

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, 2003

OR

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

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

Commission File Number: 814-61

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

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

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

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

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

Yes X No
---

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

Yes X No
---

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

3,857,051 shares of Common Stock, \$1 Par Value as of July 31, 2003

TABLE OF CONTENTS

Page No.
-----

PART I. FINANCIAL INFORMATION

ITEM 1. Consolidated Financial Statements

Consolidated Statements of Financial Condition
June 30, 2003 (Unaudited) and March 31, 2003.....3
Consolidated Statements of Operations (Unaudited)
Quarters ended June 30, 2003 and June 30, 2002.....4
Consolidated Statements of Changes in Net Assets Quarter ended June
30, 2003 (Unaudited) and year ended
March 31, 2003.....5
Consolidated Statements of Cash Flows (Unaudited)
Quarters ended June 30, 2003 and June 30, 2002.....6

Notes to Consolidated Financial Statements.....	7
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	8
ITEM 3. Quantitative and Qualitative Disclosure About Market Risk.....	10
ITEM 4. Controls and Procedures.....	11
PART II. OTHER INFORMATION	
ITEM 6. Exhibits and Reports on Form 8-K.....	11
Signatures .....	12

## PART I. FINANCIAL INFORMATION

## Item 1. Consolidated Financial Statements

CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES  
Consolidated Statements of Financial Condition

Assets	June 30, 2003 ----- (Unaudited)	March 31, 2003 -----
Investments at market or fair value		
Companies more than 25% owned		
(Cost: June 30, 2003 - \$23,114,865		
March 31, 2003 - \$23,114,865)	\$ 203,901,981	\$ 202,893,981
Companies 5% to 25% owned		
(Cost: June 30, 2003 - \$31,120,124		
March 31, 2003 - \$30,120,124)	21,097,006	18,566,004
Companies less than 5% owned		
(Cost: June 30, 2003 - \$38,226,853		
March 31, 2003 - \$38,226,853)	76,532,410	65,600,452
	-----	-----
Total investments		
(Cost: June 30, 2003- \$92,461,842		
March 31, 2003 - \$91,461,842)	301,531,397	287,060,437
Cash and cash equivalents	3,401,996	4,650,388
Receivables	93,926	297,664
Other assets	6,620,223	6,481,383
	-----	-----
Totals	\$ 311,647,542	\$ 298,489,872
	=====	=====
 Liabilities and Shareholders' Equity		
Note payable to bank	\$ 15,500,000	\$ 15,500,000
Notes payable to portfolio company	7,500,000	7,500,000
Accrued interest and other liabilities	1,854,379	1,868,991
Deferred income taxes	71,901,618	67,153,906
	-----	-----
Total liabilities	96,755,997	92,022,897
	-----	-----
 Shareholders' equity		
Common stock, \$1 par value: authorized,		
5,000,000 shares; issued, 4,266,416 shares		
at June 30, 2003 and March 31, 2003	4,266,416	4,266,416
Additional capital	6,935,497	6,935,497
Undistributed net investment income	2,970,661	3,299,659
Undistributed net realized gain on investments	71,187,716	71,190,108
Unrealized appreciation of investments -		
net of deferred income taxes	136,564,557	127,808,597
Treasury stock - at cost (437,365 shares)	(7,033,302)	(7,033,302)
	-----	-----
Net assets at market or fair value, equivalent		
to \$56.12 per share at June 30, 2003 and		
\$53.92 per share at March 31, 2003 on the		
3,829,051 shares outstanding	214,891,545	206,466,975
	-----	-----
Totals	\$ 311,647,542	\$ 298,489,872
	=====	=====

(See Notes to Consolidated Financial Statements)

CAPITAL SOUTHWEST CORPORATION  
AND SUBSIDIARIES  
Consolidated Statements of Operations  
-----  
(Unaudited)

	Three Months Ended June 30,	
	2003	2002
	-----	-----
Investment income:		
Interest	\$ 49,468	\$ 64,675
Dividends	697,316	708,992
Management and directors' fees	170,115	131,350
	-----	-----
	916,899	905,017
	-----	-----
Operating expenses:		
Salaries	209,475	200,750
Net pension benefit	(96,981)	(126,135)
Other operating expenses	193,572	149,907
	-----	-----
	306,066	224,522
	-----	-----
Income before interest expense and income taxes	610,833	680,495
Interest expense	140,021	160,956
	-----	-----
Income before income taxes	470,812	519,539
Income tax expense	34,000	44,200
	-----	-----
Net investment income	\$ 436,812	\$ 475,339
	=====	=====
Proceeds from disposition of investments	\$ -	\$ 1,459,220
Cost of investments sold	3,680	2,012,051
	-----	-----
Realized loss on investments before income taxes	(3,680)	(552,831)
Income tax benefit	(1,288)	(234,597)
	-----	-----
Net realized loss on investments	(2,392)	(318,234)
	-----	-----
Increase (decrease) in unrealized appreciation of investments before income taxes	13,470,960	(22,332,457)
Increase (decrease) in deferred income taxes on appreciation of investments	4,715,000	(7,804,000)
	-----	-----
Net increase (decrease) in unrealized appreciation of investments	8,755,960	(14,528,457)
	-----	-----
Net realized and unrealized gain (loss) on investments	\$ 8,753,568	\$(14,846,691)
	=====	=====
Increase (decrease) in net assets from operations	\$ 9,190,380	\$(14,371,352)
	=====	=====

(See Notes to Consolidated Financial Statements)

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

	Three Months Ended June 30, 2003 ----- (Unaudited)	Year Ended March 31, 2003 -----
Operations		
Net investment income	\$ 436,812	\$ 2,299,252
Net realized gain (loss) on investments	(2,392)	1,345,728
Net increase (decrease) in unrealized appreciation of investments	8,755,960	(45,371,616)
	-----	-----
Increase (decrease) in net assets from operations	9,190,380	(41,726,636)
Distributions from:		
Undistributed net investment income	(765,810)	(2,297,431)
	-----	-----
Increase (decrease) in net assets	8,424,570	(44,024,067)
Net assets, beginning of period	206,466,975	250,491,042
	-----	-----
Net assets, end of period	\$ 214,891,545	\$ 206,466,975
	=====	=====

(See Notes to Consolidated Financial Statements)

CAPITAL SOUTHWEST CORPORATION  
AND SUBSIDIARIES  
Consolidated Statements of Cash Flows

-----  
(Unaudited)

	Three Months Ended June 30,	
	2003	2002
Cash flows from operating activities		
Increase (decrease) in net assets from operations	\$ 9,190,380	\$(14,371,352)
Adjustments to reconcile increase (decrease) in net assets from operations to net cash provided by operating activities:		
Depreciation and amortization	4,765	5,399
Net pension benefit	(96,981)	(126,135)
Net realized and unrealized (gain) loss on investments	(8,753,568)	14,846,691
Decrease in receivables	203,738	1,618,239
Increase in other assets	(18,046)	(16,630)
Decrease in accrued interest and other liabilities	(1,370)	(120,175)
Decrease in accrued pension cost	(41,820)	(41,820)
Deferred income taxes	34,000	44,200
Net cash provided by operating activities	521,098	1,838,417
Cash flows from investing activities		
Proceeds from disposition of investments	--	1,459,220
Purchases of securities	(1,003,680)	(40,233)
Maturities of securities	--	80,000
Net cash provided by (used in) investing activities	(1,003,680)	1,498,987
Cash flows from financing activities		
Increase in notes payable to bank	--	67,000,000
Decrease in subordinated debenture	--	(5,000,000)
Distributions from undistributed net investment income	(765,810)	(765,810)
Net cash provided by (used in) financing activities	(765,810)	61,234,190
Net increase (decrease) in cash and cash equivalents	(1,248,392)	64,571,594
Cash and cash equivalents at beginning of period	4,650,388	1,977,180
Cash and cash equivalents at end of period	\$ 3,401,996	\$ 66,548,774
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$140,022	\$276,064
Income taxes	\$ --	\$ --

(See Notes to Consolidated Financial Statements)

CAPITAL SOUTHWEST CORPORATION  
AND SUBSIDIARIES  
Notes to Consolidated Financial Statements

-----  
(Unaudited)

1. Basis of Presentation

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

2. Stock-Based Compensation

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

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

	Quarter Ended June 30	
	2003	2002
	-----	-----
Net asset value, as reported	\$ 214,891,545	\$ 235,353,880
Deduct: Total fair value computed stock-based compensation	44,860	44,860
	-----	-----
Pro forma net asset value	\$ 214,846,685	\$ 235,309,020
	=====	=====
 Net asset value per share:		
Basic - as reported	\$56.12	\$61.47
	=====	=====
Basic - pro forma	\$56.11	\$61.45
	=====	=====
 Diluted - pro forma	\$55.96	\$61.27
	=====	=====

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

Notes to Consolidated Financial Statements  
(continued)

3. Summary of Per Share Information

	Three Months Ended June 30	
	2003	2002
Investment income	\$ .24	\$ .23
Operating expenses	(.08)	(.06)
Interest expense	(.04)	(.04)
Income taxes	(.01)	(.01)
Net investment income	.11	.12
Distributions from undistributed net investment income	(.20)	(.20)
Net realized gain (loss) on investments	--	(.08)
Net increase (decrease) in unrealized appreciation of investments after deferred taxes	2.29	(3.79)
Increase (decrease) in net asset value	2.20	(3.95)
Net asset value:		
Beginning of period	53.92	65.42
End of period	\$56.12	\$61.47
Increase (decrease) in deferred taxes on unrealized appreciation	\$ 1.24	\$(2.03)
Deferred taxes on unrealized appreciation:		
Beginning of period	17.70	24.05
End of period	\$18.94	\$22.02
Shares outstanding at end of period (000s omitted)	3,829	3,829

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

Net asset value at June 30, 2003 was \$214,891,545, equivalent to \$56.12 per share after deducting an allowance of \$18.94 per share for deferred taxes on net unrealized appreciation of investments. Assuming reinvestment of all dividends, the June 30, 2003 net asset value reflects a decrease of 7.7% during the past twelve months and an increase of 4.4% during the past three months.

	June 30, 2003	June 30, 2002
Net assets	\$214,891,545	\$235,353,880
Shares outstanding	3,829,051	3,829,051
Net assets per share	\$56.12	\$61.47

Results of Operations

The composite measure of the Company's financial performance in the Consolidated Statements of Operations is captioned "Increase (decrease) in net assets from operations" and consists of three elements. The first is "Net investment income", which is the difference between the Company's income from interest, dividends and fees and its combined operating and interest expenses, net of applicable income taxes. The second element is "Net realized gain (loss) on investments", which is the difference between the proceeds received from disposition of portfolio securities and their stated cost, net of applicable income tax expense. The third element is the "Net increase (decrease) in unrealized appreciation of investments", which is the net change in the market or fair value of the Company's investment portfolio, compared with stated cost,





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

net of an increase or decrease in deferred income taxes which would become payable if the unrealized appreciation were realized through the sale or other disposition of the investment portfolio. It should be noted that the "Net realized gain (loss) on investments" and "Net increase (decrease) in unrealized appreciation of investments" are directly related in that when an appreciated portfolio security is sold to realize a gain, a corresponding decrease in net unrealized appreciation occurs. Conversely, when a loss is realized on a depreciated portfolio security, an increase in net unrealized appreciation occurs.

Net Investment Income

Interest income in the three months ended June 30, 2003 decreased from the year-ago period primarily because of a decrease in loans to portfolio companies and the prior year included interest earned on the \$65,000,000 borrowed on June 30, 2002 and repaid July 1, 2002. During the three months ended June 30, 2003 and 2002, the Company recorded dividend income from the following sources:

	Three Months Ended June 30	
	2003	2002
Alamo Group Inc.	\$169,278	\$169,278
Dennis Tool Company	12,500	12,500
Kimberly-Clark Corporation	26,241	23,154
The RectorSeal Corporation	240,000	240,000
Skylawn Corporation	150,000	150,000
Sprint Corporation	9,000	9,000
TCI Holdings, Inc.	20,318	20,318
Texas Shredder, Inc.	1,875	14,161
The Whitmore Manufacturing Company	60,000	60,000
Other	8,104	10,581
	-----	-----
	\$697,316	\$708,992
	=====	=====

Interest expense in the three months ended June 30, 2003 decreased from the year-ago period, reflecting the combined effect of interest paid in the same quarter last year on the \$5,000,000 subordinated debenture paid-off on June 3, 2002, and on the \$65,000,000 borrowing repaid on July 1, 2002, offset by interest on \$12,000,000 of additional notes payable outstanding on June 30, 2003.

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 June 30	
	2003	2002
All Components, Inc.	\$ 2,900,000	\$ --
Balco, Inc.	--	2,000,000
Concert Industries Ltd.	(442,998)	(2,186,000)
Encore Wire Corporation	2,724,000	(2,725,000)
Extreme International, Inc.	2,216,000	--
Liberty Media Corporation	1,290,169	(1,788,368)
Mail-Well, Inc.	1,027,328	(1,363,000)
Palm Harbor Homes, Inc.	--	(15,710,000)
PETSMART, Inc.	1,853,218	1,081,042

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

During the three months ended June 30, 2003, the value of our investment in Palm Harbor Homes, Inc. remained unchanged from the March 31, 2003 value, reflecting a continuation of the depressed manufactured housing market. During the quarter ended June 30, 2002, the value of our investment in Palm Harbor Homes, Inc. was reduced significantly due to the increasingly unfavorable outlook for the manufactured housing industry.

### Portfolio Investments

During the quarter ended June 30, 2003, the Company made an additional investment of \$1,000,000 in CMI Holding Company, Inc.

The Company has commitments, subject to certain conditions, to invest up to \$2,336,525 in four portfolio companies as requested by management.

### Financial Liquidity and Capital Resources

At June 30, 2003, the Company had cash and cash equivalents of approximately \$3.4 million. Pursuant to Small Business Administration ("SBA") regulations, cash and cash equivalents of \$123,000 held by Capital Southwest Venture Corporation ("CSVC") may not be transferred or advanced to Capital Southwest Corporation without the consent of the SBA. Under current SBA regulations and subject to SBA's approval of its credit application, CSVC would be entitled to borrow up to \$63.8 million. The Company also has an unsecured \$25.0 million revolving line of credit from a commercial bank, of which \$9.5 million was available at June 30, 2003. With the exception of a capital gain distribution made in the form of a distribution of the stock of a portfolio company in the fiscal year ended March 31, 1996, the Company has elected to retain all gains realized during the past 35 years. Retention of future gains is viewed as an important source of funds to sustain the Company's investment activity. Approximately \$31.3 million of the Company's 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 the Company for operating or investment purposes may be transferred in the form of dividends, management fees or loans from Skylawn Corporation, The RectorSeal Corporation and The Whitmore Manufacturing Company, wholly-owned portfolio companies of the Company, to the extent of their available cash reserves and borrowing capacities. At June 30, 2003, the Company owed \$7,500,000 to Skylawn Corporation.

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

## Item 3. Quantitative and Qualitative Disclosure About Market Risk

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

The Company's investment in portfolio securities consists of fixed rate debt securities which totaled \$5,567,750 at June 30, 2003, equivalent to 1.8% of the value of the Company's total investments. Since these debt securities usually have relatively high fixed rates of interest, minor changes in market yields of publicly-traded debt securities have little or no effect on the values of debt securities in the Company's portfolio and no effect on interest income. The Company's investments in debt securities are generally held to maturity and their fair values are determined on the basis of the terms of the debt security and the financial condition of the issuer.

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

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Controls

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

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

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

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

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

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

(b) Reports on Form 8-K

On May 9, 2003, the Company filed a report on Form 8-K to furnish, pursuant to Item 4, a change in the Company's certifying accountant for the fiscal year ending March 31, 2004. The Company filed no other reports on Form 8-K during the three months ended June 30, 2003.

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 8, 2003  
-----

By: /s/ William R. Thomas  
-----

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

Date: August 8, 2003  
-----

By: /s/ Susan K. Hodgson  
-----

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

## SARBANES-OXLEY SECTION 302(a) CERTIFICATION

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

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

Date: August 8, 2003

By: /s/ William R. Thomas

-----  
William R. Thomas, President and  
Chairman of the Board

## SARBANES-OXLEY SECTION 302(a) CERTIFICATION

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

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

Date: August 8, 2003  
-----

By: /s/ Susan K. Hodgson  
-----

Susan K. Hodgson, Secretary-Treasurer

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

In connection with the Quarterly Report of Capital Southwest Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William R. Thomas, President and Chairman of the Board of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 8, 2003  
-----

By: /s/ William R. Thomas  
-----

William R. Thomas, President  
and Chairman of the Board



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

In connection with the Quarterly Report of Capital Southwest Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Susan K. Hodgson, Secretary-Treasurer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 8, 2003  
-----

By: /s/ Susan K. Hodgson  
-----

Susan K. Hodgson, Secretary-Treasurer