Thomas William R III Form 4 July 25, 2008

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

Check this box

if no longer subject to Section 16.

Form 4 or Form 5 obligations

may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section

30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *

Thomas William R III

(Last)

700

(City)

1. Title of

Security

(Instr. 3)

(First)

(Middle)

(Zip)

(Month/Day/Year)

12900 PRESTON ROAD, SUITE

(Street)

(State)

DALLAS, TX 75230

2. Transaction Date 2A. Deemed

2. Issuer Name and Ticker or Trading

Symbol

CAPITAL SOUTHWEST CORP [CSWC]

3. Date of Earliest Transaction

07/21/2008

4. If Amendment, Date Original

Filed(Month/Day/Year)

3. 4. Securities (Month/Day/Year) Execution Date, if TransactionAcquired (A) or

> Code Disposed of (D) (Instr. 8)

(Instr. 3, 4 and 5)

Reported (A) Transaction(s)

or (Instr. 3 and 4) Code V Amount (D) Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

(Month/Day/Year)

Persons who respond to the collection of SEC 1474 information contained in this form are not required to respond unless the form displays a currently valid OMB control

number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative

Conversion

3. Transaction Date 3A. Deemed

(Month/Day/Year) Execution Date, if Transaction of Derivative Expiration Date

5. Number

6. Date Exercisable and

7. Title and Amoun Underlying Securiti

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3235-0287

January 31,

2005

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Number:

Expires:

response...

5. Relationship of Reporting Person(s) to

(Check all applicable)

Assistant Vice President

6. Ownership

Form: Direct

6. Individual or Joint/Group Filing(Check

X Form filed by One Reporting Person Form filed by More than One Reporting

(I)

(Instr. 4)

below)

10% Owner __X__ Other (specify

7. Nature of

Ownership

(9-02)

(Instr. 4)

Indirect

(D) or Indirect Beneficial

Issuer

below)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

5. Amount of

Securities

Following

Owned

Beneficially

Director

Applicable Line)

Officer (give title

Estimated average

burden hours per

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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Securities (Month/Day/Year) Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		(Instr. 3 and 4)	
			Code V	(A) (D) Date Exercisable	Expiration Date	Title

Non-qualified

Stock Option \$ 118.7 07/21/2008 A 5,000 07/21/2009 07/21/2018 Common Stock

Officer Other

(1)

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner

Thomas William R III 12900 PRESTON ROAD SUITE 700 DALLAS, TX 75230

Assistant Vice President

of Share

Signatures

/s/ William R.

Thomas III 07/25/2008

**Signature of Reporting Date

Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Exercisable in five (5) annual cumulative installments of 1,000 shares beginning 2009.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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