

# Eagle Capital Growth Fund, Inc.

Declaration Date: November 7, 2018

## NOTICE OF STOCK OR OPTIONAL CASH DISTRIBUTION

The Board of Directors of the Eagle Capital Growth Fund Inc. (NYSE American: GRF) (“Fund”) is pleased to announce the Fund’s 2018 year-end distribution of \$0.53 per share is payable on December 28, 2018, to shareholders of record as of the close of business on November 23, 2018.

The tentative tax attributes, which will be finalized in January 2019, of the distribution are:

Net investment income:	\$	0.0763
<u>Long-term capital gains:</u>		<u>0.4537</u>
Total distribution:	\$	0.53

This distribution is payable in shares of the Fund’s Common Stock (“Shares”) unless such shareholder elects to receive cash, as outlined below.

**If you do not participate in the Fund’s Dividend Reinvestment and Cash Purchase Plan (“DRIP”),** then your options are:

**Option 1 – Shares.** No action on your part is necessary to receive Shares.

**Option 2 – Cash.** In order to receive cash, the enclosed Cash Option Election Card must be signed and returned to:

Eagle Capital Growth Fund Inc.  
c/o American Stock Transfer & Trust Company  
6201 15<sup>th</sup> Avenue,  
Brooklyn, NY 11219  
Phone No.: (877) 739-9994

**This card must be received by AST by Thursday, December 13, 2018.** The enclosed envelope doesn’t require postage if mailed in the United States. If your election to receive cash is not received by AST by **December 13, 2018**, you will automatically receive the distribution in Shares. This provides the same result as Option 1.

### **Shareholders Who Participate in the DRIP Who Wish to Receive Cash.**

Any participant in the Fund’s DRIP will automatically receive additional Shares (distributed to American Stock Transfer & Trust Company (“AST”) and credited to the participant’s “book-entry” account), unless such participant affirmatively terminates participation in the DRIP by written notice to AST in accordance with the terms of the DRIP. If you participate in the DRIP and want to receive cash, then prior to December 13, 2018, you must contact AST, as the DRIP Plan Agent, to terminate your participation in the DRIP and elect Option 2 (above) for cash. Written notice to AST (referencing the Eagle Capital Growth Fund, Inc. Dividend Reinvestment and Cash Purchase Plan) should be sent to American Stock Transfer & Trust Company, 6201 15<sup>th</sup> Avenue, Brooklyn, New York 11219, telephone

number: (877) 739-9994. **Your Cash Option Election Card must be received by AST by December 13, 2018, to be effective.**

A copy of the DRIP is available on the Fund's website ([www.eaglecapitalgrowthfund.com](http://www.eaglecapitalgrowthfund.com)).

### **Shares May Be Issued At a Discount to Net Asset Value (NAV).**

The number of Shares issued under Option 1 and to the DRIP will depend on the Fund's Market Price as of Thursday, December 13, 2018 (the "Cut-Off Date"). The Fund will calculate the Net Asset Value per Share ("NAV") as of the close of trading on the Cut-Off Date.

If, on the Cut-Off Date, the Fund's NAV is less than, or equal to, the Market Price, the Fund will issue Shares at a price equal to the greater of NAV or 95% of the Market Price.

If, on the Cut-Off Date, the Fund's NAV is greater than the Market Price, the Fund will issue Shares at the Market Price.

The Market Price will be the arithmetic average (mean) of the closing price for a Share on each of the four (4) trading days during the period from Monday, December 10, 2018, through Thursday, December 13, 2018. If no trading in Shares occurs on any day during this 4-day period, that day will be disregarded. If no Shares trade during the 4-day period identified above, the Fund will use as the Market Price the closing price for a Share on the then most recent date prior to Monday, December 10, 2018, during which trading in the Shares occurred.

If you do nothing, you will receive Shares in an amount equal to: (i) the per share dollar amount of the distribution, (ii) multiplied by the number of Shares you hold; and then (iii) divided by the applicable issuance price (see above) for the Shares. As long as you are not a participant in the DRIP, you will receive cash in lieu of a fractional Share. Fractional Shares will be issued to participants in the DRIP.

If you elect cash, you will suffer dilution if the Fund issues Shares at less than NAV, such as the situation in which, on the Cut-Off Date, the Fund's NAV is greater than the Market Price. This is a likely scenario.

### **Your Responsibility To Pay Income Taxes is Not Affected By Your Election.**

Regardless of whether your distribution is paid in additional Shares or cash, you are responsible for all income taxes with respect to the distribution. The expected tax characteristics are noted earlier, but these are subject to change. The final tax characterization will be communicated to you in January 2019, and will available at the same time on the Fund's website ([www.eaglecapitalgrowthfund.com](http://www.eaglecapitalgrowthfund.com)).

**Eagle Capital Growth Fund, Inc.**

Luke E. Sims

*President and Chief Executive Officer*

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