

# Eagle Capital Growth Fund, Inc.

Declaration Date: November 6, 2017

## 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 2017 year-end distribution of \$0.51 per share is payable on December 28, 2017, to shareholders of record as of the close of business on November 24, 2017.

The tentative tax attributes of the distribution are:

Net investment income:	\$	0.2146
<u>Long-term capital gains:</u>		<u>0.2954</u>
Total distribution:	\$	0.51

The tax characteristics of the distribution will be finalized in January 2018.

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

Participants in the Fund’s Dividend Reinvestment and Cash Purchase Plan (“DRIP”) will receive additional Shares, unless they affirmatively elect to withdraw from the DRIP. The Shares that a DRIP participant would otherwise receive from the Fund will be distributed to the DRIP Plan Agent for safekeeping in such participant’s “book-entry” account pursuant to the terms of the DRIP. If you participate in the DRIP and want to receive cash, then prior to the Cut-Off Date you must contact the DRIP Plan Agent (AST) to terminate your participation in the DRIP and elect Option 2 (below) for cash.

**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 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 Thursday, December 14, 2017.** The enclosed envelope doesn’t require postage if mailed in the United States.

If your election to receive cash is not received by American Stock Transfer & Trust Company (“AST”) by **December 14, 2017**, you will automatically receive the distribution in Shares. This provides the same result as Option 1.

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

The number of Shares issued under Option 1 will depend on the Fund's Market Price as of Thursday, December 14, 2017 (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 11, 2017, through Thursday, December 14, 2017. 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 11, 2017, 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 2018, 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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