

GENERAL AMERICAN INVESTORS CO INC

Form N-30B-2

April 28, 2008

For the three months ended March 31, 2008, the net asset value per Common Share decreased 4.7%, while the investment return to our stockholders was negative by 7.8%. By comparison, our benchmark, the Standard & Poor's 500 Stock Index (including income) decreased 9.5%. For the twelve months ended March 31, 2008, the return on the net asset value per Common Share was 1.8%, and the return to our stockholders was 0.8%; these compare with a return of -5.2% for the S&P 500. During each period, the discount at which our shares traded continued to fluctuate and on March 31, 2008, it was 11.9%.

As set forth in the accompanying financial statements (unaudited), as of March 31, 2008, the net assets applicable to the Company's Common Stock were \$1,139,639,679 equal to \$36.10 per Common Share.

The decrease in net assets resulting from operations for the three months ended March 31, 2008 was \$56,489,933. During this period, the net realized gain on securities sold was \$24,976,688, and the decrease in net unrealized appreciation was \$80,979,587. Net investment income for the three months was \$2,487,966, and distributions to Preferred Stockholders amounted to \$2,975,000.

The first quarter was the worst for stocks in six years. The market turbulence was not confined to the U.S., with world funds falling roughly 10%, on average. In the wake of surging jobless claims,

evidence of recession has become persuasive. With financial institutions de-leveraging, and households seeking to reduce their debt, the extent to which credit contraction will lead to economic contraction remains unknown.

We have utilized our relatively strong performance and sound finances to further enhance the quality of the portfolio during this period of uncertainty. While we do not anticipate a near-term solution that stabilizes housing and limits losses to lenders and owners, prices are likely to find a level, in the end, that clears the market. In time, support from exports, fiscal stimulus, continuing accommodations by the Federal Reserve, and well-maintained capital spending should facilitate economic recovery.

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 March 31, 2008. It can be accessed on the internet at 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

April 16, 2008

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ASSETS

INVESTMENTS, AT VALUE (NOTE 1a)

Common and preferred stocks (cost \$798,402,708)		\$1,277,051,011
Corporate note (cost \$13,508,602)		13,509,375
Money market fund (cost \$43,032,346)		43,032,346
	Total investments (cost \$854,943,656)	1,333,592,732

CASH, RECEIVABLES AND OTHER ASSETS

Cash		\$200
Deposits with broker for options written	1,753,855	
Dividends, interest and other receivables	2,429,513	
Pension asset, excess funded	9,421,471	
Prepaid expenses and other assets	3,278,672	16,883,711

TOTAL ASSETS

1,350,476,443

LIABILITIES

Payable for securities purchased	551,965
Preferred dividend accrued but not yet declared	231,389
Outstanding options written, at value (premium received \$1,753,855) (note 1a)	2,071,000
Pension benefit liability	3,193,035
Accrued thrift plan liability	3,173,498
Accrued expenses and other liabilities	1,615,877

TOTAL LIABILITIES

10,836,764

5.95% CUMULATIVE PREFERRED STOCK, SERIES B -

8,000,000 shares at a liquidation value of \$25 per share (note 2)	200,000,000
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NET ASSETS APPLICABLE TO COMMON STOCK - 31,573,058 shares (note 2)

\$1,139,639,679

NET ASSET VALUE PER COMMON SHARE

\$36.10

NET ASSETS APPLICABLE TO COMMON STOCK

Common Stock, 31,573,058 shares at par value (note 2)	\$31,573,058
Additional paid-in capital (note 2)	602,738,135
Undistributed realized gain on investments	25,074,058
Undistributed net investment income	4,016,190
Accumulated other comprehensive income (note 6)	1,112,696
Unallocated distributions on Preferred Stock	(3,206,389)
Unrealized appreciation on investments and options	478,331,931

NET ASSETS APPLICABLE TO COMMON STOCK

\$1,139,639,679

(see notes to financial statements)

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INCOME		
Dividends (net of foreign withholding taxes of \$50,024)	\$5,082,449	
Interest	595,600	\$5,678,049
EXPENSES		
Investment research	1,912,495	
Administration and operations	728,409	
Office space and general	306,017	
Directors' fees and expenses	72,207	
Auditing and legal fees	65,145	
Transfer agent, custodian and registrar fees and expenses	44,107	
Stockholders' meeting and reports	32,210	
Miscellaneous taxes	29,493	3,190,083
NET INVESTMENT INCOME		2,487,966
REALIZED GAIN (LOSS) AND CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS (NOTES 1d AND 4)		
Net realized gain on investments:		
Long transactions (note 1b)	22,341,239	
Written option transactions (note 1c)	2,635,449	
Net decrease in unrealized appreciation	(80,979,587)	
NET LOSS ON INVESTMENTS		(56,002,899)
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS		(2,975,000)
DECREASE IN NET ASSETS RESULTING FROM OPERATIONS		(\$56,489,933)
(see notes to financial statements)		

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	Three Months Ended March 31, 2008 (Unaudited)	Year Ended December 31, 2007
OPERATIONS		
Net investment income	\$2,487,966	\$9,782,623
Net realized gain on investments	24,976,688	175,785,885
Net decrease in unrealized appreciation	(80,979,587)	(71,533,458)
	(53,514,933)	114,035,050
Distributions to Preferred Stockholders:		
From net investment income		(689,497)
From short-term capital gains		(778,809)
From long-term capital gains		(10,431,694)
Unallocated distributions	(2,975,000)	
Decrease in net assets from Preferred distributions	(2,975,000)	(11,900,000)
INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	(56,489,933)	102,135,050
OTHER COMPREHENSIVE INCOME (Adjustment to apply FAS 158 (Note 6))	4,133	456,004
DISTRIBUTIONS TO COMMON STOCKHOLDERS		
From net investment income	(183,597)	(9,603,869)
From short-term capital gains		(10,847,882)
From long-term capital gains	(6,613,893)	(145,301,188)
DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS	(6,797,490)	(165,752,939)
CAPITAL SHARE TRANSACTIONS (NOTE 2)		
Value of Common Shares issued in payment of dividends and distributions		96,902,914
Cost of Common Shares purchased		(30,271,148)
INCREASE IN NET ASSETS - CAPITAL TRANSACTIONS		66,631,766
NET INCREASE (DECREASE) IN NET ASSETS	(63,283,290)	3,469,881
NET ASSETS APPLICABLE TO COMMON STOCK		
BEGINNING OF PERIOD	1,202,922,969	1,199,453,088
END OF PERIOD (including undistributed net investment income of \$4,016,190 and \$1,711,821, respectively)	\$1,139,639,679	\$1,202,922,969

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The following table shows per share operating performance data, total investment return, ratios and supplemental data for the three months ended March 31, 2008 and 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.

	Three Months		Year Ended December 31,			
	Ended					
	March 31, 2008	2007	2006	2005	2004	2003
	(Unaudited)					
PER SHARE OPERATING PERFORMANCE						
Net asset value, beginning of period	\$38.10	\$40.54	\$39.00	\$35.49	\$33.11	\$26.48
Net investment income	.08	.31	.34	.19	.32	.03
Net gain (loss) on investments - realized and unrealized	(1.77)	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)
Unallocated	(.09)					
	(.09)	(.41)	(.41)	(.41)	(.41)	(.36)
Total from investment operations	(1.78)	3.31	4.68	5.63	3.39	7.39
Distributions on Common Stock:						
Dividends from net investment income	(.01)	(.33)	(.29)	(.15)	(.23)	(.02)
Distributions from net short-term capital gains		(.38)	(.04)	(.44)		
Distributions from net long-term capital gains	(.21)	(5.04)	(2.81)	(1.53)	(.78)	(.52)
	(.22)	(5.75)	(3.14)	(2.12)	(1.01)	(.54)
Capital Stock transaction -						
effect of Preferred Stock offering						(.22)
Net asset value, end of period	\$36.10	\$38.10	\$40.54	\$39.00	\$35.49	\$33.11
Per share market value, end of period	\$31.79	\$34.70	\$37.12	\$34.54	\$31.32	\$29.73
TOTAL INVESTMENT RETURN - Stockholder						
return, based on market price per share	(7.75)%*	8.72%	16.78%	17.40%	8.79%	27.01%
RATIOS AND SUPPLEMENTAL DATA						
Net assets applicable to Common Stock, end of period (000's omitted)	\$1,139,640	\$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%**	1.11%	1.06%	1.25%	1.15%	1.23%
Ratio of net income to average net assets applicable to Common Stock	0.87%**	0.78%	0.86%	0.51%	0.94%	0.13%
Portfolio turnover rate	5.73%*	31.91%	19.10%	20.41%	16.71%	18.62%
PREFERRED STOCK						
Liquidation value, end of period (000's omitted)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Asset coverage	670%	701%	700%	666%	618%	593%
Liquidation preference per share	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Market value per share	\$23.75	\$21.99	\$24.44	\$24.07	\$24.97	\$25.04

*Not annualized

**Annualized

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Shares	COMMON AND PREFERRED STOCKS	Value (note 1a)
AEROSPACE/DEFENSE (4.9%)		
600,700	Textron Inc.	\$33,290,794
325,000	United Technologies Corporation	22,366,500
	(COST \$52,755,356)	55,657,294
BUILDING AND REAL ESTATE (5.1%)		
2,225,862	CEMEX, S.A. de C.V. ADR	(COST \$29,518,057) 58,139,515
COMMUNICATIONS AND INFORMATION SERVICES (6.1%)		
900,000	Cisco Systems, Inc. (a)	21,681,000
324,100	Lamar Advertising Company Class A (a)	11,644,913
800,000	QUALCOMM Incorporated	32,800,000
480,000	Sprint Nextel Corporation (a)	3,211,200
	(COST \$63,613,670)	69,337,113
COMPUTER SOFTWARE AND SYSTEMS (10.0%)		
700,000	Activision, Inc. (a)	19,117,000
1,500,000	Dell Inc. (a)	29,880,000
570,000	Microsoft Corporation	16,176,600
245,000	NetEase.com, Inc. (a)	4,706,450
70,000	Nintendo Co., Ltd.	36,055,600
365,000	THQ Inc. (a)	7,957,000
	(COST \$97,755,877)	113,892,650
CONSUMER PRODUCTS AND SERVICES (9.5%)		
350,000	Diageo plc ADR	28,462,000
385,000	Heineken N. V.	22,391,600
550,000	Hewitt Associates, Inc. Class A (a)	21,873,500
42,500	Nestle S.A.	21,033,675
200,000	PepsiCo, Inc.	14,440,000
	(COST \$76,356,145)	108,200,775
ENVIRONMENTAL CONTROL (INCLUDING SERVICES) (4.3%)		
881,500	Republic Services, Inc.	25,775,060
680,000	Waste Management, Inc.	22,820,800
	(COST \$39,285,764)	48,595,860
FINANCE AND INSURANCE (23.2%)		
<u>BANKING (3.6%)</u>		
300,000	M&T Bank Corporation	24,144,000
615,000	Wachovia Corporation	16,605,000
	(COST \$5,352,608)	40,749,000
<u>INSURANCE (16.7%)</u>		
330,000	The Allstate Corporation	15,859,800
450,000	American International Group, Inc.	19,462,500
325,000	Arch Capital Group Ltd. (a)	22,317,750
205,000	AXIS Capital Holdings Limited	6,965,900
200	Berkshire Hathaway Inc. Class A (a)	26,680,000
315,000		