SOURCE CAPITAL INC /DE/ Form N-Q May 25, 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

811-1731

Source Capital, Inc (Exact name of registrant as specified in charter)

11400 West Olympic Boulevard, Suite 1200, Los Angeles, California (Address of principal executive offices)

90064 (Zip code)

J. Richard Atwood, Treasurer, Source Capital, Inc., 11400 West Olympic Boulevard, Suite 1200, Los Angeles, California 90064 (Name and address of agent for service)

Registrant's telephone number, including area code: (310) 473-0225

Date of fiscal year end: December 31

Date of reporting period: March 31, 2007

ITEM 1. Schedule of Investments.

Source Capital, Inc.

Portfolio of Investments

March 31, 2007 (unaudited)

| BUSINESS SERVICES & SUPPLIES 22.9% Brady Corporation \$10,400 \$15,924,480 CDW Corporation \$353,000 \$10,300,077 Charles River Laboratories International, Inc.* \$25,000 \$10,853,000 CLARCOR Inc.* \$25,000 \$7,422,650 Invitrogen Corporation* \$20,000 \$2,131,000 Grant Corporation* \$30,000 \$22,131,000 SeanSource, Inc.* \$80,000 \$22,814,000 SeanSource, Inc.* \$80,000 \$22,814,000 SeanSource, Inc.* \$80,000 \$22,814,000 SeanSource, Inc.* \$80,000 \$22,814,000 SeanSource, Inc.* \$80,000 \$28,810,000 Grace Inc. \$95,000 \$18,810,000 FROWCER DURABLE GOODS 14.4% \$180,000 \$8,370,000 Grace Inc. \$95,000 \$16,181,139 DEX Corporation \$95,000 \$15,815,500 BINL Corporation \$95,000 \$2,916,550 Belix Energy Solutions Group, Inc.* \$95,000 \$5,916,550 Noble Corporation \$20,000 \$16,0 | COMMON STOCKS | Shares or Principal Amount | | Value |
|--|---|----------------------------------|----|-------------|
| CDW Corporation 353,900 21,740,077 Charles River Laberatories International, Inc.* 455,00 21,408,300 CLARCOR Inc. 335,000 10,653,000 Copart, Inc.* 200,000 7,422,650 Invitrogen Corporation* 300,000 22,131,000 Manpower Inc. 80,000 22,131,000 ScanSource, Inc.* 80,000 22,131,000 PRODUCER DURABLE GOODS 14.4% 180,000 \$ 8,370,000 Franklin Electric Co., Inc. 180,000 \$ 8,370,000 Grace Inc. 495,000 29,348,200 NINI Corporation 352,300 16,181,139 DEX Corporation (Class A)* 455,000 2,518,550 Zebra Technologies Corporation (Class A)* 465,000 3,793,505 ENERGY 11.9% 5 3,704,589 ENERGY 11.9% 5 3,750,500 Tideate Inc. 695,000 \$ 25,915,500 Noble Corporation (Class A)* 7,200 \$ 5,915,500 Tideate Inc. 1,000 3,000,000 Tideate Inc. 1,000 3,000, | BUSINESS SERVICES & SUPPLIES 22.9% | | | |
| CDW Corporation 355,900 21,740,077 Charles River Laberatories International, Inc.* 455,00 21,248,300 CLARCOR Inc. 335,000 10,653,000 Copart, Inc.* 205,000 7,422,650 Invitrogen Corporation* 300,000 22,131,000 Manpower Inc. 850,000 22,131,000 ScanSource, Inc.* 850,000 22,131,000 PRODUCER DURABLE GOODS 14.4% 180,000 8,370,000 Franklin Electric Co., Inc. 180,000 8,370,000 Grace Inc. 495,000 19,384,200 HNI Corporation 352,300 16,181,139 DEX Corporation (Class A)* 455,000 2,518,500 Zebra Technologies Corporation (Class A)* 465,000 3,795,500 ENERGY 11.9% 695,000 \$ 25,195,500 Tolkear Inc. 695,000 \$ 25,195,500 Tolkear Inc. 695,000 \$ 25,915,500 Tolkear Inc. 695,000 \$ 25,915,500 Tolkear Inc. 1,000 \$ 25,915,500 Tolkear Inc. 1,000 \$ | Brady Corporation | 510,400 | \$ | 15,924,480 |
| CLARCOR Inc. 335,000 1,053,000 Copart, Inc.* 255,000 7,422,655 Invitrogen Corporation* 300,000 22,131,000 ScanSource, Inc.* 300,000 22,131,000 ScanSource, Inc.* 180,000 22,314,000 PRODUCER DURABLE GOODS 14.49 180,000 9,384,200 Grace Inc. 495,000 19,384,200 16,181,139 HNI Corporation 352,00 16,181,139 19,384,200 Schar Tacknotogies Corporation (Class A)* 495,000 25,185,600 ENERGY 495,000 25,185,600 ENERGY 11.9% 11.96 3,074,588 Helix Energy Solutions Group, Inc.* 695,00 \$ 25,916,550 Noble Corporation 460,00 36,122,800 Tidewater Inc. 160,00 9,665,700 TECHNOLOGY 9.9% 15,604,200 Maxim Integrated Products, Inc. 180,00 5,292,000 Microchip Technology Incorporated 340,00 12,080,20 Plantronics, Inc. 21,00 31,00,00 <td< td=""><td></td><td>353,900</td><td></td><td>21,740,077</td></td<> | | 353,900 | | 21,740,077 |
| Copart, Inc.** 265,000 7.42,650 Invitrogen Corporation* 270,000 17.185,500 Manpower Inc. 300,000 22.131,000 Scansource, Inc.** 850,000 22.131,000 FRODUCER DURABLE GOODS 14.4% 180,000 \$ 8,370,000 Grace Inc. 495,000 19.384,200 HNI Corporation 352,00 16.181,139 IDEX Corporation (Class A)* 495,000 25.185,600 Zebra Technologies Corporation (Class A)* 495,000 37,074,580 ENERGY 11.9% 805,000 \$ 87,074,580 ENERGY 11.9% 19.50 \$ 87,074,580 EVERGY 19.9% \$ 87,074,580 \$ 87,074,580 Noble Corporation Group, Inc.* 695,000 \$ 25,916,550 Noble Corporation Administration of the composition of the | | 455,000 | | 21,048,300 |
| Invitrogen Corporation* 270,000 17,185,000 Manpower Inc.* 850,000 22,131,000 ScanSource, Inc.* 850,000 22,814,000 PRODUCER DURABLE GOODS 14.4% 180,000 \$ 8,370,000 Franklin Electric Co., Inc. 495,000 19,384,200 Graco Inc. 495,000 16,181,139 IDEX Corporation 352,300 16,181,139 IDEX Corporation (Class A)* 465,00 21,755,650 ENERGY 11.9% * 87,074,580 Helix Energy Solutions Group, Inc.* 695,000 \$ 25,916,550 Noble Corporation 465,00 36,922,500 Tidewater inc. 165,00 9,666,700 Tidewater inc. 165,00 \$ 7,775,050 Copnex Corporation 720,00 \$ 15,002,400 Maxim Integrated Products, Inc. 180,000 \$ 2,92,000 Microchip Technology Incorporated 340,000 \$ 2,92,000 Plantronics, Inc. 751,00 \$ 6,132,582 Card Max, Inc.* 1,000,00 \$ 31,000 Card Max, Inc.* 1,000,00 <td< td=""><td>CLARCOR Inc.</td><td>335,000</td><td></td><td>10,653,000</td></td<> | CLARCOR Inc. | 335,000 | | 10,653,000 |
| Manpower Inc.* 300,000 2,21,10,00 SeanSource, Inc.* 850,000 22,814,000 PRODUCER DURABLE GOODS 14.4% 180,000 \$ 138,919,000 Franklin Electric Co., Inc. 495,000 19,384,200 Graco Inc. 495,000 19,384,200 LNI Corporation 352,300 16,181,139 IDEX Corporation (Class A)* 465,000 25,185,600 Zebra Technologies Corporation (Class A)* 465,000 17,953,650 ENERGY 11.9% 870,745,80 FILE (Elix Energy Solutions Group, Inc.* 695,000 25,916,800 Noble Corporation 460,000 36,192,800 Noble Corporation 460,000 36,192,800 Tidewater Inc. 165,000 9,965,700 Tidewater Inc. 180,000 5,920,000 Maxim Integrated Products, Inc. 180,000 12,080,200 Maxim Integrated Products, Inc. 180,000 17,409,82 SanDisk Corporation* 215,000 17,409,82 SanDisk Corporation* 10,000,000 3,000,000 Plantenics, Inc. <t< td=""><td>Copart, Inc.*</td><td>265,000</td><td></td><td>7,422,650</td></t<> | Copart, Inc.* | 265,000 | | 7,422,650 |
| ScanSource, Inc.** 850,000 2,2814,000 PRODUCER DURABLE GOODS 14.4% 180,000 \$ 3,30,000 Franklin Electric Co., Inc. 180,000 \$ 3,30,000 Grace Inc. 495,000 19,384,200 HNI Corporation 352,300 16,181,139 IDEX Corporation 495,000 2,518,5600 Schar Technologies Corporation (Class A)* 465,000 17,955,650 ENERGY 11.9% 8 7,973,505 Helix Energy Solutions Group, Inc.* 695,000 3 25,916,550 Noble Corporation 460,000 3,192,800 3 19,884 Tidewater Inc. 165,000 9,665,700 3 19,280 Tidewater Inc. 165,000 9,665,700 3 1,775,050 TECHNOLOGY 9.9% 7 777,505 7 7,775,050 7 1,775,050 1,779,050 1,779,050 1,779,050 1,779,050 1,779,050 1,779,050 1,779,050 1,779,050 1,779,050 1,779,050 1,779,050 1,779,050 1,779,050 1,779,050 1,779,05 | Invitrogen Corporation* | 270,000 | | 17,185,500 |
| PRODUCER DURABLE GOODS 14.4% 180,000 18.370,000 19.384,200 | | 300,000 | | 22,131,000 |
| PRODUCER DURABLE GOODS 14.4% Franklin Electric Co., Inc. 18,00,00 8,370,000 Graco Inc. 495,000 19,384,200 HNI Corporation 352,300 16,181,139 DEEX Corporation 495,000 25,185,600 Zebra Technologies Corporation (Class A)* 465,000 17,953,650 ENERGY 11.9% 995,000 \$ 25,916,580 Helix Energy Solutions Group, Inc.* 695,000 \$ 25,916,580 Noble Corporation 460,000 36,19,280 Tidewater Inc. 165,000 9,665,700 Tidewater Inc. 165,000 \$ 7,1775,005 TECHNOLOGY 9.9% 220,000 \$ 15,002,400 Maxim Integrated Products, Inc. 180,000 \$ 2,920,000 Microchip Technology Incorporated 340,000 \$ 17,40,982 Microchip Technology Incorporated 340,000 \$ 61,125,802 Microchip Technology Incorporated \$ 60,132,582 RETALING 9.8% \$ 60,132,582 RETALING 9.8 \$ 52,500,500 O Reilly Automotive, Inc.* \$ 1,070,012 \$ 2,258,095 | ScanSource, Inc.* | 850,000 | | |
| Franklin Electric Co, Inc. 180,000 \$3,30,000 Graco Inc. 495,000 19,384,200 INII Corporation 352,300 16,181,139 DEX Corporation 495,000 25,185,600 Zebra Technologies Corporation (Class A)* 495,000 17,953,650 ENERGY 11.9% 87,074,589 ENERGY 11.9% 695,000 \$25,916,550 Noble Corporation Group, Inc.* 695,000 \$65,700 Noble Corporation Group, Inc.* 460,000 36,192,800 Noble Corporation Group, Inc.* 720,000 \$15,602,400 Noble Corporation Group, Inc.* 720,000 \$25,916,550 Post Corporation Group, Inc.* 720,000 \$15,602,400 Maxim Integrated Products, Inc. 180,000 \$292,000 Microchip Technology Incorporated 340,000 \$292,000 Plantronies, Inc. 215,000 \$417,000 SanDisk Corporation* 215,000 \$31,000,000 RETAILING 9.8* \$25,916,910 \$32,910 CarMax, Inc.* 1,070,012 \$26,258,095 O Reilly Automotive, | | | \$ | 138,919,007 |
| Grace Inc 495,000 19,384,200 HNI Corporation 352,300 16,181,139 IDEX Corporation 495,000 25,185,600 Zebra Technologies Corporation (Class A)* 465,000 1,795,365 ENERGY 11.9% ***87,074,585 Helix Energy Solutions Group, Inc.* 695,000 \$ 5,916,550 Noble Corporation 460,000 36,192,800 Tidewater Inc. 165,000 9,665,700 TECHNOLOGY 9.9% **** 71,775,502,400 Maxim Integrated Products, Inc. 180,000 5,292,000 Microchip Technology Incorporated 340,000 12,080,200 Microchip Technology Incorporated 340,000 12,080,200 Merronip Technology Incorporated 340,000 3,100,000 SanDisk Corporation* 215,000 9,417,000 SanDisk Corporation* 1,070,012 \$ 60,132,582 OR Reilly Automotive, Inc.* 1,070,012 \$ 5,935,009 OR Reilly Automotive, Inc.* 200,000 33,100,000 Bio-Rad Laboratories, Inc.* 200,000 18,941,500 Bio-Rad Labora | | | | |
| HNI Corporation | | | \$ | , , |
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| S | | | | |
| ENERGY 11.9% Helix Energy Solutions Group, Inc.* 695,000 \$ 25,916,500 Noble Corporation 460,000 36,192,800 Tidewater Inc. 165,000 9,665,700 Technology 9.9% 720,000 \$ 15,602,400 Maxim Integrated Products, Inc. 180,000 5,292,000 Microchip Technology Incorporated 340,000 12,080,200 Plantronics, Inc. 751,100 17,740,982 SanDisk Corporation* 215,000 9,417,000 SanDisk Corporation* 1,000,000 33,100,000 Perfalling 9.8% 1,000,000 33,100,000 CarMax, Inc.* 1,000,000 33,100,000 O Reilly Automotive, Inc.* 1,000,000 33,100,000 O Reilly Automotive, Inc.* 340,000 \$ 59,358,095 HEALTH CARE 6.8% AmSurg Corporation* 340,000 \$ 59,358,095 Bio-Rad Laboratories, Inc.* 200,300 13,988,952 Lincare Holdings Inc.* 510,000 8,326,600 Evaluate Express, Inc. 1,050,000 \$ 16,674,000 | Zebra Technologies Corporation (Class A)* | 465,000 | Ф | |
| Helix Energy Solutions Group, Inc.* | ENERGY 11.9% | | \$ | 87,074,589 |
| Noble Corporation 460,000 36,192,800 Tidewater Inc. 9,665,700 TECHNOLOGY 9.9% 71,775,050 Cognex Corporation 720,000 \$ 15,602,400 Maxim Integrated Products, Inc. 180,000 5,292,000 Microchip Technology Incorporated 340,000 12,080,200 Plantronics, Inc. 751,100 17,740,982 SanDisk Corporation* 215,000 9,417,000 SanDisk Corporation* 1,070,012 \$ 26,258,095 RETAILING 9.8% 1,070,012 \$ 26,258,095 CarMax, Inc.* 1,070,012 \$ 26,258,095 O Reilly Automotive, Inc.* 340,000 \$ 33,00,000 Sio-Rad Laboratories, Inc.* 340,000 \$ 326,600 Bio-Rad Laboratories, Inc.* 200,300 13,988,952 Lincare Holdings Inc.* 510,000 18,691,500 TRANSPORTATION 4.9% 1 1,050,000 16,674,000 Knight Transporation, Inc. 720,000 12,830,400 12,830,400 Financial Laboratories, Inc.* 580,000 15,689,000 15,689,000 <td></td> <td>695,000</td> <td>\$</td> <td>25.916.550</td> | | 695,000 | \$ | 25.916.550 |
| Tidewater Inc. 165,000 9,665,700 TECHNOLOGY 9.9% Cognex Corporation 720,000 \$ 15,602,400 Maxim Integrated Products, Inc. 180,000 5,292,000 Microchip Technology Incorporated 340,000 12,080,200 Plantronics, Inc. 751,100 17,740,982 SanDisk Corporation* 215,000 9,417,000 ERTAILING 9.8% CarMax, Inc.* 1,070,012 \$ 26,258,095 O Reilly Automotive, Inc.* 1,000,000 33,100,000 Bio-Rad Laboratories, Inc.* 340,000 \$ 8,326,600 Bio-Rad Laboratories, Inc.* 200,300 13,988,952 Lincare Holdings Inc.* 310,000 18,691,500 Bio-Rad Laboratories, Inc.* 200,300 18,691,500 Lincare Holdings Inc.* 1,050,000 16,674,000 Knight Transporation, Inc. 720,000 12,830,400 Financial Laboratories, Inc. 580,000 15,689,000 Financial Laboratories, Inc. 580,000 15,689,000 Financial Laboratories, Inc. 580,000 <t< td=""><td>*</td><td></td><td>Ψ</td><td></td></t<> | * | | Ψ | |
| TECHNOLOGY 9.9% Cognex Corporation 720,000 \$ 15,602,400 Maxim Integrated Products, Inc. 180,000 5,292,000 Microchip Technology Incorporated 340,000 12,080,200 Plantronics, Inc. 751,100 17,740,082 SanDisk Corporation* 215,000 9,417,000 \$ 60,132,582 RETAILING 9.8% CarMax, Inc.* 1,070,012 \$ 26,258,095 CarMax, Inc.* 1,000,000 33,100,000 O Reilly Automotive, Inc.* 1,000,000 33,100,000 HEALTH CARE 6.8% AmSurg Corporation* 340,000 \$ 8,326,600 Bio-Rad Laboratories, Inc.* 340,000 \$ 8,326,600 Bio-Rad Laboratories, Inc.* 200,300 13,988,952 Lincare Holdings Inc.* 510,000 \$ 8,000 TRANSPORTATION 4.9% \$ 20,000 12,830,400 Knight Transporation, Inc. 1,050,000 \$ 2,504,400 Knight Transporation, Inc. 580,000 \$ 2,508,000 Financial 580,000 \$ | • | | | |
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| Maxim Integrated Products, Inc. 180,000 5,292,000 Microchip Technology Incorporated 340,000 12,080,200 Plantronics, Inc. 751,100 17,740,982 SanDisk Corporation* 215,000 9,417,000 \$ 60,132,582 RETAILING 9.8% \$ 1,070,012 \$ 26,258,095 CarMax, Inc.* 1,000,000 33,100,000 \$ 59,358,095 \$ 59,358,095 HEALTH CARE 6.8% 340,000 \$ 8,326,600 Bio-Rad Laboratories, Inc.* 200,300 13,988,952 Lineare Holdings Inc.* \$ 41,007,052 TRANSPORTATION 4.9% \$ 41,007,052 TRANSPORTATION 1.0 \$ 16,674,000 Knight Transporation, Inc. \$ 29,504,400 FINANCIAL 4.6% \$ 29,504,400 Financian Corporation \$ 580,000 \$ 15,689,000 FINANCIAL 4.6% \$ 235,000 11,919,200 Entertainment 4.1% \$ 27,608,200 | TECHNOLOGY 9.9% | | | |
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| SanDisk Corporation* 215,000 9,417,000 RETAILING 9.8% 0.700,012 \$ 26,258,095 CarMax, Inc.* 1,070,012 \$ 26,258,095 O Reilly Automotive, Inc.* 1,000,000 33,100,000 ** 59,358,095 HEALTH CARE 6.8% AmSurg Corporation* 340,000 \$ 8,326,600 Bio-Rad Laboratories, Inc.* 200,300 13,988,952 Lincare Holdings Inc.* 510,000 18,691,500 TRANSPORTATION 4.9% ** 41,007,052 Heartland Express, Inc. 1,050,000 16,674,000 Knight Transporation, Inc. 720,000 12,830,400 FINANCIAL 4.6% ** 580,000 15,689,000 First American Corporation 235,000 11,919,200 First American Corporation 27,608,200 ENTERTAINMENT 4.1% | Microchip Technology Incorporated | 340,000 | | 12,080,200 |
| RETAILING 9.8% CarMax, Inc.* 1,070,012 \$ 26,258,095 O Reilly Automotive, Inc.* 1,000,000 33,100,000 HEALTH CARE 6.8% AmSurg Corporation* 340,000 \$ 8,326,600 Bio-Rad Laboratories, Inc.* 200,300 13,988,952 Lincare Holdings Inc.* 510,000 18,691,500 TRANSPORTATION 4.9% * 41,007,052 TRANSPORTATION, Inc. 720,000 12,830,400 Knight Transporation, Inc. 720,000 12,830,400 FINANCIAL 4.6% * 29,504,400 Brown & Brown, Inc. 580,000 \$ 15,689,000 First American Corporation 235,000 11,919,200 First American Corporation 235,000 11,919,200 ENTERTAINMENT 4.1% | | 751,100 | | 17,740,982 |
| RETAILING 9.8% CarMax, Inc.* 1,070,012 \$ 26,258,095 O Reilly Automotive, Inc.* 1,000,000 33,100,000 \$ 59,358,095 HEALTH CARE 6.8% AmSurg Corporation* 340,000 \$ 8,326,600 Bio-Rad Laboratories, Inc.* 200,300 13,988,952 Lincare Holdings Inc.* \$ 10,000 18,691,500 ** TRANSPORTATION 4.9% * 41,007,052 ** TRANSPORTATION 1.0c. \$ 29,504,400 Knight Transporation, Inc. 720,000 \$ 12,830,400 ** FINANCIAL 4.6% Brown & Brown, Inc. 580,000 \$ 15,689,000 First American Corporation 235,000 \$ 11,919,200 ** \$7,608,200 ** ENTERTAINMENT 4.1% | SanDisk Corporation* | 215,000 | | |
| CarMax, Inc.* 1,070,012 \$ 26,258,095 O Reilly Automotive, Inc.* 1,000,000 33,100,000 * 59,358,095 HEALTH CARE 6.8% AmSurg Corporation* 340,000 \$ 8,326,600 Bio-Rad Laboratories, Inc.* 200,300 13,988,952 Lincare Holdings Inc.* 510,000 18,691,500 TRANSPORTATION 4.9% ** 41,007,052 TRANSPORTATION inc. 1,050,000 \$ 16,674,000 Knight Transporation, Inc. 720,000 12,830,400 FINANCIAL 4.6% ** 29,504,400 Brown & Brown, Inc. 580,000 \$ 15,689,000 First American Corporation 235,000 11,919,200 ENTERTAINMENT 4.1% | | | \$ | 60,132,582 |
| O Reilly Automotive, Inc.* 1,000,000 33,100,000 *** 59,358,095 ***HEALTH CARE 6.8% *** AmSurg Corporation* 340,000 \$**8,326,600 Bio-Rad Laboratories, Inc.* 200,300 13,988,952 Lincare Holdings Inc.* 510,000 18,691,500 *** 41,007,052 TRANSPORTATION 4.9% *** Heartland Express, Inc. 1,050,000 \$** 16,674,000 Knight Transporation, Inc. 720,000 12,830,400 FINANCIAL 4.6% *** 29,504,400 Brown & Brown, Inc. 580,000 \$** 15,689,000 First American Corporation 235,000 11,919,200 *** 27,608,200 ENTERTAINMENT 4.1% | | 4 070 040 | | 26.250.005 |
| S 59,358,095 HEALTH CARE 6.8% | , | , , | \$ | |
| HEALTH CARE 6.8% AmSurg Corporation* 340,000 \$ 8,326,600 Bio-Rad Laboratories, Inc.* 200,300 13,988,952 Lincare Holdings Inc.* 510,000 \$ 18,691,500 TRANSPORTATION 4.9% Heartland Express, Inc. 1,050,000 \$ 16,674,000 Knight Transporation, Inc. 720,000 \$ 12,830,400 FINANCIAL 4.6% \$ 29,504,400 Brown & Brown, Inc. 580,000 \$ 15,689,000 First American Corporation 235,000 \$ 11,919,200 ENTERTAINMENT 4.1% \$ 27,608,200 | O Reilly Automotive, Inc.* | 1,000,000 | Ф | |
| AmSurg Corporation* 340,000 \$ 8,326,600 Bio-Rad Laboratories, Inc.* 200,300 13,988,952 Lincare Holdings Inc.* 510,000 18,691,500 TRANSPORTATION 4.9% Heartland Express, Inc. 1,050,000 \$ 16,674,000 Knight Transporation, Inc. 720,000 12,830,400 FINANCIAL 4.6% \$ 29,504,400 Brown & Brown, Inc. 580,000 \$ 15,689,000 First American Corporation 235,000 11,919,200 ENTERTAINMENT 4.1% \$ 27,608,200 | HEALTH CADE (Off | | \$ | 59,358,095 |
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| TRANSPORTATION 4.9% Heartland Express, Inc. 1,050,000 \$ 16,674,000 Knight Transporation, Inc. 720,000 \$ 12,830,400 FINANCIAL 4.6% \$ 29,504,400 Brown & Brown, Inc. 580,000 \$ 15,689,000 First American Corporation 235,000 \$ 11,919,200 ENTERTAINMENT 4.1% \$ 27,608,200 | Elicare Holdings nic. | 310,000 | \$ | |
| Heartland Express, Inc. 1,050,000 \$ 16,674,000 Knight Transporation, Inc. 720,000 \$ 12,830,400 FINANCIAL 4.6% \$ 29,504,400 Brown & Brown, Inc. 580,000 \$ 15,689,000 First American Corporation 235,000 \$ 11,919,200 ENTERTAINMENT 4.1% | TRANSPORTATION 4.9% | | Ψ | 41,007,032 |
| Knight Transporation, Inc. 720,000 12,830,400 \$ 29,504,400 FINANCIAL 4.6% *** Brown & Brown, Inc. 580,000 \$ 15,689,000 First American Corporation 235,000 11,919,200 \$ 27,608,200 ENTERTAINMENT 4.1% | | 1 050 000 | \$ | 16 674 000 |
| \$ 29,504,400 FINANCIAL 4.6% Brown & Brown, Inc. 580,000 \$ 15,689,000 First American Corporation 235,000 \$ 11,919,200 ENTERTAINMENT 4.1% | | | Ψ | |
| FINANCIAL 4.6% Brown & Brown, Inc. 580,000 \$ 15,689,000 First American Corporation 235,000 \$ 11,919,200 ENTERTAINMENT 4.1% \$ 27,608,200 | Ç | . 20,000 | \$ | |
| Brown & Brown, Inc. 580,000 \$ 15,689,000 First American Corporation 235,000 \$ 11,919,200 ENTERTAINMENT 4.1% \$ 27,608,200 | FINANCIAL 4.6% | | _ | ,,,,,,,,,, |
| First American Corporation 235,000 11,919,200 \$ 27,608,200 ENTERTAINMENT 4.1% | | 580,000 | \$ | 15,689,000 |
| \$ 27,608,200 ENTERTAINMENT 4.1% | | | | |
| ENTERTAINMENT 4.1% | • | | \$ | |
| Carnival Corporation 536,600 \$ 25,145,076 | ENTERTAINMENT 4.1% | | | |
| | Carnival Corporation | 536,600 | \$ | 25,145,076 |

| CONSUMER DURABLE GOODS 1.4% | | |
|--|------------|-------------|
| Polaris Industries Inc. | 180,000 \$ | 8,636,400 |
| | | |
| TOTAL COMMON STOCKS 90.7% (Cost \$330,897,343) | \$ | 549,160,451 |
| | | |

| PREFERRED STOCKS | | | | | |
|---|--|----------------------|-------------------------|----------------------|--|
| REAL ESTATE INVESTMENT TRUST | | | | | |
| CBL & Associates Properties, Inc. | | | 100,000 | \$ | 2,554,000 |
| Duke-Weeks Realty Corp. (Series B) | | | 40,000 | | 2,016,000 |
| Pennsylvania Real Estate Investment Trust (Series A) | | | 59,000 | | 3,127,000 |
| ProLogis (Series G) | | | 120,000 | | 3,044,400 |
| TOTAL PREFERRED STOCKS 1.8% (Cost \$10,1 | 179,446) | | | \$ | 10,741,400 |
| | | | | | |
| CONVERTIBLE DEBENTURE 0.3% Cost (\$1,97) | 0,000) | | | | |
| TECHNOLOGY | | | | | |
| International Rectifier Corp. 4.25% 2007 | | \$ | 2,000,000 | \$ | 1,986,250 |
| NON CONVERGIBLE DONNE AND DEDENGLIDE | | | | | |
| NON-CONVERTIBLE BONDS AND DEBENTURE | 25 | | | | |
| CORPORATE 1.8% | | ¢ | 2 000 000 | Ф | 2 120 000 |
| Central Garden & Pet Company 9.125% 2013 | | \$ | 3,000,000 | \$ | 3,120,000 |
| JLG Industries, Inc. 8.25% 2008 Manitowas Company Inc. The 10.5% 2012 | | | 2,000,000 | | 2,015,000 |
| Manitowoc Company, Inc., The 10.5% 2012 PolyOne Corporation 10.625% 2010 | | | 1,300,000 950,000 | | 1,386,125 |
| Realty Income Corporation 8.25% 2008 | | | 2,000,000 | | 1,008,235 2,089,600 |
| Unisys Corporation 7.875% 2008 | | | 1,500,000 | | 1,507,500 |
| Unisys Corporation 7.875% 2008 | | | 1,300,000 | \$ | 11,126,460 |
| U.S. GOVERNMENT AND AGENCIES 0.0% | | | | ψ | 11,120,400 |
| Federal Home Loan Mortgage Corporation 6.5% 2023 | 3 (Interest Only) | \$ | 19,707 | \$ | 443 |
| Government National Mortgage Association (Mobile Ho | | Ψ | 140,013 | Ψ | 147,233 |
| Government (vational wortgage 71550ctation (woone 11 | onic) 9.73 % 2010 | | 140,013 | \$ | 147,676 |
| | | | | Ψ | 147,070 |
| | | | | | |
| TOTAL NON-CONVERTIBLE BONDS AND DEBI | ENTURES 1.8% (Cost \$10.97) | 6.076) | | \$ | 11,274,136 |
| TOTAL NON-CONVERTIBLE BONDS AND DEBI | ENTURES 1.8% (Cost \$10,970 | 6,076) | | \$ | 11,274,136 |
| | ENTURES 1.8% (Cost \$10,976 ost \$354,022,865) | 6,076) | | \$ | |
| | | 6,076) | | | 11,274,136 573,162,237 |
| | | 6,076) | | | |
| TOTAL INVESTMENT SECURITIES 94.6% (Co | | 6,076) | | | |
| TOTAL INVESTMENT SECURITIES 94.6% (Co SHORT-TERM INVESTMENTS | est \$354,022,865) | 6,076) \$ | 9,547,000 | | |
| TOTAL INVESTMENT SECURITIES 94.6% (Co SHORT-TERM INVESTMENTS Short-term Corporate Notes: Rabobank USA Financial Corporation 5.395% 4/2/07 International Lease Finance Corporation 5.235% 4/5/0 | ost \$354,022,865) | | 9,547,000 23,000,000 | \$ | 573,162,237 9,545,569 22,986,622 |
| TOTAL INVESTMENT SECURITIES 94.6% (Construction of SHORT-TERM INVESTMENTS) Short-term Corporate Notes: Rabobank USA Financial Corporation 5.395% 4/2/07 International Lease Finance Corporation 5.235% 4/5/07 TOTAL SHORT-TERM INVESTMENTS 5.4% (Construction) | ost \$354,022,865) 07 Cost \$32,532,191) | | | \$ \$ | 9,545,569 22,986,622 32,532,191 |
| TOTAL INVESTMENT SECURITIES 94.6% (Cost SHORT-TERM INVESTMENTS Short-term Corporate Notes: Rabobank USA Financial Corporation 5.395% 4/2/07 International Lease Finance Corporation 5.235% 4/5/07 TOTAL SHORT-TERM INVESTMENTS 5.4% (Cost \$386,555,400) | ost \$354,022,865) 07 Cost \$32,532,191) | | | \$ | 9,545,569 22,986,622 32,532,191 605,694,428 |
| TOTAL INVESTMENT SECURITIES 94.6% (Cost SHORT-TERM INVESTMENTS Short-term Corporate Notes: Rabobank USA Financial Corporation 5.395% 4/2/07 International Lease Finance Corporation 5.235% 4/5/07 TOTAL SHORT-TERM INVESTMENTS 5.4% (COST STATEM INVESTMENTS 100.0% (Cost \$386,555, Other assets and liabilities, net 0.0% | ost \$354,022,865) 07 Cost \$32,532,191) | | | \$ \$ \$ \$ | 9,545,569 22,986,622 32,532,191 605,694,428 (206,944) |
| TOTAL INVESTMENT SECURITIES 94.6% (Cost SHORT-TERM INVESTMENTS Short-term Corporate Notes: Rabobank USA Financial Corporation 5.395% 4/2/07 International Lease Finance Corporation 5.235% 4/5/07 TOTAL SHORT-TERM INVESTMENTS 5.4% (Cost \$386,555,400) | ost \$354,022,865) 07 Cost \$32,532,191) | | | \$ \$ | 9,545,569 22,986,622 32,532,191 605,694,428 |
| TOTAL INVESTMENT SECURITIES 94.6% (Cost SHORT-TERM INVESTMENTS Short-term Corporate Notes: Rabobank USA Financial Corporation 5.395% 4/2/07 International Lease Finance Corporation 5.235% 4/5/07 TOTAL SHORT-TERM INVESTMENTS 5.4% (COST STATEM INVESTMENTS 100.0% (Cost \$386,555, Other assets and liabilities, net 0.0% | ost \$354,022,865) 07 Cost \$32,532,191) | | | \$ \$ \$ \$ | 9,545,569 22,986,622 32,532,191 605,694,428 (206,944) |
| TOTAL INVESTMENT SECURITIES 94.6% (Cost SHORT-TERM INVESTMENTS Short-term Corporate Notes: Rabobank USA Financial Corporation 5.395% 4/2/07 International Lease Finance Corporation 5.235% 4/5/07 TOTAL SHORT-TERM INVESTMENTS 5.4% (COST STATEM INVESTMENTS 100.0% (Cost \$386,555, Other assets and liabilities, net 0.0% | ost \$354,022,865) 07 Cost \$32,532,191) | | | \$ \$ \$ \$ | 9,545,569 22,986,622 32,532,191 605,694,428 (206,944) |
| TOTAL INVESTMENT SECURITIES 94.6% (Cost SHORT-TERM INVESTMENTS Short-term Corporate Notes: Rabobank USA Financial Corporation 5.395% 4/2/07 International Lease Finance Corporation 5.235% 4/5/07 TOTAL SHORT-TERM INVESTMENTS 5.4% (COST STATEM INVESTMENTS 100.0% (Cost \$386,555, Other assets and liabilities, net 0.0% | ost \$354,022,865) 07 Cost \$32,532,191) | | | \$ \$ \$ \$ | 9,545,569 22,986,622 32,532,191 605,694,428 (206,944) |
| TOTAL INVESTMENT SECURITIES 94.6% (Cost SHORT-TERM INVESTMENTS Short-term Corporate Notes: Rabobank USA Financial Corporation 5.395% 4/2/07 International Lease Finance Corporation 5.235% 4/5/07 TOTAL SHORT-TERM INVESTMENTS 5.4% (Cost \$386,555, Other assets and liabilities, net 0.0% TOTAL NET ASSETS 100.0% *Non-income producing security | ost \$354,022,865) 07 Cost \$32,532,191) 056)(A) | \$ | | \$ \$ \$ \$ | 9,545,569 22,986,622 32,532,191 605,694,428 (206,944) |
| TOTAL INVESTMENT SECURITIES 94.6% (Cost SHORT-TERM INVESTMENTS Short-term Corporate Notes: Rabobank USA Financial Corporation 5.395% 4/2/07 International Lease Finance Corporation 5.235% 4/5/07 TOTAL SHORT-TERM INVESTMENTS 5.4% (Cost \$386,555,00) TOTAL INVESTMENTS 100.0% (Cost \$386,555,00) TOTAL NET ASSETS 100.0% *Non-income producing security (A) The cost stated also | ost \$354,022,865) 07 Cost \$32,532,191) 056)(A) approximates the aggregate cost in the cost of the c | \$ for Federal | | \$ \$ \$ \$ | 9,545,569 22,986,622 32,532,191 605,694,428 (206,944) |
| TOTAL INVESTMENT SECURITIES 94.6% (Cost SHORT-TERM INVESTMENTS Short-term Corporate Notes: Rabobank USA Financial Corporation 5.395% 4/2/07 International Lease Finance Corporation 5.235% 4/5/07 TOTAL SHORT-TERM INVESTMENTS 5.4% (Cost \$386,555,00) TOTAL INVESTMENTS 100.0% (Cost \$386,555,00) TOTAL NET ASSETS 100.0% *Non-income producing security (A) The cost stated also income tax purpose | ost \$354,022,865) O7 Cost \$32,532,191) O56)(A) approximates the aggregate cost is. Net unrealized appreciation com | \$ for Federal | | \$ \$ \$ \$ | 9,545,569 22,986,622 32,532,191 605,694,428 (206,944) 605,487,484 |
| TOTAL INVESTMENT SECURITIES 94.6% (Cost SHORT-TERM INVESTMENTS Short-term Corporate Notes: Rabobank USA Financial Corporation 5.395% 4/2/07 International Lease Finance Corporation 5.235% 4/5/07 TOTAL SHORT-TERM INVESTMENTS 5.4% (Cost \$386,555,00) Other assets and liabilities, net 0.0% TOTAL NET ASSETS 100.0% *Non-income producing security (A) The cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpose Gross unrealized approach in the cost stated also income tax purpo | ost \$354,022,865) O7 Cost \$32,532,191) O56)(A) o approximates the aggregate cost of the second preciation compression: | \$ for Federal | | \$ \$ \$ \$ | 9,545,569 22,986,622 32,532,191 605,694,428 (206,944) |
| TOTAL INVESTMENT SECURITIES 94.6% (Cost SHORT-TERM INVESTMENTS Short-term Corporate Notes: Rabobank USA Financial Corporation 5.395% 4/2/07 International Lease Finance Corporation 5.235% 4/5/07 TOTAL SHORT-TERM INVESTMENTS 5.4% (Cost \$386,555,00) Other assets and liabilities, net 0.0% TOTAL NET ASSETS 100.0% *Non-income producing security (A) The cost stated also income tax purpose Gross unrealized ap Gross unrealized defined from the cost stated also income tax purpose Gross unrealized ap Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized ap Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized ap Gross unrealized defined from the cost stated also income tax purpose Gross unrealized ap Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized approach the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defined from the cost stated also income tax purpose Gross unrealized defin | ost \$354,022,865) O7 Cost \$32,532,191) O56)(A) o approximates the aggregate cost is. Net unrealized appreciation compreciation: | \$ for Federal | | \$ \$ \$ \$ | 9,545,569 22,986,622 32,532,191 605,694,428 (206,944) 605,487,484 |
| TOTAL INVESTMENT SECURITIES 94.6% (CoshOPTICE SHORT-TERM INVESTMENTS Short-term Corporate Notes: Rabobank USA Financial Corporation 5.395% 4/2/07 International Lease Finance Corporation 5.235% 4/5/07 TOTAL SHORT-TERM INVESTMENTS 5.4% (Cost \$386,555,00) TOTAL INVESTMENTS 100.0% (Cost \$386,555,00) *Non-income producing security (A) The cost stated also income tax purpose Gross unrealized approach | ost \$354,022,865) O7 Cost \$32,532,191) O56)(A) o approximates the aggregate cost is. Net unrealized appreciation compreciation: | \$ for Federal | | \$ \$ \$ \$ | 9,545,569 22,986,622 32,532,191 605,694,428 (206,944) 605,487,484 |

ITEM 2. CONTROLS AND PROCEDURES.

| (a) The principal executive officer and principal financial officer of the registrant have concluded that the registrant s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) are effective based on their evaluation of the disclosure controls and procedures as of a date within 90 days of the filing date of this report. |
|---|
| (b) There have been no significant changes in the registrant s internal controls over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the registrant s last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant s internal controls over financial reporting. |
| ITEM 3. EXHIBITS. |
| (a) Separate certification for the registrant s principal executive officer and principal financial officer, as required by Rule 30a-2(a) under the Investment Company Act of 1940. Attached hereto. |

SIGNATURES

| Pursuant to the requirements of the S | ecurities Exchange Act o | f 1934 and the | Investment | Company | Act of | 1940, | the registrant has duly |
|--|----------------------------|-------------------|---------------|---------|--------|-------|-------------------------|
| caused this report to be signed on its | s behalf by the undersigne | d, thereunto duly | y authorized. | | | | |

SOURCE CAPITAL, INC.

By: /s/ ERIC S. ENDE

Eric S. Ende, President (Principal Executive Officer)

Date: May 25, 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.

SOURCE CAPITAL, INC.

By: /s/ ERIC S. ENDE

Eric S. Ende, President (Principal Executive Officer)

Date: May 25, 2007

By: /s/ J. RICHARD ATWOOD

J. Richard Atwood, Treasurer (Principal Financial Officer)

Date: May 25, 2007