

QUARTERLY REPORT

For the Period Ended September 30, 2005

To the Shareholders of Sequoia Fund, Inc.:

Dear Shareholder:

Sequoia Fund's results for the third quarter of 2005 are shown below with comparable results for the leading market indexes:

| September 30, 2005 | <u>Sequoia Fund</u> | <u>Dow Jones Industrials</u> | <u>Standard & Poor's 500</u> |
|-----------------------|-------------------------|----------------------------------|--------------------------------------|
| 3 months | -0.59% | 3.49% | 3.61% |
| 9 months | -1.14% | -0.32% | 2.77% |
| 1 Year | 2.64% | 7.50% | 12.25% |
| 5 Years (Annualized) | 7.19% | 1.98% | -1.49% |
| 10 Years (Annualized) | 12.81% | 10.39% | 9.49% |

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.

Ruane, Cunniff & Goldfarb mourns the passing of our beloved founder, William J. Ruane, a great money manager, a greater friend and the softest touch Wall Street has known.

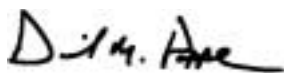
With his partner Richard T. Cunniff, Bill started his firm in 1969 and launched the Sequoia Fund in 1970. He compiled one of the finest track records of any mutual fund manager in the country and built a firm in which intellectual rigor and decency were prized in equal measure. We are honored to be part of that.

Bill was an unusual capitalist, as he cared deeply about building up the funds entrusted to him by his clients, but very little about compounding his own. Bill looked for perfection in businesses and could wait patiently, sometimes for years, until he found the right stocks at the right prices. But if he had a cool eye for the market, he kept a warm heart for people. He wanted to improve the world around him and, in his energetic way, launched a number of entrepreneurial philanthropies. He cared deeply about education and mental health issues and took personal interest in the people he helped, especially children. He derived satisfaction from reading annual reports, but took true delight reading the improving report cards of youngsters he'd sent to school on scholarships. He could bend your ear on the subject of the capacity of disadvantaged children to learn. Then he'd smile and buy you a beer. He took his work seriously, but not himself.

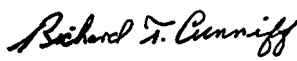
Yeats wrote of the choice between perfection of the work or of the life. Bill was the rare man who never had to make that choice. He was exuberant, an optimist, and happy in the way that only a truly good man can be. He built a firm that was more like a second family, which grew over the years with new members astonished at their good fortune to have arrived in such a comfortable home. He respected every employee, rewarded hard work handsomely and endeavored always to strengthen the fabric of the firm.

He was without guile, with no trace of meanness in him. He insisted there be nothing mean in the way the firm did business. The slogan "First Class Business in a First Class Way" may be borrowed, but Bill proved that possession is nine-tenths of the law. He leaves us a precious legacy, which we treasure: a commitment to do right by clients, by employees, and by our own best selves.

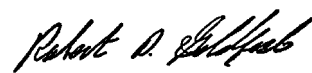
Sincerely,



David M. Poppe
Executive Vice President



Richard T. Cunniff
Vice Chairman



Robert D. Goldfarb
President

October 10, 2005

SEQUOIA FUND, INC.

STATEMENT OF INVESTMENTS

SEPTEMBER 30, 2005 (UNAUDITED)

COMMON STOCKS (90.91%)

| <u>Shares</u> | | <u>Value (a)</u> |
|---------------|---|------------------------|
| | AUTO & HOME SUPPLY STORES (1.41%) | |
| 1,743,823 | O'Reilly Automotive Inc. (c) | \$ 49,140,932 |
| | CASUALTY INSURANCE (16.32%) | |
| 5,447,045 | Progressive Corporation | 570,686,905 |
| | COMPUTER PROGRAMMING (1.96%) | |
| 2,142,440 | GTECH Holdings Corp. | 68,686,626 |
| | CHEMICAL DIAGNOSTIC SUBSTANCES (3.00%) | |
| 1,568,432 | Idexx Laboratories Inc. (c) | 104,896,732 |
| | DIVERSIFIED COMPANIES (34.44%) | |
| 14,686 | Berkshire Hathaway Inc. Class A (c) | 1,204,252,000 |
| 31 | Berkshire Hathaway Inc. Class B (c) | 84,661 |
| | | <u>1,204,336,661</u> |
| | ELECTRONIC COMPUTER MANUFACTURING (2.10%) | |
| 2,716,518 | International Game Technology | 73,345,986 |
| | FREIGHT TRANSPORTATION (3.01%) | |
| 1,852,410 | Expeditors International Inc. | 105,179,840 |
| | INDUSTRIAL & CONSTRUCTION SUPPLIES (3.69%) | |
| 2,114,430 | Fastenal Company | 129,170,529 |
| | INSURANCE AGENTS & BROKERS (2.11%) | |
| 1,481,714 | Brown & Brown Inc. | 73,626,369 |
| | MOTORCYCLE MANUFACTURING (0.41%) | |
| 293,763 | Harley Davidson, Inc. | 14,229,880 |
| | MEDICAL & HOSPITAL EQUIPMENT (0.14%) | |
| 123,193 | Patterson Companies Inc. (c) | 4,931,416 |
| | PROCESS CONTROL INSTRUMENTS (0.61%) | |
| 394,060 | Danaher Corporation | 21,212,250 |
| | RETAILING (14.00%) | |
| 40,830 | Costco Wholesale Corporation | 1,759,365 |
| 1,195,313 | Tiffany & Company | 47,537,598 |
| 11,706,972 | TJX Companies, Inc. | 239,758,786 |
| 2,174,746 | Walgreen Company | 94,492,714 |
| 2,420,249 | Wal-Mart Stores, Inc. | 106,055,311 |
| | | <u>489,603,774</u> |
| | TEXTILE - CARPETS (7.71%) | |
| 3,358,921 | Mohawk Industries Inc. (b)(c) | 269,553,410 |
| | TOTAL COMMON STOCKS | <u>\$3,178,601,310</u> |

| <u>Shares</u> | <u>Value (a)</u> |
|--|------------------------|
| PREFERRED STOCKS (2.14%) | |
| AUTOMOTIVE MANUFACTURING (2.14%) | |
| 97,495 Porsche AG – Preferred (Germany) | \$ 74,971,705 |
| TOTAL PREFERRED STOCKS | <u>\$ 74,971,705</u> |
| | |
| <u>Principal Amount</u> | |
| U.S. GOVERNMENT OBLIGATIONS (6.90%) | |
| \$242,000,000 U.S. Treasury Bill due 10/20/05 through 11/25/05 | \$ 241,445,371 |
| TOTAL U.S. GOVERNMENT OBLIGATIONS | <u>\$ 241,445,371</u> |
| | |
| SUMMARY | |
| Common Stocks | 90.91% \$3,178,601,310 |
| Preferred Stocks | 2.14% 74,971,705 |
| U.S. Government Obligations | 6.90% 241,445,371 |
| Net Cash & Receivables | 0.05% 1,614,625 |
| Net Assets | <u>\$3,496,633,011</u> |
| | |
| Number of Shares Outstanding | <u>23,445,721</u> |
| | |
| Net Asset Value Per Share | <u>\$149.14</u> |

- (a) Securities traded on a national securities exchange or on a foreign 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. 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.
- (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.

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.

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.

SEQUOIA FUND, INC.
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Francis P. Matthews
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

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