

TRI CONTINENTAL CORP
Form N-30B-2
May 02, 2003

Tri-Continental Corporation

To the Stockholders:

For the three months ended March 31, 2003, Tri-Continental Corporation's total return was -2.94% based on market price and -4.33% based on net asset value. During the same time period, the Lipper Closed-End Growth & Income Funds Average posted a total return of -4.25% and the Standard & Poor's 500 Composite Stock Index (S&P 500) returned -3.15%.

In the first quarter of 2003, investors were faced with a spate of discouraging economic reports and sharply higher oil prices, casting doubt on the economy's ability to stage a recovery. At the same time, the high level of uncertainty regarding whether and how the US would go to war in Iraq hindered economic activity. Consumers, already anxious about rising unemployment, seemed to scale back their spending. Businesses, struggling with weak profits, were reluctant to commit capital or hire workers until the length and outcome of the war became more certain. During this time, the stock market was volatile and unable to gain upward momentum.

Despite the market's fears of a protracted conflict, the war in Iraq has been brief. We believe the coalition's success has gone a long way toward reassuring nervous consumers and businesses, and this increased confidence might provide the impetus the economy needs to expand. In March, consumer confidence, as measured by the Conference Board, rebounded strongly from its February lows. Retail sales also rose. Since consumer spending has been one of the economy's sources of strength during the past three years, this is particularly encouraging. Many economists anticipate that businesses will now feel more comfortable spending money, though we think they are more likely to begin by replacing obsolete equipment than by hiring new workers.

Looking ahead, we are cautiously optimistic. To be sure, the economy still faces challenges unrelated to geopolitical events. The fact that some companies' profits have improved does not translate into an across-the-board improvement, and job creation is not expected to pick up in the near term. However, we believe that the economy will be helped by low interest rates, the rapid drop in oil prices, and the fiscal stimulus expected to be provided by the government. Corporate profits should continue to improve, and consumer spending should remain strong.

Tri-Continental's portfolio is positioned with a slight bias toward economically sensitive companies likely to benefit from an economic upturn, including diversified financials and basic materials companies. At the same time, this approach is balanced by continued exposure to more defensive issues such as capital goods and pharmaceuticals.

We thank you for your continued support of Tri-Continental Corporation and look forward to serving your investment needs for many years to come. A discussion with your Portfolio Managers, as well as the Corporation's performance history and portfolio of investments, follows this letter.

By order of the Board of Directors,

William C. Morris Chairman

Brian T. Zino President

May 2, 2003

Tri-Continental Corporation

Interview With Your Portfolio Managers, Ben-Ami Gradwohl and David Guy

What were Tri-Continental Corporation's investment results during the first quarter of 2003?

For the three months ended March 31, 2003, Tri-Continental returned -2.94% based on market price and -4.33% based on net asset value. During the same time period, the Standard and Poor's 500 Composite Stock Index (S&P 500) returned -3.15% and the Lipper Closed-End Growth & Income Funds Average returned -4.25%.

What economic and market factors affected Tri-Continental's results during this time?

Investors came out of the fourth quarter of 2002 believing that an economic recovery was just around the corner. These hopes were dampened by the tension caused by the standoff in Iraq and the disagreement between the United States and some of its allies over how best to confront it. Investors eventually began to believe that the economy was being dragged down by factors other than uncertainty over world events, and that perhaps the economy was weaker than they had initially thought. During the first three months of the year, there was a good deal of negative economic news, including weak retail sales in February (though they recovered somewhat in March), a drop in housing starts, and a continued soft labor market. On the corporate side, there were downward revisions to earnings and negative announcements. Businesses remained reluctant to add personnel or to make major investments until the future appeared more certain. Investors were also worried by energy-related turmoil such as the oil strike in Venezuela and the unrest in oil-producing Nigeria. By the end of the first quarter of 2003, the possibility of war in Iraq gave way to the actual commencement of hostilities.

The stock market does not always reflect fundamentals in the short term, however, and it rallied the week before the war in Iraq began. Cyclical, economically sensitive stocks showed the greatest gains. This was in contrast to the stock market's fourth quarter 2002 rally, in which highly volatile stocks such as telecoms moved ahead. After the initial rally, investors once again worried about where the economy was headed and whether it was emerging from its soft patch. Also, investors held back in anticipation of first-quarter earnings announcements, which ultimately provided some good news.

What was your investment strategy?

At the end of the first quarter, the portfolio's largest weightings were in pharmaceuticals and biotechnology, diversified financials, and energy. Relative to the S&P 500, the portfolio was overweighted in industries such as paper and forest products and diversified financials. On the whole, Tri-Continental had a slight bias toward stocks that would tend to benefit from an economic upturn in the US and from increased global economic activity. Examples of these stocks include market-sensitive financial companies, technology companies, and companies producing chemicals, paper, and machinery. Tri-Continental seeks to identify stocks displaying

A Team Approach

Tri-Continental Corporation is managed by the Seligman Disciplined Investment Group, headed by Ben-Ami Gradwohl and David Guy. They are assisted by a group of seasoned professionals who are responsible for research and trading consistent with Tri-Continental's investment objective. Group members include Bettina Abrams, Jackson Chow, Michael McGarry, Hendra Soetjahja, Jonathan Roth (trader), Brian Turner, and Nancy Wu.

(continued on page 4)

Tri-Continental Corporation

Investment Results For Common Stock (unaudited)

TOTAL RETURNS

For Periods Ended March 31, 2003

| | Three *Months* | Average Annual | | |
|---|-------------------|----------------|---------------|-------------|
| | | One Year | Five Years | 10 Years |
| Market Price** | (2.94)% | (32.69)% | (5.69)% | 4.81% |
| Net Asset Value** | (4.33) | (29.72) | (6.35) | 5.40 |
| Lipper Closed-End Growth & Income Funds Average*** | (4.25) | (23.97) | (4.19) | 5.59 |
| S&P 500*** | (3.15) | (24.76) | (3.77) | 8.53 |

PRICE PER SHARE

| | March 31, 2003 | December 31, 2002 |
|------------------------|----------------|----------------------|
| Market Price | \$12.81 | \$13.25 |
| Net Asset Value | 14.98 | 15.72 |

DIVIDEND AND CAPITAL LOSS INFORMATION PER SHARE

For the Three Months Ended March 31, 2003

| Dividends Paid□ | Capital Loss | |
|-----------------|--------------|------------|
| | Realized | Unrealized |
| \$0.05 | \$(0.79) | \$(1.75)□□ |

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. Performance data quoted does not reflect the deduction of taxes that a stockholder may pay on Corporation distributions or on the sale of Corporation shares. Past performance is not indicative of future investment results. Due to market volatility, current performance may be higher or lower than the performance quoted above.

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

** These rates of return reflect changes in market price or net asset value, as applicable, and assume that all distributions within the period

are taken in additional shares.

*** The Lipper Closed-End Growth & Income Funds Average and the S&P 500 are unmanaged benchmarks that assume reinvestment of all distributions. The Lipper Closed-End Growth & Income Funds Average excludes the effect of taxes and any costs associated with the purchase of shares, and the S&P 500 excludes the effect of taxes and fees. The Lipper Closed-End Growth & Income Funds

Average measures the performance of closed-end mutual funds with objectives similar to those of the Corporation. The S&P 500 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 \$0.625 per share.

□ Represents the per share amount of net unrealized depreciation of portfolio securities as of March 31, 2003.

Tri-Continental Corporation

Interview With Your Portfolio Managers (continued)

margin expansion and areas showing positive fundamental change. Insurance companies are experiencing improving fundamentals in the form of rising rates, and we expect this to continue over the near term. While insurance stocks will likely benefit, higher insurance rates are not necessarily good for the economy as a whole, as they have a taxing effect similar to higher energy prices.

What sectors of the portfolio contributed most positively to Tri-Continental's performance?

Good stock selection in the health care sector contributed most positively to Tri-Continental's performance.

What sectors of the portfolio detracted from performance?

Tri-Continental's portfolio was slightly biased in favor of an economic recovery, which tended to hurt performance in the first quarter. Specifically, returns were negatively impacted by information technology, industrial, and consumer discretionary holdings.

What is your outlook?

We do not expect the economic recovery to be as robust as investors initially hoped. The economy will likely be sluggish over the near term, then improve. However, the timing of this improvement is difficult to pinpoint. We believe the second half of 2003 will be stronger than the first half in terms of economic activity. We have been encouraged of late by the fall in energy prices and by a recent improvement in consumer sentiment. Despite the soft labor market, we think the consumer will remain strong. Further, we think corporate profits will come back slowly but surely, and that the fiscal and monetary stimulus in the system will have the desired effect of encouraging economic growth. Since September 2001, we have been living with heightened geopolitical uncertainty, but, in our view, investors are learning to live with this uncertainty, realizing that it can never be completely eliminated.

Going forward, Tri-Continental's portfolio will continue to have a slight bias toward economically sensitive stocks, aiming to benefit from what we believe is a strengthening economy. At the same time, we think it is important to balance this outlook with exposure to more defensive stocks, since the recovery may be slow and choppy. In this way, we believe Tri-Continental's diversification can help Stockholders participate in all stages of the recovery.

The views and opinions expressed are those of the Portfolio Manager(s), are provided for general information only, and do not constitute specific tax, legal, or investment advice to, or recommendations for, any person. There can be no guarantee as to the accuracy of market forecasts. Opinions, estimates, and forecasts may be changed without notice.

Tri-Continental Corporation

Largest Portfolio Changes (unaudited)

January 1, 2003 to March 31, 2003

Largest Purchases

American International Group, Inc.*
 Bear Stearns Companies Inc. (The)*
 Amgen Inc.*
 W.R. Berkley Corporation*
 Viacom Inc. Class B
 PartnerRe Ltd.*
 Bank of America Corporation
 Coca-Cola Company (The)*
 Lowe's Companies, Inc.*
 Illinois Tool Works Inc.*

Largest Sales

3M Company
 UnitedHealth Group Incorporated**
 ACE Limited (Bermuda)**
 Lockheed Martin Corporation
 Altria Group, Inc.
 Raytheon Company
 ConAgra Foods, Inc.**
 Textron, Inc.**
 SBC Communications Inc.
 Parker Hannifin 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.

* Position added during the period.

** Position eliminated during the period.

10 Largest Equity Holdings (unaudited)

March 31, 2003

| Security | Value | Percent of Net Assets |
|---|--------------|-----------------------|
| Microsoft Corporation | \$61,742,259 | 3.3 |
| Citigroup Inc. | 59,988,819 | 3.2 |
| Pfizer Inc. | 59,615,250 | 3.2 |
| Wal-Mart Stores, Inc. | 56,332,881 | 3.0 |
| General Electric Company | 55,789,920 | 3.0 |
| Bank of America Corporation | 49,335,941 | 2.6 |
| Procter & Gamble Company (The) | 45,289,583 | 2.4 |
| Exxon Mobil Corporation International Business Machines Corporation | 41,314,220 | 2.2 |
| American Express Company | 41,036,145 | 2.2 |
| | 37,770,215 | 2.0 |

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Tri-Continental Corporation

Portfolio of Investments (unaudited)

Shares

Value

COMMON STOCKS □ 96.1%

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AUTOMOBILES AND**COMPONENTS □ 1.2%**

| | | | |
|----------------------------|---------|----|------------|
| General Motors Corporation | 310,900 | \$ | 10,452,458 |
| Lear Corporation* | 349,300 | | 12,347,755 |

22,800,213

BANKS □ 6.7%

| | | | |
|-----------------------------|---------|--|------------|
| Bank of America Corporation | 738,120 | | 49,335,941 |
| GreenPoint Financial Corp. | 342,400 | | 15,342,944 |
| KeyCorp | 716,200 | | 16,157,472 |
| National City Corporation | 250,600 | | 6,979,210 |
| Sovereign Bancorp, Inc. | 606,900 | | 8,405,565 |
| Wachovia Corporation | 588,463 | | 20,048,934 |
| Wells Fargo & Company | 219,500 | | 9,875,305 |

126,145,371

CAPITAL GOODS □ 6.6%

| | | | |
|-----------------------------|-----------|--|------------|
| 3M Company | 93,300 | | 12,131,799 |
| Deere & Company | 278,600 | | 10,937,836 |
| Emerson Electric Co. | 50,000 | | 2,267,500 |
| General Electric Company | 2,187,840 | | 55,789,920 |
| Illinois Tool Works Inc. | 250,380 | | 14,559,597 |
| Lockheed Martin Corporation | 276,723 | | 13,158,179 |
| PACCAR Inc. | 84,200 | | 4,231,471 |
| Raytheon Company | 345,900 | | 9,813,183 |

122,889,485

CHEMICALS □ 1.5%

| | | | |
|----------------------------------|---------|--|------------|
| Air Products and Chemicals, Inc. | 699,700 | | 28,988,571 |
|----------------------------------|---------|--|------------|

COMMUNICATIONS**EQUIPMENT 1.6%**

| | | | |
|-----------------------------|-----------|--|------------|
| Cisco Systems, Inc.* | 1,720,470 | | 22,323,098 |
| Nokia Corp. (ADRs)(Finland) | 571,540 | | 8,007,276 |

30,330,374

COMPUTERS AND**PERIPHERALS □ 5.0%**

| | | | |
|--|-----------|--|------------|
| Dell Computer Corporation* | 1,029,200 | | 28,133,182 |
| Hewlett-Packard Company | 1,040,930 | | 16,186,461 |
| International Business Machines Corporation | 523,220 | | 41,036,145 |
| Sun Microsystems, Inc.* | 2,711,180 | | 8,824,891 |

94,180,679

March 31, 2003

Shares

Value

CONSUMER DURABLES**AND APPAREL □ 1.8%**

| | | |
|--------------------------|---------|---------------|
| Lennar Corporation | 200,800 | \$ 10,752,840 |
| Mohawk Industries, Inc.* | 286,000 | 13,710,840 |
| Pulte Homes, Inc. | 193,900 | 9,724,085 |

34,187,765

CONSUMER STAPLES □ 6.4%

| | | |
|-----------------------------------|---------|------------|
| Altria Group, Inc. | 221,210 | 6,627,452 |
| Avon Products, Inc. | 124,010 | 7,074,770 |
| Coca-Cola Company (The) | 385,300 | 15,596,944 |
| General Mills, Inc. | 345,600 | 15,742,080 |
| Gillette Company (The) | 972,666 | 30,094,286 |
| Procter & Gamble Company (The) | 508,586 | 45,289,583 |

120,425,115

DIVERSIFIED**FINANCIALS □ 9.4%**

| | | |
|--------------------------------------|-----------|------------|
| American Express Company | 1,136,630 | 37,770,215 |
| Bear Stearns Companies Inc. (The) | 477,600 | 31,330,560 |
| Citigroup Inc. | 1,741,330 | 59,988,819 |
| J.P. Morgan Chase & Co. | 1,359,830 | 32,241,569 |
| Merrill Lynch & Co., Inc. | 417,200 | 14,768,880 |

176,100,043

ENERGY □ 7.7%

| | | |
|---|-----------|------------|
| Apache Corporation | 125,600 | 7,754,544 |
| BJ Services Company* | 437,100 | 15,031,869 |
| Burlington Resources Inc. | 210,400 | 10,038,184 |
| ConocoPhillips | 408,703 | 21,906,481 |
| Devon Energy Corporation | 347,400 | 16,751,628 |
| Exxon Mobil Corporation | 1,182,095 | 41,314,220 |
| Noble Energy, Inc. | 155,500 | 5,332,095 |
| Rowan Companies, Inc. | 577,100 | 11,345,786 |
| Royal Dutch Petroleum Company □NY shares□ (Netherlands) | 327,000 | 13,325,250 |
| Tidewater Inc. | 27,390 | 786,641 |

143,586,698

HEALTH CARE EQUIPMENT**AND SERVICES** □ 2.3%

| | | |
|---------------|---------|------------|
| Anthem, Inc.* | 173,600 | 11,501,000 |
|---------------|---------|------------|

See footnotes on page 8.

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Tri-Continental Corporation

Portfolio of Investments (unaudited) (continued)

| | Shares | Value |
|--|---------|--------------|
| | <hr/> | <hr/> |
| HEALTH CARE EQUIPMENT | | |
| AND SERVICES (continued) | | |
| Baxter International Inc. | 328,900 | \$ 6,130,696 |
| Boston Scientific Corporation* | 343,600 | 14,005,136 |
| Cardinal Health, Inc. | 190,300 | 10,841,391 |
| | | <hr/> |
| | | 42,478,223 |
| | | <hr/> |
| HOTELS, RESTAURANTS | | |
| AND LEISURE □ 1.0% | | |
| Starwood Hotels & Resorts Worldwide, Inc. | 784,200 | 18,656,118 |
| | | <hr/> |
| INSURANCE □ 6.1% | | |
| American International Group, Inc. | 759,400 | 37,552,330 |
| W.R. Berkley Corporation | 478,430 | 20,500,725 |
| Fidelity National Financial, Inc. | 357,100 | 12,194,965 |
| Old Republic International Corporation | 404,400 | 10,817,700 |
| PartnerRe Ltd. | 309,900 | 15,572,475 |
| PMI Group, Inc. (The) | 400,100 | 10,222,555 |
| Radian Group Inc. | 201,700 | 6,732,746 |
| | | <hr/> |
| | | 113,593,496 |
| | | <hr/> |
| MEDIA □ 5.3% | | |
| AOL Time Warner Inc.* | 946,000 | 10,273,560 |
| Clear Channel Communications, Inc.* | 362,200 | 12,285,824 |
| Comcast Corporation Class □A□* | 481,044 | 13,765,074 |

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| | | |
|---|---------|------------|
| Knight Ridder, Inc. | 155,700 | 9,108,450 |
| Tribune Company | 254,700 | 11,464,047 |
| Univision Communications Inc. Class [A]* | 373,300 | 9,149,583 |
| Viacom Inc. Class [B]* | 900,910 | 32,901,233 |

98,947,771

PAPER AND

FOREST PRODUCTS [2.6%

| | | |
|---------------------------|---------|------------|
| Boise Cascade Corporation | 352,100 | 7,693,385 |
| Bowater Incorporated | 339,100 | 12,597,565 |
| Weyerhaeuser Company | 581,450 | 27,810,754 |

48,101,704

PHARMACEUTICALS AND

BIOTECHNOLOGY [11.9%

| | | |
|-------------|---------|------------|
| Amgen Inc.* | 406,990 | 23,438,554 |
|-------------|---------|------------|

March 31, 2003

Shares

Value

PHARMACEUTICALS AND

BIOTECHNOLOGY (continued)

| | | |
|---|-----------|--------------|
| Barr Laboratories, Inc.* | 95,910 | \$ 5,466,870 |
| Biovail Corporation* | 448,100 | 17,865,747 |
| Eli Lilly and Company | 153,900 | 8,795,385 |
| Forest Laboratories, Inc.* | 150,600 | 8,127,882 |
| Johnson & Johnson | 625,463 | 36,195,544 |
| Merck & Co., Inc. | 283,700 | 15,541,086 |
| Pfizer Inc. | 1,913,198 | 59,615,250 |
| Pharmacia Corporation | 548,100 | 23,732,730 |
| Teva Pharmaceutical Industries Ltd. (ADRs)(Israel) | 148,600 | 6,188,447 |
| Wyeth | 451,000 | 17,056,820 |

222,024,315

RETAILING [6.3%

| | | |
|------------------------|-----------|------------|
| Chico's FAS, Inc.* | 250,000 | 5,000,000 |
| eBay Inc.* | 284,160 | 24,250,214 |
| Kohl's Corporation* | 159,700 | 9,035,826 |
| Lowe's Companies, Inc. | 382,500 | 15,613,650 |
| Michaels Stores, Inc. | 330,100 | 8,255,801 |
| Wal-Mart Stores, Inc. | 1,082,700 | 56,332,881 |

118,488,372

SEMICONDUCTOR**EQUIPMENT AND****PRODUCTS □ 2.9%**

| | | |
|--------------------------------|-----------|------------|
| Analog Devices, Inc.* | 268,150 | 7,374,125 |
| Intel Corporation | 1,189,300 | 19,367,750 |
| KLA-Tencor Corporation* | 232,300 | 8,346,539 |
| Linear Technology Corporation | 194,500 | 6,002,270 |
| Texas Instruments Incorporated | 803,080 | 13,146,420 |
| | | 54,237,104 |

SOFTWARE**AND SERVICES □ 5.4%**

| | | |
|---------------------------|-----------|-------------|
| Amdocs Limited* | 592,440 | 7,867,603 |
| Intuit Inc.* | 245,950 | 9,137,042 |
| Microsoft Corporation* | 2,550,806 | 61,742,259 |
| Network Associates, Inc.* | 213,100 | 2,942,911 |
| Oracle Corporation* | 659,100 | 7,141,349 |
| PeopleSoft, Inc.* | 260,800 | 3,998,064 |
| Symantec Corporation* | 228,600 | 8,954,262 |
| | | 101,783,490 |

See footnotes on page 8.

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Tri-Continental Corporation

Portfolio of Investments (unaudited) (continued)

| | Shares | Value |
|-----------------------------------|---------|--------------|
| | <hr/> | <hr/> |
| TELECOMMUNICATION | | |
| SERVICES □ 2.6% | | |
| AT&T Wireless Services Inc.* | 756,190 | \$ 4,990,854 |
| SBC Communications Inc. | 822,010 | 16,489,521 |
| Sprint Corporation (FON Group) | 527,300 | 6,195,775 |
| Verizon Communications Inc. | 580,400 | 20,517,140 |
| | | 48,193,290 |
| TRANSPORTATION □ 0.3% | | |
| CSX Corporation | 200,000 | 5,704,000 |
| | | |
| UTILITIES □ 1.5% | | |

| | | |
|--|---------------------|------------------|
| Exelon Corporation | 370,700 | 18,686,987 |
| Southern Company (The) | 354,700 | 10,087,668 |
| | | 28,774,655 |
| TOTAL COMMON STOCKS | | |
| (Cost \$2,012,012,268) | | 1,800,616,852 |
| | | March 31, 2003 |
| | Principal Amount | Value |
| | | |
| TRI-CONTINENTAL FINANCIAL DIVISION □ 0.3% | | |
| WCAS Capital | | |
| Partners II, L.P. | \$ 4,727,686 | \$ 3,015,352 |
| Whitney Subordinated Debt Fund, L.P. | 2,620,165 | 1,845,044 |
| | | |
| TOTAL TRI-CONTINENTAL FINANCIAL DIVISION | | |
| (Cost \$7,347,851) | | 4,860,396 |
| SHORT-TERM HOLDING □ 2.9% | | |
| (Cost \$54,800,000) | | 54,800,000 |
| TOTAL INVESTMENTS □ 99.3% | | |
| (Cost \$2,074,160,119) | | 1,860,277,248 |
| OTHER ASSETS | | |
| LESS LIABILITIES □ 0.7% | | 13,351,780 |
| NET ASSETS □ 100.0% | | \$ 1,873,629,028 |
| | | |

* Non-income producing security.

□ Restricted Security.

Note: Investments in common stocks, limited partnership interests, and short-term holdings maturing in more than 60 days are valued at current market value or, in their absence, at fair values determined in accordance with procedures approved by the Board of Directors.

Securities traded on an exchange are valued at last sales prices or, in their absence and in the case of over-the-counter securities, at the mean of bid and ask prices. Short-term holdings maturing in 60 days or less are valued at amortized cost.

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Tri-Continental Corporation

Stockholder Services

Tri-Continental provides a number of services to make maintaining an investment in its Common Stock more convenient.

Automatic Dividend Investment and Cash Purchase Plan. Stockholders may automatically purchase additional shares with dividends and capital gains. There is no charge for this service. Stockholders may also 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 shares 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 $70\frac{1}{2}$ may contribute up to \$3,000 per year to a Traditional IRA for 2003. A working or non-working spouse may also contribute up to \$3,000 to a separate Traditional IRA for 2003. Individuals who reach age 50 prior to the end of a taxable year may make additional "catch-up contributions" to a Traditional IRA of up to \$500 (increasing to \$1,000 for years beginning after 2005). 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 deductible if your modified adjusted gross income (MAGI) in 2003 is less than \$40,000. For spouses who are both covered by a plan, contributions will be fully deductible if your MAGI is less than \$60,000. 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 \$150,000. 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.

Roth IRA. You (and a working or non-working spouse) may each make an after-tax contribution of up to \$3,000 per year to a Roth IRA provided you have earned income and meet the eligibility requirements. Your MAGI must be less than \$95,000 (individuals) or \$150,000 (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 \$110,000 (individuals) or \$160,000 (married couples). Total combined contributions to a Roth IRA and a Traditional IRA cannot exceed \$3,000 in any year. Individuals who reach age 50 prior to the end of a taxable year may make additional "catch-up contributions" to a Roth IRA of up to \$500 (increasing to \$1,000 for years beginning after 2005). 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 $59\frac{1}{2}$, 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 $70\frac{1}{2}$ (if you have earned income), and you are not required to take minimum distributions at age $70\frac{1}{2}$. 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.

Tri-Continental Corporation

Stockholder Services (continued)

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 \$40,000 per participant. For retirement plan purposes, no more than \$205,000 may be taken into account as earned income under the plan in 2003 and future years (subject to adjustments to reflect cost of living increases). 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.

Gifts Free of Federal Tax are often made using Tri-Continental Common Stock. You may give as much as \$11,000 a year to as many individuals as desired free of federal gift tax, and a married couple may give up to \$22,000 a year.

Stock Repurchase Program. In November 2002, the Board of Directors authorized the renewal of Tri-Continental's ongoing share repurchase program. The program authorizes the Corporation to repurchase up to 7.5% of the Corporation's shares over a 12-month period, provided that the discount of a share's market price to its net asset value (NAV) remains wider than 10%. The Board's decision benefits all stockholders, allowing them to continue to enjoy the advantages of Tri-Continental's closed-end structure, while increasing the NAV of the Corporation's outstanding shares.

As of March 31, 2003, 3.5 million shares had been repurchased. This is approximately 2.8% of the shares outstanding as of November 20, 2002. The repurchase of additional shares is expected to continue between April and November 2003, as long as the discount remains above 10%.

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Tri-Continental Corporation

For information about your Corporation, write to Corporate Communications, J. & W. Seligman & Co. Incorporated, 100 Park Avenue, New York, NY 10017, or visit our website at www.tri-continental.com. If you want information about your investment account, write to Stockholder Services, Seligman Data Corp., at the same address. You may also call Stockholder Services at the telephone number listed below.

IMPORTANT TELEPHONE NUMBERS

Stockholder Services

(800) TRI-1092
(8:30 a.m. to 6:00 p.m. Eastern Time)

Retirement Plan Services

(800) 445-1777
(8:30 a.m. to 6:00 p.m. Eastern Time)

24-Hour Automated Telephone Access Service

(800) 622-4597

212-682-7600 Outside the Continental United States

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Tri-Continental Corporation

Managed by

J. & W. SELIGMAN & CO.

INCORPORATED

Investment Managers and Advisors

ESTABLISHED 1864

100 Park Avenue, New York, NY 10017

This report is intended only for the information of Stockholders or those who have received the current

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prospectus covering shares of Common Stock of
Tri-Continental Corporation, which contains information
about management fees and other costs.

www.tri-continental.com

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