

MERIDIAN FUND, INC.

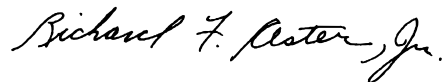
July 6, 2004

To Our Shareholders:

Stocks experienced modest gains during the second quarter. Strong earnings growth was partially offset by investor concerns over rising interest rates and energy costs. The S&P 500 advanced 1.3%, the NASDAQ 2.7% and the Russell 2000 0.2%. Calendar year to date, the S&P 500 is up 2.6%, the NASDAQ 2.2% and the Russell 2000 6.2%, as small cap stocks continue to outperform their larger counterparts. The strongest performing sectors included coal, tires and aerospace. Agriculture, precious metals and home construction represented three of the weaker performing groups. The yield on the ten-year treasury bond increased during the quarter to 4.59%, up from 3.85%, reflecting a pick up in business activity.

The economy continues to perform well. GDP grew at a robust 3.9% in the first quarter. Housing starts and retail sales continue to be strong. The high price of energy, however, could moderate consumer spending. Manufacturing and capital spending are improving, non-residential construction has bottomed out and job growth has improved substantially during the past several months, leading to an improved level of consumer confidence. Interest rates remain low and the level of inflation is modest. Recent company surveys indicate that the increased cost and risk of doing business under Sarbanes Oxley and other new regulations could slow investment and future growth. This will be a gradual development, but worth watching.

We welcome those new shareholders who recently joined the Meridian Funds and appreciate the continued confidence of our existing shareholders.



Richard F. Aster, Jr.

Meridian Growth Fund®

The Meridian Growth Fund's net asset value per share at June 30, 2004 was \$35.38. This represents an increase of 7.1% for the calendar year to date. The Fund's total return and average annual compound rate of return since inception, August 1, 1984, were 1,412.4% and 14.6%, respectively. The Fund's assets at the close of the quarter were invested 5.7% in cash and cash equivalents and 94.3% in stocks. At the close of the quarter, total net assets were \$1,273,302,047 and there were 61,681 shareholders.

Our market outlook remains unchanged. We are positive on the market and believe that stock selection is the most important factor in determining investment returns at this time. We continue to focus our research effort on small and medium-sized growth stocks. We are looking for companies that have an important market share in a growing market. Companies need to have a return on equity sufficient to finance their growth and be well managed. Valuation is important in our process. Our portfolio is balanced with approximately fifty positions. Our largest areas of concentration include technology, retail, health care and industrial services.

During the quarter, we established initial positions in Matthews International, Edwards Lifesciences and Host Marriott Corp. We sold our shares in Bed Bath and Beyond, A.G. Edwards and The Men's Wearhouse.

One of our holdings is Andrew Corp., a supplier of products to the communications industry, primarily to the growing wireless transmission sector. Products include power amplifiers, microwave antennas and base station subsystems. Customers are cellular operators, governments and original equipment manufacturers. International revenues, at 50% of total, are the fastest growing part of the company's business, especially in underdeveloped countries. Andrew appears to have an experienced management team, a low cost structure, a strong balance sheet and emerged from the tech downturn with a leading market position in all of its product categories. We believe the shares are attractively valued, especially based on the company's earnings potential during the next several years.

Meridian Value Fund®

The Meridian Value Fund's net asset value per share at June 30, 2004 was \$40.35. This represents an increase of 6.6% for the calendar year to date. The Fund's total return and average compounded annual rate of return since June 30, 1995, were 484.1% and 21.7%, respectively. The comparable period returns for the S&P 500 with dividends were 142.6% and 10.3%, respectively. The Fund's assets at the close of the quarter were invested 5.2% in cash and cash equivalents and 94.8% in stocks. At the close of the quarter, total net assets were \$2,226,589,761 and there were 106,453 shareholders.

There have been no major changes in our portfolio or our strategy. We continue to seek out-of-favor companies that have defensible positions in their industries, strong or improving balance sheets, reasonable valuations and good prospects for earnings growth. We believe that over the long term this strategy will continue to outperform. Consumer products, technology and industrial products represent our largest areas of concentration and we continue to invest in companies of all market capitalizations.

New positions during the quarter include Allied Waste Industries, BJ's Wholesale Club, Comcast, Conesco, El Paso, Greater Bay Bancorp, MGIC Investment, Northrup Grumman, Sony, Smurfit-Stone Container, Tidewater, Tele Norte Leste Participacoes SA and Washington Mutual. We sold our shares in Bristol-Meyers Squibb, Rockwell Collins, EchoStar Communica-

tions, Davita, Millenium Chemicals, Raytheon, SAFECO, Serono S.A., Valero Energy, Waters and Zale.

We recently increased our position in Leggett & Platt. The company is a leader in designing, engineering and manufacturing a wide variety of products and components for the residential furniture, office furniture, automotive, retail display, industrial wire and aluminum die casting industries. Difficult economic conditions hurt business across the company's end markets in recent years causing earnings to decline from a high of \$1.45 in 1999 to \$1.05 in 2003. During this period the stock declined from a high of \$28.00 to a low of \$18.25. In response to the downturn, the company cut costs, rationalized capacity, improved offshore manufacturing and invested in and acquired new businesses. We believe these actions improved the company's competitive position and that it is poised to perform well in the current, improved economy. We believe the company is attractively valued at about 13 times potential 3-5 year earnings of \$2.00 combined with a 2.25%+ dividend yield.

Meridian Growth Fund

Schedule of Investments

June 30, 2004

	Shares	Value		Shares	Value
COMMON STOCK - 94.3%			HEALTHCARE PRODUCTS - 2.4%		
APPAREL - 3.0%			Edwards Lifesciences Corp.		
Fossil, Inc.	735,482	\$ 20,041,885	354,985	\$ 12,371,227	
Polo Ralph Lauren Corp.*	533,925	18,393,716	816,010	18,409,186	
		38,435,601		30,780,413	
BANKING/FINANCE - 4.2%			HEALTHCARE SERVICES - 10.1%		
Silicon Valley Bancshares	852,800	33,813,520	DaVita, Inc.		
UCBH Holdings, Inc.* ...	485,808	19,199,132	988,972	30,490,007	
		53,012,652	Laboratory Corporation of America Holdings ...		
BROKERAGE & MONEY MANAGEMENT - 2.2%			725,200	28,790,440	
T. Rowe Price Group, Inc.*	559,173	28,182,319	LifePoint Hospitals, Inc.		
			512,503	19,075,362	
CELLULAR COMMUNICATIONS - 2.3%			Province Healthcare Co.		
American Tower Corp. Class A	1,948,900	29,623,280	1,149,800	19,719,070	
			Renal Care Group, Inc. ...		
CONSTRUCTION - 2.2%			922,550	30,564,081	
Granite Construction, Inc.*	1,502,035	27,382,098		128,638,960	
CONSUMER DURABLES - 0.9%			INDUSTRIAL PRODUCTS - 3.7%		
Matthews International Corp.*	365,200	12,029,688	Dionex Corp.		
			358,830	19,796,651	
CONSUMER SERVICES - 3.6%			Tektronix, Inc.*		
Life Time Fitness, Inc. ...	1,000	21,000	787,800	26,800,956	
Regis Corp.*	610,300	27,213,277		46,597,607	
Salesforce.com, Inc.	1,000	16,070	INDUSTRIAL SERVICES - 7.1%		
Weight Watchers International, Inc.	466,510	18,259,201	EGL, Inc.		
		45,509,548	999,278	26,580,795	
EDUCATION - 2.1%			Expeditors International of Washington, Inc.* ...		
DeVry, Inc.	983,600	26,970,312	144,200	7,124,922	
			Republic Services, Inc.* ...		
FURNITURE/FIXTURES - 2.5%			968,300	28,022,602	
Herman Miller, Inc.* ...	1,086,185	31,434,194	United Rentals, Inc.		
			1,615,600	28,903,084	
				90,631,403	
			INSURANCE - 2.1%		
			Mercury General Corp.* ...		
			549,500	27,282,675	
			REAL ESTATE - 1.0%		
			Host Marriott Corp.		
			1,037,150	12,819,174	
			RESTAURANTS - 5.3%		
			Applebee's International, Inc.*		
			1,137,335	26,181,452	
			CBRL Group, Inc.*		
			463,088	14,286,265	
			Ruby Tuesday, Inc.*		
			967,300	26,552,385	
				67,020,102	

The accompanying notes are an integral part of the financial statements

Meridian Growth Fund

Schedule of Investments (continued)

June 30, 2004

	Shares	Value		Shares	Value
COMMON STOCK (continued)			TELECOMMUNICATIONS EQUIPMENT - 6.5%		
RETAIL - 11.5%			Andrew Corp.	1,617,625	\$ 32,368,676
Claire's Stores, Inc.*	1,260,600	\$ 27,355,020	Plantronics, Inc.	720,900	30,349,890
Cost Plus, Inc.	842,624	27,343,149	Tellabs, Inc.	2,311,410	20,201,723
Dollar Tree Stores, Inc. ...	918,600	25,197,198			<u>82,920,289</u>
Ethan Allen Interiors, Inc.*	767,500	27,560,925	TOTAL COMMON STOCK - 94.3%		
Ross Stores, Inc.*	976,300	26,125,788	(Identified cost \$991,333,907)		<u>1,200,044,012</u>
Tuesday Morning Corp.	429,992	12,469,768			
		<u>146,051,848</u>	U.S. GOVERNMENT OBLIGATIONS - 0.7%		
TECHNOLOGY - 21.6%			(Identified cost \$9,010,924)		
Advent Software, Inc. ...	1,056,838	19,097,063	U.S. Treasury Bill @1.055% due		
American Power Conversion Corp.	1,488,073	29,240,634	08/05/04 (Face Value \$9,020,000) ..		<u>9,010,907</u>
Autodesk, Inc.*	692,200	29,633,082	TOTAL INVESTMENTS - 95.0%		
FileNET Corp.	718,800	22,692,516	(Identified cost \$1,000,344,831)		<u>1,209,054,919</u>
Getty Images, Inc.	440,000	26,400,000			
KEMET Corp.	2,187,600	26,732,472	CASH AND OTHER ASSETS LESS		
Molex, Inc. Class A*	949,475	25,901,678	LIABILITIES - 5.0%		<u>64,247,128</u>
Symbol Technologies, Inc.*	1,908,900	28,137,186			
Synopsys, Inc.	845,200	24,029,036	NET ASSETS - 100%		<u><u>\$1,273,302,047</u></u>
Vishay Intertechnology, Inc.	1,540,400	28,620,632			
Zebra Technologies Corp. Class A	163,650	14,237,550			
		<u>274,721,849</u>			

* income producing

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Meridian Value Fund

Schedule of Investments

June 30, 2004

	Shares	Value		Shares	Value
COMMON STOCK - 94.8%			CONSUMER SERVICES - 2.0%		
AEROSPACE/DEFENSE - 2.3%			ServiceMaster Co.*		
Empresa Brasileira de			3,606,200	\$	44,428,384
Aeronautica S.A. ADR*	1,073,900	\$ 30,702,801	ENERGY - 4.6%		
Northrop Grumman			Arch Coal, Inc.*		
Corp.*	398,800	21,415,560	1,133,300		41,467,447
		52,118,361	El Paso Corp.*		
AGRICULTURE - 1.1%			National-Oilwell, Inc.		
Agrium, Inc.*	1,691,600	24,612,780	1,374,100		43,270,409
BANKING/FINANCE - 3.9%			Tidewater, Inc.*		
Annaly Mortgage			568,400		16,938,320
Management, Inc.*	1,321,700	22,416,032	103,646,176		
Greater Bay Bancorp*	772,385	22,321,927	FURNITURE & FIXTURES - 1.5%		
SunTrust Banks, Inc.*	347,000	22,551,530	Furniture Brands		
Washington Mutual, Inc.*	511,500	19,764,360	International, Inc.*		
		87,053,849	1,298,300		32,522,415
BASIC MATERIALS - 0.8%			HEALTHCARE PRODUCTS - 1.0%		
Newmont Mining Corp.*	473,500	18,352,860	Haemonetics Corp.		
CONSUMER PRODUCTS - 14.5%			791,000		
Activision, Inc.	2,004,061	31,864,570	23,453,150		
American Greetings Corp.			HEALTHCARE SERVICES - 2.6%		
Class A	1,296,200	30,045,916	HCA, Inc.*		
Avery Dennison Corp.*	334,000	21,379,340	815,000		
Del Monte Foods Co.	3,045,400	30,941,264	Omnicare, Inc.*		
Eastman Kodak Co.*	1,214,200	32,759,116	285,100		
Fomento Economico			PAREXEL International		
Mexicano S.A. de C.V.			Corp.		
ADR*	621,100	28,471,224	615,500		
Kimberly-Clark Corp.*	650,100	42,828,588	2,000		
Leggett & Platt, Inc.*	1,479,700	39,522,787	58,321,881		
Newell Rubbermaid, Inc.*	1,399,200	32,881,200	INDUSTRIAL PRODUCTS - 10.0%		
Scholastic Corp.	378,700	11,342,065	ArvinMeritor, Inc.*		
Sony Corp. ADR*	567,400	21,589,570	1,474,300		
		323,625,640	Crane Co.*		
CONSUMER DURABLES - 1.9%			640,600		
General Motors Corp.*	425,000	19,800,750	Cummins, Inc.*		
Whirlpool Corp.*	325,000	22,295,000	502,900		
		42,095,750	Eastman Chemical Co.*		
			485,800		
			Manitowoc Co., Inc.*		
			864,000		
			Mettler-Toledo		
			International, Inc.		
			883,300		
			Packaging Corp. of		
			America*		
			894,700		
			Smurfit-Stone Container		
			Corp.		
			1,306,300		
			26,060,685		
			222,946,046		
			INDUSTRIAL SERVICES - 6.4%		
			ADVO, Inc.*		
			620,850		
			Allied Waste Industries,		
			Inc.		
			2,540,100		
			33,478,518		

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Meridian Value Fund

Schedule of Investments (continued)

June 30, 2004

	Shares	Value		Shares	Value
COMMON STOCK (continued)			RESTAURANTS - 1.0%		
Lamar Advertising Co.			McDonald's Corp.*	868,000	\$ 22,568,000
Class A	1,007,300	\$ 43,666,455			
Waste Management, Inc.*	1,451,600	44,491,540	RETAIL - 5.1%		
		142,074,895	American Eagle Outfitters,		
INFORMATION TECHNOLOGY SERVICES - 1.8%			Inc.	778,850	22,516,554
Automatic Data			BJ's Wholesale Club, Inc.	880,200	22,005,000
Processing, Inc.*	516,600	21,635,208	Cabela's, Inc. Class A	5,000	134,750
BearingPoint, Inc.	2,079,900	18,448,713	Office Depot, Inc.	1,257,700	22,525,407
		40,083,921	Talbots, Inc.*	616,500	24,135,975
INSURANCE - 3.1%			Too, Inc.	1,276,000	21,309,200
Conseco, Inc.	1,131,200	22,510,880			112,626,886
MGIC Investment Corp.*	313,800	23,804,868	TECHNOLOGY - 14.0%		
Nationwide Financial			AVX Corp.*	763,600	11,034,020
Services, Inc. Class A*	603,100	22,682,591	Cadence Design System,		
		68,998,339	Inc.	764,000	11,177,320
LEISURE & AMUSEMENT - 2.8%			Celestica, Inc.	1,299,600	25,927,020
Boyd Gaming Corp.*	998,600	26,532,802	Coherent, Inc.	958,750	28,618,687
Royal Caribbean Cruises			Credence Systems Corp.	2,121,764	29,280,343
Ltd.*	807,000	35,031,870	Electronics for Imaging,		
		61,564,672	Inc.	998,600	28,220,436
MEDIA - 2.3%			Hyperion Solutions Corp.	736,700	32,208,524
Hearst-Argyle Television,			Koninklijke (Royal)		
Inc.*	693,800	17,886,164	Philips Electronics N.V.		
Time Warner, Inc.	1,860,000	32,698,800	NY Shares*	682,000	18,550,400
		50,584,964	McAfee, Inc.	2,000,000	36,260,000
PAPER/FOREST PRODUCTS - 1.3%			Storage Technology Corp.	776,500	22,518,500
Aracruz Celulose S.A.			Symbol Technologies,		
ADR*	890,800	29,093,528	Inc.*	1,407,000	20,739,180
PHARMACEUTICALS - 1.5%			Synopsys, Inc.	1,174,900	33,402,407
AstraZeneca Plc ADR*	713,000	32,541,320	VeriSign, Inc.	715,236	14,233,196
REAL ESTATE - 2.8%					312,170,033
Healthcare Realty Trust,			TELECOMMUNICATIONS EQUIPMENT - 1.6%		
Inc.*	508,900	19,073,572	Tellabs, Inc.	4,103,600	35,865,464
Host Marriott Corp.	3,418,700	42,255,132			
		61,328,704			

The accompanying notes are an integral part of the financial statements

Meridian Value Fund

Schedule of Investments (continued)

June 30, 2004

	<u>Shares</u>	<u>Value</u>		<u>Value</u>
COMMON STOCK (continued)			TOTAL COMMON STOCK - 94.8%	
TELECOMMUNICATIONS SERVICES - 3.0%			(Identified cost \$1,825,758,293)	<u>\$2,111,388,179</u>
Citizens Communications			TOTAL INVESTMENTS - 94.8%	
Co.	2,015,500	\$ 24,387,550	(Identified cost \$1,825,758,293)	2,111,388,179
Comcast Corp. Special			CASH AND OTHER ASSETS LESS	
Class A	775,000	21,397,750	LIABILITIES - 5.2%	<u>115,201,582</u>
Tele Norte Leste				
Participacoes S.A.			NET ASSETS - 100%	<u>\$2,226,589,761</u>
ADR*	1,636,100	<u>20,827,553</u>		
		66,612,853		
TRANSPORTATION - 1.9%				
Burlington Northern				
Santa Fe Corp.*	634,900	22,265,943		
SkyWest, Inc.*	1,139,079	<u>19,831,365</u>		
		42,097,308		

* income producing
ADR - American Depository Receipt

The accompanying notes are an integral part of the financial statements

Meridian Fund, Inc.

Statements of Assets and Liabilities

June 30, 2004

	<u>Growth Fund</u>	<u>Value Fund</u>
ASSETS		
Investments (Cost \$1,000,344,831 and \$1,825,758,293)	\$1,209,054,919	\$2,111,388,179
Cash and cash equivalents	63,246,384	119,117,749
Receivable for:		
Capital shares	6,738,372	3,447,201
Dividends	528,405	2,510,322
Interest	21,103	31,207
Securities sold	1,464,673	9,733,974
Prepaid expenses	<u>1,947</u>	<u>5,488</u>
TOTAL ASSETS	<u>1,281,055,803</u>	<u>2,246,234,120</u>
LIABILITIES		
Payable for:		
Capital shares	1,916,962	572,068
Securities purchased	4,851,603	16,837,793
Accrued expenses:		
Investment advisory fees	830,042	1,946,557
Other payables and accrued expenses	<u>155,149</u>	<u>287,941</u>
TOTAL LIABILITIES	<u>7,753,756</u>	<u>19,644,359</u>
NET ASSETS	<u>\$1,273,302,047</u>	<u>\$2,226,589,761</u>
Capital shares issued and outstanding, par value \$0.01 (500,000,000 and 500,000,000 shares authorized)	<u>35,988,186</u>	<u>55,176,219</u>
Net asset value per share (offering and redemption price)	<u>\$35.38</u>	<u>\$40.35</u>
Net Assets consist of:		
Paid in capital	\$1,040,996,278	\$1,693,621,832
Accumulated net realized gain	23,595,681	247,241,080
Net unrealized appreciation on investments and foreign currency translations	208,710,088	285,629,886
Accumulated undistributed net investment income	<u>—</u>	<u>96,963</u>
	<u>\$1,273,302,047</u>	<u>\$2,226,589,761</u>

The accompanying notes are an integral part of the financial statements

Meridian Fund, Inc.

Statements of Operations

For the Year Ended June 30, 2004

	<u>Growth Fund</u>	<u>Value Fund</u>
INVESTMENT INCOME		
Dividends (net of foreign taxes withheld of \$0 and \$185,227, respectively)	\$ 4,961,804	\$ 19,587,916
Interest	436,452	961,098
Other income	<u>7,693</u>	<u>—</u>
Total Investment Income	<u>5,405,949</u>	<u>20,549,014</u>
EXPENSES		
Investment advisory fees	6,145,515	18,629,479
Transfer agent fees	292,669	567,102
Custodian fees	210,175	466,020
Reports to shareholders	109,903	270,528
Pricing fees	109,877	229,777
Registration and filing fees	127,063	92,683
Professional fees	48,559	43,559
Miscellaneous expenses	7,001	15,860
Directors' fees and expenses	<u>3,518</u>	<u>8,738</u>
Total expenses	<u>7,054,280</u>	<u>20,323,746</u>
Net investment income (loss)	<u>(1,648,331)</u>	<u>225,268</u>
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS		
Net realized gain on investments	40,400,086	360,394,828
Net change in unrealized appreciation on investments and foreign currency translations	<u>151,831,707</u>	<u>70,984,391</u>
Net gain on investments	<u>192,231,793</u>	<u>431,379,219</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$190,583,462</u>	<u>\$431,604,487</u>

The accompanying notes are an integral part of the financial statements

Meridian Fund, Inc.

Statements of Changes in Net Assets

	Growth Fund		Value Fund	
	Year Ended June 30, 2004	Year Ended June 30, 2003	Year Ended June 30, 2004	Year Ended June 30, 2003
OPERATIONS				
Net investment income (loss)	\$ (1,648,331)	\$ (1,536,056)	\$ 225,268	\$ (1,457,716)
Net realized gain (loss) on investments	40,400,086	4,243,657	360,394,828	(74,623,894)
Net increase in unrealized appreciation of investments	<u>151,831,707</u>	<u>10,490,266</u>	<u>70,984,391</u>	<u>138,434,441</u>
Net increase in net assets from operations	<u>190,583,462</u>	<u>13,197,867</u>	<u>431,604,487</u>	<u>62,352,831</u>
DISTRIBUTIONS TO SHAREHOLDERS				
Distributions from ordinary income	—	(699,754)	—	—
Distributions from net realized capital gain	<u>(19,395,152)</u>	<u>(7,469,451)</u>	<u>—</u>	<u>—</u>
Net distributions	<u>(19,395,152)</u>	<u>(8,169,205)</u>	<u>—</u>	<u>—</u>
CAPITAL SHARE TRANSACTIONS				
Proceeds from sales of shares	778,885,562	209,292,815	696,646,284	511,600,637
Reinvestment of distribution	17,050,957	7,510,696	—	—
Less: redemptions	<u>(142,215,841)</u>	<u>(84,098,027)</u>	<u>(358,213,242)</u>	<u>(414,608,084)</u>
Increase resulting from capital share transactions	<u>653,720,678</u>	<u>132,705,484</u>	<u>338,433,042</u>	<u>96,992,553</u>
Total increase in net assets	824,908,988	137,734,146	770,037,529	159,345,384
NET ASSETS				
Beginning of year	<u>448,393,059</u>	<u>310,658,913</u>	<u>1,456,552,232</u>	<u>1,297,206,848</u>
End of year	<u>\$1,273,302,047</u>	<u>\$448,393,059</u>	<u>\$2,226,589,761</u>	<u>\$1,456,552,232</u>

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Meridian Growth Fund

Financial Highlights

Selected data for each share of capital stock outstanding throughout each period

	For the fiscal year ended June 30,									
	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Net Asset Value - Beginning of period	\$27.24	\$28.10	\$31.30	\$29.45	\$26.28	\$33.26	\$33.20	\$32.21	\$27.29	\$24.27
Income from Investment Operations										
Net Investment Income (Loss)*	(0.04)	(0.08)	(0.12)	2.26	0.11	0.16	0.27	0.40	0.30	0.27
Net Gains (Losses) on Securities (both realized and unrealized)	9.10	(0.11)	(0.24)	3.89	4.99	(0.50)	4.92	3.71	5.47	3.63
Total From Investment Operations	9.06	(0.19)	(0.36)	6.15	5.10	(0.34)	5.19	4.11	5.77	3.90
Less Distributions										
Distributions from Net Investment Income	0.00	(0.06)	0.00	(2.44)	(0.15)	(0.14)	(0.32)	(0.36)	(0.31)	(0.18)
Distribution from Net Realized Capital Gains	(0.92)	(0.61)	(2.84)	(1.86)	(1.78)	(6.50)	(4.81)	(2.76)	(0.54)	(0.70)
Total Distributions	(0.92)	(0.67)	(2.84)	(4.30)	(1.93)	(6.64)	(5.13)	(3.12)	(0.85)	(0.88)
Net Asset Value - End of Period	\$35.38	\$27.24	\$28.10	\$31.30	\$29.45	\$26.28	\$33.26	\$33.20	\$32.21	\$27.29
Total Return	33.65%	(0.20%)	0.42%	23.34%	21.45%	3.05%	16.92%	13.92%	21.40%	16.44%
Ratios/Supplemental Data										
Net Assets, End of Period (000's)	\$1,273,302	\$448,393	\$310,659	\$182,117	\$140,990	\$185,683	\$296,803	\$353,029	\$384,087	\$328,153
Ratio of Expenses to Average Net Assets	0.88%	0.95%	1.02%	1.04%	1.09%	1.01%	0.95%	0.96%	0.96%	1.06%
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.21%)	(0.47%)	(0.62%)	(0.26%)	0.31%	0.49%	0.76%	1.23%	0.99%	1.18%
Portfolio Turnover Rate	19%	27%	26%	43%	28%	51%	38%	37%	34%	29%

* Net Investment Income (Loss) per share has been computed before adjustments for book/tax differences.

The accompanying notes are an integral part of the financial statements

Meridian Value Fund

Financial Highlights

Selected data for each share of capital stock outstanding throughout each period

	For the fiscal year ended June 30,									
	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Net Asset Value - Beginning of Period	\$31.65	\$30.34	\$30.98	\$25.88	\$22.29	\$19.30	\$17.40	\$15.32	\$10.27	\$9.87
Income from Investment Operations										
Net Investment Income (Loss)**	0.00	(0.03)	(0.05)	1.12	0.05	(0.10)	(0.19)	(0.26)	(0.10)	(0.04)
Net Gains (Losses) on Securities (both realized and unrealized)	8.70	1.34	(0.51)	5.75	5.91	3.56	4.32	3.20	5.15	0.44
Total From Investment Operations	8.70	1.31	(0.56)	6.87	5.96	3.46	4.13	2.94	5.05	0.40
Less Distributions										
Distribution from Net Investment Income	0.00	0.00	(0.04)	(1.09)	0.00	0.00	0.00	0.00	0.00	0.00
Distribution from Net Realized Capital Gains	0.00	0.00	(0.04)	(0.68)	(2.37)	(0.47)	(2.23)	(0.86)	0.00	0.00
Total Distributions	0.00	0.00	(0.08)	(1.77)	(2.37)	(0.47)	(2.23)	(0.86)	0.00	0.00
Net Asset Value - End of Period	\$40.35	\$31.65	\$30.34	\$30.98	\$25.88	\$22.29	\$19.30	\$17.40	\$15.32	\$10.27
Total Return	27.49%	4.32%	(1.78%)	27.95%	29.63%	18.92%	26.05%	20.55%+	49.17%+	4.05%+
Ratios/Supplemental Data										
Net Assets, End of Period (000's)	\$2,226,590	\$1,456,552	\$1,297,207	\$768,559	\$87,930	\$24,912	\$12,196	\$7,340	\$3,472	\$715
Ratio of Expenses to Average Net Assets	1.09%	1.11%	1.12%	1.10%	1.41%	1.63%	2.16%	2.51%*	2.55%*	2.78%*
Ratio of Net Investment Income (Loss) to Average Net Assets	0.01%	(0.12%)	(0.22%)	0.60%	0.39%	(0.65%)	(1.35%)	(1.96%)*	(1.36%)*	(0.58%)*
Portfolio Turnover Rate	81%	60%	54%	76%	86%	124%	133%	144%	125%	77%

+ The total returns would have been lower had certain expenses not been reduced during the periods shown.

* Not representative of expenses incurred by the Fund as the Adviser waived its fee and/or paid certain expenses of the Fund. As indicated in Note 2, the Investment Advisor has agreed to reduce a portion of its fee and absorb certain expenses of the Fund. Had these fees and expenses not been reduced and absorbed, the ratio of expenses to average net assets would have been 2.80%, 6.47% and 14.64%, and the ratio of net investment income to average net assets would have been a loss of 2.25%, 5.28% and 12.44%, for the periods ended June 30, 1997 through June 30, 1995, respectively.

** Net Investment Income (Loss) per share has been computed before adjustments for book/tax differences.

The accompanying notes are an integral part of the financial statements

Meridian Fund, Inc.

Notes to Financial Statements

For the Year Ended June 30, 2004

1. **Organization and Significant Accounting Policies:** Meridian Fund, Inc., (the “Company”), is comprised of the Meridian Growth Fund (the “Growth Fund”) and the Meridian Value Fund (the “Value Fund”). The Growth Fund and the Value Fund (each a “Fund” and collectively, the “Funds”) are registered under the Investment Company Act of 1940, as no-load, diversified, open-end management investment companies. The Growth Fund began operations and was registered on August 1, 1984. The Value Fund began operations on February 10, 1994 and was registered on February 7, 1994.

The primary investment objective of the Growth Fund is to seek long-term growth of capital. Originally named Meridian Fund, the name was changed effective April 20, 2001 to Meridian Growth Fund, to more closely reflect the investment style. There was no change in how the Fund is managed.

The primary investment objective of the Value Fund is to seek long-term growth of capital.

The following is a summary of significant accounting policies for both Funds:

- a. **Investment Valuations:** Marketable securities are valued at the closing price or last sales price on the principal exchange or market on which they are traded; or, if there were no sales that day, at the last reported bid price.
- b. **Federal Income Taxes:** It is the Funds’ policy to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”) applicable to regulated investment companies and to distribute all of its taxable income to its shareholders; therefore, no federal income tax provision is required.
- c. **Security Transactions:** Security transactions are accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses on security transactions are determined on the basis of specific identification for both financial statement and federal income tax purposes. Dividend income is recorded on the ex-dividend date. Interest income is accrued daily.
- d. **Cash and Cash Equivalents:** All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. Available funds are automatically swept into a Cash Reserve account, which preserves capital with a consistently competitive rate of return. Interest accrues daily and is credited by the third business day of the following month.
- e. **Expenses:** Expenses arising in connection with the Fund are charged directly to the Fund. Expenses common to the Funds are generally allocated to each Fund in proportion to their relative net assets.
- f. **Use of Estimates:** The preparation of financial statements in accordance with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements. Actual amounts could differ from those estimates.
- g. **Distributions to Shareholders:** The Funds record distributions to shareholders on the ex-date. The amount of distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations which may differ from generally accepted accounting principles. These “book/tax” differences are either considered temporary or permanent in nature. To

Meridian Fund, Inc.

Notes to Financial Statements (continued)

For the Year Ended June 30, 2004

the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal tax-basis treatment; temporary differences do not require reclassification.

Distributions which exceed net investment income and net realized capital gains are reported as distributions in excess of net investment income or distributions in excess of net realized capital gains for financial reporting purposes but not for tax purposes. To the extent they exceed net investment income and net realized capital gains for tax purposes, they are reported as distributions of paid-in-capital.

Permanent book-tax differences, if any, are not included in ending undistributed net investment income (loss) for the purposes of calculating net investment income (loss) per share in the Financial Highlights.

- h. **Guarantees and Indemnification:** Under the Funds' organizational documents, its Officers and Directors are indemnified against certain liability arising out of the performance of their duties to the Funds. Additionally, in the normal course of business, the Funds enter into contracts with service providers that contain general indemnification clauses. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, based on experience, the Funds expect the risk of loss to be remote.
- 2. **Related Parties:** The Funds have entered into a management agreement with Aster Investment Management Company, Inc. (the "Investment Adviser"). Certain Officers and/or Directors of the Funds are also Officers and/or Directors of the Investment Adviser. Beneficial ownership in the Funds by Richard F. Aster, Jr., President, as of June 30, 2004 were as follows:

Growth Fund.....	1.2%
Value Fund	0.5%

The Investment Adviser receives from the Growth Fund, as compensation for its services, an annual fee of 1% of the first \$50,000,000 of the Growth Fund's net assets and 0.75% of the Growth Fund's net assets in excess of \$50,000,000. The fee is paid monthly and calculated based on that month's daily average net assets. The Investment Adviser receives from the Value Fund, as compensation for its services, an annual fee of 1% of the Value Fund's net assets. The fee is paid monthly and calculated based on that month's daily average net assets. The Investment Adviser has agreed to limit the expenses of both Funds to 2.50% with respect to this limit, the Investment Adviser did not reimburse either fund during 2004.

Meridian Fund, Inc.

Notes to Financial Statements (continued)

For the Year Ended June 30, 2004

3. **Capital Shares Transactions:** The Growth Fund and Value Fund have authorized 500,000,000 and 500,000,000 common shares at a par value of \$.01 per share, respectively. Transactions in capital shares for the year ended June 30, 2003 and the year ended June 30, 2004 were as follows:

	Growth Fund		Value Fund	
	2004	2003	2004	2003
Shares sold	23,312,706	8,611,562	18,921,842	18,083,824
Shares issued on reinvestment of distributions	533,742	333,958	—	—
	23,846,448	8,945,520	18,921,842	18,083,824
Shares redeemed	(4,317,352)	(3,541,670)	(9,759,558)	(14,832,550)
Net increase	<u>19,529,096</u>	<u>5,403,850</u>	<u>9,162,284</u>	<u>3,251,274</u>

4. **Compensation of Directors and Officers:** Directors and Officers of the Funds who are Directors and/or Officers of the Investment Adviser receive no compensation from the Funds. Directors of the Funds who are not interested persons as defined in the Investment Company Act of 1940 receive compensation in the amount of \$3,000 per annum and a \$2,000 purchase of Meridian Growth Fund or Meridian Value Fund shares, plus expenses and a \$1,000 purchase in one of the funds for each additional Board of Directors meeting attended other than the annual meeting.
5. **Cost of Investments:** The cost of investments purchased and the proceeds from sales of investments, excluding short-term obligations, for the year ended June 30, 2004, were as follows:

	Purchases	Proceeds from Sales
Growth Fund	\$ 742,796,640	\$ 145,253,426
Value Fund	1,745,800,943	1,389,577,441

The cost of purchases and redemptions at maturity of U.S. Government securities were as follows:

	Purchases	Redeemed at Maturity
Growth Fund	\$ 79,841,612	\$ 90,000,000
Value Fund	172,222,155	245,600,000

6. **Distribution Information:** Income and long-term capital gains distributions are determined in accordance with federal income tax regulations, which may differ from generally accepted accounting principles accepted in the United States. The tax character of distributions made during the fiscal years ended June 30, 2003 and June 30, 2004 were as follows:

2003 Taxable Distributions

Fund	Ordinary Income	Net Long-Term Capital Gains	Total Distributions
Growth Fund	\$699,328	\$ 7,469,877	\$ 8,169,205
Value Fund	—	—	—

Meridian Fund, Inc.

Notes to Financial Statements (continued)

For the Year Ended June 30, 2004

2004 Taxable Distributions

<u>Fund</u>	<u>Ordinary Income</u>	<u>Net Long-Term Capital Gains</u>	<u>Total Distributions</u>
Growth Fund	\$ —	\$19,395,152	\$19,395,152
Value Fund	—	—	—

7. **Federal Income Taxes:** Permanent differences, incurred during the year ended June 30, 2004, resulting from differences in book and tax accounting have been reclassified at year end to undistributed net investment income, accumulated realized gain/(loss) and paid-in capital were as follows:

<u>Fund</u>	<u>Increase/Decrease Undistributed Net Investment Income</u>	<u>Increase/Decrease Accumulated Realized Gain/(Loss)</u>
Growth Fund	\$1,648,331	\$(1,648,331)
Value Fund	(128,305)	128,305

The aggregate cost of investments for federal income tax purposes were as follows:

	<u>Aggregate Cost</u>	<u>Aggregate Gross Unrealized Appreciation</u>	<u>Aggregate Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Growth Fund	\$1,000,480,264	\$225,375,450	\$(16,800,795)	\$208,574,655
Value Fund	1,828,534,939	307,606,208	(24,752,968)	282,853,240

Components of Accumulated Earnings (Losses) on a Tax Basis

	<u>Growth Fund</u>	<u>Value Fund</u>
Undistributed ordinary income	\$ 10,056,382	\$ 96,963
Undistributed long-term capital gains	13,674,732	250,017,726
Unrealized appreciation	208,574,655	282,853,240
Total Accumulated Earnings	<u>\$232,305,769</u>	<u>\$532,967,929</u>

Post-October losses represent losses realized on investment transactions from November 1, 2003 through June 30, 2004 that, in accordance with Federal income tax regulations, the Funds have elected to defer and treat as having arisen in the following fiscal year. As of June 30, 2004, there were no Post-October losses in the current year for either fund.

The Value Fund utilized \$104,603,182 of the 2003 capital loss carryover to offset current year capital gains. There was no capital loss carryover in the Growth Fund.

8. **Proxy Voting Policies and Procedures:** A statement that information regarding how the fund voted proxies relating to portfolio securities during the most recent 12 month period ended June 30, 2004 is available (i) without charge, upon request, by calling (800) 446-6662; or on our website at <http://www.meridianfund.com>; and (ii) on the Securities and Exchange Commission ("SEC") website at <http://www.sec.gov>.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of Meridian Fund, Inc.

In our opinion, the accompanying statements of assets and liabilities, including the schedules of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Meridian Growth Fund and Meridian Value Fund (hereafter referred to as the “Funds”) at June 30, 2004, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period then ended and the financial highlights for each of the ten years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Funds’ management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at June 30, 2004 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
San Francisco, California
August 20, 2004

Information About the Directors and Officers of Meridian Fund, Inc.

The individuals listed below serve as directors or officers of Meridian Fund, Inc. (the “Meridian Funds”). Each director of the Meridian Funds serves until a successor is elected and qualified or until resignation. Each officer of the Meridian Funds is elected annually by the Board of Directors. The address of all officers and directors is 60 East Sir Francis Drake Blvd., Suite 306, Larkspur, CA 94939. The Meridian Funds’ Statement of Additional Information (SAI) includes more information about the Directors. To request a free copy, call Meridian at 1-800-446-6662.

Interested Directors *

Richard F. Aster, Jr. (64)

Positions(s) Held with Fund: President, Chairman of the Board, Portfolio Manager

Length of Service (Beginning Date): May 3, 1985

Principal Occupation(s) During Past 5 Years: President, Aster Investment Management, Inc.; President, Aster Capital Management, Inc.

Number of Portfolios Overseen: 2

Other Directorships: N/A

Michael Stolper (59)

Positions(s) Held with Fund: Director

Length of Service (Beginning Date): May 3, 1985

Principal Occupation(s) During Past 5 Years: Investment Adviser and Broker - Dealer, Stolper & Company, Inc.

Number of Portfolios Overseen: 2

Other Directorships: Kane-Miller Publishing

* Aster Investment Management, Inc. is investment adviser to the Meridian Funds. Mr. Stolper is a minority owner of Aster Investment Management, Inc.

Information About the Directors and Officers of Meridian Fund, Inc. (continued)

Independent Directors

Michael S. Erickson (52)

Positions(s) Held with Fund: Director

Length of Service (Beginning Date): May 3, 1985

Principal Occupation(s) During Past 5 Years: Private Investor

Number of Portfolios Overseen: 2

Other Directorships: AeroAstro, Decimal, Inc.

James Bernard Glavin (69)

Positions(s) Held with Fund: Director

Length of Service (Beginning Date): May 3, 1985

Principal Occupation(s) During Past 5 Years: Chairman of the Board, The Immune Response Corp.

Number of Portfolios Overseen: 2

Other Directorships: N/A

Herbert Charles Kay (67)

Positions(s) Held with Fund: Director

Length of Service (Beginning Date): May 3, 1985

Principal Occupation(s) During Past 5 Years: Private Investor

Number of Portfolios Overseen: 2

Other Directorships: N/A

Officers

Gregg B. Keeling, CPA (49)

Positions(s) Held with Fund: Treasurer, Secretary, Principal Financial and Accounting Officer

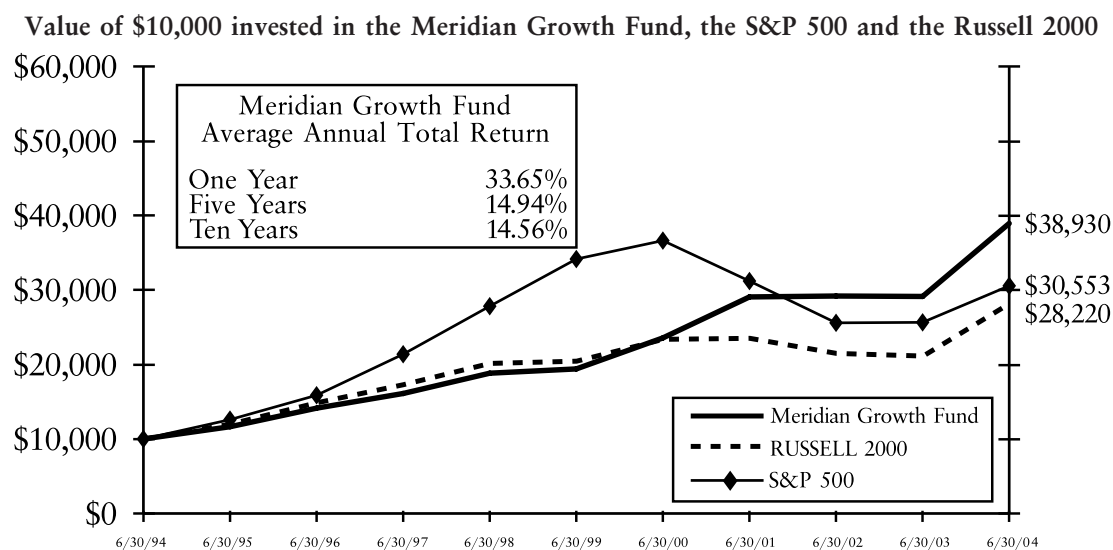
Length of Service: (Beginning Date) April 1999

Principal Occupation(s) During Past 5 Years: Aster Investment Management, Inc.,

Vice President of Operations; Aster Capital Management, Inc., Vice President of Operations

Management's Discussion of Meridian Growth Fund® Performance

The Meridian Growth Fund's investment performance produced a gain of 33.65% during the fiscal year ended June 30, 2004. This reflected the strength in the financial, healthcare services, industrial products and services, retail, technology and telecommunications equipment sectors, as well as selective stocks that may be the only issue we own in a particular sector. Our positive performance was offset primarily by weakness in the restaurant and healthcare products sectors, as well as selective stocks that may be the only issue we own in a particular sector. These market conditions materially affected the Fund's performance. The Russell 2000 Index gained 33.37% during the period while the S&P 500 gained 19.11%. The Fund's investments include companies that are relatively small in terms of total assets, revenues and earnings, that the Investment Adviser believes may have prospects for above average growth in revenue and earnings. Of a total of 61 investments, 46 advanced and 15 declined.

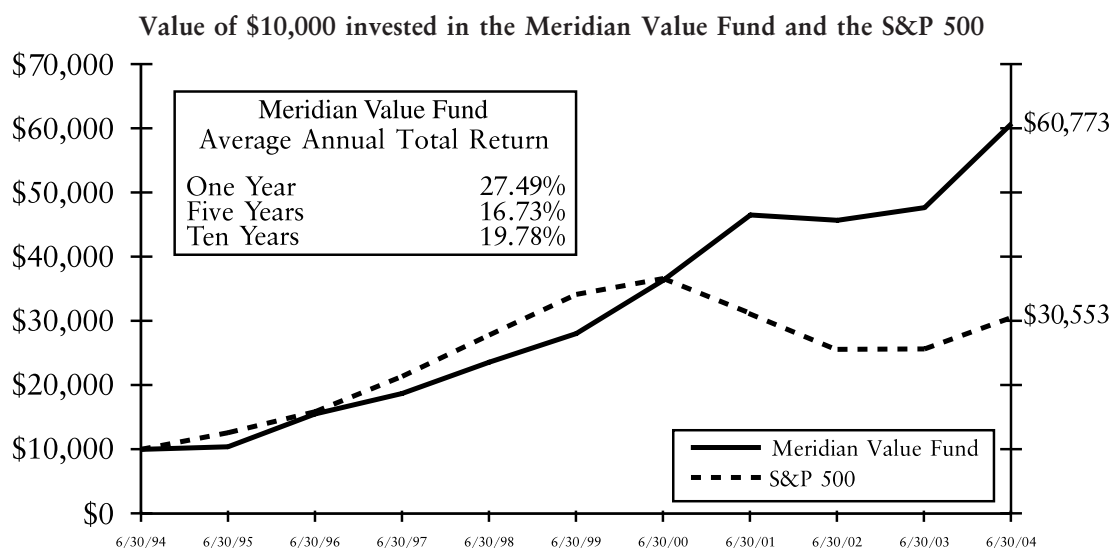


Past performance is not predictive of future performance. The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Net asset value, investment return and principal value will fluctuate, so shares, when redeemed, may be worth more or less than their original cost.

Management's Discussion of Meridian Value Fund® Performance

During the fiscal year ended June 30, 2004, the Meridian Value Fund gained 27.49% compared to a gain of 19.11% for the S&P 500 with reinvested dividends, a gain of 33.37% for the Russell 2000, and a gain of 26.19% for the NASDAQ. During the fiscal year ended June 30, 2004, the Fund's strongest performing investments were in the basic materials, leisure, healthcare, and agriculture sectors. The worst performing investments were in the telecommunications services and consumer durables sectors.

The Meridian Value Fund's strategy is to invest in stocks, across a range of market capitalizations, that the Investment Adviser believes are undervalued in relation to the issuer's long-term earnings power, asset value and/or stock market in general. Investments include both smaller company equities and mid-to-large capitalization stocks. Based on following this strategy, the Fund's average compounded annual return for the nine-year period from June 30, 1995 to June 30, 2004 was 21.66% compared to 10.34% for the S&P 500 with reinvested dividends. The Fund did not approach full investment status until June 30, 1995, with cash comprising approximately 45-50% of the Fund's total portfolio from inception until June 30, 1995. The Meridian Value Fund's average compounded annual return from inception to June 30, 2004 was 18.83% compared to 10.98% for the S&P 500 with reinvested dividends.



Past performance is not predictive of future performance. The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Net asset value, investment return and principal value will fluctuate, so shares, when redeemed, may be worth more or less than their original cost.

2004 TAX NOTICE TO SHAREHOLDERS (Unaudited)

The information set forth below is for the Fund's fiscal year as required by Federal laws. Shareholders, however, must report distributions on a calendar year basis for income tax purposes, which may include distributions for portions of two fiscal years of a fund. Accordingly, the information needed by shareholders for income tax purposes will be sent to them in early 2005. Please consult your tax advisor for proper treatment of this information.

Pursuant to Internal Revenue Code Section 852(b)(3), the amounts of long-term capital gains designated for the fiscal year ended June 30, 2004 were as follows:

Growth Fund	\$19,395,152
Value Fund	\$ —

MERIDIAN FUND, INC.

This report is submitted for the information of shareholders of Meridian Fund, Inc. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

Officers and Directors

RICHARD F. ASTER, JR.
President and Director

MICHAEL S. ERICKSON

HERBERT C. KAY

JAMES B. GLAVIN

MICHAEL STOLPER
Directors

GREGG B. KEELING
Treasurer and Secretary

Custodian
PFPC TRUST COMPANY
Philadelphia, Pennsylvania

Transfer Agent and Disbursing Agent
PFPC, INC.
King of Prussia, Pennsylvania
(800) 446-6662

Counsel
MORRISON & FOERSTER LLP
Washington, D.C.

Auditors
PRICEWATERHOUSECOOPERS LLP
San Francisco, California

MERIDIAN GROWTH FUND® MERIDIAN VALUE FUND® ANNUAL REPORT



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June 30, 2004