

# CENTRAL SECURITIES CORPORATION



NINETY-FIRST ANNUAL REPORT

**2019**

## SIGNS OF THE TIMES

“America’s most profitable export product is not oil or medicine or Hollywood movies or Boeing airplanes. It is a small green piece of paper with Benjamin Franklin on the front.

“Last year, the United States exported \$65.3 billion of its currency – mostly \$100 bills....

“I cannot remember the last time I owned or even held a \$100 bill.

“Yet foreign demand for the bills known as Benjamins has surged even as the domestic use of dollars has declined. The number of \$100 bills in circulation roughly doubled between 2008 and 2017, and experts estimate a vast majority are in foreign hands.” (Binyamin Applebaum, *The New York Times*, March 10, 2019)

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“Are we entering a new, progressive era in antitrust?”

“The answer to that question matters a lot. The official scrutiny of the big tech companies – Facebook, Google, Amazon and Apple – is just getting underway....

“There are intriguing parallels with the progressive era of the late 19th and early 20th century: growing gaps in wealth, concentration of markets and a perceived threat to democracy.

“Then, the technology engine was the industrial revolution. Today it is the digital revolution. Then, the targets of enforcement were industrial trusts, led by Standard Oil. Today it is the digital behemoths. Then, the policy response was new antitrust laws – the Sherman Act of 1890 and the Clayton Act of 1914 – and aggressive enforcement. Today, the policy response remains to be seen.” (Steve Lohr, *The New York Times*, December 23, 2019)

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“The Office of Management and Budget is required by law to produce a widely neglected annual report, the Information Collection Budget of the United States Government (ICB), which quantifies the annual paperwork burden that the government imposes on its citizens. The most recent ICB finds that in 2015, Americans spent 9.78 billion hours on federal paperwork.

“The Treasury Department, including the Internal Revenue Service, accounted for the vast majority of the total: 7.36 billion hours.” (Pamela Herd and Donald P. Moynihan, *The New York Review*, April 4, 2019)

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“There are many statistics that illustrate the flaws of the U.S. health-care system. One in particular stands out. In 2017, Americans spent an average of \$10,224 per person on health care, according to a Kaiser Family Foundation study. The equivalent figure across similarly wealthy countries that year was just \$5,280. Yet despite spending almost twice as much as Australians, Canadians, Japanese, and many Europeans, Americans suffer from lower life expectancy, higher infant mortality rates, and a higher prevalence of heart disease, lung disease, and sexually transmitted infections.

“This reflects the deep dysfunction in the U.S. health-care system. Experts estimate that around 30 percent of the money spent on health care in the United States – around \$1 trillion a year – is wasted on inefficiencies, excessive administrative expenses, the duplication of services, and fraud and abuse in insurance claims. Meanwhile, huge numbers of Americans remain uninsured or underinsured.” (William C. Hsiao, *Foreign Affairs*, January/February 2020)

## 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)

### 25-YEAR HISTORICAL DATA

Year Ended December 31,	Total net assets	Per Share of Common Stock				Unrealized appreciation of investments at end of year
		Net asset value	Source of dividends and distributions		Total dividends and distributions	
			Ordinary income*	Long-term capital gains*		
1994	\$226,639,144	\$17.60				\$109,278,788
1995	292,547,559	21.74	\$ .33	\$ 1.60	\$ 1.93	162,016,798
1996	356,685,785	25.64	.28	1.37	1.65	214,721,981
1997	434,423,053	29.97	.34	2.08	2.42	273,760,444
1998	476,463,575	31.43	.29	1.65	1.94	301,750,135
1999	590,655,679	35.05	.26	2.34	2.60	394,282,360
2000	596,289,086	32.94	.32	4.03	4.35	363,263,634
2001	539,839,060	28.54	.22	1.58**	1.80**	304,887,640
2002	361,942,568	18.72	.14	1.11	1.25	119,501,484
2003	478,959,218	24.32	.11	1.29	1.40	229,388,141
2004	529,468,675	26.44	.11	1.21	1.32	271,710,179
2005	573,979,905	27.65	.28	1.72	2.00	302,381,671
2006	617,167,026	30.05	.58	1.64	2.22	351,924,627
2007	644,822,724	30.15	.52	1.88	2.40	356,551,394
2008	397,353,061	17.79	.36	2.10	2.46	94,752,477
2009	504,029,743	22.32	.33	.32	.65	197,256,447
2010	593,524,167	26.06	.46	.44	.90	281,081,168
2011	574,187,941	24.96	.43	.57	1.00	255,654,966
2012	569,465,087	24.53	.51	.43	.94	247,684,116
2013	648,261,868	26.78	.12	3.58	3.70	305,978,151
2014	649,760,644	26.18	.16	1.59	1.75	293,810,819
2015	582,870,527	23.53	.12	1.86	1.98	229,473,007
2016	674,683,352	27.12	.30	.68	.98	318,524,775
2017	826,331,789	32.86	.28	.72	1.00	460,088,116
2018	765,342,588	30.02	.56	.89	1.45	392,947,674
2019	994,595,051	38.42	.57	.78	1.35	607,489,748
Dividends and distributions for the 25-year period:			\$ 7.98	\$ 37.46	\$ 45.44	

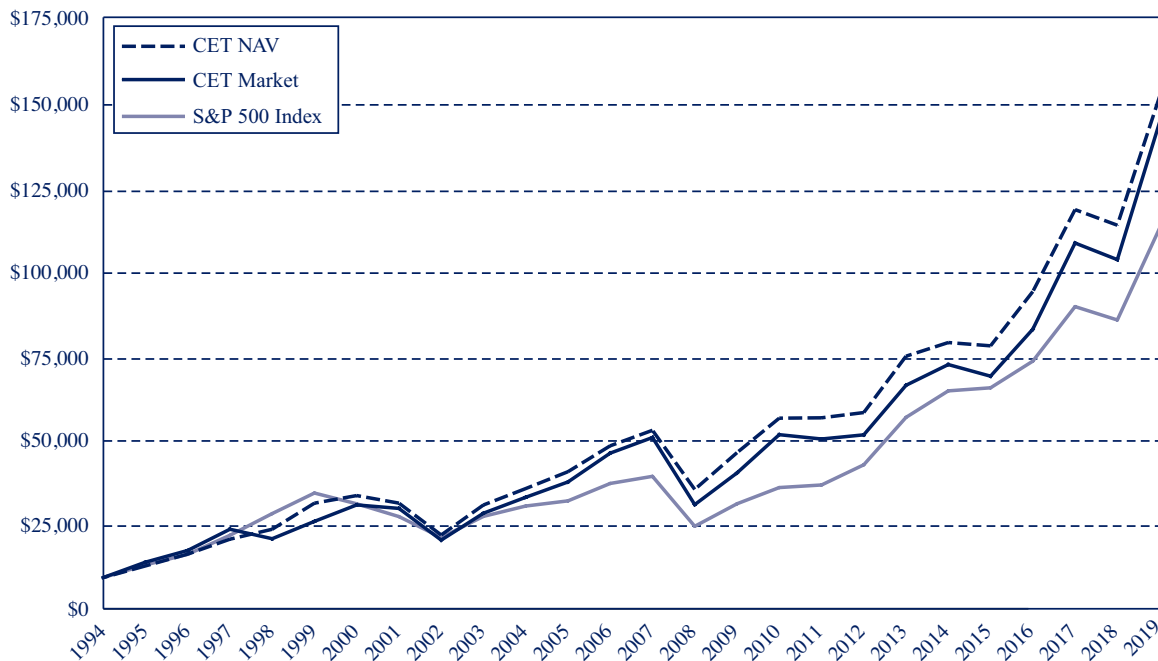
\* Computed on the basis of the Corporation's status as a "regulated investment company" for Federal income tax purposes. Dividends from ordinary income include short-term capital gains.

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

The Common Stock is listed on the NYSE American under the symbol CET. On December 31, 2019, the closing market price was \$33.10 per share.

## 25-YEAR INVESTMENT RESULTS ASSUMING AN INITIAL INVESTMENT OF \$10,000

(unaudited)



Central's results to December 31, 2019 versus the S&P 500 Index:

<u>Average Annual Total Return</u>	<u>Central's NAV Return</u>	<u>Central's Market Return</u>	<u>S&amp;P 500 Index</u>
1 Year .....	33.31%	39.03%	31.48%
5 Year .....	13.88%	14.65%	11.68%
10 Year .....	12.49%	13.45%	13.54%
15 Year .....	10.03%	10.19%	8.99%
20 Year .....	8.11%	8.83%	6.05%
25 Year .....	11.51%	11.28%	10.20%
Value of \$10,000 invested for a 25-year period .....	\$ 152,480	\$ 144,847	\$ 113,476

The Corporation's total returns reflect changes in market price or net asset value, as applicable, and assume reinvestment of all distributions. Distributions that are payable only in cash are assumed to be reinvested on the payable date of the distribution at the market price or net asset value, as applicable. Distributions that may be taken in shares are assumed to be reinvested at the price designated by the Corporation. Total returns do not reflect any transaction costs on investments or the deduction of taxes that investors may pay on distributions or the sale of shares.

The Standard & Poor's 500 Composite Stock Price Index (the "S&P 500 Index") is an unmanaged benchmark of large U.S. corporations that assumes reinvestment of all distributions, and excludes the effect of fees, expenses, taxes, and sales charges.

Performance data represents past performance and does not guarantee future investment results.

*To the Stockholders of*

CENTRAL SECURITIES CORPORATION:

Financial statements for the year 2019, as reported upon by our independent registered public accounting firm, and other pertinent information are submitted herewith.

Comparative net assets are as follows:

	December 31, 2019	December 31, 2018
Net assets .....	\$994,595,051	\$765,342,588
Net assets per share of Common Stock .....	38.42	30.02
Shares of Common Stock outstanding .....	25,889,242	25,496,847

Comparative operating results are as follows:

	Year 2019	Year 2018
Net investment income .....	\$ 12,010,223	\$ 13,684,841
Per share of Common Stock .....	.47*	.54*
Net realized gain from investment transactions .....	24,461,167	19,176,502
Increase (decrease) in net unrealized appreciation of investments .....	214,542,074	(67,140,442)
Increase (decrease) in net assets resulting from operations .....	251,013,464	(34,279,099)

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

The Corporation declared two distributions to holders of Common Stock in 2019, \$.20 per share paid on June 25 in cash and \$1.15 per share paid on December 23 in cash or in additional shares of Common Stock at the stockholder's option. For Federal income tax purposes, of the \$1.35 paid, \$.57 represents ordinary income and \$.78 represents long-term capital gains. Separate tax notices have been mailed to stockholders. With respect to state and local taxes, the character of distributions may vary. Stockholders should consult with their tax advisors on this matter.

In the distribution paid in December, the holders of 44% of the outstanding shares of Common Stock elected stock, and they received 399,672 Common shares at a price of \$31.93 per share.

During 2019, the Corporation purchased 17,181 shares of its Common Stock at an average price of \$24.91 per share. The Corporation may from time to time purchase its Common Stock in such amounts and at such prices as the Board of Directors deems advisable in the best interests of stockholders. Purchases may be made in the open market or in private transactions directly with stockholders.

Central's net asset value, adjusted for the reinvestment of distributions to shareholders increased by 33.3% during 2019. Over the same period, Central's shares returned 39.0%. For comparative purposes, the S&P 500 Index increased by 31.5% while the Russell 2000, a broad index composed of smaller companies increased by 25.5%.

Long-term returns on an annualized basis are shown below.

<u>Years</u>	<u>NAV Return</u>	<u>Market Return</u>	<u>S&amp;P 500</u>
10	12.5%	13.5%	13.5%
20	8.1%	8.8%	6.1%
30	12.4%	12.8%	9.9%
40	13.6%	14.2%	11.8%

Stock market results were buoyant in 2019. The markets were helped by three Federal Reserve interest rate cuts as well as an easing of trade tensions. Corporate earnings did not increase commensurately; thus P/E ratios increased. Against this backdrop, we made only a limited number of portfolio changes last year and our turnover remained in the single digits. We added a position in Roche Holdings, the Swiss pharmaceutical company. We sold investments in Alleghany, Kemper, Wells Fargo and Liberty Global. We also sold positions in Tiffany and Freeport-McMoRan that we had purchased during 2019. We increased our investments in Progressive, Berkshire Hathaway, JP Morgan Chase, American Express, Rayonier and Capital One. We reduced our positions in Motorola Solutions, Keysight Technologies, Brady, Roper Technologies, Ribbon Communications and Microsoft. Central ended the year with thirty-three investments, down from thirty-six at the beginning of the year.

The five most significant positive contributors to Central's 2019 results, in order of importance were Plymouth Rock, Coherent, Hess, Analog Devices and Motorola Solutions. Together they contributed almost half of our overall return. The only declining investment in our portfolio during 2019 was Ribbon Communications.

Coherent, our largest listed investment, announced in April that CEO John Ambroseo would retire upon the selection of a new CEO, but no later than April of 2021, giving the company two years to find a new CEO. John has led Coherent since 2002 and has been one of the best leaders we have known. In our judgment the company is well positioned to benefit from continued growth in the laser industry, but the management change is noteworthy and will bear scrutiny.

Central's largest and most important investment continues to be Plymouth Rock, a privately held company in which we invested in 1982. The Plymouth Rock Group of Companies together write and manage over \$1.4 billion in personal and commercial auto, homeowners and umbrella insurance in Massachusetts, New Hampshire, Connecticut, New York, New Jersey and Pennsylvania. We currently own 23% of the shares outstanding.

Plymouth Rock had a productive year again in 2019, and we expect that the company's 2019 annual report containing audited financial results will be available in April. Plymouth Rock's annual reports from 1984 to 2018 may be found at [www.plymouthrock.com/about/financial-information/annual-reports](http://www.plymouthrock.com/about/financial-information/annual-reports). Taken together, they provide a detailed history of the company.

We are often asked by shareholders and others for our views on the direction of the stock market, and the answer is that we do not know with any degree of certainty. While understanding the factors affecting the level of stock market prices and the probabilities of various potential outcomes is important, our focus is on finding excellent companies for Central to own as opposed to trading based on the market outlook.

Central is an independent, internally managed closed-end investment company. Our objective is growth of capital through the long-term ownership of a diversified equity portfolio containing a limited number of what we believe are superior companies. We invest with a time horizon of at least five years. Honest and capable management working in the long-term interest of shareholders is of the utmost importance in our consideration of new investments. Finally, we attempt to purchase at a reasonable, if not a bargain, price. This approach requires that we have intimate knowledge of the business and management of our companies. We believe Central's ability to take a long-term view is advantageous to our shareholders.

As we recently announced, David Poppe has joined our Board of Directors. He is the President of Giverny Capital Asset Management, a newly formed asset management affiliate of Giverny Capital Inc. Before joining Giverny, he had a twenty-year career with Ruane, Cunniff & Goldfarb, the investment adviser to Sequoia Fund. He was CEO of Ruane, Cunniff & Goldfarb from 2016 to 2018. We are delighted to have the benefit of his extensive experience, and we would like to welcome him to our Board.

Stockholder's inquiries are welcome.

John C. Hill

Wilmot H. Kidd

Andrew J. O'Neill

630 Fifth Avenue  
New York, New York 10111  
January 29, 2020

## TEN LARGEST INVESTMENTS

December 31, 2019

(unaudited)

	Cost (mil.)	Value (mil.)	% of Net Assets	Year First Acquired
<b>The Plymouth Rock Company Incorporated</b> . . . . . Plymouth Rock underwrites and services over \$1.4 billion in automobile and homeowner's insurance premiums in the Northeast. Founded in 1982, it has grown both organically and by acquisition.	\$ 0.7	\$216.0	21.7%	1982
<b>Coherent, Inc.</b> . . . . . Coherent is a leading producer of commercial and scientific laser systems and components to diverse end-markets including flat-panel display, microelectronics and materials processing, with \$1.4 billion in sales.	13.5	58.2	5.9	2007
<b>Analog Devices, Inc.</b> . . . . . Analog Devices designs, manufactures and markets integrated circuits used in analog and digital signal processing and power management. It has \$6 billion in global product sales to industrial, communications, automotive and consumer end-markets.	6.2	53.5	5.4	1987
<b>Intel Corporation</b> . . . . . Intel is one of the world's largest semiconductor makers, based on revenue of \$70 billion. It develops advanced integrated circuits for industries such as computing, data storage and communications.	7.6	50.3	5.1	1986
<b>Hess Corporation</b> . . . . . Hess Corporation engages in the exploration, development, production, transportation, purchase and sale of crude oil, natural gas liquid and natural gas. Hess has production operations in the U.S., Asia and South America.	31.2	46.8	4.7	2017
<b>Motorola Solutions, Inc.</b> . . . . . Motorola Solutions, with sales of \$6.4 billion, is a leading provider of emergency-response and public-safety communication infrastructure, devices, software and services to governments and enterprises globally.	11.1	40.3	4.1	2000
<b>Capital One Financial Corporation</b> . . . . . Capital One is one of the 10 largest banks in the U.S., with assets of over \$370 billion and deposits of over \$250 billion. It generates revenues of \$28 billion.	20.2	34.0	3.4	2013
<b>JPMorgan Chase &amp; Co.</b> . . . . . JPMorgan Chase is among the largest banks globally, with assets of over \$2.7 trillion and deposits of over \$1.5 trillion. It generates revenues of \$113 billion.	13.0	32.1	3.2	2010
<b>Rayonier Inc.</b> . . . . . Rayonier is a real estate investment trust with 2.6 million acres of timberlands in the Southern and Pacific Northwest regions of the United States and in New Zealand.	23.7	26.2	2.6	2014
<b>Progressive Corporation</b> . . . . . Progressive earns \$34 billion in auto, home and other specialty insurance premiums from direct and agent-marketed personal and commercial customers in the U.S.	18.6	25.3	2.5	2015



## DIVERSIFICATION OF INVESTMENTS

December 31, 2019

(unaudited)

	<u>Issues</u>	<u>Cost</u>	<u>Value</u>	Percent of Net Assets	
				<u>2019</u>	<u>2018</u>
<b>Common Stocks:</b>					
Insurance .....	3	\$22,653,083	\$251,524,900	25.3%	27.6%
Technology Hardware and Equipment ..	4	36,268,028	124,939,463	12.6	12.6
Semiconductor .....	2	13,769,771	103,752,000	10.4	10.2
Diversified Financial .....	5	60,686,991	100,071,700	10.1	8.8
Health Care .....	4	41,059,414	65,639,050	6.6	5.8
Diversified Industrial .....	3	8,329,781	56,191,940	5.7	6.2
Banks .....	2	26,397,371	54,031,750	5.4	5.0
Energy .....	1	31,227,477	46,767,000	4.7	3.7
Communication Services .....	3	27,218,855	38,484,240	3.9	4.3
Real Estate and Homebuilding .....	2	34,483,862	36,802,400	3.7	3.5
Retailing .....	1	3,814,861	24,021,920	2.4	2.6
Other .....	3	14,062,695	25,235,574	2.5	2.3
<b>Short-Term Investments</b> .....	2	66,083,726	66,083,726	6.6	6.6

## PRINCIPAL PORTFOLIO CHANGES

October 1 to December 31, 2019

(Common Stock unless specified otherwise)

(unaudited)

	Number of Shares		
	<u>Purchased</u>	<u>Sold</u>	<u>Held December 31, 2019</u>
Heritage-Crystal Clean, Inc. ....		5,000	680,000
Kemper Corporation .....		200,000	—
Liberty Global plc .....		210,000	—
Progressive Corporation .....	190,000		350,000
Ribbon Communications Inc. ....		170,000	1,077,488
Star Group, L.P. ....	83,002		726,900
Tiffany & Co. ....		110,000	—
TRI Pointe Group, Inc. ....		20,000	680,000

# STATEMENT OF INVESTMENTS

December 31, 2019

<i>Shares</i>		<i>Value</i>
<b>COMMON STOCKS 93.3%</b>		
<b>Banks 5.4%</b>		
275,000	Citigroup Inc. ....	\$ 21,969,750
230,000	JPMorgan Chase & Co. ....	32,062,000
		54,031,750
<b>Communications Services 3.9%</b>		
16,000	Alphabet Inc. Class A (a) ....	21,430,240
200,000	Cogent Communications Holdings, Inc. ....	13,162,000
200,000	Liberty Latin America Ltd. Class C (a) ....	3,892,000
		38,484,240
<b>Consumer Services 0.4%</b>		
30,000	Wynn Resorts Ltd. ....	4,166,100
<b>Diversified Financial 10.1%</b>		
180,000	American Express Company ....	22,408,200
400,000	The Bank of New York Mellon Corporation ....	20,132,000
40	Berkshire Hathaway Inc. Class A (a) ....	13,583,600
330,000	Capital One Financial Corporation ....	33,960,300
210,000	The Charles Schwab Corporation ....	9,987,600
		100,071,700
<b>Diversified Industrial 5.7%</b>		
250,000	Brady Corporation Class A ....	14,315,000
680,000	Heritage-Crystal Clean, Inc. (a) ....	21,331,600
58,000	Roper Technologies, Inc. ....	20,545,340
		56,191,940
<b>Energy 4.7%</b>		
700,000	Hess Corporation ....	46,767,000
<b>Health Care 6.6%</b>		
90,000	Johnson & Johnson ....	13,128,300
195,000	Medtronic plc ....	22,122,750
200,000	Merck & Co., Inc. ....	18,190,000
300,000	Roche Holdings Ltd. ADR ....	12,198,000
		65,639,050
<b>Insurance 25.3%</b>		
100,000	Kinsale Capital Group, Inc. ....	10,166,000
28,424	The Plymouth Rock Company Incorporated Class A (b)(c) ....	216,022,400
350,000	Progressive Corporation ....	25,336,500
		251,524,900

<u>Shares</u>		<u>Value</u>
	<b>Real Estate and Homebuilding 3.7%</b>	
800,000	Rayonier Inc. ....	\$ 26,208,000
680,000	TRI Pointe Group, Inc. (a) .....	10,594,400
		<u>36,802,400</u>
	<b>Retailing 2.4%</b>	
13,000	Amazon.com, Inc. (a) .....	<u>24,021,920</u>
	<b>Semiconductor 10.4%</b>	
450,000	Analog Devices, Inc. ....	53,478,000
840,000	Intel Corporation .....	50,274,000
		<u>103,752,000</u>
	<b>Software and Services 1.4%</b>	
90,000	Microsoft Corporation .....	<u>14,193,000</u>
	<b>Technology Hardware and Equipment 12.6%</b>	
350,000	Coherent, Inc. (a) .....	58,222,500
225,000	Keysight Technologies, Inc. (a) .....	23,091,750
250,000	Motorola Solutions, Inc. ....	40,285,000
1,077,488	Ribbon Communications Inc. (a) .....	3,340,213
		<u>124,939,463</u>
	<b>Utilities 0.7%</b>	
726,900	Star Group, L.P. ....	<u>6,876,474</u>
	Total Common Stocks (cost \$319,972,189) .....	<u>927,461,937</u>
	<b>SHORT-TERM INVESTMENTS 6.6%</b>	
	<b>Money Market Fund 3.6%</b>	
36,100,063	Fidelity Institutional Money Market Fund Treasury Only Portfolio Class I .....	36,100,063
	<b>U.S. Treasury Bills 3.0%</b>	
\$30,000,000	U.S. Treasury Bill 1.53%, due 1/14/20 (d) .....	<u>29,983,663</u>
	Total Short-Term Investments (cost \$66,083,726) .....	<u>66,083,726</u>
	Total Investments (cost \$386,055,915) (99.9%) .....	993,545,663
	Cash, receivables and other assets less liabilities (0.1%) .....	<u>1,049,388</u>
	Net Assets (100%) .....	<u>\$994,595,051</u>

(a) Non-dividend paying.

(b) Affiliate as defined in the Investment Company Act of 1940 and restricted. See Note 5 and Note 6.

(c) Valued based on Level 3 inputs. See Note 2.

(d) Valued based on Level 2 inputs. See Note 2.

See accompanying notes to financial statements.

# STATEMENT OF ASSETS AND LIABILITIES

December 31, 2019

ASSETS:

Investments:

Securities of unaffiliated companies (cost \$319,261,589) (Note 2) .....	\$711,439,537	
Securities of affiliated companies (cost \$710,600) (Notes 2, 5 and 6) ..	216,022,400	
Short-term investments (cost \$66,083,726) (Note 2) .....	<u>66,083,726</u>	\$993,545,663

Cash, receivables and other assets:

Cash .....	660,845	
Dividends receivable .....	418,260	
Operating lease right-of-use asset .....	960,382	
Other assets .....	<u>125,468</u>	<u>2,164,955</u>
Total Assets		<u>995,710,618</u>

LIABILITIES:

Accrued expenses and other liabilities .....	155,185	
Operating lease liability .....	<u>960,382</u>	
Total Liabilities		<u>1,115,567</u>

NET ASSETS .....	<u>\$994,595,051</u>
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NET ASSETS are represented by:

Common Stock \$1 par value: authorized 40,000,000 shares; issued 25,889,242 (Note 3) .....		\$ 25,889,242
Surplus:		
Paid-in .....	\$356,773,442	
Total distributable earnings, including net unrealized appreciation of investments .....	<u>611,932,367</u>	<u>968,705,809</u>

NET ASSETS .....	<u>\$994,595,051</u>
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NET ASSET VALUE PER COMMON SHARE (25,889,242 shares outstanding) .....	<u>\$38.42</u>
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See accompanying notes to financial statements.

## STATEMENT OF OPERATIONS

For the year ended December 31, 2019

### INVESTMENT INCOME

#### Income:

Dividends from unaffiliated companies (net of foreign withholding taxes of \$75,222) .....	\$ 9,719,632	
Dividends from affiliated companies (Note 5) .....	7,411,558	
Interest .....	<u>829,963</u>	\$ 17,961,153

#### Expenses:

Investment research .....	2,666,030	
Administration and operations .....	1,807,722	
Occupancy and office operating expenses .....	493,504	
Directors' fees .....	244,283	
Legal, auditing and tax preparation fees .....	166,560	
Software and information services .....	158,735	
Franchise and miscellaneous taxes .....	91,629	
Transfer agent, registrar and custodian fees and expenses .....	90,577	
Stockholder communications and meetings .....	68,526	
Miscellaneous .....	<u>163,364</u>	<u>5,950,930</u>
Net investment income .....		<u>12,010,223</u>

### NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

Net realized gain from unaffiliated companies .....	24,461,167	
Increase in net unrealized appreciation of investments in unaffiliated companies .....	169,063,674	
Increase in net unrealized appreciation of investments in affiliated companies (Note 5) .....	<u>45,478,400</u>	
Net gain on investments .....		<u>239,003,241</u>

INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....		<u>\$251,013,464</u>
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See accompanying notes to financial statements.

## STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31, 2019 and 2018

	2019	2018
FROM OPERATIONS:		
Net investment income .....	\$ 12,010,223	\$ 13,684,841
Net realized gain from investment transactions .....	24,461,167	19,176,502
Increase (decrease) in net unrealized appreciation of investments .....	214,542,074	(67,140,442)
Increase (decrease) in net assets resulting from operations .....	251,013,464	(34,279,099)
DISTRIBUTIONS TO STOCKHOLDERS:		
From distributable earnings .....	(34,401,599)	(36,422,535)
FROM CAPITAL SHARE TRANSACTIONS: (Notes 3 and 8)		
Distribution to stockholders reinvested in Common Stock .....	12,761,527	13,373,879
Issuance of shares of Common Stock to directors and employees .....	307,073	321,120
Cost of treasury stock purchased .....	(428,002)	(3,982,566)
Increase in net assets from capital share transactions .....	12,640,598	9,712,433
Total increase (decrease) in net assets .....	229,252,463	(60,989,201)
NET ASSETS:		
Beginning of year .....	765,342,588	826,331,789
End of year .....	\$994,595,051	\$765,342,588

See accompanying notes to financial statements.

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

### CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets from operations .....		\$ 251,013,464
Adjustments to increase in net assets from operations:		
Proceeds from securities sold .....	\$ 84,675,177	
Purchases of securities .....	(59,014,782)	
Net increase in short-term investments .....	(15,477,127)	
Net realized gain from investments .....	(24,461,167)	
Increase in net unrealized appreciation of investments .....	(214,542,074)	
Non-cash stock compensation .....	307,073	
Depreciation and amortization .....	3,733	
Changes in operating assets and liabilities:		
Increase in dividends receivable .....	(8,014)	
Increase in other assets .....	(34,543)	
Increase in accrued expenses and other liabilities .....	36,260	
Total adjustments .....	<u>                    </u>	(228,515,464)
Net cash provided by operating activities .....		<u>22,498,000</u>

### CASH FLOWS FROM FINANCING ACTIVITIES:

Dividends and distributions paid .....	(21,640,072)	
Treasury stock purchased .....	(428,002)	
Cash used in financing activities .....	<u>                    </u>	(22,068,074)
Net increase in cash .....		429,926
Cash at beginning of year .....		230,919
Cash at end of year .....		<u><u>\$ 660,845</u></u>

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

#### Non-cash operating activities not included herein consist of:

Operating lease right-of-use asset and liability .....	\$ 960,382
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#### Non-cash financing activities not included herein consist of:

Reinvestment of dividends and distributions to stockholders .....	\$ 12,761,527
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Issuance of shares of Common Stock to directors and employees .....	\$ 307,073
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See accompanying notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

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 U.S. generally accepted accounting principles.

*Security Valuation*—Marketable common stocks 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 fair value. Securities for which no ready market exists are valued at estimated fair value pursuant to procedures adopted by the Board of Directors. 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.

*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 and net capital gains to its stockholders. Management has analyzed positions taken on the Corporation’s tax returns and has determined that no provision for income taxes is required in the accompanying financial statements. The Corporation’s Federal, state and local tax returns for the current and previous three fiscal years remain subject to examination by the relevant taxing authorities.

*Use of Estimates*—The preparation of 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 those estimates.

*Leases*—The Corporation adopted Accounting Standards Update 2016-02, “Leases” (“ASU 2016-02”), issued by the Financial Accounting Standards Board (“FASB”), effective January 1, 2019. The new standard generally requires a lessee for an operating lease to recognize on its statement of assets and liabilities at the lease commencement date (1) a liability representing its obligation to make lease payments over the lease term and (2) a corresponding right-of-use (“ROU”) asset for its right to use the underlying asset over the lease term. The lease liability is measured at the present value of the unpaid fixed and certain variable lease payments using a discount rate implicit in the lease, if known, or the rate of interest the lessee would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Lease expense for fixed lease payments is recognized on a straight-line basis over the lease term and is included in Occupancy and office operating expenses in the Statement of Operations. Variable payments for increases in operating expenses and real estate taxes are expensed as incurred and also are included in Occupancy and office operating expenses. See Note 9.

*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.

*Recently Issued Accounting Pronouncement* — In August 2018, the FASB issued Accounting Standards Update 2018-13, “Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement” (“ASU 2018-13”), which introduces new fair value disclosure requirements and eliminates and modifies certain existing fair value disclosure requirements. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with earlier adoption permitted. Management does not believe there will be a material impact on the applicable financial statement disclosures as a result of the adoption of ASU 2018-13.



## NOTES TO FINANCIAL STATEMENTS — Continued

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 inputs obtained from independent sources, for example, quoted prices in active markets for similar investments;
- Level 3—Significant unobservable inputs including the Corporation’s own assumptions based upon the best information available. The Corporation’s only Level 3 investment is The Plymouth Rock Company Incorporated Class A Common Stock (“Plymouth Rock”).

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 December 31, 2019 are classified as follows:

	Level 1	Level 2	Level 3	Total Value
Common stocks . . . . .	\$711,439,537	—	\$216,022,400	\$927,461,937
Short-term investments . . . . .	36,100,063	\$29,983,663	—	66,083,726
Total . . . . .	\$747,539,600	\$29,983,663	\$216,022,400	\$993,545,663

The following is a reconciliation of the change in the value of Level 3 investments:

Balance as of December 31, 2018 . . . . .	\$170,544,000
Change in unrealized appreciation of investments in affiliated companies included in increase in net assets from operations . . . . .	45,478,400
Balance as of December 31, 2019 . . . . .	\$216,022,400

Unrealized appreciation of Level 3 investments still held as of December 31, 2019 increased during the year by \$45,478,400, which is included in the above table.

In valuing the Plymouth Rock Level 3 investment as of December 31, 2019, management considered Plymouth Rock’s financial condition and results of operations, the insurance industry outlook, and any transactions in Plymouth Rock’s shares. Management used significant unobservable inputs to develop a range of values for the investment. It used a comparable company approach that utilized the following valuation multiples from selected publicly traded companies: price-to-book value (range: 0.8–1.9; average: 1.4); price-to-historical earnings (range: 13.5–34.2; average: 24.3); and price-to-forward earnings estimates (range: 11.0–27.1; average: 18.2). Management also used a discounted cash flow model based on a forecasted return on equity of approximately 10% and a cost of capital of approximately 9%. Plymouth Rock’s book value and an independent valuation of Plymouth Rock’s shares obtained by Plymouth Rock were also considered. Averages of these values were then discounted for lack of marketability and control of the Plymouth Rock shares by 30% and 40%, a range management believes market participants would apply. Management presented and discussed the above information with the Corporation’s directors, who approved the value for the investment.

Significant increases (decreases) in the price-to-book value multiple, price-to-historical earnings multiple, price-to-forward earnings estimate multiple, return on equity rate and book value in isolation would result in a higher (lower) range of fair values. Significant increases (decreases) in the discount for lack of marketability or cost of capital in isolation would result in a lower (higher) range of fair values.

3. *Common Stock and Dividend Distributions*—The Corporation purchased 17,181 shares of its Common Stock in 2019 at an average price of \$24.91 per share representing an average discount from net asset value of 17.1%. It may from time to time purchase Common Stock in such amounts and at such prices as the Board of

## NOTES TO FINANCIAL STATEMENTS — Continued

Directors may 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 stock distributions, or may be retired.

The Corporation declared two distributions to holders of Common Stock in 2019, \$.20 per share paid on June 25 in cash and \$1.15 per share paid on December 23 in cash or in additional shares of Common Stock at the stockholder's option. In connection with the December 23 distribution, 85,865 treasury shares were distributed and 313,807 shares of Common Stock were issued, all at a price of \$31.93 per share.

The tax character of dividends and distributions paid during the year was ordinary income, \$14,525,120 and long-term capital gain, \$19,876,479; for 2018, it was \$14,065,080 and \$22,357,455, respectively. As of December 31, 2019, for tax purposes, undistributed ordinary income was \$2,125,097 and undistributed long-term realized capital gain was \$2,513,278. Dividends and distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. Financial statements are adjusted for permanent book-tax differences; such adjustments were not material for the year ended December 31, 2019.

4. *Investment Transactions*—The aggregate cost of securities purchased and the aggregate proceeds of securities sold during the year ended December 31, 2019, excluding short-term investments, were \$59,014,782 and \$84,675,177, respectively.

As of December 31, 2019, the tax cost of investments was \$386,055,914. Net unrealized appreciation was \$607,489,748 consisting of gross unrealized appreciation and gross unrealized depreciation of \$615,663,613 and \$8,173,865, respectively.

5. *Affiliated Companies*—Plymouth Rock is an affiliated company as defined in the Investment Company Act of 1940 due to the Corporation's ownership of 5% or more of the company's outstanding voting securities. During the year ended December 31, 2019, unrealized appreciation from the Corporation's investment in Plymouth Rock increased by \$45,478,400 and the Corporation received dividends of \$7,411,558 from Plymouth Rock. The Chief Executive Officer of the Corporation is a director of Plymouth Rock. The President of the Corporation is a director of certain subsidiaries of Plymouth Rock.

6. *Restricted Securities*—The Corporation may from time to time invest in securities the resale of which is restricted. On December 31, 2019, the Corporation's restricted securities consisted of 28,424 shares of Plymouth Rock Class A stock that were acquired on December 15, 1982 at a cost of \$710,600. This security had a value of \$216,022,400 at December 31, 2019, which was equal to 21.7% of the Corporation's net assets. The Corporation does not have the right to demand registration of this security.

7. *Bank Line of Credit*—The Corporation has entered into a \$25 million uncommitted, secured revolving line of credit with UMB Bank, n.a. ("UMB"), the Corporation's custodian. All borrowings are payable on demand of UMB. Interest on any borrowings is payable monthly at a rate based on the federal funds rate, subject to a minimum annual rate of 2.50%. No borrowings were made during the year ended December 31, 2019.

8. *Compensation and Benefit Plans*—The aggregate remuneration paid to all officers during the year ended December 31, 2019 was \$3,577,917.

Officers and other employees participate in a 401(k) profit sharing plan. The Corporation has agreed to contribute 3% of each participant's qualifying compensation to the plan, which is immediately vested. Contributions in excess of 3% may be made at the discretion of the Board of Directors and vest after three years of service. During the year ended December 31, 2019, the Corporation contributed \$247,628 to the plan, which represented 15% of total qualifying compensation.

The Corporation maintains an incentive compensation plan (the "2012 Plan") which permits the granting of awards of unrestricted stock, restricted stock, restricted stock units and cash to full-time employees and non-employee directors of the Corporation. The 2012 Plan provides for the issuance of up to 1,000,000 shares of the Corporation's Common Stock over the ten-year life of the 2012 Plan, of which 922,059 remain available for future

## NOTES TO FINANCIAL STATEMENTS — Continued

grants at December 31, 2019. The 2012 Plan limits the amount of shares that can be awarded to any one person in total or within a certain time period. Any award made under the 2012 Plan may be subject to performance conditions. The 2012 Plan is administered by the Corporation's Compensation and Nominating Committee.

A summary of awards of unrestricted shares of Common Stock granted and issued in 2019 is presented below. The fair value of unrestricted stock is the average of the high and low prices of the Corporation's Common Stock on the grant date.

	<u>Officers and employees</u>	<u>Non-employee directors</u>
Number of shares granted . . . . .	10,853	3,000
Number of shares surrendered for withholding taxes . . . . .	<u>(3,949)</u>	<u>n/a</u>
Number of shares issued . . . . .	<u>6,904</u>	<u>3,000</u>
Weighted average grant date fair value . . .	\$ 31.98	\$28.76

Pursuant to the terms of the 2012 Plan, each non-employee director is awarded 500 shares of vested unrestricted Common Stock at initial election to the Board of Directors and annually after re-election at the Corporation's annual meeting. The aggregate value of these awards made in 2019 was \$86,283. This amount plus cash payments of \$158,000 made to all non-employee directors are included in Directors' fees expense in the accompanying Statement of Operations.

9. *Operating Lease*—The Corporation leased office space under a lease that ended June 30, 2019. The lease was amended effective July 1, 2019 to extend the lease term until June 30, 2022. The landlord may terminate the lease no earlier than June 30, 2021 with one-year's notice, in which case the Corporation's rental commitment would end as of the termination date. The lease includes fixed payments for occupancy and certain utilities and variable payments relating to the Corporation's share of increases in building operating expenses and real estate taxes.

In adopting ASU 2016-02, the Corporation determined that the lease was an operating lease. The Corporation elected not to separate lease and non-lease components of the contract in measuring its lease liability. As of January 1, 2019, the Corporation measured its lease liability and corresponding ROU asset at approximately \$198,000, which was the present value of the remaining fixed payments under the lease using a discount rate of 2.93%. The lease extension is accounted for as a separate contract under ASU 2016-02. As of July 1, 2019, the Corporation measured its lease liability and corresponding ROU asset at \$1,143,975, which was the present value of the fixed payments under the contract using a discount rate of 3.00%.

Total lease expense for the year ended December 31, 2019 was \$418,609 including \$398,223 of operating lease cost and \$20,386 of variable lease cost.

Fixed amounts due under the lease as of December 31, 2019 are as follows:

2020 . . . . .		\$398,223
2021 . . . . .		398,223
2022 . . . . .		<u>199,111</u>
Total undiscounted lease payments . . . . .		995,557
Less imputed interest . . . . .		<u>(35,175)</u>
Total lease liability . . . . .		<u>\$960,382</u>

## FINANCIAL HIGHLIGHTS

The following table shows per share operating performance data, total returns, ratios and supplemental data for each year in the five-year period ended December 31, 2019. This information has been derived from information contained in the financial statements and market price data for the Corporation's shares.

The Corporation's total returns reflect changes in market price or net asset value, as applicable, and assume reinvestment of all distributions. Distributions that are payable only in cash are assumed to be reinvested at the market price or net asset value, as applicable, on the payable date of the distribution. Distributions that may be taken in shares are assumed to be reinvested at the price designated by the Corporation.

	2019	2018	2017	2016	2015
<b>Per Share Operating Performance:</b>					
Net asset value, beginning of year	\$ 30.02	\$ 32.86	\$ 27.12	\$ 23.53	\$ 26.18
Net investment income (a)	.47	.54	.28	.19	.14
Net realized and unrealized gain (loss)					
on securities (a)	9.38	(1.91)	6.52	4.41	(.83)
Total from investment operations	9.85	(1.37)	6.80	4.60	(.69)
Less:					
Dividends from net investment income	.47	.55	.27	.20	.12
Distributions from capital gains	.88	.90	.73	.78	1.86
Total distributions	1.35	1.45	1.00	.98	1.98
Net change from capital share transactions	(.10)	(.02)	(.06)	(.03)	.02
Net asset value, end of year	\$ 38.42	\$ 30.02	\$ 32.86	\$ 27.12	\$ 23.53
Per share market value, end of year	\$ 33.10	\$ 24.83	\$ 27.40	\$ 21.79	\$ 19.02
<b>Total return based on market (%)</b>	39.03	(4.51)	30.55	19.97	(4.71)
<b>Total return based on NAV (%)</b>	33.31	(3.88)	25.63	20.44	(1.23)
<b>Ratios/Supplemental Data:</b>					
Net assets, end of year (000)	\$994,595	\$765,343	\$826,332	\$674,683	\$582,871
Ratio of expenses to average net assets (%)	.66	.69	.75	.88	.72
Ratio of net investment income to average net assets (%)	1.32	1.63	.92	.75	.56
Portfolio turnover rate (%)	7.00	8.04	6.03	9.48	25.48

(a) Based on the average number of shares outstanding during the year.

See accompanying notes to financial statements.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

THE BOARD OF DIRECTORS AND STOCKHOLDERS OF  
CENTRAL SECURITIES CORPORATION:

### **Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities of Central Securities Corporation (the “Corporation”), including the statement of investments, as of December 31, 2019, the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the related notes (collectively, the “financial statements”) and the financial highlights for each of the years in the five-year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Corporation as of December 31, 2019, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

### **Basis for Opinion**

These financial statements and financial highlights are the responsibility of the Corporation’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Corporation in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risk of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2019, by correspondence with the custodian. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

We or our predecessor firms have served as the Corporation’s auditor since 1930.

New York, NY  
January 31, 2020

## OTHER 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](http://www.centalsecurities.com) under Contact Us.

### 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, 2019 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](http://www.centalsecurities.com) and (3) on the Securities and Exchange Commission's website at [www.sec.gov](http://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](http://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.

### Privacy Policy

In order to conduct its business, the Corporation, through its transfer agent, Computershare Trust Company, collects and maintains certain nonpublic personal information about our stockholders of record in connection with their transactions in shares of our securities. This information includes the shareholder's address, tax identification number and number of shares. We do not collect or maintain personal information about stockholders whose shares are held in "street name" by a financial institution such as a bank or broker.

We do not disclose any nonpublic personal information about our stockholders to third parties unless necessary to process a transaction, service an account or as otherwise permitted by law.

To protect your personal information internally, we restrict access to nonpublic personal information about our stockholders to those employees who need to know that information to provide services to our stockholders.

### Forward-Looking Statements

This report may contain "forward-looking statements" within the meaning of the Securities Exchange Act of 1934. You can identify forward-looking statements by words such as "believe," "expect," "may," "anticipate," and other similar expressions when discussing prospects for particular portfolio holdings and/or markets, generally. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. We cannot assure future results and disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

## BOARD OF DIRECTORS AND OFFICERS

Name (age)	Principal Occupation (last five years) and position with the Corporation (if any)	Other Public Company Directorships held by Directors
<u>Independent Directors</u>		
L. PRICE BLACKFORD (68) Director since 2012	Managing Director, Scott-Macon, Ltd. (investment banking)	None
SIMMS C. BROWNING (79) Director since 2005	Retired 2003; Vice President, Neuberger Berman, LLC (asset management) prior thereto	None
DONALD G. CALDER (82) Director since 1982	Chairman, Clear Harbor Asset Management, LLC since 2010; President, G.L. Ohrstrom & Co. Inc. (private investment firm) prior thereto	Brown-Forman Corporation (beverages); Carlisle Companies (industrials) and Roper Technologies, Inc. (manufacturing), each prior to 2010
DAVID C. COLANDER (72) Director since 2009	Professor of Economics, Middlebury College	None
JAY R. INGLIS (85) Director since 1973	Retired since 2014; Vice President and General Counsel, International Claims Management, Inc. prior thereto	None
<u>Interested Directors</u>		
WILMOT H. KIDD (78) Director since 1972	Chairman and Chief Executive Officer, Central Securities Corporation; President, Central Securities Corporation 1973-2018	Silvercrest Asset Management Group, Inc.
WILMOT H. KIDD IV (40) Director since 2017	Independent photographer, cinematographer and film producer	None
<u>Other Officers</u>		
JOHN C. HILL (46)	President since 2018 and Vice President since 2016; Analyst, Davis Advisors, 2009-2016	
MARLENE A. KRUMHOLZ (56)	Vice President since 2009 and Secretary since 2001	
ANDREW J. O'NEILL (47)	Vice President since 2011, Investment Analyst since 2009	
LAWRENCE P. VOGEL (63)	Treasurer since 2010 and Vice President since 2009	

The Corporation is a stand-alone investment company. The address of each Director and officer is c/o Central Securities Corporation, 630 Fifth Avenue, New York, New York 10111. All Directors serve for a term of one year and are elected by stockholders at the Corporation's annual meeting. Officers serve at the pleasure of the Board of Directors.

## BOARD OF DIRECTORS

Wilmot H. Kidd, Chairman  
L. Price Blackford, Lead Independent Director  
Simms C. Browning  
Donald G. Calder  
David C. Colander  
Jay R. Inglis  
Wilmot H. Kidd IV  
C. Carter Walker, Jr., Director Emeritus

## OFFICERS

Wilmot H. Kidd, Chief Executive Officer  
John C. Hill, President  
Marlene A. Krumholz, Vice President and Secretary  
Andrew J. O'Neill, Vice President  
Lawrence P. Vogel, Vice President and Treasurer

## OFFICE

630 Fifth Avenue  
New York, NY 10111  
212-698-2020  
866-593-2507 (toll-free)  
[www.centalsecurities.com](http://www.centalsecurities.com)

## TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.  
P.O. Box 505000, Louisville, KY 40233  
800-756-8200  
[www.computershare.com/investor](http://www.computershare.com/investor)

## CUSTODIAN

UMB Bank, n.a.  
Kansas City, MO

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP  
New York, NY