

TRI-CONTINENTAL CORP  
Form N-CSRS  
September 05, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES

Investment Company Act file number 811-0266

Tri-Continental Corporation  
(Exact name of Registrant as specified in charter)

100 Park Avenue  
New York, New York 10017  
(Address of principal executive offices) (Zip code)

Lawrence P. Vogel  
100 Park Avenue  
New York, New York 10017  
(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 850-1864

Date of fiscal year end: 12/31

Date of reporting period: 6/30/08

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ITEM 1. REPORTS TO STOCKHOLDERS.







*Tri-Continental Corporation invests to produce future growth of both capital and income, while providing reasonable current income.*

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TY is Tri-Continental Corporation's symbol for its Common Stock on the New York Stock Exchange.



# *Tri-Continental Corporation*

August 25, 2008

## **To the Stockholders:**

Your mid-year Stockholder report for Tri-Continental Corporation follows this letter. The report contains the Corporation's investment results, portfolio of investments, and financial statements as of June 30, 2008.

For the six months ended June 30, 2008, Tri-Continental posted a total return of -13.6%, based on net asset value, and -15.5%, based on market price. During the same period, its benchmark, the S&P 500 Index, returned -11.9%, while its peers, as measured by the Lipper Closed-End Core Funds Average and the Lipper Large-Cap Core Funds Average, returned -10.6% and -11.5%, respectively.

Tri-Continental's 2008 Annual Meeting of Stockholders was held on May 15, 2008. At the meeting, four Directors were re-elected to Tri-Continental's Board of Directors and Deloitte & Touche LLP was appointed as the independent auditors of the Corporation for 2008. Complete details of the vote can be found on page 28 of this report.

The second quarter 2008 distribution of \$0.540 per Common share was paid to Stockholders on June 19, 2008. Total distributions in 2008 thus far aggregate \$1.173 per Common share. The third quarter 2008 distribution of \$0.513 per Common share will be paid on September 18, 2008 to all Common Stockholders of record September 9, 2008. Each quarterly distribution represents 2.75% of Tri-Continental's net asset value on the final day of the preceding quarter.

On July 7, 2008, Ameriprise Financial, Inc. ("Ameriprise") announced an agreement to acquire J. & W. Seligman & Co. Incorporated ("Seligman"), Tri-Continental's manager, in a transaction that is likely to close in the fourth quarter of 2008. Consummation of the acquisition of Seligman will result in Seligman becoming a wholly-owned subsidiary of RiverSource Investments, LLC ("RiverSource"), a subsidiary of Ameriprise, and a change of control of Seligman and an assignment and automatic termination of Tri-Continental's management agreement with Seligman. On July 17, 2008, Tri-Continental's Board approved a new advisory agreement with RiverSource, and a new administration agreement with Ameriprise. The new advisory agreement is presented in a proxy statement that you should receive in September 2008. As described in the proxy statement, a Special Meeting of Stockholders has been scheduled for October 7, 2008 (the "Special Meeting"), at which Stockholders will vote on the new advisory agreement.

A certain group of stockholders (the "Group") declared their intent to vote against the approval of the advisory agreement and to solicit other stockholders to vote against approval. Given the holdings of these stockholders and the voting patterns in previous proxy contests, your Board believed that it would be very difficult, if not impossible, for Tri-Continental to obtain approval of the advisory agreement, absent the agreement of these stockholders.

On August 19, 2008, Tri-Continental and the Group entered into a settlement agreement under which the Group agreed to vote in accordance with your Board's recommendations to approve the advisory agreement and to elect ten new directors. Tri-Continental agreed that, following the acquisition of Seligman by RiverSource, and subject to certain conditions, it would



## *Tri-Continental Corporation*

conduct two tender offers, provided that the advisory agreement is approved by stockholders at the upcoming Special Meeting.

This agreement meets a number of important goals: First, in recognition of the strong preference of many long-term stockholders, Tri-Continental would continue to operate as a closed-end fund, as it has since 1929; Second, Tri-Continental's investment objective would remain unchanged; and Third, the Group and other stockholders would be provided with an opportunity to reduce or eliminate their holdings at a small discount to net asset value, although the first tender offer will not be attractive to most individual stockholders for reasons that are discussed in the proxy statement.

There will be no obligation to participate in either tender offer. If no action is taken on your part, the number of shares you own of Tri-Continental will remain unchanged. The terms and conditions of the tender offers will be described in the tender offer documents, which you will receive in due course. Stockholders have repeatedly indicated their support for Tri-Continental's closed-end structure. The Board believes that the closed-end structure of Tri-Continental will be maintained as a result of the measures described above and in the proxy statement, which you will receive in September 2008.

Thank you for your continued support of Tri-Continental Corporation.

By order of the Board of Directors,

William C. Morris  
Chairman

Brian T. Zino  
President

## Tri-Continental Corporation

### Investment Results Per Common Share

#### TOTAL RETURNS

For Periods Ended June 30, 2008

|   | Three<br>Months* | Six<br>Months* | One<br>Year | Average Annual |               |              |
|---|------------------|----------------|-------------|----------------|---------------|--------------|
|   |                  |                |             | Three<br>Years | Five<br>Years | Ten<br>Years |
| <b>Market Price</b>                               | (2.24)%          | (15.53)%       | (25.68)%    | 3.90%          | 6.73%         | 1.71%        |
| <b>Net Asset Value</b>                            | (2.13)           | (13.57)        | (20.59)     | 1.78           | 6.23          | 0.91         |
| <b>Lipper Closed-End Core<br/>Funds Average**</b> | (0.22)           | (10.63)        | (14.36)     | 3.05           | 7.54          | 3.58         |
| <b>Lipper Large-Cap Core<br/>Funds Average**</b>  | (1.63)           | (11.49)        | (12.27)     | 3.98           | 6.83          | 2.51         |
| <b>S&amp;P 500 Index**</b>                        | (2.72)           | (11.90)        | (13.11)     | 4.40           | 7.57          | 2.88         |

#### PRICE PER SHARE

|                        | June 30, 2008 | March 31, 2008 | December 31, 2007 |
|------------------------|---------------|----------------|-------------------|
| <b>Market Price</b>    | \$16.54       | \$17.42        | \$20.90           |
| <b>Net Asset Value</b> | 18.65         | 19.62          | 23.03             |

#### DISTRIBUTIONS, CAPITAL GAIN AND YIELD INFORMATION

For Periods Ended June 30, 2008

| Distributions | Capital Gain (Loss) |          |                     | SEC 30-Day<br>YieldØ |                     |
|---------------|---------------------|----------|---------------------|----------------------|---------------------|
|               | Paid□               | Realized | Unrealized<br>Gain□ |                      | Unrealized<br>Loss□ |
| \$1.17        |                     | \$(1.52) | \$1.03              | \$(4.86)             | 3.91%               |

Performance data quoted in this report represents past performance and does not guarantee or indicate future investment results. The rates of return will vary and the principal value of an investment will fluctuate. Shares, if sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Total returns of the Corporation as of the most recent month end will be made available at [www.seligman.com](http://www.seligman.com)<sup>1</sup> by the seventh business day following that month end. J. & W. Seligman & Co. Incorporated, the investment manager of the Corporation, made certain payments to the Corporation in 2004. Absent such payments, the net asset value returns that include this period would have been lower. Returns reflect changes in market price or net asset value, as applicable, and assume reinvestment of distributions. Performance data quoted does not reflect the deduction of taxes that investors may pay on distributions or the sale of shares. An investment in Tri-Continental is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation.

See footnotes on page 4.



## *Tri-Continental Corporation*

### **Investment Results Per Common Share** (continued)

\* Returns for periods of less than one year are not annualized.

\*\* The Lipper Closed-End Core Funds Average and the Lipper Large-Cap Core Funds Average (the "Lipper Averages") and the Standard & Poor's 500 Composite Stock Price Index (the "S&P 500 Index") are unmanaged benchmarks that assume reinvestment of all distributions, and exclude the effect of fees, taxes, and sales charges. The S&P 500 Index also excludes the effect of expenses. The Lipper Closed-End Core Funds Average measures the performance of closed-end funds. The Lipper Large-Cap Core Funds Average includes open end funds that, by portfolio practice, invest at least 75% of their assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P SuperComposite 1500 Index. The Lipper Large-Cap Core Funds Average is provided for comparative purposes so that the Corporation's performance can be measured against both closed-end and open-end funds with similar portfolio holdings as the Corporation. Lipper classifies the Corporation, based on its portfolio holdings, as a Closed-End Core Fund. The S&P 500 Index measures the performance of 500 of the largest US companies based on market capitalizations. Investors cannot invest directly in an index or an average.

□ Preferred Stockholders were paid dividends totaling \$1.25 per share.

□ Represents the per share amount of gross unrealized gain or loss of portfolio securities as of June 30, 2008.

∅ Current yield, representing the annualized yield for the 30-day period ended June 30, 2008, has been computed in accordance with SEC regulations and will vary.

<sup>1</sup> The website reference is an inactive textual reference and information contained in or otherwise accessible through the website does not form a part of this report or the Corporation's prospectus or statement of additional information.

## Tri-Continental Corporation

### Highlights of the First Half

|   | <b>June 30,<br/>2008</b>         | <b>December 31,<br/>2007</b> |
|---|----------------------------------|------------------------------|
| <b>Assets:</b>                                    |                                  |                              |
| Total assets                                      | \$ 2,013,103,973                 | \$ 2,471,980,381             |
| Amount owed                                       | 43,497,351                       | 60,914,462                   |
| <b>Net Investment Assets</b>                      | 1,969,606,622                    | 2,411,065,919                |
| Preferred Stock, at par value                     | 37,637,000                       | 37,637,000                   |
| Net Assets for Common Stock                       | \$ 1,931,969,622                 | \$ 2,373,428,919             |
| Common shares outstanding                         | 103,614,496                      | 103,037,616                  |
| <b>Net Assets Per Common Share</b>                | <b>\$18.65</b>                   | <b>\$23.03</b>               |
|   | <b>Six Months Ended June 30,</b> |                              |
|   | <b>2008</b>                      | <b>2007</b>                  |
| <b>Capital Gains:</b>                             |                                  |                              |
| Net capital gains (losses) realized               | \$ (157,198,953)                 | \$ 164,160,146               |
| Per Common share                                  | \$(1.52)                         | \$1.60                       |
| Accumulated capital gains (losses), end of period | \$ (157,198,953)                 | \$ 164,633,714               |
| Per Common share, end of period                   | \$(1.52)                         | \$1.61                       |
| Unrealized capital gains, end of period           | \$ 106,442,527                   | \$ 201,281,954               |
| Per Common share, end of period                   | \$1.03                           | \$1.96                       |
| Unrealized capital losses, end of period          | \$ (503,723,527)                 | \$ (100,327,107)             |
| Per Common share, end of period                   | \$(4.86)                         | \$(0.98)                     |
| <b>Capital Gains Paid per Common Share</b>        | <b>\$0.31</b>                    | <b>\$0.12</b>                |
| <b>Income:</b>                                    |                                  |                              |
| Total investment income earned                    | \$ 41,489,018                    | \$ 49,086,414                |
| Expenses  | 7,189,813                        | 9,284,581                    |
| Preferred Stock dividends                         | 968,598                          | 940,925                      |
| Income for Common Stock                           | \$ 33,330,607                    | \$ 38,860,908                |
| Expense to average net investment assets          | 0.67%*                           | 0.68%*                       |
| Expense to average net assets for Common Stock    | 0.68%*                           | 0.69%*                       |
| <b>Dividends per Common Share</b>                 | <b>\$0.32</b>                    | <b>\$0.14</b>                |
| <b>Return of Capital per Common Share</b>         | <b>\$0.54</b>                    | <b>\$ □</b>                  |

\* Annualized.

## Tri-Continental Corporation

### Stockholder Services

Tri-Continental provides a number of services to make maintaining an investment in its Common Stock more convenient. Please consult Tri-Continental's prospectus for the terms and conditions of these services.

**Distribution Policy.** Holders of Tri-Continental Common Stock will receive quarterly distributions equal to a minimum of 2.75% of the net asset value of Tri-Continental's Common Stock on the last business day of the preceding calendar quarter (approximately 11% annually). The payment options for receiving distributions are:

- 100% of distribution to be invested in additional shares of Tri-Continental
- 75% of distribution to be invested in additional shares, 25% of distribution to be paid in cash
- 50% of distribution to be invested in additional shares, 50% of distribution to be paid in cash
- 100% of distribution to be paid in cash

You can change your payment election at any time by contacting your financial advisor or Stockholder Services at 800-TRI-1092.

**Automatic Dividend Investment and Cash Purchase Plan.** Subject to the terms and conditions set forth in the prospectus, Stockholders may automatically purchase additional shares with distribution payments. There is no charge for this service. Stockholders may also, subject to the terms and conditions of the prospectus, purchase additional shares directly from the Corporation. There is a service fee of a maximum of \$2.00 for each cash purchase transaction.

**Automatic Cash Withdrawal Plan.** Stockholders who hold Common Stock with a market value of \$5,000 or more may elect to receive a fixed amount from their investment at regular intervals by selling their shares to the Corporation.

**Traditional Individual Retirement Account (IRA).** Stockholders who have earned income and are under age 70½ may contribute up to \$5,000 per year to a Traditional IRA for 2008. A working or non-working spouse may also contribute up to \$5,000 to a separate Traditional IRA for 2008. Additionally, individuals who reach age 50 prior to the end of a taxable year may make "catch-up contributions" to a Traditional IRA of up to \$1,000. Contributions to a Traditional IRA may be deductible or non-deductible. If you are single and *not* covered by an employer's retirement plan, your contribution will always be deductible. For individuals who are covered by a plan, contributions will be fully deductible if your modified adjusted gross income (MAGI) in 2008 is less than \$53,000. For spouses who are both covered by a plan, contributions will be fully deductible if your MAGI is less than \$85,000. If one spouse does not work or is not covered by a retirement plan, that spouse's contribution will be fully deductible provided your household MAGI does not exceed \$159,000. If your contribution is not deductible, you may still take advantage of the tax-deferred accumulation of earnings in your Traditional IRA.

**Rollover IRA.** You may be eligible to roll over a distribution of assets received from another IRA, a qualified employee benefit plan, or tax-deferred annuity into a Rollover IRA with Tri-Continental. To avoid a tax penalty, the transfer to a Rollover IRA must occur within 60 days of receipt of the qualifying distribution. If you do not make a direct transfer of a distribution from a qualified employee benefit plan or a tax-deferred annuity to a Rollover IRA, the payor of the distribution must withhold 20% of the distribution.

## *Tri-Continental Corporation*

### **Stockholder Services** (continued)

**Roth IRA.** You (and a working or non-working spouse) may (each) make an after-tax contribution of up to \$5,000 per year to a Roth IRA provided you have earned income and meet the eligibility requirements. Your MAGI must be less than \$101,000 for individuals or \$159,000 for married couples to be eligible to make a full contribution to a Roth IRA. You are eligible to make a partial Roth IRA contribution if your MAGI is below \$116,000 for individuals or \$169,000 for married couples. Total combined contributions to a Roth IRA and a Traditional IRA cannot exceed \$5,000 in any year. Additionally, individuals who reach age 50 prior to the end of a taxable year may make [catch-up contributions] to either a Roth IRA or Traditional IRA of up to \$1,000. Earnings grow tax-free and will be distributed to you tax-free and penalty-free provided that you hold your account for at least five years **and** you take the distribution either after age 59½, for disability, upon death, or to make a first-time home purchase (up to \$10,000). Unlike a Traditional IRA, you may contribute to a Roth IRA even if you are over age 70½ (if you have earned income), and you are not required to take minimum distributions at age 70½. You may convert an existing Traditional IRA to a Roth IRA to take advantage of tax-free distributions. You must pay taxes on any earnings and deductible contributions in your Traditional IRA when converting it to a Roth IRA. Talk to your financial advisor for more details on converting your Traditional IRA.

**Retirement Planning [ Qualified Plans]** Unincorporated businesses and the self-employed may take advantage of the same benefits in their retirement plans that are available to corporations. Contribution levels can go as high as 100% of earned income (reduced by plan contributions), to a maximum of \$46,000 per participant. For retirement plan purposes, no more than \$230,000 may be taken into account as earned income under the plan in 2008. Social Security integration and employee vesting schedules are also available as options in the Tri-Continental prototype retirement plans. Although you already may be participating in an employer's retirement plan, you may be eligible to establish another plan based upon income from other sources, such as director's fees.

**Retirement Plan Services** provides information about our prototype retirement plans. The toll-free telephone number is (800) 445-1777 in the US and (212) 682-7600 outside the US.

## Tri-Continental Corporation

### Diversification of Net Investment Assets

The diversification of portfolio holdings by industry on June 30, 2008 was as follows. Individual securities owned are listed on pages 11 through 16.

| Common Stocks: Issues                  | Cost | Value         | Percent of Net Investment Assets |                   |     |
|--|------|---------------|----------------------------------|-------------------|-----|
|  |      |               | June 30, 2008                    | December 31, 2007 |     |
| Aerospace and Defense                  | 4    | \$ 47,987,732 | \$ 49,083,932                    | 2.5               | 2.8 |
| Air Freight and Logistics              | 1    | 21,630,321    | 19,111,023                       | 1.0               | 0.5 |
| Airlines                               | 2    | 24,429,036    | 10,828,299                       | 0.5               | 1.2 |
| Auto Components                        | □    | □             | □                                | □                 | 1.1 |
| Automobiles                            | □    | □             | □                                | □                 | 0.4 |
| Biotechnology                          | 3    | 50,027,508    | 41,476,479                       | 2.1               | 1.9 |
| Capital Markets                        | 5    | 80,439,935    | 52,858,730                       | 2.7               | 4.4 |
| Chemicals                              | 1    | 7,788,442     | 9,255,408                        | 0.5               | □   |
| Commercial Banks                       | 2    | 43,704,076    | 22,980,363                       | 1.2               | 1.2 |
| Commercial Services and Supplies       | □    | □             | □                                | □                 | 1.0 |
| Communications Equipment               | 5    | 115,664,208   | 99,176,178                       | 5.0               | 5.6 |
| Computers and Peripherals              | 2    | 45,376,169    | 45,403,626                       | 2.3               | 4.2 |
| Construction and Engineering           | 2    | 19,642,498    | 21,734,002                       | 1.1               | 1.2 |
| Consumer Finance                       | 1    | 15,966,204    | 11,737,972                       | 0.6               | 1.1 |
| Containers and Packaging               | 1    | 62,031,432    | 19,445,255                       | 1.0               | 2.3 |
| Diversified Financial Services         | 4    | 107,995,065   | 63,027,198                       | 3.2               | 3.9 |
| Diversified Telecommunication Services | 4    | 93,934,449    | 69,704,305                       | 3.5               | 2.4 |
| Electric Utilities                     | 1    | 17,155,892    | 18,774,652                       | 0.9               | 0.7 |
| Electrical Equipment                   | 2    | 15,855,170    | 14,550,379                       | 0.7               | 0.5 |
| Energy Equipment and Services          | 6    | 73,275,698    | 89,993,856                       | 4.6               | 3.1 |
| Food and Staples Retailing             | 2    | 84,166,360    | 32,264,937                       | 1.6               | 2.3 |
| Health Care Equipment and Supplies     | 3    | 31,940,656    | 31,547,330                       | 1.6               | 1.0 |
| Health Care Providers and Services     | 6    | 55,688,338    | 45,444,029                       | 2.3               | 1.7 |
| Hotels, Restaurants and Leisure        | □    | □             | □                                | □                 | 0.9 |



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|  |    |             |             |      |     |
|--|----|-------------|-------------|------|-----|
| Independent Power Producers and            |    |             |             |      |     |
| Energy Traders                             | 1  | 13,630,160  | 12,863,016  | 0.7  | 0.6 |
| Industrial Conglomerates                   | 2  | 50,072,913  | 38,803,653  | 2.0  | 2.5 |
| Insurance                                  | 4  | 86,490,031  | 60,146,366  | 3.1  | 2.5 |
| Internet Software and Services             | 3  | 102,186,125 | 61,364,123  | 3.1  | 2.3 |
| Life Sciences Tools and Services           | 1  | 11,256,274  | 10,569,636  | 0.5  | 0.7 |
| Machinery                                  | 1  | 7,530,224   | 6,253,671   | 0.3  | 1.1 |
| Media                                      | □  | □           | □           | □    | 2.7 |
| Metals and Mining                          | 4  | 56,320,232  | 61,887,653  | 3.1  | 2.2 |
| Multi-Utilities                            | 1  | 23,531,760  | 24,370,458  | 1.2  | □   |
| Multiline Retail                           | 1  | 26,535,841  | 23,333,331  | 1.2  | 1.8 |
| Oil, Gas and Consumable Fuels              | 8  | 183,613,311 | 230,799,973 | 11.7 | 9.6 |
| Pharmaceuticals                            | 10 | 196,314,057 | 168,589,695 | 8.6  | 5.4 |
| Real Estate Investment Trusts              | □  | □           | □           | □    | 0.3 |
| Semiconductors and Semiconductor Equipment | 4  | 96,043,006  | 94,370,646  | 4.8  | 3.5 |

(continued on page 9)

## Tri-Continental Corporation

### Diversification of Net Investment Assets (continued)

|  |            |                         |                         | Percent of Net<br>Investment Assets |
|--|------------|-------------------------|-------------------------|-------------------------------------|
|  |            |                         |                         | June 30,<br>2008                    |
|  | Issues     | Cost                    | Value                   |                                     |
| <b>Common Stocks:</b> (continued)      |            |                         |                         |                                     |
| Software                               | 5          | \$ 129,673,895          | \$ 118,035,462          | 6.0                                 |
| Specialty Retail                       | 2          | 60,693,080              | 24,850,083              | 1.3                                 |
| Textiles, Apparel and Luxury Goods     | □          | □                       | □                       | □                                   |
| Thrifts and Mortgage Finance           | 1          | 37                      | 4                       | □                                   |
| Tobacco                                | 3          | 59,947,467              | 64,491,848              | 3.3                                 |
| Wireless Telecommunication<br>Services | 1          | 12,726,984              | 7,873,842               | 0.4                                 |
| <b>Total Common Stocks</b>             | <b>109</b> | <b>2,131,264,586</b>    | <b>1,777,001,413</b>    | <b>90.2</b>                         |
| <b>Options Purchased</b>               | <b>21</b>  | <b>35,303,275</b>       | <b>14,867,347</b>       | <b>0.8</b>                          |
| <b>Tri-Continental Financial</b>       |            |                         |                         |                                     |
| <b>Division</b>                        | <b>1</b>   | <b>4,292,803</b>        | <b>2,192,377</b>        | <b>0.1</b>                          |
| <b>Equity-Linked Notes</b>             | <b>7</b>   | <b>105,426,000</b>      | <b>84,944,527</b>       | <b>4.3</b>                          |
| <b>Time Deposit</b>                    | <b>1</b>   | <b>97,651,000</b>       | <b>97,651,000</b>       | <b>5.0</b>                          |
| <b>Other Assets Less Liabilities</b>   | <b>□</b>   | <b>(7,050,042)</b>      | <b>(7,050,042)</b>      | <b>(0.4)</b>                        |
| <b>Net Investment Assets</b>           | <b>139</b> | <b>\$ 2,366,887,622</b> | <b>\$ 1,969,606,622</b> | <b>100.0</b>                        |

## Tri-Continental Corporation

### Ten Largest Equity Holdings

June 30, 2008

|                                  | <b>Cost<br/>(000s)</b> | <b>Value<br/>(000s)</b> |
|----------------------------------|------------------------|-------------------------|
| Exxon Mobil Corporation          | \$ 51,398              | \$ 70,063               |
| Marvell Technology Group Ltd.    | 46,470                 | 49,886                  |
| Comverse Technology, Inc.        | 52,280                 | 42,521                  |
| Microsoft Corporation            | 43,837                 | 40,711                  |
| Chevron Corporation              | 30,890                 | 40,415                  |
| AT&T Inc.                        | 40,787                 | 34,734                  |
| Philip Morris International Inc. | 28,288                 | 31,920                  |
| ConocoPhillips                   | 23,903                 | 31,819                  |
| General Electric Company         | 41,424                 | 31,177                  |
| Wyeth                            | 31,999                 | 30,715                  |
|                                  | <b>\$ 391,276</b>      | <b>\$ 403,961</b>       |

There can be no assurance that the securities presented have remained or will remain in the Corporation's portfolio. Information regarding the Corporation's portfolio holdings should not be construed as a recommendation to buy or sell any security or as an indication that any security is suitable for a particular investor.

### Largest Portfolio Changes

April 1 to June 30, 2008

#### Largest Purchases

Public Service Enterprise Group Incorporated\*  
 Activision Blizzard, Inc.\*  
 Chesapeake Energy Corporation\*  
 Yahoo! Inc.  
 Barrick Gold Corporation\*  
 CIT Group, Inc.  
 Occidental Petroleum Corporation\*  
 Frontier Communications Corporation\*  
 Hologic, Inc.\*  
 Exterran Holdings Inc.\*

#### Largest Sales

Kohl's Corporation\*\*  
 International Business Machines\*\*  
 Comverse Technology, Inc.  
 Johnson & Johnson\*\*  
 St. Jude Medical, Inc.\*\*  
 Wynn Resorts, Limited\*\*  
 Goodyear Tire & Rubber Company (The)\*\*  
 Waste Management Inc.\*\*  
 Caterpillar Inc.\*\*  
 General Dynamics Corporation\*\*

Largest portfolio changes from the previous period to the current period are based on cost of purchases and proceeds from sales of securities, listed in descending order.

□ Excludes options purchased.

\* Position added during the period.

\*\* Position eliminated during the period.



# Tri-Continental Corporation

## Portfolio of Investments (unaudited) June 30, 2008

|  | Shares    | Value        |
|--|-----------|--------------|
| <b>COMMON STOCKS 90.2%</b>               |           |              |
| <b>AEROSPACE AND DEFENSE 2.5%</b>        |           |              |
| Boeing Company (The)                     | 137,900   | \$ 9,062,788 |
| Honeywell International Inc.             | 382,700   | 19,242,156   |
| Raytheon Company                         | 175,600   | 9,882,768    |
| United Technologies Corporation          | 176,600   | 10,896,220   |
|  |           | 49,083,932   |
| <b>AIR FREIGHT AND LOGISTICS 1.0%</b>    |           |              |
| United Parcel Service, Inc. (Class B)    | 310,900   | 19,111,023   |
| <b>AIRLINES 0.5%</b>                     |           |              |
| Delta Air Lines, Inc.*                   | 1,085,429 | 6,186,945    |
| Northwest Airlines Corporation*          | 696,900   | 4,641,354    |
|  |           | 10,828,299   |
| <b>BIOTECHNOLOGY 2.1%</b>                |           |              |
| Amgen Inc.*                              | 193,600   | 9,130,176    |
| Cephalon, Inc.*                          | 346,700   | 23,121,423   |
| ImClone Systems Incorporated*            | 228,000   | 9,224,880    |
|  |           | 41,476,479   |
| <b>CAPITAL MARKETS 2.7%</b>              |           |              |
| Bank of New York Mellon Corporation      | 241,600   | 9,139,728    |
| Fortress Investments Group LLC (Class A) | 1,242,029 | 15,301,797   |
| Janus Capital Group Inc.                 | 378,600   | 10,021,542   |
| Morgan Stanley                           | 377,300   | 13,609,211   |
| State Street Corporation                 | 74,800    | 4,786,452    |
|  |           | 52,858,730   |
| <b>CHEMICALS 0.5%</b>                    |           |              |
| Monsanto Company                         | 73,200    | 9,255,408    |
| <b>COMMERCIAL BANKS 1.2%</b>             |           |              |
| Wachovia Corporation                     | 617,063   | 9,582,988    |
| Wells Fargo & Company                    | 564,100   | 13,397,375   |
|  |           | 22,980,363   |
| <b>COMMUNICATIONS EQUIPMENT 5.0%</b>     |           |              |
| Cisco Systems, Inc.*                     | 762,980   | 17,746,915   |
| Comverse Technology, Inc.*               | 2,508,614 | 42,521,007   |

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|                            |         |            |
|----------------------------|---------|------------|
| Nokia Corp. (ADR)          | 459,200 | 11,250,400 |
| QUALCOMM Inc.              | 426,800 | 18,937,116 |
| Research in Motion Limited | 74,600  | 8,720,740  |
|                            |         | 99,176,178 |

**COMPUTERS AND PERIPHERALS 2.3%**

|                         |         |            |
|-------------------------|---------|------------|
| Apple Inc.*             | 111,000 | 18,585,840 |
| Hewlett-Packard Company | 606,600 | 26,817,786 |
|                         |         | 45,403,626 |

See footnotes on page 16.

# Tri-Continental Corporation

## Portfolio of Investments (unaudited) June 30, 2008

|  | Shares    | Value         |
|--|-----------|---------------|
| <b>CONSTRUCTION AND ENGINEERING 1.1%</b>           |           |               |
| Foster Wheeler Ltd.*                               | 165,400   | \$ 12,099,010 |
| Quanta Services, Inc.*                             | 289,600   | 9,634,992     |
|  |           | 21,734,002    |
| <b>CONSUMER FINANCE 0.6%</b>                       |           |               |
| American Express Company                           | 311,600   | 11,737,972    |
| <b>CONTAINERS AND PACKAGING 1.0%</b>               |           |               |
| Smurfit-Stone Container Corporation*               | 4,777,704 | 19,445,255    |
| <b>DIVERSIFIED FINANCIAL SERVICES 3.2%</b>         |           |               |
| Bank of America Corporation                        | 919,140   | 21,939,872    |
| CIT Group, Inc.                                    | 1,284,200 | 8,745,402     |
| CME Group Inc.                                     | 12,100    | 4,636,599     |
| JPMorgan Chase & Co.                               | 807,500   | 27,705,325    |
|  |           | 63,027,198    |
| <b>DIVERSIFIED TELECOMMUNICATION SERVICES 3.5%</b> |           |               |
| AT&T Inc.  | 1,031,000 | 34,734,390    |
| Frontier Communications Corporation                | 1,011,300 | 11,468,142    |
| Qwest Communications International Inc.            | 3,746,500 | 14,723,745    |
| tw telecom inc.*                                   | 547,600   | 8,778,028     |
|  |           | 69,704,305    |
| <b>ELECTRIC UTILITIES 0.9%</b>                     |           |               |
| Exelon Corporation                                 | 208,700   | 18,774,652    |
| <b>ELECTRICAL EQUIPMENT 0.7%</b>                   |           |               |
| ABB Limited (ADR)*                                 | 348,200   | 9,861,024     |
| JA Solar Holdings Co. Ltd. (ADR)*                  | 278,300   | 4,689,355     |
|  |           | 14,550,379    |
| <b>ENERGY EQUIPMENT AND SERVICES 4.6%</b>          |           |               |
| Baker Hughes Incorporated                          | 154,200   | 13,467,828    |
| Exterran Holdings Inc.*                            | 148,600   | 10,623,414    |
| Halliburton Company                                | 340,700   | 18,080,949    |
| Noble Corporation                                  | 251,600   | 16,343,936    |
| Schlumberger Limited                               | 159,100   | 17,092,113    |
| Transocean Inc.*                                   | 94,400    | 14,385,616    |
|  |           | 89,993,856    |

**FOOD AND STAPLES RETAILING 1.6%**

|                          |            |            |
|--------------------------|------------|------------|
| CVS Caremark Corporation | 203,500    | 8,052,495  |
| Rite Aid Corporation*    | 15,227,951 | 24,212,442 |
|                          |            | 32,264,937 |

**HEALTH CARE EQUIPMENT AND SUPPLIES 1.6%**

|                           |         |            |
|---------------------------|---------|------------|
| Baxter International Inc. | 141,000 | 9,015,540  |
| Hologic, Inc.*            | 528,500 | 11,521,300 |
| Zimmer Holdings, Inc.*    | 161,800 | 11,010,490 |
|                           |         | 31,547,330 |

See footnotes on page 16.



# Tri-Continental Corporation

## Portfolio of Investments (unaudited) June 30, 2008

|  | Shares    | Value        |
|--|-----------|--------------|
| <b>HEALTH CARE PROVIDERS AND SERVICES 2.3%</b>             |           |              |
| CIGNA Corporation  | 109,100   | \$ 3,861,049 |
| Express Scripts, Inc.*                                     | 153,800   | 9,646,336    |
| Health Net, Inc.*  | 406,475   | 9,779,789    |
| Medco Health Solutions, Inc.*                              | 105,800   | 4,993,760    |
| Quest Diagnostics Incorporated                             | 233,500   | 11,317,745   |
| UnitedHealth Group Incorporated                            | 222,680   | 5,845,350    |
|  |           | 45,444,029   |
| <b>INDEPENDENT POWER PRODUCERS AND ENERGY TRADERS 0.7%</b> |           |              |
| AES Corporation (The)*                                     | 669,600   | 12,863,016   |
| <b>INDUSTRIAL CONGLOMERATES 2.0%</b>                       |           |              |
| 3M Company   | 109,600   | 7,627,064    |
| General Electric Company                                   | 1,168,100 | 31,176,589   |
|  |           | 38,803,653   |
| <b>INSURANCE 3.1%</b>                                      |           |              |
| American International Group, Inc.                         | 556,500   | 14,724,990   |
| Hartford Financial Services Group, Inc.                    | 283,100   | 18,279,767   |
| MetLife, Inc.  | 314,600   | 16,601,442   |
| Prudential Financial, Inc.                                 | 176,434   | 10,540,167   |
|  |           | 60,146,366   |
| <b>INTERNET SOFTWARE AND SERVICES 3.1%</b>                 |           |              |
| Google Inc. (Class A)*                                     | 39,500    | 20,793,590   |
| SAVVIS, Inc.*  | 1,194,170 | 15,416,735   |
| Yahoo! Inc.*   | 1,217,512 | 25,153,798   |
|  |           | 61,364,123   |
| <b>LIFE SCIENCES TOOLS AND SERVICES 0.5%</b>               |           |              |
| Applied Biosystems, Inc.                                   | 315,700   | 10,569,636   |
| <b>MACHINERY 0.3%</b>                                      |           |              |
| Deere & Company  | 86,700    | 6,253,671    |
| <b>METALS AND MINING 3.1%</b>                              |           |              |
| Alcoa Inc.   | 529,613   | 18,864,815   |
| Barrick Gold Corporation                                   | 319,500   | 14,537,250   |
| Freeport-McMoRan Copper & Gold, Inc.                       | 200,700   | 23,520,033   |
| Nucor Corporation  | 66,500    | 4,965,555    |

61,887,653

**MULTI-UTILITIES 1.2%**

Public Service Enterprise Group Incorporated

530,600

24,370,458

**MULTILINE RETAIL 1.2%**

Target Corporation

501,900

23,333,331

See footnotes on page 16.

# Tri-Continental Corporation

## Portfolio of Investments (unaudited) June 30, 2008

|  | Shares    | Value         |
|--|-----------|---------------|
| <b>OIL, GAS AND CONSUMABLE FUELS 11.7%</b>             |           |               |
| Chesapeake Energy Corporation                          | 374,800   | \$ 24,721,808 |
| Chevron Corporation                                    | 407,700   | 40,415,301    |
| ConocoPhillips   | 337,100   | 31,818,869    |
| El Paso Corporation                                    | 1,103,800 | 23,996,612    |
| Exxon Mobil Corporation                                | 795,000   | 70,063,350    |
| Occidental Petroleum Corporation                       | 142,400   | 12,796,064    |
| Valero Energy Corporation                              | 280,000   | 11,530,400    |
| XTO Energy, Inc.                                       | 225,625   | 15,457,569    |
|  |           | 230,799,973   |
| <b>PHARMACEUTICALS 8.6%</b>                            |           |               |
| Abbott Laboratories                                    | 372,500   | 19,731,325    |
| Barr Pharmaceuticals Inc.*                             | 286,000   | 12,892,880    |
| Bristol-Myers Squibb Company                           | 869,000   | 17,840,570    |
| Forest Laboratories, Inc.*                             | 449,500   | 15,615,630    |
| Merck & Co. Inc.                                       | 292,200   | 11,013,018    |
| Mylan, Inc.*   | 1,629,700 | 19,670,479    |
| Pfizer Inc.  | 1,145,138 | 20,005,561    |
| Schering-Plough Corporation                            | 503,300   | 9,909,977     |
| Sepracor Inc.*   | 562,000   | 11,195,040    |
| Wyeth  | 640,434   | 30,715,215    |
|  |           | 168,589,695   |
| <b>SEMICONDUCTORS AND SEMICONDUCTOR EQUIPMENT 4.8%</b> |           |               |
| Intel Corporation                                      | 971,800   | 20,874,264    |
| Marvell Technology Group Ltd.*                         | 2,824,781 | 49,885,632    |
| MEMC Electronic Materials, Inc.*                       | 170,700   | 10,504,878    |
| NVIDIA Corporation*                                    | 700,100   | 13,105,872    |
|  |           | 94,370,646    |
| <b>SOFTWARE 6.0%</b>                                   |           |               |
| Activision Blizzard, Inc.*                             | 677,500   | 23,082,425    |
| BMC Software Inc.*                                     | 280,200   | 10,087,200    |
| Macrovision Solutions Corporation*                     | 1,688,028 | 25,252,898    |
| Microsoft Corporation                                  | 1,479,856 | 40,710,839    |
| Oracle Corporation*                                    | 900,100   | 18,902,100    |
|  |           | 118,035,462   |
| <b>SPECIALTY RETAIL 1.3%</b>                           |           |               |
| Home Depot, Inc. (The)                                 | 308,200   | 7,218,044     |

|  |           |                          |
|--|-----------|--------------------------|
| OfficeMax Inc.                           | 1,268,492 | 17,632,039<br>24,850,083 |
| <b>THRIFTS AND MORTGAGE FINANCE 0.0%</b> |           |                          |
| Countrywide Financial Corporation        | 1         | 4                        |
| <b>TOBACCO 3.3%</b>                      |           |                          |
| Altria Group, Inc.                       | 684,880   | 14,081,133               |
| Philip Morris International Inc.         | 646,280   | 31,919,769               |
| UST Inc.                                 | 338,600   | 18,490,946<br>64,491,848 |

See footnotes on page 16.

# Tri-Continental Corporation

## Portfolio of Investments (unaudited) June 30, 2008

|  | Shares or<br>Shares<br>Subject to<br>Call/Put | Value         |
|--|---|---------------|
| <b>WIRELESS TELECOMMUNICATION SERVICES 0.4%</b>                        |   |               |
| NII Holdings Inc.*   | 165,800                                       | \$ 7,873,842  |
| <b>TOTAL COMMON STOCKS</b> (Cost \$2,131,264,586)                      |   | 1,777,001,413 |
| <b>OPTIONS PURCHASED* 0.8%</b>   |   |               |
| <b>AIRLINES 0.1%</b>   |   |               |
| Delta Air Lines, Inc., Call expiring September 2008 at \$7.50          | 168,800                                       | 165,424       |
| Northwest Airlines Corporation, Call expiring September 2008 at \$7.50 | 775,100                                       | 1,085,140     |
| UAL Corp., Call expiring September 2008 at \$10                        | 839,200                                       | 461,560       |
|  |   | 1,712,124     |
| <b>BIOTECHNOLOGY 0.0%</b>  |   |               |
| Amgen Inc., Call expiring January 2009 at \$60                         | 394,300                                       | 240,523       |
| <b>COMMUNICATIONS EQUIPMENT 0.0%</b>                                   |   |               |
| JDS Uniphase Corporation, Call expiring January 2009 at \$15           | 994,900                                       | 547,195       |
| Motorola, Inc., Call expiring January 2009 at \$20                     | 1,096,200                                     | 27,405        |
|  |   | 574,600       |
| <b>DIVERSIFIED FINANCIAL SERVICES 0.0%</b>                             |   |               |
| CIT Group, Inc., Call expiring January 2009 at \$35                    | 303,600                                       | 15,180        |
| Citigroup Inc., Call expiring January 2009 at \$30                     | 565,200                                       | 101,736       |
|  |   | 116,916       |
| <b>FOOD AND STAPLES RETAILING 0.0%</b>                                 |   |               |
| Rite Aid Corporation, Call expiring January 2009 at \$5                | 3,495,200                                     | 262,140       |
| <b>HOTELS, RESTAURANTS AND LEISURE 0.0%</b>                            |   |               |
| Starbucks Corporation, Call expiring January 2009 at \$30              | 583,400                                       | 29,170        |
| <b>INDEX DERIVATIVES 0.2%</b>  |   |               |
| S&P 500 Index, Put expiring July 2008 at \$1,400                       | 21,200  | 2,531,280     |
| S&P 500 Index, Put expiring August 2008 at \$1,250                     | 21,900  | 641,670       |
| United States Oil Fund, Put expiring October 2008 at \$100             | 152,600                                       | 839,300       |
|  |   | 4,012,250     |
| <b>INTERNET SOFTWARE AND SERVICES 0.1%</b>                             |   |               |
| Yahoo! Inc., Call expiring January 2009 at \$30                        | 556,300                                       | 250,335       |
| Yahoo! Inc., Call expiring January 2009 at \$25                        | 1,233,500                                     | 1,813,245     |

2,063,580

**PHARMACEUTICALS 0.2%**

|  |         |           |
|--|---------|-----------|
| Bristol-Myers Squibb Company, Call expiring January 2009 at \$25 | 738,800 | 280,744   |
| Wyeth, Call expiring July 2008 at \$42.50                        | 170,400 | 954,240   |
| Wyeth, Call expiring October 2008 at \$45                        | 280,900 | 1,460,680 |
|  |         | 2,695,664 |

See footnotes on page 16.

# Tri-Continental Corporation

## Portfolio of Investments (unaudited) June 30, 2008

|   | Shares Subject<br>to Call,<br>Partnership<br>Interest or<br>Principal Amount | Value                   |
|---|--|-------------------------|
| <b>SEMICONDUCTORS AND SEMICONDUCTOR EQUIPMENT 0.2%</b>            |  |                         |
| Marvell Technology Group Ltd., Call expiring January 2009 at \$20 | 908,200 shs.   | \$ 1,589,350            |
| Marvell Technology Group Ltd., Call expiring January 2009 at \$15 | 352,900  | 1,517,470               |
| Micron Technology Inc., Call January 2009 at \$15                 | 2,142,400  | 53,560                  |
|   |  | 3,160,380               |
| <b>TOTAL OPTIONS PURCHASED</b> (Cost \$35,303,275)                |  | <b>14,867,347</b>       |
| <b>LIMITED PARTNERSHIP 0.1%</b>                                   |  |                         |
| WCAS Capital Partners II, L.P. (Cost \$4,292,803)                 | \$ 4,292,803   | 2,192,377               |
| <b>SHORT-TERM HOLDINGS 9.3%</b>                                   |  |                         |
| <b>EQUITY-LINKED NOTES 4.3%</b>                                   |  |                         |
| Credit Suisse 39.54%, 11/21/08(a)                                 | 15,603,000   | 14,239,142              |
| Deutsche Bank:  |  |                         |
| 39%, 9/5/08(b)  | 14,844,000   | 14,073,596              |
| 37.5%, 11/20/08(c)  | 15,603,000   | 13,502,992              |
| Goldman Sachs Group 34.6%, 10/2/08(d)                             | 14,844,000   | 12,400,678              |
| Lehman Brothers:  |  |                         |
| 53.51%, 9/14/08(e)  | 14,844,000   | 7,607,550               |
| 39.5%, 10/2/08(f)   | 14,844,000   | 11,259,322              |
| Morgan Stanley 37.05%, 10/17/08(g)                                | 14,844,000   | 11,861,247              |
| <b>TOTAL EQUITY-LINKED NOTES</b> (Cost \$105,426,000)             |  | <b>84,944,527</b>       |
| <b>TIME DEPOSIT 5.0%</b>  |  |                         |
| Bank of Nova Scotia 5.15%, 7/1/08 (Cost \$97,651,000)             | 97,651,000   | 97,651,000              |
| <b>TOTAL SHORT-TERM HOLDINGS</b> (Cost \$203,077,000)             |  | <b>182,595,527</b>      |
| <b>TOTAL INVESTMENTS</b> (Cost \$2,373,937,664) <b>100.4%</b>     |  | <b>1,976,656,664</b>    |
| <b>OTHER ASSETS LESS LIABILITIES (0.4)%</b>                       |  | <b>(7,050,042)</b>      |
| <b>NET INVESTMENT ASSETS 100.0%</b>                               |  | <b>\$ 1,969,606,622</b> |

\* Non-income producing security.

□ Restricted security.

□ The security may be offered and sold only to □ qualified institutional buyers □ under Rule 144A of the Securities Act of 1933.

These notes are exchangeable at maturity, based on the terms of the respective notes, for shares of common stock of a

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company or cash at a maturity value which is generally determined as follows:

The principal amount of the notes plus or minus the lowest return of the companies' respective stock prices determined at maturity from the date of purchase of the notes:

- (a) Energizer Holdings, Inc., Longs Drug Stores Corporation and Sepracor Inc.
- (b) Oracle Corporation, Schering-Plough Corporation and Target Corporation.
- (c) CIGNA Corporation, Hologic, Inc. and Qwest Communications International Inc.
- (d) Adobe Systems Incorporated, UnitedHealth Group Incorporated and Wyeth.
- (e) Delta Air Lines, Inc., Intel Corporation and Mylan Inc.
- (f) Health Net, Inc., Kohl's Corporation and Prudential Financial, Inc.
- (g) Comcast Corporation, Merck & Co., Inc. and Nokia Corporation ADR.

ADR = American Depositary Receipts.

See Notes to Financial Statements.



## Tri-Continental Corporation

### Statement of Assets and Liabilities (unaudited) June 30, 2008

#### Assets:

|   |                      |
|---|----------------------|
| Investments, at value   |                      |
| Common stocks (cost \$2,131,264,586)                              | \$ 1,777,001,413     |
| Options purchased (cost \$35,303,275)                             | 14,867,347           |
| Limited Partnership (cost \$4,292,803)                            | 2,192,377            |
| Equity-linked notes (cost \$105,426,000)                          | 84,944,527           |
| Time deposit (cost \$97,651,000)                                  | 97,651,000           |
| Total investments (cost \$2,373,937,664)                          | 1,976,656,664        |
| Restricted cash   | 206,670              |
| Receivable for securities sold                                    | 31,251,306           |
| Dividends and interest receivable                                 | 4,731,979            |
| Investment in, and expenses prepaid to, stockholder service agent | 143,346              |
| Other   | 114,008              |
| <b>Total Assets</b>   | <b>2,013,103,973</b> |

#### Liabilities:

|                                      |            |
|--------------------------------------|------------|
| Payable for securities purchased     | 41,075,083 |
| Payable for Common Stock repurchased | 738,062    |
| Management fee payable               | 710,909    |
| Preferred dividends payable          | 498,136    |
| Bank overdraft                       | 1,203      |
| Accrued expenses and other           | 473,958    |

**Total Liabilities** **43,497,351**

**Net Investment Assets** **1,969,606,622**

Preferred Stock 37,637,000

**Net Assets for Common Stock** **\$ 1,931,969,622**

**Net Assets per share of Common Stock**  
**(Market value □ \$16.54)** **\$18.65**

### Statement of Capital Stock and Surplus (unaudited) June 30, 2008

#### Capital Stock:

|   |               |
|---|---------------|
| \$2.50 Cumulative Preferred Stock, \$50 par value,<br>assets coverage per share \$2,616 |               |
| Shares authorized □ 1,000,000; issued and<br>outstanding □ 752,740                      | \$ 37,637,000 |
| Common Stock, \$0.50 par value:   |               |
| Shares authorized □ 159,000,000; issued and<br>outstanding □ 103,614,496                | 51,807,248    |

#### Surplus:

|   |               |
|---|---------------|
| Capital surplus                                       | 2,434,689,091 |
| Dividends in excess of net investment income (Note 7) | (46,764)      |
| Accumulated net realized losses (Note 7)              | (157,198,953) |

Net unrealized depreciation of investments

(397,281,000)

**Net Investment Assets**

**\$ 1,969,606,622**

See Notes to Financial Statements.

## Tri-Continental Corporation

### Statement of Operations (unaudited) For the Six Months Ended June 30, 2008

#### Investment Income:

|   |                   |
|---|-------------------|
| Interest  | \$ 23,902,856     |
| Dividends (net of foreign taxes withheld of \$66,385) | 17,586,162        |
| <b>Total Investment Income</b>                        | <b>41,489,018</b> |

#### Expenses:

|  |                  |
|--|------------------|
| Management fee                             | 4,482,001        |
| Stockholder account and registrar services | 1,687,282        |
| Custody and related services               | 321,948          |
| Stockholder reports and communications     | 269,010          |
| Directors' fees and expenses               | 105,751          |
| Stockholders' meeting                      | 102,437          |
| Audit and legal fees                       | 77,375           |
| Registration                               | 29,438           |
| Miscellaneous                              | 114,571          |
| <b>Total Expenses</b>                      | <b>7,189,813</b> |

**Net Investment Income\*** **34,299,205**

#### Net Realized and Unrealized Gain (Loss) on Investments and Options Written

|  |                         |
|--|-------------------------|
| Net realized loss on investments                     | (157,925,508)           |
| Net realized gain on options written                 | 726,555                 |
| Net change in unrealized depreciation of investments | (205,720,854)           |
| <b>Net Loss on Investments and Options Written</b>   | <b>(362,919,807)</b>    |
| <b>Decrease in Net Assets from Operations</b>        | <b>\$ (328,620,602)</b> |

\* Net investment income for Common Stock is \$33,330,607, which is net of Preferred Stock dividends of \$968,598. See Notes to Financial Statements.

## Tri-Continental Corporation

### Statements of Changes in Net Investment Assets (unaudited)

|   | <b>Six Months<br/>Ended<br/>June 30, 2008</b> | <b>Year Ended<br/>December 31,<br/>2007</b> |
|---|---|---|
| <b>Operations:</b>  |   |   |
| Net investment income   | \$ 34,299,205                                 | \$ 86,219,926                               |
| Net realized gain (loss) on investments   | (157,925,508)                                 | 172,825,141                                 |
| Net realized gain on options written  | 726,555                                       | 8,407,353                                   |
| Net change in unrealized depreciation<br>of investments and options written                                     | (205,720,854)                                 | (286,497,113)                               |
| <b>Decrease in Net Investment Assets from<br/>Operations</b>  | <b>(328,620,602)</b>                          | <b>(19,044,693)</b>                         |
| <b>Distributions to Stockholders:</b>   |   |   |
| Net investment income:  |   |   |
| Preferred Stock (per share: \$1.25 and \$2.50)  | (968,598)                                     | (1,881,850)                                 |
| Common Stock (per share: \$0.32 and \$0.87)   | (33,337,680)                                  | (88,809,314)                                |
|   | (34,306,278)                                  | (90,691,164)                                |
| Net realized gain:  |   |   |
| Common Stock (per share: \$0.31 and \$1.57)   | (32,369,341)                                  | (161,625,776)                               |
| Return of Capital:  |   |   |
| Common Stock (per share: \$0.54 and \$0)  | (55,287,759)                                  | □   |
| <b>Decrease in Net Investment Assets<br/>from Distributions</b>   | <b>(121,963,378)</b>                          | <b>(252,316,940)</b>                        |
| <b>Capital Share Transactions:</b>  |   |   |
| Value of shares of Common Stock issued at market price<br>in distributions (2,251,538 and 3,531,763 shares)     | 39,870,263                                    | 82,722,788                                  |
| Value of shares of Common Stock issued for investment<br>plan purchases (192,591 and 192,264 shares)            | 3,512,303                                     | 4,512,976                                   |
| Cost of shares of Common Stock purchased<br>from investment plan participants<br>(807,344 and 1,893,815 shares) | (14,870,325)                                  | (45,006,184)                                |
| Cost of shares of Common Stock purchased in the<br>open market (1,062,061 and 2,351,756 shares)                 | (19,389,628)                                  | (54,673,126)                                |
| Net proceeds from issuance of shares of<br>Common Stock upon exercise of<br>warrants (2,156 and 24,730 shares)  | 2,070   | 24,730                                      |
| <b>Increase (Decrease) in Net Investment Assets<br/>from Capital Share Transactions</b>                         | <b>9,124,683</b>                              | <b>(12,418,816)</b>                         |
| <b>Decrease in Net Investment Assets</b>  | <b>(441,459,297)</b>                          | <b>(283,780,449)</b>                        |
| <b>Net Investment Assets:</b>   |   |   |
| Beginning of period   | 2,411,065,919                                 | 2,694,846,368                               |
| <b>End of Period</b> (including dividends in excess of  |   |   |

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net investment income of \$46,764 and  
\$39,691, respectively)

**\$ 1,969,606,622**

**\$ 2,411,065,919**

See Notes to Financial Statements.

# Tri-Continental Corporation

## Notes to Financial Statements (unaudited)

**1. Organization** Tri-Continental Corporation (the "Corporation") is registered with the Securities and Exchange Commission (the "SEC") under the Investment Company Act of 1940, as amended (the "1940 Act"), as a closed-end diversified management investment company.

**2. Significant Accounting Policies** The financial statements of Tri-Continental Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America, which require management to make certain estimates and assumptions at the date of the financial statements. Actual results may differ from these estimates. These unaudited interim financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim period presented. All such adjustments are of a normal recurring nature. The following summarizes the significant accounting policies of the Corporation:

- a. **Security Valuation and Risk** Securities traded on an exchange are valued at the last sales price on the primary exchange or market on which they are traded. Securities not listed on an exchange or security market, or securities for which there is no last sales price, are valued at the mean of the most recent bid and asked prices or are valued by J. & W. Seligman & Co. Incorporated (the "Manager") based on quotations provided by primary market makers in such securities. Securities for which market quotations are not readily available (or are otherwise no longer valid or reliable) are valued at fair value determined in accordance with procedures approved by the Board of Directors. This can occur in the event of, among other things, natural disasters, acts of terrorism, market disruptions, intra-day trading halts, and extreme market volatility. The determination of fair value involves subjective judgments. As a result, using fair value to price a security may result in a price materially different from the prices used by other investment companies to determine net asset value or the price that may be realized upon the actual sale of the security. Short-term holdings maturing in 60 days or less are valued at current market quotations or amortized cost if the Manager believes it approximates fair value. Short-term holdings that mature in more than 60 days are valued at current market quotations until the 60th day prior to maturity and are then valued as described above for securities maturing in 60 days or less.

On January 1, 2008, the Corporation adopted Statement of Financial Accounting Standards No. 157 ("SFAS 157"), "Fair Value Measurements." SFAS 157 establishes a three-tier hierarchy to classify the assumptions, referred to as inputs, used in valuation techniques (as described above) to measure fair value of the Corporation's investments. These inputs are summarized in three broad levels: Level 1 - quoted prices in active markets for identical investments; Level 2 - other significant observable inputs (including quoted prices in inactive markets or for similar investments); and Level 3 - significant unobservable inputs (including the Corporation's own assumptions in determining fair value) (Note 3). The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

To the extent that the Corporation invests a substantial percentage of its assets in an industry, the Corporation's performance may be negatively affected if that industry falls out of favor. Stocks of large-capitalization companies have at times experienced periods of volatility and negative performance. During such periods, the value of such stocks may decline and the Corporation's performance may be negatively affected.

- b. **Equity-Linked Notes** The Corporation may purchase notes created by a counterparty, typically an investment bank. The notes bear interest at a fixed or floating rate. At maturity, the notes must be exchanged for an amount based on the value of one or more equity securities ("Underlying Stocks") of third party issuers. The exchange value may be limited to an amount less than the actual value of the Underlying Stocks at the maturity date. Any difference between the exchange amount and the original cost of the notes will be a gain or loss.

- c. **Options** □ The Corporation is authorized to write and purchase put and call options. When the Corporation writes an option, an amount equal to the premium received by the Corporation is reflected as

# Tri-Continental Corporation

## Notes to Financial Statements (unaudited)

an asset and an equivalent liability. The amount of the liability is subsequently marked to market to reflect the current market value of the option written. When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Corporation enters into a closing transaction), the Corporation realizes a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premium paid or received). The Corporation, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option.

- d. Repurchase Agreements** □ The Corporation may enter into repurchase agreements. Generally, securities received as collateral subject to repurchase agreements are deposited with the Corporation's custodian and, pursuant to the terms of the repurchase agreements, must have an aggregate market value greater than or equal to the repurchase price plus accrued interest at all times. On a daily basis, the market value of repurchase agreements' underlying securities are monitored to ensure the existence of the proper level of collateral.
- e. Restricted Cash** □ Restricted cash represents deposits that are being held by banks as collateral for letters of credit issued in connection with the Corporation's insurance policies.
- f. Security Transactions and Related Investment Income** □ Investment transactions are recorded on trade dates. Identified cost of investments sold is used for both financial statements and federal income tax purposes. Dividends receivable are recorded on ex-dividend dates, except that certain dividends from foreign securities where the ex-dividend dates may have passed are recorded as soon as the Corporation is informed of the dividend. Interest income is recorded on an accrual basis.
- g. Distributions to Stockholders** □ Dividends and other distributions to stockholders are recorded on ex-dividend date. Effective May 30, 2007, the Corporation has a distribution policy providing that the Corporation will distribute quarterly to holders of Common Stock a minimum amount per share equal to 2.75% of the net asset value attributable to a share of the Common Stock on the last business day of the preceding calendar quarter (or approximately 11% annually).
- h. Taxes** □ There is no provision for federal income tax. The Corporation has elected to be taxed as a regulated investment company and intends to distribute substantially all taxable net income and net realized gain.

Financial Accounting Standards Board (FASB) Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109, requires the Corporation to measure and recognize in its financial statements the benefit of a tax position taken (or expected to be taken) on an income tax return if such position will more likely than not be sustained upon examination based on the technical merits of the position. Based upon its review of tax positions, the Corporation has determined that FIN 48 did not have a material impact on the Corporation's financial statements for the six months ended June 30, 2008.

**3. Fair Value Measurements** □ A summary of the value of the Corporation's investments as of June 30, 2008, based on the level of inputs used in accordance with SFAS 157 (Note 2a), is as follows:

| Valuation Inputs                              | Value           |
|---|-----------------|
| Level 1 □ Quoted Prices                       | \$1,791,868,760 |
| Level 2 □ Other Significant Observable Inputs | 182,595,527     |
| Level 3 □ Significant Unobservable Inputs     | 2,192,377       |
| Total   | \$1,976,656,664 |





## Tri-Continental Corporation

### Notes to Financial Statements (unaudited)

As required by SFAS 157, the following is a reconciliation of investments for which significant unobservable inputs (Level 3) were used to determine the fair value of investments classified as Level 3 at either the beginning or end of the period:

|   |              |
|---|--------------|
| Balances as of December 31, 2007  | \$ 1,784,956 |
| Net change in unrealized depreciation   | 407,421      |
| Balance as of June 30, 2008   | \$ 2,192,377 |
| Net change in unrealized depreciation from investments still held as of June 30, 2008 | \$ 407,421   |

**4. Capital Stock Transactions** □ Under the Corporation's Charter, dividends on Common Stock cannot be declared unless net assets, after such dividends and dividends on Preferred Stock, equal at least \$100 per share of Preferred Stock outstanding. The Preferred Stock is subject to redemption at the Corporation's option at any time on 30 days' notice at \$55 per share (or a total of \$41,400,700 for the shares outstanding) plus accrued dividends, and entitled in liquidation to \$50 per share plus accrued dividends.

The Corporation, in connection with its Automatic Dividend Investment and Cash Purchase Plan and other Stockholder plans, acquires and issues shares of its own Common Stock, as needed, to satisfy Plan requirements. For the six months ended June 30, 2008, the Corporation purchased 807,344 shares of Common Stock from Plan participants at a cost of \$14,870,325, which represented a weighted average discount of 9.0% from the net asset value of those acquired shares. A total of 192,591 shares were issued to Plan participants during the period for proceeds of \$3,512,303, an average discount of 10.1% from the net asset value of those shares. In addition, a total of 2,251,538 shares were issued at market price in distributions during the period for proceeds of \$39,870,263, an average discount of 9.2% from the net asset value of those shares.

For the six months ended June 30, 2008, the Corporation purchased 1,062,061 shares of its Common Stock in the open market at an aggregate cost of \$19,389,628, which represented a weighted average discount of 10.0% from the net asset value of those acquired shares. Shares of Common Stock repurchased to satisfy Plan requirements or in the open market are retired and no longer outstanding.

At June 30, 2008, the Corporation reserved 257,946 shares of Common Stock for issuance upon exercise of 10,893 Warrants, each of which entitled the holder to purchase 23.68 shares of Common Stock at \$0.95 per share.

Assuming the exercise of all Warrants outstanding at June 30, 2008, net investment assets would have increased by \$245,049 and the net asset value of the Common Stock would have been \$18.60 per share. The number of Warrants exercised during the six months ended June 30, 2008 and the year ended December 31, 2007 was 92 and 1,068, respectively.

**5. Management Fee, Administrative Services, and Other Transactions** □ The Manager manages the affairs of the Corporation and provides for the necessary personnel and facilities. Compensation of all officers of the Corporation, all directors of the Corporation who are employees of the Manager, and all personnel of the Corporation and the Manager is paid by the Manager. The Manager receives a fee, calculated daily and payable monthly, equal to a percentage of the Corporation's daily net assets at the close of business on the previous business day. The management fee rate is calculated on a sliding scale of 0.45% to 0.375%, based on average daily net assets of all the investment companies managed by the Manager. The management fee for the six months ended June 30, 2008 was equivalent to an average annual rate of 0.42% of the average daily net assets of the Corporation. (Note 12)

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For the six months ended June 30, 2008, Seligman Data Corp., which is owned by the Corporation and certain associated investment companies, charged the Corporation at cost \$1,687,282 for stockholder account services in accordance with a methodology approved by the Corporation's directors. Costs of Seligman Data Corp. directly attributable to the Corporation were charged to the Corporation. The remaining charges were allocated to the Corporation by Seligman Data Corp. pursuant to a formula based on the Corporation's net assets, stockholder transaction volume and number of stockholder accounts. The Corporation's investment in Seligman Data Corp. is recorded at a cost of \$43,681.

## Tri-Continental Corporation

### Notes to Financial Statements (unaudited)

The Corporation and certain other associated investment companies (together, the "Guarantors") have severally but not jointly guaranteed the performance and observance of all the terms and conditions of two leases entered into by Seligman Data Corp., including the payment of rent by Seligman Data Corp. (the "Guaranties"). The leases and the related Guaranties expire in September 2008 and January 2019, respectively. The obligation of the Corporation to pay any amount due under the Guaranties is limited to a specified percentage of the full amount, which generally is based on the Corporation's percentage of the expenses billed by Seligman Data Corp. to all Guarantors in the most recent calendar quarter. At June 30, 2008, the Corporation's potential obligation under the Guaranties is \$1,530,400. As of June 30, 2008, no event has occurred which would result in the Corporation becoming liable to make any payment under the Guaranties. A portion of the rent paid by Seligman Data Corp. is charged to the Corporation as part of Seligman Data Corp.'s stockholder account services cost.

Certain officers and directors of the Corporation are officers or directors of the Manager and/or Seligman Data Corp.

The Corporation has a compensation arrangement under which directors who receive fees may elect to defer receiving such fees. Directors may elect to have their deferred fees accrue interest or earn a return based on the performance of the Corporation or other funds in the Seligman Group of Investment Companies. The cost of such fees and earnings/loss accrued thereon is included in directors' fees and expenses and the accumulated balance thereof at June 30, 2008, of \$46,764 is included in accrued expenses and other liabilities. Deferred fees and related accrued earnings are not deductible by the Corporation for federal income tax purposes until such amounts are paid.

**6. Purchases and Sales of Securities** — Purchases and sales of portfolio securities, excluding US Government obligations and short-term investments, for the six months ended June 30, 2008, amounted to \$1,073,312,554 and \$1,228,320,898, respectively.

**7. Federal Tax Information** — Certain components of income, expense and realized capital gain and loss are recognized at different times or have a different character for federal income tax purposes and for financial reporting purposes. Where such differences are permanent in nature, they are reclassified in the components of net assets based on their characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations or net asset value per share of the Corporation. As a result of the differences described above, the treatment for financial reporting purposes of distributions made during the year from net investment income or net realized gains may differ from their ultimate treatment for federal income tax purposes. Further, the cost of investments also can differ for federal income tax purposes.

The tax basis information presented is based on operating results for the six months ended June 30, 2008, and will vary from the final tax information as of the Corporation's year end.

At June 30, 2008, the cost of investments for federal income tax purposes was \$2,386,554,726. The tax basis cost was greater than the cost for financial reporting purposes primarily due to the tax deferral of losses on wash sales in the amount of \$15,713,704, offset in part by tax losses passed through to the Corporation from its limited partnership investment of \$3,096,642.

The tax basis components of accumulated losses at June 30, 2008 are presented below:

|   |                |
|---|----------------|
| Gross unrealized appreciation of portfolio securities | \$ 106,357,628 |
| Gross unrealized depreciation of portfolio securities | (516,255,690)  |
| Net unrealized depreciation of portfolio securities   | (409,898,062)  |
| Accumulated net realized loss                         | (144,581,891)  |

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Total accumulated losses \$ (554,479,953)

For the six months ended June 30, 2008, the tax characterization of distributions to stockholders was \$54,124,386 for Ordinary Income, \$20,224,273 for Long-Term Capital Gain, and \$47,614,719 for Return of Capital. For the year ended December 31, 2007, the tax characterization of distributions to stockholders was \$207,070,515 for Ordinary Income and \$45,246,425 for Long-Term Capital Gain.

## Tri-Continental Corporation

### Notes to Financial Statements (unaudited)

**8. Restricted Securities** □ At June 30, 2008, the Corporation owned one investment that was purchased through a private offering and cannot be sold without prior registration under the Securities Act of 1933 or pursuant to an exemption therefrom. The investment is valued at fair value as determined in accordance with procedures approved by the Board of Directors of the Corporation.

| Investment                     | Acquisition Dates   | Cost        | Value       |
|--------------------------------|---------------------|-------------|-------------|
| WCAS Capital Partners II, L.P. | 12/11/90 to 3/24/98 | \$4,292,803 | \$2,192,377 |

**9. Options Written** □ Transactions in options written during the six months ended June 30, 2008 were as follows:

|  | Shares<br>Subject<br>to Call/Put | Premium   |
|--|----------------------------------|-----------|
| Options outstanding at December 31, 2007 | □                                | \$ □      |
| Options written                          | 737,000                          | 726,555   |
| Options expired                          | (689,100)                        | (593,395) |
| Options exercised                        | (47,900)                         | (133,160) |
| Options outstanding at June 30, 2008     | □                                | \$ □      |

**10. Other Matters** □ In late 2003, the Manager conducted an extensive internal review concerning mutual fund trading practices. The Manager's review, which covered the period 2001-2003, noted one arrangement that permitted frequent trading in certain open-end registered investment companies managed by the Manager (the "Seligman Funds"); this arrangement was in the process of being closed down by the Manager before September 2003. The Manager identified three other arrangements that permitted frequent trading, all of which had been terminated by September 2002. In January 2004, the Manager, on a voluntary basis, publicly disclosed these four arrangements to its clients and to shareholders of the Seligman Funds. The Manager also provided information concerning mutual fund trading practices to the SEC and the Office of the Attorney General of the State of New York (NYAG).

In September 2005, the New York staff of the SEC indicated that it was considering recommending to the Commissioners of the SEC the instituting of a formal action against the Manager and Seligman Advisors, Inc., the distributor of the Seligman Funds, relating to frequent trading in the Seligman Funds. The Manager responded to the staff in October 2005 that it believed that any action would be both inappropriate and unnecessary, especially in light of the fact that the Manager had previously resolved the underlying issue with the Independent Directors of the Seligman Funds and made recompense to the affected Seligman Funds.

In September 2006, the NYAG commenced a civil action in New York State Supreme Court against the Manager, Seligman Advisors, Inc., Seligman Data Corp. and Brian T. Zino (collectively, the "Seligman Parties"), alleging, in substance, that, in addition to the four arrangements noted above, the Seligman Parties permitted other persons to engage in frequent trading and, as a result, the prospectus disclosure used by the registered investment companies managed by the Manager is and has been misleading. The NYAG included other related claims and also claimed that the fees charged by the Manager to the Seligman Funds were excessive. The NYAG is seeking damages of at least \$80 million and restitution, disgorgement, penalties and costs and injunctive relief. The Seligman Parties answered the complaint in December 2006 and believe that the claims are without merit.

Any resolution of these matters may include the relief noted above or other sanctions or changes in procedures. Any damages would be paid by the Manager and not by the Seligman Funds. If the NYAG obtains injunctive relief, the Manager and its affiliates could, in the absence of the SEC in its discretion granting exemptive relief, be enjoined from providing advisory and underwriting services to the Seligman Funds and other registered investment companies.

## *Tri-Continental Corporation*

### **Notes to Financial Statements** (unaudited)

The Manager does not believe that the foregoing legal action or other possible actions will have a material adverse impact on the Manager or its clients, including the Seligman Funds and other investment companies managed by it; however, there can be no assurance of this or that these matters and any related publicity will not affect demand for shares of the Seligman Funds and such other investment companies or have other adverse consequences.

**11. Recently Issued Accounting Pronouncement** □ In March 2008, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 161 (□SFAS 161□), □Disclosures about Derivative Instruments and Hedging Activities.□ SFAS 161 requires enhanced disclosures about the Corporation□s derivative and hedging activities, including how such activities are accounted for and their effect on the Corporation□s financial position, performance and cash flows. SFAS 161 is effective for fiscal years beginning after November 15, 2008. The Corporation is currently evaluating the impact of the adoption of SFAS 161 on the Corporation□s financial statements and related disclosures.

**12. Subsequent Events** □ On July 7, 2008, Ameriprise Financial, Inc. (□Ameriprise□) announced an agreement to acquire the Manager in a transaction that is likely to close in the fourth quarter of 2008. Under the 1940 Act, consummation of Ameriprise□s acquisition of the Manager will result in the Manager becoming a wholly-owned subsidiary of RiverSource Investments, LLC (□RiverSource□), a subsidiary of Ameriprise, and a change of control of the Manager and an assignment and automatic termination of the Corporation□s management agreement with the Manager. On July 17, 2008, the Corporation□s Board approved a new advisory agreement (the □New Agreement□) with RiverSource, and a new administration agreement with Ameriprise. The New Agreement will be presented to the Corporation□s stockholders for their approval at a special meeting (the □Meeting□) scheduled for October 7, 2008.

On August 19, 2008, the Corporation announced that it had entered into an agreement with a stockholder group (the □Group□), whereby the members of the Group have agreed to cast their votes at the Meeting in accordance with the recommendations of the Corporation□s Board. Pursuant to the agreement, if stockholders approve the New Agreement and the acquisition of the Manager is completed, the Corporation will promptly commence an in-kind tender offer for 35% of its outstanding shares of common stock. The purchase price in the in-kind tender offer will be 99.25% of the net asset value per share at the close of business on the trading day following the expiration of the offer and will be payable by means of a distribution of a portion of the Corporation□s investment portfolio, including distributable securities and cash, in such a manner that each stockholder whose shares are purchased will receive assets representing as closely as reasonably practicable a pro rata share of the Corporation□s investment portfolio.

The Corporation has also agreed to commence, promptly upon completion and settlement of the in-kind tender offer, a cash tender offer for 12.5% of its outstanding shares of common stock. The purchase price in the cash tender offer will be 99.25% of the net asset value per share at the close of business on the trading day following the expiration of the cash tender offer. The Corporation will not be obligated to commence the cash tender offer if the volume-weighted average price of the Corporation□s common stock during the five trading days preceding the expiration of the in-kind tender offer is 99.25% or more of the average of the common stock□s daily net asset value per share during that period.

The agreement with the Group also provides that the Corporation will continue its current distribution policy and open-market repurchase policy until at least December 31, 2008. The Corporation□s obligation to commence each tender offer is subject to customary conditions.

In addition to their agreement to support the recommendations of the Corporation□s Board at the Meeting, the members of the Group have each agreed to refrain from taking certain actions in respect of the Corporation that might affect control or management of the Corporation. The members of the Group and the Corporation have also agreed to general releases of each other.





## Tri-Continental Corporation

### Financial Highlights (unaudited)

The Corporation's financial highlights are presented below. Per share operating performance data is designed to allow investors to trace the operating performance, on a per Common share basis, from the beginning net asset value to the ending net asset value, so that investors can understand what effect the individual items have on their investment, assuming it was held throughout the period. Generally, the per share amounts are derived by converting the actual dollar amounts incurred for each item, as disclosed in the financial statements, to their equivalent per Common share amounts, using average shares outstanding during the period.

Total investment return measures the Corporation's performance assuming that investors purchased shares of the Corporation at the market value or net asset value as of the beginning of the period, invested dividends and capital gains paid, as provided for in the Corporation's Prospectus and Automatic Dividend Investment and Cash Purchase Plan, and then sold their shares at the closing market value or net asset value per share on the last day of the period. The computations do not reflect any sales charges or transaction costs on your investment or taxes investors may incur on distributions or on the sale of shares of the Corporation, and are not annualized for periods of less than one year.

The ratios of expenses and net investment income to average net investment assets and to average net assets for Common Stock for the periods presented do not reflect the effect of dividends paid to Preferred Stockholders.

|   | Six Months<br>Ended<br>June 30,<br>2008 | 2007           | 2006           | Year Ended December 31, |                |
|---|---|----------------|----------------|-------------------------|----------------|
|   |   |                |                | 2005                    | 2004           |
| <b>Per Share Operating Performance:</b>               |   |                |                |                         |                |
| <b>Net Asset Value,</b>                               |   |                |                |                         |                |
| <b>Beginning of Period</b>                            | <b>\$23.03</b>                          | <b>\$25.66</b> | <b>\$22.16</b> | <b>\$21.87</b>          | <b>\$19.55</b> |
| Net investment income                                 | 0.33                                    | 0.84           | 0.33           | 0.26                    | 0.26           |
| Net realized and unrealized<br>investment gain (loss) | (3.55)                                  | (1.01)         | 3.47           | 0.29                    | 2.31           |
| <b>Increase (Decrease) from</b>                       |   |                |                |                         |                |
| <b>Investment Operations</b>                          | <b>(3.22)</b>                           | <b>(0.17)</b>  | <b>3.80</b>    | <b>0.55</b>             | <b>2.57</b>    |
| Dividends paid on Preferred Stock                     | (0.01)                                  | (0.02)         | (0.02)         | (0.02)                  | (0.02)         |
| Dividends paid on Common Stock                        | (0.32)                                  | (0.87)         | (0.28)         | (0.24)                  | (0.23)         |
| Distributions from net realized gain                  | (0.31)                                  | (1.57)         | □              | □                       | □              |
| Return of capital                                     | (0.54)                                  | □              | □              | □                       | □              |
| Issuance of Common Stock in<br>gain distributions     | 0.02                                    | □              | □              | □                       | □              |
| <b>Net Increase (Decrease) in</b>                     |   |                |                |                         |                |
| <b>Net Asset Value</b>                                | <b>(4.38)</b>                           | <b>(2.63)</b>  | <b>3.50</b>    | <b>0.29</b>             | <b>2.32</b>    |
| <b>Net Asset Value, End of Period</b>                 | <b>\$18.65</b>                          | <b>\$23.03</b> | <b>\$25.66</b> | <b>\$22.16</b>          | <b>\$21.87</b> |
| <b>Adjusted Net Asset Value,</b>                      |   |                |                |                         |                |
| <b>End of Period*</b>                                 | <b>\$18.60</b>                          | <b>\$22.98</b> | <b>\$25.60</b> | <b>\$22.10</b>          | <b>\$21.82</b> |
| <b>Market Value, End of Period.</b>                   | <b>\$16.54</b>                          | <b>\$20.90</b> | <b>\$22.38</b> | <b>\$18.58</b>          | <b>\$18.28</b> |

See footnotes on page 27.



## Tri-Continental Corporation

### Financial Highlights (unaudited) (continued)

|  | Six Months                | Year Ended December 31, |                    |                    |                    |
|--|---------------------------|-------------------------|--------------------|--------------------|--------------------|
|  | Ended<br>June 30,<br>2008 | 2007                    | 2006               | 2005               | 2004               |
| <b>Total Investment Return:</b>                              |                           |                         |                    |                    |                    |
| Based upon market value                                      | (15.53)%                  | 3.51%                   | 22.10%             | 2.98%              | 12.95%             |
| Based upon net asset value                                   | (13.57)%                  | (0.52)%                 | 17.38%             | 2.66%              | 13.36%             |
| <b>Ratios/Supplemental Data:</b>                             |                           |                         |                    |                    |                    |
| Expenses to average net investment assets                    | 0.67%□                    | 0.65%                   | 0.79%              | 0.64%              | 0.65%              |
| Expenses to average net assets for Common Stock              | 0.68%□                    | 0.66%                   | 0.80%              | 0.65%              | 0.66%              |
| Net investment income to average net investment assets       | 3.19%□                    | 3.17%                   | 1.37%              | 1.18%              | 1.26%              |
| Net investment income to average net assets for Common Stock | 3.25%□                    | 3.22%                   | 1.40%              | 1.20%              | 1.28%              |
| Portfolio turnover rate                                      | 53.81%                    | 123.02%                 | 121.81%            | 70.77%             | 47.36%             |
| <b>Net Investment Assets,</b>                                |                           |                         |                    |                    |                    |
| <b>End of Period</b> (000s omitted):                         |                           |                         |                    |                    |                    |
| For Common Stock   | \$1,931,970               | \$2,373,429             | \$2,657,209        | \$2,392,304        | \$2,470,781        |
| For Preferred Stock  | 37,637                    | 37,637                  | 37,637             | 37,637             | 37,637             |
| <b>Total Net Investment Assets</b>                           | <b>\$1,969,607</b>        | <b>\$2,411,066</b>      | <b>\$2,694,846</b> | <b>\$2,429,941</b> | <b>\$2,508,418</b> |

\* Assumes the exercise of outstanding warrants.

□ Annualized

# Excluding the effect of the payments received from the Manager in 2004, the total investment return would have been 13.33%.

See Notes to Financial Statements.

## *Tri-Continental Corporation*

### **Proxy Results**

Tri-Continental Corporation Stockholders voted on the following proposals at the Annual Meeting of Stockholders on May 15, 2008, in Baltimore, MD. The description of each proposal and number of shares voted are as follows:

To elect four Directors each to hold office until the 2011 Annual Meeting of Stockholders:

|                  | For        | Withheld  |
|------------------|------------|-----------|
| Maureen Fonseca  | 83,360,041 | 8,271,422 |
| Betsy S. Michel  | 83,224,241 | 8,407,223 |
| James N. Whitson | 83,442,595 | 8,188,869 |
| Brian T. Zino    | 83,496,072 | 8,135,391 |

To consider a proposal to ratify the selection of Deloitte & Touche LLP as auditors of the Corporation for 2008:

|  | For        | Against   | Abstained |
|--|------------|-----------|-----------|
|  | 89,212,718 | 1,398,926 | 1,019,809 |

## *Tri-Continental Corporation*

### **Board of Directors**

**Maureen Fonseca** (2,3)

*Head of School, The Masters School*  
*Trustee, New York State Association of*  
*Independent Schools and Greens*  
*Farms Academy*  
*Commissioner, Middle States Association*

**John R. Galvin** (1,3)

*Dean Emeritus, Fletcher School of Law*  
*and Diplomacy at Tufts University*  
*Chairman Emeritus, American Council*  
*on Germany*

**John F. Maher** (1,3)

*Retired President, Chief Executive Officer,*  
*and Former Director, Great Western Financial*  
*Corporation and its principal subsidiary,*  
*Great Western Bank*

**Frank A. McPherson** (2,3)

*Retired Chairman of the Board and Chief Executive*  
*Officer, Kerr-McGee Corporation*  
*Director, DCP Midstream GP, LLP, Integris*  
*Health, Oklahoma Medical Research Foundation,*  
*Oklahoma Foundation for Excellence in*  
*Education, National Cowboy and Western*  
*Heritage Museum, and Oklahoma City*  
*Museum of Art*

**Betsy S. Michel** (2,3)

*Attorney*  
*Trustee, The Geraldine R. Dodge Foundation*  
*and Drew University*

**William C. Morris**

*Chairman and Director, J. & W. Seligman & Co.*  
*Incorporated, Carbo Ceramics Inc., Seligman*  
*Advisors, Inc., and Seligman Services, Inc.*  
*Director, Seligman Data Corp.*  
*President and Chief Executive Officer,*  
*The Metropolitan Opera Association*

**Leroy C. Richie** (1,3)

*Counsel, Lewis & Munday, P.C.*

*Director, Vibration Control Technologies, LLC  
and OGE Energy Corp.*

*Lead Outside Director, Digital Ally Inc. and  
Infinity, Inc.*

*Director and Chairman, Highland Park Michigan  
Economic Development Corp.*

*Chairman, Detroit Public Schools Foundation*

**Robert L. Shafer** (2,3)

*Ambassador and Permanent Observer of the  
Sovereign Military Order of Malta to the United  
Nations*

**James N. Whitson** (1,3)

*Retired Executive Vice President and Chief Operating  
Officer, Sammons Enterprises, Inc.  
Director, CommScope, Inc.*

**Brian T. Zino**

*Director and President,  
J. & W. Seligman & Co. Incorporated  
Chairman, Seligman Data Corp.  
Director, Seligman Advisors, Inc. and  
Seligman Services, Inc.  
Member of the Board of Governors,  
Investment Company Institute*

Member: (1) Audit Committee  
(2) Director Nominating Committee  
(3) Board Operations Committee

## **Executive Officers**

**William C. Morris**

*Chairman*

**Brian T. Zino**

*President and Chief Executive Officer*

**John B. Cunningham**

*Vice President*

**Eleanor T.M. Hoagland**

*Vice President and Chief Compliance Officer*

**Charles W. Kadlec**

*Vice President*

**Thomas G. Rose**

*Vice President*

**Lawrence P. Vogel**

*Vice President and Treasurer*

**Erik J. Voss**

*Vice President*

**Paul B. Goucher**

*Secretary*

**Marco F. Acosta**

*Assistant Vice President*



## Tri-Continental Corporation

### Additional Information

#### Manager

J. & W. Seligman & Co. Incorporated  
100 Park Avenue  
New York, NY 10017

#### Important Telephone Numbers

|                       |   |
|-----------------------|---|
| <b>(800) TRI-1092</b> | Stockholder Services                          |
| <b>(800) 445-1777</b> | Retirement Plan Services                      |
| <b>(212) 682-7600</b> | Outside the United States                     |
| <b>(800) 622-4597</b> | 24-Hour Automated<br>Telephone Access Service |

#### Stockholder Service Agent

Seligman Data Corp.  
100 Park Avenue  
New York, NY 10017

#### Mail Inquiries To:

P.O. Box 9759  
Providence, RI 02940-9759

### Quarterly Schedule of Investments

A complete schedule of portfolio holdings owned by the Corporation will be filed with the SEC as of the end of the first and third quarters of each fiscal year on Form N-Q, and will be available to stockholders (i) without charge, upon request, by calling toll-free (800) 874-1092 in the US or collect (212) 682-7600 outside the US or (ii) on the SEC's website at [www.sec.gov](http://www.sec.gov).<sup>1</sup> In addition, the Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. Certain of the information contained in the Corporation's Form N-Q is also made available to stockholders on Seligman's website at [www.seligman.com](http://www.seligman.com).<sup>1</sup>

### Proxy Voting

A description of the policies and procedures used by the Corporation to determine how to vote proxies relating to portfolio securities as well as information regarding how the Corporation voted proxies relating to portfolio securities during the 12-month period ended June 30 of each year will be available (i) without charge, upon request, by calling toll-free (800) 874-1092 in the US or collect (212) 682-7600 outside the US and (ii) on the SEC's website at [www.sec.gov](http://www.sec.gov).<sup>1</sup> Information for each new 12-month period ending June 30 will be available no later than August 31 of that year.

This report is intended for the information of Stockholders who have received the current prospectus covering shares of Tri-Continental Corporation, which contains information about investment objectives, risks, management fees and other costs. The prospectus should be read carefully before investing and may be obtained by calling Stockholder Services at 800-TRI-1092.

<sup>1</sup> These website references are inactive textual references and information contained in or otherwise accessible through these websites does not form a part of this report or the Corporation's prospectus or statement of additional information.

END OF MID-YEAR REPORT

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- ITEM 2. CODE OF ETHICS.  
Not applicable.
- ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.  
Not applicable.
- ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.  
Not applicable.
- ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.  
Not applicable.
- ITEM 6. INVESTMENTS.  
  
(a) Schedule I ☐ Investments in securities of unaffiliated issuers. Included in Item 1 above.  
  
(b) Not applicable.
- ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.  
Not applicable.
- ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.  
Not applicable.
- ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

| <u>Period</u>         | <u>Total<br/>Number of<br/>Shares (or<br/>Units)<br/>Purchased</u> | <u>Average<br/>Price Paid<br/>per Share<br/>(or Unit)</u> | <u>Total Number of Shares<br/>(or Units) Purchased as<br/>Part of Publicly<br/>Announced Plans or<br/>Programs (1)</u> | <u>Maximum Number (or<br/>Approximate Dollar Value) of<br/>Shares (or Units) that May Yet<br/>Be Purchased Under the Plans<br/>or Programs (1)<br/>Shares</u> |
|-----------------------|--|---|--|---|
| 1-01-08 to<br>1-31-08 | 163,547  | \$19.32   | 163,547  | 4,988,334   |
| 2-01-08 to<br>2-29-08 | 92,708   | 19.19   | 92,708   | 4,895,626   |
| 3-01-08 to<br>3-31-08 | 199,128  | 17.69   | 199,128  | 4,696,498   |
| 4-01-08 to<br>4-30-08 | 540,131  | 18.02   | 540,131  | 4,156,367   |
| 5-01-08 to<br>5-31-08 | 450,921  | 18.83   | 450,921  | 3,705,446   |
| 6-01-08 to<br>6-30-08 | 422,970  | 17.92   | 422,970  | 3,282,476   |

- (1) The stock repurchase program, renewed on November 15, 2007, authorizes the Registrant to repurchase up to 5.0% of its common stock in the open market or elsewhere from January 1, 2008 through December 31, 2008 as long as the discount of the net asset value of the common stock to its market price exceeds 5%. The Board intends such repurchases to moderate the growth in the number of outstanding shares resulting from the investment by Stockholders of distributions received under the Distribution Policy.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

ITEM 11. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive officer and principal financial officer have concluded, based upon their evaluation of the registrant's disclosure controls and procedures as conducted within 90 days of the filing date of this report, that these disclosure controls and procedures provide reasonable assurance that material information required to be disclosed by the registrant in the report it files or submits on Form N-CSR is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and that such material information is accumulated and communicated to the registrant's management, including its principal executive officer and principal financial officer, as appropriate, in order to allow timely decisions regarding required disclosure.
- (b) The registrant's principal executive officer and principal financial officer are aware of no changes in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

- (a)(1) Not applicable.
- (a)(2) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.
- (a)(3) Not applicable.
- (b) Certifications of chief executive officer and chief financial officer as required by Rule 30a-2(b) under the Investment Company Act of 1940.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRI-CONTINENTAL CORPORATION

By: /S/ BRIAN T. ZINO  
Brian T. Zino  
President and Chief Executive Officer

Date: September 2, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /S/ BRIAN T. ZINO  
Brian T. Zino  
President and Chief Executive Officer

Date: September 2, 2008

By: /S/ LAWRENCE P. VOGEL  
Lawrence P. Vogel  
Vice President, Treasurer and Chief Financial Officer

Date: September 2, 2008

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TRI-CONTINENTAL CORPORATION

EXHIBIT INDEX

- (a)(2) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.
  - (b) Certification of chief executive officer and chief financial officer as required by Rule 30a-2(b) of the Investment Company Act of 1940.
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