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)*         7,000         \$ 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         3,052,000           Noble Corporation         460,00         3,192,800           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         3,100,000           RE		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         36,122,850           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.         751,100         17,40,982           Card Max, Inc.*         1,000,000         \$ 31,000           Card Max, Inc.*         1,000,000 <t< td=""><td>CLARCOR Inc.</td><td>335,000</td><td></td><td>10,653,000</td></t<>	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           FIGURATION (Composition Group, Inc.*         695,000         25,916,500           Noble Corporation         460,000         36,192,800           Noble Corporation         460,000         36,192,800           Tidewater Inc.         165,000         9,965,700           TCGgnex Corporation         720,000         15,602,400           Maxim Integrated Products, Inc.         180,000         12,080,200           Microchip Technology Incorporated         340,000         12,740,982           SanDisk Corporation*         215,000         17,409,822           SanDisk Corporation*         10,000,000         3,100,000           Cardmax, Inc.*	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           Scha Technologies Corporation (Class A)*         465,000         17,955,650           ENERGY 11.9%         ****         ****           Helix Energy Solutions Group, Inc.*         695,000         3 (25,916,550)           Noble Corporation         466,000         3 (19,2800)           Tidewater Inc.         166,000         3 (19,2800)           Tidewater Inc.         165,000         9 (65,700)           TechnoLOGY 9.9%         ***         7 (177,505)           TECHNOLOGY 9.9%         ***         7 (20,000)         \$ 15,602,400           Maxim Integrated Products, Inc.         180,000         \$ 2,220,000           Microchip Technology Incorporated         340,000         \$ 2,417,000           Microchip Technology Incorporation*         1,070,012         \$ 2,6258,009           RETALI ING. 9.8         ***         \$ (21,320)	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			\$	, ,
DEX Corporation   25,185,600   25,185,600   27,953,650   27,953,650   27,953,650   27,953,650   27,953,650   27,953,650   28,7074,589   28,7074,589   28,7074,589   28,7074,589   28,7074,589   28,7074,589   28,7074,589   28,7074,589   28,7074,589   28,7074,589   28,7074,589   28,7074,580   28,7				
Zebra Technologies Corporation (Class A)*         465,000 s 77,953,650 s 7074,589           ENERGY 11.9%         FURBURY Solutions Group, Inc.*         695,000 s 25,916,550           Noble Corporation         460,000 s 36,192,800         5,25916,550           Noble Corporation         165,000 s 9,665,700 s 71,775,050         71,775,050           TECHNOLOGY 9.9%         720,000 s 15,602,400         340,000 s 2,92,000           Maxim Integrated Products, Inc.         180,000 s 2,92,000         32,92,000           Microchip Technology Incorporated         340,000 s 2,92,000         9,417,000           Plantronics, Inc.         751,100 s 7,740,982         77,409,82           San Disk Corporation*         215,000 s 9,417,000         9,417,000           Gardax, Inc.*         1,070,012 s 26,28,095         60,132,582           Car Max, Inc.*         1,070,012 s 26,28,095         59,358,095           HEALTH CARE 6.8%         340,000 s 33,100,000         8,326,600           Bio-Rad Laboratories, Inc.*         340,000 s 13,988,952         1,000,000 s 13,988,952           Linear Holdings Inc.*         340,000 s 13,000,000				
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         \$ 8,326,600           Bio-Rad Laboratories, Inc.*         200,300         13,988,952           Lincare Holdings Inc.*         510,000         8,000           Heartland Express, Inc.         1,050,000         \$ 20,000	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         \$ 332,600           Bio-Rad Laboratories, Inc.*         340,000         \$ 322,600           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		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%         \$ 59,358,095           HEALTH CARE         6.8%         \$ 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         \$ 16,674,000           Knight Transporation, Inc.         1,050,000         \$ 2,504,400           Knight Transporation, Inc.         580,000         \$ 15,689,000           FINANCIAL 4.6%         \$ 25,000         \$ 11,919,200           Finan	•			
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         \$ 41,007,052           TRANSPORTATION 4.9%         \$ 41,007,052           Hearland Express, Inc.         1,050,000         \$ 29,504,400           Knight Transporation, Inc.         580,000         \$ 29,504,400           FINANCIAL 4.6%         \$ 235,000         \$ 11,919,200           First American Corporation         235,000         \$ 27,608,200           ENTERTAINMENT 4.1%		,	\$	
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%			
Microchip Technology Incorporated         340,000         12,080,200           Plantronics, Inc.         751,100         17,740,982           San Disk Corporation*         215,000         9,417,000           RETAILING 9.8%         ***         0.700,012         \$**         26,258,095           CarMax, Inc.*         1,000,000         33,100,000         33,100,000         33,100,000         \$**         59,358,095           HEALTH CARE 6.8%         ***         400,000         13,988,952         ***         1,000,000         13,988,952         1,000,000         13,988,952         1,000,000         13,988,952         1,000,000         18,691,500         \$**         41,007,052         1,000,000         1,050,000         \$**         1,050,000         \$**         2,000,000         12,830,400         1,050,000         \$**         2,9,504,400         1,050,000         \$**         2,9,504,400         1,050,000         \$**         2,9,504,400         1,050,000         \$**         2,500,000         1,919,000         1,919,000         1,919,000         1,919,000         1,919,000         1,919,000         1,919,000         1,919,000         1,919,000         1,919,000         1,919,000         1,919,000         1,919,000         1,919,000         1,919,000         1,919,000         1,919,000 </td <td>Cognex Corporation</td> <td>720,000</td> <td>\$</td> <td>15,602,400</td>	Cognex Corporation	720,000	\$	15,602,400
Plantronics, Inc.   751,100   17,740,982     SanDisk Corporation*   215,000   9,417,000     RETAILING 9.8%	Maxim Integrated Products, Inc.	180,000		5,292,000
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           TRANSPORTATION 4.9%         1,050,000         16,674,000           Knight Transporation, Inc.         720,000         12,830,400           FINANCIAL 4.6%         **         29,504,400           First American Corporation         580,000         \$ 15,689,000           First American Corporation         235,000         11,919,200           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
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         ENTERTAINMENT 4.1%       \$ 27,608,200		240,000	¢	9 226 600
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%       Brown & Brown, Inc.       580,000       \$ 15,689,000         First American Corporation       235,000       \$ 11,919,200         ENTERTAINMENT 4.1%       ENTERTAINMENT 4.1%			Э	
\$ 41,007,052         TRANSPORTATION 4.9%         Heartland Express, Inc.       1,050,000 \$ 16,674,000         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         ENTERTAINMENT 4.1%       \$ 27,608,200	,			
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%       \$ 27,608,200	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 \$10,179,446)			\$	10,741,400
CONVERTIBLE DEBENTURE 0.3% Cost (\$1,970,000)				
TECHNOLOGY				
International Rectifier Corp. 4.25% 2007	\$	2,000,000	\$	1,986,250
NON CONVERGIBLE DONDS AND DEDENGLIDES				
NON-CONVERTIBLE BONDS AND DEBENTURES				
CORPORATE 1.8%	¢	2 000 000	φ	2 120 000
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 PolyOne Corporation 10.625% 2010		1,300,000 950,000		1,386,125
Realty Income Corporation 8.25% 2008				1,008,235
Unisys Corporation 7.875% 2008		2,000,000 1,500,000		2,089,600 1,507,500
Unisys Corporation 7.875% 2008		1,300,000	\$	
U.S. GOVERNMENT AND AGENCIES 0.0%			Ф	11,126,460
Federal Home Loan Mortgage Corporation 6.5% 2023 (Interest Only)	\$	19,707	\$	443
Government National Mortgage Association (Mobile Home) 9.75% 2010	φ	140,013	φ	147,233
Government National Worlgage Association (Woodle Home) 9.75 // 2010		140,013	\$	147,676
			φ	147,070
TOTAL NON-CONVERTIBLE BONDS AND DEBENTURES 1.8% (Cost \$1	10.976.076)		\$	11,274,136
101/12 NON CONVERTIBLE BONDS IN DEBENTORES NON (COST OF	20,570,070)		Ψ	11,271,130
TOTAL INVESTMENT SECURITIES 94.6% (Cost \$354,022,865)			\$	573,162,237
TOTAL INVESTMENT SECURITIES 94.6% (Cost \$354,022,865)			\$	573,162,237
TOTAL INVESTMENT SECURITIES 94.6% (Cost \$354,022,865) SHORT-TERM INVESTMENTS			\$	573,162,237
			\$	573,162,237
SHORT-TERM INVESTMENTS	\$	9,547,000	\$	573,162,237 9,545,569
SHORT-TERM INVESTMENTS Short-term Corporate Notes:	\$	9,547,000 23,000,000		
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 \$32,532,191)	\$			9,545,569
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	\$		\$	9,545,569 22,986,622
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 \$32,532,191)	\$		\$	9,545,569 22,986,622 32,532,191
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 \$32,532,191) TOTAL INVESTMENTS 100.0% (Cost \$386,555,056)(A)	\$		\$	9,545,569 22,986,622 32,532,191 605,694,428
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 \$32,532,191) TOTAL INVESTMENTS 100.0% (Cost \$386,555,056)(A) Other assets and liabilities, net 0.0%	\$		\$ \$ \$	9,545,569 22,986,622 32,532,191 605,694,428 (206,944)
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 \$32,532,191) TOTAL INVESTMENTS 100.0% (Cost \$386,555,056)(A) Other assets and liabilities, net 0.0%	\$		\$ \$ \$	9,545,569 22,986,622 32,532,191 605,694,428 (206,944)
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 \$32,532,191) TOTAL INVESTMENTS 100.0% (Cost \$386,555,056)(A) Other assets and liabilities, net 0.0%	\$		\$ \$ \$	9,545,569 22,986,622 32,532,191 605,694,428 (206,944)
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 \$32,532,191) TOTAL INVESTMENTS 100.0% (Cost \$386,555,056)(A) Other assets and liabilities, net 0.0% TOTAL NET ASSETS 100.0%	\$		\$ \$ \$	9,545,569 22,986,622 32,532,191 605,694,428 (206,944)
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 \$32,532,191) TOTAL INVESTMENTS 100.0% (Cost \$386,555,056)(A) Other assets and liabilities, net 0.0% TOTAL NET ASSETS 100.0%			\$ \$ \$	9,545,569 22,986,622 32,532,191 605,694,428 (206,944)
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 \$32,532,191) TOTAL INVESTMENTS 100.0% (Cost \$386,555,056)(A) Other assets and liabilities, net 0.0% TOTAL NET ASSETS 100.0% *Non-income producing security	cost for Federal		\$ \$ \$	9,545,569 22,986,622 32,532,191 605,694,428 (206,944)
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 \$32,532,191) TOTAL INVESTMENTS 100.0% (Cost \$386,555,056)(A) Other assets and liabilities, net 0.0% TOTAL NET ASSETS 100.0%  *Non-income producing security  (A) The cost stated also approximates the aggregate	cost for Federal		\$ \$ \$	9,545,569 22,986,622 32,532,191 605,694,428 (206,944)
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 \$32,532,191) TOTAL INVESTMENTS 100.0% (Cost \$386,555,056)(A) Other assets and liabilities, net 0.0% TOTAL NET ASSETS 100.0%  *Non-income producing security  (A) The cost stated also approximates the aggregate income tax purposes. Net unrealized appreciation	cost for Federal		\$ \$ \$	9,545,569 22,986,622 32,532,191 605,694,428 (206,944) 605,487,484
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 \$32,532,191) TOTAL INVESTMENTS 100.0% (Cost \$386,555,056)(A) Other assets and liabilities, net 0.0% TOTAL NET ASSETS 100.0%  *Non-income producing security  (A) The cost stated also approximates the aggregate income tax purposes. Net unrealized appreciation Gross unrealized appreciation:	cost 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