

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.

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Source Capital, Inc.

Portfolio of Investments

March 31, 2007 (unaudited)

COMMON STOCKS	Shares or Principal Amount	Value
BUSINESS SERVICES & SUPPLIES 22.9%		
Brady Corporation	510,400	\$ 15,924,480
CDW Corporation	353,900	21,740,077
Charles River Laboratories International, Inc.*	455,000	21,048,300
CLARCOR Inc.	335,000	10,653,000
Copart, Inc.*	265,000	7,422,650
Invitrogen Corporation*	270,000	17,185,500
Manpower Inc.	300,000	22,131,000
ScanSource, Inc.*	850,000	22,814,000
		\$ 138,919,007
PRODUCER DURABLE GOODS 14.4%		
Franklin Electric Co., Inc.	180,000	\$ 8,370,000
Graco 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	17,953,650
		\$ 87,074,589
ENERGY 11.9%		
Helix Energy Solutions Group, Inc.*	695,000	\$ 25,916,550
Noble Corporation	460,000	36,192,800
Tidewater Inc.	165,000	9,665,700
		\$ 71,775,050
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
		\$ 60,132,582
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.*	510,000	18,691,500
		\$ 41,007,052
TRANSPORTATION 4.9%		
Heartland Express, Inc.	1,050,000	\$ 16,674,000
Knight Transportation, 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%		
Carnival Corporation	536,600	\$ 25,145,076

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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 \$10,179,446)		\$	10,741,400

CONVERTIBLE DEBENTURE 0.3% Cost (\$1,970,000)

TECHNOLOGY

International Rectifier Corp. 4.25% 2007	\$	2,000,000	\$	1,986,250
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NON-CONVERTIBLE BONDS AND DEBENTURES

CORPORATE 1.8%

Central Garden & Pet Company 9.125% 2013	\$	3,000,000	\$	3,120,000
JLG Industries, Inc. 8.25% 2008		2,000,000		2,015,000
Manitowoc Company, Inc., The 10.5% 2012		1,300,000		1,386,125