

CENTRAL SECURITIES CORP  
Form N-Q  
October 20, 2011  
United States

Securities and Exchange Commission

Washington, DC20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-00179

Central Securities Corporation

(Exact name of registrant as specified in charter)

630 Fifth Avenue, Eighth Floor

New York, N.Y. 10111

(Address of principal executive offices)

Registrant's telephone number including area code: 212-698-2020

Date of fiscal year end: December 31

Date of reporting period: September 30, 2011

Item 1. Schedule of Investments.



**CENTRAL SECURITIES CORPORATION****Statement of Investments****September 30, 2011****(Unaudited)****COMMON STOCKS 98.5 %**

| <u>Shares</u> |  | <u>Value</u>       |
|---------------|--|--------------------|
|               | Banking and Finance 4.1%                       |                    |
| 925,000       | The Bank of New York Mellon Corporation        | \$ 17,195,750      |
| 100,000       | JPMorgan Chase & Co.                           | 3,012,000          |
| 223,794       | NewStar Financial, Inc. (a)                    | <u>2,090,236</u>   |
|               |  | <u>22,297,986</u>  |
|               | Commercial Services 1.4%                       |                    |
| 413,712       | Heritage-Crystal Clean, Inc. (a)               | <u>7,513,010</u>   |
|               | Diversified Industrial 10.7%                   |                    |
| 740,000       | Brady Corporation Class A                      | 19,558,200         |
| 220,000       | Carlisle Companies Inc.                        | 7,013,600          |
| 200,000       | General Electric Company                       | 3,044,000          |
| 100,000       | Precision Castparts Corporation                | 15,546,000         |
| 180,000       | Roper Industries, Inc.                         | <u>12,403,800</u>  |
|               |  | <u>57,565,600</u>  |
|               | Energy 8.6%                                    |                    |
| 350,000       | Canadian Oil Sands Ltd.                        | 6,751,500          |
| 200,000       | Devon Energy Corporation                       | 11,088,000         |
| 2,000,000     | GeoMet, Inc. (a)(b)                            | 1,460,000          |
| 627,200       | McMoRan Exploration Co. (a)                    | 6,228,096          |
| 280,000       | Murphy Oil Corporation                         | 12,364,800         |
| 320,000       | QEP Resources, Inc.                            | <u>8,662,400</u>   |
|               |  | <u>46,554,796</u>  |
|               | Health Care 2.5%                               |                    |
| 100,000       | Johnson & Johnson                              | 6,369,000          |
| 100,000       | Medtronic, Inc.                                | 3,324,000          |
| 100,000       | Merck & Co. Inc.                               | 3,270,000          |
| 228,000       | Vical Inc. (a)                                 | <u>565,440</u>     |
|               |  | <u>13,528,440</u>  |
|               | Insurance 32.3%                                |                    |
| 69,900        | The Plymouth Rock Company, Inc. Class A (b)(d) | <u>174,750,000</u> |
|               | Retailing 1.4%                                 |                    |

Edgar Filing: CENTRAL SECURITIES CORP - Form N-Q

|         |                                      |                  |
|---------|--------------------------------------|------------------|
| 20,000  | Aerogroup International, Inc. (a)(d) | 415,200          |
| 220,000 | Walgreen Co.                         | <u>7,235,800</u> |
|         |                                      | <u>7,651,000</u> |

Edgar Filing: CENTRAL SECURITIES CORP - Form N-Q

| <u>Shares</u> |   | <u>Value</u>         |
|---------------|---|----------------------|
|               | Semiconductor 15.0%   |                      |
| 720,000       | Analog Devices, Inc.  | \$ 22,500,000        |
| 858,300       | CEVA, Inc. (a)  | 20,865,273           |
| 1,500,000     | Intel Corporation   | 32,002,500           |
| 1,050,000     | Mindspeed Technologies, Inc. (a)                                    | <u>5,460,000</u>     |
|               |   | <u>80,827,773</u>    |
|               | Software and Services 4.5%  |                      |
| 1,700,000     | Convergys Corporation (a)   | 15,946,000           |
| 1,190,000     | Xerox Corporation   | <u>8,294,300</u>     |
|               |   | <u>24,240,300</u>    |
|               | Technology Hardware and Equipment 15.3%                             |                      |
| 700,000       | Agilent Technologies, Inc. (a)                                      | 21,875,000           |
| 801,000       | Coherent, Inc. (a)  | 34,410,960           |
| 630,000       | Flextronics International Ltd. (a)                                  | 3,546,900            |
| 220,000       | Motorola Solutions, Inc.  | 9,218,000            |
| 1,190,000     | RadiSys Corporation (a)   | 7,282,800            |
| 3,000,000     | Sonus Networks, Inc. (a)  | <u>6,480,000</u>     |
|               |   | <u>82,813,660</u>    |
|               | Telecommunication Services 2.7%                                     |                      |
| 145,425       | Primus Telecommunications Group, Inc. (a)                           | 1,545,868            |
| 500,000       | Vodafone Group Plc ADR  | <u>12,830,000</u>    |
|               |   | <u>14,375,868</u>    |
|               | Total Common Stocks (cost \$321,591,104)                            | <u>532,118,433</u>   |
|               | PREFERRED STOCKS 0.3%   |                      |
|               | Energy 0.3%   |                      |
| 230,585       | GeoMet, Inc. Series A Convertible Redeemable Preferred Stock (b)(c) | <u>1,902,326</u>     |
|               | Total Preferred Stocks (cost \$2,027,220)                           | <u>1,902,326</u>     |
|               | Total Investments (cost \$323,618,324)(e)(98.8%)                    | 534,020,759          |
|               | Cash, receivables and other assets less liabilities (1.2%)          | <u>6,316,468</u>     |
|               | Net Assets (100%)   | <u>\$540,337,227</u> |

(a) Non-dividend paying.

(b) Affiliate as defined in the Investment Company Act of 1940.

(c) Valued based on Level 2 Inputs – See Note 2.

(d) Valued based on Level 3 Inputs – See Note 2.

(e) Aggregate cost for Federal tax purposes is substantially the same.

See accompanying notes to statement of investments.

**CENTRAL SECURITIES CORPORATION**

**NOTES TO STATEMENT OF INVESTMENTS**

1. Security Valuation – Marketable common and preferred stocks are valued at the last or closing sale price or, if unavailable, at the closing bid price. Securities for which no ready market exists are valued at estimated fair value by the Board of Directors.

As of September 30, 2011, the tax cost of investments was \$323,618,324. Net unrealized appreciation was \$210,402,435 consisting of gross unrealized appreciation and gross unrealized depreciation of \$279,725,502 and \$69,323,067, respectively.

2. Fair Value Measurements – The Corporation’s investments are categorized below in three broad hierarchical levels based on market price observability as follows:

- Level 1 – Quoted prices in active markets for identical investments;
- Level 2 – Other significant observable assumptions obtained from independent sources, for example, quoted prices for similar investments, or the use of models or other valuation methodologies;
- Level 3 – Significant unobservable inputs including the Corporation’s own assumptions based upon the best information available. Investments categorized as Level 3 include securities in which there is little, if any, market activity. The Corporation’s Level 3 investments consist of The Plymouth Rock Company, Inc. and Aerogroup International, Inc.

The designated Level for a security is not necessarily an indication of the risk associated with investing in that security.

The Corporation’s investments as of September 30, 2011 are classified as shown below:

|                   | Level 1        | Level 2      | Level 3        | Total          |
|-------------------|----------------|--------------|----------------|----------------|
| Common stocks     | \$ 356,953,233 | —            | \$ 175,165,200 | \$ 532,118,433 |
| Preferred stocks  | —              | \$ 1,902,326 | —              | 1,902,326      |
| Total investments | \$ 356,953,233 | \$ 1,902,326 | \$ 175,165,200 | \$ 534,020,759 |

There were no significant transfers of investments between Levels 1, 2, or 3 during the nine months ended September 30, 2011. The following is a reconciliation of the change in the value of Level 3 investments:

Edgar Filing: CENTRAL SECURITIES CORP - Form N-Q

|   |                |
|---|----------------|
| Balance as of December 31, 2010   | \$ 168,455,000 |
| Net realized gains and change in unrealized appreciation of investments | 7,008,200      |
| Sales   | (298,000 )     |
| Balance as of September 30, 2011  | \$ 175,165,200 |

The change in unrealized appreciation of Level 3 investments held at September 30, 2011 included in the above table was \$6,950,200. In valuing Level 3 investments, the Corporation considers the results of various valuation methods, which may include comparable company valuation analyses, discounted future cash flow models and recent private transactions. Consideration is also given to corporate governance, marketability, independent appraisals obtained from portfolio companies, company and industry results and outlooks, and general market conditions. The determination of fair value involves subjective judgments. As a result, using fair value to price a security may result in a price materially different from the price used by other investors or the price that may be realized upon the actual sale of the security.



3. Restricted Securities - The Corporation from time to time invests in securities the resale of which is restricted. The Corporation does not have the right to demand registration of the restricted securities. On September 30, 2011, such investments had an aggregate value of \$175,165,200, which was equal to 32.4% of the Corporation's net assets. Investments in restricted securities at September 30, 2011, including acquisition dates and cost, were:

| Company                         | Shares Security             | Date Acquired | Cost      |
|---------------------------------|-----------------------------|---------------|-----------|
| AeroGroup International, Inc.   | 20,000 Common Stock         | 6/14/05       | \$ 11,719 |
| The Plymouth Rock Company, Inc. | 60,000 Class A Common Stock | 12/15/82      | 1,500,000 |
| The Plymouth Rock Company, Inc. | 9,900 Class A Common Stock  | 6/9/84        | 692,986   |

Item 2. Controls and Procedures.

(a) Disclosure Controls and Procedures. The Principal Executive and Financial Officers have concluded that the Registrant's Disclosure Controls and Procedures are effective based on their evaluation of the Disclosure Controls and Procedures as of a date within 90 days of the filing date of this report.

(b) Internal Control Over Financial Reporting. During the last fiscal quarter, there was no significant change in the Registrant's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

(a) Certifications.

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.

CENTRAL SECURITIES CORPORATION

By: /s/ Wilmot H. Kidd

President

Date: October 20, 2011

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: /s/ Wilmot H. Kidd

President

Date: October 20, 2011

By: /s/ Lawrence P. Vogel

Vice President and Treasurer

Date: October 20, 2011