Sequoia Fund, Inc.

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QUARTERLY REPORT
For the Period Ended March 31, 2009

To the Shareholders of Sequoia Fund, Inc.:

As of this writing, the Sequoia Fund is up 0.2% year-to-date versus a decline of 0.5% for the S&P 500.

We recently held our annual investor day for Sequoia shareholders and other clients of Ruane, Cunniff & Goldfarb. The following comments were made by Bob Goldfarb at that meeting. A transcript of the question-and-answer portion of the meeting will be mailed to you with the second quarter report in August.

The seeds of the housing bubble were planted in the early years of this decade by the Federal Reserve, when it reduced interest rates down close to zero in an effort to mitigate the severity of the recession that followed the bursting of the dot-com bubble. Now, we are concerned that the necessary massive leveraging recently taken on by the U.S. government in order to offset the enormous deleveraging by the private sector may contain the germination of the next bubble. The prospect of borrowing year-after-year at a high single-digit/low double-digit percentage of GDP will result in the U.S. government facing its own debt crisis. Lurching from one crisis to another, addressing each crisis by planting the seeds of the next one, is not a good idea.

The U.S. government has two enormous advantages over the private sector. It has the power to tax and it has the ability to print currency that the rest of the world will accept. However, there will be serious consequences to using either of these tools excessively going forward.

A partial solution to funding the debt will be a welcome increase in the savings rates of Americans. For more than 40 years after World War II the U.S. personal savings rate generally hovered between 8-10 percent of household income, with spikes up to 14 percent in recessions. Beginning in the late 1980s the personal savings rate began to trend downward, finally turning negative in 2005. The savings rate had not previously been negative since 1933, at the depths of the Great Depression.

After hovering near zero in recent years, the personal savings rate quickly rose to 3.8 percent of income in December 2008. In each of the first three months of 2009 it has been between 4 and 4.5 percent. The sudden upward movement in the savings rate has corresponded with an abrupt decline in the demand for consumer goods. The recent leveling off of the savings rate also squares with the stabilization in sales that a number of retailers of low-ticket non-durable goods (such as Target) are currently experiencing.

At this point, we do not know whether the savings rate will stabilize between 4 and 5 percent or revert to the high single digit rate that was the norm for many decades. The marginal propensity of the consumer to save more and spend less has very significant implications for the future growth rate of the economy as well as for future earnings levels and growth rates of many companies.

We are seeing other changes in consumer behavior that we suspect are largely structural in nature, as we believe is the increase in savings. A simple example: the growth of private label brands poses a real threat to many branded consumer products companies. Although private label market share typically rises during recessions and then contracts in more healthy times, we think that this time much of the growth in private label is likely to be sustained. Once you realize that the laundry and the dishes look the same when you use Costco's Kirkland Signature detergent instead of Tide or Cascade, you will probably reduce your purchases of Procter & Gamble goods by a couple hundred dollars a year. If millions of people make the same decision, it will result in significantly less revenue and less pricing power for Procter & Gamble and its competitors, and more power and possibly higher profit margins for the large retailers.

Another example of pricing sensitivity affecting industry dynamics is in private passenger auto insurance. Historically the direct writers, led by Berkshire's Geico and our former holding Progressive, have enjoyed steady growth in market share at the expense of the captive writers such as State Farm and Allstate. In recent months, however, the direct response writers have enjoyed a growth spurt in terms of new policies written. There are some indications that this growth is coming at the expense of not only the captive channel but also the independent agency channel, which had been relatively stable for many years. If the shift toward the direct writers continues, it will impact not only the top-line growth of the captive writers, and possibly the agency channel, but will also affect their margins. More shopping means retentions are lower and policy lives shorter. Profitability is extremely sensitive to policy lives as renewals are a lot more profitable than new policies.

Clearly the consumer is looking for ways to save money. In this regard, we feel that some of our holdings are very well positioned. These would certainly include the retailers Wal-Mart and Costco, as well as TJX, and clearly Berkshire's Geico is going to be a winner. These businesses are low cost providers and have been gaining market share in the last year, with TJX and Geico particularly strong in recent months. For example, in April TJX's Marshalls and TJ Maxx stores generated same store sales growth of 4 percent versus a negative 9 percent for Macy's and a negative 6 percent for Kohl's. We cannot remember when the spread between TJX's same store comparisons and those of Macy's and Kohl's were as wide as they were in April. This bodes well for TJX because, unlike most apparel retailers, its traffic counts have been up.

TJX typically gains new shoppers during recessions and tends to keep them even as conditions improve. If the consumer remains stretched, they are even more likely to retain them. I would not bet on that same spread continuing month after month, year after year, but it will be interesting to watch going forward.

As we have mentioned in our prior letters to you, we did reduce our exposure to stocks of consumer discretionary companies in 2008. In 2009 there has been a further reduction and, as we said in our last letter, we are operating with a bias toward further reducing our consumer discretionary investments, subject, of course, to fluctuations in stock prices. But as the illustrations I have given you indicate, we do not think all consumer discretionary stocks or companies are necessarily going to be disadvantaged, even in a much more austere and frugal environment for consumers. Clearly TJX, Costco and Wal-Mart have benefited. One of our best performers in the last 12 months has been O'Reilly Automotive, whose sales have benefited from the low level of new car sales and the resulting need for many owners of older cars to finally undertake long-deferred maintenance if they want to keep driving.

Just as these trends in consumer behavior will not adversely affect all consumer discretionary businesses, it is not simply consumer discretionary businesses that will continue to be adversely affected by the trends we are seeing in the economy. We see numerous strong companies in many other industries suffering from massively contracting demand and corresponding declines in sales and earnings. Illinois Tool Works, a former holding of ours, reported organic revenues for the three months ended April 30 of negative 23 percent. This is a figure we would not have dreamt of before last October.

In this environment, we find it very challenging to ascertain normalized earnings power for many companies – both those we own and those that we are considering owning – when we are not sure what "normal" will look like in the future.

We are not alone here. We have met with a number of CEOs of companies which we either own or are considering owning. When we ask them to estimate their companies normalized earnings power, many will volunteer that they do not know. When pressed to give a broad range, oftentimes they cannot, and usually decline to opine.

Valuing companies without knowing their earning power is like flying into a dense fog without instruments. In our many years of investing, we cannot remember a time when visibility was this low and estimating the intrinsic value of businesses was this challenging.

As a result of significant realized capital losses through the date of this letter, we may not have a capital gains distribution during the year ended December 31, 2009. We will soon be distributing an ordinary dividend of approximately $0.01per share. It is possible that there may be a modest income distribution in the fourth quarter.

Sincerely,

Richard T. Cunniff
Vice Chairman

Robert D. Goldfarb
President

David M. Poppe
Executive Vice President

May 22, 2009

FUND PERFORMANCE

Sequoia Fund's results for the first quarter of 2009 are shown below with comparable results for the leading market indexes:

To March 31, 2009	Sequoia Fund	Dow Jones Industrials	Standard & Poor's 500
3 Months	–8.37%	–12.48%	–11.01%
1 Year	–29.68%	–35.94%	–38.09%
5 Years (Annualized)	–3.52%	–3.64%	–4.76%
10 Years (Annualized)	1.44%	–0.36%	–3.00%

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.

FEES AND EXPENSES OF THE FUND (UNAUDITED)

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)

Annual Fund Operating Expenses	
Management Fees	1.00%
Other Expenses	0.04%
Total Annual Fund Operating Expenses	1.04%
Expense Reimbursement*	0.04%
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 FUND, INC.

SCHEDULE OF INVESTMENTS

MARCH 31, 2009 (UNAUDITED)

COMMON STOCKS (83.67%)

Shares		Value (a)
	ADVERTISING (0.98%)	
936,300	Omnicom Group Inc.	$ 21,909,420
	AEROSPACE/DEFENSE (2.33%)	
12,410,000	Rolls-Royce Group plc (United Kingdom)	52,357,790
	AUTO PARTS (2.65%)	
1,698,778	O'Reilly Automotive Inc. (b)	59,474,218
	AUTOMOTIVE MANUFACTURING (3.63%)	
1,734,393	Porsche Automobil Holding SE (Germany) (c)	81,495,658
	BUILDING MATERIALS (7.04%)	
1,756,749	Martin Marietta Materials Inc.	139,310,196
419,772	Vulcan Materials Company	18,591,702
		157,901,898
	BUSINESS SERVICES (0.62%)	
4,200,000	Brambles Ltd. (Australia)	14,011,200
	CONSTRUCTION EQUIPMENT (2.17%)	
730,000	Caterpillar Inc.	20,410,800
1,524,900	Ritchie Bros. Auctioneers Incorporated	28,347,891
		48,758,691
	CRUDE OIL & GAS PRODUCTION (0.15%)	
90,000	Canadian Natural Resources Limited	3,470,400
	DIVERSIFIED COMPANIES (22.65%)	
5,828	Berkshire Hathaway Inc. Class A (b)	505,287,600
1,141	Berkshire Hathaway Inc. Class B (b)	3,217,620
		508,505,220
	DIVERSIFIED MANUFACTURING (0.93%)	
383,880	Danaher Corporation	20,813,974
	FLOORING PRODUCTS (4.35%)	
3,272,155	Mohawk Industries Inc. (b)	97,739,270
	FOOD-RETAIL (0.68%)	
906,509	Whole Foods Market Inc. (b)	15,229,351
	FREIGHT TRANSPORTATION (3.75%)	
2,068,294	Expeditors International Inc.	58,512,037
1,692,200	Knight Transportation Inc.	25,653,752
		84,165,789
	INDUSTRIALS (1.42%)	
1,253,000	Cummins Inc.	31,888,850
	INDUSTRIAL & CONSTRUCTION SUPPLIES (5.80%)	
4,051,430	Fastenal Company	130,253,474

Shares		Value (a)
	INFORMATION PROCESSING (2.23%)	
299,274	MasterCard Inc.	$ 50,122,409
	INSURANCE BROKERS (0.95%)	
1,127,910	Brown & Brown Inc.	21,328,778
	PRINTING (1.19%)	
1,917,307	De La Rue plc (United Kingdom)	26,746,433
	RETAILING (12.50%)	
39,775	Costco Wholesale Corporation	1,842,378
1,372,623	Target Corporation	47,204,505
4,947,700	TJX Companies, Inc.	126,859,028
2,118,568	Walgreen Company	54,998,025
951,630	Wal-Mart Stores, Inc.	49,579,923
		280,483,859
	TRUCK MANUFACTURING (0.96%)	
840,572	PACCAR Inc.	21,653,135
	VETERINARY DIAGNOSTICS (5.62%)	
3,646,134	Idexx Laboratories Inc. (b)	126,083,314
	Miscellaneous Securities (1.07%) (d)	23,960,000
	TOTAL COMMON STOCKS (COST $1,581,542,049)	$1,878,353,131

Principal Amount		Value (a)
U.S. GOVERNMENT OBLIGATIONS (16.12%)		
$362,000,000	U.S. Treasury Bills due 7/2/2009	$ 361,810,312
	TOTAL U.S. GOVERNMENT OBLIGATIONS (COST $361,822,363)	$ 361,810,312

SUMMARY

Common Stocks	83.67%	$1,878,353,131
U.S. Government Obligations	16.12%	361,810,312
Net Cash & Receivables	0.21%	4,750,968
Net Assets		$2,244,914,411
Number of Shares Outstanding		25,715,442
Net Asset Value Per Share		$87.30

(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.

When reliable market quotations are insufficient or not readily available at time of valuation or when the Investment Adviser determines that the prices or values available do not represent the fair value of a security, such security is valued as determined in good faith by the Investment Adviser, in conformity with guidelines adopted by and subject to review by the Board of Directors.

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.

(b) Non-income producing.

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

(d) "Miscellaneous Securities" include holdings in their initial period of acquisition that have not previously been publicly disclosed.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund's investments as of March 31, 2009:

Valuation Inputs	Investments in Securities
Level 1 - Quoted Prices	$2,240,163,443

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 or by calling DST Systems, Inc. at (800) 686-6884.

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Roger Lowenstein
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
Michael Valenti	—	Assistant Secretary

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