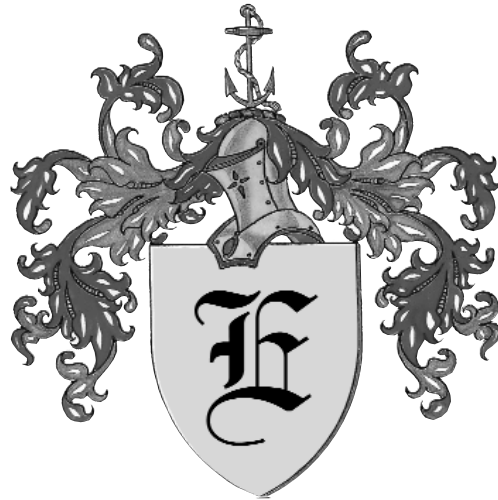


# ELLSWORTH FUND LTD.



2008 Annual Report  
September 30, 2008

## 2008 Annual Report September 30, 2008

Ellsworth Fund Ltd. operates as a closed-end, diversified management investment company and invests primarily in convertible securities, with the objectives of providing income and the potential for capital appreciation; which objectives the Fund considers to be relatively equal, over the long-term, due to the nature of the securities in which it invests.

### Highlights

#### Performance through September 30, 2008 *with dividends reinvested*

	Calendar	Annualized		10 Year	
	YTD	1 Year	5 Years	10 Years	Volatility *
Ellsworth market price . . . . .	(32.73)%	(33.25)%	(1.79)%	3.21%	15.99%
Ellsworth net asset value . . . . .	(20.52)	(21.02)	2.25	3.93	13.78
Merrill Lynch All Convertibles Index . . . . .	(21.01)	(23.57)	2.27	5.05	19.33
S&P 500 Index . . . . .	(19.29)	(21.98)	5.16	3.06	19.94
Lehman Aggregate Bond Total Return Index . .	0.63	3.65	3.79	5.20	3.81

All data in the table above is from Bloomberg L.P. pricing service, except Lehman Aggregate Bond Total Return Index, which is from Lipper, Inc. *Closed-End Fund Performance Analysis*, dated September 30, 2008.

Ellsworth's 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 (AMEX, symbol ECF)		
	High	Low	Close	High	Low	Close
12/31/07	\$10.49	\$8.99	\$9.32	\$9.38	\$7.85	\$8.16
3/31/08	9.27	8.37	8.52	8.26	7.54	7.70
6/30/08	9.12	8.62	8.66	8.10	7.62	7.77
9/30/08	8.62	7.05	7.18	7.62	5.24	5.30

#### Dividend Distributions (12 Months)

Record Date	Payment Date	Income	Capital Gains	Total	Corporate Deduction #
10/25/07	11/21/07	\$0.060	\$0.827	\$0.887	18%
2/14/08	2/28/08	0.090	—	0.090	26
5/15/08	5/29/08	0.090	—	0.090	26
8/14/08	8/28/08	0.090	—	0.090	26
		<u>\$0.330</u>	<u>\$0.827</u>	<u>\$1.157</u>	

# Percentage of each ordinary income distribution qualifying for the corporate dividend received tax deduction.

# To Our Shareholders

November 17, 2008

This is the second worst bear market of my lifetime and the worst of my career. The Bear of 1973/1974 saw the Dow Jones Industrials Average and the Standard & Poor's 500 Index fall by nearly half, and the over-the-counter market (a precursor to NASDAQ) fell by substantially more than that over 21 months. Twelve months after its bull market high in October of 2007 major indices such as the Standard & Poor's 500 Index have fallen by approximately 50%.

In a more typical market decline, convertible securities would be expected to retain more of their market value in addition to the income from coupons or dividends. Convertible securities, however, have not outperformed the equity indices on a year-to-date basis. This unexpected result is because of a disproportionate exposure to the financial industry among convertible securities and because hedge funds appear to have been under pressure to sell these securities even at undervalued prices. Hedge funds are substantial participants in the convertible securities market.

Although recent market events have been volatile and sometimes terrifying, there are some reasons for optimism. Ellsworth does not use leverage so it does not have that risk added to the current volatility of the market. Convertible securities appear to be undervalued relative to their underlying shares and by many historical measures. Merrill Lynch's convertible valuation model has shown these securities to be at their cheapest levels since 1995. Because of this apparent cheapness, we have been able to add convertibles to the Fund that have historically high yields with puts or short maturities that we expect will help protect against further erosion of their prices.

Finally, although we do expect the economy to sustain job losses, earnings declines and reduced consumption, we think that these factors are now substantially discounted by the market. Much good work has been done towards stabilizing the credit markets, but until they are stabilized, all financial markets will be volatile.

Performance for the Fund's fiscal year was enhanced by its exposure to the agriculture and consumer goods industries. Performance was hurt by its exposure to the computer hardware, computer software and the telecommunications industries.

The Fund's net asset value (NAV) outperformed the Merrill Lynch All Convertibles Index (the "Index") over the calendar year-to-date and one-year periods, and was in-line for the five- and ten-year periods (this is the case when you adjust for the fiscal 2004 rights offering and the fact that the Index does not include expenses) ended September 30, 2008. For the calendar year-to-date, one-, five- and ten-year periods, Ellsworth's market return underperformed the Index. For the ten-year performance, the Fund's NAV and market volatility, as measured by standard deviation, were lower than that of the Index. 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 Fund has sought to provide total returns to shareholders that compare favorably to those provided by the equity markets, but with less volatility. We think the Fund has achieved that goal.

*continued on the following page*

## To Our Shareholders (continued)

At its October 13, 2008 meeting, the Board of Trustees declared a distribution of \$0.103 per share, consisting of undistributed net investment income. The distribution is payable on November 26, 2008 to shareholders of record on October 23, 2008.

The 2009 annual meeting of shareholders will be held on January 16, 2008. Time and location will be included in the proxy statement, scheduled to be mailed to shareholders on November 26, 2008. All shareholders are welcome to attend; we hope to see you there.



Thomas H. Dinsmore  
Chairman of the Board

## Major Portfolio Changes by underlying common stock Six months ended September 30, 2008

### ADDITIONS

Bank of America  
China Medical Technologies  
Corning  
General Electric  
Mylan  
Nabors Industries  
Prudential Financial  
RadioShack  
Trina Solar  
Tyson Foods

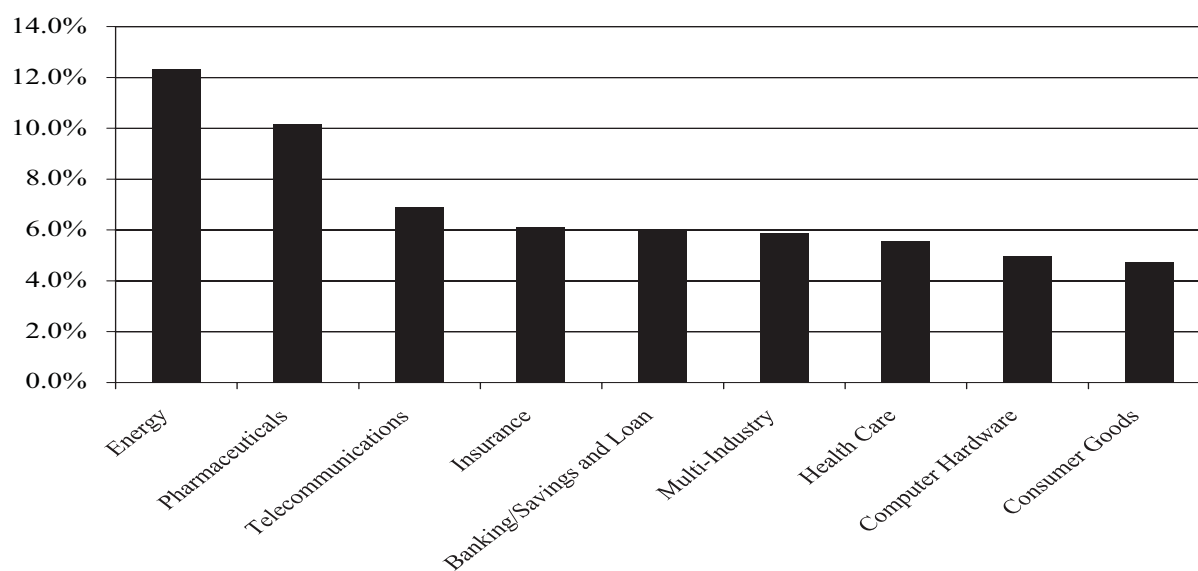
### REDUCTIONS

Bristol-Myers Squibb  
Church & Dwight  
Corning  
Cypress Semiconductor  
Genworth  
MetLife  
Nabors Industries  
Prudential Financial  
St. Jude Medical

## Largest Investment Holdings by underlying common stock

	Value (Note 1)	% Total Net Assets
Prudential Financial . . . . .	\$ 3,934,000	4.2 %
Prudential provides financial services worldwide, offering a variety of products and services including life insurance, mutual funds, annuities, asset management and real estate brokerage.		
Wyeth . . . . .	2,931,900	3.1
Wyeth is engaged in the discovery, development, manufacture, distribution and sale of a line of products in three primary businesses: Wyeth Pharmaceuticals (Pharmaceuticals), Wyeth Consumer Healthcare (Consumer Healthcare), and Fort Dodge Animal Health (Animal Health). Pharmaceuticals includes branded human ethical pharmaceuticals, biotechnology products, vaccines and nutrition products.		
General Electric . . . . .	2,680,385	2.8
GE is a diversified technology, media and financial services company, with products and services ranging from aircraft engines, power generation, water processing and security technology to medical imaging, business and consumer financing, media content and industrial products.		
LSB Industries . . . . .	2,632,500	2.8
LSB manufactures and sells chemical products for the mining, agricultural and industrial markets. The company also manufactures and sells commercial and residential climate control products.		
The Walt Disney Company . . . . .	2,498,925	2.6
Disney, an entertainment company, has operations that include media networks, studio entertainment, theme parks and resorts, consumer products, and Internet and direct marketing.		
Chesapeake Energy . . . . .	2,268,600	2.4
Produces oil and natural gas. The company's operations are focused on developmental drilling and producing property acquisitions in onshore natural gas producing areas of the United States and Canada.		
New York Community Bancorp . . . . .	2,112,942	2.2
New York Community Bancorp is a multi-bank holding company that offers a full range of traditional and non-traditional products and services.		
LSI Corporation . . . . .	2,030,000	2.1
Formerly LSI Logic Corporation, LSI designs, develops and markets semiconductors and storage systems.		
Webster Financial . . . . .	2,020,000	2.1
Webster is a bank holding company. Through Webster Bank and various non-banking financial services subsidiaries, delivers financial services to individuals, families and businesses throughout southern New England and eastern New York State.		
EMC . . . . .	<u>1,972,500</u>	<u>2.1</u>
EMC and its subsidiaries develop, deliver and support the information technology (IT) industry's range of information infrastructure technologies and solutions.		
Total . . . . .	<u>\$25,081,752</u>	<u>26.4%</u>

## Major Industry Exposure



## Diversification of Assets

	Cost	Value	% Total Net Assets September 30,	
			2008	2007
Aerospace and Defense	\$ 2,021,920	\$ 1,370,315	1.5 %	4.0%
Agriculture	0	0	0.0	1.5
Banking/Savings and Loan	7,080,170	5,711,242	6.0	6.0
Chemicals	1,141,934	1,479,600	1.6	2.7
Computer Hardware	5,055,346	4,693,700	5.0	5.2
Computer Software	4,625,037	2,893,750	3.1	2.9
Consumer Goods	4,840,987	4,490,588	4.8	3.9
Energy	12,877,619	11,662,196	12.3	14.6
Finance	0	0	0.0	1.0
Financial Services	2,504,265	1,537,500	1.6	2.6
Foods	4,241,621	2,622,500	2.8	0.8
Health Care	6,499,815	5,245,250	5.6	4.4
Insurance	6,711,782	5,777,407	6.1	9.3
Media and Entertainment	3,496,504	3,137,675	3.3	3.9
Minerals and Mining	5,726,718	4,016,565	4.3	5.6
Multi-Industry	6,780,091	5,575,385	5.9	3.0
Pharmaceuticals	10,415,681	9,597,555	10.2	9.3
Real Estate	2,003,610	1,532,500	1.6	0.8
Retail	2,760,990	2,278,125	2.4	2.1
Semiconductors	4,212,524	3,896,950	4.1	7.0
Telecommunications	9,194,722	6,534,671	6.9	4.8
Transportation	869,104	490,500	0.5	1.5
Travel and Leisure	1,022,850	712,500	0.8	0.0
Short Term Securities	0	0	0.0	2.5
<b>Total Investments</b>	<u>\$104,083,290</u>	<u>85,256,474</u>	<u>90.2</u>	<u>99.3%</u>
Other Assets		9,240,526	9.8%	0.7%
<b>Total Net Assets</b>		<u>\$ 94,497,000</u>	<u>100.0%</u>	<u>100.0%</u>

# Portfolio of Investments September 30, 2008

	Principal Amount	Identified Cost	Value (Note 1)
<b>CONVERTIBLE BONDS AND NOTES — 54.0%</b>			
<b>Aerospace and Defense — 1.2%</b>			
Alliant Techsystems Inc. 2.75%, due 2011 cv. sr. sub. notes (B1) . . . . .	\$1,000,000	<u>\$1,005,670</u>	<u>\$1,103,750</u>
<b>Computer Hardware — 5.0%</b>			
Credit Suisse, New York Branch 12.90%, due 2008 equity-linked notes (NR) (exchangeable for Corning Inc. common stock) . . . . .			
	2,000,000	2,000,000	1,801,200
EMC Corp. 1.75%, due 2011 cv. sr. notes (A-) . . . . .	1,000,000	1,030,533	996,250
EMC Corp. 1.75%, due 2013 cv. sr. notes (A-) . . . . .	1,000,000	1,024,813	976,250
Richardson Electronics, Ltd. 8%, due 2011 cv. sr. sub. notes (NR) . . . . .	1,000,000	<u>1,000,000</u>	<u>920,000</u>
		<u>5,055,346</u>	<u>4,693,700</u>
<b>Computer Software — 3.1%</b>			
Blackboard Inc. 3.25%, due 2027 cv. sr. notes (B+) . . . . .	2,000,000	1,980,726	1,830,000
GSI Commerce, Inc. 2.5%, due 2027 cv. sr. notes (NR) . . . . .	1,000,000	1,001,560	793,750
Lehman Brothers Holdings Inc. 1%, due 2009 medium-term notes (B3) (performance linked to Microsoft Corp. common stock) (1,3) . . . . .	1,500,000	<u>1,642,751</u>	<u>270,000</u>
		<u>4,625,037</u>	<u>2,893,750</u>
<b>Consumer Goods — 1.9%</b>			
Chattem, Inc. 1.625%, due 2014 cv. sr. notes (NR) . . . . .	1,500,000	<u>1,523,139</u>	<u>1,783,125</u>
<b>Energy — 4.6%</b>			
Covanta Holding Corp. 1%, due 2027 sr. cv. deb. (B1) (1) . . . . .	1,500,000	1,710,913	1,443,750
Oil States International, Inc. 2.375%, due 2025 contingent cv. sr. notes (NR) . . . . .	1,325,000	1,490,066	1,684,406
SunPower Corp. 1.25%, due 2027 sr. cv. deb. (NR) . . . . .	250,000	418,410	309,375
Trina Solar Ltd. 4%, due 2013 cv. sr. notes (NR) . . . . .	1,000,000	<u>1,000,000</u>	<u>901,250</u>
		<u>4,619,389</u>	<u>4,338,781</u>
<b>Financial Services — 1.6%</b>			
Euronet Worldwide, Inc. 3.50%, due 2025 cv. deb. (B+) (1) . . . . .	2,000,000	<u>2,504,265</u>	<u>1,537,500</u>
<b>Foods — 2.4%</b>			
The Great Atlantic & Pacific Tea Company, Inc. 5.125%, due 2011 cv. sr. notes (Caa1) . . . . .			
	500,000	500,000	364,375
The Great Atlantic & Pacific Tea Company, Inc. 6.75%, due 2012 cv. sr. notes (Caa1) . . . . .			
	1,500,000	1,500,000	1,055,625
Tyson Foods, Inc. 3.25%, due 2013 cv. sr. notes (BB-) . . . . .	1,000,000	<u>991,621</u>	<u>937,500</u>
		<u>2,991,621</u>	<u>2,357,500</u>
<b>Health Care — 5.5%</b>			
China Medical Technologies, Inc. 4%, due 2013 cv. sr. sub. notes (NR) .	1,500,000	1,500,000	1,072,500
Kinetic Concepts, Inc. 3.25%, due 2015 cv. sr. notes (B+) (Acquired 04/16/08 and 08/04/08; Cost \$1,965,839) (2) . . . . .			
	2,000,000	1,965,839	1,532,500
Omnicare, Inc. 3.25%, due 2035 cv. sr. deb. (B3) (1) . . . . .	900,000	1,019,880	594,000
SonoSite Inc. 3.75%, due 2014 cv. sr. notes (NR) . . . . .	1,000,000	1,013,351	1,048,750
St. Jude Medical, Inc. 1.22%, due 2008 cv. sr. deb. (A-) . . . . .	1,000,000	<u>1,000,745</u>	<u>997,500</u>
		<u>6,499,815</u>	<u>5,245,250</u>
<b>Insurance — 4.2%</b>			
Prudential Financial, Inc. floating rate, due 2036 cv. sr. notes (A3) . . . . .	4,000,000	<u>4,010,279</u>	<u>3,934,000</u>
<b>Media and Entertainment — 0.7%</b>			
Virgin Media Inc. 6.5%, due 2016 cv. sr. notes (B-) (Acquired 04/10/08 and 04/11/08; Cost \$995,202) (2) . . . . .			
	1,000,000	<u>995,202</u>	<u>638,750</u>

# Portfolio of Investments September 30, 2008 (continued)

	Principal Amount	Identified Cost	Value (Note 1)
<b>CONVERTIBLE BONDS AND NOTES — continued</b>			
<b>Multi-Industry — 3.1%</b>			
Diversa Corp. 5.5%, due 2027 cv. sr. notes (NR) (exchangeable for Verenum Corp. common stock) .....	\$ 750,000	\$ 750,000	\$ 262,500
LSB Industries, Inc. 5.5%, due 2012 cv. sr. sub. deb. (NR) .....	3,000,000	3,029,896	2,632,500
		<u>3,779,896</u>	<u>2,895,000</u>
<b>Pharmaceuticals — 6.4%</b>			
Mylan Inc. 3.75%, due 2015 cash cv. notes (B+) (Acquired 09/16/08 and 09/30/08; Cost \$1,477,013) (2) .....	1,500,000	1,477,013	1,481,250
Teva Pharmaceutical Finance Co. B.V. 1.75%, due 2026 cv. sr. deb. (Baa2) (exchangeable for Teva Pharmaceutical Industries Ltd. ADR) .....	1,500,000	1,488,420	1,681,875
Wyeth floating rate, due 2024 cv. sr. deb. (A3) .....	3,000,000	3,044,101	2,931,900
		<u>6,009,534</u>	<u>6,095,025</u>
<b>Real Estate — 1.6%</b>			
ProLogis 2.25%, due 2037 cv. sr. notes (BBB+) (Acquired 03/20/07 - 05/16/08; Cost \$ 2,003,610) (2) .....	2,000,000	2,003,610	1,532,500
<b>Retail — 1.3%</b>			
RadioShack Corp. 2.5%, due 2013 cv. sr. notes (BB) (Acquired 08/13/08; Cost \$1,260,990) (2) .....	1,250,000	1,260,990	1,228,125
<b>Semiconductors — 4.1%</b>			
Agere Systems Inc. 6.5%, due 2009 cv. sub. notes (BB) (exchangeable for LSI Corp.) .....	2,000,000	2,016,288	2,030,000
Cypress Semiconductor Corp. 1%, due 2009 cv. sr. notes (NR) .....	110,000	117,919	109,450
Intel Corp. 2.95%, due 2035 jr. sub. cv. deb. (A-) (1) .....	2,000,000	2,078,317	1,757,500
		<u>4,212,524</u>	<u>3,896,950</u>
<b>Telecommunications — 6.0%</b>			
ADC Telecommunications Inc. 3.50%, due 2015 cv. sub. notes (NR) ..	500,000	500,000	373,125
ADC Telecommunications Inc. 3.50%, due 2017 cv. sub. notes (NR) ..	1,000,000	1,000,000	647,500
Anixter International Inc. 1%, due 2013 sr. cv. notes (BB-) .....	1,000,000	1,089,229	1,056,250
Equinix, Inc. 2.5%, due 2012 cv. sub. notes (B-) .....	2,000,000	2,097,586	1,742,500
General Cable Corp. 1%, due 2012 sr. cv. notes (B1) .....	1,500,000	1,504,619	1,162,500
SAVVIS, Inc. 3%, due 2012 cv. sr. notes (NR) .....	1,000,000	1,005,853	667,500
		<u>7,197,287</u>	<u>5,649,375</u>
<b>Transportation — 0.5%</b>			
ExpressJet Holdings, Inc. 4.25%, due 2023 cv. notes (NR) .....	900,000	869,104	490,500
<b>Travel and Leisure — 0.8%</b>			
Morgans Hotel Group 2.375%, due 2014 sr. sub. cv. notes (NR) (Acquired 10/11/07 and 10/12/07; Cost \$1,022,850) (2) .....	1,000,000	1,022,850	712,500
<b>TOTAL CONVERTIBLE BONDS AND NOTES</b> .....		<u>\$60,185,558</u>	<u>\$51,026,081</u>
<b>CORPORATE BONDS AND NOTES — 1.1%</b>			
<b>Retail — 1.1%</b>			
Amerivon Holdings LLC 4% units containing cv. promissory note due 2010 and warrants expiring 2010) (NR) (Acquired 06/01/07; Cost \$1,500,000) (2,3,4) .....	1,500,000	1,500,000	1,050,000

# Portfolio of Investments September 30, 2008 (continued)

	Shares	Identified Cost	Value (Note 1)
<b>CONVERTIBLE PREFERRED STOCKS — 10.5%</b>			
<b>Aerospace and Defense — 0.3%</b>			
Applied Energetics, Inc. 6.5% series A redeemable cv. pfd. (NR) (Acquired 10/27/05; Cost \$1,000,000) (2,4) . . . . .	40,000	\$ 1,000,000	\$ 260,000
<b>Banking/Savings and Loan — 6.0%</b>			
Bank of America Corp. 7.25% series L non-cum. perpetual cv. pfd. (A1)	1,500	1,248,825	1,257,000
New York Community Bancorp, Inc. 6% BONUSSES units (Baa1) . . . .	54,178	2,946,933	2,112,942
Sovereign Capital Trust IV 4.375% PIERS (Baa2) (exchangeable for Sovereign Bancorp, Inc. common stock) (1) . . . . .	14,000	884,412	321,300
Webster Financial Corp. 8.5% perpetual cv. pfd (BB+) . . . . .	2,000	2,000,000	2,020,000
		<u>7,080,170</u>	<u>5,711,242</u>
<b>Chemicals — 1.6%</b>			
Celanese Corp. 4.25% cv. perpetual pfd. (NR) . . . . .	40,000	1,141,934	1,479,600
<b>Energy — 2.4%</b>			
Chesapeake Energy Corp. 4.5% cum. cv. pfd. (B+) . . . . .	22,800	2,303,211	2,268,600
<b>Telecommunications — 0.2%</b>			
Medis Technologies Ltd. 7.25% series A cum. cv. perpetual pfd. (NR) .	100	1,000,000	187,296
<b>TOTAL CONVERTIBLE PREFERRED STOCKS</b> . . . . .		<u>12,525,315</u>	<u>9,906,738</u>
<b>MANDATORY CONVERTIBLE SECURITIES — 21.9% (5)</b>			
<b>Consumer Goods — 2.9%</b>			
Avery Dennison Corp. 7.875%, due 11/15/10 mandatory cv. pfd. (BBB-)	30,000	1,524,075	1,293,900
The Stanley Works floating rate equity units, due 05/17/12 (A2) . . . . .	1,750	1,793,773	1,413,563
		<u>3,317,848</u>	<u>2,707,463</u>
<b>Energy — 5.3%</b>			
Bristow Group Inc. 5.5%, due 09/15/09 mandatory cv. pfd. (B) . . . . .	20,000	1,027,500	860,000
McMoRan Exploration Co. 6.75%, due 11/15/10 mandatory cv. pfd. (NR)	10,000	1,010,250	1,564,400
Merrill Lynch & Co., Inc. 5.4%, due 09/27/10 PRIDES (A+) (linked to the performance of ConocoPhillips common stock) . . . . .	2,000	2,000,000	1,480,290
NATIXIS Financial Products Inc. 12.10%, due 04/09/09 mandatory trigger exchangeable notes (NR) (exchangeable for Nabors Industries, Inc. common stock) (Acquired 07/03/08; Cost \$1,917,270) (2) . . . . .	39,450	1,917,270	1,150,125
		<u>5,955,020</u>	<u>5,054,815</u>
<b>Foods — 0.3%</b>			
Lehman Brothers Holdings Inc. 6%, due 10/12/10 PIES (B3) (exchangeable for General Mills, Inc. common stock) (3) . . . . .	50,000	1,250,000	265,000
<b>Insurance — 2.0%</b>			
Alleghany Corp. 5.75%, due 06/15/09 mandatory cv. pfd. (BB) . . . . .	4,000	1,058,400	1,335,907
XL Capital Ltd. 7%, due 02/15/09 equity security units (Baa1) . . . . .	72,500	1,643,103	507,500
		<u>2,701,503</u>	<u>1,843,407</u>
<b>Media and Entertainment — 2.6%</b>			
Deutsche Bank AG 4.9%, due 04/28/09 mandatory exchangeable notes (NR) (exchangeable for The Walt Disney Company common stock) (Acquired 04/16/08; Cost \$2,501,301) (2) . . . . .	82,500	2,501,301	2,498,925

# Portfolio of Investments September 30, 2008 (continued)

	Shares	Identified Cost	Value (Note 1)
<b>MANDATORY CONVERTIBLE SECURITIES — continued</b>			
<b>Minerals and Mining — 3.4%</b>			
Freeport-McMoRan Copper & Gold Inc. 6.75%, due 05/01/10 mandatory cv. pfd. (BB) .....	20,000	\$ 2,172,775	\$ 1,698,200
Vale Capital Ltd. 5.5%, due 06/15/10 mandatory convertible notes (BBBH) (exchangeable for ADS representing Companhia Vale do Rio Doce common stock) .....	30,000	1,534,600	1,140,000
Vale Capital Ltd. 5.5%, due 06/15/10 mandatory convertible notes (BBBH) (exchangeable for ADS representing Companhia Vale do Rio Doce Preference A Shares) .....	10,000	503,000	405,625
		<u>4,210,375</u>	<u>3,243,825</u>
<b>Multi-Industry — 2.8%</b>			
NATIXIS Financial Products Inc. 7.5%, due 09/22/09 mandatory trigger exchangeable notes (NR) (exchangeable for General Electric Company common stock) (Acquired 08/19/08; Cost \$3,000,195) (2) .....	105,270	3,000,195	2,680,385
<b>Pharmaceuticals — 2.6%</b>			
Mylan Inc. 6.5%, due 11/15/10 mandatory cv. pfd. (B-) .....	1,000	1,039,000	785,000
Schering-Plough Corp. 6%, due 08/13/10 mandatory cv. pfd. (Baa3) ..	9,500	2,375,000	1,643,690
		<u>3,414,000</u>	<u>2,428,690</u>
<b>TOTAL MANDATORY CONVERTIBLE SECURITIES (5) .....</b>		<u>26,350,242</u>	<u>20,722,510</u>
<b>COMMON STOCKS — 2.7%</b>			
<b>Aerospace and Defense — 0.0%</b>			
Applied Energetics, Inc. (Acquired 06/05/08; Cost \$16,250) (2,4) .....	7,724	16,250	6,565
<b>Minerals and Mining — 0.8%</b>			
Southern Copper Corp. ....	40,500	1,516,343	772,740
<b>Pharmaceuticals — 1.2%</b>			
Johnson & Johnson .....	15,500	992,147	1,073,840
<b>Telecommunications — 0.7%</b>			
AT&T .....	25,000	997,435	698,000
<b>TOTAL COMMON STOCKS .....</b>		<u>3,522,175</u>	<u>2,551,145</u>
<b>Total Convertible Bonds and Notes — 54.0% .....</b>		\$ 60,185,558	51,026,081
<b>Total Corporate Bonds and Notes — 1.1% .....</b>		1,500,000	1,050,000
<b>Total Convertible Preferred Stocks — 10.5% .....</b>		12,525,315	9,906,738
<b>Total Mandatory Convertible Securities — 21.9% .....</b>		26,350,242	20,722,510
<b>Total Common Stocks — 2.7% .....</b>		<u>3,522,175</u>	<u>2,551,145</u>
<b>Total Investments — 90.2% .....</b>		<u>\$104,083,290</u>	<u>85,256,474</u>
<b>Other assets and liabilities, net — 9.8% .....</b>			9,240,526
<b>Total Net Assets — 100.0% .....</b>			<u>\$94,497,000</u>

# Portfolio of Investments September 30, 2008 (continued)

- (1) Contingent payment debt instrument which accrues contingent interest. See Note 1(f).
- (2) Security not registered under the Securities Act of 1933, as amended (i.e., the security was purchased in a Rule 144A or a Reg D transaction). The security may be resold only pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The Fund generally has no rights to demand registration of these securities. The aggregate market value of these securities at September 30, 2008 was \$14,771,625 which represented 15.6% of the Fund's net assets.
- (3) 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 market value of these securities amounted to \$1,585,000 at September 30, 2008 which represented 1.7% of the Fund's net assets.
- (4) 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 September 30, 2008, the Fund was invested in the following restricted securities:

Security	Acquisition Date	Principal Amount or Shares	Cost	Price per Unit	Value	% Net Assets
Amerivon Holdings LLC 4% units containing cv. promissory note and warrants due 2010	June 1, 2007	\$1,500,000	\$1,500,000	\$70.00	\$1,050,000	1.1%
Applied Energetics, Inc. 6.5% series A redeemable cv. pfd.	October 27, 2005	40,000	1,000,000	6.50	260,000	0.3%
Applied Energetics, Inc. comon stock	June 5, 2008	7,724	16,250	0.85	6,565	0.0%
						1.4%

- (5) 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

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 Income Dividend Equity Securities.

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

## Summary of Portfolio Ratings \*

	% of Portfolio
Aa	8
A	19
Baa	16
Ba	7
B	19
Caa	1
NR	30

\* Excludes equity securities and cash.

*See accompanying notes to financial statements*

# Statement of Assets and Liabilities

September 30, 2008

## Assets:

Investments at value (cost \$104,083,290) (Note 1) .....	\$ 85,256,474
Cash .....	9,635,632
Receivable for securities sold .....	479,922
Dividends and interest receivable .....	617,775
Other assets .....	29,474
Total assets .....	<u>96,019,277</u>

## Liabilities:

Payable for securities purchased .....	1,467,327
Accrued management fee (Note 2) .....	6,750
Accrued expenses .....	22,801
Other liabilities .....	25,399
Total liabilities .....	<u>1,522,277</u>

**Net Assets:** ..... \$ 94,497,000

## Net Assets consist of:

Capital shares (unlimited shares of \$0.01 par value authorized) (Note 3) .....	\$ 131,534
Additional paid-in capital .....	116,017,978
Undistributed net investment income .....	523,270
Accumulated net realized loss from investment transactions .....	(3,348,966)
Unrealized depreciation on investments .....	<u>(18,826,816)</u>

**Net Assets** ..... \$ 94,497,000

Net asset value per share (\$94,497,000 ÷ 13,153,252 outstanding shares) ..... \$ 7.18

# Statement of Operations

For the Year Ended September 30, 2008

## Investment Income (Note 1):

Interest .....	\$ 2,702,481
Dividends .....	<u>2,690,993</u>
Total Income .....	<u>5,393,474</u>

## Expenses (Note 2):

Management fee .....	829,216
Custodian .....	16,600
Transfer agent .....	22,441
Legal fees .....	75,617
Audit fees .....	36,400
Trustees' fees .....	95,625
Administrative services fees .....	58,083
Reports to shareholders .....	44,888
Insurance .....	23,209
Other .....	55,088
Total Expenses .....	<u>1,257,167</u>

**Net Investment Income** ..... 4,136,307

## Realized and Unrealized Loss on Investments:

Net realized loss from investment transactions .....	(3,420,545)
Net change in unrealized appreciation of investments .....	<u>(25,413,301)</u>
Net loss on investments .....	<u>(28,833,846)</u>

**Net Decrease in Net Assets Resulting from Operations** ..... (\$24,697,539)

# Statements of Changes in Net Assets

For the Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Change in net assets from operations:</b>		
Net investment income .....	\$ 4,136,307	\$ 4,205,058
Net realized gain (loss) from investment transactions .....	(3,420,545)	10,457,847
Net change in unrealized appreciation of investments .....	<u>(25,413,301)</u>	<u>2,333,162</u>
Net change in net assets resulting from operations .....	<u>(24,697,539)</u>	<u>16,996,067</u>
<b>Distributions to shareholders from:</b>		
Net investment income .....	(4,310,924)	(4,907,146)
Net realized gain on investments .....	<u>(10,469,074)</u>	<u>(3,293,707)</u>
Total distributions .....	<u>(14,779,998)</u>	<u>(8,200,853)</u>
<b>Capital share transactions (Note 3) .....</b>	<u>4,022,420</u>	<u>1,893,024</u>
<b>Change in net assets .....</b>	<u>(35,455,117)</u>	<u>10,688,238</u>
Net assets at beginning of year .....	<u>129,952,117</u>	<u>119,263,879</u>
<b>Net assets at end of year .....</b>	<u>\$ 94,497,000</u>	<u>\$129,952,117</u>
Undistributed net investment income at end of year .....	<u>\$ 523,270</u>	<u>\$ 358,935</u>

## Notes to Financial Statements

### NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

(b) **Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) **Indemnification** - Under the Fund's organizational documents, each trustee, officer or other agent of the Fund (including the Fund's investment adviser) is indemnified against certain liabilities that may arise out of performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. The risk of material loss as a result of such indemnification is considered remote.

(d) **Federal Income Taxes** - The Fund's policy is to distribute substantially all of its taxable income within the prescribed time and to otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies. Therefore, no provision for federal income or excise taxes is believed necessary.

On July 13, 2006, The Financial Accounting Standards Board ("FASB") released FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns. These positions must meet a "more-likely-than-not" standard that, based on the technical merits, has a more than 50% likelihood of being sustained upon examination. In evaluating whether a tax position has met the recognition threshold, the Fund must presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as a tax expense in the current year. FIN 48 was adopted by the Fund on March 31, 2008.

# Notes to Financial Statements

## NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FIN 48 requires the Fund to analyze all open tax years as defined by the relevant Statute of Limitations for all major jurisdictions. Open tax years are those that are open for exam by authorities. The major tax authority for the Fund is the Internal Revenue Service. At September 30, 2008, these previous tax years are open: September 30, 2005 through September 30, 2008. The Fund has no examinations in progress. Management of the Fund has reviewed open tax years and concluded that the adoption of FIN 48 resulted in no effect on the Fund's financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on the tax return for the fiscal year-end September 30, 2008. The Fund is not aware of any tax positions for which it is reasonably likely that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

**(e) 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 approved by the Board of Trustees. Short-term debt securities with original maturities of 60 days or less are valued at amortized cost.

**(f) 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 4 cents per share for the twelve months ended September 30, 2008. In addition, Federal tax regulations require the Fund to reclassify realized gains on contingent payment debt instruments to interest income. At September 30, 2008 there were unrealized losses of approximately 19 cents per share on contingent payment debt instruments.

**(g) Change in Method of Accounting** - Effective October 1, 2004, the Fund began amortizing discounts and premiums on all debt securities. Prior to October 1, 2004, the Fund amortized discounts on original issue discount debt securities. The new method of amortization was adopted in accordance with the provisions of the AICPA Audit and Accounting Guide, Audits of Investment Companies and the financial highlights presented herein have been restated to reflect the new method retroactive to October 1, 2001. The effect of this accounting change is included in the financial highlights for the year ended September 30, 2004. The cumulative effect of this accounting change had no impact on the total net assets of the Fund or on distributions for tax purposes, but resulted in a \$79,579 increase in the cost of securities held and a corresponding \$79,579 reduction in the net unrealized gains based on the securities held on October 1, 2001. These changes had no effect on previously reported total net assets or total returns.

# Notes to Financial Statements (continued)

## NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

**(h) Distributions to Shareholders** - Distributions to shareholders from net investment income are recorded by the Fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid annually. The amount and character of income and capital gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. The tax character of distributions paid during the fiscal years ended September 30, 2008 and 2007 were as follows:

	<u>2008</u>	<u>2007</u>
Ordinary income	\$ 7,214,059	\$ 4,907,146
Net realized gain on investments	<u>7,565,939</u>	<u>3,293,707</u>
	<u>\$14,779,998</u>	<u>\$ 8,200,853</u>

At September 30, 2008, the components of distributable earnings and federal tax cost were as follows:

Unrealized appreciation	\$ 1,945,509
Unrealized depreciation	<u>(21,120,797)</u>
Net unrealized depreciation	(19,175,288)
Undistributed ordinary income	1,354,457
Post October losses	<u>(3,831,681)</u>
Total distributable net earnings	<u>\$ (21,652,512)</u>
Cost for federal income tax purposes	<u>\$104,431,762</u>

At September 30, 2008, the Fund incurred capital losses after October 31 (“post-October” losses) within the taxable year and are deemed to arise on the first business day of the Fund’s next taxable year.

The differences between book-basis and tax-basis unrealized appreciation/(depreciation) is attributable to differing methods of recognizing interest and ordinary income on bonds for tax purposes.

**(i) Market Risk** - It is the Fund’s policy to invest at least 65% of its assets in convertible securities. Although convertible securities do derive part of their value from that of the securities into which they are convertible, they are not considered derivative financial instruments. However, the Fund’s mandatory convertible securities include features which render them more sensitive to price changes of their underlying securities. Thus they expose the Fund to greater downside risk than traditional convertible securities, but generally less than that of the underlying common stock. The market value of those securities was \$20,722,510 at September 30, 2008, representing 21.9% of net assets.

**(j) Accounting Pronouncements** - In September 2006, the Financial Accounting Standards Board (FASB) issued Statement on Financial Accounting Standards (SFAS) No. 157, “Fair Value Measurements.” This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. SFAS No. 157 applies to fair value measurements already required or permitted by existing standards. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The changes to current generally accepted accounting principles from the application of this Statement relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. As of September 30, 2008, the Fund does not believe the adoption of SFAS No. 157 will impact the financial statement amounts, however, additional disclosures may be required about the inputs used to develop the measurements and the effect of certain of the measurements on changes in net assets for the period.

# Notes to Financial Statements (continued)

## NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

In March 2008, Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161") was issued and is effective for fiscal years beginning after November 15, 2008. SFAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity's results of operation and financial position. Management is currently evaluating the implications of SFAS 161. The impact on the Fund's financial statement disclosures, if any, is currently being assessed.

**(k) Reclassification of Capital Accounts** - Accounting principles generally accepted in the United States of America require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the year ended September 30, 2008, the Fund increased accumulated net investment income by \$338,952 and decreased accumulated net realized gain/loss on investments by \$338,952.

## NOTE 2 - MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

The Fund has entered into an investment advisory agreement with Dinsmore Capital Management Co. ("Dinsmore Capital"). Pursuant to the investment advisory agreement, Dinsmore Capital provides the Fund with investment advice, office space and facilities. Under the terms of the investment advisory agreement, the Fund pays Dinsmore Capital on the last day of each month an advisory fee for such month computed at an annual rate of 0.75% of the first \$100,000,000 and 0.50% of the excess over \$100,000,000 of the Fund's net asset value in such month.

The Fund, pursuant to an administrative services agreement with Dinsmore Capital, has agreed to pay Dinsmore Capital for certain accounting and other administrative services provided to the Fund. Under the administrative services agreement, the Fund pays Dinsmore Capital on the last day of each month a fee for such month computed at an annual rate of 0.05% of the Fund's net asset value in such month.

Certain officers and trustees of the Fund are officers and directors of Dinsmore Capital.

## NOTE 3 - PORTFOLIO ACTIVITY

At September 30, 2008 there were 13,153,252 shares of beneficial interest outstanding, with a par value of \$0.01 per share. During the twelve months ended September 30, 2008, 494,154 were issued in connection with reinvestment of dividends from net investment income, resulting in an increase in paid-in capital of \$4,022,420.

Purchases and sales of investments, exclusive of corporate short-term notes, aggregated \$65,626,433 and \$77,651,566, respectively, for the twelve months ended September 30, 2008.

# Financial Highlights Selected data for a share of beneficial interest outstanding:

	Year Ended September 30,				
	2008	2007	2006	2005	2004
<b>Operating Performance:</b>					
Net asset value, beginning of year . . . . .	\$10.27	\$9.60	\$9.29	\$8.71	\$8.58
Net investment income . . . . .	0.31	0.33	0.33	0.29	0.30 (a)
Adjustment for change in amortization policy . . . . .	—	—	—	(0.02)	—
Net investment income, as adjusted . . . . .	0.31	0.33	0.33	0.29	0.30
Net realized and unrealized gain (loss) . . . . .	(2.24)	1.00	0.29	0.59	0.35 (a)
Adjustment for change in amortization policy . . . . .	—	—	—	0.02	—
Net realized and unrealized gain (loss), as adjusted . . . . .	(2.24)	1.00	0.29	0.59	0.35
Total from investment operations . . . . .	(1.93)	1.33	0.62	0.88	0.65
<b>Less Distributions:</b>					
Dividends from net investment income . . . . .	(0.33)	(0.39)	(0.31)	(0.30)	(0.32)
Distributions from realized gains . . . . .	(0.83)	(0.27)	—	—	—
Total distributions . . . . .	(1.16)	(0.66)	(0.31)	(0.30)	(0.32)
<b>Capital Share Transactions:</b>					
Effect of rights offering . . . . .	—	—	—	—	(0.20)
Capital share repurchases . . . . .	—	—	—	—	—
Total capital share transactions . . . . .	—	—	—	—	(0.20)
Net asset value, end of year . . . . .	\$7.18	\$10.27	\$9.60	\$9.29	\$8.71
Market value, end of year . . . . .	\$5.30	\$9.09	\$8.20	\$7.84	\$7.95
Total Net Asset Value Return (%) (b) . . . . .	(21.0)	14.4	6.8	10.3	5.2
Total Investment Return (%) (c) . . . . .	(33.3)	19.6	8.8	2.5	2.8
<b>Ratios/Supplemental Data:</b>					
Net assets, end of period (in thousands) . . . . .	\$94,497	\$129,952	\$119,264	\$114,824	\$107,107
Ratio of expenses to average net assets (%) . . . . .	1.1	1.1	1.2	1.2	1.2
Ratio of net investment income to average net assets (%) . . . . .	3.6	3.4	3.6	3.4	3.2 (d)
Portfolio turnover rate (%) . . . . .	61	84	60	82	70

(a) As previously reported.

(b) Assumes valuation of the Fund's shares and reinvestment of dividends at net asset values.

(c) Assumes valuation of the Fund's shares at market price and reinvestment of dividends at actual reinvestment price.

(d) Expense ratio for 2004 reflects adjustment for change in amortization policy. The ratio previously reported for 2004 was 3.4%.

*See accompanying notes to financial statements*

# Report of Independent Registered Public Accounting Firm

## **To the Shareholders and Board of Trustees of Ellsworth Fund Ltd.**

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments of Ellsworth Fund Ltd. (the “Fund”) as of September 30, 2008, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the four years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for the year ended September 30, 2004 have been audited by other auditors, whose report dated October 29, 2004 expressed an unqualified opinion thereon.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform an audit of the Fund’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of September 30, 2008, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Ellsworth Fund Ltd. as of September 30, 2008, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the four years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania  
November 20, 2008

# Miscellaneous Notes

## **Automatic Dividend Investment and Cash Payment Plan**

The Fund has an Automatic Dividend Investment and Cash Payment Plan (the “Plan”). Any shareholder may elect to join the Plan by sending an application to American Stock Transfer & Trust Company, P.O. Box 922, Church Street Station, NY 10269-0560 (the “Plan Agent”). You may also obtain additional information about the Plan as well as the Plan application by calling the Plan Agent toll free at (800) 937-5449. If your shares are held by a broker or other nominee, you should instruct the nominee to join the Plan on your behalf. Some brokers may require that your shares be taken out of the broker’s “street name” and re-registered in your own name. Shareholders should also contact their broker to determine whether shares acquired through participation in the Plan can be transferred to another broker, and thereafter, whether the shareholder can continue to participate in the Plan.

Under the Plan, all dividends and distributions are automatically invested in additional Fund shares. Depending on the circumstances, shares may either be issued by the Fund or acquired through open market purchases at the current market price or net asset value, whichever is lower (but not less than 95% of market price). For the first three fiscal quarter distributions, when the market price is lower, the Plan Agent will combine your dividends with those of other Plan participants and purchase shares in the market, thereby taking advantage of the lower commissions on larger purchases. There is no other charge for this service. For the fourth quarter distribution when the market price is lower, the Fund will issue shares at the market price.

All dividends and distributions made by the Fund (including capital gain dividends and dividends designated as qualified dividend income, which are eligible for taxation at lower rates) remain taxable to Plan participants, regardless of whether such dividends and distributions are reinvested in additional shares of the Fund through open market purchases or through the issuance of new shares. Plan participants will be treated as receiving the cash used to purchase shares on the open market and, in the case of any dividend or distribution made in the form of newly issued shares, will be treated as receiving an amount equal to the fair market value of such shares as of the reinvestment date. Accordingly, a shareholder may incur a tax liability even though such shareholder has not received a cash distribution with which to pay the tax.

Plan participants may also voluntarily send cash payments of \$100 to \$10,000 per month to the Plan Agent, to be combined with other Plan monies, for purchase of additional Fund shares in the open market. You pay only a bank service charge of \$1.25 per transaction, plus your proportionate share of the brokerage commission. All shares and fractional shares purchased will be held by the Plan Agent in your dividend reinvestment account. You may deposit with the Plan Agent any Ellsworth share certificates you hold, for a one-time fee of \$7.50.

At any time, a Plan participant may instruct the Plan Agent to liquidate all or any portion of such Plan participant’s account. To do so, a Plan participant must deliver written notice to the Plan Agent prior to the record date of any dividend or distribution requesting either liquidation or a share certificate. The Plan Agent will combine all liquidation requests it receives from Plan participants on a particular day and will then sell shares of the Fund that are subject to liquidation requests in the open market. The amount of proceeds a Plan participant will receive shall be determined by the average sales price per share, after deducting brokerage commissions, of all shares sold by the Plan Agent for all Plan participants who have given the Plan Agent liquidation requests.

The Plan Agent or the Fund may terminate the Plan for any reason at any time by sending written notice addressed to the Plan participant’s address as shown on the Plan Agent’s records. Following the date of termination, the Plan Agent shall send the Plan participant either the proceeds of liquidation, or a share certificate or certificates for the full shares held by the Plan Agent in the Plan participant’s account. Additionally, a check will be sent for the value of any fractional interest in the Plan participant’s account based on the market price of the Fund’s shares on that date.

## Miscellaneous Notes (continued)

### **Notice of Privacy Policy**

The Fund has adopted a privacy policy in order to protect the confidentiality of nonpublic personal information that we have about you. We receive personal information, such as your name, address and account balances, when transactions occur in Fund shares registered in your name.

We may disclose this information to companies that perform services for the Fund, such as the Fund's transfer agent or proxy solicitors. These companies may only use this information in connection with the services they provide to the Fund, and not for any other purpose. We will not otherwise disclose any nonpublic personal information about our shareholders or former shareholders to anyone else, except as required by law.

Access to nonpublic information about you is restricted to our employees and service providers who need that information in order to provide services to you. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

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### **For More Information About Portfolio Holdings**

In addition to the semi-annual and annual reports that Ellsworth delivers to shareholders and makes available through the Fund's public website, the Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the Fund's first and third fiscal quarters on Form N-Q. Ellsworth does not deliver the schedule of portfolio holdings for the first and third fiscal quarters to shareholders, however the schedule is posted to the Fund's public website, [www.ellsworthfund.com](http://www.ellsworthfund.com). You may obtain the Form N-Q filings by accessing the SEC's website at [www.sec.gov](http://www.sec.gov). You may also review and copy them at the SEC's Public Reference Room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling the SEC at (800) SEC-0330.

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### **Proxy Voting Policies and Procedures / Proxy Voting Record**

The Fund's policies and procedures with respect to the voting of proxies relating to the Fund's portfolio securities is available without charge, upon request, by calling (973) 631-1177, or at our website at [www.ellsworthfund.com](http://www.ellsworthfund.com). This information is also available on the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, information on how the Fund voted such proxies relating to portfolio securities during the most recent twelve-month period ended June 30, is available without charge at the above sources.

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### **Declared Distribution**

A distribution of \$0.103 per share, derived from net investment income was declared on October 13, 2008, payable November 26, 2008 to shareholders of record at the close of business October 23, 2008.

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The Fund is a member of the Closed-End Fund Association, a non-profit national trade association ([www.cefa.com](http://www.cefa.com)). Thomas H. Dinsmore is on the executive board and is the president of the association. *The association is solely responsible for the content of its website.*

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# Trustees

Each trustee is also a trustee of Bancroft Fund Ltd. (Bancroft) (a closed-end management investment company). Dinsmore Capital Management (Dinsmore Capital) is the Fund's investment adviser and is also the investment adviser to Bancroft. Because of this connection, the Fund and Bancroft make up a Fund Complex. Therefore, each trustee oversees two investment companies in the Fund Complex.

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Personal Information	Principal Occupation(s) During Past Five Years; Other Directorship(s)
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## INDEPENDENT TRUSTEES

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Gordon F. Ahalt 65 Madison Avenue, Suite 550 Morristown, NJ 07960 Term expires 2010 Trustee since 1986 - Age 80	Retired. Trustee of Bancroft and Helix Energy Solutions Group Inc. (an energy services company).
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Kinchen C. Bizzell, C.F.A. 65 Madison Avenue, Suite 550 Morristown, NJ 07960 Term expires 2009 Trustee since 2008 - Age 54	Senior Counselor with Burson-Marsteller (global public relations and communications firm) (since 2004). Prior to 2004, Managing Director in Burson-Marsteller's corporate and financial practice; Trustee of Bancroft.
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Elizabeth C. Bogan, Ph.D. 65 Madison Avenue, Suite 550 Morristown, NJ 07960 Term expires 2010 Trustee since 1986 - Age 64	Senior Lecturer in Economics at Princeton University; Trustee of Bancroft.
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Daniel D. Harding 65 Madison Avenue, Suite 550 Morristown, NJ 07960 Term expires 2011 Trustee since 2007 - Age 56	Senior Advisor with Harding Loevner Management LP (an investment advisory firm); Trustee of Bancroft.
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Nicolas W. Platt 65 Madison Avenue, Suite 550 Morristown, NJ 07960 Term expires 2010 Trustee since 1997 - Age 55	Since August 2006, Managing Director, Rodman & Renshaw, LLC (a full-service investment bank). Prior to August 2006, President of CNC-US (an international consulting company); Trustee of Bancroft.
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## INTERESTED TRUSTEES

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Thomas H. Dinsmore, C.F.A. <sup>(1)</sup> 65 Madison Avenue, Suite 550 Morristown, NJ 07960 Term expires 2011 Trustee since 1986 Chairman of the Board since 1996 - Age 55	Chairman and Chief Executive Officer of the Fund, Bancroft and Dinsmore Capital; Trustee of Bancroft and Director of Dinsmore Capital.
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Jane D. O'Keeffe <sup>(1)</sup> 65 Madison Avenue, Suite 550 Morristown, NJ 07960 Term expires 2009 Trustee since 1995 - Age 53	President of the Fund, Bancroft and Dinsmore Capital; Trustee of Bancroft and Director of Dinsmore Capital.
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(1) Mr. Dinsmore and Ms. O'Keeffe are considered interested persons because they are officers and directors of Dinsmore Capital. They are brother and sister.

# Principal Officers

The business address of each officer is 65 Madison Avenue, Suite 550, Morristown, NJ 07960. Officers are elected by and serve at the pleasure of the Board of Trustees. Each officer holds office until the annual meeting to be held in 2009, and thereafter until his or her respective successor is duly elected and qualified.

Personal Information	Principal Occupation(s) During Past Five Years
Thomas H. Dinsmore, C.F.A. <sup>(1,2)</sup> Trustee, Chairman and Chief Executive Officer since 1986 Age 55	Trustee, Chairman and Chief Executive Officer of the Fund, Bancroft and Dinsmore Capital.
Jane D. O’Keeffe <sup>(1,2)</sup> Trustee and President Officer since 1994 Age 53	Trustee and President of the Fund, Bancroft and Dinsmore Capital.
Gary I. Levine <sup>(3)</sup> Executive Vice President, Chief Financial Officer and Secretary Officer since 1986 Age 51	Executive Vice President and Chief Financial Officer of the Fund, Bancroft and Dinsmore Capital since 2004. Secretary of the Fund, Bancroft and Dinsmore Capital since 2003. Treasurer of Dinsmore Capital since 1997. Vice President of the Fund, Bancroft and Dinsmore Capital from 2002 until 2004. Treasurer of the Fund and Bancroft from 1993 until 2004.
H. Tucker Lake, Jr. <sup>(2)</sup> Vice President Officer since 1994 Age 61	Vice President of the Fund and Bancroft since 2002, and of Dinsmore Capital since 1997.
Germaine M. Ortiz <sup>(3)</sup> Vice President Officer since 1996 Age 39	Vice President of the Fund, Bancroft and Dinsmore Capital.
Mercedes A. Pierre Vice President and Chief Compliance Officer Officer since 1998 Age 47	Vice President and Chief Compliance Officer of the Fund, Bancroft and Dinsmore Capital since 2004, and Assistant Treasurer from 1998 to 2004.

(1) Mr. Dinsmore and Ms. O’Keeffe are brother and sister.

(2) Mr. H. Tucker Lake, Jr. is the first cousin of Mr. Dinsmore and Ms. O’Keeffe.

(3) Mr. Levine’s wife is Ms. Ortiz’s first cousin.

***Board of Trustees***

GORDON F. AHALT  
KINCHEN C. BIZZELL, C.F.A.  
ELIZABETH C. BOGAN, Ph.D.  
THOMAS H. DINSMORE, C.F.A.  
DANIEL D. HARDING  
JANE D. O'KEEFFE  
NICOLAS W. PLATT

***Officers***

THOMAS H. DINSMORE, C.F.A.  
*Chairman of the Board  
and Chief Executive Officer*

JANE D. O'KEEFFE  
*President*

GARY I. LEVINE  
*Executive Vice President, Chief Financial Officer  
and Secretary*

H. TUCKER LAKE, JR.  
*Vice President*

GERMAINE M. ORTIZ  
*Vice President*

MERCEDES A. PIERRE  
*Vice President and Chief Compliance Officer*

JAMES A. DINSMORE  
*Assistant Vice President*

JUDITH M. DOUGHERTY  
*Assistant Secretary*

JOANN VENEZIA  
*Assistant Vice President and Assistant Secretary*

***Internet***

www.ellsworthfund.com  
email: info@ellsworthfund.com

***Investment Adviser***

Dinsmore Capital Management  
65 Madison Avenue, Suite 550  
Morristown, NJ 07960  
(973) 631-1177

***Shareholder Services and Transfer Agent***

American Stock Transfer & Trust Company  
59 Maiden Lane  
New York, NY 10038  
(800) 937-5449  
www.amstock.com

***Beneficial Share Listing***

American Stock Exchange Symbol: ECF

***Legal Counsel***

Ballard Spahr Andrews & Ingersoll, LLP

***Independent Accountants***

Tait, Weller & Baker LLP

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Pursuant to Section 23 of the Investment Company Act of 1940, notice is hereby given that the Fund may in the future purchase its own shares from time to time, at such times, and in such amounts, as may be deemed advantageous to the Fund. Nothing herein shall be considered a commitment to purchase such shares.

ELLSWORTH FUND LTD.  
65 MADISON AVENUE, SUITE 550  
MORRISTOWN, NEW JERSEY 07960  
[www.ellsworthfund.com](http://www.ellsworthfund.com)

