

BLACKROCK ENHANCED CAPITAL & INCOME FUND, INC
 Form N-Q
 November 25, 2008

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. (CII)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Donald C. Burke, 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: (800) 882-0052, Option 4

Date of fiscal year end: 12/31/2008

Date of reporting period: 07/01/2008 - 09/30/2008

Item 1 Schedule of Investments

BlackRock Enhanced Capital and Income Fund, Inc.

(Percentages shown are based on Net
 Assets)

Schedule of Investments September 30, 2008 (Unaudited)

| Industry | Common Stocks | Shares | Value |
|---|-----------------------------------|---------|--------------|
| Aerospace & Defense - 4.8% | Honeywell International, Inc. | 46,700 | \$ 1,940,385 |
| | Northrop Grumman Corp. | 54,500 | 3,299,430 |
| | Raytheon Co. | 84,200 | 4,505,542 |
| | | | 9,745,357 |
| Capital Markets - 1.5% | The Bank of New York Mellon Corp. | 95,925 | 3,125,237 |
| Chemicals - 2.1% | E.I. du Pont de Nemours & Co. | 107,600 | 4,336,280 |
| Commercial Banks - 0.6% | Wells Fargo & Co. | 30,700 | 1,152,171 |
| Computers & | Hewlett-Packard Co. | 95,000 | 4,392,800 |

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| | | | |
|--|---|---------|------------|
| Peripherals - 4.5% | International Business Machines Corp. | 40,800 | 4,771,968 |
| | | | 9,164,768 |
| Diversified Financial Services - 7.4% | Bank of America Corp. | 103,527 | 3,623,445 |
| | Citigroup, Inc. | 100,700 | 2,065,357 |
| | JPMorgan Chase & Co. | 200,972 | 9,385,392 |
| | | | 15,074,194 |
| Diversified Telecommunication Services - 5.3% | AT&T Inc. | 139,570 | 3,896,794 |
| | Qwest Communications International Inc. | 921,200 | 2,975,476 |
| | Verizon Communications, Inc. | 122,000 | 3,914,980 |
| | | | 10,787,250 |
| Electric Utilities - 3.2% | FPL Group, Inc. | 68,000 | 3,420,400 |
| | The Southern Co. | 82,400 | 3,105,656 |
| | | | 6,526,056 |
| Energy Equipment & Services - 5.9% | BJ Services Co. | 304,300 | 5,821,259 |
| | Halliburton Co. | 192,600 | 6,238,314 |
| | | | 12,059,573 |
| Food Products - 8.1% | General Mills, Inc. | 83,300 | 5,724,376 |
| | Kraft Foods, Inc. | 164,910 | 5,400,803 |
| | Ralcorp Holdings, Inc. (a) | 1 | 67 |
| | Unilever NV (b) | 194,400 | 5,474,304 |
| | | | 16,599,550 |
| Health Care Equipment & Supplies - 2.6% | Baxter International, Inc. | 32,900 | 2,159,227 |
| | Covidien Ltd. | 58,925 | 3,167,808 |
| | | | 5,327,035 |
| Health Care Providers & Services - 1.4% | Cardinal Health, Inc. | 56,900 | 2,804,032 |
| Household Products - 3.1% | Clorox Co. | 22,200 | 1,391,718 |
| | Kimberly-Clark Corp. | 74,900 | 4,856,516 |
| | | | 6,248,234 |
| IT Services - 0.5% | Unisys Corp. (a) | 356,400 | 980,100 |
| Industrial Conglomerates - 2.4% | General Electric Co. | 111,600 | 2,845,800 |
| | Tyco International Ltd. | 59,625 | 2,088,068 |

| | | | |
|-------------------------|---|---------|------------|
| | | | 4,933,868 |
| Insurance - 7.2% | Hartford Financial Services Group, Inc. | 70,700 | 2,897,993 |
| | MetLife, Inc. | 44,100 | 2,469,600 |
| | Prudential Financial, Inc. | 35,000 | 2,520,000 |
| | The Travelers Cos., Inc. | 151,600 | 6,852,320 |
| | | | 14,739,913 |

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BlackRock Enhanced Capital and Income Fund, Inc.

Schedule of Investments September 30, 2008 (Unaudited) (Percentages shown are based on Net Assets)

| Industry | Common Stocks | Shares | Value |
|---|--------------------------|---------|--------------|
| Machinery - 1.6% | Deere & Co. | 67,000 | \$ 3,316,500 |
| Media - 5.5% | Time Warner, Inc. | 519,000 | 6,804,090 |
| | Viacom, Inc. Class B (a) | 44,400 | 1,102,896 |
| | Walt Disney Co. | 106,600 | 3,271,554 |
| | | | 11,178,540 |
| Metals & Mining - 2.0% | Alcoa, Inc. (c) | 182,400 | 4,118,592 |
| Multi-Utilities - 1.2% | Dominion Resources, Inc. | 59,400 | 2,541,132 |
| Multiline Retail - 0.5% | Nordstrom, Inc. | 34,100 | 982,762 |
| Office Electronics - 3.1% | Xerox Corp. | 550,300 | 6,344,959 |
| Oil, Gas & Consumable Fuels - 9.4% | Anadarko Petroleum Corp. | 45,200 | 2,192,652 |
| | Chevron Corp. | 47,700 | 3,934,296 |
| | Exxon Mobil Corp. | 122,200 | 9,490,052 |
| | Marathon Oil Corp. | 18,400 | 733,608 |
| | Peabody Energy Corp. | 65,100 | 2,929,500 |
| | | | 19,280,108 |
| Pharmaceuticals - 9.9% | Bristol-Myers Squibb Co. | 382,100 | 7,966,785 |
| | Johnson & Johnson | 39,600 | 2,743,488 |
| | Pfizer, Inc. | 132,900 | 2,450,676 |
| | Schering-Plough Corp. | 226,000 | 4,174,220 |
| | Wyeth | 76,900 | 2,840,686 |

| | | | | |
|--|--|---------|----------------------------------|----------------|
| | | | | 20,175,855 |
| Semiconductors & Semiconductor Equipment - 7.0% | Analog Devices, Inc. | 63,000 | 1,660,050 | |
| | Fairchild Semiconductor International, Inc. (a) | 250,000 | 2,222,500 | |
| | Intel Corp. | 153,400 | 2,873,182 | |
| | LSI Corp. (a) | 813,300 | 4,359,288 | |
| | Micron Technology, Inc. (a) | 762,900 | 3,089,745 | |
| | | | | 14,204,765 |
| Software - 0.3% | Microsoft Corp. | 22,800 | 608,532 | |
| | Total Common Stocks (Cost - \$232,528,118) - 101.1% | | | 206,355,363 |
| | | | Beneficial Interest (000) | |
| | Short-Term Securities | | | |
| | BlackRock Liquidity Series, LLC Cash Sweep Series, 2.59% (d)(e) | \$ 340 | 339,691 | |
| | Total Short-Term Securities (Cost - \$339,691) - 0.2% | | | 339,691 |
| | Total Investments Before Options Written (Cost - \$232,867,809*) - 101.3% | | | 206,695,054 |
| | Options Written | | Contracts | |
| Call Options | Nordstrom, Inc., expiring January 2009 at \$40 | 34,100 | (21,313) | |
| | S&P 500 Index, expiring October 2008 at \$1,270 | 61,500 | (372,075) | |
| | S&P 500 Index, expiring October 2008 at \$1,300 | 40,000 | (107,000) | |
| | Total Options Written (Premiums Received - \$1,772,761) - (0.3)% | | | (500,388) |
| | Total Investments, Net of Options Written - 101.0% | | | 206,194,666 |
| | Liabilities in Excess of Other Assets - (1.0)% | | | (2,065,346) |
| | Net Assets - 100.0% | | | \$ 204,129,320 |

BlackRock Enhanced Capital and Income Fund, Inc.

Schedule of Investments September 30, 2008 (Unaudited)

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* The cost and unrealized appreciation (depreciation) of investments as of September 30, 2008, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|------------------------|
| Aggregate cost | <u>\$ 233,729,355</u> |
| Gross unrealized appreciation | \$ 11,412,879 |
| Gross unrealized depreciation | (38,447,180) |
| Net unrealized depreciation | <u>\$ (27,034,301)</u> |

- (a) Non-income producing security.
- (b) Depository receipts.
- (c) All or a portion of security has been pledged as collateral in connection with open financial futures contracts.
- (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:

| <u>Affiliate</u> | <u>Net Activity (000)</u> | <u>Income</u> |
|---|-----------------------------------|---------------|
| BlackRock Liquidity Series, LLC Cash Sweep Series | \$ (13,333) | \$90,895 |

(e) Represents the current yield as of report date.

- 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.
- Financial futures contracts purchased as of September 30, 2008 were as follows:

| <u>Contracts</u> | <u>Issue</u> | <u>Expiration Date</u> | <u>Face Value</u> | <u>Unrealized Appreciation</u> |
|------------------|---------------|----------------------------|-----------------------|------------------------------------|
| 10 | S&P 500 Index | December 2008 | \$567,021 | \$16,679 |

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BlackRock Enhanced Capital and Income Fund, Inc.

Schedule of Investments September 30, 2008 (Unaudited)

Effective January 1, 2008, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in

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determining the fair value of investments, which are as follows:

- Level 1 - price quotations in active markets/exchanges for identical securities
- Level 2 - other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, and default rates) or other market-corroborated inputs)
- Level 3 - unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including the Fund's own assumption used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent financial statements as contained in its semi-annual report.

The following table summarizes the inputs used as of September 30, 2008 in determining the fair valuation of the Fund's investments:

| Valuation Inputs | Investments in Securities | Other Financial Instruments* |
|---------------------|------------------------------|---------------------------------|
| Level 1 | \$ 206,355,363 | \$ (483,709) |
| Level 2 | 339,691 | - |
| Level 3 | - | - |
| Total | \$ 206,695,054 | \$ (483,709) |

* Other financial instruments are futures and options.

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Item 2 Controls and Procedures

2(a) The registrant's principal executive and principal financial officers or persons performing similar functions 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 of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

2(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 quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 Exhibits

Certifications Attached hereto

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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 Enhanced Capital and Income Fund, Inc.

By: /s/ Donald C. Burke

Donald C. Burke

Chief Executive Officer of

BlackRock Enhanced Capital and Income Fund, Inc.

Date: November 24, 2008

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/ Donald C. Burke

Donald C. Burke

Chief Executive Officer (principal executive officer) of

BlackRock Enhanced Capital and Income Fund, Inc.

Date: November 24, 2008

By: /s/ Neal J. Andrews

Neal J. Andrews

Chief Financial Officer (principal financial officer) of

BlackRock Enhanced Capital and Income Fund, Inc.

Date: November 24, 2008
