

CENTRAL SECURITIES CORPORATION



SEMI-ANNUAL REPORT

JUNE 30, 2009

CENTRAL SECURITIES CORPORATION

(Organized on October 1, 1929 as an investment company, registered as such with the Securities and Exchange Commission under the provisions of the Investment Company Act of 1940.)

TEN YEAR HISTORICAL DATA

Year	Total net assets	Convertible Preference Stock(A)	Per Share of Common Stock				Net realized investment gain (loss)	Unrealized appreciation of investments
			Net asset value	Net investment income(B)	Dividends(C)	Distributions(C)		
1998	\$476,463,575	\$8,986,125	\$31.43					\$301,750,135
1999	590,655,679	—	35.05	\$.26	\$.26	\$2.34	\$43,205,449	394,282,360
2000	596,289,086	—	32.94	.32	.32	4.03	65,921,671	363,263,634
2001	539,839,060	—	28.54	.18	.22	1.58*	13,662,612	304,887,640
2002	361,942,568	—	18.72	.14	.14	1.11	22,869,274	119,501,484
2003	478,959,218	—	24.32	.09	.11	1.29	24,761,313	229,388,141
2004	529,468,675	—	26.44	.11	.11	1.21	25,103,157	271,710,179
2005	573,979,905	—	27.65	.28	.28	1.72	31,669,417	302,381,671
2006	617,167,026	—	30.05	.36	.58	1.64	36,468,013	351,924,627
2007	644,822,724	—	30.15	.38	.52	1.88	42,124,417	356,551,394
2008	397,353,061	—	17.79	.39	.36	2.10	43,582,234	94,752,477
Six mos. to June 30, 2009**	429,428,422	—	19.27	.15	.09	.01	(451,241)	126,642,273

A -At liquidation preference.

B -Excluding gains or losses realized on sale of investments and the dividend requirement on the Convertible Preference Stock which was redeemed on August 1, 1999.

C -Computed on the basis of the Corporation's status as a "regulated investment company" for Federal income tax purposes. Dividends are from undistributed net investment income. Distributions are from long-term investment gains.

* Includes a non-taxable return of capital of \$.55.

** Unaudited.

The Common Stock is listed on the NYSE-Amex under the symbol CET. On June 30, 2009 the market quotations were: \$15.12 low, \$15.35 high and \$15.28 last sale.

To the Stockholders of

CENTRAL SECURITIES CORPORATION:

Financial statements for the six months ended June 30, 2009 reviewed by our independent registered public accounting firm and other pertinent information are submitted herewith.

Comparative net assets are as follows:

	June 30, 2009 <u>(Unaudited)</u>	December 31, 2008
Net assets	\$429,428,422	\$397,353,061
Net assets per share of Common Stock	19.27	17.79
Shares of Common Stock outstanding	22,282,413	22,331,813

Comparative operating results are as follows:

	<u>Six months ended June 30,</u>	
	2009 <u>(Unaudited)</u>	2008 <u>(Unaudited)</u>
Net investment income	\$ 3,457,135	\$ 4,703,564
Per share of Common Stock . . . . .	.15*	.22*
Net realized gain (loss) on sale of investments	(451,241)	24,660,810
Increase (decrease) in net unrealized appreciation of investments	31,889,796	(31,265,811)
Increase (decrease) in net assets resulting from operations	34,895,690	(1,901,437)

* Per-share data are based on the average number of Common shares outstanding.

A distribution of \$.10 per share of Common Stock was paid on June 19, 2009. Stockholders will be sent a notice concerning the taxability of all 2009 distributions in January 2010.

During the first six months of 2009 the Corporation repurchased 49,400 shares of its Common Stock at an average price per share of \$11.99. The Corporation may from time to time purchase Common Stock in such amounts and at such prices as the Board of Directors deem advisable in the best interests of stockholders. Purchases may be made on the NYSE-Amex or in transactions directly with stockholders.

We are very pleased to report that on June 15, 2009, Mr. David C. Colander was elected to the Board of Directors. He is a Professor of Economics at Middlebury College, and is the author of numerous books and articles including a widely used economics textbook which has been translated into several languages.

Stockholders' inquiries are welcome.

CENTRAL SECURITIES CORPORATION

WILMOT H. KIDD, *President*

630 Fifth Avenue
New York, NY 10111
July 23, 2009

TEN LARGEST INVESTMENTS

June 30, 2009
(Unaudited)

	<u>Cost</u>	<u>Value</u>	<u>Percent of</u> <u>Net Assets</u>	<u>Year First</u> <u>Acquired</u>
	(millions)			
The Plymouth Rock Company, Inc.	\$ 2.2	\$140.0	32.6%	1982
Brady Corporation	2.5	21.9	5.1	1984
The Bank of New York Mellon Corporation	12.2	19.8	4.6	1993
Murphy Oil Corporation	1.4	18.8	4.4	1974
Agilent Technologies, Inc.	21.9	18.7	4.4	2005
Coherent, Inc.	22.9	17.2	4.0	2007
Convergys Corporation	24.8	15.8	3.7	1998
Intel Corporation	0.3	13.2	3.1	1986
Dover Corporation	13.0	13.2	3.1	2003
Devon Energy Corporation	14.9	10.9	2.5	2007

PRINCIPAL PORTFOLIO CHANGES

April 1 to June 30, 2009
(Unaudited)

(Common Stock unless specified otherwise)

	<u>Number of Shares</u>		<u>Held</u> <u>June 30,</u> <u>2009</u>
	<u>Purchased</u>	<u>Sold</u>	
Abbott Laboratories	10,000		110,000
AT&T Inc.	200,000		200,000
The Bank of New York Mellon Corporation		25,000	675,000
Convergys Corporation		30,800	1,700,000
Intel Corporation.		9,600	800,000
Medtronic, Inc.	100,000		100,000
Murphy Oil Corporation		4,300	345,700
Nexen Inc.		60,000	240,000
Roper Industries, Inc.		20,000	230,000

DIVERSIFICATION OF INVESTMENTS

June 30, 2009

(Unaudited)

	<u>Issues</u>	<u>Cost</u>	<u>Value</u>	<u>Percent of Net Assets</u>	
				<u>June 30, 2009</u>	<u>December 31, 2008</u>
Common Stocks:					
Insurance	2	\$ 2,610,297	\$140,357,600	32.7%	31.8%
Electronics	9	90,038,152	82,140,500	19.1	17.5
Manufacturing	6	43,869,923	59,966,700	14.0	15.2
Energy	6	50,957,090	46,644,624	10.8	11.8
Information Technology	2	38,221,824	21,802,400	5.1	4.7
Banking and Finance	2	13,065,868	20,070,750	4.7	8.0
Other	8	29,131,387	23,554,238	5.5	3.6
Short-Term Investments	4	33,972,559	33,972,559	7.9	5.8

FINANCIAL HIGHLIGHTS

	Six Mos. Ended June 30, 2009 (Unaudited)	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
	Per Share Operating Performance					
Net asset value, beginning of period . . .	\$17.79	\$30.15	\$30.05	\$27.65	\$26.44	\$24.32
Net investment income* .....	.15	.39	.38	.36	.28	.11
Net realized and unrealized gain (loss) on securities*	1.43	(10.29)	2.12	4.26	2.93	3.33
Total from investment operations	1.58	(9.90)	2.50	4.62	3.21	3.44
Less:						
Dividends from net investment income	.09	.36	.37	.36	.28	.11
Distributions from capital gains .....	.01	2.10	2.03	1.86	1.72	1.21
Total distributions .....	.10	2.46	2.40	2.22	2.00	1.32
Net asset value, end of period	<u>\$19.27</u>	<u>\$17.79</u>	<u>\$30.15</u>	<u>\$30.05</u>	<u>\$27.65</u>	<u>\$26.44</u>
Per share market value, end of period .	\$15.28	\$14.40	\$26.84	\$26.65	\$23.80	\$22.85
Total investment return, market(%)	4.55	(39.63)	9.86	21.31	14.04	16.16
Total investment return, NAV(%) . .	8.88	(32.66)	9.35	18.55	13.75	15.40
Ratios/Supplemental Data:						
Net assets, end of period(000)	\$429,428	\$397,353	\$644,823	\$617,167	\$573,980	\$529,469
Ratio of expenses to average net assets(%) .....	.83†	.66	.59	.53	.54	.55
Ratio of net investment income to average net assets(%)	1.02†	1.43	1.21	1.23	1.02	.41
Portfolio turnover rate(%)	2.53	11.04	19.58	17.55	15.83	16.72

* Per-share data are based on the average number of shares outstanding during the period.

† Annualized, not necessarily indicative of full year ratio.

See accompanying notes to financial statements.

STATEMENT OF INVESTMENTS

June 30, 2009

(Unaudited)

PORTFOLIO SECURITIES 91.9%

STOCKS (COMMON UNLESS SPECIFIED OTHERWISE)

<u>Prin. Amt. or Shares</u>		<u>Value</u>
	Banking and Finance 4.7%	
675,000	The Bank of New York Mellon Corporation	\$19,784,250
150,000	Newstar Financial, Inc. (a)	286,500
		20,070,750
	Business Services 0.3%	
100,000	Heritage-Crystal Clean Inc. (a)	1,215,000
	Communications 1.5%	
1,000,000	Arbinet-thexchange, Inc. (a)	1,740,000
200,000	AT&T Inc.	4,968,000
		6,708,000
	Electronics 19.1%	
920,000	Agilent Technologies, Inc. (a)	18,685,200
370,000	Analog Devices, Inc.	9,168,600
830,000	Coherent, Inc. (a)	17,164,400
630,000	Flextronics International Ltd. (a)	2,614,500
800,000	Intel Corporation	13,240,000
300,000	Maxim Integrated Products, Inc	4,707,000
350,000	Motorola, Inc. (a)	2,320,500
1,000,000	Radisys Corporation (a)	9,040,000
3,230,000	Sonus Networks, Inc. (a)	5,200,300
		82,140,500
	Energy 10.8%	
300,000	Berry Petroleum Company Class A	5,577,000
200,000	Devon Energy Corporation	10,900,000
2,000,000	GeoMet, Inc. (a)(b)	2,200,000
670,000	McMoRan Exploration Co. (a)	3,993,200
345,700	Murphy Oil Corporation	18,778,424
240,000	Nexen Inc.	5,196,000
		46,644,624
	Health Care 2.2%	
110,000	Abbott Laboratories	5,174,400
100,000	Medtronic, Inc.	3,489,000
260,000	Vical Inc. (a)	702,000
		9,365,400
	Information Technology Services 5.1%	
1,700,000	Convergys Corporation (a)	15,776,000
930,000	Xerox Corporation	6,026,400
		21,802,400

<u>Prin. Amt. or Shares</u>		<u>Value</u>
	Insurance 32.7%	
10,000	Erie Indemnity Co. Class A	\$ 357,600
70,000	The Plymouth Rock Company, Inc. Class A (b)(d)	140,000,000
		<u>140,357,600</u>
	Manufacturing 14.0%	
870,000	Brady Corporation Class A	21,854,400
200,000	Carlisle Companies Inc.	4,808,000
400,000	Dover Corporation	13,236,000
200,000	General Electric Company	2,344,000
100,000	Precision Castparts Corp.	7,303,000
230,000	Roper Industries, Inc.	10,421,300
		<u>59,966,700</u>
	Retailing 1.5%	
28,751	Aerogroup International, Inc. (a)(d)	385,838
200,000	Walgreen Co.	5,880,000
		<u>6,265,838</u>
	Total Portfolio Securities (cost \$267,894,539)(e)	<u>394,536,812</u>
	SHORT-TERM INVESTMENTS 7.9%	
	Money Market Fund 0.3%	
1,463,673	Fidelity Institutional Money Market Government Portfolio	1,463,673
	U.S. Treasury Bills 7.6%	
32,521,000	U.S. Treasury Bills 0.08% - 0.26% due 7/23/09 – 10/22/09 (c)	<u>32,508,886</u>
	Total Short-Term Investments (cost \$33,972,559)(e)	<u>33,972,559</u>
	Total Investments (99.8%)	428,509,371
	Cash, receivables and other assets less liabilities (0.2%)	919,051
	Net Assets (100%)	<u><u>\$429,428,422</u></u>

(a) Non-dividend paying.

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

(c) Value based on Level 2 inputs – see Note 2.

(d) Valued at estimated fair value based on Level 3 inputs – see Note 2.

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

See accompanying notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2009
(Unaudited)

ASSETS:

Investments:

General portfolio securities at market value (cost \$252,035,621)	\$252,336,812	
Securities of affiliated companies (cost \$15,858,918) (Notes 6 and 7)	142,200,000	
Short-term investments (cost \$33,972,559)	<u>33,972,559</u>	\$428,509,371

Cash, receivables and other assets:

Cash	170,397	
Dividends and interest receivable	49,111	
Receivable for securities sold	611,140	
Office equipment and leasehold improvements, net	202,926	
Other assets	<u>97,005</u>	<u>1,130,579</u>

Total Assets		<u>429,639,950</u>
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LIABILITIES:

Accrued expenses and reserves	<u>211,528</u>	
Total Liabilities		<u>211,528</u>

NET ASSETS		<u><u>\$429,428,422</u></u>
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NET ASSETS are represented by:

Common Stock \$1 par value: authorized 30,000,000 shares; issued 22,336,013 (Note 3)		\$22,336,013
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Surplus:

Paid-in	\$279,078,341	
Accumulated net loss on sales of investments	(451,241)	
Undistributed net investment income	<u>2,474,140</u>	281,101,240
Net unrealized appreciation of investments		126,642,273
Treasury stock, at cost (53,600 shares of Common Stock) (Note 3)		<u>(651,104)</u>

NET ASSETS		<u><u>\$429,428,422</u></u>
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NET ASSET VALUE PER COMMON SHARE

(22,282,413 shares outstanding)		<u><u>\$19.27</u></u>
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See accompanying notes to financial statements.

STATEMENT OF OPERATIONS

For the six months ended June 30, 2009
(Unaudited)

INVESTMENT INCOME

Income:

Dividends (net of foreign withholding taxes of \$3,519)	\$ 5,019,495	
Interest	<u>52,734</u>	\$ 5,072,229

Expenses:

Investment research	449,375	
Administration and operations	399,125	
Occupancy costs	225,689	
Franchise and miscellaneous taxes	102,637	
Insurance	82,265	
Directors' fees	80,750	
Stationery, supplies, printing and postage	67,270	
Listing, software and sundry fees	57,625	
Legal, auditing and tax fees	38,862	
Travel and telephone	26,225	
Transfer agent and registrar fees and expenses	22,640	
Custodian fees	10,496	
Miscellaneous	<u>52,135</u>	<u>1,615,094</u>

Net investment income		3,457,135
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NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

Net realized loss from investment transactions	(451,241)	
Net increase in unrealized appreciation of investments	<u>31,889,796</u>	
Net gain on investments		<u>31,438,555</u>

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS

\$34,895,690

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended June 30, 2009
and the year ended December 31, 2008

	Six months ended June 30, 2009 (Unaudited)	Year ended December 31, 2008
FROM OPERATIONS:		
Net investment income	\$ 3,457,135	\$ 8,254,733
Net realized gain (loss) on investments	(451,241)	43,582,234
Net increase (decrease) in unrealized appreciation of investments	<u>31,889,796</u>	<u>(261,798,917)</u>
Increase (decrease) in net assets resulting from operations	<u>34,895,690</u>	<u>(209,961,950)</u>
DISTRIBUTIONS TO STOCKHOLDERS FROM:		
Net investment income	(1,944,635)	(7,791,012)
Net realized gain from investment transactions	<u>(283,606)</u>	<u>(44,387,916)</u>
Decrease in net assets from distributions	<u>(2,228,241)</u>	<u>(52,178,928)</u>
FROM CAPITAL SHARE TRANSACTIONS: (Note 3)		
Distribution to stockholders reinvested in Common Stock	—	20,932,558
Cost of shares of Common Stock repurchased	<u>(592,088)</u>	<u>(6,261,343)</u>
Increase (decrease) in net assets from capital share transactions	<u>(592,088)</u>	<u>14,671,215</u>
Total increase (decrease) in net assets	32,075,361	(247,469,663)
NET ASSETS:		
Beginning of period	<u>397,353,061</u>	<u>644,822,724</u>
End of period (including undistributed net investment income of \$2,474,140 and \$961,640, respectively)	<u>\$429,428,422</u>	<u>\$397,353,061</u>

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

For the six months ended June 30, 2009
(Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net increase in net assets from operations		\$ 34,895,690
Adjustments to net increase in net assets from operations:		
Purchase of securities	(\$ 8,894,331)	
Proceeds from securities sold	13,817,451	
Net purchase of short-term investments	(10,785,959)	
Net realized loss from investments	451,241	
Increase in unrealized appreciation	(31,889,796)	
Depreciation and amortization	41,419	
Changes in operating assets and liabilities:		
Decrease in dividends and interest receivable	85,798	
Increase in office equipment and leasehold improvements	(1,497)	
Increase in other assets	(15,037)	
Increase in receivable for securities sold	(611,140)	
Decrease in accrued expenses and reserves	<u>(95,149)</u>	
Total adjustments		<u>(37,897,000)</u>
Net cash used by operating activities		(3,001,310)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(5,354,696)	
Treasury shares repurchased	<u>(592,088)</u>	
Cash flows used in financing activities		<u>(5,946,784)</u>
Net decrease in cash		(8,948,094)
Cash at beginning of period		<u>9,118,491</u>
Cash at end of period		<u>\$ 170,397</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS — (unaudited)

1. *Significant Accounting Policies* — Central Securities Corporation (the “Corporation”) is registered under the Investment Company Act of 1940, as amended, as a non-diversified, closed-end management investment company. The following is a summary of the significant accounting policies consistently followed by the Corporation in the preparation of its financial statements. These policies are in conformity with generally accepted accounting principles. Subsequent events have been evaluated through July 23, 2009, the date the financial statements were available to be issued.

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.

Federal Income Taxes — It is the Corporation’s policy to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to its stockholders. Therefore, no Federal income taxes have been accrued.

Use of Estimates — The preparation of the financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported. Actual results may differ from such estimates.

Other — Security transactions are accounted for as of the trade date, and cost of securities sold is determined by specific identification. Dividend income and distributions to stockholders are recorded on the ex-dividend date. Interest income is accrued daily.

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 securities listed on a national securities exchange or NASDAQ national market and money market funds;
- *Level 2* — Other significant observable data 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 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 methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities.

The Corporation’s investments as of June 30, 2009 are classified as follows:

Valuation Inputs	Investments in Securities
Level 1	\$255,614,647
Level 2	32,508,886
Level 3	140,385,838
Total	\$428,509,371

NOTES TO FINANCIAL STATEMENTS — continued (unaudited)

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

Balance as of December 31, 2008	\$126,385,838
Net increase in unrealized appreciation of investments	14,000,000
Balance as of June 30, 2009	<u>\$140,385,838</u>

No Level 3 investments were purchased, sold or transferred to Level 1 or Level 2 during the six months ended June 30, 2009. 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 review of independent appraisals. In addition, consideration is given to corporate governance, private transactions, company and industry outlooks and general market conditions.

3. *Common Stock* — The Corporation repurchased 49,400 shares of its Common Stock in the first six months of 2009 at an average price of \$11.99 per share, representing an average discount from net asset value of 23.6%. It may from time to time purchase Common Stock in such amounts and at such prices as the Board of Directors deem advisable in the best interests of the stockholders. Purchases will only be made at less than net asset value per share, thereby increasing the net asset value of shares held by the remaining stockholders. Shares so acquired may be held as treasury stock available for optional stock distributions, or may be retired.

4. *Investment Transactions* — The aggregate cost of securities purchased and the aggregate proceeds of securities sold during the six months ended June 30, 2009, excluding short-term investments, were \$8,894,331 and \$13,817,451, respectively.

As of June 30, 2009, based on cost for Federal income tax purposes, the aggregate gross unrealized appreciation and depreciation for all securities were \$213,647,047 and \$87,004,774, respectively.

5. *Operating Expenses* — The aggregate remuneration paid during the six months ended June 30, 2009 to officers and directors amounted to \$829,500, of which \$80,750 was paid as fees to directors who were not officers. Employees also participate in a profit sharing retirement plan. Contributions to the plan are made at the discretion of the Board of Directors, and each participant's benefits vest after three years of employment. No contributions were made to the plan for the six months ended June 30, 2009.

6. *Affiliates* — The Plymouth Rock Company, Inc. and GeoMet, Inc., are affiliates as defined in the Investment Company Act of 1940. During the six months ended June 30, 2009, the Corporation received dividends of \$2,970,800 from affiliates. Unrealized appreciation related to affiliates increased by \$12,760,000 for the six months ended June 30, 2009 to \$126,341,082. The President of the Corporation is a director of Plymouth Rock.

7. *Restricted Securities* — The Corporation from time to time invests in securities the resale of which is restricted. On June 30, 2009 such investments had an aggregate value of \$140,385,838, which was equal to 32.7% of the Corporation's net assets. Investments in restricted securities at June 30, 2009, including acquisition dates and cost, were:

Company	Shares	Security	Date Acquired	Cost
Aerogroup International, Inc.	28,751	Common Stock	6/21/05	\$ 17,200
The Plymouth Rock Company, Inc.	60,000	Class A Stock	12/15/82	1,500,000
The Plymouth Rock Company, Inc.	10,000	Class A Stock	6/9/84	699,986

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

8. *Operating Lease Commitment* — The Corporation has entered into an operating lease for office space which expires in 2014 and provides for future minimum rental payments in the aggregate amount of approximately \$1.9 million. The lease agreement contains escalation clauses relating to operating costs and real property taxes. Future minimum rental commitments under the lease are \$170,903 remaining for 2009 and \$341,806 annually thereafter.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF
CENTRAL SECURITIES CORPORATION

We have reviewed the accompanying statement of assets and liabilities, including the statement of investments, of Central Securities Corporation as of June 30, 2009, and the related statements of operations, changes in net assets, cash flows and financial highlights for the six-month period ended June 30, 2009. These interim financial statements and financial highlights are the responsibility of Central Securities Corporation's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the interim financial statements and financial highlights referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statement of changes in net assets for the year ended December 31, 2008 and financial highlights for each of the years in the five-year period ended December 31, 2008, and in our report dated February 2, 2009 we expressed an unqualified opinion on such statement of changes in net assets and financial highlights.

KPMG LLP

New York, NY
July 23, 2009

OTHER STOCKHOLDER INFORMATION

Direct Registration

The Corporation utilizes direct registration, a system that allows for book-entry ownership and the electronic transfer of the Corporation's shares. Stockholders may find direct registration a convenient way of managing their investment. Stockholders wishing certificates may request them.

A pamphlet which describes the features and benefits of direct registration, including the ability of shareholders to deposit certificates with our transfer agent, can be obtained by calling Computershare Trust Company at 1-800-756-8200, calling the Corporation at 1-866-593-2507 or visiting our website: www.centalsecurities.com under Contact Us.

Annual Meeting of Stockholders

The annual meeting of stockholders of the Corporation was held on March 11, 2009. At the meeting all of the directors of the Corporation were reelected by the following vote of the holders of the Common Stock: Simms C. Browning, 20,312,173 shares in favor, 606,414 withheld; Donald G. Calder, 20,313,992 shares in favor, 604,595 shares withheld; Jay R. Inglis, 20,301,700 shares in favor, 616,887 shares withheld; Dudley D. Johnson, 20,314,331 shares in favor, 604,256 shares withheld; Wilmot H. Kidd, 20,311,008 shares in favor, 607,579 shares withheld; and C. Carter Walker, Jr., 20,310,217 shares in favor, 608,370 shares withheld.

In addition, the selection of KPMG LLP as independent auditors of the Corporation for the year 2009 was ratified by the following vote of the holders of the Common Stock: 20,356,349 shares in favor, 487,583 shares against, 74,655 shares abstaining.

Proxy Voting Policies and Procedures

The policies and procedures used by the Corporation to determine how to vote proxies relating to portfolio securities and the Corporation's proxy voting record for the twelve-month period ended June 30, 2009 are available: (1) without charge, upon request, by calling us at our toll-free telephone number (1-866-593-2507), (2) on the Corporation's website at www.centalsecurities.com and (3) on the Securities and Exchange Commission's website at www.sec.gov.

Quarterly Portfolio Information

The Corporation files its complete schedule of portfolio holdings with the SEC for the first and the third quarter of each fiscal year on Form N-Q. The Corporation's Form N-Q filings are available on the SEC's website at www.sec.gov. Those forms may be reviewed and copied at the SEC's Public Reference Room in Washington D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

BOARD OF DIRECTORS

Simms C. Browning, Chairman
Donald G. Calder
David C. Colander
Jay R. Inglis
Dudley D. Johnson
Wilmot H. Kidd
C. Carter Walker, Jr.

OFFICERS

Wilmot H. Kidd, President
Charles N. Edgerton, Vice President and Treasurer
Marlene A. Krumholz, Secretary

OFFICE

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New York, NY 10111
212-698-2020
866-593-2507 (toll-free)
www.centalsecurities.com

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.
P.O. Box 43069, Providence, RI 02940-3069
800-756-8200
www.computershare.com

CUSTODIAN

UMB Bank, N. A.
Kansas City, MO

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP
New York, NY