

**SOUTHWEST GAS CORPORATION**  
**COMPENSATION COMMITTEE CHARTER**  
*(May 8, 2013)*

**I. Authority and Purpose**

The Compensation Committee (“Committee”) of the Board of Directors (“Board”) of Southwest Gas Corporation (“Company”) is appointed to (i) assist the Board in discharging its responsibilities relating to director fees and benefit programs, executive compensation and benefits, and compensation and benefits for all employees; and (ii) to produce an annual report on executive compensation for inclusion in the Company’s proxy statement, in accordance with applicable rules and regulations. The Committee shall undertake those specific duties and responsibilities listed below and such other duties as the Board shall from time to time prescribe. All powers of the Committee are subject to the restrictions designated in the Company’s Bylaws and by applicable law.

**II. Committee Membership**

The Committee shall consist of no fewer than three members. Each member of the Committee shall meet the independence requirements established by the Securities and Exchange Commission and the New York Stock Exchange (“NYSE”), the definition of a “non-employee Director” under Rule 16b-3 under the Securities Exchange Act of 1934 and the standards established by the Board from time to time. Furthermore, at least two members of the Committee shall also meet the requirements for “outside directors” under Section 162(m) of the Internal Revenue Code.

Committee members shall be elected by the Board and shall serve until their successors shall be duly elected and qualified. If any Committee member resigns or ceases to be a director of the Company, the vacancy shall be filled by the Board. Committee members may be removed at any time by vote of the Board.

**III. Structure and Meetings**

The Committee shall conduct its business in accordance with this Charter, the Company’s Bylaws and any direction by the Board.

The Committee Chairperson shall be designated by the Board, or, if it does not do so, the Committee members shall elect a Chairperson by a vote of the majority of the full Committee. The Committee Chairperson may be removed at any time by vote of the Board.

The Committee shall meet at least two times each year. The Chairperson of the Board of Directors, the Chief Executive Officer (“CEO”) (or other officer acting on his or her behalf), the Chairperson of the Committee (or any two members of the

Committee) may call meetings of the Committee upon such notice as is required for special Board meetings in accordance with the Company's Bylaws. A majority of the Committee, but not less than two members shall constitute a quorum for the transaction of business. Unless the Committee by resolution determines otherwise, any action required or permitted to be taken by the Committee may be taken without a meeting if all members of the Committee consent thereto in writing and the writing or writings are filed with the minutes of the proceedings of the Committee. Members of the Committee may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another, and such participation shall constitute presence in person at such meeting.

The Committee Chairperson will preside at each meeting and, in consultation with the other members of the Committee, the CEO, and other members of senior management will set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The Chairperson of the Committee (or other member designated by the Chairperson or the Committee in the Chairperson's absence) shall ensure that the agenda for each meeting is circulated to each Committee member in advance of the meeting. The Chairperson of the Committee (or other member designated by the Chairperson or the Committee in the Chairperson's absence) shall regularly report to the full Board on its proceedings and any actions that the Committee takes. The Committee will maintain written minutes of its meetings, which minutes will be maintained with the books and records of the Company.

As necessary or desirable, the Chairperson of the Committee may invite any Director, officer, or employee of the Company, or other persons whose advice and counsel are sought by the Committee, to be present at meetings of the Committee, consistent with the maintenance of confidentiality of compensation discussions. The CEO should not attend any meeting where the CEO's performance or compensation is discussed, unless specifically invited by the Committee.

The Committee may form and delegate authority to subcommittees, consisting of Committee members, when appropriate.

#### **IV. Committee Authority and Responsibilities**

The Committee shall:

- a. Annually review and approve the Company's corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of such goals and objectives, and, either as a Committee or together with the other independent directors (as directed by the Board), determine and approve the CEO's compensation level based on this evaluation. Nothing in this Charter shall be construed as precluding discussion of CEO compensation with the Board generally.

In determining the incentive component of the CEO's compensation, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the Company's CEO in past years.

- b. Annually review and make recommendations to the Board with respect to non-CEO compensation, incentive-compensation plans, and equity based-plans of the Company, and make recommendations to the boards of directors of the Company's significant subsidiaries with respect to compensation and incentive-compensation plans. The Committee shall attempt to ensure that the Company's compensation program is effective in attracting and retaining key employees, reinforces business strategies and objectives for enhanced shareholder value, and is administered in a fair and equitable manner consistent with established policies and guidelines.
- c. Annually review and make recommendations to the Board with respect to director fees and benefits. The Committee shall attempt to ensure that such fees and benefits are effective in attracting and retaining qualified individuals and that director interests are aligned with the long- term interests of shareholders.
- d. Administer the Company's incentive-compensation plans, equity-based plans, and non-qualified benefit plans as in effect and as adopted from time to time by the Board.
- e. Recommend to the Board any new incentive-compensation plans, equity-based plans, non-qualified benefit plans, or any material changes to existing plans.
- f. Approve any stock option award or any other type of award as may be required for complying with any tax, securities, or other regulatory requirement, or otherwise determined to be appropriate or desirable by the Board.
- g. Ensure appropriate overall corporate performance measures and goals are set and determine the extent that established goals have been achieved and any related compensation earned.
- h. Annually review with the CEO and approve the salaries for the remaining officers of the Company.
- i. Perform such other functions and have such other powers consistent with this Charter, the Company's Bylaws, and governing law as the Committee or the Board may deem appropriate.

- j. Prepare the disclosure required by Item 407(e)(5) of Regulation S-K of the Securities and Exchange Commission.
- k. Prepare and issue the evaluation required under “Performance Evaluation” below.
- l. Assess the relationships of the Committee and the Company with compensation consultants and advisers regarding independence.

## **V. Performance Evaluation**

The Committee shall annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval. The Committee shall also perform an annual evaluation of its own performance, which shall compare the performance of the Committee with the requirements of this charter. The report to the Board may take the form of an oral report by the Chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

## **VI. Committee Resources**

The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel, or other adviser and approve the fees and other retention terms of such consultants, counsel, and advisers. The Chairperson of the Committee (or other member designated by the Chairperson of the Committee in the Chairperson’s absence) shall immediately report the retention (and the terms thereof) or termination of any such consultant, counsel, or adviser to the Board. The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any such consultant, counsel, or other adviser retained by the Committee. The Committee may select a consultant, counsel, or other adviser to the Committee only after taking into consideration, all factors relevant to that person's independence from management, including those factors listed in Section 303A.05(c)(iv) of the NYSE Listed Company Manual. The Committee shall receive appropriate funding from the Company for payment of (i) reasonable compensation to such consultants, counsel, and advisers retained by the Committee, and (ii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

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