

TRI-CONTINENTAL CORP  
Form N-30B-2  
November 29, 2006

**Management Discussion  
and  
Third Quarter Report 2006**

*Tri-Continental  
Corporation*

**an investment you can live with**

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# Tri-Continental Corporation

*This Management Discussion is intended only for the information of Stockholders who have received the current prospectus for Tri-Continental Corporation. You should consider the investment risks, charges, and expenses of Tri-Continental before purchasing shares. The prospectus, which contains information about these factors and other information, should be read carefully before purchasing shares. The prospectus may be obtained by calling Stockholder Services at 800-TRI-1092.*

*The views and opinions expressed are those of the Portfolio Manager(s), are provided for general information only, and do not constitute specific tax, legal, or investment advice to, or recommendations for, any person. There can be no guarantee as to the accuracy of market forecasts. Opinions, estimates, and forecasts may be changed without notice. Tri-Continental is actively managed, and its holdings are subject to change. For a complete listing of portfolio holdings, please consult Tri-Continental's third quarter report.*

## **TRI-CONTINENTAL MANAGEMENT DISCUSSION**

### **Interview with Your Portfolio Manager, John B. Cunningham**

#### ***What were Tri-Continental's investment results for the nine months ended September 30, 2006?***

For the nine months ended September 30, 2006, Tri-Continental delivered a total return of 14.38% based on market price and 9.08% based on net asset value (NAV). During the same period, Tri-Continental's benchmark, the Standard & Poor's 500 Composite Stock Price Index (S&P 500 Index), returned 8.52%, and the Corporation's peers, as measured by the Lipper Closed-End Core Funds Average, returned 7.59%, and the Lipper Closed-End Growth & Income Funds Average returned 8.73% .

#### ***What market conditions and events materially affected Tri-Continental's performance during the period?***

Despite some ups and downs, the market has been relatively strong overall, year-to-date. The year began on a strong note with the market delivering solid gains through mid-May and several of the major indices hitting five-year highs. Concerns over slowing economic growth, consumer spending, and the housing market, coupled with inflationary fears and uncertainty over further Fed action, led to a change in investors' risk tolerance and we saw a bout of profit taking. Oil prices hit an all-time high in mid-July as Middle East tensions flared over Lebanon's attack on Israel and Iran's potential nuclear ambitions, further fueling the summer sell-off.

August, however, brought a sharp retreat in oil prices as a UN sanctioned cease-fire between Lebanon and Israel and a slowing US economy relieved some of the upward price pressure. We also saw a decrease in longer-term interest rates as the 10-Year US Treasury Bond rate declined considerably over a relatively short period of time. Inflation remained in check, and the Fed's pause in August and at the subsequent Federal Open Market Committee (FOMC) meeting in September signaled to investors that it might be finished with its interest rate raising campaign, at least for the time being. With a favorable backdrop of lower oil prices and longer-term interest rates, we saw a renewal of investor interest and the market traded straight up from the year's low in June through the end of the period.

#### ***What investment strategies and techniques materially affected Tri-Continental's performance during the period?***

Tri-Continental was well positioned for the third quarter rebound and as a result, garnered strong gains, outperforming the benchmark year-to-date. We were able to take advantage of some weakness throughout the summer, looking particularly at stocks and sectors we thought had been oversold. Stock selection within Information Technology, Health Care, and Consumer Staples was instrumental in propelling performance upward for the period.

#### ***Not part of third quarter report***

## *Tri-Continental Corporation*

Weaker stock selection within Materials, Financials, and Industrials offset gains to some extent, but on the whole, the positives outweighed the negatives.

Information Technology was the Corporation's largest sector weighting for the period. Tri-Continental was overweight, relative to the benchmark, and while the sector posted modest gains for the benchmark, stock selection, in particular Mercury Interactive, the largest contributing issue for the period, resulted in considerable relative outperformance. Cogent, a biometric tech company, was one of the top detracting issues for the period, though it was more than offset by Mercury Interactive's upward drive on performance.

Tri-Continental's second largest weighting for the period was in Financials, a sector that delivered strong absolute gains for the period. Tri-Continental was slightly underweight, and stock selection within the sector resulted in relative underperformance.

Health Care was the Corporation's third largest sector allocation. Tri-Continental was overweight in the area, and outperformed the benchmark, with considerable contribution from Pfizer. The pharmaceutical giant was one of the portfolio's top contributors for the period as well as one of its top holdings at the close of the period. Boston Scientific was the largest detractor from Tri-Continental's performance for the period, underperforming over concerns relating to its acquisition of Guidant earlier in the period.

The Consumer Staples sector had the largest positive impact on the Corporation's performance for the period. Consumer Discretionary was also an area of overall positive contribution, though Dollar General, a retailer in the sector, whose lower-end customers are more affected by higher energy prices, was a top detractor from Tri-Continental's performance. The largest area of underperformance for the period was the Materials sector, which included one of the Corporation's top detracting issues, containerboard company Smurfit-Stone.

Though it comprised a small weighting in the benchmark as well as in Tri-Continental's portfolio, Telecomm Services was the highest returning sector for the Corporation and benchmark for the period. BellSouth, which agreed to merge with AT&T during the period, was a top contributing issue to the Corporation's investment results. Energy company Exxon Mobil was also a top contributor for the period.

### ***What is your outlook?***

In terms of our current positioning, though we plan to maintain an overweight in the sector, we have been scaling back in Information Technology, taking advantage of some of the recent run-ups. We've also narrowed our underweighting in Energy as commodity prices have eased and stock prices have come down. As of September 30, we have raised our cash position, but we're comfortable with the higher weighting and will be looking to redeploy cash as attractive opportunities arise.

We believe the environment as we head into 2007 will be a constructive one. Following the October FOMC meeting, the Fed remains on hold with respect to changing the federal funds rate — the rate banks charge each other on overnight loans. If oil prices continue to retreat, we believe it will help boost consumer confidence, and perhaps spending as well. Capital spending by businesses remains solid and we expect this to continue. Corporate profitability and earnings growth, while slowing, remain strong.

Overall, we believe stock valuations are attractive. We started the year expecting stocks to finish 2006 with high single-digit or low double-digit gains. Given current economic, market, and business conditions, we believe this is still the case, which means that there could be some upside for investors over the balance of the year.

### ***Not part of third quarter report***

# *Tri-Continental Corporation*

## **THIRD QUARTER REPORT 2006**

November 17, 2006

To the Stockholders:

We are pleased to present your third quarter report for Tri-Continental Corporation. The report contains Tri-Continental's investment results and portfolio of investments.

For the nine months ended September 30, 2006, Tri-Continental delivered a total return of 14.38% based on market price and 9.08% based on net asset value (NAV). This compares favorably to Tri-Continental's benchmark, the S&P 500 Index, which returned 8.52%, the Lipper Closed-End Core Funds Average, which returned 7.59%, and the Lipper Closed-End Growth & Income Funds Average, which returned 8.73% for the period.

On November 16, 2006, the Board of Directors voted to renew Tri-Continental's stock repurchase program. The program allows the Corporation to repurchase up to 5% of its common stock in the open market from January 1, 2007 through December 31, 2007, as long as its discount to NAV exceeds 10%. The repurchase program has demonstrated a positive impact on Tri-Continental's NAV, since the Corporation has been able to purchase shares at a discount and retire them at NAV. Further, it has reduced the long-term growth of the number of shares outstanding as well as the dilutive effect of issuing shares for reinvestment of dividends or capital gains.

Thank you for your continued support of Tri-Continental Corporation. We 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

# Tri-Continental Corporation

## Investment Results Per Common Share

### TOTAL RETURNS

For Periods Ended September 30, 2006

	Three Months*	Nine Months*	One Year	Average Annual		Ten Years
				Three Years	Five Years	
<b>Market Price</b>	8.43%	14.38%	16.82%	13.50%	5.29%	6.78%
<b>Net Asset Value</b>	7.48	9.08	11.70	12.40	5.41	6.18
<b>S&amp;P 500 Index**</b>	5.66	8.52	10.78	12.29	6.97	8.59
<b>Lipper Closed-End Core Funds Average**</b>	2.60	7.59	8.50	10.60	6.23	6.29
<b>Lipper Closed-End Growth &amp; Income Funds Average**</b>	4.48	8.73	10.29	12.46	7.08	7.83

### PRICE PER SHARE

	September 30, 2006	June 30, 2006	March 31, 2006	December 31, 2005
Market Price	\$21.03	\$19.46	\$20.24	\$18.58
Net Asset Value	23.92	22.33	23.13	22.16

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

For the Nine Months Ended September 30, 2006

Dividends Paid☐	Realized☐	Capital Gain/Loss		SEC 30-Day Yield☐
		Unrealized Gain☐☐	Unrealized Loss☐☐	
\$0.21	\$2.70	\$0.40	\$(1.03)	1.16%

Performance data quoted in this report represents past performance and does not guarantee or indicate future investment results. The rates of return will vary and the principal value of an investment will fluctuate. Shares, if sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Total returns of the Corporation as of the most recent month end will be made available at [www.seligman.com](http://www.seligman.com)<sup>1</sup> by the seventh business day following that month end. J. & W. Seligman & Co. Incorporated, the investment manager of the Corporation, made certain payments to the Corporation in May 2004. Absent such payments, the net asset value returns that include this period would have been lower. Returns reflect changes in market price or net asset value, as applicable, and assume reinvestment of distributions. Performance data quoted does not reflect the deduction of taxes that investors may pay on distributions or the sale of shares. An investment in Tri-Continental is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

\* Returns for periods of less than one year are not annualized.

\*\* The Lipper Closed-End Core Funds Average, the Lipper Closed-End Growth & Income Funds Average (the ☐Lipper Averages☐), and the Standard & Poor's 500 Composite Stock Price Index (the ☐S&P 500 Index☐) are unmanaged benchmarks that assume reinvestment of all distributions. The Lipper Averages exclude the effect of taxes and any costs associated with the purchase of shares, and the S&P 500 Index excludes the effect of fees, taxes, and sales charges. The Lipper Closed-End Core Funds Average measures the performance of closed-end funds that, by portfolio practice, typically have an average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P SuperComposite 1500 Index. The Lipper Closed-End Growth & Income Funds Average measures the performance of closed-end funds that combine a growth-of-earnings orientation and an income requirement for level and/or rising dividends.

The S&P 500 Index measures the performance of 500 of the largest US companies based on market capitalizations.

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Investors cannot invest in an index or an average.

- Preferred Stockholders were paid dividends totaling \$1.875 per share.
- Information does not reflect the effect of capital loss carryforwards that are available to offset these and future realized capital gains.
- Represents the per share amount of gross unrealized gain or loss of portfolio securities as of September 30, 2006.
- Ø Current yield, representing the annualized yield for the 30-day period ended September 30, 2006, has been computed in accordance with SEC regulations and will vary.
- 1 The website reference is an inactive textual reference and information contained in or otherwise accessible through the website does not form a part of this report or the Corporation's prospectus or statement of additional information.

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# Tri-Continental Corporation

## Largest Portfolio Changes

July 1, 2006 to September 30, 2006

### Largest Purchases

3M Company\*  
 Best Buy Co., Inc.\*  
 Capital One Financial Corporation\*  
 Sun Trust Banks, Inc.\*  
 Converse Technology, Inc.\*  
 Harrah's Entertainment, Inc.\*  
 Morgan Stanley\* $\emptyset$   
 Foot Locker, Inc.\*  
 Genentech, Inc.\*  
 Goldman Sachs Group, Inc. (The)\* $\emptyset$

### Largest Sales

Bank of America Corporation  
 CVS Corporation\*\*  
 Mercury Interactive Corporation\*\*  
 Procter & Gamble Company (The)\*\*  
 JPMorgan Chase & Co.  
 Hewlett-Packard Company\*\*  
 McDonald's Corporation\*\*  
 Cisco Systems, Inc.  
 Dow Chemical Co. (The)\*\*  
 Comcast Corporation Class A\*\*

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.

$\emptyset$  Short-term corporate notes.

## Ten Largest Equity Holdings

September 30, 2006

	Cost (000s)	Value (000s)
General Electric Company	\$ 91,518	\$ 81,336
Altria Group, Inc.	71,371	69,246
Citigroup Inc.	60,921	61,801
Exxon Mobil Corporation	54,909	61,202
Microsoft Corp.	46,861	46,405
American International Group, Inc.	38,628	42,559
Pfizer Inc.	55,901	42,249
Chevron Corporation	34,623	38,851
QUALCOMM Inc.	39,997	35,743
Wellpoint, Inc.	34,366	35,081
	\$ 529,095	\$ 514,473

There can be no assurance that the securities presented have remained or will remain in the Corporation's portfolio. Information regarding the Corporation's portfolio holdings should not be construed as a recommendation to buy or sell any security or as an indication that any security is suitable for a particular investor.

$\square$  Excludes options purchased.





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

September 30, 2006

	Shares or Warrants	Value
<b>COMMON STOCKS</b>		
<b>AND WARRANTS 83.2%</b>		
<b>AEROSPACE AND</b>		
<b>DEFENSE 2.7%</b>		
Boeing Company (The)	326,900 shs.	\$ 25,776,065
General Dynamics Corporation	191,800	13,746,306
Honeywell International Inc.	712,500	29,141,250
Raytheon Company (Warrants)* (exercise price of \$37.50, expiring 6/16/2011)	23,639 wts.	337,329
		69,000,950
<b>AIR FREIGHT AND</b>		
<b>LOGISTICS 0.6%</b>		
FedEx Corp.	143,200 shs.	15,562,976
<b>BEVERAGES 0.8%</b>		
Coca-Cola Company (The)	220,200	9,838,536
Coca-Cola Enterprises Inc.	562,400	11,714,792
		21,553,328
<b>BIOTECHNOLOGY 2.9%</b>		
Amgen Inc.*	400,500	28,647,765
Genentech, Inc.*	224,000	18,524,800
Pharmion Corporation*	1,222,425	26,343,259
		73,515,824
<b>CAPITAL MARKETS 3.4%</b>		
Bank of New York Company, Inc. (The)	633,500	22,337,210
Goldman Sachs Group, Inc. (The)	66,600	11,266,722
Legg Mason, Inc.	216,100	21,795,846
Merrill Lynch & Co. Inc.	211,100	16,512,242
Morgan Stanley	207,000	15,092,370
		87,004,390
<b>CHEMICALS 0.8%</b>		
E.I. Du Pont de Nemours and Company	459,200	19,672,128
<b>COMMERCIAL BANKS 1.7%</b>		
Sun Trust Banks, Inc.	286,900	22,171,632
Wachovia Corporation	354,000	19,753,200
		41,924,832
<b>COMMERCIAL SERVICES</b>		
<b>AND SUPPLIES 0.8%</b>		
Waste Management Inc.	544,700	19,979,596

**COMMUNICATIONS****EQUIPMENT 5.1%**

Cisco Systems, Inc.*	512,380	11,784,740
Converse Technology, Inc.*	1,071,200	22,966,528
Corning Incorporated*	944,149	23,046,677
Lucent Technologies, Inc.*	4,229,400	9,896,796
Lucent Technologies, Inc. (exercise price of \$2.75, expiring 12/10/2007)*	11,626,025 wts.	2,208,945
Motorola, Inc.	499,600 shs.	12,490,000
Nokia Corp. (ADR)	617,300	12,154,637
QUALCOMM Inc.	983,300	35,742,955
		130,291,278

**COMPUTERS AND****PERIPHERALS 2.7%**

EMC Corporation*	2,487,600	29,801,448
International Business Machines Corporation	307,320	25,181,801
Seagate Technology*	537,800	12,417,802
		67,401,051

**CONSUMER FINANCE 0.9%**

Capital One Financial Corporation	296,300	23,306,958
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**CONTAINERS AND****PACKAGING 1.2%**

Smurfit-Stone Container Company*	2,691,500	30,144,800
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**DIVERSIFIED FINANCIAL****SERVICES 5.0%**

Bank of America Corporation	532,040	28,501,383
CIT Group Inc.	205,000	9,969,150
Citigroup Inc.	1,244,230	61,800,904
JPMorgan Chase & Co.	575,600	27,030,176
		127,301,613

**DIVERSIFIED****TELECOMMUNICATION****SERVICES 1.4%**

Citizens Communications Company	1,071,000	15,036,840
Verizon Communications Inc.	167,500	6,219,275
Windstream Corporation	1,146,300	15,119,697
		36,375,812

See footnotes on page 8.



# Tri-Continental Corporation

## Portfolio of Investments (unaudited)

September 30, 2006

	Shares	Value
<b>ELECTRONIC EQUIPMENT AND INSTRUMENTS 0.5%</b>		
Symbol Technologies, Inc.	826,200	\$ 12,277,332
<b>ENERGY EQUIPMENT AND SERVICES 1.0%</b>		
Halliburton Company	375,400	10,680,130
Tidewater Inc.	349,500	15,444,405
		26,124,535
<b>FOOD AND STAPLES RETAILING 2.0%</b>		
Rite Aid Corporation*	2,761,300	12,536,302
SUPERVALU INC.	440,200	13,051,930
Wal-Mart Stores, Inc.	515,220	25,410,650
		50,998,882
<b>HEALTH CARE EQUIPMENT AND SUPPLIES 1.9%</b>		
Bausch & Lomb Inc.	123,400	6,186,042
Boston Scientific Corporation*	1,492,600	22,075,554
Medtronic, Inc.	402,900	18,710,676
		46,972,272
<b>HEALTH CARE PROVIDERS AND SERVICES 3.1%</b>		
Aetna Inc.	639,200	25,280,360
UnitedHealth Group Incorporated	380,800	18,735,360
WellPoint Inc.*	455,300	35,080,865
		79,096,585
<b>HOTELS, RESTAURANTS AND LEISURE 0.9%</b>		
Harrah's Entertainment, Inc.	333,400	22,147,762
<b>INDUSTRIAL CONGLOMERATES 4.4%</b>		
3M Company	405,800	30,199,636
General Electric Company	2,304,150	81,336,495
		111,536,131
<b>INSURANCE 3.4%</b>		
Allstate Corporation (The)	124,200	7,791,066
American International Group, Inc.	642,300	42,558,798
MetLife, Inc.	173,300	9,822,644
UnumProvident Corporation	489,300	9,487,527
XL Capital Ltd. Class A	243,800	16,749,059
		86,409,094

**INTERNET SOFTWARE  
AND SERVICES 2.0%**

Google Inc. Class A*	61,900	24,877,610
McAfee Inc.*	560,400	13,707,384
Yahoo! Inc.*	491,000	12,412,480
		50,997,474

**MACHINERY 0.7%**

Illinois Tool Works Inc.	399,160	17,922,284
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**MEDIA 2.3%**

Clear Channel Communications, Inc.	411,800	11,880,430
News Corp. Class A	777,400	15,275,910
Time Warner Inc.	1,700,900	31,007,407
		58,163,747

**METALS AND MINING 0.9%**

Alcoa Inc.	447,600	12,550,704
Freeport-McMoRan Copper & Gold Inc. Class B	177,500	9,453,650
		22,004,354

**MULTI-UTILITIES 1.0%**

Dominion Resources, Inc.	188,900	14,448,961
DTE Energy Company	236,600	9,821,266
		24,270,227

**MULTILINE RETAIL 1.4%**

Dollar General Corporation	1,770,300	24,129,189
Target Corp.	210,000	11,602,500
		35,731,689

**OIL, GAS AND****CONSUMABLE FUELS 6.6%**

Chevron Corporation	599,000	38,851,140
ConocoPhillips	512,200	30,491,266
Exxon Mobil Corporation	912,100	61,201,910
Murphy Oil Corporation	373,525	17,761,114
Sunoco, Inc.	304,200	18,918,198
		167,223,628

**PHARMACEUTICALS 4.9%**

Forest Laboratories, Inc.*	351,600	17,794,476
Johnson & Johnson	150,607	9,780,419
Lilly Eli & Company	129,300	7,370,100
Pfizer Inc.	1,489,738	42,248,970
Valeant Pharmaceuticals International	791,500	15,655,870
Wyeth	611,800	31,103,912
		123,953,747

See footnotes on page 8.



# Tri-Continental Corporation

## Portfolio of Investments (unaudited)

September 30, 2006

	Shares or Shares Subject to Call/Put	Value
<b>REAL ESTATE MANAGEMENT AND DEVELOPMENT 0.3%</b>		
Realogy Corporation*	283,050	\$ 6,419,574
<b>ROAD AND RAIL 0.1%</b>		
Avis Budget Group, Inc.*	113,220	2,070,794
<b>SEMICONDUCTORS AND SEMICONDUCTOR EQUIPMENT 1.9%</b>		
Broadcom Corporation Class [A]*	426,000	12,924,840
Marvell Technology Group Ltd.*	692,300	13,409,850
Maxim Integrated Products, Inc.	371,800	10,436,426
Texas Instruments Incorporated	344,500	11,454,625
		48,225,741
<b>SOFTWARE 4.0%</b>		
Activision, Inc.*	573,000	8,652,300
Business Objects S.A.*	434,700	14,818,923
Cogent Inc.*	2,256,000	30,974,880
Microsoft Corp.	1,697,956	46,405,137
		100,851,240
<b>SPECIALTY RETAIL 4.5%</b>		
Abercrombie & Fitch Co. Class A	179,300	12,457,764
Best Buy Co., Inc.	600,000	32,136,000
Foot Locker, Inc.	801,600	20,240,400
The Home Depot, Inc.	837,400	30,372,498
Urban Outfitters, Inc.*	1,103,800	19,526,222
		114,732,884
<b>THRIFTS AND MORTGAGE FINANCE 1.1%</b>		
Fannie Mae	244,100	13,647,631
Freddie Mac	223,700	14,838,021
		28,485,652
<b>TOBACCO 2.7%</b>		
Altria Group, Inc.	904,580	69,245,599
<b>WIRELESS TELECOMMUNICATION SERVICES 1.6%</b>		
American Tower Corporation Class A*	348,400	12,716,600
Sprint Nextel Corporation	1,566,700	26,868,905
		39,585,505

<b>TOTAL COMMON STOCKS AND WARRANTS</b>		2,108,482,268
<b>OPTIONS PURCHASED 2.8% BEVERAGES 0.1%</b>		
The Coca-Cola Company, Call expiring January 2008 at \$15	4,636	3,106,120
<b>BIOTECHNOLOGY 0.0%</b>		
Pharmion Corporation, Call expiring December 2006 at \$17.5	2,668	1,200,600
<b>COMMUNICATIONS EQUIPMENT 0.3%</b>		
Comverse Technology Inc., Call expiring January 2008 at \$20	11,622	5,927,220
Corning Incorporated, Call expiring January 2007 at \$22.5	7,706	2,620,040 8,547,260
<b>COMPUTERS AND PERIPHERALS 0.2%</b>		
Dell Inc., Call expiring January 2008 at \$25	13,002	3,705,570
Seagate Technology, Call expiring January 2007 at \$17.50	3,783	2,307,630 6,013,200
<b>CONSUMER FINANCE 0.2%</b>		
Capital One Financial Corporation, Call expiring January 2008 at \$80	3,836	4,449,760
<b>FOOD PRODUCTS 0.0%</b>		
Kraft Foods Inc., Put expiring March 2007 at \$30	2,694	107,760
<b>HEALTH CARE EQUIPMENT AND SUPPLIES 0.4%</b>		
Bausch & Lomb Inc., Call expiring January 2008 at \$50	3,365	2,877,075
Boston Scientific Corporation, Call expiring January 2009 at \$20	10,746	2,417,850
St. Jude Medical Inc. Call, expiring January 2008 at \$35	5,647	3,585,845 8,880,770
<b>INDUSTRIAL CONGLOMERATES 0.0%</b>		
3M Company, Call expiring January 2009 at \$80	446	374,640



See footnotes on page 8.

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

September 30, 2006

	Shares Subject to Call/Put, Partnership Interest or Principal Amount	Value
<b>INTERNET SOFTWARE AND SERVICES 0.2%</b>		
eBay Inc., Call expiring January 2008 at \$30	4,969 shs. \$	2,484,500
Yahoo!, Inc., Call expiring January 2009 at \$30	4,910	2,307,700 4,792,200
<b>MULTILINE RETAIL 0.1%</b>		
Dollar General Corp. Call expiring January 2008 at \$15	18,249	2,828,595
<b>OIL, GAS AND CONSUMABLE FUELS 0.0%</b>		
Murphy Oil Corporation, Call expiring January 2008 at \$50	1,895	1,174,900
<b>PHARMACEUTICALS 0.1%</b>		
Bristol-Myers Squibb Company, Call expiring January 2008 at \$20	2,638	1,424,520
<b>SEMICONDUCTORS AND SEMICONDUCTOR EQUIPMENT 0.1%</b>		
Marvell Technology Group, Ltd., Call expiring January 2009 at \$20	5,331	3,518,460
<b>SOFTWARE 0.5%</b>		
Activision, Inc., Call expiring January 2008 at \$15	15,812	5,455,140
Cogent, Inc., Call expiring December 2006 at \$15	13,974	1,607,010
Cogent, Inc., Call expiring March 2007 at \$12.5	12,611	3,783,300 10,845,450
<b>TOBACCO 0.5%</b>		
Altria Group Inc., Call expiring January 2008 at \$85	12,180	4,993,800
Altria Group Inc., Call expiring January 2008 at \$80	8,116	4,707,280
Altria Group Inc., Call expiring January 2008 at \$75	3,148	2,612,840 12,313,920

**WIRELESS****TELECOMMUNICATION****SERVICES 0.1%**Sprint Nextel Corporation, Call  
expiring January 2009 at \$20

10,357

2,433,895

**TOTAL OPTIONS PURCHASED**

72,012,050

**TRI-CONTINENTAL****FINANCIAL****DIVISION 0.1%**WCAS Capital Partners II,  
L.P.

\$4,301,124

1,801,926

Whitney Subordinated  
Debt Fund, L.P.

1,214,850

19,478

**TOTAL TRI-CONTINENTAL****FINANCIAL DIVISION**

1,821,404

**SHORT-TERM****HOLDINGS 12.4%****CORPORATE NOTES 3.9%**

Goldman Sachs Group (The):

13%, 12/20/06 (1)

12,130,000

11,917,604

8.25%, 7/27/07 (2)

11,675,060

11,780,077

13.75%, 8/2/07 (3)

17,999,490

19,161,148

9.8%, 9/27/07 (4)

12,009,268

12,175,883

Merrill Lynch &amp; Co., Inc.

13.6%, 3/27/07 (5)

12,012,477

12,350,809

Morgan Stanley:

10.6%, 3/27/07 (6)

12,014,087

12,604,085

10.25%, 8/25/07 (6)

19,194,138

19,674,588

99,664,194

**TIME DEPOSITS 7.7%**

Bank of Montreal,

5.3125%, 10/2/06

94,583,000

94,583,000

Royal Bank of Scotland,

5.34%, 10/2/06

100,000,000

100,000,000

194,583,000

**US TREASURY NOTES 0.8%**

US Treasury Notes

2.875%, 11/30/06

20,895,000#

20,831,354

**TOTAL SHORT-TERM****HOLDINGS**

315,078,548

See footnotes on page 8.

# Tri-Continental Corporation

## Portfolio of Investments (unaudited)

September 30, 2006

	Value
<b>TOTAL</b>	
<b>INVESTMENTS 98.5%</b>	\$ 2,497,394,270
<b>OTHER ASSETS LESS</b>	
<b>LIABILITIES 1.5%</b>	38,662,342
<b>NET INVESTMENT</b>	
<b>ASSETS 100.0%</b>	\$ 2,536,056,612

## Schedule of Options Written (unaudited)

September 30, 2006

	Shares Subject to Call/Put	Value
<b>PUT OPTIONS WRITTEN</b>		
Hewlett-Packard Company, expiring November 2006 at \$35	540,500 shs.	\$ (513,475)
Foot Locker Inc., expiring November 2006 at \$25	93,400	(126,090)
<b>TOTAL OPTIONS WRITTEN</b> (Premium received \$1,059,254)		\$ (639,565)

The cost of investments for federal income tax purposes was \$2,565,556,820.

The tax basis gross unrealized appreciation and depreciation of portfolio securities were \$41,304,043 and \$109,466,593, respectively.

\* Non-income producing security.

□ At September 30, 2006, the Tri-Continental Financial Division comprised two investments that were purchased through private offerings and cannot be sold without prior registration under the Securities Act of 1933 or pursuant to an exemption therefrom. These investments are valued at fair value as determined in accordance with procedures approved by the Board of Directors of the Corporation. The acquisition dates of investments in the limited partnerships, along with their cost and values at September 30, 2006, were as follows:

Investments	Acquisition Date(s)	Cost	Value
WCAS Capital Partners II, L.P.	12/11/90 to 3/24/98	\$ 4,301,124	\$ 1,801,926
Whitney Subordinated Debt Fund, L.P.	7/12/89 to 11/10/98	1,214,850	19,478
		\$ 5,515,974	\$ 1,821,404

□□ The security may be offered and sold only to a □qualified institutional buyer□ under Rule 144A of the Securities Act of 1933.

- (1) These notes are exchangeable at maturity for the value of the common stock of five companies in the home building industry. The maturity value of each stock is limited to 115% of the stock's price at the date of purchase of the notes.
- (2) These notes are exchangeable at maturity for the value of the common stock of Yahoo! (Internet Software and Services). The maturity value of the stock is limited to 120% of the stock's price at the date of purchase of the notes.
- (3) These notes are exchangeable at maturity for the value of the common stock of Marvell Technology Group (Semiconductors and Semiconductor Equipment). The maturity value of the stock is limited to 120% of the stock's price at the date of purchase of the notes.
- (4) These notes are exchangeable at maturity for the value of the common stock of Seagate Technology (Computers and Peripherals). The maturity value of the stock is limited to 120% of the stock's price at the date of purchase of the notes.
- (5) These notes are exchangeable at maturity for the value of the common stock of Peabody Energy (Oil, Gas and Consumable Fuels). The maturity value of the stock is limited to 120% of the stock's price at the date of purchase of the notes.
- (6) These notes are exchangeable at maturity for the value of the common stock of eBay (Internet Software and Services). The maturity value of the stock is limited to 120% of the stock's price at the date of purchase of the notes.

## Edgar Filing: TRI-CONTINENTAL CORP - Form N-30B-2

# All or part of the security is held as collateral for options written. As of September 30, 2006, the value of securities held as collateral was \$20,831,354.

ADR □ American Depositary Receipt.

Security Valuation □ Securities traded on an exchange are valued at the last sales price on the primary exchange or market on which they are traded. Fixed income securities not listed on an exchange or security market are valued by independent pricing services based on bid prices which consider such factors as coupons, maturities, credit ratings, liquidity, specific terms and features, and the US Treasury yield curve or are valued by J. & W. Seligman & Co. Incorporated (the "Manager") based on quotations provided by primary market makers in such securities. Equity securities not listed on an exchange or security market, or equity 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 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 mutual funds to determine net asset value or the price that may be realized upon the actual sale of the security. Short-term holdings maturing in more than 60 days are valued at current market quotations. Short-term holdings maturing in 60 days or less are valued at amortized cost.

# Tri-Continental Corporation

## Stockholder Services

Tri-Continental provides a number of services to make maintaining an investment in its Common Stock more convenient. Please consult Tri-Continental's prospectus for the terms and conditions of these services.

**Automatic Dividend Investment and Cash Purchase Plan.** Subject to the terms and conditions set forth in the prospectus, Stockholders may automatically purchase additional shares with dividends and capital gains. There is no charge for this service. Stockholders may also, subject to the terms and conditions of the prospectus, purchase additional shares directly from the Corporation. There is a service fee of a maximum of \$2.00 for each cash purchase transaction.

**Automatic Cash Withdrawal Plan.** Stockholders who hold common shares with a market value of \$5,000 or more may elect to receive a fixed amount from their investment at regular intervals by selling their shares to the Corporation.

**Traditional Individual Retirement Account (IRA).** Stockholders who have earned income and are under age 70½ may contribute up to \$4,000 per year to a Traditional IRA for 2006. A working or non-working spouse may also contribute up to \$4,000 to a separate Traditional IRA for 2006. Additionally, individuals who reach age 50 prior to the end of a taxable year may make "catch-up contributions" to a Traditional IRA of up to \$1,000. Contributions to a Traditional IRA may be deductible or non-deductible. If you are single and *not* covered by an employer's retirement plan, your contribution will always be deductible. For individuals who are covered by a plan, contributions will be fully deductible if your modified adjusted gross income (MAGI) in 2006 is less than \$50,000. For spouses who are both covered by a plan, contributions will be fully deductible if your MAGI is less than \$75,000. 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 \$4,000 per year to a Roth IRA provided you have earned income and meet the eligibility requirements. Your MAGI must be less than \$95,000 (individuals) or \$150,000 (married couples) to be eligible to make a full contribution to a Roth IRA. You are eligible to make a partial Roth IRA contribution if your MAGI is below \$110,000 (individuals) or \$160,000 (married couples). Total combined contributions to a Roth IRA and a Traditional IRA cannot exceed \$4,000 in any year. Additionally, individuals who reach age 50 prior to the end of a taxable year may make "catch-up contributions" to either a Roth IRA or Traditional IRA of up to \$1,000. Earnings grow tax-free and will be distributed to you tax-free and penalty-free provided that you hold your account for at least five years **and** you take the distribution either after age 59½, for disability, upon death, or to make a first-time home purchase (up to \$10,000). Unlike a Traditional IRA, you may contribute to a Roth

# *Tri-Continental Corporation*

## **Stockholder Services** (continued)

IRA even if you are over age 70½ (if you have earned income), and you are not required to take minimum distributions at age 70½. You may convert an existing Traditional IRA to a Roth IRA to take advantage of tax-free distributions. You must pay taxes on any earnings and deductible contributions in your Traditional IRA when converting it to a Roth IRA. Talk to your financial advisor for more details on converting your Traditional IRA.

**Retirement Planning □ Qualified Plans** Unincorporated businesses and the self-employed may take advantage of the same benefits in their retirement plans that are available to corporations. Contribution levels can go as high as 100% of earned income (reduced by plan contributions), to a maximum of \$44,000 per participant. For retirement plan purposes, no more than \$220,000 may be taken into account as earned income under the plan in 2006. Social Security integration and employee vesting schedules are also available as options in the Tri-Continental prototype retirement plans. Although you already may be participating in an employer's retirement plan, you may be eligible to establish another plan based upon income from other sources, such as director's fees.

**Retirement Plan Services** provides information about our prototype retirement plans. The toll-free telephone number is (800) 445-1777 in the US and (212) 682-7600 outside the US.

**Gifts Free of Federal Tax** are often made using Tri-Continental Common Stock. You may give as much as \$12,000 a year to as many individuals as desired free of federal gift tax, and a married couple may give up to \$24,000 a year.

**Stock Repurchase Program.** On November 17, 2005, the Board of Directors authorized the renewal of Tri-Continental's ongoing share repurchase program. The program authorizes the Corporation to repurchase up to 5% of the Corporation's shares during the period from January 1, 2006 through December 31, 2006, provided that the discount of a share's market price to its net asset value (□NAV□) remains greater than 10%. The stock repurchase plan seeks, among other things, to moderate the growth in the number of shares outstanding, increase the net asset value of outstanding shares, increase the liquidity of Tri-Continental's common stock, and reduce the dilutive impact on Stockholders who do not take capital gains distributions, when such distributions are made, in additional shares.

Between January 1, 2006 and September 30, 2006, 3.9 million shares were repurchased. This is approximately 3.6% of the shares outstanding at the beginning of the period. The repurchase of additional shares is expected to continue through December 31, 2006, as long as the discount remains above 10%.

On November 16, 2006, the Board of Directors voted to renew Tri-Continental's stock repurchase program. The program allows the Corporation to repurchase up to 5% of its common stock in the open market from January 1, 2007 through December 31, 2007, as long as its discount to NAV exceeds 10%.

# Tri-Continental Corporation

## Board of Directors

**John R. Galvin** (1,3)

*Dean Emeritus, Fletcher School of Law and Diplomacy at Tufts University  
Chairman Emeritus, American Council on Germany*

**Frank A. McPherson** (2,3)

*Retired Chairman of the Board and Chief Executive Officer, Kerr-McGee Corporation  
Director, DCP Midstream GP, LLP, Integris Health, Oklahoma Chapter of the Nature Conservancy, Oklahoma Medical Research Foundation, Boys and Girls Clubs of Oklahoma, Oklahoma City Public Schools Foundation, and Oklahoma Foundation for Excellence in Education*

**Betsy S. Michel** (1,3)

*Trustee, The Geraldine R. Dodge Foundation*

**William C. Morris**

*Chairman, J. & W. Seligman & Co. Incorporated, Carbo Ceramics Inc., Seligman Advisors, Inc., and Seligman Services, Inc.  
Director, Seligman Data Corp.  
President and Chief Executive Officer, The Metropolitan Opera Association*

**Leroy C. Richie** (1,3)

*Counsel, Lewis & Munday, P.C.  
Chairman and Chief Executive Officer, Q Standards Worldwide, Inc.  
Director, Kerr-McGee Corporation, Infinity, Inc., and Vibration Control Technologies, LLC  
Lead Outside Director, Digital Ally Inc.  
Director and Chairman, Highland Park Michigan Economic Development Corp.  
Chairman, Detroit Public Schools Foundation*

**Robert L. Shafer** (2,3)

*Ambassador and Permanent Observer of the Sovereign Military Order of Malta to the United Nations*

**James N. Whitson** (1,3)

*Retired Executive Vice President and Chief Operating Officer, Sammons Enterprises, Inc.  
Director, CommScope, Inc.*

**Brian T. Zino**

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

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



# Tri-Continental Corporation

## Executive Officers

**William C. Morris**

*Chairman*

**Brian T. Zino**

*President and Chief Executive Officer*

**John B. Cunningham**

*Vice President*

**Eleanor T. M. Hoagland**

*Vice President and Chief Compliance Officer*

**Charles W. Kadlec**

*Vice President*

**Thomas G. Rose**

*Vice President*

**Lawrence P. Vogel**

*Vice President and Treasurer*

**Frank J. Nasta**

*Secretary*

**Marco F. Acosta**

*Assistant Vice President*

## Additional Fund Information

### Manager

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

### Stockholder Service Agent

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

Mail Inquiries To:

P.O. Box 9759  
Providence, RI 02940-9759

### Important Telephone Numbers

**(800) TRI-1092**

**(800) 445-1777**

**(212) 682-7600**

**(800) 622-4597**

Stockholder Services  
Retirement Plan Services  
Outside the United States  
24-Hour Automated  
Telephone Access Service

**This report is intended only for the information of Stockholders who have received the current prospectus covering shares of Common Stock of Tri-Continental Corporation, which contains information about investment objectives, risks, management fees and other costs. The prospectus should be read carefully before investing and may be obtained by calling Stockholder Services at 800-TRI-1092.**

*Tri-Continental Corporation*

*Managed by*

J. & W. SELIGMAN & CO.  
INCORPORATED  
INVESTMENT MANAGERS AND ADVISORS  
ESTABLISHED 1864

CETRI3c 9/06

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