

## QUARTERLY REPORT For the Period Ended March 31, 2010

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

As of this writing, the Sequoia Fund is up 5.08% year-to-date versus a decline of 1.71% for the S&P 500.

We recently held our annual investor day for Sequoia shareholders and other clients of Ruane, Cunniff & Goldfarb. The following comments were made by Bob Goldfarb at that meeting. A transcript of the question-and-answer portion of the meeting will be mailed to you with the second quarter report in August.

During the first quarter, we significantly reduced the size of our holding in Berkshire Hathaway. This sale of shares was atypical for us in that we knowingly sold a stock at a discount to its intrinsic value. The only times we have done this before were when we were fully invested and wanted to raise funds to buy another stock which we thought was selling at a greater discount. This was not the case here because prior to the Berkshire sale we had ample liquidity.

We reduced the size of the Berkshire position for two reasons. The principal one was the size of the position as a percentage of the portfolio. The second was the law of large numbers. Historically we always had a policy of owning up to 15% of the portfolio in a single stock if we felt that it was a compelling value. We made an exception for Berkshire for two reasons. First, Berkshire's broad diversification made it less subject to the risk inherent in a single business. Second was our strong belief in Warren Buffett's genius. However when that genius says that the future growth rate of his company's book value will be substantially less than its historic rate it behooves one to take heed.

The timing of the sale was driven by our belief that while Berkshire was still selling at a discount to its business value the run-up in the price of its shares in conjunction with their entry into the S&P 500 made that discount considerably less than it had been for some time.

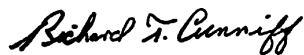
After the sale Berkshire remains by far our largest holding. In other past situations in which we sold part of a holding Bill Ruane would say, "Let's sell it and hope that it goes up." Our expectation is that over time Berkshire's share price will increase further as its underlying value grows. We continue to have a large stake in that outcome.

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We have enhanced the online services available to our shareholders through our website, [www.sequoiafund.com](http://www.sequoiafund.com). Now shareholders may check their account information online as well as purchase or redeem shares of the Fund. In addition, the following types of accounts may be opened through the website: individual, joint, TOD, and UGMA/UTMA accounts and Traditional and Roth IRAs. You may establish online transaction privileges by enrolling on the website. You automatically have the ability to establish these privileges, but you will be required to enter into a user's agreement through the website to enroll for the privileges. Transactions through the website are subject to the same investment minimums as other transaction methods. Please review the Fund's prospectus for more information about the online services as well as the limitations and risks relating to such services.

Based on activity to the date of this letter, the capital gains distribution will be approximately \$0.83 per share and will be distributed in December. We will do our best to keep you informed of any material changes due to sales activity through October 31, 2010. IRS regulations dictate that capital gain distributions are determined by transactions from November 1 of one year to October 31 of the following year.

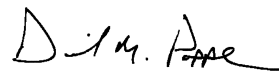
Sincerely,



Richard T. Cunniff  
Vice Chairman



Robert D. Goldfarb  
President



David M. Poppe  
Executive Vice President

May 24, 2010

## FUND PERFORMANCE

Sequoia Fund's results for the first quarter of 2010 are shown below with comparable results for the leading market indexes:

To March 31, 2010	Sequoia <u>Fund</u>	Standard & <u>Poor's 500</u>
3 Months	8.00%	5.39%
1 Year	35.99%	49.77%
5 Years (Annualized)	3.06%	1.92%
10 Years (Annualized)	6.18%	-0.65%

The performance shown above represents past performance and does not guarantee future results. The table does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of Fund shares. 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 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 (UNAUDITED)

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)

<b>Annual Fund Operating Expenses</b>	
Management Fees	1.00%
Other Expenses	0.05%
Total Annual Fund Operating Expenses*	1.05%

\* Does not reflect 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. For the year ended December 31, 2009, the Fund's annual operating expenses net of such reimbursement was 1.01%.

SEQUOIA FUND, INC.  
SCHEDULE OF INVESTMENTS  
MARCH 31, 2010 (UNAUDITED)

COMMON STOCKS (74.74%)

<u>Shares</u>		<u>Value (a)</u>
	<b>ADVERTISING (1.18%)</b>	
933,743	Omnicom Group Inc. ....	\$ 36,238,566
	<b>AEROSPACE/DEFENSE (7.53%)</b>	
947,406	Precision Castparts Corp. ....	120,045,814
12,376,114	Rolls-Royce Group plc (United Kingdom) ....	111,842,942
		<u>231,888,756</u>
	<b>AUTO PARTS (4.40%)</b>	
1,549,400	Advance Auto Parts, Inc. ....	64,950,848
1,694,139	O'Reilly Automotive Inc. (b) ....	70,662,538
		<u>135,613,386</u>
	<b>AUTOMOTIVE MANUFACTURING (2.29%)</b>	
1,154,660	Porsche Automobil Holding SE (Germany) (c) ....	70,480,446
	<b>BUILDING MATERIALS (2.49%)</b>	
916,899	Martin Marietta Materials Inc. ....	76,606,911
	<b>CONSTRUCTION EQUIPMENT (1.06%)</b>	
1,520,736	Ritchie Bros. Auctioneers Incorporated ....	32,741,446
	<b>CRUDE OIL &amp; GAS PRODUCTION (0.22%)</b>	
89,754	Canadian Natural Resources Limited ....	6,645,386
	<b>DIVERSIFIED COMPANIES (15.04%)</b>	
3,803	Berkshire Hathaway Inc. Class A (b) ....	463,205,400
600	Berkshire Hathaway Inc. Class B (b) ....	48,762
		<u>463,254,162</u>
	<b>DIVERSIFIED MANUFACTURING (0.99%)</b>	
382,832	Danaher Corporation ....	30,592,105
	<b>FLOORING PRODUCTS (4.69%)</b>	
2,657,723	Mohawk Industries Inc. (b) ....	144,526,977
	<b>FREIGHT TRANSPORTATION (0.34%)</b>	
281,300	Expeditors International Inc. ....	10,385,596
	<b>HEALTHCARE (1.07%)</b>	
418,000	Becton, Dickinson and Company ....	32,909,140
	<b>INDUSTRIAL &amp; CONSTRUCTION SUPPLIES (5.41%)</b>	
3,475,384	Fastenal Company ....	166,783,678
	<b>INDUSTRIAL GASES (0.97%)</b>	
359,017	Praxair, Inc. ....	29,798,411
	<b>INFORMATION PROCESSING (2.46%)</b>	
298,457	MasterCard Inc. ....	75,808,078
	<b>INSURANCE BROKERS (0.65%)</b>	
1,124,830	Brown & Brown Inc. ....	20,156,954

<u>Shares</u>		<u>Value (a)</u>
	<b>LABORATORY SUPPLIES (0.07%)</b>	
19,247	Mettler-Toledo International Inc. (b) .....	\$ 2,101,772
	<b>PRINTING (0.87%)</b>	
1,912,072	De La Rue plc (United Kingdom) .....	26,885,644
	<b>PROPERTY AND CASUALTY INSURANCE (0.53%)</b>	
605,000	W. R. Berkley Corporation .....	15,784,450
21,000	Verisk Analytics, Inc. (b) .....	592,200
		<u>16,376,650</u>
	<b>RETAILING (13.47%)</b>	
39,666	Costco Wholesale Corporation .....	2,368,457
1,368,875	Target Corporation .....	72,002,825
4,934,190	TJX Companies, Inc. ....	209,801,759
2,112,783	Walgreen Company .....	78,363,122
949,032	Wal-Mart Stores, Inc. ....	52,766,180
		<u>415,302,343</u>
	<b>TRUCK MANUFACTURING (0.84%)</b>	
598,026	PACCAR Inc. ....	25,918,447
	<b>VETERINARY DIAGNOSTICS (6.79%)</b>	
3,636,178	Idexx Laboratories Inc. (b) .....	209,262,044
	Miscellaneous Securities (1.38%) (d) .....	42,440,421
	TOTAL COMMON STOCKS (COST \$1,307,926,013) .....	<u>\$ 2,302,717,319</u>

<u>Principal Amount</u>		<u>Value (a)</u>
	<b>U.S. GOVERNMENT OBLIGATIONS (31.22%)</b>	
\$962,001,000	U.S. Treasury Bills, 0.03% - 0.12% due 4/1/2010 through 5/20/2010 .	\$ 961,949,536
	TOTAL U.S. GOVERNMENT OBLIGATIONS (COST \$961,949,536) .	<u>\$ 961,949,536</u>
	TOTAL INVESTMENTS (105.96%) (COST \$2,269,875,549)++ .....	<u>\$ 3,264,666,855</u>
	<b>SUMMARY</b>	
	Common Stocks .....	74.74% \$ 2,302,717,319
	U.S. Government Obligations .....	31.22% 961,949,536
	Net Cash & Receivables .....	(5.96)% (183,720,070)
	Net Assets .....	<u>\$ 3,080,946,785</u>
	Number of Shares Outstanding .....	<u>25,958,588</u>
	Net Asset Value Per Share .....	<u>\$118.69</u>

++ The cost for federal income tax purposes is identical. At March 31, 2010 the aggregate gross tax basis unrealized appreciation and depreciation of securities were \$1,084,353,805 and \$89,562,499, respectively.

- (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 Adviser, 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.
- (d) "Miscellaneous Securities" include holdings in their initial period of acquisition that have not previously been publicly disclosed.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Fund'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 Fund's investments as of March 31, 2010:

<u>Valuation Inputs</u>	<u>Common Stocks</u>	<u>U.S. Government Obligations</u>	<u>Total</u>
Level 1 - Quoted Prices	\$2,302,717,319	–	\$2,302,717,319
Level 2 - Other Significant Observable Inputs *	–	\$961,949,536	961,949,536
Total	<u>\$2,302,717,319</u>	<u>\$961,949,536</u>	<u>\$3,264,666,855</u>

- \* Represents U.S. Treasury Bills with remaining maturities of 60 days or less which are valued at their amortized cost.

### **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) or by calling DST Systems, Inc. at (800) 686-6884.

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Vinod Ahojja, Chairman of the Board  
Roger Lowenstein  
C. William Neuhauser  
Sharon Osberg  
Robert L. Swiggett

**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**

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