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**TO THE STOCKHOLDERS**

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For the six months ended June 30, 2004, the investment return to our stockholders was 1.7% (assuming reinvestment of all dividends). The net asset value per Common Share increased 2%. By comparison, the rate of return (including income) for our benchmark, the Standard & Poor's 500 Stock Index, was 3.4%. For the twelve months ended June 30, 2004, the return to our stockholders was 12.1% and the return on the net asset value per Common Share was 13.9%; these compare with a return of 19% for the S&P 500. During each period, the discount at which our shares traded increased slightly and at June 30, 2004, it was 10.4%.

As set forth in the accompanying financial statements (unaudited), as of June 30, 2004, the net assets applicable to the Company's Common Stock were \$982,924,500, equal to \$33.65 per Common Share.

The increase in net assets resulting from operations for the six months ended June 30, 2004 was \$17,435,102. During this period, the net realized gain on securities sold was \$13,036,174 and the increase in unrealized appreciation was \$7,846,728. Net investment income for the six months was \$2,502,200 and distributions to Preferred Stockholders amounted to \$5,950,000.

During the six months, 577,300 shares of the Company's Common Stock were repurchased for \$17,581,159 at an average discount from net asset value of 9.7%.

Equity markets continue to trade in a narrow range despite healthy economic growth and robust corporate profits. Progress appears to be constrained by the prospect of a less accommodating Federal Reserve and rising interest rates. Further reductions in portfolio cash reflect increased investment in equities centered, in the main, on natural resources.

We are pleased to report that, on July 14, 2004, Ms. D. Ellen Shuman was elected to the Board of Directors. She is Vice President and Chief Investment Officer of Carnegie Corporation of New York and serves as a director or trustee of a public company and several educational organizations. Ms. Shuman's familiarity with the investment management process and knowledge of the securities regulatory environment will be of great value in the deliberations of our Board.

We are pleased to announce the Investors Choice Plan, a direct stock purchase and sale plan sponsored and administered by our new transfer agent, American Stock Transfer & Trust Company (AST). Under the Plan, Stockholders and first time buyers will have the opportunity to purchase and sell shares of the Company's Common Stock directly through AST. In addition, the Plan allows participants to deposit their GAM Common Stock certificates for safekeeping or sale. A booklet describing the provisions of the Investors Choice Plan, including transaction fees and other expenses, can be obtained by calling AST at 1-800-413-5499, calling the Company at 1-800-436-8401 or visiting our website shown below - click on Dividends & Reports then Report Downloads.

The information about the Company, including our investment objective, operating policies and procedures, investment results, record of dividend payments, financial reports and press releases, contained at our website has been updated through June 30, 2004. 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*

July 14, 2004

## STATEMENT OF ASSETS AND LIABILITIES June 30, 2004 (Unaudited)

## General American Investors

## ASSETS

INVESTMENTS, AT VALUE (NOTE 1a)		
Common stocks (cost \$620,077,014)		\$1,041,862,532
Convertible corporate note (cost \$10,704,985)		10,800,000
Corporate discount notes (cost \$135,052,635)		135,052,635
Total investments (cost \$765,834,634)		<u>1,187,715,167</u>

## CASH, RECEIVABLES AND OTHER ASSETS

Cash	\$52,039	
Deposit with broker for securities sold short	1,501,230	
Dividends, interest and other receivables	1,009,149	
Prepaid expenses	7,244,234	
Other	302,720	10,109,372

TOTAL ASSETS		<u>1,197,824,539</u>
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## LIABILITIES

Payable for securities purchased	5,173,362	
Preferred dividend accrued but not yet declared	231,389	
Securities sold short, at value (proceeds \$1,501,230) (note 1a)	1,887,000	
Accrued expenses and other liabilities	7,608,288	

TOTAL LIABILITIES		14,900,039
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5.95% CUMULATIVE PREFERRED STOCK, SERIES B - 8,000,000 shares at a liquidation value of \$25 per share (note 2)		<u>200,000,000</u>
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NET ASSETS APPLICABLE TO COMMON STOCK - 29,211,963 shares (note 2)		<u>\$982,924,500</u>
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NET ASSET VALUE PER COMMON SHARE		<u>\$33.65</u>
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## NET ASSETS APPLICABLE TO COMMON STOCK

Common Stock, 29,211,963 shares at par value (note 2)	\$29,211,963	
Additional paid-in capital (note 2)	521,862,673	
Undistributed realized gain on investments	13,108,829	
Undistributed net investment income	3,427,661	
Unallocated distributions on Preferred Stock	(6,181,389)	
Unrealized appreciation on investments and securities sold short (including aggregate gross unrealized appreciation of \$467,179,549 )	421,494,763	

NET ASSETS APPLICABLE TO COMMON STOCK		<u>\$982,924,500</u>
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(see notes to financial statements)

**STATEMENT OF OPERATIONS Six Months Ended June 30, 2004 (Unaudited)**

*General American Investors*

INCOME		
Dividends (net of foreign withholding taxes of \$4,953)	\$6,547,843	
Interest	<u>1,273,751</u>	\$7,821,594
EXPENSES		
Investment research	3,367,193	
Administration and operations	1,279,082	
Office space and general	263,818	
Directors' fees and expenses	98,857	
Transfer agent, custodian and registrar fees and expenses	90,063	
Auditing and legal fees	87,600	
Stockholders' meeting and reports	69,437	
Miscellaneous taxes	<u>63,344</u>	<u>5,319,394</u>
NET INVESTMENT INCOME		2,502,200
REALIZED GAIN AND CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS (NOTES 1e AND 4)		
Net realized gain on investments:		
Long transactions	15,035,762	
Short sale transactions (note 1b)	<u>(1,999,588)</u>	
Net realized gain on investments (long term)	13,036,174	
Net increase in unrealized appreciation	<u>7,846,728</u>	
NET GAIN ON INVESTMENTS		20,882,902
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS		<u>(5,950,000)</u>
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		<u><u>\$17,435,102</u></u>

(see notes to financial statements)

## STATEMENT OF CHANGES IN NET ASSETS

## General American Investors

	Six Months Ended June 30, 2004 (Unaudited)	Year Ended December 31, 2003
<b>OPERATIONS</b>		
Net investment income	\$2,502,200	\$1,139,240
Net realized gain on investments	13,036,174	28,144,510
Net increase in unrealized appreciation	7,846,728	200,469,430
Distributions to Preferred Stockholders:		
From net income	—	(365,476)
From long-term capital gains	—	(10,709,524)
Unallocated distributions on Preferred Stock	(5,950,000)	—
Decrease in net assets from Preferred distributions	(5,950,000)	(11,075,000)
<b>INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>17,435,102</b>	<b>218,678,180</b>
<b>DISTRIBUTIONS TO COMMON STOCKHOLDERS</b>		
From net income	(385,811)	(531,570)
From long-term capital gains	(2,878,743)	(15,572,788)
<b>DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS</b>	<b>(3,264,554)</b>	<b>(16,104,358)</b>
<b>CAPITAL SHARE TRANSACTIONS</b>		
Value of Common Shares issued in payment of dividends (note 2)	—	9,724,118
Cost of Common Shares purchased (note 2)	(17,581,159)	(28,454,956)
Underwriting discount and other expenses associated with the issuance of Preferred Stock (note 2)	—	(6,700,000)
<b>DECREASE IN NET ASSETS - CAPITAL TRANSACTIONS</b>	<b>(17,581,159)</b>	<b>(25,430,838)</b>
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	<b>(3,410,611)</b>	<b>177,142,984</b>
<b>NET ASSETS APPLICABLE TO COMMON STOCK</b>		
<b>BEGINNING OF PERIOD</b>	<b>986,335,111</b>	<b>809,192,127</b>
<b>END OF PERIOD (including undistributed net investment income of \$3,427,661 and \$1,311,272, respectively)</b>	<b>\$982,924,500</b>	<b>\$986,335,111</b>
(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 six months ended June 30, 2004 and for each year in the five-year period ended December 31, 2003. This information has been derived from information contained in the financial statements and market price data for the Company's shares.

	Six Months Ended June 30, 2004 (Unaudited)	Year Ended December 31,				
		2003	2002	2001	2000	1999
<b>PER SHARE OPERATING PERFORMANCE</b>						
Net asset value, beginning of period	\$33.11	\$26.48	\$35.14	\$39.91	\$41.74	\$34.87
Net investment income	.09	.03	.19	.41	.53	.45
Net gain (loss) on securities - realized and unrealized	.76	7.72	(7.88)	(.66)	6.12	11.32
<b>Distributions on Preferred Stock:</b>						
Dividends from investment income	—	(.01)	(.12)	(.07) (a)	(.11) (b)	(.07) (c)
Distributions from capital gains	—	(.35)	(.23)	(.29)	(.29)	(.35)
Unallocated	(.20)	—	—	—	—	—
	(.20)	(.36)	(.35)	(.36)	(.40)	(.42)
Total from investment operations	.65	7.39	(8.04)	(.61)	6.25	11.35
<b>Less distributions on Common Stock:</b>						
Dividends from investment income	(.01)	(.02)	(.21) (d)	(.88) (e)	(2.30) (f)	(.71) (g)
Distributions from capital gains	(.10)	(.52)	(.41)	(3.28)	(5.78)	(3.77)
	(.11)	(.54)	(.62)	(4.16)	(8.08)	(4.48)
Capital Stock transaction - effect of Preferred Stock offering	—	(.22)	—	—	—	—
Net asset value, end of period	\$33.65	\$33.11	\$26.48	\$35.14	\$39.91	\$41.74
Per share market value, end of period	\$30.14	\$29.73	\$23.85	\$33.47	\$36.00	\$37.19
<b>TOTAL INVESTMENT RETURN - Stockholder</b>						
Return, based on market price per share	1.74%*	27.01%	(27.21)%	4.33%	19.10%	39.22%
<b>RATIOS AND SUPPLEMENTAL DATA</b>						
Net assets applicable to Common Stock, end of period (000's omitted)	\$982,925	\$986,335	\$809,192	\$1,097,530	\$1,155,039	\$1,094,519
Ratio of expenses to average net assets applicable to Common Stock	0.54%*	1.23%	0.92%	0.97%	1.05%	1.01%
Ratio of net income to average net assets applicable to Common Stock	0.25%*	0.13%	0.61%	1.15%	1.24%	1.23%
Portfolio turnover rate	7.74%*	18.62%	22.67%	23.81%	40.61%	33.68%
<b>PREFERRED STOCK</b>						
Liquidation value, end of period (000's omitted)	\$200,000	\$200,000	\$150,000	\$150,000	\$150,000	\$150,000
Asset coverage	591%	593%	639%	832%	870%	830%
Liquidation preference per share	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Market value per share	\$23.35	\$25.04	\$25.85	\$25.90	\$24.25	\$21.75

(a) Includes short-term capital gain in the amount of \$.04 per share.

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

(c) Includes short-term capital gain in the amount of \$.03 per share.

(d) Includes short-term capital gain in the amount of \$.19 per share.

(e) Includes short-term capital gain in the amount of \$.51 per share.

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

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

\*Not annualized

## STATEMENT OF INVESTMENTS June 30, 2004 (Unaudited)

## General American Investors

Shares or Principal Amount	COMMON STOCKS		Value (note 1a)
<b>BUILDING AND REAL ESTATE (1.6%)</b>			
550,000	CEMEX, S.A. de C.V.	(COST \$13,676,114)	\$16,005,000
<b>COMMUNICATIONS AND INFORMATION SERVICES (5.2%)</b>			
550,000	CIENA Corporation (a)		2,035,000
900,000	Cisco Systems, Inc. (a)		21,330,000
620,000	Cox Communications, Inc. Class A (a)		17,229,800
450,000	Juniper Networks, Inc. (a)		11,056,500
		(COST \$31,949,018)	51,651,300
<b>COMPUTER SOFTWARE AND SYSTEMS (6.3%)</b>			
300,000	EMC Corporation (a)		3,420,000
1,525,000	Microsoft Corporation		43,554,000
603,000	NetIQ Corporation (a)		7,959,600
350,000	VeriSign, Inc. (a)		6,965,000
		(COST \$55,150,165)	61,898,600
<b>CONSUMER PRODUCTS AND SERVICES (3.8%)</b>			
350,000	Diageo plc		19,162,500
275,000	Ethan Allen Interiors Inc.		9,875,250
150,000	PepsiCo, Inc.		8,082,000
		(COST \$28,303,579)	37,119,750
<b>ELECTRONICS (2.0%)</b>			
715,000	Molex Incorporated Class A	(COST \$15,450,691)	19,505,200
<b>ENVIRONMENTAL CONTROL (INCLUDING SERVICES) (3.5%)</b>			
1,175,000	Republic Services, Inc.	(COST \$26,227,380)	34,004,500
<b>FINANCE AND INSURANCE (30.6%)</b>			
<b>BANKING (9.5%)</b>			
184,000	Bank of America Corporation		15,570,080
325,000	Golden West Financial Corporation		34,563,750
340,000	M&T Bank Corporation		29,682,000
205,000	SunTrust Banks, Inc.		13,322,950
		(COST \$24,500,041)	93,138,780
<b>INSURANCE (18.8%)</b>			
265,000	American International Group, Inc.		18,889,200
625,000	Annuity and Life Re (Holdings), Ltd. (a)		512,500
300	Berkshire Hathaway Inc. Class A (a)		26,685,000
650,000	Everest Re Group, Ltd.		52,234,000
435,000	MetLife, Inc.		15,594,750
175,000	Montpelier Re Holdings Ltd.		6,116,250
500,000	PartnerRe Ltd.		28,365,000
445,000	Reinsurance Group of America, Incorporated		18,089,250
225,000	Transatlantic Holdings, Inc.		18,222,750
		(COST \$84,976,740)	184,708,700
<b>OTHER (2.3%)</b>			
775,000	Annaly Mortgage Management, Inc.		13,144,000
90,184	Central Securities Corporation		2,096,778
850,000	MFA Mortgage Investments, Inc.		7,565,000
		(COST \$19,609,426)	22,805,778
		(COST \$129,086,207)	300,653,258

## STATEMENT OF INVESTMENTS June 30, 2004 (Unaudited) - continued

General American Investors

Shares or Principal Amount	COMMON STOCKS (continued)	Value (note 1a)
<b>HEALTH CARE (17.6%)</b>		
<b>PHARMACEUTICALS (15.4%)</b>		
340,000	Alkermes, Inc. (a)	\$4,624,000
900,000	Baxter International Inc.	31,059,000
250,000	Biogen Idec Inc. (a)	15,812,500
300,000	Bristol-Myers Squibb Company	7,350,000
75,000	Cytokinetics, Incorporated (a)	1,113,750
270,000	Genaera Corporation (a)	1,134,000
560,000	Genentech, Inc. (a)	31,472,000
375,000	Genta Incorporated (a)	937,500
455,000	MedImmune, Inc. (a)	10,642,450
120,000	Millennium Pharmaceuticals, Inc.(a)	1,656,000
1,325,000	Pfizer Inc	45,421,000
	(COST \$102,284,040)	151,222,200
<b>MEDICAL INSTRUMENTS AND DEVICES (2.2%)</b>		
450,000	Medtronic, Inc.	21,924,000
	(COST \$10,483,716)	173,146,200
	(COST \$112,767,756)	
<b>MISCELLANEOUS (4.5%)</b>		
	Other	44,527,875
	(COST \$43,111,330)	
<b>OIL &amp; NATURAL GAS (INCLUDING SERVICES) (9.7%)</b>		
800,000	Devon Energy Corporation	52,800,000
625,000	Halliburton Company	18,912,500
247,000	Total S.A. ADR	23,731,760
	(COST \$70,413,055)	95,444,260
<b>RETAIL TRADE (19.6%)</b>		
700,000	Costco Wholesale Corporation	28,826,000
1,920,000	The Home Depot, Inc. (b)	67,584,000
2,500,000	The TJX Companies, Inc.	60,350,000
675,000	Wal-Mart Stores, Inc.	35,613,000
	(COST \$68,036,225)	192,373,000
<b>SEMICONDUCTORS (1.4%)</b>		
133,000	Applied Materials, Inc. (a)	2,609,460
491,500	Brooks Automation, Inc. (a)	9,903,725
197,000	EMCORE Corporation (a)	642,220
1,644,900	IQE plc (a)	263,184
	(COST \$17,895,774)	13,418,589
<b>SPECIAL HOLDINGS (a) (c) (NOTE 5) (0.2%)</b>		
200,000	Cytokinetics, Incorporated	2,079,000
144,000	Silicon Genesis Corporation	36,000
546,000	Standard MEMS, Inc. Series A Convertible Preferred	—
	(COST \$8,009,720)	2,115,000 (d)
<b>TOTAL COMMON STOCKS (106.0%)</b>		<b>1,041,862,532</b>
	(COST \$620,077,014)	
<b>CONVERTIBLE CORPORATE NOTE</b>		
<b>OIL AND GAS (1.1%)</b>		
\$22,500,000	El Paso Corporation 0% due 2/28/21	10,800,000
	(COST \$10,704,985)	

**STATEMENT OF INVESTMENTS June 30, 2004 (Unaudited) - continued***General American Investors*

Principal Amount	SHORT-TERM SECURITIES AND OTHER ASSETS	Value (note 1a)
\$28,700,000	American Express Credit Corporation notes due 7/19-8/5/04; 1.03%-1.13%	\$28,660,895
30,050,000	American General Finance Corporation notes due 7/1-8/12/04; 1.06%-1.25%	30,008,142
21,500,000	General Electric Capital Corporation notes due 7/15-7/28/04; 1.10%-1.17%	21,470,393
20,900,000	General Motors Acceptance Corporation notes due 7/6-7/22/04; 1.25%-1.35%	20,865,039
23,600,000	Prudential Funding, LLC notes due 7/8-8/9/04; 1.03%-1.22%	23,566,693
10,500,000	Sears Roebuck Acceptance Corp. notes due 7/30-8/16/04; 1.19%-1.40%	10,481,473
	TOTAL SHORT-TERM SECURITIES (13.7%) (COST \$135,052,635)	135,052,635
	Liabilities in excess of cash, receivables and other assets	(4,790,667)
	TOTAL SHORT-TERM SECURITIES AND OTHER ASSETS, NET (13.2%)	130,261,968
	PREFERRED STOCK (-20.3%)	(200,000,000)
	NET ASSETS APPLICABLE TO COMMON STOCK (100%)	\$982,924,500

(a) Non-income producing security.

(c) Restricted security.

(b) 1,000,000 shares held by custodian in a segregated custodian account as collateral for open short positions.

(d) Fair value of each holding in the opinion of the directors.

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**STATEMENT OF SECURITIES SOLD SHORT June 30, 2004 (Unaudited)***General American Investors*

Shares	COMMON STOCKS	Value (note 1a)
50,000	NASDAQ-100 Trust, Series 1 (PROCEEDS \$1,501,230)	\$1,887,000

(see notes to financial statements)

## NOTES TO FINANCIAL STATEMENTS (Unaudited)

### General American Investors

#### I. 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.

Certain prior year financial statement items have been reclassified, from Other Comprehensive Income to a reduction of Expenses and an increase in Net Investment Income, to conform to the current year presentation.

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 or prices 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).

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. **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 29,211,963 shares and 8,000,000 shares, respectively, were outstanding at June 30, 2004.

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 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 require 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.

**NOTES TO FINANCIAL STATEMENTS (Unaudited) - continued**

*General American Investors*

2. CAPITAL STOCK AND DIVIDEND DISTRIBUTIONS - (Continued from bottom of previous page.)

Transactions in Common Stock during the six months ended June 30, 2004 and the year ended December 31, 2003 were as follows:

	SHARES		AMOUNT	
	2004	2003	2004	2003
Shares issued in payment of dividends (includes 334,507 shares issued from treasury)	—	334,507	—	\$334,507
Increase in paid-in capital			—	9,389,611
Total increase			—	9,724,118
Shares purchased (at an average discount from net asset value of 9.7% for each period)	577,300	1,106,600	(\$577,300)	(1,106,600)
Decrease in paid-in capital			(17,003,859)	(27,348,356)
Total decrease			(17,581,159)	(28,454,956)
Net decrease			(\$17,581,159)	(\$18,730,838)

Distributions for tax and book purposes are substantially the same.

At June 30, 2004, the Company held in its treasury 2,019,600 shares of Common Stock with an aggregate cost in the amount of \$46,334,098.

3. OFFICERS' COMPENSATION AND RETIREMENT AND THRIFT PLANS

10 The aggregate compensation paid by the Company during the six months ended June 30, 2004 to its officers amounted to \$2,450,500.

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.

4. PURCHASES AND SALES OF SECURITIES

Purchases and sales of securities (other than short-term securities) for the six months ended June 30, 2004 amounted to on long transactions \$172,341,173 and \$79,084,369, respectively, and, with respect to short sale transactions, purchases for the six months amounted to \$14,182,940.

At June 30, 2004, the cost of investments for Federal income tax purposes was the same as the cost for financial reporting purposes.

5. RESTRICTED SECURITIES

	DATE ACQUIRED	COST	VALUE (NOTE 1a)
Cytokinetics, Incorporated	3/21/03	\$2,000,000	\$2,079,000
Silicon Genesis Corporation	2/16/01	3,006,720	36,000
Standard MEMS, Inc. Series A Convertible Preferred	12/17/99	3,003,000	—
Total		<u>\$8,009,720</u>	<u>\$2,115,000</u>

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 \$149,000 for the six months ended June 30, 2004. Minimum rental commitments under the operating lease are approximately \$505,000 per annum in 2004 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 2004 through 2007. The Company will also receive its proportionate share of operating expenses and real property taxes under the sublease.

*Unaudited*

In addition to purchases of the Company's Common Stock as set forth in Note 2 above, 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 June 30, 2004 (Unaudited)***General American Investors*

INCREASES	SHARES	SHARES OR PRINCIPAL AMOUNT HELD JUNE 30, 2004
<b>NEW POSITIONS</b>		
Cytokinetics, Incorporated	75,000	75,000
Diageo plc	50,000	350,000 (a)
El Paso Corporation 0% Convertible Notes due 02/28/21	—	\$22,500,000 (b)
Montpelier Re Holdings Ltd.	75,000	175,000 (a)
NetIQ Corporation	171,000	603,000 (a)
<b>ADDITIONS</b>		
Bank of America Corporation	84,000 (c)	184,000
CEMEX, S.A. de C.V.	36,500	550,000
Devon Energy Corporation	150,000	800,000
M & T Bank Corporation	20,000	340,000
MFA Mortgage Investments, Inc.	150,000	850,000
Molex Incorporated Class A	22,500	715,000
Reinsurance Group of America, Incorporated	20,000	445,000
<b>DECREASES</b>		
<b>ELIMINATIONS</b>		
FleetBoston Financial Corporation	150,000 (c)	—
John Hancock Financial Services, Inc.	265,000 (d)	—
Health Net, Inc.	800,000	—
Manulife Financial Corporation	225,207 (d)	—
<b>REDUCTIONS</b>		
American International Group, Inc.	25,000	265,000
Annuity and Life Re (Holdings), Ltd.	375,000	625,000
Genentech, Inc.	10,000	560,000 (e)
Transatlantic Holdings, Inc.	5,000	225,000

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\* Excludes transactions in Stocks - Miscellaneous - Other.

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

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

(c) 83,295 shares of Bank of America Corporation were received in exchange for 150,000 shares of FleetBoston Financial Corporation in conjunction with a merger.

(d) 225,207 shares of Manulife Financial Corporation were received in exchange for 190,000 shares of John Hancock Financial Services, Inc. in conjunction with a merger.

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

**PROXY VOTING POLICIES AND PROCEDURES  
AND PROXY VOTING RECORD (Unaudited)**

*General American Investors*

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, 2004 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 <http://www.generalamericaninvestors.com> and (3) on the Securities and Exchange Commission's website at <http://www.sec.gov>.

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 DIRECTORS
 

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

William O. Baker, Director Emeritus  
 William T. Golden, Director Emeritus

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 OFFICERS
 

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

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 SERVICE COMPANIES
 

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

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**


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To the Board of Directors and Stockholders of  
 GENERAL AMERICAN INVESTORS COMPANY, INC.

We have reviewed the accompanying statement of assets and liabilities of General American Investors Company, Inc., including the statements of investments and securities sold short, as of June 30, 2004, and the related statements of operations and changes in net assets and financial highlights for the six-month period ended June 30, 2004. These financial statements and financial highlights are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the interim financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board, the statement of changes in net assets for the year ended December 31, 2003 and financial highlights for each of the five years in the period then ended and in our report, dated January 14, 2004, we expressed an unqualified opinion on such financial statements and financial highlights.

*New York, New York*  
*July 16, 2004*

ERNST & YOUNG LLP

 GENERAL AMERICAN INVESTORS  
 COMPANY, INC.

**SEMI-ANNUAL REPORT**  
 JUNE 30, 2004

*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](mailto:InvestorRelations@gainv.com)  
[www.generalamericaninvestors.com](http://www.generalamericaninvestors.com)