

## QUARTERLY REPORT For the Period Ended March 31, 2008

### To the Shareholders of Sequoia Fund, Inc.:

We are pleased to tell you about four important developments affecting the Sequoia Fund that we believe will strengthen the Fund and benefit current and prospective shareholders. In May, all existing shareholders will receive an amended Prospectus for 2008 from the Fund that describes the first three developments in greater detail. We strongly encourage shareholders to read the amended 2008 Prospectus and retain it for their records.

First, the Fund's Board of Directors decided at its meeting on April 11, 2008 to reopen the Fund to new investors. As the Fund's managers, we believe this is an appropriate time to seek new shareholders. After the turmoil of the past year stocks are, broadly speaking, reasonably valued. We feel it likely that we could put incremental investment dollars to work this year for shareholders, either in new ideas or by adding to some of our existing holdings, such that raising cash should not dilute returns for existing shareholders.

The Fund has been closed to new investors for more than 25 years. Not surprisingly, our shareholders have aged during this time to the point that attrition has become an issue for the Fund. In 2007, the Fund generated an 8.4% return, yet the Fund's assets declined by 2.4% to \$3.5 billion at year-end. The Fund's assets on March 31, 2008 were lower than they were a decade earlier, even though the Fund returned 6.1% annually over the 10 years ended March 31, exceeding the 3.5% return generated by the S&P 500.

It is not our intention to grow the size of the Fund rapidly. If we find we are not identifying enough good ways to invest our shareholders' incremental capital contributions, we will advise the Board of Directors accordingly. The Fund reserves the right to close again.

Effective **May 1, 2008**, the Fund will begin accepting orders for the purchase of Fund shares from new investors. Accordingly, the Fund's Prospectus for 2008 will be amended to reflect this.

Shareholders with taxable accounts should keep in mind that the Fund has substantial net unrealized appreciation. As of March 31, unrealized appreciation amounted to \$1.47 billion of the Fund's \$3.3 billion in assets. A share of the Fund had a value of \$132.29 at quarter's end, of which nearly \$59 represented unrealized capital gains. In the future, as the Fund sells appreciated securities and distributes the profit, shareholders with taxable accounts will owe taxes on their pro rata share of the capital gain, regardless of when they bought shares in the Fund. For this reason, the Fund's Prospectus for 2008 will advise existing and prospective shareholders with taxable accounts that they should carefully consider the effect of the Fund's substantial unrealized capital gains on their future investment returns.

Second, the Board of Directors considered and approved the elimination of the Fund's 15% limitation with respect to investments in foreign securities. The Fund today owns stock in two non-U.S. based businesses, Porsche and Rolls-Royce, which amounted to 7% of the Fund's assets on March 31, 2008. As managers, we advised the Board of Directors that we would like the latitude to make further investments outside the U.S. without worrying about bumping against the 15% ceiling. In the opinion of management, investments in foreign-domiciled securities do not mark a change in the Fund's investment philosophy. Rather, the Fund continues to concentrate its holdings in a relatively small number of businesses that the managers have studied intensively and believe enjoy superior prospects. Management believes its search for these investment ideas should not be confined to the U.S. and that shareholders will benefit from our ability to broaden our investment horizons.

Third, the Board decided to establish a minimum initial investment amount for the Fund. The minimum for regular and IRA accounts required for the Fund will be as follows:

<u>Type of Account</u>	<u>Minimum Initial Investment</u>
Regular	\$5,000
IRA	\$2,500

Both the elimination of the Fund's restriction on investing in foreign securities and the changes to the initial investment minimum amounts will be effective May 1, 2008.

Fourth, the Fund intends to ask its shareholders to vote later this year on a proposal to update its Charter. One of the proposed changes to the Charter would permit the Board of Directors to establish a minimum required account balance for accounts held directly with the Fund. The Fund intends to set such balance at \$2,500. Over many years, some Fund shareholders have sold or gifted small numbers of shares to their friends and family members. The Fund has accommodated these new shareholders and historically the management company, Ruane, Cunniff & Goldfarb, has absorbed a portion of the expenses through its reimbursement of Fund expenses above specified limits set forth in the advisory contract. Today, the Fund has 2,900 shareholders with 10 or fewer shares, including 1,100 accounts with a single share. These shareholders are uneconomical for the Fund to service. The management company is no longer willing to bear this expense and the Board of Directors prefers that the Fund not bear the expense.

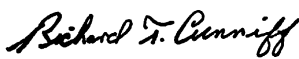
If the Charter proposal is approved and the minimum account balance is established, the Fund will mail notice to all shareholders with account balances of less than \$2,500 advising them of the need to bring their account up to the new minimum required account balance. The Fund intends to give shareholders 90 days from the date of the mailing to bring their account balances up to \$2,500. After that time, all accounts below \$2,500 would be subject to redemption.

The Fund's 2008 Prospectus, which will be mailed on or about May 1, 2008, will contain more information about the first three developments described above. Once again, we encourage shareholders to read the Prospectus and retain it for their records.

Based on activity to the date of this letter, a capital gains distribution of approximately \$3.28 per share will be paid on April 29, 2008 to stockholders of record on April 28, 2008.

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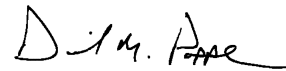
Sincerely,



Richard T. Cunniff  
Vice Chairman



Robert D. Goldfarb  
President



David M. Poppe  
Executive Vice President

April 14, 2008

**THE RUANE, CUNNIFF & GOLDFARB INC./SEQUOIA FUND, INC. ANNUAL INVESTOR DAY  
WILL BE HELD AT 10A.M., NEW YORK CITY TIME, ON FRIDAY, MAY 16, 2008 AT THE ST. REGIS  
HOTEL, TWO EAST 55TH STREET, NEW YORK, NEW YORK 10022**

## FUND PERFORMANCE

Sequoia Fund's results for the first quarter of 2008 are shown below with comparable results for the leading market indexes:

March 31, 2008	Sequoia Fund	Dow Jones Industrials	Standard & Poor's 500
First Quarter	-4.91%	-7.00%	-9.45%
1 Year	2.47%	1.59%	-5.08%
5 Years (Annualized)	9.77%	11.45%	11.31%
10 Years (Annualized)	6.10%	5.47%	3.50%

The performance shown above represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown.

*The S&P 500 Index is an unmanaged, capitalization-weighted index of the common stocks of 500 major US corporations. The Dow Jones Industrial Average is an unmanaged, price-weighted index of 30 actively traded blue chip stocks. The performance data quoted represents past performance and assumes reinvestment of dividends. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Year to date performance as of the most recent month end can be obtained by calling DST Systems, Inc. at (800) 686-6884.*

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## FEES AND EXPENSES OF THE FUND

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

**Shareholder Fees** (fees paid directly from your investment)

The Fund does not impose any sales charges, exchange fees or redemption fees.

**Annual Fund Operating Expenses** (expenses that are deducted from Fund assets)

Annual Fund Operating Expenses	
Management Fees	1.00%
Other Expenses	0.03%
Total Annual Fund Operating Expenses	1.03%
Expense Reimbursement*	0.03%
Net Expenses	1.00%

\* Reflects Ruane, Cunniff & Goldfarb Inc.'s ("Ruane, Cunniff & Goldfarb") contractual reimbursement of a portion of the Fund's operating expenses. This reimbursement is a provision of Ruane, Cunniff & Goldfarb's investment advisory agreement with the Fund and the reimbursement will be in effect only so long as that investment advisory agreement is in effect.

SEQUOIA FUND, INC.  
STATEMENT OF INVESTMENTS  
MARCH 31, 2008 (UNAUDITED)

COMMON STOCKS (91.93%)

<u>Shares</u>		<u>Value (a)</u>
	<b>AEROSPACE/DEFENSE (1.72%)</b>	
7,122,145	Rolls-Royce Group plc (United Kingdom) . . . . .	\$ 56,948,671
	<b>AUTO PARTS (1.47%)</b>	
1,698,778	O'Reilly Automotive Inc. (b) . . . . .	48,449,149
	<b>AUTOMOTIVE MANUFACTURING (5.25%)</b>	
949,760	Porsche Automobil Holding SE (Germany) (c) . . . . .	173,565,791
	<b>BUILDING MATERIALS (6.49%)</b>	
1,756,749	Martin Marietta Materials Inc. . . . .	186,514,041
419,772	Vulcan Materials Company . . . . .	27,872,861
		<u>214,386,902</u>
	<b>PROPERTY AND CASUALTY INSURANCE (4.41%)</b>	
9,070,946	Progressive Corporation . . . . .	145,770,102
	<b>DIVERSIFIED COMPANIES (24.72%)</b>	
6,114	Berkshire Hathaway Inc. Class A (b) . . . . .	815,607,600
171	Berkshire Hathaway Inc. Class B (b) . . . . .	764,866
		<u>816,372,466</u>
	<b>FINANCE (2.02%)</b>	
299,274	MasterCard Inc. . . . .	66,735,109
	<b>FOOD-RETAIL (0.91%)</b>	
906,509	Whole Foods Market Inc. . . . .	29,887,602
	<b>FREIGHT TRANSPORTATION (5.20%)</b>	
2,275,794	Expeditors International Inc. . . . .	102,820,373
4,185,705	Knight Transportation Inc. . . . .	68,896,704
		<u>171,717,077</u>
	<b>INDUSTRIAL &amp; CONSTRUCTION SUPPLIES (5.63%)</b>	
4,051,430	Fastenal Company . . . . .	186,082,180
	<b>INSURANCE BROKERS (1.52%)</b>	
2,886,878	Brown & Brown Inc. . . . .	50,173,940
	<b>DIVERSIFIED MANUFACTURING (0.88%)</b>	
383,880	Danaher Corporation . . . . .	29,186,396
	<b>RETAILING (18.99%)</b>	
4,468,990	Bed Bath & Beyond Inc. (b) . . . . .	131,835,205
39,775	Costco Wholesale Corporation . . . . .	2,584,182
1,839,393	Lowe's Companies, Inc. . . . .	42,195,675
2,794,000	Target Corporation . . . . .	141,599,920
5,371,700	TJX Companies, Inc. . . . .	177,642,119
2,118,568	Walgreen Company . . . . .	80,696,255
960,030	Wal-Mart Stores, Inc. . . . .	50,574,380
		<u>627,127,736</u>
	<b>FLOORING PRODUCTS (7.09%)</b>	
3,272,155	Mohawk Industries Inc. (b) . . . . .	234,319,020
	<b>TRUCK MANUFACTURING (1.07%)</b>	
785,772	PACCAR Inc. . . . .	35,359,740
	<b>VETERINARY DIAGNOSTICS (4.56%)</b>	
3,055,834	Idexx Laboratories Inc. (b) . . . . .	150,530,383
	TOTAL COMMON STOCKS . . . . .	<u>\$3,036,612,264</u>

<u>Principal Amount</u>	<u>Value (a)</u>
<b>U.S. GOVERNMENT OBLIGATIONS (7.93%)</b>	
\$262,000,000 U.S. Treasury Bills due 4/3/08 through 5/15/08 .....	\$ 261,775,188
TOTAL U.S. GOVERNMENT OBLIGATIONS .....	<u>\$ 261,775,188</u>
<b>SUMMARY</b>	
Common Stocks .....	91.93% \$3,036,612,264
U.S. Government Obligations .....	7.93% 261,775,188
Net Cash & Receivables .....	0.14% 4,630,769
Net Assets .....	<u>\$3,303,018,221</u>
Number of Shares Outstanding .....	<u>24,967,147</u>
Net Asset Value Per Share .....	<u>\$132.29</u>

- (a) Securities traded on a national securities exchange are valued at the last reported sales price on the principal exchange on which the security is listed on the last business day of the period; securities traded in the over-the-counter market are valued in accordance with NASDAQ Official Closing Price on the last business day of the period; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the last reported bid and asked prices.

Securities traded on a foreign exchange are valued at the last reported sales price on the principal exchange on which the security is primarily traded. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the close of the NYSE on that day.

U.S. Treasury Bills with remaining maturities of sixty days or less are valued at their amortized cost. U.S. Treasury Bills that when purchased have a remaining maturity in excess of sixty days are stated at their discounted value based upon the mean between the bid and asked discount rates until the sixtieth day prior to maturity, at which point they are valued at amortized cost.

When reliable market quotations are insufficient or not readily available at time of valuation or when the Investment Adviser determines that the prices or values available do not represent the fair value of a security, such security is valued as determined in good faith by the Investment Advisor, in conformity with guidelines adopted by and subject to review by the Board of Directors.

Purchases and sales of foreign portfolio securities are translated into U.S. dollars at the rates of exchange prevailing when such securities are acquired or sold.

- (b) Non-income producing.
- (c) The Fund is invested in preference shares of Porsche Automobil Holding SE which possess the same economic interest as Porsche common stock but have no voting rights.

### **Other information**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Form N-Q is available on the SEC's web site at <http://www.sec.gov>. The Fund's Form N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. For information regarding the operation of the SEC's Public Reference Room, call 1-800-SEC-0330. For a complete list of the Fund's portfolio holdings, view the most recent quarterly, semiannual or annual report on Sequoia Fund's web site at [http://www.sequoiafund.com/fund\\_reports.htm](http://www.sequoiafund.com/fund_reports.htm).

You may obtain a description of the Fund's proxy voting policies and procedures, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, without charge. Visit Sequoia Fund's web site at [www.sequoiafund.com](http://www.sequoiafund.com) and use the "Shareholder Information" link to obtain all proxy information. This information may also be obtained from the Securities and Exchange Commission's web site at [www.sec.gov](http://www.sec.gov).

**SEQUOIA FUND, INC.**  
767 Fifth Avenue, Suite 4701  
New York, New York 10153-4798  
Website : [www.sequoiafund.com](http://www.sequoiafund.com)

**DIRECTORS**

Richard T. Cunniff  
Robert D. Goldfarb  
David M. Poppe  
Vinod Ahojja  
Roger Lowenstein  
Francis P. Matthews  
C. William Neuhauser  
Sharon Osberg  
Robert L. Swiggett, Chairman of the Board

**OFFICERS**

Richard T. Cunniff — Vice Chairman  
Robert D. Goldfarb — President  
David M. Poppe — Executive Vice President  
Joseph Quinones, Jr. — Vice President, Secretary, Treasurer &  
Chief Compliance Officer  
Michael Valenti — Assistant Secretary

**INVESTMENT ADVISER**

Ruane, Cunniff & Goldfarb Inc.  
767 Fifth Avenue, Suite 4701  
New York, New York 10153-4798

**DISTRIBUTOR**

Ruane, Cunniff & Goldfarb LLC  
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New York, New York 10153-4798

**CUSTODIAN**

The Bank of New York  
MF Custody Administration Department  
1 Wall Street, 25th Floor  
New York, New York 10286

**REGISTRAR AND SHAREHOLDER SERVICING AGENT**

DST Systems, Inc.  
P.O. Box 219477  
Kansas City, Missouri 64121

**LEGAL COUNSEL**

Seward & Kissel LLP  
One Battery Park Plaza  
New York, New York 10004

This report has been prepared for the information of shareholders of Sequoia Fund, Inc.

