

GENERAL AMERICAN INVESTORS CO INC  
Form N-CSR  
February 08, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-00041  
-----

GENERAL AMERICAN INVESTORS COMPANY, INC.

-----  
(Exact name of registrant as specified in charter)

100 Park Avenue, 35th Floor, New York, New York 10017  
-----

(Address of principal executive offices) (Zip code)

Eugene S. Stark  
General American Investors Company, Inc.  
100 Park Avenue  
35th Floor  
New York, New York 10017  
(Name and address of agent for service)

Copy to:  
John E. Baumgardner, Jr., Esq.  
Sullivan & Cromwell LLP  
125 Broad Street  
New York, New York 10004

Registrant's telephone number, including area code: 212-916-8400

Date of fiscal year end: December 31

Date of reporting period: December 31, 2007

2

ITEM 1. REPORTS TO STOCKHOLDERS.

GENERAL  
AMERICAN  
INVESTORS

2007  
ANNUAL  
REPORT

3

GENERAL AMERICAN INVESTORS COMPANY, INC.

Established in 1927, the Company is a closed-end investment company listed on the New York Stock Exchange. Its objective is long-term capital appreciation

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

through investment in companies with above average growth potential.

### FINANCIAL SUMMARY (unaudited)

	2007	2006
Net assets applicable to Common Stock - December 31	\$1,202,922,969	\$1,199,453,088
Net investment income	9,782,623	10,007,624
Net realized gain	175,785,885	86,176,349
Net increase (decrease) in unrealized appreciation	(71,533,458)	51,196,338
Distributions to Preferred Stockholders	(11,900,000)	(11,900,000)
Per Common Share-December 31		
Net asset value	\$38.10	\$40.54
Market price	\$34.70	\$37.12
Discount from net asset value	-8.9%	-8.4%
Common Shares outstanding-Dec. 31	31,573,058	29,589,198
Common Stockholders of record-Dec. 31	3,891	4,006
Market price range* (high-low)	\$43.87-\$32.69	\$39.47-\$34.80
Market volume-shares	7,110,734	6,313,300

\*Unadjusted for dividend payments.

### DIVIDEND SUMMARY (per share) (unaudited)

Record Date	Payment Date	Ordinary Income	Long-Term Capital Gain	Total
Common Stock				
Nov. 16, 2007	Dec. 27, 2007	\$.709475 (a)	\$5.040525	\$5.750000
Jan. 28, 2008	Feb. 11, 2008	.005815	.209479	.215294
Total from 2007 earnings		\$.715290	\$5.250004	\$5.965294
Nov. 10, 2006	Dec. 21, 2006	\$.333952	\$2.666048	\$3.000000
From 2006 earnings				
Preferred Stock				
Mar. 7, 2007	Mar. 26, 2007	\$.045885	\$.325990	\$.371875
Jun. 7, 2007	Jun. 25, 2007	.045885	.325990	.371875
Sept. 7, 2007	Sept. 24, 2007	.045885	.325990	.371875
Dec. 7, 2007	Dec. 24, 2007	.045885	.325990	.371875
Total for 2007		\$.183540 (b)	\$1.303960	\$1.487500

(a) Includes short-term gains in the amount of \$.009262 per share.

(b) Includes short-term gains in the amount of \$.002396 (\$.000599 per quarter).

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

Mar. 7, 2006	Mar. 24, 2006	\$ .039403	\$ .332472	\$ .371875
Jun. 7, 2006	Jun. 26, 2006	.039403	.332472	.371875
Sept. 7, 2006	Sept. 25, 2006	.039403	.332472	.371875
Dec. 7, 2006	Dec. 26, 2006	.039403	.332472	.371875
		-----	-----	-----
Total for 2006		\$ .157612	\$1.329888	\$1.487500
		=====	=====	=====

General American Investors Company, Inc.  
 100 Park Avenue, New York, NY 10017  
 (212) 916-8400 (800) 436-8401  
 E-mail: InvestorRelations@gainv.com  
 www.generalamericaninvestors.com

4

1 TO THE STOCKHOLDERS

-----  
 General American Investors

The U.S. stock market rose for a fifth consecutive year, gaining 5.4% in the 12 months ended December 31, 2007, as measured by our benchmark, the Standard & Poor's 500 Stock Index (including income). General American Investors' net asset value (NAV) per Common Share (assuming reinvestment of all dividends) increased 8.0%. The return to our Common Stockholders was 8.7%. At year end, the discount at which our shares trade to their NAV was 8.9%.

The table that follows, which compares our returns on an annualized basis with the S&P 500, now includes fifty years of data, illustrating that over many years General American has produced superior investment results.

Years	Stockholder Return	S&P 500
3	14.2%	8.5%
5	15.6	12.7
10	13.0	5.9
20	16.6	11.8
30	17.0	12.9
40	13.1	10.5
50	12.6	11.0

The share repurchase program, a part of our ongoing effort to maximize NAV, continues. In 2007, the Company purchased 763,600 of its Common Shares on the open market at an average discount to NAV of 10.4%. The Board of Directors has authorized repurchases of Common Shares when they are trading at a discount to NAV in excess of 8%.

While the market rallied for the fifth year in succession last year, facilitating respectable portfolio gains, returns became more volatile as the year progressed, with peak-to-trough declines of over ten percent in the third and fourth quarters. Earlier in the year, the economy, jobs and profits all expanded meaningfully despite weakness in housing and nascent subprime loan difficulties. Although the price of oil and other commodities was moving higher, inflation appeared to be contained, while on balance, dollar weakness had a favorable influence on U.S. companies with operations overseas, and on the trade deficit. As the year progressed, however, the economy slowed noticeably in the face of weakening demand. The one-two punch of rising energy costs and declining house prices eroded purchasing power while requiring a higher rate of savings from what remained.

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

By year end contraction was evident, with the unemployment rate approaching 5% and recession a distinct possibility. What began in the housing market, with loans to marginal borrowers who couldn't service their debt, spread to all manner of complex financing transactions leading to the tightening of lending standards and credit availability as bank capital shrank. Deals could no longer be financed on advantageous terms, and the equity market faltered despite valuations that seemed reasonable.

The new year has begun inauspiciously. Broad weakness in equities appears to reflect concern that the current slowdown in U.S. growth is likely to extend at least through the first half of the year. Even in the absence of a recession, defined as two successive quarters of negative GDP growth, consumer spending, housing, credit growth and corporate profits are all likely to experience degrees of weakness. The lending landscape has changed, and it may take time to restore liquidity and confidence in the banking system and financial markets. An accommodative Federal Reserve, and some degree of fiscal stimulus, together with improvement in net exports should help, but a relatively lengthy period of tepid demand growth, sluggish earnings and modest equity returns appears to be the most realistic prospect.

On a longer term basis, the case for equities remains intact. With 95% of those who want jobs still employed, consumer spending, the main driver of economic activity, is likely to continue to grow. Corporate balance sheets are in relatively good shape and can support growth despite the current difficulties in the financial sector. Worldwide, liquidity is abundant and the U.S. should remain a destination of choice for capital undergirding distressed assets and supporting appreciation.

Information about the Company, including our investment objectives, operating policies and procedures, investment results, record of dividend payments, financial reports and press releases, etc., is available on our website, which can be accessed at [www.generalamericaninvestors.com](http://www.generalamericaninvestors.com).

By Order of the Board of Directors,

Spencer Davidson  
Chairman of the Board  
President and Chief Executive Officer  
January 16, 2008

5

2 THE COMPANY

---

General American Investors

### Corporate Overview

General American Investors, established in 1927, is one of the nation's oldest closed-end investment companies. It is an independent organization that is internally managed. For regulatory purposes, the Company is classified as a diversified, closed-end management investment company; it is registered under and subject to the Investment Company Act of 1940 and Sub-Chapter M of the Internal Revenue Code.

### Investment Policy

The primary objective of the Company is long-term capital appreciation. Lesser emphasis is placed on current income. In seeking to achieve its primary objective, the Company invests principally in common stocks believed by its management to have better than average growth potential.

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

The Company's investment approach focuses on the selection of individual stocks, each of which is expected to meet a clearly defined portfolio objective. A continuous investment research program, which stresses fundamental security analysis, is carried on by the officers and staff of the Company under the oversight of the Board of Directors. A listing of the directors with their principal affiliations, showing a broad range of experience in business and financial affairs, is on the inside back cover.

### Portfolio Manager

Mr. Spencer Davidson, Chairman of the Board, President and Chief Executive Officer, has been responsible for the management of General American since August 1995. Mr. Davidson, who joined the Company in 1994 as senior investment counselor, has spent his entire business career on Wall Street since first joining an investment and banking firm in 1966.

### "GAM" Common Stock

As a closed-end investment company, General American Investors does not offer its shares continuously. The Common Stock is listed on The New York Stock Exchange (symbol, GAM) and can be bought or sold with commissions determined in the same manner as all listed stocks. Net asset value is computed and published on the Company's website daily (on an unaudited basis) and is also furnished upon request. It is also available on most electronic quotation services using the symbol "XGAMX." The figure for net asset value per share, together with the market price and the percentage discount or premium from net asset value as of the close of each week, is published in Barron's and The Wall Street Journal.

The ratio of market price to net asset value has shown variation over a long period of time. While shares of GAM usually sell at a discount from their underlying net asset value, as do the shares of most other domestic equity closed-end investment companies, they occasionally sell at a premium over net asset value. During 2007, the stock sold at discounts from net asset value which ranged from 4.3% (November 5) to 13.1% (August 16). At December 31, the price of the stock was at a discount of 8.9% as compared with a discount of 8.4% a year earlier.

### "GAM Pr B" Preferred Stock

On September 24, 2003, the Company issued and sold in an underwritten offering 8,000,000 shares of its 5.95% Cumulative Preferred Stock, Series B with a liquidation preference of \$25 per share (\$200,000,000 in the aggregate).

The Preferred Shares are noncallable prior to September 24, 2008, are rated "Aaa" by Moody's Investors Service, Inc. and are listed and traded on The New York Stock Exchange (symbol, GAM Pr B).

6

### 3 THE COMPANY

---

#### General American Investors

The preferred capital is available to leverage the investment performance of the Common Stockholders. As is the case for leverage in general, it may also result in higher market volatility for the Common Stockholders.

#### Dividend and Distribution Policy

The Company's dividend and distribution policy is to distribute to stockholders before year-end substantially all ordinary income estimated for the full year and capital gains realized during the ten-month period ended October 31 of that year. If any additional capital gains are realized or ordinary income is earned

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

during the last two months of the year, a "spill-over" distribution of these amounts will be paid early in the following year to Common Stockholders. Dividends and distributions on shares of Preferred Stock are paid quarterly. Distributions from capital gains and dividends from ordinary income are allocated proportionately among holders of shares of Common Stock and Preferred Stock.

Dividends from income have been paid continuously on the Common Stock since 1939 and capital gain distributions in varying amounts have been paid for each of the years 1943-2007 (except for the year 1974). (A table listing dividends and distributions paid during the 20-year period 1988-2007 is shown at the bottom of page 6.) To the extent that shares can be issued, dividends and distributions are paid to Common Stockholders in additional shares of Common Stock unless the stockholder specifically requests payment in cash. Spill-over dividends and distributions of nominal amounts are generally paid in cash.

### Proxy Voting Policies, Procedures and Record

The policies and procedures used by General American Investors to determine how to vote proxies relating to portfolio securities and the Company's proxy voting record for the 12-month period ended June 30, 2007 are available: (1) without charge, upon request, by calling the Company at its toll-free number (1-800-436-8401), (2) on the Company's website at [www.generalamericaninvestors.com](http://www.generalamericaninvestors.com) and (3) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

### Direct Registration

The Company makes available direct registration for its Common Shareholders. Direct registration, which is an element of the Investors Choice Plan administered by our transfer agent, is a system that allows for book-entry ownership and electronic transfer of our Common Shares. Accordingly, when Common Shareholders, who hold their shares directly, receive new shares resulting from a purchase, transfer or dividend payment, they will receive a statement showing the credit of the new shares as well as their Plan account and certificated share balances. A brochure which describes the features and benefits of the Investors Choice Plan, including the ability of shareholders to deposit certificates with our transfer agent, can be obtained by calling American Stock Transfer & Trust Company at 1-800-413-5499, calling the Company at 1-800-436-8401 or visiting our website: [www.generalamericaninvestors.com](http://www.generalamericaninvestors.com) - click on Distribution & Reports, then Report Downloads.

### Privacy Policy and Practices

General American Investors collects nonpublic personal information about its customers (stockholders) with respect to their transactions in shares of the Company's securities but only for those stockholders whose shares are registered in their names. This information includes the stockholder's address, tax identification or Social Security number and dividend elections. We do not have knowledge of, nor do we collect personal information about, stockholders who hold the Company's securities at financial institutions in "street name" registration.

We do not disclose any nonpublic personal information about our current or former stockholders to anyone, except as permitted by law. We also restrict access to nonpublic personal information about our stockholders to those few employees who need to know that information to perform their responsibilities. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard our stockholders' personal information.

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

### 4 INVESTMENT RESULTS (UNAUDITED)

#### ----- General American Investors

"Total return on \$10,000 investment for 20 years ended December 31, 2007"

The investment return for a Common Stockholder of General American Investors (GAM) over the 20 years ended December 31, 2007 is shown in the table below and in the accompanying chart. The return based on GAM's net asset value (NAV) per Common Share in comparison to the change in the Standard & Poor's 500 Stock Index (S&P 500) is also displayed. Each illustration assumes an investment of \$10,000 at the beginning of 1988.

THE STOCKHOLDER RETURN is the return a Common Stockholder of GAM would have achieved assuming reinvestment of all dividends and distributions at the actual reinvestment price and of all cash dividends at the average (mean between high and low) market price on the ex-dividend date.

THE GAM NET ASSET VALUE (NAV) RETURN is the return on shares of the Company's Common Stock based on the NAV per share, including the reinvestment of all dividends and distributions.

THE S&P 500 RETURN is the time-weighted total rate of return on this widely-recognized, unmanaged index which is a measure of general stock market performance, including dividend income.

The results illustrated are a record of past performance and may not be indicative of future results.

	GENERAL AMERICAN INVESTORS				STANDARD & POOR'S 500	
	STOCKHOLDER RETURN		NET ASSET VALUE RETURN		RETURN	
	CUMULATIVE INVESTMENT	ANNUAL RETURN	CUMULATIVE INVESTMENT	ANNUAL RETURN	CUMULATIVE INVESTMENT	ANNUAL RETURN
1988	\$12,126	21.26%	\$11,757	17.57%	\$11,653	16.
1989	18,019	48.60	16,208	37.86	15,338	31.
1990	18,740	4.00	17,293	6.69	14,864	-3.
1991	34,669	85.00	27,857	61.09	19,382	30.
1992	39,793	14.78	28,845	3.55	20,853	7.
1993	33,458	-15.92	28,341	-1.75	22,964	10.
1994	30,828	-7.86	27,564	-2.74	23,255	1.
1995	37,370	21.22	34,064	23.58	31,976	37.
1996	44,650	19.48	40,866	19.97	39,302	22.
1997	63,661	42.58	53,964	32.05	52,401	33.
1998	83,594	31.31	72,927	35.14	67,362	28.
1999	116,379	39.22	99,472	36.40	81,481	20.
2000	138,608	19.10	117,019	17.64	74,074	-9.
2001	144,610	4.33	115,615	-1.20	65,267	-11.
2002	105,261	-27.21	89,000	-23.02	50,817	-22.
2003	133,692	27.01	113,386	27.40	65,330	28.
2004	145,444	8.79	125,145	10.37	72,379	10.
2005	170,751	17.40	145,418	16.20	75,875	4.
2006	199,403	16.78	163,217	12.24	87,757	15.
2007	216,791	8.72	176,291	8.01	92,505	5.

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

### 5 INVESTMENT RESULTS (UNAUDITED)

General American Investors

[CAPTION]

[Line graph with heading "20-YEAR INVESTMENT RESULTS ASSUMING AN INITIAL INVESTMENT OF \$10,000" at top left hand side. The vertical axis is to the right side of the page and is labeled "CUMULATIVE VALUE OF INVESTMENT." The axis range is from \$0 to \$240,000 in \$20,000 increments. The horizontal axis, on the bottom of the page, consists of the years 1988 through 2007 in one year increments. Within the graph are three lines. The first line represents GAM Stockholder Return. The second line represents GAM Net Asset Value Return, and the third line represents the return of the S&P 500 Stock Index. The data points for the lines are derived from the columns labeled "Cumulative Investment" from the table on the preceding page. Also, embedded in upper left portion of the graph is a table which appears as follows:]

#### COMPARATIVE ANNUALIZED INVESTMENT RESULTS

YEARS ENDED DECEMBER 31, 2007	STOCKHOLDER RETURN	GAM NET ASSET VALUE	S&P 500 STOCK INDEX
1 year	8.7%	8.0%	5.4%
5 years	15.6	14.7	12.7
10 years	13.0	12.6	5.9
15 years	12.0	12.8	10.4
20 years	16.6	15.4	11.8

9

### 6 MAJOR STOCK CHANGES\*: THREE MONTHS ENDED DECEMBER 31, 2007 (UNAUDITED)

General American Investors

INCREASES	SHARES OR PRINCIPAL AMOUNT	SHARES OR PRINCIPAL AMOUNT DECEMBER 31,
NEW POSITIONS		
NetEase.com, Inc.	-	245,000
ADDITIONS		
The Allstate Corporation	15,000	290,000
American International Group, Inc.	40,000	365,000
Carpenter Technology Corporation	10,000	321,000
Fidelity National Financial, Inc.	350,000	1,250,000
THQ Inc.	50,000	365,000
DECREASES		



## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

### ELIMINATIONS

Ameriprise Financial, Inc.	60,000
Annuity and Life Re (Holdings), Ltd.	275,000
Avaya Inc.	90,000
Bank of America Corporation	200,000
Intermec, Inc.	130,000

### REDUCTIONS

Berkshire Hathaway Inc. Class A	60	21
Biogen Idec Inc.	10,000	90,000
CEMEX, S.A. de C.V. ADR	54,621	2,225,860
Cytokinetics, Incorporated	75,000	529,900
Dell Inc.	50,000	1,500,000
Everest Re Group, Ltd.	10,000	340,000
General Motors Nova Scotia Finance Company 6.85% Guaranteed Notes Due 10/15/08	\$5,500,000	\$19,500,000
Lamar Advertising Company Class A	75,900	324,100
Nestle S.A.	2,500	42,500
Novo Nordisk B	180,000	190,000
PartnerRe Ltd.	20,000	290,000
Patterson-UTI Energy, Inc.	300,000	700,000
PepsiCo, Inc.	25,000	225,000
Sprint Nextel Corporation	405,000	920,000
Target Corporation	199,900	333,100
Transatlantic Holdings, Inc.	5,000	150,000
Wachovia Corporation	35,000	615,000
Xerox Corporation	350,000	1,900,000

"This table shows dividends and distributions on the Company's Common Stock for the prior 20-year period. Amounts shown are based upon the year in which the income was earned, not the year paid. Spill-over payments made after year-end are attributable to income and gain earned in the prior year."

### DIVIDENDS AND DISTRIBUTIONS PER COMMON SHARE (1988-2007) (UNAUDITED)

EARNINGS SOURCE			
YEAR	SHORT-TERM INCOME	LONG-TERM CAPITAL GAINS	LONG-TERM CAPITAL GAINS
1988	\$.29	-	\$1.69
1989	.21	\$.02	1.56
1990	.21	-	1.65
1991	.09	-	3.07
1992	.03	-	2.93
1993	.06	-	2.34
1994	.06	-	1.59
1995	.10	.03	2.77
1996	.20	.05	2.71
1997	.21	-	2.95
1998	.47	-	4.40
1999	.42	.62	4.05
2000	.48	1.55	6.16
2001	.37	.64	1.37

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

2002	.03	-	.33
2003	.02	-	.59
2004	.217	-	.957
2005	.547	.041	1.398
2006	.334	-	2.666
2007	.706	.009	5.250

10

7 TEN LARGEST INVESTMENT HOLDINGS (UNAUDITED)

-----  
General American Investors

"The statement of investments as of December 31, 2007, shown on pages 12, 13 and 14 includes 55 security issues. Listed here are the ten largest holdings on that date."

	SHARES	VALUE
-----		
WEATHERFORD INTERNATIONAL LTD. Weatherford supplies a broad range of oil field services and equipment on a worldwide basis. Its focus on helping customers to increase production from existing fields, and enhance recovery from new wells should lead to earnings growth.	1,025,000	\$70,315,0
-----		
APACHE CORPORATION Apache is a large independent oil and gas company with a long history of growing production and creating value for shareholders. The company's operations are primarily focused in North America, the North Sea and Egypt.	600,000	64,524,0
-----		
THE TJX COMPANIES, INC. Through its T.J. Maxx and Marshalls divisions, TJX is the leading off-price retailer. The continued growth of these divisions, along with expansion into related U.S. and foreign off-price formats, provide ongoing growth opportunities.	2,100,000	60,333,0
-----		
CEMEX, S.A. de C.V. ADR Domiciled in Mexico, CEMEX has grown organically and through acquisition to become one of the world's leading cement and aggregates companies. With the expansion of its operations into related construction materials and additional geographic areas, as well as its focus on cost containment, the company's free cash flow should continue to increase, supporting a positive long-term outlook.	2,225,862	57,538,5
-----		
TALISMAN ENERGY INC. Talisman, headquartered in Calgary, Alberta, is an upstream oil and gas producer with global operations. The company is focusing on larger, deep gas opportunities in North America and large international projects which should lead to faster production growth and higher returns.	3,000,000	55,560,0
-----		
COSTCO WHOLESALE CORPORATION Costco is the largest wholesale club with a record of steady growth in sales and profits as it continues to gain share of the consumer dollar.	575,000	40,112,0
-----		

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

DELL INC. Dell is a leading provider of computer systems and services. With growing global demand for its products, the company should continue to generate significant free cash flow as a result of its focus on efficient distribution and margin expansion.	1,500,000	36,765,0
-----		
TEXTRON INC. Textron is a global company with operations in aerospace, defense, industrial products and finance. Portfolio rationalization and operational improvements made over the past few years have created a strong platform for earnings growth.	509,800	36,348,7
-----		
THE HOME DEPOT, INC. The largest company in home center retailing, Home Depot's proven merchandising capabilities and strong cash flow should provide the basis for continuing growth.	1,278,000	34,429,3
-----		
EVEREST RE GROUP, LTD. One of the largest independent U.S. property/casualty reinsurers, Everest Re generates annual premiums of approximately \$4 billion and has a high quality, well-reserved AA balance sheet. This Bermuda domiciled company has a strong management team that exercises prudent underwriting discipline and efficient expense control, resulting in above-average earnings and book value growth.	340,000	34,136,0
-----		
		\$490,061,5 =====

\*Net assets applicable to the Company's Common Stock.

11

8 PORTFOLIO DIVERSIFICATION (unaudited)

-----  
General American Investors

"The diversification of the Company's net assets applicable to its Common Stock by industry group as of December 31, 2007 and 2006 is shown in the following table."

INDUSTRY CATEGORY	DECEMBER 31, 2007		PERCENT COMMON NET A DECEMBER 31	
	COST (000)	VALUE (000)	2007	2006
-----				
Finance and Insurance				
Banking	\$5,352	\$47,859	4.0%	8.0
Insurance	96,116	207,299	17.2	18.0
Other	31,623	36,682	3.0	2.0
	-----	-----	----	----
	133,091	291,840	24.2	29.0
	-----	-----	----	----
Oil and Natural Gas				
(Including Services)	116,211	234,391	19.5	17.0
Retail Trade	59,709	173,868	14.4	18.0
Computer Software and Systems	95,320	131,060	10.9	2.0
Consumer Products and Services	94,866	129,419	10.8	7.0
Communications and				
Information Services	71,359	83,502	6.9	8.0
Aerospace/Defense	47,844	61,224	5.1	

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

Building and Real Estate	29,518	57,539	4.8	6.
Miscellaneous**	65,193	50,104	4.2	4.
Environmental Control (Including Services)	39,286	49,851	4.1	4.
	-----	-----	-----	-----
Health Care/Pharmaceuticals, Medical Instruments and Devices	15,790	34,754	2.9	8.
	-	-	-	2.
	-----	-----	-----	-----
	15,790	34,754	2.9	10.
	-----	-----	-----	-----
Technology	25,690	30,761	2.6	3.
Machinery and Equipment	10,779	28,800	2.4	1.
Metals	19,987	24,130	2.0	
Transportation	11,005	12,197	1.0	
Electronics	-	-	-	1.
Mining	-	-	-	1.
	-----	-----	-----	-----
	835,648	1,393,440	115.8	116.
Short-Term Securities	9,166	9,166	0.8	1.
	-----	-----	-----	-----
Total Investments	\$844,814	1,402,606	116.6	117.
	=====	=====	=====	=====
Other Assets and Liabilities - Net		317	0.0	(1.
Preferred Stock		(200,000)	(16.6)	(16.
		-----	-----	-----
Net Assets Applicable to Common Stock		\$1,202,923	100.0%	100.
		=====	=====	=====

12

9 STATEMENT OF ASSETS AND LIABILITIES

-----

General American Investors

DECEMBER 31,

ASSETS	2007	2006
-----		
INVESTMENTS, AT VALUE (NOTE 1a)		
Common and preferred stocks (cost \$816,594,960 and \$729,900,430, respectively)	\$1,374,257,148	\$1,359,753,8
Corporate note (cost \$19,053,293 and \$33,745,957, respectively)	19,183,125	34,737,5
Money market fund (cost \$9,165,709 and \$17,255,705, respectively)	9,165,709	17,255,7
	-----	-----
Total investments (cost \$844,813,962 and \$780,902,092, respectively)	1,402,605,982	1,411,747,0
CASH, RECEIVABLES AND OTHER ASSETS		
Cash	-	34,2
Receivable for securities sold	-	2,875,3
Deposit with broker for options written	3,712,458	
Dividends, interest and other receivables	1,333,175	1,430,3
Pension asset, excess funded	9,244,527	8,656,7
Prepaid expenses and other assets	2,549,782	149,7
	-----	-----
TOTAL ASSETS	1,419,445,924	1,424,893,5
	-----	-----

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

LIABILITIES

Payable for securities purchased	-	13,515,1
Preferred dividend accrued but not yet declared	231,389	231,3
Pension benefit liability	3,174,022	3,320,7
Outstanding options written at value (premiums received \$3,712,458 for 2007) (note 1a)	2,192,960	
Accrued thrift plan liability	3,393,011	2,992,2
Accrued expenses and other liabilities	7,531,573	5,380,8
<b>TOTAL LIABILITIES</b>	<b>16,522,955</b>	<b>25,440,4</b>

5.95% CUMULATIVE PREFERRED STOCK, SERIES B - 8,000,000 shares at a liquidation value of \$25 per share (note 2)	200,000,000	200,000,0
<b>NET ASSETS APPLICABLE TO COMMON STOCK - 31,573,058 and 29,589,198 shares, respectively (note 2)</b>	<b>\$1,202,922,969</b>	<b>\$1,199,453,0</b>
<b>NET ASSET VALUE PER COMMON SHARE</b>	<b>\$38.10</b>	<b>\$40.</b>

NET ASSETS APPLICABLE TO COMMON STOCK

Common Stock, 31,573,058 and 29,589,198 shares at par value, respectively (note 2)	\$31,573,058	\$29,589,1
Additional paid-in capital (note 2)	602,738,135	538,093,8
Undistributed realized gain (loss) on investments (note 2)	6,711,263	(1,715,0
Undistributed net investment income (note 2)	1,711,821	2,218,9
Accumulated other comprehensive income (note 5)	1,108,563	652,5
Unallocated distributions on Preferred Stock	(231,389)	(231,3
Unrealized appreciation on investments, securities sold short and options	559,311,518	630,844,9
<b>NET ASSETS APPLICABLE TO COMMON STOCK</b>	<b>\$1,202,922,969</b>	<b>\$1,199,453,0</b>

(see notes to financial statements)

13

10 STATEMENT OF OPERATIONS

General American Investors

	YEAR ENDED DECEMBER 31,	
	2007	2006
<b>INCOME</b>		
Dividends (net of foreign withholding taxes of \$353,438 and \$325,061, respectively)	\$20,925,587	\$16,065,7
Interest	2,809,754	6,301,5
<b>TOTAL INCOME</b>	<b>23,735,341</b>	<b>22,367,3</b>
<b>EXPENSES</b>		
Investment research	9,312,122	8,054,3
Administration and operations	3,104,891	2,922,0

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

Office space and general	562,787	544,2
Auditing and legal fees	307,829	163,0
Directors' fees and expenses	266,033	286,3
Transfer agent, custodian and registrar fees and expenses	169,891	140,3
Stockholders' meeting and reports	131,872	134,1
Miscellaneous taxes	97,293	115,3
	-----	-----
TOTAL EXPENSES	13,952,718	12,359,7
	-----	-----
NET INVESTMENT INCOME	9,782,623	10,007,6
	-----	-----

Realized Gain (Loss) And Change In Unrealized Appreciation On Investments (Notes 1f and 4)

Net realized gain on investments:		
Long transactions	176,058,639	86,808,1
Short sale transactions (note 1b)	-	(629,6
Written option transactions (note 1c)	(272,754)	(2,1
	-----	-----
Net realized gain on investments (long-term except for \$3,224,498 and \$2,228,817, respectively)	175,785,885	86,176,3
Net increase (decrease) in unrealized appreciation	(71,533,458)	51,196,3
	-----	-----
NET GAIN ON INVESTMENTS	114,035,050	137,372,6
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS	(11,900,000)	(11,900,0
	-----	-----
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$102,135,050	\$135,480,3
	=====	=====

(see notes to financial statements)

14

11 STATEMENT OF CHANGES IN NET ASSETS

General American Investors

	YEAR ENDED DECEMBER 31	
	2007	2006
OPERATIONS	-----	-----
Net investment income	\$9,782,623	\$10,007,6
Net realized gain on investments	175,785,885	86,176,3
Net increase (decrease) in unrealized appreciation	(71,533,458)	51,196,3
	-----	-----
	114,035,050	147,380,3
	-----	-----
Distributions to Preferred Stockholders:		
From net investment income	(689,497)	(1,092,6
From short-term capital gains	(778,809)	(168,2
From long-term capital gains	(10,431,694)	(10,639,1
	-----	-----
Decrease in net assets from Preferred distributions	(11,900,000)	(11,900,0
	-----	-----
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	102,135,050	135,480,3

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

OTHER COMPREHENSIVE INCOME		
Adjustment to apply FAS 158 (note 5)	456,004	652,5
DISTRIBUTIONS TO COMMON STOCKHOLDERS		
From net investment income	(9,603,869)	(8,230,
From short-term capital gains	(10,847,882)	(1,262,
From long-term capital gains	(145,301,188)	(79,790,
DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS	(165,752,939)	(89,284,
CAPITAL SHARE TRANSACTIONS (NOTE 2)		
Value of Common Shares issued in payment of distributions	96,902,914	48,748,
Cost of Common Shares purchased	(30,271,148)	(29,086,
INCREASE IN NET ASSETS - CAPITAL TRANSACTIONS	66,631,766	19,662,
NET INCREASE IN NET ASSETS	3,469,881	66,511,
NET ASSETS APPLICABLE TO COMMON STOCK		
BEGINNING OF YEAR	1,199,453,088	1,132,941,
END OF YEAR (including undistributed net investment income of \$1,711,821 and \$2,218,917, respectively)	\$1,202,922,969	\$1,199,453,

(see notes to financial statements)

15

12 STATEMENT OF INVESTMENTS DECEMBER 31, 2007

General American Investors

	SHARES	COMMON AND PREFERRED STOCKS	
AEROSPACE/DEFENSE (5.1%)	509,800	Textron Inc. 325,000 United Technologies Corporation	(COST \$47,844,103)
BUILDING AND REAL ESTATE (4.8%)	2,225,862	CEMEX, S.A. de C.V. ADR	(COST \$29,518,057)
COMMUNICATIONS AND INFORMATION SERVICES (6.9%)	900,000 324,100 800,000 920,000	Cisco Systems, Inc. (a) Lamar Advertising Company Class A (a) QUALCOMM Incorporated Sprint Nextel Corporation	(COST \$71,358,877)

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

---

COMPUTER SOFTWARE 700,000 Activision, Inc. (a)  
 AND SYSTEMS (10.9%) 1,500,000 Dell Inc. (a)  
 720,000 Microsoft Corporation  
 245,000 NetEase.com, Inc. (a)  
 55,000 Nintendo Co., Ltd.  
 365,000 THQ Inc. (a)

(COST \$95,320,352)

---

CONSUMER PRODUCTS 350,000 Diageo plc ADR  
 AND SERVICES (9.2%) 300,000 Heineken N.V.  
 630,000 Hewitt Associates, Inc. Class A (a)  
 42,500 Nestle S.A.  
 225,000 PepsiCo, Inc.

(COST \$75,813,339)

---

ENVIRONMENTAL CONTROL 881,500 Republic Services, Inc.  
 (INCLUDING SERVICES) 680,000 Waste Management, Inc.  
 (4.1%)

(COST \$39,285,764)

---

FINANCE AND INSURANCE BANKING (4.0%)  
 (24.2%)

---

300,000 M&T Bank Corporation  
 615,000 Wachovia Corporation

(COST \$5,352,608)

INSURANCE (17.2%)

---

290,000 The Allstate Corporation  
 365,000 American International Group, Inc.  
 335,000 Arch Capital Group Ltd. (a)  
 365,000 AXIS Capital Holdings Limited  
 215 Berkshire Hathaway Inc. Class A (a)  
 340,000 Everest Re Group, Ltd.  
 1,250,000 Fidelity National Financial, Inc.  
 250,000 MetLife, Inc.  
 290,000 PartnerRe Ltd.  
 150,000 Transatlantic Holdings, Inc.

(COST \$96,115,768)

OTHER (3.0%)

---

10,000 Epoch Holding Corporation Series A Convertible Preferred 4.6%  
 925,000 Nelnet, Inc.

(COST \$31,622,636)

(COST \$133,091,012)

---

HEALTH CARE/  
 PHARMACEUTICALS 80,000 Alkermes, Inc. (a)  
 90,000 Biogen Idec Inc. (a)  
 529,900 Cytokinetics, Incorporated (a)  
 200,000 Genentech, Inc. (a)



Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

190,000 Novo Nordisk B

(COST \$15,790,018)

16

13 STATEMENT OF INVESTMENTS DECEMBER 31, 2006 - continued

-----  
General American Investors

	SHARES	COMMON AND PREFERRED STOCKS (continued)	
-----			
MACHINERY & EQUIPMENT (2.4%)	1,000,000	ABB Ltd. ADR	(COST \$10,779,026)
-----			
METALS (2.0%)	321,000	Carpenter Technology Corporation	(COST \$19,986,798)
-----			
MISCELLANEOUS (4.2%)		Other (b)	(COST \$65,192,916)
-----			
OIL AND NATURAL GAS (INCLUDING SERVICES) (19.5%)	600,000	Apache Corporation	
	800,000	Halliburton Company	
	700,000	Patterson-UTI Energy, Inc.	
	3,000,000	Talisman Energy Inc.	
	1,025,000	Weatherford International Ltd. (a)	
			(COST \$116,211,169)
-----			
RETAIL TRADE (14.4%)	575,000	Costco Wholesale Corporation	
	1,278,000	The Home Depot, Inc. (c)	
	333,100	Target Corporation	
	2,100,000	The TJX Companies, Inc.	
	470,000	Wal-Mart Stores, Inc.	
			(COST \$59,708,643)
-----			
TECHNOLOGY (2.6%)	1,900,000	Xerox Corporation	(COST \$25,689,854)
-----			
TRANSPORTATION (1.0%)	236,100	Alexander & Baldwin, Inc.	(COST \$11,005,032)
-----			
		TOTAL COMMON AND PREFERRED STOCKS (114.2%)	(COST \$816,594,960)
-----			
	PRINCIPAL AMOUNT	CORPORATE NOTE	
-----			
CONSUMER PRODUCTS AND SERVICES (1.6%)	\$19,500,000	General Motors Nova Scotia Finance Company 6.85% Guaranteed Notes Due 10/15/08	(COST \$19,053,293)

17

14 STATEMENT OF INVESTMENTS DECEMBER 31, 2007 - continued

# Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

General American Investors

## SHORT-TERM SECURITIES AND OTHER ASSETS

### SHARES

9,165,709	SSgA Prime Money Market Fund (0.8%)	(COST \$9,165,709)
TOTAL INVESTMENTS (e) (116.6%)		(COST \$844,813,962)
Cash, receivables and other assets less liabilities (0.0%)		

PREFERRED STOCK (-16.6%)

NET ASSETS APPLICABLE TO COMMON STOCK (100%)

### STATEMENT OF OPTIONS WRITTEN DECEMBER 31, 2007

General American Investors

CONTRACTS (100 SHARES EACH)	COMMON STOCKS/EXPIRATION DATE/EXERCISE PRICE
--------------------------------	--

#### CALL OPTIONS

##### OIL & NATURAL GAS (INCLUDING SERVICES)

1,500	Apache Corporation /January 08/\$105.00	(PREMIUM RECEIVED \$1,058,824)
-------	---	--------------------------------

##### RETAIL TRADE

500	Costco Wholesale Corporation/January 08/\$72.50	
2,000	Costco Wholesale Corporation/January 08/\$70.00	
3,500	Target Corporation/January 08/\$60.00	
		(PREMIUMS RECEIVED \$2,014,963)

TOTAL CALL OPTIONS	(PREMIUMS RECEIVED \$3,073,787)
--------------------	---------------------------------

#### PUT OPTION

##### RETAIL TRADE

1,999	Target Corporation/January 08/\$55.00	(PREMIUM RECEIVED \$638,671)
-------	---------------------------------------	------------------------------

TOTAL OPTIONS	(PREMIUMS RECEIVED \$3,712,458)
---------------	---------------------------------

(see notes to financial statements)

15 NOTES TO FINANCIAL STATEMENTS

-----  
General American Investors

1. SIGNIFICANT ACCOUNTING POLICIES

General American Investors Company, Inc. (the "Company"), established in 1927, is registered under the Investment Company Act of 1940 as a closed-end, diversified management investment company. It is internally managed by its officers under the direction of the Board of Directors.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

a. SECURITY VALUATION Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the period. Securities reported on the NASDAQ national market are valued at the official closing price on that day. Listed and NASDAQ securities for which no sales are reported on that day and other securities traded in the over-the-counter market are valued at the last bid price (asked price for open short positions and options written) on the valuation date. Securities traded primarily in foreign markets are generally valued at the preceding closing price of such securities on their respective exchanges or markets. If, after the close of the foreign market, conditions change significantly, the price of certain foreign securities may be adjusted to reflect fair value as of the time of the valuation of the portfolio. Investments in money market funds are valued at their net asset value. The restricted security is valued at par value (cost), divided by the conversion price of \$6.00 multiplied by the last reported sales price of the publicly traded common stock of the corporation.

b. SHORT SALES The Company may make short sales of securities for either speculative or hedging purposes. When the Company makes a short sale, it borrows the securities sold short from a broker; in addition, the Company places cash with that broker and securities in a segregated account with the custodian, both as collateral for the short position. The Company may be required to pay a fee to borrow the securities and may also be obligated to pay any dividends declared on the borrowed securities. The Company will realize a gain if the security price decreases and a loss if the security price increases between the date of the short sale and the date on which the Company replaces the borrowed securities.

c. OPTIONS The Company may purchase and write (sell) put and call options. The risk associated with purchasing an option is that the Company pays a premium whether or not the option is exercised. Additionally, the Company bears the risk of loss of the premium and a change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. Premiums received from writing options that expire unexercised are treated by the Company on the expiration date as realized gains from investments. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Company has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis for the securities purchased by the Company. The Company as writer of an option bears the market risk of an unfavorable change in the price of the security

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

underlying the written option.

d. FEDERAL INCOME TAXES The Company's policy is to fulfill the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all taxable income to its stockholders. Accordingly, no provision for Federal income taxes is required.

e. INDEMNIFICATIONS In the ordinary course of business, the Company enters into contracts that contain a variety of indemnifications. The Company's maximum exposure under these arrangements is unknown. However, the Company has not had prior claims or losses pursuant to these indemnification provisions and expects the risk of loss thereunder to be remote.

f. OTHER As customary in the investment company industry, securities transactions are recorded as of the trade date. Dividend income and distributions to stockholders are recorded as of the ex-dividend dates. Interest income, adjusted for amortization of discount and premium on investments, is earned from settlement date and is recognized on the accrual basis. Cost of short-term investments represents amortized cost.

---

### 2. CAPITAL STOCK AND DIVIDEND DISTRIBUTIONS

The authorized capital stock of the Company consists of 50,000,000 shares of Common Stock, \$1.00 par value, and 10,000,000 shares of Preferred Stock, \$1.00 par value. With respect to the Common Stock, 31,574,058 and 31,573,058 shares were issued and outstanding, respectively, and 8,000,000 Preferred Shares were issued and outstanding on December 31, 2007.

On September 24, 2003, the Company issued and sold 8,000,000 shares of its 5.95% Cumulative Preferred Stock, Series B in an underwritten offering. The Preferred Shares are noncallable for 5 years and have a liquidation preference of \$25.00 per share plus an amount equal to accumulated and unpaid dividends to the date of redemption. The underwriting discount and other expenses associated with the Preferred Stock offering amounted to \$6,700,000 and were charged to paid-in capital.

The Company is required to allocate distributions from long-term capital gains and other types of income proportionately among holders of shares of Common Stock and Preferred Stock. To the extent that dividends on the shares of Preferred Stock are not paid from long-term capital gains, they will be paid from ordinary income or net short-term capital gains or will represent a return of capital.

19

16 NOTES TO FINANCIAL STATEMENTS - continued

---

General American Investors

### 2. CAPITAL STOCK AND DIVIDEND DISTRIBUTIONS - (Continued from previous page.)

Under the Investment Company Act of 1940, the Company is required to maintain an asset coverage of at least 200% for the Preferred Stock. In addition, pursuant to the Rating Agency Guidelines, the Company is required to maintain a certain discounted asset coverage for its portfolio that equals or exceeds the Basic Maintenance Amount under the guidelines established by Moody's Investors Service, Inc. The Company has met these requirements since the issuance of the Preferred Stock. If the Company fails to meet these requirements in the future and does not cure such failure, the Company may be required to redeem, in whole or in part, shares of Preferred Stock at a redemption price of \$25.00 per share plus accumulated and unpaid dividends (whether or not earned or declared). In addition, the Company's failure to meet the foregoing asset coverage requirements could restrict its ability to pay dividends on shares of Common Stock and could lead to sales of portfolio securities at inopportune

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

times.

The holders of Preferred Stock have voting rights equivalent to those of the holders of Common Stock (one vote per share) and, generally, vote together with the holders of Common Stock as a single class.

At all times, holders of Preferred Stock will elect two members of the Company's Board of Directors and the holders of Preferred and Common Stock, voting as a single class, will elect the remaining directors. If the Company fails to pay dividends on the Preferred Stock in an amount equal to two full years' dividends, the holders of Preferred Stock will have the right to elect a majority of the directors. In addition, the Investment Company Act of 1940 requires that approval of the holders of a majority of any outstanding Preferred Shares, voting separately as a class, would be required to (a) adopt any plan of reorganization that would adversely affect the Preferred Stock and (b) take any action requiring a vote of security holders, including, among other things, changes in the Company's subclassification as a closed-end investment company or changes in its fundamental investment policies.

The Company classifies its Preferred Stock pursuant to the requirements of EITF D-98, Classification and Measurement of Redeemable Securities, which requires that preferred stock for which its redemption is outside of the company's control should be presented outside of net assets in the statement of assets and liabilities.

Transactions in Common Stock during 2007 and 2006 were as follows:

	SHARES		AMOUNT	
	2007	2006	2007	2006
Shares issued in payment of dividends and distributions (includes 2,404,965 and 1,326,499 shares issued from treasury, respectively)	2,747,460	1,326,499	\$2,747,460	\$1,326,499
Increase in paid-in capital			94,155,454	47,422,339
Total increase			96,902,914	48,748,838
Shares purchased (at an average discount from net asset value of 10.4% and 9.0%, respectively)	763,600	787,700	(763,600)	(787,700)
Decrease in paid-in capital			(29,507,548)	(28,298,392)
Total decrease			(30,271,148)	(29,086,092)
Net increase			\$66,631,766	\$19,662,746

At December 31, 2007, the Company held in its treasury 1,000 shares of Common Stock with an aggregate cost in the amount of \$35,281.

Distributions for tax and book purposes are substantially the same.

As of December 31, 2007, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	\$183,587
Undistributed long-term gains	6,613,882
Unrealized appreciation	559,311,518
	-----

\$566,108,987

=====

To reflect reclassification arising from permanent "book/tax" differences for non-deductible expenses during the year ended December 31, 2007, undistributed net investment income was increased by \$3,647, and additional paid-in capital was decreased by \$3,647. Net assets were not affected by this reclassification.

-----  
 3. OFFICERS' COMPENSATION

The aggregate compensation paid by the Company during 2007 and 2006 to its officers (identified on page 20) amounted to \$8,874,500 and \$7,255,500, respectively.

-----  
 4. PURCHASES AND SALES OF SECURITIES

Purchases and sales of securities (other than short-term securities and options) during 2007 amounted to \$465,468,867 and \$569,525,640, on long transactions, respectively.

-----  
 5. BENEFIT PLANS

The Company has funded (Qualified) and unfunded (Supplemental) defined contribution thrift plans that are available to its employees. The aggregate cost of such plans for 2007 and 2006 was \$633,127 and \$805,729, respectively. The Company also has both funded (Qualified) and unfunded (Supplemental) noncontributory defined benefit pension plans that cover its employees. The pension plan provides a defined benefit based on years of service and final average salary with an offset for a portion of social security covered compensation.

Effective December 31, 2006, the Company adopted the recognition provisions of Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" ("FAS158") which was released on September 2006. FAS 158 improves financial reporting by requiring employers to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in the statement of assets and liabilities and to recognize changes in funded status in the year in which the changes occur through other comprehensive income.

20

17 NOTES TO FINANCIAL STATEMENTS - continued

-----  
 General American Investors  
 -----

5. PENSION BENEFIT PLANS - (Continued from previous page.)

OBLIGATIONS AND FUNDED STATUS OF DEFINED BENEFIT PLANS:

	DECEMBER 31, 2007 (MEASUREMENT DATE)			DECEMBER 31, 2006	
	QUALIFIED PLAN	SUPPLEMENTAL PLAN	TOTAL	QUALIFIED PLAN	SUPPLEMENTAL PLAN
CHANGE IN BENEFIT OBLIGATION:					
Benefit obligation at beginning of year	\$9,062,488	\$3,320,726	\$12,383,214	\$8,902,156	\$3,111,111
Service cost	206,228	95,332	301,560	201,809	111,111
Interest cost	538,587	181,712	720,299	501,644	111,111

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

Benefits paid	(544,838)	(165,253)	(710,091)	(542,274)	(1,000,000)
Actuarial (gains)/losses	13,491	(197,383)	(183,892)	(848)	(1,000,000)
Plan amendments	61,112	(61,112)	-	-	(1,000,000)
Projected benefit obligation at end of year	9,337,068	3,174,022	12,511,090	9,062,487	3,333,333
CHANGE IN PLAN ASSETS:					
Fair value of plan assets at beginning of year	17,719,247	-	17,719,247	15,906,987	(1,000,000)
Actual return on plan assets	1,407,186	-	1,407,186	2,354,533	(1,000,000)
Employer contributions	-	165,253	165,253	-	(1,000,000)
Benefits paid	(544,838)	(165,253)	(710,091)	(542,274)	(1,000,000)
Fair value of plan assets at end of year	18,581,595	-	18,581,595	17,719,246	(1,000,000)
FUNDED STATUS AT END OF YEAR	\$9,244,527	(\$3,174,022)	\$6,070,505	\$8,656,759	(\$3,333,333)
Accumulated benefit obligation at end of year	\$8,726,625	\$3,000,603	\$11,727,228	\$8,400,586	\$2,999,999
INCREMENTAL EFFECT OF ADOPTING FAS 158					
	BEFORE	ADJUSTMENTS	AFTER	BEFORE	ADJUSTMENTS
Noncurrent benefit asset	\$8,656,759	\$587,768	\$9,244,527	\$7,939,307	\$700,000
LIABILITIES					
Current benefit liability	213,549	(4,510)	209,039	213,549	(1,000,000)
Noncurrent benefit liability	3,107,178	(142,194)	2,964,984	3,042,285	(1,000,000)
Accumulated other comprehensive income	(652,559)	(456,004)	(1,108,563)	-	(600,000)
AMOUNTS RECOGNIZED IN ACCUMULATED OTHER COMPREHENSIVE INCOME CONSIST OF:					
Net actuarial gain	(\$1,011,676)	(\$433,910)	(\$1,445,586)	(\$1,006,540)	(1,000,000)
Prior service cost	289,088	47,935	337,023	289,088	(1,000,000)
	(\$722,588)	(\$385,975)	(\$1,108,563)	(\$717,452)	(\$1,000,000)
WEIGHTED-AVERAGE ASSUMPTIONS AS OF END OF FISCAL YEAR:					
Discount rate	6.00%	6.00%		5.75%	
Expected return on plan assets	8.75%	N/A		8.75%	
Salary scale assumption	4.25%	4.25%		4.25%	
COMPONENTS OF NET PERIODIC BENEFIT COST:					
Service cost	\$206,228	\$95,332	\$301,560	\$201,809	\$100,000
Interest cost	538,587	181,712	720,299	501,645	100,000
Expected return on plan assets	(1,253,375)	-	(1,253,375)	(1,127,040)	(100,000)
Amortization of:					
Prior service cost	19,309	2,784	22,093	13,235	(100,000)
Recognized net actuarial loss	96,207	-	96,207	185,502	(100,000)
Net periodic benefit cost (gain)	(\$393,044)	\$279,828	(\$113,216)	(\$224,849)	\$300,000
WEIGHTED-AVERAGE ASSUMPTIONS FOR DETERMINING NET PERIODIC BENEFIT COST FOR YEARS ENDED DECEMBER 31:					
Discount rate	5.75%	5.75%		5.50%	
Expected long-term rate of return on plan assets	8.75%	N/A		8.75%	
Rate of salary increase	4.25%	4.25%		4.25%	

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

-----  
 PLAN ASSETS

The Company's qualified pension plan asset allocations by asset at December 31, 2007 and 2006, are as follows:

Asset Category	December 31	
	2007	2006
Equity securities	89.6%	88.2%
Debt securities	10.4	11.8
Total	100.0%	100.0%

Generally, not less than 80% of plan assets are invested in investment companies that invest in equity securities.

-----  
 EXPECTED CASH FLOWS

	Qualified Plan	Supplemental Plan	Total
Expected Company contributions for 2008	-	\$209,039	\$209,039
Estimated benefit payments:			
2008	\$558,673	\$209,039	\$767,712
2009	568,231	221,569	789,800
2010	589,105	231,404	820,509
2011	613,344	236,916	850,260
2012	624,306	235,712	860,018
2013-2017	3,446,101	1,145,232	4,591,333

-----  
 6. CALL AND PUT OPTIONS

Transactions in a written covered call and collateralized put options during the year ended December 31, 2007 were as follows:

	Covered Calls		Colla
	Contracts	Premiums	Contracts
Options written	9,951	\$4,296,648	2,000
Options terminated in closing purchase transaction	2,451	1,222,861	(1)
Options outstanding, December 31, 2007	7,500	\$3,073,787	1,999

-----  
 7. OPERATING LEASE COMMITMENT

In July 1992, the Company entered into an operating lease agreement for office space which expired on December 31, 2007 and provided for rental payments in the aggregate amount of approximately \$5.6 million. The lease agreement contained a clause whereby the Company received a specified number of months of free rent beginning in December 1992 and escalation clauses relating to rent charges,



## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

operating costs, and real property taxes.

21

18 NOTES TO FINANCIAL STATEMENTS - continued

-----  
General American Investors

### 7. OPERATING LEASE COMMITMENT- (Continued from previous page.)

In January 2003, the Company extended a sublease agreement (originally entered into in March 1996) which also expired on December 31, 2007 and provided for rental receipts. Minimum rental receipts under the sublease were approximately \$254,000 in 2007. The Company was also charged its proportionate share of operating expenses and real property taxes under the sublease.

Net rental expense approximated \$316,500 for 2007. On a gross basis, minimum rental commitments under the operating lease were approximately \$505,000 in 2007.

In June 2007, the Company entered into an operating lease agreement for new office space which expires in February 2018 and provides for future rental payments in the aggregate amount of approximately \$10.8 million. The lease agreement contains clauses whereby the Company receives free rent for a specified number of months and credit toward construction of office improvements, and incurs escalations annually relating to operating costs and real property taxes and to annual rent charges beginning in February 2013. The Company has the option to renew the lease after February 2018 for five years at market rates.

Minimum rental commitments under the operating lease are approximately \$1.0 million per annum in 2008 through 2012, \$1.1 million in 2013 through 2017, and \$0.1 million in 2018.

### 8. RECENT ACCOUNTING PRONOUNCEMENT

On September 20, 2006, the FASB released Statement of Financial Accounting Standards No. 157 "Fair Value Measurements" ("FAS 157"). FAS 157 establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. The application of FAS 157 is required for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Management does not believe that the application of this standard will have a material impact on the financial statements of the Company.

### FINANCIAL HIGHLIGHTS

-----  
General American Investors

"The following table shows per share operating performance data, total investment return, ratios and supplemental data for each year in the five-year period ended December 31, 2007. This information has been derived from information contained in the financial statements and market price data for the Company's shares."

	2007	2006	2005	2004
	-----	-----	-----	-----
<b>PER SHARE OPERATING PERFORMANCE</b>				
Net asset value, beginning of year	\$40.54	\$39.00	\$35.49	\$33.12
Net investment income	.31	.34	.19	.19
Net gain (loss) on securities - realized and unrealized	3.39	4.72	5.85	3.39

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

Other comprehensive income	.02	.03	-	
	-----	-----	-----	-----
Distributions on Preferred Stock:				
Dividends from net investment income	(.02)	(.04)	(.03)	(.03)
Distributions from net short-term capital gains	(.03)	(.01)	(.08)	(.08)
Distributions from net long-term capital gains	(.36)	(.36)	(.30)	(.30)
	-----	-----	-----	-----
	(.41)	(.41)	(.41)	(.41)
	-----	-----	-----	-----
Total from investment operations	3.31	4.68	5.63	3.31
	-----	-----	-----	-----
Distributions on Common Stock:				
Dividends from investment income	(.33)	(.29)	(.15)	(.15)
Distributions from net short-term capital gains	(.38)	(.04)	(.44)	(.44)
Distributions from net long-term capital gains	(5.04)	(2.81)	(1.53)	(1.53)
	-----	-----	-----	-----
	(5.75)	(3.14)	(2.12)	(2.12)
	-----	-----	-----	-----
Capital Stock transaction - effect of Preferred Stock offering	-	-	-	-
	-----	-----	-----	-----
Net asset value, end of year	\$38.10	\$40.54	\$39.00	\$38.10
	=====	=====	=====	=====
Per share market value, end of year	\$34.70	\$37.12	\$34.54	\$34.70
	=====	=====	=====	=====
TOTAL INVESTMENT RETURN - Stockholder Return, based on market price per share	8.72%	16.78%	17.40%	8.72%
RATIOS AND SUPPLEMENTAL DATA				
Net assets applicable to Common Stock, end of year (000's omitted)	\$1,202,923	\$1,199,453	\$1,132,942	\$1,036,923
Ratio of expenses to average net assets applicable to Common Stock	1.11%	1.06%	1.25%	1.11%
Ratio of net income to average net assets applicable to Common Stock	0.78%	0.86%	0.51%	0.78%
Portfolio turnover rate	31.91%	19.10%	20.41%	16.78%
PREFERRED STOCK				
Liquidation value, end of year (000's omitted)	\$200,000	\$200,000	\$200,000	\$200,000
Asset coverage	701%	700%	666%	701%
Liquidation preference per share	\$25.00	\$25.00	\$25.00	\$25.00
Market value per share	\$21.99	\$24.44	\$24.07	\$21.99

22

19 REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

-----  
General American Investors

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF GENERAL AMERICAN INVESTORS COMPANY, INC.

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

We have audited the accompanying statement of assets and liabilities, including the statement of investments and statement of options written, of General American Investors Company, Inc. as of December 31, 2007, and the related statements of operations and changes in net assets for each of the two years in the period then ended, and financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Company'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. We were not engaged to perform an audit of the Company's 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 Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2007, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 General American Investors Company, Inc. at December 31, 2007, the results of its operations and the changes in its 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, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

New York, New York

January 28, 2008

23

20 OFFICERS

-----  
General American Investors

NAME (AGE) EMPLOYEE SINCE	PRINCIPAL OCCUPATION DURING PAST 5 YEARS	NAME (AGE) EMPLOYEE SINCE	PRINCIPAL DURING
Spencer Davidson (65) 1994	Chairman of the Board since 2007 President and Chief Executive Officer of the Company since 1995	Sally A. Lynch, Ph.D. (48) 1997	Vice-Pr Comp secu (bio
Andrew V. Vindigni (48) 1988	Senior Vice-President of the Company since 2006 Vice-President 1995-2006; securities analyst (financial services industry)	Peter P. Donnelly (59) 1974	Vice-Pr Comp secu

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

Eugene S. Stark (49) 2005	Vice-President, Administration of the Company since 2005, Principal Financial Officer since 2005, Chief Compliance Officer since 2006; Chief Financial Officer of Prospect Energy Corporation (2005); Vice-President of Prudential Financial, Inc. (1987-2004)	Diane G. Radosti (55) 1980  Carole Anne Clementi (61) 1982  Craig A. Grassi (39) 1991  Maureen E. LoBello (57) 1992	Treasur Comp Prin Offi  Secreta Comp shar and  Assista the info  Assista Comp bene
Jesse Stuart (41) 2003	Vice-President of the Company since 2006 securities analyst (general industries); securities analyst & portfolio manager of Scudder, Stevens and Clark (1996-2003)		

All officers serve for a term of one year and are elected by the Board of Directors at the time of its annual organization meeting on the third Wednesday in April. The address for each officer is the Company's office. Other directorships and affiliations for Mr. Davidson are shown in the listing of Directors on the inside back cover of this report.

### SERVICE ORGANIZATIONS

---

#### COUNSEL

Sullivan & Cromwell LLP

#### INDEPENDENT AUDITORS

Ernst & Young LLP

#### CUSTODIAN

State Street Bank and Trust Company

#### TRANSFER AGENT AND REGISTRAR

American Stock Transfer & Trust Company

59 Maiden Lane  
New York, NY 10038  
1-800-413-5499  
www.amstock.com

---

In addition to purchases of the Company's Common Stock as set forth in Note 2, on pages 15 and 16, purchases of Common Stock may be made at such times, at such prices, in such amounts and in such manner as the Board of Directors may deem advisable.

The policies and procedures used by the Company to determine how to vote proxies relating to portfolio securities and the Company's proxy voting record for the twelve-month period ended June 30, 2007 are available: (1) without charge, upon request, by calling us at our toll-free telephone number (1-800-436-8401), (2) on the Company's website at [www.generalamericaninvestors.com](http://www.generalamericaninvestors.com) and (3) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

In addition to distributing financial statements as of the end of each quarter, General American Investors files a Quarterly Schedule of Portfolio Holdings (Form N-Q) with the Securities and Exchange Commission ("SEC") as of the end of the first and third calendar quarters. The Company's Forms N-Q are available at [www.generalamericaninvestors.com](http://www.generalamericaninvestors.com) and on the SEC's website: [www.sec.gov](http://www.sec.gov). Also, Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC-0330. A copy of the Company's Form N-Q may be obtained by calling us at 1-800-436-8401.

On May 2, 2007, the Company submitted a CEO annual certification to the New York Stock Exchange ("NYSE") on which the Company's principal executive officer certified that he was not aware, as of that date, of any violation by the Company of the NYSE's Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Company's principal executive and principal financial officer made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q relating to, among other things, the Company's disclosure controls and procedures and internal control over financial reporting, as applicable.

24

### DIRECTORS

-----  
General American Investors

NAME (AGE) DIRECTOR SINCE	PRINCIPAL OCCUPATION DURING PAST 5 YEARS	OTHER DIRECTORSHIPS AND
----- INDEPENDENT DIRECTORS -----		
Arthur G. Altschul, Jr. (43) 1995	Managing Member Diaz & Altschul Capital Management, LLC (private investment company)	Delta Opportunity Fund, L Diversified Natural Produ Kolltan Pharmaceuticals, of Directors Medicis Pharmaceutical Co Medrium, Inc., Chairman, National Public Radio Fou Neurosciences Research Fo The Overbrook Foundation,
Rodney B. Berens (62) 2007	Founding Partner Berens Capital Management, LLC	Agni Capital Management L Investment Committee Pendragon Capital Managem Non-Executive Director Pierpont Morgan Library, Investment Committee The Woods Hole Oceanograp Member of Investment Co
Lewis B. Cullman (89) 1961	Philanthropist	Chess-in-the-Schools, Cha Metropolitan Museum of Ar Museum of Modern Art, Vic International Council a Neurosciences Research Fo Board of Trustees The New York Botanical Ga Chairman, Board of Mana

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

		The New York Public Libra
Gerald M. Edelman (78) 1976	Member, Professor and Chairman of the Department of Neurobiology The Scripps Research Institute	Neurosciences Institute of Research Foundation, NGN Capital, Chairman, Ad Promosome, LLC, Chairman,
John D. Gordan, III (62) 1986	Partner Morgan, Lewis & Bockius LLP (lawyers)	
Sidney R. Knafel (77) 1994	Managing Partner SRK Management Company (private investment company)	IGENE Biotechnology, Inc. Insight Communications Co Chairman, Board of Dire VirtualScopics, Inc., Dir Vocollect, Inc., Director
Daniel M. Neidich (58) 2007	Founding Partner and Co-Chief Executive Officer Dune Capital Management LP  Co-Head, Merchant Banking Division Chairman, Whitehall Investment Committee Member, Management Committee Goldman Sachs	Capmark, Director New York Child Study Cent Prep for Prep, Director Real Estate Roundtable, D Urban Land Institute, Tru
D. Ellen Shuman (52) 2004	Vice President and Chief Investment Officer Carnegie Corporation of New York	Bowdoin College, Trustee Edna McConnell Clark Foun Investment Advisor The Investment Fund for F TIFF Advisory Services,
Joseph T. Stewart, Jr. (78) 1987	Lead Independent Director since July 2007 Corporate director and trustee	Foundation of the Medicine and Dentistry Marine Biological Laborat Advisory Council United States Merchant Ma Board of Advisors United States Merchant Ma Trustee
Raymond S. Troubh (81) 1989	Financial Consultant	Diamond Offshore Drilling Gentiva Health Services, Triarc Companies, Inc., D

INTERESTED DIRECTOR

Spencer Davidson (65) 1995	Chairman of the Board President and Chief Executive Officer General American Investors Company, Inc.	Medicis Pharmaceutical Co Neurosciences Research Fo
-------------------------------	---	--

All Directors serve for a term of one year and are elected by Stockholders at the time of the annual meeting on the third Wednesday in April. The address for each Director is the Company's office.

24

General American Investors Company, Inc.  
450 Lexington Avenue, New York, NY 10017  
(212) 916-8400 (800) 436-8401  
E-mail:InvestorRelations@gainv.com  
www.generalamericaninvestors.com

25

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

### ITEM 2. CODE OF ETHICS.

On July 9, 2003, the Board of Directors adopted a code of ethics that applies to registrant's principal executive and senior financial officers. The code of ethics is available on registrant's Internet website at <http://www.generalamericaninvestors.com/corporateinfo.html>. Since the code of ethics was adopted there have been no amendments to the code nor have there been granted any waivers from any provisions of the code of ethics.

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Board of Directors has determined that none of the members of registrant's audit committee meets the definition of "audit committee financial expert" as the term has been defined by the U.S. Securities and Exchange Commission (the "Commission"). In addition, the Board of Directors has determined that the members of the audit committee have sufficient financial expertise and experience to perform the duties and responsibilities of the audit committee.

### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a) **AUDIT FEES** The aggregate fees paid and accrued by the registrant for professional services rendered by its independent auditors, Ernst & Young LLP, for the audit of the registrant's annual financial statements and the review of the registrant's semi-annual financial statements for 2007 and 2006 were \$91,000 and \$80,600, respectively.

(b) **AUDIT RELATED FEES** The aggregate fees paid or accrued by the registrant for audit-related professional services rendered by Ernst & Young LLP for 2007 and 2006 were \$28,800 and \$25,400, respectively. Such services and related fees for 2007 and 2006 included: performance of agreed upon procedures relating to the preferred stock basic maintenance reports (\$7,300 and \$6,400, respectively), review of quarterly employee security transactions and issuance of report thereon (\$17,000 and \$15,000, respectively) and other audit-related services (\$4,500 and \$4,000, respectively).

(c) **TAX FEES** The aggregate fees paid or accrued by the registrant for professional services rendered by Ernst & Young LLP for the review of the registrant's federal, state and city income tax returns and excise tax calculations for 2007 and 2006 were \$ 20,600 and \$13,500, respectively.

(d) **ALL OTHER FEES** No such fees were billed to the registrant by Ernst & Young LLP for 2007 or 2006.

(e) (1) **AUDIT COMMITTEE PRE-APPROVAL POLICY** All services to be performed for the registrant by Ernst & Young LLP must be pre-approved by the audit committee. All services performed during 2007 and 2006 were pre-approved by the committee.

(2) Not applicable.

(f) Not applicable.

(g) The aggregate fees paid or accrued by the registrant for non-audit professional services rendered by Ernst & Young LLP to the registrant for 2007 and 2006 were \$49,400 and \$38,900, respectively.

(h) Not applicable.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

(a) The registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the audit committee are: Sidney R. Knafel, chairman,

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

Arthur G. Altschul, Jr., Lewis B. Cullman, John D. Gordan, III and D. Ellen Shuman.

(b) Not applicable.

### ITEM 6. SCHEDULE OF INVESTMENTS

The schedule of investments in securities of unaffiliated issuers is included as part of the report to stockholders filed under Item 1 of this form.

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

General American Investors Company, Inc.

#### PROXY VOTING POLICIES AND PROCEDURES

General American Investors Company, Inc. (the "Company") is uniquely structured as an internally managed closed-end investment company. Our research efforts, including the receipt and analysis of proxy material, are focused on the securities in the Company's portfolio, as well as alternative investment opportunities. We vote proxies relating to our portfolio securities in the best long-term interests of the Company.

Our investment approach stresses fundamental security analysis, which includes an evaluation of the integrity, as well as the effectiveness of management personnel. In proxy material, we review management proposals and management recommendations relating to shareholder proposals in order to, among other things, gain assurance that management's positions are consistent with its integrity and the long-term interests of the company. We generally find this to be the case and, accordingly, give significant weight to the views of management when we vote proxies.

Proposals that may have an impact on the rights or privileges of the securities held by the Company would be reviewed very carefully. The explanation for a negative impact could justify the proposal; however, if such justification were not present, we would vote against a significant reduction in the rights or privileges associated with any of our holdings.

Proposals relating to corporate governance matters are reviewed on a case-by-case basis. When they involve changes in the state of incorporation, mergers or other restructuring, we would, if necessary, complete our review of the rationale for the proposal by contacting company representatives and, with few exceptions, vote in favor of management's recommendations. Proposals relating to anti-takeover provisions, such as staggered boards, poison pills and supermajorities could be more problematic. They would be considered in light of our assessment of the capability of current management, the duration of the proposal, the negative impact it might have on the attractiveness of the company to future "investors," among other factors. We can envision circumstances under which we would vote against an anti-takeover provision.

Generally, we would vote with management on proposals relating to changes to the company's capital structure, including increases and decreases of capital and issuances of preferred stock; however, we would review the facts and circumstances associated with each proposal before finalizing our decision.

Well-structured stock option plans and management compensation programs are essential for companies to attract and retain high caliber management personnel. We generally vote in favor of proposals relating to these issues; however, there could be an occasion on which we viewed such a proposal as over reaching on the part of management or having the potential for excessive dilution when we would



## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

vote against the proposal.

Corporations should act in a responsible manner toward their employees, the communities in which they are located, the customers they serve and the world at large. We have observed that most stockholder proposals relating to social issues focus on a narrow issue and the corporate position set forth in the proxy material provides a well-considered response demonstrating an appropriate and responsible action or position. Accordingly, we generally support management recommendations on these types of proposals; however, we would consider each proposal on a case-by-case basis.

We take voting proxies of securities held in our portfolio very seriously. As indicated above, it is an integral part of the analytical process at General American Investors. Each proposal and any competing interests are reviewed carefully on a case-by-case basis. Generally, we support and vote in accordance with the recommendations of management; however, the overriding basis for the votes we cast is the best long-term interests of the Company.

Date: July 9, 2003

### Item 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

As of December 31, 2007 and the date of this filing, Mr. Spencer Davidson, Chairman, President and Chief Executive Officer, serves as the Portfolio Manager of the registrant and is responsible for its day-to-day management. He has served in this capacity since 1995. Mr. Davidson does not provide such services for any other registered investment companies, pooled investment vehicles, or other accounts. For performing such responsibilities, Mr. Davidson receives cash compensation in the form of a fixed salary and an annual performance bonus. The annual performance bonus is principally based upon the absolute performance of the registrant and its relative performance to a closed-end management investment company peer group (comprised of core equity funds) and the S&P 500 Index. Performance is evaluated in December by the Compensation Committee of the Board of Directors (the members of which are independent and consult with the full Board of Directors), based upon the registrant's net asset value return and total investment return during the twelve months ended October 31. Additional consideration is given to performance during the subsequent intervening period and to market compensation data provided by a noted industry compensation consulting firm. Mr. Davidson beneficially owns in excess of \$1 million of the registrant's outstanding equity securities.

### ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

#### REGISTRANT PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) D t
2007				
07/01-07/31	91900	41.0460	91900	
08/01-08/31	160000	38.3685	160000	
09/01-09/30	100800	40.3146	100800	

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

10/01-10/31	45600	42.0604	45600
11/01-11/30	1000	35.2810	1000
12/01-12/31	0	-	0
	-----	-----	-----
Total	399300		399300
	=====		=====

### ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board of Directors as set forth in the registrant's Proxy Statement, dated February 28, 2007.

### ITEM 11. CONTROLS AND PROCEDURES.

#### Conclusions of principal officers concerning controls and procedures

(a) As of December 31, 2007, an evaluation was performed under the supervision and with the participation of the officers of General American Investors Company, Inc. (the "Registrant"), including the principal executive officer ("PEO") and principal financial officer ("PFO"), to assess the effectiveness of the Registrant's disclosure controls and procedures. Based on that evaluation, the Registrant's officers, including the PEO and PFO, concluded that, as of December 31, 2007, the Registrant's disclosure controls and procedures were reasonably designed so as to ensure: (1) that information required to be disclosed by the Registrant on Form N-CSR and on Form N-Q is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission; and (2) that material information relating to the Registrant is made known to the PEO and PFO as appropriate to allow timely decisions regarding required disclosure.

(b) There have been no significant changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940 (17 CFR 270.30a-3(d)) that occurred during the Registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

### ITEM 12. EXHIBITS

- (a) (1) As indicated in Item 2., the code of ethics is posted on the registrant's Internet website.
- (a) (2) The certifications of the principal executive officer and the principal financial officer pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 are attached hereto as Exhibit 99 CERT.
- (a) (3) There were no written solicitations to purchase securities under the Rule 23c-1 under the Investment Company Act of 1940 during the period covered by the report.
- (b) The certifications of the principal executive officer and the principal financial officer pursuant to Rule 30a-2(b) under the Investment Company Act of 1940 are attached hereto as Exhibit 99.906 CERT.

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

General American Investors Company, Inc.

By: /s/Eugene S. Stark  
Eugene S. Stark  
Vice-President, Administration

Date: February 8, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/Spencer Davidson  
Spencer Davidson  
Chairman, President and Chief Executive Officer  
(Principal Executive Officer)

Date: February 8, 2008

By: /s/Eugene S. Stark  
Eugene S. Stark  
Vice-President, Administration  
(Principal Financial Officer)

Date: February 8, 2008