

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE TO**

**Tender Offer Statement under Section 14(d)(1) or 13(e)(1)  
of the Securities Exchange Act of 1934  
(Amendment No. 12)**

**SOUTHWEST GAS HOLDINGS, INC.**

(Name of Subject Company)

IEP UTILITY HOLDINGS LLC  
ICAHN ENTERPRISES HOLDINGS L.P.  
ICAHN ENTERPRISES L.P.  
ICAHN ENTERPRISES G.P. INC.  
BECKTON CORP.

CARL C. ICAHN

(Names of Filing Persons) (Offerors)

**Common Stock, par value \$1.00 per share**  
(Title of Class of Securities)

844895102

(CUSIP Number of Class of Securities)

Jesse Lynn, Esq.

Icahn Enterprises L.P.

16690 Collins Avenue, Suite PH-1

Sunny Isles Beach, FL 33160

(305) 422-4100

(Name, Address, and Telephone Number of Person Authorized to Receive Notices and Communications on Behalf of Filing Persons)

**CALCULATION OF FILING FEE**

Transaction Valuation*	Amount of Filing Fee**
\$4,311,480,600.00	\$399,675

\* The calculation of the Transaction Valuation is based on 60,385,084 Shares outstanding as of October 29, 2021, as disclosed by Southwest Gas Holdings, Inc. in its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021, as filed with the Securities and Exchange Commission (the "SEC") on November 9, 2021. Estimated solely for purposes of calculating the filing fee pursuant to Rule 0-11(d) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Transaction Valuation reflects the product of (A) 57,486,408, which is the total number of shares of common stock, \$1.00 par value per share, of Southwest Gas Holdings, Inc. outstanding (the "Shares"), which are not beneficially owned by affiliates of IEP Utility Holdings LLC (calculated as the difference between 60,385,084, the total number of outstanding Shares, and 2,898,676, the number of Shares that are beneficially owned by affiliates of IEP Utility Holdings LLC) and (B) \$75.00, which is the per Share tender offer price.

\*\* The amount of the filing fee was calculated in accordance with Rule 0-11 of the Exchange Act and Fee Rate Advisory # 1 for Fiscal Year 2022 issued by the SEC, by multiplying the Transaction Valuation by 0.0000927.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$399,675  
Form of Registration No.: Schedule TO

Filing Party: IEP Utility Holdings LLC  
Date Filed: October 27, 2021

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1  
 issuer tender offer subject to Rule 13e-4  
 going-private transaction subject to Rule 13e-3  
 amendment to Schedule 13D under Rule 13d-2

Check the following box if the filing is a final amendment reporting the results of the tender offer.

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

- Rule 13e-4(i) (Cross-Border Issuer Tender Offer)  
 Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

This Amendment No. 12 (this "Amendment") amends and supplements the Tender Offer Statement on Schedule TO, originally filed with the Securities and Exchange Commission (the "SEC") on October 27, 2021 (as hereby amended and supplemented and together with any subsequent amendments and supplements thereto, this "Schedule TO"), which relates to the tender offer by IEP Utility Holdings LLC, a Delaware limited liability company (the "Offeror"), to purchase any and all of the issued and outstanding shares of the common stock, par value \$1.00 per share (the "Common Stock"), of Southwest Gas Holdings, Inc., a Delaware corporation (the "Company" or "Southwest Gas"), including the associated rights issued pursuant to the Rights Agreement, dated October 10, 2021 (as it may be amended from time to time, the "Rights Agreement"), between the Company and Equiniti Trust Company, as rights agent, that are issued and outstanding (the "Rights" and, together with the Common Stock, the "Shares"), for \$75.00 per Share in cash, without interest, less any applicable withholding taxes (the "Offer Price"), upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 27, 2021 (the "Offer to Purchase"), the related letter of transmittal (the "Letter of Transmittal"), the Notice of Guaranteed Delivery (the "Notice of Guaranteed Delivery"), and the Supplement to the Offer to Purchase (Exhibit (a)(1)(T)) which, together with the Offer to Purchase, the Letter of Transmittal and the other related materials, as each may be amended or supplemented from time to time, constitutes the "Offer").

This Amendment is being filed to amend and supplement the Schedule TO. Except as amended hereby to the extent specifically provided herein, all terms of the Offer and all other disclosures set forth in the Schedule TO and the Exhibits thereto remain unchanged and are hereby expressly incorporated into this Amendment by reference. Capitalized terms used and not otherwise defined in this Amendment shall have the meanings assigned to such terms in the Schedule TO and the Offer to Purchase.

The Schedule TO is hereby amended and supplemented as follows:

**Item 12. Exhibits.**

Item 12 of the Schedule TO is hereby amended and supplemented by adding the following exhibits thereto:

<u>Exhibit Number</u>	<u>Exhibit</u>
(a)(1)(U)	Presentation of Icahn Enterprises L.P. regarding Southwest Gas Holdings, Inc., dated December 15, 2021 (filed herewith)
(a)(1)(V)	Presentation of Icahn Enterprises L.P. regarding Southwest Gas Holdings, Inc., dated December 15, 2021 (filed herewith)

**SIGNATURES**

After due inquiry and to the best knowledge and belief of the undersigned, each of the undersigned certify that the information set forth in this statement is true, complete and correct.

Date: December 15, 2021

**IEP UTILITY HOLDINGS LLC**

By: /s/ Ted Papapostolou  
Name: Ted Papapostolou  
Title: Chief Financial Officer

**ICAHN ENTERPRISES HOLDINGS L.P.**

By: Icahn Enterprises G.P. Inc., its general partner

By: /s/ Ted Papapostolou  
Name: Ted Papapostolou  
Title: Chief Financial Officer

**ICAHN ENTERPRISES L.P.**

By: Icahn Enterprises G.P. Inc., its general partner

By: /s/ Ted Papapostolou  
Name: Ted Papapostolou  
Title: Chief Financial Officer

**ICAHN ENTERPRISES G.P. INC.**

By: /s/ Ted Papapostolou  
Name: Ted Papapostolou  
Title: Chief Financial Officer

**BECKTON CORP.**

By: /s/ Irene March  
Name: Irene March  
Title: Vice President

/s/ Carl C. Icahn  
Carl C. Icahn

ICAHN  
ENTERPRISES  
L.P.

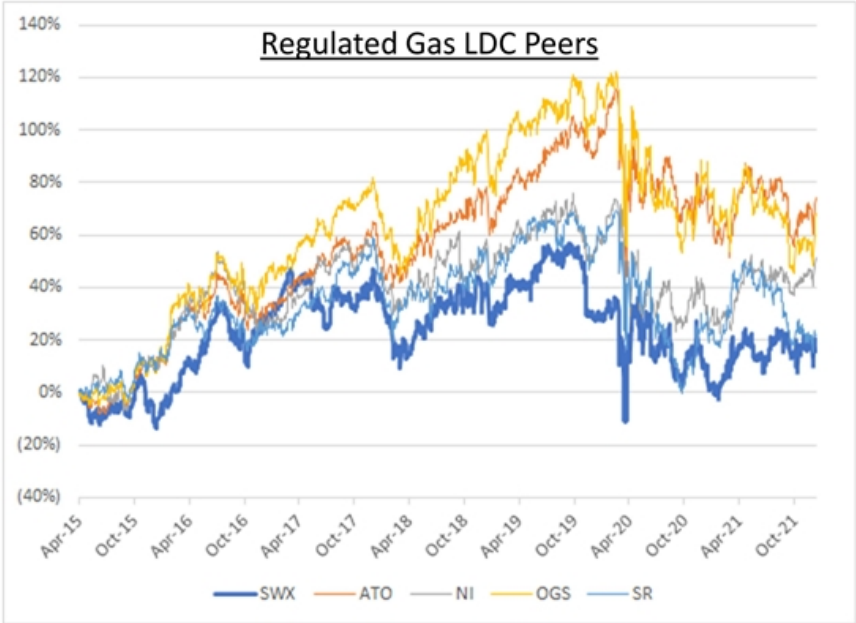
# **Southwest Gas Holdings, Inc. (“SWX”)**

**New Board Plan**

**December 2021**

# Management Plan: Long-Term Share Price Underperformance

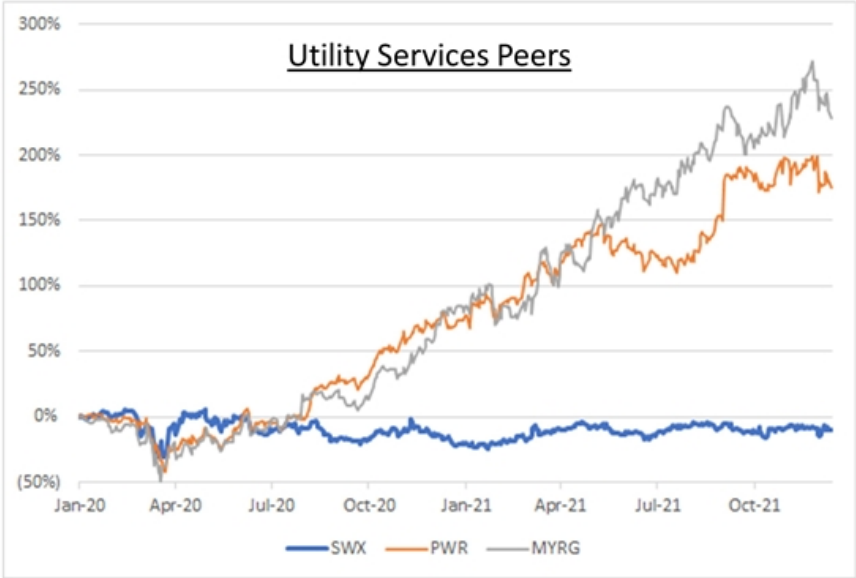
SINCE HESTER BECAME CEO, SWX'S SHARE PRICE MATERIALLY UNDERPERFORMED PEERS.



Note: As of 12/13/21.

# Management Plan: Long-Term Share Price Underperformance

**EVEN MORE SHOCKING WHEN CONSIDERING PERFORMANCE OF UTILITY SERVICES PEERS!**



Note: As of 12/13/21.

# Management Plan: M&A Diversification

WE BELIEVE THE BOARD AND MANAGEMENT ARE INTENTIONALLY RUNNING A COUNTER-TREND M&A DIVERSIFICATION STRATEGY TO DISTRACT FROM OPERATIONAL UNDERPERFORMANCE.

Industry Trend is to Simplify by Selling Non-Core Assets. SWX is Pursing a Conglomerate Structure of Unrelated Assets.

Buyers



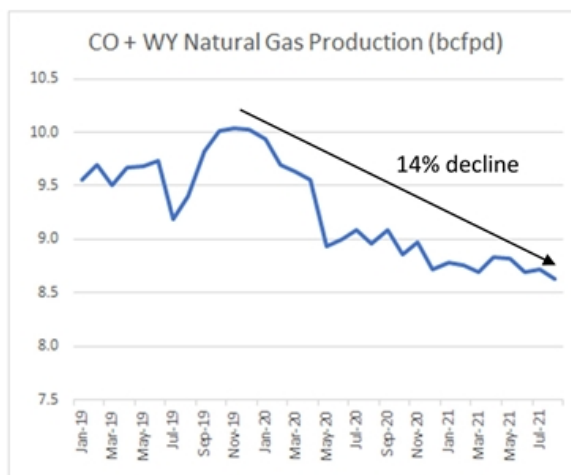
Sellers



## Management Plan: Questar Pipelines Deal

**OVER-PRICED, UNDER-THOUGHT, NO SYNERGIES, DILUTIVE TO GROWTH (AND SOMEHOW MAYBE EVEN TO EPS). THE QUESTAR DEAL IS SIMPLY A DISASTER.**

- **Why pay \$300M more than Warren Buffet?** He had so many synergies that his deal was blocked. SWX is going to have to increase costs.
- **Where is the shareholder vote?** The 100% temporary debt-financing effectively forces >25% dilution on shareholders for maybe a few pennies of EPS with **NO VOTE**.
- **Why dilute the long-term business growth?** Adding a long-haul natural gas pipeline fed by declining natural gas production in Pinedale and Piceance basins dilutes the growth of the regulated utility and services division. If volumes in the basin decline, eventually the pipeline's earnings will drop.
- **Why issue stock at 1x rate base to buy an asset at 2x rate base?** This defies modern finance. Especially since Questar Pipeline's profits don't grow<sup>(1)</sup>.
- **Why leak a deal if you don't listen to shareholders?** SWX stock fell ~8% the next morning and they just did it anyway.



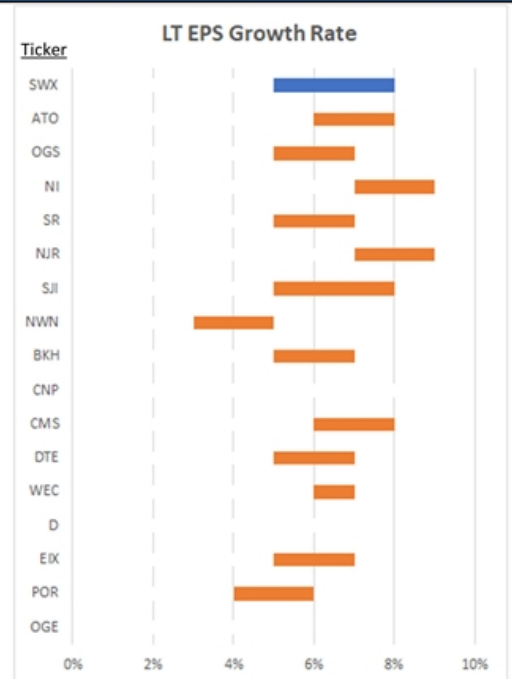
(1) As per SWX presentation dated 10/5/21 EBITDA of \$185M/\$186M/\$182M/\$182M in 2018-2021E.



## Management Plan: Acquisitions Without Accretion

### MANAGEMENT'S RECENT 5-8% EPS GROWTH GUIDANCE IS WITHIN INDUSTRY NORMS. WHAT HAPPENED TO THE ACCRETION FROM THE LAST TWO LARGE DEALS?

- In a little over 3 months, SWX purchased two companies totaling \$2.8 billion in value vs. a current market cap of ~\$4 billion. The acquisitions seem to have added no EPS growth incremental to industry norms
- 06/29/21: Riggs Distler. \$855M deal value
  - “Expected to be Accretive to Southwest Gas Holdings’ Earnings in the First Full Year of Ownership”
- 10/05/21: Questar Pipeline. \$1,975M deal value
  - “Transaction Expected to be Accretive to Earnings Per Share in 2022”



## Management Plan: Credit Rating Downgrades

### DEBT-HEAVY ACQUISITIONS IN NON-REGULATED INDUSTRIES HAVE LED TO CREDIT RATING DOWNGRADES.

Moody's 01/29/21	<i>"The utility's <b>CFO pre-W/C to debt ratio has fallen from 20% in 2017 to below 15%</b> in both 2019 and 2020, and we do not expect it to recover materially in coming years"</i>
Fitch 06/29/21	<i>"SWX's Negative Outlook reflects the <b>increased business risk</b> due to a large unregulated transaction and <b>higher projected consolidated leverage</b> following completion of the transaction"</i>
S&P 08/27/21	<i>"The downgrade in part reflects the <b>additional leverage</b> SWX took on to fund the transaction"  <i>"The downgrade also reflects the <b>increase in the company's business risk</b> given the disproportionate expansion in SWX's higher-risk, nonutility construction operations"</i></i>
Fitch 10/06/21	<i>"Fitch projects FFO leverage following the acquisition of Questar to increase further and stay in the 4.9x-5.2x range through 2023, above the negative sensitivity threshold of 4.5x. <b>The leverage is also above Fitch's previous expectations of 4.6x-4.8x following the acquisition of Riggs Distler</b> infrastructure service business this summer, which resulted in the Outlook revision to Negative from Stable"  <i>"In addition, the transaction contemplates <b>adding holding company debt</b> to the capital structure and based on the proposed deal financing parent debt would increase to about 15% of the total debt"</i></i>

Note: Emphasis added.

## Management Plan: Perpetual “Optionality” Without Accountability

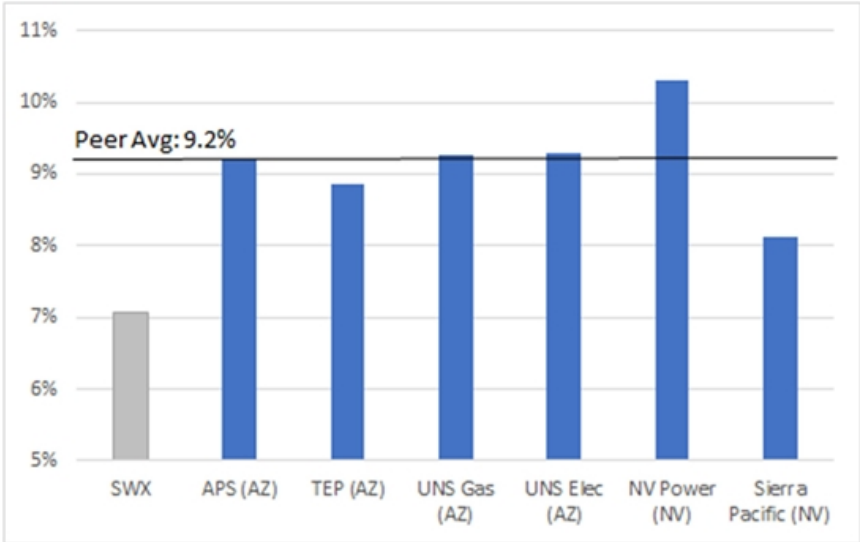
MANAGEMENT HAS BEEN TALKING ABOUT “OPTIONALITY” AT CENTURI SINCE 2014.  
WE BELIEVE THEY WILL CONTINUE TALKING AND NOTHING MORE.

- 2Q14 Earnings Call:
  - Analyst: “are you being approached by any private equity or any other type of bankers regarding doing something creative with that business”
  - Prior CEO: “And we think that will increase the optionality for the Board as time goes forward”
- 1Q17 Earnings Call:
  - Analyst: “Okay. Then from a bigger picture perspective, is there anymore – any update on the thinking to perhaps separating Centuri from Southwest in any way?”
  - CEO: “And as we see that business continue to grow, we’ll continue to evaluate the prospects for doing other things with it in the future”
- 2018 Analyst Day:
  - CEO: “As the business continues to grow, we believe that, that does tend to incrementally increase what we would call its optionality is the possibility of having a publicly traded equity like you say – like you suggest, a possibility some time down the road. I would say, certainly, that is a possibility”
- Riggs Distler M&A Call (June 2021):
  - CEO: “In summary, the acquisition provides greater scale, long-term growth and strategic optionality”
  - CEO: “So while it does increase the optionality for Centuri looking down the line, we think it’s a good partner and we plan on keeping it and continuing to grow”

# Opportunity: Improve Return on Equity (“ROE”)

**SWX HAS THE LOWEST ROE OF UTILITIES IN ARIZONA AND NEVADA. THERE IS NO JUSTIFICATION EXCEPT FOR MANAGEMENT.**

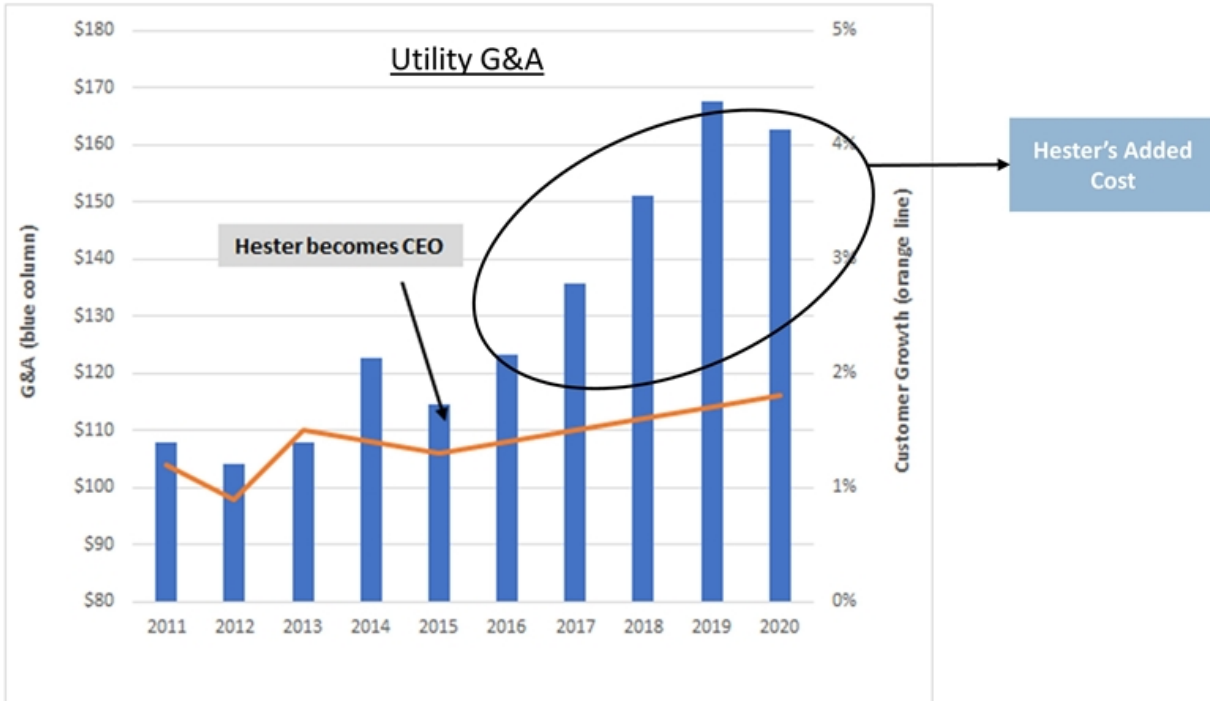
AZ & NV 2020 Utility ROEs<sup>(1)</sup>



(1) SWX adjusted for excess COLI income. Unadjusted ROE of 7.5% as per SWX.

## Opportunity: Reduce General and Administrative Costs

G&A HAS GROWN 42% SINCE HESTER BECAME CEO. THIS SEEMS HIGH!  
SOME IS LIKELY LEGITIMATE BUT...



## Opportunity: Stop Inappropriate Expenses

OVER MULTIPLE YEARS, NEVADA STAFF FOUND THAT SWX WAS TRYING TO PASS ON MANICURES, GOLF MEMBERSHIPS AND A MILLION-DOLLAR HOME TO CUSTOMERS...

*“Staff believes SWG needs to change its culture to be a better steward of ratepayer money, which begins by holding SWG’s Senior Executives accountable for the including of such invoices, costs and expenditures without thorough and proper vetting.”*

*“Nevada ratepayers should not be asked to pay for the cost of a District Manager to live in a million-dollar home”*

*“Staff also found expenditures associated with bartender costs, a golf course membership”*

*“SWG Board of Director having a manicure and pedicure and billing ratepayers”*

*“The Work Order for the purchase of the CEO office furniture is 0057W0004777 and the total amount is \$120,449.71”*

*“SWG Senior Executives incurring a dinner tab in excess of \$4,700”*

*“SWG should not have performed the remodel in its existing headquarters since a new Executive Board Room will be constructed at the new SWG headquarters building on Durango – and SWG’s ratepayers should not pay twice for Executive Board rooms.”*

**Source: State of Nevada Public Utilities Commission filings (2018-2020).**

# Opportunity: Long-Term Cost Improvement

SWX'S OPEX PER CUSTOMER IS FAR FROM INDUSTRY LEADERS.

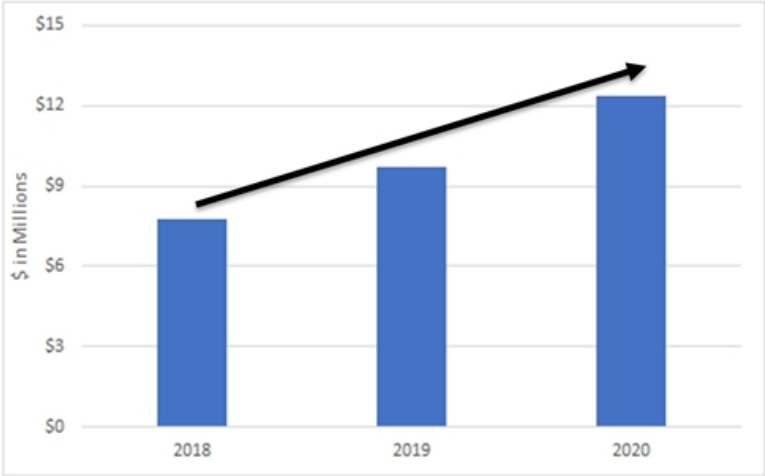


(1) Excludes Fuel Costs, Depreciation and Amortization and Taxes Other Than Income.

# Opportunity: Compensation For Performance (Not for Getting Bigger)

... AND MANAGEMENT HAS DECIDED TO PAY THEMSELVES MORE. COMPENSATION INCREASED 25% AND 27% IN 2019 AND 2020. CEO HESTER WAS PAID \$6.5M IN 2020.

NEO Compensation<sup>(1)</sup>



(1) Excludes "Change in Pension Value and Non-Qualified Deferred Compensation."



## New Board Plan: Experienced Director Slate

### EXPERIENCED. QUALIFIED. DIVERSE.

- Ten new directors including former Chairs, CEOs, CFOs, EVPs, GMs, MDs, FERC and State Regulatory Commissioners
- At least three nominees are qualified to be an interim or permanent CEO
- The two IEP nominees already serve on another utility board
- Potential for all or majority of Board leadership roles to be held by diverse candidates

Name	Not Related	Utility/Reg	Relevant Experience
	to IEP	Exper.	
Nora Brownell	X	X	Former Chair of PG&E, Former Commissioner at FERC and Pennsylvania PUC
Marcie Edwards	X	X	Former GM of LADWP
Drew Evans	X	X	Former CFO of SO. Former CEO/CFO of AGL Resources
Russell Frisby	X	X	Partner at Stinson. Former Director at Pepco Holdings and Chairman of Maryland PSC
Walter Higgins	X	X	Former Chair of SJI. Former Chair and CEO of Sierra Pacific Resources
Rina Joshi	X		Former MD at Apollo and PointState. Founder at Female Empowerment Non-Profit
Hank Linginfelter	X	X	Former EVP at Southern Company Gas
Jesse Lynn			Current Director at FE. GC at IEP
Ruby Sharma	X		Former Partner at E&Y Board Governance practice
Andrew Teno			Current Director at FE. Portfolio Manager at Icahn Capital

## **New Board Plan: Independent Directors**

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**EIGHT OF THE TEN DIRECTOR NOMINEES ARE INDEPENDENT OF IEP.**

- **No prior affiliation or overlapping Boards with IEP**
- **No compensation agreements with IEP**
- **All ten of the directors will be fiduciaries to SWX stockholders**
- **The new Board plan described herein has been discussed but will ultimately be determined by the elected directors**

## **New Board Plan: Commitment to Safety**

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**THERE IS NO HIGHER PRIORITY THAN THE SAFETY OF OUR CUSTOMERS,  
OUR EMPLOYEES AND THE PUBLIC.**

- **Our directors would commit to maintaining existing safety practices (at a minimum) and would bring their combined expertise to ensure that SWG is doing all that it can to maintain the integrity of the distribution system and safety of employees**
- **Our directors would look to hire an independent firm to perform an audit of existing safety practices (paid for by SWX, not SWG) and make any suggested improvements**
- **Our directors would commit to best practices regarding reduction of fugitive methane emissions**

## New Board Plan: First 100 Days

**HIRE ADVISORS TO EXPLORE BEST PATHS TO UNLOCK VALUE AT SERVICES AND PIPELINE.  
NEW OVERSIGHT TO BEGIN TURNAROUND AT UTILITY.**

### SWX Corporate

- Interim CEO selection (if needed)
- Evaluation and retention of existing senior management
- Add AZ director to Board
- Select Board leadership
- Four segment financials
- Segment EBITDA guidance, adj EPS (including addback of intangibles and adj. COLI income)
- No acquisitions
- Evaluate tender offer and poison pill

### Utility

- Meet and listen to regulators & customers
- Establish operational improvement committee
- Evaluate every aspect of operations to bring performance to first quartile
- Hire auditors to examine and refund any past inappropriate expenses
- Interview minority candidates for all roles
- Evaluate utility managers to retain expertise and ensure no disruption
- Hire counsel for Driscopipe® 8000 recovery

### Services

- Retain existing management team
- Hire advisor to explore best path to unlock sum-of-the parts value (spin-off, IPO, sale, combination)
- Begin search process for new board members to augment growth profile

### Pipeline

- Stabilize operations post acquisition
- Hire advisors to explore strategic fit. Likely sale/combination

# New Board Plan: Long-Term Plan

## THREE ENTIRELY SEPARATE COMPANIES WITH OPTIMIZED BALANCE SHEETS TO MAXIMIZE GROWTH AND FOCUS.

### SWX Corporate

- Paydown holdco debt
- Cash buffer for renewable natural gas and green hydrogen investments

### Utility

- Install new leadership where appropriate
- Implement industry best practices
- Grow rate base and optimize cost structure to achieve peer level ROEs
- Develop collaborative relationship with regulators
- Benefit from ~2% customer growth and modern plastic pipeline system for energy transition

### Services

- Standalone entity for maximum growth and focus
- New Board of Directors
- Tuck-in M&A to expand into underpenetrated domestic markets

### Pipeline

- Likely sale to party with synergies and scale

## New Board Plan: Improve the Balance Sheet

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**IF SWX MONETIZED ITS SOON TO BE ACQUIRED PIPELINE UNIT AND ITS SERVICES UNIT ("CENTURI"), WE ESTIMATE IT COULD RETIRE ALL HOLDCO DEBT AND HAVE \$1.1-\$2.6 BILLION OF CASH TO FUTURE PROOF THE BUSINESS.**

- **Management's plan includes completing the Questar Pipeline deal and adding \$600 million of debt at the SWX holding company**
- **We believe our Director slate would likely explore a monetization of both Questar Pipelines and Centuri**
- **Assuming a sale of Questar at \$1.6 billion and 20% IPO of Centuri, we believe SWX could repay any holdco debt, leaving \$1.1 billion of excess cash to be used as a cushion to fund a combination of accelerated green investments and shareholder returns<sup>(1)</sup>**
- **Assuming a sale of Questar at \$1.6 billion and 100% monetization of Centuri (after-taxes), we believe SWX could repay any holdco debt, leaving \$2.6 billion of excess cash to be used as a cushion to fund a combination of accelerated green investments and shareholder returns<sup>(1)</sup>**

<sup>(1)</sup> See Appendix for calculations.

## New Board Plan: Utility Improvements

### FRESH EYES, INDUSTRY BEST PRACTICES AND CONTINUOUS IMPROVEMENT.

- **Why did G&A increase 42% since Hester became CEO?**
- **With ~2% customer growth, why is OPEX per customer not declining?**
- **How does adding holdco leverage, declining credit ratings and non-core assets increase the investment capacity and flexibility at the utility?**
- **Is there a continuous improvement program with metrics and scorecards driven on a monthly basis to make sure that efficiencies are being achieved?**
- **Are they using GIS-enabled field dispatching to improve customer service and efficiencies?**
- **Have they explored cooperating with the local electric and water utilities to jointly conduct Locate Services?**
- **Does SWX ever make external leadership hires (or strictly internal promotions)?**
- **How did they spend \$174M on an IT system?**
- **Have they conducted a thorough evaluation of capital required to add new customers including sufficient “contributions in aid of construction from developers?”**
- **Is the affiliate relationship with Centuri bringing appropriate value to utility customers?**
- **Considering past product defects (Driscopipe® 8000) is SWX still purchasing product from the legacy supplier and has SWX and/or customers received any compensation?**

## New Board Plan vs. Management Plan

NEW DIRECTORS COULD UNLOCK THE VALUE INHERENT IN SWX'S HIGH POTENTIAL ASSET BASE.

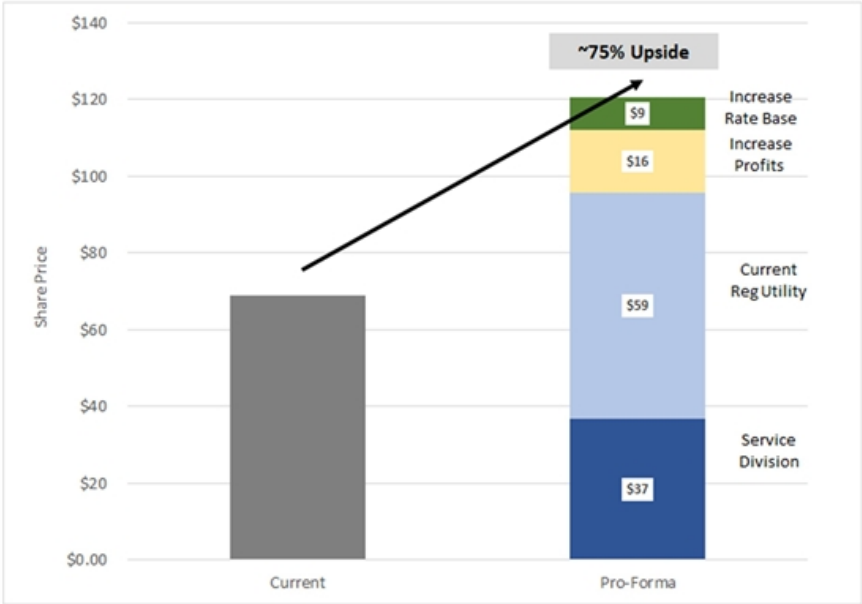
	Management Plan	New Board Plan
Corporate Status	Conglomerate	Stand-alone entities
Credit Ratings	Downgrades	Upgrades
Areas for Investment	Long-haul natural gas pipelines in new states	Green hydrogen and renewable natural gas
EPS Growth	5-8%	> 8% <sup>(1)</sup>
Clarity	<i>"we've been a little busy"</i>	Four segment with EBITDA, net income and adj net income with addbacks for amortization of intangibles and COLI income
Accountability	Increasing executive compensation	Pay for performance
Governance	Adopt Poison pills Over-tenured directors	New Board with significant operational experience

(1) See Appendix for calculations.



# Value Creation Potential

**IF SHAREHOLDERS ACT, SIGNIFICANT SHARE PRICE APPRECIATION IS POSSIBLE. IF WE DO NOT, CONTINUED HIGH-RISK LOW-RETURN ACTIONS WILL INEVITABLY LEAD TO CALAMITY.**



(1) See Appendix for supporting calculations

## Appendix: IEP & FirstEnergy (“FE”) Case Study

- 02/18/21: FE announced that IEP was a shareholder
- 03/16/21: FE announced that two Icahn executives (the same two nominated at SWX) have joined the Board. There was no public dispute
- Since our involvement, FE sold a 20% stake in a business unit at record valuations, raised \$1B of equity at a premium to market, signed a deferred prosecution agreement, agreed to \$306M of customer refunds, received multiple credit rating upgrades, and increased capital spending. There have been no job reduction programs

“[CEO] Strah said he has a good, productive and constructive relationship with two board members associated with Icahn”  
- Akron Beacon Journal as of 12/6/21



## Appendix: Selling Non-Utility Assets Improves Balance Sheet

Questar Sale			Centuri Sale		
Questar Pipeline Deal Value	1,975		Centuri EBITDA	325	
(-) Estimated Overpayment	300		EV / EBITDA	12.0x	
Estimated Questar Value	1,675		Enterprise Valuation	3,900	3,900
(-) Questar Operating Company Debt	430		(-) YE21 Net Debt & Minority Interest	1,306	1,306
Proceeds	1,245		Equity value	2,594	2,594
			% Sold	20%	100%
			Proceeds	519	2,594
			(-) Questar Pipeline Loss		300
			Taxable Gain		2,294
			Tax Rate		21%
			Taxes		545
			Pre-tax \$ Raised		2,594
			Taxes		545
			Proceeds		2,049
<b>Questar + Centuri Proceeds</b>					
% Centuri Sold	20%	100%			
Centuri	519	2,049			
Questar	1,245	1,245			
Total Proceeds	1,764	3,294			
Deal Costs (3%)	53	99			
Proceeds Post Costs	1,711	3,195			
HoldCo Debt Remaining	600	600			
Remaining Cash	1,111	2,595			

(1) \$1.6 billion of committed deal financing adjusted for \$1 billion of future "equity and equity-linked" implies \$600M of holdco debt financing as per SWX financing plan released on 10/5/21.

## Appendix: LT EPS Growth Calcs

- SWX provided guidance of 5-8% EPS growth in 2022 and 2023. However, we believe there is potential for growth to > 8% annually over next 3 years
- Improving profitability in the existing operations (cost control + improving regulatory relationships) could deliver \$0.85 of EPS. Working with regulators to move already spent capital expenditure into rate base could deliver \$0.45 of EPS

EPS Growth from ROE Improvement					\$0.85	
EPS Growth from Yet to be Approved CAPEX					\$0.45	
Total EPS Growth					\$1.30	
Years to Achieve					3	
EPS Improvement					\$0.43	
		<u>LTM</u>	<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>CAGR</u>
LTM Utility EPS		\$3.13	\$3.56	\$3.99	\$4.42	12%
Increase per share			\$0.43	\$0.43	\$0.43	

(1) LTM Utility EPS of \$182M and 58.2M shares as per SWX 3Q21 10-Q filing.

(2) EPS growth from ROE Improvement and EPS growth from yet to be Approved CAPEX in subsequent slides.

## Appendix: Calculations for Potential SWX Share Price Upside

- SWX's regulated utility peers, Atmos Energy (NYSE: ATO), NiSource (NYSE:NI) and ONE Gas (NYSE: OGS) currently trade at an average multiple of 19.2x earnings per share. If SWX's utility operations were valued at the same multiple that implies a \$59 share price

Utility Upside			
	'21 P/E		
ATO	19.1x	Est. 2021 Utility EPS	\$3.07
NI	19.4x	P/E	19.2x
OGS	19.0x	<b>Implied Utility Share Price</b>	<b>\$59</b>
Avg:	19.2x		

- We also believe that SWX's services business alone could be worth \$37 per share considering its two most comparable peers, Quanta Services (NYSE: PWR) and MYR Group (NASDAQ: MYRG) trade at an average multiple of 11x their respective enterprise value to EBITDA ratio (referred to as EV/E). Applying this same multiple to SWX's services EBITDA implies a value of \$37 per share

Services Upside			
	'22 EV/E	LTM 1H21 EBITDA	\$294
PWR	12.1x	Est. Growth	8%
MYRG	9.8x	2022 EBITDA	\$318
Avg:	11.0x	Peer EV / E	11.0x
		Implied Value	\$3,479
		(-) YE21 Net Debt	\$1,100
		(-) Min. Interest	\$184
		Equity Value	\$2,196
		Shares	60
		<b>Share price</b>	<b>\$37</b>

## Appendix: Calculations for Potential SWX Share Price Upside

- We believe there is the potential for an additional \$16 per share in increased profits and an additional \$9 per share through increases in rate base

ROE Improvement		Yet to Be Approved CAPEX (COYL/VSP/CDMI) <sup>(3)</sup>	
Actual ROE	7.1%	Missing Capital <sup>(4)</sup>	\$570
Allowed ROE <sup>(1)</sup>	9.4%	Equity % <sup>(5)</sup>	50%
Increase	2.3%	Equity Base	\$285
Utility Book Value	\$2,233	Allowed ROE <sup>(1)</sup>	9.4%
Increase in Net Income	\$51	Earnings	\$27
Shares	60	Shares	60
EPS	\$0.85	EPS	\$0.45
Peer P/E <sup>(2)</sup>	19.2x	Peer P/E <sup>(2)</sup>	19.2x
<b>Increase in Share Price</b>	<b>\$16</b>	<b>Increase in Share Price</b>	<b>\$9</b>

(1) SWX's 2020 ROE adjusted for COLI income was 7.1% (7.5% unadjusted). \$16 per share assumes that earnings increase to its regulatory allowed earnings of 9.4%. We believe this increase could be possible by implementing operational changes and improving relationships with regulators

(2) Refers to price to earnings ratio of comparable peers

(3) Refers to the Customer-owned Yard Line ("COYL") program, Vintage Steel Pipe ("VSP") program and Customer Data Modernization Initiative ("CDMI")

(4) "Missing Capital" refers to capital expenditures where the funds have already been spent by SWX but the regulators have not approved including the capital expenditures in the Company's rate base. For details on Missing Capital see subsequent page

(5) As disclosed by SWX, regulators have approved an average equity ratio of ~50%. SWX is allowed to earn its allowed ROE on its Equity Base

## Appendix: Calculations for Potential SWX Share Price Upside

- Details as to “Yet to be Approved CAPEX” or “Missing Capital” are below
- Capital expenditures must be approved by regulators to be included in SWX’s utility rate base

Missing Capital			
Type	Amount	Source	
VSP (Suspended Feb 2020 Filing)	\$218	AZ Docket No G-01551A-19-0055. Dated 05/28/21. re: Vintage Steel Pipe. Pg 8	
VSP (VSP Aug 1 19 to Dec 31 20)	\$90	AZ Docket No G-01551A-19-0055. Dated 05/28/21. re: Vintage Steel Pipe. Pg 8	
COYL (February 2020)	\$82	AZ Docket No G-01551A-19-0055. Dated 05/28/21 re: Customer Owned Yard Line. Pg 5	
COYL (February 2021)	\$93	AZ Docket No G-01551A-19-0055. Dated 05/28/21 re: Customer Owned Yard Line. Pg 5	
CDMI Total	\$174	AZ Docket No G-01551A-19-0064. Dated 03/29/19 re: CDMI. Pg 5	
CDMI OPEX	(\$24)	AZ Docket No G-01551A-19-0064. Dated 12/13/19 re: CDMI. Pg 9	
Haircut	(\$63)	Based on IEP's estimate that regulators will make reductions to requested expenditures	
	\$570		

## Additional Information; Participants in the Solicitation

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### Additional Information and Where to Find It; Participants in the Solicitation and Notice to Investors

SECURITY HOLDERS ARE ADVISED TO READ THE PROXY STATEMENT AND OTHER DOCUMENTS RELATED TO THE SOLICITATION OF PROXIES BY CARL C. ICAHN AND HIS AFFILIATES FROM THE STOCKHOLDERS OF SOUTHWEST GAS HOLDINGS, INC. ("SOUTHWEST GAS", "SWX" or the "COMPANY") FOR USE AT THE ANNUAL MEETING OF STOCKHOLDERS OF SOUTHWEST GAS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION, INCLUDING INFORMATION RELATING TO THE PARTICIPANTS IN SUCH PROXY SOLICITATION. WHEN COMPLETED, A DEFINITIVE PROXY STATEMENT AND A FORM OF PROXY WILL BE MAILED TO STOCKHOLDERS OF SOUTHWEST GAS AND WILL ALSO BE AVAILABLE AT NO CHARGE AT THE SECURITIES AND EXCHANGE COMMISSION'S ("SEC") WEBSITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). INFORMATION RELATING TO THE PARTICIPANTS IN SUCH PROXY SOLICITATION IS CONTAINED IN THE SCHEDULE 14A FILED BY CARL C. ICAHN AND HIS AFFILIATES WITH THE SEC ON DECEMBER 15, 2021. EXCEPT AS OTHERWISE DISCLOSED IN THE SCHEDULE 14A, THE PARTICIPANTS HAVE NO INTEREST IN SOUTHWEST GAS.

THE SOLICITATION DISCUSSED HEREIN RELATES TO THE SOLICITATION OF PROXIES FOR USE AT THE 2022 ANNUAL MEETING OF STOCKHOLDERS OF SOUTHWEST GAS HOLDINGS.

THIS COMMUNICATION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A RECOMMENDATION, AN OFFER TO PURCHASE OR A SOLICITATION OF AN OFFER TO SELL SHARES. IEP UTILITY HOLDINGS LLC, AN AFFILIATE OF ICAHN ENTERPRISES, FILED A TENDER OFFER STATEMENT AND RELATED EXHIBITS WITH THE SEC ON OCTOBER 27, 2021. SOUTHWEST GAS FILED A SOLICITATION/RECOMMENDATION STATEMENT WITH RESPECT TO THE TENDER OFFER WITH THE SEC ON NOVEMBER 9, 2021. STOCKHOLDERS OF SOUTHWEST GAS ARE STRONGLY ADVISED TO READ THE TENDER OFFER STATEMENT (INCLUDING THE RELATED EXHIBITS) AND THE SOLICITATION/RECOMMENDATION STATEMENT, AS THEY MAY BE AMENDED FROM TIME TO TIME, BECAUSE THEY CONTAIN IMPORTANT INFORMATION THAT STOCKHOLDERS SHOULD CONSIDER BEFORE MAKING ANY DECISION REGARDING TENDERING THEIR SHARES. THE TENDER OFFER STATEMENT (INCLUDING THE RELATED EXHIBITS) AND THE SOLICITATION/RECOMMENDATION STATEMENT ARE AVAILABLE AT NO CHARGE ON THE SEC'S WEBSITE AT [WWW.SEC.GOV](http://www.sec.gov). THE TENDER OFFER STATEMENT AND OTHER DOCUMENTS THAT ARE FILED BY IEP UTILITY HOLDINGS LLC WITH THE SEC WILL BE MADE AVAILABLE TO ALL STOCKHOLDERS OF SOUTHWEST GAS FREE OF CHARGE UPON REQUEST TO THE INFORMATION AGENT FOR THE TENDER OFFER. THE INFORMATION AGENT FOR THE TENDER OFFER IS HARKINS KOVLER, LLC, 3 COLUMBUS CIRCLE, 15TH FLOOR, NEW YORK, NY 10019, TOLL-FREE TELEPHONE: +1 (800) 326-5997, EMAIL: [SWX@HARKINSKOVLER.COM](mailto:SWX@HARKINSKOVLER.COM).



## Forward-Looking Statements; Special Note Regarding Presentation

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### **Forward-Looking Statements**

Certain statements contained in this presentation are forward-looking statements including, but not limited to, statements that are predicated on or indicate future events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties. Forward-looking statements are not guarantees of future performance or activities and are subject to many risks and uncertainties. Due to such risks and uncertainties, actual events or results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Forward-looking statements can be identified by the use of the future tense or other forward-looking words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “should,” “may,” “will,” “objective,” “projection,” “forecast,” “management believes,” “continue,” “strategy,” “position” or the negative of those terms or other variations of them or by comparable terminology. Important factors that could cause actual results to differ materially from the expectations set forth in this presentation include, among other things, the factors identified in the public filings of Southwest Gas. Such forward-looking statements should therefore be construed in light of such factors, and we are under no obligation, and expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

### **Special Note Regarding this Presentation**

THIS PRESENTATION CONTAINS OUR CURRENT VIEWS ON THE VALUE OF SOUTHWEST GAS SECURITIES AND CERTAIN ACTIONS THAT SOUTHWEST GAS’ BOARD MAY TAKE TO ENHANCE THE VALUE OF ITS SECURITIES. OUR VIEWS ARE BASED ON OUR OWN ANALYSIS OF PUBLICLY AVAILABLE INFORMATION AND ASSUMPTIONS WE BELIEVE TO BE REASONABLE. THERE CAN BE NO ASSURANCE THAT THE INFORMATION WE CONSIDERED AND ANALYZED IS ACCURATE OR COMPLETE. SIMILARLY, THERE CAN BE NO ASSURANCE THAT OUR ASSUMPTIONS ARE CORRECT. SOUTHWEST GAS’ PERFORMANCE AND RESULTS MAY DIFFER MATERIALLY FROM OUR ASSUMPTIONS AND ANALYSIS. WE HAVE NOT SOUGHT, NOR HAVE WE RECEIVED, PERMISSION FROM ANY THIRD-PARTY TO INCLUDE THEIR INFORMATION IN THIS PRESENTATION. ANY SUCH INFORMATION SHOULD NOT BE VIEWED AS INDICATING THE SUPPORT OF SUCH THIRD PARTY FOR THE VIEWS EXPRESSED HEREIN. OUR VIEWS AND OUR HOLDINGS COULD CHANGE AT ANY TIME. WE MAY SELL ANY OR ALL OF OUR HOLDINGS OR INCREASE OUR HOLDINGS BY PURCHASING ADDITIONAL SECURITIES. WE MAY TAKE ANY OF THESE OR OTHER ACTIONS REGARDING SOUTHWEST GAS WITHOUT UPDATING THIS PRESENTATION OR PROVIDING ANY NOTICE WHATSOEVER OF ANY SUCH CHANGES (EXCEPT AS OTHERWISE REQUIRED BY LAW).

ICAHN  
ENTERPRISES  
L.P.

# Southwest Gas Holdings (“SWX”)

Customers Should Not Suffer From  
Poor Management and Bad Decisions

December 2021

## Introduction

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**SOUTHWEST GAS (“SWX”) IS IN A PUBLIC DISPUTE WITH ICAHN ENTERPRISES L.P. (“IEP”).  
THIS PRESENTATION DISCUSSES THE IMPACT TO CUSTOMERS.**

- **Situation Overview**
- **The “Status Quo” and “Why this Matters to Customers”**
  - **Poor management + bad decisions = higher costs over the long term for customers**
- **IEP Believes its Board of Director Slate Can Fix the Mess**
  - **New oversight + good decisions = lower costs over the long term for customers**
- **Why is IEP Doing This?**
  - **We believe we can increase the value of our investment by improving the board and management of SWX, which should result in better decision making and greater alignment of investor interests with those of SWX’s customers**

## Situation Overview

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**IEP HAS LAUNCHED A PROXY CONTEST TO REPLACE SWX'S BOARD.  
IEP HAS ALSO LAUNCHED A TENDER OFFER TO BUY ANY AND ALL SHARES.**

- Southwest Gas Corp. ("SWG") is a subsidiary of Southwest Gas Holdings, Inc. ("SWX")
- Icahn Enterprises L.P. ("IEP") is a diversified holding company that is ~90% owned by Carl C. Icahn with seven primary segments: Investment, Energy, Automotive, Food Packaging, Real Estate, Home Fashion and Pharma (Metals segment divestiture pending)
- In October 2021, SWX announced its intent to acquire Questar Pipelines for ~\$2 billion in a deal structured specifically to avoid shareholder approval
- As a result of this deal, prior debt-heavy acquisitions, and poor operational results, IEP reached out to management to voice its concerns
- IEP attempted to negotiate with SWX but so far has not received a satisfactory response
- IEP has since launched multiple public proposals. The two most important proposals include:
  - Proxy Contest to replace SWX's current Board of Directors
  - Tender Offer to buy any and all shares of SWX's common stock

## What is a Proxy Contest? What is a Tender Offer?

**IEP IS PURSUING A PROXY CONTEST AND A TENDER OFFER.  
WE ARE LOOKING TO INFORM AND RECEIVE INPUT FROM THE STATES AS TO PATH FORWARD.**

- **Proxy Contest**
  - IEP has nominated ten candidates for election as directors to the Board of Directors of SWX, who, if elected, would replace the incumbent directors. Eight of the ten are completely independent of IEP
  - SWX shareholders will vote on IEP's slate of Directors at the 2022 annual meeting (anticipated to occur in May). Some, all or none of IEP's directors may be elected
- **Tender Offer**
  - IEP has launched a tender offer to purchase any and all shares of SWX's common stock that are tendered into the offer. Depending on the outcome of that tender, IEP's stake in SWX may increase materially. IEP currently owns a 4.8% voting stake
  - Arizona, California and Nevada have guidelines as to when a utility commission would need to approve a transaction. We believe the lowest threshold is in Nevada, where a review is triggered by ownership of 25% or more
- The two proposals are independent of each other. For example, some or all of IEP's slate of Directors could be elected to the Board and the Tender Offer could still be pending

## Why Does This Matter to Arizona, California and Nevada?

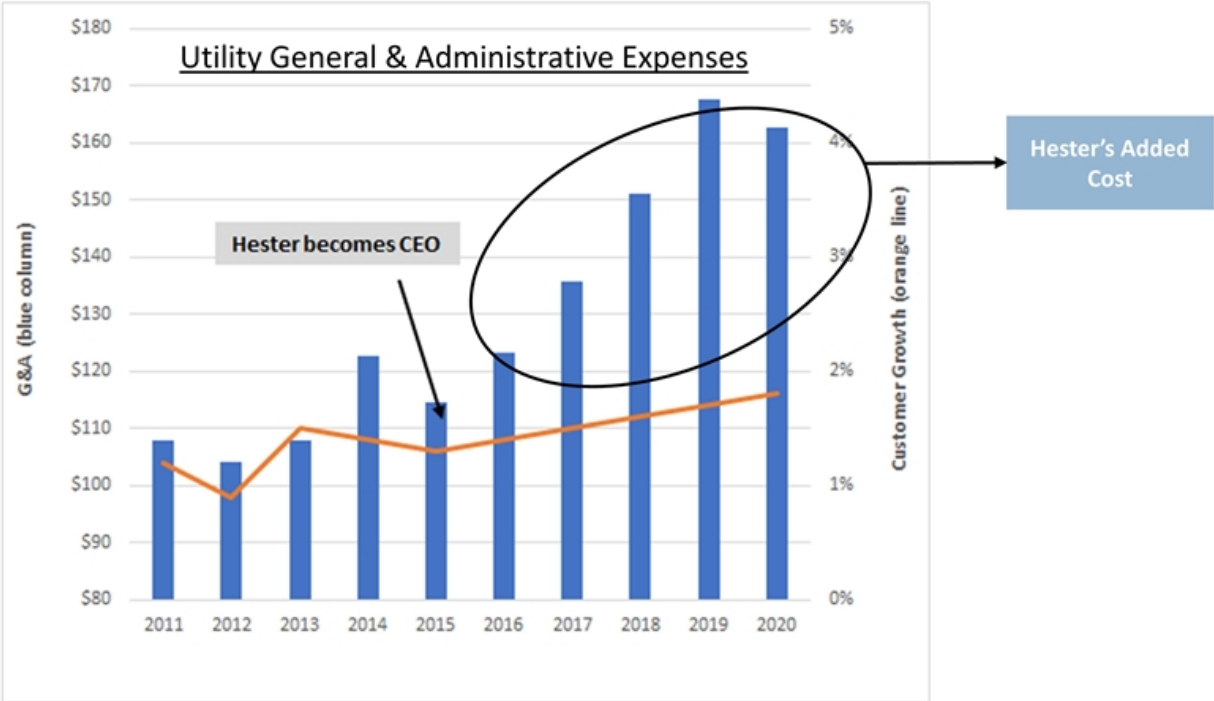
### POOR MANAGEMENT AND BAD DECISIONS INCREASE COSTS FOR CUSTOMERS.

- **SWG's general and administrative expenses increased 42% under current CEO Hester's watch. These expenses include million-dollar homes, manicures and golf memberships. Executive compensation also increased by 25% in 2019 and 27% in 2020**
  - **If general and administrative expenses can be cut by \$10 million that could lower rates by \$4.66 per customer per year**
- **SWX management takes on debt to buy expensive non-utility assets rather than focusing on fixing its core operations. As SWX adds debt, credit ratings decline and the cost of capital increases, including the Summer 2021 downgrade arising from the \$855 million Riggs Distler deal, which was financed entirely with debt**
  - **We estimate that if SWX's credit ratings improve back to A-, the rating prior to 2021 downgrade, customers could save an average of \$3.98 per year over the next 10 years (this benefit should build over-time from under \$2 in 2022 to over \$8 by 2030!)**

Note: General and administrative expense savings = \$10M / current customers. See Appendix for interest saving calculations. Pre-tax basis.

# Status Quo: General and Administrative Costs Are Too High

GENERAL AND ADMINISTRATIVE EXPENSES HAVE GROWN 42% SINCE HESTER BECAME CEO. THIS SEEMS HIGH! SOME IS LIKELY LEGITIMATE BUT...



## Status Quo: Inappropriate Expenses

OVER MULTIPLE YEARS, NEVADA STAFF FOUND THAT SWX WAS TRYING TO PASS ON MANICURES, GOLF MEMBERSHIPS AND MILLION-DOLLAR HOMES TO CUSTOMERS...

*“Staff believes SWG needs to change its culture to be a better steward of ratepayer money, which begins by holding SWG’s Senior Executives accountable for the including of such invoices, costs and expenditures without thorough and proper vetting.”*

*“Nevada ratepayers should not be asked to pay for the cost of a District Manager to live in a million-dollar home”*

*“Staff also found expenditures associated with bartender costs, a golf course membership”*

*“SWG Board of Director having a manicure and pedicure and billing ratepayers”*

*“The Work Order for the purchase of the CEO office furniture is 0057W0004777 and the total amount is \$120,449.71”*

*“SWG Senior Executives incurring a dinner tab in excess of \$4,700”*

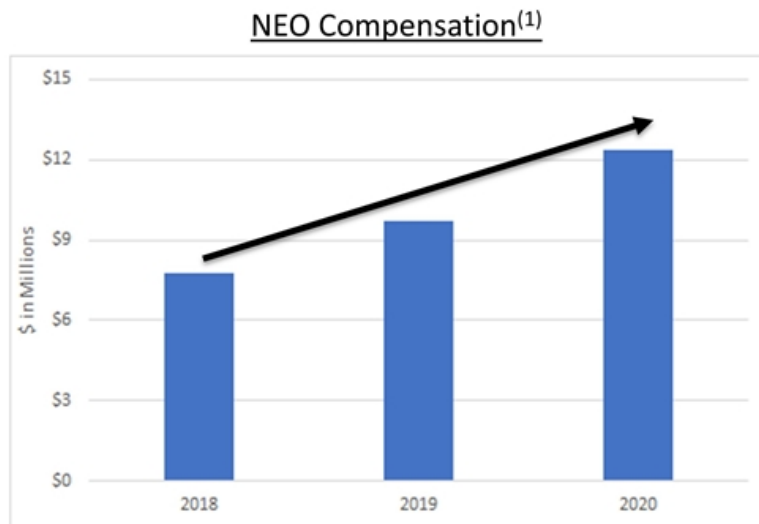
*“SWG should not have performed the remodel in its existing headquarters since a new Executive Board Room will be constructed at the new SWG headquarters building on Durango – and SWG’s ratepayers should not pay twice for Executive Board rooms.”*

**Source: State of Nevada Public Utilities Commission filings (2018-2020).**



## Status Quo: Management Compensation is Increasing Rapidly

... AND MANAGEMENT HAS DECIDED TO PAY THEMSELVES MORE. COMPENSATION INCREASED 25% AND 27% IN 2019 AND 2020. CEO HESTER WAS PAID \$6.5M IN 2020.



(1) Excludes "Change in Pension Value and Non-Qualified Deferred Compensation."

## Status Quo: Credit Rating Downgrades

INCREASING GENERAL AND ADMINISTRATIVE EXPENSES IS NOT THE ONLY PROBLEM. DEBT-HEAVY ACQUISITIONS IN NON-REGULATED INDUSTRIES HAVE LED TO CREDIT RATING DOWNGRADES. CREDIT DOWNGRADES => HIGHER INTEREST => HIGHER CUSTOMER BILLS.

Moody's 01/29/21	<i>"The utility's <b>CFO pre-W/C to debt ratio has fallen from 20% in 2017 to below 15%</b> in both 2019 and 2020, and we do not expect it to recover materially in coming years"</i>
Fitch 06/29/21	<i>"SWX's Negative Outlook reflects the <b>increased business risk</b> due to a large unregulated transaction and <b>higher projected consolidated leverage</b> following completion of the transaction"</i>
S&P 08/27/21	<i>"The downgrade in part reflects the <b>additional leverage</b> SWX took on to fund the transaction" "The downgrade also reflects the <b>increase in the company's business risk</b> given the disproportionate expansion in SWX's higher-risk, nonutility construction operations"</i>
Fitch 10/06/21	<i>"Fitch projects FFO leverage following the acquisition of Questar to increase further and stay in the 4.9x-5.2x range through 2023, above the negative sensitivity threshold of 4.5x. <b>The leverage is also above Fitch's previous expectations of 4.6x-4.8x following the acquisition of Riggs Distler</b> infrastructure service business this summer, which resulted in the Outlook revision to Negative from Stable" "In addition, the transaction contemplates <b>adding holding company debt</b> to the capital structure and based on the proposed deal financing parent debt would increase to about 15% of the total debt"</i>

Note: Emphasis added.

## Status Quo: Questar Pipelines Deal

**THE QUESTAR DEAL MADE NO SENSE FOR SHAREHOLDERS AND CUSTOMERS. IT ADDS DEBT, RISK AND DISTRACTION. INSTEAD, SWX SHOULD BE PREPARING FOR ENERGY TRANSITION.**

- **How does buying a natural gas pipeline from S.W. Wyoming and W. Colorado to Utah benefit the customers of Arizona, California and Nevada?**
- **Do the customers of Arizona, California and Nevada want a utility that is doubling-down on fossil fuels or preparing for the future?**
- **How does adding \$600 million of holding company debt<sup>(1)</sup> improve the ability to invest in renewable natural gas and green hydrogen? What if SWX management decides to use even more debt?**
- **How does adding complexity and business risk improve the credit profile of SWG?**

<sup>(1)</sup> \$1.6 billion of committed deal financing adjusted for \$1 billion of future "equity and equity-linked" implies \$600M of holdco debt financing as per SWX financing plan released on 10/5/21.

## Status Quo: Current SWX Board Has Minimal Utility Experience

**SWX'S BOARD IS TRYING TO COVER UP ITS INABILITY TO HOLD MANAGEMENT ACCOUNTABLE BY MAKING MODEST CHANGES. THIS IS NOT ENOUGH.**

	BoD Tenure	Utility Experience	Comment
Michael Melarkey	17		Retirement announced after our arrival
Anne Mariucci	15		
Stephen Comer	14		Retirement announced after our arrival
Robert Boughner	13		
Tom Thomas	13		
A. Randall Thomas	11		
Jose Cardenas	10		
John Hester (CEO)	6	X	
Leslie Thornton	2	X	
Jane Raymond	2	X	
E. Renae Conley	new	X	Added after our arrival
Carlos Ruisanchez	new		Added after our arrival

## Our Plan: Experienced & Independent Director Slate

### EXPERIENCED. QUALIFIED. DIVERSE. INDEPENDENT.

- Ten new directors including former Chairs, CEOs, CFOs, EVPs, GMs, MDs, FERC and State Regulatory Commissioners
- Eight of the ten directors are independent of IEP. No prior affiliation or overlapping Boards. No compensation agreements with IEP
- There are at least three nominees who are qualified to be an interim or permanent CEO
- The two IEP nominees already serve on another utility board

Name	Not Related	Utility/Reg	Relevant Experience
	to IEP	Exper.	
Nora Brownell	X	X	Former Chair of PG&E, Former Commissioner at FERC and Pennsylvania PUC
Marcie Edwards	X	X	Former GM of LADWP
Drew Evans	X	X	Former CFO of SO. Former CEO/CFO of AGL Resources
Russell Frisby	X	X	Partner at Stinson. Former Director at Pepco Holdings and Chairman of Maryland PSC
Walter Higgins	X	X	Former Chair of SJI. Former Chair and CEO of Sierra Pacific Resources
Rina Joshi	X		Former MD at Apollo and PointState. Founder at Female Empowerment Non-Profit
Hank Linginfelter	X	X	Former EVP at Southern Company Gas
Jesse Lynn			Current Director at FE. GC at IEP
Ruby Sharma	X		Former Partner at E&Y Board Governance practice
Andrew Teno			Current Director at FE. Portfolio Manager at Icahn Capital

## **Our Plan: Commitment to Safety**

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**THERE IS NO HIGHER PRIORITY THAN THE SAFETY OF OUR CUSTOMERS,  
OUR EMPLOYEES AND THE PUBLIC.**

- **Our directors would commit to maintaining existing safety practices (at a minimum) and would bring their combined expertise to ensure that SWG is doing all that it can to maintain the integrity of the distribution system and safety of employees and customers**
- **Our directors would look to hire an independent firm to perform an audit of existing safety practices (paid for by the holding company, not SWG) and make any suggested improvements**
- **Our directors would commit to following best practices regarding reduction of fugitive methane emissions**
- **In addition to pursuing best practices, we would likely look to aggressively pursue those suppliers whose products and services need to be replaced, including the Driscopipe® 8000. Customers should not endure the entire burden for the mistakes of a supplier**

## Our Plan: Likely Steps

### SIMPLIFY THE BUSINESS STRUCTURE. OPTIMIZE THE REGULATED UTILITY.

- **We believe our directors will:**
  - **Act as real fiduciaries to all stakeholders with respect to holding this (or new) management accountable for performance**
  - **Evaluate IEP's tender offer and, assuming they determine the offer to be fair, remove the poison pill so that shareholders can decide for themselves whether to accept the offer**
  - **Look to separate the services division, Questar pipeline and gas LDC**
  - **Create a rock-solid balance sheet to prepare for RNG and green hydrogen investments**
  - **Bring fresh eyes to lower SWX's utility cost structure reducing pressure on customers**
  - **Re-establish regulatory trust by working collaboratively on shared goals, ending the expensive game of hide-and-seek with expenses**
  - **Hire counsel who is willing to seek recovery for NV and AZ ratepayers for faulty Driscopipe® 8000 replacement costs**
  - **Hire and promote best-in-class management**
  - **Look to add a new director to the Board of Directors from Arizona to enhance alignment with regulator and customer interests**

## Our Plan: Improve the Balance Sheet

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**IF SWX MONETIZED ITS SOON TO BE ACQUIRED PIPELINE UNIT AND ITS SERVICES UNIT (“CENTURI”), WE ESTIMATE IT COULD RETIRE ALL HOLDCO DEBT AND HAVE \$1.1-\$2.6 BILLION OF CASH TO FUTURE-PROOF THE BUSINESS.**

- **Management’s plan includes completing the Questar deal and adding \$600 million of debt at the SWX holding company**
- **We believe our Director slate would likely explore a monetization of both Questar Pipelines and Centuri**
- **Assuming a sale of Questar at \$1.6 billion and 20% IPO of Centuri, we believe SWX could repay any holdco debt, leaving \$1.1 billion of excess cash to be used as a cushion to fund a combination of accelerated green investments and shareholder returns<sup>(1)</sup>**
- **Assuming a sale of Questar at \$1.6 billion and 100% monetization of Centuri (after-taxes), we believe SWX could repay any holdco debt, leaving \$2.6 billion of excess cash to be used as a cushion to fund a combination of accelerated green investments and shareholder returns<sup>(1)</sup>**

<sup>(1)</sup> See Appendix for calculations.



## Our Plan: Affiliate Transactions No Longer A Worry

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**ASSET SALES WOULD BETTER INSULATE THE BALANCE SHEET, AND WOULD ALSO REMOVE ANY CHANCE THAT CUSTOMERS ARE BEING OVER-CHARGED BY SWX'S SERVICE DIVISION.**

- Centuri provides pipeline maintenance and other modernization services to SWG and other utilities across the country
- Centuri completed \$135 million of work for SWG in 2020
- Even if Centuri follows established principles of separation and open bidding, how do we know that competitors are actively bidding? What percentage of work is bid out to competition and what percentage is awarded to Centuri? What percentage is won by third parties?
- It is not hard to see a scenario where competitors may not try as hard when SWG issues an RFP, given SWX's management compensation incentives
- SWG should be engaging the best service provider for the job – which may not be Centuri – and should pass on any savings to its customers

## Our Plan: Customer Savings

**WE ESTIMATE THAT OUR SLATE COULD DELIVER CUSTOMER SAVINGS OF AT LEAST \$9 PER YEAR OVER THE NEXT 10 YEARS WITH THE POTENTIAL FOR MUCH MORE.**

- **Simplifying the balance sheet through asset sales would leave residual cash to restore the balance sheet back to its prior credit rating of A-, which could save ~\$4 per year per customer**
- **Reducing general and administrative expenses by \$10M which could save ~\$5 per year per customer**
- **If new oversight results in a 2% improvement in the remaining OPEX of ~\$270 million per year, that could result in ~\$2.50 of savings per year per customer**
- **If new oversight results in a 5% improvement in capital efficiency, that could result in ~\$1 of savings per year per customer**

(1) See Appendix for “remaining opex” and “capital efficiency” back-up.

## Our Plan: Customer Service

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**WE BELIEVE SWX'S ALREADY HIGH CUSTOMER SERVICE SCORES COULD GO EVEN HIGHER.**

- **Currently, SWG's JD Power Customer Service scores are high vs. industry standards**
- **We are committed to maintaining and improving SWG's already high performing customer service scores**
- **As SWG's cost structure moves lower, and as an enhanced balance sheet enables additional green investments in renewable natural gas and green hydrogen customer service, SWG's customer service scores should go even higher**

## Our Plan: AZ Representation

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**UPON WINNING, OUR NOMINEES WOULD LOOK TO ADD A BOARD MEMBER FROM ARIZONA. MR. ADAME IS ONE PARTICULARLY STRONG CANDIDATE.**

- **David Adame serves as President and CEO of Chicanos Por La Causa (“CPLC”), one of the nation’s largest community development corporations**
- **CPLC operates in Arizona, California, Nevada, New Mexico, Texas and Mexico**
- **Mr. Adame began his career at CPLC and left to work in the private sector at JPMorgan Chase & Co., Fannie Mae’s Arizona Partnership Office, McCormack Baron & Salazar and the Phoenix office of the Local Initiatives Support Coalition. Upon his return to CPLC, Mr. Adame served as COO and CFO**
- **Mr. Adame currently serves on the Board of Directors of Grand Canyon Education (ticker: LOPE). He also serves and has served on numerous private and non-profit boards including the Arizona-Mexico Commission, Arizona Housing Commission, AARP Foundation, Community Reinvestment Fund USA, Greater Phoenix Economic Council and Federal Home Loan Bank of San Francisco**
- **Mr. Adame has received honorary PhD’s from the University of Arizona and Mexico’s National University**

## Why is IEP Doing This?

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### ECONOMICALLY INCENTIVIZED AND ALIGNED.

- IEP believes that SWX's share price is very undervalued. We believe SWX's share price could increase if SWX simplifies its business into a strictly state-regulated natural gas LDC
- As a standalone entity, SWX management will not be distracted by ancillary business lines, and could optimize the utility, resulting in lowest possible costs and maximum alignment with regulators and customers
- IEP believes a utility should be run working hand-in-hand with regulators and customers to deploy both operating and capital expenditures at the appropriate pace (could be slower or faster). No expense should be a surprise. All projects should be justifiable. Customers money and rates should be treated with the utmost care

## Appendix: IEP Overview

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- Icahn Enterprises L.P., a master limited partnership (NASDAQ: IEP), is a diversified holding company engaged in seven primary business segments: Investment, Energy, Automotive, Food Packaging, Real Estate, Home Fashion and Pharma (Metals segment divestiture pending)
- Legendary investor Carl C. Icahn owns approximately 90% of IEP
- As a leading activist shareholder, Mr. Icahn believes his efforts have unlocked literally hundreds of billions of dollars of shareholder and bondholder value by guiding boards and CEOs to take the mostly obvious steps necessary to greatly increase the value of their companies and have improved the competitiveness of American companies
- Our strong preference in all of our activist campaigns is to try to work in a friendly, cooperative manner with the leadership of the companies in which we invest and more often than not we have been successful in avoiding the expense and distraction that conflict brings
- However, we sometimes do encounter decision-making, such as that which is occurring now at SWX, that is irrational and not in the best interests of shareholders and are thus forced to take action to protect the value of our investments

## Appendix: IEP Overview (Cont.)

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- Mr. Icahn began his career on Wall Street in 1961 and has become one of the most influential investors in America. He has taken substantial or controlling positions in many companies, including: RJR Nabisco, TWA, Texaco, Phillips Petroleum, Viacom, Marvel, Revlon, Imclone, Federal Mogul, CVR Energy, XO Communications, Netflix, Forest Laboratories, Apple, Herbalife, eBay/PayPal, Tropicana Entertainment, Caesars, Cheniere Energy, Cloudera, Hain Celestial, BEA Systems, Genzyme, Navistar and Time Warner
- Mr. Icahn's investment approach relies on his independent and contrarian views. He focuses on undervalued companies which are frequently poorly managed. By committing long-term capital, and active investment influence, Mr. Icahn provides the patience and vision often unavailable as companies seek to restructure and realize value enhancement
- In 2000, IEP began to expand its business beyond traditional real estate activities, and to fully embrace the activist strategy. On January 1, 2000, the closing sale price of IEP depositary units was \$7.625 per depositary unit. On November 1, 2021, IEP depositary units closed at \$57.56 per depositary unit — a 2,050% increase since January 1, 2000, which translates to an annualized return of ~15% (including reinvestment of distributions into additional depositary units and taking into account in-kind distributions of depositary units). Comparatively, the S&P 500, Dow Jones Industrial, and Berkshire Hathaway Inc. Class A shares increased approximately 377%, 423%, and 668%, respectively, over the same period, which translates to an annualized return of approximately 7%, 8%, and 10%, respectively

## Appendix: FirstEnergy (“FE”) Case Study

- 02/18/21: FE announced that IEP was a shareholder
- 03/16/21: FE announced that two Icahn executives (the same two nominated at SWX) had joined the Board. There was no public dispute
- Since our involvement, FE sold a 20% stake in a business unit at record valuations, raised \$1B of equity at a premium to market, signed a deferred prosecution agreement, agreed to \$306M of customer refunds, received multiple credit rating upgrades, and increased capital spending. There have been no job reduction programs





## Appendix: Proxy and Tender Offer Timeline

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### Proxy Contest:

- IEP has provided official notice to SWX management regarding the IEP director slate
- Election to be held at SWX's 2022 Annual Meeting, which is expected to occur in May, with elected Board sitting shortly thereafter

### Tender Offer:

- Current Tender Offer expires on December 27, 2021
- Tender may be extended from time-to-time, as necessary or appropriate, to allow for conditions to be satisfied
- Key condition is state regulatory approval
- Two other significant conditions (removal of poison pill, waiver regarding the applicability of Article 7(A) of the SWX's Certificate of Incorporation) are entirely within the control of the incumbent Board of Directors
- Assuming that the incumbent Board will not remove the poison pill or make Article 7(A) inapplicable to the offer, IEP is hopeful that the newly elected directors would objectively and fairly evaluate options to remove all-SWX imposed impediments to the offer





## Appendix: Remaining OPEX and Capital Efficiency Savings

Operating Expense ("OPEX") Savings									
LTM 3Q21 OPEX	\$432								
2020 G&A	\$163								
OPEX excluding G&A	\$269								
% Savings	2%								
OPEX	\$5								
Customers	2.1								
<b>OPEX savings per customer</b>	<b>\$2.51</b>								
.....									
CAPEX Efficiency Savings		Equity Return on CAPEX		Customer Savings from Optimized CAPEX					
Annual Utility CAPEX	\$675	CAPEX Savings	\$34	Depreciation Cash Recovery	\$0.8				
% Efficiency	5%	% Equity	50%	Allowed Net Income	\$1.6				
Savings	\$34	Allowed ROE	9.4%	Interest Recovery	\$0.5				
Depreciation % (per 10-K)	2.3%	Allowed Net Income	\$1.6	CAPEX Savings	\$2.9				
Implied Depreciaton Years	43.5			Customers	2.1				
Depreciation Cash Recovery	\$0.8	Debt Return on CAPEX		<b>\$ Per Customer</b>	<b>\$1.34</b>				
		CAPEX Savings	\$34						
		% Debt	50%						
		Est. Interest Rate	3.0%						
		Interest Recovery	\$0.5						

(1) Pre-tax basis.

## Additional Information; Participants in the Solicitation

### Additional Information and Where to Find It; Participants in the Solicitation and Notice to Investors

SECURITY HOLDERS ARE ADVISED TO READ THE PROXY STATEMENT AND OTHER DOCUMENTS RELATED TO THE SOLICITATION OF PROXIES BY CARL C. ICAHN AND HIS AFFILIATES FROM THE STOCKHOLDERS OF SOUTHWEST GAS HOLDINGS, INC. ("SOUTHWEST GAS", "SWX" or the "COMPANY") FOR USE AT THE ANNUAL MEETING OF STOCKHOLDERS OF SOUTHWEST GAS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION, INCLUDING INFORMATION RELATING TO THE PARTICIPANTS IN SUCH PROXY SOLICITATION. WHEN COMPLETED, A DEFINITIVE PROXY STATEMENT AND A FORM OF PROXY WILL BE MAILED TO STOCKHOLDERS OF SOUTHWEST GAS AND WILL ALSO BE AVAILABLE AT NO CHARGE AT THE SECURITIES AND EXCHANGE COMMISSION'S ("SEC") WEBSITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). INFORMATION RELATING TO THE PARTICIPANTS IN SUCH PROXY SOLICITATION IS CONTAINED IN THE SCHEDULE 14A FILED BY CARL C. ICAHN AND HIS AFFILIATES WITH THE SEC ON DECEMBER 15, 2021. EXCEPT AS OTHERWISE DISCLOSED IN THE SCHEDULE 14A, THE PARTICIPANTS HAVE NO INTEREST IN SOUTHWEST GAS.

THE SOLICITATION DISCUSSED HEREIN RELATES TO THE SOLICITATION OF PROXIES FOR USE AT THE 2022 ANNUAL MEETING OF STOCKHOLDERS OF SOUTHWEST GAS HOLDINGS.

THIS COMMUNICATION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A RECOMMENDATION, AN OFFER TO PURCHASE OR A SOLICITATION OF AN OFFER TO SELL SHARES. IEP UTILITY HOLDINGS LLC, AN AFFILIATE OF ICAHN ENTERPRISES, FILED A TENDER OFFER STATEMENT AND RELATED EXHIBITS WITH THE SEC ON OCTOBER 27, 2021. SOUTHWEST GAS FILED A SOLICITATION/RECOMMENDATION STATEMENT WITH RESPECT TO THE TENDER OFFER WITH THE SEC ON NOVEMBER 9, 2021. STOCKHOLDERS OF SOUTHWEST GAS ARE STRONGLY ADVISED TO READ THE TENDER OFFER STATEMENT (INCLUDING THE RELATED EXHIBITS) AND THE SOLICITATION/RECOMMENDATION STATEMENT, AS THEY MAY BE AMENDED FROM TIME TO TIME, BECAUSE THEY CONTAIN IMPORTANT INFORMATION THAT STOCKHOLDERS SHOULD CONSIDER BEFORE MAKING ANY DECISION REGARDING TENDERING THEIR SHARES. THE TENDER OFFER STATEMENT (INCLUDING THE RELATED EXHIBITS) AND THE SOLICITATION/RECOMMENDATION STATEMENT ARE AVAILABLE AT NO CHARGE ON THE SEC'S WEBSITE AT [WWW.SEC.GOV](http://www.sec.gov). THE TENDER OFFER STATEMENT AND OTHER DOCUMENTS THAT ARE FILED BY IEP UTILITY HOLDINGS LLC WITH THE SEC WILL BE MADE AVAILABLE TO ALL STOCKHOLDERS OF SOUTHWEST GAS FREE OF CHARGE UPON REQUEST TO THE INFORMATION AGENT FOR THE TENDER OFFER. THE INFORMATION AGENT FOR THE TENDER OFFER IS HARKINS KOVLER, LLC, 3 COLUMBUS CIRCLE, 15TH FLOOR, NEW YORK, NY 10019, TOLL-FREE TELEPHONE: +1 (800) 326-5997, EMAIL: [SWX@HARKINSKOVLER.COM](mailto:SWX@HARKINSKOVLER.COM).

## Forward-Looking Statements; Special Note Regarding Presentation

### **Forward-Looking Statements**

Certain statements contained in this presentation are forward-looking statements including, but not limited to, statements that are predicated on or indicate future events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties. Forward-looking statements are not guarantees of future performance or activities and are subject to many risks and uncertainties. Due to such risks and uncertainties, actual events or results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Forward-looking statements can be identified by the use of the future tense or other forward-looking words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “should,” “may,” “will,” “objective,” “projection,” “forecast,” “management believes,” “continue,” “strategy,” “position” or the negative of those terms or other variations of them or by comparable terminology. Important factors that could cause actual results to differ materially from the expectations set forth in this presentation include, among other things, the factors identified in the public filings of Southwest Gas. Such forward-looking statements should therefore be construed in light of such factors, and we are under no obligation, and expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

### **Special Note Regarding this Presentation**

THIS PRESENTATION CONTAINS OUR CURRENT VIEWS ON THE VALUE OF SOUTHWEST GAS SECURITIES AND CERTAIN ACTIONS THAT SOUTHWEST GAS’ BOARD MAY TAKE TO ENHANCE THE VALUE OF ITS SECURITIES. OUR VIEWS ARE BASED ON OUR OWN ANALYSIS OF PUBLICLY AVAILABLE INFORMATION AND ASSUMPTIONS WE BELIEVE TO BE REASONABLE. THERE CAN BE NO ASSURANCE THAT THE INFORMATION WE CONSIDERED AND ANALYZED IS ACCURATE OR COMPLETE. SIMILARLY, THERE CAN BE NO ASSURANCE THAT OUR ASSUMPTIONS ARE CORRECT. SOUTHWEST GAS’ PERFORMANCE AND RESULTS MAY DIFFER MATERIALLY FROM OUR ASSUMPTIONS AND ANALYSIS. WE HAVE NOT SOUGHT, NOR HAVE WE RECEIVED, PERMISSION FROM ANY THIRD-PARTY TO INCLUDE THEIR INFORMATION IN THIS PRESENTATION. ANY SUCH INFORMATION SHOULD NOT BE VIEWED AS INDICATING THE SUPPORT OF SUCH THIRD PARTY FOR THE VIEWS EXPRESSED HEREIN. OUR VIEWS AND OUR HOLDINGS COULD CHANGE AT ANY TIME. WE MAY SELL ANY OR ALL OF OUR HOLDINGS OR INCREASE OUR HOLDINGS BY PURCHASING ADDITIONAL SECURITIES. WE MAY TAKE ANY OF THESE OR OTHER ACTIONS REGARDING SOUTHWEST GAS WITHOUT UPDATING THIS PRESENTATION OR PROVIDING ANY NOTICE WHATSOEVER OF ANY SUCH CHANGES (EXCEPT AS OTHERWISE REQUIRED BY LAW).