

## QUARTERLY REPORT

### For the Period Ended September 30, 2004

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

Dear Shareholder:

Sequoia Fund's results for the third quarter of 2004 are shown below with comparable results for the leading market indexes:

September 30, 2004	Sequoia <u>Fund</u>	Dow Jones <u>Industrials</u>	Standard & <u>Poor's 500</u>
3 months	-2.32%	-2.90%	-1.87%
9 months	0.80%	-2.06%	1.51%
1 Year	11.28%	10.98%	13.87%
5 Years (Annualized)	9.11%	1.43%	-1.31%
10 Years (Annualized)	15.46%	12.37%	11.09%

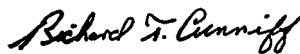
The S&P 500 Index is an unmanaged, capitalization-weighted index of the common stocks of 500 major US corporations. The Dow Jones Industrial Average is an unmanaged, price-weighted index of 30 actively traded blue chip stocks. The performance data quoted represents past performance and assumes reinvestment of dividends. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

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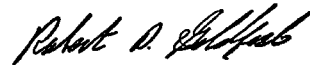
We would like to take this occasion to announce that Sharon Osberg has graciously agreed to join the Board of Directors of Sequoia Fund. Sharon brings a wealth of experience and knowledge about information technology from her days at Wells Fargo, where she ran the bank's online business as Executive Vice President of the Online Financial Services Group. She is also a two-time world bridge champion.

Enclosed is a copy of a recent article about Progressive. We are proud that the clients of Ruane, Cunniff & Goldfarb Inc., including Sequoia, are one of the top shareholders of this unique company.

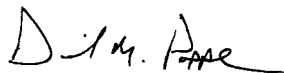
Sincerely,



Richard T. Cunniff  
Vice Chairman



Robert D. Goldfarb  
President



David M. Poppe  
Executive Vice President



William J. Ruane  
Chairman

SEQUOIA FUND, INC.

STATEMENT OF INVESTMENTS

SEPTEMBER 30, 2004 (UNAUDITED)

COMMON STOCKS (93.37%)

<u>Shares</u>		<u>Value (a)</u>
	<b>AUTO &amp; HOME SUPPLY STORES (2.23%)</b>	
627,658	Autozone Inc. (c) . . . . .	\$ 48,486,581
917,344	O'Reilly Automotive Inc. (c) . . . . .	35,125,102
		<u>83,611,683</u>
	<b>BANK HOLDING COMPANIES (9.06%)</b>	
6,845,968	Fifth Third Bancorp . . . . .	336,958,545
60,146	Mercantile Bankshares Corporation . . . . .	2,884,602
		<u>339,843,147</u>
	<b>BUILDING MATERIALS (3.42%)</b>	
2,224,609	Fastenal Company . . . . .	<u>128,137,478</u>
	<b>COMPUTER PROGRAMMING (1.52%)</b>	
2,254,077	GTECH Holdings Corp. . . . .	<u>57,073,230</u>
	<b>CHEMICAL DIAGNOSTIC SUBSTANCES (1.12%)</b>	
824,794	Idexx Laboratories Inc. (c) . . . . .	<u>41,850,048</u>
	<b>DIVERSIFIED COMPANIES (35.71%)</b>	
15,448	Berkshire Hathaway Inc. Class A (c) . . . . .	1,338,569,200
130	Berkshire Hathaway Inc. Class B (c) . . . . .	373,230
		<u>1,338,942,430</u>
	<b>ENGINEERING SERVICES (1.73%)</b>	
1,697,513	Jacobs Engineering Group Inc. (c) . . . . .	<u>64,997,773</u>
	<b>FREIGHT TRANSPORTATION (2.69%)</b>	
1,948,936	Expeditors International Inc. . . . .	<u>100,759,991</u>
	<b>HOME FURNISHINGS (1.76%)</b>	
1,897,312	Ethan Allen Interiors, Inc. (b) . . . . .	<u>65,931,592</u>
	<b>INSURANCE AGENTS &amp; BROKERS (1.90%)</b>	
1,558,924	Brown & Brown Inc. . . . .	<u>71,242,827</u>
	<b>CASUALTY INSURANCE (12.95%)</b>	
5,730,879	Progressive Corporation . . . . .	<u>485,691,995</u>
	<b>MANUFACTURING (0.51%)</b>	
321,695	Harley Davidson, Inc. . . . .	<u>19,121,551</u>
	<b>MEDICAL &amp; HOSPITAL EQUIPMENT (0.13%)</b>	
64,806	Patterson Companies Inc. (c) . . . . .	<u>4,961,547</u>
	<b>TEXTILE – CARPETS (7.48%)</b>	
3,533,947	Mohawk Industries Inc. (b)(c) . . . . .	<u>280,560,052</u>
	<b>PROCESS CONTROL INSTRUMENTS (0.57%)</b>	
414,593	Danaher Corporation . . . . .	<u>21,260,329</u>

<u>Shares</u>	<u>Value (a)</u>
<b>RETAILING (10.59%)</b>	
42,958 Costco Wholesale Corporation .....	\$ 1,785,334
99,475 Petsmart Inc. ....	2,824,095
1,257,597 Tiffany & Company .....	38,658,532
12,317,002 TJX Companies, Inc. ....	271,466,724
2,288,068 Walgreen Company .....	81,981,476
	<u>396,716,161</u>
TOTAL COMMON STOCKS .....	<u>\$3,500,701,834</u>
<b><u>Principal Amount</u></b>	
<b>U.S. GOVERNMENT OBLIGATIONS (6.54%)</b>	
\$246,000,000 U.S. Treasury Bill due 11/26/04 .....	\$ 245,418,347
TOTAL U.S. GOVERNMENT OBLIGATIONS .....	<u>\$ 245,418,347</u>
<b>SUMMARY</b>	
Common Stocks .....	93.37% \$3,500,701,834
U.S. Government Obligations .....	6.54% 245,418,347
Net Cash & Receivables .....	0.09% 3,824,766
Net Assets .....	<u>\$3,749,944,947</u>
Number of Shares Outstanding .....	<u>25,239,363</u>
Net Asset Value Per Share .....	<u>\$148.58</u>

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

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

**DIRECTORS**

William J. Ruane  
Richard T. Cunniff  
Robert D. Goldfarb  
David M. Poppe  
Vinod Ahooja  
Roger Lowenstein  
Francis P. Matthews  
C. William Neuhauser  
Sharon Osberg  
Robert L. Swiggett

**OFFICERS**

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

**INVESTMENT ADVISER**

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

**DISTRIBUTOR**

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

**CUSTODIAN**

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

**REGISTRAR AND SHAREHOLDER SERVICING AGENT**

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

**LEGAL COUNSEL**

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

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