



# Southwest Gas<sup>™</sup>

## HOLDINGS

### Southwest Gas Reports Third Quarter 1999 Results

October 28, 1999

LAS VEGAS, Oct. 28 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) recorded a third quarter 1999 net loss of \$0.46 per share, an \$0.08 decline from the \$0.38 per share loss reported for the third quarter of 1998. Consolidated net loss for the third quarter of 1999 was \$14.2 million, compared to the 1998 third quarter net loss of \$10.9 million. Due to the seasonal nature of the business, net losses during the third quarter are normal and not generally indicative of earnings for a complete twelve-month period.

Excluding the impact of costs associated with the Company's pending merger with ONEOK, Inc., operating results were relatively flat between quarters. Such results were anticipated given that both quarters have little heating demand and there was no significant change in rates charged to customers.

Operating margin increased \$1.7 million between periods. Operating expenses increased \$4.6 million, or six percent, as a result of providing service to a steadily growing customer base. Additionally, the Company incurred costs related to the pending merger with ONEOK, Inc. of \$1.7 million, after tax, or \$0.06 per share. These costs included financial advisor fees, legal costs and regulatory filing expenses.

For the twelve months ended September 30, 1999, net income was \$35.5 million, or \$1.16 per basic share, compared to \$45.8 million, or \$1.65 per basic share, during the twelve-month period ended September 30, 1998. Current-period results included merger-related costs, which reduced earnings per share by \$0.16. Prior-period results included several nonrecurring items which, on a net basis, reduced earnings per share by \$0.15.

Operating margin increased \$2.7 million between periods. Customer growth contributed approximately \$15 million in incremental operating margin. However, differences in heating demand between periods resulted in a \$12 million reduction in operating margin as colder-than-normal weather conditions in the prior period returned to more normal conditions during the most recent twelve months.

Operating expenses, excluding merger costs, increased \$18.7 million, or six percent, as a result of continued expansion and upgrading of the gas system to accommodate customer growth. During the past twelve months, the Company invested \$205 million in its gas system. Net financing costs decreased \$3.2 million, or five percent, between periods. Strong cash flows from operating activities coupled with an August 1998 2.5 million share common stock offering reduced average debt outstanding.

Southwest Gas Corporation provides natural gas to approximately 1,246,000 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 SEPTEMBER 30,	1999	1998
Consolidated Operating		
Revenues	\$166,289,000	\$162,508,000
Net Loss	\$14,188,000	\$10,945,000
Average Number of Common		
Shares Outstanding	30,742,000	29,050,000
Basic and Diluted		
Loss Per Share	\$0.46	\$0.38
NINE MONTHS ENDED SEPTEMBER 30,		
Consolidated Operating		
Revenues	\$674,606,000	\$648,006,000
Net Income	\$10,482,000	\$22,494,000
Average Number of Common		
Shares Outstanding	30,621,000	28,028,000
Basic and Diluted		
Earnings Per Share	\$0.34	\$0.80
TWELVE MONTHS ENDED SEPTEMBER 30,		
Consolidated Operating		
Revenues	\$943,909,000	\$879,149,000
Net Income	\$35,525,000	\$45,829,000
Average Number of Common		
Shares Outstanding	30,550,000	27,846,000

Basic Earnings Per Share	\$1.16	\$1.65
Diluted Earnings Per Share	\$1.15	\$1.64

SOURCE Southwest Gas Corporation

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