

GENERAL AMERICAN INVESTORS

2016
ANNUAL
REPORT





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
<i>Total from 2016 earnings</i>		<u>\$0.282605</u>	<u>\$2.997395</u>	<u>\$3.280000</u>
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>		<u>\$0.391500</u>	<u>\$0.858500</u>	<u>\$1.250000</u>
Preferred Stock				
Mar. 7, 2016	Mar. 24, 2016	\$.034185	\$.337690	\$.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>		<u>\$.136740</u>	<u>\$1.350760</u>	<u>\$1.487500</u>
Mar. 9, 2015	Mar. 24, 2015	\$.109946	\$.261929	\$.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>		<u>\$.439784</u>	<u>\$1.047716</u>	<u>\$1.487500</u>

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.

Years	Stockholder Return (Market Value)	NAV Return	S&P 500
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 invest-

tors 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

Corporate Overview

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.

Investment Policy

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.

Portfolio Manager

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.

"GAM" Common Stock

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.

"GAM Pr B" Preferred Stock

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.

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.

Dividend and Distribution Policy

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.

Proxy Voting Policies, Procedures and Record

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.

Direct Registration

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.

Privacy Policy and Practices

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
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

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

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.

YEAR	EARNINGS SOURCE			YEAR	EARNINGS SOURCE			RETURN OF CAPITAL
	INCOME	SHORT-TERM CAPITAL GAINS	LONG-TERM CAPITAL GAINS		INCOME	SHORT-TERM CAPITAL GAINS	LONG-TERM 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	—

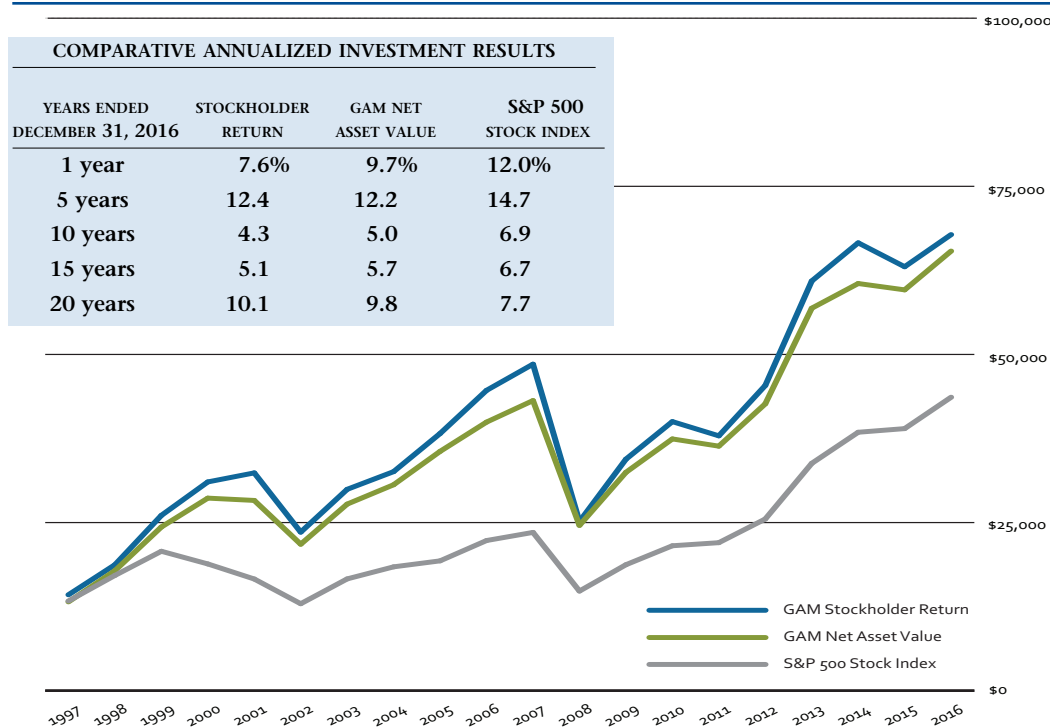
INVESTMENT RESULTS (UNAUDITED)

General American Investors

20-YEAR INVESTMENT RESULTS

ASSUMING AN INITIAL INVESTMENT OF \$10,000

CUMULATIVE VALUE OF INVESTMENT



PORTFOLIO DIVERSIFICATION (UNAUDITED)

DECEMBER 31, 2016

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.

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
Commercial & Professional Services	11,168	44,944	4.4
	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)

		NET SHARES TRANSACTED	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
	EnSCO plc - 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
	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
	Repos 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
THE TJX COMPANIES, INC. 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.	919,768	\$69,102,170	6.8%
REPUBLIC SERVICES, INC. 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.	787,800	44,943,990	4.4
ARCH CAPITAL GROUP LTD. 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.	495,000	42,713,550	4.2
MICROSOFT CORPORATION 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.	680,686	42,297,828	4.1
GILEAD SCIENCES, INC. 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.	483,600	34,630,596	3.4
NESTLÉ S.A. 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.	450,000	32,297,603	3.2
UNILEVER N.V. 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.	704,378	28,984,436	2.8
GENERAL ELECTRIC COMPANY 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.	900,000	28,440,000	2.8
HALLIBURTON COMPANY 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.	520,000	28,126,800	2.7
EVEREST RE GROUP, LTD. 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.	125,000	27,050,000	2.6
		<u>\$378,586,973</u>	<u>37.0%</u>

	SHARES	COMMON STOCKS	VALUE (NOTE 1a)
CONSUMER DISCRETIONARY (14.3%)	AUTOMOBILES AND COMPONENTS (1.5%)		
	1,264,063	Ford Motor Company	(COST \$16,174,723) <u>\$15,333,084</u>
	CONSUMER SERVICES (0.5%)		
	14,000	Chipotle Mexican Grill, Inc. (a)	(COST \$6,056,957) <u>5,282,480</u>
	MEDIA (2.0%)		
	349,496	IMAX Corporation (a)	<u>10,974,174</u>
	439,500	Regal Entertainment Group	<u>9,053,700</u>
			(COST \$19,154,133) <u>20,027,874</u>
	RETAILING (10.3%)		
	20,000	Amazon.com, Inc. (a)	<u>14,997,400</u>
	339,199	Liberty Interactive Corporation, Series A (a)	<u>12,506,267</u>
	241,326	Macy's, Inc.	<u>8,641,884</u>
	919,768	The TJX Companies, Inc.	<u>69,102,170</u>
		(COST \$40,128,215) <u>105,247,721</u>	
		(COST \$81,514,028) <u>145,891,159</u>	
CONSUMER STAPLES (15.6%)	FOOD, BEVERAGE AND TOBACCO (11.5%)		
	220,000	Danone	<u>13,932,688</u>
	209,864	Diageo plc ADR	<u>21,813,264</u>
	450,000	Nestlé S.A.	<u>32,297,603</u>
	195,000	PepsiCo, Inc.	<u>20,402,850</u>
	704,378	Unilever N.V.	<u>28,984,436</u>
			(COST \$70,877,764) <u>117,430,841</u>
	FOOD AND STAPLES RETAILING (4.1%)		
	168,781	Costco Wholesale Corporation	<u>27,023,526</u>
	197,280	CVS Health Corporation	<u>15,567,365</u>
		(COST \$23,645,176) <u>42,590,891</u>	
		(COST \$94,522,940) <u>160,021,732</u>	
ENERGY (7.3%)	113,000	Anadarko Petroleum Corporation	<u>7,879,490</u>
	160,900	Apache Corporation	<u>10,212,323</u>
	800,819	Cameco Corporation	<u>8,384,575</u>
	440,000	Ensco plc - Class A	<u>4,276,800</u>
	3,830,440	Gulf Coast Ultra Deep Royalty Trust (a)	<u>555,414</u>
	520,000	Halliburton Company	<u>28,126,800</u>
	1,721,159	Helix Energy Solutions Group, Inc. (a)	<u>15,180,622</u>
		(COST \$43,436,744) <u>74,616,024</u>	
FINANCIALS (23.4%)	BANKS (1.8%)		
	120,000	M&T Bank Corporation	(COST \$1,676,067) <u>18,771,600</u>
	DIVERSIFIED FINANCIALS (5.4%)		
	225,000	American Express Company	<u>16,668,000</u>
	215,000	JPMorgan Chase & Co.	<u>18,552,350</u>
	400,000	Nelnet, Inc.	<u>20,300,000</u>
			(COST \$18,221,288) <u>55,520,350</u>
	INSURANCE (16.2%)		
	158,877	Aon plc	<u>17,719,552</u>
	495,000	Arch Capital Group Ltd. (a)	<u>42,713,550</u>
	187,500	Axis Capital Holdings Limited	<u>12,238,125</u>
	110	Berkshire Hathaway Inc. Class A (a) (b)	<u>26,853,310</u>
	125,000	Everest Re Group, Ltd.	<u>27,050,000</u>
380,000	MetLife, Inc.	<u>20,478,200</u>	
147,998	Willis Towers Watson plc	<u>18,097,195</u>	
		(COST \$43,647,656) <u>165,149,932</u>	
		(COST \$63,545,011) <u>239,441,882</u>	

	SHARES	COMMON STOCKS (Continued)	VALUE (NOTE 1a)	
HEALTH CARE (10.1%)	PHARMACEUTICALS, BIOTECHNOLOGY AND LIFE SCIENCES			
	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 (10.5%)	CAPITAL GOODS (6.1%)			
	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 (18.2%)	SEMICONDUCTORS AND SEMICONDUCTOR EQUIPMENT (3.2%)			
	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%)			
	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

		PUT OPTIONS		VALUE (NOTE 1a)
		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)	<u>60,640</u>
INFORMATION TECHNOLOGY				
SOFTWARE AND SERVICES		1,500	Microsoft Corporation/January 20, 2017/\$62.50	
(0.0%)			(COST \$168,061)	<u>168,000</u>
			TOTAL PUT OPTIONS (0.0%)	<u>228,640</u>
			(COST \$273,203)	
		SHARES	SHORT-TERM SECURITIES AND OTHER ASSETS	
		141,106,388	State Street Institutional Treasury Plus Money Market Fund	
			(13.8%) (COST \$141,106,388)	<u>141,106,388</u>
TOTAL INVESTMENTS (d) (119.2%)			(COST \$705,214,257)	<u>1,218,930,644</u>
Liabilities in excess of receivables and other assets (-0.6%)				<u>(6,278,777)</u>
				<u>1,212,651,867</u>
PREFERRED STOCK (-18.6%)				<u>(190,117,175)</u>
NET ASSETS APPLICABLE TO COMMON STOCK (100%)				<u><u>\$1,022,534,692</u></u>

ADR - American Depositary 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)

STATEMENT OF OPTIONS WRITTEN

		CONTRACTS (100 SHARES EACH)	COMPANY/EXPIRATION DATE/EXERCISE PRICE	VALUE (NOTE 1a)
CALL OPTIONS				
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)	<u>157,700</u>
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*)	<u>325,500</u>
			TOTAL OPTIONS WRITTEN	<u><u>(PREMIUMS RECEIVED \$685,806)</u></u>
				<u><u>\$483,200</u></u>

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

(see notes to financial statements)

ASSETS	DECEMBER 31, 2016
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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)	<u>1,218,930,644</u>
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	<u>1,228,017,205</u>
<hr/>	
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	<u>15,365,338</u>
5.95% CUMULATIVE PREFERRED STOCK, SERIES B -	
7,604,687 at a liquidation value of \$25 per share (note 5)	<u>190,117,175</u>
NET ASSETS APPLICABLE TO COMMON STOCK - 27,221,115 (note 5)	<u>\$1,022,534,692</u>
NET ASSET VALUE PER COMMON SHARE	<u>\$37.56</u>
<hr/>	
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	<u>\$1,022,534,692</u>

(see notes to financial statements)

STATEMENT OF OPERATIONS

General American Investors

INCOME	YEAR ENDED	
	DECEMBER 31, 2016	
Dividends (net of foreign withholding taxes of \$637,083)		\$21,229,092
Interest		244,635
TOTAL INCOME		<u>21,473,727</u>
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		<u>13,301,438</u>
NET INVESTMENT INCOME		<u>8,172,289</u>
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
		<u>91,570,557</u>
Net decrease in unrealized appreciation		<u>(15,321,337)</u>
NET INVESTMENT INCOME, REALIZED GAINS AND DEPRECIATION ON INVESTMENTS		76,249,220
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS		<u>(11,311,972)</u>
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		<u>\$73,109,537</u>
(see notes to financial statements)		

STATEMENT OF CHANGES IN NET ASSETS

OPERATIONS	YEAR ENDED DECEMBER 31.	
	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	<u>(15,321,337)</u>	<u>(76,268,833)</u>
	<u>(84,421,509)</u>	<u>(28,409,931)</u>
Distributions to Preferred Stockholders:		
From net investment income	(1,039,878)	(3,344,407)
From net capital gains	<u>(10,272,094)</u>	<u>(7,967,565)</u>
Decrease in net assets from Preferred distributions	<u>(11,311,972)</u>	<u>(11,311,972)</u>
INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>73,109,537</u>	<u>(39,721,903)</u>
OTHER COMPREHENSIVE INCOME		
Funded status of defined benefit plans (note 7)	<u>624,419</u>	<u>538,384</u>
DISTRIBUTIONS TO COMMON STOCKHOLDERS		
From net investment income	(8,988,445)	(9,622,112)
From net capital gains	<u>(75,933,325)</u>	<u>(22,923,266)</u>
DECREASE IN NET ASSETS FROM COMMON DISTRIBUTIONS	<u>(84,921,770)</u>	<u>(32,545,378)</u>
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	<u>(67,991,719)</u>	<u>(101,674,879)</u>
DECREASE IN NET ASSETS - CAPITAL TRANSACTIONS	<u>(34,305,699)</u>	<u>(88,142,603)</u>
NET DECREASE IN NET ASSETS	<u>(45,493,513)</u>	<u>(159,871,500)</u>
NET ASSETS APPLICABLE TO COMMON STOCK		
BEGINNING OF YEAR	<u>1,068,028,205</u>	<u>1,227,899,705</u>
END OF YEAR (including over distributed net investment income of (\$1,947,100) and (\$92,807), respectively)	<u>\$1,022,534,692</u>	<u>\$1,068,028,205</u>
(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	—
	<u>3.42</u>	<u>(.49)</u>	<u>2.58</u>	<u>10.88</u>	<u>5.29</u>
Distributions on Preferred Stock:					
Dividends from net investment income	(.04)	(.12)	(.04)	(.04)	(.04)
Distributions from net capital gains	(.38)	(.27)	(.34)	(.35)	(.35)
	<u>(.42)</u>	<u>(.39)</u>	<u>(.38)</u>	<u>(.39)</u>	<u>(.39)</u>
Total from investment operations	<u>3.00</u>	<u>(.88)</u>	<u>2.20</u>	<u>10.49</u>	<u>4.90</u>
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)
	<u>(3.18)</u>	<u>(1.15)</u>	<u>(3.50)</u>	<u>(2.10)</u>	<u>(2.00)</u>
Net asset value, end of year	<u>\$37.56</u>	<u>\$37.74</u>	<u>\$39.77</u>	<u>\$41.07</u>	<u>\$32.68</u>
Per share market value, end of year	<u>\$31.18</u>	<u>\$31.94</u>	<u>\$35.00</u>	<u>\$35.20</u>	<u>\$27.82</u>
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 recognized 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
Purchased options	3,558,640	—	—	3,558,640
Money market fund	141,106,388	—	—	141,106,388
Total	<u>\$1,218,930,644</u>	<u>—</u>	<u>—</u>	<u>\$1,218,930,644</u>
Liabilities				
Options written	<u>(\$483,200)</u>	<u>—</u>	<u>—</u>	<u>(\$483,200)</u>

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	<u>(3,250)</u>	<u>(1,237,639)</u>	<u>(1,000)</u>	<u>(156,688)</u>
Options outstanding, December 31, 2016	<u>2,068</u>	<u>\$223,189</u>	<u>9,800</u>	<u>\$462,617</u>

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 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			<u>33,686,020</u>	<u>13,532,276</u>
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			<u>(67,991,719)</u>	<u>(101,674,879)</u>
Net decrease	<u>(1,075,582)</u>	<u>(2,575,147)</u>	<u>(\$34,305,699)</u>	<u>(\$88,142,603)</u>

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	<u>16,817,110</u>	<u>5,508,944</u>	<u>22,326,054</u>
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	<u>19,220,423</u>	<u>—</u>	<u>19,220,423</u>
FUNDED STATUS AT END OF YEAR	<u>\$2,403,313</u>	<u>(\$5,508,944)</u>	<u>(\$3,105,631)</u>
Accumulated benefit obligation at end of year	<u>\$15,962,685</u>	<u>\$5,208,726</u>	<u>\$21,171,411</u>
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	<u>\$5,247,870</u>	<u>(\$624,419)</u>	<u>\$4,623,451</u>
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	<u>\$36,421</u>	<u>\$468,547</u>	<u>\$504,968</u>

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	<u>\$16,372,496</u>	<u>\$2,847,927</u>	<u>—</u>	<u>\$19,220,423</u>

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

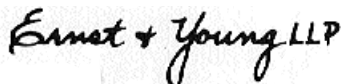
In September 2007, the Company entered into an operating lease agreement for office space which expires in February 2018 and provided for aggregate rental payments of approximately \$10,755,000, net of construction credits. The lease agreement contains clauses whereby the Company receives free rent for 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) EMPLOYEE SINCE	PRINCIPAL OCCUPATION DURING PAST 5 YEARS	NAME (AGE) EMPLOYEE SINCE	PRINCIPAL OCCUPATION 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
Ernst & Young LLP

CUSTODIAN
State Street Bank and
Trust Company

TRANSFER AGENT AND REGISTRAR
American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
1-800-413-5499
www.amstock.com

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.

DIRECTORS

General American Investors

NAME (AGE) DIRECTOR SINCE	PRINCIPAL OCCUPATION DURING PAST 5 YEARS	CURRENT DIRECTORSHIPS AND AFFILIATIONS
INDEPENDENT DIRECTORS		
Arthur G. Altschul, Jr. (52) 1995	<i>Founder and Managing Member</i> Diaz & Altschul Capital Management, LLC (private investment company) <i>Chairman</i> Overbrook Management Corporation (investment advisory firm) <i>Co-Founder and Chairman</i> Kolltan Pharmaceuticals, Inc. (pharmaceuticals) (until Nov 2016)	Child Mind Institute, <i>Director</i> Delta Opportunity Fund, Ltd., <i>Director</i> Neurosciences Research Foundation, <i>Trustee</i> Overbrook Foundation, <i>Director</i>
Rodney B. Berens (71) 2007	<i>Founder, Chairman and Senior Investment Strategist</i> Berens Capital Management, LLC (investment advisory firm)	Svarog Capital Advisors, <i>Member of Investment Committee</i> The Morgan Library and Museum, <i>Life Trustee, Chairman of Investment Sub-Committee and Member of Finance, Compensation and Nomination Committees</i> The Woods Hole Oceanographic Institute, <i>Trustee and Member of Investment Committee</i>
Lewis B. Cullman (98) 1961	<i>Philanthropist</i>	Chess-in-the-Schools, <i>Chairman Emeritus</i> Metropolitan Museum of Art, <i>Honorary Trustee</i> Museum of Modern Art, <i>Vice Chairman, International Council and Honorary Trustee</i> The New York Botanical Garden, <i>Senior Vice Chairman, Board of Trustees</i> The New York Public Library, <i>Trustee</i>
Spencer Davidson (74) 1995	<i>Chairman of the Board</i> <i>President and Chief Executive Officer (1995-2012)</i> of Company	Neurosciences Research Foundation, <i>Trustee</i>
John D. Gordan, III (71) 1986	<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)	
Betsy F. Gotbaum (78) 2010	<i>Consultant</i>	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>
Sidney R. Knafel (86) 1994	<i>Lead Independent Director</i> of Company <i>Managing Partner</i> SRK Management Company (private investment company)	
Daniel M. Neidich (67) 2007	<i>Chief Executive Officer</i> Dune Real Estate Partners LP (real estate investment firm)	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>
Henry R. Schirmer (52) 2015	<i>Chief Financial Officer/Executive Vice-President</i> Unilever Europe (April 2016) <i>Chief Financial Officer/Senior Vice-President Finance</i> Unilever North America (2012-2016) <i>Chief Financial Officer/Senior Vice-President Finance</i> Unilever Germany/Austria/ Switzerland (2008-2012) (consumer products)	Results for Development Institute, <i>Director</i>
Raymond S. Troubh (90) 1989	<i>Financial Consultant</i>	Diamond Offshore Drilling, Inc., <i>Director</i>
INTERESTED DIRECTOR		
Jeffrey W. Priest (54) 2013	<i>President (2012) and Chief Executive Officer (2013)</i> 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.



General American Investors Company, Inc.

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