

TRI-CONTINENTAL CORP

Form N-CSR

March 11, 2011

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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)

50606 Ameriprise Financial Center, Minneapolis, Minnesota 55474

(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: (612) 671-1947

Date of fiscal year end: December 31

Date of reporting period: December 31, 2010

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**Item 1. Reports to Stockholders.
Annual Report**

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Annual Report

Tri-Continental Corporation

**Annual Report for the Period Ended
December 31, 2010**

Tri-Continental Corporation seeks future growth of both capital and income, while providing reasonable current income.

Not FDIC insured - No bank guarantee - May lose value

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Effective February 2011, information about the Fund can be found online at columbiamanagement.com and is no longer available at tricontinental.com.

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- > Tri-Continental Corporation (the Fund) Common Stock gained 18.58%, based on net asset value, and 21.85%, based on market price, for the 12 months ended December 31, 2010.
- > The Fund outperformed its benchmark, the Standard & Poor's 500 Composite Stock Price Index (S&P 500 Index), which rose 15.06% for the 12-month period.
- > The Fund also outperformed the Lipper Large-Cap Core Funds Index, which increased 12.77% for the same period.

ANNUALIZED TOTAL RETURNS (for period ended December 31, 2010)

	1 year	3 years	5 years	10 years
Tri-Continental Corporation Net Asset Value	+18.58%	-6.11%	-0.68%	-0.66%
Market Price	+21.85%	-7.70%	-0.13%	-0.15%
S&P 500 Index ⁽¹⁾ (unmanaged)	+15.06%	-2.86%	+2.29%	+1.41%
Lipper Large-Cap Core Funds Index ⁽²⁾	+12.77%	-3.12%	+1.91%	+0.76%

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 indices do not reflect the effects of sales charges, expenses (excluding Lipper) and taxes. It is not possible to invest directly in an index.

(1) The Standard & Poor's 500 Composite Stock Price Index (S&P 500 Index), an unmanaged index of common stocks, is frequently used as a general measure of market performance. The index reflects reinvestment of all distributions and changes in market prices.

(2) The Lipper Large-Cap Core Funds Index includes the 30 largest open-end large-cap core funds tracked by Lipper Inc. The index's returns include net reinvested distributions.

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	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
Market Price	\$ 13.76	\$ 12.33	\$ 10.87	\$ 12.27
Net Asset Value	15.96	14.48	12.95	14.53

DISTRIBUTIONS PAID PER COMMON SHARE(a)

Payable date	Per share amount
March 29, 2010	\$ 0.044
June 21, 2010	0.050
September 22, 2010	0.050
December 20, 2010	0.105

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

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.

TRI-CONTINENTAL CORPORATION 2010 ANNUAL REPORT 3

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Dear Stockholder,

Tri-Continental Corporation (the Fund) Common Stock advanced 18.58%, based on net asset value, and 21.85%, based on market price, for the fiscal year ended December 31, 2010. The Fund outperformed its benchmark, the Standard & Poor's 500 Composite Stock Price Index (S&P 500 Index), which gained 15.06% for the 12-month period. The Fund outperformed its peer group, as represented by the Lipper Large-Cap Core Funds Index, which gained 12.77% for the same period.

Significant performance factors

Information technology was the strongest performing sector for the fiscal year, due to stock selection. Having a larger weighting in **Apple** than the S&P 500 Index was the greatest positive contributor. Apple significantly outperformed both the technology sector and the overall S&P 500 Index. Avoiding Hewlett-Packard (a component of the S&P 500 Index) which

PORTFOLIO BREAKDOWN⁽¹⁾ (at December 31, 2010)

Stocks	99.5%
Consumer Discretionary	9.9%
Consumer Staples	10.3%
Energy	12.5%
Financials	15.7%
Health Care	11.0%
Industrials	10.8%
Information Technology	19.0%
Materials	3.7%
Telecommunication Services	3.4%
Utilities	3.2%
Limited Partnerships	0.2%
Other⁽²⁾	0.3%

(1)

Portfolio holdings include industry sectors that can be comprised of securities in several industries. Please refer to the section entitled "Portfolio of Investments" for a complete listing. No single industry exceeded 25% of portfolio assets.

Percentages indicated are based upon total investments (excluding Investments of Cash Collateral Received for Securities on Loan). The Fund's composition is subject to change.

(2) Cash & Cash Equivalents.

The sectors identified above are based on the Global Industry Classification Standard (GICS), which was developed by and is the exclusive property of Morgan Stanley Capital International Inc. and Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

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declined during the year was another contributor to relative outperformance in the information technology sector.

Energy was also a strong performing sector for the Fund due to stock selection. The Fund had larger weightings in **National Oilwell Varco** and **ConocoPhillips** than the S&P 500 Index. Both stocks advanced sharply for the year, with particularly strong performance in the fourth quarter.

Stock selection led the Fund to outperform in the financials sector as well. Within financials, an emphasis on diversified financial services and insurance, along with good security selection in both segments, had a positive effect on the Fund's investment results.

Positioning in the industrials sector was the largest detractor from performance relative to the S&P 500 Index. Both stock selection and having a smaller industrials weighting than the index were detrimental. Key detractors were **RR Donnelley & Sons** and **Raytheon**. The Fund had larger positions in these stocks than the S&P 500 Index and they were two of the sector's weakest performers.

The Fund's health care position was a poor relative performer. A larger health care weighting than the S&P 500 Index and weak performance from select stocks within the sector both had a negative effect on the Fund's performance.

TOP TEN HOLDINGS⁽¹⁾ (at December 31, 2010)

Apple, Inc.	4.5%
Microsoft Corp.	3.5%
IBM Corp.	3.3%
Chevron Corp.	3.2%
ConocoPhillips	3.0%
Philip Morris International, Inc.	2.5%
Wal-Mart Stores, Inc.	2.4%
JPMorgan Chase & Co.	2.3%
General Electric Co.	2.3%
National Oilwell Varco, Inc.	2.2%

⁽¹⁾ Percentages indicated are based upon total investments (excluding Investments of Cash Collateral Received for Securities on Loan and Cash & Cash Equivalents).

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

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

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Manager Commentary *(continued)*

Pharmaceutical firm **Pfizer** was the Fund's worst performer within health care. The Fund had a significant overweight in the stock early in the fiscal period. Over the course of the year, we eliminated the stock from the portfolio. Reducing and eventually selling off Pfizer in a volatile year for that company hurt the Fund's overall health care results. An overweight position in **Eli Lilly & Co.**, which significantly underperformed the S&P 500 Index, was another drag on relative performance.

Looking at the performance of the themes within our quantitative models, the quality sub-component performed well during a "flight to safety" spurred by European government debt issues and doubts about the economic recovery. The high-quality focus embedded in our stock selection process helped stabilize results throughout a volatile year. The valuation sub-component of our model was also an effective contributor to overall performance, helping the Fund capitalize on mispricing opportunities created by market volatility. The catalyst sub-component, which identifies stocks that are likely to begin or continue to move favorably relative to their peers, did not perform as well. The market changed its stock preferences frequently during the year, making it difficult for our catalyst-related characteristics to consistently identify outperforming stocks.

Changes to the Fund's portfolio

We began managing the Fund on May 1, 2010, using a quantitative strategy similar to the former manager. Our integrated stock selection models evaluate stocks based on three broad sub-components—quality, valuation and catalysts (sometimes called momentum). These were elements of the former manager's models as well. We also use sector and industry-specific data and characteristics in our stock selection ranking process. For example, our model may rely on different characteristics and data to select energy stocks than it does to select technology stocks.

Because our process focuses on ranking stocks relative to each other based on their individual characteristics, we do not try to time the market or the performance of individual sectors. In general, we keep the Fund's sector weightings similar to those of the S&P 500 Index, rather than allowing measurable variances. As a result, most, if not all, of the Fund's outperformance or underperformance relative to its benchmark index should come from stock selection.

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Since we began managing the Fund, we reduced weightings in several stock positions that had been fairly large and eliminated a number of very small positions. We also adjusted some sector allocations to bring them more in line with S&P 500 Index sector weightings.

Our future strategy

Our strategy is based on individual quantitative stock selection. Consequently, we do not rely on macroeconomic scenarios or market outlooks to make security selections. We do not try to predict when equities will perform well or when they will perform poorly. Instead, we keep the Fund fully invested at all times.

We will work to continually enhance the quantitative models and will focus portfolio holdings on our three themes of quality, valuation and catalyst. Regardless of the market environment, we strive to select stocks that will outperform their industry peers.

Brian M. Condon
Portfolio Manager

Any specific securities mentioned are for illustrative purposes only and are not a complete list of securities that have increased or decreased in value. The views expressed in this statement reflect those of the portfolio manager(s) only through the end of the period of the report as stated on the cover and do not necessarily represent the views of Columbia Management Investment Advisers, LLC (the Investment Manager) or any subadviser to the Fund or any other person in the Investment Manager or subadviser organizations. Any such views are subject to change at any time based upon market or other conditions and the Investment Manager disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Fund.

The high-quality focus embedded in our stock selection process helped stabilize results throughout a volatile year.

Table of Contents**Portfolio of Investments***Tri-Continental Corporation***December 31, 2010***(Percentages represent value of investments compared to net assets)*

Issuer	Shares	Value
Common Stocks (99.1%)		
CONSUMER DISCRETIONARY (9.8%)		
Automobiles (0.6%)		
Ford Motor Co.(a)(b)	416,800 \$	6,998,072
Diversified Consumer Services (0.1%)		
H&R Block, Inc.(a)	77,095	918,201
Internet & Catalog Retail (0.5%)		
priceline.com, Inc.(b)	13,274	5,303,627
Media (1.6%)		
Comcast Corp., Class A(a)	20,300	445,991
DIRECTV, Class A(b)	438,200	17,497,326
Total		17,943,317
Multiline Retail (0.6%)		
Family Dollar Stores, Inc.(a)	106,315	5,284,919
Macy's, Inc.	40,628	1,027,888
Total		6,312,807
Specialty Retail (5.9%)		
AutoZone, Inc.(b)	68,600	18,699,674
Best Buy Co., Inc.	81,252	2,786,131
GameStop Corp., Class A(a)(b)	616,400	14,103,232
Limited Brands, Inc.(a)	544,430	16,730,334
Ross Stores, Inc.	183,049	11,577,849
TJX Companies, Inc.	22,493	998,465
Total		64,895,685

Textiles, Apparel & Luxury Goods (0.5%)

Coach, Inc.	18,435	1,019,640
Nike, Inc., Class B	53,138	4,539,048
Total		5,558,688

TOTAL CONSUMER DISCRETIONARY 107,930,397

CONSUMER STAPLES (10.3%)**Beverages (1.4%)**

Coca-Cola Co. (The)	230,415	15,154,395
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Food & Staples Retailing (3.0%)

Wal-Mart Stores, Inc.(a)	482,129	26,001,217
Walgreen Co.	190,782	7,432,867
Total		33,434,084

Food Products (1.6%)

Campbell Soup Co.(a)	22,000	764,500
Hershey Co. (The)	322,100	15,187,015
Hormel Foods Corp.(a)	23,467	1,202,918
Total		17,154,433

Household Products (0.3%)

Colgate-Palmolive Co.	11,085	890,901
Kimberly-Clark Corp.	40,100	2,527,904
Total		3,418,805

Tobacco (4.0%)

Lorillard, Inc.	200,964	16,491,106
Philip Morris International, Inc.	463,600	27,134,508
Total		43,625,614

TOTAL CONSUMER STAPLES 112,787,331

ENERGY (12.4%)

Energy Equipment & Services (2.2%)

National Oilwell Varco, Inc.	364,199	24,492,383
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Oil, Gas & Consumable Fuels (10.2%)

Apache Corp.	188,100	22,427,163
Chevron Corp.(c)	382,942	34,943,458
ConocoPhillips	482,314	32,845,583
Exxon Mobil Corp.	238,743	17,456,888
Marathon Oil Corp.	69,368	2,568,697
Valero Energy Corp.	81,000	1,872,720

Total		112,114,509
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TOTAL ENERGY

136,606,892

FINANCIALS (15.6%)**Capital Markets (1.8%)**

Franklin Resources, Inc.	38,008	4,226,870
Goldman Sachs Group, Inc. (The)	55,234	9,288,149
T Rowe Price Group, Inc.	96,900	6,253,926

Total		19,768,945
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See accompanying Notes to Financial Statements.

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Issuer	Shares	Value
Common Stocks (continued)		
FINANCIALS (cont.)		
Commercial Banks (1.6%)		
Fifth Third Bancorp	885,936	\$13,005,541
KeyCorp	583,871	5,167,258
Total		18,172,799
Consumer Finance (2.3%)		
Capital One Financial Corp.	459,035	19,536,530
Discover Financial Services	169,896	3,148,173
SLM Corp.(b)	186,365	2,346,335
Total		25,031,038
Diversified Financial Services (4.2%)		
Citigroup, Inc.(a)(b)	4,175,693	19,751,028
JPMorgan Chase & Co.	597,457	25,344,126
NASDAQ OMX Group, Inc. (The)(b)	41,400	981,594
Total		46,076,748
Insurance (4.2%)		
Aflac, Inc.	136,212	7,686,443
Allstate Corp. (The)	151,229	4,821,181
AON Corp.	169,639	7,805,090
Chubb Corp.	32,905	1,962,454
Hartford Financial Services Group, Inc.	349,587	9,260,560
Lincoln National Corp.(a)	49,430	1,374,648
Torchmark Corp.	52,200	3,118,428
Travelers Companies, Inc. (The)	188,996	10,528,967
Total		46,557,771
Real Estate Investment Trusts (REITs) (1.5%)		
Apartment Investment & Management Co., Class A	224,600	5,803,664
Equity Residential	67,059	3,483,715
Simon Property Group, Inc.	68,986	6,863,417

Total		16,150,796
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TOTAL FINANCIALS		171,758,097
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HEALTH CARE (11.0%)

Biotechnology (1.5%)

Amgen, Inc.(b)	45,737	2,510,961
Biogen Idec, Inc.(b)	192,900	12,933,945
Cephalon, Inc.(a)(b)	13,389	826,369
Gilead Sciences, Inc.(b)	4,700	170,328

Total		16,441,603
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Health Care Equipment & Supplies (0.2%)

Becton Dickinson and Co.	20,425	1,726,321
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Health Care Providers & Services (2.6%)

Aetna, Inc.	17,085	521,263
Cardinal Health, Inc.	35,079	1,343,877
CIGNA Corp.	125,553	4,602,773
Humana, Inc.(b)	24,709	1,352,571
Laboratory Corp. of America Holdings(a)(b)	10,100	887,992
UnitedHealth Group, Inc.	563,656	20,353,618

Total		29,062,094
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Pharmaceuticals (6.7%)

Abbott Laboratories	253,106	12,126,308
Eli Lilly & Co.	553,748	19,403,330
Forest Laboratories, Inc.(b)	114,465	3,660,591
Johnson & Johnson(a)	266,844	16,504,301
Merck & Co., Inc.	600,497	21,641,912

Total		73,336,442
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TOTAL HEALTH CARE		120,566,460
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INDUSTRIALS (10.8%)

Aerospace & Defense (3.7%)

General Dynamics Corp.	77,707	5,514,089
Lockheed Martin Corp.	69,023	4,825,398

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Northrop Grumman Corp.	84,636	5,482,720
Raytheon Co.	311,984	14,457,338
United Technologies Corp.	125,207	9,856,295
Total		40,135,840
Air Freight & Logistics (0.5%)		
United Parcel Service, Inc., Class B	74,800	5,428,984
Commercial Services & Supplies (1.2%)		
Avery Dennison Corp.	27,121	1,148,303
Pitney Bowes, Inc.(a)	42,234	1,021,218
RR Donnelley & Sons Co.	650,597	11,365,930
Total		13,535,451
Electrical Equipment (0.7%)		
Emerson Electric Co.	142,657	8,155,701

See accompanying Notes to Financial Statements.

TRI-CONTINENTAL CORPORATION 2010 ANNUAL REPORT 9

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Issuer	Shares	Value
Common Stocks (continued)		
INDUSTRIALS (cont.)		
Industrial Conglomerates (3.0%)		
3M Co.	87,751	\$7,572,911
General Electric Co.	1,379,615	25,233,159
Total		32,806,070
Machinery (0.3%)		
Eaton Corp.	12,205	1,238,929
Illinois Tool Works, Inc.(a)	39,314	2,099,368
Total		3,338,297
Professional Services (0.7%)		
Dun & Bradstreet Corp.(a)	86,700	7,117,203
Road & Rail (0.2%)		
CSX Corp.	38,218	2,469,265
Trading Companies & Distributors (0.5%)		
WW Grainger, Inc.(a)	40,000	5,524,400
TOTAL INDUSTRIALS		118,511,211
INFORMATION TECHNOLOGY (18.9%)		
Communications Equipment (0.1%)		
QUALCOMM, Inc.	17,150	848,753
Computers & Peripherals (6.8%)		
Apple, Inc.(b)	153,221	49,422,966
Dell, Inc.(b)	192,487	2,608,199
Lexmark International, Inc., Class A(b)	212,600	7,402,732
SanDisk Corp.(a)(b)	312,400	15,576,264

Total		75,010,161
Electronic Equipment, Instruments & Components (0.2%)		
Tyco Electronics Ltd.	64,065	2,267,901
IT Services (4.1%)		
IBM Corp.(a)	241,800	35,486,568
Teradata Corp.(a)(b)	239,300	9,849,588
Total		45,336,156
Semiconductors & Semiconductor Equipment (4.2%)		
Advanced Micro Devices, Inc.(a)(b)	125,914	1,029,977
Intel Corp.	1,047,800	22,035,234
Texas Instruments, Inc.(a)	704,600	22,899,500
Total		45,964,711
Software (3.5%)		
Microsoft Corp.	1,360,894	37,996,160
TOTAL INFORMATION TECHNOLOGY		207,423,842
MATERIALS (3.7%)		
Chemicals (0.7%)		
Eastman Chemical Co.	46,093	3,875,499
EI du Pont de Nemours & Co.	31,327	1,562,591
PPG Industries, Inc.	26,162	2,199,439
Total		7,637,529
Metals & Mining (3.0%)		
Freeport-McMoRan Copper & Gold, Inc.	123,344	14,812,381
Newmont Mining Corp.	295,400	18,146,422
Total		32,958,803
TOTAL MATERIALS		40,596,332
TELECOMMUNICATION SERVICES (3.4%)		

Diversified Telecommunication Services (3.4%)

AT&T, Inc.	778,594	22,875,092
Verizon Communications, Inc.	410,598	14,691,196
Total		37,566,288

TOTAL TELECOMMUNICATION SERVICES

37,566,288

UTILITIES (3.2%)**Electric Utilities (1.8%)**

Edison International(a)	29,772	1,149,199
Exelon Corp.	455,935	18,985,134
FirstEnergy Corp.(a)	2,212	81,888
Total		20,216,221

Multi-Utilities (1.4%)

Public Service Enterprise Group, Inc.	473,600	15,065,216
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TOTAL UTILITIES

35,281,437

Total Common Stocks

(Cost: \$955,278,201)	\$	1,089,028,287
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See accompanying Notes to Financial Statements.

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Issuer	Shares	Value	
Limited Partnerships (0.2%)			
FINANCIALS (0.2%)			
Capital Markets (0.2%)			
WCAS Capital Partners II LP(d)(e)(f)(j)	4,212,138	\$ 2,019,088	
TOTAL FINANCIALS		2,019,088	
Total Limited Partnerships (Cost: \$4,212,138)		\$ 2,019,088	
	Shares	Value	
Money Market Fund (0.3%)			
Columbia Short-Term Cash Fund, 0.229%(g)(h)	3,118,708	\$ 3,118,708	
Total Money Market Fund (Cost: \$3,118,708)		\$ 3,118,708	
Issuer	Effective Yield	Par/Principal	Value
Investments of Cash Collateral Received for Securities on Loan (7.4%)			
Asset-Backed Commercial Paper (0.7%)			
Grampian Funding LLC			
01/13/11	0.280%	\$ 1,999,518	\$ 1,999,518
Rhein-Main Securitisation Ltd.			
01/12/11	0.551%	2,995,783	2,995,783
Rheingold Securitization			
01/10/11	0.430%	1,999,260	1,999,260
Royal Park Investments Funding Corp.			
03/08/11	0.410%	999,043	999,043

Total			7,993,604
Certificates of Deposit (1.4%)			
Barclays Bank PLC			
03/15/11	0.440%	2,000,000	2,000,000
Clydesdale Bank PLC			
01/24/11	0.365%	2,000,000	2,000,000
KBC Bank NV			
01/24/11	0.450%	3,000,000	3,000,000
Mitsubishi UFJ Trust and Banking Corp.			
02/22/11	0.320%	2,000,000	2,000,000
Pohjola Bank PLC			
03/16/11	0.660%	3,000,000	3,000,000
United Overseas Bank Ltd.			
01/18/11	0.330%	3,000,000	3,000,000
Total			15,000,000
Other Short-Term Obligations (0.2%)			
Natixis Financial Products LLC			
01/03/11	0.500%	2,000,000	2,000,000
Total			2,000,000
Repurchase Agreements (5.1%)			
Barclays Capital, Inc.			
dated 10/13/10, matures 01/31/11, repurchase price \$5,000,125(i)			
	0.300%	5,000,000	5,000,000
Cantor Fitzgerald & Co.			
dated 12/31/10, matures 01/03/11, repurchase price \$5,000,167(i)			
	0.400%	5,000,000	5,000,000
Citigroup Global Markets, Inc.			
dated 12/31/10, matures 01/03/11, repurchase price \$12,000,160(i)			
	0.160%	12,000,000	12,000,000
Goldman Sachs & Co.			
dated 12/31/10, matures 01/03/11, repurchase price \$8,177,480(i)			
	0.170%	8,177,364	8,177,364
Mizuho Securities USA, Inc.			
dated 12/31/10, matures 01/03/11, repurchase price \$10,000,417(i)			
	0.500%	10,000,000	10,000,000
Morgan Stanley			
dated 01/21/10, matures 01/14/11, repurchase price \$7,000,953(i)			

	0.350%	7,000,000	7,000,000
RBS Securities, Inc. dated 12/31/10, matures 01/03/11 repurchase price \$9,000,225(i)			
	0.300%	9,000,000	9,000,000
Total			56,177,364

Total Investments of Cash Collateral Received for Securities on Loan

(Cost: \$81,170,968)

\$ 81,170,968

Total Investments

(Cost: \$1,043,780,015)

\$ 1,175,337,051

Other Assets & Liabilities, Net

(76,448,699)

Net Assets

\$ 1,098,888,352

See accompanying Notes to Financial Statements.

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Table of Contents**Portfolio of Investments** *(continued)*

The industries identified above are based on the Global Industry Classification Standard (GICS), which was developed by and is the exclusive property of, Morgan Stanley Capital International Inc. and Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

Investments in Derivatives**Futures Contracts Outstanding at December 31, 2010**

Contract description	Number of contracts long (short)	Notional market value	Expiration date	Unrealized appreciation	Unrealized depreciation
S&P 500 Index	10	\$3,132,500	March 2011	\$22,741	\$

Notes to Portfolio of Investments

- (a) At December 31, 2010, security was partially or fully on loan.
- (b) Non-income producing.
- (c) At December 31, 2010, investments in securities included securities valued at \$876,456 that were partially pledged as collateral to cover initial margin deposits on open stock index futures contracts.
- (d) The share amount for Limited Liability Companies (LLC) or Limited Partnerships (LP) represents capital contributions. At December 31, 2010, there was no capital committed to the LLC or LP for future investment.
- (e) Identifies issues considered to be illiquid as to their marketability. The aggregate value of such securities at December 31, 2010 was \$2,019,088, representing 0.18% of net assets. Information concerning such security holdings at December 31, 2010 was as follows:

Security	Acquisition Dates	Cost
WCAS Capital Partners II LP	12-11-90 thru 03-24-98	\$4,212,138

- (f) At December 31, 2010, the Fund 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 Fund. The acquisition dates of investment in the limited partnership, along with the cost and value at December 31, 2010, were as follows:

Security	Acquisition Dates	Cost	Value(a)
WCAS Capital Partners II LP	12-11-90 thru 03-24-98	\$4,212,138	\$2,019,088

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Table of Contents**Notes to Portfolio of Investments (continued)**

(g) Investments in affiliates during the year ended December 31, 2010:

Issuer	Beginning Cost	Purchase Cost	Sales Cost/		Ending Cost	Dividends or Interest Income	Value
			Proceeds from Sales	Realized Gain/Loss			
Columbia Short-Term Cash Fund	\$3,915,360	\$45,428,970	\$(46,225,622)	\$	\$3,118,708	\$6,050	\$3,118,708

(h) The rate shown is the seven-day current annualized yield at December 31, 2010.

(i) The table below represents securities received as collateral for repurchase agreements. This collateral, which is generally high quality short-term obligations, is deposited with the Fund's custodian and, pursuant to the terms of the repurchase agreement, must have an aggregate market value greater than or equal to the repurchase price plus accrued interest at all times. The value of securities and/or cash held as collateral for repurchase agreements is monitored on a daily basis to ensure the existence of the proper level of collateral.

Barclays Capital, Inc. (0.300%)

Security description	Value
Arabella Ltd	\$25,198
Archer Daniels	259,234
ASB Finance Ltd	307,122
Banco Bilbao Vizcaya	829,061
Banco Bilbao Vizcaya Argentaria/New York NY	12,260
BP Capital Markets	154,073
BPCE	110,771
Central American Bank	960
Commonwealth Bank of Australia	155,968
Credit Agricole NA	255
Danske Corp	383,706
Electricite De France	635,382
European Investment Bank	854,923
Gdz Suez	131,977
Golden Funding Corp	9,086
Ing (US) Funding LLC	40
Natexis Banques	98,669
Nationwide Building	615,131
Natixis NY	47,999
Natixis US Finance Co	800
Prudential PLC	185,570
Silver Tower US Fund	2,400

Skandin Ens Banken	24,018
Societe Gen No Amer	399,797
Societe Generale NY	5,199
UBS Ag Stamford	401
Total market value of collateral securities	\$5,250,000

Table of Contents**Portfolio of Investments** *(continued)***Notes to Portfolio of Investments** *(continued)***Cantor Fitzgerald & Co. (0.400%)**

Security description	Value
Fannie Mae Interest Strip	\$160,155
Fannie Mae Pool	437,394
Fannie Mae Principal Strip	5,231
Fannie Mae REMICS	293,198
Federal Farm Credit Bank	272,685
Federal Home Loan Banks	488,537
Federal Home Loan Mortgage Corp	36,653
Federal National Mortgage Association	423,596
FHLMC Structured Pass Through Securities	173,399
Freddie Mac Non Gold Pool	419,859
Freddie Mac Reference REMIC	2,826
Freddie Mac REMICS	257,696
Freddie Mac Strips	75,992
Ginnie Mae I Pool	49,118
Ginnie Mae II Pool	272,271
Government National Mortgage Association	109,545
United States Treasury Inflation Indexed Bonds	15,057
United States Treasury Note/Bond	1,196,525
United States Treasury Strip Coupon	357,636
United States Treasury Strip Principal	52,627
Total market value of collateral securities	\$5,100,000

Citigroup Global Markets, Inc. (0.160%)

Security description	Value
Fannie Mae Benchmark REMIC	\$59,614
Fannie Mae REMICS	4,031,980
Fannie Mae Whole Loan	102,570
Fannie Mae-Aces	7,832
Freddie Mac Reference REMIC	279,387
Freddie Mac REMICS	6,159,912
Government National Mortgage Association	1,598,705
Total market value of collateral securities	\$12,240,000

Goldman Sachs & Co. (0.170%)

Security description	Value
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Government National Mortgage Association	\$8,340,911
Total market value of collateral securities	\$8,340,911

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Table of Contents**Notes to Portfolio of Investments (continued)****Mizuho Securities USA, Inc. (0.500%)**

Security description	Value
Fannie Mae Grantor Trust	\$4,938
Fannie Mae Pool	4,149,551
Fannie Mae REMICS	428,238
Fannie Mae Whole Loan	11,634
Federal Farm Credit Bank	6,664
Federal Home Loan Banks	172,904
Federal Home Loan Mortgage Corp	26,630
FHLMC Structured Pass Through Securities	25,222
Freddie Mac Gold Pool	2,174,343
Freddie Mac Non Gold Pool	257,995
Freddie Mac REMICS	479,399
Ginnie Mae II Pool	351,038
Government National Mortgage Association	651,145
United States Treasury Note/Bond	1,460,299
 Total market value of collateral securities	 \$10,200,000

Morgan Stanley (0.350%)

Security description	Value
Argento Variable Fund	\$430,582
Federal Home Loan Banks	3,570,025
Ginnie Mae I Pool	2,759,703
Landesbank	403,547
 Total market value of collateral securities	 \$7,163,857

Table of Contents**Portfolio of Investments** *(continued)***Notes to Portfolio of Investments** *(continued)***RBS Securities, Inc. (0.300%)**

Security description	Value
Amortizing Residential Collateral Trust	\$329,877
Capital One Multi-Asset Execution Trust	1,206,887
Chase Issuance Trust	323,503
Citibank Credit Card Issuance Trust	755,736
Citibank Omni Master Trust	730,306
Discover Card Master Trust I	440,715
First Franklin Mortgage Loan Asset Backed Certificates	266,686
First National Master Note Trust	397,310
Ford Credit Auto Owner Trust	68,813
Freddie Mac Gold Pool	738,855
GS Mortgage Securities Corp II	300,222
HSBC Home Equity Loan Trust	845,104
Merrill Lynch/Countrywide Commercial Mortgage Trust	916,714
Nelnet Student Loan Trust	378,800
SLC Student Loan Trust	606,664
SLM Student Loan Trust	922,050
Structured Asset Investment Loan Trust	68,018
Wells Fargo Home Equity Trust	132,059
Total market value of collateral securities	\$9,428,319

(j) Security valued by management at fair value according to procedures approved, in good faith, by the Board.

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Fair Value Measurements

Generally accepted accounting principles (GAAP) require disclosure regarding the inputs and valuation techniques used to measure fair value and any changes in valuation inputs or techniques. In addition, investments shall be disclosed by major category.

The Fund categorizes its fair value measurements according to a three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by prioritizing that the most observable input be used when available. Observable inputs are those that market participants would use in pricing an investment based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the Fund's assumptions about the information market participants would use in pricing an investment. An investment's level within the fair value hierarchy is based on the lowest level of any input that is deemed significant to the asset or liability's fair value measurement. The input levels are not necessarily an indication of the risk or liquidity associated with investments at that level. For example, certain U.S. government securities are generally high quality and liquid, however, they are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market.

Fair value inputs are summarized in the three broad levels listed below:

Level 1 Valuations based on quoted prices for investments in active markets that the Fund has the ability to access at the measurement date (including NAV for open-end mutual funds). Valuation adjustments are not applied to Level 1 investments.

Level 2 Valuations based on other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.).

Level 3 Valuations based on significant unobservable inputs (including the Fund's own assumptions and judgment in determining the fair value of investments).

Inputs that are used in determining fair value of an investment may include price information, credit data, volatility statistics, and other factors. These inputs can be either observable or unobservable. The availability of observable inputs can vary between investments, and is affected by various factors such as the type of investment, and the volume and level of activity for that investment or similar investments in the marketplace. The inputs will be considered by the Fund Administrator, along with any other relevant factors in the calculation of an investment's fair value. The Fund uses prices and inputs that are current as of the measurement date, which may include periods of market dislocations. During these periods, the availability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified between the various levels within the hierarchy.

Non-U.S. equity securities actively traded in foreign markets where there is a significant delay in the local close relative to the New York Stock Exchange (NYSE) are classified as Level 2. The values of these securities may include an adjustment to reflect the impact of significant market movements following the close of local trading, as described in Note 2 to the financial statements Security Valuation.

Table of Contents**Portfolio of Investments** *(continued)***Fair Value Measurements** *(continued)*

Investments falling into the Level 3 category are primarily supported by quoted prices from brokers and dealers participating in the market for those investments. However, these may be classified as Level 3 investments due to lack of market transparency and corroboration to support these quoted prices. Additionally, valuation models may be used as the pricing source for any remaining investments classified as Level 3. These models rely on one or more significant unobservable inputs and/or significant assumptions by the Fund Administrator. Inputs used in valuations may include, but are not limited to, financial statement analysis, capital account balances, discount rates and estimated cash flows, and comparable company data.

The following table is a summary of the inputs used to value the Fund's investments as of December 31, 2010:

Description(a)	Fair value at December 31, 2010			Total
	Level 1 quoted prices in active markets for identical assets(b)	Level 2 other significant observable inputs	Level 3 significant unobservable inputs	
Equity Securities				
Common Stocks				
Consumer Discretionary	\$107,930,397	\$	\$	\$107,930,397
Consumer Staples	112,787,331			112,787,331
Energy	136,606,892			136,606,892
Financials	171,758,097			171,758,097
Health Care	120,566,460			120,566,460
Industrials	118,511,211			118,511,211
Information Technology	207,423,842			207,423,842
Materials	40,596,332			40,596,332
Telecommunication Services	37,566,288			37,566,288
Utilities	35,281,437			35,281,437
Total Equity Securities	1,089,028,287			1,089,028,287
Other				
Limited Partnerships			2,019,088	2,019,088
Affiliated Money Market Fund(c)	3,118,708			3,118,708
Investments of Cash Collateral Received for Securities on Loan		81,170,968		81,170,968
Total Other	3,118,708	81,170,968	2,019,088	86,308,764
Investments in Securities Derivatives(d) Assets	1,092,146,995	81,170,968	2,019,088	1,175,337,051

Futures Contracts	22,741			22,741
Total	\$1,092,169,736	\$81,170,968	\$2,019,088	\$1,175,359,792

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Table of Contents**Fair Value Measurements (continued)**

- (a) See the Portfolio of Investments for all investment classifications not indicated in the table.
- (b) There were no significant transfers between Levels 1 and 2 during the period.
- (c) Money market fund that is a sweep investment for cash balances in the Fund at December 31, 2010.
- (d) Derivative instruments are valued at unrealized appreciation (depreciation).

The following table is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value.

	Limited Partnerships
Balance as of December 31, 2009	\$1,927,202
Accrued discounts/premiums	
Realized gain (loss)	
Change in unrealized appreciation (depreciation)*	91,886
Sales	
Purchases	
Transfers into Level 3	
Transfers out of Level 3	
Balance as of December 31, 2010	\$2,019,088

* Change in unrealized appreciation (depreciation) relating to securities held at December 31, 2010 was \$91,886.

Transfers in and/or out of Level 3 are determined based on the fair value at the beginning of the period for security positions held throughout the period.

How to find information about the Fund's quarterly portfolio holdings

- (i) The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (Commission) for the first and third quarters of each fiscal year on Form N-Q;
- (ii) The Fund's Forms N-Q are available on the Commission's website at <http://www.sec.gov>;
- (iii) The Fund's Forms N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, DC (information on the operations of the Public Reference Room may be obtained by calling 800.SEC.0330); and
- (iv) The Fund's complete schedule of portfolio holdings, as filed on Form N-Q, can be obtained without charge, upon request, by calling 800.345.6611.

Table of Contents**Statement of Assets and Liabilities
December 31, 2010****Assets**

Investments, at value	
Unaffiliated issuers* (identified cost \$959,490,339)	\$ 1,091,047,375
Affiliated issuers (identified cost \$3,118,708)	3,118,708
Investment of cash collateral received for securities on loan (identified cost \$81,170,968)	81,170,968
Total investments (identified cost \$1,043,780,015)	1,175,337,051
Receivable for:	
Dividends	1,109,341
Interest	8,025
Equity-linked notes (Note 8)	5,170,265
Other assets	43,681
Total assets	1,181,668,363

Liabilities

Due upon return of securities on loan	81,170,968
Payable for:	
Investments purchased	128
Preferred Stock dividends	470,463
Variation margin on futures contracts	3,375
Investment management fees	10,684
Stockholder servicing and transfer agent fees	2,907
Administration fees	1,710
Stockholders meeting fees	133,627
Other expenses	986,149
Total liabilities	82,780,011
Net assets	1,098,888,352
Preferred Stock	37,637,000
Net assets for Common Stock	\$ 1,061,251,352
Net asset value per share of outstanding Common Stock	\$ 15.96
Market price per share of Common Stock	\$ 13.76
*Value of securities on loan	\$ 78,947,325

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

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Statement of Capital Stock and Surplus

December 31, 2010

Capital Stock

\$2.50 Cumulative Preferred Stock, \$50 par value, assets coverage per share \$1,460

Shares issued and outstanding 752,740 \$ 37,637,000

Common Stock, \$0.50 par value:

Shares issued and outstanding 66,509,379 33,254,690

Surplus

Capital surplus