

**CAPITAL SOUTHWEST CORPORATION DECLARES SPECIAL DIVIDEND**

**DALLAS – September 22, 2008** – On September 12, 2008, the Board of Directors of Capital Southwest Corporation (Nasdaq: CSWC) declared a special cash dividend in the amount of \$0.30 per share of common stock, which represents an additional distribution of its 2007 ordinary income for income tax purposes. This dividend is payable on October 31, 2008 to shareholders of record on September 24, 2008.

Capital Southwest Corporation must make certain distributions of its taxable income in order to maintain its tax status as a regulated investment company. Investors can refer to the Company's most recent report on SEC Form 10-K for more information about its tax status.

**About Capital Southwest Corporation**

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

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