

BLACKROCK ENHANCED CAPITAL & INCOME FUND, INC.

Form N-Q

March 26, 2013

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: John M. Perlowski, Chief Executive Officer, BlackRock Enhanced

Capital and Income Fund, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 10/31/2013

Date of reporting period: 01/31/2013

Item 1 Schedule of Investments

Schedule of Investments January 31, 2013

BlackRock Enhanced Capital and Income Fund, Inc. (CII)

(Unaudited)

(Percentages shown are based on Net Assets)

| Common Stocks                                      | Shares  | Value        |
|--|---------|--------------|
| <b>Aerospace &amp; Defense 2.6%</b>                |         |              |
| Northrop Grumman Corp.                             | 133,000 | \$ 8,650,320 |
| Raytheon Co. (a)                                   | 148,200 | 7,807,176    |
|  |         | 16,457,496   |
| <b>Automobiles 0.7%</b>                            |         |              |
| Ford Motor Co. (a)                                 | 348,000 | 4,506,600    |
| <b>Beverages 1.2%</b>                              |         |              |
| PepsiCo, Inc. (a)                                  | 107,100 | 7,802,235    |
| <b>Capital Markets 1.9%</b>                        |         |              |
| Invesco Ltd.                                       | 437,000 | 11,908,250   |
| <b>Chemicals 4.3%</b>                              |         |              |
| CF Industries Holdings, Inc. (a)                   | 117,500 | 26,927,475   |
| <b>Commercial Banks 4.0%</b>                       |         |              |
| U.S. Bancorp                                       | 190,700 | 6,312,170    |
| Wells Fargo & Co. (a)                              | 540,600 | 18,829,098   |
|  |         | 25,141,268   |
| <b>Computers &amp; Peripherals 2.8%</b>            |         |              |
| Apple, Inc. (a)                                    | 39,600  | 18,030,276   |
| <b>Diversified Financial Services 4.3%</b>         |         |              |
| Citigroup, Inc. (a)                                | 186,330 | 7,855,673    |
| JPMorgan Chase & Co. (a)                           | 416,700 | 19,605,735   |
|  |         | 27,461,408   |
| <b>Diversified Telecommunication Services 4.8%</b> |         |              |
| AT&T Inc.  | 365,100 | 12,701,829   |
| CenturyLink, Inc. (a)                              | 444,000 | 17,959,800   |
|  |         | 30,661,629   |
| <b>Electric Utilities 2.9%</b>                     |         |              |
| NextEra Energy, Inc.                               | 119,900 | 8,638,795    |
| The Southern Co.                                   | 221,900 | 9,814,637    |
|  |         | 18,453,432   |
| <b>Energy Equipment &amp; Services 3.9%</b>        |         |              |
| EnSCO Plc, Class A (a)                             | 153,000 | 9,726,210    |
| Halliburton Co.                                    | 132,600 | 5,394,168    |
| Noble Corp. (a)                                    | 240,800 | 9,752,400    |

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|  |               |               |
|--|---------------|---------------|
|  |               | 24,872,778    |
| <b>Food Products 3.7%</b>                        |               |               |
| Archer-Daniels-Midland Co. (a)                   | 223,000       | 6,362,190     |
| Unilever NV                                      | 416,100       | 16,843,728    |
|  |               | 23,205,918    |
| <b>Health Care Equipment &amp; Supplies 1.9%</b> |               |               |
| Medtronic, Inc.                                  | 256,000       | 11,929,600    |
| <b>Health Care Providers &amp; Services 0.7%</b> |               |               |
| Express Scripts Holding Co. (a)(b)               | 84,000        | 4,487,280     |
| <b>Household Products 3.6%</b>                   |               |               |
| Kimberly-Clark Corp.                             | 174,900       | 15,655,299    |
| The Procter & Gamble Co. (a)                     | 92,200        | 6,929,752     |
|  |               | 22,585,051    |
| <b>Common Stocks</b>                             | <b>Shares</b> | <b>Value</b>  |
| <b>Industrial Conglomerates 3.0%</b>             |               |               |
| General Electric Co. (a)                         | 840,100       | \$ 18,717,428 |
| <b>Insurance 4.7%</b>                            |               |               |
| Aflac, Inc.                                      | 32,200        | 1,708,532     |
| American International Group, Inc. (a)(b)        | 88,700        | 3,355,521     |
| Berkshire Hathaway, Inc., Class B (a)(b)         | 50,600        | 4,904,658     |
| Hartford Financial Services Group, Inc. (a)      | 168,700       | 4,183,760     |
| MetLife, Inc. (a)                                | 214,300       | 8,001,962     |
| Prudential Financial, Inc. (a)                   | 49,000        | 2,836,120     |
| The Travelers Cos., Inc.                         | 62,500        | 4,903,750     |
|  |               | 29,894,303    |
| <b>Internet Software &amp; Services 7.3%</b>     |               |               |
| Google, Inc., Class A (a)(b)                     | 39,900        | 30,152,031    |
| Yahoo!, Inc. (a)(b)                              | 829,900       | 16,290,937    |
|  |               | 46,442,968    |
| <b>IT Services 0.5%</b>                          |               |               |
| Saic, Inc. (a)                                   | 265,000       | 3,206,500     |
| <b>Media 4.8%</b>                                |               |               |
| Comcast Corp., Special Class A (a)               | 289,300       | 10,625,989    |
| Time Warner, Inc. (a)                            | 270,100       | 13,645,452    |
| The Walt Disney Co.                              | 113,600       | 6,120,768     |
|  |               | 30,392,209    |
| <b>Metals &amp; Mining 1.0%</b>                  |               |               |
| Freeport-McMoRan Copper & Gold, Inc. (a)         | 184,700       | 6,510,675     |
| <b>Multi-Utilities 2.0%</b>                      |               |               |
| Dominion Resources, Inc.                         | 185,900       | 10,059,049    |
| Public Service Enterprise Group, Inc.            | 88,000        | 2,743,840     |
|  |               | 12,802,889    |
| <b>Oil, Gas &amp; Consumable Fuels 13.0%</b>     |               |               |

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|  |         |            |
|--|---------|------------|
| Chevron Corp.  | 157,300 | 18,113,095 |
| Exxon Mobil Corp. (a)                                    | 176,000 | 15,834,720 |
| HollyFrontier Corp. (a)                                  | 175,700 | 9,175,054  |
| Marathon Oil Corp. (a)                                   | 184,500 | 6,201,045  |
| Marathon Petroleum Corp.                                 | 85,400  | 6,337,534  |
| Suncor Energy, Inc.                                      | 788,800 | 26,834,976 |
|  |         | 82,496,424 |
| <b>Pharmaceuticals 10.1%</b>                             |         |            |
| Eli Lilly & Co.  | 132,600 | 7,119,294  |
| Johnson & Johnson (a)                                    | 182,600 | 13,497,792 |
| Merck & Co., Inc.  | 468,800 | 20,275,600 |
| Pfizer, Inc. (a)   | 855,100 | 23,327,128 |
|  |         | 64,219,814 |
| <b>Real Estate Investment Trusts (REITs) 1.2%</b>        |         |            |
| Annaly Capital Management, Inc. (a)                      | 516,300 | 7,677,381  |
| <b>Semiconductors &amp; Semiconductor Equipment 3.1%</b> |         |            |
| QUALCOMM, Inc.   | 293,900 | 19,406,217 |
| <b>Specialty Retail 1.0%</b>                             |         |            |
| Limited Brands, Inc.                                     | 134,600 | 6,463,492  |

**Portfolio Abbreviations**

To simplify the listings of portfolio holdings in the Schedule of Investments, the names and descriptions of many securities have been abbreviated according to the following list:

**ADR** American Depositary Receipt      **USD** US Dollar

JANUARY 31, 2013

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## Schedule of Investments (continued)

## BlackRock Enhanced Capital and Income Fund, Inc. (CII)

| Common Stocks  | Shares     | Value          |
|--|------------|----------------|
| Wireless Telecommunication Services 4.3%                               |            |                |
| Vodafone Group Plc - ADR   | 1,004,000  | \$ 27,429,280  |
| <b>Total Long-Term Investments</b>                                     |            |                |
| (Cost \$582,404,988) 99.3%   |            | 630,090,276    |
| <b>Short-Term Securities</b>   |            |                |
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.10% (c)(d) | 19,217,352 | 19,217,352     |
| <b>Total Short-Term Securities</b>                                     |            |                |
| (Cost \$19,217,352) 3.0%   |            | 19,217,352     |
| <b>Value</b>   |            |                |
| <b>Total Investments Before Options Written</b>                        |            |                |
| (Cost \$601,622,340*) 102.3%   |            | \$ 649,307,628 |
| <b>Options Written</b>   |            |                |
| (Premiums Received \$7,205,346) (1.8)%                                 |            | (11,497,875)   |
| <b>Total Investments Net of Options</b>                                |            |                |
| Written 100.5%   |            | 637,809,753    |
| <b>Liabilities in Excess of Other Assets</b> (0.5)%                    |            | (3,260,907)    |
| <b>Net Assets</b> 100.0%   |            | \$ 634,548,846 |

## Notes to Schedule of Investments

\* As of January 31, 2013, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

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|                               |                 |
|-------------------------------|-----------------|
| Tax cost                      | \$ 688,756,342  |
| Gross unrealized appreciation | \$ 53,574,781   |
| Gross unrealized depreciation | (93,023,495)    |
| Net unrealized depreciation   | \$ (39,448,714) |

- (a) All or a portion of security has been pledged/segregated as collateral in connection with outstanding options written.  
 (b) Non-income producing security.  
 (c) Represents the current yield as of report date.  
 (d) Investments in issuers considered to be an affiliate of the Trust during the period ended January 31, 2013, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate  | Shares<br>Held at<br>October 31,<br>2012 |                 | Shares<br>Held at<br>January 31,<br>2013 |           | Realized |
|--|--|-----------------|--|-----------|----------|
|  |  | Net<br>Activity |  | Income    | Gain     |
| BlackRock Liquidity Funds, TempFund, Institutional Class | 23,189,440                               | (3,972,088)     | 19,217,352                               | \$ 10,848 | \$347    |

Exchange-Traded options written as of January 31, 2013 were as follows:

| Description                          | Put/<br>Call                   | Strike<br>Price | Expiration<br>Date | Contracts | Market<br>Value |
|--------------------------------------|--------------------------------|-----------------|--------------------|-----------|-----------------|
|                                      | Comcast Corp., Special Class A | Call            | USD 35.75          | 2/06/13   | 560             |
| Ford Motor Co.                       | Call                           | USD 14.50       | 2/16/13            | 110       | (37)            |
| Marathon Oil Corp.                   | Call                           | USD 32.75       | 2/16/13            | 510       | (61,836)        |
| Annaly Capital Management, Inc.      | Call                           | USD 15          | 2/18/13            | 1,800     | (21,600)        |
| Archer-Daniels-Midland Co.           | Call                           | USD 29          | 2/18/13            | 1,225     | (43,488)        |
| Berkshire Hathaway, Inc., Class B    | Call                           | USD 95          | 2/18/13            | 280       | (64,540)        |
| Express Scripts Holding Co.          | Call                           | USD 57.50       | 2/18/13            | 460       | (4,140)         |
| Freeport-McMoRan Copper & Gold, Inc. | Call                           | USD 36          | 2/18/13            | 1,015     | (37,048)        |
| General Electric Co.                 | Call                           | USD 22          | 2/18/13            | 529       | (24,070)        |
| Google, Inc., Class A                | Call                           | USD 730         | 2/18/13            | 135       | (386,775)       |
| Google, Inc., Class A                | Call                           | USD 735         | 2/18/13            | 87        | (210,540)       |
| HollyFrontier Corp.                  | Call                           | USD 46          | 2/18/13            | 965       | (607,950)       |
| JPMorgan Chase & Co.                 | Call                           | USD 44          | 2/18/13            | 1,305     | (411,075)       |
| The Limited, Inc.                    | Call                           | USD 45          | 2/18/13            | 250       | (80,000)        |
| Noble Corp.                          | Call                           | USD 40          | 2/18/13            | 660       | (83,820)        |
| Noble Corp.                          | Call                           | USD 41          | 2/18/13            | 660       | (53,460)        |
| PepsiCo, Inc.                        | Call                           | USD 72.50       | 2/18/13            | 235       | (24,322)        |
| The Procter & Gamble Co.             | Call                           | USD 70          | 2/18/13            | 507       | (263,640)       |
| Prudential Financial, Inc.           | Call                           | USD 60          | 2/18/13            | 170       | (9,350)         |





## Schedule of Investments (continued)

## BlackRock Enhanced Capital and Income Fund, Inc. (CII)

Exchange-Traded options written as of January 31, 2013 were as follows: (concluded)

| Description                             | Put/<br>Call | Strike |       | Expiration<br>Date | Contracts | Market<br>Value |
|---|--------------|--------|-------|--------------------|-----------|-----------------|
|   |              | Price  |       |                    |           |                 |
| Raytheon Co.                            | Call         | USD    | 57.50 | 2/18/13            | 815       | \$ (2,445)      |
| Yahoo!, Inc.                            | Call         | USD    | 20    | 2/18/13            | 2,715     | (57,015)        |
| Citigroup, Inc.                         | Call         | USD    | 43    | 2/22/13            | 200       | (11,000)        |
| Ford Motor Co.                          | Call         | USD    | 14.50 | 2/22/13            | 1,915     | (6,702)         |
| Saic, Inc.                              | Call         | USD    | 12.25 | 3/16/13            | 1,325     | (26,719)        |
| American International Group, Inc.      | Call         | USD    | 38    | 3/18/13            | 440       | (53,460)        |
| Annaly Capital Management, Inc.         | Call         | USD    | 15    | 3/18/13            | 500       | (12,250)        |
| Apple, Inc.                             | Call         | USD    | 465   | 3/18/13            | 198       | (210,375)       |
| CenturyLink, Inc.                       | Call         | USD    | 41    | 3/18/13            | 700       | (26,250)        |
| CF Industries Holdings, Inc.            | Call         | USD    | 225   | 3/18/13            | 705       | (764,925)       |
| Citigroup, Inc.                         | Call         | USD    | 42    | 3/18/13            | 1,025     | (158,875)       |
| Comcast Corp., Special Class A          | Call         | USD    | 39    | 3/18/13            | 1,030     | (23,175)        |
| Ensc0 Plc, Class A                      | Call         | USD    | 62.50 | 3/18/13            | 840       | (222,600)       |
| Hartford Financial Services Group, Inc. | Call         | USD    | 26    | 3/18/13            | 500       | (25,750)        |
| JPMorgan Chase & Co.                    | Call         | USD    | 47    | 3/18/13            | 470       | (60,395)        |
| The Limited, Inc.                       | Call         | USD    | 49    | 3/18/13            | 490       | (58,800)        |
| Marathon Oil Corp.                      | Call         | USD    | 34    | 3/18/13            | 505       | (42,925)        |
| MetLife, Inc.                           | Call         | USD    | 36    | 3/18/13            | 222       | (44,067)        |
| MetLife, Inc.                           | Call         | USD    | 38    | 3/18/13            | 955       | (84,518)        |
| Prudential Financial, Inc.              | Call         | USD    | 60    | 3/18/13            | 153       | (14,152)        |
| Wells Fargo & Co.                       | Call         | USD    | 35    | 3/18/13            | 2,640     | (182,160)       |
| General Electric Co.                    | Call         | USD    | 22.05 | 3/22/13            | 690       | (37,778)        |
| Johnson & Johnson                       | Call         | USD    | 73    | 3/25/13            | 540       | (80,472)        |
| Exxon Mobil Corp.                       | Call         | USD    | 90.90 | 3/26/13            | 650       | (92,239)        |
| Time Warner, Inc.                       | Call         | USD    | 50.60 | 3/26/13            | 1,070     | (152,595)       |
| PepsiCo, Inc.                           | Call         | USD    | 73.40 | 4/02/13            | 355       | (32,239)        |
| Pfizer, Inc.                            | Call         | USD    | 27.85 | 4/04/13            | 955       | (31,840)        |
| MetLife, Inc.                           | Call         | USD    | 38    | 4/22/13            | 237       | (31,876)        |
| <b>Total</b>                            |              |        |       |                    |           | \$ (4,992,379)  |

Over-the-counter options written as of January 31, 2013 were as follows:

| Description          | Counterparty                   | Put/<br>Call | Strike |       | Expiration<br>Date | Contracts | Market<br>Value |
|----------------------|--------------------------------|--------------|--------|-------|--------------------|-----------|-----------------|
|                      |                                |              | Price  |       |                    |           |                 |
| AT&T Inc.            | Morgan Stanley & Co., Inc.     | Call         | USD    | 34.08 | 2/04/13            | 100,500   | \$ (71,355)     |
| JPMorgan Chase & Co. | Goldman Sachs & Co.            | Call         | USD    | 41.65 | 2/04/13            | 25,000    | (135,000)       |
| NextEra Energy, Inc. | Morgan Stanley & Co., Inc.     | Call         | USD    | 68.26 | 2/04/13            | 42,500    | (161,075)       |
| Pfizer, Inc.         | Morgan Stanley & Co., Inc.     | Call         | USD    | 24.35 | 2/04/13            | 192,500   | (564,025)       |
| Unilever NV          | Citigroup Global Markets, Inc. | Call         | USD    | 36.79 | 2/04/13            | 64,000    | (235,904)       |
| Yahoo!, Inc.         | Deutsche Bank Securities Corp. | Call         | USD    | 19.17 | 2/05/13            | 185,000   | (94,325)        |
| U.S. Bancorp         | Morgan Stanley & Co., Inc.     | Call         | USD    | 32.05 | 2/07/13            | 125,900   | (133,456)       |
| Exxon Mobil Corp.    | Credit Suisse First Boston     | Call         | USD    | 89.95 | 2/08/13            | 32,000    | (26,252)        |
| Halliburton Co.      | Banc of America Securities     | Call         | USD    | 34.73 | 2/08/13            | 72,900    | (433,755)       |

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|   |                                |      |     |       |         |         |           |
|---|--------------------------------|------|-----|-------|---------|---------|-----------|
| Merck & Co., Inc.                       | Morgan Stanley & Co., Inc.     | Call | USD | 44.84 | 2/08/13 | 54,500  | (1,566)   |
| Public Service Enterprise Group, Inc.   | Credit Suisse First Boston     | Call | USD | 30.61 | 2/08/13 | 48,000  | (27,211)  |
| AT&T Inc.                               | Morgan Stanley & Co., Inc.     | Call | USD | 34.08 | 2/11/13 | 100,500 | (81,607)  |
| CenturyLink, Inc.                       | UBS Securities LLC             | Call | USD | 38.66 | 2/11/13 | 106,700 | (190,993) |
| Hartford Financial Services Group, Inc. | Citigroup Global Markets, Inc. | Call | USD | 23.87 | 2/11/13 | 63,800  | (73,452)  |
| JPMorgan Chase & Co.                    | Goldman Sachs & Co.            | Call | USD | 41.65 | 2/11/13 | 25,000  | (135,000) |
| JPMorgan Chase & Co.                    | Morgan Stanley & Co., Inc.     | Call | USD | 43.46 | 2/11/13 | 47,600  | (170,884) |
| Vodafone Group Plc - ADR                | Morgan Stanley & Co., Inc.     | Call | USD | 26.24 | 2/11/13 | 120,100 | (129,708) |

JANUARY 31, 2013

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## Schedule of Investments (continued)

## BlackRock Enhanced Capital and Income Fund, Inc. (CII)

Over-the-counter options written as of January 31, 2013 were as follows: (concluded)

| Description              | Counterparty                   | Put/<br>Call | Strike |        | Expiration<br>Date | Contracts | Market<br>Value       |
|--------------------------|--------------------------------|--------------|--------|--------|--------------------|-----------|-----------------------|
|                          |                                |              |        | Price  |                    |           |                       |
| Dominion Resources, Inc. | Credit Suisse First Boston     | Call         | USD    | 54.21  | 2/22/13            | 52,000    | \$ (26,994)           |
| Wells Fargo & Co.        | Citigroup Global Markets, Inc. | Call         | USD    | 34.90  | 2/22/13            | 93,000    | (38,441)              |
| CenturyLink, Inc.        | Citigroup Global Markets, Inc. | Call         | USD    | 39.94  | 2/25/13            | 69,200    | (57,598)              |
| General Electric Co.     | Morgan Stanley & Co., Inc.     | Call         | USD    | 21.25  | 2/25/13            | 340,000   | (370,718)             |
| Unilever NV              | Goldman Sachs & Co.            | Call         | USD    | 38.51  | 2/25/13            | 37,000    | (72,890)              |
| The Walt Disney Co.      | Credit Suisse First Boston     | Call         | USD    | 49.86  | 2/25/13            | 62,500    | (265,308)             |
| Eli Lilly & Co.          | Credit Suisse First Boston     | Call         | USD    | 53.34  | 2/28/13            | 73,000    | (78,337)              |
| Unilever NV              | Goldman Sachs & Co.            | Call         | USD    | 38.89  | 3/04/13            | 37,000    | (58,830)              |
| Unilever NV              | UBS Securities LLC             | Call         | USD    | 38.66  | 3/04/13            | 91,000    | (165,620)             |
| Aflac, Inc.              | Credit Suisse First Boston     | Call         | USD    | 53.94  | 3/05/13            | 21,200    | (21,179)              |
| Merck & Co., Inc.        | Goldman Sachs & Co.            | Call         | USD    | 42.51  | 3/07/13            | 203,500   | (266,862)             |
| NextEra Energy, Inc.     | Goldman Sachs & Co.            | Call         | USD    | 71.36  | 3/07/13            | 23,500    | (33,022)              |
| Time Warner, Inc.        | Morgan Stanley & Co., Inc.     | Call         | USD    | 49.49  | 3/07/13            | 41,300    | (82,597)              |
| Dominion Resources, Inc. | Morgan Stanley & Co., Inc.     | Call         | USD    | 52.86  | 3/08/13            | 50,200    | (80,396)              |
| Kimberly-Clark Corp.     | Citigroup Global Markets, Inc. | Call         | USD    | 86.51  | 3/08/13            | 69,200    | (225,977)             |
| Chevron Corp.            | Morgan Stanley & Co., Inc.     | Call         | USD    | 116.35 | 3/11/13            | 86,500    | (154,281)             |
| Vodafone Group Plc - ADR | Citigroup Global Markets, Inc. | Call         | USD    | 26.11  | 3/11/13            | 211,000   | (265,875)             |
| QUALCOMM, Inc.           | Morgan Stanley & Co., Inc.     | Call         | USD    | 65.96  | 3/14/13            | 161,700   | (276,484)             |
| Southern Co.             | Goldman Sachs & Co.            | Call         | USD    | 43.76  | 3/14/13            | 61,000    | (47,670)              |
| The Travelers Cos., Inc. | Morgan Stanley & Co., Inc.     | Call         | USD    | 76.76  | 3/14/13            | 41,300    | (92,719)              |
| Invesco Ltd.             | Deutsche Bank Securities Corp. | Call         | USD    | 28.13  | 3/21/13            | 48,800    | (10,982)              |
| Marathon Petroleum Corp. | Morgan Stanley & Co., Inc.     | Call         | USD    | 68.25  | 3/25/13            | 47,000    | (314,929)             |
| Medtronic, Inc.          | Credit Suisse First Boston     | Call         | USD    | 46.26  | 3/25/13            | 141,000   | (206,880)             |
| Northrop Grumman Corp.   | Morgan Stanley & Co., Inc.     | Call         | USD    | 68.78  | 3/25/13            | 73,000    | (23,391)              |
| Suncor Energy, Inc.      | Citigroup Global Markets, Inc. | Call         | USD    | 34.74  | 3/26/13            | 203,500   | (171,318)             |
| Pfizer, Inc.             | Credit Suisse First Boston     | Call         | USD    | 27.27  | 3/27/13            | 182,200   | (99,381)              |
| Kimberly-Clark Corp.     | Credit Suisse First Boston     | Call         | USD    | 87.08  | 4/01/13            | 26,900    | (78,310)              |
| Invesco Ltd.             | Goldman Sachs & Co.            | Call         | USD    | 28.46  | 4/02/13            | 239,500   | (74,110)              |
| Southern Co.             | Jefferies & Co., Inc.          | Call         | USD    | 44.25  | 4/02/13            | 610       | (38,303)              |
| Suncor Energy, Inc.      | Morgan Stanley & Co., Inc.     | Call         | USD    | 34.78  | 4/05/13            | 112,000   | (103,684)             |
| Johnson & Johnson        | Morgan Stanley & Co., Inc.     | Call         | USD    | 74.94  | 4/11/13            | 46,400    | (36,842)              |
| <b>Total</b>             |                                |              |        |        |                    |           | <b>\$ (6,505,496)</b> |

For Trust compliance purposes, the Trust'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 Trust management. These definitions may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease.

**Fair Value Measurements** Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial reporting purposes as follows:

Level 1 - unadjusted price quotations in active markets/exchanges for identical assets and liabilities that the Trust has the ability to access

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Level 2 - other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or 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 circumstances, to the extent observable inputs are not available (including the Trust's own assumptions used in determining the fair value of investments and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

## Schedule of Investments (concluded)

## BlackRock Enhanced Capital and Income Fund, Inc. (CII)

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and derivative financial instruments and other significant accounting policies, please refer to the Trust's most recent financial statements as contained in its annual report.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy as of January 31, 2013:

|                            | Level 1               | Level 2 | Level 3 | Total                 |
|----------------------------|-----------------------|---------|---------|-----------------------|
| <b>Assets:</b>             |                       |         |         |                       |
| Investments:               |                       |         |         |                       |
| Long-Term Investments:     |                       |         |         |                       |
| Common Stocks <sup>1</sup> | \$ 630,090,276        |         |         | \$ 630,090,276        |
| Short-Term Securities      | 19,217,352            |         |         | 19,217,352            |
| <b>Total</b>               | <b>\$ 649,307,628</b> |         |         | <b>\$ 649,307,628</b> |

<sup>1</sup> See above Schedule of Investments for values in each industry.

|   | Level 1               | Level 2               | Level 3 | Total                  |
|---|-----------------------|-----------------------|---------|------------------------|
| Derivative Financial Instruments <sup>2</sup> |                       |                       |         |                        |
| <b>Liabilities:</b>                           |                       |                       |         |                        |
| Equity contracts                              | \$ (4,419,533)        | \$ (7,078,342)        |         | \$ (11,497,875)        |
| <b>Total</b>                                  | <b>\$ (4,419,533)</b> | <b>\$ (7,078,342)</b> |         | <b>\$ (11,497,875)</b> |

<sup>2</sup> Derivative financial instruments are options written, which are shown at value.

Certain of the Trust's assets and liabilities are held at carrying amount, which approximates fair value for financial reporting purposes. As of January 31, 2013, such assets and liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1             | Level 2           | Level 3 | Total               |
|--|---------------------|-------------------|---------|---------------------|
| <b>Assets:</b>                                 |                     |                   |         |                     |
| Foreign currency at value                      | \$ 5,684            |                   |         | \$ 5,684            |
| Cash pledged as collateral for options written | 1,300,000           |                   |         | 1,300,000           |
| <b>Liabilities:</b>                            |                     |                   |         |                     |
| Bank overdraft                                 |                     | \$ (2,509)        |         | (2,509)             |
| <b>Total</b>                                   | <b>\$ 1,305,684</b> | <b>\$ (2,509)</b> |         | <b>\$ 1,300,666</b> |

There were no transfers between levels during the period ended January 31, 2013.

JANUARY 31, 2013

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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/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Enhanced Capital and Income Fund, Inc.  
Date: March 26, 2013

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

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Enhanced Capital and Income Fund, Inc.  
Date: March 26, 2013

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock Enhanced Capital and Income Fund, Inc.  
Date: March 26, 2013