

Setzler Edwin Lake III
 Form 5
 February 11, 2011

FORM 5

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *
 Setzler Edwin Lake III

2. Issuer Name and Ticker or Trading Symbol
 SOURCE CAPITAL INC /DE/ [SOR]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 12/31/2010

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Assistant Treasurer

11400 W. OLYMPIC BLVD., STE. 1200

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting

(check applicable line)

LOS ANGELES, CA 90064

Form Filed by One Reporting Person
 Form Filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | (A) or (D) | Price | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|------------|----------|--|--|---|
| Common Stock | 03/16/2010 | Â | J ⁽¹⁾ | 3.0373 | A | \$ 45.79 | 234.8333 | D | Â |
| Common Stock | 06/16/2010 | Â | J ⁽¹⁾ | 3.1842 | A | \$ 44.25 | 238.0175 | D | Â |
| Common Stock | 09/16/2010 | Â | J ⁽¹⁾ | 3.1884 | A | \$ 44.79 | 241.2059 | D | Â |
| Common | 12/16/2010 | Â | J ⁽¹⁾ | 2.7378 | A | \$ | 243.9437 | D | Â |

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Stock

52.86

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. of D Se O E Is Fi (I |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|-------------------------|
| | | | | | (A) (D) | Date Exercisable Expiration Date | Title | Amount or Number of Shares | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-----------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Setzler Edwin Lake III 11400 W. OLYMPIC BLVD., STE. 1200 LOS ANGELES, CA 90064 | Â | Â | Â Assistant Treasurer | Â |

Signatures

/s/ Sherry Sasaki, 02/11/2011
Attorney-in-Fact

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Shares acquired through dividend reinvestment.

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Remarks:

This form is signed by the reporting person's attorney-in-fact pursuant to the confirming statement provided.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.