

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): **May 31, 2017**

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 2.02 Results of Operations and Financial Condition.

On May 31, 2017, Capital Southwest Corporation (the "Company") issued a press release, a copy of which has been furnished as Exhibit 99.1 hereto.

The information furnished in this Current Report on Form 8-K under Item 2.02, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1934, except as shall be expressly set forth by reference in a future filing.

Item 7.01 Regulation FD Disclosure.

The Company expects to hold a conference call with analysts and investors on May 31, 2017. A copy of the investor presentation slides to be used by the Company on such conference call is furnished as Exhibit 99.2 to this Form 8-K and incorporated herein by reference.

The information set forth under this Item 7.01, including Exhibit 99.2, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by Capital Southwest Corporation on May 31, 2017
99.2	Investor presentation slides

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: May 31, 2017

By: /s/ Bowen S. Diehl

Name: Bowen S. Diehl

Title: Chief Executive Officer and
President

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
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Capital Southwest Announces Financial Results for Fourth Quarter and Fiscal Year Ended March 31, 2017

CSWC Increases Pre-Tax Net Investment Income to \$0.22 Per Share and announces Dividend of \$0.21 Per Share for the Quarter Ended June 30, 2017

Dallas, Texas – May 31, 2017 – Capital Southwest Corporation (“Capital Southwest” or the “Company”; Nasdaq: CSWC) today announced its financial results for the fourth fiscal quarter and fiscal year ended March 31, 2017.

Fourth Quarter Fiscal Year 2017 Financial Highlights

- Total Investment Portfolio: \$286.9 million
 - o No investments currently on non-accrual
 - o Total Credit Portfolio: \$167.4 million
 - o \$38.6 million in new credit investments originated during the quarter
 - o \$23.0 million in total repayments during the quarter
 - o Total CSWC investment in I-45 SLF: \$63.4 million
 - o I-45 SLF portfolio increased to \$200.2 million from \$186.6 million during the quarter
 - o \$31.5 million in new credit investments originated during the quarter
 - o \$17.7 million in prepayments during the quarter
 - o I-45 SLF portfolio consists of 43 issuers: 96% 1st Lien Debt and 4% 2nd Lien Debt
 - o Total Equity Portfolio, excluding investment in I-45 SLF: \$56.0 million
 - o \$1.9 million in new equity investments during the quarter, consisting of co-investments alongside three new credit investments
 - o Received proceeds of \$2.8 million from disposition of one equity investment
- Pre-Tax Net Investment Income of \$3.6 million, or \$0.22 per weighted average diluted share
- Declared and Paid Quarterly Dividend of \$0.19 per share and Special Dividend of \$0.26 per share
- Net Realized and Unrealized Portfolio Appreciation: \$2.7 million
- Total Cash: \$22.4 million
- Total Net Assets: \$285.1 million

- Net Asset Value per Share: \$17.80
- Weighted Average Yield on Debt Investments: 10.28%

Fiscal Year 2017 Financial Highlights

- Investment Portfolio:
 - o Credit Portfolio grew \$74.6 million, increasing from \$92.8 million to \$167.4 million during the fiscal year
 - o CSWC investment in I-45 SLF grew \$27.1 million, increasing from \$36.3 million to \$63.4 million
 - o Equity Portfolio increased \$6.8 million, consisting of \$2.2 million in net unrealized appreciation, \$2.7 million in the conversion of a legacy portfolio company sub debt investment to a control equity position, and \$1.9 million in new equity investments
- Pre-Tax Net Investment Income of \$9.7 million for the fiscal year, or \$0.61 per weighted average diluted share
- Declared and Paid Total Quarterly Dividends of \$0.53 per share and Special Dividend of \$0.26 per share
- Net Realized and Unrealized Portfolio Appreciation: \$15.6 million
- Increased net asset value per share to \$17.80 from \$17.34 at the beginning of the year
- Closed Revolving Credit Facility, led by ING Capital, for \$100.0 million in commitments from a syndicate of five lenders, with an accordion up to \$150.0 million

In commenting on the Company's results, Bowen Diehl, President and Chief Executive Officer, stated, "We are very proud of our accomplishments in fiscal year 2017. We delivered a 28% all-in return to shareholders during the fiscal year, having grown NAV nearly 3% while increasing our regular dividend yield to 4.5%. Our strategy of investing in both the upper and middle market was a strength allowing us to generate attractive risk adjusted returns throughout the year in the two markets. Additionally, we made significant progress this year in capitalizing the balance sheet, having cultivated strong banking relationships within our ING led revolving credit facility as well as our I-45 facility led by Deutsche Bank."

Fourth Quarter Fiscal Year Portfolio and Investment Activities

During the quarter ended March 31, 2017, the Company originated three new investments and one follow-on investment totaling \$40.5 million. New investment transactions which occurred during the quarter ended March 31, 2017 are summarized as follows:

Lighting Retrofit International, \$2.2 million add-on to 1st Lien Senior Secured Debt: Lighting Retrofit International is a leading provider of design-build energy efficiency services.

Elite SEM, Inc., \$12.2 million 1st Lien Senior Secured Debt and \$1.0 million in Common Stock: Elite SEM is a performance digital media agency.

Vistar Media Inc., \$11.0 million 1st Lien Senior Secured Debt with attached Warrants: Vistar Media is a digital marketing firm servicing the digital out-of-home advertising industry.

Binswanger Corp., \$13.3 million 1st Lien Senior Secured Debt and \$0.9 million in Common Stock: Binswanger is a provider of repair, replacement and installation services for a full-suite of glass and aluminum products.

During the quarter ended March 31, 2017, the Company received full repayments on four investments totaling \$22.6 million. The Company received a full prepayment on the following investments:

Hygea: Proceeds of \$10.8 million for the prepayment of outstanding debt and repurchase of outstanding warrants, generating a realized gain of \$3.1 million and an IRR of 56.2%.

Polycom: Proceeds of \$4.3 million, resulting in a realized gain of \$0.1 million and an IRR of 32.2%.

360 Holdings: Proceeds of \$7.0 million, resulting in a realized gain of \$0.2 million and an IRR of 15.6%.

Royal Holdings: Proceeds of \$0.6 million, resulting in an IRR of 9.15%

Fourth Quarter Fiscal Year 2017 Operating Results

For the quarter ended March 31, 2017, Capital Southwest reported total investment income of \$7.7 million, compared to \$6.9 million in the prior quarter. The increase in investment income was attributable to an increase in average debt investments outstanding.

For the quarter ended March 31, 2017, total operating expenses (excluding tax and interest expense) were \$3.6 million, compared to \$3.1 million in the prior quarter. The increase in operating expenses was due primarily to legal fees related to corporate matters and an increase in the year-end bonus accrual.

For the quarter ended March 31, 2017, there was interest expense of \$0.5 million, compared to \$0.3 million in the prior quarter. The increase in interest expense was due to increased debt outstanding on the revolving credit facility during the quarter.

For the quarter ended March 31, 2017, total pre-tax net investment income was \$3.6 million, compared to \$3.4 million in the prior quarter.

For the quarter ended March 31, 2017, there was tax expense of \$0.3 million recorded, compared to \$0.5 million in the prior quarter.

During the quarter ended March 31, 2017, Capital Southwest recorded total realized and unrealized gains on investments of \$2.7 million, compared to \$5.0 million in the prior quarter. The net increase in net assets resulting from operations was \$6.0 million for the quarter, compared to \$7.9 million in the prior quarter.

The Company's net asset value, or NAV, at March 31, 2017 was \$17.80 per share, as compared to \$17.88 at December 31, 2016. The decrease in NAV from the prior quarter is primarily due to the special dividend declared during the quarter.

Fiscal Year 2017 Operating Results

For the year ended March 31, 2017, Capital Southwest reported total investment income of \$23.5 million, compared to \$9.2 million in the prior year. The increase in investment income was attributable primarily to an increase in average debt investments outstanding and an increase in dividends paid from I-45 SLF.

For the year ended March 31, 2017, total operating expenses (excluding tax and interest expense) were \$12.8 million, compared to \$21.1 million in the prior year. The decrease in operating expenses was due primarily to expenses relating to the spinoff of CSW Industrials incurred in the prior year.

For the year ended March 31, 2017, there was interest expense of \$1.0 million, compared to \$0.0 million in the prior year. The increase in interest expense during the year was due to increased debt outstanding on the revolving credit facility. There was no debt outstanding as of the prior year end.

For the year ended March 31, 2017, total pre-tax net investment income was \$9.7 million, compared to a (\$12.0) million loss in the prior year.

For the year ended March 31, 2017, there was tax expense of \$1.8 million recorded, compared to a (\$1.3) million benefit in the prior year. The increase in tax expense versus the prior year was due primarily to an increase of \$0.6 million in the excise tax accrual and tax expense of \$1.0 million at our consolidated management company versus a tax benefit of (\$1.3) million in the prior year. Our consolidated management company generated a net operating loss for tax purposes in the prior year and currently does not pay cash taxes.

During the year ended March 31, 2017, Capital Southwest recorded total realized and unrealized gains on investments of \$15.6 million, compared to \$5.3 million in the prior year. The net increase in net assets resulting from operations was \$23.5 million for the year, compared to a decrease of (\$5.4) million in the prior year.

The Company's net asset value, or NAV, at March 31, 2017 was \$17.80 per share, as compared to \$17.34 at March 31, 2016. The increase in NAV from the prior year was primarily due to net realized and unrealized gains.

Liquidity and Capital Resources

At March 31, 2017 Capital Southwest had unrestricted cash and money market balances of approximately \$22.4 million and borrowing capacity on our credit facility of \$75.0 million.

In August 2016, the Company entered into a credit facility to provide additional liquidity to support its investment and operational activities. The facility includes total commitments of \$100.0 million from a diversified group of five lenders and is scheduled to mature on August 30, 2020. As of March 31, 2017, Capital Southwest had \$25.0 million in borrowings outstanding under the credit facility.

Additionally, I-45 SLF has total commitments outstanding of \$165.0 million from a diversified group of four lenders on its credit facility, which is scheduled to mature in November 2020. As of March 31, 2017, I-45 SLF had \$122.0 million in borrowings outstanding under its credit facility.

Share Repurchase Program

On January 25, 2016, Capital Southwest announced that its Board of Directors authorized the repurchase of up to \$10.0 million of its common stock at prices below the Company's net asset value per share as reported in its most recent financial statements. The Board authorized the plan because it believes that the Company's common stock may be undervalued from time to time due to market volatility. As of March 31, 2017, no shares have been purchased under the plan.

Annual Meeting of Stockholders

The 2017 Annual Meeting of Stockholders of Capital Southwest Corporation will be held at the Hilton Dallas Lincoln Centre, 5410 LBJ Freeway, Dallas, Texas 75240 in the Madison Conference Room on Wednesday, August 2, 2017, at 9:00 a.m. (Central Time) for stockholders of record as of the close of business on June 13, 2017.

Declared Dividend of \$0.21 Per Share for Quarter Ended June 30, 2017

On May 31, 2017, the Company's Board of Directors declared a Quarterly Dividend of \$0.21 per share for the quarter ended June 30, 2017.

The Company's dividend will be payable as follows:

June 30, 2017 Quarterly Dividend

Amount Per Share:	\$0.21
Ex-Dividend Date:	June 13, 2017
Record Date:	June 15, 2017
Payment Date:	July 3, 2017

When declaring dividends the Board of Directors reviews estimates of taxable income available for distribution, which may differ from net investment income under generally accepted accounting principles. The final determination of taxable income for each year, as well as the tax attributes for dividends in such year, will be made after the close of the tax year.

Capital Southwest maintains a dividend reinvestment plan ("DRIP") that provides for the reinvestment of dividends on behalf of its registered stockholders who hold their shares with Capital Southwest's transfer agent and registrar, American Stock Transfer and Trust Company. Under the DRIP, if the Company declares a dividend, registered stockholders who have opted in to the DRIP by the dividend record date will have their dividend automatically reinvested into additional shares of Capital Southwest common stock.

Fourth Quarter and Fiscal Year 2017 Earnings Results Conference Call and Webcast

Capital Southwest has scheduled a conference call on Thursday, June 1, 2017, at 11:00 a.m. Eastern Time to discuss the fourth quarter and fiscal year 2017 financial results. You may access the call by dialing 1-855-835-4076 and using the passcode 18397283 at least 10 minutes before the call. The call can also be accessed using the Investor Relations section of Capital Southwest's website at www.capitalsouthwest.com, or by using <http://edge.media-server.com/m/p/axewjuqf>.

A telephonic replay will be available through June 8, 2017 by dialing 1-855-859-2056 and using the passcode 18397283. An audio archive of the conference call will also be available on the Investor Relations section of Capital Southwest's website.

For a more detailed discussion of the financial and other information included in this press release, please refer to the Capital Southwest Form 10-K for the year ended March 31, 2017 to be filed with the Securities and Exchange Commission and Capital Southwest's Fourth Fiscal Quarter 2017 Earnings Presentation to be posted on the Investor Relations section of Capital Southwest's website at www.capitalsouthwest.com.

About Capital Southwest

Capital Southwest Corporation (Nasdaq: CSWC) is a Dallas, Texas-based, Internally Managed, Business Development Company, with approximately \$285 million in net assets as of March 31, 2017. Capital Southwest is a middle market lending firm focused on supporting the acquisition and growth of middle market businesses with \$5 to \$20 million investments 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," "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 Contact:

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



Capital Southwest Corporation

Q4 2017 Earnings Presentation

June 1, 2017

5400 Lyndon B. Johnson Freeway, Suite 1300 | Dallas, Texas 75240 | 214.238.5700 | capitalsouthwest.com

Forward-Looking Statements

- This presentation contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 relating to, among other things, the business, financial condition and results of operations of Capital Southwest, the anticipated investment strategies and investments of Capital Southwest, and future market demand. Any statements that are not statements of historical fact are forward-looking statements. Forward-looking statements are often preceded by, followed by, or include the words "believe," "expect," "intend," "plan," "should" or similar words, phrases or expressions or the negative thereof. These statements are made on the basis of the current beliefs, expectations and assumptions of the management of Capital Southwest and speak only as of the date of this presentation. There are a number of risks and uncertainties that could cause Capital Southwest's actual results to differ materially from the forward-looking statements included in this presentation.
- For a further discussion of some of the risks and uncertainties applicable to Capital Southwest and its business, see Capital Southwest's Annual Report on Form 10-K for the fiscal year ended March 31, 2017 and its subsequent filings with the Securities and Exchange Commission. Other unknown or unpredictable factors could also have a material adverse effect on Capital Southwest's actual future results, performance, or financial condition. As a result of the foregoing, readers are cautioned not to place undue reliance on these forward-looking statements. Capital Southwest does not assume any obligation to revise or to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, or otherwise, except as may be required by law.

Conference Call Participants

Bowen S. Diehl

President and Chief Executive Officer

Michael S. Sarner

Chief Financial Officer

Chris Rehberger

VP Finance / Treasurer

CSWC Company Overview

CSWC is a credit investment firm focused on supporting the acquisition and growth of middle-market companies across the capital structure

- CSWC was formed in 1961, and became a BDC in 1988
- Publicly-traded on Nasdaq under CSWC ticker
- Internally Managed BDC with RIC status for tax purposes
- In December 2014, announced intent to split into two separate companies with tax-free spin-off of industrial growth company (“CSW Industrials”; Nasdaq: CSWI) which was completed September 30th, 2015
- 17 employees based in Dallas, Texas
- Total Balance Sheet Assets of \$326 MM as of March 31, 2017

Fiscal Year 2017 Highlights

Delivered a 28% all-in return to shareholders during the fiscal year

- Stock Price appreciated 22% from \$13.87 at 3/31/2016 to \$16.91 at year end
- Paid \$0.79 per share in total cash dividends to shareholders during the year
 - Quarterly Dividend Yield increased to 4.5% at 3/31/17 from 1.2% at 3/31/16
 - Paid Special Dividend of \$0.26 generated primarily from realized gains
- Grew quarterly Pre-Tax Net Investment Income (NII) ROE to 5.0% from 1.0%
- Grew NAV per share to \$17.80 at 3/31/17 vs. \$17.34 at 3/31/16
- Exited seven portfolio companies for \$41 MM in proceeds, generating a wtd. avg. IRR of 29%
- Spilled forward \$0.49 per share in Undistributed Taxable Income (UTI) into FY 2018
- Credit portfolio grew by \$75 MM to \$167 MM as of 3/31/17
- I-45 portfolio grew by \$101 MM to \$200 MM as of 3/31/17
- Closed the initial CSWC Credit Facility with ING for \$100 MM in commitments from a syndicate of five lenders, with an accordion up to \$150 MM
- Completed capital raising at I-45 by increasing the Deutsche Bank led Credit Facility to \$165 MM from a syndicate of four lenders

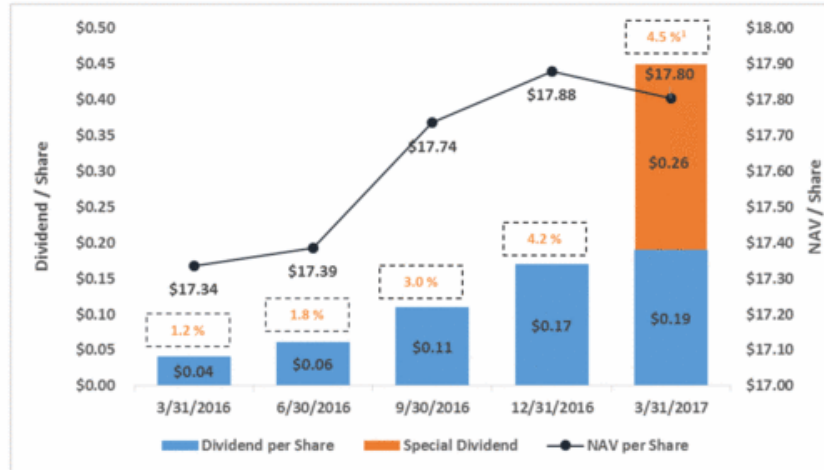
Q4 2017 Highlights

Financial Highlights

- Q4 2017 Pre-Tax Net Investment Income of \$3.6 MM or \$0.22 per weighted average diluted share
- Paid Quarterly Dividend of \$0.19 per share and Special Dividend of \$0.26 per share
- Increased Investment Portfolio to \$287 MM from \$267 MM at fair value
 - \$41 MM deployed in three new originations and one add-on
 - \$23 MM proceeds received from four portfolio exits, generating a wtd. avg. IRR of 38%
- Increased I-45 Senior Loan Fund investment portfolio to \$200 MM from \$187 MM
 - I-45 distributed \$2.1 MM dividend to CSWC
 - \$32 MM deployed in seven new originations and four add-ons
 - \$18 MM proceeds received in five prepayments
- \$22.4 MM in cash available for investment activity as of quarter end
- \$75 MM available to draw on Credit Facility as of quarter end

Evolution of CSWC Generating Consistent Dividend and NAV Growth

- Over the past four quarters, CSWC has generated \$0.61 per share in Pre-Tax Net Investment Income (NII) and paid out \$0.53 per share in regular dividends
 - Dividend coverage of 115% of Pre-Tax NII
- Paid out a Special Dividend of \$0.26 generated primarily from realized gains earned over prior 12 months
- Dividend Yield has increased to 4.5% at 3/31/17 from 1.2% at 3/31/16
- NAV has increased to \$17.80 per share at 3/31/17 from \$17.34 per share at 3/31/16



Dividend Yield – Annualized Quarterly Dividend / CSWC Share Price at Qtr. End

(1) The Special Dividend of \$0.26 is not included in the Dividend Yield calculation.

Two Pronged Investment Strategy

Lower Middle Market (“LMM”): CSWC led or Club Deals

- Companies with EBITDA greater than \$3 MM
- Typically leverage of 2x – 4x Debt to EBITDA through CSWC debt
- Commitment size up to \$20 MM with hold sizes generally \$10 to \$15 MM
- Both Sponsored and Non-sponsored debt investments
- Securities include first lien, unitranche, second lien and subordinated debt
- Frequently make equity co-investments alongside CSWC debt

Upper Middle Market (“UMM”): Syndicated or Club, First and Second Lien

- Companies typically have in excess of \$50 MM in EBITDA
- Typically leverage of 3x – 5.5x Debt to EBITDA through CSWC debt position
- Hold sizes generally \$5 to \$10 MM
- Floating Rate First and Second Lien debt securities
- More liquid assets relative to Lower Middle Market investments
- Provides flexibility to invest/divest opportunistically based on market conditions and liquidity position

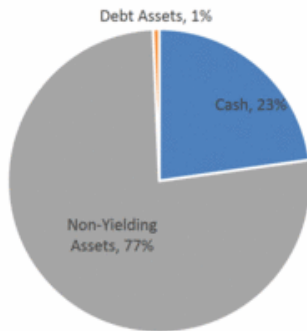
Portfolio Rotation Focused on Credit

Since June 2014, CSWC has transformed its investment portfolio increasing income earning assets from 1% of the investable portfolio to 88%

- Exited 22 legacy portfolio equity investments, generating \$230 MM in proceeds
- Invested \$218 MM in 33 middle-market credit investments on balance sheet
- Invested \$260 MM in 57 credits within I-45 Senior Loan Fund ("I-45")

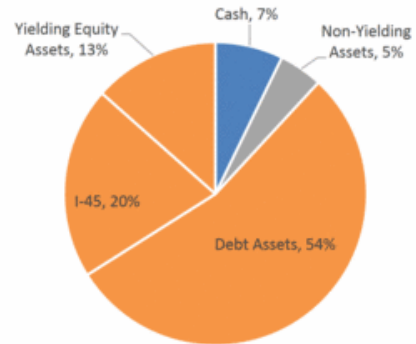
6/30/2014 (excl. CSWI Companies)

1% of Total Assets Generating Recurring Income



3/31/2017 Investable Assets

88% of Total Assets Generating Recurring Income

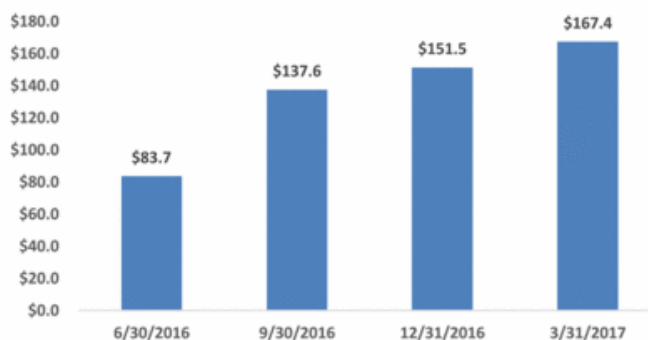


Balance Sheet Credit Portfolio Growth

Credit portfolio has grown to \$167 MM at 3/31/17 from \$93 MM at 3/31/16

<i>(In Millions)</i>	6/30/2016	9/30/2016	12/31/2016	3/31/2017
Debt Investments at Fair Value				
Beginning Total Debt Portfolio (FV)	\$92.8	\$83.7	\$137.6	\$151.5
New Originations (Cost)	\$1.7	\$53.7	\$24.4	\$37.0
Repayments & Exits	(\$10.9)	(\$1.0)	(\$10.6)	(\$22.0)
Appreciation / (Depreciation)	\$0.1	\$1.1	\$0.1	\$1.0
Change in Debt Investments (FV)	(\$9.1)	\$53.9	\$13.9	\$16.0
Ending Total Debt Portfolio (FV)	\$83.7	\$137.6	\$151.5	\$167.4

Debt Portfolio (Fair Value)



Q4 2017 Portfolio Originations

Strong Lower Middle Market portfolio growth with \$41 MM in new investments originated in Q4 2017 at a weighted average YTM of 11.2%

Q4 2017 Portfolio Originations						
Name	Industry	Type	Market	Total Commitment	Coupon	Yield to Maturity
Lighting Retrofit International (Add-on)	Environmental Services	1st Lien	LMM	\$2,222	L + 9.75% (0.5% floor)	11.2%
Elite SEM	Media, Marketing, & Entertainment	Last Out Unitranche and Equity	LMM	\$13,150	L + 8.50% (1.0% floor) ⁽¹⁾	12.4%
Vistar Media	Media, Marketing, & Entertainment	1st Lien and Warrants	LMM	\$11,000	L + 10.00% (1.0% floor)	11.7%
Binswanger	Consumer Products and Retail	1st Lien and Equity	LMM	\$14,152	L + 8.00% (1.0% floor)	9.7%
Total				\$40,524		11.2%

(1) The investment is structured as a first lien last out term loan and earns interest in addition to the stated rate

Note: Market Segment refers to Upper Middle Market ("UMM") and Lower Middle Market ("LMM")

Fiscal Year 2017 Portfolio Exits

\$41 MM in Credit Portfolio exits generated 29% weighted average IRR

Portfolio Exits							
Name	Industry	Type	Market	Date of Exit	Proceeds	Realized Gain	IRR
Freedom Truck	Finance	Last Out Unitranche	LMM	April 2016	\$5,998	\$0	14.2%
Bob's Discount Furniture	Retail	2nd Lien	UMM	June 2016	\$5,000	\$191	15.1%
Vivid Seats	Hotel, Gaming & Leisure	1st Lien	UMM	October 2016	\$6,913	\$446	21.5%
Hygea	Healthcare & Pharmaceuticals	1st Lien and Warrants	LMM	January 2017	\$10,804	\$2,866	56.2%
Polycom	Telecommunications	1st Lien	UMM	January 2017	\$4,304	\$74	31.2%
360 Holdings	Consumer Products and Retail	1st Lien	UMM	March 2017	\$6,982	\$233	15.6%
Royal	Specialty Chemicals	2nd Lien	UMM	March 2017	\$552	\$4	9.2%
Total / Wtd. Avg.					\$40,552	\$3,814	28.7%

Note: Market Segment refers to Upper Middle Market ("UMM") and Lower Middle Market ("LMM")

Portfolio Statistics

Continuing to build a performing credit portfolio

	Quarter Ended 6/30/2016	Quarter Ended 9/30/2016	Quarter Ended 12/31/2016	Quarter Ended 3/31/2017
Portfolio Statistics				
Fair Value of Debt Investments	\$83,730	\$137,586	\$151,465	\$167,447
Average Debt Investment Hold Size	\$4,925	\$5,982	\$5,826	\$5,980
Fair Value of Debt Investments as a % of Par	97%	98%	98%	99%
% of Debt Portfolio on Non-Accrual (at Fair Value)	0.0%	1.8%	0.0%	0.0%
Weighted Average Investment Rating ⁽¹⁾	1.9	1.9	1.9	1.9
Weighted Average Yield on Debt Investments	10.08%	10.00%	10.32%	10.28%
Total Fair Value of Portfolio Investments	\$175,915	\$238,319	\$267,131	\$286,880
Weighted Average Yield on all Portfolio Investments ⁽²⁾	9.51%	9.23%	10.72%	10.49%
Investment Mix (Debt vs. Equity) ⁽³⁾⁽⁴⁾	62% / 38%	73% / 27%	73% / 27%	75% / 25%
Investment Mix (Yielding vs. Non-Yielding) ⁽⁴⁾	90% / 10%	94% / 6%	94% / 6%	95% / 5%

(1) CSWC utilizes an internal 1 - 4 investment rating system in which 1 represents material outperformance and 4 represents material underperformance. All new investments are initially set to 2.

(2) Includes dividends from Media Recovery, Inc. and I-45 Senior Loan Fund.

(3) Excludes CSWC equity investment in I-45 Senior Loan Fund.

(4) At Fair Value

Portfolio Statistics by Investment Strategy

Portfolio statistics illustrate CSWC's prudent investment underwriting

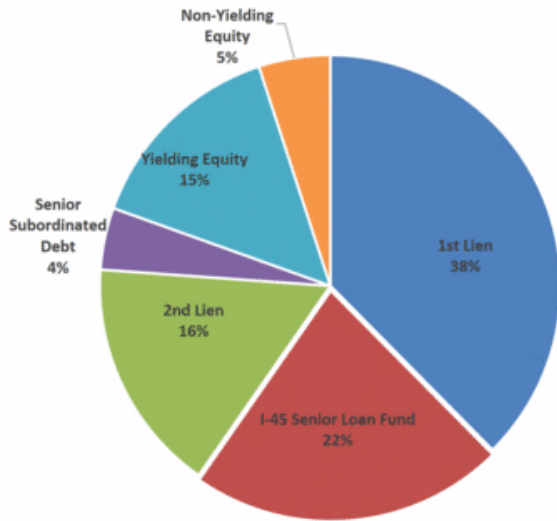
Investment Portfolio - Statistics at 3/31/17		
	Upper Middle Market	Lower Middle Market
Number of Portfolio Companies	17	10
Total Cost	\$95,918	\$93,822
Total Fair Value	\$97,180	\$126,305
Average Hold Size (at Cost)	\$5,642	\$9,382
% First Lien Investments (at Cost)	51.2%	61.5%
% Second Lien Investments (at Cost)	48.8%	0.0%
% Subordinated Debt Investments (at Cost)	0.0%	13.2%
% Equity (at Cost)	0.0%	25.2%
Wtd. Avg. EBITDA of Issuer	\$101.3	\$7.4
Wtd. Avg. Leverage through CSWC Security ⁽¹⁾	4.0X	3.1X
Wtd. Avg. Yield ⁽¹⁾	9.6%	11.4%

Note: All metrics above exclude the I-45 Senior Loan Fund
(1) Includes only CSWC debt investments

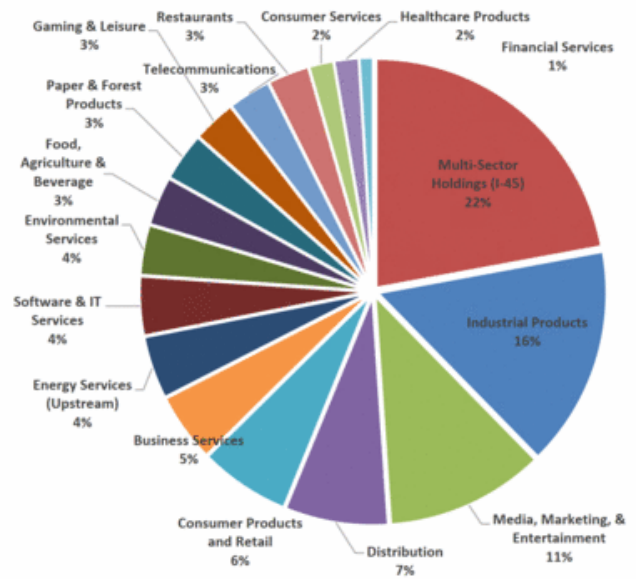
Portfolio Mix as of 3/31/17 at Fair Value

Current Portfolio of \$287 MM continues to be granular, diverse, and focused on income generating securities

Current Investment Portfolio (By Type)



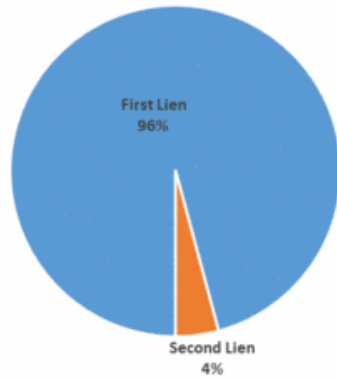
Current Investment Portfolio (By Industry)



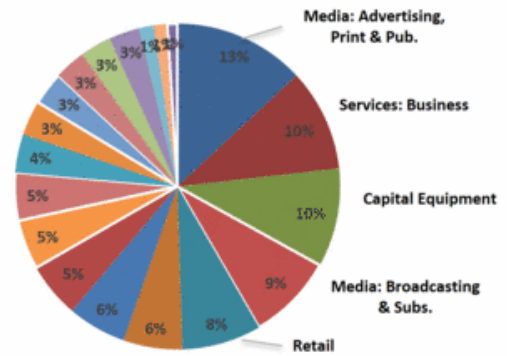
I-45 Portfolio Overview

I-45 portfolio assets grew to \$200 MM while investment size shrunk to 2.3%

Current I-45 Portfolio (By Type)



Current I-45 Portfolio (By Industry)



I-45 Portfolio Statistics				
	<u>6/30/2016</u>	<u>9/30/2016</u>	<u>12/31/2016</u>	<u>3/31/2017</u>
Total Debt Investments at Fair Value	\$134,470	\$172,519	\$186,643	\$200,243
Number of Issuers	31	36	41	43
Wtd. Avg. Issuer EBITDA	\$83,004	\$100,144	\$88,970	\$81,417
Avg. Investment Size as a % of Portfolio	3.23%	2.78%	2.44%	2.33%
Wtd. Avg. Net Leverage on Investments ⁽¹⁾	3.4x	3.3x	3.2x	3.0x
Wtd. Avg. Yield to Maturity	8.36%	8.36%	8.21%	8.43%
Wtd. Avg. Duration (Yrs)	4.2	4.4	4.4	4.3

(1) Through I-45 Security

Balance Sheet

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 6/30/2016	Quarter Ended 9/30/2016	Quarter Ended 12/31/2016	Quarter Ended 3/31/2017
Assets				
Portfolio Investments	\$175,915	\$238,319	\$267,131	\$286,880
Cash & Cash Equivalents	\$96,957	\$57,840	\$32,671	\$22,386
Deferred Tax Asset	\$1,874	\$1,940	\$1,940	\$2,017
Other Assets	\$6,110	\$9,176	\$10,592	\$14,469
Total Assets	\$280,856	\$307,275	\$312,334	\$325,752
Liabilities				
Credit Facility	\$0	\$0	\$15,000	\$25,000
Payable for Unsettled Transaction	\$0	\$19,361	\$0	\$0
Other Liabilities	\$7,572	\$8,985	\$11,890	\$15,680
Total Liabilities	\$7,572	\$28,346	\$26,890	\$40,680
Shareholders Equity				
Net Asset Value	\$273,284	\$278,929	\$285,444	\$285,072
NAV per Share	\$17.39	\$17.74	\$17.88	\$17.80
Debt to Equity	0.0x	0.0x	0.1x	0.1x
Shares Outstanding at Period End	15,718	15,727	15,965	16,011

Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 6/30/16	Quarter Ended 9/30/16	Quarter Ended 12/31/16	Quarter Ended 3/31/17
Investment Income				
Interest Income	\$2,292	\$2,630	\$3,611	\$4,049
Dividend Income	\$1,769	\$1,995	\$3,078	\$3,002
Fees and Other Income	\$96	\$101	\$176	\$675
Total Investment Income	\$4,157	\$4,726	\$6,865	\$7,726
Expenses				
Cash Compensation	\$1,484	\$1,404	\$1,476	\$1,704
Share Based Compensation	\$239	\$255	\$321	\$382
General & Administrative	\$1,344	\$1,015	\$1,144	\$1,360
Spin-off Related Expenses	\$172	\$172	\$172	\$172
Total Expenses (excluding Interest)	\$3,239	\$2,846	\$3,113	\$3,618
Interest Expense	\$0	\$103	\$343	\$543
Pre-Tax Net Investment Income	\$918	\$1,777	\$3,409	\$3,565
Taxes and Gain / (Loss)				
Income Tax Benefit (Expense)	(\$547)	(\$412)	(\$536)	(\$284)
Net realized gain (loss) on investments	\$199	\$3,527	\$72	\$4,098
Net increase (decrease) in unrealized appreciation of investments	\$2,127	\$2,026	\$4,940	(\$1,402)
Net increase (decrease) in net assets resulting from operations	\$2,697	\$6,918	\$7,885	\$5,977
Weighted Average Shares Outstanding	15,791	15,806	15,932	16,044
Pre-Tax Net Investment Income Per Weighted Average Share	\$0.06	\$0.11	\$0.21	\$0.22
Dividends Per Share ⁽¹⁾	\$0.06	\$0.11	\$0.17	\$0.45

(1) The quarter ending 3/31/17 includes a Quarterly Dividend of \$0.19 per Share and a Special Dividend of \$0.26 per Share.

Financial Highlights

	Quarter Ended 6/30/2016	Quarter Ended 9/30/2016	Quarter Ended 12/31/2016	Quarter Ended 3/31/2017
Financial Highlights				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	\$0.06	\$0.11	\$0.21	\$0.22
Pre-Tax Net Investment Income Return on Equity (ROE)	1.34%	2.54%	4.79%	4.99%
Realized Earnings Per Wtd Avg Diluted Share	\$0.04	\$0.31	\$0.18	\$0.46
Realized Earnings ROE	0.83%	6.98%	4.14%	10.33%
Earnings Per Wtd Avg Diluted Share	\$0.17	\$0.44	\$0.49	\$0.37
Earnings Return on Equity (ROE)	3.93%	9.87%	11.07%	8.37%
Dividends Per Share ⁽¹⁾	\$0.06	\$0.11	\$0.17	\$0.45
NAV Per Share	\$17.39	\$17.74	\$17.88	\$17.80
Cash & Cash Equivalents	\$96,957	\$57,840	\$32,671	\$22,386
Debt to Equity	0.0x	0.0x	0.1x	0.1x

(1) The quarter ending 3/31/17 includes a Quarterly Dividend of \$0.19 per Share and a Special Dividend of \$0.26 per Share.

Investment Income Detail

Constructing a portfolio of investments with recurring cash yield

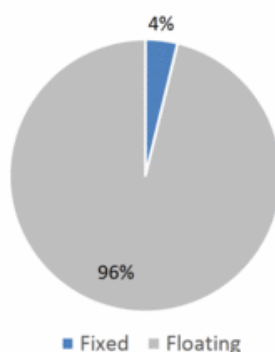
<i>(In Thousands)</i>	Quarter Ended 6/30/2016	Quarter Ended 9/30/16	Quarter Ended 12/31/16	Quarter Ended 3/31/17
Investment Income Breakdown				
Cash Interest	\$2,216	\$2,535	\$3,490	\$3,913
Cash Dividends	\$1,769	\$1,995	\$3,078	\$3,002
PIK Income	\$0	\$0	\$0	\$63
Amortization of purchase discounts and fees	\$76	\$100	\$120	\$136
Management/Admin Fees	\$95	\$95	\$105	\$115
Other Income & Fees	\$1	\$1	\$73	\$497
Total Investment Income	\$4,157	\$4,726	\$6,865	\$7,726
Key Metrics				
Cash Income as a % of Investment Income	98%	98%	98%	97%
% of Total Investment Income that is Recurring ⁽¹⁾	97%	97%	90%	90%

(1) Non-Recurring income principally made up of acceleration of unamortized OID and prepayment fees

Interest Rate Sensitivity

Debt Portfolio Exposure at 3/31/17 Well-Positioned for Changes to Base Interest Rates

Fixed vs. Floating Portfolio Composition ⁽¹⁾



Change in Base Interest Rates	Illustrative NII Change (\$'s)	Illustrative NII Change (Per Share)
(50bps)	\$120,298	\$0.01
50 bps	\$903,421	\$0.06
100bps	\$1,872,378	\$0.12
150bps	\$2,841,335	\$0.18
200bps	\$3,810,292	\$0.24

(1) Portfolio Composition includes I-45 assets pro rata as a % of CSWC's equity investment in the fund

Note: Illustrative change in NII is based on a projection of CSWC's existing debt investments as of 3/31/17, adjusted only for changes in Base Rates. The results of this analysis include the I-45 Senior Loan Fund, which is comprised of 100% floating rate assets and liabilities.

Corporate Information

Board of Directors
Inside Directors Joseph B. Armes Bowen S. Diehl
Independent Directors John H. Wilson William R. Thomas T. Duane Morgan David R. Brooks Jack D. Furst

Corporate Offices & Website
5400 LBJ Freeway 13th Floor Dallas, TX 75240 http://www.capitalsouthwest.com

Senior Management
Bowen S. Diehl <i>President & Chief Executive Officer</i>
Michael S. Sarner <i>Chief Financial Officer, Secretary & Treasurer</i>

Investor Relations
Michael S. Sarner Capital Southwest 214-884-3829 msarner@capitalsouthwest.com

Securities Listing
NASDAQ: CSWC

Fiscal Year End
March 31

Independent Auditor
Grant Thornton Dallas, TX

Corporate Counsel
Thompson & Knight / Jones Day Dallas, TX

Transfer Agent
American Stock Transfer & Trust Company, LLC 800-937-5449 www.amstock.com