

GENERAL AMERICAN INVESTORS COMPANY, INC.

450 LEXINGTON AVENUE · NEW YORK · N.Y. 10017 · (212)916-8400

January 29, 2002

**FEDERAL INCOME TAX INFORMATION
Regarding Dividends Paid in 2001***To the Common and Preferred Stockholders:*

Dividends paid during 2001 by General American Investors Company, Inc. on shares of its Common and Preferred Stock should be reported for Federal income tax purposes as follows:

<u>Record Date</u>	<u>Payment Date</u>	<u>Total</u>	<u>Amount Per Share</u>	
			<u>Ordinary Dividends (Dividend Income)</u>	<u>Portion Taxable as Capital Gain Distributions (20% Rate Gain)</u>
<u>Common Stock:</u>				
January 29, 2001	March 14, 2001	\$2.08	\$.06	\$2.02 (a)
November 15, 2001	December 20, 2001	\$2.08	\$.82	\$1.26 (a) (b)
<u>Preferred Stock:</u>				
March 6, 2001	March 23, 2001	\$.45	\$.0963	\$.3537 (a) (b)
June 6, 2001	June 25, 2001	\$.45	\$.0963	\$.3537 (a) (b)
September 6, 2001	September 24, 2001	\$.45	\$.0963	\$.3537 (a) (b)
December 6, 2001	December 24, 2001	\$.45	\$.0963	\$.3537 (a) (b)

(a) Designated as a "Capital Gain Dividend."

(b) For individual taxpayers in the 10% bracket for long-term capital gain, 46.5% of this Capital Gain Distribution is subject to an 8% long-term capital gain rate, resulting from gains on securities held more than 5 years.

Under the Internal Revenue Code, the Ordinary Dividend paid to Common Stockholders on March 14, 2001 (\$.06 per share) does not qualify for the dividend received deduction allowed *corporations*. All other Ordinary Dividends paid during 2001 qualify to the extent of 17.2% for the dividend received deduction allowed *corporations*.

Dividends paid on shares of Common Stock are taxable as indicated above whether the stockholder chose to receive them in additional shares of stock or in cash. For stockholders who received additional shares in payment of the March dividends, the cost basis is \$37.025 per share and the holding period for such stock began on March 14, 2001. For stockholders who received additional shares in payment of the December dividends, the cost basis is \$33.295 per share and the holding period for such stock began on December 20, 2001.

We are not permitted to provide tax advice. For further assistance, we suggest that you contact your tax adviser.

(During 2001, the Company made no investment in direct obligations of the U.S. Government.)

WE SUGGEST THAT YOU KEEP THIS NOTICE FOR USE IN PREPARING YOUR FEDERAL TAX RETURN FOR 2001.

EUGENE L. DESTAEBLER, JR.
Vice-President, Administration