

GENERAL AMERICAN INVESTORS CO INC  
Form N-30B-2  
April 27, 2012

For the three months ended March 31, 2012, the net asset value per Common Share increased 13.7%, while the investment return to our stockholders increased by 16.4%. By comparison, our benchmark, the Standard & Poor's 500 Stock Index (including income), increased 12.6%. For the twelve months ended March 31, 2012, the return on the net asset value per Common Share increased by 4.6%, and the return to our stockholders increased by 4.4%; these compare with an increase of 8.5% for the S&P 500. During both periods, the discount at which our shares traded continued to fluctuate and on March 31, 2012, it was 14.4%.

As detailed in the accompanying financial statements (unaudited), as of March 31, 2012, the net assets applicable to the Company's Common Stock were \$987,992,055 equal to \$33.86 per Common Share.

The increase in net assets resulting from operations for the three months ended March 31, 2012 was \$117,487,714. During this period, the net realized gain on investments sold was \$27,310,127, and the increase in net unrealized appreciation was \$93,207,262. Net investment loss for the three months was \$201,682, and distributions to Preferred Stockholders amounted to \$2,827,993.

During the three months, 587,157 shares of the Company's Common Stock were repurchased for \$16,033,029 at an average discount from net asset value of 14.9%

The equity market experienced its best first quarter in more than a decade, and General American participated fully in the advance. Against the backdrop of promised easy money for an extended period, moderating concerns in the euro zone together with our ongoing slow recovery appear to be supporting equity prices.

While corporate profit margins are likely to shrink from current record levels as labor markets stabilize and the costs of production rise, earnings on a per share basis are likely to hold up, buoyed by volume growth and share buy-backs. Though it remains to be seen if the market can stand on its own two feet without central bank support, valuations are not yet expensive by most measures, with ample room for multiples to move higher, toward their long-term averages.

Information about the Company, including our investment objectives, operating policies and procedures, investment results, record of dividend and distribution payments, financial reports and press releases, is on our website and has been updated through March 31, 2012. It can be accessed on the internet at [www.generalamericaninvestors.com](http://www.generalamericaninvestors.com).

By Order of the Board of Directors,

GENERAL AMERICAN INVESTORS COMPANY, INC.

Spencer Davidson

Chairman of the Board

and Chief Executive Officer

April 11, 2012

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Shares			Value (note 1a)
	COMMON STOCKS		
	AEROSPACE/DEFENSE (2.7%)		
325,000	United Technologies Corporation	(Cost \$22,957,205)	\$26,955,500
	COMMUNICATIONS AND INFORMATION SERVICES (6.9%)		
960,000	Cisco Systems, Inc.		20,304,000
700,000	QUALCOMM Incorporated		47,642,000
		(Cost \$38,582,394)	67,946,000
	COMPUTER SOFTWARE AND SYSTEMS (8.5%)		
50,000	Apple Inc. (a)		29,977,500
825,000	Dell Inc. (a)		13,690,875
770,000	Microsoft Corporation		24,836,350
230,000	Teradata Corporation (a)		15,674,500
		(Cost \$55,091,257)	84,179,225
	CONSUMER PRODUCTS AND SERVICES (13.8%)		
350,000	Diageo plc ADR		33,775,000
450,000	Nestle S.A.		28,043,312
325,000	PepsiCo, Inc.		21,563,750
206,000	Towers Watson & Co. Class A		13,610,420
722,894	Unilever N.V.		24,739,377
275,713	Visteon Corporation (a)		14,612,789
		(Cost \$98,895,863)	136,344,648
	DIVERSIFIED (1.4%)		
110	Berkshire Hathaway Inc. Class A (a)	(Cost \$1,250,573)	\$13,409,000
	ENVIRONMENTAL CONTROL (INCLUDING SERVICES) (5.2%)		
957,100	Republic Services, Inc.		29,248,976
630,000	Waste Management, Inc.		22,024,800
		(Cost \$39,190,474)	51,273,776
	FINANCE AND INSURANCE (25.1%)		
	BANKING (4.3%)		
500,000	Bond Street Holdings LLC (a) (b)		9,000,000
520,000	JPMorgan Chase & Co.		23,909,600
110,000	M&T Bank Corporation		9,556,800
		(Cost \$31,140,007)	42,466,400
	INSURANCE (11.6%)		
875,000	Arch Capital Group Ltd. (a)		32,585,000
245,000	Everest Re Group, Ltd.		22,667,400
53,500	Forethought Financial Group, Inc. Class A (a) (c)		12,037,500
325,000	MetLife, Inc.		12,138,750
285,000	PartnerRe Ltd.		19,348,650

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435,000	Platinum Underwriters Holdings, Ltd.	15,877,500
		(Cost \$60,650,358) 114,654,800
OTHER (9.2%)		
315,000	American Express Company	18,225,900
330,492	Aon Corporation	16,213,937
1,666,667	Epoch Holding Corporation	39,800,008
645,000	Nelnet, Inc.	16,711,950
		(Cost \$36,368,971) 90,951,795
		(Cost \$128,159,336) 248,072,995

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Shares	COMMON STOCKS (continued)	Value (note 1a)
HEALTH CARE / PHARMACEUTICALS (4.2%)		
150,000	Celgene Corporation (a)	\$11,628,000
529,900	Cytokinetics, Incorporated (a)	609,385
214,300	Gilead Sciences, Inc. (a)	10,470,698
413,800	Intercell AG (a)	1,527,232
755,808	Pfizer Inc.	17,115,272
4,883	Poniard Pharmaceuticals, Inc. (a)	4,834
		(Cost \$43,265,395) 41,355,421
MACHINERY AND EQUIPMENT (3.7%)		
1,200,000	ABB Ltd. ADR	24,492,000
900,000	The Manitowoc Company, Inc.	12,474,000
		(Cost \$23,703,922) 36,966,000
METALS AND MINING (2.2%)		
467,700	Alpha Natural Resources, Inc. (a)	7,113,717
200,000	Freeport-McMoRan Copper & Gold Inc.	7,608,000
150,000	Nucor Corporation	6,442,500
		(Cost \$37,134,911) 21,164,217
MISCELLANEOUS (4.2%)		
	Other (d)	(Cost \$41,006,808) 41,407,382
OIL AND NATURAL GAS (INCLUDING SERVICES) (10.6%)		
296,478	Apache Corporation	29,778,250
300,000	Canadian Natural Resources Limited	9,954,000
130,062	Devon Energy Corporation	9,250,010
750,000	Halliburton Company	24,892,500

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2,050,000	Weatherford International Ltd. (a)		30,934,500
		(Cost \$74,984,196)	104,809,260
<b>RETAIL TRADE (16.1%)</b>			
394,500	Costco Wholesale Corporation		35,820,600
460,000	Target Corporation		26,804,200
2,140,708	The TJX Companies, Inc.		85,007,515
191,050	Wal-Mart Stores, Inc.		11,692,260
		(Cost \$49,050,347)	159,324,575
<b>SEMICONDUCTORS (2.9%)</b>			
575,000	ASML Holding N.V.	(Cost \$13,463,950)	28,830,500
<b>TECHNOLOGY (1.3%)</b>			
750,000	International Game Technology	(Cost \$8,678,620)	12,592,500
<b>TOTAL COMMON STOCKS (108.8%)</b>			(Cost \$675,415,251) 1,074,630,999
Warrants                      WARRANT			
<b>BANKING (0.3%)</b>			
225,000	JPMorgan Chase & Co., expires 10/28/2018 (a)	(Cost \$2,865,853)	3,010,500

Shares	SHORT-TERM SECURITY AND OTHER ASSETS		Value (note 1a)
107,427,994	SSgA U.S. Treasury Money Market Fund (10.9%)	(Cost \$107,427,994)	\$107,427,994
<b>TOTAL INVESTMENTS (e) (120.0%)</b>			(Cost \$785,709,098) 1,185,069,493
Liabilities in excess of cash, receivables and other assets (-0.7%)			(6,960,263)
<b>PREFERRED STOCK (-19.3%)</b>			(190,117,175)
<b>NET ASSETS APPLICABLE TO COMMON STOCK (100%)</b>			\$987,992,055

ADR - American Depository Receipt (a) Non-income producing security.

(b) Level 3 fair value measurement, restricted security acquired 11/4/09, aggregate cost \$10,000,000, unit cost is \$20.00 per share and fair value is \$18.00 per share, note 2. Fair value is based upon bid and/or transaction prices provided via the NASDAQ OMX PORTAL Alliance trading and transfer system for privately placed equity securities traded in the over-the-counter market among qualified investors and an evaluation of book value per share.

(c) Level 3 fair value measurement, restricted security acquired 11/3/09, aggregate cost \$10,748,000, unit cost is \$200.90 per share and fair value is \$225.00 per share, note 2. Fair valuation is based upon a market approach using valuation metrics (market price-earnings and market price-book value multiples), and changes therein, relative to a peer group of companies established by the underwriters as well as actual transaction prices resulting from limited trading in the security.

(d) Securities which have been held for less than one year, not previously disclosed, and not restricted.

(e) At March 31, 2012: the cost of investments for Federal income tax purposes was the same as the cost for financial reporting purposes, aggregate gross unrealized appreciation was \$441,252,422, aggregate gross unrealized depreciation was \$41,892,027, and net unrealized appreciation was \$399,360,395.

(see notes to financial statements)

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DECREASES ELIMINATIONS	SHARES TRANSACTIONED	SHARES HELD
The Travelers Companies, Inc.	150,000	—
Xerox Corporation	1,650,000	—
<b>REDUCTIONS</b>		
Apple Inc.	10,000	50,000
Celgene Corporation	20,000	150,000
Gilead Sciences, Inc.	350,200	214,300
The TJX Companies, Inc.	871,692	2,140,708
Wal-Mart Stores, Inc.	121,950	191,050

(a) Common shares unless otherwise noted; excludes transactions in Common Stocks - Miscellaneous - Other.

The diversification of the Company's net assets applicable to its Common Stock by industry group as of March 31, 2012 is shown in the following table.

INDUSTRY CATEGORY	COST(000)	VALUE(000)	PERCENT COMMON NET ASSETS*
<b>Finance and Insurance</b>			
Banking	\$34,006	\$45,477	4.6%
Insurance	60,650	114,655	11.6
Other	36,369	90,952	9.2
	131,025	251,084	25.4
Retail Trade	49,050	159,325	16.1
Consumer Products and Services	98,896	136,345	13.8
Oil and Natural Gas (Including Services)	74,984	104,809	10.6
Computer Software and Systems	55,091	84,179	8.5
Communications and Information Services	38,582	67,946	6.9
Environmental Control (Including Services)	39,191	51,274	5.2

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Health Care/Pharmaceuticals	43,265	41,355	4.2
Machinery and Equipment	23,704	36,966	3.7
Miscellaneous**	41,007	41,407	4.2
Semiconductors	13,464	28,830	2.9
Aerospace/Defense	22,957	26,956	2.7
Metals and Mining	37,135	21,164	2.2
Diversified	1,251	13,409	1.4
Technology	8,679	12,592	1.3
	678,281	1,077,641	109.1
Short-Term Securities	107,428	107,428	10.9
Total Investments	\$785,709	1,185,069	120.0
Other Assets and Liabilities - Net		(6,960)	(0.7)
Preferred Stock		(190,117)	(19.3)
Net Assets Applicable to Common Stock		\$987,992	100.0%

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

\*\* Securities which have been held for less than one year, not previously disclosed, and not restricted.

(see notes to financial statements)

ASSETS

INVESTMENTS, AT VALUE (NOTE 1a)

Common stocks (cost \$675,415,251)		\$1,074,630,999
Warrant (cost \$2,865,853)		3,010,500
Money market fund (cost \$107,427,994)		107,427,994
Total investments (cost \$785,709,098)		1,185,069,493

RECEIVABLES AND OTHER ASSETS

Dividends, interest and other receivables	\$1,005,370	
Qualified pension plan asset, net excess funded (note 7)	961,952	
Prepaid expenses and other assets	2,068,141	4,035,463
TOTAL ASSETS		1,189,104,956

LIABILITIES

Payable for securities purchased	1,130,399	
Accrued preferred stock dividend not yet declared	219,955	
Accrued supplemental pension plan liability (note 7)	4,205,142	
Accrued supplemental thrift plan liability (note 7)	3,657,162	
Accrued expenses and other liabilities	1,783,068	
TOTAL LIABILITIES		10,995,726

5.95% CUMULATIVE PREFERRED STOCK, SERIES B -		
7,604,687 shares at a liquidation value of \$25 per share (note 5)		190,117,175
NET ASSETS APPLICABLE TO COMMON STOCK - 29,179,232 shares (note 5)		\$987,992,055
NET ASSET VALUE PER COMMON SHARE		\$33.86
NET ASSETS APPLICABLE TO COMMON STOCK		
Common Stock, 29,179,232 shares at par value (note 5)	\$29,179,232	
Additional paid-in capital (note 5)	540,937,916	
Undistributed net investment income (note 5)	1,084,362	
Undistributed realized gain on investments	28,163,292	
Accumulated other comprehensive income (note 7)	(7,685,194)	
Unallocated distributions on Preferred Stock	(3,047,948)	
Unrealized appreciation on investments	399,360,395	
NET ASSETS APPLICABLE TO COMMON STOCK		\$987,992,055
(see notes to financial statements)		

INCOME

Dividends (net of foreign withholding taxes of \$31,973) \$3

Interest

EXPENSES

Investment research 2

Administration and operations

Office space and general

Directors' fees and expenses

Transfer agent, custodian and registrar fees and expenses

Auditing and legal fees

Miscellaneous taxes

Stockholders' meeting and reports

NET INVESTMENT LOSS

REALIZED GAIN AND CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS (NOTES 1, 3 AND 4)

Net realized gain on investments:

Securities transactions (long-term, except for \$950) 27

    Written option transactions (notes 1b and 4) (

Net increase in unrealized appreciation on investments 93

NET GAIN ON INVESTMENTS

DISTRIBUTIONS TO PREFERRED STOCKHOLDERS

INCREASE IN NET ASSETS RESULTING FROM OPERATIONS

	Three Months Ended March 31, 2012 (Unaudited)	Year December 31, 2011
<b>OPERATIONS</b>		
Net investment income (loss)	(\$201,682)	
Net realized gain on investments	27,310,127	
Net increase (decrease) in unrealized appreciation	93,207,262	
	120,315,707	
<b>Distributions to Preferred Stockholders:</b>		
From net investment income		—
From short-term capital gains		—
From long-term capital gains		—
Unallocated distributions	(2,827,993)	
Decrease in net assets from Preferred distributions	(2,827,993)	
<b>INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>117,487,714</b>	
<b>OTHER COMPREHENSIVE INCOME - Funded status of defined benefit plans (note 7)</b>		<b>—</b>
<b>DISTRIBUTIONS TO COMMON STOCKHOLDERS</b>		
From net investment income		—
From short-term capital gains		—
From long-term capital gains		—
<b>DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS</b>		<b>—</b>
<b>CAPITAL SHARE TRANSACTIONS (NOTE 5)</b>		
Value of Common Shares issued in payment of dividends and distributions		—
Cost of Common Shares purchased	(16,033,029)	
<b>DECREASE IN NET ASSETS - CAPITAL TRANSACTIONS</b>	<b>(16,033,029)</b>	
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	<b>101,454,685</b>	
<b>NET ASSETS APPLICABLE TO COMMON STOCK</b>		
<b>BEGINNING OF PERIOD</b>	<b>886,537,370</b>	
<b>END OF PERIOD (including undistributed net investment income of \$1,084,362 and \$1,286,147, respectively)</b>	<b>\$987,992,055</b>	<b>\$</b>
(see notes to financial statements)		

The following table shows per share operating performance data, total investment return, ratios and supplemental data for the three months ended March 31, 2012 and for each year in the five-year period ended December 31, 2011. This information has been derived from information contained



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in the financial statements and market price data for the Company's shares.

	Three Months		Year Ended December 31,			
	Ended					
	March 31, 2012	2011	2010	2009	2008	2007
	(Unaudited)					
<b>PER SHARE OPERATING PERFORMANCE</b>						
Net asset value, beginning of period	\$29.78	\$31.26	\$27.50	\$21.09	\$38.10	\$40.00
Net investment income (loss)	(.01)	.18	.19	.11	.42	.10
Net gain (loss) on securities - realized and unrealized	4.19	(.68)	4.37	6.94	(16.15)	3.00
Other comprehensive income	—	(.10)	—	.07	(.25)	.10
	4.18	(.60)	4.56	7.12	(15.98)	3.10
<b>Distributions on Preferred Stock:</b>						
Dividends from net investment income	—	(.11)	(.07)	(.11)	(.11)	(.00)
Distributions from net short-term capital gains	—	(.01)	(.03)	(.05)	—	(.00)
Distributions from net long-term capital gains	—	(.26)	(.27)	(.19)	(.27)	(.30)
Distributions from return of capital	—	—	—	(.01)	—	—
Unallocated	(.10)	—	—	—	—	—
	(.10)	(.38)	(.37)	(.36)	(.38)	(.40)
Total from investment operations	4.08	(.98)	4.19	6.76	(16.36)	3.00
<b>Distributions on Common Stock:</b>						
Dividends from net investment income	—	(.15)	(.08)	(.10)	(.19)	(.30)
Distributions from net short-term capital gains	—	(.01)	(.03)	(.05)	—	(.30)
Distributions from net long-term capital gains	—	(.34)	(.32)	(.19)	(.46)	(5.00)
Distributions from return of capital	—	—	—	(.01)	—	—
	—	(.50)	(.43)	(.35)	(.65)	(5.70)
Net asset value, end of period	\$33.86	\$29.78	\$31.26	\$27.50	\$21.09	\$38.10
Per share market value, end of period	\$29.00	\$24.91	\$26.82	\$23.46	\$17.40	\$34.00
<b>TOTAL INVESTMENT RETURN - Stockholder</b>						
return, based on market price per share	16.42%*	(5.29%)	16.24%	36.86%	(48.20%)	8.72%
<b>RATIOS AND SUPPLEMENTAL DATA</b>						
Net assets applicable to Common Stock, end of period (000's omitted)	\$987,992	\$886,537	\$950,941	\$864,323	\$674,598	\$1,202,900
Ratio of expenses to average net assets applicable to Common Stock	1.65%**	1.39%	1.54%	1.93%	0.87%	1.11%
Ratio of net income to average net assets applicable to Common Stock	(0.08%)**	0.56%	0.66%	0.46%	1.31%	0.78%
Portfolio turnover rate	0.93%*	11.17%	18.09%	24.95%	25.52%	31.91%
<b>PREFERRED STOCK</b>						
Liquidation value, end of period (000's omitted)	\$190,117	\$190,117	\$190,117	\$190,117	\$199,617	\$200,000

Asset coverage	620%	566%	600%	555%	438%	701%
Liquidation preference per share	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Market value per share	\$25.61	\$25.47	\$24.95	\$24.53	\$21.90	\$21.90

\*Not annualized

\*\*Annualized

(see notes to financial statements)

1. **SIGNIFICANT ACCOUNTING POLICIES** - General American Investors Company, Inc. (the “Company”), established in 1940 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** Equity securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the period. Equity securities reported on the NASDAQ national market are valued at the official closing price on that day. Listed and NASDAQ equity 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 options written) on the valuation date. Equity securities traded primarily in foreign markets are valued at the closing price of such securities on their respective exchanges or markets. Corporate debt securities, domestic and foreign, are generally traded in the over-the-counter market rather than on a securities exchange. The Company utilizes the latest bid prices provided by independent dealers and information with respect to transactions in such securities to determine current market value. If, after the close of foreign markets, 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. Special holdings (restricted securities) and other securities for which quotations are not readily available are valued at fair value determined in good faith pursuant to specific procedures appropriate to each security as established by and under the general supervision of the Board of Directors.

b. **OPTIONS** The Company may purchase and write (sell) put and call options. The Company typically purchases put options and writes call options to hedge the value of portfolio investments while it typically purchases call options and writes put options to obtain market exposure under specified circumstances. 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 are reported as a liability on the Statement of Assets and Liabilities. Those that expire unexercised are treated by the Company on the expiration date as realized gains on written option transactions in the Statement of Operations. 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 on the closing purchase transaction, as a realized loss on written option transactions in the Statement of Operations. If a call option

exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Company realized a gain or loss on investments in the Statement of Operations. If a put option is exercised, the premium reduces the cost for the securities purchased by the Company and is parenthetically disclosed under cost of investments on the Statement of Assets and Liabilities. The Company as writer of an option bears the market risk of an unfavorable change in the price of the security under the written option. See Note 4 for written option activity.

c. SECURITY TRANSACTIONS AND INVESTMENT INCOME Security transactions are recorded as of the trade date. Dividend 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.

d. FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies versus U.S. dollars on the date of valuation. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars using the exchange rate in effect on the transaction date. Events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Company's Board of Directors. The Company does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments on the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the purchase and settlement dates on security transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains or losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. companies as a result of, among other factors, the possibility of political or economic instability or the level of governmental supervision and regulation of foreign securities markets.

e. DIVIDENDS AND DISTRIBUTIONS The Company expects to pay dividends of net investment income and distributions of capital and currency gains, if any, annually to common shareholders and quarterly to preferred shareholders. Dividends and distributions to common and preferred shareholders, which are determined in accordance with Federal income tax regulations, are recorded on the ex-dividend date. Distributions for tax and book purposes are substantially the same. Permanent book/tax differences relating to income and gains are reclassified to paid-in capital as they arise.

f. FEDERAL INCOME TAXES The Company's policy is to fulfill the requirements of the Internal Revenue Code applicable to investment companies and to distribute substantially all taxable income to its stockholders. Accordingly, no provision for Federal income taxes is required. In accordance with U.S. GAAP requirements regarding accounting for uncertainties in income taxes, management has analyzed the Company's tax positions taken or expected to be taken on Federal and State income tax returns for a number of tax years (the current and the prior three tax years) and has concluded that no provision for income tax is required in the Company's financial statements.

financial statements.

g. **CONTINGENT LIABILITIES** Amounts related to contingent liabilities are accrued if it is probable that a liability has been incurred and an amount is reasonably estimable. Management evaluates whether there are incremental legal or other costs directly associated with the ultimate resolution of a matter that are reasonably estimable and, if so, they are included in the accrual.

h. **INDEMNIFICATIONS** In the ordinary course of business, the Company enters into contracts that contain a variety of indemnification provisions. 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.

2. **FAIR VALUE MEASUREMENTS** - Various data inputs are used in determining the value of the Company's investments. They are summarized in a hierarchy consisting of the three broad levels listed below:

Level 1 - quoted prices in active markets for identical securities (including money market funds which are valued using amortized cost and which transact at net asset value, typically \$1.00 per share),

Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.), and

Level 3 - significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments).

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 to value the Company's net assets as of March 31, 2012:

Assets	Level 1	Level 2	Level 3	Total
Common stocks	\$1,053,593,499	—	\$21,037,500	\$1,074,630,999
Warrant	3,010,500	—	—	3,010,500
Money market fund	107,427,994	—	—	107,427,994
Total	\$1,164,031,993	—	\$21,037,500	\$1,185,069,493

The aggregate value of Level 3 portfolio investments changed during the three months ended March 31, 2012 as follows:

Change in portfolio valuations using significant unobservable inputs	Level 3
Fair value at December 31, 2011	\$19,860,500
Net change in unrealized appreciation on investments	1,177,000
Fair value at March 31, 2012	\$21,037,500
The increase in net unrealized appreciation included in the results of operations attributable to Level 3 assets held at March 31, 2012 and reported within the caption <i>Net change in unrealized appreciation/depreciation</i> in the Statement of Operations:	\$1,177,000

3. PURCHASES AND SALES OF SECURITIES - Purchases and sales of securities (other than short-term securities and options) for the three

months ended March 31, 2012 amounted to \$9,895,878 and \$84,544,235, on long transactions, respectively.

4. WRITTEN OPTIONS - Transactions in written call options during the three months ended March 31, 2012 were as follows:

	Contracts	Premiums
Options outstanding, December 31, 2011	0	\$0
Options written	300	311,107
Options exercised	(100)	(101,421)
Options terminated in closing purchase transaction	(200)	(209,686)
Options outstanding, March 31, 2012	0	\$0

5. 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, 29,179,232 shares were issued and outstanding; 8,000,000 Preferred Shares were originally issued and 7,604,687 were outstanding as of March 31, 2012.

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 were noncallable for the 5 year period ended September 24, 2008 and have a liquidation preference of \$25.00 per share plus accumulated and unpaid dividends to the date of redemption. On December 10, 2008, the Board of Directors authorized the repurchase of up to 1 million Preferred Shares in the open market at prices below \$25.00 per share. To date, 395,313 shares have been repurchased.

The Company is required to allocate distributions from long-term capital gains and other types of income proportionately among the 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. Under the Investment Company Act of 1940, the Company is required to maintain an asset coverage of at least 200% of the Preferred Stock. In addition, pursuant to Moody's Investor Service, Inc. Rating Agency Guidelines, the Company is required to maintain a discounted asset coverage for its portfolio that equals or exceeds a Basic Maintenance Amount. 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 the 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. In addition, failure to meet the foregoing asset coverage requirements could restrict the Company's ability to pay dividends on shares of Common Stock and could lead to sales of portfolio securities at inopportune times. The holders of Preferred Stock have voting rights equivalent to those of the holders of Common Stock (one vote per share) and will, along with the holders of Common Stock, vote together with the holders of Common Stock as a single class.

Holders of Preferred Stock will elect two members to 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 for an amount equal to two full years' dividends, the holders of Preferred Stock will have the right to elect a majority of the directors.

addition, the Investment Company Act of 1940 requires that approval of the holders of a majority of any outstanding Preferred voting separately as a class, would be required to (a) adopt any plan of reorganization that would adversely affect the Preferred and (b) take any action requiring a vote of security holders, including, among other things, changes in the Company's subclass as a closed-end investment company or changes in its fundamental investment policies.

5. CAPITAL STOCK AND DIVIDEND DISTRIBUTIONS - (Continued from bottom of previous page.)

The Company presents its Preferred Stock, for which its redemption is outside of the Company's control, outside of the net assets applicable to Common Stock in the Statement of Assets and Liabilities.

Transactions in Common Stock during the three months ended March 31, 2012 and the year ended December 31, 2011 were as follows:

	Shares		Amount	
	2012	2011	2012	
Shares issued in payment of dividends and distributions (includes 278,416 shares issued from treasury)	—	278,416	—	\$
Increase in paid-in capital			—	6,
Total increase			—	7,
Shares purchased (at an average discount from net asset value of 14.9% and 14.6%, respectively)	587,157	935,321	(\$587,157)	(9,
Decrease in paid-in capital			(15,445,872)	(23,3,
Total decrease			(16,033,029)	(24,3,
Net decrease			(\$16,033,029)	(\$17,2,

At March 31, 2012, the Company held in its treasury 2,801,640 shares of Common Stock with an aggregate cost in the amount of \$71,170,164.

6. OFFICERS' COMPENSATION- The aggregate compensation accrued and paid by the Company during the three months ended March 31, 2012 to its officers (identified on back cover) amounted to \$1,700,583.

7. BENEFIT PLANS - The Company has funded (qualified) and unfunded (supplemental) noncontributory defined benefit plans that are available to its employees. The plans provide defined benefits based on years of service and final average salary with a portion of social security covered compensation. The components of the net periodic benefit cost (income) of the plans for the three months ended March 31, 2012 were:

Service cost	\$124,332
Interest cost	188,571
Expected return on plan assets	(270,924)
Amortization of prior service cost	11,648
Recognized net actuarial loss	149,524
Net periodic benefit cost	\$203,151

The Company recognizes the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability on the Statement of Assets and Liabilities and recognizes changes in funded status in the year in which the changes occur through other comprehensive income.

The Company also has funded (qualified) and unfunded (supplemental) defined contribution thrift plans that are available to employees. The aggregate cost of such plans for the three months ended March 31, 2012 was \$528,574. The qualified thrift plan acquired shares of the Company's Common Stock during the three months ended March 31, 2012 and held 587,544 shares of the Company's Common Stock at March 31, 2012.

8. OPERATING LEASE COMMITMENT - In September 2007, the Company entered into an operating lease agreement for office space that expires in February 2018 and provided for future rental payments in the aggregate amount of approximately \$10,755,000, net of construction credits. The lease agreement contains clauses whereby the Company receives free rent for a specified number of months, receives credit towards 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. Rental expense approximated \$274,000 for the three months ended March 31, 2012. Minimum rental commitments under the operating lease are approximately \$1,183,000 in 2013 through 2017, and \$99,000 in 2018.

Previous purchases of the Company's Common and Preferred Stock are set forth in Note 5 on pages 10 and 11. Prospective purchases of Common and Preferred Stock may be at such times, at such prices, in such amounts and in such manner as the Board of Directors may determine.

The policies and procedures used by the Company to determine how to vote proxies relating to portfolio securities and the Company's record for the twelve-month period ended June 30, 2011 are available: (1) without charge, upon request, by calling us at our 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).

In addition to distributing financial statements as of the end of each quarter, General American Investors files a Quarterly Schedule of Investments (Form N-Q) with the Securities and Exchange Commission ("SEC") as of the end of the first and third calendar quarters of each year. 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 viewed 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 also be obtained by calling us at 1-800-436-8401.

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On April 30, 2011, the Company submitted a CEO annual certification to the New York Stock Exchange (“NYSE”) on which principal executive officer certified that he was not aware, as of that date, of any violation by the Company of the NYSE’s Corporate standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Company’s principal financial officer made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q relating to the Company’s disclosure controls and procedures and internal control over financial reporting, as applicable.

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### DIRECTORS

Spencer Davidson, Chairman

Sidney R. Knafel, Lead Independent Director

Arthur G. Altschul, Jr.

Betsy F. Gotbaum

Rodney B. Berens

Daniel M. Neidich

Lewis B. Cullman

D. Ellen Shuman

Gerald M. Edelman

Raymond S. Troubh

John D. Gordan, III

### OFFICERS

Spencer Davidson, Chief Executive Officer

Jeffrey W. Priest, President

Andrew V. Vindigni, Senior Vice-President

Sally A. Lynch, Vice-President

Michael W. Robinson, Vice-President

Eugene S. Stark, Vice-President, Administration &  
Chief Compliance Officer

Jesse R. Stuart, Vice-President

Diane G. Radosti, Treasurer

Carole Anne Clementi, Secretary

Craig A. Grassi, Assistant Vice-President

Maureen E. LoBello, Assistant Secretary

### SERVICE COMPANIES

#### COUNSEL

Sullivan & Cromwell LLP

#### TRANSFER AGENT AND REGISTRAR

American Stock Transfer & Trust  
Company, LLC

#### INDEPENDENT AUDITORS

Ernst & Young LLP

59 Maiden Lane  
New York, NY 10038

1-800-413-5499

#### CUSTODIAN

www.amstock.com



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State Street Bank and  
Trust Company

## RESULTS OF THE ANNUAL MEETING OF STOCKHOLDERS

The votes cast by stockholders at the Company's annual meeting held  
on April 11, 2012 were as follows:

	FOR	WITHHELD
Election of Directors:		
Rodney B. Berens	31,552,305	1,239,708
Lewis B. Cullman	30,109,410	2,682,603
Spencer Davidson	30,844,391	1,947,622
Gerald M. Edelman	30,472,777	2,319,236
John D. Gordan, III	30,849,867	1,942,146
Betsy F. Gotbaum	30,777,865	2,014,148
Sidney R. Knafel	30,559,680	2,232,333
Daniel M. Neidich	27,893,818	4,898,195
D. Ellen Shuman	31,230,820	1,561,193
Elected by holders of Preferred Stock only:		
Arthur G. Altschul, Jr.	6,899,673	181,001
Raymond S. Troubh	6,876,489	204,185
Ratification of the selection of Ernst & Young LLP as auditors of the Company for the year 2012:		
For - 32,370,163;	Against - 216,182;	Abstain - 205,668