
Ellsworth Fund Ltd.

65 Madison Avenue Suite 550 • Morristown, New Jersey 07960-7308 • www.ellsworthfund.com

To Our Shareholders:

The years 2008 and 2009 were both record setting years for convertible securities performance. While the record returns in 2009 offset some of the record losses from 2008, we have not returned to the price levels that existed prior to the decline. Many of the underlying relationships between different types of securities have been substantially repaired after reaching record levels of distress last winter. For example, the yield spreads between treasury bonds and convertible securities have returned to more “normal” levels after reaching record high levels in early 2009. While this may mean that excess returns that accrued to convertible securities due to a market ruled by fear a year ago may be harder to come by, it also gives us confidence that standard market measures, such as investment value, will prove useful again in judging the potential returns of investment candidates.

What was also quite unusual about 2009 was the extent to which convertible securities outperformed equities. As of December 31, 2009 the total return from Ellsworth’s net asset value (NAV), the Fund’s market price and the Bank of America Merrill Lynch All Convertibles Index (the BAML Index) outperformed the S&P 500 Index (with all dividends reinvested) for the one-, five- and ten-year periods. The outperformance for 2009 was substantial, as indicated in the performance chart of this First Quarter Update. Convertible securities have a long history of providing returns that are competitive with equities but with less volatility. For the ten-year performance ended December 31, 2009, however, the BAML Index was more volatile than the S&P 500 Index. It is our opinion that this will not continue into the future because, as noted above, many market relationships are closer to the norm and there is more confidence that these will hold up in any new downturn. Many market professionals consider the volatility of past returns to be a useful approximation of the past levels of risk. A higher volatility level equates to a higher measure of risk. This measure of historic results may not reflect future performance, but we believe it is informative.

The new issue convertible market was disappointing in 2009. While the performance by convertible securities issued during the year was very good and the number of issues (over 100) was good, the size of these issues was smaller than expected. Total convertible issuance was under \$38 billion, the lowest issuance amount in over a decade. January of 2010 saw a continuation of this trend, as only 5 new deals worth \$1.1 billion were issued. In the past we have stated that we believe that the issuance of new convertible securities will be an important part in the process of our economic recovery. While we are still hopeful that our belief will prove to be true, it has been surprising that potential issuers have held off for now.

Performance for the Fund’s calendar year was enhanced by its exposure to metals and mining, as well as to the technology and energy industries. Performance was held back, however, by its exposure to the aerospace and defense industry and the pharmaceutical industry.

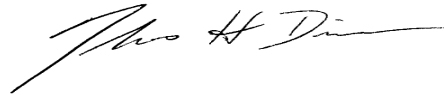
As indicated in the performance chart of this First Quarter Update, the Fund’s NAV outperformed the BAML Index over the five-year period (adjusted for expenses) and the ten-year period (adjusted for expenses and the fiscal 2004 rights offering). The NAV underperformed the Index for the one-year period ended December 31, 2009, however. Over the five- and ten-year periods, the Fund’s market return outperformed the Index, underperforming over the one-year period. For the ten-year performance, the Fund’s NAV volatility and market volatility, as measured by standard deviation, were lower than that of the Index. Ellsworth has sought to provide total returns to shareholders that compare favorably to those provided by the equity markets, but with less volatility.

Now posted on the Fund’s website is a commentary on the convertible securities market for the year 2009. Also on the website is a white paper on convertible securities written by Dinsmore Capital Management. We believe that you will find these documents informative and educational.

Gordon F. Ahalt, an independent trustee of the Fund for nearly 24 years, retired from the Fund’s Board of Trustees on December 31, 2009. The Fund greatly benefited from his experience and counsel.

At the annual meeting of shareholders, Dr. Elizabeth C. Bogan and Nicolas W. Platt were re-elected to the Board of Trustees for three-year terms, and the appointment of Tait, Weller & Baker LLP to serve as the Fund’s independent auditors for the 2010 fiscal year was ratified. We thank you for your participation and support.

At its January meeting, the Board of Trustees declared a distribution of \$0.0675 per share, consisting of undistributed net investment income. The distribution is payable on February 25, 2010 to shareholders of record on February 11, 2010.



Thomas H. Dinsmore
Chairman of the Board
February 17, 2010

Shareholder Services and Transfer Agent

American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10007
(800) 937-5449
www.amstock.com

Investment Adviser

Dinsmore Capital Management
65 Madison Avenue
Morristown, NJ 07960-7308
(973) 631-1177
www.ellsworthfund.com
email: info@ellsworthfund.com

Stock Exchange Listing
NYSE Amex - Symbol: ECF



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First Quarter Update - December 31, 2009 (unaudited)

Financial Highlights

Market price 12/31/09	\$6.56
Net asset value (NAV) 12/31/09	\$7.54
Market discount to NAV	(13.00)%
12-Month income distribution	\$0.3135
Yield on market price	4.78%
Ratio of expenses to avg. net assets	0.96%*
Ratio of net income to avg. net assets	3.51%*
Portfolio turnover	13.71%
Shares outstanding	13,360,463

* Annualized

Largest Investment Holdings as of 12/31/09

by underlying common stock	% of Net Assets
Equinix	2.8
Blackboard	2.6
Euronet Worldwide	2.1
Mylan	2.1
Vale S.A.	2.1
Intel	2.0
Kinetic Concepts	2.0
Covanta Holding	1.9
Disney (Walt)	1.9
NETAPP	1.9

Major Industry Exposure as of 12/31/09

	% of Net Assets
Telecommunications	16.8
Energy	14.6
Pharmaceuticals	8.7
Healthcare	8.0
Computer Software	7.0
Minerals and Mining	4.9
Financial Services	4.8
Foods	4.4
Banking/Savings and Loan	4.3
Computer Hardware	4.1

Performance through 12/31/09 with dividends reinvested

	3 Months	1 Year	Annualized 5 Years	Annualized 10 Years	10-Year Volatility*
Ellsworth market price	7.49%	42.11%	2.97%	4.80%	20.33%
Ellsworth net asset value	7.14	43.62	2.58	2.39	20.14
Bank of America Merrill Lynch All Conv. Index	7.58	49.13	2.69	2.27	22.83
S&P 500 Index	8.84	26.47	0.42	(0.95)	21.11
Barclay Aggregate Bond Total Return Index	0.20	5.93	4.97	6.33	2.94

Bank of America Merrill Lynch All Convertibles Index and S&P 500 Index performance data in the table above are from Bloomberg L.P. pricing service. Barclays Aggregate Bond Total Return Index is from Barclays Capital.

Ellsworth's ten-year performance in the table above has not been adjusted for the fiscal 2004 rights offering; net asset value dilution was 2.21%. Performance data represent past results and do not reflect future performance.

* Volatility is a measure of risk based on the standard deviation of the return. The greater the volatility, the greater the chance of a profit or risk of a loss.

Quarterly History of NAV and Market Price

Qtr. Ended	Net Asset Values			Market Prices		
	High	Low	Close	High	Low	Close
3/31/09	\$5.76	\$5.21	\$5.59	\$5.28	\$4.09	\$4.76
6/30/09	6.51	5.63	6.39	5.75	4.70	5.49
9/30/09	7.18	6.27	7.15	6.21	5.35	6.16
12/31/09	7.56	7.02	7.54	6.57	5.93	6.56

Total Fund Investments as of 12/31/09

	(000's)	% of Net Assets
Convertible Bonds and Notes	\$ 70,678	70.2
Corporate Bonds and Notes	1,100	1.1
Convertible Preferred Stocks	11,416	11.3
Mandatory Convertible Securities	8,077	8.0
Common Stocks	5,017	5.0
Other Assets, Net of Liabilities	4,389	4.4
Net Assets	<u>\$100,677</u>	<u>100.0%</u>

Dividend Distributions (12 Months)

Record Date	Payment Date	Income	Capital Gains	Total
2/12/09	2/26/09	\$0.0750	—	\$0.0750
5/14/09	5/28/09	0.0750	—	0.0750
8/13/09	8/27/09	0.0650	—	0.0650
10/22/09	11/25/09	0.0985	—	0.0985
		<u>\$0.3135</u>	<u>—</u>	<u>\$0.3135</u>

Investment holdings and industry exposure are as of December 31, 2009 and subject to change without notice. Detailed portfolio information is available on our website (www.ellsworthfund.com). Contact us by e-mail at info@ellsworthfund.com or call us at (973) 631-1177.

December 31, 2009

	Principal Amount	Value
CONVERTIBLE BONDS AND NOTES - 70.2%		
Aerospace and Defense - 1.6%		
Alliant Techsystems Inc. 2.75%, due 2011 cv. sr. sub. notes (B1)	\$ 1,000,000	\$ 1,065,000
GenCorp Inc. 4.0625%, due 2039 cv. sub. notes (NR) (1)	500,000	510,625
		<u>1,575,625</u>
Automotive - 1.1%		
Titan International, Inc. 5.625%, due 2017 cv. sr. sub. notes (NR) (1)	1,000,000	1,062,100
Computer Hardware - 4.1%		
EMC Corp. 1.75%, due 2013 cv. sr. notes (A-)	1,000,000	1,256,250
NETAPP, Inc. 1.75%, due 2023 cv. sr. notes (NR)	1,500,000	1,867,500
Richardson Electronics, Ltd. 8%, due 2011 cv. sr. sub. notes (NR)	1,000,000	1,005,000
		<u>4,128,750</u>
Computer Software - 7.0%		
Blackboard Inc. 3.25%, due 2027 cv. sr. notes (BB-)	2,500,000	2,584,375
GSI Commerce, Inc. 2.5%, due 2027 cv. sr. notes (NR)	1,500,000	1,606,875
Nuance Communications Inc. 2.75%, due 2027 cv. sr. deb. (B-)	1,000,000	1,075,000
Sybase, Inc. 3.5%, due 2029 cv. sr. notes (NR) (1)	1,500,000	1,785,000
		<u>7,051,250</u>
Consumer Goods - 2.1%		
Chattem, Inc. 1.625%, due 2014 cv. sr. notes (NR)	900,000	1,225,125
Regis Corp. 5%, due 2014 cv. sr. notes (NR)	750,000	928,125
		<u>2,153,250</u>
Energy - 7.8%		
Covanta Holding Corp. 1%, due 2027 cv. sr. deb. (Ba3) (2)	2,000,000	1,877,500
Goodrich Petroleum Corp. 5%, due 2029 cv. sr. notes (NR)	1,000,000	1,033,750
McMoRan Exploration Co. 5.25%, due 2011 cv. sr. notes (NR)	1,090,000	1,075,013
Oil States International, Inc. 2.375%, due 2025 contingent cv. sr. notes (NR)	1,075,000	1,491,563
SunPower Corp. 1.25%, due 2027 cv. sr. deb. (NR)	1,500,000	1,301,250
Trina Solar Ltd. 4%, due 2013 cv. sr. notes (NR) (exchangeable for ADS representing common shares)	500,000	851,875
Verenium Corp. 9%, due 2027 cv. sr. secured notes	337,000	224,611
		<u>7,855,562</u>
Financial Services - 4.8%		
Coinstar, Inc. 4%, due 2014 cv. sr. notes (BB)	1,000,000	1,000,000
Old Republic International Corp. 8%, due 2012 cv. sr. notes (BBB)	1,500,000	1,696,875
Euronet Worldwide, Inc. 3.5%, due 2025 cv. deb. (B+) (2)	2,250,000	2,112,188
		<u>4,809,063</u>
Foods - 2.4%		
Central European Distribution Corp. 3%, due 2013 cv. sr. notes (B-)	1,300,000	1,109,875
The Great Atlantic & Pacific Tea Company, Inc. 5.125%, due 2011 cv. sr. notes (Caa1)	683,000	659,095
The Great Atlantic & Pacific Tea Company, Inc. 6.75%, due 2012 cv. sr. notes (Caa1)	700,000	639,625
		<u>2,408,595</u>
Healthcare - 8.0%		
China Medical Technologies, Inc. 4%, due 2013 cv. sr. sub. notes (NR) (exchangeable for ADS representing common stock)	1,750,000	1,117,813
Greatbatch, Inc. 2.25%, due 2013 cv. sub. deb. (NR) (2)	1,500,000	1,288,125
Kinetic Concepts, Inc. 3.25%, due 2015 cv. sr. notes (B+)	2,000,000	1,985,000
Millipore Corp. 3.75%, due 2026 cv. sr. notes (BB-) (2)	1,750,000	1,813,438
Omnicare, Inc. 3.25%, due 2035 cv. sr. deb. (B3) (2)	850,000	695,938
SonoSite Inc. 3.75%, due 2014 cv. sr. notes (NR)	1,250,000	1,193,750
		<u>8,094,064</u>

	Principal Amount	Value
CONVERTIBLE BONDS AND NOTES - continued		
Leisure Products - 0.8%		
JAKKS Pacific, Inc. 4.5%, due 2014 cv. sr. notes (NR) (1)	\$ 750,000	\$ 775,313
Minerals and Mining - 1.1%		
Jaguar Mining, Inc. 4.5%, due 2014 cv. sr. notes (NR) (1)	1,000,000	1,101,250
Multi-Industry - 1.4%		
LSB Industries, Inc. 5.5%, due 2012 cv. sr. sub. deb. (NR)	1,500,000	1,475,625
Pharmaceuticals - 7.2%		
Cephalon, Inc. 2.5%, due 2014 cv. sr. sub. notes (NR)	1,000,000	1,121,250
Endo Pharmaceuticals Holdings, Inc. 1.75%, due 2015 cv. sr. sub. notes (NR) (1)	1,500,000	1,398,750
Mylan Inc. 3.75%, due 2015 cash cv. notes (BB-)	1,000,000	1,543,750
Mylan Laboratories, Inc. 1.25%, due 2012 cv. sr. notes (BB-)	500,000	521,250
Onyx Pharmaceuticals, Inc. 4%, due 2016 cv. sr. notes (NR)	750,000	797,813
Teva Pharmaceutical Finance Co. B.V. 1.75%, due 2026 cv. sr. deb. (Baa1) (exchangeable for Teva Pharmaceutical Industries Ltd. ADR)	1,500,000	1,856,250
		7,239,063
Semiconductors - 2.0%		
Intel Corp. 2.95%, due 2035 jr. sub. cv. deb. (A-) (2)	1,500,000	1,455,000
Intel Corp. 3.25%, due 2039 jr. sub. cv. deb. (A-) (1)	500,000	576,875
		2,031,875
Telecommunications - 15.2%		
ADC Telecommunications Inc. floating rate, due 2013 cv. sub. notes (NR)	2,025,000	1,645,313
Anixter International Inc. 1%, due 2013 cv. sr. notes (BB-)	1,500,000	1,451,250
CommScope, Inc. 3.25%, due 2015 cv. sr. sub. notes (B)	1,000,000	1,188,750
Comtech Telecommunications Corp. 3% due 2029 cv. sr. notes (NR) (1)	1,000,000	1,165,000
Equinix, Inc. 2.5%, due 2012 cv. sub. notes (B-)	1,200,000	1,329,000
Equinix, Inc. 4.75%, due 2016 cv. sub. notes (B-)	1,015,000	1,497,125
Finisar Corp. 5% due 2029 cv. sr. notes (NR)	1,000,000	1,102,500
NII Holdings, Inc. 2.75%, due 2025 cv. notes (B-)	1,750,000	1,752,188
SAVVIS, Inc. 3%, due 2012 cv. sr. notes (NR)	2,000,000	1,830,000
SBA Communications Corp. 4%, due 2014 cv. sr. notes (NR) (1)	750,000	988,125
SBA Communications Corp. 1.875%, due 2013 cv. sr. notes (NR)	500,000	515,625
Telecommunications Systems, Inc. 4.5%, due 2014 cv. sr. notes (NR) (1)	750,000	902,813
		15,367,689
Transportation - 2.9%		
DryShips, Inc. 5%, due 2014 cv. sr. notes	1,000,000	1,025,000
ExpressJet Holdings, Inc. 4.25%, due 2023 cv. notes (NR)	900,000	866,250
JetBlue Airways Corp. 3.75%, due 2035 cv. deb. (Ca)	1,000,000	998,750
		2,890,000
Travel and Leisure - 0.7%		
Morgans Hotel Group 2.375%, due 2014 cv. sr. sub. notes (NR)	1,000,000	658,750
TOTAL CONVERTIBLE BONDS AND NOTES		70,677,824

	<u>Principal Amount</u>	<u>Value</u>
CORPORATE BONDS AND NOTES - 1.1%		
Finance - 0.3%		
Lehman Brothers Holdings Inc. 6%, due 2010 medium-term notes (NR) (3)	\$ 50,000	\$ 159,000
Lehman Brothers Holdings Inc. 1%, due 2009 medium-term notes (NR) (3)	1,500,000	191,250
		<u>350,250</u>
Retail - 0.7%		
Amerivon Holdings LLC 4% units containing cv. promissory note due 2010 and warrants expiring 2012 (NR) (Acquired 06/01/07; Cost \$1,500,000) (1,4,5)	1,500,000	750,000
TOTAL CORPORATE BONDS AND NOTES		<u>1,100,250</u>

	<u>Shares</u>	<u>Value</u>
CONVERTIBLE PREFERRED STOCKS - 11.3%		
Banking/Savings and Loan - 4.2%		
Bank of America Corp. 7.25% non-cum. perpetual cv. pfd., series L (Ba3)	1,000	879,000
New York Community Bancorp, Inc. 6% BONUSSES units (Baa2)	24,000	1,117,200
Sovereign Capital Trust IV 4.375% PIERS (Baa2) (exchangeable for Sovereign Bancorp, Inc. common stock) (2)	14,000	448,000
Wells Fargo Corp. 7.5% perpetual cv. pfd., series L (Ba1)	2,000	1,836,000
		<u>4,280,200</u>
Chemicals - 1.6%		
Celanese Corp. 4.25% perpetual cv. pfd. (NR)	40,000	1,632,800
Energy - 4.4%		
ATP Oil & Gas Corp. 8% perpetual cv. pfd. (NR) (1)	7,500	788,438
Chesapeake Energy Corp. 4.5% cum. cv. pfd. (B+)	21,360	1,799,580
Whiting Petroleum Corp. 6.25% perpetual cv. pfd. (B-)	10,000	1,796,600
		<u>4,384,618</u>
Foods - 1.1%		
Bunge Limited 4.875% cum. perpetual cv. pfd. (Ba1)	12,500	1,118,750
TOTAL CONVERTIBLE PREFERRED STOCKS		<u>11,416,368</u>

MANDATORY CONVERTIBLE SECURITIES - 8.0% (6)

Energy - 2.5%		
Great Plains Energy, Inc. 12%, due 06/15/12 equity units (NR) (2)	20,000	1,320,000
Merrill Lynch & Co., Inc. 5.4%, due 09/27/10 PRIDES (A+) (linked to the performance of ConocoPhillips common stock)	2,000	1,154,520
		<u>2,474,520</u>
Finance - 0.8%		
Citigroup, Inc. 7.5%, due 12/15/12 T-DECS (NR)	7,500	782,550
Foods - 0.9%		
2009 Dole Food ACES Trust 7%, due 11/1/2012 (NR) (exchangeable for Dole Food Company, Inc. common stock) (1)	80,000	946,248

	Shares	Value
MANDATORY CONVERTIBLE SECURITIES - continued		
Minerals and Mining - 3.8%		
Freeport-McMoRan Copper & Gold Inc. 6.75%, due 05/01/10 mandatory cv. pfd. (BB)	15,000	\$ 1,728,000
Vale Capital II 6.75%, due 06/15/12 mandatory cv. notes (BBBH) (exchangeable for ADS representing Vale S.A. common stock)	19,200	1,608,000
Vale Capital II 6.75%, due 06/15/12 mandatory cv. notes (BBBH) (exchangeable for ADS representing Vale S.A. preferred A shares)	6,500	537,875
		<u>3,873,875</u>
TOTAL MANDATORY CONVERTIBLE SECURITIES (6)		<u>8,077,193</u>
COMMON STOCKS - 5.0%		
Media and Entertainment - 2.0%		
The Walt Disney Company	60,000	1,935,000
Pharmaceuticals - 1.5%		
Johnson & Johnson	10,500	676,305
Merck & Co.	23,651	864,208
		<u>1,540,513</u>
Telecommunications - 1.5%		
AT&T	55,000	1,541,650
TOTAL COMMON STOCKS		<u>5,017,163</u>
Total Convertible Bonds and Notes - 70.2%		\$ 70,677,824
Total Corporate Bonds and Notes - 1.1%		1,100,250
Total Convertible Preferred Stocks - 11.3%		11,416,368
Total Mandatory Convertible Securities - 8.0%		8,077,193
Total Common Stocks - 5.0%		<u>5,017,163</u>
Total Investments - 95.6%		96,288,798
Other assets and liabilities, net - 4.4%		<u>4,388,364</u>
Total Net Assets - 100.0%		<u>\$ 100,677,162</u>

(1) Security not registered under the Securities Act of 1933, as amended (e.g., the security was purchased in a Rule 144A or a Regulation D transaction). The security may be resold only pursuant to an exemption from registration under the Securities Act of 1933, typically to qualified institutional buyers. The Fund generally has no rights to demand registration of such securities. The aggregate market value of these unregistered securities at December 31, 2009 was \$12,750,537, which represented 12.7% of the Fund's net assets.

(2) Contingent payment debt instrument.

(3) Security in default.

(4) Investment is valued at fair value as determined in good faith in accordance with procedures adopted by the Board of Trustees. It is possible that the estimated value may differ significantly from the amount that might ultimately be realized in the near term, and the difference could be material. The fair value of these securities amounted to \$750,000 at December 31, 2009, which represented 0.7% of the Fund's net assets.

(5) Restricted securities include securities that have not been registered under the Securities Act of 1933, as amended, and securities that are subject to restrictions on resale. The Fund may invest in restricted securities that are consistent with the Fund's investment objective and investment strategies. As of December 31, 2009, the Fund was invested in the following restricted securities:

Amerivon Holdings LLC 4% units containing cv. promissory note due 2010 and warrants expiring 2012, acquired June 1, 2007.

(6) These securities are required to be converted on the dates listed; they generally may be converted prior to these dates at the option of the holder.

Investment Abbreviations

ACES - Automatic Common Exchange Securities.

ADR - American Depositary Receipts.

ADS - American Depositary Shares.

BONUSES - Bifurcated Option Note Unit Securities.

PIES - Premium Income Exchangeable Securities.

PIERS - Preferred Income Equity Redeemable Securities.

PRIDES - Preferred Redeemable Increased Dividend Equity Securities.

T-DECS - Tangible Dividend Enhanced Common Stock.

Ratings in parentheses by Moody's Investors Service, Inc. or Standard & Poor's. NR is used whenever a rating is unavailable.

Summary of Portfolio Ratings *

AA	0%
A	5%
BBB	8%
BB	18%
B	19%
CCC	1%
C	1%
Not Rated	48%

* Excludes equity securities and cash.

Ellsworth Fund Ltd. - Selected Notes to Financial Statements (unaudited)

Ellsworth Fund Ltd. (the "Fund"), is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company.

Security Valuation - Investments in securities traded on a national securities exchange are valued at market using the last reported sales price, supplied by an independent pricing service, as of the close of regular trading. Listed securities, for which no sales were reported, are valued at the mean between closing reported bid and asked prices as of the close of regular trading. Unlisted securities traded in the over-the-counter market are valued using an evaluated quote provided by the independent pricing service, or, if an evaluated quote is unavailable, such securities are valued using prices received from dealers, provided that if the dealer supplies both bid and asked prices, the price to be used is the mean of the bid and asked prices. The independent pricing service derives an evaluated quote by obtaining dealer quotes, analyzing the listed markets, reviewing trade execution data and employing sensitivity analysis. Evaluated quotes may also reflect appropriate factors such as individual characteristics of the issue, communications with broker-dealers, and other market data. Securities for which quotations are not readily available, restricted securities and other assets are valued at fair value as determined in good faith pursuant to procedures adopted by the Board of Trustees. Short-term debt securities with original maturities of 60 days or less are valued at amortized cost.

The Fund has adopted authoritative fair valuation accounting standards which establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion in changes in valuation techniques and related inputs during the period. These inputs are summarized in the three broad levels listed below:

Level 1 - Quoted unadjusted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-driven valuation in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers, and those received from an independent pricing service.

Level 3 - Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Fund's own assumptions that market participants would use to price an asset or liability based on the best available information.

The following is a summary of the inputs used to value the net assets of the Fund as of December 31, 2009:

	Level 1	Level 2	Level 3
Investments in Securities:			
Common Stocks:			
Media and Entertainment	\$1,935,000	\$ ---	\$ ---
Pharmaceuticals	1,540,513	---	---
Telecommunications	1,541,650	---	---
Total Common Stocks	5,017,163	---	---
Convertible Bonds and Notes	---	70,677,824	---
Convertible Preferred Stocks	---	11,416,368	
Mandatory Convertible Securities	---	8,077,193	
Corporate Bonds and Notes	---	350,250	750,000
Total Investments	<u>\$5,017,163</u>	<u>\$90,521,635</u>	<u>\$750,000</u>

Ellsworth Fund Ltd. - Selected Notes to Financial Statements (continued)

The following is a reconciliation of assets for which level 3 inputs were used in determining value:

	Convertible Bonds and Notes	Corporate Bonds and Notes	Convertible Preferred Stocks	Total
Beginning balance	\$ ---	\$750,000	\$ ---	\$750,000
Change in unrealized appreciation (depreciation)	---	---	---	---
Net transfers in/out of level 3	---	---	---	---
Ending balance	<u>\$ ---</u>	<u>\$750,000</u>	<u>\$ ---</u>	<u>\$750,000</u>

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of the markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

Securities Transactions and Related Investment Income - Security transactions are accounted for on the trade date (date the order to buy or sell is executed) with gain or loss on the sale of securities being determined based upon identified cost. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis, including accretion of discounts and amortization of non-equity premium. For certain securities, known as "contingent payment debt instruments," Federal tax regulations require the Fund to record non-cash, "contingent" interest income in addition to interest income actually received. Contingent interest income amounted to approximately 1 cent per share for the three months ended December 31, 2009. In addition, Federal tax regulations require the Fund to reclassify realized gains on contingent payment debt instruments to interest income. At December 31, 2009 there were unrealized losses of approximately 13 cents per share on contingent payment debt instruments.

Federal Income Tax Cost - At December 31, 2009, the cost basis of investments for federal income tax purposes, as well as the gross unrealized appreciation from investments for those securities having an excess of value over cost, gross unrealized depreciation from investments for those securities having an excess of cost over value and the net unrealized appreciation from investments were \$94,875,792, \$9,898,579, \$(8,485,573) and \$1,413,006, respectively.