

The Depository Trust Company
IMPORTANT

B#: 7173
DATE: November 29, 2004
TO: All Participants
CATEGORY: Dividends
FROM: Morris Richards, Specialist, Stock Dividend Department
ATTENTION: Dividend Managers, Cashiers, and Reorganization Manager
SUBJECT: Optional Dividend: Bancroft Convertible Fund Inc.
CUSIP: 059695106 R/D: 12/03/04 P/D: 12/28/04
Rate: \$0.188 in Stock or Cash

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

Participants who have positions in the above captioned security may elect to receive the dividend distribution of **\$0.188** per share is derived from undistributed net investment income in stock or cash, as follows:

Stock Option #1: You may elect to receive additional common shares of **Bancroft Convertible Fund, Inc.** for the **\$0.188** per 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 21, 2004, either on the basis of the closing market price of the Fund's common stock, or its net asset value, whichever is lower on that date.

Cash Option #2: You may elect to receive cash at **\$0.188** per share held.

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 12/17/04 before 8:00 p.m. New York City time, will receive the mandatory distribution in accordance with Option #1 (stock with fractions in cash).

Whether the dividend is received in stock or cash, for federal income purposes the \$0.188 per share is considered ordinary income.

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To confirm your Record Date positions, DTC participants should access the Dividend and Allocation History (DPAL) Menu Option, via the PTS Dividend Announcements 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 Service Center at (888) 360-3822