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 \$15,815,600 Whill Corporation \$95,000 \$2,916,550 Belix Energy Solutions Group, Inc.* \$95,000 \$5,916,550 Noble Corporation \$20,000 \$16,	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 19.9% \$ 87,074,580 \$ 87,074,580 EVERGY 19.9% \$ 87,074,580 \$ 87,074,580 File Einer gest John of Group, Inc.* 695,000 \$ 25,916,550 Noble Corporation 460,000 36,192,800 Tidewater Inc. 165,000 9,665,700 Tidewater Inc. 180,000 \$ 7,175,500 TECHNOLOGY 9.9% \$ 15,602,400 Maxim Integrated Products, Inc. 180,000 \$ 9,400,000 Microchip Technology Incerporated		455,000		21,048,300
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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
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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		
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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	
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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 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
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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-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