

SOURCE CAPITAL INC /DE/  
Form N-Q  
November 24, 2010

**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: September 30, 2010

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ITEM 1. Schedule of Investments.

Source Capital, Inc.

Portfolio of Investments

September 30, 2010 (unaudited)

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COMMON STOCKS	Shares or Principal Amount	Value
<b>PRODUCER DURABLE GOODS 21.8%</b>		
Actuant Corporation (Class A)	400,000	\$ 9,184,000
Franklin Electric Co., Inc.	285,900	9,480,444
Graco Inc.	501,300	15,906,249
HNI Corporation	627,933	18,059,353
IDEX Corporation	540,900	19,207,359
WABCO Holdings Inc.	545,000	22,857,300
Zebra Technologies Corporation (Class A)*	486,900	16,379,316
		\$ 111,074,021
<b>BUSINESS SERVICES &amp; SUPPLIES 20.0%</b>		
Brady Corporation (Class A)	431,500	\$ 12,586,855
CLARCOR, Inc.	320,000	12,361,600
Copart, Inc.*	435,000	14,341,950
Life Technologies Corporation*	524,698	24,498,149
Manpower Inc.	300,000	15,660,000
ScanSource, Inc.*	803,363	22,285,290
		\$ 101,733,844
<b>RETAILING 16.0%</b>		
CarMax, Inc.*	1,017,412	\$ 28,345,099
O Reilly Automotive, Inc.*	600,000	31,920,000
Signet Jewelers Limited*	672,400	21,341,976
		\$ 81,607,075
<b>HEALTH CARE 9.4%</b>		
Bio-Rad Laboratories, Inc. (Class A)*	187,200	\$ 16,943,472
Lincare Holdings Inc.	720,000	18,064,800
Varian Medical Systems, Inc.*	53,200	3,218,600
VCA Antech, Inc.*	460,000	9,701,400
		\$ 47,928,272
<b>ENERGY 7.9%</b>		
FMC Technologies, Inc.*	195,000	\$ 13,316,550
Helix Energy Solutions Group, Inc.*	367,900	4,098,406
Noble Corporation	670,000	22,639,300
		\$ 40,054,256
<b>TRANSPORTATION 6.4%</b>		
Heartland Express, Inc.	1,046,000	\$ 15,554,020
Knight Transportation, Inc.	887,200	17,149,576
		\$ 32,703,596

<b>TECHNOLOGY 4.4%</b>				
Maxim Integrated Products, Inc.	392,000	\$	7,255,920	
Microchip Technology Incorporated	474,951		14,937,209	
		\$	22,193,129	
<b>ENTERTAINMENT 3.7%</b>				
Carnival Corporation (Class A)	499,900	\$	19,101,179	
<b>TOTAL COMMON STOCKS 89.6% (Cost \$313,219,033)</b>		\$	456,395,372	
<b>PREFERRED STOCKS</b>				
<b>REAL ESTATE INVESTMENT TRUST</b>				
CBL & Associates Properties, Inc.	100,000	\$	2,450,000	
ProLogis (Series G)	120,000		2,814,000	
<b>TOTAL PREFERRED STOCKS 1.0% (Cost \$5,726,454)</b>		\$	5,264,000	
<b>CONVERTIBLE BONDS AND DEBENTURES</b>				
Diodes, Inc. 2.25% 2026	\$	2,000,000	\$	2,020,000
Transocean, Inc. 1.5% 2037		3,000,000		2,913,750
<b>TOTAL CONVERTIBLE BONDS AND DEBENTURES 1.0% (Cost \$3,648,125)</b>		\$	4,933,750	
<b>NON-CONVERTIBLE BONDS AND DEBENTURES</b>				
<b>CORPORATE 4.1%</b>				
Brown Shoe Company, Inc. 8.75% 2012	\$	3,000,000	\$	3,075,000
Deluxe Corporation 5% 2012		2,000,000		2,027,940
Helix Energy Solutions Group, Inc. 9.5% 2016		2,000,000		1,971,040
Invacare Corporation 9.75% 2015		3,000,000		3,203,040
Nova Chemicals Corporation 6.5% 2012		1,970,000		2,046,534
PolyOne Corporation 6.58% 2011		1,500,000		1,496,715
Polypore International, Inc. 8.75% 2012		2,000,000		2,004,500
Rock-Tenn Co. 9.25% 2016		2,000,000		2,200,000
Sinclair Broadcast Group, Inc. 8% 2012		1,721,000		1,725,303
W&T Offshore, Inc. 8.25% 2014		1,000,000		968,560