CAPITAL SOUTHWEST CORP Form SC 13D/A February 01, 2008

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

SCHEDULE 13D (Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO § 240.13d-2(a)

(Amendment No. 2)1

Capital Southwest Corporation (Name of Issuer)

Common Stock, \$1 Par Value (Title of Class of Securities)

140501107 (CUSIP Number)

STEVEN WOLOSKY, ESQ. OLSHAN GRUNDMAN FROME ROSENZWEIG & WOLOSKY LLP Park Avenue Tower 65 East 55th Street New York, New York 10022 (212) 451-2300 (Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

February 1, 2008 (Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box x.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties to whom copies are to be sent.

¹ The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1	NAME OF REPORTING PERSON					
2	CHECK THE APPROPRIAT	NED SHERWOOD TE BOX IF A MEMBER OF A	(a) "			
3	GROUP (b) x SEC USE ONLY					
4	SOURCE OF FUNDS					
5	OO CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS " IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)					
6	CITIZENSHIP OR PLACE O	DF ORGANIZATION				
NUMBER OF SHARES	U.S.A. 7	SOLE VOTING POWER				
BENEFICIALLY OWNED BY EACH	8	49,938 SHARED VOTING POWER				
REPORTING PERSON WITH	9	198,919 SOLE DISPOSITIVE POWER				
	10	73,938 SHARED DISPOSITIVE POWE	R			
11	AGGREGATE AMOUNT B	198,919 ENEFICIALLY OWNED BY EACH	REPORTING PERSON			
12	272,857 CHECK BOX IF THE AGGI EXCLUDES CERTAIN SHA	REGATE AMOUNT IN ROW (11)				
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)					
14	7.0% TYPE OF REPORTING PERSON					
	IN					
2						

CUSIP NO. 140501107

1	NAME OF REPORTING PERSON				
2	ZS CROSSOVER II GP, L.L.C. CHECK THE APPROPRIATE BOX IF A MEMBER OF A (a) " GROUP (b) x				
3	SEC USE ONI	.Υ			
4	SOURCE OF FUNDS				
5	OO CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS " IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)				
6	CITIZENSHIP OR PLACE OF ORGANIZATION				
NUMBER OF SHARES	DELAWARE	7	SOLE VOTING POWER		
BENEFICIALLY OWNED BY EACH		8	-0- SHARED VOTING POWER		
REPORTING PERSON WITH		9	188,697 SOLE DISPOSITIVE POWER		
		10	-0- SHARED DISPOSITIVE POWE	R	
11	AGGREGATE	AMOUNT BEN	188,697 EFICIALLY OWNED BY EACH	REPORTING PERSON	
12		IF THE AGGREO ERTAIN SHARE	GATE AMOUNT IN ROW (11) [·] ES		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)				
14	4.9% TYPE OF REPORTING PERSON				
	PN				
3					

1	NAME OF REPORTING PERSON				
2	GROUP		ZS CROSSOVER II L BOX IF A MEMBER OF A	P (a) " (b) x	
3	SEC USE ONL	ΣΥ			
4	SOURCE OF FUNDS				
5	WC CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS " IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)				
6	CITIZENSHIP	OR PLACE OF	ORGANIZATION		
NUMBER OF SHARES	DELAWARE	7	SOLE VOTING POWER		
BENEFICIALLY OWNED BY EACH		8	-0- SHARED VOTING POWER		
REPORTING PERSON WITH		9	106,342 SOLE DISPOSITIVE POWER		
		10	-0- SHARED DISPOSITIVE POWE	R	
11	AGGREGATE	AMOUNT BEN	106,342 EFICIALLY OWNED BY EACH	REPORTING PERSON	
12		IF THE AGGREO ERTAIN SHARE	GATE AMOUNT IN ROW (11)		
13	PERCENT OF	CLASS REPRES	SENTED BY AMOUNT IN ROW	(11)	
14	2.7% TYPE OF REP	ORTING PERSC	DN		
	PN				

1	NAME OF RE	PORTING PERS	ON	
2 3	CHECK THE A GROUP SEC USE ONL	-	ZS SPECIAL I L.P. BOX IF A MEMBER OF A	(a) " (b) x
4	SOURCE OF F	FUNDS		
5			E OF LEGAL PROCEEDINGS ITEM 2(d) OR 2(e)	
6	CITIZENSHIP	OR PLACE OF (ORGANIZATION	
NUMBER OF SHARES	DELAWARE	7	SOLE VOTING POWER	
BENEFICIALLY OWNED BY EACH		8	-0- SHARED VOTING POWER	
REPORTING PERSON WITH		9	82,355 SOLE DISPOSITIVE POWER	
		10	-0- SHARED DISPOSITIVE POWE	R
11	AGGREGATE	AMOUNT BEN	82,355 EFICIALLY OWNED BY EACH	REPORTING PERSON
12		IF THE AGGREC ERTAIN SHARE	GATE AMOUNT IN ROW (11) [·] ES	
13	PERCENT OF	CLASS REPRES	SENTED BY AMOUNT IN ROW	(11)
14	2.1% TYPE OF REP	ORTING PERSO	DN	
	PN			

6

1	NAME OF REPOR	TING PERSO	DN	
2 3	CHECK THE APPI GROUP SEC USE ONLY	ROPRIATE B	MRMP TRUST BOX IF A MEMBER OF A	(a) " (b) x
4	SOURCE OF FUNI	DS		
5			OF LEGAL PROCEEDINGS ITEM 2(d) OR 2(e)	
6	CITIZENSHIP OR	PLACE OF C	DRGANIZATION	
NUMBER OF SHARES	SOUTH DAKOTA 7		SOLE VOTING POWER	
BENEFICIALLY OWNED BY EACH	8		49,938 SHARED VOTING POWER	
REPORTING PERSON WITH	9		-0- SOLE DISPOSITIVE POWER	
	10		49,938 SHARED DISPOSITIVE POWE	R
11	AGGREGATE AM		-0- EFICIALLY OWNED BY EACH	REPORTING PERSON
12	49,938 CHECK BOX IF TI EXCLUDES CERT		GATE AMOUNT IN ROW (11)	
13	PERCENT OF CLA	ASS REPRES	ENTED BY AMOUNT IN ROW	(11)
14	1.3% TYPE OF REPORT	TING PERSO	Ν	
	00			
<i>r</i>				

1	NAME OF REL	PORTING PERS	ON	
2 3	CHECK THE A GROUP SEC USE ONL	APPROPRIATE I	NED AND EMILY SHERWOOD BOX IF A MEMBER OF A	D FOUNDATION (a) (b) x
4	SOURCE OF F	UNDS		
5			E OF LEGAL PROCEEDINGS . D ITEM 2(d) OR 2(e)	
6	CITIZENSHIP	OR PLACE OF	ORGANIZATION	
NUMBER OF SHARES	DELAWARE.	7	SOLE VOTING POWER	
BENEFICIALLY OWNED BY EACH		8	-0- SHARED VOTING POWER	
REPORTING PERSON WITH		9	10,222 SOLE DISPOSITIVE POWER	
		10	-0- SHARED DISPOSITIVE POWE	R
11	AGGREGATE	AMOUNT BEN	10,222 EFICIALLY OWNED BY EACH	REPORTING PERSON
12		F THE AGGREO ERTAIN SHARI	GATE AMOUNT IN ROW (11) [·] ES	
13	PERCENT OF	CLASS REPRES	SENTED BY AMOUNT IN ROW	(11)
14	LESS THAN 1 TYPE OF REP	% ORTING PERSC	DN	
	00			

CUSIP NO. 140501107

The following constitutes Amendment No. 2 to the Schedule 13D filed by the undersigned (the "Schedule 13D"). This Amendment No. 2 amends the Schedule 13D as specifically set forth.

Item 4 is hereby amended to add the following:

On February 1, 2008, Crossover II delivered a letter to the Corporate Secretary of the Issuer submitting, pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "1934 Act"), a proposal requesting that the Board immediately engage a nationally-recognized investment banking firm to evaluate strategic alternatives that would maximize shareholder value, including, but not limited to, the liquidation of certain or all of the Issuer's underlying portfolio assets with the subsequent distribution of all proceeds to the Issuer's shareholders. A copy of this letter is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 7 is hereby amended to add the following exhibit:

- Item 7. Material to be Filed as Exhibits.
- 99.1.Letter from Crossover II to the Corporate Secretary of the Issuer, dated January 30, 2008, submitting a 14a-8 proposal for consideration at the 2008 Annual Meeting.

SIGNATURES

After reasonable inquiry and to the best of his knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: February 1, 2008

ZS CROSSOVER II LP

By: ZS Crossover II GP, L.L.C. Its General Partner

By: /s/ Ned Sherwood Name: Ned Sherwood Title: Management Committee Member

ZS SPECIAL I L.P.

By: ZS Crossover II GP, L.L.C. Its General Partner

By: /s/ Ned Sherwood Name: Ned Sherwood Title: Management Committee Member

ZS CROSSOVER II GP, L.L.C.

By: /s/ Ned Sherwood Name: Ned Sherwood Title: Management Committee Member

MRMP TRUST

By: /s/ Ned Sherwood Name: Ned Sherwood Title: Trustee

THE NED AND EMILY SHERWOOD FOUNDATION

By: /s/ Ned Sherwood Name: Ned Sherwood Title: Director

/s/ Ned Sherwood NED SHERWOOD

EXHIBIT INDEX

Exhibit		Exhibit Number
1.	Letter from Crossover II to the Corporate Secretary of the Issuer, dated January 30, 2008, submitting a 14a-8 proposal for consideration at the 2008 Annual Meeting.	99.1