Sequoia Fund, Inc.

SEMI-ANNUAL REPORT
JUNE 30, 2002

SEQUOIA FUND, INC.
ILLUSTRATION OF AN ASSUMED INVESTMENT OF $10,000
With Income Dividends Reinvested and Capital Gains Distributions Accepted in Shares

The table below covers the period from July 15, 1970 (the date Fund shares were first offered to the public) to June 30, 2002. This period was one of widely fluctuating common stock prices. The results shown should not be considered as a representation of the dividend income or capital gain or loss which may be realized from an investment made in the Fund today.

PERIOD ENDED:	Value of Initial $10,000 Investment	Value of Cumulative Capital Gains Distributions	Value of Cumulative Reinvested Dividends	Total Value of Shares
July 15, 1970	$ 10,000	$ —	$ —	$ 10,000
May 31, 1971	11,750	—	184	11,934
May 31, 1972	12,350	706	451	13,507
May 31, 1973	9,540	1,118	584	11,242
May 31, 1974	7,530	1,696	787	10,013
May 31, 1975	9,490	2,137	1,698	13,325
May 31, 1976	12,030	2,709	2,654	17,393
May 31, 1977	15,400	3,468	3,958	22,826
Dec. 31, 1977	18,420	4,617	5,020	28,057
Dec. 31, 1978	22,270	5,872	6,629	34,771
Dec. 31, 1979	24,300	6,481	8,180	38,961
Dec. 31, 1980	25,040	8,848	10,006	43,894
Dec. 31, 1981	27,170	13,140	13,019	53,329
Dec. 31, 1982	31,960	18,450	19,510	69,920
Dec. 31, 1983	37,110	24,919	26,986	89,015
Dec. 31, 1984	39,260	33,627	32,594	105,481
Dec. 31, 1985	44,010	49,611	41,354	134,975
Dec. 31, 1986	39,290	71,954	41,783	153,027
Dec. 31, 1987	38,430	76,911	49,020	164,361
Dec. 31, 1988	38,810	87,760	55,946	182,516
Dec. 31, 1989	46,860	112,979	73,614	233,453
Dec. 31, 1990	41,940	110,013	72,633	224,586
Dec. 31, 1991	53,310	160,835	100,281	314,426
Dec. 31, 1992	56,660	174,775	112,428	343,863
Dec. 31, 1993	54,840	213,397	112,682	380,919
Dec. 31, 1994	55,590	220,943	117,100	393,633
Dec. 31, 1995	78,130	311,266	167,129	556,525
Dec. 31, 1996	88,440	397,099	191,967	677,506
Dec. 31, 1997	125,630	570,917	273,653	970,200
Dec. 31, 1998	160,700	798,314	353,183	1,312,197
Dec. 31, 1999	127,270	680,866	286,989	1,095,125
Dec. 31, 2000	122,090	903,255	289,505	1,314,850
Dec. 31, 2001	130,240	1,002,955	319,980	1,453,175
June 30, 2002	128,100	986,989	314,839	1,429,928

The total amount of capital gains distributions accepted in shares was $612,198, the total amount of dividends reinvested was $116,740.

No adjustment has been made for any taxes payable by shareholders on capital gain distributions and dividends reinvested in shares.

To the Shareholders of Sequoia Fund, Inc.

Dear Shareholder:

Sequoia Fund's results for the second quarter of 2002 are shown below with comparable results for the leading market indexes:

To June 30, 2002	Sequoia Fund	Dow Jones Industrials	Standard & Poor's 500
3 Months	−2.53%	−10.82%	−13.40%
6 Months	−1.60	−6.97	−13.16
1 Year	5.10	−10.43	−17.99
5 Years (Annualized)	11.17	5.54	3.66
10 Years (Annualized)	16.49	13.17	11.43

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. An investor's shares, when redeemed, may be worth more or less than their original cost.

At a time when transparency in corporate disclosure is being emphasized, we apologize for sending you our first quarter report at the same time as our second quarter report. We had planned to send you the usual summary transcript of our annual meeting with the first quarter mailing as we have done for a number of years. However, production delays rendered it unavailable before the end of June. Since there is no regulatory requirement to issue a first quarter report, we decided to combine the mailing with the second quarter report which we felt would result in a greater understanding of our activity, although clearly in a tardy way.

As you will note, the theme of the first and second quarter was that ''we were very, very busy not buying any stocks'' as we stated at the annual meeting. This has resulted in very little to disclose about activity during those two periods. To be specific, a careful analysis of our activity for the entire six months would only reveal the sale of Molex and International Speedway in the first quarter, accounting for about 1% of the total value of our portfolio. Our ownership of shares of Expeditors International of Washington is now disclosed but was purchased in prior periods and previously included among ''miscellaneous'' securities. This supports the statement that we were very busy not buying stocks during the first half of the year.

As we write this report, Sequoia is down about 4% year to date, while the market as measured by the S&P 500 Index is down about 20%. Only a week ago, fear and disenchantment had the same index down 31%. A quote of Benjamin Graham comes to mind at this time: ''The market over the short term is like an election and any damn fool can vote, but over the long term it is like a scale and properly weighs the values.'' Momentum tends to carry election results to extremes. The landslide vote in favor of equities from 1990 to 2000, turbo-charged towards the end by false expectations in technology, led to significant overvaluation of most equities. We view the present declines as the invisible mechanics of the underlying ''scale'' at work, leading the market to a more proper valuation. Many excesses are being wrung out by bankruptcies, revelations of fraud, and even clearly misleading accounting by otherwise decent corporations.

Investors exhibited a remarkable degree of complacency in the first four or five months of this year as indicated by a net inflow of some $40 billion into equity mutual funds. However, the sharp market declines which started in May led to a net outflow of $18 billion in June and an estimated $47 billion during July. Disenchantment and fear can lead to major outflows in mutual funds from redemptions, causing money managers to sell stocks to meet cash demands as well as perhaps selling additional equities in anticipation of further redemptions. This behavior can best be described by the old saying of a mouse, ''To hell with the cheese, let me out of the trap.''

We do not pretend to know what the market will do over the next few years. However, we are fairly confident that the earnings of our fine roster of companies will be considerably higher five years from now. From current price levels, our investment returns may be less than the earnings growth rate of the businesses we own but they should still be satisfactory compared to today's interest rates. As usual, we will end this report with the admonition that you should focus on maintaining comfortable reserves in cash equivalents (as Yogi Berra says in an AFLAC commercial, ''cash is just as good as money'') while we do our best to take carefully weighed risks in equities with the money you have entrusted to us.

Sincerely,

Carley Cunniff
Executive Vice President

Richard T. Cunniff
Vice Chairman

Robert D. Goldfarb
President

William J. Ruane
Chairman

July 31, 2002

SEQUOIA FUND, INC.
Schedule of Investments
June 30, 2002 (Unaudited)

COMMON STOCKS (76.80%)

Shares		Value (Note 1)
	BANK HOLDING COMPANIES (14.11%)	
8,710,393	Fifth Third Bancorp	$ 580,547,694
243,300	Mercantile Bankshares Corporation	9,982,599
		590,530,293
	BUILDING MATERIALS (3.61%)	
3,926,000	Fastenal Company†	151,190,260
	DIVERSIFIED COMPANIES (31.38%)	
19,661	Berkshire Hathaway Inc. Class A*	1,313,354,800
	FREIGHT TRANSPORTATION (2.03%)	
2,558,000	Expeditors International of Washington Inc	84,823,280
	HOME FURNISHINGS (2.01%)	
2,414,000	Ethan Allen Interiors Inc.†	84,127,900
	INSURANCE (10.08%)	
7,291,500	Progressive Corporation	421,813,275
	LAUNDRY SERVICES (0.49%)	
414,400	Cintas Corporation	20,483,792
	MANUFACTURING (2.05%)	
2,109,900	Dover Corporation	73,846,500
240,500	Harley Davidson, Inc.	12,330,435
		86,176,935
	PERSONAL CREDIT (1.82%)	
1,532,200	Household International, Inc.	76,150,340
	PROCESS CONTROL INSTRUMENTS (0.42%)	
263,700	Danaher Corporation	17,496,495
	RETAILING (7.45%)	
54,600	Costco Wholesale Corporation*	2,108,652
15,787,600	TJX Companies, Inc.	309,594,836
		311,703,488
	Miscellaneous Securities (1.35%)	56,320,000
	TOTAL COMMON STOCKS ($886,860,967)	3,214,170,858

Principal Amount		Value (Note 1)
	U.S. GOVERNMENT OBLIGATIONS (23.20%)	
972,000,000	U.S. Treasury Bills due 7/11/02 through 8/22/02	970,702,026
	TOTAL U.S. GOVERNMENT OBLIGATIONS (Cost $970,702,026)	970,702,026
	TOTAL INVESTMENTS (100%)†† (Cost $1,857,562,993)	$4,184,872,884

†† The cost for federal income tax purposes is identical.

* Non-income producing.

† Refer to Note 6.

SEQUOIA FUND, INC.
Statement of Assets and Liabilities
June 30, 2002 (Unaudited)

ASSETS:	
Investments in securities, at value (cost $1,857,567,993) (Note 1)	$4,184,872,884
Cash on deposit with custodian	1,052,807
Receivable for capital stock sold	549,825
Dividends and interest receivable	2,625,607
Other assets	30,820
Total assets	4,189,131,943
LIABILITIES:	
Payable for capital stock repurchased	491,797
Accrued investment advisory fee	3,335,889
Accrued other expenses	89,207
Total liabilities	3,916,893
Net assets applicable to 32,670,730 shares of capital stock outstanding (Note 4)	$4,185,215,050
Net asset value, offering price and redemption price per share	$128.10

The accompanying notes form an integral part of these Financial Statements.

SEQUOIA FUND, INC.
Statement of Operations
Six Months Ended June 30, 2002 (Unaudited)

INVESTMENT INCOME:	
Income:	
Dividends:	
Unaffiliated companies	$ 7,008,843
Affiliated companies (Note 6)	437,700
Interest	8,403,845
Other Income	6,641
Total income	15,857,029
Expenses:	
Investment advisory fee (Note 2)	21,084,317
Legal and auditing fees	45,997
Stockholder servicing agent fees	192,986
Custodian fees	40,000
Directors fees and expenses (Note 5)	92,115
Other	112,685
Total expenses	21,568,100
Less expenses reimbursed by Investment Adviser (Note 2)	410,000
Net expenses	21,158,100
Net investment income	(5,301,071)
REALIZED AND UNREALIZED GAIN ON INVESTMENTS:	
Realized gain on investments:	
Unaffiliated companies	7,716,539
Net realized gain on investments	7,716,539
Net (decrease) in unrealized appreciation on:	
Investments	(70,798,443)
Net realized and unrealized (loss) on investments	(63,081,904)
(Decrease) in net assets from operations	$(68,382,975)

The accompanying notes form an integral part of these Financial Statements.

SEQUOIA FUND, INC.
Statements of Changes in Net Assets

	Six Months Ended 6/30/02 (Unaudited)	Year Ended 12/31/01
INCREASE IN NET ASSETS:		
From operations:		
Net investment (loss) income	$ (5,301,071)	$ 31,269,566
Net realized gain	7,716,539	49,850,028
Net (decrease) increase in unrealized appreciation	(70,798,443)	323,645,180
Net (decrease) increase in net assets from operations	(68,382,975)	404,764,774
Distributions to shareholders from:		
Net investment income	(352,692)	(30,954,184)
Net realized gains	(1,557,511)	(108,695,093)
Capital share transactions (Note 4)	25,378,769	21,135,078
Total (decrease) increase	(44,914,409)	286,250,575
NET ASSETS:		
Beginning of period	4,230,129,459	3,943,878,884
End of period	$4,185,215,050	$4,230,129,459
NET ASSETS CONSIST OF:		
Capital (par value and paid in surplus)	$1,859,733,414	$1,834,354,645
Undistributed net investment (loss) income	(5,298,921)	354,842
Undistributed net realized gains (losses)	3,470,666	(2,688,362)
Unrealized appreciation	2,327,309,891	2,398,108,334
Total Net Assets	$4,185,215,050	$4,230,129,459

The accompanying notes form an integral part of these Financial Statements.

SEQUOIA FUND, INC.
Notes To Financial Statements

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES:

Sequoia Fund, Inc. is registered under the Investment Company Act of 1940, as amended, as a non-diversified, open-end management company. The investment objective of the Fund is growth of capital from investments primarily in common stocks and securities convertible into or exchangeable for common stock. The following is a summary of significant accounting policies, consistently followed by the Fund in the preparation of its financial statements.

A. *Valuation of investments:* Investments are carried at market value or at fair value as determined by the Board of Directors. 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 at the last reported sales price on the NASDAQ National Market System on the last business day of the period; listed securities and securities traded in the over-the-counter market for which no sale was reported on that date are valued at the mean between the last reported bid and asked prices; U.S. Treasury Bills with remaining maturities of 60 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.

B. *Accounting for investments:* Investment transactions are accounted for on the trade date and dividend income is recorded on the ex-dividend date. The net realized gain or loss on security transactions is determined for accounting and tax purposes on the specific identification basis.

C. *Federal income taxes:* It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to its stockholders. Therefore, no federal income tax provision is required.

D. *Use of Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

E. *General:* Dividends and distributions are recorded by the Fund on the ex-dividend date. Interest income is accrued as earned.

NOTE 2—INVESTMENT ADVISORY CONTRACTS AND PAYMENTS TO INTERESTED PERSONS:

The Fund retains Ruane, Cunniff & Co., Inc. as its investment adviser. Ruane, Cunniff & Co., Inc. (Investment Adviser) provides the Fund with investment advice, administrative services and facilities.

Under the terms of the Advisory Agreement, the Investment Adviser receives a management fee equal to 1% per annum of the Fund's average daily net asset values. This percentage will not increase or decrease in relation to increases or decreases in the net asset value of the Fund. Under the Advisory Agreement, the Investment Adviser is obligated to reimburse the Fund for the amount, if any, by which the operating expenses of the Fund (including the management fee) in any year exceed the sum of 1-1/2% of the average daily net asset values of the Fund during such year up to a maximum of $30,000,000, plus 1% of the average daily net asset values in excess of $30,000,000. The expenses incurred by the Fund exceeded the percentage limitation during the six months ended June 30, 2002 and the Investment Adviser reimbursed the Fund $410,000.

For the six months ended June 30, 2002, there were no amounts accrued to interested persons, including officers and directors, other than advisory fees of $21,084,317 and brokerage commissions of $48,873 to Ruane, Cunniff & Co., Inc. Certain officers of the Fund are also officers of the Investment Adviser and the Fund's distributor. Ruane, Cunniff & Co., Inc., the Fund's distributor, received no compensation from the Fund on the sale of the Fund's capital shares during the six months ended June 30, 2002.

NOTE 3—PORTFOLIO TRANSACTIONS:

The aggregate cost of purchases and the proceeds from the sales of securities, excluding U.S. government obligations, for the six months ended June 30, 2002 were $-0- and $84,866,524, respectively.

At June 30, 2002 the aggregate gross unrealized appreciation of securities was $2,327,309,891.

NOTE 4—CAPITAL STOCK:

At June 30, 2002 there were 100,000,000 shares of $.10 par value capital stock authorized. Transactions in capital stock for the six months ended June 30, 2002 and the year ended December 31, 2001 were as follows:

	2002		2001	
	Shares	**Amount**	**Shares**	**Amount**
Shares sold	716,206	$94,083,284	1,129,012	$137,722,810
Shares issued to stockholders on reinvestment of:				
Net investment income	1,886	249,990	177,192	21,920,774
Net realized gains on investments	10,323	1,368,620	792,019	95,716,809
	728,415	95,701,894	2,098,223	255,360,393
Shares repurchased	536,143	70,323,125	1,923,077	234,225,315
Net Increase	192,272	$25,378,769	175,146	$ 21,135,078

NOTE 5—DIRECTORS FEES AND EXPENSES:

Directors who are not deemed ''interested persons'' receive fees of $6,000 per quarter and $2,500 for each meeting attended, and are reimbursed for travel and other out-of-pocket disbursements incurred in connection with attending directors meetings. The total of such fees and expenses paid by the Fund to these directors for the six months ended June 30, 2002 was $92,115.

NOTE 6—AFFILIATED COMPANIES:

Investment in portfolio companies 5% or more of whose outstanding voting securities are held by the Fund are defined in the Investment Company Act of 1940 as ''affiliated companies.'' The total value and cost of investments in affiliates at June 30, 2002 aggregated $235,318,160 and $173,710,600, respectively. The summary of transactions for each affiliate during the period of their affiliation for the six months ended June 30, 2002 is provided below:

	Purchases		Sales			
Affiliate	Shares	Cost	Shares	Cost	Realized Gain	Dividend Income
Ethan Allen Interiors, Inc.	—	—	—	—	—	$241,400
Fastenal Company	—	—	—	—	—	196,300
						$437,700

NOTE 7—The interim financial statements have not been examined by the Fund's independent accountants and accordingly they do not express an opinion thereon.

NOTE 8—FINANCIAL HIGHLIGHTS:

	Six Months Ended June 30,	Year Ended December 31,				
	2002	2001	2000	1999	1998	1997
Per Share Operating Performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$ 130.24	$ 122.09	$ 127.27	$ 160.70	$ 125.63	$ 88.44
Income from investment operations:						
Net investment income (loss)	(0.16)	0.97	1.66	0.84	0.39	0.08
Net realized and unrealized gains (losses) on investments	(1.92)	11.52	23.33	(26.83)	43.07	38.10
Total from investment operations	(2.08)	12.49	24.99	(25.99)	43.46	38.18
Less distributions:						
Dividends from net investment income	(0.01)	(0.97)	(1.66)	(0.85)	(0.37)	(0.08)
Distributions from net realized gains	(0.05)	(3.37)	(28.51)	(6.59)	(8.02)	(0.91)
Total distributions	(0.06)	(4.34)	(30.17)	(7.44)	(8.39)	(0.99)
Net asset value, end of period	$ 128.10	$ 130.24	$ 122.09	$ 127.27	$ 160.70	$ 125.63
Total Return	−1.6%†	10.5%	20.1%	−16.5%	35.3%	43.2%
Ratios/Supplemental data						
Net assets, end of period (in millions)	$4,185.2	$4,230.1	$3,943.9	$3,896.9	$5,001.9	$3,672.6
Ratio to average net assets:						
Expenses	1.0%*	1.0%	1.0%	1.0%	1.0%	1.0%
Net investment income	−0.3%*	0.8%	1.2%	0.6%	0.3%	0.1%
Portfolio turnover rate	0%*	7%	36%	12%	21%	8%

† Not annualized

* Annualized

SEQUOIA FUND, INC.
767 Fifth Avenue, Suite 4701
New York, New York 10153-4798
Website: *www.sequoiafund.com*

DIRECTORS

William J. Ruane
Richard T. Cunniff
Robert D. Goldfarb
Carol L. Cunniff
Vinod Ahooja
Roger Lowenstein
Francis P. Matthews
C. William Neuhauser
Robert L. Swiggett

OFFICERS

William J. Ruane	— *Chairman of the Board*
Richard T. Cunniff	— *Vice Chairman*
Robert D. Goldfarb	— *President*
Carol L. Cunniff	— *Executive Vice President*
Joseph Quinones, Jr.	— *Vice President, Secretary & Treasurer*

INVESTMENT ADVISER & DISTRIBUTOR

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

CUSTODIAN

The Bank of New York
MF Custody Administration Department
100 Church Street, 10th 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
One Battery Park Plaza
New York, New York 10004

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