

TRI-CONTINENTAL CORP  
Form N-30B-2  
May 26, 2006

**Management Discussion  
and  
First Quarter Report 2006**

***Tri-Continental  
Corporation***

**an investment you can live with**

# 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 Managers, 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 first quarter report.*

## **TRI-CONTINENTAL MANAGEMENT DISCUSSION**

### **Interview with Your Portfolio Managers, Jack Cunningham and Michael McGarry**

*What were Tri-Continental's investment results for the three months ended March 31, 2006?*

For the three months ended March 31, 2006, Tri-Continental posted a total return of 4.74% based on net asset value and 9.32% based on market price. During the same period, the Standard & Poor's 500 Composite Stock Price Index (S&P 500) returned 4.21%, and the Corporation's peers, as measured by the Lipper Closed-End Growth & Income Funds Average, returned 4.75% .

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

The US equity market began the year on a strong note, with Tri-Continental and the S&P 500 both ending the first quarter with solid investment results. In the broad equity market, smaller-cap and emerging markets stocks posted the largest gains for the period. In terms of performance within the benchmark S&P 500, Telecommunication Services led the way, followed by Energy, Materials, and Industrials. Utilities trailed all other sectors in the benchmark, posting negative results for the period.

Despite weaker economic growth in the fourth quarter of 2005, the first quarter of 2006 started off on a more positive note. GDP growth accelerated during the period, due in part to mild January weather. We saw a surge in merger and acquisition activity, with several sizeable deals announced during the period, including AT&T's acquisition of BellSouth, Lucent's merger with Alcatel, and Capital One's acquisition of NorthFork Bank.

As expected, the Federal Reserve increased the fed funds rate at the end of January and March. The next Federal Open Market Committee meeting is scheduled for May 10th, and we expect another increase in the fed funds rate to 5%. Longer-term interest rates (as measured by the 10-Year US Treasury) also increased during the quarter, so we were encouraged by the S&P 500's rally, despite this up-tick in rates.

***Not part of first quarter report***

## *Tri-Continental Corporation*

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

We did not make any significant changes to Tri-Continental's portfolio construction in the first quarter. Information Technology remained the largest sector weight for Tri-Continental as well as the largest contributing sector to investment results for the period. Strong stock selection within technology, particularly communications equipment companies such as Cisco Systems and Corning, enabled the Corporation to post a sector return nearly double that of its benchmark for the period. The portfolio's Telecommunication Services holdings also contributed to Tri-Continental's investment results, with BellSouth leading the group.

Stock selection within Health Care further added to the Corporation's investment results for the period. The portfolio was overweight in the sector, relative to the benchmark, and strong stock selection drove Tri-Continental's relative outperformance. Within Health Care, pharmaceutical companies Andrx and Pfizer were top contributors. Andrx agreed to be acquired by Watson Pharmaceuticals in March. Pfizer rebounded from a very weak fourth quarter in 2005.

Areas of relative underperformance for Tri-Continental included Financials, Energy, Materials, and Utilities. The underperformance in Financials was primarily driven by adverse stock selection. An overweight in Materials contributed modestly to performance, however, adverse stock selection, particularly from packaging and container company Smurfit-Stone and chemical giant Dow, resulted in an overall negative return for Tri-Continental within the sector. We added modestly to our Energy weighting during the quarter, but remained underweight versus the benchmark. While on an absolute basis, both Tri-Continental and the benchmark posted solid gains in the Energy sector, a combination of stock selection and our underweight in the sector resulted in relative underperformance in Energy for the period. The Utilities sector was the worst performing sector for both Tri-Continental and the benchmark, however, the Corporation's underweight relative to the benchmark offset some stock-specific weakness. Utilities was the smallest sector allocation in Tri-Continental's portfolio, with a less than 1% weighting during the quarter.

*What is your outlook?*

Looking forward, our full-year expectations have not changed. We still expect the S&P 500 to deliver high single-digit to low double-digit returns for the year. The first quarter of 2006 was an encouraging start. We anticipate that continued M&A activity will serve as a positive catalyst for the market throughout much of the year. We are monitoring inflation closely, particularly in light of the sharp rise in commodity prices year-to-date. While core inflation measures remain moderate, we are concerned about the potential upward bias to these levels. With 10-Year US Treasury rates surpassing 5%, we would not be surprised to see the US equity market pause as investors assess interest rates, inflation, the Fed, and the economy in general. We continue to expect decelerating GDP growth and corporate profit growth, but do not anticipate that this will hinder the market in any broad sense.

***Not part of first quarter report***

# *Tri-Continental Corporation*

## **FIRST QUARTER REPORT 2006**

May 9, 2006

To the Stockholders:

Your first quarter Stockholder report for Tri-Continental Corporation follows this letter. The report contains Tri-Continental's investment results and a portfolio of investments.

For the three months ended March 31, 2006, Tri-Continental posted a total return of 4.74% based on net asset value (NAV). In addition, the discount to net asset value narrowed to 12.5% from 16.2% . As a consequence, the total return on Tri-Continental's market price was 9.32% . During the same period, the Standard & Poor's 500 Composite Stock Price Index (S&P 500) returned 4.21%, and the Corporation's peers, as measured by the Lipper Closed-End Growth & Income Funds Average, returned 4.75% .

We are continuing to make progress at offsetting the Corporation's accumulated loss. The accumulated loss carryforward has decreased from \$2.60 on December 31, 2005 to \$1.75 on April 30, 2006, representing a 33% decrease. Further, Tri-Continental's NAV has continued to rise. As of April 30, 2006, Tri-Continental's NAV was \$23.49.

Tri-Continental held its 76th Annual Meeting of Stockholders on May 4, 2006 in Baltimore, Maryland. The preliminary tabulation of Stockholder votes indicates that the three incumbent Directors up for re-election received a significant majority of the total votes cast, but the vote is a few percentage points short of the required majority of all outstanding shares. The final results for the election of Directors and a cumulative voting proposal are not expected to be available for a few weeks, while the independent inspector of election tabulates votes cast by proxy and at the meeting. When the final results are certified, they will be announced promptly. Under Maryland law and Tri-Continental's Bylaws, the incumbent Directors will continue in office until such time as successors are elected and qualify. Based on the preliminary vote count, it appears that Stockholders ratified the appointment of Deloitte & Touche LLP as independent auditors for 2006.

Thank you for your continued support of Tri-Continental Corporation. We look forward to serving your investment needs for many more 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 March 31, 2006

	Average Annual					
	Three Months*	One Year	Two Years	Three Years	Five Years	Ten Years
<b>Market Price</b>	9.32%	15.29%	9.98%	17.94%	2.07%	7.17%
<b>Net Asset Value</b>	4.74	11.14	8.76	17.04	2.34	6.42
<b>Lipper Closed-End Growth &amp; Income Funds Average**</b>	4.75	12.35	10.42	18.16	5.63	8.31
<b>S&amp;P 500 Index**</b>	4.21	11.72	9.17	17.21	3.97	8.95

### PRICE PER SHARE

	March 31, 2006	December 31, 2005
Market Price	\$20.24	\$18.58
Net Asset Value	23.13	22.16

### DIVIDEND, CAPITAL GAIN AND YIELD INFORMATION

For the Three Months Ended March 31, 2006

Dividends Paid <sup>□</sup>	Capital Gain		SEC 30-Day Yield <sup>Ø</sup>
	Realized <sup>□</sup>	Unrealized <sup>□□</sup>	
\$0.07	\$0.56	\$0.72	1.45%

Performance data quoted 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 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.

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

\*\* The Lipper Closed-End Growth & Income Funds Average (the <sup>□</sup>Lipper Average<sup>□</sup>) and the Standard & Poor's 500 Composite Stock Index (the <sup>□</sup>S&P 500<sup>□</sup>) are unmanaged benchmarks that assume reinvestment of all distributions. The Lipper Average excludes the effect of any costs associated with the purchase of shares, and the S&P 500 excludes the effect of fees and sales charges. The Lipper 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 measures the performance of 500 of

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the largest US companies based on market capitalizations. Investors cannot invest directly in an index or an average.

Preferred Stockholders were paid dividends totaling \$0.625 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 net unrealized appreciation of portfolio securities as of March 31, 2006.

Current yield, representing the annualized yield for the 30-day period ended March 31, 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. 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.

# Tri-Continental Corporation

## Largest Portfolio Changes

January 1, 2006 to March 31, 2006

### Largest Purchases

Abercrombie & Fitch Co. Class  
A\*  
Yahoo! Inc.\*  
Cogent, Inc.\*  
Halliburton Company\*  
UnitedHealth Group  
Incorporated\*  
Sunoco, Inc.\*  
Kohl's Corporation\*  
Murphy Oil Corporation\*  
UST Inc.  
WellPoint Inc.

### Largest Sales

Albertson's, Inc.\*\*  
Andrx Corp.\*\*  
Amdocs Limited\*\*  
Microsoft Corp.  
Wal-Mart Stores, Inc.  
Prudential Financial, Inc.\*\*  
Tyco International Ltd.  
Merck & Co., Inc.\*\*  
Limited Brands, Inc.\*\*  
Broadcom 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

## Ten Largest Equity Holdings

March 31, 2006

	Cost (000s)	Value (000s)
General Electric Company	\$ 96,650	\$ 87,894
Citigroup Inc.	63,661	70,393
Altria Group, Inc.	37,784	59,202
Microsoft Corp.	58,867	58,181
Bank of America Corporation	52,386	56,339
Exxon Mobil Corporation	34,437	55,202
International Business Machines Corporation	48,667	48,651
JPMorgan Chase & Co.	42,660	47,886
Pfizer Inc.	68,910	47,334
BellSouth Corporation	30,178	40,021
	<u>\$ 534,200</u>	<u>\$ 571,103</u>

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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.

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Excludes short-term holdings.



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

March 31, 2006

	Shares	Value
	<hr/>	<hr/>
<b>COMMON STOCKS AND WARRANTS 93.6%</b>		
<b>AEROSPACE AND DEFENSE 1.6%</b>		
General Dynamics Corporation	197,000	\$ 12,604,060
Honeywell International Inc.	663,700	28,386,449
		<hr/>
		40,990,509
		<hr/>
<b>AIR FREIGHT AND LOGISTICS 0.5%</b>		
FedEx Corp.	100,810	11,385,481
		<hr/>
<b>BEVERAGES 1.9%</b>		
Coca-Cola Company (The)	513,300	21,491,871
Coca-Cola Enterprises Inc.	636,100	12,938,274
PepsiCo, Inc.	213,100	12,315,049
		<hr/>
		46,745,194
		<hr/>
<b>BIOTECHNOLOGY 2.0%</b>		
Amgen Inc.*	327,700	23,917,184
Pharmion Corporation*	1,401,625	25,271,299
		<hr/>
		49,188,483
		<hr/>
<b>BUILDING PRODUCTS 0.5%</b>		
Masco Corporation	377,300	12,258,477
		<hr/>
<b>CAPITAL MARKETS 2.6%</b>		
Bank of New York Company, Inc. (The)	633,500	22,831,340
Merrill Lynch & Co. Inc.	360,300	28,377,228
Morgan Stanley	241,670	15,181,709
		<hr/>
		66,390,277
		<hr/>
<b>CHEMICALS 2.5%</b>		
Dow Chemical Co. (The)	591,000	23,994,600
E.I. Du Pont de Nemours and Company	599,400	25,300,674

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Praxair, Inc.	238,300	13,142,245
		<hr/>
		62,437,519
		<hr/>
<b>COMMERCIAL BANKS 3.3%</b>		
Bank of America Corporation	1,237,140	56,339,356
Wachovia Corporation	483,163	27,081,286
		<hr/>
		83,420,642
		<hr/>
<b>COMMERCIAL SERVICES AND SUPPLIES 1.6%</b>		
Cendant Corporation	1,497,600	25,983,360
Waste Management Inc.	375,100 <sup>(1)</sup>	13,241,030
		<hr/>
		39,224,390
		<hr/>
	Shares or Warrants	
	<hr/>	
<b>COMMUNICATIONS EQUIPMENT 6.1%</b>		
Cisco Systems, Inc.*	1,607,380shs.	34,839,961
Corning Incorporated*	1,218,300	32,784,453
Lucent Technologies, Inc.*	6,802,800	20,748,540
Lucent Technologies, Inc. (exercise price of \$2.75, expiring 12/10/2007)*	11,224,425wts.	7,015,266
Nokia Corp. (ADR)	1,886,000shs.	39,077,920
QUALCOMM Inc.	351,500	17,787,658
		<hr/>
		152,253,798
		<hr/>
<b>COMPUTERS AND PERIPHERALS 4.2%</b>		
Apple Computer, Inc.*	270,500	16,964,408
EMC Corporation*	2,118,100	28,869,703
International Business Machines Corporation	589,920	48,650,702
Seagate Technology	413,600	10,890,088
		<hr/>
		105,374,901
		<hr/>
<b>CONTAINERS AND PACKAGING 1.3%</b>		
Smurfit-Stone Container Company*	2,322,400	31,491,744
		<hr/>
<b>DIVERSIFIED CONSUMER</b>		

<b>SERVICES 0.5%</b>		
ServiceMaster Company (The)	881,200	<u>11,561,344</u>
<b>DIVERSIFIED FINANCIAL</b>		
<b>SERVICES 5.1%</b>		
CIT Group Inc.	205,000	10,971,600
Citigroup Inc.	1,490,430	70,393,009
JPMorgan Chase & Co.	1,150,000	47,886,000
		<u>129,250,609</u>
<b>DIVERSIFIED</b>		
<b>TELECOMMUNICATION</b>		
<b>SERVICES 2.2%</b>		
BellSouth Corporation	1,155,000	40,020,750
Citizens Communications Company	1,119,000	14,849,130
		<u>54,869,880</u>
<b>ELECTRONIC EQUIPMENT</b>		
<b>AND INSTRUMENTS 0.4%</b>		
Symbol Technologies, Inc.	1,019,400	<u>10,785,252</u>

See footnotes on page 8.

# Tri-Continental Corporation

## Portfolio of Investments (unaudited)

March 31, 2006

	Shares	Value
	<hr/>	<hr/>
<b>ELECTRIC UTILITIES 0.5%</b>		
American Electric Power Company, Inc.	167,300	\$ 5,691,546
Southern Company	177,100	5,803,567
		<hr/>
		11,495,113
		<hr/>
<b>ENERGY EQUIPMENT AND SERVICES 1.1%</b>		
Halliburton Company	375,400	27,411,708
		<hr/>
<b>FOOD AND STAPLES RETAILING 1.3%</b>		
CVS Corporation	668,200	19,959,134
Wal-Mart Stores, Inc.	275,420	13,010,841
		<hr/>
		32,969,975
		<hr/>
<b>FOOD PRODUCTS 0.3%</b>		
Hershey Company (The)	138,300	7,223,409
		<hr/>
<b>HEALTH CARE EQUIPMENT AND SUPPLIES 1.3%</b>		
Boston Scientific Corporation*	657,700	15,159,985
Medtronic, Inc.	367,300	18,640,475
		<hr/>
		33,800,460
		<hr/>
<b>HEALTH CARE PROVIDERS AND SERVICES 3.2%</b>		
Aetna Inc.	265,000	13,022,100
HCA Inc.	323,600	14,817,644
UnitedHealth Group Incorporated	380,800	21,271,488
WellPoint Inc.*	415,900	32,203,137
		<hr/>
		81,314,369
		<hr/>
<b>HOTELS, RESTAURANTS AND LEISURE 0.8%</b>		
McDonald's Corporation	617,100	21,203,556

**INDUSTRIAL****CONGLOMERATES 4.2%**

General Electric Company	2,527,150	87,894,277
Tyco International Ltd.	695,740	18,701,491
		<hr/>
		106,595,768
		<hr/>

**INSURANCE 3.0%**

Allstate Corporation (The)	146,100	7,613,271
American International Group, Inc.	527,800	34,882,302
MetLife, Inc.	173,300	8,382,521
UnumProvident Corporation	489,300	10,020,864
XL Capital Ltd. Class A	243,800	15,630,017
		<hr/>
		76,528,975
		<hr/>

**INTERNET SOFTWARE****AND SERVICES 3.6%**

Google Inc. Class A*	90,000	34,766,550
McAfee Inc.*	560,400	13,634,532
Symantec Corporation*	903,274	15,242,749
Yahoo! Inc.*	792,800	25,603,476
		<hr/>
		89,247,307
		<hr/>

**IT SERVICES 0.3%**

First Data Corporation	171,900	8,048,358
		<hr/>

**MACHINERY 1.1%**

Illinois Tool Works Inc.	284,380	27,388,638
		<hr/>

**MEDIA 5.1%**

Clear Channel Communications, Inc.	747,400	21,682,074
Comcast Corporation Class A*	732,500	19,209,812
News Corp. Class A	1,260,200	20,931,922
Time Warner Inc.	1,880,300	31,570,237
Univision Communications Inc. Class A*	743,000	25,611,210
Viacom Inc. Class B*	253,350	9,829,980
		<hr/>
		128,835,235
		<hr/>

**METALS AND MINING 0.8%**

Alcoa Inc.	656,900	20,074,864
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**MULTI-UTILITIES 0.5%**

Dominion Resources, Inc.	188,900	13,039,767
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**MULTILINE RETAIL 2.3%**

Dollar General Corporation	1,450,300	25,626,801
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Federated Department Stores, Inc.	179,800	13,125,400
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Kohl's Corporation*	397,700	21,082,077
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		59,834,278
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See footnotes on page 8.

# Tri-Continental Corporation

## Portfolio of Investments (unaudited)

March 31, 2006

	Shares	Value
	<hr/>	<hr/>
<b>OIL, GAS AND</b>		
<b>CONSUMABLE FUELS 6.2%</b>		
Chevron Corporation	525,900	\$ 30,486,423
ConocoPhillips	512,200	32,345,430
El Paso Corporation	510,700	6,153,935
Exxon Mobil Corporation	907,025 <sup>(1)</sup>	55,201,542
Murphy Oil Corporation	268,625	13,382,897
Sunoco, Inc.	238,600	18,508,202
		<hr/>
		156,078,429
		<hr/>
<b>PHARMACEUTICALS 6.6%</b>		
Forest Laboratories, Inc.*	456,900	20,391,447
Johnson & Johnson	487,907	28,893,853
Lilly Eli & Company	225,700	12,481,210
Pfizer Inc.	1,899,438	47,333,995
Schering-Plough Corporation	325,100	6,173,649
Valeant Pharmaceuticals International	1,310,000	20,763,500
Wyeth	627,000	30,422,040
		<hr/>
		166,459,694
		<hr/>
<b>SEMICONDUCTORS AND</b>		
<b>SEMICONDUCTOR</b>		
<b>EQUIPMENT 0.8%</b>		
Maxim Integrated Products, Inc.	534,400	19,855,632
		<hr/>
<b>SOFTWARE 5.1%</b>		
Business Objects S.A. (ADR)*	357,800	13,054,333
Cogent Inc.*	1,482,900	27,077,754
Mercury Interactive Corporation*	849,370	29,451,905
Microsoft Corp.	2,136,256	58,180,932
		<hr/>
		127,764,924
		<hr/>
<b>SPECIALTY RETAIL 2.0%</b>		
Abercrombie & Fitch Co. Class A	541,200	31,551,960
The Home Depot, Inc.	415,800	17,588,340
		<hr/>
		49,140,300
		<hr/>

**THRIFTS AND****MORTGAGE FINANCE 1.4%**

Fannie Mae	400,300	20,575,420
Freddie Mac	223,700	13,645,700
		<hr/>
		34,221,120
		<hr/>

**TOBACCO 3.7%**

Altria Group, Inc.	835,480	59,202,113
UST Inc.	798,890	33,233,824
		<hr/>
		92,435,937
		<hr/>

Shares or  
Shares  
Subject to  
Call

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**WIRELESS****TELECOMMUNICATION  
SERVICES 2.1%**

American Tower Corporation Class A*	928,500	28,152,120
Sprint Nextel Corporation	981,900	25,372,296
		<hr/>
		53,524,416
		<hr/>

**TOTAL COMMON STOCKS  
AND WARRANTS**


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2,352,120,732

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**OPTIONS PURCHASED\* 2.3%****BEVERAGES 0.2%**

Coca-Cola Enterprise Inc. Call, expiring January 2008 at \$15	8,631	5,912,235
		<hr/>

**COMMUNICATIONS****EQUIPMENT 0.3%**

Cisco Systems, Inc. Call, expiring January 2008 at \$17.50	4,999	3,349,330
Comverse Technology Inc. Call, expiring January 2008 at \$20	5,480	3,890,800
		<hr/>
		7,240,130
		<hr/>

**COMPUTERS AND****PERIPHERALS 0.2%**

Apple Computer Inc. Call, expiring April 2006 at \$85	1,747	8,735
Seagate Technology Call,		



expiring January 2007 at \$17.50	4,903	4,755,910
		<hr/>
		4,764,645
		<hr/>
<b>HOTELS, RESTAURANTS AND LEISURE 0.2%</b>		
McDonald's Corporation Call, expiring January 2008 at \$30	6,562	5,085,550
		<hr/>
<b>INDUSTRIAL CONGLOMERATES 0.1%</b>		
Tyco International Ltd. Call, expiring January 2008 at \$25	5,750	3,220,000
		<hr/>
<b>METALS AND MINING 0.1%</b>		
Alcoa Inc. Call, expiring January 2008 at \$25	4,026	3,301,320
		<hr/>

See footnotes on page 8.

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

March 31, 2006

	Shares Subject to Call	Value
	<hr/>	<hr/>
<b>OIL, GAS AND COSUMABLE FUELS 0.2%</b>		
ConocoPhillips Call, expiring January 2007 at \$75	9,348	\$ 2,383,740
Exxon Mobil Corporation Call, expiring January 2007 at \$80	60,468	2,297,784
		<hr/>
		4,681,524
		<hr/>
<b>PHARMACEUTICALS 0.0%</b>		
Valeant Pharmaceuticals International Call, expiring September 2006 at \$20	694	20,820
		<hr/>
<b>SOFTWARE 0.4%</b>		
Activision, Inc. Call, expiring January 2008 at \$15	9,937	2,981,100
Mercury Interactive Corporation Call, expiring January 2008 at \$20	4,628	8,006,440
		<hr/>
		10,987,540
		<hr/>
<b>THRIFTS AND MORTGAGE FINANCE 0.1%</b>		
Fannie Mae Call, expiring September 2006 at \$70	15,114	151,140
Freddie Mac Call, expiring January 2008 at \$55	2,073	2,363,220
		<hr/>
		2,514,360
		<hr/>
<b>TOBACCO 0.5%</b>		
Altria Group Inc. Call, expiring January 2008 at \$70	3,108	3,014,760
Altria Group Inc. Call, expiring January 2008 at \$75	3,148	2,329,520
Altria Group Inc. Call, expiring January 2008 at \$80	6,841	3,694,140
Altria Group Inc. Call, expiring January 2008 at \$85	10,380	1,505,100
UST Inc. Call,		

expiring July 2006 at \$35	2,765	1,935,500
		<hr/>
		12,479,020
		<hr/>
<b>TOTAL OPTIONS PURCHASED</b>		60,207,144
		<hr/>
	Partnership Interest or Principal Amount	Value
	<hr/>	<hr/>
<b>TRI-CONTINENTAL FINANCIAL DIVISION 0.1%</b>		
WCAS Capital Partners II, L.P	\$ 4,301,124	\$ 1,784,623
Whitney Subordinated Debt Fund, L.P.	1,507,882	410,272
		<hr/>
<b>TOTAL TRI-CONTINENTAL FINANCIAL DIVISION</b>		2,194,895
		<hr/>
<b>SHORT-TERM HOLDINGS 3.6%</b>		
<b>TIME DEPOSITS 1.8%</b>		
HSBC Bank Grand Cayman 4.781%, 4/3/2006	44,134,000	44,134,000
<b>US TREASURY NOTES 1.8%</b>		
US Treasury Notes 2.25%, 4/30/2006	44,650,000 <sup>(1)</sup>	44,568,801
		<hr/>
<b>TOTAL SHORT-TERM HOLDINGS</b>		88,702,801
		<hr/>
<b>TOTAL INVESTMENTS 99.6%</b>		2,503,225,572
		<hr/>
<b>OTHER ASSETS LESS LIABILITIES 0.4%</b>		9,720,329
		<hr/>
<b>NET INVESTMENT ASSETS 100.0%</b>		\$ 2,512,945,901
		<hr/>

See footnotes on page 8.



# Tri-Continental Corporation

## Schedule of Options Written (unaudited)

March 31, 2006

	Shares Subject to Call/Put	Value
	<hr/>	<hr/>
<b>CALL OPTIONS</b>		
<b>WRITTEN</b>		
Exxon Mobil Corporation, expiring April 2006 at \$60	166,300	\$ (257,765)
Waste Management Inc., expiring April 2006 at \$32.50	220,300	(616,840)
		<hr/>
		(874,605)
		<hr/>
<b>PUT OPTIONS WRITTEN</b>		
Comverse Technology Inc., expiring April 2006 at \$22.50	243,000	(97,200)
Nextel Partners Inc. Class A, expiring January 2007 at \$30	2,000	(3,300)
Sunoco, Inc., expiring April 2006 at \$75	102,600	(133,380)
Valeant Pharmaceuticals International, expiring April 2006 at \$17.50	160,600	(273,020)
		<hr/>
		(506,900)
		<hr/>
<b>TOTAL OPTIONS WRITTEN</b>		<b>\$ (1,381,505)</b>
		<hr/>

\* Non-income producing security.

\*\* The cost of investments for federal income tax purposes was \$2,427,294,063. The tax basis gross unrealized appreciation and depreciation of portfolio securities were \$226,965,410 and \$(151,352,176), respectively.

□ At March 31, 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 March 31, 2006, were as follows:

Investment	Acquisition Date(s)	Cost	Value
<hr/>	<hr/>	<hr/>	<hr/>
WCAS Capital Partners II, L.P.	12/11/90 to 3/24/98	\$4,301,124	\$1,784,623
Whitney Subordinated Debt Fund, L.P.	7/12/89 to 11/10/98	1,507,882	410,272

Total	\$5,809,006	\$2,194,895
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(1) All or part of the security is held as collateral for options written. As of March 31, 2006, the value of securities held as collateral was \$40,825,836.

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. Securities not listed on an exchange or security market, or securities for which there is no last sales price, are valued at the mean of the most recent bid and asked prices or are valued by J. & W. Seligman & Co. Incorporated (the "Manager") based on quotations provided by primary market makers in such securities. Securities for which market quotations are not readily available (or are otherwise no longer valid or reliable) are valued at fair value determined in accordance with procedures approved by the Board of Directors. This can occur in the event of, among other things, natural disasters, acts of terrorism, market disruptions, intra-day trading halts, and extreme market volatility. The determination of fair value involves subjective judgments. As a result, using fair value to price a security may result in a price materially different from the prices used by other mutual funds to determine net asset value or the price that may be realized upon the actual sale of the security. Short-term holdings that mature 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 \$1000. 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 \$1000. 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 March 31, 2006, 1.1 million shares were repurchased. This is approximately 1.0% 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%.



# 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*

**Alice S. Ilchman** (2,3)

*President Emerita, Sarah Lawrence College  
Director, Jeannette K. Watson Fellowship and Public Broadcasting Service  
Trustee, Committee for Economic Development  
Governor of the Court of Governors, London School of Economics*

**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*

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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*

**Michael F. McGarry**

*Vice President*

**Thomas G. Rose**

*Vice President*

**Lawrence P. Vogel**

*Vice President and Treasurer*

**Frank J. Nasta**

*Secretary*

## 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

### Important Telephone Numbers (800)

**TRI-1092** Stockholder Services

**(800)**

**445-1777** Retirement Plan Services

**(212)**

**682-7600** Outside the United States

**(800)**

**622-4597** 24-Hour Automated  
Telephone Access Service

**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*

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