



Southwest Gas[™]

HOLDINGS

Southwest Gas Reports Third Quarter Results

November 6, 1996

LAS VEGAS, Nov. 6 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) recorded a 1996 third quarter net loss of \$0.55 per share, compared to the \$0.54 per share loss reported for the same period in 1995. Consolidated net loss applicable to common stock was \$14.6 million in the current period versus \$12.9 million previously. Average outstanding common shares increased to 26.5 million from 24.1 million in the third quarter of 1995.

The gas operations segment experienced a net loss of \$16.3 million during the third quarter of 1996, compared to a deficit of \$13.4 million in the third quarter of 1995. Due to the seasonal nature of the Company's business, net losses during the third quarter are normal and not generally indicative of earnings for a complete twelve-month period. According to Michael O. Maffie, President and Chief Executive Officer, the variance between periods was primarily the result of higher operating and finance costs incurred to keep pace with customer growth.

Effective July 1, 1996, the Company received a \$13.8 million general rate increase in its Nevada rate jurisdictions. A number of rate design and tariff restructuring changes were allowed resulting in rates in Nevada that are more cost-based. During the fourth quarter, the Company anticipates making a general rate filing in its Arizona rate jurisdictions.

During the third quarter of 1996, the Company restructured a substantial portion of its outstanding debt. Net proceeds from the sale of PriMerit Bank, a wholly owned subsidiary, were used to retire approximately \$160 million of long- and short-term debt. In addition, the Company issued \$150 million in new debentures to refinance existing debentures, achieving a 126 basis point reduction in the related average interest rate. The financial impacts of this restructuring will be realized beginning with fourth quarter results.

For the twelve months ended September 30, 1996, consolidated net loss applicable to common stock was \$19.1 million, or \$0.75 per share, versus consolidated net income applicable to common stock of \$16.6 million, or \$0.74 per share, during the previous twelve-month period. The current period included an \$18.9 million, or \$0.74 per share, net loss attributed to discontinued operations, which occurred as a result of the disposition of PriMerit Bank.

The gas operations segment recorded a net loss of \$2.3 million for the twelve months ended September 30, 1996 as compared to net income of \$15.6 million during the prior period. Unseasonably warm weather experienced during much of the fourth quarter of 1995 and the first quarter of 1996 caused operating margin to be approximately \$32 million less than expected and \$26 million lower than the previous twelve-month period. Operating margin resulting from continued customer growth partially mitigated the negative impact of warm weather. Since September 30, 1995, the Company has added 66,000 new customers who have contributed \$13 million of additional operating margin. On a net basis, operating margin declined \$12.9 million, or four percent, between periods. Current-period earnings were also impacted by increased operating expenses and financing costs associated with the Company's growing customer base.

Southwest Gas Corporation provides natural gas services to approximately 1,064,000 customers in Arizona, Nevada, and California. Its service territory is centered in the fastest-growing region of the country.

SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST QUARTER ENDED SEPTEMBER 30, 1996 1995 Consolidated Operating

Revenues \$125,255,000 \$91,433,000 Net Loss - Continuing Operations \$14,638,000 \$13,353,000 Net Loss Applicable to Common Stock \$14,638,000 \$12,926,000 Average Number of Common

Shares Outstanding 26,477,000 24,062,000 Loss Per Share from Continuing Operations \$0.55 \$0.56 Loss Per Share of Common Stock \$0.55 \$0.54
NINE MONTHS ENDED SEPTEMBER 30, Consolidated Operating Revenues \$437,218,000 \$417,143,000 Net Loss - Continuing Operations \$11,722,000 \$8,855,000 Net Loss Applicable to Common Stock \$11,722,000 \$7,812,000 Average Number of Common

Shares Outstanding 25,636,000 22,768,000 Loss Per Share from Continuing Operations \$0.46 \$0.40 Loss Per Share of Common Stock \$0.46 \$0.34
TWELVE MONTHS ENDED SEPTEMBER 30, Consolidated Operating Revenues \$583,577,000 \$608,604,000 Net Income (Loss) - Continuing

Operations \$(213,000) \$15,581,000 Net Income (Loss) Applicable to

Common Stock \$(19,099,000) \$16,630,000 Average Number of Common

Shares Outstanding 25,382,000 22,370,000 Earnings (Loss) Per Share from

Continuing Operations \$(0.01) \$0.68 Earnings (Loss) Per Share of Common Stock \$(0.75) \$0.74

SOURCE Southwest Gas Corporation

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