

Edgar Filing: CENTRAL SECURITIES CORP - Form N-Q

CENTRAL SECURITIES CORP
Form N-Q
October 23, 2008

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: September 30, 2008

Item 1. Schedule of Investments.

CENTRAL SECURITIES CORPORATION
Statement of Investments
September 30, 2008
(Unaudited)

PORTFOLIO SECURITIES 89.9%
STOCKS (COMMON UNLESS SPECIFIED OTHERWISE)

Prin. Amt. or Shares -----		Value -----
	Banking and Finance 7.1%	
825,475	The Bank of New York Mellon Corporation.....	\$ 26,893,976
250,000	Capital One Financial Corporation.....	12,750,000
150,000	Newstar Financial, Inc.....	1,213,500

		40,857,476

	Business Services 0.3%	
75,000	Heritage-Crystal Clean Inc. (a).....	1,023,750
70,000	RSC Holdings, Inc. (a).....	795,200

		1,818,950

	Communications 0.5%	
1,100,000	Arbinet-thexchange, Inc. (a).....	3,003,000

	Electronics 19.9%	
942,400	Agilent Technologies, Inc. (a).....	27,951,584
390,000	Analog Devices, Inc.....	10,276,500
850,000	Coherent, Inc. (a).....	30,217,500
630,000	Flextronics International Inc. (a).....	4,460,400
809,600	Intel Corporation.....	15,163,808

Edgar Filing: CENTRAL SECURITIES CORP - Form N-Q

310,000	Maxim Integrated Products, Inc.....	5,611,000
350,000	Motorola, Inc.....	2,499,000
1,000,000	Radisys Corporation (a).....	8,600,000
3,230,000	Sonus Networks, Inc. (a).....	9,302,400

		114,082,192

	Energy 15.1%	
300,000	Berry Petroleum Company Class A.....	11,619,000
10,000	Cameco Corporation.....	223,100
200,000	Devon Energy Corporation.....	18,240,000
1,900,000	GeoMet, Inc. (a).....	10,336,000
670,000	McMoRan Exploration Co. (a).....	15,838,800
363,300	Murphy Oil Corporation.....	23,302,062
300,000	Nexen Inc.....	6,969,000

		86,527,962

	Health Care 1.1%	
100,000	Abbott Laboratories.....	5,758,000
260,000	Vical Inc. (a).....	561,600

		6,319,600

	Information Technology Services 6.3%	
1,730,800	Convergys Corporation.....	25,581,224
930,000	Xerox Corporation.....	10,722,900

		36,304,124

Prin. Amt. or Shares		Value
-----		-----
	Insurance 24.4%	
10,000	Erie Indemnity Co. Class A.....	\$ 422,700
70,000	The Plymouth Rock Company, Inc. Class A (b) (c) (d).....	140,000,000

		140,422,700

	Manufacturing 14.0%	
870,000	Brady Corporation Class A.....	30,693,600
200,000	Carlisle Companies Inc.....	5,994,000
400,000	Dover Corporation.....	16,220,000
100,000	General Electric Co.....	2,550,000
100,000	Precision Castparts Corporation.....	7,878,000
300,000	Roper Industries, Inc.....	17,088,000

		80,423,600

	Retailing 1.2%	
28,751	AeroGroup International, Inc. (a) (c) (d).....	385,838
200,000	Walgreen Co.....	6,192,000

		6,577,838

	Total Portfolio Securities (cost \$270,965,985).....	516,337,442

SHORT-TERM INVESTMENTS 10.2%

Edgar Filing: CENTRAL SECURITIES CORP - Form N-Q

	Commercial Paper 3.8%	
8,046,000	Chevron Corporation 2.61% due 12/4/08.....	8,008,809
13,788,000	General Electric Capital Corp. 2.07% - 2.16%	
	due 10/1/08 - 12/4/08.....	13,784,106

		21,792,915

	U.S. Government Agency Obligations 2.0%	
11,656,000	Federal Home Loan Bank 11.98% due 10/17/08.....	11,645,846

	U.S. Treasury Bills 3.3%	
25,465,000	U.S. Treasury Bills 0.25% - 1.76%	
	due 12/18/08 - 2/26/09.....	25,347,637

	Total Short-Term Investments	
	(cost \$58,786,398).....	58,786,398

	Total Investments (cost \$329,752,383) (100.1%)...	575,123,840
	Cash, receivables and other assets	
	less liabilities (0.1%).....	(522,345)

	Net Assets (100%).....	\$574,601,495
		=====

- (a) Non-dividend paying.
- (b) Affiliate as defined in the Investment Company Act of 1940.
- (c) Valued at estimated fair value.
- (d) Restricted security. See footnote 2.

See accompanying notes to statement of investments.

CENTRAL SECURITIES CORPORATION NOTES TO STATEMENT OF INVESTMENTS

1. Security Valuation - Securities are valued at the last sale price or, if unavailable, at the closing bid price. Corporate discount notes are valued at amortized cost, which approximates value. Securities for which no ready market exists are valued at estimated fair value by the Board of Directors.

As of September 30, 2008, the tax cost of investments was \$329,752,383. Net unrealized appreciation was \$245,371,457 consisting of gross unrealized appreciation and gross unrealized depreciation of \$276,722,569 and \$31,351,112, respectively.

2. Fair Value Measurements - Effective January 1, 2008, the Corporation adopted Financial Accounting Standards Board Statement of Financial Accounting Standard No. 157, "Fair Value measurements" ("FAS 157"). FAS 157 establishes a disclosure framework which prioritizes and ranks the level of market price observability used in determining the fair value of investments as follows:

- o Level 1 - Fair value is determined based on market data obtained from independent sources; for example, quoted prices in active markets for identical investments. The Corporation's Level 1 investments consist of equity securities listed on a national securities exchange or NASDAQ National Market.

Edgar Filing: CENTRAL SECURITIES CORP - Form N-Q

- o Level 2 - Fair value is determined using 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 instruments consist of short-term investments, carried at amortized cost.

- o Level 3 - Fair value is determined using 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.

In certain cases, the inputs used to determine fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the hierarchy is based on the least observable input that is significant to fair value. The inputs used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The Corporation's investments as of September 30, 2008 are classified as follows:

Valuation Inputs	Investments in Securities
Level 1	\$375,951,604
Level 2	58,786,398
Level 3	140,385,838
	\$575,123,840
	=====

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

Balance at December 31, 2007	\$149,173,114
Change in unrealized appreciation of investments	(8,787,276)
	\$140,385,838
Balance at September 30, 2008	=====

No Level 3 investments were purchased, sold or transferred to Level 1 or Level 2 during the nine months ended September 30, 2008.

3. Restricted Securities - The Corporation has from time to time invested in securities the resale of which is restricted. On September 30, 2008, such investments had an aggregate value of \$140,385,838, which was equal to 24.4% of the Corporation's net assets. Investments in restricted securities at September 30, 2008 were:

Company	Shares	Security	Date Purchased	Cost
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

Edgar Filing: CENTRAL SECURITIES CORP - Form N-Q

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: October 22, 2008

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 22, 2008

By: /s/ Charles N. Edgerton

Vice President and Treasurer

Date: October 22, 2008