

CENTRAL SECURITIES CORP
Form N-Q
April 28, 2010
United States
Securities and Exchange Commission
Washington, DC 20549

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, Suite 820
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: March 31, 2010

Item 1. Schedule of Investments.

CENTRAL SECURITIES CORPORATION**Statement of Investments****March 31, 2010****(Unaudited)****COMMON STOCKS 97.5%***Prin.Amt.
or Shares**Value***Banking and Finance 5.7%**

| | | | |
|---------|---|----|------------|
| 675,000 | The Bank of New York Mellon Corporation | \$ | 20,844,000 |
| 237,700 | Home Federal Bancorp, Inc. | | 3,449,027 |
| 100,000 | JPMorgan Chase & Co. | | 4,475,000 |
| 310,100 | NewStar Financial, Inc. (a) | | 1,978,438 |

 30,746,465

Capital Goods 14.7%

| | | | |
|---------|---------------------------------|--|------------|
| 750,000 | Brady Corporation Class A | | 23,340,000 |
| 200,000 | Carlisle Companies Inc. | | 7,620,000 |
| 390,000 | Dover Corporation | | 18,232,500 |
| 200,000 | General Electric Company | | 3,640,000 |
| 100,000 | Precision Castparts Corporation | | 12,671,000 |
| 230,000 | Roper Industries, Inc. | | 13,303,200 |

 78,806,700

Commercial Services 0.2%

| | | | |
|---------|---------------------------------|--|-----------|
| 100,000 | Heritage-Crystal Clean Inc. (a) | | 1,130,000 |
|---------|---------------------------------|--|-----------|

Energy 9.5%

| | | | |
|-----------|-----------------------------|--|------------|
| 100,000 | Cenovus Energy Inc. | | 2,621,000 |
| 200,000 | Devon Energy Corporation | | 12,886,000 |
| 100,000 | EnCana Corporation | | 3,103,000 |
| 2,000,000 | GeoMet, Inc. (a)(b) | | 1,780,000 |
| 660,000 | McMoRan Exploration Co. (a) | | 9,655,800 |
| 290,000 | Murphy Oil Corporation | | 16,295,100 |

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| | | |
|---------|------------|------------|
| 200,000 | Nexen Inc. | 4,942,000 |
| | | <hr/> |
| | | 51,282,900 |
| | | <hr/> |

Health Care 3.4%

| | | |
|---------|---------------------|------------|
| 120,000 | Abbott Laboratories | 6,321,600 |
| 100,000 | Johnson & Johnson | 6,520,000 |
| 100,000 | Medtronic, Inc. | 4,503,000 |
| 260,000 | Vical Inc. (a) | 865,800 |
| | | <hr/> |
| | | 18,210,400 |
| | | <hr/> |

Insurance 30.1%

| | | |
|--------|---|-------------|
| 10,000 | Erie Indemnity Company Class A | 431,300 |
| 70,000 | The Plymouth Rock Company, Inc. Class A (b)(d) | 161,000,000 |
| | | <hr/> |
| | | 161,431,300 |
| | | <hr/> |

Retailing 1.6%

| | | |
|---------|--------------------------------------|-----------|
| 28,751 | Aerogroup International, Inc. (a)(d) | 324,886 |
| 230,000 | Walgreen Co. | 8,530,700 |
| | | <hr/> |
| | | 8,855,586 |
| | | <hr/> |

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| <i>Prin. Amt. or Shares</i> | | <i>Value</i> |
|---|---|---------------|
| Semiconductor and Semiconductor Equipment 8.2% | | |
| 500,000 | Analog Devices, Inc. | \$ 14,410,000 |
| 500,000 | CEVA, Inc. (a) | 5,830,000 |
| 810,000 | Intel Corporation | 18,054,900 |
| 300,000 | Maxim Integrated Products, Inc. | 5,817,000 |
| | | <hr/> |
| | | 44,111,900 |
| | | <hr/> |
| Software and Services 5.7% | | |
| 1,700,000 | Convergys Corporation (a) | 20,842,000 |
| 990,000 | Xerox Corporation | 9,652,500 |
| | | <hr/> |
| | | 30,494,500 |
| | | <hr/> |
| Technology Hardware and Equipment 15.8% | | |
| 920,000 | Agilent Technologies, Inc. (a) | 31,638,800 |
| 831,000 | Coherent, Inc. (a) | 26,558,760 |
| 630,000 | Flextronics International Inc. (a) | 4,939,200 |
| 350,000 | Motorola, Inc.(a) | 2,457,000 |
| 1,184,800 | RadiSys Corporation (a) | 10,615,808 |
| 3,230,000 | Sonus Networks, Inc. (a) | 8,494,900 |
| | | <hr/> |
| | | 84,704,468 |
| | | <hr/> |
| Telecommunication Services 2.6% | | |
| 1,000,000 | Arbinet Corporation (a) | 2,036,500 |
| 200,000 | AT&T Inc. | 5,168,000 |
| 280,000 | Vodafone Group Plc | 6,526,800 |
| | | <hr/> |
| | | 13,731,300 |
| | | <hr/> |
| | Total Common Stocks (cost \$297,860,630)(e) | 523,505,519 |
| | | <hr/> |

SHORT-TERM INVESTMENTS 2.4%

Money Market Fund 0.5%

| | | |
|-----------|--|-----------|
| 2,875,935 | Fidelity Institutional Money Market Government Portfolio | 2,875,935 |
|-----------|--|-----------|

U.S. Treasury Obligations 1.9%

| | | |
|------------|--|-----------|
| 10,000,000 | U.S. Treasury Bill 0.11% due 5/13/10 (c) | 9,998,740 |
|------------|--|-----------|

| | |
|---|------------|
| Total Short-Term Investments (cost \$12,874,675)(e) | 12,874,675 |
|---|------------|

| | |
|--|-------------|
| Total Investments (cost \$310,735,305)(e)(99.9%) | 536,380,194 |
|--|-------------|

| | |
|---|---------|
| Cash, receivables and other assetsless liabilities (0.1%) | 531,802 |
|---|---------|

| | |
|-------------------|----------------|
| Net Assets (100%) | \$ 536,911,996 |
|-------------------|----------------|

- (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 securities are valued at the last or closing sale price or, if unavailable, at the closing bid price. Investments in money market funds are valued at net asset value per share. Other short-term investments are valued at amortized cost, which approximates market value. Securities for which no ready market exists are valued at estimated fair value by the Board of Directors.

As of March 31, 2010, the tax cost of investments was \$310,735,305. Net unrealized appreciation was \$225,644,889 consisting of gross unrealized appreciation and gross unrealized depreciation of \$268,963,986 and \$43,319,097, 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. The Corporation's Level 1 investments consist of equity securities listed on a national securities exchange and money market funds;
- 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. The Corporation's Level 2 investments consist of short-term investments carried at amortized cost;
- Level 3 Significant unobservable inputs including the Corporation's own assumptions based upon the best information available. Investments categorized as Level 3 include situations 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 inputs used for valuing securities and the resulting Levels are not necessarily an indication of the risk associated with investing in those securities.

The Corporation's investments as of March 31, 2010 are classified as follows:

| Valuation Inputs | Investments in Securities |
|------------------|---------------------------|
| Level 1 | \$365,056,568 |
| Level 2 | 9,998,740 |
| Level 3 | 161,324,886 |
| | \$536,380,194 |

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

| | | |
|--|----|-------------|
| Balance at December 31, 2009 | \$ | 154,324,886 |
| Change in unrealized appreciation of investments | | 7,000,000 |
| | | 161,324,886 |
| Balance at March 31, 2010 | \$ | 161,324,886 |

No Level 3 investments were purchased, sold or transferred to Level 1 or Level 2 during the three months ended March 31, 2010, therefore the above change in unrealized appreciation of investments relates to assets held as of March 31, 2010. The Corporation's Level 3 investments are valued by the Board of Directors. This valuation is primarily based on a comparable company valuation analysis and a review of independent appraisals. Consideration is also given to corporate governance, recent private transactions, company and industry 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. On March 31, 2010, such investments had an aggregate value of \$161,324,886, which was equal to 30.0% of the Corporation's net assets. Investments in restricted securities at March 31, 2010, including acquisition dates and cost were:

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| <u>Company</u> | <u>Shares</u> | <u>Security</u> | <u>Date Acquired</u> | <u>Cost</u> |
|---------------------------------|---------------|----------------------|----------------------|-------------|
| AeroGroup International, Inc. | 28,751 | Common Stock | 6/14/05 | \$ 17,200 |
| The Plymouth Rock Company, Inc. | 60,000 | Class A Common Stock | 12/15/82 | 1,500,000 |
| The Plymouth Rock Company, Inc. | 10,000 | Class A Common Stock | 6/9/84 | 699,986 |

The Corporation does not have the right to demand registration of the restricted securities.

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: April 28, 2010

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: April 28, 2010

By: /s/ Charles N. Edgerton

Vice President and Treasurer

Date: April 28, 2010

