

## TO THE STOCKHOLDERS

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While fortunate to be physically separated from the tragic events of September 11th and, consequently, sound of body, we at General American Investors are all deeply affected. Our hearts are heavy as we remember fallen friends and acquaintances, continue to exercise our fiduciary responsibility to our stockholders and look to the future with hope and confidence.

For the nine months ended September 30, 2001, our stockholders experienced a decrease of 7.4% on their investment in our Common Shares (assuming reinvestment of all dividends). The net asset value per Common Share decreased 10.9%. By comparison, our benchmark, the Standard & Poor's 500 Stock Index (including income), declined 20.4%. For the twelve months ended September 30, 2001, the decrease experienced by stockholders was 6.9% and the decrease in the net asset value per Common Share was 8.5%; these compare with a loss of 26.6% for the S&P 500. During each period, the discount at which our shares trade declined modestly and at September 30, 2001, it was 6.3%.

As set forth in the accompanying financial statements (unaudited), as of September 30, 2001, the net assets of the Company were \$1,161,857,109. Net assets applicable to the Common Stock were \$1,011,857,109, equal to \$33.68 per Common Share.

The decrease in net assets resulting from operations for the nine months ended September 30, 2001 was \$115,716,092. During this period, net realized gain on securities sold was \$61,000,123, of which approximately \$51,080,000 (\$1.70 per share) is applicable to the Common Stock, and the decrease in unrealized appreciation was \$187,474,414. Net investment income for the nine months was \$10,758,199.

During the nine months, 19,000 shares of the Company's Common Stock were repurchased for \$692,675 at an average discount from net asset value of 9%.

While conditions in the securities markets have been exceedingly difficult, our losses have been reasonably well contained – especially when viewed in the context of prior years' performance. We believe that our stockholders will continue to be well served by our measured investment approach with its emphasis on long-term results and the maintenance of prudent reserves.

The destruction of the World Trade Center has served to exacerbate trends already in place. What appeared to be a mild recession before, now seems likely to be deeper and possibly more prolonged. In fact, the prospect of the first synchronous global recession in 50 years cannot be ruled out. Our prior concern, that deteriorating labor markets and attendant rising unemployment could have a deleterious effect on consumer confidence and spending, now seems well founded. While it may be too soon to guess the depth or duration of the current slowdown, the added costs and increased risk of doing business will surely have a depressing effect on commerce and spending. The Federal budget, meanwhile, has undergone a rapid shift from surplus towards deficit which, together with continuing aggressive easing of credit by the Federal Reserve Bank, should result in robust economic growth in the future. In the meantime, we will continue to follow our historic approach characterized by investing in well managed companies that are conservatively financed and that can be purchased at reasonable prices.

By Order of the Board of Directors,

GENERAL AMERICAN INVESTORS COMPANY, INC.

*Spencer Davidson*  
*President and Chief Executive Officer*

October 10, 2001

**STATEMENT OF ASSETS AND LIABILITIES September 30, 2001 (Unaudited)**

*General American Investors*

ASSETS

INVESTMENTS, AT VALUE (NOTE 1a)		
Common stocks (cost \$447,442,505)		\$ 815,771,847
Corporate discount notes (cost \$332,662,174)		332,662,174
Total investments (cost \$780,104,679)		1,148,434,021

CASH, RECEIVABLES AND OTHER ASSETS

Cash, including margin account balance of \$59,612	\$ 146,915	
Receivable for securities sold	5,627,629	
Receivable from broker for proceeds on securities sold short	24,916,413	
Dividends, interest and other receivables	882,267	
Prepaid expenses	5,641,743	
Other	496,213	
		37,711,180

TOTAL ASSETS		1,186,145,201
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LIABILITIES

Preferred dividend accrued but not yet declared	240,000	
Securities sold short, at value (proceeds \$24,916,413) (note 1a)	15,550,730	
Accrued expenses and other liabilities	8,497,362	
		24,288,092

TOTAL LIABILITIES		24,288,092
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NET ASSETS		\$1,161,857,109
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Net Assets applicable to Preferred Stock at a liquidation value of \$25 per share		\$ 150,000,000
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Net Assets applicable to Common Stock		\$1,011,857,109
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NET ASSET VALUE PER COMMON SHARE		\$ 33.68
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NET ASSETS

7.20% Tax-Advantaged Cumulative Preferred Stock, \$1 par value (note 2)		
Authorized 10,000,000 shares; outstanding 6,000,000 shares	\$ 6,000,000	
Common Stock, \$1 par value (note 2)		
Authorized 50,000,000 shares; outstanding 30,041,955 shares	30,041,955	
Additional paid-in capital (note 2)	684,996,591	
Undistributed realized gain on securities sold	61,072,684	
Undistributed net income	10,390,854	
Unallocated distributions on Preferred Stock	(8,340,000)	
Unrealized appreciation on investments and securities sold short (including aggregate gross unrealized appreciation of \$438,129,685)	377,695,025	
		\$1,161,857,109

TOTAL NET ASSETS		\$1,161,857,109
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(see notes to financial statements)

**STATEMENT OF OPERATIONS** *Nine Months Ended September 30, 2001 (Unaudited)*

*General American Investors*

INCOME

Dividends (net of foreign withholding taxes of \$55,790)	\$ 5,369,585	
Interest	12,853,628	\$ 18,223,213

EXPENSES

Investment research	4,695,123	
Administration and operations	1,814,491	
Office space and general	382,013	
Transfer agent, custodian and registrar fees and expenses	175,244	
Stockholders' meeting and reports	109,504	
Directors' fees and expenses	116,609	
Auditing and legal fees	108,700	
Miscellaneous taxes (note 1c)	63,330	7,465,014

NET INVESTMENT INCOME 10,758,199

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

Net realized gain on investments:		
Long transactions	43,697,704	
Short sale transactions (note 1b)	17,302,419	
Net realized gain on investments (long-term, except for \$14,169,895)	61,000,123	
Net decrease in unrealized appreciation	(187,474,414)	

NET LOSS ON INVESTMENTS (126,474,291)

DECREASE IN NET ASSETS RESULTING FROM OPERATIONS \$ (115,716,092)

(see notes to financial statements)

**STATEMENT OF CHANGES IN NET ASSETS**

*General American Investors*

	Nine Months Ended September 30, 2001 (Unaudited)	Year Ended December 31, 2000
<b>OPERATIONS</b>		
Net investment income	\$ 10,758,199	\$ 13,805,530
Net realized gain on investments	61,000,123	217,372,941
Net decrease in unrealized appreciation	(187,474,414)	(45,048,910)
<b>INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>	<u>(115,716,092)</u>	<u>186,129,561</u>
<b>DISTRIBUTIONS TO PREFERRED STOCKHOLDERS</b>		
From net income, including short-term capital gain	—	(3,074,400)
From long-term capital gain	—	(7,725,600)
Unallocated distributions on Preferred Stock	(8,100,000)	—
<b>DECREASE IN NET ASSETS FROM PREFERRED DISTRIBUTIONS</b>	<u>(8,100,000)</u>	<u>(10,800,000)</u>
<b>DISTRIBUTIONS TO COMMON STOCKHOLDERS</b>		
From net income, including short-term capital gain	(1,735,292)	(60,132,212)
From long-term capital gain	(58,421,519)	(151,138,654)
<b>DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS</b>	<u>(60,156,811)</u>	<u>(211,270,866)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>		
Value of Common Shares issued in payment of dividends (note 2)	41,483,224	136,477,203
Cost of Common Shares purchased (note 2)	(692,675)	(40,015,559)
<b>INCREASE IN NET ASSETS - CAPITAL TRANSACTIONS</b>	<u>40,790,549</u>	<u>96,461,644</u>
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	<u>(143,182,354)</u>	<u>60,520,339</u>
<b>NET ASSETS</b>		
<b>BEGINNING OF PERIOD</b>	<u>1,305,039,463</u>	<u>1,244,519,124</u>
<b>END OF PERIOD (including undistributed net income of \$10,390,854 and distributions in excess of net income of \$367,345, respectively)</b>	<u>\$1,161,857,109</u>	<u>\$1,305,039,463</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, 2001 and for each year in the five-year period ended December 31, 2000. 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, 2001 (Unaudited)	Year Ended December 31,				
		2000	1999	1998	1997	1996
<b>PER SHARE OPERATING PERFORMANCE</b>						
Net asset value, beginning of period	\$39.91	\$41.74	\$34.87	\$29.15	\$25.24	\$23.94
Net investment income	.35	.53	.45	.47	.21	.22
Net gain (loss) on securities - realized and unrealized	(4.23)	6.12	11.32	9.44	7.15	3.86
Total from investment operations	(3.88)	6.65	11.77	9.91	7.36	4.08
Less distributions on:						
Common Stock:						
Dividends from investment income	(.06) (a)	(2.30) (b)	(.71) (c)	(.48)	(.26) (d)	(.20)
Distributions from capital gains	(2.02)	(5.78)	(3.77)	(3.24)	(3.19)	(2.58)
	(2.08)	(8.08)	(4.48)	(3.72)	(3.45)	(2.78)
Preferred Stock:						
Dividends from investment income	—	(.11) (e)	(.07) (f)	(.03)	—	—
Distributions from capital gains	—	(.29)	(.35)	(.20)	—	—
Unallocated	(.27)	—	—	(.01)	—	—
	(2.27)	(4.40)	(4.42)	(2.24)	—	—
Total distributions	(2.35)	(8.48)	(4.90)	(3.96)	(3.45)	(2.78)
Capital Stock transaction - effect of Preferred Stock offering	—	—	—	(.23)	—	—
Net asset value, end of period	\$33.68	\$39.91	\$41.74	\$34.87	\$29.15	\$25.24
Per share market value, end of period	\$31.55	\$36.00	\$37.19	\$30.44	\$26.19	\$21.00
<b>TOTAL INVESTMENT RETURN - Stockholder</b>						
Return, based on market price per share	(7.44)%*	19.10%	39.22%	31.31%	42.58%	19.48%
<b>RATIOS AND SUPPLEMENTAL DATA</b>						
Total net assets, end of period (000's omitted)	\$1,161,857	\$1,305,039	\$1,244,519	\$1,018,933	\$702,597	\$597,597
Net assets attributable to Common Stock, end of period (000's omitted)	\$1,011,857	\$1,155,039	\$1,094,519	\$868,933	\$702,597	\$597,597
Ratio of expenses to average net assets applicable to Common Stock	0.68%*	1.05%	1.01%	0.95%	0.98%	1.05%
Ratio of net income to average net assets applicable to Common Stock	0.98%*	1.24%	1.23%	1.50%	0.80%	0.88%
Portfolio turnover rate	17.53%*	40.61%	33.68%	34.42%	32.45%	33.40%
<b>PREFERRED STOCK</b>						
Liquidation value, end of period (000's omitted)	\$150,000	\$150,000	\$150,000	\$150,000	—	—
Asset coverage	775%	870%	830%	679%	—	—
Liquidation preference per share	\$25.00	\$25.00	\$25.00	\$25.00	—	—
Market value per share	\$25.70	\$24.25	\$21.75	\$25.88	—	—

(a) Represents short-term capital gain.

(b) Includes short-term capital gain in the amount of \$1.82 per share.

(c) Includes short-term capital gain in the amount of \$.29 per share.

(d) Includes short-term capital gain in the amount of \$.05 per share.

(e) Includes short-term capital gain in the amount of \$.09 per share.

(f) Includes short-term capital gain in the amount of \$.03 per share.

\*Not annualized

**STATEMENT OF INVESTMENTS September 30, 2001 (Unaudited)**

*General American Investors*

Shares	COMMON STOCKS	Value (note 1a)
<b>AEROSPACE/DEFENSE (1.4%)</b>		
500,000	The Boeing Company	(COST \$15,118,670) \$ 16,750,000
<b>COMMUNICATIONS AND INFORMATION SERVICES (2.9%)</b>		
225,000	Brooktrout, Inc.(a)	740,250
560,000	Cisco Systems, Inc. (a)	6,820,800
520,000	Cox Communications, Inc. Class A (a)	21,710,000
180,000	NTL Incorporated (a)	558,000
144,500	Wolters Kluwer NV-ADR	3,199,230
		(COST \$14,639,896) 33,028,280
<b>COMPUTER SOFTWARE AND SYSTEMS (0.4%)</b>		
484,500	Oberthur Card Systems S.A. (a)	1,986,450
230,000	Viewpoint Corporation (a)	782,000
150,000	Wind River Systems, Inc. (a)	1,575,000
		(COST \$12,379,582) 4,343,450
<b>CONSUMER PRODUCTS AND SERVICES (4.9%)</b>		
750,000	Coca-Cola Enterprises Inc.	11,505,000
275,000	Ethan Allen Interiors, Inc.	7,562,500
1,700,500	Ford Motor Company	29,503,675
175,000	PepsiCo, Inc.	8,487,500
		(COST \$53,562,974) 57,058,675
<b>ELECTRONICS (1.5%)</b>		
692,500	Molex Incorporated Class A	(COST \$14,877,393) 16,827,750
<b>ENVIRONMENTAL CONTROL (INCLUDING SERVICES) (0.6%)</b>		
280,000	Waste Management, Inc.	(COST \$3,690,021) 7,487,200
<b>FINANCE AND INSURANCE (24.7%)</b>		
195,000	American International Group, Inc.	15,210,000
320,000	AmerUs Group Co.	11,264,000
575,000	Annaly Mortgage Management, Inc.	8,308,750
550,000	Annuity and Life Re (Holdings), Ltd.	18,672,500
315	Berkshire Hathaway Inc. Class A (a)	22,050,000
73,980	Central Securities Corporation	1,694,142
610,000	Everest Re Group, Ltd.	39,467,000
215,000	First Midwest Bancorp, Inc.	7,262,700
485,000	Golden West Financial Corporation	28,178,500
460,000	John Hancock Financial Services, Inc.	18,377,000
360,000	M&T Bank Corporation	26,640,000
250,000	MetLife, Inc.	7,425,000
575,000	PartnerRe Ltd.	27,082,500
550,000	Reinsurance Group of America, Incorporated	18,760,500
260,000	SunTrust Banks, Inc.	17,316,000
230,000	Transatlantic Holdings, Inc.	19,425,800
		(COST \$113,553,016) 287,134,392

**STATEMENT OF INVESTMENTS September 30, 2001 (Unaudited) - continued**

*General American Investors*

Shares	COMMON STOCKS (continued)	Value (note 1a)
<b>HEALTH CARE (13.1%)</b>		
<b>PHARMACEUTICALS (11.3%)</b>		
220,000	Alkermes, Inc. (a)	\$ 4,307,600
425,000	Bristol-Myers Squibb Company	23,613,000
270,000	Genaera Corporation (a)	688,500
325,000	Genentech, Inc. (a)	14,300,000
600,000	IDEC Pharmaceuticals Corporation (a)	29,742,000
155,000	Johnson & Johnson	8,587,000
239,000	MedImmune, Inc. (a)	8,515,570
180,000	OSI Pharmaceuticals, Inc. (a)	5,850,000
890,000	Pfizer Inc.	35,689,000
	(COST \$63,054,331)	<u>131,292,670</u>
<b>MEDICAL INSTRUMENTS AND DEVICES (1.1%)</b>		
290,000	Medtronic, Inc.	(COST \$862,614)
		<u>12,615,000</u>
<b>HEALTH CARE SERVICES (0.7%)</b>		
198,200	BioReliance Corporation (a)	2,219,840
300,000	Health Net, Inc. (a)	5,766,000
	(COST \$6,187,633)	<u>7,985,840</u>
	(COST \$70,104,578)	<u>151,893,510</u>
<b>MISCELLANEOUS (1.8%)</b>		
	Other	(COST \$36,187,032)
		<u>21,161,130</u>
<b>OIL &amp; NATURAL GAS (INCLUDING SERVICES) (0.9%)</b>		
700,000	Repsol, S.A.-ADR	(COST \$8,236,884)
		<u>10,192,000</u>
<b>RETAIL TRADE (15.3%)</b>		
675,000	Costco Companies, Inc. (a)	24,003,000
2,145,000	The Home Depot, Inc. (b)	82,303,650
1,325,000	The TJX Companies, Inc.	43,592,500
570,000	Wal-Mart Stores, Inc.	28,215,000
	(COST \$49,556,234)	<u>178,114,150</u>
<b>SEMICONDUCTORS (1.5%)</b>		
175,000	Brooks Automation, Inc. (a)	4,653,250
197,000	EMCORE Corporation (a)	1,686,320
2,450,000	IQE plc (a)	3,920,000
320,000	PRI Automation, Inc. (a)	3,206,400
398,000	Uniroyal Technology Corporation (a)	1,249,720
380,000	Zarlink Semiconductor Inc. (a)(c)	2,983,000
	(COST \$37,347,561)	<u>17,698,690</u>
<b>SPECIAL HOLDINGS (a) (d) (NOTE 6) (0.4%)</b>		
(e)	Sequoia Capital IV	4,400
432,000	Silicon Genesis Corporation Series C Preferred	3,006,720
546,000	Standard MEMS, Inc. Series A Convertible Preferred	1,501,500
	(COST \$6,915,388)	<u>4,512,620(f)</u>
<b>TRANSPORTATION (0.8%)</b>		
500,000	AMR Corporation	(COST \$11,273,276)
		<u>9,570,000</u>
	<b>TOTAL COMMON STOCKS (70.2%)</b>	<b>(COST \$447,442,505)</b>
		<u><b>815,771,847</b></u>

**STATEMENT OF INVESTMENTS September 30, 2001 (Unaudited) - continued**

*General American Investors*

Principal Amount	SHORT-TERM SECURITIES AND OTHER ASSETS	Value (note 1a)
\$85,800,000	American Express Credit Corporation notes due 10/4-10/25/01;2.44%-3.50%	\$ 85,532,640
69,900,000	Ford Motor Credit Company notes due 10/1-10/29/01;2.69%-3.62%	69,686,010
89,500,000	General Electric Capital Corp. notes due 10/9-11/5/01;2.58%-3.50%	89,232,160
59,600,000	General Motors Acceptance Corp. notes due 10/2-10/15/01;3.46%-3.62%	59,408,640
28,900,000	Sears Roebuck Acceptance Corp. notes due 10/16-11/1/01;2.90%-3.65%	28,802,724
	(COST \$332,662,174)	332,662,174
	Cash, receivables and other assets, less liabilities	13,423,088
	TOTAL SHORT-TERM SECURITIES AND OTHER ASSETS, NET (29.8%)	(COST \$346,085,262) 346,085,262
	NET ASSETS	(COST \$793,527,767) <u>\$1,161,857,109</u>

(a) Non-income producing security.

(b) 2,100,000 shares held by custodian in a segregated custodian account as collateral for open short positions.

(c) Formerly Mitel Corporation.

(d) Restricted security.

(e) A limited partnership interest.

(f) Fair value of each holding in the opinion of the Directors.

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**STATEMENT OF SECURITIES SOLD SHORT September 30, 2001 (Unaudited)**

*General American Investors*

Shares	COMMON STOCKS	Value (note 1a)
368,000	Molex Incorporated	\$10,344,480
175,000	Southwest Bancorporation of Texas Inc.	5,206,250
	TOTAL SECURITIES SOLD SHORT	(PROCEEDS \$24,916,413) <u>\$15,550,730</u>

(see notes to financial statements)



## 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 securities exchanges or on the NASDAQ National Market System are valued at the last reported sales price on the last business day of the period. 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 open short positions) on the valuation date. Corporate discount notes are valued at amortized cost, which approximates market value. Special holdings are valued at fair value in the opinion of the Directors. In determining fair value, in the case of restricted shares, consideration is given to cost, operating and other financial data and, where applicable, subsequent private offerings or market price of the issuer's unrestricted shares (to which a 30 percent discount is applied); for limited partnership interests, fair value is based upon an evaluation of the partnership's net assets.

b. **SHORT SALES** The Company may make short sales of securities for either speculative or hedging purposes. When the Company makes a short sale, it borrows the securities sold short from a broker; in addition, the Company places cash with that broker and securities in a segregated account with the custodian, both as collateral for the short position. The Company may be required to pay a fee to borrow the securities and may also be obligated to pay any dividends declared on the borrowed securities. The Company will realize a gain if the security price decreases and a loss if the security price increases between the date of the short sale and the date on which the Company replaces the borrowed securities.

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. **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.

#### 2. CAPITAL STOCK AND DIVIDEND DISTRIBUTIONS

On June 19, 1998, the Company issued and sold 6,000,000 shares of its 7.20% Tax-Advantaged Cumulative Preferred Stock. The stock has a liquidation preference of \$25.00 per share plus an amount equal to accumulated and unpaid dividends to the date of redemption.

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.

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.

Transactions in Common Stock during the nine months ended September 30, 2001 and the year ended December 31, 2000 were as follows:

	SHARES		AMOUNT	
	2001	2000	2001	2000
Shares issued in payment of dividends (includes 28,400 and 1,113,200 shares issued from Treasury, respectively)	1,120,411	3,738,367	\$ 1,120,411	\$ 3,738,367
Increase in paid-in capital			40,362,813	132,738,836
Total increase			<u>41,483,224</u>	<u>136,477,203</u>
Shares purchased (at an average discount from net asset value of 9.0% and 8.6%, respectively)	19,000	1,017,200	(19,000)	(1,017,200)
Decrease in paid-in capital			(673,675)	(38,998,359)
Total decrease			<u>(692,675)</u>	<u>(40,015,559)</u>
Net increase			<u>\$40,790,549</u>	<u>\$96,461,644</u>

Distributions in excess of net income for financial statement purposes result primarily from transactions where tax treatment differs from book treatment.

**NOTES TO FINANCIAL STATEMENTS (Unaudited) - continued**

*General American Investors*

**3. OFFICERS' COMPENSATION AND RETIREMENT AND THRIFT PLANS**

The aggregate compensation paid by the Company during the nine months ended September 30, 2001 to its officers amounted to \$3,224,250.

The Company has non-contributory retirement plans and a contributory thrift plan which cover substantially all employees. The costs to the Company and the assets and liabilities of the plans are not material. Costs of the plans are funded currently.

**4. PURCHASES AND SALES OF SECURITIES**

Purchases and sales of investment securities and securities sold short (other than short-term securities) for the nine months ended September 30, 2001 were as follows:

	PURCHASES	SALES
Long transactions	\$163,200,490	\$216,831,815
Short sale transactions	27,639,363	2,050,085
Total	\$190,839,853	\$218,881,900

At September 30, 2001, the cost of investments for Federal income tax purposes was the same as the cost for financial reporting purposes.

**5. GENERAL INFORMATION**

Brokerage commissions during the nine months ended September 30, 2001 were \$425,537.

**6. RESTRICTED SECURITIES**

	DATE ACQUIRED	COST	VALUE (NOTE 1a)
Sequoia Capital IV*	1/31/84	\$ 905,668	\$ 4,400
Silicon Genesis Corporation Series C Preferred	2/16/01	3,006,720	3,006,720
Standard MEMS, Inc. Series A Convertible Preferred	12/17/99	3,003,000	1,501,500
Total		\$ 6,915,388	\$ 4,512,620

\* The amounts shown are net of distributions from this limited partnership interest which, in the aggregate, amounted to \$4,787,143. The initial investment in the limited partnership was \$2,000,000.

**7. OPERATING LEASE COMMITMENT**

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

Rental expense approximated \$228,433 for the nine months ended September 30, 2001. Minimum rental commitments under the operating lease are approximately \$403,000 per annum in 2001 and 2002 and \$504,000 per annum in 2003 through 2007.

In March 1996, the Company entered into a sublease agreement which expires in 2003 and provides for future rental receipts. Minimum rental receipts under the sublease are approximately \$203,000 per annum in 2001 and 2002 and \$64,000 in 2003. The Company will also receive its proportionate share of operating expenses and real property taxes under the sublease.

In addition to purchases of the Company's Common Stock as set forth in Note 2 on page 9, 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.

**MAJOR STOCK CHANGES\* Three Months Ended September 30, 2001 (Unaudited)**

*General American Investors*

INCREASES	SHARES	SHARES HELD SEPTEMBER 30, 2001
<b>NEW POSITIONS</b>		
The Boeing Company	500,000	500,000
Health Net, Inc.	300,000	300,000
<b>ADDITIONS</b>		
Costco Companies, Inc.	50,000	675,000
Ford Motor Company	225,000	1,700,500
Genentech, Inc.	25,000	325,000
Golden West Financial Corporation	20,000	485,000
Oberthur Card Systems S.A.	200,000	484,500
PartnerRe Ltd.	175,000	575,000
PRI Automation, Inc.	120,000	320,000
Reinsurance Group of America, Incorporated	100,000	550,000
<b>DECREASES</b>		
<b>ELIMINATIONS</b>		
Avanex Corporation	225,000	—
Bangor Hydro-Electric Company	119,800	—
Manugistics Group, Inc.	60,000	—
<b>REDUCTIONS</b>		
AMR Corporation	300,000	500,000
Annaly Mortgage Management, Inc.	25,000	575,000
BioReliance Corporation	118,800	198,200
Bristol-Myers Squibb Company	50,000	425,000
Coca-Cola Enterprises Inc.	25,000	750,000
EMCORE Corporation	50,000	197,000
Everest Re Group, Ltd.	15,000	610,000
First Midwest Bancorp, Inc.	85,000	215,000
IDEC Pharmaceuticals Corporation	50,000	600,000
John Hancock Financial Services, Inc.	15,000	460,000
M&T Bank Corporation	40,000	360,000
PepsiCo, Inc.	25,000	175,000
Pfizer Inc.	50,000	890,000
SunTrust Banks, Inc.	5,000	260,000
Transatlantic Holdings, Inc.	22,000	230,000 (a)
Waste Management, Inc.	10,000	280,000

\* Excludes transactions in Stocks - Miscellaneous - Other.

(a) Includes shares received in conjunction with a stock split.

## DIRECTORS

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Lawrence B. Bittenwieser, <i>Chairman</i>	
Arthur G. Altschul, Jr.	Bill Green
Lewis B. Cullman	Sidney R. Knafel
Spencer Davidson	Richard R. Pivrotto
Gerald M. Edelman	Joseph T. Stewart, Jr.
John D. Gordan, III	Raymond S. Troubh

Arthur G. Altschul, Chairman Emeritus  
William O. Baker, Director Emeritus  
William T. Golden, Director Emeritus

## OFFICERS

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Spencer Davidson, President & Chief Executive Officer  
Andrew V. Vindigni, Vice-President  
Eugene L. DeStaebler, Jr., Vice-President, Administration  
Peter P. Donnelly, Vice-President & Trader  
Diane G. Radosti, Treasurer  
Carole Anne Clementi, Secretary

## SERVICE COMPANIES

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COUNSEL	TRANSFER AGENT AND REGISTRAR
Sullivan & Cromwell	Mellon Investor Services LLC
	P.O. Box 3315,
INDEPENDENT AUDITORS	South Hackensack, NJ 07606-1915
Ernst & Young LLP	1-800-413-5499
	www.mellon-investor.com
CUSTODIAN	
Bankers Trust Company	

## GENERAL AMERICAN INVESTORS COMPANY, INC



## *THIRD QUARTER REPORT* SEPTEMBER 30, 2001

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

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