

A Heritage of Success

Capital Southwest (NASDAQ: CSWC) was founded in Dallas, Texas in 1961 and has invested in over 250 middle market companies in its history. Since its initial \$15 million IPO, CSWC has distributed approximately \$850 million in cash and stock to shareholders and held approximately \$273 million in net assets as of June 30, 2016.

Credit Investment Strategy

Capital Southwest is an internally-managed, credit-focused BDC that is an active lender to middle market companies across the capital structure, providing flexible capital that fills financing needs that traditional commercial banks are unable to meet. In 2015, Capital Southwest spun-off its legacy industrial investments into a separate publicly-traded company, CSW Industrials; divested over \$210 million of other legacy investments; and retains significant dry powder to redeploy into its credit portfolio. CSWC has approximately \$273 million of equity capital which the firm expects, with anticipated leverage, to support investable assets of \$600 to \$650 million. As of August 2016, CSWC funded approximately \$175 million in new credit investments and its senior loan fund, I-45 SLF, LLC. The Company is managed by a small investment team co-located in Dallas, Texas.

Industry Preferences

CSWC is a generalist investment firm with certain preferred sectors:

- Industrial manufacturing and services
 - Value-added distribution
- Healthcare products and services
 - Business services
- Tech-enabled services and SaaS models

Lower Middle Market Investment Parameters

Investment Size	<ul style="list-style-type: none"> • <u>\$5 to \$20 million commitment size per deal</u> • Will agent and club commitments up to \$40 million with active network of co-investors
Company Size	<ul style="list-style-type: none"> • <u>Minimum of \$3 million of EBITDA</u> • Typically \$5 to \$15 million of EBITDA
Situations	<ul style="list-style-type: none"> • New platform acquisitions • Dividend recapitalizations • Refinancings • Bolt-on acquisitions • Growth financings
Clients	<ul style="list-style-type: none"> • Financial sponsors • Investment banks and business brokers • Independent sponsors • Founder and independently-owned businesses
Investment Structures	<ul style="list-style-type: none"> • Unitranche debt (including last out investment in partnership with senior lending relationship) • First lien debt • Second lien debt • Subordinated debt • Preferred and common equity • Flexibility to invest across multiple securities
Equity Investments	<ul style="list-style-type: none"> • Equity co-investments alongside debt investments, up to 20% of total check • Non-control investor
Geography	<ul style="list-style-type: none"> • Anywhere in the United States
Partnership	<ul style="list-style-type: none"> • Relationship-centric firm focused on mutually beneficial partnerships over several deals
Committee Process	<ul style="list-style-type: none"> • Investment committee all co-located in Dallas • <u>CSWC deal leaders can “speak for the firm” and execute without surprises</u>

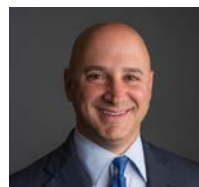
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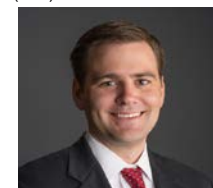
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Selected CSWC Credit Investments

<u>Company</u>	<u>Industry Sector</u>	<u>Ownership</u>	<u>Amount</u>	<u>Security</u>	<u>Date</u>
 Polycom	Software & IT Services	Sponsored	\$11.5mm*	Second Lien	November 2016
 PGi	Software & IT Services	Sponsored	\$17mm*	First Lien / Second Lien	November 2016
 Energy Solutions	Business Services	Sponsored	\$8mm	First Lien	October 2016
 redbox	Consumer Products & Retail	Sponsored	\$17mm*	First Lien	September 2016
 california PIZZA KITCHEN	Consumer Products & Retail	Sponsored	\$10mm*	First Lien	August 2016
 KINGS BALDUCCI'S	Consumer Products & Retail	Sponsored	\$10mm	Last Out Unitranche	August 2016
 AMWARE	Logistics	Sponsored	\$13mm	First Lien	July 2016
 infogroup	Business Services	Sponsored	\$10mm*	First Lien	May 2016
 IMAGINE PRINT SOLUTIONS	Business Services	Sponsored	\$7mm*	First Lien	March 2016
 HYGEA Holdings Corp.	Healthcare Services	Non-Sponsored	\$8mm	First Lien	February 2016
 Digital River	Software & IT Services	Sponsored	\$14mm*	First Lien	January 2016
 TaxAct HD VEST	Software & IT Services	Sponsored	\$10mm*	First Lien	January 2016
 Chandler Signs	Business Services	Sponsored	\$6mm	Secured Sub Debt / Equity	January 2016
 ARGON MEDICAL DEVICES	Healthcare Products	Sponsored	\$5mm	Second Lien	December 2015
 Thredburi Group	Consumer Products & Retail	Sponsored	\$7mm	First Lien	December 2015
 WINZER	Distribution	Non-Sponsored	\$8mm	Secured Sub Debt	June 2015