

TRI-CONTINENTAL CORP
Form N-Q
May 26, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-0266

Tri-Continental Corporation
(Exact name of Registrant as specified in charter)

100 Park Avenue
New York, New York 10017
(Address of principal executive offices) (Zip code)

Lawrence P. Vogel
100 Park Avenue
New York, New York 10017
(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 850-1864

Date of fiscal year end: 12/31

Date of reporting period: 3/31/06

ITEM 1. SCHEDULE OF INVESTMENTS.

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

March 31, 2006

	Shares, Warrants, Shares Subject To Call/Put, Partnership Interest or Principal Amount	Value
COMMON STOCKS AND WARRANTS 93.6%		
AEROSPACE AND DEFENSE 1.6%		
General Dynamics Corporation	197,000shs.	\$ 12,604,060
Honeywell International Inc.	663,700	28,386,449
		<hr/> 40,990,509 <hr/>
AIR FREIGHT AND LOGISTICS 0.5%		
FedEx Corp.	100,810	11,385,481
		<hr/>
BEVERAGES 1.9%		
Coca-Cola Company (The)	513,300	21,491,871
Coca-Cola Enterprises Inc.	636,100	12,938,274
PepsiCo, Inc.	213,100	12,315,049
		<hr/> 46,745,194 <hr/>
BIOTECHNOLOGY 2.0%		
Amgen Inc.*	327,700	23,917,184
Pharmion Corporation*	1,401,625	25,271,299
		<hr/> 49,188,483 <hr/>
BUILDING PRODUCTS 0.5%		
Masco Corporation	377,300	12,258,477
		<hr/>
CAPITAL MARKETS 2.6%		
Bank of New York Company, Inc. (The)	633,500	22,831,340
Merrill Lynch & Co. Inc.	360,300	28,377,228
Morgan Stanley	241,670	15,181,709

		66,390,277
CHEMICALS 2.5%		
Dow Chemical Co. (The)	591,000	23,994,600
E.I. Du Pont de Nemours and Company	599,400	25,300,674
Praxair, Inc.	238,300	13,142,245
		62,437,519
COMMERCIAL BANKS 3.3%		
Bank of America Corporation	1,237,140	56,339,356
Wachovia Corporation	483,163	27,081,286
		83,420,642
COMMERCIAL SERVICES AND SUPPLIES 1.6%		
Cendant Corporation	1,497,600	25,983,360
Waste Management Inc.	375,100(1)	13,241,030
		39,224,390
COMMUNICATIONS EQUIPMENT 6.1%		
Cisco Systems, Inc.*	1,607,380	34,839,961
Corning Incorporated*	1,218,300	32,784,453
Lucent Technologies, Inc.*	6,802,800	20,748,540
Lucent Technologies, Inc. (exercise price of \$2.75, expiring 12/10/2007)*	11,224,425wts.	7,015,266
Nokia Corp. (ADR)	1,886,000shs.	39,077,920
QUALCOMM Inc.	351,500	17,787,658
		152,253,798
COMPUTERS AND PERIPHERALS 4.2%		
Apple Computer, Inc.*	270,500	16,964,408
EMC Corporation*	2,118,100	28,869,703
International Business Machines Corporation	589,920	48,650,702
Seagate Technology	413,600	10,890,088
		105,374,901
CONTAINERS AND PACKAGING 1.3%		
Smurfit-Stone		

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Container Company*	2,322,400	31,491,744
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DIVERSIFIED CONSUMER SERVICES 0.5%		
ServiceMaster Company (The)	881,200	11,561,344
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DIVERSIFIED FINANCIAL SERVICES 5.1%		
CIT Group Inc.	205,000	10,971,600
Citigroup Inc.	1,490,430	70,393,009
JPMorgan Chase & Co.	1,150,000	47,886,000
<hr/>		
		129,250,609
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DIVERSIFIED TELECOMMUNICATION SERVICES 2.2%		
BellSouth Corporation	1,155,000	40,020,750
Citizens Communications Company	1,119,000	14,849,130
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		54,869,880
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ELECTRONIC EQUIPMENT AND INSTRUMENTS 0.4%		
Symbol Technologies, Inc.	1,019,400	10,785,252
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ELECTRIC UTILITIES 0.5%		
American Electric Power Company, Inc.	167,300	5,691,546
Southern Company	177,100	5,803,567
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		11,495,113
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ENERGY EQUIPMENT AND SERVICES 1.1%		
Halliburton Company	375,400	27,411,708
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FOOD AND STAPLES RETAILING 1.3%		
CVS Corporation	668,200	19,959,134
Wal-Mart Stores, Inc.	275,420	13,010,841
<hr/>		
		32,969,975
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FOOD PRODUCTS 0.3%		
Hershey Company (The)	138,300	7,223,409

HEALTH CARE EQUIPMENT**AND SUPPLIES 1.3%**

Boston Scientific Corporation*	657,700	15,159,985
Medtronic, Inc.	367,300	18,640,475
		<hr/>
		33,800,460
		<hr/>

HEALTH CARE PROVIDERS**AND SERVICES 3.2%**

Aetna Inc.	265,000	13,022,100
HCA Inc.	323,600	14,817,644
UnitedHealth Group Incorporated	380,800	21,271,488
WellPoint Inc.*	415,900	32,203,137
		<hr/>
		81,314,369
		<hr/>

HOTELS, RESTAURANTS**AND LEISURE 0.8%**

McDonald's Corporation	617,100	21,203,556
		<hr/>

INDUSTRIAL**CONGLOMERATES 4.2%**

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

INSURANCE 3.0%

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

INTERNET SOFTWARE**AND SERVICES 3.6%**

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

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IT SERVICES 0.3%

First Data Corporation	171,900	8,048,358
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MACHINERY 1.1%

Illinois Tool Works Inc.	284,380	27,388,638
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MEDIA 5.1%

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

128,835,235

METALS AND MINING 0.8%

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

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

Dollar General Corporation	1,450,300	25,626,801
Federated Department Stores, Inc.	179,800	13,125,400
Kohl's Corporation*	397,700	21,082,077

59,834,278

OIL, GAS AND

CONSUMABLE FUELS 6.2%

Chevron Corporation	525,900	30,486,423
ConocoPhillips	512,200	32,345,430
El Paso Corporation	510,700	6,153,935
Exxon Mobil Corporation	907,025 ⁽¹⁾	55,201,542
Murphy Oil Corporation	268,625	13,382,897
Sunoco, Inc.	238,600	18,508,202

156,078,429

PHARMACEUTICALS 6.6%

Forest Laboratories, Inc.*	456,900	20,391,447
Johnson & Johnson	487,907	28,893,853

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Lilly Eli & Company	225,700	12,481,210
Pfizer Inc.	1,899,438	47,333,995
Schering-Plough Corporation	325,100	6,173,649
Valeant Pharmaceuticals International	1,310,000	20,763,500
Wyeth	627,000	30,422,040
		<hr/>
		166,459,694
		<hr/>
SEMICONDUCTORS AND SEMICONDUCTOR EQUIPMENT 0.8%		
Maxim Integrated Products, Inc.	534,400	19,855,632
		<hr/>
SOFTWARE 5.1%		
Business Objects S.A. (ADR)*	357,800	13,054,333
Cogent Inc.*	1,482,900	27,077,754
Mercury Interactive Corporation*	849,370	29,451,905
Microsoft Corp.	2,136,256	58,180,932
		<hr/>
		127,764,924
		<hr/>
SPECIALTY RETAIL 2.0%		
Abercrombie & Fitch Co. Class A	541,200	31,551,960
The Home Depot, Inc.	415,800	17,588,340
		<hr/>
		49,140,300
		<hr/>
THRIFTS AND MORTGAGE FINANCE 1.4%		
Fannie Mae	400,300	20,575,420
Freddie Mac	223,700	13,645,700
		<hr/>
		34,221,120
		<hr/>
TOBACCO 3.7%		
Altria Group, Inc.	835,480	59,202,113
UST Inc.	798,890	33,233,824
		<hr/>
		92,435,937
		<hr/>
WIRELESS TELECOMMUNICATION SERVICES 2.1%		
American Tower Corporation Class A*	928,500	28,152,120
Sprint Nextel Corporation	981,900	25,372,296
		<hr/>
		53,524,416

TOTAL COMMON STOCKS AND WARRANTS		2,352,120,732
OPTIONS PURCHASED* 2.3% BEVERAGES 0.2%		
Coca-Cola Enterprise Inc. Call, expiring January 2008 at \$15	8,631	5,912,235
COMMUNICATIONS EQUIPMENT 0.3%		
Cisco Systems, Inc. Call, expiring January 2008 at \$17.50	4,999	3,349,330
Comverse Technology Inc. Call, expiring January 2008 at \$20	5,480	3,890,800
		7,240,130
COMPUTERS AND PERIPHERALS 0.2%		
Apple Computer Inc. Call, expiring April 2006 at \$85	1,747	8,735
Seagate Technology Call, expiring January 2007 at \$17.50	4,903	4,755,910
		4,764,645
HOTELS, RESTAURANTS AND LEISURE 0.2%		
McDonald's Corporation Call, expiring January 2008 at \$30	6,562	5,085,550
INDUSTRIAL CONGLOMERATES 0.1%		
Tyco International Ltd. Call, expiring January 2008 at \$25	5,750	3,220,000
METALS AND MINING 0.1%		
Alcoa Inc. Call, expiring January 2008 at \$25	4,026	3,301,320
OIL, GAS AND COSUMABLE FUELS 0.2%		
ConocoPhillips Call, expiring January 2007 at \$75	9,348	2,383,740
Exxon Mobil Corporation Call,		

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expiring January 2007 at \$80	60,468	2,297,784
		<hr/>
		4,681,524
		<hr/>
PHARMACEUTICALS 0.0%		
Valeant Pharmaceuticals International Call, expiring September 2006 at \$20	694	20,820
		<hr/>
SOFTWARE 0.4%		
Activision, Inc. Call, expiring January 2008 at \$15	9,937	2,981,100
Mercury Interactive Corporation Call, expiring January 2008 at \$20	4,628	8,006,440
		<hr/>
		10,987,540
		<hr/>
THRIFTS AND MORTGAGE FINANCE 0.1%		
Fannie Mae Call, expiring September 2006 at \$70	15,114	151,140
Freddie Mac Call, expiring January 2008 at \$55	2,073	2,363,220
		<hr/>
		2,514,360
		<hr/>
TOBACCO 0.5%		
Altria Group Inc. Call, expiring January 2008 at \$70	3,108	3,014,760
Altria Group Inc. Call, expiring January 2008 at \$75	3,148	2,329,520
Altria Group Inc. Call, expiring January 2008 at \$80	6,841	3,694,140
Altria Group Inc. Call, expiring January 2008 at \$85	10,380	1,505,100
UST Inc. Call, expiring July 2006 at \$35	2,765	1,935,500
		<hr/>
		12,479,020
		<hr/>
TOTAL OPTIONS PURCHASED		60,207,144
		<hr/>
TRI-CONTINENTAL FINANCIAL DIVISION 0.1%		
WCAS Capital Partners II, L.P Whitney Subordinated	\$ 4,301,124	1,784,623

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Debt Fund, L.P.	1,507,882	410,272
TOTAL TRI-CONTINENTAL FINANCIAL DIVISION		<u>2,194,895</u>
SHORT-TERM HOLDINGS 3.6%		
TIME DEPOSITS 1.8%		
HSBC Bank Grand Cayman 4.781%, 4/3/2006	44,134,000	44,134,000
US TREASURY NOTES 1.8%		
US Treasury Notes 2.25%, 4/30/2006	44,650,000 ⁽¹⁾	44,568,801
TOTAL SHORT-TERM HOLDINGS		<u>88,702,801</u>
TOTAL INVESTMENTS 99.6%		<u>2,503,225,572</u>
OTHER ASSETS LESS LIABILITIES 0.4%		<u>9,720,329</u>
NET INVESTMENT ASSETS 100.0%		<u>2,512,945,901</u>
CALL OPTIONS WRITTEN		
Exxon Mobil Corporation, expiring April 2006 at \$60	166,300shs.	(257,765)
Waste Management Inc., expiring April 2006 at \$32.50	220,300	(616,840)
		<u>(874,605)</u>
PUT OPTIONS WRITTEN		
Comverse Technology Inc., expiring April 2006 at \$22.50	243,000	(97,200)
Nextel Partners Inc. Class A, expiring January 2007 at \$30	2,000	(3,300)
Sunoco, Inc., expiring April 2006 at \$75	102,600	(133,380)
Valeant Pharmaceuticals International, expiring April 2006 at \$17.50	160,600	(273,020)
		<u>(506,900)</u>
TOTAL OPTIONS WRITTEN		<u>\$ (1,381,505)</u>

* Non-income producing security.

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

□ At March 31, 2006, the Tri-Continental Financial Division comprised two investments that were purchased through private offerings and cannot be sold without prior registration under the Securities Act of 1933 or pursuant to an exemption therefrom. These investments are valued at fair value as determined in accordance with procedures approved by the Board of Directors of the Corporation. The acquisition dates of investments in the limited partnerships, along with their cost and values at March 31, 2006, were as follows:

Investment	Acquisition Date(s)	Cost	Value
WCAS Capital Partners II, L.P.	12/11/90 to 3/24/98	\$4,301,124	\$1,784,623
Whitney Subordinated Debt Fund, L.P.	7/12/89 to 11/10/98	1,507,882	410,272
Total		\$5,809,006	\$2,194,895

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

ADR - American Depositary Receipt.

Security Valuation - Securities traded on an exchange are valued at the last sales price on the primary exchange or market on which they are traded. Securities not listed on an exchange or security market, or securities for which there is no last sales price, are valued at the mean of the most recent bid and asked prices or are valued by J. & W. Seligman & Co. Incorporated (the □Manager□) based on quotations provided by primary market makers in such securities. Securities for which market quotations are not readily available (or are otherwise no longer valid or reliable) are valued at fair value determined in accordance with procedures approved by the Board of Directors. This can occur in the event of, among other things, natural disasters, acts of terrorism, market disruptions, intra-day trading halts, and extreme market volatility. The determination of fair value involves subjective judgments. As a result, using fair value to price a security may result in a price materially different from the prices used by other mutual funds to determine net asset value or the price that may be realized upon the actual sale of the security. Short-term holdings that mature in more than 60 days are valued at current market quotations. Short-term holdings maturing in 60 days or less are valued at amortized cost.

ITEM 2. CONTROLS AND PROCEDURES.

- a. The registrant's principal executive officer and principal financial officer have concluded, based upon their evaluation of the registrant's disclosure controls and procedures as conducted within 90 days of the filing date of this report, that these disclosure controls and procedures provide reasonable assurance that material information required to be disclosed by the registrant in the report it files or submits on Form N-Q is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and that such material information is accumulated and communicated to the registrant's management, including its principal executive officer and principal financial officer, as appropriate, in order to allow timely decisions regarding required disclosure.
- b. The registrant's principal executive officer and principal financial officer are aware of no changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

- (a) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRI-CONTINENTAL CORPORATION

By: /S/ BRIAN T. ZINO
Brian T. Zino
President and Chief Executive Officer

Date: May 25, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

By: /S/ BRIAN T. ZINO
Brian T. Zino
President and Chief Executive Officer

Date: May 25, 2006

By: /S/ LAWRENCE P. VOGEL
Lawrence P. Vogel
Vice President, Treasurer and Chief Financial Officer

Date: May 25, 2006

TRI-CONTINENTAL CORPORATION

EXHIBIT INDEX

- (a) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.
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