

## **Disclosure Notice**

Southwest Gas Corporation's Code of Conduct was amended November 28, 2006 by revising:

- (1) **Corporate Opportunities & Resources** section to clarify that Company assets and resources must be used for legitimate business purposes unless the employee has appropriate approval or Company policies permit personal or other use, and to provide guidance to employees regarding de minimus use of the Company's assets and resources, and
  
- (2) **Reporting Procedures and Other Inquiries** section to clarify that reports of possible violations of the Code are reportable to a manager or a Human Resources representative, in addition to supervisors, the Corporate Compliance Officer and the Ethics Line.

The Code of Conduct was previously amended February 23, 2006 to clarify and conform to other Company policies.

**SOUTHWEST GAS CORPORATION**

**CODE**

**OF**

**BUSINESS CONDUCT & ETHICS**

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**SOUTHWEST GAS CORPORATION**  
**CODE OF BUSINESS CONDUCT & ETHICS**

**POLICY STATEMENT**

Southwest Gas Corporation (“Company”) has earned and maintained a strong reputation for honesty and integrity. This outstanding reputation can continue if the Company’s directors, officers, and employees are committed individually to honesty and integrity in all business relationships with coworkers, customers, shareholders, suppliers, contractors, vendors, government units, and all other members of the communities we serve and the groups with which we interact. This means conducting business in a manner that is in accord not only with all applicable laws and regulations of the United States and the states and counties in which we operate, but also with the highest ethical standards.

The Company has adopted this Code of Business Conduct & Ethics (“Code”) to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in the reports and documents the Company files with, or submits to, the Securities and Exchange Commission (“SEC”) and in other public communications made by the Company;
- compliance with applicable governmental laws, rules, and regulations;
- the prompt internal reporting to the appropriate person of violations of this Code; and
- accountability for adherence to this Code.

Each director and employee of the Company is, and will be held, responsible for the observance of this Code. Except where this Code distinguishes employees from officers, all references to employees shall include officers.

The Company has established standards for behavior that affect the Company, and employees should pattern their daily performance in compliance with those standards, although they are not incorporated into this Code. The Company promotes ethical behavior and encourages employees to talk to supervisors, managers, the Company’s Corporate Compliance Officer, or other appropriate personnel when in doubt about the best course of action in a particular situation. Additionally, employees and directors should report violations of laws, rules, regulations or this Code to appropriate personnel. Employees reporting such violations in good faith will not be subject to retaliation. Any employee in or aware of a situation that he or she believes may violate or lead to a

violation of this Code should follow the guidelines under “**Compliance and Reporting**” below.

This Code covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all employees and directors of the Company. Corporate policies and procedures provide additional guidance to employees and directors, but these policies and procedures are not part of this Code and are not incorporated herein. Although there can be no better course of action than to apply common sense and sound judgment, do not hesitate to use the resources available whenever it is necessary to seek clarification. This Code is the Company’s “Code of Ethics” as defined in Item 406 of Regulation S-K.

## **WAIVERS**

No exceptions or waivers of this Code are anticipated. However, if a waiver is warranted, it may only be made by the Board of Directors for executive officers or directors and by the Chief Executive Officer for all other officers and employees. The Chief Executive Officer will report any waiver for officers or employees to the Board.

## **CONFLICTS OF INTEREST**

All employees are required to avoid any situation that involves a conflict of interest between their personal interests and the interests of the Company. A conflict of interest arises any time an employee’s personal interests or activities interfere with his or her ability to act in the best interests of the Company. All employees must discharge their responsibilities solely on the basis of what is in the best interest of the Company and independent of personal consideration or relationships. Non-employee directors must discharge their fiduciary duties as directors of the Company.

All employees should disclose potential conflicts of interest involving the employee’s family or household members. If there is any doubt about whether or not a potential course of action could be considered to involve a conflict of interest with the Company, employees should discuss the matter fully with their supervisor or a Human Resources Department representative, and directors and officers should have such discussions with a Legal Affairs Department representative before taking action. (For contact information see “Compliance and Reporting” below.)

### **Activities Outside the Company**

The Company does not intend to infringe on an employee’s right to engage in outside business or other lawful activities which do not conflict or interfere with the employee’s obligations to the Company. However, the following are examples of situations that would be in conflict with an employee’s duties and contrary to Company policy:

- Serving as an officer, director, employee, contractor, or agent of another company, which is a present or prospective Company competitor, commercial or industrial customer supplier, contractor or vendor, without the prior written

approval of the appropriate executive officer or General Counsel for non-officer employees and the Chief Executive Officer for officers;

- Engaging in any business activity which interferes with or impairs the attendance or overall job performance expected from the employee;
- Holding any ***substantial stock or other financial interest*** in any competitor, supplier, contractor or vendor or other organization with which an employee is engaged in a business relationship. If there is any question as to whether the interest is substantial, you should seek advice from the General Counsel;
- Using proprietary or confidential Company information for personal gain or to the Company's detriment;
- Borrowing, solicitation or acceptance of loans or cash payments by you or your immediate family from present or prospective competitors, commercial or industrial customers, suppliers, contractors or vendors; and
- Using Company assets or labor for personal use, except for de minimus (minimal) use permitted under the Company's policies.

### **Community Activities**

The Company encourages all employees to be actively involved in their communities through volunteer service to charitable, civic and public service organizations, and through participation in the political process and trade associations.

However, all employees must make sure that their service does not interfere with or impair their attendance or overall job performance with the Company and does not pose any other conflict of interest. This is particularly important before accepting any leadership position (such as membership on the board of a charitable or civic organization), before seeking or accepting political office, and before advocating a charitable contribution.

### **Corporate Opportunities & Resources**

Without appropriate approval, employees are prohibited from taking for themselves personal opportunities discovered through the use of corporate property, information or position; using corporate property, information or position for improper personal gain; or competing with the Company directly or indirectly except as permitted by Company policies.

All employees should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. All Company assets, including business tools and equipment, must be used for legitimate business purposes of the Company unless the employee has obtained the appropriate approval for such use.

For purposes of this section, approval is to be obtained from the appropriate executive officer or General Counsel for non-officer employees, the Chief Executive Officer for officers, or the Chairman of the Board for the Chief Executive Officer.

Notwithstanding the above, employees may make de minimus (minimal) personal use of Company assets and resources, so long as such use is reasonable, does not interfere with the employee's duties, is not for pecuniary gain, does not conflict with the Company's business and does not violate any Company policy.

### **Indirect Interests and Relationships**

A conflict of interest can also arise because of the business activities of an employee's close relations. For example, an employee may have a potential conflict of interest wherever a close relative has a significant relationship with, or has a significant financial interest in, any supplier, contractor, vendor, or commercial or industrial customer or competitor.

An employee should not make or influence any decision that could directly or indirectly benefit his or her close relative and, in order to protect the employee and the Company from the appearance of a conflict of interest, he or she should make appropriate disclosures.

## **BUSINESS RELATIONSHIPS**

The Company seeks to outperform its competition fairly and honestly. The Company seeks competitive advantages through superior performance, not unethical or illegal business practices. Each employee and director should endeavor to deal fairly with the Company's customers, suppliers, contractors, vendors, competitors, and other employees when conducting Company business. No employee or director should take unfair advantage of anyone through concealment, abuse of privileged information, misrepresentation of material facts, or any unfair-dealing practice.

### **Customer, Supplier, Contractor, Vendor, and Competitor Relationships**

Customers, suppliers, contractors, vendors, and competitors should always be treated with the highest standards of business conduct. It is the Company's policy to sell our products and services on their merits and to avoid making disparaging comments about the products and services of competitors. Employees should use due care in commenting upon the character, financial condition, or potential legal or regulatory problems of competitors. Employees working with current suppliers, contractors or vendors should never intentionally interfere with a supplier's, contractor's, or vendor's contracts or business relations with a competitor of the Company.

### **Contracts and Commitments**

No employee may enter into any agreement binding the Company without appropriate authorization. The Company has instituted contract and signature approval policies which identify those individuals who have the authority to approve and sign

certain contracts binding the Company and its subsidiaries. If there are any questions about which employees have signature authority for a given contract, contact the Corporate Compliance Officer or such officer's designee. (For contact information see "Compliance and Reporting" below.)

## **FAIR COMPETITION**

Fair competition laws, including the U.S. antitrust rules, limit what the Company can do with another company and what the Company can do on its own. Generally, the laws are designed to prohibit agreements or actions that reduce competition and harm consumers. Employees and directors may not enter into agreements or discussions with competitors that have the effect of fixing or controlling prices, dividing and allocating markets or territories, or boycotting suppliers, contractors, vendors or customers.

## **GIFTS, GRATUITIES, ENTERTAINMENT AND OTHER CONSIDERATIONS**

Use of Company funds or other Company property for illegal, unethical or otherwise improper purposes is prohibited. The purpose of business entertainment and gifts in a commercial setting is to create goodwill and a sound working relationship, not to gain advantage with customers, suppliers, contractors or vendors.

### **Gifts, Meals, Entertainment, and Travel**

The Company prohibits employees and directors from soliciting or accepting from present or prospective competitors, commercial or industrial customers, suppliers, contractors or vendors: gifts, meals, entertainment, travel, transportation, lodging or other favors for employees, directors, or members of an employee's or director's immediate family if the business-related gifts go beyond the common courtesies usually associated with ethical business practices. There should always be a business benefit or purpose for accepting any gift or participating in a supplier, contractor or vendor sponsored activity, and any benefits received should not influence, or appear to influence, selection and purchasing decisions. It is never appropriate or permissible to accept or give cash or a cash equivalent in violation of the Company's policies.

The following are examples of acceptable business-related gifts or activities:

- Home entertainment on a reciprocal basis;
- Other entertainment before or after working hours where employee and employee's family pay their fair share of the costs in relative proportion to the amount of their participation;
- Meals, travel, lodging, and entertainment, including attendance at sporting or cultural events, as long as it is associated with an occasion at which business is discussed and is provided as a normal part of business. The value of the activity must be reasonable, regardless of whether or not the Company is paying for the activity. Each employee and director should

express care to ensure that such activities are necessary and that their value and frequency are not excessive under all the applicable circumstances;

- Unsolicited advertising, promotional items or gifts (excluding cash or cash equivalent) which do not exceed one hundred dollars (\$100);
- Cash or cash equivalent gifts that do not exceed twenty-five dollars (\$25) and comply with other Company policies pertaining to cash or cash equivalent gifts;
- Socially entertain friends or relatives doing business with the Company provided that the entertainment is clearly not related to Company business. No expenses of such entertainment are reimbursable by the Company;
- A customer, supplier, contractor or vendor discount that is generally available to the public or is approved and available to all Company employees; and
- Business courtesies which are neither lavish nor frequent and are authorized by an officer of the Company in order to maintain good business relationships.

### **Loans**

Employees may not accept loans from any person or entities having or seeking business with the Company. Executive officers and directors may not receive loans from the Company, nor may the Company arrange for any loan. A loan from a financial institution or other business in ordinary course at normal interest rates prevailing at the time of borrowing is permissible.

### **Bribes and Kickbacks**

The use of Company funds, facilities or property for any illegal or unethical purpose is strictly prohibited.

- No Company employee, director or agent is permitted to offer, give or cause others to give, any payments or anything of value for the purpose of influencing the recipient's business judgment or conduct other than facilitating payments.
- Employees and directors may not solicit or accept a kickback or bribe, in any form, for any reason.

## **POLITICAL CONTRIBUTIONS AND LOBBYING**

No Company employee or director may make a political contribution on behalf of the Company or its subsidiaries, or with the appearance that such contribution is being made on behalf of the Company or its subsidiaries, unless expressly authorized. A “contribution” is any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, services or anything of value in connection with an election or to an organization or group formed to support or defend a referendum or ballot issue.

Nothing in this Code is intended to discourage employees or directors from making contributions of their own time or funds to political parties or candidates of their choice. However, employees and directors will not be compensated or reimbursed by the Company for any personal contributions. Political activities should not interfere with job responsibilities.

Employees or directors must obtain prior approval from an executive officer or General Counsel to hire outside counsel or a public affairs firm to contact government officials regarding legislation, regulatory policy, or rule making. This includes grassroots lobbying contacts.

## **ACCURACY AND RETENTION OF REPORTS, RECORDS AND ACCOUNTS**

All Company employees and directors are responsible for the accuracy of their respective records, time sheets and reports. No employee or director shall make unauthorized changes to Company records. Accurate information is essential to the Company’s ability to meet legal and regulatory obligations and to compete effectively. The records and books of account of the Company shall meet the highest standards and accurately reflect the true nature of the transactions they record.

Company employees and directors shall not create false or misleading documents or accounting, financial or electronic records for any purpose and no one may direct an employee to do so. For example, expense reports must accurately document expenses actually incurred in accordance with Company policies. Company employees and directors must not obtain or create “false” invoices or other misleading documentation or invent or use fictitious entities, sales, purchases, services, loans or other financial arrangements for any purpose. Employees must also accurately report their time worked.

No undisclosed or unrecorded account or fund shall be established for any purpose. No false or misleading entries shall be made in the Company’s books or records for any reason. No disbursement of corporate funds or other corporate property shall be made without adequate supporting documentation or for any purpose other than as described in the documents. All employees shall comply with generally accepted accounting principles and the Company’s internal controls at all times.

Employees and directors are required to comply with all applicable laws, regulations, and Company policies regarding the retention of Company records.

## **GOVERNMENT INVESTIGATIONS**

Employees and directors must promptly notify the Company's General Counsel of any government investigation or inquiries from government agencies that are not in the normal course of business. (For contact information see "Compliance and Reporting" below.)

Employees and directors must not obstruct the collection of information, data or records. The Company provides information to the government that it is entitled to during an inspection, investigation, or request for information. Employees and directors must not lie to government investigators or make misleading statements. Employees and directors must not attempt to cause another employee to fail to provide accurate information to government investigators.

## **REGULATORY COMPLIANCE**

The Company operates in a highly regulated environment. The agencies that regulate its business include the Federal Energy Regulatory Commission, Arizona Corporation Commission, California Public Utilities Commission, and the Public Utilities Commission of Nevada, plus many other federal, state and local agencies. The Company and its employees must comply with the regulatory requirements of these agencies. Employees are expected to take an active role by being knowledgeable about applicable laws and regulations, attending trainings and requesting information. Employees are required to immediately report regulatory violations, suspected regulatory violations, or potentially harmful or dangerous conditions to a supervisor, the Legal Affairs Department, or the Southwest Gas Ethics Line. (For contact information see "Compliance and Reporting" below.)

## **INSIDER TRADING; COMMUNICATIONS WITH THIRD PARTIES**

Employees and directors who have access to the Company's confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business.

### **Insider Trading**

Inside information is material information about a publicly traded company that is not known by the public. Information is deemed "material" if it could affect the market price of a security or if a reasonable investor would attach importance to the information in deciding whether to buy, sell or hold a security. Inside information typically relates to financial conditions, such as progress toward achieving revenue and earnings targets or projections of future earnings or losses of the Company. Inside information also includes changes in strategy regarding a proposed merger, acquisition or tender offer, new products or services, contract awards and other similar information. Inside information is not limited to information about the Company. It also includes material, non-public information about others, including the Company's customers, suppliers, contractors, vendors and competitors.

Insider trading is prohibited by law. It occurs when an individual with material, non-public information (the “Insider”) trades securities or communicates such information to others who trade. The person who trades or “tips” information violates the law if he or she has a duty or relationship of trust and confidence not to use the information.

Trading or helping others trade while aware of inside information has serious legal consequences, even if the Insider does not receive any personal financial benefit. Insiders may also have an obligation to take appropriate steps to prevent insider trading by others.

### **Communications with the Media and Responding to Third Party Inquires**

The Company communicates with the press and responds to inquires by third parties through official channels only. The Company provides accurate and timely information about its business to investors, the media, and the general public. Generally, media inquiries must be referred to the Corporate or Division Communications Departments, as appropriate. However, all inquiries received from brokers, dealers, institutional investors, holders of Company securities, security analysts, or investment advisors should be referred to the Treasurer or Chief Financial Officer, all legal inquiries should be referred to the Legal Affairs Department, all rate and regulatory inquires should be referred to the Regulatory Department and all inquiries regarding current or former employees should be referred to the Corporate Human Resources Department. If you are unsure what to do, ask your supervisor or call the Corporate Compliance Officer. (For contact information see “Compliance and Reporting” below.)

### **Confidential Information**

Employees and directors should maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information, including information that might be of use to competitors, or harmful to the Company or its customers if disclosed.

### **TECHNOLOGY USE AND PRIVACY**

The Company provides various technology resources including computers, telephones, software, copying machines, facsimile, Internet access, and voice mail to authorized employees to assist them in performing their job duties for the Company. Each employee has the responsibility to use the Company’s technology resources in a manner that complies with applicable laws and Company policies, increases productivity, enhances the Company’s public image and is respectful of other employees.

## **Authorization**

Access to the Company's technology resources is within the sole discretion of the Company and subject to Company policies. Generally, employees are given access to the Company's various technologies consistent with their job functions. The Company reserves the right to limit such access by any means available to it, including revoking access altogether.

## **Prohibition Against Violating Copyright Laws**

Unauthorized duplication of original works of authorship may constitute copyright infringement regardless of whether it is done for sale, for free distribution or for personal use. Employees and directors may not use the Company's technology resources to copy, retrieve, forward or send copyrighted materials unless the employee or director has the author's permission or is accessing a single copy only for the employee's or director's reference.

Violation of copyright laws is a potential financial and legal liability for both the Company and the offending employee. Employees are liable for copyright infringement whether or not they knowingly violated the federal copyright law.

## **Other Prohibited Uses**

Employees and directors may not use any of the Company's technology resources for any illegal purpose, in violation of any Company policy, in a manner contrary to the best interests of the Company, in any way that discloses confidential or proprietary information of the Company or third parties on an unauthorized basis, or for personal gain.

## **OUR WORK ENVIRONMENT**

The diversity of the Company's employees is a tremendous asset. The Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. In addition, the Company strives to provide each employee with a safe and healthful work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following health and safety rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

## **ENVIRONMENTAL**

The Company must fully comply with all state and federal laws relating to the protection of the environment in the conduct of its business. Employees must use, store and dispose of all hazardous materials properly and in accordance with applicable regulations. Employees must report, in accordance with Company policies, all circumstances under which hazardous materials or wastes come in contact with the environment, are improperly handled or disposed of, or when a potential violation of law may exist. (For contact information see "Compliance and Reporting" below.)

## **COMPLIANCE AND REPORTING**

### **Compliance**

Any employee who violates the provisions of this Code will be subject to disciplinary action, up to and including termination. Willful disregard of criminal statutes underlying this Code may require the Company to refer such violation for criminal prosecution or civil action or both.

### **Reporting Procedures and Other Inquiries**

Questions regarding the policies in this Code may be directed to the Corporate Compliance Officer. Managers and supervisors shall provide timely advice and guidance to employees on ethics and compliance concerns and are expected to take a leadership role in promoting ethical business conduct. Any employee having knowledge of, or questions or concerns about, an actual or possible violation of the provisions of this Code is obligated to promptly report the matter to his or her immediate supervisor, manager, Human Resources representative, or the Corporate Compliance Officer. Contact Information for the Corporate Compliance Officer is set forth below.

In addition, employees may also anonymously report suspected violations of this Code by calling the Southwest Gas Ethics Line.

All conversations, calls and reports made in good faith will be taken seriously. When reporting a violation, employees will be asked to provide the time, location, names of the people involved, and other details so that the Company can fully investigate. The Company prohibits retaliation or retribution against any person for good faith reports of an ethical concern. However, anyone who uses this Code or any compliance program to spread falsehoods, threaten others, or damage another person's reputation will be subject to disciplinary action up to and including termination.

For further information, employees may refer to the Company policy entitled "Reporting Complaints Regarding Unlawful Conduct And Accounting, Internal Accounting Controls Or Auditing Matters and Policy Prohibiting Retaliation Against Reporting Employees."

### **Important Contact Information:**

Corporate Communications Department:	Robyn Clayton	(702) 364-3297
Corporate Compliance Officer:	Karen S. Haller	(702) 364-3725
Corporate Human Resources Department:	Fred Cover	(702) 876-7210
Treasurer	Ken Kenny	(702) 876-7237
General Counsel & Legal Affairs Department:	Thomas R. Sheets	(702) 876-7337

Regulatory Affairs

Debra Jacobson (702) 876-7163

The mailing address for all the above contacts is as follows:

P.O. Box 98510  
Las Vegas, NV 89193-8510

This document is not an employment contract between the Company and its employees, nor does it modify their employment relationship with the Company.

This Code is intended to clarify each employee's existing obligation for proper conduct. The standards and the supporting policies and procedures may change from time to time in the Company's discretion. Each employee is responsible for knowing and complying with the current laws, regulations, standards, policies and procedures that apply to the Company's work. The most current version of this document can be found on the Company's intranet site and at [www.swgas.com](http://www.swgas.com).