



# Southwest Gas<sup>™</sup>

## HOLDINGS

### Southwest Gas Corporation Announces First Quarter Earnings

April 26, 2001

LAS VEGAS, April 26 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) announced earnings of \$1.06 per share for the first three months of 2001, a \$0.25 increase over the \$0.81 per share earned during the first quarter of 2000. Net income was \$33.8 million, compared to \$25.2 million in the prior period.

According to Michael O. Maffie, President and Chief Executive Officer, "Weather played a major role in the operating results of both periods. During the first quarter of 2001, temperatures were colder-than-normal. This marked just the second time in ten years that weather conditions were significantly favorable during the first three months of the year. By contrast, the first quarter of 2000 included the warmest February in ten years. Although we've made strides in improving rate designs in our service territories, operating results are still greatly influenced by weather. This sequence, in which a cold weather period follows a warm weather period, or vice versa, can lead to a dramatic swing in earnings."

First quarter 2001 gas operating margin was \$168 million versus \$144 million during the first quarter of 2000. Differences in heating demand caused by weather variations between periods resulted in an \$18 million margin increase. During the first quarter of 2001, operating margin from weather-sensitive customers was \$6 million higher than expected, adding \$0.11 per share (after tax) to earnings. Operating margin for the first quarter of 2000 was nearly \$12 million lower than it would have been under normal conditions, decreasing per share earnings by \$0.22 (after tax). Customer growth contributed \$6 million of incremental operating margin, as the Company served 62,000, or five percent, more customers than a year ago.

Operating expenses increased \$6.2 million, or seven percent, due to continued expansion and upgrading of the gas system to accommodate customer growth. Net financing costs increased \$3.4 million, or 19 percent between periods. This resulted from additional borrowings to finance construction expenditures, and to finance purchased gas costs in excess of amounts recovered from customers. At March 31, 2001, the Company had an unrecovered purchased gas cost balance of \$159 million.

For the twelve months ended March 31, 2001, net income was \$46.9 million, or \$1.49 per share, compared to \$36.2 million, or \$1.17 per share, during the twelve-month period ended March 31, 2000.

Operating margin increased \$38 million between periods. Differences in heating demand, caused by weather which was 13 percent colder than during the prior period, resulted in a \$21 million increase in operating margin. Customer growth contributed \$17 million in incremental margin.

Operating expenses increased \$19 million, or six percent, as a result of servicing additional customers. Net financing costs increased \$8.9 million, or 13 percent, as a result of incremental borrowings to finance construction expenditures and unrecovered purchased gas costs.

Between periods, the Company recognized net income tax benefits of \$2.9 million, or \$0.09 per share, due to the favorable resolution of certain federal income tax issues and the statutory closure of open federal tax years.

Southwest Gas Corporation provides natural gas service to approximately 1,352,000 customers in Arizona, Nevada and California. Its service territory is 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 MARCH 31,	2001	2000
Consolidated Operating Revenues	\$487,498,000	\$296,815,000
Net Income	\$33,809,000	\$25,198,000
Average Number of Common Shares Outstanding	31,821,000	31,140,000
Basic Earnings Per Share	\$1.06	\$0.81
Diluted Earnings Per Share	\$1.05	\$0.80
TWELVE MONTHS ENDED MARCH 31,	2001	2000
Consolidated Operating Revenues	\$1,224,770,000	\$925,656,000
Net Income	\$46,922,000	\$36,242,000
Average Number of Common Shares Outstanding	31,540,000	30,934,000

Basic Earnings Per Share	\$1.49	\$1.17
Diluted Earnings Per Share	\$1.48	\$1.16

MAKE YOUR OPINION COUNT - Click Here  
<http://tbutton.prnewswire.com/prn/11690X54663554>

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

CONTACT: Media Contact, Roger Buehrer, 702-876-7132, or Shareholder Contact, Laura Hobbs, 702-876-7237, both for Southwest Gas Corporation