

TRI-CONTINENTAL CORP  
Form 497  
May 05, 2009

**TRI-CONTINENTAL CORPORATION**

**(the Corporation )**

Statement of Additional Information

May 1, 2009

200 Ameriprise Financial Center

Minneapolis, MN 55474

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Effective November 7, 2008, RiverSource Investments, LLC ( RiverSource Investments or the Manager ), investment manager to the RiverSource Family of Funds and a wholly owned subsidiary of Ameriprise Financial, Inc. ( Ameriprise Financial ), completed its acquisition (the Acquisition ) of J. & W. Seligman & Co. Incorporated ( Seligman ). With the Acquisition completed and stockholders of the Corporation having previously approved (at a special meeting held on October 7, 2008) a new investment management services agreement (the Management Agreement ) between RiverSource Investments and the Corporation, RiverSource Investments is the new investment manager of the Corporation effective November 7, 2008.

This Statement of Additional Information ( SAI ) is not a prospectus. This SAI relates to the Corporation s current Prospectus, dated May 1, 2009 (the Prospectus ), and should be read in conjunction therewith. A copy of the Prospectus may be obtained by writing or calling the Corporation at the above address or telephone numbers. The SAI, as well as the Corporation s most recent Annual and Mid-Year Reports are also available at the Corporation s website, [www.tricontinental.com](http://www.tricontinental.com). The website references in this SAI are inactive textual references and information contained in or otherwise accessible through these websites does not form a part of this SAI.

The financial statements and notes included in the Corporation s Annual Report, which includes the Report of Independent Registered Public Accounting Firm thereon, are incorporated herein by reference. The Annual Report will be furnished to you, without charge, when you request a copy of this SAI.

The RiverSource Family of Funds includes a comprehensive array of funds from RiverSource Investments, including the Seligman funds. RiverSource Investments has also partnered with a number of professional investment managers, including its affiliate, Threadneedle Investments, to expand the array of funds offered in the RiverSource Family of Funds.

The Corporation is governed by a Board that meets regularly to review a wide variety of matters affecting the Corporation. Detailed information about governance of the Corporation, the Corporation s investment manager, RiverSource Investments, and other aspects of management of the Corporation can be found by referencing the Table of Contents below.

A registration statement relating to these securities has been filed with the Securities and Exchange Commission ( SEC ).

Table of Contents

|  |    |
|--|----|
| <u>Additional Investment Policies (See Investment Objective and Other Policies and Related Risks in the Prospectus)</u>                    | 3  |
| <u>Directors and Officers</u>  | 8  |
| <u>Management of the Corporation (See Management of the Corporation in the Prospectus)</u>   | 18 |
| <u>Portfolio Managers</u>  | 19 |
| <u>Holdings of Preferred Stock, Common Stock and Warrants</u>  | 21 |
| <u>Securities Transactions</u>   | 22 |
| <u>Financial Statements</u>  | 24 |
| <u>Information Regarding Pending and Settled Legal Proceedings</u>   | 24 |
| <u>Custodian, Transfer and Stockholder Service Agent and Dividend Paying Agent and Experts</u>   | 25 |
| <u>Report of Independent Registered Public Accounting Firm on Financial Highlights Senior Securities \$2.50 Cumulative Preferred Stock</u> | 27 |

### ADDITIONAL INVESTMENT POLICIES

The investment objectives and policies of the Corporation are set forth in the Prospectus. Certain additional investment information is set forth below. Defined terms used herein and not otherwise defined shall have the meanings ascribed to them in the Prospectus.

#### *Fundamental Policies*

The Corporation's stated fundamental policies, which may not be changed without a vote of stockholders, are listed below. Within the limits of these fundamental policies, the Manager has reserved freedom of action. The Corporation:

- (1) may issue senior securities such as bonds, notes or other evidences of indebtedness if immediately after issuance the net assets of the Corporation provide 300% coverage of the aggregate principal amount of all bonds, notes or other evidences of indebtedness and that amount does not exceed 150% of the capital and surplus of the Corporation;
  - (2) may issue senior equity securities on a parity with, but not having preference or priority over, the Preferred Stock if immediately after issuance its net assets are equal to at least 200% of the aggregate amount (exclusive of any dividends accrued or in arrears) to which all shares of the Preferred Stock, then outstanding, shall be entitled as a preference over the Common Stock in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation;
  - (3) may borrow money for substantially the same purposes as it may issue senior debt securities, subject to the same restrictions and to any applicable limitations prescribed by law;
  - (4) may engage in the business of underwriting securities either directly or through majority-owned subsidiaries subject to any applicable restrictions and limitations prescribed by law;
  - (5) does not intend to concentrate its assets in any one industry although it may from time to time invest up to 25% of the value of its assets, taken at market value, in a single industry;
  - (6) may not, with limited exceptions, purchase and sell real estate directly but may do so through majority-owned subsidiaries, so long as its real estate investments do not exceed 10% of the value of the Corporation's total assets;
  - (7) may not purchase or sell commodities or commodity contracts; and
  - (8) may make money loans (subject to restrictions imposed by law and by charter) (a) only to its subsidiaries, (b) as incidents to its business transactions or (c) for other purposes. It may lend its portfolio securities to brokers or dealers in corporate or government securities, banks or other recognized institutional borrowers of securities subject to any applicable requirements of a national securities exchange or of a governmental regulatory body against collateral consisting of cash or direct obligations of the United States, maintained on a current basis, so long as all such loans do not exceed 10% of the value of total assets, and it may make loans represented by repurchase agreements, as described in the Prospectus, so long as such loans do not exceed 10% of the value of total assets.
- During its last three fiscal years, the Corporation did not: (a) issue senior securities; (b) borrow any money; (c) underwrite securities; (d) concentrate investments in particular industries or groups of industries; (e) purchase or sell real estate, commodities, or commodity contracts; or (f) make money loans or lend portfolio securities.

#### *Other Policies*

**Leverage.** When securities are loaned, the Corporation receives from the borrower the equivalent of dividends or interest paid by the issuer of securities on loan and, at the same time, makes short-term investments with the cash collateral and retains the interest earned, after payment to

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the borrower or placing broker of a negotiated portion of such interest, or receives from the borrower an agreed upon rate of interest in the case of loans collateralized by direct obligations of the United States. The Corporation does not have the right to vote securities on loan, but would expect to terminate the loan and regain the right to vote if that were considered important with respect to the investment.

**Foreign Securities.** In order to take advantage of opportunities that may be provided by debt instruments of foreign issuers, the Corporation may from time to time invest up to 3% of its assets in debt securities issued or guaranteed by a foreign government or any of its political subdivisions, authorities, agencies or instrumentalities and in related forward contracts. The Manager will determine the percentage of assets invested in securities of a particular country or denominated in a particular currency in accordance with its assessment of the relative yield and appreciation potential of such securities and the relationship of a country's currency to the US dollar. Currently, the Corporation may invest in securities denominated in foreign currencies or US dollars of issuers located in the following countries: Australia, Austria, Belgium, Canada, Denmark, France, Germany, Hong Kong, Italy, Japan, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, Thailand and the United Kingdom. An issuer of debt securities purchased by the Corporation may be domiciled in a country other than the country in whose currency the instrument is denominated.

The Corporation's returns on foreign currency denominated debt instruments can be adversely affected by changes in the relationship between the US dollar and foreign currencies. The Corporation may engage in currency exchange transactions to protect against uncertainty in the level of future exchange rates in connection with hedging and other non-speculative strategies involving specific settlement transactions or portfolio positions. The Corporation will conduct its currency exchange transactions either on a spot (i.e., cash) basis at the rate prevailing in the currency market or through forward contracts.

**Rights and Warrants.** The Corporation may not invest in rights and warrants if, at the time of acquisition, the investment in rights and warrants would exceed 5% of the Corporation's net assets, valued at the lower of cost or market. In addition, no more than 2% of net assets may be invested in warrants not listed on the New York Stock Exchange or American Stock Exchange. For purposes of this restriction, warrants acquired by the Corporation in units or attached to securities may be deemed to have been purchased without cost.

**Forward Foreign Currency Exchange Contracts.** A forward foreign currency exchange contract (or forward contract) is an agreement to purchase or sell a specific currency at a future date and at a price set at the time the contract is entered into. The Corporation will generally enter into forward foreign currency exchange contracts to fix the US dollar value of a security it has agreed to buy or sell for the period between the date the trade was entered into and the date the security is delivered and paid for, or, to hedge the US dollar value of securities it owns.

The Corporation may enter into a forward contract to sell or buy the amount of a foreign currency it believes may experience a substantial movement against the US dollar. In this case, the contract would approximate the value of some or all of the Corporation's portfolio securities denominated in such foreign currency. Under normal circumstances, the portfolio manager will limit forward currency contracts to not greater than 75% of the Corporation's portfolio position in any one country as of the date the contract is entered into. This limitation will be measured at the point the hedging transaction is entered into by the Corporation. Under extraordinary circumstances, the Manager may enter into forward currency contracts in excess of 75% of the Corporation's portfolio position in any one country as of the date the contract is entered into. The precise matching of the forward contract amounts and the value of securities involved will not generally be possible since the future value of such securities in foreign currencies will change as a consequence of market involvement in the value of those securities between the date the forward contract is entered into and the date it matures. The projection of short-term currency market movement is extremely difficult, and the successful execution of a short-term hedging strategy is highly uncertain. Under certain circumstances, the Corporation may commit up to the entire value of its assets which are denominated in foreign currencies to the consummation of these contracts. The Manager will consider the effect a substantial commitment of its assets to forward contracts would have on the investment program of the Corporation and its ability to purchase additional securities.

Except as set forth above and immediately below, the Corporation will also not enter into such forward contracts or maintain a net exposure to such contracts where the consummation of the contracts would oblige the Corporation to deliver an amount of foreign currency in excess of the value of the Corporation's portfolio securities or other assets denominated in that currency. The Corporation, in order to avoid excess transactions and transaction costs, may nonetheless maintain a net exposure to forward contracts in excess of the value of the Corporation's portfolio securities or other assets denominated in that currency provided the excess amount is covered by cash or liquid, high-grade debt securities, denominated in any currency, at least equal at all times to the amount of such excess. Under normal circumstances, consideration of the prospect for currency parties will be incorporated into the longer-term investment decisions made with regard to overall diversification strategies. However, the Manager believes that it is important to have the flexibility to enter into such forward contracts when it determines that the best interests of the Corporation will be served.

At the maturity of a forward contract, the Corporation may either sell the portfolio security and make delivery of the foreign currency, or it may retain the security and terminate its contractual obligation to deliver the foreign currency by purchasing an offsetting contract obligating it to purchase, on the same maturity date, the same amount of the foreign currency.

As indicated above, it is impossible to forecast with absolute precision the market value of portfolio securities at the expiration of the forward contract. Accordingly, it may be necessary for the Corporation to purchase additional foreign currency on the spot market (and bear the expense of such purchase) if the market value of the security is less than the amount of foreign currency the Corporation is obligated to deliver and if a decision is made to sell the security and make delivery of the foreign currency. Conversely, it may be necessary to sell on the spot market some of the foreign currency received upon the sale of the portfolio security if its market value exceeds the amount of foreign currency the Corporation is obligated to deliver. However, the Corporation may use liquid, high-grade debt securities, denominated in any currency, to cover the amount by which the value of a forward contract exceeds the value of the securities to which it relates.

If the Corporation retains the portfolio security and engages in offsetting transactions, the Corporation will incur a gain or a loss (as described below) to the extent that there has been movement in forward contract prices. If the Corporation engages in an offsetting transaction, it may subsequently enter into a new forward contract to sell the foreign currency. Should forward prices decline during the period between the Corporation's entering into a forward contract for the sale of a foreign currency and the date it enters into an offsetting contract for the purchase of the foreign currency, the Corporation will realize a gain to the extent the price of the currency it has agreed to sell exceeds the price of the currency it has agreed to purchase. Should forward prices increase, the Corporation will suffer a loss to the extent the price of the currency it has agreed to purchase exceeds the price of the currency it has agreed to sell.

The Corporation's dealing in forward foreign currency exchange contracts will be limited to the transactions described above. Of course, the Corporation is not required to enter into forward contracts with regard to its foreign currency-denominated securities and will not do so unless deemed appropriate by the Manager. It also should be realized that this method of hedging against a decline in the value of a currency does not eliminate fluctuations in the underlying prices of the securities. It simply establishes a rate of exchange at a future date. Additionally, although such contracts tend to minimize the risk of loss due to a decline in the value of a hedged currency, at the same time, they tend to limit any potential gain which might result from an increase in the value of that currency.

Stockholders should be aware of the costs of currency conversion. Although foreign exchange dealers do not charge a fee for conversion, they do realize a profit based on the difference (the spread) between the prices at which they are buying and selling various currencies. Thus, a dealer may offer to sell a foreign currency to the Corporation at one rate, while offering a lesser rate of exchange should the Corporation desire to resell that currency to the dealer.

Investment income received by the Corporation from sources within foreign countries may be subject to foreign income taxes withheld at the source. The United States has entered into tax treaties with many foreign countries which entitle the Corporation to a reduced rate of such taxes or exemption from taxes on such income. It is impossible to determine the effective rate of foreign tax in advance since the amounts of the Corporation's assets to be invested within various countries is not known.

**Options.** The Manager must seek approval of the Board of Directors to invest in any option if it is of a type the Corporation has not previously utilized. Pursuant to this policy, the Board has approved the Manager's request that the Corporation be permitted to purchase put options, call options, put spreads, call spreads and collars, and to sell covered call options (i.e., where the Corporation owns the underlying security) and covered put options (i.e., where the Corporation maintains the cash or collateral to cover the obligation created by the put). These instruments are described below.

An option is a contract that gives the holder the right to purchase (call) or sell (put) a specified security for an agreed upon price at any time before the contract's expiration date. The amount paid for an option is known as the premium, and the exercise price is known as the strike price. The purchaser of an option has the right, but not the obligation, to purchase or sell a security. The seller (or writer) of an option, conversely, has an obligation to sell or purchase a security if the option is exercised. Some options have standardized terms and are traded on securities exchanges. Others are privately negotiated and have no or only a limited trading market. Options may be used individually or in combinations (e.g., put spreads and collars) to hedge securities positions or to seek increased investment returns.

Put spreads and collars are designed to protect against a decline in value of a security an investor owns. A collar involves the purchase of a put and the simultaneous writing of a call on the same security at a higher strike price.

The put protects the investor from a decline in the price of the security below the put's strike price. The call means that the investor will not benefit from increases in the price of the stock beyond the call's strike price. In a put spread, an investor purchases a put and simultaneously writes a put on the same security at a lower strike price. This combination protects the investor against a decline in the stock price down to the lower strike price. The premium received for writing the call (in the case of a collar) or writing the put (in the case of a put spread) offsets, in whole or in part, the premium paid to purchase the put. In a call spread, an investor purchases a call and simultaneously sells a call on the same security, with the call sold having a higher strike price than the call purchased. The purchased call is designed to provide exposure to a potential increase in the value of a security an investor owns. The premium received for writing the call offsets, in part, the premium paid to purchase the corresponding call, but it also means that the investor will not benefit from increases in the price of the security beyond the sold call's strike price.

In order for a purchased put option to be profitable, the market price of the underlying security must decline sufficiently below the strike price to cover the premium and transaction costs. Conversely, in order for a purchased call option to be profitable, the market price of the underlying security must increase sufficiently above the strike price to cover the premium and transaction costs. By using options in this manner, the Corporation will reduce any profit it might have otherwise realized in the underlying security by the premium paid and by transaction costs.

Options offer large amounts of leverage, which will result in the Corporation's net asset value being more sensitive to changes in the value of the underlying security. The successful use of options depends in part on the ability of the Manager to manage future price fluctuations, and the degree of correlation between the options and the prices of the underlying securities. If the Manager is incorrect in its expectation of changes in market prices or the correlation between the instruments or indices on which such options may be written and purchased and the instruments in the Corporation's investment portfolio, the Corporation may incur losses that it would not otherwise incur. The use of options can also increase the Corporation's transaction costs. Options transactions can involve a high degree of risk, including the possibility of a total loss of the amount invested. The purchaser of an option runs the risk of losing the entire premium paid if the option expires out of the money (i.e., if the strike price for a call option is higher than the market price, or the strike price for a put option is lower than the market price). The seller of an option earns premium income but is subject to the risk of having to sell the underlying security at significantly less than its market price (or buy a security at significantly more than its market price). When options are purchased on the over-the-counter market, there is a risk that the counterparty that wrote the option will be unable to perform its obligations under the option contract. Such over-the-counter options may also be illiquid and, in such cases, the Corporation may have difficulty closing out its position, in which case the Corporation could lose money in the event of adverse price movements.

**Futures Contracts.** The Corporation may utilize index futures contracts. Futures contracts, which trade on a securities exchange, are standardized as to quantity, delivery date and settlement conditions, including specific securities acceptable for delivery against the futures contract. In the case of index futures, settlement is made in cash based on the value of a specified underlying index. More commonly, futures contracts are closed out prior to expiration by an offsetting purchase or sale. Since the counterparty to every futures contract is a securities exchange, offsetting transactions are netted to close out positions. The Corporation may incur a loss if the closing transaction occurs at an unfavorable price as compared with that of the opening trade (including transaction costs). There can be no assurance that the Corporation will be able to enter into an offsetting transaction with respect to a particular contract at a particular time. If the Corporation is not able to enter into an offsetting transaction, the Corporation will continue to be required to maintain the position, including the maintenance of margins, which could result in the Corporation incurring substantial losses.

Margin deposits must be made at the time a futures contract position is acquired. The Corporation is required to deposit in a segregated account, typically with its custodian, in the name of the futures broker through whom the transaction was effected, initial margin consisting of cash and/or other appropriate liquid assets in an amount generally equal to 10% or less of the contract value. Margin must also be deposited when writing a call or put option on a futures contract, in accordance with applicable exchange rules. Initial margin on futures contracts is returned to the Corporation at the termination of the transaction if all contractual obligations have been satisfied. Under certain circumstances, such as periods of high volatility, the Corporation may be required by a securities exchange to increase the level of its initial margin payment, and initial margin requirements might be increased generally in the future by regulatory action.

Subsequent variation margin payments are made daily to and from the futures broker as the value of the futures position varies, a process known as marking-to-market. When the Corporation purchases or sells futures contracts, it is subject to daily variation margin calls that could be substantial in the event of adverse price movements. If the Corporation has insufficient cash to meet daily variation margin requirements, it might need to sell securities at a

time when such sales are disadvantageous. Purchasers and sellers of futures positions can enter into offsetting closing transactions by selling or purchasing, respectively, an instrument identical to the instrument held or written. Under certain circumstances, exchanges upon which futures contracts trade may establish daily limits on the amount that the price of a future contract can vary from the previous day's settlement price; once that limit is reached, no trades may be made that day at a price beyond the limit. Daily price limits do not limit potential losses because prices could move to the daily limit for several consecutive days with little or no trading, thereby preventing liquidation of unfavorable positions.

If the Corporation were unable to liquidate a futures contract position, it could incur substantial losses. The Corporation would continue to be subject to market risk with respect to the position. In addition, the Corporation would continue to be required to make daily variation margin payments and might be required to maintain the position being hedged by the futures contract or to designate liquid assets on its books and records.

Certain characteristics of the futures markets might increase the risk that movements in the prices of futures contracts might not correlate perfectly with movements in the prices of the investments being hedged. For example, all participants in the futures contracts markets are subject to daily variation margin calls and might be compelled to liquidate futures contracts positions whose prices are moving unfavorably to avoid being subject to further calls. These liquidations could increase price volatility of the instruments and distort the normal price relationship between the futures or options and the investments being hedged. Also, since initial margin deposit requirements in the futures markets are less onerous than margin requirements in the securities markets, there might be increased participation by speculators in the futures markets. This participation also might cause temporary price distortions. In addition, activities of large traders in both the futures and securities markets involving arbitrage, program trading and other investment strategies might result in temporary price distortions.

The Corporation would deal only in standardized contracts on recognized exchanges. Each exchange guarantees performance under contract provisions through a clearing corporation, a nonprofit organization managed by the exchange membership.

**Options on Futures.** The Corporation may utilize options on index futures (options on futures). Options on futures are effectively options on the instrument that underlies a futures contract. A call option on a futures contract gives the holder the right to enter into a long futures contract at a fixed futures price. A put option on a futures contract gives the holder the right to enter into a short futures contract at a fixed futures price.

Purchasers and sellers of options on futures can enter into offsetting closing transactions by selling or purchasing, respectively, an offsetting option on the same futures contract. There is also risk that the Corporation may have difficulty in closing out positions in options on futures. Although the Corporation intends to close out any positions on a securities market, there can be no assurance that such a market will exist for a particular contract at a particular time.

Under certain circumstances, exchanges upon which futures are traded may establish daily limits on the amount that the price of an option on a futures contract can vary from the previous day's settlement price. Once that limit is reached, no trades may be made that day at a price beyond the limit. Daily price limits do not limit potential losses because prices could move to the daily limit for several consecutive days with little or no trading, thereby preventing liquidation of unfavorable positions held by the Corporation.

Options on futures held by the Corporation, to the extent not exercised, will expire and the Corporation would experience a loss to the extent of any premium paid for the option. If the Corporation were unable to liquidate an option on a futures contract position due to the absence of a liquid secondary market or the imposition of price limits, it could incur substantial losses. The Corporation would continue to be subject to market risk with respect to the position.

Certain characteristics of the futures market might increase the risk that movements in the prices of options on futures contracts might not correlate perfectly with movements in the prices of any exposure being hedged. For example, all participants in the options on futures markets are subject to daily variation margin calls and might be compelled to liquidate options on futures positions whose prices are moving unfavorably to avoid being subject to further calls. These liquidations could increase price volatility of the instruments and distort the normal price relationship between the futures or options and the investments being hedged. Also, because initial margin deposit requirements in the futures markets are less onerous than margin requirements in the securities markets, there might be increased participation by speculators in the futures markets. This participation also might cause temporary price distortions. In addition, activities of traders in both the futures and securities markets involving arbitrage, program trading and other investment strategies might result in temporary price distortions.



**Quantitative Model Risk.** Securities selected using quantitative methods may perform differently from the market as a whole as a result of the factors used in the quantitative method, the weight placed on each factor, and changes in the factors historical trends. The quantitative methodology employed by the Manager has been extensively tested using historical securities market data, but has only recently begun to be used to manage investment companies. There can be no assurance that the methodology will enable the Corporation to achieve its objective.

**Equity-Linked Securities.** The Corporation may invest up to 10% of its assets in equity-linked securities (each, an ELS) as part of its overall investment strategy. An ELS is a debt instrument whose value is based on the value of a single equity security, basket of equity securities or an index of equity securities (each, an Underlying Equity). An ELS typically provides interest income, thereby offering a yield advantage over investing directly in an Underlying Equity. However, the holder of an ELS typically does not benefit from all appreciation in the Underlying Equity, but generally is exposed to downside market risk. The Corporation may purchase ELSs that trade on a securities exchange or those that trade on the over-the-counter markets, including Rule 144A securities. The Corporation may also purchase ELSs in a privately negotiated transaction with the issuer of the ELSs (or its broker-dealer affiliate, collectively referred to in this section as the issuer). The Corporation may or may not hold an ELS until its maturity.

Investments in ELSs subject the Corporation to risks, primarily to the downside market risk associated with the Underlying Equity, and to additional risks not typically associated with investments in listed equity securities, such as liquidity risk, credit risk of the issuer, and concentration risk. Most ELSs do not have any downside protection (though some ELSs provide for a floor on the downside). In general, an investor in an ELS has the same downside risk as an investor in the Underlying Equity. The liquidity of an ELS that is not actively traded on an exchange is linked to the liquidity of the Underlying Equity. The issuer of an ELS generally purchases the Underlying Equity as a hedge. If the Corporation wants to sell an ELS back to the issuer prior to its maturity, the issuer may sell the Underlying Equity to unwind the hedge and, therefore, must take into account the liquidity of the Underlying Equity in negotiating the purchase price the issuer will pay to the Corporation to acquire the ELS.

The liquidity of unlisted ELSs is normally determined by the willingness of the issuer to make a market in the ELS. While the Corporation will seek to purchase ELSs only from issuers that it believes to be willing to, and capable of, repurchasing the ELS at a reasonable price, there can be no assurance that the Corporation will be able to sell any ELS at such a price or at all. This may impair the Corporation's ability to enter into other transactions at a time when doing so might be advantageous. In addition, because ELSs are senior unsecured notes of the issuer, the Corporation would be subject to the credit risk of the issuer and the potential risk of being too concentrated in the securities (including ELSs) of that issuer. The Corporation bears the risk that the issuer may default on its obligations under the ELS. In the event of insolvency of the issuer, the Corporation will be unable to obtain the intended benefits of the ELS. Moreover, it may be difficult to obtain market quotations for purposes of valuing the Corporation's ELSs and computing the Corporation's net asset value.

Price movements of an ELS will likely differ significantly from price movements of the Underlying Equity, resulting in the risk of loss if the Manager is incorrect in its expectation of fluctuations in securities prices, interest rates or currency prices or other relevant features of an ELS.

#### *Portfolio Turnover*

The Corporation's portfolio turnover rates for the years ended December 31, 2008 and 2007 were 111.03% and 123.02%, respectively.

## **DIRECTORS AND OFFICERS**

#### *Board Members and Officers*

Stockholders elect a Board that oversees the Corporation's operations. The Board appoints officers who are responsible for day-to-day business decisions based on policies set by the Board.

On November 7, 2008, RiverSource Investments, a wholly-owned subsidiary of Ameriprise Financial, announced the closing of its Acquisition of Seligman. With the Acquisition completed and stockholders having previously elected (at a special meeting held on October 7, 2008) ten new directors (collectively, the New Board Members), the New Board Members took office on November 7, 2008. The New Board Members are Kathleen Blatz, Arne H. Carlson, Pamela G. Carlson, Patricia M. Flynn, Anne P. Jones, Jeffrey Laikind, Stephen R. Lewis, Jr. (Chairman),

Catherine James Paglia, Alison Taunton-Rigby and William F. Truscott. The New Board Members also became directors/trustees of the other funds in the Seligman funds in November 2008 and also serve as directors/trustees of the other funds in the RiverSource Family of Funds. Leroy C. Richie and John F. Maher, who were members of the Corporation's Board prior to November 7, 2008, have continued to serve on the Board after the Acquisition, resulting in an overall increase from ten directors to 12 directors of the Corporation. Messrs. Maher and Richie also serve on the boards of the other funds in the RiverSource Family of Funds (which now includes the Corporation and the Seligman funds).

Information with respect to the members of the Board is shown below. Each member oversees 162 portfolios in the fund complex managed by RiverSource Investments, which includes 58 Seligman funds and 104 RiverSource funds, RiverSource Partners funds and Threadneedle funds. Board members serve until the next regular stockholders' meeting or until he or she reaches the mandatory retirement age established by the Board.

**Independent Board Members**

| <b>Name, Address, Age</b>   | <b>Position with Corporation and Length of Time Served</b> | <b>Principal Occupation During Last Five Years</b>   | <b>Other Directorships</b>                     | <b>Committee Memberships</b>  |
|---|--|--|--|---|
| Kathleen Blatz<br>901 S. Marquette Ave.<br>Minneapolis, MN 55402<br>Age 54    | Board member since November 7, 2008                        | Attorney; Chief Justice, Minnesota Supreme Court, 1998-2006  | Other funds in the RiverSource Family of Funds | Board Governance, Compliance, Investment Review, Audit                |
| Arne H. Carlson<br>901 S. Marquette Ave.<br>Minneapolis, MN 55402<br>Age 74   | Board member since November 7, 2008                        | Chair, RiverSource Funds, 1999-2006; former Governor of Minnesota  | Other funds in the RiverSource Family of Funds | Board Governance, Compliance, Contracts, Executive, Investment Review |
| Pamela G. Carlton<br>901 S. Marquette Ave.<br>Minneapolis, MN 55402<br>Age 54 | Board member since November 7, 2008                        | President, Springboard-Partners in Cross Cultural Leadership (consulting company)  | Other funds in the RiverSource Family of Funds | Distribution, Investment Review, Audit                                |
| Patricia M. Flynn<br>901 S. Marquette Ave.<br>Minneapolis, MN 55402<br>Age 58 | Board member since November 7, 2008                        | Trustee Professor of Economics and Management, Bentley University; Former Dean, McCallum Graduate School of Business, Bentley University | Other funds in the RiverSource Family of Funds | Board Governance, Contracts, Investment Review                        |
| Anne P. Jones<br>901 S. Marquette Ave.  | Board member since November 7, 2008                        | Attorney and Consultant  | Other funds in the RiverSource Family of Funds | Board Governance, Compliance, Executive, Investment Review, Audit     |

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Age 74

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| Jeffrey Laikind, CFA | Board member since November 7, 2008 | Former Managing Director, Shikiar Asset Management | American Progressive Insurance; other funds in the RiverSource Family of Funds | Distribution, Executive, Investment Review, Audit |
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901 S. Marquette Ave.

Minneapolis, MN 55402

Age 73

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| Stephen R. Lewis, Jr. | Board member and Chair of Board since November 7, 2008 | President Emeritus and Professor of Economics, Carleton College | Valmont Industries, Inc. (manufactures irrigation systems); other funds in the RiverSource Family of Funds | Board Governance, Compliance, Contracts, Executive, Investment Review |
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901 S. Marquette Ave.

Minneapolis, MN 55402

Age 70

|               |                         |   |  |  |
|---------------|-------------------------|---|--|--|
| John F. Maher | Board member since 2006 | Retired President and Chief Executive Officer and former Director, Great Western Financial Corporation (financial services), 1986-1997. | Other funds in the RiverSource Family of Funds | Distribution, Investment Review, Audit |
|---------------|-------------------------|---|--|--|

901 S. Marquette Ave.

Minneapolis, MN 55402

Age 65

**Independent Board Members**

| <b>Name, Address, Age</b>  | <b>Position with Corporation and Length of Time Served</b> | <b>Principal Occupation During Last Five Years</b>   | <b>Other Directorships</b>   | <b>Committee Memberships</b>  |
|--|--|--|--|---|
| Catherine James Paglia<br>901 S. Marquette Ave.<br>Minneapolis, MN 55402<br>Age 56 | Board member since November 7, 2008                        | Director, Enterprise Asset Management, Inc. (private real estate and asset management company)   | Other funds in the RiverSource Family of Funds   | Board Governance, Compliance, Contracts, Executive, Investment Review |
| Leroy C. Richie<br>901 S. Marquette Ave.<br>Minneapolis, MN 55402<br>Age 66        | Board member since 2000                                    | Counsel, Lewis & Munday, P.C. (law firm) since 1987; and Vice President and General Counsel, Automotive Legal Affairs, Chrysler Corporation, 1990-1997 | Digital Ally, Inc., (digital imaging); Infinity, Inc. (oil and gas exploration and production); and OGE Energy Corp., (energy and energy services); other funds in the RiverSource Family of Funds | Contracts, Distribution, Investment Review                            |
| Alison Taunton-Rigby<br>901 S. Marquette Ave.<br>Minneapolis, MN 55402<br>Age 65   | Board member since November 7, 2008                        | Chief Executive Officer and Director, RiboNovix, Inc. since 2003 (biotechnology); former President, Forester Biotech                                   | Idera Pharmaceuticals, Inc. (biotechnology);<br><br>Healthways, Inc. (health management programs); other funds in the RiverSource Family of Funds  | Contracts, Distribution, Executive, Investment Review                 |

**Board Member Affiliated With RiverSource Investments\***

| <b>Name, Address, Age</b> | <b>Position with Corporation and Length of Time Served</b> | <b>Principal Occupation During Last Five Years</b>   | <b>Other Directorships</b>                     | <b>Committee Memberships</b> |
|---------------------------|--|--|--|------------------------------|
| William F. Truscott       | Board member and Vice President since November 7, 2008     | President U.S. Asset Management and Chief Investment Officer, Ameriprise Financial, Inc. since 2005; | Other funds in the RiverSource Family of Funds | None                         |

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53600 Ameriprise Financial  
Center

Minneapolis, MN 55474

Age 48

President, Chairman of the Board and Chief Investment Officer, RiverSource Investments, LLC since 2001; Director, President and Chief Executive Officer, Ameriprise Certificate Company since 2006; Chairman of the Board and Chief Executive Officer, RiverSource Distributors, Inc. since 2006 and of RiverSource Fund Distributors, Inc. since 2008; and Senior Vice President Chief Investment Officer, Ameriprise Financial, Inc., 2001-2005

\* Interested person by reason of being an officer, director, security holder and/or employee of RiverSource Investments and Ameriprise Financial.

The Board has appointed officers who are responsible for day-to-day business decisions based on policies it has established. The officers serve at the pleasure of the Board. In addition to Mr. Truscott, who is a Vice President, the other officers are:

**Fund Officers**

| Name, Address, Age   | Position with Corporation and Length of Time Served*  | Principal Occupation During Last Five Years  |
|--|---|--|
| <p>Patrick T. Bannigan</p> <p>172 Ameriprise Financial Center</p> <p>Minneapolis, MN 55474</p> <p>Age 43</p> | <p>President since November 7, 2008</p>   | <p>Director and Senior Vice President Asset Management, Products and Marketing, RiverSource Investments, LLC and; Director and Vice President Asset Management, Products and Marketing, RiverSource Distributors, Inc. since 2006 and of RiverSource Fund Distributors, Inc. since 2008; Managing Director and Global Head of Product, Morgan Stanley Investment Management, 2004-2006; President, Touchstone Investments, 2002-2004</p>   |
| <p>Michelle M. Keeley</p> <p>172 Ameriprise Financial Center</p> <p>Minneapolis, MN 55474</p> <p>Age 45</p>  | <p>Vice President since November 7, 2008</p>  | <p>Executive Vice President Equity and Fixed Income, Ameriprise Financial, Inc. and RiverSource Investments, LLC since 2006; Vice President Investments, Ameriprise Certificate Company since 2003; Senior Vice President Fixed Income, Ameriprise Financial, Inc., 2002-2006 and RiverSource Investments, LLC, 2004-2006</p>  |
| <p>Amy K. Johnson</p> <p>172 Ameriprise Financial Center</p> <p>Minneapolis, MN 55474</p> <p>Age 43</p>      | <p>Vice President since November 7, 2008</p>  | <p>Chief Administrative Officer, RiverSource Investments, LLC since 2009; Vice President Asset Management and Trust Company Services, RiverSource Investments, LLC, 2006-2009; Vice President Operations and Compliance, RiverSource Investments, LLC, 2004-2006; Director of Product Development Mutual Funds, Ameriprise Financial, Inc., 2001-2004</p>  |
| <p>Scott R. Plummer</p> <p>172 Ameriprise Financial Center</p> <p>Minneapolis, MN 55474</p> <p>Age 49</p>    | <p>Vice President, General Counsel and Secretary since November 7, 2008</p>   | <p>Vice President and Chief Counsel Asset Management, Ameriprise Financial, Inc. since 2005; Chief Counsel, RiverSource Distributors, Inc. and Chief Legal Officer and Assistant Secretary, RiverSource Investments, LLC since 2006; Chief Counsel, RiverSource Fund Distributors, Inc. since 2008; Vice President, General Counsel and Secretary, Ameriprise Certificate Company since 2005; Vice President Asset Management Compliance, Ameriprise Financial, Inc., 2004-2005; Senior Vice President and Chief Compliance Officer, USBancorp Asset Management, 2002-2004</p> |
| <p>Lawrence P. Vogel</p> <p>100 Park Avenue, New York, NY 10017</p> <p>Age 52</p>                            | <p>Treasurer since 2000</p>   | <p>Vice President, Managed Assets, Investment Accounting of Ameriprise Financial, Inc. since 2009; Treasurer, Seligman Data Corp. since 2000. Senior Vice President, Investment Companies, J. &amp; W. Seligman &amp; Co. Incorporated, 992-2008; former Vice President of the Seligman funds</p>  |
| <p>Eleanor T.M. Hoagland</p> <p>100 Park Avenue, New York, NY 10017</p> <p>Age 57</p>                        | <p>Chief Compliance Officer since 2004; Money Laundering Prevention Officer and Identity Theft Prevention Officer since</p> | <p>Chief Compliance Officer, RiverSource Investments, LLC and Kenwood Capital Management LLC since 2009; Chief Compliance Officer for each of the Seligman funds since 2004 and all funds in the RiverSource Family of Funds, Ameriprise Certificate Company, Seligman Data Corp. and RiverSource Service Corporation since 2009; Money Laundering Prevention Officer and Identity Theft Prevention</p>  |

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|      |   |
|------|---|
| 2008 | Officer for each of the Seligman funds since 2008; and Managing Director, J. & W. Seligman & Co. Incorporated, and Vice-President for each of the Seligman funds, 2004-2008 |
|------|---|

\* All officers are elected annually by the Board of Directors and serve until their successors are elected and qualify or their earlier resignation.

### **Board Committees**

The Board initially approved the Management Agreement and other contracts with the Manager and its affiliates, and other service providers. The Management Agreement was also approved by Stockholders at a special meeting held on October 7, 2008. Once the contracts are approved, the Board monitors the level and quality of services including commitments of service providers to achieve expected levels of investment performance and stockholder services. In addition, the Board oversees that processes are in place to assure compliance with applicable rules, regulations and investment policies and addresses possible conflicts of interest. Annually, the Board evaluates the services received under the contracts by receiving reports covering investment performance, stockholder services, marketing, and the Manager's profitability in order to determine whether to continue existing contracts or negotiate new contracts.

The Board of Directors met 20 times during the year ended December 31, 2008, which includes 18 meetings by the Board as constituted prior to the Acquisition of Seligman and 2 meetings by the Board as currently constituted. As of November 7, 2008, the Board has organized the following standing committees to facilitate its work (accordingly,

no committee meetings have been held prior to such date): Board Governance Committee, Compliance Committee, Contracts Committee, Distribution Committee, Executive Committee, Investment Review Committee and Audit Committee. These Committees are comprised solely of Directors who are not interested persons of the Corporation as that term is defined in the 1940 Act (i.e., they are independent directors). The table above describing each Director also includes their respective committee memberships. The duties of these committees are described below.

Mr. Lewis, as Chairman of the Board, acts as a point of contact between the independent Directors and the Manager between Board meetings in respect of general matters.

*Board Governance Committee.* Recommends to the Board the size, structure and composition of the Board and its committees; the compensation to be paid to members of the Board; and a process for evaluating the Board's performance. The committee also makes recommendations to the Board regarding responsibilities and duties of the Board, oversees proxy voting and supports the work of the Chairman of the Board in relation to furthering the interests of the Corporation and other funds in the RiverSource Family of Funds and their shareholders on external matters. The members of this committee are not interested persons as that term is defined in the 1940 Act. The committee, which operates pursuant to a written charter, also reviews candidates for Board membership, including candidates recommended by stockholders. This committee met 11 times during the year ended December 31, 2008, which includes, prior to the Acquisition of Seligman, 7 meetings by the Corporation's then-existing Board Operations Committee and 3 meetings by the Corporation's the existing Director Nominating Committee, each of which performed functions similar to the Board Governance Committee, which met 1 time during the period after the Acquisition of Seligman.

To be considered as a candidate for director, recommendations must include a curriculum vitae and be mailed to the Chairman of the Board, RiverSource Family of Funds, 901 Marquette Avenue South, Suite 2810, Minneapolis, MN 55402-3268. To be timely for consideration by the committee, the submission, including all required information, must be submitted in writing not less than 120 days before the date of the proxy statement for the previous year's annual meeting of Stockholders. The committee will consider only one candidate submitted by such a Stockholder or group for nomination for election at an annual meeting of Stockholders. The committee will not consider self-nominated candidates or candidates nominated by members of a candidate's family, including such candidate's spouse, children, parents, uncles, aunts, grandparents, nieces and nephews. Stockholders who wish to submit a candidate for nomination directly to the Corporation's stockholders must follow the procedures described in the Corporation's Bylaws, as posted to the website [www.tricontinental.com](http://www.tricontinental.com).

The committee will consider and evaluate candidates submitted by the nominating stockholder or group on the basis of the same criteria as those used to consider and evaluate candidates submitted from other sources. The committee may take into account a wide variety of factors in considering Director candidates, including (but not limited to): (i) the candidate's knowledge in matters relating to the investment company industry; (ii) any experience possessed by the candidate as a director or senior officer of other public or private companies; (iii) the candidate's educational background; (iv) the candidate's reputation for high ethical standards and personal and professional integrity; (v) any specific financial, technical or other expertise possessed by the candidate, and the extent to which such expertise would complement the Board's existing mix of skills and qualifications; (vi) the candidate's perceived ability to contribute to the ongoing functions of the Board, including the candidate's ability and commitment to attend meetings regularly, work collaboratively with other members of the Board and carry out his or her duties in the best interests of the Corporation; (vii) the candidate's ability to qualify as an independent director; and (viii) such other criteria as the committee determines to be relevant in light of the existing composition of the Board and any anticipated vacancies or other factors.

*Compliance Committee.* This committee supports the Corporation's maintenance of a strong compliance program by providing a forum for independent Board members to consider compliance matters impacting the Corporation or its key service providers; developing and implementing, in coordination with the Corporation's Chief Compliance Officer (CCO), a process for the review and consideration of compliance reports that are provided to the Board; and providing a designated forum for the Corporation's CCO to meet with independent Board members on a regular basis to discuss compliance matters. This committee met 8 times during the year ended December 31, 2008, which includes, prior to the Acquisition of Seligman, 7 meetings by the Corporation's then existing Board of Directors, which performed functions similar to the Compliance Committee, which met 1 time during the period after the Acquisition of Seligman.

*Contracts Committee.* This committee reviews and oversees the contractual relationships with service providers and receives and analyzes reports covering the level and quality of services provided under contracts with the



Corporation. It also advises the Board regarding actions taken on these contracts during the annual review process. This committee met 8 times during the year ended December 31, 2008, which includes, prior to the Acquisition of Seligman, 7 meetings by the Corporation's then existing Board Operations Committee, which performed functions similar to the Contracts Committee, which met 1 time during the period after the Acquisition of Seligman.

*Distribution Committee.* This committee reviews and supports product development, marketing, sales activity and practices related to the Corporation, and reports to the Board as appropriate. This committee met 8 times during the year ended December 31, 2008, which includes, prior to the Acquisition of Seligman, 7 meetings by the Corporation's then existing Board of Directors, which performed functions similar to the Distribution Committee, which met 1 time during the period after the Acquisition of Seligman.

*Executive Committee.* This committee acts for the Board between meetings of the Board. This committee did not meet during the year ended December 31, 2008.

*Investment Review Committee.* This committee reviews and oversees the management of the Corporation's assets and considers investment management policies and strategies; investment performance; risk management techniques; and securities trading practices and reports areas of concern to the Board. This committee met 8 times during the year ended December 31, 2008, which includes, prior to the Acquisition of Seligman, 7 meetings by the Corporation's then existing Board of Directors, which performed functions similar to the Investment Review Committee, which met 1 time during the period after the Acquisition of Seligman.

*Audit Committee.* This committee oversees the accounting and financial reporting processes of the Corporation and internal controls over financial reporting and oversees the quality and integrity of the Corporation's financial statements and independent audits as well as the Corporation's compliance with legal and regulatory requirements relating to the Corporation's accounting and financial reporting, internal controls over financial reporting and independent audits. The committee also makes recommendations regarding the selection of the Corporation's independent registered public accounting firm and reviews and evaluates the qualifications, independence and performance of such firm. This committee operates pursuant to a written charter, a copy of which is available at the Corporation's website, [www.tricontinental.com](http://www.tricontinental.com). The members of this committee are independent as required by applicable listing standards of the New York Stock Exchange. The report of the Audit Committee, as approved by the Board on February 18, 2009, is attached to this Proxy Statement as Appendix 1. This committee met 5 times during the year ended December 31, 2008, which includes 4 meetings by the audit committee as constituted prior to the Acquisition of Seligman and 1 meeting by the Audit Committee as currently constituted.

#### Procedures for Communications to the Board of Directors

The Board of Directors has adopted a process for Stockholders to send communications to the Board. To communicate with the Board of Directors or an individual Director, a Stockholder must send written communications to Board Services Corporation, 901 Marquette Avenue South, Minneapolis, Minnesota 55402, addressed to the Board of Directors of Tri-Continental Corporation or the individual Director. All Stockholder communications received in accordance with this process will be forwarded to the Board of Directors or the individual Director. Consistent with the Corporation's policy, each member of the Board of Directors will be encouraged to attend this year's Annual Meeting of Stockholders. Only two of the twelve current Directors were Directors at the time of the Corporation's 2008 Annual Meeting of Stockholders, and those two Directors did not attend that Annual Meeting.

#### Beneficial Ownership of Shares

As of December 31, 2008, the Directors beneficially owned shares in the Corporation and the RiverSource Family of Funds (which include the Seligman funds and the Corporation) as follows:

| Name                             | Dollar Range of Corporation Shares | Aggregate Dollar Range of Shares                                |
|----------------------------------|------------------------------------|---|
|                                  | Owned By Director                  | Owned by Director/Trustee in the RiverSource Family of Funds(*) |
| <b>INDEPENDENT BOARD MEMBERS</b> |                                    |   |
| Kathleen Blatz                   | \$1-\$10,000                       | Over \$100,000  |
| Arne H. Carlson                  | \$1-\$10,000                       | Over \$100,000  |
| Pamela G. Carlton                | \$1-\$10,000                       | \$50,001-\$100,000  |
| Patricia M. Flynn                | \$1-\$10,000                       | Over \$100,000  |
| Anne P. Jones                    | \$1-\$10,000                       | Over \$100,000  |
| Jeffrey Laikind                  | \$1-\$10,000                       | Over \$100,000  |



|                        |                   |                |
|------------------------|-------------------|----------------|
| Stephen R. Lewis, Jr.  | \$1-\$10,000      | Over \$100,000 |
| John F. Maher          | \$10,001-\$50,000 | Over \$100,000 |
| Catherine James Paglia | \$1-\$10,000      | Over \$100,000 |
| Leroy C. Richie        | Over \$100,000    | Over \$100,000 |
| Alison Taunton-Rigby   | \$1-\$10,000      | Over \$100,000 |

**AFFILIATE BOARD MEMBERS**

|                     |              |                |
|---------------------|--------------|----------------|
| William F. Truscott | \$1-\$10,000 | Over \$100,000 |
|---------------------|--------------|----------------|

\* Total includes deferred compensation invested in share equivalents.

*Compensation Table*

The New Board Members became Directors of the Corporation and substantially all of the Seligman-branded funds effective November 7, 2008 at the completion of RiverSource Investments' Acquisition of Seligman. For the year ended December 31, 2008, any compensation received by the New Board Members from the Corporation (and other Seligman-branded funds) would relate to the period of November 7, 2008 through December 31, 2008. Only Messrs. Maher and Richie were Directors of the Corporation (and other Seligman-branded funds) during the entire year ended December 31, 2008. Messrs. Maher and Richie became directors of the other funds in the RiverSource Family of Funds on December 10, 2008 and November 12, 2008, respectively. Total Directors' fees paid by the Corporation to the current independent Directors for the year ended December 31, 2008 were as follows (this amount does not reflect fees paid to former directors who resigned in the fourth quarter of 2008):

| Name                       | Aggregate<br>Compensation<br>from Corporation | Pension or<br>Retirement Benefits<br>Accrued as Part of<br>Corporation Expenses | Total compensation<br>from Corporation and<br>RiverSource<br>Family<br>of Funds Paid to<br>Directors (1) |
|----------------------------|---|---|--|
| Kathleen Blatz             | \$ 574  | N/A   | \$ 177,500   |
| Arne H. Carlson            | 574   | N/A   | 180,000  |
| Pamela G. Carlton          | 527   | N/A   | 165,000  |
| Patricia M. Flynn (2)      | 290   | N/A   | 167,500  |
| Anne P. Jones              | 574   | N/A   | 177,500  |
| Jeffrey Laikind            | 526   | N/A   | 165,000  |
| Stephen R. Lewis, Jr. (2)  | 948   | N/A   | 400,000  |
| John F. Maher (2)          | 17,196  | N/A   | 89,450   |
| Catherine James Paglia (2) | 57  | N/A   | 170,000  |
| Leroy C. Richie            | 19,356  | N/A   | 116,366  |
| Alison Taunton-Rigby       | 526   | N/A   | 167,500  |

- (1) At December 31, 2008, the Directors had oversight responsibilities for 163 investment companies, including the Corporation.  
(2) Ms. Flynn, Mr. Lewis, Mr. Maher and Ms. Paglia elected to defer a portion of the total compensation payable during the period in the amount of \$82,208, \$60,000, \$77,825 and \$166,667, respectively.

The independent Board members determine the amount of compensation that they receive, including the amount paid to the Chairman of the Board. In determining compensation for the independent Board members, the independent Board members take into account a variety of factors including, among other things, their collective significant work experience (e.g., in business and finance, government or academia). The independent Board members also recognize that these individuals' advice and counsel are in demand by other organizations, that these individuals may reject other opportunities because the time demands of their duties as independent Board members, and that they undertake significant legal responsibilities. The independent Board members also consider the compensation paid to independent board members of other mutual fund complexes of comparable size. In determining the compensation paid to the Chairman, the independent Board members take into account, among other things, the Chairman's significant additional responsibilities (e.g., setting the agenda for Board meetings, communicating or meeting regularly with the Corporation's CCO, counsel to the independent Board members, and the Corporation's service providers) which result in a significantly greater time commitment required of the Chairman. The Chairman's compensation, therefore, has generally been set at a level between 2.5 and 3 times the level of compensation paid to other independent Board members.

The independent Board members are paid an annual retainer of \$95,000. Committee and subcommittee chairs each receive an additional annual retainer of \$5,000. In addition, independent Board members are paid the following fees for attending Board and committee meetings: \$5,000 per day of in-person Board meetings and \$2,500 per day of in-person committee or sub-committee meetings (if such meetings are not held on the same day as a Board meeting). Independent Board members are not paid for special meetings conducted by telephone. The Board's Chairman will receive total annual cash compensation of \$400,000. The fees payable to the Chairman as well as the other fees described above that are payable to the other independent directors are the aggregate fees paid by all of the funds in the RiverSource Family of Funds, including the Corporation.

The independent Board members may elect to defer payment of up to 100% of the compensation they receive in accordance with a Deferred Compensation Plan (the "Deferred Plan"). Under the Deferred Plan, a Board member may elect to have his or her deferred compensation treated as if they had been invested in shares of one or more RiverSource Family of Funds, and the amount paid to the Board member under the Deferred Plan will be determined based on the performance of such investments. Distributions may be taken in a lump sum or over a period of years. The Deferred Plan will remain unfunded for federal income tax purposes under the Internal Revenue Code of 1986, as amended. It is anticipated that deferral of Board member compensation in accordance with the Deferred Plan will have, at most, a negligible impact on the Corporation's assets and liabilities.

#### *Code of Ethics*

The funds in the RiverSource Family of Funds (which includes the Corporation and the Seligman mutual funds), RiverSource Investments, and the distributor, have each adopted a Code of Ethics (collectively, the "Codes") and related procedures reasonably designed to prevent violations of Rule 204A-1 under the Investment Advisers Act of 1940 and Rule 17j-1 under the 1940 Act. The Codes contain provisions reasonably necessary to prevent a fund's



access persons from engaging in any conduct prohibited by paragraph (b) of Rule 17j-1, which indicates that it is unlawful for any affiliated person or principal underwriter for a fund, or any affiliated person of an investment adviser or principal underwriter for a fund, in connection with the purchase or sale, directly or indirectly, by the person of a security held or to be acquired by a fund (i) to employ any device, scheme or artifice to defraud a fund; (ii) to make any untrue statement of a material fact to a fund or omit to state a material fact necessary in order to make the statements made to a fund, in light of the circumstances under which they are made, not misleading; (iii) to engage in any act, practice or course of business that operates or would operate as a fraud or deceit on a fund; or (iv) to engage in any manipulative practice with respect to a fund. The Codes prohibit affiliated personnel from engaging in personal investment activities that compete with or attempt to take advantage of planned portfolio transactions for the fund.

A copy of the Code of Ethics is on public file with the SEC and can be reviewed and copied at the SEC's Public Reference Room in Washington, DC. The information on the operation of the SEC's Public Reference Room may be obtained by calling the SEC at 1-202-942-8090. A copy of the Code of Ethics is also available on the EDGAR Database on the SEC's Internet site at [www.sec.gov](http://www.sec.gov). Copies of the Code of Ethics may also be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Section, Washington, DC 20549-0102.

#### *Proxy Voting Policies*

### **General Guidelines, Policies and Procedures**

The funds in the RiverSource Family of Funds, which includes the Corporation, uphold a long tradition of supporting sound and principled corporate governance. The Board, which consists of a majority of independent Board members, determines policies and votes proxies. The funds' investment manager, RiverSource Investments, and the funds' administrator, Ameriprise Financial, provide support to the Board in connection with the proxy voting process.

#### **General Guidelines**

**Corporate Governance Matters** The Board supports proxy proposals that it believes are tied to the interests of shareholders and votes against proxy proposals that appear to entrench management. For example:

The Board generally votes in favor of proposals for an independent chairman or, if the chairman is not independent, in favor of a lead independent director.

The Board supports annual election of all directors and proposals to eliminate classes of directors.

In a routine election of directors, the Board will generally vote with management's recommendations because the Board believes that management and nominating committees of independent directors are in the best position to know what qualifications are required of directors to form an effective board. However, the Board will generally vote against a nominee who has been assigned to the audit, compensation, or nominating committee if the nominee is not independent of management based on established criteria. The Board will also withhold support for any director who fails to attend 75% of meetings or has other activities that appear to interfere with his or her ability to commit sufficient attention to the company and, in general, will vote against nominees who are determined to have been involved in options backdating.

The Board generally supports proposals requiring director nominees to receive a majority of affirmative votes cast in order to be elected to the board, and opposes cumulative voting based on the view that each director elected should represent the interests of all shareholders.

Votes in a contested election of directors are evaluated on a case-by-case basis. In general, the Board believes that incumbent management and nominating committees, with access to more and better information, are in the best position to make strategic business decisions.

However, the Board will consider an opposing slate if it makes a compelling business case for leading the company in a new direction.

**Shareholder Rights Plans** The Board generally supports shareholder rights plans based on a belief that such plans force uninvited bidders to negotiate with a company's board. The Board believes these negotiations allow time for the company to maximize value for shareholders by forcing a higher premium from a bidder, attracting a better bid from a competing bidder or allowing the company to pursue its own strategy for

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enhancing shareholder value. The Board supports proposals to submit shareholder rights plans to shareholders and supports limiting the vote required for approval of such plans to a majority of the votes cast.

**Auditors** The Board values the independence of auditors based on established criteria. The Board supports a reasonable review of matters that may raise concerns regarding an auditor's service that may cause the Board to vote

against a management recommendation, including, for example, auditor involvement in significant financial restatements, options backdating, material weaknesses in control, attempts to limit auditor liability or situations where independence has been compromised.

**Stock Option Plans and Other Management Compensation Issues** The Board expects company management to give thoughtful consideration to providing competitive long-term employee incentives directly tied to the interest of shareholders. The Board votes against proxy proposals that it believes dilute shareholder value excessively. The Board believes that equity compensation awards can be a useful tool, when not abused, for retaining employees and giving them incentives to engage in conduct that will improve the performance of the company. In this regard, the Board generally favors minimum holding periods of stock obtained by senior management pursuant to an option plan and will vote against compensation plans for executives that it deems excessive.

**Social and Corporate Policy Issues** The Board believes proxy proposals should address the business interests of the corporation. Shareholder proposals sometime seek to have the company disclose or amend certain business practices based purely on social or environmental issues rather than compelling business arguments. In general, the Board recognizes our fund shareholders are likely to have differing views of social and environmental issues and believes that these matters are primarily the responsibility of a company's management and its board of directors.

### **Policies and Procedures**

The policy of the Board is to vote all proxies of the companies in which a fund holds investments. Because of the volume and complexity of the proxy voting process, including inherent inefficiencies in the process that are outside the control of the Board or the Proxy Team (below), not all proxies may be voted. The Board has implemented policies and procedures that have been reasonably designed to vote proxies and to ensure that there are no conflicts between interests of a fund's shareholders and those of the funds' principal underwriters, RiverSource Investments, or other affiliated persons. In exercising its proxy voting responsibilities, the Board may rely upon the research or recommendations of one or more third party service providers.

The administration of the proxy voting process is handled by the RiverSource Proxy Administration Team ( Proxy Team ). In exercising its responsibilities, the Proxy Team may rely upon one or more third party service providers. The Proxy Team assists the Board in identifying situations where its guidelines do not clearly require a vote in a particular manner and assists in researching matters and making voting recommendations. RiverSource Investments may recommend that a proxy be voted in a manner contrary to the Board's guidelines. In making recommendations to the Board about voting on a proposal, the Manager relies on its own investment personnel (or the investment personnel of a fund's subadviser(s)) and information obtained from an independent research firm. The Manager makes the recommendation in writing. The process requires that Board members who are independent from the Manager consider the recommendation and decide how to vote the proxy proposal or establish a protocol for voting the proposal.

On an annual basis, or more frequently as determined necessary, the Board reviews recommendations to revise the existing guidelines or add new guidelines. Recommendations are based on, among other things, industry trends and the frequency that similar proposals appear on company ballots.

The Board considers management's recommendations as set out in the company's proxy statement. In each instance in which a fund votes against management's recommendation (except when withholding votes from a nominated director), the Board sends a letter to senior management of the company explaining the basis for its vote. This permits both the company's management and the Board to have an opportunity to gain better insight into issues presented by the proxy proposal(s).

**Voting in Countries Outside the United States (Non-U.S. Countries)** Voting proxies for companies not domiciled in the United States may involve greater effort and cost due to the variety of regulatory schemes and corporate practices. For example, certain non-U.S. countries require securities to be blocked prior to a vote, which means that the securities to be voted may not be traded within a specified number of days before the shareholder meeting. The Board typically will not vote securities in non-U.S. countries that require securities to be blocked as the need for liquidity of the securities in the funds will typically outweigh the benefit of voting. There may be additional costs associated with voting in non-U.S. countries such that the Board may determine that the cost of voting outweighs the potential benefit.

**Securities on Loan** The Board will generally refrain from recalling securities on loan based upon its determination that the costs and lost revenue to the funds, combined with the administrative effects of recalling the



securities, generally outweigh the benefit of voting the proxy. While neither the Board nor the funds administrator assesses the economic impact and benefits of voting loaned securities on a case-by-case basis, situations may arise where the Board requests that loaned securities be recalled in order to vote a proxy. In this regard, if a proxy relates to matters that may impact the nature of a company, such as a proposed merger or acquisition, and the funds ownership position is more significant, the Board has established a guideline to direct the funds administrator to use its best efforts to recall such securities based upon its determination that, in these situations, the benefits of voting such proxies generally outweigh the costs or lost revenue to the funds, or any potential adverse administrative effects to the funds, of not recalling such securities.

**Investment in Affiliated Funds** Certain funds may invest in shares of other Seligman funds (referred to in this context as underlying funds) and may own substantial portions of these underlying funds. The proxy policy of the funds is to ensure that direct public shareholders of underlying funds control the outcome of any shareholder vote. To help manage this potential conflict of interest, recognizing that the direct public shareholders of these underlying funds may represent only a minority interest, the policy of the funds is to vote proxies of the underlying funds in the same proportion as the vote of the direct public shareholders. If there are no direct public shareholders of an underlying fund, the policy is to cast votes in accordance with instructions from the independent members of the Board.

Information regarding how the Corporation voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available (i) without charge upon request by calling toll free (800) 221-2450 in the US or collect (212) 682-7600 outside the US and (ii) on the SEC's website at www.sec.gov. Information for each new 12-month period ending June 30 will be available no later than August 31 of that year.

### MANAGEMENT OF THE CORPORATION

#### *The Manager*

With the completion of the Acquisition of Seligman by RiverSource Investments and with stockholders having previously approved (at a special meeting held on October 7, 2008) the Management Agreement, RiverSource Investments is the new investment manager of the Corporation effective November 7, 2008.

RiverSource Investments, 200 Ameriprise Financial Center, Minneapolis, Minnesota 55474, is also the investment manager of the RiverSource Family of Funds, which includes the RiverSource funds, RiverSource Partners funds, Threadneedle funds and the Seligman funds, and is a wholly owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial). Ameriprise Financial is a financial planning and financial services company that has been offering solutions for clients' asset accumulation, income management and protection needs for more than 110 years. In addition to managing investments for the RiverSource Family of Funds, RiverSource Investments manages investments for itself and its affiliates. For institutional clients, RiverSource Investments and its affiliates provide investment management and related services, such as separate account asset management, and institutional trust and custody, as well as other investment products.

Effective November 7, 2008, the Corporation pays RiverSource Investments a fee for managing its assets (Seligman no longer receives a management fee effective November 7, 2008). The fee paid to RiverSource Investments is equal to an annual rate of 0.40% of the Corporation's daily net assets. As of the date of this SAI, Ameriprise Financial provides administrative services to the Corporation at no cost and RiverSource Investments provides investment management services for a fee, as disclosed in the fee table in the prospectus. Effective in the second half of 2009, Ameriprise Financial will charge the Corporation a fee for its services (which would be reflected in the Corporation's "Other Expenses" in the fee such table). There will be no net impact to the fees that the Corporation will pay because the administrative fee will be fully offset by a reduction in the investment management fees charged to the Corporation.

When effective, the Corporation will pay investment management fees of 0.355% of the Corporation's average daily net assets and administrative service fees as follows (also a percentage of the Corporation's average daily net assets):

|                             |  | ASSET LEVELS AND BREAKPOINTS IN APPLICABLE FEES |                              |                                |                                 |         |
|-----------------------------|--|---|------------------------------|--------------------------------|---------------------------------|---------|
|                             |  |   | 1,000,000,001                |                                | 12,000,000,001                  |         |
|                             |  | 0 - 500,000,000                                 | 500,000,001<br>1,000,000,000 | 3,000,000,001<br>3,000,000,000 | 3,000,000,001<br>12,000,000,000 | or more |
| Tri-Continental Corporation |  | 0.060%  | 0.055%                       | 0.050%                         | 0.040%                          | 0.030%  |

For the years ended December 31, 2008, 2007 and 2006, the management fee paid, which was calculated based on a formula that is no longer applicable, amounted to \$7,746,821, \$11,197,584 and \$10,398,110, respectively, which was equivalent to an annual rate of 0.42%, 0.41% and 0.41%, respectively, of the average daily net assets of the Corporation.

#### PORTFOLIO MANAGERS

The following table sets forth certain additional information from that discussed in the Prospectus with respect to the portfolio managers of the Corporation. Unless noted otherwise, all information is provided as of December 31, 2008.

**Other Accounts Managed by Portfolio Managers.** Table A below identifies, for each of the portfolio managers, the number of accounts managed (other than the Corporation) and the total assets in such accounts within each of the following categories: registered investment companies, other pooled investment vehicles, and other accounts. Table B identifies, for each of the portfolio managers only those accounts that have an advisory fee based on the performance of the account. For the purposes of the tables below, each series or portfolio of a registered investment company is treated as a separate registered investment company.

Table A

| Portfolio Manager     | Registered Investment  | Other Pooled Investment  |   |
|-----------------------|--|--|---|
|                       | Companies  | Vehicles   | Other Accounts  |
| Dimitris J. Bertsimas | 30 Registered Investment<br><br>Companies with approximately \$9.9 billion in total assets under management. | 1 Other Pooled Investment<br><br>Vehicle with approximately \$9.8 million in total assets<br><br>under management. | 15 Other Accounts with<br><br>approximately \$2.8 billion in total assets under management. |
| Gina K. Mourtzinou    | 9 Registered Investment<br><br>Companies with approximately \$4.3 billion in net assets under management.    | 0 Other Pooled Investment<br>Vehicles.   | 5 Other Accounts with<br><br>approximately \$93.1 million in total assets under management. |

Table B

| Portfolio Manager     | Registered Investment   | Other Pooled Investment                |                   |
|-----------------------|---|--|-------------------|
|                       | Companies   | Vehicles                               | Other Accounts    |
| Dimitris J. Bertsimas | 9 Registered Investment<br>Companies with \$7.5 billion in total assets under management.                   | 0 Other Pooled Investment<br>Vehicles. | 0 Other Accounts. |
| Gina K. Mourtzinou    | 6 Registered Investment<br><br>Companies with approximately \$3.3 billion in total assets under management. | 0 Other Pooled Investment<br>Vehicles. | 0 Other Accounts. |

**Compensation/Material Conflicts of Interest.** Set forth below is an explanation of the structure of, and method(s) used to determine portfolio manager compensation. Also set forth below is an explanation of material conflicts of interest that may arise between the portfolio manager's management of the Corporation's investments and investments in other accounts.

*Compensation:*

Portfolio manager compensation is typically comprised of (i) a base salary, (ii) an annual cash bonus, a portion of which may be subject to a mandatory deferral program, and may include (iii) an equity incentive award in the form of stock options and/or restricted stock. The annual bonus is paid from a team bonus pool that is based on the performance of the accounts managed by the portfolio management team, which might include mutual funds, wrap accounts, institutional portfolios and hedge funds. Funding for the bonus pool is determined by a percentage of the aggregate assets under management in the accounts managed by the portfolio managers, including the Corporation, and by the short term (typically one-year) and long-term (typically three-year) performance of those accounts in relation to the relevant peer group universe. With respect to hedge funds and separately managed accounts that follow a hedge fund mandate, funding for the bonus pool is a percentage of performance fees earned on the hedge funds or accounts managed by the portfolio managers.

Senior management of RiverSource Investments has the discretion to increase or decrease the size of the part of the bonus pool and to determine the exact amount of each portfolio manager's bonus paid from this portion of the bonus pool based on his/her performance as an employee. In addition, where portfolio managers invest in a hedge fund managed by the Manager, they receive a cash reimbursement for the investment management fees charged on their hedge fund investments.

RiverSource Investments portfolio managers are provided with a benefits package, including life insurance, health insurance, and participation in a company 401(k) plan, comparable to that received by other RiverSource Investments employees. Certain investment personnel are also eligible to defer a portion of their compensation. An individual making this type of election can allocate the deferral to the returns associated with one or

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more products they manage or support or to certain other products managed by their investment team. Depending upon their job level, RiverSource Investments portfolio managers may also be eligible for other benefits or perquisites that are available to all RiverSource Investments employees at the same job level.

### *Conflicts of Interest:*

RiverSource Investments portfolio managers may manage one or more mutual funds as well as other types of accounts, including hedge funds, proprietary accounts, separate accounts for institutions and individuals, and other pooled investment vehicles. Portfolio managers make investment decisions for an account or portfolio based on its investment objectives and policies, and other relevant investment considerations. A portfolio manager may manage another account whose fees may be materially greater than the management fees paid by the Corporation and may

include a performance based fee. Management of multiple funds and accounts may create potential conflicts of interest relating to the allocation of investment opportunities, competing investment decisions made for different accounts and the aggregation and allocation of trades. In addition, RiverSource Investments monitors a variety of areas (e.g., allocation of investment opportunities) and compliance with the firm's Code of Ethics, and places additional investment restrictions on portfolio managers who manage hedge funds and certain other accounts. RiverSource Investments has a fiduciary responsibility to all of the clients for which it manages accounts. RiverSource Investments seeks to provide best execution of all securities transactions and to aggregate securities transactions and then allocate securities to client accounts in a fair and equitable basis over time. RiverSource Investments has developed policies and procedures, including brokerage and trade allocation policies and procedures, designed to mitigate and manage the potential conflicts of interest that may arise from the management of multiple types of accounts for multiple clients.

In addition to the accounts above, portfolio managers may manage accounts in a personal capacity that may include holdings that are similar to, or the same as, those of the fund. The Manager's Code of Ethics is designed to address conflicts and, among other things, imposes restrictions on the ability of the portfolio managers and other investment access persons to invest in securities that may be recommended or traded in the fund and other client accounts.

**Securities Ownership.** As of December 31, 2008, neither Mr. Bertsimas nor Ms. Mourtzinou owned shares of the Corporation.

#### HOLDINGS OF PREFERRED STOCK, COMMON STOCK AND WARRANTS

As of March 31, 2009, holders of record of Preferred Stock totaled 251; holders of record of Common Stock totaled 22,259; and holders of record of Warrants totaled 77.

##### *Control Persons*

As of March 31, 2009, there was no person or persons who controlled the Corporation, either through a significant ownership of shares or any other means of control.

##### *Principal Holders*

As of March 31, 2009 (unless otherwise noted), the principal holders owned of record 5% or more of the outstanding equity securities of the Corporation as follows:

| Name and Address   | Security        | Percentage<br>of<br>Shares Held |
|--|-----------------|---------------------------------|
| Cede & Co., Depository Trust/Central Delivery, 55 Water Street, New York, NY 10041           | Common Stock    | 47.36%                          |
| Cede & Co., Depository Trust/Central Delivery, 55 Water Street, New York, NY 10041           | Preferred Stock | 87.43%                          |
| Cede & Co., Depository Trust/Central Delivery, 55 Water Street, New York, NY 10041           | Warrants        | 60.85%                          |
| Treasurer State of Illinois Unclaimed Property Division, PO Box 19495, Springfield, IL 62794 | Warrants        | 7.33%                           |

##### *Management Ownership*

As of March 31, 2009, the Directors and officers of the Corporation, as a group, owned less than 1% of the Corporation's Common Stock. As of the same date, the Directors or officers of the Corporation did not own any of the Corporation's Preferred Stock or Warrants.

## SECURITIES TRANSACTIONS

Subject to policies set by the Board, as well as the terms of the Management Agreements, the investment manager is authorized to determine, consistent with the Corporation's investment objective and policies, which securities will be purchased, held, or sold. In determining where the buy and sell orders are to be placed, the investment manager has been directed to use its best efforts to obtain the best available price and the most favorable execution except where otherwise authorized by the Board.

The Corporation and the investment manager has a strict Code of Ethics that prohibits affiliated personnel from engaging in personal investment activities that compete with or attempt to take advantage of planned portfolio transactions for the Corporation.

The Corporation's securities may be traded on an agency basis with brokers or dealers or on a principal basis with dealers. In an agency trade, the broker-dealer generally is paid a commission. In a principal trade, the investment manager will trade directly with the issuer or with a dealer who buys or sells for its own account, rather than acting on behalf of another client. The investment manager may pay the dealer a commission or instead, the dealer's profit, if any, is the difference, or spread, between the dealer's purchase and sale price for the security.

### Broker-Dealer Selection

In selecting broker-dealers to execute transactions, the investment manager will consider from among such factors as the ability to minimize trading costs, trading expertise, infrastructure, ability to provide information or services, financial condition, confidentiality, competitiveness of commission rates, evaluations of execution quality, promptness of execution, past history, ability to prospect for and find liquidity, difficulty of trade, security's trading characteristics, size of order, liquidity of market, block trading capabilities, quality of settlement, specialized expertise, overall responsiveness, willingness to commit capital and research services provided.

The Board has adopted a policy prohibiting the investment manager from considering sales of shares of the funds as a factor in the selection of broker-dealers through which to execute securities transactions. On a periodic basis, the investment manager makes a comprehensive review of the broker-dealers and the overall reasonableness of their commissions, including review by an independent third-party evaluator. The review evaluates execution, operational efficiency, and research services.

### Commission Dollars

Broker-dealers typically provide a bundle of services including research and execution of transactions. The research provided can be either proprietary (created and provided by the broker-dealer) or third party (created by a third party but provided by the broker-dealer). Consistent with the interests of the Corporation, the investment manager may use broker-dealers who provide both types of research products and services in exchange for commissions, known as soft dollars, generated by transactions in fund accounts.

The receipt of research and brokerage products and services is used by the investment manager to the extent it engages in such transactions, to supplement its own research and analysis activities, by receiving the views and information of individuals and research staffs of other securities firms, and by gaining access to specialized expertise on individual companies, industries, areas of the economy and market factors. Research and brokerage products and services may include reports on the economy, industries, sectors and individual companies or issuers; statistical information; accounting and tax law interpretations; political analyses; reports on legal developments affecting portfolio securities; information on technical market actions; credit analyses; on-line quotation systems; risk measurement; analyses of corporate responsibility issues; on-line news services; and financial and market database services. Research services may be used by the investment manager in providing advice to multiple RiverSource accounts, including the funds in the RiverSource Family of Funds, which includes the Corporation even though it is not possible to relate the benefits to any particular account or fund.

On occasion, it may be desirable to compensate a broker for research services or for brokerage services by paying a commission that might not otherwise be charged or a commission in excess of the amount another broker might charge. The Board has adopted a policy authorizing the investment manager to do so, to the extent authorized by law, if the investment manager determines, in good faith, that such commission is reasonable in relation to the value of the brokerage or research services provided by a broker or dealer, viewed either in the light of that transaction or the investment manager's overall responsibilities with respect to a fund and the other funds or accounts for which it acts as investment manager (or by any subadviser to any other client of that subadviser).

As a result of these arrangements, some portfolio transactions may not be effected at the lowest commission, but overall execution may be better. The investment manager and each subadviser have represented that under its procedures the amount of commission paid will be reasonable and competitive in relation to the value of the brokerage services and research products and services provided.

The investment manager may use step-out transactions. A step-out is an arrangement in which the investment manager executes a trade through one broker-dealer but instructs that broker-dealer to step-out all or a part of the trade to another broker-dealer. The second broker-dealer will clear and settle, and receive commissions for, the stepped-out portion. The investment manager may receive research products and services in connection with step-out transactions.

Use of fund commissions may create potential conflicts of interest between the investment manager and the Corporation.

However, the investment manager has policies and procedures in place intended to mitigate these conflicts and ensure that the use of fund commissions falls within the safe harbor of Section 28(e) of the securities Exchange Act of 1934. Some products and services may be used for both investment decision-making and non-investment decision-making purposes (mixed use items). The investment manager, to the extent it has mixed use items, has procedures in place to assure that fund commissions pay only for the investment decision-making portion of a mixed-use item.

### **Trade Aggregation and Allocation**

Generally, orders are processed and executed in the order received. When the Corporation buys or sells the same security as another portfolio, fund, or account, the investment manager carries out the purchase or sale pursuant to policies and procedures designed in such a way believed to be fair to the Corporation. Purchase and sale orders may be combined or aggregated for more than one account if it is believed it would be consistent with best execution. Aggregation may reduce commission costs or market impact on a per-share and per-dollar basis, although aggregation may have the opposite effect. There may be times when not enough securities are received to fill an aggregated order, including in an initial public offering, involving multiple accounts. In that event, the investment manager has policies and procedures designed in such a way believed to result in a fair allocation among accounts, including the Corporation.

From time to time, different portfolio managers with the investment manager may make differing investment decisions related to the same security. However, with certain exceptions for funds managed using strictly quantitative methods, a portfolio manager or portfolio management team may not sell a security short if the security is owned in another portfolio managed by that portfolio manager or portfolio management team. On occasion, a fund may purchase and sell a security simultaneously in order to profit from short-term price disparities.

The investment manager has portfolio management teams in its Minneapolis, Los Angeles and New York Offices offices that may share research information regarding leveraged loans. The investment manager operates separate and independent trading desks in these locations for the purpose of purchasing and selling leveraged loans. As a result, the investment manager does not aggregate orders in leveraged loans across portfolio management teams. For example, funds and other client accounts being managed by these portfolio management teams may purchase and sell the same leveraged loan in the secondary market on the same day at different times and at different prices. There is also the potential for a particular account or group of accounts, including the Corporation to forego an opportunity or to receive a different allocation (either larger or smaller) than might otherwise be obtained if the investment manager were to aggregate trades in leveraged loans across the portfolio management teams. Although the investment manager does not aggregate orders in leveraged loans across its portfolio management teams in Minneapolis, Los Angeles and New York, it operates in this structure subject to its duty to seek best execution.

### **Brokerage Commissions Paid to Brokers Affiliated with the Investment Manager**

Affiliates of the investment manager may engage in brokerage and other securities transactions on behalf of a fund according to procedures adopted by the Board and to the extent consistent with applicable provisions of the federal securities laws. Subject to approval by the Board, the same conditions apply to transactions with broker-dealer affiliates of any subadviser. The investment manager will use an affiliate only if (i) the investment manager determines that the Corporation will receive prices and executions at least as favorable as those offered by qualified independent brokers performing similar brokerage and other services for the Corporation and (ii) the affiliate charges the Corporation commission rates consistent with those the affiliate charges comparable unaffiliated customers in similar transactions and if such use is consistent with terms of the Management Agreement.

### *Commissions*

Total brokerage commissions (not including any spreads on principal transactions on a net basis) paid by the Corporation during the years ended December 31, 2008, 2007 and 2006 were \$4,245,043, \$8,159,908 and \$9,391,786, respectively. Commissions decreased in 2008 as compared with 2007 and 2006 as a result of, among other factors, decreases in portfolio turnover.

### *Regular Broker-Dealers*

During the year ended December 31, 2008, the Corporation acquired securities of its regular brokers or dealers (as defined in Rule 10b-1 under the 1940 Act) or of their parents. At December 31, 2008, the Corporation held securities of Citigroup Inc., with an aggregate value of \$17,562,707; and held securities of JPMorgan Chase & Co. with an aggregate value of \$31,762,786.

## **FINANCIAL STATEMENTS**

The Corporation's financial statements for the year ended December 31, 2008 are incorporated into this SAI by reference to the 2008 Annual Report to Stockholders of the Corporation, filed with the SEC pursuant to Section 30(b) of the 1940 Act and the rules and regulations thereunder. The 2008 Annual Report contains schedules of the Corporation's portfolio investments as of December 31, 2008 and certain other financial information as of this date. The Corporation will furnish, without charge, a copy of such Annual Report, which includes the Report of Independent Registered Public Accounting Firm, to any person who requests a copy of the SAI.

The financial information of the Corporation included in the Prospectus under the caption "Financial Highlights" and the financial statements that are incorporated by reference in this SAI have been so included or incorporated by reference in reliance on the reports of Deloitte & Touche LLP, Independent Registered Public Accounting Firm, given upon their authority as experts in auditing and accounting. Effective March 18, 2009, Ernst & Young LLP serves as the Corporation's independent auditors.

## **INFORMATION REGARDING PENDING AND SETTLED LEGAL PROCEEDINGS**

In June 2004, an action captioned *John E. Gallus et al. v. American Express Financial Corp. and American Express Financial Advisors Inc.*, was filed in the United States District Court for the District of Arizona. The plaintiffs allege that they are investors in several American Express Company mutual funds and they purport to bring the action derivatively on behalf of those funds under the Investment Company Act of 1940. The plaintiffs allege that fees allegedly paid to the defendants by the funds for investment advisory and administrative services are excessive. The plaintiffs seek remedies including restitution and rescission of investment advisory and distribution agreements. The plaintiffs voluntarily agreed to transfer this case to the United States District Court for the District of Minnesota (the District Court). In response to defendant's motion to dismiss the complaint, the District Court dismissed one of plaintiffs' four claims and granted plaintiffs limited discovery. Defendants moved for summary judgment in April 2007. Summary judgment was granted in the defendants' favor on July 9, 2007. The plaintiffs filed a notice of appeal with the Eighth Circuit Court of Appeals (the Eighth Circuit) on August 8, 2007. On April 8, 2009, the Eighth Circuit reversed summary of judgment and remanded to the District Court for further proceedings.

In December 2005, without admitting or denying the allegations, American Express Financial Corporation (AEFC, which is now known as Ameriprise Financial, Inc. (Ameriprise Financial)), entered into settlement agreements with the Securities and Exchange Commission (SEC) and Minnesota Department of Commerce (MDOC) related to market timing activities. As a result, AEFC was censured and ordered to cease and desist from committing or causing any violations of certain provisions of the Investment Advisers Act of 1940, the Investment Company Act of 1940, and various Minnesota laws. AEFC agreed to pay disgorgement of \$10 million and civil money penalties of \$7 million. AEFC also agreed to retain an independent distribution consultant to assist in developing a plan for distribution of all disgorgement and civil penalties ordered by the SEC in accordance with various undertakings detailed at <http://www.sec.gov/litigation/admin/ia-2451.pdf>. Ameriprise Financial and its affiliates have cooperated with the SEC and the MDOC in these legal proceedings, and have made regular reports to the RiverSource Funds Board of Directors/Trustees.



In September 2006, the Office of the Attorney General of the State of New York ( NYAG ) commenced a civil action in New York State Supreme Court against J. & W. Seligman & Co. Incorporated ( Seligman ), Seligman Advisors, Inc. (now know as RiverSource Fund Distributors, Inc.), Seligman Data Corp. and Brian T. Zino (collectively, the Seligman Parties ), alleging, in substance, that the Seligman Parties permitted various persons to engage in frequent trading and, as a result, the prospectus disclosure used by the registered investment companies then managed by Seligman is and has been misleading. The NYAG included other related claims and also claimed that the fees charged by Seligman to the Seligman Funds were excessive.

On March 13, 2009, without admitting or denying any violations of law or wrongdoing, the Seligman Parties entered into a stipulation of settlement with the NYAG and settled the claims made by the NYAG. Under the terms of the settlement, Seligman paid \$11.3 million to four Seligman Funds as follows: \$150,000 to Seligman Global Growth Fund, \$550,000 to Seligman Global Smaller Companies Fund, \$7.7 million to Seligman Communications and Information Fund and \$2.9 million to Seligman Global Technology Fund. These settlement payments are reflected in the net asset values of these four Seligman Funds.

In addition to the foregoing matter, the New York staff of the SEC indicated in September 2005 that it was considering recommending to the Commissioners of the SEC the instituting of a formal action against Seligman and Seligman Advisors, Inc. relating to frequent trading in the Seligman Funds. Seligman responded to the staff in October 2005 that it believed that any action would be both inappropriate and unnecessary, especially in light of the fact that Seligman had previously resolved the underlying issue with the Independent Directors of the Seligman Funds and made recompense to the affected Seligman Funds. There have been no further developments with the SEC on this matter.

Ameriprise Financial and certain of its affiliates have historically been involved in a number of legal, arbitration and regulatory proceedings, including routine litigation, class actions, and governmental actions, concerning matters arising in connection with the conduct of their business activities. Ameriprise Financial believes that the Funds are not currently the subject of, and that neither Ameriprise Financial nor any of its affiliates are the subject of, any pending legal, arbitration or regulatory proceedings that are likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds. Ameriprise Financial is required to make 10-Q, 10-K and, as necessary, 8-K filings with the Securities and Exchange Commission on legal and regulatory matters that relate to Ameriprise Financial and its affiliates. Copies of these filings may be obtained by accessing the SEC website at [www.sec.gov](http://www.sec.gov).

There can be no assurance that these matters, or the adverse publicity associated with them, will not result in increased fund redemptions, reduced sale of fund shares or other adverse consequences to the Funds. Further, although we believe proceedings are not likely to have a material adverse effect on the Funds or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Funds, these proceedings are subject to uncertainties and, as such, we are unable to estimate the possible loss or range of loss that may result. An adverse outcome in one or more of these proceedings could result in adverse judgments, settlements, fines, penalties or other relief that could have a material adverse effect on the consolidated financial condition or results of operations of Ameriprise Financial.

## CUSTODIAN, TRANSFER AGENT AND STOCKHOLDER SERVICE AGENT AND DIVIDEND PAYING

### AGENT AND EXPERTS

**Custodian.** As of the date hereof, State Street Bank and Trust Company (SSBT), serves as custodian for the Corporation's portfolio securities and is located at 801 Pennsylvania Avenue, Kansas City, Missouri 64105. The Corporation expects to terminate its relationship with SSBT and to hire JPMorgan Chase, N.A., located at 1 Chase Manhattan Plaza, New York, NY 10005, to serve as custodian in the near future. Currently, SSBT also maintains, under the general supervision of the Manager, the accounting records and determines the net asset value for the Corporation.

**Administration Services.** Ameriprise Financial, Inc., 200 Ameriprise Financial Center, Minneapolis, Minnesota 55474, provides or compensates others to provide administrative services to the Seligman funds, as well as the other funds in the RiverSource Family of Funds. These services include administrative, accounting, treasury, and other services.

**Board Services Corporation.** The Corporation has an agreement with Board Services Corporation (Board Services) located at 901 Marquette Avenue South, Suite 2810, Minneapolis, MN 55402. This agreement sets forth the terms of Board Services' responsibility to serve as an agent of the funds in the RiverSource Family of Funds, which includes the Corporation, for purposes of administering the payment of compensation to each independent Board member, to provide office space for use by the funds and their boards, and to provide any other services to the boards or the independent members, as may be reasonably requested.

**Transfer and Stockholder Service Agent and Dividend Paying Agent.** Seligman Data Corp., will serve as transfer and stockholder service agent to the Corporation through on or about June 12, 2009, and is located at 100 Park Avenue, New York, New York 10017. In connection with the termination of the relationship between SDC and the Corporation, as approved by the Corporation's Board, effective on or about June 13, 2009, RiverSource Service Corporation will serve as the Corporation's transfer and stockholder service agent and dividend paying agent. RSC, located at 734 Ameriprise Financial Center, Minneapolis, MN 55474, performs certain recordkeeping functions for the Corporation, maintains the records of stockholder accounts and furnishes dividend paying, redemption and related services.

**Independent Registered Public Accounting Firm.** Effective March 18, 2009, Ernst & Young LLP, 220 S. 6<sup>th</sup> Street #1400, Minneapolis, MN 55402, serves as the Independent Registered Public Accounting Firm for the Corporation and in such capacity audits the Corporation's annual financial statements and financial highlights.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Tri-Continental Corporation:

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statements of assets and liabilities, including the portfolios of investments, and the statements of capital stock and surplus of Tri-Continental Corporation as of December 31 for each of the ten years in the period ended December 31, 2008, and the related statements of operations and of changes in net investment assets, and the financial highlights for each of the years then ended (none of which are presented herein); and we expressed unqualified opinions on those financial statements. In our opinion, the information appearing on page 9 of the Prospectus, under the caption "Senior Securities \$2.50 Cumulative Preferred Stock", for each of the ten years in the period ended December 31, 2008, is fairly stated in all material respects in relation to the financial statements from which it has been derived.

Deloitte & Touche LLP

New York, New York

February 27, 2009