

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2003

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from.....to.....

Commission File Number: 814-61

CAPITAL SOUTHWEST CORPORATION
(Exact name of registrant as specified in its charter)

Texas 75-1072796
(State or other jurisdiction of incorporation (I.R.S. Employer or organization) Identification No.)

12900 Preston Road, Suite 700, Dallas, Texas 75230
(Address of principal executive offices) (Zip Code)

(972) 233-8242
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
--- ---

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes X No
--- ---

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

3,857,051 shares of Common Stock, \$1 Par Value as of January 31, 2004

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES
Consolidated Statements of Financial Condition

Assets	December 31, 2003 ----- (Unaudited)	March 31, 2003 -----
Investments at market or fair value		
Companies more than 25% owned		
(Cost: December 31, 2003 - \$23,114,865		
March 31, 2003 - \$23,114,865)	\$210,143,981	\$202,893,981
Companies 5% to 25% owned		
(Cost: December 31, 2003 - \$36,431,224		
March 31, 2003 - \$30,120,124)	42,944,006	18,566,004
Companies less than 5% owned		
(Cost: December 31, 2003 - \$38,374,041		
March 31, 2003 - \$38,226,853)	93,306,585	65,600,452
	-----	-----
Total investments		
(Cost: December 31, 2003- \$97,920,130		
March 31, 2003 - \$91,461,842)	346,394,572	287,060,437
Cash and cash equivalents	2,077,980	4,650,388
Receivables	88,312	297,664
Other assets	6,713,432	6,481,383
	-----	-----
Totals	\$355,274,296	\$298,489,872
	=====	=====
 Liabilities and Shareholders' Equity		
Note payable to bank	\$ 15,500,000	\$ 15,500,000
Notes payable to portfolio company	7,500,000	7,500,000
Accrued interest and other liabilities	1,906,780	1,868,991
Deferred income taxes	86,158,795	67,153,906
	-----	-----
Total liabilities	111,065,575	92,022,897
	-----	-----
 Shareholders' equity		
Common stock, \$1 par value: authorized,		
5,000,000 shares; issued, 4,294,416 shares		
at December 31, 2003 and 4,266,416 shares		
at March 31, 2003	4,294,416	4,266,416
Additional capital	7,904,997	6,935,497
Undistributed net investment income	3,269,278	3,299,659
Undistributed net realized gain on investments	73,030,888	71,190,108
Unrealized appreciation of investments -		
net of deferred income taxes	162,742,444	127,808,597
Treasury stock - at cost (437,365 shares)	(7,033,302)	(7,033,302)
	-----	-----
Net assets at market or fair value, equivalent		
to \$63.31 per share on the 3,857,051 shares		
outstanding at December 31, 2003, and		
\$53.92 per share on the 3,829,051 shares		
outstanding at March 31, 2003	244,208,721	206,466,975
	-----	-----
Totals	\$355,274,296	\$298,489,872
	=====	=====

(See Notes to Consolidated Financial Statements)

CAPITAL SOUTHWEST CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Operations

(Unaudited)

	Three Months Ended December 31		Nine Months Ended December 31	
	2003	2002	2003	2002
Investment income:				
Interest	\$ 45,822	\$ 47,170	\$ 126,491	\$ 158,890
Dividends	1,755,515	1,258,565	3,151,480	2,664,049
Management and directors' fees	154,750	122,350	476,114	374,050
	1,956,087	1,428,085	3,754,085	3,196,989
Operating expenses:				
Salaries	240,854	233,971	665,704	644,196
Net pension benefit	(68,226)	(96,981)	(204,686)	(290,942)
Other operating expenses	169,527	170,479	536,381	441,739
	342,155	307,469	997,399	794,993
Income before interest expense and income taxes	1,613,932	1,120,616	2,756,686	2,401,996
Interest expense	131,182	103,002	406,736	357,455
Income before income taxes	1,482,750	1,017,614	2,349,950	2,044,541
Income tax expense	23,900	33,713	71,700	101,613
Net investment income	<u>\$ 1,458,850</u>	<u>\$ 983,901</u>	<u>\$ 2,278,250</u>	<u>\$ 1,942,928</u>
Proceeds from disposition of investments	\$ 51,245	\$ 349,880	\$ 3,705,584	\$ 1,865,778
Cost of investments sold	193,182	329,600	873,615	2,341,651
Realized gain (loss) on investments before income taxes	(141,937)	20,280	2,831,969	(475,873)
Income tax expense (benefit)	(49,678)	7,099	991,189	(207,661)
Net realized gain (loss) on investments	(92,259)	13,181	1,840,780	(268,212)
Increase (decrease) in unrealized appreciation of investments before income taxes	19,944,577	5,350,451	52,875,847	(66,634,005)
Increase (decrease) in deferred income taxes on appreciation of investments	6,980,000	1,872,000	17,942,000	(23,310,000)
Net increase (decrease) in unrealized appreciation of investments	12,964,577	3,478,451	34,933,847	(43,324,005)
Net realized and unrealized gain (loss) on investments	<u>\$12,872,318</u>	<u>\$3,491,632</u>	<u>\$36,774,627</u>	<u>\$(43,592,217)</u>
Increase (decrease) in net assets from operations	<u>\$14,331,168</u>	<u>\$4,475,533</u>	<u>\$39,052,877</u>	<u>\$(41,649,289)</u>

(See Notes to Consolidated Financial Statements)

CAPITAL SOUTHWEST CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Changes in Net Assets

	Nine Months Ended December 31, 2003 ----- (Unaudited)	Year Ended March 31, 2003 -----
Operations		
Net investment income	\$ 2,278,250	\$ 2,299,252
Net realized gain on investments	1,840,780	1,345,728
Net increase (decrease) in unrealized appreciation of investments	34,933,847	(45,371,616)
	-----	-----
Increase (decrease) in net assets from operations	39,052,877	(41,726,636)
Distributions from:		
Undistributed net investment income	(2,308,631)	(2,297,431)
Capital share transactions		
Exercise of employee stock options	997,500	--
	-----	-----
Increase (decrease) in net assets	37,741,746	(44,024,067)
Net assets, beginning of period	206,466,975	250,491,042
	-----	-----
Net assets, end of period	\$244,208,721 =====	\$206,466,975 =====

(See Notes to Consolidated Financial Statements)

CAPITAL SOUTHWEST CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended December 31		Nine Months Ended December 31	
	2003	2002	2003	2002
Cash flows from operating activities				
Increase (decrease) in net assets from operations	\$ 14,331,168	\$ 4,475,533	\$ 39,052,877	\$(41,649,289)
Adjustments to reconcile increase (decrease) in net assets from operations to net cash provided by (used in) operating activities:				
Proceeds from disposition of investments	51,245	349,880	3,705,584	1,865,778
Purchases of securities	(2,204,263)	(317,659)	(9,131,903)	(3,515,722)
Maturities of securities	900,000	--	1,800,000	80,000
Depreciation and amortization	4,776	5,358	14,313	14,635
Net pension benefit	(68,226)	(96,981)	(204,686)	(290,942)
Net realized and unrealized (gain) loss on investments	(12,872,318)	(3,491,632)	(36,774,627)	43,592,217
(Increase) decrease in receivables	232,740	(10,087)	209,352	1,449,539
(Increase) decrease in other assets	19,993	(1,926)	12,761	(4,952)
Increase (decrease) in accrued interest and other liabilities	63,145	47,928	108,813	(81,285)
Decrease in accrued pension cost	(41,821)	(41,820)	(125,461)	(125,460)
Deferred income taxes	23,900	34,000	71,700	101,900
	-----	-----	-----	-----
Net cash provided by (used in) operating activities	440,339	952,594	(1,261,277)	1,436,419
	-----	-----	-----	-----
Cash flows from financing activities				
Increase in notes payable to bank	--	1,000,000	--	6,000,000
Decrease in subordinated debenture	--	--	--	(5,000,000)
Distributions from undistributed net investment income	(1,542,821)	(1,531,621)	(2,308,631)	(2,297,431)
Proceeds from exercise of employee stock options	--	--	997,500	--
	-----	-----	-----	-----
Net cash used in financing activities	(1,542,821)	(531,621)	(1,311,131)	(1,297,431)
	-----	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(1,102,482)	420,973	(2,572,408)	138,988
Cash and cash equivalents at beginning of period	3,180,462	1,695,195	4,650,388	1,977,180
	-----	-----	-----	-----
Cash and cash equivalents at end of period	\$ 2,077,980	\$ 2,116,168	\$ 2,077,980	\$ 2,116,168
	=====	=====	=====	=====
Supplemental disclosure of cash flow information:				
Cash paid during the period for:				
Interest	\$131,182	\$103,800	\$406,639	\$488,371
Income taxes	\$ --	\$ --	\$ --	\$ --

(See Notes to Consolidated Financial Statements)

CAPITAL SOUTHWEST CORPORATION
AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(Unaudited)

1. Basis of Presentation

The accompanying consolidated financial statements, which include the accounts of Capital Southwest Corporation, its wholly-owned small business investment company subsidiary and its wholly-owned management company (the "Company"), have been prepared on the fair value basis in accordance with accounting principles generally accepted in the United States for investment companies. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain reclassifications have been made to the 2002 balances to conform with the 2003 financial statement presentation.

The financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the instructions to Form 10-Q and Article 6 of Regulation S-X. The financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended March 31, 2003. Certain information and footnotes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted, although the Company believes that the disclosures are adequate for a fair presentation. The information reflects all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the results of operations for the interim periods.

2. Stock-Based Compensation

Effective April 1, 2003, the Company adopted the fair value method of recording compensation expense related to all stock options granted after March 31, 2003, in accordance with Statement of Financial Accounting Standards Nos. 123 and 148. No stock options have been granted since March 31, 2003; therefore, under the prospective method of adoption selected by the Company, no stock-based compensation has been recognized in the consolidated financial statements.

The following table illustrates the effect on net asset value and net asset value per share as if the fair value method had been applied to all outstanding options granted since January 1, 1995 in each period.

	Nine Months Ended December 31 2003	2002
	-----	-----
Net asset value, as reported	\$244,208,721	\$206,544,322
Deduct: Total fair value computed stock-based compensation	134,580	134,580
Pro forma net asset value	\$244,074,141	\$206,409,742
	=====	=====
Net asset value per share:		
Basic - as reported	\$63.31	\$53.94
	=====	=====
Basic - pro forma	\$63.28	\$53.91
	=====	=====
Diluted - pro forma	\$63.28	\$53.77
	=====	=====

The diluted net asset value per share calculation assumes all vested outstanding options for which the market price exceeds the exercise price have been exercised.

Notes to Consolidated Financial Statements
(continued)

Under the 1984 Incentive Stock Option Plan, options to purchase 28,000 shares of common stock at \$35.625 per share (the market price at the time of grant) were exercised in July 2003.

3. Summary of Per Share Information

	Three Months Ended December 31		Nine Months Ended December 31	
	2003	2002	2003	2002
Investment income	\$.51	\$.37	\$.97	\$.83
Operating expenses	(.09)	(.08)	(.26)	(.21)
Interest expense	(.03)	(.03)	(.10)	(.09)
Income taxes	(.01)	(.01)	(.02)	(.03)
Net investment income	.38	.25	.59	.50
Distributions from undistributed net investment income	(.40)	(.40)	(.60)	(.60)
Net realized gain (loss) on investments	(.02)	.01	.48	(.07)
Net increase (decrease) in unrealized appreciation of investments after deferred taxes	3.35	.91	9.06	(11.31)
Exercise of employee stock options (1)	--	--	(.14)	--
Increase (decrease) in net asset value	3.31	.77	9.39	(11.48)
Net asset value:				
Beginning of period	60.00	53.17	53.92	65.42
End of period	\$63.31	\$53.94	\$63.31	\$53.94
Increase (decrease) in deferred taxes on unrealized appreciation	\$ 1.81	\$.49	\$ 4.53	\$(6.08)
Deferred taxes on unrealized appreciation:				
Beginning of period	20.42	17.48	17.70	24.05
End of period	\$22.23	\$17.97	\$22.23	\$17.97
Shares outstanding at end of period (000s omitted)	3,857	3,829	3,857	3,829

(1) Net decrease is due to the exercise of employee stock options at prices less than beginning of period net asset value.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Net asset value at December 31, 2003 was \$244,208,721, equivalent to \$63.31 per share after deducting an allowance of \$22.23 per share for deferred taxes on net unrealized appreciation of investments. Assuming reinvestment of all dividends, the December 31, 2003 net asset value reflects an increase of 6.2% during the preceding three months and increases of 18.6% during both the nine months of the current fiscal year and the past twelve months.

	December 31, 2003	December 31, 2002
Net assets	\$244,208,721	\$206,544,322
Shares outstanding	3,857,051	3,829,051
Net assets per share	\$63.31	\$53.94

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Results of Operations

The composite measure of the Company's financial performance in the Consolidated Statements of Operations is captioned "Increase (decrease) in net assets from operations" and consists of three elements. The first is "Net investment income", which is the difference between the Company's income from interest, dividends and fees and its combined operating and interest expenses, net of applicable income taxes. The second element is "Net realized gain (loss) on investments", which is the difference between the proceeds received from disposition of portfolio securities and their stated cost, net of applicable income tax expense. The third element is the "Net increase (decrease) in unrealized appreciation of investments", which is the net change in the market or fair value of the Company's investment portfolio, compared with stated cost, net of an increase or decrease in deferred income taxes which would become payable if the unrealized appreciation were realized through the sale or other disposition of the investment portfolio. It should be noted that the "Net realized gain (loss) on investments" and "Net increase (decrease) in unrealized appreciation of investments" are directly related in that when an appreciated portfolio security is sold to realize a gain, a corresponding decrease in net unrealized appreciation occurs. Conversely, when a loss is realized on a depreciated portfolio security, an increase in net unrealized appreciation occurs.

Net Investment Income

Interest income in the nine months ended December 31, 2003 decreased from the corresponding period ended December 31, 2002 primarily because of a decrease in loans to portfolio companies. During the nine months ended December 31, 2003 and 2002, the Company recorded dividend income from the following sources:

	Nine Months Ended December 31	
	2003	2002
AT&T Corp.	\$ 17,655	\$ 14,990
Alamo Group Inc.	507,834	507,834
Balco, Inc.	252,960	--
Dennis Tool Company	37,499	37,499
Kimberly-Clark Corporation	78,723	69,462
The RectorSeal Corporation	1,167,729	720,000
Skylawn Corporation	800,000	996,659
TCI Holdings, Inc	60,953	60,953
Texas Shredder, Inc.	5,625	32,167
The Whitmore Manufacturing Company	180,000	180,000
Other	42,502	44,485
	-----	-----
	\$3,151,480	\$2,664,049
	=====	=====

Interest expense in the nine months ended December 31, 2003 increased from the corresponding period ended December 31, 2002 primarily due to an increase in borrowings offset by a decrease in interest rates and the repayment of the subordinated debenture on June 3, 2002.

Net Increase (Decrease) in Unrealized Appreciation of Investments

Set forth in the following table are the significant increases and decreases in unrealized appreciation (before the related change in deferred taxes and excluding the effect of gains or losses realized during the periods) by portfolio company:

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

	Three Months Ended December 31		Nine Months Ended December 31	
	2003	2002	2003	2002
Alamo Group Inc.	\$ 1,410,000	\$ --	\$ 4,232,000	\$ (5,642,000)
All Components, Inc.	--	--	2,900,000	--
Balco, Inc.	--	--	--	2,000,000
Concert Industries Ltd.	--	(397,000)	(442,998)	(5,364,000)
Encore Wire Corporation	10,898,000	(2,724,000)	19,071,000	(10,898,000)
Extreme International Inc.	--	--	4,613,661	--
Liberty Media Corporation	1,353,619	1,273,383	1,522,822	(2,425,287)
Mail-Well, Inc.	2,327,213	3,061,018	5,409,197	(1,572,530)
Media Recovery, Inc.	--	--	3,000,000	--
Palm Harbor Homes, Inc.	--	3,927,000	--	(39,275,000)
PETSMART, Inc.	312,000	(304,328)	3,360,000	1,621,564
Skylawn Corporation	--	--	2,000,000	--
Texas Capital Bancshares, Inc.	1,380,000	--	3,965,994	--

As reflected in the above table, at December 31, 2003, the value of our investment in Palm Harbor Homes, Inc. remained unchanged from the March 31, 2003 value, reflecting a continuation of the depressed manufactured housing market. During the nine months ended December 31, 2002, the value of our investment in Palm Harbor Homes, Inc. was reduced significantly due to the increasingly unfavorable outlook for the manufactured housing industry. At December 31, 2003, the value of our investment in Encore Wire Corporation was increased by \$19,071,000 due to the significant increase in Encore's sales and earnings which stemmed partly from higher copper prices. In the prior period, we experienced a significant decline in the value of our investment in Encore Wire Corporation, which was reduced during the nine months by \$10,898,000, as overcapacity in the electric wire and cable industry led to intense price competition and lower profit margins.

Portfolio Investments

During the quarter ended December 31, 2003, the Company made additional investments of \$2,204,263 in existing portfolio companies.

The Company has commitments, subject to certain conditions, to invest up to \$3,600,025 in five portfolio companies as requested by management.

Financial Liquidity and Capital Resources

At December 31, 2003, the Company had cash and cash equivalents of approximately \$2.1 million. Pursuant to Small Business Administration ("SBA") regulations, cash and cash equivalents of \$494,000 held by Capital Southwest Venture Corporation ("CSVC") may not be transferred or advanced to Capital Southwest Corporation without the consent of the SBA. Under current SBA regulations and subject to SBA's approval of its credit application, CSVC would be entitled to borrow up to \$63.8 million. The Company also has an unsecured \$25.0 million revolving line of credit from a commercial bank, of which \$9.5 million was available at December 31, 2003. With the exception of a capital gain distribution made in the form of a distribution of the stock of a portfolio company in the fiscal year ended March 31, 1996, the Company has elected to retain all gains realized during the past 35 years. Retention of future gains is viewed as an important source of funds to sustain the Company's investment activity. Approximately \$37.0 million of the Company's investment portfolio is represented by unrestricted publicly-traded securities, which have an ascertainable market value and represent a primary source of liquidity.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Funds to be used by the Company for operating or investment purposes may be transferred in the form of dividends, management fees or loans from Skylawn Corporation, The RectorSeal Corporation and The Whitmore Manufacturing Company, wholly-owned portfolio companies of the Company, to the extent of their available cash reserves and borrowing capacities. At December 31, 2003, the Company owed \$7,500,000 to Skylawn Corporation.

Management believes that the Company's cash and cash equivalents and cash available from other sources described above are adequate to meet its expected requirements. Consistent with the long-term strategy of the Company, the disposition of investments from time to time may also be an important source of funds for future investment activities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is subject to financial market risks, including changes in marketable equity security prices. The Company does not use derivative financial instruments to mitigate any of these risks. The return on the Company's investments is not materially affected by foreign currency fluctuations.

The Company's investment in portfolio securities consists of fixed rate debt securities which totaled \$4,016,874 at December 31, 2003, equivalent to 1.2% of the value of the Company's total investments. Since these debt securities usually have relatively high fixed rates of interest, minor changes in market yields of publicly-traded debt securities have little or no effect on the values of debt securities in the Company's portfolio and no effect on interest income. The Company's investments in debt securities are generally held to maturity and their fair values are determined on the basis of the terms of the debt security and the financial condition of the issuer.

A portion of the Company's investment portfolio consists of debt and equity securities of private companies. The Company anticipates little or no effect on the values of these investments from modest changes in public market equity valuations. Should significant changes in market valuations of comparable publicly-owned companies occur, there may be a corresponding effect on valuations of private companies, which would affect the value and the amount and timing of proceeds eventually realized from these investments. A portion of the Company's investment portfolio also consists of restricted common stocks of publicly-owned companies. The fair values of these restricted securities are influenced by the nature of applicable resale restrictions, the underlying earnings and financial condition of the issuers of such restricted securities and the market valuations of comparable publicly-owned companies. A portion of the Company's investment portfolio also consists of unrestricted, freely marketable common stocks of publicly-owned companies. These freely marketable investments, which are valued at the public market price, are directly exposed to equity price risks, in that a change in an issuer's public market equity price would result in an identical change in the value of the Company's investment in such security.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our President and Chairman of the Board and Secretary-Treasurer have reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 240.13a-14(c) and 15d-14(c) as of a date within 90 days before the filing date of this quarterly report. Based on that evaluation, the President and Chairman of the Board and Secretary-Treasurer have concluded that the Company's current disclosure controls and procedures are effective and timely, providing all material information relating to the Company required to be disclosed in reports filed or submitted under the Exchange Act.

Item 4. Controls and Procedures
(continued)

Changes in Internal Controls

There have not been any significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation. We are not aware of any significant deficiencies or material weaknesses, therefore no corrective actions were taken.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 31.1- Sarbanes-Oxley Section 302(a) Certification of the President and Chairman of the Board of the Corporation.

Exhibit 31.2- Sarbanes-Oxley Section 302(a) Certification of the Secretary-Treasurer of the Corporation.

Exhibit 32.1- Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the President and Chairman of the Board of the Corporation.

Exhibit 32.2- Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Secretary-Treasurer of the Corporation.

(b) Reports on Form 8-K

No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CAPITAL SOUTHWEST CORPORATION

Date: February 13, 2004

By: /s/ William R. Thomas

William R. Thomas, President and Chairman
of the Board (chief executive officer)

Date: February 13, 2004

By: /s/ Susan K. Hodgson

Susan K. Hodgson, Secretary-Treasurer
(chief financial/accounting officer)

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, William R. Thomas, President and Chairman of the Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Capital Southwest Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 13, 2004

By: /s/ William R. Thomas

William R. Thomas, President and
Chairman of the Board

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Susan K. Hodgson, Secretary-Treasurer of the Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Capital Southwest Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 13, 2004

By: /s/ Susan K. Hodgson

Susan K. Hodgson, Secretary-Treasurer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Capital Southwest Corporation (the "Company") on Form 10-Q for the quarter ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William R. Thomas, President and Chairman of the Board of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company.

Date: February 13, 2004

By: /s/ William R. Thomas

William R. Thomas, President
and Chairman of the Board

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Capital Southwest Corporation (the "Company") on Form 10-Q for the quarter ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Susan K. Hodgson, Secretary-Treasurer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company.

Date: February 13, 2004

By: /s/ Susan K. Hodgson

Susan K. Hodgson, Secretary-Treasurer