



**Sequoia
Fund, Inc.**

**SEMI-ANNUAL
REPORT
(Unaudited)
JUNE 30, 2010**

SEQUOIA FUND, INC.
ILLUSTRATION OF AN ASSUMED INVESTMENT OF \$10,000
With Income Dividends and Capital Gains
Distributions Reinvested 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, 2010. 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
Dec. 31, 2002	126,630	976,920	311,226	1,414,776
Dec. 31, 2003	147,610	1,146,523	362,790	1,656,923
Dec. 31, 2004	154,270	1,200,687	379,159	1,734,116
Dec. 31, 2005	155,450	1,331,529	382,059	1,869,038
Dec. 31, 2006	152,750	1,496,788	375,422	2,024,960
Dec. 31, 2007	139,120	1,713,258	342,768	2,195,146
Dec. 31, 2008	95,270	1,265,238	241,397	1,601,905
Dec. 31, 2009	109,900	1,459,533	278,860	1,848,293
June 30, 2010	114,310	1,518,100	290,050	1,922,460

The total amount of capital gains distributions reinvested in shares was \$1,413,907, the total amount of dividends reinvested was \$124,788.

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 2010 are shown below with comparable results for the leading market index:

To June 30, 2010	<u>Sequoia Fund</u>	<u>Standard & Poor's 500*</u>
3 Months	-3.69%	-11.43%
6 Months	4.01%	-6.65%
1 Year	17.46%	14.43%
5 Years (Annualized)	2.20%	-0.79%
10 Years (Annualized)	6.06%	-1.59%

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.*

Based on activity to the date of this letter, the capital gains distribution will be approximately \$3.65 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

August 20, 2010

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)

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

** 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 were 1.01%.*

Shareholder Expense Example

As a shareholder of the Fund, you incur ongoing costs, including management fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (January 1, 2010 to June 30, 2010).

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual

return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and will not help you determine the relative total costs of owning different funds.

	Beginning Account Value January 1, 2010	Ending Account Value June 30, 2010	Expenses Paid During Period* January 1, 2010 to June 30, 2010
Actual	\$1,000	\$1,040.10	\$5.11
Hypothetical (5% return per year less expenses)	\$1,000	\$1,019.79	\$5.06

** Expenses are equal to the Fund's annualized expense ratio of 1.01%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).*

**SECTOR BREAKDOWN
(UNAUDITED)**

<u>As of June 30, 2010</u>	<u>Percent of Net Assets</u>
U.S. Government Obligations	20.64
Retailing	12.69
Diversified Companies	12.37
Aerospace/Defense	8.11
Veterinary Diagnostics	7.28
Industrial & Construction Supplies	5.84
Pharmaceuticals	5.74
Auto Parts	5.31
Flooring Products	4.08
Information Processing	2.00
IT Consulting and Other Services	1.97
Investment Banking and Brokerage	1.91
Automotive Manufacturing	1.67
Advertising	1.07
Internet Software & Services	1.00
Other	<u>8.32</u>
	<u>100.00</u>

The table below shows the changes of the Fund's major positions for the period ended June 30, 2010:

<u>Position</u>	<u>% of assets 6/30/2010</u>	<u>% of assets 12/31/2009</u>
Berkshire Hathaway	12.4%	20.2%
Idexx Laboratories	7.3%	6.8%
TJX Companies Inc.	6.9%	6.3%
Fastenal Company	5.8%	5.1%
Valeant Pharmaceuticals		
International	5.7%	0.0%
Mohawk Industries	4.1%	4.4%
Martin Marietta	<u>0.0%</u>	<u>4.0%</u>
	<u>42.2%</u>	<u>46.8%</u>

SEQUOIA FUND, INC.
Schedule of Investments
June 30, 2010 (Unaudited)

COMMON STOCKS (79.32%)

<u>Shares</u>		<u>Value (Note 1)</u>
	ADVERTISING (1.07%)	
933,743	Omnicom Group Inc.	\$ 32,027,385
	AEROSPACE/DEFENSE (8.11%)	
947,406	Precision Castparts Corp.	97,507,026
23,161,200	Qinetiq Group plc (United Kingdom)	40,508,939
12,376,114	Rolls-Royce Group plc (United Kingdom)	103,996,486
		<u>242,012,451</u>
	AUTO PARTS (5.31%)	
1,549,400	Advance Auto Parts, Inc.	77,748,892
1,694,139	O'Reilly Automotive Inc. *	80,573,251
		<u>158,322,143</u>
	AUTOMOTIVE MANUFACTURING (1.67%)	
1,154,660	Porsche Automobil Holding SE (Germany) (a)	49,833,971
	CONSTRUCTION EQUIPMENT (0.93%)	
1,520,736	Ritchie Bros. Auctioneers Incorporated	27,707,810
	CRUDE OIL & GAS PRODUCTION (0.20%)	
179,508	Canadian Natural Resources Limited.	5,965,051
	DIVERSIFIED COMPANIES (12.37%)	
3,070	Berkshire Hathaway Inc. Class A *	368,400,000
10,500	Berkshire Hathaway Inc. Class B *	836,745
		<u>369,236,745</u>
	DIVERSIFIED MANUFACTURING (0.95%)	
765,664	Danaher Corporation.	28,421,448
	ELECTRONIC MANUFACTURING SERVICES (0.07%)	
77,500	Trimble Navigation Limited *	2,170,000
	FLOORING PRODUCTS (4.08%)	
2,657,723	Mohawk Industries Inc. *	121,617,404
	FREIGHT TRANSPORTATION (0.33%)	
281,300	Expeditors International Inc.	9,707,663
	HEALTHCARE (0.95%)	
418,000	Becton, Dickinson and Company	28,265,160

<u>Shares</u>		<u>Value (Note 1)</u>
	INDUSTRIAL & CONSTRUCTION SUPPLIES (5.84%)	
3,475,384	Fastenal Company	\$ 174,429,523
	INDUSTRIAL GASES (0.91%)	
359,017	Praxair, Inc.	27,281,702
	INFORMATION PROCESSING (2.00%)	
298,457	MasterCard Inc.	59,551,125
	INSURANCE BROKERS (0.72%)	
1,124,830	Brown & Brown Inc.	21,529,246
	INTERNET SOFTWARE & SERVICES (1.00%)	
67,037	Google Inc. *	29,828,113
	INVESTMENT BANKING & BROKERAGE (1.91%)	
435,000	The Goldman Sachs Group Incorporated	57,102,450
	IT CONSULTING & OTHER SERVICES (1.97%)	
477,000	International Business Machines Corp.	58,899,960
	LABORATORY SUPPLIES (0.07%)	
19,247	Mettler-Toledo International Inc. *	2,148,543
	PHARMACEUTICALS (5.74%)	
39,300	Johnson & Johnson	2,321,057
3,230,000	Valeant Pharmaceuticals International *	168,896,700
		<u>171,217,757</u>
	PRINTING (0.91%)	
1,912,072	De La Rue plc (United Kingdom)	27,063,467
	PROPERTY AND CASUALTY INSURANCE (0.56%)	
605,000	W. R. Berkley Corporation	16,008,300
21,000	Verisk Analytics, Inc. *	627,900
		<u>16,636,200</u>
	RETAILING (12.69%)	
39,666	Costco Wholesale Corporation	2,174,887
1,368,875	Target Corporation	67,307,584
4,934,190	TJX Companies, Inc.	206,989,271
2,112,783	Walgreen Company	56,411,306
949,032	Wal-Mart Stores, Inc.	45,619,967
		<u>378,503,015</u>
	TRUCK MANUFACTURING (0.80%)	
598,026	PACCAR Inc.	23,843,297
	VETERINARY DIAGNOSTICS (7.28%)	
3,569,678	Idexx Laboratories Inc. † *	217,393,390
	Miscellaneous Securities (0.88%) (b)	26,375,835
	TOTAL COMMON STOCKS (Cost \$1,529,404,179).	<u>\$2,367,090,854</u>

<u>Principal Amount</u>		<u>Value (Note 1)</u>
	U.S. GOVERNMENT OBLIGATIONS (20.64%)	
\$616,000,000	U.S. Treasury Bills, 0.07% due 7/29/2010 through 8/12/2010	\$ 615,954,119
	TOTAL U.S. GOVERNMENT OBLIGATIONS (Cost \$615,954,119)	<u>615,954,119</u>
	TOTAL INVESTMENTS (99.96%) †† (Cost \$2,145,358,298)	2,983,044,973
	OTHER ASSETS LESS LIABILITIES (0.04%)	<u>1,274,247</u>
	NET ASSETS (100.00%)	<u><u>\$2,984,319,220</u></u>

† Refer to Note 8.

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

* Non-income producing.

- (a) 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.
- (b) "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. During the period ended June 30, 2010, there were no significant transfers into and out of Level 1 and 2 measurements in the fair value hierarchy.

The following is a summary of the inputs used to value the Fund's investments as of June 30, 2010:

<u>Valuation Inputs</u>	<u>Common Stocks</u>	<u>U.S. Government Obligations</u>	<u>Total</u>
Level 1 – Quoted Prices	\$2,367,090,854	—	\$2,367,090,854
Level 2 – Other Significant Observable Inputs *	—	\$615,954,119	615,954,119
Total	<u>\$2,367,090,854</u>	<u>\$615,954,119</u>	<u>\$2,983,044,973</u>

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

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

SEQUOIA FUND, INC.
Statement of Assets and Liabilities
June 30, 2010 (Unaudited)

ASSETS:

Investments in securities, at value (Note 1)	
Unaffiliated companies (cost \$2,055,634,238)	\$2,765,651,583
Affiliated companies (cost \$89,724,060) (Note 8)	<u>217,393,390</u>
Total investment in securities (cost \$2,145,358,298)	2,983,044,973
Cash on deposit with custodian	3,565,384
Receivable for capital stock sold	1,138,915
Dividends receivable	2,023,196
Other assets	<u>28,964</u>
Total assets	<u>2,989,801,432</u>

LIABILITIES:

Payable for capital stock repurchased	2,394,102
Payable for investment securities purchased	371,504
Accrued investment advisory fee	2,567,451
Accrued other expenses	<u>149,155</u>
Total liabilities	<u>5,482,212</u>
Net assets applicable to 26,107,853 shares of capital stock outstanding (Note 4)	<u>\$2,984,319,220</u>
Net asset value, offering price and redemption price per share	<u>\$114.31</u>

NET ASSETS CONSIST OF:

Capital (par value and paid in surplus) \$.10 par value stock, 100,000,000 shares authorized	\$2,051,013,147
Undistributed net realized gains on investments (Note 5)	95,619,398
Unrealized appreciation	<u>837,686,675</u>
Total Net Assets	<u>\$2,984,319,220</u>

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

SEQUOIA FUND, INC.
Statement of Operations
Six Months Ended June 30, 2010 (Unaudited)

INVESTMENT INCOME:

Income:

Dividends, net of \$162,946 foreign tax withheld	\$ 9,431,924
Interest	214,129
	<u>9,646,053</u>

Expenses:

Investment advisory fee (Note 2)	14,901,381
Legal and auditing fees	91,918
Stockholder servicing agent fees	294,628
Custodian fees	40,000
Directors fees and expenses (Note 6)	141,684
Other	73,572
	<u>15,543,183</u>

Total expenses	15,543,183
Less expenses reimbursed by Investment Adviser (Note 2)	<u>568,000</u>

Net expenses	<u>14,975,183</u>
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Net investment loss	<u>(5,329,130)</u>
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REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS:

Realized gain (loss) on:

Investments:

Unaffiliated companies	192,003,343
Affiliated companies (Note 8)	2,855,501
Foreign currency transactions	<u>(85,965)</u>

Net realized gain on investments and foreign currencies	<u>194,772,879</u>
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Net increase (decrease) in unrealized appreciation on:

Investments:

Unaffiliated companies	(99,688,054)
Affiliated companies (Note 8)	<u>24,508,368</u>

Net decrease in unrealized appreciation on investments	<u>(75,179,686)</u>
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Net realized and unrealized gain on investments and foreign currencies	<u>119,593,193</u>
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Net increase in net assets from operations	<u><u>\$114,264,063</u></u>
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The accompanying notes form an integral part of these Financial Statements.

SEQUOIA FUND, INC.
Statements of Changes in Net Assets

	<u>Six Months Ended 6/30/10 (Unaudited)</u>	<u>Year Ended 12/31/09</u>
INCREASE/(DECREASE) IN NET ASSETS:		
From operations:		
Net investment income (loss)	\$ (5,329,130)	\$ 172,532
Net realized gain on investments and foreign currencies	194,772,879	7,653,549
Net increase (decrease) in unrealized appreciation on investments . .	<u>(75,179,686)</u>	<u>370,969,780</u>
Net increase in net assets from operations	114,264,063	378,795,861
Distributions to shareholders from:		
Net investment income	—	(582,316)
Net realized gains	—	(5,604)
Capital share transactions (Note 4)	<u>2,283,194</u>	<u>3,371,424</u>
Total increase.	116,547,257	381,579,365
NET ASSETS:		
Beginning of period	<u>2,867,771,963</u>	<u>2,486,192,598</u>
End of period (including undistributed net investment income of \$0 and \$0, respectively)	<u><u>\$2,984,319,220</u></u>	<u><u>\$2,867,771,963</u></u>

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

SEQUOIA FUND, INC.

Notes to Financial Statements (Unaudited)

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES:

Sequoia Fund, Inc. (the “Fund”) is registered under the Investment Company Act of 1940, as amended, as a non-diversified, open-end management investment 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 under the supervision of 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 in accordance with the 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 New York Stock Exchange on that day.

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.

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.

Foreign currencies: Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. 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. Income and expenses are translated into U.S. dollars at the rates of exchange prevailing when accrued. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments. Reported net realized foreign exchange gains or losses arise from the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund’s books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

- B. *Accounting for investments:* Investment transactions are accounted for on the trade date and dividend income is recorded on the ex-dividend date. Interest income is accrued as earned. Premiums and discounts on fixed income securities are amortized over the life of the respective security. 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 of America 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.
- F. *Indemnification:* The Fund's officers, directors and agents are indemnified against certain liabilities that may arise out of performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss thereunder to be remote.

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

The Fund retains Ruane, Cunniff & Goldfarb Inc. as its investment adviser. Ruane, Cunniff & Goldfarb Inc. (the "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 contractually obligated to reimburse the Fund for the amount, if any, by which the operating expenses of the Fund (including the investment advisory 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, 2010 and the Investment Adviser reimbursed the Fund \$568,000. Such reimbursement is not subject to recoupment by the Investment Adviser.

For the six months ended June 30, 2010, there were no amounts accrued or paid to interested persons, including officers and directors, other than advisory fees of \$14,901,381 to Ruane, Cunniff & Goldfarb Inc. and brokerage commissions of \$249,292 to Ruane, Cunniff & Goldfarb LLC, the Fund's distributor. Certain officers of the Fund are also officers of the Investment Adviser and the Fund's distributor. Ruane, Cunniff & Goldfarb LLC received no compensation from the Fund on the sale of the Fund's capital shares during the six months ended June 30, 2010.

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, 2010 were \$364,091,265 and \$546,818,566, respectively. Included in proceeds of sales is \$36,760,398 representing the value of securities disposed of in payment of redemptions in-kind, resulting in realized gains of \$31,383,988.

At June 30, 2010 the aggregate gross tax basis unrealized appreciation and depreciation of securities were \$947,227,191 and \$109,540,516, respectively.

NOTE 4—CAPITAL STOCK:

At June 30, 2010 there were 100,000,000 shares of \$.10 par value capital stock authorized. Transactions in capital stock for the six months ended June 30, 2010 and the year ended December 31, 2009 were as follows:

	2010		2009	
	Shares	Amount	Shares	Amount
Shares sold	1,252,091	\$146,034,512	3,033,183	\$296,063,317
Shares issued to stockholders on reinvestment of:				
Net investment income	—	—	4,351	463,286
Net realized gains on investments	—	—	35	3,490
	<u>1,252,091</u>	<u>146,034,512</u>	<u>3,037,569</u>	<u>296,530,093</u>
Shares repurchased	1,239,741	143,751,318	3,039,271	293,158,669
Net increase (decrease)	<u>12,350</u>	<u>\$ 2,283,194</u>	<u>(1,702)</u>	<u>\$ 3,371,424</u>

NOTE 5—FEDERAL INCOME TAXES:

Distributions to shareholders are determined in accordance with federal tax regulations and may differ from those determined for financial statement purposes. To the extent these differences are permanent such amounts are reclassified within the capital accounts based on federal tax regulations. During the six months ended June 30, 2010 permanent differences primarily due to a net investment loss not deductible for tax purposes, realized gains on redemptions in kind not recognized for tax purposes and different book and tax treatment of net realized losses on foreign currency transactions resulted in a net decrease in net accumulated investment loss of \$5,329,130 and undistributed net realized gains on investments of \$31,275,023 with a corresponding increase in paid in surplus of \$25,945,893. These reclassifications had no effect on net assets.

There were no distributions paid during the six months ended June 30, 2010. The tax character of distributions paid during the year ended December 31, 2009 was as follows:

	2009
Distributions paid from:	
Ordinary income	\$583,480
Long-term capital gains	<u>4,440</u>
Total distributions	<u>\$587,920</u>

As of June 30, 2010, the components of distributable earnings on a tax basis were as follows:

Undistributed long-term gain	\$ 95,619,398
Unrealized appreciation	<u>837,686,675</u>
	<u>\$933,306,073</u>

As of December 31, 2009, the Fund had \$61,261,516 of capital loss carryforwards for federal income tax purposes. These capital loss carryforwards may be utilized in future years to offset net realized capital gains, if any, prior to distributing such gains to shareholders and expire December 31, 2017. The Fund had net realized losses of \$6,616,942 during the period November 1, 2009 through December 31, 2009, which are treated for federal income tax purposes as arising during the Fund's tax year ending December 31, 2010. These "post-October" losses

may be utilized in future years to offset net realized capital gains, if any, prior to distributing such gains to shareholders. The Fund anticipates currently utilizing all of the above loss carryforwards to offset capital gains.

The Fund recognizes the tax benefits or expenses of uncertain tax positions only when the positions are “more likely than not” to be sustained assuming examination by tax authorities. Management has reviewed the Fund’s tax positions taken on federal income tax returns for all open years (tax years ended December 31, 2006 through December 31, 2009) and has concluded that no provision for unrecognized benefits or expenses is required in these financial statements.

NOTE 6—DIRECTORS FEES AND EXPENSES:

Directors who are not deemed “interested persons” receive fees of \$10,000 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, 2010 was \$141,684.

NOTE 7—INTERIM FINANCIAL STATEMENTS:

The interim financial statements have not been examined by the Fund’s independent registered public accounting firm and accordingly they do not express an opinion thereon.

NOTE 8—AFFILIATED COMPANIES:

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 the Fund’s investment in an affiliated company at June 30, 2010 aggregated \$217,393,390 and \$89,724,060, respectively. The summary of transactions for the affiliate during the period of its affiliation for the six months ended June 30, 2010 is provided below:

<u>Affiliate</u>	<u>Purchases</u>		<u>Sales</u>		<u>Realized Gain</u>	<u>Dividend Income</u>
	<u>Shares</u>	<u>Cost</u>	<u>Shares</u>	<u>Cost</u>		
Ilexx Laboratories Inc.	—	—	66,500	\$1,432,331	\$2,855,501	—

NOTE 9—SUBSEQUENT EVENTS:

Accounting principles generally accepted in the United States of America require the Fund to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed as of the date of the Statement of Assets and Liabilities. For non-recognized subsequent events that must be disclosed to keep the financial statements from being misleading, the Fund is required to disclose the nature of the event as well as an estimate of its financial effect, or a statement that such an estimate cannot be made. Management has evaluated subsequent events through the issuance of these financial statements and has noted no such events.

NOTE 10—NEW ACCOUNTING PRONOUNCEMENT:

In January 2010, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2010-06 “Improving Disclosures about Fair Value Measurements.” ASU No. 2010-06 clarifies existing disclosure and requires additional disclosures regarding fair value measurements. Effective for fiscal years

beginning after December 15, 2010, and for interim periods within those fiscal years, entities will need to disclose information about purchases, sales, issuances and settlements of Level 3 securities on a gross basis, rather than as a net number as currently required. Management is currently evaluating the impact ASU No. 2010-06 will have on its financial statement disclosures.

NOTE 11—FINANCIAL HIGHLIGHTS:

	Six Months Ended June 30, 2010 (Unaudited)	Year Ended December 31,				
		2009	2008	2007	2006	2005
Per Share Operating Performance (for a share outstanding throughout the period)						
Net asset value, beginning of period . . .	\$ 109.90	\$ 95.27	\$ 139.12	\$ 152.75	\$ 155.45	\$ 154.27
Income from investment operations:						
Net investment income (loss)	(0.21)	0.00(a)	0.40	0.46	(0.70)	(0.75)
Net realized and unrealized gains (losses) on investments	4.62	14.65	(37.11)	13.48	13.60	12.57
Total from investment operations . .	4.41	14.65	(36.71)	13.94	12.90	11.82
Less distributions:						
Dividends from net investment income.	(0.00)	(0.02)	(0.42)	(0.45)	(0.00)	(0.00)
Distributions from net realized gains .	(0.00)	(0.00)(a)	(6.72)	(27.12)	(15.60)	(10.64)
Total distributions	(0.00)	(0.02)	(7.14)	(27.57)	(15.60)	(10.64)
Net asset value, end of period	\$ 114.31	\$ 109.90	\$ 95.27	\$ 139.12	\$ 152.75	\$ 155.45
Total Return	4.01%†	15.38%	-27.03%	8.40%	8.34%	7.78%
Ratios/Supplemental data						
Net assets, end of period (in millions) . .	\$2,984.3	\$2,867.8	\$2,486.2	\$3,513.5	\$3,599.8	\$3,573.3
Ratio of expenses to average net assets:						
Before expense reimbursement	1.04%††	1.05%	1.04%	1.03%	1.03%	1.03%
After expense reimbursement.	1.00%††	1.01%	1.00%	1.00%	1.00%	1.00%
Ratio of net investment income						
(loss) to average net assets	-0.35%††	0.01%	0.33%	0.29%	-0.46%	-0.47%
Portfolio turnover rate	15%†	15%	12%	13%	14%	8%

† Not annualized

†† Annualized

(a) Represents less than \$0.01 per share.

Other information (Unaudited)

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 Forms 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>.

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

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

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Robert D. Goldfarb	— <i>President</i>
David M. Poppe	— <i>Executive Vice President</i>
Joseph Quinones, Jr.	— <i>Vice President, Secretary, Treasurer & Chief Compliance Officer</i>
Michael Valenti	— <i>Assistant Secretary</i>

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