

QUARTERLY REPORT

For the Period Ended March 31, 2006

To the Shareholders of Sequoia Fund, Inc.:

Dear Shareholder:

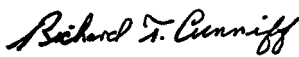
Sequoia Fund's results for the first quarter of 2006 are shown below with comparable results for the leading market indexes:

March 31, 2006	Sequoia <u>Fund</u>	Dow Jones <u>Industrials</u>	Standard & <u>Poor's 500</u>
First Quarter	2.65%	4.25%	4.21%
1 Year	11.76%	8.27%	11.73%
5 Years (Annualized)	8.75%	4.60%	3.97%
10 Years (Annualized)	12.34%	9.20%	8.95%

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.

We are enclosing our Privacy Notice describing our policies relating to personal client information as required by the Gramm-Leach-Bliley Act.

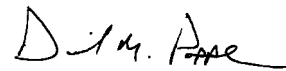
Sincerely,



Richard T. Cunniff
Vice Chairman



Robert D. Goldfarb
President



David M. Poppe
Executive Vice President

May 15, 2006

SEQUOIA FUND, INC.
STATEMENT OF INVESTMENTS
MARCH 31, 2006 (UNAUDITED)

COMMON STOCKS (91.61%)

<u>Shares</u>		<u>Value (a)</u>
	AUTO & HOME SUPPLY STORES (1.72%)	
1,699,801	O'Reilly Automotive Inc. (b)	\$ <u>62,144,724</u>
	CASUALTY INSURANCE (15.31%)	
5,309,537	Progressive Corporation	<u>553,572,328</u>
	CHEMICAL DIAGNOSTIC SUBSTANCES (3.65%)	
1,528,838	Idexx Laboratories Inc. (b)	<u>132,030,450</u>
	DIVERSIFIED COMPANIES (33.35%)	
13,338	Berkshire Hathaway Inc. Class A (b)	1,205,088,300
291	Berkshire Hathaway Inc. Class B (b)	<u>876,492</u>
		<u>1,205,964,792</u>
	ELECTRONIC COMPUTER MANUFACTURING (2.58%)	
2,647,940	International Game Technology	<u>93,260,447</u>
	FREIGHT TRANSPORTATION (4.24%)	
1,776,404	Expeditors International Inc.	<u>153,463,541</u>
	INDUSTRIAL & CONSTRUCTION SUPPLIES (5.31%)	
4,053,871	Fastenal Company	<u>191,910,253</u>
	INSURANCE AGENTS & BROKERS (2.65%)	
2,888,617	Brown & Brown Inc.	<u>95,902,084</u>
	MEDICAL & HOSPITAL EQUIPMENT (0.12%)	
120,083	Patterson Companies Inc. (b)	<u>4,226,922</u>
	PROCESS CONTROL INSTRUMENTS (0.68%)	
384,112	Danaher Corporation	<u>24,410,317</u>
	RETAILING (14.69%)	
39,799	Costco Wholesale Corporation	2,155,514
1,145,642	Tiffany & Company	43,007,401
11,411,433	TJX Companies, Inc.	283,231,767
2,119,845	Walgreen Company	91,428,915
2,359,150	Wal-Mart Stores, Inc.	<u>111,446,246</u>
		<u>531,269,843</u>
	TEXTILE - CARPETS (7.31%)	
3,274,126	Mohawk Industries Inc. (b)	<u>264,287,451</u>
	TOTAL COMMON STOCKS	<u>\$3,312,443,152</u>

PREFERRED STOCKS (2.52%)

<u>Shares</u>		<u>Value (a)</u>
	AUTOMOTIVE MANUFACTURING (2.52%)	
95,034	Porsche AG – Preferred (Germany)	\$ 90,970,631
	TOTAL PREFERRED STOCKS	\$ 90,970,631
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<u>Principal Amount</u>		<u>Value (a)</u>
	U.S. GOVERNMENT OBLIGATIONS (5.81%)	
\$211,000,000	U.S. Treasury Bill due 4/27/06 through 5/4/06	\$ 210,273,630
	TOTAL U.S. GOVERNMENT OBLIGATIONS	\$ 210,273,630
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SUMMARY		
Common Stocks	91.61%	\$3,312,443,152
Preferred Stocks	2.52%	90,970,631
U.S. Government Obligations	5.81%	210,273,630
Net Cash & Receivables	0.06%	2,348,438
Net Assets		\$3,616,035,851
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Number of Shares Outstanding		22,660,533
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Net Asset Value Per Share		\$159.57
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(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) 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.
767 Fifth Avenue, Suite 4701
New York, New York 10153-4798
Website : 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

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

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
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
One Battery Park Plaza
New York, New York 10004

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