

# MERIDIAN FUND, INC.

October 1, 2003

To Our Shareholders:

The stock market gained ground during the third quarter as good economic news encouraged investors. The S&P 500 gained 2.2%, the NASDAQ 10.1% and the Russell 2000, comprised of smaller companies, 8.8%. The best performing sectors included mining, consumer electronics and semiconductors. Pharmaceuticals, durable household products and broadcasting were among the worst performing groups. The yield on the thirty-year government bond increased from 4.56% to 4.89%, reflecting the improved economic outlook.

The U.S. economy grew at a faster pace than expected during the second quarter. Gross domestic product rose at an annual rate of 3.3%, substantially above the 1.4% first quarter pace. Most important, business spending grew at a 7.5% rate, the largest gain in three years. Monetary and fiscal policies remain expansionary and tax rates are conducive to savings and investment. Our outlook is for continued growth and increased profitability through 2004. We believe that interest rates will increase modestly as will the inflation rate. Employment growth, a lagging indicator, will do better next year, in our opinion. We believe this is a positive environment for equities.

Kiplinger's recently featured the Meridian Funds. The interview with Richard Aster is available on our web site at [www.meridianfund.com](http://www.meridianfund.com). Go to the Meridian Value Fund link and then go to Press.

We welcome those new shareholders who joined the Meridian Growth Fund and the Meridian Value Fund during the quarter and appreciate the continued confidence of our existing shareholders.

## Meridian Growth Fund®

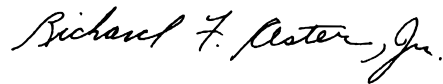
The Meridian Growth Fund's net asset value per share at September 30, 2003 was \$29.05. This represents an increase of 27.4% for the calendar year to date. The Fund's total return and average annual compound rate of return since inception, August 1, 1984, were 1,116.3% and 13.9%, respectively. On September 25, 2003, the Fund made a long-term capital gain distribution of \$0.23 per share. The Fund's assets at the close of the quarter were invested 5.9% in cash and cash equivalents and 94.1% in stocks. Total net assets were \$556,750,101 and there were 29,246 shareholders.

This year's market gains, particularly in some of the small technology issues, have discounted a better economy and better profits in the days ahead. Our portfolio, with few exceptions, is reasonably priced and we remain positive as to the outlook. Technology and retail stocks represent our heaviest weightings. We believe the best opportunities, in our universe, are companies whose growth rates have been temporarily slowed by the recent recession and whose earnings and share prices, in our opinion, will benefit most from a stronger economy and related earnings growth during the next few years. We continue to focus our research on small and medium-sized growth stocks, which, in our opinion, are well managed and sell at reasonable valuations.

We purchased shares in EGL, Inc., Laboratory Corporation of America Holdings and Polo Ralph Lauren Corporation during the third quarter. Sales included P.F. Chang's China Bistro, Inc. and Sonic Corporation.

One of our holdings, American Power Conversion Corporation, is the market leader in the manufacture of power protection and management solutions for computer and communications applications worldwide. We estimate earning per share growth of fifteen percent during the next five years. Growth will be fueled by the continued proliferation, importance and complexity of always on microprocessor-based equipment in corporations, small offices and the home. Sales are both direct to customers and through dealers and distributors. American Power is well managed and well financed with over three dollars per share in cash and no debt. The company weathered the technology recession better than most. The shares, net of cash, sell at approximately fifteen times next year's earnings, a reasonable valuation for a market leading technology company.

Sincerely,



Richard F. Aster, Jr.

**Meridian Value Fund®**

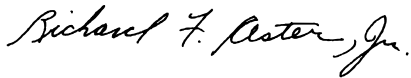
The Meridian Value Fund's net asset value per share at September 30, 2003 was \$33.30. This represents an increase of 18.6% for the calendar year to date. The Fund's total return and average compounded annual rate of return since June 30, 1995, were 382.0% and 21.0%, respectively. The comparable period returns for the S&P 500 with dividends were 109.2% and 9.4%, respectively. The Fund's assets at the close of the quarter were invested 9.3% in cash and cash equivalents and 90.7% in stocks. Total net assets were \$1,599,316,205 and there were 88,823 shareholders.

We believe this year's market gains have discounted a better economy and improving profits in the near future. Our portfolio remains well-diversified and reasonably valued, in our opinion. During the past two quarters, we have increased our positions in shares of companies whose earnings are more sensitive to the economy. The fund continues to invest in companies of all market capitalizations, but we currently believe the best opportunities are in the mid-cap and large-cap segments.

New positions during the quarter include Annaly Mortgage Management, AVX Corporation, Host Marriott, Lamar Advertising, McDonald's, Mettler-Toledo International, National-Oilwell, Scholastic, VeriSign and Yellow Corporation. We sold our shares in ArthroCare, Becton, Dickenson & Co., Burlington Coat Factory Warehouse, Genuine Parts, Helmerich & Payne, International Flavors & Fragrances, Keane, Tenet Healthcare, Tom Brown and VF Corporation.

We recently increased our position in Advo. The company is a leader in targeted direct mail marketing services primarily for retail clients. Difficult economic conditions caused lower advertising spending across the industry, beginning in 2001. Coincident with this slowdown, Advo was investing in new growth initiatives based on expanded mailing dates and newspaper partnerships, and start-up costs for these ventures impacted overall profitability. These factors caused earnings to decline from a split-adjusted high of \$1.72 in the fiscal year ending September 2001 to \$1.48 in 2002 following five years of strong growth. During this period, the stock declined from a high of \$32 to a low of \$17. Success with the new growth initiatives combined with a modest improvement in the advertising environment is now driving improved profitability and renewed earnings growth. Earnings per share are expected to reach \$1.84 in fiscal 2004 and grow at greater than 10% annually going forward. The company recently announced a stock split and introduced a dividend. With the stock price now at \$30, Advo trades at 16.3x this year's earnings and less than 12x earnings potential.

Sincerely,



Richard F. Aster, Jr.



Kevin O'Boyle



James England



Larry Cordisco

# Meridian Growth Fund

## Schedule of Investments

September 30, 2003

	Shares	Value		Shares	Value
COMMON STOCK - 94.1%			INDUSTRIAL PRODUCTS - 4.5%		
BANKING & FINANCE - 3.5%			Dionex Corp. .... 250,130 \$ 9,845,117		
Silicon Valley Bancshares...	411,400	\$ 11,366,982	Tektronix, Inc.* .....	603,900	14,946,525
UCBH Holdings, Inc.* .....	270,300	8,171,169			24,791,642
		19,538,151	INDUSTRIAL SERVICES - 7.3%		
BROKERAGE & MONEY MANAGEMENT - 3.1%			EGL, Inc. .... 306,825 5,578,079		
Edwards (A.G.), Inc.* .....	232,300	8,922,643	Expeditors International of		
T. Rowe Price Group, Inc.* .....	198,700	8,198,362	Washington, Inc.* .....	134,200	4,617,822
		17,121,005	Paychex, Inc.* .....	145,900	4,950,387
CELLULAR COMMUNICATIONS - 1.3%			Republic Services, Inc.* .....	590,000	13,357,600
American Tower Corp.			United Rentals, Inc. ....	755,100	12,149,559
Class A. ....	730,200	7,411,530			40,653,447
CONSTRUCTION - 2.5%			INSURANCE - 2.6%		
Granite Construction, Inc.* .....	752,325	14,053,431	Mercury General Corp.* ... 324,400 14,526,632		
CONSUMER SERVICES - 2.5%			RESTAURANTS - 5.0%		
Regis Corp.* .....	429,000	13,770,900	Applebee's International,		
EDUCATION - 2.4%			Inc.* .....	445,950	14,038,506
DeVry, Inc. ....	573,800	13,576,108	Ruby Tuesday, Inc.* .....	576,700	13,904,237
FURNITURE & FIXTURES - 1.4%					27,942,743
Herman Miller, Inc.* .....	342,175	7,791,325	RETAIL - 18.5%		
HEALTHCARE SERVICES - 13.9%			Bed, Bath and Beyond, Inc. 118,400 4,520,512		
DaVita, Inc. ....	435,000	13,846,050	Borders Group, Inc. ....	623,000	11,787,160
Health Management			Claire's Stores, Inc.* .....	357,800	11,971,988
Associates, Inc. Class A* .....	645,600	14,080,536	Cost Plus, Inc. ....	295,300	10,902,476
Laboratory Corporation of			Dollar Tree Stores, Inc. ....	357,500	11,976,250
America Holdings. ....	396,000	11,365,200	Ethan Allen Interiors, Inc.* .....	335,000	12,060,000
Lincare Holdings, Inc. ....	387,350	14,196,377	Men's Wearhouse, Inc. ....	464,800	11,922,120
Province Healthcare Co. ...	762,700	9,876,965	Polo Ralph Lauren Corp.* .....	210,425	5,643,599
Renal Care Group, Inc. ....	402,600	13,748,790	Ross Stores, Inc.* .....	241,500	11,195,940
		77,113,918	Tiffany & Co.* .....	293,600	10,960,088
					102,940,133
			TECHNOLOGY - 20.9%		
			Advent Software, Inc. .... 328,200 5,280,738		
			American Power Conversion		
			Corp.* .....	635,700	10,895,898
			Autodesk, Inc.* .....	677,200	11,525,944
			FileNET Corp. ....	417,400	8,377,218
			Getty Images, Inc. ....	254,500	8,948,220
			KEMET Corp. ....	1,073,800	13,680,212
			Molex, Inc. Class A* .....	486,800	11,946,072

The accompanying notes are an integral part of the financial statements

# Meridian Growth Fund

## Schedule of Investments (continued)

September 30, 2003

	<u>Shares</u>	<u>Value</u>		<u>Value</u>
COMMON STOCK (continued)			U.S. GOVERNMENT OBLIGATIONS - 4.3%	
Symbol Technologies, Inc.*	1,028,900	\$ 12,295,355	(Identified cost \$23,978,160)	
Synopsys, Inc. ....	342,800	10,547,956	U.S. Treasury Bill @ 0.910% due	
Vishay Intertechnology, Inc.	838,400	14,688,768	11/06/03 (Face Value \$24,000,000) ...	<u>\$ 23,978,896</u>
Zebra Technologies Corp.				
Class A .....	163,650	<u>8,439,430</u>		
		116,625,811	TOTAL INVESTMENTS - 98.4%	
			(Identified cost \$465,654,676) .....	548,077,291
TELECOMMUNICATIONS EQUIPMENT - 4.7%			CASH AND OTHER ASSETS LESS	
Andrew Corp. ....	1,203,125	14,786,406	LIABILITIES - 1.6% .....	<u>8,672,810</u>
Plantronics, Inc. ....	479,900	<u>11,455,213</u>		
		26,241,619		
TOTAL COMMON STOCK - 94.1%			NET ASSETS - 100% .....	<u><u>\$556,750,101</u></u>
(Identified cost \$441,676,516) .....		<u>524,098,395</u>		

\* income producing

*The accompanying notes are an integral part of the financial statements*

# Meridian Value Fund

## Schedule of Investments

September 30, 2003

	Shares	Value		Shares	Value
COMMON STOCK - 90.7%			Kerr-McGee Corp.* . . . . .	550,500	\$ 24,574,320
AEROSPACE/DEFENSE - 2.3%			National-Oilwell, Inc. . . . .	892,800	16,195,392
Empresa Brasileira de			Newfield Exploration Co. . . . .	324,700	12,523,679
Aeronautica S.A. ADR* . . . . .	841,600	\$ 17,757,760	Valero Energy Corp.* . . . . .	645,800	24,714,766
Raytheon Co.* . . . . .	428,400	11,995,200			155,461,162
Rockwell Collins, Inc.* . . . . .	296,600	7,489,150	HEALTHCARE PRODUCTS - 2.7%		
		37,242,110	Boston Scientific Corp. . . . .	367,900	23,472,020
AGRICULTURE - 2.1%			Haemonetics Corp. . . . .	847,000	19,997,670
Agrium, Inc.* . . . . .	1,361,600	17,101,696			43,469,690
Potash Corp. of			HEALTHCARE SERVICES - 8.0%		
Saskatchewan, Inc.* . . . . .	227,800	16,071,290	DaVita, Inc. . . . .	1,004,500	31,973,235
		33,172,986	Lincare Holdings, Inc. . . . .	867,300	31,786,545
BANKING/FINANCE - 2.0%			Omnicare, Inc.* . . . . .	1,236,800	44,599,008
Amvescap Plc ADR* . . . . .	1,040,000	15,797,600	PAREXEL International		
Annaly Mortgage			Corp. . . . .	1,250,200	19,153,064
Management, Inc.* . . . . .	950,800	15,612,136			127,511,852
		31,409,736	INDUSTRIAL PRODUCTS - 7.5%		
BASIC MATERIALS - 3.9%			Crane Co.* . . . . .	659,600	15,441,236
Inco Ltd. . . . .	869,600	24,131,400	Cummins, Inc.* . . . . .	254,000	11,285,220
Newmont Mining Corp.* . . . . .	978,200	38,237,838	Engelhard Corp.* . . . . .	910,400	25,190,768
		62,369,238	Mettler-Toledo		
CONSUMER PRODUCTS - 6.2%			International, Inc. . . . .	351,500	12,636,425
American Greetings Corp.			Packaging Corp. of		
Class A . . . . .	846,600	16,449,438	America . . . . .	804,700	15,627,274
Campbell Soup Co.* . . . . .	828,300	21,949,950	Pall Corp.* . . . . .	363,200	8,150,208
Dial Corp.* . . . . .	1,138,600	24,525,444	Thermo Electron Corp. . . . .	717,800	15,576,260
Kimberly-Clark Corp.* . . . . .	569,700	29,237,004	Waters Corp. . . . .	577,500	15,840,825
Scholastic Corp. . . . .	262,332	7,552,538			119,748,216
		99,714,374	INDUSTRIAL SERVICES - 2.7%		
CONSUMER SERVICES - 5.2%			ADVO, Inc. . . . .	277,200	11,539,836
EchoStar Communications			Valassis Communications,		
Corp. Class A . . . . .	626,000	23,957,020	Inc. . . . .	1,204,900	31,809,360
ServiceMaster Co.* . . . . .	1,945,400	19,959,804			43,349,196
Waste Management, Inc.* . . . . .	1,525,600	39,924,952	INFORMATION TECHNOLOGY SERVICES - 0.7%		
		83,841,776	BearingPoint, Inc. . . . .	1,418,400	11,318,832
ENERGY - 9.7%			INSURANCE - 3.2%		
Arch Coal, Inc.* . . . . .	1,243,900	27,627,019	Aetna, Inc.* . . . . .	231,400	14,122,342
Burlington Resources,			SAFECO Corp.* . . . . .	1,049,700	37,012,422
Inc.* . . . . .	720,300	34,718,460			51,134,764
FMC Technologies, Inc. . . . .	705,300	15,107,526			

The accompanying notes are an integral part of the financial statements

# Meridian Value Fund

## Schedule of Investments (continued)

September 30, 2003

	Shares	Value		Shares	Value
COMMON STOCK (continued)					
PAPER/FOREST PRODUCTS - 1.7%					
Aracruz Celulose S.A.			Power Integrations, Inc. . . .	892,780	\$ 29,676,007
ADR* . . . . .	695,900	\$ 18,998,070	SERENA Software, Inc. . . .	861,000	16,014,600
Sappi Ltd ADR* . . . . .	639,100	8,627,850	Storage Technology Corp. . .	1,557,900	37,607,706
		27,625,920	Symbol Technologies, Inc.* . . . . .	660,200	7,889,390
			Synopsys, Inc. . . . .	231,800	7,132,486
			VeriSign, Inc. . . . .	715,236	9,634,229
					207,391,596
PHARMACEUTICALS - 5.0%			TELECOMMUNICATIONS EQUIPMENT - 0.5%		
Bristol-Myers Squibb Co.* . . . . .	627,000	16,088,820	ADTRAN, Inc.* . . . . .	124,755	7,632,512
Mylan Laboratories, Inc.* . . . . .	1,031,500	39,867,475			
Serono S.A. ADR* . . . . .	1,501,490	24,594,406	TELECOMMUNICATIONS SERVICES - 4.2%		
		80,550,701	AT&T Wireless Services, Inc. . . . .	975,000	7,975,500
REAL ESTATE - 2.1%			CenturyTel, Inc.* . . . . .	848,700	28,762,443
Healthcare Realty Trust, Inc.* . . . . .	480,900	15,379,182	Citizens Communications Co. . . . .	2,675,500	29,992,355
Host Marriott Corp. . . . .	1,659,800	17,809,654			66,730,298
		33,188,836	TRANSPORTATION - 2.8%		
RESTAURANTS - 0.2%			Burlington Northern Santa Fe Corp.* . . . . .	1,003,900	28,982,593
McDonald's Corp.* . . . . .	154,000	3,625,160	J.B. Hunt Transport Services, Inc. . . . .	137,574	3,579,675
RETAIL - 5.0%			Yellow Corp. . . . .	378,784	11,318,066
American Eagle Outfitters, Inc. . . . .	1,012,000	15,038,320			43,880,334
CVS Corp.* . . . . .	265,200	8,237,112	TOTAL COMMON STOCK - 90.7%		
Men's Wearhouse, Inc. . . . .	606,700	15,561,855	(Identified cost \$1,215,468,793) . . . . .		1,450,314,473
Office Depot, Inc. . . . .	1,382,700	19,426,935			
Zale Corp. . . . .	488,200	21,680,962	U.S. GOVERNMENT OBLIGATIONS - 5.0%		
		79,945,184	U.S. Treasury Bill @ 0.881% due 10/09/03 (Face Value \$16,000,000) . . . . .		15,996,909
TECHNOLOGY - 13.0%			U.S. Treasury Bill @ 0.912% due 10/23/03 (Face Value \$13,000,000) . . . . .		12,993,070
AVX Corp.* . . . . .	230,600	3,156,914	U.S. Treasury Bill @ 0.948% due 10/30/03 (Face Value \$12,600,000) . . . . .		12,591,075
American Power Conversion Corp.* . . . . .	1,423,031	24,390,751	U.S. Treasury Bill @ 0.958% due 11/13/03 (Face Value \$12,000,000) . . . . .		11,987,853
Cadence Design System, Inc. . . . .	584,000	7,825,600			
Coherent, Inc. . . . .	454,767	11,200,911			
Electronics for Imaging, Inc. . . . .	998,600	23,287,352			
Hyperion Solutions Corp. . . . .	483,000	13,944,210			
Koninklijke (Royal) Philips Electronics N.V. NY Shares* . . . . .	682,000	15,631,440			

The accompanying notes are an integral part of the financial statements

# Meridian Value Fund

## Schedule of Investments (continued)

September 30, 2003

	<u>Value</u>
U.S. GOVERNMENT OBLIGATIONS (continued)	
U.S. Treasury Bill @ 0.968% due 11/28/03 (Face Value \$14,000,000) .....	\$ 13,981,311
U.S. Treasury Bill @ 0.948% due 12/11/03 (Face Value \$13,000,000) .....	<u>12,978,186</u>
TOTAL U.S. GOVERNMENT OBLIGATIONS (Identified cost \$80,521,630) .....	<u>80,528,404</u>
TOTAL INVESTMENTS - 95.7% (Identified cost \$1,295,990,423) .....	1,530,842,877
CASH AND OTHER ASSETS LESS LIABILITIES - 4.3% .....	<u>68,473,328</u>
NET ASSETS - 100% .....	<u><u>\$1,599,316,205</u></u>

\* income producing  
ADR - American Depository Receipt

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# MERIDIAN FUND, INC.

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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.

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## *Officers and Directors*

RICHARD F. ASTER, JR.  
President and Director

MICHAEL S. ERICKSON

HERBERT C. KAY

JAMES B. GLAVIN

MICHAEL STOLPER  
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## MERIDIAN GROWTH FUND® MERIDIAN VALUE FUND® FIRST QUARTER REPORT



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September 30, 2003