HOME DEPOT INC
Form 11-K
June 22, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 11-K

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(Mark One):
x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from_______to_______
Commission file number 001-08207

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

The Home Depot FutureBuilder for Puerto Rico

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B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

The Home Depot, Inc.
2455 Paces Ferry Road
Atlanta, Georgia 30339

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Report of Independent Registered Public Accounting Firm

To the Plan Participants and the Administrative Committee
The Home Depot FutureBuilder for Puerto Rico:

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of The Home Depot FutureBuilder for Puerto Rico (the "Plan") as of December 31, 2017 and 2016, the related Statements of Changes in Net Assets Available for Benefits for the years then ended, and the related notes (collectively, the "Financial Statements"). In our opinion, the Financial Statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These Financial Statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the Financial Statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the Financial Statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Financial Statements. We believe that our audits provide a reasonable basis for our opinion.

Accompanying Supplemental Information

The supplemental information in the accompanying schedule, Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan’s financial statements. The supplemental information is the responsibility of the Plan’s management. Our audit procedures included determining whether the supplemental information reconciles to the Financial Statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the Financial Statements as a whole.

/s/ KPMG LLP

We have served as the Plan’s auditor since 2001.

Atlanta, Georgia

June 21, 2018

THE HOME DEPOT FUTUREBUILDER FOR PUERTO RICO
Statements of Net Assets Available for Benefits

| | December 31, | |
|---|---|---|
| in thousands | 2017 | 2016 |
| Plan's interest in Master Trust at fair value | $13,877 | $12,662 |
| Plan's interest in Master Trust at contract value | 2,848 | 3,728 |
| Plan's interest in Master Trust | 16,725 | 16,390 |
| | | |
| Notes receivable from participants | 2,060 | 2,128 |
| Total receivables | 2,060 | 2,128 |
| | | |
| Net assets available for benefits | $18,785 | $18,518 |

See accompanying notes to the financial statements.

THE HOME DEPOT FUTUREBUILDER FOR PUERTO RICO
Statements of Changes in Net Assets Available for Benefits

| | Years Ended December 31, | |
|---|---|---|
| in thousands | 2017 | 2016 |
| Investment income: | | |
| Plan's interest in Master Trust income | $2,781 | $964 |
| Interest on notes receivable from participants | 84 | 75 |
| Total investment income | 2,865 | 1,039 |
| Contributions: | | |
| Participant | 1,674 | 1,441 |
| Employer | 897 | 798 |
| Total contributions | 2,571 | 2,239 |
| Total investment income and contributions | 5,436 | 3,278 |
| Benefits paid to participants | (5,086) | (1,684) |
| Administrative expenses | (83) | (73) |
| Net increase | 267 | 1,521 |
| Net assets available for benefits: | | |
| Beginning of year | 18,518 | 16,997 |
| End of year | $18,785 | $18,518 |

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

The following is a brief description of The Home Depot FutureBuilder for Puerto Rico (the "Plan"). Participants should refer to the Plan document or the summary plan description for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution retirement plan covering substantially all associates of Home Depot Puerto Rico, Inc., the Plan sponsor (the "Company"), working and residing in Puerto Rico. The Company is a wholly-owned subsidiary of Home Depot Latin America Holdings, Inc., which is owned by Home Depot International, Inc. ("HDI"). HDI is, in turn, a wholly-owned subsidiary of The Home Depot, Inc. (the "Parent Company").The Plan also covers the eligible Puerto Rico employees of Barnett of the Caribbean, Inc., an indirect wholly-owned subsidiary of the Parent Company. The Plan is subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, excluding provisions of ERISA applicable only to plans qualified under Section 401(a) of the U.S. Internal Revenue Code. It is also intended to qualify under Section 1081.01(a) of the Puerto Rico Internal Revenue Code of 2011, as amended ("PRIRC of 2011"). The Plan is administered by the Administrative Committee, the members of which are officers of Home Depot U.S.A., Inc., a wholly-owned subsidiary of the Parent Company. Banco Popular de Puerto Rico is the Trustee of the Plan.

Associates are eligible to participate in the Plan for purposes of making before-tax contributions after completing 90 days of service. Effective June 1, 2018, associates are eligible to participate in the Plan as soon as administratively practicable following date of hire. Temporary associates are eligible to participate in the Plan for purposes of making before-tax contributions on the first day of the calendar quarter beginning on or following the completion of one year of service and 1,000 hours. Participants are eligible for the Company's matching contributions on the first day of the calendar quarter (January 1, April 1, July 1, and October 1) beginning on or after the earlier of (i) the date the associate completes one year of service and 1,000 hours; or (ii) the date the associate completes two years of service, regardless of hours worked. The Plan excludes leased associates, associates who are not bona fide residents of Puerto Rico, independent contractors, and associates covered by a collective bargaining agreement, unless the terms of the collective bargaining agreement require that the associate be eligible to participate in the Plan.

Participant Accounts

The Plan maintains a separate account for each participant, to which contributions and investment performance are allocated.

Contributions

Under the Plan, participants may contribute up to 50% of annual compensation, as defined in the Plan, on a before-tax basis subject to regulatory limitations. Participants age 50 or older can make catch-up contributions to the Plan. Participants may also contribute amounts representing eligible rollover distributions from other retirement plans qualified under Section 1081.01(a) of the PRIRC of 2011.

The Company provides matching contributions of 150% of the first 1% of eligible compensation contributed by a participant and 50% of the next 2% to 5% of eligible compensation contributed by a participant beginning on the first day of the calendar quarter following the completion of the earlier of (i) the date the associate completes one year of service and 1,000 hours; or (ii) the date the associate completes two years of service, regardless of hours worked. Before-tax contributions are eligible for matching contributions. Catch-up contributions are not eligible for matching contributions. Additional amounts may be contributed at the option of the Administrative Committee.

The default for investment of the Company's matching contribution if no direction is given by the participant is the participant's current investment election with respect to before-tax contributions. If the participant has made no affirmative investment election with respect to before-tax contributions, the default is the appropriate LifePath Fund based on the participant's age.

Vesting

Participants are immediately vested in their contributions and net value changes thereon. Vesting in the Company's matching and discretionary contributions and net value changes thereon is generally based on years of vesting service.

For vesting purposes, a year of service is any calendar year in which a participant completes at least 1,000

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hours of service. A participant is cliff vested 100% in the Company's matching contributions after three years of vesting service.

In addition, each participant who completes an hour of service becomes 100% vested in the Company's matching contributions upon completing five years of employment if such event precedes the vesting dates above.

A participant becomes 100% vested in the Company's matching and any discretionary contributions and net value changes thereon upon death, attaining age 65 while still employed, total or permanent disability, or if the Plan is terminated.

Payment of Benefits

Upon death, disability, termination of service for any other reason, hardship, or attaining age 59½, participants or beneficiaries may elect to receive a lump-sum payment of their vested account balance at fair value on the date of distribution in the form of cash or Parent Company stock in accordance with the terms of the Plan.

Notes Receivable from Participants

Participants may borrow from their accounts a minimum of $1,000 and up to a maximum amount equal to the lesser of: (i) $50,000 less the highest outstanding loan balance in the preceding 12 months less a $50 fee or (ii) 50% of their total vested account balance of before-tax contributions, vested Company match, and rollover contributions less a $50 fee. Note terms generally range from one to four years. The notes bear interest at a rate equal to the prime rate plus 1% at the time of the note. Certain notes with terms greater than four years remain outstanding. Notes receivable from participants are measured at their unpaid balance plus any accrued but unpaid interest. Delinquent notes receivable from participants are reclassified as distributions based upon the terms of the Plan document and loan policy.

Forfeited Accounts

Forfeited nonvested account balances may be used to reduce future employer contributions and/or Plan expenses. At December 31, 2017 and 2016, unallocated forfeitures totaled $12,947 and $10,562, respectively. In 2017 and 2016, forfeitures in the amount of $10,562 and $12,414, respectively, were used to reduce employer contributions.

Administrative Expenses

Certain administrative expenses of the Plan may be paid by the Company. These costs include certain legal, accounting and administrative fees. Expenses paid by the Plan include investment management fees and other costs not paid by the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Plan in preparing its financial statements.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The Plan evaluated subsequent events and transactions for potential recognition in the financial statements through the date the financial statements were issued.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires the Administrative Committee of the Plan to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from net assets available for benefits during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's assets are held in a Puerto Rico trust which is invested in a Master Trust more fully described in Note 6. The Plan invests only in the Master Trust. Investments within the Master Trust are valued as follows:

Shares of registered investment companies, separate account investments in common and preferred stock, commingled funds and the Schwab Personal Choice Retirement Account ("PCRA") are valued at quoted market prices, which represent the net asset value of shares held by the Master Trust at year-end.

The JP Morgan Stable Value Fund invests primarily in synthetic investment contracts and insurance company separate account contracts issued by insurance companies and banks that are fully benefit-responsive. These investments are presented at the contract value, which is equal to the principal balance plus accrued interest, of units held by the Master Trust as of December 31 in the Statements of Net Assets Available for Benefits. Additional information on the JP Morgan Stable Value Fund is discussed in Note 3.

Investments in units of collective trusts are valued at the respective net asset values as reported by such trusts. Net asset value is a readily determinable fair value of the underlying assets and is the basis for current transactions.

The Parent Company's common stock is valued at its quoted market price as obtained from the New York Stock Exchange.

Securities transactions are accounted for on a trade date basis. The investment in short-term investment funds of The Northern Trust Company is reported at fair value as determined by The Northern Trust Company based on the quoted market prices of the securities in the fund.

Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

The Plan's investments include funds that invest in various types of investment securities and in various companies within various markets. Investment securities are exposed to several risks, such as interest rate, market, credit, and individual country and currency risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Plan's financial statements and supplemental schedule.

Payment of Benefits

Benefits are recorded when paid.

Fair Value of Financial Instruments

The Plan's investments are stated at fair value, with the exception of the Plan's investment in the fully benefit-responsive investment contracts held by the Master Trust, which are stated at contract value, within the Statements of Net Assets Available for Benefits. In addition, the carrying amount of notes receivable from participants is a reasonable approximation of the fair value due to the short-term nature of these instruments.

Recently Issued Accounting Pronouncements Not Yet Adopted

In February 2017, the Financial Accounting Standards Board issued accounting standards update ("ASU") No. 2017-06, "Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): Employee Benefit Plan Master Trust Reporting (a consensus of the Emerging Issues Task Force)," which will require reporting of the Plan's interest in the Master Trust and the change in the fair value of that interest as separate line items on the Statements of Net Assets Available for Benefits and the Statements of Changes in Net Assets Available for Benefits. The Plan will also have to disclose the Master Trust's investments measured at fair value by general type of investment. ASU No. 2017-06 is effective for fiscal years beginning after December 15, 2018; retrospective application is required and early adoption is permitted. The Company is evaluating the effect that ASU No. 2017-06 will have on the Plan's financial statements and related disclosures.

3. JP MORGAN STABLE VALUE FUND

Through the Master Trust, the Plan invests in a separate account, the JP Morgan Stable Value Fund (the "Fund"), which owns fully benefit-responsive investment contracts. The Plan's investment in the Fund is presented at contract value, rather than fair value, in the Statements of Net Assets Available for Benefits.

A synthetic investment contract, also known as a wrap contract, is an investment contract issued by an insurance company or other financial institution, designed to provide a contract value "wrapper" around a portfolio of bonds or other fixed income securities that are owned by the Fund. The assets underlying the Fund's wrap contracts are units of fixed income collective investment trusts issued by credit worthy financial institutions. These contracts provide that realized and unrealized gains and losses on the underlying assets are not reflected immediately in the net assets of the Fund, but rather are amortized, over the duration of the underlying assets, through adjustments to the future interest crediting rate. The interest crediting rate is determined quarterly and is primarily based on the current yield to maturity of the covered investments, plus or minus amortization of the difference between the market value

NOTES TO FINANCIAL STATEMENTS

and the contract value of the covered investments over the duration of the covered investments at the time of computation. The wrap issuers guarantee that all qualified participant withdrawals will occur at contract value.

The Plan's interest in the underlying fixed income collective investment trusts in which the Fund invests is calculated by applying the Fund's ownership percentage in these underlying fixed income collective investment trusts to the total fair value of the underlying fixed income collective investment trusts. The underlying assets owned by the Fund consist primarily of readily marketable fixed income securities with quoted market prices.

Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the Plan document (including complete or partial Plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan sponsor or other Plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the Master Trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The Plan's Administrative Committee does not believe that any events that would limit the Plan's ability to transact at contract value with the issuer are probable of occurring.

4. PUERTO RICO INCOME TAXES

The Puerto Rico Department of the Treasury has determined and informed the Company by letters dated (a) January 4, 1999 and April 13, 2005 that the Plan and Master Trust are designed in accordance with applicable sections of the Puerto Rico Internal Revenue Code of 1994, as amended, and (b) April 11, 2014, March 3, 2016 and January 31, 2017 that the Plan and Master Trust are designed in accordance with applicable sections of the PRIRC of 2011. The Administrative Committee of the Plan believes the Plan and Master Trust continue to be designed and are currently being operated in material compliance with the applicable requirements of the PRIRC of 2011.

U.S. GAAP require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service ("IRS"). The Plan's Administrative Committee has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the Plan's financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan's Administrative Committee believes it is no longer subject to income tax examinations for years prior to 2014.

5. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and terminate the Plan subject to the provisions of ERISA. In the event the Plan is terminated, participants will become 100% vested in their accounts.

6. INVESTMENT IN MASTER TRUST

The assets of the Plan are held in a Puerto Rico trust which is invested in a Master Trust administered by The Northern Trust Company. At December 31, 2017 and 2016, the Plan's interest in the net assets of the Master Trust was less than 1%, with The Home Depot FutureBuilder, the defined contribution retirement plan covering substantially all U.S. associates of The Home Depot, Inc., holding the remaining interest. Net assets, investment income, and administrative expenses related to the Master Trust are allocated to the individual plans based upon actual activity for each of the plans.

The net assets of the Master Trust were as follows:

| in thousands | December 31, 2017 | 2016 |
|---|---|---|
| Assets: | | |
| Investments at fair value: | | |
| Common stocks | $2,552,785 | $1,800,480 |
| Collective trust funds | 3,329,145 | 2,832,545 |
| Registered investment funds | 1,146,906 | 1,069,642 |
| Brokerage window | 121,958 | 99,019 |
| Total investments at fair value | 7,150,794 | 5,801,686 |
| Fully benefit-responsive investment at contract value | 469,760 | 508,000 |
| Receivables: | | |
| Due from broker | 3,979 | — |
| Other receivables | 2,095 | 1,236 |
| Total receivables | 6,074 | 1,236 |
| Total assets | 7,626,628 | 6,310,922 |
| Liabilities: | | |
| Accrued liabilities | 1,249 | 2,017 |
| Due to broker | — | 985 |
| Total liabilities | 1,249 | 3,002 |
| Net assets | $7,625,378 | $6,307,920 |

Investment income for the Master Trust was as follows:

| in thousands | Years Ended December 31, 2017 | 2016 |
|---|---|---|
| Investment Income: | | |
| Net appreciation in fair value of investments | $1,238,182 | $381,160 |
| Dividends and interest income | 65,545 | 60,930 |
| Total investment income | $1,303,727 | $442,090 |

The Master Trust's investments that are measured at fair value on a recurring basis, and their level within the fair value hierarchy, are shown in the following tables. Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Master Trust did not use Level 3 inputs to determine the fair value of investments measured at fair value on a recurring basis for the years ended December 31, 2017 and 2016.

| in thousands | Investments at Fair Value as of December 31, 2017 Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Total |
|---|---|---|---|
| Common stocks | $2,552,785 | | |

| | | | | |
|---|---|---|---|---|
| 1. Election of Directors | Issuer | Y | For | For |
| 2. Ratification of the selection of Deloitte & Touche LLP as independent auditors | Issuer | Y | For | For |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | 3. Proposal regarding the declassification of the board of directors and the annual election of all directors | Shareholder | Y | For | Against |
| Cal Dive International, Inc. | CDIS | 127914109 | 5/11/2004 | 1. Election of Directors | Issuer | Y | For | For |
| Renal Care Group, Inc. | RCI | 759930100 | 6/9/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Approve the Renal Care Group, Inc. 2004 stock and incentive compensation plan | Issuer | Y | For | For |
| | | | | 3. Approve an amendment to the Renal Care Group, Inc. 1996 stock option plan for outside directors to allow the grant of options to directors who are medical directors and the chairman or vice chairman of the board of directors, if such director is not also an employee of the company | Issuer | Y | For | For |
| | | | | 4. Approve an amendment to the Renal Care Group, Inc. certificate of incorporation to increase the number of authorized shares of its $0.01 par value common stock from 90,000,000 shares to 150,000,000 shares | Issuer | Y | For | For |
| O Reilly Automotive, Inc. | ORLY | 686091109 | 5/4/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of appointment of Ernst & Young LLP as independent auditors | Issuer | Y | For | For |
| | | | | 3A. Ratification of new class I director (term to expire in 2006): John Murphy | Issuer | Y | For | For |
| | | | | 3B. Ratification of new class I director (term to expire in 2006): Ronald Rashkow | Issuer | Y | For | For |
| HON Industries Inc. | HNI | 438092108 | 5/4/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Change the corporation s name to HNI Corporation by amending section 1.01 of the corporation s articles of incorporation | Issuer | Y | Against | Against |
| | | | | 3. Update anti-takeover provisions of the corporation s articles of incorporation to be more consistent with current Iowa law | Issuer | Y | For | For |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Manpower Inc. | MAN | 56418H100 | 4/27/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of the appointment of PricewaterhouseCoopers LLP as Manpower s independent auditors for the fiscal year ending December 31, 2004 | Issuer | Y | For | For |
| Lincare Holdings, Inc. | LNCR | 532791100 | 5/17/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Approval of the company s 2004 stock plan | Issuer | Y | For | For |
| National Commerce Financial Corp. | NCF | 63545P104 | 4/28/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of the audit committee s appointment of KPMG LLP, independent certified public accountants, as auditors of the company for the year ending December 31, 2004 | Issuer | Y | For | For |
| Engelhard Corporation | EC | 292845104 | 5/6/2004 | 1. Election of Directors | Issuer | Y | For | For |
| Zebra Technologies Corporation | ZBRA | 989207105 | 6/3/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Amend the certificate of incorporation | Issuer | Y | For | For |
| | | | | 3. Ratify KPMG LLP as independent auditors | Issuer | Y | For | For |
| | | | | 4. Proposal regarding the charter of the nominating committee | Shareholder | Y | Against | For |
| Triquint Semiconductor, Inc. | TQNT | 89674K103 | 5/14/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Approve an amendment to the Triquint Semiconductor, Inc. 1996 stock incentive program to increase the aggregate number of shares of common stock that may be issued thereunder by 5,000,000 shares | Issuer | Y | For | For |
| | | | | 3. Ratify the audit committee s appointment of KPMG LLP as Triquint s independent auditors for the fiscal year ending December 31, 2004 | Issuer | Y | For | For |
| Ocular Sciences, Inc. | OCLR | 675744106 | 5/21/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Amend the company s 1997 equity incentive plan | Issuer | Y | For | For |
| | | | | 3. Ratify the selection of KPMG LLP as independent auditors of the company for the year ending December 31, 2004 | Issuer | Y | For | For |
| Office Depot, Inc. | ODP | 676220106 | 5/14/2004 | 1. Election of Directors | Issuer | Y | For | For |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | 2. Amendment of the company s long-term equity incentive plan to increase the number of shares authorized for issuance under the plan by 15,000,000 shares | Issuer | Y | For | For |
| | | | | 3. Ratification of appointment of Deloitte & Touche LLP as the company s independent public accountants | Issuer | Y | For | For |
| Graco Inc. | GGG | 384109104 | 4/23/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of appointment of Deloitte & Touche LLP as independent auditors | Issuer | Y | For | For |
| Cognex Corporation | CGNX | 192422103 | 4/22/2004 | 1. Election of Directors | Issuer | Y | For | For |
| Crane Co. | CR | 224399105 | 4/26/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Approval of Deloitte & Touche LLP as independent auditors for the company for 2004 | Issuer | Y | For | For |
| | | | | 3. Approval of the 2004 stock incentive plan | Issuer | Y | For | For |
| | | | | 4. Approval of the corporate EVA incentive compensation plan | Issuer | Y | For | For |
| | | | | 5. Proposal regarding MacBride Principles | Shareholder | Y | Against | For |
| Carmax, Inc. | KMX | 143130102 | 6/29/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Approval of an amendment to the Carmax, Inc. 2002 employee stock purchase plan | Issuer | Y | For | For |
| Sandisk Corporation | SNDK | 80004C101 | 5/20/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratify the appointment of Ernst & Young LLP as independent accountants of the company for the fiscal year ending January 2, 2005 | Issuer | Y | For | For |
| Carnival Corporation | CCL | 143658300 | 4/22/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Appoint PricewaterhouseCoopers LLP as independent auditors for Carnival plc and to ratify the selection of PricewaterhouseCoopers LLP as independent certified public accountants for Carnival Corporation | Issuer | Y | For | For |
| | | | | 3. Authorize the audit committee of Carnival plc to agree the remuneration of the independent auditors | Issuer | Y | For | For |
| | | | | 4. Receive the accounts and reports for Carnival plc for the financial period ended November 30, 2003 | Issuer | Y | For | For |
| | | | | 5. Approve the directors remuneration report of Carnival plc | Issuer | Y | For | For |

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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | 6. Approve limits on the authority to allot shares by Carnival plc | Issuer | Y | For | For |
| | | | | 7. Approve the disapplication of pre-emption rights for Carnival plc shares | Issuer | Y | For | For |
| North Fork Bancorporation, Inc. | NFB | 659424105 | 4/27/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Ratification of the selection of KPMG LLP as the company s independent auditor for the fiscal year ending December 31, 2004 | Issuer | Y | For | For |
| New Plan Excel Realty Trust, Inc. | | 648053106 | 5/12/2004 | 1. Election of Directors | Issuer | Y | For | For |
| Noble Corporation | NE | G65422100 | 4/22/2004 | 1. Election of Directors | Issuer | Y | For | For |
| | | | | 2. Approval of the appointment of independent auditors for 2004 | Issuer | Y | For | For |
| Brown & Brown, Inc. | BRO | 115236101 | 4/22/2004 | 1. Election of Directors | Issuer | Y | For | For |

## SIGNATURES

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

| | | |
|---|---|---|
| (Registrant) | Source Capital, Inc. | |
| By (Signature and Title)* | | /s/ J. Richard Atwood, Treasurer |
| Date 8/20/04 | | |

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