

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION  
PRELIMINARY PROSPECTUS SUPPLEMENT DATED APRIL 21, 1995  
(TO PROSPECTUS DATED APRIL 21, 1995)

2,000,000 SHARES

SOUTHWEST GAS CORPORATION (LOGO)  
COMMON STOCK

The outstanding shares of Common Stock of Southwest Gas Corporation (the "Company") are, and the shares offered hereby will be, listed on the New York Stock Exchange and the Pacific Stock Exchange under the symbol "SWX." On April 20, 1995, the last reported sale price of the Company's Common Stock on the New York Stock Exchange was \$14 3/4 per share.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS TO WHICH IT RELATES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discounts and Commissions(1)	Proceeds to Company(2)
Per Share.....	\$	\$	\$
Total.....	\$	\$	\$
Total Assuming Full Exercise of Over- Allotment Option(3).....	\$	\$	\$

(1) See "Underwriting."

(2) Before deducting expenses estimated at \$200,000, which are payable by the Company.

(3) Assuming exercise in full of the 30-day option granted by the Company to the Underwriters to purchase up to 300,000 additional shares of Common Stock solely to cover over-allotments. As to additional shares purchased by the Underwriters to cover over-allotments, the per share amounts of Underwriting Discounts and Commissions will be increased and Proceeds to Company will be decreased by an amount equal to the \$.205 per share dividend declared on the Common Stock which is payable on June 1, 1995, to the extent such additional shares are delivered to the Underwriters subsequent to the record date (May 15, 1995) for such dividend. Assuming exercise in full of such over-allotment option and delivery of such additional shares subsequent to the record date, the total Underwriting Discounts and Commissions and total Proceeds to Company would be \$                      and \$                      , respectively. See "Underwriting."

The shares of Common Stock are offered by the Underwriters, subject to prior sale, when, as and if delivered to and accepted by the Underwriters, and subject to their right to reject orders in whole or in part. It is expected that delivery of the Common Stock will be made in New York City on or about \_\_\_\_\_, 1995.

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THE DATE OF THIS PROSPECTUS SUPPLEMENT IS , 1995

[MAP]

[DESCRIPTION: Map of Arizona, Nevada, and southern California indicating the location of the Company's service areas. Service areas in Arizona include most of the central and southern areas of the state including Phoenix, Tucson, Yuma and surrounding communities. Service areas in northern Nevada include Carson City, Yerington, Fallon, Lovelock, Winnemucca and Elko. Service areas in southern Nevada include the Las Vegas valley (including Henderson and Boulder City), and Laughlin. Service areas in southern California include Barstow, Big Bear, Needles and Victorville. Service areas in northern California include the north shore of Lake Tahoe. Companies providing gas transportation services for the Company are indicated by showing the location of their pipelines. Major transporters include El Paso Natural Gas Company, Northwest Pipeline Corporation and Southern California Gas Company. The location of Paiute Pipeline Company's transmission pipeline (extending from the Idaho/Nevada border to the Reno/Tahoe area) and the Company's pipeline (extending from Laughlin/Bullhead City to the Las Vegas valley) are indicated. The LNG facility is located near Lovelock, Nevada. The liquefied petroleum gas facility is located near Reno, Nevada.]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, THE PACIFIC STOCK EXCHANGE OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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## PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be considered in conjunction with, the information and financial statements appearing elsewhere in this Prospectus Supplement, the accompanying Prospectus or in the documents incorporated herein by reference. Unless otherwise indicated, the information in this Prospectus Supplement assumes that the Underwriters' over-allotment option will not be exercised. See "Underwriting."

## THE COMPANY

The Company is comprised of two business segments: natural gas operations and financial services. For the year ended December 31, 1994, the natural gas operations segment contributed 89 percent and the financial services segment contributed 11 percent of the Company's consolidated net income.

The natural gas segment purchases, transports and distributes natural gas to approximately 989,000 residential, commercial and industrial customers in geographically and economically diverse portions of Arizona, Nevada and California. The Company is the largest natural gas distributor in Arizona, serving most of southern, central and northwestern Arizona, including the Phoenix and Tucson metropolitan areas. The Company is the largest distributor and transporter of natural gas in Nevada, and serves the Las Vegas metropolitan area. In California, the Company distributes and transports natural gas primarily in the Lake Tahoe area and high desert and mountain areas in San Bernardino County.

In terms of percentage population growth, Nevada and Arizona are the two fastest growing states in the nation. Approximately 89 percent of the Company's natural gas segment customers are located in Nevada and Arizona, and these customers generated 89 percent of gas operating margin in 1994. Customer growth in the Company's three-state service territory was three percent in 1992, four percent in 1993 and five percent in 1994. Based on current commitments from builders, 60,000 new customers are expected to be added to the Company's gas distribution system during 1995, resulting in a projected annual growth rate of six percent. The national average annual customer growth rate as reported by the American Gas Association for 1993, the most recently reported period, was approximately three percent.

The financial services segment consists of PriMerit Bank (the "Bank"), a wholly owned subsidiary which is engaged in retail and commercial banking through branch offices located in Nevada. The Bank's primary business is to make and acquire mortgage, consumer, commercial and construction loans secured by real estate and other collateral.

As part of a restructuring program designed to allow the Bank to operate more effectively under current federal laws and regulations, the Bank reduced its total assets from \$2.71 billion at December 31, 1990, to \$1.75 billion at December 31, 1993. As of December 31, 1994, the Bank had total assets of \$1.82 billion. As part of the strategy to restructure its balance sheet, the Bank sold its Arizona branch operations in August 1993. The Bank exceeded all three minimum regulatory capital requirements applicable at December 31, 1994 and all three fully phased-in capital requirements which will be applicable at July 1, 1996 under current regulations.

## THE OFFERING

Common Stock Offered.....	2,000,000 shares
Common Stock to be Outstanding after the Offering.....	Approximately 23,528,000 shares
Price Range (January 1, 1995 through April 20, 1995)....	\$13 5/8 to \$15 1/4
Book Value per Share at March 31, 1995.....	\$16.70
Current Indicated Annual Dividend Rate.....	\$.82*
Listing.....	New York and Pacific Stock Exchanges under the symbol "SWX"
Use of Proceeds.....	To finance utility construction expenditures

\* The Board of Directors has declared a regular quarterly dividend on the Common Stock of \$.205 per share, payable on June 1, 1995 to holders of record on May 15, 1995. Holders, as of the record date, of the Common Stock offered hereby will be entitled to receive such dividend.

## SUMMARY FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the financial statements and notes thereto incorporated by reference into this Prospectus Supplement and the accompanying Prospectus.

	TWELVE MONTHS ENDED MARCH 31, 1995	YEAR ENDED DECEMBER 31,		
		1994	1993	1992
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
<b>CONSOLIDATED INCOME STATEMENT DATA:</b>				
Revenues.....	\$ 727,689	\$ 728,169	\$ 689,841	\$ 718,483
Operating income.....	91,177	102,754	87,578	75,848
Net income.....	18,237	26,301	15,406(1)	17,661
Net income applicable to common stock.....	17,770	25,791	14,665(1)	16,610
Earnings per share.....	.84	1.22	.71(1)	.81
Dividends paid per common share.....	.81	.80	.74	.70
Weighted average number of shares of common stock outstanding (000's)....	21,170	21,078	20,729	20,598
<b>NATURAL GAS SEGMENT DATA:</b>				
Revenues.....	\$ 595,492	\$ 599,553	\$ 539,105	\$ 534,390
Cost of gas.....	251,833	249,922	212,290	214,293
Margin.....	\$ 343,659	\$ 349,631	\$ 326,815	\$ 320,097
Operating income.....	77,937	88,690	77,682	85,575
Contribution to consolidated net income.....	16,240	23,524	13,751(1)	32,214
Construction expenditures.....	145,207	141,390	113,903	102,517
Net gas utility property (end of period).....	1,053,556	1,035,916	954,488	906,420
Number of customers (end of period)...	989,000	980,000	932,000	897,000
<b>FINANCIAL SERVICES SEGMENT DATA:</b>				
Net interest income.....	\$ 59,430	\$ 58,644	\$ 57,249	\$ 53,761
Operating income (loss).....	13,240	14,064	9,896	(9,727)
Contribution to consolidated net income.....	1,997	2,777(2)	1,655(1)	(14,553)(3)
Interest-earning assets at period end.....	1,698,215	1,675,368	1,582,720	2,022,121
Interest-bearing liabilities at period end.....	1,628,202	1,629,419	1,546,158	2,058,663
Net yield on interest-earning assets.....	3.69%	3.69%	3.15%	2.70%
Classified assets at period end (4)...	55,187	60,385	79,268	81,911

(1) In 1993, the Company wrote off \$15.9 million in gross plant related to its central and southern Arizona pipe replacement programs. The impact of this disallowance, net of accumulated depreciation, tax benefits and other related items, was a non-cash reduction to consolidated net income and natural gas segment net income of \$9.3 million, or \$0.44 per share. In addition, during 1993 the Company recorded the cumulative effect of an accounting change relating to the adoption of SFAS No. 109, "Accounting for Income Taxes," which increased consolidated net income and financial services segment net income by \$3 million, or \$0.15 per share.

(2) Includes first quarter 1994 recognition of a \$1.7 million gain (\$1.1 million after tax) on the sale of the Bank's credit card portfolio.

(3) The Bank incurred pretax losses from real estate development activities of \$15.3 million in 1992. The Bank no longer invests in real estate held for development and has substantially divested its real estate development portfolio.

(4) OTS regulations require the Bank to classify certain assets and establish prudent valuation allowances. Classified assets include: (i) assets inadequately protected by the current net worth or paying capacity of the obligor or the collateral pledged, if any, (ii) foreclosed real estate, and (iii) investments in real estate no longer permitted to be held by savings associations.



AS OF MARCH 31, 1995

	ACTUAL		AS ADJUSTED (1)	
	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE
(DOLLARS IN THOUSANDS)				
BALANCE SHEET DATA:				
Total assets.....	\$3,095,417		\$3,095,417	
	=====		=====	
Short-term borrowings (2).....	\$ 70,000		\$ 42,200	
	=====		=====	
Long-term debt, including current maturities (2).....	\$ 844,821	69.9%	\$ 844,821	68.3%
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Preferred stock.....	4,000	0.3	4,000	0.3
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Stockholders' equity:				
Common stock and additional paid-in capital....	299,734	24.8	327,534	26.5
Unrealized loss, net of tax, on debt securities available for sale (3).....	(2,703)	(0.2)	(2,703)	(0.2)
Retained earnings.....	62,550	5.2	62,550	5.1
	-----	-----	-----	-----
Total stockholders' equity.....	359,581	29.8	387,381	31.4
	-----	-----	-----	-----
Total capitalization.....	\$1,208,402	100.0%	\$1,236,202	100.0%
	=====	=====	=====	=====

(1) Includes adjustments to reflect the issuance of the Common Stock offered hereby and the intended use of proceeds to repay a portion of the Company's short-term borrowings. The adjustment reflects estimated net proceeds of \$27.8 million. See "Use of Proceeds."

(2) Excludes Bank's deposit liabilities, securities sold under agreements to repurchase and Federal Home Loan Bank advances.

(3) Securities classified as available for sale are those which the Bank intends to hold for an indefinite period and which may be sold in response to changes in market interest rates, changes in the security's prepayment risk, the Bank's need for liquidity, changes in the availability and yield of alternative investments, and other asset/liability management needs. Securities classified as available for sale are stated at fair value in consolidated financial statements filed with the Securities and Exchange Commission. Unrealized gains or losses on debt securities available for sale are reported net of tax as a separate component of stockholders' equity, but are not included in net income. Realized gains or losses are recorded into income if and when the securities are sold.

## RECENT OPERATING RESULTS

The Company reported 1995 first quarter earnings of \$0.68 per share, a \$0.39 decrease from the \$1.07 per share reported for the same period in 1994. Consolidated net income applicable to common stock was \$14.6 million, compared to \$22.6 million for the same quarter in 1994. Average outstanding common shares increased to 21.4 million in the first quarter of 1995 from 21.0 million in the first quarter of 1994.

The gas operations segment's contribution to consolidated net income was \$14.4 million, compared to a \$21.7 million contribution reported for the first quarter of 1994. The decrease was principally the result of lower operating margin (revenues less cost of gas purchased) directly attributable to significantly warmer weather throughout the Company's service territories when compared to the same period in 1994. In addition, higher operating expenses and net interest deductions were incurred as a result of the continued expansion and upgrading of the gas system to accommodate the Company's unprecedented customer growth, which continues to significantly outpace industry averages.

Operating margin decreased approximately \$11 million in the first quarter of 1995 as compared to the same period in 1994 due to the differences in heating demand between periods. Unseasonably warm weather in the Company's three largest operating areas, Phoenix, Las Vegas, and Tucson, resulted in weather-sensitive customers' purchasing approximately 14 percent less gas than anticipated. On a weather-normalized basis, first quarter 1995 operating margin would have been approximately \$14.6 million, or 14 percent, greater than actually reported, while first quarter 1994 operating margin would have been approximately \$3.6 million, or three percent greater than actual.

Record customer growth partially mitigated the \$11 million negative impact of warmer weather on operating margin between the two quarters. During the first quarter of 1995, the Company billed an average of 48,000 more customers per month than in the first quarter of 1994, resulting in approximately \$5.3 million of additional operating margin.

Overall, on a net basis, operating margin declined \$5.7 million, or five percent, in the first quarter of 1995 when compared to the first quarter of 1994.

Operating expenses and net interest deductions increased due to new investment in gas plant and higher costs incurred as a result of the Company's providing service to meet the record customer growth. This growth is exacting a net earnings penalty in the form of higher operating and financing costs as the Company builds the infrastructure necessary to accommodate customer growth. As customer growth continues, capital expenditures are expected to remain high. Operating results will continue to be negatively impacted by regulatory lag, leaving an imbalance between the rates the Company is collecting from customers and the expenses it is incurring to serve new customers. However, net earnings should improve as construction programs are completed, additional rate relief is applied for and granted, and new customers contribute incremental operating margin. See "The Company -- Natural Gas Segment" below for a discussion of the Company's plans to seek additional rate relief.

The Company's financial services subsidiary, PriMerit Bank, reported 1995 first quarter net income of \$1.7 million compared to net income of \$2.2 million reported for the first quarter of 1994. The difference between quarters was principally due to the first quarter 1994 recognition of a \$1.7 million gain (\$1.1 million after tax) on the sale of the Bank's credit card portfolio. The Bank contributed \$196,000 to first quarter 1995 consolidated net income after deducting tax-effected carrying costs associated with its acquisition by the Company compared to a \$976,000 contribution in the first quarter of 1994. First quarter 1995 core bank earnings (net income exclusive of goodwill amortization and one-time, nonrecurring transactions) were \$3 million, compared to first quarter 1994 core bank earnings of \$2.4 million, a 24 percent improvement.

For the twelve months ended March 31, 1995, consolidated net income applicable to common stock was \$17.8 million and earnings per share were \$0.84, compared to consolidated net income applicable to common stock of \$20.3 million and earnings per share of \$0.98 during the twelve month period ended March 31, 1994.

The gas operations segment's contribution to consolidated net income for the twelve months ended March 31, 1995 was \$16.2 million compared to a \$20.8 million contribution reported for the prior period. The decrease in earnings was principally attributable to increased operations and maintenance expenses, depreciation expense, general taxes and net interest deductions. Differences in heating demand between periods also





negatively impacted current period net income. Prior period results include the December 1993 write-off of certain pipe replacement costs in Arizona, as ordered by the Arizona Corporation Commission. The Company wrote off \$15.9 million in gross plant, which resulted in a noncash, after-tax reduction to prior period net income of \$9.3 million, or \$0.44 per share.

Net earnings from the Bank were \$7.2 million (contributing \$2 million to consolidated net income after deducting tax-effected carrying costs) for the twelve months ended March 31, 1995, compared to net income of \$5.1 million (resulting in a contribution of \$198,000 after deducting tax-effected carrying costs) for the twelve-month period ended March 31, 1994. Core bank earnings were \$11.9 million, compared to \$8.6 million for the earlier period, a 39 percent improvement.

#### THE COMPANY

The Company is comprised of two business segments: natural gas operations and financial services. The gas segment purchases, transports and distributes natural gas to residential, commercial and industrial customers in geographically diverse portions of Arizona, Nevada and California. The financial services segment conducts its operations through the Bank, a wholly owned subsidiary of the Company. For the year ended December 31, 1994, the natural gas operations segment contributed \$23.5 million, or 89 percent, and the financial services segment contributed \$2.8 million, or 11 percent, to the Company's consolidated net income of \$26.3 million.

#### NATURAL GAS SEGMENT

The Company is the largest distributor of natural gas in Arizona, distributing and transporting natural gas in most of southern, central and northwestern Arizona including the Phoenix and Tucson metropolitan areas. The Company is also the largest distributor and transporter of natural gas in Nevada, and serves the Las Vegas metropolitan area and northern Nevada. In addition, the Company distributes and transports gas in portions of California, including the Lake Tahoe area in northern California and high desert and mountain areas of San Bernardino County in southern California.

In 1994, the contribution to total natural gas operating margin from each of the Company's major geographic operations areas was as follows: Arizona -- 57 percent, Nevada -- 32 percent and California -- 11 percent. During that same year, the Company earned 79 percent of operating margin from residential and small commercial customers, 7 percent from large commercial, industrial and other customers, and 14 percent from electric generation, resale and transportation customers. These patterns are consistent with prior years and are expected to continue.

At December 31, 1994, approximately 583,000 (or 59 percent) of the Company's natural gas segment customers were in Arizona, 292,000 (or 30 percent) were in Nevada and 105,000 (or 11 percent) were in California. A federal Census Bureau report for the year ended July 1, 1994 showed that Nevada and Arizona ranked first and second, respectively, in terms of percentage population growth. Customer growth in the Company's three-state territory was 27,000 in 1992, 35,000 in 1993 and 48,000 in 1994. This translates into growth rates of three percent in 1992, four percent in 1993 and five percent in 1994. Based on current commitments from builders, 60,000 new customers are expected to be added to the Company's gas distribution system during 1995, resulting in a projected annual growth rate of six percent. The national average annual customer growth rate as reported by the American Gas Association for 1993, the most recently reported period, was approximately three percent.

For the year ended December 31, 1994, the Company's natural gas construction expenditures totaled \$141 million, a 24 percent increase over the \$114 million of construction expenditures incurred during 1993. The increase is primarily attributed to the investment in new transmission and distribution plant in Arizona, Nevada and California to meet the demand from the Company's growing customer base. During the three-year period ended December 31, 1994, the Company's total investment in gas plant in service has increased from \$1.2 billion to \$1.4 billion, or at an annual growth rate of seven percent. The Company currently

estimates that natural gas segment construction expenditures for the three-year period ending December 31, 1997 will be approximately \$410 million. See "Capital Expenditures and Financing Programs."

The Company is authorized to charge its distribution system customers rates determined by the Arizona Corporation Commission, the California Public Utilities Commission and the Public Service Commission of Nevada in general rate cases, which rates are derived using rate base, cost of service and cost of capital experienced in an adjusted historical test year in Arizona and Nevada, and in a projected future test year in California. The Federal Energy Regulatory Commission regulates the northern Nevada transmission and the liquefied natural gas storage facilities of Paiute Pipeline Company ("Paiute"), a wholly owned subsidiary of the Company, as well as the rates Paiute charges for transportation of gas directly to certain end-users and to various local distribution companies.

In light of its substantial construction program, the Company plans to file for additional rate relief in its Nevada jurisdictions in late 1995, with new rates expected to be in effect approximately six months later. The Company plans to file for additional rate relief in its Arizona jurisdictions no later than the fourth quarter of 1996, with new rates expected to be in effect approximately twelve months after filing. As part of recent rate case settlements, the Company agreed not to file another general rate request for its southern Arizona jurisdiction before November 1996, and its current rate settlement for its California jurisdictions, effective January 1995, will remain in effect through 1998. The Company's rate schedules in all of its service areas contain purchased gas adjustment clauses which permit the Company to adjust its rates periodically as the cost of purchased gas changes.

#### FINANCIAL SERVICES SEGMENT

The Bank is a federally chartered stock savings bank conducting business through branch offices in Nevada. The Bank's deposit accounts are insured to the maximum extent permitted by law by the Federal Deposit Insurance Corporation ("FDIC") through the Savings Association Insurance Fund. The Bank is regulated by the Office of Thrift Supervision ("OTS") and the FDIC, and is a member of the Federal Home Loan Bank System.

The Bank's principal business is to attract deposits from the general public and make and acquire loans secured by real estate and other collateral to enable borrowers to purchase, refinance, construct and improve such property. Single-family residential mortgage loans comprised 56 percent of the Bank's loan portfolio at December 31, 1994. Commercial and construction portfolios, consisting of amortizing mortgage loans on multi-family residential and nonresidential real estate, comprised 29 percent of the Bank's loan portfolio at December 31, 1994. Consumer loans, including installment loans secured by recreational vehicles, boats, automobiles and mobile homes, home equity loans and loans secured by deposit accounts, comprised 15 percent of the Bank's loan portfolio at December 31, 1994.

The Bank invests in instruments such as mortgage-backed securities and collateralized mortgage obligations to supplement its loan production and to provide liquidity to meet unforeseen cash outlays. The Bank also invests in a variety of other securities including U.S. Government and U.S. agency obligations, repurchase agreements and federal funds. Income from cash equivalents and debt securities provides a significant source of revenue for the Bank, constituting 32 percent of total revenues for the year ended December 31, 1994.

The Bank had been active in single-family residential real estate development until stringent regulatory capital requirements were imposed by the Financial Institutions Reform, Recovery and Enforcement Act ("FIRREA") which made it impractical for the Bank to continue its real estate development activities. As a result, the Bank no longer invests in real estate projects.

As part of a restructuring program designed to allow the Bank to operate more effectively under the guidelines of FIRREA, the Bank reduced its total assets from \$2.71 billion at December 31, 1990 to \$1.75 billion at December 31, 1993. The Bank's total assets at December 31, 1994 were \$1.82 billion and included \$631 million of debt securities and \$938 million of loans receivable, net of allowances. During 1993, in conjunction with the balance sheet restructuring, the Bank sold its Arizona branch operations including all

related deposit liabilities of approximately \$321 million. The Bank sold \$334 million of mortgage-backed securities to effect the sale of the deposit liabilities.

As of March 31, 1995, the Bank exceeded all three fully phased-in minimum capital standards under applicable regulatory capital requirements and continues to be "well capitalized" under the Federal Deposit Insurance Corporation Improvement Act of 1991 capital standards.

The Bank is permitted to pay cash dividends to the Company of up to 50 percent of its cumulative net income since the acquisition by the Company. The Bank is not permitted at any time to declare a dividend that would reduce the Bank's regulatory net worth below minimum regulatory requirements. In addition, under OTS regulations, the Bank is restricted to paying no more than 75 percent of its net income over the preceding four quarters to the Company. Cash dividends in excess of this amount require regulatory approval. The Bank has not paid any cash dividends to the Company during the past three years.

#### USE OF PROCEEDS

The net proceeds from the sale of the Common Stock offered hereby are estimated to be \$27.8 million and will be used to repay a portion of short-term borrowings incurred primarily to finance utility construction, and to finance construction, completion, extension or improvement of the Company's pipeline systems and facilities located in and around the communities it serves. The weighted average cost of the Company's short-term debt at March 31, 1995 was 6.78 percent.

#### CAPITAL EXPENDITURES AND FINANCING PROGRAMS

During the three-year period ended December 31, 1994, the Company's gas segment customer base has grown at an annual average rate of approximately four percent. The Company anticipates adding 60,000 customers per year over the next three years, resulting in a projected average annual customer growth rate of approximately six percent.

The Company currently estimates that natural gas segment construction expenditures will be approximately \$410 million for the three-year period ending December 31, 1997, and other cash requirements are expected to approximate \$15 million. It is currently estimated that cash flow from operating activities of the natural gas segment (net of dividends) will generate approximately one-half of the natural gas segment's financing requirements during the three-year period ending December 31, 1997. A portion of the remaining financing requirements will be provided by \$83 million of funds held in trust, at December 31, 1994, from the issuance of 1993 Clark County, Nevada, Series A and 1993 City of Big Bear, California, Series A industrial development revenue bonds. The remaining requirements are expected to be provided by external financing sources, including additional issuances of common equity.

## COMMON STOCK PRICE RANGE AND DIVIDENDS

The principal markets on which the Company's Common Stock is traded are the New York Stock Exchange and the Pacific Stock Exchange. The following table sets forth high and low sales prices of the Common Stock, as quoted by The Wall Street Journal in the consolidated transaction reporting system, and quarterly cash dividends per share of Common Stock paid by the Company for the calendar quarters indicated.

PERIOD	PRICE RANGE		DIVIDENDS PAID
	HIGH	LOW	
1992			
First Quarter.....	\$13 1/2	\$10 3/8	\$.175
Second Quarter.....	14 5/8	12 5/8	.175
Third Quarter.....	15 3/8	13	.175
Fourth Quarter.....	14 1/2	12 7/8	.175
1993			
First Quarter.....	\$17 7/8	\$13 3/8	\$.175
Second Quarter.....	18 1/2	16 3/4	.175
Third Quarter.....	17 3/8	16 1/8	.195
Fourth Quarter.....	18 1/2	15 1/2	.195
1994			
First Quarter.....	\$19 3/8	\$15 3/4	\$.195
Second Quarter.....	18 5/8	15	.195
Third Quarter.....	18 1/4	17 1/2	.205
Fourth Quarter.....	17 5/8	13 3/4	.205
1995			
First Quarter.....	\$15 1/4	\$13 5/8	\$.205
Second Quarter (Through April 20, 1995).....	14 1/8	14 7/8	*

\* The Board of Directors has declared a regular quarterly dividend on the Common Stock of \$.205 per share, payable on June 1, 1995 to holders of record on May 15, 1995. Holders, as of the record date, of the Common Stock offered hereby will be entitled to receive such dividend.

On April 20, 1995, the last reported sale price of the Company's Common Stock on the New York Stock Exchange was \$14 3/4 per share.

The Company's dividend policy states that the Company will pay common stock dividends at a prudent level that is within the normal dividend payout range for its respective businesses, and that the dividend will be established at a level considered sustainable in order to minimize business risk and maintain a strong capital structure throughout all economic cycles.

Holders of Common Stock are entitled to receive dividends when and as declared by the Board of Directors out of funds legally available therefor. While the Company currently intends to continue the practice of paying cash dividends quarterly, the amount and timing of future dividends are necessarily dependent upon future earnings, financial requirements and other factors considered by the Company's Board of Directors.

Holders of Common Stock are eligible to participate in the Company's Dividend Reinvestment and Stock Purchase Plan (the "Plan"). Shareholders participating in the Plan automatically reinvest their dividends to purchase Common Stock at market price (as defined in the Plan). Shareholders are also eligible to purchase shares of Common Stock at market price (as defined in the Plan) by making periodic cash contributions of no less than \$25, up to a maximum of \$50,000 per calendar year. Participants do not pay brokerage commissions or service charges in connection with such purchases. The Company reserves the right to suspend, modify or terminate the Plan at any time.

UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, the Company has agreed to sell to each of the Underwriters named below, and each of the Underwriters has severally agreed to purchase, the respective number of shares of Common Stock set forth opposite its name below.

UNDERWRITERS	NUMBER OF SHARES
-----	-----
PaineWebber Incorporated.....	
Dean Witter Reynolds Inc. ....	
Edward D. Jones & Co. ....	
	-----
Total.....	2,000,000 =====

Under the terms and conditions of the Underwriting Agreement, the Underwriters are committed to take and pay for all of the shares of Common Stock offered hereby, if any are taken. The obligations of the Underwriters are subject to certain conditions precedent.

The Company has been advised by PaineWebber Incorporated, as representative of the several Underwriters, that the several Underwriters propose initially to offer the Common Stock to the public at the initial public offering price set forth on the cover page of this Prospectus, and in part to certain securities dealers at such price less a concession not in excess of \$ per share. The Underwriters may allow, and such dealers may reallow, a concession not in excess of \$ per share to certain brokers and dealers. After the initial public offering, the public offering price and such concessions may be changed.

The Company has granted an option to the Underwriters, exercisable within 30 days after the date of the Underwriting Agreement, to purchase up to a maximum of 300,000 additional shares of Common Stock at the initial public offering price less the Underwriting Discounts and Commissions determined in the manner described on the cover page of this Prospectus. The Underwriters may purchase such shares only to cover over-allotments made in connection with the sale of the 2,000,000 shares.

The Company has agreed not to offer, sell or otherwise dispose of any shares of Common Stock, with certain exceptions, for a period of 90 days after the date of this Prospectus without the prior written consent of the representatives of the Underwriters, except for the shares of Common Stock offered in connection with the offering.

The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933 or to contribute to payments that the Underwriters may be required to make in respect thereof.

LEGAL OPINIONS

The validity of the shares of Common Stock offered hereby will be passed upon for the Company by O'Melveny & Myers, Los Angeles, California. Certain legal matters will be passed upon for the Underwriters by Winthrop, Stimson, Putnam & Roberts, New York, New York.

## PROSPECTUS

## SOUTHWEST GAS CORPORATION

## SECURITIES

Southwest Gas Corporation (the "Company") may offer from time to time, in one or more series, its unsecured debt securities (the "Debt Securities"), shares of its Preferred Stock, \$50 par value (the "Preferred Stock"), and shares of its Common Stock, \$1 par value (the "Common Stock"). The Debt Securities, the Preferred Stock and the Common Stock are collectively referred to herein as the "Securities." Securities will have a maximum aggregate offering price of \$300,000,000 and will be offered on terms to be determined at the time of offering.

In the case of Debt Securities, the specific title, the aggregate principal amount, the purchase price, the maturity, the rate (or method of calculation) and time of payment of interest, if any, any redemption or sinking fund provisions, any conversion provisions, any covenants and any other specific term of the Debt Securities will be set forth in the accompanying supplement to this Prospectus (the "Prospectus Supplement"). In the case of Preferred Stock, the specific number of shares, designation, liquidation preference per share, issuance price, dividend rate (or method of calculation), dividend payment dates, any redemption or sinking fund provisions, any conversion rights and other specific terms of the series of Preferred Stock will be set forth in the accompanying Prospectus Supplement. In addition, the Prospectus Supplement will describe whether interests in the Preferred Stock will be represented by depositary shares (the "Depositary Shares") evidenced by depositary receipts ("Depositary Receipts"). In the case of Common Stock, the specific number of shares, issuance price per share and the initial dividend rate of any Special Common Stock, if Special Common Stock is to be issued, will be set forth in the accompanying Prospectus Supplement. The Prospectus Supplement will also disclose whether the Securities will be listed on a national securities exchange and if they are not to be listed, the possible effects thereof on their marketability.

Securities may be sold directly, through agents from time to time or through underwriters and/or dealers. If any agent of the Company or any underwriter is involved in the sale of the Securities, the name of such agent or underwriter and any applicable commission or discount will be set forth in the accompanying Prospectus Supplement. See "Plan of Distribution."

The Debt Securities, if issued, will rank on a parity with all other unsecured and unsubordinated indebtedness of the Company. See "Description of Debt Securities."

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is April 21, 1995

## AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected and copied at Room 1024 of the offices of the Commission, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and should be available for inspection and copying at the regional offices of the Commission located at Seven World Trade Center 13th Floor, New York, New York 10048 and Suite 1400, Northwestern Atrium Center, 500 West Madison Street, Chicago, Illinois 60661. Copies of such material can be obtained from the principal offices of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Reports, proxy materials and other information concerning the Company may also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005 and at the offices of the Pacific Stock Exchange, 301 Pine Street, San Francisco, California 94104.

This Prospectus does not contain all the information set forth in the Registration Statement and exhibits thereto which the Company has filed with the Commission under the Securities Act of 1933, and reference is hereby made to such Registration Statement, including the exhibits thereto.

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## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

There are incorporated herein by reference the following documents of the Company filed with the Commission: (1) Annual Report on Form 10-K for the fiscal year ended December 31, 1994; (2) Current Report on Form 8-K dated April 17, 1995; and (3) all documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the Securities.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, in a Prospectus Supplement or in any subsequently filed document which is incorporated by reference herein modifies or supersedes such statements. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to each person, including any beneficial holder, to whom a copy of this Prospectus is delivered, upon the written or oral request of any such person, a copy of any or all the foregoing documents incorporated by reference herein, including exhibits specifically incorporated by reference in such documents but excluding all other exhibits to such documents. Requests should be directed to George C. Biehl, Senior Vice President and Chief Financial Officer, Southwest Gas Corporation, 5241 Spring Mountain Road, P.O. Box 98510, Las Vegas, Nevada 89193-8510, telephone number (702) 876-7237.

## THE COMPANY

The Company, a California corporation, is comprised of two operating segments: natural gas operations and financial services. The financial services segment consists of PriMerit Bank, a Federal Savings Bank (the "Bank"), a wholly owned subsidiary, which operates principally in the thrift industry.

The natural gas operations segment is engaged in the business of purchasing, transporting, and distributing natural gas in portions of Arizona, Nevada and California. Its several service areas are geographically as well as economically diverse. The Company is the largest distributor in Arizona, distributing and transporting gas in most of southern, central and northwestern Arizona. The Company is also the largest distributor and transporter of natural gas in Nevada. The Company also distributes and transports gas in portions of California, including the Lake Tahoe area and the high desert and mountain areas in San Bernardino County.



The Company is subject to regulation by the Arizona Corporation Commission, the Public Service Commission of Nevada (the "PSCN") and the California Public Utilities Commission (the "CPUC"). The CPUC regulates the issuance of all securities by the Company, with the exception of short-term borrowings. Certain of the Company's accounting practices, transmission facilities and rates are subject to regulation by the Federal Energy Regulatory Commission.

The Bank is a federally chartered stock savings bank conducting business through branch offices in Nevada. The Bank's deposit accounts are insured to the maximum extent permitted by law by the Federal Deposit Insurance Corporation (the "FDIC") through the Savings Association Insurance Fund. The Bank is regulated by the Office of Thrift Supervision (the "OTS") and the FDIC and is a member of the Federal Home Loan Bank system.

The Bank's principal business is to attract deposits from the general public and to make loans secured by real estate and other collateral that enable borrowers to purchase, refinance, construct or improve such property. Revenues are derived from interest on real estate loans and debt securities and, to a lesser extent, from interest on nonmortgage loans, gains on sales of loans and debt securities, and fees received in connection with loans and deposits. The Bank's major expense is the interest it pays on savings deposits and borrowings.

The executive offices of the Company are located at 5241 Spring Mountain Road, P.O. Box 98510, Las Vegas, Nevada 89193-8510, telephone number (702) 876-7237.

#### USE OF PROCEEDS

Except as otherwise provided in the Prospectus Supplement, the net proceeds from the sale of Securities offered hereby will be used to retire indebtedness and for general corporate purposes, including the acquisition of property for the construction, completion, extension or improvement of the Company's pipeline systems and facilities located in and around the communities it serves.

#### RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratios of earnings to fixed charges for (a) the natural gas operations segment of the Company and (b) the consolidated gas and financial services operations of the Company (i) without deposit interest included as a fixed charge and (ii) with deposit interest included as a fixed charge.

	FOR THE YEARS ENDED				
	DECEMBER 31,				
	1994	1993	1992	1991	1990
Ratios of earnings to fixed charges(1):					
Company (natural gas operations segment).....	1.48	1.25	1.86	1.48	1.84
Consolidated					
Without deposit interest.....	1.55	1.32	1.42	(2)	1.45
With deposit interest.....	1.36	1.18	1.20	(2)	1.24

(1) For purposes of computing the ratios of earnings to fixed charges, earnings are defined as the sum of pretax income plus fixed charges. Fixed charges consist of all interest expense including capitalized interest, one-third of rent expense (which approximates the interest component of such expense) and amortized debt costs.

(2) For the year ended December 31, 1991, consolidated earnings were insufficient to cover fixed charges, excluding and including deposit interest, by \$13.5 million. This was primarily due to the recording of additional valuation reserves during 1991 by the Bank.

The following table sets forth the ratios of earnings to combined fixed charges and preferred and preference stock dividends for (a) the natural gas segment of the Company and (b) the consolidated gas and financial services operations of the Company (i) without deposit interest included as a fixed charge and (ii) with deposit interest included as a fixed charge.

	FOR THE YEARS ENDED				
	DECEMBER 31,				
	1994	1993	1992	1991	1990
Ratios of earnings to combined fixed charges and preferred and preference stock dividends(1)					
Company (natural gas operations segment).....	1.46	1.23	1.81	1.42	1.75
Consolidated					
Without deposit interest.....	1.54	1.30	1.39	(2)	1.43
With deposit interest.....	1.35	1.17	1.18	(2)	1.22

(1) See Note 1 above. Preferred and preference dividends have been adjusted to represent the pretax earnings necessary to cover such dividend requirements.

(2) For the year ended December 31, 1991, consolidated earnings were insufficient to cover combined fixed charges and preferred and preference stock dividends by \$14.8 million. This was primarily due to the recording of additional valuation reserves during 1991 by the Bank.

#### DESCRIPTION OF DEBT SECURITIES

Debt Securities may be issued from time to time in series under an indenture (the "Indenture") between the Company and a bank or trust company selected to act as trustee as specified in the Prospectus Supplement relating thereto (the "Trustee"). The Indenture will be filed as an exhibit to or incorporated by reference in the Registration Statement of which this Prospectus is a part. As used under this caption, unless the context otherwise requires, Offered Debt Securities shall mean the Debt Securities offered by this Prospectus and the accompanying Prospectus Supplement. The statements under this caption are brief summaries of certain provisions contained in the Indenture, do not purport to be complete and are qualified in their entirety by reference to the Indenture, including the definition therein of certain terms, a copy of which is included or incorporated by reference as an exhibit to the Registration Statement of which this Prospectus is a part. Capitalized terms used herein and not defined shall have the meanings assigned to them in the Indenture. The following sets forth certain general terms and provisions of the Debt Securities. Further terms of the Offered Debt Securities will be set forth in the Prospectus Supplement.

#### GENERAL

The Indenture provides for the issuance of Debt Securities in series, and does not limit the principal amount of Debt Securities which may be issued thereunder.

The applicable Prospectus Supplement or Prospectus Supplements will describe the following terms of the series of Offered Debt Securities in respect of which this Prospectus is being delivered: (a) the title of the Offered Debt Securities; (b) whether any of the Offered Debt Securities are to be issuable in bearer form or permanent global form and, if so, the terms and conditions, if any, upon which interests in such Offered Debt Securities in such bearer form or global form may be exchanged, in whole or in part, for the Offered Debt Securities represented thereby; (c) the person to whom any interest on any Offered Debt Security of the series shall be payable if other than the person in whose name the Offered Debt Security is registered on the Regular Record Date; (d) the date or dates on which the Offered Debt Securities will mature; (e) the rate or rates at which the Offered Debt Securities will bear interest, if any; (f) the date or dates from which any such interest will accrue, the Interest Payment Dates on which any such interest on the Offered Debt Securities will be payable and the Regular Record Date for any interest payable on any Interest



or agency where the principal of, premium (if any) and interest on the Offered Debt Securities will be payable; (h) the period or periods within which, the events upon the occurrence of which, and the price or prices at which, the Offered Debt Securities may, pursuant to any optional or mandatory provisions, be redeemed or purchased, in whole or in part, by the Company and any terms and conditions relevant thereto; (i) the obligation of the Company, if any, to redeem or repurchase the Offered Debt Securities at the option of the Holders; (j) the denominations in which any Offered Debt Securities will be issuable, if other than denominations of \$1,000 and any integral multiple thereof; (k) the currency or currencies, including composite currencies, of payment of principal of and any premium and interest on the Offered Debt Securities, if other than U. S. Dollars; (l) any index or formula used to determine the amount of payments of principal of and any premium and interest on the Offered Debt Securities; (m) if other than the principal amount thereof, the portion of the principal amount of the Offered Debt Securities of the series which will be payable upon declaration of the acceleration of the Maturity thereof; (n) any provisions relating to the conversion or exchange of the Offered Debt Securities into Common Stock, Preferred Stock or into Debt Securities of another series; (o) any Events of Default with respect to the Offered Debt Securities, if not otherwise set forth under "Events of Default"; (p) any material covenants with respect to the Offered Debt Securities; (q) the applicability of the provisions described under "Defeasance"; and (r) any other terms of the Offered Debt Securities not inconsistent with the provisions of the Indenture.

Debt Securities may be issued at a discount from their principal amount. Federal income tax considerations and other special considerations applicable to any such Original Issue Discount Securities will be described in the applicable Prospectus Supplement.

Debt Securities may be issued in bearer form, with or without coupons. Federal income tax considerations and other special considerations applicable to bearer securities will be described in the applicable Prospectus Supplement.

Unless otherwise indicated in this Prospectus or the Prospectus Supplement, the Debt Securities will not have the benefit of any covenants that limit or restrict the Company's business or operations, the pledging of the Company's assets or the incurrence of indebtedness by the Company.

#### CONVERSION RIGHTS

The terms, if any, on which Debt Securities of a series may be exchanged for or converted into shares of Common Stock, Preferred Stock or Debt Securities of another series will be set forth in the Prospectus Supplement relating thereto.

#### EXCHANGE, REGISTRATION, TRANSFER AND PAYMENT

Unless otherwise specified in the applicable Prospectus Supplement, payment of principal, premium, if any, and interest on the Debt Securities will be payable, and the exchange of and the transfer of Debt Securities will be registerable, at the office or agency of the Company maintained for such purpose in New York, New York and at any other office or agency maintained for such purpose. Unless otherwise indicated in the applicable Prospectus Supplement, the Debt Securities will be issued in denominations of \$1,000 or integral multiples thereof. No service charge will be made for any registration of transfer or exchange of the Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge imposed in connection therewith.

All moneys paid by the Company to a Paying Agent for the payment of principal of and any premium or interest on any Debt Security which remain unclaimed for two years after such principal, premium or interest has become due and payable may be repaid to the Company and thereafter the Holder of such Debt Security may look only to the Company for payment thereof.

#### BOOK-ENTRY DEBT SECURITIES

The Debt Securities of a series may be issued in the form of one or more Global Securities that will be deposited with a Debt Depository or its nominee identified in the applicable Prospectus Supplement. In such a

case, one or more Global Securities will be issued in a denomination or aggregate denominations equal to the portion of the aggregate principal amount of Outstanding Debt Securities of the series to be represented by such Global Security or Securities. Each Global Security will be deposited with such Debt Depository or nominee or a custodian therefor and will bear a legend regarding the restrictions on exchanges and registration of transfer thereof referred to below and any such other matters as may be provided for pursuant to the Indenture.

Notwithstanding any provision of the Indenture or any Debt Security described herein, no Global Security may be transferred to, or registered or exchanged for Debt Securities registered in the name of, any Person other than the Debt Depository for such Global Security or any nominee of such Debt Depository, and no such transfer may be registered, unless (a) the Debt Depository has notified the Company that it is unwilling or unable to continue as Debt Depository for such Global Security or has ceased to be qualified to act as such as required by the Indenture, (b) the Company executes and delivers to the Trustee a Company Order that such Global Security shall be so transferable, registrable and exchangeable, and such transfers shall be registrable, or (c) there shall exist such circumstances, if any, as may be described in the applicable Prospectus Supplement. All Debt Securities issued in exchange for a Global Security or any portion thereof will be registered in such names as the Debt Depository may direct.

The specific terms of the depositary arrangement with respect to any portion of a series of Debt Securities to be represented by a Global Security will be described in the applicable Prospectus Supplement. The Company expects that the following provisions will apply to depositary arrangements.

Unless otherwise specified in the applicable Prospectus Supplement, Debt Securities which are to be represented by a Global Security to be deposited with or on behalf of a Debt Depository will be represented by a Global Security registered in the name of such Debt Depository or its nominee. Upon the issuance of such Global Security, and the deposit of such Global Security with or on behalf of the Debt Depository for such Global Security, the Debt Depository will credit, on its book-entry registration and transfer system, the respective principal amounts of the Debt Securities represented by such Global Security to the accounts of institutions that have accounts with such Debt Depository or its nominee ("participants"). The accounts to be credited will be designated by the underwriters or agents of such Debt Securities or by the Company, if such Debt Securities are offered and sold directly by the Company. Ownership of beneficial interests in such Global Security will be limited to participants or Persons that may hold interests through participants. Ownership of beneficial interests by participants in such Global Security will be shown on, and the transfer of that ownership interest will be effected only through, records maintained by the Debt Depository or its nominee for such Global Security. Ownership of beneficial interests in such Global Security by Persons that hold through participants will be shown on, and the transfer of that ownership interest within such participant will be effected only through, records maintained by such participant. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in certificated form. The foregoing limitations and such laws may impair the ability to transfer beneficial interests in such Global Securities.

So long as the Debt Depository for a Global Security, or its nominee, is the registered owner of such Global Security, such Depository or such nominee, as the case may be, will be considered the sole owner or Holder of the Debt Securities represented by such Global Security for all purposes under the Indenture. Unless otherwise specified in the applicable Prospectus Supplement, owners of beneficial interests in such Global Security will not be entitled to have Debt Securities of the series represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of Debt Securities of such series in certified form and will not be considered the Holders thereof for any purposes under the Indenture. Accordingly, each Person owning a beneficial interest in such Global Security must rely on the procedures of the Debt Depository and, if such Person is not a participant, on the procedures of the participant through which such Person owns its interest, to exercise any rights of a Holder under the Indenture. The Company understands that under existing industry practices, if the Company requests any action of Holders or an owner of a beneficial interest in such Global Security desires to give any notice or take any action a Holder is entitled to give or take under the Indenture, the Debt Depository would authorize the participants to give such notice or take such action, and participants would authorize beneficial owners owning through such participants to

give such notice or take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Notwithstanding any other provisions to the contrary in the Indenture, the rights of the beneficial owners of the Debt Securities to receive payment of the principal and premium, if any, of and interest on such Debt Securities, on or after the respective due dates expressed in such Debt Securities, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the beneficial owners.

Principal of and any premium and interest on a Global Security will be payable in the manner described in the applicable Prospectus Supplement.

#### CONSOLIDATION, MERGER AND SALE OF ASSETS

The Company, without the consent of any Holders of Outstanding Debt Securities, may consolidate with or merge into, or transfer or lease its assets substantially as an entirety to, any Person, and any other Person may consolidate with or merge into, or transfer or lease its assets substantially as an entirety to, the Company, provided (a) that the Person (if other than the Company) formed by such consolidation or into which the Company is merged or which acquires or leases the assets of the Company substantially as an entirety is a Person organized and existing under the laws of any United States jurisdiction and assumes the Company's obligations on the Debt Securities and under the Indenture, (b) that after giving effect to such transaction no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing, and (c) that certain other conditions are met.

#### COVENANTS OF THE COMPANY

The applicable Prospectus Supplement will describe any material covenants in respect of a series of Offered Debt Securities. Other than the covenants of the Company included in the Indenture as described above or as described in the applicable Prospectus Supplement, there are no covenants or provisions in the Indenture that may afford Holders protection in the event of a highly leveraged transaction or leveraged buyout involving the Company.

#### EVENTS OF DEFAULT

Unless otherwise specified in the applicable Prospectus Supplement, the following are Events of Default under the Indenture with respect to Debt Securities of any series: (a) failure to pay principal of or premium, if any, on any Debt Security of that series when due; (b) failure to pay any interest on any Debt Security of that series when due, continued for 30 days; (c) failure to make any sinking fund payment, when due, in respect of any Debt Security of that series; (d) failure to perform any other covenant of the Company in the Indenture (other than a covenant included in the Indenture solely for the benefit of a series of Debt Securities other than that series), continued for 60 days after written notice by the Trustee or Holders of at least 25% in principal amount of the Outstanding Debt Securities of that series as provided in the Indenture; (e) a default under any evidence of indebtedness for money borrowed by the Company (including a default with respect to Debt Securities of any other series) in an individual principal amount outstanding of at least \$15,000,000 or under any instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company (including the Indenture) in an individual principal amount outstanding of at least \$15,000,000, whether such indebtedness exists as of the date of the Indenture or is thereafter created, which default results in the acceleration of such indebtedness without such indebtedness having been discharged, or such acceleration having been rescinded or annulled, within 10 Business Days after written notice to the Company by the Trustee or by the Holders of at least 25% in principal amount of the Outstanding Debt Securities of such series as provided in the Indenture; (f) certain events of bankruptcy, insolvency or reorganization; and (g) any other Event of Default provided with respect to Debt Securities of that series. If an Event of Default with respect to Outstanding Debt Securities of any series shall occur and be continuing, either the Trustee or the Holders of at least 25% in principal amount of the Outstanding Debt Securities of that series by notice as provided in the Indenture may declare the principal

amount (or, if the Debt Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) of all Debt Securities of that series to be due and payable immediately. However, at any time after a declaration of acceleration with respect to Debt Securities of any series has been made, but before a judgment or decree based on such acceleration has been obtained, the Holders of a majority in principal amount of the Outstanding Debt Securities of that series may, under certain circumstances, rescind and annul such acceleration. For information as to waiver of defaults, see "Modification and Waiver" below.

The Indenture provides that, subject to the duty of the Trustee during an Event of Default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee reasonable security or indemnity. Subject to certain provisions, including those requiring security or indemnification of the Trustee, the Holders of a majority in principal amount of the Outstanding Debt Securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Debt Securities of that series.

The Company will be required to furnish to the Trustee under the Indenture annually a statement as to the performance by the Company of its obligations under the Indenture and as to any default in such performance.

#### MODIFICATION AND WAIVER

Modifications and amendments of the Indenture may be made by the Company and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Debt Securities of each series affected thereby; provided, however, that no such modification or amendment may, without the consent of the Holder of each Outstanding Debt Security affected thereby; (a) change the Stated Maturity of the principal of, or any installment of principal of, or interest on, any Debt Security; (b) reduce the principal amount of, the rate of interest on, or the premium, if any, payable upon the redemption of, any Debt Security; (c) reduce the amount of principal of an Original Issue Discount Security payable upon acceleration of the Maturity thereof; (d) change the currency of payment of principal of, or premium, if any, or interest on any Debt Security; (e) impair the right to institute suit for the enforcement of any payment on or with respect to any Debt Security on or after the Stated Maturity or Redemption Date thereof; or (f) reduce the percentage in principal amount of Outstanding Debt Securities of any series, the consent of the Holders of which is required for modification or amendment of the Indenture or for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults.

The Holders of at least a majority in principal amount of the Outstanding Debt Securities of any series may on behalf of the Holders of all Debt Securities of that series waive, insofar as that series is concerned, compliance by the Company with certain covenants of the Indenture. The Holders of not less than a majority in principal amount of the Outstanding Debt Securities of any series may, on behalf of the Holders of all Debt Securities of that series, waive any past default under the Indenture with respect to that series, except a default in the payment of the principal of, or premium, if any, or interest on, any Debt Security of that series or in respect of a provision which under the Indenture cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security of that series affected.

#### DEFEASANCE

Unless otherwise specified in the applicable Prospectus Supplement with respect to the Debt Securities of a series, the Company, at its option, (i) will be discharged from any and all obligations in respect of the Debt Securities of such series (except for certain obligations to register the transfer or exchange of Debt Securities of such series, to replace destroyed, stolen, lost or mutilated Debt Securities of such series, and to maintain Paying Agents and hold moneys for payment in trust) or (ii) need not comply with certain covenants specified in the applicable Prospectus Supplement with respect to the Debt Securities of that series, and the occurrence of an event described in clause (d) under "Events of Default" above with respect to any defeased covenant

and clauses (e) and (g) of the "Events of Default" above shall no longer be an Event of Default if, in either case, the Company deposits with the Trustee, in trust, money or U.S. Government Obligations that through the payment of interest thereon and principal thereof in accordance with their terms will provide money in an amount sufficient to pay all the principal of (and premium, if any) and any interest on the Debt Securities of such series on the dates such payments are due (which may include one or more redemption dates designated by the Company) in accordance with the terms of such Debt Securities. Such a trust may only be established if, among other things, (a) no Event of Default or event which with the giving of notice or lapse of time, or both, would become an Event of Default under the Indenture shall have occurred and be continuing on the date of such deposit, (b) no Event of Default described under clause (f) under "Events of Default" above or event which with the giving of notice or lapse of time, or both, would become an Event of Default described under such clause (f) shall have occurred and be continuing at any time during the period ending on the 91st day following such date of deposit, and (c) the Company shall have delivered an Opinion of Counsel to the effect that the Holders of the Debt Securities will not recognize gain or loss for Federal income tax purposes as a result of such deposit or defeasance and will be subject to Federal income tax in the same manner as if such defeasance had not occurred. In the event the Company omits to comply with its remaining obligations under the Indenture after a defeasance of the Indenture with respect to the Debt Securities of any series as described under clause (ii) above and the Debt Securities of such series are declared due and payable because of the occurrence of any undefeased Event of Default, the amount of money and U.S. Government Obligations on deposit with the Trustee may be insufficient to pay amounts due on the Debt Securities of such series at the time of the acceleration resulting from such Event of Default. However, the Company will remain liable in respect of such payments.

#### GOVERNING LAW

The Indenture and the Debt Securities will be governed by, and construed in accordance with, the laws of the State of New York.

#### REGARDING THE TRUSTEE

The Indenture contains certain limitations on the right of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize for its own account on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in certain other transactions; however, if it acquires any conflicting interest and there is a default under the Debt Securities, it must eliminate such conflict or resign.

#### DESCRIPTION OF PREFERRED STOCK

The following description of the terms of the Preferred Stock sets forth certain general terms and provisions of the Preferred Stock to which any Prospectus Supplement may relate. Certain other terms of any series of the Preferred Stock offered by any Prospectus Supplement will be described in such Prospectus Supplement. The description of certain provisions of the Preferred Stock set forth below and in any Prospectus Supplement does not purport to be complete and is subject to and qualified in its entirety by reference to the Company's Restated Articles of Incorporation (the "Articles of Incorporation"), and the certificate of determination (a "Certificate of Determination") relating to each series of the Preferred Stock which will be filed with the Commission and incorporated by reference as an exhibit to the Registration Statement of which this Prospectus is a part at or prior to the time of the issuance of such series of the Preferred Stock.

#### AUTHORIZED CAPITAL STOCK

The authorized capital stock of the Company consists of 30,000,000 shares of Common Stock, \$1 par value, 200,000 shares of preferred stock, \$50 par value ("preferred stock of the Company," which term, as used herein, includes the Preferred Stock offered hereby), 500,000 shares of cumulative preferred stock, \$100 par value ("Cumulative Preferred Stock"), and 2,000,000 shares of preference stock, \$20 par value (the "Preference Stock"). As of March 31, 1995 there were outstanding 21,527,834 shares of Common Stock and



40,000 shares of Cumulative Preferred Stock. No shares of preferred stock of the Company or Preference Stock of the Company were outstanding on this date.

The Company is required to redeem 8,000 shares annually through 1999 of the Cumulative Preferred Stock at par value plus accrued dividends. All outstanding shares of Cumulative Preferred Stock are redeemable at the option of the Company at any time upon 30 days' notice at par value plus accrued dividends and a premium equal to the dividend rate in the first year commencing December 1, 1979 and declining ratably each year thereafter to par value. In addition, the Company may redeem up to 8,000 shares of Cumulative Preferred Stock (but not more than 45,000 shares in the aggregate) at par value plus accrued dividends on any mandatory redemption date without payment of a premium. The dividend rate on the Cumulative Preferred Stock is 9.5% and is cumulative.

The Articles of Incorporation provide that in the event of involuntary liquidation, (a) before distributions may be made to holders of any other class of Junior Stock (as hereinafter defined), holders of Cumulative Preferred Stock are entitled to payment in full at par value, together with accrued dividends.

The holders of shares of the Cumulative Preferred Stock are not entitled to notice of any meetings of shareholders or to vote upon the election of directors or upon any question affecting the management or affairs of the Company, except to the extent otherwise provided by law or the Certificate of Determination for the Cumulative Preferred Stock. The Certificate of Determination for the Cumulative Preferred Stock provides that the holders of all shares of Cumulative Preferred Stock, voting as a class, are entitled to elect two directors to the Board of Directors of the Company whenever four quarterly dividends upon any shares of Cumulative Preferred Stock are in arrears or any mandatory redemption payment is one year in arrears, until all dividends in default and mandatory redemption payments have been made. In addition, an affirmative vote of the holders of all shares of Cumulative Preferred Stock outstanding is required for the authorization or creation (or increase in the authorized amount) of any class of stock ranking senior to the Cumulative Preferred Stock. It is, however, permissible to issue up to 200,000 shares of preferred stock of the Company senior to the Cumulative Preferred Stock. The affirmative vote of 66 2/3% of the outstanding shares of Cumulative Preferred Stock is also required in order (a) to amend the Articles of Incorporation in certain respects that would adversely affect the rights of the holders of Cumulative Preferred Stock, (b) to increase the amount of Cumulative Preferred Stock authorized by the Articles of Incorporation or the authorization or creation of any class of stock ranking on a parity with the Cumulative Preferred Stock, (c) for the Company to sell, lease or convey substantially all of the business of the Company, the parting of control thereof or the merger or consolidation of the Company into another corporation in which the Company is not the surviving corporation, or (d) to issue or reissue any shares of Cumulative Preferred Stock ranking on a parity with the Cumulative Preferred Stock unless certain financial tests are met.

#### ISSUANCE OF PREFERRED STOCK

Under the Articles of Incorporation, the Board of Directors of the Company is authorized without further shareholder action to provide for the issuance of up to 200,000 shares of preferred stock of the Company in preference to the holders of Cumulative Preferred Stock, Preference Stock and Common Stock (the Common Stock, Cumulative Preferred Stock and Preference Stock being herein referred to as "Junior Stock"), in one or more series, with such dividend rights, dividend rate, conversion rights, voting rights, rights and time of redemption (including sinking fund provisions), redemption price or prices, liquidation preferences and designation, as shall be stated in the resolution or resolutions providing for the issue of a series of such preferred stock of the Company adopted, at any time or from time to time, by the Board of Directors of the Company. The Board of Directors may also increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series subsequent to the issue of that series.

As described under "Description of Depositary Shares," the Company may, at its option, elect to offer Depositary Shares evidenced by depositary receipts (the "Depositary Receipts"), each representing a fraction (to be specified in the Prospectus Supplement relating to the particular series of the Preferred Stock) of a share of the particular series of the Preferred Stock issued and deposited with a depositary, in lieu of offering full shares of such series of



The Preferred Stock shall have the dividend, liquidation, redemption and voting rights set forth below unless otherwise provided in a Prospectus Supplement relating to a particular series of the Preferred Stock. Reference is made to the Prospectus Supplement relating to the particular series of the Preferred Stock offered thereby for specific terms, including: (a) the designation of such Preferred Stock and the number of shares offered; (b) the amount of liquidation preference per share; (c) the initial public offering price at which such Preferred Stock will be issued; (d) the dividend rate (or method of calculation), the dates on which dividends shall be payable and the dates from which dividends shall commence to cumulate, if any; (e) any redemption or sinking fund provisions; (f) any conversion rights; (g) whether the Company has elected to offer Depositary Shares as described below under "Description of Depositary Shares;" and (h) any additional voting, dividend, liquidation, redemption, sinking fund and other rights, preferences, privileges, limitations and restrictions.

The Preferred Stock will, when issued, be fully paid and nonassessable and will have no preemptive rights. The rights of the holders of each series of the Preferred Stock to receive dividends and distributions of assets will be subordinate to those of the Company's general creditors, but superior to the rights of holders of Junior Stock. See "Description of Common Stock" for a description of certain provisions of State and federal law and the Articles of Incorporation and Bylaws of the Company which may affect holders of Preferred Stock.

#### DIVIDEND RIGHTS

Holders of the Preferred Stock of each series will be entitled to receive, when, as and if declared by the Board of Directors of the Company, out of funds of the Company legally available therefor, cash dividends on such dates and at such rates as are set forth in, or as are determined by the method described in, the Prospectus Supplement relating to such series of the Preferred Stock. Such rate may be fixed or variable or both. Each such dividend will be payable to the holders of record as they appear on the stock books of the Company (or, if applicable, the records of the Depositary (as hereinafter defined) referred to under "Description of Depositary Shares") on such record dates, fixed by the Board of Directors of the Company, as specified in the Prospectus Supplement relating to such series of Preferred Stock.

Such dividends may be cumulative or noncumulative, as provided in the Prospectus Supplement relating to such series of Preferred Stock. If the Board of Directors of the Company fails to declare a dividend payable on a dividend payment date on any series of Preferred Stock for which dividends are noncumulative, then the right to receive a dividend in respect of the dividend period ending on such dividend payment date will be lost, and the Company will have no obligation to pay the dividend accrued for such period, whether or not dividends on such series are declared payable on any future dividend payment dates. Dividends on the shares of each series of Preferred Stock for which dividends are cumulative will accrue from the date on which the Company initially issues shares of such series.

Unless otherwise specified in the applicable Prospectus Supplement, so long as the shares of any series of the Preferred Stock are outstanding, unless (a) full dividends (including if such Preferred Stock is cumulative, dividends for prior dividend periods) have been paid or declared and set apart for payment on all outstanding shares of the Preferred Stock of such series and all other classes and series of preferred stock of the Company (other than Junior Stock) and (b) the Company is not in default or in arrears with respect to the mandatory or optional redemption or mandatory repurchase or other mandatory retirement of, or with respect to any sinking or other analogous fund for, any shares of Preferred Stock of such series or any shares of any other preferred stock of the Company of any class or series (other than Junior Stock), the Company may not declare any dividends on any shares of Common Stock of the Company or any other stock of the Company ranking as to dividends or distributions of assets junior to such series of Preferred Stock, or make any payment on account of, or set apart money for, the purchase, redemption or other retirement of, or for a sinking or other analogous fund for, any shares of Junior Stock or make any distribution in respect thereof, whether in cash or property or in obligations or stock of the Company, other than Junior Stock which is neither convertible into, nor exchangeable or exercisable for, any securities of the Company other than Junior Stock.

## LIQUIDATION PREFERENCES

Unless otherwise specified in the applicable Prospectus Supplement, in the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of each series of the Preferred Stock will be entitled to receive out of the assets of the Company available for distribution to shareholders, before any distribution of assets is made to the holders of Junior Stock, the amount set forth in the Prospectus Supplement relating to such series of the Preferred Stock. If, upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the amounts payable with respect to the Preferred Stock of any series and any other shares of preferred stock of the Company (including any other series of the Preferred Stock) ranking as to any such distribution on a parity with such series of the Preferred Stock are not paid in full, the holders of the Preferred Stock of such series and of such other shares of preferred stock of the Company will share ratably in any such distribution of assets of the Company in proportion to the full respective preferential amounts to which they are entitled. After payment to the holders of the Preferred Stock of each series of the full preferential amounts of the liquidating distribution to which they are entitled, the holders of each such series of the Preferred Stock will be entitled to no further participation in any distribution of assets by the Company.

## REDEMPTION

A series of the Preferred Stock may be redeemable, in whole or from time to time in part, at the option of the Company, and may be subject to mandatory redemption pursuant to a sinking fund or otherwise, in each case upon terms, at the times and at the redemption prices set forth in the Prospectus Supplement relating to such series. Unless otherwise provided in the applicable Prospectus Supplement, shares of the Preferred Stock redeemed by the Company will be restored to the status of authorized but unissued shares of preferred stock of the Company.

In the event that fewer than all of the outstanding shares of a series of the Preferred Stock are to be redeemed, whether by mandatory or optional redemption, the number of shares to be redeemed will be determined by lot or pro rata (subject to rounding to avoid fractional shares) as may be determined by the Company or by any other method as may be determined by the Company in its sole discretion to be equitable. From and after the redemption date (unless default is made by the Company in providing for the payment of the redemption price plus accumulated and unpaid dividends, if any) dividends will cease to accumulate on the shares of the Preferred Stock called for redemption and all rights of the holders thereof (except the right to receive the redemption price plus accumulated and unpaid dividends, if any) will cease.

Unless otherwise specified in the applicable Prospectus Supplement, so long as any dividends on shares of any series of the Preferred Stock or any other series of preferred stock of the Company ranking on a parity as to dividends and distribution of assets with such series of the Preferred Stock are in arrears, no shares of any such series of the Preferred Stock or such other series of preferred stock of the Company will be redeemed (whether by mandatory or optional redemption) unless all such shares are simultaneously redeemed, and the Company will not purchase or otherwise acquire any such shares; provided, however, that the foregoing will not prevent the purchase or acquisition of such shares pursuant to a purchase or exchange offer made on the same terms to holders of all such shares outstanding.

## CONVERSION RIGHTS

The terms, if any, on which shares of Preferred Stock of any series may be exchanged for or converted (mandatorily or otherwise) into shares of Common Stock or another series of Preferred Stock will be set forth in the Prospectus Supplement relating thereto. See "Description of Common Stock."

## VOTING RIGHTS

Except as indicated below or in a Prospectus Supplement relating to a particular series of the Preferred Stock, or except as required by applicable law, the holders of the Preferred Stock will not be entitled to vote for any purpose.

Unless otherwise specified in the applicable Prospectus Supplement, so long as any shares of the Preferred Stock of a series remain outstanding, the consent or the affirmative vote of the holders of at least a majority of the votes entitled to be cast with respect to the then outstanding shares of such series of the Preferred Stock together with any Other Preferred Stock (as defined below), voting as one class, either expressed in writing or at a meeting called for that purpose, will be necessary (a) to permit, effect or validate the authorization, or any increase in the authorized amount, of any class or series of shares of the Company ranking prior to the Preferred Stock of such series as to dividends, voting or upon distribution of assets and (b) to repeal, amend or otherwise change any of the provisions applicable to the Preferred Stock of such series in any manner which adversely affects the powers, preferences, voting power or other rights or privileges of such series of the Preferred Stock. In case any series of the Preferred Stock would be so affected by any such action referred to in clause (b) above in a different manner than one or more series of the Other Preferred Stock then outstanding, the holders of shares of the Preferred Stock of such series, together with any series of the Other Preferred Stock which will be similarly affected, will be entitled to vote as a class, and the Company will not take such action without the consent or affirmative vote, as above provided, of at least a majority of the total number of votes entitled to be cast with respect to each such series of the Preferred Stock and the Other Preferred Stock, then outstanding, in lieu of the consent or affirmative vote hereinabove otherwise required.

Unless otherwise specified in the applicable Prospectus Supplement, with respect to any matter as to which the Preferred Stock of any series is entitled to vote, holders of the Preferred Stock of such series and any other series of preferred stock of the Company ranking on a parity with such series of the Preferred Stock as to dividends and distributions of assets and which by its terms provides for similar voting rights (the "Other Preferred Stock") will be entitled to cast the number of votes set forth in the Prospectus Supplement with respect to that series of Preferred Stock. As a result of the provisions described in the preceding paragraph requiring the holders of shares of a series of the Preferred Stock to vote together as a class with the holders of shares of one or more series of Other Preferred Stock, it is possible that the holders of such shares of Other Preferred Stock could approve action that would adversely affect such series of Preferred Stock, including the creation of a class of capital stock ranking prior to such series of Preferred Stock as to dividends, voting or distributions of assets.

As more fully described below under "Description of Depositary Shares," if the Company elects to issue Depositary Shares, each representing a fraction of a share of a series of the Preferred Stock, each such Depositary Share will, in effect, be entitled to such fraction of a vote per Depositary Share.

#### TRANSFER AGENT AND REGISTRAR

Unless otherwise indicated in a Prospectus Supplement relating thereto, the Company will be the transfer agent, dividend and redemption price disbursement agent and registrar for shares of each series of the Preferred Stock.

#### DESCRIPTION OF DEPOSITARY SHARES

The description set forth below and in any Prospectus Supplement of certain provisions of the Deposit Agreement (as defined below) and of the Depositary Shares and Depositary Receipts does not purport to be complete and is subject to and qualified in its entirety by reference to the Deposit Agreement and Depositary Receipts relating to each series of the Preferred Stock which will be filed with the Commission and incorporated by reference as an exhibit to the Registration Statement of which this Prospectus is a part at or prior to the time of the issuance of such series of the Preferred Stock. The forms of Deposit Agreement and Depositary Receipt are filed as exhibits to the Registration Statement of which this Prospectus is a part.

#### GENERAL

The Company may, at its option, elect to offer fractional shares of Preferred Stock rather than full shares of Preferred Stock. In the event such option is exercised, the Company will issue to the public receipts for Depositary Shares, each of which will represent a fraction (to be set forth in the Prospectus Supplement

relating to a particular series of the Preferred Stock) of a share of a particular series of the Preferred Stock as described below.

The shares of any series of the Preferred Stock represented by Depositary Shares will be deposited under a separate deposit agreement (the "Deposit Agreement") among the Company, a bank or trust company selected by the Company (the "Depositary") and the holders from time to time of the Depositary Receipts. Subject to the terms of the Deposit Agreement, each owner of a Depositary Share will in general be entitled, in proportion to the applicable fraction of a share of Preferred Stock represented by such Depositary Share, to all the rights and preferences of the Preferred Stock represented thereby (including dividend, voting, redemption and liquidation rights).

The Depositary Shares relating to any series of the Preferred Stock will be evidenced by Depositary Receipts issued pursuant to the related Deposit Agreement. Depositary Receipts will be distributed to those persons purchasing such Depositary Shares in accordance with the terms of the offering made by the related Prospectus Supplement.

Upon surrender of Depositary Receipts at the office of the Depositary and upon payment of the charges provided in the Deposit Agreement and subject to the terms thereof, a holder of Depositary Receipts is entitled to have the Depositary deliver to such holder the whole shares of Preferred Stock underlying the Depositary Shares evidenced by the surrendered Depositary Receipts. However, there may be no market for the underlying Preferred Stock and once the underlying Preferred Stock is withdrawn from the Depositary, it may not be redeposited.

#### DIVIDENDS AND OTHER DISTRIBUTIONS

The Depositary will distribute all cash dividends or other cash distributions received in respect of the Preferred Stock to the record holders of Depositary Receipts relating to such Preferred Stock in proportion, insofar as practicable, to the respective numbers of Depositary Shares evidenced by such Depositary Receipts held by such holders on the relevant record date. The Depositary will distribute only such amount, however, as can be distributed without attributing to any holder of Depositary Receipts a fraction of one cent, and any balance not so distributed will be added to and treated as part of the next sum received by the Depositary for distribution to record holders of Depositary Receipts then outstanding.

In the event of a distribution other than in cash, the Depositary will distribute such amounts of the securities or property received by it as are, as nearly as practicable, in proportion to the respective numbers of Depositary Shares evidenced by the Depositary Receipts held by such holders on the relevant record date, unless the Depositary determines that it is not feasible to make such distribution, in which case the Depositary may, with the approval of the Company, adopt such method as it deems equitable and practicable for the purpose of effecting such distribution, including the sale of such securities or property.

The Deposit Agreement will also contain provisions relating to the manner in which any subscription or similar rights offered by the Company to holders of the Preferred Stock will be made available to holders of Depositary Receipts.

The amount distributed in all of the foregoing cases will be reduced by any amounts required to be withheld by the Company or the Depositary on account of taxes and governmental charges.

#### REDEMPTION OF DEPOSITARY SHARES

If a series of the Preferred Stock represented by Depositary Shares is subject to redemption, the Depositary Shares will be redeemed from the proceeds received by the Depositary resulting from the redemption, in whole or in part, of such series of the Preferred Stock held by the Depositary. The Depositary will mail notice of redemption not less than 30 and not more than 60 days prior to the date fixed for redemption to the record holders of the Depositary Receipts evidencing the Depositary Shares to be so redeemed at their respective addresses appearing in the Depositary's books. The redemption price per Depositary Share will be equal to the applicable fraction of the redemption price per share payable with respect to such series of the Preferred Stock plus all money and other property, if any, payable with respect to

such Depositary Share, including all amounts payable by the Company in respect of any accumulated but unpaid dividends. Whenever the Company redeems shares of Preferred Stock held by the Depositary, the Depositary will redeem as of the same redemption date the number of Depositary Shares representing shares of Preferred Stock so redeemed. If less than all the Depositary Shares are to be redeemed, the Depositary Shares to be redeemed will be selected by lot or pro rata (subject to rounding to avoid fractions of Depositary Shares) as may be determined by the Depositary.

After the date fixed for redemption, the Depositary Shares so called for redemption will no longer be deemed to be outstanding and all rights of the holders of Depositary Receipts evidencing such Depositary Shares will cease, except the right to receive the moneys payable upon such redemption and any moneys or other property to which such holders were entitled upon such redemption upon surrender to the Depositary of the Depositary Receipts evidencing such Depositary Shares.

#### VOTING THE PREFERRED STOCK

Upon receipt of notice of any meeting or action to be taken by written consent at or as to which the holders of the Preferred Stock are entitled to vote or consent, the Depositary will mail the information contained in such notice of meeting or action to the record holders of the Depositary Receipts evidencing the Depositary Shares relating to such Preferred Stock. Each record holder of such Depositary Receipts on the record date (which will be the same date as the record date for the Preferred Stock) will be entitled to instruct the Depositary as to the exercise of the voting rights or the giving or refusal of consent, as the case may be, pertaining to the number of shares of the Preferred Stock represented by the Depositary Shares evidenced by such holder's Depositary Receipts. The Depositary will endeavor, insofar as practicable, to vote, or give or withhold consent with respect to, the maximum number of whole shares of the Preferred Stock represented by all Depositary Shares as to which any particular voting or consent instructions are received, and the Company will agree to take all action which may be deemed necessary by the Depositary in order to enable the Depositary to do so. The Depositary will abstain from voting, or giving consents with respect to, shares of the Preferred Stock to the extent it does not receive specific instructions from the holders of Depositary Receipts evidencing Depositary Shares representing such Preferred Stock.

#### AMENDMENT AND TERMINATION OF THE DEPOSIT AGREEMENT

The form of Depositary Receipt evidencing the Depositary Shares relating to any series of Preferred Stock and any provision of the related Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary in any respect which they may deem necessary or desirable. However, any amendment which imposes or increases any fees, taxes or charges upon holders of Depositary Shares or Depositary Receipts relating to any series of Preferred Stock or which materially and adversely alters the existing rights of such holders will not be effective unless such amendment has been approved by the record holders of Depositary Receipts evidencing at least a majority of such Depositary Shares then outstanding. Notwithstanding the foregoing, no such amendment may impair the right of any holder of Depositary Shares or Depositary Receipts to receive any moneys or other property to which such holder may be entitled under the terms of such Depositary Receipts or the Deposit Agreement at the times and in the manner and amount provided for therein. A Deposit Agreement may be terminated by the Company or the Depositary only after (a) all outstanding Depositary Shares relating thereto have been redeemed and any accumulated and unpaid dividends on the Preferred Stock represented by the Depositary Shares, together with all other moneys and property, if any, to which holders of the related Depositary Receipts are entitled under the terms of such Depositary Receipts or the related Deposit Agreement, have been paid or distributed as provided in the Deposit Agreement or provision therefor has been duly made, (b) there has been a final distribution in respect of the Preferred Stock of the relevant series in connection with any liquidation, dissolution or winding up of the Company and such distribution has been distributed to the holders of the related Depositary Receipts, or (c) in the event the Depositary Shares relate to a series of Preferred Stock which is convertible into shares of Common Stock or another series of Preferred Stock, all outstanding Depositary Shares have been converted into shares of Common Stock or another series of Preferred Stock.

## MISCELLANEOUS

The Depositary will forward to record holders of Depositary Receipts, at their respective addresses appearing in the Depositary's books, all reports and communications from the Company which are delivered to the Depositary and which the Company is required to furnish to the holders of the Preferred Stock or Depositary Receipts.

The Company will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. The Company will pay charges of the Depositary in connection with the initial deposit of the Preferred Stock and the initial issuance of the Depositary Receipts evidencing the Depositary Shares, any redemption of the Preferred Stock and any withdrawals of Preferred Stock by the holders of Depositary Shares. Holders of Depositary Shares will pay other transfer and other taxes and governmental charges and such other charges as are expressly provided in the Deposit Agreement to be for their accounts.

The Deposit Agreement will contain provisions relating to adjustments in the fraction of a share of Preferred Stock represented by a Depositary Share in the event of a change in par value, split-up, combination or other reclassification of the Preferred Stock or upon any recapitalization, merger or sale of substantially all of the assets of the Company as an entirety.

Neither the Depositary nor any of its agents nor any registrar nor the Company will be (a) liable if it is prevented or delayed by law or any circumstance beyond its control in performing its obligations under the Deposit Agreement, (b) subject to any liability under the Deposit Agreement to holders of Depositary Receipts other than for the relevant party's gross negligence or willful misconduct, or (c) obligated to prosecute or defend any legal proceeding in respect of any Depositary Receipts, Depositary Shares or the Preferred Stock unless satisfactory indemnity is furnished. They may rely upon written advice of counsel or accountants, or information provided by holders of Depositary Receipts or other persons in good faith believed to be competent and on documents reasonably believed to be genuine.

## RESIGNATION OR REMOVAL OF DEPOSITARY

The Depositary may resign at any time by delivering to the Company notice of its election to do so, and the Company may at any time remove the Depositary, any such resignation or removal to take effect upon the appointment of a successor Depositary and its acceptance of such appointment. Such successor Depositary must be appointed within 60 days after delivery of the notice of resignation or removal.

## DESCRIPTION OF COMMON STOCK

## GENERAL

The holders of the outstanding shares of Common Stock have full voting rights, one vote for each share held of record. Shareholders have cumulative voting rights with respect to the election of directors, if certain conditions are met. Upon liquidation, dissolution, or winding up of the Company (but subject to the rights of holders of preferred stock of the Company, Cumulative Preferred Stock and Preference Stock), the assets legally available for distribution to holders of Common Stock will be distributed ratably among such holders. Holders of Common Stock have no preemptive or other subscription or conversion rights, and no liability for further calls upon shares. The Common Stock is not subject to assessment. Shares of Common Stock may be issued in series with a special initial dividend rate as hereinafter described (any such series, being referred to herein as "Special Common Stock"). No shares of Special Common Stock were outstanding on March 31, 1995.

Subject to the rights of holders of preferred stock of the Company, Cumulative Preferred Stock and Preference Stock, holders of Common Stock are entitled to receive such dividends as may be declared by the Board of Directors of the Company out of funds legally available therefor. Dividends on all series of Common Stock must have the same record and payment dates. No series of Common Stock may have preference over any other series as to the payment of dividends, but the amount of cash dividends paid may vary among series.



Under the terms of the Articles of Incorporation, the initial dividend rate on any Special Common Stock issued by the Company must be established by the Board of Directors of the Company at or before the issuance thereof at an annual rate greater than four times the last quarterly dividend paid on Common Stock which is not Special Common Stock (referred to herein as "Original Common Stock"). The initial dividend rate on any series of Special Common Stock offered by any Prospectus Supplement will be described in such Prospectus Supplement.

The initial dividend rate on each share of Special Common Stock must be reduced if the quarterly dividend on a share of Original Common Stock is reduced and on the same percentage basis. The initial dividend rate on each share of Special Common Stock must also be increased if the dividend on a share of Original Common Stock is increased and on the same percentage basis; provided that at no time may the dividend on a share of Special Common Stock of any series exceed the greater of (a) one-fourth of the initial annual dividend rate established at the time of issuance of any such share of Special Common Stock, or (b) the dividend rate concurrently being paid on each of the outstanding shares of Original Common Stock. Shares of Special Common Stock of any series will cease to be shares of Special Common Stock (and will thereafter be considered to be shares of Original Common Stock) at any time that the aggregate of all dividends paid during any fiscal year on shares of Special Common Stock of that series fails to exceed the aggregate of all dividends paid by the Company during such year on each share of Original Common Stock.

The Company is the transfer agent and registrar for the Common Stock.

#### CERTAIN PROVISIONS OF THE ARTICLES OF INCORPORATION AND BYLAWS

The Company's Articles of Incorporation contain provisions which require a super-majority vote of the holders of Common Stock in order for certain types of business combinations to be approved. These provisions are applicable to (a) any merger or consolidation of the Company with or into a dominant stockholder (as hereinafter defined) or any entity controlled by a dominant stockholder, (b) any merger of a dominant stockholder with or into the Company or any corporation controlled by or under common control with the Company, (c) any sale, lease, exchange or transfer of all or substantially all of the property and assets of the Company to a dominant stockholder or any entity controlled by or under common control with a dominant stockholder, (d) any purchase, lease, exchange, transfer or acquisition by the Company of all or substantially all of the property and assets of a dominant stockholder or any entity controlled by or under common control with a dominant stockholder, (e) any recapitalization of the Company that would have the effect of increasing the voting power of a dominant stockholder, and (f) any agreement, contract or other arrangement providing for any of the foregoing. The term "dominant stockholder" is defined as any person that, together with any affiliate or associate, beneficially owns in the aggregate 10% or more of the outstanding Common Stock of the Company.

The affirmative vote of not fewer than 85% of the outstanding shares of Common Stock must approve a business combination, unless (a) the Board of Directors of the Company has approved the business combination by the affirmative vote of (i) not fewer than 65% of its members if the business combination is approved in advance of the dominant stockholder becoming a dominant stockholder or the acquisition of shares of Common Stock that caused the dominant stockholder to become a dominant stockholder has been approved in advance, or (ii) not fewer than 85% of its members in all other circumstances, or (b) the Board of Directors of the Company by an affirmative vote of not fewer than 85% has determined that the cash or fair value of the properties, securities or other consideration to be received by the holders of Common Stock in the business combination is not less than the highest per share price paid by the dominant stockholder in acquiring any of its holdings of the Common Stock. These provisions may only be amended by an affirmative vote of 65% of the outstanding shares of the Company's Common Stock, unless there is a dominant stockholder at the time of the vote, in which event a vote of 85% of the outstanding shares of Common Stock is required.

California law permits corporations to limit or eliminate the personal liability of their directors in any action, including actions brought by the corporation or its shareholders for monetary damages for breach of a director's fiduciary duty of care. The duty of care requires that, when acting on behalf of the corporation, a director must act in good faith, in a manner such director believes to be in the best interests of the corporation

and its shareholders and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. As a result, the available relief to a corporation and its shareholders may be limited to equitable remedies such as injunction or rescission if a company indemnifies its directors to the fullest extent permitted by California law.

Article VIII of the Company's Articles of Incorporation and Bylaws limit the liability of directors of the Company to the Company or its shareholders (in their capacity as directors, but not in their capacity as officers) to the fullest extent permitted by California law. Specifically, directors of the Company are not personally liable to the Company or its shareholders for monetary damages for breach of a director's fiduciary duty as a director, except (a) on account of profits made in connection with a purchase or sale of securities in violation of Section 16(b) of the Exchange Act, (b) if a court of competent jurisdiction determines that indemnification is unlawful, (c) for acts or omissions involving intentional misconduct or knowing and culpable violations of law, (d) for acts or omissions that the director believed to be contrary to the best interests of the Company or its shareholders or that involve the absence of good faith on the part of the director, (e) for any transaction for which the director derived an improper benefit, (f) for acts or omissions that show a reckless disregard for the director's duty to the Company or its shareholders in circumstances in which the director was aware, or should have been aware, in the ordinary course of performing his or her duties, of a risk of serious injury to the Company or its shareholders, (g) for acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the director's duties to the corporation or its shareholders, (h) for liabilities arising out of transactions in which the director had a personal interest, (i) for the approval of distributions to the Company's shareholders in violation of California law, or (j) for the approval of the making by the Company of any loan of money or property to a director or officer of the Company or the guarantee of the obligations of any such director or officer in violation of California law. The inclusion of these provisions in the Company's Articles of Incorporation and Bylaws may have the effect of reducing the likelihood of litigation against directors of the Company, even though such an action, if successful, might otherwise have benefited the Company or its shareholders.

#### CERTAIN PROVISIONS OF STATE AND FEDERAL LAW

Arizona regulates certain business combinations by an "interested shareholder" of a public corporation if the public corporation (a) has issued securities under Section 12 of the Exchange Act, (b) has its principal place of business in the State of Arizona, (c) owns or controls assets located within the State of Arizona with a fair market value of at least one million dollars, and (d) has more than 500 employees in the State of Arizona. The Company believes that these provisions are currently applicable to the Company. A person becomes an interested shareholder under the Arizona business combination statute upon the acquisition of 10% or more of the outstanding voting shares of the public corporation. The term "business combination" is broadly defined to include not only acquisitions, but also restructuring transactions and transactions in which the interested shareholder, or its associates or affiliates, receive financial assistance or tax advantages from the public corporation. Business combinations must be approved by a majority of the members of a committee of disinterested directors in advance of the interested person becoming an interested person or the consummation of the business combination must be delayed for three years and the price to be paid must meet certain fair price criteria. The committee must consider the long term interests of the public corporation in connection with approving any such transaction. Additional restrictions are applicable to acquisitions of control of 20% or more of a public corporation's voting stock.

Under California law, if a tender offer or a written proposal for approval of a reorganization of a corporation or a sale of substantially all of its assets is made by an "interested party", an affirmative opinion in writing as to the fairness of the consideration to be received by the shareholders must be delivered to each shareholder. The term "interested party" means a person who is a party to the transaction and who (a) directly or indirectly controls the corporation that is the subject of the tender offer or proposal, (b) is, or is directly or indirectly controlled by, an officer or director of the corporation, or (c) is an entity in which a material financial interest is held by any director or executive officer.

No public utility or any of its affiliates may acquire any of the capital stock of a public utility organized under California law, without CPUC approval, if (a) the acquiror transacts business in California, or (b) the CPUC determines that CPUC approval is otherwise required by the public interest. In addition, a change in



control application must be filed with the CPUC in connection with any change in control of a public utility organized under California law. PSCN approval is also required prior to any proposed transfer of 15% or more of the common stock of a public utility doing business in Nevada.

No person may acquire 5% or more of the voting stock of a gas utility (other than by merger), without Commission approval, if such person owns 5% or more of the stock of another public utility or public utility holding company. A registered public utility holding company may not acquire any security of another gas utility without Commission approval, unless the transaction is exempt under the Public Utility Holding Company Act of 1935, as amended (the "PUHCA"), or the regulations promulgated thereunder. A person becomes a holding company required to be registered under PUHCA upon acquisition of 10% or more of the voting stock of a gas utility, unless the Commission determines that the person does not control the gas utility. The Commission may condition any such determination upon the applicant refraining from exercising voting rights, controlling proxies or designating officers or directors. The Commission may not approve the acquisition of securities of a gas utility unless it determines that the acquisition would tend toward the economical and efficient development of an integrated public utility system and would not be detrimental to investor interests. The Commission may also condition its approval of the acquisition of the securities of a gas utility upon a fair offer being made for the other securities of the utility.

In addition to being a gas utility, the Company is also a savings and loan holding company. No person may acquire control of a savings and loan holding company without the prior approval of the OTS, unless the transaction is exempt. A person is conclusively deemed to have obtained control of a savings and loan holding company if it (a) has acquired any combination of voting stock and irrevocable proxies representing more than 25% of any class of voting stock of the savings and loan holding company, or (b) controls in any manner the election of a majority of the directors of the savings and loan holding company or savings and loan association. A person who has acquired more than 10% of any class of voting stock of the savings and loan holding company may also be deemed to have control of the savings and loan holding company if certain control factors are present.

#### PLAN OF DISTRIBUTION

The Company may sell the Securities to one or more underwriters for public offering and sale by them or may sell the Securities to investors directly or through agents. Any such underwriter or agent involved in the offer and sale of Securities will be named in the applicable Prospectus Supplement. The Company has reserved the right to sell Securities directly to investors on its own behalf in those jurisdictions where and in such manner as it is authorized to do so.

Underwriters may offer and sell Securities at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. The Company also may offer and sell Securities in exchange for one or more of its outstanding issues of the Securities or other securities. The Company also may, from time to time, authorize dealers, acting as the Company's agents, to offer and sell Securities upon the terms and conditions as are set forth in the applicable Prospectus Supplement. In connection with the sale of Securities, underwriters may receive compensation from the Company in the form of underwriting discounts or commissions and may also receive commissions from purchasers of the Securities for whom they may act as agent. Underwriters may sell Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agent.

Any underwriting compensation paid by the Company to underwriters or agents in connection with the offering of Securities, and any discounts, concessions or commissions allowed by underwriters to participating dealers, will be set forth in the applicable Prospectus Supplement. Dealers and agents participating in the distribution of Securities may be deemed to be underwriters, and any discounts and commissions received by them and any profit realized by them on resale of the Securities may be deemed to be underwriting discounts and commissions. Underwriters, dealers and agents may be entitled, under agreements entered into with the Company, to indemnification against and contribution toward certain civil liabilities.

Securities may also be offered and sold, if so indicated in the Prospectus Supplement, in connection with a remarketing upon their purchase, in accordance with a redemption or repayment pursuant to their terms, or otherwise, by one or more firms ("remarketing firms"), acting as principals for their own accounts or as agents for the Company. Any remarketing firm will be identified and the terms of its agreement, if any, with the Company and its compensation will be described in the applicable Prospectus Supplement. Remarketing firms may be deemed to be underwriters in connection with the Securities remarketed thereby. Remarketing firms may be entitled under agreements which may be entered into with the Company to indemnification by the Company against certain liabilities, including liabilities under the Securities Act of 1933, and may be customers of, engage in transactions with or perform services for the Company in the ordinary course of business.

If so indicated in the Prospectus Supplement, the Company will authorize dealers acting as the Company's agents to solicit offers by certain institutions to purchase the Securities from the Company at the public offering price set forth in the applicable Prospectus Supplement pursuant to delayed delivery contracts ("Contracts") providing for payment and delivery on the date or dates stated in such Prospectus Supplement. Each Contract will be for an amount not less than, and the aggregate principal amount of the Securities sold pursuant to Contracts will be not less nor more than, the respective amounts stated in the applicable Prospectus Supplement. Institutions with whom Contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions but will in all cases be subject to the approval of the Company. Contracts will not be subject to any conditions except (a) the purchase by an institution of the Securities covered by its Contract may not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which such institution is subject, and (b) if the Securities are being sold to underwriters, the Company must have sold to such underwriters the total principal amount of such Securities less the principal amount thereof covered by Contracts.

#### LEGAL MATTERS

The validity of the Offered Securities will be passed upon for the Company by O'Melveny & Myers.

#### EXPERTS

The consolidated financial statements incorporated by reference in this Prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report included in the Annual Report on Form 10-K for the year ended December 31, 1994, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said report.

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NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION AND REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITERS. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE. THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS DO NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE REGISTERED SECURITIES TO WHICH THEY RELATE. THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS DO NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL.

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2,000,000 SHARES

[LOGO]

SOUTHWEST GAS  
CORPORATION

COMMON STOCK

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PROSPECTUS SUPPLEMENT

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PAINWEBBER INCORPORATED

DEAN WITTER REYNOLDS INC.

EDWARD D. JONES & CO.

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