

TRI-CONTINENTAL CORP  
Form N-Q  
May 28, 2008

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

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: 3/31/08

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## FORM N-Q

## ITEM 1. SCHEDULE OF INVESTMENTS.

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

March 31, 2008

	Shares, Shares Subject to Call, Partnership Interest or Principal Amount		Value
<b>COMMON STOCKS 94.1%</b>			
<b>AEROSPACE AND</b>			
<b>DEFENSE 2.9%</b>			
Boeing Company (The)	137,900 shs.	\$	10,255,623
General Dynamics Corporation	141,800		11,821,866
Honeywell International Inc.	382,700		21,591,934
United Technologies Corporation	237,200		16,324,104
			59,993,527
<b>AIR FREIGHT AND</b>			
<b>LOGISTICS 1.1%</b>			
United Parcel Service Inc. (Class B)	310,900		22,701,918
<b>AIRLINES 0.7%</b>			
AMR Corporation*	606,600		5,471,532
Delta Air Lines, Inc.*	466,329		4,010,429
Northwest Airlines Corporation*	479,800		4,313,402
			13,795,363
<b>AUTO COMPONENTS 0.6%</b>			
Goodyear Tire & Rubber Company (The)*	474,300		12,236,940
<b>AUTOMOBILES 0.4%</b>			
General Motors Corporation	433,300		8,254,365
<b>BIOTECHNOLOGY 1.9%</b>			
Amgen Inc.*	193,600		8,088,608
Cephalon, Inc.*	346,700		22,327,480
ImClone Systems Incorporated*	225,000		9,544,500
			39,960,588
<b>CAPITAL MARKETS 3.0%</b>			
Bank of New York Mellon Corporation (The)	241,600		10,081,968
Fortress Investment Group LLC (Class A)	1,603,482		19,690,759

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Goldman Sachs Group, Inc. (The)	52,350	8,658,167
Lehman Brothers Holdings Inc.	192,500	7,245,700
Morgan Stanley	377,300	17,242,610
		62,919,204
<b>CHEMICALS 0.4%</b>		
Monsanto Company	73,200	8,161,800
<b>COMMERCIAL BANKS 2.1%</b>		
PNC Financial Services Group, Inc. (The)	185,300	12,150,121
Wachovia Corporation	508,363	13,725,801
Wells Fargo & Company	600,700	17,480,370
		43,356,292
<b>COMMERCIAL SERVICES AND SUPPLIES 0.6%</b>		
Waste Management Inc.	367,000	12,316,520
<b>COMMUNICATIONS EQUIPMENT 6.9%</b>		
Cisco Systems, Inc.*	1,107,180	26,671,966
Comverse Technology, Inc.*	3,321,214	51,495,423
Nokia Corporation (ADR)	604,000	19,225,320
QUALCOMM Inc.	640,300	26,252,300
Research in Motion Limited*	172,500	19,359,675
		143,004,684
<b>COMPUTERS AND PERIPHERALS 3.9%</b>		
Apple Inc.*	153,100	21,969,850
Hewlett-Packard Company	606,600	27,697,356
International Business Machines	174,800	20,126,472
Seagate Technology	488,858	10,236,687
		80,030,365
<b>CONSTRUCTION AND ENGINEERING 0.8%</b>		
Foster Wheeler Ltd.*	165,400	9,364,948
Quanta Services, Inc.*	289,600	6,710,032
		16,074,980
<b>CONSUMER FINANCE 0.7%</b>		
American Express Company	351,200	15,354,464
<b>CONTAINERS AND PACKAGING 1.8%</b>		
Smurfit-Stone Container Company*	4,777,704	36,788,321

**DIVERSIFIED FINANCIAL****SERVICES 4.1%**

Bank of America Corporation	919,140	34,844,597
CIT Group Inc.	248,800	2,948,280
JPMorgan Chase & Co.	1,107,000	47,545,650
		85,338,527

**DIVERSIFIED****TELECOMMUNICATION****SERVICES 3.1%**

AT&T Inc.	1,114,300	42,677,690
Qwest Communications International Inc.	1,996,996	9,046,392
Time Warner Telecom, Inc. (Class A)*	813,500	12,601,115
		64,325,197

**ELECTRIC UTILITIES 0.8%**

Exelon Corporation	208,700	16,961,049
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**ENERGY EQUIPMENT****AND SERVICES 3.2%**

Baker Hughes Incorporated	154,200	10,562,700
Halliburton Company	376,700	14,815,611
Noble Corporation	251,600	12,496,972
Schlumberger Limited	184,700	16,068,900
Transocean Inc.*	94,400	12,762,880
		66,707,063

**FOOD AND STAPLES****RETAILING 3.3%**

CVS Caremark Corporation	395,800	16,033,858
Rite Aid Corporation*	17,821,351	52,394,772
		68,428,630

**HEALTH CARE EQUIPMENT****AND SUPPLIES 1.7%**

Baxter International Inc.	160,200	9,262,764
St. Jude Medical, Inc.*	334,400	14,442,736
Zimmer Holdings, Inc.*	161,800	12,597,748
		36,303,248

**HEALTH CARE PROVIDERS****AND SERVICES 1.4%**

Express Scripts, Inc.*	168,700	10,850,784
Health Net, Inc.*	84,975	2,617,230
Quest Diagnostics Inc.	233,500	10,570,545
UnitedHealth Group Incorporated	119,980	4,122,513
		28,161,072

**HOTELS, RESTAURANTS  
AND LEISURE 0.8%**

Wynn Resorts, Limited*	169,900	17,098,736
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**INDEPENDENT POWER  
PRODUCERS AND  
ENERGY TRADERS 0.5%**

AES Corporation (The)*	669,600	11,162,232
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**INDUSTRIAL  
CONGLOMERATES 2.6%**

3M Company	109,600	8,674,840
General Electric Company	1,202,100	44,489,721
		53,164,561

**INSURANCE 3.6%**

American International Group, Inc.	483,300	20,902,725
Hartford Financial Services Group, Inc.	283,100	21,450,487
MetLife, Inc.	314,600	18,957,796
Prudential Financial, Inc.	176,434	13,805,961
		75,116,969

**INTERNET SOFTWARE  
AND SERVICES 2.6%**

Google Inc. (Class A)*	29,100	12,817,677
SAVVIS, Inc.*	1,309,970	21,313,212
Yahoo!, Inc.*	707,712	20,474,108
		54,604,997

**LIFE SCIENCES TOOLS  
AND SERVICES 0.7%**

Applera Corporation	471,300	15,486,918
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**MACHINERY 0.9%**

Caterpillar Inc.	155,300	12,158,437
Deere & Company	86,700	6,974,148
		19,132,585

**MEDIA 3.8%**

Comcast Corporation (Class A)	381,400	7,376,276
Gemstar-TV Guide International, Inc.*	13,086,820	61,508,054
Time Warner Inc.	736,700	10,328,534
		79,212,864

**METALS AND MINING 2.3%**

Alcoa Inc.	529,613	19,097,845
Freeport-McMoRan Copper		

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& Gold, Inc. (Class B)	299,900	28,856,378 47,954,223
<b>MULTILINE RETAIL 2.2%</b>		
Kohl's Corporation*	496,211	21,282,490
Target Corporation	501,900	25,436,292 46,718,782
<b>OIL, GAS AND</b>		
<b>CONSUMABLE FUELS 8.5%</b>		
Chevron Corporation	407,700	34,801,272
ConocoPhillips	337,100	25,690,391
El Paso Corporation	1,268,700	21,111,168
Exxon Mobil Corporation	795,000	67,241,100
Valero Energy Corporation	196,100	9,630,471
XTO Energy Inc.	276,125	17,081,092 175,555,494
<b>PHARMACEUTICALS 7.4%</b>		
Abbott Laboratories	356,100	19,638,915
Bristol-Myers Squibb Company	907,800	19,336,140
Forest Laboratories, Inc.*	234,900	9,398,349
Johnson & Johnson	215,400	13,972,998
Merck & Co., Inc.	470,800	17,866,860
Mylan Laboratories Inc.*	892,100	10,348,360
Pfizer Inc.	1,145,138	23,967,738
Schering-Plough Corporation	503,300	7,252,553
Sepracor Inc.*	259,900	5,073,248
Wyeth	640,434	26,744,524 153,599,685
<b>SEMICONDUCTORS AND</b>		
<b>SEMICONDUCTOR</b>		
<b>EQUIPMENT 3.5%</b>		
Intel Corporation	971,800	20,582,724
Marvell Technology Group Ltd.*	3,520,581	38,303,921
NVIDIA Corporation*	428,000	8,470,120
QIMONDA AG (ADR)*	1,042,521	4,493,266 71,850,031
<b>SOFTWARE 3.4%</b>		
Adobe Systems Incorporated*	42,965	1,529,124
BMC Software Inc.*	280,200	9,112,104
Microsoft Corporation	1,479,856	41,998,313
Oracle Corporation*	900,100	17,605,956 70,245,497
<b>SPECIALTY RETAIL 1.7%</b>		
Home Depot, Inc. (The)	308,200	8,620,354
OfficeMax Incorporated	1,344,192	25,727,835

34,348,189

**THRIFTS AND  
MORTGAGE  
FINANCE 0.0%**

Countrywide Financial Corporation	1	6
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**TOBACCO 3.8%**

Altria Group, Inc.	838,480	18,614,256
Philip Morris International Inc.*	838,480	42,410,318
UST Inc.	338,600	18,460,472
		79,485,046

**WIRELESS**

**TELECOMMUNICATION  
SERVICES 0.4%**

NII Holdings, Inc.*	264,700	8,412,166
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**TOTAL COMMON STOCKS**

1,954,323,098

**OPTIONS PURCHASED\* 0.9%**

**BIOTECHNOLOGY 0.0%**

Amgen Inc., Call expiring January 2009 at \$60	394,300	264,181
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**CAPITAL MARKETS 0.0%**

Lehman Brothers Holdings Inc., Call expiring January 2009 at \$80	387,300	213,015
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**COMMUNICATIONS**

**EQUIPMENT 0.2%**

JDS Uniphase Corporation, Call expiring January 2009 at \$15	994,900	1,492,350
Motorola, Inc., Call expiring January 2009 at \$20	1,096,200	109,620
QUALCOMM Inc., Call expiring January 2009 at \$40	313,200	1,847,880
		3,449,850

**DIVERSIFIED FINANCIAL**

**SERVICES 0.0%**

CIT Group Inc., Call expiring January 2009 at \$35	303,600	151,800
Citigroup Inc., Call expiring January 2009 at \$30	323,900	411,353
		563,153

**FOOD AND STAPLES****RETAILING 0.0%**

Rite Aid Corporation, Call expiring January 2009 at \$5	3,495,200	1,223,320
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**HOTELS, RESTAURANTS****AND LEISURE 0.0%**

Starbucks Corporation, Call expiring January 2009 at \$30	583,400	116,680
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**INDEX DERIVATIVES 0.2%**

Financial Select Sector SPDR, Call expiring January 2009 at \$30	714,300	964,305
Powershares, Call expiring December 2008 at \$48	646,500	1,593,621
SPDR Trust, Call expiring December 2008 at \$140	161,600	1,163,520
		3,721,446

**INTERNET SOFTWARE****AND SERVICES 0.3%**

Yahoo!, Inc., Call expiring January 2009 at \$25	728,200	4,369,200
Yahoo!, Inc., Call expiring January 2009 at \$30	556,300	1,418,565
		5,787,765

**PHARMACEUTICALS 0.1%**

Bristol-Myers Squibb Company, Call expiring January 2009 at \$25	454,000	426,760
Wyeth, Call expiring July 2008 at \$42.50	413,100	1,321,920
		1,748,680

**SEMICONDUCTORS AND****SEMICONDUCTOR****EQUIPMENT 0.1%**

Marvell Technology Group, Ltd., Call expiring January 2009 at \$15	996,400	846,940
Marvell Technology Group, Ltd., Call expiring January 2009 at \$20	908,200	227,050
Micron Technology Inc., Call expiring January 2009 at \$15	2,142,400	321,360
		1,395,350



<b>TOTAL OPTIONS PURCHASED</b>		18,483,440
<b>LIMITED PARTNERSHIP</b> <input type="checkbox"/> <b>0.1%</b>		
WCAS Capital Partners II, L.P.	\$4,292,803	2,572,454
<b>SHORT-TERM HOLDINGS</b> <b>6.3%</b>		
<b>EQUITY-LINKED NOTES</b> <input type="checkbox"/> <b>3.5%</b>		
Deutsche Bank:		
39%, 9/5/08 (a)	14,844,000	12,797,012
Goldman Sachs Group:		
35.5%, 4/21/08 (b)	19,446,000	8,248,021
34.6%, 10/2/08 (c)	14,844,000	14,461,619
Lehman Brothers:		
53.51%, 9/14/08 (d)	14,844,000	11,231,267
39.5%, 10/2/08 (e)	14,844,000	14,406,102
Morgan Stanley:		
43.3%, 5/15/08 (f)	18,564,000	10,464,713
<b>TOTAL EQUITY LINKED NOTES</b>		71,608,734
<b>TIME DEPOSIT</b> <b>2.8%</b>		
Bank of Montreal, 2.25%, 4/1/2008	58,973,000	58,973,000
<b>TOTAL SHORT-TERM HOLDINGS</b>		130,581,734
		2,105,960,726
<b>TOTAL INVESTMENTS</b> <b>101.4%</b>		
<b>OTHER ASSETS LESS</b>		(29,144,178)
<b>LIABILITIES (1.4)%</b>		
<b>NET INVESTMENT ASSETS</b> <b>100.0%</b>		\$ 2,076,816,548

At March 31, 2008, the cost of investments for federal income tax purposes was \$2,499,949,837. The tax basis gross unrealized appreciation and depreciation of portfolio securities were \$70,031,216 and \$464,020,327, respectively.

\* Non-income producing security.

At March 31, 2008, 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 dates of investment in the limited partnership, along with the cost and value at March 31, 2008, was as follows:

Investment	Acquisition Dates	Cost	Value
WCAS Capital Partners II, L.P.	12/11/90 to 3/24/98	\$ 4,292,803	\$ 2,572,454

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- ☐ 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:

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) Oracle Corporation, Schering-Plough Corporation and Target Corporation
- (b) Converse Technology, Inc., Northwest Airlines Corporation and Qwest Communications International Inc.
- (c) Adobe Systems Incorporated, UnitedHealth Group Incorporated and Wyeth
- (d) Delta Air Lines, Inc., Intel Corporation and Mylan Inc.
- (e) Health Net, Inc., Kohl’s Corporation and Prudential Financial, Inc.
- (f) NII Holdings, Inc., Office Depot, Inc. and Qwest Communications International Inc.

ADR — American Depositary Receipts.

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 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.

Fair Value Measurement — 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 (see Security Valuation 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). The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

The following is a summary of the value of the Corporation’s investments as of March 31, 2008 based on the level of inputs used:

Valuation Inputs	Value
Level 1 —Quoted Prices	\$ 1,972,806,538
Level 2 —Other Significant Observable Inputs	130,581,734
Level 3 —Significant Unobservable Inputs	2,572,454
Total	\$ 2,105,960,726

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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:

Balance as of December 31, 2007	\$ 1,784,956
Net change in unrealized depreciation	787,498
Balance as of March 31, 2008	\$ 2,572,454
Net change in unrealized depreciation from investments still held as of March 31, 2008	\$ 787,498

Risk — 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.

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ITEM 2. 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-Q 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 registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

- (a) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) 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: May 27, 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 in the capacities and on the dates indicated.

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

Date: May 27, 2008

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

Date: May 27, 2008

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TRI-CONTINENTAL CORPORATION

EXHIBIT INDEX

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