

# Ellsworth Convertible Growth and Income Fund, Inc.

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

## Third Quarter Update - June 30, 2000 (unaudited)

### Financial Highlights

Market value 6/30/00	\$9.19
Net asset value (NAV) 6/30/00	\$11.86
Market discount to NAV	(22.53)%
12-Month income distribution	\$0.338
Yield on market price	3.68%
Capital gains distribution 11/29/99	\$1.232
Ratio of expenses to avg. net assets	1.22%*
Ratio of net income to avg. net assets	3.02%*
Portfolio turnover	83.40%
Shares outstanding	9,238,738
* Annualized	

### Change in Net Asset Value (NAV)

	Per Share
Beginning NAV (9/30/99)	\$11.23
Changes in NAV from Operations:	
Net Investment Income	0.27
Realized Gain	1.54
Increase in Unrealized Gain	0.30
Total Change from Operations	2.11
Distributions:	
Net Investment Income	(0.25)
Capital Gains	(1.23)
Total Change from Distributions	(1.48)
Total Change	0.63
Ending NAV (6/30/00)	\$11.86

### Major Industry Exposure as of 6/30/00

	% of Net Assets
Technology	15.70
Energy	12.70
Telecommunications	12.00
Entertainment	10.70
Health Care & Drugs	8.74
Financial & Insurance	6.72
Banking	5.39
Retail	4.74
Capital Goods	4.67
Cable	4.47

The portfolio holdings and industry exposure are as of the date specified and subject to change without notice.

Detailed portfolio information is available to any shareholder. Visit our website (www.bcvecf.com) to download the data, e-mail us at info@bcvecf.com or call us at (973) 631-1177.

### Performance through 6/30/00 *with dividends reinvested*

	Calendar			
	YTD	1 Year	5 Years	10 Years
Ellsworth market value	11.24%	13.83%	115.19%	283.04%
Ellsworth net asset value *	8.82	17.40	122.48	278.93
Closed-end conv. fund avg. *	8.17	20.54	94.99	258.19
S&P 500 †	(0.42)	7.25	190.74	413.83
Russell 2000 †	3.05	14.48	95.45	205.84‡
Lehman Aggregate Bond Total Return Index *	3.99	4.56	35.41	112.27

Performance data represent past results and do not reflect future performance.

\* From Lipper, Inc. Closed-End Fund Performance Analysis, June 30, 2000.

† From Bloomberg L.P. pricing service.

‡ Simple appreciation of index.

### Quarterly History of NAV and Market Price

Qtr Ended	Net Asset Values			Market Prices		
	High	Low	Close	High	Low	Close
Sep 99	\$12.18	\$11.18	\$11.23	\$10.00	\$9.06	\$9.38
Dec 99	11.53	9.98	11.08	9.69	8.13	8.44
Mar 00	12.30	10.64	11.99	9.38	8.44	8.81
Jun 00	12.02	10.87	11.86	9.25	8.38	9.19

### Total Fund Investments as of 6/30/00

	(000's)	% of Net Assets
Convertible Bonds and Notes	\$ 84,555	77.3
Convertible Preferred Stocks	21,073	19.2
Short-term Investments	2,897	2.6
Other Assets	1,023	0.9
Net Assets	\$109,548	100.0%

### Ten Largest Investment Holdings as of 6/30/00

	% of Net Assets
Cable & Wireless Communications plc	3.34
Sepracor, Inc.	2.32
Time Warner, Inc.	1.94
Apache Corp.	1.90
The Walt Disney Corp.	1.89
MetLife, Inc.	1.88
STMicroelectronics, N.V.	1.88
General Electric Corp.	1.81
American Express Company	1.80
Clear Channel Communications, Inc.	1.79

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## **To Our Shareholders:**

August 11, 2000

For the last thirty years, U.S. worker productivity grew at an average rate of 1.5% per year. For the last three years it has grown at no less than 2.5% per year and in the second quarter of 2000 it grew at 5.3% for the year, the largest increase since 1983. High growth in productivity has long been one of the expected results of the Information Revolution and implies that labor and capital are being used more efficiently. This leads to the prospect of higher rates of sustainable economic growth without inflation.

The Federal Reserve Bank has raised interest rates six times since June 1999. The overnight bank lending rate is at 6.5%, a nine-year high, as the policy makers seek to slow the economy before inflation takes hold. It appears to be working. Eleven of twelve Federal Reserve District Banks have reported some slowing in economic growth (St. Louis was the only District not reporting a slowing of growth). We are hopeful that the central bank's hiking of interest rates is over, as high rates of economic growth are sustainable with high rates of productivity growth. If this is the case, then the probability of another large drop in the stock market following the 37% drop in the NASDAQ this spring would be less likely to occur and the bond market would also be less vulnerable. It appears that most of the irrational exuberance of the marketplace has been washed out of the system. We are optimistic about the Economy, the Stock market and the Bond market.

In its most recent edition of its "Quicktake Report", Morningstar\* continued to rate Ellsworth's performance at four stars (above average). Shareholders who wish a copy of this report or the most recent report issued by Standard and Poor's on the Fund should contact us. You can also view the Morningstar report on their website, [morningstar.com](http://morningstar.com)\*\*

For shareholders who have access to the internet, the Fund's website, [bcvecf.com](http://bcvecf.com), contains press releases, dividend information and daily net asset values. The information sheet on Ellsworth on the back of this report was included in the Fund's July press release and is available on the website. Also, the Closed-End Fund Association, of which the Fund is a member, has a website ([cefa.com](http://cefa.com)) with information on many closed-end funds including Ellsworth. While we have no control over the content of their website, we have found it to be useful and shareholders might also.

At its July meeting the Board of Directors declared a dividend of ten cents per share. This dividend is payable August 30, 2000 to shareholders of record August 16, 2000.



*Chairman*

\* Morningstar is an analytical and statistical reporting service that reports on and rates most mutual funds.

\*\* Morningstar is solely responsible for the content of its site.

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The letter to Shareholders contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements which reflect the intent, belief or expectations of the Company, its management and the Adviser regarding the anticipated effect of events, circumstances and trends should be considered forward-looking statements. These forward-looking statements are not guarantees of future performance and there are a number of meaningful factors which could cause the Company's results to vary materially from those indicated by any such statements. Factors which could cause actual results to differ from expectations include, among others, increased volatility of securities in general as well as those purchased by the Company, a decline in economic activity, changes in individuals' savings rates, a decline in productivity or new products, changes in the Federal Reserve Board's monetary policy, an increase in interest rates, inflation or taxes, changes to foreign and domestic markets in general or changes to the market for convertible securities.

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### **Shareholder Services and Transfer Agent**


The Bank of New York  
Shareholder Relations Department-11E  
P.O. Box 11258  
Church Street Station  
New York, NY 10286-1258  
(800) 432-8224 <http://stkxfer.bankofny.com>

### **Investment Adviser**

Davis-Dinsmore Management Company  
65 Madison Avenue  
Morristown, NJ 07960-7308  
(973) 631-1177  
[www.bcvecf.com](http://www.bcvecf.com)  
email: [info@bcvecf.com](mailto:info@bcvecf.com)

### **Stock Exchange Listing**

AMEX - Symbol: ECF

 Printed on recycled paper

# Portfolio of Investments June 30, 2000

Principal Amount or Shares		Value
	<b>ADVERTISING — 2.3%</b>	
\$1,500,000	Interpublic Group Cos., Inc. 1.87% 2006 cv. sub. deb. 144A (Baa1) . . . . .	\$ 1,456,875
1,000,000	Young & Rubicam 3% 2005 cv. sub. notes 144A (Ba3) . . . . .	1,027,500
		<u>2,484,375</u>
	<b>AEROSPACE — 0.8%</b>	
825,000	Simula, Inc. 8% 2004 sr. cv. sub. notes (NR) . . . . .	350,625
700,000	SPACEHAB, Inc. 8% 2007 cv. sub. notes 144A (NR) . . . . .	490,000
		<u>840,625</u>
	<b>BANKING — 5.4%</b>	
50,000 shs	CNB Capital Trust I 6% SPuRS (A1) (exch. for CNB Bancshares, Inc. common stock) . . . . .	1,562,500
1,000,000	Deutsche Bank Financial, Inc. 1¼% 2007 medium-term exch. notes (Aa3) (exch. for CitiGroup, Inc. common stock) . . . . .	997,500
40,000 shs	National Australia Bank Ltd. 7½% exch. capital units (A1) . . . . .	1,130,000
25,000 shs	Sovereign Capital Trust II 7½% PIERS (B1) (exch. for Sovereign Bancorp, Inc. common stock) . . . . .	1,225,000
30,000 shs	WBK Trust 10% STRYPES * (NR) (exch. for Westpac Banking Corp., Ltd. common stock) . . . . .	990,000
		<u>5,905,000</u>
	<b>CABLE — 4.5%</b>	
1,000,000	Bell Atlantic Financial Services, Inc. 4¼% 2005 cv. sub. deb. 144A (A1) (exch. for cash equiv. of Cable & Wireless Communications PLC common stock)	1,221,250
2,000,000	Bell Atlantic Financial Services, Inc. 4¼% 2005 euro. cv. sub. deb. (A1) (exch. for cash equiv. of Cable & Wireless Communications PLC common stock)	2,442,500
20,000 shs	Cox Communications, Inc. 7% FELINE PRIDES * (Baa2) . . . . .	1,235,000
		<u>4,898,750</u>
	<b>CAPITAL GOODS — 4.7%</b>	
1,050,000	Advanced Energy Industries, Inc. 5¼% 2006 cv. sub. notes (NR) . . . . .	1,423,406
1,500,000	CS First Boston, Inc. 2% 2010 sr. medium-term exch. notes 144A (A1) (exch. for General Electric Corp. common stock) . . . . .	1,455,000
500,000	Exchangeable Certificate Corp. 1¼% 2004 sr. medium-term exch. notes 144A (AAA)(exch. for General Electric Corp. common stock) . . . . .	525,000
15,000 shs	Hanover Compressor Capital Trust 7¼% cv. pfd. TIDES 144A (B1) . . . . . (conv. into Hanover Compressor Company common stock)	1,710,000
		<u>5,113,406</u>
	<b>DATA-PROCESSING SERVICES — 3.1%</b>	
2,150,000	Exchangeable Certificate Corp. 0.625% 2005 medium-term exch. notes 144A (AAA)(exch. for American Express Company common stock) . . . . .	1,969,938
1,750,000	National Data Corp. 5% 2003 cv. sub. notes (Ba3) . . . . .	1,435,000
		<u>3,404,938</u>
	<b>ELECTRIC UTILITIES — 0.7%</b>	
20,000 shs	TXU Corp. 9¼% FELINE PRIDES * (Baa3) . . . . .	762,500
	<b>ENERGY — 12.7%</b>	
24,000 shs	AES Trust VII \$3 trust cv. pfd. securities 144A (Ba3) (conv. into AES Corp. common stock) . . . . .	1,420,500
40,800 shs	Apache Corp. \$2.015 dep. shs. representing series C ACES pfd. * (Baa2) . . . . .	2,083,350
50,000 shs	The Coastal Corp. 6⅝% FELINE PRIDES * (Baa2) . . . . .	1,737,500
500,000	Devon Energy Corp. 4.90% 2008 cv. sub. deb. (Baa2) (conv. into Chevron Corp. common stock) . . . . .	478,125
1,000,000	Devon Energy Corp. 4.95% 2008 cv. sub. deb. (Baa2) (conv. into Chevron Corp. common stock) . . . . .	960,000
1,450,000	Diamond Offshore Drilling, Inc. 3¾% 2007 cv. sub. notes (Baa1) . . . . .	1,492,594
50,000	Enron Corp. 7% 2002 exch. notes * (Baa1) (conv. into EOG Resources, Inc. common stock) . . . . .	1,537,500

# Portfolio of Investments June 30, 2000 (continued)

Principal Amount or Shares		Value
	<b>ENERGY — continued</b>	
\$1,000,000	Exchangeable Certificate Corp. 2% 2005 medium-term exh. notes 144A (AAA)(exch. for Exxon Mobil Corp. common stock) .....	\$ 936,250
750,000	Kerr-McGee Corp. 5¼% 2010 cv. sub. deb. (Baa2) .....	864,375
500,000	Kerr-McGee Corp. 7½% 2014 cv. sub. deb. (Baa2) .....	480,000
30,000	Kerr-McGee Corp. 5½% 2004 DECS * (Baa1) (exch. for Devon Energy Corp. common stock) .....	1,507,500
500,000	Loews Corp. 7¼% 2007 cv. sub. deb. (A2) (conv. into Diamond Offshore Drilling, Inc. common stock) .....	415,625
		<u>13,913,319</u>
	<b>ENTERTAINMENT — 10.7%</b>	
2,750,000	America Online, Inc. 0% 2019 cv. sub. deb. (Ba3) .....	1,383,594
2,000,000	Clear Channel Communications, Inc. 1½% 2002 sr. cv. notes (Baa3) .....	1,957,500
2,000,000	Deutsche Bank Financial, Inc. 1% 2007 sr. medium-term exh. notes (Aa3) (exch. for cash value of The Walt Disney Corp. common stock) .....	2,067,500
1,000,000	EchoStar Communications Corp. 4⅞% 2007 cv. sub. notes 144A (NR) .....	950,000
1,000,000	Imax Corp. 5¾% 2003 cv. sub. notes 144A (B1) .....	1,136,875
2,000,000	Merrill Lynch & Co., Inc. 0.25% 2006 series B medium-term notes (Aa3) (exch. for Time Warner, Inc. common stock) .....	2,120,000
1,000,000	NTL, Inc. 5¾% 2009 cv. sub. notes 144A (Caa1) .....	795,000
29,000 shs	UnitedGlobalCom dep. shs. representing 7% series D sr. cum. cv. pfd. (NR) ...	1,314,063
		<u>11,724,532</u>
	<b>FINANCIAL &amp; INSURANCE — 6.7%</b>	
25,000 shs	ACE Limited 8¼% FELINE PRIDES (BBB) .....	1,564,063
13,000 shs	American General Delaware, L.L.C. 6% cv. A MIPS (A2) .....	972,563
1,500,000	American International Group 0.50% 2007 cv. notes (AAA) .....	1,494,375
30,000	MetLife Capital Trust I 8% equity security units (BBB+) (exch. for MetLife, Inc. common stock) .....	2,062,500
625,000	Penn Treaty American Corp. 6¼% 2003 cv. sub. notes (BB+) .....	482,813
575,000	Penn Treaty American Corp. 6¼% 2003 cv. sub. notes 144A (BB+) .....	444,188
10,730	Southwest Securities Group, Inc. 5% 2004 DARTS * (NR) (exch. for Knight/Trimark Group, Inc. Class A common stock) .....	340,678
		<u>7,361,180</u>
	<b>HEALTH CARE &amp; DRUGS — 8.7%</b>	
250,000	Alkermes, Inc. 3¾% 2007 cv. sub. notes 144A (NR) .....	214,219
2,000,000	The Bear Stearns Cos., Inc. 1% 2006 medium-term notes (A2) (cv. into an index comprised of Merck & Co., Inc. and Pfizer, Inc. common stocks)	1,790,000
250,000	CV Therapeutics 4¾% 2007 cv. sub. notes 144A (NR) .....	302,188
500,000	Cor Therapeutics 5% 2007 cv. sub. notes 144A (NR) .....	699,688
2,000,000	Elan Finance Corp. 0% 2018 LYON 144A (Baa3) (exch. for ADR's representing Elan Corp., plc common stock) .....	1,476,250
800,000	Human Genome Sciences, Inc. 5% 2007 cv. sub. notes (NR) .....	660,000
500,000	Ivax Corp. 5½% 2007 cv. senior sub. notes 144A (NR) .....	651,250
1,250,000	Roche Holdings, Inc. 0% 2010 LYON 144A (NR) .....	670,313
625,000	Roche Holdings, Inc. 0% 2015 LYON 144A (NR) (exch. for Genentech, Inc. common stock) .....	562,500
1,000,000	Sepracor, Inc. 7% 2005 cv. notes 144A (CCC+) .....	2,037,500
250,000	Sepracor, Inc. 7% 2005 cv. notes (CCC+) .....	509,375
		<u>9,573,283</u>
	<b>MULTI-INDUSTRY — 1.8%</b>	
2,000,000	Lehman Brothers Holdings, Inc. 0% 2003 BASES notes (NR) (based on the value of the performance of the 10 Uncommon Values index) ...	<u>2,010,000</u>
	<b>PAPER &amp; PAPER PRODUCTS — 0.9%</b>	
30,000	Georgia-Pacific Corp. 7½% 2002 PEPS * (Baa2) .....	<u>937,500</u>

# Portfolio of Investments June 30, 2000 (continued)

Principal Amount or Shares		Value
	<b>RETAIL — 4.7%</b>	
\$1,000,000	Costco Companies, Inc. 0% 2017 cv. sub. notes 144A (A3) .....	\$ 809,375
1,250,000	Costco Companies, Inc. 0% 2017 cv. sub. notes (A3) .....	1,011,719
15,200 shs	CVS Auto. Common Exch. Security Trust \$4.23 TRACES * (NR) (exch. for CVS Corp. common stock) .....	1,084,900
32,500 shs	Dollar General Trust 8½% STRYPES * (NR) (conv. into Dollar General Corp. common stock) .....	1,167,969
12,300 shs	Estee Lauder Trust 6¼% TRACES II * (NR) (conv. into Estee Lauder Companies, Inc. common stock) .....	1,113,150
		<u>5,187,113</u>
	<b>STAFFING SERVICES — 1.1%</b>	
1,500,000	Interim Services, Inc. 4½% 2005 cv. sub. deb. (Ba3) .....	1,152,188
	<b>TECHNOLOGY — 15.7%</b>	
1,000,000	CS First Boston, Inc. 2% 2010 medium-term exch. notes 144A (A1) (exch. for Cisco Systems, Inc. common stock) .....	1,170,000
1,500,000	CS First Boston, Inc. 1% 2006 medium-term exch. notes (A1) (exch. for Microsoft Corp. common stock) .....	1,350,000
500,000	Cypress Semiconductor Corp. 3¾% 2005 cv. sub. deb. (NR) .....	480,625
1,000,000	Exchangeable Certificate Corp. 0.25% 2005 medium-term exch. notes 144A (AAA)(exch. for Intel Corp. common stock) .....	910,000
750,000	Exodus Communications, Inc. 4¾% 2008 cv. sub. notes 144A (NR) .....	1,088,906
1,000,000	The Goldman Sachs Group, Inc. 0% 2003 medium-term notes, series B (A1) (linked to the GSTI Internet Index) .....	889,675
1,000,000	The Goldman Sachs Group, Inc. 0.25% 2007 medium-term notes (A1) (exch. for EMC common stock) .....	1,137,430
1,000,000	Hewlett-Packard Co. 0% 2017 LYON 144A (Aa3) .....	950,000
1,000,000	Juniper Networks, Inc. 4¾% 2007 cv. sub. notes (NR) .....	1,108,750
1,000,000	LSI Logic Corp. 4% 2005 cv. sub. notes (B) .....	1,057,500
1,500,000	Merrill Lynch & Co., Inc. 0.50% 2005 notes (Aa3) (exch. for specific technology common stocks †) .....	1,638,750
500,000	Rational Software 5% 2007 cv. sub. notes 144A (NR) .....	722,500
1,250,000	Sci Systems, Inc. 3% 2007 cv. sub. notes (Ba1) .....	1,228,125
200,000	Siebel Systems, Inc. 5½% 2006 cv. sub. notes. 144A (NR) .....	719,250
1,000,000	Soletron Corp. 0% 2019 LYON 144A (Baa3) .....	682,500
1,200,000	STMicroelectronics, N.V. 0% 2009 LYON (Baa1) .....	2,059,500
		<u>17,193,511</u>
	<b>TELECOMMUNICATIONS — 12.0%</b>	
750,000	American Tower Corp. 5% 2010 cv. sub. deb. 144A (NR) .....	761,250
4,000,000	Anixter International, Inc. 0% 2020 LYON 144A (BB+) .....	1017500
1,000,000	Bell Atlantic Financial Services, Inc. 5¾% 2003 cv. sub. deb. 144A (A1) (exch. for cash equiv. Telecom Corp. of New Zealand common stock) .....	976,250
800,000	CS First Boston, Inc. 1% 2008 medium-term exch. notes (A1) (exch. for Motorola common stock) .....	644,000
1,000,000	Exchangeable Certificate Corp. 0.25% 2006 medium-term exch. notes 144A (AAA)(exch. for specific telephone and cable common stocks ‡) .....	1,080,000
1,000,000	Level 3 Communications, Inc. 6% 2010 cv. sub. notes (Caa1) .....	910,625
1,500,000	Liberty Media Group 3¾% 2030 sr. exch. deb. 144A (Baa3) (exch. for Sprint Corporation PCS common stock) .....	1,633,125
25,000	MediaOne Group, Inc. 7% 2002 PIES * (Baa3) (exch. for ADR's representing Vodafone AirTouch PLC common stock) .....	1,025,000
1,750,000	Nextel Communications, Inc. 5¼% 2010 cv. sr. notes 144A (B1) .....	1,826,563
1,500,000	Pinnacle Holdings, Inc. 5½% 2007 cv. sub. notes 144A (NR) .....	1,338,750
700,000	Tekelec 3¼% 2004 cv. sub. discount notes 144A (NR) .....	1,935,500
		<u>13,148,563</u>

# Portfolio of Investments June 30, 2000 (continued)

Principal Amount or Shares		Value
	<b>U.S. TREASURY NOTES — 0.0%</b>	
\$ 17,000	4 <sup>7</sup> / <sub>8</sub> % 3/31/01 ** .....	\$ 16,803
	<b>CORPORATE SHORT-TERM NOTES — 2.6%</b>	
2,900,000	American Express Credit Corp. (P1) (6.78% maturing 7/3/00) .....	2,897,269
	<b>Total Convertible Bonds and Notes — 77.3%</b> .....	84,554,528
	<b>Total Convertible Preferred Stocks — 19.2%</b> .....	21,073,058
	<b>Total Corporate Short-Term Notes — 2.6%</b> .....	2,897,269
	<b>Total Investments — 99.1%</b> .....	108,524,855
	<b>Other assets and liabilities, net — 0.9%</b> .....	1,022,761
	<b>Total Net Assets — 100.0%</b> .....	\$ 109,547,616

\* See Note 1(e) Semi-Annual Report dated March 31, 2000  
 † Ticker symbols: LU, NT & TXN  
 ‡ Ticker symbols: CSCO, CMCSK, TWX, IBM, LMGa, & WCOM  
 \*\* Collateral for a letter of credit

- ACES Automatically Convertible Equity Securities
- ADR American Depositary Receipts
- DARTS Derivative Adjustable Ratio Securities
- DECS Debt Exchangeable for Common Stock
- FELINE Family of Equity-Linked Income Securities
- LYON Liquid Yield Option Note
- MIPS Monthly Income Preferred Securities
- PEPS Premium Equity Participating Securities
- PIERS Preferred Income Equity Redeemable Securities
- PIES Premium Income Exchangeable Securities
- PRIDES Preferred Redeemable Increased Dividend Equity Securities
- SPuRS Shared Preference Redeemable Securities
- STRYPES Structured Yield Product Exchangeable for Stock
- TIDES Term Income Deferrable Equity Securities
- TRACES Trust Automatic Common Exchange Securities

Ratings in parentheses by Moody's Investors Service, Inc. or Standard & Poor's, a division of McGraw-Hill Companies, Inc.

The portfolio is as of the date specified. The Fund is under no obligation to continue to hold the securities listed herein.