

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF CENTRAL SECURITIES CORPORATION**

AUTHORITY AND PURPOSE

By resolution adopted December 17, 1973, the Board of Directors of Central Securities Corporation (the “Corporation”) created an Audit Committee of the Board of Directors (the “Audit Committee”). The purpose of the Audit Committee is to oversee the accounting and financial reporting processes of the Corporation and the audits of its financial statements.

The Corporation’s management is responsible for the preparation of the Corporation’s financial statements and for maintaining appropriate accounting and financial reporting principles and policies as well as internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for auditing the Corporation’s financial statements.

The Corporation’s management and independent auditors have more time, knowledge and detailed information on the Corporation than do the members of the Audit Committee. Therefore, in carrying out its oversight responsibilities, the Audit Committee is not providing any special assurance as to the Corporation’s financial statements nor any professional certification as to the independent auditors’ work. The members of the Audit Committee shall be entitled to rely upon the integrity of the individuals and organizations within and outside the Corporation from whom it receives information and the accuracy of the information provided to them by such individuals or organizations absent actual knowledge to the contrary. The Audit Committee shall have the authority to engage independent counsel and other advisers, as it

deems necessary or appropriate. The Corporation shall provide appropriate funding, as determined by the Audit Committee, for payment of compensation to independent auditors or to any adviser employed by the Audit Committee or for ordinary administrative expenses.

The following affirms and sets forth in detail the membership requirements, structure and responsibilities of the Audit Committee.

MEMBERSHIP REQUIREMENTS

1. The Audit Committee shall be elected by the Board of Directors and shall be comprised solely of independent directors, and each member of the Audit Committee shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment as an Audit Committee member.
2. The members of the Audit Committee shall meet the independence and experience requirements of the exchange on which the Corporation's stock is listed and rules and regulations of the Securities and Exchange Commission ("SEC"), in each case as in effect from time to time. Members of the Audit Committee may not, other than in their capacity as members of the Audit Committee, the Board of Directors of the Corporation, or any other committee of the Board of Directors, accept directly or indirectly any consulting, advisory, or other compensatory fee from the Corporation or be an "interested person" of the Corporation (as defined in Section 2(a)(19) of the Investment Company Act of 1940).

STRUCTURE

1. The number of directors comprising the Audit Committee shall be no fewer than three, such number to be determined from time to time by the Board of Directors.

2. Unless a Chair is elected by the full Board of Directors, the members of the Audit Committee may designate a Chair by majority vote.
3. The Audit Committee shall meet formally at least four times each year or more frequently as circumstances may dictate, and it shall meet privately (without members of management present) with the independent auditors at its discretion to discuss any matters that the Audit Committee or the independent auditors believe should be discussed.

RESPONSIBILITIES

Independent Auditors

The Audit Committee shall recommend annually the independent auditors to be selected by the Board of Directors subject to ratification by the vote of the stockholders of the Corporation. The Audit Committee shall be directly responsible for compensation and oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting). The independent auditors are ultimately accountable to the Audit Committee and the Board of Directors as representatives of the stockholders of the Corporation.

In carrying out these responsibilities, the Audit Committee shall:

1. Pre-approve all audit and permitted non-audit services that the independent auditors provide to the Corporation. This pre-approval shall be based on the consideration of whether the non-audit services provided by the Corporation's auditor are compatible with maintaining the auditor's independence. This pre-approval requirement may be waived with respect to the provision of non-audit services in the limited circumstances defined in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934.

The Audit Committee may delegate to one or more designated members of the Audit Committee the authority to grant the pre-approvals required above. The decision of any member to whom authority is delegated under this paragraph to pre-approve an activity shall be presented to the full Audit Committee at its next scheduled meeting.

2. Receive annually from the independent auditors a formal written statement delineating all relationships between the auditors and the Corporation in accordance with Independence Standards Board Standard 1.
3. Actively engage in a dialogue with the independent auditors regarding any disclosed relationship or services performed by the independent auditors that might impact the objectivity and independence of the auditors and take, or recommend that the full Board of Directors take, appropriate action to oversee and satisfy itself annually of the independence of the independent auditors.
4. Receive annually from the independent auditors an engagement letter and review the fees and other compensation to be paid to the independent auditors.
5. Review and discuss with the independent auditors the proposed scope, staffing, reliance upon management and general audit approach of the year-end audit.
6. Communicate to the independent auditors that they are ultimately accountable to the Audit Committee and the Board of Directors as the representatives of the stockholders of the Corporation.

Financial Reporting

It shall be the responsibility of the Audit Committee to assist the Board of Directors by providing oversight on matters pertaining to the accounting, financial reporting, internal control and audit activities of the Corporation.

In carrying out these responsibilities, the Audit Committee shall:

1. Review and discuss with management and the independent auditors, following the conclusion of the year-end audit, the audited financial statements to be included in the Corporation's annual report to stockholders under Section 30(e) of the Investment Company Act of 1940 and Rule 30d-1 thereunder, including discussion of certain matters required to be communicated to audit committees in accordance with AICPA Statement of Auditing Standards No. 61 ("SAS 61").
2. Review and discuss reports from the independent auditor regarding (i) all critical accounting policies and practices used; (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Corporation, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and (iii) other material written communications between the independent auditors and management of the Corporation.
3. Discuss and consider the independent auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting in accordance with SAS 61.
4. Discuss with management and the independent auditors significant issues regarding the Corporation's internal controls, including any significant findings prepared by the independent auditors with respect thereto.

5. Inquire into any changes in the Corporation's accounting principles and practices and the effect of any changes in accounting standards that may materially affect the Corporation's financial reporting practices.
6. Advise the Board of Directors whether, based on these reviews and discussions and its assessment of the independent auditors' independence, the Audit Committee recommends that the audited financial statements be included in the Corporation's annual report to stockholders under Section 30(e) of the Investment Company Act of 1940 and Rule 30d-1 thereunder.
7. Establish procedures for (i) receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters ("Accounting Matters") and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Other Duties

In addition to the foregoing responsibilities, the Audit Committee shall:

1. Prepare annually a report to stockholders to be included in the Corporation's proxy statement as required by the SEC.
2. Review with the Corporation's certifying officers on Form N-CSR disclosure, based on their most recent evaluation:
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

3. Determine annually whether any member of the Audit Committee is an "Audit Committee Financial Expert" as defined in Item 3 of Form N-CSR.
4. Review and reassess the adequacy of this Charter at least annually, make recommendations to the Board of Directors, as conditions dictate, to update this Charter, and direct that this Charter be included as an exhibit to the Corporation's proxy statement at least every three years in accordance with SEC regulations.
5. Perform any other activities consistent with this Charter, the Corporation's by-laws, and governing law as the Audit Committee or the Board of Directors deems necessary or appropriate, including causing an investigation to be made into any matter brought to the attention of the Audit Committee within the scope of its duties.