

TRI-CONTINENTAL CORP
Form 497
April 06, 2007

Supplement, dated April 6, 2007 to the

Prospectus, dated May 1, 2006

for

TRI-CONTINENTAL CORPORATION

(the Corporation)

Capitalized terms used but not defined in this Supplement shall have the meanings given to such terms in the Prospectus.

The Corporation will propose a distribution policy for the approval of stockholders at the Corporation's 2007 annual meeting of stockholders, currently scheduled to be held on May 30, 2007. The following discussion has been prepared to provide shareholders with important information concerning the proposed distribution policy.

The distribution policy provides that in each year the Corporation would distribute quarterly to holders of Common Stock a minimum amount per share equal to 2.75% of the net asset value attributable to a share of the Common Stock on the last business day of the preceding calendar quarter. Distributions under the distribution plan would be subject to applicable law and the Board's right to suspend, modify or terminate the distribution policy in the event the Board determines that such action would be in the best interests of the Corporation. In addition, distributions would be made only when, as and if authorized by the Board and declared by the Corporation and after paying dividends on the Preferred Stock and interest and required principal payments on borrowings, if any. If approved by stockholders, the distribution plan would be implemented promptly.

If the distribution policy is approved, due to the restrictions of the Investment Company Act of 1940, as amended (the 1940 Act), the policy will initially be a level distribution policy as opposed to a managed distribution policy. As a level distribution policy, the Corporation's distributions of net realized long-term capital gains will be limited to once or twice a year whereas under a managed distribution policy, the Corporation would be permitted to regularly distribute net realized long-term capital gains. The Corporation intends to seek exemptive relief to enable it to operate the policy as a managed distribution policy. There is no guarantee that the Corporation will be granted such relief.

Implementation of the distribution policy may adversely affect the Corporation's expense ratio, add to the record keeping requirements of holders of Common Stock and have adverse tax effects on holders of Common Stock if the Corporation has a net capital loss in any taxable year. In addition, the Corporation believes that some of its various plans will require revision or elimination due to an expected condition in its proposed application for exemptive relief from certain provisions of the 1940 Act in connection with the distribution policy. The Corporation does not expect to be able to continue to offer stockholders the ability to purchase shares of Common Stock from the Corporation

for cash (including pursuant to the Automatic Check Service) or with dividends received by stockholders from other corporations. The Corporation may also suspend the Systematic Withdrawal Plan. The Corporation may seek to make similar services available to stockholders through an independent plan agent. These changes may increase costs to stockholders that participate in such plans as they may pay higher fees and expenses to their brokers or an independent plan agent for effecting purchases and sales of Common Stock than they currently pay pursuant to the various plans.

You are advised to read the Corporation's proxy statement and any other relevant documents filed with the Securities and Exchange Commission, or SEC, when they become available. The final proxy statement will be mailed to stockholders of Tri-Continental Corporation as of the record date for the 2007 annual meeting, which was March 20, 2007. You may obtain a free copy of the proxy statement when it becomes available, and other documents filed by Tri-Continental Corporation with the SEC, at the SEC's web site at <http://www.sec.gov>. Free copies of the proxy statement when it becomes available, and Tri-Continental Corporation's other filings with the SEC may also be obtained by writing to: J. & W. Seligman & Co. Incorporated, 100 Park Avenue, New York, NY 10017, Attention: Investor Relations.