

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SOUTHWEST GAS CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

California
(State or Other Jurisdiction of
Incorporation or Organization)

88-0085720
(I.R.S. Employer Identification Number)

SOUTHWEST GAS CAPITAL II
SOUTHWEST GAS CAPITAL III
SOUTHWEST GAS CAPITAL IV
(Exact Name of Registrant as Specified in Its Charter)

Delaware
Delaware
Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

To Be Applied For
To Be Applied For
To Be Applied For
(I.R.S. Employer Identification Number)

5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada 89193-8510
(702) 876-7237
(Address, Including Zip Code, and Telephone Number, Including
Area Code, of Registrants' Principal Executive Offices)

GEORGE C. BIEHL
Executive Vice President, Chief Financial Officer and Corporate Secretary
Southwest Gas Corporation
5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada 89193-8510
(702) 876-7237
(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent For Service)

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective, as determined by market conditions and other factors.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

| Title of Securities to be Registered | Amount to be Registered (1) | Proposed Maximum Offering Price Per Unit (1) | Proposed Maximum Aggregate Offering Price | Amount Of Registration Fee (7) |
|---|-----------------------------|--|---|--------------------------------|
| Southwest Gas Corporation Debt Securities | | | (1) | |
| Southwest Gas Corporation Preferred Stock (without par value) | | | (1)(2) | |
| Southwest Gas Corporation Depositary Shares | | | (1)(2)(3) | |
| Southwest Gas Corporation Common Stock (\$1 par value) | | | (1)(4) | |
| Preferred Trust Securities of Southwest Gas Capital II | | | (1)(5) | |
| Preferred Trust Securities of Southwest Gas Capital III | | | (1)(5) | |
| Preferred Trust Securities of Southwest Gas Capital IV | | | (1)(5) | |
| Southwest Gas Corporation Guarantee of the Above-Referenced Preferred Trust Securities ("Preferred Trust Securities Guarantee") | | | (1)(6) | |
| Southwest Gas Corporation Trust Debt Securities | | | (1)(5) | |
| Total | \$ 300,000,000 | 100% | \$ 300,000,000 | \$ 24,270 |

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

- (1) There are being registered hereunder such presently indeterminate principal amount or number of (a) shares of Common Stock, shares of Preferred Stock, Depositary Shares, Debt Securities and Trust Debt Securities which may be sold from time to time by Southwest Gas Corporation and (b) Preferred Trust Securities which may be sold from time to time by Southwest Gas Capital II, Southwest Gas Capital III or Southwest Gas Capital IV and which will be guaranteed as set forth hereunder by Southwest Gas Corporation. In no event will the aggregate maximum offering price of all securities issued pursuant to this Registration Statement exceed \$300,000,000.
- (2) Shares of Preferred Stock and Depositary Shares may be issuable upon conversion of Debt Securities registered hereby.
- (3) In the event Southwest Gas Corporation elects to offer to the public fractional interests in shares of the Preferred Stock registered hereunder, Depositary Receipts will be distributed to those persons purchasing such fractional interests, and the shares of Preferred Stock will be issued to the Depositary under any such Deposit Agreement.
- (4) Shares of Common Stock may be issuable in primary offerings and upon conversion of the Preferred Stock or Debt Securities registered hereby.
- (5) Trust Debt Securities may be issued and sold to Southwest Gas Capital II, Southwest Gas Capital III or Southwest Gas Capital IV, in which event such Trust Debt Securities may later be distributed to the holders of Preferred Trust Securities upon a dissolution of Southwest Gas Capital II, Southwest Gas Capital III or Southwest Gas Capital IV and the distribution of the assets thereof. No separate consideration will be received for the Trust Debt Securities.
- (6) This Registration Statement is deemed to include backup undertakings of Southwest Gas Corporation to provide certain indemnities in respect of and pay and be responsible for certain expenses, costs, liabilities and debts of Southwest Gas Capital II, Southwest Gas Capital III and Southwest Gas Capital IV and such other obligations of Southwest Gas Corporation set forth in the respective trust agreements, trust debt indentures, the Trust Debt Securities and the Preferred Trust Securities Guarantee, in each case as further described in this Registration Statement. No separate consideration will be received for Southwest Gas Corporation's agreements as to expenses and liabilities. Pursuant to Rule 457(n) under the Securities Act, no fee is payable with respect to this Preferred Trust Securities Guarantee and back-up undertakings.
- (7) Pursuant to Rule 457(p) under the Securities Act, the registration fee of \$24,270 that would otherwise be due with respect to the securities registered pursuant to this Registration Statement is partially offset by a \$16,180 credit for fees previously paid by us to the Securities and Exchange Commission associated with \$200 million of unissued securities that were previously registered by us pursuant to registration statement No. 333-74520 on Form S-3, filed by Southwest Gas Corporation on December 4, 2001, and such unissued securities are hereby deemed deregistered.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated June 24, 2003

PROSPECTUS

\$300,000,000

SOUTHWEST GAS CORPORATION

Debt Securities, Trust Debt Securities, Preferred Stock, Depositary Shares and Common Stock

SOUTHWEST GAS CAPITAL II SOUTHWEST GAS CAPITAL III SOUTHWEST GAS CAPITAL IV

Preferred Trust Securities

Guaranteed, to the extent set forth herein, by Southwest Gas Corporation

We may offer and sell the securities from time to time in one or more offerings. This prospectus provides you with a general description of the securities we may offer. This prospectus may not be used to consummate sales of any of these securities unless accompanied by a prospectus supplement.

Each time we sell securities we will provide a supplement to this prospectus that contains specific information about the offering and the terms of the securities. The supplement may also add, update or change information contained in this prospectus. You should carefully read this prospectus and any supplement before you invest in any of our securities.

See “Company Risk Factors” beginning on page 6 for certain risks you should consider.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2003.

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ABOUT THIS PROSPECTUS

This prospectus is part of a “shelf” registration statement that we filed with the United States Securities and Exchange Commission, or the “SEC.” By using a shelf registration statement, we may sell up to \$300,000,000 offering price of any combination of the securities described in this prospectus from time to time and in one or more offerings. This prospectus only provides you with a general description of the securities that we may offer. Each time we sell securities, we will provide a supplement to this prospectus that contains specific information about the terms of the securities. The supplement may also add, update or change information contained in this prospectus. Before purchasing any securities, you should carefully read both this prospectus and any supplement, together with the additional information described under the heading “Where You Can Find More Information.”

You should rely only on the information contained or incorporated by reference in this prospectus and in any supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We will not make an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and any supplement to this prospectus is accurate as of the dates on their covers. Our business, financial condition, results of operations and prospects may have changed since those dates.

In this prospectus, unless the context indicates otherwise, the words and terms “Southwest,” “the Company,” “we,” “our,” “ours” and “us” refer to Southwest Gas Corporation and its consolidated subsidiaries.

FORWARD-LOOKING STATEMENTS

This prospectus, any accompanying prospectus supplement and the additional information described under the heading “Where You Can Find More Information” may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties and are based on the beliefs and assumptions of our management, based on information currently available to our management. When we use words such as “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “should” or similar expressions, we are making forward-looking statements. Forward-looking statements include the information concerning possible or assumed future results of operations set forth under “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K and any Quarterly Report on Form 10-Q incorporated by reference into this prospectus.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Our future results and shareholder value may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict. These statements are necessarily based upon various assumptions involving judgments with respect to the future, including, among others, our ability to achieve revenue growth, national, regional and local economic, competitive and regulatory conditions and developments, technological developments, capital market conditions, inflation rates, interest rates, energy markets, weather conditions, business and regulatory or legal decisions, the pace of deregulation of retail natural gas and electricity, the timing and extent of changes in commodity prices for oil, natural gas and electricity, the timing and amount of rate relief, changes in gas procurement practices, changes in capital requirements and funding, the impact of conditions in the capital markets on financing costs, acquisitions and competition. You are cautioned not to put undue reliance on any forward-looking statements. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. We do not, by including this statement, assume any obligation to publicly update or revise any particular forward-looking statement in light of future events.

You should also consider any other factors contained in this prospectus or in any accompanying supplement, including the information incorporated by reference into this prospectus or into any accompanying supplement.

WHERE YOU CAN FIND MORE INFORMATION

Available Information

Southwest files reports, proxy statements and other information with the SEC. Information filed with the SEC by Southwest can be read and copied at the Public Reference Room maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549.

You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, at prescribed rates. Further information on the operation of the SEC’s Public Reference Room in Washington, D.C. can be obtained by calling the SEC at 1-800-SEC-0330.

The SEC maintains a web site that contains reports, proxy statements and other information about issuers, such as Southwest, who file electronically with the SEC. The address of that site is www.sec.gov. We also make our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports available, free of charge, through our web site at www.swgas.com as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. Information contained on Southwest’s web site does not constitute part of this prospectus.

Southwest's common stock is listed on the New York Stock Exchange (NYSE: SWX) and the Pacific Stock Exchange (PSE: SWX), and reports, proxy statements and other information concerning Southwest can also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005 and at the offices of the Pacific Stock Exchange, 301 Pine Street, San Francisco, California 94104. In addition, reports, proxy statements and other information concerning Southwest can be inspected at its offices at 5241 Spring Mountain Road, Las Vegas, Nevada 89150.

This prospectus is part of a registration statement that we and Southwest Gas Capital II, Southwest Gas Capital III and Southwest Gas Capital IV filed with the SEC. The full registration statement may be obtained from the SEC or Southwest, as indicated below. Forms of the indentures, and other documents establishing the terms of the offered securities and the preferred trust securities guarantee, may be filed as exhibits to the registration statement or in a current report on Form 8-K. Statements in this prospectus about these documents are summaries. You should refer to the actual documents for a more complete description of the relevant matters.

Incorporation by Reference

The rules of the SEC allow us to "incorporate by reference" information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede that information. The prospectus incorporates by reference the documents set forth below that have been previously filed with the SEC. These documents contain important information about Southwest.

| <u>SEC Filings</u> | <u>Period</u> |
|--------------------------------|--|
| Annual Report on Form 10-K | Year Ended December 31, 2002 |
| Quarterly Reports on Form 10-Q | Quarter ended March 31, 2003 |
| Current Reports on Form 8-K | Dated January 24, 2003 and June 18, 2003 |

We are also incorporating by reference all additional documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 between the date of the initial filing of the registration statement of which this prospectus is a part and the effectiveness of the registration statement, as well as between the date of this prospectus and the termination of the offering of securities described in this prospectus.

Southwest will provide, without charge, to each person to whom a copy of this prospectus has been delivered a copy of any and all of these filings. You may request a copy of these filings by writing or telephoning us at:

Southwest Gas Corporation
5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Attention: Corporate Secretary
Telephone: (702) 876-7237

SOUTHWEST GAS CORPORATION

Southwest is a California corporation principally engaged in the business of purchasing, transporting and distributing natural gas in portions of Arizona, Nevada and California. Our several service areas are geographically as well as economically diverse. Southwest is the largest distributor in Arizona, selling and transporting natural gas in most of central and southern Arizona, including the Phoenix and Tucson metropolitan

areas. We are also the largest distributor and transporter of natural gas in Nevada, serving the Las Vegas metropolitan area and northern Nevada. In addition, we distribute and transport natural gas in portions of California, including the Lake Tahoe area and the high desert and mountain areas in San Bernardino County. Southwest also provides local gas distribution companies with trenching and installation, replacement and maintenance services for underground natural gas distribution systems, through Northern Pipeline Construction Co., a wholly owned subsidiary.

Southwest is subject to regulation by the Arizona Corporation Commission (“ACC”), the Public Utilities Commission of Nevada (“PUCN”), and the California Public Utilities Commission (“CPUC”). The CPUC regulates the issuance of all securities by Southwest, with the exception of short-term borrowings. Certain of Southwest’s accounting practices, transmission facilities and rates are subject to regulation by the Federal Energy Regulatory Commission (“FERC”).

Our administrative offices are located at 5241 Spring Mountain Road, P.O. Box 98510, Las Vegas, Nevada 89193-8510, telephone number (702) 876-7237.

THE TRUSTS

Southwest Gas Capital II, Southwest Gas Capital III and Southwest Gas Capital IV (individually a “Trust” and collectively the “Trusts”) are statutory trusts formed under Delaware law pursuant to (i) a trust agreement (the “trust agreement”) executed by Southwest, as sponsor for the Trusts (the “Sponsor”), and Trustees (as defined herein) of the Trusts and (ii) the filing of a certificate of trust with the Secretary of State of the State of Delaware on June 23, 2003. Each Trust exists for the exclusive purposes of (i) issuing the preferred trust securities and common trust securities representing undivided beneficial interests in the assets of the Trusts (the “common trust securities” and, together with the preferred trust securities, the “trust securities”), (ii) investing the gross proceeds from the sale of the trust securities in the trust debt securities, and (iii) engaging in only those other activities necessary or incidental thereto.

Each Trust’s business and affairs will be conducted by the trustees (the “Trustees”) appointed by Southwest as the direct holder of all the common trust securities. Unless an event of default under a trust agreement has occurred and is continuing, the holder of the common trust securities will be entitled to appoint, remove or replace any of, or increase or reduce the number of, the Trustees of the Trusts; provided that the number of Trustees may not be reduced to less than one for any particular Trust. The number of Trustees of each Trust will initially be three, one of which will have its principal place of business in the State of Delaware. The duties and obligations of the Trustees will be governed by the Trust Agreements. The address for the Trusts is c/o Southwest Gas Corporation, the sponsor of the Trusts, at Southwest’s corporate headquarters located at 5241 Spring Mountain Road, Las Vegas, Nevada 89150, telephone (702) 876-7237.

USE OF PROCEEDS

Unless stated otherwise in the prospectus supplement, the proceeds from the sale of offered securities will be used to retire indebtedness, redeem the currently outstanding trust-originated preferred securities of Southwest Gas Capital I and for general corporate purposes, including the acquisition of property for the construction, completion, extension or improvement of pipeline systems and facilities located in and around the communities Southwest serves.

ACCOUNTING TREATMENT RELATED TO PREFERRED TRUST SECURITIES

The financial statements of each Trust will be consolidated with our financial statements, with the preferred trust securities shown on our consolidated financial statements as mandatorily redeemable preferred trust securities. Our financial statements will include a footnote that discloses, among other things, that the assets of a Trust consist of our trust debt securities and will specify the designation, principal amount, interest rate or formula and maturity date of the trust debt securities.

COMPANY RISK FACTORS

Described below are some of the identified risk factors that may have a negative impact on our future financial performance.

Our liquidity, and in certain circumstances, earnings, could be adversely affected by the cost of purchasing natural gas during periods in which natural gas prices are rising significantly or are more volatile.

Rate schedules in each of our service territories contain purchased gas adjustment clauses which permit us to file for rate adjustments to recover increases in the cost of purchased gas. Increases in the cost of purchased gas have no direct impact on our profit margins, but do affect cash flows and can therefore impact the amount of our capital resources. We have used short-term borrowings in the past to temporarily finance increases in purchased gas costs, and we expect to do so during 2003, if the need again arises.

We may file requests for rate increases to cover the rise in the costs of purchased gas. Due to the nature of the regulatory process, there is a risk of a disallowance of full recovery of these costs during any period in which there has been a substantial run-up of these costs or our costs are more volatile. Any material disallowance of purchased gas costs could have a material impact on cash flow and earnings.

Increases in the cost of natural gas may arise from a variety of factors, including weather, changes in demand, the level of production and availability of natural gas, transportation constraints, federal and state energy and environmental regulation and legislation, the degree of market liquidity, natural disasters, wars, and other catastrophic events and the success of our strategies in managing price risk.

Governmental policies and regulatory actions can have a material impact on our earnings.

Governmental policies and regulatory actions, including those of the ACC, the CPUC, the FERC, and the PUCN with respect to allowed rates of return, rate structure, purchased gas and investment recovery, operation and construction of facilities, present or prospective wholesale and retail competition, changes in tax laws and policies, and changes in and compliance with environmental and safety laws and policies, can have a material impact on our earnings. Risks and uncertainties relating to delays in obtaining regulatory approvals, adverse conditions imposed in regulatory approvals, or adverse determinations in regulatory investigations can also impact financial performance.

Significant customer growth in Arizona and Nevada could strain our capital resources.

We continue to experience significant population and customer growth throughout our service territories. During 2002, we added 58,000 customers, a four percent growth rate. Over the last several years, customer growth has averaged five percent. This growth has required large amounts of capital to finance the investment in new transmission and distribution plant. In 2002, our natural gas construction expenditures totaled \$264 million. Approximately 66 percent of these current-period expenditures represented new construction, and the balance represented costs associated with routine replacement of existing transmission, distribution, and general plant.

Cash flows from operating activities (net of dividends) have been inadequate, and are expected to continue to be inadequate, to fund all necessary capital expenditures. We have been funding this shortfall through the issuance of additional debt and equity securities, and will continue to do so. Our ability to issue additional securities is dependent upon, among other things, conditions in the capital markets, regulatory authorizations, and our level of earnings.

Significant customer growth in Arizona and Nevada could also impact earnings.

Our ability to earn the rates of return authorized by the ACC and the PUCN is also adversely affected by significant customer growth, because the rates we charge our distribution customers in Arizona and Nevada are derived using rate base, cost of service, and cost of capital experienced in an historical test year, as adjusted. This results in “regulatory lag” which delays our recovery of some of the costs of capital improvements and operating costs from customers in Arizona and Nevada.

Our earnings are greatly affected by variations in temperature during the winter heating season.

The demand for natural gas is seasonal and is greatly affected by temperature. Variability in weather from normal temperatures can materially impact results of operations. On cold days, use of gas by residential and commercial customers may be as much as six times greater than on warm days because of the increased use of gas for space heating. Weather has been and will continue to be one of the dominant factors in our financial performance.

Uncertain economic conditions may affect our ability to finance capital expenditures.

Our ability to finance capital expenditures and other matters will depend upon general economic conditions in the capital markets. The direction of interest rates is uncertain. Declining interest rates are generally believed to be favorable to utilities while rising interest rates are believed to be unfavorable because of the high capital costs of utilities. In addition, our authorized rate of return is based upon certain assumptions regarding interest rates. If interest rates are lower than assumed rates, our authorized rate of return in the future could be reduced. If interest rates are higher than assumed rates, our ability to earn our currently authorized rate of return may be adversely impacted.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratios of earnings to fixed charges for Southwest (because of the seasonal nature of Southwest’s business, these ratios are computed on a twelve-month basis).

| | For the Twelve Months Ended March 31, 2003 | For the Year Ended December 31, | | | | |
|--|--|---------------------------------|------|------|------|------|
| | | 2002 | 2001 | 2000 | 1999 | 1998 |
| Ratios of earnings to fixed charges (1): | 1.37 | 1.68 | 1.59 | 1.60 | 1.78 | 2.08 |

- (1) For purposes of computing the ratios of earnings to fixed charges, earnings are defined as the sum of pretax income from continuing operations 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), preferred securities distributions, and amortized debt costs.

DESCRIPTION OF DEBT SECURITIES

The following description sets forth the general terms and provisions of the debt securities that Southwest may offer by this prospectus. The indebtedness represented by the debt securities will rank equally with all other unsecured and unsubordinated debt.

The debt securities will be issued in one or more series under the indenture dated July 15, 1996 between us and BNY Midwest Trust Company, as successor trustee to The Bank of New York, as trustee. The indenture gives us broad authority to set the particular terms of each series of debt securities, including the right to modify

certain of the terms contained in the indenture. The particular terms of a series of debt securities and the extent, if any, to which the particular terms of the issue modify the terms of the indenture will be described in the prospectus supplement relating to the debt securities.

The indenture contains the full legal text of the matters described in this section. Because this section is a summary, it does not describe every aspect of the debt securities or the indenture. This summary is subject to and qualified in its entirety by reference to all the provisions of the indenture, including definitions of terms used in the indenture. We also include references in parentheses to certain sections of the indenture. Whenever we refer to particular sections or defined terms of the indentures in this prospectus or in a prospectus supplement, these sections or defined terms are incorporated by reference herein or in the prospectus supplement. This summary also is subject to and qualified by reference to the description of the particular terms of the debt securities described in the prospectus supplement or supplements.

General

We may issue an unlimited amount of debt securities under the indenture in one or more series. We need not issue all debt securities of one series at the same time and, unless otherwise provided, we may reopen a series, without the consent of the holders of the debt securities of that series, for issuances of additional debt securities of that series. The debt securities of Southwest will be unsecured obligations.

We refer you to the prospectus supplement for a description of the following terms of the series of debt securities:

- (a) the title of the debt securities;
- (b) any limit upon the principal amount of the debt securities;
- (c) the date or dates on which principal will be payable or how to determine the dates;
- (d) the rate or rates or method of determination of interest; the date from which interest will accrue; the dates on which interest will be payable, which we refer to as the “interest payment dates;” and any record dates for the interest payable on the interest payment dates;
- (e) any obligation or option to redeem, purchase or repay debt securities, or any option of the registered holder to require Southwest to redeem or repurchase debt securities, and the terms and conditions upon which the debt securities will be redeemed, purchased or repaid;
- (f) the denominations in which the debt securities will be issuable (if other than denominations of \$1,000 and any integral multiple thereof);
- (g) whether the debt securities are to be issued in whole or in part in the form of one or more global debt securities and, if so, the identity of the depositary for the global debt securities;
- (h) whether the debt securities are to be issued in whole or in part in bearer form and, if so, the terms and conditions for the payment of interest;
- (i) the opportunity to convert or exchange debt securities to common stock, preferred stock or other debt securities; and
- (j) any other terms of the debt securities.

Payment of Debt Securities

Interest

Unless indicated differently in a prospectus supplement, we will pay interest on the debt security on each interest payment date by check mailed and/or wire transferred to the person in whose name the debt security is registered as of the close of business on the regular record date relating to the interest payment date, except that interest payable at stated maturity, upon redemption or otherwise, will be paid to the person to whom principal is paid.

However, if we default in paying interest on a debt security, we will pay defaulted interest in either of the two following ways:

- (a) We will first propose to the trustee a payment date for the defaulted interest. Next, the trustee will choose a special record date for determining which registered holders are entitled to the payment. The special record date will be between 10 and 15 days before the payment date we propose. Finally, we will pay the defaulted interest on the payment date to the registered holder of the debt security as of the close of business on the special record date.
- (b) Alternatively, we can propose to the trustee any other lawful manner of payment that is consistent with the requirements of any securities exchange on which the debt securities are listed for trading. If the trustee thinks the proposal is practicable, payment will be made as proposed.

Principal

Unless we indicate differently in a prospectus supplement, we will pay principal of and any premium and interest on the debt securities at stated maturity, upon redemption or otherwise, upon presentation of the debt securities at the office of the trustee, as our paying agent. Any other paying agent initially designated for the debt securities of a particular series will be named in the prospectus supplement.

In our discretion, we may change the place of payment on the debt securities, and may remove any paying agent and may appoint one or more additional paying agents.

Form; Transfers; Exchanges

The debt securities will be issued in fully registered, bearer, coupon or global form and in denominations that are even multiples of \$1,000, unless otherwise provided in a prospectus supplement.

You may exchange or transfer debt securities at the office of the trustee. The trustee acts as our agent for registering debt securities in the names of holders and transferring debt securities. We may appoint another agent or act as our own agent for this purpose. The entity performing the role of maintaining the list of registered holders is called the "security registrar." It will also perform transfers.

In our discretion, we may change the place for registration of transfer of the debt securities and may remove and/or appoint one or more additional security registrars.

Except as otherwise provided in a prospectus supplement, there will be no service charge for any transfer or exchange of the debt securities, but you may be required to pay a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange. We may block the transfer or exchange of (a) debt securities during a period of 15 days prior to giving any notice of redemption or (b) any debt security selected for redemption in whole or in part, except the unredeemed portion of any debt security being redeemed in part.

Global Securities

The debt securities may be issued in the form of one or more global securities that will be deposited with a depository identified in the prospectus supplement. Under this arrangement, the depository will hold the certificate for the debt securities and establish a book entry registration and transfer system to cover the beneficial ownership of the debt securities. The book entry registration and transfer system is designed to eliminate the need to hold individual certificates representing the debt securities and ease the transfer and exchanges of interests, without affecting the rights and interests you may have as an owner of an interest in the debt securities. The specific terms of the depository arrangement with respect to any debt securities to be issued in global form will be described in the prospectus supplement.

Redemption

We will set forth any terms for the redemption of debt securities in a prospectus supplement. Unless we indicate differently in a prospectus supplement, and except with respect to debt securities redeemable at the option of the registered holder, debt securities will be redeemable upon notice by mail between 30 and 60 days prior to the redemption date. If less than all of the debt securities of any series or any part of a series are to be redeemed, the trustee will select the debt securities to be redeemed. In the absence of any provision for selection, the trustee will choose a method of random selection it deems fair and appropriate.

Debt securities will cease to bear interest on the redemption date. We will pay the redemption price and any accrued interest once you surrender the debt security for redemption. If only part of a debt security is redeemed, the trustee will deliver to you a new debt security of the same series for the remaining portion without charge.

We may make any redemption conditional upon the receipt by the paying agent, on or prior to the date fixed for redemption, of money sufficient to pay the redemption price. If the paying agent has not received the money by the date fixed for redemption, we will not be required to redeem the debt securities.

Events of Default

An “event of default” occurs with respect to debt securities of any series if:

- (a) we do not pay any interest on any debt securities of the series within 30 days of the due date;
- (b) we do not pay principal or premium on any debt securities of the series on its due date;
- (c) we do not pay any sinking fund payments, when due, on any debt securities of the series;
- (d) we remain in breach of a covenant or warranty (excluding covenants and warranties solely to a specific series) of the indenture for 60 days after we receive a written notice of default stating we are in breach and requiring remedy of the breach; the notice must be sent by either the trustee or registered holders of 25% of the principal amount of debt securities of the series;
- (e) we do not pay any portion of the principal of any other debt, including debt securities of any other series, with the principal amount outstanding of at least \$15,000,000, when due and payable, for ten business days after we have received written notice of the default stating we are in breach and requiring remedy of the breach; notice must be sent by either the trustee or registered holders of 25% of the principal amount of debt securities of the series;
- (f) file for bankruptcy or other specified events in bankruptcy, insolvency, receivership or reorganization occur; or
- (g) any other event of default specified in the prospectus supplement occurs.

No event of default with respect to a series of debt securities necessarily constitutes an event of default with respect to the debt securities of any other series issued under the indenture.

Remedies

Acceleration

If an event of default occurs and is continuing with respect to any series of debt securities, then either the trustee or the registered holders of 25% in principal amount of the outstanding debt securities of that series may declare the principal amount of all of the debt securities of that series to be due and payable immediately. There is no automatic acceleration, even in the event of our bankruptcy, insolvency, receivership or reorganization.

Rescission of Acceleration

After the declaration of acceleration has been made and before the trustee has obtained a judgment or decree for payment of the money due, the declaration and its consequences will be rescinded and annulled, if:

- (a) we pay or deposit with the trustee a sum sufficient to pay:
 - (1) all overdue interest;
 - (2) the principal of and any premium which have become due otherwise than by the declaration of acceleration and overdue interest on these amounts;
 - (3) interest on overdue interest to the extent lawful; and
 - (4) all amounts due to the trustee under the indenture; and
- (b) all events of default, other than the nonpayment of the principal which has become due solely by the declaration of acceleration, have been cured or waived as provided in the indenture.

For more information as to waiver of defaults, see “Waiver of Default and of Compliance” below.

Control By Registered Holders; Limitations

Subject to the indenture, if an event of default with respect to the debt securities of any one series occurs and is continuing, the registered holders of a majority in the principal amount of the outstanding debt securities of that series will have the right to:

- (a) direct the time, method and place of conducting any proceeding for any remedy available to the trustee; or
- (b) exercise any trust or power conferred on the trustee with respect to the debt securities of the series; provided that
 - (i) the registered holders’ directions will not conflict with any law or the indenture; and
 - (ii) the registered holders’ directions may not involve the trustee in personal liability where the trustee believes indemnity is not adequate.

The trustee may also take any other action it deems proper which is consistent with the registered holders’ direction.

In addition, the indenture provides that no registered holder of any debt security will have any right to institute any proceeding, judicial or otherwise, with respect to the indenture for the appointment of a receiver or for any other remedy thereunder unless:

- (a) that registered holder has previously given the trustee written notice of a continuing event of default;
- (b) the registered holders of 25% in aggregate principal amount of the outstanding debt securities of all affected series, considered as one class, have made written request to the trustee to institute proceedings in respect of that event of default;
- (c) the registered holders have offered the trustee reasonable indemnity against costs and liabilities incurred in complying with the request; and
- (d) for 60 days after receipt of the notice, the trustee has failed to institute a proceeding and no direction inconsistent with the request has been given to the trustee during the 60-day period by the registered holders of a majority in aggregate principal amount of outstanding debt securities of the affected series.

Furthermore, no registered holder will be entitled to institute any action if and to the extent that the action would disturb or prejudice the rights of other registered holders.

However, each registered holder has an absolute and unconditional right to receive payment when due and to bring a suit to enforce that right.

Notice of Default

The trustee is required to give the registered holders of the debt securities notice of any default under the indenture to the extent required by the Trust Indenture Act, unless the default has been cured or waived; except that in the case of an event of default of the character specified above in clause (d) under "Events of Default," no notice shall be given to the registered holders until at least 30 days after the occurrence thereof. The Trust Indenture Act currently permits the trustee to withhold notices of default (except for certain payment defaults) if the trustee in good faith determines the withholding of the notice to be in the interests of the registered holders.

We will furnish the trustee with an annual statement as to the compliance by Southwest with the conditions and covenants in the indenture.

Waiver of Default and of Compliance

The registered holders of a majority in aggregate principal amount of the outstanding debt securities of any series may waive, on behalf of the registered holders of all debt securities of the series, any past default under the indenture, except a default in the payment of principal, premium or interest, or with respect to compliance with certain provisions of the indenture that cannot be amended without the consent of the registered holder of each outstanding debt security.

Compliance with certain covenants in the indenture or otherwise provided with respect to debt securities may be waived by the registered holders of a majority in aggregate principal amount of the affected debt securities, considered as one class.

Consolidation, Merger and Conveyance of Assets as an Entirety; No Financial Covenants

Subject to the provisions described in the next paragraph, Southwest will preserve its corporate existence.

Southwest has agreed not to consolidate with or merge into any other entity, or to convey, transfer or lease its properties and assets substantially as an entirety to any entity, unless:

- (a) the entity formed by the consolidation or into which Southwest is merged, or the entity which acquires or which leases the property and assets of Southwest substantially as an entirety, is an entity organized and existing under the laws of the United States of America or any State thereof or the District of Columbia, and expressly assumes, by supplemental indenture, the due and punctual payment of the principal, premium and interest on all the outstanding debt securities (or the debt securities guarantees endorsed thereon, as the case may be) and the performance of all of the covenants of Southwest as the case may be, under the indenture; and
- (b) immediately after giving effect to the transactions, no event of default, and no event which after notice or lapse of time or both would become an event of default, will have occurred and be continuing.

The indenture does not contain any financial or other similar restrictive covenants. Any such covenants with respect to any particular series of debt securities will be set forth in the prospectus supplement.

Modification of Indenture

Without Registered Holder Consent

Without the consent of any registered holders of debt securities, we and the trustee may enter into one or more supplemental indentures for any of the following purposes:

- (a) to evidence the succession of another entity to Southwest; or

- (b) to add one or more covenants of Southwest or other provisions for the benefit of the registered holders of all or any series of debt securities, or to surrender any right or power conferred upon Southwest; or
- (c) to add any additional events of default for all or any series of debt securities; or
- (d) to change or eliminate any provision of the indenture or to add any new provision to the indenture provided that such change, elimination or addition does not affect any outstanding security; or
- (e) to establish the form or terms of debt securities of any series as permitted by the indenture; or
- (f) to add to or change any of the provisions with respect to bearer securities, provided that such action will not adversely affect the holders of such securities; or
- (g) to evidence and provide for the acceptance of appointment of a successor trustee; or
- (h) to cure any ambiguity, or inconsistency or to make any other changes that do not adversely affect the interests of the registered holders in any material respect.

If the Trust Indenture Act is amended after the date of the indenture so as to require changes to the indenture or the elimination of provisions which, at the date of the indenture or at any time thereafter, were required by the Trust Indenture Act to be contained in the indenture, the indenture will be deemed to have been amended so as to conform to the amendment or to effect the changes or elimination, and Southwest and the trustee may, without the consent of any registered holders, enter into one or more supplemental indentures to effect or evidence the amendment.

With Registered Holder Consent

We and the trustee may, with some exceptions, amend or modify any indenture with the consent of the registered holders of at least a majority in aggregate principal amount of the debt securities of all series affected by the amendment or modification. However, no amendment or modification may, without the consent of the registered holder of each outstanding debt security directly affected thereby:

- (a) change the stated maturity of the principal or interest on any debt security (other than pursuant to the terms thereof), or reduce the principal amount, interest or premium payable or change the currency in which any debt security is payable, impair the right to bring suit to enforce any payment, or modify the provisions of this indenture with respect to conversion or exchange in a manner adverse to the holders;
- (b) reduce the percentages of registered holders whose consent is required for any supplemental indenture or waiver; or
- (c) modify certain of the provisions in the indenture relating to supplemental indentures.

A supplemental indenture which changes or eliminates any provision of the indenture expressly included solely for the benefit of registered holders of debt securities of one or more particular series will be deemed not to affect the rights under the indenture of the registered holders of debt securities of any other series.

Miscellaneous Provisions

The indenture provides that certain debt securities, including those for which payment or redemption money have been deposited or set aside in trust as described under "Defeasance and Covenant Defeasance" below, will not be deemed to be "outstanding" in determining whether the registered holders of the requisite principal amount of the outstanding debt securities have given or taken any demand, direction, consent or other action under the indenture as of any date, or are present at a meeting of registered holders for quorum purposes.

We will be entitled to set any day as a record date for the purpose of determining the registered holders of outstanding debt securities of any series entitled to give or take any demand, direction, consent or other action under the indenture, in the manner and subject to the limitations provided in the indenture. In certain circumstances, the trustee also will be entitled to set a record date for action by registered holders. If a record date is set for any action to be taken by registered holders of particular debt securities, the action may be taken only by persons who are registered holders of the respective debt securities on the record date.

Defeasance and Covenant Defeasance

The indenture provides, unless the terms of the particular series of debt securities provide otherwise, that we may, upon satisfying several conditions, cause ourselves to be:

- (a) discharged from our obligations, with some exceptions, with respect to any series of debt securities, which we refer to as “defeasance”; and
- (b) released from our obligations under certain covenants with respect to any series of debt securities, which we refer to as “covenant defeasance.”

One condition we must satisfy is the irrevocable deposit with the trustee, in trust, of money and/or government obligations which, through the scheduled payment of principal and interest on those obligations, would provide sufficient funds to pay the principal of and any premium and interest on those debt securities on the maturity dates of the payment or upon redemption.

The indenture permits defeasance with respect to any series of debt securities even if a prior covenant defeasance has occurred with respect to the debt securities of that series. Following a defeasance, payment of the debt securities defeased may not be accelerated because of an event of default. Following a covenant defeasance, payment of the debt securities may not be accelerated by reference to the covenants described in the description of covenant defeasance above. However, if such an acceleration were to occur, the realizable value at the acceleration date of the money and government obligations in the defeasance trust could be less than the principal and interest then due on the respective debt securities, since the required deposit in the defeasance trust would be based upon scheduled cash flows rather than market value, which would vary depending upon interest rates and other factors.

Under current United States federal income tax law, the defeasance contemplated in the preceding paragraphs would be treated as an exchange of the relevant debt securities in which holders of the debt securities might recognize gain or loss. In addition, the amount, timing and character of amounts that holders would be required thereafter to include in income might be different from that which would be includable in the absence of such defeasance. Prospective investors are urged to consult their own tax advisors as to the specific consequences of a defeasance, including the applicability and effect of tax laws other than United States federal income tax laws.

Under current United States federal income tax laws, unless accompanied by other changes in the terms of the debt securities, covenant defeasance should not be treated as a taxable exchange. To exercise defeasance or covenant defeasance with respect to any series of debt securities, we are required to deliver to the trustee an opinion of independent counsel to the effect that the exercise thereof would not cause the holders of the debt securities of such series to recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance, and such holders will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

Resignation and Removal of the Trustee; Deemed Resignation

The trustee may resign at any time by giving written notice to us.

The trustee may also be removed by act of the registered holders of a majority in principal amount of the then outstanding debt securities of any series.

No resignation or removal of the trustee and no appointment of a successor trustee will become effective until the acceptance of appointment by a successor trustee in accordance with the requirements of the indenture.

Under certain circumstances, we may appoint a successor trustee and if the successor accepts, the trustee will be deemed to have resigned.

Governing Law

Each indenture and the related debt securities will be governed by and construed in accordance with the laws of the State of New York.

DESCRIPTION OF COMMON AND PREFERRED STOCK

The following description of Southwest's common stock and preferred stock is only a summary and is qualified in its entirety by reference to our articles of incorporation and bylaws. Therefore, you should read carefully the more detailed provisions of our articles of incorporation and bylaws, copies of which are incorporated by reference as exhibits to the registration statement of which this prospectus is a part.

General

The authorized capital stock of Southwest consists of (1) 45,000,000 shares of Southwest common stock, with a \$1.00 par value and (2) 5,000,000 shares of preferred stock, without par value. As of March 31, 2003 there were issued and outstanding 33,558,966 shares of Southwest common stock and no shares of Southwest preferred stock. No other classes of capital stock are authorized under Southwest's articles of incorporation.

Common Stock

The holders of Southwest common stock are entitled to receive such dividends as the Southwest board of directors may from time to time declare, subject to any rights of holders of outstanding shares of Southwest preferred stock. Except as otherwise provided by law, each holder of common stock is entitled to one vote per share on each matter submitted to a vote of a meeting of shareholders, subject to cumulative voting rights with respect to the election of directors and any class or series voting rights of holders of preferred stock.

In the event of any liquidation, dissolution or winding up of Southwest, whether voluntary or involuntary, the holders of shares of Southwest common stock, subject to any rights of the holders of outstanding shares of Southwest preferred stock, are entitled to receive any remaining assets of Southwest after the discharge of its liabilities.

Holders of Southwest common stock are not entitled to preemptive rights to subscribe for or purchase any part of any new or additional issue of stock or securities convertible into stock. Southwest common stock does not contain any redemption provisions or conversion rights and is not liable to assessment or further call.

Southwest is the registrar and transfer agent for its common stock.

Preferred Stock

The Southwest board of directors is authorized, pursuant to Southwest's articles of incorporation, to issue up to 5,000,000 shares of Southwest preferred stock in one or more series and to fix and determine the number of shares of preferred stock of any series, to determine the designation of any such series, to increase or decrease the number of shares of any such series subsequent to the issue of shares of that series, and to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any such series.

Prior to the issuance of shares of each series of preferred stock, the board of directors is required to adopt resolutions and file a certificate of determination with the Secretary of State of the State of California. The certificate of determination will fix for each series the designation and number of shares and the rights, preferences, privileges and restrictions of the shares including, but not limited to, the following:

- (a) the title and stated value of the preferred stock;
- (b) voting rights, if any, of the preferred stock;
- (c) any rights and terms of redemption (including sinking fund provisions);
- (d) the dividend rate(s), period(s) and/or payment date(s) or method(s) of calculation applicable to the preferred stock;
- (e) whether dividends are cumulative or non-cumulative, and if cumulative, the date from which dividends on the preferred stock will accumulate;
- (f) the relative ranking and preferences of the preferred stock as to dividend rights and rights upon the liquidation, dissolution or winding up of our affairs;
- (g) the terms and conditions, if applicable, upon which the preferred stock will be convertible into common stock or another series of preferred stock, including the conversion price (or manner of calculation) and conversion period;
- (h) the provision for redemption, if applicable, of the preferred stock;
- (i) the provisions for a sinking fund, if any, for the preferred stock;
- (j) liquidation preferences;
- (k) any limitations on the issuance of any class or series of preferred stock ranking senior to or on a parity with the class or series of preferred stock as to dividend rights and rights upon liquidation, dissolution or winding up of our affairs; and
- (l) any other specific terms, preferences, rights, limitations or restrictions of the preferred stock.

In addition to the terms listed above, we will set forth in a prospectus supplement the following terms relating to the class or series of preferred stock being offered:

- (a) the number of shares of the preferred stock offered, the liquidation preference per share and the offering price of the preferred stock;
- (b) the procedures for any auction and remarketing, if any, for the preferred stock;
- (c) any listing of the preferred stock on any securities exchange; and
- (d) a discussion of any material and/or special United States federal income tax considerations applicable to the preferred stock.

Rank

Unless we specify otherwise in the prospectus supplement, the preferred stock will rank, with respect to dividends and upon our liquidation, dissolution or winding up:

- (a) senior to all classes or series of our common stock and to all of our equity securities ranking junior to the preferred stock;
- (b) on a parity with all of our equity securities the terms of which specifically provide that the equity securities rank on a parity with the preferred stock; and
- (c) junior to all of our equity securities the terms of which specifically provide that the equity securities rank senior to the preferred stock.

Unless otherwise indicated in a prospectus supplement, Southwest will be the transfer agent, dividend and redemption price disbursement agent, and registrar for each series of preferred stock.

DESCRIPTION OF DEPOSITARY SHARES

The following description of depositary shares is only a summary and is qualified by any prospectus supplement and deposit agreement and depositary receipt used in connection with the issuance of each series of preferred stock issued through the use of depositary shares. Therefore, you should read carefully the more detailed description that would be contained in any prospectus supplement and form of deposit agreement and depositary receipt, copies of which are incorporated by reference as exhibits to the registration statement of which this prospectus is a part.

Southwest may offer fractional shares of preferred stock by issuing receipts for depositary shares. The shares of any series of preferred stock represented by depositary shares will be deposited with a bank or trust company and the holders will be issued a depositary receipt entitling them, in proportion to the fraction of a share the receipt represents, to all the rights and preferences of the preferred stock, as more fully described above under the heading “Description of Common and Preferred Stock—Preferred Stock.”

The bank or trust company that will be the depositary will function as the intermediary between Southwest and the holders of the depositary receipts. Dividends and other distributions will be provided to the depositary for ultimate distribution to the holders. Redemption of the depositary shares and voting the underlying preferred stock will also be coordinated through the depositary. Holders will have the right to surrender their depositary receipts to the depositary and be entitled to receive whole shares of preferred stock that are represented by such receipts. Though the preferred stock will continue to have all of the rights and preferences, there may be no market opportunity to trade such stock and once withdrawn from the depositary, it may not be redeposited.

Southwest will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangement. Southwest will also pay charges of the depositary in connection with the initial deposit of the preferred stock and the initial issuance of the depositary receipts, any redemption of the preferred stock and any withdrawal of preferred stock by the holder of the depositary shares. Holders will pay other transfer and other taxes and governmental charges and such other charges specifically provided in the deposit agreement for their individual accounts.

DESCRIPTION OF TRUST DEBT SECURITIES

General

If specified in the prospectus supplement, the trust debt securities will be issued in one or more series under the Trust Debt Indenture to be entered into between us and BNY Midwest Trust Company, as trustee (the “Trustee”). The initial series of trust debt securities to be issued thereunder is provided for in the form of the Trust Debt Indenture which is filed as an exhibit to the registration statement of which this prospectus is a part. The ranking of each series of trust debt securities will be specified in the prospectus supplement. Each series of trust debt securities will rank subordinate and junior in right of payment, to the extent and in the manner set forth in the Trust Debt Indenture, to all of our Senior Indebtedness. See “—Subordination.” The Trust Debt Indenture does not limit the incurrence or issuance of Senior Indebtedness by us. As used in this portion of the prospectus, the term “trust debt securities” means the debt securities to be issued under the Trust Debt Indenture that will comprise the assets of an issuing Trust and not any other debt securities that could comprise the assets of an issuing Trust.

You should read the relevant prospectus supplement for a description of the material terms of any series of trust debt securities being offered, including:

- (a) the title of the series of trust debt securities;
- (b) the aggregate principal amount of the series and any limit on the aggregate principal amount of such series of trust debt securities;

- (c) the date or dates on which the principal of the trust debt securities of the series shall be payable or how the date or dates will be determined;
- (d) the interest rate or rates, which may be fixed or variable, that the trust debt securities of the series will bear, if any, or how the rate or rates will be determined;
- (e) any terms regarding redemption;
- (f) the ranking of the series of trust debt securities;
- (g) the maximum extension period for such series of trust debt securities; and
- (h) any other material terms of the series of trust debt securities.

Certain federal income tax consequences and special considerations relating to the series of trust debt securities will be described in an accompanying prospectus supplement.

Option to Extend Interest Payment Period

Under the Trust Debt Indenture, we have the right to defer payments of interest by extending the interest payment period for a series of trust debt securities for up to the specified maximum extension period provided for that series, except that no extension period can extend beyond the maturity or any redemption date of that series of trust debt securities. We can also extend or shorten an existing extension period. At the end of an extension period, we will be obligated to pay all interest then accrued and unpaid (together with interest on those accrued and unpaid amounts to the extent permitted by applicable law). During any extension period, we may not declare or pay any dividend on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of our capital stock (other than (1) repurchases, redemptions or other acquisitions of shares of our capital stock in connection with the satisfaction of our obligations under any employee benefit plans, (2) as a result of an exchange or conversion of one class or series of our capital stock for another class or series of our capital stock, or (3) the purchase of fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of such capital stock on the security being converted or exchanged), or repay, repurchase or redeem any debt securities that rank *pari passu* with or junior to the trust debt securities. We are also prohibited from making any guarantee payments with respect to any outstanding preferred trust securities issued by any Trust or similar entity during any extension period. Upon the termination of any extension period and the payment of all amounts then due, we can elect to begin a new extension period. We will be required to give notice to the Trustee and cause the Trustee to give notice to the holders of the series of trust debt securities of our election to begin an extension period, or any shortening or extension of a period in advance of the record date.

Subordination

Payments on the trust debt securities will be subordinated to the prior payment in full of all amounts payable on our Senior Indebtedness.

“Senior Indebtedness” is defined in the Trust Debt Indenture as the principal of and premium, if any, and unpaid interest on:

- (a) our indebtedness (including indebtedness of others guaranteed by us), whether outstanding on the date of the Trust Debt Indenture or created later, incurred, assumed or guaranteed, for money borrowed, unless the terms of that indebtedness provide that it is not senior or prior in right of payment to the trust debt securities, and
- (b) renewals, extensions, modifications and refundings of that indebtedness.

Upon any payment or distribution of our assets or securities, upon our dissolution or winding-up or total or partial liquidation or reorganization, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership or other proceedings, all amounts payable on Senior Indebtedness (including any interest accruing on the Senior Indebtedness after the commencement of a bankruptcy, insolvency or similar proceeding) will be paid in full before the holders of the trust debt securities will be entitled to receive from us any payment of principal of, or premium, if any, or interest on, the trust debt securities or distributions of any assets or securities.

No direct or indirect payment by or on our behalf of principal of, or premium, if any, or interest on, the trust debt securities will be made if there is:

- (a) a default in the payment of all or any portion of any Senior Indebtedness, or
- (b) any other default pursuant to which the maturity of Senior Indebtedness has been accelerated and, in either case, the required notice has been given to the Trustee and the default has not been cured or waived by or on behalf of the holders of the Senior Indebtedness.

If the Trustee or any holder of the trust debt securities receives any payment of the principal of, or premium, if any, or interest on, the trust debt securities when that payment is prohibited and before all amounts payable on Senior Indebtedness are paid in full, then that payment will be received and held in trust for the holders of Senior Indebtedness and will be paid to the holders of the Senior Indebtedness remaining unpaid to the extent necessary to pay the Senior Indebtedness in full.

Nothing in the Trust Debt Indenture limits the right of the Trustee or the holders of the trust debt securities to take any action to accelerate the maturity of the trust debt securities or to pursue any rights or remedies against us, as long as all Senior Indebtedness is paid before holders of the trust debt securities are entitled to receive any payment from us of principal of, or premium, if any, or interest on, the trust debt securities.

Upon the payment in full of all Senior Indebtedness, the holders of the trust debt securities will be subrogated to the rights of the holders of the Senior Indebtedness to receive payments from us or distributions of our assets made on the Senior Indebtedness until the trust debt securities are paid in full.

Denominations, Registration and Transfer

Trust debt securities of a series are issuable only in registered form. The Trust Debt Indenture also provides that trust debt securities of a series may be issuable in global form. Unless otherwise provided in the prospectus supplement, trust debt securities (other than global securities, which may be of any denomination) are issuable in denominations of \$1,000 or any integral multiples of \$1,000.

Trust debt securities will be exchangeable for other registered securities of the same series. Registered securities of a series may be presented for registration of transfer and for exchange:

- (a) at each office or agency required to be maintained by us for payment of such series as described in “—Payment and Paying Agents” below, and
- (b) at each other office or agency that we may designate from time to time for those purposes.

No service charge will be made for any transfer or exchange of trust debt securities, but we may require payment of any tax or other governmental charge payable in connection with the transfer or exchange.

We will not be required to:

- (a) issue, register the transfer of or exchange trust debt securities during a period beginning at the opening of business 15 days before any selection of trust debt securities of that series to be redeemed and ending at the close of business on the day of mailing of the relevant notice of redemption;
- (b) register the transfer of or exchange any trust debt security, or portion thereof, called for redemption, except the unredeemed portion of any trust debt security being redeemed in part; or
- (c) issue, register the transfer of or exchange any trust debt security which has been surrendered for repayment at the option of the holder, except the portion, if any, of the trust debt security not to be so repaid.

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, premium, if any, and interest, if any, on trust debt securities will be payable at the office or agency to be maintained by us for such purpose in Chicago, Illinois and at any other office or agency maintained for such purpose, except that at our option interest may be paid:

- (a) by check mailed to the address of the person entitled thereto appearing in the security register, or
- (b) by wire transfer to an account maintained by the person entitled thereto as specified in the security register. Unless otherwise provided in the prospectus supplement, payment of any installment of interest due on any interest payment date for trust debt securities will be made to the person in whose name the trust debt security is registered at the close of business on the regular record date for that interest.

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Certain Additional Covenants

We will also covenant that we may not declare or pay any distribution on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of our capital stock (other than as described under “—Option to Extend Interest Payment Period” above), repay, repurchase or redeem any debt securities that rank pari passu with or junior to the trust debt securities or make guarantee payments with respect to any preferred trust securities:

- (a) if there has occurred and is continuing an event of default under the Trust Debt Indenture, or
- (b) if we are in default under the preferred trust securities guarantee.

Any waiver of any event of default will require the approval of at least a majority of the aggregate principal amount of the trust debt securities of a particular series or, if the trust debt securities are held by the Trust, the approval of the holders of at least a majority in aggregate liquidation amount of the preferred trust securities of the Trust; except that an event of default resulting from the failure to pay the principal of, or premium, if any, or interest on, the trust debt securities cannot be waived.

Modification of the Trust Debt Indenture

We and the Trustee, without notice to or the consent of any holders of trust debt securities, may amend or supplement the Trust Debt Indenture for any of the following purposes:

- (a) to cure any ambiguity, defect or inconsistency;
- (b) to comply with the provisions of the Trust Debt Indenture regarding the consolidation, merger affecting us or the sale, conveyance, transfer or lease of our properties as an entirety or substantially as an entirety;
- (c) to provide for uncertificated trust debt securities in addition to or in place of certificated trust debt securities;
- (d) to make any other change that does not in our reasonable judgment adversely affect the rights of any holder of the trust debt securities; or
- (e) to set forth the terms and conditions, which shall not be inconsistent with the Trust Debt Indenture, of any additional series of trust debt securities and the form of trust debt securities of that series.

In addition, we and the Trustee may modify the Trust Debt Indenture or supplemental indenture or waive our future compliance with the provisions of the Trust Debt Indenture, with the consent of the holders of at least

a majority of the aggregate principal amount of the trust debt securities of each affected series, except that we need the consent of each holder of affected trust debt securities for any modification that would:

- (a) reduce the principal amount of, or interest on, the trust debt securities or change how the principal or interest is calculated;
- (b) reduce the principal amount of outstanding trust debt securities of any series the holders of which must consent to an amendment of the Trust Debt Indenture or a waiver;
- (c) change the stated maturity of the principal of, or interest on, the trust debt securities;
- (d) change the redemption provisions applicable to the trust debt securities adversely to the holders thereof;
- (e) impair the right to institute suit for the enforcement of any payment with respect to the trust debt securities;
- (f) change the currency in which payments with respect to the trust debt securities are to be made; or
- (g) change the ranking provisions applicable to the trust debt securities adversely to the holders thereof.

If the trust debt securities are held by the Trust, no modification will be made that adversely affects the holders of the preferred trust securities of the Trust, and no waiver of any event of default with respect to the trust debt securities or compliance with any covenant under the Trust Debt Indenture will be effective, without the prior consent of the holders of at least a majority of the aggregate liquidation amount of the preferred trust securities of the Trust or the holder of each such preferred trust security, as applicable.

Events of Default

The following are events of default under the Trust Debt Indenture with respect to any series of trust debt securities unless we state otherwise in the prospectus supplement:

- (a) we do not pay interest on a trust debt security of the series within 30 days of its due date (other than the deferral of interest payments during an extension period);
- (b) we do not pay the principal of, or premium on, a trust debt security of the series on its due date;
- (c) we remain in breach of a covenant in respect of the trust debt securities of the series for 60 days after we receive written notice of default stating we are in breach; or
- (d) we file for bankruptcy or a court appoints a custodian or orders our liquidation under any bankruptcy law or certain other events of bankruptcy, insolvency or reorganization occur.

In case an event of default has occurred and is continuing, other than one relating to bankruptcy, insolvency or reorganization affecting us in which case the principal of, premium, if any, and any interest on, all of the trust debt securities shall become immediately due and payable, the Trustee or the holders of at least 25% in aggregate principal amount of the trust debt securities of that series may declare the principal, together with interest accrued thereon, of all the trust debt securities of that series to be due and payable. If neither the Trustee nor the holders make that declaration then, if the trust debt securities are held by the Trust, the holders of at least 25% in aggregate liquidation amount of the related preferred trust securities shall have the right to make that declaration by written notice to us and the Trustee. The holders of at least a majority in aggregate principal amount of the series of trust debt securities, by notice to the Trustee, can rescind an acceleration, but if the declaration was made by the holders of the related preferred trust securities, the holders of at least a majority in aggregate liquidation amount of such preferred trust securities must consent to the rescission of the acceleration. We will be required to furnish to the Trustee an annual statement as to our compliance with all conditions and covenants under the Trust Debt Indenture and the trust debt securities and as to any event of default.

Consolidation, Merger, Sale or Conveyance

We may not consolidate with or merge with or into any other person or sell, convey, transfer or lease our properties and assets as an entirety or substantially as an entirety to any person, unless:

- (a) the successor person is organized under the laws of the United States or any state thereof or the District of Columbia and expressly assumes by a supplemental indenture all of our obligations under the trust debt securities and the Trust Debt Indenture;
- (b) immediately after the transaction, no default exists; and
- (c) certain other conditions in the Trust Debt Indenture are met.

Defeasance and Discharge

Under the terms of the Trust Debt Indenture, we will be discharged from any and all obligations in respect of the trust debt securities of any series if, among other conditions, we deposit with the Trustee, in trust, (1) cash and/or (2) U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and other payments on the trust debt securities on their various due dates. To exercise this option with respect to the trust debt securities of any series, we are required to deliver to the Trustee an opinion of independent counsel to the effect that such option would not cause the holders of the trust debt securities of such series to recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance, and such holders will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

Information Concerning the Trustee

Subject to the provisions of the Trust Debt Indenture relating to its duties, the Trustee will be under no obligation to exercise any of its rights or powers under the Trust Debt Indenture at the request or direction of the holders of any series of trust debt securities or the holders of the related preferred trust securities, unless those holders provide to the Trustee reasonable security and indemnity. If the required indemnity is provided, the holders of at least a majority in aggregate principal amount of any series of trust debt securities affected or the holders of at least a majority in aggregate liquidation amount of the preferred trust securities (with each series voting as a class), as applicable, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to that series of trust debt securities or exercising any trust or power conferred on the Trustee.

The Trust Debt Indenture will contain limitations on the right of the Trustee, as our creditor, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. In addition, the Trustee may be deemed to have a conflicting interest and may be required to resign as Trustee if at the time of an event of default (1) it is our creditor, or (2) there is a default under the indenture(s) referred to below.

BNY Midwest Trust Company, an affiliate of The Bank of New York, is the property trustee of the Trust. BNY Midwest Trust Company is also the trustee under our indenture described under "Description of Debt Securities" and will be the trustee under our Trust Debt Indenture. In the event that the property trustee's position as trustee under the indenture or the Trust Debt Indenture creates a conflict for the property trustee, under certain circumstances, the property trustee will resign as property trustee or as trustee under one or more of the indenture or the Trust Debt Indenture.

The Bank of New York and its affiliates may from time to time maintain lines of credit, act as trustee for senior debt, including the Debt Securities, and otherwise have customary banking relations with us. Neither the trust agreements nor the Trust Debt Indenture, or any supplement thereto, precludes The Bank of New York or any of its affiliates from enforcing its rights or the rights of any holders of senior debt for which it acts as trustee as our creditors unless there is an event of default under a trust agreement or the Trust Debt Indenture, including any supplement thereto, for the trust debt securities.

Governing Law

The Trust Debt Indenture and the trust debt securities will be governed by and construed in accordance with the laws of the State of New York.

DESCRIPTION OF THE PREFERRED TRUST SECURITIES

Each Trust may issue preferred trust securities and common trust securities under its trust agreement, which we refer to in this prospectus as the “trust securities.” Material provisions of the trust agreements are summarized below. Because this section is a summary, it does not describe every aspect of the trust securities and the trust agreements. The form of trust agreement for each Trust was filed with the SEC and you should read the trust agreement for each Trust for provisions that may be important to you. The trust agreements have been qualified as an indenture under the Trust Indenture Act.

General

Each trust agreement authorizes the respective Trust to issue its preferred trust securities and its common trust securities. These trust securities of the Trust will represent undivided beneficial interests in the assets of that Trust. We will own all of the issued and outstanding common trust securities of the Trust, with an aggregate liquidation amount equal to at least 3% of the total capital of that Trust. When a Trust issues its preferred trust securities, holders of the preferred trust securities will own all of the issued and outstanding preferred trust securities of that Trust. The preferred trust securities will be substantially identical to the common trust securities and will rank equally with the common trust securities, except as described under “Subordination of Common Trust Securities.” The proceeds from the sale of the preferred trust securities and the common trust securities will be used by the issuing Trust to purchase our trust debt securities described above under “Description of Trust Debt Securities” or such other debt securities as are specified in the prospectus supplement which will be held in trust by the property trustee for the benefit of the holders of the trust securities. We will execute a guarantee agreement for the benefit of the holders of preferred trust securities (the “guarantee”) which will have the ranking specified in the prospectus supplement. Under the guarantee, we will agree to make payments of distributions and payments on redemption or liquidation with respect to the preferred trust securities, but only to the extent the issuing Trust holds funds available for these payments and has not made them. See “Description of the Preferred Trust Securities Guarantee” below.

A prospectus supplement relating to the preferred trust securities of a Trust will include specific terms of those securities and of the related trust debt securities. As used in this portion of the prospectus, the term “trust debt securities” relates to the debt securities that will comprise the assets of the issuing Trust.

Distributions

The only income of an issuing Trust available for distribution to the holders of its preferred trust securities will be payments on the related trust debt securities. If we fail to make interest payments on the related trust debt securities, the issuing Trust will not have funds available to pay on its preferred trust securities. The payment of distributions, if and to the extent the issuing Trust has sufficient funds available for the payment of such distributions, will be guaranteed by us as described below.

Distributions on the preferred trust securities will be payable at a rate specified (or at a rate whose method of determination is described) in an accompanying prospectus supplement. Unless otherwise specified in the prospectus supplement, the amount of distributions payable for any period will be computed on the basis of a 360-day year of twelve 30-day months.

Unless otherwise specified in the prospectus supplement, distributions on the preferred trust securities will be cumulative and will accumulate whether or not there are funds of the issuing Trust available for payment of distributions from the date of original issuance and will be payable in arrears on the dates specified in the prospectus supplement except as otherwise described below.

Unless otherwise specified in the prospectus supplement, distribution payments due on a day that is not a business day will be made on the next day that is a business day (and without any interest or other payment in respect to the delay), except that if the next business day falls in the next calendar year, payment will be made on the immediately preceding business day (each date on which distributions are payable as described is referred to as a “distribution date”). Unless otherwise specified in the prospectus supplement, a “business day” means any day other than a Saturday, Sunday or a day on which banks in the city of New York, the city of Chicago or the state of California are required to remain closed.

Distributions on the preferred trust securities of a Trust will be payable to the holders thereof as they appear on the securities register of that Trust on the relevant record date, which, as long as the preferred trust securities remain in book-entry-only form, will be one business day prior to the relevant distribution date. In the event that any preferred trust securities are not in book-entry-only form, the relevant record date for those preferred trust securities will be specified in the prospectus supplement.

So long as no event of default has occurred and is continuing with respect to the trust debt securities, we will have the right from time to time to defer payments of interest by extending the interest payment period on the related trust debt securities for up to the maximum period specified in the accompanying prospectus supplement except that no extension period can extend beyond the maturity or any redemption date of the trust debt securities. We can also extend or shorten an existing extension period. If interest payments on a series of trust debt securities are deferred, distributions on the related preferred trust securities would also be deferred by the issuing Trust during that extension period, but the amount of distributions to which holders of those preferred trust securities would be entitled will continue to accumulate at the annual rate applicable to those distributions, compounded with the same frequency with which distributions are payable. During any extension period, we may not declare or pay any distribution on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of our capital stock (other than (1) repurchases, redemptions or other acquisitions of shares of our capital stock in connection with the satisfaction of our obligations under any employee benefit plans, (2) as a result of an exchange or conversion of one class or series of our capital stock for another class or series of the Guarantor’s capital stock, or (3) the purchase of fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of such capital stock on the security being converted or exchanged) or repay, repurchase or redeem any debt securities that rank pari passu with or junior to the trust debt securities. We are also prohibited from making any guarantee payments with respect to any outstanding preferred trust securities issued by any Trust or similar entity during any extension period. Upon the termination of any extension period and the payment of all amounts then due, we can elect to begin a new extension period. See “Description of Trust Debt Securities—Option to Extend Interest Payment Period.”

Redemption

Upon the payment of a series of trust debt securities at maturity or upon redemption, the proceeds from that payment will be applied by the respective property trustee to redeem the same amount of the related trust securities at a redemption price equal to the liquidation amount of those trust securities plus all accumulated and unpaid distributions to the redemption date. The redemption terms of the trust debt securities and the related trust securities will be set forth in the accompanying prospectus supplement.

If less than all the trust securities of a Trust are to be redeemed on a redemption date, then the aggregate amount of trust securities to be redeemed will be selected by the property trustee among the preferred trust securities and common trust securities pro rata based on the respective aggregate liquidation amounts of the preferred trust securities and common trust securities, subject to the provisions of “—Subordination of Common Trust Securities” below.

Redemption Procedures

Notice of any redemption of trust securities will be given by the property trustee to the holders of the trust securities to be redeemed not less than 30 nor more than 60 days prior to the redemption date. If a notice of redemption is given with respect to any trust securities, then, to the extent funds are available therefor, the Trust will irrevocably deposit with the paying agent for those trust securities funds sufficient to pay the redemption price for the trust securities being redeemed on the redemption date and will give the paying agent irrevocable instructions and authority to pay the redemption price to the holders of those trust securities upon surrender thereof. Notwithstanding the foregoing, distributions payable on or prior to the redemption date for any trust securities called for redemption shall be payable to the holders of the trust securities as they appear on the securities register for those trust securities on the relevant record dates for the related distribution dates.

If notice of redemption shall have been given and funds irrevocably deposited as required, then upon the date of such deposit, all rights of the holders of the trust securities so called for redemption cease, except the right of the holders of the trust securities to receive the redemption price, but without interest thereon, and the trust securities will cease to be outstanding. In the event that any redemption date for trust securities is not a business day, then the redemption price will be payable on the next day that is a business day (and without any interest or other payment in respect of any such delay), except that if such business day falls in the next calendar year, the redemption price will be payable on the immediately preceding business day. In the event that payment of the redemption price in respect of any trust securities called for redemption is improperly withheld or refused and not paid either by the Trust or by us pursuant to the guarantee as described under "Description of the Preferred Trust Securities Guarantee," distributions on those trust securities will continue to accumulate at the then applicable rate from the original redemption date to the date of payment, in which case the actual payment date will be considered the redemption date for purposes of calculating the redemption price.

Subject to applicable law, including United States federal securities law, we or our affiliates may at any time and from time to time purchase outstanding preferred trust securities by tender, in the open market or by private agreement.

If preferred trust securities are partially redeemed on a redemption date, a corresponding percentage of the common trust securities of that Trust will also be redeemed. The particular preferred trust securities to be redeemed will be selected by the property trustee of that Trust by such method as the property trustee shall deem fair and appropriate. The property trustee will promptly notify the preferred trust security registrar in writing of the preferred trust securities selected for redemption and, where applicable, the partial amount to be redeemed.

Subordination of Common Trust Securities

Payments on the trust securities will be made pro rata based on the respective aggregate liquidation amounts of that Trust's common and preferred trust securities. If an event of default has occurred and is continuing with respect to the trust debt securities, no payments will be made on any common trust securities unless payment in full in cash of all accumulated and unpaid distributions on all outstanding preferred trust securities for all distribution periods terminating on or prior to that time, or in the case of a dissolution or redemption, the full amount of the redemption price or liquidation distribution on all outstanding preferred trust securities, shall have been made or provided for, and all funds available to the property trustee shall first be applied to the payment in full in cash of all payments on all outstanding preferred trust securities then due and payable.

If an event of default has occurred and is continuing with respect to the trust debt securities the holder of the common trust securities will be deemed to have waived any right to act with respect to the event of default until the effect of the event of default has been cured, waived or otherwise eliminated with respect to those preferred trust securities. Until the event of default has been cured, waived or otherwise eliminated, the property trustee shall act solely on behalf of the holders of the preferred trust securities and not on behalf of us, as holder of common trust securities, and only the holders of the preferred trust securities will have the right to direct the property trustee to act on their behalf.

Liquidation Distribution upon Dissolution

Under the trust agreement, a Trust will be dissolved on the earliest occurrence of:

- (a) the expiration of the term of that Trust;
- (b) our bankruptcy, dissolution or liquidation or an acceleration of the maturity of the trust debt securities held by that Trust;
- (c) our election to dissolve that Trust and, after satisfaction of liabilities to creditors of that Trust, the distribution of the related trust debt securities to the holders of that Trust's trust securities;
- (d) the redemption of all the trust securities of that Trust; and
- (e) an order for the dissolution of that Trust entered by a court of competent jurisdiction.

Our election to dissolve a Trust shall be made by giving written notice to the trustees of that Trust not less than 30 days prior to the date of distribution of its trust debt securities and shall be accompanied by an opinion stating that the event will not be a taxable event to the holders of the trust securities for federal income tax purposes.

If a Trust is dissolved as a result of the expiration of its term, a bankruptcy event, acceleration of maturity of the related trust debt securities or a court order, it will be liquidated by its trustees as expeditiously as the trustees determine to be possible by distributing, after satisfaction of liabilities to its creditors as provided by applicable law, to the holders of its trust securities a like amount of the related trust debt securities, unless that distribution is determined by the property trustee not to be practical, in which event holders will be entitled to receive out of that Trust's assets available for distribution to holders, after satisfaction of liabilities to its creditors as provided by applicable law, an amount equal to the aggregate liquidation amount per trust security specified in the accompanying prospectus supplement plus accumulated and unpaid distributions to the date of payment (the "liquidation distribution"). If the liquidation distribution with respect to the preferred trust securities can be paid only in part because that Trust has insufficient assets available to pay in full the aggregate liquidation distribution, then the amounts payable by that Trust on its preferred trust securities shall be paid on a pro rata basis. The holders of its common trust securities will be entitled to receive the liquidation distribution upon any liquidation pro rata with the holders of preferred trust securities, except that if an event of default has occurred and is continuing, the preferred trust securities will have a priority over the common trust securities with respect to payment of the liquidation distribution.

Trust Agreement Event of Default; Notice

An event of default with respect to the related trust debt securities will constitute a "trust agreement event of default" with respect to the preferred trust securities.

Within 90 days after the occurrence of any trust agreement event of default actually known to the property trustee, the property trustee will send notice of it to the holders of the trust securities of that Trust and us, unless the default has been cured or waived. We are required to file annually with the property trustee a certificate as to whether or not we are in compliance with all the conditions and covenants applicable to us under the trust agreement.

Under the trust agreement, if the property trustee has failed to enforce its rights under the trust agreement or the related Trust Debt Indenture to the fullest extent permitted by law and subject to the terms of the trust agreement and the related Trust Debt Indenture, any holder of the preferred trust securities may institute a legal proceeding directly to enforce the property trustee's rights under that trust agreement or the Trust Debt Indenture with respect to trust debt securities having an aggregate principal amount equal to the aggregate liquidation amount of the preferred trust securities of such holder without first instituting a legal proceeding against the property trustee or any other person. To the extent that any action under a Trust Debt Indenture is entitled to be

taken by the holders of at least a specified percentage of the principal amount of the related trust debt securities, holders of that specified percentage of the preferred trust securities may take that action if it is not taken by the property trustee. If a trust agreement event of default attributable to our failure to pay principal of or premium, if any, or interest on a series of trust debt securities has occurred and is continuing, then each holder of related preferred trust securities may institute a legal proceeding directly against us for enforcement of payment to that holder, all as provided in the related Trust Debt Indenture.

If an event of default has occurred and is continuing with respect to a series of trust debt securities, the related preferred trust securities will have a preference over the common trust securities with respect to the payment of distributions and amounts payable on redemption and liquidation as described above. See “Liquidation Distribution upon Dissolution” and “—Subordination of Common Trust Securities.”

Removal of Trustees

Unless a trust agreement event of default has occurred and is continuing, we, as the holder of the common trust securities, may remove any trustee of that Trust at any time. If a trust agreement event of default has occurred and is continuing, the holders of a majority of the total liquidation amount of the outstanding preferred trust securities of that Trust may remove its property trustee or the Delaware trustee, or both of them. Any resignation or removal of a trustee under the trust agreement will take effect only on the acceptance of appointment by the successor trustee.

Co-Trustees and Separate Property Trustee

Unless a trust agreement event of default has occurred and is continuing, in order to meet various legal requirements, the holder of the common trust securities shall have the power:

- (a) to appoint one or more persons approved by the property trustee either to act as co-trustee, jointly with the property trustee, of all or any part of specified trust property, or to act as separate trustee of that trust property, and
- (b) to vest in that person or persons in that capacity any property, title, right or power deemed necessary or desirable, subject to the provisions of the trust agreement.

If a trust agreement event of default has occurred and is continuing, only the property trustee will have power to make this appointment.

Merger or Consolidation of Trustees

Any corporation or other entity into which any trustee may be merged or converted or with which it may be consolidated, or any corporation or other entity succeeding to all or substantially all the corporate trust business of any trustee, shall be the successor of such trustee under the trust agreement, as long as the corporation or other entity is otherwise qualified and eligible.

Mergers, Consolidations, Amalgamations or Replacements of a Trust

A Trust may not merge with or into, consolidate, amalgamate, or be replaced by, or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to any corporation or other entity, except as described below or in “Liquidation Distribution upon Dissolution.” The Trust may, at our request, without the consent of the holders of its trust securities, merge with or into, consolidate, amalgamate, or be replaced by a trust organized under the laws of any state, as long as:

- (a) the successor entity either
 - (1) expressly assumes all of the obligations of that Trust with respect to its trust securities, or
 - (2) substitutes for the trust securities other securities substantially similar to those trust securities (the “successor securities”) so long as the successor securities rank the same as those trust securities with respect to the payment of distributions and payments upon redemption, liquidation and otherwise;

- (b) we appoint a trustee of the successor entity with the same powers and duties as the property trustee of that Trust with respect to the related trust debt securities;
- (c) the successor securities are listed on any national securities exchange or other organization on which the trust securities are then listed;
- (d) the merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not cause the rating of preferred trust securities (including any successor securities) to be downgraded, placed under surveillance or review or withdrawn by any nationally recognized statistical rating organization;
- (e) the merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the holders of the trust securities (including any successor securities) in any material respect;
- (f) the successor entity has a purpose substantially similar to that of the original Trust;
- (g) prior to the merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, we and the property trustee of that Trust have received a legal opinion stating that:
 - (1) such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the holders of the trust securities (including any successor securities) in any material respect, and
 - (2) following the merger, consolidation, amalgamation, replacement, conveyance, transfer or lease neither the Trust nor the successor entity will be required to register as an investment company under the Investment Company Act of 1940, and the Trust (or the successor entity) will continue to be classified as a grantor trust for United States federal income tax purposes; and
- (h) we or any permitted successor assignee own all of the common securities of the successor entity and guarantee the obligations of the successor entity under the successor securities at least to the extent provided by the preferred trust securities guarantee.

No Trust will, except with the consent of all holders of its trust securities, consolidate, amalgamate, merge with or into, or be replaced by, any other entity, or permit any other entity to consolidate, amalgamate, merge with or into, or replace it if that action would cause the Trust or the successor entity not to be classified as a grantor trust for federal income tax purposes.

Voting Rights; Amendment of a Trust Agreement

Except as provided below and under “—Mergers, Consolidations, Amalgamations or Replacements of a Trust” and “Description of the Preferred Trust Securities Guarantee—Amendments and Assignment” and as otherwise required by law and the trust agreement, the holders of the trust securities will have no voting rights.

The Trust Agreement may be amended from time to time by us and the trustees of that Trust, without the consent of the holders of the trust securities, (1) to cure any ambiguity, defect or inconsistency, or (2) to make any other change that does not adversely affect in any material respect the interests of any holder of the preferred trust securities.

The trust agreement may be amended by us and the trustees of that Trust in any other respect, with the consent of the holders of a majority in aggregate liquidation amount of the outstanding preferred trust securities, except to:

- (a) change the amount, timing or currency or otherwise adversely affect the method of payment of any distribution or liquidation distribution,
- (b) restrict the right of a holder of any preferred trust securities to institute suit for enforcement of any distribution, redemption price or liquidation distribution,
- (c) change the purpose of that Trust,
- (d) authorize the issuance of any additional beneficial interests in the Trust,
- (e) change the redemption provisions,

- (f) change the conditions precedent for us to elect to dissolve that Trust and distribute the trust debt securities to the holders of the preferred trust securities, or
- (g) affect the limited liability of any holder of the preferred trust securities, which amendment requires the consent of the holder of the preferred trust securities.

No amendment may be made without receipt by the Trust of a legal opinion stating that the amendment will not affect the Trust's status as a grantor trust for federal income tax purposes or its exemption from regulation as an investment company under the Investment Company Act of 1940.

The Trustees of the Trust shall not:

- (a) direct the time, method and place of conducting any proceeding for any remedy available to a trustee under the Trust Debt Indenture or executing any trust or power conferred on that trustee with respect to the trust debt securities,
- (b) waive any past default under the Trust Debt Indenture,
- (c) exercise any right to rescind or annul an acceleration of the principal of the trust debt securities, or
- (d) consent to any amendment or modification of the Trust Debt Indenture, where consent shall be required,

without, in each case, obtaining the consent of the holders of a majority in aggregate liquidation amount of all outstanding preferred trust securities; provided, however, that where a consent under the Trust Debt Indenture would require the consent of each holder of trust debt securities, no consent shall be given by the property trustee without the prior consent of each holder of those preferred trust securities. The trustee shall not revoke any action previously authorized or approved by a vote of the holders of the preferred trust securities except by subsequent vote of those holders. The property trustee shall notify all holders of preferred trust securities of any notice received from the trustee under the Trust Debt Indenture as a result of the issuer thereof being the holder of the trust debt securities. In addition to obtaining the consent of the holders of the preferred trust securities prior to taking any of these actions, the trustee shall obtain a legal opinion stating that the Trust will not be classified as an association taxable as a corporation or a partnership for federal income tax purposes as a result of that action and will continue to be classified as a grantor trust for federal income tax purposes.

Any required consent of holders of preferred trust securities may be given at a meeting of holders of the preferred trust securities convened for that purpose or pursuant to written consent without a meeting and without prior notice. The property trustee of the Trust will cause a notice of any meeting at which holders of preferred trust securities are entitled to vote, to be given to each holder of record of preferred trust securities in the manner set forth in the trust agreement.

Notwithstanding that holders of preferred trust securities are entitled to vote or consent under certain circumstances, any preferred trust securities that are owned by us, the Trustees or any affiliate of ours or any Trustee shall, for purposes of a vote or consent, be treated as if they were not outstanding.

Global Preferred Trust Securities

Unless otherwise specified in the prospectus supplement, the preferred trust securities will initially be issued in fully registered global form that will be deposited with, or on behalf of, a depository. Global preferred trust securities may be issued only in fully registered form and in either temporary or permanent form. Unless and until a global preferred trust security is exchanged in whole or in part for the individual preferred trust securities represented thereby, the depository holding the global preferred trust security may transfer the global preferred trust security only to its nominee or successor depository or vice versa and only as a whole. Unless otherwise indicated in the prospectus supplement, the depository for the global preferred trust securities will be The Depository Trust Company. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in certificated form. These limits and laws may impair the ability to transfer beneficial interests in global preferred trust securities.

Information Concerning the Property Trustee

The property trustee of the Trust is the sole trustee under the trust agreement for purposes of the Trust Indenture Act and will have and be subject to all of the duties and responsibilities of an indenture trustee under the Trust Indenture Act. The property trustee, other than during the occurrence and continuance of a trust agreement event of default, undertakes to perform only such duties as are specifically set forth in the trust agreement and, upon a trust agreement event of default, must use the same degree of care and skill in the exercise thereof as a prudent person would exercise or use in the conduct of his or her own affairs. Subject to this provision, the property trustee is under no obligation to exercise any of the powers vested in it by the trust agreement at the request of any holder of preferred trust securities unless it is offered reasonable security or indemnity against the costs, expenses and liabilities that might be incurred thereby. If no trust agreement event of default has occurred and is continuing, and the property trustee is required to decide between alternative courses of action, construe ambiguous provisions in the trust agreement or is unsure of the application of any provision of that trust agreement, and the matter is not one on which holders of preferred trust securities are entitled under the trust agreement to vote, then the property trustee shall take such action as is directed by us and, if not so directed, may take such action as it deems advisable and in the best interests of the holders of the trust securities and will have no liability except for its own negligent action, negligent failure to act or willful misconduct.

BNY Midwest Trust Company, an affiliate of The Bank of New York, is the property trustee of the Trust. BNY Midwest Trust Company is also the trustee under our indenture described under "Description of Debt Securities" and will be the trustee under our Trust Debt Indenture. In the event that the property trustee's position as trustee under the indenture or the Trust Debt Indenture creates a conflict for the property trustee, under certain circumstances, the property trustee will resign as property trustee or as trustee under one or more of the indenture or the Trust Debt Indenture.

The Bank of New York and its affiliates may from time to time maintain lines of credit, act as trustee for senior debt, including the Debt Securities, and otherwise have customary banking relations with us. Neither the trust agreements nor the Trust Debt Indenture, or any supplement thereto, precludes The Bank of New York or any of its affiliates from enforcing its rights or the rights of any holders of senior debt for which it acts as trustee as our creditors unless there is an event of default under a trust agreement or the Trust Debt Indenture, including any supplement thereto, for the trust debt securities.

Books and Records

The books and records of the Trust will be maintained at the principal office of the Trust and will be open for inspection by each holder of preferred trust securities or any authorized representative for any purpose reasonably related to the holder's interest in the Trust during normal business hours.

Payment of Preferred Trust Securities and Paying Agent

Unless we indicate differently in a prospectus supplement, payments in respect of the preferred trust securities will be made to the depositary, which will credit the relevant participants' accounts on the distribution dates or, if the preferred trust securities are not held by the depositary, payments will be made on the distribution dates by check mailed to the address of the holder entitled thereto appearing on the preferred trust security register or in immediately available funds upon redemption. The paying agent will initially be the property trustee of the Trust and any co-paying agent chosen by the property trustee and acceptable to us, which may be us. A paying agent may resign upon 30 days' written notice to the property trustee and us. In the event that the property trustee shall no longer be the paying agent, the administrative trustee of the Trust will appoint a successor, which shall be a bank, trust company or affiliate of ours acceptable to the property trustee and us to act as paying agent.

Registrar and Transfer Agent

The property trustee of the Trust will act as registrar and transfer agent for the preferred trust securities. Registration of transfers of preferred trust securities will be made without charge by or on behalf of the Trust, but the Trust may require payment of any tax or other governmental charges that may be imposed in connection with any transfer or exchange of its preferred trust securities.

Miscellaneous

Holders of the preferred trust securities have no preemptive or similar rights.

Governing Law

The trust agreement, the preferred trust securities and the common trust securities provide that they are to be governed by and construed in accordance with the laws of the State of Delaware.

DESCRIPTION OF THE PREFERRED TRUST SECURITIES GUARANTEE

Material provisions of each preferred trust securities guarantee that we will execute and deliver for the benefit of the holders of preferred trust securities are summarized below. Because this section is a summary, it does not describe every aspect of the preferred trust securities guarantees. The form of preferred trust securities guarantee was filed with the SEC and you should read it for provisions that may be important to you. The preferred trust securities guarantee has been qualified as an indenture under the Trust Indenture Act.

BNY Midwest Trust Company, an affiliate of The Bank of New York, will act as guarantee trustee under the preferred trust securities guarantee. The guarantee trustee will hold the preferred trust securities guarantee for the benefit of the holders of the preferred trust securities.

General

We will irrevocably agree, to pay in full, to the holders of the preferred trust securities, the guarantee payments set forth below (except to the extent previously paid), as and when due, regardless of any defense, right of set-off or counterclaim which any of the Trusts may have or assert. The following payments, to the extent not paid by such Trust, will be subject to the guarantee:

- (a) any accumulated and unpaid distributions required to be paid on the preferred trust securities, to the extent that such Trust has funds available therefor,
- (b) the redemption price, to the extent that such Trust has funds available therefor, and
- (c) upon a voluntary or involuntary termination, winding-up or liquidation of such Trust (unless the trust debt securities of such Trust are redeemed or distributed to holders of the preferred trust securities in accordance with their terms), the lesser of:
 - (1) the aggregate of the liquidation amount specified in the prospectus supplement per preferred trust security plus all accumulated and unpaid distributions on those preferred trust securities to the date of payment, to the extent such Trust has funds available therefor, and
 - (2) the amount of assets of such Trust remaining for distribution to holders of the preferred trust securities upon a dissolution and liquidation of such Trust.

Our obligation to make a guarantee payment may be satisfied by direct payment by us of the required amounts to the holders of the preferred trust securities or by causing such Trust to pay those amounts to the holders. While our assets will not be available pursuant to the guarantee for the payment of any distribution, liquidation distribution or redemption price on any preferred trust securities if such Trust does not have funds available therefor as described above, we have agreed under the applicable trust agreement to pay all expenses of that Trust except its obligations under its trust securities.

No single document executed by us in connection with the issuance of the preferred trust securities will provide for our full, irrevocable and unconditional guarantee of the preferred trust securities. It is only the combined operation of our obligations under the guarantee, the trust agreements, the trust debt securities and the Trust Debt Indenture that has the effect of providing a full, irrevocable and unconditional guarantee of the Trust's obligations under its preferred trust securities. See "Relationship Among the Preferred Trust Securities, the Trust Debt Securities and the Preferred Trust Securities Guarantee."

Status of the Guarantee

The guarantee will constitute our unsecured obligation and will have the ranking specified in the prospectus supplement. The trust agreements provide that each holder of preferred trust securities by acceptance thereof agrees to the terms of the guarantee including, if specified in the prospectus supplement, subordination provisions relating to the guarantee. The guarantee will constitute a guarantee of payment and not of collection (i.e., the guaranteed party may institute a legal proceeding directly against us to enforce its rights under the guarantee without first instituting a legal proceeding against any other person or entity). The guarantee will not be discharged except by payment of the guarantee payments in full to the extent not previously paid or upon distribution to the holders of the preferred trust securities of the related trust debt securities pursuant to the applicable Trust Agreement.

Amendments and Assignment

Except with respect to any changes that do not materially adversely affect the rights of holders of the preferred trust securities (in which case no consent of the holders will be required), the guarantee with respect to any of the Trusts may only be amended with the prior approval of the holders of a majority in aggregate liquidation amount of the preferred trust securities (excluding any preferred trust securities held by us or an affiliate). The manner of obtaining any approval will be as set forth under “Description of the Preferred Trust Securities—Voting Rights; Amendment of the Trust Agreement.” All agreements contained in the guarantee will bind our successors, assigns, receivers, trustees and representatives and will inure to the benefit of the holders of the preferred trust securities.

Guarantee Events of Default

An event of default under a guarantee (a “guarantee event of default”) will occur upon our failure to perform any of our payment or other obligations thereunder, provided that except with respect to a guarantee event of default resulting from a failure to make any of the guarantee payments, we shall have received notice of the guarantee event of default from the guarantee trustee and shall not have cured such guarantee event of default within 60 days after receipt of such notice. The holders of a majority in aggregate liquidation amount of the preferred trust securities (excluding any preferred trust securities held by us or an affiliate) will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the guarantee trustee under the guarantee related to the Trust or to direct the exercise of the trust or power conferred upon the guarantee trustee under the guarantee. We will covenant that, if a guarantee event of default has occurred and is continuing, we may not declare or pay any distribution on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of our capital stock (other than as described under “Description of Trust Debt Securities—Option to Extend Interest Payment Period”), repay, repurchase or redeem any debt securities that rank *pari passu* with or junior to the trust debt securities or make any guarantee payments with respect to any outstanding preferred trust securities issued by any other trust or similar entity.

Any holder of the preferred trust securities may institute a legal proceeding directly against us to enforce that holder’s rights under the related guarantee without first instituting a legal proceeding against the Trust, the guarantee trustee or any other person or entity.

We, as guarantor, will be required to file annually with the guarantee trustee a certificate as to whether or not we are in compliance with all the conditions and covenants applicable to us under the guarantee.

Information Concerning the Guarantee Trustee

The guarantee trustee, other than during the occurrence and continuance of a guarantee event of default, undertakes to perform only such duties as are specifically set forth in the guarantee and, upon a guarantee event of default, must exercise the rights and powers vested in it by the guarantee and use the same degree of care and

skill in the exercise thereof as a prudent person would exercise or use in the conduct of his or her own affairs. Subject to this provision, the guarantee trustee is under no obligation to exercise any of the powers vested in it by any guarantee at the request of any holder of preferred trust securities unless it is offered reasonable indemnity against the costs, expenses and liabilities that might be incurred thereby.

Termination of a Guarantee

The guarantee will terminate and be of no further force and effect upon full payment of the redemption price or liquidation distribution for the related preferred trust securities or upon distribution of the related trust debt securities to the holders of the related preferred trust securities. That guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any holder of the related preferred trust securities must restore payment of any sums paid under those preferred trust securities or the guarantee.

Governing Law

The preferred trust securities guarantee will be governed by and construed in accordance with the laws of the State of New York.

RELATIONSHIP AMONG THE PREFERRED TRUST SECURITIES, THE TRUST DEBT SECURITIES AND THE PREFERRED TRUST SECURITIES GUARANTEE

Payments of distributions and redemption and liquidation payments due on the preferred trust securities (to the extent the applicable Trust has funds available for such payments) will be guaranteed by us as set forth under "Description of the Preferred Trust Securities Guarantee." No single document executed by us in connection with the issuance of the preferred trust securities will provide for our full, irrevocable and unconditional guarantee of those preferred trust securities. It is only the combined operation of our obligations under the guarantee, the applicable trust agreement, the related trust debt securities and the Trust Debt Indenture that has the effect of providing a full, irrevocable and unconditional guarantee of that Trust's obligations under its preferred trust securities. As used in this portion of the prospectus, the term "trust debt securities" refers to the debt securities that will comprise the assets of that Trust.

A holder of any preferred trust security may institute a legal proceeding directly against us to enforce the property trustee's rights under the related trust agreement, Trust Debt Indenture or guarantee without first instituting a legal proceeding against that property trustee, the trustee under the Trust Debt Indenture or the guarantee trustee, the issuing Trust or any other person or entity if that trustee fails to enforce that particular holder's rights thereunder. Notwithstanding the foregoing, if the trust agreement event of default attributable to our failure to pay principal of or premium, if any, or interest on the trust debt securities has occurred and is continuing, then each holder of those preferred trust securities may institute a legal proceeding directly against us for enforcement of any such payment to such holder, all as provided in the Trust Debt Indenture.

As long as we make payments of interest and other payments when due on the related trust debt securities, those payments will be sufficient to cover the payment of distributions and redemption and liquidation distributions due on the preferred trust securities, primarily because:

- (a) the aggregate principal amount of the trust debt securities will be equal to the sum of the aggregate liquidation amount of the related preferred trust securities and common trust securities,
- (b) the interest rate and interest and other payment dates of the trust debt securities will match the distribution rate and distribution and other payment dates for the related preferred trust securities,
- (c) the trust agreements provide that we will pay for all and any costs, expenses and liabilities of the Trusts except their obligations under the preferred trust securities and common trust securities, and
- (d) the trust agreements provide that the Trusts will not engage in any activity that is not consistent with its limited purposes.

If and to the extent that we do not make payments on the trust debt securities comprising the assets of a Trust, the Trust will not have funds available to make payments of distributions or other amounts due on its preferred trust securities.

A principal difference between the rights of a holder of a preferred trust security (which represents an undivided beneficial interest in the assets of the Trust) and a holder of a trust debt security is that a holder of a trust debt security will accrue, and (subject to the permissible extension of the interest payment period) is entitled to receive, interest on the principal amount of trust debt securities held, while a holder of preferred trust securities is entitled to receive distributions only if and to the extent the Trust has funds available for the payment of those distributions.

Upon any voluntary or involuntary dissolution or liquidation of the Trust not involving a redemption or distribution of any trust debt security, after satisfaction of liabilities to creditors of that Trust, the holders of its preferred trust securities will be entitled to receive, out of assets held by the Trust, the liquidation distribution in cash. See “Description of the Preferred Trust Securities—Liquidation Distribution upon Dissolution.” Upon our voluntary liquidation or bankruptcy, the Trusts, as holders of the trust debt securities, would be creditors of ours, subordinated in the case of trust debt securities described under “Description of Trust Debt Securities,” in right of payment to all Senior Indebtedness, but entitled to receive payment in full of principal, premium, if any, and interest, before any of our shareholders receive payments or distributions.

A default or event of default under any Senior Indebtedness would not constitute an event of default with respect to trust debt securities under the Trust Debt Indenture. However, in the event of payment defaults under, or acceleration of, Senior Indebtedness, the subordination provisions of the trust debt securities provide that no payments may be made in respect of the trust debt securities until the Senior Indebtedness has been paid in full or any payment default thereunder has been cured or waived. Failure to make required payments on the trust debt securities would constitute an event of default.

We and the Trusts believe that the above mechanisms and obligations, taken together, are the equivalent of a full and unconditional guarantee by us of payments due in respect of the preferred trust securities.

ANTI-TAKEOVER MATTERS

Our articles of incorporation and bylaws contain provisions that may have the effect of discouraging persons from acquiring large blocks of Southwest stock or delaying or preventing a change in control of Southwest. The material provisions which may have such an effect are:

- (a) provisions requiring a super-majority vote by shareholders of common stock in order to approve certain types of business combinations;
- (b) a provision permitting the Southwest board of directors to make, amend or repeal the Southwest bylaws;
- (c) authorization for the Southwest board of directors to issue preferred stock in series and to fix rights and preferences of the series (including, among other things, whether, and to what extent, the shares of any series will have voting rights and the extent of the preferences of the shares of any series with respect to dividends and other matters);
- (d) advance notice procedures with respect to proposals other than those adopted or recommended by the Southwest board of directors; and
- (e) provisions permitting amendment of certain of these provisions only by an affirmative vote of the holders of at least 65 percent of the outstanding shares of Southwest common stock entitled to vote.

Some acquisitions of Southwest’s outstanding voting shares would also require approval of the SEC under the Public Utility Holding Company Act of 1935 and of various state regulatory authorities.

PLAN OF DISTRIBUTION

We and the Trusts may sell the securities described in this prospectus from time to time in one or more transactions:

- (a) to purchasers directly;
- (b) to underwriters for public offering and sale by them;
- (c) through agents;
- (d) through dealers; or
- (e) through a combination of any of the foregoing methods of sale.

We may distribute the securities from time to time in one or more transactions at:

- (a) a fixed price or prices, which may be changed;
- (b) market prices prevailing at the time of sale;
- (c) prices related to such prevailing market prices; or
- (d) negotiated prices.

Direct Sales

We may sell the securities directly to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale of the securities. A prospectus supplement will describe the terms of any sale of securities we are offering hereunder.

To Underwriters

The prospectus supplement will name any underwriter involved in a sale of securities. Underwriters may offer and sell securities at a fixed price or prices, which may be changed, or from time to time at market prices or at negotiated prices. Underwriters may be deemed to have received compensation from us from sales of securities in the form of underwriting discounts or commissions and may also receive commissions from purchasers of 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 (which may be changed from time to time) from the purchasers for whom they may act as agent.

Unless otherwise provided in a prospectus supplement, the obligations of any underwriters to purchase securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the securities if any are purchased.

Through Agents and Dealers

We will name any agent involved in a sale of securities, as well as any commissions payable by us to such agent, in a prospectus supplement. Unless we indicate differently in the prospectus supplement, any such agent will be acting on a reasonable efforts basis for the period of its appointment.

If we utilize a dealer in the sale of the securities being offered pursuant to their prospectus, we will sell the securities to the dealer, as principal. The dealer may then resell the securities to the public at varying prices to be determined by the dealer at the time of resale.

Delayed Delivery Contracts

If we so specify in the prospectus supplement, we will authorize underwriters, dealers and agents to solicit offers by certain institutions to purchase the securities pursuant to contracts providing for payment and delivery on future dates. Such contracts will be subject to only those conditions set forth in the prospectus supplement.

The underwriters, dealers and agents will not be responsible for the validity of performance of the contracts. We will set forth in the prospectus supplement relating to the contracts the price to be paid for the securities, the commissions payable for solicitation of the contracts and the date in the future for delivery of the securities.

General Information

Underwriters, dealers and agents participating in a sale of the securities may be deemed to be underwriters as defined in the Securities Act, 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, under the Securities Act. We may have agreements with underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act, and to reimburse them for certain expenses.

Underwriters or agents and their associates may be customers of, engage in transactions with or perform services for us or our affiliates in the ordinary course of business.

Unless we indicate differently in a prospectus supplement, we will not list the securities, other than common stock, on any securities exchange. The securities will be a new issue of securities with no established trading market. Any underwriters that purchase securities for public offering and sale may make a market in such securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We make no assurance as to the liquidity of or the trading markets for any securities.

EXPERTS

The consolidated financial statements, as of and for the year ended December 31, 2002, incorporated in this Prospectus by reference to the Report on Form 10-K for the year ended December 31, 2002 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on authority of said firm as experts in auditing and accounting.

The consolidated financial statements as of December 31, 2001 and for each of the two years then ended incorporated by reference in this prospectus were audited by Arthur Andersen LLP. We have not been able to obtain, after reasonable efforts, the written consent of Arthur Andersen LLP to the incorporation by reference in this prospectus of the report dated February 8, 2002 of Arthur Andersen LLP on Southwest Gas Corporation's 2001 consolidated financial statements as required by the Securities Act. Therefore, in reliance on Rule 437a promulgated under the Securities Act we have dispensed with the requirement to file a written consent from Arthur Andersen LLP with this prospectus. As a result, the ability of persons who purchase our securities pursuant to this prospectus to assert claims against Arthur Andersen LLP may be limited, and they may not have an effective remedy against Arthur Andersen LLP for any untrue statements of a material fact contained in Arthur Andersen's report or the financial statements covered thereby or any omissions to state a material fact required to be stated therein.

LEGAL MATTERS

The validity of the securities offered hereby, other than the Preferred Trust Securities, will be passed upon for Southwest by O'Melveny & Myers LLP, Los Angeles, California. The validity of the Preferred Trust Securities will be passed upon for each Trust by Richards, Layton & Finger, P.A., Wilmington, Delaware.

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

| | |
|---|---------------------|
| Registration fee | \$ 24,270 |
| * Listing fees | 22,500 |
| * Printing and engraving expenses | 337,500 |
| * Accounting fees and expenses | 240,000 |
| * Legal fees and expenses | 420,000 |
| * Blue sky fees and expenses | 15,000 |
| * Fees and expenses of Transfer Agent, Trustee and Depository | 30,000 |
| * Rating agency fees | 435,000 |
| * Miscellaneous | 45,000 |
| | |
| TOTAL | <u>\$ 1,569,270</u> |

* Estimated.

Item 15. Indemnification of Directors and Officers.

Section 317 of the General Corporation Law of California provides that a corporation has the power, and in some cases is required, to indemnify an agent, including a director or officer, who was or is a party or is threatened to be made a party to any proceeding, against certain expenses, judgments, fines, settlements and other amounts under certain circumstances. Article VIII of the Registrant's Bylaws provides for the indemnification of directors, officers and agents as allowed by statute. In addition, the Registrant has purchased directors and officers insurance policies which provide insurance against certain liabilities for directors and officers of the Company.

Item 16. Exhibits.

| <u>Exhibit No.</u> | <u>Description of Exhibit</u> |
|--------------------|--|
| *1.01 | Forms of Underwriting Agreement or Distribution Agreement. |
| 4.01(i) | Restated Articles of Incorporation, as amended (included as an exhibit to the Registrant's Form 10-Q for the quarter ended March 31, 1997 and incorporated herein by reference). |
| 4.02(ii) | Amended Bylaws of Southwest Gas Corporation (included as an exhibit to the Registrant's Form 10-Q for the quarter ended June 30, 2002 and incorporated herein by reference). |
| 4.03 | Certificate of Trust of Southwest Gas Capital II. |
| 4.04 | Certificate of Trust of Southwest Gas Capital III. |
| 4.05 | Certificate of Trust of Southwest Gas Capital IV. |
| 4.06 | Trust Agreement for Southwest Gas Capital II. |
| 4.07 | Trust Agreement for Southwest Gas Capital III. |
| 4.08 | Trust Agreement for Southwest Gas Capital IV. |
| 4.09 | Form of Amended and Restated Trust Agreement for Southwest Gas Capital II. |
| 4.10 | Form of Deposit Agreement (included as an exhibit to the Registrant's Registration Statement No. 33-55621 on Form S-3 and incorporated herein by reference). |
| 4.11 | Form of Depository Receipt (attached as Exhibit A to Deposit Agreement included as Exhibit 4.10 hereto). |

| Exhibit No. | Description of Exhibit |
|-------------|---|
| 4.12 | Indenture relating to the Debt Securities (included as an exhibit to the Registrant's Form 8-K dated July 26, 1996 and incorporated herein by reference). |
| 4.13 | Form of Guarantee Agreement with respect to Preferred Trust Securities. |
| 4.14 | Form of Trust Debt Indenture. |
| 4.15 | Form of Debt Security (included in Exhibit 4.12 to this Registration Statement). |
| 4.16 | Form of Preferred Trust Security (included in Exhibit 4.09 to this Registration Statement). |
| 4.17 | Form of Trust Debt Security (included in Exhibit 4.14 to this Registration Statement). |
| 5.01 | Opinion of O'Melveny & Myers LLP as to the validity of Securities to be issued by the Company. |
| 5.02 | Opinion of Richards, Layton & Finger, P.A. as to the validity of the Preferred Trust Securities to be issued by the Trust. |
| *8.01 | Opinion of O'Melveny & Myers LLP as to tax matters |
| 12.01 | Computation of Ratios of Earnings to Fixed Charges of the Company (included as an exhibit to the Registrant's Form 10-Q for the quarter ended March 31, 2003 and incorporated herein by reference). |
| 23.01 | Consent of PricewaterhouseCoopers LLP. |
| 23.02 | Consent of O'Melveny & Myers LLP (included in Exhibit 5.01 to this Registration Statement). |
| 23.03 | Consent of Richards, Layton & Finger, P.A. (included as Exhibit 5.02 to this Registration Statement). |
| *23.04 | Consent of O'Melveny & Myers LLP (to be included in Exhibit 8.01 to this Registration Statement). |
| 24.01 | Power of Attorney (included on page II-5). |
| 25.01 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company, as successor trustee to The Bank of New York under the indenture relating to the Debt Securities. |
| 25.02 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company under the Trust Debt Indenture for Southwest Gas Capital II. |
| 25.03 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company under the Trust Debt Indenture for Southwest Gas Capital III. |
| 25.04 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company under the Trust Debt Indenture for Southwest Gas Capital IV. |
| 25.05 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company as Guarantee Trustee under the Preferred Trust Securities Guarantee for Southwest Gas Capital II. |
| 25.06 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company as Guarantee Trustee under the Preferred Trust Securities Guarantee for Southwest Gas Capital III. |
| 25.07 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company as Guarantee Trustee under the Preferred Trust Securities Guarantee for Southwest Gas Capital IV. |
| 25.08 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company as Property Trustee under the Amended and Restated Trust Agreement for Southwest Gas Capital II. |
| 25.09 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company as Property Trustee under the Amended and Restated Trust Agreement for Southwest Gas Capital III. |
| 25.10 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company as Property Trustee under the Amended and Restated Trust Agreement for Southwest Gas Capital IV. |

* To be filed by amendment or pursuant to a Form 8-K.

Item 17. Undertakings.

The undersigned Registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, unless the information required to be included in such post-effective amendment is contained in a periodic report filed by Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 and incorporated herein by reference;

(ii) To reflect in the Prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement, unless the information required to be included in such post-effective amendment is contained in a periodic report filed by Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 and incorporated herein by reference. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

Provided, however, That paragraphs (a)1(i) and (a)1(ii) of this section do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining any liability under the Securities Act of 1933, each filing of a Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities and Exchange Act of 1934 that is incorporated by reference in the Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Las Vegas, State of Nevada, on June 23, 2003.

SOUTHWEST GAS CORPORATION

By: /s/ MICHAEL O. MAFFIE

Michael O. Maffie
President and Chief Executive Officer

SIGNATURES

Each person whose signature appears below authorizes Michael O. Maffie and George C. Biehl, and each of them, as attorneys-in-fact, to sign any amendment, including post-effective amendments, to this Registration Statement on his or her behalf, individually and in each capacity stated below, and to file any such amendment.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|---|---|---------------|
| /s/ GEORGE C. BIEHL _____ (George C. Biehl) | Director, Executive Vice President, Chief Financial Officer and Corporate Secretary | June 23, 2003 |
| _____ (Manuel J. Cortez) | Director | |
| /s/ MARK M. FELDMAN _____ (Mark M. Feldman) | Director | June 23, 2003 |
| /s/ DAVID H. GUNNING _____ (David H. Gunning) | Director | June 23, 2003 |
| /s/ THOMAS Y. HARTLEY _____ (Thomas Y. Hartley) | Chairman of the Board of Directors | June 23, 2003 |
| /s/ MICHAEL B. JAGER _____ (Michael B. Jager) | Director | June 23, 2003 |
| /s/ LEONARD R. JUDD _____ (Leonard R. Judd) | Director | June 23, 2003 |
| /s/ JAMES J. KROPID _____ (James J. Kropid) | Director | June 20, 2003 |
| /s/ MICHAEL O. MAFFIE _____ (Michael O. Maffie) | Director, President and Chief Executive Officer | June 23, 2003 |
| /s/ CAROLYN M. SPARKS _____ (Carolyn M. Sparks) | Director | June 20, 2003 |
| /s/ TERRANCE L. WRIGHT _____ (Terrance L. Wright) | Director | June 23, 2003 |
| /s/ ROY R. CENTRELLA _____ (Roy R. Centrella) | Vice President, Controller and Chief Accounting Officer | June 23, 2003 |

Pursuant to the requirements of the Securities Act of 1933, each of Southwest Gas Capital II, Southwest Gas Capital III, and Southwest Gas Capital IV certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned thereunto duly authorized, in the City of Las Vegas, State of Nevada on the 23rd day of June, 2003.

SOUTHWEST GAS CAPITAL II

By: /s/ ROBERT M. JOHNSON

Robert M. Johnson

By: /s/ GREGORY J. PETERSON

Gregory J. Peterson

SOUTHWEST GAS CAPITAL III

By: /s/ ROBERT M. JOHNSON

Robert M. Johnson

By: /s/ GREGORY J. PETERSON

Gregory J. Peterson

SOUTHWEST GAS CAPITAL IV

By: /s/ ROBERT M. JOHNSON

Robert M. Johnson

By: /s/ GREGORY J. PETERSON

Gregory J. Peterson

Exhibit Index

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| 23.02 | Consent of O'Melveny & Myers LLP (included in Exhibit 5.01 to this Registration Statement). |
| 23.03 | Consent of Richards, Layton & Finger, P.A. (included as Exhibit 5.02 to this Registration Statement). |
| 25.01 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company, as successor trustee to The Bank of New York under the indenture relating to the Debt Securities. |
| 25.02 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company under the Trust Debt Indenture for Southwest Gas Capital II. |

| Exhibit No. | Description of Exhibit |
|-------------|---|
| 25.03 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company under the Trust Debt Indenture for Southwest Gas Capital III. |
| 25.04 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company under the Trust Debt Indenture for Southwest Gas Capital IV. |
| 25.05 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company as Guarantee Trustee under the Preferred Trust Securities Guarantee for Southwest Gas Capital II. |
| 25.06 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company as Guarantee Trustee under the Preferred Trust Securities Guarantee for Southwest Gas Capital III. |
| 25.07 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company as Guarantee Trustee under the Preferred Trust Securities Guarantee for Southwest Gas Capital IV. |
| 25.08 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company as Property Trustee under the Amended and Restated Trust Agreement for Southwest Gas Capital II. |
| 25.09 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company as Property Trustee under the Amended and Restated Trust Agreement for Southwest Gas Capital III. |
| 25.10 | Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Midwest Trust Company as Property Trustee under the Amended and Restated Trust Agreement for Southwest Gas Capital IV. |

CERTIFICATE OF TRUST
OF
SOUTHWEST GAS CAPITAL II

THIS CERTIFICATE OF TRUST of Southwest Gas Capital II (the "Trust"), dated as of June 23, 2003, is being duly executed and filed by the undersigned, as trustees, to form a statutory trust under the Delaware Statutory Trust Act (12 Del. C. §§3801, et seq.) (the "Act").

(i) Name. The name of the statutory trust being formed hereby is Southwest Gas Capital II.

(ii) Delaware Trustee. The name and business address of the trustee of the Trust in the State of Delaware are The Bank of New York (Delaware), P.O. Box 6973, White Clay Center, Route 273, Newark, Delaware 19714.

(iii) Counterparts. This Certificate of Trust may be executed in one or more counterparts, all of which together shall constitute one and the same instrument.

(iv) Effective Date. This Certificate of Trust shall be effective as of its filing with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the undersigned, being the trustees of the Trust, have executed this Certificate of Trust as of the date first above written in accordance with Section 3811(a) of the Act.

THE BANK OF NEW YORK (DELAWARE), as
Trustee

By: /s/ WILLIAM T. LEWIS

Name: William T. Lewis
Title: Senior Vice President

GREGORY J. PETERSON, as Trustee

/s/ GREGORY J. PETERSON

Gregory J. Peterson

ROBERT M. JOHNSON, as Trustee

/s/ ROBERT M. JOHNSON

Robert M. Johnson

CERTIFICATE OF TRUST
OF
SOUTHWEST GAS CAPITAL III

THIS CERTIFICATE OF TRUST of Southwest Gas Capital III (the "Trust"), dated as of June 23, 2003, is being duly executed and filed by the undersigned, as trustees, to form a statutory trust under the Delaware Statutory Trust Act (12 Del. C. §§3801, et seq.) (the "Act").

(i) Name. The name of the statutory trust being formed hereby is Southwest Gas Capital III.

(ii) Delaware Trustee. The name and business address of the trustee of the Trust in the State of Delaware are The Bank of New York (Delaware), P.O. Box 6973, White Clay Center, Route 273, Newark, Delaware 19714.

(iii) Counterparts. This Certificate of Trust may be executed in one or more counterparts, all of which together shall constitute one and the same instrument.

(iv) Effective Date. This Certificate of Trust shall be effective as of its filing with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the undersigned, being the trustees of the Trust, have executed this Certificate of Trust as of the date first above written in accordance with Section 3811(a) of the Act.

THE BANK OF NEW YORK (DELAWARE), as
Trustee

By: /s/ WILLIAM T. LEWIS

Name: William T. Lewis
Title: Senior Vice President

GREGORY J. PETERSON, as Trustee

/s/ GREGORY J. PETERSON

Gregory J. Peterson

ROBERT M. JOHNSON, as Trustee

/s/ ROBERT M. JOHNSON

Robert M. Johnson

CERTIFICATE OF TRUST
OF
SOUTHWEST GAS CAPITAL IV

THIS CERTIFICATE OF TRUST of Southwest Gas Capital IV (the "Trust"), dated as of June 23, 2003, is being duly executed and filed by the undersigned, as trustees, to form a statutory trust under the Delaware Statutory Trust Act (12 Del. C. §§3801, et seq.) (the "Act").

(i) Name. The name of the statutory trust being formed hereby is Southwest Gas Capital IV.

(ii) Delaware Trustee. The name and business address of the trustee of the Trust in the State of Delaware are The Bank of New York (Delaware), P.O. Box 6973, White Clay Center, Route 273, Newark, Delaware 19714.

(iii) Counterparts. This Certificate of Trust may be executed in one or more counterparts, all of which together shall constitute one and the same instrument.

(iv) Effective Date. This Certificate of Trust shall be effective as of its filing with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the undersigned, being the trustees of the Trust, have executed this Certificate of Trust as of the date first above written in accordance with Section 3811(a) of the Act.

THE BANK OF NEW YORK (DELAWARE), as
Trustee

By: /s/ WILLIAM T. LEWIS

Name: William T. Lewis
Title: Senior Vice President

GREGORY J. PETERSON, as Trustee

/s/ GREGORY J. PETERSON

Gregory J. Peterson

ROBERT M. JOHNSON, as Trustee

/s/ ROBERT M. JOHNSON

Robert M. Johnson

TRUST AGREEMENT
OF
SOUTHWEST GAS CAPITAL II

This TRUST AGREEMENT, dated as of June 23, 2003 (this “Trust Agreement”), among Southwest Gas Corporation, a California corporation, as “Depositor,” The Bank of New York (Delaware), a bank chartered under the laws of the State of Delaware, and Gregory J. Peterson, and Robert M. Johnson, as trustees (the “Trustees”). The Depositor and the Trustees hereby agree as follows:

1. The trust created hereby shall be known as “Southwest Gas Capital II,” in which name the Trustees, or the Depositor to the extent provided herein, may conduct the business of the Trust, make and execute contracts, and sue and be sued.

2. The Depositor hereby assigns, transfers, conveys and sets over to the Trustees the sum of \$10. The Trustees hereby acknowledge receipt of such amount in trust from the Depositor, which amount shall constitute the initial trust estate. The Trustees hereby declare that they will hold the trust estate in trust for the Depositor. It is the intention of the parties hereto that the Trust created hereby constitutes a statutory trust under Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. §§ 3801, et seq. (the “Statutory Trust Act”), and that this document constitutes the governing instrument of the Trust. The Trustees are hereby authorized and directed to execute and file a certificate of trust with the Delaware Secretary of State in accordance with the provisions of the Statutory Trust Act.

3. The Depositor and the Trustees will enter into an amended and restated Trust Agreement, satisfactory to each such party and substantially in the form included as an exhibit to the 1933 Act Registration Statement (as defined below), to provide for the contemplated operation of the Trust created hereby and the issuance of the preferred trust securities and the common trust securities referred to therein. Prior to the execution and delivery of such amended and restated Trust Agreement, the Trustees shall not have any duty or obligation hereunder or with respect to the trust estate, except as otherwise required by applicable law or as may be necessary to obtain prior to such execution and delivery any licenses, consents or approvals required by applicable law or otherwise.

4. The Depositor and the Trustees hereby authorize and direct the Depositor, as the depositor of the Trust, (i) to file with the Securities and Exchange Commission (the “Commission”) and execute, in each case on behalf of the Trust, (a) the Registration Statement on Form S-3 or other appropriate form (the “1933 Act Registration Statement”), including any pre-effective or post-effective amendments to the 1933 Act Registration Statement (including any preliminary prospectus, prospectus or prospectus supplements, and the exhibits contained therein), relating to the registration under the Securities Act of 1933, as amended, of the preferred trust securities of the Trust and (b) a Registration Statement on Form 8-A or other appropriate form (the “1934 Act Registration Statement”) (including all pre-effective and post-effective amendments thereto) relating to the registration of the preferred trust securities of the Trust under the Securities Exchange Act of 1934, as amended; (ii) to file with the New York

Stock Exchange or any other national stock exchange or The Nasdaq Stock Market (each, an "Exchange") and execute on behalf of the Trust one or more listing applications and all other applications, statements, certificates, agreements and other instruments as shall be necessary or desirable to cause the preferred trust securities of the Trust to be listed on any of the Exchanges; (iii) to file and execute on behalf of the Trust such applications, reports, surety bonds, irrevocable consents, appointments of attorney for service of process and other papers and documents as shall be necessary or desirable to register the preferred trust securities of the Trust under the securities or "Blue Sky" laws of such jurisdictions as the Depositor, on behalf of the Trust, may deem necessary or desirable; (iv) to execute and deliver letters or documents to, or instruments for filing with, a depository relating to the preferred trust securities of the Trust; and (v) to execute on behalf of the Trust that certain Underwriting Agreement relating to the preferred trust securities of the Trust, among the Trust, the Depositor and the several Underwriters named therein, substantially in the form included as an exhibit to the 1933 Act Registration Statement or an amendment thereto or a Form 8-K. In the event that any filing referred to in clauses (i), (ii) and (iii) above is required by the rules and regulations of the Commission, an Exchange or state securities or blue sky laws, to be executed on behalf of the Trust by any of the Trustees, Gregory J. Peterson and Robert M. Johnson, in each such person's capacity as a trustee of the Trust, is hereby authorized and directed to join in any such filing and to execute on behalf of the Trust any and all of the foregoing. In connection with all of the foregoing, the Depositor hereby constitutes and appoints each of Gregory J. Peterson and Robert M. Johnson as its true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the Depositor or in the Depositor's name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to the 1933 Act Registration Statement and the 1934 Act Registration Statement and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, granting unto each such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as the Depositor might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his respective substitute, shall do or cause to be done by virtue hereof.

5. This Trust Agreement may be executed in one or more counterparts.

6. The number of Trustees initially shall be three (3) and thereafter the number of Trustees shall be such number as shall be fixed from time to time by a written instrument signed by the Depositor which may increase or decrease the number of Trustees; provided, however, that to the extent required by the Statutory Trust Act, one Trustee shall either be a natural person who is a resident of the State of Delaware or, if not a natural person, an entity which has its principal place of business in the State of Delaware and otherwise meets the requirements of applicable Delaware law. Subject to the foregoing, the Depositor is entitled to appoint or remove without cause any Trustee at any time. Any Trustee may resign upon thirty (30) days' prior notice to the Depositor.

7. The Depositor hereby agrees to (i) reimburse the Trustees for all reasonable expenses actually incurred (including reasonable fees and expenses of counsel and other experts), and (ii) indemnify, defend and hold harmless the Trustees and any of the officers, directors, employees and agents of the Trustees (the "Indemnified Persons") from and against

any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including the reasonable fees and expenses of counsel), taxes and penalties of any kind and nature whatsoever actually incurred (collectively, "Expenses"), to the extent that such Expenses arise out of or are imposed upon or asserted at any time against such Indemnified Persons with respect to the performance of this Trust Agreement, the creation, operation or termination of the Trust or the transactions contemplated hereby; provided, however, that the Depositor shall not be required to indemnify any Indemnified Person for any Expenses which are a result of the willful misconduct, bad faith or gross negligence of such Indemnified Person.

8. The Depositor may, in its sole discretion, dissolve and terminate the Trust.

9. This Trust Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware (without regard to conflict of laws principles).

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed as of the day and year first above written.

SOUTHWEST GAS CORPORATION, as
Depositor

By: /s/ EDWARD J. JANOV

Name: Edward J. Janov
Title: Vice President/Finance

THE BANK OF NEW YORK (DELAWARE), as
Trustee

By: /s/ WILLIAM T. LEWIS

Name: William T. Lewis
Title: Senior Vice President

GREGORY J. PETERSON, as Trustee

/s/ GREGORY J. PETERSON

Gregory J. Peterson

ROBERT M. JOHNSON, as Trustee

/s/ ROBERT M. JOHNSON

Robert M. Johnson, as Trustee

TRUST AGREEMENT
OF
SOUTHWEST GAS CAPITAL III

This TRUST AGREEMENT, dated as of June 23, 2003 (this "Trust Agreement"), among Southwest Gas Corporation, a California corporation, as "Depositor," The Bank of New York (Delaware), a bank chartered under the laws of the State of Delaware, and Gregory J. Peterson, and Robert M. Johnson, as trustees (the "Trustees"). The Depositor and the Trustees hereby agree as follows:

1. The trust created hereby shall be known as "Southwest Gas Capital III," in which name the Trustees, or the Depositor to the extent provided herein, may conduct the business of the Trust, make and execute contracts, and sue and be sued.
2. The Depositor hereby assigns, transfers, conveys and sets over to the Trustees the sum of \$10. The Trustees hereby acknowledge receipt of such amount in trust from the Depositor, which amount shall constitute the initial trust estate. The Trustees hereby declare that they will hold the trust estate in trust for the Depositor. It is the intention of the parties hereto that the Trust created hereby constitutes a statutory trust under Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. §§ 3801, et seq. (the "Statutory Trust Act"), and that this document constitutes the governing instrument of the Trust. The Trustees are hereby authorized and directed to execute and file a certificate of trust with the Delaware Secretary of State in accordance with the provisions of the Statutory Trust Act.
3. The Depositor and the Trustees will enter into an amended and restated Trust Agreement, satisfactory to each such party and substantially in the form included as an exhibit to the 1933 Act Registration Statement (as defined below), to provide for the contemplated operation of the Trust created hereby and the issuance of the preferred trust securities and the common trust securities referred to therein. Prior to the execution and delivery of such amended and restated Trust Agreement, the Trustees shall not have any duty or obligation hereunder or with respect to the trust estate, except as otherwise required by applicable law or as may be necessary to obtain prior to such execution and delivery any licenses, consents or approvals required by applicable law or otherwise.
4. The Depositor and the Trustees hereby authorize and direct the Depositor, as the depositor of the Trust, (i) to file with the Securities and Exchange Commission (the "Commission") and execute, in each case on behalf of the Trust, (a) the Registration Statement on Form S-3 or other appropriate form (the "1933 Act Registration Statement"), including any pre-effective or post-effective amendments to the 1933 Act Registration Statement (including any preliminary prospectus, prospectus or prospectus supplements, and the exhibits contained therein), relating to the registration under the Securities Act of 1933, as amended, of the preferred trust securities of the Trust and (b) a Registration Statement on Form 8-A or other appropriate form (the "1934 Act Registration Statement") (including all pre-effective and post-effective amendments thereto) relating to the registration of the preferred trust securities of the Trust under the Securities Exchange Act of 1934, as amended; (ii) to file with the New York Stock Exchange or any other national stock exchange or The Nasdaq Stock Market (each, an

“Exchange”) and execute on behalf of the Trust one or more listing applications and all other applications, statements, certificates, agreements and other instruments as shall be necessary or desirable to cause the preferred trust securities of the Trust to be listed on any of the Exchanges; (iii) to file and execute on behalf of the Trust such applications, reports, surety bonds, irrevocable consents, appointments of attorney for service of process and other papers and documents as shall be necessary or desirable to register the preferred trust securities of the Trust under the securities or “Blue Sky” laws of such jurisdictions as the Depositor, on behalf of the Trust, may deem necessary or desirable; (iv) to execute and deliver letters or documents to, or instruments for filing with, a depository relating to the preferred trust securities of the Trust; and (v) to execute on behalf of the Trust that certain Underwriting Agreement relating to the preferred trust securities of the Trust, among the Trust, the Depositor and the several Underwriters named therein, substantially in the form included as an exhibit to the 1933 Act Registration Statement or an amendment thereto or a Form 8-K. In the event that any filing referred to in clauses (i), (ii) and (iii) above is required by the rules and regulations of the Commission, an Exchange or state securities or blue sky laws, to be executed on behalf of the Trust by any of the Trustees, Gregory J. Peterson and Robert M. Johnson, in each such person’s capacity as a trustee of the Trust, is hereby authorized and directed to join in any such filing and to execute on behalf of the Trust any and all of the foregoing. In connection with all of the foregoing, the Depositor hereby constitutes and appoints each of Gregory J. Peterson and Robert M. Johnson as its true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the Depositor or in the Depositor’s name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to the 1933 Act Registration Statement and the 1934 Act Registration Statement and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, granting unto each such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as the Depositor might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his respective substitute, shall do or cause to be done by virtue hereof.

5. This Trust Agreement may be executed in one or more counterparts.

6. The number of Trustees initially shall be three (3) and thereafter the number of Trustees shall be such number as shall be fixed from time to time by a written instrument signed by the Depositor which may increase or decrease the number of Trustees; provided, however, that to the extent required by the Statutory Trust Act, one Trustee shall either be a natural person who is a resident of the State of Delaware or, if not a natural person, an entity which has its principal place of business in the State of Delaware and otherwise meets the requirements of applicable Delaware law. Subject to the foregoing, the Depositor is entitled to appoint or remove without cause any Trustee at any time. Any Trustee may resign upon thirty (30) days’ prior notice to the Depositor.

7. The Depositor hereby agrees to (i) reimburse the Trustees for all reasonable expenses actually incurred (including reasonable fees and expenses of counsel and other experts), and (ii) indemnify, defend and hold harmless the Trustees and any of the officers, directors, employees and agents of the Trustees (the “Indemnified Persons”) from and against any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements

(including the reasonable fees and expenses of counsel), taxes and penalties of any kind and nature whatsoever actually incurred (collectively, "Expenses"), to the extent that such Expenses arise out of or are imposed upon or asserted at any time against such Indemnified Persons with respect to the performance of this Trust Agreement, the creation, operation or termination of the Trust or the transactions contemplated hereby; provided, however, that the Depositor shall not be required to indemnify any Indemnified Person for any Expenses which are a result of the willful misconduct, bad faith or gross negligence of such Indemnified Person.

8. The Depositor may, in its sole discretion, dissolve and terminate the Trust.

9. This Trust Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware (without regard to conflict of laws principles).

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed as of the day and year first above written.

SOUTHWEST GAS CORPORATION, as
Depositor

By: /s/ EDWARD J. JANOV

Name: Edward J. Janov
Title: Vice President/Finance

THE BANK OF NEW YORK (DELAWARE), as
Trustee

By: /s/ WILLIAM T. LEWIS

Name: William T. Lewis
Title: Senior Vice President

GREGORY J. PETERSON, as Trustee

/s/ GREGORY J. PETERSON

Gregory J. Peterson

ROBERT M. JOHNSON, as Trustee

/s/ ROBERT M. JOHNSON

Robert M. Johnson, as Trustee

TRUST AGREEMENT
OF
SOUTHWEST GAS CAPITAL IV

This TRUST AGREEMENT, dated as of June 23, 2003 (this "Trust Agreement"), among Southwest Gas Corporation, a California corporation, as "Depositor," The Bank of New York (Delaware), a bank chartered under the laws of the State of Delaware, and Gregory J. Peterson, and Robert M. Johnson, as trustees (the "Trustees"). The Depositor and the Trustees hereby agree as follows:

1. The trust created hereby shall be known as "Southwest Gas Capital IV," in which name the Trustees, or the Depositor to the extent provided herein, may conduct the business of the Trust, make and execute contracts, and sue and be sued.
2. The Depositor hereby assigns, transfers, conveys and sets over to the Trustees the sum of \$10. The Trustees hereby acknowledge receipt of such amount in trust from the Depositor, which amount shall constitute the initial trust estate. The Trustees hereby declare that they will hold the trust estate in trust for the Depositor. It is the intention of the parties hereto that the Trust created hereby constitutes a statutory trust under Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. §§ 3801, et seq. (the "Statutory Trust Act"), and that this document constitutes the governing instrument of the Trust. The Trustees are hereby authorized and directed to execute and file a certificate of trust with the Delaware Secretary of State in accordance with the provisions of the Statutory Trust Act.
3. The Depositor and the Trustees will enter into an amended and restated Trust Agreement, satisfactory to each such party and substantially in the form included as an exhibit to the 1933 Act Registration Statement (as defined below), to provide for the contemplated operation of the Trust created hereby and the issuance of the preferred trust securities and the common trust securities referred to therein. Prior to the execution and delivery of such amended and restated Trust Agreement, the Trustees shall not have any duty or obligation hereunder or with respect to the trust estate, except as otherwise required by applicable law or as may be necessary to obtain prior to such execution and delivery any licenses, consents or approvals required by applicable law or otherwise.
4. The Depositor and the Trustees hereby authorize and direct the Depositor, as the depositor of the Trust, (i) to file with the Securities and Exchange Commission (the "Commission") and execute, in each case on behalf of the Trust, (a) the Registration Statement on Form S-3 or other appropriate form (the "1933 Act Registration Statement"), including any pre-effective or post-effective amendments to the 1933 Act Registration Statement (including any preliminary prospectus, prospectus or prospectus supplements, and the exhibits contained therein), relating to the registration under the Securities Act of 1933, as amended, of the preferred trust securities of the Trust and (b) a Registration Statement on Form 8-A or other appropriate form (the "1934 Act Registration Statement") (including all pre-effective and post-effective amendments thereto) relating to the registration of the preferred trust securities of the Trust under the Securities Exchange Act of 1934, as amended; (ii) to file with the New York Stock Exchange or any other national stock exchange or The Nasdaq Stock Market (each, an

“Exchange”) and execute on behalf of the Trust one or more listing applications and all other applications, statements, certificates, agreements and other instruments as shall be necessary or desirable to cause the preferred trust securities of the Trust to be listed on any of the Exchanges; (iii) to file and execute on behalf of the Trust such applications, reports, surety bonds, irrevocable consents, appointments of attorney for service of process and other papers and documents as shall be necessary or desirable to register the preferred trust securities of the Trust under the securities or “Blue Sky” laws of such jurisdictions as the Depositor, on behalf of the Trust, may deem necessary or desirable; (iv) to execute and deliver letters or documents to, or instruments for filing with, a depository relating to the preferred trust securities of the Trust; and (v) to execute on behalf of the Trust that certain Underwriting Agreement relating to the preferred trust securities of the Trust, among the Trust, the Depositor and the several Underwriters named therein, substantially in the form included as an exhibit to the 1933 Act Registration Statement or an amendment thereto or a Form 8-K. In the event that any filing referred to in clauses (i), (ii) and (iii) above is required by the rules and regulations of the Commission, an Exchange or state securities or blue sky laws, to be executed on behalf of the Trust by any of the Trustees, Gregory J. Peterson and Robert M. Johnson, in each such person’s capacity as a trustee of the Trust, is hereby authorized and directed to join in any such filing and to execute on behalf of the Trust any and all of the foregoing. In connection with all of the foregoing, the Depositor hereby constitutes and appoints each of Gregory J. Peterson and Robert M. Johnson as its true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the Depositor or in the Depositor’s name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to the 1933 Act Registration Statement and the 1934 Act Registration Statement and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, granting unto each such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as the Depositor might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his respective substitute, shall do or cause to be done by virtue hereof.

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6. The number of Trustees initially shall be three (3) and thereafter the number of Trustees shall be such number as shall be fixed from time to time by a written instrument signed by the Depositor which may increase or decrease the number of Trustees; provided, however, that to the extent required by the Statutory Trust Act, one Trustee shall either be a natural person who is a resident of the State of Delaware or, if not a natural person, an entity which has its principal place of business in the State of Delaware and otherwise meets the requirements of applicable Delaware law. Subject to the foregoing, the Depositor is entitled to appoint or remove without cause any Trustee at any time. Any Trustee may resign upon thirty (30) days’ prior notice to the Depositor.

7. The Depositor hereby agrees to (i) reimburse the Trustees for all reasonable expenses actually incurred (including reasonable fees and expenses of counsel and other experts), and (ii) indemnify, defend and hold harmless the Trustees and any of the officers, directors, employees and agents of the Trustees (the “Indemnified Persons”) from and against any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements

(including the reasonable fees and expenses of counsel), taxes and penalties of any kind and nature whatsoever actually incurred (collectively, "Expenses"), to the extent that such Expenses arise out of or are imposed upon or asserted at any time against such Indemnified Persons with respect to the performance of this Trust Agreement, the creation, operation or termination of the Trust or the transactions contemplated hereby; provided, however, that the Depositor shall not be required to indemnify any Indemnified Person for any Expenses which are a result of the willful misconduct, bad faith or gross negligence of such Indemnified Person.

8. The Depositor may, in its sole discretion, dissolve and terminate the Trust.

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SOUTHWEST GAS CORPORATION, as
Depositor

By: /s/ EDWARD J. JANOV

Name: Edward J. Janov
Title: Vice President/Finance

THE BANK OF NEW YORK (DELAWARE), as
Trustee

By: /s/ WILLIAM T. LEWIS

Name: William T. Lewis
Title: Senior Vice President

GREGORY J. PETERSON, as Trustee

/s/ GREGORY J. PETERSON

Gregory J. Peterson

ROBERT M. JOHNSON, as Trustee

/s/ ROBERT M. JOHNSON

Robert M. Johnson, as Trustee

[FORM OF AMENDED AND RESTATED
TRUST AGREEMENT FOR SOUTHWEST GAS CAPITAL II]
AMENDED AND RESTATED
TRUST AGREEMENT FOR SOUTHWEST GAS CAPITAL II

among

SOUTHWEST GAS CORPORATION
(as Depositor)

BNY MIDWEST TRUST COMPANY
(as Property Trustee)

and

THE BANK OF NEW YORK (DELAWARE)
(as Delaware Trustee)

Dated as of
_____, 2003.

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Southwest Gas Capital II

Certain Sections of this Trust Agreement relating to
Sections 310 through 318 of the
Trust Indenture Act of 1939

| Trust Indenture Act Section | Trust Agreement Section |
|--------------------------------|----------------------------|
| ss.310(a)(1) | 7.07 |
| (a)(2) | 7.07 |
| (a)(3) | 7.09 |
| (a)(4) | 2.07(a)(ii) |
| (b) | 7.08 |
| ss.311(a) | 7.13 |
| (b) | 7.13 |
| ss.312(a) | 5.07 |
| (b) | 5.07 |
| (c) | 5.07 |
| ss.313(a) | 7.14 |
| (b) | 7.14 |
| (c) | 7.14 |
| (d) | 7.14 |
| ss.314(a) | 7.15 |
| (b) | Not Applicable |
| (c)(1) | 7.16,7.17 |
| (c)(2) | 7.16,7.17 |
| (c)(3) | Not Applicable |
| (d) | Not Applicable |
| (e) | 7.17 |
| ss.315(a) | 7.01(a), 7.03(a) |
| (b) | 7.02,10.08 |
| (c) | 7.01(a) |
| (d) | 7.01,7.03 |
| (e) | Not Applicable |
| ss.316(a) | Not Applicable |
| (a)(1)(A) | Not Applicable |
| (a)(1)(B) | Not Applicable |
| (a)(2) | Not Applicable |
| (b) | Not Applicable |
| (c) | Not Applicable |
| ss.317(a)(1) | Not Applicable |
| (a)(2) | Not Applicable |
| (b) | 5.09 |
| ss.318(a) | 10.10 |

Note: This reconciliation and tie sheet shall not, for any purpose, be deemed to be a part of the Trust Agreement.

AMENDED AND RESTATED TRUST AGREEMENT of Southwest Gas Capital II (the "Trust"), dated as of _____, 2003, among (i) Southwest Gas Corporation, a California corporation (the "Depositor"), (ii) BNY Midwest Trust Company, a trust Company organized under the laws of the State of Illinois, as trustee (the "Property Trustee"), (iii) The Bank of New York (Delaware), a state bank chartered under the laws of the State of Delaware, whose address in Delaware is P.O. Box 6973, White Clay Center, Route 273, Newark, Delaware 19714, as Delaware trustee (the "Delaware Trustee") (the Property Trustee and the Delaware Trustee are referred to collectively as the "Trustees"), and (iv) the several Holders, as hereinafter defined.

WITNESSETH:

WHEREAS, the Depositor, Gregory J. Peterson, Robert M. Johnson and the Delaware Trustee have heretofore duly declared and established a statutory trust pursuant to the Delaware Statutory Trust Act by entering into a Trust Agreement, dated as of June 23, 2003 (the "Original Trust Agreement"), and by executing and filing with the Secretary of State of the State of Delaware a Certificate of Trust on June 23, 2003, a form of which is attached hereto as Exhibit A;

WHEREAS, the Depositor has replaced Gregory J. Peterson and Robert M. Johnson as trustees, decreased the number of Trustees to two and appointed the Property Trustees as a trustee hereunder; and

WHEREAS, the Depositor, the Property Trustee and the Delaware Trustee desire to amend and restate the Original Trust Agreement in its entirety as set forth herein to provide for, among other things, (i) the issuance of the Common Trust Securities, as hereinafter defined, by the Trust to the Depositor, (ii) the issuance and sale of the Preferred Trust Securities, as hereinafter defined, by the Trust pursuant to the Underwriting Agreement, as hereinafter defined, and (iii) the acquisition by the Trust from the Depositor of the Trust Debt Securities, as hereinafter defined.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, each party, for the benefit of the other party and for the benefit of the Securityholders, as hereinafter defined, hereby amends and restates the Original Trust Agreement in its entirety and agrees as follows:

ARTICLE I DEFINED TERMS

1.01. Definitions

"Act" has the meaning specified in Section 6.08.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Bankruptcy Event" means, with respect to any Person, the occurrence of any of the following events:

- (1) Such Person, pursuant to or within the meaning of any Bankruptcy Law:
 - (i) commences a voluntary case or proceeding;
 - (ii) consents to the entry of an order for relief against it in an involuntary case or proceeding;
 - (iii) consents to the appointment of a Custodian, as hereinafter defined, of it or for all or substantially all of its property, and such Custodian is not discharged within 60 days;
 - (iv) makes a general assignment for the benefit of its creditors; or
 - (v) admits in writing its inability to pay its debts generally as they become due; or
- (2) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
 - (i) is for relief against such Person in an involuntary case or proceeding;
 - (ii) appoints a Custodian of such Person for all or substantially all of its properties;
 - (iii) orders the liquidation of such Person; and

and, in each case, the order or decree remains unstayed and in effect for 60 days.

“Bankruptcy Laws” means Title 11 of the United States Code, or similar federal or state law for the relief of debtors.

“Board of Directors” means the Board of Directors of the Depositor or any committee thereof duly authorized to act on behalf of such Board.

“Board Resolution” means (i) a copy of a resolution certified by the Secretary or an Assistant Secretary of the Depositor to have been duly adopted by the Board of Directors to be in full force and effect on the date of such certification or (ii) a certificate signed by the authorized officer or officers of the Depositor to whom the Board of Directors has delegated its authority, and, in each case, delivered to the Trustees.

“Book-Entry Preferred Trust Securities Certificates” means certificates representing Preferred Trust Securities issued in global, fully registered form with the Clearing Agency as described in Section 5.11.

“Business Day” means a day other than (a) a Saturday or Sunday, or (b) a day on which banking institutions in The City of New York, the City of Chicago or the State of California are required by law or executive order to remain closed.

“Certificate Depository Agreement” means the agreement among the Trust, the Property Trustee and The Depository Trust Company, as the initial Clearing Agency, dated as of the Closing Date, relating to the Book-Entry Preferred Trust Securities Certificates, as the same may be amended and supplemented from time to time.

“Clearing Agency” means an organization registered as a “clearing agency” pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. The Depository Trust Company will be the initial Clearing Agency.

“Closing Date” means the date of delivery of the Preferred Trust Securities under the Underwriting Agreement, which date is also the date of execution and delivery of this Trust Agreement.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commission” means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, as amended, or, if at any time after the execution of this Trust Agreement such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

“Common Trust Security” means an undivided beneficial interest in the assets of the Trust, having a Liquidation Amount of \$_____ and having the terms provided therefor in this Trust Agreement, any Annex hereto and the certificate representing such interest, including the right to receive Distributions and a Liquidation Distribution as provided herein.

“Common Trust Securities Certificate” means a certificate evidencing ownership of Common Trust Securities, substantially in the form attached hereto as Exhibit B.

“Corporate Trust Office” means the principal corporate trust office of the Property Trustee located in the State of Illinois which at the date hereof is 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602.

“Creditor” has the meaning specified in Section 2.03.

“Custodian” means any receiver, trustee, assignee, liquidator, sequestrator, custodian or similar official under any Bankruptcy Law.

“Definitive Preferred Trust Securities Certificates” means certificates representing Preferred Trust Securities issued in certificated, fully registered form as described in Section 5.12.

“Delaware Statutory Trust Act” means Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. §§ 3801, et seq., as it may be amended from time to time.

“Delaware Trustee” means the entity identified as the “Delaware Trustee” in the preamble to this Trust Agreement solely in its capacity as Delaware Trustee of the Trust and not in its individual capacity, or its successor in interest in such capacity, or any successor trustee

appointed as herein provided.

“Depositor” has the meaning specified in the preamble to this Trust Agreement.

“Distribution Date” has the meaning specified in Section 4.01(a).

“Distributions” means amounts payable in respect of the Trust Securities as provided in Section 4.01.

“Event of Default” means the occurrence of a Trust Debt Security Event of Default (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body).

“Expiration Date” has the meaning specified in Section 8.01.

“Extension Period” means the period or periods in which pursuant to the Indenture payments of interest on the Trust Debt Securities are deferred by extending the interest payment periods thereof.

“Guarantee” means the Guarantee Agreement executed and delivered by the Depositor to BNY Midwest Trust Company, a trust company organized under the laws of the State of Illinois, as trustee thereunder, contemporaneously with the execution and delivery of this Trust Agreement, for the benefit of the Holders of the Preferred Trust Securities, as amended from time to time.

“Indenture” means the Indenture, dated as of _____ 2003, between Southwest Gas Corporation and the Trust Debt Security Trustee, as trustee thereunder, as amended or supplemented from time to time.

“Lien” means any lien, pledge, charge, encumbrance, mortgage, deed of trust, adverse ownership interest, hypothecation, assignment, security interest or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever.

“Like Amount” means (a) with respect to a redemption of Trust Securities, Trust Securities having an aggregate Liquidation Amount equal to the aggregate principal amount of Trust Debt Securities to be repaid in accordance with the Indenture and (b) with respect to a distribution of Trust Debt Securities to Holders of Trust Securities in connection with a dissolution of the Trust, Trust Debt Securities having an aggregate principal amount equal to the aggregate Liquidation Amount of the Trust Securities in exchange for which such Trust Debt Securities are distributed.

“Liquidation Amount” means the liquidation amount of \$ _____ per Trust Security.

“Liquidation Date” means the date on which Trust Debt Securities are to be distributed to Holders of Trust Securities in connection with a dissolution of the Trust pursuant to Section 8.04(a).

“Liquidation Distribution” has the meaning specified in Section 8.04(d).

“1940 Act” means the Investment Company Act of 1940, as amended.

“Officers’ Certificate” means a certificate signed by two of the following persons: the Chief Executive Officer, any Vice President, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of the Depositor.

“Opinion of Counsel” means a written opinion of counsel, who may be counsel for the Trust, the Property Trustee or the Depositor or an Affiliate of the Depositor, but not an employee of any thereof, and who shall be acceptable to the Property Trustee.

“Original Trust Agreement” has the meaning specified in the recitals to this Trust Agreement.

“Outstanding”, when used with respect to Trust Securities, means, as of the date of determination, all Trust Securities represented by Trust Securities Certificates theretofore executed and delivered under this Trust Agreement, except:

(1) Trust Securities represented by Trust Securities Certificates theretofore cancelled by the Delaware Trustee or delivered to the Delaware Trustee for cancellation;

(2) Trust Securities for whose redemption money in the necessary amount has been theretofore deposited with the Property Trustee or any Paying Agent for the Holders of such Trust Securities; provided that, if such Trust Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Trust Agreement;

(3) Trust Securities which have been paid or Trust Securities represented by Trust Securities Certificates in exchange for or in lieu of which other Trust Securities Certificates have been executed and delivered pursuant to Section 5.05, other than any such Trust Securities Certificates in respect of which there shall have been presented to the Property Trustee proof satisfactory to it that such Trust Securities Certificates are held by a protected purchaser; and

(4) as provided in Section 8.04(c);

provided, however, that in determining whether the Holders of the requisite Liquidation Amount of the Outstanding Preferred Trust Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Preferred Trust Securities owned by the Depositor, any Trustee or any Affiliate of the Depositor or any Trustee shall be disregarded and deemed not to be Outstanding, except that (a) in determining whether any Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Preferred Trust Securities which a Responsible Officer of such Trustee actually knows to be so owned shall be so disregarded and (b) the foregoing shall not apply at any time when all of the Outstanding Preferred Trust Securities are owned by the Depositor, one or more of the Trustees and/or any such Affiliate. Preferred Trust Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Delaware Trustee the pledgee’s right so to act with respect to such Preferred

Trust Securities and that the pledgee is not the Depositor or any Affiliate of the Depositor.

“Paying Agent” means the Property Trustee and any co-paying agent appointed pursuant to Section 5.09.

“Payment Account” means a segregated non-interest-bearing corporate trust account maintained by the Property Trustee in its trust department for the benefit of the Securityholders in which all amounts paid to the Property Trustee in respect of the Trust Debt Securities or the Guarantee will be held and from which the Property Trustee or such other Paying Agent shall make payments to the Securityholders in accordance with Article 4.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“Preferred Trust Security” means a Preferred Trust Security issued by the Trust, and having an undivided beneficial interest in the assets of the Trust, having a Liquidation Amount of \$_____ and having terms provided therefor in this Trust Agreement, any Annex hereto and the certificate representing such interest, including the right to receive Distributions and a Liquidation Distribution as provided herein.

“Preferred Trust Securities Certificate” means a certificate evidencing ownership of one or more Preferred Trust Securities, substantially in the form attached hereto as Exhibit C.

“Property Trustee” means the commercial bank or trust company identified as the “Property Trustee” in the preamble to this Trust Agreement solely in its capacity as Property Trustee of the Trust and not in its individual capacity, or its successor in interest in such capacity, or any successor property trustee appointed as herein provided.

“Redemption Date” means, with respect to any Trust Security to be redeemed, the date fixed for such redemption by or pursuant to this Trust Agreement; it being understood that each Trust Debt Security Redemption Date and the stated maturity date of the Trust Debt Securities shall be a Redemption Date for a Like Amount of Trust Securities.

“Redemption Price” means, with respect to any Trust Security, _____, in the case of a redemption of Trust Debt Securities prior to maturity, and 100% of the Liquidation Amount of such Trust Security, upon maturity of the Trust Debt Securities, in each case, plus accumulated and unpaid Distributions thereon to the Redemption Date.

“Responsible Officer” means, when used with respect to the Property Trustee, any vice president, assistant vice president, senior trust officer, trust officer, assistant trust officer or other officer associated with the corporate trust department of the Property Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“Securities Register” and “Securities Registrar” have the respective meanings specified in

Section 5.04.

“Securityholder” or “Holder” means a Person in whose name a Trust Security or Securities is registered in the Securities Register. Any such Person is a beneficial owner within the meaning of the Delaware Statutory Trust Act.

“Successor Securities” has the meaning specified in Section 9.01.

“Trust” means the Delaware statutory trust continued hereby and identified on the cover page to this Trust Agreement.

“Trust Agreement” means this Amended and Restated Trust Agreement, as the same may be modified, amended or supplemented in accordance with the applicable provisions hereof, including all exhibits hereto, including, for all purposes of this Trust Agreement and any such modification, amendment or supplement, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this Trust Agreement and any such modification, amendment or supplement, respectively.

“Trust Debt Security Event of Default” means an “Event of Default” as defined in the Indenture with respect to the Trust Debt Securities.

“Trust Debt Security Redemption Date” means “Redemption Date” as defined in the Indenture with respect to the Trust Debt Securities.

“Trust Debt Security Trustee” means BNY Midwest Trust Company, a trust company organized under the laws of the State of Illinois, in its capacity as trustee under the Indenture, or any successor thereto, appointed in accordance with the terms and provisions of the Indenture.

“Trust Debt Securities” means the Depositor’s _____% Deferrable Interest Junior Subordinated Debt Securities, Series II, issued pursuant to the Indenture.

“Trust Indenture Act” means the Trust Indenture Act of 1939 as in force at the date as of which this Trust Agreement was executed; provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, “Trust Indenture Act” means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

“Trust Property” means (a) the Trust Debt Securities, (b) any cash on deposit in, or owing to, the Payment Account and (c) all proceeds and rights in respect of the foregoing and any other property and assets for the time being held or deemed to be held by the Property Trustee pursuant to the trusts of this Trust Agreement.

“Trust Security” means any one of the Common Trust Securities or the Preferred Trust Securities.

“Trust Securities Certificate” means any one of the Common Trust Securities Certificates or the Preferred Trust Securities Certificates.

“Underwriting Agreement” means the Underwriting Agreement, dated _____, 2003,

among the Trust, the Depositor and the Underwriters named therein.

1.02. Other Definitions. For all purposes of this Trust Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (1) each term defined in this Article I has the meaning assigned to it in this Article I and includes the plural as well as the singular;
- (2) each of the other terms used herein that is defined in the Trust Indenture Act, either directly or by reference therein, has the meaning assigned to it therein;
- (3) unless the context otherwise requires, any reference to an "Article" or a "Section" refers to an Article or a Section, as the case may be, of this Trust Agreement; and
- (4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or other subdivision.

ARTICLE II CONTINUATION OF THE TRUST

2.01. Name. The Trust created and continued hereby shall be known as "Southwest Gas Capital II" as such name may be modified from time to time by the Delaware Trustee following written notice to the Holders of Trust Securities and the other Trustees, in which name the Trustees may conduct the business of the Trust, make and execute contracts and other instruments on behalf of the Trust and sue and be sued.

2.02. Office of the Delaware Trustee; Principal Place of Business. The address of the Delaware Trustee in the State of Delaware is P.O. Box 6973, White Clay Center, Route 273, Newark, Delaware 19714 or such other address in the State of Delaware as the Delaware Trustee may designate by written notice to the Securityholders and the Depositor. The principal place of business of the Trust is 5241 Spring Mountain Road, P.O. Box 98510, Las Vegas, Nevada 89193.

2.03. Initial Contribution of Trust Property; Expenses of Trust.

- (1) The Property Trustee acknowledges receipt in trust from the Depositor in connection with the Original Trust Agreement of the sum of \$10, which constituted the initial Trust Property.
- (2) The Depositor shall be responsible for and shall pay for all obligations (other than with respect to the Trust Securities) and all costs and expenses of the Trust (including, but not limited to, costs and expenses relating to the organization of the Trust, the issuance and sale of the Preferred Trust Securities, the fees and expenses (including reasonable counsel fees and expenses) of the Trustees as provided in Section 7.06, the costs and expenses of accountants, attorneys, statistical or bookkeeping services, expenses for printing and engraving and computing or accounting equipment, Paying

Agent(s), Securities Registrar, duplication, travel and telephone and other telecommunications expenses and costs and expenses incurred in connection with the disposition of Trust assets).

(3) The Depositor will pay any and all taxes (other than United States withholding taxes attributable to the Trust or its assets) and all liabilities, costs and expenses with respect to such taxes of the Trust.

(4) The Depositor's obligations under this Section 2.03 shall be for the benefit of, and shall be enforceable by, the Property Trustee and any Person to whom any such obligations, costs, expenses and taxes are owed (a "Creditor") whether or not such Creditor has received notice hereof. The Property Trustee and any such Creditor may enforce the Depositor's obligations under this Section 2.03 directly against the Depositor and the Depositor irrevocably waives any right or remedy to require that the Property Trustee or any such Creditor take any action against the Trust or any other Person before proceeding against the Depositor. The Depositor agrees to execute such additional agreements as may be necessary or desirable in order to give full effect to the provisions of this Section 2.03.

(5) The Depositor shall make no claim upon the Trust Property for the payment of such expenses.

2.04. Issuance of Trust Securities. The Depositor, on behalf of the Trust and pursuant to the Original Trust Agreement, executed and delivered the Underwriting Agreement. Contemporaneously with the execution and delivery of this Trust Agreement, the Delaware Trustee, on behalf of the Trust, shall execute in accordance with Section 5.02 and deliver to the Underwriters named in the Underwriting Agreement one or more Book-Entry Preferred Trust Securities Certificates, registered in the name of the nominee of the initial Clearing Agency, representing _____ Preferred Trust Securities having an aggregate Liquidation Amount of \$_____, against receipt by the Property Trustee of the aggregate purchase price of such Preferred Trust Securities of \$_____, which amount the Delaware Trustee shall promptly deliver to the Property Trustee. Contemporaneously therewith, the Delaware Trustee, on behalf of the Trust, shall execute in accordance with Section 5.02 and deliver to the Depositor a Common Trust Securities Certificate, registered in the name of the Depositor, representing _____ Common Trust Securities having an aggregate Liquidation Amount of \$_____, and in satisfaction of the purchase price of such Common Trust Securities the Depositor shall deliver to the Property Trustee the sum of \$_____. The Trust Securities may have such additional or different terms specified in an Annex hereto.

2.05. Purchase of Trust Debt Securities. Contemporaneously with the execution and delivery of this Trust Agreement (i) the Delaware Trustee, on behalf of the Trust, shall purchase \$_____ aggregate principal amount of Trust Debt Securities from the Depositor, registered in the name of the Trust and (ii) in satisfaction of the purchase price for such Trust Debt Securities, the Property Trustee, on behalf of the Trust, shall deliver to the Depositor the sum of \$_____.

2.06. Declaration of Trust. The exclusive purposes and functions of the Trust are (a) to issue and sell Trust Securities and use the proceeds from such sale to acquire the Trust Debt Securities and to hold, transfer, sell and otherwise dispose of the Trust Debt Securities in accordance with this Trust Agreement, (b) to maintain the status of the Trust as a grantor trust for United States Federal income tax purposes, and (c) except as otherwise limited herein, to engage in only those activities necessary, convenient or incidental thereto. The Depositor hereby appoints the Trustees as trustees of the Trust, to have all the rights, powers and duties to the extent set forth herein, and the Trustees hereby accept such appointment. The Property Trustee hereby declares that it will hold the Trust Property in trust upon and subject to the conditions set forth herein for the benefit of the Securityholders. The Delaware Trustee shall have all rights, powers and duties set forth herein.

2.07. Authorization to Enter into Certain Transactions.

(1) The Trustees shall conduct the affairs of the Trust in accordance with the terms of this Trust Agreement. Subject to the limitations set forth in paragraph (b) of this Section, and in accordance with the following provisions (i) and (ii), the Trustees shall have the authority to enter into all transactions and agreements determined by the Trustees to be appropriate in exercising the authority, express or implied, otherwise granted to the Trustees under this Trust Agreement, and to perform all acts in furtherance thereof, including without limitation, the following:

(i) As among the Trustees, the Delaware Trustee shall have the power and authority to act on behalf of the Trust with respect to the following matters:

(A) executing and delivering the Trust Securities on behalf of the Trust;

(B) causing the Trust to enter into, and executing, delivering and performing on behalf of the Trust, the Certificate Depository Agreement and such other agreements as may be necessary or desirable in connection with the purposes and function of the Trust, including the appointment of a successor depository;

(C) assisting in registering the Preferred Trust Securities under the Securities Act of 1933, as amended, and under state securities or blue sky laws, and qualifying this Trust Agreement as a trust indenture under the Trust Indenture Act;

(D) assisting in the listing of the Preferred Trust Securities upon such securities exchange or exchanges as the Depositor shall determine and the registration of the Preferred Trust Securities under the Securities Exchange Act of 1934, as amended, and the preparation and filing of all periodic and other reports and other documents pursuant to the foregoing;

(E) to the extent provided in this Trust Agreement, dissolving, liquidating and terminating the Trust in accordance with the terms of this

Trust Agreement, and preparing, executing and filing the certificate of cancellation with the Secretary of State of the State of Delaware, if necessary;

(F) sending notices or assisting the Property Trustee in sending notices and other information regarding the Trust Securities and the Trust Debt Securities to Securityholders in accordance with this Trust Agreement; and

(G) taking any action incidental to the foregoing as the Delaware Trustee may from time to time determine is necessary or advisable to give effect to the terms of this Trust Agreement for the benefit of the Securityholders (without consideration of the effect of any such action on any particular Securityholder).

(ii) As among the Trustees, the Property Trustee shall have the power, duty and authority to act on behalf of the Trust with respect to the following matters:

(A) establishing and maintaining the Payment Account and appointing Paying Agents (subject to Section 5.09);

(B) receiving payment of the purchase price of the Trust Securities;

(C) receiving and holding the Trust Debt Securities;

(D) collecting interest, premium, if any, and principal payments on the Trust Debt Securities and depositing them in the Payment Account;

(E) making Distributions and other payments to the Securityholders in respect of the Trust Securities;

(F) exercising all of the rights, powers and privileges of a holder of the Trust Debt Securities;

(G) sending notices of defaults, redemptions, Extension Periods, liquidations and other information regarding the Trust Securities and the Trust Debt Securities to the Securityholders in accordance with this Trust Agreement;

(H) to the extent provided in this Trust Agreement, dissolving, liquidating and terminating the Trust, including distributing the Trust Property in accordance with the terms of this Trust Agreement, and preparing, executing and filing the certificate of cancellation with the Secretary of State of the State of Delaware, if necessary;

(I) after an Event of Default, taking any action incidental to the foregoing as the Property Trustee may from time to time determine is necessary or advisable to give effect to the terms of this Trust Agreement and protect and conserve the Trust Property for the benefit of the Securityholders (without consideration of the effect of any such action on any particular Securityholder); and

(J) registering transfers and exchanges of the Preferred Trust Securities in accordance with this Trust Agreement (but only if at such time the Property Trustee shall be the Securities Registrar).

(2) So long as this Trust Agreement remains in effect, the Trust (or the Trustees acting on behalf of the Trust) shall not undertake any business, activities or transaction except as expressly provided herein or contemplated hereby. In particular, the Trustees acting on behalf of the Trust shall not (i) acquire any assets or investments (other than the Trust Debt Securities), reinvest the proceeds derived from investments, possess any power or otherwise act in such a way as to vary the Trust Property or engage in any activities not authorized by this Trust Agreement, (ii) sell, assign, transfer, exchange, mortgage, pledge, set-off or otherwise dispose of any of the Trust Property or interests therein, including to Securityholders, except as expressly provided herein, (iii) take any action that would cause the Trust to fail or cease to qualify as a grantor trust for United States Federal income tax purposes, (iv) incur any indebtedness for borrowed money or incur any other obligations, (v) issue any securities or other evidences of beneficial ownership of, or beneficial interests in, the Trust other than the Trust Securities, or (vi) take or consent to any action that would result in the placement of a Lien on any of the Trust Property. The Delaware Trustee shall defend all claims and demands of all Persons at any time claiming any Lien on any of the Trust Property adverse to the interest of the Trust or the Securityholders in their capacity as Securityholders.

(3) In connection with the issue and sale of the Preferred Trust Securities, the Depositor shall have the right and responsibility to assist the Trust with respect to, or effect on behalf of the Trust, the following (and any actions taken by the Depositor in furtherance of the following prior to the date of this Trust Agreement are hereby ratified and confirmed in all respects):

(i) preparing for filing with the Commission and executing on behalf of the Trust a registration statement on Form S-3 in relation to the Preferred Trust Securities, including any amendments thereto;

(ii) determining the States in which to take appropriate action to qualify or register for sale all or part of the Preferred Trust Securities and doing any and all such acts, other than actions which must be taken by or on behalf of the Trust, and advising the Trustees of actions they must take on behalf of the Trust, and preparing for execution and filing any documents to be executed and filed by the Trust or on behalf of the Trust, as the Depositor deems necessary or advisable in order to comply with the applicable laws of any such States;

(iii) preparing for filing and executing on behalf of the Trust an application to the New York Stock Exchange or any other national stock exchange or The Nasdaq Stock Market for listing upon notice of issuance of any Preferred Trust Securities;

(iv) preparing for filing with the Commission and executing on behalf of the Trust a registration statement on Form 8-A relating to the registration of the Preferred Trust Securities under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended, including any amendments thereto;

(v) negotiating the terms of, and executing and delivering, the Underwriting Agreement providing for the sale of the Preferred Trust Securities; and

(vi) taking any other actions necessary or desirable to carry out any of the foregoing activities.

(4) Notwithstanding anything herein to the contrary, the Delaware Trustee is authorized and directed to conduct the affairs of the Trust and to operate the Trust so that (i) the Trust will not be deemed to be an “investment company” required to be registered under the 1940 Act, or taxed as a corporation or a partnership for United States Federal income tax purposes, (ii) the Trust will qualify as a grantor trust for United States Federal income tax purposes, and (iii) the Trust Debt Securities will be treated as indebtedness of the Depositor for United States Federal income tax purposes. In this connection, the Depositor and the Delaware Trustee are authorized to take any action, not inconsistent with applicable law, the Certificate of Trust, as amended from time to time, or this Trust Agreement, that each of the Depositor and the Delaware Trustee determines in their discretion to be necessary or desirable for such purposes.

2.08. Assets of Trust. The assets of the Trust shall consist of the Trust Property.

2.09. Title to Trust Property. Legal title to all Trust Property shall be vested at all times in the Property Trustee (in its capacity as such) and shall be held and administered by the Property Trustee for the benefit of the Securityholders in accordance with this Trust Agreement.

ARTICLE III PAYMENT ACCOUNT

3.01. Payment Account.

(1) On or prior to the Closing Date, the Property Trustee shall establish the Payment Account. All monies and other property deposited or held from time to time in the Payment Account shall be held by the Property Trustee for the exclusive benefit of the Securityholders. The Property Trustee shall have exclusive control of the Payment Account for the purpose of making deposits in and withdrawals from the Payment Account in accordance with this Trust Agreement; provided that any Paying Agent shall have the right of withdrawal with respect to the Payment Account solely for the purpose of making the payments contemplated under Article IV.

(2) The Property Trustee shall deposit in the Payment Account, promptly upon receipt, all payments of principal of or premium, if any, or interest on the Trust Debt Securities and any amounts paid to the Property Trustee pursuant to the Guarantee. Amounts held in the Payment Account shall not be invested pending distribution thereof.

**ARTICLE IV
DISTRIBUTIONS; REDEMPTION**

4.01. Distributions.

(1) Distributions on the Trust Securities shall be cumulative, and will accumulate whether or not there are funds of the Trust available for the payment of Distributions. Distributions shall accumulate from _____, _____ and, except during an Extension Period for the Trust Debt Securities pursuant to the Indenture, shall be payable _____ in arrears on _____, _____, _____ and _____ of each year, commencing on _____, _____. If any date on which Distributions are otherwise payable on the Trust Securities is not a Business Day, then the payment of such Distributions shall be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, payment of such Distributions shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date (each date on which Distributions are payable in accordance with this Section 4.01(a) is referred to as a "Distribution Date").

Within two Business Days after receipt by the Property Trustee of notice of an Extension Period pursuant to Section 4.01 of the Indenture, the Property Trustee shall give notice thereof to the Securityholders by first class mail, postage prepaid.

(2) The Trust Securities represent undivided beneficial interests in the Trust Property, and, subject to Sections 4.03 and 4.06 hereof, all Distributions will be made pro rata on each of the Trust Securities. Distributions on the Trust Securities shall be payable as determined in the following manner: _____. During an Extension Period for the Trust Debt Securities, the rate per annum at which Distributions on the Trust Securities are then accumulating shall be increased by an amount such that the aggregate amount of Distributions that accumulate on all Trust Securities during any such Extension Period is equal to the aggregate amount of interest (including interest payable on unpaid interest at the rate per annum referred to above, compounded _____) that accrues during any such Extension Period on the Trust Debt Securities.

(3) Distributions on the Trust Securities shall be made from the Payment Account by the Property Trustee or any Paying Agent and shall be payable on each Distribution Date only to the extent that the Trust has funds then available in the Payment Account for the payment of such Distributions.

(4) Distributions on the Trust Securities on each Distribution Date shall be payable to the Holders thereof as they appear on the Securities Register for the Trust Securities on the relevant record date, which shall be one Business Day prior to such Distribution Date; provided, however, that in the event that the Preferred Trust Securities are not in book-entry-only form, the relevant record date shall be the ____ day preceding such Distribution Date, whether or not a Business Day.

4.02. Redemption.

(1) Upon receipt by the Trust of a notice of redemption of Trust Debt Securities, the Trust will call for redemption a Like Amount of Outstanding Trust Securities on the Trust Debt Security Redemption Date and will call for redemption all Outstanding Trust Securities on the stated maturity date of the Trust Debt Securities, in each case, at the Redemption Price.

(2) Notice of redemption shall be given by the Property Trustee by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date to each Holder of Trust Securities to be redeemed, at such Holder's address appearing in the Securities Register. All notices of redemption shall state:

(i) the Redemption Date;

(ii) the Redemption Price;

(iii) the CUSIP number;

(iv) the place or places where Trust Securities Certificates are to be surrendered for payment of the Redemption Price;

(v) that on the Redemption Date the Redemption Price will become payable upon each such Trust Security to be redeemed and that Distributions thereon will cease to accumulate on and after such date; and

(vi) if less than all of the Outstanding Trust Securities are to be redeemed, the identification and total Liquidation Amount of the particular Trust Securities to be redeemed.

(3) The Trust Securities redeemed on each Redemption Date shall be redeemed at the Redemption Price with the proceeds from the contemporaneous redemption or payment at maturity of Trust Debt Securities. Redemptions of the Trust Securities shall be made and the Redemption Price shall be payable on each Redemption Date only to the extent that the Trust has funds then available in the Payment Account for the payment of such Redemption Price.

(4) If the Trust, by action of the Property Trustee, gives a notice of redemption in respect of any Preferred Trust Securities, then, on the Redemption Date, subject to Section 4.02(c), the Property Trustee will irrevocably deposit with the Paying Agent funds sufficient to pay the Redemption Price for the Preferred Trust Securities

being redeemed on such date and will give the Paying Agent irrevocable instructions and authority to pay the Redemption Price to the Holders of such Preferred Trust Securities upon surrender of their Preferred Trust Securities Certificates. Notwithstanding the foregoing, Distributions payable on or prior to the Redemption Date for any Trust Securities called for redemption shall be payable to the Holders of such Trust Securities as they appear on the Securities Register for the Trust Securities on the record dates for the related Distribution Dates. If notice of redemption shall have been given and funds irrevocably deposited as required, then upon the date of such deposit, all rights of Securityholders holding Trust Securities so called for redemption will cease, except the right of such Securityholders to receive the Redemption Price, but without interest, and such Trust Securities will cease to be Outstanding. In the event that any date on which any Redemption Price is payable is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment will be made on the immediately preceding Business Day, in each case, with the same force and effect as if made on such date. In the event that payment of the Redemption Price in respect of any Trust Securities called for redemption is improperly withheld or refused, and not paid either by the Trust or by the Depositor pursuant to the Guarantee, Distributions on such Trust Securities will continue to accumulate, at the then applicable rate, from the Redemption Date originally established by the Trust for such Trust Securities to the date such Redemption Price is actually paid, in which case the actual payment date will be the date fixed for redemption for purposes of calculating the Redemption Price.

(5) If less than all the Outstanding Trust Securities are to be redeemed on a Redemption Date, then the aggregate Liquidation Amount of Trust Securities to be redeemed shall be allocated 3% to the Common Trust Securities and 97% to the Preferred Trust Securities. The particular Preferred Trust Securities to be redeemed shall be selected by the Property Trustee from the Outstanding Preferred Trust Securities not previously called for redemption, by such method as the Property Trustee shall deem appropriate. The Property Trustee shall promptly notify the Securities Registrar in writing of the Preferred Trust Securities selected for redemption. If fewer than all of the Trust Securities represented by a Trust Securities Certificate are redeemed, the Delaware Trustee shall execute for the Holder a new Trust Securities Certificate representing the unredeemed Trust Securities. For all purposes of this Trust Agreement, unless the context otherwise requires, all provisions relating to the redemption of Preferred Trust Securities shall relate, in the case of any Preferred Trust Securities redeemed or to be redeemed only in part, to the portion of the Liquidation Amount of Preferred Trust Securities which has been or is to be redeemed.

4.03. Subordination of Common Trust Securities.

(1) Payment of Distributions on, and the Liquidation, Distribution and Redemption Price of, the Trust Securities, as applicable, shall be made pro rata based on the Liquidation Amount of the Trust Securities; provided, however, that if on any applicable date, a Trust Debt Security Event of Default shall have occurred and be continuing, no payment of any Distribution on, or Liquidation, Distribution and

Redemption Price of, any Common Trust Security, and no other payment on account of the Common Trust Securities, shall be made unless payment in full in cash of all accumulated and unpaid Distributions on all Outstanding Preferred Trust Securities for all distribution periods terminating on or prior thereto, or in the case of payment of the Liquidation, Distribution and Redemption Price, the full amount of such Liquidation, Distribution and Redemption Price applicable to all Outstanding Preferred Trust Securities then outstanding or then being redeemed, as the case may be, shall have been made or provided for, and all funds immediately available to the Property Trustee shall first be applied to the payment in full in cash of all Distributions on, or the Liquidation, Distribution and Redemption Price of, Preferred Trust Securities then due and payable.

(2) In the case of the occurrence of any Trust Debt Security Event of Default, the Holder of Common Trust Securities will be deemed to have waived any right to act with respect to any related Event of Default under this Trust Agreement and such Trust Debt Security Event of Default until the effect of such related Event of Default and such Trust Debt Security Event of Default has been cured, waived or otherwise eliminated. Until any such Event of Default under this Trust Agreement and such Trust Debt Security Event of Default has been so cured, waived or otherwise eliminated, the Property Trustee shall act solely on behalf of the Holders of the Preferred Trust Securities and not the Holder of the Common Trust Securities, and only the Holders of the Preferred Trust Securities will have the right to direct the Property Trustee to act on their behalf.

4.04. Payment Procedures. Payments of Distributions pursuant to Section 4.01 in respect of the Preferred Trust Securities shall be made by check mailed to the address of the Holder thereof as such address shall appear on the Securities Register or, if the Preferred Trust Securities are held by a Clearing Agency, such Distributions shall be made to the Clearing Agency by wire transfer in immediately available funds. Payments of Distributions pursuant to Section 4.01 in respect of the Common Trust Securities shall be made in such manner as shall be mutually agreed between the Property Trustee and the Holder of the Common Trust Securities. Payment of the Redemption Price or Liquidation Distribution of the Trust Securities shall be made in immediately available funds upon surrender of the Preferred Trust Securities Certificate representing such Preferred Trust Securities at the Corporate Trust Office of the Property Trustee.

4.05. Tax Returns and Reports. The Depositor shall prepare (or cause to be prepared) and file all Federal, State and local tax and information returns and reports required to be filed by or in respect of the Trust, including the appropriate Internal Revenue Service Form, if any, required to be filed in respect of the Trust in each taxable year of the Trust. Notwithstanding the foregoing, the Delaware Trustee shall prepare and furnish (or cause to be prepared and furnished) to each Securityholder the related Internal Revenue Service Form 1099 OID, or any successor form or the information required to be provided on such form. The Delaware Trustee shall provide a copy of such form or information promptly after such filing or furnishing. The Trustees shall comply with United States Federal withholding and backup withholding tax laws and information reporting requirements with respect to any payments to Securityholders under the Trust Securities.

4.06. Payments under Indenture. Any amount payable hereunder to any Holder of Preferred Trust Securities shall be reduced by the amount of any corresponding payment such Holder has directly received pursuant to Section 6.07 of the Indenture or pursuant to the Guarantee. Notwithstanding the provisions hereunder to the contrary, Securityholders acknowledge that any Holder of Preferred Trust Securities that receives payment under Section 6.07 of the Indenture may receive amounts greater than the amount such Holder may be entitled to receive pursuant to the other provisions of this Trust Agreement.

ARTICLE V TRUST SECURITIES CERTIFICATES

5.01. Initial Ownership. Upon the creation of the Trust and the contribution by the Depositor pursuant to Section 2.03 and until the issuance of the Trust Securities, and at any time during which no Trust Securities are outstanding, the Depositor shall be the sole beneficial owner of the Trust.

5.02. Trust Securities Certificates. The Trust Securities Certificates shall be issued representing one or more Preferred Trust Securities. Preferred Trust Securities Certificates representing fractional interests shall not be issued. The Trust Securities Certificates shall be executed on behalf of the Trust by manual or facsimile signature of the Delaware Trustee. Trust Securities Certificates bearing the manual signature of an individual who was, at the time when such signature shall have been affixed, authorized to sign on behalf of the Trust, shall be validly issued and entitled to the benefits of this Trust Agreement, notwithstanding that such individual shall have ceased to be so authorized prior to the delivery of such Trust Securities Certificates or did not hold such office at the date of delivery of such Trust Securities Certificates. A transferee of a Trust Securities Certificate shall become a Securityholder, and shall be entitled to the rights and subject to the obligations of a Securityholder hereunder, upon due registration of such Trust Securities Certificate in such transferee's name pursuant to Section 5.04.

5.03. Delivery of Trust Securities Certificates. On the Closing Date, the Delaware Trustee shall cause Trust Securities Certificates, in an aggregate Liquidation Amount as provided in Sections 2.04 and 2.05, to be executed on behalf of the Trust as provided in Section 5.02 and delivered to or upon a written order of the Depositor signed by its Chairman of the Board, its Chief Executive Officer, any Vice President or the Chief Financial Officer, without further corporate action by the Depositor, in authorized denominations. The written order of the Depositor shall be accompanied by an Officers' Certificate and an Opinion of Counsel.

5.04. Registration of Transfer and Exchange of Preferred Trust Securities Certificates. A registrar appointed by the Depositor (the "Securities Registrar") shall keep or cause to be kept, at the office or agency maintained pursuant to Section 5.08, a register (the "Securities Register") in which, subject to such reasonable regulations as it may prescribe, the Securities Registrar shall provide for the registration of Trust Securities Certificates (subject to Section 5.10 in the case of the Common Trust Securities Certificates) and registration of transfers and exchanges of Preferred Trust Securities Certificates as herein provided. The Property Trustee shall be the initial Securities Registrar; any successor Securities Registrar shall be appointed by the Delaware Trustee.

Upon surrender for registration of transfer of any Preferred Trust Securities Certificate at the office or agency maintained pursuant to Section 5.08, the Delaware Trustee shall execute and deliver, in the name of the designated transferee or transferees, one or more new Preferred Trust Securities Certificates representing the same number of Preferred Trust Securities dated the date of execution by the Delaware Trustee. At the option of a Holder, Preferred Trust Securities Certificates may be exchanged for other Preferred Trust Securities Certificates upon surrender of the Preferred Trust Securities Certificates to be exchanged at the office or agency maintained pursuant to Section 5.08. The Securities Registrar shall not be required to register the transfer of any Preferred Trust Securities that have been called for redemption or after the Liquidation Date.

Preferred Trust Securities presented or surrendered for registration of transfer or exchange shall be accompanied by a written instrument of transfer in form satisfactory to the Delaware Trustee and the Securities Registrar duly executed by the Holder or such Holder's attorney duly authorized in writing. Each Preferred Trust Securities Certificate surrendered for registration of transfer or exchange shall be cancelled and subsequently disposed of by the Property Trustee in accordance with its customary practice.

No service charge shall be made for any registration of transfer or exchange of Preferred Trust Securities, but the Securities Registrar may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Preferred Trust Securities other than an exchange not involving any transfer.

5.05. Mutilated, Destroyed, Lost or Stolen Trust Securities Certificates. If (a) any mutilated Trust Securities Certificate shall be surrendered to the Securities Registrar, or if the Securities Registrar shall receive evidence to its satisfaction of the destruction, loss or theft of any Trust Securities Certificate, and (b) there shall be delivered to the Securities Registrar and the Delaware Trustee such security or indemnity as may be reasonably required by them to hold the Securities Registrar and the Trust harmless, then in the absence of notice that such Trust Securities Certificate shall have been acquired by a protected purchaser, the Delaware Trustee, on behalf of the Trust shall execute and make available for delivery, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Trust Securities Certificate, a new Trust Securities Certificate of like tenor. In connection with the issuance of any new Trust Securities Certificate under this Section, the Delaware Trustee or the Securities Registrar may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith. Any duplicate Trust Securities Certificate issued pursuant to this Section shall constitute conclusive evidence of an undivided beneficial interest in the assets of the Trust, as if originally issued, whether or not the lost, stolen or destroyed Trust Securities Certificate shall be found at any time.

5.06. Persons Deemed Securityholders. Prior to due presentation of a Trust Security Certificate for registration of transfer, the Delaware Trustee or the Securities Registrar shall treat the Person in whose name any Trust Securities Certificate shall be registered in the Securities Register as the owner and Holder of such Trust Securities Certificate for the purpose of receiving Distributions and for all other purposes whatsoever, and neither the Trustees nor the Securities Registrar shall be bound by any notice to the contrary.

5.07. Access to List of Securityholders' Names and Addresses. In the event that the Property Trustee is no longer the Securities Registrar, the Delaware Trustee or the Depositor shall furnish or cause to be furnished (a) to the Property Trustee, quarterly not later than 10 days prior to a Distribution Date, a list, in such form as the Property Trustee may reasonably require, of the names and addresses of the Securityholders as of the most recent record date and (b) to the Property Trustee, promptly after receipt by the Delaware Trustee or the Depositor of a request therefor from the Property Trustee in order to enable the Paying Agent to pay Distributions in accordance with Section 4.01 hereof), in each case to the extent such information is in the possession or control of the Delaware Trustee or the Depositor and is not identical to a previously supplied list or has not otherwise been received by the Property Trustee. The rights of Securityholders to communicate with other Securityholders with respect to their rights under this Trust Agreement or under the Trust Securities, and the corresponding rights of the Property Trustee shall be as provided in the Trust Indenture Act. Each Holder, by receiving and holding a Trust Securities Certificate, shall be deemed to have agreed not to hold the Depositor, the Property Trustee or the Delaware Trustee accountable by reason of the disclosure of its name and address, regardless of the source from which such information was derived.

5.08. Maintenance of Office or Agency. The Property Trustee shall maintain in Chicago, Illinois, an office or offices or agency or agencies where Preferred Trust Securities may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Trustees in respect of the Trust Securities Certificates may be served. The Property Trustee shall give prompt written notice to the Depositor and to the Securityholders of any change in the location of the Securities Register or any such office or agency, which shall initially be at the Corporate Trust Office of the Property Trustee.

5.09. Appointment of Paying Agent. The Paying Agent shall make Distributions to Securityholders from the Payment Account and shall report the amounts of such Distributions to the Property Trustee and the Delaware Trustee. Any Paying Agent shall have the revocable power to withdraw funds from the Payment Account for the purpose of making Distributions. The Delaware Trustee may revoke such power and remove the Paying Agent, provided that such revocation and removal with respect to the sole Paying Agent shall not become effective until the appointment of a successor. The Paying Agent shall initially be the Property Trustee, and any co-paying agent chosen by the Property Trustee and acceptable to the Delaware Trustee and the Depositor. Any Person acting as Paying Agent shall be permitted to resign as Paying Agent upon 30 days' written notice to the Delaware Trustee and the Depositor, and, if applicable, the Property Trustee, provided that such resignation with respect to the sole Paying Agent shall not become effective until the appointment of a successor. In the event that the Property Trustee shall no longer be the Paying Agent or a successor Paying Agent shall resign or its authority to act be revoked, the Delaware Trustee shall appoint a successor that is acceptable to the Property Trustee (in the case of any other Paying Agent) and the Depositor to act as Paying Agent (which shall be a bank or trust company and have a combined capital and surplus of at least \$50,000,000). The Delaware Trustee shall cause such successor Paying Agent or any additional Paying Agent appointed by the Delaware Trustee to execute and deliver to the Trustees an instrument in which such successor Paying Agent or additional Paying Agent shall agree with the Trustees that as Paying Agent, such successor Paying Agent or additional Paying Agent will hold all sums, if any, held by it for payment to the Securityholders in trust for the benefit of the Securityholders entitled thereto until such sums shall be paid to such Securityholders. The

Paying Agent shall return all of such sums remaining unclaimed to the Property Trustee and upon removal of a Paying Agent such Paying Agent shall also return such sums in its possession to the Property Trustee. The provisions of Sections 7.01, 7.03 and 7.06 shall apply to the Property Trustee also in its role as Paying Agent, for so long as the Property Trustee shall act as Paying Agent and, to the extent applicable, to any other Paying Agent appointed hereunder. Any reference in this Trust Agreement to the Paying Agent shall include any co-paying agent unless the context requires otherwise.

5.10. No Transfer of Common Trust Securities by Depositor. To the fullest extent permitted by law, any attempted transfer of the Common Trust Securities shall be void. The Trustee shall cause each Common Trust Securities Certificate issued to the Depositor to contain a legend stating "TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THIS CERTIFICATE, AND THE COMMON TRUST SECURITIES REPRESENTED HEREBY, ARE NOT TRANSFERABLE". By execution of this Trust Agreement, the Depositor agrees to the foregoing provisions.

5.11. Book-Entry Preferred Trust Securities Certificates; Common Trust Securities Certificate.

(1) The Preferred Trust Securities, upon original issuance on the Closing Date, will not be engraved but will be issued in the form of one or more printed or typewritten Book-Entry Preferred Trust Securities Certificates, to be delivered to The Depository Trust Company, the initial Clearing Agency, by, or on behalf of, the Trust. Such Book-Entry Preferred Trust Securities Certificate or Certificates shall initially be registered on the Securities Register in the name of Cede & Co., the nominee of the initial Clearing Agency.

(2) A single Common Trust Securities Certificate representing the Common Trust Securities shall be issued to the Depositor in the form of a definitive Common Trust Securities Certificate.

5.12. Definitive Preferred Trust Securities Certificates. If (a) the Depositor advises the Trustees in writing that the Clearing Agency is no longer willing or able to properly discharge its responsibilities with respect to the Preferred Trust Securities Certificates or the Clearing Agency is no longer registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, and the Depositor is unable to locate a qualified successor within 60 calendar days, (b) the Depositor at its option advises the Trustees in writing that it elects to terminate the book-entry system through the Clearing Agency or (c) an Event of Default occurs and is continuing, then the Trustee shall issue Definitive Preferred Trust Securities Certificates. Upon surrender to the Trustee of the Book-Entry Preferred Trust Securities Certificates by the Clearing Agency, accompanied by registration instructions, the Trustee shall execute and deliver the Definitive Preferred Trust Securities Certificates in accordance with the instructions of the Clearing Agency. Neither the Securities Registrar nor the Trustees shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. The Definitive Preferred Trust Securities Certificates shall be printed,

lithographed or engraved or may be produced in any other manner as is reasonably acceptable to the Trustee, as evidenced by the execution thereof by the Trustee.

5.13. Rights of Securityholders. The Securityholders shall not have any right or title to the Trust Property other than the undivided beneficial interest in the assets of the Trust conferred by their Trust Securities and they shall have no right to call for any partition or division of property, profits or rights of the Trust except as described below. The Trust Securities shall be personal property giving only the rights specifically set forth therein and in this Trust Agreement. The Preferred Trust Securities shall have no preemptive or similar rights and when issued and delivered to Securityholders against payment of the purchase price therefor will be fully paid and nonassessable by the Trust. The Holders of the Preferred Trust Securities, in their capacities as such, shall be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware.

ARTICLE VI
ACTS OF SECURITYHOLDERS; MEETINGS; VOTING

6.01. Limitations on Voting Rights.

(1) Except as provided herein and in the Indenture and as otherwise required by law, no Holder of Trust Securities shall have any right to vote or in any manner otherwise control the administration, operation and management of the Trust or the obligations of the parties hereto, nor shall anything herein set forth, or contained in the terms of the Trust Securities Certificates, be construed so as to constitute the Securityholders from time to time as partners or members of an association.

(2) The Trustees shall not (i) direct the time, method and place of conducting any proceeding for any remedy available to the Trust Debt Security Trustee or executing any trust or power conferred on the Trust Debt Security Trustee with respect to such Trust Debt Securities, (ii) waive any past default which may be waived under Section 6.04 of the Indenture, (iii) exercise any right to rescind or annul an acceleration of the principal of all the Trust Debt Securities or (iv) consent to any amendment or modification of the Indenture, where such consent shall be required, without, in each case, obtaining the prior consent of the Holders of a majority in aggregate Liquidation Amount of all Outstanding Preferred Trust Securities; provided, however, that where such consent under the Indenture would require the consent of each holder of Trust Debt Securities affected thereby, no such consent shall be given by the Property Trustee without the prior written consent of the Holder of each Outstanding Preferred Trust Security. The Trustees shall not revoke any action previously authorized or approved by a vote of the Holders of Preferred Trust Securities, except by a subsequent vote of the Holders of Preferred Trust Securities. The Property Trustee shall notify all Holders of the Preferred Trust Securities of any notice received from the Trust Debt Security Trustee as a result of the Trust being the holder of the Trust Debt Securities. In addition to obtaining the consent of the Holders of the Preferred Trust Securities, prior to taking any of the foregoing actions, the Trustees shall, at the expense of the Depositor, be provided with an Opinion of Counsel experienced in such matters to the effect that the Trust will

not be classified as an association taxable as a corporation or partnership for United States Federal income tax purposes on account of such action and will continue to be classified as a grantor trust for United States Federal income tax purposes.

(3) Subject to Section 10.02(c) hereof, if any proposed amendment to the Trust Agreement provides for, or the Trustees otherwise propose to effect, (i) any action that would adversely affect in any material respect the powers, preferences or special rights of the Preferred Trust Securities, whether by way of amendment to this Trust Agreement or otherwise, or (ii) the dissolution or liquidation of the Trust, other than pursuant to the terms of this Trust Agreement, then the Holders of Outstanding Preferred Trust Securities will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of the Holders of a majority in aggregate Liquidation Amount of the Outstanding Preferred Trust Securities.

6.02. Notice of Meetings. Notice of all meetings of the Holders of the Preferred Trust Securities, stating the time, place and purpose of the meeting, shall be given by the Property Trustee pursuant to Section 10.08 to each Preferred Trust Securityholder of record, at his/her registered address, at least 15 days and not more than 90 days before the meeting. At any such meeting, any business properly before the meeting may be so considered whether or not stated in the notice of the meeting. Any adjourned meeting may be held as adjourned without further notice.

6.03. Meetings of Holders of the Preferred Trust Securities. No annual meeting of Securityholders is required to be held. The Delaware Trustee, however, shall call a meeting of Securityholders to vote on any matter upon the written request of the Holders of at least 25% of the aggregate Liquidation Amount of the Outstanding Preferred Trust Securities and the Delaware Trustee or the Property Trustee may, at any time in their discretion, call a meeting of Holders of the Preferred Trust Securities to vote on any matters as to which the Holders of the Preferred Trust Securities are entitled to vote.

Holders of a majority of the aggregate Liquidation Amount of the Outstanding Preferred Trust Securities, present in person or by proxy, shall constitute a quorum at any meeting of Securityholders.

If a quorum is present at a meeting, an affirmative vote of the Holders of a majority of the aggregate Liquidation Amount of the Outstanding Preferred Trust Securities present, either in person or by proxy, at such meeting shall constitute the action of the Securityholders, unless this Trust Agreement requires a greater number of affirmative votes.

6.04. Voting Rights. A Securityholder shall be entitled to one vote for each Trust Security in respect of any matter as to which such Securityholder is entitled to vote.

6.05. Proxies, etc. At any meeting of Securityholders, any Securityholder entitled to vote thereat may vote by proxy, provided that no proxy shall be voted at any meeting unless it shall have been placed on file with the Delaware Trustee, or with such other officer or agent of the Trust as the Delaware Trustee may direct, for verification prior to the time at which such vote shall be taken. Pursuant to a resolution of the Property Trustee, proxies may be solicited in the

name of the Property Trustee or one or more officers of the Property Trustee. Only Securityholders of record shall be entitled to vote. When Trust Securities are held jointly by several Persons, any one of them may vote at any meeting in person or by proxy in respect of such Trust Securities, but if more than one of them shall be present at such meeting in person or by proxy, and such joint owners or their proxies so present disagree as to any vote to be cast, such vote shall not be received in respect of such Trust Securities. A proxy purporting to be executed by or on behalf of a Securityholder shall be deemed valid unless challenged at or prior to its exercise, and the burden of proving invalidity shall rest on the challenger. No proxy shall be valid more than three years after its date of execution.

6.06. Securityholder Action by Written Consent. Any action which may be taken by Securityholders at a meeting may be taken without a meeting if Holders of the proportion of the Outstanding Preferred Trust Securities required to approve such action shall consent to the action in writing.

6.07. Record Date for Voting and Other Purposes. For the purposes of determining the Securityholders who are entitled to notice of and to vote at any meeting or by written consent, or for the purpose of any other action, the Delaware Trustee may from time to time fix a date, not more than 90 days prior to the date of any meeting of Securityholders, as a record date for the determination of the identity of the Securityholders for such purposes.

6.08. Acts of Securityholders. Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Trust Agreement to be given, made or taken by Securityholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Securityholders in person or by an agent duly appointed in writing; and, except as otherwise expressly provided herein, such action shall become effective when such instrument or instruments are delivered to the Delaware Trustee. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Securityholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Trust Agreement and (subject to Section 7.02) conclusive, if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him/her the execution thereof. Where such execution is by a signer acting in a capacity other than his/her individual capacity, such certificate or affidavit shall also constitute sufficient proof of his/her authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which any Trustee receiving the same deems sufficient.

The ownership of Preferred Trust Securities shall be proved by the Securities Register.

Any request, demand, authorization, direction, notice, consent, waiver or other act of the Securityholder of any Trust Security shall bind every future Securityholder of the same Trust

Security and the Securityholder of every Trust Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustees or the Trust in reliance thereon, whether or not notation of such action is made upon such Trust Security.

Without limiting the foregoing, a Securityholder entitled hereunder to take any action hereunder with regard to any particular Trust Security may do so with regard to all or any part of the Liquidation Amount of such Trust Security or by one or more duly appointed agents, each of which may do so pursuant to such appointment with regard to all or any part of such Liquidation Amount.

If any dispute shall arise between the Securityholders and the Delaware Trustee or among such Securityholders or Trustees with respect to the authenticity, validity or binding nature of any request, demand, authorization, direction, consent, waiver or other Act of such Securityholder or Trustee under this Article VI, then the determination of such matter by the Property Trustee shall be conclusive with respect to such matter.

6.09. Inspection of Records. Upon reasonable prior written notice to the Delaware Trustee and the Property Trustee, the records of the Trust shall be open to inspection by Securityholders during normal business hours for any purpose reasonably related to such Securityholder's interest as a Securityholder.

ARTICLE VII The Trustees

7.01. Certain Duties and Responsibilities.

(1) The duties and responsibilities of the Trustees shall be as provided by this Trust Agreement and, in the case of the Property Trustee, also by the Trust Indenture Act. The Property Trustee, other than during the occurrence and continuance of an Event of Default, undertakes to perform only such duties as are specifically set forth in this Trust Agreement and, upon an Event of Default, must exercise the same degree of care and skill as a prudent person would exercise or use in the conduct of his/her own affairs. The Trustees shall have all the privileges, rights and immunities provided by the Delaware Statutory Trust Act. Notwithstanding the foregoing, no provision of this Trust Agreement shall require the Trustees to expend or risk their own funds or otherwise incur any financial liability in the performance of any of their duties hereunder, or in the exercise of any of their rights or powers, if they shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Whether or not therein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustees shall be subject to the provisions of this Section. Nothing in this Trust Agreement shall be construed to release the Property Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct. To the extent that, at law or in equity, the Delaware Trustee has duties (including fiduciary duties) and liabilities relating thereto to the Trust or to the Securityholders, the Delaware Trustee shall not be liable to the Trust or to any

Securityholder for the Delaware Trustee's good faith reliance on the provisions of this Trust Agreement. The provisions of this Trust Agreement, to the extent that they restrict the duties and liabilities of the Delaware Trustee otherwise existing at law or in equity, are agreed by the Depositor and the Securityholders to replace such other duties and liabilities of the Delaware Trustee.

(2) All payments made by the Property Trustee or any other Paying Agent in respect of the Trust Securities shall be made only from the income and proceeds from the Trust Property. Each Securityholder, by its acceptance of a Trust Security, agrees that (i) it will look solely to the income and proceeds from the Trust Property to the extent available for distribution to it as herein provided and (ii) the Trustees are not personally liable to it for any amount distributable in respect of any Trust Security or for any other liability in respect of any Trust Security. This Section 7.01(b) does not limit the liability of the Trustees expressly set forth elsewhere in this Trust Agreement or, in the case of the Property Trustee, in the Trust Indenture Act.

7.02. Notice of Defaults; Direct Action by Securityholders. Within 90 days after the occurrence of any Event of Default actually known to a Responsible Officer of the Property Trustee, the Property Trustee shall transmit, in the manner and to the extent provided in Section 10.08, notice of such Event of Default to the Securityholders, the Delaware Trustee and the Depositor, unless such Event of Default shall have been cured or waived. If the Property Trustee has failed to enforce its rights under this Trust Agreement or the Indenture to the fullest extent permitted by law and subject to the terms of this Trust Agreement and the Indenture, any Securityholder may institute a legal proceeding directly to enforce the Property Trustee's rights under this Trust Agreement or the Indenture with respect to Trust Debt Securities having an aggregate principal amount equal to the aggregate Liquidation Amount of the Preferred Trust Securities of such Securityholder without first instituting a legal proceeding against the Property Trustee or any other Person. To the extent that any action under the Indenture is entitled to be taken by the holders of at least a specified percentage of the principal amount of the outstanding Trust Debt Securities, Holders of at least the same percentage of the Liquidation Amount of the Outstanding Preferred Trust Securities may also take such action in the name of the Trust if such action has not been taken by the Property Trustee. To the fullest extent permitted by law, the foregoing shall be in addition to and not in limitation of any direct rights provided to the Holders of the Preferred Trust Securities against the Trust Debt Security Issuer under the terms of the Indenture, including the right, without any notice or other demand on the Property Trustee, to institute suit for the enforcement of any payment of the principal of and any premium and interest on Trust Debt Securities as provided in Section 6.07 of the Indenture.

7.03. Certain Rights of Property Trustee. Subject to the provisions of Section 7.01:

(1) the Property Trustee may conclusively rely and shall be protected in acting or refraining from acting in good faith upon any resolution, Opinion of Counsel, certificate, written representation of a Holder or transferee, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond, Trust Debt Security, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) if, other than during the occurrence and continuance of an Event of Default, (i) in performing its duties under this Trust Agreement, the Property Trustee is required to decide between alternative courses of action, or (ii) in construing any of the provisions in this Trust Agreement, the Property Trustee finds the same ambiguous or inconsistent with any other provisions contained herein, or (iii) the Property Trustee is unsure of the application of any provision of this Trust Agreement, then, except as to any matter as to which the Holders of the Preferred Trust Securities are entitled to vote under the terms of this Trust Agreement, the Property Trustee shall deliver a notice to the Depositor requesting written instructions of the Depositor as to the course of action to be taken. The Property Trustee shall take such action, or refrain from taking such action, as the Property Trustee shall be instructed in writing to take, or to refrain from taking, by the Depositor; provided, however, that if the Property Trustee does not receive such instructions of the Depositor within ten Business Days after it has delivered such notice, or such reasonably shorter period of time set forth in such notice (which to the extent practicable shall not be less than two Business Days), it may, but shall be under no duty to, take or refrain from taking such action not inconsistent with this Trust Agreement as it shall deem advisable and in the best interests of the Securityholders, in which event the Property Trustee shall have no liability except for its own negligent action, its own negligent failure to act or its own willful misconduct;

(3) the Property Trustee may consult with counsel or other experts of its selection and the advice or opinion of such counsel or other experts with respect to legal matters or advice within the scope of such experts' area of expertise shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(4) the Property Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request or direction of any of the Securityholders pursuant to this Trust Agreement, unless such Securityholders shall have offered to the Property Trustee security or indemnity reasonably satisfactory to the Property Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(5) the Property Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture, note or other evidence of indebtedness or other paper or document, but the Property Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit at the expense of the Depositor and, to the extent permitted by law, shall incur no liability of any kind by reason of such inquiry or investigation;

(6) the Property Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through its agents or attorneys and the Property Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(7) whenever in the administration of this Trust Agreement, the Property Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Property Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officers' Certificate;

(8) the Property Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Trust Agreement;

(9) the Property Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Property Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Property Trustee at the Corporate Trust Office and such notice references the Trust Securities and this Trust Agreement;

(10) the rights, privileges, protections, immunities and benefits given to the Property Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Property Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder; and

(11) the Property Trustee may request that the Depositor deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Trust Agreement, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

7.04. Not Responsible for Recitals or Issuance of Securities. The recitals contained herein and in the Trust Securities Certificates shall be taken as the statements of the Trust, and the Trustees do not assume any responsibility for their correctness. The Trustees shall not be accountable for the use or application by the Depositor of the proceeds of the Trust Debt Securities.

The Property Trustee makes no representations as to the value or condition of the property of the Trust or any part thereof. The Property Trustee makes no representations as to the validity or sufficiency of this Trust Agreement or the Trust Securities.

7.05. May Hold Securities. Any Trustee or any other agent of any Trustee or the Trust, in its individual or any other capacity, may become the owner or pledgee of Trust Securities and, subject to Sections 7.08 and 7.13 and, except as provided in the definition of the term Outstanding in Article I, may otherwise deal with the Trust with the same rights it would have if it were not a Trustee or such other agent.

7.06. Compensation; Indemnity; Fees. The Depositor agrees:

(1) to pay to the Trustees from time to time such compensation as shall have been agreed in writing with the Depositor for all services rendered by them hereunder

(which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustees upon request for all reasonable expenses, disbursements and advances incurred or made by the Trustees in accordance with any provision of this Trust Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as shall have been caused by its own negligence or its own wilful misconduct (or, in the case of the Delaware Trustee, any such expense, disbursement or advance as may be attributable to his/her gross negligence); and

(3) to indemnify each of the Trustees or any predecessor Trustee for, and to hold the Trustees harmless against, any and all loss, damage, claims, liability, penalty or expense including taxes (other than taxes based on the income of such Trustee) incurred without its own negligence or its wilful misconduct (or, in the case of the Delaware Trustee, incurred without gross negligence or willful misconduct), arising out of or in connection with the acceptance or administration of this Trust Agreement, including the costs and expenses of defending itself against any claim (whether by the Depositor, any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder.

No Trustee may claim any Lien or charge on any Trust Property as a result of any amount due pursuant to this Section 7.06.

The provisions of this Section 7.06 shall survive the termination of this Trust Agreement and the resignation or removal of the Trustees.

7.07. Corporate Property Trustee Required; Eligibility of Trustees.

(1) There shall at all times be a Property Trustee hereunder. The Property Trustee shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least \$50,000,000. If any such Person publishes reports of condition at least annually, pursuant to law or to the requirements of its supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Property Trustee with respect to the Trust Securities shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

(2) There shall at all times be a Delaware Trustee. The Delaware Trustee shall either be (i) a natural person who is at least 21 years of age and a resident of the State of Delaware or (ii) a legal entity with its principal place of business in the State of Delaware and that otherwise meets the requirements of applicable Delaware law that shall act through one or more persons authorized to bind such entity.

7.08. Conflicting Interests. If the Property Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Property Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Trust Agreement.

7.09. Co-Trustees and Separate Trustee. Unless an Event of Default shall have occurred and be continuing, at any time or times, for the purpose of meeting the legal requirements of the Trust Indenture Act or of any jurisdiction in which any part of the Trust Property may at the time be located, the Depositor and the Delaware Trustee (and if more than one Delaware Trustee, by agreed action of the majority of such Trustees) shall have power (i) to appoint, and upon the written request of the Delaware Trustee the Depositor shall for such purpose join with the Delaware Trustee in the execution, delivery, and performance of all instruments and agreements necessary or proper to appoint one or more Persons approved by the Property Trustee either to act as co-trustee, jointly with the Property Trustee, of all or any part of such Trust Property, or to the extent required by law to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and (ii) to vest in such Person or Persons in the capacity aforesaid, any property, title, right or power deemed necessary or desirable, subject to the other provisions of this Section. If the Depositor does not join in such appointment within 15 days after the receipt by it of a request so to do, or in case a Trust Debt Security Event of Default has occurred and is continuing, the Property Trustee alone shall have power to make such appointment. Any co-trustee or separate trustee appointed pursuant to this Section shall either be (i) a natural person who is at least 21 years of age and a resident of the United States or (ii) a legal entity with its principal place of business in the United States that shall act through one or more persons authorized to bind such entity.

Should any written instrument from the Depositor be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right, or power, any and all such instruments shall, on request, be executed, acknowledged, and delivered by the Depositor.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

- (1) The Trust Securities shall be executed and delivered and all rights, powers, duties, and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustees specified hereunder, shall be exercised, solely by such Trustees and not by such co-trustee or separate trustee.
- (2) The rights, powers, duties, and obligations hereby conferred or imposed upon the Property Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Property Trustee or by the Property Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Property Trustee shall be incompetent or unqualified to perform such act, in which event

such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.

(3) The Property Trustee at any time, by an instrument in writing executed by it, with the written concurrence of the Depositor, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default under the Indenture has occurred and is continuing, the Property Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Depositor. Upon the written request of the Property Trustee, the Depositor shall join with the Property Trustee in the execution, delivery, and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(4) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Property Trustee, or any other trustee hereunder.

(5) The Property Trustee shall not be liable by reason of any act of a co-trustee or separate trustee.

(6) Any Act of Holders delivered to the Property Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

7.10. Resignation and Removal; Appointment of Successor. No resignation or removal of any Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 7.11.

Subject to the immediately preceding paragraph, any Trustee may resign at any time with respect to the Trust Securities by giving written notice thereof to the Securityholders.

Unless an Event of Default shall have occurred and be continuing, any Trustee may be removed at any time by Act of the Holder of the Common Trust Securities. If an Event of Default shall have occurred and be continuing, the Property Trustee may be removed at such time only by Act of the Holders of a majority in Liquidation Amount of the Outstanding Preferred Trust Securities, delivered to such Trustee (in its individual capacity and on behalf of the Trust); the Delaware Trustee may be removed at any time by the Holder of Common Trust Securities only.

If the instrument of acceptance by the successor Trustee required by Section 7.11 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation or removal, the Trustee may petition, at the expense of the Depositor, any court of competent jurisdiction for the appointment of a successor Trustee.

If any Trustee shall resign, be removed or become incapable of acting as Trustee, or if a vacancy shall occur in the office of any Trustee for any cause, at a time when no Event of Default shall have occurred and be continuing, the Holder of Common Trust Securities, by Act of the Holder of Common Trust Securities delivered to the retiring Trustee, shall promptly

appoint a successor Trustee or Trustees and the Trust, and the retiring Trustee shall comply with the applicable requirements of Section 7.11. If the Property Trustee shall resign, be removed or become incapable of continuing to act as the Property Trustee at a time when an Event of Default has occurred and is continuing, the Holders of Preferred Trust Securities, by Act of the Securityholders of a majority in Liquidation Amount of the Outstanding Preferred Trust Securities delivered to the retiring Trustee, shall promptly appoint a successor Trustee or Trustees, and such successor Trustee shall comply with the applicable requirements of Section 7.11. If any Delaware Trustee shall resign, be removed or become incapable of acting as Delaware Trustee at a time when no Event of Default shall have occurred and be continuing, the Holder of Common Trust Securities shall appoint a successor Delaware Trustee. If no successor Trustee shall have been so appointed by the Holder of Common Trust Securities or the Holders of Preferred Trust Securities and accepted appointment in the manner required by Section 7.11, any Securityholder who has been a Securityholder of Trust Securities for at least six months may, on behalf of himself and all others similarly situated, may petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Property Trustee shall give notice of each resignation and each removal of a Trustee and each appointment of a successor Trustee to all Securityholders in the manner provided in Section 10.08 and shall give notice to the Depositor. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office if it is the Property Trustee.

Notwithstanding the foregoing or any other provision of this Trust Agreement, in the event any Delaware Trustee who is a natural person dies or becomes, in the opinion of the Depositor, incompetent or incapacitated, the vacancy created by such death, incompetence or incapacity may be filled by (a) the unanimous act of the remaining Delaware Trustees if there are at least two of them or (b) otherwise by the Depositor (with the successor in each case being a Person who satisfies the eligibility requirements for Delaware Trustee, set forth in Section 7.07).

7.11. Acceptance of Appointment by Successor. In case of the appointment hereunder of a successor Trustee, the retiring Trustee and each successor Trustee shall execute and deliver to the Trust and the retiring Trustee an amendment hereto wherein each successor Trustee shall accept such appointment and which (a) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee and (b) shall add to or change any of the provisions of this Trust Agreement as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such amendment shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee and upon the execution and delivery of such amendment the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee and the Trust; but, on request of the Trust or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all Trust Property, all proceeds thereof and money held by such retiring Trustee hereunder.

Upon request of any such successor Trustee, the Trust shall execute any and all

instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in the first or second preceding paragraph, as the case may be.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

7.12. Merger, Conversion, Consolidation or Succession to Business. Any Person into which any of the Trustees may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which such Trustee shall be a party, or any Person succeeding to all or substantially all the corporate trust business of such Trustee, shall be the successor of such Trustee hereunder, provided such Person shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

7.13. Preferential Collection of Claims Against Depositor or Trust. If and when the Property Trustee shall be or become a creditor (whether directly or indirectly, secured or unsecured) of the Depositor or the Trust (or any other obligor upon the Trust Debt Securities or the Trust Securities), including under the terms of Section 7.05 hereof, the Property Trustee shall be subject to and shall take all actions necessary in order to comply with the provisions of the Trust Indenture Act regarding the collection of claims against the Depositor or Trust (or any such other obligor).

7.14. Reports by Property Trustee. The Property Trustee shall transmit to Holders such reports concerning the Property Trustee and its actions under this Trust Agreement as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto. If required by Section 313(a) of the Trust Indenture Act, the Property Trustee shall, within 60 days after each May 31 following the date of this Trust Agreement deliver to Holders a brief report, dated as of such May 31, which complies with the provisions of such Section 313(a).

A copy of each such report shall, at the time of such transmission to Holders, be filed by the Property Trustee with each stock exchange upon which any Preferred Trust Securities are then listed, with the Commission and with the Trust. The Trust will promptly notify the Property Trustee when any Preferred Trust Securities are listed on any stock exchange.

7.15. Reports to Property Trustee. The Depositor and the Delaware Trustee on behalf of the Trust shall provide to the Property Trustee such documents, reports and information as required by Section 314 of the Trust Indenture Act (if any) and the compliance certificate required by Section 314(a) of the Trust Indenture Act in the form, in the manner and at the times required by Section 314 of the Trust Indenture Act.

Delivery of such reports, information and documents to the Property Trustee is for informational purposes only and the Property Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Property Trustee is entitled to rely on Officers' Certificates).

7.16. Evidence of Compliance with Conditions Precedent. The Depositor and the Delaware Trustee on behalf of the Trust shall provide to the Property Trustee evidence of compliance with the conditions precedent, if any, provided for in this Trust Agreement that relate to any of the matters set forth in Section 314(c) of the Trust Indenture Act.

7.17. Statements Required in Officers' Certificate and Opinion of Counsel.

Each Officers' Certificate and Opinion of Counsel with respect to compliance with a covenant or condition provided for in this Trust Agreement shall include:

- (1) a statement that each Person making such Officers' Certificate or Opinion of Counsel has read such covenant or condition;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such Officers' Certificate or Opinion of Counsel are based;
- (3) a statement that, in the opinion of each such Person, such Person has made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (4) a statement that, in the opinion of such Person, such covenant or condition has been complied with; provided, however, that with respect to matters of fact not involving any legal conclusion, an Opinion of Counsel may rely on an Officers' Certificate or certificates of public officials.

7.18. Number of Trustees.

(1) The number of Trustees as of the date hereof shall be two, one of which must be a Delaware Trustee. The Holder of all of the Common Trust Securities by written instrument may increase the number of Delaware Trustees to more than one, and, if so increased, may decrease the number of Delaware Trustees to no less than one. During any period in which the number of Delaware Trustees is more than one, the Delaware Trustees shall act by majority vote. At least one Trustee must act as the Property Trustee hereunder.

(2) If a Trustee ceases to hold office for any reason and, with respect to the Delaware Trustee, the number of Delaware Trustees is not reduced as permitted by Section 7.18(a), or if the number of Delaware Trustees is increased pursuant to Section 7.18(a), a vacancy shall occur. The vacancy shall be filled with a Trustee appointed in accordance with Section 7.10.

(3) The death, dissolution, termination, resignation, retirement, removal, bankruptcy, incompetence or incapacity to perform the duties of a Trustee shall not operate to annul, dissolve or terminate the Trust. Whenever a vacancy shall occur, until such vacancy is filled by the appointment of an Delaware Trustee in accordance with Section 7.10, the Delaware Trustees in office, regardless of their number (and notwithstanding any other provision of this Trust Agreement), shall have all the powers

granted to the Delaware Trustee and shall discharge all the duties imposed upon the Delaware Trustees by this Trust Agreement.

7.19. Delegation of Power.

(1) Any Delaware Trustee may, by power of attorney consistent with applicable law, delegate to any natural person over the age of 21 his/her power for the purpose of executing any documents contemplated in Section 2.07(a), including any registration statement or amendment thereto filed with the Commission, or making any other governmental filing; and

(2) the Delaware Trustees shall have power to delegate from time to time to such of their number, if there is more than one Delaware Trustee, or to the Depositor the doing of such things and the execution of such instruments either in the name of the Trust or the names of the Delaware Trustees or otherwise as the Delaware Trustees may deem expedient, to the extent such delegation is not prohibited by applicable law or contrary to the provisions of the Trust, as set forth herein.

7.20. Voting. Except as otherwise provided in this Trust Agreement, the consent or vote of the Trustees shall be approved by the Delaware Trustee or, if more than one, by a majority of the Delaware Trustees.

**ARTICLE VIII
DISSOLUTION AND LIQUIDATION**

8.01. Dissolution Upon Expiration Date. Unless earlier dissolved, the Trust shall automatically dissolve on _____, _____ (the "Expiration Date").

8.02. Early Termination. The earliest to occur of any of the following events is an "Early Termination Event":

- (1) the occurrence of a Bankruptcy Event in respect of, or the dissolution or liquidation of, the Depositor or an acceleration of the maturity of the Trust Debt Securities pursuant to Section 6.02 of the Indenture;
- (2) upon the election of the Depositor to dissolve the Trust and cause the distribution of a Like Amount of Trust Debt Securities to the Holders of the Trust Securities in accordance with their terms;
- (3) the redemption of all of the Trust Securities; and
- (4) an order for dissolution of the Trust shall have been entered by a court of competent jurisdiction.

The election of the Depositor pursuant to Section 8.02(b) shall be made by the Depositor giving written notice to the Trustees not less than 30 days prior to the date of distribution of the Trust Debt Securities. Such notice shall specify the date of distribution of the Trust Debt Securities and shall be accompanied by an Opinion of Counsel that such event will not be a

taxable event to the Holders of the Trust Securities for Federal income tax purposes.

8.03. Termination. The respective obligations and responsibilities of the Trustees and the Trust shall terminate upon the latest to occur of the following: (a) the distribution by the Property Trustee to Securityholders upon the winding up of the Trust pursuant to Section 8.04 of all amounts required to be distributed hereunder upon the final payment of the Trust Securities; (b) the payment of any expenses owed by the Trust; and (c) the discharge of all administrative duties of the Delaware Trustee, including the performance of any tax reporting obligations with respect to the Trust or the Securityholders and the filing of the Certificate of Cancellation with the Secretary of State of the State of Delaware.

8.04. Winding Up.

(1) If an Early Termination Event specified in clause (a) or (d) of Section 8.02 occurs or upon the Expiration Date, the Trust shall be wound up by the Trustees as expeditiously as the Trustees determine to be possible by distributing, after satisfaction of liabilities to creditors of the Trust as provided by applicable law, to each Securityholder a Like Amount of Trust Debt Securities, subject to Section 8.04(d). If an Early Termination Event specified in clause (b) occurs, the Trust shall be liquidated by the Trustee on the date of distribution of the Trust Debt Securities specified by the Depositor in its notice delivered pursuant to Section 8.02. Notice of liquidation shall be given by the Property Trustee by first-class mail, postage prepaid, mailed not later than 30 nor more than 60 days prior to the Liquidation Date to each Holder of Trust Securities at such Holder's address appearing in the Securities Register. All notices of liquidation shall:

(i) state the Liquidation Date;

(ii) state that from and after the Liquidation Date, the Trust Securities will no longer be deemed to be Outstanding and any Trust Securities Certificates not surrendered for exchange will be deemed to represent a Like Amount of Trust Debt Securities; and

(iii) provide such information with respect to the mechanics by which Holders may exchange Trust Securities Certificates for certificates evidencing Trust Debt Securities, or, if Section 8.04(d) applies, receive a Liquidation Distribution, as the Delaware Trustee or the Property Trustee shall deem appropriate.

(2) In order to effect the winding up of the Trust and distribution of the Trust Debt Securities to Securityholders, the Property Trustee, either itself acting as exchange agent or through the appointment of a separate exchange agent, shall establish such procedures as it shall deem appropriate to effect the distribution of Trust Debt Securities in exchange for the Outstanding Trust Securities Certificates.

(3) Except where Section 8.02(c) applies, on or after the Liquidation Date, (i) the Trust Securities will no longer be deemed to be Outstanding, (ii) certificates representing a Like Amount of Trust Debt Securities will be issued to Holders of Trust Securities Certificates, upon surrender of such certificates to the Delaware Trustee or its

agent for exchange, (iii) the Depositor shall use its best efforts to have the Trust Debt Securities listed on the New York Stock Exchange or such other exchange as the Preferred Trust Securities are then listed and shall take any reasonable action necessary to effect the distribution of the Trust Debt Securities, (iv) any Trust Securities Certificates not so surrendered for exchange will be deemed to represent a Like Amount of Trust Debt Securities, accruing interest at the rate then borne by the Trust Debt Securities from the last Distribution Date on which a Distribution was made on such Trust Certificates until such certificates are so surrendered (and until such certificates are so surrendered, no payments or interest or principal will be made to Holders of Trust Securities Certificates with respect to such Trust Debt Securities) and (v) all rights of Securityholders holding Trust Securities will cease, except the right of such Securityholders to receive Trust Debt Securities upon surrender of Trust Securities Certificates.

(4) In the event that, notwithstanding the other provisions of this Section 8.04, whether because of an order for dissolution entered by a court of competent jurisdiction or otherwise, distribution of the Trust Debt Securities in the manner provided herein is determined by the Property Trustee not to be practical, the Trust Property shall be liquidated, and the Trust shall be terminated, by the Property Trustee in such manner as the Property Trustee determines. In such event, Securityholders will be entitled to receive out of the assets of the Trust available for distribution to Securityholders, after satisfaction of liabilities to creditors of the Trust as provided by applicable law, an amount equal to the Liquidation Amount per Trust Security plus accumulated and unpaid Distributions thereon to the date of payment (such amount being the "Liquidation Distribution"). If, upon any such dissolution, the Liquidation Distribution can be paid only in part because the Trust has insufficient assets available to pay in full the aggregate Liquidation Distribution, then, subject to the next succeeding sentence, the amounts payable by the Trust on the Trust Securities shall be paid on a pro rata basis (based upon Liquidation Amounts). The Holder of the Common Trust Securities will be entitled to receive Liquidation Distributions upon any such dissolution pro rata (determined as aforesaid) with Holders of Preferred Trust Securities, except that, if a Trust Debt Security Event of Default has occurred and is continuing, the Preferred Trust Securities shall have a priority over the Common Trust Securities, and no Liquidation Distribution will be paid to the Holders of the Common Trust Securities unless and until receipt by all Holders of the Preferred Trust Securities of the entire Liquidation Distribution payable in respect thereof.

ARTICLE IX MERGERS, ETC.

9.01. Mergers, Consolidations, Amalgamations or Replacements of the Trust. The Trust may not merge with or into, consolidate, amalgamate, or be replaced by, or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to any corporation or other entity, except as described below. The Trust may, at the request of the Depositor, with the consent of the Delaware Trustee and without the consent of the Holders of the Trust Securities, merge with or into, consolidate, amalgamate, or be replaced by, a trust organized as such under the laws of any State; provided, that (i) such successor entity either (a)

expressly assumes all of the obligations of the Trust with respect to the Trust Securities or (b) substitutes for the Trust Securities other securities having substantially the same terms as the Trust Securities (the "Successor Securities") so long as the Successor Securities rank the same as the Trust Securities rank with respect to the payment of Distributions and payments upon liquidation, redemption and otherwise, (ii) the Depositor expressly appoints a trustee of such successor entity possessing the same powers and duties as the Property Trustee as the holder of the Trust Debt Securities, (iii) the Successor Securities are listed, or any Successor Securities will be listed upon notification of issuance, on any national securities exchange or other organization on which the Trust Securities are then listed or quoted, (iv) such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not cause the Preferred Trust Securities (including any Successor Securities) to be downgraded, placed under surveillance or review or withdrawn by any nationally recognized statistical rating organization, (v) such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the Holders of the Trust Securities (including any Successor Securities) in any material respect, (vi) such successor entity has a purpose substantially similar to that of the Trust, (vii) prior to such merger, consolidation, amalgamation, replacement, transfer or lease, the Depositor and the Property Trustee have received an Opinion of Counsel to the effect that (a) such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the Holders of the Trust Securities (including any Successor Securities) in any material respect, and (b) following such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, neither the Trust nor such successor entity will be required to register as an investment company under the 1940 Act and the Trust (or the successor entity) will continue to be classified as a grantor trust for United States federal income tax purposes and (viii) the Depositor or any permitted successor assignee owns all of the common trust securities of such successor entity and guarantees the obligations of such successor entity under the Successor Securities at least to the extent provided by the Guarantee and this Trust Agreement. Notwithstanding the foregoing, the Trust shall not, except with the consent of all Holders of the Trust Securities, merge with or into, consolidate, amalgamate, or be replaced by or convey, transfer or lease its properties and assets substantially as an entirety to, any other entity or permit any other entity to consolidate, amalgamate, merge with or into, or replace it if such consolidation, conversion, amalgamation, merger, replacement, conveyance, transfer or lease would cause the Trust or the successor entity not to be classified as a grantor trust for United States Federal income tax purposes or would cause each Holder of Trust Securities not to be treated as owning an undivided beneficial ownership interest in the Trust Debt Securities.

**ARTICLE X
MISCELLANEOUS PROVISIONS**

10.01. Limitation of Rights of Securityholders. The death, dissolution or incapacity of any Person having an interest, beneficial or otherwise, in Trust Securities shall not operate to terminate this Trust Agreement, nor entitle the legal representatives or heirs of such Person or any Securityholder for such Person, to claim an accounting, take any action or bring any proceeding in any court for a partition or winding-up of the arrangements contemplated hereby, nor otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

10.02. Amendment.

(1) This Trust Agreement may be amended from time to time by the Trustees and the Depositor, without the consent of any Securityholders, to cure any ambiguity, defect or inconsistency or make any other change which does not adversely affect in any material respect the interests of any Holder of Preferred Trust Securities. Notice of any amendments of this Trust Agreement pursuant to Section 10.02(a) shall be given to the Securityholders.

(2) Except as provided in Section 10.02(a) and 10.02(c) hereof, any provision of this Trust Agreement may be amended by the Trustees and the Depositor with the consent of Holders of a majority of the aggregate Liquidation Amount of the Outstanding Preferred Trust Securities.

(3) In addition to and notwithstanding any other provision in this Trust Agreement, without the consent of each affected Securityholder (such consent being obtained in accordance with Section 6.03 or 6.06 hereof), this Trust Agreement may not be amended to (i) change the amount, timing or currency of any Distribution or Liquidation Distribution on the Trust Securities or otherwise adversely affect the method of payment of any Distribution or Liquidation Distribution required to be made in respect of the Trust Securities as of a specified date; (ii) change the redemption provisions of the Trust Securities; (iii) restrict the right of a Securityholder to institute suit for the enforcement of any such payment contemplated in (i) or (ii) above on or after the related date; (iv) modify the first sentence of Section 2.06 hereof; (v) authorize or issue any beneficial interest in the Trust other than as contemplated by this Trust Agreement as of the date hereof; (vi) change the conditions precedent for the Depositor to elect to dissolve the Trust and distribute the Trust Debt Securities to Holders of Preferred Trust Securities as set forth in Section 8.02; or (vii) affect the limited liability of any Holder of Preferred Trust Securities, and, notwithstanding any other provision herein, without the unanimous consent of the Securityholders (such consent being obtained in accordance with Section 6.03 or 6.06 hereof), paragraphs (b) and (c) of this Section 10.02 may not be amended.

(4) Notwithstanding any other provisions of this Trust Agreement, no amendment to this Trust Agreement shall be made without receipt by the Trust of an Opinion of Counsel experienced in such matters to the effect that such amendment will not affect the Trust's status as a grantor trust for United States Federal income tax purposes or its exemption from regulation as an "investment company" under the 1940 Act.

(5) Notwithstanding anything in this Trust Agreement to the contrary, without the consent of the Depositor, this Trust Agreement may not be amended in a manner which imposes any additional obligation on the Depositor.

(6) In the event that any amendment to this Trust Agreement is made, the Delaware Trustee shall promptly provide to the Depositor a copy of such amendment.

(7) In executing any amendment to the Trust Agreement, the Property Trustee shall be entitled to receive, and (subject to Section 8.01) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Trust Agreement. Except as contemplated by Section 7.11, the Trustee may, but shall not be obligated to, enter into any amendment to this Trust Agreement which affects the Trustee's own rights, duties or immunities under this Trust Agreement or otherwise.

10.03. Severability. In case any provision in this Trust Agreement or in the Trust Securities Certificates shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

10.04. Governing Law. THIS TRUST AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF EACH OF THE SECURITYHOLDERS, THE TRUST, THE DEPOSITOR AND THE TRUSTEES WITH RESPECT TO THIS TRUST AGREEMENT AND THE TRUST SECURITIES SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

10.05. Payments Due on Non-Business Day. If the date fixed for any payment on any Trust Security shall be a day which is not a Business Day, then such payment need not be made on such date but may be made on the next succeeding day which is a Business Day (except as otherwise provided therein, with the same force and effect as though made on the date fixed for such payment), and no interest shall accumulate thereon for the period after such date to the date of payment on such succeeding day.

10.06. Successors and Assigns. This Trust Agreement shall be binding upon and shall inure to the benefit of any successor to the Trust or successor Trustee or both, including any successor by operation of law. Except in connection with a consolidation, merger or sale involving the Depositor that is permitted under Article V of the Indenture and pursuant to which the assignee agrees in writing to perform the Depositor's obligations hereunder, the Depositor shall not assign its obligations hereunder.

10.07. Headings. The Article and Section headings are for convenience only and shall not affect the construction of this Trust Agreement.

10.08. Reports, Notices and Demands. Any report, notice, demand or other communication which by any provision of this Trust Agreement is required or permitted to be given or served to or upon any Securityholder or the Depositor may be given or served in writing by deposit thereof, first-class postage prepaid in the United States mail, hand delivery or facsimile transmission, in each case, addressed, (a) in the case of a Holder of a Preferred Trust Security, to such Holder of a Preferred Trust Security as such Securityholder's name and address may appear on the Securities Register; and (b) in the case of the Holder of a Common Trust Security or the Depositor, to Southwest Gas Corporation, 5241 Spring Mountain Road, P.O. Box 98510, Las Vegas Nevada 89193-8510, Attention: Treasurer, facsimile no.: 702-364-8542. Such notice, demand or other communication to or upon a Securityholder shall be deemed to have been sufficiently given or made, for all purposes, upon hand delivery, mailing or transmission.

Any notice, demand or other communication which by any provision of this Trust Agreement is required or permitted to be given or served to or upon the Property Trustee or the Delaware Trustee shall be given in writing addressed (until another address is published by the Trust) as follows: (a) with respect to the Property Trustee to BNY Midwest Trust Company, 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602, Attention: Corporate Trust Administration; and (b) with respect to the Delaware Trustee, to The Bank of New York (Delaware), P.O. Box 6973, White Clay Center, Route 273, Newark, Delaware 19714. Such notice, demand or other communication to or upon the Property Trustee shall be deemed to have been sufficiently given or made only upon actual receipt of the writing by the Property Trustee.

10.09. Agreement Not to Petition. Each of the Trustees and the Depositor agree for the benefit of the Securityholders that, until at least one year and one day after the Trust has been terminated in accordance with Article VIII, they shall not file, or join in the filing of, a petition against the Trust under any Bankruptcy Law or otherwise join in the commencement of any proceeding against the Trust under any Bankruptcy Law. In the event the Depositor or any of the Trustees takes action in violation of this Section 10.09, the Property Trustee agrees, for the benefit of Securityholders, that at the expense of the Depositor, it shall file an answer with the bankruptcy court or otherwise properly contest the filing of such petition by the Depositor or any of the Trustees, as applicable, against the Trust or the commencement of such action and raise the defense that the Depositor and each of the Trustees has agreed in writing not to take such action and should be stopped and precluded therefrom and such other defenses, if any, as counsel for the Property Trustee or the Trust may assert. The provisions of this Section 10.09 shall survive the termination of this Trust Agreement.

10.10. Trust Indenture Act; Conflict with Trust Indenture Act.

(1) This Trust Agreement is subject to the provisions of the Trust Indenture Act that are required to be part of this Trust Agreement and shall, to the extent applicable, be governed by such provisions.

(2) The Property Trustee shall be the only Trustee which is a trustee for the purposes of the Trust Indenture Act.

(3) If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Trust Agreement by any of the provisions of the Trust Indenture Act, such required provision shall control. If any provision of this Trust Agreement modifies or excludes any provision of the Trust Indenture Act which may be so modified or excluded, the latter provision shall be deemed to apply to this Trust Agreement as so modified or excluded, as the case may be.

(4) The application of the Trust Indenture Act to this Trust Agreement shall not affect the nature of the Trust Securities as equity securities representing undivided beneficial interests in the assets of the Trust.

10.11. Acceptance of Terms of Trust Agreement, Guarantee and Indenture. THE RECEIPT AND ACCEPTANCE OF A TRUST SECURITY OR ANY INTEREST THEREIN BY OR ON BEHALF OF A SECURITYHOLDER OR ANY BENEFICIAL OWNER,

WITHOUT ANY SIGNATURE OR FURTHER MANIFESTATION OF ASSENT, SHALL CONSTITUTE THE UNCONDITIONAL ACCEPTANCE BY THE SECURITYHOLDER AND ALL OTHERS HAVING A BENEFICIAL INTEREST IN SUCH TRUST SECURITY OF ALL THE TERMS AND PROVISIONS OF THIS TRUST AGREEMENT AND AGREEMENT TO THE SUBORDINATION PROVISIONS AND OTHER TERMS OF THE GUARANTEE AND THE INDENTURE, AND SHALL CONSTITUTE THE AGREEMENT OF THE TRUST, SUCH SECURITYHOLDER AND SUCH OTHERS THAT THE TERMS AND PROVISIONS OF THIS TRUST AGREEMENT SHALL BE BINDING, OPERATIVE AND EFFECTIVE AS BETWEEN THE TRUST AND SUCH SECURITYHOLDER AND SUCH OTHERS.

SOUTHWEST GAS CORPORATION, as Depositor

By: _____
Name:
Title:

BNY MIDWEST TRUST COMPANY, as Property Trustee

By: _____
Name:
Title:

THE BANK OF NEW YORK (DELAWARE), as Delaware Trustee

By: _____
Name:
Title:

EXHIBIT A

**CERTIFICATE OF TRUST
OF SOUTHWEST GAS CAPITAL II**

THIS CERTIFICATE OF TRUST of Southwest Gas Capital II (the "Trust"), dated June 23, 2003, is being duly executed and filed by the undersigned, as trustees, to form a statutory trust under the Delaware Statutory Trust Act (12 Del. C. §§3801, et seq.) (the "Act").

(i) Name. The name of the statutory trust being formed hereby is Southwest Gas Capital II.

(ii) Delaware Trustee. The name and business address of the trustee of the Trust in the State of Delaware are The Bank of New York (Delaware), P.O. Box 6973, White Clay Center, Route 273, Newark, Delaware 19714.

(iii) Counterparts. This Certificate of Trust may be executed in one or more counterparts, all of which together shall constitute one and the same instrument.

(iv) Effective Date. This Certificate of Trust shall be effective as of its filing with the Secretary of State of Delaware.

IN WITNESS WHEREOF, the undersigned, being the trustees of the Trust, have executed this Certificate of Trust as of the date first above written in accordance with Section 3811(a) of the Act.

THE BANK OF NEW YORK (DELAWARE), as Trustee

By: _____

Name:

Title:

GREGORY J. PETERSON, as Trustee

ROBERT M. JOHNSON, as Trustee

EXHIBIT B

THIS CERTIFICATE IS NOT TRANSFERABLE

Certificate Number __-1

Number of Common Trust Securities _____

Certificate Evidencing Common Trust Securities
of
Southwest Gas Capital II

_____ Common Trust Securities
(liquidation amount \$_____ per Common Trust Security)

Southwest Gas Capital II, a statutory trust created under the laws of the State of Delaware (the "Trust"), hereby certifies that Southwest Gas Corporation (the "Holder") is the registered holder of _____ (_____) common trust securities of the Trust representing undivided beneficial interests in the assets of the Trust and designated as the _____ Common Trust Securities (liquidation amount \$_____ per Common Trust Security) (the "Common Trust Securities"). In accordance with Section 5.10 of the Trust Agreement (as defined below), this certificate is, and the Common Trust Securities are, not transferable and any attempted transfer hereof shall be void. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Common Trust Securities are set forth in, and this certificate and the Common Trust Securities represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Amended and Restated Trust Agreement of the Trust dated as of _____, 2003, as the same may be amended from time to time (the "Trust Agreement"). The Trust will furnish a copy of the Trust Agreement to the Holder without charge upon written request to the Trust at its principal place of business or registered office.

Upon receipt of this certificate, the Holder is bound by the Trust Agreement and is entitled to the benefits thereunder.

This Certificate shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflict of laws principles thereof.

IN WITNESS WHEREOF, the Delaware Trustee of the Trust has executed this certificate this _____ day of _____, _____.

SOUTHWEST GAS CAPITAL II

By:

Name:

Title:

EXHIBIT C

Certificate Number _____

Number of Preferred Trust Securities _____

CUSIP NO. _____

Certificate Evidencing Preferred Trust Securities

of
Southwest Gas Capital II

_____ Preferred Trust Securities,
(liquidation amount \$_____ per Preferred Trust Security)

Southwest Gas Capital II, a statutory trust created under the laws of the State of Delaware (the "Trust"), hereby certifies that Cede & Co. (the "Holder") is the registered holder of _____, _____ (_____) Preferred Trust Securities of the Trust representing undivided beneficial interests in the assets of the Trust and designated the Southwest Gas Capital II _____ Preferred Trust Securities (liquidation amount \$_____ per Preferred Trust Security) (the "Preferred Trust Securities"). The Preferred Trust Securities are transferable on the books and records of the Trust, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer as provided in Section 5.04 of the Trust Agreement (as defined below). The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Preferred Trust Securities are set forth in, and this certificate and the Preferred Trust Securities represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Amended and Restated Trust Agreement of the Trust dated as of _____, _____, as the same may be amended from time to time (the "Trust Agreement"). The Holder is entitled to the benefits of the Guarantee Agreement entered into by Southwest Gas Corporation, a California corporation, and BNY Midwest Trust Company as guarantee trustee, dated as of _____, _____ (the "Guarantee") to the extent provided therein, together with the obligations of Southwest Gas Corporation under the Trust Agreement, its Deferrable Interest Subordinated Debt Securities and the Indenture related to such Deferrable Interest Subordinated Debt Securities. The Trust will furnish a copy of the Trust Agreement and the Guarantee to the Holder without charge upon written request to the Trust at its principal place of business or registered office.

Upon receipt of this certificate, the Holder is bound by the Trust Agreement and is entitled to the benefits thereunder.

This Certificate shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflict of laws principles thereof.

IN WITNESS WHEREOF, the Delaware Trustee of the Trust has executed this certificate this _____ day of _____, _____.

SOUTHWEST GAS CAPITAL II

By: _____

Name:

Title:

[To be included in Book-Entry Preferred Trust Securities Certificate]

This Preferred Trust Security is a Book-Entry Preferred Trust Securities Certificate within the meaning of the Trust Agreement previously referred to and is registered in the name of The Depository Trust Company (the "Depository") or a nominee of the Depository. This Preferred Trust Security is exchangeable for Preferred Trust Securities registered in the name of a person or entity other than the Depository or its nominee only in the limited circumstances described in the Trust Agreement and no transfer of this Preferred Trust Security (other than a transfer of this Preferred Trust Security as a whole by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository) may be registered except in limited circumstances.

Unless this Preferred Trust Security is presented by an authorized representative of The Depository Trust Company, a New York corporation, (55 Water Street, New York) to Southwest Gas Capital II or its agent for registration of transfer, exchange or payment, and any Preferred Trust Security issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment hereon is made to Cede & Co. or to such other entity as is requested by an authorized representative of The Depository Trust Company, ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY A PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers to: (Insert assignee's social security or tax identification number) (Insert address and zip code of assignee)

_____ Preferred Trust Securities represented by this Preferred Trust Securities Certificate and irrevocably appoints agent to transfer said Preferred Trust Securities on the books of the Trust. The agent may substitute another to act for him or her.

Date:

Signature:

(Sign exactly as your name appears on the other side of this Preferred Trust Security Certificate)

[Form of Guarantee Agreement]

Guarantee Agreement

between

SOUTHWEST GAS CORPORATION

(as Guarantor)

and

BNY MIDWEST TRUST COMPANY

(as Guarantee Trustee)

Dated as of

_____, 2003.

CROSS-REFERENCE TABLE*

| Section of Trust Indenture Act of 1939, as amended | Section of Guarantee Agreement |
|--|--------------------------------------|
| 310(a) | 4.01(a) |
| 310(b) | 4.01(c) |
| 310(c) | Inapplicable |
| 311(a) | 2.01(d) |
| 311(b) | 2.01(d) |
| 311(c) | Inapplicable |
| 312(a) | 2.01(c) |
| 312(b) | 2.01(d) |
| 313 | 2.02 |
| 314(a) | 2.04 |
| 314(b) | Inapplicable |
| 314(c) | 2.04 |
| 314(d) | Inapplicable |
| 314(e) | 1.01, 2.05, 3.02 |
| 314(f) | 2.01,3.02 |
| 315(a) | 3.01(d) |
| 315(b) | 2.07 |
| 315(c) | 3.01 |
| 315(d) | 3.01(d) |
| 316(a) | 1.01, 2.06, 5.04 |
| 316(b) | 5.03 |
| 316(c) | 8.02 |
| 317(a) | Inapplicable |
| 317(b) | Inapplicable |
| 318(a) | 2.01(b) |
| 318(b) | 2.01 |
| 318(c) | 2.01(a) |

* This Cross-Reference Table does not constitute part of the Guarantee Agreement and shall not affect the interpretation of any of its terms or provisions.

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GUARANTEE AGREEMENT

This GUARANTEE AGREEMENT, dated as of _____, 2003, is executed and delivered by Southwest Gas Corporation, a California corporation (the "Guarantor"), to BNY Midwest Trust Company, a trust company duly organized and existing under the laws of the State of Illinois, as trustee (the "Guarantee Trustee"), for the benefit of the Holders (as defined herein) from time to time of the Preferred Trust Securities (as defined herein) of Southwest Gas Capital II, a Delaware statutory trust (the "Issuer").

WHEREAS, pursuant to an Amended and Restated Trust Agreement for Southwest Gas Capital II (the "Trust Agreement"), dated as of _____, 2003 among the Trustees named therein, the Guarantor, as Depositor, and the Holders from time to time of undivided beneficial interests in the assets of the Issuer, the Issuer is issuing \$_____ aggregate liquidation amount of its ____% Mandatory Redeemable Preferred Trust Securities, Series II (liquidation amount of \$_____ per preferred trust security) (the "Preferred Trust Securities") representing undivided beneficial interests in the assets of the Issuer and having the terms set forth in the Trust Agreement;

WHEREAS, the Preferred Trust Securities will be issued by the Issuer and the proceeds thereof, together with the proceeds from the sale by the Issuer of its Common Trust Securities will be used to purchase the Trust Debt Securities (as defined in the Trust Agreement) of the Guarantor which will be deposited with BNY Midwest Trust Company, as Property Trustee under the Trust Agreement, as Trust Property (as defined in the Trust Agreement); and

WHEREAS, as incentive for the Holders to purchase the Preferred Trust Securities, the Guarantor desires irrevocably and unconditionally to agree, to the extent set forth herein, to pay to the Holders of the Preferred Trust Securities the Guarantee Payments (as defined herein) and to make certain other payments on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the purchase by each Holder of the Preferred Trust Securities, which purchase the Guarantor hereby agrees shall benefit the Guarantor, the Guarantor executes and delivers this Guarantee Agreement for the benefit of the Holders from time to time of the Preferred Trust Securities.

ARTICLE I DEFINITIONS

Section 1.01. Definitions. As used in this Guarantee Agreement, each of the terms set forth below shall, unless the context otherwise requires, have the following meaning. Each capitalized or otherwise defined term used but not otherwise defined herein shall have the meaning assigned to such terms in the Trust Agreement as in effect on the date hereof.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

“Common Trust Securities” means the securities representing undivided beneficial interests in the assets of the Issuer and having the rights provided therefor in the Trust Agreement.

“Event of Default” means a default by the Guarantor on any of its payment or other obligations under this Guarantee Agreement; provided, that except with respect to a default resulting from a failure to pay any Guarantee Payment, the Guarantor shall have received notice of default and shall not have cured such default within 60 days after receipt of such notice.

“Guarantee Payments” means the following payments or Distributions (as defined in the Trust Agreement), without duplication, with respect to the Preferred Trust Securities, to the extent not paid or made by or on behalf of the Issuer: (i) any accumulated and unpaid Distributions required to be paid on the Preferred Trust Securities, to the extent the Issuer shall have funds available therefor, (ii) the redemption price, including all accumulated and unpaid Distributions to the date of redemption (the “Redemption Price”), with respect to the Preferred Trust Securities called for redemption by the Issuer, to the extent the Issuer shall have funds available therefor, and (iii) upon a voluntary or involuntary termination, winding-up or liquidation of the Issuer, unless the Trust Debt Securities are distributed to the Holders, the lesser of (a) the aggregate of the liquidation amount of \$_____ per Preferred Trust Security plus accumulated and unpaid Distributions on the Preferred Trust Securities to the date of payment, to the extent the Issuer shall have funds available therefor and (b) the amount of assets of the Issuer remaining available for distribution to the Holders in liquidation of the Issuer (in either case, the “Liquidation Distribution”).

“Guarantee Trustee” means BNY Midwest Trust Company, until a Successor Guarantee Trustee (as defined below) has been appointed and has accepted such appointment pursuant to the terms of this Guarantee Agreement and thereafter means each such Successor Guarantee Trustee.

“Holder” means a Person in whose name a Preferred Trust Security is registered in the Securities Register; provided, however, that in determining whether the holders of the requisite percentage of Preferred Trust Securities have given any request, notice, consent or waiver hereunder, “Holder” shall not include the Guarantor, the Guarantee Trustee or any Affiliate of the Guarantor or the Guarantee Trustee.

“Indenture” means the Indenture dated as of _____2003, between Southwest Gas Corporation and BNY Midwest Trust Company, as trustee thereunder.

“List of Holders” has the meaning specified in Section 2.01(c).

“Majority in liquidation amount of the Preferred Trust Securities” means, except as provided by the Trust Indenture Act, a vote by the Holders, of more than 50% of the aggregate liquidation amount of all then outstanding Preferred Trust Securities issued by the Issuer.

“Officers’ Certificate” means a certificate signed by the Chief Executive Officer, any Vice President, the Chief Financial Officer, any Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of the Guarantor.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“Responsible Officer” means, with respect to the Guarantee Trustee, any Vice President, any Assistant Vice President, any Trust Officer or Assistant Trust Officer or any other officer of the Corporate Trust Department of the Guarantee Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer’s knowledge of and familiarity with the particular subject.

“Senior Indebtedness” means Senior Indebtedness as defined in the Indenture.

“Successor Guarantee Trustee” means a successor Guarantee Trustee possessing the qualifications to act as Guarantee Trustee under Section 4.01.

“Trust Indenture Act” means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed; provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, “Trust Indenture Act” means, to the extent required by any such amendment, the Trust Indenture Act of 1939, as so amended.

ARTICLE II TRUST INDENTURE ACT

Section 2.01. Trust Indenture Act; Application.

(a) This Guarantee Agreement is subject to the provisions of the Trust Indenture Act that are required to be part of this Guarantee Agreement and shall, to the extent applicable, be governed by such provisions.

(b) If and to the extent that any provision of this Guarantee Agreement limits, qualifies or conflicts with the duties imposed by Sections 310 to 317, inclusive, of the Trust Indenture Act, such imposed duties shall control.

(c) The Guarantor shall furnish or cause to be furnished to the Guarantee Trustee (i) semiannually, on or before _____ and _____ of each year, a list, in such form as the Guarantee Trustee may reasonably require, of the names and addresses of the Holders (“List of Holders”) as of a date not more than 15 days prior to the delivery thereof, and (ii) at such other times as the Guarantee Trustee may request in writing, within 30 days after the receipt by the Guarantor of any such request, a List of Holders as of a date not more than 15 days prior to the time such list is furnished, in each case to the extent such information is in the possession or control of the Guarantor and is not identical to a previously supplied List of Holders or has not otherwise been received by the Guarantee Trustee in its capacity as such. The Guarantee Trustee may destroy any List of Holders previously given to it on receipt of a new List of Holders.

(d) The Guarantee Trustee shall comply with its obligations under Sections 311(a), Section 311(b) and Section 312(b) of the Trust Indenture Act.

Section 2.02. Reports by Guarantee Trustee. Within 60 days after _____ of each year, the Guarantee Trustee shall provide to the Holders such reports as are required by Section 313 of the Trust Indenture Act, if any, in the form and in the manner provided by Section 313 of the Trust Indenture Act. The Guarantee Trustee shall also comply with the requirements of Section 313(d) of the Trust Indenture Act.

Section 2.03. Periodic Reports to Guarantee Trustee. The Guarantor shall provide to the Guarantee Trustee, the Securities and Exchange Commission and the Holders such documents, reports and information, if any, as required by Section 314 of the Trust Indenture Act and the compliance certificate required by Section 314 of the Trust Indenture Act in the form and manner and at the times required by Section 314 of the Trust Indenture Act.

Section 2.04. Evidence of Compliance with Conditions Precedent. The Guarantor shall provide to the Guarantee Trustee such evidence of compliance with such conditions precedent, if any, provided for in this Guarantee Agreement that relate to any of the matters set forth in Section 314(c) of the Trust Indenture Act. Each Officers' Certificate and Opinion of Counsel delivered with respect to compliance with a condition or covenant provided for in this Guarantee Agreement shall include:

(a) a statement that each officer signing the Officers' Certificate or Opinion of Counsel has read the covenant or condition and the definition relating thereto;

(b) a brief statement of the nature and scope of the examination or investigation undertaken by each officer in rendering the Officers' Certificate or Opinion of Counsel and upon which the statements contained therein are based;

(c) a statement that each such officer has made such examination or investigation as, in such officer's opinion, is necessary to enable such officer to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such officer, such condition or covenant has been complied with.

Section 2.05. Events of Default; Waiver. The Holders of a Majority in liquidation amount of the Preferred Trust Securities may, by vote, on behalf of the Holders, waive any past Event of Default and its consequences. Upon such waiver, any such Event of Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Guarantee Agreement, but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent therefrom.

Section 2.06. Event of Default; Notice.

(a) The Guarantee Trustee shall, within 90 days after the occurrence of an Event of Default, transmit by mail, first class postage prepaid, to the Holders, notices of all Events of Default known to the Guarantee Trustee, unless such defaults have been cured before the giving of such notice, provided, that, except in the case of a default in the payment of a Guarantee Payment, the Guarantee Trustee shall be protected in withholding such notice if and so long as the Board of Directors, the executive committee or a trust committee of directors

and/or Responsible Officers of the Guarantee Trustee in good faith determines that the withholding of such notice is in the interests of the Holders.

(b) The Guarantee Trustee shall not be deemed to have knowledge of any Event of Default unless the Guarantee Trustee shall have received written notice, or a Responsible Officer charged with the administration of the Trust Agreement shall have obtained written notice, of such Event of Default.

**ARTICLE III
POWERS, DUTIES AND RIGHTS OF THE GUARANTEE TRUSTEE**

Section 3.01. Powers and Duties of the Guarantee Trustee.

(a) This Guarantee Agreement shall be held by the Guarantee Trustee for the benefit of the Holders, and the Guarantee Trustee shall not transfer this Guarantee Agreement to any Person except a Holder exercising his or her rights pursuant to Section 5.04(iv) or to a Successor Guarantee Trustee on acceptance by such Successor Guarantee Trustee of its appointment to act as Successor Guarantee Trustee. The right, title and interest of the Guarantee Trustee shall automatically vest in any Successor Guarantee Trustee upon acceptance by such Successor Guarantee Trustee of its appointment hereunder and such vesting and cessation of title shall be effective whether or not conveyancing documents have been executed and delivered pursuant to the appointment of such Successor Guarantee Trustee.

(b) If an Event of Default has occurred and is continuing, the Guarantee Trustee shall enforce this Guarantee Agreement for the benefit of the Holders.

(c) The Guarantee Trustee, before the occurrence of any Event of Default and after the curing of all Events of Default that may have occurred, shall undertake to perform only such duties as are specifically set forth in this Guarantee Agreement, and no implied covenants shall be read into this Guarantee Agreement against the Guarantee Trustee. In case an Event of Default has occurred and is continuing (and has not been cured or waived pursuant to Section 2.05), the Guarantee Trustee shall exercise such of the rights and powers vested in it by this Guarantee Agreement, and use the same degree of care and skill in its exercise thereof, as a prudent person would exercise or use in the conduct of his or her own affairs.

(d) No provision of this Guarantee Agreement shall be construed to relieve the Guarantee Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) prior to the occurrence of any Event of Default and after the curing or waiving of all such Events of Default that may have occurred:

(A) the duties and obligations of the Guarantee Trustee shall be determined solely by the express provisions of this Guarantee Agreement, and the Guarantee Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Guarantee Agreement; and

(B) in the absence of bad faith on the part of the Guarantee Trustee, the Guarantee Trustee may rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Guarantee Trustee and conforming to the requirements of this Guarantee Agreement; but in the case of any such certificates or opinions that by any provision hereof or of the Trust Indenture Act are specifically required to be furnished to the Guarantee Trustee, the Guarantee Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Guarantee Agreement;

(ii) the Guarantee Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Guarantee Trustee, unless it shall be proved that the Guarantee Trustee was negligent in ascertaining the pertinent facts upon which such judgment was made;

(iii) the Guarantee Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a Majority in liquidation amount of the Preferred Trust Securities relating to the time, method and place of conducting any proceeding for any remedy available to the Guarantee Trustee, or exercising any trust or power conferred upon the Guarantee Trustee under this Guarantee Agreement; and

(iv) no provision of this Guarantee Agreement shall require the Guarantee Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if the Guarantee Trustee shall have reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Guarantee Agreement or reasonable indemnity against such risk or liability is not reasonably assured to it.

Section 3.02. Certain Rights of Guarantee Trustee.

(a) Subject to the provisions of Section 3.01:

(i) The Guarantee Trustee may rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed, sent or presented by the proper party or parties.

(ii) Any direction or act of the Guarantor contemplated by this Guarantee Agreement shall be sufficiently evidenced by an Officers' Certificate unless otherwise prescribed herein.

(iii) Whenever, in the administration of this Guarantee Agreement, the Guarantee Trustee shall deem it desirable that a matter be proved or established before taking, suffering or omitting to take any action hereunder, the Guarantee Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, request and rely upon an Officers' Certificate which, upon receipt of such request from the Guarantee Trustee, shall be promptly delivered by the Guarantor.

(iv) The Guarantee Trustee may consult with legal counsel, and the written advice or Opinion of Counsel with respect to legal matters shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder in good faith and in accordance with such advice or opinion. Such legal counsel may be legal counsel to the Guarantor or any of its Affiliates and may be one of its employees. The Guarantee Trustee shall have the right at any time to seek instructions concerning the administration of this Guarantee Agreement from any court of competent jurisdiction.

(v) The Guarantee Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Guarantee Agreement at the request or direction of any Holder, unless such Holder shall have provided to the Guarantee Trustee such reasonable indemnity as would satisfy a reasonable person in the position of the Guarantee Trustee, against the costs, expenses (including attorneys' fees and expenses) and liabilities that might be incurred by it in complying with such request or direction; provided that, nothing contained in this Section 3.02(a)(v) shall be taken to relieve the Guarantee Trustee, upon the occurrence of an Event of Default, of its obligation to exercise the rights and powers vested in it by this Guarantee Agreement.

(vi) The Guarantee Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Guarantee Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(vii) The Guarantee Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through its agents or attorneys, and the Guarantee Trustee shall not be responsible for any misconduct or negligence on the part of any such agent or attorney appointed with due care by it hereunder.

(viii) Whenever in the administration of this Guarantee Agreement the Guarantee Trustee shall deem it desirable to receive instructions with respect to enforcing any remedy or right or taking any other action hereunder, the Guarantee Trustee (A) may request instructions from the Holders, (B) may refrain from enforcing such remedy or right or taking such other action until such instructions are received, and (C) shall be protected in acting in accordance with such instructions.

(b) No provision of this Guarantee Agreement shall be deemed to impose any duty or obligation on the Guarantee Trustee to perform any act or acts or exercise any right, power, duty or obligation conferred or imposed on it in any jurisdiction in which it shall be illegal, or in which the Guarantee Trustee shall be unqualified or incompetent in accordance with applicable law, to perform any such act or acts or to exercise any such right, power, duty or obligation. No permissive power or authority available to the Guarantee Trustee shall be construed to be a duty to act in accordance with such power and authority.

Section 3.03. Indemnity. The Guarantor agrees to indemnify the Guarantee Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or willful misconduct on the part of the Guarantee Trustee, arising out of or in connection with the

acceptance or administration of this Guarantee Agreement, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The Guarantee Trustee will not claim or exact any lien or charge on any Guarantee Payments as a result of any amount due to it under this Guarantee Agreement.

**ARTICLE IV
GUARANTEE TRUSTEE**

Section 4.01. Guarantee Trustee; Eligibility.

(a) There shall at all times be a Guarantee Trustee which shall:

(i) not be an Affiliate of the Guarantor; and

(ii) be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least fifty million U.S. dollars (\$50,000,000), and shall be a corporation meeting the requirements of Section 310(a) of the Trust Indenture Act. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the supervising or examining authority, then, for the purposes of this Section and to the extent permitted by the Trust Indenture Act, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) If at any time the Guarantee Trustee shall cease to be eligible to so act under Section 4.01(a), the Guarantee Trustee shall immediately resign in the manner and with the effect set out in Section 4.02(c).

(c) If the Guarantee Trustee has or shall acquire any “conflicting interest” within the meaning of Section 310(b) of the Trust Indenture Act, the Guarantee Trustee and Guarantor shall in all respects comply with the provisions of Section 310(b) of the Trust Indenture Act. In determining whether the Guarantee Trustee has a “conflicting interest” within the meaning of Section 310(b)(1) of the Trust Indenture Act, the provisions contained in the proviso to Section 310(b)(1) of the Trust Indenture Act and the Guarantee Trustee’s Statement of Eligibility on Form T-1 shall be deemed incorporated herein.

Section 4.02. Appointment, Removal and Resignation of the Guarantee Trustee.

(a) Subject to Section 4.02(b), the Guarantee Trustee may be appointed or removed without cause at any time by the Guarantor.

(b) The Guarantee Trustee shall not be removed until a new, eligible guarantee trustee has been appointed (a “Successor Guarantee Trustee”) and has accepted such appointment and assumed the applicable obligations hereunder by written instrument executed by such Successor Guarantee Trustee and delivered to the Guarantor.

(c) The Guarantee Trustee may resign from office (without need for prior or subsequent accounting) by an instrument in writing executed by the Guarantee Trustee and

delivered to the Guarantor, which resignation shall not take effect until a Successor Guarantee Trustee has been appointed and has accepted such appointment by instrument in writing executed by such Successor Guarantee Trustee and delivered to the Guarantor and the resigning Guarantee Trustee.

(d) If no Successor Guarantee Trustee shall have been appointed and accepted appointment as provided in this Section 4.02 within 60 days after delivery to the Guarantor of an instrument of resignation, the resigning Guarantee Trustee may petition, at the expense of the Guarantor, any court of competent jurisdiction for appointment of a Successor Guarantee Trustee. Such court may thereupon, after prescribing such notice, if any, as it may deem proper, appoint a Successor Guarantee Trustee.

ARTICLE V GUARANTEE

Section 5.01. Guarantee. The Guarantor irrevocably and unconditionally agrees to pay in full to the Holders of the Outstanding Preferred Trust Securities the Guarantee Payments (without duplication of amounts theretofore paid by or on behalf of the Issuer pursuant to the Trust Agreement or by the Guarantor pursuant to the Indenture), as and when due, regardless of any defense, right of set-off or counterclaim which the Issuer may have or assert. The Guarantor's obligation to make a Guarantee Payment may be satisfied by direct payment of the required amounts by the Guarantor to the Holders or by causing the Issuer to pay such amounts to the Holders.

Section 5.02. Waiver of Notice and Demand. The Guarantor hereby waives notice of acceptance of the Guarantee Agreement and of any liability to which it applies or may apply, presentment, demand for payment, any right to require a proceeding first against the Guarantee Trustee, the Issuer or any other Person before proceeding against the Guarantor, protest, notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

Section 5.03. Obligations Not Affected. The obligations, covenants, agreements and duties of the Guarantor under this Guarantee Agreement shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Preferred Trust Securities to be performed or observed by the Issuer;

(b) the extension of time for the payment by the Issuer of all or any portion of the Distributions (other than an extension of time for payment of Distributions that results from an Extension Period on the Trust Debt Securities as so provided in the Indenture), Redemption Price, Liquidation Distribution or any other sums payable under the terms of the Preferred Trust Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Trust Securities;

(c) any failure, omission, delay or lack of diligence on the part of the Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders

pursuant to the terms of the Preferred Trust Securities, or any action on the part of the Issuer granting indulgence or extension of any kind;

(d) the voluntary or involuntary liquidation, termination, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;

(e) any invalidity of, or defect or deficiency in, the Preferred Trust Securities;

(f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred; or

(g) to the extent permitted by law, any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a guarantor, it being the intent of this Section 5.03 that the obligations of the Guarantor hereunder shall be absolute and unconditional under any and all circumstances.

There shall be no obligation of the Holders to give notice to, or obtain the consent of, the Guarantor with respect to the happening of any of the foregoing.

Section 5.04. Rights of Holders. The Guarantor expressly acknowledges that: (i) this Guarantee Agreement will be deposited with the Guarantee Trustee to be held for the benefit of the Holders; (ii) the Guarantee Trustee has the right to enforce this Guarantee Agreement on behalf of the Holders; (iii) the Holders of a Majority in liquidation amount of the Preferred Trust Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Guarantee Trustee in respect of this Guarantee Agreement or exercise or direct the exercise of any trust or power conferred upon the Guarantee Trustee under this Guarantee Agreement; and (iv) if the Guarantee Trustee has failed to enforce this Guarantee Agreement as above provided, any Holder may institute a legal proceeding directly against the Guarantor to enforce its rights under this Guarantee Agreement, without first instituting a legal proceeding against the Guarantee Trustee, the Issuer or any other Person.

Section 5.05. Guarantee of Payment. This Guarantee Agreement creates a guarantee of payment and not of collection. This Guarantee Agreement will not be discharged except by payment of the Guarantee Payments in full (without duplication of amounts theretofore paid by the Issuer) or upon distribution of Trust Debt Securities to Holders as provided in the Trust Agreement.

Section 5.06. Subrogation. The Guarantor shall be subrogated to all (if any) rights of the Holders against the Issuer in respect of any amounts paid to the Holders by the Guarantor under this Guarantee Agreement and shall have the right to waive payment by the Issuer pursuant to Section 5.01; provided, however, that the Guarantor shall not (except to the extent required by mandatory provisions of law) be entitled to enforce or exercise any rights which it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of payment under this Guarantee Agreement, if, at the time of any such payment, any amounts are due and unpaid under this Guarantee Agreement. If any amount shall

be paid to the Guarantor in violation of the preceding sentence, the Guarantor agrees to hold such amount in trust for the Holders and to pay over such amount to the Holders.

Section 5.07. Independent Obligations. The Guarantor acknowledges that its obligations hereunder are independent of the obligations of the Issuer with respect to the Preferred Trust Securities and that the Guarantor shall be liable as principal and as debtor hereunder to make Guarantee Payments pursuant to the terms of this Guarantee Agreement notwithstanding the occurrence of any event referred to in subsections (a) through (g), inclusive, of Section 5.03 hereof.

ARTICLE VI COVENANTS AND SUBORDINATION

Section 6.01. Ranking. This Guarantee Agreement will constitute an unsecured obligation of the Guarantor and will rank (i) subordinate and junior in right of payment to all other liabilities of the Guarantor, except those made *pari passu* or subordinate by their terms, (ii) *pari passu* with the most senior preferred or preference stock now or hereafter issued by the Guarantor and with any guarantee now or hereafter entered into by the Guarantor in respect of any preferred or preference stock of any Affiliate of the Guarantor and (iii) senior to the Guarantor's Common Trust Securities.

Section 6.02. Limitation of Transactions. So long as any Preferred Trust Securities remain outstanding, if (i) there shall have occurred an Event of Default, (ii) there shall have occurred an event of default under the Indenture or (iii) the Guarantor has exercised its option to defer interest payments on the Trust Debt Securities by extending the interest payment period as provided therein, and such period or extension thereof shall be continuing, then (a) the Guarantor shall not declare or pay any dividend on, make any distribution or other payment with respect to, or redeem, purchase, acquire or make any liquidation payment with respect to any of its capital stock (other than (1) repurchases, redemptions or other acquisitions of shares of the Guarantor's capital stock in connection with the satisfaction by the Guarantor of its obligations under any employee benefit plans, (2) as a result of an exchange or conversion of one class or series of the Guarantor's capital stock for another class or series of the Guarantor's capital stock or (3) the purchase of fractional interests in shares of the Guarantor's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged), (b) the Guarantor shall not make any payment of interest, principal or premium, if any, on or repay, repurchase or redeem any debt securities issued by the Guarantor that rank *pari passu* with or junior to the Trust Debt Securities, (c) the Guarantor shall not make any guarantee payments with respect to the foregoing (other than pursuant to this Guarantee Agreement), and (d) the Guarantor shall not make any guarantee payments with respect to any outstanding preferred trust securities issued by any other trust or other entity sponsored by the Guarantor.

In addition, so long as any Preferred Trust Securities remain outstanding, the Guarantor (i) will remain the sole direct or indirect owner of all the outstanding Common Trust Securities; provided that any permitted successor of the Guarantor under the Indenture may succeed to the Guarantor's ownership of the Common Trust Securities, (ii) will not take any action which would cause the Issuer to cease to be treated as a grantor trust for United States federal income tax purposes and (iii) will cause the Issuer to remain a statutory trust, except in connection with a

distribution of the Trust Debt Securities, the redemption of all of the Trust Securities or mergers, consolidations or amalgamations, each as provided in the Trust Agreement.

ARTICLE VII TERMINATION

Section 7.01. Termination. This Guarantee Agreement shall terminate and be of no further force and effect upon (i) full payment by the Issuer or the Guarantor, as the case may be, of the Redemption Price for all Preferred Trust Securities, (ii) the distribution of the Trust Debt Securities to the Holders in accordance with Article VIII of the Trust Agreement upon the dissolution of the Issuer or (iii) full payment by the Issuer or the Guarantor, as the case may be, of the amounts payable in accordance with the Trust Agreement upon the dissolution of the Issuer. Notwithstanding the foregoing, this Guarantee Agreement will continue to be effective or will be reinstated, as the case may be, if, at any time, any Holder must restore payment of any sums paid with respect to Preferred Trust Securities or this Guarantee Agreement.

ARTICLE VIII MISCELLANEOUS

Section 8.01. Successors and Assigns. All guarantees and agreements contained in this Guarantee Agreement shall bind the successors, assigns, receivers, trustees and representatives of the Guarantor and shall inure to the benefit of the Holders of the Preferred Trust Securities then outstanding. The Guarantor may not consolidate with or merge with or into, or sell, convey, transfer or lease its properties and assets as an entirety or substantially as an entirety (either in one transaction or a series of transactions) to, any Person unless permitted under Article V of the Indenture. In connection with a consolidation, merger or sale involving the Guarantor that is permitted under Article V of the Indenture the Person formed by or surviving such consolidation or merger or to which such sale, conveyance, transfer or lease shall have been made, if other than the Guarantor, shall expressly assume all of the obligations of the Guarantor hereunder and under the Trust Agreement.

Section 8.02. Amendments. Except with respect to any changes which do not adversely affect the rights of the Holders in any material respect (in which case no consent of the Holders will be required), this Guarantee Agreement may only be amended with the prior approval of the Holders of a Majority in liquidation amount of the Preferred Trust Securities (excluding any Preferred Trust Securities held by the Guarantor or an affiliate thereof). The provisions of Article VI of the Trust Agreement concerning meetings of the Holders shall apply to the giving of such approval.

Section 8.03. Notices. Any notice, request or other communication required or permitted to be given hereunder shall be in writing and delivered, telecopied or mailed by first class mail, postage prepaid, as follows:

- (a) if given to the Guarantor, to the address set forth below or such other address as the Guarantor may give notice of to the Holders:

Southwest Gas Corporation
5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada 89193-8510

(b) if given to the Issuer, in care of the Guarantee Trustee, at the Issuer's (and the Guarantee Trustee's) address set forth below or such other address as the Guarantee Trustee on behalf of the Issuer may give notice to the Holders:

Southwest Gas Capital II
c/o Southwest Gas Corporation
5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada 89193-8510

with a copy to:

BNY Midwest Trust Company
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602

(c) if given to any Holder, at the address set forth in the Securities Register.

All notices hereunder shall be deemed to have been given when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid, except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which no notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

Section 8.04. Benefit. This Guarantee Agreement is solely for the benefit of the Holders and is not separately transferable from the Preferred Trust Securities.

Section 8.05. Interpretation. In this Guarantee Agreement, unless the context otherwise requires:

(a) all references to "the Guarantee Agreement" or "this Guarantee Agreement" are to this Guarantee Agreement as modified, supplemented or amended from time to time;

(b) all references in this Guarantee Agreement to Articles and Sections are to Articles and Sections of this Guarantee Agreement unless otherwise specified;

(c) a term defined in the Trust Indenture Act has the same meaning when used in this Guarantee Agreement unless otherwise defined in this Guarantee Agreement or unless the context otherwise requires;

(d) a reference to the singular includes the plural and vice versa; and

(e) the masculine, feminine or neuter genders used herein shall include the masculine, feminine and neuter genders.

Section 8.06. Governing Law. THIS GUARANTEE AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW PRINCIPLES THEREOF.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

THIS GUARANTEE AGREEMENT is executed as of the day and year first above written.

SOUTHWEST GAS CORPORATION, as
Guarantor

By: _____

Name:
Title:

BNY MIDWEST TRUST COMPANY, as
Guarantee Trustee

By: _____

Name:
Title:

[FORM OF TRUST DEBT INDENTURE]

SOUTHWEST GAS CORPORATION

and

BNY MIDWEST TRUST COMPANY, as Trustee

INDENTURE

Dated as of _____, 2003

Providing for the Issuance of
Deferrable Interest Subordinated Debentures in Series

including

% Deferrable Interest Junior Subordinated Debentures, Series II

Southwest Gas Corporation Indenture
 Certain Sections of this Indenture relating to
 Sections 310 through 318 of the
 Trust Indenture Act of 1939

| Trust Indenture Act Section | Indenture Section |
|-----------------------------|--------------------|
| ss.310(a)(1) | 7.10 |
| (a)(2) | 7.10 |
| (a)(3) | Not Applicable |
| (a)(4) | Not Applicable |
| (a)(5) | Not Applicable |
| (b) | 7.08; 7.10; 11.01 |
| (c) | Not Applicable |
| ss.311(a) | 7.11 |
| (b) | 7.11 |
| (c) | Not Applicable |
| ss.312(a) | 2.07 |
| (b) | 11.03 |
| (c) | 11.03 |
| ss.313(a) | 7.06 |
| (b)(1) | Not Applicable |
| (b)(2) | 7.06 |
| (c) | 7.06; 11.02 |
| (d) | 7.06 |
| ss.314(a) | 4.03; 11.02 |
| (b) | Not Applicable |
| (c)(1) | 2.02; 11.04; 11.05 |
| (c)(2) | 2.02; 11.04; 11.05 |
| (c)(3) | Not Applicable |
| (d) | Not Applicable |
| (e) | 11.05 |
| (f) | Not Applicable |
| ss.315(a) | 7.01(b) |
| (b) | 7.05, 11.02 |
| (c) | 7.01(a) |
| (d) | 7.01(c) |
| (e) | 6.11 |
| ss.316(a)(1)(A) | 6.05 |
| (a)(1)(B) | 6.04 |
| (a)(2) | Not Applicable |
| (a)(last sentence) | 2.10 |
| (b) | 6.07 |
| (c) | 1.05 |
| ss.317(a)(1) | 6.08 |
| (a)(2) | 6.09 |
| (b) | 2.06 |

ss.318(a)
(b)
(c)

11.01
Not Applicable
11.01

Note: This reconciliation and tie sheet shall not, for any purpose, be deemed to be a part of the Indenture.

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| | % Deferrable Interest Junior Subordinated Debenture, Series II | A-1 |

INDENTURE, dated as of _____, 2003, by and between Southwest Gas Corporation, a corporation duly organized and existing under the laws of the State of California (the "Company"), and BNY Midwest Trust Company, a trust company duly organized and existing under the laws of the State of Illinois, as trustee (the "Trustee").

WHEREAS, the Company may from time to time create or establish one or more statutory trusts for the purpose of issuing undivided beneficial interests in the assets thereof (the "Trust Securities") and using the proceeds thereof to acquire the Company's Deferrable Interest Junior Subordinated Debentures.

WHEREAS, pursuant to an Amended and Restated Trust Agreement dated as of _____, 2003 (the "Trust II Agreement") among the Company, as depositor, BNY Midwest Trust Company, as Property Trustee (the "Property Trustee II") and the Delaware Trustee named therein, there has been declared and established Southwest Gas Capital II, a Delaware statutory trust ("Trust II").

WHEREAS, Trust II intends to issue its Trust Securities, including its _____% Mandatory Redeemable Preferred Trust Securities, representing undivided beneficial interests in the assets of Trust II, having a liquidation amount of \$_____per security and having terms provided therefor in the Trust II Agreement (the "Trust II Preferred Securities").

WHEREAS, the Company has authorized the issuance of its _____% Deferrable Interest Junior Subordinated Debentures, Series II (the "Series II Trust Debt Securities") to be purchased by Trust II with the proceeds from the issuance and sale of its Trust Securities, and to provide therefor, the Company has duly authorized the execution and delivery of this Indenture.

WHEREAS, all things necessary to make the securities issued hereunder, when duly issued and executed by the Company and authenticated and delivered hereunder, the valid obligations of the Company, and to make this Indenture a valid and binding agreement of the Company, enforceable in accordance with its terms, have been done.

NOW THEREFORE, each of the Company and the Trustee, intending to be legally bound hereby, agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders (as hereinafter defined) of the securities issued hereunder, including the Series II Trust Debt Securities:

ARTICLE I
DEFINITIONS AND INCORPORATION BY REFERENCE

1.01 Definitions.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. When used with respect to any Person, "control" means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership

of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Bankruptcy Law” means Title 11 of the United States Code, or any similar federal or state law for the relief of debtors.

“Board of Directors” means the Board of Directors of the Company or any committee thereof duly authorized to act on behalf of such Board.

“Board Resolution” means (i) a copy of a resolution certified by the Secretary or the Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, or (ii) a certificate signed by the authorized officer or officers to whom the Board of Directors has delegated its authority, and in each case, delivered to the Trustee.

“Business Day” means any day that is not a Saturday, a Sunday or a day on which banking institutions in The City of New York, the City of Chicago or the State of California are authorized or required by law or executive order to close.

“Capital Stock” means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) corporate stock, including limited liability company membership interests.

“Common Trust Securities” means the Common Trust Securities of a Trust, representing undivided beneficial interests in the assets of such Trust.

“Company” means Southwest Gas Corporation, a California corporation, or any permitted successor thereto.

“Company Order” means a written request or order signed in the name of the Company by an Officer of the Company and delivered to the Trustee.

“Custodian” means any receiver, trustee, assignee, liquidator, sequestrator, custodian or similar official under any Bankruptcy Law.

“Default” means any event which is, or after notice or passage of time, or both, would be, an Event of Default pursuant to Section 6.01 hereof.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Extension Period”, with respect to any series of Trust Debt Securities, means the period during which the Company may elect to extend the interest payment period on such series of Trust Debt Securities pursuant to Section 4.01(b) hereof; provided that no Extension Period shall extend beyond the Stated Maturity Date or the Redemption Date of any Trust Debt Security of such series.

“GAAP” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board.

“Holder” means a Person in whose name a Trust Debt Security is registered on the Registrar’s books.

“Indenture” means this indenture, as amended or supplemented from time to time in accordance with the terms hereof, including the provisions of the TIA that are deemed to be a part hereof.

“Interest Payment Date”, when used with respect to the Trust Debt Securities of any series, means the stated maturity of any installment of interest on the Trust Debt Securities of that series.

“Issue Date”, with respect to a series of Trust Debt Securities, means the date on which the Trust Debt Securities of such series are originally issued.

“Legal Holiday” means any day other than a Business Day.

“Officer” means, with respect to any corporation, the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of such corporation.

“Officer’s Certificate” means a written certificate containing the applicable information specified in Sections 11.04 and 11.05 hereof, signed in the name of the Company by any one of its Officers, and delivered to the Trustee.

“Opinion of Counsel” means a written opinion containing the applicable information specified in Sections 11.04 and 11.05 hereof, by legal counsel who may be an employee of the Company.

“Paying Agent” means any Person authorized by the Company to pay the principal of and premium, if any, and interest on the Trust Debt Securities of any series on behalf of the Company.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“Predecessor Trust Debt Securities” of any particular Trust Debt Security means every previous Trust Debt Security evidencing all or a portion of the same debt as that evidenced by such particular Trust Debt Security; and for purposes of this definition, any Trust Debt Security authenticated and delivered under Section 2.09 hereof in exchange for or in lieu of a mutilated, destroyed, lost or stolen Trust Debt Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Trust Debt Security.

“Preferred Trust Securities” means the Preferred Trust Securities of a Trust, representing undivided beneficial interests in the assets of such Trust.

“Property Trustee II” means BNY Midwest Trust Company and its successors and assigns, as property trustee under the Trust II Agreement.

“Record Date”, with respect to any series of the Trust Debt Securities, means the Regular Record Date, the Special Record Date or any date set to determine the Holders of Trust Debt Securities of such series entitled to vote, consent, make a request or exercise any other right associated with such Trust Debt Securities.

“Redemption Date”, with respect to the Trust Debt Securities of any series to be redeemed, means the date specified for the redemption thereof in accordance with the terms thereof and pursuant to Article 3 of this Indenture.

“Redemption Price”, with respect to the Trust Debt Securities of any series to be redeemed, means the price at which such Trust Debt Security is to be redeemed in accordance with the terms thereof and pursuant to Article 3 of this Indenture.

“Regular Record Date”, with respect to an interest payment on the Trust Debt Securities of any series, means the date set forth in this Indenture or the supplemental indenture creating such series for the determination of Holders entitled to receive payment of interest on the next succeeding Interest Payment Date.

“Responsible Officer”, when used with respect to the Trustee, means any Vice President, any Assistant Vice President, any Trust Officer, or Assistant Trust Officer or any other officer of the Corporate Trust Department of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“SEC” or “Commission” means the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, amended.

“Senior Indebtedness” means the principal of and premium, if any, and unpaid interest on (i) the Company’s indebtedness (including indebtedness of others guaranteed by the Company), whether outstanding on the date hereof or hereafter created, incurred, assumed or guaranteed, for money borrowed, unless in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such indebtedness is not senior or prior in right of payment to the Trust Debt Securities, and (ii) renewals, extensions, modifications and refundings of any such indebtedness.

“Series II Trust Debt Securities “ means any of the Company’s _____% Deferrable Interest Junior Subordinated Debentures, Series II issued under this Indenture.

“Special Record Date” for the payment of any Defaulted Interest on the Trust Debt Securities of any series means the date determined pursuant to Section 2.03 hereof.

“Stated Maturity Date”, with respect to any Trust Debt Security, means the date specified for such Trust Debt Security as the fixed date on which the principal of such Trust Debt Security is due and payable.

“Subsidiary” means any corporation, association, partnership, trust or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) the Company, (ii) the Company and one or more Subsidiaries, or (iii) one or more Subsidiaries.

“Successor” means the Person formed by or surviving such consolidation or merger or to which such sale, conveyance, transfer or lease shall have been made

“TIA” means the Trust Indenture Act of 1939, as amended and as in effect on the date of this Indenture; provided, however, that if the TIA is amended after such date, TIA means, to the extent required by any such amendment, the TIA as so amended.

“Trust” means any statutory trust created by the Company to issue Trust Securities and to use the proceeds from the sale thereof to purchase Trust Debt Securities.

“Trust Debt Securities” means any of the securities of any series issued, authenticated and delivered under this Indenture.

“Trust II” means Southwest Gas Capital II, a Delaware statutory trust created under the Delaware Statutory Trust Act, Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. ss. 3801, et seq.

“Trust II Agreement” means the Amended and Restated Trust Agreement dated as of _____, 2003, among the Company, as Depositor, BNY Midwest Trust Company, as Property Trustee and the Delaware Trustee named therein, as the same may be amended and modified from time to time.

“Trust II Preferred Securities Guarantee Agreement” means the Guarantee Agreement dated as of _____, 2003 from the Company, as guarantor, to BNY Midwest Trust Company, as guarantee trustee, with respect to the Trust II Preferred Securities.

“Trust II Preferred Securities” means the undivided beneficial interests in the assets of Trust II, having a liquidation amount of \$_____per security and having terms provided therefor in the Trust II Agreement.

“Trust Securities” means the undivided beneficial interests in the assets of a Trust and includes the Preferred Trust Securities and the Common Trust Securities of such Trust.

“Trustee” means BNY Midwest Trust Company, until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor.

“U.S. Government Obligations” means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable at the issuer’s option.

“Wholly Owned Subsidiary” means a Subsidiary all the Capital Stock of which (other than directors’ qualifying shares) is owned by the Company or another Wholly Owned Subsidiary.

1.02 Other Definitions.

| <u>TERM</u> | <u>DEFINED IN SECTION</u> |
|------------------------------|---------------------------|
| “Act” | 1.05 |
| “Defaulted Interest” | 2.03 |
| “Depository” | 2.12 |
| “global Trust Debt Security” | 2.12 |
| “Notice of Default” | 6.01 |
| “Register” | 2.05 |
| “Registrar” | 2.05 |

1.03 Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, such provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

“indenture securities” means the Trust Debt Securities.

“indenture security holder” means a Holder.

“indenture to be qualified” means this Indenture.

“indenture trustee” or “institutional trustee” means the Trustee.

“obligor” on the indenture securities means the Company and any other obligor on the Trust Debt Securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by the TIA reference to another statute or defined by the SEC rule have the meanings assigned to them by such definitions.

1.04 Rules of Construction.

Unless the context otherwise requires:

- (1) Each capitalized term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (3) “or” is not exclusive;
- (4) “including” means including, without limitation;
- (5) words in the singular include the plural, and words in the plural include the singular; and
- (6) “herein,” “hereof” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

1.05 Acts of Holders and Holders of Preferred Trust Securities.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders or by holders of Preferred Trust Securities may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders or holders of Preferred Trust Securities, as applicable, in person or by an agent duly appointed in writing and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “Act” of Holders or holders of Preferred Trust Securities signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner which the Trustee deems sufficient.

(c) The ownership of Trust Debt Securities shall be proved by the Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Trust Debt Security shall bind every future Holder of the same Trust Debt Security and the Holder of every Trust Debt Security issued upon the registration transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Trust Debt Security.

(e) If the Company solicits from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to a resolution of its Board of Directors, fix in advance a Record Date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. If such a Record Date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given

before or after such Record Date, but only Holders of record at the close of business on such Record Date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of outstanding Trust Debt Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the outstanding Trust Debt Securities shall be computed as of such Record Date.

ARTICLE II
TRUST DEBT SECURITIES; SERIES II TRUST DEBT SECURITIES

2.01 Issue of Trust Debt Securities Generally.

The aggregate principal amount of any series of Trust Debt Securities which may be authenticated and delivered under this Indenture is limited to the aggregate liquidation amount of the Trust Securities of the Trust purchasing such Trust Debt Securities.

The Trust Debt Securities may be issued in one or more series as from time to time shall be authorized by the Board of Directors.

The Trust Debt Securities of each series and the Trustee's Certificate of Authentication shall be substantially in the forms to be attached as exhibits to the Indenture or supplemental indenture creating such series, but in the case of any series of Trust Debt Securities other than the Series II Trust Debt Securities, with such inclusions, omissions and variations as to letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange on which such Trust Debt Securities may be listed, or to conform to usage.

Other series of Trust Debt Securities may differ from the Series II Trust Debt Securities, and as and between series, in respect of any or all of the following matters:

- (a) designation;
- (b) Stated Maturity Date or Dates, which may be serial and the Company's option, if any, to change the Stated Maturity Date or Dates;
- (c) interest rate or method of determination of the interest rate;
- (d) the basis upon which interest shall be computed if other than a 360-day year composed of twelve 30-day months;
- (e) Interest Payment Dates and the Regular Record Dates therefor;
- (f) the maximum duration of the Extension Period;
- (g) Issue Date or Dates and interest accrual provisions;

- (h) authorized denominations;
- (i) the place or places for the payment of principal (and premium, if any) and interest;
- (j) the aggregate principal amount of Trust Debt Securities of such series which may be issued;
- (k) the optional and mandatory redemption provisions, if any;
- (l) provisions, if any, for any sinking or analogous fund;
- (m) the applicability to such series of the provisions of Article 10 hereof relating to subordination; and
- (n) any other provisions expressing or referring to the terms and conditions upon which the Trust Debt Securities of such series are to be issued under this Indenture which are not in conflict with the provisions of this Indenture;

in each case as determined by the Board of Directors and specified in the supplemental indenture creating such series.

2.02 Terms and Form of the Series II Trust Debt Securities.

- (a) The Series II Trust Debt Securities shall be designated "Southwest Gas Corporation, _____% Deferrable Interest Junior Subordinated Debentures, Series II." The Series II Trust Debt Securities and the Trustee's Certificate of Authentication shall be substantially in the form of Exhibit A attached hereto. The Series II Trust Debt Securities shall initially be issued as global Trust Debt Securities in accordance with the provisions of Section 2.12 of this Indenture, with The Depository Trust Company as Depository. The terms and provisions contained in the Series II Trust Debt Securities shall constitute, and are hereby expressly made, a part of this Indenture. The Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.
- (b) The aggregate principal amount of Series II Trust Debt Securities outstanding at any time may not exceed \$_____ except as provided in Section 2.09 hereof. The Series II Trust Debt Securities shall be authenticated and delivered upon delivery to the Trustee of items specified in Section 2.04(d) hereof.
- (c) The Stated Maturity Date of the Series II Trust Debt Securities is_____.
- (d) The interest rate of the Series II Trust Debt Securities shall be as follows:_____. The Interest Payment Dates for the Series II Trust Debt Securities shall be_____,_____,_____ and _____of each year, commencing_____, 2003. In the event that any date on which interest is payable on the Series II Trust Debt Securities is not a Business Day, then payment of interest payable on such date will be made on the next day which is a Business Day (and without any interest or other

payment in respect of any such delay), except that if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. The Regular Record Date for each Interest Payment Date for the Series II Trust Debt Securities shall be the ___ day (whether or not a Business Day) preceding the applicable Interest Payment Date, provided that if Trust II is the sole Holder of the Series II Trust Debt Securities or the Series II Trust Debt Securities are issued in book-entry-only form, the Regular Record Date shall be the close of business on the Business Day immediately preceding such Interest Payment Date.

Each Series II Trust Debt Security shall bear interest from its Issue Date or from the most recent Interest Payment Date to which interest has been paid or duly provided for with respect to such Series II Trust Debt Security; except that, so long as there is no existing Defaulted Interest (as defined in Section 2.03 hereof) or Extension Period on the Series II Trust Debt Securities, any Series II Trust Debt Security authenticated by the Trustee between the Regular Record Date for any Interest Payment Date and such Interest Payment Date shall bear interest from such Interest Payment Date. Each Series II Trust Debt Security shall be dated the date of its authentication.

Overdue principal of and interest on any Series II Trust Debt Security and interest which has been deferred pursuant to Section 4.01(b) hereof shall bear interest (to the extent that the payment of such interest shall be legally enforceable) at a rate per annum equal to the interest rate per annum payable on such Series II Trust Debt Security.

(e) The Series II Trust Debt Securities shall be issuable only in registered form without coupons and only in denominations of \$_____ and any integral multiple thereof.

(f) The maximum Extension Period for the Series II Trust Debt Securities shall be five years consisting of ___ consecutive periods.

2.03 Payment of Principal and Interest.

Unless otherwise specified pursuant to Section 2.01(d), interest on the Trust Debt Securities shall be computed on the basis of a 360-day year composed of twelve 30-day months, and for any period shorter than thirty days, interest will be computed on the basis of the actual number of days elapsed in such period.

Unless otherwise provided with respect to a series of Trust Debt Securities,

(i) the principal and Redemption Price of and interest on each Trust Debt Security shall be payable in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts;

(ii) the principal and Redemption Price of any Trust Debt Security and interest payable on the Stated Maturity Date (if other than an Interest Payment Date) or Redemption Date shall be payable in immediately available funds upon surrender of such Trust Debt Security at the office or agency of any Paying Agent therefor; and

(iii) interest on any Trust Debt Security shall be paid on each Interest Payment Date therefor to the Holder thereof at the close of business on the Record Date therefor, such interest to be payable by check mailed to the address of the Person entitled thereto as such address appears on the Register; provided however, that (1) at the written request of the Holder of at least \$10,000,000 aggregate principal amount of Trust Debt Securities received by the Registrar not later than the Regular Record Date for such Interest Payment Date, interest accrued on such Trust Debt Security will be payable by wire transfer within the continental United States in immediately available funds to the bank account number of such Holder specified in such request and entered on the Register by the Registrar and (2) payments made in respect of global Trust Debt Securities shall be made in immediately available funds to the Depositary.

Except as specified pursuant to Section 2.01 or Section 4.01(b) hereof, interest on any Trust Debt Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Trust Debt Security (or one or more Predecessor Trust Debt Securities) is registered at the close of business on the Regular Record Date for such interest. Any interest on any Trust Debt Security which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Clause (1) and (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Trust Debt Securities (or their respective Predecessor Trust Debt Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall, not less than 15 Business Days prior to the date of the proposed payment, notify the Trustee and the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Trust Debt Security and the date of the proposed payment, and at the same time the Company shall deposit with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. The Special Record Date for the payment of such Defaulted Interest shall be the close of business on the tenth calendar day prior to the date of the proposed payment. The Trustee shall, in the name and at the expense of the Company, cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given to the Holders thereof, not less than 7 calendar days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been given, such Defaulted Interest shall be paid to the Persons in whose names the Trust Debt Securities (or their respective Predecessor Trust Debt Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Company may make payment of any Defaulted Interest on the Trust Debt Securities in any other lawful manner not inconsistent with the requirements of any securities

exchange on which such Trust Debt Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee and the Paying Agent of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Paying Agent.

Subject to the foregoing provisions of this Section, each Trust Debt Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Trust Debt Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Trust Debt Security.

2.04 Execution, Authentication and Delivery.

(a) The Trust Debt Securities shall be executed on behalf of the Company by its Chairman, its President or one of its Vice Presidents, under its corporate seal imprinted or reproduced thereon and attested by its Secretary or one of its Assistant Secretaries. The signature of any such Officer on the Trust Debt Securities may be manual or facsimile.

(b) Trust Debt Securities bearing the manual or facsimile signatures of individuals who were at any time the proper Officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Trust Debt Securities or did not hold such offices at the date of such Trust Debt Securities.

(c) No Trust Debt Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Trust Debt Security a Certificate of Authentication duly executed by the Trustee by manual signature of a Responsible Officer, and such Certificate of Authentication upon any Trust Debt Security shall be conclusive evidence, and the only evidence, that such Trust Debt Security has been duly authenticated and made available for delivery hereunder.

(d) The Trustee shall authenticate and deliver Trust Debt Securities of a series, for original issue, at one time or from time to time in accordance with the Company Order referred to below, upon receipt by the Trustee of:

- (1) a Board Resolution approving the form or forms and terms of such Trust Debt Securities;
- (2) a Company Order requesting the authentication and delivery of such Trust Debt Securities and stating the identity of the Trust and the aggregate liquidation amount of the Trust Securities to be issued concurrently with such Trust Debt Securities;
- (3) unless previously delivered, this Indenture or a supplemental indenture hereto setting forth the form of such Trust Debt Securities and establishing the terms thereof;
- (4) the Trust Debt Securities of such series, executed on behalf of the Company in accordance with Section 2.04(a) hereof;

(5) an Opinion of Counsel to the effect that:

(i) the form or forms of such Trust Debt Securities have been duly authorized by the Company and have been established in conformity with the provisions of this Indenture; and

(ii) such Trust Debt Securities, when authenticated and delivered by the Trustee and issued and delivered by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will have been duly issued under this Indenture and will constitute valid and legally binding obligations of the Company, entitled to the benefits provided by this Indenture, and enforceable in accordance with their terms, subject, as to enforcement to laws relating to or affecting generally the enforcement of creditors' rights, including, without limitation, bankruptcy and insolvency laws and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and

(iii) that this Indenture or any supplemental indenture referred to in clause (3) above has been duly authorized, executed and delivered by the Company and is a valid instrument legally binding upon the Company, enforceable in accordance with its terms, subject as to enforcement to laws relating to or affecting creditors' rights, including, without limitation, bankruptcy and insolvency laws and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and

(iv) that all consents, approvals and orders of any commission, governmental authority or agency required in connection with the issuance and delivery of such Trust Debt Securities have been obtained.

(e) an Officer's Certificate certifying that no Default or Event of Default has occurred and is continuing.

(f) The Trustee shall act as the initial authenticating agent. Thereafter, the Trustee may appoint an authenticating agent with the consent of the Company, which consent shall not be unreasonably withheld. An authenticating agent may authenticate Trust Debt Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. The Company shall pay any authenticating agent appointed by the Trustee reasonable compensation for its services. The provisions set forth in Section 7.02, Section 7.03, Section 7.04 and Section 7.07 hereof shall be applicable to any authenticating agent.

2.05 Registrar and Paying Agent.

The Company shall maintain or cause to be maintained, within or outside the State of Illinois, an office or agency where the Trust Debt Securities may be presented for registration of transfer or for exchange ("Registrar"), a Paying Agent at whose office the Trust Debt Securities may be presented or surrendered for payment, and an office or agency where notices and demands to or upon the Company in respect of the Trust Debt Securities and this Indenture may

be served. The Registrar shall keep a register (the "Register") of the Trust Debt Securities and of their transfer and exchange. The Company may have one or more co-Registrars and one or more additional Paying Agents. The term Registrar includes any additional registrar and the term Paying Agent includes any additional paying agent. The corporate office of the Trustee in Chicago, Illinois shall initially be the Registrar for each series of Trust Debt Securities and agent for service of notice or demands on the Company, and the Trustee shall initially be the Paying Agent for each series of Trust Debt Securities.

The Company shall enter into an appropriate agency agreement with any Registrar, Paying Agent or co-Registrar (if not the Company or the Trustee or an affiliate of the Trustee). The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall give prompt written notice to the Trustee and to the Holders of any change of location of such office or agency. If at any time the Company shall fail to maintain or cause to be maintained any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 11.02 hereof. The Company shall notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Registrar, Paying Agent or agent for service of notices or demands, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07 hereof. The Company or any Affiliate of the Company may act as Paying Agent, Registrar or co-Registrar or agent for service of notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Trust Debt Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Company will give prompt written notice to the Trustee and to the Holders of any such designation or rescission and of any change in location of any such other office or agency.

2.06 Paying Agent to Hold Money in Trust.

Except as otherwise provided herein, prior to 10:00 a.m. on each due date of the principal of and premium (if any) and interest on any Trust Debt Security, the Company shall deposit with the Paying Agent a sum of money sufficient to pay such principal, premium (if any) and interest so becoming due. The Company shall require each Paying Agent (other than the Trustee or the Company) to agree in writing that such Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of and premium (if any) and interest on the Trust Debt Securities and shall notify the Trustee of any Default by the Company in making any such payment. At any time during the continuance of any such Default, the Paying Agent shall, upon the request of the Trustee, forthwith pay to the Trustee all money so held in trust and account for any money disbursed by it. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any money disbursed by it. Upon doing so, the Paying Agent shall have no further liability for the money so paid over to the Trustee. If the Company, a Subsidiary or an Affiliate of either of them acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund.

2.07 Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Company shall cause to be furnished to the Trustee on or before the Record Date for each Interest Payment Date and at such other times as the Trustee may request in writing, within five Business Days of such request, a list, in such form as the Trustee may reasonably require of the names and addresses of Holders.

2.08 Transfer and Exchange.

When Trust Debt Securities are presented to the Registrar or a co-Registrar with a request to register the transfer or to exchange them for an equal principal amount of Trust Debt Securities of the same series of other authorized denominations, the Registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transactions are met. To permit registrations of transfer and exchanges, the Company shall execute and the Trustee shall authenticate Trust Debt Securities, all at the Registrar's request.

Every Trust Debt Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by the Holder or his attorney duly authorized in writing.

The Company shall not require payment of a service charge for any registration of transfer or exchange of Trust Debt Securities, but the Company may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges that may be imposed in connection with the registration of the transfer or exchange of Trust Debt Securities from the Holder requesting such transfer or exchange (other than any exchange of a temporary Trust Debt Security for a definitive Trust Debt Security not involving any change in ownership).

The Company shall not be required to make, and the Registrar need not register, transfers or exchanges of (a) any Trust Debt Security for a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Trust Debt Securities and ending at the close of business on the day of such mailing or (b) any Trust Debt Security selected, called or being called for redemption, except, in the case of any Trust Debt Security to be redeemed in part, the portion thereof not to be redeemed.

2.09 Replacement Trust Debt Securities.

If (a) any mutilated Trust Debt Security is surrendered to the Company or the Trustee, or (b) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Trust Debt Security, and there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Trust Debt Security has been acquired by a bona fide purchaser, the Company shall execute in exchange for any such mutilated Trust Debt Security or in lieu of any such destroyed, lost or stolen Trust Debt Security, a new Trust Debt Security of the same series and of like tenor and principal amount, bearing a number not

contemporaneously outstanding, and the Trustee shall authenticate and make such new Trust Debt Security available for delivery.

In case any such mutilated, destroyed, lost or stolen Trust Debt Security has become or is about to become due and payable, or is about to be redeemed by the Company pursuant to Article 3 hereof, the Company in its discretion may, instead of issuing a new Trust Debt Security, pay or purchase such Trust Debt Security, as the case may be.

Upon the issuance of any new Trust Debt Securities under this Section 2.09, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) in connection therewith.

Every new Trust Debt Security issued pursuant to this Section 2.09 in lieu of any mutilated, destroyed, lost or stolen Trust Debt Security shall constitute an original additional contractual obligation of the Company (whether or not the mutilated, destroyed, lost or stolen Trust Debt Security shall be at any time enforceable) and shall be entitled to all benefits of this Indenture equally and ratably with any and all other Trust Debt Securities duly issued hereunder.

The provisions of this Section 2.09 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Trust Debt Securities.

2.10 Outstanding Trust Debt Securities; Determinations of Holders' Action.

Trust Debt Securities outstanding at any time are all the Trust Debt Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those mutilated, destroyed, lost or stolen Trust Debt Securities referred to in Section 2.09 hereof, those redeemed by the Company pursuant to Article 3 hereof, and those described in this Section 2.10 as not outstanding. A Trust Debt Security does not cease to be outstanding because the Company or a Subsidiary or Affiliate thereof holds the Trust Debt Security; provided, however, that in determining whether the Holders of the requisite principal amount of Trust Debt Securities have given or concurred in any request, demand, authorization, direction, notice, consent or waiver hereunder, Trust Debt Securities owned by the Company or a Subsidiary or Affiliate (other than any Trust so long as any of the Preferred Trust Securities of such Trust are outstanding) shall be disregarded and deemed not to be outstanding.

Subject to the foregoing, only Trust Debt Securities outstanding at the time of such determination shall be considered in any such determination (including determinations pursuant to Articles 3, 6 and 9).

If a Trust Debt Security is replaced pursuant to Section 2.09 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Trust Debt Security is held by a bona fide purchaser.

If the Paying Agent (other than the Company) holds, in accordance with this Indenture, at the Stated Maturity Date or on a Redemption Date, money sufficient to pay the Trust Debt Securities payable on that date, then immediately on the Stated Maturity Date or such

Redemption Date, as the case may be, such Trust Debt Securities shall cease to be outstanding, and interest, if any, on such Trust Debt Securities shall cease to accrue.

2.11 Temporary Trust Debt Securities.

The Company may execute temporary Trust Debt Securities, and upon the Company's Order, the Trustee shall authenticate and make such temporary Trust Debt Securities available for delivery. Temporary Trust Debt Securities shall be printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, in the same series and principal amount and of like tenor as the definitive Trust Debt Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Officers of the Company executing such Trust Debt Securities may determine, as conclusively evidenced by their execution of such Trust Debt Securities.

After the preparation of definitive Trust Debt Securities, the temporary Trust Debt Securities shall be exchangeable for definitive Trust Debt Securities of the same series upon surrender of the temporary Trust Debt Securities at the office or agency of the Company designated for such purpose pursuant to Section 2.05 hereof, without charge to the Holders thereof. Upon surrender for cancellation of any one or more temporary Trust Debt Securities, the Company shall execute a like principal amount of definitive Trust Debt Securities of the same series of authorized denominations, and the Trustee, upon receipt of a Company Order, shall authenticate and make such Trust Debt Securities available for delivery in exchange therefor. Until so exchanged, the temporary Trust Debt Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Trust Debt Securities.

2.12 Book-Entry System.

In order to utilize a book-entry-only system for all or any portion of the Trust Debt Securities of any series, all or a portion of the Trust Debt Securities of any series may be issued in the form of one or more fully registered Trust Debt Securities of the same series for the aggregate principal amount of such Trust Debt Securities of each Issue Date, interest rate and Stated Maturity Date (a "global Trust Debt Security"), which global Trust Debt Security shall be registered in the name of the depository (the "Depository") selected by the Company or in the name of such Depository's nominee. Each global Trust Debt Security shall be delivered by the Trustee to the Depository or pursuant to the Depository's instruction.

Notwithstanding any other provision of this Section 2.12 or of Section 2.08 hereof, a global Trust Debt Security may be transferred in whole but not in part and in the manner provided in Section 2.08 hereof, only by a nominee of the Depository for such series, or by the Depository or any such nominee of a successor Depository for such series selected or approved by the Company or to a nominee of such successor Depository.

If (i) at any time the Depository for global Trust Debt Securities of any series of Trust Debt Securities notifies the Company that it is unwilling or unable to continue as Depository for such global Trust Debt Securities or if at any time the Depository for such global Trust Debt Securities shall no longer be registered or in good standing under the Exchange Act or other applicable statute or regulation, and a successor Depository for such global Trust Debt Securities

is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, (ii) the Company determines in its sole discretion, that the Trust Debt Securities of any series shall no longer be represented by one or more global Trust Debt Securities and delivers to the Trustee an Officer's Certificate evidencing such determination or (iii) an Event of Default occurs and is continuing, then the provisions of this Section 2.12 shall no longer apply to the Trust Debt Securities of such series. In such event, the Company will execute and the Trustee, upon receipt of an Officer's Certificate evidencing such determination by the Company, will authenticate and deliver Trust Debt Securities of such series and of like tenor in definitive registered form, in authorized denominations, and in aggregate principal amount equal to the principal amount of the global Trust Debt Securities of such series in exchange for such global Trust Debt Securities. Upon the exchange of global Trust Debt Securities for such Trust Debt Securities in definitive registered form without coupons, in authorized denominations, the global Trust Debt Securities shall be cancelled by the Trustee. Such Trust Debt Securities in definitive registered form issued in exchange for global Trust Debt Securities pursuant to this Section 2.12 shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Trust Debt Securities to the Persons in whose names such Trust Debt Securities are so registered.

Except as provided above, owners of beneficial interests in a global Trust Debt Security shall not be entitled to receive physical delivery of Trust Debt Securities in definitive form and will not be considered the Holders thereof for any purpose under this Indenture.

Members of or participants in the Depository shall have no rights under this Indenture with respect to any global Trust Debt Security held on their behalf by the Depository, and such Depository or its nominee, as the case may be, may be treated by the Company, the Trustee, and any agent of the Company or the Trustee as the Holder of such global Trust Debt Securities for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee, or any agent of the Company or the Trustee, from giving effect to any written certification proxy or other authorization furnished by the Depository or impair, as between the Depository and its members or participants, the operation of customary practices governing exercise of the rights of a Holder of any Trust Debt Security, including without limitation the granting of proxies or other authorization of participants to give or take any request, demand, authorization, direction, notice, consent, waiver or other action which a Holder is entitled to give or take under this Indenture.

2.13 Cancellation.

All Trust Debt Securities surrendered for payment, redemption by the Company pursuant to Article 3 hereof or registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by the Trustee. The Company may at any time deliver to the Trustee for cancellation any Trust Debt Securities previously authenticated and made available for delivery hereunder which the Company may have acquired in any manner whatsoever, and all Trust Debt Securities so delivered shall be promptly canceled by the Trustee. The Company may not reissue or issue new Trust Debt Securities to replace Trust Debt Securities it has paid or delivered to the Trustee for cancellation. No Trust Debt Securities shall be authenticated in lieu of or in exchange for any Trust Debt

Securities canceled as provided in this Section 2.13, except as expressly permitted by this Indenture. All canceled Trust Debt Securities held by the Trustee shall be disposed of in accordance with its customary procedures.

ARTICLE III REDEMPTION

3.01 Redemption: Notice to Trustee.

(a) The Series II Trust Debt Securities are subject to redemption prior to maturity as provided therein.

(b) The redemption terms for any additional series of Trust Debt Securities shall be as specified in the supplemental indenture creating such series of Trust Debt Securities.

(c) If any or all of the Trust Debt Securities are to be redeemed pursuant to Section 3.01 (a) or (b) hereof, the Company shall deliver to the Trustee at least 45 days prior to the Redemption Date a Company Order specifying the series and principal amount of Trust Debt Securities to be redeemed and the Redemption Date and Redemption Price for such Trust Debt Securities. Such Company Order shall be accompanied by a Board Resolution authorizing such redemption. If the Trust Debt Securities of a series are held by a Trust, the Company shall also deliver a copy of such Company Order to the Property Trustee for such Trust.

3.02 Selection of Trust Debt Securities to be Redeemed.

If less than all the outstanding Trust Debt Securities of a series are to be redeemed at any time, the Trustee shall select the Trust Debt Securities of such series to be redeemed by lot or by any other method the Trustee considers fair and appropriate. The Trustee shall make the selection at least 30 but not more than 60 days before the Redemption Date from outstanding Trust Debt Securities of such series not previously called for redemption. Provisions of this Indenture that apply to Trust Debt Securities called for redemption also apply to portions of Trust Debt Securities called for redemption. The Trustee shall notify the Company promptly of the Trust Debt Securities or portions of Trust Debt Securities to be redeemed.

3.03 Notice of Redemption.

At least 30 days but not more than 60 days before the Redemption Date, the Trustee, in the Company's name and at the Company's expense, shall mail or cause to be mailed a notice of redemption by first-class mail, postage prepaid, to each Holder of Trust Debt Securities to be redeemed at such Holder's last address as it appears in the Register.

The notice of redemption shall identify the Trust Debt Securities to be redeemed, including its CUSIP number, the provision of the Trust Debt Securities or this Indenture pursuant to which the Trust Debt Securities called for redemption are being redeemed and shall state:

- (1) the Redemption Date;
- (2) the Redemption Price;

(3) the name and address of the Paying Agent;

(4) that payment of the Redemption Price of Trust Debt Securities called for redemption will be made only upon surrender of such Trust Debt Securities to the Paying Agent;

(5) if fewer than all the outstanding Trust Debt Securities of any series are to be redeemed, the identification and principal amounts of the particular Trust Debt Securities to be redeemed and that, on and after the Redemption Date, upon surrender of such Trust Debt Securities, a new Trust Debt Security or Trust Debt Securities of the same series and of like tenor and in a principal amount equal to the unredeemed portion thereof will be issued; and

(6) that, unless the Company defaults in paying the Redemption Price of the Trust Debt Securities called for redemption, plus accrued interest thereon to the Redemption Date, interest will cease to accrue on such Trust Debt Securities on and after the Redemption Date.

Any notice of redemption given in the manner provided herein shall be conclusively presumed to have been given, whether or not such notice is actually received. Failure to mail any notice or defect in the mailed notice or the mailing thereof in respect of any Trust Debt Security shall not affect the validity of the redemption of any other Trust Debt Security.

3.04 Effect of Notice of Redemption.

After notice of redemption has been given, Trust Debt Securities called for redemption shall become due and payable on the Redemption Date and at the Redemption Price and from and after the Redemption Date (unless the Company shall default in the payment of the Redemption Price and accrued interest), such Trust Debt Securities shall cease to bear interest. Upon the later of the Redemption Date and the date such Trust Debt Securities are surrendered to the Paying Agent, such Trust Debt Securities shall be paid the Redemption Price, plus accrued interest to the Redemption Date, provided that installments of interest on Trust Debt Securities with an Interest Payment Date which is on or prior to the Redemption Date shall be payable to the Holders of such Trust Debt Securities, or one or more Predecessor Trust Debt Securities, registered as such at the close of business on the Regular Record Dates therefor according to their terms and provisions.

3.05 Deposit of Redemption Price.

Prior to 10:00 a.m. on the Redemption Date, the Company shall deposit with the Paying Agent (or if the Company or an Affiliate is the Paying Agent, shall segregate and hold in trust or cause such Affiliate to segregate and hold in trust) money sufficient to pay the Redemption Price of, and accrued interest on, all Trust Debt Securities to be redeemed on that Redemption Date. The Paying Agent shall return to the Company any money in excess of the amount sufficient to pay the Redemption Price of, and accrued interest on, all Trust Debt Securities to be redeemed and any interest accrued on the amount deposited pursuant to this Section 3.05.

3.06 Trust Debt Securities Redeemed in Part.

Upon surrender of a Trust Debt Security that is redeemed in part, the Trustee shall authenticate for the Holder a new Trust Debt Security of the same series and in a principal amount equal to the unredeemed portion of such Trust Debt Security.

ARTICLE IV COVENANTS

4.01 Payment of Trust Debt Securities.

(a) The Company shall pay the principal of and premium, if any, and interest (including interest accruing during an Extension Period and/or on or after the filing of a petition in bankruptcy or reorganization relating to the Company, whether or not a claim for post-filing interest is allowed in such proceeding) on the Trust Debt Securities on or prior to the dates and in the manner provided in such Trust Debt Securities or pursuant to this Indenture. An installment of principal, premium, if any, or interest shall be considered paid on the applicable due date if on such date the Trustee or the Paying Agent holds, in accordance with this Indenture, money sufficient to pay all of such installment then due. With respect to any Trust Debt Security, the Company shall pay interest on overdue principal and interest on overdue installments of interest (including interest accruing during an Extension Period and/or on or after the filing of a petition in bankruptcy or reorganization relating to the Company, whether or not a claim for post-filing interest is allowed in such proceeding), to the extent lawful, at the rate per annum borne by such Trust Debt Security, compounded quarterly. Interest on overdue interest shall accrue from the date such amounts become overdue.

(b) Notwithstanding the provisions of Section 4.01(a) hereof or any other provision herein to the contrary, the Company shall have the right in its sole and absolute discretion at any time and from time to time while the Trust Debt Securities of any series are outstanding, so long as no Event of Default with respect to such series of Trust Debt Securities has occurred and is continuing, to defer payments of interest by extending the interest payment period for such series of Trust Debt Securities for the Extension Period, if any, for such series of Trust Debt Securities, provided that such Extension Period shall not extend beyond the Stated Maturity Date or Redemption Date of any Trust Debt Security of such series, and provided further that at the end of each Extension Period the Company shall pay all interest then accrued and unpaid (together with interest thereon to the extent permitted by applicable law at the rate per annum then borne by such Trust Debt Securities). Prior to the termination of an Extension Period, the Company may shorten or may further extend the interest payment period for such series of Trust Debt Securities, provided that such Extension Period together with all such previous and further extensions may not exceed the maximum duration of the Extension Period for such series of Trust Debt Securities or extend beyond the Stated Maturity Date or Redemption Date of any Trust Debt Security of such series. The Company shall give the Trustee notice of the Company's election to begin an Extension Period for any series of Trust Debt Securities and any shortening or extension thereof at least one Business Day prior to the date the notice of the record or payment date of the related distribution on the Preferred Trust Securities issued by the Trust which is the Holder of the Trust Debt Securities of such series or the date payment of interest on such Trust Debt Securities is required to be given to any national securities exchange on which

such Preferred Trust Securities or Trust Debt Securities are then listed or other applicable self-regulatory organization, but in any event not less than two Business Days prior to the Record Date fixed by the Company for the payment of such interest. The Company shall give or cause the Trustee to give notice (a form of which shall be provided by the Company to the Trustee) of the Company's election to begin an Extension Period to the Holders by first class mail, postage prepaid.

4.02 Prohibition Against Dividends, etc.

The Company shall not if at such time (i) there shall have occurred and is continuing any Default or Event of Default, (ii) during an Extension Period, or (iii) the Company shall be in default with respect to any payment or other obligations under the Trust II Preferred Securities Guarantee Agreement or any similar guarantee with respect to any outstanding Preferred Trust Securities issued by any Trust (other than Trust II), (a) declare or pay any dividend on, make any distribution or other payments with respect to, or redeem, purchase, acquire or make any liquidation payment with respect to, any of its Capital Stock (other than (1) repurchases, redemptions or other acquisitions of shares of the Company's capital stock in connection with the satisfaction by the Company of its obligations under any employee benefit plans, (2) as a result of an exchange or conversion of one class or series of the Company capital stock for another class or series of the Company capital stock, or (3) the purchase of fractional interests in shares of the Company capital stock pursuant to the conversion or exchange provisions of such capital stock on the security being converted or exchanged), (b) pay principal, interest or premium, if any, on or repay, repurchase or redeem any debt securities that rank pari passu with or junior to the Trust Debt Securities, or (c) make any guarantee payments with respect to any outstanding Preferred Trust Securities issued by any Trust or other entity.

4.03 SEC Reports.

The Company shall file with the Trustee, within 15 days after it files them with the SEC, copies of its annual report and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. If the Company is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company shall file with the Trustee such information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which are specified in Sections 13 or 15(d) of the Exchange Act. The Company shall also comply with the provisions of Section 314(a) of the TIA. Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to conclusively rely exclusively on Officer's Certificates).

4.04 Compliance Certificates.

(a) The Company shall deliver to the Trustee, within 90 days after the end of each of the Company's fiscal years, an Officer's Certificate stating whether or not the signer knows of any Default or Event of Default. Such certificate shall contain a certification from the principal executive officer, principal financial officer or principal accounting officer of the Company as to his or her knowledge of the Company's compliance with all conditions and covenants under this Indenture. For purposes of this Section 4.04(a), such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Indenture. If such Officer does know of such a Default or Event of Default, the Officer's Certificate shall describe any such Default or Event of Default, and its status. Such Officer's Certificate need not comply with Sections 11.04 and 11.05 hereof.

(b) The Company shall deliver to the Trustee any information reasonably requested by the Trustee in connection with the compliance by the Trustee or the Company with the TIA.

4.05 Further Instruments and Acts.

The Company shall execute and deliver such further instruments and do such further acts as may be reasonably requested by the Trustee as necessary or proper to carry out more effectively the purposes of this Indenture.

4.06 Payments for Consents.

Neither the Company nor any Subsidiary shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of any Trust Debt Securities for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Trust Debt Securities unless such consideration is offered to be paid or agreed to be paid to all Holders of the Trust Debt Securities who so consent, waive or agree to amend in the time frame set forth in the documents soliciting such consent, waiver or agreement.

4.07 Payment of Expenses of Trusts.

The Company covenants for the benefit of the Holders of the Trust Debt Securities to pay all of the obligations, costs and expenses of the applicable Trust in accordance with the applicable Trust agreement and to pay the taxes of such Trust in accordance with such Trust agreement in order to permit such Trust to make distributions on and redemptions of its Preferred Trust Securities in accordance with their terms.

ARTICLE V SUCCESSOR CORPORATION

5.01 When the Company May Merge, Etc.

The Company may not consolidate with or merge with or into, or sell, convey, transfer or lease its properties and assets as an entirety or substantially as an entirety (either in one transaction or a series of transactions) to, any Person unless:

(1) the Successor if other than the Company (a) is a corporation organized and existing under the laws of the United States of America or any State thereof or the District of Columbia, and (b) shall expressly assume by a supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Company under the Trust Debt Securities and the Indenture;

(2) immediately prior to and after giving effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Person or any Subsidiary as a result of such transaction as having been incurred by such Person or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing; and

(3) the Company delivers to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, conveyance, transfer or lease and such supplemental indenture comply with this Indenture.

The Successor will be the successor to the Company, and will be substituted for, and may exercise every right and power and become the obligor on the Trust Debt Securities with the same effect as if the Successor had been named as the Company herein but, in the case of a sale, conveyance, transfer or lease of all or substantially all of the assets of the Company, the predecessor Company will not be released from its obligation to pay the principal of and premium, if any, and interest on the Trust Debt Securities.

ARTICLE VI DEFAULTS AND REMEDIES

6.01 Events of Default.

An "Event of Default" occurs with respect to the Trust Debt Securities of any series if one of the following shall have occurred and be continuing:

(1) The Company defaults in the payment, when due and payable, of (a) interest on any Trust Debt Security of that series and the default continues for a period of 30 days; provided, that during an Extension Period for the Trust Debt Securities of that series, failure to pay interest on the Trust Debt Securities of that series shall not constitute a Default or Event of Default hereunder, or (b) the principal of or premium, if any, on any Trust Debt Securities of that series when the same becomes due and payable on the Stated Maturity Date thereof, upon acceleration, on any Redemption Date, or otherwise;

(2) The Company defaults in the performance of or fails to comply with any of its other covenants or agreements in the Trust Debt Securities of that series or this Indenture or in any supplemental indenture under which the Trust Debt Securities of that series may have been issued and such failure continues for 60 days after receipt by the Company of a "Notice of Default";

(3) The Company, pursuant to or within the meaning of any Bankruptcy Law:

- (a) commences a voluntary case or proceeding;
- (b) consents to the entry of an order for relief against it in an involuntary case or proceeding;
- (c) consents to the appointment of a Custodian of it or for all or substantially all of its property, and such Custodian is not discharged within 60 days;
- (d) makes a general assignment for the benefit of its creditors; or
- (e) admits in writing its inability to pay its debts generally as they become due; or

(4) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

- (a) is for relief against the Company in an involuntary case or proceeding;
- (b) appoints a Custodian of the Company for all or substantially all of its properties; or
- (c) orders the liquidation of the Company,

and in each case the order or decree remains unstayed and in effect for 60 days.

The foregoing will constitute an Event of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

A Default under clause (2) above is not an Event of Default until (i) the Trustee provides a "Notice of Default" to the Company or the Holders of at least 25% in aggregate principal amount of the Trust Debt Securities of that series at the time outstanding or, if that series of Trust Debt Securities is held by a Trust, the holders of at least 25% in aggregate liquidation amount of the outstanding Preferred Trust Securities of that Trust provide a "Notice of Default" to the Company and the Trustee and (ii) the Company does not cure such Default within the time specified in clause (2) above after receipt of such notice. Any such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default."

6.02 Acceleration.

If any Event of Default with respect to the Trust Debt Securities of any series other than an Event of Default under clause (3) or (4) of Section 6.01 hereof occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the Trust Debt Securities of that series then outstanding may declare the principal of all the Trust Debt Securities of that series due and payable, provided that in the case of a series of Trust Debt Securities then held by a Trust, if upon an Event of Default with respect to the Trust Debt Securities of that series the Trustee has or the Holders of at least 25% in aggregate principal amount of the Trust Debt Securities of that series have failed to declare the principal of the Trust Debt Securities of that series to be immediately due and payable, the holders of at least 25% in aggregate liquidation amount of the outstanding Preferred Trust Securities of that Trust shall have such right by a notice in writing to the Company and the Trustee. If an Event of Default specified in clause (3) or (4) of Section 6.01 hereof occurs, the principal of and interest on all the Trust Debt Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. Upon such an acceleration, such principal, together with all interest accrued thereon, shall be due and payable immediately.

The Holders of a majority in aggregate principal amount of the Trust Debt Securities of that series at the time outstanding, in each case, by notice to the Trustee, may rescind such an acceleration and its consequences if the rescission would not conflict with any judgment or

decree and if all existing Events of Default with respect to such series of Trust Debt Securities have been cured or waived except nonpayment of principal or interest that has become due solely because of acceleration, provided that if the principal of a series of Trust Debt Securities has been declared due and payable by the holders of the Preferred Series of a Trust, no rescission of acceleration will be effective unless consented to by the holders of a majority in aggregate liquidation amount of the Preferred Trust Securities of that Trust. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

6.03 Other Remedies.

If an Event of Default occurs and is continuing, the Trustee may, in its own name or as trustee of an express trust, institute, pursue and prosecute any proceeding, including, without limitation, any action at law or suit in equity or other judicial or administrative proceeding to collect the payment of principal of or premium, if any, or interest on the Trust Debt Securities of the series that is in default, to enforce the performance of any provision of the Trust Debt Securities of that series or this Indenture or to obtain any other available remedy.

The Trustee may maintain a proceeding even if it does not possess any of the Trust Debt Securities or does not produce any of the Trust Debt Securities in the proceeding. A delay or omission by the Trustee, any Holder or the holders of Preferred Trust Securities in exercising any right or remedy accruing upon an Event of Default shall not impair such right or remedy or constitute a waiver of, or acquiescence in, such Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

6.04 Waiver of Past Defaults.

If a Default or Event of Default with respect to a series of Trust Debt Securities has occurred and is continuing, the Holders of a majority in aggregate principal amount of the Trust Debt Securities of that series at the time outstanding, or, if that series of Trust Debt Securities is held by a Trust, the holders of a majority in aggregate liquidation amount of the Preferred Trust Securities of that Trust, in each case by notice to the Trustee and the Company, may waive an existing Default or Event of Default and its consequences except a Default or Event of Default in the payment of the principal of or premium, if any, or interest on any Trust Debt Security of that series. When a Default or Event of Default is waived, it is deemed cured and shall cease to exist, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any consequent right.

6.05 Control by Majority.

The Holders of a majority in aggregate principal amount of the Trust Debt Securities of each series affected or, if that series of Trust Debt Securities is held by a Trust, the holders of a majority in aggregate liquidation amount of the Preferred Trust Securities of that Trust, may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines in good faith is unduly prejudicial to the rights of other Holders or may involve the Trustee in personal liability. The Trustee may take any other action deemed proper by the

Trustee which is not inconsistent with such direction, including withholding notice to the Holders of the Trust Debt Securities of continuing default (except in the payment of the principal of (other than any mandatory sinking fund payment) or premium, if any, or interest on any Trust Debt Securities) if the Trustee considers it in the interest of the Holders of the Trust Debt Securities to do so.

6.06 Limitation on Suits.

Except as provided in Section 6.07 hereof, no holder of Trust Debt Securities or holder of Preferred Trust Securities of the Trust which is the Holder of that series of Trust Debt Securities may pursue any remedy with respect to this Indenture or the Trust Debt Securities unless:

(1) the Holders of Trust Debt Securities or the holders of such Preferred Trust Securities give to the Trustee written notice stating that an Event of Default with respect to the corresponding Trust Debt Securities is continuing;

(2) the Holders of at least 25% in aggregate principal amount of the Trust Debt Securities of that series or the holders of at least 25% in aggregate liquidation amount of such Preferred Trust Securities make a written request to the Trustee to pursue a remedy;

(3) the Holders of Trust Debt Securities or the holders of such Preferred Trust Securities provide to the Trustee reasonable security and indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the notice, the request and the offer of security and indemnity; and

(5) during such 60 day period, the Holders of a majority in aggregate principal amount of the Trust Debt Securities of that series or the holders of a majority in aggregate liquidation amount of such Preferred Trust Securities do not give the Trustee a direction inconsistent with the request.

A Holder of Trust Debt Securities or a holder of Preferred Trust Securities may not use this Indenture to prejudice the rights of another Holder or a holder of Preferred Trust Securities or to obtain a preference or priority over another Holder or holder of Preferred Trust Securities.

6.07 Rights of Holders to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of the principal of and premium (if any) or interest on the Trust Debt Securities held by such Holder, on or after the respective due dates expressed in the Trust Debt Securities (in the case of interest, as the same may be extended pursuant to Section 4.01(b) hereof) or any Redemption Date, is absolute and unconditional and such right and the right to bring suit for the enforcement of any such payment on or after such respective dates shall not be impaired or affected adversely without the consent of such Holder. If the Trust Debt Securities of a series are then held by a Trust, each holder of Preferred Trust Securities of such Trust shall have the right to bring suit for the enforcement of any payment due in respect of Trust Debt Securities of such

series based on a principal amount thereof equal to the aggregate liquidation amount of the Preferred Trust Securities of such holder.

6.08 Collection Suit by the Trustee.

If an Event of Default described in Section 6.01(1) hereof occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company or any obligor on the Trust Debt Securities for the whole amount owing with respect to the Trust Debt Securities and the amounts provided for in Section 7.07 hereof.

6.09 The Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or its properties or assets, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise:

(1) to file and prove a claim for the whole amount of the principal of and premium, if any, and interest on the Trust Debt Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding; and

(2) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Trust Debt Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

6.10 Priorities.

If the Trustee collects any money pursuant to this Article 6, it shall, subject to Article 10 hereof, pay out the money in the following order:

First: to the Trustee for amounts due under Section 7.07 hereof;

Second: to Holders of Trust Debt Securities of the particular series in respect of which or for the benefit of which such money has been collected for amounts due and unpaid on such Trust Debt Securities for the principal amount, Redemption Price or interest, if any, as the case may be, ratably, without preference or

priority of any kind, according to such amounts due and payable on such Trust Debt Securities; and

Third: the balance, if any, to the Company.

Except as otherwise set forth in the Trust Debt Securities, the Trustee may fix a Record Date and payment date for any payment to Holders pursuant to this Section 6.10.

6.11 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant (other than the Trustee) in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Company, the Trustee, a suit by a Holder of Trust Debt Securities or holder of Preferred Trust Securities pursuant to Section 6.07 hereof or a suit by Holders of Trust Debt Securities of more than 10% in aggregate principal amount of the Trust Debt Securities of any series or, if a series of Trust Debt Securities is held by a Trust, the holders of more than 10% in aggregate liquidation amount of the Preferred Trust Securities of that Trust.

6.12 Waiver of Stay; Extension or Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury or other law wherever enacted, now or at any time hereafter in force, that would prohibit or forgive the Company from paying all or any portion of the principal of or premium, if any, or interest on the Trust Debt Securities as contemplated herein or affect the covenants or the performance by the Company of its obligations under this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE VII THE TRUSTEE

7.01 Duties of the Trustee.

(a) If an Event of Default occurs and is continuing with respect to the Trust Debt Securities of any series, the Trustee shall exercise the rights and powers vested in it by this Indenture with respect to that series and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default with respect to the Trust Debt Securities of any series, (i) the Trustee need perform only those duties with respect to that series that are specifically set forth in this Indenture or the TIA and no implied covenants or

obligations shall be read into the Indenture against the Trustee; and (ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this Section 7.01(c) does not limit the effect of Section 7.01(b) hereof;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to Section 7.01(a), (b), (c) and (e) and Section 7.02 hereof.

(e) The Trustee may refuse to perform any duty or exercise any right or power or extend or risk its own funds or otherwise incur any financial liability unless it receives security and indemnity reasonably satisfactory to it against any loss, liability or expense (including reasonable counsel fees).

(f) Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. Except as otherwise provided in Section 3.05 and Section 8.01 hereof, the Trustee shall not be liable for interest on any money held by it hereunder.

7.02 Rights of the Trustee.

(a) The Trustee may conclusively rely on any document (whether in original or facsimile form) reasonably believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate and, if appropriate, an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate and Opinion of Counsel.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it reasonably believes to be authorized or within its rights or powers.

(e) The Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security and indemnity satisfactory to it against the costs, expenses and liabilities (including reasonable counsel fees) which might be incurred by it in compliance with such request or direction.

(g) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company upon ten Business Days advance written notice and during regular business hours and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(h) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(i) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture.

(j) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(k) The Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

7.03 Individual Rights of the Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Trust Debt Securities and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar or co-registrar may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11 hereof.

7.04 The Trustee's Disclaimer.

The recitals contained herein and in the Trust Debt Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representation as to the validity or sufficiency of this Indenture or of the Trust Debt Securities. The Trustee shall not be accountable for the use or application by the Company of the Trust Debt Securities or the proceeds thereof.

7.05 Notice of Defaults.

If a Default occurs and is continuing with respect to the Trust Debt Securities of any series and if it is known to the Trustee, the Trustee shall mail to each Holder of a Trust Debt Security of that series notice of the Default within 90 days after it becomes known to the Trustee unless such Default shall have been cured or waived. Except in the case of a Default described in Section 6.01(1) hereof, the Trustee may withhold such notice if and so long as a committee of its Trust Officers in good faith determines that the withholding of such notice is in the interests of the Holders of the Trust Debt Securities of that series. The Trustee shall not be charged with knowledge of any Default (except in the case of a Default under Section 6.01(1) hereof) unless a Responsible Officer assigned to the Corporate Trust Department of the Trustee shall have actual knowledge of the Default. The second sentence of this Section 7.05 shall be in lieu of the proviso to TIA Section 315(b). Said proviso is hereby expressly excluded from this Indenture, as permitted by the TIA.

7.06 Reports by Trustee to Holders.

Within 60 days after each May 15, beginning with the May 15 next following the date of this Indenture, the Trustee shall mail to each Holder, and such other holders that have submitted their names to the Trustee for such purpose, a brief report dated as of such May 15 in accordance with and to the extent required under TIA Section 313.

A copy of each report at the time of its mailing to Holders shall be filed with the Company, the SEC and any securities exchange on which the Trust Debt Securities are listed. The Company agrees to promptly notify the Trustee whenever the Trust Debt Securities become listed on any securities exchange and of any listing thereof.

7.07 Compensation and Indemnity.

The Company agrees:

(1) to pay to the Trustee from time to time such compensation as shall be agreed in writing between the Company and the Trustee for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) to reimburse the Trustee upon its request for reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses, and advances of its agents and counsel, provided that prior to any Event of Default, the Trustee shall only have one counsel), including all reasonable expenses and advances incurred or made by the Trustee in connection with any Event of Default or any membership on any creditors' committee, except any such expense or advance as may be caused by its own negligence or willful misconduct; and

(3) to indemnify the Trustee, its officers, directors and shareholders, for, and to hold it harmless against, any and all loss, claim, damage, liability or expense, including taxes (other than taxes based upon the income of the Trustee), incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this Trust, including the costs and expenses of defending itself against any claim (whether asserted by the Company, any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder.

Before, after or during an Event of Default with respect to the Trust Debt Securities of a series, the Trustee shall have a claim and lien prior to the Trust Debt Securities of that series as to all property and funds held by it hereunder for any amount owing it for its fees and expenses or any predecessor Trustee pursuant to this Section 7.07, except with respect to funds held by the Trustee or any Paying Agent in trust for the payment of principal of or premium, if any, or interest on particular Trust Debt Securities pursuant to Section 2.06 or Section 8.01 hereof.

The Company's obligations pursuant to this Section 7.07 are not subject to Article 10 of this Indenture and shall survive the discharge of this Indenture and the removal or resignation of the Trustee. When the Trustee renders services or incurs expenses after the occurrence of a Default specified in Section 6.01 hereof, the compensation for services and expenses are intended to constitute expenses of administration under any Bankruptcy Law.

7.08 Replacement of Trustee.

The Trustee may resign at any time, by so notifying the Company in writing at least 30 days prior to the date of the proposed resignation; provided, however, no such resignation shall be effective until a successor Trustee has accepted its appointment pursuant to this Section 7.08. The Holders of at least a majority in aggregate principal amount of the Trust Debt Securities at the time outstanding may remove the Trustee by so notifying the Trustee in writing and may appoint a successor Trustee, which shall be subject to the consent of the Company unless an Event of Default has occurred and is continuing. The Trustee shall resign if:

- (1) the Trustee fails to comply with Section 7.10 hereof;

- (2) the Trustee is adjudged bankrupt or insolvent;
- (3) a receiver or public officer takes charge of the Trustee or its property; or
- (4) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. Subject to payment of all amounts owing to the Trustee under Section 7.07 hereof and subject further to its lien under Section 7.07, the retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee. If a successor Trustee does not take office within one year after the retiring Trustee resigns or is removed, the retiring Trustee (at the expense of the Company), the Company or the Holders of at least a majority in aggregate principal amount of the Trust Debt Securities at the time outstanding may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10 hereof, any Holder may petition any court of competent jurisdiction for its removal and the appointment of a successor Trustee.

7.09 Successor Trustee by Merger.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

7.10 Eligibility: Disqualification.

The Trustee shall at all times satisfy the requirements of TIA Sections 310(a)(1) and 310(a)(2). The Trustee (or any Affiliate thereof which has unconditionally guaranteed the obligations of the Trustee hereunder) shall have a combined capital and surplus of at least \$50,000,000 as set forth in its most recently published annual report of condition. The Trustee shall comply with TIA Section 310(b). In determining whether the Trustee has conflicting interests as defined in TIA Section 310(b)(1), the provisions contained in the proviso to TIA Section 310(b)(1) and the Trustee's Statement of Eligibility on Form T-1 shall be deemed incorporated herein.

7.11 Preferential Collection of Claims Against the Company.

If and when the Trustee shall be or become a creditor of the Company, the Trustee shall be subject to the provisions of the TIA regarding the collection of claims against the Company.

ARTICLE VIII
SATISFACTION AND DISCHARGE OF INDENTURE;
DEFEASANCE OF CERTAIN OBLIGATIONS; UNCLAIMED MONEYS

8.01 Satisfaction and Discharge of Indenture.

The Company shall be deemed to have paid and discharged the entire indebtedness on any series of the Trust Debt Securities outstanding on the date the Company has irrevocably deposited or caused to be irrevocably deposited with the Trustee or any Paying Agent as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Trust Debt Securities of such series (1) cash (which may be held in an interest bearing account insured by the Federal Deposit Insurance Corporation) in an amount, or (2) U.S. Government Obligations, maturing as to principal and interest at such times and in such amounts as will ensure the availability of cash, or (3) a combination thereof, sufficient to pay the principal of and premium, if any, and interest on all Trust Debt Securities of such series then outstanding on the scheduled due dates therefor, provided that the following conditions shall have been met:

(A) no Default or Event of Default with respect to the Trust Debt Securities of such series has occurred and is continuing on the date of such deposit or occurs as a result of such deposit;

(B) the Company has delivered to the Trustee an Officer's Certificate certifying that there does not exist (i) a default in the payment of all or any portion of any Senior Indebtedness or (ii) any other default affecting Senior Indebtedness permitting its acceleration as the result of which the maturity of Senior Indebtedness has been accelerated;

(C) the Company has delivered to the Trustee (i) either a private Internal Revenue Service ruling or an Opinion of Counsel to the effect that, based on a change in law occurring after the execution of this Indenture, the Holders of the Trust Debt Securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to federal income tax on the same amount and in the manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred, and an Opinion of Counsel to the effect that (A) the deposit shall not result in the Company, the Trustee or, if the Trust Debt Securities of such series are held by a Trust, such Trust being deemed to be an "investment company" under the Investment Company Act of 1940, as amended, and (B) such deposit creates a valid trust in which the Holders of the Trust Debt Securities of such series have the sole beneficial interest or that the Holders of the Trust Debt Securities of such series have a nonavoidable first priority security interest in such trust; and

(D) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the defeasance contemplated by this provision have been complied with.

Upon such deposit, provisions of this Indenture with respect to such series of Trust Debt Securities shall no longer be in effect (except as to (1) the rights of registration of transfer and exchange of Trust Debt Securities of such series, (2) the replacement of apparently mutilated, defaced, destroyed, lost or stolen Trust Debt Securities of such series, (3) the rights of the Holders of the Trust Debt Securities of such series to receive payments of the principal thereof and premium, if any, and interest thereon, (4) the rights of the Holders of the Trust Debt Securities of such series as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them, (5) the obligation of the Company to maintain an office or agency for payments on and registration of transfer of the Trust Debt Securities of such series, (6) the rights, obligations and immunities of the Trustee hereunder, and (7) the obligations of the Company to the Trustee for compensation and indemnity under Section 7.07 hereof), and the Trustee shall, at the request and expense of the Company, execute proper instruments acknowledging the same.

8.02 Application by Trustee of Funds Deposited for Payment of Trust Debt Securities.

Subject to Section 8.04 hereof, all moneys deposited with the Trustee pursuant to Section 8.01 hereof shall be held in trust and applied by it to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent), to the Holders of the Trust Debt Securities of the series for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest; but such money need not be segregated from other funds except to the extent required by law.

8.03 Repayment of Moneys Held by Paying Agent.

In connection with the satisfaction and discharge of this Indenture, all moneys then held by any Paying Agent under this Indenture shall, upon demand of the Company, be repaid to it or paid to the Trustee, and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

8.04 Return of Moneys Held by the Trustee and Paying Agent Unclaimed for Three Years.

Any moneys deposited with or paid to the Trustee or any Paying Agent for the payment of the principal of and premium, if any, or interest on the Trust Debt Securities of any series and not applied but remaining unclaimed for three years after the date when such principal, premium, if any, or interest shall have become due and payable shall, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, be repaid to the Company by the Trustee or such Paying Agent, and the Holders of such Trust Debt Securities shall, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, thereafter look only to the Company for any payment which such Holder may be entitled to collect, and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease.

**ARTICLE IX
AMENDMENTS**

9.01 Without Consent of Holders.

From time to time, when authorized by a resolution of the Board of Directors, the Company and the Trustee, without notice to or the consent of any Holders of the Trust Debt Securities, may amend or supplement this Indenture:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to comply with Article 5 hereof;
- (3) to provide for uncertificated Trust Debt Securities in addition to or in place of certificated Trust Debt Securities;
- (4) to make any other change that does not in the reasonable judgment of the Company adversely affect the rights of any Holder;
- (5) to comply with any requirement of the SEC in connection with the qualification of this Indenture under the TIA; or
- (6) to set forth the terms and conditions, which shall not be inconsistent with this Indenture, of any series of Trust Debt Securities (other than the Series II Trust Debt Securities) that are to be issued hereunder and the form of Trust Debt Securities of such series.

9.02 With Consent of Holders.

The Company and the Trustee may amend this Indenture in any manner not permitted by Section 9.01 or may waive future compliance by the Company with any provisions of this Indenture with the consent of the Holders of a majority in aggregate principal amount of the Trust Debt Securities of each series affected thereby. Such an amendment or waiver may not, without the consent of each Holder of the Trust Debt Securities affected thereby:

- (1) reduce the principal amount of such Trust Debt Securities;
- (2) reduce the principal amount of such Trust Debt Securities the Holders of which must consent to an amendment of this Indenture or a waiver;
- (3) change the stated maturity of the principal of or the interest on or rate of interest on such Trust Debt Securities or the manner of calculation thereof;
- (4) change adversely to the Holders the redemption provisions of Article 3 hereof;
- (5) change the currency in respect of which the payments on such Trust Debt Securities are to be made;

(6) make any change in Article 10 hereof that adversely affects the rights of the Holders of the Trust Debt Securities or any change to any other Section hereof that adversely affects their rights under Article 10 hereof; or

(7) change Section 6.07 hereof;

provided that, in the case of the outstanding Trust Debt Securities of a series then held by a Trust, no such amendment shall be made that adversely affects the holders of the Preferred Trust Securities of that Trust, and no waiver of any Event of Default with respect to the Trust Debt Securities of that series or compliance with any covenant under this Indenture shall be effective, without the prior consent of the holders of a majority of the aggregate liquidation amount of the outstanding Preferred Trust Securities of that Trust or the holder of each such Preferred Trust Security, as applicable.

A supplemental indenture that changes or eliminates any covenant or other provision of this Indenture that has expressly been included solely for the benefit of one or more particular series of Trust Debt Securities, or which modifies the rights of the Holders of Trust Debt Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Trust Debt Securities of any other series.

It shall not be necessary for the consent of the Holders of Trust Debt Securities or holders of Preferred Trust Securities under this Section 9.02 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

If certain Holders agree to defer or waive certain obligations of the Company hereunder with respect to Trust Debt Securities held by them, such deferral or waiver shall not affect the rights of any other Holder to receive the payment or performance required hereunder in a timely manner.

After an amendment or waiver under this Section 9.02 becomes effective, the Company shall mail to each Holder a notice briefly describing the amendment or waiver. Any failure of the Company to mail such notices, or any defect therein, shall not, however, in any way impair or affect the validity of such amendment or waiver.

9.03 Compliance with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article 9 shall comply with the TIA.

9.04 Revocation and Effect of Consents; Waivers and Actions.

Until an amendment, waiver or other action by Holders becomes effective, a consent to it or any other action by a Holder of a Trust Debt Security hereunder is a continuing consent by the Holder and every subsequent Holder of that Trust Debt Security or portion of the Trust Debt Security that evidences the same obligation as the consenting Holder's Trust Debt Security, even if notation of the consent, waiver or action is not made on such Trust Debt Security. However, any such Holder or subsequent Holder may revoke the consent, waiver or action as to such Holder's Trust Debt Security or portion of the Trust Debt Security if the Trustee receives the

notice of revocation before the consent of the requisite aggregate principal amount of such Trust Debt Securities then outstanding has been obtained and not revoked. After an amendment, waiver or action becomes effective, it shall bind every Holder of the Trust Debt Securities of the related series, except as provided in Section 9.02 hereof.

The Company may, but shall not be obligated to, fix a Record Date for the purpose of determining the Persons entitled to consent to any amendment or waiver. If a Record Date is fixed, then, notwithstanding the first two sentences of the immediately preceding paragraph, only Holders of Trust Debt Securities or holders of Preferred Trust Securities, as applicable, on such Record Date or their duly designated proxies, and only those Persons, shall be entitled to consent to such amendment, supplement or waiver or to revoke any consent previously given, whether or not such Persons continue to be such after such Record Date. No such consent shall be valid or effective for more than 90 days after such Record Date.

9.05 Notation on or Exchange of Trust Debt Securities.

Trust Debt Securities of the related series authenticated and made available for delivery after the execution of any supplemental indenture pursuant to this Article 9 may, and shall, if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Trust Debt Securities so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any such supplemental indenture may be prepared and executed by the Company and authenticated and made available for delivery by the Trustee in exchange for outstanding Trust Debt Securities.

9.06 Trustee to Execute Supplemental Indentures.

The Trustee shall execute any supplemental indenture authorized pursuant to this Article 9 if the supplemental indenture does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, execute it. In executing such supplemental indenture the Trustee shall be provided with, and shall be fully protected in relying upon, an Officer's Certificate and Opinion of Counsel stating that such supplemental indenture is authorized or permitted by this Indenture.

9.07 Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article 9, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes and every Holder of Trust Debt Securities of the related series theretofore or thereafter authenticated and made available for delivery hereunder shall be bound thereby.

**ARTICLE X
SUBORDINATION**

10.01 Applicability of Article; Trust Debt Securities Subordinated to Senior Indebtedness.

- (a) The provision of this Article 10 shall be applicable to each series of Trust Debt Securities unless the Trust Debt Securities of such series provide otherwise.
- (b) If not otherwise provided with respect to the Trust Debt Securities of such series, then notwithstanding the provisions of Section 6.10 hereof or any other provision herein or in any Trust Debt Security, the Company and the Trustee and, by their acceptance thereof, the Holders of the Trust Debt Securities (i) covenant and agree that all payments by the Company of the principal of and premium, if any, and interest on the Trust Debt Securities (other than Trust Debt Securities which have been discharged pursuant to Article 8) shall be subordinated in accordance with the provisions of this Article 10 to the prior payment in full, in cash or cash equivalents, of all amounts payable on, under or in connection with Senior Indebtedness, and (ii) acknowledge that holders of Senior Indebtedness are or shall be relying on this Article 10.

10.02 Priority and Payment of Proceeds in Certain Events; Remedies Standstill.

- (a) Upon any payment or distribution of assets or securities of the Company, as the case may be, of any kind or character, whether in cash, property or securities, upon any dissolution or winding up or total or partial liquidation or reorganization of the Company, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership or other proceedings, all amounts payable on, under or in connection with Senior Indebtedness (including any interest accruing on such Senior Indebtedness subsequent to the commencement of a bankruptcy, insolvency or similar proceeding) shall first be paid in full in cash, or payment provided for in cash or cash equivalents, before the Holders or the Trustee on behalf of the Holders or the holders of Preferred Trust Securities shall be entitled to receive from the Company any payment of principal of or premium, if any, or interest on the Trust Debt Securities or distribution of any assets or securities.
- (b) No direct or indirect payment by or on behalf of the Company of principal of or premium, if any, or interest on the Trust Debt Securities (other than Trust Debt Securities which have been discharged pursuant to Article 8), whether pursuant to the terms of the Trust Debt Securities or upon acceleration or otherwise, shall be made if, any the time of such payment, there exists (i) a default in the payment of all or any portion of any Senior Indebtedness and the Trustee has received written notice thereof from the Company, from holders of Senior Indebtedness or from any trustee, representative or agent therefor, or (ii) any other default affecting Senior Indebtedness, as a result of which the maturity of Senior Indebtedness has been accelerated and the Trustee has received written notice from the Company, from holders of Senior Indebtedness or from any trustee, representative or agent therefor, and such default shall not have been cured or waived by or on behalf of the holders of such Senior Indebtedness.
- (c) If, notwithstanding the foregoing provisions prohibiting such payment or distribution, the Trustee or any Holder shall have received any payment on account of the

principal of or premium, if any, or interest on the Trust Debt Securities when such payment is prohibited by this Section 10.02 and before all amounts payable on, under or in connection with Senior Indebtedness are paid in full in cash or cash equivalents, then and in such event (subject to the provisions of Section 10.08 hereof) such payment or distribution shall be received and held in trust for the holders of Senior Indebtedness and, at the written direction of the trustee, representative or agent for the holders of the Senior Indebtedness, shall be paid to the holders of the Senior Indebtedness remaining unpaid to the extent necessary to pay such Senior Indebtedness in full in cash or cash equivalents.

Upon any payment or distribution of assets or securities referred to in this Article 10, the Trustee and the Holders shall be entitled to rely upon any order or decree of a court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are pending, and upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making any such payment or distribution, delivered to the Trustee for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of Senior Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 10.

10.03 Payments which May Be Made Prior to Notice.

Nothing in this Article 10 or elsewhere in this Indenture shall prevent (i) the Company, except under the conditions described in Section 10.02 hereof, from making payments of principal of or premium, if any, or interest on the Trust Debt Securities or from depositing with the Trustee any monies for such payments, or (ii) the application by the Trustee of any monies deposited with it for the purpose of making such payments of principal of or premium, if any, or interest on the Trust Debt Securities, to the Holders entitled thereto, unless at least one Business Day prior to the date when such payment would otherwise (except for the prohibitions contained in Section 10.02 hereof) become due and payable the Trustee shall have received the written notice provided for in Section 10.02(b)(i) or (ii) hereof.

10.04 Rights of Holders of Senior Indebtedness Not to Be Impaired.

No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time or in any way be prejudiced or impaired by any act or failure to act in good faith by any such holder, or by any noncompliance by the Company with the terms and provisions and covenants herein regardless of any knowledge thereof any such holder may have or otherwise be charged with.

The provisions of this Article 10 are intended to be for the benefit of, and shall be enforceable directly by, the holders of Senior Indebtedness. Notwithstanding anything to the contrary in this Article 10, to the extent any Holders or the Trustee have paid over or delivered to any holder of Senior Indebtedness any payment or distribution received on account of the principal of or premium (if any) or interest on the Trust Debt Securities to which any other holder of Senior Indebtedness shall be entitled to share in accordance with Section 10.02 hereof, no holder of Senior Indebtedness shall have a claim or right against any Holders or the Trustee with respect to any such payment or distribution or as a result of the failure to make payments or distributions to such other holder of Senior Indebtedness.

10.05 Trustee May Take Action to Effectuate Subordination.

Each Holder of a Trust Debt Security, by his acceptance thereof, authorizes and directs the Trustee on his behalf to take such action as may be required by the trustee, representative or agent for holders of Senior Indebtedness or by the Company to effectuate, as between the holders of Senior Indebtedness and the Holders, the subordination as provided in this Article 10 and appoints the Trustee his attorney-in-fact for any and all such purposes.

10.06 Subrogation.

Upon the payment in full, in cash or cash equivalents, of all Senior Indebtedness, any Holder shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments or distributions of assets of the Company made on such Senior Indebtedness until the Trust Debt Securities shall be paid in full; and for the purposes of such subrogation, no payments or distributions to holders of such Senior Indebtedness of any cash property or securities to which such Holders of the Trust Debt Securities would be entitled except for this Article 10, and no payment pursuant to this Article 10 to holders of such Senior Indebtedness by such Holders of the Trust Debt Securities, shall, as between the Company, its creditors other than holders of such Senior Indebtedness and such Holders of the Trust Debt Securities, be deemed to be a payment by the Company to or on account of such Senior Indebtedness, it being understood that the provisions of this Article 10 are solely for the purpose of defining the relative rights of the holders of such Senior Indebtedness, on the one hand, and such Holders of the Trust Debt Securities, on the other hand.

If any payment or distribution to which Holders of Trust Debt Securities would otherwise have been entitled but for the provisions of this Article 10 shall have been applied, pursuant to this Article 10, to the payment of all Senior Indebtedness then and in such case such Holders of the Trust Debt Securities shall be entitled to receive from the holders of such Senior Indebtedness at the time outstanding any payments or distributions received by such holders of Senior Indebtedness in excess of the amount sufficient to pay, in cash or cash equivalents, all such Senior Indebtedness in full.

10.07 Obligations of Company Unconditional; Reinstatement.

Nothing in this Article 10 or elsewhere in this Indenture or in any Trust Debt Security is intended to or shall impair, as between the Company and Holders of the Trust Debt Securities, the obligations of the Company, which are absolute and unconditional, to pay to such Holders the principal of and premium, if any, and interest on the Trust Debt Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of such Holders of the Trust Debt Securities and creditors of the Company other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or any Holder of Trust Debt Securities or holder of Preferred Trust Securities, as applicable, from exercising all remedies otherwise permitted by applicable law under this Indenture, subject to the rights, if any, under this Article 10 of the holders of such Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

The failure to make a scheduled payment of principal of or premium, if any, or interest on the Trust Debt Securities by reason of Section 10.02 shall not be construed as preventing the occurrence of an Event of Default under Section 6.01 hereof; provided, however, that if (i) the conditions preventing the making of such payment no longer exist, and (ii) such Holders of the Trust Debt Securities are made whole with respect to such omitted payments, the Event of Default relating thereto (including any failure to pay any accelerated amounts) shall be automatically waived, and the provisions of the Indenture shall be reinstated as if no such Event of Default had occurred.

10.08 Trustee Entitled to Assume Payments Not Prohibited in Absence of Notice.

The Trustee or Paying Agent shall not be charged with the knowledge of the existence of any default in the payment of all or a portion of any Senior Indebtedness or any other default affecting Senior Indebtedness, as a result of which the maturity of the Senior Indebtedness has been accelerated, unless and until the Trustee or Paying Agent shall have received written notice thereof from the Company or one or more holders of Senior Indebtedness or from any trustee, representative or agent therefor or unless the Trustee or Paying Agent otherwise had actual knowledge thereof; and, prior to the receipt of any such written notice or actual knowledge of a Responsible Officer in the Corporate Trust Department of the Trustee or Paying Agent, the Trustee or Paying Agent may conclusively assume that no such facts exist.

Unless at least one Business Day prior to the date when by the terms of this Indenture any monies are to be deposited by the Company with the Trustee or any Paying Agent for any purpose (including, without limitation, the payment of the principal of or premium, if any, or interest on any Trust Debt Security), the Trustee or Paying Agent shall have received with respect to such monies the notice provided for in Section 10.02 or a Responsible Officer in the Corporate Trust Department of the Trustee or Paying Agent shall have actual knowledge of default in the payment of all or a portion of any Senior Indebtedness or any other default affecting Senior Indebtedness as the result of which the maturity of the Senior Indebtedness has been accelerated, the Trustee or Paying Agent shall have full power and authority to receive and apply such monies to the purpose for which they were received. Neither of them shall be affected by any notice to the contrary, which may be received by either on or after such date. The foregoing shall not apply to the Paying Agent if the Company is acting as Paying Agent. Nothing in this Section 10.08 shall limit the right of the holders of Senior Indebtedness to recover payments as contemplated by Section 10.02 hereof. The Trustee or Paying Agent shall be entitled to conclusively rely on the delivery to it of a written notice by a Person representing himself or itself to be a holder of such Senior Indebtedness (or a trustee, representative or agent on behalf of such holder) to establish that such notice has been given by a holder of such Senior Indebtedness or a trustee, representative or agent on behalf of any such holder. The Trustee shall not be deemed to have any duty to the holders (and shall be fully protected in relying upon such notice) of Senior Indebtedness.

10.09 Right of Trustee to Hold Senior Indebtedness.

The Trustee and any Paying Agent shall be entitled to all of the rights set forth in this Article 10 in respect of any Senior Indebtedness at any time held by them to the same extent as

any other holder of such Senior Indebtedness, and nothing in this Indenture shall be construed to deprive the Trustee or any Paying Agent of any of its rights as such holder.

10.10 Trustee Not Fiduciary for Holders of Senior Indebtedness.

The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and, unless otherwise provided by applicable law, shall not be liable to any such holders if the Trustee shall in good faith mistakenly pay over or distribute to Holders of Securities or to the Company or to any other person cash, property or securities to which any holders of Senior Indebtedness shall be entitled by virtue of this Article or otherwise. With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants or obligations as are specifically set forth in this Article and no implied covenants or obligations with respect to holders of Senior Indebtedness shall be read into this Indenture against the Trustee.

**ARTICLE XI
MISCELLANEOUS**

11.01 Trust Indenture Act Controls.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by operation of subsection (c) of Section 318 of the TIA, the imposed duties shall control. The provisions of Sections 310 to 317, inclusive, of the TIA that impose duties on any Person (including provisions automatically deemed included in an indenture unless the indenture provides that such provisions are excluded) are a part of and govern this Indenture, except as, and to the extent, they are expressly excluded from this Indenture, as permitted by the TIA.

11.02 Notices.

Any notice, request or other communication required or permitted to be given hereunder shall be in writing and delivered, telecopied or mailed by first-class mail, postage prepaid, addressed as follows:

if to the Company:

Southwest Gas Corporation
5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Facsimile No.: (702) 364-8542
Attention: Treasurer

if to the Trustee:

BNY Midwest Trust Company
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602
Facsimile No. (312) 827-8542
Attention: Corporate Trust Department

The Company or the Trustee, by giving notice to the other, may designate additional or different addresses for subsequent notices of communications. The Company shall notify the holder, if any, of Senior Indebtedness of any such additional or different addresses of which the Company receives notice from the Trustee.

Any notice or communication given to a Holder shall be mailed or delivered to the Holder at the Holder's address as it appears on the Register of the Registrar and shall be sufficiently given if mailed within the time prescribed.

Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not received by the addressee.

If the Company mails a notice or communication to the Holders, it shall mail a copy to the Trustee and each Registrar, Paying Agent or co-Registrar.

11.03 Communication by Holders with Other Holders.

Holders may communicate, pursuant to TIA Section 312(b), with other Holders with respect to their rights under this Indenture or the Trust Debt Securities. The Company, the Trustee, the Registrar, the Paying Agent and anyone else shall have the protection of TIA Section 312(c).

11.04 Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officer's Certificate (complying with Section 11.05 hereof) stating that, in the opinion of such Officer, all conditions precedent to the taking of such action have been complied with; and

(2) if appropriate, an Opinion of Counsel (complying with Section 11.05 hereof) stating that, in the opinion of such counsel all such conditions precedent to the taking of such action have been complied with.

11.05 Statements Required in Certificate or Opinion.

Each Officer's Certificate and Opinion of Counsel with respect to compliance with a covenant or condition provided for in this Indenture shall include:

- (1) a statement that each Person making such Officer's Certificate or Opinion of Counsel has read such covenant or condition;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such Officer's Certificate or Opinion of Counsel are based;
- (3) a statement that, in the opinion of each such Person, such Person has made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (4) a statement that, in the opinion of such Person, such covenant or condition has been complied with; provided, however, that with respect to matters of fact not involving any legal conclusion, an Opinion of Counsel may rely on an Officer's Certificate or certificates of public officials.

11.06 Severability Clause.

If any provision in this Indenture or in the Trust Debt Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

11.07 Rules by Trustee, Paying Agent and Registrar.

The Trustee may make reasonable rules for action by or a meeting of Holders. The Registrar and Paying Agent may make reasonable rules for their functions.

11.08 Legal Holidays.

If any specified date (including a date for giving notice) is a Legal Holiday, the action to be taken on such date shall be taken on the next succeeding day that is not a Legal Holiday, and if such action is a payment in respect of the Trust Debt Securities, unless otherwise specified pursuant to Section 2.01 hereof no principal, premium (if any) or interest installment shall accrue for the intervening period; except that if any interest payment is due on a Legal Holiday and the next succeeding day is in the next succeeding calendar year, such payment shall be made on the Business Day immediately preceding such Legal Holiday.

11.09 Governing Law.

This Indenture and the Trust Debt Securities shall be governed by and construed in accordance with the laws of the State of New York as applied to contracts made and performed within the State of New York, without regard to its principles of conflicts of laws.

11.10 No Recourse Against Others.

No director, officer, employee or stockholder, as such, of the Company shall have any liability for any obligations of the Company under the Trust Debt Securities or this Indenture or

for any claim based on, in respect of or by reason of such obligations their creation. By accepting a Trust Debt Security, each Holder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Trust Debt Securities.

11.11 Successors.

All agreements of the Company in this Indenture and Trust Debt Securities shall bind its successors and assigns. All agreements of the Trustee in this Indenture shall bind its successors and assigns.

11.12 Multiple Original Copies of this Indenture.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. Any signed copy shall be sufficient proof of this Indenture.

11.13 No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or any subsidiary. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

11.14 Table of Contents; Headings, Etc.

The Table of Contents, Cross-Reference Table, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

11.15 Benefits of the Indenture.

Except as otherwise expressly provided herein with respect to holders of Senior Indebtedness and holders of Preferred Trust Securities, nothing in this Indenture or in the Trust Debt Securities, express or implied, shall give to any person, other than the parties hereto and their successors hereunder and the Holders of the Trust Debt Securities, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SIGNATURES

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Indenture on behalf of the respective parties hereto as of the date first above written.

SOUTHWEST GAS CORPORATION

By: _____

Name: _____

Title: _____

BNY MIDWEST TRUST COMPANY, AS TRUSTEE

By: _____

Name: _____

Title: _____

Exhibit A

SOUTHWEST GAS CORPORATION
_____ % Deferrable Interest Junior Subordinated Debenture,
Series II

No. _____

IF THE TRUST DEBT SECURITY IS TO BE A GLOBAL TRUST DEBT SECURITY, INSERT—This Trust Debt Security is a global Trust Debt Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depository or a nominee of a Depository. This Trust Debt Security is exchangeable for global Trust Debt Securities registered in the name of a person other than the Depository or its nominee only in the limited circumstances described in the Indenture, and no transfer of this Trust Debt Security (other than a transfer of this Trust Debt Security as a whole by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository) may be registered except in limited circumstances. Every Trust Debt Security delivered upon registration of transfer of, or in exchange for, or in lieu of, this global Trust Debt Security shall be a global Trust Debt Security, subject to the foregoing, except in the limited circumstances described above.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as requested by an authorized representative of DTC (or to such other entity as is requested by an authorized representative of DTC) and any payment is made to Cede & Co. (or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.)

Southwest Gas Corporation, a California corporation (the “Company”, which term includes any successor company under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____ or registered assigns, the principal sum of _____ Dollars on _____, _____, and to pay interest on said principal sum from _____, _____ or from the most recent Interest Payment Date (as defined below) to which interest has been paid or duly provided for, _____ in arrears on _____, _____, _____ and _____, commencing _____, 200_ (each, an “Interest Payment Date”) at a rate equal to _____ until the principal hereof shall have become due and payable, and on any overdue principal and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate per annum. In the event that any Interest Payment Date is not a Business Day, then interest will be payable on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. The interest installment so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the

Person in whose name this Trust Debt Security is registered at the close of business on the Regular Record Date for such interest installment, which shall be the day (whether or not a Business Day) preceding the applicable Interest Payment Date, provided that if all of the Series II Trust Debt Securities (as defined below) are then held by Southwest Gas Capital II (the "Trust") or the Series II Trust Debt Securities are held in book-entry-only form, the Regular Record Date shall be the close of business on the Business Day next preceding such Interest Payment Date. Any such interest installment not punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and may be paid to the Person in whose name this Trust Debt Security is registered at the close of business on a Special Record Date to be fixed by the Trustee (as defined below) for the payment of such defaulted interest, notice whereof shall be given to the Holders of the Series II Trust Debt Securities not less than 7 days prior to such Special Record Date, as more fully provided in the Indenture.

Payment of the principal of, premium, if any, and interest on this Trust Debt Security will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of interest on an Interest Payment Date will be made by check mailed to the Holder hereof at the address shown in the Register or, at the option of the Holder hereof, to such other place in the United States of America as the Holder hereof shall designate to the Trustee in writing. At the request of a Holder of at least \$10,000,000 aggregate principal amount of Series II Trust Debt Securities, interest on such Trust Debt Securities will be payable by wire transfer within the continental United States in immediately available funds to the bank account number specified in writing by such Holder to the Registrar prior to the Regular Record Date.

The principal and any premium and interest due hereon on the Stated Maturity Date or a Redemption Date (other than an Interest Payment Date) will be paid in immediately available funds only upon surrender of this Trust Debt Security at the principal corporate office of BNY Midwest Trust Company, Paying Agent, in Chicago, Illinois, or at such other office or agency of the Paying Agent as the Company shall designate by written notice to the Holder of this Trust Debt Security.

The indebtedness evidenced by this Trust Debt Security is, to the extent provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness, and this Trust Debt Security is issued subject to the provisions of the Indenture with respect thereto. The Holder of this Trust Debt Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination so provided and (c) appoints the Trustee his attorney-in-fact for any and all such purposes. The Holder of this Trust Debt Security, by his acceptance hereof, hereby waives all notice of the acceptance of the subordination provisions contained herein and in the Indenture by each holder of Senior Indebtedness, whether now outstanding or hereafter incurred, and waives reliance by each such holder upon said provisions.

This Trust Debt Security is one of a duly authorized series of Trust Debt Securities of the Company (herein sometimes referred to as the "Series Trust Debt Securities"), specified in the Indenture, limited in aggregate principal amount to \$ _____, issued under and pursuant to an Indenture dated as of _____, 2003 (the "Indenture") executed and delivered

between the Company and BNY Midwest Trust Company, as trustee (the "Trustee"). The Series II Trust Debt Securities are initially being issued to the Trust, to be held on behalf of the Trust by its property trustee (the "Property Trustee"). Concurrently with the issuance of the Series II Trust Debt Securities, the Trust is issuing its trust securities, representing undivided beneficial interests in the assets of the Trust and having an aggregate liquidation amount equal to the principal amount of the Series II Trust Debt Securities, including the Trust's Preferred Trust Securities, (the "Preferred Trust Securities"). By the terms of the Indenture, Trust Debt Securities are issuable in series which may vary as to amount, date of maturity, rate of interest and in other respects as in the Indenture provided. Reference is made to the Indenture for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and Holders of the Trust Debt Securities. Each term used in this Trust Debt Security which is defined in the Indenture and not defined herein shall have the meaning assigned to it in the Indenture.

At the option of the Company, the Series Trust Debt Securities are redeemable prior to maturity (i) at any time on or after , 20 , in whole or in part, and (ii) if a Special Event shall occur and be continuing, in whole (but not in part), at a price equal to plus accrued interest to the Redemption Date. A "Special Event" means either a "Tax Event" or an "Investment Company Event", as the case may be. "Tax Event" means that the Company shall have received an opinion of independent tax counsel (which may be regular counsel to the Company or an Affiliate, but not an employee thereof and which must be acceptable to the Property Trustee of the Trust) experienced in such matters to the effect that, as a result of any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein affecting taxation, or as a result of any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, which amendment or change is effective or such interpretation or pronouncement is announced on or after the date of original issuance of Preferred Trust Securities, there is more than an insubstantial risk that (i) the Trust is, or will be within 90 days of the date of such opinion, subject to United States Federal income tax with respect to interest received or accrued on the Trust Debt Securities, (ii) interest payable by the Company to the Trust on the Series II Trust Debt Securities is not, or within 90 days of the date thereof will not be, deductible by the Company, in whole or in part, for United States Federal income tax purposes or (iii) the Trust is, or will be within 90 days of the date thereof, subject to more than a de minimis amount of other taxes, duties, assessments or other governmental charges. "Investment Company Event" means that the Company shall have received an opinion of independent counsel (which may be regular counsel to the Company or an Affiliate, but not an employee thereof and which must be acceptable to the Property Trustee of the Trust) experienced in such matters to the effect that, as a result of the occurrence of any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or securities authority thereof or therein affecting regulation of investment companies, or as a result of any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, which amendment or change is effective or such interpretation or pronouncement is announced on or after the date of original issuance of Preferred Trust Securities, there is more than an insubstantial risk that the Trust is or will be considered an "investment company" that is required to be registered under the Investment Company Act of 1940, as amended.

At least 30 days but not more than 60 days before the Redemption Date, the Trustee shall mail or cause to be mailed a notice of redemption by first-class mail, postage prepaid, to each Holder of Series II Trust Debt Securities to be redeemed.

In the event of redemption of this Trust Debt Security in part only, a new Series II Trust Debt Security or Trust Debt Securities for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

In case an Event of Default with respect to the Series II Trust Debt Securities occurs and is continuing, the principal of and premium, if any, and interest on the Series II Trust Debt Securities may (and, in certain circumstances, shall) be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Trust Debt Security upon compliance by the Company with certain conditions set forth therein.

Subject to certain exceptions in the Indenture which require the consent of every Holder, the Company and the Trustee may amend the Indenture or may waive future compliance by the Company with any provisions of the Indenture, with the consent of the Holders of at least a majority in aggregate principal amount of the Trust Debt Securities of each series affected thereby, provided that if the Series II Trust Debt Securities are held by the Trust, no such amendment or waiver that adversely affects the holders of the Preferred Trust Securities shall be effective without the prior consent of the holders of at least a majority in aggregate liquidation amount of the outstanding Preferred Trust Securities. Subject to certain exceptions in the Indenture, without the consent of any Holder, the Company and the Trustee may amend the Indenture to cure any ambiguity, defect or inconsistency, to bind a successor to the obligations of the Indenture, to provide for uncertificated Trust Debt Securities in addition to certificated Trust Debt Securities, to comply with any requirements of the Trust Debt Securities and the Securities and Exchange Commission in connection with the qualification of the Indenture under the TIA, or to make any change that, in the reasonable judgment of the Company, does not adversely affect the rights of any Holder. Amendments bind all Holders and subsequent Holders.

No reference herein to the Indenture and no provision of this Trust Debt Security or the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and premium, if any, and interest on this Trust Debt Security at the time and place and at the rate and in the money herein prescribed.

So long as no Event of Default with respect to the Series II Trust Debt Securities has occurred and is continuing, the Company shall have the right at any time and from time to time to extend the interest payment period of the Series II Trust Debt Securities for up to _____ consecutive periods (the "Extension Period"), provided that no Extension Period shall extend beyond the Stated Maturity Date or Redemption Date of any Series II Trust Debt Security. At the end of the Extension Period, the Company shall pay all interest then accrued and unpaid (together with interest thereon at the rate specified for the Series II Trust Debt Securities, compounded _____, to the extent that payment of such interest is enforceable under

applicable law). Prior to the termination of any such Extension Period, the Company may further extend such Extension Period, provided that such Extension Period, together with all such previous and further extensions, shall not exceed _____ consecutive periods and shall not extend beyond the Stated Maturity Date or Redemption Date of any Series II Trust Debt Security. At the termination of any such Extension Period and upon the payment of all amounts then due, the Company may elect to begin a new Extension Period, subject to the foregoing restrictions.

Series II Trust Debt Securities are issuable only in registered form without coupons in denominations of \$ _____ and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, this Trust Debt Security is exchangeable for a like aggregate principal amount of Series II Trust Debt Securities of a different authorized denomination, as requested by the Holder surrendering the same.

As provided in the Indenture and subject to certain limitations therein set forth, this Trust Debt Security is transferable by the Holder hereof upon surrender of this Trust Debt Security for registration of transfer at the office or agency of the Registrar accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Series II Trust Debt Securities of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be made for any such transfer, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in relation thereto.

Prior to presentment for registration of transfer of this Trust Debt Security, the Company, the Trustee, any Paying Agent and any Registrar may deem and treat the Holder hereof as the absolute owner hereof (whether or not this Trust Debt Security shall be overdue and notwithstanding any notice of ownership or writing hereon made by anyone other than the Registrar) for the purpose of receiving payment of or on account of the principal hereof and premium, if any, and interest due hereon and for all other purposes, and neither the Company nor the Trustee nor any Paying Agent nor any Registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this Trust Debt Security, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture, against any incorporator, shareholder, officer or director, past, present or future, as such, of the Company or of any predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issuance hereof, expressly waived and released.

This Trust Debt Security shall not be valid until an authorized signatory of the Trustee manually signs and dates the Trustee's Certificate of Authentication below.

IN WITNESS WHEREOF, the Company has caused this Trust Debt Security to be signed manually or by facsimile by its duly authorized officers and a facsimile of its corporate seal to be affixed hereto or imprinted hereon.

SOUTHWEST GAS CORPORATION

[SEAL]

By: _____
Name: _____
Title: _____

Attest:

(Assistant) Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Trust Debt Securities, of the series designated, referred to in the within-mentioned Indenture.

BNY MIDWEST TRUST COMPANY, as Trustee

By: _____
Authorized Signatory

Dated: _____

ASSIGNMENT FORM

To assign this Trust Debt Security, fill in the form below: (I) or (we) assign and transfer this Trust Debt Security to:

(Insert assignee's social security or tax I.D. number)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ agent to transfer this Trust Debt Security on the books of the Register. The agent may substitute another to act for him.

Dated: _____

Signature: _____

(Sign exactly as your name appears on the other side of this Trust Debt Security)

Signature Guaranty: _____

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

[Letterhead of O'Melveny & Myers LLP]

June 23, 2003

Southwest Gas Corporation
5241 Spring Mountain Road
Las Vegas, Nevada 89150

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as special counsel to Southwest Gas Corporation, a California corporation (the "Company"), in connection with the preparation of the Registration Statement on Form S-3 (the "Registration Statement") to be filed by the Company and Southwest Gas Capital II, Southwest Gas Capital III and Southwest Gas Capital IV (each, a "Trust" and collectively, the "Trusts") with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement relates to the issuance and sale from time to time, pursuant to Rule 415 of the General Rules and Regulations of the Commission promulgated under the Securities Act, of the following securities of the Company with an aggregate initial public offering price of up to \$300,000,000: (i) unsecured and unsubordinated debt securities (the "Debt Securities"), to be issued in one or more series under an indenture dated as of July 26, 1996 (the "Indenture") between the Company and BNY midwest Trust Company, as successor trustee (the "Trustee"), as it may be supplemented or amended from time to time; (ii) shares of the Company's preferred stock, no par value (the "Preferred Stock"), to be issued in one or more series; (iii) shares of the Company's depository shares (the "Depository Shares"); (iv) shares of the Company's common stock, par value \$1.00 per share (the "Common Stock"); (v) guarantees of the Company (the "Guarantees") with respect to the preferred trust securities of each of the Trusts (the "Preferred Trust Securities"), including certain back-up undertakings; and (vi) trust debt securities (the "Trust Debt Securities"), to be issued in one or more series under an indenture (the "Trust Debt Indenture") to be entered between the Company and BNY Midwest Trust Company, as trustee (the "Trust Debt Indenture Trustee"). The Debt Securities, the Preferred Stock, the Depository Shares, the Common Stock, the Guarantees and the Trust Debt Securities are collectively referred to herein as the "Offered Securities." This opinion is being furnished in accordance with the requirements of Item 601(b)(5) of Regulation S-K promulgated under the Securities Act.

In our capacity as such counsel, we have examined originals or copies of those corporate and other records and documents we considered appropriate, including the following:

- (i) the Registration Statement;
- (ii) the Indenture;
- (iii) the proposed form of Deposit Agreement, including the form of Deposit Receipt attached as Exhibit A thereto;
- (iv) a specimen certificate representing the Common Stock;
- (v) the proposed form of the Guarantee;
- (vi) the proposed form of the Trust Debt Indenture;
- (vii) the Restated Articles of Incorporation of the Company, as presently in effect;
- (viii) the Amended Bylaws of the Company, as presently in effect; and
- (ix) resolutions of the Board of Directors of the Company adopted at a meeting duly held on June 20, 2003 (the "Board Resolutions") relating to the issuance and sale of the Offered Securities and related matters.

We have obtained and relied upon those certificates of public officials as we considered appropriate.

We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as copies. To the extent that the Company's obligations will depend on the enforceability of a document against other parties to such document, we assume such document is enforceable against such other parties. We have also assumed that the Company will have obtained all necessary approvals from the California Public Utilities Commission prior to the issuance of any Offered Securities.

We do not express any opinion as to the laws of any jurisdiction other than those of the States of California and New York.

On the basis of such examination, our reliance upon the assumptions in this opinion and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. With respect to any series of Debt Securities (the "Offered Debt Securities"), when (i) the Board of Directors of the Company have taken all necessary corporate action to fix and determine the terms of the Offered Debt Securities in accordance with the Board Resolutions; (ii) the terms of the Offered Debt Securities and of their issuance and sale have been duly established in conformity with the Indenture; (iii) either (a) the Offered Debt Securities have been duly executed and authenticated in accordance with the terms of the Indenture and duly delivered to the purchasers thereof or (b) the book entry of the Offered Debt Securities by the Trustee in the name of The Depository Trust Company ("DTC") or its nominee has been effected; and (iv) the Company receives the agreed-upon consideration therefor, the issuance and sale of the Offered Debt Securities (including any Offered Debt Securities duly issued upon

exchange or conversion of any shares of Preferred Stock that are exchangeable or convertible into Debt Securities) will have been duly authorized by all necessary corporate action on the part of the Company, and the Offered Debt Securities will constitute valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as may be limited by (1) bankruptcy, insolvency, reorganization, moratorium or similar laws relating to creditors' rights generally (including, without limitation, fraudulent conveyance laws), (2) general principles of equity including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding at law or in equity, (3) requirements that a claim with respect to any Offered Debt Securities denominated other than in United States dollars (or a judgment denominated other than in United States dollars in respect of such claim) be converted into United States dollars at a rate of exchange prevailing on a date determined pursuant to applicable law, and (4) governmental authority to limit, delay or prohibit the making of payments outside the United States or in foreign currency or composite currency.

2. With respect to the shares of any series of Preferred Stock (the "Offered Preferred Stock"), when (i) the Board of Directors has taken all necessary corporate action to fix and determine the terms of the Offered Preferred Stock in accordance with the Board Resolutions, including the adoption of a Certificate of Determination for such Preferred Stock in the form required by applicable law; (ii) such Certificate of Determination has been duly filed with the Secretary of State of the State of California; (iii) either (a) certificates representing the shares of the Offered Preferred Stock have been manually signed by an authorized officer of the transfer agent and registrar for the Preferred Stock and registered by such transfer agent and registrar, and delivered to the purchasers thereof or (b) the book entry of the Offered Preferred Stock by the transfer agent for the Company's Preferred Stock in the name of DTC or its nominee has been effected; and (iv) the Company receives consideration per share of the Offered Preferred Stock in such amount as may be determined by the Board of Directors in the form of money paid, labor done, services actually rendered to the Company or for its benefit, debts or securities cancelled or tangible or intangible property actually received by the Company or its wholly owned subsidiary (other than promissory notes, unless the promissory notes are adequately secured by collateral other than the Offered Preferred Shares, or future services), or a combination thereof, the issuance and sale of the shares of Offered Preferred Stock will have been duly authorized by all necessary corporate action on the part of the Company, and such shares will be validly issued, fully paid and nonassessable.

3. With respect to the shares of Depositary Shares (the "Offered Depositary Shares"), when (i) the Board of Directors has taken all necessary corporate action to fix and determine the terms of the Depositary Shares and underlying Preferred Stock in accordance with the Board Resolutions, including the adoption of a Certificate of Determination for such Preferred Stock in the form required by applicable law; (ii) such Certificate of Determination has been duly filed with the Secretary of State of California; (iii) the Deposit Agreement has been duly executed and delivered; (iv) certificates representing the shares of the underlying Preferred Stock have been manually signed by an authorized officer of the transfer agent and registrar for such Preferred Stock and delivered in the manner provided in the Deposit Agreement; (v) either

(a) certificates representing the shares of the Offered Depositary Shares have been manually signed by an authorized officer of such transfer agent and registrar, and delivered to the purchasers thereof, or (b) the book entry of the Offered Depositary Shares in the name of DTC or its nominee has been effected; and (vi) the Company receives consideration per share of the Depositary Shares in such amount as may be determined by the Board of Directors in the form of money paid, labor done, services actually rendered to the Company or for its benefit, debts or securities cancelled or tangible or intangible property actually received by the Company or its wholly owned subsidiary (other than promissory notes, unless the promissory notes are adequately secured by property other than the Depositary Shares or the underlying Preferred Shares, or future services), or a combination thereof, the issuance and sale of the shares of Offered Depositary Shares will have been authorized by all necessary corporate action on the part of the Company, and such shares will be validly issued, fully paid and nonassessable.

4. With respect to the shares of Common Stock (the “Offered Common Stock”), when (i) the Board of Directors has taken all necessary corporate action to authorize the issuance and sale of the Offered Common Stock in accordance with the Board Resolutions; (ii) either (a) certificates representing the shares of the Offered Common Stock in the form of the specimen certificates examined by us have been manually signed by an authorized officer of the transfer agent and registrar for the Common Stock and registered by such transfer agent and registrar and delivered to the purchasers thereof or (b) the book entry of the Offered Common Stock by the transfer agent for the Company’s Common Stock in the name of DTC or its nominee has been effected; and (iii) the Company receives consideration per share of the Offered Common Stock in such an amount as may be determined by the Board of Directors in the form of money paid, labor done, services actually rendered to the Company or for its benefit, debts or securities cancelled or tangible or intangible personal property of the Company or its wholly owned subsidiary (other than promissory notes, unless the promissory notes are adequately secured by collateral other than the Offered Common Stock, or future services), or a combination thereof, the issuance and sale of the shares of Offered Common Stock (including any Offered Common Stock duly issued upon exchange or conversion of any Debt Securities or shares of Preferred Stock or Depositary Shares that are exchangeable or convertible into Common Stock) will have been duly authorized by all necessary corporate action on the part of the Company, and such shares will be validly issued, fully paid and nonassessable.

5. With respect to the Guarantees (the “Offered Guarantees”), when (i) the Board of Directors has taken all necessary corporate action to authorize the issuance of the Offered Guarantees in accordance with the Board Resolutions; (ii) the Offered Guarantees have been duly executed and delivered by an authorized officer of the Company, (iii) the related Preferred Trust Securities have been duly authorized, executed and delivered in conformity with the respective trust agreements governing the Trusts, as such agreements may be amended from time to time; and (iv) the Company receives the agreed-upon consideration therefor, the Offered Guarantees will constitute legally valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as may be limited by (1) bankruptcy, insolvency, reorganization, moratorium or similar laws relating to creditors’ rights generally (including, without limitation, fraudulent conveyance laws), (2) general principles of equity including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing

and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding at law or in equity, and (3) the unenforceability under certain circumstances of waivers of rights granted by law where the waivers are against public policy or prohibited by law.

6. With respect to any series of Trust Debt Securities (the “Offered Trust Debt Securities”), when (i) the Board of Directors of the Company have taken all necessary corporate action to fix and determine the terms of the Offered Trust Debt Securities in accordance with the Board Resolutions; (ii) the terms of the Offered Trust Debt Securities and of their issuance and sale have been duly established in conformity with the Trust Debt Indenture; (iii) the Trust Debt Indenture has been duly executed and delivered; (iv) either (a) the Offered Trust Debt Securities have been duly executed and authenticated in accordance with the terms of the Trust Debt Indenture and duly delivered to the purchasers thereof or (b) the book entry of the Offered Trust Debt Securities by the Trust Debt Indenture Trustee in the name of DTC or its nominee has been effected; and (v) the Company receives the agreed-upon consideration therefor, the issuance and sale of the Offered Trust Debt Securities will have been duly authorized by all necessary corporate action on the part of the Company, and the Offered Trust Debt Securities will constitute valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as may be limited by (1) bankruptcy, insolvency, reorganization, moratorium or similar laws relating to creditors’ rights generally (including, without limitation, fraudulent conveyance laws), and (2) general principles of equity including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding at law or in equity.

Notwithstanding the foregoing, the opinions expressed above with respect to the Offered Debt Securities shall be deemed not to address the application of the Commodity Exchange Act, as amended, or the rules, regulations or interpretations of the Commodity Futures Trading Commission to Offered Debt Securities the payment or interest on which will be determined by reference to one or more currency exchange rates, commodity prices, equity indices or other factors.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement. We also consent to the reference to our firm under the caption “Legal Matters” in the Registration Statement.

Respectfully submitted,

O’Melveny & Myers LLP

[Letterhead of Richards, Layton & Finger, P.A.]

June 24, 2003

Southwest Gas Capital Trust II
Southwest Gas Capital Trust III
Southwest Gas Capital Trust IV
c/o Southwest Gas Corporation
5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada 89193-8510

Re: Southwest Gas Capital Trust II, Southwest Gas Capital Trust III and Southwest Gas Capital Trust IV

Ladies and Gentlemen:

We have acted as special Delaware counsel for Southwest Gas Capital Trust II, Southwest Gas Capital Trust III and Southwest Gas Capital Trust IV, each a Delaware statutory trust (each, a "Trust" and collectively, the "Trusts"), in connection with the matters set forth herein. At your request, this opinion is being furnished to you.

For purposes of giving the opinions hereinafter set forth, our examination of documents has been limited to the examination of originals or copies of the following:

- (a) The Trust Agreement for each of the Trusts, each dated as of June 23, 2003 (collectively, the "Original Trust Agreements"), by and among Southwest Gas Corporation, a California corporation, as depositor (the "Depositor"), and the trustees of the Trust named therein;
- (b) A certified copy of the Certificate of Trust for each of the Trusts (collectively, the "Certificates of Trust"), each as filed with the Office of the Secretary of State of the State of Delaware (the "Secretary of State") on June 23, 2003;
- (c) A form of Amended and Restated Trust Agreement for each Trust, among the Sponsor, the trustees of the Trust named therein and the holders, from time to time, of the undivided beneficial ownership interests in the assets of such Trust (collectively, the "Amended and Restated Trust Agreements;" and, together with the Original Declarations of Trust, the "Trust Agreements");
- (d) The Registration Statement on Form S-3 (the "Registration Statement"), including a preliminary prospectus (the "Prospectus"), relating to, among other securities, the Preferred Trust Securities of each Trust representing

preferred undivided beneficial ownership interests in the assets of each Trust, filed by the Depositor and the Trusts with the Securities and Exchange Commission (the "Commission") on or about June 24, 2003; and

- (e) A Certificate of Good Standing for each Trust, each dated June 24, 2003, obtained from the Secretary of State.

Initially capitalized terms used herein and not otherwise defined are used as defined in the Trust Agreements, except that reference herein to any document shall mean such document as in effect on the date hereof.

For purposes of this opinion, we have not reviewed any documents other than the documents listed in paragraphs (a) through (e) above. In particular, we have not reviewed any document (other than the documents listed in paragraphs (a) through (e) above) that is referred to in or incorporated by reference into the documents reviewed by us. We have assumed that there exists no provision in any document that we have not reviewed that bears upon or is inconsistent with the opinions stated herein. We have conducted no independent factual investigation of our own but rather have relied solely upon the foregoing documents, the statements and information set forth therein and the additional matters recited or assumed herein, all of which we have assumed to be true, complete and accurate in all material respects.

With respect to all documents examined by us, we have assumed (i) the authenticity of all documents submitted to us as authentic originals, (ii) the conformity with the originals of all documents submitted to us as copies or forms, and (iii) the genuineness of all signatures.

For purposes of this opinion, we have assumed (i) that each Trust Agreement will constitute the entire agreement among the parties thereto with respect to the subject matter thereof, including with respect to the creation, operation and termination of each Trust, that the Certificates of Trust are in full force and effect and have not been further amended and that the Trust Agreements will be in full force and effect and will be executed in substantially the forms reviewed by us, (ii) except to the extent provided in paragraph 1 below, the due creation or due organization or due formation, as the case may be, and valid existence in good standing of each party to the documents examined by us under the laws of the jurisdiction governing its creation, organization or formation, (iii) the legal capacity of natural persons who are parties to the documents examined by us, (iv) except to the extent provided in paragraph 2 below, that each of the parties to the documents examined by us has the power and authority to execute and deliver, and to perform its obligations under, such documents, (v) except to the extent provided in paragraph 2 below, the due authorization, execution and delivery by all parties thereto of all documents examined by us, (vi) the receipt by each Person to whom Preferred Trust Securities are to be issued by the Trusts (collectively, the "Preferred Trust Security Holders") of a Preferred Trust Security Certificate for such Preferred Trust Security and the payment for the Preferred Trust Security acquired by it, in accordance with the Trust Agreements and the Registration Statement, and (vii) that the Preferred Trust Securities are issued and sold to the Preferred Trust

Security Holders in accordance with the Trust Agreements and the Registration Statement. We have not participated in the preparation of the Registration Statement or Prospectus and assume no responsibility for their contents.

This opinion is limited to the laws of the State of Delaware (excluding the securities laws of the State of Delaware), and we have not considered and express no opinion on the laws of any other jurisdiction, including federal laws and rules and regulations relating thereto. Our opinions are rendered only with respect to Delaware laws and rules, regulations and orders thereunder which are currently in effect.

Based upon the foregoing, and upon our examination of such questions of law and statutes of the State of Delaware as we have considered necessary or appropriate, and subject to the assumptions, qualifications, limitations and exceptions set forth herein, we are of the opinion that:

1. Each Trust has been duly created and is validly existing in good standing as a statutory trust under the Delaware Statutory Trust Act, 12 Del. C. § 3801, et seq.
2. The Preferred Trust Securities of each Trust have been duly authorized by each Trust Agreement and, when executed and delivered to and paid for by the purchasers thereof in accordance with the applicable Trust Agreement and the Registration Statement, will be duly and validly issued and, subject to the qualifications set forth in paragraph 3 below, fully paid and non-assessable undivided beneficial interests in the assets of the applicable Trust.
3. The Preferred Trust Security Holders, as beneficial owners of the Trusts, will be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware. We note that the Preferred Trust Security Holders may be obligated to make payments as set forth in the Trust Agreement.

We consent to the filing of this opinion with the Securities and Exchange Commission as an exhibit to the Registration Statement. In addition, we hereby consent to the reference to us as local counsel under the heading "Legal Matters" in the Prospectus. In giving the foregoing consents, we do not thereby admit that we come within the category of Persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

Richards, Layton & Finger, P.A.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated March 3, 2003 relating to the financial statements, which appears in the 2002 Annual Report to Shareholders, which is incorporated by reference in Southwest Gas Corporation's Annual Report on Form 10-K for the year ended December 31, 2002. We also consent to the references to us under the headings "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

June 23, 2003

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) []

BNY MIDWEST TRUST COMPANY
(formerly known as CTC Illinois Trust Company)
(Exact name of trustee as specified in its charter)

Illinois
(State of incorporation
if not a U.S. national bank)

36-3800435
(I.R.S. employer
identification no.)

2 North LaSalle Street
Suite 1020
Chicago, Illinois
(Address of principal executive offices)

60602
(Zip code)

SOUTHWEST GAS CORPORATION
(Exact name of obligor as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

88-0085720
(I.R.S. employer
identification no.)

5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada
(Address of principal executive offices)

89193
(Zip code)

Debt Securities
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

| Name | Address |
|--|--|
| Office of Banks & Trust Companies of the State of Illinois | 500 E. Monroe Street Springfield, Illinois 62701-1532 |
| Federal Reserve Bank of Chicago | 230 S. LaSalle Street Chicago, Illinois 60603 |

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of Articles of Incorporation of BNY Midwest Trust Company (formerly CTC Illinois Trust Company, formerly Continental Trust Company) as now in effect. (Exhibit 1 to Form T-1 filed with the Registration Statement No. 333-47688.)
- 2,3. A copy of the Certificate of Authority of the Trustee as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 2 to Form T-1 filed with the Registration Statement No. 333-47688.)
4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with the Registration Statement No. 333-47688.)
6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with the Registration Statement No. 333-47688.)
7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, BNY Midwest Trust Company, a corporation organized and existing under the laws of the State of Illinois, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of Chicago, and State of Illinois, on the 13th day of June, 2003.

BNY Midwest Trust Company

By: /S/ DANIEL DONOVAN

Name: DANIEL DONOVAN

Title: ASSISTANT VICE PRESIDENT

EXHIBIT 7**OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES****CONSOLIDATED REPORT OF CONDITION****OF**

BNY Midwest Trust Company

209 West Jackson Boulevard

Suite 700

Chicago, Illinois 60606

Including the institution's domestic and foreign subsidiaries completed as of the close of business on March 31, 2003, submitted in response to the call of the Office of Banks and Real Estate of the State of Illinois.

| | ASSETS | THOUSANDS OF DOLLARS |
|-----|---|----------------------|
| 1. | Cash and Due from Depository Institutions | 24,268 |
| 2. | U.S. Treasury Securities | - 0 - |
| 3. | Obligations of States and Political Subdivisions | - 0 - |
| 4. | Other Bonds, Notes and Debentures | - 0 - |
| 5. | Corporate Stock | - 0 - |
| 6. | Trust Company Premises, Furniture, Fixtures and Other Assets Representing Trust Company Premises | 878 |
| 7. | Leases and Lease Financing Receivables | - 0 - |
| 8. | Accounts Receivable | 3,692 |
| 9. | Other Assets (Itemize amounts greater than 15% of Line 9) Goodwill and Intangibles 86,813 | 86,911 |
| 10. | TOTAL ASSETS | |

OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES
CONSOLIDATED REPORT OF CONDITION

OF

BNY Midwest Trust Company

209 West Jackson Boulevard

Suite 700

Chicago, Illinois 60606

| | LIABILITIES | THOUSANDS OF DOLLARS |
|-----|---|----------------------|
| 11. | Accounts Payable | - 0 - |
| 12. | Taxes Payable | - 0 - |
| 13. | Other Liabilities for Borrowed Money | 25,425 |
| 14. | Other Liabilities (Itemize amounts greater than 15% of Line 9) | - 0 - |
| | Reserve for Taxes 3,991 | |
| | Taxes Due to Parent Company 2,934 | 7,199 |
| 15. | TOTAL LIABILITIES | 32,624 |
| | EQUITY CAPITAL | |
| 16. | Preferred Stock | - 0 - |
| 17. | Common Stock | 2,000 |
| 18. | Surplus | 62,130 |
| 19. | Reserve for Operating Expenses | - 0 - |
| 20. | Retained Earnings (Loss) | 18,995 |
| 21. | TOTAL EQUITY CAPITAL | 83,125 |
| 22. | TOTAL LIABILITIES AND EQUITY CAPITAL | 115,749 |

I, Keith A. Mica, Vice President

(Name and Title of Officer Authorized to Sign Report)

of BNY Midwest Trust Company certify that the information contained in this statement is accurate to the best of my knowledge and belief. I understand that submission of false information with the intention to deceive the Commissioner or his Administrative officers is a felony.

/s/ Keith A. Mica

(Signature of Officer Authorized to Sign Report)

Sworn to and subscribed before me this 30th day of April, 2003

My Commission expires May 15, 2007.

/s/ Joseph A. Giacobino, Notary Public

(Notary Seal)

Person to whom Supervisory Staff should direct questions concerning this report.

Christine Anderson

Name

(212) 503-4204

Telephone Number (Extension)

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) []

BNY MIDWEST TRUST COMPANY
(formerly known as CTC Illinois Trust Company)
(Exact name of trustee as specified in its charter)

Illinois
(State of incorporation
if not a U.S. national bank)

36-3800435
(I.R.S. employer
identification no.)

2 North LaSalle Street
Suite 1020
Chicago, Illinois
(Address of principal executive offices)

60602
(Zip code)

SOUTHWEST GAS CORPORATION
(Exact name of obligor as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

88-0085720
(I.R.S. employer
identification no.)

5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada
(Address of principal executive offices)

89193
(Zip code)

Trust Debt Securities, Series II
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

| Name | Address |
|--|--|
| Office of Banks & Trust Companies of the State of Illinois | 500 E. Monroe Street Springfield, Illinois 62701-1532 |
| Federal Reserve Bank of Chicago | 230 S. LaSalle Street Chicago, Illinois 60603 |

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of Articles of Incorporation of BNY Midwest Trust Company (formerly CTC Illinois Trust Company, formerly Continental Trust Company) as now in effect. (Exhibit 1 to Form T-1 filed with the Registration Statement No. 333-47688.)
- 2,3. A copy of the Certificate of Authority of the Trustee as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 2 to Form T-1 filed with the Registration Statement No. 333-47688.)
4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with the Registration Statement No. 333-47688.)
6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with the Registration Statement No. 333-47688.)
7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, BNY Midwest Trust Company, a corporation organized and existing under the laws of the State of Illinois, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of Chicago, and State of Illinois, on the 20th day of June, 2003.

BNY Midwest Trust Company

By: /S/ DANIEL DONOVAN

Name: DANIEL DONOVAN

Title: ASSISTANT VICE PRESIDENT

EXHIBIT 7**OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES****CONSOLIDATED REPORT OF CONDITION****OF**

BNY Midwest Trust Company

209 West Jackson Boulevard

Suite 700

Chicago, Illinois 60606

Including the institution's domestic and foreign subsidiaries completed as of the close of business on March 31, 2003, submitted in response to the call of the Office of Banks and Real Estate of the State of Illinois.

| | ASSETS | THOUSANDS OF DOLLARS |
|-----|--|----------------------|
| 1. | Cash and Due from Depository Institutions | 24,268 |
| 2. | U.S. Treasury Securities | - 0 - |
| 3. | Obligations of States and Political Subdivisions | - 0 - |
| 4. | Other Bonds, Notes and Debentures | - 0 - |
| 5. | Corporate Stock | - 0 - |
| 6. | Trust Company Premises, Furniture, Fixtures and Other Assets Representing Trust Company Premises | 878 |
| 7. | Leases and Lease Financing Receivables | - 0 - |
| 8. | Accounts Receivable | 3,692 |
| 9. | Other Assets (Itemize amounts greater than 15% of Line 9) Goodwill and Intangibles 86,813 | 86,911 |
| 10. | TOTAL ASSETS | |

OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES
CONSOLIDATED REPORT OF CONDITION

OF

BNY Midwest Trust Company

209 West Jackson Boulevard

Suite 700

Chicago, Illinois 60606

LIABILITIES

THOUSANDS OF DOLLARS

| | | |
|----------------|---|---------|
| 11. | Accounts Payable | - 0 - |
| 12. | Taxes Payable | - 0 - |
| 13. | Other Liabilities for Borrowed Money | 25,425 |
| 14. | Other Liabilities (Itemize amounts greater than 15% of Line 9) | - 0 - |
| | Reserve for Taxes 3,991 | |
| | Taxes Due to Parent Company 2,934 | 7,199 |
| 15. | TOTAL LIABILITIES | 32,624 |
| EQUITY CAPITAL | | |
| 16. | Preferred Stock | - 0 - |
| 17. | Common Stock | 2,000 |
| 18. | Surplus | 62,130 |
| 19. | Reserve for Operating Expenses | - 0 - |
| 20. | Retained Earnings (Loss) | 18,995 |
| 21. | TOTAL EQUITY CAPITAL | 83,125 |
| 22. | TOTAL LIABILITIES AND EQUITY CAPITAL | 115,749 |

I, Keith A. Mica, Vice President

(Name and Title of Officer Authorized to Sign Report)

of BNY Midwest Trust Company certify that the information contained in this statement is accurate to the best of my knowledge and belief. I understand that submission of false information with the intention to deceive the Commissioner or his Administrative officers is a felony.

/s/ Keith A. Mica

(Signature of Officer Authorized to Sign Report)

Sworn to and subscribed before me this 30th day of April, 2003

My Commission expires May 15, 2007.

/s/ Joseph A. Giacobino, Notary Public

(Notary Seal)

Person to whom Supervisory Staff should direct questions concerning this report.

Christine Anderson

Name

(212) 503-4204

Telephone Number (Extension)

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) []

BNY MIDWEST TRUST COMPANY
(formerly known as CTC Illinois Trust Company)
(Exact name of trustee as specified in its charter)

Illinois
(State of incorporation
if not a U.S. national bank)

36-3800435
(I.R.S. employer
identification no.)

2 North LaSalle Street
Suite 1020
Chicago, Illinois
(Address of principal executive offices)

60602
(Zip code)

SOUTHWEST GAS CORPORATION
(Exact name of obligor as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

88-0085720
(I.R.S. employer
identification no.)

5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada
(Address of principal executive offices)

89193
(Zip code)

Trust Debt Securities, Series III
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

| Name | Address |
|--|--|
| Office of Banks & Trust Companies of the State of Illinois | 500 E. Monroe Street Springfield, Illinois 62701-1532 |
| Federal Reserve Bank of Chicago | 230 S. LaSalle Street Chicago, Illinois 60603 |

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of Articles of Incorporation of BNY Midwest Trust Company (formerly CTC Illinois Trust Company, formerly Continental Trust Company) as now in effect. (Exhibit 1 to Form T-1 filed with the Registration Statement No. 333-47688.)
- 2,3. A copy of the Certificate of Authority of the Trustee as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 2 to Form T-1 filed with the Registration Statement No. 333-47688.)
4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with the Registration Statement No. 333-47688.)
6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with the Registration Statement No. 333-47688.)
7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, BNY Midwest Trust Company, a corporation organized and existing under the laws of the State of Illinois, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of Chicago, and State of Illinois, on the 20th day of June, 2003.

BNY Midwest Trust Company

By: /s/ DANIEL DONOVAN

Name: DANIEL DONOVAN

Title: ASSISTANT VICE PRESIDENT

EXHIBIT 7

OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES
CONSOLIDATED REPORT OF CONDITION

OF

BNY Midwest Trust Company

209 West Jackson Boulevard

Suite 700

Chicago, Illinois 60606

Including the institution's domestic and foreign subsidiaries completed as of the close of business on March 31, 2003, submitted in response to the call of the Office of Banks and Real Estate of the State of Illinois.

| | ASSETS | THOUSANDS OF DOLLARS |
|-----|---|----------------------|
| 1. | Cash and Due from Depository Institutions | 24,268 |
| 2. | U.S. Treasury Securities | - 0 - |
| 3. | Obligations of States and Political Subdivisions | - 0 - |
| 4. | Other Bonds, Notes and Debentures | - 0 - |
| 5. | Corporate Stock | - 0 - |
| 6. | Trust Company Premises, Furniture, Fixtures and Other Assets Representing Trust Company Premises | 878 |
| 7. | Leases and Lease Financing Receivables | - 0 - |
| 8. | Accounts Receivable | 3,692 |
| 9. | Other Assets (Itemize amounts greater than 15% of Line 9) Goodwill and Intangibles 86,813 | 86,911 |
| 10. | TOTAL ASSETS | |

OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES
CONSOLIDATED REPORT OF CONDITION

OF
BNY Midwest Trust Company
209 West Jackson Boulevard
Suite 700
Chicago, Illinois 60606

| | LIABILITIES | THOUSANDS OF DOLLARS |
|-----|---|----------------------|
| 11. | Accounts Payable | - 0 - |
| 12. | Taxes Payable | - 0 - |
| 13. | Other Liabilities for Borrowed Money | 25,425 |
| 14. | Other Liabilities (Itemize amounts greater than 15% of Line 9) | - 0 - |
| | Reserve for Taxes 3,991 | |
| | Taxes Due to Parent Company 2,934 | 7,199 |
| 15. | TOTAL LIABILITIES | 32,624 |
| | EQUITY CAPITAL | |
| 16. | Preferred Stock | - 0 - |
| 17. | Common Stock | 2,000 |
| 18. | Surplus | 62,130 |
| 19. | Reserve for Operating Expenses | - 0 - |
| 20. | Retained Earnings (Loss) | 18,995 |
| 21. | TOTAL EQUITY CAPITAL | 83,125 |
| 22. | TOTAL LIABILITIES AND EQUITY CAPITAL | 115,749 |

I, Keith A. Mica, Vice President

(Name and Title of Officer Authorized to Sign Report)

of BNY Midwest Trust Company certify that the information contained in this statement is accurate to the best of my knowledge and belief. I understand that submission of false information with the intention to deceive the Commissioner or his Administrative officers is a felony.

/s/ KEITH A. MICA

(Signature of Officer Authorized to Sign Report)

Sworn to and subscribed before me this 30th day of April, 2003

My Commission expires May 15, 2007.

/s/ Joseph A. Giacobino, Notary Public

(Notary Seal)

Person to whom Supervisory Staff should direct questions concerning this report.

Christine Anderson

Name

(212) 503-4204

Telephone Number (Extension)

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
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CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) []

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if not a U.S. national bank)

36-3800435
(I.R.S. employer
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SOUTHWEST GAS CORPORATION
(Exact name of obligor as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

88-0085720
(I.R.S. employer
identification no.)

5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada
(Address of principal executive offices)

89193
(Zip code)

Trust Debt Securities, Series IV
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

| Name | Address |
|---|--|
| Office of Banks & Trust Companies of the State of Illinois | 500 E. Monroe Street Springfield, Illinois 62701-1532 |
| Federal Reserve Bank of Chicago | 230 S. LaSalle Street Chicago, Illinois 60603 |

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

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SIGNATURE

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BNY Midwest Trust Company

By: /S/ DANIEL DONOVAN

Name: DANIEL DONOVAN

Title: ASSISTANT VICE PRESIDENT

EXHIBIT 7**OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES****CONSOLIDATED REPORT OF CONDITION****OF**

BNY Midwest Trust Company

209 West Jackson Boulevard

Suite 700

Chicago, Illinois 60606

Including the institution's domestic and foreign subsidiaries completed as of the close of business on March 31, 2003, submitted in response to the call of the Office of Banks and Real Estate of the State of Illinois.

| | ASSETS | THOUSANDS OF DOLLARS |
|-----|--|----------------------|
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| 2. | U.S. Treasury Securities | - 0 - |
| 3. | Obligations of States and Political Subdivisions | - 0 - |
| 4. | Other Bonds, Notes and Debentures | - 0 - |
| 5. | Corporate Stock | - 0 - |
| 6. | Trust Company Premises, Furniture, Fixtures and Other Assets Representing Trust Company Premises | 878 |
| 7. | Leases and Lease Financing Receivables | - 0 - |
| 8. | Accounts Receivable | 3,692 |
| 9. | Other Assets (Itemize amounts greater than 15% of Line 9) Goodwill and Intangibles 86,813 | 86,911 |
| 10. | TOTAL ASSETS | |

OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES
CONSOLIDATED REPORT OF CONDITION

OF

BNY Midwest Trust Company

209 West Jackson Boulevard

Suite 700

Chicago, Illinois 60606

LIABILITIES

THOUSANDS OF DOLLARS

| | | |
|----------------|---|---------|
| 11. | Accounts Payable | - 0 - |
| 12. | Taxes Payable | - 0 - |
| 13. | Other Liabilities for Borrowed Money | 25,425 |
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| | Reserve for Taxes 3,991 | |
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| 16. | Preferred Stock | - 0 - |
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| 19. | Reserve for Operating Expenses | - 0 - |
| 20. | Retained Earnings (Loss) | 18,995 |
| 21. | TOTAL EQUITY CAPITAL | 83,125 |
| 22. | TOTAL LIABILITIES AND EQUITY CAPITAL | 115,749 |

I, Keith A. Mica, Vice President

(Name and Title of Officer Authorized to Sign Report)

of BNY Midwest Trust Company certify that the information contained in this statement is accurate to the best of my knowledge and belief. I understand that submission of false information with the intention to deceive the Commissioner or his Administrative officers is a felony.

/s/ Keith A. Mica

(Signature of Officer Authorized to Sign Report)

Sworn to and subscribed before me this 30th day of April, 2003

My Commission expires May 15, 2007.

/s/ Joseph A. Giacobino, Notary Public

(Notary Seal)

Person to whom Supervisory Staff should direct questions concerning this report.

Christine Anderson (212) 503-4204

Christine Anderson

Name

(212) 503-4204

Telephone Number (Extension)

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) []

BNY MIDWEST TRUST COMPANY
(formerly known as CTC Illinois Trust Company)
(Exact name of trustee as specified in its charter)

Illinois
(State of incorporation
if not a U.S. national bank)

36-3800435
(I.R.S. employer
identification no.)

2 North LaSalle Street
Suite 1020
Chicago, Illinois
(Address of principal executive offices)

60602
(Zip code)

SOUTHWEST GAS CORPORATION
(Exact name of obligor as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

88-0085720
(I.R.S. employer
identification no.)

5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada
(Address of principal executive offices)

89193
(Zip code)

Guarantee of Preferred Trust Securities
of Southwest Gas Capital II
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

| Name | Address |
|--|--|
| Office of Banks & Trust Companies of the State of Illinois | 500 E. Monroe Street Springfield, Illinois 62701-1532 |
| Federal Reserve Bank of Chicago | 230 S. LaSalle Street Chicago, Illinois 60603 |

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of Articles of Incorporation of BNY Midwest Trust Company (formerly CTC Illinois Trust Company, formerly Continental Trust Company) as now in effect. (Exhibit 1 to Form T-1 filed with the Registration Statement No. 333-47688.)
- 2,3. A copy of the Certificate of Authority of the Trustee as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 2 to Form T-1 filed with the Registration Statement No. 333-47688.)
4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with the Registration Statement No. 333-47688.)
6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with the Registration Statement No. 333-47688.)
7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, BNY Midwest Trust Company, a corporation organized and existing under the laws of the State of Illinois, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of Chicago, and State of Illinois, on the 20th day of June, 2003.

BNY Midwest Trust Company

By: /S/ DANIEL DONOVAN

Name: DANIEL DONOVAN

Title: ASSISTANT VICE PRESIDENT

EXHIBIT 7**OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES****CONSOLIDATED REPORT OF CONDITION****OF**

BNY Midwest Trust Company

209 West Jackson Boulevard

Suite 700

Chicago, Illinois 60606

Including the institution's domestic and foreign subsidiaries completed as of the close of business on March 31, 2003, submitted in response to the call of the Office of Banks and Real Estate of the State of Illinois.

| | ASSETS | THOUSANDS OF DOLLARS |
|-----|---|----------------------|
| 1. | Cash and Due from Depository Institutions | 24,268 |
| 2. | U.S. Treasury Securities | - 0 - |
| 3. | Obligations of States and Political Subdivisions | - 0 - |
| 4. | Other Bonds, Notes and Debentures | - 0 - |
| 5. | Corporate Stock | - 0 - |
| 6. | Trust Company Premises, Furniture, Fixtures and Other Assets Representing Trust Company Premises | 878 |
| 7. | Leases and Lease Financing Receivables | - 0 - |
| 8. | Accounts Receivable | 3,692 |
| 9. | Other Assets (Itemize amounts greater than 15% of Line 9) Goodwill and Intangibles 86,813 | 86,911 |
| 10. | TOTAL ASSETS | |

OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES
CONSOLIDATED REPORT OF CONDITION

OF

BNY Midwest Trust Company

209 West Jackson Boulevard

Suite 700

Chicago, Illinois 60606

| | LIABILITIES | THOUSANDS OF DOLLARS |
|-----|---|----------------------|
| 11. | Accounts Payable | - 0 - |
| 12. | Taxes Payable | - 0 - |
| 13. | Other Liabilities for Borrowed Money | 25,425 |
| 14. | Other Liabilities (Itemize amounts greater than 15% of Line 9) | - 0 - |
| | Reserve for Taxes 3,991 | |
| | Taxes Due to Parent Company 2,934 | 7,199 |
| 15. | TOTAL LIABILITIES | 32,624 |
| | EQUITY CAPITAL | |
| 16. | Preferred Stock | - 0 - |
| 17. | Common Stock | 2,000 |
| 18. | Surplus | 62,130 |
| 19. | Reserve for Operating Expenses | - 0 - |
| 20. | Retained Earnings (Loss) | 18,995 |
| 21. | TOTAL EQUITY CAPITAL | 83,125 |
| 22. | TOTAL LIABILITIES AND EQUITY CAPITAL | 115,749 |

I, Keith A. Mica, Vice President

(Name and Title of Officer Authorized to Sign Report)

of BNY Midwest Trust Company certify that the information contained in this statement is accurate to the best of my knowledge and belief. I understand that submission of false information with the intention to deceive the Commissioner or his Administrative officers is a felony.

/s/ Keith A. Mica

(Signature of Officer Authorized to Sign Report)

Sworn to and subscribed before me this 30th day of April, 2003

My Commission expires May 15, 2007.

/s/ Joseph A. Giacobino, Notary Public

(Notary Seal)

Person to whom Supervisory Staff should direct questions concerning this report.

Christine Anderson

Name

(212) 503-4204

Telephone Number (Extension)

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) []

BNY MIDWEST TRUST COMPANY
(formerly known as CTC Illinois Trust Company)
(Exact name of trustee as specified in its charter)

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(State of incorporation
if not a U.S. national bank)

36-3800435
(I.R.S. employer
identification no.)

2 North LaSalle Street
Suite 1020
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(Address of principal executive offices)

60602
(Zip code)

SOUTHWEST GAS CORPORATION
(Exact name of obligor as specified in its charter)

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(State or other jurisdiction of
incorporation or organization)

88-0085720
(I.R.S. employer
identification no.)

5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada
(Address of principal executive offices)

89193
(Zip code)

Guarantee of Preferred Trust Securities
of Southwest Gas Capital III
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

| Name | Address |
|--|--|
| Office of Banks & Trust Companies of the State of Illinois | 500 E. Monroe Street Springfield, Illinois 62701-1532 |
| Federal Reserve Bank of Chicago | 230 S. LaSalle Street Chicago, Illinois 60603 |

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

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4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with the Registration Statement No. 333-47688.)
6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with the Registration Statement No. 333-47688.)
7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, BNY Midwest Trust Company, a corporation organized and existing under the laws of the State of Illinois, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of Chicago, and State of Illinois, on the 20th day of June, 2003.

BNY Midwest Trust Company

By: /s/ DANIEL DONOVAN

Name: DANIEL DONOVAN

Title: ASSISTANT VICE PRESIDENT

EXHIBIT 7**OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES****CONSOLIDATED REPORT OF CONDITION**

OF

BNY Midwest Trust Company

209 West Jackson Boulevard

Suite 700

Chicago, Illinois 60606

Including the institution's domestic and foreign subsidiaries completed as of the close of business on March 31, 2003, submitted in response to the call of the Office of Banks and Real Estate of the State of Illinois.

| | ASSETS | THOUSANDS OF DOLLARS |
|-----|--|----------------------|
| 1. | Cash and Due from Depository Institutions | 24,268 |
| 2. | U.S. Treasury Securities | - 0 - |
| 3. | Obligations of States and Political Subdivisions | - 0 - |
| 4. | Other Bonds, Notes and Debentures | - 0 - |
| 5. | Corporate Stock | - 0 - |
| 6. | Trust Company Premises, Furniture, Fixtures and Other Assets Representing Trust Company Premises | 878 |
| 7. | Leases and Lease Financing Receivables | - 0 - |
| 8. | Accounts Receivable | 3,692 |
| 9. | Other Assets (Itemize amounts greater than 15% of Line 9) Goodwill and Intangibles 86,813 | 86,911 |
| 10. | TOTAL ASSETS | |

OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES
CONSOLIDATED REPORT OF CONDITION

OF

BNY Midwest Trust Company

209 West Jackson Boulevard

Suite 700

Chicago, Illinois 60606

LIABILITIES

THOUSANDS OF DOLLARS

| | | |
|-----|--|--------|
| 11. | Accounts Payable | - 0 - |
| 12. | Taxes Payable | - 0 - |
| 13. | Other Liabilities for Borrowed Money | 25,425 |
| 14. | Other Liabilities | - 0 - |
| | (Itemize amounts greater than 15% of Line 9) | |
| | Reserve for Taxes 3,991 | |
| | Taxes Due to Parent Company 2,934 | 7,199 |
| 15. | TOTAL LIABILITIES | 32,624 |

EQUITY CAPITAL

| | | |
|-----|--------------------------------------|---------|
| 16. | Preferred Stock | - 0 - |
| 17. | Common Stock | 2,000 |
| 18. | Surplus | 62,130 |
| 19. | Reserve for Operating Expenses | - 0 - |
| 20. | Retained Earnings (Loss) | 18,995 |
| 21. | TOTAL EQUITY CAPITAL | 83,125 |
| 22. | TOTAL LIABILITIES AND EQUITY CAPITAL | 115,749 |

I, Keith A. Mica, Vice President

(Name and Title of Officer Authorized to Sign Report)

of BNY Midwest Trust Company certify that the information contained in this statement is accurate to the best of my knowledge and belief. I understand that submission of false information with the intention to deceive the Commissioner or his Administrative officers is a felony.

/s/ Keith A. Mica

(Signature of Officer Authorized to Sign Report)

Sworn to and subscribed before me this 30th day of April, 2003

My Commission expires May 15, 2007.

/s/ Joseph A. Giacobino, Notary Public

(Notary Seal)

Person to whom Supervisory Staff should direct questions concerning this report.

Christine Anderson

Name

(212) 503-4204

Telephone Number (Extension)

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) []

BNY MIDWEST TRUST COMPANY
(formerly known as CTC Illinois Trust Company)
(Exact name of trustee as specified in its charter)

Illinois
(State of incorporation
if not a U.S. national bank)

36-3800435
(I.R.S. employer
identification no.)

2 North LaSalle Street
Suite 1020
Chicago, Illinois
(Address of principal executive offices)

60602
(Zip code)

SOUTHWEST GAS CORPORATION
(Exact name of obligor as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

To Be Applied For
(I.R.S. employer
identification no.)

5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada
(Address of principal executive offices)

89193
(Zip code)

Guarantee of Preferred Trust Securities
of Southwest Gas Capital IV
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

| Name | Address |
|--|--|
| Office of Banks & Trust Companies of the State of Illinois | 500 E. Monroe Street Springfield, Illinois 62701-1532 |
| Federal Reserve Bank of Chicago | 230 S. LaSalle Street Chicago, Illinois 60603 |

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of Articles of Incorporation of BNY Midwest Trust Company (formerly CTC Illinois Trust Company, formerly Continental Trust Company) as now in effect. (Exhibit 1 to Form T-1 filed with the Registration Statement No. 333-47688.)
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6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with the Registration Statement No. 333-47688.)
7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, BNY Midwest Trust Company, a corporation organized and existing under the laws of the State of Illinois, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of Chicago, and State of Illinois, on the 20th day of June, 2003.

BNY Midwest Trust Company

By: /S/ DANIEL DONOVAN

Name: DANIEL DONOVAN
Title: ASSISTANT VICE PRESIDENT

EXHIBIT 7OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES

CONSOLIDATED REPORT OF CONDITION

OF

BNY Midwest Trust Company

209 West Jackson Boulevard

Suite 700

Chicago, Illinois 60606

Including the institution's domestic and foreign subsidiaries completed as of the close of business on March 31, 2003, submitted in response to the call of the Office of Banks and Real Estate of the State of Illinois.

| | ASSETS | THOUSANDS OF DOLLARS |
|-----|---|----------------------|
| 1. | Cash and Due from Depository Institutions | 24,268 |
| 2. | U.S. Treasury Securities | - 0 - |
| 3. | Obligations of States and Political Subdivisions | - 0 - |
| 4. | Other Bonds, Notes and Debentures | - 0 - |
| 5. | Corporate Stock | - 0 - |
| 6. | Trust Company Premises, Furniture, Fixtures and Other Assets Representing Trust Company Premises | 878 |
| 7. | Leases and Lease Financing Receivables | - 0 - |
| 8. | Accounts Receivable | 3,692 |
| 9. | Other Assets (Itemize amounts greater than 15% of Line 9) Goodwill and Intangibles 86,813 | 86,911 |
| 10. | TOTAL ASSETS | |

OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES
CONSOLIDATED REPORT OF CONDITION

OF
BNY Midwest Trust Company
209 West Jackson Boulevard
Suite 700
Chicago, Illinois 60606

| | LIABILITIES | THOUSANDS OF DOLLARS |
|-----|---|----------------------|
| 11. | Accounts Payable | - 0 - |
| 12. | Taxes Payable | - 0 - |
| 13. | Other Liabilities for Borrowed Money | 25,425 |
| 14. | Other Liabilities (Itemize amounts greater than 15% of Line 9) | - 0 - |
| | Reserve for Taxes 3,991 | |
| | Taxes Due to Parent Company 2,934 | 7,199 |
| 15. | TOTAL LIABILITIES | 32,624 |
| | EQUITY CAPITAL | |
| 16. | Preferred Stock | - 0 - |
| 17. | Common Stock | 2,000 |
| 18. | Surplus | 62,130 |
| 19. | Reserve for Operating Expenses | - 0 - |
| 20. | Retained Earnings (Loss) | 18,995 |
| 21. | TOTAL EQUITY CAPITAL | 83,125 |
| 22. | TOTAL LIABILITIES AND EQUITY CAPITAL | 115,749 |

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(Name and Title of Officer Authorized to Sign Report)

of BNY Midwest Trust Company certify that the information contained in this statement is accurate to the best of my knowledge and belief. I understand that submission of false information with the intention to deceive the Commissioner or his Administrative officers is a felony.

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(Signature of Officer Authorized to Sign Report)

Sworn to and subscribed before me this 30th day of April, 2003

My Commission expires May 15, 2007.

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Christine Anderson

Name

(212) 503-4204

Telephone Number (Extension)

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
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CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) []

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(formerly known as CTC Illinois Trust Company)
(Exact name of trustee as specified in its charter)

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if not a U.S. national bank)

36-3800435
(I.R.S. employer
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2 North LaSalle Street
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(Address of principal executive offices)

60602
(Zip code)

SOUTHWEST GAS CAPITAL II
(Exact name of obligor as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

To Be Applied For
(I.R.S. employer
identification no.)

5241 Spring Mountain Road
P.O. Box 98510
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(Zip code)

Preferred Trust Securities
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

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(b) Whether it is authorized to exercise corporate trust powers.

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BNY Midwest Trust Company

By: /S/ DANIEL DONOVAN

Name: DANIEL DONOVAN

Title: ASSISTANT VICE PRESIDENT

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BUREAU OF BANKS AND TRUST COMPANIES
CONSOLIDATED REPORT OF CONDITION

OF

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OFFICE OF BANKS AND REAL ESTATE
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incorporation or organization)

To Be Applied For
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P.O. Box 98510
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(Title of the indenture securities)

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|--|--|
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16. List of Exhibits.

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1. A copy of Articles of Incorporation of BNY Midwest Trust Company (formerly CTC Illinois Trust Company, formerly Continental Trust Company) as now in effect. (Exhibit 1 to Form T-1 filed with the Registration Statement No. 333-47688.)
- 2,3. A copy of the Certificate of Authority of the Trustee as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 2 to Form T-1 filed with the Registration Statement No. 333-47688.)
4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with the Registration Statement No. 333-47688.)
6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with the Registration Statement No. 333-47688.)
7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, BNY Midwest Trust Company, a corporation organized and existing under the laws of the State of Illinois, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of Chicago, and State of Illinois, on the 20th day of June, 2003.

BNY Midwest Trust Company

By: /S/ DANIEL DONOVAN

Name: DANIEL DONOVAN

Title: ASSISTANT VICE PRESIDENT

EXHIBIT 7OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES

CONSOLIDATED REPORT OF CONDITION

OF

BNY Midwest Trust Company

209 West Jackson Boulevard

Suite 700

Chicago, Illinois 60606

Including the institution's domestic and foreign subsidiaries completed as of the close of business on March 31, 2003, submitted in response to the call of the Office of Banks and Real Estate of the State of Illinois.

| | ASSETS | THOUSANDS OF DOLLARS |
|-----|---|----------------------|
| 1. | Cash and Due from Depository Institutions | 24,268 |
| 2. | U.S. Treasury Securities | - 0 - |
| 3. | Obligations of States and Political Subdivisions | - 0 - |
| 4. | Other Bonds, Notes and Debentures | - 0 - |
| 5. | Corporate Stock | - 0 - |
| 6. | Trust Company Premises, Furniture, Fixtures and Other Assets Representing Trust Company Premises | 878 |
| 7. | Leases and Lease Financing Receivables | - 0 - |
| 8. | Accounts Receivable | 3,692 |
| 9. | Other Assets (Itemize amounts greater than 15% of Line 9) Goodwill and Intangibles 86,813 | 86,911 |
| 10. | TOTAL ASSETS | |

OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES
CONSOLIDATED REPORT OF CONDITION

OF

BNY Midwest Trust Company

209 West Jackson Boulevard

Suite 700

Chicago, Illinois 60606

| | LIABILITIES | THOUSANDS OF DOLLARS |
|-----|---|----------------------|
| 11. | Accounts Payable | - 0 - |
| 12. | Taxes Payable | - 0 - |
| 13. | Other Liabilities for Borrowed Money | 25,425 |
| 14. | Other Liabilities (Itemize amounts greater than 15% of Line 9) | - 0 - |
| | Reserve for Taxes 3,991 | |
| | Taxes Due to Parent Company 2,934 | 7,199 |
| 15. | TOTAL LIABILITIES | 32,624 |
| | EQUITY CAPITAL | |
| 16. | Preferred Stock | - 0 - |
| 17. | Common Stock | 2,000 |
| 18. | Surplus | 62,130 |
| 19. | Reserve for Operating Expenses | - 0 - |
| 20. | Retained Earnings (Loss) | 18,995 |
| 21. | TOTAL EQUITY CAPITAL | 83,125 |
| 22. | TOTAL LIABILITIES AND EQUITY CAPITAL | 115,749 |

I, Keith A. Mica, Vice President

(Name and Title of Officer Authorized to Sign Report)

of BNY Midwest Trust Company certify that the information contained in this statement is accurate to the best of my knowledge and belief. I understand that submission of false information with the intention to deceive the Commissioner or his Administrative officers is a felony.

/s/ Keith A. Mica

(Signature of Officer Authorized to Sign Report)

Sworn to and subscribed before me this 30th day of April, 2003

My Commission expires May 15, 2007.

/s/ Joseph A. Giacobino, Notary Public

(Notary Seal)

Person to whom Supervisory Staff should direct questions concerning this report.

Christine Anderson

Name

(212) 503-4204

Telephone Number (Extension)

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) []

BNY MIDWEST TRUST COMPANY
(formerly known as CTC Illinois Trust Company)
(Exact name of trustee as specified in its charter)

Illinois
(State of incorporation
if not a U.S. national bank)

36-3800435
(I.R.S. employer
identification no.)

2 North LaSalle Street
Suite 1020
Chicago, Illinois
(Address of principal executive offices)

60602
(Zip code)

SOUTHWEST GAS CAPITAL IV
(Exact name of obligor as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

To Be Applied For
(I.R.S. employer
identification no.)

5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada
(Address of principal executive offices)

89193
(Zip code)

Preferred Trust Securities
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

| Name | Address |
|--|--|
| Office of Banks & Trust Companies of the State of Illinois | 500 E. Monroe Street Springfield, Illinois 62701-1532 |
| Federal Reserve Bank of Chicago | 230 S. LaSalle Street Chicago, Illinois 60603 |

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

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SIGNATURE

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BNY Midwest Trust Company

By: /S/ DANIEL DONOVAN

Name: DANIEL DONOVAN

Title: ASSISTANT VICE PRESIDENT

EXHIBIT 7

OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES
CONSOLIDATED REPORT OF CONDITION
OF

BNY Midwest Trust Company

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OF

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| 22. | TOTAL LIABILITIES AND EQUITY CAPITAL | 115,749 |

I, Keith A. Mica, Vice President

(Name and Title of Officer Authorized to Sign Report)

of BNY Midwest Trust Company certify that the information contained in this statement is accurate to the best of my knowledge and belief. I understand that submission of false information with the intention to deceive the Commissioner or his Administrative officers is a felony.

/s/ Keith A. Mica

(Signature of Officer Authorized to Sign Report)

Sworn to and subscribed before me this 30th day of April, 2003

My Commission expires May 15, 2007.

/s/ Joseph A. Giacobino, Notary Public

(Notary Seal)

Person to whom Supervisory Staff should direct questions concerning this report.

Christine Anderson

Name

(212) 503-4204

Telephone Number (Extension)