

**EAGLE CAPITAL GROWTH FUND, INC.
DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN
(THE “PLAN”)**

ADVANTAGES OF THE PLAN

- Your increased shareholdings of Eagle Capital Growth Fund, Inc. common stock will generate additional dividend and/or other distribution income.
- You may choose to have all of your dividends and/or other distributions reinvested in shares of Eagle Capital Growth Fund, Inc. common stock.
- You may make additional voluntary cash investments as often as once each month, in an amount of not less than \$50 nor more than \$250,000 per year.
- Your cash dividends and/or other distributions will go directly to American Stock Transfer & Trust Company (the “Plan Agent”), which will administer the Plan, assuring prompt reinvestment of your dividends and/or other distributions. It is intended that such cash dividends and/or other distributions, together with any voluntary cash payments, will be fully utilized to purchase shares of Eagle Capital Growth Fund, Inc. common stock.
- The Plan Agent does all of the work and, at your option, will accept delivery from you, for safekeeping of, the certificates which you hold in your own name and representing shares of stock of Eagle Capital Growth Fund, Inc. by establishing a “book-entry” account in your name.
- The maintenance of your personal records is simplified by the detailed statements which the Plan Agent will mail to you after each investment.
- Participation in the Plan is entirely voluntary. You may join at any time, and you may terminate your participation whenever you wish by following the procedures described below.
- There are no fees or charges imposed upon you, other than brokerage commissions, and reasonable transaction and termination fees.

PARTICIPATION IN THE PLAN

Any holder of common stock of Eagle Capital Growth Fund, Inc. (“Fund”), may participate in the Plan.

JOINING THE PLAN

To join the Plan, you can either enroll on-line at www.amstock.com and clicking on “Shareholder Account Access” or you can sign and complete the enclosed enrollment and authorization form and mail it to: American Stock Transfer & Trust Company, P.O. Box 922 Wall Street Station, New York, New York 10269-0560. Please make sure that if you enroll by completing the enrollment and authorization form that you sign your name exactly the same as shown on your shareholder account. Once you have completed and returned the form to American Stock Transfer & Trust Company, you will begin participating automatically in the Plan and all cash dividends and/or other distributions on Eagle Capital Growth Fund, Inc. common stock registered in your name will be reinvested automatically.

COSTS OF THE PLAN

There are no special fees or charges relating to participation in the Plan, other than reasonable transaction fees and brokerage commissions. A termination or sale fee (currently \$15 plus \$0.10 per share) may be imposed when you terminate or sell your shares in the Plan and take delivery of accumulated shares. The benefit of any reduced brokerage commissions will be passed on, *pro rata*, to participants. In addition, if you wish to deposit your certificated shares in your plan account, there is currently a transaction fee of \$7.50 for this service.

DIVIDEND REINVESTMENT

Dividend payments and/or other distributions made by the Fund to participants in the Plan are made in one of two ways. They are paid to the Plan Agent either in cash (which then are used to purchase shares in the open market), or by the delivery of newly-issued Fund shares. The option chosen by the Fund is the one that the Fund determines is the most favorable to participants, as described below under “Additional Terms and Conditions of Participation in the Eagle Capital Growth Fund, Inc. Dividend Reinvestment and Cash Purchase Plan.” In the event the Plan Agent is unable to complete its acquisition of shares to be purchased on the open market by the end of the thirtieth (30th) day following receipt of the cash dividends and/or other distributions from the Fund, any remaining funds will be returned to the Participants on a pro rata basis.

VOLUNTARY CASH PAYMENTS

You may make voluntary monthly cash payments of not less than \$50 (but not more than \$250,000 per year) for the purpose of acquiring additional shares. You may make these voluntary cash payments regularly or from time to time, and you may also vary the amount of each payment so long as the amount of any monthly voluntary cash payment meets the foregoing limitations. Voluntary cash payments must be received by the Plan Agent on or prior to the last day of any month and will be invested beginning on or about the first business day of the following month (an “Investment Date”). Voluntary cash payments will be invested in shares purchased in the open market, (calculated to three decimal places in your account). However, if purchases of shares on the open market with such voluntary cash payments have not been completed by an ex-dividend date, the balance of such cash payments will be returned and credited on a pro rata basis. The Plan Agent will also return all voluntary cash payments it is holding or receives for purchases to be made on the Investment Date immediately following the dividend payment date if purchases are being made with the cash dividends or other distributions

on or after such Investment Date. In the event the Plan Agent is unable to complete its acquisition of shares to be purchased on the open market by the end of the thirtieth (30th) day following the Investment Date, any remaining funds will be returned to the participants on a pro rata basis. All cash payments received by the Plan Agent in connection with the Plan will be held without earning interest. To avoid unnecessary cash accumulations, and also to allow ample time for receipt and processing by the Plan Agent, participants that wish to make voluntary cash payments should send such payments to the Plan Agent in such a manner that assures that the Plan Agent will receive and collect federal funds by the end of the month. This procedure will avoid unnecessary accumulations of cash and will enable participants to realize lower brokerage commissions and avoid additional transaction charges. If a voluntary cash payment is not received in time to purchase shares for the calendar month indicated, the Plan Agent shall attempt to invest such payment on the next Investment Date. Optional cash payments can also be made on-line at **www.amstock.com**. You need to know your American Stock Transfer & Trust Company 10 digit account number to access your account.

If an optional cash payment is paid by a check and the check is returned by the bank, a fee of \$25 will be charged. If the funds have not yet been invested, the Plan Agent will debit the amount of such funds. If the funds have been invested, then the Plan Agent will sell the shares to recover the amount of the returned check. If the cash balance of the sale is not enough to cover the debit of the amount of the returned check, then the Plan Agent reserves the right to sell account shares to pay the balance. The Plan Agent will also sell additional shares to recover the amount of the return fee.

HOLDING OF SHARES

For your convenience, the Plan Agent will hold all shares that you acquire as a result of your participation in the Plan for safekeeping. However, upon your on-line request at **www.amstock.com**, telephonically at (877) 739-9994 or request by mail, the Plan Agent will send you a certificate representing a specified number of full shares which you have acquired through the Plan and which are held for your account.

The Plan Agent will also allow you to deposit with it, in safekeeping and in your “book-entry” account for the Plan, any additional stock certificates for the Fund’s shares you might have in your possession. This will enable you to guard against loss, theft or damage.

STATEMENT OF ACCOUNT

A cumulative, detailed statement of your account under the Plan for each current calendar year will be sent to you by the Plan Agent; and you will also receive the customary Form 1099 (Internal Revenue Service) reporting dividend and/or other distribution income.

WITHDRAWAL OF SHARES

You are not committed to remain in the Plan. You may terminate your participation at any time by written notice to the Plan Agent or on line at **www.amstock.com**. All requests for termination of participation in the Plan must be received at least three business days prior to the next dividend and/or other distribution payment date in order for the cash dividend and/or other

distribution not to be reinvested. A separate written request, however, must be made to obtain the return of any voluntary cash payment. You may obtain the return of any voluntary cash payment if your written request is received by the Plan Agent at least forty-eight (48) hours prior to the time such voluntary cash payment is invested.

Upon terminating participation in the Plan, certificates for full shares held in your account will be issued and sent to you. Any remaining fractional share will be converted to cash, on the basis of the then current market price of the Fund's common stock, and a check, representing the same, will be issued and sent to you (less service fees). If you desire, you may direct that your full shares be sold in the open market and that the proceeds (less any brokerage commission incurred as a result of such sale) be sent to you.

INCOME TAX CONSIDERATIONS

Dividends (including those declared in shares of stock) and other distributions invested under the Plan are taxable in the same way as dividends and other distributions paid to you in cash.

SHAREHOLDERS' RIGHTS

Shares held under the Plan have the same rights as all other shares, in terms of stock dividends, stock splits, and preemptive and voting rights. Stock dividends will be fully credited to your account. Transaction processing may either be curtailed or suspended until the completion of any stock dividend, stock split or corporate action.

MORE DETAILED INFORMATION

If you have any questions regarding your specific participation in the Plan, please visit the Plan Agent on-line at www.amstock.com, call the Plan Agent at (877) 739-9994 or write the Plan Agent at:

Transaction Processing

American Stock Transfer & Trust Company
DRP Plan
P.O. Box 922 Wall Street Station
New York, NY 10269-0560

Inquiries

American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, NY 11219

**ADDITIONAL TERMS AND CONDITIONS OF
PARTICIPATION IN THE EAGLE CAPITAL GROWTH
FUND, INC. DIVIDEND REINVESTMENT
AND CASH PURCHASE PLAN**

1. By enrolling in the Plan, all of the participant's cash dividends and/or other distributions on Fund common stock will be reinvested in additional shares of Fund common stock. All shares in Fund common stock purchased through the Plan, whether by reinvested dividends and/or other distributions or optional cash payments, will be held for participants in the Plan and the dividends and/or other distributions on those shares will be reinvested automatically.

Dividend payments and/or other distributions made by the Fund to participants in the Plan are made in one of two ways. They are paid to the Plan Agent either in cash (which then are used to purchase shares in the open market), or by the delivery of newly-issued Fund shares. The option chosen by the Fund is the one that the Fund determines provides the most favorable price to participants, as described below.

The Fund generally determines the net asset value ("NAV") of each Fund share each Thursday, and publishes that NAV the next day, Friday. The Fund also determines NAV per share as of June 30th and December 31st of each year. On each date fixed for payment of a dividend and/or other distribution from the Fund ("Payment Date") and daily thereafter for a 30-day period, the Fund compares the most recently determined NAV per share (provided that such NAV has been determined as of a date not more than five business days prior to such date) with the market price per share. For purposes of the Plan, if Fund shares are then traded on the American Stock Exchange, "market price" is the closing price on the immediately preceding trading day (including estimated brokerage commissions), or if the Fund shares are not then traded on the American Stock Exchange, "market price" is the average of the closing prices over the five immediately preceding trading days on the over-the-counter market (including estimated brokerage commissions).

If with respect to the Payment Date, the determined NAV per share is lower than the market price per share, then the Fund shall satisfy its obligation to the Plan with respect to any such dividend and/or other distribution by issuing additional Fund shares to the participants. The Fund shares are issued at a price per share equal to the greater of the determined NAV per share or 95% of such market price per share.

However, if with respect to the Payment Date, the NAV per share is higher than the market price per share, then the Fund shall satisfy its obligation with respect to any such dividend and/or other distribution by a cash payment to the Plan Agent for the account of participants. The Plan Agent will receive the total amount of the dividend and/or other distribution (a) on shares which are held directly by a participant and (b) on any full and fractional shares held for a participant under the Plan, and the Plan Agent will use these funds to buy shares of the Fund's common stock on the open market (calculated to three decimal places in your account). In the event the Plan Agent is unable to complete its purchase of shares on the open market by the end of the thirtieth (30th) day following the Payment Date, any remaining

funds will be distributed to the participants on a *pro rata* basis. Notwithstanding the above, if within the thirty (30) days following the Payment Date, the Plan Agent has not completed its purchases on the open market, and the Fund's shares start trading at a market price at or above the most recent determined NAV per share, the Fund shall direct the Plan Agent to cease purchasing shares in the open market and to return the remaining cash to the Fund, and the Fund shall issue additional Fund shares to the participants at a price per share equal to the greater of such determined NAV per share or 95% of such market price per share.

Participants in the Plan will also have the option of making additional cash payments to the Plan Agent, on a monthly basis, for investment in the Fund's shares. Such payments may be made in any amount from a minimum of \$50 per month (but not more than \$250,000 per year). The Fund may, in its discretion, waive the minimum contribution or maximum annual limit with respect to any participant. Voluntary cash payments must be received by the Plan Agent on or prior to the last day of any month and will be invested beginning on or about the first business day of the following month (the "Investment Date"). At the end of each calendar month, the Plan Agent will determine the amount of monies accumulated. The monies will be used by the Plan Agent to purchase shares of the Fund's common stock on the open market for the account of Plan participants (calculated to three decimal places in the participant's account). However, if purchases of shares on the open market with such voluntary cash payments have not been completed by an ex-dividend date, the balance of such cash payments will be returned and credited on a *pro rata* basis. The Plan Agent will also return all voluntary cash payments it is holding or receives for purchases to be made on the Investment Date immediately following the dividend payment date if purchases are being made with the cash dividends or other distributions on or after such Investment Date. In the event that Plan Agent is unable to complete its acquisition of shares to be purchased on the open market" by the end of the thirtieth (30th) day following the Investment Date, any remaining funds shall be returned to participants on a *pro rata* basis. Also, if a voluntary cash payment is not received in time to purchase shares for the calendar month indicated, the Plan Agent shall attempt to invest such payment on the next Investment Date. If an optional cash payment is paid by a check and the check is returned by the bank, a fee of \$25 will be charged. If the funds have not yet been invested, the Plan Agent will debit the amount of such funds. If the funds have been invested, then the Plan Agent will sell the shares to recover the amount of the returned check. If the cash balance of the sale is not enough to cover the debit of the amount of the returned check, then the Plan Agent reserves the right to sell account shares to pay the balance. The Plan Agent will also sell additional shares to recover the amount of the return fee. The Plan Agent shall acquire shares to the extent of their current availability on the open market and without regard to, or responsibility for, their market price, from time to time. It is understood that applicable law, unavailability of shares, or the closing of securities market may require the temporary curtailment or the suspension of the purchase of shares on the open market under the Plan. The Plan Agent shall not be accountable for its inability to purchase at such times

A participant may obtain the return of any voluntary cash payment, if the participant makes a written request which is received by the Plan Agent at least forty-eight (48) hours prior to the time such voluntary cash payment is invested.

2. In purchasing shares on the open market, the Plan Agent will commingle participants' cash dividend and/or other distribution funds. The price at which the Plan Agent shall be

deemed to have acquired shares for participants' accounts shall be the average price (including commissions, taxes and all other like, related costs) for all shares purchased by it, as agent for the participants in the Plan. The Plan Agent shall hold these shares for all participants in its name or in the name of its nominee. The Plan Agent shall acquire shares to the extent of their current availability on the open market and without regard to, or responsibility for, their market price, from time to time. It is understood that applicable law, unavailability of shares, or the closing of securities market may require the temporary curtailment or the suspension of the purchase of shares on the open market under the Plan. The Plan Agent shall not be accountable for its inability to purchase at such times.

3. The automatic investment of dividends and/or other distributions under the Plan does not relieve a participant of any tax consequences which may be associated with the "constructive receipt" of dividends and/or other distributions.

4. The Plan Agent will forward to a participant any shares that it holds for such participant in accordance with such participant's direction. With respect to voting on matters presented to shareholders, the Plan Agent will notify participants and request their direction. If a participant does not direct the Plan Agent as to the manner in which such participant wishes to have his vote cast at any annual or special meeting or other vote of shareholders relative to shares held for his account under the Plan, the Plan Agent will not vote such shares.

5. Plan participation may be terminated upon request to the Plan Agent. A participant may terminate on-line or by providing written notice to Plan Agent (the tear-off section at the bottom of participant's statement is available for this purpose). Such written notice (tear-off section) must be signed by all persons who are listed on the Plan account. In order for a termination to be effective, it must be received at least three business days prior to the next dividend Payment Date for the cash dividend and/or other distribution not to be reinvested. If request is received less than three days, then the dividend and/or other distribution will be reinvested and all subsequent dividends and/or other distributions will be paid in cash. All dividends and/or other distributions with a record date after the effective date of termination of participation in the Plan will be sent directly to the participant. The Plan Agent will send to a participant who has terminated participation in the Plan a certificate(s) representing the number of full shares held by the Plan Agent in such participant's account under the Plan. **However, the foregoing does not apply to voluntary cash payments held for investment under the next Investment Date. Any voluntary cash payments held for investment under the next Investment Date will be invested. A participant may obtain the return of any voluntary cash payment, if the participant makes a separate written request which is received by the Plan Agent at least forty-eight (48) hours prior to the time such voluntary cash payment is invested.** If a participant so requests, the Plan Agent will sell such shares and remit the proceeds (less related brokerage commissions and service fees). In case of termination, a participant's interest in a fractional share will be converted to, and remitted in cash, in an amount based upon the then current market value of the share (less service fees). If a participant disposes of all shares which were registered in the name of such participant and which were in the possession of such participant prior to such disposal, the Plan Agent, nevertheless, shall continue to maintain such participant's account under the Plan, until the Plan Agent shall have been notified by such participant of a desire to terminate the same, as previously described.

6. The Plan Agent shall not be liable for any action taken in good faith or for any good faith failure to act, including, without limitation, any claim of liability (a) arising out of failure to terminate the participant's account upon the participant's death, prior to receipt of notice in writing of such death and submission of documentation, by the personal representative of the deceased participant, in form and substance satisfactory to Plan Agent and (b) with respect to the prices at which shares are purchased or sold for a participant's account and the timing of such purchases or sales.

7. The Fund reserves the right to amend or terminate the Plan effective on thirty days' written notice (from the date of mailing) to all participants in the Plan. All transactions concerning the Plan should be directed to American Stock Transfer & Trust Company, P.O. Box 922, Wall Street Station, New York, New York 10269-0560. All inquiries concerning the Plan should be directed to American Stock Transfer & Trust Company, 6201 15th Avenue, Brooklyn, New York 11219.

8. There are no special fees or charges relating to participation in the Plan, other than reasonable transaction fees. A termination or a sale fee (currently \$15 plus \$0.10 per share) may be imposed when a participant terminates or sells shares in the Plan and takes delivery of accumulated shares. The benefit of any reduced brokerage commission will be passed on, pro rate, to participants. In addition, if a participant wishes to deposit certificated shares in a participant's plan account, there is currently a transaction fee of \$7.50 for this service.

9. The term and conditions of the Plan shall be governed by, and construed in accordance with, the internal laws of the State of Michigan.

NOTE

The Fund's counsel has advised that, under applicable provisions of the Internal Revenue Code, dividends and/or other distributions, whether or not invested under the Plan, are taxable in the year earned.

SUMMARY

To participate in the Dividend Reinvestment and Cash Purchase Plan, either enroll on-line at **www.amstock.com** and clicking on "Shareholder Account Access" or sign and complete the enclosed enrollment and authorization form. The enrollment and authorization form should be mailed to American Stock Transfer & Trust Company, P.O. Box 922, Wall Street Station, New York, New York 10269-0560.

A participant's participation will commence when the participant has successfully enrolled on-line or when a fully signed and completed enrollment and authorization form is received by the Plan Agent by the record date to participate in the next dividend and/or other distribution.

Please carefully read the Terms and Conditions of Participation for the Dividend Reinvestment and Cash Purchase Plan contained in this brochure and retain this brochure for future reference.