

**Capital Southwest Corporation**  
**Tax Status of Distributions in 2020**

The information on dividends paid by Capital Southwest Corporation (“Capital Southwest” or the “Company”) for 2020 is set forth below. For tax purposes, the Company is a regulated investment company (“RIC”) and designates the tax character of distributions for calendar-year 2020 in accordance with Subchapter M of the Internal Revenue Code of 1986, as amended.

**Ordinary Income Dividends:** These dividends are from the Company’s ordinary net investment income and net short-term capital gains for the year. This type of dividend is to be reported on your tax return as ordinary income. Ordinary dividend distributions from a RIC generally do not qualify for the preferential tax rate on dividend income from domestic corporations and qualified foreign corporations except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations.

Total ordinary income distributions are reported on your Form 1099-DIV in Box 1a. The portion of the dividends reported in Box 1a that qualify as a “qualified dividend” for the preferential tax rate are reported on your Form 1099-DIV in Box 1b.

Please note that if you acquired or disposed of your Capital Southwest shares during 2020, qualified dividends reported in Box 1b of your 2020 Form 1099-DIV may not be eligible for the preferential tax rate. Shareholders should consult their tax advisor for tax guidance.

**Capital Gain Distributions:** Capital gain distributions arise from net long-term capital gains recognized by the Company during the year. These capital gain distributions generally qualify for the preferential tax rate on net capital gain recognized by U.S. resident individuals and certain other U.S. persons. All capital gains are determined by how long the Company held the investment and the type of investment.

Total capital gain distributions are reported on your Form 1099-DIV in Box 2a.

Distributions that were reinvested through the Company’s (or other brokerage firms’) Dividend Reinvestment Plan are treated, for tax purposes, as if they had been paid in cash. Therefore, stockholders who participated in a Dividend Reinvestment Plan should also refer to the table below for appropriate tax treatment of 2020 dividends.

The amounts shown in the table below represent the final classification of the Company's 2020 distributions. This information supersedes any estimated information you may have received during the year. Calendar-year 2020 distributions are classified as follows:

Form 1099-DIV Reporting			Box 1a	Box 1a and Box 1b	Box 2a	Non-U.S. Shareholder	Non-U.S. Shareholder
Record Date	Payment Date	Distribution per Share	Ordinary Dividend Per Share (i)	Qualified Dividends Per Share (i), (ii)	Long-Term Capital Gain Per Share (iii)	% of Interest-Related and Short-Term Capital Gain (iv)	% of Distributions Exempt from U.S. Withholding Tax (v)
03/16/20	03/31/20	\$ 0.5100	\$ 0.4544	\$ 0.0556	\$ -	100.00%	100.00%
06/15/20	06/30/20	\$ 0.5100	\$ 0.4544	\$ 0.0556	\$ -	91.74%	91.74%
09/15/20	09/30/20	\$ 0.5100	\$ 0.4544	\$ 0.0556	\$ -	91.74%	91.74%
12/15/20	12/31/20	\$ 0.5100	\$ 0.5100	\$ -	\$ -	91.74%	91.74%
		<b>\$ 2.0400</b>	<b>\$ 1.8732</b>	<b>\$ 0.1668</b>	<b>\$ -</b>		

% of Total Dividend

Paid Per Share                    **100.000%**        **91.824%**                    **8.176%**                    **0.000%**                    **93.802%**                    **93.802%**

++(i) Form 1099-DIV Box 1a includes the combined amounts of the columns "Ordinary Dividend Per Share" and "Qualified Dividends Per Share," contained within table above.

(ii) The portion of the dividend reported in Box 1a treated as Qualified Dividend is reported on Form 1099-DIV in Box 1b.

(iii) Net Capital Gain Dividend is reported on Form 1099-DIV in Box 2a.

(iv) The Company designates the above percentages of each of the total dividends by payment date as Interest-Related Dividend and Short-Term Capital Gain Dividend in accordance with IRC Sections 871(k) and 881(e).

(v) The percentages designate the portion of CSWC's dividends received by Non-U.S. Residents and Foreign Corporation Shareholders that constitute Interest-Related Dividends, Short-Term Capital Gains Dividends, and Net Capital Gain Dividends to total amount of the dividends derived which generally are exempt from United States withholding tax for these periods for Non-U.S. Residents and Foreign Corporation Shareholders.

Certain U.S. corporations may be eligible for the Dividends Received Deduction. Accordingly, none of the ordinary dividends paid by Capital Southwest in 2020 are eligible for such deduction.

Non-U.S. resident shareholders in a RIC are exempt from U.S. withholding tax on both "interest-related" dividends and short-term capital gains dividends in accordance with IRC 871(k) and 881(e). For calendar 2020, 91.74% of each of the ordinary distributions shown above represent interest-related dividends and 8.26% of the ordinary distribution paid on 3/31/20 represents short-term capital gains dividends. To the extent that taxes were withheld on dividends distributed, this information may be considered in connection with any claims for refund of taxes with the U.S. Internal Revenue Service. Non-U.S. resident shareholders should contact their tax advisor with any questions regarding this information.

This tax status notice is not intended to constitute tax, legal, investment, or other professional advice. This is general information and should not be relied upon for tax purposes. Shareholders should consult their tax advisor for tax guidance pertinent to specific facts and circumstances.