



Capital Southwest Corporation *Investor Presentation*

August 2018

Forward-Looking Statements

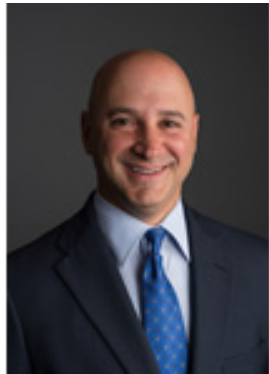
- This presentation contains forward-looking statements relating to, among other things, the business, market conditions, financial condition and results of operations of Capital Southwest, the anticipated investment strategies and investments of Capital Southwest, and future market demand. Any statements that are not statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, preceded by, followed by, or include words such as "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, 2018 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.

CSWC Senior Management



Bowen S. Diehl

- Joined Capital Southwest in March 2014
- Former Co-Head of Sponsor Finance Group at American Capital
- 15 years of investing experience in middle market debt and equity
- BE – Vanderbilt University. MBA – UT Austin
- Lives in Dallas with wife and three children



Michael S. Sarner

- Joined Capital Southwest in June 2015
- Former SVP Treasurer at American Capital
- 20 years of financial, treasury and BDC experience
- BA – James Madison. MBA – George Washington University
- Certified Public Accountant
- Lives in Dallas with wife and three children

Capital Southwest Corporation

Business Development Company focused on providing acquisition and growth capital to middle-market companies

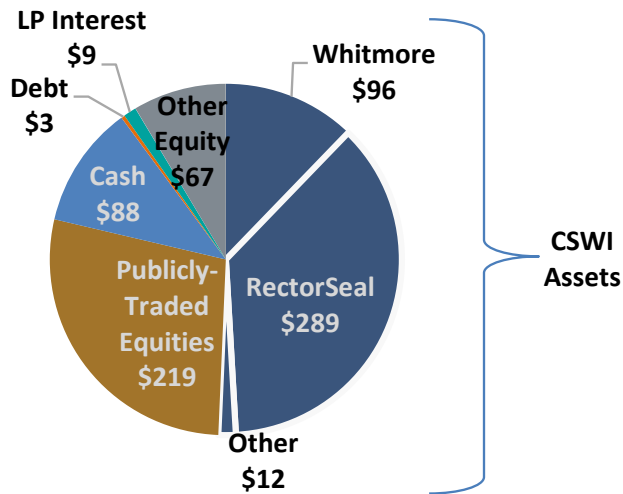
- Founded in 1961 (became a BDC in 1988)
- Publicly-traded: NASDAQ “CSWC” (Common Stock) and “CSWCL” (Notes)
- 20 employees based in Dallas, Texas
- January 2015: relaunched CSWC as a middle market lending firm
 - ✓ Liquidated majority of legacy equity assets
 - ✓ Completed tax free spin off of wholly-owned industrial assets in September 2015
 - ✓ Implemented credit strategy that fits extensive track record of investment team
- Manage approximately \$750 MM of investable capital
 - ✓ CSWC Balance Sheet investment portfolio of approximately \$350 MM (excluding I-45)
 - ✓ Unused committed credit facility capacity of \$145 MM
 - ✓ I-45 Senior loan fund of \$250 MM (co-managed with Main Street Capital)

Pre-2015 Challenges

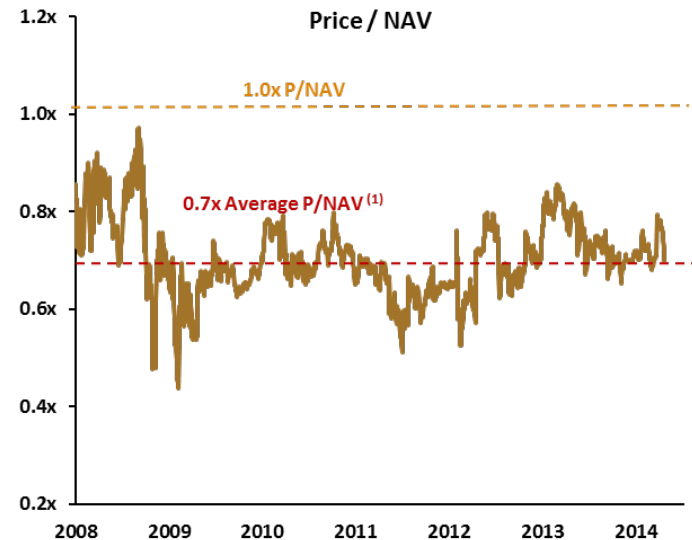
- Until spin off announcement, CSWC traded at a significant discount to NAV
 - ✓ Virtually 100% of CSWC's portfolio was invested in equity
 - ✓ There was significant concentration in two industrial companies, with very large embedded capital gains
 - ✓ Did not pay meaningful dividend

Asset Allocation – 6/30/14

(\$ in millions)



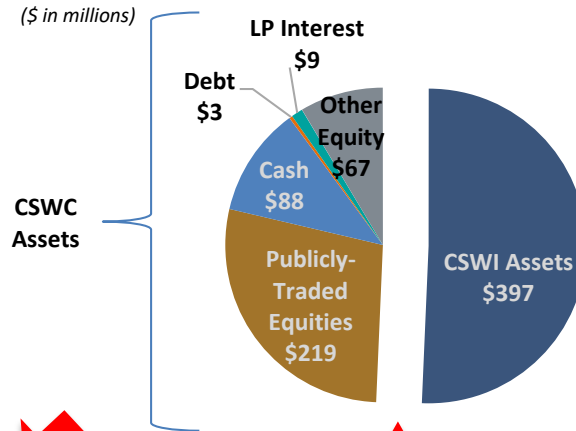
Significant Market Discount to NAV



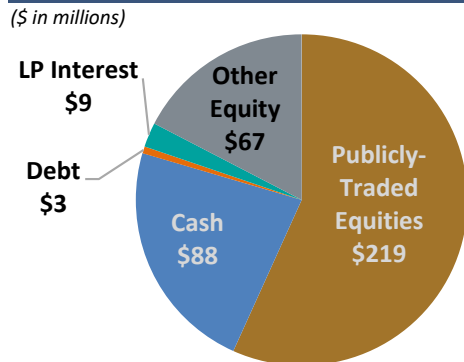
(1) Average P/NAV from 1/2/08 to 9/30/14

Solution: 2015 Tax Free Spin of Industrial Assets

CSWC Pre-Spinoff - 6/30/14



CSWC Portfolio - 6/30/2014 ⁽¹⁾



1+1=3

**Mkt Value Increase:
> \$550 MM ⁽²⁾**

**Cumulative
Dividends:
> \$40 MM ⁽²⁾**

CSW Industrials, Inc.⁽³⁾

NASDAQ Ticker	CSWI
Market Cap	\$799.2 million
Debt	\$19.9 million
Revenue	\$326.5 million
EBITDA	\$68.0 million
EBITDA Multiple	12.7x

(1) 6/30/2014 portfolio mix is pro forma for the spin off of the CSW Industrials companies

(2) Value increase calculated assuming CSWC pre-spin 6/30/14 stock price of \$37.65/sh and stock prices for CSWC and CSWI of \$18.50/sh and \$55.00/sh, respectively. Cumulative dividends are cumulative \$2.71/sh dividends paid since Jan 1, 2015 launch of credit strategy.

(3) Data from CapitalIQ on 8/2/2018.

Two Pronged Investment Strategy

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

- Companies with EBITDA between \$3 MM and \$15 MM
- Typical leverage of 2x – 4x Debt to EBITDA through CSWC debt
- Commitment size up to \$25 MM with hold sizes generally \$10 MM to \$20 MM
- Both Sponsored and Non-sponsored deals
- Securities include first lien, unitranche, second lien and subordinated debt
- Frequently make equity co-investments alongside CSWC debt

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

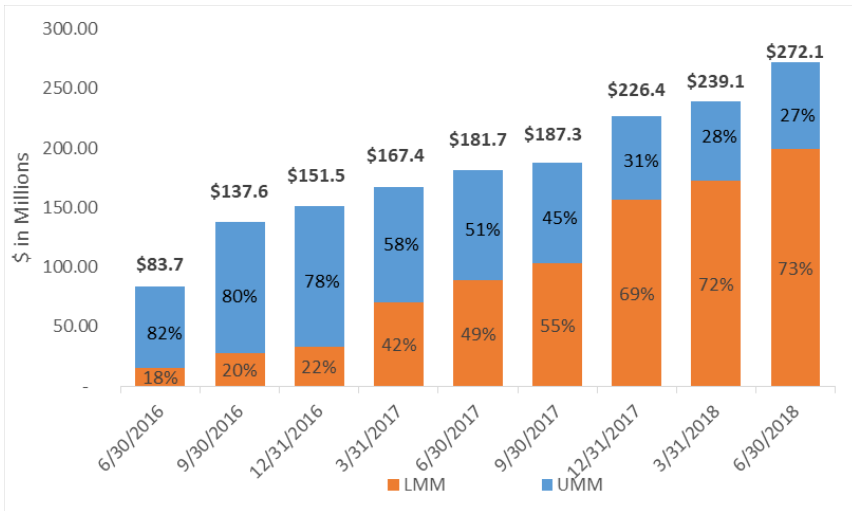
- Companies typically have in excess of \$50 MM in EBITDA
- Typical leverage of 3x – 5.5x Debt to EBITDA through CSWC debt position
- Hold sizes generally \$5 MM to \$15 MM
- Floating Rate first and second Lien debt securities
- More liquid assets relative to Lower Middle Market investments
- Provides flexibility to invest/divest opportunistically based on market conditions and liquidity position

Robust Lower Middle Market First Lien Credit Portfolio

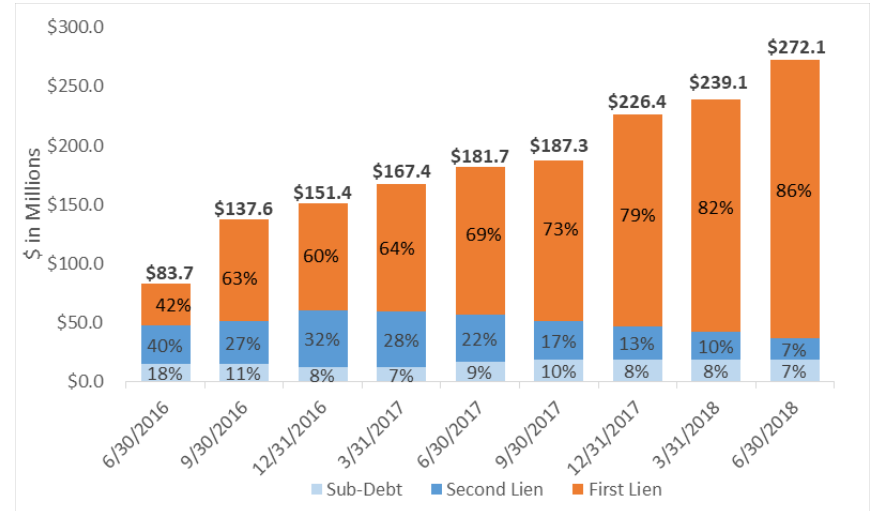
CSWC Credit Portfolio continues to migrate to LMM and First Lien Investments

- LMM Investments have increased to 73% of the credit portfolio at 6/30/18 from 18% at 6/30/16
- First Lien Investments have increased to 86% of the credit portfolio at 6/30/18 from 42% at 6/30/16

Robust LMM Credit Portfolio Growth



Credit Portfolio Heavily Weighted to First Lien



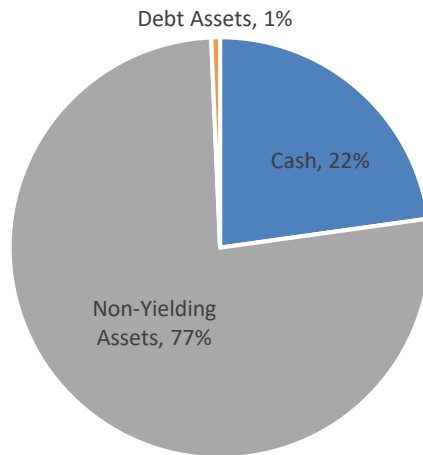
Portfolio Rotation to Income Generation

Since June 2014, CSWC has transformed its investment portfolio increasing income earning assets from 1% of the investable portfolio to 91%

- Exited 22 legacy portfolio equity investments, generating \$228 MM in proceeds
- Invested \$485 MM in 48 middle-market credit investments on balance sheet
- Invested \$446 MM in 96 middle-market credits within I-45 Senior Loan Fund (“I-45 SLF”)

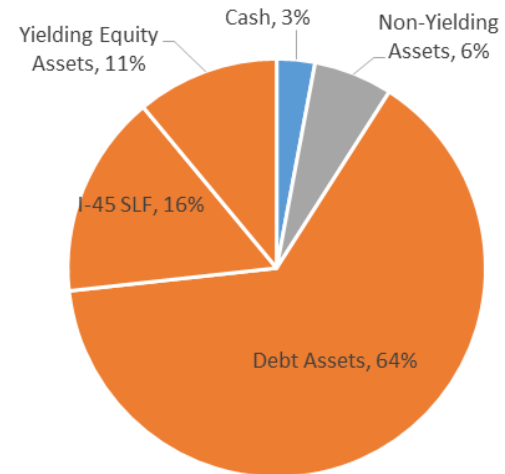
6/30/2014 (excl. CSWI Companies)

1% of Total Assets Generating Recurring Income

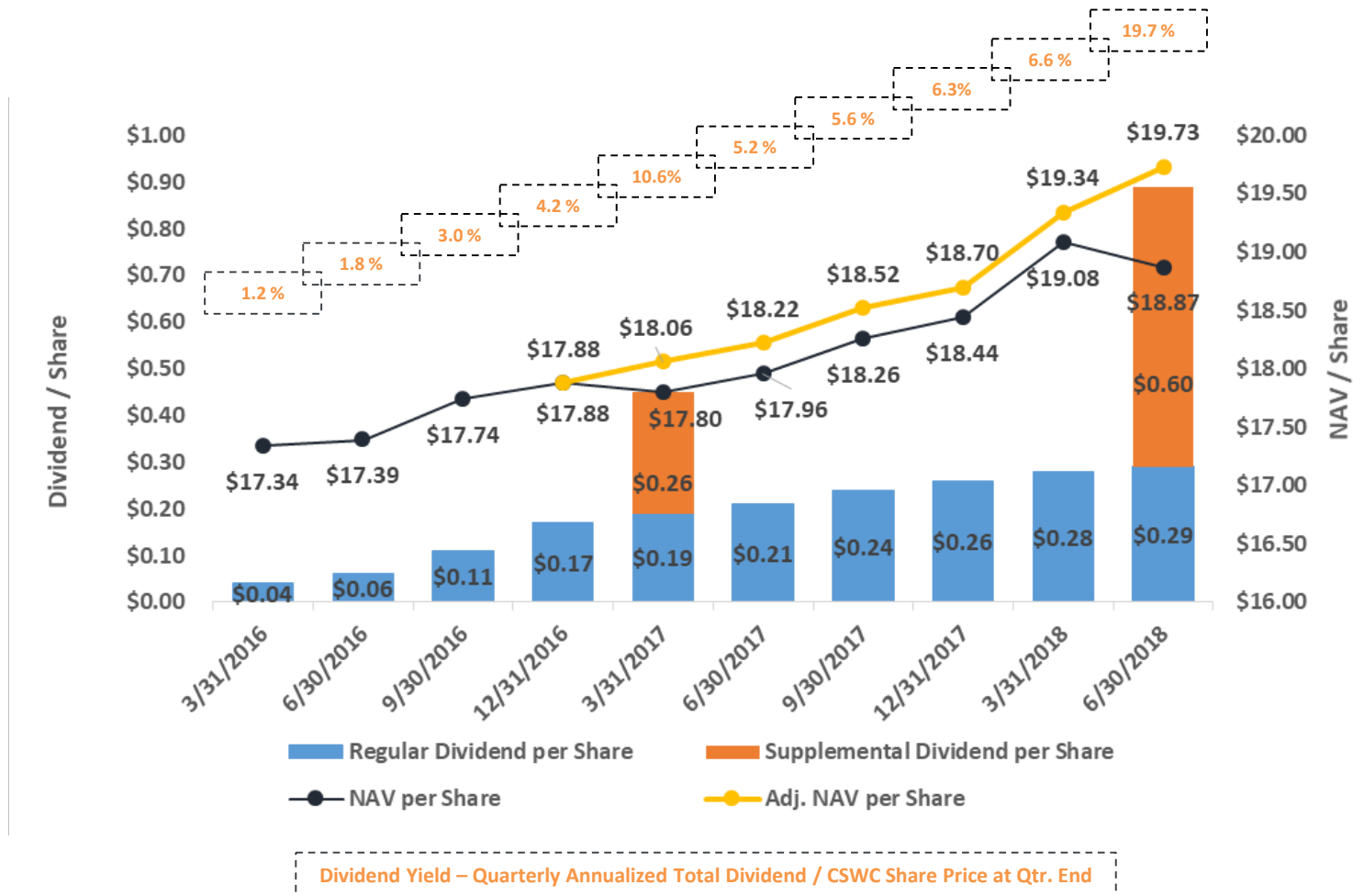


6/30/18 Investable Assets

91% of Total Assets Generating Recurring Income



Track Record of Dividend and NAV Growth Continues



Note: Adjusted NAV per Share calculation adds back all Supplemental Dividends paid

CSWC Portfolio Asset Mix by Market

Maintaining appropriate portfolio leverage while receiving attractive risk adjusted returns

Investment Portfolio - Statistics at 6/30/18		
(In Thousands)	Lower Middle Market ⁽¹⁾	Upper Middle Market
Number of Portfolio Companies	19	10
Total Cost	\$227,901	\$73,033
Total Fair Value	\$271,373	\$73,382
Average Hold Size (at Cost)	\$11,995	\$7,303
% First Lien Investments (at Cost)	78.2%	75.2%
% Second Lien Investments (at Cost)	0.0%	24.8%
% Subordinated Debt Investments (at Cost)	8.3%	0.0%
% Equity (at Cost)	13.5%	0.0%
Wtd. Avg. Yield ⁽²⁾⁽³⁾	12.0%	10.5%
Wtd. Avg. EBITDA of Issuer (\$MM's) ⁽³⁾	\$8.6	\$81.2
Wtd. Avg. Leverage through CSWC Security ⁽³⁾⁽⁴⁾	3.4x	4.0x

Note: All metrics above exclude the I-45 Senior Loan Fund

- At June 30, 2018, we had equity ownership in approximately 73.7% of our LMM investments*
- The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of June 30, 2018, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. As of June 30, 2018, there were no investments on non-accrual status. Weighted-average annual effective yield is higher than what an investor in shares in our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor.*
- Weighted average metrics are calculated using investment cost basis weighting*
- Includes CSWC debt investments only. Calculated as the amount of each portfolio company's debt (including CSWC's position and debt senior or pari passu to CSWC's position, but excluding debt subordinated to CSWC's position) in the capital structure divided by each portfolio company's adjusted EBITDA. Management uses this metric as a guide to evaluate relative risk of its position in each portfolio debt investment*

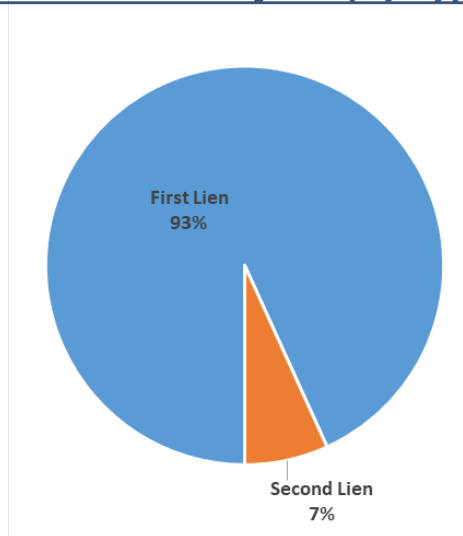
Senior Loan Fund (“I-45”)

- Joint Venture with Main Street Capital Corporation (NASDAQ: MAIN)
- Fund invests in predominately Upper Middle Market first lien loans
- Total target fund size of \$250 MM
 - ✓ Total Equity Commitment of \$85 MM from CSWC (80%) and MAIN (20%)
 - ✓ Total Debt Commitment of \$165 MM through Credit Facility led by Deutsche Bank
- Recurring Run-rate ROE to CSWC of ~13%, paid quarterly, with upside through fees and realized gains on prepayments
- CSWC and MAIN jointly control Board of Managers
 - ✓ Capital raising, fund tracking, monitoring, and financial reporting are managed by CSWC
 - ✓ Origination capabilities are a joint effort between CSWC and MAIN
 - ✓ All credit decisions are joint/unanimous between CSWC and MAIN
- I-45 fully disclosed in CSWC financials, but “off-balance sheet” for purposes of BDC Regulatory Leverage Test

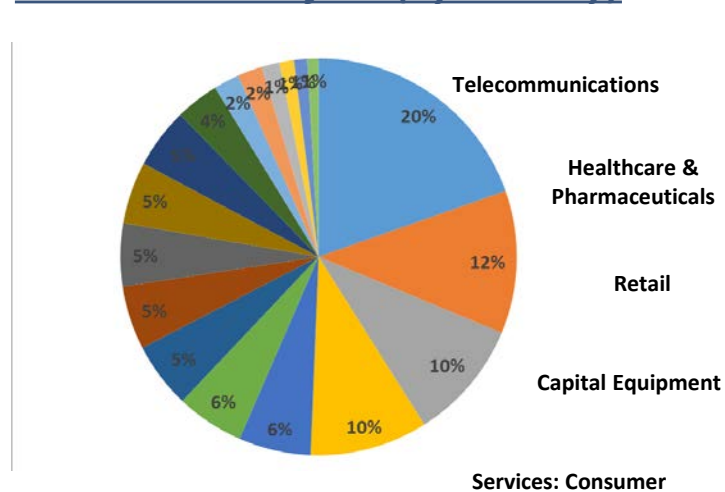
I-45 Portfolio Overview

I-45 loan portfolio of \$228 MM is 93% first lien with average hold size of 2.2%

Current I-45 Portfolio (By Type)



Current I-45 Portfolio (By Industry)



I-45 Portfolio Statistics				
(In Thousands)	<u>9/30/2017</u>	<u>12/31/2017</u>	<u>3/31/2018</u>	<u>6/30/2018</u>
Total Debt Investments at Fair Value	\$223,807	\$217,964	\$220,807	\$228,468
Number of Issuers	46	44	43	45
Wtd. Avg. Issuer EBITDA	\$79,009	\$73,392	\$73,995	\$72,607
Avg. Investment Size as a % of Portfolio	2.2%	2.3%	2.3%	2.2%
Wtd. Avg. Net Leverage on Investments ⁽¹⁾	3.5x	3.3x	3.6x	3.7x
Wtd. Avg. Yield	7.7%	7.4%	7.5%	7.7%
Wtd. Avg. Duration (Yrs)	4.8	4.7	4.6	4.5

(1) Through I-45 Security

Key Highlights since launch of Credit Strategy

- Built investment and finance teams made up of people with long track records of investing in the middle market
 - ✓ Of the 20 employees, 16 joined CSWC since launching the middle market lending strategy
- **CSWC**: Invested \$485 MM in 48 middle-market companies
 - ✓ No non-accruals
 - ✓ 22 exits generating weighted average IRR of 17%
- **I-45 SLF**: Invested \$446 MM in 96 middle-market credits assets
 - ✓ No non-accruals
 - ✓ 45 exits generating weighted average IRR of 12%
- Obtained Wall Street analyst coverage from 4 firms

CSWC Capitalization

- \$210 MM Credit Facility: led by ING (nine banks)
 - ✓ Accordion up to \$250 MM
 - ✓ \$65 MM drawn as of 6/30/18
 - ✓ Matures November 2021; L + 300 with step-down to L + 275
- \$57.5 MM December 2022 Notes: Trades under the ticker “CSWCL”
 - ✓ Matures December 2022
 - ✓ 5.95% Fixed
 - ✓ ATM program generated additional gross proceeds of \$12 MM from inception in June 2018 through August 3, 2018
- Balance Sheet Cash: Approximately \$13 MM as of 6/30/18
- \$165 MM I-45 Credit Facility: led by DB (four banks)
 - ✓ \$150MM drawn as of 6/30/18
 - ✓ Matures July 2022; L + 240
- Regulatory Leverage (Debt/Equity): 0.4x to 1.0x
 - ✓ Well below current the 1:1 regulatory limitation
 - ✓ BDC Modernization act allows CSWC to increase leverage above the current 1:1 limitation

Internally Managed BDC Advantages

- We operate under a shareholder friendly Internally Managed structure which:
 - Aligns management incentives with long term sustainable shareholder value creation
 - Historically has rewarded performing Internally Managed BDCs with price to book premiums of 0.5x versus Externally Managed peers
 - Incurs lower operating expenses versus the Externally Managed Structure
 - Average of 2.5%¹ for Internally Managed BDCs vs. 3.4%¹ for similarly sized Externally Managed BDCs
- Management is targeting a long term operating expense ratio of less than 2.5% of assets
 - Senior personnel and corporate infrastructure largely in place; Management plans to conservatively add junior members to the team in lock step with growth in the asset base
 - When we achieve funded leverage of 0.85x -1.0x, we should be at or below our operating expense target of 2.5%
- With the passage of the BDC Modernization Act, virtually 100% of incremental levered returns will go directly to shareholders of Internally Managed BDCs in the form of dividends, while only a portion of the incremental levered returns will translate into increased dividends to shareholders of Externally Managed BDCs
 - Externally Managed BDCs pay incremental management and incentive fees on incremental dollars invested
 - Internally Managed BDCs do not have management or incentive fee structures

¹ Internally managed BDCs include MAIN, TCAP and HTGC. Externally Managed BDCs include 8 BDCs with \$275 - \$575 MM of assets as of 3/31/18.

Appendix A: Investment Team & Process

Investment Team with Strong Credit Experience

Name	Title	Years Experience	Year Joined CSWC	Relevant Experience
Bowen Diehl	Chief Executive Officer / CIO	23	2014	<ul style="list-style-type: none"> - Managing Director and Co-Head of Sponsor Finance at American Capital - Merrill Lynch Investment Banking - Chase Securities Investment Banking
Douglas Kelley	Managing Director	21	2015	<ul style="list-style-type: none"> - Managing Director of Sponsor Finance at American Capital - Investment banking at J.P. Morgan, The Beacon Group, Credit Suisse First Boston
Josh Weinstein	Managing Director	18	2015	<ul style="list-style-type: none"> - Principal at H.I.G. WhiteHorse - VP at WhiteHorse Capital Partners - Analyst at Morgan Stanley and Citigroup
Bill Ashbaugh	Managing Director Business Development	41	2001	<ul style="list-style-type: none"> - Managing Director in Corporate Finance at Hoak, Principal at Southwest Securities - VP of Corporate Finance at Rauscher Pierce Refsnes (now RBC Dain Rauscher)
Curtis Harrison	Principal	15	2017	<ul style="list-style-type: none"> - VP at Goldman Sachs Specialty Lending Group (GSSSLG) - MD at Kelly & Cornell, LLC
Matt Darrah	Principal	15	2016	<ul style="list-style-type: none"> - CFO of Rocket Learning - PM at Perot Investments (family office credit strategy) - Associate at American Capital - Analyst at Citigroup and Challenger Capital
Ryan Kelly	Vice President	11	2010	<ul style="list-style-type: none"> - Analyst at Houlihan Lokey
Spencer Klein	Senior Associate	5	2015	<ul style="list-style-type: none"> - Analyst at J.P. Morgan
Rachael Bazan	Associate	5	2016	<ul style="list-style-type: none"> - Analyst at ING
Alex Kuhlman	Associate	3	2018	<ul style="list-style-type: none"> - Analyst at Stephens, Inc
Ian Anderson	Analyst	2	2018	<ul style="list-style-type: none"> - Analyst at CIC Partners

Disciplined Investment Process: Investment Criteria

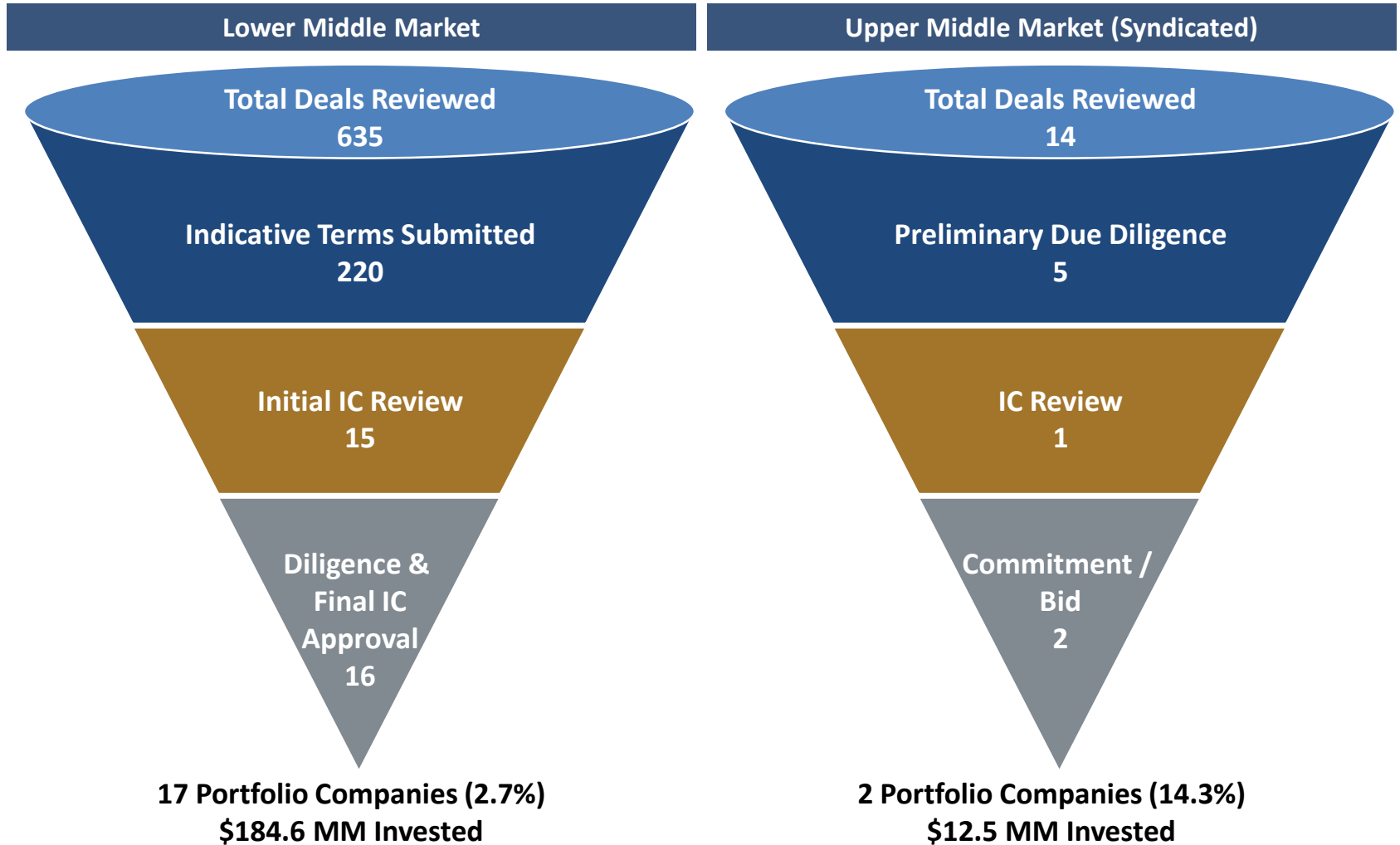
Experienced Management Team with Meaningful Equity Ownership	<ul style="list-style-type: none">• Relevant experience and track record of success• Significant economic interest in the future success of the company
Sustainable Business Model	<ul style="list-style-type: none">• Differentiated product and/or service that gives company a sustainable reason to exist• Leverageable cash flow with ability to maintain or grow margins
Strong Competitive Position	<ul style="list-style-type: none">• Market leader in its business segments• Quantifiable competitive advantage versus their competitors with barriers to entry
Diversification of Customers and Suppliers	<ul style="list-style-type: none">• Inability for any one customer to significantly affect the company's financial performance and ability to service debt• Sustainability of supply and cost of inputs
Ability of Capital Structure to Sustain Economic Cycles	<ul style="list-style-type: none">• Capital structure appropriate for business model and industry• Downside scenario modeling proves ability to sustain economic cycles while servicing debt with leverage inside enterprise value
Significant Equity Value Supporting Debt	<ul style="list-style-type: none">• Significant underlying equity value to support debt in capital structure

Middle Market Loan Opportunity Set

	Upper Middle Market Syndicated 1 st Lien	Upper Middle Market Syndicated 2 nd Lien	Lower Middle Market Senior Secured Debt	Lower Middle Market Last Out Unitranche	Lower Middle Market Subordinated Debt	Lower Middle Market Equity Co-Invest
EBITDA Size	\$50 MM+	\$50 MM+	\$3 - \$8 MM	\$5 - \$15 MM	\$10 - \$15 MM	\$3 - \$15 MM
Typical Closing Leverage	3.0x - 4.5x	5.0x - 6.0x	2.5x - 4.0x	3.0 x - 4.0 x	3.0x - 4.5x	NA
Target Inv. Hold Size	\$10 - \$15 MM	\$8 - \$10 MM	\$10 - \$20 MM	\$10 - \$20 MM	\$8 - \$12 MM	\$1 - \$5 MM
Investment Yield	8.5% - 9.5%	10.5% - 11.5%	9.5% - 11.5%	11.0% - 13.0%	12.0% - 14.0%	NA
Collateral Bucket	CSWC Credit Facility I-45 SLF	CSWC Credit Facility I-45 SLF	CSWC Credit Facility	CSWC Credit Facility	CSWC Credit Facility	CSWC Credit Facility

Maintaining Investment Discipline as Pipeline Grows

649 Deals Reviewed, 19 deals or \$197 million closed in LTM ending 6/30/18



CSWC Taps Into a Broad Network of Deal Sources

Private Equity



Intermediaries and Lending Partners

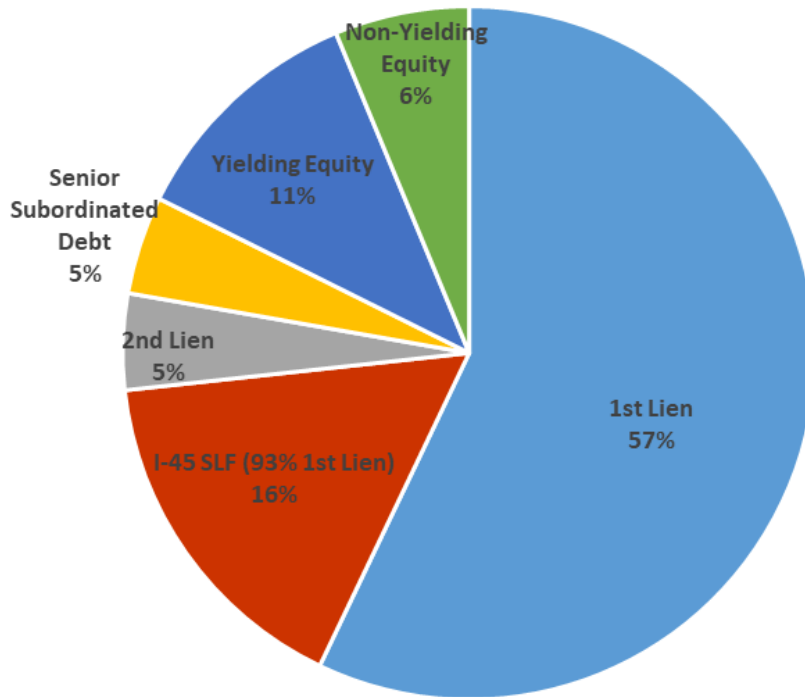


Appendix B: Investment Portfolio

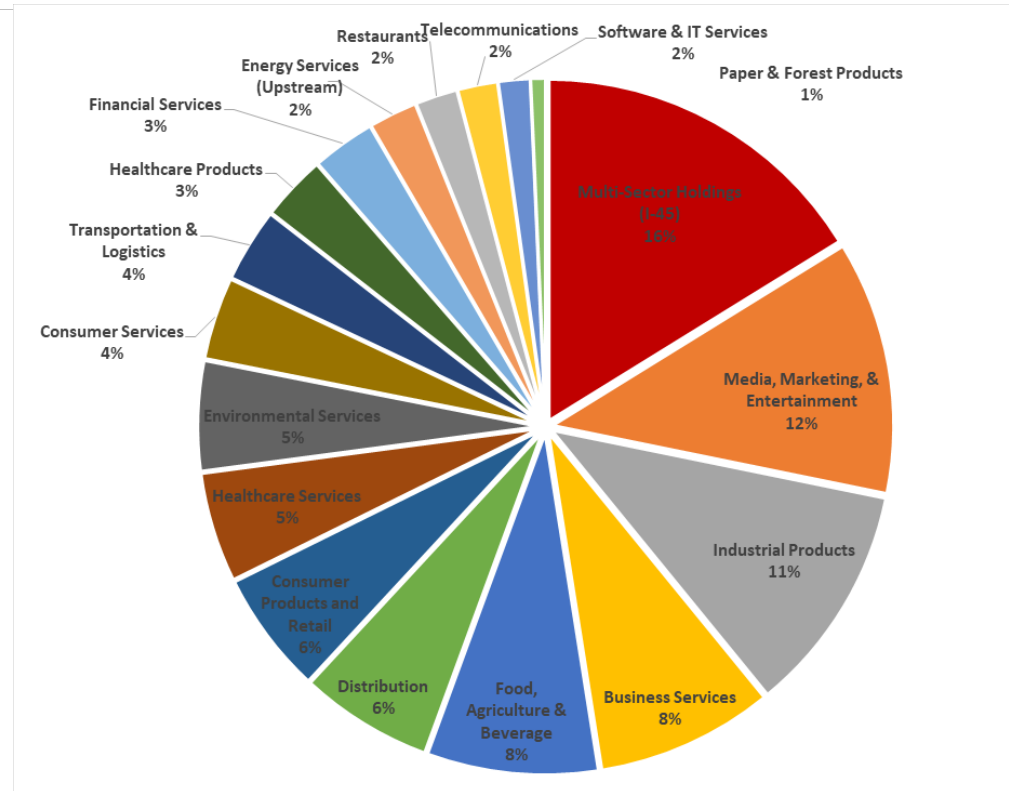
CSWC Portfolio Mix as of 6/30/18 at Fair Value

Current Investment Portfolio of \$411 MM continues to be granular and diverse

Current Investment Portfolio (By Type)



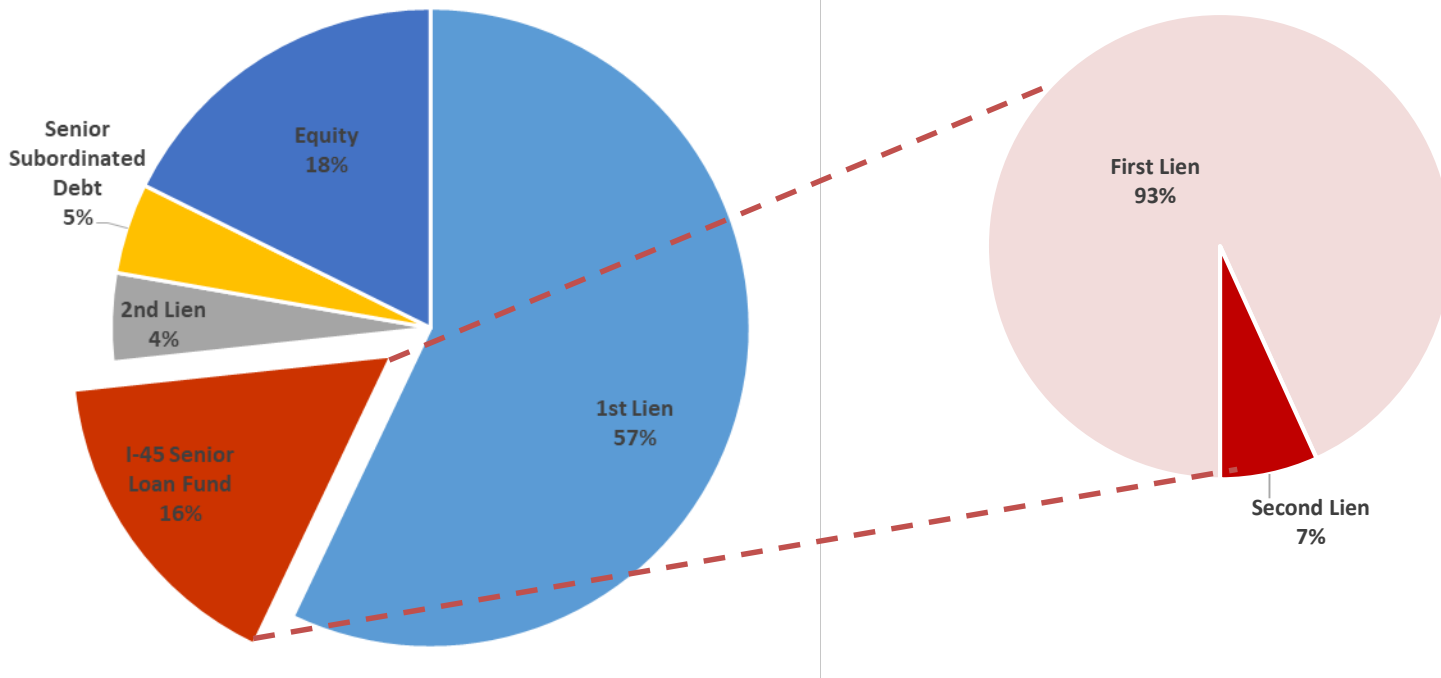
Current Investment Portfolio (By Industry)





I-45 Asset Exposure is Predominantly UMM First Lien

- I-45 represents \$228 MM of asset exposure, all senior secured, and predominantly first lien
- Compliments CSWC's overall asset portfolio which is also predominantly senior secured

Current Investment Portfolio (By Type)



Current CSWC Legacy Equity Portfolio

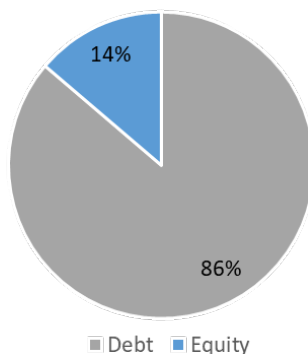
	Company	Date Invested	Type	Cost 6/30/18	Fair Value 6/30/18	Business Description
Legacy Equity Assets		11/4/97	Convertible Preferred & Common Equity	\$5.4 MM	\$44.8 MM	Provider of sensory technology and IoT connectivity to customers providing them critical information, including impact, vibration, tilt and temperature associated with their assets either during shipment or in place
		4/9/13	Convertible Preferred Equity	\$8.0 MM	\$9.3 MM	Full-service corrosion control company providing the oil and gas industry with expertise in cathodic protection and asset integrity management
Total				\$19.5 MM	\$54.1 MM	

Senior First Lien Floating Rate Bias

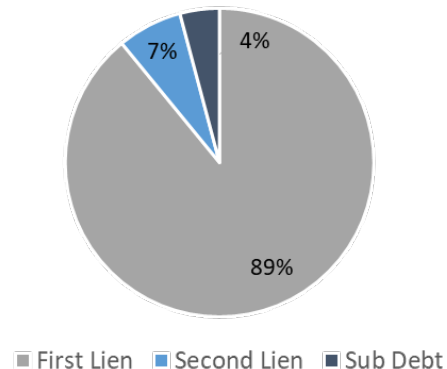
CSWC Aggregate Portfolio Asset Exposure, Including I-45, is well positioned for a late-credit cycle, rising interest rate environment

- 86% of all assets managed by CSWC are debt investments
- 89% of all debt assets managed by CSWC are first lien loans
- 96% of all debt assets managed by CSWC are floating rate investments

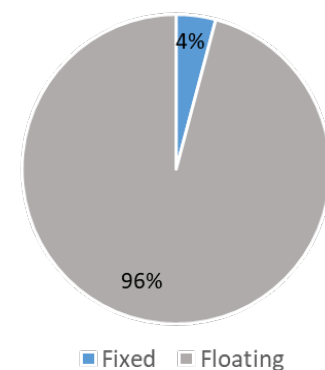
Debt vs. Equity
(Inc. I-45)



Portfolio Mix by Security
(Inc. I-45)



Fixed vs. Floating
(Inc. I-45)

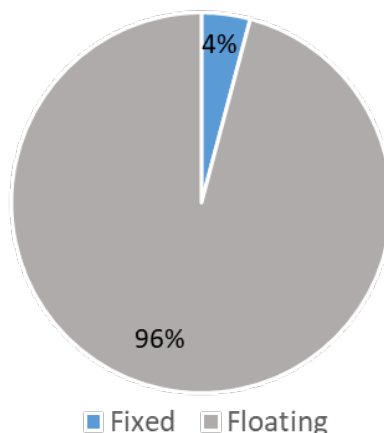


1. I-45 assets (fair value) are included in CSWC's portfolio pro rata as a % of our equity investment in the fund

Interest Rate Sensitivity

Debt Portfolio Exposure at 6/30/18 Well-Positioned for Rising Interest Rate Environment

Fixed vs. Floating Portfolio Composition ⁽¹⁾



Change in Base Interest Rates	Illustrative NII Change (\$'s)	Illustrative NII Change (Per Share)
(50bps)	(\$1,250,241)	(\$0.08)
50 bps	\$1,271,182	\$0.08
100bps	\$2,542,364	\$0.16
150bps	\$3,813,547	\$0.24
200bps	\$5,084,729	\$0.31

(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 6/30/18, adjusted only for changes in Base Interest Rate. Base Interest Rate used in this analysis is 3-Month LIBOR of 2.34% at 6/30/18. The results of this analysis include the I-45 Senior Loan Fund, which is comprised of 100% floating rate assets and liabilities.

Appendix C: Financial Statements

Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 9/30/17	Quarter Ended 12/31/17	Quarter Ended 3/31/18	Quarter Ended 6/30/18
Investment Income				
Interest Income	\$5,282	\$5,566	\$6,575	\$7,643
Dividend Income	\$3,088	\$3,149	\$3,069	\$3,075
Fees and Other Income	\$139	\$304	\$230	\$389
Total Investment Income	\$8,509	\$9,019	\$9,874	\$11,107
Expenses				
Cash Compensation	\$1,606	\$1,885	\$1,884	\$1,910
Share Based Compensation	\$384	\$479	\$477	\$475
General & Administrative	\$1,364	\$907	\$1,086	\$1,353
Spin-off Related Expenses	\$173	\$172	\$0	\$0
Total Expenses (excluding Interest)	\$3,527	\$3,443	\$3,447	\$3,738
Interest Expense	\$911	\$1,275	\$1,951	\$2,373
Pre-Tax Net Investment Income	\$4,071	\$4,301	\$4,476	\$4,996
Taxes and Gain / (Loss)				
Income Tax Benefit (Expense)	(\$134)	\$362	(\$279)	(\$379)
Net realized gain (loss) on investments	\$210	\$617	\$131	\$18,819
Net increase (decrease) in unrealized appreciation of investments	\$4,496	\$4,963	\$10,649	(\$11,783)
Net increase (decrease) in net assets resulting from operations	\$8,643	\$10,243	\$14,977	\$11,653
Weighted Average Diluted Shares Outstanding	16,078	16,176	16,139	16,201
Pre-Tax Net Investment Income Per Dil. Weighted Average Share	\$0.25	\$0.27	\$0.28	\$0.31

Balance Sheet

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 9/30/2017	Quarter Ended 12/31/2017	Quarter Ended 3/31/2018	Quarter Ended 6/30/18
Assets				
Portfolio Investments	\$321,860	\$367,120	\$393,095	\$411,330
Cash & Cash Equivalents	\$33,329	\$20,527	\$7,907	\$12,532
Deferred Tax Asset	\$1,846	\$2,080	\$2,050	\$2,116
Other Assets	\$11,635	\$13,123	\$14,438	\$24,948
Total Assets	\$368,670	\$402,850	\$417,490	\$450,926
Liabilities				
December 2022 Notes	\$0	\$55,236	\$55,305	\$56,646
Credit Facility	\$56,000	\$35,000	\$40,000	\$65,000
Other Liabilities	\$20,156	\$14,084	\$13,897	\$21,899
Total Liabilities	\$76,156	\$104,320	\$109,202	\$143,545
Shareholders Equity				
Net Asset Value	\$292,514	\$298,530	\$308,288	\$307,381
NAV per Share	\$18.26	\$18.44	\$19.08	\$18.87
Debt to Equity	0.19x	0.30x	0.31x	0.40x

Portfolio Statistics

Continuing to build a well performing credit portfolio with no non-accruals

<i>(In Thousands)</i>	Quarter Ended 9/30/2017	Quarter Ended 12/31/2017	Quarter Ended 3/31/2018	Quarter Ended 6/30/18
Portfolio Statistics				
Fair Value of Debt Investments	\$187,316	\$226,441	\$239,122	\$272,133
Average Debt Investment Hold Size	\$7,805	\$8,709	\$9,197	\$9,719
Fair Value of Debt Investments as a % of Par	99%	99%	99%	99%
% of Debt Portfolio on Non-Accrual (at Fair Value)	0.0%	0.0%	0.0%	0.0%
Weighted Average Investment Rating ⁽¹⁾	2.0	2.0	2.0	2.0
Weighted Average Yield on Debt Investments	10.71%	10.95%	11.46%	11.73%
Total Fair Value of Portfolio Investments	\$321,860	\$367,120	\$393,095	\$411,330
Weighted Average Yield on all Portfolio Investments ⁽²⁾	10.65%	10.55%	10.48%	10.60%
Investment Mix (Debt vs. Equity) ^{(3) (4)}	74% / 26%	75% / 25%	73% / 27%	79% / 21%
Investment Mix (Yielding vs. Non-Yielding) ⁽⁴⁾	94% / 6%	94% / 6%	92% / 8%	94% / 6%

(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

Investment Income Detail

Constructing a portfolio of investments with recurring cash yield

- Non-Cash and Non-Recurring investment income remain a minor portion of Total Investment Income

<i>(In Thousands)</i>	Quarter Ended 9/30/17	Quarter Ended 12/31/17	Quarter Ended 3/31/18	Quarter Ended 6/30/18
Investment Income Breakdown				
Cash Interest	\$5,082	\$5,357	\$6,300	\$7,324
Cash Dividends	\$3,018	\$3,076	\$2,990	\$3,008
PIK Income	\$70	\$72	\$91	\$79
Amortization of purchase discounts and fees	\$200	\$209	\$264	\$312
Management/Admin Fees	\$139	\$146	\$184	\$181
Prepayment Fees & Other Income	\$0	\$159	\$45	\$203
Total Investment Income	\$8,509	\$9,019	\$9,874	\$11,107
Key Metrics				
Cash Income as a % of Investment Income	97%	97%	96%	96%
% of Total Investment Income that is Recurring ⁽¹⁾	97%	95%	98%	97%

(1) Non-Recurring income principally made up of loan prepayment fees

Key Financial Metrics

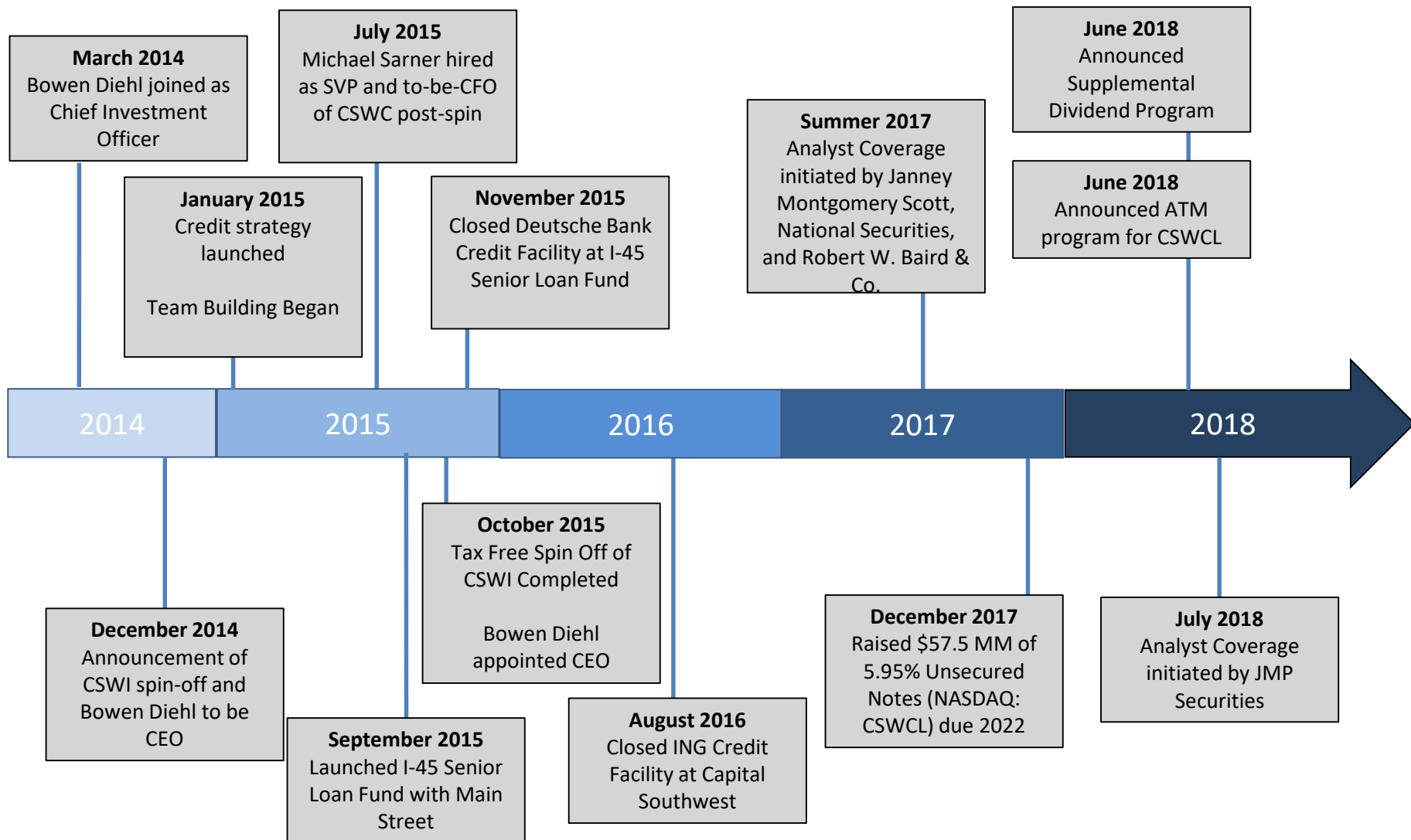
Strong Earnings ROE as Portfolio continues to appreciate

	Quarter Ended 9/30/2017	Quarter Ended 12/31/2017	Quarter Ended 3/31/2018	Quarter Ended 6/30/18
Key Financial Metrics				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	\$0.25	\$0.27	\$0.28	\$0.31
Annualized Pre-Tax Net Investment Income Return on Equity (ROE)	5.64%	5.82%	6.02%	6.46%
Realized Earnings Per Wtd Avg Diluted Share	\$0.26	\$0.33	\$0.27	1.45
Annualized Realized Earnings ROE	5.75%	7.15%	5.82%	30.32%
Earnings Per Wtd Avg Diluted Share	\$0.54	\$0.63	\$0.93	\$0.72
Annualized Earnings Return on Equity (ROE)	11.97%	13.87%	20.13%	15.08%
Regular Dividends per Share	\$0.24	\$0.26	\$0.28	\$0.29
Supplemental Dividends per Share	\$0.00	\$0.00	\$0.00	\$0.60
Total Dividends per Share	\$0.24	\$0.26	\$0.28	\$0.89
Dividend Yield ⁽¹⁾	5.6%	6.3%	6.6%	19.7%

(1) Dividend Yield is calculated as Quarterly Annualized Total Dividend / CSWC Share Price at Qtr. End

Appendix D: Other Information

Major Milestones of Transformation



Corporate Information

Board of Directors

Inside Directors

Bowen S. Diehl

Independent Directors

David R. Brooks

Christine S. Battist

T. Duane Morgan

Jack D. Furst

William R. Thomas

John H. Wilson

Senior Management

Bowen S. Diehl

President & Chief Executive Officer

Michael S. Sarner

Chief Financial Officer, Secretary & Treasurer

Fiscal Year End

March 31

Independent Auditor

RSM US

Chicago, IL

Corporate Counsel

Eversheds Sutherland (US) LLP

Investor Relations

Michael S. Sarner

Capital Southwest

214-884-3829

msarner@capitalsouthwest.com

Securities Listing

Nasdaq: "CSWC" (Common Stock)

Nasdaq: "CSWCL" (Notes)

Transfer Agent

American Stock Transfer & Trust Company, LLC

800-937-5449

www.amstock.com

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Ladenburg Thalmann
Janney Montgomery Scott, LLC
JMP Securities

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