

SOUTHWEST GAS CORP
Form DEF 14A
March 28, 2008
Table of Contents

SCHEDULE 14A INFORMATION

(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission

Only(as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-11(c) or Rule 14a-12

Southwest Gas Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Notice of 2008 Annual Meeting of Shareholders
and Proxy Statement

SOUTHWEST GAS CORPORATION

Annual Meeting 2008

May 8, 2008 Las Vegas, Nevada

Table of Contents

SOUTHWEST GAS CORPORATION

5241 Spring Mountain Road

Las Vegas, Nevada 89150

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be Held Thursday, May 8, 2008

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Southwest Gas Corporation (Company) will be held on Thursday, May 8, 2008, at 10:00 a.m. in the conference facilities at Mandalay Bay Resort & Casino, 3950 Las Vegas Blvd. South, Las Vegas, Nevada 89119, for the following purposes:

- (1) To elect 11 directors of the Company;
- (2) To consider and act upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for fiscal year 2008; and
- (3) To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors of the Company has established March 11, 2008, as the record date for the determination of shareholders entitled to vote at the Annual Meeting and to receive notice thereof.

Shareholders are cordially invited to attend the Annual Meeting in person. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE VOTE THE ACCOMPANYING PROXY BY TELEPHONE, INTERNET, OR MAIL AT YOUR EARLIEST CONVENIENCE. IF YOU MAIL IN YOUR PROXY, PLEASE USE THE ENCLOSED POSTAGE-PAID ENVELOPE.

The Annual Report to Shareholders for the year ended December 31, 2007, is also enclosed.

George C. Biehl
Executive Vice President/Chief Financial Officer
& Corporate Secretary

March 28, 2008

Table of Contents

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

SOUTHWEST GAS CORPORATION

5241 Spring Mountain Road

Las Vegas, Nevada 89150

**Important Notice Regarding the Availability of Proxy Materials for the
Shareholder Meeting to Be Held on May 8, 2008**

The Proxy Statement and Annual Report to Shareholders are available at

<http://www.swgas.com>

The Annual Meeting of Shareholders of Southwest Gas Corporation (Company) will be held on Thursday, May 8, 2008, at 10:00 a.m. in the conference facilities at Mandalay Bay Resort & Casino, 3950 Las Vegas Blvd. South, Las Vegas, Nevada.

At the meeting you will be asked to elect 11 directors and ratify the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2008. The Company s Board of Directors is asking for your support of the director nominees and the selection of PricewaterhouseCoopers LLP.

The following materials are available at the website shown above.

- * Notice of 2008 Annual Meeting of Shareholders and Proxy Statement, and
- * 2007 Annual Report to Shareholders.

Directions to attend the Annual Meeting and vote in person are included on the map on page M-1 of the Notice of 2008 Annual Meeting of Shareholders and Proxy Statement.

Table of Contents**TABLE OF CONTENTS**

	<u>Page</u>
Invitation to 2008 Annual Meeting of Shareholders	
<u>Location Map for 2008 Annual Meeting of Shareholders</u>	M-1
<u>Proxy Statement</u>	1
<u>General Information</u>	1
<u>What is the purpose of the Annual Meeting?</u>	1
<u>Who is entitled to vote at the Annual Meeting?</u>	1
<u>How many votes do I have?</u>	1
<u>How do I vote?</u>	2
<u>Can I change my vote?</u>	2
<u>What are the Board's recommendations?</u>	2
<u>How many votes must be present to hold the Annual Meeting?</u>	2
<u>What vote is required to approve each Proposal?</u>	3
<u>Do I have an opportunity to cumulate my votes for director nominees?</u>	3
<u>How are my votes counted?</u>	3
<u>What if I do not vote for some of the matters listed on my proxy card?</u>	3
<u>Can the shares that I hold in a brokerage account or the EIP be voted if I do not instruct my broker or the EIP trustee?</u>	3
<u>Could other matters be decided at the Annual Meeting?</u>	4
<u>What Rules of Conduct will govern the Annual Meeting?</u>	4
<u>What happens if the Annual Meeting is postponed or adjourned?</u>	4
<u>Who is soliciting my proxy?</u>	4
<u>Are proxy materials available on the internet?</u>	4
<u>Governance of the Company</u>	4
<u>Board of Directors</u>	4
<u>Committees of the Board</u>	5
<u>Selection of Directors</u>	6
<u>Shareholder Nominees</u>	7
<u>Transactions With Related Persons</u>	8
<u>Directors and Officers Share Ownership Guidelines</u>	8
<u>Compensation Committee Interlocks and Insider Participation</u>	8
<u>Director Attendance at Annual Meetings</u>	8
<u>Communications with Directors</u>	9
<u>Election of Directors</u>	9
<u>Names and Qualifications of Nominees</u>	9
<u>Securities Ownership by Directors, Director Nominees, Executive Officers, and Certain Beneficial Owners</u>	14
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	15
<u>Compensation Discussion and Analysis</u>	16
<u>Compensation Objectives</u>	16
<u>Elements of Compensation</u>	17
<u>Decision to Pay each Element of Compensation</u>	17
<u>Determination of the Amount to be Paid to Each Element of Compensation</u>	17
<u>Interaction of the Compensation Elements In Relation to the Compensation Objectives</u>	22
<u>Deductibility of Compensation</u>	22
<u>Compensation Committee Report</u>	23
<u>Executive Compensation</u>	24
<u>Summary Compensation Table</u>	24
<u>Grants of Plan-Based Awards</u>	25
<u>Summary Compensation and Grants of Plan-Based Awards Tables Narrative</u>	26

Table of Contents

	Page
<u>Outstanding Equity Awards at Fiscal Year-End</u>	27
<u>Option Exercises and Stock Vested</u>	28
<u>Pension Benefits</u>	28
<u>Nonqualified Deferred Compensation</u>	29
<u>Post-Termination Benefits</u>	30
<u>Directors Compensation</u>	32
<u>2007 Directors Compensation Table</u>	32
<u>Directors Compensation Narrative</u>	33
<u>Audit Committee Information</u>	34
<u>Selection of Independent Registered Public Accounting Firm</u>	34
<u>Audit Committee Report</u>	36
<u>Other Matters to Come Before the Meeting</u>	37
<u>Submission of Shareholder Proposals</u>	37

Table of Contents

Jeffrey W. Shaw, C.E.O.

March 28, 2008

Dear Shareholders:

You are cordially invited to the Annual Meeting of Shareholders of Southwest Gas Corporation scheduled to be held on Thursday, May 8, 2008, in the conference facilities at Mandalay Bay Resort & Casino, 3950 Las Vegas Blvd. South, Las Vegas, Nevada 89119, commencing at 10:00 a.m. Your Board of Directors looks forward to greeting personally those shareholders able to attend.

At the meeting you will be asked to elect 11 directors and ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2008. Your Board of Directors asks you to support the director nominees and the ratification of the selection of PricewaterhouseCoopers LLP.

It is important that your shares are represented and voted at the meeting regardless of the number of shares you own and whether or not you plan to attend. Accordingly, we request you vote the accompanying proxy by telephone, internet, or mail at your earliest convenience.

Your interest and participation in the affairs of the Company are sincerely appreciated.

Sincerely,

Table of Contents

M-1

Table of Contents

SOUTHWEST GAS CORPORATION

5241 Spring Mountain Road • P.O. Box 98510

• Las Vegas, Nevada 89193-8510 •

PROXY STATEMENT

March 28, 2008

GENERAL INFORMATION

We are providing these proxy materials to you in connection with the solicitation of proxies by the Board of Directors of Southwest Gas Corporation for the 2008 Annual Meeting of Shareholders and for any adjournment or postponement of the Annual Meeting. In this Proxy Statement, we refer to Southwest Gas Corporation as the Company, the Board of Directors as we, our, us, or the Board and the committees of the Board of Directors as the name of the specific committee or as the committee.

We intend to mail this Proxy Statement and a proxy card to shareholders on or about March 28, 2008.

What is the purpose of the Annual Meeting?

At the Annual Meeting, shareholders will act upon the matters outlined in the notice of meeting and described in these materials, including the election of directors, the ratification of the selection of our independent registered public accounting firm, and the transaction of other business, if properly presented at the meeting.

Who is entitled to vote at the Annual Meeting?

Only shareholders of record at the close of business on March 11, 2008, the record date for the Annual Meeting, are entitled to receive notice of and vote at the meeting. If you were a shareholder of record on that date, you are entitled to vote all of the shares that you held on that date at the meeting, or any adjournment or postponement of the meeting.

If your shares are registered directly in your name, you are the holder of record of these shares and we are sending these proxy materials directly to you. As the holder of record, you have the right to mail your proxy directly to us, to give your voting instructions on the internet or by telephone, or to vote in person at the Annual Meeting.

Edgar Filing: SOUTHWEST GAS CORP - Form DEF 14A

If you hold your shares in a brokerage account or through a bank or other holder of record, you are the beneficial owner of the shares and hold the shares in street name, and your broker, bank or other holder of record is sending these proxy materials to you. As the beneficial owner, you have the right to direct your brokers, banks, or other holders of record, how to vote by following the instructions that accompany your proxy materials.

If you hold your shares indirectly in the Southwest Gas Corporation Employees Investment Plan (the EIP), you have the right to direct the trustee of the EIP how to vote your shares by following the instructions that accompany your proxy materials.

How many votes do I have?

You have one vote for each share of our common stock you owned as of the record date for the Annual Meeting.

Table of Contents

How do I vote?

You can vote either in person at the Annual Meeting or by proxy whether or not you attend the meeting. To vote by proxy, you must either:

- * Complete the enclosed proxy card, sign it and return it in the enclosed postage-paid envelope;
- * Vote by telephone by calling toll-free 1-800-660-7809 on a touch-tone telephone and following the instructions on the enclosed proxy card; or
- * Vote over the internet at our internet address: www.proxyvoting.com/swg by following the instructions on the enclosed proxy card.

Can I change my vote?

Yes, you can change your vote by (a) sending a new proxy card with a later date; (b) casting a new vote by telephone or over the internet; (c) sending a written notice of revocation to our Corporate Secretary by mail to Shareholder Services, Southwest Gas Corporation, P.O. Box 98510, Las Vegas, NV 89193-8510, or by facsimile at 702-871-9942; or (d) voting by ballot at the Annual Meeting.

What are the Board's recommendations?

The Board's recommendations are set forth with the description of each proposal in this Proxy Statement. In summary, the Board recommends a vote:

- * FOR election of the nominated slate of directors (see, Proposal 1); and
- * FOR ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2008 (see, Proposal 2).

With respect to any other matter that properly comes before the Annual Meeting, Richard M. Gardner and James J. Kropid, the proxies designated in the accompanying proxy card, will vote all proxies granted to them as recommended by the Board or, if no recommendation is given, in their own discretion.

How many votes must be present to hold the Annual Meeting?

We will have a quorum, and will be able to conduct the business of the Annual Meeting, if the holders of a majority of the shares entitled to vote are represented in person or by proxy at the meeting. As of the record date, 43,128,799 shares of our common stock were outstanding and the presence of the holders of at least 21,564,400 shares of our common stock will be required to establish a quorum. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the votes considered being present at the meeting.

A broker non-vote occurs when a broker lacks discretionary voting power to vote on a non-routine proposal and a beneficial owner fails to give the broker voting instructions on that matter. The rules of the New York Stock Exchange (the NYSE) determine whether matters presented at the Annual Meeting are routine or non-routine in nature. The election of directors and the ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2008 are currently considered routine matters and a broker has the discretionary voting power to vote on these matters without any instructions from the beneficial owner.

Table of Contents

What vote is required to approve each Proposal?

Directors are elected by a plurality of the votes cast. Ratification of PricewaterhouseCoopers LLP's selection requires the affirmative vote of a majority of shares of our Common Stock represented at the Annual Meeting and entitled to vote.

Do I have an opportunity to cumulate my votes for director nominees?

Shareholders have cumulative voting rights for the election of directors, if certain conditions are met. Shareholders entitled to vote may cumulate their votes for a candidate or candidates placed in nomination at the meeting if, prior to the voting at the meeting, notice has been given that a shareholder intends to cumulate his or her votes. Shareholders deciding to cumulate their votes may cast as many votes as there are directors to be elected, multiplied by the number of shares of our common stock held on the Record Date. The votes may be cast for one candidate or allocated among two or more candidates in any manner the shareholders choose. If any shareholder has given notice of cumulative voting, all shareholders may cumulate their votes for candidates in nomination.

If sufficient numbers of shareholders exercise cumulative voting rights to elect one or more other candidates, our proxies will:

- * determine the number of directors they can elect;
- * select such number from among the named candidates;
- * cumulate their votes; and
- * cast their votes for each candidate among the number they can elect.

How are my votes counted?

- * **Election of Directors:** You may vote FOR ALL, FOR ALL EXCEPT or WITHHOLD AUTHORITY FOR ALL of the director nominees. If you mark FOR ALL EXCEPT, your votes will be counted for every other director nominee.
- * **Ratification of the selection of PricewaterhouseCoopers LLP:** You may vote FOR, AGAINST, or ABSTAIN with respect to the ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2008. If you ABSTAIN or if your shares are treated as a broker non-vote, your votes will be counted for purposes of establishing a quorum and will have no effect on the ratification of the proposal.

We will appoint either one or three inspectors of election in advance of the meeting to tabulate votes, to ascertain whether a quorum is present, and to determine the voting results on all matters presented to Company shareholders.

What if I do not vote for some of the matters listed on my proxy card?

If you return a signed proxy card or vote by telephone or the internet without indicating your vote on any or all of the matters to be considered at the Annual Meeting, your shares will be voted FOR the director nominees listed on the proxy card and FOR the ratification of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2008.

Can the shares that I hold in a brokerage account or the EIP be voted if I do not instruct my broker or the EIP trustee?

- * **Shares held in street name:** If you do not instruct your broker to vote your shares of our common stock held in street name, your broker has the discretion to vote your shares on all

Table of Contents

routine matters scheduled to come before the Annual Meeting. If any matters to be considered at the meeting are viewed as non-routine, your broker does not have discretion to vote your shares and, if you do not give your broker voting instructions, your broker will vote your shares as broker non-votes. The election of directors and the ratification of the selection of the Company's independent registered public accounting firm are routine and your broker will have the discretion to vote your shares unless you provide voting instructions.

- * **Shares held in the EIP:** If you do not provide instructions to the EIP trustee for the shares of our common stock you hold in the EIP, then the EIP trustee will vote your shares in the same proportion as the shares for which timely instructions were received from other EIP participants.

Could other matters be decided at the Annual Meeting?

We do not know of any other matters that will be considered at the Annual Meeting. However, if you give your proxy and other matters are properly brought before the meeting, your shares will be voted at the discretion of the proxies, unless otherwise instructed.

What Rules of Conduct will govern the Annual Meeting?

To ensure that our Annual Meeting is conducted in an orderly fashion and the shareholders wishing to speak at the meeting have a fair opportunity to do so, we will have certain guidelines and rules for the conduct of the meeting, which we will provide to those attending the meeting.

What happens if the Annual Meeting is postponed or adjourned?

If the Annual Meeting is postponed or adjourned, your proxy will still be good and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

Who is soliciting my proxy?

Your proxy is being solicited by the Board. Morrow & Co., LLC has been employed to assist in obtaining proxies from certain shareholders at an estimated cost of \$8,500 plus certain expenses. Arrangements have also been made with brokerage houses and other custodians, nominees, and fiduciaries to send proxies and proxy materials to you, if your shares are held in a street name, and Morrow & Co. will reimburse them for their expenses in providing the materials to you.

Are proxy materials available on the internet?

Edgar Filing: SOUTHWEST GAS CORP - Form DEF 14A

The Notice of 2008 Annual Meeting of Shareholders and Proxy Statement and the 2007 Annual Report to Shareholders are available at <http://www.swgas.com>.

GOVERNANCE OF THE COMPANY

Board of Directors

Under the provisions of the California Corporations Code and the Company's Bylaws, the Company's business, property and affairs are managed by or are under the direction of the Board. We are kept informed of the Company's business through discussions with the Chief Executive Officer and other officers, by reviewing materials provided to us and by participating in Board and committee meetings.

We have determined that the directors Chestnut, Comer, Gardner, Kropid, Maffie, Mariucci, Melarkey, Sparks, and Wright have no material relationships with the Company and are independent.

Table of Contents

We reached the same conclusion with respect to Director Hanneman, while he served on the Board in 2007 and 2008. We have also determined that members of the Audit, Compensation, and Nominating and Corporate Governance Committees are independent. In making this determination, we have reviewed all transactions or relationships with the Company using a definition of material relationships to include the criteria listed in Section 303A of the listing requirements of the NYSE and have presumed that matters not subject to disclosure pursuant to Item 404 of Regulation S-K of the Securities Exchange Act of 1934 (the Exchange Act) and authorized by the Company s regulatory tariffs above the Item 404 threshold are not material relationships. The definition of material relationships for directors on the Audit Committee also includes the criteria listed in Section 10A(m)(3) of the Exchange Act. The definition of material relationships for directors serving on the Compensation Committee also includes the criteria listed in Section 16(b) of the Exchange Act and Section 162(m) of the Internal Revenue Code (the Code). The independence criteria we use are included in the Company s corporate governance guidelines, which is available on the Company s website at: <http://www.swgas.com>.

We based our independence determination primarily on a review of the responses of the directors and executive officers to questions regarding employment and compensation history, affiliations and family relationships and on discussions with directors. In concluding that the named directors are independent, we did review transactions involving director Wright and director Maffie s status as a retired executive officer of the Company. During 2007, the Company used one of Mr. Wright s companies to secure title insurance and escrow services for the purchase of a piece of real property in southern Nevada. The transactions with Mr. Wright were not of the nature or amount that would impact director Wright s overall independence; however, the transactions, because of his ownership interest in his companies, affect his independence in serving on the Compensation Committee. Director Maffie, because he was an executive officer of the Company, cannot be classified as independent for purposes of serving on the Compensation Committee.

Regular Board meetings are scheduled for the fourth Tuesday of January and February, the fifth Tuesday of July, the third Tuesday of September, the second Friday of November, and the Wednesday before the Annual Meeting of Shareholders in May. Additional meetings are called on an as-needed basis and we sometimes act by written consent without a meeting. An organizational meeting is also held immediately following the Annual Meeting of Shareholders. We held six regular meetings and one organizational meeting in 2007. Each incumbent director attended more than 75% of our Board and committee meetings on which he or she served during 2007. Non-management directors are expected to meet in an executive session at least four times a year, and the independent directors are expected to meet at least once a year. These sessions are presided over by James J. Kropid, Chairman of the Board, who is the current Presiding Director.

Committees of the Board

Permanent Board committees consist of Audit, Compensation, Nominating and Corporate Governance, and Pension Plan Investment. Each committee has established responsibilities, while the Audit, Compensation, and Nominating and Corporate Governance Committees have detailed charters designed to satisfy applicable legal and regulatory requirements. The Audit, Compensation, and Nominating and Corporate Governance Committees are composed solely of independent directors as outlined above.

The *Audit Committee*, whose functions are discussed here and below under the caption *Audit Committee Information*, is a separately designated standing committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. It consists of directors Gardner (the Chair), Chestnut, Comer, Kropid, Mariucci and Melarkey. The committee meets periodically with management to consider, among other things, the adequacy of the Company s internal controls and financial reporting process.

Table of Contents

The committee also discusses these matters with the Company's independent registered public accounting firm, internal auditors, and Company financial personnel. We determined that directors Comer, Gardner, and Mariucci, who are independent, each qualifies as an *audit committee financial expert*, as the term is defined in Item 407(d)(5)(ii) of Regulation S-K under the Exchange Act.

The *Compensation Committee* is responsible for determining CEO compensation and making recommendations to us annually on such matters as directors' fees and benefit programs, executive compensation and benefits, and compensation and benefits for all other Company employees. The committee's charge, as outlined in its charter, cannot be delegated without Board approval. The committee does receive recommendations from management on the amount and form of executive and director compensation; however, the committee does have the ability to directly employ consultants to assess the executive compensation program. The committee is also responsible for the Compensation Committee Report and related disclosures contained in this Proxy Statement. The committee consists of directors Chestnut (the Chair), Gardner, and Mariucci. Director Hanneman served as a member of the committee until his resignation from the Board in March 2008.

The *Nominating and Corporate Governance Committee* is responsible for making recommendations to us regarding nominees to be proposed for election as directors; evaluating the Board's size, composition, organization, processes, practices, and number of committees; and developing the criteria for the selection of directors. The committee considers written suggestions from shareholders regarding potential nominees for election as directors. The process for selecting directors is addressed in more detail below under the caption Selection of Directors. The committee is also charged with the responsibility of developing and recommending to us corporate governance principles and compliance programs for the Company. The committee consists of directors Kropid (the Chair), Melarkey, Sparks, and Wright. Director Hanneman served as a member of the committee until his resignation from the Board in March 2008.

The *Pension Plan Investment Committee* establishes, monitors, and oversees, on a continuing basis, asset investment policy and practices for the Company's retirement plan. The committee consists of directors Wright (the Chair), Biehl, Comer, Maffie, and Sparks.

During 2007, the Audit Committee held six meetings, the Compensation Committee held four meetings, the Nominating and Corporate Governance Committee held three meetings, and the Pension Plan Investment Committee held four meetings.

The charters for the Audit, Compensation, and Nominating and Corporate Governance Committees, the Company's corporate governance guidelines, and the Company's code of business conduct that applies to all employees, officers and directors are available on the Company's website at: <http://www.swgas.com>. Print versions of these documents are available to shareholders upon request directed to the Corporate Secretary, Southwest Gas Corporation, 5241 Spring Mountain Road, Las Vegas, NV 89150.

Selection of Directors

We believe our Board should be composed of individuals with varied, complementary backgrounds, who possess certain core competencies, some of which may include broad experience in business, finance or administration, and familiarity with national and international business matters and the energy industry. Additional factors that will be considered in the selection process include the following:

- * Independence from management;
- * Diversity, age, education, and geographic location;
- * Knowledge and business experience;

Table of Contents

- * Integrity, leadership, reputation, and ability to understand the Company's business;
- * Existing commitments to other businesses and boards; and
- * The current number and competencies of our existing directors.

The Nominating and Corporate Governance Committee will consider candidates for directors suggested by shareholders applying the criteria for candidates described above and considering the additional information referred to below. Shareholders who would like to suggest a candidate should write to the Company's Corporate Secretary and include:

- * A statement that the writer is a shareholder and is proposing a candidate for consideration as a director nominee;
- * The name of and contact information for the candidate;
- * A statement of the candidate's business and educational experience;
- * Information regarding each of the factors listed above, sufficient to enable the committee to evaluate the candidate;
- * A statement detailing any relationship between the candidate and the Company, Company affiliates, and any competitor of the Company;
- * Detailed information about any relationship or understanding between the proposing shareholder and the candidate; and
- * The candidate's written consent to being named a nominee and serving as a director if elected.

When seeking a candidate for director, the Nominating and Corporate Governance Committee may solicit suggestions from incumbent directors, management or others. The committee may also retain a search firm to identify potential candidates.

Shareholders may also nominate a person for election to the Board at an annual meeting by giving written notice to the Company not less than 20 days prior to the first anniversary of the preceding year's annual meeting, or within 10 days after notice is mailed or public disclosure is made regarding either a change of the annual meeting by more than 30 days or a special meeting at which directors are to be elected. For this year's Annual Meeting, the required notice must be received by the Company on or before April 14, 2008. In order to make such a nomination, a shareholder is required to include in the written notice the following:

- * As to each person whom the shareholder proposes to nominate for election or reelection as a director, all the information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required pursuant to Regulation 14A of the Exchange Act;
- * Each person's written consent to being named a nominee and serving as a director, if elected;

- * The name and address of the proposing shareholder or beneficial owner; and
- * The class and number of shares of the Company held directly or indirectly by the proposing shareholder.

Shareholder Nominees

There have been no director nominee candidates submitted by shareholders for consideration for election at this year's Annual Meeting of Shareholders.

Table of Contents

Transactions with Related Persons

We have adopted a written policy and procedures for the review, approval, or ratification of any transactions with related persons. The policy addresses transactions in which the Company was or is a participant, the amount exceeds \$120,000, and a related person, which includes any director, executive officer, nominee for director, five percent beneficial owners or their immediate family members, had or will have a direct or indirect material interest. These transactions will be reported to the Company's general counsel, reviewed by the Nominating and Corporate Governance Committee, and approved or ratified only if the committee determines that the transaction is not inconsistent with the best interests of the Company. The policy is included in the Company's corporate governance guidelines, which is available on the Company's website at: <http://www.swgas.com>.

Directors and Officers Share Ownership Guidelines

In order to align our interests with that of all shareholders, we have adopted Company common stock ownership guidelines for the directors and Company officers.

The outside directors are expected to acquire and retain a minimum of 3,000 shares of our common stock. New outside directors elected will be expected to satisfy the share ownership guidelines within two years of becoming a director. Management directors are expected to purchase and retain specific share minimums tied to their positions with the Company.

Company officers are expected to acquire and retain the following minimum levels of our common stock:

* Chief Executive Officer	25,000 shares
* President	15,000 shares
* Executive Vice President	12,500 shares
* Senior Vice President	10,000 shares
* Vice President	5,000 shares

Executives, at the time the guidelines were adopted, were given five years to reach these levels. Executives elected after the adoption of the guidelines are given seven years and executives promoted to positions requiring a greater number of shares are given an additional two years to satisfy the applicable ownership level.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee during 2007 were directors Chestnut (the Chair), Gardner, Hanneman, and Mariucci. None of the members has ever been an officer or employee of the Company or any of its subsidiaries and no compensation committee interlocks existed during 2007.

Director Attendance at Annual Meetings

We normally schedule Board meetings in conjunction with each Annual Meeting of Shareholders and each director is expected to attend the meetings. Last year, all of the directors attended the 2007 Annual Meeting of Shareholders.

Table of Contents

Communications with Directors

Any shareholder and other interested parties who would like to communicate with the Board, the Presiding Director, or any individual directors can write to:

Southwest Gas Corporation

Corporate Secretary

5241 Spring Mountain Road

P.O. Box 98510

Las Vegas, NV 89193-8510

Depending on the subject matter, the Corporate Secretary will either:

- * forward the communication to the director or directors to whom it is addressed;
- * attempt to handle the inquiry directly, for example, where it is a request for information about the Company or a stock-related matter; or
- * not forward the communication, if it is primarily commercial in nature, or if it relates to an improper or irrelevant topic.

If the communication is addressed to the Presiding Director, the communication will be forwarded directly to the Presiding Director and will not be processed by the Corporate Secretary. At each regular Board meeting, a summary of all communications received since the last Board meeting that were not forwarded will be presented and such communications will be made available to the directors.

ELECTION OF DIRECTORS

(Proposal 1 on the Proxy Card)

The Board of Directors Recommends a Vote FOR Election of the Director Nominees.

Names and Qualifications of Nominees

Each director elected at an annual meeting will serve until the next annual meeting and until his or her successor is elected and qualified. The nominees were elected to their present term of office at the last Annual Meeting on May 3, 2007.

The 11 nominees for director receiving the highest number of votes, a plurality, will be elected to serve until the next Annual Meeting. The names of the nominees, their principal occupation, and recent employment history are set forth on the following pages.

George C. Biehl

Executive Vice President, Chief Financial Officer & Corporate Secretary

Southwest Gas Corporation

Director Since: 1998

Board Committees: Pension Plan Investment

Mr. Biehl, 60, joined the Company in 1990 as Senior Vice President and Chief Financial Officer after serving in a number of capacities with Deloitte Haskins & Sells (now Deloitte & Touche) and as chief financial officer for PriMerit Bank for the five years before joining the Company. He assumed the responsibilities as Corporate Secretary for the Company in 1996 and was named Executive Vice President in 2000. Mr. Biehl graduated from The Ohio State University with a degree in accounting and

Table of Contents

earned his MBA with an emphasis in finance from Columbia University. He is a member of the American Institute of Certified Public Accountants, a member of the Las Vegas Chamber of Commerce Leadership Las Vegas Program, and serves on various committees of several trade associations.

Thomas E. Chestnut

Owner, President and CEO

Chestnut Construction Company

Director Since: 2004

Board Committees: Audit, Compensation (Chair)

Mr. Chestnut, 57, after serving in Vietnam with the U.S. Army, began a career in the construction industry in 1972 with Del Webb Corporation. Leaving Webb in 1980 as Manager of Commercial Operations, Mr. Chestnut took a position with The Wray Company, a commercial contractor and wholly owned subsidiary of Weyerhaeuser Company. He remained with Wray until 1990 when he founded Chestnut Construction Company in Tucson, Arizona. Mr. Chestnut is a past president and life director of the Arizona Builders Alliance and a past president of the Arizona Building Chapter of the Associated General Contractors of America. He is a past chair and life trustee of the Carondelet Foundation, a member of the Tucson Conquistadors, a member and past director of the Centurions of St. Mary's Hospital, and a member of the Alexis de Toqueville Society of United Way of Greater Tucson. Mr. Chestnut was named the 2001 Tucson Small Business Leader of the Year by the Tucson Metropolitan Chamber of Commerce and the 2002 Arizona Small Business Person of the Year by the United States Small Business Administration.

Stephen C. Comer

Retired Managing Partner

Deloitte & Touche LLP

Director Since: January 2007

Board Committees: Audit, Pension Plan Investment

Mr. Comer, 58, received his degree in accounting from Cal State University Northridge in 1972. He began his career with Arthur Andersen LLP in Los Angeles and established Arthur Andersen's Las Vegas office, as its managing partner, in 1985. Leaving Arthur Andersen in 2002, Mr. Comer took a position as partner with Deloitte & Touche LLP and was promoted to managing partner of its Nevada practice in 2004. He retired in 2006. He serves as a director of Pinnacle Entertainment Inc. He is a member of the American Institute of Certified Public Accountants and the Nevada Society of Certified Public Accountants and holds professional CPA licenses in the states of California and Nevada. He is also active in numerous civic, educational, and charitable organizations.

Table of Contents

Richard M. Gardner

Retired Partner

Deloitte & Touche LLP

Director Since: 2004

Board Committees: Audit (Chair), Compensation

Mr. Gardner, 70, obtained his degree in accounting from Brigham Young University in 1963 and was employed by Deloitte & Touche in its Los Angeles and Phoenix offices until his retirement in 2000. As an audit partner for 27 years, he served clients in various industries and in several management capacities including Professional Practice Director for the Los Angeles area offices. He is a member of the American Institute of Certified Public Accountants and has been active in numerous civic, educational and charitable boards.

James J. Kropid

President

James J. Kropid Investments

Director Since: 1997

Chairman of the Board of Directors

Board Committees: Audit, Nominating and Corporate Governance (Chair)

Mr. Kropid, 70, received his undergraduate degree from DePaul University and participated in the executive development program at the University of Illinois. He joined Centel Corporation in 1961 and became president of its Central Telephone Company-Nevada/Texas division in 1987. In 1993, the Governor of Nevada appointed him to the position of general manager of the Nevada State Industrial Insurance System, a position in which he served for almost two years. He is currently president of his own investment company. Mr. Kropid is involved in many civic and charitable organizations. In 2003, Mr. Kropid served as the interim executive director of the United Way of Southern Nevada and is on the board and executive committee of that organization. He is a past president of the Las Vegas Area Council of the Boy Scouts of America and presently serves on that board and executive committee. He is a past chairman of the YMCA of Southern Nevada and serves as a trustee of the Desert Research Institute Foundation and chairs the Desert Research Institute's Green Power Project.

Michael O. Maffie

Retired Chief Executive Officer

Southwest Gas Corporation

Director Since: 1988

Board Committees: Pension Plan Investment

Mr. Maffie, 60, joined the Company in 1978 as Treasurer after seven years with Arthur Andersen & Co. He was named Vice President/Finance and Treasurer in 1982, Senior Vice President and Chief Financial Officer in 1984, Executive Vice President in 1987, President and Chief Operating Officer in 1988, President and Chief Executive Officer in 1993 and Chief Executive Officer in 2003, until his retirement in 2004. He received his undergraduate degree in accounting and his MBA in finance from the University of Southern California. He serves as a director of Boyd Gaming Corporation and was a director of Del Webb Corporation and Wells Fargo Bank/Nevada Division. A member of various civic and professional organizations, he served as chairman of the board of trustees of the UNLV Foundation and is a past chairman of the board of United Way of Southern Nevada. He also is a past director of the Western Energy Institute and the American Gas Association.

Table of Contents

Anne L. Mariucci

Private Investor

Director Since: 2006

Board Committees: Audit, Compensation

Ms. Mariucci, 50, received her undergraduate degree in accounting and finance from the University of Arizona and completed the corporate finance program at the Stanford University Graduate School of Business. She spent the majority of her professional career in the large-scale community development and homebuilding business. Ms. Mariucci was employed by Del Webb Corporation in 1984 and served in a variety of senior management capacities, culminating in President. She retired from Del Webb's successor Pulte Homes, Inc. in 2003 and with two partners founded Inlign Capital Partners, a private equity firm investing in privately held companies. She is also affiliated with Hawkeye Partners in Dallas, Texas and Glencoe Capital in Chicago, Illinois. Ms. Mariucci is a member of the Arizona Board of Regents. She also serves as a director of Scottsdale Healthcare, Arizona State University Foundation, and the Fresh Start Women's Foundation.

Michael J. Melarkey

Partner

Avansino, Melarkey, Knobel & Mulligan

Director Since: 2004

Board Committees: Audit, Nominating and Corporate Governance

Mr. Melarkey, 58, a partner in the law firm of Avansino, Melarkey, Knobel & Mulligan received his undergraduate degree from the University of Nevada, Reno, his law degree from the University of San Francisco and his masters in laws in taxation from New York University. He has been in private legal practice in Reno, Nevada, since 1976. Mr. Melarkey is a member of the American Bar Association, the International Association of Gaming Lawyers and the State Bar of Nevada. He is a trustee of the Bretzclaff Foundation, the Robert S. and Dorothy J. Keyser Founda