

To Our Shareholders

Net asset value at June 30, 2009 was \$424,337,993, equivalent to \$113.41 per share. Assuming reinvestment of all dividends and tax credits on retained long-term capital gains, this represents an increase of 2.8% during the past three months and a decrease of 20.6% during the past twelve months.

	June 30, 2009	March 31, 2009	June 30, 2008
Net assets	\$424,337,993	\$415,262,991	\$581,836,149
Shares outstanding	3,741,638	3,741,638	3,882,666
Net asset per share	\$113.41	\$110.98	\$149.85

During the three months ended June 30, 2009, net unrealized appreciation of investments increased by \$10,249,270, equivalent to \$2.74 per share to a total account balance of \$317,545,102, equivalent to \$84.87 per share. This period is the first quarter since June 30, 2007 in which the net unrealized appreciation of investments increased. Additionally, it is the first quarter since June 30, 2007 that more individual investment securities within the portfolio increased as compared to decreased. Although many of the portfolio companies are still challenged within their respective markets, there appears to be more positive than negative factors at play as evidenced by the value changes this quarter.

Add-on transactions to existing investments included \$150,000 in Ballast Point Ventures II, L.P.; \$1,747,156 in BankCap Partners Fund I, L.P.; \$571,432 in Cinatra Clean Technologies, Inc.; \$345,000 in CMI Holding Company, Inc.; \$150,000 in Discovery Alliance, LLC; and \$3,000,000 to Palm Harbor Homes, Inc. in the form of a bridge note that was subsequently repaid during the quarter.

Our business development activities continue to yield promising investment opportunities. The working pipeline of deals in the evaluation stage and strategic acquisitions for our controlled affiliates remain at increased levels with relatively less competition, which we hope will provide attractively-priced investments for our shareholders.



August 6, 2009

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**Interim Report
June 30, 2009**

Consolidated Statements of Financial Condition

Assets	June 30, 2009 (Unaudited)	March 31, 2009
Investments at market or fair value (Cost: June 30, 2009 – \$92,302,778 March 31, 2009 – \$89,339,191)	\$409,847,880	\$396,635,023
Cash and cash equivalents	10,519,695	14,721,730
Receivables		
Dividends and interest	794,372	498,506
Affiliates	285,320	16,706
Pension assets	5,561,726	5,468,861
Other assets	187,784	202,313
Totals	<u>\$427,196,777</u>	<u>\$417,543,139</u>
Liabilities and Shareholders' Equity		
Other liabilities	\$ 285,546	\$ 253,294
Pension liability	963,986	934,427
Deferred income taxes	1,609,252	1,092,427
Total liabilities	<u>2,858,784</u>	<u>2,280,148</u>
Shareholders' equity		
Common stock, \$1 par value: authorized, 5,000,000 shares; issued, 4,326,516 shares at June 30, 2009 and March 31, 2009	4,326,516	4,326,516
Additional capital	124,449,138	124,571,029
Undistributed net investment income	1,911,263	2,963,640
Undistributed net realized gain (loss) on investments	42,622	42,622
Unrealized appreciation of investments	317,545,102	307,295,832
Treasury stock – at cost 584,878 shares at June 30, 2009 and March 31, 2009	<u>(23,936,648)</u>	<u>(23,936,648)</u>
Net assets at market or fair value, equivalent to \$113.41 per share at June 30, 2009 and \$110.98 per share at March 31, 2009, on the 3,741,638 shares outstanding	424,337,993	415,262,991
Totals	<u>\$427,196,777</u>	<u>\$417,543,139</u>

Consolidated Statements of Changes in Net Assets

	Three months ended June 30, 2009 (Unaudited)	Year ended March 31, 2009
Operations:		
Net investment income	\$ 444,278	\$ 10,183,455
Net realized gain on investments	—	10,756,302
Net increase (decrease) in unrealized appreciation of investments	10,249,270	(159,247,203)
Increase (decrease) in net assets from operations ..	10,693,548	(138,307,446)
Distributions from:		
Undistributed net investment income	(1,496,655)	(12,256,745)
Deemed distribution to shareholders	—	(8,646,560)
Capital share transactions:		
Allocated increase in share value for deemed distribution	—	8,646,560
Change in pension plan funded status	(263,416)	(1,473,329)
Stock option expense	141,525	503,645
Treasury stock	—	(16,903,346)
Increase (decrease) in net assets	9,075,002	(168,437,221)
Net assets, beginning of period	415,262,991	583,700,212
Net assets, end of period	<u>\$424,337,993</u>	<u>\$415,262,991</u>

Consolidated Statements of Operations

(Unaudited)

	Three months ended June 30	
	2009	2008
Investment income:		
Interest	\$ 322,808	\$ 349,852
Dividends	584,370	657,480
Management and directors' fees	282,750	231,000
	<u>1,189,928</u>	<u>1,238,332</u>
Operating expenses:		
Salaries	314,531	250,450
Net pension benefit	(63,306)	(81,837)
Other operating expenses	472,225	457,233
	<u>723,450</u>	<u>625,846</u>
Income before income taxes	466,478	612,486
Income tax expense	22,200	27,287
Net investment income	<u>\$ 444,278</u>	<u>\$ 585,199</u>
Proceeds from disposition of investments	\$ —	\$ —
Net realized gain on investments	<u>—</u>	<u>—</u>
Net increase (decrease) in unrealized appreciation of investments	10,249,270	(257,114)
Net realized and unrealized gain (loss) on investments	<u>\$10,249,270</u>	<u>\$ (257,114)</u>
Increase in net assets from operations	<u>\$10,693,548</u>	<u>\$ 328,085</u>