

► See separate instructions.

Part I	Reporting Issuer
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1 Issuer's name Capital Southwest Corporation		2 Issuer's employer identification number (EIN) 75-1072796	
3 Name of contact for additional information See attachment	4 Telephone No. of contact See attachment	5 Email address of contact See attachment	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact See attachment		7 City, town, or post office, state, and Zip code of contact See attachment	
8 Date of action September 30, 2015		9 Classification and description See attachment	
10 CUSIP number See attachment	11 Serial number(s)	12 Ticker symbol See attachment	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► **Pro rata distribution of CSWI common stock to holders of CSWC common stock effective September 30, 2015**
(the "Distribution"). Every one (1) share of CSWC common stock outstanding as of 5:00 pm Eastern time on September 18, 2015, the record date, received one (1) share of CSWI common stock.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► As a result of the Distribution, CSWC shareholders should be required to allocate the aggregate tax basis in their CSWC common stock held immediately before the Distribution among such shares of CSWI common stock received (including any fractional share of CSWI common stock for which cash was received) in the Distribution. A shareholder's aggregate tax basis in its shares of CSWC common stock held immediately before the Distribution should be allocated in proportion to the relative fair market values of the CSWC common stock and the CSWI common stock.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► See attachment.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► CSWC shareholders
generally should not recognize income, gain, or loss for U.S. federal income tax purposes on the receipt of CSWI common stock pursuant to
the Distribution as a result of Section 355(a)(1) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). The tax basis
calculations resulting from the Distribution should be governed by Sections 358(a) and (b) of the Code. CSWC shareholders receiving cash
in lieu of fractional shares of CSWI common stock will recognize gain or loss measured by the difference between the amount of cash
received and the tax basis of such fractional shares pursuant to Section 1001(a) of the Code.

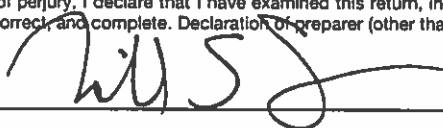
18 Can any resulting loss be recognized? ► See Part II, Item 17 above.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► The tax basis allocation adjustments
resulting from the Distribution are generally effective as of the date of the Distribution, September 30, 2015. Any adjustments to tax basis of
CSWC common stock as a result of reallocating basis attributable to receipt of cash in lieu of fractional shares of CSWI common stock are
generally effective no earlier than the date when the fractional shares were sold, which for a calendar year taxpayer would be in 2015.

Sign
Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ►


Date ► 10/21/2015Print your name ► Michael S. SarnerTitle ► Chief Financial OfficerPaid
Preparer
Use Only

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if
self-employed

PTIN

Firm's name ►

Firm's EIN ►

Firm's address ►

Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

ATTACHMENT TO FORM 8937

“REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES”

Part I, Items 3-7	Contact Information	<p>Non-registered (“street name”) shareholders should contact their brokerage firm directly for inquiries pertaining to their account.</p> <p>Registered shareholders should contact the Distribution Agent for CSWC for inquiries pertaining to their account.</p> <p>Distribution Agent American Stock Transfer and Trust Company 59 Maiden Lane, Plaza Level New York, NY 10038 1-800-937-5449 https://www.amstock.com/</p> <p>Capital Southwest Corporation Michael S. Sarner 5400 LBJ Freeway, Suite 1300, Dallas, TX 75240 214-884-3829 msarner@capitalsouthwest.com</p>
Part I, Items 9, 10, 12	Security information	<p>Capital Southwest Corporation Common stock Ticker Symbol: CSWC (NASDAQ) CUSIP # 140501107</p> <p>CSW Industrials, Inc. Common stock Ticker Symbol: CSWI (NASDAQ) CUSIP # 126402106</p>
Part II, Item 16	Description of the calculation of the change in basis and the data that supports the calculation	Please see the discussion below under “General Guidance Regarding Tax Basis in a Tax Free Spin Off”

Information Regarding Tax Basis for the Distribution of CSWI Common Stock

as of September 30, 2015

CONSULT YOUR TAX ADVISOR

The information contained herein provides a general summary regarding the application of certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury regulations thereunder (the “Regulations”) relating to the allocation of tax basis among CSWC common stock and CSWI common stock following the Distribution. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. No ruling has been (or will be) sought from the U.S. Internal Revenue Service (“IRS”) or any other taxing authority with respect to the Distribution, and the IRS is not bound by the information set forth herein.

CSWC does not provide tax advice to its shareholders. The example below is provided solely for illustrative purposes and as a convenience to shareholders and their tax advisors when establishing their specific tax position. *You are urged to consult your own tax advisor regarding the particular consequences of the Distribution to you, including the applicability and effect of all U.S. federal, state, local and foreign tax laws.* We urge you to read the Form 10 Registration Statement for CSWI filed with the Securities and Exchange Commission (the “Registration Statement”), noting especially the discussion under the heading *“The Share Distribution—Material U.S. Federal Income Tax Consequences.”*

The discussion below regarding tax basis applies generally to U.S. Holders. For purposes of this discussion, a “U.S. Holder” means any beneficial owner of CSWC common stock that is, for U.S. federal income tax purposes: (1) an individual who is a citizen or a resident of the U.S.; (2) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the U.S., any state thereof or the District of Columbia; (3) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (4) a trust, if (a) a court within the U.S. is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (b) it has a valid election in place under applicable Treasury Regulations to be treated as a U.S. person.

GENERAL GUIDANCE REGARDING TAX BASIS IN A TAX FREE SPIN OFF

As described in the Registration Statement, CSWC shareholders should be required to allocate the aggregate tax basis in their CSWC common stock held immediately before the Distribution among their shares of CSWC common stock and the shares of CSWI common stock received in the Distribution.

In general, a shareholder’s aggregate tax basis in its shares of CSWC common stock held immediately before the Distribution should be allocated in proportion to the relative fair market values of CSWC common stock and CSWI common stock on the date of the Distribution. Shareholders that acquired blocks of CSWC common stock at different times or at different prices should consult their own tax advisors regarding the allocation of their aggregate adjusted tax basis among, and the determination of their holding period in, CSWI common stock received in the Distribution.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the CSWC common stock and CSWI common stock for purposes of allocating your tax basis. There are several possible methods for determining the fair market values of CSWC common stock and CSWI common stock. You should consult your tax advisor regarding this determination.

The following is an example of how you might allocate your tax basis in your CSWC common stock immediately before the Distribution among the CSWC common stock and the CSWI common stock you receive (including any fractional shares for which you will receive cash). The example is based on the opening trading price on the first trading day after the Distribution, October 1, 2015. The example is provided solely for illustrative purposes and as a convenience to holders of CSWC common stock and their tax advisors.

HYPOTHETICAL EXAMPLE OF BASIS ALLOCATIONS

Assumptions:

Your shares of CSWC common stock:	100 shares
Your tax basis in each share of CSWC common stock:	\$10 per share
Your aggregate tax basis in your CSWC common stock:	\$1,000 (100 shares x \$10 per share)
Shares of CSWI common stock you received in the Distribution:	100 shares

Step 1: Formula for Calculating Aggregate Fair Market Value of CSWC Common Stock and CSWI Common Stock

To determine the aggregate fair market value of your shares of CSWC common stock and CSWI common stock, multiply the number of such shares by the applicable fair market value of one such share. See Table 1.

Table 1					
	Opening Price on October 1, 2015		Number of Shares		Aggregate Fair Market Value
CSWC	\$ 17.45	x	100	=	\$ 1,745.00
CSWI	\$ 32.00	x	100	=	\$ 3,200.00
Total					\$ 4,945.00

Step 2: Formula for Calculating Tax Basis Allocation Percentage in the Distribution

To determine the tax basis allocation percentage for your CSWC common stock, divide the aggregate fair market value of your CSWC common stock (as determined in Step 1), by the total aggregate fair market value of your CSWC common stock and CSWI common stock (as determined in Step 1). See Table 2.

To determine the tax basis allocation percentage for your CSWI common stock, divide the aggregate fair market value of your CSWI common stock (as determined in Step 1), by the total aggregate fair market value of your CSWC common stock and CSWI common stock (as determined in Step 1). See Table 2.

Table 2					
	Aggregate Fair Market Value		Aggregate Combined Fair Market Value		Tax Basis Allocation Percentage
CSWC	\$ 1,745.00	/	\$ 4,945.00	=	35.3%
CSWI	\$ 3,200.00	/	\$ 4,945.00	=	64.7%

Step 3: Formula for Calculating Tax Basis Allocation to CSWI Common Stock

To determine the aggregate tax basis allocation for your CSWI common stock, multiply your aggregate tax basis in your CSWC common stock immediately before the Distribution by your tax basis allocation percentage for your CSWI common stock (as determined in Step 2). See Table 3.

Table 3					
	Aggregate CSWC Tax Basis		Tax Basis Allocation Percentage		Tax Basis Allocation
CSWI	\$ 1,000.00	x	64.7%	=	\$ 647.00

To determine the tax basis allocation for your CSWI common stock on a per share basis, multiply your aggregate tax basis in your CSWC common stock immediately before the Distribution by your tax basis allocation percentage for your CSWI common stock (as determined in Step 2). Then divide the result by the number of shares of CSWI common stock received in the Distribution to determine your tax basis allocation per share of CSWI common stock. See Table 4.

Table 4								
	Aggregate CSWC Tax Basis		Tax Basis Allocation Percentage		Tax Basis Allocation		Number of Shares	Tax Basis Allocation Per Share
CSWI	\$ 1,000.00	x	64.7%	=	\$ 647.00	/	100	= \$ 6.47

For purposes of the calculation in Table 5 below, assume you are entitled to receive 100.5 shares of CSWI common stock in the Distribution. To determine the tax basis allocation of the whole shares of CSWI common stock received in the Distribution, multiply the number of whole shares received by the tax basis allocation per share of CSWI common stock (as determined in Step 3). See Table 5.

To determine the tax basis allocation of the fractional shares of CSWI common stock sold on your behalf, multiply the number of fractional shares you would have received in the Distribution by the tax basis allocation per share of CSWI common stock (as determined in Step 3). See Table 5. This is the basis you should use to compute your gain or loss recognized with respect to the cash you receive in lieu of fractional shares of CSWI common stock.

Table 5					
	Number of Shares		Tax Basis Allocation Per Share		Tax Basis Allocation
Whole shares of CSWI common stock	100	x	\$ 6.47	=	\$ 647.00
Fractional shares of CSWI common stock	0.5	x	\$ 6.47	=	\$ 3.24

You should recognize capital gain or loss measured by the difference between the cash received for the fractional share of CSWI common stock and the tax basis in that fractional share, determined as described above, and this capital gain or loss should be long-term capital gain or loss if your holding period for the CSWC common stock, with respect to which you received the fractional share, is more than one year on the date of the Distribution.

Step 4: Formula for Calculating Tax Basis Allocation to CSWC Common Stock in the Distribution

To determine the aggregate tax basis allocation of your CSWC common stock (post-Distribution), multiply your aggregate tax basis in your shares of CSWC common stock immediately prior to the Distribution by your tax basis allocation percentage for your CSWC common stock (as determined in Step 2). See Table 6.

Table 6					
	Aggregate CSWC Tax Basis		Tax Basis Allocation Percentage		Tax Basis Allocation
CSWC	\$ 1,000.00	x	35.3%	=	\$ 353.00

Please note that some brokerage firms may not use the information provided in this document, and the information is provided only as an example of one possible method of allocating your tax basis in your CSWC common stock immediately before the Distribution among the CSWC common stock and the CSWI common stock you receive. There are various ways brokerage firms may calculate tax basis, including, but not limited to, a method based on October 1, 2015, opening, closing, or average prices. Please contact your brokerage firm to determine which calculation they have used and contact your tax advisor for additional information and clarification.
