

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 |
| Market Price | 9.32% | 15.29% | 9.98% | 17.94% | 2.07% | 7.17% |
| Net Asset Value | 4.74 | 11.14 | 8.76 | 17.04 | 2.34 | 6.42 |
| Lipper Closed-End Growth & Income Funds Average** | 4.75 | 12.35 | 10.42 | 18.16 | 5.63 | 8.31 |
| S&P 500 Index** | 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 [□] | Capital Gain | | SEC 30-Day Yield ^Ø |
|-----------------------------|-----------------------|--------------------------|----------------------------------|
| | Realized [□] | Unrealized ^{□□} | |
| \$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.com¹ 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 [□]Lipper Average[□]) and the Standard & Poor's 500 Composite Stock Index (the [□]S&P 500[□]) 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

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

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 |
| | <hr/> \$ 534,200 <hr/> | <hr/> \$ 571,103 <hr/> |

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

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.

Excludes short-term holdings.

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

March 31, 2006

| | Shares | Value |
|-------------------------------|-----------|---------------|
| | <hr/> | <hr/> |
| COMMON STOCKS | | |
| AND WARRANTS 93.6% | | |
| AEROSPACE AND | | |
| DEFENSE 1.6% | | |
| General Dynamics Corporation | 197,000 | \$ 12,604,060 |
| Honeywell International Inc. | 663,700 | 28,386,449 |
| | | <hr/> |
| | | 40,990,509 |
| | | <hr/> |
| AIR FREIGHT AND | | |
| LOGISTICS 0.5% | | |
| FedEx Corp. | 100,810 | 11,385,481 |
| | | <hr/> |
| BEVERAGES 1.9% | | |
| 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/> |
| BIOTECHNOLOGY 2.0% | | |
| Amgen Inc.* | 327,700 | 23,917,184 |
| Pharmion Corporation* | 1,401,625 | 25,271,299 |
| | | <hr/> |
| | | 49,188,483 |
| | | <hr/> |
| BUILDING PRODUCTS 0.5% | | |
| Masco Corporation | 377,300 | 12,258,477 |
| | | <hr/> |
| CAPITAL MARKETS 2.6% | | |
| 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/> |
| CHEMICALS 2.5% | | |
| Dow Chemical Co. (The) | 591,000 | 23,994,600 |
| E.I. Du Pont de Nemours | | |
| and Company | 599,400 | 25,300,674 |

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

| | | |
|--|------------------------|-------------|
| Praxair, Inc. | 238,300 | 13,142,245 |
| | | <hr/> |
| | | 62,437,519 |
| | | <hr/> |
| COMMERCIAL BANKS 3.3% | | |
| Bank of America Corporation | 1,237,140 | 56,339,356 |
| Wachovia Corporation | 483,163 | 27,081,286 |
| | | <hr/> |
| | | 83,420,642 |
| | | <hr/> |
| COMMERCIAL SERVICES AND SUPPLIES 1.6% | | |
| Cendant Corporation | 1,497,600 | 25,983,360 |
| Waste Management Inc. | 375,100 ⁽¹⁾ | 13,241,030 |
| | | <hr/> |
| | | 39,224,390 |
| | | <hr/> |
| | Shares or Warrants | |
| | <hr/> | |
| COMMUNICATIONS EQUIPMENT 6.1% | | |
| 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/> |
| COMPUTERS AND PERIPHERALS 4.2% | | |
| 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/> |
| CONTAINERS AND PACKAGING 1.3% | | |
| Smurfit-Stone Container Company* | 2,322,400 | 31,491,744 |
| | | <hr/> |
| DIVERSIFIED CONSUMER | | |

| | | |
|------------------------------------|-----------|--------------------|
| SERVICES 0.5% | | |
| ServiceMaster Company (The) | 881,200 | <u>11,561,344</u> |
| DIVERSIFIED FINANCIAL | | |
| SERVICES 5.1% | | |
| 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> |
| DIVERSIFIED | | |
| TELECOMMUNICATION | | |
| SERVICES 2.2% | | |
| BellSouth Corporation | 1,155,000 | 40,020,750 |
| Citizens Communications Company | 1,119,000 | 14,849,130 |
| | | <u>54,869,880</u> |
| ELECTRONIC EQUIPMENT | | |
| AND INSTRUMENTS 0.4% | | |
| 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/> |
| ELECTRIC UTILITIES 0.5% | | |
| American Electric Power Company, Inc. | 167,300 | \$ 5,691,546 |
| Southern Company | 177,100 | 5,803,567 |
| | | <hr/> |
| | | 11,495,113 |
| | | <hr/> |
| ENERGY EQUIPMENT AND SERVICES 1.1% | | |
| Halliburton Company | 375,400 | 27,411,708 |
| | | <hr/> |
| FOOD AND STAPLES RETAILING 1.3% | | |
| CVS Corporation | 668,200 | 19,959,134 |
| Wal-Mart Stores, Inc. | 275,420 | 13,010,841 |
| | | <hr/> |
| | | 32,969,975 |
| | | <hr/> |
| FOOD PRODUCTS 0.3% | | |
| Hershey Company (The) | 138,300 | 7,223,409 |
| | | <hr/> |
| HEALTH CARE EQUIPMENT AND SUPPLIES 1.3% | | |
| Boston Scientific Corporation* | 657,700 | 15,159,985 |
| Medtronic, Inc. | 367,300 | 18,640,475 |
| | | <hr/> |
| | | 33,800,460 |
| | | <hr/> |
| HEALTH CARE PROVIDERS AND SERVICES 3.2% | | |
| 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/> |
| HOTELS, RESTAURANTS AND LEISURE 0.8% | | |
| 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 |
|------------|---------|------------|

MULTI-UTILITIES 0.5%

| | | |
|--------------------------|---------|------------|
| Dominion Resources, Inc. | 188,900 | 13,039,767 |
|--------------------------|---------|------------|

MULTILINE RETAIL 2.3%

| | | |
|----------------------------|-----------|------------|
| Dollar General Corporation | 1,450,300 | 25,626,801 |
|----------------------------|-----------|------------|

| | | |
|--------------------------------------|---------|------------|
| Federated Department Stores, Inc. | 179,800 | 13,125,400 |
|--------------------------------------|---------|------------|

| | | |
|---------------------|---------|------------|
| Kohl's Corporation* | 397,700 | 21,082,077 |
|---------------------|---------|------------|

| | | |
|--|--|------------|
| | | 59,834,278 |
|--|--|------------|

See footnotes on page 8.

Tri-Continental Corporation

Portfolio of Investments (unaudited)

March 31, 2006

| | Shares | Value |
|--|------------------------|---------------|
| | <hr/> | <hr/> |
| OIL, GAS AND | | |
| CONSUMABLE FUELS 6.2% | | |
| 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 ⁽¹⁾ | 55,201,542 |
| Murphy Oil Corporation | 268,625 | 13,382,897 |
| Sunoco, Inc. | 238,600 | 18,508,202 |
| | | <hr/> |
| | | 156,078,429 |
| | | <hr/> |
| PHARMACEUTICALS 6.6% | | |
| 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/> |
| SEMICONDUCTORS AND | | |
| SEMICONDUCTOR | | |
| EQUIPMENT 0.8% | | |
| Maxim Integrated Products, Inc. | 534,400 | 19,855,632 |
| | | <hr/> |
| SOFTWARE 5.1% | | |
| 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/> |
| SPECIALTY RETAIL 2.0% | | |
| 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

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**

2,352,120,732

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/> |
| HOTELS, RESTAURANTS AND LEISURE 0.2% | | |
| McDonald's Corporation Call, expiring January 2008 at \$30 | 6,562 | 5,085,550 |
| | | <hr/> |
| INDUSTRIAL CONGLOMERATES 0.1% | | |
| Tyco International Ltd. Call, expiring January 2008 at \$25 | 5,750 | 3,220,000 |
| | | <hr/> |
| METALS AND MINING 0.1% | | |
| 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/> |
| OIL, GAS AND COSUMABLE FUELS 0.2% | | |
| 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/> |
| PHARMACEUTICALS 0.0% | | |
| Valeant Pharmaceuticals International Call, expiring September 2006 at \$20 | 694 | 20,820 |
| | | <hr/> |
| SOFTWARE 0.4% | | |
| 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/> |
| THRIFTS AND MORTGAGE FINANCE 0.1% | | |
| 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/> |
| TOBACCO 0.5% | | |
| 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/> |
| TOTAL OPTIONS PURCHASED | | 60,207,144 |
| | | <hr/> |
| | Partnership Interest or Principal Amount | Value |
| | <hr/> | <hr/> |
| TRI-CONTINENTAL FINANCIAL DIVISION 0.1% | | |
| WCAS Capital Partners II, L.P | \$ 4,301,124 | \$ 1,784,623 |
| Whitney Subordinated Debt Fund, L.P. | 1,507,882 | 410,272 |
| | | <hr/> |
| TOTAL TRI-CONTINENTAL FINANCIAL DIVISION | | 2,194,895 |
| | | <hr/> |
| SHORT-TERM HOLDINGS 3.6% | | |
| TIME DEPOSITS 1.8% | | |
| HSBC Bank Grand Cayman 4.781%, 4/3/2006 | 44,134,000 | 44,134,000 |
| US TREASURY NOTES 1.8% | | |
| US Treasury Notes 2.25%, 4/30/2006 | 44,650,000 ⁽¹⁾ | 44,568,801 |
| | | <hr/> |
| TOTAL SHORT-TERM HOLDINGS | | 88,702,801 |
| | | <hr/> |
| TOTAL INVESTMENTS 99.6% | | 2,503,225,572 |
| | | <hr/> |
| OTHER ASSETS LESS LIABILITIES 0.4% | | 9,720,329 |
| | | <hr/> |
| NET INVESTMENT ASSETS 100.0% | | \$ 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/> |
| CALL OPTIONS | | |
| WRITTEN | | |
| 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/> |
| PUT OPTIONS WRITTEN | | |
| 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/> |
| TOTAL OPTIONS WRITTEN | | \$ (1,381,505) |
| | | <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 |
|-------|-------------|-------------|

(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*

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

J. & W. SELIGMAN & CO.
INCORPORATED

INVESTMENT MANAGERS AND ADVISORS
ESTABLISHED 1864

Go paperless
sign up for E-Delivery
at www.seligman.com

CETRI3a 3/06
