ALANCO TECHNOLOGIES INC
Form DEF 14A
November 07, 2003

ALANCO TECHNOLOGIES, INC.
15575 North 83rd Way, Suite 3
Scottsdale, Arizona 85260
(480) 607-1010

PROXY STATEMENT

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held December 22, 2003

TO THE SHAREHOLDERS OF ALANCO TECHNOLOGIES, INC.

NOTICE HEREBY IS GIVEN that the Annual Meeting of Shareholders of Alanco Technologies, Inc., an Arizona corporation ("Alanco" or the "Company"), will be held at 15575 North 83rd Way, Suite 3, Scottsdale, Arizona 85260, on December 22, 2003, at 10:00 a.m., Mountain Standard Time, and at any adjournment or postponement thereof, for the purpose of considering and acting upon the following Proposals:

Proposal No. 1 ELECTION OF DIRECTORS.

Proposal No. 2 APPROVAL OF A PROPOSAL TO AUTHORIZE THE BOARD OF DIRECTORS, ONLY IF NECESSARY, TO REVERSE SPLIT THE COMPANY'S OUTSTANDING CLASS A COMMON STOCK ON A BASIS NOT TO EXCEED ONE SHARE OF CLASS A COMMON STOCK FOR UP TO TEN SHARES OUTSTANDING. IF THE BOARD OF DIRECTORS HAS NOT EFFECTED THE ACTION CONTEMPLATED HEREUNDER BY DECEMBER 31, 2006, THIS AUTHORIZATION WILL CEASE.

Holders of the outstanding Common Stock and Preferred Stock of the Company of record at the close of business on October 27, 2003, will be entitled to notice of and to vote at the Meeting or at any adjournment or postponement thereof.

All shareholders, whether or not they expect to attend the Annual Meeting of Shareholders in person, are urged to sign and date the enclosed Proxy and return it promptly in the enclosed postage-paid envelope which requires no additional postage if mailed in the United States. The giving of a proxy will not affect your right to vote in person if you attend the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS.

Scottsdale, Arizona ADELE L. MACKINTOSH
November 7, 2003

ALANCO TECHNOLOGIES, INC.
15575 North 83rd Way, Suite 3
Scottsdale, Arizona 85260
(480) 607-1010

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD DECEMBER 22, 2003

GENERAL INFORMATION

The enclosed Proxy is solicited by and on behalf of the Board of Directors of Alanco Technologies, Inc., an Arizona corporation (the "Company"), for use at the Company's Annual Meeting of Shareholders to be held at 15575 North 83rd Way, Suite 3, Scottsdale, Arizona 85260, on the 22nd day of December, 2003, at 10:00 a.m., Mountain Standard Time, and at any adjournment or postponement thereof. It is anticipated that this Proxy Statement and the accompanying Proxy will be mailed to the Company's shareholders on or before November 21, 2003.

The expense of soliciting proxies, including the cost of preparing, assembling and mailing this proxy material to shareholders, will be borne by the Company. It is anticipated that solicitations of proxies for the Meeting will be made only by use of the mails; however, the Company may use the services of its Directors, Officers and employees to solicit proxies personally or by telephone without additional salary or compensation to them. Brokerage houses, custodians, nominees and fiduciaries will be requested to forward the proxy soliciting materials to the beneficial owners of the Company's shares held of record by such persons, and the Company will reimburse such persons for their reasonable out-of-pocket expenses incurred by them in that connection.

Shares not voting as a result of a proxy not marked or marked to abstain will be counted as part of total shares voting in order to determine whether or not a quorum has been achieved at the Meeting. Shares registered in the name of a broker-dealer or similar institution for beneficial owners to whom the broker-dealer distributed notice of the Annual Meeting and proxy information and which such beneficial owners have not returned proxies or otherwise instructed the broker-dealer as to voting of their shares, will be counted as part of the total shares voting in order to determine whether or not a quorum has been achieved at the Meeting.

All shares represented by valid proxies will be voted in accordance therewith at the Meeting unless such proxies have previously been revoked. Proxies may be revoked at any time prior to the time they are voted by: (a) delivering to the Secretary of the Company a written instrument of revocation bearing a date later than the date of the proxy; or (b) duly executing and delivering to the Secretary a subsequent proxy relating to the same shares; or (c) attending the meeting and voting your proxy in person (although attendance at the Meeting will not in and of itself constitute revocation of a proxy.)

The Company's Annual Report to Shareholders for the fiscal year ended June 30, 2003, has been previously mailed or is being mailed simultaneously to the Company's shareholders, but does not constitute part of these proxy soliciting materials.

SHARES OUTSTANDING AND VOTING RIGHTS

Voting rights are vested in the holders of the Company's Common Stock and Preferred Stock. Only shareholders of record at the close of business on October 27, 2003 are entitled to notice of and to vote at the Meeting or any adjournment or postponement thereof. As of October 27, 2003, the Company had 15,261,900 shares of Class A Common Stock outstanding, no shares of Class B Common Stock outstanding, 2,509,426 shares of Series A Convertible Preferred Stock outstanding and 57,255 shares of Series B Convertible Preferred Stock outstanding. Each Class A Common share is entitled to one vote, each Series A

Convertible Preferred share is entitled to three votes (the equivalent number of common shares into which the Series A Convertible Preferred Stock is convertible), and each Series B Convertible Preferred share is entitled to thirteen votes (the equivalent number of common shares into which the Series B Convertible Preferred Stock is convertible). If the number of common shares into which the preferred stock is convertible (the "common stock equivalent") is considered, the total shares eligible to vote, including the common stock and the common stock equivalent, on the record date are 23,534,493 shares, each of

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which is entitled to one vote on all matters to be voted upon at the Meeting, including the election of Directors. No fractional shares are presently outstanding. A majority of the Company's outstanding voting stock represented in person or by proxy shall constitute a quorum at the Meeting. The affirmative vote of a majority of the votes cast, providing a quorum is present, is necessary to approve each proposal.

Each shareholder present, either in person or by proxy, will have cumulative voting rights with respect to the election of Directors. Under cumulative voting, each shareholder is entitled to as many votes as is equal to the number of shares of Common Stock (or common stock equivalent) of the Company held by the shareholder on the Record Date multiplied by the number of directors to be elected, and such votes may be cast for any single nominee or divided among two or more nominees. The seven nominees, or such fewer number of nominees as may stand for election, receiving the highest number of votes will be elected to the Board of Directors. There are no conditions precedent to the exercise of cumulative voting rights. Unless otherwise instructed in any proxy, the persons named in the form of proxy which accompanies this Proxy Statement (the "Proxy Holders") will vote the proxies received by them for the Company's seven nominees set forth in "Election of Directors" below. If additional persons are nominated for election as directors, the Proxy Holders intend, unless otherwise instructed in any proxy, to vote all proxies received by them in such manner in accordance with cumulative voting as will assure the election of as many of the Company's nominees as possible, and, in such event, the specific nominees for whom votes will be cast will be determined by the Proxy Holders. If authority to vote for any nominee of the Company is withheld in any proxy, the Proxy Holders intend, unless otherwise instructed in such proxy, to vote the shares represented by such proxy, in their discretion, cumulatively for one or more of the other nominees of the Company.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND OF MANAGEMENT

Security Ownership of Certain Beneficial Owners

The following table sets forth certain information with respect to each shareholder known by Alanco to be the beneficial owner of more than 5% of the outstanding Alanco common stock or common stock equivalent as of October 27, 2003. Information regarding the stock ownership of Robert R. Kauffman, Alanco Chairman and Chief Executive Officer, and Donald E. Anderson, Alanco Director, is also shown in the table in the following section, Current Directors and Executive Officers.

Five Percent Owners

Class A	Total

	Class A Common Shares Owned	Common Shares Owned Percent of Class (8)	Series A and Series B Preferred Shares Owned	Total Common Stock Equivalent	Common Stock Equivalent Owned Percent of Class (8)	Exerc Sto Opt a War
Technology Systems International, Inc. (1)	6,000,000	39.31%	0	6,000,000	25.49%	
Donald E. Anderson (2)	0	--	808,161 (6)	2,424,483	10.30%	2,01
Robert R. Kauffman (3)	112,000	0.73%	500,000 (6)	1,612,000	6.85%	2,50
Rhino Fund LLLP (4)	0	--	265,000 (6)	795,000	3.38%	51
M. Jamil Akhtar, MD (5)	0	--	57,255 (7)	744,315	3.16%	50

(1) Technology Systems International, Inc., a Nevada corporation, (TSIN) is a privately owned entity with no person or entity owning in excess of 25% of the outstanding shares. The only TSIN shareholder that we are aware of who beneficially controls 19% or more of the outstanding shares of TSIN, who could potentially own more than 5% of the outstanding Alanco common stock equivalent, is Richard C. Jones, who, to the best of our knowledge, owns 5,301,826 TSIN shares, representing 23.10% of the outstanding TSIN shares. TSIN has previously indicated their intention to distribute the 6,000,000 shares of Alanco common stock on a pro-rata basis to their shareholders; however, the shares have not been distributed as of the date of this Proxy Statement, and there is no assurance that the shares will be distributed. The address of TSIN is c/o Jeffrey M. Proper, 3550 N. Central Avenue, Suite 1200, Phoenix, Arizona 85012.

(2) The number of shares and warrants owned includes The Anderson Family Trust, owner of 448,161 shares of Alanco Series A Convertible Preferred Stock and 1,198,161 exercisable warrants, Programmed Land, Inc., owner of 360,000

shares of Alanco Series A Convertible Preferred Stock and 760,000 exercisable warrants, both of which Mr. Anderson claims beneficial ownership, and 60,000 exercisable options owned by Mr. Anderson. The 808,161 shares of Series A Convertible Preferred Stock beneficially owned by Mr. Anderson represent 32.21% of the total Series A Convertible Preferred shares outstanding. Mr. Anderson's address is 11804 North Sundown Drive, Scottsdale, Arizona 85260.

(3) In addition to the shares shown above, Robert R. Kauffman, Alanco Chairman and Chief Executive Officer, also beneficially owns 455,000 shares of TSIN stock, representing an ownership position of less than 2% of the outstanding TSIN shares. If TSIN distributes the 6,000,000 shares of Alanco common stock owned by TSIN to TSIN shareholders on a proportionate basis, Mr. Kauffman will acquire an additional approximately 118,700 shares of Alanco common stock, thereby increasing his percentage of common shares owned to approximately 1.51% and total stock and options percentage of common stock equivalent owned to approximately 16.27%. The 500,000 shares of Series A Convertible Preferred Stock beneficially owned by Mr. Kauffman represent 19.92% of the total Series A Convertible Preferred shares outstanding. The address for Mr. Kauffman is: c/o Alanco Technologies, Inc., 15575 N. 83rd Way, Suite 3, Scottsdale, Arizona 85260.

(4) The Rhino Fund LLLP is controlled by Rhino Capital Incorporated, for which James T. Hecker, a director of the Company, serves as Treasurer and General Counsel. Mr. Hecker disclaims beneficial ownership of these shares. The 265,000 shares of Series A Convertible Preferred Stock owned by the Rhino Fund LLLP represent 10.56% of the total Series A Convertible Preferred shares outstanding. The address for the Rhino Fund LLLP is Rhino Capital

Incorporated, 32065 Castle Court, Suite 100, Evergreen, Colorado 80439.

(5) M. Jamil Akhtar, M.D. currently owns 100% of the outstanding Series B Convertible Preferred Stock of the Company. Each share of Series B Convertible Preferred Stock is convertible into thirteen (13) shares of Class A Common Stock. Dr. Akhtar's address is 1454 South Dobson, Suite One, Mesa, Arizona 85202.

(6) Preferred Shares are Series A Convertible Preferred Stock, each share of which is convertible into three (3) shares of Class A Common Stock.

(7) Preferred Shares are Series B Convertible Preferred Stock, each share of which is convertible into thirteen (13) shares of Class A Common Stock.

(8) The percentages for Class A Common Stock shown are calculated based upon 15,261,900 shares of Class A Common Stock outstanding on October 27, 2003. The percentages for Total Common Stock Equivalent are calculated based upon 23,534,493 shares outstanding on October 27, 2003, except for the following

(9) In calculating the percentage of ownership, option and warrant shares are deemed to be outstanding for the purpose of computing the percentage of shares of common stock equivalent owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of shares of common stock equivalent owned by any other stockholders.

Current Directors and Executive Officers

The following table sets forth the number of exercisable stock options and the number of shares of the Company's Common Stock and Preferred Stock beneficially owned as of October 27, 2003, by individual directors and executive officers and by all directors and executive officers of the Company as a group.

The number of shares beneficially owned by each director or executive officer is determined under rules of the Securities and Exchange Commission, and the information is not necessarily indicative of the beneficial ownership for any other purpose. Unless otherwise indicated, each person has sole investment and voting power (or shares such power with his or her spouse) with respect to the shares set forth in the following table.

Securities of the Registrant Beneficially Owned (1)

Name of Beneficial Owner (2)	Class A Common Stock Shares Owned	Shares Owned Percent of Class (7)	Series A Preferred Stock Shares Owned	Shares Owned Percent of Class (7)	Total Common Stock Equivalent Owned	Exercisa Stoc Option Warran (8)
Robert R. Kauffman (3) Director/COB/CEO	112,000	0.73%	500,000	19.92%	1,612,000	2,505,
John A. Carlson Director/EVP/CFO	17,958	0.12%	100,000	3.98%	317,958	850,
Harold S. Carpenter Director	6,541	0.04%	175,000 (5)	6.97%	531,541	415,
James T. Hecker Director	1,893	0.01%	21,000 (6)	0.84%	64,893	141,
Steven P. Oman Director	0	0.00%	10,000	0.40%	30,000	175,
Thomas C. LaVoy Director	21,400	0.14%	35,265	1.41%	127,195	155,

Donald E. Anderson (4) Director	0	0.00%	808,161	32.21%	2,424,483	2,018,
Greg M. Oester President - TSIA	33,232	0.22%	10,000	0.40%	63,232	1,000,
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Officers and Directors as a Group (8 individuals)	193,024	1.26%	1,659,426	66.13%	5,171,302	7,259,
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(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission ("SEC") and generally includes voting or investment power with respect to securities. In accordance with SEC rules, shares that may be acquired upon conversion or exercise of stock options, warrants or convertible securities which are currently exercisable or which become exercisable within 60 days are deemed beneficially owned. Except as indicated by footnote, and subject to community property laws where applicable, the persons or entities named in the table above have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned.

(2) COB is Chairman of the Board; CEO is Chief Executive Officer; EVP is Executive Vice President; CFO is Chief Financial Officer.

(3) In addition to the shares shown above, Robert R. Kauffman, Alanco Chairman and Chief Executive Officer, also beneficially owns 455,000 shares of TSIN stock. If TSIN distributes the 6,000,000 shares of Alanco common stock owned by TSIN to TSIN shareholders on a proportionate basis, Mr. Kauffman will acquire an additional approximately 118,700 shares of Alanco common stock, thereby increasing his percentage of Class A Common Stock owned to approximately 1.51% and total stock and options percentage of common stock equivalent owned to approximately 16.27%.

(4) The number of shares and warrants owned includes The Anderson Family Trust, owner of 448,161 shares of Alanco Series A Convertible Preferred Stock and 1,198,161 exercisable warrants, Programmed Land, Inc., owner of 360,000 shares of Alanco Series A Convertible Preferred Stock and 760,000 exercisable warrants, both of which Mr. Anderson claims beneficial ownership, and 60,000 exercisable options owned by Mr. Anderson. Mr. Anderson's address is 11804 North Sundown Drive, Scottsdale, Arizona 85260.

(5) Excludes 240,000 shares of Series A Convertible Preferred Stock and 240,000 warrants to purchase Class A Common Stock owned by Heartland Systems Co., a company for which Mr. Carpenter serves as an officer. Mr. Carpenter disclaims beneficial ownership of such shares.

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(6) Excludes 265,000 shares of Series A Convertible Preferred Stock and 265,000 warrants to purchase Class A Common Stock owned by Rhino Fund LLLP. The fund is controlled by Rhino Capital Incorporated, for which Mr. Hecker serves as Treasurer and General Counsel. Mr. Hecker disclaims beneficial ownership of such shares.

(7) The percentages for Class A Common Stock shown are calculated based upon 15,261,900 shares of Class A Common Stock outstanding on October 27, 2003. The percentages for Series A Convertible Preferred Stock are calculated based upon 2,509,426 shares of Series A Convertible Preferred Stock outstanding on October 27, 2003, each of which is convertible into three (3) shares of Class A Common Stock. The percentages for Series B Convertible Preferred Stock are calculated based upon 57,255 shares of Series B Convertible Preferred Stock outstanding on October 27, 2003, each of which is convertible into thirteen (13) shares of Class A Common Stock.

(8) Represents unexercised stock options and warrants issued to named

executive officers and directors. All options and warrants issued to the executive officers and directors were exercisable at October 27, 2003, except for the following options held by Greg Oester: 187,500 options which become exercisable in fiscal year 2004 and 187,500 options which become exercisable in fiscal year 2005.

(9) The number and percentages shown include the shares of common stock equivalent actually owned as of October 27, 2003 and the shares of common stock that the identified person or group had a right to acquire within 60 days after October 27, 2003. The percentages shown are calculated based upon 23,534,493 Common Stock Equivalent shares outstanding as of October 27, 2003. In calculating the percentage of ownership, option and warrant shares are deemed to be outstanding for the purpose of computing the percentage of shares of common stock equivalent owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of shares of common stock equivalent owned by any other stockholders.

Meetings and Committees of the Board of Directors

The Board of Directors has a Compensation/Administration Committee, which was formed in 1995 and is comprised of Messrs. Harold Carpenter and James Hecker, who are independent non-employee directors of the Company. The Compensation/Administration Committee recommends to the Board the compensation of executive officers and serves as the Administrative Committee for the Company's Stock Option Plans. The Compensation/Administration Committee met four times during the fiscal year ended June 30, 2003.

The Board of Directors also has an Audit Committee, also formed in 1995. The Audit Committee, comprised of Messrs. Harold Carpenter, James Hecker, and Thomas LaVoy, all of whom are independent non-employee directors of the Company who have significant business experience and are deemed to be financially knowledgeable, serves as a liaison between the Board and the Company's auditor. The Audit Committee provides general oversight of the Company's financial reporting and disclosure practices, system of internal controls, and the Company's processes for monitoring compliance with Company policies. The Audit Committee reviews with the Company's independent auditors the scope of the audit for the year, the results of the audit when completed, and the independent auditor's fee for services performed. The Audit Committee also recommends independent auditors to the Board of Directors and reviews with management various matters related to its internal accounting controls. The Audit Committee is comprised of independent members as defined under the National Association of Securities Dealers listing standards. The Audit Committee met four times during the fiscal year ended June 30, 2003. All meetings held by the Board of Directors' committees were attended by each of the directors serving on such committees.

The Company's Board of Directors held four meetings during the fiscal year ended June 30, 2003, at which time all Directors were present. All current members of the Board of Directors' committees are expected to be nominated for reelection at a meeting of the Board of Directors following the annual meeting.

Compliance with Section 16(a) of Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's Officers and Directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). Officers, Directors and greater than 10% shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. Based solely upon a review of the copies of such forms furnished to the Company, or written representations that no Form 5's were required, the Company believes that as of the date of filing of this Proxy Statement, all Section 16(a) filing requirements applicable to its officers, Directors and greater than 10% beneficial owners were satisfied.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the compensation paid or accrued by the Company for the services rendered during the fiscal years ended June 30, 2003, 2002 and 2001 to the Company's Chief Executive Officer and Chief Financial Officer, and the compensation paid or accrued by the Company for the services rendered during the fiscal years ended June 30, 2003, and 2002 to the President of the Company's subsidiary, Technology Systems International, Inc., an Arizona corporation (TSIA), acquired effective June 1, 2002, whose salaries and bonus exceeded $100,000 during the last fiscal year (collectively, the "Named Executive Officers"). No stock appreciation rights ("SARs") have been granted by the Company to any of the Named Executive Officers during the last three fiscal years.

	Annual Compensation			Long Term Compensa
Name and Principal Position	Annual Salary	Bonus	Other Annual Compensation (1)	Securities (# sha Underlying Optio Granted during F
Robert R. Kauffman, C.E.O.				
FY 2003	$180,000	None	$17,400	150,000
FY 2002	$134,812	None	$17,400	250,000
FY 2001	$129,000	None	$17,400	200,000
John A. Carlson, C.F.O.				
FY 2003	$160,000	None	$8,866	75,000
FY 2002	$124,270	None	$9,280	100,000
FY 2001	$119,250	None	$8,980	100,000
Greg M. Oester, President, TSIA				
FY 2003	$148,234	None	None	None
FY 2002	$12,875(2)	None	None	750,000

(1) Represents supplemental executive benefit reimbursement for the year and Company matching for Alanco's 401(K) Profit Sharing Plan.
(2) Represents salary for one month of fiscal year ended June 30, 2002.

Option Grants in Last Fiscal Year

The following table sets forth each grant of stock options made during the fiscal year ended June 30, 2003, to each of the Named Executive Officers and/or Directors and to all other employees as a group. No stock appreciation rights ("SARs") have been granted by the Company.

INDIVIDUAL GRANTS

Name	Number of Securities Underlying Options Granted (#)	% of Total Options Granted	Exercise Price ($/Sh)	Grant Date	Expiration Date
Robert Kauffman	150,000	30.61%	$0.75	9/23/02	9/23/12
John Carlson	75,000	15.31%	$0.75	9/23/02	9/23/12
Harold Carpenter	20,000	4.08%	$0.75	9/23/02	9/23/12
James Hecker	20,000	4.08%	$0.75	9/23/02	9/23/12
Steven Oman	20,000	4.08%	$0.75	9/23/02	9/23/12
Thomas LaVoy	20,000	4.08%	$0.75	9/23/02	9/23/12
Donald Anderson	20,000	4.08%	$0.75	9/23/02	9/23/12
Greg Oester	0	0.00%	--	--	--
Other Employees	165,000	33.67%	$0.75 - $1.00	Various	(1)
Total	490,000	100.00%			

(1) These options expire ten years from the date of grant.

Unless otherwise noted, options are granted at "grant-date market." During the fiscal year 414,038 previously granted stock options expired or were cancelled.

Aggregated Options and Warrants - Exercised in Last Fiscal Year and Values at Fiscal Year End

The following table sets forth the number of exercised and unexercised options held by each of the Named Executive Officers and/or Directors at June 30, 2003, and the value of the unexercised, in-the-money options at Fiscal Year End.

Name	Shares Acquired On Exercise	Value Realized ($) (1)	Unexercised Options & Warrants at Fiscal Year End (Shares) (2)	Value of Unexercised In-The-Money Options & Warrants At FYE (3)
Robert Kauffman	None	$0	2,231,000	$0
John Carlson	None	$0	673,000	$0
Harold Carpenter	None	$0	375,000	$0
James Hecker	None	$0	121,000	$0
Steven Oman	None	$0	135,000	$0
Thomas LaVoy	None	$0	115,265	$0
Donald Anderson	None	$0	1,978,161	$0
Greg Oester	None	$0	900,000	$0

(1) Calculated as the difference between closing price on the date exercised and the exercise price, multiplied by the number of options exercised.

(2) Represents number of securities underlying unexercised options and warrants at Fiscal Year End. All options and warrants issued to Named Executive Officers and Directors were exercisable at 2003 Fiscal Year End, except for the following options held by Greg Oester: 187,500 options which become exercisable in fiscal year 2004 and 187,500 options

which become exercisable in fiscal year 2005.

(3) Calculated as the difference between the closing price of the Company's Common Stock on June 30, 2003 and the exercise price, for those options with an exercise price less than the closing price, multiplied by the number of applicable options.

Option Grants Subsequent to Fiscal Year End

Name	Underlying Securities Options Granted (6)		Date of Grant	Date Exercisable	Expiration Date	Option Price
Robert R. Kauffman	250,000	(1)	7/31/03	7/31/03	7/31/13	$0.37
John A. Carlson	150,000	(1)	7/31/03	7/31/03	7/31/13	$0.37
Harold S. Carpenter	40,000	(2)	7/31/03	7/31/03	7/31/13	$0.37
James T. Hecker	40,000	(2)	7/31/03	7/31/03	7/31/13	$0.37
Steven P. Oman	40,000	(3)	7/31/03	7/31/03	7/31/13	$0.37
Thomas C. LaVoy	40,000	(2)	7/31/03	7/31/03	7/31/13	$0.37
Donald E. Anderson	40,000	(2)	7/31/03	7/31/03	7/31/13	$0.37
Greg M. Oester	100,000	(1)	7/31/03	Varies (5)	7/31/13	$0.37
Other Employees	790,000	(4)	Various	Various	Various	$0.37 - $0

(1) Issued pursuant to the 1999 Stock Option Plan.
(2) Issued pursuant to the 2000 Directors & Officers Stock Option Plan.
(3) Issued pursuant to the 2002 Directors & Officers Stock Option Plan.
(4) Issued pursuant to the 1998, 1999, and 2000 Stock Option Plans.
(5) 25% vest on 7/31/2003, 25% vest on 7/31/2004, and 50% vest on 7/31/2005.
(6) Does not include warrants issued in connection with the purchase of Series A Convertible Preferred Stock in the Company's June/July 2003 private exchange offering.

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Employment Agreements and Executive Compensation

The named Executive Officers are at-will employees without employment agreements.

Compensation of Directors

During Fiscal Year 2003, non-employee Directors were compensated for their services in cash ($750 per meeting per day up to a maximum of $1,500 per meeting) and through the grant of options to acquire shares of Class A Common Stock as provided by the 1996, 1998, 1999, 2000, and 2002 Directors and Officers Stock Option Plans (the "D&O Plans") which are described below. All Directors are entitled to receive reimbursement for all out-of-pocket expenses incurred for attendance at Board of Directors meetings.

The 1996 Directors and Officers Stock Option Plan was approved by the Board of Directors on September 9, 1996. Shareholders approved the 1998, 1999, 2000, and 2002 Directors and Officers Stock Option Plans on November 6, 1998, November 5, 1999, November 10, 2000, and November 22, 2002, respectively. The purpose of the 1996, 1998, 1999, 2000, and 2002 D&O Plans is to advance the business and development of the Company and its shareholders by affording to the Directors and Officers of the Company the opportunity to acquire a propriety interest in the Company by the grant of Options to acquire shares of the Company's common stock. All Directors and Executive Officers of the Company are eligible to participate in the 1996, 1998, 1999, 2000, and 2002 Plans. Newly appointed Directors receive an option to purchase 20,000 shares of common stock at fair market value. Upon each subsequent anniversary of the election to the Board of Directors, each non-employee Director may receive an additional option to purchase shares of common stock at fair market value.

Transactions with Management

The following directors and executive officers of the Company participated in Alanco's December 2002 private offering. Robert Kauffman, Chief Executive Officer, purchased 100,000 units, consisting of 200,000 shares of Class A Common Stock and 100,000 warrants with an exercise price of $1.00 per share, for a purchase price of $100,000; John Carlson, Chief Financial Officer, purchased 25,000 units, consisting of 50,000 shares of Class A Common Stock and 25,000 warrants with an exercise price of $1.00 per share, for a purchase price of $25,000; Harold Carpenter, a member of the Board of Directors and a nominee, purchased 100,000 units, consisting of 200,000 shares of Class A Common Stock and 100,000 warrants with an exercise price of $1.00 per share, for a purchase price of $100,000; Programmed Land, Inc., beneficially owned by Donald Anderson, a member of the Board of Directors and a nominee, purchased 200,000 units, consisting of 400,000 shares of Class A Common Stock and 200,000 warrants with an exercise price of $1.00 per share, for a purchase price of $200,000; and The Anderson Family Trust, also beneficially owned by Donald Anderson, purchased 200,000 units, consisting of 400,000 shares of Class A Common Stock and 200,000 warrants with an exercise price of $1.00 per share, for a purchase price of $200,000. The Rhino Fund LLLP, controlled by Rhino Capital Incorporated, for which James Hecker, a member of the Board of Directors and a nominee, serves as Treasurer and General Counsel, purchased 225,000 units, consisting of 450,000 shares of Class A Common Stock and 225,000 warrants with an exercise price of $1.00 per share, for a purchase price of $225,000. Mr. Hecker disclaims beneficial ownership of these shares. Heartland Systems Co., a company for which Harold Carpenter, a member of the Board of Directors and a nominee, serves as an officer, purchased 200,000 units, consisting of 400,000 shares of Class A Common Stock and 200,000 warrants with an exercise price of $1.00 per share, for a purchase price of $200,000. Mr. Carpenter disclaims beneficial ownership of these shares.

The following directors and executive officers of the Company participated in Alanco's June/July 2003 private exchange offering. Each unit purchased through the private exchange offering consisted of one (1) share of the Company's Series A Convertible Preferred Stock and one (1) warrant to purchase one share of the Company's Class A Common Stock at an exercise price of $0.50 per share in exchange for $0.50 plus two (2) shares of the Company's Class A Common Stock for each unit purchased. Robert Kauffman, Chief Executive Officer, purchased 500,000 units in exchange for 1,000,000 shares of Class A Common Stock and $250,000; John Carlson, Chief Financial Officer, purchased 100,000 units in exchange for 200,000 shares of Class A Common Stock and $50,000; Thomas LaVoy, a member of the Board of Directors and a nominee, purchased 35,265 units in exchange for 70,530 shares of Class A Common Stock and $17,632.50; Steven P. Oman, a member of the Board of Directors and a nominee, purchased 10,000 units in exchange for 20,000 shares of Class A Common Stock and $5,000; Programmed Land, Inc., beneficially owned by Donald Anderson, a member of the Board of Directors and a nominee, purchased 360,000 units in exchange for 720,000 shares of Class A Common Stock and $180,000; The Anderson Family Trust, also beneficially owned by Donald Anderson, purchased 448,161 units in exchange for 896,322 shares of Class A Common Stock and $224,080.50; Harold Carpenter, a member of the Board of Directors and a nominee, purchased 175,000 units in exchange for 350,000 shares of Class A Common Stock and $87,500; Thomas C. LaVoy, a member of the Board of

Directors and a nominee, purchased 35,265 units in exchange for 70,530 shares of Class A Common Stock and $17,632.50; James Hecker, a member of the Board of Directors and a nominee, purchased 21,000 units in exchange for 42,000 shares of Class A Common Stock and $10,500; and Greg Oester, President of the Company's subsidiary, Technology Systems International, Inc., an Arizona corporation (TSIA), purchased 10,000 units in exchange for 20,000 shares of Class A Common Stock and $5,000. The Rhino Fund LLLP, controlled by Rhino Capital Incorporated, for which James Hecker serves as Treasurer and General Counsel, purchased 265,000 units in exchange for 530,000 shares of Class A Common Stock and $132,500. Mr. Hecker disclaims beneficial ownership of these shares. Heartland Systems Co., a company for which Harold Carpenter serves as an officer, purchased 240,000 units in exchange for 480,000 shares of Class A Common Stock and $120,000. Mr. Carpenter disclaims beneficial ownership of these shares.

Mr. Steve Oman, a member of the Board of Directors and a nominee, received compensation in the amount of $106,786 for legal services to the Company for the fiscal year ended June 30, 2003.

AUDIT COMMITTEE REPORT (1)

The Audit Committee of the Board of Directors is currently comprised of three independent directors, and operates under a written charter adopted by the Board. The members of the Audit Committee are Harold S. Carpenter, James T. Hecker, and Thomas C. LaVoy.

The Audit Committee provides general oversight of the Company's financial reporting and disclosure practices, system of internal controls, and the Company's processes for monitoring compliance by the Company with Company policies. The Audit Committee reviews with the Company's independent auditors the scope of the audit for the year, the results of the audit when completed, and the independent auditor's fee for services performed. The Audit Committee also recommends independent auditors to the Board of Directors and reviews with management various matters related to its internal accounting controls. During the last fiscal year, there were four meetings of the Audit Committee.

Management is responsible for the Company's internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and issuing a report thereon. The Audit Committee is responsible for overseeing and monitoring the quality of the Company's accounting and auditing practices.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and may not be experts in the fields of accounting or auditing, or in determining auditor independence. Members of the Audit Committee rely, without independent verification, on the information provided to them and on the representations made by management and the independent accountants. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with accounting principles generally accepted in the United States of America or that the Company's auditors are in fact "independent."

Review of Audited Financial Statements

In this context, the Audit Committee reviewed and discussed the Company's audited financial statements with management and with the Company's independent auditors. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. Discussions about the Company's audited financial statements included the auditor's judgments about the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in its financial statements. The Audit Committee also discussed with the auditors other matters required by Statement on Auditing Standards, ("SAS") No. 61 "Communication with Audit Committees," as amended by SAS No. 90, "Audit Committee Communications."

The Company's auditors provided to the Committee written disclosures required by the Independence Standards Board Standard No. 1 "Independence Discussion with Audit Committee." The Audit Committee discussed with the auditors their independence from the Company, and considered the compatibility of non-audit services with the auditor's independence.

Audit Fees

The aggregate fees billed by Semple & Cooper, LLP, the Company's independent auditor, for professional services rendered for the audit of the Company's annual financial statements for the fiscal year ended June 30, 2003 and the review of the financial statements included in the Company's Forms 10-QSB for such fiscal year were approximately $79,000.

Financial Information Systems Design and Implementation

There were no fees billed for the professional services described in Paragraph (c)(4)(ii) of Rule 2-01 of Regulation S-X rendered by Semple & Cooper, LLP for the fiscal year ended June 30, 2003.

All Other Fees

Semple & Cooper, LLP billed the Company during the current fiscal year a total of approximately $9,000 for tax preparation and tax consulting services. The Audit Committee has considered whether the provision of these services is compatible with maintaining the principal accountant's independence.

Recommendation

Based on the Audit Committee's discussion with management and the auditors, and the Audit Committee's review of the representations of management and the report of the auditors to the Audit Committee, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-KSB for the year ended June 30, 2003, filed with the Securities and Exchange Commission.

AUDIT COMMITTEE
Harold S. Carpenter
James T. Hecker
Thomas C. LaVoy

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(1) The material in this report is not "soliciting material," is not deemed filed with the commission and is not be to incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Proposal No. 1   ELECTION OF DIRECTORS

The Articles of Incorporation presently provide for a Board of Directors of not more than nine members. The number of Directors of the Company has been fixed at seven by the Company's Board of Directors. The Company's Board of Directors recommends the election of the seven nominees listed below to hold office until the next Annual Meeting of Shareholders or until their successors are elected and qualified or until their earlier death, resignation or removal. The persons named as "proxies" in the enclosed form of Proxy, who have been designated by Management, intend to vote for the seven nominees for election as Directors unless otherwise instructed in such proxy. If at the time of the Meeting, any of the nominees named below should be unable to serve, which event is not expected to occur, the discretionary authority provided in the Proxy will be exercised to cumulatively vote for the remaining nominees, or for a substitute nominee or nominees, if any, as shall be designated by the Board of Directors.

Nominees

The following table sets forth the name and age of each nominee for Director, indicating all positions and offices with the Company presently held by him, and the period during which he has served as such:

Name	Age	Position	Year First Director
Harold S. Carpenter	69	Director	1995
James T. Hecker	46	Director	1997
Robert R. Kauffman	63	Director/C.O.B./C.E.O.	1998
Thomas C. LaVoy	44	Director	1998
Steven P. Oman	54	Director	1998
John A. Carlson	56	Director/E.V.P./C.F.O.	1999
Donald E. Anderson	69	Director	2002

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Business Experience of Nominees

Robert R. Kauffman: Mr. Kauffman was appointed as Chief Executive Officer and Chairman of the Board effective July 1, 1998. Mr. Kauffman was formerly President and Chief Executive Officer of NASDAQ-listed Photocomm, Inc., from 1988 until 1997 (since renamed Kyocera Solar, Inc.). Photocomm was the nation's largest publicly owned manufacturer and marketer of wireless solar electric power systems with annual revenues in excess of $35 million. Prior to Photocomm, Mr. Kauffman was a senior executive of the Atlantic Richfield Company (ARCO) whose varied responsibilities included Senior Vice President of ARCO Solar, Inc., President of ARCO Plastics Company and Vice President of ARCO Chemical Company. Mr. Kauffman earned an M.B.A. in Finance at the Wharton School of the University of Pennsylvania, and holds a B.S. in Chemical Engineering from Lafayette College, Easton, Pennsylvania.

Harold S. Carpenter: Mr. Carpenter is presently the President of Superiorgas Co., Des Moines, Iowa, which is engaged in the business of trading and brokering bulk refined petroleum products with gross sales of approximately $500 million per year. He is also the General Partner of Superiorgas L.P., an investment company affiliated with Superiorgas Co. Mr. Carpenter founded these companies in 1984 and 1980, respectively. Mr. Carpenter is also the President of Carpenter Investment Company, Des Moines, Iowa, which is a real estate investment company holding properties primarily in central Iowa. From 1970 until 1994, Mr. Carpenter was the Chairman of the George A. Rolfes Company of Boone, Iowa, which manufactured air pollution control equipment. Mr. Carpenter graduated from the University of Iowa in 1958 with a Bachelor of Science and Commerce degree.

James T. Hecker: Mr. Hecker is both an Attorney and a Certified Public Accountant. Since 1987 Mr. Hecker has been Vice President, Treasurer and General Counsel of Rhino Capital Incorporated, Evergreen, Colorado, a private capital management company which manages a $60 million portfolio. He also served, since 1992, as a trustee of an $11 million charitable trust. From 1984 to 1987, Mr. Hecker was the Controller of Northern Pump Company, Minneapolis, Minnesota, a multi-state operating oil and gas company with more than 300 properties, with responsibility of all accounting and reporting functions. Prior to that, from 1981 to 1984, Mr. Hecker was Audit Supervisor of Total Petroleum, Inc., Denver, responsible for all phases of internal audit and development of audit and systems controls. Mr. Hecker received a J.D. degree from the University of Denver in 1992, and a B.B.A. degree in Accounting and International Finance from the University of Wisconsin in 1979. He is a member in good standing of the Colorado and the American Bar Associations, the Colorado Society of CPAs, and the American Institute of CPAs.

Steven P. Oman: Mr. Oman was appointed to the Board in June 1998. Since 1991 Mr. Oman has been in the private practice of law in Phoenix, Arizona. From 1986 to 1991, Mr. Oman served as Vice President and General Counsel of Programmed Land, Inc., a Scottsdale-based diversified holding company engaged in real estate, including ownership, development, marketing and management of properties, as well as non-real estate subsidiaries involved in the electronics and automotive industries. Prior to that, from 1978 to 1986, Mr. Oman was President and General Counsel of Charter Development, Inc., a real estate development firm in St. Paul, Minnesota. Mr. Oman received a J.D. degree, cum laude, in 1975 from William Mitchell College of Law, St. Paul, and a Bachelor of Mechanical Engineering degree from the University of Minnesota, Institute of Technology, Minneapolis, in 1970.

Thomas C. LaVoy: Thomas C. LaVoy has served as Chief Financial Officer of SuperShuttle International, Inc., since July 1997 and as Secretary since March 1998. From September 1987 to February 1997, Mr. LaVoy served as Chief Financial Officer of NASDAQ-listed Photocomm, Inc. Mr. LaVoy was a Certified Public Accountant with the firm of KPMG Peat Marwick from 1980 to 1983. Mr. LaVoy has a Bachelor of Science degree in Accounting from St. Cloud University, Minnesota, and is a Certified Public Accountant.

John A. Carlson: Mr. Carlson, Executive Vice President and Chief Financial Officer of Alanco Technologies, Inc., joined the Company in September 1998 as Senior Vice President/Chief Financial Officer. Mr. Carlson started his career with Price Waterhouse & Co. in Chicago, Illinois. He has over twenty-five years of public and private financial and operational management experience, including over twelve years as Chief Financial Officer of a Fortune 1000 printing and publishing company. He earned his Bachelor of Science degree in Business Administration at the University of South Dakota, and is a Certified Public Accountant.

Donald E. Anderson: Donald E. Anderson is President and owner of Programmed Land, Inc., a Minnesota and Scottsdale, Arizona, based company. Programmed Land is a diversified holding company engaged in real estate, including ownership, development, marketing and management of properties. He is also majority owner

of a company involved in the automotive industry. From 1988 until 1997, Mr. Anderson was Chairman of the Board of NASDAQ-listed Photocomm, Inc., a company involved in the solar electric business. Since 1983, Mr. Anderson has also been President of Pine Summit Bible Camp, a non-profit organization that operates a year-round youth camp in Prescott, Arizona. Mr. Anderson has a B.A. degree in accounting.

Proposal No. 2 APPROVAL OF A PROPOSAL TO AUTHORIZE THE BOARD OF DIRECTORS, ONLY IF NECESSARY, TO REVERSE SPLIT THE COMPANY'S OUTSTANDING CLASS A COMMON STOCK ON THE BASIS OF ONE SHARE OF CLASS A COMMON STOCK FOR UP TO TEN SHARES OUTSTANDING. IF THE BOARD OF DIRECTORS HAS NOT EFFECTED THE ACTION CONTEMPLATED HEREUNDER BY DECEMBER 31, 2006, THIS AUTHORIZATION WILL CEASE.

The Board of Directors has recommended a proposal to the Company's Shareholders authorizing the Board of Directors to reverse split the Company's Class A Common Stock if Management determines that a reverse split would be necessary to keep the Common Stock eligible to be quoted on The NASDAQ Stock Market ("NASDAQ"). The effective date and the precise number of shares to be converted is to be determined by the Company's Board of Directors at a later time, but under no circumstances would the reverse stock split be greater than 1 for 10. (This is a similar proposal that the Shareholders approved at the Shareholder Meeting of November 6, 1998, at the Shareholder Meeting of November 5, 1999, at the Shareholder Meeting of November 10, 2000, and at the Shareholder Meeting of November 22, 2002. Authorization under those proposals extended to October 31, 1999, October 31, 2000, October 31, 2002, and December 31, 2005, respectively, and has not been used. The Board of Directors believes the continuation of that proposal through December 31, 2006, is prudent for the reasons explained below.)

The Board is requesting Shareholder authorization to reverse split the Company's outstanding Class A Common Stock on the basis of one share of Class A Common Stock for up to ten shares outstanding, only if necessary, in order to keep the Common Stock eligible to be quoted on The NASDAQ Stock Market ("NASDAQ"). With an objective to maintain the NASDAQ $1.00 minimum bid price for at least 10 trading days, the Board of Directors will take into consideration the immediate impact of a reverse stock split on the stock price as well as price fluctuations caused by current market conditions when determining the final reverse stock split ratio. Approval of this proposal would authorize the Board to reverse split the Company's Class A Common Stock from the time of approval until December 31, 2006. The Board of Directors desires not to effect a reverse stock split but believes that retaining the Company's listing on NASDAQ is crucial to Shareholder value and liquidity and the Company's long-term business prospects. This proposed reverse stock split is not the first part of a Rule 13e-3 Going Private Transaction as defined in paragraph (a)(3)(i) of that regulation, as the reverse stock split proposal is solely for the purpose of maintaining the Company's listing on the NASDAQ SmallCap market.

As of the date of this Proxy Statement, the Company had received notice from NASDAQ that the Company's stock price does not meet the NASDAQ listing eligibility requirement of a minimum closing bid price of $1.00. However, NASDAQ has determined that the Company does meet the initial listing requirements for the NASDAQ SmallCap Market and has given the Company an extension to meet the closing bid price requirement. On September 25, 2003, NASDAQ submitted an amended proposal to the SEC to provide additional extensions for companies failing to meet NASDAQ's minimum $1.00 bid price requirement. If the NASDAQ proposal is approved by the SEC as submitted, the Company could be granted an additional extension up to February, 2004 to take the appropriate actions necessary to meet the bid price requirement.

It is recommended that the shareholders give authorization until December 31, 2006, to the Board of Directors to effect up to a 1 for 10 reverse stock split of the Company's Class A Common Stock. Assuming that a reverse stock split would cause the trading price of the Company's Common Stock to increase in the same proportion as the amount of the split, a reverse stock split would result in a proportionate increase in the quoted bid price of the Common Stock, thereby exceeding NASDAQ's minimum bid price of $1.00.

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For example, if the Board of Directors elects to effect a 1 for 3 reverse stock split, each three issued shares of the Company's Class A Common Stock held on the effective date will automatically be converted into one share of Class A Common Stock. The reverse stock split conversion ratio would also have a proportionate effect on any outstanding Preferred Stock, Options and Warrants. No fractional shares will be issued. Fractional shares created by the reverse stock split will be rounded down to the next whole number. The accumulation of the fractional shares created by the reverse stock split will be accounted for as acquired treasury shares and immediately cancelled pursuant to Arizona law. NO CASH WILL BE PAID FOR FRACTIONAL SHARES.

EFFECT OF REVERSE SPLIT ON HOLDERS OF ODD LOTS OF SHARES

If the maximum 1 for 10 reverse split is authorized and declared, the reverse split would result in holders of fewer than 1,000 shares holding an "odd lot" or less than 100 shares. A securities transaction of 100 or more shares is a "round lot" transaction of shares for securities trading purposes and a transaction of less than 100 shares is an "odd lot" transaction. Round lot transactions are the standard size requirements for securities transactions and odd lot transactions may result in higher transaction costs to the odd lot seller.

EFFECT OF REVERSE SPLIT ON NUMBER OF SHARES OUTSTANDING

The following table sets forth the number of Alanco Common Stock Equivalent shares outstanding after each potential reverse stock split ranging from a 1 for 2 split to a 1 for 10 split, based on 23,534,493 Common Stock Equivalent shares outstanding as of October 27, 2003. The Common Stock Equivalent includes the number of Class A Common Shares plus the number of common shares into which the Series A and Series B Convertible Preferred Stock is convertible, the Series A Convertible Preferred Stock being convertible into three shares of Common Stock and the Series B Convertible Preferred Stock being convertible into thirteen shares of Common Stock. The numbers shown below do not take into account the effect of rounding down of fractional shares resulting from the potential reverse stock split. As discussed above, the fractional shares created by the reverse stock split will be converted into treasury shares and immediately cancelled, thereby reducing the total number of shares outstanding from the values shown below.

Potential Reverse Stock Split	Post-Split Common Stock Equivalent Shares Outstanding

1 for 2	11,767,247
1 for 3	7,844,831
1 for 4	5,883,623
1 for 5	4,706,899
1 for 6	3,922,416
1 for 7	3,362,070
1 for 8	2,941,812
1 for 9	2,614,944
1 for 10	2,353,449

The actual reverse stock split ratio shall be determined by the Board of Directors of the Company based upon the Company's estimation of the post-split trading bid price and the probability of the bid price maintaining the $1.00 minimum for 10 consecutive trading days under various market conditions.

As of the date of this Proxy Statement, the Company has approximately 1,820 shareholders of record (does not include shareholders holding shares in street name). Depending on the final reverse stock split ratio that may be effected, the post-split shareholder of record count would range from approximately 1,515 shareholders of record if a 1 for 2 reverse stock split were effected to approximately 845 shareholders of record if a 1 for 10 reverse stock split were effected.

INDEPENDENT AUDITOR

Semple & Cooper, LLP, Phoenix, Arizona, was appointed as the Company's Independent Auditor for the fiscal years ended June 30, 2000, 2001, 2002, and 2003. The Company anticipates the appointment of Semple & Cooper, LLP to audit the Company's financial statements for the fiscal year ending June 30, 2004. A representative of Semple & Cooper, LLP is expected to attend the Shareholders' Meeting and will have an opportunity to make a statement if the representative desires to do so and is expected to be available to respond to appropriate questions.

REQUEST FOR COPY OF FORM 10-KSB

Shareholders may view a copy of the Form 10-KSB online via the Company's website at www.alanco.com, or may receive a copy, without charge, via e-mail request to alanco@alanco.com, by calling the Company at (480) 607-1010, Ext. 857, or by writing to the Company, to the attention of the Company's Corporate Secretary at 15575 N. 83rd Way, Suite 3, Scottsdale, Arizona 85260.

SHAREHOLDER PROPOSALS TO BE PRESENTED AT THE NEXT ANNUAL MEETING; DISCRETIONARY AUTHORITY; OTHER BUSINESS

Any shareholder who intends to present a proposal at the annual meeting of shareholders for the year ending June 30, 2004 and have it included in the Company's proxy materials for that meeting generally must deliver the proposal to us for our consideration not less than 120 calendar days in advance of the date of the Company's proxy statement released to security holders in connection with the previous year's annual meeting of security holders and must comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended. In accordance with the above rule, the applicable proposal submission deadline for the 2004 annual meeting of shareholders would be June 29, 2004.

Pursuant to Rule 14a-4 under the Securities Exchange Act of 1934, as amended, the Company intends to retain discretionary authority to vote proxies with respect to shareholder proposals properly presented at the Meeting, except in circumstances where (i) the Company receives notice of the proposed matter a reasonable time before the Company begins to mail its proxy materials (including this proxy statement), and (ii) the proponent complies with the other requirements set forth in Rule 14a-4.

The Board of Directors is not aware of any other business to be considered or acted upon at the Meeting other than that for which notice is provided, but in the event other business is properly presented at the Meeting, requiring a vote of shareholders, the proxy will be voted in accordance with the judgment on such matters of the person or persons acting as proxy (except as described in the preceding paragraph). If any matter not appropriate for action at the Meeting should be presented, the holders of the proxies shall vote against the consideration thereof or action thereon.

ADELE L. MACKINTOSH
SECRETARY

Scottsdale, Arizona
November 7, 2003

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CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert R. Kauffman, Chief Executive Officer of Alanco Technologies, Inc., certify that:

1. The Proxy Statement of Alanco Technologies, Inc. for use at the Company's Annual Meeting of Shareholders to be held on December 22, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), which this statement accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Alanco Technologies, Inc.

/s/ Robert R. Kauffman
Robert R. Kauffman
Chief Executive Officer
November 7, 2003

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, John A. Carlson, Chief Financial Officer of Alanco Technologies, Inc., certify that:

1. The Proxy Statement of Alanco Technologies, Inc. for use at the Company's Annual Meeting of Shareholders to be held on December 22, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), which this statement accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Alanco Technologies, Inc.

/s/ John A. Carlson
John A. Carlson
Chief Financial Officer
November 7, 2003

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Adele L. Mackintosh, Secretary of Alanco Technologies, Inc., certify that:

1. The Proxy Statement of Alanco Technologies, Inc. for use at the Company's Annual Meeting of Shareholders to be held on December 22, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), which this statement accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Alanco Technologies, Inc.

/s/ Adele L. Mackintosh
Adele L. Mackintosh
Secretary
November 7, 2003

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DBRR Trust, (11-LC2-AC4), (144A), 4.537%, due 07/12/44[1][2]

2,171,567

Residential Mortgage-Backed Securities Agency (8.1%)

537,901

Federal Home Loan Mortgage Corp., (1673-SD), 15.641%, due 02/15/24(I/F) (PAC)[1][4]

740,263 1,161,485

Federal Home Loan Mortgage Corp., (1760-ZD), 1.24%, due 02/15/24[1][4]

1,179,045 306,363

Federal Home Loan Mortgage Corp., (2990-JK), 21.121%, due 03/15/35(I/F)[1][4]

360,755 9,560,050

Federal Home Loan Mortgage Corp., (3122-SG), 5.409%, due 03/15/36(I/O) (I/F) (TAC) (PAC)[1][4]

1,650,188 4,153,896

Federal Home Loan Mortgage Corp., (3239-SI), 6.429%, due 11/15/36(I/O) (PAC)[1][4]

639,311 4,881,839

Federal Home Loan Mortgage Corp., (3323-SA), 5.889%, due 05/15/37(I/O) (I/F)[1][4]

620,849 2,360,878

Federal Home Loan Mortgage Corp., (3459-JS), 6.029%, due 06/15/38(I/O) (I/F)[1][4]

309,917 7,454,815

Federal Home Loan Mortgage Corp., (4030-HS), 6.389%, due 04/15/42(I/O)[1][4]

1,269,066 12,040,364

Federal National Mortgage Association, (04-53-QV), 1.59%, due 02/25/34(I/O) (I/F)[1][4]

383,787 2,432,391

Federal National Mortgage Association, (07-42-SE), 5.893%, due 05/25/37(I/O) (I/F)[1][4]

276,243 11,425,845

Federal National Mortgage Association, (07-48-SD), 5.883%, due 05/25/37(I/O) (I/F)[1][4]

1,986,575 2,433,608

Federal National Mortgage Association, (09-69-CS), 6.533%, due 09/25/39(I/O) (I/F)[1][4]

412,097 4,057,536

Federal National Mortgage Association, (10-112-PI), 6%, due 10/25/40(I/O)[4]

569,037 3,503,064

Federal National Mortgage Association, (10-99-NI), 6%, due 09/25/40(I/O)[4]

444,105 3,857,052

Government National Mortgage Association, (05-45-DK), 21.117%, due 06/16/35(I/F)[1][4]

5,992,355 10,996,899

Government National Mortgage Association, (06-35-SA), 6.381%, due 07/20/36(I/O) (I/F)[1][4]

1,698,816 19,413,026

Government National Mortgage Association, (06-61-SA), 4.531%, due 11/20/36(I/O) (I/F) (TAC)[1][4]

2,003,230 11,051,146

Government National Mortgage Association, (08-58-TS), 6.181%, due 05/20/38(I/O) (I/F) (TAC)[1][4]

1,620,050

Total Residential Mortgage-Backed Securities Agency

22,155,689

Residential Mortgage-Backed Securities Non-Agency (56.8%)

2,500,000

ACE Securities Corp., (06-ASP3-A2C), 0.366%, due 06/25/36[1]

1,449,594 2,266,041

ACE Securities Corp., (07-ASP1-A2C), 0.476%, due 03/25/37[1]

1,176,481 4,820,495

Adjustable Rate Mortgage Trust, (05-11-2A3), 3.016%, due 02/25/36[1][8]

2,588,687 2,227,506

Adjustable Rate Mortgage Trust, (05-4-6A22), 3.053%, due 08/25/35[1]

1,220,697 1,326,094

Adjustable Rate Mortgage Trust, (06-1-2A1), 3.314%, due 03/25/36[1][8]

894,069 2,776,833

American Home Mortgage Assets, (05-2-2A1A), 3.134%, due 01/25/36[1][8]

1,664,300 2,200,000

Asset-Backed Funding Certificates, (05-HE2-M2), 0.716%, due 06/25/35[1]

2,077,644 3,000,000

Asset-Backed Securities Corp. Home Equity, (06-HE3-A5), 0.486%, due 03/25/36[1]

1,496,610 3,100,000

Asset-Backed Securities Corp. Home Equity, (07-HE1-A4), 0.356%, due 12/25/36[1]

1,647,366 1,558,103

BCAP LLC Trust, (10-RR11-3A2), (144A), 3.021%, due 06/27/36[1][2]

1,503,289 1,505,750

BCAP LLC Trust, (11-RR3-1A5), (144A), 3.094%, due 05/27/37[1][2]

1,472,554

See accompanying Notes to Schedule of Investments.

TCW Strategic Income Fund, Inc.

SCHEDULE OF INVESTMENTS SEPTEMBER 30, 2012 (UNAUDITED) (CONT D)

Principal Amount	Fixed Income Securities	Value
	Collateralized Mortgage Obligations (Continued)	
	Residential Mortgage-Backed Securities Non-Agency (Continued)	
$ 1,991,484	BCAP LLC Trust, (11-RR3-5A3), (144A), 5.094%, due 11/27/37[1][2]	$ 1,898,261
964,622	BCAP LLC Trust, (11-RR4-1A3), (144A), 3.103%, due 03/26/36[1][2]	923,465
1,262,275	BCAP LLC Trust, (11-RR5-1A3), (144A), 2.852%, due 03/26/37[1][2]	1,171,391
769,163	BCAP LLC Trust, (11-RR5-2A3), (144A), 3.049%, due 06/26/37[1][2]	764,227
2,134,159	Bear Stearns Adjustable Rate Mortgage Trust, (07-4-22A1), 5.531%, due 06/25/47[1][8]	1,786,232
1,213,200	Bear Stearns Asset-Backed Securities Trust, (06-IM1-A1), 0.446%, due 04/25/36[1][8]	676,913
455,990	Centex Home Equity, (05-A-AF5), 5.28%, due 01/25/35[1][4]	445,231
3,100,000	Centex Home Equity, (06-A-AV4), 0.466%, due 06/25/36[1]	2,447,064
3,471,543	Citigroup Mortgage Loan Trust, Inc., (05-8-1A1A), 2.919%, due 10/25/35[1]	2,654,600
2,901,889	CitiMortgage Alternative Loan Trust, (06-A3-1A7), 6%, due 07/25/36[8]	2,327,267
1,625,121	CitiMortgage Alternative Loan Trust, (06-A5-1A8), 6%, due 10/25/36[8]	1,327,780
687,692	Conseco Finance Securitizations Corp., (01-4-A4), 7.36%, due 08/01/32	729,674
1,200,000	Countryplace Manufactured Housing Contract Trust, (07-1-A4), (144A), 5.846%, due 07/15/37[1][2]	1,119,882
2,355,635	Countrywide Alternative Loan Trust, (07-11T1-A21), 6%, due 05/25/37[8]	1,656,901
2,618,074	Countrywide Alternative Loan Trust, (07-19-1A4), 6%, due 08/25/37[8]	1,813,440
1,640,307	Countrywide Asset-Backed Certificates, (07-13-2A1), 1.116%, due 10/25/47[1]	1,206,986
2,086,038	Countrywide Home Loans, (04-HYB4-B1), 2.715%, due 09/20/34[1]	161,098
101,176,658	Countrywide Home Loans, (06-14-X), 0.308%, due 09/25/36(I/O)[1][4][5]	1,140,210
3,069,006	Countrywide Home Loans, (06-HYB2-1A1), 2.995%, due 04/20/36[1][8]	1,755,626
656,983	Credit Suisse First Boston Mortgage Securities Corp., (04-AR5-11A2), 0.956%, due 06/25/34[1][4]	642,760
2,531,147	Credit Suisse First Boston Mortgage Securities Corp., (05-12-1A1), 6.5%, due 01/25/36[8]	1,727,989
1,775,015	Credit Suisse Mortgage Capital Certificates, (06-6-1A8), 6%, due 07/25/36[8]	1,248,330
12,485,800	Credit Suisse Mortgage Capital Certificates, (06-9-7A2), 6.333%, due 11/25/36(I/O) (I/F)[1][5]	3,458,985
1,301,414	Credit-Based Asset Servicing and Securitization LLC, (03-CB3-AF1), 3.379%, due 12/25/32[1][4]	1,189,077
1,281,610	Credit-Based Asset Servicing and Securitization LLC, (06-CB1-AF2), 4.303%, due 01/25/36[1]	776,638
3,404,490	Credit-Based Asset Servicing and Securitization LLC, (06-CB2-AF2), 4.407%, due 12/25/36	2,085,921
4,942,466	Deutsche Alt-A Securities, Inc. Mortgage Loan Trust, (06-AB2-A2), 6.16%, due 06/25/36[1][8]	3,395,142
2,015,406	Deutsche Alt-A Securities, Inc. Mortgage Loan Trust, (06-AR6-A6), 0.406%, due 02/25/37[1]	1,183,030
451,613	Downey Savings & Loan Association Mortgage Loan Trust, (06-AR2-2A1A), 0.462%, due 10/19/36[1]	334,204
2,500,000	First Franklin Mortgage Loan Asset Backed Certificates, (06-FF18-A2D), 0.426%, due 12/25/37[1]	1,318,256
1,168,103	Green Tree, (08-MH1-A2), (144A), 8.97%, due 04/25/38[1][2]	1,272,036
1,065,313	Green Tree, (08-MH1-A3), (144A), 8.97%, due 04/25/38[1][2]	1,176,332
2,500,000	Green Tree Financial Corp., (96-10-M1), 7.24%, due 11/15/28[1]	2,748,747
1,200,000	Green Tree Financial Corp., (96-7-M1), 7.7%, due 10/15/27[1]	1,308,596
936,572	Green Tree Financial Corp., (97-3-A5), 7.14%, due 03/15/28	1,026,388
388,268	Green Tree Financial Corp., (97-3-A7), 7.64%, due 03/15/28[1]	430,393
813,989	Green Tree Financial Corp., (98-3-A6), 6.76%, due 03/01/30[1]	880,352
921,457	Green Tree Financial Corp., (98-4-A5), 6.18%, due 04/01/30	930,395
787,962	Green Tree Financial Corp., (98-4-A6), 6.53%, due 04/01/30[1]	824,540
834,358	Green Tree Financial Corp., (98-4-A7), 6.87%, due 04/01/30[1]	897,073
935,000	Greenpoint Manufactured Housing, (99-5-A5), 7.82%, due 12/15/29[1]	994,689
533,328	Greenpoint Mortgage Funding Trust, (05-HE4-1A1), 0.436%, due 07/25/30[1][4]	488,008
2,676,437	GSAA Home Equity Trust, (06-13-AF6), 6.039%, due 07/25/36[1]	1,854,111
301,837	GSAA Home Equity Trust, (06-19-A1), 0.306%, due 12/25/36[1]	158,618

See accompanying Notes to Schedule of Investments.

TCW Strategic Income Fund, Inc.

SCHEDULE OF INVESTMENTS SEPTEMBER 30, 2012 (UNAUDITED) (CONT D)

Principal Amount	Fixed Income Securities	Value
	Collateralized Mortgage Obligations (Continued)	
	Residential Mortgage-Backed Securities Non-Agency (Continued)	
$ 2,850,000	GSAMP Trust, (07-FM2-A2B), 0.306%, due 01/25/37[1]	$ 1,101,193
1,430,727	GSC Capital Corp. Mortgage Trust, (06-2-A1), 0.396%, due 05/25/36[1][8]	670,888
1,242,065	GSR Mortgage Loan Trust, (05-AR3-6A1), 3.004%, due 05/25/35[1]	1,087,099
2,259,477	GSR Mortgage Loan Trust, (06-1F-1A5), 29.334%, due 02/25/36(I/F) (TAC)[1][5]	3,409,778
216,192	Household Home Equity Loan Trust, (05-2-M1), 0.678%, due 01/20/35[1]	205,271
1,000,000	HSI Asset Securitization Corp. Trust, (06-OPT2-2A4), 0.506%, due 01/25/36[1]	894,553
5,370,692	Indymac Index Mortgage Loan Trust, (06-AR13-A4X), 4.316%, due 07/25/36(I/O)[1][5]	247,699
2,051,125	Indymac Index Mortgage Loan Trust, (07-FLX2-A1C), 0.406%, due 04/25/37[1]	969,514
656,381	Indymac Manufactured Housing Contract, (98-2-A4), 6.64%, due 08/25/29[1]	657,326
1,367,935	JPMorgan Alternative Loan Trust, (06-A2-5A1), 5.445%, due 05/25/36[1][8]	1,006,499
1,255,987	JPMorgan Mortgage Trust, (07-S2-1A1), 5%, due 06/25/37[8]	1,016,320
767,807	Lehman ABS Manufactured Housing Contract Trust, (01-B-A6), 6.467%, due 04/15/40[1]	854,325
1,742,724	Lehman XS Trust, (07-14H-A211), 0.73%, due 07/25/47[1][3][8]	905,480
1,300,000	Long Beach Mortgage Loan Trust, (04-4-M1), 1.116%, due 10/25/34[1][4]	1,117,882
3,470,717	MASTR Adjustable Rate Mortgages Trust, (07-3-22A5), 0.556%, due 05/25/47[1][8]	505,230
2,426,496	MASTR Alternative Loans Trust, (07-HF1-4A1), 7%, due 10/25/47[8]	1,816,274
1,931,089	Merrill Lynch First Franklin Mortgage Loan Trust, (07-3-A2B), 0.346%, due 06/25/37[1]	1,464,271
2,450,000	Merrill Lynch First Franklin Mortgage Loan Trust, (07-3-A2C), 0.396%, due 06/25/37[1]	1,175,075
3,402,873	Merrill Lynch First Franklin Mortgage Loan Trust, (07-5-2A2), 1.216%, due 10/25/37[1]	2,143,085
1,290,747	Merrill Lynch Mortgage Backed Securities Trust, (07-2-1A1), 2.547%, due 08/25/36[1]	1,061,952
706,851	Mid-State Trust, (04-1-B), 8.9%, due 08/15/37	729,064
706,851	Mid-State Trust, (04-1-M1), 6.497%, due 08/15/37	719,376
348,970	Mid-State Trust, (6-A1), 7.34%, due 07/01/35[4]	363,140
547,403	Mid-State Trust, (6-A3), 7.54%, due 07/01/35	556,681
1,550,727	Morgan Stanley Capital, Inc., (03-NC6-M1), 1.416%, due 06/25/33[1][4]	1,367,440
345,442	Morgan Stanley Capital, Inc., (05-HE3-M2), 0.736%, due 07/25/35[1]	340,583
1,500,000	Morgan Stanley Capital, Inc., (05-HE3-M3), 0.746%, due 07/25/35[1]	1,300,909
2,327,010	Morgan Stanley Mortgage Loan Trust, (07-15AR-4A1), 4.868%, due 11/25/37[1]	1,644,349
3,000,000	Nationstar Home Equity Loan Trust, (07-B-2AV3), 0.466%, due 04/25/37[1]	1,665,059
1,280,000	New Century Home Equity Loan Trust, (05-3-M1), 0.696%, due 07/25/35[1]	1,255,186
3,335,620	Nomura Asset Acceptance Corp., (06-AR1-1A), 3.556%, due 02/25/36[1][8]	2,059,030
3,178,733	Novastar Home Equity Loan, (06-2-A2C), 0.366%, due 06/25/36[1]	1,681,406
569,650	Oakwood Mortgage Investors, Inc., (01-D-A3), 5.9%, due 09/15/22[1]	428,054
931,512	Oakwood Mortgage Investors, Inc., (01-D-A4), 6.93%, due 09/15/31[1]	774,029
788,658	Oakwood Mortgage Investors, Inc., (02-A-A3), 6.03%, due 05/15/24[1]	800,780
492,939	Oakwood Mortgage Investors, Inc., (98-D-A), 6.4%, due 01/15/29	502,909
836,942	Oakwood Mortgage Investors, Inc., (99-B-A4), 6.99%, due 12/15/26	858,288
937,203	Origen Manufactured Housing, (04-A-M2), 6.64%, due 01/15/35[1]	1,043,141
789,224	Origen Manufactured Housing, (05-A-M1), 5.46%, due 06/15/36[1]	836,414
349,305	Origen Manufactured Housing, (06-A-A1), 0.37%, due 11/15/18[1]	346,122
1,018,037	Park Place Securities, Inc., (05-WCH1-M2), 0.736%, due 01/25/36[1]	997,958
1,810,000	Park Place Securities, Inc., (05-WCW1-M1), 0.666%, due 09/25/35[1]	1,615,646
1,140,023	Park Place Securities, Inc., (05-WHQ1-M2), 0.716%, due 03/25/35[1][4]	1,066,364
1,128,428	Popular ABS Mortgage Pass-Through Trust, (05-3-AF4), 4.776%, due 07/25/35[1]	1,169,807

See accompanying Notes to Schedule of Investments.

TCW Strategic Income Fund, Inc.

SCHEDULE OF INVESTMENTS SEPTEMBER 30, 2012 (UNAUDITED) (CONT D)

Principal Amount	Fixed Income Securities	Value
	Collateralized Mortgage Obligations (Continued)	
	Residential Mortgage-Backed Securities Non-Agency (Continued)	
$ 1,628,258	Residential Accredit Loans, Inc., (06-Q07-2A1), 0.998%, due 09/25/46[1]	$ 894,301
1,579,200	Residential Accredit Loans, Inc., (06-QS1-A3), 5.75%, due 01/25/36(PAC)[8]	1,270,713
36,292,052	Residential Accredit Loans, Inc., (06-QS11-AV), 0.33%, due 08/25/36(I/O)[1][5]	517,543
17,896,229	Residential Accredit Loans, Inc., (06-QS6-1AV), 0.724%, due 06/25/36(I/O)[1][5]	521,353
3,510,078	Residential Accredit Loans, Inc., (06-QS8-A3), 6%, due 08/25/36[8]	2,678,957
39,520,818	Residential Accredit Loans, Inc., (07-QS2-AV), 0.316%, due 01/25/37(I/O)[1][5]	529,816
40,270,751	Residential Accredit Loans, Inc., (07-QS3-AV), 0.317%, due 02/25/37(I/O)[1][5]	537,292
1,009,026	Residential Accredit Loans, Inc., (07-QS6-A62), 5.5%, due 04/25/37(TAC)[8]	705,394
6,719,531	Residential Asset Securitization Trust, (07-A5-AX), 6%, due 05/25/37(I/O)[5]	1,002,932
125,554,931	Residential Funding Mortgage Securities, (06-S9-AV), 0.302%, due 09/25/36(I/O)[1][5]	1,209,973
538,334	Residential Funding Mortgage Securities II, Inc., (01-HI3-AI7), 7.56%, due 07/25/26[1]	545,309
2,903,892	Securitized Asset-Backed Receivables LLC Trust, (07-BR4-A2C), 0.506%, due 05/25/37[1]	1,427,025
4,563,378	Soundview Home Equity Loan Trust, (06-WF1-A3), 5.561%, due 10/25/36[1]	3,398,188
1,523,084	Structured Adjustable Rate Mortgage Loan Trust, (05-20-1A1), 4.306%, due 10/25/35[1][8]	917,580
1,219,448	Structured Adjustable Rate Mortgage Loan Trust, (07-9-2A1), 5.981%, due 10/25/47[1][8]	747,966
1,461,354	Structured Asset Mortgage Investments, Inc., (07-AR6-A1), 1.648%, due 08/25/47[1]	969,523
1,000,000	Structured Asset Securities Corp., (05-WF4-M2), 0.646%, due 11/25/35[1]	782,963
80,648	Terwin Mortgage Trust, (06-17HE-A2A), (144A), 2.974%, due 01/25/38[1][2][8]	77,374
394,790	UCFC Manufactured Housing Contract, (97-4-A4), 6.995%, due 04/15/29[1]	405,950
742,587	Vanderbilt Acquisition Loan Trust, (02-1-A4), 6.57%, due 05/07/27[1][4]	781,188
521,753	Vanderbilt Acquisition Loan Trust, (02-1-M1), 7.33%, due 05/07/32[1]	547,728
1,362,397	Vanderbilt Mortgage Finance, (00-C-ARM), 0.578%, due 10/07/30[1]	1,060,573
869,580	Vanderbilt Mortgage Finance, (01-A-M1), 7.74%, due 04/07/31[1]	898,338
507,840	Vanderbilt Mortgage Finance, (01-C-M1), 6.76%, due 01/07/32	517,589
900,000	Vanderbilt Mortgage Finance, (02-C-A5), 7.6%, due 12/07/32	940,869
3,622,380	WAMU Asset-Backed Certificates, (07-HE1-2A3), 0.366%, due 01/25/37[1]	1,675,064
1,653,375	Washington Mutual Mortgage Pass-Through Certificates, (06-AR9-2A), 0.987%, due 11/25/46[1][8]	773,747
1,488,257	Wells Fargo Mortgage Backed Securities Trust, (06-2-1A4), 18.792%, due 03/25/36(I/F)[1][5]	2,101,439
1,714,624	Wells Fargo Mortgage Backed Securities Trust, (06-AR10-5A1), 2.613%, due 07/25/36[1][8]	1,471,512
1,705,629	Wells Fargo Mortgage Backed Securities Trust, (07-AR3-A4), 5.724%, due 04/25/37[1][8]	1,530,665
1,914,375	Wells Fargo Mortgage Loan Trust, (10-RR4-1A2), (144A), 5.168%, due 12/27/46[1][2][8]	706,318
	Total Residential Mortgage-Backed Securities Non-Agency	154,124,780
	Total Collateralized Mortgage Obligations (Cost: $156,051,903)	178,452,036
	Bank Loans (2.4%)	
	Electric (1.2%)	
1,106,537	Mach Gen, LLC Second Lien Term Loan, 22.6%, due 02/20/15[9]	707,262
3,500,000	TXU U.S. Holdings Co. Extended First Lien Term Loan, 11%, due 10/10/17[9]	2,419,921
	Total Electric	3,127,183
	Lodging (0.5%)	
1,400,000	Caesars Entertainment Operating Co. First Lien Term Loan, 8%, due 01/28/18[9]	1,276,001

	Telecommunications (0.7%)	
987,500	Intelsat Jackson Holdings, Ltd. Term Loan, 6.1%, due 04/02/18[9]	992,376

See accompanying Notes to Schedule of Investments.

TCW Strategic Income Fund, Inc.

SCHEDULE OF INVESTMENTS SEPTEMBER 30, 2012 (UNAUDITED) (CONT D)

Principal Amount	Fixed Income Securities	Value
	Bank Loans (Continued)	
	Telecommunications (Continued)	
$ 987,500	Intelsat Jackson Holdings, Ltd. Term Loan, 6.1%, due 04/02/18[9]	$ 992,438
	Total Telecommunications	1,984,814
	Total Bank Loans (Cost: $6,405,978)	6,387,998
	Corporate Bonds (16.7%)	
	Airlines (1.8%)	
1,849,747	Continental Airlines, Inc. Pass-Through Certificates, (00-2-A1), 7.707%, due 10/02/22(EETC)	2,074,029
866,417	Delta Air Lines, Inc. Pass-Through Certificates, (02-1G1), 6.718%, due 07/02/24(EETC)	951,976
1,000,000	JetBlue Airways Corp. Pass-Through Trust, (04-2-G2), 0.884%, due 05/15/18(EETC)[1]	880,000
841,899	US Airways Group, Inc. Pass-Through Certificates, (10-1A), 6.25%, due 10/22/24(EETC)	900,832
	Total Airlines	4,806,837
	Banks (4.0%)	
700,000	Abbey National Treasury Services PLC (United Kingdom), (144A), 3.875%, due 11/10/14[2]	714,780
1,635,000	Bank of America Corp., 5.625%, due 07/01/20	1,867,381
1,000,000	Bank of America NA, 0.688%, due 06/15/17[1]	920,616
1,400,000	Chase Capital III, 0.968%, due 03/01/27[1]	1,080,263
400,000	Chase Capital VI, 1.069%, due 08/01/28[1]	307,392
2,000,000	Citigroup, Inc., 0.976%, due 08/25/36[1]	1,357,765
1,250,000	Goldman Sachs Group, Inc. (The), 5.35%, due 01/15/16	1,380,960
975,000	Lloyds TSB Bank PLC (United Kingdom), 4.875%, due 01/21/16	1,071,532
650,000	Lloyds TSB Bank PLC (United Kingdom), (144A), 5.8%, due 01/13/20[2]	751,820
1,500,000	Morgan Stanley, 0.905%, due 10/18/16[1]	1,409,836
	Total Banks	10,862,345
	Coal (0.2%)	
675,000	Arch Coal, Inc., 7%, due 06/15/19	567,000
	Diversified Financial Services (1.8%)	
475,000	Cantor Fitzgerald LP, (144A), 6.375%, due 06/26/15[2]	481,098
2,000,000	General Electric Capital Corp., 0.914%, due 08/15/36[1][4]	1,482,084
1,400,000	International Lease Finance Corp., (144A), 6.5%, due 09/01/14[2]	1,512,000
1,000,000	JPMorgan Chase Capital XXIII, 1.434%, due 05/15/47[1]	700,000
715,000	ZFS Finance USA Trust II, (144A), 6.45%, due 12/15/65[1][2]	761,475
	Total Diversified Financial Services	4,936,657

	Electric (3.3%)	
850,000	AES Corp., 7.75%, due 10/15/15	964,750
2,250,000	Dynegy Roseton/Danskammer Pass-Through Trust, Series B, 7.67%, due 11/08/16(EETC)(7)	1,361,250
650,000	Edison Mission Energy, 7%, due 05/15/17	339,625
798,530	Mirant Mid-Atlantic Pass-Through Certificates, Series B, 9.125%, due 06/30/17(EETC)	874,390
1,169,153	Mirant Mid-Atlantic Pass-Through Certificates, Series C, 10.06%, due 12/30/28(EETC)	1,326,989
2,480,000	NRG Energy, Inc., 7.625%, due 01/15/18	2,697,000
1,200,000	PNM Resources, Inc., 9.25%, due 05/15/15	1,380,000
	Total Electric	8,944,004

See accompanying Notes to Schedule of Investments.

TCW Strategic Income Fund, Inc.

SCHEDULE OF INVESTMENTS SEPTEMBER 30, 2012 (UNAUDITED) (CONT D)

Principal Amount	Fixed Income Securities	Value
	Corporate Bonds (Continued)	
	Engineering & Construction (0.3%)	
$ 700,000	BAA Funding, Ltd., (144A), 4.875%, due 07/15/23[2]	$ 744,938
	Gas (1.7%)	
1,190,000	Sabine Pass LNG, LP, 7.5%, due 11/30/16	1,288,175
1,500,000	Sabine Pass LNG, LP, (144A), 7.5%, due 11/30/16[2]	1,563,750
2,066,000	Southern Union Co., 3.462%, due 11/01/66[1]	1,657,965
	Total Gas	4,509,890
	Healthcare-Services (0.2%)	
540,000	CHS/Community Health Systems, Inc., 8%, due 11/15/19	594,000
	Iron & Steel (0.3%)	
800,000	Vale SA, 5.625%, due 09/11/42	816,101
	Real Estate (0.5%)	
1,375,000	Post Apartment Homes, LP, 4.75%, due 10/15/17	1,511,097
	REIT (2.0%)	
1,000,000	HCP, Inc., 6%, due 01/30/17	1,152,036
500,000	HCP, Inc., 6.3%, due 09/15/16	573,325
1,000,000	Health Care REIT, Inc., 4.7%, due 09/15/17	1,104,913
700,000	Healthcare Realty Trust, Inc., 5.75%, due 01/15/21	777,024
700,000	Healthcare Realty Trust, Inc., 6.5%, due 01/17/17	799,485
950,000	SL Green Realty Corp., 5%, due 08/15/18	1,020,538
	Total REIT	5,427,321
	Telecommunications (0.3%)	
790,000	Nextel Communications, Inc., Series C, 5.95%, due 03/15/14	791,481
	Trucking & Leasing (0.3%)	
856,000	AWAS Aviation Capital, Ltd., (144A), 7%, due 10/17/16[2]	911,640
	Total Corporate Bonds (Cost: $43,817,509)	45,423,311
	Municipal Bonds (0.8%)	
1,200,000	Illinois State Build America Bonds, 6.63%, due 02/01/35	1,339,236
765,000	llinois State General Obligation Bonds, 5.1%, due 06/01/33	742,172

	Total Municipal Bonds (Cost: $1,991,442)	2,081,408
	Total Fixed Income Securities (Cost: $244,326,858) (99.3%)	269,511,709
	Convertible Securities	
	Convertible Corporate Bonds (1.0%)	
	Commercial Services (0.3%)	
907,000	Euronet Worldwide, Inc., 3.5%, due 10/15/25	908,134
	Diversified Financial Services (0.1%)	
256,000	Janus Capital Group, Inc., 3.25%, due 07/15/14	272,333
	Semiconductors (0.1%)	
220,000	Xilinx, Inc., 3.125%, due 03/15/37	264,000

See accompanying Notes to Schedule of Investments.

TCW Strategic Income Fund, Inc.

SCHEDULE OF INVESTMENTS SEPTEMBER 30, 2012 (UNAUDITED) (CONT D)

Principal Amount	Convertible Securities	Value
	Convertible Corporate Bonds (Continued)	
	Telecommunications (0.5%)	
$ 1,297,000	Ciena Corp., 0.25%, due 05/01/13	$ 1,287,028
	Total Convertible Corporate Bonds (Cost: $2,650,754)	2,731,495
Number of Shares	**Convertible Preferred Stock (0.5%)**	
	Electric (0.3%)	
16,500	AES Corp., $3.375	822,360
	Oil & Gas (0.2%)	
8,200	Chesapeake Energy Corp., $5.00	656,000
	Total Convertible Preferred Stock (Cost: $1,473,300)	1,478,360
	Total Convertible Securities (Cost: $4,124,054) (1.5%)	4,209,855

Principal Amount	Short Term Investments	
	Repurchase Agreement (Cost: $2,126,049) (0.8%)	
$ 2,126,049	State Street Bank & Trust Company, 0.01%, due 10/01/12 (collateralized by $2,005,000 U.S. Treasury Note, 3.125%, due 11/15/41, valued at $2,172,891) (Total Amount to be Received Upon Repurchase $2,126,051)	2,126,049
	U.S. Treasury Security (Cost: $1,634,668) (0.6%)	
1,635,000	U.S. Treasury Bill , 0.01%, due 12/13/12[10]	1,634,727
	Total Short-Term Investments (cost $3,760,717) (1.4%)	3,760,776
	TOTAL INVESTMENTS (Cost $252,211,629) (102.2%)	277,482,340
	LIABILITIES IN EXCESS OF OTHER ASSETS (-2.2%)	(5,993,834)
	NET ASSETS (100.0%)	$ 271,488,506

Futures Contracts[11]

Number of	Type	Expiration Date	Notional Contract Value	Net Unrealized Appreciation

Contracts				
BUY				
87	S&P 500 Index Futures	12/20/12	$ 31,193,850	$ 229,235
3	S&P 500 E Mini Index Futures	12/21/12	215,130	1,577
			$ 31,408,980	$ 230,812
SELL				
16	30-Year U.S. Treasury Bond Futures	12/19/12	$ 2,390,000	$ 15,264

Notes to Schedule of Investments:

(1) Floating or variable rate security. The interest shown reflects the rate in effect at September 30, 2012.

(2) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2012, the value of these securities amounted to $52,219,499 or 19.2% of net assets. These securities are determined to be liquid by the Advisor, unless otherwise noted, under procedures established by and under the general supervision of the Fund s Board of Directors.

(3) As of September 30, 2012, security is not accruing interest.

See accompanying Notes to Schedule of Investments.

TCW Strategic Income Fund, Inc.

SCHEDULE OF INVESTMENTS SEPTEMBER 30, 2012 (UNAUDITED) (CONT D)

(4) All or a portion of this security is segregated to cover open futures contracts. (Note 1)
(5) Illiquid security.
(6) Restricted security (Note 3).
(7) Security is currently in default due to bankruptcy or failure to make payment of principal or interest of the issuer. Income is not being accrued.
(8) A portion of the principal balance has been written-off during the period due to defaults in the underlying loans.
(9) Rate stated is the effective yield.
(10) Rate shown represents yield-to-maturity.
(11) As of September 30, 2012, the Fund has sufficient assets to cover any commitments or collateral requirements of the relevant broker or exchange.
CLO - Collateralized Loan Obligation.
EETC - Enhanced Equipment Trust Certificate.
I/F - Inverse Floating rate security whose interest rate moves in the opposite direction of prevailing interest rates.
I/O - Interest Only Security.
PAC - Planned Amortization Class.
REIT - Real Estate Investment Trust.
TAC - Target Amortization Class.
See accompanying Notes to Schedule of Investments.

TCW Strategic Income Fund, Inc.

Investments by Industry (Unaudited) September 30, 2012

Industry	Percentage of Net Assets
Residential Mortgage-Backed Securities Non-Agency	56.8 %
Asset-Backed Securities	13.7
Residential Mortgage-Backed Securities Agency	8.1
Electric	4.8
Banks	4.0
REIT	2.0
Diversified Financial Services	1.9
Airlines	1.8
Gas	1.7
Telecommunications	1.5
Commercial Mortgage-Backed Securities	0.8
Municipal Bonds	0.8
Lodging	0.5
Real Estate	0.5
Commercial Services	0.3
Engineering & Construction	0.3
Iron & Steel	0.3
Trucking & Leasing	0.3
Coal	0.2
Healthcare-Services	0.2
Oil & Gas	0.2
Semiconductors	0.1
Short-Term Investments	1.4
Total	102.2%

See accompanying notes to Schedule of Investments.

TCW Strategic Income Fund, Inc.

Notes to Schedule of Investments (Unaudited)

Note 1 Security Valuation

Securities traded on national exchanges are valued at the last reported sales price or the mean of the current bid and asked prices if there are no sales in the trading period. Other securities which are traded on the over-the-counter market are valued at the mean of the current bid and asked prices as furnished by independent pricing services or by dealer quotations. Short-term debt securities with maturities of 60 days or less at the time of purchase are valued at amortized cost. Other short-term debt securities are valued on a marked-to-market basis until such time as they reach a remaining maturity of 60 days, after which they are valued at amortized cost using their value of the 61st day prior to maturity. S&P 500 Index futures contracts are valued at the first sale price after 4 p.m. ET on the Chicago Mercantile Exchange. Swap agreements are valued at the last ask price if no sales are reported.

Securities for which market quotations are not readily available, including circumstances under which it is determined by the Advisor that sale or mean prices are not reflective of a security s market value, are valued at their fair value as determined in good faith under procedures established by and under the general supervision of the Fund s Board of Directors.

Fair value is defined as the price that a fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market for the investment. In accordance with the authoritative guidance on fair value measurements and disclosures under that accounting principles generally accepted in the United States of America (GAAP), the Fund discloses investments in a three-tier hierarchy. This hierarchy is utilized to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund s own assumptions in determining the fair value of investments)

Changes in valuation techniques may result in transfers in or out of an investment s assigned Level within the hierarchy. The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments and the determination of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to each security.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition, as well as changes related to liquidity of investments, could cause a security to be reclassified between Level 1, Level 2, or Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair Value Measurements: A description of the valuation techniques applied to the Fund s major categories of assets and liabilities measured at fair value on a recurring basis follows:

Asset-backed securities, mortgage-backed securities and collateralized mortgage obligations. The fair value of asset-backed securities, mortgage-backed securities and collateralized mortgage obligations is estimated based on models that consider the estimated cash flows of each debt tranche of the issuer, establish a benchmark yield, and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche including, but not limited to, the prepayment speed assumptions and attributes of the collateral. To the extent the inputs are observable and timely, the values would be categorized in Level 2 of the fair value hierarchy, otherwise they would be categorized as Level 3.

Bank loans. The fair value of bank loans is estimated using recently executed transactions, market price quotations, credit/market events, and cross-asset pricing. Inputs are generally observable and are obtained from independent sources. Bank loans are generally categorized in Level 2 of the fair value hierarchy, unless key inputs are unobservable, which are then in Level 3.

Corporate bonds. The fair value of corporate bonds is estimated using recently executed transactions, market price quotations (where observable), bond spreads, or credit default swap spreads adjusted for any basis difference between cash and derivative instruments. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy; in instances where prices, spreads, or any of the other aforementioned key inputs are unobservable, they are categorized in Level 3 of the hierarchy.

Equity securities. Securities are generally valued based on quoted prices from the applicable exchange. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized in Level 1 of the fair value hierarchy. Restricted securities issued by publicly held companies are valued at a discount to similar publicly traded securities and may be categorized as Level 2 of the fair value hierarchy to the extent that the discount is considered to be insignificant to the fair value measurement in its entirety, otherwise they may be categorized as Level 3. Restricted securities held in non-public entities are included in Level 3 of the fair value hierarchy because they trade infrequently, and, therefore, the inputs are unobservable.

Futures contracts. Futures contracts are generally valued at the settlement prices established at the close of business each day by the exchange on which they are traded. The value of each of the Fund s futures contracts is marked daily and an appropriate payable or receivable for the change in value (variation margin) is recorded by the Fund. As such they are categorized as Level 1.

Municipal bonds. Municipal bonds are fair valued based on pricing models that take into account, among other factors, information received from market makers and broker-dealers, current trades, bid-wants lists, offerings, market movements, the callability of the bond, state of issuance, benchmark yield curves, and bond insurance. To the extent that these inputs are observable and timely, the fair values of municipal bonds are categorized as Level 2; otherwise the fair values are categorized as Level 3.

Restricted securities. Restricted securities that are deemed to be both Rule 144A securities and illiquid, as well as restricted securities held in non-public entities, are included in Level 3 of the fair value hierarchy because they trade infrequently, and, therefore, the inputs are unobservable. Any other restricted securities are valued at a discount to similar publicly traded securities and may be categorized as Level 2 of the fair value hierarchy to the extent that the discount is considered to be insignificant to the fair value measurement in its entirety, otherwise they may be categorized as Level 3.

U.S. government and agency securities. U.S. government and agency securities are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, quoted market prices, and reference data. Accordingly, U.S. government and agency securities are normally categorized in Level 1 or 2 of the fair value hierarchy depending on the liquidity and transparency of the market.

The following is a summary of the inputs used as of September 30, 2012 in valuing the Fund s investments:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Fixed Income Securities				
Asset-Backed Securities	$	$ 36,729,818	$ 437,138	$ 37,166,956
Collateralized Mortgage Obligations				
Commercial Mortgage-Backed Securities		2,171,567		2,171,567
Residential Mortgage-Backed Securities Agency		22,155,689		22,155,689
Residential Mortgage-Backed Securities Non-Agency		139,447,760	14,677,020	154,124,780
Total Collateralized Mortgage Obligations		163,775,016	14,677,020	178,452,036
Bank Loans				
Electric		3,127,183		3,127,183
Lodging		1,276,001		1,276,001
Telecommunications		1,984,814		1,984,814
Total Bank Loans		6,387,998		6,387,998
Corporate Bonds				
Airlines		4,806,837		4,806,837
Banks		10,862,345		10,862,345
Coal		567,000		567,000
Diversified Financial Services		4,936,657		4,936,657
Electric		8,944,004		8,944,004
Engineering & Construction		744,938		744,938
Gas		4,509,890		4,509,890
Healthcare-Services		594,000		594,000
Iron & Steel		816,101		816,101
Real Estate		1,511,097		1,511,097
REIT		5,427,321		5,427,321
Telecommunications		791,481		791,481
Trucking & Leasing		911,640		911,640
Total Corporate Bonds		45,423,311		45,423,311
Municipal Bonds		2,081,408		2,081,408
Total Fixed Income Securities		254,397,551	15,114,158	269,511,709
Convertible Securities				
Convertible Corporate Bonds				
Commercial Services		908,134		908,134
Diversified Financial Services		272,333		272,333
Semiconductors		264,000		264,000
Telecommunications		1,287,028		1,287,028
Total Convertible Corporate Bonds		2,731,495		2,731,495
Convertible Preferred Stock				

Electric	822,360			822,360
Oil & Gas	656,000			656,000
Total Convertible Preferred Stock	1,478,360			1,478,360
Total Convertible Securities	1,478,360	2,731,495		4,209,855
Total Short-Term Investments	1,634,727	2,126,049		3,760,776
Total Investments	3,113,087	259,255,095	15,114,158	277,482,340
Derivatives				
Futures Contracts				
Equity Risk	230,812			230,812
Interest Rate Risk	15,264			15,264
Total Derivatives	246,076			246,076
Total	$ 3,359,163	$ 259,255,095	$ 15,114,158	$ 277,728,416

The Fund did not have any transfers in and out of Level 1 and Level 2 of the fair value hierarchy during the nine months ended September 30, 2012.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining value:

	Balance as of 12/31/2011	Accrued Discounts (Premiums)	Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Purchases	Sales	Transfers into Level 3	Transfers (out) of Level 3	Balance as of 9/30/2012	Net Change in Unrealized Appreciation (Depreciation) from Investments Still Held as of 9/30/2012
Asset-Backed Securities	$ 437,144	$	$	$ (6)	$	$	$	$	$ 437,138	$ (6)
Residential Mortgage-Backed Securities Non-Agency	15,734,843		2,092,454	(911,768)	2,129,388	(4,367,897)			14,677,020	(911,768)
Total	$ 16,171,987	$	$ 2,092,454	$ (911,774)	$ 2,129,388	$ (4,367,897)	$	$	$ 15,114,158	$ (911,774)

Significant unobservable valuations inputs for Level 3 investments as of September 30, 2012, are as follows:

Description	Fair Value at 9/30/2012	Valuation Techniques	Unobservable Input	Range
Asset-Backed Securities	$ 437,138	Methods of Comparables/Consensus Pricing	Offered Quotes	$ 100.00
Residential Mortgage-Backed Securities - Non-Agency (Interest Only Securities)	$ 9,165,803	Methods of Comparables/Consensus Pricing	Offered Quotes	$ 0.96 to $27.70
Residential Mortgage-Backed Securities - Non-Agency (Inverse Floater Securities)	$ 5,511,217	Methods of Comparables/Consensus Pricing	Offered Quotes	$ 141.20 to $150.91

Derivative Instruments: Derivatives are financial instruments whose values are based on the values of one or more indicators, such as a security, asset, currency, interest rate, or index. Derivative transactions can create investment leverage and may be highly volatile. It is possible that a derivative transaction will result in a loss greater than the principal amount invested. The Fund may not be able to close out a derivative transaction at a favorable time or price.

For the nine months ended September 30, 2012, the Fund had the following derivatives and transactions in derivatives, grouped in the following risk categories:

	Equity Risk	Interest Risk	Total
TCW Strategic Income Fund			
Asset Derivatives			
Futures Contracts	$ 230,812	$ 15,264	$ 246,076
Notional Amounts			
Futures Contracts	90	16	106

Amount represents notional amount or number of contracts outstanding at the end of the period.

Futures Contracts: The Fund may seek to manage a variety of different risks through the use of futures contracts, such as interest rate risk, equity price risk, and currency risk. The Fund may use index futures to hedge against broad market risks to its portfolio or to gain broad market exposure when it holds uninvested cash or as an inexpensive substitute for cash investments directly in securities or other assets. Securities index futures contracts are contracts to buy or sell units of a securities index at a specified future date at a price agreed upon when the contract is made and are settled in cash. Positions in futures may be closed out only on an exchange or board of trade which provides a secondary market for such futures. Because futures contracts are exchange-traded, they typically have minimal exposure to counterparty risk.

Parties to a futures contract are not required to post the entire notional amount of the contract, but rather a small percentage of that amount (by way of margin), both at the time they enter into futures transactions, and then on a daily basis if their positions decline in value; as a result, futures contracts are highly leveraged. Such payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. Because futures markets are highly leveraged, they can be extremely volatile, and there can be no assurance that the pricing of a futures contract will correlate precisely with the pricing of the asset or index underlying it or the asset or liability of the Fund that is the subject of the hedge. It may not always be possible for the Fund to enter into a closing transaction with respect to a futures contract it has entered into, at a favorable time or price. When the Fund enters into a futures transaction, it is subject to the risk that the value of the futures contract will move in a direction unfavorable to it.

When the Fund uses futures contracts for hedging purposes, it is likely that the Fund will have an asset or liability that will offset any loss (or gain) on the transactions, at least in part. When a futures contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. During the period ended September 30, 2012 the Fund used futures contracts to gain exposure to the S&P Index. Futures contracts outstanding at the end of the period are listed in the Fund s Schedule of Investments.

Swap Agreements: The Fund may enter into swap agreements. Swap agreements are typically two-party contracts entered into primarily by institutional investors. In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which may be adjusted for an interest factor. The gross returns to be exchanged or swapped between the parties are generally calculated with respect to a notional amount, (i.e., the return on or increase in value of a particular dollar amount invested at a particular interest rate or in a basket of securities representing a particular index).

The Fund may enter into credit default swap transactions, as a buyer or seller of credit protection. In a credit default swap, one party provides what is in effect insurance against a default or other adverse credit event affecting an issuer of debt securities (typically referred to as a reference entity). In general, the buyer of credit protection is obligated to pay the protection seller an upfront amount or a periodic stream of payments over the term of the swap. If a credit event occurs, the buyer has the right to deliver to the seller bonds or other obligations of the reference entity (with a value up to the full notional value of the swap), and to receive a payment equal to the par value of the bonds or other obligations. Credit events that would trigger a request that the seller make payment are specific to each credit default swap agreement, but generally include bankruptcy, failure to pay, restructuring, obligation acceleration, obligation default, or repudiation/moratorium. When the Fund buys protection, it may or may not own securities of the reference entity. When the Fund sells protection under a credit default swap, the position may have the effect of creating leverage in the Fund s portfolio through the Fund s indirect long exposure to the issuer or securities on which the swap is written. When the Fund sells protection, it may do so either to earn additional income or to create such a synthetic long position.

Whenever the Fund enters into a swap agreement, it takes on counterparty risk the risk that its counterparty will be unable or unwilling to meet its obligations under the swap agreement. The Fund also takes the risk that the market will move against its position in the swap agreement. When the Fund enters into any type of swap for hedging purposes, it is likely that the Fund will have an asset or liability that will offset any loss (or gain) on the swap, at least in part. Swap agreements may be non-transferable or otherwise highly illiquid, and a Fund may not be able to terminate or transfer a swap agreement at any particular time or at an acceptable price.

During the term of a swap transaction, changes in the value of the swap are recognized as unrealized gains or losses by marking to market to reflect the market value of the swap. When the swap is terminated, the Fund will record a realized gain or loss equal to the difference, if any, between the proceeds from (or cost of) the closing transaction and the Fund s basis in the agreement. Upfront swap premium payments paid or received by a Fund, if any, are recorded within the value of the open swap agreement and represent payments paid or received upon entering into the swap agreement to compensate for differences between stated terms of the swap agreement and prevailing market conditions (credit spreads, currency exchange rates, and other relevant factors). These upfront payments are recorded as realized gain or loss on the Fund s Statement of Operations upon termination or maturity of the swap agreement.

During the term of a swap transaction, the periodic net payments can be made for a set period of time or may be triggered by a predetermined credit event. The net periodic payments may be based on a fixed or variable interest rate, the change in market value of a specified security, basket of securities or index, or the return generated by a security. These periodic payments received or made by the Fund are recorded as realized gains and losses, respectively. At September 30, 2012, there were no open Swaps agreements.

Mortgage-Backed Securities: The Fund may invest in mortgage pass-through securities which represent interests in pools of mortgages in which payments of both principal and interest on the securities are generally made monthly, in effect passing through monthly payments made by borrowers on the residential or commercial mortgage loans which underlie the securities (net of any fees paid to the issuer or guarantor of the securities). Mortgage pass-through securities differ from other forms of debt securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or specified call dates. The Fund may also invest in Collateralized Mortgage Obligations (CMOs). CMOs are debt obligations collateralized by residential or commercial mortgage loans or residential or commercial mortgage pass-through securities. Interest and principal are generally paid monthly. CMOs may be collateralized by whole mortgage loans or private mortgage pass-through securities but are more typically collateralized by portfolios of mortgage pass-through securities guaranteed by Ginnie Mae, Freddie Mac or Fannie Mae. The issuer of a series of CMOs may elect to be treated for tax purposes as a Real Estate Mortgage Investment Conduit (REMIC). CMOs are structured into multiple classes, each bearing a different stated maturity. Monthly payment of principal received from the pool of underlying mortgages, including prepayments, is first returned to investors holding the shortest maturity class. Investors holding the longer maturity classes usually receive principal only after shorter classes have been retired. An investor may be partially protected against a sooner than desired return of principal because of the sequential payments. The Fund may invest in stripped mortgage backed securities. Stripped mortgage-backed securities are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. In certain cases, one class will receive all of the interest (the interest-only or IO class), while the other class will receive all of the principal (the principal-only or PO class). The yield to maturity on IOs is sensitive to the rate of principal repayments (including prepayments) on the related underlying mortgage assets, and principal payments may have a material effect on yield to maturity. If the underlying mortgage assets experience greater than anticipated prepayments of principal, a Fund may not fully recoup its initial investment in IOs.

When-Issued, Delayed-Delivery, and Forward Commitment Transactions: The Fund may enter into when-issued, delayed-delivery, or forward commitment transactions in order to lock in the purchase price of the underlying security, or in order to adjust the interest rate exposure of the Fund s existing portfolio. In when-issued, delayed-delivery, or forward commitment transactions, the Fund commits to purchase or sell particular securities, with payment and delivery to take place at a future date. Although the Fund does not pay for the securities or start earning interest on them until they are delivered, it immediately assumes the risks of ownership, including the risk of price fluctuation. If the Fund s counterparty fails to deliver a security purchased on a when-issued, delayed-delivery, or forward commitment basis, there may be a loss, and the Fund may have missed an opportunity to make an alternative investment.

Prior to settlement of these transactions, the value of the subject securities will fluctuate, reflecting interest rate changes. In addition, because the Fund is not required to pay for when-issued, delayed-delivery, or forward commitment securities until the delivery date, they may result in a form of leverage to the extent the Fund does not maintain liquid assets equal to the face amount of the contract. To guard against the deemed leverage, the Fund segregates cash or securities in the amount equal to or greater than the committed amount.

Repurchase Agreements: The Fund may invest in repurchase agreements secured by U.S. Government obligations and by the other securities. Securities pledged as collateral for repurchase agreements are held by the Fund s custodian bank or designated subcustodians under tri-party repurchase agreements until maturity of the repurchased agreements. Provisions of the agreements ensure that the market value of the collateral is sufficient in the event of default; however, in the event of default or bankruptcy by the other party to the agreements, realization and/or retention of the collateral may be subject to legal proceedings.

Note 2 Federal Income Taxes

It is the policy of the Fund to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and distribute all of its net taxable income, including any net realized gains on investments, to its shareholders. Therefore, no federal income tax provision is required.

At September 30, 2012, net unrealized appreciation on investments for federal income tax purposes was as follows:

Unrealized appreciation	$ 37,379,439
Unrealized (depreciation)	(12,324,644)
Net unrealized appreciation	$ 25,054,795
Cost of investments for federal income tax purposes	$ 252,427,545

Note 3 Restricted Securities

The Fund is permitted to invest in securities that are subject to legal or contractual restrictions on resale. These securities may be resold in transactions exempt from registration or to the public if the securities are registered. Disposal of these securities may involve time consuming negotiations and expense, and prompt sale at an acceptable price may be difficult. There were no restricted securities (excluding Rule 144A issues) at September 30, 2012. However, one 144A security was considered restricted due to its illiquidity status at September 30, 2012. All other 144A securities are liquid and, therefore, are not considered restricted. Aggregate cost and fair value of that security held at September 30, 2012 was as follows:

	Aggregate Cost	Aggregate Value	Value as a Percentage of Fund s Net Assets
Total of Restricted Securities	$ 437,143	$ 437,138	0.16%

Note 4 Recently Issued Accounting Pronouncements

In December 2011, the FASB issued ASU No. 2011-11, Balance Sheet (Topic 210), *Disclosures about Offsetting Assets and Liabilities*, which requires entities to disclose information about financial instruments and derivative instruments that have been offset or that are subject to enforceable master netting arrangements, to enable users of its financial statements to understand the effect of those arrangements on its financial position. Entities will be required to provide both net (offset amounts) and gross information in the notes to the financial statements for relevant assets and liabilities that are offset or subject to the arrangements. The amendments in ASU No. 2011-11 are effective for interim and annual periods beginning on or after January 1, 2013 and an entity should provide the disclosures required by the amendments retrospectively for all comparative periods presented. The Fund is in the process of evaluating the disclosure requirements and any impact the new disclosures will have on its financial statements.

Note 5 Additional Information

On August 9, 2012, Société Générale (SocGen) has signed a definitive agreement to sell SocGen s interest in The TCW Group, Inc. (TCW) to The Carlyle Group (Carlyle), a global alternative asset manager, and to the management of TCW. Equity for the transaction will come from two Carlyle investment funds, as well as from TCW s management. As a result of the transaction, TCW management and employees will increase their ownership in the firm to approximately 40% on a fully diluted basis. The transaction is expected to close in the first quarter of 2013.

The Advisor which is a wholly-owned subsidiary of TCW, does not anticipate that TCW s sale will result in any change in the personnel engaged in the management of the Funds or any change to the investment objective or policies of the Funds. The Advisor s continued service to the Funds after the transaction has closed is subject to the approval of a new investment advisory agreement by the Fund s Board of Directors and the shareholders of the Funds. Proxy materials were mailed to the shareholders on October 18, 2012.

Item 2. Controls and Procedures.

(a) The Registrant s Chief Executive Officer and Chief Financial Officer 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 as of a date within 90 days prior to the filing date of this report (the Evaluation Date), based on their evaluation of the effectiveness of the Registrant s disclosure controls and procedures as of the Evaluation Date.

(b) There were no changes in the Registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the Registrant s last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant s internal control over financial reporting.

Item 3. Exhibits.

(a) Certification of Chief Executive Officer and Chief Financial Officer of the Registrant as required by Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is attached hereto as Exhibit 99CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and 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)	TCW Strategic Income Fund, Inc.
By (Signature and Title)	/s/ Charles W. Baldiswieler
	Charles W. Baldiswieler
	President and Chief Executive Officer
Date	November 15, 2012

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.

By (Signature and Title)	/s/ Charles W. Baldiswieler
	Charles W. Baldiswieler
	President and Chief Executive Officer
Date	November 15, 2012
By (Signature and Title)	/s/ David S. DeVito
	David S. DeVito
	Treasurer and Chief Financial Officer
Date	November 15, 2012