



General American Investors Company, Inc.

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**GENERAL
AMERICAN
INVESTORS**

**2007
ANNUAL
REPORT**





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)

	2007	2006
Net assets applicable to Common Stock - December 31	\$1,202,922,969	\$1,199,453,088
Net investment income	9,782,623	10,007,624
Net realized gain	175,785,885	86,176,349
Net increase (decrease) in unrealized appreciation	(71,533,458)	51,196,338
Distributions to Preferred Stockholders	(11,900,000)	(11,900,000)
Per Common Share-December 31		
Net asset value	\$38.10	\$40.54
Market price	\$34.70	\$37.12
Discount from net asset value	-8.9%	-8.4%
Common Shares outstanding-Dec. 31	31,573,058	29,589,198
Common Stockholders of record-Dec. 31	3,891	4,006
Market price range* (high-low)	\$43.87-\$32.69	\$39.47-\$34.80
Market volume-shares	7,110,734	6,313,300

*Unadjusted for dividend payments.

DIVIDEND SUMMARY (per share) (unaudited)

Record Date	Payment Date	Ordinary Income	Long-Term Capital Gain	Total
Common Stock				
Nov. 16, 2007	Dec. 27, 2007	\$.709475 (a)	\$5.040525	\$5.750000
Jan. 28, 2008	Feb. 11, 2008	.005815	.209479	.215294
<i>Total from 2007 earnings</i>		<u>\$.715290</u>	<u>\$5.250004</u>	<u>\$5.965294</u>
Nov. 10, 2006	Dec. 21, 2006	<u>\$.333952</u>	<u>\$2.666048</u>	<u>\$3.000000</u>
<i>From 2006 earnings</i>				
(a) Includes short-term gains in the amount of \$.009262 per share.				
Preferred Stock				
Mar. 7, 2007	Mar. 26, 2007	\$.045885	\$.325990	\$.371875
Jun. 7, 2007	Jun. 25, 2007	.045885	.325990	.371875
Sept. 7, 2007	Sept. 24, 2007	.045885	.325990	.371875
Dec. 7, 2007	Dec. 24, 2007	<u>.045885</u>	<u>.325990</u>	<u>.371875</u>
<i>Total for 2007</i>		<u>\$.183540 (b)</u>	<u>\$1.303960</u>	<u>\$1.487500</u>
(b) Includes short-term gains in the amount of \$.002396 (\$.000599 per quarter).				
Mar. 7, 2006	Mar. 24, 2006	\$.039403	\$.332472	\$.371875
Jun. 7, 2006	Jun. 26, 2006	.039403	.332472	.371875
Sept. 7, 2006	Sept. 25, 2006	.039403	.332472	.371875
Dec. 7, 2006	Dec. 26, 2006	<u>.039403</u>	<u>.332472</u>	<u>.371875</u>
<i>Total for 2006</i>		<u>\$.157612</u>	<u>\$1.329888</u>	<u>\$1.487500</u>

The U.S. stock market rose for a fifth consecutive year, gaining 5.4% in the 12 months ended December 31, 2007, as measured by our benchmark, the Standard & Poor's 500 Stock Index (including income). General American Investors' net asset value (NAV) per Common Share (assuming reinvestment of all dividends) increased 8.0%. The return to our Common Stockholders was 8.7%. At year end, the discount at which our shares trade to their NAV was 8.9%.

The table that follows, which compares our returns on an annualized basis with the S&P 500, now includes fifty years of data, illustrating that over many years General American has produced superior investment results.

<i>Years</i>	<i>Stockholder Return</i>	<i>S&P 500</i>
3	14.2%	8.5%
5	15.6	12.7
10	13.0	5.9
20	16.6	11.8
30	17.0	12.9
40	13.1	10.5
50	12.6	11.0

The share repurchase program, a part of our ongoing effort to maximize NAV, continues. In 2007, the Company purchased 763,600 of its Common Shares on the open market at an average discount to NAV of 10.4%. The Board of Directors has authorized repurchases of Common Shares when they are trading at a discount to NAV in excess of 8%.

While the market rallied for the fifth year in succession last year, facilitating respectable portfolio gains, returns became more volatile as the year progressed, with peak-to-trough declines of over ten percent in the third and fourth quarters. Earlier in the year, the economy, jobs and profits all expanded meaningfully despite weakness in housing and nascent subprime loan difficulties. Although the price of oil and other commodities was moving higher, inflation appeared to be contained, while on balance, dollar weakness had a favorable influence on U.S. companies with operations overseas, and on the trade deficit. As the year progressed, however, the economy slowed noticeably in the face of weakening demand. The one-two punch of rising energy costs and declining house prices eroded purchasing power while requiring a higher rate of savings from what remained.

By year end contraction was evident, with the unemployment rate approaching 5% and recession a distinct possibility. What began in the housing market, with loans to marginal borrowers who couldn't service their debt, spread to all manner of complex financing transactions leading to the tightening of lending standards and credit availability as bank capital shrank. Deals could no longer be financed on advantageous terms, and the equity market faltered despite valuations that seemed reasonable.

The new year has begun inauspiciously. Broad weakness in equities appears to reflect concern that the current slowdown in U.S. growth is likely to extend at least through the first half of the year. Even in the absence of a recession, defined as two successive quarters of negative GDP growth, consumer spending, housing, credit growth and corporate profits are all likely to experience degrees of weakness. The lending landscape has changed, and it may take time to restore liquidity and confidence in the banking system and financial markets. An accommodative Federal Reserve, and some degree of fiscal stimulus, together with improvement in net exports should help, but a relatively lengthy period of tepid demand growth, sluggish earnings and modest equity returns appears to be the most realistic prospect.

On a longer term basis, the case for equities remains intact. With 95% of those who want jobs still employed, consumer spending, the main driver of economic activity, is likely to continue to grow. Corporate balance sheets are in relatively good shape and can support growth despite the current difficulties in the financial sector. Worldwide, liquidity is abundant and the U.S. should remain a destination of choice for capital undergirding distressed assets and supporting appreciation.

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.

By Order of the Board of Directors,
 Spencer Davidson
Chairman of the Board
President and Chief Executive Officer
 January 16, 2008

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. A listing of the directors with their principal affiliations, showing a broad range of experience in business and financial affairs, is on the inside back cover.

Portfolio Manager

Mr. Spencer Davidson, Chairman of the Board, President and Chief Executive Officer, has been responsible for the management of General American since August 1995. Mr. Davidson, who joined the Company in 1994 as senior investment counselor, has spent his entire business career on Wall Street since first joining an investment and banking firm in 1966.

"GAM" Common Stock

As a closed-end investment company, General American Investors 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 with commissions determined 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." The figure for net asset value per share, together with the market price and the percentage discount or premium from net asset value as of the close of each week, is published in *Barron's* and *The Wall Street Journal*.

The ratio of market price to net asset value has shown variation over a long period of time. While shares of GAM usually sell at a discount from their underlying net asset value, as do the shares of most other domestic equity closed-end investment companies, they occasionally sell at a premium over net asset value. During 2007, the stock sold at discounts from net asset value which ranged from 4.3% (November 5) to 13.1% (August 16). At December 31, the price of the stock was at a discount of 8.9% as compared with a discount of 8.4% a year earlier.

"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 in the aggregate).

The Preferred Shares are noncallable prior to September 24, 2008, are rated "Aaa" by Moody's Investors Service, Inc. and are listed and traded on The New York Stock Exchange (symbol, GAM Pr B).

The preferred capital is available to leverage the investment performance of the Common Stockholders. As is the case for leverage in general, it may also result in higher market volatility for the Common Stockholders.

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 or ordinary income is earned during the last two months of the year, a "spill-over" distribution of these amounts will be paid early in the following year to Common Stockholders. 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 1943-2007 (except for the year 1974). (A table listing dividends and distributions paid during the 20-year period 1988-2007 is shown at the bottom of page 6.) 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. Spill-over dividends and distributions of nominal amounts are generally paid in cash.

Proxy Voting Policies, Procedures and Record

The policies and procedures used by General American Investors 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, 2007 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 and (3) on the Securities and Exchange Commission's website at 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 administered 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 - click on Distribution & Reports, then Report Downloads.

Privacy Policy and Practices

General American Investors collects nonpublic 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 physical, electronic and procedural safeguards that comply with federal standards to guard our stockholders' personal information.

**Total return on
\$10,000 investment
for 20 years ended
December 31, 2007**

The investment return for a Common Stockholder of General American Investors (GAM) over the 20 years ended December 31, 2007 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 1988.

The **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.

The **GAM 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.

The **S&P 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.

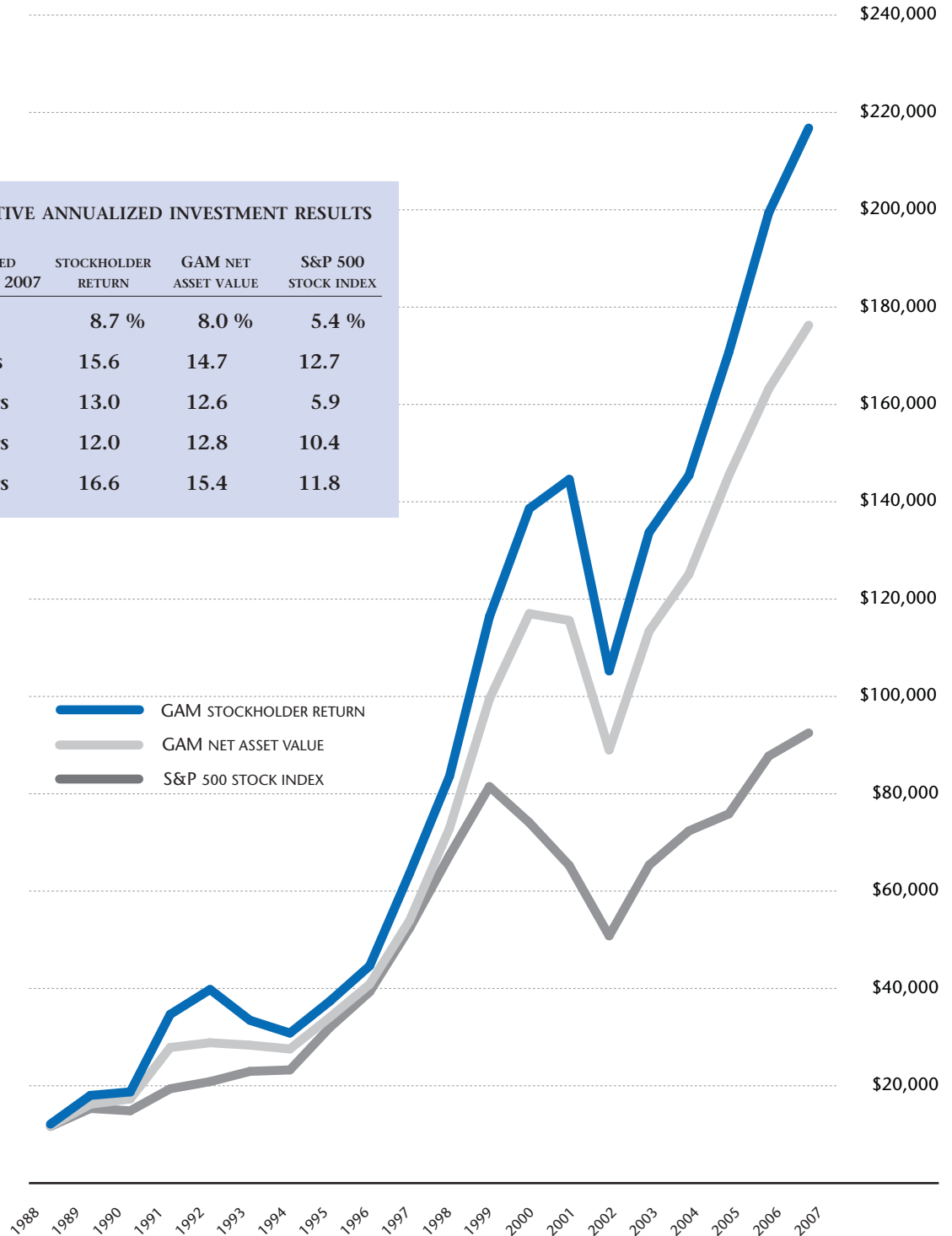
The results illustrated are a record of past performance and may not be indicative of future results.

	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
1988	\$12,126	21.26%	\$11,757	17.57%	\$11,653	16.53%
1989	18,019	48.60	16,208	37.86	15,338	31.62
1990	18,740	4.00	17,293	6.69	14,864	-3.09
1991	34,669	85.00	27,857	61.09	19,382	30.40
1992	39,793	14.78	28,845	3.55	20,853	7.59
1993	33,458	-15.92	28,341	-1.75	22,964	10.12
1994	30,828	-7.86	27,564	-2.74	23,255	1.27
1995	37,370	21.22	34,064	23.58	31,976	37.50
1996	44,650	19.48	40,866	19.97	39,302	22.91
1997	63,661	42.58	53,964	32.05	52,401	33.33
1998	83,594	31.31	72,927	35.14	67,362	28.55
1999	116,379	39.22	99,472	36.40	81,481	20.96
2000	138,608	19.10	117,019	17.64	74,074	-9.09
2001	144,610	4.33	115,615	-1.20	65,267	-11.89
2002	105,261	-27.21	89,000	-23.02	50,817	-22.14
2003	133,692	27.01	113,386	27.40	65,330	28.56
2004	145,444	8.79	125,145	10.37	72,379	10.79
2005	170,751	17.40	145,418	16.20	75,875	4.83
2006	199,403	16.78	163,217	12.24	87,757	15.66
2007	216,791	8.72	176,291	8.01	92,505	5.41

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

CUMULATIVE VALUE
OF INVESTMENT

COMPARATIVE ANNUALIZED INVESTMENT RESULTS			
YEARS ENDED DECEMBER 31, 2007	STOCKHOLDER RETURN	GAM NET ASSET VALUE	S&P 500 STOCK INDEX
1 year	8.7 %	8.0 %	5.4 %
5 years	15.6	14.7	12.7
10 years	13.0	12.6	5.9
15 years	12.0	12.8	10.4
20 years	16.6	15.4	11.8



		SHARES OR PRINCIPAL AMOUNT	SHARES OR PRINCIPAL AMOUNT HELD DECEMBER 31, 2007
INCREASES			
NEW POSITIONS	NetEase.com, Inc.	—	245,000 (a)
ADDITIONS	The Allstate Corporation	15,000	290,000
	American International Group, Inc.	40,000	365,000
	Carpenter Technology Corporation	10,000	321,000 (b)
	Fidelity National Financial, Inc.	350,000	1,250,000
	THQ Inc.	50,000	365,000
DECREASES			
ELIMINATIONS	Ameriprise Financial, Inc.	60,000	—
	Annuity and Life Re (Holdings), Ltd.	275,000	—
	Avaya Inc.	90,000	—
	Bank of America Corporation	200,000	—
	Intermec, Inc.	130,000	—
REDUCTIONS	Berkshire Hathaway Inc. Class A	60	215
	Biogen Idec Inc.	10,000	90,000
	CEMEX, S.A. de C.V. ADR	54,621	2,225,862
	Cytokinetics, Incorporated	75,000	529,900
	Dell Inc.	50,000	1,500,000
	Everest Re Group, Ltd.	10,000	340,000
	General Motors Nova Scotia Finance Company 6.85% Guaranteed Notes Due 10/15/08	\$5,500,000	\$19,500,000
	Lamar Advertising Company Class A	75,900	324,100
	Nestle S.A.	2,500	42,500
	Novo Nordisk B	180,000	190,000 (b)
	PartnerRe Ltd.	20,000	290,000
	Patterson-UTI Energy, Inc.	300,000	700,000
	PepsiCo, Inc.	25,000	225,000
	Sprint Nextel Corporation	405,000	920,000
	Target Corporation	199,900	333,100
	Transatlantic Holdings, Inc.	5,000	150,000
	Wachovia Corporation	35,000	615,000
	Xerox Corporation	350,000	1,900,000

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

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

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

DIVIDENDS AND DISTRIBUTIONS PER COMMON SHARE (1988-2007) (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 gain earned in the prior year.

YEAR	EARNINGS SOURCE		
	INCOME	SHORT-TERM CAPITAL GAINS	LONG-TERM CAPITAL GAINS
1988	\$.29	—	\$1.69
1989	.21	\$.02	1.56
1990	.21	—	1.65
1991	.09	—	3.07
1992	.03	—	2.93
1993	.06	—	2.34
1994	.06	—	1.59
1995	.10	.03	2.77
1996	.20	.05	2.71
1997	.21	—	2.95

YEAR	EARNINGS SOURCE		
	INCOME	SHORT-TERM CAPITAL GAINS	LONG-TERM CAPITAL GAINS
1998	\$.47	—	\$4.40
1999	.42	\$.62	4.05
2000	.48	1.55	6.16
2001	.37	.64	1.37
2002	.03	—	.33
2003	.02	—	.59
2004	.217	—	.957
2005	.547	.041	1.398
2006	.334	—	2.666
2007	.706	.009	5.250

TEN LARGEST INVESTMENT HOLDINGS (UNAUDITED)

General American Investors

The statement of investments as of December 31, 2007, shown on pages 12, 13 and 14 includes 55 security issues. Listed here are the ten largest holdings on that date.

	SHARES	VALUE	% COMMON NET ASSETS*
WEATHERFORD INTERNATIONAL LTD. Weatherford supplies a broad range of oil field services and equipment on a worldwide basis. Its focus on helping customers to increase production from existing fields, and enhance recovery from new wells should lead to earnings growth.	1,025,000	\$70,315,000	5.8%
APACHE CORPORATION Apache is a large independent oil and gas company with a long history of growing production and creating value for shareholders. The company's operations are primarily focused in North America, the North Sea and Egypt.	600,000	64,524,000	5.4
THE TJX COMPANIES, INC. Through its T.J. Maxx and Marshalls divisions, TJX is the leading off-price retailer. The continued growth of these divisions, along with expansion into related U.S. and foreign off-price formats, provide ongoing growth opportunities.	2,100,000	60,333,000	5.0
CEMEX, S.A. de C.V. ADR Domiciled in Mexico, CEMEX has grown organically and through acquisition to become one of the world's leading cement and aggregates companies. With the expansion of its operations into related construction materials and additional geographic areas, as well as its focus on cost containment, the company's free cash flow should continue to increase, supporting a positive long-term outlook.	2,225,862	57,538,533	4.8
TALISMAN ENERGY INC. Talisman, headquartered in Calgary, Alberta, is an upstream oil and gas producer with global operations. The company is focusing on larger, deep gas opportunities in North America and large international projects which should lead to faster production growth and higher returns.	3,000,000	55,560,000	4.6
COSTCO WHOLESALE CORPORATION Costco is the largest wholesale club with a record of steady growth in sales and profits as it continues to gain share of the consumer dollar.	575,000	40,112,000	3.3
DELL INC. Dell is a leading provider of computer systems and services. With growing global demand for its products, the company should continue to generate significant free cash flow as a result of its focus on efficient distribution and margin expansion.	1,500,000	36,765,000	3.1
TEXTRON INC. Textron is a global company with operations in aerospace, defense, industrial products and finance. Portfolio rationalization and operational improvements made over the past few years have created a strong platform for earnings growth.	509,800	36,348,740	3.0
THE HOME DEPOT, INC. The largest company in home center retailing, Home Depot's proven merchandising capabilities and strong cash flow should provide the basis for continuing growth.	1,278,000	34,429,320	2.9
EVEREST RE GROUP, LTD. One of the largest independent U.S. property/casualty reinsurers, Everest Re generates annual premiums of approximately \$4 billion and has a high quality, well-reserved AA balance sheet. This Bermuda domiciled company has a strong management team that exercises prudent underwriting discipline and efficient expense control, resulting in above-average earnings and book value growth.	340,000	34,136,000	2.8
		<u>\$490,061,593</u>	<u>40.7%</u>

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

PORTFOLIO DIVERSIFICATION (UNAUDITED)

General American Investors

INDUSTRY CATEGORY	DECEMBER 31, 2007		PERCENT COMMON NET ASSETS*	
	COST(000)	VALUE(000)	2007	2006
<i>The diversification of the Company's net assets applicable to its Common Stock by industry group as of December 31, 2007 and 2006 is shown in the following table.</i>				
Finance and Insurance				
Banking	\$5,352	\$47,859	4.0%	8.5%
Insurance	96,116	207,299	17.2	18.2
Other	31,623	36,682	3.0	2.6
	<u>133,091</u>	<u>291,840</u>	<u>24.2</u>	<u>29.3</u>
Oil and Natural Gas				
(Including Services)	116,211	234,391	19.5	17.2
Retail Trade	59,709	173,868	14.4	18.9
Computer Software and Systems	95,320	131,060	10.9	2.3
Consumer Products and Services	94,866	129,419	10.8	7.2
Communications and Information Services	71,359	83,502	6.9	8.6
Aerospace/Defense	47,844	61,224	5.1	—
Building and Real Estate	29,518	57,539	4.8	6.6
Miscellaneous**	65,193	50,104	4.2	4.2
Environmental Control (Including Services)	39,286	49,851	4.1	4.0
Health Care/Pharmaceuticals, Medical Instruments and Devices	15,790	34,754	2.9	8.7
	<u>15,790</u>	<u>34,754</u>	<u>2.9</u>	<u>10.7</u>
Technology	25,690	30,761	2.6	3.2
Machinery and Equipment	10,779	28,800	2.4	1.7
Metals	19,987	24,130	2.0	—
Transportation	11,005	12,197	1.0	—
Electronics	—	—	—	1.3
Mining	—	—	—	1.1
	<u>835,648</u>	<u>1,393,440</u>	<u>115.8</u>	<u>116.3</u>
Short-Term Securities	9,166	9,166	0.8	1.4
Total Investments	<u>\$844,814</u>	<u>1,402,606</u>	<u>116.6</u>	<u>117.7</u>
Other Assets and Liabilities - Net		317	0.0	(1.0)
Preferred Stock		(200,000)	(16.6)	(16.7)
Net Assets Applicable to Common Stock		<u>\$1,202,923</u>	<u>100.0%</u>	<u>100.0%</u>

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

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

STATEMENT OF ASSETS AND LIABILITIES

General American Investors

ASSETS	DECEMBER 31,	
	2007	2006
INVESTMENTS, AT VALUE (NOTE 1a)		
Common and preferred stocks (cost \$816,594,960 and \$729,900,430, respectively)	\$1,374,257,148	\$1,359,753,863
Corporate note (cost \$19,053,293 and \$33,745,957, respectively)	19,183,125	34,737,500
Money market fund (cost \$9,165,709 and \$17,255,705, respectively)	9,165,709	17,255,705
Total investments (cost \$844,813,962 and \$780,902,092, respectively)	1,402,605,982	1,411,747,068
CASH, RECEIVABLES AND OTHER ASSETS		
Cash	—	34,235
Receivable for securities sold	—	2,875,316
Deposit with broker for options written	3,712,458	—
Dividends, interest and other receivables	1,333,175	1,430,378
Pension asset, excess funded	9,244,527	8,656,759
Prepaid expenses and other assets	2,549,782	149,755
TOTAL ASSETS	1,419,445,924	1,424,893,511
LIABILITIES		
Payable for securities purchased	—	13,515,130
Preferred dividend accrued but not yet declared	231,389	231,389
Pension benefit liability	3,174,022	3,320,727
Outstanding options written at value (premiums received \$3,712,458 for 2007) (note 1a)	2,192,960	—
Accrued thrift plan liability	3,393,011	2,992,285
Accrued expenses and other liabilities	7,531,573	5,380,892
TOTAL LIABILITIES	16,522,955	25,440,423
5.95% CUMULATIVE PREFERRED STOCK, SERIES B - 8,000,000 shares at a liquidation value of \$25 per share (note 2)	200,000,000	200,000,000
NET ASSETS APPLICABLE TO COMMON STOCK - 31,573,058 and 29,589,198 shares, respectively (note 2)	\$1,202,922,969	\$1,199,453,088
NET ASSET VALUE PER COMMON SHARE	\$38.10	\$40.54
NET ASSETS APPLICABLE TO COMMON STOCK		
Common Stock, 31,573,058 and 29,589,198 shares at par value, respectively (note 2)	\$31,573,058	\$29,589,198
Additional paid-in capital (note 2)	602,738,135	538,093,876
Undistributed realized gain (loss) on investments (note 2)	6,711,263	(1,715,049)
Undistributed net investment income (note 2)	1,711,821	2,218,917
Accumulated other comprehensive income (note 5)	1,108,563	652,559
Unallocated distributions on Preferred Stock	(231,389)	(231,389)
Unrealized appreciation on investments, securities sold short and options	559,311,518	630,844,976
NET ASSETS APPLICABLE TO COMMON STOCK	\$1,202,922,969	\$1,199,453,088

(see notes to financial statements)

STATEMENT OF OPERATIONS

General American Investors

	YEAR ENDED DECEMBER 31,	
	2007	2006
INCOME		
Dividends (net of foreign withholding taxes of \$353,438 and \$325,061, respectively)	\$20,925,587	\$16,065,789
Interest	2,809,754	6,301,585
TOTAL INCOME	23,735,341	22,367,374
EXPENSES		
Investment research	9,312,122	8,054,383
Administration and operations	3,104,891	2,922,014
Office space and general	562,787	544,210
Auditing and legal fees	307,829	163,000
Directors' fees and expenses	266,033	286,326
Transfer agent, custodian and registrar fees and expenses	169,891	140,346
Stockholders' meeting and reports	131,872	134,106
Miscellaneous taxes	97,293	115,365
TOTAL EXPENSES	13,952,718	12,359,750
NET INVESTMENT INCOME	9,782,623	10,007,624
Realized Gain (Loss) And Change In Unrealized Appreciation On Investments (Notes 1f and 4)		
Net realized gain on investments:		
Long transactions	176,058,639	86,808,130
Short sale transactions (note 1b)	—	(629,681)
Written option transactions (note 1c)	(272,754)	(2,100)
Net realized gain on investments (long-term except for \$3,224,498 and \$2,228,817, respectively)	175,785,885	86,176,349
Net increase (decrease) in unrealized appreciation	(71,533,458)	51,196,338
NET GAIN ON INVESTMENTS	114,035,050	137,372,687
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS	(11,900,000)	(11,900,000)
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$102,135,050	\$135,480,311

(see notes to financial statements)

STATEMENT OF CHANGES IN NET ASSETS

General American Investors

OPERATIONS	YEAR ENDED DECEMBER 31,	
	2007	2006
Net investment income	\$9,782,623	\$10,007,624
Net realized gain on investments	175,785,885	86,176,349
Net increase (decrease) in unrealized appreciation	(71,533,458)	51,196,338
	<u>114,035,050</u>	<u>147,380,311</u>
Distributions to Preferred Stockholders:		
From net investment income	(689,497)	(1,092,608)
From short-term capital gains	(778,809)	(168,288)
From long-term capital gains	(10,431,694)	(10,639,104)
Decrease in net assets from Preferred distributions	<u>(11,900,000)</u>	<u>(11,900,000)</u>
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>102,135,050</u>	<u>135,480,311</u>
OTHER COMPREHENSIVE INCOME		
Adjustment to apply FAS 158 (note 5)	<u>456,004</u>	<u>652,559</u>
DISTRIBUTIONS TO COMMON STOCKHOLDERS		
From net investment income	(9,603,869)	(8,230,843)
From short-term capital gains	(10,847,882)	(1,262,677)
From long-term capital gains	(145,301,188)	(79,790,662)
DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS	<u>(165,752,939)</u>	<u>(89,284,182)</u>
CAPITAL SHARE TRANSACTIONS (NOTE 2)		
Value of Common Shares issued in payment of distributions	96,902,914	48,748,838
Cost of Common Shares purchased	<u>(30,271,148)</u>	<u>(29,086,092)</u>
INCREASE IN NET ASSETS - CAPITAL TRANSACTIONS	<u>66,631,766</u>	<u>19,662,746</u>
NET INCREASE IN NET ASSETS	3,469,881	66,511,434
NET ASSETS APPLICABLE TO COMMON STOCK		
BEGINNING OF YEAR	<u>1,199,453,088</u>	<u>1,132,941,654</u>
END OF YEAR (including undistributed net investment income of \$1,711,821 and \$2,218,917, respectively)	<u>\$1,202,922,969</u>	<u>\$1,199,453,088</u>

(see notes to financial statements)

	SHARES	COMMON AND PREFERRED STOCKS	VALUE (NOTE 1a)
AEROSPACE/DEFENSE (5.1%)	509,800	Textron Inc.	\$36,348,740
	325,000	United Technologies Corporation	24,875,500
		(COST \$47,844,103)	<u>61,224,240</u>
BUILDING AND REAL ESTATE (4.8%)	2,225,862	CEMEX, S.A. de C.V. ADR	(COST \$29,518,057) <u>57,538,533</u>
COMMUNICATIONS AND INFORMATION SERVICES (6.9%)	900,000	Cisco Systems, Inc. (a)	24,362,910
	324,100	Lamar Advertising Company Class A (a)	15,579,487
	800,000	QUALCOMM Incorporated	31,480,000
	920,000	Sprint Nextel Corporation	12,079,600
		(COST \$71,358,877)	<u>83,501,997</u>
COMPUTER SOFTWARE AND SYSTEMS (10.9%)	700,000	Activision, Inc. (a)	20,790,000
	1,500,000	Dell Inc. (a)	36,765,000
	720,000	Microsoft Corporation	25,632,000
	245,000	NetEase.com, Inc. (a)	4,645,200
	55,000	Nintendo Co., Ltd.	32,938,400
	365,000	THQ Inc. (a)	10,289,350
		(COST \$95,320,352)	<u>131,059,950</u>
CONSUMER PRODUCTS AND SERVICES (9.2%)	350,000	Diageo plc ADR	30,040,500
	300,000	Heineken N.V.	19,497,000
	630,000	Hewitt Associates, Inc. Class A (a)	24,122,700
	42,500	Nestle S.A.	19,498,150
	225,000	PepsiCo, Inc.	17,077,500
	(COST \$75,813,339)	<u>110,235,850</u>	
ENVIRONMENTAL CONTROL (INCLUDING SERVICES) (4.1%)	881,500	Republic Services, Inc.	27,635,025
	680,000	Waste Management, Inc.	22,215,600
		(COST \$39,285,764)	<u>49,850,625</u>
FINANCE AND INSURANCE (24.2%)	BANKING (4.0%)		
	300,000	M&T Bank Corporation	24,471,000
	615,000	Wachovia Corporation	23,388,450
		(COST \$5,352,608)	<u>47,859,450</u>
	INSURANCE (17.2%)		
	290,000	The Allstate Corporation	15,146,700
	365,000	American International Group, Inc.	21,279,500
	335,000	Arch Capital Group Ltd. (a)	23,567,250
	365,000	AXIS Capital Holdings Limited	14,224,050
	215	Berkshire Hathaway Inc. Class A (a)	30,444,000
	340,000	Everest Re Group, Ltd.	34,136,000
	1,250,000	Fidelity National Financial, Inc.	18,262,500
	250,000	MetLife, Inc.	15,405,000
	290,000	PartnerRe Ltd.	23,933,700
	150,000	Transatlantic Holdings, Inc.	10,900,500
		(COST \$96,115,768)	<u>207,299,200</u>
	OTHER (3.0%)		
	10,000	Epoch Holding Corporation Series A Convertible Preferred 4.6% (d)	24,925,690
	925,000	Nelnet, Inc.	11,756,750
		(COST \$31,622,636)	<u>36,682,440</u>
		(COST \$133,091,012)	<u>291,841,090</u>
HEALTH CARE/ PHARMACEUTICALS (2.9%)	80,000	Alkermes, Inc. (a)	1,247,200
	90,000	Biogen Idec Inc. (a)	5,122,800
	529,900	Cytokinetics, Incorporated (a)	2,506,427
	200,000	Genentech, Inc. (a)	13,414,000
	190,000	Novo Nordisk B	12,464,000
		(COST \$15,790,018)	<u>34,754,427</u>

	SHARES	COMMON AND PREFERRED STOCKS (Continued)	VALUE (NOTE 1a)
MACHINERY & EQUIPMENT (2.4%)	1,000,000	ABB Ltd. ADR (COST \$10,779,026)	\$28,800,000
METALS (2.0%)	321,000	Carpenter Technology Corporation (COST \$19,986,798)	24,129,570
MISCELLANEOUS (4.2%)		Other (b) (COST \$65,192,916)	50,103,520
OIL AND NATURAL GAS (INCLUDING SERVICES) (19.5%)	600,000	Apache Corporation	64,524,000
	800,000	Halliburton Company	30,328,000
	700,000	Patterson-UTI Energy, Inc.	13,664,000
	3,000,000	Talisman Energy Inc.	55,560,000
	1,025,000	Weatherford International Ltd. (a) (COST \$116,211,169)	70,315,000
			234,391,000
RETAIL TRADE (14.4%)	575,000	Costco Wholesale Corporation	40,112,000
	1,278,000	The Home Depot, Inc. (c)	34,429,320
	333,100	Target Corporation	16,655,000
	2,100,000	The TJX Companies, Inc.	60,333,000
	470,000	Wal-Mart Stores, Inc. (COST \$59,708,643)	22,339,100
			173,868,420
TECHNOLOGY (2.6%)	1,900,000	Xerox Corporation (COST \$25,689,854)	30,761,000
TRANSPORTATION (1.0%)	236,100	Alexander & Baldwin, Inc. (COST \$11,005,032)	12,196,926
		TOTAL COMMON AND PREFERRED STOCKS (114.2%) (COST \$816,594,960)	1,374,257,148
	PRINCIPAL AMOUNT	CORPORATE NOTE	
CONSUMER PRODUCTS AND SERVICES (1.6%)	\$19,500,000	General Motors Nova Scotia Finance Company 6.85% Guaranteed Notes Due 10/15/08 (COST \$19,053,293)	19,183,125

SHORT-TERM SECURITIES AND OTHER ASSETS

SHARES			VALUE (NOTE 1a)
9,165,709	SSgA Prime Money Market Fund (0.8%)	(COST \$9,165,709)	\$9,165,709
	TOTAL INVESTMENTS (e) (116.6%)	(COST \$844,813,962)	1,402,605,982
	Cash, receivables and other assets less liabilities (0.0%)		316,987
			<u>1,402,922,969</u>
	PREFERRED STOCK (-16.6%)		<u>(200,000,000)</u>
	NET ASSETS APPLICABLE TO COMMON STOCK (100%)		<u>\$1,202,922,969</u>

(a) Non-income producing security.

(b) Securities which have been held for less than one year.

(c) 1,000,000 shares held by custodian in a segregated custodial account as collateral for short positions, if any.

(d) Restricted security of an affiliate acquired 11/7/06.

(e) At December 31, 2007: (1) the cost of investments for Federal income tax purposes was the same as the cost for financial reporting purposes, (2) aggregate gross unrealized appreciation was \$601,536,275, (3) aggregate gross unrealized depreciation was \$43,744,256, and (4) net unrealized appreciation was \$557,792,019.

(see notes to financial statements)

STATEMENT OF OPTIONS WRITTEN DECEMBER 31, 2007

General American Investors

CONTRACTS (100 SHARES EACH)	COMMON STOCKS/EXPIRATION DATE/EXERCISE PRICE		VALUE (NOTE 1a)
CALL OPTIONS			
OIL & NATURAL GAS (INCLUDING SERVICES)			
1,500	Apache Corporation /January 08/\$105.00	(PREMIUM RECEIVED \$1,058,824)	\$705,000
RETAIL TRADE			
500	Costco Wholesale Corporation/January 08/\$72.50		37,500
2,000	Costco Wholesale Corporation/January 08/\$70.00		336,000
3,500	Target Corporation/January 08/\$60.00		35,000
		(PREMIUMS RECEIVED \$2,014,963)	408,500
	TOTAL CALL OPTIONS	(PREMIUMS RECEIVED \$3,073,787)	<u>1,113,500</u>
PUT OPTION			
RETAIL TRADE			
1,999	Target Corporation/January 08/\$55.00	(PREMIUM RECEIVED \$638,671)	1,079,460
	TOTAL OPTIONS	(PREMIUMS RECEIVED \$3,712,458)	<u>\$2,192,960</u>

(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 requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

a. **SECURITY VALUATION** Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the period. Securities reported on the NASDAQ national market are valued at the official closing price on that day. Listed and NASDAQ securities for which no sales are reported on that day and other securities traded in the over-the-counter market are valued at the last bid price (asked price for open short positions and options written) on the valuation date. Securities traded primarily in foreign markets are generally valued at the preceding closing price of such securities on their respective exchanges or markets. If, after the close of the foreign market, conditions change significantly, the price of certain foreign securities may be adjusted to reflect fair value as of the time of the valuation of the portfolio. Investments in money market funds are valued at their net asset value. The restricted security is valued at par value (cost), divided by the conversion price of \$6.00 multiplied by the last reported sales price of the publicly traded common stock of the corporation.

b. **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. **OPTIONS** The Company may purchase and write (sell) put and call options. The risk associated with purchasing an option is that the Company pays a premium whether or not the option is exercised. Additionally, the Company bears the risk of loss of the premium and a change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. Premiums received from writing options that expire unexercised are treated by the Company on the expiration date as realized gains from investments. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Company has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis for the securities purchased by the Company. The Company as writer of an option bears the market risk of an unfavorable change in the price of the security underlying the written option.

d. **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.

e. **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.

f. **OTHER** As customary in the investment company industry, securities transactions are recorded as of the trade date. Dividend income and distributions to stockholders are recorded as of the ex-dividend dates. Interest income, adjusted for amortization of discount and premium on investments, is earned from settlement date and is recognized on the accrual basis. Cost of short-term investments represents amortized cost.

2. CAPITAL STOCK AND DIVIDEND DISTRIBUTIONS

The authorized capital stock of the Company consists of 50,000,000 shares of Common Stock, \$1.00 par value, and 10,000,000 shares of Preferred Stock, \$1.00 par value. With respect to the Common Stock, 31,574,058 and 31,573,058 shares were issued and outstanding, respectively, and 8,000,000 Preferred Shares were issued and outstanding on December 31, 2007.

On September 24, 2003, the Company issued and sold 8,000,000 shares of its 5.95% Cumulative Preferred Stock, Series B in an underwritten offering. The Preferred Shares are noncallable for 5 years and have a liquidation preference of \$25.00 per share plus an amount equal to accumulated and unpaid dividends to the date of redemption. The underwriting discount and other expenses associated with the Preferred Stock offering amounted to \$6,700,000 and were charged to paid-in capital.

The Company is required to allocate distributions from long-term capital gains and other types of income proportionately among holders of shares of Common Stock and Preferred Stock. To the extent that dividends on the shares of Preferred Stock are not paid from long-term capital gains, they will be paid from ordinary income or net short-term capital gains or will represent a return of capital.

2. 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% for the Preferred Stock. In addition, pursuant to the Rating Agency Guidelines, the Company is required to maintain a certain discounted asset coverage for its portfolio that equals or exceeds the Basic Maintenance Amount under the guidelines established by Moody's Investors Service, Inc. The Company has met these requirements since the issuance of the Preferred Stock. If the Company fails to meet these requirements in the future and does not cure such failure, the Company may be required to redeem, in whole or in part, shares of Preferred Stock at a redemption price of \$25.00 per share plus accumulated and unpaid dividends (whether or not earned or declared). In addition, the Company's failure to meet the foregoing asset coverage requirements could restrict its ability to pay dividends on shares of Common Stock and could lead to sales of portfolio securities at inopportune times.

The holders of Preferred Stock have voting rights equivalent to those of the holders of Common Stock (one vote per share) and, generally, vote together with the holders of Common Stock as a single class.

At all times, holders of Preferred Stock will elect two members of the Company's Board of Directors and the holders of Preferred and Common Stock, voting as a single class, will elect the remaining directors. If the Company fails to pay dividends on the Preferred Stock in an amount equal to two full years' dividends, the holders of Preferred Stock will have the right to elect a majority of the directors. In addition, the Investment Company Act of 1940 requires that approval of the holders of a majority of any outstanding Preferred Shares, voting separately as a class, would be required to (a) adopt any plan of reorganization that would adversely affect the Preferred Stock and (b) take any action requiring a vote of security holders, including, among other things, changes in the Company's subclassification as a closed-end investment company or changes in its fundamental investment policies.

The Company classifies its Preferred Stock pursuant to the requirements of EITF D-98, *Classification and Measurement of Redeemable Securities*, which requires that preferred stock for which its redemption is outside of the company's control should be presented outside of net assets in the statement of assets and liabilities.

Transactions in Common Stock during 2007 and 2006 were as follows:

	SHARES		AMOUNT	
	2007	2006	2007	2006
Shares issued in payment of dividends and distributions (includes 2,404,965 and 1,326,499 shares issued from treasury, respectively)	2,747,460	1,326,499	\$2,747,460	\$1,326,499
Increase in paid-in capital			94,155,454	47,422,339
Total increase			96,902,914	48,748,838
Shares purchased (at an average discount from net asset value of 10.4% and 9.0%, respectively)	763,600	787,700	(763,600)	(787,700)
Decrease in paid-in capital			(29,507,548)	(28,298,392)
Total decrease			(30,271,148)	(29,086,092)
Net increase			\$66,631,766	\$19,662,746

At December 31, 2007, the Company held in its treasury 1,000 shares of Common Stock with an aggregate cost in the amount of \$35,281.

Distributions for tax and book purposes are substantially the same.

As of December 31, 2007, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	\$183,587
Undistributed long-term gains	6,613,882
Unrealized appreciation	559,311,518
	<u>\$566,108,987</u>

To reflect reclassification arising from permanent "book/tax" differences for non-deductible expenses during the year ended December 31, 2007, undistributed net investment income was increased by \$3,647, and additional paid-in capital was decreased by \$3,647. Net assets were not affected by this reclassification.

3. OFFICERS' COMPENSATION

The aggregate compensation paid by the Company during 2007 and 2006 to its officers (identified on page 20) amounted to \$8,874,500 and \$7,255,500, respectively.

4. PURCHASES AND SALES OF SECURITIES

Purchases and sales of securities (other than short-term securities and options) during 2007 amounted to \$465,468,867 and \$569,525,640, on long transactions, respectively.

5. 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 2007 and 2006 was \$633,127 and \$805,729, respectively. 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.

Effective December 31, 2006, the Company adopted the recognition provisions of Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" ("FAS158") which was released on September 2006. FAS 158 improves financial reporting by requiring employers to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in the statement of assets and liabilities and to recognize changes in funded status in the year in which the changes occur through other comprehensive income.

5. PENSION BENEFIT PLANS - (Continued from previous page.)

OBLIGATIONS AND FUNDED STATUS OF DEFINED BENEFIT PLANS:

	DECEMBER 31, 2007 (MEASUREMENT DATE)			DECEMBER 31, 2006 (MEASUREMENT DATE)		
	QUALIFIED	SUPPLEMENTAL	TOTAL	QUALIFIED	SUPPLEMENTAL	TOTAL
	PLAN	PLAN		PLAN	PLAN	
CHANGE IN BENEFIT OBLIGATION:						
Benefit obligation at beginning of year	\$9,062,488	\$3,320,726	\$12,383,214	\$8,902,156	\$3,139,034	\$12,041,190
Service cost	206,228	95,332	301,560	201,809	115,586	317,395
Interest cost	538,587	181,712	720,299	501,644	182,511	684,155
Benefits paid	(544,838)	(165,253)	(710,091)	(542,274)	(165,252)	(707,526)
Actuarial (gains)/losses	13,491	(197,383)	(183,892)	(848)	48,848	48,000
Plan amendments	61,112	(61,112)	—	—	—	—
Projected benefit obligation at end of year	9,337,068	3,174,022	12,511,090	9,062,487	3,320,727	12,383,214
CHANGE IN PLAN ASSETS:						
Fair value of plan assets at beginning of year	17,719,247	—	17,719,247	15,906,987	—	15,906,987
Actual return on plan assets	1,407,186	—	1,407,186	2,354,533	—	2,354,533
Employer contributions	—	165,253	165,253	—	165,252	165,252
Benefits paid	(544,838)	(165,253)	(710,091)	(542,274)	(165,252)	(707,526)
Fair value of plan assets at end of year	18,581,595	—	18,581,595	17,719,246	—	17,719,246
FUNDED STATUS AT END OF YEAR	\$9,244,527	(\$3,174,022)	\$6,070,505	\$8,656,759	(\$3,320,727)	\$5,336,032
Accumulated benefit obligation at end of year	\$8,726,625	\$3,000,603	\$11,727,228	\$8,400,586	\$2,971,614	\$11,372,200
INCREMENTAL EFFECT OF ADOPTING FAS 158						
	BEFORE	ADJUSTMENTS	AFTER	BEFORE	ADJUSTMENTS	AFTER
Noncurrent benefit asset	\$8,656,759	\$587,768	\$9,244,527	\$7,939,307	\$717,452	\$8,656,759
LIABILITIES						
Current benefit liability	213,549	(4,510)	209,039	213,549	—	213,549
Noncurrent benefit liability	3,107,178	(142,194)	2,964,984	3,042,285	64,893	3,107,178
Accumulated other comprehensive income	(652,559)	(456,004)	(1,108,563)	—	(652,559)	(652,559)
AMOUNTS RECOGNIZED IN ACCUMULATED OTHER COMPREHENSIVE INCOME CONSIST OF:						
Net actuarial gain	(\$1,011,676)	(\$433,910)	(\$1,445,586)	(\$1,006,540)	(\$5,136)	(\$1,011,676)
Prior service cost	289,088	47,935	337,023	289,088	70,029	359,117
	(\$722,588)	(\$385,975)	(\$1,108,563)	(\$717,452)	\$64,893	(\$652,559)
WEIGHTED-AVERAGE ASSUMPTIONS AS OF END OF FISCAL YEAR:						
Discount rate	6.00%	6.00%		5.75%	5.75%	
Expected return on plan assets	8.75%	N/A		8.75%	N/A	
Salary scale assumption	4.25%	4.25%		4.25%	4.25%	
COMPONENTS OF NET PERIODIC BENEFIT COST:						
Service cost	\$206,228	\$95,332	\$301,560	\$201,809	\$115,586	\$317,395
Interest cost	538,587	181,712	720,299	501,645	182,511	684,156
Expected return on plan assets	(1,253,375)	—	(1,253,375)	(1,127,040)	—	(1,127,040)
Amortization of:						
Prior service cost	19,309	2,784	22,093	13,235	21,861	35,096
Recognized net actuarial loss	96,207	—	96,207	185,502	—	185,502
Net periodic benefit cost (gain)	(\$393,044)	\$279,828	(\$113,216)	(\$224,849)	\$319,958	\$95,109
WEIGHTED-AVERAGE ASSUMPTIONS FOR DETERMINING NET PERIODIC BENEFIT COST FOR YEARS ENDED DECEMBER 31:						
Discount rate	5.75%	5.75%		5.50%	5.50%	
Expected long-term rate of return on plan assets	8.75%	N/A		8.75%	N/A	
Rate of salary increase	4.25%	4.25%		4.25%	4.25%	

PLAN ASSETS The Company's qualified pension plan asset allocations by asset category at December 31, 2007 and 2006, are as follows:	EXPECTED CASH FLOWS		
	December 31		
	2007	2006	
ASSET CATEGORY			
Equity securities	89.6%	88.2%	
Debt securities	10.4	11.8	
Total	100.0%	100.0%	
Generally, not less than 80% of plan assets are invested in investment companies that invest in equity securities.			
			Expected Company contributions for 2008
			Expected benefit payments:
			2008
			2009
			2010
			2011
			2012
			2013-2017

6. CALL AND PUT OPTIONS

Transactions in a written covered call and collateralized put options during the year ended December 31, 2007 were as follows:

	Covered Calls		Collateralized Put	
	Contracts	Premiums	Contracts	Premium
Options written	9,951	\$4,296,648	2,000	\$638,990
Options terminated in closing purchase transaction	2,451	1,222,861	1	319
Options outstanding, December 31, 2007	7,500	\$3,073,787	1,999	\$638,671

7. OPERATING LEASE COMMITMENT

In July 1992, the Company entered into an operating lease agreement for office space which expired on December 31, 2007 and provided for rental payments in the aggregate amount of approximately \$5.6 million. The lease agreement contained a clause whereby the Company received a specified number of months of free rent beginning in December 1992 and escalation clauses relating to rent charges, operating costs, and real property taxes.

7. OPERATING LEASE COMMITMENT- (Continued from previous page.)

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

Net rental expense approximated \$316,500 for 2007. On a gross basis, minimum rental commitments under the operating lease were approximately \$505,000 in 2007.

In June 2007, the Company entered into an operating lease agreement for new office space which expires in February 2018 and provides for future rental payments in the aggregate amount of approximately \$10.8 million. The lease agreement contains clauses whereby the Company receives free rent for a specified number of months and credit towards construction of office improvements, and incurs escalations annually relating to operating costs and real property taxes and to annual rent charges beginning in February 2013. The Company has the option to renew the lease after February 2018 for five years at market rates.

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

8. RECENT ACCOUNTING PRONOUNCEMENT

On September 20, 2006, the FASB released Statement of Financial Accounting Standards No. 157 "Fair Value Measurements" ("FAS 157"). FAS 157 establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. The application of FAS 157 is required for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Management does not believe that the application of this standard will have a material impact on the financial statements of the Company.

The following 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, 2007. This information has been derived from information contained in the financial statements and market price data for the Company's shares.

FINANCIAL HIGHLIGHTS

General American Investors

	2007	2006	2005	2004	2003
PER SHARE OPERATING PERFORMANCE					
Net asset value, beginning of year	\$40.54	\$39.00	\$35.49	\$33.11	\$26.48
Net investment income	.31	.34	.19	.32	.03
Net gain on securities - realized and unrealized	3.39	4.72	5.85	3.48	7.72
Other comprehensive income	.02	.03	—	—	—
Distributions on Preferred Stock:					
Dividends from net investment income	(.02)	(.04)	(.03)	(.09)	(.01)
Distributions from net short-term capital gains	(.03)	(.01)	(.08)	—	—
Distributions from net long-term capital gains	(.36)	(.36)	(.30)	(.32)	(.35)
	(.41)	(.41)	(.41)	(.41)	(.36)
Total from investment operations	3.31	4.68	5.63	3.39	7.39
Distributions on Common Stock:					
Dividends from net investment income	(.33)	(.29)	(.15)	(.23)	(.02)
Distributions from net short-term capital gains	(.38)	(.04)	(.44)	—	—
Distributions from net long-term capital gains	(5.04)	(2.81)	(1.53)	(.78)	(.52)
	(5.75)	(3.14)	(2.12)	(1.01)	(.54)
Capital Stock transaction - effect of Preferred Stock offering	—	—	—	—	(.22)
Net asset value, end of year	\$38.10	\$40.54	\$39.00	\$35.49	\$33.11
Per share market value, end of year	\$34.70	\$37.12	\$34.54	\$31.32	\$29.73
TOTAL INVESTMENT RETURN - Stockholder					
Return, based on market price per share	8.72%	16.78%	17.40%	8.79%	27.01%
RATIOS AND SUPPLEMENTAL DATA					
Net assets applicable to Common Stock, end of year (000's omitted)	\$1,202,923	\$1,199,453	\$1,132,942	\$1,036,393	\$986,335
Ratio of expenses to average net assets applicable to Common Stock	1.11%	1.06%	1.25%	1.15%	1.23%
Ratio of net income to average net assets applicable to Common Stock	0.78%	0.86%	0.51%	0.94%	0.13%
Portfolio turnover rate	31.91%	19.10%	20.41%	16.71%	18.62%
PREFERRED STOCK					
Liquidation value, end of year (000's omitted)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Asset coverage	701%	700%	666%	618%	593%
Liquidation preference per share	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Market value per share	\$21.99	\$24.44	\$24.07	\$24.97	\$25.04

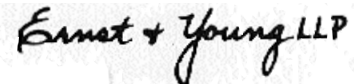
TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF
GENERAL AMERICAN INVESTORS COMPANY, INC.

We have audited the accompanying statement of assets and liabilities, including the statement of investments and statement of options written, of General American Investors Company, Inc. as of December 31, 2007, and the related statements of operations and 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 express-

ing 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, 2007, 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, 2007, the results of its operations and 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
January 28, 2008

OFFICERS*General American Investors*

NAME (AGE) EMPLOYEE SINCE	PRINCIPAL OCCUPATION DURING PAST 5 YEARS	NAME (AGE) EMPLOYEE SINCE	PRINCIPAL OCCUPATION DURING PAST 5 YEARS
Spencer Davidson (65) 1994	<i>Chairman of the Board since 2007 President and Chief Executive Officer of the Company since 1995</i>	Sally A. Lynch, Ph.D. (48) 1997	<i>Vice-President of the Company since 2006 securities analyst (biotechnology industry)</i>
Andrew V. Vindigni (48) 1988	<i>Senior Vice-President of the Company since 2006 Vice-President 1995-2006; securities analyst (financial services industry)</i>	Peter P. Donnelly (59) 1974	<i>Vice-President of the Company since 1991 securities trader</i>
Eugene S. Stark (49) 2005	<i>Vice-President, Administration of the Company since 2005, Principal Financial Officer since 2005, Chief Compliance Officer since 2006; Chief Financial Officer of Prospect Energy Corporation (2005); Vice-President of Prudential Financial, Inc. (1987-2004)</i>	Diane G. Radosti (55) 1980	<i>Treasurer of the Company since 1990 Principal Accounting Officer since 2003</i>
Jesse Stuart (41) 2003	<i>Vice-President of the Company since 2006 securities analyst (general industries); securities analyst & portfolio manager of Scudder, Stevens and Clark (1996-2003)</i>	Carole Anne Clementi (61) 1982	<i>Secretary of the Company since 1994 shareholder relations and office management</i>
		Craig A. Grassi (39) 1991	<i>Assistant Vice-President of the Company since 2005 information technology</i>
		Maureen E. LoBello (57) 1992	<i>Assistant Secretary of the Company 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 third Wednesday in April. The address for each officer is the Company's office. Other directorships and affiliations for Mr. Davidson are shown in the listing of Directors on the inside back cover of this report.

SERVICE ORGANIZATIONS

COUNSEL Sullivan & Cromwell LLP	TRANSFER AGENT AND REGISTRAR American Stock Transfer & Trust Company 59 Maiden Lane New York, NY 10038 1-800-413-5499 www.amstock.com
INDEPENDENT AUDITORS Ernst & Young LLP	
CUSTODIAN State Street Bank and Trust Company	

In addition to purchases of the Company's Common Stock as set forth in Note 2, on pages 15 and 16, purchases of Common Stock may be made at such times, at such prices, in such amounts and in such manner as the Board of Directors may deem advisable.

The policies and procedures used by the Company to determine how to vote proxies relating to portfolio securities and the Company's proxy voting record for the twelve-month period ended June 30, 2007 are available: (1) without charge, upon request, by calling us at our toll-free telephone number (1-800-436-8401), (2) on the Company's website at www.generalamericaninvestors.com and (3) on the Securities and Exchange Commission's website at www.sec.gov.

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

On May 2, 2007, the Company submitted a CEO annual certification to the New York Stock Exchange ("NYSE") on which the Company's principal executive officer certified that he was not aware, as of that date, of any violation by the Company of the NYSE's Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Company's principal executive and principal financial officer made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q relating to, among other things, the Company's disclosure controls and procedures and internal control over financial reporting, as applicable.

DIRECTORS

General American Investors

NAME (AGE) DIRECTOR SINCE	PRINCIPAL OCCUPATION DURING PAST 5 YEARS	OTHER DIRECTORSHIPS AND AFFILIATIONS
INDEPENDENT DIRECTORS		
Arthur G. Altschul, Jr. (43) 1995	<i>Managing Member</i> Diaz & Altschul Capital Management, LLC (private investment company)	Delta Opportunity Fund, Ltd., <i>Director</i> Diversified Natural Products, Inc., <i>Director</i> Kolltan Pharmaceuticals, Inc., <i>Chairman, Board of Directors</i> Medicis Pharmaceutical Corporation, <i>Director</i> Medrium, Inc., <i>Chairman, Board of Directors</i> National Public Radio Foundation, <i>Trustee</i> Neurosciences Research Foundation, <i>Trustee</i> The Overbrook Foundation, <i>Director</i>
Rodney B. Berens (62) 2007	<i>Founding Partner</i> Berens Capital Management, LLC	Agni Capital Management Ltd., <i>Member of Investment Committee</i> Pendragon Capital Management Limited, <i>Non-Executive Director</i> Pierpont Morgan Library, <i>Trustee and Member of Investment Committee</i> The Woods Hole Oceanographic Institute, <i>Trustee and Member of Investment Committee</i>
Lewis B. Cullman (89) 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>
Gerald M. Edelman (78) 1976	<i>Member, Professor and Chairman 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>
John D. Gordan, III (62) 1986	<i>Partner</i> Morgan, Lewis & Bockius LLP (lawyers)	
Sidney R. Knafel (77) 1994	<i>Managing Partner</i> SRK Management Company (private investment company)	IGENE Biotechnology, Inc., <i>Director</i> Insight Communications Company, Inc., <i>Chairman, Board of Directors</i> VirtualScopics, Inc., <i>Director</i> Vocollect, Inc., <i>Director</i>
Daniel M. Neidich (58) 2007	<i>Founding Partner and Co-Chief Executive Officer</i> Dune Capital Management LP (since March 2005) <i>Co-Head, Merchant Banking Division</i> <i>Chairman, Whitehall Investment Committee</i> <i>Member, Management Committee</i> Goldman Sachs (prior to March 2005)	Capmark, <i>Director</i> New York Child Study Center, <i>Director</i> Prep for Prep, <i>Director</i> Real Estate Roundtable, <i>Director</i> Urban Land Institute, <i>Trustee</i>
D. Ellen Shuman (52) 2004	<i>Vice President and Chief Investment Officer</i> Carnegie Corporation of New York	Bowdoin College, <i>Trustee</i> Edna McConnell Clark Foundation, <i>Investment Advisor</i> The Investment Fund for Foundations - TIFF Advisory Services, <i>Director</i>
Joseph T. Stewart, Jr. (78) 1987	<i>Lead Independent Director since July 2007</i> <i>Corporate director and trustee</i>	Foundation of the University of Medicine and Dentistry of New Jersey, <i>Trustee</i> Marine Biological Laboratory, <i>Member, Advisory Council</i> United States Merchant Marine Academy, <i>Member, Board of Advisors</i> United States Merchant Marine Academy Foundation, <i>Trustee</i>
Raymond S. Troubh (81) 1989	<i>Financial Consultant</i>	Diamond Offshore Drilling, Inc., <i>Director</i> Gentiva Health Services, Inc., <i>Director</i> Triarc Companies, Inc., <i>Director</i>
INTERESTED DIRECTOR		
Spencer Davidson (65) 1995	<i>Chairman of the Board</i> <i>President and Chief Executive Officer</i> General American Investors Company, Inc.	Medicis Pharmaceutical Corporation, <i>Director</i> Neurosciences Research Foundation, <i>Trustee</i>

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