



**General American Investors Company, Inc.**

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**GENERAL  
AMERICAN  
INVESTORS**

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**2012  
ANNUAL  
REPORT**

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## GENERAL AMERICAN INVESTORS COMPANY, INC.

Established in 1927, the Company is a closed-end investment company listed on the New York Stock Exchange. Its objective is long-term capital appreciation through investment in companies with above average growth potential.

### FINANCIAL SUMMARY (unaudited)

	2012	2011
Net assets applicable to Common Stock - December 31	\$955,417,661	\$886,537,370
Net investment income	6,973,024	5,295,369
Net realized gain	60,458,284	19,507,647
Net increase (decrease) in unrealized appreciation	84,267,705	(42,899,858)
Distributions to Preferred Stockholders	(11,311,972)	(11,311,972)
Per Common Share-December 31		
Net asset value	\$32.68	\$29.78
Market price	\$27.82	\$24.91
Discount from net asset value	-14.9%	-16.4%
Common Shares outstanding-Dec. 31	29,233,972	29,766,389
Market price range* (high-low)	\$29.62-25.37	\$28.68-\$21.80
Market volume-shares	9,079,151	10,308,012

\*Unadjusted for dividend payments.

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

Record Date	Payment Date	Ordinary Income	Long-Term Capital Gain	Total
<b>Common Stock</b>				
Nov. 19, 2012	Dec. 28, 2012	\$0.170000 (a)	\$1.230000	\$1.400000
Dec. 24, 2012	Jan. 31, 2013	0.059686 (b)	0.540314	0.600000
<i>Total from 2012 earnings</i>		<u>\$0.229686</u>	<u>\$1.770314</u>	<u>\$2.000000</u>
(a) Includes short-term gains in the amount of \$0.011198 per share.				
(b) Includes short-term gains in the amount of \$0.003932 per share.				
Nov. 14, 2011	Dec. 23, 2011	\$0.158060 (c)	\$0.341940	\$0.500000
<i>Total from 2011 earnings</i>		<u>\$0.158060</u>	<u>\$0.341940</u>	<u>\$0.500000</u>
(c) Includes short-term gains in the amount of \$0.011020 per share.				
<b>Preferred Stock</b>				
Mar. 7, 2012	Mar. 26, 2012	\$0.042434	\$.329441	\$.371875
Jun. 7, 2012	Jun. 25, 2012	.042434	.329441	.371875
Sept. 7, 2012	Sept. 24, 2012	.042434	.329441	.371875
Dec. 7, 2012	Dec. 24, 2012	.042434	.329441	.371875
<i>Total for 2012</i>		<u>\$.169736 (d)</u>	<u>\$1.317764</u>	<u>\$1.487500</u>
(d) Includes short-term gains in the amount of \$0.011180 per share (\$.002795 per quarter).				
Mar. 7, 2011	Mar. 24, 2011	\$.117557	\$.254318	\$.371875
Jun. 7, 2011	Jun. 24, 2011	.117557	.254318	.371875
Sept. 7, 2011	Sept. 26, 2011	.117557	.254318	.371875
Dec. 7, 2011	Dec. 27, 2011	.117557	.254318	.371875
<i>Total for 2011</i>		<u>\$.470228 (e)</u>	<u>\$1.017272</u>	<u>\$1.487500</u>
(e) Includes short-term gains in the amount of \$0.032784 per share (\$.008196 per quarter).				

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General American Investors' net asset value (NAV) per Common Share (assuming reinvestment of all dividends) increased 17.3% for the year ended December 31, 2012. The U.S. stock market was up 16.0% for the year, as measured by our benchmark, the Standard & Poor's 500 Stock Index (including income). The return to our Common Stockholders increased by 19.8% and the discount at which our shares traded to their NAV continued to fluctuate and on December 31, 2012, it was 14.9%.

The table that follows provides a comprehensive presentation of our performance and compares our returns on an annualized basis with the S&P 500.

Years	Stockholder Return (Market Value)	NAV Return	S&P 500
3	9.7%	9.3%	10.9%
5	-1.3	-0.3	1.6
10	6.8	7.0	7.0
20	8.5	9.4	8.2
30	11.4	12.1	10.8
40	11.8	11.9	9.8
50	11.6	12.2	9.8

The U.S. economy generated modest economic growth in 2012, owing to improvements in employment, housing, and consumer spending. This performance occurred in the face of concerns over the increasing national debt—as reflected in the fiscal cliff debates, the coming debt-ceiling negotiations, and the budget sequestration battles in Congress—the effects of Hurricane Sandy, and a general worldwide economic malaise that has lingered for all too long. The upticks in growth, in conjunction with diminished fear over Europe's economic future and the adoption of the fourth series of quantitative easing by the Fed, enabled world and U.S. equity markets to improve substantially during the past year, especially in the last quarter.

Ironically, reported earnings for 2012 appear to be lower than many analysts had assumed earlier in the last year, leaving U.S. markets with higher than anticipated earnings multiples. Simultaneously, forecasts for earnings of companies in the S&P 500 this year are back-end loaded, reflecting the political and fiscal uncertainties still present both in the U.S. and Europe. Conversely, Asia, particularly China, appears to be maintaining positive momentum, via a number of fiscal and monetary policy levers, following a weaker performance in the first half of 2012.

Given the magnitude of the budget and fiscal problems in most of the Organization of Economic Cooperation and Development, the rising inflationary implications of policies in the emerging markets, and the policy responses adopted to date by most countries, we continue to look for only modest improvements in real economic growth both here in the US and abroad. But we remain guardedly optimistic that the improvements seen in markets and economies since the financial crisis of 2008 will continue.

Thus reasonable valuations in equity markets, particularly when compared to bond yields, should provide for continued performance from equities as an asset class. Our focus remains on finding well-managed businesses at reasonable valuations and with opportunities for growth and successful capital allocation.

As part of an ongoing effort to maximize shareholder value, over 4% of the Company's shares were repurchased in 2012 at an average discount to NAV of 14.5%. The Board of Directors has authorized repurchases of Common Shares when they are trading at a discount to NAV of at least 8%.

In December 2012, the Board of Directors renewed authority originally granted in 2008 to repurchase up to 1 million outstanding shares of its 5.95% Cumulative Preferred Stock when the shares are trading at a market price below the liquidation preference of \$25.00 per share.

As announced on December 12, 2012, Spencer Davidson, President and Chief Executive Officer of the Company, retired effective December 31, 2012 after eighteen years of service as Chief Executive Officer. Effective January 1, 2013, Jeffrey W. Priest was appointed Chief Executive Officer and Portfolio Manager of the Company. Previously, he was appointed President of the Company on February 1, 2012.

Also announced on December 12, 2012, Carole Anne Clementi, an employee of the Company for more than thirty-nine years and Corporate Secretary since October 1994, retired effective December 31, 2012. Effective January 1, 2013, Maureen E. LoBello, who has been an employee of the Company since 1992 and Assistant Corporate Secretary since 2005, was appointed Corporate Secretary.

In addition, the Company is pleased to report that on January 1, 2013, Craig A. Grassi, an employee of the Company since 1991 and Assistant Vice-President since 2005, was appointed Vice-President.

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

By Order of the Board of Directors,

Spencer Davidson  
*Chairman of the Board*

Jeffrey W. Priest  
*President and Chief Executive Officer*

January 16, 2013

### Corporate Overview

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

### Investment Policy

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

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

### Portfolio Manager

Effective January 1, 2013, Mr. Jeffrey W. Priest, became responsible for the management of the Company. He was appointed Chief Executive Officer and Portfolio Manager on that date and he has been President since February 1, 2012. Mr. Priest joined the Company in 2010 as a senior investment analyst and has spent his entire 27-year business career on Wall Street. Mr. Priest succeeds Mr. Spencer Davidson who served as Chief Executive Officer and Portfolio Manager from 1995 through 2012. Mr. Davidson remains closely involved in the Company as its Chairman of the Board of Directors.

### "GAM" Common Stock

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

While shares of the Company usually sell at a discount to NAV, as do the shares of most other domestic equity closed-end investment companies, they occasionally sell at a premium over NAV. During 2012, the stock sold at discounts to NAV which ranged from 13.2% (May 14) to 16.4% (January 3). At December 31, the price of the stock was at a discount of 14.9%.

Since March 1995, the Board of Directors has authorized the repurchase of Common Stock in the open market when the shares trade at a discount to net asset value of at least 8%.

### "GAM Pr B" Preferred Stock

On September 24, 2003, the Company issued and sold in an underwritten offering 8,000,000 shares of its 5.95% Cumulative Preferred Stock, Series B with a liquidation preference of \$25 per share (\$200,000,000 currently in the aggregate). The Preferred Shares are rated "A1" by Moody's Investors Service, Inc. and are listed and traded on The New York Stock Exchange (symbol, GAM Pr B). The Preferred Shares are available to leverage the investment performance of the Common Stockholders, it may also result in higher market volatility for the Common Stockholders.

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 per share and that authority remains available to the Company.

### Dividend and Distribution Policy

The Company's dividend and distribution policy is to distribute to stockholders before year-end substantially all ordinary income estimated for the full year and capital gains realized during the ten-month period ended October 31 of that year. If any additional capital gains are realized and available or ordinary income is earned during the last two months of the year, a "spill-over" distribution of these amounts may be paid. Dividends and distributions on shares of Preferred Stock are paid quarterly. Distributions from capital gains and dividends from ordinary income are allocated proportionately among holders of shares of Common Stock and Preferred Stock.

Dividends from income have been paid continuously on the Common Stock since 1939 and capital gain distributions in varying amounts have been paid for each of the years 1943-2012 (except for the year 1974). (A table listing dividends and distributions paid during the 20-year period 1993-2012 is shown at the bottom of page 4.) To the extent that shares can be issued, dividends and distributions are paid to Common Stockholders in additional shares of Common Stock unless the stockholder specifically requests payment in cash.

### Proxy Voting Policies, Procedures and Record

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 12-month period ended June 30, 2012 are available: (1) without charge, upon request, by calling the Company at its toll-free number (1-800-436-8401), (2) on the Company's website at [www.generalamericaninvestors.com](http://www.generalamericaninvestors.com) and (3) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

### Direct Registration

The Company makes available direct registration for its Common Shareholders. Direct registration, which is an element of the Investors Choice Plan admin-

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

### Privacy Policy and Practices

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

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

Total return on \$10,000 investment for 20 years ended December 31, 2012

The investment return for a Common Stockholder of General American Investors (GAM) over the 20 years ended December 31, 2012 is shown in the table below and in the accompanying chart. The return based on GAM's net asset value (NAV) per Common Share in comparison to the change in the Standard & Poor's 500 Stock Index (S&P 500) is also displayed. Each illustration assumes an investment of \$10,000 at the beginning of 1993.

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

**Net Asset Value (NAV) Return** is the return on shares of the Company's Common Stock based on the NAV per share, including the reinvestment of all dividends and distributions at the reinvestment prices indicated above.

**Standard & Poor's 500 Return** is the time-weighted total rate of return on this widely-recognized, unmanaged index which is a measure of general stock market performance, including dividend income.

Past performance may not be indicative of future results.

The graph and tables below do not reflect the deduction of taxes that a stockholder would pay on Company distributions or the sale of Company shares.

	GENERAL AMERICAN INVESTORS				STANDARD & POOR'S 500	
	STOCKHOLDER RETURN		NET ASSET VALUE RETURN		RETURN	
	CUMULATIVE INVESTMENT	ANNUAL RETURN	CUMULATIVE INVESTMENT	ANNUAL RETURN	CUMULATIVE INVESTMENT	ANNUAL RETURN
1993	\$8,408	-15.92%	\$9,825	-1.75%	\$11,012	10.12%
1994	7,747	-7.86	9,556	-2.74	11,152	1.27
1995	9,391	21.22	11,809	23.58	15,334	37.50
1996	11,220	19.48	14,167	19.97	18,847	22.91
1997	15,998	42.58	18,708	32.05	25,128	33.33
1998	21,007	31.31	25,282	35.14	32,303	28.55
1999	29,246	39.22	34,485	36.40	39,073	20.96
2000	34,832	19.10	40,568	17.64	35,521	-9.09
2001	36,340	4.33	40,081	-1.20	31,298	-11.89
2002	26,452	-27.21	30,854	-23.02	24,369	-22.14
2003	33,597	27.01	39,308	27.40	31,328	28.56
2004	36,550	8.79	43,385	10.37	34,709	10.79
2005	42,910	17.40	50,413	16.20	36,385	4.83
2006	50,110	16.78	56,583	12.24	42,083	15.66
2007	54,480	8.72	61,116	8.01	44,360	5.41
2008	28,220	-48.20	34,824	-43.02	27,914	-37.07
2009	38,622	36.86	45,995	32.08	35,297	26.45
2010	44,895	16.24	53,037	15.31	40,613	15.06
2011	42,520	-5.29	51,515	-2.87	41,478	2.13
2012	50,926	19.77	60,432	17.31	48,111	15.99

#### DIVIDENDS AND DISTRIBUTIONS PER COMMON SHARE (1993-2012) (UNAUDITED)

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

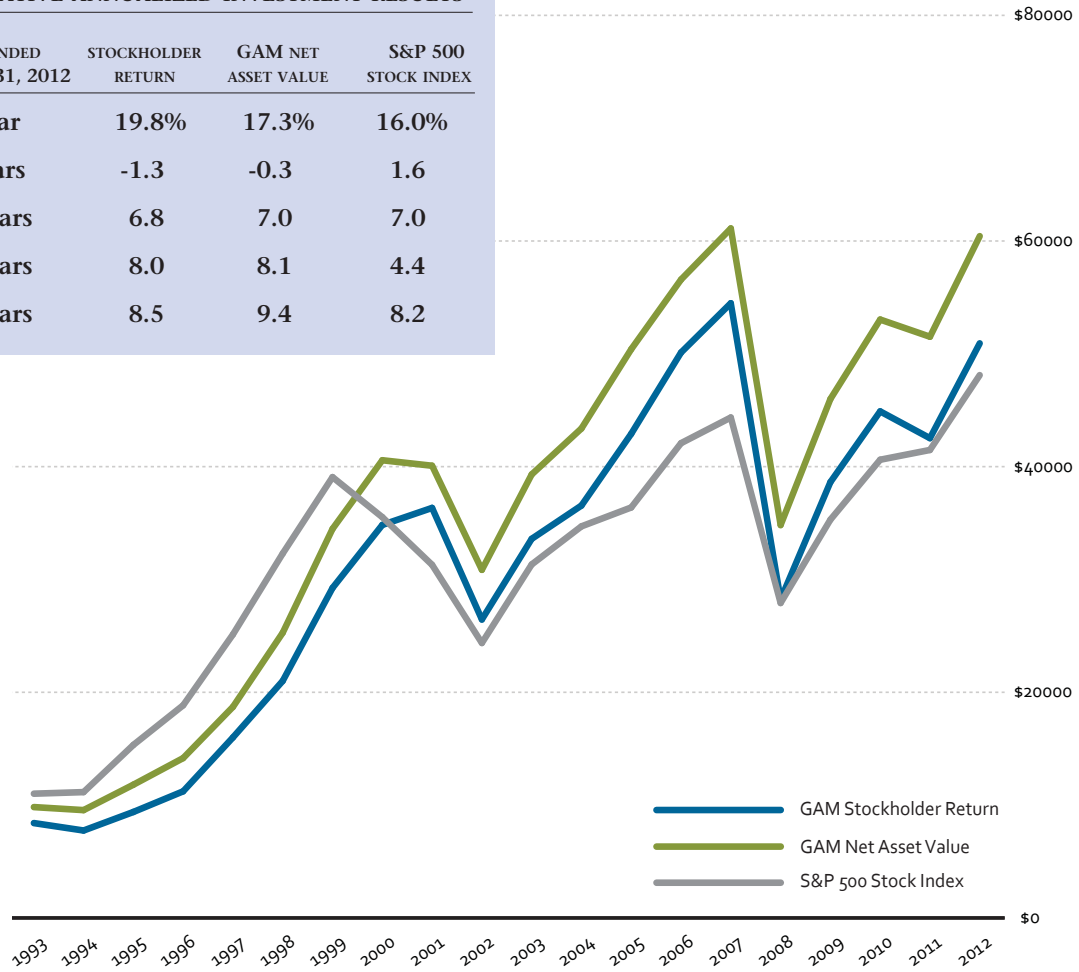
YEAR	EARNINGS SOURCE				RETURN OF CAPITAL	YEAR	EARNINGS SOURCE				RETURN OF CAPITAL
	INCOME	SHORT-TERM CAPITAL GAINS	LONG-TERM CAPITAL GAINS	RETURN OF CAPITAL			INCOME	SHORT-TERM CAPITAL GAINS	LONG-TERM CAPITAL GAINS	RETURN OF CAPITAL	
1993	\$.060	—	\$2.340	—	—	2003	\$.020	—	\$ .590	—	—
1994	.060	—	1.590	—	—	2004	.217	—	.957	—	—
1995	.100	\$.030	2.770	—	—	2005	.547	\$.041	1.398	—	—
1996	.200	.050	2.710	—	—	2006	.334	—	2.666	—	—
1997	.210	—	2.950	—	—	2007	.706	.009	5.250	—	—
1998	.470	—	4.400	—	—	2008	.186	—	.254	—	—
1999	.420	.620	4.050	—	—	2009	.103	.051	.186	\$.010	—
2000	.480	1.550	6.160	—	—	2010	.081	.033	.316	—	—
2001	.370	.640	1.370	—	—	2011	.147	.011	.342	—	—
2002	.030	—	.330	—	—	2012	.215	.015	1.770	—	—

20-YEAR INVESTMENT RESULTS  
 ASSUMING AN INITIAL  
 INVESTMENT OF \$10,000

CUMULATIVE VALUE  
 OF INVESTMENT

COMPARATIVE ANNUALIZED INVESTMENT RESULTS

YEARS ENDED DECEMBER 31, 2012	STOCKHOLDER RETURN	GAM NET ASSET VALUE	S&P 500 STOCK INDEX
1 year	19.8%	17.3%	16.0%
5 years	-1.3	-0.3	1.6
10 years	6.8	7.0	7.0
15 years	8.0	8.1	4.4
20 years	8.5	9.4	8.2





General American Investors

	INCREASES	SHARES TRANSACTED	SHARES HELD
ADDITIONS	Apache Corporation	35,000	331,478
	Apple Inc.	17,000	67,000
	Cytokinetics, Incorporated	202,111	702,111
	Kohl's Corporation	50,000	284,050
	MetLife, Inc.	50,000	400,000
	Nelnet, Inc.	14,500	670,000
	Towers Watson & Co. Class A	23,000	263,998
	Vodafone Group plc ADR	80,000	473,100
	DECREASES		
ELIMINATIONS	Dell Inc.	555,000	—
	Devon Energy Corporation	130,062	—
	Freeport-McMoRan Copper & Gold Inc.	200,000	—
	Intercell AG	198,479	—
	Teradata Corporation	100,000	—
REDUCTIONS	Alpha Natural Resources, Inc.	342,700	425,000
	Arch Capital Group Ltd.	35,000	825,000
	Epoch Holding Corporation	754,105	912,562
	JPMorgan Chase & Co.	20,000	500,000
	PartnerRe Ltd.	15,000	260,000
	Platinum Underwriters Holdings, Ltd.	20,000	400,000
	The Manitowoc Company, Inc.	75,000	825,000

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

## PORTFOLIO DIVERSIFICATION (UNAUDITED)

General American Investors

	DECEMBER 31, 2012		
	COST(000)	VALUE(000)	PERCENT COMMON NET ASSETS*
<i>The diversification of the Company's net assets applicable to its Common Stock by industry group as of December 31, 2012 is shown in the table.</i>			
Financials			
Banks	\$10,560	\$20,012	2.1%
Diversified Financials	47,073	88,179	9.2
Insurance	76,768	160,371	16.8
	<u>134,401</u>	<u>268,562</u>	<u>28.1</u>
Consumer Staples			
Food, Beverage & Tobacco	66,763	114,986	12.0
Food & Staples Retailing	12,042	38,949	4.1
	<u>78,805</u>	<u>153,935</u>	<u>16.1</u>
Consumer Discretionary			
Automobiles & Components	34,972	34,142	3.6
Consumer Services	8,679	10,627	1.1
Retailing	44,128	104,998	11.0
	<u>87,779</u>	<u>149,767</u>	<u>15.7</u>
Information Technology			
Semiconductors & Semiconductor Equipment	4,664	20,080	2.1
Software & Services	20,749	21,234	2.2
Technology Hardware & Equipment	60,617	97,821	10.2
	<u>86,030</u>	<u>139,135</u>	<u>14.5</u>
Industrials			
Capital Goods	45,597	64,537	6.8
Commercial & Professional Services	52,679	64,168	6.7
	<u>98,276</u>	<u>128,705</u>	<u>13.5</u>
Energy	71,808	87,779	9.2
Miscellaneous**	51,117	54,211	5.7
Health Care			
Pharmaceuticals, Biotechnology & Life Sciences	29,510	46,929	4.9
Telecommunication Services	12,457	11,917	1.2
Materials	8,941	8,632	0.9
	<u>659,124</u>	<u>1,049,572</u>	<u>109.8</u>
Short-Term Securities	119,249	119,249	12.5
Total Investments	<u>\$778,373</u>	<u>1,168,821</u>	<u>122.3</u>
Other Assets and Liabilities - Net		(23,286)	(2.4)
Preferred Stock		(190,117)	(19.9)
Net Assets Applicable to Common Stock		<u>\$955,418</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.

(see notes to financial statements)

**TEN LARGEST INVESTMENT HOLDINGS (UNAUDITED)**

General American Investors

*The statement of investments as of December 31, 2012, shown on pages 8 and 9 includes 51 security issues. Listed here are the ten largest holdings on that date.*

	SHARES	VALUE	% COMMON NET ASSETS*
<b>THE TJX COMPANIES, INC.</b> Through its T.J. Maxx and Marshalls divisions, TJX is the leading off-price retailer. The continued growth of these divisions in the U.S. and Europe, along with expansion of related U.S. and foreign off-price formats, provide ongoing growth opportunities.	1,544,668	\$65,571,157	6.9%
<b>QUALCOMM INCORPORATED</b> QUALCOMM is a leading developer of intellectual property and semiconductors for the mobile communications industry. The company stands to benefit greatly from the global adoption of mobile data applications.	700,000	43,301,720	4.5
<b>DIAGEO PLC ADR</b> Diageo produces, distills and markets alcoholic beverages worldwide. The company's portfolio includes Smirnoff, Johnnie Walker, Jose Cuervo, Captain Morgan, Tanqueray and Guinness. Additionally, Diageo markets numerous regional and local brands. The company generates excess cash flow which it uses to acquire different brands, pay dividends and buyback its stock.	350,000	40,803,000	4.3
<b>COSTCO WHOLESALE CORPORATION</b> Costco is the world's largest wholesale club with a record of steady growth in sales and profits as it continues to gain share of the consumer dollar in the U.S. and overseas.	394,500	38,948,985	4.1
<b>ARCH CAPITAL GROUP LTD.</b> Arch Capital, a Bermuda-based insurer/reinsurer, generates premiums of approximately \$3 billion and has a high quality, well-reserved A-rated balance sheet. This company has a strong management team that exercises prudent underwriting discipline, efficient expense control, and steady capital management resulting in above-average earnings and book value growth.	825,000	36,316,500	3.8
<b>APPLE INC.</b> Apple designs, manufactures and markets mobile communications and media devices, personal computers and portable digital music players, and sells device related software, services, peripherals and third-party content and applications. The company's growth prospects look favorable as the shift to mobile computing expands globally and as more products and services are added to the Apple ecosystem.	67,000	35,655,584	3.7
<b>NESTLE S.A.</b> Nestle is a well-managed geographically diversified global food company with a favorably-positioned product portfolio and an excellent AA-rated balance sheet. Solid volume growth, strong pricing power, expense control and steady capital management yield durable above-average long-term total return potential.	450,000	29,290,122	3.1
<b>REPUBLIC SERVICES, INC.</b> Republic Services is a leading provider of non-hazardous, solid waste collection and disposal services in the U.S. The efficient operation of its routes and facilities combined with appropriate pricing enables Republic Services to generate significant free cash flow.	957,100	28,071,743	2.9
<b>UNILEVER N.V.</b> Unilever N.V. is a well-managed, primarily emerging market-based, global consumer goods manufacturer focusing on personal care, home care, food and refreshment products and operates with a solid A+ rated balance sheet. Advantageous geographic positioning coupled with strong volume growth, pricing power and management execution should provide above-average long-term total return.	728,845	27,717,429	2.9
<b>TARGET CORPORATION</b> Target is the nation's second largest discount chain with superior management and meaningful growth opportunities.	460,000	27,218,200	2.8
		<u>\$372,894,440</u>	<u>39.0%</u>

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

	SHARES	COMMON STOCKS	VALUE (NOTE 1a)
CONSUMER DISCRETIONARY (15.7%)	AUTOMOBILES AND COMPONENTS (3.6%)		
	1,264,063	Ford Motor Company	\$16,369,616
	330,211	Visteon Corporation (a)	17,771,956
			(COST \$34,971,752)
			34,141,572
	CONSUMER SERVICES (1.1%)		
	750,000	International Game Technology	10,627,500
			(COST \$8,678,620)
	RETAILING (11.0%)		
	284,050	Kohl's Corporation	12,208,469
460,000	Target Corporation	27,218,200	
1,544,668	The TJX Companies, Inc.	65,571,157	
		(COST \$44,127,891)	
		(COST \$87,778,263)	
		104,997,826	
		149,766,898	
CONSUMER STAPLES (16.1%)	FOOD, BEVERAGE AND TOBACCO (12.0%)		
	350,000	Diageo plc ADR	40,803,000
	450,000	Nestle S.A.	29,290,122
	250,991	PepsiCo, Inc.	17,175,314
	728,845	Unilever N.V.	27,717,429
			(COST \$66,763,393)
			114,985,865
	FOOD AND STAPLES RETAILING (4.1%)		
	394,500	Costco Wholesale Corporation	38,948,985
			(COST \$12,041,935)
		(COST \$78,805,328)	
		153,934,850	
ENERGY (9.2%)	425,000	Alpha Natural Resources, Inc. (a)	4,139,500
	331,478	Apache Corporation	26,021,023
	300,000	Canadian Natural Resources Limited	8,661,000
	750,000	Halliburton Company	26,017,500
	2,050,000	Weatherford International Ltd. (a)	22,939,500
			(COST \$71,807,643)
		87,778,523	
FINANCIALS (27.8%)	BANKS (2.1%)		
	425,000	Bond Street Holdings LLC, Class A (a) (b)	7,862,500
	75,000	Bond Street Holdings LLC, Class B (a) (c)	1,318,125
	110,000	M&T Bank Corporation	10,831,700
			(COST \$10,560,176)
			20,012,325
	DIVERSIFIED FINANCIALS (8.9%)		
	315,000	American Express Company	18,106,200
	912,562	Epoch Holding Corporation	25,460,480
	500,000	JPMorgan Chase & Co.	21,984,500
	670,000	Nelnet, Inc.	19,959,300
			(COST \$44,207,265)
			85,510,480
	INSURANCE (16.8%)		
	330,492	Aon Corporation	18,378,660
	825,000	Arch Capital Group Ltd. (a)	36,316,500
	110	Berkshire Hathaway Inc. Class A (a)	14,746,600
240,000	Everest Re Group, Ltd.	26,388,000	
53,500	Forethought Financial Group Inc. Class A (a) (d)	12,037,500	
400,000	MetLife, Inc.	13,176,000	
260,000	PartnerRe Ltd.	20,927,400	
400,000	Platinum Underwriters Holdings, Ltd.	18,400,000	
		(COST \$76,767,943)	
		(COST \$131,535,384)	
		160,370,660	
		265,893,465	
HEALTH CARE (4.9%)	PHARMACEUTICALS, BIOTECHNOLOGY AND LIFE SCIENCES (4.9%)		
	150,000	Celgene Corporation (a)	11,770,500
	702,111	Cytokinetics, Incorporated (a)	463,393
	214,300	Gilead Sciences, Inc. (a)	15,740,335
	755,808	Pfizer Inc.	18,954,909
		(COST \$29,510,182)	
		46,929,137	

	SHARES	COMMON STOCKS (Continued)	VALUE (NOTE 1a)
<b>INDUSTRIALS</b>	<b>CAPITAL GOODS (6.8%)</b>		
(13.5%)	1,200,000	ABB Ltd. ADR	\$24,948,000
	825,000	The Manitowoc Company, Inc.	12,936,000
	325,000	United Technologies Corporation	26,653,250
		(COST \$45,597,425)	64,537,250
	<b>COMMERCIAL AND PROFESSIONAL SERVICES (6.7%)</b>		
	957,100	Republic Services, Inc.	28,071,743
	263,998	Towers Watson & Co. Class A	14,839,328
	630,000	Waste Management, Inc.	21,256,200
		(COST \$52,678,764)	64,167,271
		(COST \$98,276,189)	128,704,521
<b>INFORMATION TECHNOLOGY</b>	<b>SEMICONDUCTORS AND SEMICONDUCTOR EQUIPMENT (2.1%)</b>		
(14.5%)	311,850	ASML Holding N.V.	(COST \$4,663,838)
			20,080,021
	<b>SOFTWARE AND SERVICES (2.2%)</b>		
	795,000	Microsoft Corporation	(COST \$20,749,343)
			21,234,211
	<b>TECHNOLOGY HARDWARE AND EQUIPMENT (10.2%)</b>		
	67,000	Apple Inc.	35,655,584
	960,000	Cisco Systems, Inc.	18,863,424
	700,000	QUALCOMM Incorporated	43,301,720
		(COST \$60,616,756)	97,820,728
		(COST \$86,029,937)	139,134,960
<b>MATERIALS</b>	200,000	Nucor Corporation	(COST \$8,941,303)
(0.9%)			8,632,000
<b>MISCELLANEOUS</b>		Other (e)	(COST \$51,117,146)
(5.7%)			54,211,389
<b>TELECOMMUNICATION SERVICES</b>	473,100	Vodafone Group plc ADR	(COST \$12,456,566)
(1.2%)			11,917,389
		<b>TOTAL COMMON STOCKS (109.5%)</b>	(COST \$656,257,940)
			1,046,903,132
	<b>WARRANTS</b>	<b>WARRANT</b>	
<b>FINANCIALS (0.3%)</b>	225,000	JPMorgan Chase & Co. Expires 10/28/2018 (a)	(COST \$2,865,853)
			2,668,500
	<b>SHARES</b>	<b>SHORT-TERM SECURITIES AND OTHER ASSETS</b>	
	119,248,846	SSgA U.S. Treasury Money Market Fund (a) (12.5%)	(COST \$119,248,846)
			119,248,846
<b>TOTAL INVESTMENTS (f) (122.3%)</b>			(COST \$778,372,639)
Liabilities in excess of receivables and other assets (-2.4%)			1,168,820,478
			(23,285,642)
			1,145,534,836
<b>PREFERRED STOCK (-19.9%)</b>			(190,117,175)
<b>NET ASSETS APPLICABLE TO COMMON STOCK (100%)</b>			\$955,417,661

**STATEMENT OF CALL OPTIONS WRITTEN**

CALL OPTION	CONTRACTS (100 SHARES EACH)	COMMON STOCK/EXPIRATION DATE/EXERCISE PRICE	VALUE (NOTE 1a)
<b>SEMICONDUCTORS AND EQUIPMENT</b>	300	ASML Holding N.V./April 20, 2013/\$4.40	
		(PREMIUM RECEIVED \$104,999)	\$132,000

ADR - American Depositary Receipt

(a) Non-income producing security.

(b) Level 3 fair value measurement, restricted security acquired 11/04/09, aggregate cost \$8,500,000, unit cost is \$20.00 per share and fair value is \$18.50 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.

Amount represents .82% of net assets.

(c) Level 3 fair value measurement, restricted security acquired 05/21/12, aggregate cost \$1,500,000, unit cost is \$20.00 per share and fair value is \$17.58 per share, note 2. Fair value is based upon a judgmentally discounted bid price 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.

Amount represents .14% of net assets.

(d) Level 3 fair value measurement, restricted security acquired 11/03/09, 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. Significant increases (decreases) in the relative valuation metrics of the peer group companies may result in higher (lower) estimates of fair value. Amount represents 1.26% of net assets.

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

(f) At December 31, 2012, the cost of investments for Federal income tax purposes was: aggregate gross unrealized appreciation of \$412,723,576, aggregate gross unrealized depreciation of \$22,329,865, and net unrealized appreciation of \$390,393,711. The difference between book-basis and tax-basis net unrealized appreciation (depreciation) was attributable to the tax deferral of losses on wash sales.

(see notes to financial statements)

ASSETS	DECEMBER 31, 2012
<hr/>	
INVESTMENTS, AT VALUE (NOTE 1a)	
Common stocks (cost \$656,257,940)	\$1,046,903,132
Warrant (cost \$2,865,853)	2,668,500
Money market fund (cost \$119,248,846)	119,248,846
Total investments (cost \$778,372,639)	<u>1,168,820,478</u>
RECEIVABLES AND OTHER ASSETS	
Receivable for securities sold	694,235
Dividends, interest and other receivables	899,703
Qualified pension plan asset, net excess funded (note 7)	995,001
Prepaid expenses, fixed assets and other assets	<u>1,877,099</u>
TOTAL ASSETS	<u>1,173,286,516</u>
<hr/>	
LIABILITIES	
Payables for securities purchased	1,711,573
Dividend accrued on common stock	17,080,713
Accrued preferred stock dividend not yet declared	219,955
Outstanding option written, at value (premium received \$104,999)	132,000
Accrued supplemental pension plan liability (note 7)	5,016,410
Accrued supplemental thrift plan liability (note 7)	2,504,276
Accrued expenses and other liabilities	<u>1,086,753</u>
TOTAL LIABILITIES	<u>27,751,680</u>
5.95% CUMULATIVE PREFERRED STOCK, SERIES B -	
7,604,687 at a liquidation value of \$25 per share (note 5)	<u>190,117,175</u>
NET ASSETS APPLICABLE TO COMMON STOCK - 29,233,972 (note 5)	<u>\$955,417,661</u>
NET ASSET VALUE PER COMMON SHARE	<u>\$32.68</u>
<hr/>	
NET ASSETS APPLICABLE TO COMMON STOCK	
Common Stock, 29,233,972 shares at par value (note 5)	\$29,233,972
Additional paid-in capital (note 5)	542,441,142
Undistributed realized gain on securities sold	367,302
Undistributed net investment income (note 5)	947,161
Accumulated other comprehensive loss (note 7)	(7,772,799)
Unallocated distributions on Preferred Stock	(219,955)
Unrealized appreciation on investments and option written	<u>390,420,838</u>
NET ASSETS APPLICABLE TO COMMON STOCK	<u>\$955,417,661</u>

(see notes to financial statements)

	YEAR ENDED
	DECEMBER 31, 2012
<b>INCOME</b>	
Dividends (net of foreign withholding taxes of \$525,669)	\$22,732,018
Interest	2,790
TOTAL INCOME	<u>22,734,808</u>
<b>EXPENSES</b>	
Investment research	9,187,143
Administration and operations	3,913,109
Office space and general	1,678,113
Directors' fees and expenses	263,895
Auditing and legal fees	227,842
Miscellaneous taxes	191,086
Transfer agent, custodian and registrar fees and expenses	170,927
Stockholders' meeting and reports	129,669
TOTAL EXPENSES	<u>15,761,784</u>
NET INVESTMENT INCOME	<u>6,973,024</u>
<b>Realized Gain And Change In Unrealized Appreciation On Investments (Notes 1, 3 and 4)</b>	
Net realized gain on investments:	
Securities transactions (long-term, except for \$741,626)	60,684,089
Written option transactions (notes 1b and 4)	<u>(225,805)</u>
	<u>60,458,284</u>
Net increase in unrealized appreciation	<u>84,267,705</u>
NET INVESTMENT INCOME ON INVESTMENTS	151,699,013
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS	<u>(11,311,972)</u>
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$140,387,041</u>

(see notes to financial statements)

## STATEMENT OF CHANGES IN NET ASSETS

General American Investors

OPERATIONS	YEAR ENDED DECEMBER 31,	
	2012	2011
Net investment income	\$6,973,024	\$5,295,369
Net realized gain on investments	60,458,284	19,507,647
Net increase (decrease) in unrealized appreciation	<u>84,267,705</u>	<u>(42,899,858)</u>
	<u>151,699,013</u>	<u>(18,096,842)</u>
Distributions to Preferred Stockholders:		
From net investment income	(1,205,766)	(3,326,632)
From short-term capital gains	(85,020)	(249,312)
From long-term capital gains	<u>(10,021,186)</u>	<u>(7,736,028)</u>
Decrease in net assets from Preferred distributions	<u>(11,311,972)</u>	<u>(11,311,972)</u>
INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>140,387,041</u>	<u>(29,408,814)</u>
OTHER COMPREHENSIVE LOSS		
Funded status of defined benefit plans (note 7)	<u>(87,605)</u>	<u>(2,864,213)</u>
DISTRIBUTIONS TO COMMON STOCKHOLDERS		
From net investment income	(6,109,048)	(4,388,308)
From short-term capital gains	(430,801)	(328,878)
From long-term capital gains	<u>(50,405,654)</u>	<u>(10,204,952)</u>
DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS	<u>(56,945,503)</u>	<u>(14,922,138)</u>
CAPITAL SHARE TRANSACTIONS (NOTE 5)		
Value of Common Shares issued in payment of dividends and distributions	21,554,674	7,094,056
Cost of Common Shares purchased	<u>(36,028,316)</u>	<u>(24,302,457)</u>
DECREASE IN NET ASSETS - CAPITAL TRANSACTIONS	<u>(14,473,642)</u>	<u>(17,208,401)</u>
NET INCREASE (DECREASE) IN NET ASSETS	68,880,291	(64,403,566)
NET ASSETS APPLICABLE TO COMMON STOCK		
BEGINNING OF YEAR	<u>886,537,370</u>	<u>950,940,936</u>
END OF YEAR (including undistributed net investment income of \$947,161 and \$1,286,147, respectively)	<u>\$955,417,661</u>	<u>\$886,537,370</u>

(see notes to financial statements)

The table shows per share operating performance data, total investment return, ratios and supplemental data for each year in the five-year period ended December 31, 2012.

This information has been derived from information contained in the financial statements and market price data for the Company's shares.

	2012	2011	2010	2009	2008
PER SHARE OPERATING PERFORMANCE					
Net asset value, beginning of year	\$29.78	\$31.26	\$27.50	\$21.09	\$38.10
Net investment income	.24	.18	.19	.11	.42
Net gain (loss) on securities - realized and unrealized	5.05	(.68)	4.37	6.94	(16.15)
Other comprehensive income (loss)	—	(.10)	—	.07	(.25)
	5.29	(.60)	4.56	7.12	(15.98)
Distributions on Preferred Stock:					
Dividends from net investment income	(.04)	(.11)	(.07)	(.11)	(.11)
Distributions from net short-term capital gains	(.01)	(.01)	(.03)	(.05)	—
Distributions from net long-term capital gains	(.34)	(.26)	(.27)	(.19)	(.27)
Distributions from return of capital	—	—	—	(.01)	—
	(.39)	(.38)	(.37)	(.36)	(.38)
Total from investment operations	(4.90)	(.98)	4.19	6.76	(16.36)
Distributions on Common Stock:					
Dividends from net investment income	(.21)	(.15)	(.08)	(.10)	(.19)
Distributions from net short-term capital gains	(.02)	(.01)	(.03)	(.05)	—
Distributions from net long-term capital gains	(1.77)	(.34)	(.32)	(.19)	(.46)
Distributions from return of capital	—	—	—	(.01)	—
	(2.00)	(.50)	(.43)	(.35)	(.65)
Net asset value, end of year	\$32.68	\$29.78	\$31.26	\$27.50	\$21.09
Per share market value, end of year	\$27.82	\$24.91	\$26.82	\$23.46	\$17.40
TOTAL INVESTMENT RETURN - Stockholder					
Return, based on market price per share	19.77%	(5.29%)	16.24%	36.86%	(48.20%)
RATIOS AND SUPPLEMENTAL DATA					
Net assets applicable to Common Stock, end of year (000's omitted)	\$955,418	\$886,537	\$950,941	\$864,323	\$674,598
Ratio of expenses to average net assets applicable to Common Stock	1.67%	1.39%	1.54%	1.93%	0.87%
Ratio of net income to average net assets applicable to Common Stock	0.74%	0.56%	0.66%	0.46%	1.31%
Portfolio turnover rate	9.56%	11.17%	18.09%	24.95%	25.52%
PREFERRED STOCK					
Liquidation value, end of year (000's omitted)	\$190,117	\$190,117	\$190,117	\$190,117	\$199,617
Asset coverage	603%	566%	600%	555%	438%
Liquidation preference per share	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Market value per share	\$25.54	\$25.47	\$24.95	\$24.53	\$21.90
(see notes to financial statements)					



**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 ("U.S. GAAP") 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. The determination of fair value involves subjective judgments. As a result, using fair value to price a security may result in a price materially different from the price used by other investors or the price that may be realized upon the actual sale of the security.

b. **OPTIONS** The Company may purchase and write (sell) put and call options. The Company typically purchases put options or writes call options to hedge the value of portfolio investments while it typically purchases call options and writes put options to obtain equity 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 for the closing purchase transaction, as a realized loss on written option transactions in the Statement of Operations. 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 on investments in the Statement of Operations. If a put option is exercised, the premium reduces the cost basis 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 underlying the written option. See Note 4 for written option activity.

c. **SECURITIES TRANSACTIONS AND INVESTMENT INCOME** 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.

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 at 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 trade and settlement dates on securities 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 and 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 net realized 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. 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 regulated 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 all open 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.

**1. SIGNIFICANT ACCOUNTING POLICIES - (Continued from previous page.)**

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 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.

**2. FAIR VALUE MEASUREMENTS**

Various data inputs are used in determining the value of the Company's investments. These inputs 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 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 December 31, 2012:

Assets	Level 1	Level 2	Level 3	Total
Common stocks	\$1,025,685,007	—	\$21,218,125	\$1,046,903,132
Warrant	2,668,500	—	—	2,668,500
Money market fund	119,248,846	—	—	119,248,846
Total	<u>\$1,147,602,353</u>	<u>—</u>	<u>\$21,218,125</u>	<u>\$1,168,820,478</u>
<b>Liabilities</b>				
Options Written	<u>(\$132,000)</u>			<u>(\$132,000)</u>

The aggregate value of Level 3 portfolio investments changed during the year ended December 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	<u>1,357,625</u>
Fair value at December 31, 2012	<u>\$21,218,125</u>
The increase in net unrealized appreciation included in the results of operations attributable to Level 3 assets held at December 31, 2012 and reported within the caption <i>Net change in unrealized appreciation</i> in the Statement of Operations:	<u>\$1,357,625</u>

Transfers, if any, are reported as of the end of the reporting period. There were no transfers between Levels during the year ended December 31, 2012.

**3. PURCHASES AND SALES OF SECURITIES**

Purchases and sales of securities (other than short-term securities and options) during 2012 amounted to \$99,438,407 and \$226,293,234, on long transactions, respectively.

**4. WRITTEN OPTIONS**

The level of activity in written options varies from year to year based upon market conditions. Transactions in written call options and collateralized put options during the year ended December 31, 2012 were as follows:

	COVERED CALLS		COLLATERALIZED PUTS	
	CONTRACTS	PREMIUMS	CONTRACTS	PREMIUMS
Options outstanding, December 31, 2011	0	\$0	0	\$0
Options written	600	416,106	1,510	906,543
Options exercised	(100)	(101,421)	(670)	(586,475)
Options terminated in closing purchase transaction	(200)	(209,686)	(840)	(320,068)
Options outstanding, December 31, 2012	<u>300</u>	<u>\$104,999</u>	<u>0</u>	<u>\$0</u>

**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, 29,233,972 shares were issued and outstanding; 8,000,000 Preferred Shares were originally issued and 7,604,687 were outstanding on December 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 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.

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

Under the Investment Company Act of 1940, the Company is required to maintain an asset coverage of at least 200% of the Preferred Stock. In addition, pursuant to Moody's Investor Service, Inc. Rating Agency Guidelines, the Company is required to maintain a certain 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 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. 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, generally, 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 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 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 2012 and 2011 were as follows:

	SHARES		AMOUNT	
	2012	2011	2012	2011
Shares issued in payment of dividends and distributions (includes 766,116 and 278,416 shares issued from treasury, respectively)	766,116	278,416	\$766,116	\$278,416
Increase in paid-in capital			20,788,558	6,815,640
Total increase			<u>21,554,674</u>	<u>7,094,056</u>
Shares purchased (at an average discount from net asset value of 14.5% and 14.6%, respectively)	(1,298,533)	(935,321)	(1,298,533)	(935,321)
Decrease in paid-in capital			<u>(34,729,783)</u>	<u>(23,367,136)</u>
Total decrease			<u>(36,028,316)</u>	<u>(24,302,457)</u>
Net decrease	<u>(532,417)</u>	<u>(656,905)</u>	<u>(\$14,473,642)</u>	<u>(\$17,208,401)</u>

At December 31, 2012, the Company held in its treasury 2,746,900 shares of Common Stock with an aggregate cost of \$72,428,089.

The tax basis distribution during the year ended December 31, 2012 is as follows: ordinary distributions of \$7,830,635 and long-term capital gains distributions of \$60,426,840. As of December 31, 2012, distributable earnings on a tax basis included \$295,371 from undistributed net long-term capital gains, \$378,924 from undistributed ordinary income and \$390,366,710 from net unrealized appreciation on investments if realized in future years. Reclassifications arising from permanent "book/tax" differences reflect non-tax deductible expenses and redesignation of dividends incurred during the year ended December 31, 2012. As a result, undistributed net investment income was increased by \$2,804, additional paid-in capital was decreased by \$1,318 and accumulated net realized gain on investment transactions was decreased by \$1,486. Net assets were not affected by this reclassification.

**6. OFFICERS' COMPENSATION**

The aggregate compensation accrued and paid by the Company during the year ended December 31, 2012 to its officers (identified on page 20) amounted to \$8,201,333.

**7. BENEFIT PLANS**

The Company has funded (Qualified) and unfunded (Supplemental) defined contribution thrift plans that are available to its employees. The aggregate cost of such plans for 2012 was \$986,040. The qualified thrift plan acquired 51,055 shares, sold 6,900 shares and distributed 139,163 shares of the Company's Common Stock during the year ended December 31, 2012, and held 484,836 shares of the Company's Common Stock at December 31, 2012. The Company also has both funded (Qualified) and unfunded (Supplemental) noncontributory defined benefit pension plans that cover its employees. The pension plan provides a defined benefit based on years of service and final average salary with an offset for a portion of Social Security covered compensation.

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

## 7. BENEFIT PLANS - (Continued from previous page.)

## OBLIGATIONS AND FUNDED STATUS OF DEFINED BENEFIT PLANS:

	DECEMBER 31, 2012 (MEASUREMENT DATE)		
	QUALIFIED PLAN	SUPPLEMENTAL PLAN	TOTAL
CHANGE IN BENEFIT OBLIGATION:			
Benefit obligation at beginning of year	\$13,126,845	\$4,175,735	\$17,302,580
Service cost	387,163	130,543	517,706
Interest cost	573,441	179,471	752,912
Benefits paid	(627,915)	(192,537)	(820,452)
Actuarial losses	948,513	723,198	1,671,711
Projected benefit obligation at end of year	14,408,047	5,016,410	19,424,457
CHANGE IN PLAN ASSETS:			
Fair value of plan assets at beginning of year	14,161,765	—	14,161,765
Actual return on plan assets	1,869,198	—	1,869,198
Employer contributions	—	192,537	192,537
Benefits paid	(627,915)	(192,537)	(820,452)
Fair value of plan assets at end of year	15,403,048	—	15,403,048
FUNDED STATUS AT END OF YEAR	\$995,001	(\$5,016,410)	(\$4,021,409)
Accumulated benefit obligation at end of year	\$13,215,019	\$4,534,664	\$17,749,683
CHANGE IN FUNDED STATUS:			
Noncurrent benefit asset	\$1,034,920	(\$39,919)	\$995,001
LIABILITIES			
Current benefit liability	(249,660)	(24,938)	(274,598)
Noncurrent benefit liability	(3,926,075)	(815,737)	(4,741,812)
ACCUMULATED OTHER COMPREHENSIVE LOSS	7,685,194	87,605	7,772,799
AMOUNTS RECOGNIZED IN ACCUMULATED OTHER COMPREHENSIVE INCOME CONSIST OF:			
Net actuarial gain	\$7,484,834	\$134,199	\$7,619,033
Prior service cost	200,360	(46,594)	153,766
	\$7,685,194	\$87,605	\$7,772,799
WEIGHTED-AVERAGE ASSUMPTIONS AS OF DECEMBER 31, 2012 AND FOR DETERMINING NET PERIODIC BENEFIT COST FOR THE YEAR ENDED DECEMBER 31, 2012:			
Discount rate	4.35%	4.35%	
Expected return on plan assets	7.50%	N/A	
Salary scale assumption	4.25%	4.25%	
COMPONENTS OF NET PERIODIC BENEFIT COST:			
Service cost	\$387,163	\$130,543	\$517,706
Interest cost	573,441	179,471	752,912
Expected return on plan assets	(1,023,384)	—	(1,023,384)
Amortization of:			
Prior service cost	45,837	757	46,594
Recognized net actuarial loss	691,698	—	691,698
Net periodic benefit cost	\$674,755	\$310,771	\$985,526

## PLAN ASSETS

The Company's qualified pension plan asset allocation by asset class at December 31, 2012, is as follows:

ASSET CATEGORY	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Equity securities	\$12,088,395	\$2,490,516	—	\$14,578,911
Debt securities	276,585	—	—	276,585
Money market fund	710,950	—	—	710,950
Total	\$13,075,930	\$2,490,516	—	\$15,566,446

## EXPECTED CASH FLOWS

	QUALIFIED PLAN	SUPPLEMENTAL PLAN	TOTAL
Expected Company contributions for 2013	—	\$274,598	\$274,598
Expected benefit payments:			
2013	\$685,896	\$274,598	\$960,494
2014	723,666	267,921	991,587
2015	768,066	267,521	1,035,587
2016	787,203	266,307	1,053,510
2017	793,567	257,470	1,051,037
2018-2022	4,108,050	1,185,490	5,293,540

**8. OPERATING LEASE COMMITMENT**

In September 2007, the Company entered into an operating lease agreement for office space which expires in February 2018 and provides 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 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. Rental expense approximated \$1,104,200 for the year ended December 31, 2012. Minimum rental commitments under the operating lease are approximately \$1,183,000 per annum in 2013 through 2017, and \$99,000 in 2018.

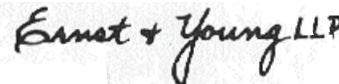
TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF  
GENERAL AMERICAN INVESTORS COMPANY, INC.

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of General American Investors Company, Inc. as of December 31, 2012, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2012, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of General American Investors Company, Inc. at December 31, 2012, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.



New York, New York  
February 6, 2013

**OFFICERS***General American Investors*

NAME (AGE) EMPLOYEE SINCE	PRINCIPAL OCCUPATION DURING PAST 5 YEARS	NAME (AGE) EMPLOYEE SINCE	PRINCIPAL OCCUPATION DURING PAST 5 YEARS
<b>Jeffrey W. Priest</b> (50) 2010	<i>President of the Company since 2012 and Chief Executive Officer effective 2013, Managing Member and President, Amajac Capital Management, LLC (1999-2010)</i>	<b>Sally A. Lynch, Ph.D.</b> (53) 1997	<i>Vice-President of the Company since 2006, securities analyst (biotechnology industry)</i>
<b>Andrew V. Vindigni</b> (53) 1988	<i>Senior Vice-President of the Company since 2006, Vice-President 1995-2006 securities analyst (financial services and consumer non-durables industries)</i>	<b>Michael Robinson</b> (40) 2006	<i>Vice-President of the Company since 2010, securities analyst (general industries)</i>
<b>Eugene S. Stark</b> (54) 2005	<i>Vice-President, Administration of the Company and Principal Financial Officer since 2005, Chief Compliance Officer since 2006</i>	<b>Diane G. Radosti</b> (60) 1980	<i>Treasurer of the Company since 1990, Principal Accounting Officer since 2003</i>
<b>Craig A. Grassi</b> (44) 1991	<i>Vice-President effective 2013, Assistant Vice-President of the Company since 2005 securities analyst and information technology</i>	<b>Maureen E. LoBello</b> (62) 1992	<i>Corporate Secretary effective 2013, Assistant Corporate Secretary since 2005 benefits administration</i>

All officers serve for a term of one year and are elected by the Board of Directors at the time of its annual organization meeting on the second Wednesday in April. The address for each officer is the Company's office. All information as of February 6, 2013.

**SERVICE ORGANIZATIONS**

COUNSEL Sullivan & Cromwell LLP	TRANSFER AGENT AND REGISTRAR American Stock Transfer & Trust Company, LLC 6201 15th Avenue Brooklyn, NY 11219 1-800-413-5499 www.amstock.com
INDEPENDENT AUDITORS Ernst & Young LLP	
CUSTODIAN State Street Bank and Trust Company	

Previous purchases of the Company's Common and Preferred Stock are set forth in Note 5, on pages 15 and 16. Prospective purchases of Common and Preferred 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, 2012 are available: (1) without charge, upon request, by calling us at our toll-free telephone number (1-800-436-8401), (2) on the Company's website at [www.generalamericaninvestors.com](http://www.generalamericaninvestors.com) and (3) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

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

On May 2, 2012, 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

General American Investors

NAME (AGE) DIRECTOR SINCE	PRINCIPAL OCCUPATION DURING PAST 5 YEARS	CURRENT DIRECTORSHIPS AND AFFILIATIONS
INDEPENDENT DIRECTORS		
<b>Arthur G. Altschul, Jr.</b> (48) 1995	<i>Co-Founder and Chairman</i> Kolltan Pharmaceuticals, Inc.  <i>Managing Member</i> Diaz & Altschul Capital Management, LLC (private investment company)	Child Mind Institute, <i>Director</i> Delta Opportunity Fund, Ltd., <i>Director</i> Neurosciences Research Foundation, <i>Trustee</i> The Overbrook Foundation, <i>Director</i>
<b>Rodney B. Berens</b> (67) 2007	<i>Founding Partner</i> Berens Capital Management, LLC	Agni Capital Management Ltd., <i>Member of Investment Committee</i> Alfred P. Sloan Foundation, <i>Member of Investment Committee</i> Peterson Institute for International Economics, <i>Member of Investment Committee</i> Pierpont Morgan Library, <i>Trustee and Head of Investment Committee</i> The Woods Hole Oceanographic Institute, <i>Trustee and Member of Investment Committee</i>
<b>Lewis B. Cullman</b> (94) 1961	<i>Philanthropist</i>	Chess-in-the-Schools, <i>Chairman Emeritus</i> Metropolitan Museum of Art, <i>Honorary Trustee</i> Museum of Modern Art, <i>Vice Chairman, International Council and Honorary Trustee</i> Neurosciences Research Foundation, <i>Vice Chairman, Board of Trustees</i> The New York Botanical Garden, <i>Senior Vice Chairman, Board of Managers</i> The New York Public Library, <i>Trustee</i>
<b>Gerald M. Edelman</b> (83) 1976	<i>Member and Professor (formerly, Chairman)</i> <i>of the Department of Neurobiology</i> The Scripps Research Institute	Neurosciences Institute of the Neurosciences Research Foundation <i>Director and President</i> NGN Capital, <i>Chairman, Advisory Board</i> Promosome, LLC, <i>Chairman, Scientific Advisory Board</i>
<b>John D. Gordan, III</b> (67) 1986	<i>Retired, Senior Counsel (2010-June 2011)</i> <i>Partner (1994-2010)</i> Morgan, Lewis & Bockius LLP (law firm)	
<b>Betsy F. Gotbaum</b> (74) 2010	<i>New York City's Public Advocate</i> (2002-December 2009)	Community Service Society, <i>Trustee</i> Coro Leadership, <i>Trustee</i> Fisher Center for Alzheimer's Research Foundation, <i>Trustee</i> Learning Leaders, <i>Trustee</i> Visiting Nurse Association of New York, <i>Trustee</i>
<b>Sidney R. Knafel</b> (82) 1994	<i>Lead Independent Director</i> <i>Managing Partner</i> SRK Management Company (private investment company)	IGENE Biotechnology, Inc., <i>Director</i>
<b>Daniel M. Neidich</b> (63) 2007	<i>Chief Executive Officer</i> Dune Real Estate Partners LP (since December 2009)  <i>Founding Partner and Co-Chief Executive Officer</i> Dune Capital Management LP (2005-December 2009)	Child Mind Institute, <i>Director</i> Prep for Prep, <i>Director</i> Real Estate Roundtable, <i>Chairman, Board of Directors</i> Urban Land Institute, <i>Trustee</i>
<b>D. Ellen Shuman</b> (57) 2004	<i>Vice President and Chief Investment Officer</i> Carnegie Corporation of New York (1999-July 2011)	American Academy of Arts and Letters, <i>Investment Advisor</i> Bowdoin College, <i>Trustee</i> Brandywine Group Advisors Inc., <i>Consultant and Member of Investment Committee</i> Community Foundation of Greater New Haven, <i>Investment Advisor</i> Corsair Capital, <i>Advisory Board Member</i> Edna McConnell Clark Foundation, <i>Trustee</i>
<b>Raymond S. Trough</b> (86) 1989	<i>Financial Consultant</i>	Diamond Offshore Drilling, Inc., <i>Director</i> Gentiva Health Services, Inc., <i>Director</i> The Wendy's Company, <i>Director</i>
INTERESTED DIRECTORS		
<b>Spencer Davidson</b> (70) 1995	<i>Chairman of the Board</i> General American Investors Company, Inc. President and Chief Executive Officer (1995-2012)	Neurosciences Research Foundation, <i>Trustee</i>
<b>Jeffrey W. Priest</b> (50) 2013	<i>President of the Company</i> since 2012 and Chief Executive Officer effective 2013	

All Directors serve for a term of one year and are elected by Stockholders at the time of the annual meeting on the second Wednesday in April. The address for each Director is the Company's office. All information as of February 6, 2013.