

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, 2005

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 by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No X

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, 2006

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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, 2005 ----- (Unaudited)	March 31, 2005 -----
Investments at market or fair value		
Companies more than 25% owned		
(Cost: December 31, 2005 - \$23,114,866		
March 31, 2005 - \$23,114,866)	\$268,626,983	\$259,628,981
Companies 5% to 25% owned		
(Cost: December 31, 2005 - \$27,550,000		
March 31, 2005 - \$19,050,000)	76,797,852	44,890,852
Companies less than 5% owned		
(Cost: December 31, 2005 - \$37,516,426		
March 31, 2005 - \$42,381,532)	126,207,469	117,502,389
	-----	-----
Total investments		
(Cost: December 31, 2005 - \$88,181,292		
March 31, 2005 - \$84,546,398)	471,632,304	422,022,222
Cash and cash equivalents	13,518,641	5,104,935
Receivables	111,953	136,401
Other assets	7,232,049	7,120,043
	-----	-----
Totals	\$492,494,947	\$434,383,601
	=====	=====
 Liabilities and Shareholders' Equity		
Note payable to bank	\$ 8,000,000	\$ 8,000,000
Note payable to portfolio company	--	5,000,000
Accrued interest and other liabilities	1,635,739	1,842,587
Income taxes payable	4,827,661	--
Deferred income taxes	134,482,085	117,007,107
	-----	-----
Total liabilities	148,945,485	131,849,694
	-----	-----
 Shareholders' equity		
Common stock, \$1 par value: authorized,		
5,000,000 shares; issued, 4,294,416 shares		
at December 31, 2005 and March 31, 2005	4,294,416	4,294,416
Additional capital	7,904,997	7,904,997
Undistributed net investment income	3,489,281	3,669,805
Undistributed net realized gain on investments	84,629,057	73,316,166
Unrealized appreciation of investments -		
net of deferred income taxes	250,265,013	220,381,825
Treasury stock - at cost (437,365 shares)	(7,033,302)	(7,033,302)
	-----	-----
Net assets at market or fair value, equivalent		
to \$89.07 per share at December 31, 2005,		
and \$78.44 per share at March 31, 2005		
on the 3,857,051 shares outstanding	343,549,462	302,533,907
	-----	-----
Totals	\$492,494,947	\$434,383,601
	=====	=====

(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	
	2005	2004	2005	2004
Investment income:				
Interest	\$ 99,140	\$ 148,276	\$ 342,806	\$ 336,218
Dividends	1,174,743	1,597,466	2,740,363	3,026,880
Management and directors' fees	178,950	155,250	658,420	479,250
	1,452,833	1,900,992	3,741,589	3,842,348
Operating expenses:				
Salaries	287,584	298,917	767,084	783,510
Net pension benefit	(29,187)	(63,717)	(87,560)	(191,155)
Other operating expenses	185,619	176,949	569,611	582,391
	444,016	412,149	1,249,135	1,174,746
Income before interest expense and income taxes	1,008,817	1,488,843	2,492,454	2,667,602
Interest expense	105,565	100,857	320,647	302,726
Income before income taxes	903,252	1,387,986	2,171,807	2,364,876
Income tax expense	10,200	22,200	38,100	66,600
Net investment income	\$ 893,052	\$ 1,365,786	\$ 2,133,707	\$ 2,298,276
Proceeds from disposition of investments	\$ 7,791,129	\$ 664,307	\$27,677,133	\$ 1,428,701
Cost of investments sold	1,474,330	6,580,338	10,184,203	13,666,331
Realized gain (loss) on investments before income taxes	6,316,799	(5,916,031)	17,492,930	(12,237,630)
Income tax expense (benefit)	2,185,228	(2,494,319)	6,180,039	(4,790,170)
Net realized gain (loss) on investments	4,131,571	(3,421,712)	11,312,891	(7,447,460)
Increase in unrealized appreciation of investments before income taxes	15,009,434	23,672,237	45,975,188	16,199,562
Increase in deferred income taxes on appreciation of investments	5,254,000	8,647,000	16,092,000	6,114,000
Net increase in unrealized appreciation of investments	9,755,434	15,025,237	29,883,188	10,085,562
Net realized and unrealized gain on investments	\$13,887,005	\$11,603,525	\$41,196,079	\$ 2,638,102
Increase in net assets from operations	\$14,780,057	\$12,969,311	\$43,329,786	\$ 4,936,378

(See Notes to Consolidated Financial Statements)

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

	Nine Months Ended December 31, 2005 ----- (Unaudited)	Year Ended March 31, 2005 -----
Operations		
Net investment income	\$ 2,133,707	\$ 2,405,948
Net realized gain (loss) on investments	11,312,891	(6,065,814)
Net increase in unrealized appreciation of investments	29,883,188	17,884,654
	-----	-----
Increase in net assets from operations	43,329,786	14,224,788
Distributions from:		
Undistributed net investment income	(2,314,231)	(2,314,231)
	-----	-----
Increase in net assets	41,015,555	11,910,557
Net assets, beginning of period	302,533,907	290,623,350
	-----	-----
Net assets, end of period	\$343,549,462 =====	\$302,533,907 =====

(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	
	2005	2004	2005	2004
Cash flows from operating activities				
Increase in net assets from operations	\$ 14,780,057	\$ 12,969,311	\$ 43,329,786	\$ 4,936,378
Adjustments to reconcile increase in net assets from operations to net cash provided by (used in) operating activities:				
Proceeds from disposition of investments	7,791,129	664,307	27,677,133	1,374,121
Purchases of securities	(1,209,231)	(814,537)	(14,194,097)	(1,761,940)
Maturities of securities	--	166,269	375,000	394,269
Depreciation and amortization	3,968	4,183	11,817	12,074
Net pension benefit	(29,187)	(63,717)	(87,560)	(191,155)
Net realized and unrealized gain on investments	(13,887,005)	(11,603,525)	(41,196,079)	(2,638,102)
(Increase) decrease in receivables	144,240	(56,542)	24,448	(68,986)
(Increase) decrease in other assets	5,353	1,496	21,050	(3,050)
Increase (decrease) in accrued interest and other liabilities	11,529	15,622	(148,156)	(91,900)
Decrease in accrued pension cost	(38,669)	(41,821)	(116,005)	(125,461)
Deferred income taxes	10,200	22,200	30,600	66,600
	7,582,384	1,263,246	15,727,937	1,902,848
Net cash provided by operating activities				
Cash flows from financing activities				
Decrease in note payable to bank	--	--	--	(7,500,000)
Decrease in note payable to portfolio company	--	--	(5,000,000)	--
Distributions from undistributed net investment income	(1,542,821)	(1,542,821)	(2,314,231)	(2,314,231)
	(1,542,821)	(1,542,821)	(7,314,231)	(9,814,231)
Net cash used in financing activities				
Net increase (decrease) in cash and cash equivalents	6,039,563	(279,575)	8,413,706	(7,911,383)
Cash and cash equivalents at beginning of period	7,479,078	2,518,988	5,104,935	10,150,796
	\$ 13,518,641	\$ 2,239,413	\$ 13,518,641	\$ 2,239,413
Cash and cash equivalents at end of period				
Supplemental disclosure of cash flow information:				
Cash paid during the period for:				
Interest	\$104,287	\$100,764	\$319,147	\$302,964
Income taxes	\$ --	\$ --	\$ 7,500	\$ --

(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.

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, 2005. 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 who resigned on December 31, 2004 with no options vested.

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 for options granted prior to the implementation of FASB Statement No. 123.

	December 31 2005 -----	December 31 2004 -----
Net asset value, as reported	\$343,549,462	\$293,245,497
Deduct: Total fair value computed stock-based compensation	113,202	120,573
	-----	-----
Pro forma net asset value	\$343,436,260	\$293,124,924
	=====	=====
Net asset value per share:		
Basic - as reported	\$89.07	\$76.03
	=====	=====
Basic - pro forma	\$89.04	\$76.00
	=====	=====
Diluted - as reported	\$88.90	\$76.00
	=====	=====
Diluted - pro forma	\$88.87	\$75.96
	=====	=====

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.

In December 2004, the FASB issued a revised SFAS No. 123(R), "Share-Based Payment." It requires us to measure all employee stock-based compensation awards using a fair value method and record such expense in our consolidated financial statements. In addition it requires additional accounting and disclosure related to the cash flow effects resulting from share-based payment arrangements. It is effective at the beginning of the fiscal year that begins after June 15, 2005. We expect that the adoption effective April 1, 2006, will not have a material effect on our financial condition, results of operations and cash flows and that the effect on our net asset value will be comparable to the pro forma disclosures presented above.

4. Summary of Per Share Information

	Three Months Ended December 31		Nine Months Ended December 31	
	2005	2004	2005	2004
Investment income	\$.38	\$.49	\$.97	\$.99
Operating expenses	(.12)	(.10)	(.33)	(.30)
Interest expense	(.03)	(.03)	(.08)	(.08)
Income taxes	--	(.01)	(.01)	(.02)
Net investment income	.23	.35	.55	.59
Distributions from undistributed net investment income	(.40)	(.40)	(.60)	(.60)
Net realized gain (loss) on investments	1.07	(.89)	2.93	(1.93)
Net increase in unrealized appreciation of investments after deferred taxes	2.53	3.90	7.75	2.62
Increase in net asset value	3.43	2.96	10.63	.68
Net asset value:				
Beginning of period	85.64	73.07	78.44	75.35
End of period	\$89.07	\$76.03	\$89.07	\$76.03
Increase in deferred taxes on unrealized appreciation	\$ 1.36	\$ 2.24	\$ 4.17	\$ 1.58
Deferred taxes on unrealized appreciation:				
Beginning of period	33.17	27.13	30.36	27.79
End of period	\$34.53	\$29.37	\$34.53	\$29.37
Shares outstanding at end of period (000s omitted)	3,857	3,857	3,857	3,857

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

Net asset value at December 31, 2005 was \$343,549,462, equivalent to \$89.07 per share after deducting an allowance of \$34.53 per share for deferred taxes on net unrealized appreciation of investments. Assuming reinvestment of all dividends and tax credits on retained long-term capital gains, the December 31, 2005 net asset value reflects increases of 5.9% during the preceding three months and 19.6% during the past twelve months.

	December 31, 2005	December 31, 2004
Net assets	\$343,549,462	\$293,245,497
Shares outstanding	3,857,051	3,857,051
Net assets per share	\$89.07	\$76.03

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 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 or benefit. The third element is the "Net increase 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 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 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

During the nine months ended December 31, 2005 and 2004, we recorded dividend income from the following sources:

	Nine Months Ended December 31	
	----- 2005	2004 -----
Alamo Group Inc.	\$ 507,834	\$ 507,834
Balco, Inc.	252,960	252,960
Dennis Tool Company	49,999	25,000
Kimberly-Clark Corporation	104,193	92,616
Lifemark Group (formerly Skylawn Corp.)	450,000	450,000
PalletOne, Inc.	134,764	35,937
The RectorSeal Corporation	866,893	720,000
TCI Holdings, Inc	60,953	60,953
The Whitmore Manufacturing Company	180,000	786,273
Other	132,767	95,307
	-----	-----
	\$2,740,363	\$3,026,880
	=====	=====

Net Realized Gain (Loss) on Investments

During the nine months ended December 31, 2005, we reported a realized gain before income taxes of \$17,492,930 which included a gain of \$10,957,101 on our sale of 1,396,588 shares of Cenveo, Inc., a gain of \$8,708,891 on our sale of Texas Shredder, Inc. and a loss of \$6,000,000 on our investment in Organized Living, Inc.

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

Net Increase 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 income taxes and excluding the effect of gains or losses realized during the periods) by portfolio company:

	Three Months Ended December 31		Nine Months Ended December 31	
	2005	2004	2005	2004
Alamo Group Inc.	\$(2,821,000)	\$14,106,000	\$(8,463,000)	\$ 19,749,000
All Components, Inc.	(5,000,000)	--	(7,000,000)	--
Cenveo, Inc.	1,953,000	(838,635)	7,523,861	(2,872,325)
Encore Wire Corporation	20,433,000	--	28,607,000	(19,071,000)
Heeling, Inc.	4,250,000	--	12,000,000	--
Hologic, Inc.	2,846,108	1,294,117	6,942,036	1,123,256
Media Recovery, Inc.	--	3,000,000	7,744,000	3,000,000
Palm Harbor Homes, Inc.	--	(7,855,000)	15,710,000	(15,710,000)

During the nine months ended December 31, 2005, unrealized appreciation of investments before deferred taxes increased by \$45,975,188 after realizing net gains of \$17,492,930 before income taxes.

As revealed in the above table, major increases in the values of two investments contributed significantly to the increase in our net asset value during the nine months ended December 31, 2005. By far the largest change during the nine months was a \$28,607,000 increase in the value of our investment in Encore Wire Corporation, whose earnings soared during the fourth quarter of 2005 as copper prices reached new highs and profit margins escalated. Palm Harbor Homes, Inc. achieved a \$15,710,000 increase in value during the nine months as its growth mirrored the improved markets for manufactured and modular housing. Partially offsetting these increases was an \$8,463,000 decline in the value of our investment in Alamo Group Inc. as its 2005 earnings were penalized by the planned closing of its Holton, Kansas plant and by a sizable inventory reduction.

Portfolio Investments

During the quarter ended December 31, 2005, we made additional investments of \$1,209,231 in existing portfolio companies.

We have agreed, subject to certain conditions, to invest up to \$1,736,900 in three portfolio companies.

Financial Liquidity and Capital Resources

At December 31, 2005, we had cash and cash equivalents of approximately \$13.5 million. Pursuant to Small Business Administration ("SBA") regulations, cash and cash equivalents of \$446,523 held by Capital Southwest Venture Corporation ("CSVC") 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, CSVC would be entitled to borrow up to \$71.9 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 December 31, 2005. 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 37 years. Retention of future gains is viewed as an important source of funds to sustain our investment activity. Approximately \$58.0 million of our investment portfolio is represented by unrestricted publicly-traded securities and represent a source of liquidity.

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

Funds to be used by us for operating or investment purposes may be transferred in the form of dividends, management fees or loans from Lifemark Group, The RectorSeal Corporation and The Whitmore Manufacturing Company, wholly-owned portfolio companies, to the extent of their available cash reserves and borrowing capacities.

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 Disclosures 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.

Our investment performance is a function of our portfolio companies' profitability, which may be affected by economic cycles, competitive forces, foreign currency fluctuations and production costs including labor rates, raw material prices and certain commodity prices. Most of the companies in our investment portfolio do not hedge their exposure to raw material and commodity price fluctuations. However, the portfolio company with the greatest exposure to foreign currency fluctuations generally hedges their exposure. All of these factors may have an adverse effect on the value of our investments and on our net asset value.

Our investment in portfolio securities includes fixed rate debt securities which totaled \$9,626,447 at December 31, 2005, equivalent to 2.0% of the value of our total investments. Generally these debt securities are below investment grade and have relatively high fixed rates of interest; therefore, 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 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 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 value of our investment in such security.

Item 4. Controls and Procedures

As of the end of the period covered by this report, 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

Item 4. Controls and Procedures
(continued)

the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934). Based on that evaluation, the President and Chairman of the Board and Secretary-Treasurer concluded that our disclosure controls and procedures are effective to ensure that the information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and is accumulated and communicated to management, including the President and Chairman of the Board and Secretary-Treasurer, as appropriate, to allow timely decisions regarding such required disclosure.

During the fiscal quarter ended December 31, 2005, there were no changes to the internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

PART II. OTHER INFORMATION

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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

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 3, 2006

By: /s/ William R. Thomas

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

Date: February 3, 2006

By /s/ Susan K. Hodgson

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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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 the 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: February 3, 2006

By: /s/ William R. Thomas

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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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 the 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: February 3, 2006

By: /s/ Susan K. Hodgson

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 February 3, 2006 ("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: February 3, 2006

By: /s/ William R. Thomas

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 February 3, 2006 ("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: February 3, 2006

By: /s/ Susan K. Hodgson

Susan K. Hodgson, Secretary-Treasurer