

GENERAL AMERICAN INVESTORS CO INC

Form N-30B-2

April 29, 2004

GENERAL AMERICAN INVESTORS  
COMPANY, INC.  
FIRST QUARTER REPORT  
MARCH 31, 2004

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

450 Lexington Avenue  
New York, New York 10017  
212-916-8400  
E-mail: InvestorRelations@gainv.com  
www.generalamericaninvestors.com

TO THE STOCKHOLDERS

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For the three months ended March 31, 2004, the investment return to our stockholders was 2.5% (assuming reinvestment of all dividends). The net asset value per Common Share increased by the same amount, 2.5%. By comparison, the rate of return (including income) for our benchmark, the Standard & Poor's 500 Stock Index, was 1.7%. For the twelve months ended March 31, 2004, the return to our stockholders was 33.3% and the return on the net asset value per Common Share was 33.1%; these compare with a return of 35% for the S&P 500. During each period, the discount at which our shares traded fluctuated moderately and at March 31, 2004, it was 10.2%.

As set forth in the accompanying financial statements (unaudited), as of March 31, 2004, the net assets applicable to the Company's Common Stock were \$995,994,179, equal to \$33.81 per Common Share.

The increase in net assets resulting from operations for the three months ended March 31, 2004 was \$22,969,210. During this period, the net realized gain on securities sold was \$10,542,000 and the increase in unrealized appreciation was \$15,389,666. Net investment income for the three months was \$12,544 and distributions to preferred stockholders amounted to \$2,975,000.

During the three months, 331,900 shares of the Company's Common Stock were repurchased for \$10,116,510 at an average discount from net asset value of 9.6%.

Our portfolio continues to perform well, benefiting from continuing gains in equity markets generally and the productive employment of our liquid assets. For the most part, corporate profits have exceeded earlier estimates while inflation and interest rates remain in constructive ranges. The appearance of price stability, however, has been influenced by the importation of Asian goods and the outsourcing of services, to some degree, with the attendant consequence of slower than average recovery in our jobs market. Should interest rates rise precipitously, of course, stocks are likely to be impacted adversely. We remain focused on longer-term trends and practice our discipline with the patience that we believe will continue to reward our shareholders.

We are pleased to report that on April 14, 2004, at the Company's annual meeting, the Stockholders (1) elected ten directors, including two directors who were elected by the holders of the Company's Preferred Stock, and (2) ratified the selection of Ernst & Young LLP as auditors of the Company for the year 2004.

At its meeting on April 14, 2004, the Board of Directors appointed American Stock Transfer & Trust Company the transfer agent and registrar for the Company,

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effective June 1, 2004.

The information about the Company, including our investment objective, operating policies and procedures, investment results, record of dividend payments, financial reports and press releases, contained at our website has been updated through March 31, 2004. It can be accessed on the Internet at [www.generalamericaninvestors.com](http://www.generalamericaninvestors.com).

By Order of the Board of Directors,

General American Investors Company, Inc.

Spencer Davidson  
President and Chief Executive Officer

April 14, 2004

## 2 STATEMENT OF ASSETS AND LIABILITIES March 31, 2004 (Unaudited)

### General American Investors

#### ASSETS

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

Common stocks (cost \$603,360,389)	\$1
Corporate discount notes (cost \$153,152,290)	—
Total investments (cost \$756,512,679)	1

##### CASH, RECEIVABLES AND OTHER ASSETS

Cash	\$50,819
Receivable for securities sold	10,738,948
Deposit with broker for securities sold short	1,501,229
Dividends, interest and other receivables	1,071,242
Prepaid expenses	7,107,362
Other	326,135

##### TOTAL ASSETS

#### LIABILITIES

Payable for securities purchased	2,057,983
Preferred dividend accrued but not yet declared	231,389
Securities sold short, at value (proceeds \$1,501,229) (note 1a)	1,792,000
Accrued expenses and other liabilities	6,561,335

##### TOTAL LIABILITIES

5.95% CUMULATIVE PREFERRED STOCK, SERIES B -  
8,000,000 shares at a liquidation value of \$25 per share (note 2)

NET ASSETS APPLICABLE TO COMMON STOCK - 29,457,363 shares (note 2)

NET ASSET VALUE PER COMMON SHARE

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## NET ASSETS APPLICABLE TO COMMON STOCK

Common Stock, 29,457,363 shares at par value (note 2)	\$29,457,363
Additional paid-in capital (note 2)	529,152,844
Undistributed realized gain on investments	10,614,655
Undistributed net income	938,005
Unallocated distributions on Preferred Stock	(3,206,389)
Unrealized appreciation on investments and securities sold short (including aggregate gross unrealized appreciation of \$481,319,797)	429,037,701

## NET ASSETS APPLICABLE TO COMMON STOCK

(see notes to financial statements)

## 3 STATEMENT OF OPERATIONS Three Months Ended March 31, 2004 (Unaudited)

### General American Investors

#### INCOME

Dividends	\$2,135,747
Interest	697,980

#### EXPENSES

Investment research	1,796,247
Administration and operations	696,610
Office space and general	131,408
Directors' fees and expenses	49,428
Transfer agent, custodian and registrar fees and expenses	45,032
Auditing and legal fees	43,800
Stockholders' meeting and reports	34,718
Miscellaneous taxes	23,940

#### NET INVESTMENT INCOME

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

Net realized gain on investments:	
Long transactions	12,541,588
Short sale transactions (note 1b)	(1,999,588)
Net realized gain on investments (long term, except for \$1,247,117)	10,542,000
Net increase in unrealized appreciation	15,389,666

#### NET GAIN ON INVESTMENTS

#### DISTRIBUTIONS TO PREFERRED STOCKHOLDERS

#### INCREASE IN NET ASSETS RESULTING FROM OPERATIONS OTHER COMPREHENSIVE INCOME (NOTE 1d)

#### NET INCREASE IN NET ASSETS

(see notes to financial statements)

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STATEMENT OF CHANGES IN NET ASSETS

General American Investors

	Three Months Ended March 31, 2004 (Unaudited)
<hr/>	
OPERATIONS	
<hr/>	
Net investment income	\$12,544
Net realized gain on investments	10,542,000
Net increase in unrealized appreciation	15,389,666
	<hr/>
Distributions to Preferred Stockholders:	
From net income	-
From long-term capital gains	-
Unallocated distributions on Preferred Stock	(2,975,000)
	<hr/>
Decrease in net assets from Preferred distributions	(2,975,000)
	<hr/>
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	22,969,210
	<hr/>
OTHER COMPREHENSIVE INCOME	70,922
	<hr/>
DISTRIBUTIONS TO COMMON STOCKHOLDERS	
<hr/>	
From net income	(385,811)
From long-term capital gains	(2,878,743)
	<hr/>
DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS	(3,264,554)
	<hr/>
CAPITAL SHARE TRANSACTIONS	
<hr/>	
Value of Common Shares issued in payment of dividends (note 2)	-
Cost of Common Shares purchased (note 2)	(10,116,510)
Underwriting discount and other expenses associated with the issuance of Preferred Stock (note 2)	-
	<hr/>
DECREASE IN NET ASSETS - CAPITAL TRANSACTIONS	(10,116,510)
	<hr/>
NET INCREASE IN NET ASSETS	9,659,068
<hr/>	
Net Assets Applicable to Common Stock	
<hr/>	
BEGINNING OF PERIOD	986,335,111
	<hr/>
END OF PERIOD (including undistributed net income of \$938,005 and \$1,311,272, respectively)	\$995,994,179

(see notes to financial statements)

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## FINANCIAL HIGHLIGHTS

## General American Investors

The following table shows per share operating performance data, total investment return, ratios and supplemental data for the three months ended March 31, 2004 and for each year in the five-year period ended December 31, 2003. This information has been derived from information contained in the financial statements and market price data for the Company's shares.

	Three Months	Year Ended December		
	Ended March 31, 2004 (Unaudited)	2003	2002	2001
PER SHARE OPERATING PERFORMANCE				
Net asset value, beginning of period	\$33.11	\$26.48	\$35.14	\$39.91
Net investment income	.00	.02	.17	.39
Net gain (loss) on securities - realized and unrealized	.91	7.72	(7.88)	(.66)
Distributions on Preferred Stock:				
Dividends from investment income	-	(.01)	(.12)	(.07)
Distributions from capital gains	-	(.35)	(.23)	(.29)
Unallocated	(.10)	-	-	-
	(.10)	(.36)	(.35)	(.36)
Total from investment operations	.81	7.38	(8.06)	(.63)
Other comprehensive income	.00	.01	.02	.02
Less distributions on Common Stock:				
Dividends from investment income	(.01)	(.02)	(.21) (d)	(.88)
Distributions from capital gains	(.10)	(.52)	(.41)	(3.28)
	(.11)	(.54)	(.62)	(4.16)
Capital Stock transaction - effect of Preferred Stock offering	-	(.22)	-	-
Net asset value, end of period	\$33.81	\$33.11	\$26.48	\$35.14
Per share market value, end of period	\$30.35	\$29.73	\$23.85	\$33.47

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TOTAL INVESTMENT RETURN - Stockholder				
Return, based on market price per share	2.45%*	27.01%	(27.21)%	4.33
RATIOS AND SUPPLEMENTAL DATA				
Net assets applicable to Common Stock, end of period (000's omitted)	\$995,994	\$986,335	\$809,192	\$1,097,530
Ratio of expenses to average net assets applicable to Common Stock	0.28%*	1.26%	0.97%	1.02
Ratio of net income to average net assets applicable to Common Stock	0.00%*	0.10%	0.56%	1.10
Portfolio turnover rate	4.05%*	18.62%	22.67%	23.81
PREFERRED STOCK				
Liquidation value, end of period (000's omitted)	\$200,000	\$200,000	\$150,000	\$150,000
Asset coverage	598%	593%	639%	832
Liquidation preference per share	\$25.00	\$25.00	\$25.00	\$25.00
Market value per share	\$25.40	\$25.04	\$25.85	\$25.90

- (a) Includes short-term capital gain in the amount of \$.04 per share.
  - (b) Includes short-term capital gain in the amount of \$.09 per share.
  - (c) Includes short-term capital gain in the amount of \$.03 per share.
  - (d) Includes short-term capital gain in the amount of \$.19 per share.
  - (e) Includes short-term capital gain in the amount of \$.51 per share.
  - (f) Includes short-term capital gain in the amount of \$1.82 per share.
  - (g) Includes short-term capital gain in the amount of \$.29 per share.
- \*Not annualized

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### STATEMENT OF INVESTMENTS March 31, 2004 (Unaudited)

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#### General American Investors

Shares	COMMON STOCKS	
<hr style="border-top: 1px dashed black;"/>		
BUILDING AND REAL ESTATE (1.5%)		
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513,500	CEMEX, S.A. de C.V.	(COST \$12,749,095)
COMMUNICATIONS AND INFORMATION SERVICES (5.5%)		
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550,000	CIENA Corporation (a)	
900,000	Cisco Systems, Inc. (a)	
620,000	Cox Communications, Inc. Class A (a)	
450,000	Juniper Networks, Inc. (a)	
		(COST \$31,949,019)
COMPUTER SOFTWARE AND SYSTEMS (4.8%)		
<hr style="border-top: 1px dashed black;"/>		
300,000	EMC Corporation (a)	
1,525,000	Microsoft Corporation	
350,000	VeriSign, Inc. (a)	
		(COST \$46,784,590)
CONSUMER PRODUCTS AND SERVICES (2.0%)		

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275,000	Ethan Allen Interiors Inc.	
150,000	PepsiCo, Inc.	
		(COST \$9,175,512)
ELECTRONICS (1.8%)		
692,500	Molex Incorporated Class A	(COST \$14,877,393)
ENVIRONMENTAL CONTROL (INCLUDING SERVICES) (3.2%)		
1,175,000	Republic Services, Inc.	(COST \$26,227,380)
FINANCE AND INSURANCE (31.8%)		
BANKING (9.5%)		
100,000	Bank of America Corporation	
150,000	FleetBoston Financial Corporation	
325,000	Golden West Financial Corporation	
320,000	M&T Bank Corporation	
205,000	SunTrust Banks, Inc.	
		(COST \$22,737,927)
INSURANCE (19.9%)		
290,000	American International Group, Inc.	
1,000,000	Annuity and Life Re (Holdings), Ltd. (a)	
300	Berkshire Hathaway Inc. Class A (a)	
650,000	Everest Re Group, Ltd.	
265,000	John Hancock Financial Services, Inc.	
435,000	MetLife, Inc.	
500,000	PartnerRe Ltd.	
425,000	Reinsurance Group of America, Incorporated	
230,000	Transatlantic Holdings, Inc.	
		(COST \$91,161,053)
OTHER (2.4%)		
775,000	Annaly Mortgage Management, Inc.	
90,184	Central Securities Corporation	
700,000	MFA Mortgage Investments, Inc.	
		(COST \$18,269,271)
		(COST \$132,168,251)

7 STATEMENT OF INVESTMENTS March 31, 2004 (Unaudited) - continued

General American Investors

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Shares	COMMON STOCKS (continued)	
<hr/>		
HEALTH CARE (19.2%)		
<hr/>		
PHARMACEUTICALS (15.0%)		
<hr/>		
340,000	Alkermes, Inc. (a)	
900,000	Baxter International Inc.	
250,000	Biogen Idec Inc. (a)	
300,000	Bristol-Myers Squibb Company	
270,000	Genaera Corporation (a)	
290,000	Genentech, Inc. (a)	
375,000	Genta Incorporated (a)	
455,000	MedImmune, Inc. (a)	
120,000	Millennium Pharmaceuticals, Inc. (a)	
1,325,000	Pfizer Inc	
		(COST \$101,695,359)
<hr/>		
MEDICAL INSTRUMENTS AND DEVICES (2.2%)		
<hr/>		
450,000	Medtronic, Inc.	(COST \$10,483,716)
<hr/>		
HEALTH CARE SERVICES (2.0%)		
<hr/>		
800,000	Health Net, Inc. (a)	(COST \$18,802,470)
		(COST \$130,981,545)
<hr/>		
MISCELLANEOUS (4.2%)		
<hr/>		
	Other	(COST \$43,090,461)
<hr/>		
OIL & NATURAL GAS (INCLUDING SERVICES) (8.0%)		
<hr/>		
650,000	Devon Energy Corporation	
625,000	Halliburton Company	
247,000	Total S.A. ADR	
		(COST \$61,415,424)
<hr/>		
RETAIL TRADE (20.1%)		
<hr/>		
700,000	Costco Wholesale Corporation (a)	
1,920,000	The Home Depot, Inc. (b)	
2,500,000	The TJX Companies, Inc.	
675,000	Wal-Mart Stores, Inc.	
		(COST \$68,036,225)
<hr/>		
SEMICONDUCTORS (1.4%)		
<hr/>		
133,000	Applied Materials, Inc. (a)	
491,500	Brooks Automation, Inc. (a)	
197,000	EMCORE Corporation (a)	
1,644,900	IQE plc (a)	
		(COST \$17,895,774)



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SPECIAL HOLDINGS (a) (c) (NOTE 5) (0.2%)

400,000	Cytokinetics, Incorporated Series E Preferred	
144,000	Silicon Genesis Corporation	
546,000	Standard MEMS, Inc. Series A Convertible Preferred	
		(COST \$8,009,720)

TOTAL COMMON STOCKS (103.7%)		(COST \$603,360,389)
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8 STATEMENT OF INVESTMENTS March 31, 2004 (Unaudited) - continued

General American Investors

Principal Amount	SHORT-TERM SECURITIES AND OTHER ASSETS	
\$34,600,000	American Express Credit Corporation notes due 4/5-5/6/04; 1.00%-1.01%	
29,400,000	American General Finance Corporation notes due 4/7-4/19/04; 1.01%-1.02%	
33,300,000	General Electric Capital Corporation notes due 4/13-5/3/04; 1.01%	
13,400,000	General Motors Acceptance Corporation notes due 4/6-4/22/04; 1.23%-1.24%	
26,400,000	Prudential Funding, LLC notes due 4/20-5/4/04; 0.99%-1.01%	
16,200,000	Sears Roebuck Acceptance Corp. notes due 4/1-4/30/04; 1.05%	
	Total Short-Term Securities (15.4%)	(COST \$153,152,290)
	Cash, receivables and other assets, less liabilities	
	TOTAL SHORT-TERM SECURITIES AND OTHER ASSETS, NET (16.4%)	
	PREFERRED STOCK (-20.1%)	
	NET ASSETS APPLICABLE TO COMMON STOCK (100%)	

STATEMENT OF SECURITIES SOLD SHORT March 31, 2004 (Unaudited)

General American Investors

Shares	COMMON STOCKS	
50,000	NASDAQ-100 Trust, Series 1	(PROCEEDS \$1,501,229)

(see notes to financial statements)

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General American Investors

## 1. SIGNIFICANT ACCOUNTING POLICIES

General American Investors Company, Inc. (the "Company"), established in 1927, is registered under the Investment Company Act of 1940 as a closed-end, diversified management investment company. It is internally managed by its officers under the direction of the Board of Directors. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Certain prior year financial statement items have been reclassified to conform to the current year presentation.

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

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

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

d. OTHER Comprehensive Income Pursuant to FAS 87, the Company recognizes on an amortized basis the excess of the fair value of its pension plan assets over the present value of accumulated plan benefits.

e. OTHER As customary in the investment company industry, securities transactions are recorded as of the trade date. Dividend income and distributions to stockholders are recorded as of the ex-dividend dates. Interest income, adjusted for amortization of discount and premium on investments, is earned from settlement date and is recognized on the accrual basis. Cost of short-term investments represents amortized cost.

## 2. CAPITAL STOCK AND DIVIDEND DISTRIBUTIONS

The authorized capital stock of the Company consists of 50,000,000 shares of Common Stock, \$1.00 par value, and 10,000,000 shares of Preferred Stock, \$1.00 par value, of which 29,457,363 shares and 8,000,000 shares, respectively, were

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outstanding at March 31, 2004.

On September 24, 2003, the Company issued and sold 8,000,000 shares of its 5.95% Cumulative Preferred Stock, Series B in an underwritten offering. The Preferred Shares are noncallable for 5 years and have a liquidation preference of \$25.00 per share plus an amount equal to accumulated and unpaid dividends to the date of redemption. The underwriting discount and other expenses associated with the Preferred Stock offering amounted to \$6,700,000 and were charged to paid-in capital.

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

Under the Investment Company Act of 1940, the Company is required to maintain an asset coverage of at least 200% for the Preferred Stock. In addition, pursuant to the Rating Agency Guidelines, the Company is required to maintain a certain discounted asset coverage for its portfolio that equals or exceeds the Basic Maintenance Amount under the guidelines established by Moody's Investors Service, Inc. The Company has met these requirements since the issuance of the Preferred Stock. If the Company fails to meet these requirements in the future and does not cure such failure, the Company may be required to redeem in whole or in part, shares of Preferred Stock at a redemption price of \$25.00 per share plus accumulated and unpaid dividends (whether or not earned or declared). In addition, the Company's failure to meet the foregoing asset coverage requirements could restrict its ability to pay dividends on shares of Common Stock and could lead to sales of portfolio securities at inopportune times.

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

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

The Company classifies its Preferred Stock pursuant to the requirements of EITF D-98, Classification and Measurement of Redeemable Securities, which require that preferred stock for which its redemption is outside of the company's control should be presented outside of net assets in the statement of assets and liabilities.

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(Continued from bottom of previous page.)

Transactions in Common Stock during the three months ended March 31, 2004 and the year ended December 31, 2003 were as follows:

	SHARES	
	2004	2003
Shares issued in payment of dividends (includes 334,507 shares issued from treasury)	-	334,507
Increase in paid-in capital		
Total increase		
Shares purchased (at an average discount from net asset value of 9.6% and 9.7%, respectively)	331,900	1,106,600
Decrease in paid-in capital		
Total decrease		
Net decrease		

Distributions for tax and book purposes are substantially the same.

At March 31, 2004, the Company held in its treasury 1,774,200 shares of Common Stock with an aggregate cost in the amount of \$38,869,449.

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

The aggregate compensation paid by the Company during the three months ended March 31, 2004 to its officers amounted to \$1,225,250.

The Company has non-contributory retirement plans and a contributory thrift plan which cover substantially all employees. The costs to the Company and the assets and liabilities of the plans are not material. Costs of the plans are funded currently.

### 4. PURCHASES AND SALES OF SECURITIES

Purchases and sales of securities (other than short-term securities) for the three months ended March 31, 2004 amounted to on long transactions \$109,029,314 and \$40,699,946, respectively, and, with respect to short sale transactions, purchases for the three months amounted to \$14,182,941.

At March 31, 2004, the cost of investments for Federal income tax purposes was the same as the cost for financial reporting purposes.

### 5. RESTRICTED SECURITIES

DATE ACQUIRED	COST	VALUE (NOTE 1a)
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Cytokinetics, Incorporated Series E Preferred	3/21/03	\$2,000,000	\$2,000,000
Silicon Genesis Corporation	2/16/01	3,006,720	36,000
Standard MEMS, Inc. Series A Convertible Preferred	12/17/99	3,003,000	-
Total		\$8,009,720	\$2,036,000
		=====	=====

6. OPERATING LEASE COMMITMENT

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

Rental expense approximated \$89,000 for the three months ended March 31, 2004. Minimum rental commitments under the operating lease are approximately \$505,000 per annum in 2004 through 2007.

In January 2003, the Company extended a sublease agreement (originally entered into in March 1996) which expires in 2007 and provides for future rental receipts. Minimum rental receipts under the sublease are approximately \$254,000 per annum in 2004 through 2007. The Company will also receive its proportionate share of operating expenses and real property taxes under the sublease.

Unaudited

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

11 MAJOR STOCK CHANGES\* Three Months Ended March 31, 2004 (Unaudited)

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General American Investors		
INCREASES	SHARES OR PRINCIPAL AMOUNT	SHARES HELD MARCH 31, 2004
-----		
NEW POSITIONS		
Microsoft Corporation	1,525,000	1,525,000
Total S.A. ADR	175,900	247,000 (a)
ADDITIONS		
CEMEX, S.A. de C.V.	50,000	513,500
Health Net, Inc.	105,000	800,000
M&T Bank Corporation	10,000	320,000
MFA Mortgage Investments, Inc.	125,000	700,000
DECREASES		
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### ELIMATIONS

ASM International N.V.	250,000	-
Coca-Cola Enterprises Inc.	275,000	-
MedImmune Vaccines, Inc.		
5 1/4% Convertible Notes Due 2/1/08	\$10,000,000	-
Newell Rubbermaid Inc.	125,000	-
OSI Pharmaceuticals, Inc.	30,000	-

### REDUCTIONS

American International Group, Inc.	35,000	290,000
Annaly Mortgage Management, Inc.	50,000	775,000
Applied Materials, Inc.	67,000	133,000
Biogen Idec Inc.	25,000	250,000
Genentech, Inc.	25,000	290,000
Golden West Financial Corporation	10,000	325,000
Halliburton Company	25,000	625,000
John Hancock Financial Services, Inc.	65,000	265,000

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### Proxy Voting Policies and Procedures (Unaudited)

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#### General American Investors

The policies and procedures used by the Company to determine how to vote proxies relating to portfolio securities are available: (1) without charge, upon request, by calling us at our toll-free telephone number (1-800-436-8401), (2) on the Company's website at <http://www.generalamericaninvestors.com> and (3) on the Securities and Exchange Commission's website at <http://www.sec.gov>.

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### DIRECTORS

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

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

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### OFFICERS

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

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### SERVICE COMPANIES

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COUNSEL  
Sullivan & Cromwell LLP

INDEPENDENT AUDITORS  
Ernst & Young LLP

CUSTODIAN  
State Street Bank and  
Trust Company

TRANSFER AGENT AND REGISTRAR  
Mellon Investor Services LLC  
P.O. Box 3315  
South Hackensack, NJ 07606-1915  
1-800-413-5499  
www.mellon-investor.com

RESULTS OF THE ANNUAL MEETING  
OF STOCKHOLDERS

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The votes cast by stockholders at the Company's annual  
meeting held on April 14, 2004 were as follows:

Election of Directors:

	FOR	WITHHELD
Lawrence B. Bittenwieser	31,462,773	1,995,988
Lewis B. Cullman	32,952,461	506,300
Spencer Davidson	33,055,799	402,962
Gerald M. Edelman	32,976,812	481,949
John D. Gordan, III	33,077,301	381,460
Richard R. Pivrotto	32,963,346	495,415
Joseph T. Stewart, Jr.	33,007,569	451,192
Raymond S. Troubh	32,922,189	536,572

Elected by holders of Preferred Stock:

Arthur G. Altschul, Jr.	7,643,792	130,615
Sidney R. Knafel	7,704,922	69,485

Ratification of the selection of Ernst & Young LLP as auditors of the Company  
for the year 2004:

For - 33,071,765;                      Against - 198,502;                      Abstain - 188,494