

GENERAL AMERICAN INVESTORS CO INC

Form N-30B-2

October 20, 2010



For the nine months ended September 30, 2010, the net asset value per Common Share increased 4.8%, while the investment return to our stockholders increased by 3.9%. By comparison, our benchmark, the Standard & Poor's 500 Stock Index (including income) increased 3.9%. For the twelve months ended September 30, 2010, the return on the net asset value per Common Share increased by 8.4%, and the return to our stockholders increased by 4.0%; these compare with an increase of 10.2% for the S&P 500. During both periods, the discount at which our shares traded continued to fluctuate and on September 30, 2010, it was 15.4%.

As detailed in the accompanying financial statements (unaudited), as of September 30, 2010, the net assets applicable to the Company's Common Stock were \$870,887,262 equal to \$28.81 per Common Share.

The increase in net assets resulting from operations for the nine months ended September 30, 2010 was \$35,100,739. During this period, the net realized gain on investments sold was \$5,496,558, and the increase in net unrealized appreciation was \$34,018,225. Net investment income for the nine months was \$4,069,938, and distributions to Preferred Stockholders amounted to \$8,483,982.

During the nine months, 1,192,429 shares of the Company's Common Stock were repurchased for \$28,643,454 at an average discount from net asset value of 14.5%.

Owing to the best September in fifty years, equity markets have edged into the black for the year-to-

date, with General American posting marginally better results than the averages. Recent economic reports, which reflect continuing modest growth, and suggest that a double-dip recession is unlikely, may well have contributed to the rally.

While equity valuations do not appear to be excessive, uncertainty and risk are present in abundance. Over time, the imperative to grow the economy more rapidly, and thus reduce unemployment and stimulate housing, via extraordinarily low interest rates and deficit spending may be inconsistent with currency stability and constrained inflation.

Our portfolio is structured to capture the greater growth anticipated in offshore markets and to afford some protection against inflation and dollar weakness, while returning cash to shareholders in the form of dividends and buybacks.

Information about the Company, including our investment objectives, operating policies and procedures, investment results, record of dividend and distribution payments, financial reports and press releases, is on our website and has been updated through September 30, 2010. It can be accessed on the internet at [www.generalamericaninvestors.com](http://www.generalamericaninvestors.com).

By Order of the Board of Directors,  
GENERAL AMERICAN INVESTORS COMPANY, INC.

*Spencer Davidson*  
*Chairman of the Board*  
*President and Chief Executive Officer*

October 13, 2010

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Shares	COMMON STOCKS	Value (note 1a)
<b>AEROSPACE/DEFENSE (2.7%)</b>		
325,000	United Technologies Corporation	(Cost \$22,957,205) \$23,149,750
<b>BUILDING AND REAL ESTATE (1.9%)</b>		
1,946,880	CEMEX, S.A. de C.V. ADR* (a)	(Cost \$23,385,068) 16,548,480
<b>COMMUNICATIONS AND INFORMATION SERVICES (6.2%)</b>		
960,000	Cisco Systems, Inc. (a)	21,024,000
78,000	Leap Wireless International, Inc. (a)	963,300
700,000	QUALCOMM Incorporated	31,592,750
		(Cost \$41,318,834) 53,580,050
<b>COMPUTER SOFTWARE AND SYSTEMS (7.9%)</b>		
1,290,000	Dell Inc. (a)	16,731,300
570,000	Microsoft Corporation	13,959,300
168,100	NetEase.com, Inc. (a)	6,629,864
55,000	Nintendo Co., Ltd.	13,735,185
450,000	Teradata Corporation (a)	17,352,000
		(Cost \$72,782,465) 68,407,649
<b>CONSUMER PRODUCTS AND SERVICES (12.4%)</b>		
350,000	Diageo plc ADR*	24,153,500
466,100	Hewitt Associates, Inc. Class A (a)	23,505,423
450,000	Nestle S.A.	24,115,338
300,000	PepsiCo, Inc.	19,932,000
550,000	Unilever N.V.	16,403,519
		(Cost \$78,729,564) 108,109,780
<b>ENVIRONMENTAL CONTROL (INCLUDING SERVICES) (5.9%)</b>		
949,000	Republic Services, Inc.	28,935,010
630,000	Waste Management, Inc.	22,516,200
		(Cost \$38,960,134) 51,451,210
<b>FINANCE AND INSURANCE (24.2%)</b>		
<b>BANKING (4.0%)</b>		
500,000	Bond Street Holdings LLC (a) (b)	10,000,000
425,000	JPMorgan Chase & Co. (a)	16,175,500
110,000	M&T Bank Corporation	8,999,100
		(Cost \$27,690,799) 35,174,600
<b>INSURANCE (13.0%)</b>		
315,000	Arch Capital Group Ltd. (a)	26,397,000
250,000	Everest Re Group, Ltd.	21,617,500
700,000	Fidelity National Financial, Inc.	10,997,000
37,500	Forethought Financial Group, Inc. Class A with Warrants (a)(c)	7,500,000
280,000	MetLife, Inc.	10,766,000
265,000	PartnerRe Ltd.	21,247,700
83,000	Transatlantic Holdings, Inc.	4,218,060
200,000	The Travelers Companies, Inc.	10,420,000
		(Cost \$56,850,449) 113,163,260
<b>OTHER (7.2%)</b>		
325,000	American Express Company	13,659,750

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	110 Berkshire Hathaway Inc. Class A (a)	13,695,000
	1,666,667 Epoch Holding Corporation	21,466,671
	603,500 Nelnet, Inc.	13,808,080
		(Cost \$29,554,593)
		(Cost \$114,095,841)
		62,629,501
		210,967,361

	COMMON STOCKS (continued)	Value (note 1a)
<b>HEALTH CARE / PHARMACEUTICALS (6.7%)</b>		
382,100	Cephalon, Inc. (a)	\$23,858,324
529,900	Cytokinetics, Incorporated (a)	1,398,936
564,500	Gilead Sciences, Inc. (a)	20,101,845
755,808	Pfizer Inc.	12,977,223
195,344	Poniard Pharmaceuticals, Inc. (a)	113,300
		(Cost \$61,142,880)
		58,449,628
<b>MACHINERY AND EQUIPMENT (4.3%)</b>		
1,200,000	ABB Ltd. ADR*	25,344,000
1,000,000	The Manitowoc Company, Inc.	12,110,000
		(Cost \$24,525,812)
		37,454,000
<b>METALS (1.9%)</b>		
264,200	Alpha Natural Resources, Inc. (a)	10,871,830
150,000	Nucor Corporation	5,730,000
		(Cost \$20,312,019)
		16,601,830
<b>MISCELLANEOUS (5.2%)</b>		
	Other (d)	(Cost \$42,508,572)
		45,695,400
<b>OIL AND NATURAL GAS (INCLUDING SERVICES) (11.6%)</b>		
296,478	Apache Corporation	28,983,689
130,062	Devon Energy Corporation	8,420,214
800,000	Halliburton Company	26,456,000
2,150,000	Weatherford International Ltd. (a)	36,765,000
		(Cost \$66,813,403)
		100,624,903
<b>RETAIL TRADE (17.2%)</b>		
575,000	Costco Wholesale Corporation	37,081,750
400,000	J.C. Penney Company, Inc.	10,872,000
1,632,400	The TJX Companies, Inc.	72,854,012
550,000	Wal-Mart Stores, Inc.	29,436,000
		(Cost \$61,504,566)
		150,243,762
<b>SEMICONDUCTORS (2.4%)</b>		
700,000	ASML Holding N.V.	(Cost \$17,340,380)
		20,811,000
<b>TECHNOLOGY (3.5%)</b>		
750,000	International Game Technology	10,837,500
1,900,000	Xerox Corporation	19,665,000

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		(Cost \$34,368,474)	30,502,500
TRANSPORTATION (0.9%)			
	236,100 Alexander & Baldwin, Inc.	(Cost \$11,005,032)	8,225,724
TOTAL COMMON STOCKS (114.9%)		(Cost \$731,750,249)	1,000,823,027
Warrants	WARRANT		
BANKING (0.2%)			
	175,000 JPMorgan Chase & Co. Expires 10/28/2018 (a)	(Cost \$2,234,226)	2,042,250
Principal Amount	CORPORATE DEBT (e)		
CONSUMER PRODUCTS AND SERVICES (1.2%)			
	\$9,600,000 Smithfield Foods, Inc. 7.75% due 5/15/2013	(Cost \$8,058,690)	9,947,520
TECHNOLOGY (1.1%)			
	\$10,000,000 VeriFone Holdings, Inc. 1.375% due 6/15/2012	(Cost \$6,856,450)	9,912,500
TOTAL CORPORATE DEBT (2.3%)		(Cost \$14,915,140)	19,860,020

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			Value (note 1a)
Shares	SHORT-TERM SECURITY AND OTHER ASSETS		
	38,457,588 SSgA Prime Money Market Fund (4.4%)	(Cost \$38,457,588)	\$38,457,588
TOTAL INVESTMENTS (f) (121.8%)		(Cost \$787,357,203)	1,061,182,885
Liabilities in excess of cash, receivables and other assets (0.0%)			(178,448)
PREFERRED STOCK (-21.8%)			(190,117,175)
NET ASSETS APPLICABLE TO COMMON STOCK (100%)			\$870,887,262

\* ADR - American Depository Receipt

(a) Non-income producing security.

(b) Level 3 fair value measurement, restricted security acquired 11/4/09, aggregate cost \$10,000,000, unit cost and fair value is \$20 per share, note 2. Fair value is based upon dated bid and transaction prices provided via the NASDAQ OMX Group, Inc. PORTAL Alliance trading and transfer system for privately placed equity securities traded in the over-the-counter market among qualified investors and an evaluation of book value per share.

(c) Level 3 fair value measurement, restricted security acquired 11/3/09, aggregate cost \$7,500,000, unit cost and fair value is \$200 per share, note 2. Fair valuation is based upon a market approach using valuation metrics (market price-earnings and market price-book value multiples), and changes therein, relative to a peer group of companies established by the underwriters.

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

(e) Level 2 fair value measurement, note 2. Fair value is based upon the most current bid price provided by independent dealers.

(f) At September 30, 2010: the cost of investments for Federal income tax purposes was the same as the cost for financial reporting purposes, aggregate gross unrealized appreciation was \$319,264,530, aggregate gross unrealized depreciation was \$45,438,848, and net unrealized appreciation was \$273,825,682.

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(see notes to financial statements)

	SHARES AMOUNT TRANSACTED	SHARES AMOUNT HELD
<b>INCREASES</b>		
<b>NEW POSITION</b>		
Unilever N.V.	550,000	550,000
<b>ADDITIONS</b>		
Apache Corporation	1,000	296,478
Gilead Sciences, Inc.	20,000	564,500
JPMorgan Chase & Co.	50,000	425,000
JPMorgan Chase & Co., Warrants expiring 10/28/2018	20,000	175,000
The Manitowoc Company, Inc.	391,802	1,000,000 (b)
<b>DECREASES</b>		
<b>ELIMINATIONS</b>		
Heineken N.V.	300,000	
Textron Inc.	215,000	
<b>REDUCTIONS</b>		
Everest Re Group, Ltd.	10,000	250,000
Fidelity National Financial, Inc.	50,000	700,000
M&T Bank Corporation	5,000	110,000
Nelnet, Inc.	14,000	603,500
PartnerRe Ltd.	10,000	265,000

- (a) Common shares unless otherwise noted; excludes transactions in Common Stocks - Miscellaneous - Other.  
(b) Shares purchased in prior period and previously carried under Common Stocks - Miscellaneous - Other.

The diversification of the Company's net assets applicable to its Common Stock by industry group as of September 30, 2010 is shown in the following table.

INDUSTRY CATEGORY	COST(000)	VALUE(000)	PERCENT COMMON NET ASSETS*
<b>Finance and Insurance</b>			
Banking	\$29,925	\$37,217	4.2%
Insurance	56,850	113,163	13.0
Other	29,555	62,629	7.2
	116,330	213,009	24.4
<b>Retail Trade</b>			
Retail Trade	61,505	150,244	17.2
<b>Consumer Products and Services</b>			
Consumer Products and Services	86,788	118,057	13.6
<b>Oil and Natural Gas (Including Services)</b>			
Oil and Natural Gas (Including Services)	66,814	100,625	11.6

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Computer Software and Systems	72,782	68,408	7.9
Health Care/Pharmaceuticals	61,143	58,450	6.7
Communications and Information Services	41,319	53,580	6.2
Environmental Control (Including Services)	38,960	51,451	5.9
Miscellaneous**	42,509	45,695	5.2
Technology	41,225	40,415	4.6
Machinery and Equipment	24,526	37,454	4.3
Aerospace/Defense	22,957	23,150	2.7
Semiconductors	17,340	20,811	2.4
Metals	20,312	16,602	1.9
Building and Real Estate	23,385	16,548	1.9
Transportation	11,005	8,226	0.9
	748,900	1,022,725	117.4
Short-Term Securities	38,457	38,457	4.4
Total Investments	\$787,357	1,061,182	121.8
Other Assets and Liabilities - Net		(178)	(0.0)
Preferred Stock		(190,117)	(21.8)
Net Assets Applicable to Common Stock		\$870,887	100.0%

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

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

(see notes to financial statements)

ASSETS

INVESTMENTS, AT VALUE (NOTE 1a)

Common stocks (cost \$731,750,249)		\$1,000,823,027
Warrant (cost \$2,234,226)		2,042,250
Corporate debt (cost \$14,915,140)		19,860,020
Money market fund (cost \$38,457,588)		38,457,588
Total investments (cost \$787,357,203)		1,061,182,885

RECEIVABLES AND OTHER ASSETS

Receivable for securities sold	\$3,488,930	
Dividends, interest and other receivables	1,480,036	
Qualified pension plan asset, net excess funded (note 7)	3,907,647	
Prepaid expenses and other assets	2,602,755	11,479,368
TOTAL ASSETS		1,072,662,253

LIABILITIES

Payable for securities purchased	1,336,093	
Accrued preferred stock dividend not yet declared	219,958	