

TRI-CONTINENTAL CORP  
Form N-30B-2  
November 20, 2003

## *Tri-Continental Corporation*

To the Stockholders:

Your third quarter Stockholder report for Tri-Continental Corporation follows this letter. This report contains Tri-Continental's investment results and its portfolio of investments at September 30, 2003.

For the three months ended September 30, 2003, Tri-Continental posted a total return of 2.97% based on net asset value, the S&P 500 returned 2.65%, and the Lipper Closed-End Growth & Income Funds Average returned 3.34%. During the same time period, Tri-Continental returned 1.48% based on market price.

We are pleased to announce that effective September 4, 2003, J. & W. Seligman & Co.'s Core Equity Group assumed responsibility for Tri-Continental's portfolio. This change was made as part of the Manager's commitment to improve Tri-Continental's investment results. Paul Guidone, who is a Managing Director and the Chief Investment Officer of J. & W. Seligman & Co., will lead a team of six dedicated analysts responsible for researching companies in the various sectors of the economy. Tri-Continental's investment objective remains unchanged, and it will continue to pursue a total return strategy in order to invest primarily to produce long-term growth of both capital and income, while providing reasonable current income.

Tri-Continental's net asset value increased 12.49% during the first three quarters of this year. However, the Corporation has a significant tax loss carryforward from net capital losses realized during the severe bear market of recent years. As a consequence, Tri-Continental will not have a capital gain payout this December. We realize that many Stockholders look forward to a capital gain payment in December, and we understand their disappointment.

Over time, we are confident that we will be able to offset Tri-Continental's net realized capital loss carryforward with realized gains and resume capital gain payments, though we cannot predict with any certainty when this will occur. In the interim, any net realized capital gains, like any unrealized gains, will be reflected in an increase in Tri-Continental's NAV and, importantly, will not be taxable to Stockholders who maintain their investment.

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

By order of the Board of Directors,

William C. Morris  
Chairman

Brian T. Zino  
President

November 4, 2003

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## *Tri-Continental Corporation*

**Investment Results For Common Stock**

(unaudited)

**TOTAL RETURNS***For Periods Ended September 30, 2003*

	Average Annual				
	Three Months*	Nine Months*	One Year	Five Years	Ten Years
<b>Market Price**</b>	1.48%	13.96%	15.23%	(1.15)%	6.66%
<b>Net Asset Value**</b>	2.97	12.49	16.68	(1.98)	6.73
<b>Lipper Closed-End Growth &amp; Income Funds Average***</b>	3.34	15.52	21.35	1.70	7.10
<b>S&amp;P 500***</b>	2.65	14.71	24.37	1.00	10.04

**PRICE PER SHARE**

	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002
<b>Market Price</b>	\$14.96	\$14.78	\$12.81	\$13.25
<b>Net Asset Value</b>	17.52	17.06	14.98	15.72

**DIVIDEND AND CAPITAL GAIN (LOSS) AND YIELD INFORMATION PER SHARE***For the Nine Months Ended September 30, 2003*

	Capital Gain (Loss)			YieldØ
	Dividends Paid□	Realized	Unrealized	
	\$0.13	\$(0.43)	\$0.37□□	0.96%

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 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 \$1.875 per share.

☒ Represents the per share amount of net unrealized appreciation of portfolio securities as of September 30, 2003.

∅ Current yield, representing the annualized yield (after dividends on preferred stock) for the 30-day period ended September 30, 2003, has been computed in accordance with SEC regulations and will vary.

2

## *Tri-Continental Corporation*

### **Largest Portfolio Changes** (unaudited)

July 1, 2003 to September 30, 2003

#### **Largest Purchases**

Goldman Sachs Group, Inc. (The)\*  
 SPDR Trust, Series 1\*  
 eBay Inc.  
 Dean Foods Company\*  
 Kohl's Corporation\*  
 International Game Technology\*  
 Wendy's International, Inc.\*  
 Prudential Financial, Inc.\*  
 L-3 Communications Holdings, Inc.\*  
 General Dynamics Corporation\*

#### **Largest Sales**

Bear Stearns Companies Inc. (The)\*\*  
 Devon Energy Corporation\*\*  
 Wal-Mart Stores, Inc.  
 LSI Logic Corporation\*\*  
 Citigroup Inc.  
 Bank of America Corporation  
 J.P. Morgan Chase & Co.  
 Limited Brands\*\*  
 General Electric Company  
 Viacom Inc. Class B\*\*

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)

September 30, 2003

<b>Security</b>	<b>Value</b>	<b>Percent of Net Investment Assets</b>
Citigroup Inc.	\$ 77,559,507	3.6
Microsoft Corporation	74,600,557	3.5
eBay Inc.	61,144,662	2.9
Pfizer Inc.	57,009,225	2.7
Altria Group, Inc.	53,824,944	2.5
General Electric Company	52,508,824	2.5

American Express Company	51,216,548	2.4
Bank of America Corporation	50,946,073	2.4
Dell Inc.	42,955,144	2.0
SPDR Trust, Series 1	42,698,640	2.0

3

## *Tri-Continental Corporation*

**Portfolio of Investments** (unaudited) September 30, 2003

	Shares	Value
<b>COMMON STOCKS 93.0%</b>		
<b>AUTOMOBILES AND COMPONENTS 0.7%</b>		
Lear Corporation*	272,700	\$ 14,354,928
<b>BANKS 6.8%</b>		
Bank of America Corporation	652,820	50,946,073
Fannie Mae	146,600	10,291,320
Radian Group Inc.	285,800	12,689,520
U.S. Bancorp	1,284,430	30,813,475
Wachovia Corporation	1,002,763	41,303,808
		<u>146,044,196</u>
<b>CAPITAL GOODS 7.6%</b>		
Deere & Company	239,300	12,757,083
General Dynamics Corporation	261,000	20,373,660
General Electric Company	1,761,450	52,508,824
Illinois Tool Works Inc.	311,180	20,618,787
L-3 Communications Holdings, Inc.*	465,300	20,124,225
PACCAR Inc.	111,700	8,326,118
Parker Hannifin Corporation	228,300	10,205,010
Tyco International Ltd.	837,740	17,115,028
		<u>162,028,735</u>
<b>CHEMICALS 1.9%</b>		
Air Products and Chemicals, Inc.	725,200	32,706,520
Praxair, Inc.	143,100	8,865,045
		<u>41,571,565</u>
<b>COMMUNICATIONS EQUIPMENT 1.8%</b>		
Cisco Systems, Inc.*	1,619,280	31,624,538
Motorola, Inc.	518,510	6,206,565
		<u>37,831,103</u>
<b>COMPUTERS AND PERIPHERALS 5.5%</b>		

4

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Dell Inc.*	1,286,660	42,955,144
Hewlett-Packard Company	1,040,930	20,152,405
International Business Machines Corporation	423,820	37,436,020
Sun Microsystems, Inc.*	5,384,780	17,796,698

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118,340,267

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Shares	Value
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**CONSUMER DURABLES**

**AND APPAREL 2.0%**

Mohawk Industries, Inc.*	286,000	\$ 20,397,520
Pulte Homes, Inc.	324,800	22,089,648

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42,487,168

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**CONSUMER STAPLES 7.0%**

Altria Group, Inc.	1,228,880	53,824,944
Dean Foods Company*	863,400	26,791,302
Procter & Gamble Company (The)	291,056	27,015,818
Wal-Mart Stores, Inc.	761,920	42,553,232

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150,185,296

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**DIVERSIFIED**

**FINANCIALS 12.6%**

American Express Company	1,136,630	51,216,548
Bank of New York Company, Inc. (The)	328,380	9,559,142
Citigroup Inc.	1,704,230	77,559,507
Goldman Sachs Group, Inc. (The)	468,600	39,315,540
J.P. Morgan Chase & Co.	1,172,100	40,238,193
Mellon Financial Corporation	684,410	20,628,117
Merrill Lynch & Co., Inc.	393,100	21,042,643
Morgan Stanley	184,070	9,288,172

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268,847,862

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**ELECTRONIC EQUIPMENT**

**AND INSTRUMENTS 1.0%**

Jabil Circuit, Inc.	822,940	21,437,587
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**ENERGY 7.2%**

BP p.l.c. ADR (United Kingdom)	433,800	18,262,980
ChevronTexaco Corporation	150,200	10,731,790
ConocoPhillips	297,703	16,299,239
Exxon Mobil Corporation	734,525	26,883,615
Noble Energy, Inc.	391,880	15,009,004
Occidental Petroleum Corporation	304,200	10,716,966
Rowan Companies, Inc.*	1,019,600	25,061,768
Royal Dutch Petroleum Company NY shares		

(Netherlands)	383,100	16,933,020
Weatherford International Ltd.*	392,600	14,832,428
		154,730,810

See footnotes on page 6.

4

## *Tri-Continental Corporation*

**Portfolio of Investments** (unaudited) September 30,  
(continued) 2003

	Shares	Value
<b>HOTELS, RESTAURANTS</b>		
<b>AND LEISURE 3.4%</b>		
International Game Technology	805,200	\$ 22,666,380
Royal Caribbean Cruises Ltd.	988,850	27,796,574
Wendy's International, Inc.	673,700	21,760,510
		72,223,464
<b>INSURANCE 5.2%</b>		
American International Group, Inc.	630,700	36,391,390
W. R. Berkley Corporation	717,645	24,586,518
Hartford Financial Services Group, Inc. (The)	212,400	11,178,612
PartnerRe Ltd.	309,900	15,702,633
Prudential Financial, Inc.	595,800	22,259,088
		110,118,241
<b>MEDIA 3.0%</b>		
Clear Channel Communications, Inc.	362,200	13,872,260
Time Warner Inc.*	1,074,100	16,229,651
Tribune Company	483,000	22,169,700
Univision Communications Inc. Class A*	373,300	11,919,469
		64,191,080
<b>PAPER AND FOREST</b>		
<b>PRODUCTS 1.6%</b>		
Weyerhaeuser Company	568,220	33,212,459
<b>PHARMACEUTICALS AND BIOTECHNOLOGY 7.4%</b>		
Cephalon, Inc.*	262,630	12,052,091
Johnson & Johnson	625,463	30,972,928
Merck & Co., Inc.	414,720	20,993,126

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Pfizer Inc.	1,876,538	57,009,225
Teva Pharmaceutical Industries Ltd. ADR (Israel)	225,080	12,875,701
Wyeth	530,100	24,437,610

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158,340,681

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**RETAILING 4.9%**

eBay Inc.*	1,143,960	61,144,662
Kohl's Corporation*	441,100	23,598,850
Michaels Stores, Inc.	504,500	20,563,420

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105,306,932

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Shares or  
Partnership  
Interest

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Value

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**SEMICONDUCTORS AND**

**SEMICONDUCTOR**

**EQUIPMENT 4.7%**

Analog Devices, Inc.*	89,550 shs.	\$ 3,404,691
Intel Corporation	1,177,590	32,377,837
KLA-Tencor Corporation*	49,200	2,532,570
Maxim Integrated Products, Inc.	560,300	22,067,416
National Semiconductor Corporation*	632,300	20,416,967
Taiwan Semiconductor Manufacturing Company Ltd. ADR (Taiwan)*	845,800	9,160,014
Texas Instruments Incorporated	413,180	9,420,504

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99,379,999

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**SOFTWARE AND**

**SERVICES 6.7%**

Adobe Systems Incorporated	672,940	26,412,895
Check Point Software Technologies Ltd. (Israel)*	1,284,330	21,583,166
Microsoft Corporation	2,683,956	74,600,557
Oracle Corporation*	1,880,000	21,084,200

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143,680,818

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**MISCELLANEOUS 2.0%**

SPDR Trust, Series 1	427,200	42,698,640
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**TOTAL COMMON STOCKS**

(Cost \$1,939,098,401) 1,987,011,831

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TRI-CONTINENTAL FINANCIAL DIVISION 0.2%		
WCAS Capital		
Partners II, L.P.□	\$ 4,727,686	2,377,648
Whitney Subordinated Debt Fund, L.P.□	2,464,665	1,708,809
		<hr/>
<b>TOTAL TRI-CONTINENTAL FINANCIAL DIVISION</b>		
(Cost \$7,192,351)		4,086,457
		<hr/>

See footnotes on page 6.

5

## *Tri-Continental Corporation*

**Portfolio of Investments** (unaudited) September 30,  
(continued) 2003

	Principal Amount	Value
	<hr/>	<hr/>
<b>FIXED TIME</b>		
<b>DEPOSIT 5.1%</b>		
BNP Paribas, Grand Cayman		
1.1%, 10/1/03		
(Cost \$109,600,000)	\$ 109,600,000	\$ 109,600,000
		<hr/>
<b>TOTAL</b>		
<b>INVESTMENTS 98.3%</b>		
(Cost \$2,055,890,752)		<b>2,100,698,288</b>
<b>OTHER ASSETS</b>		
<b>LESS LIABILITIES 1.7%</b>		<b>36,271,173</b>
		<hr/>
<b>NET ASSETS 100.0%</b>		<b>\$ 2,136,969,461</b>
		<hr/>

\* Non-income producing security.

Restricted security.

Note: Investments in common stocks, American Depositary Receipts (ADR), limited partnership interests, and short-term holdings maturing in more than 60 days are valued at current market value or, in their absence, fair values determined in accordance with procedures approved by the Board of Directors. Securities traded on an exchange are valued at last sales price 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.

6

8



# *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 <sup>1</sup>/<sub>2</sub> 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 fully 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 <sup>1</sup>/<sub>2</sub>, 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 <sup>1</sup>/<sub>2</sub> (if you have earned income), and you are not required to take minimum distributions at age 70 <sup>1</sup>/<sub>2</sub>. 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.

## 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 \$200,000 may be taken into account as earned income under the plan in 2003 (this amount will be increased to \$205,000 for 2004). 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.** On November 21, 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.

Between November 21, 2002 and September 30, 2003, 6.7 million shares were repurchased. This is approximately 5.3% of the shares outstanding at the beginning of the period. The repurchase of additional shares is expected to continue during October and November 2003, as long as the discount remains above 10%.

8

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# Tri-Continental Corporation

## Board of Directors

**Robert B. Catell** (3,4)  
*Chairman and Chief Executive Officer,*  
KeySpan Corporation

**John R. Galvin** (2,4)  
*Dean Emeritus, Fletcher School of Law and*  
*Diplomacy at Tufts University*

**Paul C. Guidone** (1)  
*Chief Investment Officer,*  
J. & W. Seligman & Co. Incorporated

**Alice S. Ilchman** (3,4)  
*President Emerita, Sarah Lawrence College*  
*Trustee, Committee for Economic*  
*Development*

**William C. Morris** (1)  
*Chairman of the Board,*  
J. & W. Seligman & Co. Incorporated  
*Chairman, Carbo Ceramics Inc.*

**Leroy C. Richie** (2,4)  
*Chairman and CEO, Q Standards*  
*Worldwide, Inc.*  
*Director, Kerr-McGee Corporation*

**Robert L. Shafer** (3,4)  
*Retired Vice President, Pfizer Inc.*

**James N. Whitson** (2,4)  
*Director, C-SPAN*  
*Director, CommScope, Inc.*

**Frank A. McPherson** (3,4)

*Director, ConocoPhillips  
Director, Integris Health*

**John E. Merow** (2,4)

*Director, Commonwealth Industries, Inc.  
Trustee, New York-Presbyterian Hospital  
Retired Chairman and Senior Partner,  
Sullivan & Cromwell LLP*

**Betsy S. Michel** (2,4)

*Trustee, The Geraldine R. Dodge Foundation*

**Brian T. Zino** (1)

*President, J. & W. Seligman & Co. Incorporated  
Chairman, Seligman Data Corp.  
Chairman, ICI Mutual Insurance Company  
Member of the Board of Governors,  
Investment Company Institute*

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Member: (1) Executive Committee

(2) Audit Committee

(3) Director Nominating Committee

(4) Board Operations Committee

9

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## *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*

**Paul C. Guidone**

*Vice President*

**Frank J. Nasta**

*Secretary*

**Charles W. Kadlec**

*Vice President*

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### **For More Information**

**Manager**

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

**Important Telephone Numbers**

**(800) TRI-1092** Stockholder Services  
**(800) 445-1777** Retirement Plan Services  
**(212) 682-7600** Outside the United States  
**(800) 622-4597** 24-Hour Automated  
Telephone Access Service

**Stockholder Service Agent**

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

[www.tri-continental.com](http://www.tri-continental.com)

10

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## **Tri-Continental Corporation**

*Managed by*

11

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

[www.tri-continental.com](http://www.tri-continental.com)

CETRI3c 9/03

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## **Third Quarter Report 2003**

# *Tri-Continental Corporation*

**an investment you can live with**