

## TO THE STOCKHOLDERS

For the three months ended March 31, 2001, the investment return to our stockholders was a decrease of 0.2%, consisting of a 5.4% decline in net asset value per Common Share (assuming reinvestment of all dividends) together with a reduction of the discount, at which our shares trade, from 9.8% at year-end to 4.9% currently. By comparison, our benchmark, the Standard & Poor's 500 Stock Index (including income), decreased 11.8%. For the twelve months ended March 31, 2001, the return to stockholders was 6.5% and the return on the net asset value per Common Share was 1.7%; these compare to a loss of 21.7% for the S&P 500.

As set forth in the accompanying financial statements (unaudited), as of March 31, 2001, the net assets of the Company were \$1,224,363,498. Net assets applicable to the Common Stock were \$1,074,363,498, equal to \$35.76 per Common Share.

The decrease in net assets resulting from operations for the three months ended March 31, 2001 was \$58,609,702. During this period, net realized gain on securities sold was \$37,594,235, of which approximately \$27,269,000 (\$0.91 per share) is applicable to the Common Stock, and the decrease in unrealized appreciation was \$100,697,692. Net investment income for the three months was \$4,493,755.

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

Consistent with our decidedly guarded comments in last year's Annual Report, the market environment has been challenging. Our superior performance, relative to the benchmark S&P 500 index, continues, however. It reflects our reduced exposure to securities judged to be ill suited to the current less sanguine economic environment and a willingness to build and hold abundant cash reserves. While the current market may require an extended time period for full resolution, we are finding investment opportunities that meet our criteria with increasing frequency and remain confident that our shareholders will continue to be well served over time.

We are pleased to report that, on April 11, 2001, at the Company's annual meeting, the Stockholders (1) elected eleven directors, including two directors who were elected by the holders of the Company's Preferred Stock, and (2) ratified the selection of Ernst & Young LLP as auditors of the Company for the year 2001.

As mentioned in the 2000 Annual Report, Mr. Anthony M. Frank retired on April 11, 2001. We, again, express deep gratitude for his nine years of distinguished service as a Director of the Company. We will miss him.

By Order of the Board of Directors,

GENERAL AMERICAN INVESTORS COMPANY, INC.

*Spencer Davidson*  
*President and Chief Executive Officer*

**STATEMENT OF ASSETS AND LIABILITIES MARCH 31, 2001 (Unaudited)**

*General American Investors*

ASSETS

INVESTMENTS, AT VALUE (NOTE 1a)		
Common stocks (cost \$441,933,602)		\$ 894,769,171
Corporate discount notes (cost \$321,112,860)		321,112,860
Total investments (cost \$763,046,462)		1,215,882,031

CASH, RECEIVABLES AND OTHER ASSETS

Cash, including margin account balance of \$165,485	\$ 220,371	
Receivable for securities sold	1,851,642	
Receivable from broker for proceeds on securities sold short	39,516,737	
Dividends, interest and other receivables	1,993,009	
Prepaid expenses	5,239,302	
Other	534,539	
		49,355,600

TOTAL ASSETS		1,265,237,631
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LIABILITIES

Payable for securities purchased	6,438,913	
Preferred dividend accrued but not yet declared	240,000	
Securities sold short, at value (proceeds \$39,516,737) (note 1a)	27,880,559	
Accrued expenses and other liabilities	6,314,661	
		40,874,133

TOTAL LIABILITIES		40,874,133
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NET ASSETS		\$1,224,363,498
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Net Assets applicable to Preferred Stock at a liquidation value of \$25 per share		\$ 150,000,000
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Net Assets applicable to Common Stock		\$1,074,363,498
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NET ASSET VALUE PER COMMON SHARE		\$ 35.76
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NET ASSETS

7.20% Tax-Advantaged Cumulative Preferred Stock, \$1 par value (note 2)		
Authorized 10,000,000 shares; outstanding 6,000,000 shares	\$ 6,000,000	
Common Stock, \$1 par value (note 2)		
Authorized 50,000,000 shares; outstanding 30,041,955 shares	30,041,955	
Additional paid-in capital (note 2)	684,996,591	
Undistributed realized gain on securities sold	37,666,795	
Undistributed net income	4,126,410	
Unallocated distributions on Preferred Stock	(2,940,000)	
Unrealized appreciation on investments and securities sold short (including aggregate gross unrealized appreciation of \$509,827,724)	464,471,747	
		\$1,224,363,498

TOTAL NET ASSETS		\$1,224,363,498
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(see notes to financial statements)

**STATEMENT OF OPERATIONS Three Months Ended March 31, 2001 (Unaudited)**

*General American Investors*

INCOME

Dividends (net of foreign withholding taxes of \$23,730)	\$ 1,610,620	
Interest	<u>5,588,900</u>	\$ 7,199,520

EXPENSES

Investment research	1,678,652	
Administration and operations	666,952	
Office space and general	113,949	
Transfer agent, custodian and registrar fees and expenses	93,422	
Stockholders' meeting and reports	57,958	
Directors' fees and expenses	36,032	
Auditing and legal fees	36,700	
Miscellaneous taxes (note 1c)	<u>22,100</u>	<u>2,705,765</u>

NET INVESTMENT INCOME 4,493,755

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

Net realized gain on investments:		
Long transactions	24,940,016	
Short sale transactions (note 1b)	<u>12,654,219</u>	
Net realized gain on investments (long-term, except for \$15,824,249)	37,594,235	
Net decrease in unrealized appreciation	<u>(100,697,692)</u>	

NET LOSS ON INVESTMENTS (63,103,457)

DECREASE IN NET ASSETS RESULTING FROM OPERATIONS \$ (58,609,702)

(see notes to financial statements)

**STATEMENT OF CHANGES IN NET ASSETS**

*General American Investors*

	Three Months Ended March 31, 2001 (Unaudited)	Year Ended December 31, 2000
<b>OPERATIONS</b>		
Net investment income	\$ 4,493,755	\$ 13,805,530
Net realized gain on investments	37,594,235	217,372,941
Net decrease in unrealized appreciation	(100,697,692)	(45,048,910)
<b>INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>	<u>(58,609,702)</u>	<u>186,129,561</u>
<b>DISTRIBUTIONS TO PREFERRED STOCKHOLDERS</b>		
From net income, including short-term capital gain	—	(3,074,400)
From long-term capital gain	—	(7,725,600)
Unallocated distributions on Preferred Stock	(2,700,000)	—
<b>DECREASE IN NET ASSETS FROM PREFERRED DISTRIBUTIONS</b>	<u>(2,700,000)</u>	<u>(10,800,000)</u>
<b>DISTRIBUTIONS TO COMMON STOCKHOLDERS</b>		
From net income, including short-term capital gain	(1,735,293)	(60,132,212)
From long-term capital gain	(58,421,519)	(151,138,654)
<b>DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS</b>	<u>(60,156,812)</u>	<u>(211,270,866)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>		
Value of Common Shares issued in payment of dividends (note 2)	41,483,224	136,477,203
Cost of Common Shares purchased (note 2)	(692,675)	(40,015,559)
<b>INCREASE IN NET ASSETS - CAPITAL TRANSACTIONS</b>	<u>40,790,549</u>	<u>96,461,644</u>
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	<u>(80,675,965)</u>	<u>60,520,339</u>
<b>NET ASSETS</b>		
<b>BEGINNING OF PERIOD</b>	<u>1,305,039,463</u>	<u>1,244,519,124</u>
<b>END OF PERIOD</b> (including undistributed net income of \$4,126,410 and distributions in excess of net income of \$367,345, respectively)	<u>\$1,224,363,498</u>	<u>\$1,305,039,463</u>

(see notes to financial statements)

## FINANCIAL HIGHLIGHTS

### General American Investors

The following table shows per share operating performance data, total investment return, ratios and supplemental data for the three months ended March 31, 2001 and for each year in the five-year period ended December 31, 2000. This information has been derived from information contained in the financial statements and market price data for the Company's shares.

	Three Months Ended March 31, 2001 (Unaudited)	Year Ended December 31,				
		2000	1999	1998	1997	1996
<b>PER SHARE OPERATING PERFORMANCE</b>						
Net asset value, beginning of period	\$ 39.91	\$ 41.74	\$ 34.87	\$ 29.15	\$ 25.24	\$ 23.94
Net investment income	.15	.53	.45	.47	.21	.22
Net gain (loss) on securities - realized and unrealized	(2.13)	6.12	11.32	9.44	7.15	3.86
Total from investment operations	(1.98)	6.65	11.77	9.91	7.36	4.08
Less distributions on:						
Common Stock:						
Dividends from investment income	(.06) (a)	(2.30) (b)	(.71) (c)	(.48)	(.26) (d)	(.20)
Distributions from capital gains	(2.02)	(5.78)	(3.77)	(3.24)	(3.19)	(2.58)
	(2.08)	(8.08)	(4.48)	(3.72)	(3.45)	(2.78)
Preferred Stock:						
Dividends from investment income	—	(.11) (e)	(.07) (f)	(.03)	—	—
Distributions from capital gains	—	(.29)	(.35)	(.20)	—	—
Unallocated	(.09)	—	—	(.01)	—	—
	(.09)	(.40)	(.42)	(.24)	—	—
Total distributions	(2.17)	(8.48)	(4.90)	(3.96)	(3.45)	(2.78)
Capital Stock transaction - effect of Preferred Stock offering	—	—	—	(.23)	—	—
Net asset value, end of period	\$35.76	\$39.91	\$41.74	\$34.87	\$29.15	\$25.24
Per share market value, end of period	\$34.00	\$36.00	\$37.19	\$30.44	\$26.19	\$21.00
<b>TOTAL INVESTMENT RETURN - Stockholder</b>						
Return, based on market price per share	-0.25%*	19.10%	39.22%	31.31%	42.58%	19.48%
<b>RATIOS AND SUPPLEMENTAL DATA</b>						
Total net assets, end of period (000's omitted)	\$ 1,224,363	\$1,305,039	\$1,244,519	\$1,018,933	\$ 702,597	\$ 597,597
Net assets attributable to Common Stock, end of period (000's omitted)	\$ 1,074,363	\$1,155,039	\$1,094,519	\$868,933	\$ 702,597	\$ 597,597
Ratio of expenses to average net assets applicable to Common Stock	0.25%*	1.05%	1.01%	0.95%	0.98%	1.05%
Ratio of net income to average net assets applicable to Common Stock	0.41%*	1.24%	1.23%	1.50%	0.80%	0.88%
Portfolio turnover rate	4.81%*	40.61%	33.68%	34.42%	32.45%	33.40%
<b>PREFERRED STOCK</b>						
Liquidation value, end of period (000's omitted)	\$ 150,000	\$ 150,000	\$ 150,000	\$150,000	—	—
Asset coverage	816%	870%	830%	679%	—	—
Liquidation preference per share	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	—	—
Market value per share	\$ 25.20	\$ 24.25	\$ 21.75	\$ 25.88	—	—

(a) Represents short-term capital gain.

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

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

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

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

(f) Includes short-term capital gain in the amount of \$.028 per share.

\*Not annualized

**STATEMENT OF INVESTMENTS March 31, 2001 (Unaudited)**

*General American Investors*

Shares	COMMON STOCKS	Value (note 1a)
<b>COMMUNICATIONS AND INFORMATION SERVICES (3.8%)</b>		
300,000	Avanex Corporation (a)	\$ 3,171,000
225,000	Brooktrout, Inc. (a)	1,392,188
560,000	Cisco Systems, Inc. (a)	8,855,000
520,000	Cox Communications, Inc. Class A (a)	23,134,800
250,000	NTL Incorporated (a)	6,287,500
142,500	Wolters Kluwer NV-ADR	3,571,050
	(COST \$24,966,744)	<u>46,411,538</u>
<b>COMPUTER SOFTWARE AND SYSTEMS (2.9%)</b>		
80,000	Macromedia, Inc. (a)	1,285,000
60,000	Manugistics Group, Inc. (a)	1,098,750
200,000	NCR Corporation (a)	7,806,000
234,500	Oberthur Card Systems S.A. (a)	2,989,875
300,000	Parametric Technology Corporation (a)	2,718,750
102,000	SPSS Inc. (a)	1,727,625
600,000	SONICblue Incorporated (a)	2,850,000
225,000	Synopsys, Inc. (a)	10,560,938
230,000	Viewpoint Corporation (a)	1,027,824
150,000	Wind River Systems, Inc. (a)	3,487,500
	(COST \$39,598,409)	<u>35,552,262</u>
<b>CONSUMER PRODUCTS AND SERVICES (5.6%)</b>		
526,500	Coca-Cola Enterprises Inc.	9,361,170
275,000	Ethan Allen Interiors, Inc.	9,289,500
1,475,500	Ford Motor Company	41,491,060
200,000	PepsiCo, Inc.	8,790,000
	(COST \$45,465,664)	<u>68,931,730</u>
<b>ELECTRONICS (1.5%)</b>		
644,000	Molex Incorporated Class A	(COST \$13,592,516) 17,911,250
<b>ENVIRONMENTAL CONTROL (INCLUDING SERVICES) (0.6%)</b>		
303,000	Waste Management, Inc.	(COST \$4,081,310) 7,484,100
<b>FINANCE AND INSURANCE (24.0%)</b>		
195,000	American International Group, Inc.	15,697,500
375,000	AmerUs Group Co.	11,381,250
803,000	Annaly Mortgage Management, Inc.	9,041,780
600,000	Annuity and Life Re (Holdings), Ltd.	17,850,000
315	Berkshire Hathaway Inc. Class A (a)	20,616,750
73,980	Central Securities Corporation	1,970,827
700,000	Everest Re Group, Ltd.	46,564,000
325,000	First Midwest Bancorp, Inc.	9,148,750
465,000	Golden West Financial Corporation	30,178,500
475,000	John Hancock Financial Services, Inc.	18,263,750
435,000	M&T Bank Corporation	30,406,500
250,000	MetLife, Inc.	7,512,500
375,000	PartnerRe Ltd.	18,476,250
400,000	Reinsurance Group of America, Incorporated	15,416,000
235,000	SunTrust Banks, Inc.	15,228,000
200,000	Transatlantic Holdings, Inc.	20,502,000
66,000	XL Capital Ltd	5,020,620
	(COST \$111,627,219)	<u>293,274,977</u>

**STATEMENT OF INVESTMENTS March 31, 2001 (Unaudited) - continued**

*General American Investors*

Shares	COMMON STOCKS (continued)	Value (note 1a)
<b>HEALTH CARE (10.7%)</b>		
<b>PHARMACEUTICALS (8.9%)</b>		
220,000	Alkermes, Inc. (a)	\$ 4,826,250
270,000	Genaera Corporation (a) (b)	826,875
300,000	Genentech, Inc. (a)	15,150,000
675,000	IDEC Pharmaceuticals Corporation (a)	27,000,000
77,500	Johnson & Johnson	6,778,925
239,000	MedImmune, Inc. (a)	8,574,125
180,000	OSI Pharmaceuticals, Inc. (a)	7,132,500
940,000	Pfizer Inc	38,493,000
	(COST \$41,033,540)	<u>108,781,675</u>
<b>MEDICAL INSTRUMENTS AND DEVICES (1.1%)</b>		
290,000	Medtronic, Inc.	(COST \$862,614)
		<u>13,264,600</u>
<b>HEALTH CARE SERVICES (0.7%)</b>		
317,000	BioReliance Corporation (a)	3,407,750
405,000	Covance Inc. (a)	5,204,250
	(COST \$4,812,724)	<u>8,612,000</u>
	(COST \$46,708,878)	<u>130,658,275</u>
<b>MISCELLANEOUS (2.2%)</b>		
	Other	(COST \$33,651,136)
		<u>27,539,501</u>
<b>OIL &amp; NATURAL GAS (INCLUDING SERVICES) (1.0%)</b>		
700,000	Repsol, S.A.-ADR	(COST \$8,236,884)
		<u>12,446,000</u>
<b>RETAIL TRADE (15.3%)</b>		
600,000	Costco Companies, Inc. (a)	23,550,000
2,145,000	The Home Depot, Inc. (c)	92,449,500
1,325,000	The TJX Companies, Inc.	42,400,000
570,000	Wal-Mart Stores, Inc.	28,785,000
	(COST \$47,162,234)	<u>187,184,500</u>
<b>SEMICONDUCTORS (2.7%)</b>		
175,000	Brooks Automation, Inc. (a)	6,956,250
325,000	Cirrus Logic, Inc. (a)	4,854,687
247,000	EMCORE Corporation (a)	6,190,438
2,150,000	IQE plc (a)	5,160,000
115,024	MIPS Technologies, Inc. Class B (a)	2,645,552
130,000	Mitel Corporation (a)	1,029,600
200,000	PRI Automation, Inc. (a)	3,425,000
398,000	Uniroyal Technology Corporation (a)	2,978,791
	(COST \$40,671,093)	<u>33,240,318</u>
<b>SPECIAL HOLDINGS (a) (d) (NOTE 6) (0.5%)</b>		
(e)	Sequoia Capital IV	29,000
432,000	Silicon Genesis Corporation Series C Preferred	3,006,720
546,000	Standard MEMS, Inc. Series A Convertible Preferred	3,003,000
	(COST \$6,999,374)	<u>6,038,720 (f)</u>
<b>TRANSPORTATION (2.3%)</b>		
800,000	AMR Corporation	(COST \$19,172,141)
		<u>28,096,000</u>
<b>TOTAL COMMON STOCKS (73.1%)</b>		(COST \$441,933,602)
		<u>894,769,171</u>

**STATEMENT OF INVESTMENTS March 31, 2001 (Unaudited) - continued**

*General American Investors*

Principal Amount	SHORT-TERM SECURITIES AND OTHER ASSETS	Value (note 1a)
\$51,500,000	American Express Credit Corporation notes due 4/10-5/03/01; 4.85%-5.18%	\$ 51,205,047
78,300,000	Ford Motor Credit Company notes due 4/03-5/01/01; 4.81%-5.24%	77,896,151
100,400,000	General Electric Capital Corp. notes due 4/2-5/10/01; 4.93%-5.55%	99,612,403
51,200,000	General Motors Acceptance Corp. notes due 4/5-4/30/01; 4.80%-5.50%	50,739,338
42,100,000	Sears Roebuck Acceptance Corp. notes due 4/17-4/24/01; 5.35%-5.75%	41,659,921
	(COST \$321,112,860)	321,112,860
	Cash, receivables and other assets, less liabilities	8,481,467
	TOTAL SHORT-TERM SECURITIES AND OTHER ASSETS, NET (26.9%)	(COST \$329,594,327) 329,594,327
	NET ASSETS	(COST \$771,527,929) <u>\$1,224,363,498</u>

(a) Non-income producing security.

(b) Formerly, Magainin Pharmaceuticals Inc.

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

(d) Restricted security.

(e) A limited partnership interest.

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

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**STATEMENT OF SECURITIES SOLD SHORT March 31, 2001 (Unaudited)**

*General American Investors*

Shares	COMMON STOCKS	Value (note 1a)
64,000	ASM Lithography Holding N.V.	\$ 1,388,000
122,000	Atmel Corporation	1,197,125
152,000	Maxtor Corporation	1,064,000
50,000	MBNA Corporation	1,655,000
112,650	MIPS Technologies, Inc. Class A	2,802,169
308,000	Molex Incorporated	10,866,640
175,000	Southwest Bancorporation of Texas Inc.	5,490,625
100,000	STMicroelectronics N.V.	3,417,000
	TOTAL SECURITIES SOLD SHORT	(PROCEEDS \$39,516,737) <u>\$27,880,559</u>

(see notes to financial statements)

## NOTES TO FINANCIAL STATEMENTS (Unaudited)

### General American Investors

#### 1. SIGNIFICANT ACCOUNTING POLICIES

General American Investors Company, Inc. (the "Company"), established in 1927, is registered under the Investment Company Act of 1940 as a closed-end, diversified management investment company. It is internally managed by its officers under the direction of the Board of Directors.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

a. **SECURITY VALUATION** Securities traded on securities exchanges or on the NASDAQ National Market System are valued at the last reported sales price on the last business day of the period. Listed and NASDAQ securities for which no sales are reported on that day and other securities traded in the over-the-counter market are valued at the last bid price (asked price for open short positions) on the valuation date. Corporate discount notes are valued at amortized cost, which approximates market value. Special holdings are valued at fair value in the opinion of the Directors. In determining fair value, in the case of restricted shares, consideration is given to cost, operating and other financial data and, where applicable, subsequent private offerings or market price of the issuer's unrestricted shares (to which a 30 percent discount is applied); for limited partnership interests, fair value is based upon an evaluation of the partnership's net assets.

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

c. **FEDERAL INCOME TAXES** The Company's policy is to fulfill the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all taxable income to its stockholders. Accordingly, no provision for Federal income taxes is required.

d. **OTHER** As customary in the investment company industry, securities transactions are recorded as of the trade date. Dividend income and distributions to stockholders are recorded as of the ex-dividend dates.

#### 2. CAPITAL STOCK AND DIVIDEND DISTRIBUTIONS

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

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

Under the Investment Company Act of 1940, the Company is required to maintain an asset coverage of at least 200% for the Preferred Stock. In addition, pursuant to the Rating Agency Guidelines, the Company is required to maintain a certain discounted asset coverage for its portfolio that equals or exceeds the Basic Maintenance Amount under the guidelines established by Moody's Investors Service, Inc. The Company has met these requirements since the issuance of the Preferred Stock.

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

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

Transactions in Common Stock during the three months ended March 31, 2001 and the year ended December 31, 2000 were as follows:

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

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

## NOTES TO FINANCIAL STATEMENTS (Unaudited) - continued

### General American Investors

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

The aggregate compensation paid by the Company during the three months ended March 31, 2001 to its officers amounted to \$1,074,250. The Company has non-contributory retirement plans and a contributory thrift plan which cover substantially all employees. The costs to the Company and the assets and liabilities of the plans are not material. Costs of the plans are funded currently.

#### 4. PURCHASES AND SALES OF SECURITIES

Purchases and sales of investment securities and securities sold short (other than short-term securities) for the three months ended March 31, 2001 were as follows:

	PURCHASES	SALES
Long transactions	\$ 45,637,521	\$ 86,020,047
Short sale transactions	15,639,032	1,878
Total	<u>\$ 61,276,553</u>	<u>\$ 86,021,925</u>

At March 31, 2001, the cost of investments for Federal income tax purposes was the same as the cost for financial reporting purposes.

#### 5. GENERAL INFORMATION

Brokerage commissions during the three months ended March 31, 2001 were \$95,271.

#### 6. RESTRICTED SECURITIES

	DATE ACQUIRED	COST	VALUE (NOTE 1a)
Sequoia Capital IV*	1/31/84	\$ 989,654	\$ 29,000
Silicon Genesis Corporation Series C Preferred	2/16/01	3,006,720	3,006,720
Standard MEMS, Inc. Series A Convertible Preferred	12/17/99	3,003,000	3,003,000
Total		<u>\$ 6,999,374</u>	<u>\$ 6,038,720</u>

\* The amounts shown are net of distributions from this limited partnership interest which, in the aggregate, amounted to \$4,703,157. The initial investment in the limited partnership was \$2,000,000.

#### 7. OPERATING LEASE COMMITMENT

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

Rental expense approximated \$67,400 for the three months ended March 31, 2001. Minimum rental commitments under the operating lease are approximately \$403,000 per annum in 2001 through 2002 and \$504,000 per annum in 2003 through 2007.

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

In addition to purchases of the Company's Common Stock as set forth in Note 2 on page 9, purchases of Common Stock may be made at such times, at such prices, in such amounts and in such manner as the Board of Directors may deem advisable.

**MAJOR STOCK CHANGES\* Three Months Ended March 31, 2001 (Unaudited)**

*General American Investors*

INCREASES	SHARES	SHARES HELD MARCH 31, 2001
<b>NEW POSITIONS</b>		
Genentech, Inc.	300,000	300,000
Macromedia, Inc.	80,000 (a)	80,000
Oberthur Card Systems S.A.	80,500	234,500 (b)
Silicon Genesis Corporation Series C Preferred	432,000	432,000
<b>ADDITIONS</b>		
Alkermes, Inc.	55,000	220,000
Annaly Mortgage Management, Inc.	253,000	803,000
Avanex Corporation	225,000	300,000
MedImmune, Inc.	25,000	239,000
PartnerRe Ltd.	75,000	375,000
Pfizer Inc.	150,000	940,000
Reinsurance Group of America, Incorporated	50,000	400,000
SPSS Inc.	66,500	102,000 (c)
<b>DECREASES</b>		
<b>ELIMINATIONS</b>		
Allaire Corporation	400,000 (a)	—
HNC Software Inc.	50,000	—
Keebler Foods Company	75,000 (d)	—
Lam Research Corporation	350,000	—
National Commerce Bancorporation	25,000	—
Shaw Industries, Inc.	225,000	—
Thermo Electron Corporation	175,000	—
Union Carbide Corporation	80,000 (d)	—
Visteon Corporation	54,993	—
<b>REDUCTIONS</b>		
Cirrus Logic, Inc.	100,000	325,000
Cisco Systems, Inc.	68,980	560,000 (c)
Covance Inc.	345,000	405,000
EMCORE Corporation	153,000	247,000
Everest Re Group, Ltd.	80,000	700,000
First Midwest Bancorp, Inc.	30,000	325,000
Ford Motor Company	175,000	1,475,500
M&T Bank Corporation	15,000	435,000
MIPS Technologies, Inc. Class B	18,600	115,024
NTL Incorporated	25,000	250,000
Synopsys, Inc.	50,000	225,000
The TJX Companies, Inc.	25,000	1,325,000
Uniroyal Technology Corporation	355,000	398,000
Waste Management, Inc.	70,000	303,000

\* Excludes transactions in Stocks - Miscellaneous - Other.

(a) Received 80,000 shares of Macromedia, Inc. in exchange for 400,000 shares of Allaire Corporation.

(b) Includes shares purchased in prior period and previously carried under Stocks-Miscellaneous-Other.

(c) Includes shares received in conjunction with a merger.

(d) Shares disposed of in conjunction with a merger.

## DIRECTORS

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

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

## OFFICERS

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

## SERVICE COMPANIES

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

## RESULTS OF THE ANNUAL MEETING OF STOCKHOLDERS

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The votes cast by stockholders at the Company's annual meeting held on April 11, 2001 were as follows:

### Election of Directors:

	FOR	WITHHELD
Arthur G. Altschul, Jr.	28,462,877	292,617
Lawrence B. Buttenwieser	28,450,817	304,677
Lewis B. Cullman	28,334,338	421,156
Spencer Davidson	28,403,157	352,337
Gerald M. Edelman	28,389,675	365,819
John D. Gordan, III	28,454,910	300,584
Richard R. Pivrotto	28,406,844	348,650
Joseph T. Stewart, Jr.	28,444,311	311,183
Raymond S. Troubh	28,410,886	344,608

### Elected by holders of Preferred Stock:

Bill Green	5,180,364	33,075
Sidney R. Knafel	5,184,134	29,305

Ratification of the selection of Ernst & Young LLP as auditors of the Company for the year 2001:

For - 28,409,342; Against - 161,893; Abstain - 184,259

## GENERAL AMERICAN INVESTORS COMPANY, INC



## *FIRST QUARTER REPORT* MARCH 31, 2001

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

450 LEXINGTON AVENUE  
NEW YORK • N.Y. 10017  
212-916-8400 1-800-436-8401  
E-mail: [InvestorRelations@gainv.com](mailto:InvestorRelations@gainv.com)