

Edgar Filing: BLACKROCK ENHANCED CAPITAL & INCOME FUND, INC - Form N-Q

BLACKROCK ENHANCED CAPITAL & INCOME FUND, INC  
 Form N-Q  
 May 29, 2007

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT  
 INVESTMENT COMPANY

Investment Company Act File number 811-21506

Name of Fund: BlackRock Enhanced Capital and Income Fund, Inc.

Fund Address: P.O. Box 9011  
 Princeton, NJ 08543-9011

Name and address of agent for service: Robert C. Doll, Jr., Chief Executive  
 Officer, BlackRock Enhanced Capital and Income Fund, Inc., 800 Scudders  
 Mill Road, Plainsboro, NJ, 08536. Mailing address: P.O. Box 9011,  
 Princeton, NJ, 08543-9011

Registrant's telephone number, including area code: (609) 282-2800

Date of fiscal year end: 12/31/2007

Date of reporting period: 01/01/07 - 03/31/07

Item 1 - Schedule of Investments

BlackRock Capital and Income Strategies Fund, Inc.

Schedule of Investments as of March 31, 2007

Preferred Securities

Industry	Face Amount	Capital Trusts
Commercial Banks - 2.7%	\$ 1,000,000	Dresdner Funding Trust I, 8.151% due 6/30
	2,000,000	Mizuho JGB Investment LLC, 9.87% (c) (g) (j)
	2,000,000	SB Treasury Co. LLC, 9.40% (c) (g) (j)
	2,000,000	Westpac Capital Trust III, 5.819% (c) (g) (j)
		Total Capital Trusts (Cost - \$7,688,667)
	Shares Held	Preferred Stocks
Capital Markets - 2.8%	25,000	The Bear Stearns Cos., Inc. Series E, 6.1
	10,000	Deutsche Bank Capital Funding Trust VIII,
	80,000	Goldman Sachs Group, Inc. Series A, 3.91%

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	40,000	Lehman Brothers Holdings, Inc., 6.50%
	40,000	Lehman Brothers Holdings, Inc. Series G,
	80,000	Morgan Stanley Group, Inc. Series A, 6.18%
Commercial Banks - 5.7%	27,734	First Republic Bank, 6.25%
	1,674	First Tennessee Bank NA, 3.90% (c) (g)
	80,000	HSBC USA, Inc. Series F, 3.50%
	20,000	HSBC USA, Inc. Series H, 6.50%
	60,000	Royal Bank of Scotland Group Plc Series N
	2,000	SG Preferred Capital II, 6.302%
	50,000	Santander Finance Preferred SA Unipersona
	60,000	Santander Finance Preferred SA Unipersona
	40,000	Sovereign Bancorp, Inc. Series C, 7.30% (
	90,000	SunTrust Banks, Inc., 5.92%
	40,000	US Bancorp Series B, 5.56%
Consumer Finance - 0.1%	5,000	SLM Corp. Series A, 6.97%
Diversified Financial Services - 0.8%	9,200	Bank of America Corp. Series D, 6.20%
	29,400	Bank of America Corp. Series E, 5.718%
	50,000	CIT Group, Inc. Series A, 6.35%
Electric Utilities - 3.3%	11,109	Connecticut Light & Power, 5.28%
	6,800	Entergy Arkansas, Inc., 6.45%
	12,000	Entergy Louisiana LLC, 6.95%
	125,000	Interstate Power & Light Co. Series B, 8.
	20,000	PPL Electric Utilities Corp., 6.25%
	10,000	Peco Energy Co. Series D, 4.68%
	20,000	Southern California Edison Co., 5.349%
Food Products - 1.5%	2,000	General Mills, Inc., 4.50%
	20	H.J. Heinz Finance Co., 6.226% (g)
Gas Utilities - 0.3%	35,000	Southern Union Co., 7.55%
Insurance - 5.2%	40,000	ACE Ltd. Series C, 7.80%
	80,000	Aegon NV, 6.375%
	40,000	Arch Capital Group Ltd., 8%
	10,000	Aspen Insurance Holdings Ltd., 7.401%
	8,000	Axis Capital Holdings Ltd. Series A, 7.25%
	48,000	Endurance Specialty Holdings Ltd. Series
	30,000	Genworth Financial, Inc. Series A, 5.25%
	25,000	Metlife, Inc. Series B, 6.50%
	72,000	Principal Financial Group Series B, 6.518%
	80,000	Prudential Plc, 6.75%
	2,200	Zurich RegCaPS Funding Trust, 6.58% (c) (g)
Multi-Utilities - 0.8%	80,000	Pacific Gas & Electric Co. Series A, 6%
Oil, Gas & Consumable Fuels - 0.7%	19,500	Apache Corp. Series B, 5.68% (b)

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Thrifts & Mortgage Finance - 6.6%	25,000	Fannie Mae Series I, 5.375%
	59,350	Fannie Mae Series L, 5.125%
	45,000	Fannie Mae Series O, 7% (c)
	150,000	Freddie Mac Series M, 3.93%
	25,000	Freddie Mac Series Q, 3.85%
	40,000	Freddie Mac Series S, 5.87%
	30,000	Freddie Mac Series V, 5.57%
	40,000	Washington Mutual Capital Trust 2001 Series
		Total Preferred Stocks (Cost - \$74,999,533)
		Real Estate Investment Trusts
Real Estate Investment Trusts (REITs) - 0.2%	25,000	Public Storage, Inc. Series L, 6.75%
		Total Real Estate Investment Trusts (Cost - \$625,000) - 0.2%
		Trust Preferreds
	Face Amount	
Gas Utilities - 0.4%	\$ 1,000,000	Southwest Gas Capital II, 7.70% due 9/15/2010
Insurance - 0.7%	2,000,000	ABN AMRO North America Capital Funding Trust 2007-1, 6.968% due 9/15/2010 (c) (g)
Thrifts & Mortgage Finance - 0.2%	625,000	Countrywide Capital V, 7% due 11/01/2066
		Total Trust Preferreds (Cost - \$3,737,327)
		Total Preferred Securities (Cost - \$87,053,860)
		Corporate Bonds
Commercial Banks - 2.3%	200,000	ATF Capital B.V., 9.25% due 2/21/2014 (g)
	700,000	Export-Import Bank of Korea, 4.25% due 11/15/2008
	750,000	ICICI Bank Ltd., 4.75% due 10/22/2008
	750,000	Kazkommerts International B.V., 10.125% due 11/15/2008
	200,000	Kazkommerts International B.V., 8.50% due 11/15/2008
	100,000	Kazkommerts International B.V., 8% due 11/15/2008
	2,000,000	Lloyds TSB Bank Plc, 6.90% (j)
	220,000	RSHB Capital SA for OJSC Russian Agriculture Bank, 7.175% due 5/16/2013
	225,000	SunTrust Preferred Capital I, 5.853% (c) (g)
	190,000	TuranAlem Finance B.V., 8.25% due 1/22/2008
	1,200,000	VTB Capital SA for Vneshtorgbank, 5.96% due 8/01/2008 (c) (g)

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Diversified Financial Services - 0.3%	900,000	AC International Finance Ltd., 8.125% due
Diversified Telecommunication Services - 0.7%	750,000	Empresa Brasileira de Telecom SA Series B due 12/15/2008
	1,000,000	Excelcomindo Finance Co. B.V., 8% due 1/2
Electric Utilities - 0.2%	500,000	Tenaga Nasional Bhd, 7.20% due 4/29/2007
Independent Power Producers & Energy Traders - 0.1%	150,000	Aes Dominicana Energia Finance SA, 11% due 12/13/2015 (g)
Industrial Conglomerates - 0.1%	250,000	SM Investments Corp., 8% due 10/16/2007
Insurance - 0.5%	350,000	AXA SA, 6.379% (c) (g) (j)
	395,000	Financial Security Assurance Holdings Ltd due 12/15/2066 (c) (g)
	600,000	Metlife, Inc., 6.40% due 12/15/2066
Metals & Mining - 0.1%	300,000	Vale Overseas Ltd., 6.875% due 11/21/2036
Oil, Gas & Consumable Fuels - 2.3%	215,000	Gaz Capital For Gazprom, 6.51% due 3/07/2
	550,000	Morgan Stanley Bank AG for OAO Gazprom, 9.625% due 3/01/2013
	900,000	Pemex Project Funding Master Trust, 8.85%
	300,000	Pemex Project Funding Master Trust, 6.125% due 8/15/2008
	500,000	Petrobras Energia SA, 9% due 5/01/2009
	175,000	Petroliam Nasional Bhd, 7.75% due 8/15/20
	1,920,000	Salomon Brothers AG for OAO Gazprom, 9.125% due 4/25/2007
	1,750,000	YPF SA Series A, 7.75% due 8/27/2007
Paper & Forest Products - 0.1%	250,000	SINO-FOREST Corp., 9.125% due 8/17/2011 (
Wireless Telecommunication Services - 0.7%	625,000	Mobile Telesystems Finance SA, 9.75% due
	1,000,000	UBS Luxembourg SA for OJSC Vimpel Communi 10% due 6/16/2009
	163,000	UBS Luxembourg SA for OJSC Vimpel Communi 8.25% due 5/23/2016
		Total Corporate Bonds (Cost - \$20,517,019
		Foreign Government Obligations
Foreign Government Obligations - 15.4%	3,078,750	Argentina Bonos, 5.475% due 8/03/2012 (c)
	402,444	Argentina Bonos, 3.821% due 2/04/2018 (c)
	600,000	Argentina Government International Bond, due 12/15/2035 (f)
	2,290,000	Brazilian Government International Bond, due 3/12/2008
	1,300,000	Brazilian Government International Bond,

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	due 10/22/2010
1,000,000	Brazilian Government International Bond, due 6/17/2013
1,450,000	Brazilian Government International Bond, due 7/14/2014
450,000	Brazilian Government International Bond, due 1/15/2018
55,000	Brazilian Government International Bond, due 1/20/2034
110,000	Chile Government International Bond, 5.50% due 1/15/2013
1,420,000	Colombia Government International Bond, 8.625% due 4/01/2008
2,000,000	Colombia Government International Bond, 10.50% due 7/09/2010
385,000	Colombia Government International Bond, 7.375% due 9/18/2037
250,000	Credit Suisse First Boston International Ukraine, 8% due 11/06/2015
142,087	Dominican Republic International Bond, 9.5% due 1/23/2018
230,000	Ecuador Government International Bond, 10% due 8/15/2030
350,000	Federative Republic of Brazil, 12.50% due 1/15/2018
400,000	Indonesia Government International Bond, 6.75% due 3/10/2014
325,000	Indonesia Government International Bond, 7.50% due 1/15/2016 (g)
150,000	Indonesia Government International Bond, 6.625% due 2/17/2037 (g)
1,219,001	Mexico Government International Bond Series A, 6.75% due 9/27/2034
450,000	Panama Government International Bond, 8.25% due 4/22/2008
135,000	Panama Government International Bond, 8.875% due 9/30/2027
1,590,000	Peru Government International Bond, 9.125% due 1/15/2008
135,000	Peru Government International Bond, 9.875% due 2/06/2015
1,499,040	Peru Government International Bond, 8.375% due 5/03/2016
175,000	Peru Government International Bond, 8.75% due 11/21/2033
396,271	Peru Government International Bond, 6.55% due 3/14/2037
1,700,000	Philippine Government International Bond, 7.50% due 9/11/2007
1,300,000	Philippine Government International Bond, 9.875% due 3/16/2010
250,000	Philippine Government International Bond, 8.375% due 2/15/2011
1,405,000	Philippine Government International Bond, due 2/15/2013
1,200,000	Republic of Turkey, 12.375% due 6/15/2009
1,295,000	Russia Government International Bond, 10% due 6/26/2007
375,000	Russia Government International Bond, 11% due 7/24/2018
530,000	Russia Government International Bond, 7.5% due 3/31/2030
300,000	Turkey Government International Bond, 10% due 1/15/2018

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		due 9/19/2007
	1,300,000	Turkey Government International Bond, 9% due 6/30/2011
	715,000	Turkey Government International Bond, 11. due 1/23/2012
	340,000	Turkey Government International Bond, 7%
	500,000	Turkey Government International Bond, 7.3 due 2/05/2025
	790,000	Turkey Government International Bond, 6.8 due 3/17/2036
	50,000	Ukraine Government International Bond, 7. due 6/11/2013 (g)
	125,000	Ukraine Ministry of Finance, 6.58% due 11
	200,000	Uruguay Government International Bond, 9. due 5/17/2017
	274,711	Uruguay Government International Bond, 7.875% due 1/15/2033 (h)
	1,710,000	Venezuela Government International Bond, 9.125% due 6/18/2007
	2,160,000	Venezuela Government International Bond, 5.375% due 8/07/2010
	1,125,000	Venezuela Government International Bond, 10.75% due 9/19/2013
	40,000	Venezuela Government International Bond, 7.65% due 4/21/2025
	395,000	Venezuela Government International Bond, 9.25% due 9/15/2027
	190,444	Venezuela Government International Bond S 6.25% due 12/18/2007 (a) (c)
		Total Foreign Government Obligations (Cost - \$42,091,038) - 15.4%
		Municipal Bonds
Municipal Bonds - 0.6%	1,100,000	Dresdner Bank AG for City of Kiev, 8.75% due 8/08/2008
	450,000	Dresdner Bank AG for Kyivstar GSM, 10.375 due 8/17/2009
	100,000	Dresdner Bank AG for Kyivstar GSM, 7.75% due 4/27/2012
		Total Municipal Bonds (Cost - \$1,719,538)
	Shares Held	Common Stocks
Aerospace & Defense - 5.3%	57,100	Honeywell International, Inc.
	30,000	Lockheed Martin Corp.
	60,700	Northrop Grumman Corp.
	91,800	Raytheon Co.
Beverages - 0.6%	77,700	Coca-Cola Enterprises, Inc.
Capital Markets - 3.4%	125,000	The Bank of New York Co., Inc.

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	56,600	Morgan Stanley
Chemicals - 1.3%	19,000	The Dow Chemical Co.
	57,400	E.I. du Pont de Nemours & Co.
Commercial Banks - 2.3%	182,600	Wells Fargo & Co.
Communications Equipment - 1.1%	121,800	Alcatel SA (b)
	87,800	Motorola, Inc.
Computers & Peripherals - 4.4%	55,800	Hewlett-Packard Co.
	76,600	International Business Machines Corp.
	439,200	Sun Microsystems, Inc. (e)
Consumer Finance - 0.3%	21,600	SLM Corp.
Diversified Financial Services - 6.5%	82,726	Bank of America Corp.
	121,290	Citigroup, Inc.
	158,772	JPMorgan Chase & Co.
Diversified Telecommunication Services - 4.0%	131,170	AT&T Inc.
	199,200	Qwest Communications International Inc. (
	107,400	Verizon Communications, Inc.
Electric Utilities - 2.7%	60,800	FPL Group, Inc.
	100,900	The Southern Co.
Energy Equipment & Services - 2.9%	40,300	BJ Services Co.
	79,100	GlobalSantaFe Corp.
	60,700	Halliburton Co.
Food Products - 3.3%	77,500	General Mills, Inc.
	159,300	Unilever NV (b)
Health Care Equipment & Supplies - 1.7%	87,800	Baxter International, Inc.
Hotels, Restaurants & Leisure - 1.3%	77,000	McDonald's Corp.
Household Durables - 1.7%	58,000	Koninklijke Philips Electronics NV
	46,800	Sony Corp. (b)
Household Products - 1.4%	58,600	Kimberly-Clark Corp.

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IT Services - 1.1%	361,600	Unisys Corp. (e)
Industrial Conglomerates - 3.5%	114,200	General Electric Co.
	182,500	Tyco International Ltd.
Insurance - 5.3%	29,600	The Allstate Corp.
	51,200	American International Group, Inc.
	31,600	Hartford Financial Services Group, Inc.
	79,500	The Travelers Cos., Inc.
	33,000	XL Capital Ltd. Class A
Machinery - 1.0%	26,200	Deere & Co.
Media - 5.3%	142,750	Comcast Corp. Special Class A (e)
	18,200	Gannett Co., Inc.
	143,600	Interpublic Group of Cos., Inc. (e)
	267,600	Time Warner, Inc.
	90,400	Walt Disney Co.
Metals & Mining - 2.1%	37,400	Alcan, Inc.
	116,900	Alcoa, Inc.
Multi-Utilities - 1.5%	47,200	Consolidated Edison, Inc.
	20,800	Dominion Resources, Inc.
Office Electronics - 1.1%	188,400	Xerox Corp. (e)
Oil, Gas & Consumable Fuels - 5.7%	43,600	Chevron Corp.
	19,900	Consol Energy, Inc.
	9,800	Devon Energy Corp.
	121,000	Exxon Mobil Corp.
	48,200	Peabody Energy Corp.
Pharmaceuticals - 7.0%	100,700	Bristol-Myers Squibb Co.
	68,000	GlaxoSmithKline Plc (b)
	42,300	Johnson & Johnson
	195,600	Pfizer, Inc.
	137,100	Schering-Plough Corp.
	36,000	Wyeth
Semiconductors & Semiconductor Equipment - 3.8%	131,300	Fairchild Semiconductor International, Inc.
	179,000	Intel Corp.
	373,800	LSI Logic Corp. (e)
	96,700	Micron Technology, Inc. (e)



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Wireless Telecommunication Services - 1.1%	164,100	Sprint Nextel Corp.
		Total Common Stocks (Cost - \$192,094,605)
	Beneficial Interest	Short-Term Securities
	\$ 5,115,384	BlackRock Liquidity Series, LLC Cash Sweep Series, 5.26% (d) (i)
		Total Short-Term Securities (Cost - \$5,115,384)
	Number of Contracts	Options Purchased
Put Options Purchased	110	International Business Machines Corp., expiring at USD 90
		Total Options Purchased (Premiums Paid - \$110,000)
		Total Investments (Cost - \$348,597,049) - 139.8%
		Options Written
Call Options Written	280	Baxter International, Inc., expiring May 2007
	438	Comcast Corp. Special Class A, expiring June 2007
	110	International Business Machines Corp., expiring at USD 100
	88	Northrop Grumman Corp., expiring May 2007
	2,000	Wells Fargo & Co., expiring April 2007 at USD 100
		Total Options Written (Premiums Received - \$633,797) - (0.1%)
		Total Investments, Net of Options Written (Cost - \$347,963,252*) - 139.8%
		Liabilities in Excess of Other Assets - (0.1%)
		Net Assets - 100.0%

\* The cost and unrealized appreciation (depreciation) of investments, net of options written, as of March 31, 2007, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$	348,695,963
		=====
Gross unrealized appreciation	\$	41,976,174
Gross unrealized depreciation		(2,216,693)
		-----
Net unrealized appreciation	\$	39,759,481

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- (a) Brady Bonds are securities which have been issued to refinance commercial bank loans and other debt. The risk associated with these instruments is the amount of any uncollateralized principal or interest payments since there is a high default rate of commercial bank loans by countries issuing these securities.
- (b) Depositary receipts.
- (c) Floating rate security.
- (d) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Interest Income
BlackRock Liquidity Series, LLC Cash Sweep Series	\$ (6,895,022)	\$ 131,197

- (e) Non-income producing security.
- (f) Non-income producing security; issuer filed for bankruptcy or is in default of interest payments.
- (g) The security may be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933.
- (h) Represents a pay-in-kind security which may pay interest/dividends in additional face/shares.
- (i) Represents the current yield as of March 31, 2007.
- (j) The security is a perpetual bond and has no definite maturity date.
  - o Swaps outstanding as of March 31, 2007 were as follows:

	Notional Amount	Unrealized Appreciation
Pay a fixed rate of 5.076% and receive a floating rate based on 3-month LIBOR		
Broker, Lehman Brothers Special Finance Expires December 2016	\$ 1,800,000	\$ 13,169

- o For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease. Industries are shown as a percent of net assets.

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- 2(a) - The registrant's certifying officers have reasonably designed such disclosure controls and procedures to ensure material information relating to the registrant is made known to us by others particularly during the period in which this report is being prepared. The registrant's certifying officers have determined that the registrant's disclosure controls and procedures are effective based on our evaluation of these controls and procedures as of a date within 90 days prior to the filing date of this report.
- 2(b) - As of September 29, 2006, with the conclusion of the combination of Merrill Lynch's asset management business with BlackRock, the registrant was migrated to BlackRock's trading and compliance monitoring systems, and various personnel changes occurred. In conjunction with these business improvements, there were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under Act (17 CFR 270.30a-3(d)) that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to affect, the registrant's internal control over financial reporting.

Item 3 - Exhibits

Certifications - Attached hereto

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, thereunto duly authorized.

BlackRock Capital and Income Strategies Fund, Inc.

By: /s/ Robert C. Doll, Jr.  
-----  
Robert C. Doll, Jr.  
Chief Executive Officer  
BlackRock Enhanced Capital and Income Fund, Inc.

Date: May 21, 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/ Robert C. Doll, Jr.  
-----  
Robert C. Doll, Jr.  
Chief Executive Officer  
BlackRock Enhanced Capital and Income Fund, Inc.

Date: May 21, 2007

By: /s/ Donald C. Burke  
-----  
Donald C. Burke

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Chief Financial Officer  
BlackRock Enhanced Capital and Income Fund, Inc.

Date: May 21, 2007