

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 \$275 million in net assets as of September 30, 2015.

Reorganized BDC: 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. On September 30, 2015, Capital Southwest completed the spinoff of its portfolio company CSW Industrials as a separate publicly-traded industrial growth company, and has redirected its remaining capital into a credit investment strategy. Capital Southwest has divested over \$210 million of legacy equity positions since 2014 and has significant dry powder to redeploy into its credit portfolio. CSWC's equity capital of approximately \$275 million is expected, with anticipated leverage, to support on and off-balance sheet investable assets of \$600 to \$650 million. CSWC also transitioned its management to support the new investment strategy, and is led by a new Chairman, Joseph Armes; new President and CEO, Bowen Diehl; and new CFO, Michael Sarner.

Industry Preferences






Capital Southwest is a generalist investment firm with the following preferred sectors:

- Industrial manufacturing and services
 - Value-added distribution
- Healthcare products and services
 - Business services
 - Specialty chemicals
- Tech-enabled services and SaaS models
 - Food and beverage

Direct Investment Parameters

Investment Size	<ul style="list-style-type: none"> • \$5 to \$20 million hold size per deal • Regularly review larger transactions with active network of co-investors
Company Size	<ul style="list-style-type: none"> • Minimum of \$3 million of EBITDA • Typical direct borrower has \$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 • Independent sponsors • Founder and independently-owned businesses • Investment banks and business brokers
Investment Structures	<ul style="list-style-type: none"> • Unitranche debt (including last out) • First lien debt • Second lien debt • Subordinated debt • Preferred and common equity • Flexibility to invest across multiple securities in a single transaction
Equity Investments	<ul style="list-style-type: none"> • Equity co-investments alongside debt investments, up to 20% of total check • <u>Will only make non-control investments</u>
Geography	<ul style="list-style-type: none"> • Anywhere in the United States
Partnership	<ul style="list-style-type: none"> • Relationship-centric firm that fosters mutually beneficial partnerships over several transactions with its core clients
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>

Selected Recent CSWC Credit Investments

<u>Company</u>	<u>Industry Sector</u>	<u>Ownership</u>	<u>Amount</u>	<u>Security</u>	<u>Date</u>
 Chandler Signs	Business services	Sponsored	\$6mm	Secured Sub Debt	January 2016
 ARGON MEDICAL DEVICES	Healthcare Products	Sponsored	\$5mm	Syndicated Second Lien	December 2015
 TheLinx Group	Consumer Products & Retail	Sponsored	\$7mm	Syndicated First Lien	December 2015
 FREEDOM TRUCK FINANCE	Commercial finance	Non-Sponsored	\$8mm (Commitment)	Last Out Unitranche Revolving Facility	September 2015
 WINZER	Industrial distribution	Non-sponsored	\$8mm	Secured Sub Debt	June 2015

Selected Investments Managed by CSWC Credit Professionals



Capital Southwest Investment Team



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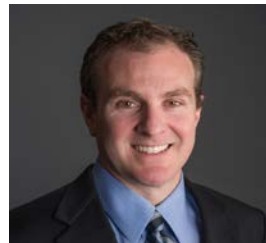
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