



Southwest Gas[™]

HOLDINGS

Southwest Gas Reports Second Quarter 2000 Results

August 3, 2000

LAS VEGAS, Aug. 3 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) recorded a second quarter 2000 net loss of \$0.31 per share, a \$0.19 decline from the \$0.12 per share loss reported for the second quarter of 1999. Consolidated net loss for the second quarter of 2000 was \$9.7 million, compared to the 1999 second quarter net loss of \$3.6 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, "Record and near record warm weather experienced in the southwest was the primary reason for the reduction in earnings between periods. Similar record and near record warm temperatures also occurred throughout the rest of the country. Temperatures in our service territories were 25 percent above normal during the past quarter. Last year, during this same time frame, we benefited from weather that was 34 percent colder-than-normal. Over time, variations in weather tend to even out and provide overall normal results."

Operating margin decreased \$7.1 million, or eight percent, in the second quarter of 2000 compared to the same period a year ago. Differences in heating demand between periods was the primary reason for the decrease. The Company served 64,000, or five percent, more customers than a year ago, which partially offset the impact of weather on operating margin. The Company's customer growth rate continues to significantly outpace the industry average.

Operating expenses increased \$2.9 million, or three percent, as a result of servicing additional customers. Net financing costs increased \$2.1 million, or 13 percent, due to higher average short-term debt outstanding, long-term debt issuances to finance construction, and increased interest rates on variable-rate debt instruments.

For the twelve months ended June 30, 2000, net income was \$30.1 million, or \$0.97 per basic share, compared to \$38.8 million, or \$1.29 per basic share, during the twelve-month period ended June 30, 1999.

Operating margin decreased \$8.9 million, or two percent, between periods. Customer growth contributed \$17 million of incremental margin. However, differences in heating demand more than offset the impact of customer growth as temperatures were 14 percent above normal during the current period.

Operating expenses increased \$15.5 million, or five percent, as a result of the continued expansion and upgrading of the gas system to accommodate customer growth. Net financing costs increased \$5.4 million, or eight percent, as the Company financed the new construction necessary to keep up with customer growth, and interest rates on variable rate debt instruments rose.

Utility income tax expense, exclusive of changes in pretax income, decreased \$4.6 million between periods. The decrease was attributed to the favorable resolution of certain federal and state income tax issues during the current period, and the recognition of income tax liabilities for unrelated tax issues in the prior period. Prior period results also included after-tax costs of \$3.2 million related to the now terminated merger with ONEOK, Inc.

Southwest Gas Corporation provides natural gas to approximately 1,298,000 customers in Arizona, Nevada, and California. Its service territories are centered in the fastest-growing region of the country.

This press release may contain statements which constitute "forward- looking statements" within the meaning of the Securities Litigation Reform Act of 1995 (Reform Act). All such forward-looking statements are intended to be subject to the safe harbor protection provided by the Reform Act. A number of important factors affecting the business and financial results of the Company could cause actual results to differ materially from those stated in the forward-looking statements. These factors include, but are not limited to, the impact of weather variations on customer usage, natural gas prices, the effects of regulation/deregulation, the timing and amount of rate relief, changes in capital requirements and funding, acquisitions, and competition.

SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST

QUARTER ENDED JUNE 30,	2000	1999
Consolidated Operating Revenues	\$197,634,000	\$200,292,000
Net Loss	\$9,729,000	\$3,596,000
Average Number of Common Shares Outstanding	31,289,000	30,621,000
Loss Per Share	\$0.31	\$0.12
SIX MONTHS ENDED JUNE 30,		
Consolidated Operating Revenues	\$494,449,000	\$508,317,000
Net Income	\$15,469,000	\$24,670,000
Average Number of Common Shares Outstanding	31,215,000	30,559,000
Basic Earnings Per Share	\$0.50	\$0.81
Diluted Earnings Per Share	\$0.49	\$0.80

TWELVE MONTHS ENDED JUNE 30,

Consolidated Operating Revenues	\$922,998,000	\$940,128,000
Net Income	\$30,109,000	\$38,768,000
Average Number of Common Shares Outstanding	31,100,000	30,123,000
Basic Earnings Per Share	\$0.97	\$1.29
Diluted Earnings Per Share	\$0.96	\$1.28

SOURCE Southwest Gas Corporation

Web site: <http://www.southwestgas.com>

Company News On-Call: <http://www.prnewswire.com/comp/804969.html> or fax, 800-758-5804, ext. 804969

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