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TRI-CONTINENTAL CORP
Form DEFA14A
August 31, 2006

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary proxy statement.
- Definitive proxy statement.
- Definitive additional materials.
- Soliciting material under Rule 14a-12.
- Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2)).

TRI-CONTINENTAL CORPORATION
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of filing fee (check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.
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- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

Tri-Continental Corporation

MID-YEAR REPORT 2006

August 24, 2006

To the Stockholders:

Your mid-year Stockholder report for Tri-Continental Corporation follows this letter. The report contains the Corporation's investment results, portfolio of investments, and financial statements. For the six months ended June 30, 2006, Tri-Continental posted a total return of 1.48% based on net asset value, and 5.48% based on market price. During the same period, the S&P 500 Index returned 2.71% and the Lipper Closed-End Growth & Income Funds Average returned 4.10%. Since June 30th, Tri-Continental's investment performance has continued to improve. We are pleased to report that, as of the date of this letter, total return year-to-date based on net asset value is in line with the S&P 500 Index.

On June 19, 2006, the independent inspectors of election for the Annual Meeting of Stockholders, held on May 4, 2006, released their final report. Although the Directors seeking re-election were supported by a significant plurality of votes cast, they were not elected because no candidate received at least 50% of the votes entitled to be cast, as required under the Corporation's Bylaws. The final results of the vote held at the Annual Meeting can be found on page 23 of this report.

Under Maryland law, the incumbent Directors could legally remain in office until the Corporation's 2007 Annual Meeting, at which time an election would be held for their successors. Following the 2006 Annual Meeting, however, the Board determined that it would be in the best interests of the Corporation and its Stockholders to have all directors duly elected by Stockholders. The Board has called for a Special Meeting, to be held in September, to provide Stockholders with another opportunity to elect directors without having to wait until the 2007 Annual Meeting. The Board has also approved an amendment to the Corporation's Charter to reduce the quorum requirement at a meeting of Stockholders from a majority of votes entitled to be cast to one-third of the votes entitled to be cast, unless a higher percentage is specified in the Bylaws of the Corporation. This amendment to the Charter is subject to Stockholder approval at the Special Meeting, the details of which are provided in the Corporation's proxy materials, which were mailed to Stockholders in July.

We are continuing to make progress at offsetting the Corporation's accumulated tax loss carryforward. The loss carryforward per share has decreased from \$2.60 on December 31, 2005 to \$0.91 on August 24, 2006. Once the loss carryforward is eliminated, the Corporation will again be able to make capital gain payments to Stockholders.

We thank you for your continued support of Tri-Continental Corporation, and look forward to serving your investment needs for many years to come.

By order of the Board of Directors,

/s/ William C. Morris
William C. Morris

/s/ Brian T. Zino
Brian T. Zino

Chairman

President