

## QUARTERLY REPORT

### For the Period Ended September 30, 2007

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

Dear Shareholder:

Sequoia Fund's results for the third quarter of 2007 are shown below with comparable results for the leading market indexes:

September 30, 2007	Sequoia <u>Fund</u>	Dow Jones <u>Industrials</u>	Standard & <u>Poor's 500</u>
3 months	1.82%	4.19%	2.03%
9 months	7.75%	13.31%	9.13%
1 Year	11.42%	21.69%	16.44%
5 Years (Annualized)	9.43%	15.44%	15.46%
10 Years (Annualized)	9.52%	7.85%	6.57%

*The performance shown above represents past performance and does not guarantee future results. 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 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. Year to date performance as of the most recent month end can be obtained by calling DST Systems, Inc. at (800) 686-6884.*

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#### FEES AND EXPENSES OF THE FUND

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.

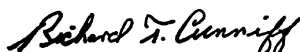
**Annual Fund Operating Expenses** (expenses that are deducted from Fund assets)

Management Fees	1.00%
Other Expenses	0.03%
Total Annual Fund Operating Expenses	1.03%
Expense Reimbursement*	0.03%
Net Expenses	1.00%

\* Reflects 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.

Sequoia's capital gain distribution will be approximately \$21.23 per share, of which approximately \$21.16 will be long-term. The Fund will also distribute a \$0.42 per share ordinary dividend. The record date will be December 7th and the payment date will be December 10th.

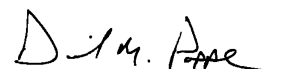
Sincerely,



Richard T. Cunniff  
Vice Chairman



Robert D. Goldfarb  
President



David M. Poppe  
Executive Vice President

SEQUOIA FUND, INC.

STATEMENT OF INVESTMENTS

SEPTEMBER 30, 2007 (UNAUDITED)

COMMON STOCKS (95.20%)

<u>Shares</u>		<u>Value (a)</u>
	<b>AEROSPACE/DEFENSE (2.07%)</b>	
7,126,000	Rolls-Royce Group plc (United Kingdom) .....	\$ 76,169,814
	<b>AUTO PARTS (1.55%)</b>	
1,699,697	O'Reilly Automotive Inc. (b) .....	56,786,877
	<b>AUTOMOTIVE MANUFACTURING (5.50%)</b>	
95,028	Porsche AG (Germany) (c) .....	201,844,889
	<b>BUILDING PRODUCTS (5.50%)</b>	
1,510,900	Martin Marietta Materials Inc. ....	201,780,695
	<b>CASUALTY INSURANCE (4.97%)</b>	
9,395,000	Progressive Corporation .....	182,356,950
	<b>DIVERSIFIED COMPANIES (25.93%)</b>	
8,032	Berkshire Hathaway Inc. Class A (b) .....	951,872,320
21	Berkshire Hathaway Inc. Class B (b) .....	82,992
		<u>951,955,312</u>
	<b>FINANCE (1.52%)</b>	
376,378	MasterCard Inc. ....	55,692,653
	<b>FOOD-RETAIL (1.21%)</b>	
907,000	Whole Foods Market Inc. ....	44,406,720
	<b>FREIGHT TRANSPORTATION (5.74%)</b>	
2,997,624	Expeditors International Inc. ....	141,787,615
4,000,000	Knight Transportation Inc. ....	68,840,000
		<u>210,627,615</u>
	<b>INDUSTRIAL &amp; CONSTRUCTION SUPPLIES (4.95%)</b>	
4,003,023	Fastenal Company .....	181,777,274
	<b>INSURANCE BROKERS (2.07%)</b>	
2,888,441	Brown & Brown Inc. ....	75,965,998
	<b>DIVERSIFIED MANUFACTURING (0.87%)</b>	
384,088	Danaher Corporation .....	31,767,918
	<b>RETAILING (21.51%)</b>	
4,999,694	Bed Bath & Beyond Inc. (b) .....	170,589,559
39,797	Costco Wholesale Corporation .....	2,442,341
1,840,388	Lowe's Companies, Inc. ....	51,567,672
2,212,730	Target Corporation .....	140,663,246
7,629,153	TJX Companies, Inc. ....	221,779,478
2,119,715	Walgreen Company .....	100,135,337
2,359,006	Wal-Mart Stores, Inc. ....	102,970,612
		<u>790,148,245</u>
	<b>TEXTILE - CARPETS (7.25%)</b>	
3,273,926	Mohawk Industries Inc. (b) .....	266,170,184
	<b>VETERINARY DIAGNOSTICS (4.56%)</b>	
1,528,744	Idexx Laboratories Inc. (b) .....	167,535,055
	<b>TOTAL COMMON STOCKS</b> .....	<u>\$ 3,494,986,199</u>

<u>Principal Amount</u>	<u>Value (a)</u>
<b>U.S. GOVERNMENT OBLIGATIONS (4.28%)</b>	
\$158,000,000 U.S. Treasury Bills due 11/15/07 through 11/23/07 .....	\$ 157,217,442
TOTAL U.S. GOVERNMENT OBLIGATIONS .....	<u>\$ 157,217,442</u>
<b>SUMMARY</b>	
Common Stocks .....	95.20% \$3,494,986,199
U.S. Government Obligations .....	4.28% 157,217,442
Net Cash & Receivables .....	0.52% 19,053,203
Net Assets .....	<u>\$3,671,256,844</u>
Number of Shares Outstanding .....	<u>23,096,093</u>
Net Asset Value Per Share .....	<u>\$158.96</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.

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 NYSE on that day.

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) Non-income producing.

(c) The Fund is invested in preference shares of Porsche AG which possess the same economic interest as Porsche common stock but have no voting rights.

#### **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](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](http://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](http://www.sec.gov).

**SEQUOIA FUND, INC.**  
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Website : [www.sequoiafund.com](http://www.sequoiafund.com)

**DIRECTORS**

Richard T. Cunniff  
Robert D. Goldfarb  
David M. Poppe  
Vinod Ahojja  
Roger Lowenstein  
Francis P. Matthews  
C. William Neuhauser  
Sharon Osberg  
Robert L. Swiggett, Chairman of the Board

**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  
Michael Valenti — Assistant Secretary

**INVESTMENT ADVISER**

Ruane, Cunniff & Goldfarb Inc.  
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New York, New York 10153-4798

**DISTRIBUTOR**

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New York, New York 10153-4798

**CUSTODIAN**

The Bank of New York  
MF Custody Administration Department  
1 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 LLP  
One Battery Park Plaza  
New York, New York 10004

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