

SOUTHWEST GAS CORP
Form DEF 14A
March 26, 2014
Table of Contents

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-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)(4) and 0-11.

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

(4) Date Filed:

Table of Contents

Notice of 2014 Annual Meeting of Shareholders
and Proxy Statement

Annual Meeting 2014

May 8, 2014 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, 2014

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Southwest Gas Corporation (the Company) will be held on Thursday, May 8, 2014, at 10:00 a.m. PDT, at Cili Restaurant at Bali Hai Golf Club, 5160 Las Vegas Blvd. South, Las Vegas, Nevada 89119, for the following purposes:

- (1) To elect 12 directors of the Company;
- (2) To approve, on an advisory basis, the Company's executive compensation;
- (3) To reapprove and amend the Company's Management Incentive Plan;
- (4) 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 2014; and
- (5) To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors of the Company established March 11, 2014, 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 ACCOMPANYING YOUR PROXY CARD.

The Securities and Exchange Commission rules allow the Company to furnish its proxy materials via the internet. This process reduces the costs of printing and distributing our proxy materials. Therefore, we are mailing to most of our shareholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of this Proxy Statement and our 2013 Annual Report to Shareholders. The Notice contains instructions on how

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to access those documents via the internet. The Notice also contains instructions on how to request a paper or e-mail copy of our proxy materials, including this Proxy Statement, our Annual Report to Shareholders and a Proxy Card. All shareholders who do not receive a Notice of Internet Availability of Proxy Materials will receive a paper copy of the proxy materials by mail.

The Annual Report to Shareholders for the year ended December 31, 2013, is either enclosed or available at <http://www.swgas.com/proxymaterials>.

Karen S. Haller
Senior Vice President/General Counsel and Corporate
Secretary

March 26, 2014

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, 2014**

The Proxy Statement and Annual Report to Shareholders are available at

<http://www.swgas.com/proxymaterials>

The Annual Meeting of Shareholders of Southwest Gas Corporation (the Company) will be held on Thursday, May 8, 2014, at 10:00 a.m. PDT, at Cili Restaurant at Bali Hai Golf Club, 5160 Las Vegas Blvd. South, Las Vegas, Nevada 89119.

At the meeting you will be asked to elect 12 directors, to approve, on an advisory basis, the Company's executive compensation, to reapprove and amend the Company's Management Incentive Plan, to ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2014 and to transact such other business as may properly come before the meeting or any adjournment thereof. The Company's Board of Directors is asking for your support of the director nominees, the advisory approval of executive compensation, the reapproval and amendment of the Management Incentive Plan and the selection of PricewaterhouseCoopers LLP.

The following materials are available at the web address provided above.

- * Notice of 2014 Annual Meeting of Shareholders, Proxy Statement and Proxy Card, and

- * 2013 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 2014 Annual Meeting of Shareholders and Proxy Statement.

Table of Contents**TABLE OF CONTENTS**

	Page
Invitation to 2014 Annual Meeting of Shareholders	
<u>Location Map for 2014 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>	2
<u>How do I vote?</u>	2
<u>Can I revoke or 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>	4
<u>What if I do not vote for any or all of the matters listed on my Proxy Card?</u>	4
<u>Are proxy materials available on the internet?</u>	4
<u>Why did I receive a Notice of Internet Availability of Proxy Materials instead of a full set of the proxy materials?</u>	4
<u>Why didn't I receive a Notice of Internet Availability of Proxy Materials?</u>	5
<u>Can I vote my shares by completing and returning the Notice of Internet Availability of Proxy Materials?</u>	5
<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>	5
<u>Could other matters be decided at the Annual Meeting?</u>	5
<u>What Rules of Conduct will govern the Annual Meeting?</u>	5
<u>What happens if the Annual Meeting is postponed or adjourned?</u>	6
<u>Who is soliciting my proxy?</u>	6
<u>Governance of the Company</u>	6
<u>Board of Directors</u>	6
<u>Board Leadership Structure</u>	7
<u>Risk Oversight</u>	7
<u>Committees of the Board</u>	8
<u>Selection of Directors</u>	9
<u>Shareholder Nominees</u>	10
<u>Transactions with Related Persons</u>	11
<u>Directors and Officers Share Ownership Guidelines</u>	12
<u>Compensation Committee Interlocks and Insider Participation</u>	13
<u>Director Attendance at Annual Meetings</u>	13
<u>Communications with Directors</u>	13
<u>Election of Directors</u>	14
<u>Names, Qualifications and Reasons for Selection of Nominees</u>	14
<u>Securities Ownership by Directors, Director Nominees, Executive Officers, and Certain Beneficial Owners</u>	21
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	22
<u>Executive Compensation</u>	23
<u>Compensation Discussion and Analysis</u>	23
<u>Executive Summary</u>	23
<u>Compensation Objectives</u>	26
<u>Elements of Compensation</u>	27

Table of Contents

	Page
<u>Decision to Pay Each Element of Compensation</u>	28
<u>Determination of the Amount to be Paid for Each Element of Compensation</u>	28
<u>Interaction of the Compensation Elements in Relation to the Compensation Objectives</u>	35
<u>Say-on-Pay</u>	35
<u>Deductibility of Compensation</u>	35
<u>Compensation Committee Report</u>	37
<u>Summary Compensation Table</u>	38
<u>Grants of Plan-Based Awards (2013)</u>	39
<u>Summary Compensation and Grants of Plan-Based Awards Tables Narrative</u>	40
<u>Outstanding Equity Awards at Fiscal Year-End 2013</u>	41
<u>Option Exercises and Stock Vested During 2013</u>	42
<u>Pension Benefits</u>	42
<u>Nonqualified Deferred Compensation</u>	43
<u>Post-Termination Benefits</u>	45
<u>Directors Compensation</u>	46
<u>2013 Directors Compensation Table</u>	46
<u>Directors Compensation Narrative</u>	47
<u>Advisory Vote To Approve the Company's Executive Compensation</u>	48
<u>Reapproval and Amendment of Management Incentive Plan</u>	49
<u>Audit Committee Information</u>	55
<u>Selection of Independent Registered Public Accounting Firm</u>	55
<u>Audit Committee Report</u>	57
<u>Other Matters to Come Before the Meeting</u>	58
<u>Submission of Shareholder Proposals</u>	58

Table of Contents

Jeffrey W. Shaw, President and Chief Executive Officer

March 26, 2014

Dear Shareholders:

You are cordially invited to the Annual Meeting of Shareholders of Southwest Gas Corporation (the Company) scheduled to be held on Thursday, May 8, 2014, at Cili Restaurant at Bali Hai Golf Club, 5160 Las Vegas Blvd. South, Las Vegas, Nevada 89119, commencing at 10:00 a.m. PDT. Your Board of Directors looks forward to greeting personally those shareholders able to attend.

At the meeting you will be asked to elect 12 directors, to approve, on a non-binding advisory basis, the Company's executive compensation, to reapprove and amend the Company's Management Incentive Plan, to ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2014, and to transact such other business as may properly come before the meeting or any adjournment thereof. Your Board of Directors asks you to support the director nominees, cast an affirmative vote to approve executive compensation, reapprove and amend the Management Incentive Plan and ratify 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 greatly 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 26, 2014

GENERAL INFORMATION

We are providing these proxy materials to you in connection with the solicitation of proxies by the Board of Directors (the **Board**) of Southwest Gas Corporation (the **Company**) for the 2014 Annual Meeting of Shareholders and for any adjournment or postponement of the Annual Meeting.

We intend to mail a Notice of Internet Availability and make this Proxy Statement and a Proxy Card available to shareholders on our website at <http://www.swgas.com/proxymaterials> on or about March 26, 2014. We also will be mailing the materials to certain shareholders on or about March 26, 2014, and to those shareholders who request paper or e-mail copies of the proxy materials.

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 advisory approval of executive compensation, the reapproval and amendment of the Management Incentive Plan, 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, 2014, 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 those shares. As the holder of record, you are receiving these proxy materials directly from us and have the right to vote by mailing your Proxy Card directly to us, submitting your voting instructions via the Internet or by telephone or voting in person at the Annual Meeting. If you wish to vote in person at the Annual Meeting, you must provide proof of identification, e.g., driver's license, state picture identification or passport.

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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 the shares are held in street name. Your broker, bank or other holder of record (collectively referred to as broker) is sending these proxy materials to you. As the beneficial owner, you have the right to direct your broker how to vote by following the instructions that accompany these proxy materials or to vote in person at the Annual Meeting. If you wish to vote in person at the Annual Meeting, you must provide proof of identification, e.g., driver's license, state picture identification or passport, and proof that you were the owner of the shares on March 11, 2014, e.g., original brokerage statement.

If you hold your shares indirectly in the Southwest Gas Corporation Employees Investment Plan (the EIP), you have the right to direct the EIP trustee how to vote your shares by following the instructions from the EIP trustee accompanying the Proxy Statement. If you do not direct the EIP trustee how to vote your shares, 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.

Table of Contents

How many votes do I have?

You have one vote for each share of the Company's common stock (Common Stock) you owned as of the record date for the Annual Meeting.

How do I vote?

If you are a registered shareholder, 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:

- * Vote over the Internet at our Internet address: *www.proxypush.com/swx* by following the instructions on the enclosed Proxy Card;
- * Vote by telephone by calling toll-free 1-800-883-3382 on a touch-tone telephone and following the instructions on the enclosed Proxy Card; or
- * Complete the enclosed Proxy Card, sign it and return it in the enclosed postage-paid envelope.

If your shares are held in street name, you should follow the voting instructions provided by your bank or broker.

Can I revoke or change my vote?

Yes, you can revoke or change your vote at any time prior to the voting of your shares at the Annual Meeting by (a) casting a new vote by telephone or over the internet; (b) sending a new Proxy Card with a later date; (c) sending a written notice of revocation that is received on or prior to May 7, 2014 by mail to Wells Fargo Shareowner Services, Southwest Gas Corporation, P.O. Box 64873, Saint Paul, MN 55164-9397, or by facsimile at 651-450-4026; 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);
- * FOR approval, on an advisory basis, of executive compensation (see Proposal 2);

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- * FOR reapproval and amendment of the Management Incentive Plan (see Proposal 3); and

- * FOR ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2014 (see Proposal 4).

With respect to any other matter that properly comes before the Annual Meeting, LeRoy C. Hanneman, Jr. and Michael J. Melarkey, the proxies designated by the Board and identified in the accompanying Proxy Card, will vote all proxies granted to them at their 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, 46,492,910 shares of Common Stock were outstanding and the

Table of Contents

presence, in person or by proxy, of the holders of at least 23,246,456 shares of 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 is not considered a routine matter. Similarly, the advisory vote to approve executive compensation and the vote on reapproval and amendment of the Management Incentive Plan are not considered routine matters. Therefore, beneficial owners that hold in street name will have to give voting instructions to their brokers in order for a broker to vote on the election of directors, the advisory vote to approve executive compensation and the reapproval and amendment of the Management Incentive Plan. The ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2014 is considered a routine matter, and brokers have the discretionary voting power to vote on this matter without any instructions from the beneficial owners.

What vote is required to approve each Proposal?

Directors are elected by a plurality of the votes cast. The affirmative vote of a majority of shares of Common Stock represented and voting at a duly held Annual Meeting at which a quorum is present (which shares of Common Stock voting affirmatively also constitute at least a majority of the required quorum) is necessary to reapprove and amend the Management Incentive Plan, to ratify PricewaterhouseCoopers LLP's selection as the independent registered public accounting firm for the Company for fiscal year 2014 and to approve, on an advisory basis, the Company's executive compensation. Although the result of the vote to approve executive compensation is non-binding, the Board will consider the outcome of the vote when making future executive compensation decisions.

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. A shareholder deciding to cumulate his or her votes may cast as many votes as there are directors to be elected, multiplied by the number of shares of Common Stock held by such shareholder 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. Note, however, that cumulative voting will have no impact on the result of the election of directors at the Annual Meeting because there is only one nominee for each of the 12 seats on the Board.

If our proxies determine that a sufficient number of shareholders exercise cumulative voting rights to elect one or more 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.

Table of Contents

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 each of the other director nominees you do not list. Abstentions and broker non-votes shall have no effect on the election of directors.

- * **Advisory Vote To Approve Executive Compensation:** You may vote FOR, AGAINST or ABSTAIN with respect to the advisory vote to approve executive compensation. The result of the vote to approve executive compensation is non-binding, and the Board will consider the outcome of the vote when making future executive compensation decisions. 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 approval of the proposal.

- * **Reapproval and Amendment of Management Incentive Plan:** You may vote FOR, AGAINST, or ABSTAIN with respect to the reapproval and amendment of the Management Incentive Plan. 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 approval of the proposal.

- * **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 2014. 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 any or all of the matters listed on my Proxy Card?

If you return a signed Proxy Card 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, FOR the advisory vote to approve executive compensation, FOR the reapproval and amendment of the Management Incentive Plan and FOR the ratification of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2014. If you hold your shares in street name and do not provide instructions to your broker, your shares will not be voted in the election of directors, in the advisory vote to approve executive compensation or with respect to the Management Incentive Plan and will be voted in your broker's discretion on the ratification of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2014.

Are proxy materials available on the Internet?

The Notice of 2014 Annual Meeting of Shareholders and Proxy Statement and the 2013 Annual Report to Shareholders are available at <http://www.swgas.com/proxymaterials>.

Why did I receive a Notice of Internet Availability of Proxy Materials instead of a full set of the proxy materials?

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The Securities and Exchange Commission (SEC) rules allow us to furnish our proxy materials via the internet. Accordingly, we sent to the majority of our shareholders a Notice of Internet Availability of

Table of Contents

Proxy Materials for this year's Annual Meeting of Shareholders. Instructions on how to access the proxy materials via the internet or to request a paper or e-mail copy can be found in the Notice of Internet Availability of Proxy Materials at <http://www.swgas.com/proxymaterials>. In addition, shareholders may request to receive proxy materials in printed form by mail or e-mail on an ongoing basis by submitting a request to us at either www.investorelections.com/swx or <http://www.swgas.com/proxymaterials>. A shareholder's election to receive proxy materials by mail or e-mail will remain in effect until the shareholder terminates it.

Why didn't I receive a Notice of Internet Availability of Proxy Materials?

We are providing certain shareholders, including shareholders who have requested to receive paper copies of proxy materials, with paper copies of the proxy materials instead of, or in addition to, a Notice of Internet Availability of Proxy Materials.

Can I vote my shares by completing and returning the Notice of Internet Availability of Proxy Materials?

No. The Notice of Internet Availability of Proxy Materials does, however, provide instructions on how to vote your shares.

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 Common Stock held in street name, your broker has the discretion to vote your shares on all 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, the advisory vote to approve executive compensation and the reapproval and amendment of the Management Incentive Plan are not considered routine matters, and in order to vote on these matters, you will need to instruct your broker on how to vote your shares. The ratification of the selection of the Company's independent registered public accounting firm is 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 Common Stock that 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.

Table of Contents

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, and the Company will bear the entire cost of the proxy solicitation. Morrow & Co., LLC (Morrow), 470 West Avenue, Stamford, CT 06902 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 street name. Morrow will reimburse them for their expenses in providing the materials to you. In addition, solicitation by our directors, officers or employees in person or by telephone, e-mail or facsimile may supplement solicitation of proxies. No additional compensation will be paid for such services.

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 under the direction of the Board. The Board is kept informed of the Company's business through discussions with the Chief Executive Officer and other officers, by reviewing materials provided by management and by participating in Board and committee meetings.

Independence

The Board has determined that directors Boughner, Cárdenas, Chestnut, Comer, Hanneman, Maffie, Mariucci, Melarkey, Thoman, Thomas and Wright have no material relationships with the Company and are independent (Independent Directors). The Board has also determined that all of the members of the Audit, Compensation and Nominating and Corporate Governance Committees are independent.

In making these determinations, the Board reviewed all transactions or relationships with the Company using a definition of material relationships that (i) includes the criteria listed in Section 303A of the listing requirements of the NYSE and (ii) presumes that matters not subject to disclosure pursuant to Item 404 of Regulation S-K of the Securities Exchange Act of 1934, as amended (the Exchange Act), and matters above the Item 404 threshold which are authorized by the Company's regulatory tariffs, 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 used are included in the Company's Corporate Governance Guidelines, which are available on the Company's website at: <http://www.swgas.com>.

The Board based its independence determination primarily on a review of the responses of the directors and officers to questions regarding employment and compensation history, affiliations and family relationships and on discussions with directors. In concluding that the directors listed above are independent, the Board reviewed transactions involving director Thomas and reviewed director Maffie's status as a retired executive officer of the Company.

- * In 2009, the Company entered into a five-year lease with an entity in which Mr. Thomas has an interest. The commercial lease is for a payment center, with a monthly rental rate of

Table of Contents

approximately \$7,500. The total lease payments over the life of the lease will be approximately \$450,000, plus a pro-rata share of operating and other expenses. This lease transaction terminates in May 2014. In 2011, we began purchasing communications-related products and services from Switch Communications Group, LLC (SCG) and its majority-owned subsidiary, Switch Business Solutions, LLC (SBS) and, together with SCG, Switch). The contract with Switch, a company in which Mr. Thomas also has an interest, has an annual cost estimated to be approximately \$525,000 in 2014. The Nominating and Corporate Governance Committee has determined that neither the lease nor the Switch transaction is material and that Mr. Thomas' ownership interests in the leasing entity and Switch would not result in a material relationship between Mr. Thomas and the Company. However, because of such interests, Mr. Thomas does not satisfy the criteria to serve on the Compensation Committee or to vote as a director on matters involving awarding equity-based compensation under the provisions of Section 16(b) of the Exchange Act or performance-based compensation that would trigger limitations under the provisions of Section 162(m) of the Code. For additional information, see Transactions with Related Persons below.

- * Mr. Maffie, because he was an executive officer of the Company, does not satisfy the criteria to serve on the Compensation Committee or to vote as a director on matters involving performance-based compensation that would trigger limitations under the provisions of Section 162(m) of the Code.

Board Meetings

Regular Board meetings for 2014 are scheduled for the fifth Friday of January, the fourth Wednesday of February, the first Friday of August, 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 the Board sometimes acts by written consent without a meeting. An organizational meeting is also held immediately following the Annual Meeting of Shareholders. The Board held six regular meetings, one special meeting and one organizational meeting in 2013. Each incumbent director attended more than 75% of the Board and committee meetings on which he or she served during 2013. 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 Michael J. Melarkey, Chairman of the Board (the Chair), who is the current Presiding Director.

Board Leadership Structure

The policy of the Board is that the role of Chair should be separate from that of the Chief Executive Officer (CEO). The Chair is elected annually, at the organizational meeting, by the full Board. Every three years or upon a Chair's resignation, retirement, or failure to be re-elected to the Board by shareholders, the Board does an in-depth assessment of potential candidates for that position. The Board believes that this leadership structure is the appropriate structure for the Company, since it allows the Board to exercise true independent oversight of management. It is the Board's intention to reelect Mr. Melarkey as Chair, subject to his reelection as a director at the Annual Meeting of Shareholders.

Risk Oversight

The entire Board is responsible for reviewing and overseeing the Company's internal risk management processes and policies to help ensure that the Company's corporate strategy is functioning as directed and that necessary steps are taken to foster a culture of risk-aware and risk-adjusted decision making throughout the Company.

Table of Contents

Regulation by various state and federal regulatory commissions is one of the key risks that is accepted as a part of being a public utility. The limits imposed on the Company as a public utility permeate its business operating model (including the pricing of services, the authorized areas of service, and the obligations to serve the public). Other risks are associated with credit, liquidity and operational matters and have evolved with changes in the natural gas industry.

The nature of these risks and the continuing obligations imposed on the Company, as a public utility, resulted in the integration of risk assessment in the normal business oversight process. The Board receives regular reports from management in areas of material risk to the Company, including credit risk, liquidity risk and operational risk. Credit and liquidity risks are addressed in the review of capital budgets and ongoing capital requirements. Liquidity risks are also addressed in the review of gas supply acquisition and related regulatory cost recovery. Operational risks are addressed in the review of operating budgets and related regulatory compliance requirements, including pipeline safety requirements. The full Board receives these reports from management to help enable it to oversee and manage the Company's risks in these areas. This oversight responsibility rests with the full Board and is not assigned to any of the permanent committees.

Committees of the Board

The permanent Board committees are the Audit, Compensation, Nominating and Corporate Governance and Pension Plan Investment Committees. Each committee has established responsibilities, and 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. We refer to the committees of the Board by the name of the specific committee or, where it is clear by the context of the discussion, simply as the committee.

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 Comer (Chair), Boughner, Chestnut, Hanneman, Thoman and Thomas. The committee meets periodically with management to consider, among other things, the adequacy of the Company's internal controls and financial reporting process. The committee also discusses these matters with the Company's independent registered public accounting firm, internal auditors and Company financial personnel. The Board has determined that directors Comer and Thoman each qualify 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 the Board 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 responsibilities, as outlined in its charter, cannot be delegated without Board approval. The committee receives recommendations from management on the amount and form of executive and director compensation; however, the committee has 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 Boughner (Chair), Cárdenas, Melarkey, Thoman and Wright.

The *Nominating and Corporate Governance Committee* is responsible for making recommendations to the Board 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

Table of Contents

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 the Board corporate governance principles and compliance programs for the Company. The committee consists of directors Hanneman (Chair), Mariucci, Melarkey, Thomas and Wright.

The *Pension Plan Investment Committee* establishes, monitors and oversees, on a continual basis, asset investment policy and practices for the Company's defined benefit retirement plan. The committee consists of directors Mariucci (Chair), Cárdenas, Chestnut, Comer and Maffie.

During 2013, 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 the 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;
- * 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.

We define diversity in a broad sense, i.e., race, color, gender, national origin, religion and disability. Neither the Nominating and Corporate Governance Committee nor the Board has a policy with regard to the consideration of diversity in identifying director nominees. However, the Nominating and Corporate Governance Committee takes diversity into consideration as it does the other factors listed above in selecting the director nominees for approval by the Board. The Nominating and Corporate Governance Committee does not assign a specific weight to any one factor.

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The Nominating and Corporate Governance Committee will consider director candidates suggested by shareholders by 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;

Table of Contents

- * 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;
- * Information on the candidate's share ownership in the Company; 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.

The Nominating and Corporate Governance Committee has an ongoing program of identifying potential director candidates throughout the Company's service territories. As candidates are identified, their qualifications are reviewed in light of the selection criteria, as outlined above. Whether any of such candidates are selected depends upon the current director composition, the dynamics of the Board and the ongoing requirements of the Company.

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 120 days prior to the first anniversary of the date of the proxy statement for 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. 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's Common Stock held directly or indirectly by the proposing shareholder.

Shareholder Nominees

There have been no director nominees submitted by shareholders for consideration for election at this year's Annual Meeting of Shareholders, and the deadline for submissions has passed.

Table of Contents

Transactions with Related Persons

The Company has written policies and procedures for the review, approval and ratification of 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 had or will have a direct or indirect material interest. The definition of "related person" includes any director, officer, nominee for director or five percent beneficial owner and any of their immediate family members. 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, included in the Company's Corporate Governance Guidelines, is available on the Company's website at: <http://www.swgas.com>.

Each transaction with a related person is unique and must be assessed on a case-by-case basis. In determining whether or not a transaction is inconsistent with the best interests of the Company, the Nominating and Corporate Governance Committee considers all of the relevant facts and circumstances available to the committee, including without limitation:

- * The related person's interest in the proposed transaction;
- * The approximate dollar value of the amount involved in the proposed transaction;
- * The approximate dollar value of the amount of the related person's interest in the proposed transaction without regard to the amount of any profit or loss;
- * Whether the transaction is proposed to be, or was, undertaken in the ordinary course of business of the Company;
- * Whether the transaction is proposed to be, or was, entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party;
- * The purpose of, and the potential benefits to the Company from, the transaction;
- * The impact on a director's independence in the event the related person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer; and
- * Any other information regarding the transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The Company was engaged in three transactions with related persons during 2013. One involves a commercial lease for a Company payment center with an entity in which Mr. Thomas has an interest. The second involves the purchase of communications-related products and services from Switch, a company in which Mr. Thomas has an interest. The third involves a consulting agreement with an entity owned by Dr. Joseph W. Haller, the spouse of Karen S. Haller, the Company's General Counsel and Corporate Secretary.

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The lease of commercial property for a Company payment center is for five years and began in 2009 at an initial monthly rental rate of approximately \$6,500. There are approximately 2 months left on the lease term, and the Company has decided not to renew the lease. The current monthly rental rate is approximately \$7,500 following the application of the annual minimum rent increase, and the total lease payments over the life of the lease will be approximately \$450,000, plus a pro rata share of

Table of Contents

operating and other expenses. Mr. Thomas and his siblings have a 20% interest in the entity that is leasing the commercial property to the Company, through their ownership in Thomas & Mack Co., LLC. The amount of property subject to the lease and annual revenues flowing through to Thomas & Mack Co., LLC, is insignificant in relation to its commercial property holdings and associated annual revenues. The Nominating and Corporate Governance Committee determined that the lease transaction was not material.

The Company purchases, in arm's length negotiated, ordinary course commercial transactions, communications-related products and services from Switch pursuant to an agreement that became effective in 2011. Mr. Thomas owns, either directly or indirectly, an approximate 6.6% equity interest as a passive investor in SCG. Mr. Thomas' family members own collectively, either directly or indirectly, approximately 16.25% of the equity interests of SCG. Mr. Thomas does not actively engage in the management of SCG or SBS. Mr. Thomas' sibling, who is affiliated with SCG, is not involved in the daily business operations or decisions of SCG and does not perform any policy-making functions for SCG. Additionally, Mr. Thomas' sibling is not and never has been an employee of SCG and none of the employees or contractors of SCG report to him. We expect to pay Switch approximately \$525,000 in 2014, with incremental annual increases thereafter. The transaction with Switch is expected to represent less than 1% of Switch's consolidated revenue in each year over the life of the agreement. The Nominating and Corporate Governance Committee determined that this transaction was not material.

The agreement the Company entered into with Dr. Haller in 2008 was designed to secure computer application development/support for the Company's transmission pipeline integrity management program and engineering data analysis services. The agreement has been extended multiple times, including in November 2012 for calendar year 2013, at an actual cost of \$155,000, and in December 2013 for the calendar year 2014, at an expected cost of \$175,000. The Nominating and Corporate Governance Committee determined that Ms. Haller has a direct material interest in the transaction; however, consistent with the Company's related person transaction policy, the committee determined that entering into and continuing the agreement is not inconsistent with the best interests of the Company. Given the valuable skill set that Dr. Haller possesses, the Company anticipates that the agreement may continue to be extended periodically.

Directors and Officers Share Ownership Guidelines

In order to better align the interests of management and the Board with that of all shareholders, the Company has adopted Common Stock ownership guidelines for directors and officers.

Each outside director is required to retain at least five times the value of his or her annual cash retainer in Company Common Stock (or equivalents), and a portion of this ownership requirement equal to at least two times the annual cash retainer must be Company Common Stock purchased by the outside director. Each outside director is required to fulfill the purchase requirement within two years of beginning service on the Board. All equity compensation received by each outside director must be held until end of service on the Board. All outside directors are currently in compliance with these guidelines.

Each Company officer is required to accumulate Company Common Stock with a target value equal to a multiple of the officer's base salary, ranging from one times base salary for vice presidents, three times base salary at the senior vice president level and above and five times base salary for the Chief Executive Officer. If an officer has not yet reached the applicable target ownership requirement, he or she is required to retain a portion of the shares of Company Common Stock acquired from any stock option exercise or the vesting of restricted stock units or performance shares. The applicable retention rate is 75% for the Chief Executive Officer and 50% for all other officers. Qualified shares

Table of Contents

include Common Stock owned directly by the officer or his or her spouse, Company Common Stock held by the officer or his or her spouse in the Company's 401(k) or Dividend Reinvestment Plan and performance-based restricted stock units and performance shares which have been granted but are subject to time vesting requirements. All officers are currently in compliance with these guidelines.

Compensation Committee Interlocks and Insider Participation

Board members who served on the Compensation Committee during 2013 were directors Boughner, Cárdenas, Melarkey, Thoman and Wright. 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 2013. No member of the Compensation Committee had any relationship requiring disclosure under any paragraph of Item 404 of Regulation S-K of the Exchange Act.

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 Board meetings and the Annual Meeting of Shareholders. Last year, all of the directors attended the 2013 Annual Meeting of Shareholders.

Communications with Directors

Any shareholder and other interested parties who would like to communicate with the Board, the Presiding Director or any individual director 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;

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- * 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, management presents a summary of all communications received since the last Board meeting which were not previously forwarded and such communications are made available to all of the directors.

Table of Contents

ELECTION OF DIRECTORS

(Proposal 1 on the Proxy Card)

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

Names, Qualifications and Reasons for Selection 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. Each of the nominees was elected to his or her present term of office at the 2013 Annual Meeting.

The director nominees, as outlined below, possess core competencies in the areas of business, finance and administration and have a familiarity with regional and national business matters and the energy industry. The nominees, as a group, have integrity, varying ages, experience in accounting and construction in both residential and commercial markets and reside or do business in a cross-section of the Company's service territories.

The 12 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 the Board's reasons for their selection are set forth on the following pages. Except as noted, each of the nominees has held the position below his or her name for at least the past five years.

Robert L. Boughner

Executive Vice President and Chief Business Development Officer

Boyd Gaming Corporation

Director Since: 2008

Board Committees: Audit, Compensation (Chair)

Mr. Boughner, 61, has also been a director of Boyd Gaming Corporation (Boyd) since April 1996, a company with which he has more than 25 years of senior management experience. Additionally, from January 2009 through November 2012, Mr. Boughner served as the President and Chief Operating Officer of Marina District Development Company, LLC (MDDC), the limited liability company formed as part of a 50-50 joint venture between Boyd and MGM Resorts International. MDDC owns and operates the Borgata Hotel Casino and Spa and the Water Club in Atlantic City, New Jersey. He also served as President and Chief Executive Officer of Boyd's Echelon Place project, from July 2005 through the sale of the project in March 2013. Mr. Boughner held the position of Chief Executive Officer of MDDC from January 1999 through June 2006. Prior to his initial service with MDDC, Mr. Boughner served as Chief Operating Officer and Senior Executive Vice President of Boyd, from April 1990 and May 1998, respectively, through October 2001. He is active in civic and industry affairs and currently serves on the board of directors of Bank of Nevada.

The Board determined that Mr. Boughner should serve as a director of the Company because of his business and leadership experience with Boyd both in Nevada and nationally, as well as his experience as a director of Boyd and the Bank of Nevada.

Table of Contents

José A. Cárdenas

Senior Vice President and General Counsel

Arizona State University

Director Since: 2011

Board Committees: Compensation, Pension Plan Investment

Mr. Cárdenas, 61, has been Senior Vice President and General Counsel for Arizona State University (ASU) since January 2009. In addition to serving as chief legal officer of the University, he serves as a University representative on and to the boards of directors of ASU affiliated and related entities such as the ASU Foundation. From 1982 through 2008, Mr. Cárdenas was a partner in the Phoenix based law firm of Lewis and Roca. He was the firm s Managing Partner (CEO) from 1999 to 2003 and then the firm s Chairman from 2003 through 2008.

Mr. Cárdenas is a native of Las Vegas, Nevada. He received his undergraduate degree from the University of Nevada, Las Vegas in 1974 and a law degree from Stanford University Law School in 1977. Mr. Cárdenas has been admitted to practice law in Arizona, California, the Ninth Circuit Court of Appeals and the United States Supreme Court and is a member of various bar associations including the Hispanic National Bar Association. Mr. Cárdenas is a member of the board of directors of Meridian Bank N.A. His many community activities include his service as a trustee of the Virginia G. Piper Charitable Trust. He is a past chairman of the boards of Greater Phoenix Leadership, Valley of the Sun United Way, the Translational Genomics Research Institute, and O Connor House.

The Board determined that Mr. Cárdenas should serve as a director because of his business and legal experience, his leadership abilities as a trustee or chairman for a number of private foundations and institutes and his diversity.

Thomas E. Chestnut

Retired Construction Executive

Director Since: 2004

Board Committees: Audit, Pension Plan Investment

Mr. Chestnut, 63, was the owner, President and Chief Executive Officer of Chestnut Construction Company from 1990 until 2013. After serving in Vietnam with the U.S. Army, he began a career in the construction industry in 1972 with Del Webb Corporation. Leaving Del 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 and past president of the Tucson Conquistadors and a member and past director of the Centurions of St. Mary s Hospital. 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

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by the United States Small Business Administration.

The Board determined that Mr. Chestnut should serve as a director of the Company because of his business experience in the residential and commercial construction businesses, his leadership experience in managing his construction business and his commitment to civic and charitable organizations in southern Arizona. In addition, the Board has based its recommendation on his knowledge of the business and operations of the Company, resulting from his service as a director since 2004.

Table of Contents

Stephen C. Comer

Retired Managing Partner

Deloitte & Touche LLP

Director Since: 2007

Board Committees: Audit (Chair), Pension Plan Investment

Mr. Comer, 64, received his degree in business administration from California 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 (inactive) and Nevada. He is also involved in numerous civic, educational and charitable organizations.

The Board determined that Mr. Comer should serve as a director of the Company because of his business, accounting and auditing experience with Arthur Andersen LLP and Deloitte & Touche LLP and his leadership positions with both entities, as well as his experience as a director of Pinnacle Entertainment, Inc.

LeRoy C. Hanneman, Jr.

Retired Construction Executive

Private Investor

Director Since: 2009 (also Director September 2003 to March 2008)

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

Mr. Hanneman, 67, received his undergraduate degree in construction engineering from Arizona State University. From 2002 until his retirement in 2010, he was the Chief Executive Officer and managing member of Element Homes, L.L.C., a homebuilding and real estate development company with projects in the metropolitan Phoenix, Arizona area. Mr. Hanneman is a 35-year veteran of the housing industry and former President, Chief Operating and Executive Officer of Del Webb Corporation. Mr. Hanneman left Del Webb Corporation after its merger with Pulte Homes Corporation in 2001. He has served on a number of charitable organization boards including United Way, Boy Scouts of America and Boys & Girls Clubs of America.

The Board determined that Mr. Hanneman should serve as a director of the Company because of his business and leadership experience in the housing industry with Del Webb Corporation throughout the Company's service territory.

Table of Contents

Michael O. Maffie

Retired Chief Executive Officer

Southwest Gas Corporation

Director Since: 1988

Board Committees: Pension Plan Investment

Mr. Maffie, 66, 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, and President and Chief Executive Officer in 1993. Mr. Maffie continued to serve as Chief Executive Officer until his retirement in 2004. He received his undergraduate degree in accounting and his MBA in finance from the University of Southern California. He previously served as a director of Boyd Gaming Corporation, 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 was formerly a director of the Western Energy Institute and the American Gas Association.

The Board determined that Mr. Maffie should serve as a director of the Company because of his business and leadership experience in all aspects of the Company's operations, his experience as a director of the Company since 1988 and other public companies, as well as his commitment to civic and charitable organizations in southern Nevada.

Anne L. Mariucci

Retired Construction Executive

Private Investor

Director Since: 2006

Board Committees: Nominating and Corporate Governance, Pension Plan Investment (Chair)

Ms. Mariucci, 56, 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, became a private investor and, together with two partners, founded Inlign Capital Partners, a private equity firm investing in privately held companies. She is also affiliated with private equity firms Hawkeye Partners in Austin, Texas and Glencoe Capital in Chicago, Illinois.

Ms. Mariucci serves on the Arizona Board of Regents and is its former chairman. She also serves as a director of Corrections Corporation of America (NYSE:CXE), Taylor Morrison Home Corporation (NYSE:TMHC), the University of Arizona Health Network (UAHN), the Arizona

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State University Foundation and the Fresh Start Women's Foundation. She is a past director of the Arizona State Retirement System, Scottsdale Healthcare and Action Performance Companies, as well as a past Trustee of the Urban Land Institute.

The Board determined that Ms. Mariucci should serve as a director of the Company because of her diversity and her business and financial experience in the housing industry with Del Webb Corporation and Pulte Homes throughout the Company's service territories, as well as her commitment to government, civic and charitable organizations throughout Arizona.

Table of Contents

Michael J. Melarkey

Partner

Avansino, Melarkey, Knobel, Mulligan & McKenzie

Director Since: 2004

Chairman of the Board

Board Committees: Compensation, Nominating and Corporate Governance

Mr. Melarkey, 64, a partner in the law firm of Avansino, Melarkey, Knobel, Mulligan & McKenzie for more than 35 years, 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 Bretzlaff Foundation, the Robert S. and Dorothy J. Keyser Foundation, the Roxie and Azad Joseph Foundation and the E. L. Wiegand Trust. He is Vice President of Miami Oil Producers, Inc. and has ownership interests in the Pioneer Crossing Casino in Fernley, Nevada, the Pioneer Crossing Casino in Dayton, Nevada, and the Pioneer Crossing Casino in Yerington, Nevada. He also serves as a director of the Gabelli Dividend & Income Trust, the Gabelli Global Utility and Income Trust, GDL Fund, the GAMCO Global Gold, Natural Resources & Income Trust by Gabelli, and the GAMCO Natural Resources, Gold & Income Trust by Gabelli, all closed-end mutual funds.

The Board determined that Mr. Melarkey should serve as a director because of his business and legal experience, his leadership abilities as a trustee for a number of private foundations and as a director of a number of closed-end mutual funds. In addition, the Board has based its recommendation on his knowledge of the business and operations of the Company, resulting from his service as a director since 2004.

Jeffrey W. Shaw

President and Chief Executive Officer

Southwest Gas Corporation

Director Since: 2004

Board Committees: None

Mr. Shaw, 55, received his degree in accounting from the University of Utah. He has been President and Chief Executive Officer since July 2012. He was named Chief Executive Officer and a director of the Company in 2004. Previously, Mr. Shaw, a CPA, held various positions at the Company, including Director of Internal Audit, Controller and Chief Accounting Officer, Vice President/Controller and Chief Accounting Officer, Vice President and Treasurer, Senior Vice President/Finance and Treasurer, Senior Vice President/Gas Resources and Pricing, and President. Mr. Shaw worked for Arthur Andersen & Co. in its Dallas and Las Vegas offices prior to joining Southwest Gas. He is a member of the American Institute of Certified Public Accountants, the Nevada Society of CPAs and the Leadership Las Vegas Alumni Association. Mr. Shaw serves on the boards of the American Gas Association, the UNLV Foundation, the Council for a Better Nevada and the Las Vegas

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Economic Club and is a past President and current board member of both the Western Energy Institute and the Las Vegas Area Council of the Boy Scouts of America. In March 2014, Mr. Shaw was elected to the board of directors of National Fuel Gas Company (NYSE:NFG).

The Board determined that Mr. Shaw should serve as a director because, as President and Chief Executive Officer of the Company, he has an intimate working knowledge of all aspects of the Company's operations.

Table of Contents

A. Randall Thoman

Retired Partner

Deloitte & Touche LLP

Director Since: 2010

Board Committees: Audit, Compensation

Mr. Thoman, 62, received his degree in accounting from the University of Utah and has been a Certified Public Accountant for more than 30 years. He began his career with Deloitte & Touche LLP and became a Partner in June 1991. For 15 years, Mr. Thoman was the Partner with primary responsibility for the technical interpretation and application of accounting principles and audit standards and the review of all reporting issues and financial statements for Nevada-based companies registered with the SEC. Mr. Thoman retired from Deloitte & Touche LLP in October 2009. Mr. Thoman also served on the board of SHFL Entertainment, Inc. until its acquisition in 2013.

The Board determined that Mr. Thoman should serve as a director of the Company because of his business, accounting and auditing experience with Deloitte & Touche LLP and his leadership positions at the firm, his experience with SEC reporting and compliance, as well as his experience as a former director of several non-profit entities.

Thomas A. Thomas

Managing Partner

Thomas & Mack Co. LLC

Director Since: 2008

Board Committees: Audit, Nominating and Corporate Governance

Mr. Thomas, 56, received his undergraduate degree in Finance and his juris doctorate from the University of Utah. After obtaining his law degree, he joined Valley Bank of Nevada and held various executive positions with the bank until its merger with Bank of America in 1992. After the merger, he became managing partner of Thomas & Mack Co., an investment management and commercial real estate development company with properties and developments in Nevada, California, Arizona and Utah. Mr. Thomas is actively involved in numerous charitable organizations including the Opportunity Village Foundation, the UNLV Foundation Advisory Board, the Las Vegas Rotary Club and the Las Vegas Area Council of the Boy Scouts of America. He is a member of the Nevada Bar Association and was instrumental in establishing the Thomas & Mack Legal Clinic and Moot Court Facility at the UNLV Boyd School of Law.

The Board determined that Mr. Thomas should serve as a director because of his banking and business experience, his familiarity with the commercial markets throughout the Company's service territories and his commitment to civic and charitable organizations in southern Nevada.

Table of Contents

Terrence Terry L. Wright

Owner/Chairman of the Board of Directors

Nevada Title Company

Director Since: 1997

Board Committees: Compensation, Nominating and Corporate Governance

Mr. Wright, 64, received his undergraduate degree in business administration and his juris doctorate from DePaul University. He joined Chicago Title Insurance Company while in law school and after graduation remained with the company and eventually moved to its Las Vegas, Nevada office. In 1978, he acquired the assets of Western Title to form what is now Nevada Title Company. Mr. Wright is the chairman of the board and majority owner of Westcor Land Title Insurance Company, which is licensed to issue policies of title insurance in 43 states. He is a member of the California and Illinois bar associations and has served on the board of directors for Nevada Land Title Association and the Tournament Players Club at Summerlin. He is a past chairman of the Nevada Development Authority, the Nevada Chapter of the Young Presidents Organization, the UNLV Foundation and the Council for a Better Nevada.

The Board determined that Mr. Wright should serve as a director because of his business and leadership experience with Nevada Title Company and Westcor Land Title Insurance Company, his familiarity with residential and commercial markets throughout the Company's service territories, as well as his commitment to civic and charitable organizations in southern Nevada. In addition, the Board has based its recommendation on his knowledge of the business and operations of the Company, resulting from his service as a director since 1997.

Table of Contents**Securities Ownership by Directors, Director Nominees, Executive Officers, and Certain Beneficial Owners**

Directors, Director Nominees and Executive Officers. The following table discloses all Common Stock beneficially owned by the Company's directors, the nominees for director and the executive officers of the Company, as of March 1, 2014.

Directors, Nominees & Executive Officers	No. of Shares Beneficially Owned(1)	Percent of Outstanding Common Stock(2)
Robert L. Boughner	25,962	*
José A. Cárdenas	8,913	*
Thomas E. Chestnut	18,182	*
Stephen C. Comer	17,682 ⁽³⁾	*
LeRoy C. Hanneman, Jr.	15,345 ⁽⁴⁾	*
Michael O. Maffie	20,554 ⁽⁵⁾	*
Anne L. Mariucci	17,182	*
Michael J. Melarkey	26,147 ⁽⁶⁾	*
Jeffrey W. Shaw	163,105 ⁽⁷⁾⁽⁸⁾	*
A. Randall Thoman	12,207 ⁽⁹⁾	*
Thomas A. Thomas	16,462	*
Terrence L. Wright	27,182 ⁽¹⁰⁾	*
Roy R. Centrella	35,006 ⁽⁷⁾⁽¹¹⁾	*
John. P. Hester	57,755 ⁽¹²⁾	*
William N. Moody	23,825	*
Eric DeBonis	23,901	*
Other Executive Officers	162,170 ⁽⁷⁾⁽¹³⁾	*
All Directors and Executive Officers	671,580 ⁽¹⁴⁾	1.44%

(1) Common Stock holdings listed in this column include performance shares granted to the Company's executive officers under the Company's Management Incentive Plan in 2012, 2013 and 2014, restricted stock units granted to the Company's executive officers under the Company's Restricted Stock Unit Plan (the RSUP) in 2012, 2013 and 2014 and restricted stock units granted to the Company's directors under the RSUP.

(2) * No individual officer or director owned more than 1% of outstanding Common Stock.

(3) The holdings include 3,500 shares over which Mr. Comer has shared voting and investment power with his spouse through a family trust.

(4) The holdings include 4,190 shares over which Mr. Hanneman has shared voting and investment control with his spouse through a family trust.

(5) The holdings include 1,343 shares over which Mr. Maffie's spouse has voting and investment control.

(6) The holdings include 6,000 shares which Mr. Melarkey has the right to acquire through the exercise of options under the Option Plan and 700 shares over which he has shared voting and investment control through a profit-sharing plan.

(7) Number of shares does not include 28,018 shares held by the Southwest Gas Corporation Foundation, which is a charitable trust. Messrs. Shaw and Centrella and Ms. Haller are trustees of the Foundation but disclaim beneficial ownership of the shares held by the foundation.

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- (8) The holdings include 70,941 shares over which Mr. Shaw has shared voting and investment power with his spouse through a family trust.
- (9) The holdings include 2,825 shares over which Mr. Thoman has shared voting and investment power with his spouse through a family trust.
- (10) The holdings include 9,000 shares which Mr. Wright has a right to acquire through the exercise of options under the Option Plan.
- (11) The holdings include 662 shares which Mr. Centrella has a right to acquire through the exercise of options under the Option Plan.

Table of Contents

- (12) The holdings include 7,748 shares over which Mr. Hester's spouse has voting and investment control.
- (13) The holdings of other executive officers include 8,100 shares that may be acquired through the exercise of options under the Option Plan.
- (14) The holdings of the directors and executive officers combined include 23,762 shares that may be acquired through exercise of options under the Option Plan.

Beneficial Owners. BlackRock Inc. reported on Schedule 13G, filed on January 30, 2014, ownership in excess of 5% of the Company's Common Stock. The Vanguard Group, Inc. reported on Schedule 13G, filed on February 11, 2014, ownership in excess of 5% of the Company's Common Stock. GAMCO Investors, Inc. et. al. and Gabelli Funds, LLC reported on two separate Forms 13F-HR, filed on February 7, 2014, ownership in excess of 5% of the Company's Common Stock. T. Rowe Price Associates, Inc. reported on Schedule 13G, filed on February 13, 2014, ownership in excess of 5% of the Company's Common Stock. The holdings of these entities on the dates noted in the filings and as a percentage of the shares outstanding on March 1, 2014 are as follows:

Beneficial Owner	No. of Shares Beneficially Owned	Percent of Outstanding Common Stock
BlackRock Inc.(1) 40 East 52 nd Street New York, New York 10022	4,367,175	9.39%
The Vanguard Group, Inc.(2) 100 Vanguard Blvd. Malvern, Pennsylvania 19355	3,350,518	7.21%
GAMCO Investors, Inc. et. al.(3) One Corporate Center Rye, New York 10580	3,242,855	6.97%
T. Rowe Price Associates, Inc.(4) 100 E. Pratt Street Baltimore, Maryland 21202	3,046,920	6.55%

- (1) BlackRock Inc. has sole voting power over 4,220,665 shares, no voting power over 146,510 shares and sole dispositive power over all of the shares beneficially owned.
- (2) The Vanguard Group, Inc. has sole voting power over 73,859 shares, shared dispositive power over 65,859 shares and sole dispositive power over 3,284,659 of the shares beneficially owned.
- (3) GAMCO Investors, Inc. et. al. has sole voting power over 3,100,955 shares, no voting power over 141,900 shares and sole dispositive power over all of the shares beneficially owned.
- (4) T. Rowe Price Associates, Inc. has sole voting power over 579,350 shares and sole dispositive power over all of the shares beneficially owned.

Section 16(a) Beneficial Ownership Reporting Compliance

The Company has procedures in place to assist directors and executive officers in complying with Section 16(a) of the Exchange Act, which includes the preparation of forms for filing. Based upon a review of filings with the SEC and written representations that no other reports were required, we believe that all of our directors and executive officers complied during 2013 with the reporting requirements of Section 16(a) of the Exchange Act, except the exercise of stock options with respect to 3,000 shares of Company Common Stock by director Mariucci on April 3, 2013 that was reported on Form 4 on April 9, 2013.

Table of Contents

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes our 2013 executive compensation program, the compensation decisions made by the Compensation Committee (the committee) under our executive compensation program, and the factors considered in making such decisions. This section focuses on the compensation of the Company's named executive officers (NEOs) for fiscal 2013, who were:

- * Jeffrey W. Shaw, President and Chief Executive Officer

- * Roy R. Centrella, Senior Vice President/Chief Financial Officer

- * John P. Hester, Executive Vice President

- * William N. Moody, Executive Vice President

- * Eric DeBonis, Senior Vice President/Operations

Executive Summary

Objectives

The objectives of our executive compensation program are to:

- * Align the interests of the NEOs with those of the Company, its customers and its shareholders;

- * Recruit, retain and motivate executive talent;

- * Recognize and reward performance that meets or exceeds the Company's objectives; and

- * Be fair and competitive.

The Company's 2013 Performance

Results for the key performance measures of our natural gas operations used in the Company's incentive-based compensation programs were as follows:

- * Return-on-equity (ROE) was 8.47%, exceeding our target of 8.00%;
- * Customer satisfaction was 93.75%, exceeding our target of 90%;
- * Customer-to-employee ratio was 858-to-1, better than our target of 844-to-1; and
- * Operating cost increases were 3.70%, missing our target of 3.60%.

Based on our achievements, the annual incentive compensation plan paid out at 114% of target and the long-term incentive program, which is based on performance over the last three years, paid out at 147.5% of target.

We believe that our compensation program is successful at motivating the creation of shareholder value. The Company performed well in 2013 and has a solid record of success over the last five years. Performance continues to be driven by management's steadfast focus on the core fundamentals of our businesses. Operating cash flows have remained strong and the Company's common equity to total capitalization has improved steadily in recent years. Other recent accomplishments include the following:

- * Basic earnings per share increased from \$2.45 in 2011, to \$2.89 in 2012, and \$3.14 in 2013.

Table of Contents

- * Dividends per share were \$1.06 in 2011, \$1.18 in 2012, and \$1.32 in 2013. In February 2014, the Board increased the quarterly dividend from 33 cents to 36.5 cents per share (\$1.46 on an annual basis), effective with the June 2014 payment.
- * The Company's common stock traded above \$55 per share for the first time in our history in 2013.
- * Throughout 2013, we enjoyed rate structures in each of our service territories that were insulated from fluctuations in weather and that were not dependent upon the level of natural gas sales, known in the industry as "decoupled" rate structures.

Program Design

Compensation for NEOs includes:

- * Cash in the form of base salary;
- * Annual at-risk variable incentive compensation in the form of cash and stock-based compensation;
- * Long-term at-risk variable incentive compensation in the form of restricted stock units;
- * Perquisites in the form of car allowances, cable internet access, allowances for annual physical examinations, life insurance and financial and estate planning allowances; and
- * Other benefits that include the same group health and welfare benefit programs and tax-qualified retirement plans available to all employees, as well as executive nonqualified retirement plans.

None of the NEOs has an employment agreement with the Company.

Base salary is designed to approximate the median (50th percentile) of the amounts paid by peer group companies (as discussed below), and we set overall compensation to be competitive in a range between the 35th and the 65th percentiles of the peer group (plus or minus 15 from the median). For 2013, overall total direct compensation for the NEOs, as a group, was below the median of the peer group.

Best Practices

We believe that the Company has adopted best practices for executive compensation. We annually review all elements of NEO pay and, where appropriate for the business and shareholders, make changes to incorporate current best practices. Shareholders responded with over 97% of the votes cast on "Say on Pay" at our 2013 Annual Meeting in favor of the compensation of the NEOs. In keeping with best practices, we have:

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- * Adopted stock ownership guidelines for all NEOs and directors, with retention thresholds set at a meaningful factor times annual cash remuneration;

- * Set a significant portion of each NEO's total direct compensation opportunity, which includes base salary and annual and long-term incentives, linked to Company performance by including components of compensation opportunity that are at risk subject to the achievement of established performance criteria;

- * Aligned pay practices with shareholder and customer interests, with an eye toward remaining competitive, and used risk analysis and mitigation to provide compensation practices that motivate appropriate risk-taking, by, for example, providing compensation incentives for achievement of certain identified Company objectives and goals, while disincenting unnecessary risk-taking, by, for example, including stock ownership guidelines for the PEO;

Table of Contents

- * Reviewed, analyzed and considered whether the Company's compensation policies and practices create risks that are reasonably likely to have a material adverse effect on us, and concluded that no such material risks were identified;
- * A compensation committee that is composed of only independent directors;
- * An independent compensation consultant retained by, and which reports to, the committee and has no other business with the Company;
- * Annual reviews of our compensation peer group;
- * Regular briefings from the committee's compensation consultant regarding key trends;
- * An annual review of PEO performance;
- * No employment agreements between the Company and the NEOs;
- * Change in control agreements with the NEOs, which do not provide for tax gross-ups or severance amounts that exceed more than three times base pay and bonus, and which do include double trigger vesting provisions for equity awards;
- * No cash dividends paid on unvested stock-based awards. In lieu of cash dividends, recipients receive additional restricted stock-based awards that will vest/forfeit based on the same measures applicable to the underlying awards; and
- * No tax reimbursements or gross-ups for life insurance, bonus, trusts, or stock vesting.

Summary of Key Changes in 2013 and 2014

Shareholders supported the Company's executive compensation practices with a positive say-on-pay vote of over 97% of the votes cast at our 2013 Annual Meeting. In light of this support, the Company did not make any material changes to executive compensation programs in 2013 or 2014. Key developments during this period include:

- * The expiration of the PEO's letter agreement (the Letter Agreement), which had replaced his employment agreement, and the effectiveness of his change in control agreement;
- * Adoption of a new form of change in control agreement for all officers; and
- * Incremental restricted stock unit awards to senior officers under the Company's long-term equity incentive plan in both 2013 and 2014 in recognition of the Company's performance over the past 10 years and to motivate future performance.

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The PEO's Letter Agreement, which contained limited post-termination benefits in the event of a termination prior to the PEO's 55th birthday in the absence of a change in control, expired in the fourth quarter of 2013. By way of background, in late 2011 the committee, with the assistance of Pay Governance, an independent consultant to the committee, evaluated market practices related to post-termination benefits and those that would be appropriate for the PEO. As a result of such evaluation, in 2012 the committee recommended and the Board approved the option not to renew the PEO's employment agreement (the Expired Employment Agreement) and new arrangements between the Company and the PEO, including a change in control agreement in substantially the same form as the change in control agreements with the other NEOs and the Letter Agreement.

The PEO's Letter Agreement, which became effective June 1, 2012, provided post-termination benefits payable in the absence of a change in control of the Company upon a separation from service resulting from (i) termination without cause or (ii) as a result of a significant reduction in his duties, responsibilities, location or compensation. Upon such a termination event, the PEO would have received a lump sum cash payment equal to 12 months of base salary, plus incentive compensation for

Table of Contents

the period during the applicable plan year preceding the date of termination and for a period of 12 months following the date of such termination. In addition, all unvested stock-based awards would have vested and stock options would have remained exercisable for 90 days after the termination event. Up to an additional year would have been provided towards the age assumption for eligibility, vesting and calculation of benefits under the Supplemental Executive Retirement Plan (SERP). The Letter Agreement terminated on November 9, 2013, the PEO s 55 birthday. Potential benefits under the change in control agreement and the Letter Agreement, respectively, were substantially less favorable to the PEO than the comparable benefits provided under the PEO s Expired Employment Agreement.

With the termination of the Letter Agreement, the PEO s only contractual arrangement with the Company providing for compensation following a termination event is a change in control agreement.

Key features of the PEO s change in control agreement include:

- * No tax gross-up provision, such as the provision contained in the Expired Employment Agreement.
- * The number of points which the PEO may use for purposes of determining eligibility for benefits, vesting and calculation of benefits under the SERP was reduced from 15 to six points.
- * A double trigger provision for payment of a severance benefit, which requires both a change in control and the PEO s termination of employment for good reason or the Company s termination of the PEO s employment for reasons other than death, disability or cause.

On November 15, 2013, the Board approved revisions to the form of change in control agreement for officers (the New Change in Control Agreement). Except for the length of duration, the material terms and conditions of the New Change in Control Agreement are the same as those in the Company s former change in control agreement. The Company s former change in control agreement provided for a fixed term of three (3) years. The New Change in Control Agreement provides for a term that commences upon execution of the agreement and terminates twelve (12) months following written notice from the Company to the officer of the termination of the agreement. Pursuant to the terms of the New Change in Control Agreement, any notice of termination of the agreement will be deemed null and void if, prior to the proposed termination date, an event that was expected to result in a change in control of the Company occurs. The Company amended and restated each of the existing change in control agreements with its officers to conform to the terms and conditions of the New Change in Control Agreement.

In both January 2013 and January 2014, the committee approved incremental 2006 Restricted Stock/Unit Plan (RSUP) awards for each senior officer equal to 15% of base salary.

The remainder of this Compensation Discussion and Analysis offers a detailed explanation of the Company s compensation policies and decisions with respect to the NEOs.

Compensation Objectives

The objectives of the Company s compensation program are to recruit, retain, reward, and motivate talented executives and to align their interests with our customers and shareholders. Our executive compensation program is designed to reward performance, know-how, problem solving and

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accountability and to elicit long-term employment commitments. We strive to set salary at levels that ensure reasonableness, market competitiveness and internal equity for each position. Performance awards, retirement benefit opportunities and post-termination benefits support our goal of

Table of Contents

attracting and retaining talented executives over long-term employment commitments, while at the same time increasing shareholder value, achieving operational efficiencies and providing continued exceptional customer satisfaction.

As a public utility, the Company is a highly-regulated entity, and the compensation it provides is evaluated as a part of the regulatory review process. Our compensation program must be responsive to market conditions and the regulatory environment we face as a public utility. Compensation costs, like all Company operating expenses, are subject to reasonableness reviews by the regulatory bodies in the states and jurisdictions in which we operate. In addition, the regulatory review process recognizes the value of providing incentives for operational efficiencies and overall customer satisfaction.

The long-term nature of the Company's customer service obligations shapes the overall structure of the executive compensation program. We seek to ensure that long-term corporate and customer goals of safe, continuous service at reasonable rates are achieved. We also recognize that we are in a competitive environment for executives, and the compensation program has to recognize and reward performance. Non-equity incentive compensation and restricted stock-based awards are designed to address performance and provide significant support for long-term employment commitments.

The executive compensation program is prospective. The results of previously earned performance awards and the deferral of cash compensation are not taken into consideration in establishing the appropriate level of future compensation. The Company's past performance, however, is taken into consideration in determining the long-term performance awards and in setting new performance targets.

The executive compensation program is administered by the committee. The committee annually reviews and approves the corporate goals and objectives relevant to the PEO's compensation, the PEO's performance in relation to such goals and objectives and, together with the other Independent Directors of the Board of Directors, the PEO's actual compensation. The committee also reviews, together with the PEO, and approves the salaries and incentive compensation for the other executive officers.

Management annually provides information to the committee regarding what it believes to be appropriate compensation levels and performance programs and awards. This information is gathered from external independent surveys and publicly available compensation comparisons. Consultants may also be retained by management to independently assess the compensation program. Management, including the NEOs, provides guidance to, and receives direction from, the committee regarding the executive compensation program.

In addition, the committee has the authority, independent of management, to employ and retain consultants to assist it in establishing the executive compensation program objectives and in determining whether the objectives have been satisfied. The methodology used by the Company for determining executive salaries and pay increases has been reviewed by Pay Governance, an independent consultant to the committee. Pay Governance's review encompassed all officers and indicated general approval of the methodology used. There were no changes to the methodology used by the Company during 2013.

Elements of Compensation

The executive compensation program consists of the following elements:

- * Salary;

- * Incentive stock-based awards;

Table of Contents

- * Non-equity incentive compensation;

- * Perquisites;

- * Welfare benefits;

- * Retirement benefits; and

- * Post-termination benefits (under certain circumstances, as discussed below).

Welfare benefits, including group life, health, hospitalization, and medical reimbursement programs, available to executive officers are the same in scope, terms and operation as the benefits available to all Company employees. Retirement benefits include both tax-qualified and nonqualified defined benefit and contribution retirement plans. Post-termination benefits are governed by change in control agreements.

Decision to Pay Each Element of Compensation

The primary objective of the executive compensation program is to elicit strong performance for customers and shareholders through the use of competitive performance-based compensation that attracts, retains and motivates high caliber executive talent. To accomplish this, the program is designed to respond to changing market conditions and to offer a broad spectrum of compensation opportunities. Performance is the critical component of the program, and both individual and overall Company performance can impact an officer's level of compensation on an annual basis.

Salaries and performance-based compensation are linked to recognize each officer's responsibilities and individual contribution to the success of the Company. As explained in greater detail below, an officer's award opportunity is based on a percentage of salary and, as a result, will move in relation to changes in salary. How an officer satisfies his or her direct individual responsibilities can also impact the level of an individual officer's performance-based compensation. Exemplary performance is expected and rewarded with the compensation elements of the program, while poor performance will result in the reduction or possible elimination of an award under our Management Incentive Plan (MIP).

The availability of pension benefits allows the Company to deemphasize the salary component of an executive officer's overall compensation package while still remaining competitive. The level of deferral opportunities under the Company's qualified and nonqualified plans, however, do not influence the committee's decisions regarding the appropriate level of overall compensation. Welfare benefits and perquisites are also viewed by the committee on a stand-alone basis, while post-termination benefits are influenced by current salary levels.

Determination of the Amount to be Paid for Each Element of Compensation

The nature of the Company's operations and competitive considerations have led the committee to design and employ a compensation program that is comparable to compensation programs widely used in the industry by public utilities and accepted by various utility regulatory agencies. Salaries and performance-based compensation paid to the NEOs are determined by using a variety of sources, including Kenning Consulting for salary design and compensation surveys prepared by the American Gas Association, Towers Watson and Mercer for the components of

compensation and competitive market compensation levels.

Compensation is reviewed annually and is subject to mid-year adjustment. In determining compensation for July 1, 2012 through June 30, 2013, the committee used a compensation comparison and analysis performed by Towers Watson (Towers Watson Study), the consultant

Table of Contents

engaged by management. The Towers Watson Study compared the Company’s compensation packages, including base salary, total cash compensation and total direct compensation (which includes stock-based awards under the MIP and the RSUP), to compensation data from two primary sources: (i) published compensation surveys that best represent the Company in the marketplace, and (ii) peer company proxy filings, from a peer group of comparable companies chosen by Towers Watson. The structures of incentive compensation, deferred compensation and supplemental retirement programs of the Company were also reviewed in comparison to structures of peers. Methods similar to those used in the Towers Watson Study were employed for the annual compensation comparison and analysis performed by the Company in 2013, which the committee used in determining compensation for July 1, 2013 through June 30, 2014.

In addition to reviewing national market surveys, the Towers Watson Study included compensation comparison and analysis using proxy peer data. The peer group is composed of 18 companies in the utility industry that are deemed to be of comparable size and to have similar basic structure and operational complexity and excludes companies with less than half or more than twice the reported revenue of the Company. The peer group, which was selected by Towers Watson, includes the following companies:

- | | |
|------------------------------------|-------------------------------------|
| * AGL Resources, Inc. | * Piedmont Natural Gas Co., Inc. |
| * Avista Corporation | * Pinnacle West Capital Corporation |
| * Black Hills Corporation | * PNM Resources, Inc. |
| * Great Plains Energy, Inc. | * Portland General Electric Company |
| * The Laclede Group Inc. | * Questar Corporation |
| * National Fuel Gas Company | * UNS Energy Corporation |
| * New Jersey Resources Corporation | * Vectren Corporation |
| * Northwestern Corporation | * Westar Energy, Inc. |
| * NV Energy, Inc. | * WGL Holdings, Inc. |

We set base salaries for the NEOs at amounts that approximate the 50th percentile of the amounts paid by the peer group of companies discussed above (relevant market). We set overall compensation to be competitive in a range between the 35th and the 65th percentiles of the peer group (plus or minus 15 from the median). The selection of these parameters is designed to be comparable and competitive with the relevant market, to address the regulatory environment in which the Company operates and to provide a reasonable range of incentives to reward performance.

Other elements of overall compensation (perquisites, welfare benefits, retirement benefits and post-termination benefits) were implemented at various times over the past several years to remain competitive with the relevant market. In determining the Company’s overall compensation, we annually compare the Company’s elements of compensation and the level of benefits with those of the relevant market to ensure the Company remains competitive. For 2013, target total direct compensation, in aggregate, for the NEOs was below the median of the peer group selected for the Towers Watson Study.

The material elements of management’s directions to Towers Watson in connection with their engagement for the Towers Watson Study included providing (i) management with basic market data on compensation practices, both from peer companies in the utility industry and among general industry, (ii) commentary on the current policies with respect to market practices, and (iii) options to consider if it is determined that changes to current practices are needed. The committee engaged Pay Governance as an independent consultant to perform a competitive pay benchmarking analysis of the officers, independent of the Towers Watson Study. Pay Governance’s engagement with the committee also included a review of the Company’s internal director compensation comparison and analysis and

Table of Contents

the terms of management's change in control agreements. The Company determined that the committee's compensation consultant did not receive fees for services, in addition to executive and director compensation services, in excess of \$120,000.

For 2013, the committee analyzed whether the work of any compensation advisor raised any conflict of interest, taking into consideration all relevant factors, including those set forth in Rule 10C-1(b)(4)(i) through (vi) under the Exchange Act. The committee determined, based on its analysis of all relevant factors, that no conflicts of interest were present.

Current vs. At-Risk Compensation

Total direct compensation of the Company's NEOs, other than base salary, is at risk and must be earned by achieving annual and long-term performance goals. The portion of total direct compensation designed to be paid in base salary versus variable pay depends upon the NEO's position and the ability of that position to influence outcomes, as well as market factors. The PEO has the largest portion of pay at risk. In 2013, the percentage of targeted total direct compensation opportunity at risk or earned by achieving performance goals was approximately 69% for the PEO, and, for the other NEOs, the average percentage of such compensation at risk was approximately 60%.

Salaries

Salaries for the Company's NEOs are established based on the scope of their responsibilities, taking into account competitive market compensation paid by the peer group and additional salary survey data for similar positions. Salary design is established using the Hay Group method. The Hay Group method values the substance of the positions based on know-how, problem solving, and accountability. Input from the Kenning Consulting (regarding salary design), the Towers Watson Study and utility and general industry surveys are used by the committee to help ensure that salaries are reasonable, competitive and properly address position responsibility. The range of salaries available through this review provides an objective standard to determine the appropriate level of salary for a given executive position. Salaries are reviewed annually and are subject to mid-year adjustment to realign salaries with market levels after taking into consideration individual responsibilities, performance, inflation and experience. Mid-year salary increases were provided to the NEOs in 2013 based on the Company's established compensation methodology.

Incentive Compensation

The performance component of the Company's executive compensation program is designed to reward Company performance and consists of non-equity incentive compensation and restricted stock-based awards provided through the MIP and the RSUP (collectively, Incentive Plans). The committee has designed the Incentive Plans to focus on specific annual and long-term Company financial, productivity and customer satisfaction performance goals.

Table of Contents**MIP**

Annually, we establish incentive opportunities under the MIP, expressed as a percentage of each individual's salary at year-end (after taking into account any mid-year salary adjustment), corresponding with each individual's position and responsibilities with the Company, and determine the performance goals to be measured against these opportunities. For 2013, the incentive opportunities for the NEOs were set at the following percentages of salary:

	Incentive Opportunities (% of salary)
Jeffrey W. Shaw	115%
Roy R. Centrella	75%
John P. Hester	90%
William N. Moody	90%
Eric DeBonis	75%

The performance measures for 2013 were tied to the financial performance, productivity and customer satisfaction of the Company's natural gas operations. This mix of performance goals is designed to address both shareholder and customer interests through the Company's financial performance, increased productivity and customer satisfaction. In prior regulatory proceedings, the regulatory commissions have insisted that productivity measures and customer satisfaction goals be included in the MIP in order to recover any of the costs of the program through the Company's natural gas rates.

The financial measure, ROE, is designed to reward success in reaching the average authorized return-on-equity. The productivity measures are designed to reward success in reaching a predetermined customer satisfaction percentage, a percentage improvement in the customer-to-employee ratio, and a predetermined percentage of cost containment for operating costs.

Each of the performance measures is equally weighted, and the actual performance award can range from 70% to 140% of the assigned incentive opportunity for each measure. If the threshold percentage for any measure is achieved, a percentage of annual performance awards will have been earned. Regardless of whether such awards are earned, no awards will be paid in any year unless dividends paid on our Common Stock for such year equal or exceed the prior year's dividends.

The performance measure targets for 2013 were as follows:

- * **ROE** The target for the ROE component of the MIP was 8.0%, which represented 85% of the Company-wide authorized weighted average ROE of 9.71%, minus 0.25% to remove the volatility associated with Company-owned life insurance. The threshold for an award for this measure is reached at an ROE of 7.03%, and a maximum award is achieved at an ROE of 9.71%.
- * **Customer Satisfaction** The target for this component remained at 90% for 2013. The threshold for an award for this measure is reached at 83%, and a maximum award is achieved at a customer satisfaction level of 97%.

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- * Customer-to-Employee Ratio The target for this component of the MIP for 2013 was set at 844 customers per employee, which represents a 1% improvement over the actual ratio of 836 customers per employee at December 31, 2012. Achieving the ratio of 836 customers per employee would satisfy the award opportunity threshold and 861 customers per employee will satisfy the maximum payout for this measure.

Table of Contents

- * **Operating Costs** For the operating cost component of the MIP, we use a target that reflects estimated inflation and a growth factor. The inflation estimate is derived from the Blue Chip Economic Indicators publication and was 2.5%. This percentage is used along with a customer growth assumption of 1.1% to calculate the target measure. As a result, the target for 2013 was set at 3.6%. The minimum target was set at 4.6%, and the maximum award is achieved by experiencing an annual increase of 2.6% or less.

The success in achieving the performance measures for 2013 is discussed in the narrative following the Summary Compensation and Grants of Plan-Based Awards Tables.

The incentive opportunities as a percentage of salary for the NEOs are the same for 2014. The four performance measures used to determine whether the incentive opportunities are earned are also the same. The target for the ROE for 2014 is set at 7.81%, which represents 83% of the Company-wide authorized weighted average ROE, adjusted downward by 25 basis points to reflect the removal of Company-owned life insurance returns from consideration in the MIP. The customer satisfaction target is set at 90%, and the customer-to-employee target is set at 867 customers per employee, a 1% percent improvement over the actual ratio at the end of 2013. The operating cost target is set at 2.6%, a target that reflects estimated inflation at 1.9% and a net growth factor of 0.7%.

If annual performance awards are earned and payable, payment of the awards will be subject to a reduction depending upon satisfaction of the MIP participants' individual performance goals. Any reductions would be tied to an individual's overall award and not any one specific performance measure. The committee reviews the PEO's individual performance to determine whether there will be any downward adjustment. For 2013/2014, individual performance goals for the PEO centered on (i) working with regulators to improve the level and stability of revenues and cash flows, (ii) striving to control operating expenses, (iii) striving to maintain/strengthen the Company's credit ratings, (iv) pursuing actions that will, over the longer-term, improve the Company's equity value, (v) updating the Board on the progress made on the succession plan for the CEO and key members of management and (vi) presenting strategic alternatives to the Board and pursuing agreed upon strategies.

The PEO reviews the other executive officers' individual performances to determine whether there will be any downward adjustment in the performance awards. As a result of such review, if the PEO recommends a downward adjustment in the performance awards, the PEO will bring the matter before the committee for review and approval. There were no downward adjustments for 2013. The goals of the other NEOs are designed to reflect their individual responsibilities and to complement the goals of the PEO. Mr. Centrella's goals were centered on financial planning activities, timely, accurate and useful financial reporting, improving the Company's credit profile, cost containment measures, and regulatory compliance. Mr. Hester's goals were directed at improving the level and stability of revenues and cash flows through timely regulatory filings in all of our rate jurisdictions, the acquisition of gas supplies for customers, gas cost recoveries through the regulatory process, and regulatory compliance. Mr. Moody's goals were focused on information systems development, cyber-security and pipeline integrity. Mr. DeBonis' goals were directed to maintaining system safety, controlling operating costs, and achieving maximum profitability on new growth. The individual performance goals for the PEO and other NEOs were satisfied, and there were no reductions in their MIP awards in respect of 2013.

Further, the annual MIP awards will be split, with 40% paid in cash (which are disclosed as non-equity incentive plan compensation in the Summary Compensation Table) and the remaining 60% converted into performance shares (which are disclosed as stock awards in the Summary Compensation and Grants of Plan-Based Awards Tables Narrative) tied to a five-day average value of the Company's Common Stock for the first five trading days in January. The performance shares are restricted for three years, and the ultimate payout in Common Stock is subject to continued

Table of Contents

employment during this restriction period; provided, however, that MIP performance shares vest immediately when a MIP participant retires after the age of 55 (subject to restrictions under Code Section 409A).

RSUP

The RSUP is designed to provide incentives for maintaining long-term performance and strengthening shareholder value. The award opportunities, like that of the MIP, are based on a percentage of salary. For 2013, the incentive opportunities for the NEOs were set at the following percentages:

	Incentive Opportunities (% of salary)
Jeffrey W. Shaw	45%
Roy R. Centrella	20%
John P. Hester	25%
William N. Moody	25%
Eric DeBonis	20%

The performance goal used to determine whether an award is earned is the average MIP payout percentage for the three years immediately preceding the award determination date. The target is set at an average MIP payout percentage of 100%; however, no award will be earned unless the average MIP payout percentage is at or above 90%. If an award is earned, it will be granted in the range of 50% to 150% of the incentive opportunity in the form of restricted stock or restricted stock units, based on the five-day average value of the Company's Common Stock for the first five trading days in January. Restricted stock and/or restricted stock units vest in percentages (40%, 30% and 30%) over the three years following the date of the award; provided, however, that RSUP awards vest immediately when an RSUP participant retires after the age of 55 (subject to restrictions under Code Section 409A). The success in achieving the performance measures for 2013 is discussed in the narrative following the Summary Compensation and Grants of Plan-based Awards Tables.

In both January 2013 and January 2014, the committee approved incremental RSUP awards for each senior officer of the Company equal to 15% of base salary. The restricted stock units granted will vest on the same schedule as annual RSUP awards of the same plan year. The factors referenced by the committee when recommending these awards were the incentive award criteria approved by shareholders for the RSUP.

Perquisites

The Company provides a limited number of perquisites to its executive officers. The executive officers receive car allowances, cable internet access, annual \$2,500 allowances for physical examinations, life insurance and a \$5,000 allowance once every three years to assist in financial and estate planning. Senior officers are also provided social club memberships.

Retirement Benefits

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Four retirement benefit plans are available to the executive officers. Two of the plans, the Retirement Plan for Employees of Southwest Gas Corporation (Retirement Plan) and the Employees Investment Plan (EIP), both tax-qualified plans, are available to all of our employees. Two additional plans are offered to the executive officers, the SERP and the Executive Deferral Plan (EDP). These additional plans were established to attract and retain qualified executive officers and to address the dollar limitations imposed on the two tax-qualified plans.

Table of Contents

Benefits under the Retirement Plan are based on (i) the executive's years of service with the Company, up to a maximum of 30 years, and (ii) the average of the executive's highest five consecutive years' salaries, within the final 10 years of service, not to exceed a maximum compensation level established by the Internal Revenue Service. The SERP is designed to supplement the benefits under the Retirement Plan to a level of 50-60% of salary. To qualify for benefits under the SERP, which is based on a 12-month average of the highest consecutive 36-months of salary, an executive is required to have reached (i) age 55, with 20 years of service with the Company, or (ii) age 65, with 10 years of service.

Executives may participate in the EIP and defer salary up to the maximum annual dollars permitted for 401(k) plans under the Code. Investments of these deferrals are controlled by the individual executives from a selection of investment options offered through the EIP. The Company does not match contributions for executive deferrals into the EIP. The EDP supplements the deferral opportunities by permitting executives to defer up to 100% of their annual salary and non-equity incentive compensation. As part of the EDP, the Company provides matching contributions that parallel the contributions made under the EIP to non-executives, up to 3.5% of their annual salary. Amounts deferred and Company matching contributions bear interest at 150% of the Moody's Seasoned Corporate Bond Rate. At retirement or termination, with five years of service with the Company, the executive officers will receive EDP balances paid out at the election of the participant over a period of 10, 15, or 20 years and will be credited during the applicable payment period with interest at 150% of the average of the Moody's Seasoned Corporate Bond Rate on each January 1st for the five years prior to the start of retirement.

Post-Termination Benefits

The Company offers change in control agreements to its officers to align their interests with shareholders and to retain and motivate high caliber executive talent. Providing change in control benefits is designed to reduce the reluctance of management to pursue potential change in control transactions that may be in the best interests of shareholders and helps ensure stability and continued performance during the protracted process of merging with or acquiring a regulated utility. We engaged independent consultants and outside counsel to ensure that the provisions of the change in control agreements are appropriately consistent with current market practice.

As discussed under the heading *Summary of Key Changes in 2013 and 2014* above, each change in control agreement provides for a term that commences upon execution of the agreement and terminates twelve (12) months following written notice from the Company to the officer of the termination of the agreement. Any notice of termination of the agreement will be deemed null and void if, prior to the proposed termination date, an event that was expected to result in a change in control of the Company occurs. The protection period for officers is 24 months after a change in control. A change in control event under the agreements is generally defined to include approval by the Company's shareholders of the dissolution or liquidation of the Company, consummation of a merger or a similar transaction which results in more than a 50% change in ownership, acquisition by one person (or group of persons) of at least 30% of the ownership of the Company, consummation of the sale of substantially all of the Company's business and/or assets, or the replacement of the majority of the members of the incumbent Board of Directors (excluding replacement directors nominated by the incumbent Board).

Upon a change in control event and the termination of employment without cause or as a result of a significant reduction in his duties, responsibilities, location or compensation, the officer will receive a lump-sum severance payment equal to the sum of (a) for the PEO, 36 months, for Messrs. Centrella, Hester, Moody, DeBonis and other senior officers, 30 months, and for the other officers, 24 months, of annual base salary and (b) in the form of cash, an amount equal to any annual incentive compensation

Table of Contents

calculated at 100% of the target amount payable for the same periods. Restricted stock awards, stock options and other similar awards, as well as benefits under nonqualified plans may vest and/or become exercisable upon a change in control event. In addition, at the minimum age of 50 and for purposes of determining eligibility for benefits, vesting and calculation of benefits under the SERP, Messrs. Shaw, Centrella, Hester, Moody, DeBonis and other senior officers will be permitted to add six points, while all other officers will be permitted to add five points to the applicable formulas under the SERP. Finally, each officer shall be entitled to reimbursement of reasonable outplacement services not to exceed \$30,000. The change in control agreements include a double trigger provision, which requires both a change in control and the officer's termination of employment for good reason or the Company's termination of the officer's employment for reasons other than death, disability or cause, for payment of a severance benefit.

These change in control agreements have no tax gross-up provisions and instead employ a best net approach whereby benefits would be reduced if a reduced benefit would result in a greater after-tax benefit to the officer. If any payment under these agreements would constitute a parachute payment subject to any excise tax under the Code, the Company will not pay the tax on behalf of the officers.

Interaction of the Compensation Elements in Relation to the Compensation Objectives

The Company's executive compensation program is intended to reward performance and to promote long-term employment commitments. Being rewarded for actual performance recognizes the Company's commitments to increasing shareholder value, implementing operational efficiencies and maintaining customer satisfaction. Salary, retirement benefits and the opportunity to be rewarded for performance provide the incentive to secure long-term commitments to the Company. Taken as a whole, the program supports the Company's commitment to its shareholders and its long-term commitment to its customers.

Say-on-Pay

The committee attempts to balance the interests of the Company, its shareholders and customers. The Company provides an annual say-on-pay advisory vote regarding executive compensation. The Company received majority approval in 2013, with more than 97% of the votes cast in favor of the compensation of the NEOs as described in the proxy statement for the 2013 annual meeting. The Board and the committee reviewed the final vote results and did not make any material changes to the compensation policies as a result of these votes. We describe additional actions taken by the committee in 2013 and 2014 in the Executive Summary. We determined that our stockholders should vote on a say-on-pay proposal each year. Accordingly, the Board recommends that you vote FOR Proposal 2 at the Annual Meeting. For more information, see **ADVISORY VOTE TO APPROVE THE COMPANY'S EXECUTIVE COMPENSATION** in this Proxy Statement.

Deductibility of Compensation

Section 162(m) of the Code generally disallows a tax deduction to public companies for compensation over \$1 million paid to the chief executive officer or any of the other four most highly compensated executive officers. Generally, awards under the MIP, which permits the grant of performance-based compensation, may not be subject to the deduction limit if certain requirements are met. We have also structured certain other performance-based portions of the executive compensation program in a manner that is designed to comply with the exceptions to the deductibility limitations of Section 162(m). While we intend for the performance-based compensation arrangements to meet the requirements of Section 162(m), we can provide no assurances that such compensation arrangements would ultimately satisfy such requirements.

Table of Contents

The committee believes, however, that in certain circumstances, factors other than tax deductibility take precedence when determining the forms and levels of executive compensation most appropriate and in the best interests of the Company and its shareholders. Given our industry and business, as well as the competitive market for outstanding executives, the committee believes that it is important to retain the flexibility to design compensation programs consistent with the overall executive compensation program even if some executive compensation is not fully deductible. The committee has from time to time approved elements of compensation for certain officers that may not be fully deductible and reserves the right to do so in the future when appropriate. For example, the incremental RSUP awards granted in January 2013 and January 2014 were not designed to qualify and be fully deductible.

Table of Contents

COMPENSATION COMMITTEE REPORT

As a part of the committee's duties, it is charged with the responsibility of producing a report on executive compensation for inclusion in the Annual Report on Form 10-K and this Proxy Statement. This report is based on the committee's review of the Compensation Discussion and Analysis and the discussion of its content with management.

The committee, based on its review of the Compensation Discussion and Analysis and its discussions with management, recommended to the Board (and the Board has approved and directed) that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, and this Proxy Statement.

Compensation Committee

Robert L. Boughner (Chair)
Michael J. Melarkey
Terrence L. Wright

José A. Cárdenas
A. Randall Thoman

Table of Contents**Summary Compensation Table**

The following table includes information concerning compensation during 2013, 2012 and 2011 for the named executive officers, whom we refer to as the NEOs, including our principal executive officer, the CEO.

Name and Principal Position	Year	Salary \$(1)	Stock Awards \$(2)	Non-Equity Incentive Plan Compensation \$(1)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(4)	All Other Compensation \$(5)(6)	Total (\$)
Jeffrey W. Shaw President and Chief Executive Officer	2013	817,096	1,380,197	440,496	188,840	52,231	2,878,860
	2012	771,175	1,125,144	445,280	1,206,219	50,858	3,598,676
	2011	715,151	1,042,826	420,900	1,004,905	48,358	3,232,140
Roy R. Centrella Senior Vice President/ Chief Financial Officer	2013	300,685	299,758	107,730	243,471	31,698	983,342
	2012	278,470	226,306	105,270	537,084	27,760	1,174,890
	2011	246,767	197,676	98,820	399,146	31,868	974,277
John P. Hester Executive Vice President	2013	325,685	325,600	139,536	61,976	24,868	877,665
	2012	304,046	248,098	114,345	473,588	22,277	1,162,354
	2011	282,932	235,063	108,336	390,317	23,583	1,040,231
William N. Moody Executive Vice President	2013	264,945	263,581	123,120	75,107	31,251	758,004
	2012	237,128	187,750	92,565	497,974	27,310	1,042,727
	2011	212,384	121,477	81,984	123,208	17,955	557,008
Eric DeBonis Senior Vice President/ Operations	2013	261,411	263,581	92,340	13,735	34,104	665,171
	2012	246,352	201,161	92,565	316,757	33,660	890,495
	2011	221,414	123,859	87,840	290,472	26,424	750,009

(1) Amounts shown in this column include any amounts deferred by the NEOs into the EIP and EDP.

(2) Amounts shown in this column represent the grant date fair value of awards of performance shares and restricted stock units granted in 2011, 2012 and 2013 based on performance criteria established in 2010, 2011, and 2012 under the MIP and the RSUP. In each case, the amounts were determined in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. The assumptions used to calculate these amounts are included in Note 10 Stock-Based Compensation of Exhibit 13.01 to our 2013 Annual Report on Form 10-K. However, as required, the amounts shown exclude the impact of estimated forfeitures. The stock awards granted in 2014 based on performance in 2013 are discussed below under the caption Summary Compensation and Grants of Plan-Based Awards Tables Narrative.

Performance shares vest three years after grant. Restricted stock units vest 40% at the end of the first year and 30% at the end of each of the second and third years. The valuation of the performance shares and restricted stock units are based on the Common Stock share price on the date of grant. Since the last option awards were made in 2006, there is no need to maintain the Options column.

(3) Amounts shown in this column represent the cash awards paid through the MIP in 2012, 2013 and 2014 for services performed in 2011, 2012 and 2013, respectively. The cash awards paid in 2014 for performance in 2013 are also discussed below under the caption Summary Compensation and Grants of Plan-Based Awards Table Narrative.

(4) The aggregate change in the actuarial present value of the NEOs accumulated benefit under the Retirement Plan and the SERP for 2013 and the above-market interest (in excess of 120% of the applicable federal long-term rate with compounding) earned on EDP balances for 2013 are as follows:

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	Increase in Pension Values	Above-Market Interest
Mr. Shaw	\$ 106,706	\$ 82,134
Mr. Centrella	205,253	38,218
Mr. Hester	19,575	42,401
Mr. Moody	47,650	27,457
Mr. DeBonis	4,033	9,702

No amounts are payable from the pension plans before a participant attains age 55 and experiences a separation in service from the Company.

Table of Contents

- (5) Company matching contributions equal to one-half of the amount deferred by the NEOs under the EDP, up to 3.5% of the NEO's respective annual salary in 2013, are as follows:

	Matching Contributions
Mr. Shaw	\$ 28,538
Mr. Centrella	10,486
Mr. Hester	11,025
Mr. Moody	8,925
Mr. DeBonis	9,127

- (6) The aggregate incremental costs of the perquisites and personal benefits to the NEOs are based on the taxable value of the personal use of company cars and internet access, while club dues, life insurance, financial planning and physicals are based on the cost to the Company. The life insurance costs include deemed earnings for the value of excess group life insurance coverage premiums and the cost of purchasing supplemental life insurance equal to two times salary. The perquisites and personal benefits, by type and amount, for 2013 are as follows:

	Car Allowance	Club Dues	Cable Internet	Physicals	Life Insurance	Financial Planning
Mr. Shaw	\$ 9,525	\$ 6,140	\$ 0	\$ 0	\$ 8,028	\$ 0
Mr. Centrella	8,231	5,770	480	2,500	4,231	0
Mr. Hester	6,463	1,930	480	2,500	2,470	0
Mr. Moody	10,377	5,760	0	2,500	3,689	0
Mr. DeBonis	14,920	6,270	0	2,500	1,287	0

Grants of Plan-Based Awards (2013)

The following table sets forth information regarding each grant of an award made under our Incentive Plans to our NEOs during the fiscal year ended December 31, 2013.

Name	Award Type(1)(2)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards		
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)
Jeffrey W. Shaw	MIP	270,480	386,400	540,960	7,408	10,583	14,816
	RSUP				3,451	6,902	10,353
Roy R. Centrella	MIP	66,150	94,500	132,300	1,812	2,588	3,623
	RSUP				575	1,150	1,725
John P. Hester	MIP	85,680	122,400	171,360	2,347	3,352	4,693
	RSUP				776	1,552	2,328
William N. Moody	MIP	75,600	108,000	151,200	2,071	2,958	4,141
	RSUP				685	1,369	2,054
Eric DeBonis	MIP	56,700	81,000	113,400	1,553	2,218	3,106
	RSUP				493	986	1,479

- (1) Represents the annual award opportunities established under the MIP for the 2013 fiscal year, 40% of which is paid in cash and 60% of which is awarded in performance shares. The number of performance shares granted in 2014 for performance in 2013 was determined by dividing the applicable Threshold, Target and Maximum amounts by a share price that is determined by the five-day average price of Common Stock ending on January 8, 2014, which was \$54.77.

The award amount under the MIP is based upon the Company achieving a percentage of the target levels under the MIP, as described under Compensation Discussion and Analysis Elements of Compensation Performance-Based Compensation. Threshold represents achieving at least 70% of all four of the established target levels under the MIP, and equals 70% of the NEO's incentive opportunity under the MIP; Target represents achieving 100% of all four of the established target levels under the MIP, and equals 100% of the NEO's incentive opportunity under the MIP; and Maximum represents achieving 140% or more of all four of the established target levels under the MIP, and equals 140% of the NEO's incentive opportunity under the MIP. If less than all four of the target levels are achieved, then the Threshold, Target and Maximum amounts will be proportionally reduced by an amount equal to the percentage of targets that were achieved.

Table of Contents

The MIP equity awards generally vest three years after the date the actual awards are granted. However, because Messrs. Shaw, Centrella and Moody are over age 55 and are eligible to retire, the awards will vest at their termination of employment, pursuant to the terms of the MIP.

The grant date fair value of the actual number of performance shares granted on January 31, 2014 pursuant to the applicable MIP annual award for the 2013 plan year, computed in accordance with FASB ASC Topic 718, was \$648,221 for Mr. Shaw, \$158,532 for Mr. Centrella, \$205,337 for Mr. Hester, \$181,180 for Mr. Moody and \$135,885 for Mr. DeBonis. The non-equity incentive plan awards for the 2013 plan year are shown in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table above.

- (2) Represents the annual award opportunities established under the RSUP for the 2013 plan year, but granted in 2014. The actual number of restricted stock units granted in 2014 for performance in 2013 was determined by dividing the applicable Threshold, Target and Maximum amounts by the five-day average price of Common Stock ending on January 8, 2014, which was \$54.77.

The award amount under the RSUP is based upon the average MIP payout percentage for the three years immediately preceding the RSUP award determination date, as described under Compensation Discussion and Analysis Elements of Compensation Performance-Based Compensation. Threshold represents a MIP average payout percentage of at least 90%, and equals 50% of the NEO's incentive opportunity under the RSUP; Target represents a MIP average payout percentage of at least 100%, and equals 100% of the NEO's incentive opportunity under the RSUP; and Maximum represents a MIP average payout percentage of at least 120%, and equals 150% of the NEO's incentive opportunity under the RSUP. No award will be earned under the RSUP unless the MIP average payout percentage is at least 90%.

A percentage of the RSUP awards vests each year over the three years following the date of determination of the actual award amount. Because Messrs. Shaw, Centrella and Moody are over age 55 and are eligible to retire, the awards will fully vest at their termination of employment pursuant to the terms of the RSUP. The grant date fair value of the actual number of restricted stock units granted on January 31, 2014, pursuant to the applicable RSUP annual award for the 2013 plan year, computed in accordance with FASB ASC Topic 718, was \$670,595 for Mr. Shaw, \$137,518 for Mr. Centrella, \$173,032 for Mr. Hester, \$152,676 for Mr. Moody, and \$117,873 for Mr. DeBonis. These amounts reflect the incremental RSUP awards equal to 15% of base salary granted to the NEOs in January 2014.

Summary Compensation and Grants of Plan-Based Awards Tables Narrative

Salaries for the NEOs were increased in July 2013. The increases in salaries reflect additional time and experience in these positions and changes to the midpoints to reflect market trends.

During fiscal year 2013, the Company achieved 114% of the established target levels under the MIP, and the NEOs earned 114% of their respective incentive opportunities. This compares to the 2012 and 2011 performance results in which the Company achieved 121% and 122%, respectively, of the overall performance targets. The Company exceeded the targets for the financial performance measure (i.e., weighted average return on equity), customer service satisfaction and customer to employee ratio and missed the target for operating cost containment. Productivity performance equaled 106% of the weighted-average return on equity, 133% of the customer to employee target level, 121% of the customer service satisfaction target level and 97% of the operating cost containment target level. No downward adjustments were made to the awards to the NEOs.

40% of the MIP awards were paid in cash in January 2014 and the remaining 60% of the MIP awards were converted into performance shares in January 2014 based on the five-day average price of Common Stock for January 2, 3, 6, 7 and 8, 2014, which equaled \$54.77 per share. The MIP cash awards paid in 2014 for services performed in 2013 (and included in the Summary Compensation Table) were \$440,496 for Mr. Shaw, \$107,730 for Mr. Centrella, \$139,536 for Mr. Hester, \$123,120 for Mr. Moody and \$92,340 for Mr. DeBonis.

Table of Contents

The dollar value of the 2013 MIP performance share awards, the number of performance shares granted (rounded to whole shares) as a result thereof, and the grant date fair values of the performance shares granted on January 31, 2014 are as follows:

	Dollar Values	Performance Shares	Grant Date Fair Value(1)
Mr. Shaw	\$ 660,744	12,064	\$ 648,221
Mr. Centrella	161,595	2,951	158,532
Mr. Hester	209,304	3,822	205,337
Mr. Moody	184,680	3,372	181,180
Mr. DeBonis	138,510	2,529	135,885

(1) The grant date fair value was \$53.73 on January 31, 2014.

The Company's 2013 performance also resulted in an award under the RSUP. The three-year average of MIP payout percentage equaled 119%, resulting in an award of 147.5% of the target and the grant of the following dollar values and numbers of restricted stock units (rounded to whole shares) to the NEOs. The dollar value of the 2013 RSUP awards, the number of restricted stock units granted (rounded to whole shares) as a result thereof, and the grant date fair values of the performance shares granted on January 31, 2014 are as follows:

	Dollar Values	Restricted Stock Units(1)	Grant Date Fair Value(2)
Mr. Shaw	\$ 683,550	12,481	\$ 670,595
Mr. Centrella	140,175	2,559	137,518
Mr. Hester	176,375	3,220	173,032
Mr. Moody	155,625	2,842	152,676
Mr. DeBonis	120,150	2,194	117,873

(1) Includes incremental awards for each NEO equal to 15% of base salary.

(2) The grant date fair value was \$53.73 on January 31, 2014.

Outstanding Equity Awards at Fiscal Year-End 2013

The following table sets forth information regarding unexercised options under our Option Plan, unvested performance share awards under the MIP and unit awards under the RSUP for each of the NEOs, in each case, outstanding as of December 31, 2013.

Name	Option Awards			Stock Awards		
	Number of Securities	Number of Securities Underlying	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or	Market Value of Shares or

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	Underlying Unexercised Options (#) Exercisable	Unexercised Options (#) Unexercisable			Units of Stock That Have Not Vested (#)(1)	Units of Stock That Have Not Vested \$(2)
Jeffrey W. Shaw	0	0	N/A	N/A	76,606	4,283,041
Roy R. Centrella	662	0	33.07	7/31/16	16,227	907,252
John P. Hester	0	0	N/A	N/A	18,131	1,013,704
William N. Moody	0	0	N/A	N/A	12,792	715,201
Eric DeBonis	0	0	N/A	N/A	13,137	734,490

Table of Contents

(1) The MIP performance share awards vest as follows:

	Grants in 2011 January 2014	Grants in 2012 January 2015	Grants in 2013 January 2016
Mr. Shaw	17,849	15,793	15,901
Mr. Centrella	3,880	3,708	3,759
Mr. Hester	4,614	4,065	4,083
Mr. Moody	2,294	3,076	3,306
Mr. DeBonis	2,339	3,296	3,306

The RSUP unit awards granted in 2011, 2012 and 2013 (plan years 2010, 2011 and 2012, respectively), including dividends reinvested, vest as follows:

	Plan Year	January 2014	January 2015	January 2016
Mr. Shaw	2012	6,285	4,714	4,714
	2011	3,876	3,875	
	2010	3,599		
Mr. Centrella	2012	1,243	932	932
	2011	620	620	
	2010	533		
Mr. Hester	2012	1,350	1,013	1,012
	2011	680	680	
	2010	634		
Mr. Moody	2012	1,093	820	819
	2011	515	514	
	2010	355		
Mr. DeBonis	2012	1,093	820	819
	2011	551	551	
	2010	362		

Because Messrs. Shaw, Centrella and Moody are over age 55 and are eligible for retirement, the MIP performance shares and the RSUP units will vest when their employment with the Company ends.

(2) The market value of Common Stock was \$55.91 per share, the closing price on December 31, 2013.

Option Exercises and Stock Vested During 2013

The following table sets forth the number of options to purchase Common Stock that were exercised and the aggregate dollar value realized upon exercise (the difference between the market price of the underlying securities at exercise and the exercise price of the options). The number of MIP performance shares and RSUP units that vested during 2013 and the value realized on vesting (the market price at vesting) are also shown in the table.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Jeffrey W. Shaw	0	0	32,089	1,374,831
Roy R. Centrella	2,938	41,220	4,317	185,021
John P. Hester	15,086	243,078	7,202	307,860
William N. Moody	0	0	3,913	167,526
Eric DeBonis	0	0	4,025	172,319

Pension Benefits

We offer two defined benefit retirement plans to the NEOs and the other Company officers. They include the Retirement Plan, which is available to all employees of the Company, and the SERP.

Table of Contents

Benefits under the Retirement Plan are based on the NEO's (i) years of service with the Company, up to a maximum of 30 years, and (ii) average of the highest five consecutive years' salary, within the final 10 years of service, not to exceed a maximum compensation level established by the Internal Revenue Service. Vesting in the Retirement Plan occurs after five years of service with the Company.

The SERP is designed to supplement the benefits under the Retirement Plan to a level of 50%–60% of salary, as shown in the *Salary* column of the *Summary Compensation Table*. Salary is currently based on the 12-month average of the highest 36 months of salary at the time of retirement. Vesting in the SERP occurs at age 55, with 20 years of service with the Company.

Upon retirement, the plans will provide a lifetime annuity to the NEOs, with a 50% survivor benefit to their spouses. No lump sum payments are permitted under the Plans.

Messrs. Centrella and Moody are vested in both plans and could retire at this time and start receiving full benefits. Mr. Shaw is vested in both plans and, if he left the Company as of the date of this Proxy Statement, his accrued benefits under both the Retirement Plan and the SERP would be reduced by 14%. Messrs. Hester and DeBonis are vested only in the Retirement Plan and, if either left the Company as of the date of this Proxy Statement, his accrued benefit under the Retirement Plan would be reduced by 58.6% and benefits would not commence until he reached age 55.

Pension Benefits as of December 31, 2013

The following table sets forth the number of years of credited service and present value of accumulated benefits as of December 31, 2013, and payments received during the last fiscal year, under both the Retirement Plan and the SERP for each NEO.

Name	Plan Name	Number of Years Credited Service(#)	Present Value of Accumulated Benefit(\$)(1)	Payments During Last Fiscal Year(\$)
Jeffrey W. Shaw	Retirement Plan	25	1,352,099	0
	SERP	25	4,568,318	0
Roy R. Centrella	Retirement Plan	30	1,644,244	0
	SERP	30	807,944	0
John P. Hester	Retirement Plan	24	1,196,449	0
	SERP	24	910,172	0
William N. Moody	Retirement Plan	30	1,612,474	0
	SERP	30	415,943	0
Eric DeBonis	Retirement Plan	20	626,988	0
	SERP	20	700,717	0

(1) The valuation method and all material assumptions applied in quantifying the present value of the accrued benefits are described in Note 9 Pension and Other Postretirement Benefits of Exhibit 13.01 to our 2013 Annual Report on Form 10-K.

Nonqualified Deferred Compensation

In addition to participating in the EIP, which is available to all employees, the NEOs and the other Company officers can participate in the EDP. The EDP supplements the deferral opportunities by permitting executives to defer up to 100% of their annual salary and non-equity incentive plan compensation. As part of the EDP, the Company provides matching contributions up to 3.5% of participants' annual base salary. Matching contributions are not available to the NEOs and the other Company officers for deferrals into the EIP.

Table of Contents

Amounts deferred under the EDP and the matching contributions made during a plan year bear interest at 150% of the Moody's Seasoned Corporate Bond Rate (the Bond Rate) from the start of the plan year. The interest rate is set for the plan year using the Bond Rate published by Moody's Investors Services as of January 1 prior to the start of a new plan year. The interest rate formula was defined in the EDP at the time it was adopted in 1986. For plan year 2012, the interest rate was 6.71%, and for plan year 2013, the interest rate was 6.08%.

At retirement or termination of employment with five years of service, the EDP balances will be paid out at the election of the participant over a period of 10, 15 or 20 years and will be credited during the applicable payment period with interest at 150% of the average of the Bond Rate on each January 1 for the five years prior to distribution.

Deferrals and the matching contributions to the EDP are unfunded obligations of the Company, and the rights of our named executive officers and other Company officers participating in such plan benefits are no greater than those of an unsecured creditor.

Nonqualified Deferred Compensation in 2013

The following table presents nonqualified deferred compensation during 2013 for each NEO.

Name	Executive Contributions in Last Fiscal Year\$(1)	Registrant Contributions in Last Fiscal Year\$(2)	Aggregate Earnings in Last Fiscal Year\$(2)	Aggregate Withdrawals / Distributions (\$)	Aggregate Balance at Last Fiscal Year-End\$(3)
Jeffrey W. Shaw	101,200	28,538	149,239	0	2,570,796
Roy R. Centrella	99,398	10,486	66,338	0	1,085,914
John P. Hester	111,658	11,025	72,322	0	1,125,278
William N. Moody	81,808	8,925	46,251	0	707,637
Eric DeBonis	59,646	9,127	15,857	0	259,914

- (1) Amounts shown in this column are included in the Salary and Non-Equity Incentive Compensation columns of the Summary Compensation Table.
- (2) EDP earnings, which were above-market, and matching contributions are also reported in the Change in Pension Value and Nonqualified Deferred Compensation Earnings and the All Other Compensation columns, respectively, of the Summary Compensation Table. Those amounts for the NEOs are as follows:

	Above-Market Interest	Matching Contributions	Total
Mr. Shaw	\$ 82,134	\$ 28,538	\$ 110,672
Mr. Centrella	38,218	10,486	48,704
Mr. Hester	42,401	11,025	53,426
Mr. Moody	27,457	8,925	36,382
Mr. DeBonis	9,702	9,127	18,829

- (3) The amounts reported in this column that were previously reported as compensation to the NEOs in the Summary Compensation Table for previous years are as follows:

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	2011	2012	2013
Mr. Shaw	\$ 195,987	\$ 204,676	\$ 211,872
Mr. Centrella	120,990	129,209	148,102
Mr. Hester	146,087	156,418	165,084
Mr. Moody	77,762	106,928	118,190
Mr. DeBonis	36,365	59,537	78,475

Table of Contents**Post-Termination Benefits**

The Company has no employment agreements or severance arrangements. Each officer of the Company has a change in control agreement, which provides benefits upon certain termination events following a change in control of the Company. If the termination of employment without cause or as a result of a significant reduction in duties, responsibilities, location or compensation occurs within two years after a change in control (which includes an acquisition by one person or a group of persons of at least 30% of the ownership of the Company, replacement of a majority of incumbent Board members, or a merger or similar transaction resulting in more than a 50% change of ownership of the Company) (collectively referred to as a Double Trigger Event), the affected NEOs would receive the following:

- * Salary for three years for the PEO and two and one-half years for all other NEOs;
- * Incentive compensation under the MIP and the RSUP for three years for the PEO and two and one-half years for all other NEOs;
- * Welfare benefits including the cost of medical, dental and life insurance coverage under the current Company plans (for three years for the PEO and two and one-half years for all other NEOs);
- * Vesting of all unvested stock-based awards and stock options, with the options being exercisable for 90 days;
- * Additional credit that may affect eligibility, vesting, and the calculation of benefits under the SERP (see discussion in the Compensation Discussion and Analysis section above); and
- * Outplacement services of up to \$30,000.

Under the assumption that a Double Trigger Event occurred on December 31, 2013, based on the terms of the change in control agreements for the NEOs, it is estimated that the NEOs would have received the compensation presented in the following table.

Name	Salary	Incentive Compensation	Welfare Benefits	Stock Acceleration(1)	Outplacement Services	Additional SERP Benefits(2)	Tax Gross-Up	Total
Jeffrey W. Shaw	\$ 2,520,000	\$ 4,032,000	\$ 57,474	\$ 0	\$ 30,000	\$ 1,217,973	n/a	\$ 7,857,447
Roy R. Centrella	787,500	748,125	44,720	0	30,000	0	n/a	1,610,345
John P. Hester	850,000	977,500	36,595	1,013,704	30,000	1,298,092	n/a	4,205,891
William N. Moody	750,000	862,500	44,330	0	30,000	0	n/a	1,686,830
Eric DeBonis	675,000	641,250	44,330	734,490	30,000	0	n/a	2,125,070

(1) Because Messrs. Shaw, Centrella and Moody are over age 55 and able to retire under the Incentive Plans with full vesting, termination of employment does not affect their rights to vested and unvested stock-based awards or options. The number and value of the stock-based awards and the number of options for these individuals are shown in the *Outstanding Equity Awards at Fiscal Year-End 2013* table.

(2) Additional SERP benefits are shown on a present value basis, using the valuation method and all material assumptions described in Note 9 Pension and Other Postretirement Benefits of Exhibit 13.01 to our 2013 Annual Report on Form 10-K.

Table of Contents**DIRECTORS COMPENSATION****2013 Directors Compensation Table**

Name	Fees Earned or Paid in Cash(\$)	Stock Awards (\$)(1)(2)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(4)	All Other Compensation (\$)(5)	Total(\$)
Robert L. Boughner	84,075	103,109	16,045	207	203,436
José A. Cárdenas	66,400	103,109	0	207	169,716
Thomas E. Chestnut	69,700	103,109	32,001	207	205,017
Stephen C. Comer	85,950	103,109	22,150	207	211,416
LeRoy C. Hanneman, Jr.	76,175	103,109	0	207	179,491
Michael O. Maffie	59,800	103,109	0	0	162,909
Anne L. Mariucci	72,875	103,109	20,635	207	196,826
Michael J. Melarkey	114,750	103,109	29,482	207	247,548
A. Randall Thoman	69,700	103,109	7,577	207	180,593
Thomas A. Thomas	68,050	103,109	11,039	207	182,405
Terrence L. Wright	61,450	103,109	62,730	207	227,496

- (1) The amounts in this column represent the grant date fair value of restricted stock units earned in 2012 but not granted until 2013, based on the Company's performance over the past three fiscal years, as determined by the MIP. On January 31, 2014, each director serving at that time received 2,275 restricted stock units. The restricted stock units are valued at the closing price of Common Stock on the date of grant. Because the last option awards were made in 2006, there is no need to maintain the Options column.
- (2) The grant date fair value of the 2,300 restricted stock units granted in 2013 was based on the closing price of Common Stock of \$44.83 on January 29, 2013. The amounts were determined in accordance with FASB ASC Topic 718. The assumptions used to calculate these amounts are included in Note 10 Stock-Based Compensation to our audited financial statements for the year ended December 31, 2013, included in our Annual Report to Shareholders, a portion of which was filed with the SEC on February 27, 2014 as Exhibit 13.01 to our 2013 Annual Report on Form 10-K. However, as required, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions.
- (3) Stock and option awards outstanding at December 31, 2013, for each of the listed directors are as follows:

	Stock Awards	Options
Mr. Boughner	10,687	0
Mr. Cárdenas	4,788	0
Mr. Chestnut	11,907	0
Mr. Comer	11,907	0
Mr. Hanneman	8,880	0
Mr. Maffie	11,907	0
Ms. Mariucci	11,907	0
Mr. Melarkey	11,907	6,000
Mr. Thoman	7,118	0
Mr. Thomas	10,687	0
Mr. Wright	11,907	9,000

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- (4) The pension value of Mr. Wright's retirement benefits increased by \$0. The amounts in this column reflect above-market interest on nonqualified deferred compensation balances for 2013.

- (5) The All Other Compensation column represents the cost of life insurance for directors other than Mr. Maffie. Because Mr. Maffie retired from the Company, he does not receive life insurance benefits for serving as a director.

Table of Contents

Directors Compensation Narrative

The outside directors receive an annual retainer of \$40,000 and \$1,650 for each Board and committee meeting attended and for any additional day of service performed for the Company. The chairperson of the Audit Committee receives an additional \$15,000 annually, the chairperson of the Compensation Committee receives an additional \$12,500 annually and the chairpersons of the other permanent committees each receive an additional \$7,500 annually. The Chairman of the Board receives an additional \$50,000 annually for serving in that capacity. Directors who are full-time employees of the Company or its subsidiaries receive no additional compensation for serving on the Board.

Outside directors are granted 800 restricted stock units annually, and they have an opportunity to earn additional restricted stock units tied to maintaining long-term performance and based on how the Company performed over the last three years under the MIP performance measures. The incentive award was set at a target of 1,000 restricted stock units. No award will be paid unless the average payout percentage under the MIP for the last three years is at or above 90%. If an award is earned, it can range from 50% to 150% of the incentive opportunity. An incentive award was earned for 2013, and each director on the grant date received an additional grant of 1,475 restricted stock units on January 31, 2014. The restricted stock units are valued at the closing price of the Company's Common Stock on the date of grant. Restricted stock units awarded prior to January 2012 vested in increments over three years commencing with the first anniversary of the grant. Restricted stock units granted on January 17, 2012, January 29, 2013, and January 31, 2014, vested immediately upon grant. Even though the units are vested, they are not converted into shares of Common Stock until the outside directors leave the Board.

Cash compensation received by the outside directors may be deferred until retirement or termination of their status as directors pursuant to the Directors Deferral Plan. Amounts deferred bear interest at 150% of the Moody's Seasoned Corporate Bond Rate. At retirement or termination, such deferrals will be paid out over 5, 10, 15 or 20 years, and will be credited during the applicable payment period with interest at 150% of the average of the Moody's Seasoned Corporate Bond Rate on January 1 for the five years prior to retirement or termination.

The Company also provides a retirement plan for the one outside director (Mr. Wright) elected to the Board prior to the 2003 Annual Meeting of Shareholders. Under the provisions of the plan, he will receive an annual benefit equal to the annual retainer at the time of his retirement or, if he retires before reaching 65, beginning at age 65.

Table of Contents

ADVISORY VOTE TO APPROVE THE COMPANY'S EXECUTIVE COMPENSATION

(Proposal 2 on the Proxy Card)

The Board of Directors Recommends a Vote FOR approval of executive compensation.

In light of the advisory vote at the 2011 Annual Meeting of Shareholders on the frequency of "say-on-pay" advisory votes, the Company's Board of Directors unanimously determined that the Company will hold an advisory vote on executive compensation on an annual basis, including a vote at the 2014 Annual Meeting of Shareholders. In accordance with the requirements of Section 14A of the Exchange Act, shareholders will have the opportunity to approve or not approve the compensation of the named executive officers through a non-binding vote (commonly known as "say-on-pay" vote) on the following resolution:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed in the Company's Proxy Statement for the 2014 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby APPROVED.

The Company's compensation program is designed and administered by the Compensation Committee of the Board, which is composed entirely of independent directors and carefully considers many different factors, as described in the Compensation Discussion and Analysis, in order to provide appropriate compensation for the Company's executives. As discussed in the Compensation Discussion and Analysis, the compensation package for the Company's named executive officers (who are the officers listed in the Summary Compensation Table in the Executive Compensation section) is designed to support the Company's objectives of attracting, motivating and retaining the executive talent required to achieve our corporate objectives and increase shareholder value.

The compensation program is based on the Board-approved executive compensation philosophy of (i) paying base salary at the median (50th percentile) of the amounts paid by our peer group of companies (the "relative market"), (ii) providing short- and long-term incentive awards that are designed to motivate the named executive officers to focus on specific annual and long-term Company financial, productivity and customer satisfaction performance goals and achieve superior Company performance while placing a significant amount of total compensation at risk, and (iii) paying total direct compensation (base salary and short- and long-term incentive awards) to be competitive with the relative market.

Consistent with the SEC rule implementing the requirement that the Company periodically include a say-on-pay proposal in its proxy statement, the vote on this proposal is advisory and is not binding on the Company, the Compensation Committee or the Board. The Compensation Committee and the Board value the opinions that shareholders express in their votes and to the extent there is any significant vote against the named executive officer compensation, will consider the outcome of the vote when making future executive compensation decisions and evaluate whether any actions are necessary to address shareholder concerns expressed by such vote. It is expected that the next advisory vote on executive compensation will occur at the 2015 Annual Meeting of Shareholders.

We encourage you to review the complete description of the Company's executive compensation programs provided in this Proxy Statement, including the Compensation Discussion and Analysis and the accompanying compensation tables.

Table of Contents

REAPPROVAL AND AMENDMENT OF MANAGEMENT INCENTIVE PLAN

(Proposal 3 on The Proxy Card)

The Board of Directors Recommends a Vote FOR this Proposal

The Management Incentive Plan (the MIP or the Plan) was initially adopted by the Company in 1993 and approved by shareholders in 1994, 2002, 2004 and 2009. The MIP gives the Board authority to grant equity compensation (which we refer to as Performance Shares) and cash awards that, in its discretion, are intended to qualify as performance-based compensation as defined under Section 162(m) of the Internal Revenue Code (the Code). Awards that so qualify may be exempt from the limit on tax deductibility under Code Section 162(m). Code Section 162(m) requires that the material terms of the MIP be reapproved by the shareholders at least once every five years in order for awards under the MIP to continue to be able to qualify as performance-based compensation, and the MIP is being submitted to shareholders for that reason.

Company Common Stock supports the equity compensation component of the MIP by being available for the conversion of Performance Shares at the end of the applicable restriction period. As of March 1, 2014, approximately 1.3 million shares of Common Stock had been issued under the MIP, a total of approximately 300,000 Performance Shares were outstanding and subject to vesting restrictions and there were approximately 100,000 shares not subject to Performance Share awards and available for issuance under the MIP. To ensure that sufficient shares are authorized for the MIP to cover future awards at grant levels consistent with recent practice, the Board believes that additional shares are needed. Accordingly, in February 2014, the Board approved an amendment to the MIP, subject to shareholder approval, to reserve an additional 750,000 shares of Common Stock for the MIP, thereby increasing the total number of shares reserved for issuance under the MIP from 1,700,000 to 2,450,000 shares.

The material terms of the MIP are described below, and a complete copy of the MIP, marked to show the proposed amendments, is attached to this Proxy Statement as Appendix A. The following description is qualified in its entirety by the terms of the MIP, as attached to this Proxy Statement as Appendix A and incorporated herein by reference. Capitalized terms used but not defined in this Proposal 3 shall have the same meaning as in the MIP unless otherwise indicated.

General Description

Purpose

The purpose of the MIP is to encourage officers and a select group of management and highly compensated employees to make long-term employment commitments and to contribute to the short- and long-term success of the Company. The MIP provides a two-part award, consisting of cash and equity. The cash component of the award is payable immediately after the performance period, based on performance. The equity component of the award is converted, based on performance, following the end of the performance period into Performance Shares and, as the MIP is currently administered, is restricted for thirty-six months (generally subject to continued employment), at which time the Performance Shares are converted to Company Common Stock and issued to the Plan participants.

Shares Reserved for Issuance under the MIP

If the amendment is approved by the shareholders, the maximum number of shares of Company Common Stock that may be issued pursuant to the MIP may not exceed a total of 2,450,000 shares. The number of shares of Common Stock available under the MIP will be subject to adjustment in the event of a stock split, stock or other extraordinary dividend, or other similar change in the Company Common Stock or capital structure of the Company.

Table of Contents

Administration

The MIP is administered by the Compensation Committee of the Board of Directors (the Administrator), which consists of at least three independent directors. The members of the committee are intended to satisfy the independence requirements delineated in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and Section 162(m) of the Code. The committee has full and final authority to operate, manage, and administer the MIP on behalf of the Company. This authority includes, but is not limited to, the determination of eligibility for participation in the Plan and whether an award has been earned.

Eligibility

Participants in the MIP include management and highly compensated employees designated by the Administrator and include the Company's Chief Executive Officer and the other executives named in the Summary Compensation Table.

Terms and Conditions of Awards

Annually, the Administrator establishes an Incentive Award Opportunity for each participant or class of participants designated by the Administrator. The Incentive Award Opportunity is currently expressed as a percentage of the participant's annual salary at the end of the performance period. The maximum amount of \$3,000,000 may be paid for any fiscal year for each Participant. In addition, the Administrator has currently determined that the Incentive Award Opportunity shall not exceed one hundred forty percent (140%) of the Target Award. Actual Awards for each participant are determined by the committee following the end of the applicable performance period, taking into account how the Company performed on the basis of the Annual Performance Measures developed and applied by the Administrator for the performance period.

The MIP includes the following performance criteria that may be considered by the committee when establishing the Annual Performance Measures: (i) annual revenue, (ii) budget comparisons, (iii) controllable profits, (iv) Company earnings per share, (v) customer-to-employee ratios, (vi) customer service satisfaction, (vii) expense management, (viii) improvements in capital structure, (ix) net income, (x) net or gross sales, (xi) operating income (pre- or post-tax), (xii) profit margins, (xiii) operating or gross margin, (xiv) profitability of an identifiable business unit or product, (xv) return on investments, (xvi) return on sales, (xvii) return on stockholders' equity, (xviii) total return to stockholders, (xix) cash flow, operating cash flow, or cash flow or operating cash flow per share (before or after dividends), (xx) price of the shares or any other publicly traded securities of the Company, (xxi) reduction in costs, (xxii) return on capital, including return on total capital or return on invested capital, (xxiii) improvement in or attainment of expense levels or working capital levels, and (xxiv) performance of the Company relative to a peer group of companies and/or relevant indices. The Annual Performance Measures may be applicable to the Company and/or any of its individual business units and may differ from Participant to Participant.

Procedures for Calculating and Paying Actual Awards

Following the end of each Performance Period, the Administrator compares the Company's actual performance during such period with the Annual Performance Measures it established for the period, and the Actual Award, if any, for a Participant is calculated. Once the Actual Award is determined, the committee retains the discretion to reduce a Participant's Actual Award, generally based on an overall assessment of each Participant's attainment of individual performance. Further, no awards will be paid if cash dividends for the performance period do not equal or

exceed the dividends paid in the immediately preceding performance period.

Table of Contents

Once the Actual Award is established, the award is split into two components. The first component is a dollar amount, which in recent years the Administrator has determined shall represent forty percent (40%) of the Actual Award, that is payable to the Participant in cash as soon as the Administrator deems practical following the Award Conversion Date. The second component is a dollar amount, which in recent years the Administrator has determined shall represent sixty percent (60%) of the Actual Award that is converted into whole or partial Performance Shares. The number of Performance Shares allocable to each Participant is determined by dividing (i) the dollar amount available for the Participant's Performance Shares (determined by the Award Conversion), by (ii) the average of the closing prices of Company Common Stock on the New York Stock Exchange for the first five trading days of the month before the Award Conversion Date. Payment of Performance Shares occurs at the time described below under Vesting Of Performance Shares. For Participants who die, become Disabled, Retire or have his or her employment Involuntarily Terminated Without Cause prior to the Award Conversion Date, the Actual Awards for a given period are paid in cash.

The Administrator has the sole and absolute responsibility for determining the Actual Awards of Participants. Generally, the Actual Awards generated by application of the award schedule established by the Administrator for one or more Performance Periods is the Actual Awards that will be payable to each Participant; provided, however, that the Administrator may, prior to the Award Conversion Date, reduce the Actual Awards generated by the awards schedule if, in the opinion of the Administrator, there have been exceptional circumstances that have created inappropriate windfalls in the Company's performance, which, in turn, have resulted in inappropriately large awards.

Vesting of Performance Shares

Performance Shares granted with respect to a given Performance Period are subject to a Restriction Period of at least twelve (12) consecutive calendar months beginning on the Award Conversion Date applicable to such shares. In recent years, the Restriction Period has been set by the Administrator at thirty-six (36) months. During the Restriction Period, the Participant may not, except as described below under Participant Terminations and Transfers, receive payment for his or her Performance Shares.

During the Restriction Period, a Participant receives Dividend Credits equal to the cash dividends paid per share of Company Common Stock, multiplied by the number of Performance Shares then credited to the Participant on the Company's records, and divided by the closing per share value of Company Common Stock on the New York Stock Exchange on the date such dividends are paid or the last trading day on the New York Stock Exchange before such payment. These additional Performance Shares are subject to the same restrictions as the Performance Shares that generated the Dividend Credits, and such restrictions will lapse at the same time as the restrictions lapse on such Performance Shares.

Following the end of the Restriction Period, the Participant will receive a specific number of shares of Company Common Stock equal to the total number of Performance Shares allocated to the Participant at the beginning of the Restriction Period plus the Performance Shares credited quarterly through Dividend Credits during the Restriction Period.

Termination of Service

Should a Participant die, become Disabled, Retire, or have his or her employment Involuntarily Terminated Without Cause during a Performance Period, the Participant (or the Participant's beneficiary if the Participant dies before receiving payment) will be entitled to receive the Participant's Actual Award for the Performance Period determined on a pro rata basis according to the number of months of the Performance Period actually worked while being a Participant in the Plan, payable in cash following the end of the applicable Performance Period.

Table of Contents

Should a Participant die, become Disabled, Retire, or have his or her employment Involuntarily Terminated Without Cause during a Restriction Period, the Participant (or the Participant's beneficiary in the case of a deceased Participant) will receive a distribution of Company Common Stock equal to the total number of Performance Shares then credited to the Participant. Subject to the requirements of Section 409A of the Code, payment of the Company Common Stock will occur within a reasonable period following the date of the event.

In the event a Participant's continuous employment with the Company terminates for any reason other than death, Disability, Retirement, or Involuntary Termination Without Cause during a Performance Period, the Participant's right to receive an Actual Award for the period will be forfeited by the Participant. Outstanding Performance Shares will also be forfeited as a result of such termination during a Restriction Period.

Transferability of Awards

Awards granted under the Plan are not to be transferable otherwise than by will or by the laws of descent and distribution, and awards may be realized during the lifetime of the Participant only by the Participant or by his guardian or legal representative.

Change in Control Event

Upon a Change in Control event, including the acquisition by a person or entity of at least fifty percent (50%) of the outstanding voting power of the Company, shareholder approval of a reorganization, merger, or consolidation of the Company with one or more corporations as a result of which the Company is not the surviving corporation, or upon the sale of all or substantially all of the assets of the Company, the Administrator may make adjustments or amendments to the MIP and outstanding Incentive Award Opportunities and Performance Shares that are consistent with applicable law, including the substitution of new Incentive Award Opportunities. Determinations, decisions, and adjustments made by the Administrator will be final, binding, and conclusive.

In addition, to the extent Performance Shares credited to a Participant constitute deferred compensation within the meaning of Section 409A of the Code at the time of a Change in Control, Performance Shares will be paid out upon a corporate transaction that also qualifies as a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, as those terms are defined under Section 409A of the Code. To the extent a Change in Control that does not so qualify occurs, Performance Shares constituting deferred compensation shall be paid out at the end of the Restriction Period or upon the Participant's earlier termination of continuous service with the Company.

To the extent Performance Shares credited to a Participant do not constitute deferred compensation within the meaning of Section 409A of the Code at the time of a Change in Control, the Administrator may accelerate the payout of such Performance Shares.

If, during a Performance Period, the Administrator determines that the established Annual Performance Measures are no longer suitable due to a change in ownership or control of the Company, the Administrator may accelerate payment of the Actual Award.

Amendments and Termination of the Plan

We may at any time, subject to certain limitation regarding previously granted awards, suspend, terminate, modify or amend the MIP. To the extent necessary to comply with applicable provisions of federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock

Table of Contents

exchange or national market system, and the rules of any non-U.S. jurisdiction applicable to awards granted to residents therein, the Company shall obtain shareholder approval of any such amendment to the MIP in such a manner and to such a degree as is required. If the amended and restated Plan is not approved by the shareholders of Southwest Gas Corporation at the 2014 Annual Meeting, awards shall not be payable under the MIP with respect to Performance Periods beginning in 2014 to the extent prohibited under Code Section 162(m).

Plan Benefits

In November 2013, the Administrator, subject to shareholder approval of the continuation of the MIP, approved Incentive Award Opportunities and Performance Measures for 2014. Since the Actual Awards for 2014 will be based on the Company's performance during 2014, it is not possible to determine the awards.

The Incentive Award Opportunities for 2014 are identical as a percentage of a participant's year-end salary to the opportunities for 2013 (after taking into account any mid-year salary increase). The opportunities by position are as follows: chief executive officer, 115%; president, 100%; executive vice president, 90%; senior vice president, 75%; vice president, 50%; senior management, 30%; and technical specialists, 10%. The four performance measures to be used to determine whether the incentive opportunities for 2014 are earned are the same as those used for 2013.

The following table includes estimated 2014 awards based on 2014 Incentive Award Opportunities, base salaries as of December 31, 2013 and the 2013 MIP payout percentage of 114%. Past award levels may not be indicative of future award levels.

2014 Estimated Future Management Incentive Plan Awards(1)

Name and Position	Cash Component Dollar Value(\$)	Performance Shares Number of Units(2)
Jeffrey W. Shaw	\$ 440,496	12,064
President and Chief Executive Officer		
Roy R. Centrella	107,730	2,951
Senior Vice President/ Chief Financial Officer		
John P. Hester	139,536	3,822
Executive Vice President		
William N. Moody	123,120	3,372
Executive Vice President		
Eric DeBonis	92,340	2,529
Senior Vice President/ Operations		
Executive Group (11 participants)	1,340,526	36,715
Non-Executive Director Group (no participants)	0	0
Non-Executive Officer/ Employee Group (94 participants)	1,526,130	41,798

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- (1) The maximum Incentive Award Opportunities for the chief executive officer and the named executive officers would be \$1,352,400, \$330,750, \$428,400, \$378,000, \$283,500, respectively.

- (2) The number of performance shares was based on a Company Common Stock price of \$54.77, the average of the closing prices on the New York Stock Exchange for the first five trading days of the month of January 2014.

Table of Contents

Certain Federal Tax Consequences

Recipients of Performance Shares generally should not recognize income until such units are converted into cash or shares of stock. Upon conversion, the recipient will normally recognize taxable ordinary income for federal income tax purposes equal to the amount of cash and fair market value of the shares, if any, received upon such conversion. Recipients who are employees will be subject to withholding for federal income and employment tax purposes with respect to income recognized upon conversion of the restricted stock units. Participants will recognize gain upon the disposition of any shares received upon conversion of the restricted stock units equal to the excess of (i) the amount realized on such disposition over (ii) the ordinary income recognized with respect to such shares under the principles set forth above. That gain will be taxable as long or short-term capital gain depending on whether the shares were held for more than one year. The Company will be entitled to a tax deduction to the extent and in the year that ordinary income is recognized by the recipient, subject to possible limitations imposed by Section 162(m) of the Code, and so long as the Company withholds the appropriate taxes with respect to such income (if required), and the recipient's total compensation is deemed reasonable in amount.

Performance Shares also can be considered nonqualified deferred compensation and subject to Code Section 409A. A grant of Performance Shares that does not meet the requirements of Code Section 409A will result in an additional 20% tax obligation, plus penalties and interest to such recipient. The MIP contains provisions designed to facilitate compliance with Code Section 409A.

Table of Contents**AUDIT COMMITTEE INFORMATION****SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM***(Proposal 4 on The Proxy Card)***The Board of Directors Recommends a Vote FOR Ratification.**

The Audit Committee has selected PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2014, subject to ratification of the selection by the shareholders. To the committee's knowledge, at no time has PricewaterhouseCoopers LLP had any direct or indirect financial interest in or connection with the Company or any of our subsidiaries other than for services rendered to the Company as described below.

The committee is composed of independent directors and meets periodically with the Company's internal auditors and independent registered public accounting firm to review the scope and results of the audit function and the policies relating to auditing procedures. In making its annual recommendation, the committee reviews both the audit scope and proposed fees for the coming year.

An affirmative vote of a majority of the shares represented and voting at the Annual Meeting in person or by proxy (which shares voting affirmatively also constitute at least a majority of the required quorum) is necessary to ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company. If the shareholders do not ratify our selection, other certified public accounting firms will be considered and one will be selected by the committee to be the Company's independent registered public accounting firm for 2014.

During fiscal years 2012 and 2013, PricewaterhouseCoopers LLP provided the following audit, audit-related and other professional services for the Company. The cost and description of these services are as follows:

	2012	2013
<i>Audit Fees:</i>	\$ 1,367,900	\$ 1,387,000
<i>Annual audit/§404 internal control attestation</i>	1,000,000	1,022,000
<i>Quarterly reviews</i>	115,000	117,000
<i>Subsidiary audit</i>	173,000	185,000
<i>Comfort letters and consents</i>	79,900	63,000

The services include the audit of the annual financial statements included in the Company's Annual Report on Form 10-K, the reviews of unaudited quarterly financial statements included in the Company's Quarterly Reports on Form 10-Q, subsidiary audits, consultation, and comfort letters and consents for various financings and SEC filings, and the assessment of the Company's internal control over financial reporting.

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<i>Audit-Related Fees:</i>	\$	127,500	\$	134,500
<i>Benefit plan audits</i>		78,000		83,500
<i>Affiliate rules audit</i>		15,500		16,000
<i>Other (including Form 2-A filings)</i>		34,000		35,000

Table of Contents

The services include benefit plan audits, regulatory audits, and regulatory compliance.

Tax Fees:	\$ 32,300	\$ 54,000
<i>Tax return review</i>	32,300	31,200
<i>Tax planning and advice</i>		22,800

The services include corporate tax return reviews and corporate tax planning and advice. The independent registered public accounting firm's independence is assessed with respect to tax planning and advice services to be provided, and in light of the prohibition of representing the Company on tax matters before any regulatory or judicial proceeding or providing tax services to Company executives or directors.

All Other Fees:	\$ 0	\$ 315,000
<i>IT/technology advice</i>		315,000

These services include permitted advisory services with regard to technological systems and future-state technology planning, neither of which were the subject of audit or audit-related services performed.

Under the committee's charter, the committee must pre-approve all Company engagements of PricewaterhouseCoopers LLP, unless an exception exists under the provisions of the Exchange Act or applicable SEC rules. At the beginning of each audit cycle, the committee evaluates the anticipated engagements of the independent registered public accounting firm, including the scope of work proposed to be performed and the proposed fees, and approves or rejects each service, consistent with its preapproval policy, taking into account whether the services are permissible under applicable laws and the possible impact of each nonaudit service on PricewaterhouseCoopers LLP's independence from management. The committee also considers whether the independent registered public accounting firm is best positioned to provide effective and efficient service, and whether the service may enhance the Company's ability to manage and control risk or improve audit quality. Throughout the year, the committee reviews updates of the services actually provided and fees charged by PricewaterhouseCoopers LLP.

Requests for the independent registered public accounting firm to provide additional services are presented to the committee by the Company's chief financial or accounting officer, on an as-needed basis. The committee has delegated to the chairperson of the committee the authority to evaluate and approve engagements on the committee's behalf in the event that a need arises for preapproval between committee meetings. Approvals of additional services will be made consistent with the preapproval policy and will be reported to the committee at its next scheduled meeting.

Since the effective date of the preapproval process, the committee has approved, in advance, each new engagement of PricewaterhouseCoopers LLP, and none of those engagements made use of the de minimis exception to the preapproval requirement contained in the SEC rules.

Representatives of PricewaterhouseCoopers LLP will be present at the Annual Meeting of Shareholders. They will have the opportunity to make statements, if they are so inclined, and will be available to respond to appropriate questions.

Table of Contents

AUDIT COMMITTEE REPORT

The committee, which consists entirely of directors who meet the independence and experience requirements of the NYSE and the SEC, is furnishing the following report:

The committee assists the Board in fulfilling its oversight responsibility by reviewing the financial information provided to shareholders and others, the system of internal control which management and the Board have established, and the audit process. Management is responsible for the Company's consolidated financial statements, for maintaining internal control over the Company's financial reporting, and for assessing the effectiveness of that control. PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, is responsible for performing an integrated audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards, attesting to the effectiveness of the Company's internal control over financial reporting based on the audit, and issuing a report thereon. The committee's role and responsibilities are to monitor and oversee these processes as set forth in a written committee charter adopted by the Board. The committee charter is available on the Company's website at <http://www.swgas.com>. The committee reviews and assesses the adequacy of the Charter at least annually and recommends any changes to the Board for approval.

In fulfilling our responsibilities for 2013, the committee:

- * Reviewed and discussed the audited consolidated financial statements, for the year ended December 31, 2013, with management and PricewaterhouseCoopers LLP;
- * Discussed with PricewaterhouseCoopers LLP the matters required to be discussed by Auditing Standard No. 16, as amended, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board (PCAOB); and
- * Received the written disclosures and the letter from PricewaterhouseCoopers LLP required by the applicable requirements of the PCAOB regarding their communications with the committee concerning independence, and the committee has discussed their independence with them.

Based on the review and discussions referred to above, the committee recommended to the Board that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, filed with the SEC.

Audit Committee

*Stephen C. Comer (Chair)
Thomas E. Chestnut
A. Randall Thoman*

*Robert L. Boughner
LeRoy C. Hanneman, Jr.
Thomas A. Thomas*

Table of Contents

OTHER MATTERS TO COME BEFORE THE MEETING

If any business not described in this Proxy Statement should come before the Annual Meeting for your consideration, it is intended that the shares represented by our proxies will be voted at their discretion. As of the date of this Proxy Statement, we knew of no other matter which might be presented for shareholder action at the meeting.

SUBMISSION OF SHAREHOLDER PROPOSALS

You are advised that any shareholder proposal intended for consideration at the 2015 Annual Meeting and inclusion in the Company's proxy materials for that meeting must be received in writing by the Company on or before November 26, 2014. If you intend to offer any proposal at that meeting without using the Company's proxy materials, written notice of your intended action has to be received by the Company on or before November 26, 2014, in order for your proposal to be considered timely and be presented to shareholders for consideration.

All proposals to be submitted to shareholders must comply with applicable SEC rules. You must submit your proposals for inclusion in the Company's proxy materials and notices to the Company to the Corporate Secretary, and it is recommended that you send it by certified mail, return receipt requested to ensure timely delivery.

By Order of the Board of Directors
Karen S. Haller

Senior Vice President/General Counsel

and Corporate Secretary

Table of Contents

APPENDIX A

SOUTHWEST GAS CORPORATION

MANAGEMENT INCENTIVE PLAN¹

¹ This Appendix A presents the terms of the Plan, as amended and restated. Double-underlined matter is new. Matter crossed out is proposed to be deleted.

Table of Contents

SOUTHWEST GAS CORPORATION

Management Incentive Plan

1. Purpose of the Plan.

This Management Incentive Plan is intended to encourage a selected group of highly compensated or management employees of the Company to remain in its employment and to put forth maximum efforts to achieve the Company's short- and long-term performance goals.

2. Definitions.

(a) **Actual Award** means the dollar amount earned by a Participant on the basis of the performance of the Company during the annual Performance Period.

(b) **Annual Base Salary** means the calendar year-end rate of compensation paid to a Key Employee, including salary deferrals, but excluding bonuses, incentives, commissions, overtime, monetary and nonmonetary awards for employment service to the Company or payments or Company contributions to or from this Plan or any other Company retirement or deferred compensation, or similar plans.

(c) **Annual Performance Measures** shall mean the performance criteria used by the Committee in determining the performance of the Company for the purpose of calculating Actual Awards for Participants earned under the Plan during a Performance Period.

(d) **Award Conversion** means the division of Actual Awards earned into two portions:

(i) A portion payable in cash as soon as the Committee deems practicable following the end of the annual Performance Period.

(ii) A portion converted into Performance Shares and subject to a Restriction Period.

(e) **Award Conversion Date** means the day that occurs in the first two and one-half calendar months following the end of a Performance Period on which the Committee performs the Award Conversion on Actual Awards for such Performance Period.

(f) **Beneficiary** means the person or persons designated pursuant to Section 8(g) as eligible to receive a Participant's unpaid Plan benefits in the event of the Participant's death.

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(g) Board or Board of Directors means the Board of Directors of Southwest Gas Corporation.

(h) Code means the Internal Revenue Code of 1986, as amended.

(i) Committee means the Compensation Committee of the Board of Directors, or any successor thereto.

(j) Common Stock means the common stock of Southwest Gas Corporation.

(k) Company means Southwest Gas Corporation and its present and future subsidiaries and any successors thereto.

(l) Determination Date means as to any Performance Period: (i) the first day of the Performance Period; or (ii) if later, the latest date possible which will not jeopardize the Plan's qualification as performance-based compensation under Code Section 162(m).

Table of Contents

(m) **Disability or Disabled** . A Participant shall be considered to be **Disabled** or to have incurred a **Disability** if he or she qualifies for a disability benefit under Southwest Gas Corporation's group long-term disability plan and incurs a Separation From Service. The Committee, in its sole and absolute discretion, may determine that a Participant is **Disabled** for purposes of this Plan.

(n) **Dividend Credits** means the additional Performance Shares determined as set forth in Plan Section 7(d) calculated for each Restriction Period for the Participant's Performance Shares subject to such period.

(o) **Employee** means any person who is a regular full-time employee of the Company, including those who are officers or Board Members.

(p) **Fiscal Year** means the Fiscal Year of the Company beginning each January 1 and ending the following December 31.

(q) **Incentive Award Opportunity** means the range of an Actual Award available to each Participant in this Plan for a given Performance Period.

(r) **Involuntary Termination Without Cause** means a Participant's Separation From Service (i) due to reorganization, downsizing, restructuring or layoff, and (ii) not due to what the Committee determines was, in its sole and absolute discretion, either the Participant's inability to adequately perform his or her job, a violation of Company work rules or policies, or misconduct that the Committee determines is detrimental to the Company's best interests.

(s) **Key Employee** means a management or highly compensated Employee of the Company who the Committee determines to (i) have a direct and significant impact on the performance of the Company, and (ii) has a position or compensation that allows him or her to affect or influence, through negotiation or otherwise, the design or operation of this Plan so as to eliminate the Employee's need for the substantive rights and protections of Title I of the Employee Retirement Income Security Act of 1974.

(t) **Participant** means a Key Employee who, in the Committee's sole and absolute discretion, is determined to be eligible to receive an Incentive Award Opportunity under this Plan.

(u) **Payment Period** means the first two and one-half months following the end of a Performance Period.

(v) **Peer Group** means the companies comprising the group against which the Committee assesses the performance of the company for the purposes of determining Actual Awards earned, or for modifying the number of shares of Common Stock that are payable to Participants following the end of a Restriction Period.

(w) **Performance Period** means a period of twelve (12) months corresponding to the Company's Fiscal Year and for which the Company's performance is assessed by the Committee for the purpose of determining Actual Awards earned.

(x) Performance Share means a hypothetical share of Common Stock that will be converted into, and paid out, as a share of Common Stock only if all restrictions and conditions set forth in this Plan have been satisfied. The Performance Share carries no voting rights but does entitle the Participant to receive Dividend Credits determinable under Plan Section 7(d).

(y) Performance Shares Payment Period means the first two and one-half months following the end of a Restriction Period.

Table of Contents

(z) Plan means the Southwest Gas Corporation Management Incentive Plan as set forth herein and as amended from time to time.

(aa) Restriction Period means, with respect to each grant of Performance Shares to a Participant, a period set by the Committee prior to the beginning of the Performance Period of at least twelve (12) consecutive calendar months beginning with the Award Conversion Date applicable to such shares or otherwise thirty-six (36) consecutive calendar months beginning with the Award Conversion Date applicable to such shares.

(bb) Retire or Retirement means a Participant's Separation From Service on or after the Participant has attained his or her early retirement date, normal retirement date, or deferred retirement date as defined in the Retirement Plan for Employees of Southwest Gas Corporation, as amended and in effect from time to time.

(cc) Section 409A or Code Section 409A means Section 409A of the Code and the rules and regulations with respect thereto.

(dd) Section 162(m) or Code Section 162(m) means Section 162(m) of the Code and the rules and regulations with respect thereto.

(ee) Separation From Service means the termination of a Participant's employment by the Company if the Participant dies, retires, or otherwise has a termination of employment with the Company; provided, that Participant's employment relationship is treated as continuing intact while on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months or longer, and if Participant's right to reemployment is provided either by statute or by contract. A leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Company. If the period of leave exceeds six months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period. Notwithstanding the foregoing, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Participant to be unable to perform the duties of his or her position of employment, or any substantially similar position of employment, a 29-month period of absence may be substituted for such six-month period. For purposes of this paragraph, the term Company includes all other organizations that together with the Company are part of the Code Section 414(b-c) control group of organizations. Whether a Participant has incurred a Separation From Service shall be determined based in accordance with the Code Section 409A. Additionally, if a Participant ceases to work as an Employee, but is retained to provide services as an independent contractor of the Company, the determination of whether the Participant has incurred a Separation From Service shall be determined based in accordance with Code Section 409A.

(ff) Target Award means the Incentive Award Opportunity available to each Participant if all Performance Measures for a Performance Period are fully met but not exceeded.

3. Administration.

(a) The Plan shall be administered by non-Employee members of the Committee, which shall be composed of not less than three members of the Board of Directors. The non-Employee members of the Committee chosen to administer the Plan shall not have received an award under this Plan or any plan preceding this Plan within the last calendar year. The Board of Directors may designate alternate members of the Committee from non-Employee Board members who satisfy the above criteria to act in the place and stead of any absent member of the Committee.

Table of Contents

(b) The Committee shall have full and final authority to operate, manage, and administer the Plan on behalf of the Company. This authority includes but is not limited to the following:

(i) Determination of eligibility for participation in the Plan;

(ii) Determination of Actual Awards earned and the Award Conversion of the Actual Awards;

(iii) Payment of Actual Awards that have become nonforfeitable;

(iv) Directing the Company to make the accruals and payments provided for by the Plan;

(v) Interpretation of the Plan and the resolution of any inconsistent or conflicting Plan language as well as factual or nonfactual questions regarding a Participant's eligibility for, and the amount of, benefits payable under the Plan;

(vi) Power to prescribe, amend, or rescind rules and regulations relating to the Plan;

(vii) Power to determine the vesting schedules, if any, for all awards;

(viii) Powers prescribed to the Committee elsewhere in the Plan; and

(ix) Power to construe and interpret the Plan to the maximum extent possible to comply with applicable law, including Code Sections 162(m) and 409A.

(c) With respect to Incentive Award Opportunities and Actual Awards earned, the Committee shall have full and final authority in its sole and absolute discretion to determine the Incentive Award Opportunities for individual Participants; determine the time or times at which Actual Awards may be calculated; determine the length of all applicable Performance Periods and/or Restriction Periods; determine the award schedule and the Annual Performance Measures (and the Company's satisfaction or failure to satisfy such measures) that will be used in calculating Actual Awards and the division of such awards between cash and performance shares.

(d) A majority of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all the members in the absence of a meeting, shall be the acts of the Committee. All Committee interpretations, determinations, and actions will be final, conclusive, and binding on all parties.

(e) No member of the Board or the Committee will be liable for any action taken or determination made in good faith by the Board or the Committee with respect to the Plan or any Actual Award calculated and paid hereunder.

4. Eligibility.

(a) In determining the Key Employees that will be Participants and the Incentive Award Opportunity for each Participant, the Committee shall take into account the duties of the respective Participant, their present and potential contributions to the success of the Company, and such other factors as the Committee shall deem relevant in connection with accomplishing the purpose of the Plan.

(b) No Incentive Award Opportunity will be available to any person who, at the beginning of the applicable Performance Period, is a member of the Committee responsible for the administration of the Plan.

Table of Contents

5. Incentive Award Opportunities.

(a) By the Determination Date, the Committee will, in its discretion, establish, in writing, the Incentive Award Opportunity for the Performance Period for each Participant or class of Participants designated by the Committee. The Incentive Award Opportunity will be expressed as percentages of the Participant's Annual Base Salary.

(b) An Incentive Award Opportunity may be based on a dollar amount or a percentage of the Participant's Annual Base Salary related to a range of the foregoing. The maximum dollar amount of any Actual Award will not exceed for any one Participant Three Million Dollars (\$3,000,000) for any Fiscal Year.

(c) By the Determination Date, the Committee will assign to a Participant an Incentive Award Opportunity which will be assigned a specific Target Award that will fall within the range of the Participant's Incentive Award Opportunity. The Target Award will be awarded to the Participant if, in the discretion and judgment of the Committee, applicable Annual Performance Measures for the applicable Performance Period are met.

(d) Actual Awards for each Participant in the Plan shall be determined by the Committee following the end of the applicable Performance Period, taking into account how the Company performed on the basis of the Annual Performance Measures developed and utilized by the Committee for the Performance Period.

6. Procedures for Calculating and Paying Actual Awards.

(a) The Committee shall establish the Annual Performance Measures that will be utilized for one or more Performance Periods in assessing the performance of the Company for the purpose of determining the Actual Awards earned under this Plan. As determined by the Committee, the Annual Performance Measures applicable to each Participant shall provide for a targeted level or levels of achievement using one or more of the following measures: (i) annual revenue, (ii) budget comparisons, (iii) controllable profits, (iv) Company earnings per share, (v) customer to employee ratios, (vi) customer service satisfaction, (vii) expense management, (viii) improvements in capital structure, (ix) net income, (x) net or gross sales, (xi) operating income (pre- or post-tax), (xii) profit margins, (xiii) operating or gross margin, (xiv) profitability of an identifiable business unit or product, (xv) return on investments, (xvi) return on sales, (xvii) return on stockholders' equity, (xviii) total return to stockholders, (xix) cash flow, operating cash flow, or cash flow or operating cash flow per share (before or after dividends), (xx) price of the shares or any other publicly traded securities of the Company, (xxi) reduction in costs, (xxii) return on capital, including return on total capital or return on invested capital, (xxiii) improvement in or attainment of expense levels or working capital levels, and (xxiv) performance of the Company relative to a peer group of companies and/or relevant indexes. The Annual Performance Measures may be applicable to the Company and/or any of its individual business units and may differ from Participant to Participant. In addition and to the extent applicable, the Annual Performance Measures will be calculated in accordance with generally accepted accounting principles, but excluding the effect (whether positive or negative) of any change in accounting standards and any extraordinary, unusual or nonrecurring item, as determined by the Committee, occurring after the establishment of the Annual Performance Measures applicable to the Actual Award intended to be performance-based compensation. Each such adjustment, if any, shall be made solely for the purpose of providing a consistent basis from period to period for the calculation of Annual Performance Measures in order to prevent the dilution or enlargement of the Participant's rights with respect to an Actual Award intended to be performance-based compensation; provided, however, that certain categories or types of such adjustments can be specifically included (rather than excluded) at the time the Annual Performance Measures are established if so determined by the Committee. These

Table of Contents

measures and the standards of performance associated with them may change from year to year and may receive different emphasis or weight according to the changing priorities of the Company.

(b) During the Payment Period, the Committee will compare the Company's actual performance during such period with the Annual Performance Measures it established for the period, and the Actual Award for such period, if any, for a Participant will be calculated. For each Performance Period, the Committee will utilize an award schedule for calculating the Actual Awards earned on the basis of the Company's performance. The award schedule may be modified by the Committee from year to year as Annual Performance Measures or the standards of performance associated with such measures change.

(c) The Committee retains the discretion to reduce a Participant's Actual Award (including a reduction to zero).

(d) During the Payment Period, an Award Conversion will be made whereby the Actual Awards for each Participant for the Performance Period will be split into two components. The first component will be a dollar amount that shall be paid during the Payment Period to the Participant in a lump sum cash payment. The second component will be a dollar amount that is converted into whole or partial Performance Shares, which shall be subject to a substantial risk of forfeiture and thereby restricted for a specified period of at least twelve (12) consecutive calendar months beginning on the Award Conversion Date applicable to such shares. The number of Performance Shares allocable to each Participant shall be determined by dividing (i) the dollar amount available for the Participant's Performance Shares (determined by the Award Conversion), by (ii) the average of the closing prices of the Common Stock on the New York Stock Exchange for the first five trading days of the month before the Award Conversion Date. Payment of Performance Shares shall occur at the time provided in Plan Section 7(c). For Participants who die, become Disabled, Retire or have his or her employment Involuntarily Terminated Without Cause prior to the Award Conversion Date, the Actual Awards will be paid in cash.

(e) The Committee shall have the sole and absolute responsibility for determining Actual Awards of Participants. The Actual Awards generated by application of the award schedule established by the Committee for one or more Performance Periods will be the actual awards that will be payable to each Participant; provided, however, that the Committee may, prior to the Award Conversion Date, unilaterally reduce the Actual Awards generated by the awards schedule if, in the opinion of the Committee, there have been exceptional circumstances that have either created inappropriate windfalls in the Company's performance, which, in turn, have resulted in inappropriately large awards.

(f) Notwithstanding any other provision of this Section 6, a Participant shall receive no Actual Award for a Performance Period if cash dividends paid on each share of outstanding Company common stock during such period does not equal or exceed the dividends paid on each such share in the immediately preceding Performance Period.

(g) If, during a Performance Period, the Committee determines that the established Annual Performance Measures are no longer suitable due to a change in control of the Company, as defined in Code Section 409A, the Committee may accelerate payment of the Actual Award.

7. Performance Shares.

(a) On the Award Conversion Date, Participants who earned an Actual Award during the preceding Performance Period will have an entry made on the Company's books reflecting the Performance Shares allocable to them as determined pursuant to Plan Section 6(d).

Table of Contents

(b) A Participant's Performance Shares granted with respect to a given Performance Period will be subject to a specified Restriction Period of at least twelve (12) consecutive calendar months beginning on the Award Conversion Date applicable to such shares. During the Restriction Period, the Participant may not, except as provided in Plan Section 8, receive payment for his or her Performance Shares.

(c) During the Restriction Period, a Participant will receive Dividend Credits equal to the quarterly dividend paid per share of Common Stock, multiplied by the number of Performance Shares then credited to the Participant on the Company's records, and divided by the closing per share value of the Common Stock on the New York Stock Exchange on the date such dividends are paid or the last trading day on the Exchange before such payment. These additional Performance Shares will be subject to the same restrictions as the Performance Shares that generated the Dividend Credits, and such restrictions will lapse at the same time as the restrictions lapse on such Performance Shares.

(d) During the Performance Shares Payment Period, the Participant shall receive a specific number of shares of Common Stock equal to the total number of Performance Shares allocated to the Participant at the beginning of such Restriction Period plus the Performance Shares credited quarterly through Dividend Credits during the Restriction Period. In no event will shares of Common Stock credited in respect of Dividend Credits be issued with respect to any Performance Shares until the Participant has satisfied all of the requirements for payment and issuance of the underlying Performance Shares.

8. Participant Terminations and Transfers.

(a) Should a Participant incur a Separation From Service for any reason other than death, Disability, Retirement, or Involuntary Termination Without Cause during a Performance Period, the Participant's right to receive an Actual Award for such period will be forfeited by the Participant.

(b) Should a Participant incur a Separation From Service for any reason other than death, Disability, Retirement, or Involuntary Termination Without Cause during a Restriction Period, the Participant's right to receive payments of his or her outstanding Performance Shares will be forfeited by the Participant.

(c) Should a Participant incur a Separation From Service during the Performance Period due to death, becoming Disabled, Retirement, or having his or her employment Involuntarily Terminated Without Cause, the Participant (or the Participant's Beneficiary if the Participant dies before receiving payment) will be entitled to receive the Participant's Actual Award for the Performance Period determined on a pro rata basis according to the number of months of the Performance Period actually worked while being a Participant in the Plan. Payment of the Actual Award shall be made in a lump sum cash payment and shall occur during the Payment Period following the end of the applicable Performance Period.

(d) Should a Participant incur a Separation From Service due to death during a Restriction Period, the Participant's Beneficiary will be entitled to receive a distribution of Common Stock equal to the total number of Performance Shares then credited to the Participant. Payment of Common Stock shall occur during the first two and one-half calendar months following the Participant's death.

(e) Should a Participant incur a Separation From Service during the Restriction Period due to becoming Disabled, Retirement, or having his or her employment Involuntarily Terminated Without Cause during a Restriction Period, the Participant (or the Participant's Beneficiary in the case the Participant dies before receiving payment) will receive a distribution of Common Stock equal to the total number of Performance Shares then credited to the Participant. Payment of Common Stock shall occur during the first two and one-half calendar months following the date of the Participant's Separation From Service; provided, however, that if the Participant is a specified employee, within the

Table of Contents

meaning of Code Section 409A, in no event shall payment occur before the day after the last day of the six month period that begins with the date of the Participant's Separation From Service.

(f) A Participant shall have the right to designate any person as his or her Beneficiary to whom benefits determined under this Section 8 (Death Benefits) shall be paid in the event of the Participant's death prior to the total distribution of his/her Death Benefits. If greater than fifty percent (50%) of the Death Benefits are designated to a beneficiary other than the Participant's lawful spouse, such beneficiary designation must be consented to by the Participant's lawful spouse. Each beneficiary designation must be in written form prescribed by the Committee and will be effective only when filed with the Committee, or its designee, during the Participant's lifetime.

A Participant may change a beneficiary designation, subject to spousal consent under the preceding paragraph, by filing a new beneficiary designation form with the Committee or its designee. The filing of a new beneficiary designation form will cancel all beneficiary designations previously filed. The Committee shall be entitled to rely on the beneficiary designation form last filed by the Participant prior to his/her death. Any payment made in accordance with such designation shall fully discharge the Company from all further obligations with respect to the amount of such payments.

If a beneficiary entitled to receive benefits under the Plan is a minor or a person declared incompetent, the Committee may direct payment of such benefits to the guardian or legal representative of such minor or incompetent person. The Committee may require proof of incompetency, minority or guardianship as it may deem appropriate prior to distribution of any Death Benefits. Such distribution shall completely discharge the Committee and the Company from all liability with respect to such payments.

If no beneficiary designation is in effect at the time of the Participant's death, or if the named beneficiary predeceased the Participant, then the beneficiary shall be: (1) the surviving lawful spouse; (2) if there is no surviving lawful spouse, then Participant's issue per stirpes; or (3) if no surviving lawful spouse or issue, then Participant's estate.

(g) If a Participant changes jobs with the Company during the course of a Performance Period and his or her new job has a different Incentive Award Opportunity under the Plan, the Participant's Incentive Award Opportunity for the Performance Period shall be the sum of the products obtained by multiplying (i) the percentage of the full Performance Period spent in each job by (ii) the Incentive Award Opportunity for each such job. In special circumstances, which the Committee may identify from time to time, the Participant may be assigned for the full Performance Period the Incentive Award Opportunity that corresponds to any one of the jobs held by the Participant during the Performance Period rather than combining partial Incentive Award Opportunities for the jobs.

(h) Should a Key Employee become eligible to participate in the Plan after the beginning of a Performance Period, the Participant will be entitled to an Incentive Award Opportunity on the basis of the number of months of the full Performance Period the Key Employee is a Participant in the Plan.

(i) Notwithstanding any other provision of the Plan, to the extent that (i) one or more of the payments in connection with the Participant's Separation From Service would constitute deferred compensation subject to the requirements of Code Section 409A, and (ii) the Participant is a specified employee within the meaning of Code Section 409A, then such payment or benefit (or portion thereof) will be delayed until the earliest date following the Participant's Separation From Service on which the Company can provide such payment or benefit to the Participant without the Participant's incurrance of any additional tax or interest pursuant to Code Section 409A, with all remaining payments or benefits due thereafter occurring in accordance with the original schedule. In addition, this Plan and the payments and benefits to be provided hereunder are intended to comply in all respects with the applicable provision of Code Section 409A.

Table of Contents

9. Changes in Capital Structure and Other Events.

(a) Notwithstanding anything in the Plan to the contrary, the Board may terminate the Plan and liquidate deferred compensation payable under the Plan as permitted pursuant to Code Section 409A.

(b) All determinations, decisions, and adjustments made by the Committee as a result of the Board's action pursuant to Plan Section 9(a) will be final, binding, and conclusive. No fractional interest will be issued under the Plan on account of such adjustments.

(c) In the event (i) a report on Schedule 13D is filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934 (referred to as the Act) disclosing that any person (as defined in Section 13(d) of the Act) other than the Company or one of its subsidiaries or an employee benefit plan sponsored by the Company or one of its subsidiaries is the beneficial owner, directly or indirectly, of fifty percent (50%) or more of the combined voting power of the then outstanding securities of the Company; (ii) any person (as defined in Section 13(d) of the Act) other than the Company or one of its subsidiaries, or an employee benefit plan sponsored by the Company or one of its subsidiaries shall purchase securities pursuant to a tender offer or exchange offer to acquire any Common Stock of the Company (or securities convertible in Common Stock) for cash, securities, or any other consideration, provided that after the consummation of the offer, the person in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of fifty percent (50%) or more of the combined voting power of the then outstanding securities of the Company (as determined under paragraph (d) of Rule 13d-3 under the Act, in the case of rights to acquire Common Stock); (iii) and in connection with the consummation of (a) any consolidation or merger of the Company (1) in which the Company is not the continuing or surviving corporation, (2) pursuant to which shares of Common Stock of the Company would be converted into cash, securities, or other property, and (3) with a corporation that prior to such consolidation or merger owned fifty percent (50%) or more of the cumulative voting power of the then outstanding securities of the corporation; or (b) any sale, lease, exchange, or other transfer (in one transaction or a series of transactions) of all or substantially all of the assets of the Company; or (iv) there shall have been a change in the majority of the Board of the Company within a 12-month period, unless the election or nomination for election by the Company's stockholders of each director during the 12-month period was approved by the vote of two-thirds (2/3) of the directors then in office who were directors at the beginning of such 12-month period, the Committee may in its sole and absolute discretion, without obtaining stockholder approval, at the time of any one or more of the foregoing actions, to the extent permitted in Plan Section 7, with respect to all Participants:

(i) Make adjustments or amendments to the Plan and outstanding Incentive Award Opportunities and Performance Shares that are consistent with applicable law, including Code Section 162(m) and the terms of the transaction; or

(ii) Consistent with applicable law, including Code Section 162(m), substitute new Incentive Award Opportunities.

To the extent Performance Shares credited to a Participant constitute deferred compensation within the meaning of Code Section 409A at the time of a Change in Control, Performance Shares shall be paid out upon a Change in Control that also constitutes a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, as those terms are defined under Code Section 409A (each such transaction, a 409A Change in Control). To the extent a Change in Control that is not a 409A Change in Control occurs, Performance Shares constituting deferred compensation shall be paid out at the end of the Restriction Period or upon the Participant's earlier Separation from Service from the Company under Code Section 409A, subject to the delay applicable to specified employees described in Section 8.

Table of Contents

To the extent Performance Shares credited to a Participant do not constitute deferred compensation within the meaning of Code Section 409A at the time of a Change in Control, the Committee may vest such Performance Shares and shall, in that event, settle the Performance Shares within 2 1/2 months of the calendar year in which they vest.

10. Provisions Regarding Withholding Taxes.

(a) The Committee may require a Participant receiving Common Stock upon conversion of Performance Shares awarded hereunder to reimburse the Company for any taxes required by any government to be withheld or otherwise deducted and paid by the Company in respect of the issuance to or disposition of shares by the Participant (a Taxable Event). Any payment on account of a tax obligation shall be in a form acceptable to the Committee. If upon the occurrence of a Taxable Event the Participant does not, in the time required by law or designated by the Committee, reimburse the Company for taxes as provided for above: (i) the Company shall have the right to withhold some or all of the amount of such taxes from any other sums due or to become due from the Company to the Participant upon such terms and conditions as the Committee shall prescribe, and (ii) the Company may satisfy some or all of the tax obligation of such Participant by withholding shares of Common Stock acquired by the Participant in the conversion of any Performance Shares and may in the same manner satisfy some or all of any additional tax obligation resulting from such withholding.

(b) At any time that the Company becomes subject to a withholding obligation under applicable law with respect to the conversion of Performance Shares, a Participant may elect to satisfy, in whole or in part, the Participant's related estimated personal tax liabilities by directing the Company to withhold from the shares of Common Stock issuable in the related conversion of Performance Shares either (i) a specific percentage of shares, (ii) a specific number of shares, or (iii) shares having a specific value, in each case with a value not in excess of such estimated tax liabilities. Such an election shall be irrevocable. The shares of Common Stock withheld in payment shall be valued at their fair market value on the date that the withholding obligation arises (the Tax Date). The Committee may disapprove any election, suspend or terminate the right to make elections or provide that the right to make elections shall not apply to particular conversions. The Committee may impose any other conditions or restrictions on the right to make an election as it shall deem appropriate.

11. Provisions Applicable to Common Stock.

(a) If at any time the Board shall determine in its discretion that the listing, registration or qualification upon any national securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the sale, purchase, issuance or delivery of Common Stock under the Plan, no Common Stock shall be sold, purchased, issued or delivered, as the case may be, unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Board.

(b) Except as hereafter provided and if so required by the Committee, the recipient of any Performance Share award shall, upon receipt of any shares of Common Stock due to the Award Conversion of Performance Shares represented by the award, execute and deliver to the Company a written statement, in form satisfactory to the Company, in which such Participant represents and warrants that such Participant is acquiring the shares for such Participant's own account, for investment only and not with a view to the resale or distribution thereof, and agrees that any subsequent offer for sale or distribution of any such shares of Common Stock shall be made only pursuant to either (a) a Registration Statement on an appropriate form under the Securities Act of 1933, as amended (the Securities Act), which Registration Statement has become effective and is current with regard to the shares of Common Stock being offered or sold, or (b) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the holder or

Table of Contents

recipient shall, if required by the Company, prior to any offer for sale or sale of such shares, obtain a favorable written opinion, in form and substance satisfactory to the Company, from counsel for or approved by the Company, as to the applicability of such exemption thereto. The foregoing restriction shall not apply to (i) issuances by the Company so long as the shares being acquired are registered under the Securities Act and a prospectus in respect thereof is current or (ii) reofferings of shares by affiliates of the Company (as defined in Rule 405 or any successor rule or regulation promulgated under the Securities Act) if the shares being reoffered are registered under the Securities Act and a prospectus in respect thereof is current.

(c) The Company may endorse such legend or legends upon the certificates for shares of Common Stock issued upon conversion of Performance Shares made hereunder and may issue such stop transfer instructions to its transfer agent in respect of such shares as, in its discretion, it determines to be necessary or appropriate to (i) prevent a violation of, or to perfect an exemption from, the registration requirements of the Securities Act, or (ii) implement the provisions of the Plan and any agreement between the Company and the Participant.

(d) The Company shall pay issue taxes with respect to the issuance of shares of Common Stock upon conversion of Performance Shares, as well as all fees and expenses necessarily incurred by the Company in connection with such issuance.

(e) The maximum number of shares of Common Stock that may be issued pursuant to the Plan shall not exceed a total of ~~1,700,000~~ 2,450,000 shares, without further shareholder approval.

12. Effective Date; Stockholder Approval.

The Plan became effective upon adoption by the Board in 1993 and was approved by shareholders at the 1994, 2002, 2004 and 2009 Annual Meetings. If the amended and restated Plan is not approved by shareholders of Southwest Gas Corporation at the 2014 Annual Meeting, awards shall not be payable under the Plan to the extent prohibited under Code Section 162(m).

13. Amendment and Termination of the Plan.

The Board at any time and from time to time may, without prior notice to Participants, suspend, terminate, modify, or amend the Plan. Except as otherwise provided for in Plan Sections 5, 6, 7, 8 and 9, no suspension, termination, modification, or amendment of the plan may adversely affect any award previously granted, unless the written consent of the Participant is obtained. Notwithstanding the authority granted to the Board herein, if the shareholders of Southwest Gas Corporation have approved this Plan as contemplated in Plan Section 12 above, no amendment to the provisions of this Plan shall become effective without shareholder approval to the extent required by applicable law indemnifying Code Section 162(m).

14. Benefit Claims Procedure.

(a) Any claim for money or stock awards under the Plan shall be made in writing to the Committee. If such claim is wholly or partially denied, the Committee shall, within a reasonable period of time not to exceed ninety (90) days after receipt of the claim, notify the Participant, Beneficiary or other party making the claim (the Claimant) of the denial of the claim. Such notice of denial shall (i) be in writing, (ii) be written in a manner calculated to be understood by the Claimant, and (iii) contain the specific reason or reasons for denial of the claim, a specific reference to the pertinent Plan provisions upon which the denial is based, a description of any additional material or information necessary to perfect the claim, along with an explanation of why such material or information is necessary, and an explanation of the claim review procedure.

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The ninety (90) day period may, under special circumstances, be extended up to an additional ninety (90) days upon written notice of such extension

-11-

Table of Contents

to the Claimant which notice shall specify the special circumstances and the extended date of the decision, the time limits applicable to such procedures and a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination upon review. Notice of extension must be given prior to expiration of the initial ninety (90) day period. The extension notice shall indicate the special circumstances that require an extension of time and the date by which the Committee expects to render a decision on the claim. If the claim is denied, the Claimant may file a request for review as provided in the next paragraph.

(b) Within sixty (60) days after the receipt of the decision denying a claim by the Claimant, the Claimant may file a written request with the Committee that it conduct a full and fair review of the denial of the claim. The Claimant or his or her duly authorized representative may review pertinent documents and submit issues and comments in writing to the Committee in connection with the review.

(c) The Committee shall deliver to the Claimant a written decision on the review of the denial within sixty (60) days after receipt of the aforesaid request for review, except that if there are special circumstances (such as the need to hold a hearing, if necessary) which require an extension of time for processing, the aforesaid sixty (60) day period shall, upon written notice to the Claimant be extended an additional sixty (60) days. Upon review the Claimant shall be given the opportunity to (i) submit written comments, documents, records, and other information relating to its claim and (ii) request and receive, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits. Whether a document, record, or other information is relevant to a claim for benefits shall be determined by reference to applicable ERISA regulations, if any. The review of a denied claim shall take into account all comments, documents, records, and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision on review shall be written in a manner calculated to be understood by the Claimant and, if adverse, shall (i) include the specific reason or reasons for the decision, (ii) contain a specific reference to the pertinent Plan provisions upon which the decision is based, (iii) contain a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits (whether a document, record, or other information is relevant to a claim for benefits shall be determined by reference to applicable ERISA Regulations), and (iv) contain a statement describing the Claimant's right, if any, to bring an action under ERISA Section 502(a).

15. General Provisions.

(a) Nothing in this Plan or in any award granted pursuant hereto shall confer on an individual any right to continue in the employ of the company or any of its subsidiaries or interfere in any way with the right of the Company or any such subsidiary to terminate any employment.

(b) Upon its adoption by the Board, this Plan shall replace the existing Southwest Gas Corporation Management Incentive Plan with respect to periods commencing effective January 1, 2014.

(c) Awards granted under the Plan shall not be transferable otherwise than as provided for in Plan Section 8(d), by will or by the laws of descent and distribution, and awards may be realized during the lifetime of the Participant only by the Participant or by his guardian or legal representative.

(d) The section and subsection heading are contained herein for convenience only and shall not affect the construction hereof.

(e) A Participant's rights to Performance Shares and other Plan benefits represent rights to merely an unfunded and unsecured promise of a future payment of money or property. A participant shall look only to the Company for the payment of Performance Shares and other Plan benefits and

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such shares and benefits shall, until paid, be subject to the claims of Company creditors. A Participant's rights under the Plan shall be only that of an unsecured general creditor of the Company.

-12-

Table of Contents

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Table of Contents

**SOUTHWEST GAS CORPORATION
ANNUAL MEETING OF SHAREHOLDERS**

Thursday, May 8, 2014

at 10:00 A.M. Pacific Time

CILI RESTAURANT AT BALI HAI GOLF CULB

5160 Las Vegas Blvd. South

Las Vegas, Nevada

5241 Spring Mountain Road

Las Vegas, NV 89150-0002

PROXY

Please refer to the back of this Proxy Card for Voting Instructions

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Annual Report are available at

www.investorelections.com/swx

This proxy will be voted in the manner directed by the shareholder(s). If no direction is made, this proxy will be voted FOR the listed Nominees (Proposal 1), FOR Approval, on an advisory basis, of Executive Compensation (Proposal 2), FOR Reapproval and Amendment of the Management Incentive Plan (Proposal 3) and FOR Auditor Selection Ratification (Proposal 4). Further, if cumulative voting rights for the election of directors (Proposal 1) are exercised at the meeting, the Proxies, unless otherwise instructed, will cumulatively vote their shares as explained in the Proxy Statement.

The undersigned hereby revokes all previously granted proxies and appoints LeRoy C. Hanneman, Jr. and Michael J. Melarkey as Proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote as designated by telephone, by internet or by mail, all the shares of Common Stock of the undersigned at the 2014 Annual Meeting of Shareholders of Southwest Gas Corporation, and at any adjournments thereof; and at their discretion, with authorization to vote such shares on any other matters as may properly come before the meeting or any adjournment thereof.

Vote by Internet, Telephone or Mail

24 Hours a Day, 7 Days a Week

Your phone or Internet vote authorizes the named proxies to vote your shares

in the same manner as if you marked, signed and returned your proxy card.

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INTERNET

www.proxypush.com/swx

Use the Internet to vote your proxy until 11:59 p.m. Central Time on May 7, 2014.

PHONE

1-800-883-3382

Use a touch-tone telephone to vote your proxy until 11:59 p.m. Central Time on May 7, 2014.

MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

**VOTE
IN PERSON**

Directions to attend the Annual Meeting and vote in person are included on the map on page M-1 of the Notice of 2014 Annual Meeting of Shareholders and Proxy Statement. If you own your shares in street name through a broker or other nominee, you must provide proof of identification and proof that you were the owner of the shares on March 11, 2014.

If you vote your proxy by Internet or by telephone, you do NOT need to return your Proxy Card by mail.

Table of Contents

Shareowner ServicesSM
 P.O. Box 64945
 St. Paul, MN 55164-0945

Address Change? Mark box, sign, and indicate changes below: ..

TO VOTE BY INTERNET OR
 TELEPHONE, SEE REVERSE
 SIDE OF THIS PROXY CARD.

TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW, SIMPLY SIGN, DATE AND RETURN THIS PROXY CARD.

The Board of Directors Recommends a Vote FOR Proposals 1 through 4.

1. Election of	01	Robert L. Boughner	07	Anne L. Mariucci	..	Vote FOR	..	Vote WITHHELD
Directors:	02	José A. Cárdenas	08	Michael J. Melarkey		all nominees		from all nominees
	03	Thomas E. Chestnut	09	Jeffrey W. Shaw		(except as marked)		
	04	Stephen C. Comer	10	A. Randall Thoman				
	05	LeRoy C. Hanneman, Jr.	11	Thomas A. Thomas				
	06	Michael O. Maffie	12	Terrence L. Wright				

ò Please fold here Do not separate ò

To withhold authority to vote for a particular nominee, mark the Vote FOR all nominees (except as marked) box and enter the number next to the name(s) of the exceptions in the space provided. Unless authority to vote for all the foregoing nominees is withheld, this proxy will be deemed to confer authority to vote for every nominee whose name is not listed.

- | | | | | | | |
|---|----|-----|----|---------|----|---------|
| 2. To APPROVE, on an advisory basis, the Company's executive compensation. | .. | For | .. | Against | .. | Abstain |
| 3. To REAPPROVE AND AMEND the Management Incentive Plan. | .. | For | .. | Against | .. | Abstain |
| 4. To RATIFY the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for fiscal year 2014. | .. | For | .. | Against | .. | Abstain |

THE PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS THE BOARD RECOMMENDS.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE NOMINEES (PROPOSAL 1), APPROVAL, ON AN ADVISORY BASIS, OF EXECUTIVE COMPENSATION (PROPOSAL 2), REAPPROVAL AND AMENDMENT OF THE MANAGEMENT INCENTIVE PLAN (PROPOSAL 3) AND AUDITOR SELECTION RATIFICATION (PROPOSAL 4).

Date _____

Signature(s) in Box

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Please sign exactly as your name(s) appears on the Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.