

TRI-CONTINENTAL CORP  
Form DEFA14A  
September 28, 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

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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)

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(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.
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September 28, 2006

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Jack Cunningham

Portfolio Manager

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Investment Review

2006 Year-to-Date Equity Market Review

Investment Results

Investment Philosophy and Strategy

Portfolio Overview

Outlook

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2006 Year-to-Date Equity

Market Review

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Excluding the NASDAQ, Equities Have  
Shown Solid Returns through August

7.90%

-0.43%

7.85%

5.80%

-1%

0%

1%

2%

3%

4%

5%

6%

7%

8%

9%

S&P 500 Index

Russell 2000 Index

NASDAQ Composite  
Index

Dow Jones Industrials  
Average

Source: Bloomberg

Through August 31, 2006

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Until Recently, The NASDAQ Has  
Lagged For A Number of Reasons

Throughout much of this year, investors remained  
focused on energy and other commodity-related  
stocks

Macroeconomic concerns regarding Fed policy and oil  
prices caused investors to shy away from higher-beta  
sectors

Concerns about excess inventories last spring in  
several product areas (PCs, handsets, flat panels) kept  
investors on the sidelines

However, since the Fed paused on August 8, through  
last week (Sept. 22), the NASDAQ has significantly  
outperformed other indices

Oil Prices Have Remained High  
Throughout 2006

30  
40  
50  
60  
70  
80  
\$90  
12/04  
2/05  
4/05  
6/05  
8/05  
10/05  
12/05  
2/06  
4/06  
6/06  
8/06

Crude Oil

Source: FactSet, data through 9/15/06.

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Oil Prices Have Remained High For  
Myriad Reasons

## Strong Demand

Global gross domestic product (GDP) growth remains robust, particularly in emerging market countries

## Supply Disruptions

Militant attacks in Nigeria

Closing of Alaska's Prudhoe Bay Field

A slow return of production in Iraq

Expectations for a strong US hurricane season

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## Oil Prices Have Remained High For Myriad Reasons

Geopolitical Concerns (The Risk Premium)

Israel's invasion of Lebanon

Continued tension in Iraq and Iran

Unrest in Nigeria

Distrust of Chavez in Venezuela

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Through August, Telecom Has Led the S&P 500, but Energy and Utilities Remain Strong

20.9%

14.9%

12.7%

10.5%

6.9%

6.4%

4.6%

2.8%  
1.2%  
-1.9%  
-10%  
0%  
10%  
20%  
30%  
40%

Source: FactSet; data year-to-date through 8/31/06.

Health

Care

Materials

Consumer

Staples

Industrials

Information

Technology

Consumer

Discretionary

Telecomm-  
unications

Services

Financials

Utilities

Energy

Composition of S&P by Sector

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Despite High Energy Costs, Economic  
Fundamentals Remain Sound

U.S. consumer spending still healthy

Corporate profits still growing

Capital expenditures are accelerating

Core inflation remains stable

Long-term interest rates have eased

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After 17 Consecutive Rate Increases, the  
Fed Has Paused . . .

0

1

2

3

4

5

6%

1/28/04

6/30/04

11/10/04

3/22/05

8/9/05

12/13/05

5/10/06



8/8/06

Source: Bloomberg; data from 1/28/04 through 8/8/06.

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. . . And Longer-Term Interest Rates  
Remain Stable

3.0

3.5

4.0

4.5

5.0

5.5

6.0%

9/21/01

2/21/02

7/21/02

12/21/02

5/21/03

10/21/03

3/21/04

8/21/04

1/21/05

6/21/05

11/21/05

4/21/06

8/30/06

Source: FactSet

Investment Results

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Tri-Continental (Market Price and NAV) vs. S&P 500  
Investment Results

Source: FactSet; Bloomberg

**Year-to-Date**

**9/26/06**

**Three-Year Annual Returns**

**9/26/03 9/26/06**

**One-Year Annual Return**

**9/26/05 9/26/06**

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Investment Philosophy  
and Strategy

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Tri-Continental's  
Investment Management Team

Jack Cunningham *Portfolio manager*

Michael McGarry *Co-portfolio manager*  
*Financials, Telecommunications*

Chris Boova *Technology*

Chris Kagaoan *Consumer Discretionary*

Ed Mehalick *Industrials, Materials,*  
*Consumer Staples*

Brian Turner *Health Care, Energy, Utilities*

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An All-Encompassing Approach  
to Portfolio Management

Bottom-up, fundamental research

Sector allocation

Diversification

A focus on the long-term

Dividend income

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Fundamental Analysis is the Core  
of Our Investment Process

Daily research meetings

Bi-weekly sector strategy sessions

Portfolio company visits and management  
meetings

Interaction with other Seligman investment  
teams

Discussions with buy-side and sell-side  
analysts

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Our Stock Selection is Closely Tied to  
Fundamental Research

Focus on strength of a company's franchise:

Market position

Competition

Management

Determine appropriate valuation metrics

Identify favorable entry points

Buy securities with a catalyst for price  
appreciation

Risk Management is an Important Part of  
Our Investment Process

Evaluate individual company and security risks:

Business risk

Valuation risk

Manage risk through position size:

Weightings increase/decrease as our  
judgment of risk factors changes

Monitor industry and sector allocations

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Portfolio Overview

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Tri-Continental Has Broad Representation  
Across All Sectors

Consumer

Discretionary

Consumer

Staples

Financials

Health

Care

Industrials

Information

Technology

Materials

Telecom

Services

Utilities

Cash

Energy

As of 8/31/06

21.4%

21.2%

13.1%

9.7%

8.3%

4.0%

3.8%

0.6%

4.0%

10.8%

9.9%

9.9%

3.5%

6.4%

7.5%

12.9%

0.0%

3.4%

2.9%

9.8%

15.1%

21.7%

0%

5%

10%

15%

20%

25%

TY

S&P 500

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Top Ten Holdings Help  
Anchor the Portfolio

General Electric

Microsoft

Citigroup

Altria Group

Bank of America

Pfizer

Exxon Mobil

IBM

J.P. Morgan Chase

AIG

**Total** **24.4%**

Bank of America

General Electric

Altria Group

Exxon Mobil

Citigroup

J.P. Morgan Chase

Microsoft

Pfizer

American International Group

Chevron

**Total** **23.3 %**

as of 8/31/06

as of 12/31/05

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Outlook

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The Market is Facing Some Headwinds. . .

Oil prices remain high

Inflation has been trending upward

The housing sector is retreating

Corporate profit growth is slowing

GDP growth is easing

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. . . But Valuations and Fundamentals  
Appear Attractive

Corporate balance sheets in excellent shape

Capital expenditures increasing

Interest rates remain low, corporate credit  
spreads tight

Merger and acquisition activity accelerating

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Tri-Continental:  
An Investment for Long-Term Investors

High-caliber investment team

In-depth fundamental analysis

Careful attention to risk management

Commitment to long-term results

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September 28, 2006

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