

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): **November 7, 2016**

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))
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Item 2.02 Results of Operations and Financial Condition.

On November 7, 2016, 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 November 8, 2016. 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 November 7, 2016
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: November 7, 2016

By: /s/ Bowen S. Diehl

Name: Bowen S. Diehl

Title: Chief Executive Officer and
President

EXHIBIT INDEX

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Capital Southwest Announces Financial Results for Second Fiscal Quarter Ended September 30, 2016

CSWC Grows Pre-Tax Net Investment Income to \$0.11 Per Share

Dallas, Texas – November 7, 2016 – Capital Southwest Corporation (“Capital Southwest” or the “Company”; Nasdaq: CSWC) today announced its financial results for the second fiscal quarter ended September 30, 2016.

Second Quarter Fiscal Year 2017 Financial Highlights

- Total Investment Portfolio: \$238.3 million
 - o Total Credit Portfolio: \$137.6 million
 - o \$55 MM in new credit investments originated during the quarter
 - o Total CSWC investment in I-45 SLF: \$50.5 million
 - ü I-45 SLF portfolio increased to \$172.5 million from \$134.5 million during the quarter
 - ü I-45 SLF portfolio consists of 36 credits; 98% 1st Lien Debt and 2% 2nd Lien Debt
 - o Total Equity Portfolio, excluding investment in I-45 SLF: \$50.2 million
 - Pre-Tax Net Investment Income of \$1.8 million, or \$0.11 per weighted average diluted share
 - Dividends paid: \$0.11 per share
 - Total Cash: \$57.8 million
 - Net Realized and Unrealized Portfolio Appreciation: \$5.6 million
 - Total Net Assets: \$278.9 million
 - Net Asset Value per Share: \$17.74
 - Weighted Average Yield on Debt Investments: 10.00%
 - One legacy investment asset currently on non-accrual with fair value of \$2.5 million, representing 1.8% of the total credit portfolio
-

In commenting on the Company's results, Bowen Diehl, President and Chief Executive Officer, stated, "This quarter, we experienced robust origination volume across both the Upper and Lower Middle Markets. We closed on approximately 2% of the opportunities we reviewed resulting in \$55 million invested in six new and three existing portfolio companies. With our new ING led balance sheet credit facility, the additional capacity on our I-45 credit facility and our cash on hand, we are well positioned to continue to thoughtfully grow our credit portfolio."

Portfolio and Investment Activities

During the quarter ended September 30, 2016, the Company originated six new on-balance sheet credit investments totaling \$48.3 million and made follow-on investments in three existing credit investments totaling \$6.5 million. The Company also grew the I-45 SLF investment portfolio to \$172.5 million from \$134.5 million. The Company received proceeds related to scheduled repayments of certain debt securities totaling \$1.0 million. New investment and follow-on investment transactions which occurred during the quarter ended September 30, 2016 are summarized as follows:

New Investments:

Amware Fulfillment, LLC, \$13.4 million 1st Lien Senior Secured Debt: Amware provides logistics fulfillment services for business-to-consumer, business-to-business, and multi-channel verticals.

AG Kings Holdings, Inc., \$10.0 million 1st Lien Senior Secured Debt (Last-Out Unitranche): AG Kings is a leading regional specialty food retailer under two regionally recognized banners, Kings Foods markets and Balducci's.

California Pizza Kitchen, Inc., \$5.0 million 1st Lien Senior Secured Debt: California Pizza Kitchen is a polished-casual restaurant concept with 273 locations (192 Company-operated; 81 franchised) in 218 cities in 14 countries.

Redbox Automated Retail, LLC, \$10.0 million 1st Lien Senior Secured Debt: Redbox delivers affordable and convenient new entertainment through a network of approximately 40,000 kiosks across every U.S. state where consumers can rent or purchase standard definition DVD movies, Blu-ray movies and video games.

Dunn Paper, Inc., \$3.0 million 2nd Lien Senior Secured Debt: Dunn Paper is a supplier of high performance, specialty paper materials customized for a range of lightweight food packaging, hygiene, and consumer applications.

Premiere Global Services, Inc., \$6.9 million 1st Lien Senior Secured Debt: Premiere Global is a leading global provider of audio conferencing solutions and SaaS-based web and video collaboration solutions to large global companies, mid-sized companies, and SMBs.

Follow-on Investments:

Imagine! Print Solutions, \$0.9 million 1st Lien Senior Secured Debt: Imagine! is the leading provider of in-store marketing solutions in North America.

InfoGroup Inc., \$3.2 million 1st Lien Senior Secured Debt: InfoGroup helps companies increase sales and customer loyalty through its high value data and innovative multi-channel digital and offline marketing solutions.

Digital River Inc., \$2.4 million 1st Lien Senior Secured Debt: Digital River is a leading provider of mission-critical, end-to-end outsourced e-commerce solutions to tier 1 and tier 2 enterprises across many industry verticals.

Subsequent to quarter end, the Company originated one new senior secured debt investment totaling \$8.0 million in Lighting Retrofit International and received a full prepayment on its investment in Vivid Seats in the amount of \$6.9 million, recognizing a realized gain of \$0.5 million and an IRR of 21.5%.

Second Fiscal Quarter 2017 Operating Results

For the quarter ended September 30, 2016, Capital Southwest reported total investment income of \$4.7 million, compared to \$4.2 million in the prior quarter. The increase in investment income was attributable to both an increase in average debt investments outstanding and dividends paid from I-45 SLF.

For the quarter ended September 30, 2016, total expenses (excluding tax expense) were \$2.9 million, compared to \$3.2 million in the prior quarter. The decrease in expenses was primarily due to the legal and accounting fees incurred in connection with the 2016 audit during the quarter ended June 30, 2016.

For the quarter ended September 30, 2016, total pre-tax net investment income was \$1.8 million compared to \$0.9 million in the prior quarter.

For the quarter ended September 30, 2016, there was a tax expense of \$0.4 million recorded compared to \$0.5 million in the prior quarter.

During the quarter ended September 30, 2016, Capital Southwest recorded realized and unrealized gains on investments of \$5.6 million. The net increase in net assets resulting from operations was \$6.9 million, compared to \$2.7 million in the prior quarter.

The company's net asset value, or NAV, at September 30, 2016 was \$17.74 per share, as compared to \$17.39 at June 30, 2016. The increase in NAV was primarily due to an increase in net realized and unrealized gains in the current quarter.

Liquidity and Capital Resources

At September 30, 2016, Capital Southwest had unrestricted cash and money market balances of approximately \$57.8 million, total assets of approximately \$307.3 million, and net assets of approximately \$278.9 million. During the current period, 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 September 30, 2016, Capital Southwest had no borrowings outstanding.

During the quarter, I-45 SLF increased the total commitments outstanding on its credit facility to \$145.0 million from \$100.0 million. I-45 SLF had \$88.0 million in borrowings outstanding as of September 30, 2016.

Share Repurchase Program

On January 25, 2016, Capital Southwest announced that its Board of Directors authorized the repurchase of up to \$10 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 September 30, 2016, no shares have been purchased under the plan.

Second Fiscal Quarter 2017 Financial Results Conference Call and Webcast

Capital Southwest has scheduled a conference call on Tuesday, November 8, 2016, at 11:00 a.m. Eastern Time to discuss the first second quarter 2017 financial results. You may access the call by dialing 1-855-835-4076 and using the passcode 9960163 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/kk87uia4>.

A telephonic replay will be available through November 15, 2016 by dialing 1-855-859-2056 and using the passcode 99960163. 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-Q for the period ended September 30, 2016 to be filed with the Securities and Exchange Commission and Capital Southwest's First 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 publicly traded business development company, with approximately \$278.9 million in net assets as of September 30, 2016. On September 30, 2015, Capital Southwest completed the spin-off to shareholders of its industrial businesses, CSW Industrials, Inc. 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 and subordinated debt, as well as non-control equity co-investments. Since Capital Southwest's formation in 1961, it has always sought to invest in companies with strong management teams and sound financial performance. As a public company with a permanent capital base, Capital Southwest is fortunate to have 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 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, 2016 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



Capital Southwest Corporation

Q2 2017 Earnings Presentation

November 8, 2016

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 preceded or followed by or that include the words "believe," "expect," "intend," "plan," "should" or similar words, phrases or expressions or the negative thereof, or any other statements that are not historical statements are forward-looking statements. These statements are made on the basis of the current beliefs, expectations and assumptions of the management of Capital Southwest. 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.
- In light of these risks, uncertainties, assumptions, and other factors inherent in forward-looking statements, actual results may differ materially from those discussed in this presentation. Other unknown or unpredictable factors could also have a material adverse effect on Capital Southwest's actual future results, performance, or achievements. For a further discussion of these and other 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, 2016 and its subsequent filings with the Securities and Exchange Commission. As a result of the foregoing, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Capital Southwest does not assume any obligation revise or to update these forward-looking statements to reflect any 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 has refocused its investment strategy to become a lender to 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 split into two separate companies with spin-off of industrial growth company (“CSW Industrials”; Nasdaq: CSWI) which was completed September 30th, 2015
- 16 employees based in Dallas, Texas
- Total Assets of \$307 MM as of September 30th, 2016
- CSWC has made significant strides towards rotating its investment portfolio from equity to credit

CSWC Corporate Strategy

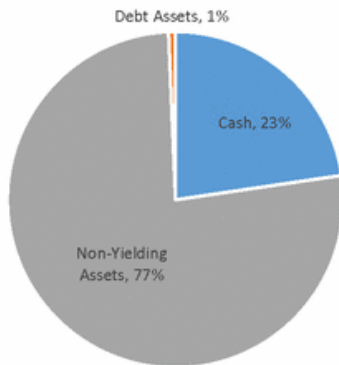
- Building a BDC that pays shareholders attractive and sustainable dividends by establishing:
 - A portfolio of investments balanced between liquid and illiquid asset classes
 - A portfolio of predominantly cash generating loans
 - An investment discipline focused on granularity and diversity across asset classes
 - Consistent NAV per share growth through selective equity co-investments
 - A match of fixed and floating rates with financing sources
- Maintaining a shareholder friendly Internally Managed structure which:
 - Aligns management incentives with long term sustainable shareholder value creation
 - Incurs lower operating expenses versus the Externally Managed Structure
 - Historically has rewarded performing Internally Managed BDCs with price to book premiums of 0.5x versus Externally Managed peers
- Continuing to execute on our I-45 SLF joint venture with Main Street which:
 - Enhances CSWC origination capabilities in the middle market
 - Grows recurring cash income by investing in a pool of granular and diversified larger middle market first lien loans
 - Allows an appropriate 2:1 leverage, given the asset class, while remaining outside BDC regulatory leverage
 - Cultivates relationships with financial institutions within the Senior Loan Fund credit facility
- Pursuing an SBIC License and participation in the Debenture Program to further capitalize our smaller lower middle market investment strategy

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 75%
 - Exited 22 legacy portfolio equity investments, generating \$229 MM in proceeds
 - Invested \$151 MM in 25 middle-market credit investments on balance sheet
 - Invested \$186 MM in 40 credits within I-45 Senior Loan Fund (“I-45”)

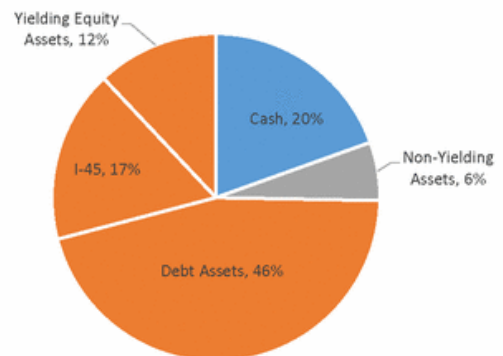
6/30/2014 (excl. CSWI Companies)

1% of Total Assets Generating Recurring Income



9/30/2016 Investable Assets

75% of Total Assets Generating Recurring Income



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 million with hold sizes of \$5 MM to \$15 MM
- Originate both Sponsored and Non-sponsored debt investments
- Securities include first lien, unitranche, second lien and subordinated debt
- Non-control equity co-investments alongside debt investments

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 of \$5 MM 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

Q2 2017 Highlights

Financial Highlights

- Q2 2017 Pre-Tax Net Investment Income of \$1.8 MM or \$0.11 per weighted average diluted share
- Paid quarterly dividend of \$0.11 per share
- Closed \$100 MM ING led Credit Facility with five bank syndicate
 - 4 year facility with cost of funding of L + 325
 - Includes accordion up to \$150 MM
- Increased Investment Portfolio to \$238 MM from \$176 MM
 - \$54 MM in net investments added during the quarter
- Increased I-45 Senior Loan Fund investment portfolio to \$173 MM from \$134 MM
 - Increased Deutsche Bank led Credit Facility commitments to \$145 MM from \$100 MM by adding two new syndicate banks
 - I-45 distributed \$1.3 MM dividend to CSWC during the quarter
- \$58 MM in cash available for investment activity as of quarter end

Financial Highlights

	Quarter Ended 12/31/2015	Quarter Ended 3/31/2016	Quarter Ended 6/30/2016	Quarter Ended 9/30/2016
Financial Highlights				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	(\$0.04)	\$0.04	\$0.06	\$0.11
Pre-Tax Net Investment Income Return on Equity (ROE)	-0.92%	1.03%	1.34%	2.54%
Dividends Per Share	\$0.00	\$0.04	\$0.06	\$0.11
Earnings Per Wtd Avg Diluted Share	(\$0.07)	\$0.16	\$0.17	\$0.44
Earnings Return on Equity (ROE)	-1.67%	3.67%	3.93%	9.87%
NAV Per Share	\$17.22	\$17.34	\$17.39	\$17.74
Cash & Cash Equivalents	\$143,680	\$95,969	\$96,957	\$57,840
Debt to Equity	0.0x	0.0x	0.0x	0.0x

Q2 2017 Portfolio Originations

Strong portfolio growth with \$55 MM in new investments originated in Q2 2017 at a weighted average YTM of 9.8%

Q2 2017 Portfolio Originations						
Name	Industry	Type	Market Segment	Par Value	Coupon	Yield to Maturity
Infogroup	Software & IT Services	1st Lien	UMM	\$3,204	L + 5.5% (1.5% Floor)	8.3%
Imagine! Print Solutions	Media, Marketing, & Entertainment	1st Lien	UMM	\$900	L + 6.0% (1.0% Floor)	7.3%
Amware Fulfillment, LLC	Transportation & Logistics	1st Lien	LMM	\$13,400	L + 9.5% (1.0% Floor)	11.3%
Digital River	Software & IT Services	1st Lien	UMM	\$2,400	L + 6.5% (1.0% Floor)	7.5%
AG Kings	Food, Agriculture & Beverage	1st Lien	UMM	\$10,000	L + 9.0% (1.0% Floor)	11.6%
California Pizza Kitchen	Restaurants	1st Lien	UMM	\$5,000	L + 6.0% (1.0% Floor)	7.2%
Dunn Paper	Paper & Forest Products	2nd Lien	UMM	\$3,000	L + 8.75% (1.0% Floor)	10.1%
American Teleconferencing	Telecommunications	1st Lien	UMM	\$6,911	L + 6.5% (1.0% Floor)	8.2%
Redbox	Gaming & Leisure	1st Lien	UMM	\$10,000	L + 7.5% (1.0% Floor)	9.3%
Total				\$54,815		9.8%

Portfolio Originations - Since Quarter End						
Name	Industry	Type	Market	Par Value	Coupon	Yield to Maturity
Lighting Retrofit International	Environmental Services	1st Lien	LMM	\$8,000	L + 9.75% (0.5% floor)	10.9%
Total				\$8,000		

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

Portfolio Statistics

Continuing to demonstrate quarter over quarter credit portfolio growth

	Quarter Ended 12/31/2015	Quarter Ended 3/31/2016	Quarter Ended 6/30/2016	Quarter Ended 9/30/2016
Portfolio Statistics				
Fair Value of Debt Investments	\$60,929	\$92,832	\$83,730	\$137,586
Average Debt Investment Hold Size	\$5,077	\$5,157	\$4,925	\$5,982
Fair Value of Debt Investments as a % of Cost	100%	99%	99%	100%
% of Debt Portfolio on Non-Accrual (at Fair Value) ¹	0.0%	0.0%	0.0%	1.8%
Weighted Average Investment Rating ²	2.0	2.0	1.9	1.9
Weighted Average Yield on Debt Investments	10.31%	10.67%	10.08%	10.00%
Total Fair Value of Portfolio Investments	\$134,935	\$178,436	\$175,915	\$238,319
Weighted Average Yield on all Portfolio Investments	10.82%	9.46%	9.35%	9.13%
Investment Mix (Debt vs. Equity) ³	57% / 43%	65% / 35%	62% / 38%	73% / 27%
Investment Mix (Yielding vs. Non-Yielding)	89% / 11%	90% / 10%	90% / 10%	94% / 6%

¹ CSWC's \$2.5 MM sub debt investment (legacy 2012 funding) in Titan Liner is currently in the process of being restructured, with CSWC likely taking a controlling position in the company.

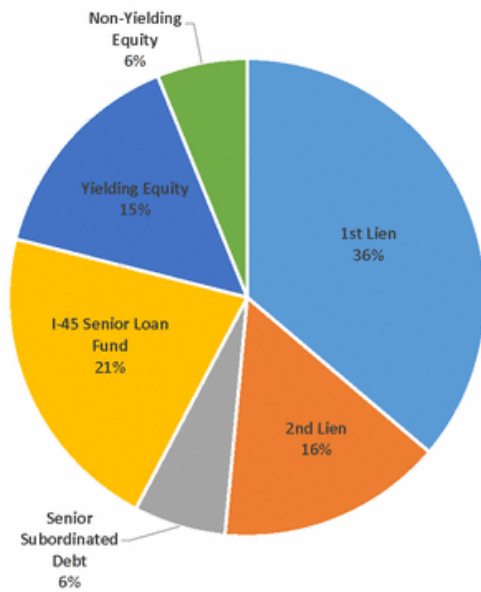
² CSWC utilizes an internal 1 - 4 investment rating system in which 1 represents material outperformance and 4 represents material underperformance. All new investments are initially set to 2.

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

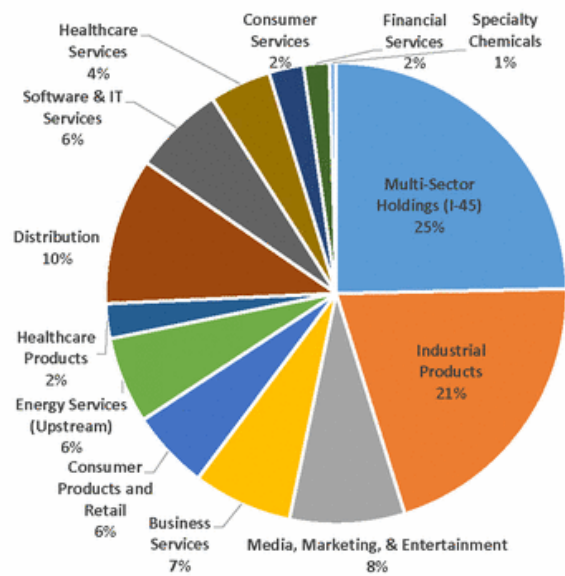
Portfolio Mix as of 9/30/2016 at Fair Value

Current Portfolio of \$238 MM continues to be granular, diverse, and focused on income generating securities

Current Investment Portfolio (By Type)



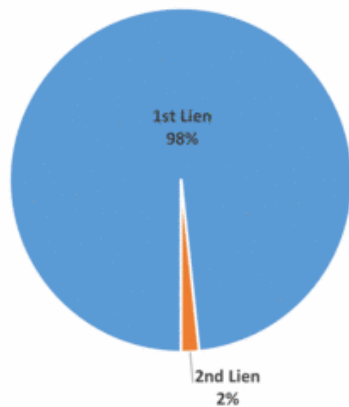
Current Investment Portfolio (By Industry)



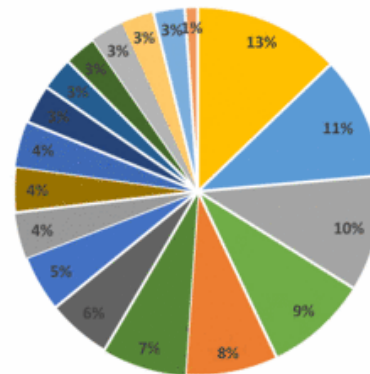
I-45 Senior Loan Fund Portfolio

CSWC invested \$8 MM additional equity to fund I-45 portfolio growth to \$173 MM

Current I-45 Portfolio (By Type)



Current I-45 Portfolio (By Industry)



I-45 Portfolio Statistics				
	<u>Q3 2016</u>	<u>Q4 2016</u>	<u>Q1 2017</u>	<u>Q2 2017</u>
Total Debt Investments at Fair Value	\$82,036	\$99,214	\$134,470	\$172,519
Number of Issuers	19	24	31	36
Avg. Investment Size as a % of Portfolio	5.26%	4.17%	3.23%	2.78%
Wtd. Avg. I-45 Leverage on Investments	3.3x	3.3x	3.7x	3.6x
Wtd. Avg. Yield to Maturity	7.59%	7.85%	8.36%	8.36%
Wtd. Avg. Duration (Yrs)	4.5	4.2	4.2	4.4

Balance Sheet Highlights

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 12/31/2015	Quarter Ended 3/31/2016	Quarter Ended 6/30/2016	Quarter Ended 9/30/2016
Assets				
Portfolio Investments	\$134,935	\$178,436	\$175,915	\$238,319
Cash & Cash Equivalents	\$143,680	\$95,969	\$96,957	\$57,840
Deferred Tax Asset	\$1,544	\$2,342	\$1,874	\$1,940
Other Assets	\$6,421	\$7,746	\$6,110	\$9,176
Total Assets	\$286,580	\$284,493	\$280,856	\$307,275
Liabilities				
Payable for Unsettled Transaction	\$4,850	\$3,940	\$0	\$19,361
Income Tax Payable	\$2,948	\$0	\$601	\$733
Other Liabilities	\$7,997	\$7,918	\$6,971	\$8,252
Total Liabilities	\$15,795	\$11,858	\$7,572	\$28,346
Shareholders Equity				
Net Asset Value	\$270,785	\$272,635	\$273,284	\$278,929
NAV per Share	\$17.22	\$17.34	\$17.39	\$17.74
Debt to Equity	0.0x	0.0x	0.0x	0.0x
Shares Outstanding at Period End	15,725	15,726	15,718	15,727

Income Statement Highlights

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 12/31/15	Quarter Ended 3/31/16	Quarter Ended 6/30/16	Quarter Ended 9/30/16
Investment Income				
Interest Income	\$1,415	\$2,110	\$2,292	\$2,630
Dividend Income	\$1,612	\$1,578	\$1,769	\$1,995
Fees and Other Income	\$280	\$123	\$96	\$101
Total Investment Income	\$3,307	\$3,811	\$4,157	\$4,726
Expenses				
Cash Compensation	\$1,675	\$1,403	\$1,484	\$1,404
Share Based Compensation	\$195	\$257	\$239	\$255
General & Administrative	\$1,354	\$1,192	\$1,344	\$1,118
Spin-off Related Expenses	\$710	\$251	\$172	\$172
Total Expenses	\$3,934	\$3,103	\$3,239	\$2,949
Pre-Tax Net Investment Income / (Loss)	(\$627)	\$708	\$918	\$1,777
Taxes and Gain / (Loss)				
Income Tax Benefit (Expense)	\$607	\$788	(\$547)	(\$412)
Net realized gain (loss) on investments	(\$8,170)	\$12	\$199	\$3,527
Net increase (decrease) in unrealized appreciation of investments	\$7,060	\$1,001	\$2,127	\$2,026
Net increase (decrease) in net assets resulting from operations	(\$1,130)	\$2,509	\$2,697	\$6,918
Weighted Average Shares Outstanding	15,751	15,795	15,791	15,806
Pre-Tax Net Investment Income Per Weighted Average Share	(\$0.04)	\$0.04	\$0.06	\$0.11
Dividends Per Share	\$0.00	\$0.04	\$0.06	\$0.11

Investment Income Detail

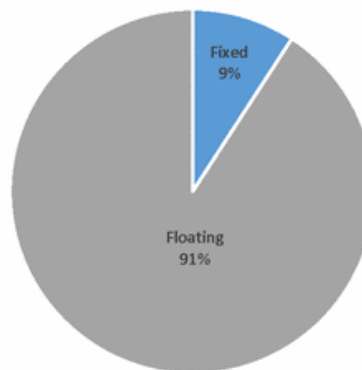
Constructing a portfolio of investments with recurring cash yield

<i>(In Thousands)</i>	Quarter Ended 12/31/2015	Quarter Ended 3/31/2016	Quarter Ended 6/30/2016	Quarter Ended 9/30/16
Investment Income Breakdown				
Cash Interest	\$1,392	\$2,063	\$2,216	\$2,535
Cash Dividends	\$1,612	\$1,578	\$1,769	\$1,995
Management Fees	\$275	\$115	\$95	\$95
Amortization of purchase discounts and fees	\$23	\$47	\$76	\$100
Other Income (non-recurring)	\$5	\$8	\$1	\$1
Total Investment Income	\$3,307	\$3,811	\$4,157	\$4,726
Key Metrics				
Cash Income as a % of Investment Income	99.3%	98.8%	98.2%	97.9%
% of Total Investment Income that is Recurring	99.8%	99.8%	100.0%	100.0%

Interest Rate Sensitivity

Debt Portfolio Well-Positioned for Changes to Base Interest Rates

Yielding Debt Portfolio Composition



Change in Base Interest Rates	Illustrative NII Change (\$'s)	Illustrative NII Change (Per Share)
(50bps)	\$275,074	\$0.02
50 bps	\$573,270	\$0.04
100bps	\$1,505,025	\$0.10
150bps	\$2,456,143	\$0.16
200bps	\$3,407,261	\$0.22

Note: Illustrative change in NII is based on a projection of our existing debt investments as of 9/30/16, 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. Sarnar <i>Chief Financial Officer, Secretary & Treasurer</i>

Investor Relations
Michael S. Sarnar Capital Southwest 214-884-3829 msarnar@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