

GENERAL AMERICAN INVESTORS CO INC
 Form N-CSR
 February 13, 2017

Item 1. Report to Shareholders

GENERAL AMERICAN INVESTORS COMPANY, INC.

Established in 1927, the Company is a closed-end investment company listed on the New York Stock Exchange. Its objective is long-term capital appreciation through investment in companies with above average growth potential.

FINANCIAL SUMMARY (unaudited)

| | 2016 | 2015 |
|---|-----------------|-----------------|
| Net assets applicable to Common Stock - | | |
| December 31 | \$1,022,534,692 | \$1,068,028,205 |
| Net investment income | 8,172,289 | 13,728,242 |
| Net realized gain | 91,570,557 | 34,130,660 |
| Net decrease in unrealized appreciation | (15,321,337) | (76,268,833) |
| Distributions to Preferred Stockholders | (11,311,972) | (11,311,972) |
| | | |
| Per Common Share-December 31 | | |
| Net asset value | \$37.56 | \$37.74 |
| Market price | \$31.18 | \$31.94 |
| Discount from net asset value | -17.0% | -15.4% |
| | | |
| Common Shares outstanding-Dec. 31 | 27,221,115 | 28,296,697 |
| Market price range* (high-low) | \$33.25-\$26.88 | \$35.98-\$30.46 |
| Market volume-shares | 15,584,306 | 16,381,264 |

*Unadjusted for dividend payments.

DIVIDEND SUMMARY (per share) (unaudited)

| Record Date | Payment Date | Ordinary Income | Long-Term Capital Gain | Total |
|---------------------|---------------|--------------------|---------------------------|------------|
| Common Stock | | | | |
| Nov. 14, 2016 | Dec. 30, 2016 | \$0.282605 | \$2.797395 | \$3.080000 |
| Jan. 30, 2017 | Feb. 10, 2017 | — | 0.200000 | 0.200000 |

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

| | | | | |
|---------------------------------|---------------|------------|------------|------------|
| <i>Total from 2016 earnings</i> | | \$0.282605 | \$2.997395 | \$3.280000 |
| Nov. 16, 2015 | Dec. 30, 2015 | \$0.340000 | \$0.810000 | \$1.150000 |
| Feb. 1, 2016 | Feb. 12, 2016 | 0.051500 | 0.048500 | 0.100000 |
| <i>Total from 2015 earnings</i> | | \$0.391500 | \$0.858500 | \$1.250000 |

Preferred Stock

| | | | | |
|-----------------------|----------------|------------|------------|------------|
| Mar. 7, 2016 | Mar. 24, 2016 | \$0.034185 | \$0.337690 | \$0.371875 |
| Jun. 7 2016 | Jun. 24, 2016 | .034185 | .337690 | .371875 |
| Sept. 7, 2016 | Sept. 26, 2016 | .034185 | .337690 | .371875 |
| Dec. 7, 2016 | Dec. 27, 2016 | .034185 | .337690 | .371875 |
| <i>Total for 2016</i> | | \$0.136740 | \$1.350760 | \$1.487500 |
| Mar. 9, 2015 | Mar. 24, 2015 | \$0.109946 | \$0.261929 | \$0.371875 |
| Jun. 8 2015 | Jun. 24, 2015 | .109946 | .261929 | .371875 |
| Sept. 7, 2015 | Sept. 24, 2015 | .109946 | .261929 | .371875 |
| Dec. 7, 2015 | Dec. 24, 2015 | .109946 | .261929 | .371875 |
| <i>Total for 2015</i> | | \$0.439784 | \$1.047716 | \$1.487500 |

General American Investors Company, Inc.
 100 Park Avenue, New York, NY 10017
 (212) 916-8400 (800) 436-8401
 E-mail: InvestorRelations@gainv.com
www.generalamericaninvestors.com

General American Investors' net asset value (NAV) per Common Share (assuming reinvestment of all dividends) increased 9.7% for the year ended December 31, 2016. The U.S. stock market was up 12.0% for the year, as measured by our benchmark, the Standard & Poor's 500 Stock Index (including income). The return to our Common Stockholders increased by 7.6% and the discount at which our shares traded to their NAV continued to fluctuate and on December 31, 2016, it was 17.0%.

The table that follows provides a comprehensive presentation of our performance and compares our returns on an annualized basis with the S&P 500.

| <i>Years</i> | <i>Stockholder Return (Market Value)</i> | <i>NAV Return</i> | <i>S&P 500</i> |
|--------------|--|-------------------|--------------------|
| 3 | 3.7 % | 4.7 % | 8.9 % |
| 5 | 12.4 | 12.2 | 14.7 |
| 10 | 4.3 | 5.0 | 6.9 |
| 20 | 10.1 | 9.8 | 7.7 |
| 30 | 11.4 | 11.7 | 10.1 |
| 40 | 13.6 | 13.3 | 11.1 |
| 50 | 11.8 | 12.0 | 10.1 |

The sectors that contributed to our performance during the year relative to our benchmark included materials, technology, energy, financials, and consumer discretionary. Detractors from our relative performance included telecommunications, healthcare, and consumer staples. Our lack of holdings in utilities and real estate also detracted from total return performance.

Momentum in the U.S. economy improved during the second half of 2016. The inventory reduction that had restrained the economy for nearly 2 years appears to have run its course, oil prices have stabilized and rebounded modestly, employment data appear to be advancing further, with more conversions of part time to full time workers and wages have improved. U.S. consumer spending continues to grow at nearly 4% with surveys suggesting continued high consumer and business confidence. China remains a wildcard regarding its long term economic stability, but recent data confirm a rebound in growth, albeit funded in large part with debt. U.S. housing markets continue their advance thanks to rising household formations. The election results surprised many and were an elixir for domestic equity markets as prospects for pro-business policies of lower taxes, infrastructure spending and reduced regulation encouraged investors to imagine a significantly enhanced political and economic environment for U.S. equities. Though sentiment has changed, there remain obstacles for the economy and the markets overall.

The Federal Reserve is a potential constraint on markets with a determined path for interest rates that appears to be higher, which may limit the price to earnings multiple investors are willing to pay. The U.S. Dollar since the election has rallied significantly with associated potential negative consequences for earnings on foreign sales for U.S. businesses. And though policies of economic stimulation are anticipated, the specifics have not yet been detailed.

Election ambiguity in the U.S. may have ended, but it begins anew in the European Union as Germany, France, the Netherlands and, potentially Italy, are all slated for elections with rising candidates from politically populist and nationalist parties. The combination of these elections and the effects of the Brexit could exacerbate currency, bond, and stock market volatility and other economic ills which may reverberate to our markets and economy. In addition, much of the improvement in sentiment in the U.S. is based on the potential changes anticipated from the Republican controlled Congress and White House. Were significant deviations from expectations of regulation and tax relief to occur, it is possible that the markets would react swiftly and

negatively.

On the whole, improvements in economic growth over the prior six months have proved to be more substantive than many expected. The earnings recession experienced by companies in the U.S. for the past two years appears to have ended with the third quarter's earnings reports. As yet unreported, fourth quarter S&P 500 earnings are anticipated by Wall Street analysts to have increased more than 3%, year over year. For 2017, those same analysts are projecting mid to high single digit growth. Likewise, with political uncertainty in the European Union increasing this year, it would seem unlikely that its central bank would reduce the ongoing Quantitative Easing substantively. Thus, liquidity in markets should remain high, economic growth may accelerate and earnings increases appear to have the upper hand over multiple contraction to yield better equity performance especially for securities of companies with strong balance sheets, high cash flow yields and disciplined capital allocation. Despite the shorter term caveats and the potential for elevated volatility, we remain optimistic on the long term performance of equities.

Information about the Company, including our investment objectives, operating policies and procedures, investment results, record of dividend payments, financial reports and press releases, etc., is available on our website, which can be accessed at **www.generalamericaninvestors.com**.

By Order of the Board of Directors,

Jeffrey W. Priest

President and Chief Executive Officer

January 19, 2017

General American Investors, established in 1927, is one of the nation's oldest closed-end investment companies. It is an independent organization that is internally managed. For regulatory purposes, the Company is classified as a diversified, closed-end management investment company; it is registered under and subject to the Investment Company Act of 1940 and Sub-Chapter M of the Internal Revenue Code.

The primary objective of the Company is long-term capital appreciation. Lesser emphasis is placed on current income. In seeking to achieve its primary objective, the Company invests principally in common stocks believed by its management to have better than average growth potential.

The Company's investment approach focuses on the selection of individual stocks, each of which is expected to meet a clearly defined portfolio objective. A continuous investment research program, which stresses fundamental security analysis, is carried on by the officers and staff of the Company under the oversight of the Board of Directors. The Directors have a broad range of experience in business and financial affairs.

Mr. Jeffrey W. Priest, has been President of the Company since February 1, 2012 and has been responsible for the management of the Company since January 1, 2013 when he was appointed Chief Executive Officer and Portfolio Manager. Mr. Priest joined the Company in 2010 as a senior investment analyst and has spent his entire 30-year business career on Wall Street. Mr. Priest succeeds Mr. Spencer Davidson who served as Chief Executive Officer and Portfolio Manager from 1995 through 2012.

As a closed-end investment company, the Company does not offer its shares continuously. The Common Stock is listed on The New York Stock Exchange (symbol, GAM) and can be bought or sold in the same manner as all listed stocks. Net asset value is computed and published on the Company's website daily (on an unaudited basis) and is also furnished upon request. It is also available on most electronic quotation services using the symbol "XGAMX." Net asset value per share (NAV), market price, and the discount or premium from NAV as of the close of each week, is published in *Barron's* and *The Wall Street Journal*, Monday edition.

While shares of the Company usually sell at a discount to NAV, as do the shares of most other domestic equity closed-end investment companies, they occasionally sell at a premium over NAV.

Since March 1995, the Board of Directors has authorized the repurchase of Common Stock in the open market when the shares trade at a discount to NAV of at least 8%. To date, 24,325,088 shares have been repurchased.

On September 24, 2003, the Company issued and sold in an underwritten offering 8,000,000 shares of its 5.95% Cumulative Preferred Stock, Series B with a liquidation preference of \$25 per share (\$200,000,000 in the aggregate). The Preferred Shares are rated "A1" by Moody's Investors Service, Inc. and are listed and traded on The New York Stock Exchange (symbol, GAM Pr B). The Preferred Shares are available to leverage the investment performance of the Common Stockholders; higher market volatility for the Common Stockholders may result.

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

The Board of Directors authorized the repurchase of up to 1 million Preferred Shares in the open market at prices below \$25 per share. To date, 395,313 shares have been repurchased.

The Company's dividend and distribution policy is to distribute to stockholders before year-end substantially all ordinary income estimated for the full year and capital gains realized during the ten-month period ended October 31 of that year. If any additional capital gains are realized and available or ordinary income is earned during the last two months of the year, a "spill-over" distribution of these amounts may be paid. Dividends and distributions on shares of Preferred Stock are paid quarterly. Distributions from capital gains and dividends from ordinary income are allocated proportionately among holders of shares of Common Stock and Preferred Stock.

Dividends from income have been paid continuously on the Common Stock since 1939 and capital gain distributions in varying amounts have been paid for each of the years 1943-2016 (except for the year 1974). (A table listing dividends and distributions paid during the 20-year period 1997-2016 is shown at the bottom of page 4.) To the extent that shares can be issued, dividends and distributions are paid to Common Stockholders in additional shares of Common Stock unless the stockholder specifically requests payment in cash.

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 12-month period ended June 30, 2016 are available: (1) without charge, upon request, by calling the Company at its toll-free number (1-800-436-8401), (2) on the Company's website at www.generalamericaninvestors.com and (3) on the Securities and Exchange Commission's website at www.sec.gov.

The Company makes available direct registration for its Common Shareholders. Direct registration, an element of the Investors Choice Plan administered by our transfer agent, is a system that allows for book-entry ownership and electronic transfer of our Common Shares. Accordingly, when Common Shareholders, who hold their shares directly, receive new shares resulting from a purchase, transfer or dividend payment, they will receive a statement showing the credit of the new shares as well as their Plan account and certificated share balances. A brochure which describes the features and benefits of the Investors Choice Plan, including the ability of shareholders to deposit certificates with our transfer agent, can be obtained by calling American Stock Transfer & Trust Company at 1-800-413-5499, calling the Company at 1-800-436-8401 or visiting our website: www.generalamericaninvestors.com - click on Distributions & Reports, then Report Downloads.

The Company collects non-public personal information about its direct stockholders with respect to their transactions in shares of the Company's securities (those stockholders whose shares are registered directly in their names). This information includes the stockholder's address, tax identification or Social Security number and dividend elections. We do not have knowledge of, nor do we collect personal information about, stockholders who hold the Company's securities in "street name" registration.

We do not disclose any nonpublic personal information about our current or former stockholders to anyone, except as permitted by law. We restrict access to nonpublic personal information about our stockholders to those few employees who need to know that information to perform their responsibilities. We maintain safeguards to comply with federal standards to secure our stockholders' information.

Total return on \$10,000 investment for 20 years ended December 31, 2016

The investment return for a Common Stockholder of General American Investors (GAM) over the 20 years ended December 31, 2016 is shown in the table below and in the accompanying chart. The return based on GAM's net asset value (NAV) per Common Share in comparison to the change in the Standard & Poor's 500 Stock Index (S&P 500) is also displayed. Each illustration assumes an investment of \$10,000 at the beginning of 1997.

Stockholder Return is the return a Common Stockholder of GAM would have achieved assuming reinvestment of all dividends and distributions at the actual reinvestment price and of all cash dividends and distributions at the market price on the ex-dividend date.

Net Asset Value (NAV) Return is the return on shares of the Company's Common Stock based on the NAV per share, including the reinvestment of all dividends and distributions at the reinvestment prices indicated above.

Standard & Poor's 500 Return is the total rate of return on this widely-recognized, unmanaged index which is a measure of general stock market performance, including dividend income.

Past performance may not be indicative of future results.

The following tables and graph do not reflect the deduction of taxes that a stockholder would pay on Company distributions or the sale of Company shares.

| | GENERAL AMERICAN INVESTORS | | | | STANDARD & POOR'S 500 | |
|------|----------------------------|---------------|------------------------|---------------|-----------------------|---------------|
| | STOCKHOLDER RETURN | | NET ASSET VALUE RETURN | | RETURN | |
| | CUMULATIVE INVESTMENT | ANNUAL RETURN | CUMULATIVE INVESTMENT | ANNUAL RETURN | CUMULATIVE INVESTMENT | ANNUAL RETURN |
| 1997 | \$14,258 | 42.58% | \$13,205 | 32.05% | \$13,333 | 33.33% |
| 1998 | 18,722 | 31.31 | 17,845 | 35.14 | 17,140 | 28.55 |
| 1999 | 26,065 | 39.22 | 24,341 | 36.40 | 20,732 | 20.96 |
| 2000 | 31,043 | 19.10 | 28,635 | 17.64 | 18,847 | -9.09 |
| 2001 | 32,388 | 4.33 | 28,291 | -1.20 | 16,607 | -11.89 |
| 2002 | 23,575 | -27.21 | 21,778 | -23.02 | 12,930 | -22.14 |
| 2003 | 29,943 | 27.01 | 27,746 | 27.40 | 16,623 | 28.56 |
| 2004 | 32,574 | 8.79 | 30,623 | 10.37 | 18,416 | 10.79 |
| 2005 | 38,242 | 17.40 | 35,584 | 16.20 | 19,306 | 4.83 |
| 2006 | 44,660 | 16.78 | 39,939 | 12.24 | 22,329 | 15.66 |
| 2007 | 48,554 | 8.72 | 43,138 | 8.01 | 23,537 | 5.41 |
| 2008 | 25,151 | -48.20 | 24,580 | -43.02 | 14,812 | -37.07 |
| 2009 | 34,422 | 36.86 | 32,466 | 32.08 | 18,730 | 26.45 |
| 2010 | 40,012 | 16.24 | 37,436 | 15.31 | 21,550 | 15.06 |
| 2011 | 37,895 | -5.29 | 36,362 | -2.87 | 22,009 | 2.13 |
| 2012 | 45,387 | 19.77 | 42,656 | 17.31 | 25,528 | 15.99 |
| 2013 | 60,918 | 34.22 | 56,873 | 33.33 | 33,802 | 32.41 |

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

| | | | | | | |
|------|--------|-------|--------|-------|--------|-------|
| 2014 | 66,596 | 9.32 | 60,547 | 6.46 | 38,430 | 13.69 |
| 2015 | 63,040 | -5.34 | 59,603 | -1.56 | 38,972 | 1.41 |
| 2016 | 67,824 | 7.59 | 65,372 | 9.68 | 43,640 | 11.98 |

This table shows dividends and distributions on the Company's Common Stock for the prior 20-year period. Amounts shown are based upon the year in which the income was earned, not the year paid. Spill-over payments made after year-end are attributable to income and gains earned in the prior year.

DIVIDENDS AND DISTRIBUTIONS PER COMMON SHARE (1997-2016) (UNAUDITED)

| EARNINGS SOURCE | | | | EARNINGS SOURCE | | | | RETURN OF CAPITAL |
|-----------------|--------|---------------|---------------|-----------------|--------|---------------|---------------|-------------------|
| YEAR | INCOME | SHORT-TERM | LONG-TERM | YEAR | INCOME | SHORT-TERM | LONG-TERM | |
| | | CAPITAL GAINS | CAPITAL GAINS | | | CAPITAL GAINS | CAPITAL GAINS | |
| 1997 | \$.210 | — | \$2.950 | 2007 | \$.706 | \$.009 | \$5.250 | — |
| 1998 | .470 | — | 4.400 | 2008 | .186 | — | .254 | — |
| 1999 | .420 | \$.620 | 4.050 | 2009 | .103 | .051 | .186 | \$.010 |
| 2000 | .480 | 1.550 | 6.160 | 2010 | .081 | .033 | .316 | — |
| 2001 | .370 | .640 | 1.370 | 2011 | .147 | .011 | .342 | — |
| 2002 | .030 | — | .330 | 2012 | .215 | .015 | 1.770 | — |
| 2003 | .020 | — | .590 | 2013 | .184 | — | 1.916 | — |
| 2004 | .217 | — | .957 | 2014 | .321 | .254 | 2.925 | — |
| 2005 | .547 | .041 | 1.398 | 2015 | .392 | — | .858 | — |
| 2006 | .334 | — | 2.666 | 2016 | .283 | — | 2.997 | — |

The diversification of the Company's net assets applicable to its Common Stock by industry group as of December 31, 2016 is shown in the table.

PORTFOLIO DIVERSIFICATION (UNAUDITED)

| | DECEMBER 31, 2016 | | |
|---|-------------------|------------|------------------------|
| INDUSTRY CATEGORY | COST(000) | VALUE(000) | % COMMON NET ASSETS |
| Financials | | | |
| Banks | \$1,676 | \$18,772 | 1.8% |
| Diversified Financials | 18,221 | 55,520 | 5.4 |
| Insurance | 43,648 | 165,150 | 16.2 |
| | 63,545 | 239,442 | 23.4 |
| Information Technology | | | |
| Semiconductors & Semiconductor Equipment | 10,591 | 32,658 | 3.2 |
| Software & Services | 52,159 | 77,438 | 7.5 |
| Technology Hardware & Equipment | 42,907 | 76,573 | 7.5 |
| | 105,657 | 186,669 | 18.2 |
| Consumer Staples | | | |
| Food, Beverage & Tobacco | 70,878 | 117,431 | 11.5 |
| Food & Staples Retailing | 23,645 | 42,591 | 4.1 |
| | 94,523 | 160,022 | 15.6 |
| Consumer Discretionary | | | |
| Automobiles & Components | 16,175 | 15,333 | 1.5 |
| Consumer Services | 6,057 | 5,282 | 0.5 |
| Media | 19,154 | 20,028 | 2.0 |
| Retailing | 40,128 | 105,248 | 10.3 |
| | 81,514 | 145,891 | 14.3 |
| Industrials | | | |
| Capital Goods | 48,563 | 61,957 | 6.1 |
| | 11,168 | 44,944 | 4.4 |

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

| | | | |
|--|-----------|-------------|--------|
| Commercial & Professional Services | 59,731 | 106,901 | 10.5 |
| Health Care | | | |
| Pharmaceuticals, Biotechnology & Life Sciences | 55,507 | 102,783 | 10.1 |
| Energy | 44,618 | 77,802 | 7.6 |
| Miscellaneous* | 34,234 | 35,693 | 3.5 |
| Materials | 10,039 | 11,952 | 1.2 |
| Telecommunication Services | 14,740 | 10,670 | 1.0 |
| | 564,108 | 1,077,825 | 105.4 |
| Short-Term Securities | 141,106 | 141,106 | 13.8 |
| Total Investments | \$705,214 | 1,218,931 | 119.2 |
| Other Assets and Liabilities - Net | | (6,279) | (0.6) |
| Preferred Stock | | (190,117) | (18.6) |
| Net Assets Applicable to Common Stock | | \$1,022,535 | 100.0% |

* Securities which have been held for less than one year, not previously disclosed and not restricted.
(see notes to unaudited financial statements)

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

| | | NETSHARES TRANSACTIONED | SHARES HELD | |
|------------------|--|----------------------------|-------------|-----|
| INCREASES: | | | | |
| NEW POSITIONS | Alphabet Inc. | 23,000 | 23,000 | |
| | Amazon.com, Inc. | 20,000 | 20,000 | |
| | eBay Inc. | 285,000 | 580,000 | (b) |
| | IMAX Corporation | 105,300 | 349,496 | (b) |
| | Regal Entertainment Group | 53,900 | 439,500 | (b) |
| ADDITIONS | CVS Health Corporation | 55,000 | 197,280 | |
| | Danone | 18,826 | 220,000 | |
| | Diageo plc ADR | 27,464 | 209,864 | |
| | Gilead Sciences, Inc. | 45,000 | 483,600 | |
| | Intra-Cellular Therapies, Inc. | 55,000 | 284,942 | |
| | Liberty Interactive Corporation, Series A | 29,534 | 339,199 | |
| | Universal Display Corporation | 45,100 | 283,309 | |
| DECREASES: | | | | |
| ELIMINATIONS | Hertz Global Holdings, Inc. | 104,012 | ---- | |
| | Keysight Technologies, Inc. | 127,900 | ---- | |
| | Synchronoss Technologies, Inc. | 378,034 | ---- | |
| REDUCTIONS | American Express Company | 20,000 | 225,000 | |
| | Arch Capital Group Ltd. | 115,000 | 495,000 | |
| | Ariad Pharmaceuticals, Inc. | 43,300 | 714,100 | |
| | ASML Holding N.V. | 15,000 | 185,850 | |
| | Cameco Corporation | 672,000 | 800,819 | |
| | Celgene Corporation | 25,000 | 165,000 | |
| | Cempra, Inc. | 350,000 | 164,409 | |
| | Chipotle Mexican Grill, Inc. | 7,000 | 14,000 | |
| | Enscopl - Class A | 210,000 | 440,000 | |
| | Halliburton Company | 15,000 | 520,000 | |
| | Helix Energy Solutions Group, Inc. | 8,841 | 1,721,159 | |
| | Huntsman Corporation | 400,000 | 626,422 | |
| | Intel Corporation | 65,000 | 325,500 | |
| | JPMorgan Chase & Co. | 70,000 | 215,000 | |

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

| | | |
|----------------------------------|---------|---------|
| M&T Bank Corporation | 20,000 | 120,000 |
| Macy's, Inc. | 133,700 | 241,326 |
| Merck & Co., Inc. | 132,000 | 265,191 |
| MetLife, Inc. | 20,000 | 380,000 |
| Nelnet, Inc. | 100,000 | 400,000 |
| Paratek Pharmaceuticals, Inc. | 277,076 | 263,176 |
| QUALCOMM Incorporated | 50,000 | 341,200 |
| Repros Therapeutics Inc. | 121,355 | 589,768 |
| Vodafone Group plc ADR | 255,500 | 428,352 |
| Willis Towers Watson plc | 95,300 | 147,998 |

(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.

(see notes to financial statement)

The statement of investments as of December 31, 2016, shown on pages 8 - 10 includes 59 security issues. Listed here are the ten largest holdings on that date.

| | SHARES | VALUE | % COMMON NET ASSETS |
|---|---------|--------------|------------------------------|
| <p>THE TJX COMPANIES, INC.</p> <p>Through its T.J. Maxx and Marshalls divisions, TJX is the leading off-price retailer. The continued growth of these divisions in the U.S. and Europe, along with expansion of related U.S. and foreign off-price formats, provide ongoing growth opportunities.</p> | 919,768 | \$69,102,170 | 6.8 % |
| <p>REPUBLIC SERVICES, INC.</p> <p>Republic Services is a leading provider of non-hazardous, solid waste collection and disposal services in the U.S. The efficient operation of its routes and facilities combined with appropriate pricing enables Republic Services to generate significant free cash flow.</p> | 787,800 | 44,943,990 | 4.4 |
| <p>ARCH CAPITAL GROUP LTD.</p> <p>Arch Capital, a Bermuda-based insurer/reinsurer, generates premiums of approximately \$5 billion and has a high quality, well-reserved A+ rated balance sheet. This company has a strong management team that exercises prudent underwriting discipline, efficient expense control, and steady capital management resulting in above-average earnings and book value growth.</p> | 495,000 | 42,713,550 | 4.2 |
| <p>MICROSOFT CORPORATION</p> | 680,686 | 42,297,828 | 4.1 |

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

Microsoft is a leading global provider of software, services and

hardware devices. The company produces the Windows operating

system, Office productivity suite, Azure public cloud service, and

Xbox gaming console.

| | | | |
|------------------------------|---------|------------|-----|
| GILEAD SCIENCES, INC. | 483,600 | 34,630,596 | 3.4 |
|------------------------------|---------|------------|-----|

Gilead Sciences is a U.S. based biotechnology company that discovers,

develops and commercializes therapeutics.

Originally founded to focus

predominantly on antiviral drugs to treat patients with HIV, Hepatitis B,

CMV, influenza and, most recently, Hepatitis C, the company has expanded its reach into cardiopulmonary medicine, oncology and other related areas.

| | | | |
|--------------------|---------|------------|-----|
| NESTLÉ S.A. | 450,000 | 32,297,603 | 3.2 |
|--------------------|---------|------------|-----|

Nestlé is a well-managed, global food company with a

favorably-positioned product portfolio and an excellent

AA rated balance sheet. High market share, solid volume growth,

strong pricing power, expense control and steady capital management yield durable, above-average, long-term total

return potential.

| | | | |
|----------------------|---------|------------|-----|
| UNILEVER N.V. | 704,378 | 28,984,436 | 2.8 |
|----------------------|---------|------------|-----|

Unilever N.V. is a well-managed, primarily emerging market-based,

global consumer goods manufacturer focusing on personal care,

home care, food and refreshment products and operates with a solid

A+ rated balance sheet. Advantaged geographies coupled with above

average volume growth, pricing power and management execution

generates above average long-term shareholder returns.

| | | | |
|---------------------------------|---------|------------|-----|
| GENERAL ELECTRIC COMPANY | 900,000 | 28,440,000 | 2.8 |
|---------------------------------|---------|------------|-----|

General Electric is a global industrial and technology company.

The company's diverse mix of infrastructure, transportation, energy

and healthcare businesses, many with leading market positions, forms the foundation of management's focus upon shareholder value via

earnings growth, optimization of profitability, and returning capital through dividends and share repurchases.

| | | | |
|----------------------------|---------|------------|-----|
| HALLIBURTON COMPANY | 520,000 | 28,126,800 | 2.7 |
|----------------------------|---------|------------|-----|

Halliburton offers a broad suite of services and products to customers worldwide for the exploration, development and production of oil and gas. The company has the scale, product depth and technology to provide value-added customer service and produce an attractive long-term return on invested capital and strong shareholder appreciation.

| | | | |
|-------------------------------|---------|------------|-----|
| EVEREST RE GROUP, LTD. | 125,000 | 27,050,000 | 2.6 |
|-------------------------------|---------|------------|-----|

Everest Re is one of the largest independent U.S. property and casualty reinsurers, generates annual premiums of approximately \$5 billion, has a high quality investment portfolio, and a well-reserved A+ balance sheet. This Bermuda domiciled company has a strong management team that exercises prudent underwriting discipline and efficient expense control, resulting in above-average earnings and book value growth.

| | |
|---------------|--------|
| \$378,586,973 | 37.0 % |
|---------------|--------|

| | SHARES | COMMON STOCKS | VALUE (NOTE 1a) |
|--|-----------|--|--|
| CONSUMER | | AUTOMOBILES AND COMPONENTS (1.5%) | |
| DISCRETIONARY (14.3%) | 1,264,063 | Ford Motor Company | (COST \$16,174,723) \$15,333,084 |
| | | CONSUMER SERVICES (0.5%) | |
| | 14,000 | Chipotle Mexican Grill, Inc. (a) | (COST \$6,056,957) 5,282,480 |
| | | MEDIA (2.0%) | |
| | 349,496 | IMAX Corporation (a) | 10,974,174 |
| | 439,500 | Regal Entertainment Group | 9,053,700 |
| | | | (COST \$19,154,133) 20,027,874 |
| | | RETAILING (10.3%) | |
| | 20,000 | Amazon.com, Inc. (a) | 14,997,400 |
| | 339,199 | Liberty Interactive Corporation, Series A (a) | 12,506,267 |
| | 241,326 | Macy's, Inc. | 8,641,884 |
| | 919,768 | The TJX Companies, Inc. | 69,102,170 |
| | | | (COST \$40,128,215) 105,247,721 |
| | | | (COST \$81,514,028) 145,891,159 |
| CONSUMER STAPLES (15.6%) | | FOOD, BEVERAGE AND TOBACCO (11.5%) | |
| | 220,000 | Danone | 13,932,688 |
| | 209,864 | Diageo plc ADR | 21,813,264 |
| | 450,000 | Nestlé S.A. | 32,297,603 |
| | 195,000 | PepsiCo, Inc. | 20,402,850 |
| | 704,378 | Unilever N.V. | 28,984,436 |
| | | | (COST \$70,877,764) 117,430,841 |
| | | FOOD AND STAPLES RETAILING (4.1%) | |
| | 168,781 | Costco Wholesale Corporation | 27,023,526 |
| | 197,280 | CVS Health Corporation | 15,567,365 |
| | | | (COST \$23,645,176) 42,590,891 |
| | | | (COST \$94,522,940) 160,021,732 |
| ENERGY | 113,000 | Anadarko Petroleum Corporation | 7,879,490 |

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

| | | | | |
|-------------------|---------------------|--|------------------------|-------------|
| (7.3%) | 160,900 | Apache Corporation | | 10,212,323 |
| | 800,819 | Cameco Corporation | | 8,384,575 |
| | 440,000 | Ensco plc - Class A | | 4,276,800 |
| | 3,830,440 | Gulf Coast Ultra Deep Royalty Trust (a) | | 555,414 |
| | 520,000 | Halliburton Company | | 28,126,800 |
| | 1,721,159 | Helix Energy Solutions Group, Inc. (a) | | 15,180,622 |
| | | | (COST \$43,436,744) | 74,616,024 |
| FINANCIALS | BANKS (1.8%) | | | |
| (23.4%) | 120,000 | M&T Bank Corporation | (COST \$1,676,067) | 18,771,600 |
| | | DIVERSIFIED FINANCIALS (5.4%) | | |
| | 225,000 | American Express Company | | 16,668,000 |
| | 215,000 | JPMorgan Chase & Co. | | 18,552,350 |
| | 400,000 | Nelnet, Inc. | | 20,300,000 |
| | | | (COST \$18,221,288) | 55,520,350 |
| | | INSURANCE (16.2%) | | |
| | 158,877 | Aon plc | | 17,719,552 |
| | 495,000 | Arch Capital Group Ltd. (a) | | 42,713,550 |
| | 187,500 | Axis Capital Holdings Limited | | 12,238,125 |
| | 110 | Berkshire Hathaway Inc. Class A (a) (b) | | 26,853,310 |
| | 125,000 | Everest Re Group, Ltd. | | 27,050,000 |
| | 380,000 | MetLife, Inc. | | 20,478,200 |
| | 147,998 | Willis Towers Watson plc | | 18,097,195 |
| | | | (COST \$43,647,656) | 165,149,932 |
| | | | (COST \$63,545,011) | 239,441,882 |

| | SHARES | COMMON STOCKS (Continued) | VALUE (NOTE 1a) |
|-----------------------------------|---------|--|--------------------|
| HEALTH CARE | | PHARMACEUTICALS, BIOTECHNOLOGY AND LIFE SCIENCES | |
| (10.1%) | 714,100 | Ariad Pharmaceuticals, Inc. (a) | \$8,883,404 |
| | 165,000 | Celgene Corporation (a) | 19,098,750 |
| | 164,409 | Cempra, Inc. (a) | 460,345 |
| | 483,600 | Gilead Sciences, Inc. | 34,630,596 |
| | 284,942 | Intra-Cellular Therapies, Inc. (a) | 4,299,775 |
| | 265,191 | Merck & Co., Inc. | 15,611,794 |
| | 263,176 | Paratek Pharmaceuticals, Inc. (a) | 4,052,910 |
| | 460,808 | Pfizer Inc. | 14,967,044 |
| | 589,768 | Repros Therapeutics Inc. (a) | 778,494 |
| | | (COST \$55,506,985) | 102,783,112 |
| INDUSTRIALS | | CAPITAL GOODS (6.1%) | |
| (10.5%) | 189,131 | Eaton Corporation PLC | 12,688,799 |
| | 900,000 | General Electric Company | 28,440,000 |
| | 190,000 | United Technologies Corporation | 20,827,800 |
| | | (COST \$48,563,291) | 61,956,599 |
| | | COMMERCIAL AND PROFESSIONAL SERVICES (4.4%) | |
| | 787,800 | Republic Services, Inc. (COST \$11,167,520) | 44,943,990 |
| | | (COST \$59,730,811) | 106,900,589 |
| INFORMATION TECHNOLOGY | | SEMICONDUCTORS AND SEMICONDUCTOR EQUIPMENT (3.2%) | |
| (18.2%) | 185,850 | ASML Holding N.V. | 20,852,370 |
| | 325,500 | Intel Corporation | 11,805,885 |
| | | (COST \$10,590,861) | 32,658,255 |
| | | SOFTWARE AND SERVICES (7.5%) | |
| | 23,000 | Alphabet Inc. (a) | 17,751,860 |
| | 580,000 | eBay Inc. (a) | 17,220,200 |
| | 680,686 | Microsoft Corporation | 42,297,828 |
| | | (COST \$51,991,043) | 77,269,888 |
| | | TECHNOLOGY HARDWARE AND EQUIPMENT (7.5%) | |

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

| | | | | |
|---|-------------------|---|-----------------------------|----------------------|
| | 124,000 | Apple Inc. | | 14,361,680 |
| | 790,000 | Cisco Systems, Inc. | | 23,873,800 |
| | 341,200 | QUALCOMM Incorporated | | 22,246,240 |
| | 283,309 | Universal Display Corporation (a) | | 15,950,297 |
| | | | (COST \$42,903,836) | 76,432,017 |
| | | | (COST \$105,485,740) | 186,360,160 |
| MATERIALS (1.2%) | 626,422 | Huntsman Corporation | (COST \$10,039,342) | 11,952,132 |
| MISCELLANEOUS (3.5%) | | Other (c) | (COST \$34,234,145) | 35,693,482 |
| TELECOMMUNICATION SERVICES (1.0%) | 428,352 | Vodafone Group plc ADR | (COST \$14,468,110) | 10,464,639 |
| | | TOTAL COMMON STOCKS (105.1%) | (COST \$562,483,856) | 1,074,124,911 |
| | WARRANTS | WARRANT (a) | | |
| TECHNOLOGY HARDWARE AND EQUIPMENT (0.0%) | 281,409 | Applied DNA Sciences, Inc. | (COST \$2,814) | 140,705 |
| | | CALL OPTIONS | | |
| | CONTRACTS | | | |
| | (100 SHARES EACH) | COMPANY/EXPIRATION DATE/EXERCISE PRICE | | |
| ENERGY (0.3%) | 15,000 | Cameco Corporation/March 17, 2017/\$10 | | 1,425,000 |
| | 10,000 | Ensco plc/January 20, 2017/\$8 | | 1,700,000 |
| | | | (COST\$1,076,017) | 3,125,000 |
| TELECOMMUNICATION SERVICES (0.0%) | 2,500 | Vodafone Group plc ADR/July 21, 2017/\$26 | (COST \$271,979) | 205,000 |
| | | TOTAL CALL OPTIONS (0.3%) | (COST \$1,347,996) | 3,330,000 |

| | | | VALUE (NOTE 1a) |
|---|----------------------|---|--------------------|
| | | PUT OPTIONS | |
| | CONTRACTS | | |
| | (100 SHARES EACH) | COMPANY/EXPIRATION DATE/EXERCISE PRICE | |
| ENERGY | 500 | Halliburton Company/February 17, 2017/\$50 | \$45,000 |
| (0.0%) | 68 | Helix Energy Solutions Group, Inc./March 17, 2017/\$11 | 15,640 |
| | | (COST\$105,142) | 60,640 |
| INFORMATION TECHNOLOGY SOFTWARE AND SERVICES | 1,500 | Microsoft Corporation/January 20, 2017/\$62.50 | |
| (0.0%) | | (COST\$168,061) | 168,000 |
| | | TOTAL PUT OPTIONS (0.0%) (COST \$273,203) | 228,640 |
| | | SHORT-TERM SECURITIES AND OTHER ASSETS | |
| | SHARES | | |
| | 141,106,388 | State Street Institutional Treasury Plus Money Market Fund | |
| | | (13.8%) (COST \$141,106,388) | 141,106,388 |
| | | (COST | |
| TOTAL INVESTMENTS (d) (119.2%) | | \$705,214,257) | 1,218,930,644 |
| Liabilities in excess of receivables and other assets (-0.6%) | | | (6,278,777) |
| | | | 1,212,651,867 |
| PREFERRED STOCK (-18.6%) | | | (190,117,175) |
| NET ASSETS APPLICABLE TO COMMON STOCK (100%) | | | \$1,022,534,692 |

ADR - American Depository Receipt

(a) Non-income producing security.

(b) Security is held as collateral for options written.

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

(d) At December 31, 2016, the cost of investments for Federal income tax purposes was \$705,404,791; aggregate gross unrealized appreciation was \$531,423,240; aggregate gross unrealized depreciation was \$17,897,387; and net unrealized appreciation was \$513,525,853.

(see notes to financial statements)

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

CONTRACTS

| CALL OPTIONS | (100 SHARES EACH) | COMPANY/EXPIRATION DATE/EXERCISE PRICE | VALUE (NOTE 1a) |
|--|-------------------|---|------------------|
| ENERGY | 500 | Halliburton Company/February 17, 2017/\$55 | \$97,500 |
| | 68 | Helix Energy Solutions Group, Inc./March 17, 2017/\$12 | 1,700 |
| INFORMATION TECHNOLOGY | 1,500 | Microsoft Corporation/February 17, 2017/\$67.50 | 58,500 |
| SOFTWARE AND SERVICES | | (PREMIUMS RECEIVED \$223,189) | 157,700 |
| PUT OPTIONS | | | |
| ENERGY | 5,300 | Cameco Corporation/March 17, 2017/\$7 | 53,000 |
| | 2,000 | Ensco plc - Class A/January 20, 2017/\$6 | 10,000 |
| TELECOMMUNICATIONS | 2,500 | Vodafone Group plc ADR/July 21, 2017/\$22 | 262,500 |
| SERVICES | | (PREMIUMS RECEIVED \$462,617*) | 325,500 |
| TOTAL OPTIONS WRITTEN (PREMIUMS RECEIVED \$685,806) | | | \$483,200 |

*The maximum cash outlay if all put options are exercised is \$10,410,000.

(see notes to financial statements)

| ASSETS | DECEMBER 31, 2016 |
|---|-------------------|
| INVESTMENTS, AT VALUE (NOTE 1a) | |
| Common stocks (cost \$562,483,856) | \$1,074,124,911 |
| Warrant (cost \$2,814) | 140,705 |
| Purchased options (cost \$1,621,199) | 3,558,640 |
| Money market fund (cost \$141,106,388) | 141,106,388 |
| Total investments (cost \$705,214,257) | 1,218,930,644 |
| RECEIVABLES AND OTHER ASSETS | |
| Receivable for securities sold | 4,110,006 |
| Dividends, interest and other receivables | 2,040,139 |
| Qualified pension plan asset, net excess funded (note 7) | 2,338,732 |
| Prepaid expenses, fixed assets and other assets | 597,684 |
| TOTAL ASSETS | 1,228,017,205 |
| LIABILITIES | |
| Payable for securities purchased | 2,582,135 |
| Outstanding options written, at value (premiums received \$685,806) | 483,200 |
| Accrued preferred stock dividend not yet declared | 219,955 |
| Accrued compensation payable to officers and employees | 3,068,000 |
| Accrued supplemental pension plan liability (note 7) | 5,508,944 |
| Accrued supplemental thrift plan liability (note 7) | 3,127,159 |
| Accrued expenses and other liabilities | 375,945 |
| TOTAL LIABILITIES | 15,365,338 |
| 5.95% CUMULATIVE PREFERRED STOCK, SERIES B - 7,604,687 at a liquidation value of \$25 per share (note 5) | 190,117,175 |
| NET ASSETS APPLICABLE TO COMMON STOCK - 27,221,115 (note 5) | \$1,022,534,692 |
| NET ASSET VALUE PER COMMON SHARE | \$37.56 |
| NET ASSETS APPLICABLE TO COMMON STOCK | |
| Common Stock, 27,221,115 shares at par value (note 5) | \$27,221,115 |
| Additional paid-in capital (note 5) | 477,804,582 |
| Over distributed net investment income (note 5) | (1,947,100) |
| Undistributed realized gain on securities sold | 10,380,508 |
| Unallocated distributions on Preferred Stock | (219,955) |
| Unrealized appreciation on investments, options written and other | 513,918,993 |
| Accumulated other comprehensive loss (note 7) | (4,623,451) |
| NET ASSETS APPLICABLE TO COMMON STOCK | \$1,022,534,692 |

(see notes to financial statements)

| | YEAR ENDED | |
|--|--------------------------|---------------------|
| | DECEMBER 31, 2016 | |
| INCOME | | |
| Dividends (net of foreign withholding taxes of \$637,083) | | \$21,229,092 |
| Interest | | 244,635 |
| TOTAL INCOME | | 21,473,727 |
| EXPENSES | | |
| Investment research | | 6,861,845 |
| Administration and operations | | 3,673,761 |
| Office space and general | | 1,730,505 |
| Auditing and legal fees | | 281,094 |
| Directors' fees and expenses | | 256,237 |
| Transfer agent, custodian and registrar fees and expenses | | 214,696 |
| State and local taxes | | 168,784 |
| Stockholders' meeting and reports | | 114,516 |
| TOTAL EXPENSES | | 13,301,438 |
| NET INVESTMENT INCOME | | 8,172,289 |
| REALIZED GAIN AND CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS (NOTES 1, 3 AND 4) | | |
| Net realized gain on investments: | | |
| Securities transactions | | 90,861,223 |
| Written options transactions (notes 1b and 4) | | 709,334 |
| | | 91,570,557 |
| Net decrease in unrealized appreciation | | (15,321,337) |
| NET INVESTMENT INCOME, REALIZED GAINS AND DEPRECIATION ON INVESTMENTS | | 76,249,220 |
| DISTRIBUTIONS TO PREFERRED STOCKHOLDERS | | (11,311,972) |
| INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | | \$73,109,537 |

(see notes to financial statements)

| | YEAR ENDED DECEMBER 31, | |
|--|--------------------------------|--------------|
| OPERATIONS | 2016 | 2015 |
| Net investment income | \$8,172,289 | \$13,728,242 |
| Net realized gain on investments | 91,570,557 | 34,130,660 |
| Net decrease in unrealized appreciation | (15,321,337) | (76,268,833) |
| | (84,421,509) | (28,409,931) |
| Distributions to Preferred Stockholders: | | |
| From net investment income | (1,039,878) | (3,344,407) |
| From net capital gains | (10,272,094) | (7,967,565) |

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

| | | |
|---|------------------------|------------------------|
| Decrease in net assets from Preferred distributions | (11,311,972) | (11,311,972) |
| INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS | 73,109,537 | (39,721,903) |
| OTHER COMPREHENSIVE INCOME | | |
| Funded status of defined benefit plans (note 7) | 624,419 | 538,384 |
| DISTRIBUTIONS TO COMMON STOCKHOLDERS | | |
| From net investment income | (8,988,445) | (9,622,112) |
| From net capital gains | (75,933,325) | (22,923,266) |
| DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS | (84,921,770) | (32,545,378) |
| CAPITAL SHARE TRANSACTIONS (NOTE 5) | | |
| Value of Common Shares issued in payment of dividends and distributions | 33,686,020 | 13,532,276 |
| Cost of Common Shares purchased | (67,991,719) | (101,674,879) |
| DECREASE IN NET ASSETS - CAPITAL TRANSACTIONS | (34,305,699) | (88,142,603) |
| NET DECREASE IN NET ASSETS | (45,493,513) | (159,871,500) |
| NET ASSETS APPLICABLE TO COMMON STOCK | | |
| BEGINNING OF YEAR | 1,068,028,205 | 1,227,899,705 |
| END OF YEAR (including over distributed net investment income of (\$1,947,100) and (\$92,807), respectively) | \$1,022,534,692 | \$1,068,028,205 |

(see notes to financial statements)

The table shows per share operating performance data, total investment return, ratios and supplemental data for each year in the five-year period ended December 31, 2016. This information has been derived from information contained in the financial statements and market price data for the Company's shares.

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---------|---------|---------|---------|---------|
| PER SHARE OPERATING PERFORMANCE | | | | | |
| Net asset value, beginning of year | \$37.74 | \$39.77 | \$41.07 | \$32.68 | \$29.78 |
| Net investment income | .30 | .48 | .32 | .17 | .24 |
| Net gain (loss) on securities - realized and unrealized | 3.10 | (.99) | 2.39 | 10.51 | 5.05 |
| Other comprehensive income (loss) | .02 | .02 | (.13) | .20 | — |
| | 3.42 | (.49) | 2.58 | 10.88 | 5.29 |
| Distributions on Preferred Stock: | | | | | |
| Dividends from net investment income | (.04) | (.12) | (.04) | (.04) | (.04) |
| Distributions from net capital gains | (.38) | (.27) | (.34) | (.35) | (.35) |
| | (.42) | (.39) | (.38) | (.39) | (.39) |
| Total from investment operations | 3.00 | (.88) | 2.20 | 10.49 | 4.90 |
| Distributions on Common Stock: | | | | | |
| Dividends from net investment income | (.33) | (.34) | (.32) | (.18) | (.21) |
| Distributions from net capital gains | (2.85) | (.81) | (3.18) | (1.92) | (1.79) |
| | (3.18) | (1.15) | (3.50) | (2.10) | (2.00) |
| | \$37.56 | \$37.74 | \$39.77 | \$41.07 | \$32.68 |

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

| | | | | | |
|--|-------------|-------------|-------------|-------------|-----------|
| Net asset value, end of year | | | | | |
| Per share market value, end of year | \$31.18 | \$31.94 | \$35.00 | \$35.20 | \$27.82 |
| TOTAL INVESTMENT RETURN - Stockholder | | | | | |
| Return, based on market price per share | 7.59% | (5.34%) | 9.32% | 34.24% | 19.77% |
| RATIOS AND SUPPLEMENTAL DATA | | | | | |
| Net assets applicable to Common Stock, end of year (000's omitted) | \$1,022,535 | \$1,068,028 | \$1,227,900 | \$1,229,470 | \$955,418 |
| Ratio of expenses to average net assets applicable to Common Stock | 1.27% | 1.17% | 1.10% | 1.27% | 1.67% |
| Ratio of net income to average net assets applicable to Common Stock | 0.78% | 1.17% | 0.78% | 0.47% | 0.74% |
| Portfolio turnover rate | 20.29% | 14.41% | 14.98% | 17.12% | 9.56% |
| PREFERRED STOCK | | | | | |
| Liquidation value, end of year (000's omitted) | \$190,117 | \$190,117 | \$190,117 | \$190,117 | \$190,117 |
| Asset coverage | 638% | 662% | 746% | 747% | 603% |
| Liquidation preference per share | \$25.00 | \$25.00 | \$25.00 | \$25.00 | \$25.00 |
| Market value per share | \$25.77 | \$26.75 | \$26.01 | \$25.30 | \$25.54 |

(see notes to 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 accompanying financial statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") pursuant to the requirements for reporting; Accounting Standards Codification 946, *Financial Services - Investment Companies* ("ASC 946"), and Regulation S-X.

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income, expenses and gains and losses during the reported period. Changes in the economic environment, financial markets, and any other parameters used in determining these estimates could cause actual results to differ, and these differences could be material.

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 written 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 written 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. **SECURITIES TRANSACTIONS AND INVESTMENT INCOME** 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 recog-

nized on the accrual basis. Cost of short-term investments represents 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.

1. SIGNIFICANT ACCOUNTING POLICIES - (Continued from previous page.)

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 December 31, 2016:

| Assets | Level 1 | Level 2 | Level 3 | Total |
|---------------|-----------------|---------|---------|-----------------|
| Common stocks | \$1,074,124,911 | — | — | \$1,074,124,911 |
| Warrants | 140,705 | — | — | 140,705 |

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

| | | | | |
|-------------------|-----------------|---|---|-----------------|
| Purchased options | 3,558,640 | — | — | 3,558,640 |
| Money market fund | 141,106,388 | — | — | 141,106,388 |
| Total | \$1,218,930,644 | — | — | \$1,218,930,644 |
| Liabilities | | | | |
| Options written | (\$483,200) | — | — | (\$483,200) |

Transfers of Level 3 Securities, if any, are reported as of the actual date of reclassification. No such transfers occurred during the year ended December 31, 2016.

3. PURCHASES AND SALES OF SECURITIES

Purchases and sales of securities (other than short-term securities and options) during 2016 amounted to \$220,131,850 and \$380,582,892, 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 year ended December 31, 2016 were as follows:

| | COVERED CALLS | | COLLATERALIZED PUTS | |
|--|---------------|-------------|---------------------|-----------|
| | CONTRACTS | PREMIUMS | CONTRACTS | PREMIUMS |
| Options outstanding, December 31, 2015 | 2,250 | 1,473,462 | 2,500 | \$404,556 |
| Options written | 8,068 | 1,789,719 | 27,500 | 1,038,184 |
| Options terminated in closing purchase transaction | (4,500) | (1,672,355) | (19,200) | (823,435) |
| Options expired | (500) | (129,998) | 0 | 0 |
| Options assigned | (3,250) | (1,237,639) | (1,000) | (156,688) |
| Options outstanding, December 31, 2016 | 2,068 | 223,189 | 9,800 | \$462,617 |

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, 27,221,115 shares were issued and outstanding; 8,000,000 Preferred Shares were originally issued and 7,604,687 were outstanding on December 31, 2016.

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

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. This authorization has been renewed annually thereafter. To date, 395,313 shares have been repurchased.

The Company allocates distributions from net 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 net capital gains, they will be paid from investment company taxable income, 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.

The Company presents its Preferred Stock, for which its redemption is outside of the Company's control, outside

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

of
the net assets applicable to Common Stock in the Statement of Assets and Liabilities.

Transactions in Common Stock during 2016 and 2015 were as follows:

| | SHARES | | AMOUNT | |
|---|-------------|-------------|----------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Par Value of Shares issued in payment of dividends and distributions (includes 1,073,658 and 439,217 shares issued from treasury, respectively) | 1,073,658 | 439,217 | \$1,073,658 | \$439,217 |
| Increase in paid-in capital | | | 32,612,362 | 13,093,059 |
| Total increase | | | 33,686,020 | 13,532,276 |
| Par Value of Shares purchased (at an average discount from net asset value of 17.7% and 15.5%, respectively) | (2,149,240) | (3,014,364) | (2,149,240) | (3,014,364) |
| Decrease in paid-in capital | | | (65,842,479) | (98,660,515) |
| Total decrease | | | (67,991,719) | (101,674,879) |
| Net decrease | (1,075,582) | (2,575,147) | (\$34,305,699) | (\$88,142,603) |

At December 31, 2016, the Company held in its treasury 4,759,757 shares of Common Stock with an aggregate cost of \$155,663,978.

The tax basis distributions during the year ended December 31, 2016 are as follows: ordinary distributions of \$10,028,323 and net capital gains distributions of \$86,205,419. As of December 31, 2016, distributable earnings on a tax basis included \$10,571,042 from undistributed net capital gains and \$513,728,459 from net unrealized appreciation on investments if realized in future years. Reclassifications arising from permanent "book/tax" difference reflect non-tax deductible expenses during the year ended December 31, 2016. As a result, additional paid-in capital was decreased by \$1,741 and over-distributed net investment income was decreased by \$1,741. Net assets were not affected by this reclassification.

6. OFFICERS' COMPENSATION

The aggregate compensation accrued and paid by the Company during the year ended December 31, 2016 to its officers (identified on page 20) amounted to \$6,684,000 of which \$2,944,000 was payable as of year end.

7. BENEFIT PLANS

The Company has funded (qualified) and unfunded (supplemental) defined contribution thrift plans that are available to its employees. The aggregate cost of such plans for 2016 was \$560,078. The qualified thrift plan acquired 76,611 shares and distributed 35,643 shares of the Company's Common Stock during the year ended December 31, 2016. It held 617,905 shares of the Company's Common Stock at December 31, 2016.

The Company also has both funded (qualified) and unfunded (supplemental) noncontributory defined benefit pension plans that cover its employees. The pension plans provide a defined benefit based on years of service and final average salary with an offset for a portion of Social Security covered compensation. The investment policy of the pension plan is to invest not less than 80% of its assets, under ordinary conditions, in equity securities and the balance in fixed income securities. The investment strategy is to invest in a portfolio of diversified registered investment funds (open-end and exchange traded) and an unregistered partnership. Open-end funds and the unregistered partnership are valued at net asset value based upon the fair market value of the underlying investment portfolios. Exchange traded funds are valued based upon their closing market price.

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.

OBLIGATIONS AND FUNDED STATUS OF DEFINED BENEFIT PLANS:

| | DECEMBER 31, 2016 (MEASUREMENT DATE) | | |
|--|--------------------------------------|----------------------|----------------------|
| | QUALIFIED PLAN | SUPPLEMENTAL PLAN | TOTAL |
| CHANGE IN BENEFIT OBLIGATION: | | | |
| Benefit obligation at beginning of year | \$16,345,940 | \$5,605,494 | \$21,951,434 |
| Service cost | 402,507 | 155,095 | 557,602 |
| Interest cost | 701,608 | 236,627 | 938,235 |
| Benefits paid | (847,857) | (320,320) | (1,168,177) |
| Actuarial (gain)/loss | 214,912 | (167,952) | 46,960 |
| Projected benefit obligation at end of year | 16,817,110 | 5,508,944 | 22,326,054 |
| CHANGE IN PLAN ASSETS: | | | |
| Fair value of plan assets at beginning of year | 18,341,451 | — | 18,341,451 |
| Actual return on plan assets | 1,726,829 | — | 1,726,829 |
| Employer contributions | — | 320,320 | 320,320 |
| Benefits paid | (847,857) | (320,320) | (1,168,177) |
| Fair value of plan assets at end of year | 19,220,423 | — | 19,220,423 |
| FUNDED STATUS AT END OF YEAR | \$2,403,313 | (\$5,508,944) | (\$3,105,631) |
| Accumulated benefit obligation at end of year | \$15,962,685 | \$5,208,726 | \$21,171,411 |

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

WEIGHTED-AVERAGE ASSUMPTIONS USED TO DETERMINE OBLIGATION AT YEAR END:

| | | |
|-------------------------|---|-------|
| Discount rate | 4.00% | 4.00% |
| Salary scale assumption | 4.50% for NHCE* and 2.75% for HCE* | |
| Mortality | RP-2014 Mortality Table scaled back through 2006 / MP-2016 Projection Scale without collar adjustment | |

| CHANGE IN FUNDED STATUS: | BEFORE | ADJUSTMENTS | AFTER |
|--|-------------|-------------|-------------|
| Noncurrent benefit asset - qualified plan | \$1,995,511 | \$407,802 | \$2,403,313 |
| LIABILITIES: | | | |
| Current benefit liability - supplemental plan | (\$311,579) | \$4,034 | (\$307,545) |
| Noncurrent benefit liability - supplemental plan | (5,293,915) | 92,516 | (5,201,399) |
| AMOUNTS RECOGNIZED IN ACCUMULATED OTHER COMPREHENSIVE INCOME CONSIST OF: | | | |
| Net actuarial (gain)/loss | \$5,228,243 | (\$606,615) | \$4,621,628 |
| Prior service cost | 19,627 | (17,804) | 1,823 |
| ACCUMULATED OTHER COMPREHENSIVE INCOME | \$5,247,870 | (\$624,419) | \$4,623,451 |

WEIGHTED-AVERAGE ASSUMPTIONS TO DETERMINE NET PERIODIC BENEFIT COST DURING YEAR:

| | | |
|----------------------------------|--|-------|
| Discount rate | 4.25% | 4.25% |
| Expected return on plan assets** | 7.50% | N/A |
| Salary scale assumption | 4.25% | 4.25% |
| Mortality | RP-2014 Mortality Table scaled back through 2006/ MP-2015 Projection Scale without collar adjustment | |

*NHCE - Non-Highly Compensated Employee; HCE - Highly Compensated Employee.

**Determined based upon a discount to the long-term average historical performance of the plan.

7. BENEFIT PLANS - (Continued from previous page.)

| | QUALIFIED PLAN | SUPPLEMENTAL PLAN | TOTAL |
|--|-------------------|----------------------|-------------|
| COMPONENTS OF NET PERIODIC BENEFIT COST: | | | |
| Service cost | \$402,507 | \$155,095 | \$557,602 |
| Interest cost | 701,608 | 236,627 | 938,235 |
| Expected return on plan assets | (1,359,683) | — | (1,359,683) |
| Amortization of: | | | |
| Prior service cost | 17,161 | 643 | 17,804 |
| Recognized net actuarial loss | 274,828 | 76,182 | 351,010 |
| Net periodic benefit cost | \$36,421 | \$468,547 | \$504,968 |

PLAN ASSETS

The Company's qualified pension plan asset allocation by asset class at December 31, 2016, is as follows:

| ASSET CATEGORY | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
|------------------------------|--------------|-------------|---------|--------------|
| Equity securities | \$14,883,401 | — | — | \$14,883,401 |
| Limited partnership interest | — | \$2,847,927 | — | 2,847,927 |
| Money market fund | 1,489,095 | — | — | 1,489,095 |
| Total | \$16,372,496 | \$2,847,927 | — | \$19,220,423 |

| EXPECTED CASH FLOWS | QUALIFIED PLAN | SUPPLEMENTAL PLAN | TOTAL |
|---|----------------|-------------------|-------------|
| Expected Company contributions for 2016 | — | \$307,545 | \$307,545 |
| Expected benefit payments: | | | |
| 2017 | \$881,639 | \$307,545 | \$1,189,184 |
| 2018 | 906,441 | 302,594 | 1,209,035 |
| 2019 | 923,816 | 296,755 | 1,220,571 |
| 2020 | 935,619 | 285,221 | 1,220,840 |
| 2021 | 942,530 | 273,537 | 1,216,067 |
| 2022-2026 | 5,070,408 | 1,520,358 | 6,590,766 |

The estimated amount that will be amortized from accumulated other comprehensive income into net periodic benefit cost in 2017 is \$201,184 which is comprised of \$200,227 of actuarial loss and \$957 of service cost.

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 aggregate rental payments 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 \$1,166,000 for the year ended December 31,
2016.
Minimum rental commitments under the operating lease are approximately \$1,183,000 per annum in 2017, and
\$99,000
in 2018.

TO THE BOARD OF DIRECTORS
AND STOCKHOLDERS OF
GENERAL AMERICAN INVESTORS COMPANY, INC.

We have audited the accompanying statement of assets and liabilities, including the statements of investments and options written, of General American Investors Company, Inc. (the "Company") as of December 31, 2016, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2016, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of General American Investors Company, Inc. at December 31, 2016, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

New York, New York
February 13, 2017

| NAME (AGE) | PRINCIPAL OCCUPATION | NAME(AGE) | PRINCIPAL OCCUPATION |
|--|---|---|--|
| EMPLOYEE SINCE | DURING PAST 5 YEARS | EMPLOYEE SINCE | DURING PAST 5 YEARS |
| Jeffrey W. Priest (54) 2010 | <i>President of the Company since 2012 and Chief Executive Officer since 2013</i> | Sally A. Lynch, Ph.D. (57) 1997 | <i>Vice-President of the Company since 2006, securities analyst (biotechnology industry)</i> |
| Andrew V. Vindigni (57) 1988 | <i>Senior Vice-President of the Company since 2006, Vice-President 1995-2006 securities analyst (financial services and consumer non-durables industries)</i> | Anang K. Majmudar (42) 2012 | <i>Vice-President of the Company since 2015, securities analyst (general industries)</i> |
| Eugene S. Stark (58) 2005 | <i>Vice-President, Administration of the Company and Principal Financial Officer since 2005, Chief Compliance Officer since 2006</i> | Diane G. Radosti (64) 1980 | <i>Treasurer of the Company since 1990, Principal Accounting Officer since 2003</i> |
| Craig A. Grassi (48) 1991 | <i>Vice-President of the Company since 2013, Assistant Vice-President 2005-2012 securities analyst and information technology</i> | Linda J. Genid (58) 1983 | <i>Corporate Secretary of the Company effective 2016, Assistant Corporate Secretary 2014-2015, network administrator</i> |

All Officers serve for a term of one year and are elected by the Board of Directors at the time of its annual meeting in April.

The address for each officer is the Company's office. All information is as of December 31, 2016.

SERVICE ORGANIZATIONS

COUNSEL
Sullivan & Cromwell LLP
INDEPENDENT AUDITORS

TRANSFER AGENT AND REGISTRAR
American Stock Transfer & Trust Company, LLC
6201 15th Avenue

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

Ernst & Young LLP

Brooklyn, NY 11219

1-800-413-5499

CUSTODIAN

www.amstock.com

State Street Bank and
Trust Company

Previous purchases of the Company's Common and Preferred Stock are set forth in Note 5, on pages 15 and 16. Prospective purchases of Common and Preferred Stock may be made at such times, at such prices, in such amounts and in such manner as the Board of Directors may deem advisable.

The policies and procedures used by the Company to determine how to vote proxies relating to portfolio securities and the Company's proxy voting record for the twelve-month period ended June 30, 2016 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 and (3) on the Securities and Exchange Commission's website at 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 and on the SEC's website: www.sec.gov. Copies of Forms N-Q may also be obtained and reviewed at the SEC's Public Reference Room in Washington, DC. or through the Company by calling us at 1-800-436-8401. Information on the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC-0330.

On April 15, 2016, the Company submitted a CEO annual certification to the New York Stock Exchange ("NYSE") on which the Company's principal executive officer certified that he was not aware, as of that date, of any violation by the Company of the NYSE's Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Company's principal executive and principal financial officer made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q relating to, among other things, the Company's disclosure controls and procedures and internal control over financial reporting, as applicable.

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

| NAME(AGE) | PRINCIPAL OCCUPATION | CURRENT DIRECTORSHIPS AND AFFILIATIONS |
|---|--|--|
| DIRECTIONSINCE | DURING PAST 5 YEARS | |
| INDEPENDENTDIRECTORS | | |
| Arthur G. Altschul, Jr. (52) 1995 | <p><i>Founder and Managing Member</i></p> <p>Diaz & Altschul Capital Management, LLC (private investment company)</p> <p><i>Chairman</i></p> <p>Overbrook Management Corporation (investment advisory firm)</p> <p><i>Co-Founder and Chairman</i></p> <p>Kolltan Pharmaceuticals, Inc. (pharmaceuticals) (until Nov. 2016)</p> | <p>Child Mind Institute, <i>Director</i></p> <p>Delta Opportunity Fund, Ltd., <i>Director</i></p> <p>Neurosciences Research Foundation, <i>Trustee</i></p> <p>Overbrook Foundation, <i>Director</i></p> |
| Rodney B. Berens (71) 2007 | <p><i>Founder, Chairman and Senior Investment Strategist</i></p> <p>Berens Capital Management, LLC (investment advisory firm)</p> | <p>Svarog Capital Advisors, <i>Member of Investment Committee</i></p> <p>The Morgan Library and Museum, <i>Life Trustee, Chairman of Investment Sub-Committee and Member of Finance, Compensation and Nomination Committees</i></p> <p>The Woods Hole Oceanographic Institute, <i>Trustee and Member of Investment Committee</i></p> |
| Lewis B. Cullman (98) 1961 | <p><i>Philanthropist</i></p> | <p>Chess-in-the-Schools, <i>Chairman Emeritus</i></p> <p>Metropolitan Museum of Art, <i>Honorary Trustee</i></p> <p>Museum of Modern Art, <i>Vice Chairman, International Council and Honorary Trustee</i></p> <p>The New York Botanical Garden, <i>Senior Vice Chairman, Board of Trustees</i></p> <p>The New York Public Library, <i>Trustee</i></p> |
| Spencer Davidson (74) 1995 | <p><i>Chairman of the Board</i></p> <p><i>President and Chief Executive Officer (1995-2012) of Company</i></p> | <p>Neurosciences Research Foundation, <i>Trustee</i></p> |

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

| | | |
|---|---|---|
| <p>John D. Gordan, III (71) 1986</p> | <p><i>Attorney</i> Beazley USA Services, Inc. (insurance) <i>Senior Counsel (2010-2011)</i> <i>Partner (1994-2010) (Retired)</i> Morgan, Lewis & Bockius LLP (law firm)</p> | |
| <p>Betsy F. Gotbaum (78) 2010</p> | <p><i>Consultant</i></p> | <p>Chess-in-the-Schools, <i>Board of Advisors</i> Community Service Society, <i>Trustee</i> Coro Leadership, <i>Director</i> Fisher Center for Alzheimer's Research Foundation, <i>Trustee</i> Learning Leaders, <i>Trustee</i> Visiting Nurse Service of New York, <i>Director</i></p> |
| <p>Sidney R. Knafel (86) 1994</p> | <p><i>Lead Independent Director of Company</i> <i>Managing Partner</i> SRK Management Company (private investment company)</p> | |
| <p>Daniel M. Neidich (67) 2007</p> | <p><i>Chief Executive Officer</i> Dune Real Estate Partners LP (real estate investment firm)</p> | <p>Child Mind Institute, <i>Director</i> Prep for Prep, <i>Director</i> Real Estate Roundtable, <i>Member (formerly Chairman)</i> Urban Land Institute, <i>Trustee</i></p> |
| <p>Henry R. Schirmer (52) 2015</p> | <p><i>Chief Financial Officer/Executive</i> <i>Vice-President</i> Unilever Europe (April 2016) <i>Chief Financial Officer/Senior</i> <i>Vice-President Finance</i> Unilever North America (2012-2016) <i>Chief Financial Officer/Senior</i> <i>Vice-President Finance</i> Unilever Germany/Austria/ Switzerland (2008-2012) (consumer products)</p> | <p>Results for Development Institute, <i>Director</i></p> |
| <p>Raymond S. Troubh (90) 1989 INTERESTED DIRECTOR</p> | <p><i>Financial Consultant</i></p> | <p>Diamond Offshore Drilling, Inc., <i>Director</i></p> |
| <p>Jeffrey W. Priest (54) 2013</p> | <p><i>President (2012) and</i> <i>Chief Executive Officer</i></p> | |

(2013) of Company

The Company is a stand-alone fund. All Directors serve for a term of one year and are elected by Stockholders at the time of the annual meeting. The address for each Director is the Company's office. All information is as of December 31, 2016.

ITEM 2. CODE OF ETHICS.

On July 9, 2003, the Board of Directors adopted a code of ethics that applies to registrant's principal executive and senior financial officers. The code of ethics is available on registrant's Internet website at

<http://www.generalamericaninvestors.com/governance/codeofethics.php>.

Since the code of ethics was adopted there have been no amendments to the code nor have there been granted any waivers from any provisions of the code of ethics.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Board of Directors has determined that none of the members of registrant's audit committee meets the definition of "audit committee financial expert" as the term has been defined by the U.S. Securities and Exchange Commission (the "Commission"). In addition, the Board of Directors has determined that the members of the audit committee have sufficient financial expertise and experience to perform the duties and responsibilities of the audit committee.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a) AUDIT FEES The aggregate fees paid and accrued by the registrant for professional services rendered by its independent auditors, Ernst & Young LLP, for the audit of the registrant's annual financial statements and the review of the registrant's semi-annual financial statements for 2016 and 2015 were \$163,000 and \$135,500, respectively.

(b) AUDIT RELATED FEES The aggregate fees paid or accrued by the registrant for audit-related professional services rendered by Ernst & Young LLP for 2016 and 2015 were \$32,000 and \$29,500, respectively. Such services and related fees for 2016 and 2015 included: review of quarterly employee security transactions and issuance of report thereon (\$30,000 and \$27,500, respectively) and other audit-related services (\$2,000 and \$2,000, respectively).

(c) TAX FEES The aggregate fees paid or accrued by the registrant for professional services rendered by Ernst & Young LLP for the review of the registrant's federal, state and city income tax returns and excise tax calculations for 2016 and 2015 were \$21,000 and \$20,300, respectively.

(d) ALL OTHER FEES No such fees were billed to the registrant by Ernst & Young LLP for 2016 or 2015.

(e)(1) AUDIT COMMITTEE PRE-APPROVAL POLICY All services to be performed for the registrant by Ernst & Young LLP must be pre-approved by the audit committee. All services performed during 2016 and 2015 were pre-approved by the committee.

(2) Not applicable.

(f) Not applicable.

(g) The aggregate fees paid or accrued by the registrant for non-audit professional services rendered by Ernst & Young LLP to the registrant for 2016 and 2015 were \$53,000 and \$49,800, respectively.

(h) Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

(a) The registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange

Act of 1934. The members of the audit committee are: John D. Gordan, III, Chairman, Arthur G. Altschul, Jr., Rodney B. Berens, Lewis B. Cullman, and Henry R. Schirmer.

(b) Not applicable.

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.

General American Investors Company, Inc.

PROXY VOTING POLICIES AND PROCEDURES

General American Investors Company, Inc. (the "Company") is uniquely structured as an internally managed closed-end investment company. Our research efforts, including the receipt and analysis of proxy material, are focused on the securities in the Company's portfolio, as well as alternative investment

opportunities. We vote proxies relating to our portfolio securities in the best long-term interests of the Company.

Our investment approach stresses fundamental security analysis, which includes an evaluation of the integrity, as well as the effectiveness of management personnel. In proxy material, we review management proposals and management recommendations relating to shareholder proposals in order to, among other things, gain assurance that management's positions are consistent with its integrity and the long-term interests of the company. We generally find this to be the case and, accordingly, give significant weight to the views of management when we vote proxies.

Proposals that may have an impact on the rights or privileges of the securities held by the Company would be reviewed very carefully. The explanation for a negative impact could justify the proposal; however, if such justification were not present, we would vote against a significant reduction in the rights or privileges associated with any of our holdings.

Proposals relating to corporate governance matters are reviewed on a case-by-case basis. When they involve changes in the state of incorporation, mergers or other restructuring, we would, if necessary, complete our review of the rationale for the proposal by contacting company representatives and, with few exceptions, vote in favor of management's recommendations. Proposals relating to anti-takeover provisions, such as staggered boards, poison pills and supermajorities could be more problematic. They would be considered in light of our assessment of the capability of current management, the duration of the

proposal, the negative impact it might have on the attractiveness of the company to future "investors," among other factors. We can envision circumstances under which we would vote against an anti-takeover provision.

Generally, we would vote with management on proposals relating to changes to the company's capital structure, including increases and decreases of capital and issuances of preferred stock; however, we would review the facts and circumstances associated with each proposal before finalizing our decision.

Well-structured stock option plans and management compensation programs are essential for companies to attract and retain high caliber management personnel. We generally vote in favor of proposals relating to these issues; however, there could be an occasion on which we viewed such a proposal as over reaching on the part of management or having the potential for excessive dilution when we would vote against the proposal.

Corporations should act in a responsible manner toward their employees, the communities in which they are located, the customers they serve and the world at large. We have observed that most stockholder proposals relating to social issues focus on a narrow issue and the corporate position set forth in the proxy material provides a well-considered response demonstrating an appropriate and responsible action or position. Accordingly, we generally support management recommendations on these types of proposals; however, we would consider each proposal on a case-by-case basis.

We take voting proxies of securities held in our portfolio very seriously.

As indicated above, it is an integral part of the analytical process at General American Investors. Each proposal and any competing interests are reviewed carefully on a case-by-case basis. Generally, we support and vote in accordance with the recommendations of management; however, the overriding basis for the votes we cast is the best long-term interests of the Company.

Date: July 9, 2003

Item 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

As of December 31, 2016 and the date of this filing, Mr. Jeffrey W. Priest, President and Chief Executive Officer, serves as the Portfolio Manager of the registrant and is responsible for its day-to-day management. Mr. Priest has been employed by the registrant since October, 2010, becoming its President in February 2012, and its Chief Executive Officer in January 2013. Mr. Priest does not provide such services for any other registered investment companies, pooled investment vehicles, or other accounts. For performing such responsibilities, Mr. Priest receives cash compensation in the form of a fixed salary and an annual performance bonus. The annual performance bonus is principally based upon the absolute performance of the registrant and its relative performance to a closed-end management investment company peer group (comprised of core equity funds) and the S&P 500 Index. Performance is evaluated in December by the Compensation Committee of the Board of Directors (the members of which are independent and consult with the full Board of Directors), based upon the registrant's net asset value return and total investment return during the twelve months ended October 31. Additional consideration is given to performance during the subsequent intervening period and to market-based compensation data. Mr. Priest beneficially owns in excess of \$1 million of the registrant's outstanding equity securities.

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

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

Edgar Filing: GENERAL AMERICAN INVESTORS CO INC - Form N-CSR

| Period 2016 | (a) Total Number of shares (or Units) Purchased | (b) Average Price Paid per Share (or Unit) | (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number (or Approx Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs |
|------------------|---|--|--|---|
| 07/01-07/31 | 99,407 | \$31.8964 | 99,407 | 1, |
| 08/01-08/31 | 497,584 | 33.0550 | 497,584 | |
| 09/01-09/30 | 224,715 | 32.3538 | 224,715 | |
| 10/01-10/31 | 239,833 | 32.1085 | 239,833 | 1, |
| 11/01-11/30 | 296,750 | 30.7053 | 296,750 | |
| 12/01-12/31 | 240,773 | 31.3581 | 240,773 | |
| Total for period | 1,744,933 | | 1,599,062 | |

Note-On July 13, 2016 and October 19, 2016. the Board of Directors authorized the repurchase of an additional 1,000,000 shares each of the registrant's common stock a continuation when the shares are trading at a discount from the underlying net asset value by at least 8%. This represents of the repurchase program which began in March 1995. As of the beginning of the period, July 1, 2016, there were 309,200 shares available for repurchase under the aforementioned extension of such. As of the end of the period, December 31, 2016, there were 710,138 shares available for repurchase under the

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

| Period 2016 | (a) Total Number of shares (or Units) Purchased | (b) Average Price Paid per Share (or Unit) | (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number (or Approx Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs |
|----------------|---|--|--|---|
| 07/01-07/31 | 0 | | | 60 |
| 08/01-08/31 | 0 | | | 60 |
| 09/01-09/30 | 0 | | | 60 |
| 10/01-10/31 | 0 | | | 60 |
| 11/01-11/30 | 0 | | | 60 |
| 12/01-12/31 | 0 | | | 60 |
| Total for year | 0 | | | |

Note-The Board of Directors has authorized the repurchase of the registrant's preferred stock when the shares are trading at a prices not in excess of \$25.00 per share. As of the beginning of the period, July 1, 2016, there were 604,687 shares available for repurchase under such authorization. As of the end of the period, December 31, 2016, 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 22, 2016.

ITEM 11. CONTROLS AND PROCEDURES.

Conclusions of principal officers concerning controls and procedures

(a) As of December 31, 2016, 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 December 31, 2016, 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 and on Form N-Q 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) As indicated in Item 2., the code of ethics is posted on the registrant's Internet website.

(a)(2) The certifications of the principal executive officer and the principal financial officer pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 are attached hereto as Exhibit 99 CERT.

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

(b) The certifications of the principal executive officer and the principal financial officer pursuant to Rule 30a-2(b) under the Investment Company Act of 1940 are attached hereto as Exhibit 99.906 CERT.

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: February 13, 2017

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: February 13, 2017

By: /s/Eugene S. Stark

Eugene S. Stark

Vice-President, Administration

(Principal Financial Officer)

Date: February 13, 2017