

GENERAL AMERICAN INVESTORS CO INC  
Form N-CSRS  
August 01, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-00041

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GENERAL AMERICAN INVESTORS COMPANY, INC.

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(Exact name of registrant as specified in charter)

100 Park Avenue, 35th Floor, New York, New York 10017

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(Address of principal executive offices) (Zip code)

Eugene S. Stark

General American Investors Company, Inc.

100 Park Avenue

35th Floor

New York, New York 10017

(Name and address of agent for service)

Copy to:

John E. Baumgardner, Jr., Esq.

Sullivan & Cromwell LLP

125 Broad Street

New York, New York 10004

Registrant's telephone number, including area code: 212-916-8400

Date of fiscal year end: December 31

Date of reporting period: June 30, 2014

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## Item 1. Report to Shareholders

For the six months ended June 30, 2014, the net asset value per Common Share increased 5.8% while the investment return to our stockholders increased by 4.6%. By comparison, our benchmark, the Standard & Poor's 500 Stock Index (including income), increased 7.1%. For the twelve months ended June 30, 2014, the return on the net asset value per Common Share increased by 24.7%, and the return to our stockholders increased by 22.3%; these compare with an increase of 24.6% for the S&P 500. During both periods, the discount at which our shares traded continued to fluctuate and on June 30, 2014, it was 15.3%.

As detailed in the accompanying financial statements (unaudited), as of June 30, 2014, the net assets applicable to the Company's Common Stock were \$1,282,274,345 equal to \$43.45 per Common Share.

The increase in net assets resulting from operations for the six months ended June 30, 2014 was \$67,645,490. During this period, the net realized gain on investments sold was \$70,744,327 and the decrease in net unrealized appreciation was \$2,189,756. Net investment income for the six months was \$4,746,905 and distributions to Preferred Stockholders amounted to \$5,655,986.

During the six months, 426,303 shares of the Company's Common Stock were repurchased for \$14,840,891 at an average discount from net asset value of 14.6%.

Our annual report and first quarter letter highlighted the divergence in the rate of improvement in the real and the financial economies that has developed over the past several years. With particular emphasis on the last two calendar years, we observed much of the US equity market's gain is the result of price to earnings multiple expansion on modest earnings growth, reflecting the moderate economic recovery. It would seem likely that the multiple expansion observed during this period relates to persistently high operating margins and Federal Reserve induced low interest rates. Despite the Fed's tapering of Quantitative Easing through reduced bond purchases, short term interest rates hover near zero and long term US Treasury rates remain stable and near historic lows. Given that the real and financial economies are linked over

The economic expansion in the US has improved over the past year notwithstanding the poor first quarter GDP result of -2.9%. Unemployment is 6.1% compared to 7.5% a year ago. Auto sales over the trailing twelve months through June hit a recovery high of nearly 17 million units. Consumers are enjoying modestly higher wages and companies are spending more freely. Although households have not fully enjoyed the bounce in economic activity, recent data suggest dual income households are on the rise as are household formations, a crucial element to growth in housing and general consumption. It is hoped that some of the headwinds including fuel and medical costs together with geo-political concerns will dissipate over time.

Equity earnings multiples continue to be quite elevated for small capitalized equities and some select sectors. For large capitalized equities they remain moderately attractive and in the absence of more tangible evidence of accelerating inflation, it would appear that interest rates are likely to remain at historically low levels. We remain sanguine over the medium and long term for equities as they still represent a better alternative to fixed income securities.

We are saddened to report that Dr. Gerald M. Edelman, our esteemed colleague and director of the Company for thirty-eight years, died on May 17, 2014. Dr. Edelman shared the 1972 Nobel Prize in Physiology or Medicine for his work in deciphering the chemical structure of antibodies. In addition to his service on the Board and its Pension and Nominating Committees, Dr. Edelman also served as a Member and Professor of The Scripps Research Institute; Founder, Director and

President of the Neurosciences Institute of the Neurosciences Research Foundation; Chairman of the Advisory Board of NGN Capital; and Chairman of the Scientific Advisory Board of Promosome, LLC. His counsel and support will be missed.

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 June 30, 2014. It can be accessed on the internet at [www.generalamericaninvestors.com](http://www.generalamericaninvestors.com).

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time, the relationship is mean reverting. Convergence can occur via significantly improved economic performance and/or modest multiple contraction. The low volatility present in the US equity markets suggests that investors believe in a favorable resolution.

By Order of the Board of Directors,  
GENERAL AMERICAN INVESTORS COMPANY, INC.

Jeffrey W. Priest

President and Chief Executive Officer

July 23, 2014

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|                                               | Shares    | COMMON STOCKS                                | Value<br>(note 1a) |
|-----------------------------------------------|-----------|----------------------------------------------|--------------------|
| <b>CONSUMER<br/>DISCRETIONARY<br/>(12.4%)</b> |           | <b>AUTOMOBILES AND COMPONENTS (1.9%)</b>     |                    |
|                                               | 1,264,063 | Ford Motor Company                           | \$21,792,446       |
|                                               | 30,000    | Visteon Corporation (a)                      | 2,910,300          |
|                                               |           | (Cost \$17,055,623)                          | 24,702,746         |
|                                               |           | <b>CONSUMER SERVICES (2.0%)</b>              |                    |
|                                               | 284,170   | Bob Evans Farms, Inc.                        | 14,222,709         |
|                                               | 750,000   | International Game<br>Technology             | 11,932,500         |
|                                               |           | (COST \$22,158,101)                          | 26,155,209         |
|                                               |           | <b>RETAILING<br/>(8.5%)</b>                  |                    |
|                                               | 284,050   | Kohl's Corporation                           | 14,963,754         |
|                                               | 460,000   | Target Corporation                           | 26,657,000         |
|                                               | 1,244,668 | The TJX Companies, Inc.                      | 66,154,104         |
|                                               |           | (Cost \$42,752,571)                          | 107,774,858        |
|                                               |           | (Cost \$81,966,295)                          | 158,632,813        |
| <b>CONSUMER<br/>STAPLES<br/>(13.6%)</b>       |           | <b>FOOD, BEVERAGE AND TOBACCO (10.1%)</b>    |                    |
|                                               | 196,039   | Danone (a)                                   | 14,561,044         |
|                                               | 237,400   | Diageo plc ADR                               | 30,213,898         |
|                                               | 450,000   | Nestle S.A.                                  | 34,869,163         |
|                                               | 195,000   | PepsiCo, Inc.                                | 17,421,300         |
|                                               | 734,620   | Unilever N.V.                                | 32,146,369         |
|                                               |           | (Cost \$70,472,922)                          | 129,211,774        |
|                                               |           | <b>FOOD AND STAPLES RETAILING (3.5%)</b>     |                    |
|                                               | 394,500   | Costco Wholesale<br>Corporation              | 45,430,620         |
|                                               |           | (Cost \$82,514,857)                          | 174,642,394        |
| <b>ENERGY<br/>(14.9%)</b>                     |           | <b>Alpha Natural Resources, Inc.<br/>(a)</b> | 7,914,428          |
|                                               | 180,000   | Anadarko Petroleum<br>Corporation            | 19,704,600         |
|                                               | 331,478   | Apache Corporation                           | 33,353,317         |
|                                               | 1,050,615 | Cameco Corporation                           | 20,602,560         |
|                                               | 248,100   | Enscopl - Class A                            | 13,786,917         |
|                                               | 620,000   | Halliburton Company                          | 44,026,200         |
|                                               | 145,000   | Occidental Petroleum<br>Corporation          | 14,881,350         |
|                                               | 803,803   | Ultra Petroleum Corp. (a)                    | 23,864,911         |
|                                               | 550,000   | Weatherford International plc<br>(a)         | 12,650,000         |
|                                               |           | (Cost \$121,056,382)                         | 190,784,283        |
| <b>FINANCIALS</b>                             |           | <b>BANKS (2.4%)</b>                          |                    |

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|         |                               |                                                  |             |
|---------|-------------------------------|--------------------------------------------------|-------------|
| (22.3%) | 795,000                       | FCB Financial Holdings, Inc.,<br>Class A (a) (b) | 13,515,000  |
|         | 75,000                        | FCB Financial Holdings, Inc.,<br>Class B (a) (c) | 1,211,250   |
|         | 125,000                       | M&T Bank Corporation                             | 15,506,250  |
|         |                               | (Cost \$17,662,263)                              | 30,232,500  |
|         | DIVERSIFIED FINANCIALS (5.4%) |                                                  |             |
|         | 255,000                       | American Express Company                         | 24,191,850  |
|         | 400,000                       | JPMorgan Chase & Co.                             | 23,048,000  |
|         | 525,000                       | Nelnet, Inc.                                     | 21,750,750  |
|         |                               | (Cost \$29,013,176)                              | 68,990,600  |
|         | INSURANCE (14.5%)             |                                                  |             |
|         | 293,492                       | Aon plc                                          | 26,440,694  |
|         | 750,000                       | Arch Capital Group Ltd. (a)                      | 43,080,000  |
|         | 110                           | Berkshire Hathaway Inc.<br>Class A (a)           | 20,889,055  |
|         | 165,000                       | Everest Re Group, Ltd.                           | 26,480,850  |
|         | 365,000                       | MetLife, Inc.                                    | 20,279,400  |
|         | 255,000                       | PartnerRe Ltd.                                   | 27,848,550  |
|         | 335,000                       | Platinum Underwriters<br>Holdings, Ltd.          | 21,724,750  |
|         |                               | (Cost \$57,247,899)                              | 186,743,299 |
|         |                               | (Cost \$103,923,338)                             | 285,966,399 |

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|                               |                                                          |                                  | Value               |
|-------------------------------|----------------------------------------------------------|----------------------------------|---------------------|
|                               | Shares                                                   | COMMON STOCKS<br>(continued)     | (note 1a)           |
| <b>HEALTH CARE</b>            | <b>PHARMACEUTICALS, BIOTECHNOLOGY AND LIFE SCIENCES</b>  |                                  |                     |
| <b>(8.5%)</b>                 | 1,200,000                                                | Ariad Pharmaceuticals, Inc. (a)  | \$7,644,000         |
|                               | 200,000                                                  | Celgene Corporation (a)          | 17,176,000          |
|                               | 428,600                                                  | Gilead Sciences, Inc. (a)        | 35,535,226          |
|                               | 61,369                                                   | Idenix Pharmaceuticals, Inc. (a) | 1,478,993           |
|                               | 427,191                                                  | Merck & Co., Inc.                | 24,712,999          |
|                               | 755,808                                                  | Pfizer Inc.                      | 22,432,381          |
|                               |                                                          | (Cost \$54,058,331)              | 108,979,599         |
| <b>INDUSTRIALS</b>            | <b>CAPITAL GOODS (5.6%)</b>                              |                                  |                     |
| <b>(11.7%)</b>                | 865,000                                                  | General Electric Company         | 22,732,200          |
|                               | 360,000                                                  | Owens Corning                    | 13,924,800          |
|                               | 300,000                                                  | United Technologies Corporation  | 34,635,000          |
|                               |                                                          | (Cost \$52,172,995)              | 71,292,000          |
|                               | <b>COMMERCIAL AND PROFESSIONAL SERVICES (5.2%)</b>       |                                  |                     |
|                               | 1,087,100                                                | Republic Services, Inc.          | 41,277,187          |
|                               | 245,798                                                  | Towers Watson & Co. Class A      | 25,619,526          |
|                               |                                                          | (Cost \$31,349,168)              | 66,896,713          |
|                               | <b>TRANSPORTATION (0.9%)</b>                             |                                  |                     |
|                               | 422,500                                                  | Hertz Global Holdings, Inc. (a)  | (Cost \$10,094,478) |
|                               |                                                          | (Cost \$93,616,641)              | 11,842,675          |
|                               |                                                          |                                  | 150,031,388         |
| <b>INFORMATION TECHNOLOGY</b> | <b>SEMICONDUCTORS AND SEMICONDUCTOR EQUIPMENT (3.9%)</b> |                                  |                     |
| <b>(16.3%)</b>                | 256,850                                                  | ASML Holding N.V.                | 23,956,400          |
|                               | 833,700                                                  | Intel Corporation                | 25,761,330          |
|                               |                                                          | (Cost \$24,319,428)              | 49,717,730          |
|                               | <b>SOFTWARE AND SERVICES (2.8%)</b>                      |                                  |                     |
|                               | 154,500                                                  | eBay Inc. (a)                    | 7,734,270           |
|                               | 680,686                                                  | Microsoft Corporation            | 28,384,606          |
|                               |                                                          | (Cost \$25,305,863)              | 36,118,876          |
|                               | <b>TECHNOLOGY HARDWARE AND EQUIPMENT (9.6%)</b>          |                                  |                     |
|                               | 469,000                                                  | Apple Inc.                       | 43,584,170          |
|                               | 820,000                                                  | Cisco Systems, Inc.              | 20,377,000          |
|                               | 615,000                                                  | EMC Corporation                  | 16,199,100          |
|                               | 536,200                                                  | QUALCOMM Incorporated            | 42,467,040          |
|                               |                                                          | (Cost \$67,575,284)              | 122,627,310         |
|                               |                                                          | (Cost \$117,200,575)             | 208,463,916         |
| <b>MATERIALS</b>              |                                                          |                                  |                     |
| <b>(1.3%)</b>                 | 336,300                                                  | The Dow Chemical Company         | (Cost \$10,566,260) |
|                               |                                                          |                                  | 17,305,998          |

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|                                       |                                 |                                                                                                                            |               |
|---------------------------------------|---------------------------------|----------------------------------------------------------------------------------------------------------------------------|---------------|
| <b>MISCELLANEOUS</b><br><b>(2.9%)</b> | Other (d)                       | (Cost \$37,011,931)                                                                                                        | 37,016,544    |
| Contracts<br>(100 shares<br>each)     | TOTAL COMMON STOCKS<br>(103.9%) | (Cost \$701,914,610)                                                                                                       | 1,331,823,334 |
| <b>Energy (0.0%)</b>                  | 1,500                           | PUT OPTION/EXPIRATION DATE/EXERCISE PRICE<br>Weatherford International<br>plc/January 17, 2015/\$20.00<br>(Cost \$233,010) | 138,000       |

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| Shares                                                        | SHORT-TERM SECURITY AND OTHER ASSETS | Value<br>(note 1a) |
|---------------------------------------------------------------|--------------------------------------|--------------------|
|                                                               | SSgA U.S. Treasury Money Market Fund |                    |
| 143,711,541                                                   | (11.2%) (Cost \$143,711,541)         | \$143,711,541      |
| TOTAL INVESTMENTS (e) (115.1%)                                | (Cost \$845,859,161)                 | 1,475,672,875      |
| Liabilities in excess of receivables and other assets (-0.3%) |                                      | (3,281,355)        |
| PREFERRED STOCK (-14.8%)                                      |                                      | (190,117,175)      |
| NET ASSETS APPLICABLE TO COMMON STOCK (100%)                  |                                      | \$1,282,274,345    |

ADR - American Depositary Receipt (a) Non-income producing security.

(b) Level 3 fair value measurement, restricted security acquired in five installments as follows: 425,000 shares on 11/4/09, unit cost \$20.00 per share; 150,000 shares on 4/2/13, unit cost \$14.80 per share; 100,000 shares on 4/11/13, unit cost \$14.05 per share; 100,000 shares on 10/4/13, unit cost \$15.05 per share; and 20,000 shares on 10/14/13, unit cost \$15.00 per share. Fair value is \$17.00 per share, note 2. Fair value is based upon bid and/or transaction prices provided via the NASDAQ OMX PORTAL Alliance trading and transfer system for privately placed equity securities traded in the over-the-counter market among qualified investors and an evaluation of book value per share. Amount represents 1.05% of net assets.

(c) Level 3 fair value measurement, restricted security exchanged from Class A shares on 5/21/12, aggregate cost \$1,500,000, unit cost is \$20.00 per share and fair value is \$16.15 per share, note 2. Fair value is based upon a judgmentally discounted bid price provided via the NASDAQ OMX PORTAL

Alliance trading and transfer system for privately placed equity securities traded in the over-the-counter market among qualified investors and an evaluation of book value per share. Amount represents 0.09% of net assets.

(d) Securities which have been held for less than one year, not previously disclosed, and not restricted.

(e) At June 30, 2014 the cost of investments for Federal income tax purposes was the same as the cost for financial reporting purposes, aggregate gross unrealized appreciation was \$640,746,612, aggregate gross unrealized depreciation was \$10,932,899, and net unrealized appreciation was \$629,813,713.

## STATEMENT OF OPTION WRITTEN June 30, 2014 (Unaudited)

|               | Contracts<br>(100 shares each) | CALL OPTION/EXPIRATION DATE/EXERCISE PRICE                                             | Value<br>(note 1a) |
|---------------|--------------------------------|----------------------------------------------------------------------------------------|--------------------|
| Energy (0.0%) | 1,500                          | Weatherford International plc/January 17, 2015/\$25.00<br>(Premium Received \$120,987) | \$210,000          |

(see notes to unaudited financial statements)

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|                                | SHARES<br>TRANSACTIONED | SHARES<br>HELD |
|--------------------------------|-------------------------|----------------|
| INCREASES                      |                         |                |
| NEW POSITIONS                  |                         |                |
| Bob Evans Farms, Inc.          | 15,000                  | 284,170 (b)    |
| eBay Inc.                      | —                       | 154,500 (b)    |
| Ensco plc -Class A             | 248,100                 | 248,100 (b)    |
| Hertz Global Holdings, Inc.    | —                       | 422,500 (b)    |
| ADDITIONS                      |                         |                |
| Cameco Corporation             | 249,577                 | 1,050,615      |
| Danone                         | 6,039                   | 196,039        |
| DECREASES                      |                         |                |
| ELIMINATION                    |                         |                |
| The ADT Corporation            | 117,500                 | —              |
| REDUCTIONS                     |                         |                |
| Anadarko Petroleum Corporation | 15,000                  | 180,000        |
| Aon Corporation                | 37,000                  | 293,492        |
| Halliburton Company            | 65,000                  | 620,000        |
| Idenix Pharmaceuticals, Inc.   | 797,610                 | 61,369         |
| PepsiCo, Inc.                  | 25,000                  | 195,000        |
| QUALCOMM Incorporated          | 90,000                  | 536,200        |
| Visteon Corporation            | 98,141                  | 30,000         |
| Weatherford International plc  | 250,000                 | 550,000        |

(a) Common shares unless otherwise noted; excludes transactions in Common Stocks - Miscellaneous - Other.

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

The diversification of the Company's net assets applicable to its Common Stock by industry group as of June 30, 2014 is shown in the following table.

| INDUSTRY CATEGORY                           | COST(000) | VALUE(000) | PERCENT COMMON<br>NET ASSETS* |
|---------------------------------------------|-----------|------------|-------------------------------|
| Financials                                  |           |            |                               |
| Banks                                       | \$17,662  | \$30,232   | 2.4%                          |
| Diversified Financials                      | 29,013    | 68,991     | 5.4                           |
| Insurance                                   | 57,248    | 186,743    | 14.5                          |
|                                             | 103,923   | 285,966    | 22.3                          |
| Information Technology                      |           |            |                               |
| Semiconductors & Semiconductor<br>Equipment | 24,320    | 49,718     | 3.9                           |
| Software & Services                         | 25,306    | 36,119     | 2.8                           |
| Technology Hardware &<br>Equipment          | 67,575    | 122,627    | 9.6                           |
|                                             | 117,201   | 208,464    | 16.3                          |

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|                                                |           |             |        |
|------------------------------------------------|-----------|-------------|--------|
| Energy                                         | 121,289   | 190,922     | 14.9   |
| Consumer Staples                               |           |             |        |
| Food, Beverage & Tobacco                       | 70,473    | 129,212     | 10.1   |
| Food & Staples Retailing                       | 12,042    | 45,431      | 3.5    |
| Consumer Discretionary                         | 82,515    | 174,643     | 13.6   |
| Automobiles & Components                       | 17,056    | 24,703      | 1.9    |
| Consumer Services                              | 22,158    | 26,155      | 2.0    |
| Retailing                                      | 42,753    | 107,775     | 8.5    |
|                                                | 81,967    | 158,633     | 12.4   |
| Industrials                                    |           |             |        |
| Capital Goods                                  | 52,173    | 71,292      | 5.6    |
| Commercial & Professional Services             | 31,349    | 66,897      | 5.2    |
| Transportation                                 | 10,095    | 11,843      | 0.9    |
| Health Care                                    | 93,617    | 150,032     | 11.7   |
| Pharmaceuticals, Biotechnology & Life Sciences | 54,058    | 108,979     | 8.5    |
| Miscellaneous**                                | 37,012    | 37,016      | 2.9    |
| Materials                                      | 10,566    | 17,306      | 1.3    |
|                                                | 702,148   | 1,331,961   | 103.9  |
| Short-Term Securities                          | 143,711   | 143,711     | 11.2   |
| Total Investments                              | \$845,859 | 1,475,672   | 115.1  |
| Other Assets and Liabilities - Net             |           | (3,281)     | (0.3)  |
| Preferred Stock                                |           | (190,117)   | (14.8) |
| Net Assets Applicable to Common Stock          |           | \$1,282,274 | 100.0% |

\* Net Assets applicable to the Company's Common Stock.

\*\* Securities which have been held for less than one year, not previously disclosed, and not restricted.

(see notes to unaudited financial statements)

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## ASSETS

### INVESTMENTS, AT VALUE (NOTE 1a)

|                                        |                 |
|----------------------------------------|-----------------|
| Common stocks (cost \$701,914,610)     | \$1,331,823,334 |
| Purchased option (cost \$233,010)      | 138,000         |
| Money market fund (cost \$143,711,541) | 143,711,541     |
| Total investments (cost \$845,859,161) | 1,475,672,875   |

### RECEIVABLES AND OTHER ASSETS

|                                                          |           |               |
|----------------------------------------------------------|-----------|---------------|
| Cash held by custodian in segregated account*            | \$934,160 |               |
| Receivable for securities sold                           | 5,644,879 |               |
| Dividends, interest and other receivables, net           | 3,195,767 |               |
| Qualified pension plan asset, net excess funded (note 7) | 5,151,529 |               |
| Prepaid expenses and other assets                        | 1,336,878 | 16,263,213    |
| TOTAL ASSETS                                             |           | 1,491,936,088 |

### LIABILITIES

|                                                                   |           |
|-------------------------------------------------------------------|-----------|
| Payable for securities purchased                                  | 9,321,287 |
| Accrued preferred stock dividend not yet declared                 | 219,955   |
| Outstanding option written, at value (premium received \$120,987) | 210,000   |
| Accrued supplemental pension plan liability (note 7)              | 4,670,485 |
| Accrued supplemental thrift plan liability (note 7)               | 2,425,776 |
| Accrued expenses and other liabilities                            | 2,697,065 |

|                   |            |
|-------------------|------------|
| TOTAL LIABILITIES | 19,544,568 |
|-------------------|------------|

### 5.95% CUMULATIVE PREFERRED STOCK, SERIES B -

|                                                                    |             |
|--------------------------------------------------------------------|-------------|
| 7,604,687 shares at a liquidation value of \$25 per share (note 5) | 190,117,175 |
|--------------------------------------------------------------------|-------------|

|                                                                    |                 |
|--------------------------------------------------------------------|-----------------|
| NET ASSETS APPLICABLE TO COMMON STOCK - 29,513,265 shares (note 5) | \$1,282,274,345 |
|--------------------------------------------------------------------|-----------------|

|                                  |         |
|----------------------------------|---------|
| NET ASSET VALUE PER COMMON SHARE | \$43.45 |
|----------------------------------|---------|

### NET ASSETS APPLICABLE TO COMMON STOCK

|                                                           |              |
|-----------------------------------------------------------|--------------|
| Common Stock, 29,513,265 shares at par value (note 5)     | \$29,513,265 |
| Additional paid-in capital (note 5)                       | 550,143,544  |
| Undistributed net investment income (note 5)              | 4,555,366    |
| Undistributed realized gain on investments                | 74,454,590   |
| Accumulated other comprehensive loss (note 7)             | (1,824,244)  |
| Unallocated distributions on Preferred Stock              | (5,875,941)  |
| Unrealized appreciation on investments and option written | 631,307,765  |

|                                       |                 |
|---------------------------------------|-----------------|
| NET ASSETS APPLICABLE TO COMMON STOCK | \$1,282,274,345 |
|---------------------------------------|-----------------|

\* Collateral for options written.

(see notes to unaudited financial statements)

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INCOME

|                                                           |  |              |
|-----------------------------------------------------------|--|--------------|
| Dividends (net of foreign withholding taxes of \$579,093) |  | \$11,585,133 |
| Interest                                                  |  | 458          |
|                                                           |  | 11,585,591   |

EXPENSES

|                                                           |             |           |
|-----------------------------------------------------------|-------------|-----------|
| Investment research                                       | \$3,660,179 |           |
| Administration and operations                             | 1,919,529   |           |
| Office space and related expenses                         | 844,333     |           |
| Auditing and legal fees                                   | 131,306     |           |
| Transfer agent, custodian and registrar fees and expenses | 82,041      |           |
| State and local taxes                                     | 79,958      |           |
| Stockholders' meeting and reports                         | 63,205      |           |
| Directors' fees and expenses                              | 58,135      | 6,838,686 |
| NET INVESTMENT INCOME                                     |             | 4,746,905 |

REALIZED GAIN AND CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS (NOTES 1, 3 AND 4)

Net realized gain on investments:

|                                                            |            |
|------------------------------------------------------------|------------|
| Securities transactions (long-term except for \$3,671,778) | 70,201,135 |
| Written option transactions (notes 1b and 4)               | 543,192    |
|                                                            | 70,744,327 |

Net decrease in unrealized appreciation on investments and option written

(2,189,756)

NET GAIN ON INVESTMENTS 68,554,571

DISTRIBUTIONS TO PREFERRED STOCKHOLDERS (5,655,986)

INCREASE IN NET ASSETS RESULTING FROM OPERATIONS \$67,645,490

|                                                                              | Six Months Ended<br>June 30, 2014<br>(Unaudited) | Year Ended<br>December 31, 2013 |
|------------------------------------------------------------------------------|--------------------------------------------------|---------------------------------|
| OPERATIONS                                                                   |                                                  |                                 |
| Net investment income                                                        | \$4,746,905                                      | \$5,228,019                     |
| Net realized gain on investments                                             | 70,744,327                                       | 69,657,472                      |
| Net increase (decrease) in unrealized appreciation                           | (2,189,756)                                      | 243,076,683                     |
|                                                                              | 73,301,476                                       | 317,962,174                     |
| Distributions to Preferred Stockholders:                                     |                                                  |                                 |
| From net investment income                                                   | —                                                | (992,168)                       |
| From long-term capital gains                                                 | —                                                | (10,319,804)                    |
| Unallocated distributions                                                    | (5,655,986)                                      | —                               |
| Decrease in net assets from Preferred distributions                          | (5,655,986)                                      | (11,311,972)                    |
| INCREASE IN NET ASSETS RESULTING FROM OPERATIONS                             | 67,645,490                                       | 306,650,202                     |
| OTHER COMPREHENSIVE INCOME - Funded status of defined benefit plans (note 7) | —                                                | 5,948,555                       |
| DISTRIBUTIONS TO COMMON STOCKHOLDERS                                         |                                                  |                                 |

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|                                                                                                                   |                 |                 |
|-------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| From net investment income                                                                                        | —               | (5,382,759)     |
| From long-term capital gains                                                                                      | —               | (55,987,513)    |
| DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS                                                                  | —               | (61,370,272)    |
| CAPITAL SHARE TRANSACTIONS (NOTE 5)                                                                               |                 |                 |
| Value of Common Shares issued in payment of dividends and distributions                                           | —               | 35,871,304      |
| Cost of Common Shares purchased                                                                                   | (14,840,891)    | (13,047,704)    |
| INCREASE (DECREASE) IN NET ASSETS - CAPITAL TRANSACTIONS                                                          | (14,840,891)    | 22,823,600      |
| NET INCREASE IN NET ASSETS                                                                                        | 52,804,599      | 274,052,085     |
| NET ASSETS APPLICABLE TO COMMON STOCK                                                                             |                 |                 |
| BEGINNING OF PERIOD                                                                                               | 1,229,469,746   | 955,417,661     |
| END OF PERIOD (including undistributed net investment income (loss) of \$4,555,366 and (\$191,539), respectively) | \$1,282,274,345 | \$1,229,469,746 |

(see notes to unaudited financial statements)

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The following table shows per share operating performance data, total investment return, ratios and supplemental data for the six months ended June 30, 2014 and for each year in the five-year period ended December 31, 2013. This information has been derived from information contained in the financial statements and market price data for the Company's shares.

|                                                         | Six months<br>Ended<br>June 30,<br>2014<br>(Unaudited) | 2013    | 2012    | 2011    | 2010    | 2009    |
|---------------------------------------------------------|--------------------------------------------------------|---------|---------|---------|---------|---------|
| <b>PER SHARE OPERATING PERFORMANCE</b>                  |                                                        |         |         |         |         |         |
| Net asset value, beginning of period                    | \$41.07                                                | \$32.68 | \$29.78 | \$31.26 | \$27.50 | \$21.09 |
| Net investment income                                   | .16                                                    | .17     | .24     | .18     | .19     | .11     |
| Net gain (loss) on securities - realized and unrealized | 2.41                                                   | 10.51   | 5.05    | (.68)   | 4.37    | 6.94    |
| Other comprehensive income (loss)                       | —                                                      | .20     | —       | (.10)   | —       | .07     |
|                                                         | 2.57                                                   | 10.88   | 5.29    | (.60)   | 4.56    | 7.12    |
| <b>Distributions on Preferred Stock:</b>                |                                                        |         |         |         |         |         |
| Dividends from net investment income                    | —                                                      | (.04)   | (.04)   | (.11)   | (.07)   | (.11)   |
| Distributions from net short-term capital gains         | —                                                      | —       | (.01)   | (.01)   | (.03)   | (.05)   |
| Distributions from net long-term capital gains          | —                                                      | (.35)   | (.34)   | (.26)   | (.27)   | (.19)   |
| Distributions from return of capital                    | —                                                      | —       | —       | —       | —       | (.01)   |
| Unallocated                                             | (.19)                                                  | —       | —       | —       | —       | —       |
|                                                         | (.19)                                                  | (.39)   | (.39)   | (.38)   | (.37)   | (.36)   |
| Total from investment operations                        | 2.38                                                   | 10.49   | 4.90    | (.98)   | 4.19    | 6.76    |
| <b>Distributions on Common Stock:</b>                   |                                                        |         |         |         |         |         |
| Dividends from net investment income                    | —                                                      | (.18)   | (.21)   | (.15)   | (.08)   | (.10)   |
| Distributions from net short-term capital gains         | —                                                      | —       | (.02)   | (.01)   | (.03)   | (.05)   |
| Distributions from net long-term capital gains          | —                                                      | (1.92)  | (1.77)  | (.34)   | (.32)   | (.19)   |
| Distributions from return of capital                    | —                                                      | —       | —       | —       | —       | (.01)   |
|                                                         | —                                                      | (2.10)  | (2.00)  | (.50)   | (.43)   | (.35)   |
| Net asset value, end of period                          | \$43.45                                                | \$41.07 | \$32.68 | \$29.78 | \$31.26 | \$27.50 |
| Per share market value, end of period                   | \$36.82                                                | \$35.20 | \$27.82 | \$24.91 | \$26.82 | \$23.46 |
| <b>TOTAL INVESTMENT RETURN - Stockholder</b>            |                                                        |         |         |         |         |         |
| return, based on market price per share                 | 4.60%*                                                 | 34.24%  | 19.77%  | (5.29%) | 16.24%  | 36.86%  |



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## RATIOS AND SUPPLEMENTAL DATA

Net assets applicable to Common Stock,

|                               |             |             |           |           |           |           |
|-------------------------------|-------------|-------------|-----------|-----------|-----------|-----------|
| end of period (000's omitted) | \$1,282,274 | \$1,229,470 | \$955,418 | \$886,537 | \$950,941 | \$864,323 |
|-------------------------------|-------------|-------------|-----------|-----------|-----------|-----------|

Ratio of expenses to average net assets

|                            |         |       |       |       |       |       |
|----------------------------|---------|-------|-------|-------|-------|-------|
| applicable to Common Stock | 1.12%** | 1.27% | 1.67% | 1.39% | 1.54% | 1.93% |
|----------------------------|---------|-------|-------|-------|-------|-------|

Ratio of net investment income to average net assets

|                            |         |       |       |       |       |       |
|----------------------------|---------|-------|-------|-------|-------|-------|
| applicable to Common Stock | 0.78%** | 0.47% | 0.74% | 0.56% | 0.66% | 0.46% |
|----------------------------|---------|-------|-------|-------|-------|-------|

|                         |        |        |       |        |        |        |
|-------------------------|--------|--------|-------|--------|--------|--------|
| Portfolio turnover rate | 8.08%* | 17.12% | 9.56% | 11.17% | 18.09% | 24.95% |
|-------------------------|--------|--------|-------|--------|--------|--------|

## PREFERRED STOCK

Liquidation value, end of period (000's omitted)

|           |           |           |           |           |           |           |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| \$190,117 | \$190,117 | \$190,117 | \$190,117 | \$190,117 | \$190,117 | \$190,117 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

Asset coverage

|      |      |      |      |      |      |
|------|------|------|------|------|------|
| 774% | 747% | 603% | 566% | 600% | 555% |
|------|------|------|------|------|------|

Liquidation preference per share

|         |         |         |         |         |         |
|---------|---------|---------|---------|---------|---------|
| \$25.00 | \$25.00 | \$25.00 | \$25.00 | \$25.00 | \$25.00 |
|---------|---------|---------|---------|---------|---------|

Market value per share

|         |         |         |         |         |         |
|---------|---------|---------|---------|---------|---------|
| \$25.52 | \$25.30 | \$25.54 | \$25.47 | \$24.95 | \$24.53 |
|---------|---------|---------|---------|---------|---------|

\*Not annualized \*\*Annualized

(see notes to unaudited financial statements)

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 (“U.S. GAAP”) 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** Equity securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the period. Equity securities reported on the NASDAQ national market are valued at the official closing price on that day. Listed and NASDAQ equity 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 options written) on the valuation date. Equity securities traded primarily in foreign markets are valued at the closing price of such securities on their respective exchanges or markets. Corporate debt securities, domestic and foreign, are generally traded in the over-the-counter market rather than on a securities exchange. The Company utilizes the latest bid prices provided by independent dealers and information with respect to transactions in such securities to determine current market value. If, after the close of foreign markets, 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. 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 specific procedures appropriate to each security as established by and under the general supervision of the Board of Directors. The determination of fair value involves subjective judgments. As a result, using fair value to price a security may result in a price materially different from the price used by other investors or the price that may be realized upon the actual sale of the security.

b. **OPTIONS** The Company may purchase and write (sell) put and call options. The Company typically purchases put options or writes call options to hedge the value of portfolio investments while it typically purchases call options and writes put options to obtain equity market exposure under specified circumstances. The risk associated with purchasing an option is that the Company pays a premium whether or not the option is exercised. Additionally, the Company bears the risk of loss of the premium and a change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. Premiums received from writing options are reported as a liability on the Statement of Assets and Liabilities. Those that expire unexercised are treated by the Company on the expiration date as realized gains on written option transactions in the Statement of Operations. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss on written option transactions in the Statement of Operations. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Company has realized a gain or loss on investments in the Statement of Operations. If a put option is exercised, the premium reduces the cost basis for the securities purchased by the Company and is parenthetically disclosed under cost of investments on the Statement of Assets and Liabilities. The Company as writer of an option bears the market risk of an unfavorable change in the price of the security underlying the written option. See Note 4 for written option activity.

c. **SECURITY TRANSACTIONS AND INVESTMENT INCOME** Security 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 represent amortized cost.

d. FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS Portfolio securities and other assets and liabilities denominated in foreign

currencies are translated into U.S. dollars based on the exchange rate of such currencies versus U.S. dollars on the date of valuation. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Company's Board of Directors. The Company does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments on the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. companies as a result of, among other factors, the possibility of political or economic instability or the level of governmental supervision and regulation of foreign securities markets.

e. DIVIDENDS AND DISTRIBUTIONS The Company expects to pay dividends of net investment income and distributions of net realized capital and currency gains, if any, annually to common shareholders and quarterly to preferred shareholders. Dividends and distributions to common and preferred shareholders, which are determined in accordance with Federal income tax regulations are recorded on the ex-dividend date. Permanent book/tax differences relating to income and gains are reclassified to paid-in capital as they arise.

f. 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. In accordance with U.S. GAAP requirements regarding accounting for uncertainties in income taxes, management has analyzed the Company's tax positions taken or expected to be taken on Federal and state income tax returns for all open tax years (the current and the prior three tax years) and has concluded that no provision for income tax is required in the Company's financial statements.

g. CONTINGENT LIABILITIES Amounts related to contingent liabilities are accrued if it is probable that a liability has been incurred and an amount is reasonably estimable. Management evaluates whether there are incremental legal or other costs directly associated with the ultimate resolution of a matter that are reasonably estimable and, if so, they are included in the accrual.

h. 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.

2. **FAIR VALUE MEASUREMENTS** - Various data inputs are used in determining the value of the Company's investments. These inputs are summarized in a hierarchy consisting of the three broad levels listed below:

Level 1 - quoted prices in active markets for identical securities (including money market funds which are valued using amortized cost and which transact at net asset value, typically \$1 per share),

Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.), and

Level 3 - significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Company's net assets as of June 30, 2014:

| Assets            | Level 1         | Level 2 | Level 3      | Total           |
|-------------------|-----------------|---------|--------------|-----------------|
| Common stocks     | \$1,317,097,084 | —       | \$14,726,250 | \$1,331,823,334 |
| Purchased option  | 138,000         | —       | —            | 138,000         |
| Money market fund | 143,711,541     | —       | —            | 143,711,541     |
| Total             | \$1,460,946,625 | —       | \$14,726,250 | \$1,475,672,875 |
| Liabilities       |                 |         |              |                 |
| Option written    | (\$210,000)     |         |              | (\$210,000)     |

The aggregate value of Level 3 portfolio investments changed during the six months ended June 30, 2014 as follows:

| Change in portfolio valuations using significant unobservable inputs:                                                                                                                                                                       | Level 3      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Fair value at December 31, 2013                                                                                                                                                                                                             | \$32,637,795 |
| Realized Gain                                                                                                                                                                                                                               | 8,179,247    |
| Net change in unrealized appreciation on investments                                                                                                                                                                                        | (5,580,497)  |
| Proceeds from sale                                                                                                                                                                                                                          | (20,510,295) |
| Fair value at June 30, 2014                                                                                                                                                                                                                 | \$14,726,250 |
| The amount of net unrealized loss included in the results of operations attributable to Level 3 assets held at June 30, 2014 and reported within the caption <i>Net decrease in unrealized appreciation</i> in the Statement of Operations: | \$2,598,750  |

Transfers, if any, are reported as of the end of the reporting period. There were no transfers between levels during the period ended June 30, 2014.

3. **PURCHASES AND SALES OF SECURITIES** - Purchases and sales of securities (other than short-term securities and options) for the six months ended June 30, 2014 amounted to \$104,680,167 and \$161,846,802, on long transactions, respectively.

4. **WRITTEN OPTIONS** - The level of activity in written options varies from year to year based upon market conditions. Transactions in written covered call options and collateralized put options during the six months ended June 30, 2014 were as follows:

|                                        | Covered Calls |          | Collateralized Puts |          |
|----------------------------------------|---------------|----------|---------------------|----------|
|                                        | Contracts     | Premiums | Contracts           | Premiums |
| Options outstanding, December 31, 2013 | 1,200         | \$29,628 | 0                   | \$0      |

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|                                                    |         |           |         |           |
|----------------------------------------------------|---------|-----------|---------|-----------|
| Options written                                    | 3,000   | 241,974   | 5,800   | 818,553   |
| Options exercised                                  | (250)   | (161,738) | (1,500) | (147,489) |
| Options expired                                    | (523)   | (37,375)  | (2,500) | (57,940)  |
| Options terminated in closing purchase transaction | (1,927) | (151,502) | (1,800) | (613,124) |
| Options outstanding, June 30, 2014                 | 1,500   | \$120,987 | 0       | \$0       |

The maximum payout for written put options is limited to the number of put option contracts written and outstanding and the related strike prices; currently, none are outstanding. The fair value of the covered call option contract at June 30, 2014 is \$210,000.

### 5. 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. With respect to the Common Stock, 29,513,265 shares were issued and outstanding; 8,000,000 Preferred Shares were originally issued and 7,604,687 were outstanding on June 30, 2014.

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 were noncallable for the 5 year period ended September 24, 2008 and have a liquidation preference of \$25.00 per share plus accumulated and unpaid dividends to the date of redemption. On December 10, 2008, the Board of Directors authorized the repurchase

of up to 1 million Preferred Shares in the open market at prices below \$25.00 per share. To date, 395,313 shares have been repurchased.

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% of the Preferred Stock. In addition, pursuant to Moody's Investor Service, Inc. Rating Agency Guidelines, the Company is required to maintain a certain discounted asset coverage for its portfolio that equals or exceeds a Basic Maintenance Amount. 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. In addition, failure to meet the foregoing asset coverage requirements could restrict the Company's 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.

Holders of Preferred Stock will elect two members to 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.

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

The Company presents its Preferred Stock, for which its redemption is outside of the Company's control, outside of the net assets applicable to Common Stock in the Statement of Assets and Liabilities.

Transactions in Common Stock during the six months ended June 30, 2014 and the year ended December 31, 2013 were as follows:

|                                                                                                             | Shares    |           | Amount         |              |
|-------------------------------------------------------------------------------------------------------------|-----------|-----------|----------------|--------------|
|                                                                                                             | 2014      | 2013      | 2014           | 2013         |
| Shares issued in payment of dividends and distributions<br>(includes 1,090,772 shares issued from treasury) | —         | 1,090,772 | —              | \$1,090,772  |
| Increase in paid-in capital                                                                                 |           |           | —              | 34,780,532   |
| Total increase                                                                                              |           |           | —              | 35,871,304   |
| Shares purchased (at an average discount from net asset<br>value<br>of 14.6% and 14.3%, respectively)       | (426,303) | (385,176) | (\$426,303)    | (385,176)    |
| Decrease in paid-in capital                                                                                 |           |           | (14,414,588)   | (12,662,528) |
| Total decrease                                                                                              |           |           | (14,840,891)   | (13,047,704) |
| Net increase (decrease)                                                                                     | (426,303) | 705,596   | (\$14,840,891) | \$22,823,600 |

At June 30, 2014, the Company held in its treasury 2,467,607 shares of Common Stock with an aggregate cost in the amount of \$72,811,380. The tax basis distributions during the year ended December 31, 2013 are as follows: ordinary distributions of \$6,746,658 and long-term capital gains distributions of \$65,935,586. As of December 31, 2013, distributable earnings on a tax basis included \$3,963,127 from undistributed net long-term capital gains and \$633,497,521 from net unrealized appreciation on investments if realized in future years. Reclassifications arising from permanent "book/tax" differences reflect non-tax deductible expenses and redesignation of dividends during the year ended December 31, 2013. As a result, undistributed net investment loss was decreased by \$8,208 and additional paid-in capital was decreased by \$1,014 and undistributed net realized gain on securities sold was decreased by \$7,194. As of December 31, 2013 the Company had straddle loss deferrals of \$252,864. Net assets were not affected by this reclassification.

6. OFFICERS' COMPENSATION- The aggregate compensation accrued and paid by the Company during the six months ended June 30, 2014 to its officers (identified on back cover) amounted to \$3,419,750.

7. BENEFIT PLANS - The Company has funded (qualified) and unfunded (supplemental) noncontributory defined benefit pension plans that are available to its employees. The pension 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 (income) of the plans for the six months ended June 30, 2014 were:

|                                               |           |
|-----------------------------------------------|-----------|
| Service cost                                  | \$233,100 |
| Interest cost                                 | 437,508   |
| Expected return on plan assets                | (564,793) |
| Amortization of prior service cost            | 23,293    |
| Amortization of recognized net actuarial loss | 223,951   |

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Net periodic benefit cost

\$353,059

The Company recognizes the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in the Statement of Assets and Liabilities and recognizes changes in funded status in the year in which the changes occur through other comprehensive income.

The Company also has funded (qualified) and unfunded (supplemental) defined contribution thrift plans that are available to its employees. The aggregate cost of such plans for the six months ended June 30, 2014 was \$281,440. The qualified thrift plan acquired 10,199 shares of the Company's Common Stock during the six months ended June 30, 2014 and held 495,200 shares of the Company's Common Stock at June 30, 2014.

**8. OPERATING LEASE COMMITMENT** - In September 2007, the Company entered into an operating lease agreement for office space which expires in February 2018 and provided for future rental payments in the aggregate amount of approximately \$10,755,000, net of construction credits. The lease agreement contains clauses whereby the Company receives free rent for a specified number of months and credit towards construction of office improvements, and incurs escalations annually relating to operating costs and real property taxes and to annual rent charges beginning in February 2013. The Company has the option to renew the lease after February 2018 for five years at market rates. Rental expense approximated \$552,400 for the six months ended June 30, 2014. Minimum rental commitments under the operating lease are approximately \$1,183,000 in 2014 through 2017, and \$99,000 in 2018.

Previous purchases of the Company's Common and Preferred Stock are set forth in Note 5 on pages 10 and 11. Prospective purchases of Common and Preferred Stock may be 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, 2014 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.

On May 16, 2014, 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

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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.

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## DIRECTORS\*

Spencer Davidson, Chairman

Sidney R. Knafel, Lead Independent Director

Arthur G. Altschul, Jr.

Betsy F. Gotbaum

Rodney B. Berens

Daniel M. Neidich

Lewis B. Cullman

Jeffrey W. Priest

John D. Gordan, III

Raymond S. Troubh

(\*The Company is a stand-alone fund.)

## OFFICERS

Jeffrey W. Priest, President and Chief Executive Officer

Andrew V. Vindigni, Senior Vice-President

Craig A. Grassi, Vice-President

Sally A. Lynch, Vice-President

Michael W. Robinson, Vice-President

Eugene S. Stark, Vice-President, Administration, Principal

Financial Officer & Chief Compliance Officer

Diane G. Radosti, Treasurer

Maureen E. LoBello, Corporate Secretary

Linda J. Genid, Assistant Corporate 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, LLC

6201 15th Avenue

Brooklyn, NY 11219

1-800-413-5499

www.amstock.com

## REVIEW REPORT OF INDEPENDENT REGISTERED

### PUBLIC ACCOUNTING FIRM

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., (the "Company") including the statement of investments and statement of option written, as of June 30, 2014, and the related statements of operations, changes in net assets and financial highlights for the six-month period ended June 30, 2014. 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

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of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), 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.

that should be made to the interim financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

Public Company Accounting Oversight Board (United States), the statement of assets and liabilities of General American Investors Company, Inc., including the statement of investments and statement of option written, as of December 31, 2013, and the related statements of operations, changes in net assets and financial highlights for each of the five years in the period then ended and we expressed an unqualified audit opinion on those financial statements in our report, dated February 7, 2014.

New York, New York  
August 1, 2014

Based on our review, we are not aware of any material modifications

We have previously audited, in accordance with the standards of the

ERNST & YOUNG LLP

ITEM 2. CODE OF ETHICS.

Not applicable to this semi-annual report.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable to this semi-annual report.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable to this semi-annual report.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable to this semi-annual report.

ITEM 6. SCHEDULE OF INVESTMENTS

The schedule of investments in securities of unaffiliated issuers is included as part of the report to stockholders filed under Item 1 of this form.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable to this semi-annual report.

# ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable to this semi-annual report.

# ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

(a) General American Investors Company, Inc. Common Stock (GAM)

| Period<br>2013 | (a) Total Number<br>of shares (or Units)<br>Purchased | (b) Average Price<br>Paid per Share<br>(or Unit) | (c) Total Number of Shares<br>(or Units) Purchased as Part<br>of Publicly Announced Plans<br>or Programs | (d) Maximum Number (or Approx<br>Dollar Value) of Shares (or Units)<br>that May Yet Be Purchased Under<br>the Plans or Programs |
|----------------|-------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| 01/01-01/31    | 105,919                                               | 34.4234                                          | 105,919                                                                                                  | 3                                                                                                                               |
| 02/01-02/28    | 153,196                                               | 33.9651                                          | 153,196                                                                                                  | 1                                                                                                                               |
| 03/01-03/31    | 60,022                                                | 35.0400                                          | 60,022                                                                                                   |                                                                                                                                 |
| 04/01-04/30    | 21,016                                                | 35.1047                                          | 21,016                                                                                                   | 1,0                                                                                                                             |
| 05/01-05/31    | 0                                                     | 0                                                | 0                                                                                                        | 1,0                                                                                                                             |
| 06/01-06/30    | 86,150                                                | 36.5704                                          | 86,150                                                                                                   | 9                                                                                                                               |
| Total for year | 426,303                                               |                                                  | 426,303                                                                                                  |                                                                                                                                 |

Note-On April 16, 2014, the Board of Directors authorized the repurchase of an additional 1,000,000 shares of the registrant's common stock when the shares are traded at a discount from the underlying net asset value of at This represents a continuation of the repurchase program which began in March 1995.

As of the beginning of the period, January 1, 2014, there were 415,109 shares available for repurchase under aforementioned extension of such authorization. As of the end of the period, June 30, 2014, there were 988,806 shares available for repurchase under this program.

(b) General American Investors Company, Inc. Preferred Stock (GAMpB)

| Period<br>2013 | (a) Total Number<br>of shares (or Units)<br>Purchased | (b) Average Price<br>Paid per Share<br>(or Unit) | (c) Total Number of Shares<br>(or Units) Purchased as Part<br>of Publicly Announced Plans<br>or Programs | (d) Maximum Number (or Approx<br>Dollar Value) of Shares (or Units)<br>that May Yet Be Purchased Under<br>the Plans or Programs |
|----------------|-------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| 01/01-01/31    | -                                                     |                                                  | -                                                                                                        | 60                                                                                                                              |
| 02/01-02/28    | -                                                     |                                                  | -                                                                                                        | 60                                                                                                                              |

|             |   |   |    |
|-------------|---|---|----|
| 03/01-03/31 | - | - | 60 |
| 04/01-04/30 | - | - | 60 |
| 05/01-05/31 | - | - | 60 |
| 06/01-06/30 | - | - | 60 |
| Total       | 0 | 0 |    |

Note-The Board of Directors has authorized the repurchase of the registrant's preferred stock when the shares are trading at a price not in excess of \$25.00 per share.

As of the beginning of the period, January 1, 2013, there were 604,687 shares available for repurchase under such authorization. As of the end of the period, June 30, 2013, there were 604,687 shares available for repurchase under this program.

#### ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board of Directors as set forth in the registrant's Proxy Statement, dated February 28, 2014.

#### ITEM 11. CONTROLS AND PROCEDURES.

Conclusions of principal officers concerning controls and procedures

(a) As of June 30, 2014, an evaluation was performed under the supervision and with the participation of the officers of General American Investors Company, Inc. (the "Registrant"), including the principal executive officer ("PEO") and principal financial officer ("PFO"), to assess the effectiveness of the Registrant's disclosure controls and procedures. Based on that evaluation, the Registrant's officers, including the PEO and PFO, concluded that, as of June 30, 2014, the Registrant's disclosure controls and procedures were reasonably designed so as to ensure: (1) that information required to be disclosed by the Registrant on Form N-CSR is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission; and (2) that material information relating to the Registrant is made known to the PEO and PFO as appropriate to allow timely decisions regarding required disclosure.

(b) There have been no significant changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment

Company Act of 1940 (17 CFR 270.30a-3(d)) that occurred during the Registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

## ITEM 12. EXHIBITS

(a)(1) The code of ethics disclosure required by Item 2 is not applicable to this semi-annual report.

(a)(2) Certifications of the principal executive officer and the principal financial officer pursuant to Rule 30a-2(a) under the Investment Company Act of 1940.

(a)(3) There were no written solicitations to purchase securities under Rule 23c-1 under the Investment Company Act of 1940 during the period covered by the report.

(b) Certifications of the principal executive officer and the principal financial officer, as required by Rule 30a-2(b) under the Investment Company Act of 1940.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report

to be signed on its behalf by the undersigned, thereunto duly authorized.

General American Investors Company, Inc.

By: /s/Eugene S. Stark

Eugene S. Stark

Vice-President, Administration

Date: August 1, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/Jeffrey W. Priest

Jeffrey W. Priest

President and Chief Executive Officer

(Principal Executive Officer)

Date: August 1, 2014

By: /s/Eugene S. Stark

Eugene S. Stark

Vice-President, Administration

(Principal Financial Officer)

Date: August 1, 2014