

ANNUAL REPORT

December 31, 2010

NICHOLAS LIMITED EDITION, INC.

CONSISTENCY in a WORLD of CHANGE



700 NORTH WATER STREET
MILWAUKEE, WISCONSIN 53202
WWW.NICHOLASFUNDS.COM

NICHOLAS LIMITED EDITION, INC.

February 2011

Dear Fellow Shareholders:

Financial markets of just about every stripe pushed higher in 2010, marking a second year of recovery from the financial crisis of late 2008. The global economic recovery that began in 2009 has continued on a choppy path this year with slowly improving economic data and gradual improvement in investor sentiment. U.S. stocks posted good returns in 2010 with small capitalization stocks outperforming large.

We are pleased to report that Nicholas Limited Edition – Class I returned 31.62% for the year ended December 31, 2010. This compares to a return of 15.06% for the S&P 500, a large capitalization index, and 26.85% for the Russell 2000, a small capitalization index. Returns for Nicholas Limited Edition, Inc. - Class I and selected indices are provided in the chart below for the periods ended December 31, 2010.

	Average Annual Total Return				
	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>15 Year</u>
Nicholas Limited Edition, Inc. – Class I	31.62%	5.38%	6.72%	6.98%	7.19%
Russell 2000 Growth Index	29.09%	2.18%	5.30%	3.78%	4.89%
Russell 2000 Index	26.85%	2.22%	4.47%	6.33%	7.64%
Morningstar Small-Cap Growth Fund Category	26.98%	0.47%	4.24%	3.88%	7.68%
Standard and Poor's 500 Index	15.06%	-2.86%	2.29%	1.41%	6.77%
Ending value of \$10,000 invested in Nicholas Limited Edition, Inc. – Class I	\$13,162	\$11,703	\$13,844	\$19,638	\$28,343
Fund's Class I Expense Ratio: 0.97%					

The Fund's expense ratios for the period ended December 31, 2010 can be found in the financial highlights included within this report.

Performance data quoted represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month-end, may be obtained by visiting www.nicholasfunds.com/returns.html.

The Fund's returns are reduced by expenses; while the market indices are not. The ending values above illustrate the performance of a hypothetical \$10,000 investment made in the Fund over the timeframes listed. Assumes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales charge or redemption fees. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. These figures do not imply any future performance.

Class N of the Fund commenced operations on February 28, 2005. The annual returns shown for the Class I shares for this Fund would be substantially similar to the Class N because both classes of shares are invested in the same portfolio of securities.

Annual returns will generally differ only to the extent that the classes do not have the same expenses. Specifically, the performance shown for the Class I shares does not reflect the 0.25% 12b-1 fee or 0.10% servicing fee that is charged to Class N shares. Subsequent to March 13, 2008 and prior to August 11, 2010, the 12b-1 fee was 0.125%.

The Fund's performance for the year was driven by stock selection in the information technology and consumer discretionary sectors where fundamentals were strong and a number of our holdings were purchased by larger companies at substantial premiums. Performance was also positive in the industrial and energy sectors as the economic recovery drove strong demand. The healthcare sector was a drag on performance due to concerns over the new healthcare law, high unemployment, and insurance companies conscious efforts to hold down costs of medical procedures.

Currently the portfolio is well diversified with approximately 23% in technology, 21% industrials, 17% consumer related, 13% healthcare, 11% financials, and about 4% in both the energy and materials sectors.

Stocks, in particular small company stocks, have had big recoveries off the lows in March 2009 leaving valuations at more normal levels. The economy has started to recover albeit at a tepid pace due to slow hiring and lackluster recovery in the housing market. Looking forward, we believe this slow-growth economy will be in place for quite a while. As always, we remain focused on owning companies that have solid balance sheets and good outlooks for growth. We believe that thorough fundamental research will be critical to investment success in this current environment.

Thank you, for your continued support.

Sincerely,



David O. Nicholas
Portfolio Manager

The information above represents the opinions of the Fund manager, is subject to change, and any forecasts made cannot be guaranteed.

The Fund may invest in smaller companies, which involve additional risks such as limited liquidity and greater volatility.

Please refer to the schedule of investments in the report for complete fund holdings information. Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security.

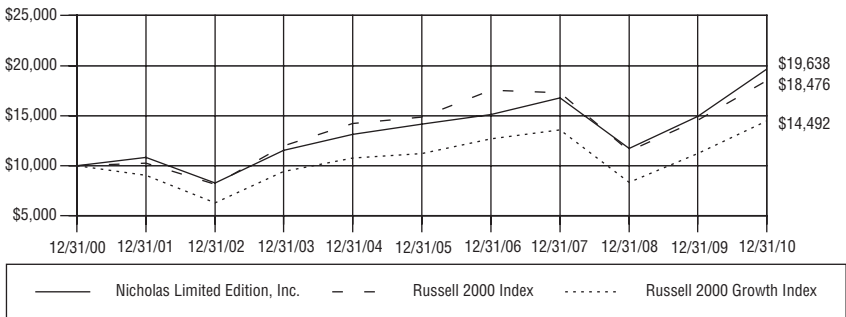
The Russell 2000 Index measures the performance of the 2000 smallest companies in the Russell 3000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index. The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. One cannot invest directly in an index. Each Morningstar Category average represents a universe of Funds with similar investment objectives.

Must be preceded or accompanied by a prospectus.

The Nicholas Funds are distributed by Quasar Distributors, LLC. (02/11)

**COMPARISON OF CHANGE IN VALUE OF \$10,000
INVESTMENT IN NICHOLAS LIMITED EDITION, INC. – CLASS I,
RUSSELL 2000 INDEX AND RUSSELL 2000 GROWTH INDEX**

The line graph, which follows, compares the initial account value and subsequent account values at the end of each of the most recently completed ten fiscal years of the Fund’s Class I, to the same investment over the same period in two peer group indices. The graph assumes a \$10,000 investment in the Fund’s Class I and the indices at the beginning of the first fiscal year. The peer group in the graph includes the Russell 2000 Index and the Russell 2000 Growth Index. The Adviser believes the Russell 2000 Index and the Russell 2000 Growth Index are representative of the performance of small- and medium-capitalization growth companies in which the Fund primarily invests and provide a meaningful and representative basis of comparison for Fund investors.



The Fund’s Class I average annual total returns for the one, five and ten year periods ended on the last day of the most recent fiscal year are as follows:

	One Year Ended December 31, 2010	Five Years Ended December 31, 2010	Ten Years Ended December 31, 2010
Average Annual Total Return	31.62%	6.72%	6.98%

Past performance is not predictive of future performance, and the above graph and table do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

Financial Highlights Class I (NCLEX)

For a share outstanding throughout each period

	Years Ended December 31,				
	2010	2009	2008	2007	2006
NET ASSET VALUE, BEGINNING OF PERIOD	\$17.76	\$13.93	\$20.07	\$19.62	\$19.23
INCOME (LOSS) FROM INVESTMENT OPERATIONS					
Net investment income (loss)00 ⁽¹⁾⁽²⁾	(.01) ⁽²⁾	.03	.01	.00 ⁽¹⁾
Net gain (loss) on securities (realized and unrealized)	5.63	3.84	(6.11)	2.20	1.23
Total from investment operations	5.63	3.83	(6.08)	2.21	1.23
LESS DISTRIBUTIONS					
From net investment income	—	.00 ⁽¹⁾	(.03)	.00 ⁽¹⁾	—
From net capital gain	(1.54)	—	(.03)	(1.76)	(.84)
Total distributions	(1.54)	.00 ⁽¹⁾	(.06)	(1.76)	(.84)
NET ASSET VALUE, END OF PERIOD	<u>\$21.85</u>	<u>\$17.76</u>	<u>\$13.93</u>	<u>\$20.07</u>	<u>\$19.62</u>
TOTAL RETURN	31.62%	27.50%	(30.26)%	11.20%	6.38%
SUPPLEMENTAL DATA:					
Net assets, end of period (millions)	\$182.1	\$136.5	\$115.3	\$167.8	\$172.1
Ratio of expenses to average net assets91%	.97%	.93%	.91%	.92%
Ratio of net investment income (loss) to average net assets	(.02)%	(.07)%	.16%	.05%	.00% ⁽¹⁾
Portfolio turnover rate	40.04%	40.41%	35.64%	26.11%	31.00%

(1) The amount rounds to \$0.00 or 0.00%.

(2) Computed based on average shares outstanding.

The accompanying notes to financial statements are an integral part of these highlights.

Financial Highlights Class N (NNLEX)

For a share outstanding throughout each period

	Years Ended December 31,				
	2010	2009	2008	2007	2006
NET ASSET VALUE, BEGINNING OF PERIOD	\$17.54	\$13.78	\$19.86	\$19.51	\$19.19
INCOME (LOSS) FROM INVESTMENT OPERATIONS					
Net investment income (loss)	(.06) ⁽¹⁾	(.04) ⁽¹⁾	.01 ⁽¹⁾	(.06) ⁽¹⁾	(.07)
Net gain (loss) on securities (realized and unrealized)	5.56	3.80	(6.05)	2.17	1.23
Total from investment operations	5.50	3.76	(6.04)	2.11	1.16
LESS DISTRIBUTIONS					
From net investment income	—	.00 ⁽²⁾	(.01)	—	—
From net capital gain	(1.54)	—	(.03)	(1.76)	(.84)
Total distributions	(1.54)	.00 ⁽²⁾	(.04)	(1.76)	(.84)
NET ASSET VALUE, END OF PERIOD	<u>\$21.50</u>	<u>\$17.54</u>	<u>\$13.78</u>	<u>\$19.86</u>	<u>\$19.51</u>
TOTAL RETURN	31.28%	27.29%	(30.41)%	10.74%	6.03%
SUPPLEMENTAL DATA:					
Net assets, end of period (millions)	\$22.6	\$12.3	\$7.7	\$3.7	\$7.2
Ratio of expenses to average net assets	1.19%	1.16%	1.12%	1.26%	1.27%
Ratio of net investment income (loss) to average net assets	(.30)%	(.28)%	.07%	(.30)%	(.34)%
Portfolio turnover rate	40.04%	40.41%	35.64%	26.11%	31.00%

(1) Computed based on average shares outstanding.

(2) The amount rounds to \$0.00.

The accompanying notes to financial statements are an integral part of these highlights.

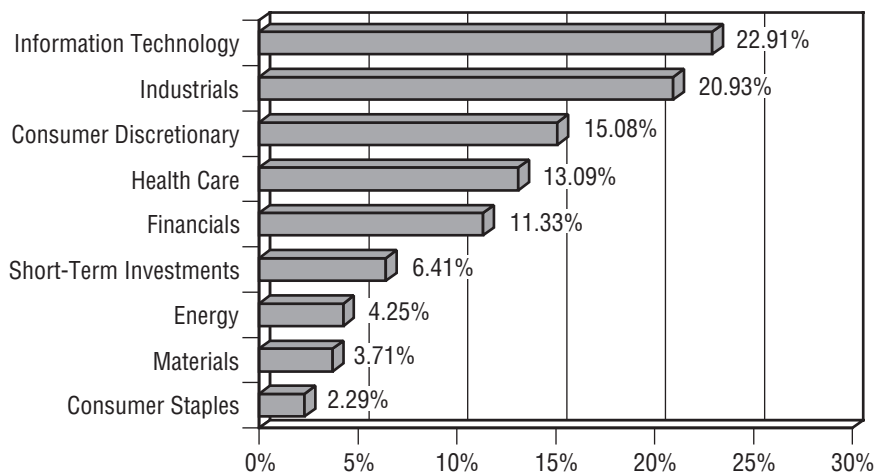
Top Ten Equity Portfolio Holdings

December 31, 2010 (unaudited)

Name	Percentage of Net Assets
Skyworks Solutions, Inc.	1.61%
Brown & Brown, Inc.	1.40%
Monro Muffler Brake, Inc.	1.39%
AptarGroup, Inc.	1.36%
Duff & Phelps Corporation – Class A	1.32%
Robbins & Myers, Inc.	1.31%
Regal-Beloit Corporation	1.30%
Hub Group, Inc. – Class A	1.29%
Tupperware Brands Corporation	1.28%
IHS Inc. – Class A	1.28%
Total of top ten	<u>13.54%</u>

Sector Diversification (As a Percentage of Portfolio)

December 31, 2010 (unaudited)



Fund Expenses

For the six month period ended December 31, 2010 (unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees and other operating expenses. The following table is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with those of other mutual funds.

The example is based on an investment of \$1,000 made at the beginning of the period and held for the entire period.

The first line of the table below for each share class of the Fund provides information about the actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratios for each class of the Fund and an assumed rate of return of 5% per year before expenses, which are not the Fund's actual returns. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as wire fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

Class I

	Beginning Account Value 06/30/10	Ending Account Value 12/31/10	Expenses Paid During Period* 07/01/10 - 12/31/10
Actual	\$1,000.00	\$1,292.90	\$5.21
Hypothetical (5% return before expenses)	1,000.00	1,020.45	4.59

- * Expenses are equal to the Class I six-month annualized expense ratio of 0.89%, multiplied by the average account value over the period, multiplied by 186 then divided by 364 to reflect the one-half year period.

Fund Expenses (continued)

For the six month period ended December 31, 2010 (unaudited)

Class N

	<u>Beginning Account Value 06/30/10</u>	<u>Ending Account Value 12/31/10</u>	<u>Expenses Paid During Period** 07/01/10 - 12/31/10</u>
Actual	\$1,000.00	\$1,290.70	\$7.08
Hypothetical (5% return before expenses)	1,000.00	1,018.82	6.24

** Expenses are equal to the Class N six-month annualized expense ratio of 1.21%, multiplied by the average account value over the period, multiplied by 186 then divided by 364 to reflect the one-half year period.

Schedule of Investments

December 31, 2010

Shares or Principal Amount		Value
COMMON STOCKS — 93.66%		
Consumer Discretionary – Auto & Components — 0.91%		
55,000	Thor Industries, Inc.	\$ 1,867,800
Consumer Discretionary – Durables & Apparel — 1.28%		
55,000	Tupperware Brands Corporation	2,621,850
Consumer Discretionary – Media — 1.17%		
45,000	Morningstar, Inc.	2,388,600
Consumer Discretionary – Retail — 7.83%		
105,000	Aaron's, Inc.	2,140,950
85,000	Dress Barn, Inc. (The)*	2,245,700
135,000	Express, Inc.*	2,538,000
90,000	hhgregg, Inc.*	1,885,500
45,000	Jos. A. Bank Clothiers, Inc.*	1,814,400
82,500	Monro Muffler Brake, Inc.	2,853,675
75,000	Ulta Salon, Cosmetics & Fragrance, Inc.*	2,550,000
		<u>16,028,225</u>
Consumer Discretionary – Services — 3.90%		
15,000	Buffalo Wild Wings, Inc.*	657,750
15,500	Panera Bread Company*	1,568,755
125,000	Texas Roadhouse, Inc.*	2,146,250
290,000	Wendy's/Arby's Group, Inc.	1,339,800
50,000	WMS Industries Inc.*	2,262,000
		<u>7,974,555</u>
Consumer Staples – Food, Beverage & Tobacco — 1.12%		
45,000	TreeHouse Foods, Inc.*	2,299,050
Consumer Staples – Household & Personal Products — 1.17%		
200,000	Prestige Brands Holdings, Inc.*	2,390,000
Energy — 4.25%		
70,000	Bolt Technology Corporation*	921,900
50,000	Brigham Exploration Company*	1,362,000
22,500	Bristow Group Inc.*	1,065,375
15,000	Lufkin Industries, Inc.	935,850
10,000	Oceaneering International, Inc.*	736,300
35,000	Rosetta Resources, Inc.*	1,317,400
40,000	SM Energy Company	2,357,200
		<u>8,696,025</u>
Financials – Banks — 4.96%		
100,000	Associated Banc-Corp	1,515,000
101,000	Baylake Corp.	414,100
60,000	Community Bank System, Inc.	1,666,200
73,394	First Financial Bancorp.	1,356,321

The accompanying notes to financial statements are an integral part of this schedule.

Schedule of Investments (continued)

December 31, 2010

Shares or Principal Amount		Value
COMMON STOCKS — 93.66% (continued)		
Financials – Banks — 4.96% (continued)		
100,513	FirstMerit Corporation	\$ 1,989,152
30,000	IBERIABANK Corporation	1,773,900
100,000	PrivateBancorp, Inc.	1,438,000
		<u>10,152,673</u>
Financials – Diversified — 4.30%		
23,000	Affiliated Managers Group, Inc.*	2,282,060
160,000	Duff & Phelps Corporation – Class A	2,697,600
45,000	Eaton Vance Corp.	1,360,350
70,000	Waddell & Reed Financial, Inc.	2,470,300
		<u>8,810,310</u>
Financials – Insurance — 2.08%		
120,000	Brown & Brown, Inc.	2,872,800
47,500	HCC Insurance Holdings, Inc.	1,374,650
		<u>4,247,450</u>
Health Care – Equipment — 7.50%		
114,000	Allscripts Healthcare Solutions, Inc.*	2,196,780
43,500	Computer Programs and Systems, Inc.	2,037,540
120,000	DexCom, Inc.*	1,638,000
26,000	IDEXX Laboratories, Inc.*	1,799,720
94,400	Insulet Corporation*	1,463,200
75,000	Masimo Corporation*	2,180,250
80,000	MedAssets, Inc.*	1,615,200
104,550	Meridian Bioscience, Inc.	2,421,378
		<u>15,352,068</u>
Health Care – Pharmaceuticals & Biotechnology — 3.31%		
49,500	Charles River Laboratories International, Inc.*	1,759,230
69,500	PAREXEL International Corporation*	1,475,485
30,000	Perrigo Company	1,899,900
25,000	Techne Corporation	1,641,750
		<u>6,776,365</u>
Health Care – Services — 2.29%		
35,000	MWI Veterinary Supply, Inc.*	2,210,250
106,500	VCA Antech, Inc.*	2,480,385
		<u>4,690,635</u>
Industrials – Capital Goods — 9.68%		
35,000	Baldor Electric Company	2,206,400
120,000	Beacon Roofing Supply, Inc.*	2,144,400
42,650	Graco Inc.	1,682,543
27,500	Middleby Corporation (The)*	2,321,550

The accompanying notes to financial statements are an integral part of this schedule.

Schedule of Investments (continued)

December 31, 2010

Shares or Principal Amount		Value
COMMON STOCKS — 93.66% (continued)		
Industrials – Capital Goods — 9.68% (continued)		
32,500	MSC Industrial Direct Co., Inc. – Class A	\$ 2,102,425
55,000	RBC Bearings Incorporated*	2,149,400
40,000	Regal-Beloit Corporation	2,670,400
75,000	Robbins & Myers, Inc.	2,683,500
48,750	Sun Hydraulics Corporation	1,842,750
		19,803,368
Industrials – Commercial Services & Supplies — 8.94%		
65,000	Copart, Inc.*	2,427,750
55,000	Exponent, Inc.*	2,064,150
127,500	Healthcare Services Group, Inc.	2,074,425
70,000	ICF International, Inc.*	1,800,400
32,500	IHS Inc. – Class A*	2,612,675
105,000	Mobile Mini, Inc.*	2,067,450
45,000	Ritchie Bros. Auctioneers Incorporated	1,037,250
105,000	Standard Parking Corporation*	1,983,450
27,500	Stericycle, Inc.*	2,225,300
		18,292,850
Industrials – Transportation — 2.33%		
75,000	Hub Group, Inc. – Class A*	2,635,500
100,000	Marten Transport, Ltd.	2,138,000
		4,773,500
Information Technology – Hardware & Equipment — 3.39%		
170,000	Ceragon Networks Ltd.*	2,240,600
73,500	FLIR Systems, Inc.	2,186,625
115,000	Intermec, Inc.*	1,455,900
30,000	Riverbed Technology, Inc.*	1,055,100
		6,938,225
Information Technology – Semiconductors & Semiconductor Equipment — 5.98%		
35,000	Cavium Networks, Inc.*	1,318,800
100,000	CEVA, Inc.*	2,050,000
80,000	Cirrus Logic Inc.*	1,278,400
75,000	OmniVision Technologies, Inc.*	2,220,750
45,000	Silicon Laboratories, Inc.*	2,070,900
115,000	Skyworks Solutions, Inc.*	3,292,450
		12,231,300
Information Technology – Software & Services — 13.56%		
47,500	ANSYS, Inc.*	2,473,325
110,000	Bottomline Technologies (de), Inc.*	2,388,100

The accompanying notes to financial statements are an integral part of this schedule.

Schedule of Investments (continued)

December 31, 2010

Shares or Principal Amount		Value
COMMON STOCKS — 93.66% (continued)		
Information Technology – Software & Services — 13.56% (continued)		
27,500	Concur Technologies, Inc.*	\$ 1,428,075
157,300	Echo Global Logistics, Inc.*	1,893,892
25,000	FactSet Research Systems Inc.	2,344,000
55,000	Fortinet*	1,779,250
45,000	Informatica Corporation*	1,981,350
80,000	Jack Henry and Associates, Inc.	2,332,000
52,500	ManTech International Corporation – Class A*	2,169,825
54,500	MICROS Systems, Inc.*	2,390,370
30,000	Quality Systems, Inc.	2,094,600
70,000	Radiant Systems, Inc.*	1,369,900
100,000	Smith Micro Software, Inc.*	1,574,000
80,000	SolarWinds, Inc.*	1,540,000
		<u>27,758,687</u>
Materials — 3.71%		
58,500	AptarGroup, Inc.	2,782,845
110,000	RPM International, Inc.	2,431,000
65,000	Sensient Technologies Corporation	2,387,450
		<u>7,601,295</u>
	TOTAL COMMON STOCKS	
	(cost \$129,075,567)	<u>191,694,831</u>
SHORT-TERM INVESTMENTS — 6.42%		
Commercial Paper – 5.75%		
\$ 775,000	Hitachi Capital America Corp. 01/03/11, 0.32%	775,000
1,000,000	UnitedHealth Group Incorporated 01/03/11, 0.40%	1,000,000
575,000	Volkswagen of America, Inc. 01/04/11, 0.33%	574,995
775,000	Sara Lee Corporation 01/05/11, 0.30%	774,987
775,000	Volkswagen of America, Inc. 01/05/11, 0.33%	774,986
775,000	Wisconsin Energy Corporation 01/05/11, 0.30%	774,987
541,000	BMW US Capital, LLC 01/06/11, 0.38%	540,983
1,500,000	Wisconsin Energy Corporation 01/06/11, 0.30%	1,499,962
1,000,000	Wisconsin Energy Corporation 01/06/11, 0.30%	999,975
975,000	Hitachi Capital America Corp. 01/07/11, 0.33%	974,964
400,000	H.J. Heinz Finance Company 01/11/11, 0.30%	399,974
1,250,000	Mitsubishi International Corporation 01/11/11, 0.23%	1,249,936
424,000	John Deere Bank S.A. 01/12/2011, 0.22%	423,977
600,000	Volkswagen of America, Inc. 01/12/11, 0.35%	599,947
400,000	BMW US Capital, LLC 01/27/11, 0.35%	399,907
		<u>11,764,580</u>

The accompanying notes to financial statements are an integral part of this schedule.

Schedule of Investments (continued)

December 31, 2010

<u>Shares or Principal Amount</u>	<u>Value</u>
SHORT-TERM INVESTMENTS — 6.42% (continued)	
Variable Rate Security – 0.67%	
\$1,373,232	American Family Financial Services, Inc. ⁽¹⁾
	01/03/11, 0.10% \$ 1,373,232
	TOTAL SHORT-TERM INVESTMENTS
	(cost \$13,137,812) 13,137,812
	TOTAL INVESTMENTS
	(cost \$142,213,379) — 100.08% 204,832,643
	LIABILITIES, NET OF OTHER ASSETS — (0.08)% (166,093)
	TOTAL NET ASSETS
	(basis of percentages disclosed above) — 100% <u>\$204,666,550</u>

* Non-income producing security.

(1) Subject to a demand feature as defined by the Securities and Exchange Commission.

The accompanying notes to financial statements are an integral part of this schedule.

Statement of Assets and Liabilities

December 31, 2010

ASSETS

Investments in securities at value (cost \$142,213,379)	\$204,832,643
Receivables –	
Dividend and interest	95,755
Capital stock subscription	263,890
Other	401
Total receivables	360,046
Other	28,847
Total assets	<u>205,221,536</u>

LIABILITIES

Payables –	
Investment securities purchased	370,910
Due to adviser –	
Management fee	134,733
Accounting and administrative fee	4,551
Total	139,284
12b-1 and servicing fee	3,996
Other payables and accrued expense	40,796
Total liabilities	554,986
Total net assets	<u>\$204,666,550</u>

NET ASSETS CONSIST OF

Paid in capital	\$140,943,326
Net unrealized appreciation on investments	62,619,264
Accumulated undistributed net realized gain on investments	1,103,960
Total net assets	<u>\$204,666,550</u>

Class I:

Net assets	\$182,074,061
Shares outstanding	8,331,257
NET ASSET VALUE PER SHARE (\$.01 par value, 39,000,000 shares authorized), offering price and redemption price	<u>\$21.85</u>

Class N:

Net assets	\$22,592,489
Shares outstanding	1,050,869
NET ASSET VALUE PER SHARE (\$.01 par value, 11,000,000 shares authorized), offering price and redemption price	<u>\$21.50</u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Operations

For the year ended December 31, 2010

INCOME

Dividend (net of foreign taxes of \$2,768)	\$ 1,447,838
Interest	19,128
Total income	<u>1,466,966</u>

EXPENSES

Management fee	1,229,274
Transfer agent fees	76,699
Accounting and administrative fees	49,894
Registration fees	40,658
12b-1 fees – Class N	27,802
Audit and tax fees	25,850
Servicing fees – Class N	15,185
Postage and mailing	13,536
Printing	12,129
Accounting system and pricing service fees	11,431
Legal fees	10,695
Insurance	9,488
Directors' fees	8,220
Custodian fees	8,126
Other operating expenses	4,793
Total expenses	<u>1,543,780</u>
Net investment loss	<u>(76,814)</u>

NET REALIZED GAIN ON INVESTMENTS

	<u>16,105,006</u>
--	-------------------

CHANGE IN NET UNREALIZED APPRECIATION/DEPRECIATION ON INVESTMENTS

	<u>31,168,624</u>
Net realized and unrealized gain on investments	<u>47,273,630</u>
Net increase in net assets resulting from operations	<u>\$47,196,816</u>

The accompanying notes to financial statements are an integral part of this statement.

Statements of Changes in Net Assets

For the years ended December 31, 2010 and 2009

	2010	2009
INCREASE (DECREASE) IN		
NET ASSETS FROM OPERATIONS		
Net investment loss	\$ (76,814)	\$ (114,956)
Net realized gain on investments	16,105,006	653,793
Change in net unrealized appreciation/depreciation on investments	31,168,624	30,404,440
Net increase in net assets resulting from operations	47,196,816	30,943,277
DISTRIBUTIONS TO SHAREHOLDERS		
From net investment income – Class I	—	(3,843)
From net realized gain on investments – Class I	(12,030,946)	—
From net investment income – Class N	—	(352)
From net realized gain on investments – Class N	(1,472,798)	—
Total distributions	(13,503,744)	(4,195)
CAPITAL SHARE TRANSACTIONS		
Proceeds from shares issued – Class I (627,413 and 547,587 shares, respectively)	13,449,636	8,352,637
Reinvestment of distributions – Class I (505,011 and 196 shares, respectively)	11,120,342	3,516
Cost of shares redeemed – Class I (488,334 and 1,139,356 shares, respectively)	(9,668,618)	(15,873,164)
Proceeds from shares issued – Class N (554,256 and 520,931 shares, respectively)	11,039,554	7,981,381
Reinvestment of distributions – Class N (67,781 and 20 shares, respectively)	1,468,143	352
Cost of shares redeemed – Class N (274,689 and 373,950 shares, respectively)	(5,291,722)	(5,528,713)
Change in net assets derived from capital share transactions	22,117,335	(5,063,991)
Total increase in net assets	55,810,407	25,875,091
NET ASSETS		
Beginning of period	148,856,143	122,981,052
End of period	<u>\$204,666,550</u>	<u>\$148,856,143</u>

The accompanying notes to financial statements are an integral part of these statements.

Notes to Financial Statements

December 31, 2010

(1) Summary of Significant Accounting Policies —

Nicholas Limited Edition, Inc. (the “Fund”) is organized as a Maryland corporation and is registered as an open-end, diversified management investment company under the Investment Company Act of 1940, as amended. The primary objective of the Fund is long-term growth. The following is a summary of the significant accounting policies of the Fund:

- (a) Equity securities traded on a stock exchange will ordinarily be valued on the basis of the last sale price on the date of valuation on the securities principal exchange, or if in the absence of any sale on that day, the closing bid price. For securities principally traded on the NASDAQ market, the Fund uses the NASDAQ Official Closing Price. Debt securities, excluding short-term investments, are valued at their current evaluated bid price as determined by an independent pricing service, which generates evaluations on the basis of dealer quotes for normal institutional-sized trading units, issuer analysis, bond market activity and various other factors. Securities for which market quotations may not be readily available are valued at their fair value as determined in good faith by procedures adopted by the Board of Directors. Variable rate demand notes are valued at cost, which approximates market value. U.S. Treasury Bills and commercial paper are stated at amortized cost, which approximates market value. The Fund did not maintain any positions in derivative instruments or engage in hedging activities during the year. Investment transactions for financial statement purposes are recorded on trade date.

In accordance with Accounting Standards Codification (“ASC”) 820-10, “Fair Value Measurements and Disclosures” (“ASC 820-10”), fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820-10 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value such as a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments)

Notes to Financial Statements (continued)

December 31, 2010

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of December 31, 2010 in valuing the Fund's investments carried at value:

<u>Valuation Inputs</u>	<u>Investments in Securities</u>
Level 1 –	
Common Stocks ⁽¹⁾	\$191,694,831
Level 2 –	
Commercial Paper	11,764,580
Variable Rate Security	1,373,232
Level 3 –	
None	—
Total	<u>\$204,832,643</u>

(1) See Schedule of Investments for further detail by industry.

There were no significant transfers between levels during the year ended December 31, 2010 and the Fund did not hold any Level 3 investments during the year.

- (b) Net realized gain (loss) on portfolio securities was computed on the basis of specific identification.
- (c) Dividend income is recorded on the ex-dividend date, and interest income is recognized on an accrual basis. Non-cash dividends, if any, are recorded at value on date of distribution. Generally, discounts and premiums on long-term debt security purchases, if any, are amortized over the expected lives of the respective securities using the effective yield method.
- (d) Provision has not been made for federal income taxes or excise taxes since the Fund has elected to be taxed as a “regulated investment company” and intends to distribute substantially all net investment income and net realized capital gains on sales of investments to its shareholders and otherwise comply with the provisions of Subchapter M of the Internal Revenue Code applicable to regulated investment companies.

Investment income, net capital gains (losses) and all expenses incurred by the Fund are allocated based on the relative net assets of each class, except for service fees and certain other fees and expenses related to one class of shares.

Class N shares are subject to a 0.25% 12b-1 fee and a 0.10% servicing fee, as described in its prospectus. Subsequent to March 13, 2008 and prior to August 11, 2010, the 12b-1 fee was voluntarily reduced to 0.125%. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains and losses are allocated daily to each class of shares based upon the relative net asset value of outstanding shares.

Notes to Financial Statements (continued)

December 31, 2010

- (e) Dividends and distributions paid to shareholders are recorded on the ex-dividend date. Distributions from net investment income are generally declared and paid annually. Distributions of net realized capital gain, if any, are declared and paid at least annually.

The amount of distributions from net investment income and net realized capital gain are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles. Distributions are determined in accordance with income tax regulations, which may differ from net investment income and realized gains for financial reporting purposes. Financial reporting records are adjusted for permanent book to tax differences to reflect tax character. At December 31, 2010, reclassifications were recorded to increase accumulated undistributed net investment income and decrease accumulated undistributed net realized capital gain by \$76,814.

The tax character of distributions paid during the years ended December 31, 2010 was as follows:

	<u>12/31/2010</u>	<u>12/31/2009</u>
Distributions paid from:		
Ordinary income	\$ 4,854,568	\$4,195
Long-term capital gain	<u>8,649,176</u>	<u>—</u>
Total distributions paid	<u>\$13,503,744</u>	<u>\$4,195</u>

As of December 31, 2010, investment cost for federal tax purposes was \$142,614,603 and the tax basis components of net assets were as follows:

Unrealized appreciation	\$ 65,369,601
Unrealized depreciation	<u>(3,151,561)</u>
Net unrealized appreciation	<u>62,218,040</u>
Accumulated undistributed ordinary income	233,388
Accumulated undistributed net realized capital gain	1,271,796
Paid in capital	<u>140,943,326</u>
Net assets	<u>\$204,666,550</u>

The differences between book-basis and tax-basis unrealized appreciation and accumulated undistributed realized capital gain are attributable primarily to the tax deferral of losses from wash sales.

As of December 31, 2010, the Fund realized no post-October losses for tax purposes.

As of December 31, 2010, the Fund had a tax deferral of wash loss sales of approximately \$401,000.

The Fund utilized approximately \$716,000 of capital loss carryforwards during fiscal 2010. As of December 31, 2010, the Fund has no capital loss carryforward.

Notes to Financial Statements (continued)

December 31, 2010

The Fund had no material uncertain tax positions and has not recorded a liability for unrecognized tax benefits as of December 31, 2010. Also, the Fund recognized no interest and penalties related to uncertain tax benefits in fiscal 2010. At December 31, 2010, the fiscal years 2007 through 2010 remain open to examination in the Fund's major tax jurisdictions.

- (f) The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.
- (g) In connection with the preparation of the Fund's financial statements, management evaluated subsequent events after the date of the Statement of Assets and Liabilities of December 31, 2010. There have been no significant subsequent events since December 31, 2010 that would require adjustment to or additional disclosure in these financial statements.

(2) Related Parties —

(a) Investment Adviser and Management Agreement —

The Fund has an agreement with Nicholas Company, Inc. (with whom certain officers and directors of the Fund are affiliated) (the "Adviser") to serve as investment adviser and manager. Under the terms of the agreement, a monthly fee is paid to the Adviser based on an annualized fee of .75% of the average net asset value of the Fund. Also, the Adviser may be paid for accounting and administrative services rendered by its personnel, subject to the following guidelines: (i) up to five basis points, on an annual basis, of the average net asset value of the Fund up to and including \$2 billion and up to three basis points, on an annual basis, of the average net asset value of the Fund greater than \$2 billion, based on the average net asset value of the Fund as determined by valuations made at the close of each business day of each month, and (ii) where the preceding calculation results in an annual payment of less than \$50,000, the Adviser, in its discretion, may charge the Fund up to \$50,000 for such services.

(b) Legal Counsel —

A director of the Adviser is affiliated with a law firm that provides services to the Fund. The Fund incurred expenses of \$6,195 for the year ended December 31, 2010 for legal services rendered by this law firm.

(3) Investment Transactions —

For the year ended December 31, 2010, the cost of purchases and the proceeds from sales of investment securities, other than short-term obligations, aggregated \$63,642,359 and \$62,564,041, respectively.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
Nicholas Limited Edition:

We have audited the accompanying statement of assets and liabilities of Nicholas Limited Edition, Inc. (the "Fund"), including the schedule of investments, as of December 31, 2010, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2010, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2010, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP
Milwaukee, Wisconsin
February 25, 2011

Historical Record

(unaudited)

	Net Asset Value Per Share	Net Investment Income Distributions Per Share	Capital Gain Distributions Per Share	Dollar Weighted Price/Earnings Ratio ⁽²⁾	Growth of an Initial \$10,000 Investment ⁽³⁾
Class I					
May 18, 1987 ⁽¹⁾	\$10.00	\$ —	\$ —	—	\$10,000
December 31, 1987	9.15	.0900	—	13.9 times	9,242
December 31, 1988	11.29	.0969	.2527	14.1	11,762
December 31, 1989	12.49	.1453	.6151	16.3	13,804
December 31, 1990	12.03	.1207	.1213	14.2	13,566
December 31, 1991	16.86	.1228	.2407	21.9	19,429
December 31, 1992	18.77	.0815	.8275	18.8	22,690
December 31, 1993	18.68	.0867	1.6782	20.4	24,738
December 31, 1994	17.09	.1031	.9065	18.3	23,985
December 31, 1995	19.22	.0761	2.9353	25.2	31,223
December 31, 1996	20.74	.0124	2.6151	30.7	38,031
December 31, 1997	25.07	.0029	2.4886	33.0	50,590
December 31, 1998	24.20	.0142	1.2490	30.3	51,436
December 31, 1999	22.61	.0538	.5439	23.4	49,333
December 31, 2000	15.16	—	5.5800	25.9	45,063
December 31, 2001	16.37	—	.0357	25.5	48,764
December 31, 2002	12.49	—	.0311	21.4	37,299
December 31, 2003	17.43	—	—	24.2	52,051
December 31, 2004	19.59	—	.2679	25.3	59,309
December 31, 2005	19.23	—	1.8896	25.2	63,925
December 31, 2006	19.62	—	.8425	23.6	68,002
December 31, 2007	20.07	.0008	1.7607	24.7	75,615
December 31, 2008	13.93	.0301	.0327	14.9	52,733
December 31, 2009	17.76	.0005	—	23.5	67,234
December 31, 2010	21.85	—	1.5377(a)	24.8	88,494
Class N					
February 28, 2005 ⁽¹⁾	\$19.30	\$ —	\$ —	25.5 times	\$10,000
December 31, 2005	19.19	—	1.8581	25.2	10,903
December 31, 2006	19.51	—	.8425	23.6	11,560
December 31, 2007	19.86	—	1.7607	24.7	12,802
December 31, 2008	13.78	.0062	.0327	14.9	8,909
December 31, 2009	17.54	.0005	—	23.5	11,341
December 31, 2010	21.50	—	1.5377(a)	24.8	14,888

(1) Date of Initial Public Offering.

(2) Based on latest 12 months accomplished earnings.

(3) Assuming reinvestment of all distributions.

(a) Paid on December 27, 2010 to shareholders of record on December 23, 2010.

Approval of Investment Advisory Contract

(unaudited)

In October 2010, the Board of Directors of the Fund renewed the one-year term of the Investment Advisory Agreement by and between the Fund and the Adviser through October 2011. In connection with the renewal of the Investment Advisory Agreement, no changes to the amount or manner of calculation of the management fee or the terms of the agreement were proposed by Adviser or adopted by the Board. For the semiannual period ended June 30, 2010, the management fee was 0.75% and the Fund's Class I and Class N total expense ratios (including the management fee) were 0.95% and 1.18%, respectively. In renewing the Investment Advisory Agreement, the Board carefully considered the following factors on an absolute basis and relative to the Fund's peer group: (i) the Fund's historical performance; (ii) the Fund's performance relative to its benchmark; (iii) the expense ratios for peer group funds in the small-cap growth category and the Fund's risk/return profile as measured by the standard deviation and the Sharpe Ratio; and (iv) the range and quality of the services offered by the Adviser. The peer group fund data included small-cap growth focused funds with similar asset sizes, number of holdings and market capitalizations. In terms of the peer group data used for performance comparisons, the Fund's Class I total return ranked 8th, 1st, 6th and 5th out of 30 funds for the one-, three-, five- and ten-year periods ending September 30, 2010. The Fund's Class I had the second lowest expense ratio among its peer group.

The Board considered the range of services to be provided by the Adviser to the Fund under the Advisory Agreement. The Board concluded that the nature, extent and quality of the services to be provided were consistent with the terms of the Advisory Agreement and the needs of the Fund, and that the services provided were of a high quality.

The Board considered the investment performance of the Fund and the Adviser. Among other things, the Board noted its consideration of the Fund's performance relative to peer funds and its benchmarks. The Board reviewed the actual and relative short-term and long-term performance of the Fund. The Board agreed that the Fund demonstrated satisfactory performance with respect to its benchmarks and peers. The Board also discussed the extent to which economies of scale would be realized, and whether such economies were reflected in the Fund's fee levels and concluded that the Adviser had been instrumental in holding down Fund costs, citing consistently low fees in an environment where fund fees have been on an upward trend.

The Board considered the cost of services provided and the profits to be realized by the Adviser from the relationship with the Fund. The Board concluded that given the Board's focus on performance and maintaining a low fee structure that the Adviser's profits were not relevant.

The Board determined that the Adviser had fully and adequately carried out the terms and conditions of its contract with the Fund. The Board expressed satisfaction with the Fund's performance, strategies to improve relative performance, management's control of expenses and the rate of the management fee for the Fund and the overall level of services provided by the Adviser.

Tax Information

(unaudited)

The Fund designates 30.28% of its ordinary income distribution for the year ended December 31, 2010 as qualified dividend income under the Jobs and Growth Tax Relief Reconciliation Act of 2003 and for the dividends received deduction available to corporate shareholders.

The Fund hereby designates approximately \$8,649,176 as a capital gain dividend for the year ended December 31, 2010.

Information on Proxy Voting

(unaudited)

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available, without charge, upon request by calling 800-544-6547 (toll-free) or 414-276-0535. It also appears in the Fund's Statement of Additional Information, which can be found on the SEC's website, www.sec.gov. A record of how the Fund voted its proxies for the most recent twelve-month period ended June 30, also is available on the Fund's website, www.nicholasfunds.com, and the SEC's website, www.sec.gov.

Quarterly Portfolio Schedule

(unaudited)

The Fund files its complete schedule of investments with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q's are available on the SEC's website at www.sec.gov and 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 800-SEC-0330.

Directors and Officers of the Fund

(unaudited)

The following table sets forth the pertinent information about the Fund's directors and officers as of December 31, 2010. Unless otherwise listed, the business address of each director and officer is 700 North Water Street, Milwaukee, WI 53202.

<u>Name and Age</u>	<u>Positions Held With Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupations During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Other Directorships Held by Director</u>
INTERESTED DIRECTOR					
David O. Nicholas, 49 ⁽¹⁾ , ⁽³⁾	President, Director and Portfolio Manager	⁽²⁾ , 6 years	Chief Investment Officer and Director, Nicholas Company, Inc., the Adviser to the Fund. He is Portfolio Manager of Nicholas II, Inc. and the Fund. He formerly served as Co-Portfolio Manager of Nicholas Fund, Inc., Nicholas High Income Fund, Inc. and Nicholas Equity Income Fund, Inc.	3	None
DISINTERESTED DIRECTORS					
Robert H. Bock, 78	Director	⁽²⁾ , 9 years	Private Investor, Consultant, Dean Emeritus of Business Strategy and Ethics, University of Wisconsin School of Business, 1997 to present.	5	None
Timothy P. Reiland, 54	Director	⁽²⁾ , 8 years	Private Investor, Consultant, Chairman and Chief Financial Officer, Musicnotes, Inc., October 2001 to present. Investment Analyst from 1987 to October 2001, Tucker Anthony Incorporated, a brokerage firm. He is a Chartered Financial Analyst.	5	None
Jay H. Robertson, 59	Director	⁽²⁾ , 8 years	Private Investor, April 2000 to present. Chairman of the Board of Robertson-Ryan and Associates, Inc., an insurance brokerage firm from 1993 to March 2000.	6	None

Directors and Officers of the Fund (continued)

(unaudited)

Name and Age	Positions Held With Fund	Term of Office and Length of Time Served	Principal Occupations During Past 5 Years
OFFICERS			
Albert O. Nicholas, 79 ⁽³⁾	Executive Vice President	Annual, 24 years	Chief Executive Officer and Chairman of the Board, Nicholas Company, Inc., the Adviser to the Fund. He is Portfolio Manager of Nicholas Fund, Inc. and Nicholas Equity Income Fund, Inc.
David L. Johnson, 68 ⁽³⁾	Executive Vice President	Annual, 24 years	Executive Vice President, Nicholas Company, Inc., the Adviser to the Fund.
Jeffrey T. May, 54	Senior Vice President, Secretary, Treasurer and Chief Compliance Officer	Annual, 17 years	Executive Vice President, Chief Financial Officer and Chief Compliance Officer, Nicholas Company, Inc., the Adviser to the Fund. He is Portfolio Manager of Nicholas Money Market Fund, Inc.
Lynn S. Nicholas, 54 ⁽³⁾	Senior Vice President	Annual, 24 years	Senior Vice President, Nicholas Company, Inc., the Adviser to the Fund.
Lawrence J. Pavelec, 52	Senior Vice President	Annual, 6 years	Senior Vice President, Nicholas Company, Inc., the Adviser to the Fund. He has been Portfolio Manager of Nicholas High Income Fund, Inc., since April 2008. He served as Co-Portfolio Manager from April 2003 until April 2008.
Candace L. Lesak, 53	Vice President	Annual, 17 years	Employee, Nicholas Company, Inc., the Adviser to the Fund.

- (1) David O. Nicholas is the only director of the Fund who is an “interested person” of the Fund, as that term is defined in the 1940 Act. Mr. Nicholas is a Director of the Adviser and owns 1% of the outstanding voting securities of the Adviser.
- (2) Until duly elected or re-elected at a subsequent annual meeting of the Fund.
- (3) David O. Nicholas and Lynn S. Nicholas are the son and daughter, respectively, of Albert O. Nicholas. David L. Johnson is a brother-in-law of Albert O. Nicholas.

The Fund’s Statement of Additional Information includes additional information about Fund directors and is available, without charge, upon request, by calling 800-544-6547 (toll-free) or 414-276-0535.

Privacy Policy

(unaudited)

Nicholas Limited Edition, Inc. respects each shareholder's right to privacy. We are committed to safeguarding the information that you provide us to maintain and execute transactions on your behalf.

We collect the following non-public personal information about you:

- * Information we receive from you on applications or other forms, whether we receive the form in writing or electronically. This includes, but is not limited to, your name, address, phone number, tax identification number, date of birth, beneficiary information and investment selection.
- * Information about your transactions with us and account history with us. This includes, but is not limited to, your account number, balances and cost basis information. This also includes transaction requests made through our transfer agent.
- * Other general information that we may obtain about you such as demographic information.

**WE DO NOT SELL ANY NON-PUBLIC PERSONAL INFORMATION
ABOUT CURRENT OR FORMER SHAREHOLDERS.**

**INFORMATION SHARED WITH OUR TRANSFER AGENT,
A THIRD PARTY COMPANY, ALSO IS NOT SOLD.**

We may share, only as permitted by law, non-public personal information about you with third party companies. Listed below are some examples of third parties to whom we may disclose non-public personal information. While these examples do not cover every circumstance permitted by law, we hope they help you understand how your information may be shared.

We may share non-public personal information about you:

- * With companies who work for us to service your accounts or to process transactions that you may request. This would include, but is not limited to, our transfer agent to process your transactions, mailing houses to send you required reports and correspondence regarding the Fund and its Adviser, the Nicholas Company, Inc., and our dividend disbursing agent to process fund dividend checks.
- * With a party representing you, with your consent, such as your broker or lawyer.
- * When required by law, such as in response to a subpoena or other legal process.

The Fund and its Adviser maintain policies and procedures to safeguard your non-public personal information. Access is restricted to employees who the Adviser determines need the information in order to perform their job duties. To guard your non-public personal information we maintain physical, electronic, and procedural safeguards that comply with federal standards.

In the event that you hold shares of the Fund with a financial intermediary, including, but not limited to, a broker-dealer, bank, or trust company, the privacy policy of your financial intermediary would govern how your non-public personal information would be shared with non-affiliated third parties.

Nicholas Funds Services Offered

(unaudited)

- IRAs
 - Traditional
 - Roth
 - SIMPLE
 - SEP
- Coverdell Education Accounts
- Profit Sharing Plan
- Automatic Investment Plan
- Direct Deposit of Dividend and Capital Gain Distributions
- Systematic Withdrawal Plan with Direct Deposit
- Monthly Automatic Exchange between Funds
- Telephone Redemption
- Telephone Exchange
- 24-hour Automated Account Information (800-544-6547)
- 24-hour Internet Account Access (www.nicholasfunds.com)

Please call a shareholder representative for further information on the above services or with any other questions you may have regarding the Nicholas Funds (800-544-6547).

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Directors and Officers

DAVID O. NICHOLAS, President and Director
ROBERT H. BOCK, Director
TIMOTHY P. REILAND, Director
JAY H. ROBERTSON, Director
ALBERT O. NICHOLAS, Executive Vice President
DAVID L. JOHNSON, Executive Vice President
JEFFREY T. MAY, Senior Vice President, Secretary,
Treasurer and Chief Compliance Officer
LYNN S. NICHOLAS, Senior Vice President
LAWRENCE J. PAVELEC, Senior Vice President
CANDACE L. LESAK, Vice President

Investment Adviser

NICHOLAS COMPANY, INC.
Milwaukee, Wisconsin
www.nicholasfunds.com
414-276-0535 or 800-544-6547

Transfer Agent

U.S. BANCORP FUND SERVICES, LLC
Milwaukee, Wisconsin
414-276-0535 or 800-544-6547

Distributor

QUASAR DISTRIBUTORS, LLC
Milwaukee, Wisconsin

Custodian

U.S. BANK N.A.
Milwaukee, Wisconsin

Independent Registered Public Accounting Firm

DELOITTE & TOUCHE LLP
Milwaukee, Wisconsin

Counsel

MICHAEL BEST & FRIEDRICH LLP
Milwaukee, Wisconsin

This report is submitted for the information of shareholders of the Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.