

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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 29, 2010

Capital Southwest Corporation

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(Exact Name of Registrant as Specified in Charter)

Texas

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(State or Other Jurisdiction of Incorporation)

811-1056

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(Commission File Number)

75-1072796

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(IRS Employer Identification No.)

12900 Preston Road, Suite 700, Dallas, Texas

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(Address of Principal Executive Offices)

75230

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(Zip Code)

(972) 233-8242

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(Registrant's Telephone Number, Including Area Code)

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(Former Name or Former Address, if Changed Since Last Report)

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))
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### **Item 1.01 Entry into a Material Definitive Agreement**

On April 29, 2010, Capital Southwest Corporation (the “Company”), Lifemark Group, a wholly owned subsidiary of the Company (“Seller”), NorthStar Memorial Group, LLC (“NorthStar”) and NorthStar Cemetery Services of California, LLC, a wholly owned subsidiary of NorthStar (“Purchaser”), entered into a Stock Purchase Agreement (the “Stock Purchase Agreement”), providing for the sale of all of the issued and outstanding shares of capital stock of Seller to Purchaser. A copy of the press release announcing the entry into the Stock Purchase Agreement is attached as Exhibit 99.1 hereto and is incorporated herein by reference.

Consideration for the sale will be cash in the aggregate amount of \$84,750,000. Pursuant to the terms of the Stock Purchase Agreement, the purchase price will be reduced by the amount of Seller’s outstanding indebtedness. The purchase price will also be subject to an adjustment based on certain estimated costs or expenses that have been or will be incurred by the Company or its subsidiaries associated with, arising out of or relating to the distribution of certain assets. In addition, the purchase price is subject to customary adjustments based on the amount of Seller’s net assets at the time the sale is completed.

The Stock Purchase Agreement contains representations and warranties, covenants, indemnification provisions and closing conditions that are customary for transactions of this type, including covenants by Seller related to the conduct of the business between the signing of the Stock Purchase Agreement and completion of the sale. Completion of the transaction is subject to customary closing conditions for transactions of this type, including approval from the State of California.

### **Item 9.01 Financial Statements and Exhibits**

#### **(d) Exhibits**

<u>Exhibit No.</u>	<u>Description</u>
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99.1	Press Release dated April 29, 2010.
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**SIGNATURE**

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.

Date: April 29, 2010

CAPITAL SOUTHWEST CORPORATION

By: /s/ Gary L. Martin  
Gary L. Martin  
President and Chairman

**Capital Southwest Corporation to Sell Lifemark Group  
for \$84.75 Million to NorthStar Memorial Group**

**DALLAS – April 29, 2010** – Capital Southwest Corporation (Nasdaq: CSWC), a provider of long-term equity capital, has entered into a Stock Purchase Agreement with NorthStar Memorial Group, LLC. NorthStar will acquire 100% of the outstanding common stock of Capital Southwest's wholly-owned portfolio company, Lifemark Group, for \$84.75 million in cash.

"Lifemark has been part of the Capital Southwest portfolio since July 1969, when we made our initial investment. As our longest investment holding, Lifemark is an example of how our capital enables management teams to consistently think and act long-term," stated Gary L. Martin, chairman and president of Capital Southwest. "It is in the best interest of our shareholders to pursue this transaction now. The market is ideal for us to use the capital from this sale to invest while the opportunity is high and the availability of alternate funding is low. This allows us to add companies to our portfolio that provide a great long-term benefit and return on investment to our shareholders."

Capital Southwest estimates that \$46.2 million of the proceeds will be retained for future investment and \$24.4 million will be paid in long-term capital gains tax on behalf of its shareholders. Based on an individual tax rate of 15%, it is estimated individual shareholders will receive a net tax credit of \$3.73 per share effective 12/31/2010 from this transaction. The transaction is subject to the approval of the State of California.

"We are pleased to enter into an agreement with Capital Southwest to acquire Lifemark. With careful acquisition management, we have been able to selectively grow the NorthStar family of premier properties," said Mark Hamilton, President and CEO of NorthStar Memorial Group, LLC. "Lifemark's market location is an ideal complement to the already diverse communities we serve and is a perfect fit for our decentralized branding and management philosophy. Lifemark consists of some of the premier cemetery and funeral operations in the United States. As such, it complements NorthStar's premier properties in other states and is an example of NorthStar's commitment to grow through the addition of outstanding funeral and cemetery properties throughout America."

Lifemark Group, based in Hayward, California, owns and operates cemeteries, funeral homes, mausoleums and mortuaries. Its operations, all of which are in California, include properties in San Mateo, Oakland, Hayward and Sacramento.

**About Capital Southwest Corporation**

Capital Southwest is a Dallas-based investment company that provides patient equity capital to exceptional businesses. As a public company (Nasdaq: CSWC), Capital Southwest has the flexibility to hold investments indefinitely, which has provided its managers a stable ownership platform since its founding in 1961. For more information about Capital Southwest, visit the company's website at [www.capitalsouthwest.com](http://www.capitalsouthwest.com).

**About NorthStar Memorial Group LLC**

NorthStar Memorial Group is a privately held funeral and memorialization company founded by like-minded professionals who believe that passion, accountability, courage and trust are the keys to building a successful, exemplary company. More information is available at [www.northstarmemorial.com](http://www.northstarmemorial.com).

**Forward Looking Statements**

This press release may contain historical information and forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 with respect to the business, financial condition and results of operations of the Company. The words "believe," "expect," "intend," "plan," "should" and similar expressions are intended to identify forward-looking statements. Such statements reflect the current views, assumptions and expectations of the Company with respect to future events and are subject to risks and uncertainties. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in the markets in which the Company operates and in general economic and business conditions, competitive pressures, changes in business strategy and various other factors, both referenced and not referenced in this press release. The Company does not assume any obligation to update these forward-looking statements.

**Contact:** Gary L. Martin or Tracy L. Morris  
972-233-8242

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