

GENERAL AMERICAN INVESTORS CO INC

Form N-30B-2

April 27, 2007

GENERAL AMERICAN INVESTORS  
COMPANY, INC.

FIRST QUARTER REPORT  
MARCH 31, 2007

A Closed-End Investment Company  
listed on the New York Stock Exchange

450 LEXINGTON AVENUE  
NEW YORK, NY 10017  
212-916-8400 1-800-436-8401  
E-mail: InvestorRelations@gainv.com  
www.generalamericaninvestors.com

TO THE STOCKHOLDERS

-----  
For the three months ended March 31, 2007, the net asset value per common share increased by 1.2%. The return to our stockholders was negative by 0.8%, however, reflecting a slight increase in the discount at which our shares traded to their net asset value. By comparison, the rate of return (including income) for our benchmark, the Standard & Poor's 500 Stock Index, was 0.6%. For the twelve months ended March 31, 2007, the return on the net asset value per Common Share was 8.3%, and the return to our stockholders was 5.4%; these compare with a return of 11.7% for the S&P 500. During each period, the discount at which our shares traded continued to fluctuate and on March 31, 2007, it was 10.1%.

As set forth in the accompanying financial statements (unaudited), as of March 31, 2007, the net assets applicable to the Company's Common Stock were \$1,211,207,548, equal to \$41.00 per Common Share.

The increase in net assets resulting from operations for the three months ended March 31, 2007 was \$13,335,178. During this period, the net realized gain on securities sold was \$40,355,722, and the decrease in net unrealized appreciation was \$27,429,687. Net investment income for the three months was \$3,384,143, and distributions to Preferred Stockholders amounted to \$2,975,000.

During the three months, 44,900 shares of the Company's Common Stock were repurchased for \$1,673,704 at an average discount from net asset value of 10.1%.

The stock market ended the most recent quarter on a modestly positive note. But volatility has risen and share prices were buffeted by competing trends. Growth in the U.S. economy has become more measured reflecting the slowdown in housing, higher energy prices, and flagging productivity in the face of rising wage pressures. Meanwhile, global growth remains robust with ample liquidity and interest rates that continue to facilitate a broad range of financial transactions.

From a portfolio perspective, we had an active and productive quarter. Meaningful capital gains were realized from the sale of securities, while significant new positions were added, which should inure to the benefit of our shareholders in the years to come.

We are pleased to report that on April 11, 2007, at the Company's annual

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

meeting, the Stockholders (1) elected nine directors, including two directors who were elected by the holders of the Company's Preferred Stock, and (2) ratified the selection of Ernst & Young LLP as auditors of the Company for the year 2007. At the Board of Directors meeting on the same day, Spencer Davidson, President and Chief Executive Officer of the Company, was elected Chairman of the Board of Directors upon the retirement of Lawrence B. Bittenwieser, our Chairman for the last 12 years and a Director of the Company for 40 years. His wisdom and judgment have been invaluable to the Board. We express our gratitude and deepest appreciation for his long and distinguished service to the Company.

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, 2007. 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  
 President and Chief Executive Officer  
 April 11, 2007

### 2 STATEMENT OF ASSETS AND LIABILITIES March 31, 2007 (Unaudited)

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

#### ASSETS

INVESTMENTS, AT VALUE (NOTE 1a)		
Common and preferred stocks (cost \$766,332,806)		\$1,
Corporate note (cost \$28,991,038)		
Money market fund (cost \$3,780,151)		
Total investments (cost \$799,103,995)		1,
CASH, RECEIVABLES AND OTHER ASSETS		
Cash	\$5,241,266	
Receivable for securities sold	1,781,690	
Dividends, interest and other receivables	2,386,224	
Pension asset, excess funded	8,790,864	
Prepaid expenses and other assets	160,613	
TOTAL ASSETS		1,
Liabilities		
Payable for securities purchased	1,615,809	
Preferred dividend accrued but not yet declared	231,389	
Pension benefit liability	3,344,310	
Accrued thrift plan expense	2,969,975	
Accrued expenses and other liabilities	1,510,910	

#### TOTAL LIABILITIES

5.95% CUMULATIVE PREFERRED STOCK, SERIES B -

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

8,000,000 shares at a liquidation value of \$25 per share (note 2)

NET ASSETS APPLICABLE TO COMMON STOCK - 29,544,298 shares (note 2)

\$1,  
===

NET ASSET VALUE PER COMMON SHARE

NET ASSETS APPLICABLE TO COMMON STOCK

Common Stock, 29,544,298 shares at par value (note 2)	\$29,544,298	
Additional paid-in capital (note 2)	536,465,072	
Undistributed realized gain on investments	38,640,673	
Undistributed net investment income	5,603,060	
Accumulated other comprehensive income (note 5)	745,545	
Unallocated distributions on Preferred Stock	(3,206,389)	
Unrealized appreciation on investments	603,415,289	
	-----	

NET ASSETS APPLICABLE TO COMMON STOCK

\$1,  
===

(see notes to financial statements)

### 3 STATEMENT OF OPERATIONS Three Months Ended March 31, 2007 (Unaudited)

#### General American Investors

#### INCOME

Dividends (net of foreign withholding taxes of \$95,623)	\$5,627,127	
Interest	785,792	\$6,
	-----	

#### EXPENSES

Investment research	1,926,545	
Administration and operations	752,792	
Office space and general	136,571	
Directors' fees and expenses	68,082	
Auditing and legal fees	45,000	
Transfer agent, custodian and registrar fees and expenses	39,121	
Stockholders' meeting and reports	33,526	
Miscellaneous taxes	27,139	3,
	-----	

NET INVESTMENT INCOME

3,

#### REALIZED GAIN AND CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS (NOTES 1d AND 4)

Net realized gain on investments (long-term, except for \$2,775,237)	40,355,722	
Net decrease in unrealized appreciation	(27,429,687)	
	-----	

NET GAIN ON INVESTMENTS

12,

DISTRIBUTIONS TO PREFERRED STOCKHOLDERS

(2,

INCREASE IN NET ASSETS RESULTING FROM OPERATIONS

\$13,  
=====

# Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

(see notes to financial statements)

4

## STATEMENT OF CHANGES IN NET ASSETS

	Three Months Ended March 31, 2007 (Unaudited)	
-----		
General American Investors		
OPERATIONS		
-----		
Net investment income	\$3,384,143	\$10
Net realized gain on investments	40,355,722	86
Net increase (decrease) in unrealized appreciation	(27,429,687)	51
	-----	-----
	16,310,178	147
	-----	-----
Distributions to Preferred Stockholders:		
From net income	-	(1
From short-term capital gains	-	
From long-term capital gains	-	(10
Unallocated distributions	(2,975,000)	(11
	-----	-----
Decrease in net assets from Preferred distributions	(2,975,000)	(11
	-----	-----
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	13,335,178	135
	-----	-----
OTHER COMPREHENSIVE INCOME	92,986	
	-----	-----
DISTRIBUTIONS TO COMMON STOCKHOLDERS		
-----		
From net income	-	(8
From short-term capital gains	-	(1
From long-term capital gains	-	(79
	-----	-----
DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS	-	(89
	-----	-----
CAPITAL SHARE TRANSACTIONS (NOTE 2)		
-----		
Value of Common Shares issued in payment of distributions	-	48
Cost of Common Shares purchased	(1,673,704)	(29
	-----	-----
INCREASE (DECREASE) IN NET ASSETS - CAPITAL TRANSACTIONS	(1,673,704)	19
	-----	-----
NET INCREASE IN NET ASSETS	11,754,460	66
NET ASSETS APPLICABLE TO COMMON STOCK		
-----		
BEGINNING OF PERIOD	1,199,453,088	1,132
	-----	-----
END OF PERIOD (including undistributed net investment income of \$5,603,060 and \$2,218,917, respectively)	\$1,211,207,548	\$1,199
	=====	=====

(see notes to financial statements)

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

5

FINANCIAL HIGHLIGHTS

-----  
 General American Investors

The following table shows per share operating performance data, total investment return, ratios and supplemental data for the three months ended March 31, 2007 and for each year in the five-year period ended December 31, 2006. This information has been derived from information contained in the financial statements and market price data for the Company's shares.

	Three Months Ended March 31, 2007 (Unaudited)	2006	2005	Year Ended December	
	-----	-----	-----	2004	2003
<b>PER SHARE OPERATING PERFORMANCE</b>					
Net asset value, beginning of period	\$40.54	\$39.00	\$35.49	\$33.11	\$26.00
	-----	-----	-----	-----	-----
Net investment income	.12	.34	.19	.32	.12
Net gain (loss) on securities -					
realized and unrealized	.44	4.72	5.85	3.48	7.00
Other comprehensive income	-	.03	-	-	-
	-----	-----	-----	-----	-----
Less distributions on Preferred Stock:					
Dividends from net investment income	-	(.04)	(.03)	(.09)	(-)
Distributions from net short-term					
capital gains	-	(.01)	(.08)	-	(-)
Distributions from net long-term					
capital gains	-	(.36)	(.30)	(.32)	(-)
Unallocated	(.10)	-	-	-	(-)
	-----	-----	-----	-----	-----
	(.10)	(.41)	(.41)	(.41)	(-)
	-----	-----	-----	-----	-----
Total from investment operations	.46	4.68	5.63	3.39	7.00
	-----	-----	-----	-----	-----
Distributions on Common Stock:					
Dividends from net investment income	-	(.29)	(.15)	(.23)	(-)
Distributions from net short-term					
capital gains	-	(.04)	(.44)	-	(-)
Distributions from net long-term					
capital gains	-	(2.81)	(1.53)	(.78)	(-)
	-----	-----	-----	-----	-----
	-	(3.14)	(2.12)	(1.01)	(-)
	-----	-----	-----	-----	-----
Capital Stock transaction -					
effect of Preferred Stock offering	-	-	-	-	(-)
	-----	-----	-----	-----	-----
Net asset value, end of period	\$41.00	\$40.54	\$39.00	\$35.49	\$33.11
	=====	=====	=====	=====	=====
Per share market value, end of period	\$36.84	\$37.12	\$34.54	\$31.32	\$29.00
	=====	=====	=====	=====	=====
<b>TOTAL INVESTMENT RETURN - Stockholder</b>					
return, based on market price per share	(0.75)%*	16.78%	17.40%	8.79%	27.00%

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

### RATIOS AND SUPPLEMENTAL DATA

Net assets applicable to Common Stock, end of period (000's omitted)	\$1,211,208	\$1,199,453	\$1,132,942	\$1,036,393	\$986,
Ratio of expenses to average net assets applicable to Common Stock	1.01%**	1.06%	1.25%	1.15%	1
Ratio of net income to average net assets applicable to Common Stock	1.12%**	0.86%	0.51%	0.94%	0
Portfolio turnover rate	9.59%*	19.10%	20.41%	16.71%	18
<b>PREFERRED STOCK</b>					
Liquidation value, end of period (000's omitted)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,
Asset coverage	706%	700%	666%	618%	
Liquidation preference per share	\$25.00	\$25.00	\$25.00	\$25.00	\$25
Market value per share	\$24.96	\$25.44	\$24.07	\$24.97	\$25

\*Not annualized

\*\*Annualized

### 6 STATEMENT OF INVESTMENTS March 31, 2007 (Unaudited)

-----  
General American Investors

Shares	COMMON AND PREFERRED STOCKS	
-----		
AEROSPACE/DEFENSE (1.9%)		
-----		
250,000	Textron Inc.	(COST \$24,399,743)
BUILDING AND REAL ESTATE (6.0%)		
-----		
2,225,862	CEMEX, S.A. de C.V. ADR	(COST \$29,518,057)
COMMUNICATIONS AND INFORMATION SERVICES (8.2%)		
-----		
100,000	American Tower Corporation (a)	
900,000	Cisco Systems, Inc. (a)	
324,100	Lamar Advertising Company Class A (a)	
700,000	QUALCOMM Incorporated	
1,185,000	Sprint Nextel Corporation	
		(COST \$74,880,765)
COMPUTER SOFTWARE AND SYSTEMS (6.1%)		
-----		
700,000	Activision, Inc. (a)	
1,051,000	Dell Inc. (a)	
720,000	Microsoft Corporation	
55,000	Nintendo Co., Ltd.	
		(COST \$68,567,277)
CONSUMER PRODUCTS AND SERVICES (4.9%)		

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

350,000 Diageo plc ADR  
 300,000 Heineken N. V.  
 235,000 PepsiCo, Inc.

(COST \$41,172,775)

ENVIRONMENTAL CONTROL (INCLUDING SERVICES) (4.1%)

1,762,500 Republic Services, Inc.

(COST \$26,227,380)

FINANCE AND INSURANCE (27.1%)

BANKING (7.9%)

270,000 Bank of America Corporation  
 300,000 M&T Bank Corporation  
 160,000 SunTrust Banks, Inc.  
 614,864 Wachovia Corporation

(COST \$17,145,406)

INSURANCE (16.8%)

285,000 The Allstate Corporation  
 335,000 American International Group, Inc.  
 275,000 Annuity and Life Re (Holdings), Ltd. (a)  
 335,000 Arch Capital Group Ltd. (a)  
 400,000 AXIS Capital Holdings Limited  
 275 Berkshire Hathaway Inc. Class A (a)  
 470,000 Everest Re Group, Ltd.  
 275,000 MetLife, Inc.  
 315,000 PartnerRe Ltd.  
 205,000 Transatlantic Holdings, Inc.

(COST \$82,979,972)

OTHER (2.4%)

10,000 Epoch Holding Corporation Series A Convertible Preferred 4.6% (d)  
 925,000 MFA Mortgage Investments, Inc.

(COST \$16,936,916)

(COST \$117,062,294)

7 STATEMENT OF INVESTMENTS March 31, 2007 (Unaudited) - continued

General American Investors

Shares COMMON AND PREFERRED STOCKS (continued)

HEALTH CARE (8.0%)

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

### PHARMACEUTICALS (7.0%)

---

100,000	Alkermes, Inc. (a)
170,000	Biogen Idec Inc. (a)
50,000	Cephalon, Inc. (a)
604,900	Cytokinetics, Incorporated (a)
200,000	Genentech, Inc. (a)
355,000	MedImmune, Inc. (a)
275,000	Novo Nordisk B
528,000	Pfizer Inc

(COST \$43,828,096)

### MEDICAL INSTRUMENTS AND DEVICES (1.0%)

---

240,000	Medtronic, Inc.
---------	-----------------

(COST \$761,084)

(COST \$44,589,180)

### MACHINERY AND EQUIPMENT (1.6%)

---

1,150,000	ABB Ltd. ADR
-----------	--------------

(COST \$12,430,211)

### MINING (1.2%)

---

65,000	Rio Tinto plc ADR
--------	-------------------

(COST \$13,420,905)

### MISCELLANEOUS (4.8%)

---

Other (b)

(COST \$55,946,999)

### OIL & NATURAL GAS (INCLUDING SERVICES) (17.8%)

---

825,000	Apache Corporation
850,000	Halliburton Company
1,000,000	Patterson-UTI Energy, Inc.
3,000,000	Talisman Energy Inc.
1,220,000	Weatherford International Ltd. (a)

(COST \$148,725,073)

### RETAIL TRADE (18.2%)

---

700,000	Costco Wholesale Corporation
1,975,000	Dollar General Corporation
1,570,000	The Home Depot, Inc. (c)
2,100,000	The TJX Companies, Inc.
575,000	Wal-Mart Stores, Inc.

(COST \$77,709,438)

### TECHNOLOGY (3.1%)

---

2,250,000	Xerox Corporation (a)
-----------	-----------------------

(COST \$31,682,709)

TOTAL COMMON AND PREFERRED STOCKS (113.0%)

(COST \$766,332,806)

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

Principal Amount CORPORATE NOTE

CONSUMER PRODUCTS AND SERVICES (2.5 %)

\$30,000,000 General Motors Nova Scotia Finance Company  
6.85% Guaranteed Notes due 10/15/08 (COST \$28,991,038)

8 STATEMENT OF INVESTMENTS March 31, 2007 (Unaudited) - continued

General American Investors

Shares	SHORT-TERM SECURITY AND OTHER ASSETS	
3,780,151	SSgA Prime Money Market Fund (0.3%)	(COST \$3,780,151)
	TOTAL INVESTMENTS (e) (115.8%)	(COST \$799,103,995)
	Cash, receivables and other assets less liabilities (0.7%)	
	PREFERRED STOCK (-16.5%)	
	NET ASSETS APPLICABLE TO COMMON STOCK (100%)	

PORTFOLIO DIVERSIFICATION March 31, 2007 (Unaudited)

General American Investors

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

Industry Category	March 31, 2007		Percent Common
	Cost (000)	Value (000)	March
Finance and Insurance			
Banking	\$17,145	\$95,659	7.9%
Insurance	82,980	203,659	16.8
Other	16,937	29,208	2.4
	117,062	328,526	27.1
Retail Trade	77,710	220,753	18.2
Oil and Natural Gas (Including Services)	148,725	215,449	17.8
Communications and Information Services	74,881	99,610	8.2
Health Care			
Pharmaceuticals	43,828	84,707	7.0
Medical Instruments and Devices	761	11,774	1.0
	44,589	96,481	8.0

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

Consumer Products and Services	70,164	88,713	7.4
Computer Software and Systems	68,567	73,779	6.1
Building and Real Estate	29,518	72,897	6.0
Miscellaneous**	55,947	58,480	4.8
Environmental Control (Including Services)	26,227	49,033	4.1
Technology	31,683	38,003	3.1
Aerospace/Defense	24,400	22,450	1.9
Machinery & Equipment	12,430	19,757	1.6
Mining	13,421	14,808	1.2
Electronics	-	-	-
Semiconductors	-	-	-
Special Holdings	-	-	-
	-----	-----	-----
	795,324	1,398,739	115.5
Short-Term Securities	3,780	3,780	0.3
	-----	-----	-----
Total Investments	\$799,104	1,402,519	115.8
	=====		
Other Assets and Liabilities - Net		8,689	0.7
Preferred Stock		(200,000)	(16.5)
		-----	-----
Net Assets Applicable to Common Stock		\$1,211,208	100.0%
		=====	=====

9

NOTES TO FINANCIAL STATEMENTS (Unaudited)

-----  
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 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 \$6.00 multiplied by the last reported sales price of the publicly traded common stock of the corporation.

b. 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.

c. INDEMNIFICATIONS In the ordinary course of business, the Company enters into

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

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.

d. 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, of which 29,544,298 shares and 8,000,000 shares, respectively, were outstanding at March 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.

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 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.



## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

Net periodic benefit cost (income) (\$34,017)

-----  
(\$34,017)  
=====

The Company also has both a funded (Qualified) and an unfunded (Supplemental) noncontributory defined benefit pension plans that cover its employees. The plans provide defined benefits based on years of service and final average salary with an offset for a portion of social security covered compensation. The aggregate cost of such plans for the three months ended March 31, 2007 was \$76,689. The unfunded liability at March 31, 2007 was \$2,969,975.

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.

6. OPERATING LEASE COMMITMENT - In July 1992, the Company entered into an operating lease agreement for office space which expires in 2007 and provides for future rental payments in the aggregate amount of approximately \$5.6 million. The lease agreement contains a clause whereby the Company received twenty months of free rent beginning in December 1992 and escalation clauses relating to operating costs and real property taxes.

Rental expense approximated \$97,400 for the three months ended March 31, 2007. Minimum rental commitments under the operating lease are approximately \$505,000 per annum in 2007.

In January 2003, the Company extended a sublease agreement (originally entered into in March 1996) which expires in 2007 and provides for future rental receipts. Minimum rental receipts under the sublease are approximately \$254,000 per annum in 2007. The Company will also be charged its proportionate share of operating expenses and real property taxes under the sublease.

7. RECENT ACCOUNTING PRONOUNCEMENTS - On July 13, 2006, the FASB released FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN48"). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Adoption of FIN 48 is required for fiscal years beginning after June 29, 2007 and is to be applied to all open tax years as of the effective date. Management does not believe that the application of this standard will have a material impact on the financial statements of the Company.

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.

# Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

11 MAJOR STOCK CHANGES\* Three Months Ended March 31, 2007 (Unaudited)

-----  
General American Investors

INCREASES	SHARES	SHARES MARCH
-----		
NEW POSITIONS		
Activision, Inc.	-	70
Dell Inc.	1,051,000	1,051,000
Heineken N.V.	300,000	300,000
Nintendo Co., Ltd.	55,000	55,000
Sprint Nextel Corporation	450,000	450,000
Textron Inc.	250,000	250,000
ADDITIONS		
The Allstate Corporation	10,000	10,000
Novo Nordisk B	95,000	95,000
PepsiCo, Inc.	10,000	10,000
DECREASES		
-----		
ELIMINATIONS		
Annaly Capital Management, Inc.	550,000	550,000
Constellation Brands, Inc.	325,000	325,000
EMC Corporation	300,000	300,000
Molex Incorporated Class A	550,000	550,000
VeriSign, Inc.	113,500	113,500
REDUCTIONS		
Alkermes, Inc.	75,000	75,000
American International Group, Inc.	25,000	25,000
American Tower Corporation	675,000	675,000
Arch Capital Group Ltd.	15,000	15,000
Berkshire Hathaway Inc. Class A	25	25
CEMEX, S.A. de C.V. ADR	125,000	125,000
Cephalon, Inc.	100,000	100,000
Dollar General Corporation	525,000	525,000
Everest Re Group, Ltd.	30,000	30,000
General Motors Nova Scotia Finance Company 6.85% Guaranteed Notes Due 10/15/08	\$5,000,000	\$5,000,000
Lamar Advertising Company - Class A	25,900	25,900
M&T Bank Corporation	10,000	10,000
MedImmune, Inc.	25,000	25,000
Medtronic, Inc.	210,000	210,000
MetLife, Inc.	10,000	10,000
PartnerRe Ltd.	20,000	20,000
Pfizer Inc	819,900	819,900
SunTrust Banks, Inc.	10,000	10,000
Transatlantic Holdings, Inc.	25,000	25,000

OTHER MATTERS (Unaudited)

-----  
General American Investors



# Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

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

## RESULTS OF THE ANNUAL MEETING OF STOCKHOLDERS

-----  
The votes cast by stockholders at the Company's annual meeting held on April 11, 2007 were as follows:

	FOR	WITHHELD
Election of Directors:		
Lewis B. Cullman	32,088,065	467,325
Spencer Davidson	32,028,790	526,600
Gerald M. Edelman	32,134,767	420,623
John D. Gordan, III	32,227,580	327,810
D. Ellen Shuman	32,218,952	336,438
Joseph T. Stewart, Jr.	32,112,258	443,132
Raymond S. Troubh	32,128,083	427,307

Elected by holders of Preferred Stock:

Arthur G. Altschul, Jr.	7,370,437	83,205
Sidney R. Knafel	7,362,742	90,900

Ratification of the selection of Ernst & Young LLP as auditors of the Company for the year 2007:

For - 32,298,866;                      Against - 104,589;                      Abstain - 151,933