



Capital
Southwest
Patient Capital For Exceptional Businesses®

ANNUAL REPORT MARCH 31, 2011



Capital Southwest is a publicly-owned business development company with net assets at March 31, 2011 of \$539,233,139. Our investment approach allows us to achieve capital appreciation through long-term investments in exceptional businesses. Since our formation in 1961, we have sought to invest in companies with strong management teams and sound financial performance. As a public company we are never between funds—we have no exit deadlines. We have a history of holding our position for decades, enabling companies to achieve their full potential. In addition to capital, we provide our portfolio companies services to ensure success including best practices resources and guidance, active board representation, corporate finance strategy and experienced advice when needed.



Capital Southwest

Since 1961

Patient Capital For Exceptional Businesses®

50 YEARS OF APPLYING STRONG VALUE CREATION PRINCIPLES

BOARD OF DIRECTORS

Henry D. Akin, Jr.	1963–1966
I. Frank Betts	1961–1972
Donald W. Burton	2007–present
O. E. Clift	1964–1966
Charles B. Cooney	1961–1966
Wilton J. Daniel	1961–1972
Melvin L. Decker	1961–1988
Cam F. Dowell, Jr.	1961
M. H. Earp	1966
Murray Fasken	1961–1964
J. D. Francis	1966–1975
Joe Kirk Fulton	1963–1965
James B. Gardner	1973–1975

BOARD OF DIRECTORS

Lewis Grinnan, Jr.	1961–1963
Graeme W. Henderson	1963–1964, 1976–present
Derrell Henry	1961–1965
Joseph F. Irvin	1961–1966
Weldon M. Jones	1961–1965
Lewis Kayton	1961–1966
R. Crosby Kemper	1970
Alfred J. Knapp	1961–1966
Theo Lamb	1961–1964
Samuel B. Ligon	2004–present
Gary L. Martin	1989–present
H. Albert McEvoy	1961–1964
Charles P. McGaha	1961–1972

1961

FOUNDED ON STRONG PRINCIPLES

Company started by 21 banks and 8 individual investors; licensed as a Small Business Investment Company. First and only public offering in July 1961 gives Company near \$15 million in assets.

1971

WIDER EXPOSURE

Capital Southwest becomes a NASDAQ listed company, joining the first electronic stock exchange in the world.

1976 AND 1977

BUILDING NET ASSET VALUE

Two Company-sponsored cash tender offers to all shareholders at less than the existing Net Asset Value contracted total shareholders' equity and notably changed ownership dynamics. Resulting

1968

STRUCTURED FOR SUCCESS

Company qualifies as a Regulated Investment Company avoiding double taxation on distribution of dividends.

1976

EMPLOYEES AS OWNERS

Adoption of Employee Stock Ownership Plan for Company and certain affiliates; ESOP currently holds 4.9% of outstanding stock.

BOARD OF DIRECTORS

William B. Munson III	1961–1975
Michaux Nash	1961–1970
James M. Nolan	1981–2003
Clifford J. Osborn	1961–1988
Virgil P. Patterson	1961–1980
Harlan Ray	1961–1967
James P. Simmons	1961–1966
M. E. Singleton, Jr.	1961–1972
Carroll R. Spearman	1961–1962
William R. Thomas	1973–2008
Dr. D. M. Wiggins	1961–1962
John H. Wilson	1989–present
Don Wooten	1961–1966

BOARD CHAIRMEN

Cam F. Dowell, Jr.	1961
Harlan Ray	1962–1966
M. E. Singleton, Jr.	1967–1972
Clifford J. Osborn	1973–1982
William R. Thomas	1983–2008
Gary L. Martin	2009–present

PRESIDENTS

Harlan Ray	1961–1962
M. E. Singleton, Jr.	1963–1966, 1968–1971
Clifford J. Osborn	1967, 1972–1980
William R. Thomas	1981–2007
Gary L. Martin	2008–present

Net Asset Value increased by 49.5% per share in 1976 and 8.1% in 1977. A two-for-one stock dividend also repositioned the total shares outstanding.

2006 HELPING BUSINESSES GROW

Company reaches Net Asset Value of \$500 million. Our long-term perspective has allowed businesses to steadily build value over time.

2011 CELEBRATING THE PAST AND LOOKING TO THE FUTURE

Company celebrates 50 years as a business development company.

1986 PROOF OF CONCEPT

Company reaches Net Asset Value of \$50 million. Capital appreciation achieved through wise investing in promising companies.

1992 MAKING THE RIGHT INVESTMENTS

Company reaches Net Asset Value of \$100 million, a reflection of the steady growth and development of our portfolio companies.

2007 MORE THAN MONEY

Named one of America's 100 Most Trustworthy Companies from a field of more than 8,000 publicly-traded companies.

TO OUR SHAREHOLDERS

As Capital Southwest passes the 50-year mark, it causes one to pause and reflect. We recently reviewed archived reports, reference materials and good memories as we compared the Capital Southwest of 1961 to the Capital Southwest of 2011. While today's business topics such as social networking, hackers, and massive government bailouts are different than issues addressed in 1961, the fundamentals of a solid business which include strategic leadership, strong ethics, and astute governance remain unchanged. As we have reviewed our first 50 years, four key drivers of our success emerge. Our clear sense is that these same fundamentals will be just as important in the second 50 years.

Shareholders' Trust

Beginning with the founding 21 banks and 8 individual investors who capitalized the Company on April 19, 1961, we have learned to appreciate and respect the trust our shareholders have placed in the directors, officers, managers and staff of Capital Southwest Corporation. Although the shareholder ranks have grown to over 3,300 individuals and scores of organized funds, their long-term mutual objectives for superior capital growth remain unchanged and have guided our 50-year mission.

Professional Staff

Capital Southwest's first 50 years of growth has been accomplished by a total of 5 presidents, 24 investment staff, 11 financial staff, and 10 administrative staff. We are thankful for the inspired legacy forged by those before us and are pleased to be part of the ongoing history that will continue into subsequent periods. Fifty years of success provides a sound footing for the future.

Portfolio Companies

The catalyst for success in venture capital investing is the creativity and drive of inspired owners and managers at each of our portfolio companies. We have sought to identify those remarkable entrepreneurs and fortify their dreams with appropriate measures of capital and counsel, mirroring the encouraging attitude of our own shareholders. Our portfolio companies' success is our success. Their pain is our pain.

Capitalistic Environment

As we survey the thrust of comments intended to sway public opinions toward different political initiatives, we are reminded that lawmakers who understand the fundamentals of property rights and reward hard-earned growth are our champions. On the contrary, lawmakers who knowingly harvest more than they plant or fail to protect those who create growth are counterproductive over the long haul. We are privileged to operate in a state and nation that honors competent risk taking and respects both the positive and negative outcomes of those endeavors.



Gary L. Martin

Chairman of the Board and President

June 10, 2011

FINANCIAL HIGHLIGHTS

Net Asset Value at March 31, 2011 was \$539,233,139 equivalent to \$143.68 per share. Comparative annual data is summarized below:

	March 31, 2011	March 31, 2010
Net assets	\$539,233,139	\$486,925,586
Shares outstanding	3,753,038	3,741,638
Net assets per share	\$143.68	\$130.14

Assuming reinvestment of all dividends and tax credits on retained long-term capital gains, the March 31, 2011 net asset value was 18.5% greater than the March 31, 2010 net asset value of \$130.14 per share.

During the year ended March 31, 2011, investments classified as Controlled Affiliates increased \$51,033,905 (excluding Lifemark Group) in net unrealized appreciation, representing a 19.7% increase in this investment category. The Major Publicly Traded Investments category experienced a net increase in appreciation of \$26,629,559, representing a 19.5% increase over prior year. These two categories combined represent 97.8% of the total increase in unrealized appreciation of \$79,478,132 (excluding Lifemark Group).

	March 31, 2011		March 31, 2010	
	Market Value	% of Total Investments	Market Value	% of Total Investments
Controlled Affiliates (mainly)				
The RectorSeal Corporation	\$144,700,000	29.5	\$120,200,000	25.1
Lifemark Group	—	0.0	71,000,000	14.9
The Whitmore Manufacturing Co.	55,600,000	11.4	47,500,000	9.9
Media Recovery, Inc.	18,100,000	3.7	13,400,000	2.8
Major Publicly Traded Investments				
Encore Wire Corporation	81,735,000	16.7	67,431,375	14.1
Alamo Group, Inc.	62,266,600	12.7	42,454,500	8.9
Heelys, Inc.	19,193,659	3.9	19,845,870	4.2
Palm Harbor Homes, Inc.	—	0.0	6,833,955	1.4
Venture Capital Assets	80,923,650	16.5	68,262,428	14.3
Marketable Securities	26,753,746	5.5	21,014,929	4.4
Total	\$489,272,655	100.0	\$477,943,057	100.0

In addition to a complete list of our investments, this report includes a description of our twelve largest holdings (see pages 6 through 8). These twelve investments had a combined cost of \$39,531,622 and a combined value of \$449,334,689, representing 91.8% of the value of our investment portfolio at March 31, 2011.

Regardless of its classification or current form, every security we currently hold originated as a venture capital investment in a private company. Investments in growing, private companies have always been, and continue to be, the essential source of our present holdings.

Measure of Performance and Value

The following table reflects our Company's performance compared to the S&P 500 Index for the past 5 and 10 years:

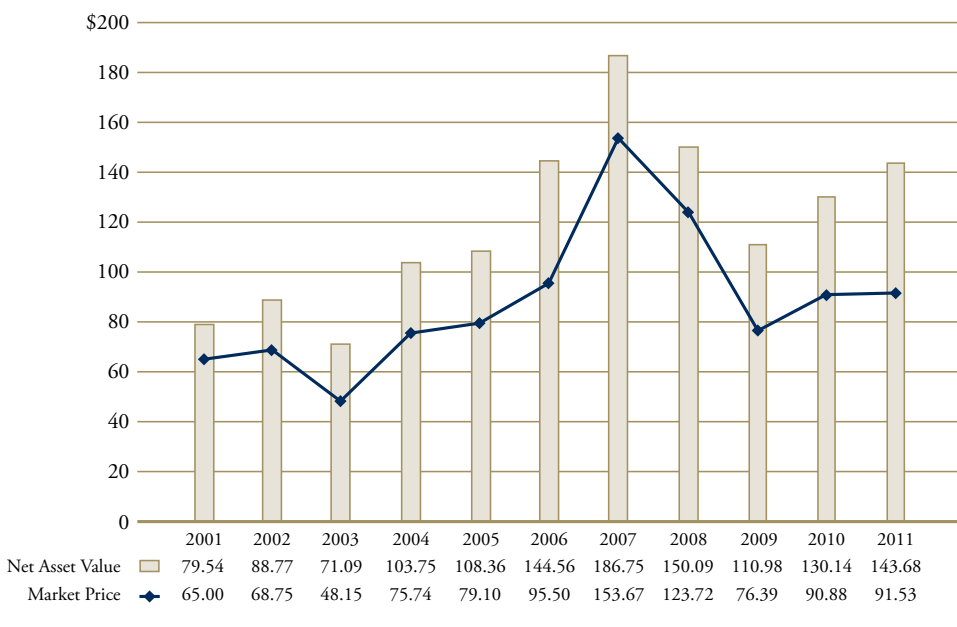
Period Ended March 31, 2011	Capital Southwest*	S&P 500 Stock Index**
5 years	3.1%	2.3%
10 years	8.4%	1.4%

*Compounded annual return for Capital Southwest based on net asset value per share assuming reinvestment of all dividends and tax credits.

**Compounded annual return for the S&P 500 Stock Index assuming reinvestment of all dividends.

PERFORMANCE HISTORY PER SHARE

March 31, 2001–March 31, 2011



A total of \$17,136,824 was invested during the twelve months ended March 31, 2011 including \$9,455,958 in new holdings and \$7,680,866 in existing holdings. New venture investments include:

- » CapStar Holdings Corporation—\$3,703,619. CapStar was incorporated in May 2010 to acquire, hold and manage certain real estate and other assets effectively retained by Capital Southwest Corporation upon the sale of our stock in Lifemark Group to NorthStar Memorial Group, LLC in June 2010. Our investment is in the form of common stock representing ownership of 100% of CapStar.
- » Phi Health, Inc.—\$5,752,339. Phi was formed in January 2011 as a new corporate entity to hold and manage the assets of CMI Holding Company, Inc., which was reorganized through a friendly foreclosure. In addition to the \$2,839,088 of cash invested, Capital Southwest converted \$2,913,251 of notes formerly held by CMI Holding Company, Inc. into convertible preferred stock in Phi Health, Inc. The investment is in the form of convertible preferred stock representing a fully diluted potential ownership of 67% of Phi.

Additions to existing investments include contracted capital calls from Ballast Point Ventures II, LP in the amount of \$525,000; BankCap Partners Fund I, LP for \$248,433; Cinatra Clean Technologies, Inc. for \$3,408,415; CMI Holding Company, Inc. for \$2,263,251; Discovery Alliance, LLC for \$150,000; iMemories, Inc. for \$1,000,000 and Via Holdings, Inc. for \$85,767.

Future commitments in existing holdings, subject to specific conditions are \$1,800,000 for Ballast Point Ventures II, LP; \$237,730 for BankCap Partners Fund I, LP; \$1,270,000 for CapitalSouth Partners Fund III, LP; \$3,500,000 for CapStar Holdings Corporation; \$95,239 for Cinatra Clean Technologies, Inc.; \$486,900 for Sterling Group Partners, LP; and \$3,200,000 for Trax Holdings, Inc.

Lifemark Group

During the year ended March 31, 2011, we sold all of our shares of common stock of Lifemark Group to NorthStar Memorial Group, LLC generating cash proceeds of \$74,822,145 and \$3,703,619 of real estate and assets, which were directly transferred to the aforementioned CapStar Holdings Corporation. With a cost basis of \$4,510,400, Lifemark Group had been part of our portfolio since 1966.



Capital Southwest staff—committed to growing your investment.

DIFFERENTIATED APPROACH

We have a history of holding non-control positions for decades. Most of our initial investments are minority positions; however, we have attained majority ownership of several businesses as co-investors (and some managers) desired liquidity.

	Capital Southwest	Typical PE Firm
Holding Period (Avg.)	20 Years	5–7 Years
Ownership	20%–45%	51%–100%
Follow-On Financing?	Yes	Depends on Fund Stage

As a perpetual concern, we are never between funds and are able to provide subsequent growth capital to companies.

As a public company, we are open-minded about the timing of exiting our investments. When significant growth is on the horizon, selling may not be wise.

MORE THAN MONEY

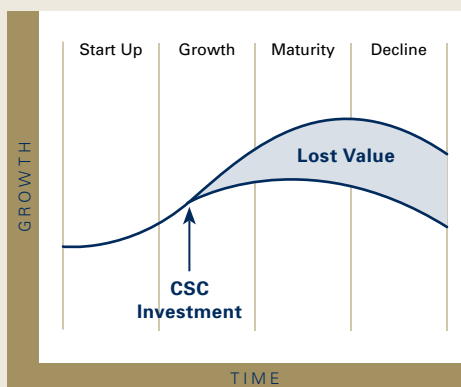
In addition to capital, we provide our portfolio companies many services to ensure success:

- » Active board representation
- » Transitional leadership and executive recruiting
- » Attention and experienced advice
- » Corporate finance strategy and modeling
- » Acquisition sourcing, advisory, due diligence and negotiation

THE SUCCESS CURVE™

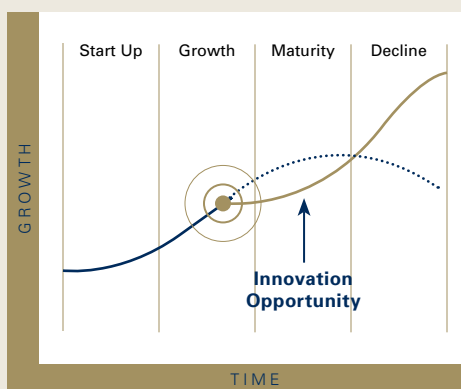
The S-curve...Every Company's Reality

- » Over time companies and products transition from start up, to growth, to maturity and decline, and eventually to obsolescence.
- » Why do some companies fail to achieve their potential, resulting in significant lost value?
- » Reasons include: An incomplete management team; inadequate capitalization; innovation from competitors.
- » Capital Southwest often makes its initial investment to empower management to pursue a company's initial growth opportunity.



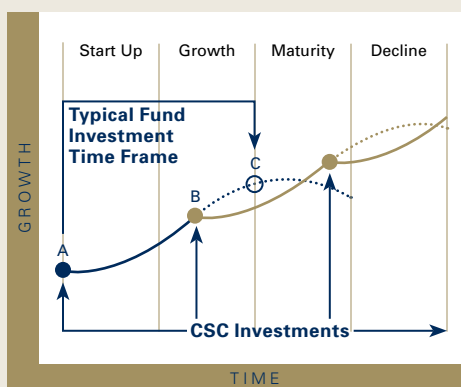
Reinvent the Business

- » "Organizations should assume that their present strategies will need to be replaced within 2 or 3 years and that product life cycles are shorter than they were" (*Age of Paradox*, John Handy).
- » S-curve management requires that an organization embrace change and innovation.
- » Great, enduring companies have multiple S-curves.
- » We refer to the process of partnering with management to generate a series of innovation opportunities as "The Success Curve"™.



CSC—Catalyst for The Success Curve™

- » Most private investors that fund a company at point "A" will be planning to exit at "B" or "C," not to reinvest in the next S-curve.
- » This exit mindset often causes the interests of management and investors to diverge.
- » We provide patient capital that is not tied to the typical pre-determined 5- to 7-year exit.
- » We partner with management to help a company achieve its potential.
- » Our interest is aligned with management teams that desire to build exceptional businesses over time.





\$144,700,000

The RectorSeal Corporation (Houston, TX) manufactures specialty chemical products and control devices for plumbing, HVAC, electrical and industrial applications. Its subsidiaries include: Blue Magic, Inc., a producer of branded automotive and household chemical products; Jet-Lube, Inc., manufacturer of specialty lubricants and other products used in industrial and oil field applications; and Smoke Guard, Inc., producer of systems for containing smoke from building fires. RectorSeal also owns a 20% equity interest in The Whitmore Manufacturing Company.

During the year ended March 31, 2011, RectorSeal earned \$6,405,000 on revenues of \$113,300,000, compared with earnings of \$9,571,000 on revenues of \$102,075,000 in the previous year. RectorSeal's earnings do not reflect its 20% equity in The Whitmore Manufacturing Company.

At March 31, 2011, Capital Southwest owned 100% of RectorSeal's common stock having a cost of \$52,600 and a value of \$144,700,000. Value includes RectorSeal's 20% equity interest in The Whitmore Manufacturing Company.



\$62,266,600

Alamo Group Inc. (Seguin, TX) is a leading designer, manufacturer and distributor of heavy-duty, tractor and truck mounted mowing and other vegetation maintenance equipment, mobile excavators, street-sweeping and snow removal equipment and replacement parts. Founded in 1969, Alamo Group operates 18 manufacturing facilities and serves governmental, industrial and agricultural markets in North America, Europe, and Australia.

For the year ended December 31, 2010, Alamo reported net income of \$21,117,000 (\$1.78 per share) on net sales of \$524,540,000, compared with net income of \$17,091,000 (\$1.65 per share) on net sales of \$446,487,000 in the previous year. The March 31, 2011 closing NYSE market price of Alamo's common stock was \$27.45 per share.

At March 31, 2011, the \$2,190,937 investment in Alamo by Capital Southwest and its subsidiary was valued at \$62,266,600 (\$22.00 per share), consisting of 2,830,300 restricted shares of common stock, representing a fully-diluted equity interest of 22.0%.



\$81,735,000

Encore Wire Corporation (McKinney, TX) manufactures a broad line of copper electrical building wire and cable including non-metallic sheathed, underground feeder and THHN wire and cable, as well as armored cable for residential, commercial and industrial construction. Encore's products are sold through distributors and building materials retailers.

For the year ended December 31, 2010, Encore reported net income of \$15,290,000 (\$0.66 per share) on net sales of \$910,222,000, compared with net income of \$3,636,000 (\$0.16 per share) on net sales of \$649,613,000 in the previous year. The March 31, 2011 closing Nasdaq bid price of Encore's common stock was \$24.30 per share.

At March 31, 2011, the \$5,800,000 investment in 4,086,750 restricted shares of Encore's common stock by Capital Southwest and its subsidiary was valued at \$81,735,000 (\$20.00 per share), representing a fully-diluted equity interest of 16.9%.



\$55,600,000

The Whitmore Manufacturing Company (Rockwall, TX) manufactures specialty lubricants for heavy equipment used in surface mining, railroads and other industries, and produces water-based coatings for the automotive and primary metals industries. Whitmore's Air Sentry division manufactures fluid contamination control devices. The company's assets also include several commercial real estate tracts.

During the year ended March 31, 2011, Whitmore reported net income of \$4,861,000 on net sales of \$36,760,000, compared with net income of \$3,661,000 on net sales of \$26,956,000 in the previous year. The company is owned 80% by Capital Southwest and 20% by Capital Southwest's subsidiary, The RectorSeal Corporation.

At March 31, 2011, Capital Southwest's 80% equity interest in Whitmore was valued at \$55,600,000 and had a cost of \$1,600,000.



\$19,193,659

Heelys, Inc. (Carrollton, TX) designs, markets and distributes innovative sports-inspired footwear, equipment and accessories. Known for its Heelys-wheeled footwear, the company distributes its products through domestic and international sporting goods chains, department and lifestyle stores and specialty footwear retailers.

During the year ended December 31, 2010, Heelys reported a net loss of \$3,991,000 (\$0.14 per share) on net sales of \$30,436,000, compared with a net loss of \$5,125,000 (\$0.19 per share) on net sales of \$43,777,000 in the previous year. The March 31, 2011 closing Nasdaq bid price of Heelys common stock was \$2.29 per share.

At March 31, 2011, the \$102,490 investment in Heelys by Capital Southwest's subsidiary was valued at \$19,193,659 (\$2.06 per share), consisting of 9,317,310 restricted shares of common stock, representing a fully-diluted equity interest of 31.6%.



The Women's Health Company

\$14,042,276

Hologic, Inc. (Bedford, MA) is a leading developer, manufacturer and supplier of premium diagnostic products, medical imaging systems and surgical products dedicated to serving the healthcare needs of women. Hologic's core business units are focused on breast health, diagnostics, GYN surgical, and skeletal health.

For the year ended September 25, 2010, Hologic reported net loss of \$62,813,000 (\$0.24 per share) on revenue of \$1,679,552,000 compared with net loss of \$2,216,642,000 (\$8.64 per share) on revenue of \$1,637,134,000 in the previous year. The March 31, 2011 closing Nasdaq bid price of Hologic's common stock was \$22.19 per share.

At March 31, 2011, Capital Southwest and its subsidiary owned 632,820 unrestricted shares of common stock, having a cost of \$220,000 and a market value of \$14,042,276 (\$22.19 per share).



\$18,100,000

Media Recovery, Inc. (Dallas, TX) is the holding company of DataSpan, ShockWatch and Damage Prevention Company. DataSpan is in the data protection business providing datacenter supplies and services to corporate customers through a direct sales force. ShockWatch manufactures and distributes devices used to detect mishandled shipments, devices for monitoring material handling, and equipment impact detection monitors. Damage Prevention Company produces dunnage products used to prevent damage in trucking, rail and export container shipments.

During the year ended September 30, 2010, Media Recovery reported net income of \$1,864,000 on net sales of \$107,915,000, compared with a net loss of \$2,626,000 on net sales of \$110,311,000 in the previous year.

At March 31, 2011, the \$5,415,000 investment in Media Recovery by Capital Southwest and its subsidiary was valued at \$18,100,000, consisting of 800,000 shares of Series A Convertible Preferred Stock and 4,000,002 shares of common stock, representing a fully-diluted equity interest of 97.9%.



\$13,499,940

All Components, Inc. (Pflugerville, TX) distributes and produces memory and other electronic components for personal computer manufacturers, retailers, value-added resellers and other corporate customers. Through its sales and distribution center near Austin, Texas and its distribution center in Miami, Florida, the company serves over 2,000 customers throughout the United States and Latin America.

During the year ended August 31, 2010, All Components reported net income of \$4,314,000 on net sales of \$279,279,000, compared with net income of \$1,863,000 on net sales of \$186,188,000 in the previous year.

At March 31, 2011, the \$2,150,000 investment in All Components by Capital Southwest and its subsidiary was valued at \$13,499,940 consisting of a \$2,000,000 8.25% Subordinated Note, 150,000 shares of Series A Convertible Preferred Stock and Warrants valued at \$11,499,940, representing an 80.4% fully-diluted equity interest.



\$12,711,470

Texas Capital Bancshares, Inc. (Dallas, TX) formed in 1998, has total assets of approximately \$6.4 billion. With branch banks in Austin, Dallas, Fort Worth, Houston, Plano and San Antonio, Texas Capital Bancshares conducts its business through its subsidiary, Texas Capital Bank, N.A., which targets middle market commercial and wealthy private client customers in Texas.

For the year ended December 31, 2010, Texas Capital reported net income of \$37,187,000 (\$1.02 per share), compared with net income of \$18,769,000 (\$0.55 per share) in the previous year. The March 31, 2011 closing Nasdaq bid price of Texas Capital's common stock was \$25.96 per share.

At March 31, 2011, Capital Southwest owned 489,656 unrestricted shares of common stock, having a cost of \$3,550,006 and a market value of \$12,711,470 (\$25.96 per share).

\$11,603,000

Extreme International, Inc. (Sugar Land, TX) owns Bill Young Productions, Texas Video and Post, and Extreme Communications and Vanilla Gorilla which produce radio and television commercials and corporate communications videos.

During the year ended September 30, 2010, Extreme reported net income of \$1,615,000 on net sales of \$12,984,000, compared with net income of \$1,205,000 on net sales of \$11,272,000 in the previous year.

At March 31, 2011, Capital Southwest and its subsidiary owned 39,359 shares of Series C Convertible Preferred Stock, 3,750 shares of 8% Series A Convertible Preferred Stock and 13,035 shares of common stock, having a cost of \$3,325,875 and a market value of \$11,603,000, representing a fully-diluted equity interest of 53.6%.



\$10,124,714

Cinatra Clean Technologies, Inc. (Houston, TX) is a start-up business formed to quickly and safely clean above ground oil storage tanks with a patented, automated system never before utilized in the United States. The non-manned tank cleaning and hydrocarbon recovery system exceeds the most demanding health, safety and environmental standards.

During the year ended June 30, 2010, Cinatra reported net sales of \$4,077,000 and a net loss of \$1,994,000, compared with no sales and a net loss of \$570,000 in the previous year.

At March 31, 2011, Capital Southwest owned 3,033,410 shares of Convertible Preferred Stock valued at \$3,033,410; a 10% Note valued at \$6,200,700; and a 12% Note valued at \$890,604, for a total cost of \$10,124,714 and a value of \$10,124,714, representing a fully-diluted interest of 68.8%.

\$5,758,030

Trax Holdings, Inc. (Scottsdale, AZ) provides a comprehensive set of solutions to improve transportation validation, accounting, payment and information management processes. The Trax competitive advantage is its capability of automating business processes that have traditionally been impossible to automate due to their complexity or uniqueness.

During the year ended December 31, 2010, Trax reported a net loss of \$1,952,000 on net sales of \$14,394,000 compared to the previous year net loss of \$2,955,000 on net sales of \$11,079,000.

At March 31, 2011, Capital Southwest owned 1,061,279 Convertible Preferred Stock having a cost of \$5,000,000 and a market value of \$5,758,030, representing a fully-diluted equity interest of 30.7%.

CORPORATE INFORMATION



BOARD OF DIRECTORS

Gary L. Martin Chairman of the Board and President of the Corporation	Dallas, Texas
Donald W. Burton General Partner, The Burton Partnership	Tampa, Florida
Graeme W. Henderson Investments	Pasadena, California
Samuel B. Ligon Investments	Dallas, Texas
John H. Wilson President, U.S. Equity Corporation	Dallas, Texas

OFFICERS

Gary L. Martin	Chairman of the Board and President of the Corporation
Tracy L. Morris	Chief Financial Officer, Chief Compliance Officer, Secretary and Treasurer
William M. Ashbaugh	Senior Vice President
Marquez D. Bela	Vice President
Glenn M. Neblett	Vice President
Jeffrey G. Peterson	Vice President
Ray D. Schwertner	Vice President
William R. Thomas III	Vice President

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TICKER SYMBOL

CSWC

INDEPENDENT PUBLIC ACCOUNTANTS

Grant Thornton LLP
Dallas, Texas

LEGAL COUNSEL

Locke Lord Bissell & Liddell LLP
Dallas, Texas

ANNUAL MEETING

July 18, 2011, 10:00 a.m.
North Dallas Bank Building
12900 Preston Road, Suite 200
Dallas, Texas 75230

DIVIDEND REINVESTMENT

As a service to our shareholders, the Company offers an Automatic Dividend Reinvestment and Optional Cash Contribution Plan for shareholders of record who own a minimum of 25 shares. The Company pays all administration costs of the Plan except brokerage transaction fees. Contact the Company for more information.

CONTACT INFORMATION

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