

GENERAL AMERICAN INVESTORS CO INC  
Form N-30B-2  
October 20, 2006

GENERAL AMERICAN INVESTORS  
COMPANY, INC.

THIRD QUARTER REPORT  
SEPTEMBER 30, 2006

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

450 LEXINGTON AVENUE  
NEW YORK, NY 10017  
212-916-8400 1-800-436-8401  
E-mail: InvestorRelations@gainv.com  
www.generalamericaninvestors.com

TO THE STOCKHOLDERS

For the nine months ended September 30, 2006, the investment return to our stockholders was 9.5% (assuming reinvestment of all dividends and distributions). The net asset value per Common Share increased by 5.1%. By comparison, the rate of return (including income) for our benchmark, the Standard & Poor's 500 Stock Index, was 8.5%. For the twelve months ended September 30, 2006, the return to our stockholders was 14.5%, and the return on the net asset value per Common Share was 7.9%; these compare with a return of 10.7% for the S&P 500. During each period, the discount at which our shares traded continued to fluctuate and at September 30, 2006, it was 7.8%.

As set forth in the accompanying financial statements (unaudited), as of September 30, 2006, the net assets applicable to the Company's Common Stock were \$1,163,557,535, equal to \$40.86 per Common Share.

The increase in net assets resulting from operations for the nine months ended September 30, 2006 was \$55,739,257. During this period, the net realized gain on securities sold was \$75,265,381, and the decrease in net unrealized appreciation was \$18,062,829. Net investment income for the nine months was \$7,461,705, and distributions to Preferred Stockholders amounted to \$8,925,000.

During the nine months, 573,900 shares of the Company's Common Stock were repurchased for \$21,122,590 at an average discount from net asset value of 9.2%.

The market resumed its advance in the quarter just ended, led by pharmaceutical manufacturers and companies that produce consumer non-durable goods like soft drinks, tobacco and alcoholic beverages. On a more selective basis, other gainers included retailers and technology providers. Our portfolio lagged behind the major market indices owing to weakness in commodity-based securities - notably those related to the oil and natural gas industries. It should be noted that our exposure to this sector was markedly reduced earlier in the year, as reflected in the aforementioned net realized gains on securities sold.

It appears that the economy is slowing and that the rate of earnings growth is likely to be tempered in the period immediately ahead. Personal spending, which has exceeded income gains for some time, may falter as its enabler, the rising value of housing, moderates or even reverses course. Fiscal policy has been no

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

less generous, with government expenditure continuing to exceed tax receipts and widening trade deficits conveying more and more wealth to foreigners. Stocks may continue to perform well over the balance of the year, however, energized by the tax-cut-like result of falling gasoline prices. Furthermore, declining interest rates could have a salubrious effect on price-to-earnings ratios, and facilitate the refinancing of some mortgages that would otherwise burden consumer spending.

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, 2006. 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  
 President and Chief Executive Officer  
 October 11, 2006

### 2 STATEMENT OF ASSETS AND LIABILITIES September 30, 2006 (Unaudited)

-----  
 General American Investors

ASSETS

INVESTMENTS, AT VALUE (NOTE 1a)

Common and preferred stocks (cost \$689,751,780)		\$1,
Corporate note (cost \$33,586,637)		
Corporate discount notes (cost \$39,918,956)		
Money market fund (cost \$36,588,732)		
		-----
Total investments (cost \$799,846,105)		1,

CASH, RECEIVABLES AND OTHER ASSETS

Cash		\$38,734
Receivable for securities sold		3,685,674
Dividends, interest and other receivables		2,360,470
Prepaid pension cost		7,883,093
Prepaid expenses and other assets		196,957
		-----

TOTAL ASSETS

LIABILITIES

Payable for securities purchased		1,525,868
Preferred distribution accrued but not yet declared		231,389
Accrued pension expense		5,888,858
Accrued expenses and other liabilities		4,393,192
		-----

TOTAL LIABILITIES

5.95% CUMULATIVE PREFERRED STOCK, SERIES B -

8,000,000 shares at a liquidation value of \$25 per share (note 2)

NET ASSETS APPLICABLE TO COMMON STOCK - 28,476,499 shares (note 2)

# Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

NET ASSET VALUE PER COMMON SHARE

NET ASSETS APPLICABLE TO COMMON STOCK

Common Stock, 28,476,499 shares at par value (note 2)	\$28,476,499
Additional paid-in capital (note 2)	498,424,003
Undistributed realized gain on investments	75,233,928
Undistributed net investment income	8,993,685
Unallocated distributions on Preferred Stock	(9,156,389)
Unrealized appreciation on investments	561,585,809
	-----

NET ASSETS APPLICABLE TO COMMON STOCK

(see notes to financial statements)

### 3 STATEMENT OF OPERATIONS Nine Months Ended September 30, 2006 (Unaudited)

General American Investors

INCOME

Dividends (net of foreign withholding taxes of \$207,546)	\$12,231,827
Interest	4,633,352
	-----

EXPENSES

Investment research	6,285,738
Administration and operations	2,069,509
Office space and general	399,830
Directors' fees and expenses	215,773
Auditing and legal fees	150,000
Transfer agent, custodian and registrar fees and expenses	107,440
Stockholders' meeting and reports	97,171
Miscellaneous taxes	78,013
	-----

NET INVESTMENT INCOME

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

Net realized gain on investments:	
Long transactions	75,895,061
Short sale transactions (note 1b)	(629,680)
	-----
Net realized gain on investments (long-term, except for \$1,430,970)	75,265,381
Net decrease in unrealized appreciation	(18,062,829)
	-----

NET GAIN ON INVESTMENTS

DISTRIBUTIONS TO PREFERRED STOCKHOLDERS

INCREASE IN NET ASSETS RESULTING FROM OPERATIONS

(see notes to financial statements)

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

-----  
 General American Investors

	Nine Months Ended September 30, 2006 (Unaudited)	D
OPERATIONS		
-----		
Net investment income	\$7,461,705	
Net realized gain on investments	75,265,381	
Net increase (decrease) in unrealized appreciation	(18,062,829)	
	-----	
	64,664,257	
	-----	
Distributions to Preferred Stockholders:		
From net investment income	-	
From short-term capital gains	-	
From long-term capital gains	-	
Unallocated distributions on Preferred Stock	(8,925,000)	
	-----	
Decrease in net assets from Preferred Stock distributions	(8,925,000)	
	-----	
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	55,739,257	
	-----	
DISTRIBUTIONS TO COMMON STOCKHOLDERS		
-----		
From net investment income	-	
From short-term capital gains	-	
From long-term capital gains	(4,000,786)	
	-----	
DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS	(4,000,786)	
	-----	
CAPITAL SHARE TRANSACTIONS (NOTE 2)		
-----		
Value of Common Shares issued in payment of distributions	-	
Cost of Common Shares purchased	(21,122,590)	
	-----	
DECREASE IN NET ASSETS - CAPITAL TRANSACTIONS	(21,122,590)	
	-----	
NET INCREASE IN NET ASSETS	30,615,881	
NET ASSETS APPLICABLE TO COMMON STOCK		
-----		
BEGINNING OF PERIOD	1,132,941,654	1,
	-----	--
END OF PERIOD (including undistributed net investment income of \$8,993,685 and \$1,531,980, respectively)	\$1,163,557,535	\$1,
	=====	====
(see notes to financial statements)		

5

FINANCIAL HIGHLIGHTS

-----  
 General American Investors

The following table shows per share operating performance data, total investment

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

return, ratios and supplemental data for the nine months ended September 30, 2006 and for each year in the five-year period ended December 31, 2005. 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, 2006 (Unaudited)	----- 2005	2004	Year Ended Dec ----- 2003
<b>PER SHARE OPERATING PERFORMANCE</b>				
Net asset value, beginning of period	\$39.00	\$35.49	\$33.11	\$26.48
Net investment income	.26	.19	.32	.03
Net gain (loss) on investments - realized and unrealized	2.05	5.85	3.48	7.72
Less distributions on Preferred Stock:				
Dividends from net investment income	-	(.03)	(.09)	(.01)
Distributions from net short-term capital gains	-	(.08)	-	-
Distributions from net long-term capital gains	-	(.30)	(.32)	(.35)
Unallocated	(.31)	-	-	-
	(.31)	(.41)	(.41)	(.36)
Total from investment operations	2.00	5.63	3.39	7.39
Less distributions on Common Stock:				
Dividends from net investment income	-	(.15)	(.23)	(.02)
Distributions from net short-term capital gains	-	(.44)	-	-
Distributions from net long-term capital gains	(.14)	(1.53)	(.78)	(.52)
	(.14)	(2.12)	(1.01)	(.54)
Capital Stock transaction - effect of Preferred Stock offering	-	-	-	(.22)
Net asset value, end of period	\$40.86	\$39.00	\$35.49	\$33.11
Per share market value, end of period	\$37.66	\$34.54	\$31.32	\$29.73
TOTAL INVESTMENT RETURN - Stockholder return, based on market price per share	9.45%*	17.40%	8.79%	27.01%
<b>RATIOS AND SUPPLEMENTAL DATA</b>				
Net assets applicable to Common Stock, end of period (000's omitted)	\$1,163,558	\$1,132,942	\$1,036,393	\$986,335
Ratio of expenses to average net assets applicable to Common Stock	1.08%**	1.25%	1.15%	1.23%

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

Ratio of net investment income to average net assets applicable to Common Stock	0.87%**	0.51%	0.94%	0.13%
Portfolio turnover rate	13.33%*	20.41%	16.71%	18.62%
PREFERRED STOCK				
Liquidation value, end of period (000's omitted)	\$200,000	\$200,000	\$200,000	\$200,000
Asset coverage	682%	666%	618%	593%
Liquidation preference per share	\$25.00	\$25.00	\$25.00	\$25.00
Market value per share	\$24.33	\$24.07	\$24.97	\$25.04

\*Not annualized

\*\*Annualized

6 STATEMENT OF INVESTMENTS September 30, 2006 (Unaudited)

-----  
General American Investors

Shares	COMMON AND PREFERRED STOCKS	
-----		
BUILDING AND REAL ESTATE (6.1%)		
-----		
2,350,862	CEMEX, S.A. de C.V. ADR	(COST \$31,961,056)
COMMUNICATIONS AND INFORMATION SERVICES (5.8%)		
-----		
775,000	American Tower Corporation (a)	
900,000	Cisco Systems, Inc. (a)	
350,000	Lamar Advertising Company Class A (a)	
		(COST \$37,774,748)
COMPUTER SOFTWARE AND SYSTEMS (2.4%)		
-----		
300,000	EMC Corporation (a)	
800,000	Microsoft Corporation	
133,500	VeriSign, Inc. (a)	
		(COST \$23,594,124)
CONSUMER PRODUCTS AND SERVICES (3.9%)		
-----		
325,000	Constellation Brands, Inc. (a)	
350,000	Diageo plc ADR	
175,000	PepsiCo, Inc.	
		(COST \$30,465,286)
ELECTRONICS (1.6%)		
-----		
550,000	Molex Incorporated Class A	(COST \$12,287,441)
ENVIRONMENTAL CONTROL (INCLUDING SERVICES) (4.1%)		
-----		

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

1,175,000 Republic Services, Inc.

(COST \$26,227,380)

FINANCE AND INSURANCE (29.1%)

BANKING (9.5%)

270,000 Bank of America Corporation  
 585,000 Golden West Financial Corporation  
 310,000 M&T Bank Corporation  
 170,000 SunTrust Banks, Inc.

(COST \$17,349,061)

INSURANCE (18.2%)

275,000 The Allstate Corporation  
 375,000 American International Group, Inc.  
 275,000 Annuity and Life Re (Holdings), Ltd. (a)  
 350,000 Arch Capital Group Ltd. (a)  
 400,000 AXIS Capital Holdings Limited  
 300 Berkshire Hathaway Inc. Class A (a)  
 535,000 Everest Re Group, Ltd.  
 285,000 MetLife, Inc.  
 335,000 PartnerRe Ltd.  
 230,000 Transatlantic Holdings, Inc.

(COST \$89,814,045)

OTHER (1.4%)

655,000 Annaly Capital Management, Inc.  
 1,075,000 MFA Mortgage Investments, Inc.

(COST \$15,710,195)

(COST \$122,873,301)

7 STATEMENT OF INVESTMENTS September 30, 2006 (Unaudited) - continued

General American Investors

Shares COMMON AND PREFERRED STOCKS (continued)

HEALTH CARE (10.9%)

PHARMACEUTICALS (9.1%)

240,000 Alkermes, Inc. (a)  
 170,000 Biogen Idec Inc. (a)  
 604,900 Cytokinetics, Incorporated (a)  
 200,000 Genentech, Inc. (a)  
 380,000 MedImmune, Inc. (a)  
 180,000 Novo Nordisk B  
 1,737,000 Pfizer Inc

(COST \$70,466,025)

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

### MEDICAL INSTRUMENTS AND DEVICES (1.8%)

---

450,000	Medtronic, Inc.	(COST \$10,483,716)
		(COST \$80,949,741)

### MACHINERY AND EQUIPMENT (1.3%)

---

1,150,000	ABB Ltd. ADR	(COST \$12,430,211)
-----------	--------------	---------------------

### MISCELLANEOUS (4.8%)

---

Other (b)	(COST \$56,033,547)
-----------	---------------------

### OIL & NATURAL GAS (INCLUDING SERVICES) (17.2%)

---

825,000	Apache Corporation	
850,000	Halliburton Company	
1,000,000	Patterson-UTI Energy, Inc.	
3,000,000	Talisman Energy Inc.	
1,220,000	Weatherford International Ltd. (a)	
		(COST \$148,725,073)

### RETAIL TRADE (17.8%)

---

700,000	Costco Wholesale Corporation	
1,599,000	Dollar General Corporation	
1,570,000	The Home Depot, Inc. (c)	
2,340,000	The TJX Companies, Inc.	
575,000	Wal-Mart Stores, Inc.	
		(COST \$77,737,018)

### SPECIAL HOLDING (a) (d) (0.0%)

---

546,000	Standard MEMS, Inc. Series A Convertible Preferred	(COST \$3,003,000)
---------	--	--------------------

### TECHNOLOGY (2.5%)

---

1,900,000	Xerox Corporation (a)	(COST \$25,689,854)
-----------	-----------------------	---------------------

TOTAL COMMON AND PREFERRED STOCKS (107.5%)	(COST \$689,751,780)
--	----------------------

### Principal Amount CORPORATE NOTE

---

### CONSUMER PRODUCTS AND SERVICES (2.9%)

---

\$35,000,000	General Motors Nova Scotia Finance Company 6.85% Guaranteed Notes due 10/15/08	(COST \$33,586,637)
--------------	---	---------------------



Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

Principal Amount/ Shares	SHORT-TERM SECURITIES AND OTHER ASSETS	
\$20,000,000	American General Finance Corporation note due 10/3/06; 5.22%	(COST \$19,959,400)
\$20,000,000	General Electric Finance Corporation note due 10/10/06; 5.20%	(COST \$19,959,556)
36,588,732	SSgA Prime Money Market Fund	(COST \$36,588,732)
TOTAL SHORT-TERM SECURITIES (6.6%)		(COST \$76,507,688)
TOTAL INVESTMENTS (e) (117.0%)		(COST \$799,846,105)
Cash, receivables and other assets less liabilities (0.2%)		
PREFERRED STOCK (-17.2%)		
NET ASSETS APPLICABLE TO COMMON STOCK (100%)		

PORTFOLIO DIVERSIFICATION September 30, 2006 (Unaudited)

General American Investors

The diversification of the Company's net assets applicable to its Common Stock by industry group as of September 30, 2006 and 2005 is shown in the following table.

Industry Category	September 30, 2006		Percent Common Ne September
	Cost (000)	Value (000)	2006
Finance and Insurance			
Banking	\$17,349	\$109,980	9.5%
Insurance	89,814	212,002	18.2
Other	15,710	16,615	1.4
	-----	-----	----
	122,873	338,597	29.1
	-----	-----	----
Retail Trade	77,737	207,463	17.8
Oil and Natural Gas (Including Services)	148,725	200,121	17.2
	-----	-----	----
Health Care			
Pharmaceuticals	70,466	105,587	9.1
Medical Instruments and Devices	10,484	20,898	1.8
	-----	-----	----
	80,950	126,485	10.9
	-----	-----	----
Consumer Products and Services	64,052	79,763	6.8
Building and Real Estate	31,961	70,714	6.1
Communications and Information Services	37,775	67,663	5.8
Miscellaneous**	56,034	55,878	4.8
Environmental Control (Including Services)	26,227	47,247	4.1
Technology	25,690	29,564	2.5
Computer Software and Systems	23,594	28,171	2.4
Electronics	12,287	18,101	1.6
Machinery and Equipment	12,430	15,157	1.3

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

Special Holdings	3,003	0.0	0.0
Semiconductors	0.0	0.0	0.0
	-----	-----	-----
	723,338	1,284,924	110.4
Short-Term Securities	76,508	76,508	6.6
	-----	-----	-----
Total Investments	\$799,846	1,361,432	117.0
	=====		
Other Assets and Liabilities - Net		2,126	0.2
Preferred Stock		(200,000)	(17.2)
		-----	-----
Net Assets Applicable to Common Stock		\$1,163,558	100.0%
		=====	=====

9

### 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 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) 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. Corporate discount notes are valued at amortized cost, which approximates market value. Investments in money market funds are valued at their net asset value. Special holdings (restricted securities) and other securities for which quotations are not readily available are valued at fair value determined in good faith pursuant to procedures established by and under the general supervision of the Board of Directors.

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

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

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. 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.

e. 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, of which 28,476,499 shares and 8,000,000 shares, respectively, were outstanding at September 30, 2006.

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.

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



## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

transactions, respectively.

5. PENSION BENEFIT PLANS - The Company has funded (Qualified) and unfunded (Supplemental) noncontributory defined benefit pension plans that cover substantially all of its employees. The plans provide defined benefits based on years of service and final average salary with an offset for a portion of social security covered compensation. The components of the net periodic benefit cost of the plans for the nine months ended September 30, 2006 were:

Service cost	\$238,047
Interest cost	513,117
Expected return on plan assets	(845,280)
Amortization of:	
Prior service cost	26,322
Recognized net actuarial loss (gain)	139,126
	-----
Net periodic benefit cost (income)	\$71,332
	=====

The Company also has funded and unfunded contributory defined contribution thrift plans that cover substantially all employees. The aggregate cost of such plans for the nine months ended September 30, 2006 was \$486,468. The unfunded liability included in accrued expenses and other liabilities at September 30, 2006 was \$2,671,702.

6. 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 \$252,000 for the nine months ended September 30, 2006. Minimum rental commitments under the operating lease are approximately \$505,000 per annum in 2006 through 2007.

In January 2003, the Company extended a sublease agreement (originally entered into in March 1996) which expires in 2007 and provides for future rental receipts. Minimum rental receipts under the sublease are approximately \$254,000 per annum in 2006 through 2007. The Company will also be charged its proportionate share of operating expenses and real property taxes under the sublease.

11 MAJOR STOCK CHANGES\* Three Months Ended September 30, 2006 (Unaudited)

-----  
General American Investors

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

INCREASES	SHARES	SHARES SEPTEMBER
<hr/>		
NEW POSITIONS		
AXIS Capital Holdings Limited	-	40
Constellation Brands, Inc.	50,000	32
Novo Nordisk B	180,000	18
ADDITIONS		
American International Group, Inc.	25,000	37
Halliburton Company	50,000	850,00
DECREASES		
<hr/>		
ELIMINATION		
Brooks Automation, Inc.	223,000	
REDUCTIONS		
Annuity and Life Re (Holdings), Ltd.	153,500	27
Bank of America Corporation	10,000	27
Dollar General Corporation	351,000	1,59
Everest Re Group, Ltd.	40,000	53
Genentech, Inc.	40,000	20
MFA Mortgage Investments, Inc.	75,000	1,07
Microsoft Corporation	600,000	80
PartnerRe Ltd.	30,000	33
Pfizer Inc	75,000	1,73
SunTrust Banks, Inc.	10,000	17
The TJX Companies, Inc.	160,000	2,34
Transatlantic Holdings, Inc.	5,000	23

### OTHER MATTERS (Unaudited)

#### General American Investors

In addition to purchases of the Company's Common Stock as set forth in Note 2 on page 10, 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, 2006 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](http://www.generalamericaninvestors.com) and (3) on the Securities and Exchange Commission's website at [www.sec.gov](http://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](http://www.generalamericaninvestors.com) and on the SEC's website: [www.sec.gov](http://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 also be obtained by calling us at 1-800-436-8401.

## Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-30B-2

On May 2, 2006, 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.

PAGE>

### DIRECTORS

-----  
Lawrence B. Bottenwieser, Chairman  
Arthur G. Altschul, Jr.            Sidney R. Knafel  
Lewis B. Cullman                 Richard R. Pivrotto  
Spencer Davidson                 D. Ellen Shuman  
Gerald M. Edelman                Joseph T. Stewart, Jr.  
John D. Gordan, III                Raymond S. Troubh

William T. Golden, Director Emeritus

### OFFICERS

-----  
Spencer Davidson, President & Chief Executive Officer  
Peter P. Donnelly, Vice-President & Trader  
Sally A. Lynch, Vice-President  
Eugene S. Stark, Vice-President, Administration &  
Chief Compliance Officer  
Jesse R. Stuart, Vice-President  
Andrew V. Vindigni, Vice-President  
Diane G. Radosti, Treasurer  
Carole Anne Clementi, Secretary  
Craig A. Grassi, Assistant Vice-President  
Maureen E. LoBello, Assistant Secretary

### SERVICE COMPANIES

#### COUNSEL

Sullivan & Cromwell LLP

#### INDEPENDENT AUDITORS

Ernst & Young LLP

#### CUSTODIAN

State Street Bank and  
Trust Company

#### TRANSFER AGENT AND REGISTRAR

American Stock Transfer & Trust  
Company  
59 Maiden Lane  
New York, NY 10038  
1-800-413-5499  
www.amstock.com