

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 June 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

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 July 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	June 30, 2004 ----- (Unaudited)	March 31, 2004 -----
Investments at market or fair value		
Companies more than 25% owned		
(Cost: June 30, 2004 - \$23,114,865		
March 31, 2004 - \$23,114,865)	\$ 244,991,981	\$ 237,095,981
Companies 5% to 25% owned		
(Cost: June 30, 2004 - \$27,831,224		
March 31, 2004 - \$30,431,224)	57,574,504	70,189,005
Companies less than 5% owned		
(Cost: June 30, 2004 - \$43,736,560		
March 31, 2004 - \$43,736,560)	98,101,073	99,663,833
	-----	-----
Total investments		
(Cost: June 30, 2004 - \$94,682,649		
March 31, 2004 - \$97,282,649)	400,667,558	406,948,819
Cash and cash equivalents	2,377,367	10,150,796
Receivables	89,203	76,477
Other assets	6,919,840	6,802,767
	-----	-----
Totals	\$ 410,053,968	\$ 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	1,724,077	1,815,996
Income taxes payable	1,889,496	2,726,850
Deferred income taxes	107,047,184	108,312,663
	-----	-----
Total liabilities	123,660,757	133,355,509
	-----	-----
 Shareholders' equity		
Common stock, \$1 par value: authorized,		
5,000,000 shares; issued, 4,294,416 shares		
at June 30, 2004 and March 31, 2004	4,294,416	4,294,416
Additional capital	7,904,997	7,904,997
Undistributed net investment income	3,296,185	3,578,088
Undistributed net realized gain on investments	77,826,005	79,381,980
Unrealized appreciation of investments -		
net of deferred income taxes	200,104,910	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 \$74.25 per share at June 30, 2004 and		
\$75.35 per share at March 31, 2004 on the		
3,857,051 shares outstanding	286,393,211	290,623,350
	-----	-----
Totals	\$ 410,053,968	\$ 423,978,859
	=====	=====

(See Notes to Consolidated Financial Statements)

CAPITAL SOUTHWEST CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Operations

(Unaudited)

	Three Months Ended June 30,	
	2004	2003
	-----	-----
Investment income:		
Interest	\$ 93,282	\$ 49,468
Dividends	702,207	697,316
Management and directors' fees	169,250	170,115
	-----	-----
	964,739	916,899
	-----	-----
Operating expenses:		
Salaries	230,375	209,475
Net pension benefit	(68,226)	(96,981)
Other operating expenses	173,697	193,572
	-----	-----
	335,846	306,066
	-----	-----
Income before interest expense and income taxes	628,893	610,833
Interest expense	115,386	140,021
	-----	-----
Income before income taxes	513,507	470,812
Income tax expense	24,000	34,000
	-----	-----
Net investment income	\$ 489,507	\$ 436,812
	=====	=====
Proceeds from disposition of investments	\$ 608,517	\$ --
Cost of investments sold	3,002,325	3,680
	-----	-----
Realized loss on investments before income taxes	(2,393,808)	(3,680)
Income tax benefit	(837,833)	(1,288)
	-----	-----
Net realized loss on investments	(1,555,975)	(2,392)
	-----	-----
Increase (decrease) in unrealized appreciation of investments before income taxes	(3,681,261)	13,470,960
Increase (decrease) in deferred income taxes on appreciation of investments	(1,289,000)	4,715,000
	-----	-----
Net increase (decrease) in unrealized appreciation of investments	(2,392,261)	8,755,960
	-----	-----
Net realized and unrealized gain (loss) on investments	\$ (3,948,236)	\$ 8,753,568
	=====	=====
Increase (decrease) in net assets from operations	\$ (3,458,729)	\$ 9,190,380
	=====	=====

(See Notes to Consolidated Financial Statements)

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

	Three Months Ended June 30, 2004 ----- (Unaudited)	Year Ended March 31, 2004 -----
Operations		
Net investment income	\$ 489,507	\$ 2,587,060
Net realized gain (loss) on investments	(1,555,975)	8,191,872
Net increase (decrease) in unrealized appreciation of investments	(2,392,261)	74,688,574
	-----	-----
Increase (decrease) in net assets from operations	(3,458,729)	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	(4,230,139)	84,156,375
Net assets, beginning of period	290,623,350	206,466,975
	-----	-----
Net assets, end of period	\$ 286,393,211	\$ 290,623,350
	=====	=====

(See Notes to Consolidated Financial Statements)

CAPITAL SOUTHWEST CORPORATION
AND SUBSIDIARIES
Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended June 30,	
	----- 2004	----- 2003
Cash flows from operating activities		
Increase (decrease) in net assets from operations	\$ (3,458,729)	\$ 9,190,380
Adjustments to reconcile increase (decrease) in net assets from operations to net cash provided by (used in) operating activities:		
Proceeds from disposition of investments	608,517	--
Purchases of securities	(402,325)	(1,003,680)
Depreciation and amortization	3,629	4,765
Net pension benefit	(68,226)	(96,981)
Net realized and unrealized (gain) loss on investments	3,948,236	(8,753,568)
(Increase) decrease in receivables	(12,726)	203,738
Increase in other assets	(34,329)	(18,046)
Decrease in accrued interest and other liabilities	(68,246)	(1,370)
Decrease in accrued pension cost	(41,820)	(41,820)
Deferred income taxes	24,000	34,000
	-----	-----
Net cash provided by (used in) operating activities	497,981	(482,582)
	-----	-----
Cash flows from financing activities		
Decrease in notes payable to bank	(7,500,000)	--
Distributions from undistributed net investment income	(771,410)	(765,810)
	-----	-----
Net cash used in financing activities	(8,271,410)	(765,810)
	-----	-----
Net decrease in cash and cash equivalents	(7,773,429)	(1,248,392)
Cash and cash equivalents at beginning of period	10,150,796	4,650,388
	-----	-----
Cash and cash equivalents at end of period	\$ 2,377,367	\$ 3,401,996
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$115,814	\$140,022
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 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. No stock options have been granted since March 31, 2003.

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.

	Three Months Ended June 30 2004	2003
	-----	-----
Net asset value, as reported	\$286,393,211	\$214,891,545
Deduct: Total fair value computed stock-based compensation	40,191	44,860
	-----	-----
Pro forma net asset value	\$286,353,020	\$214,846,685
	=====	=====
Net asset value per share:		
Basic - as reported	\$74.25	\$ 56.12
	=====	=====
Basic - pro forma	\$74.24	\$ 56.11
	=====	=====
Diluted - as reported	\$74.22	\$ 55.97
	=====	=====
Diluted - pro forma	\$74.21	\$ 55.96
	=====	=====

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.

4. Summary of Per Share Information

	Three Months Ended June 30 -----	
	2004	2003
	-----	-----
Investment income	\$.25	\$.24
Operating expenses	(.09)	(.08)
Interest expense	(.03)	(.04)
Income taxes	(.01)	(.01)
	-----	-----
Net investment income	.12	.11
Distributions from undistributed net investment income	(.20)	(.20)
Net realized loss on investments	(.40)	--
Net increase (decrease) in unrealized appreciation of investments after deferred taxes	(.62)	2.29
	-----	-----
Increase (decrease) in net asset value	(1.10)	2.20
Net asset value:		
Beginning of period	75.35	53.92
	-----	-----
End of period	\$74.25	\$56.12
	=====	=====
Increase (decrease) in deferred taxes on unrealized appreciation	\$(0.34)	\$ 1.24
Deferred taxes on unrealized appreciation:		
Beginning of period	27.79	17.70
	-----	-----
End of period	\$27.45	\$18.94
	=====	=====
Shares outstanding at end of period (000s omitted)	3,857	3,829

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

Net asset value at June 30, 2004 was \$286,393,211, equivalent to \$74.25 per share after deducting an allowance of \$27.45 per share for deferred taxes on net unrealized appreciation of investments. Assuming reinvestment of dividends, the June 30, 2004 net asset value reflects an increase of 33.5% during the past twelve months.

	June 30, 2004	June 30, 2003
	-----	-----
Net assets	\$286,393,211	\$214,891,545
Shares outstanding	3,857,051	3,829,051
Net assets per share	\$74.25	\$56.12

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

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

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 in the three months ended June 30, 2004 increased from the year-ago period primarily because of an increase in loans to portfolio companies. During the three months ended June 30, 2004 and 2003, we recorded dividend income from the following sources:

	Three Months Ended June 30	
	2004	2003
Alamo Group Inc.	\$169,278	\$169,278
Dennis Tool Company	--	12,500
Kimberly-Clark Corporation	30,872	26,241
The RectorSeal Corporation	240,000	240,000
Skylawn Corporation	150,000	150,000
Sprint Corporation	11,250	9,000
TCI Holdings, Inc.	20,318	20,318
Texas Shredder, Inc.	1,875	1,875
The Whitmore Manufacturing Company	60,000	60,000
Other	18,614	8,104
	-----	-----
	\$702,207	\$697,316
	=====	=====

Interest expense in the three months ended June 30, 2004 decreased from the corresponding period ended June 30, 2003 primarily due to a decrease in notes payable.

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

	Three Months Ended June 30	
	2004	2003
All Components, Inc.	\$ --	\$ 2,900,000
Cenveo, Inc. (formerly Mail-Well, Inc.)	(3,228,745)	1,027,328
CMI Holding Company, Inc.	(3,000,000)	--
Encore Wire Corporation	(10,898,000)	2,724,000
Extreme International, Inc.	375,000	2,216,000
The RectorSeal Corporation	4,000,000	--
The Whitmore Manufacturing Company	2,400,000	--

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

As reflected in the above table, at June 30, 2004, the value of our investment in Encore Wire Corporation was decreased by \$10,898,000 due to the cyclical nature of Encore's profit margins and the probable effect of lower copper prices on Encore's earnings in its second quarter ended June 30, 2004. In the same period a year ago, we increased our value by \$2,724,000 reflecting an increase in Encore's sales and earnings which stemmed partly from higher copper prices.

Portfolio Investments

During the quarter ended June 30, 2004, we made additional investments of \$402,325 in existing portfolio companies.

We have agreed, subject to certain conditions, to invest up to \$2,300,025 in six portfolio companies.

Financial Liquidity and Capital Resources

At June 30, 2004, we had cash and cash equivalents of approximately \$2.4 million. Pursuant to Small Business Administration (SBA) regulations, cash and cash equivalents of \$42,502 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 \$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 June 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 our investment activity. Approximately \$48.5 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 June 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 \$5,129,493 at June 30, 2004, equivalent to 1.28% 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.

Item 3. Quantitative and Qualitative Disclosure About Market Risk
(continued)

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 June 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 June 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

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: August 6, 2004

By: /s/ William R. Thomas

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

Date: August 6, 2004

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 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: August 6, 2004

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 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: August 6, 2004

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 August 6, 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: August 6, 2004

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 August 6, 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: August 6, 2004

By: /s/ Susan K. Hodgson

Susan K. Hodgson, Secretary-Treasurer