

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 September 30, 2004

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

Yes X No
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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 October 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	September 30, 2004 ----- (Unaudited)	March 31, 2004 -----
Investments at market or fair value		
Companies more than 25% owned		
(Cost: September 30, 2004 - \$23,114,865, March 31, 2004 - \$23,114,865)	\$242,775,981	\$237,095,981
Companies 5% to 25% owned		
(Cost: September 30, 2004 - \$25,442,115, March 31, 2004 - \$30,431,224)	49,601,504	70,189,005
Companies less than 5% owned		
(Cost: September 30, 2004 - \$42,413,660, March 31, 2004 - \$43,736,560)	100,786,650	99,663,833
	-----	-----
Total investments		
(Cost: September 30, 2004 - \$90,970,640, March 31, 2004 - \$97,282,649)	393,164,135	406,948,819
Cash and cash equivalents	2,518,988	10,150,796
Receivables	88,921	76,477
Other assets	6,961,621	6,802,767
	-----	-----
Totals	\$402,733,665	\$423,978,859
	=====	=====
 Liabilities and Shareholders' Equity		
Note payable to bank	\$ 8,000,000	\$ 15,500,000
Note payable to portfolio company	5,000,000	5,000,000
Accrued interest and other liabilities	1,659,596	1,815,996
Income taxes payable	548,317	2,726,850
Deferred income taxes	105,706,745	108,312,663
	-----	-----
Total liabilities	120,914,658	133,355,509
	-----	-----
 Shareholders' equity		
Common stock, \$1 par value: authorized, 5,000,000 shares; issued, 4,294,416 shares		
at September 30, 2004 and March 31, 2004	4,294,416	4,294,416
Additional capital	7,904,997	7,904,997
Undistributed net investment income	3,739,168	3,578,088
Undistributed net realized gain on investments	75,356,232	79,381,980
Unrealized appreciation of investments - net of deferred income taxes	197,557,496	202,497,171
Treasury stock - at cost (437,365 shares)	(7,033,302)	(7,033,302)
	-----	-----
Net assets at market or fair value, equivalent to \$73.07 per share at September 30, 2004, and \$75.35 per share at March 31, 2004 on the 3,857,051 shares outstanding	281,819,007	290,623,350
	-----	-----
Totals	\$402,733,665	\$423,978,859
	=====	=====

(See Notes to Consolidated Financial Statements)

CAPITAL SOUTHWEST CORPORATION  
AND SUBSIDIARIES  
Consolidated Statements of Operations

-----  
(Unaudited)

	Three Months Ended September 30		Six Months Ended September 30	
	2004	2003	2004	2003
Investment income:				
Interest	\$ 94,660	\$ 31,201	\$ 187,942	\$ 80,669
Dividends	727,207	698,649	1,429,414	1,395,965
Management and directors' fees	154,750	151,249	324,000	321,364
	976,617	881,099	1,941,356	1,797,998
Operating expenses:				
Salaries	254,218	215,375	484,593	424,850
Net pension benefit	(59,212)	(39,479)	(127,438)	(136,460)
Other operating expenses	231,745	173,282	405,442	366,854
	426,751	349,178	762,597	655,244
Income before interest expense and income taxes	549,866	531,921	1,178,759	1,142,754
Interest expense	86,483	135,533	201,869	275,554
Income before income taxes	463,383	396,388	976,890	867,200
Income tax expense	20,400	13,800	44,400	47,800
Net investment income	\$ 442,983	\$ 382,588	\$ 932,490	\$ 819,400
Proceeds from disposition of investments	\$ 155,877	\$ 3,654,339	\$ 764,394	\$ 3,654,339
Cost of investments sold	4,083,668	676,753	7,085,993	680,433
Realized gain (loss) on investments before income taxes	(3,927,791)	2,977,586	(6,321,599)	2,973,906
Income tax expense (benefit)	(1,458,018)	1,042,155	(2,295,851)	1,040,867
Net realized gain (loss) on investments	(2,469,773)	1,935,431	(4,025,748)	1,933,039
Increase (decrease) in unrealized appreciation of investments before income taxes	(3,791,414)	19,460,310	(7,472,675)	32,931,270
Increase (decrease) in deferred income taxes on appreciation of investments	(1,244,000)	6,247,000	(2,533,000)	10,962,000
Net increase (decrease) in unrealized appreciation of investments	(2,547,414)	13,213,310	(4,939,675)	21,969,270
Net realized and unrealized gain (loss) on investments	\$(5,017,187)	\$15,148,741	\$(8,965,423)	\$23,902,309
Increase (decrease) in net assets from operations	\$(4,574,204)	\$15,531,329	\$(8,032,933)	\$24,721,709

(See Notes to Consolidated Financial Statements)

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

	Six Months Ended September 30, 2004 ----- (Unaudited)	Year Ended March 31, 2004 -----
Operations		
Net investment income	\$ 932,490	\$ 2,587,060
Net realized gain (loss) on investments	(4,025,748)	8,191,872
Net increase (decrease) in unrealized appreciation of investments	(4,939,675)	74,688,574
	-----	-----
Increase (decrease) in net assets from operations	(8,032,933)	85,467,506
Distributions from:		
Undistributed net investment income	(771,410)	(2,308,631)
Capital share transactions		
Exercise of employee stock options	--	997,500
	-----	-----
Increase (decrease) in net assets	(8,804,343)	84,156,375
Net assets, beginning of period	290,623,350	206,466,975
	-----	-----
Net assets, end of period	\$281,819,007	\$290,623,350
	=====	=====

(See Notes to Consolidated Financial Statements)

CAPITAL SOUTHWEST CORPORATION  
AND SUBSIDIARIES  
Consolidated Statements of Cash Flows

-----  
(Unaudited)

	Three Months Ended September 30		Six Months Ended September 30	
	2004	2003	2004	2003
Cash flows from operating activities				
Increase (decrease) in net assets from operations	\$(4,574,204)	\$ 15,531,329	\$(8,032,933)	\$ 24,721,709
Adjustments to reconcile increase (decrease) in net assets from operations to net cash provided by (used in) operating activities:				
Proceeds from disposition of investments	101,297	3,654,339	709,814	3,654,339
Purchases of securities	(545,078)	(5,923,960)	(947,403)	(6,927,640)
Maturities of securities	228,000	900,000	228,000	900,000
Depreciation and amortization	4,262	4,772	7,891	9,537
Net pension benefit	(59,212)	(39,479)	(127,438)	(136,460)
Net realized and unrealized (gain) loss on investments	5,017,187	(15,148,741)	8,965,423	(23,902,309)
(Increase) decrease in receivables	282	(227,126)	(12,444)	(23,388)
(Increase) decrease in other assets	29,783	10,814	(4,546)	(7,232)
Increase (decrease) in accrued interest and other liabilities	(39,276)	47,038	(107,522)	45,668
Decrease in accrued pension cost	(41,820)	(41,820)	(83,640)	(83,640)
Deferred income taxes	20,400	13,800	44,400	47,800
	-----	-----	-----	-----
Net cash provided by (used in) operating activities	141,621	(1,219,034)	639,602	(1,701,616)
	-----	-----	-----	-----
Cash flows from financing activities				
Decrease in notes payable to bank	--	--	(7,500,000)	--
Distributions from undistributed net investment income	--	--	(771,410)	(765,810)
Proceeds from exercise of employee stock options	--	997,500	--	997,500
	-----	-----	-----	-----
Net cash provided by (used in) financing activities	--	997,500	(8,271,410)	231,690
	-----	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	141,621	(221,534)	(7,631,808)	(1,469,926)
Cash and cash equivalents at beginning of period	2,377,367	3,401,996	10,150,796	4,650,388
	-----	-----	-----	-----
Cash and cash equivalents at end of period	\$ 2,518,988	\$ 3,180,462	\$ 2,518,988	\$ 3,180,462
	=====	=====	=====	=====
Supplemental disclosure of cash flow information:				
Cash paid during the period for:				
Interest	\$86,386	\$135,435	\$202,200	\$275,457
Income taxes	\$ --	\$ --	\$ --	\$ --

Note:

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On September 29, 2004, CSC received 2,936 shares of Tekelec valued at \$54,580 (\$18.59 per share) related to the sale of VocalData, Inc.

(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 our accounts and the accounts of our wholly-owned small business investment company subsidiary and our wholly-owned management company, have been prepared on the value method of accounting 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 2003 balances to conform with the 2004 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 our annual report on Form 10-K for the year ended March 31, 2004. 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 we believe 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. Indemnification

We enter into agreements that contain customary indemnification provisions. The maximum exposure under these indemnification agreements is unknown, but we have had no previous claims or losses and expect the risk of losses to be remote.

3. Stock-Based Compensation

Effective April 1, 2003, we adopted the fair value method of recording compensation expense related to all stock options granted after March 31, 2003, in accordance with FASB Statement Nos. 123 and 148. Accordingly, the fair value of stock options as determined on the date of grant using the Black-Scholes pricing model will be expensed over the vesting period of the related stock options. On July 19, 2004, 7,500 stock options were granted to a new investment associate.

The following table illustrates the effect on net asset value and net asset value per share if we had applied the fair value recognition provisions of FASB Statement No. 123 to stock-based compensation.

	September 30, 2004	September 30, 2003
	-----	-----
Net asset value, as reported	\$281,819,007	\$231,420,374
Deduct: Total fair value computed stock-based compensation	80,382	89,720
	-----	-----
Pro forma net asset value	\$281,738,625	\$231,330,654
	=====	=====
Net asset value per share:		
Basic - as reported	\$73.07	\$60.00
	=====	=====
Basic - pro forma	\$73.05	\$59.98
	=====	=====
Diluted - as reported	\$73.04	\$60.26
	=====	=====
Diluted - pro forma	\$73.02	\$59.98
	=====	=====

Notes to Consolidated Financial Statements  
(continued)

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.

4. Summary of Per Share Information

	Three Months Ended September 30		Six Months Ended September 30	
	2004	2003	2004	2003
Investment income	\$ .25	\$ .22	\$ .50	\$ .46
Operating expenses	(.11)	(.09)	(.20)	(.17)
Interest expense	(.02)	(.03)	(.05)	(.07)
Income taxes	--	--	(.01)	(.01)
Net investment income	.12	.10	.24	.21
Distributions from undistributed net investment income	--	--	(.20)	(.20)
Net realized gain (loss) on investments	(.64)	.50	(1.04)	.50
Net increase (decrease) in unrealized appreciation of investments after deferred taxes	(.66)	3.42	(1.28)	5.71
Exercise of employee stock options (1)	--	(.14)	--	(.14)
Increase (decrease) in net asset value	(1.18)	3.88	(2.28)	6.08
Net asset value:				
Beginning of period	74.25	56.12	75.35	53.92
End of period	\$73.07	\$60.00	\$73.07	\$60.00
Increase (decrease) in deferred taxes on unrealized appreciation	\$ (.32)	\$ 1.48	\$ (.66)	\$ 2.72
Deferred taxes on unrealized appreciation:				
Beginning of period	27.45	18.94	27.79	17.70
End of period	\$27.13	\$20.42	\$27.13	\$20.42
Shares outstanding at end of period (000s omitted)	3,857	3,857	3,857	3,857

(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 September 30, 2004 was \$281,819,007 equivalent to \$73.07 per share after deducting an allowance of \$27.13 per share for deferred taxes on unrealized appreciation of investments. Assuming reinvestment of dividends, the September 30, 2004 net asset value reflects an increase of 22.9% during the twelve months ended September 30, 2004 and a 2.8% decrease during the first half of the current fiscal year.

	September 30, 2004	September 30, 2003
Net assets	\$281,819,007	\$231,420,374
Shares outstanding	3,857,051	3,857,051
Net assets per share	\$73.07	\$60.00



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

Results of Operations

The composite measure of our 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 our income from interest, dividends and fees and our 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 our 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 by transferring the gain associated with the transaction from being "unrealized" to being "realized". Conversely, when a loss is realized on a depreciated portfolio security, an increase in net unrealized appreciation occurs.

Net Investment Income

Interest income of \$187,942 in the six months ended September 30, 2004 increased from \$80,669 in the year-ago period primarily because of an increase in loans to portfolio companies. During the six months ended September 30, 2004 and 2003, we recorded dividend income from the following sources:

	Six Months Ended September 30	
	2004	2003
Alamo Group Inc.	\$ 338,556	\$ 338,556
Dennis Tool Company	25,000	25,000
Kimberly-Clark Corporation	61,744	52,482
The RectorSeal Corporation	480,000	480,000
Skylawn Corporation	300,000	300,000
Sprint Corporation	22,500	18,000
TCI Holdings, Inc	40,635	40,635
The Whitmore Manufacturing Company	120,000	120,000
Other	40,979	21,292
	<u>\$1,429,414</u>	<u>\$1,395,965</u>

Operating expenses totaled \$762,597 in the six months ended September 30, 2004 versus \$655,244 in the six months ended September 30, 2003. The increase was due mainly to the addition of an investment associate in July 2004, employee raises and an increase in audit and legal fees for ordinary business operations.

Interest expense of \$201,869 in the six months ended September 30, 2004 decreased from \$275,554 in the corresponding period ended September 30, 2003 primarily due to a decrease in notes payable.

Net Realized Gain or Loss on Investments

During the six months ended September 30, 2004, we reported a realized loss before income taxes of \$6,321,599 which included a loss of \$3,000,000 on our investment in Texas Petrochemical Holdings, Inc., a \$2,576,146 loss on the partial sale of our investment in Concert Industries Ltd. and a loss of \$1,346,891 on our sale of VocalData, Inc. to Tekelec.

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

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:

	Three Months Ended September 30		Six Months Ended September 30	
	2004	2003	2004	2003
Alamo Group Inc	\$ 5,643,000	\$2,822,000	\$ 5,643,000	\$2,822,000
All Components, Inc.	--	--	--	2,900,000
CMI Holding Company, Inc.	--	--	(3,000,000)	--
Cenveo, Inc.	1,195,055	2,054,656	(2,033,690)	3,081,984
Encore Wire Corporation	(8,173,000)	5,449,000	(19,071,000)	8,173,000
Extreme International, Inc.	--	2,397,661	375,000	4,613,661
Media Recovery, Inc.	--	3,000,000	--	3,000,000
Palm Harbor Homes, Inc.	(7,855,000)	--	(7,855,000)	--
The RectorSeal Corporation	--	--	4,000,000	--
Texas Capital Bancshares, Inc.	1,041,380	2,585,994	1,344,829	2,585,994
The Whitmore Manufacturing Company	--	--	2,400,000	--

As reflected in the above table, at September 30, 2004, the value of our investment in Encore Wire Corporation was decreased from our March 31, 2004 value by \$19,071,000 due to the cyclical variations in Encore's profitability and the effect of copper price fluctuations on Encore's earnings. In the same period a year ago, we increased our value of Encore by \$8,173,000 reflecting increases in the company's sales and earnings which stemmed partly from higher copper prices.

During the six months ended September 30, 2004, the value of our investment in Palm Harbor Homes, Inc. was reduced by \$7,855,000 due to the unfavorable pattern of the company's earnings and the continuing negative outlook for the manufactured housing industry.

During the six months ended September 30, 2004, our unrealized appreciation of investments before income taxes decreased by \$7,472,675, which included value decreases of \$33,655,603 and value increases of \$19,104,017, plus the \$7,078,911 effect of net realized losses during the period.

Portfolio Investments

During the quarter ended September 30, 2004, we made additional investments of \$545,078 in existing portfolio companies.

We have agreed, subject to certain conditions, to invest up to \$1,940,025 in six portfolio companies.

Financial Liquidity and Capital Resources

At September 30, 2004, we had cash and cash equivalents of approximately \$2.5 million. Pursuant to Small Business Administration ("SBA") regulations, cash and cash equivalents of \$285,129 held by Capital Southwest Venture Corporation ("CSV") may not be transferred or advanced to us without the consent of the SBA. Under current SBA regulations and subject to SBA's approval of its credit application, CSV would be entitled to borrow up to \$64.5 million. We also have an unsecured \$25.0 million revolving line of credit from a commercial bank, of which \$17.0 million was available at September 30, 2004. 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, we have elected to retain all gains realized during the past 36 years. Retention of future gains is viewed as an important source of funds to sustain

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

our investment activity. Approximately \$49.1 million of our investment portfolio is represented by unrestricted publicly-traded securities, which have an ascertainable market value and represent a source of liquidity.

Funds to be used by us 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, to the extent of their available cash reserves and borrowing capacities. At September 30, 2004, we owed \$5,000,000 to Skylawn Corporation.

Management believes that our cash and cash equivalents and cash available from other sources described above are adequate to meet our expected requirements. Consistent with our long-term strategy, 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 Disclosure About Market Risk

We are subject to financial market risks, including changes in marketable equity security prices. We do not use derivative financial instruments to mitigate any of these risks. The return on our investments is not materially affected by foreign currency fluctuations.

Our investment in portfolio securities consists of fixed rate debt securities which totaled \$5,101,493 at September 30, 2004, equivalent to 1.3% of the value of our 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 our portfolio and no effect on interest income. Our 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 our investment portfolio consists of debt and equity securities of private companies. We anticipate 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 our investment portfolio also consists of restricted common stock 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 our 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 fair value of our investment in such security.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of September 30, 2004, an evaluation was performed under the supervision and with the participation of our management, including the President and Chairman of the Board and Secretary-Treasurer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the President and Chairman of the Board and Secretary-Treasurer concluded that our disclosure controls and procedures were effective as of September 30, 2004. There have been no significant changes during the quarter covered by this report in our internal control over financial reporting or in other factors that could significantly affect internal control over financial reporting.

PART II. OTHER INFORMATION  
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Item 4. Submission of Matters to a Vote of Security Holders

Our Annual Meeting of Stockholders was held on July 19, 2004, with the following results of elections and approval:

	Votes Cast		
	For	Against/ Withheld	Abstentions/ Non-Votes
a. The following Directors were elected to serve until the next Annual Meeting of Stockholders:			
Graeme W. Henderson	3,544,766	70,305	241,980
Samuel B. Ligon	3,590,666	24,405	241,980
Gary L. Martin	3,545,200	69,871	241,980
William R. Thomas	3,544,766	70,305	241,980
John H. Wilson	3,545,216	69,855	241,980

	Votes Cast		
	For	Against/ Withheld	Abstentions/ Non-Votes
b. Ernst & Young LLP was approved as our auditors for the 2005 fiscal year.	3,567,608	42,731	246,712

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 31.1- Certification of President and Chairman of the Board required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), filed herewith.

Exhibit 31.2- Certification of Secretary-Treasurer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, filed herewith.

Exhibit 32.1- Certification of President and Chairman of the Board required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.

Exhibit 32.2- Certification of Secretary-Treasurer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.

(b) Reports on Form 8-K

On September 1, 2004, we filed a Form 8-K reporting that Ernst & Young LLP informed us on August 26, 2004 that they were resigning as our independent registered public accounting firm effective September 1, 2004.

On September 9, 2004, we filed a Form 8-K/A which included a copy of a letter provided by Ernst & Young LLP dated September 7, 2004 addressed to the Securities and Exchange Commission stating whether they agreed with our 8-K filed on September 1, 2004.

On September 15, 2004, we filed a Form 8-K reporting the engagement of Grant Thornton LLP as our new independent accountants.

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: November 5, 2004  
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By: /s/ William R. Thomas  
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William R. Thomas, President and Chairman  
of the Board (chief executive officer)

Date: November 5, 2004  
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By: /s/ Susan K. Hodgson  
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Susan K. Hodgson, Secretary-Treasurer  
(chief financial/accounting officer)

## CERTIFICATIONS

I, William R. Thomas, President and Chairman of the Board of Capital Southwest Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Capital Southwest Corporation (the "registrant");
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2004  
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By: /s/ William R. Thomas  
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William R. Thomas, President  
and Chairman of the Board

## CERTIFICATIONS

I, Susan K. Hodgson, Secretary-Treasurer of Capital Southwest Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Capital Southwest Corporation (the "registrant");
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2004  
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By: /s/ Susan K. Hodgson  
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Susan K. Hodgson, Secretary-Treasurer

Certification of President and Chairman of the Board

Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

I, William R. Thomas, President and Chairman of the Board of Capital Southwest Corporation, certify that, to my knowledge:

1. the Form 10-Q, filed with the Securities and Exchange Commission on November 5, 2004 ("accompanied 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 accompanied report fairly presents, in all material respects, the consolidated financial condition and results of operations of Capital Southwest Corporation.

Date: November 5, 2004  
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By: /s/ William R. Thomas  
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William R. Thomas, President  
and Chairman of the Board



Certification of Secretary-Treasurer

Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

I, Susan K. Hodgson, Secretary-Treasurer of Capital Southwest Corporation, certify that, to my knowledge:

1. the Form 10-Q, filed with the Securities and Exchange Commission on November 5, 2004 ("accompanied 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 accompanied report fairly presents, in all material respects, the consolidated financial condition and results of operations of Capital Southwest Corporation.

Date: November 5, 2004

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By: /s/ Susan K. Hodgson

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Susan K. Hodgson, Secretary-Treasurer