

The Depository Trust Company

IMPORTANT

B#: 2597-07

DATE: 12-04-07

TO: All Participants

CATEGORY: Dividends

FROM: Supervisor, Stock Dividend Department

ATTENTION: Dividend Managers, Cashiers, and Reorganization Managers

SUBJECT: Optional Dividend: Bancroft Fund Ltd.
Common CUSIP: 059695106 R/D: 11/29/07 P/D: 12/26/07
Rate: \$2.175 per share in Stock & CIL or Cash
DTC EDS Cutoff: 12/17/07 no later than 8:00 p.m. N.Y.C. time

*****WARNING TIME CRITICAL*****

Participants, who have positions in the above captioned security, can elect to receive the dividend distribution of \$2.175 per share in common or cash, as follows:

Stock Option #1: You may elect to receive additional common shares of Bancroft Fund Ltd. for the \$2.175 per common share. Fractional shares will be paid in cash.

As provided in the Plan, the number of shares you will be entitled to receive under Option #1 will be determined on December 18, 2007, either on the basis of the closing market price of the Funds's beneficial shares, or its net asset value, whichever is lower on that date.

Cash Option #2: You may elect to receive the \$2.175 per common share in cash. The distribution consist of \$0.166 undistributed net investment income, \$0.510 short-term capital gains and \$1.499 long-term capital gains.

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PARTICIPANTS SHOULD SUBMIT ELECTION INSTRUCTIONS OVER THE PARTICIPANT TERMINAL SYSTEM (PTS) THROUGH THE ELECTIVE DIVIDEND SYSTEM (EDS) FUNCTION.

Participants not responding to the above option by 12/17/07 no later than 8:00 p.m. New York City time will receive the mandatory distribution in accordance with Option #1 (Stock with fractional shares paid in cash).

To confirm your Record Date positions, participants should access the Dividend Position and Allocation History (DPAL) Menu Option of the PTS Dividend Announcement Inquiry Function (DIVA).

If there are any questions regarding this Important Notice or the processing of related instructions via EDS, participants should contact DTC's Customer Help Line at (888) 360-3822.