Ellsworth Fund Ltd.

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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

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Stock Exchange Listing
NYSE Amex - Symbol: ECF

ECF LISTED NYSE AMEX

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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*

			Annualized		10-Year
	3 Months	1 Year	5 Years	10 Years	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

	Net Asset Values			Market Prices		
Qtr. Ended	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	$100,677	100.0%

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
		$0.3135	—	$0.3135

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.