



# Southwest Gas<sup>™</sup>

## HOLDINGS

### Southwest Gas Corporation Announces 1998 Earnings

February 10, 1999

LAS VEGAS, Feb. 10 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) announced consolidated 1998 earnings of \$1.66 per share, a \$1.05 per share increase over the \$0.61 per share earned during 1997. Consolidated net income for 1998 was \$47.5 million compared to \$16.5 million in 1997.

According to Michael O. Maffie, President and Chief Executive Officer, the improvement in operating results was due to strong earnings early in the year, coupled with continued customer growth throughout the Company's service territories. Maffie stated, "We got off to a very good start in 1998 with record first quarter earnings driven by cooler temperatures, rate relief, and customer growth. The second and third quarters were substantially better than last year, primarily as a result of customer growth, second quarter weather, and rate design improvements. Fourth quarter earnings, which were about the same as last year, completed the cycle and allowed us to post our best overall operating results since 1990."

Operating margin increased \$64 million, or 16 percent, in 1998. Arizona rate relief effective September 1997 contributed \$23 million towards the increase. Customer growth accounted for \$16 million as the Company added 58,000, or five percent, more customers during the last twelve months. The remaining \$25 million was due to differences in heating demand caused by weather variations between periods.

Operating expenses increased \$16 million, or five percent, due to higher depreciation and property taxes resulting from additional investment in gas plant, and other costs incurred as a result of providing service to the Company's continually growing customer base. During 1998, the Company invested \$179 million in new gas plant.

During the fourth quarter of 1998, consolidated net income was \$25 million, or \$0.83 per share, compared to \$23.3 million, or \$0.85 per share, during the same quarter in 1997. There were an average of 3 million more common shares outstanding in the current period primarily as a result of a common stock offering in August 1998. Fourth quarter 1997 earnings included \$4.1 million of net nonrecurring charges.

Southwest Gas Corporation provides natural gas to 1.2 million customers in Arizona, Nevada, and California. Its service territory is centered in the fastest-growing region of the country.

#### SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST

YEAR ENDED DECEMBER 31,	1998	1997
Consolidated Operating Revenues	\$917,309,000	\$732,010,000
Net Income	\$47,537,000	\$16,469,000
Average Number of Common Shares Outstanding	28,611,000	27,069,000
Basic Earnings Per Share of Common Stock	\$1.66	\$0.61
Diluted Earnings Per Share of Common Stock	\$1.65	\$0.61
QUARTER ENDED DECEMBER 31,		
Consolidated Operating Revenues	\$269,303,000	\$231,143,000
Net Income	\$25,043,000	\$23,335,000
Average Number of Common Shares Outstanding	30,339,000	27,303,000
Basic Earnings Per Share of Common Stock	\$0.83	\$0.85
Diluted Earnings Per Share of Common Stock	\$0.82	\$0.85

SOURCE Southwest Gas Corporation

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