

GENERAL AMERICAN INVESTORS CO INC  
Form N-Q  
October 22, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-00041

GENERAL AMERICAN INVESTORS COMPANY, INC.

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(Exact name of registrant as specified in charter)

100 Park Avenue, 35<sup>th</sup> Floor, New York, NY 10017

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(Address of principal executive offices)(Zip code)

Eugene S. Stark  
General American Investors Company, Inc.  
100 Park Avenue, 35<sup>th</sup> Floor,  
New York, NY 10017  
(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: September 30, 2012

## Item 1. Statement of Investments

| Shares   | COMMON STOCKS                   | Value<br>(note 1a)                  |
|--|---------------------------------|-------------------------------------|
| AEROSPACE/DEFENSE (2.6%)                       |                                 |                                     |
| 325,000  | United Technologies Corporation | (Cost \$22,957,205)<br>\$25,444,250 |
| COMMUNICATIONS AND INFORMATION SERVICES (7.7%) |                                 |                                     |
| 960,000  | Cisco Systems, Inc.             | 18,331,200                          |
| 700,000  | QUALCOMM Incorporated           | 43,729,000                          |

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|   |  |                      |             |
|---|--|----------------------|-------------|
| 393,100   | Vodafone Group Plc ADR                               |                      | 11,203,350  |
|   |  | (Cost \$49,005,585)  | 73,263,550  |
| COMPUTER SOFTWARE AND SYSTEMS (7.2%)              |  |                      |             |
| 50,000  | Apple Inc. (a)                                       |                      | 33,355,250  |
| 555,000   | Dell Inc.  |                      | 5,469,525   |
| 795,000   | Microsoft Corporation                                |                      | 23,659,200  |
| 100,000   | Teradata Corporation (a)                             |                      | 7,541,000   |
|   |  | (Cost \$46,737,885)  | 70,024,975  |
| CONSUMER PRODUCTS AND SERVICES (15.7%)            |  |                      |             |
| 350,000   | Diageo plc ADR                                       |                      | 39,455,500  |
| 1,264,063   | Ford Motor Company                                   |                      | 12,463,661  |
| 450,000   | Nestle S.A.  |                      | 28,448,438  |
| 250,991   | PepsiCo, Inc.  |                      | 17,762,633  |
| 240,998   | Towers Watson & Co. Class A                          |                      | 12,784,944  |
| 728,845   | Unilever N.V.  |                      | 26,042,470  |
| 330,211   | Visteon Corporation (a)                              |                      | 14,681,181  |
|   |  | (Cost \$113,971,389) | 151,638,827 |
| DIVERSIFIED (1.5%)                                |  |                      |             |
| 110   | Berkshire Hathaway Inc. Class A (a)                  | (Cost \$1,250,573)   | 14,597,000  |
| ENVIRONMENTAL CONTROL (INCLUDING SERVICES) (4.8%) |  |                      |             |
| 957,100   | Republic Services, Inc.                              |                      | 26,329,821  |
| 630,000   | Waste Management, Inc.                               |                      | 20,210,400  |
|   |  | (Cost \$39,190,474)  | 46,540,221  |
| FINANCE AND INSURANCE (26.1%)                     |  |                      |             |
| BANKING (4.2%)                                    |  |                      |             |
| 425,000   | Bond Street Holdings LLC, Class A (a)<br>(b)         |                      | 7,862,500   |
| 75,000  | Bond Street Holdings LLC, Class B (a)<br>(c)         |                      | 1,318,125   |
| 520,000   | JPMorgan Chase & Co.                                 |                      | 21,049,600  |
| 110,000   | M&T Bank Corporation                                 |                      | 10,467,600  |
|   |  | (Cost \$31,140,007)  | 40,697,825  |
| INSURANCE<br>(12.7%)                              |  |                      |             |
| 860,000   | Arch Capital Group Ltd. (a)                          |                      | 35,810,400  |
| 240,000   | Everest Re Group, Ltd.                               |                      | 25,670,400  |
| 53,500  | Forethought Financial Group, Inc.<br>Class A (a) (d) |                      | 12,037,500  |
| 350,000   | MetLife, Inc.  |                      | 12,061,000  |
| 275,000   | PartnerRe Ltd.                                       |                      | 20,427,000  |
| 420,000   | Platinum Underwriters Holdings, Ltd.                 |                      | 17,165,400  |
|   |  | (Cost \$59,701,102)  | 123,171,700 |
| OTHER (9.2%)                                      |  |                      |             |
| 315,000   | American Express Company                             |                      | 17,910,900  |
| 330,492   | Aon Corporation                                      |                      | 17,281,426  |
| 1,666,667   | Epoch Holding Corporation                            |                      | 38,500,008  |
| 655,500   | Nelnet, Inc.   |                      | 15,561,570  |
|   |  | (Cost \$44,893,728)  | 89,253,904  |

(Cost \$135,734,837)

253,123,429

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| Shares   | COMMON STOCKS (continued)                    | Value<br>(note 1a)   |
|--|--|----------------------|
| <b>HEALTH CARE / PHARMACEUTICALS (4.7%)</b>            |  |                      |
|  | 150,000 Celgene Corporation (a)              | \$11,460,000         |
|  | 500,000 Cytokinetics, Incorporated (a)       | 416,500              |
|  | 214,300 Gilead Sciences, Inc. (a)            | 14,214,519           |
|  | 198,479 Intercell AG (a)                     | 464,038              |
|  | 755,808 Pfizer Inc.                          | 18,781,829           |
|  |  | (Cost \$34,051,578)  |
|  |  | 45,336,886           |
| <b>MACHINERY AND EQUIPMENT (3.6%)</b>                  |  |                      |
|  | 1,200,000 ABB Ltd. ADR                       | 22,440,000           |
|  | 900,000 The Manitowoc Company, Inc.          | 12,006,000           |
|  |  | (Cost \$23,703,922)  |
|  |  | 34,446,000           |
| <b>METALS AND MINING (2.1%)</b>                        |  |                      |
|  | 767,700 Alpha Natural Resources, Inc. (a)    | 5,043,789            |
|  | 200,000 Freeport-McMoRan Copper & Gold Inc.  | 7,916,000            |
|  | 200,000 Nucor Corporation                    | 7,652,000            |
|  |  | (Cost \$33,417,741)  |
|  |  | 20,611,789           |
| <b>MISCELLANEOUS (2.6%)</b>                            |  |                      |
|  | Other (e)                                    | (Cost \$23,702,875)  |
|  |  | 25,377,488           |
| <b>OIL AND NATURAL GAS (INCLUDING SERVICES) (9.7%)</b> |  |                      |
|  | 296,478 Apache Corporation                   | 25,636,452           |
|  | 300,000 Canadian Natural Resources Limited   | 9,237,000            |
|  | 130,062 Devon Energy Corporation             | 7,868,751            |
|  | 750,000 Halliburton Company                  | 25,267,500           |
|  | 2,050,000 Weatherford International Ltd. (a) | 25,994,000           |
|  |  | (Cost \$74,984,196)  |
|  |  | 94,003,703           |
| <b>RETAIL TRADE (15.5%)</b>                            |  |                      |
|  | 394,500 Costco Wholesale Corporation         | 39,513,120           |
|  | 234,050 Kohl's Corporation                   | 11,988,041           |
|  | 460,000 Target Corporation                   | 29,196,200           |
|  | 1,544,668 The TJX Companies, Inc.            | 69,185,680           |
|  |  | (Cost \$53,860,441)  |
|  |  | 149,883,041          |
| <b>SEMICONDUCTORS (2.8%)</b>                           |  |                      |
|  | 500,000 ASML Holding N.V.                    | (Cost \$11,701,015)  |
|  |  | 26,840,000           |
| <b>TECHNOLOGY<br/>(1.0%)</b>                           |  |                      |
|  | 750,000 International Game Technology        | (Cost \$8,678,620)   |
|  |  | 9,817,500            |
| <b>TOTAL COMMON STOCKS (107.6%)</b>                    |  |                      |
|  |  | (Cost \$672,948,336) |
|  |  | 1,040,948,659        |
| <b>Warrants WARRANT</b>                                |  |                      |
| <b>BANKING (0.3%)</b>                                  |  |                      |

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225,000

JPMorgan Chase & Co., expires 10/28/2018 (a)

(Cost \$2,865,853)

2,315,250

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|             |   |                      | Value         |
|-------------|---|----------------------|---------------|
| Shares      | SHORT-TERM SECURITY AND OTHER ASSETS                                |                      | (note 1a)     |
| 124,904,638 | SSgA U.S. Treasury Money Market Fund (12.9%)                        | (Cost \$124,904,638) | \$124,904,638 |
|             | TOTAL INVESTMENTS (f) (120.8%)                                      | (Cost \$800,718,827) | 1,168,168,547 |
|             | Liabilities in excess of cash, receivables and other assets (-1.1%) |                      | (10,812,002)  |
|             | PREFERRED STOCK (-19.7%)  |                      | (190,117,175) |
|             | NET ASSETS APPLICABLE TO COMMON STOCK (100%)                        |                      | \$967,239,370 |

ADR - American Depository Receipt

- (a) Non-income producing security.
- (b) Level 3 fair value measurement, restricted security acquired 11/4/09, aggregate cost \$8,500,000, unit cost is \$20.00 per share and fair value is \$18.50 per share, note 2. Fair value is based upon bid and/or transaction prices provided via the NASDAQ OMX PORTAL Alliance trading and transfer system for privately placed equity securities traded in the over-the-counter market among qualified investors and an evaluation of book value per share.
- (c) Level 3 fair value measurement, restricted security acquired 05/21/12, aggregate cost \$1,500,000, unit cost is \$20.00 per share and fair value is \$17.58 per share, note 2. Fair value is based upon a judgmentally discounted bid price provided via the NASDAQ OMX PORTAL Alliance trading and transfer system for privately placed equity securities traded in the over-the-counter market among qualified investors and an evaluation of book value per share.
- (d) Level 3 fair value measurement, restricted security acquired 11/3/09, aggregate cost \$10,748,000, unit cost is \$200.90 per share and fair value is \$225.00 per share, note 2. Fair valuation is based upon a market approach using valuation metrics (market price-earnings and market price-book value multiples), and changes therein, relative to a peer group of companies established by the underwriters as well as actual transaction prices resulting from limited trading in the security. Significant increases (decreases) in the relative valuation metrics of the peer group companies may result in higher (lower) estimates of fair value.
- (e) Securities which have been held for less than one year, not previously disclosed, and not restricted.
- (f) At September 30, 2012: the cost of investments for Federal income tax purposes was the same as the cost for financial reporting purposes, aggregate gross unrealized appreciation was \$415,239,771, aggregate gross unrealized depreciation was \$47,790,051, and net unrealized appreciation was \$367,449,720.

| Contracts<br>(100 shares each)       | COMMON STOCK/EXPIRATION DATE/EXERCISE PRICE   |   | Value<br>(note 1a) |
|--------------------------------------|---|---|--------------------|
| CHEMICAL (INCLUDING INSTRUMENTATION) |   |   |                    |
| 100                                  | Universal Display Corp./December 2012/\$34.00 | (Premium Deposited with Broker \$33,696)    | \$36,000           |
| METALS AND MINING                    |   |   |                    |
| 750                                  | Alpha Natural Resources/December 2012/\$7.00  | (Premium Deposited with Broker \$87,477)    | 93,000             |
|                                      | TOTAL PUT OPTIONS                             | (Premiums Deposited with Brokers \$121,173) | \$129,000          |

(see notes to unaudited financial statements)

**NOTES TO FINANCIAL STATEMENTS (Unaudited)**

**General American Investors**

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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.

### 1. 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 assist in determining 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.

### 2. OPTIONS

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

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3. 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 September 30, 2012:

| Assets          | Level 1         | Level 2 | Level 3      | Total           |
|-----------------|-----------------|---------|--------------|-----------------|
| Common Stocks   | \$1,019,730,534 | -       | \$21,218,125 | \$1,040,948,659 |
| Warrant         | 2,315,250       | -       | -            | 2,315,250       |
| Money Market    | 124,904,638     | -       | -            | 124,904,638     |
| Total           | \$1,146,950,422 | -       | \$21,218,125 | \$1,168,168,547 |
| Liabilities     |                 |         |              |                 |
| Options Written | (\$129,000)     |         |              | (\$129,000)     |

The aggregate value of Level 3 portfolio investments changed during the three months ended March 31, 2012 as follows:

| Change in portfolio valuations using significant unobservable inputs | Level 3      |
|--|--------------|
| Fair value at December 31, 2011                                      | \$19,860,500 |
| Net change in unrealized appreciation on investments                 | 1,357,625    |
| Fair value at September 30, 2012                                     | \$21,218,125 |

The increase in net unrealized appreciation included in the results of operations attributable to Level 3 assets held at September 30, 2012 and reported within the caption *Net change in unrealized appreciation/depreciation* in the Statement of Operations:

\$1,357,625



ITEM 2. CONTROLS AND PROCEDURES.

Conclusions of principal officers concerning controls and procedures

(a) As of September 30, 2012, an evaluation was performed under the supervision and with the participation of the officers of General American Investors Company, Inc. (the "Registrant"), including the principal executive officer ("PEO") and principal financial officer ("PFO"), of the effectiveness of the Registrant's disclosure controls and procedures. Based on that evaluation, the Registrant's officers, including the PEO and PFO, concluded that, as of September 30, 2012, the Registrant's disclosure controls and procedures were reasonably designed so as to ensure: (1) that information required to be disclosed by the Registrant on Form N-Q is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission; and (2) that material information relating to the Registrant is made known to the PEO and PFO as appropriate to allow timely decisions regarding required disclosure.

(b) There have been no significant changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940 (17 CFR 270.30a-3(d)) that occurred during the Registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

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ITEM 3. EXHIBITS.

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

General American Investors Company, Inc.

By: /s/ Eugene S. Stark  
Eugene S. Stark  
Vice-President, Administration

Date: October 22, 2012

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

By: /s/ Spencer Davidson  
Spencer Davidson  
Chief Executive Officer  
(Principal Executive Officer)

Date: October 22, 2012

By: /s/ Eugene S. Stark  
Eugene S. Stark  
Vice-President, Administration  
(Principal Financial Officer)

Date: October 22, 2012