
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) December 28, 2016

SOUTHWEST GAS CORPORATION

(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

1-7850
(Commission
File Number)

88-0085720
(I.R.S. Employer
Identification No.)

**5241 Spring Mountain Road
Post Office Box 98510
Las Vegas, Nevada**
(Address of principal executive offices)

89193-8510
(Zip Code)

Registrant's telephone number, including area code: (702) 876-7237

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Explanatory Note

On October 13, 2015, Southwest Gas Corporation, a California corporation (the “Company”), announced that its board of directors had authorized management to evaluate pursuing a series of reorganization transactions (the “Reorganization”). In connection with the Reorganization plans, a new holding company, Southwest Gas Holdings, Inc., a California corporation (“SWG Holdings,” and, together with its subsidiaries, “Southwest”), was created, and following the Reorganization, the Company became a wholly owned subsidiary of SWG Holdings, and the former shareholders of the Company are now shareholders of SWG Holdings. This Current Report on Form 8-K is being filed, in part, because the registered indebtedness of the Company outstanding prior to the Reorganization remain obligations of the Company.

Item 1.01. Entry into a Material Definitive Agreement.

On January 1, 2017, SWG Holdings implemented a holding company reorganization pursuant to a Plan of Reorganization (the “Plan of Reorganization”), dated as of December 28, 2016, by and among SWG Holdings, the Company, Southwest Reorganization Co., a California corporation and a wholly owned subsidiary of SWG Holdings (“Merger Sub”) and Southwest Gas Utility Group, Inc., a California corporation and a wholly owned subsidiary of SWG Holdings (“Utility Group”), which resulted in SWG Holdings owning all of the outstanding capital stock of the Company. Pursuant to the Plan of Reorganization, and the related Agreement and Plan of Merger, dated December 28, 2016, by and among SWG Holdings, the Company and Merger Sub (the “Merger Agreement”), effective January 1, 2017, Merger Sub, a direct, wholly owned subsidiary of SWG Holdings and an indirect, wholly owned subsidiary of the Company, merged with and into the Company, with the Company surviving as a direct, wholly owned subsidiary of SWG Holdings (the “Merger”). Each share of common stock of the Company, par value \$1.00 per share (“Company Common Stock”), issued and outstanding immediately prior to the Merger automatically converted into an equivalent corresponding share of common stock of SWG Holdings, par value \$1.00 per share (“SWG Holdings Common Stock”). Accordingly, upon consummation of the Merger, the Company’s shareholders immediately prior to the consummation of the Merger became shareholders of SWG Holdings. The shareholders of the Company will not recognize gain or loss for U.S. federal income tax purposes upon conversion of their shares in the Merger.

The Merger was conducted pursuant to Section 1201(b) of the California Corporations Code, under which the Plan of Reorganization and the Merger Agreement were not required to be approved by the shareholders of the Company. Each share of SWG Holdings Common Stock will have the same designations, rights, powers and preferences and the same qualifications, limitations and restrictions as shares of Company Common Stock prior to the Reorganization. SWG Holdings’ directors and executive officers are the same as the directors and executive officers of the Company immediately prior to the consummation of the Merger. Immediately after the consummation of the Merger, SWG Holdings has, on a consolidated basis, the same assets, businesses and operations as the Company had immediately prior to the consummation of the Merger.

The conversion of shares in the Merger occurred automatically without an exchange of stock certificates. After the Merger, stock certificates that previously represented shares of Company Common Stock now represent the same number of shares of SWG Holdings Common Stock. Following the consummation of the Merger, shares of SWG Holdings Common Stock continue to trade on the New York Stock Exchange (“NYSE”) on an uninterrupted basis under the symbol “SWX” and with the same CUSIP number (#844895102).

As a component of the Reorganization, on January 3, 2017, pursuant to the Plan of Reorganization, the Company converted into a California limited liability company, Southwest Gas, LLC, with SWG

Holdings as its sole member and managing member, and immediately thereafter distributed all of the issued and outstanding capital stock of its subsidiary, Carson Water Company, a Nevada corporation that holds Southwest's construction segment ("Carson Water"), to SWG Holdings. Carson Water owns Southwest's 96.6% interest in Centuri Construction Group Inc., a full-service natural gas piping contractor that provides industrial construction services through a family of businesses, and is the subsidiary through which Southwest operates its construction services segment. As a result of the distribution, Carson Water became a direct, wholly owned subsidiary of SWG Holdings, and the Company no longer holds the assets related to Southwest's construction segment. Following this distribution, in accordance with the Plan of Reorganization, SWG Holdings immediately contributed its membership interests in Southwest Gas, LLC to Utility Group, thereby establishing Utility Group as the sole member and managing member of Southwest Gas, LLC, an indirect, wholly owned subsidiary of SWG Holdings. Finally, Southwest Gas, LLC has filed a statement of conversion back into a corporation under its original name, Southwest Gas Corporation (all the foregoing transactions, collectively the "Segment Restructuring").

In connection with the Merger, SWG Holdings assumed the Company's obligation to issue securities under the Management Incentive Plan and the 2006 Restricted Stock/Unit Plan, in each case together with all related notices and agreements, and in each case as amended from time to time (each, an "Assumed Plan" and, collectively, the "Assumed Plans"). Accordingly, SWG Holdings became a sponsor of the Assumed Plans, and each award under an Assumed Plan outstanding immediately prior to the Merger that was eligible to be paid or settled in Company Common Stock will, to the extent such award meets all the applicable requirements for payment or settlement under the applicable Assumed Plan, instead be paid or settled, as applicable, in SWG Holdings Common Stock, and, with respect to each such award, all references to "Company" in the applicable Assumed Plan, and in any agreement evidencing such award, if any, will refer to SWG Holdings. In addition, the same number of shares of SWG Holdings Common Stock has been reserved for purposes of the Assumed Plans and is equal to the number of shares of Company Common Stock reserved as of the Merger. In addition, in connection with the Reorganization, shares of the Company held and issuable under the Company's Employees' Investment Plan (the "Employees' Investment Plan") automatically converted into shares of SWG Holdings, and SWG Holdings is becoming a party to the Change in Control Agreements between the Company and each of the officers of the Company who is a party to such an agreement as of the effective time of the Merger (each, a "Change in Control Agreement" and, collectively, the "Change in Control Agreements"). Named executive officers and other officers participate in the Assumed Plans and the Change in Control Agreements. In accordance with Rule 414 under the Securities Act, SWG Holdings will file post-effective amendments to the related registration statements on Form S-8 of the Company (File Nos. 333-200835, 333-185354, 333-168731, 333-155581, 333-215145 and 333-215150) (collectively, the "Form S-8 Registration Statements") to adopt the Form S-8 Registration Statements pursuant to Rule 414.

The foregoing description of the Plan of Reorganization, the Merger Agreement, the Management Incentive Plan, the 2006 Restricted Stock/Unit Plan, the Employees' Investment Plan and the Change in Control Agreements does not purport to be complete and is qualified in its entirety by reference to the full text of the foregoing documents, which are filed as Exhibit 2.1, Exhibit 2.2, Exhibit 10.1, Exhibit 10.2, Exhibit 10.3 and Exhibit 10.4 (form of), respectively, and incorporated by reference herein.

Item 2.01. Completion of Acquisition or Disposition of Assets.

The information included in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference. As previously noted, in connection with the Segment Restructuring, the Company has disposed of its subsidiary, Carson Water, and its associated construction segment.

Item 3.01. Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing

On January 3, 2017, shares of SWG Holdings Common Stock commenced trading on the NYSE under the symbol “SWX.” The Company also requested that the NYSE file with the U.S. Securities and Exchange Commission (the “SEC”) a notification on Form 25 to remove the Company Common Stock from listing on the NYSE and from registration under Section 12(b) of the Exchange Act. In addition, the Company filed with the SEC a certificate on Form 15 requesting that the Company’s reporting obligations under Section 15(d) of the Exchange Act be suspended (except to the extent of the succession of New SWG to the Exchange Act Section 12(b) registration and ongoing reporting obligations of the Company with respect to other registered securities of the Company).

Item 3.03. Material Modification of Rights of Securityholders

The information included in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

As previously noted, upon consummation of the Merger, each share of Company Common Stock issued and outstanding immediately prior to the Merger automatically converted into an equivalent corresponding share of SWG Holdings Common Stock having the same designations, rights, powers and preferences and the same qualifications, limitations and restrictions as the corresponding share of Company Common Stock that was converted.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The information included in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

In addition, in connection with the Reorganization, the Company amended the Assumed Plans, the Change in Control Agreements, the Supplemental Executive Retirement Plan (amended and restated effective January 1, 2005), the Executive Deferral Plan (effective January 1, 2005, and amended and restated effective March 1, 2008), the Executive Deferral Plan (effective March 1, 1986, and amended and restated effective January 1, 2009), and the Amended and Restated Trust Agreement with Wachovia Bank, National Association (each, a “Compensatory Arrangement” and, collectively, the “Compensatory Arrangements”), to clarify that any transaction immediately after which more than fifty percent (50%) of the outstanding voting securities of the Company (or the surviving or resulting entity immediately after such transaction) is, or will be, owned, directly or indirectly, by shareholders of the Company or an affiliate of the Company who own, directly or indirectly, more than fifty percent (50%) of the outstanding voting securities of the Company, determined immediately before such transaction, will not constitute a “Change in Control” or term of like import. The Company also amended, in connection with the Reorganization, the Compensatory Arrangements (other than the Assumed Plans) to provide that the definition of “Change in Control” under the Compensatory Arrangements (other than the Assumed Plans) will, in addition to the enumerated events involving the Company, the Company Common Stock or the Board, include such events with respect to SWG Holdings. In addition, in connection with the Reorganization, the Company amended the Assumed Plans to provide that, following the assumption of the applicable Assumed Plan by SWG Holdings in the Merger, with respect to each award thereunder, any transaction (a) involving a subsidiary of SWG Holdings, (b) to which the holder of such award is then providing services, and (c) immediately after which the shareholders of SWG Holdings who own, directly or indirectly, more than fifty percent (50%) of the outstanding voting securities of SWG Holdings, determined immediately prior to such transaction, do not own, directly or indirectly, more than fifty

percent (50%) of the outstanding voting securities of such subsidiary (or the surviving or resulting entity immediately after such transaction), will constitute a "Change in Control Event". Named executive officers and other officers participate in the Compensatory Arrangements. With respect to each Change in Control Agreement and the Amended and Restated Trust Agreement with Wachovia Bank, National Association (the "Rabbi Trust"), the foregoing amendments are subject to, and effective upon, agreement to such amendments by the service provider party to such Change in Control Agreement and the Trustee party to the Rabbi Trust, as applicable.

Item 8.01. Other Events.

On January 3, 2017, SWG Holdings and the Company issued a press release relating to the completion of the Reorganization. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(b) *Pro Forma Financial Information*

Unaudited pro forma financial information of Southwest Gas Corporation to give effect to the Reorganization is included in Exhibit 99.2 attached hereto and is incorporated herein by reference.

(d) *Exhibits*

<u>Exhibit Number</u>	<u>Description</u>
2.1	Plan of Reorganization, dated December 28, 2016, by and among Southwest Gas Corporation, Southwest Reorganization Co., Southwest Gas Holdings, Inc. and Southwest Gas Utility Group, Inc.
2.2	Agreement and Plan of Merger, dated December 28, 2016, by and among Southwest Gas Corporation, Southwest Reorganization Co., and Southwest Gas Holdings, Inc.
10.1*	Southwest Gas Corporation Management Incentive Plan, amended and restated. Incorporated herein by reference to Appendix A to the Proxy Statement dated March 26, 2014, File No. 1-07850.
10.2*	Southwest Gas Corporation 2006 Restricted Stock/Unit Plan, as amended and restated. Incorporated herein by reference to Appendix A to the Proxy Statement dated March 31, 2016, File No. 1-07850.
10.3*	Southwest Gas Corporation Employees' Investment Plan, as amended and restated. Incorporated herein by reference to Exhibit 4.1 to the Form S-8 filed on December 16, 2016.
10.4*	Form of Change in Control Agreement with Company Officers. Incorporated herein by reference to Exhibit 10.1 to Form 8-K dated November 14, 2013, File No. 1-07850.
99.1	Press Release dated January 3, 2017.
99.2	Unaudited pro forma condensed financial information.

* Management Contracts or Compensation Plans

SIGNATURES

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

Date: January 4, 2017

SOUTHWEST GAS CORPORATION

/s/ Gregory J. Peterson

Gregory J. Peterson

Vice President/Controller and Chief Accounting Officer

EXHIBIT INDEX

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2.2	Agreement and Plan of Merger, dated December 28, 2016, by and among Southwest Gas Corporation, Southwest Reorganization Co., and Southwest Gas Holdings, Inc.
10.1*	Southwest Gas Corporation Management Incentive Plan, amended and restated. Incorporated herein by reference to Appendix A to the Proxy Statement dated March 26, 2014, File No. 1-07850.
10.2*	Southwest Gas Corporation 2006 Restricted Stock/Unit Plan, as amended and restated. Incorporated herein by reference to Appendix A to the Proxy Statement dated March 31, 2016, File No. 1-07850.
10.3*	Southwest Gas Corporation Employees' Investment Plan, as amended and restated. Incorporated herein by reference to Exhibit 4.1 to the Form S-8 filed on December 16, 2016.
10.4*	Form of Change in Control Agreement with Company Officers. Incorporated herein by reference to Exhibit 10.1 to Form 8-K dated November 14, 2013, File No. 1-07850.
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* Management Contracts or Compensation Plans

PLAN OF REORGANIZATION

This Plan of Reorganization (collectively with any exhibits and schedules attached hereto, the “Plan”) is entered into on December 28, 2016 by and among Southwest Gas Corporation, a California corporation, (“SWG”), Southwest Gas Holdings, Inc., a California corporation (“HoldCo”), Southwest Gas Utility Group, Inc., a California corporation (“Intermediate HoldCo”), and Southwest Reorganization Co., a California corporation (“MergerSub” and collectively with SWG, HoldCo and Intermediate HoldCo, the “Parties”).

BACKGROUND

SWG, HoldCo and MergerSub have determined that it is in their respective best interests that they be reorganized (i) by creating a holding company for SWG through the Merger (as defined in Section 1 below) of SWG and MergerSub whereby SWG would be the surviving corporation (the “Surviving Company”) and a subsidiary of HoldCo, (ii) the Surviving Company would convert from a California corporation into a California limited liability company to be called Southwest Gas, LLC, (iii) Southwest Gas, LLC would distribute to HoldCo all issued and outstanding capital stock of its subsidiary, Carson Water Company, (iv) HoldCo would contribute all of the membership interests of Southwest Gas, LLC to its subsidiary Intermediate HoldCo, and (v) Southwest Gas, LLC would convert from a California limited liability company back into a California corporation to be called Southwest Gas Corporation, all as more particularly provided for herein. Collectively, all of the actions described above would occur in numerical order and shall be referred to herein as the “Reorganization”.

TERMS

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and intending to be legally bound hereby, the parties agree as follows:

1. Merger of MergerSub with and into SWG. On January 1, 2017 (the “Effective Date”), MergerSub shall merge with and into SWG (the “Merger”) in accordance with the Agreement and Plan of Merger (the “Merger Agreement”) made as of December 28, 2016, executed by SWG, HoldCo and MergerSub and attached hereto as Exhibit A. The terms and conditions of the Merger Agreement are incorporated herein by reference.
2. Conversion to a California Limited Liability Company.

2.1 Promptly after the consummation of the Merger and subject to, and following the receipt of, the shareholder approval to be sought pursuant to Section 10.2 hereof, in accordance with the provisions of Section 1152 of the California Corporation Code (the “Corporations Code”), the Surviving Company will be converted from a California corporation into a California limited liability company (the “LLC Conversion”). The LLC Conversion shall be deemed effective at 12:01 a.m. local time on the date that Limited Liability Company Articles of Organization – Conversion are filed with the California Secretary of State. This Plan is intended to serve as a plan of conversion under the Corporations Code and the California Revised Uniform Limited Liability Company Act (the “Act”).

2.2 For purposes of and in accordance with the Corporations Code and the Act, Southwest Gas, LLC shall be deemed to be the same entity as the Surviving Company and all rights, privileges, powers, property (real, personal or mixed), debts due and all other things and causes of action belonging to the Surviving Company prior to the LLC Conversion shall be and

remain vested in Southwest Gas, LLC following the LLC Conversion and, without any transfer or other action on the part of the Surviving Company or Southwest Gas, LLC, shall be the rights, privileges, powers, property (real, personal or mixed), debts due and all other things and causes of action of Southwest Gas, LLC following the LLC Conversion.

2.3 The name of the Surviving Company following the LLC Conversion shall be Southwest Gas, LLC.

2.4 As part of the LLC Conversion, the Articles of Incorporation of the Surviving Company will be superseded pursuant to the Limited Liability Company Articles of Organization-Conversion of Southwest Gas, LLC, in substantially the form attached hereto as Exhibit B, filed in California pursuant to Section 8.2 hereof and the Bylaws of the Surviving Company will be replaced with an operating agreement of Southwest Gas, LLC, in substantially the form attached hereto as Exhibit C.

3. Carson Water Distribution.

Promptly after the consummation of the LLC Conversion, Southwest Gas, LLC shall distribute all of the issued and outstanding capital stock of its subsidiary, Carson Water Company, a Nevada corporation ("Carson Water"), to HoldCo, whereby Carson Water would become a direct, wholly-owned subsidiary of HoldCo (the "Carson Water Distribution"). The Carson Water Distribution shall be deemed effective at 12:02 a.m. local time on the date that Limited Liability Company Articles of Organization – Conversion are filed with the California Secretary of State.

4. SWG Contribution.

Promptly after the consummation of the Carson Water Distribution, HoldCo will contribute all of the membership interests of the Surviving Company (then Southwest Gas, LLC) to Intermediate HoldCo, whereby the Surviving Company would become a wholly owned subsidiary of Intermediate HoldCo (the "SWG Contribution"). The SWG Contribution shall be deemed effective at 12:03 am local time on the date that Limited Liability Company Articles of Organization – Conversion are filed with the California Secretary of State.

5. Conversion to a California Corporation.

5.1. Promptly after the SWG Contribution, and subject to, and following the receipt of, the member approval to be sought pursuant to Section 10.3 hereof, in accordance with the provisions of the Corporations Code and the Act, the Surviving Company (then Southwest Gas, LLC) will be converted from a California limited liability company into a California corporation (the "Corporate Conversion"). This Plan is intended to serve as a plan of conversion under the Corporations Code and the Act.

5.2. For purposes of and in accordance with the Corporations Code and the Act, the Surviving Company shall be deemed to be the same entity as the California limited liability company and all rights, privileges, powers, property (real, personal or mixed), debts due and all other things and causes of action belonging to Southwest Gas, LLC prior to the Corporate Conversion shall be and remain vested in the Surviving Company following the Corporate Conversion and, without any transfer or other action on the part of Southwest Gas, LLC, shall be the rights, privileges, powers, property (real, personal or mixed), debts due and all other things and causes of action of the Surviving Company following the Corporate Conversion.

5.3. The name of the Surviving Company following the Corporate Conversion shall be Southwest Gas Corporation.

5.4. As part of the Corporate Conversion, the Articles of Organization-Conversion (Form LLC 1A) of Southwest Gas, LLC filed in California will be superseded pursuant to Articles of Incorporation with Statement of Conversion of the Surviving Company (Southwest Gas Corporation), in substantially the form attached hereto as Exhibit D, filed in California pursuant to Section 8.5 hereof and the operating agreement of Southwest Gas, LLC shall be replaced with the Bylaws of the Surviving Company in substantially the form attached hereto as Exhibit E.

6. Ownership Interests. Shares of SWG, HoldCo and MergerSub capital stock issued and outstanding immediately prior to the Merger will be handled in accordance with the Merger Agreement. All of the issued and outstanding shares of common stock of the Surviving Company immediately prior to the LLC Conversion will, by virtue of the LLC Conversion and without any action on the part of the holder thereof, be converted into a 100% membership interest of Southwest Gas, LLC. All of the membership interests of Southwest Gas, LLC immediately prior to the Corporate Conversion will, by virtue of the Corporate Conversion and without any action on the part of the holder thereof, be converted into that number of shares of common stock of Southwest Gas Corporation equal to the total shares of SWG outstanding immediately prior to the Effective Date, which shares will constitute all of the issued and outstanding shares of Southwest Gas Corporation.

7. Tax Treatment. The Reorganization is intended to constitute a tax-free transaction as to the Parties for federal income tax purposes, and this Plan is intended to serve as the adoption of a plan of reorganization within the meaning of Treasury Regulation section 1.368-3(a).

8. Filings, Other Actions and Effective Date.

8.1. Merger. If this Plan has not been terminated pursuant to Section 9 hereof, after this plan has been duly approved in the manner required by law, the Merger Agreement shall be filed by SWG and MergerSub in California pursuant to and in accordance with the Corporations Code. The Merger shall be effective on the Effective Date.

8.2. LLC Conversion. Subject to, and following the receipt of, the shareholder approval to be sought pursuant to Section 10.2 hereof and if this Plan has not been terminated pursuant to Section 9 hereof, a Limited Liability Company Articles of Organization - Conversion shall be filed in California pursuant to and in accordance with the Corporations Code and the Act, substantially in the form attached hereto as Exhibit B, to effect the LLC Conversion.

8.3. Carson Water Distribution. If this Plan has not been terminated pursuant to Section 9 hereof, Southwest Gas, LLC shall distribute all of its right, title and interest in the issued and outstanding capital stock of Carson Water to HoldCo, free and clear of any encumbrances, and shall evidence such transfer of shares by executing the Assignment Separate from Certificate substantially in the form attached hereto as Exhibit F.

8.4. SWG Contribution. If this Plan has not been terminated pursuant to Section 9 hereof, promptly after the consummation of the Carson Water Distribution, HoldCo shall absolutely and irrevocably contribute, assign, convey and transfer to Intermediate HoldCo all of its right, title and interest in its membership interests in Southwest Gas, LLC, free and clear of any encumbrances. HoldCo shall evidence such transfer of membership interests by executing a limited liability company interest power substantially in the form attached hereto as Exhibit G.

8.5. Corporate Conversion. Subject to, and following the receipt of, the member approval to be sought pursuant to Section 10.3 hereof and if this Plan has not been terminated pursuant to Section 9 hereof, an Articles of Incorporation with Statement of Conversion shall be filed in California pursuant to and in accordance with the Corporations Code and the Act, substantially in the form attached hereto as Exhibit D, to effect the Corporate Conversion.

9. Termination.

This Plan may be terminated and the Reorganization abandoned by the Board of Directors of each of SWG, HoldCo and MergerSub at any time prior to the Effective Date.

10. Adoption and Approval.

10.1. Board Approvals. The Plan was adopted and approved by the Board of Directors of SWG and the Board of Directors of HoldCo at meetings held on December 27, 2016 and by written consent of the Board of Directors of MergerSub dated December 28, 2016.

10.2. Shareholder Approvals. Shareholder approval of the Merger will be sought from HoldCo prior to the Merger, which at the time will be the sole shareholder of MergerSub. Pursuant to Section 1201(b) of the Corporations Code, the Merger was not required to be, and was not, approved by the shareholders of SWG. Immediately following the consummation of the Merger and prior to the commencement of the LLC Conversion, shareholder approval of the LLC Conversion will be sought from HoldCo, which will at that time be the sole shareholder of SWG.

10.3. Member Approval. Immediately following the consummation of the SWG Contribution and prior to the commencement of the Corporate Conversion, member approval of the Corporate Conversion will be sought from Intermediate HoldCo, which will at that time be the sole member of Southwest Gas, LLC.

Signature page follows

SWG

/s/ John P. Hester
Name: John P. Hester
Title: President and Chief Executive Officer

HOLDCO

/s/ John P. Hester
Name: John P. Hester
Title: President and Chief Executive Officer

MERGERSUB

/s/ John P. Hester
Name: John P. Hester
Title: President and Chief Executive Officer

INTERMEDIATE HOLDCO

/s/ John P. Hester
Name: John P. Hester
Title: President and Chief Executive Officer

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (“Agreement”) is made as of December 28, 2016, by and among SOUTHWEST GAS CORPORATION, a California corporation (“SWG”), SOUTHWEST REORGANIZATION CO., a California corporation (“MergerSub”), and SOUTHWEST GAS HOLDINGS, INC., a California corporation (“HoldCo”), with reference to the following facts:

- A. SWG has authorized capital consisting of (i) 60,000,000 shares of Common Stock, with par value of \$1 per share (“SWG Common Stock”); (ii) 5,000,000 shares of Preferred Stock, with no par value (“SWG Preferred”); and (iii) 2,000,000 shares of Preference Stock, with par value of \$20 per share (“SWG Preference” and together with the SWG Common Stock and SWG Preferred, “SWG Capital Stock”).
- B. MergerSub has authorized capital consisting of 1,000 shares of Common Stock (“MergerSub Common Stock”), of which 100 shares are issued and outstanding and owned beneficially and of record by HoldCo.
- C. HoldCo has authorized capital consisting of (i) 60,000,000 shares of Common Stock, with par value of \$1 per share, of which 100 shares are issued and outstanding and held by SWG (“HoldCo Common Stock”); (ii) 5,000,000 shares of Preferred Stock, with no par value, of which no shares are issued and outstanding (“HoldCo Preferred”); and (iii) 2,000,000 shares of Preference Stock, with par value of \$20 per share, of which no shares are issued and outstanding (“HoldCo Preference” and together with the HoldCo Common Stock and HoldCo Preferred, “HoldCo Capital Stock”).
- D. The Boards of Directors of the respective parties hereto deem it advisable to merge MergerSub with and into SWG in accordance with the California Corporations Code (“Corporations Code”) and this Agreement for the purpose of establishing HoldCo as the parent corporation for SWG in a transaction intended to qualify as a tax-free transaction to SWG and its shareholders for federal income tax purposes.
- E. The shareholders of SWG immediately before the Merger (defined below) will own (immediately after the Merger) equity securities of HoldCo possessing more than five-sixths of the voting power of HoldCo.

NOW, THEREFORE, in consideration of the premises and agreements contained herein, the parties agree that (i) MergerSub shall be merged with and into SWG (the “Merger”), (ii) SWG shall be the corporation surviving the Merger, and (iii) the terms and conditions of the Merger, the mode of carrying it into effect, and the manner of converting and exchanging shares of capital stock shall be as follows:

ARTICLE I The Merger

1.1 Officers’ Certificates. Subject to and in accordance with the provisions of this Agreement, officers’ certificates of SWG and MergerSub shall be signed and verified and thereafter delivered, together with a copy of this Agreement, to the office of the Secretary of State of California for filing, all as provided in Section 1103 of the Corporations Code.

1.2 Effective Time. The Merger shall become effective on January 1, 2017 (the “Effective Time”). At the Effective Time, the separate existence of MergerSub shall cease and MergerSub shall be merged with and into SWG, which shall continue its corporate existence as the surviving corporation (SWG and MergerSub being sometimes referred to herein as the “Constituent Corporations” and SWG, as the surviving corporation, being sometimes referred to herein as the “Surviving Corporation”). SWG shall succeed, without other transfer, to all the rights and property of MergerSub and shall be subject to all the debts and liabilities of MergerSub in the same manner as if SWG had itself incurred them. All rights of creditors and all liens upon the property of each of SWG and MergerSub shall be preserved unimpaired.

1.3 Appropriate Actions. Prior to and after the Effective Time, HoldCo, SWG and MergerSub, respectively, shall take all such actions as may be necessary or appropriate in order to effectuate the Merger. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement and to vest the Surviving Corporation with full title to all properties, assets, privileges, rights, immunities and franchises of either of the Constituent Corporations, the officers and directors of each of the Constituent Corporations as of the Effective Time shall take all such further action.

ARTICLE 2

Terms of Conversion and Exchange of Shares

At the Effective Time:

2.1 SWG Common Stock. Each share or fractional share of SWG Common Stock issued and outstanding immediately prior to the Merger shall, by virtue of the Merger and without any action on the part of the holder thereof, be automatically changed and converted into a share or equal fraction of a share of HoldCo Common Stock, which shall thereupon be issued and fully-paid and non-assessable and which shall have the same rights, preferences, privileges, and restrictions as a share of SWG Common Stock immediately prior to the Effective Time.

2.2 MergerSub Common Stock. Each share or fractional share of MergerSub Common Stock issued and outstanding immediately prior to the Merger shall, by virtue of the Merger and without any action on the part of the holder thereof, be automatically changed and converted into a share or equal fraction of a share of Common Stock of the Surviving Corporation, which shall thereupon be issued and fully-paid and non-assessable, with the effect that the number of issued and outstanding shares of Common Stock of the Surviving Corporation shall be the same as the number of issued and outstanding shares of MergerSub immediately prior to the Effective Time.

2.3 HoldCo Common Stock. Each share of HoldCo Common Stock issued and outstanding immediately prior to the Merger shall be canceled.

ARTICLE 3

Articles of Incorporation and Bylaws

3.1 SWG's Restated Articles. From and after the Effective Time, and until thereafter amended as provided by law, the Restated Articles of Incorporation of SWG as in effect immediately prior to the Merger shall be and continue to be the Restated Articles of Incorporation of the Surviving Corporation.

3.2 SWG's Bylaws. From and after the Effective Time, and until thereafter amended as provided by law, the Bylaws of SWG as in effect immediately prior to the Merger shall be and continue to be the Bylaws of the Surviving Corporation.

ARTICLE 4
Directors and Officers

The persons who are directors and officers of SWG immediately prior to the Merger shall continue as directors and officers, respectively, of the Surviving Corporation and shall continue to hold office as provided in the Bylaws of the Surviving Corporation. If, at or following the Effective Time, a vacancy shall exist in the Board of Directors or in the position of any officer of the Surviving Corporation, such vacancy may be filled in the manner provided in the Bylaws of the Surviving Corporation.

ARTICLE 5
Stock Certificates

5.1 Pre-Merger SWG Common Stock. Following the Effective Time, each holder of an outstanding certificate or certificates theretofore representing shares of SWG Common Stock may, but shall not be required to, surrender the same to HoldCo for cancellation or transfer, and will be entitled to receive a certificate or certificates representing the same number of shares of HoldCo Common Stock as the shares of SWG Common Stock previously represented by the stock certificate(s) surrendered, and each book entry position which immediately prior to the Effective Time represented shares of SWG Common Stock shall, without any action by the holder thereof, be converted to a book entry position representing the same number of shares of HoldCo Common Stock.

5.2 Outstanding Certificates. Until surrendered or presented for transfer in accordance with Section 5.1 above, each outstanding certificate which, prior to the Effective Time, represented SWG Common Stock shall be deemed and treated for all corporate purposes to represent the ownership of the same number of shares of HoldCo Common Stock as though such surrender or transfer and exchange had taken place.

5.3 SWG Stock Transfer Books. The stock transfer books for SWG Common Stock shall be deemed to be closed at the Effective Time and no transfer of shares of SWG Common Stock outstanding prior to the Effective Time shall thereafter be made on such books.

5.4 Post-Merger Rights of Holders. Following the Effective Time, the holders of certificates representing SWG Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to stock of the Surviving Corporation and their sole rights shall be with respect to the HoldCo Common Stock into which their shares of SWG Common Stock shall have been converted by the Merger.

ARTICLE 6
Amendment and Termination

6.1 Amendment. The parties to this Agreement, by mutual consent of their respective boards of directors, may amend, modify or supplement this Agreement in such manner as may be agreed upon by them in writing at any time.

6.2 Termination. This Agreement may be terminated and the Merger and other transactions provided for by this Agreement may be abandoned at any time prior to the consummation of the Merger by action of the Board of Directors of SWG if such board of directors determines for any reason that the completion of the transactions provided for herein would for any reason be inadvisable or not in the best interests of SWG or its shareholders.

ARTICLE 7
Adoption and Approval

This Agreement was adopted and approved by the Board of Directors of SWG and the Board of Directors of HoldCo at meetings held on December 27, 2016 and by written consent of the Board of Directors of MergerSub dated December 28, 2016. Pursuant to Section 1201(b) of the Corporations Code, the Plan was not required to be, and was not, approved by the shareholders of SWG. This Agreement was approved by written consent of the sole shareholder of MergerSub on December 28, 2016.

Signature page follows

IN WITNESS WHEREOF, SWG, HoldCo and MergerSub, pursuant to approval and authorization duly given by resolutions adopted by their respective boards of directors, have each caused this Agreement to be executed by its chairman of the board or its president or one of its vice presidents and by its secretary or one of its assistant secretaries.

SWG:
SOUTHWEST GAS CORPORATION,
a California corporation

By: /s/ John P. Hester
John P. Hester
Its: President and Chief Executive Officer

By: /s/ Karen S. Haller
Karen S. Haller
Its: Senior Vice President, General Counsel and Corporate Secretary

HoldCo:
SOUTHWEST GAS HOLDINGS, INC.
a California corporation

By: /s/ John P. Hester
John P. Hester
Its: President and Chief Executive Officer

By: /s/ Karen S. Haller
Karen S. Haller
Its: Senior Vice President, General Counsel and Corporate Secretary

[Attachments – SWG and MergerSub Officers’ Certificates]

MergerSub:
SOUTHWEST REORGANIZATION CO.,
a California corporation

By: /s/ John P. Hester
John P. Hester
Its: President and Chief Executive Officer

By: /s/ Karen S. Haller
Karen S. Haller
Its: Senior Vice President, General Counsel and Corporate Secretary

Certificate of Approval
of
Agreement of Merger

John Hester and Karen Haller certify that:

1. They are the president and the secretary, respectively, of Southwest Gas Corporation, a California corporation.
2. The principal terms of the Agreement and Plan of Merger in the form attached were duly approved by the board of directors of the corporation.
3. Pursuant to Section 1201(b) of the California Corporations Code, the Agreement and Plan of Merger was not required to be, and was not, approved by the shareholders of the corporation.
4. The principal terms of the Agreement and Plan of Merger in the form attached were duly approved by the shareholders of Southwest Gas Holdings, Inc.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: December 28, 2016

/s/ John P. Hester
John P. Hester, President

/s/ Karen S. Haller
Karen S. Haller, Secretary

Certificate of Approval
of
Agreement of Merger

John Hester and Karen Haller certify that:

1. They are the president and the secretary, respectively, of Southwest Reorganization Co., a California corporation.
2. The principal terms of the Agreement and Plan of Merger in the form attached were duly approved by the board of directors and by the shareholders of the corporation by a vote that equaled or exceeded the vote required.
3. The shareholder approval was by the holders of 100% of the outstanding shares of the corporation.
4. There is only one class of shares and the number of shares outstanding entitled to vote on the merger is 100.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: December 28, 2016

/s/ John P. Hester
John P. Hester, President

/s/ Karen S. Haller
Karen S. Haller, Secretary



Press Release

For Immediate Release
January 3, 2017

Southwest Gas Completes Holding Company Reorganization

LAS VEGAS – Southwest Gas Holdings, Inc. (NYSE: SWX) (“SWG Holdings”) and Southwest Gas Corporation (“Southwest”) today announced that, effective January 1, 2017, they completed the previously announced reorganization of Southwest into a holding company structure. SWG Holdings is now the parent holding company of Southwest, Centuri Construction Group, and their respective subsidiaries. SWG Holdings trades on the New York Stock Exchange under the same ticker symbol (SWX), and will have the same CUSIP previously used by Southwest, CUSIP #844895102.

Southwest shareholders automatically became shareholders of SWG Holdings, on a one-for-one basis, with the same number of shares and same ownership percentage as they held immediately prior to the reorganization.

The reorganization is designed to provide further separation between Southwest’s regulated and unregulated businesses, and to offer additional financing flexibility. No material operational or financial impacts are expected.

Additional information can be found in SWG Holdings’ Form 8-K, which will be filed today with the Securities Exchange Commission, or by visiting www.swgasholdings.com.

Forward-Looking Statements: This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include, without limitation, statements regarding SWG Holdings’ and

– more –

Southwest's expectations, hopes or intentions regarding the future. These forward looking statements can often be identified by the use of words such as "will", "predict", "continue", "forecast", "expect", "believe", "anticipate", "outlook", "could", "target", "project", "intend", "plan", "seek", "estimate", "should", "may" and "assume", as well as variations of such words and similar expressions referring to the future, and may include (without limitation) statements regarding the timing of the reorganization, the flexibility provided by the reorganization and the lack of any material operational or financial impact from the reorganization. Forward-looking statements involve certain risks and uncertainties, and actual results may differ materially from those discussed in each such statement. Factors that could cause actual results to differ include (without limitation) the future impact of regulatory requirements on holding company structure, stock market and stock analyst reaction to the reorganization, and impact to SWG Holdings' and Southwest's credit ratings, if any, among other factors. Other factors that may impact an investment in SWG Holdings or Southwest are discussed under the heading "Risk Factors" in Southwest's Annual Report on Form 10-K, and in SWG Holdings' and Southwest's other current and periodic reports filed from time to time with the Securities and Exchange Commission. All forward-looking statements in this document are made as of the date hereof, based on information available to SWG Holdings and Southwest as of the date hereof, and SWG Holdings and Southwest assume no obligation to update any forward-looking statement.

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SOUTHWEST GAS CORPORATION
UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION

Southwest Gas Corporation historically consisted of two segments: natural gas utility operations and construction services. In 2015, the Board of Directors (“Board”) of Southwest Gas Corporation authorized management to evaluate and pursue a holding company reorganization (“Reorganization”) to provide further separation between regulated utility operations and unregulated construction services businesses, and to provide additional financing flexibility. In connection with the Reorganization plans, a new holding company, Southwest Gas Holdings, Inc. (“SWG Holdings”) was created. In January 2017, SWG Holdings implemented the Reorganization, which consisted of converting each outstanding share of Southwest Gas Corporation common stock into a share of common stock of SWG Holdings and adjusting the corporate structure hierarchy of construction services. Following the Reorganization, Southwest Gas Corporation became a wholly owned subsidiary of publicly traded SWG Holdings, and Southwest Gas Corporation’s 96.6% interest in Centuri Construction Group (“Centuri”) was transferred to SWG Holdings. Thus, Centuri and Southwest Gas Corporation became subsidiaries of SWG Holdings, but Centuri was no longer a subsidiary of Southwest Gas Corporation. Shareholders of Southwest Gas Corporation immediately prior to consummation of the Reorganization own the same relative percentages of SWG Holdings upon consummation of the Reorganization. All of Southwest Gas Corporation’s outstanding debt securities (not associated with Centuri) at the time of the Reorganization remained at the Southwest Gas Corporation utility entity (“Southwest Gas”). Construction services debt outstanding would continue to be obligations solely of Centuri. After the Reorganization, debt securities could be issued by SWG Holdings, Southwest Gas, or Centuri.

Regulatory applications for preapproval of the Reorganization were filed with the Arizona Corporation Commission, the California Public Utilities Commission, and the Public Utilities Commission of Nevada in 2015. Approvals were received from all three state regulatory commissions in the first half of 2016 and final Board approval was announced on December 28, 2016. The completion of the holding company component of the Reorganization became effective January 1, 2017, and the transfer of Centuri to SWG Holdings was effective on January 3, 2017. The consolidated financial statements of SWG Holdings will reflect the same consolidated activities as the predecessor company. However, the financial statements of Southwest Gas (utility operations) will no longer reflect the activities of Centuri, and the outstanding debt securities (not associated with Centuri) at the time of the Reorganization will be obligations of Southwest Gas and not separate obligations of Centuri or SWG Holdings.

The following unaudited pro forma condensed financial statements for Southwest Gas (utility operations) are based on historical consolidated financial statements of Southwest Gas Corporation, as adjusted to reflect the Reorganization (i.e., the transfer of Centuri to SWG Holdings and that Centuri is no longer a subsidiary of Southwest Gas). The unaudited pro forma condensed statements of income for the nine months ended September 30, 2016 and each of the three years ended December 31, 2015, 2014, and 2013 give effect to the Reorganization as if it had occurred on January 1, 2013. The unaudited pro forma condensed balance sheet as of September 30, 2016 gives effect to the Reorganization as if it had occurred as of September 30, 2016.

The assumptions underlying the unaudited adjustments to the pro forma condensed financial statements are described in the accompanying notes, which should be read together with the pro forma condensed financial statements.

Southwest Gas Corporation
Unaudited Pro Forma Condensed Balance Sheet
As of September 30, 2016
(Thousands of dollars, except par value)

	Registrant Historical	Adjustments	Note 2	Pro Forma
ASSETS				
Utility plant:				
Gas plant	\$ 6,118,900	\$ —		\$ 6,118,900
Less: accumulated depreciation	(2,158,099)	—		(2,158,099)
Acquisition adjustments, net	234	—		234
Construction work in progress	105,847	—		105,847
Net utility plant	<u>4,066,882</u>	<u>—</u>		<u>4,066,882</u>
Other property and investments	<u>348,565</u>	<u>(241,786)</u>	(a)	<u>106,779</u>
Current assets:				
Cash and cash equivalents	85,154	(7,082)	(a)	78,072
Accounts receivable, net of allowances	286,696	(225,799)	(a)	60,897
Accrued utility revenue	33,000	—		33,000
Income taxes receivable, net	38,369	(5,462)	(a)	32,907
Prepays and other current assets	101,081	(13,410)	(a)	87,671
Total current assets	<u>544,300</u>	<u>(251,753)</u>		<u>292,547</u>
Noncurrent assets:				
Goodwill	142,439	(132,344)	(a)	10,095
Deferred income taxes	783	(783)	(a)	—
Deferred charges and other assets	429,827	(14,618)	(a)	415,209
Total noncurrent assets	<u>573,049</u>	<u>(147,745)</u>		<u>425,304</u>
Total assets	<u>\$ 5,532,796</u>	<u>\$ (641,284)</u>		<u>\$ 4,891,512</u>
CAPITALIZATION AND LIABILITIES				
Capitalization:				
Common stock, \$1 par (authorized - 60,000,000 shares; issued and outstanding - 47,482,068 shares)	\$ 49,112	\$ —		\$ 49,112
Additional paid-in capital	901,966	(5,777)	(a)	896,189
Accumulated other comprehensive income (loss), net	(46,300)	1,932	(a)	(44,368)
Retained earnings	720,401	(176,101)	(a)	544,300
Total Southwest Gas Corporation equity	<u>1,625,179</u>	<u>(179,946)</u>		<u>1,445,233</u>
Noncontrolling interest	<u>(2,263)</u>	<u>2,263</u>	(a)	<u>—</u>
Total equity	<u>1,622,916</u>	<u>(177,683)</u>		<u>1,445,233</u>
Redeemable noncontrolling interest	17,379	(17,379)	(a)	—
Long-term debt, less current maturities	<u>1,592,946</u>	<u>(222,938)</u>	(a)	<u>1,370,008</u>
Total capitalization	<u>3,233,241</u>	<u>(418,000)</u>		<u>2,815,241</u>
Commitments and contingencies				
Current liabilities:				
Current maturities of long-term debt	49,480	(24,480)	(a)	25,000
Accounts payable	138,810	(63,823)	(a)	74,987
Customer deposits	72,039	—		72,039
Income taxes payable, net	219	(219)	(a)	—
Accrued general taxes	46,323	—		46,323
Accrued interest	20,152	(625)		19,527
Deferred purchased gas costs	123,399	—		123,399
Other current liabilities	162,622	(74,635)	(a)	87,987
Total current liabilities	<u>613,044</u>	<u>(163,782)</u>		<u>449,262</u>
Deferred income taxes and other credits:				
Deferred income taxes and investment tax credits, net	814,978	(36,097)	(a)	778,881
Accumulated removal costs	305,000	—		305,000
Other deferred credits and other long-term liabilities	566,533	(23,405)	(a)	543,128
Total deferred income taxes and other credits	<u>1,686,511</u>	<u>(59,502)</u>		<u>1,627,009</u>
Total capitalization and liabilities	<u>\$ 5,532,796</u>	<u>\$ (641,284)</u>		<u>\$ 4,891,512</u>

See the accompanying notes to the Unaudited Pro Forma Condensed Financial information.

Southwest Gas Corporation
Unaudited Pro Forma Condensed Statement of Income
For the nine months ended September 30, 2016
(In thousands, except per share amounts)

	<u>Registrant Historical</u>	<u>Adjustments</u>	<u>Note 2</u>	<u>Pro Forma</u>
Operating revenues:				
Gas operating revenues	\$ 980,927	\$ —		\$980,927
Construction revenues	838,038	(838,038)	(a)	—
Total operating revenues	<u>1,818,965</u>	<u>(838,038)</u>		<u>980,927</u>
Operating expenses:				
Net cost of gas sold	324,072	—		324,072
Operations and maintenance	301,979	—		301,979
Depreciation and amortization	217,764	(43,351)	(a)	174,413
Taxes other than income taxes	39,480	—		39,480
Construction expenses	757,919	(757,919)	(a)	—
Total operating expenses	<u>1,641,214</u>	<u>(801,270)</u>		<u>839,944</u>
Operating income	<u>177,751</u>	<u>(36,768)</u>		<u>140,983</u>
Net interest deductions	(54,100)	4,945	(a)	(49,155)
Other income (deductions)	6,756	(44)		6,712
Total other income and (expenses)	<u>(47,344)</u>	<u>4,901</u>		<u>(42,443)</u>
Income before income taxes	130,407	(31,867)		98,540
Income tax expense	43,046	(12,042)	(a)	31,004
Net income	87,361	(19,825)		67,536
Net income attributable to noncontrolling interests	500	(500)	(a)	—
Net income attributable to Southwest Gas Corporation	<u>\$ 86,861</u>	<u>\$ (19,325)</u>		<u>\$ 67,536</u>
Basic earnings per share	<u>\$ 1.83</u>	<u>N/A</u>		<u>N/A</u>
Diluted earnings per share	<u>\$ 1.82</u>	<u>N/A</u>		<u>N/A</u>
Average number of common shares outstanding	47,464	N/A	(b)	N/A
Average shares outstanding (assuming dilution)	47,802	N/A	(b)	N/A

See the accompanying notes to the Unaudited Pro Forma Condensed Financial information.

Southwest Gas Corporation
Unaudited Pro Forma Condensed Statement of Income
For the year ended December 31, 2015
(In thousands, except per share amounts)

	<u>Registrant Historical</u>	<u>Adjustments</u>	<u>Note 2</u>	<u>Pro Forma</u>
Operating revenues:				
Gas operating revenues	\$ 1,454,639	\$ —		\$ 1,454,639
Construction revenues	1,008,986	(1,008,986)	(a)	—
Total operating revenues	<u>2,463,625</u>	<u>(1,008,986)</u>		<u>1,454,639</u>
Operating expenses:				
Net cost of gas sold	563,809	—		563,809
Operations and maintenance	393,199	—		393,199
Depreciation and amortization	270,111	(56,656)	(a)	213,455
Taxes other than income taxes	49,393	—		49,393
Construction expenses	898,781	(898,781)	(a)	—
Total operating expenses	<u>2,175,293</u>	<u>(955,437)</u>		<u>1,219,856</u>
Operating income	<u>288,332</u>	<u>(53,549)</u>		<u>234,783</u>
Net interest deductions	(71,879)	7,784	(a)	(64,095)
Other income (deductions)	2,879	(587)	(a)	2,292
Total other income and (expenses)	<u>(69,000)</u>	<u>7,197</u>		<u>(61,803)</u>
Income before income taxes	219,332	(46,352)		172,980
Income tax expense	79,902	(18,547)	(a)	61,355
Net income	139,430	(27,805)		111,625
Net income attributable to noncontrolling interests	1,113	(1,113)	(a)	—
Net income attributable to Southwest Gas Corporation	<u>\$ 138,317</u>	<u>\$ (26,692)</u>		<u>\$ 111,625</u>
Basic earnings per share	<u>\$ 2.94</u>	<u>N/A</u>		<u>N/A</u>
Diluted earnings per share	<u>\$ 2.92</u>	<u>N/A</u>		<u>N/A</u>
Average number of common shares outstanding	46,992	N/A	(b)	N/A
Average shares outstanding (assuming dilution)	47,383	N/A	(b)	N/A

See the accompanying notes to the Unaudited Pro Forma Condensed Financial information.

Southwest Gas Corporation
Unaudited Pro Forma Condensed Statement of Income
For the year ended December 31, 2014
(In thousands, except per share amounts)

	<u>Registrant Historical</u>	<u>Adjustments</u>	<u>Note 2</u>	<u>Pro Forma</u>
Operating revenues:				
Gas operating revenues	\$1,382,087	\$ —		\$1,382,087
Construction revenues	739,620	(739,620)	(a)	—
Total operating revenues	<u>2,121,707</u>	<u>(739,620)</u>		<u>1,382,087</u>
Operating expenses:				
Net cost of gas sold	505,356	—		505,356
Operations and maintenance	383,732	—		383,732
Depreciation and amortization	253,027	(48,883)	(a)	204,144
Taxes other than income taxes	47,252	—		47,252
Construction expenses	647,857	(647,857)	(a)	—
Total operating expenses	<u>1,837,224</u>	<u>(696,740)</u>		<u>1,140,484</u>
Operating income	<u>284,483</u>	<u>(42,880)</u>		<u>241,603</u>
Net interest deductions	(72,069)	3,770	(a)	(68,299)
Other income (deductions)	7,107	58	(a)	7,165
Total other income and (expenses)	<u>(64,962)</u>	<u>3,828</u>		<u>(61,134)</u>
Income before income taxes	219,521	(39,052)		180,469
Income tax expense	78,373	(14,776)	(a)	63,597
Net income	141,148	(24,276)		116,872
Net income attributable to noncontrolling interests	22	(22)	(a)	—
Net income attributable to Southwest Gas Corporation	<u>\$ 141,126</u>	<u>\$ (24,254)</u>		<u>\$ 116,872</u>
Basic earnings per share	<u>\$ 3.04</u>	<u>N/A</u>		<u>N/A</u>
Diluted earnings per share	<u>\$ 3.01</u>	<u>N/A</u>		<u>N/A</u>
Average number of common shares outstanding	46,494	N/A	(b)	N/A
Average shares outstanding (assuming dilution)	46,944	N/A	(b)	N/A

See the accompanying notes to the Unaudited Pro Forma Condensed Financial information.

Southwest Gas Corporation
Unaudited Pro Forma Condensed Statement of Income
For the year ended December 31, 2013
(In thousands, except per share amounts)

	<u>Registrant Historical</u>	<u>Adjustments</u>	<u>Note 2</u>	<u>Pro Forma</u>
Operating revenues:				
Gas operating revenues	\$ 1,300,154	\$ —		\$ 1,300,154
Construction revenues	650,628	(650,628)	(a)	—
Total operating revenues	<u>1,950,782</u>	<u>(650,628)</u>		<u>1,300,154</u>
Operating expenses:				
Net cost of gas sold	436,001	—		436,001
Operations and maintenance	384,914	—		384,914
Depreciation and amortization	236,817	(42,969)	(a)	193,848
Taxes other than income taxes	45,551	—		45,551
Construction expenses	573,284	(573,284)	(a)	—
Total operating expenses	<u>1,676,567</u>	<u>(616,253)</u>		<u>1,060,314</u>
Operating income	<u>274,215</u>	<u>(34,375)</u>		<u>239,840</u>
Net interest deductions	(63,700)	1,145	(a)	(62,555)
Other income (deductions)	12,300	(39)	(a)	12,261
Total other income and (expenses)	<u>(51,400)</u>	<u>1,106</u>		<u>(50,294)</u>
Income before income taxes	222,815	(33,269)		189,546
Income tax expense	77,942	(12,565)	(a)	65,377
Net income	144,873	(20,704)		124,169
Net income attributable to noncontrolling interests	(447)	447	(a)	—
Net income attributable to Southwest Gas Corporation	<u>\$ 145,320</u>	<u>\$ (21,151)</u>		<u>\$ 124,169</u>
Basic earnings per share	<u>\$ 3.14</u>	<u>N/A</u>		<u>N/A</u>
Diluted earnings per share	<u>\$ 3.11</u>	<u>N/A</u>		<u>N/A</u>
Average number of common shares outstanding	46,318	N/A	(b)	N/A
Average shares outstanding (assuming dilution)	46,758	N/A	(b)	N/A

See the accompanying notes to the Unaudited Pro Forma Condensed Financial information.

Note 1 — Basis of Presentation

The unaudited pro forma condensed financial statements for Southwest Gas (utility operations) are based on historical consolidated financial statements of Southwest Gas Corporation, as adjusted to reflect the Reorganization (i.e., the transfer of Centuri to SWG Holdings and that Centuri is no longer a subsidiary of Southwest Gas). The unaudited pro forma condensed statements of income for the nine months ended September 30, 2016 and each of the three years ended December 31, 2015, 2014, and 2013 give effect to the Reorganization as if it had occurred on January 1, 2013. The unaudited pro forma condensed balance sheet as of September 30, 2016 gives effect to the Reorganization as if it had occurred as of September 30, 2016. The historical consolidated financial statements have been adjusted in the pro forma condensed financial statements to reflect that Centuri will no longer be a subsidiary of Southwest Gas and that Southwest Gas will be a wholly owned subsidiary of Southwest Gas Holdings, Inc. The adjustments are directly attributable to the holding company reorganization.

The pro forma financial statements may not be useful in predicting the future financial condition and results of operations of Southwest Gas. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. Dividends historically paid by Southwest Gas through the Balance Sheet date presented above continue to be reflected in retained earnings on a pro forma basis for Southwest Gas, as management would expect that the process of holding company dividend declaration and payment (associated with holders of shares in the holding company subsequent to the one-for-one conversion) would occur coincident with comparable dividends paid by Southwest Gas to its sole shareholder (the parent holding company) in association with a holding company structure.

Note 2 – Pro Forma Adjustments

The following adjustments have been reflected in the unaudited pro forma condensed combined financial information:

- (a) Adjustment to reflect the elimination of Centuri as a subsidiary of Southwest Gas and elimination of the noncontrolling interests associated with construction services activities.
- (b) Adjustment to reflect that Southwest Gas will be a wholly owned subsidiary of SWG Holdings and that Southwest Gas stock will not be publicly traded.