/33 (c)		211,277
	410,000	Series 2004-05, Class M4, 6.570% due 6/25/34 (c)		412,444
	73,417	Finance America Net Interest Margin Trust, Series 2004-01, Class A, 5.250% due 6/27/34 (d)		280
		Fremont Home Loan Trust:		
	214,244	Series 2004-01, Class M5, 6.420% due 2/25/34 (c)		214,624
	875,000	Series 2004-D, Class M5, 6.320% due 11/25/34 (c)		877,045
	1,005,000	GSAMP Trust, Series 2004-OPT, Class M3, 6.470% due 11/25/34 (c)		1,010,299
	3,420	Merrill Lynch Mortgage Investors Inc., Series 2005-WM1N, Class N1, 5.000% due 9/25/35 (d)		3,271
	1,500,000	Option One Mortgage Loan Trust, Series 2004-02, Class M2, 6.370% due 5/25/34 (c)		1,500,930
	596,937	Renaissance Home Equity Loan Trust, Series 2003-4, Class M3, 7.220% due 3/25/34 (c)		603,211
		Sail Net Interest Margin Notes:		
	141,210	Series 2003-BC2A, Class A, 7.750% due 4/27/33 (d)		33,591
	71,380	Series 2004-2A, Class A, 5.500% due 3/27/34 (d)		19,397
		TOTAL ASSET-BACKED SECURITIES (Cost $5,864,755)		**5,640,758**
COLLATERALIZED MORTGAGE OBLIGATIONS 0.4%				
	260,000	American Home Mortgage Investment Trust, Series 2005-4, Class M3, 6.120% due 11/25/45 (c)		258,758
		Federal Home Loan Mortgage Corp. (FHLMC):		
	85,781	Series 2764, Class DT, 6.000% due 3/15/34 (c)		83,755
	567,903	Series 2780, Class SL, PAC, 6.000% due 4/15/34 (c)		563,276
	747,781	Harborview Mortgage Loan Trust, Series 2005-10, Class B6, 6.390% due 11/19/35 (c)		729,904
	588,644	Merit Securities Corp., Series 11PA, Class B2, 6.820% due 9/28/32 (c)(d)		506,834
		MLCC Mortgage Investors Inc.:		
	507,310	Series 2004-A, Class B2, 6.240% due 4/25/29 (c)		507,937
	732,307	Series 2004-B, Class B2, 6.200% due 5/25/29 (c)		735,559
		TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (Cost $3,410,522)		**3,386,023**
CORPORATE BONDS & NOTES 7.9%				
Aerospace & Defense 0.0%				
	275,000	Alliant Techsystems Inc., Senior Subordinated Notes, 6.750% due 4/1/16		279,125
Airlines 0.0%				
	170,000	Continental Airlines Inc., Notes, 8.750% due 12/1/11		168,725

See Notes to Financial Statements.

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

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

See Notes to Financial Statements.

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

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

Vanguard Health Holdings Co. II LLC, Senior Subordinated Notes, 9.000% due 10/1/14	
Total Diversified Financial Services	3,429,550

See Notes to Financial Statements.

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

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

See Notes to Financial Statements.

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

Face Amount		Security		Value
Health Care Providers & Services 0.4%				
$	250,000	AmeriPath Inc., Senior Subordinated Notes, 10.500% due 4/1/13	$	273,438
	260,000	DaVita Inc., Senior Notes, 6.625% due 3/15/13 (d)		262,275
	600,000	Genesis HealthCare Corp., Senior Subordinated Notes, 8.000% due 10/15/13		640,500
		HCA Inc.:		
	295,000	Notes, 6.375% due 1/15/15		257,756
	345,000	Senior Notes, 6.500% due 2/15/16		302,306
		Senior Secured Notes:		
	215,000	9.250% due 11/15/16 (d)		234,888
	165,000	9.625% due 11/15/16 (d)(f)		180,469
	425,000	IASIS Healthcare LLC/IASIS Capital Corp., Senior Subordinated Notes, 8.750% due 6/15/14		442,531
		Tenet Healthcare Corp., Senior Notes:		
	650,000	7.375% due 2/1/13		614,250
	70,000	9.875% due 7/1/14		72,100
	175,000	Triad Hospitals Inc., Senior Subordinated Notes, 7.000% due 11/15/13		183,750
	150,000	UnitedHealth Group Inc., Senior Notes, 3.300% due 1/30/08		147,599
		Total Health Care Providers & Services		3,611,862
Hotels, Restaurants & Leisure 0.9%				
	1,000,000	Boyd Gaming Corp., Senior Subordinated Notes, 6.750% due 4/15/14		1,003,750
	315,000	Choctaw Resort Development Enterprise, Senior Notes, 7.250% due 11/15/19 (d)		320,906
	550,000	Denny s Holdings Inc., Senior Notes, 10.000% due 10/1/12		589,875
	100,000	El Pollo Loco Inc., Senior Notes, 11.750% due 11/15/13		109,250
	450,000	Herbst Gaming Inc., Senior Subordinated Notes, 7.000% due 11/15/14		433,125
	660,000	Inn of the Mountain Gods Resort & Casino, Senior Notes, 12.000% due 11/15/10		721,875
	700,000	Isle of Capri Casinos Inc., Senior Subordinated Notes, 7.000% due 3/1/14		693,000
		MGM MIRAGE Inc.:		
		Senior Notes:		
	380,000	6.750% due 9/1/12		382,375
	575,000	5.875% due 2/27/14		542,656
	320,000	7.625% due 1/15/17		328,000
	203,000	Senior Subordinated Notes, 9.375% due 2/15/10		220,001
	500,000	Pinnacle Entertainment Inc., Senior Subordinated Notes, 8.250% due 3/15/12		516,250
	625,000	Seneca Gaming Corp., Senior Notes, 7.250% due 5/1/12		639,063
		Station Casinos Inc.:		
		Senior Notes:		
	60,000	6.000% due 4/1/12		59,100
	250,000	7.750% due 8/15/16		261,250
	105,000	Senior Subordinated Notes, 6.875% due 3/1/16		99,225
	500,000	Turning Stone Casino Resort Enterprise, Senior Notes, 9.125% due 12/15/10 (d)		512,500
		Total Hotels, Restaurants & Leisure		7,432,201

See Notes to Financial Statements.

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

Face Amount		Security		Value
Household Durables 0.2%				
$	405,000	K Hovnanian Enterprises Inc., Senior Notes, 8.625% due 1/15/17	$	409,050
	325,000	Norcraft Cos. LP/Norcraft Finance Corp., Senior Subordinated Notes, 9.000% due 11/1/11		340,438
	700,000	Norcraft Holdings LP/Norcraft Capital Corp., Senior Discount Notes, step bond to yield 9.608% due 9/1/12		640,500
	350,000	Sealy Mattress Co., Senior Subordinated Notes, 8.250% due 6/15/14		370,125
		Total Household Durables		1,760,113
Household Products 0.0%				
	345,000	Nutro Products Inc., Senior Subordinated Notes, 10.750% due 4/15/14 (d)		367,425
Independent Power Producers & Energy Traders 0.3%				
	670,000	Edison Mission Energy, Senior Notes, 7.730% due 6/15/09		706,850
		NRG Energy Inc., Senior Notes:		
	250,000	7.250% due 2/1/14		259,375
	1,025,000	7.375% due 2/1/16		1,067,281
	190,000	TXU Corp., Senior Notes, Series P, 5.550% due 11/15/14		171,427
		Total Independent Power Producers & Energy Traders		2,204,933
Insurance 0.1%				
	470,000	Crum & Forster Holdings Corp., Senior Notes, 10.375% due 6/15/13		517,931
	75,000	Marsh & McLennan Cos. Inc., Notes, 5.495% due 7/13/07 (c)		75,013
	500,000	Nationwide Life Global Funding I, Notes, 5.440% due 9/28/07 (c)(d)		500,242
		Total Insurance		1,093,186
IT Services 0.1%				
		SunGard Data Systems Inc.:		
	400,000	Senior Notes, 9.125% due 8/15/13		431,000
	270,000	Senior Subordinated Notes, 10.250% due 8/15/15		298,350
		Total IT Services		729,350
Machinery 0.1%				
	839,000	Mueller Holdings Inc., Senior Discount Notes, step bond to yield 11.471% due 4/15/14		788,660
Media 0.8%				
	435,000	Affinion Group Inc., Senior Notes, 10.125% due 10/15/13		476,325
	725,000	AMC Entertainment Inc., Senior Subordinated Notes, 11.000% due 2/1/16		835,562
	380,000	CCH I Holdings LLC/CCH I Holdings Capital Corp., Senior Notes, 11.750% due 5/15/14		380,000
	569,000	CCH I LLC/CCH Capital Corp., Senior Secured Notes, 11.000% due 10/1/15		607,407
		CCH II LLC/CCH II Capital Corp., Senior Notes:		
	480,000	10.250% due 9/15/10		513,600
	65,000	10.250% due 10/1/13		71,744
	105,000	Charter Communications Holdings LLC/Charter Communications Holdings Capital Corp., Senior Discount Notes, 11.750% due 5/15/11		108,675
	700,000	Charter Communications Operating LLC, Second Lien Senior Notes, 8.375% due 4/30/14 (d)		737,625

See Notes to Financial Statements.

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

Face Amount	Security	Value
Media 0.8% (continued)		
$ 240,000	CMP Susquehanna Corp., Senior Subordinated Notes, 9.875% due 5/15/14 (d)	$ 246,000
300,000	Comcast Corp., Notes, 6.500% due 1/15/17	319,157
65,000	ION Media Networks Inc., Senior Secured Notes, 11.606% due 1/15/13 (c)(d)	67,925
230,000	Lamar Media Corp., Senior Subordinated Notes, 6.625% due 8/15/15	229,425
300,000	Primedia Inc., Senior Notes, 8.875% due 5/15/11	309,750
	R.H. Donnelley Corp.:	
	Senior Discount Notes:	
355,000	Series A-1, 6.875% due 1/15/13	353,669
300,000	Series A-2, 6.875% due 1/15/13	298,875
450,000	Senior Notes, Series A-3, 8.875% due 1/15/16	490,500
50,000	Rainbow National Services LLC, Senior Subordinated Debentures, 10.375% due 9/1/14 (d)	56,563
420,000	Time Warner Inc., Senior Notes, 6.875% due 5/1/12	447,729
	Total Media	6,550,531
Metals & Mining 0.3%		
960,000	Freeport-McMoRan Copper & Gold Inc., Senior Notes, 8.375% due 4/1/17	1,052,400
420,000	Metals USA Holdings Corp., Senior Notes, 11.356% due 1/15/12 (c)(d)(f)	417,900
435,000	Metals USA Inc., Senior Secured Notes, 11.125% due 12/1/15	485,025
135,000	Tube City IMS Corp., Senior Subordinated Notes, 9.750% due 2/1/15 (d)	143,100
156,000	Vale Overseas Ltd., Notes, 6.875% due 11/21/36	166,249
	Total Metals & Mining	2,264,674
Multi-Utilities 0.0%		
125,000	Keyspan Gas East Corp., Medium-Term Notes, 6.900% due 1/15/08	126,244
Multiline Retail 0.1%		
535,000	Neiman Marcus Group Inc., Senior Subordinated Notes, 10.375% due 10/15/15	603,881
Office Electronics 0.0%		
290,000	Xerox Corp., Senior Notes, 6.750% due 2/1/17	307,222
Oil, Gas & Consumable Fuels 0.7%		
60,000	Anadarko Petroleum Corp., Senior Notes, 5.950% due 9/15/16	60,574
440,000	Belden & Blake Corp., Secured Notes, 8.750% due 7/15/12	455,400
775,000	Chesapeake Energy Corp., Senior Notes, 6.375% due 6/15/15	779,844
85,000	Compagnie Generale de Geophysique SA, Senior Notes, 7.500% due 5/15/15	89,675
	El Paso Corp., Medium-Term Notes:	
180,000	7.800% due 8/1/31	201,600
1,050,000	7.750% due 1/15/32	1,176,000
500,000	EXCO Resources Inc., Senior Notes, 7.250% due 1/15/11	503,750
260,000	International Coal Group Inc., Senior Notes, 10.250% due 7/15/14	266,825
	Kerr-McGee Corp.:	
140,000	6.950% due 7/1/24	149,675
300,000	Notes, 6.875% due 9/15/11	318,239
605,000	OPTI Canada Inc., Senior Secured Notes, 8.250% due 12/15/14 (d)	642,812
290,000	SemGroup LP, Senior Notes, 8.750% due 11/15/15 (d)	300,875
170,000	Stone Energy Corp., Senior Subordinated Notes, 8.250% due 12/15/11	170,000

See Notes to Financial Statements.

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

Face Amount		Security		Value
Oil, Gas & Consumable Fuels 0.7% (continued)				
		Williams Cos. Inc.:		
$	100,000	Notes, 8.750% due 3/15/32	$	116,875
	470,000	Senior Notes, 7.750% due 6/15/31		508,775
	170,000	XTO Energy Inc., Senior Notes, 7.500% due 4/15/12		186,361
		Total Oil, Gas & Consumable Fuels		5,927,280
Paper & Forest Products 0.2%				
	140,000	Abitibi-Consolidated Co. of Canada, 6.000% due 6/20/13		121,800
	545,000	Appleton Papers Inc., Senior Subordinated Notes, Series B, 9.750% due 6/15/14		567,481
		NewPage Corp.:		
	435,000	Senior Secured Notes, 11.610% due 5/1/12 (c)		484,481
	200,000	Senior Subordinated Notes, 12.000% due 5/1/13		223,250
	205,000	Verso Paper Holdings LLC, Senior Secured Notes, 9.125% due 8/1/14 (d)		216,788
	150,000	Weyerhaeuser Co., Notes, 6.750% due 3/15/12		158,151
		Total Paper & Forest Products		1,771,951
Pharmaceuticals 0.0%				
	425,000	Leiner Health Products Inc., Senior Subordinated Notes, 11.000% due 6/1/12		419,688
Real Estate Investment Trusts (REITs) 0.0%				
	75,000	iStar Financial Inc., Senior Notes, Series B, 4.875% due 1/15/09		74,476
	50,000	Simon Property Group LP, Notes, 6.375% due 11/15/07		50,234
	85,000	Ventas Realty LP/Ventas Capital Corp., Senior Notes, 6.500% due 6/1/16		86,381
	200,000	Vornado Realty LP, Senior Notes, 5.625% due 6/15/07		199,955
		Total Real Estate Investment Trusts (REITs)		411,046
Real Estate Management & Development 0.0%				
	270,000	Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, 9.500% due 10/1/15		260,888
Road & Rail 0.2%				
	1,005,000	Hertz Corp., Senior Subordinated Notes, 10.500% due 1/1/16		1,150,725
	50,000	Kansas City Southern de Mexico, Senior Notes, 7.625% due 12/1/13 (d)		51,000
	430,000	Kansas City Southern Railway, Senior Notes, 7.500% due 6/15/09		441,825
		Total Road & Rail		1,643,550
Semiconductors & Semiconductor Equipment 0.0%				
	345,000	Freescale Semiconductor Inc., Senior Notes, 8.875% due 12/15/14 (d)		347,156
Software 0.0%				
	393,922	UGS Capital Corp. II, Senior Notes, 10.348% due 6/1/11 (c)(d)(f)		407,709
Specialty Retail 0.1%				
	235,000	Blockbuster Inc., Senior Subordinated Notes, 9.000% due 9/1/12		240,875
	165,000	Eye Care Centers of America, Senior Subordinated Notes, 10.750% due 2/15/15		184,800
	100,000	Linens n Things Inc., Senior Secured Notes, 10.981% due 1/15/14 (c)		94,625
		Total Specialty Retail		520,300
Textiles, Apparel & Luxury Goods 0.1%				
	390,000	Levi Strauss & Co., Senior Notes, 9.750% due 1/15/15		429,975
	300,000	Oxford Industries Inc., Senior Notes, 8.875% due 6/1/11		312,750
		Total Textiles, Apparel & Luxury Goods		742,725

See Notes to Financial Statements.

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

Face Amount	Security	Value
Tobacco 0.0%		
$ 70,000	Alliance One International Inc., Senior Notes, 11.000% due 5/15/12	$ 78,050
Trading Companies & Distributors 0.1%		
355,000	Ashtead Capital Inc., Notes, 9.000% due 8/15/16 (d)	383,400
390,000	Penhall International Corp., Senior Secured Notes, 12.000% due 8/1/14 (d)	429,000
	Total Trading Companies & Distributors	812,400
Wireless Telecommunication Services 0.2%		
	Rural Cellular Corp.:	
245,000	Senior Notes, 9.875% due 2/1/10	260,312
110,000	Senior Secured Notes, 8.250% due 3/15/12	116,600
340,000	Sprint Capital Corp., Senior Notes, 8.375% due 3/15/12	379,045
780,000	True Move Co., Ltd., 10.750% due 12/16/13 (d)	822,900
	Total Wireless Telecommunication Services	1,578,857
	TOTAL CORPORATE BONDS & NOTES (Cost $65,842,511)	**68,216,451**
LOAN PARTICIPATION 0.1%		
Telecommunications 0.1%		
1,000,000	UPC Broadband Holding B.V., Term Loan, 7.640% due 3/15/13 (Toronto Dominion)(c)(g) (Cost $1,000,000)	**1,002,143**
MORTGAGE-BACKED SECURITIES 6.1%		
FHLMC 3.8%		
	Federal Home Loan Mortgage Corp. (FHLMC):	
3,484,106	5.121% due 6/1/35 (c)	3,502,595
	Gold:	
859,766	7.000% due 6/1/17	886,703
12,474,725	6.000% due 7/1/21 (h)	12,686,001
418,613	8.500% due 9/1/25	450,495
784,256	6.500% due 8/1/29	810,120
14,696,093	6.000% due 9/1/32-2/1/36	14,859,869
	Total FHLMC	33,195,783
FNMA 2.1%		
	Federal National Mortgage Association (FNMA):	
961,112	8.000% due 12/1/12	980,517
1,940,556	5.500% due 1/1/14-4/1/35	1,928,012
1,868,985	7.000% due 3/15/15-6/1/32	1,958,981
619,591	4.209% due 12/1/34 (c)	613,258
851,329	4.860% due 1/1/35 (c)	851,645
1,153,005	5.080% due 3/1/35 (c)	1,156,600
2,133,765	4.618% due 4/1/35 (c)	2,159,920
3,090,160	5.610% due 4/1/36 (c)	3,109,473
5,544,753	5.598% due 5/1/36 (c)	5,579,408
	Total FNMA	18,337,814
GNMA 0.2%		
1,445,812	Government National Mortgage Association (GNMA), 5.500% due 8/15/21	1,453,698
	TOTAL MORTGAGE-BACKED SECURITIES (Cost $52,916,296)	**52,987,295**

See Notes to Financial Statements.

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

Face Amount	Security	Value
SOVEREIGN BOND 0.0%		
Argentina 0.0%		
69,931 ARS	Republic of Argentina, GDP Linked Securities, 0.649% due 12/15/35 (c) (Cost $811)	$ **2,907**
U.S. GOVERNMENT & AGENCY OBLIGATIONS 1.5%		
U.S. Government Agencies 1.5%		
100,000	Federal Home Loan Bank (FHLB), Global Bonds, 5.500% due 7/15/36	104,209
	Federal National Mortgage Association (FNMA):	
140,000	6.625% due 9/15/09	145,687
12,600,000	Notes, 4.840% due 6/22/07 (h)	12,593,196
	Total U.S. Government Agencies	12,843,092
U.S. Government Obligations 0.0%		
	U.S. Treasury Bonds:	
40,000	4.500% due 2/15/36	37,943
90,000	4.750% due 2/15/37	89,058
	Total U.S. Government Obligations	127,001
	TOTAL U.S. GOVERNMENT & AGENCY OBLIGATIONS (Cost $12,962,489)	**12,970,093**
U.S. TREASURY INFLATION PROTECTED SECURITIES 0.0%		
96,659	U.S. Treasury Notes, Inflation Indexed, 0.875% due 4/15/10 (Cost $92,171)	**93,616**
Contracts		
PURCHASED OPTIONS 1.0%		
1,803	Johnson & Johnson, Call @ $60.00, expires 1/17/09	1,532,550
909	Johnson & Johnson, Call @ $65.00, expires 1/17/09	490,860
627	Marsh & Mclennan Companies, Call @ $25.00, expires 1/19/08	479,655
5,500	Oracle Corp., Call @ $15.00, expires 1/19/08	2,640,000
1,516	S&P 500 Index, Put @ $1,450.00, expires 7/21/07	3,032,000
1,010	United Parcel Service Inc., Call @ $65.00, expires 1/19/08	868,600
	TOTAL PURCHASED OPTIONS (Cost $7,815,024)	**9,043,665**
	TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS (Cost $734,261,581)	**780,283,680**
Face Amount		
SHORT-TERM INVESTMENTS 9.7%		
U.S. Government Agencies 3.9%		
$ 33,300,000	Federal Home Loan Bank (FHLB), Discount Notes, 5.061% due 5/1/07 (i)	33,300,000
100,000	Federal National Mortgage Association (FNMA), Discount Notes, 5.197% due 6/25/07 (i)(j)	99,236
	Total U.S. Government Agenies (Cost $33,399,236)	33,399,236

See Notes to Financial Statements.

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

Face Amount		Security		Value
Repurchase Agreements 5.8%				
$	16,169,000	Interest in $372,329,000 joint tri-party repurchase agreement dated 4/30/07 with Greenwich Capital Markets Inc., 5.230% due 5/1/07; Proceeds at maturity $16,171,349; (Fully collateralized by various U.S. government agency obligations, 3.555% to 7.089% due 7/1/12 to 11/1/46; Market value $16,492,493)	$	16,169,000
	17,000,000	Interest in $500,000,000 joint tri-party repurchase agreement dated 4/30/07 with Morgan Stanley, 5.200% due 5/1/07; Proceeds at maturity $17,002,456; (Fully collateralized by U.S. government agency obligation, 0.000% due 6/17/33; Market value $17,427,093)		17,000,000
	17,027,000	Nomura Securities International Inc. tri-party repurchase agreement dated 4/30/07, 5.170% due 5/1/07; Proceeds at maturity $17,029,445; (Fully collateralized by various U.S. government agency obligations, 0.000% to 7.125% due 9/4/07 to 4/30/26; Market value $17,367,775)		17,027,000
		Total Repurchase Agreements (Cost $50,196,000)		50,196,000
		TOTAL SHORT-TERM INVESTMENTS (Cost $83,595,236)		**83,595,236**
		TOTAL INVESTMENTS 100.0% (Cost $817,856,817#)	**$**	**863,878,916**

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

* Non-income producing security.

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

(b) Illiquid security.

(c) Variable rate security. Interest rate disclosed is that which is in effect at April 30, 2007.

(d) 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.

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

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

(g) Participation interest was acquired through the financial institution indicated parenthetically.

(h) All or a portion of this security is segregated for open futures contracts, written options and forward foreign currency contracts.

(i) Rate shown represents yield-to-maturity.

(j) All or a portion of this security is held at the broker as collateral for open futures contracts.

Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

ADR American Depositary Receipt

ARS Argentine Peso

GDP Gross Domestic Product

PAC Planned Amortization Class

Schedule of Options Written (April 30, 2007) (unaudited)

Contracts	Security	Expiration Date	Strike Price	Value
5	Eurodollar Futures, Call (Premiums received $1,725)	9/17/07	$95.25	$ 313

See Notes to Financial Statements.

Statement of Assets and Liabilities (April 30, 2007) (unaudited)

ASSETS:		
Investments, at value (Cost $817,856,817)	$	863,878,916
Foreign currency, at value (Cost $1,682,728)		1,795,798
Cash		1,361
Receivable for securities sold		15,469,032
Dividends and interest receivable		2,281,715
Principal paydown receivable		158,244
Receivable for open forward currency contracts		3,592
Prepaid expenses		22,982
Total Assets		**883,611,640**
LIABILITIES:		
Loan payable (Note 4)		170,000,000
Payable for securities purchased		34,509,015
Interest payable		705,376
Investment management fee payable		585,970
Directors fees payable		11,015
Payable to broker - variation margin on open futures contracts		877
Options written, at value (premiums received $1,725)		313
Accrued expenses		179,898
Total Liabilities		**205,992,464**
Total Net Assets	**$**	**677,619,176**
NET ASSETS:		
Par value ($0.001 par value; 29,964,106 shares issued and outstanding; 100,000,000 shares authorized)	$	29,964
Paid-in capital in excess of par value		561,932,977
Undistributed net investment income		2,964,428
Accumulated net realized gain on investments, futures contracts, options written and foreign currency transactions		66,541,194
Net unrealized appreciation on investments, futures contracts, options written and foreign currencies		46,150,613
Total Net Assets	**$**	**677,619,176**
Shares Outstanding		**29,964,106**
Net Asset Value	**$**	**22.61**

See Notes to Financial Statements.

Statement of Operations (For the six months ended April 30, 2007) (unaudited)

INVESTMENT INCOME:		
Interest	$	8,057,121
Dividends		5,519,521
Less: Foreign taxes withheld		(268,914)
Total Investment Income		**13,307,728**
EXPENSES:		
Interest expense (Note 4)		5,390,479
Investment management fee (Note 2)		3,560,449
Excise tax (Note 1)		898,285
Commitment fees (Note 4)		212,339
Shareholder reports		137,679
Directors fees		37,263
Audit and tax		32,892
Legal fees		31,546
Custody fees		13,519
Transfer agent fees		11,257
Stock exchange listing fees		9,162
Insurance		7,587
Miscellaneous expenses		7,765
Total Expenses		**10,350,222**
Net Investment Income		**2,957,506**
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FUTURES CONTRACTS, OPTIONS WRITTEN AND FOREIGN CURRENCY TRANSACTIONS (NOTES 1 AND 3):		
Net Realized Gain (Loss) From:		
Investment transactions		48,937,226
Futures contracts		(44,217)
Options written		275,821
Foreign currency transactions		(42,422)
Net Realized Gain		**49,126,408**
Change in Net Unrealized Appreciation/Depreciation From:		
Investments		13,898,545
Futures contracts		78,384
Options written		14,454
Foreign currencies		128,856
Change in Net Unrealized Appreciation/Depreciation		**14,120,239**
Net Gain on Investments, Futures Contracts, Options Written and Foreign Currency Transactions		**63,246,647**
Increase in Net Assets From Operations	**$**	**66,204,153**

See Notes to Financial Statements.

Statements of Changes in Net Assets

For the six months ended April 30, 2007 (unaudited)
and the year ended October 31, 2006

	2007	2006
OPERATIONS:		
Net investment income	$ 2,957,506	$ 14,932,146
Net realized gain	49,126,408	63,622,130
Change in net unrealized appreciation/depreciation	14,120,239	(2,901,844)
Increase in Net Assets From Operations	**66,204,153**	**75,652,432**
DISTRIBUTIONS TO SHAREHOLDERS FROM (NOTE 1):		
Net investment income		(17,048,795)
Net realized gains	(22,473,080)	(20,449,892)
Decrease in Net Assets From Distributions to Shareholders	**(22,473,080)**	**(37,498,687)**
FUND SHARE TRANSACTIONS:		
Net increase in net assets due to an adjustment of initial offering costs*		442,559
Cost of shares repurchased (2,418,600 shares repurchased)		(42,362,520)
Decrease in Net Assets From Fund Share Transactions		**(41,919,961)**
Increase (Decrease) in Net Assets	**43,731,073**	**(3,766,216)**
NET ASSETS:		
Beginning of period	633,888,103	637,654,319
End of period**	**$ 677,619,176**	**$ 633,888,103**
** Includes undistributed net investment income of:	$ 2,964,428	$ 6,922

* Upon the initial public offering of the Fund, the Fund estimated $1,318,000 of offering costs. The actual offering costs amounted to $875,441 at the end of the offering period.

See Notes to Financial Statements.

Statement of Cash Flows (For the six months ended April 30, 2007) (unaudited)

CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Interest and dividends received	$	13,191,872
Operating expenses paid		(5,007,879)
Net sales of short-term investments		11,342,075
Realized loss on foreign currency transactions		(42,422)
Realized loss on options purchased and options written		(4,042,364)
Realized loss on futures contracts		(44,217)
Net change in unrealized appreciation/depreciation on futures contracts		78,384
Net change in unrealized appreciation/depreciation on foreign currencies		128,856
Purchases of long-term investments		(528,071,444)
Proceeds from disposition of long-term investments		590,683,047
Premium for written options		1,725
Change in payable to broker variation margin on futures contracts		(18,006)
Change in receivable for open forward currency contracts		5,145
Change in payable for open forward currency contracts		(15,659)
Interest paid		(5,623,873)
Net Cash Flows Provided By Operating Activities		**72,565,240**
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:		
Cash distributions paid on Common Stock		(22,473,080)
Cash paid on loan		(50,000,000)
Net Cash Flows Used By Financing Activities		**(72,473,080)**
Net Increase in Cash		**92,160**
Cash and foreign currency, Beginning of period		1,704,999
Cash and foreign currency, End of period	**$**	**1,797,159**
RECONCILIATION OF INCREASE IN NET ASSETS FROM OPERATIONS TO NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Increase in Net Assets From Operations	**$**	**66,204,153**
Accretion of discount on investments		(611,587)
Amortization of premium on investments		150,525
Increase in investments, at value		(12,256,004)
Increase in payable for securities purchased		19,647,653
Decrease in interest and dividends receivable		345,206
Decrease in premium for written options		(214,133)
Increase in receivable for securities sold		(355,983)
Increase in principal paydown receivable		(34,540)
Decrease in receivable for open forward currency contracts		5,145
Decrease in payable for open forward currency contracts		(15,659)
Decrease in payable to broker variation margin on futures contracts		(18,006)
Increase in prepaid expenses		(9,310)
Decrease in interest payable		(233,394)
Decrease in accrued expenses		(38,826)
Total Adjustments		**6,361,087**
Net Cash Flows Provided By Operating Activities	**$**	**72,565,240**

See Notes to Financial Statements.

Financial Highlights

For a share of capital stock outstanding throughout each year ended October 31, unless otherwise noted:

	2007[1][2]	2006[1]	2005[1]	2004[1][3]
Net Asset Value, Beginning of Period	$ 21.15	$ 19.69	$ 18.64	$ 19.06(4)
Income (Loss) From Operations:				
Net investment income	0.10	0.48	0.69	0.37
Net realized and unrealized gain (loss)	2.11	2.18	1.52	(0.19)
Total Income From Operations	2.21	2.66	2.21	0.18
Gain From Repurchase of Common Stock			0.04	
Less Distributions From:				
Net investment income		(0.55)	(0.98)	(0.40)
Net realized gains	(0.75)	(0.65)	(0.22)	
Return of capital				(0.20)
Total Distributions	(0.75)	(1.20)	(1.20)	(0.60)
Net Asset Value, End of Period	$ 22.61	$ 21.15	$ 19.69	$ 18.64
Market Price, End of Period	$ 19.66	$ 18.19	$ 17.19	$ 17.24
Total Return, Based on NAV[5]	10.63%	13.89%	12.34%[6]	1.06%
Total Return, Based on Market Price[7]	12.37%	13.24%	6.85%[6]	(10.74)%
Net Assets, End of Period (000s)	$ 677,619	$ 633,888	$ 637,654	$ 614,324
Ratios to Average Net Assets:				
Gross expenses	3.20%[8]	3.13%	2.45%	1.54%[8]
Gross expenses, excluding interest expense	1.54(8)	1.33	1.23	1.15(8)
Net expenses	3.20(8)	3.13(9)	2.45	1.54(8)
Net expenses, excluding interest expense	1.54(8)	1.33(9)	1.23	1.15(8)
Net investment income	0.92(8)	2.33	3.55	2.97(8)
Portfolio Turnover Rate	73%	193%	64%	39%
Supplemental Data:				
Loan Outstanding, End of Period (000s)	$ 170,000	$ 220,000	$ 220,000	$ 220,000
Asset Coverage for Loan Outstanding	499%	388%	390%	379%
Weighted Average Loan (000s)	$ 192,928	$ 220,000	$ 220,000	$ 105,783
Weighted Average Interest Rate on Loan	5.57%	5.26%	3.54%	2.22%

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

(2) For the six months ended April 30, 2007 (unaudited).

(3) For the period February 24, 2004 (commencement of operations) through October 31, 2004.

(4) Initial public offering price of $20.00 per share less offering costs and sales load totaling $0.94 per share.

(5) Performance figures may reflect fee waivers and/or expense reimbursements. In the absence of 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.

(6) The investment manager fully reimbursed the Fund for losses incurred resulting from an investment transaction error. Without this reimbursement, total return would not have changed.

(7) 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.

(8) Annualized.

(9) Reflects fee waivers and/or expense reimbursements.

See Notes to Financial Statements.

Notes to Financial Statements (unaudited)

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 at least 80% of its assets in a broad range of equity and fixed income securities of both U.S. and foreign issuers.

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.

(a) Investment Valuation. Equity securities for which market quotations are available are valued at the last sale price or official closing price on the primary market or exchange on which they trade. Debt securities are valued at the mean between the bid and asked prices provided by an independent pricing service that are based on transactions in debt obligations, quotations from bond dealers, market transactions in comparable securities and various other relationships between securities. Publicly traded foreign government debt securities are typically traded internationally in the over-the-counter market, and are valued at the mean between the bid and asked prices as of the close of business of that market. When prices are not readily available, or are determined not to reflect fair value, 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 may value these investments at fair value as determined in accordance with the procedures approved by the Fund s Board of Directors. Short-term obligations maturing within 60 days are valued at amortized cost, which approximates market value.

(b) Repurchase Agreements. When entering into repurchase agreements, it is the Fund s policy that its custodian or a third party custodian take possession of the underlying collateral securities, the market value of which at least equals the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market to ensure the adequacy of the collateral. If the seller defaults, and the market value of the collateral declines 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) Loan Participations. The Fund may invest in loans arranged through private negotiation between one or more financial institutions. The Fund s investment in any such loan may be in the form of a participation in or an assignment of the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any

Notes to Financial Statements (unaudited) (continued)

rights of set-off against the borrower and the Fund may not benefit directly from any collateral supporting the loan in which it has purchased the participation.

The Fund assumes the credit risk of the borrower, the lender that is selling the participation and any other persons interpositioned between the Fund and the borrower. In the event of the insolvency of the lender selling the participation, the Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.

(d) Written Options. When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability, the value of which is marked-to-market daily to reflect the current market value of the option written. If the option expires, the Fund realizes a gain from investments equal to the amount of the premium received. When a written call option is exercised, the difference between the premium and the amount for effecting a closing purchase transaction, including brokerage commission, is also treated as a realized gain or loss. When a written put option is exercised, the amount of the premium received reduces the cost of the security purchased by the Fund.

A risk in writing a covered call option is that the Fund may forego the opportunity of profit if the market price of the underlying security increases and the option is exercised. The risk in writing a call option is that the Fund is exposed to the risk of loss if the market price of the underlying security increases. The risk in writing a put option is that the Fund may incur a loss if the market price of the underlying security decreases and the option is exercised. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

(e) Financial Futures Contracts. The Fund may enter into financial futures contracts typically, but not necessarily, to hedge a portion of the portfolio. Upon entering into a financial futures contract, the Fund is required to deposit cash or securities as initial margin. Additional securities are also segregated up to the current market value of the financial futures contracts. Subsequent payments, known as variation margin, are made or received by the Fund each day, depending on the daily fluctuation in the value of the underlying financial instruments. The Fund recognizes an unrealized gain or loss equal to the daily variation margin. When the financial futures contracts are closed, a realized gain or loss is recognized equal to the difference between the proceeds from (or cost of) the closing transactions and the Fund s basis in the contracts.

The risks associated with entering into financial futures contracts include the possibility that a change in the value of the contracts may not correlate with the changes in the value of the underlying instruments. In addition, investing in financial futures contracts involves the risk that the Fund could lose more than the original margin deposit and subsequent payments required for a futures transaction. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

(f) Forward Foreign Currency Contracts. The Fund may enter into forward foreign currency contracts to hedge against foreign currency exchange rate risk on its non-U.S. dollar denominated securities or to facilitate settlement of foreign currency denominated portfolio transactions. A forward foreign currency contract is an agreement between two

Notes to Financial Statements (unaudited) (continued)

parties to buy and sell a currency at a set price on a future date. The contract is marked-to-market daily and the change in value is recorded by the Fund as an unrealized gain or loss. When a forward foreign currency contract is extinguished, through either delivery or offset by entering into another forward foreign currency contract, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it was extinguished.

Forward foreign currency contracts involve elements of market risk in excess of the amounts reflected in the Statement of Assets and Liabilities. The Fund bears the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign currency contract. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

(g) Credit and Market Risk. The Fund invests in high yield and emerging market instruments that are subject to certain credit and market risks. The yields of high yield and emerging market debt obligations reflect, among other things, perceived credit and market risks. The Fund s investment in securities rated below investment grade typically involve risks not associated with higher rated securities including, among others, greater risk related to timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading. The consequences of political, social, economic or diplomatic changes may have disruptive effects on the market prices of investments held by the Fund. The Fund s investment in non-U.S. dollar denominated securities may also result in foreign currency losses caused by devaluations and exchange rate fluctuations.

(h) 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.

(i) 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 practical 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 on an expected interest payment, the Fund s policy is to generally halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default.

(j) 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 changes in foreign exchange rates on investments from the fluctuations arising from

Notes to Financial Statements (unaudited) (continued)

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 fair values of assets and liabilities, other than investments in securities, at 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.

(k) Distributions to Shareholders. Distributions from net investment income for the Fund, if any, are declared and paid on a monthly basis. Distributions of net realized gains, if any, are declared at least annually. Under the Fund s Managed Distribution Policy, if, for any monthly distribution, net investment income and net realized capital gain is less than the amount of the distribution, the difference will be distributed from the Fund s assets (and constitute a return of capital). The Board of Directors may terminate the Managed Distribution Policy at any time, including when certain events would make part of the return of capital taxable to shareholders. Any such termination could have an adverse effect on the market price for the Fund s shares. Distributions are recorded on the ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP.

(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, as amended, applicable to regulated investment companies. Accordingly, the Fund intends to distribute substantially all of its income and net realized gains on investments, if any, to shareholders each year. Therefore, no federal income tax provision is required in the Fund s financial statements. However, due to the timing of when distributions are made, the Fund may be subject to an excise tax of 4% of the amount by which 98% of the Fund s annual taxable income exceeds the distributions from such taxable income for the year. 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 adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share.

2. Investment Management Agreement and Other Transactions with Affiliates

Legg Mason Partners Fund Advisor, LLC (LMPFA) is the Fund s investment manager and ClearBridge Advisors, LLC (ClearBridge), Western Asset Management Company

Notes to Financial Statements (unaudited) (continued)

(Western Asset), and Western Asset Management Company Limited (Western Asset Limited) are the Fund s subadvisers. LMPFA, ClearBridge, Western Asset and Western Asset Limited are wholly-owned subsidiaries of Legg Mason, Inc. (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 ClearBridge 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 that it receives from the Fund. This fee will be divided between the subadvisers, on a pro rata basis, based on the assets allocated to each subadviser, from time to time.

Western Asset Limited provides certain advisory services to the Fund relating to currency transactions and investment in non-U.S. dollar denominated securities. Western Asset Limited will not receive any compensation from the Fund and will be paid by Western Asset for its services to the Fund.

During periods in which the Fund is utilizing leverage, the fees which are payable to the manager as a percentage of the Fund s net assets will be higher than if the Fund did not utilize leverage because the fees are calculated as a percentage of the Fund s net assets, including those investments purchased with leverage.

Certain 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 six months ended April 30, 2007, the aggregate cost of purchases and proceeds from sales of investments and U.S Government & Agency Obligations (excluding short-term investments) were as follows:

	Investments	**U.S. Government & Agency Obligations**
Purchases	$ 534,364,854	$ 13,354,243
Sales	582,769,911	8,464,259

At April 30, 2007, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

Gross unrealized appreciation	$ 53,271,836
Gross unrealized depreciation	(7,249,737)
Net unrealized appreciation	$ 46,022,099

Notes to Financial Statements (unaudited) (continued)

At April 30, 2007, the Fund held loan participations with a total cost of $1,000,000 and a total market value of $1,002,143.

During the six months ended April 30, 2007, written option transactions for the Fund were as follows:

	Number of Contracts	Premiums
Options written, outstanding October 31, 2006	1,090	$ 215,858
Options written	555	935,075
Options closed	(1,640)	(1,149,208)
Options expired		
Options written, outstanding April 30, 2007	5	$ 1,725

At April 30, 2007, the Fund had open forward foreign currency contracts as described below. The unrealized gain on the open contracts reflected in the accompanying financial statements were as follows:

Foreign Currency	Local Currency	Market Value	Settlement Date	Unrealized Gain
Contracts to Buy:				
Japanese Yen	72,660,000	$609,092	5/9/07	$3,592

At April 30, 2007, the Fund had the following open futures contracts:

	Number of Contracts	Expiration Date	Basis Value	Market Value	Unrealized Gain (Loss)
Contracts to Buy:					
Eurodollar Futures	2	6/08	$ 476,048	$ 476,600	$ 552
Eurodollar Futures	3	9/07	712,365	711,000	(1,365)
U.S. 2 Year Treasury Notes	72	6/07	14,706,282	14,739,750	33,468
U.S. 5 Year Treasury Notes	47	6/07	4,943,735	4,973,922	30,187
					$ 62,842
Contracts to Sell:					
U.S. 10 Year Treasury Notes	66	6/07	$ 7,095,897	$ 7,149,656	$(53,759)
Net Unrealized Gain on Open Futures Contracts					$ 9,083

4. Loan

At April 30, 2007, the Fund had a $325,000,000 credit line available pursuant to a revolving credit and security agreement, dated as of December 21, 2006 (the Agreement), with CHARTA, LLC and Citibank N.A. (Citibank). Citibank acts as administrative agent and secondary lender. As of April 30, 2007, the Fund had a $170,000,000 loan outstanding pursuant to the Agreement. The loan generally bears interest at a variable rate based on the weighted average interest rates of the underlying commercial paper or LIBOR plus any

Notes to Financial Statements (unaudited) (continued)

applicable margin. In addition, the Fund pays a commitment fee on the total credit line available, whether used or unused, at an annual rate of 0.10%. Securities held by the Fund are subject to a lien, granted to the lenders, to the extent of the borrowings outstanding and any additional expenses. For the six months ended April 30, 2007, the Fund incurred interest expense on this loan in the amount of $5,390,479.

5. Distributions Subsequent to April 30, 2007

On March 1, 2007, the Board of Directors (Board) of the Fund declared a distribution in the amount of $0.10 per share payable on May 25, 2007 to shareholders of record on May 18, 2007.

On May 17, 2007, the Fund s Board declared four distributions each in the amount of $0.14 per share, payable on June 29, 2007, July 27, 2007, August 31, 2007 and September 28, 2007 to shareholders of record on June 22, 2007, July 20, 2007, August 24, 2007, and September 21, 2007, respectively.

6. Capital Shares

On November 20, 2006, the Fund s 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 Board of Directors directed the management 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 of Directors. This is the fourth repurchase program authorized by the Board of Directors 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. The second and third repurchase programs were authorized and announced in February 2006 and June 2006, respectively.

7. Regulatory Matters

On May 31, 2005, the U.S. Securities and Exchange Commission (SEC) issued an order in connection with the settlement of an administrative proceeding against Smith Barney Fund Management LLC (SBFM) and Citigroup Global Markets Inc. (CGM) relating to the appointment of an affiliated transfer agent for the Smith Barney family of mutual funds (the Affected Funds).

The SEC order finds that SBFM and CGM willfully violated Section 206(1) of the Investment Advisers Act of 1940 (Advisers Act). Specifically, the order finds that SBFM and CGM knowingly or recklessly failed to disclose to the boards of the Affected Funds in 1999 when proposing a new transfer agent arrangement with an affiliated transfer agent that: First Data Investors Services Group (First Data), the Affected Funds then existing transfer agent, had offered to continue as transfer agent and do the same work for substantially less money than before; and that Citigroup Asset Management (CAM), the Citigroup business unit that, at the time, included the Affected Funds investment manager and other investment advisory companies, had entered into a side letter with First Data under which CAM agreed to recommend the appointment of First Data as

Notes to Financial Statements (unaudited) (continued)

sub-transfer agent to the affiliated transfer agent in exchange for, among other things, a guarantee by First Data of specified amounts of asset management and investment banking fees to CAM and CGM. The order also finds that SBFM and CGM willfully violated Section 206(2) of the Advisers Act by virtue of the omissions discussed above and other misrepresentations and omissions in the materials provided to the Affected Funds boards, including the failure to make clear that the affiliated transfer agent would earn a high profit for performing limited functions while First Data continued to perform almost all of the transfer agent functions, and the suggestion that the proposed arrangement was in the Affected Funds best interests and that no viable alternatives existed. SBFM and CGM do not admit or deny any wrongdoing or liability. The settlement does not establish wrongdoing or liability for purposes of any other proceeding.

The SEC censured SBFM and CGM and ordered them to cease and desist from violations of Sections 206(1) and 206(2) of the Advisers Act. The order requires Citigroup to pay $208.1 million, including $109 million in disgorgement of profits, $19.1 million in interest, and a civil money penalty of $80 million. Approximately $24.4 million has already been paid to the Affected Funds, primarily through fee waivers. The remaining $183.7 million, including the penalty, has been paid to the U.S. Treasury and will be distributed pursuant to a plan submitted for the approval of the SEC. At this time, there is no certainty as to how the above-described proceeds of the settlement will be distributed, to whom such distributions will be made, the methodology by which such distributions will be allocated, and when such distributions will be made.

The order also required that transfer agency fees received from the Affected Funds since December 1, 2004 less certain expenses be placed in escrow and provided that a portion of such fees might be subsequently distributed in accordance with the terms of the order.

On April 3, 2006, an aggregate amount of approximately $9 million was distributed to the Affected Funds.

The order required SBFM to recommend a new transfer agent contract to the Affected Funds boards within 180 days of the entry of the order; if a Citigroup affiliate submitted a proposal to serve as transfer agent or sub-transfer agent, SBFM and CGM would have been required, at their expense, to engage an independent monitor to oversee a competitive bidding process. On November 21, 2005, and within the specified timeframe, the Affected Funds Board selected a new transfer agent for the Fund. No Citigroup affiliate submitted a proposal to serve as transfer agent. Under the order, SBFM also must comply with an amended version of a vendor policy that Citigroup instituted in August 2004.

Although there can be no assurance, the Fund s manager does not believe that this matter will have a material adverse effect on the Affected Funds.

This Fund is not among the Affected Funds and therefore did not implement the transfer agent arrangement described above and therefore will not receive any portion of the distributions.

On December 1, 2005, Citigroup completed the sale of substantially all of its global asset management business, including SBFM, to Legg Mason.

Notes to Financial Statements (unaudited) (continued)

8. Other Matters

On September 16, 2005, the staff of the SEC informed SBFM and Salomon Brothers Asset Management Inc. (SBAM) that the staff is considering recommending that the SEC institute administrative proceedings against SBAM for alleged violations of Sections 19(a) and 34(b) of the 1940 Act (and related Rule 19a-1). The notification is a result of an industry wide inspection undertaken by the SEC and is based upon alleged deficiencies in disclosures regarding dividends and distributions paid to shareholders of certain funds. Section 19(a) and related Rule 19a-1 of the 1940 Act generally require funds that are making dividend and distribution payments to provide shareholders with a written statement disclosing the source of the dividends and distributions, and, in particular, the portion of the payments made from each of net investment income, undistributed net profits and/or paid-in capital. In connection with the contemplated proceedings, the staff may seek a cease and desist order and/or monetary damages from SBFM or SBAM.

Although there can be no assurance, the Fund s manager believes that this matter is not likely to have a material adverse effect on the Fund.

9. Recent Accounting Pronouncements

During June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation 48 (FIN 48 or the Interpretation), *Accounting for Uncertainty in Income Taxes an interpretation of FASB statement 109*. FIN 48 supplements FASB Statement 109, *Accounting for Income Taxes*, by defining the confidence level that a tax position must meet in order to be recognized in the financial statements. FIN 48 prescribes a comprehensive model for how a fund should recognize, measure, present, and disclose in its financial statements uncertain tax positions that the fund has taken or expects to take on a tax return. FIN 48 requires that the tax effects of a position be recognized only if it is more likely than not to be sustained based solely on its technical merits. Management must be able to conclude that the tax law, regulations, case law, and other objective information regarding the technical merits sufficiently support the position s sustainability with a likelihood of more than 50 percent. FIN 48 is effective for fiscal periods beginning after December 15, 2006, which for this Fund will be November 1, 2007. At adoption, the financial statements must be adjusted to reflect only those tax positions that are more likely than not to be sustained as of the adoption date. Management of the Fund has determined that adopting FIN 48 will not have a material impact on the Fund s financial statements.

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On September 20, 2006, FASB released Statement of Financial Accounting Standards No. 157 *Fair Value Measurements* (FAS 157). FAS 157 establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. The application of FAS 157 is required for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. At this time, management is evaluating the implications of FAS 157 and its impact on the financial statements has not yet been determined.

Additional Shareholder Information (unaudited)

Results of Annual Meeting of Shareholders

The Annual Meeting of Shareholders of LMP Capital and Income Fund Inc. was held on February 27, 2007, for the purpose of considering and voting upon the election of Directors. The following table provides information concerning the matter voted upon at the Meeting.

Nominees	Votes For	Votes Withheld
Leslie H. Gelb	27,054,485	969,953
R. Jay Gerken	27,065,598	958,841
William R. Hutchinson	27,052,626	971,812

At April 30, 2007, in addition to Leslie H. Gelb, R. Jay Gerken and William R. Hutchinson, the other Directors of the Fund were as follows:

Carol L. Colman

Daniel P. Cronin

Paolo M. Cucchi

Dr. Riordan Roett

Jeswald W. Salacuse

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

Dividend Reinvestment Plan (unaudited) (continued)

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.

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.

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LMP
Capital and Income Fund Inc.

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

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

Kaprel Ozsolak
Chief Financial Officer
and Treasurer

Ted P. Becker
Chief Compliance Officer

Robert I. Frenkel
Secretary and Chief Legal Officer

LMP CAPITAL AND INCOME FUND INC.
125 Broad Street
10th Floor, MF-2
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INVESTMENT MANAGER
Legg Mason Partners Fund
Advisor, LLC

SUBADVISERS
ClearBridge Advisors, LLC
Western Asset Management
Company
Western Asset Management
Company Limited

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State Street Bank and Trust
Company
225 Franklin Street
Boston, Massachusetts 02110

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
KPMG, LLP
345 Park Avenue
New York, New York 10154

LEGAL COUNSEL
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

NEW YORK STOCK EXCHANGE SYMBOL
SCD

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, New York 10038

FD04219 4/07 SR07-356

LMP
Capital and Income Fund Inc.

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 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 Shareholder Services at 1-800-451-2010.

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 is available (1) without charge, upon request, by calling 1-800-451-2010. (2) on the Fund s website at www.leggmason.com/InvestorServices and (3) on the SEC s website at www.sec.gov.

ITEM 2. CODE OF ETHICS.

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

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

Although individual trustees may not agree with particular policies or votes by the manager or subadvisers, the Board has delegated proxy voting discretion to the manager and/or the subadvisers, believing that the manager and/or the subadvisers should be responsible for voting because it is a matter relating to the investment decision making process. LMPFA delegates the responsibility for voting proxies for the fund to the subadvisers through its contracts with the subadvisers. The subadvisers will use their 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 a 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. In the case of a material conflict between the interests of LMPFA (or its affiliates if such conflict is known to persons responsible for voting at LMPFA) and the fund, the board of trustees of LMPFA shall consider how to address the conflict and/or how to vote the proxies. LMPFA shall maintain records of all proxy votes in accordance with applicable securities laws and regulations, to the extent that LMPFA votes proxies. LMPFA shall be responsible for gathering relevant documents and records related to proxy voting from the subadvisers and providing them to the fund as required for the fund to comply with applicable rules under the 1940 Act. The subadvisers Proxy Voting Policies and Procedures govern in determining how proxies relating to the fund s portfolio securities are voted and are attached as Appendix A to this SAI. 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 888-425-6432, (2) on the fund s website at http://www.leggmason.com/ InvestorServices and (3) on the SEC s website at http://www.sec.gov.

Background

An investment adviser is required to adopt and implement policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interest of clients, in accordance with fiduciary duties and SEC Rule

206(4)-6 under the Investment Advisers Act of 1940 (Advisers Act). The authority to vote the proxies of our clients is established through investment management agreements or comparable documents. In addition to SEC requirements governing advisers, long-standing fiduciary standards and responsibilities have been established 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.

Policy

As a fixed income only manager, the occasion to vote proxies is very rare. However, the Firm has 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). 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.

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 the Firm 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 the Firm deems appropriate).

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 (other than Western Asset Management Company Limited) regarding the voting of any securities owned by its clients.

Procedure

Responsibility and Oversight

The Western Asset Legal and Compliance Department (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

At account start-up, or upon amendment of an IMA, the applicable client IMA are similarly reviewed. 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 Client Account Transition Team 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.

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. Council 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

Western Asset s proxy policies are described in the firm s Part II of Form ADV. 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:

1. Whether Western (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 or an officer or director of Western 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.

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.

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

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g 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.

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.

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

Not applicable.

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

None.

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 registrant s last fiscal half-year (the registrant s second fiscal half-year in the case of an annual report) that have materially affected, or are likely to materially affect the registrant s internal control over financial reporting.

ITEM 12. EXHIBITS.

(a) (1) Not applicable.

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
LMP Capital and Income Fund Inc.

Date: July 6, 2007

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
LMP Capital and Income Fund Inc.

Date: July 6, 2007

By: /s/ Kaprel Ozsolak
(Kaprel Ozsolak)
Chief Financial Officer
LMP Capital and Income Fund Inc.

Date: July 6, 2007