

TO THE STOCKHOLDERS

For the nine months ended September 30, 2007, the net asset value per common share increased 13.4%, while the investment return to our stockholders increased 9.8%. By comparison, the rate of return (including income) for our benchmark, the Standard & Poor's 500 Stock Index, was 9.1%. For the twelve months ended September 30, 2007, the return on the net asset value per Common Share was 21.1%, and the return to our stockholders was 17.2%; these compare with a return of 16.3% for the S&P 500. During each period, the discount at which our shares traded continued to fluctuate and on September 30, 2007, it was 11.3%.

As set forth in the accompanying financial statements (unaudited), as of September 30, 2007, the net assets applicable to the Company's Common Stock were \$1,326,467,992 equal to \$45.94 per Common Share.

The increase in net assets resulting from operations for the nine months ended September 30, 2007 was \$155,245,486. During this period, the net realized gain on securities sold was \$168,673,447, and the decrease in net unrealized appreciation was \$14,237,331. Net investment income for the nine months was \$9,734,370, and distributions to Preferred Stockholders amounted to \$8,925,000.

During the nine months, 717,000 shares of the Company's Common Stock were repurchased for \$28,317,915 at an average discount from net asset value of 10.4%.

Our portfolio continued to post respectable results in the quarter just ended, and shareholders can anticipate receiving commensurate long-term capital gain distributions.

While the popular indices approached record levels at the end of September, the period was turbulent as credit concerns drove the market down by over ten percent from the peak in July to the August low. A

new high in the price of oil and a low in the dollar, relative to the Euro, together with declining new home sales and the price of houses retreating at a rate not seen in four decades, added to investor uncertainty.

Over the rest of the year, securities may well be buffeted by the tension arising from the positive and negative effects of the weakening dollar and the uncertain direction of interest rates. Exports could continue to benefit and the trade deficit may narrow further, moderating the housing collapse's effect on job growth and consumer spending. Should our currency continue along its current trajectory, however, more inflation will be likely and our creditors could demand a higher rate of interest, which might produce a destabilizing impact to the economy.

We are saddened to report that William T. Golden, our esteemed colleague and Director Emeritus, died on October 7, 2007. Mr. Golden, a prominent investor, philanthropist, adviser to the President of the United States, and leader in the scientific community, served as a director of the Company for 35 years, and as Director Emeritus since 1996. His counsel and support will be missed.

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 September 30, 2007. It can be accessed on the internet at 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

October 10, 2007

STATEMENT OF ASSETS AND LIABILITIES September 30, 2007 (Unaudited)

General American Investors

ASSETS

| | | |
|--|--|-----------------|
| INVESTMENTS, AT VALUE (NOTE 1a) | | |
| Common and preferred stocks (cost \$878,435,480) | | \$1,494,633,680 |
| Corporate note (cost \$24,359,180) | | 24,750,000 |
| Money market fund (cost \$7,641,647) | | 7,641,647 |
| Total investments (cost \$910,436,307) | | 1,527,025,327 |

CASH, RECEIVABLES AND OTHER ASSETS

| | | |
|---|-----------|------------|
| Cash | \$5,599 | |
| Deposits with broker for options written | 23,085 | |
| Dividends, interest and other receivables | 2,045,236 | |
| Pension asset, excess funded | 9,035,179 | |
| Prepaid expenses and other assets | 600,445 | |
| | | 11,709,544 |

TOTAL ASSETS 1,538,734,871

LIABILITIES

| | | |
|---|-----------|------------|
| Payable for securities purchased | 1,330,470 | |
| Preferred dividend accrued but not yet declared | 231,389 | |
| Outstanding options written, at value (premium received \$23,085) (note 1a) | 4,460 | |
| Pension benefit liability | 3,368,348 | |
| Accrued thrift plan expense | 3,260,976 | |
| Accrued expenses and other liabilities | 4,071,236 | |
| | | 12,266,879 |

TOTAL LIABILITIES 12,266,879

5.95% CUMULATIVE PREFERRED STOCK, SERIES B -
8,000,000 shares at a liquidation value of \$25 per share (note 2) 200,000,000

NET ASSETS APPLICABLE TO COMMON STOCK - 28,872,198 shares (note 2) \$1,326,467,992

NET ASSET VALUE PER COMMON SHARE \$45.94

NET ASSETS APPLICABLE TO COMMON STOCK

| | | |
|--|--------------|-----------------|
| Common Stock, 28,872,198 shares at par value (note 2) | \$28,872,198 | |
| Additional paid-in capital (note 2) | 510,492,961 | |
| Undistributed realized gain on investments | 166,958,398 | |
| Undistributed net investment income | 11,953,287 | |
| Accumulated other comprehensive income (note 5) | 739,892 | |
| Unallocated distributions on Preferred Stock | (9,156,389) | |
| Unrealized appreciation on investments and options written | 616,607,645 | |
| | | \$1,326,467,992 |

NET ASSETS APPLICABLE TO COMMON STOCK \$1,326,467,992

(see notes to financial statements)

STATEMENT OF OPERATIONS Nine Months Ended September 30, 2007 (Unaudited)

General American Investors

| | | |
|---|---------------------|----------------------|
| INCOME | | |
| Dividends (net of foreign withholding taxes of \$314,063) | \$16,669,058 | |
| Interest | <u>2,123,216</u> | \$18,792,274 |
| EXPENSES | | |
| Investment research | 5,729,089 | |
| Administration and operations | 2,179,003 | |
| Office space and general | 446,944 | |
| Directors' fees and expenses | 204,245 | |
| Auditing and legal fees | 195,287 | |
| Stockholders' meeting and reports | 111,703 | |
| Transfer agent, custodian and registrar fees and expenses | 106,577 | |
| Miscellaneous taxes | <u>85,056</u> | <u>9,057,904</u> |
| NET INVESTMENT INCOME | | 9,734,370 |
| REALIZED GAIN AND CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS AND OPTIONS WRITTEN (NOTES 1d AND 4) | | |
| Net realized gain on investments (long-term, except for \$10,765,076) | 168,673,447 | |
| Net decrease in unrealized appreciation | <u>(14,237,331)</u> | |
| NET GAIN ON INVESTMENTS | | 154,436,116 |
| DISTRIBUTIONS TO PREFERRED STOCKHOLDERS | | <u>(8,925,000)</u> |
| INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | | <u>\$155,245,486</u> |

(see notes to financial statements)

STATEMENT OF CHANGES IN NET ASSETS

General American Investors

| | Nine Months Ended September 30, 2007 (Unaudited) | Year Ended December 31, 2006 |
|--|---|------------------------------------|
| OPERATIONS | | |
| Net investment income | \$9,734,370 | \$10,007,624 |
| Net realized gain on investments | 168,673,447 | 86,176,349 |
| Net increase (decrease) in unrealized appreciation | <u>(14,237,331)</u> | <u>51,196,338</u> |
| | 164,170,486 | 147,380,311 |
| Distributions to Preferred Stockholders: | | |
| From net income | — | (1,092,608) |
| From short-term capital gains | — | (168,288) |
| From long-term capital gains | — | (10,639,104) |
| Unallocated distributions | <u>(8,925,000)</u> | <u>—</u> |
| Decrease in net assets from Preferred distributions | <u>(8,925,000)</u> | <u>(11,900,000)</u> |
| INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | <u>155,245,486</u> | <u>135,480,311</u> |
| OTHER COMPREHENSIVE INCOME | <u>87,333</u> | <u>652,559</u> |
| DISTRIBUTIONS TO COMMON STOCKHOLDERS | | |
| From net income | — | (8,230,843) |
| From short-term capital gains | — | (1,262,677) |
| From long-term capital gains | — | (79,790,662) |
| DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS | <u>—</u> | <u>(89,284,182)</u> |
| CAPITAL SHARE TRANSACTIONS (NOTE 2) | | |
| Value of Common Shares issued in payment of dividends and distributions | — | 48,748,838 |
| Cost of Common Shares purchased | <u>(28,317,915)</u> | <u>(29,086,092)</u> |
| INCREASE (DECREASE) IN NET ASSETS - CAPITAL TRANSACTIONS | <u>(28,317,915)</u> | <u>19,662,746</u> |
| NET INCREASE IN NET ASSETS | 127,014,904 | 66,511,434 |
| NET ASSETS APPLICABLE TO COMMON STOCK | | |
| BEGINNING OF PERIOD | 1,199,453,088 | 1,132,941,654 |
| END OF PERIOD (including undistributed net investment income of \$11,953,287 and \$2,218,917, respectively) | <u>\$1,326,467,992</u> | <u>\$1,199,453,088</u> |

(see notes to financial statements)

FINANCIAL HIGHLIGHTS

General American Investors

The following table shows per share operating performance data, total investment return, ratios and supplemental data for the nine months ended September 30, 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.

| | Nine Months Ended September 30, 2007 (Unaudited) | Year Ended December 31, | | | | |
|--|---|-------------------------|-------------|-------------|-----------|-----------|
| | | 2006 | 2005 | 2004 | 2003 | 2002 |
| PER SHARE OPERATING PERFORMANCE | | | | | | |
| Net asset value, beginning of period | \$40.54 | \$39.00 | \$35.49 | \$33.11 | \$26.48 | \$35.14 |
| Net investment income | .34 | .34 | .19 | .32 | .03 | .19 |
| Net gain (loss) on investments - realized and unrealized | 5.37 | 4.72 | 5.85 | 3.48 | 7.72 | (7.88) |
| Other comprehensive income | — | .03 | — | — | — | — |
| Distributions on Preferred Stock: | | | | | | |
| Dividends from net investment income | — | (.04) | (.03) | (.09) | (.01) | (.12) |
| Distributions from net short-term capital gains | — | (.01) | (.08) | — | — | — |
| Distributions from net long-term capital gains | — | (.36) | (.30) | (.32) | (.35) | (.23) |
| Unallocated | (.31) | — | — | — | — | — |
| | (.31) | (.41) | (.41) | (.41) | (.36) | (.35) |
| Total from investment operations | 5.40 | 4.68 | 5.63 | 3.39 | 7.39 | (8.04) |
| Distributions on Common Stock: | | | | | | |
| Dividends from net investment income | — | (.29) | (.15) | (.23) | (.02) | (.02) |
| Distributions from net short-term capital gains | — | (.04) | (.44) | — | — | (.19) |
| Distributions from net long-term capital gains | — | (2.81) | (1.53) | (.78) | (.52) | (.41) |
| | — | (3.14) | (2.12) | (1.01) | (.54) | (.62) |
| Capital Stock transaction - effect of Preferred Stock offering | — | — | — | — | (.22) | — |
| Net asset value, end of period | \$45.94 | \$40.54 | \$39.00 | \$35.49 | \$33.11 | \$26.48 |
| Per share market value, end of period | \$40.77 | \$37.12 | \$34.54 | \$31.32 | \$29.73 | \$23.85 |
| TOTAL INVESTMENT RETURN - Stockholder return, based on market price per share | 9.83%* | 16.78% | 17.40% | 8.79% | 27.01% | (27.21)% |
| RATIOS AND SUPPLEMENTAL DATA | | | | | | |
| Net assets applicable to Common Stock, end of period (000's omitted) | \$1,326,468 | \$1,199,453 | \$1,132,942 | \$1,036,393 | \$986,335 | \$809,192 |
| Ratio of expenses to average net assets applicable to Common Stock | 0.96%** | 1.06% | 1.25% | 1.15% | 1.23% | 0.92% |
| Ratio of net income to average net assets applicable to Common Stock | 1.03%** | 0.86% | 0.51% | 0.94% | 0.13% | 0.61% |
| Portfolio turnover rate | 29.72%* | 19.10% | 20.41% | 16.71% | 18.62% | 22.67% |
| PREFERRED STOCK | | | | | | |
| Liquidation value, end of period (000's omitted) | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$150,000 |
| Asset coverage | 763% | 700% | 666% | 618% | 593% | 639% |
| Liquidation preference per share | \$25.00 | \$25.00 | \$25.00 | \$25.00 | \$25.00 | \$25.00 |
| Market value per share | \$23.05 | \$25.44 | \$24.07 | \$24.97 | \$25.04 | \$25.85 |

*Not annualized

**Annualized

STATEMENT OF INVESTMENTS September 30, 2007 (Unaudited)

General American Investors

| Shares | COMMON AND PREFERRED STOCKS | Value (note 1a) |
|--|---|---------------------|
| AEROSPACE/DEFENSE (4.4%) | | |
| 509,800 | Textron Inc. | \$31,714,658 |
| 325,000 | United Technologies Corporation | 26,156,000 |
| | (COST \$47,844,103) | <u>57,870,658</u> |
| BUILDING AND REAL ESTATE (5.1%) | | |
| 2,280,483 | CEMEX, S.A. de C.V. ADR | (COST \$31,628,612) |
| | | <u>68,232,051</u> |
| COMMUNICATIONS AND INFORMATION SERVICES (8.3%) | | |
| 90,000 | Avaya Inc. (a) | 1,526,400 |
| 900,000 | Cisco Systems, Inc. (a) | 29,816,910 |
| 400,000 | Lamar Advertising Company Class A (a) | 19,588,000 |
| 800,000 | QUALCOMM Incorporated | 33,808,000 |
| 1,325,000 | Sprint Nextel Corporation | 25,175,000 |
| | (COST \$84,175,425) | <u>109,914,310</u> |
| COMPUTER SOFTWARE AND SYSTEMS (8.7%) | | |
| 700,000 | Activision, Inc. (a) | 15,113,000 |
| 1,550,000 | Dell Inc. (a) | 42,780,000 |
| 720,000 | Microsoft Corporation | 21,211,200 |
| 55,000 | Nintendo Co., Ltd. | 28,512,000 |
| 315,000 | THQ Inc. (a) | 7,868,700 |
| | (COST \$92,410,373) | <u>115,484,900</u> |
| CONSUMER PRODUCTS AND SERVICES (8.4%) | | |
| 350,000 | Diageo plc ADR | 30,705,500 |
| 300,000 | Heineken N. V. | 19,635,000 |
| 630,000 | Hewitt Associates, Inc. Class A (a) | 22,081,500 |
| 45,000 | Nestle S.A. | 20,160,000 |
| 250,000 | PepsiCo, Inc. | 18,315,000 |
| | (COST \$78,354,580) | <u>110,897,000</u> |
| ENVIRONMENTAL CONTROL (INCLUDING SERVICES) (4.1%) | | |
| 881,500 | Republic Services, Inc. | 28,833,865 |
| 680,000 | Waste Management, Inc. | 25,663,200 |
| | (COST \$39,285,764) | <u>54,497,065</u> |
| FINANCE AND INSURANCE (25.2%) | | |
| BANKING (5.6%) | | |
| 200,000 | Bank of America Corporation | 10,054,000 |
| 300,000 | M&T Bank Corporation | 31,035,000 |
| 650,000 | Wachovia Corporation | 32,597,500 |
| | (COST \$14,094,309) | <u>73,686,500</u> |
| INSURANCE (16.3%) | | |
| 275,000 | The Allstate Corporation | 15,727,250 |
| 325,000 | American International Group, Inc. | 21,986,250 |
| 275,000 | Annuity and Life Re (Holdings), Ltd. (a) | 206,250 |
| 335,000 | Arch Capital Group Ltd. (a) | 24,927,350 |
| 365,000 | AXIS Capital Holdings Limited | 14,202,150 |
| 275 | Berkshire Hathaway Inc. Class A (a) | 32,590,250 |
| 350,000 | Everest Re Group, Ltd. | 38,584,000 |
| 900,000 | Fidelity National Financial, Inc. | 15,732,000 |
| 250,000 | MetLife, Inc. | 17,432,500 |
| 310,000 | PartnerRe Ltd. | 24,486,900 |
| 155,000 | Transatlantic Holdings, Inc. | 10,901,150 |
| | (COST \$92,296,799) | <u>216,776,050</u> |
| OTHER (3.3%) | | |
| 60,000 | Ameriprise Financial, Inc. | 3,786,600 |
| 10,000 | Epoch Holding Corporation Series A Convertible Preferred 4.6% (d) | 23,522,370 |
| 925,000 | Nelnet, Inc. | 16,872,000 |
| | (COST \$34,359,009) | <u>44,180,970</u> |
| | (COST \$140,750,117) | <u>334,643,520</u> |

STATEMENT OF INVESTMENTS September 30, 2007 (Unaudited) - continued

General American Investors

| Shares | COMMON AND PREFERRED STOCKS (continued) | Value (note 1a) |
|---|---|-----------------------------|
| HEALTH CARE / PHARMACEUTICALS (4.5%) | | |
| 80,000 | Alkermes, Inc. (a) | \$1,472,000 |
| 100,000 | Biogen Idec Inc. (a) | 6,633,000 |
| 604,900 | Cytokinetics, Incorporated (a) | 3,097,088 |
| 200,000 | Genentech, Inc. (a) | 15,604,000 |
| 275,000 | Novo Nordisk B | 33,107,250 |
| | (COST \$30,082,866) | <u>59,913,338</u> |
| MACHINERY AND EQUIPMENT (2.0%) | | |
| 1,000,000 | ABB Ltd. ADR | (COST \$10,779,026) |
| | | <u>26,230,000</u> |
| METAL (1.5%) | | |
| 150,500 | Carpenter Technology Corporation | (COST \$18,726,632) |
| | | <u>19,566,505</u> |
| MISCELLANEOUS (4.2%) | | |
| | Other (b) | (COST \$60,137,934) |
| | | <u>55,661,160</u> |
| OIL & NATURAL GAS (INCLUDING SERVICES) (17.7%) | | |
| 600,000 | Apache Corporation | 54,036,000 |
| 800,000 | Halliburton Company | 30,720,000 |
| 1,000,000 | Patterson-UTI Energy, Inc. | 22,570,000 |
| 3,000,000 | Talisman Energy Inc. | 59,100,000 |
| 1,025,000 | Weatherford International Ltd. (a) | 68,859,500 |
| | (COST \$125,958,179) | <u>235,285,500</u> |
| RETAIL TRADE (14.5%) | | |
| 575,000 | Costco Wholesale Corporation | 35,287,750 |
| 1,278,000 | The Home Depot, Inc. (c) | 41,458,320 |
| 533,000 | Target Corporation | 33,882,810 |
| 2,100,000 | The TJX Companies, Inc. | 61,047,000 |
| 470,000 | Wal-Mart Stores, Inc. | 20,515,500 |
| | (COST \$72,476,622) | <u>192,191,380</u> |
| TECHNOLOGY (3.2%) | | |
| 130,000 | Intermec, Inc. (a) | 3,395,600 |
| 2,250,000 | Xerox Corporation (a) | 39,015,000 |
| | (COST \$34,820,215) | <u>42,410,600</u> |
| TRANSPORTATION (0.9%) | | |
| 236,100 | Alexander & Baldwin, Inc. | (COST \$11,005,032) |
| | | <u>11,835,693</u> |
| | TOTAL COMMON AND PREFERRED STOCKS (112.7%) | (COST \$878,435,480) |
| | | <u>1,494,633,680</u> |
| Principal Amount | CORPORATE NOTE | |
| CONSUMER PRODUCTS AND SERVICES (1.9%) | | |
| \$25,000,000 | General Motors Nova Scotia Finance Company 6.85% Guaranteed Notes due 10/15/08 | (COST \$24,359,180) |
| | | <u>24,750,000</u> |

STATEMENT OF INVESTMENTS September 30, 2007 (Unaudited) - continued

General American Investors

| Shares | SHORT-TERM SECURITY AND OTHER ASSETS | Value (note 1a) |
|-----------|--|------------------------|
| 7,641,647 | SSgA Prime Money Market Fund (0.5%) (COST \$7,641,647) | \$7,641,647 |
| | TOTAL INVESTMENTS (e) (115.1%) (COST \$910,436,307) | 1,527,025,327 |
| | Liabilities in excess of cash, receivables and other assets (0.0%) | (557,335) |
| | PREFERRED STOCK (-15.1%) | (200,000,000) |
| | NET ASSETS APPLICABLE TO COMMON STOCK (100%) | <u>\$1,326,467,992</u> |

- (a) Non-income producing security.
 (b) Securities which have been held for less than one year, not previously disclosed and not restricted.
 (c) 500,000 shares held by custodian in a segregated custodian account as collateral for short positions, if any.
 (d) Restricted security of an affiliate acquired 11/7/06.
 (e) At September 30, 2007: (1) the cost of investments for Federal income tax purposes was the same as the cost for financial reporting purposes,
 (2) aggregate gross unrealized appreciation was \$635,261,837, (3) aggregate gross unrealized depreciation was \$18,672,817, and
 (4) net unrealized appreciation was \$616,589,020.

(see notes to financial statements)

STATEMENT OF CALL OPTIONS WRITTEN September 30, 2007 (Unaudited)

General American Investors

| Contracts (100 shares each) | COMMON STOCK/EXPIRATION DATE/EXERCISE PRICE | Value (note 1a) |
|--------------------------------|--|--------------------|
| | COMMUNICATIONS AND INFORMATION SERVICES | |
| 446 | Avaya Inc./January '08/\$17.50 (PREMIUMS RECEIVED \$23,085) | \$4,460 |

(see notes to financial statements)

PORTFOLIO DIVERSIFICATION September 30, 2007 (Unaudited)

General American Investors

The diversification of the Company's net assets applicable to its Common Stock by industry group as of September 30, 2007 and 2006 is shown in the following table.

| INDUSTRY CATEGORY | SEPTEMBER 30, 2007 | | PERCENT COMMON NET ASSETS* | |
|--|--------------------|--------------------|----------------------------|---------------|
| | COST(000) | VALUE(000) | 2007 | 2006 |
| Finance and Insurance | | | | |
| Banking | \$14,094 | \$73,686 | 5.6% | 9.5% |
| Insurance | 92,297 | 216,776 | 16.3 | 18.2 |
| Other | 34,359 | 44,181 | 3.3 | 1.4 |
| | <u>140,750</u> | <u>334,643</u> | <u>25.2</u> | <u>29.1</u> |
| Oil and Natural Gas (Including Services) | 125,958 | 235,286 | 17.7 | 17.2 |
| Retail Trade | 72,477 | 192,191 | 14.5 | 17.8 |
| Consumer Products and Services | 102,714 | 135,647 | 10.3 | 6.8 |
| Computer Software and Systems | 92,410 | 115,485 | 8.7 | 2.4 |
| Communications and Information Services | 84,175 | 109,914 | 8.3 | 5.8 |
| Building and Real Estate | 31,629 | 68,232 | 5.1 | 6.1 |
| Health Care | | | | |
| Pharmaceuticals | 30,083 | 59,913 | 4.5 | 9.1 |
| Medical Instruments and Devices | — | — | — | 1.8 |
| | <u>30,083</u> | <u>59,913</u> | <u>4.5</u> | <u>10.9</u> |
| Aerospace/Defense | 47,844 | 57,871 | 4.4 | — |
| Miscellaneous** | 60,138 | 55,661 | 4.2 | 4.8 |
| Environmental Control (Including Services) | 39,286 | 54,497 | 4.1 | 4.1 |
| Technology | 34,820 | 42,411 | 3.2 | 2.5 |
| Machinery & Equipment | 10,779 | 26,230 | 2.0 | 1.3 |
| Metals | 18,727 | 19,567 | 1.5 | — |
| Transportation | 11,005 | 11,836 | 0.9 | — |
| Electronics | — | — | — | 1.6 |
| Special Holdings | — | — | — | 0.0 |
| | <u>902,795</u> | <u>1,519,384</u> | <u>114.6</u> | <u>110.4</u> |
| Short-Term Securities | 7,641 | 7,641 | 0.5 | 6.6 |
| Total Investments | <u>\$910,436</u> | <u>1,527,025</u> | <u>115.1</u> | <u>117.0</u> |
| Other Assets and Liabilities - Net | | (557) | (0.0) | 0.2 |
| Preferred Stock | | (200,000) | (15.1) | (17.2) |
| Net Assets Applicable to Common Stock | | <u>\$1,326,468</u> | <u>100.0%</u> | <u>100.0%</u> |

* 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.

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 (asked price for 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. 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 underlying the written option.

c. 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.

d. 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.

e. 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 - 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 28,872,198 shares and 8,000,000 shares, respectively, were outstanding at September 30, 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.

The Company classifies its Preferred Stock pursuant to the requirements of EITF D-98, *Classification and Measurement of Redeemable Securities*, which require 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.

NOTES TO FINANCIAL STATEMENTS (Unaudited) - continued

General American Investors

2. **CAPITAL STOCK** - (Continued from bottom of previous page.)

Transactions in Common Stock during the nine months ended September 30, 2007 and the year ended December 31, 2006 were as follows:

| | SHARES | | AMOUNT | |
|--|---------|-----------|----------------|--------------|
| | 2007 | 2006 | 2007 | 2006 |
| Treasury shares issued in payment of dividends and distributions | — | 1,326,499 | — | \$1,326,499 |
| Increase in paid-in capital | | | — | 47,422,339 |
| Total increase | | | — | 48,748,838 |
| Shares purchased (at an average discount from net asset value of 10.4% and 9.0%, respectively) | 717,000 | 787,700 | (\$717,000) | (787,700) |
| Decrease in paid-in capital | | | (27,600,915) | (28,298,392) |
| Total decrease | | | (28,317,915) | (29,086,092) |
| Net increase (decrease) | | | (\$28,317,915) | \$19,662,746 |

At September 30, 2007, the Company held in its treasury 2,359,365 shares of Common Stock with an aggregate cost in the amount of \$85,805,687. Distributions for tax and book purposes are substantially the same.

3. **OFFICERS' COMPENSATION** - The aggregate compensation paid and accrued by the Company during the nine months ended September 30, 2007 to its officers (identified on back cover) amounted to \$5,454,375.

4. **PURCHASES AND SALES OF SECURITIES** - Purchases and sales of securities (other than short-term securities and options) for the nine months ended September 30, 2007 amounted to \$432,766,957 and \$462,292,131.

5. **BENEFIT PLANS** - The Company has funded (Qualified) and 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 components of the net periodic benefit cost of the plans for the nine months ended September 30, 2007 were:

| | |
|--------------------------------------|------------|
| Service cost | \$226,170 |
| Interest cost | 540,224 |
| Expected return on plan assets | (940,031) |
| Amortization of: | |
| Prior service cost | 16,570 |
| Recognized net actuarial loss (gain) | 72,155 |
| Net periodic benefit cost (income) | (\$84,912) |

The Company also has funded and unfunded defined contribution thrift plans that are available to its employees. The aggregate cost of such plans for the nine months ended September 30, 2007 was \$505,006. The unfunded liability at September 30, 2007 was \$3,260,976.

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 COMMITMENTS** - In July 1992, the Company entered into an operating lease agreement for office space which expires on December 31, 2007 and provided for future rental payments in the aggregate amount of approximately \$5.6 million. The lease agreement contains 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, operating costs, and real property taxes.

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

Net rental expense approximated \$258,000 for the nine months ended September 30, 2007. On a gross basis, minimum rental commitments under the operating lease are 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 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.

Minimum rental commitments under the operating lease are approximately \$0.9 million in 2008, \$1.0 million per annum in 2009 through 2012, \$1.1 million in 2013 through 2017, and \$0.1 million in 2018.

7. **RECENT ACCOUNTING PRONOUNCEMENTS** - 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.

MAJOR STOCK CHANGES* Three Months Ended September 30, 2007 (Unaudited)

General American Investors

| | SHARES | SHARES HELD SEPTEMBER 30, 2007 |
|------------------------------------|-------------|-----------------------------------|
| INCREASES | | |
| NEW POSITIONS | | |
| Alexander & Baldwin, Inc. | 25,000 | 236,100 (a) |
| Ameriprise Financial, Inc. | — | 60,000 (a) |
| Fidelity National Financial, Inc. | 900,000 | 900,000 |
| Hewitt Associates, Inc. Class A | 130,000 | 630,000 (a) |
| Nelnet, Inc. | 325,000 | 925,000 (a) |
| THQ Inc. | — | 315,000 (a) |
| ADDITIONS | | |
| Carpenter Technology Corporation | 4,400 | 150,500 |
| Dell Inc. | 190,000 | 1,550,000 |
| Lamar Advertising Company Class A | 75,900 | 400,000 |
| Microsoft Corporation | 300,000 | 720,000 |
| Nestle S.A. | 4,000 | 45,000 |
| PepsiCo, Inc. | 15,000 | 250,000 |
| Sprint Nextel Corporation | 100,000 | 1,325,000 |
| Target Corporation | 50,000 | 533,000 |
| Wachovia Corporation | 25,000 | 650,000 |
| DECREASES | | |
| ELIMINATIONS | | |
| Dollar General Corporation | 591,000 (b) | — |
| Dow Jones & Company, Inc. | 525,000 | — |
| MFA Mortgage Investments, Inc. | 913,300 | — |
| Medtronic, Inc. | 170,000 | — |
| REDUCTIONS | | |
| ABB Ltd. ADR | 150,000 | 1,000,000 |
| Alkermes, Inc. | 20,000 | 80,000 |
| American International Group, Inc. | 10,000 | 325,000 |
| Avaya Inc. | 256,000 | 90,000 |
| Bank of America Corporation | 150,000 | 200,000 |
| Biogen Idec Inc. | 70,000 | 100,000 |
| Costco Wholesale Corporation | 55,000 | 575,000 |
| Everest Re Group, Ltd. | 40,000 | 350,000 |
| Halliburton Company | 50,000 | 800,000 |
| The Home Depot, Inc. | 100,000 | 1,278,000 |
| M&T Bank Corporation | 15,000 | 300,000 |
| MetLife, Inc. | 15,000 | 250,000 |
| Transatlantic Holdings, Inc. | 20,000 | 155,000 |
| Wal-Mart Stores, Inc. | 105,000 | 470,000 |
| Weatherford International Ltd. | 195,000 | 1,025,000 |

* Excludes transactions in Common and Preferred Stocks - Miscellaneous - Other.

(a) Shares purchased in prior period and previously carried under Common and Preferred Stocks - Miscellaneous - Other.

(b) As a result of a merger with affiliates of Kohlberg Kravis & Roberts & Co. L.P., GS Capital Partners, an affiliate of Goldman Sachs, Citi Private Equity.

OTHER MATTERS (Unaudited)

General American Investors

In addition to purchases of the Company's Common Stock as set forth in Note 2 on page 10, 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 and (3) on the Securities and Exchange Commission's website at www.sec.gov.

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 and on the SEC's website: 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 also 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.

DIRECTORS

Spencer Davidson, *Chairman*
Joseph T. Stewart, Jr., *Lead Independent Director*
Arthur G. Altschul, Jr. Sidney R. Knafel
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, President & Chief Executive Officer
Andrew V. Vindigni, Senior Vice-President
Peter P. Donnelly, Vice-President & Trader
Sally A. Lynch, 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 | TRANSFER AGENT AND REGISTRAR |
| Sullivan & Cromwell LLP | American Stock Transfer & Trust Company |
| INDEPENDENT AUDITORS | 59 Maiden Lane |
| Ernst & Young LLP | New York, NY 10038 |
| | 1-800-413-5499 |
| CUSTODIAN | www.amstock.com |
| State Street Bank and Trust Company | |

GENERAL AMERICAN INVESTORS
COMPANY, INC.



THIRD QUARTER REPORT
SEPTEMBER 30, 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