

TRI-CONTINENTAL CORP

Form N-30B-2

May 24, 2007



# *Tri-Continental Corporation*

## **FIRST QUARTER REPORT 2007**

May 18, 2007

To the Stockholders:

We are pleased to present Tri-Continental Corporation's first quarter report, covering the three months ended March 31, 2007. Inside this report you will find Tri-Continental's investment results and portfolio of investments.

For the three months ended March 31, 2007, the Corporation delivered a total return of 2.6% based on market price and 1.2% based on net asset value (NAV). In comparison, the Corporation's benchmark, the S&P 500 Index, returned 0.6% for the period. The Lipper Closed-End Core Funds Average returned 2.5% and the Lipper Large-Cap Core Funds Average returned 0.5%.

In addition to Tri-Continental's improving investment results, the Corporation resumed the payment of capital gains, with a per share distribution of \$0.12 on March 27, 2007, and paid a first quarter dividend of \$0.14 per Common share, compared to the \$0.07 dividend paid by the Corporation in the first quarter of 2006.

Thank you for your continued support of Tri-Continental Corporation. We look forward to serving your investment needs for many more years to come.

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 March 31, 2007

	Average Annual					
	Three Months*	One Year	Two Years	Three Years	Five Years	Ten Years
<b>Market Price</b>	2.62%	14.63%	14.96%	11.51%	4.83%	6.93%
<b>Net Asset Value</b>	1.23	13.45	12.29	10.30	5.03	6.22
<b>Lipper Closed-End Core Funds Average**</b>	2.49	11.75	12.04	9.81	5.81	6.92
<b>Lipper Large-Cap Core Funds Average**</b>	0.46	9.87	10.57	8.65	4.99	6.87
<b>S&amp;P 500**</b>	0.64	11.83	11.78	10.06	6.27	8.20

### PRICE PER SHARE

	March 31, 2007	December 31, 2006
<b>Market Price</b>	\$22.70	\$22.38
<b>Net Asset Value</b>	25.71	25.66

### DIVIDEND AND CAPITAL GAIN PER SHARE AND YIELD INFORMATION

For Periods Ended March 31, 2007

Dividends Paid <sup>□</sup>	Capital Gain (Loss)			SEC 30-Day Yield <sup>Ø</sup>
	Realized	Unrealized Gain <sup>□</sup>	Unrealized Loss <sup>□</sup>	
\$0.14	\$0.67	\$1.43	\$(1.03)	2.96%

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 3.

## *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") are unmanaged benchmarks that assume reinvestment of all distributions. The Lipper Averages exclude the effect of taxes and any costs associated with the purchase of shares, and the S&P 500 excludes the effect of fees, taxes, and sales charges. 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 (\$14.5 billion as of March 31, 2007). 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 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 gross unrealized gain or loss of portfolio securities as of March 31, 2007.

∅ Current yield, representing the annualized yield for the 30-day period ended March 31, 2007, 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

## Ten Largest Equity Holdings

March 31, 2007

	<b>Cost (000s)</b>	<b>Value (000s)</b>
Altria Group, Inc.	\$ 93,749	\$ 98,436
General Electric Company	91,511	81,176
Exxon Mobil Corporation	54,694	68,539
Wachovia Corporation	61,016	60,993
Bank of America Corporation	57,638	55,879
JPMorgan Chase & Co.	49,971	55,637
Capital One Financial Corporation	57,292	54,585
Pfizer Inc.	55,111	51,445
Comverse Technology, Inc.	46,202	49,496
ConocoPhillips	46,555	48,139
	<b>\$ 613,739</b>	<b>\$ 624,325</b>

The Corporation is actively managed and holdings are subject to change. 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, an indication that any security is suitable for a particular investor, or that any of the securities listed were or will be profitable.

□ Excludes options purchased.

## Largest Portfolio Changes

January 1 to March 31, 2007

### Largest Purchases

Apollo Group, Inc. (Class A)\*  
 Pfizer Inc.  
 Bristol-Myers Squibb Company\*  
 Hewlett-Packard Company\*  
 Costco Wholesale Corporation\*  
 Best Buy Co., Inc.  
 Electronic Arts Inc.\*  
 Amdocs Limited\*  
 Barrick Gold Corporation\*  
 CVS/Caremark Corporation

### Largest Sales

Chevron Corporation  
 Bank of New York Company, Inc. (The)\*\*  
 SUPERVALU INC.\*\*  
 Wal-Mart Stores, Inc.\*\*  
 Health Net, Inc.\*\*  
 KeyCorp\*\*  
 Legg Mason, Inc.\*\*  
 TXU Corp.\*\*  
 Dollar General Corporation\*\*  
 Coca-Cola Enterprises Inc.\*\*

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.

# Tri-Continental Corporation

## Portfolio of Investments (unaudited)

March 31, 2007

	Shares or Warrants	Value
<b>COMMON STOCKS AND WARRANTS 86.9%</b>		
<b>AEROSPACE AND DEFENSE 2.7%</b>		
Boeing Company (The)	426,800 shs.	\$ 37,946,788
General Dynamics Corporation	105,300	8,044,920
Honeywell International Inc.	589,000	27,129,340
		73,121,048
<b>AIR FREIGHT AND LOGISTICS 0.5%</b>		
FedEx Corp.	93,800	10,076,934
TNT N.V. (ADR)	75,700	3,485,985
		13,562,919
<b>AIRLINES 0.3%</b>		
JetBlue Airways Corporation*	562,500	6,474,375
<b>BIOTECHNOLOGY 3.0%</b>		
Amgen Inc.*	446,200	24,933,656
Genentech, Inc.*	224,000	18,394,880
Medimmune, Inc.*	427,600	15,560,364
Pharmion Corporation*	825,825	21,710,939
		80,599,839
<b>CAPITAL MARKETS 1.3%</b>		
Goldman Sachs Group, Inc. (The)	73,600	15,207,968
Merrill Lynch & Co. Inc.	238,400	19,470,128
		34,678,096
<b>CHEMICALS 0.8%</b>		
E.I. Du Pont de Nemours and Company	459,200	22,698,256
<b>COMMERCIAL BANKS 2.3%</b>		
Wachovia Corporation	1,107,963	60,993,363
<b>COMMERCIAL SERVICES AND SUPPLIES 1.0%</b>		
Waste Management Inc.	774,200	26,640,222
<b>COMMUNICATIONS</b>		

<b>EQUIPMENT 5.5%</b>		
Alcatel-Lucent (ADR)	2,593,453	30,654,614
Alcatel-Lucent (exercise price of \$2.75, expiring 12/10/2007)*	13,686,305 wts.	1,368,631
Cisco Systems, Inc.*	496,180 shs.	12,667,475
Comverse Technology, Inc.*	2,310,200	49,496,035
Motorola, Inc.	1,496,300	26,439,621
QUALCOMM Inc.	666,300	28,424,358
		149,050,734
<b>COMPUTERS AND PERIPHERALS 4.2%</b>		
Apple Inc.*	158,300	14,707,653
Hewlett-Packard Company	575,900	23,116,626
International Business Machines Corporation	211,620	19,947,301
Palm, Inc.*	1,284,100	23,280,733
SanDisk Corporation*	177,200	7,761,360
Seagate Technology	1,087,800	25,345,741
		114,159,414
<b>CONSUMER FINANCE 2.5%</b>		
American Express Company	238,000	13,423,200
Capital One Financial Corporation	723,368	54,585,349
		68,008,549
<b>CONTAINERS AND PACKAGING 1.3%</b>		
Packaging Corporation of America	357,900	8,732,760
Smurfit-Stone Container Company*	2,400,000	27,024,000
		35,756,760
<b>DIVERSIFIED CONSUMER SERVICES 1.3%</b>		
Apollo Group, Inc. (Class A)*	768,000	33,715,200
<b>DIVERSIFIED FINANCIAL SERVICES 5.4%</b>		
Bank of America Corporation	1,095,240	55,879,145
Citigroup Inc.	629,830	32,335,472
JPMorgan Chase & Co.	1,150,000	55,637,000
		143,851,617

See footnotes on page 10.



# Tri-Continental Corporation

## Portfolio of Investments (unaudited)

March 31, 2007

	Shares	Value
<b>DIVERSIFIED</b>		
<b>TELECOMMUNICATION SERVICES 1.2%</b>		
Citizens Communications Company	834,200	\$ 12,471,290
Windstream Corporation	1,338,700	19,665,503
		32,136,793
<b>ENERGY EQUIPMENT AND SERVICES 2.1%</b>		
Halliburton Company	672,600	21,348,324
Tidewater Inc.	349,500	20,473,710
Weatherford International Ltd.*	319,700	14,418,470
		56,240,504
<b>FOOD AND STAPLES RETAILING 3.8%</b>		
Costco Wholesale Corporation	379,000	20,405,360
CVS/Caremark Corporation	1,146,700	39,148,338
Rite Aid Corporation*	7,318,500	42,227,745
		101,781,443
<b>FOOD PRODUCTS 1.1%</b>		
Archer Daniels Midland Company	386,500	14,184,550
Hershey Company (The)	268,300	14,665,278
		28,849,828
<b>HEALTH CARE EQUIPMENT AND SUPPLIES 1.4%</b>		
Boston Scientific Corporation*	1,272,700	18,505,058
Medtronic, Inc.	402,900	19,766,274
		38,271,332
<b>HEALTH CARE PROVIDERS AND SERVICES 2.2%</b>		
Aetna Inc.	480,500	21,041,095
WellPoint Inc.*	479,200	38,863,120
		59,904,215
<b>HOTELS, RESTAURANTS AND LEISURE 1.0%</b>		
Las Vegas Sands Corp.*	155,000	13,424,550
Starbucks Corporation*	434,500	13,625,920
		27,050,470

**INDUSTRIAL****CONGLOMERATES 4.7%**

3M Company	578,500	44,214,755
General Electric Company	2,295,700	81,175,952
		125,390,707

**INSURANCE 2.8%**

American International Group, Inc.	642,300	43,175,406
Hartford Financial Services Group, Inc.	338,100	32,315,598
		75,491,004

**INTERNET SOFTWARE  
AND SERVICES 1.1%**

Google Inc. (Class A)*	44,300	20,296,488
Yahoo! Inc.*	258,100	8,075,949
		28,372,437

**IT SERVICES 0.8%**

Amdocs Limited*	559,000	20,392,320
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**MACHINERY 0.7%**

Caterpillar Inc.	298,800	20,028,564
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**MEDIA 1.1%**

Time Warner Inc.	1,539,100	30,351,052
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**METALS AND MINING 2.4%**

Alcoa Inc.	588,200	19,939,980
Barrick Gold Corporation	614,400	17,541,120
Freeport-McMoRan Copper & Gold Inc. (Class B)	407,800	26,992,282
		64,473,382

**OIL, GAS AND****CONSUMABLE FUELS 6.8%**

Chevron Corporation	191,800	14,185,528
ConocoPhillips	704,300	48,138,905
El Paso Corporation	1,945,600	28,152,832
Exxon Mobil Corporation	908,400	68,538,780
Murphy Oil Corporation	443,425	23,678,895
		182,694,940

**PERSONAL PRODUCTS 0.8%**

Herbalife Ltd.*	534,900	20,962,731
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See footnotes on page 10.

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# Tri-Continental Corporation

## Portfolio of Investments (unaudited)

March 31, 2007

	Shares or Number of Contracts**	Value
<b>PHARMACEUTICALS 4.9%</b>		
Bristol-Myers Squibb Company	981,600 shs.	\$ 27,249,216
Pfizer Inc.	2,036,638	51,445,476
Schering-Plough Corporation	445,200	11,357,052
Wyeth	815,300	40,789,459
		130,841,203
<b>ROAD AND RAIL 1.0%</b>		
Avis Budget Group, Inc.*	979,320	26,755,022
<b>SEMICONDUCTORS AND SEMICONDUCTOR EQUIPMENT 1.3%</b>		
Broadcom Corporation (Class A)*	327,700	10,509,339
KLA-Tencor Corporations	277,200	14,780,304
Texas Instruments Incorporated	344,500	10,369,450
		35,659,093
<b>SOFTWARE 3.9%</b>		
Adobe Systems Incorporated*	342,100	14,265,570
BEA Systems Inc.*	1,299,400	15,060,046
Business Objects S.A. (ADR)*	373,200	13,506,108
Electronic Arts Inc.*	399,500	20,118,820
Microsoft Corp.	1,481,656	41,293,753
		104,244,297
<b>SPECIALTY RETAIL 3.8%</b>		
Best Buy Co., Inc.	693,300	33,777,576
Foot Locker, Inc.	1,660,100	39,095,355
Urban Outfitters, Inc.*	1,103,800	29,261,738
		102,134,669
<b>THRIFTS AND MORTGAGE FINANCE 1.3%</b>		
Countrywide Financial Corporation	274,900	9,247,636
Washington Mutual, Inc.	616,100	24,878,118
		34,125,754
<b>TOBACCO 3.7%</b>		
Altria Group, Inc.	1,172,980	98,435,630
<b>WIRELESS TELECOMMUNICATION SERVICES 0.9%</b>		

Sprint Nextel Corporation	1,276,600	24,204,336
<b>TOTAL COMMON STOCKS AND WARRANTS</b>		2,332,102,118
<b>OPTIONS PURCHASED* 2.9%</b>		
<b>BEVERAGES 0.1%</b>		
Coca-Cola Enterprises, Inc., Call expiring January 2008 at \$15	4,636	2,642,520
<b>CAPITAL MARKETS 0.1%</b>		
Bear Stearns Companies Inc. (The), Call expiring January 2008 at \$150	920	1,619,200
<b>COMMUNICATIONS EQUIPMENT 0.4%</b>		
Comverse Technology, Inc., Call expiring January 2008 at \$20	20,083	7,531,125
QUALCOMM Inc., Call expiring January 2009 at \$40	3,277	3,322,878 10,854,003
<b>COMPUTERS AND PERIPHERALS 0.2%</b>		
Dell Inc., Call expiring January 2008 at \$25	4,277	804,076
Palm, Inc., Call expiring January 2008 at \$17.5	20,008	5,002,000
Seagate Technology, Call expiring January 2008 at \$17.5	1,326	888,420 6,694,496
<b>CONSUMER FINANCE 0.1%</b>		
Capital One Financial Corporation, Call expiring January 2008 at \$80	5,465	3,442,950
<b>ENERGY EQUIPMENT AND SERVICES 0.1%</b>		
Oil Service HOLDERS Trust, Call expiring January 2008 at \$140	1,689	3,374,622

See footnotes on page 10.

*Tri-Continental Corporation***Portfolio of Investments** (unaudited)

March 31, 2007

	Number of Contracts**/ Partnership Interest	Value
<b>FOOD PRODUCTS 0.1%</b>		
Kraft Foods Inc., Put expiring June 2007 at \$35	5,239	\$ 1,886,040
<b>HEALTH CARE EQUIPMENT AND SUPPLIES 0.1%</b>		
Boston Scientific Corporation, Call expiring January 2009 at \$20	13,228	2,050,340
<b>HEALTH CARE PROVIDERS AND SERVICES 0.1%</b>		
Aetna Inc., Call expiring January 2008 at \$42.5	3,409	1,909,040
<b>INTERNET SOFTWARE AND SERVICES 0.2%</b>		
Yahoo!, Inc., Call expiring January 2009 at \$30	7,244	4,911,432
<b>MACHINERY 0.1%</b>		
Caterpillar Inc., Call expiring January 2009 at \$80	4,506	2,478,300
<b>METALS AND MINING 0.1%</b>		
Alcoa Inc., Call expiring January 2008 at \$35	4,940	1,457,300
<b>OIL, GAS AND CONSUMABLE FUELS 0.1%</b>		
Murphy Oil Corporation, Call expiring January 2008 at \$50	2,667	2,026,920
<b>PAPER AND FOREST PRODUCTS 0.1%</b>		
International Paper Company, Call expiring January 2009 at \$40	5,598	1,791,360
<b>PHARMACEUTICALS 0.2%</b>		
Bristol-Myers Squibb Company, Call expiring September 2007 at \$27.5	25,719	5,015,205

**SEMICONDUCTORS AND  
SEMICONDUCTOR  
EQUIPMENT 0.1%**

Intel Corporation, Call expiring January 2009 at \$20	4,586	1,256,564
Marvell Technology Group, Ltd., Call expiring January 2009 at \$20	4,961	1,537,910
Maxim Integrated Products, Inc., Call expiring January 2008 at \$35	3,718	594,880
		3,389,354

**SOFTWARE 0.0%**

Business Objects SA (ADR), Call expiring April 2007 at \$40	2,862	57,240
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**SPECIALTY RETAIL 0.0%**

Foot Locker Inc., Call expiring January 2008 at \$25	7,601	1,330,175
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**THRIFTS AND MORTGAGE**

**FINANCE 0.0%**

Countrywide Financial Corporation, Call expiring January 2009 at \$37.5	179	102,030
Countrywide Financial Corporation, Call expiring January 2008 at \$37.5	3,259	1,156,945
		1,258,975

**TOBACCO 0.6%**

Altria Group Inc., Call expiring January 2008 at \$80	6,410	7,243,300
Altria Group Inc., Call expiring January 2008 at \$85	11,324	8,719,480
		15,962,780

**WIRELESS**

**TELECOMMUNICATION**

**SERVICES 0.1%**

Sprint Nextel Corporation, Call expiring January 2009 at \$20	15,226	4,491,670
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**TOTAL OPTIONS PURCHASED**

78,643,922

**LIMITED PARTNERSHIP 0.1%**

WCAS Capital Partners II, L.P. \$4,292,803	\$4,292,803	1,833,804
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See footnotes on page 10.

# Tri-Continental Corporation

## Portfolio of Investments (unaudited)

March 31, 2007

	Principal Amount	Value
<b>SHORT-TERM HOLDINGS 10.3%</b>		
<b>EQUITY-LINKED NOTES 8%</b>		
Deutsche Bank:		
19.85%, 8/6/2007(1)(a)	13,388,663	\$ 13,730,341
34.9%, 8/23/2007(1)(b)	19,272,000	18,253,860
30.1%, 9/5/2007(1)(c)	9,649,000	9,102,577
Goldman Sachs Group (The):		
8.25%, 7/27/07(1)(d)	11,675,060	13,243,352
13.75%, 8/2/07(1)(e)	13,020,774	12,530,201
33%, 8/6/07(1)(f)	18,880,900	18,671,322
34.8%, 8/9/07(1)(g)	17,451,100	17,023,548
30.8%, 9/4/07(1)(h)	19,272,300	18,100,544
9.8%, 9/27/07(1)(i)	12,009,268	12,268,927
Merrill Lynch & Co., Inc.		
30%, 10/3/07(1)(j)	13,655,000	12,948,217
Morgan Stanley:		
8.08%, 5/1/07(1)(d)	12,897,489	15,034,573
31.9%, 8/23/07(2)(m)	19,272,000	17,755,679
10.25%, 8/25/07(1)(k)	19,194,138	21,367,403
30%, 8/31/07(1)(l)	19,272,000	17,851,268
35.3%, 9/6/07(2)(n)	9,649,000	8,863,391
30.35%, 9/6/07(2)(o)	9,649,000	8,881,326
		235,626,529
<b>REPURCHASE AGREEMENT 1.2%</b>		
State Street Bank 4.65%, dated 3/30/2007 maturing 4/2/2007 in the amount of \$32,009,399 collateralized by \$33,330,000 US Treasury Notes 4.5%, due 8/15/2015, with a fair market value of \$32,638,969		
	31,997,000	31,997,000
<b>US TREASURY NOTES 0.3%</b>		
US Treasury Notes 3.625%, 4/30/07		
	7,035,000***	7,026,967
<b>TOTAL SHORT-TERM HOLDINGS</b>		
		274,650,496
<b>TOTAL INVESTMENTS 100.2%</b>		
		2,687,230,340



<b>OTHER ASSETS LESS</b>	
<b>LIABILITIES (0.2)%</b>	(4,073,859)
<b>NET INVESTMENT</b>	
<b>ASSETS 100.0%</b>	\$ 2,683,156,481

**Schedule of Option Written**  
(unaudited)

March 31, 2007

<b>PUT OPTION WRITTEN</b>	Number of Contracts**	Value
Las Vegas Sands Corp., expiring April 2007 at \$90	709	\$ (354,500)

The cost of investments for federal income tax purposes was \$2,648,130,590. The tax basis gross unrealized appreciation and depreciation of portfolio securities were \$146,878,269 and \$107,778,519, respectively.

See footnotes on page 10.

# Tri-Continental Corporation

## Portfolio of Investments

March 31, 2007

(unaudited)

\* Non-income producing security.

\*\* Each contract represents 100 shares.

\*\*\* All or part of the security is held as collateral for options written. As of March 31, 2007, the value of securities held as collateral was \$7,026,967.

□ At March 31, 2007, Tri-Continental Corporation owned one limited partnership 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. The acquisition date of the investment in the limited partnership, along with the cost and value at March 31, 2007, was as follows:

Investment	Acquisition Date(s)	Cost	Value
WCAS Capital Partners II, L.P.	12/11/90 to 3/24/98	\$4,301,124	\$1,833,804

□□ The security may be offered and sold only to a □qualified institutional buyer□ 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 company or cash at a maturity value which is generally determined as follows:

- (1) The principal amount of the notes plus or minus the lesser of A) the lowest return of the company□s or companies□ respective stock price determined at maturity from the date of purchase of the notes, or B) the percent limit indicated below in parenthesis:
  - (a) SanDisk Corporation (+10%)
  - (b) Amdocs Limited, Boston Scientific Corporation and Palm, Inc. (+10%)
  - (c) Alcatel-Lucent, BEA Systems, Inc. and Best Buy Co., Inc. (+5%)
  - (d) Yahoo! Inc. (+20%)
  - (e) Marvell Technology Group Ltd. (+20%)
  - (f) Motorola, Inc., SanDisk Corporation and Yahoo! (+10%)
  - (g) KLA-Tencor Corporation, Peabody Energy Corporation and Urban Outfitters, Inc. (+10%)
  - (h) BEA Systems, Inc., Sprint Nextel Corporation and Weatherford International Ltd. (+10%)
  - (i) Seagate Technology (+20%)
  - (j) Archer-Daniels-Midland Company, Countrywide Financial Corporation and Foot Locker, Inc. (+10%)
  - (k) eBay (+20%)
  - (l) Coldwater Creek Inc., Comverse Technology, Inc. and Halliburton Company (+10%)

- (2) A) If the stock price of any of the companies falls 20% or more at any time during the period from the date of purchase of the notes to maturity, the lesser of i) the principal amount of the notes, or ii) 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; or otherwise B) the principal amount of the notes:

(m) Advanced Micro Devices, Inc., Alcoa Inc. and Bristol-Myers Squibb Company

(n) Broadcom Corporation, Herbalife Ltd. and Rite Aid Corporation

(o) Corning Incorporated, Las Vegas Sands Corp. and Smurfit-Stone Container Corporation

ADR □ American Depositary Receipt.

Security Valuation □ 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 that mature in more than 60 days are valued at current market quotations. 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.

# 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.

**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 dividends and capital gains. 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 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 70½ may contribute up to \$4,000 per year to a Traditional IRA for 2007. A working or non-working spouse may also contribute up to \$4,000 to a separate Traditional IRA for 2007. 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 2007 is less than \$51,000. For spouses who are both covered by a plan, contributions will be fully deductible if your MAGI is less than \$83,000. 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 \$156,000. 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 \$4,000 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 \$4,000 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

## *Tri-Continental Corporation*

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

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 \$45,000 per participant. For retirement plan purposes, no more than \$225,000 may be taken into account as earned income under the plan in 2007. 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 \$12,000 a year to as many individuals as desired free of federal gift tax, and a married couple may give up to \$24,000 a year.

**Stock Repurchase Program.** On November 16, 2006, the Board of Directors authorized the renewal of Tri-Continental's ongoing share repurchase program. The program authorizes the Corporation to repurchase up to 5% of the Corporation's shares during the period from January 1, 2007 through December 31, 2007, provided that the discount of a share's market price to its net asset value ("NAV") remains greater than 10%. The stock repurchase plan seeks, among other things, to moderate the growth in the number of shares outstanding, increase the net asset value of outstanding shares, increase the liquidity of Tri-Continental's common stock, and reduce the dilutive impact on Stockholders who do not take capital gains distributions, when such distributions are made, in additional shares.

Between January 1, 2007 and March 31, 2007, 1 million shares were repurchased. This is approximately 1% of the shares outstanding at the beginning of the period. On April 6, 2007, the Board of Directors approved a suspension of the stock repurchase program pending the outcome of the vote of Stockholders of the Corporation on a proposal to implement a Distribution Policy.

# Tri-Continental Corporation

## Board of Directors

**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 and Chief Executive Officer, 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*

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

# Tri-Continental Corporation

## Executive Officers

**William C. Morris**  
*Chairman*

**Thomas G. Rose**  
*Vice President*

**Brian T. Zino**  
*President and Chief Executive Officer*

**Lawrence P. Vogel**  
*Vice President and Treasurer*

**John B. Cunningham**  
*Vice President*

**Frank J. Nasta**  
*Secretary*

**Eleanor T.M. Hoagland**  
*Vice President and Chief Compliance Officer*

**Marco F. Acosta**  
*Assistant Vice President*

**Charles W. Kadlec**  
*Vice President*

## Additional Fund 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 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

**This report is intended only for the information of Stockholders who have received the current prospectus covering shares of Common Stock 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.**

END OF FIRST QUARTER REPORT