

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **April 16, 2018**

CAPITAL SOUTHWEST CORPORATION

(Exact Name Of Registrant As Specified In Charter)

| | | |
|-------------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------|
| Texas (State or Other Jurisdiction of Incorporation) | 814-00061 (Commission File Number) | 75-1072796 (IRS Employer Identification No.) |
|-------------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------|

**5400 Lyndon B. Johnson Freeway, Suite 1300
Dallas, Texas 75240**
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(214) 238-5700**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On April 16, 2018, Capital Southwest Corporation (the “Company”) entered into an Incremental Assumption Agreement (the “Incremental Agreement”) among the Company, as borrower, ING Capital LLC (the “Administrative Agent”), and Hitachi Capital America Corp (the “Assuming Lender”), relating to the Senior Secured Revolving Credit Agreement, dated as of August 30, 2016 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”) among the Company, the Administrative Agent, the several lenders from time to time party to the Credit Agreement, and Texas Capital Bank, N.A., as documentation agent. The Incremental Agreement increases the total commitments under the Credit Agreement by \$20 million (the “Incremental Commitment”) from \$180 million to \$200 million. The increase was executed under the accordion feature of the Credit Facility, which allows for an increase in total commitments under the facility from new and existing lenders on the same terms and conditions as the existing commitments in an amount up to \$250 million.

The description of the Incremental Agreement contained herein is not intended to be complete and is qualified in its entirety by reference to the full text of the Incremental Agreement, a copy of which is attached as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

The information provided in Item 1.01 of this Current Report on Form 8-K is incorporated in this item 2.03 by reference.

Item 8.01 Other Events

On April 16, 2018, the Company issued a press release announcing its entry in the Incremental Agreement. A copy of such press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>10.1</u> | <u>Incremental Assumption Agreement dated as of April 16, 2018 among Capital Southwest Corporation, as Borrower, ING Capital LLC, as Administrative Agent, and Hitachi Capital America Corp, as Assuming Lender</u> |
| <u>99.1</u> | <u>Press release issued by Capital Southwest Corporation on April 16, 2018</u> |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: April 16, 2018

By: /s/ Michael S. Samer
Name: Michael S. Samer
Title: Chief Financial Officer

EXHIBIT INDEX

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| <u>99.1</u> | <u>Press release issued by Capital Southwest Corporation on April 16, 2018</u> |

INCREMENTAL ASSUMPTION AGREEMENT

dated as of April 16, 2018,

made by

HITACHI CAPITAL AMERICA CORP.,

as Assuming Lender,

relating to the

SENIOR SECURED REVOLVING CREDIT AGREEMENT

dated as of August 30, 2016,

among

CAPITAL SOUTHWEST CORPORATION,

as Borrower,

the Lenders from time to time party thereto,

ING CAPITAL LLC,
as Administrative Agent,
Arranger and Bookrunner

and

TEXAS CAPITAL BANK, N.A.,
as Documentation Agent,

INCREMENTAL ASSUMPTION AGREEMENT, dated as of April 16, 2018 (this “Assumption Agreement”), by and among CAPITAL SOUTHWEST CORPORATION (the “Borrower”), ING CAPITAL LLC (“ING”), in its capacity as Administrative Agent (in such capacity, the “Administrative Agent”), and HITACHI CAPITAL AMERICA CORP. (the “Assuming Lender”), relating to the SENIOR SECURED REVOLVING CREDIT AGREEMENT, dated as of August 30, 2016 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among the Borrower, the Administrative Agent, the several lenders from time to time party to the Credit Agreement and TEXAS CAPITAL BANK, N.A., as documentation agent.

A. The Borrower has requested that the Assuming Lender provide a Commitment in an amount equal to \$20,000,000 (the “Incremental Commitment”), pursuant to Section 2.06(f) of the Credit Agreement.

B. The Assuming Lender is willing to make such an Incremental Commitment to the Borrower on the terms and subject to the conditions set forth herein and in the Credit Agreement.

Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Defined Terms; Interpretation; Etc. Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Credit Agreement. The rules of construction set forth in Section 1.03 of the Credit Agreement shall apply equally to this Assumption Agreement. This Assumption Agreement shall be a “Loan Document” for all purposes of the Credit Agreement and the other Loan Documents.

SECTION 2. Incremental Commitment. (a) Pursuant to Section 2.06(f) of the Credit Agreement and subject to the terms and conditions hereof, the Assuming Lender hereby agrees to make the Incremental Commitment to the Borrower effective on and as of the Increase Effective Date (as defined below). The Incremental Commitment shall constitute an additional “Commitment” and a “Commitment Increase” for all purposes of the Credit Agreement and the other Loan Documents, and the Increase Effective Date shall be the “Commitment Increase Date” of the Incremental Commitment for purposes of Section 2.06(f) of the Credit Agreement.

(b) The terms of the Incremental Commitment shall be the same as the other Commitments made under the Credit Agreement.

(c) On the Increase Effective Date, in connection with the adjustments to any outstanding Loans and participation interests contemplated by Section 2.06(f)(iv) of the Credit Agreement, the Assuming Lender shall make a payment to the Administrative Agent, for account of the other Lenders, in an amount calculated by the Administrative Agent in accordance with such section, so that after giving effect to such payment and to the distribution thereof to the other Lenders in accordance with such section, the Loans are held ratably by the Lenders in accordance with the respective Commitments of such

Lenders (after giving effect to the Incremental Commitment and any other Commitment Increases, if any, occurring on the date hereof).

(d) As of the Increase Effective Date, the Assuming Lender shall become a Lender under the Credit Agreement and shall have all rights and obligations of a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto.

SECTION 3. Conditions Precedent to Incremental Commitment. This Assumption Agreement, and the obligations of the Assuming Lender to make its Incremental Commitment, shall become effective on and as of the Business Day (the "Increase Effective Date") occurring on or before April 16, 2018, on which the following conditions precedent have been satisfied:

(a) the Administrative Agent shall have received counterparts of this Assumption Agreement that, when taken together, bear the signatures of the Borrower, the Administrative Agent and the Assuming Lender;

(b) on the date hereof, each of the conditions set forth or referred to in Section 2.06(f)(i) of the Credit Agreement shall be satisfied, and pursuant to Section 2.06(f)(ii)(x) of the Credit Agreement the Administrative Agent shall have received a certificate of a duly authorized officer of the Borrower dated the date hereof certifying as to the foregoing;

(c) (i) the Assuming Lender shall have received all fees due to such Assuming Lender on the date hereof pursuant to any outstanding fee letters or commitment letters by and between the Borrower and the Assuming Lender, and (ii) ING, in its capacity as the Lead Arranger, shall have received all fees due to it on the date hereof pursuant to any outstanding fee letters by and between the Borrower and ING;

(d) the Administrative Agent shall have received for the account of the Lenders the amounts, if any, payable under Section 2.13 of the Credit Agreement as a result of the adjustments of Borrowings pursuant to Section 2(c) of this Assumption Agreement; and

(e) pursuant to Section 9.03 of the Credit Agreement, the Administrative Agent shall have received all other reasonable and documented out-of-pocket fees and expenses related to this Agreement owing on the date hereof.

SECTION 4. Representations and Warranties of the Borrower. To induce the other parties hereto to enter into this Assumption Agreement, the Borrower represents and warrants to the Administrative Agent and the Assuming Lender that, as of the date hereof:

(a) This Assumption Agreement has been duly authorized, executed and delivered by the Borrower, and constitutes a legal, valid and binding obligation of the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting

the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(b) Each of the representations and warranties made by the Borrower in or pursuant to the Loan Documents are true and correct in all material respects as if made on such date (except to the extent they relate specifically to an earlier date, in which case they are true and correct in all material respects as of such earlier date, and unless a representation or warranty is already qualified by materiality or by Material Adverse Effect, in which case it is true and correct in all respects).

(c) No Default or Event of Default has occurred and is continuing on the date hereof or shall result from the Incremental Commitment.

SECTION 5. Representations, Warranties and Covenants of the Assuming Lender. The Assuming Lender (a) represents and warrants that (i) from and after the Increase Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Incremental Commitment, shall have the obligations of a Lender thereunder, and (ii) it has received a copy of the Credit Agreement, together with copies of the statement of assets and liabilities and partners' capital and the related statements of operations, statement of changes in net assets, statement of cash flows and related schedule of investments delivered pursuant to Section 4.01(c) thereof, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assumption Agreement and to make the Incremental Commitment on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

SECTION 6. Consent and Reaffirmation. (a) The Borrower agrees that, notwithstanding the effectiveness of this Assumption Agreement, the Guarantee and Security Agreement and each of the other Security Documents continue to be in full force and effect, (b) the Borrower acknowledges that the terms "Revolving Credit Agreement Obligations," "Guaranteed Obligations" and "Secured Obligations" (each as defined in the Guarantee and Security Agreement) include any and all Loans made now or in the future by the Assuming Lender in respect of the Incremental Commitment and all interest and other amounts owing in respect thereof under the Loan Documents (including all interest and expenses accrued or incurred subsequent to the commencement of any bankruptcy or insolvency proceeding with respect to the Borrower, whether or not such interest or expenses are allowed as a claim in such proceeding), and (c) the Borrower confirms its grant of a security interest in its assets as Collateral for the Secured Obligations, all as provided in the Loan Documents as originally executed (and amended prior to the date hereof and supplemented hereby). On the Increase Effective Date, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of similar import shall mean and be a reference to the Credit Agreement as modified by this

Agreement and each reference in any other Loan Document shall mean the Credit Agreement as modified hereby.

SECTION 7. Notices. All notices hereunder shall be given in accordance with the provisions of Section 9.01 of the Credit Agreement.

SECTION 8. Expenses. The Borrower agrees to pay all reasonable out-of-pocket expenses incurred by the Administrative Agent in connection with this Assumption Agreement in accordance with the Credit Agreement, including the reasonable and documented fees, charges and disbursements of one outside counsel for the Administrative Agent.

SECTION 9. Counterparts. This Assumption Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same contract. Delivery of an executed counterpart of a signature page of this Assumption Agreement by facsimile or electronic transmission shall be as effective as delivery of a manually executed counterpart hereof.

SECTION 10. Applicable Law; Jurisdiction; Consent to Service of Process; Other. THIS ASSUMPTION AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. THE PROVISIONS OF SECTION 9.09 OF THE CREDIT AGREEMENT (AND ALL OTHER APPLICABLE PROVISIONS OF ARTICLE IX OF THE CREDIT AGREEMENT) ARE HEREBY INCORPORATED BY REFERENCE.

SECTION 11. Headings. The headings of this Assumption Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

SECTION 12. No Third Party Beneficiaries. This Assumption Agreement is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any other person or entity. No person or entity other than the parties hereto shall have any rights under or be entitled to rely upon this Assumption Agreement.

SECTION 13. Acknowledgments. Pursuant to Section 2.06(f)(i)(C) of the Credit Agreement, each of the Administrative Agent and the Borrower consents to the Assuming Lender becoming a Lender under the Credit Agreement and to the Commitment Increases provided for herein. For the avoidance of doubt, pursuant to Section 2.06(f)(iv) of the Credit Agreement, the Borrower hereby acknowledges, and consents to the fact, that the Increase Effective Date (and thereby the Commitment Increase Date with respect to the Incremental Commitment provided for herein) may occur on a day other than the last day of an Interest Period.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Assumption Agreement to be duly executed and delivered by their proper and duly authorized representatives as of the day and year first above written.

CAPITAL SOUTHWEST CORPORATION,
as Borrower

By: /s/ Michael Sarner
Name: Michael Sarner
Title: Chief Financial Officer

[Signature Page to Incremental Assumption Agreement]

ING CAPITAL LLC,
as Administrative Agent

By: /s/ Patrick Frisch
Name: Patrick Frisch, CFA
Title: Managing Director

By: /s/ Grace Fu
Name: Grace Fu
Title: Director

[Signature Page to Incremental Assumption Agreement]

HITACHI CAPITAL AMERICA CORP.,
as Assuming Lender

By: /s/ Michael A. Semanco

Name: Michael A. Semanco

Title: Division President

[Signature Page to Incremental Assumption Agreement]



Lincoln Centre Tower I
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Capital Southwest Increases Credit Facility to \$200 Million

Dallas, Texas – April 16, 2018 – Capital Southwest Corporation (“Capital Southwest” or the “Company”; Nasdaq: CSWC), an internally managed Business Development Company focused on providing flexible financing solutions to support the acquisition and growth of middle market businesses, today announced an expansion to its Senior Secured Credit Facility (the “Credit Facility”) from \$180 million to \$200 million. The \$20 million increase in total commitments was the result of the addition of a new lender, bringing the total lender group to nine participants. The increase was executed under the accordion feature of the Credit Facility, which allows for an increase in total commitments under the facility from new and existing lenders on the same terms and conditions as the existing commitments in an amount up to \$250 million.

Michael Sarner, Chief Financial Officer, commented “We were pleased with the upsize of our credit facility, as it allows us to further grow our investment portfolio and increase our balance sheet leverage towards our target. We value our relationships with our existing and new lenders and are grateful for their continued support.”

About Capital Southwest

Capital Southwest Corporation (Nasdaq: CSWC) is a Dallas, Texas-based, internally managed Business Development Company with approximately \$299 million in net assets as of December 31, 2017. As a middle-market lending firm focused on supporting the acquisition and growth of middle market businesses, Capital Southwest makes investments ranging from \$5 to \$20 million in securities across the capital structure, including first lien, unitranche, second lien, subordinated debt and non-control equity co-investments. As a public company with a permanent capital base, Capital Southwest has the flexibility to be creative in its financing solutions and to invest to support the growth of its portfolio companies over long periods of time.

Forward-Looking Statements

This press release contains historical information and forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 with respect to the business and investments of Capital Southwest. Forward-looking statements are statements that are not historical statements and can often be identified by words such as “will,” “may,” “could,” “believe,” “expect” and similar expressions and variations or negatives of these words. These statements are based on management’s current expectations, assumptions and beliefs. They are not guarantees of future results and are subject to numerous risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statement. These risks include risks related to changes in the markets in which Capital Southwest invests, changes in the financial and lending markets, regulatory changes, tax treatment and general economic and business conditions.

Readers should not place undue reliance on any forward-looking statements and are encouraged to review Capital Southwest's Annual Report on Form 10-K for the year ended March 31, 2017 and subsequent filings with the Securities and Exchange Commission for a more complete discussion of the risks and other factors that could affect any forward-looking statements. Except as required by the federal securities laws, Capital Southwest does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changing circumstances or any other reason after the date of this press release.

Investor Relations Contacts:

Michael S. Sarner, Chief Financial Officer
214-884-3829
