

SOURCE CAPITAL INC /DE/
Form N-PX
July 31, 2006

**UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION**

Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0582

Expires: March 31, 2006

Estimated average burden hours per
response.....14.4

FORM N-PX

**ANNUAL REPORT OF PROXY VOTING RECORD OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number **811-1731**

Source Capital, Inc.

(Exact name of registrant as specified in charter)

11400 W. Olympic Blvd., Ste. 1200, Los Angeles, CA
(Address of principal executive offices)

90064
(Zip code)

J. Richard Atwood, Treasurer

Source Capital, Inc.

11400 W. Olympic Blvd., Ste. 1200, Los Angeles, CA 90064
(Name and address of agent for service)

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

Date of fiscal year **12/31**
end:

Date of reporting **7/1/05 to 6/30/06**
period:

Item 1. Proxy Voting Record.

Disclose the following information for each matter relating to a portfolio security considered at any shareholder meeting held during the period covered by the report and with respect to which the registrant was entitled to vote:

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- (a) The name of the issuer of the portfolio security;
 - (b) The exchange ticker symbol of the portfolio security;
 - (c) The Council on Uniform Securities Identification Procedures (CUSIP) number for the portfolio security;
 - (d) The shareholder meeting date;
 - (e) A brief identification of the matter voted on;
 - (f) Whether the matter was proposed by the issuer or by a security holder;
 - (g) Whether the registrant cast its vote on the matter;
 - (h) How the registrant cast its vote (e.g., for or against proposal, or abstain; for or withhold regarding election of directors);
and
 - (i) Whether the registrant cast its vote for or against management.
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Source Capital, Inc. Proxy Voting

| Issuer | Ticker | CUSIP | Mtg Date | Matter | Issr or Shdr Proposal | Voted Y/N | How Voted | For or Against Mgmt |
|-------------------------------|--------|-----------|------------|--|-----------------------|-----------|-----------|---------------------|
| Plantronics, Inc. | PLT | 727493108 | 7/21/2005 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratify and approve an increase of 1.3 million shares in the common stock issuable under the 2003 stock plan. | Issuer | Y | For | For |
| | | | | 3. Ratify and approve an increase of 200,000 shares in the common stock issuable under the 2002 employee stock purchase plan. | Issuer | Y | For | For |
| | | | | 4. Ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the company for fiscal 2006. | Issuer | Y | For | For |
| Tidewater Inc. | TDW | 886423102 | 7/21/2005 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of the selection of Deloitte & Touche LLP as independent registered public accounting firm. | Issuer | Y | For | For |
| | | | | 3. Proposal regarding subjecting non-deductible executive compensation to a stockholder vote. | Shareholder | Y | Against | For |
| | | | | 4. Proposal regarding the declassification of the board of directors and the annual election of all directors. | Shareholder | Y | For | Against |
| Renal Care Group, Inc. | RCI | 759930100 | 8/24/2005 | 1. Proposal to adopt the agreement, dated as of May 3, 2005, by and among Fresenius Medical Care AG, Fresenius Medical Care Holdings, Inc., Florence Acquisition, Inc. and the company under which Florence Acquisition, Inc. would be merged with and into the company. | Issuer | Y | For | For |
| | | | | 2. To grant discretionary authority to adjourn the special meeting, if necessary, to solicit additional proxies in favor of adoption of the merger agreement. | Issuer | Y | For | For |
| Briggs & Stratton Corporation | BGG | 109043109 | 10/19/2005 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of PricewaterhouseCoopers LLP as the company's independent auditor. | Issuer | Y | For | For |
| ScanSource, Inc. | SCSC | 806037107 | 12/1/2005 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Approval of the proposal to amend the company's 2002 long-term incentive plan. | Issuer | Y | For | For |
| | | | | 3. Ratification of the appointment of Ernst & Young LLP as independent auditors for the company for the fiscal year ending June 30, 2006. | Issuer | Y | For | For |

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| Knight Transportation, Inc. | KNX | 499064103 | 12/21/2005 | 1. Proposal to approve the company's 2005 executive cash bonus plan, to comply with Section 162(m) of the Internal Revenue Code of 1986, as amended. | Issuer | Y | For | For |
| | | | | 2. Proposal to amend the company's 2003 stock option plan to comply with Section 162(m) of the Code, and to approve and ratify the company's amended and restated 2003 stock option plan, which incorporates all prior amendments to the 2003 stock option plan. | Issuer | Y | For | For |
| Oshkosh Truck Corporation | OSK | 688239201 | 2/7/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of the appointment of Deloitte & Touche LLP, an independent registered public accounting firm, as the company's independent auditors for the fiscal year ending September 30, 2006. | Issuer | Y | For | For |
| Health Management Associates, Inc. | HMA | 421933102 | 2/21/2006 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Approve the Health Management Associates, Inc. 2006 outside director restricted stock award plan. | Issuer | Y | For | For |
| | | | | 3. Ratify the selection of Ernst & Young LLP as the company's independent registered public accounting firm for the fiscal year ending September 30, 2006. | Issuer | Y | For | For |
| Zebra Technologies Corporation | ZBRA | 989207105 | 5/9/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Proposal to approve the 2006 Zebra Technologies Corporation incentive compensation plan. | Issuer | Y | For | For |
| | | | | 3. Ratification of Ernst & Young LLP as independent auditors. | Issuer | Y | For | For |
| Heartland Express, Inc. | HTLD | 422347104 | 5/11/06 | 1. Election of Directors | Issuer | Y | For | For |
| Brown & Brown, Inc. | BRO | 115236101 | 5/10/06 | 1. Election of Directors | Issuer | Y | For | For |
| The First American Corporation | FAF | 318522307 | 5/18/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Approval of the 2006 incentive compensation plan. | Issuer | Y | For | For |
| Carmax, Inc. | KMX | 143130102 | 6/20/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of the selection of KPMG LLP as independent registered public accounting firm. | Issuer | Y | For | For |

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| | | | | 3. Approval of two amendments to the Carmax, Inc. amended and restated 2002 employee stock purchase plan. | Issuer | Y | For | For |
| Ilex Corporation | IEX | 45167R104 | 4/4/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Approval of Deloitte & Touche LLP as the auditors of the company. | Issuer | Y | For | For |
| Arthur J. Gallagher & Co. | AJG | 363576109 | 5/16/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of Ernst & Young LLP as the independent registered public accounting firm of the company for 2006. | Issuer | Y | For | For |
| Sandisk Corporation | SNDK | 80004C101 | 5/25/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Approve amendments to the company s 2005 incentive plan. | Issuer | Y | For | For |
| | | | | 3. Approve an amendment to the company s certificate of incorporation, increasing the authorized amount of common stock from 400,000,000 to 800,000,000 shares. | Issuer | Y | For | For |
| | | | | 4. Ratify the appointment of Ernst & Young LLP as the company s independent registered public accounting firm for the fiscal year ending December 31, 2006. | Issuer | Y | For | For |
| Knight Transportation, Inc. | KNX | 499064103 | 5/24/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratify Deloitte & Touche LLP as the company s independent registered public accounting firm for fiscal 2006. | Issuer | Y | For | For |
| Graco Inc. | GGG | 384109104 | 4/21/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of appointment of Deloitte & Touche LLP as the independent registered public accounting firm. | Issuer | Y | For | For |
| | | | | 3. Approval of the amended and restated Graco Inc. stock incentive plan. | Issuer | Y | For | For |
| | | | | 4. Approval of the Graco Inc. 2006 employee stock purchase plan. | Issuer | Y | For | For |
| O Reilly Automotive, Inc. | ORLY | 686091109 | 5/9/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of appointment of Ernst & Young LLP as independent auditors. | Issuer | Y | For | For |

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| Invitrogen Corporation | IVGN | 46185R100 | 4/21/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of the appointment of Ernst & Young LLP as independent auditors of the company for fiscal year 2006. | Issuer | Y | For | For |
| | | | | 3. Amendment of the company's 1998 employee stock purchase plan. | Issuer | Y | For | For |
| | | | | 4. Amendment of the company's restated certificate of incorporation. | Issuer | Y | For | For |
| Noble Corporation | NE | G65422100 | 4/27/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Approval of the appointment of PricewaterhouseCoopers LLP as independent auditors for 2006. | Issuer | Y | For | For |
| | | | | 3. Proposal to separate the positions of Chairman/Chief Executive Officer. | Shareholder | Y | Against | For |
| Manpower Inc. | MAN | 56418H100 | 4/25/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of Deloitte & Touche LLP as independent auditors for 2006. | Issuer | Y | For | For |
| | | | | 3. Approval of the increase in the number of shares authorized for issuance under the 2003 equity incentive plan of Manpower Inc. | Issuer | Y | For | For |
| | | | | 4. Proposal regarding implementation of the MacBride principles in Northern Ireland. | Shareholder | Y | Against | For |
| CDW Corporation | CDWC | 12512N105 | 5/17/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of the audit committee's selection of PricewaterhouseCoopers LLP as the company's independent registered public accounting firm for 2006. | Issuer | Y | For | For |
| | | | | 3. Approval of the CDW 2006 stock incentive plan. | Issuer | Y | For | For |
| | | | | 4. Approval of an amendment to the CDW employee stock purchase plan. | Issuer | Y | For | For |
| Amsurg Corp. | AMSG | 03232P405 | 5/18/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Approval of the Amsurg Corp. 2006 stock incentive plan. | Issuer | Y | For | For |
| | | | | 3. Ratification of the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for fiscal 2006. | Issuer | Y | For | For |

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| Charles River Laboratories International, Inc. | CRL | 159864107 | 5/9/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratify the appointment of PricewaterhouseCoopers LLP as the company's independent public auditors for the fiscal year ending December 30, 2006. | Issuer | Y | For | For |
| Helix Energy Solutions Group, Inc. | HELX | 42330P107 | 5/8/06 | 1. Election of Directors | Issuer | Y | For | For |
| Bio-Rad Laboratories, Inc. | BIO | 090572207 | 4/25/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratify the selection of Deloitte & Touche LLP to serve as the company's independent auditors. | Issuer | Y | For | For |
| Cognex Corporation | CGNX | 192422103 | 4/25/06 | 1. Election of Directors | Issuer | Y | For | For |
| Polaris Industries Inc. | PII | 731068102 | 4/20/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Approval of amendments to the Polaris Industries Inc. employee stock purchase plan. | Issuer | Y | For | For |
| Carnival Corporation | CCL | 143658300 | 4/20/06 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Re-appoint PricewaterhouseCoopers LLP as independent auditors for Carnival PLC and to ratify the selection of PricewaterhouseCoopers LLP as the independent registered certified public accounting firm for Carnival Corporation. | Issuer | Y | For | For |
| | | | | 3. Authorize the audit committee of Carnival PLC to agree to the remuneration of the independent auditors. | Issuer | Y | For | For |
| | | | | 4. Receive the accounts and reports for Carnival PLC for the financial year ended November 30, 2005. | Issuer | Y | For | For |
| | | | | 5. Approve the directors remuneration report of Carnival PLC. | Issuer | Y | For | For |
| | | | | 6. Approve the limits on the authority to allot shares by Carnival PLC. | Issuer | Y | For | For |
| | | | | 7. Approve the disapplication of pre-emption rights for Carnival PLC. | Issuer | Y | For | For |
| | | | | 8. Approve a general authority for Carnival PLC to buy back Carnival PLC ordinary shares in the open market. | Issuer | Y | For | For |
| HNI Corporation | HNI | 404251100 | 5/2/06 | 1. Election of Directors | Issuer | Y | For | For |

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| | | | | 2. Ratify the audit committee's selection of PricewaterhouseCoopers LLP as the corporation's independent registered public accountant for fiscal 2006. | Issuer | Y | For | For |
| Lincare Holdings Inc. | LNCR | 532791100 | 5/15/06 | 1. Election of Directors | Issuer | Y | For | For |

SIGNATURES

Pursuant to the requirements of the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant)

Source Capital, Inc.

By (Signature and Title)*

/s/ J. Richard Atwood, Treasurer

Date

7/31/06

* Print the name and title of each signing officer under his or her signature.