

TRI-CONTINENTAL CORP
Form N-CSRS
August 30, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-00266

Tri-Continental Corporation

(Exact name of registrant as specified in charter)

225 Franklin Street, Boston, Massachusetts 02110

(Address of principal executive offices) (Zip code)

Scott R. Plummer

5228 Ameriprise Financial Center

Minneapolis, MN 55474

(Name and address of agent for service)

Registrant's telephone number, including area code: (800) 345-6611

Date of fiscal year end: December 31

Date of reporting period: June 30, 2013

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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Item 1. Reports to Stockholders.

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Semiannual Report

June 30, 2013

Tri-Continental Corporation

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Tri-Continental Corporation

Letter to Stockholders

Dear Stockholders,

We are pleased to present the semiannual stockholder report for Tri-Continental Corporation (the Fund). The report includes the Fund's investment results and a portfolio of investment and financial statements as of June 30, 2013.

The Fund's Common Stock gained 11.61%, based on net asset value, and 14.23%, based on market price, for the six months ended June 30, 2013. The Fund's benchmark, the S&P 500 Index, returned 13.82% during the same six-month period.

During the first half of 2013, the Fund paid two distributions, in accordance with its earned distribution policy, that aggregated \$0.3515 per share of Common Stock of the Fund. Distributions are based upon amounts distributed by underlying portfolio companies owned by the Fund.

On April 17, 2013, the Fund held its 83rd Annual Meeting of Stockholders. During the meeting, Stockholders re-elected two Directors and ratified the selection of PricewaterhouseCoopers LLP (PricewaterhouseCoopers) as the Fund's independent registered public accounting firm for 2013.

Information about the Fund, including daily pricing, current performance, Fund holdings, stockholder reports, the most current prospectus for the Fund, distributions and other information can be found at columbiamanagement.com under the Closed-End Funds tab.

On behalf of the Board, we would like to thank you for your support of Tri-Continental Corporation.

Regards,

Stephen R. Lewis

Chairman of the Board

Semiannual Report 2013

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Tri-Continental Corporation

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The views expressed in this report reflect the current views of the respective parties. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict, so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the respective parties disclaim any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Columbia Fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any particular Columbia Fund. References to specific securities should not be construed as a recommendation or investment advice.

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Tri-Continental Corporation

Performance Overview

(Unaudited)

Performance Summary

- > Tri-Continental Corporation (the Fund) Common Stock gained 11.61%, based on net asset value, and 14.23%, based on market price, for the six months ended June 30, 2013.
- > The Fund's benchmark, the S&P 500 Index, returned 13.82% for the same six-month period.

Average Annual Total Returns (%) (for period ended June 30, 2013)

| | Inception | 6 Months Cumulative | 1 Year | 5 Years | 10 Years |
|-----------------|-----------|------------------------|--------|---------|----------|
| Market Price | 01/05/29 | 14.23 | 20.70 | 5.54 | 6.13 |
| Net Asset Value | 01/05/29 | 11.61 | 18.77 | 5.88 | 6.06 |
| S&P 500 Index | | 13.82 | 20.60 | 7.01 | 7.30 |

The performance information shown represents past performance and is not a guarantee of future results. The investment return and principal value of your investment will fluctuate so that your shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information shown. You may obtain performance information current to the most recent month-end by visiting columbiamanagement.com.

Returns reflect changes in market price or net asset value, as applicable, and assume reinvestment of distributions. Returns do not reflect the deduction of taxes that investors may pay on distributions or the sale of shares.

The S&P 500 Index, an unmanaged index, measures the performance of 500 widely held, large-capitalization U.S. stocks and is frequently used as a general measure of market performance.

Indices are not available for investment, are not professionally managed and do not reflect sales charges, fees, brokerage commissions, taxes or other expenses of investing. Securities in the Fund may not match those in an index.

Price Per Share

| | June 30, 2013 | March 31, 2013 | December 31, 2012 |
|----------------------|---------------|----------------|-------------------|
| Market Price (\$) | 17.92 | 17.55 | 16.00 |
| Net asset Value (\$) | 20.54 | 20.20 | 18.77 |

Distributions Paid Per Common Share^(a)

| Payable Date | Per Share Amount (\$) |
|----------------|-----------------------|
| March 26, 2013 | 0.190 |
| June 25, 2013 | 0.162 |

(a) Preferred Stockholders were paid dividends totaling \$2.50 per share.

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The net asset value of the Fund's shares may not always correspond to the market price of such shares. Common stock of many closed-end funds frequently trade at a discount from their net asset value. The Fund is subject to stock market risk, which is the risk that stock prices overall will decline over short or long periods, adversely affecting the value of an investment in the Fund.

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Tri-Continental Corporation

Portfolio Overview

(Unaudited)

Top Ten Holdings (%)**(at June 30, 2013)**

| | |
|-----------------------------------|-----|
| Apple, Inc. | 2.3 |
| JPMorgan Chase & Co. | 2.0 |
| Chevron Corp. | 2.0 |
| Cisco Systems, Inc. | 1.9 |
| Microsoft Corp. | 1.8 |
| Verizon Communications, Inc. | 1.6 |
| ConocoPhillips | 1.5 |
| Pfizer, Inc. | 1.5 |
| Philip Morris International, Inc. | 1.5 |
| Raytheon Co. | 1.4 |

Percentages indicated are based upon total investments (excluding Money Market Funds).

For further detail about these holdings, please refer to the section entitled Portfolio of Investments.

Fund holdings are as of the date given, are subject to change at any time, and are not recommendations buy or sell any security.

Portfolio Management

Brian Condon, CFA

David King, CFA

Oliver Buckley

Yan Jin

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Tri-Continental Corporation

Portfolio Overview *(continued)*

(Unaudited)

Portfolio Breakdown (%)**(at June 30, 2013)**

| | |
|-------------------------------------|--------------------------|
| Common Stocks | 69.0 |
| Consumer Discretionary | 6.3 |
| Consumer Staples | 7.0 |
| Energy | 6.7 |
| Financials | 12.7 |
| Health Care | 8.5 |
| Industrials | 7.3 |
| Information Technology | 11.9 |
| Materials | 3.1 |
| Telecommunication Services | 2.9 |
| Utilities | 2.6 |
| Convertible Bonds | 11.1 |
| Convertible Preferred Stocks | 7.9 |
| Consumer Discretionary | 0.8 |
| Consumer Staples | 1.0 |
| Energy | 1.2 |
| Financials | 2.8 |
| Industrials | 0.5 |
| Utilities | 1.6 |
| Corporate Bonds & Notes | 11.4 |
| Limited Partnerships | 0.0^(a) |
| Money Market Funds | 0.6 |
| Total | 100.0 |

Percentages indicated are based upon total investments. The Fund's portfolio composition is subject to change.

(a) Rounds to zero.

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Tri-Continental Corporation

Portfolio of Investments

June 30, 2013 (Unaudited)

(Percentages represent value of investments compared to net assets)

Common Stocks 68.7%

| Issuer | Shares | Value (\$) |
|--|---------|-------------------|
| Consumer Discretionary 6.3% | | |
| Hotels, Restaurants & Leisure 0.5% | | |
| McDonald's Corp. | 70,000 | 6,930,000 |
| Internet & Catalog Retail 0.1% | | |
| Netflix, Inc. ^(a) | 8,100 | 1,709,829 |
| Media 2.9% | | |
| Comcast Corp., Class A | 365,826 | 15,320,793 |
| DIRECTV ^(a) | 193,200 | 11,904,984 |
| Discovery Communications, Inc., Class A ^(a) | 135,800 | 10,485,118 |
| Total | | 37,710,895 |
| Multiline Retail 0.1% | | |
| Macy's, Inc. | 20,600 | 988,800 |
| Specialty Retail 2.7% | | |
| Gap, Inc. (The) | 300,500 | 12,539,865 |
| Home Depot, Inc. (The) | 107,000 | 8,289,290 |
| Ross Stores, Inc. | 59,400 | 3,849,714 |
| TJX Companies, Inc. | 231,700 | 11,598,902 |
| Total | | 36,277,771 |
| Total Consumer Discretionary | | 83,617,295 |
| Consumer Staples 6.9% | | |
| Beverages 0.3% | | |
| Coca-Cola Enterprises, Inc. | 94,066 | 3,307,361 |
| Food & Staples Retailing 2.3% | | |
| CVS Caremark Corp. | 48,000 | 2,744,640 |
| Kroger Co. (The) | 345,994 | 11,950,633 |
| Safeway, Inc. | 95,400 | 2,257,164 |
| Wal-Mart Stores, Inc. | 186,529 | 13,894,545 |
| Total | | 30,846,982 |
| Food Products 1.4% | | |
| Campbell Soup Co. | 134,950 | 6,044,410 |
| General Mills, Inc. | 102,900 | 4,993,737 |

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| | | |
|---|---------------|-------------------|
| Kellogg Co. | 110,000 | 7,065,300 |
| Total | | 18,103,447 |
| Household Products 0.6% | | |
| Kimberly-Clark Corp. | 20,200 | 1,962,228 |
| Procter & Gamble Co. (The) | 86,000 | 6,621,140 |
| Total | | 8,583,368 |
| Tobacco 2.3% | | |
| Lorillard, Inc. | 259,692 | 11,343,347 |
| Philip Morris International, Inc. | 227,600 | 19,714,712 |
| Total | | 31,058,059 |
| Total Consumer Staples | | 91,899,217 |
| Common Stocks (continued) | | |
| | Issuer | Shares |
| | | Value (\$) |
| Energy 6.7% | | |
| Energy Equipment & Services 0.4% | | |
| Diamond Offshore Drilling, Inc. | 83,100 | 5,716,449 |
| Oil, Gas & Consumable Fuels 6.3% | | |
| Apache Corp. | 38,600 | 3,235,838 |
| BP PLC, ADR | 157,000 | 6,553,180 |
| Chevron Corp. ^(b) | 219,942 | 26,027,936 |
| ConocoPhillips | 335,958 | 20,325,459 |
| Exxon Mobil Corp. | 93,611 | 8,457,754 |
| Phillips 66 | 60,300 | 3,552,273 |
| Tesoro Corp. | 98,500 | 5,153,520 |
| Valero Energy Corp. | 278,861 | 9,695,997 |
| Total | | 83,001,957 |
| Total Energy | | 88,718,406 |
| Financials 12.6% | | |
| Capital Markets 2.4% | | |
| Ares Capital Corp. | 385,000 | 6,622,000 |
| BlackRock, Inc. | 53,250 | 13,677,263 |
| Goldman Sachs Group, Inc. (The) | 73,100 | 11,056,375 |
| Total | | 31,355,638 |
| Commercial Banks 2.0% | | |
| Comerica, Inc. | 27,400 | 1,091,342 |
| Cullen/Frost Bankers, Inc. | 107,500 | 7,177,775 |
| Fifth Third Bancorp | 232,800 | 4,202,040 |
| Huntington Bancshares, Inc. | 900,000 | 7,092,000 |
| U.S. Bancorp | 194,000 | 7,013,100 |
| Total | | 26,576,257 |
| Consumer Finance 0.2% | | |
| SLM Corp. | 121,500 | 2,777,490 |
| Diversified Financial Services 3.2% | | |
| Citigroup, Inc. | 325,800 | 15,628,626 |

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| | | |
|---|---------|------------|
| JPMorgan Chase & Co. | 500,057 | 26,398,009 |
| Total | | 42,026,635 |
| Insurance 3.0% | | |
| Aflac, Inc. | 120,000 | 6,974,400 |
| Aon PLC | 99,800 | 6,422,130 |
| MetLife, Inc. | 276,500 | 12,652,640 |
| Prudential Financial, Inc. | 188,800 | 13,788,064 |
| Total | | 39,837,234 |
| Real Estate Investment Trusts (REITs) 1.8% | | |
| Colony Financial, Inc. | 170,000 | 3,381,300 |
| Public Storage | 34,100 | 5,228,553 |

The accompanying Notes to Financial Statements are an integral part of this statement.

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Tri-Continental Corporation

Portfolio of Investments *(continued)*

June 30, 2013 (Unaudited)

Common Stocks *(continued)*

| | Issuer | Shares | Value (\$) |
|--|-------------------------------|---------------|--------------------|
| | Simon Property Group, Inc. | 56,486 | 8,920,269 |
| | Starwood Property Trust, Inc. | 275,000 | 6,806,250 |
| | Total | | 24,336,372 |
| | Total Financials | | 166,909,626 |

Health Care 8.5%**Biotechnology 1.6%**

| | | | |
|--|---|---------|------------|
| | Amgen, Inc. | 99,400 | 9,806,804 |
| | Celgene Corp. ^(a) | 30,000 | 3,507,300 |
| | Gilead Sciences, Inc. ^(a) | 102,400 | 5,243,904 |
| | Onyx Pharmaceuticals, Inc. ^(a) | 7,900 | 685,878 |
| | Vertex Pharmaceuticals, Inc. ^(a) | 28,300 | 2,260,321 |
| | Total | | 21,504,207 |

Health Care Equipment & Supplies 1.7%

| | | | |
|--|--------------------------|---------|------------|
| | Becton Dickinson and Co. | 82,100 | 8,113,943 |
| | Medtronic, Inc. | 149,900 | 7,715,353 |
| | St. Jude Medical, Inc. | 147,400 | 6,725,862 |
| | Total | | 22,555,158 |

Health Care Providers & Services 0.8%

| | | | |
|--|-------------------------|---------|------------|
| | AmerisourceBergen Corp. | 146,600 | 8,184,678 |
| | McKesson Corp. | 18,100 | 2,072,450 |
| | Total | | 10,257,128 |

Pharmaceuticals 4.4%

| | | | |
|--|----------------------------|---------|------------|
| | AbbVie, Inc. | 236,500 | 9,776,910 |
| | Bristol-Myers Squibb Co. | 32,000 | 1,430,080 |
| | Eli Lilly & Co. | 248,748 | 12,218,502 |
| | Johnson & Johnson | 79,000 | 6,782,940 |
| | Merck & Co., Inc. | 142,500 | 6,619,125 |
| | Mylan, Inc. ^(a) | 42,000 | 1,303,260 |
| | Pfizer, Inc. | 710,509 | 19,901,357 |
| | Total | | 58,032,174 |

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Total Health Care **112,348,667**

Industrials 7.3%

Aerospace & Defense 2.3%

| | | |
|------------------------|---------|------------|
| Northrop Grumman Corp. | 156,500 | 12,958,200 |
| Raytheon Co. | 269,300 | 17,806,116 |

Total 30,764,316

Air Freight & Logistics 0.6%

| | | |
|--------------------------------------|--------|-----------|
| United Parcel Service, Inc., Class B | 86,841 | 7,510,009 |
|--------------------------------------|--------|-----------|

Airlines 0.2%

| | | |
|------------------------|---------|-----------|
| Southwest Airlines Co. | 159,200 | 2,052,088 |
|------------------------|---------|-----------|

Common Stocks (continued)

| Issuer | Shares | Value (\$) |
|--------|--------|------------|
|--------|--------|------------|

Electrical Equipment 1.1%

| | | |
|---------------------------|---------|-----------|
| Emerson Electric Co. | 101,500 | 5,535,810 |
| Rockwell Automation, Inc. | 89,100 | 7,407,774 |
| Roper Industries, Inc. | 15,700 | 1,950,254 |

Total 14,893,838

Industrial Conglomerates 1.4%

| | | |
|----------------------|---------|------------|
| Danaher Corp. | 121,800 | 7,709,940 |
| General Electric Co. | 469,089 | 10,878,174 |

Total 18,588,114

Machinery 0.7%

| | | |
|------------------------------|--------|-----------|
| Cummins, Inc. | 18,400 | 1,995,664 |
| Stanley Black & Decker, Inc. | 87,500 | 6,763,750 |

Total 8,759,414

Professional Services 0.3%

| | | |
|------------------------------|--------|-----------|
| Dun & Bradstreet Corp. (The) | 46,000 | 4,482,700 |
|------------------------------|--------|-----------|

Road & Rail 0.7%

| | | |
|---------------------|---------|-----------|
| CSX Corp. | 275,000 | 6,377,250 |
| Union Pacific Corp. | 19,300 | 2,977,604 |

Total 9,354,854

Total Industrials **96,405,333**

Information Technology 11.9%

Communications Equipment 2.0%

| | | |
|---------------------|-----------|------------|
| Cisco Systems, Inc. | 1,021,400 | 24,830,234 |
| QUALCOMM, Inc. | 26,500 | 1,618,620 |

Total 26,448,854

Computers & Peripherals 2.9%

| | | |
|---------------|---------|------------|
| Apple, Inc. | 76,600 | 30,339,728 |
| Diebold, Inc. | 225,000 | 7,580,250 |

Total 37,919,978

Internet Software & Services 0.7%

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| | | |
|--|---------|-------------------|
| Google, Inc., Class A ^(a) | 9,800 | 8,627,626 |
| VeriSign, Inc. ^(a) | 27,200 | 1,214,752 |
| Total | | 9,842,378 |
| IT Services 1.6% | | |
| Automatic Data Processing, Inc. | 100,000 | 6,886,000 |
| Mastercard, Inc., Class A | 24,200 | 13,902,900 |
| Total | | 20,788,900 |
| Semiconductors & Semiconductor Equipment 1.8% | | |
| Analog Devices, Inc. | 147,500 | 6,646,350 |
| KLA-Tencor Corp. | 58,200 | 3,243,486 |
| Microchip Technology, Inc. | 180,000 | 6,705,000 |
| NVIDIA Corp. | 498,600 | 6,995,358 |
| Total | | 23,590,194 |

The accompanying Notes to Financial Statements are an integral part of this statement.

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Tri-Continental Corporation

Portfolio of Investments *(continued)*

June 30, 2013 (Unaudited)

Common Stocks *(continued)*

| | Issuer | Shares | Value (\$) |
|----------------------|--------------------------------------|---------|--------------------|
| Software 2.9% | | | |
| | CA, Inc. | 50,500 | 1,445,815 |
| | Microsoft Corp. | 682,277 | 23,559,025 |
| | Oracle Corp. | 382,100 | 11,738,112 |
| | VMware, Inc., Class A ^(a) | 29,100 | 1,949,409 |
| | Total | | 38,692,361 |
| | Total Information Technology | | 157,282,665 |

Materials 3.1%**Chemicals 2.5%**

| | | | |
|--|---|---------|-------------------|
| | CF Industries Holdings, Inc. | 51,132 | 8,769,138 |
| | Dow Chemical Co. (The) | 205,000 | 6,594,850 |
| | Eastman Chemical Co. | 91,800 | 6,426,918 |
| | EI du Pont de Nemours & Co. | 125,000 | 6,562,500 |
| | LyondellBasell Industries NV, Class A | 65,900 | 4,366,534 |
| | Total | | 32,719,940 |
| | Paper & Forest Products 0.6% | | |
| | International Paper Co. | 184,500 | 8,175,195 |
| | Total Materials | | 40,895,135 |

Telecommunication Services 2.9%**Diversified Telecommunication Services 2.9%**

| | | | |
|--|------------------------------|---------|------------|
| | AT&T, Inc. | 307,794 | 10,895,908 |
| | CenturyLink, Inc. | 192,500 | 6,804,875 |
| | Verizon Communications, Inc. | 418,148 | 21,049,570 |