

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended December 31, 2002

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
(State or other jurisdiction of incorporation or organization)

75-1072796
(I.R.S. Employer 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 No
--- ---

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

Yes No
--- ---

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

3,829,051 shares of Common Stock, \$1 Par Value as of January 31, 2003

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARY
Consolidated Statements of Financial Condition

Assets	December 31, 2002	March 31, 2002
	----- (Unaudited) -----	
Investments at market or fair value		
Companies more than 25% owned		
(Cost: December 31, 2002 - \$23,114,865		
March 31, 2002 - \$23,194,865)	\$ 199,522,981	\$ 243,024,999

Companies 5% to 25% owned		
(Cost: December 31, 2002 - \$30,120,124		
March 31, 2002 - \$27,167,649)	19,881,003	34,943,003
Companies less than 5% owned		
(Cost: December 31, 2002 - \$30,052,936		
March 31, 2002 - \$31,831,341)	62,537,147	69,513,064
	-----	-----
Total investments		
(Cost: December 31, 2002- \$83,287,925		
March 31, 2002 - \$82,193,855)	281,941,131	347,481,066
Cash and cash equivalents	2,116,168	1,977,180
Receivables	303,758	1,753,297
Other assets	6,338,362	5,971,361
	-----	-----
Totals	\$ 290,699,419	\$ 357,182,904
	=====	=====

Liabilities and Shareholders' Equity

Notes payable to bank	\$ 12,500,000	\$ 6,500,000
Notes payable to portfolio company	2,500,000	2,500,000
Accrued interest and other liabilities	1,897,136	2,018,140
Deferred income taxes	67,257,961	90,673,722
Subordinated debenture	--	5,000,000
	-----	-----
Total liabilities	84,155,097	106,691,862
	-----	-----

Shareholders' equity

Common stock, \$1 par value: authorized,		
5,000,000 shares; issued, 4,266,416 shares		
at December 31, 2002 and March 31, 2002	4,266,416	4,266,416
Additional capital	6,935,497	6,935,497
Undistributed net investment income	2,943,335	3,297,838
Undistributed net realized gain on investments	69,576,168	69,844,380
Unrealized appreciation of investments -		
net of deferred income taxes	129,856,208	173,180,213
Treasury stock - at cost (437,365 shares)	(7,033,302)	(7,033,302)
	-----	-----
Net assets at market or fair value, equivalent		
to \$53.94 per share at December 31, 2002 and		
\$65.42 per share at March 31, 2002 on the		
3,829,051 shares outstanding	206,544,322	250,491,042
	-----	-----
Totals	\$ 290,699,419	\$ 357,182,904
	=====	=====

(See Notes to Consolidated Financial Statements)

CAPITAL SOUTHWEST CORPORATION
AND SUBSIDIARY
Consolidated Statements of Operations

(Unaudited)

	Three Months Ended December 31		Nine Months Ended December 31	
	2002	2001	2002	2001
Investment income:				
Interest	\$ 47,170	\$ 85,171	\$ 158,890	\$ 258,330
Dividends	1,258,565	1,172,883	2,664,049	2,584,641
Management and directors' fees	122,350	138,072	374,050	398,320
	1,428,085	1,396,126	3,196,989	3,241,291
Operating expenses:				
Salaries	233,971	236,119	644,196	635,612
Net pension benefit	(96,981)	(126,135)	(290,942)	(378,405)
Other operating expenses	170,479	128,587	441,739	391,293
	307,469	238,571	794,993	648,500
Income before interest expense and income taxes	1,120,616	1,157,555	2,401,996	2,592,791
Interest expense	103,002	218,303	357,455	752,522
Income before income taxes	1,017,614	939,252	2,044,541	1,840,269
Income tax expense	33,713	19,249	101,613	107,569
Net investment income	\$ 983,901	\$ 920,003	\$ 1,942,928	\$ 1,732,700
Proceeds from disposition of investments	\$ 349,880	\$ 3,612,518	\$ 1,865,778	\$ 4,396,496
Cost of investments sold	329,600	1,821,102	2,341,651	3,387,336
Realized gain (loss) on investments before income taxes	20,280	1,791,416	(475,873)	1,009,160
Income tax expense (benefit)	7,099	706,840	(207,661)	374,962
Net realized gain (loss) on investments	13,181	1,084,576	(268,212)	634,198
Increase (decrease) in unrealized appreciation of investments before income taxes	5,350,451	11,222,404	(66,634,005)	32,680,259
Increase (decrease) in deferred income taxes on appreciation of investments	1,872,000	3,926,000	(23,310,000)	11,213,000
Net increase (decrease) in unrealized appreciation of investments	3,478,451	7,296,404	(43,324,005)	21,467,259
Net realized and unrealized gain (loss) on investments	\$ 3,491,632	\$ 8,380,980	\$(43,592,217)	\$ 22,101,457
Increase (decrease) in net assets from operations	\$ 4,475,533	\$ 9,300,983	\$(41,649,289)	\$ 23,834,157

(See Notes to Consolidated Financial Statements)

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

	Nine Months Ended December 31, 2002 ----- (Unaudited)	Year Ended March 31, 2002 -----
Operations		
Net investment income	\$ 1,942,928	\$ 2,041,896
Net realized loss on investments	(268,212)	(537,934)
Net increase (decrease) in unrealized appreciation of investments	(43,324,005)	24,174,348
	-----	-----
Increase (decrease) in net assets from operations	(41,649,289)	25,678,310
Distributions from:		
Undistributed net investment income	(2,297,431)	(2,294,631)
Capital share transactions		
Exercise of employee stock options	--	498,750
	-----	-----
Increase (decrease) in net assets	(43,946,720)	23,882,429
Net assets, beginning of period	250,491,042	226,608,613
	-----	-----
Net assets, end of period	\$ 206,544,322	\$ 250,491,042
	=====	=====

(See Notes to Consolidated Financial Statements)

CAPITAL SOUTHWEST CORPORATION
AND SUBSIDIARY
Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended December 31		Nine Months Ended December 31	
	2002	2001	2002	2001
Cash flows from operating activities				
Increase (decrease) in net assets from operations	\$ 4,475,533	\$ 9,300,983	\$(41,649,289)	\$ 23,834,157
Adjustments to reconcile increase (decrease) in net assets from operations to net cash provided by operating activities:				
Depreciation and amortization	5,358	6,841	14,635	18,661
Net pension benefit	(96,981)	(126,135)	(290,942)	(378,405)
Net realized and unrealized (gain) loss on investments	(3,491,632)	(8,380,980)	43,592,217	(22,101,457)
(Increase) decrease in receivables	(10,087)	(628,743)	1,449,539	(1,173,739)
(Increase) decrease in other assets	(1,926)	6,315	(4,952)	4,017
Increase (decrease) in accrued interest and other liabilities	47,928	(94,819)	(81,285)	(147,925)
Decrease in accrued pension cost	(41,820)	(52,487)	(125,460)	(157,460)
Deferred income taxes	34,000	44,180	101,900	132,500
	-----	-----	-----	-----
Net cash provided by operating activities	920,373	75,155	3,006,363	30,349
	-----	-----	-----	-----
Cash flows from investing activities				
Proceeds from disposition of investments	349,880	3,612,518	1,865,778	4,396,496
Purchases of securities	(317,659)	(1,608,000)	(3,515,722)	(3,388,858)
Maturities of securities	--	2,117,970	80,000	2,267,970
	-----	-----	-----	-----
Net cash provided by (used in) investing activities	32,221	4,122,488	(1,569,944)	3,275,608
	-----	-----	-----	-----
Cash flows from financing activities				
Increase in notes payable to bank	1,000,000	--	6,000,000	1,500,000
Decrease in notes payable to portfolio company	--	(1,500,000)	--	(1,000,000)
Decrease in subordinated debenture	--	--	(5,000,000)	--
Distributions from undistributed net investment income	(1,531,621)	(1,531,621)	(2,297,431)	(2,294,631)
Proceeds from exercise of employee stock options	--	--	--	498,750
	-----	-----	-----	-----
Net cash used in financing activities	(531,621)	(3,031,621)	(1,297,431)	(1,295,881)
	-----	-----	-----	-----
Net increase in cash and cash equivalents	420,973	1,166,022	138,988	2,010,076
Cash and cash equivalents at beginning of period	1,695,195	1,981,821	1,977,180	1,137,767
	-----	-----	-----	-----
Cash and cash equivalents at end of period	\$ 2,116,168	\$ 3,147,843	\$ 2,116,168	\$ 3,147,843
	=====	=====	=====	=====
Supplemental disclosure of cash flow information:				
Cash paid during the period for:				
Interest	\$ 103,800	\$ 315,153	\$ 488,371	\$ 845,479
Income taxes	\$ --	\$ --	\$ --	\$ --

(See Notes to Consolidated Financial Statements)

CAPITAL SOUTHWEST CORPORATION
AND SUBSIDIARY
Notes to Consolidated Financial Statements

(Unaudited)

1. Basis of Presentation

The accompanying consolidated financial statements, which include the accounts of Capital Southwest Corporation and its wholly-owned small business investment company subsidiary (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, 2002. 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. Summary of Per Share Information

	Three Months Ended December 31		Nine Months Ended December 31	
	2002	2001	2002	2001
	-----	-----	-----	-----
Investment income	\$.37	\$.37	\$.83	\$.85
Operating expenses	(.08)	(.06)	(.21)	(.17)
Interest expense	(.03)	(.06)	(.09)	(.20)
Income taxes	(.01)	(.01)	(.03)	(.03)
	-----	-----	-----	-----
Net investment income	.25	.24	.50	.45
Distributions from undistributed net investment income	(.40)	(.40)	(.60)	(.60)
Net realized gain (loss) on investments	.01	.28	(.07)	.16
Net increase (decrease) in unrealized appreciation of investments after deferred taxes	.91	1.91	(11.31)	5.61
Exercise of employee stock options (1)	--	--	--	(.08)
	-----	-----	-----	-----
Increase (decrease) in net asset value	.77	2.03	(11.48)	5.54
Net asset value:				
Beginning of period	53.17	62.91	65.42	59.40
	-----	-----	-----	-----
End of period	\$ 53.94	\$ 64.94	\$ 53.94	\$ 64.94
	=====	=====	=====	=====
Increase (decrease) in deferred taxes on unrealized appreciation	\$.49	\$ 1.02	\$ (6.08)	\$ 2.85
Deferred taxes on unrealized appreciation:				
Beginning of period	17.48	22.62	24.05	20.79
	-----	-----	-----	-----
End of period	\$ 17.97	\$ 23.64	\$ 17.97	\$ 23.64
	=====	=====	=====	=====
Shares outstanding at end of period (000s omitted)	3,829	3,829	3,829	3,829

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

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

Net asset value at December 31, 2002 was \$206,544,322, equivalent to \$53.94 per share after deducting an allowance of \$17.97 per share for deferred taxes on net unrealized appreciation of investments. Assuming reinvestment of all dividends, the December 31, 2002 net asset value reflects an increase of 2.2% during the preceding three months and decreases of 16.7% during the nine months of the current fiscal year and 16.1% during the past twelve months.

	December 31, 2002	December 31, 2001
Net assets	\$206,544,322	\$248,646,889
Shares outstanding	3,829,051	3,829,051
Net assets per share	\$53.94	\$64.94

Results of Operations

The composite measure of the Company's financial performance in the Consolidated Statements of Operations is captioned "Increase (decrease) in net assets from operations" and consists of three elements. The first is "Net investment income", which is the difference between the Company's income from interest, dividends and fees and its combined operating and interest expenses, net of applicable income taxes. The second element is "Net realized gain (loss) on investments", which is the difference between the proceeds received from disposition of portfolio securities and their stated cost, net of applicable income tax expense. The third element is the "Net increase (decrease) in unrealized appreciation of investments", which is the net change in the market or fair value of the Company's investment portfolio, compared with stated cost, net of an increase or decrease in deferred income taxes which would become payable if the unrealized appreciation were realized through the sale or other disposition of the investment portfolio. It should be noted that the "Net realized gain (loss) on investments" and "Net increase (decrease) in unrealized appreciation of investments" are directly related in that when an appreciated portfolio security is sold to realize a gain, a corresponding decrease in net unrealized appreciation occurs 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 nine months ended December 31, 2002 decreased from the year-ago period primarily because of a decrease in loans to portfolio companies. During the nine months ended December 31, 2002 and 2001, the Company recorded dividend income from the following sources:

	Nine Months Ended December 31	
	2002	2001
AT&T Corp.	\$ 14,990	\$ 14,990
Alamo Group Inc.	507,834	507,834
Dennis Tool Company	37,499	37,499
Kimberly-Clark Corporation	69,462	64,831
The RectorSeal Corporation	720,000	720,000
Skylawn Corporation	996,659	919,480
TCI Holdings, Inc	60,953	60,953
Texas Shredder, Inc.	32,167	30,345
The Whitmore Manufacturing Company	180,000	180,000
Other	44,485	48,709
	-----	-----
	\$2,664,049	\$2,584,641
	=====	=====

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

Interest expense in the nine months ended December 31, 2002 decreased from the year-ago period primarily due to a decrease in interest rates and the payoff of the subordinated debenture on June 3, 2002.

Net Increase (Decrease) in Unrealized Appreciation of Investments

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

	Three Months Ended December 31		Nine Months Ended December 31	
	2002	2001	2002	2001
All Components, Inc.	\$ --	\$ --	\$ --	\$ (1,750,000)
Balco, Inc.	--	--	2,000,000	1,482,240
Concert Industries Ltd.	(397,000)	(2,259,000)	(5,364,000)	73,000
Encore Wire Corporation	(2,724,000)	--	(10,898,000)	5,449,000
Liberty Media Corporation	1,273,383	880,636	(2,425,287)	--
Mail-Well, Inc.	3,061,018	(525,000)	(1,572,530)	(2,097,000)
Media Recovery, Inc.	--	(3,000,000)	--	(3,000,000)
Organized Living, Inc.	--	--	(1,800,000)	(2,500,000)
Palm Harbor Homes, Inc.	3,927,000	15,710,000	(39,275,000)	31,420,000
PETSMART, Inc.	(304,328)	1,910,322	1,621,564	3,886,066
The RectorSeal Corporation	--	--	--	2,500,000

As shown in the above table, for the nine months ended December 31, 2002, we sustained a major \$39,275,000 decrease in the value of our investment in Palm Harbor Homes, Inc. This 35.7% decrease in value reflects Palm Harbor's vulnerability to the unfavorable condition of the manufactured housing industry as the availability of floor plan financing for retailers has declined and lenders have withdrawn from manufactured housing mortgage financing for retail purchasers. The hostile industry climate has created intense price competition and reduced sales volume. We also experienced a significant decline in the value of our investment in Encore Wire Corporation, which was reduced during the nine months by \$10,898,000, equivalent to 44.4%, as overcapacity in the electric wire and cable industry led to intense price competition and lower profit margins. Another large decline was in the value of our investment in Concert Industries Ltd., which decreased by \$5,364,000 - an 83.9% decline during the nine months - as the company experienced continuing losses attributable to production problems in its new Canadian manufacturing facility and to increased competition in the air-laid nonwoven fabrics market.

Portfolio Investments

During the quarter ended December 31, 2002, the Company made additional investments of \$317,659 in existing portfolio companies.

The Company has commitments, subject to certain conditions, to invest up to \$10,782,442 in seven portfolio companies.

Financial Liquidity and Capital Resources

At December 31, 2002, the Company had cash and cash equivalents of approximately \$2.1 million. Pursuant to Small Business Administration ("SBA") regulations, cash and cash equivalents of \$0.1 million 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

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

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 \$20.0 million revolving line of credit from a commercial bank, of which \$7.5 million was available at December 31, 2002. This line was increased to \$25.0 million effective January 20, 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 34 years. Retention of future gains is viewed as an important source of funds to sustain the Company's investment activity. Approximately \$31.2 million of the Company's investment portfolio is represented by unrestricted publicly-traded securities, which have an ascertainable market value and represent a primary source of liquidity.

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.

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 \$2,800,000 at December 31, 2002, equivalent to 1.0% of the value of the Company's total investments. Since these debt securities usually have relatively high fixed rates of interest, minor changes in market yields of publicly-traded debt securities have little or no effect on the values of debt securities in the Company's portfolio and no effect on interest income. The Company's investments in debt securities are generally held to maturity and their fair values are determined on the basis of the terms of the debt security and the financial condition of the issuer.

A portion of the Company's investment portfolio consists of debt and equity securities of private companies. The Company anticipates little or no effect on the values of these investments from modest changes in public market equity valuations. Should significant changes in market valuations of comparable publicly-owned companies occur, there may be a corresponding effect on valuations of private companies, which would affect the value and the amount and timing of proceeds eventually realized from these investments. A portion of the Company's investment portfolio also consists of restricted common stocks and warrants to purchase 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 Chief Executive Officer and Chief Financial Officer 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 Chief Executive Officer and Chief Financial Officer 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.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 99.1-Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Chief Executive Officer of the Corporation.

Exhibit 99.2-Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Chief Financial Officer of the Corporation.

(b) Reports on Form 8-K

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

SIGNATURES

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

CAPITAL SOUTHWEST CORPORATION

Date: February 14, 2003

By: /s/ William R. Thomas

William R. Thomas
President

Date: February 14, 2003

By: /s/ Susan K. Hodgson

Susan K. Hodgson
Secretary-Treasurer

FORM OF SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, William R. Thomas, Chief Executive Officer 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 function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 14, 2003

By: /s/ William R. Thomas

William R. Thomas, Chief Executive Officer

FORM OF SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Susan K. Hodgson, Chief Financial Officer 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 function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 14, 2003

By: /s/ Susan K. Hodgson

Susan K. Hodgson, Chief Financial Officer

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

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

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

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

Date: February 14, 2003

By: /s/ William R. Thomas

William R. Thomas, Chief Executive Officer

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

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

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company.

Date: February 14, 2003

By: /s/ Susan K. Hodgson

Susan K. Hodgson, Chief Financial Officer