



Southwest Gas[™]

HOLDINGS

Southwest Gas Reports Second Quarter 1999 Results

August 10, 1999

LAS VEGAS, Aug. 10 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) recorded a 1999 second quarter net loss of \$0.12 per share, a \$0.03 decline from the \$0.09 per share loss reported for the second quarter of 1998. Consolidated net loss for the second quarter of 1999 was \$3.6 million, compared to the 1998 second quarter net loss of \$2.5 million. Due to the seasonal nature of the business, net losses during the second and third quarters are normal and not generally indicative of earnings for a complete twelve-month period.

According to Michael O. Maffie, President and Chief Executive Officer, "Current-period operating results exceeded expectations. In consecutive years, the Company has benefited from colder temperatures in April and May than what is normally experienced, resulting in increased sales to weather-sensitive customers. Approximately \$10 million of incremental margin was earned in both quarters due to the colder weather."

Operating margin increased \$3.6 million, or four percent, in the second quarter of 1999 compared to the same period a year ago. The improvement was attributed to customer growth as the Company served 63,000, or five percent, more customers than a year ago. There were no significant weather-related differences between periods as both periods experienced colder-than-normal temperatures.

Operating expenses increased \$4.6 million, or six percent, as a result of the continued expansion and upgrading of the gas system to accommodate customer growth. Net financing costs decreased \$883,000, or five percent, due to lower average short-term debt outstanding.

For the twelve months ended June 30, 1999, net income was \$38.8 million, or \$1.29 per basic share, compared to \$41.1 million, or \$1.50 per basic share, during the twelve-month period ended June 30, 1998. Average common shares outstanding were 2.8 million higher than the prior period principally due to a 2.5 million share common stock offering in August 1998.

Operating margin increased \$11.2 million, or two percent, due to customer growth and rate relief, partially offset by weather-related differences between periods. Customer growth and rate relief contributed \$22 million of incremental margin. Overall colder conditions in the prior period resulted in an \$11 million margin difference between periods.

Operating expenses increased \$16.6 million, or five percent, as a result of servicing additional customers. Net financing costs decreased \$3.6 million, or five percent, as strong cash flows from operating activities and a common stock offering in August 1998 combined to reduce average debt outstanding between periods.

Southwest Gas Corporation provides natural gas to approximately 1,234,000 customers in Arizona, Nevada, and California. Its service territories are centered in the fastest-growing region of the country.

SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST

QUARTER ENDED JUNE 30,	1999	1998
Consolidated Operating Revenues	\$200,292,000	\$192,897,000
Net Loss	\$3,596,000	\$2,514,000
Average Number of Common Shares Outstanding	30,621,000	27,570,000
Loss Per Share	\$0.12	\$0.09
SIX MONTHS ENDED JUNE 30,		
Consolidated Operating Revenues	\$508,317,000	\$485,498,000
Net Income	\$24,670,000	\$33,439,000
Average Number of Common Shares Outstanding	30,559,000	27,509,000
Basic Earnings Per Share	\$0.81	\$1.22
Diluted Earnings Per Share	\$0.80	\$1.21
TWELVE MONTHS ENDED JUNE 30,		
Consolidated Operating Revenues	\$940,128,000	\$845,339,000
Net Income	\$38,768,000	\$41,088,000
Average Number of Common Shares Outstanding	30,123,000	27,366,000
Basic Earnings Per Share	\$1.29	\$1.50
Diluted Earnings Per Share	\$1.28	\$1.49

SOURCE Southwest Gas Corporation

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