SEQUOIA FUND, INC.

SEMI-ANNUAL REPORT

June 30, 1999

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, 1999. 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 Contributions	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
June 30, 1999	149,420	784,195	328,598	1,262,213

The total amount of capital gains distributions accepted in shares was $316,164, the total amount of dividends reinvested was $84,696.

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 1999 are shown below with comparable results for the leading market indexes:

To June 30, 1999	**Sequoia Fund**	**Dow Jones Industrials**	**Standard & Poor's 500**
3 Months	-0.8%	+12.5%	+7.0%
6 Months	-3.8%	+20.4%	+12.4%

As indicated by the numbers above, Sequoia's year-to-date performance is seriously lagging the returns of the major market indexes. It is never pleasant to report poor relative performance. However, we thought it might be helpful to put Sequoia's current performance in a longer-term perspective.

Over its entire 29-year history, Sequoia has returned over 12,500%, compared to a 4,900% gain in the S&P 500 over the same period (we are obligated to interject here that past performance is no guarantee of future performance). However, the Fund has underperformed the S&P 500 in 12 of its 29 calendar years - on average, more than four years out of ten. There were two periods of sustained and significant underperformance, when we declined to participate in market sectors that were red hot. From 1970-1973, the Fund lagged the return of the S&P 500 by a cumulative 39%. Our long-term shareholders will recall that during this period, the market was dominated by the high-flying Nifty Fifty, which we did not own despite the nearly universal opinion that they were "sure things". In 1979 and 1980, the Fund underperformed the S&P 500 by a cumulative 30%. The 1979-1980 market was primarily driven by the oil stocks with an assist from the technology and defense sectors, none of which we participated in. Remember those days when - without a doubt - oil prices would continue to rise forever?

We cite this history to make an important point: when you maintain a consistent investment philosophy and invest for the long term, you do not need to outperform every calendar year in order to outperform in the long term. Indeed, because market sectors and investment styles move in and out of favor, it is virtually certain that you will not outperform every calendar year.

The market's recent gains have been fueled by moves in technology and a broad array of economically sensitive stocks. We do not make any attempt to mirror the market in the composition of our portfolio, and in a focused portfolio like ours, deviation from the norm is highly probable. In making decisions to buy and/or hold stocks, we put almost all of our analytical focus on the particular company's long term economic prospects, with little emphasis on shorter term factors. The facts are that in today's inflated stock market we continue our search for attractive equity values but have found little we want to buy with deep conviction. Investing is a long term game and, as always, we prefer to stick to what we know and feel comfortable with, and wait for those inevitable but unpredictable market opportunities to deploy our capital aggressively when we find the risk/reward relationship more heavily weighted towards reward.

Like many others, we are bemused by the bedlam surrounding the internet stocks as well as the dramatic increase in day trading. In a recent op-ed article in The Wall Street Journal, financial journalist Daniel Akst commented "Ah, what a time to be a financial pundit. A new crop of active investors, innocent of anything like a prolonged bear market, is armed with online trading accounts and an apparently insatiable appetite for investment guidance. The result is a bull market for the services of financial reporters, analysts and commentators. We are everywhere, it seems: on the air, in print and online. Unfortunately, this cacophony of investment advice tends to promote the very thing it should be discouraging, which is obsessive meddling with one's investments."

The tag line in a major advertising campaign by a leading online broker reads "In the world of investing, twenty minutes can make you -- or break you." Another electronic broker markets what it calls "bed-and-breakfast" specials: if you buy a stock online from them one day and sell it the next morning, there is no commission charge. The New York Times reports of a $100,000 investment account opened at a leading electronic broker. In a one year period, this account generated a staggering $1.1 billion in principal value of total purchases and sales of stocks. The return to the investor as a result of all this frantic activity? The account earned $15,000.

As further evidence of the judgment-clouding effects of a rising stock market, The Wall Street Journal recently reported that a growing number of municipalities, faced with woefully underfunded pension plans for municipal workers, are issuing pension-obligation bonds. This type of bond was unheard of until a few years ago. Instead of facing up to the politically difficult alternatives of raising taxes to make good on its promises or cutting pension benefits, the municipality instead raises money by selling long term bonds with an interest rate of about 6.5%. The municipality then essentially goes on margin by contributing the borrowed funds to its underfunded pension plan to be invested in stocks. The theory is that as long as the stocks generate a return in excess of the 6.5% annual interest cost on the bonds, the pension fund profits accordingly. Twenty-eight pension-obligations bonds were sold in 1998, up from seven in 1997. Philadelphia sold $1.3 billion this year. Los Angeles has a $2 billion issue outstanding. A recent conference on the subject drew 500 government officials from around the country. "We naturally wanted to play the equity markets like everyone else," says the auditor of the city of Worcester in discussing the city's recent pension bond issue. Another official, awaiting state approval for his city's proposed pension bond, cheerfully concedes, ".it's taking a gamble, like going to Foxwoods (Casino)".

Warren Buffett gave a talk about the stock market at a recent Allen & Co. gathering of media and technology executives in Sun Valley, Idaho, which is described by Ken Auletta in the July 26th issue of The New Yorker. During his remarks Buffett told an old joke which we feel captures the mood of many of today's stock buyers: An oil prospector dies and goes to Heaven. He asks St. Peter to be admitted, but is told that there is no room because there are already too many oil prospectors in Heaven. "Do you mind if I say four words?" he asks. "No harm in that," says St. Peter. The prospector cries out "Oil discovered in Hell!" With that, the resident prospectors stampede out the Heavenly gates and St. Peter invites the new arrival to come on in. "No thanks," the prospector muses, " I think I'll go along with the rest of the boys. There may be some truth to that rumor."

Sincerely,

Carley Cunniff

Robert D. Goldfarb

Richard T. Cunniff

William J. Ruane

July 27, 1999

Please note that the mailing address for Sequoia's transfer agent has been changed. The new address is:

DST Systems

P.O. Box 219477

Kansas City, Missouri 64121

SEQUOIA FUND, INC.

Statement of Investments

June 30, 1999 (Unaudited)

COMMON STOCKS (79.23%)

Shares		Cost	Value (Note 1)
	BANK HOLDING COMPANIES (12.39%)		
6,001,562	Fifth Third Bancorp	$ 89,869,388	$ 399,478,971
326,000	Mercantile Bankshares Corporation	3,362,542	11,532,250
1,154,100	National Commerce Bancorp	7,160,816	25,245,937
4,172,100	U.S. Bancorp	52,698,217	141,851,400
		153,090,963	578,108,558
	CONSUMER PRODUCTS (.07%)		
327,600	Sturm, Ruger & Company, Inc.	355,900	3,501,225
	DIVERSIFIED COMPANIES (30.01%)		
20,320	Berkshire Hathaway Inc. Class A*	161,825,595	1,400,048,000
	INSURANCE (11.90%)		
3,828,200	Progressive Corporation-Ohio+	130,018,624	555,089,000
	MANUFACTURING - MOTORCYCLES (5.61%)		
4,811,900	Harley Davidson, Inc.	64,628,722	261,647,063
	PERSONAL CREDIT (1.80%)		
1,777,700	Household International, Inc.	22,359,859	84,218,537
	SERVICES (15.82%)		
12,723,800	Freddie Mac	52,697,585	737,980,400
	Miscellaneous Securities (1.63%)	72,924,380	76,265,000
	TOTAL COMMON STOCKS	$ 657,901,628	$3,696,857,783

SEQUOIA FUND, INC.

Statement of Investments

June 30, 1999 (Unaudited)

(continued)

Principal Amount		Cost	Value (Note 1)
U.S. GOVERNMENT OBLIGATIONS (20.77%)			
$ 22,000,000	U.S. Treasury Bills due 7/22/99	$ 18,951,012	$ 18,951,012
266,000,000	U.S. Treasury Notes, 5 7/8% due 8/31/99	266,116,531	266,581,875
271,000,000	U.S. Treasury Notes, 5 5/8% due 12/31/99	271,387,736	271,677,500
259,000,000	U.S. Treasury Notes, 5 5/8% due 4/30/2000	260,427,947	259,728,437
152,000,000	U.S. Treasury Notes, 5 3/8% due 7/31/2000	153,038,020	152,047,500
	TOTAL U.S. GOVERNMENT OBLIGATIONS	969,921,246	968,986,324
	TOTAL INVESTMENTS (100%) ++	$1,627,822,874	$4,665,844,107

++ 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, 1999 (Unaudited)

ASSETS:	
Investments in securities, at value (cost $1,627,822,874) (Note 1)	$4,665,844,107
Cash on deposit with custodian	11,243,412
Receivable for capital stock sold	98,826
Dividends and interest receivable	12,733,834
Other assets	28,727
Total assets	4,689,948,906

LIABILITIES:	
Payable for capital stock repurchased	2,089,342
Accrued expenses	4,171,308
Total liabilities	6,260,650
Net assets applicable to 31,345,559 shares of capital stock outstanding (Note 4)	$4,683,688,256
Net asset value, offering price and redemption price per share	$149.42

See Notes to Financial Statements.

SEQUOIA FUND, INC.

Statement of Operations

Six Months Ended June 30, 1999 (Unaudited)

INVESTMENT INCOME:	
Income:	
Dividends:	
Unaffiliated companies	$9,772,715
Affiliated companies (Note 6)	526,526
Interest	26,018,378
Total income	36,317,619
Expenses:	
Investment advisory fee (Note 2)	23,896,575
Legal and auditing fees	46,782
Stockholder servicing agent fees	204,034
Custodian fees	40,000
Directors fees and expenses (Note 5)	92,664
Other	118,345
Total expenses	24,398,400
Less expenses reimbursed by Investment Adviser (Note 2)	428,000
Net expenses	23,970,400
Net investment income	12,347,219

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:	
Realized gain on investments:	
Unaffiliated companies	70,098,655
Affiliated companies (Note 6)	53,596,729
Net realized gain on investments	123,695,384
Net decrease in unrealized appreciation on:	
Investments	(320,830,848)
Net realized and unrealized (loss) on investments	(197,135,464)
Decrease in net assets from operations	($ 184,788,245)

See Notes to Financial Statements.

SEQUOIA FUND, INC.

Statements of Changes in Net Assets

	Six Months Ended 6/30/99 (Unaudited)	Year Ended 12/31/98
INCREASE (DECREASE) IN NET ASSETS:		
From operations:		
Net investment income	$12,347,219	$ 11,736,732
Net realized gain	123,695,384	431,381,943
Net increase (decrease) in unrealized appreciation	(320,830,848)	859,089,190
Net increase (decrease) in net assets from operations	(184,788,245)	1,302,207,865
Distributions to shareholders from:		
Net investment income	(781,080)	(10,988,302)
Net realized gains	(158,544,077)	(238,181,010)
Capital share transactions (Note 4)	25,910,222	276,288,024
Total increase (decrease)	(318,203,180)	1,329,326,577
NET ASSETS:		
Beginning of period	5,001,891,436	3,672,564,859
End of period	$4,683,688,256	$5,001,891,436
NET ASSETS CONSIST OF:		
Capital (par value and paid in surplus)	$1,589,834,231	$1,483,849,808
Undistributed net investment income	12,314,569	748,430
Undistributed net realized gains (Note3)	43,518,222	158,441,116
Unrealized appreciation	3,038,021,234	3,358,852,082
Total Net Assets	$4,683,688,256	$5,001,891,436

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 generally accepted accounting principles 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, 1999 and the Investment Adviser reimbursed the Fund $428,000. For the six months ended June 30, 1999, there were no amounts accrued to interested persons, including officers and directors, other than advisory fees of $23,896,575 and brokerage commissions of $111,445 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, 1999.

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, 1999 were $74,599,042 and $161,005,037,respectively. Included in proceeds of sales is $93,911,913 representing the value of securities disposed of in payment of redemptions in-kind resulting in realized gains of $80,074,201. As a result of the redemptions in-kind net realized gains differ for financial statements and tax purposes. These realized gains have been reclassified from undistributed realized gains to paid in surplus in the accompanying financial statements.

At June 30, 1999 the aggregate gross unrealized appreciation and depreciation of securities were $3,039,711,263 and $1,690,030, respectively.

NOTE 4--CAPITAL STOCK:

At June 30, 1999 there were 100,000,000 shares of $.10 par value capital stock authorized. Transactions in capital stock for the six months ended June 30, 1999 and the year ended December 31, 1998 were as follows:

	1999		1998	
	Shares	**Amount**	**Shares**	**Amount**
Shares sold	792,318	$ 121,093,453	2,164,908	$ 319,175,918
Shares issued to stockholders on reinvestment of:				
Net investment income	3,851	568,922	54,399	7,959,038
Net realized gains on investments	970,281	143,329,905	1,470,593	215,201,334
	1,766,450	264,992,280	3,689,900	542,336,290
Shares repurchased	1,546,781	239,082,058	1,796,644	266,048,266
Net increase	219,669	$ 25,910,222	1,893,256	$ 276,288,024

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, 1999 was $92,664.

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, 1999 aggregated $555,089,000 and $130,018,624, respectively. The summary of transactions for each affiliate during the period of their affiliation for the six months ended June 30, 1999 is provided below:

	Purchases		Sales		Realized	Dividend
Affiliate	**Shares**	**Cost**	**Shares**	**Cost**	**Gain**	**Income**
Progressive Corp-Ohio	--	--	524,300	$18,563,238	$53,596,729	$526,526

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--SELECTED FINANCIAL INFORMATION:

	Six Months Ended June, 30 1999	Year Ended December 31,				
		1998	1997	1996	1995	1994
Per Share Operating Performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$160.70	$125.63	$88.44	$78.13	$55.59	$54.84
Income from investment operations:						
Net investment income	0.39	0.39	0.08	0.38	0.31	0.42
Net realized and unrealized Gains (losses) on investments	(6.57)	43.07	38.10	16.41	22.62	1.41
Total from investment operations	(6.18)	43.46	38.18	16.79	22.93	1.83
Less distributions:						
Dividends from net investment income	(0.03)	(0.37)	(0.08)	(0.38)	(0.31)	(0.42)
Distributions from net realized gains	(5.07)	(8.02)	(0.91)	(6.10)	(0.08)	(0.66)
Total distributions	(5.10)	(8.39)	(0.99)	(6.48)	(0.39)	(1.08)
Net asset value, end of period	$149.42	$160.70	$125.63	$88.44	$78.13	$55.59
Total Return	-3.8%+	35.3%	43.2%	21.7%	41.4%	3.3%
Ratios/Supplemental data						
Net assets, end of period (in millions)	$4,683.7	$5,001.9	$3,672.6	$2,581.0	$2,185.5	$1,548.3
Ratio to average net assets:						
Expenses	1.0%*	1.0%	1.0%	1.0%	1.0%	1.0%
Net investment income	0.5%*	0.3%*	0.1%	0.4%	0.5%	0.8%
Portfolio turnover rate	5%*	21%*	8%	23%	15%	32%

+ Not annualized

* Annualized

SEQUOIA FUND, INC.

767 Fifth Avenue, Suite 4701

New York, New York 10153-4798

DIRECTORS

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

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

90 Washington Street

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.