

GENERAL AMERICAN INVESTORS COMPANY, INC.  
SHAREHOLDER MEETING, APRIL 14, 2010  
COMMENTS BY SPENCER DAVIDSON, CHAIRMAN, PRESIDENT AND CEO

I WILL REVIEW THE PAST YEAR AND COMMENT ON OUR CURRENT POSITION, LEAVING TIME TO ANSWER ANY QUESTIONS THAT YOU MAY HAVE WHILE THE VOTES ARE BEING TALLIED.

AFTER A DIFFICULT 2008, THE WORST MARKET FOR EQUITIES IN SEVEN DECADES, LAST YEAR WAS, AT THE VERY LEAST, A RELIEF. IN 2009, OUR SHARES APPRECIATED BY 36.9% ON A MARKET VALUE BASIS WHILE THE MARKET, AS MEASURED BY THE S&P 500 INDEX, ROSE BY 26.5% AS THE RALLY THAT BEGAN IN MARCH 2009 CONTINUED THROUGH THE YEAR. AS CALENDAR YEAR 2009 PROGRESSED, THE EXCESS LIQUIDITY CREATED THROUGH MASSIVE MONETARY AND FISCAL STIMULUS FOUND ITS WAY INTO EQUITIES AS INVESTORS, STARVED FOR YIELD, SOUGHT HIGHER RETURNS BY PURCHASING RISKIER ASSETS. MANY OF THE MOST PROFLIGATE WERE RESCUED AS SAVERS WERE PUNISHED WITH NEAR ZERO RETURNS ON THEIR LIQUID ASSETS AS GOVERNMENT INTERVENTION HAD ITS INTENDED EFFECT OF STABILISING MARKETS AND, GENERALLY, MAKING FUNDS AVAILABLE AT RECORD LOW INTEREST RATES.

WITH REGARD TO THE CURRENT SITUATION, EQUITY MARKETS HAVE CONTINUED TO ADVANCE AS SIGNS OF SUSTAINABLE GROWTH HAVE BECOME MORE EVIDENT. OUR NET ASSET VALUE IS UP OVER 8% FROM YEAR-END (THROUGH TODAY), OUTPACING THE MARKET'S RISE OF JUST UNDER 8%. OUR TOTAL NET ASSETS EXCEED \$1.1 BILLION, INCLUDING APPROXIMATELY \$80 MILLION IN CASH & EQUIVALENTS, AND OUR SHARES ARE SELLING AT, WHAT BY HISTORICAL STANDARDS IS, AN ELEVATED DISCOUNT TO NET ASSET VALUE. WE CONTINUE TO PURSUE AN AGGRESSIVE SHARE BUY-BACK PROGRAM WHICH, AT THE CURRENT RATE, WOULD REDUCE COMMON SHARES OUTSTANDING BY APPROXIMATELY 7% ON AN ANNUAL BASIS.

ON A SOMEWHAT CAUTIOUS NOTE, THE IN-PROCESS ECONOMIC RECOVERY IS LIKELY TO BE RESTRAINED, BY HISTORIC MEASURES, OWING TO STUBBORNLY HIGH RATES OF UNEMPLOYMENT AND UNDEREMPLOYMENT AND THE EROSION OF WEALTH REPRESENTED BY HOME EQUITY. THE TWIN FISCAL AND CURRENT ACCOUNT DEFICITS ARE ON UNSUSTAINABLE TRAJECTORIES AND GLOBAL ECONOMIC AND TRADE TENSIONS ARE LIKELY TO REMAIN ELEVATED AROUND THE CONTENTIOUS ISSUES OF CHINA'S EXCHANGE RATE AND TRADE SURPLUS, NOT TO MENTION CENSORSHIP AND INTELLECTUAL PROPERTY RIGHTS. INTEREST RATES MAY RISE, BUT COMPANIES HAVE AND WILL FURTHER ADAPT TO INFLATION AND DEFLATION. THEY ALSO HAVE THE ABILITY TO PASS THROUGH HIGHER COSTS WHILE UTILIZING THE VALUE OF STRONG BRANDS AND DISTRIBUTION TO PROTECT PROFIT MARGINS WHILE HEDGING AGAINST FLUCTUATIONS IN EXCHANGE RATES. IT IS OUR VIEW, THEREFORE, THAT DESPITE THE LIKELIHOOD OF MEANINGFUL HEADWINDS, THE CASE FOR EQUITIES REMAINS INTACT AND OUR PORTFOLIO IS POPULATED WITH SECURITIES THAT REPRESENT UNDERLYING BUSINESSES THAT ARE WELL-MANAGED, WITH THE FLEXIBILITY TO ADJUST TO CHALLENGES AND RESPOND TO OPPORTUNITIES AS THEY ARISE.

WITH THAT, I WOULD LIKE TO THANK YOU FOR YOUR PATIENCE AND CONTINUING SUPPORT. ALSO, BY WAY OF INTRODUCTION, I WOULD LIKE TO SAY A WORD ABOUT OUR NEWEST DIRECTOR- BETSY GOTBAUM. AS YOU MAY WELL BE AWARE, AS PUBLIC ADVOCATE, BETSY HAS BEEN THE SECOND HIGHEST RANKING CITY OFFICIAL FOR THE PAST 8 YEARS. IN ADDITION TO WORKING FOR 4 MAYORS AND HEADING THE NEW-YORK CITY HISTORICAL SOCIETY, BETSY SPENT 4 YEARS AS A VENTURE CAPITALIST. WE LOOK FORWARD TO THE PERSPECTIVE AND INSIGHT SHE IS LIKELY TO ADD TO YOUR BOARD.

THANK YOU.