



Southwest Gas[™]

HOLDINGS

Southwest Gas Reports Second Quarter 2001 Results

July 31, 2001

LAS VEGAS, July 31 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) recorded a second quarter 2001 net loss of \$0.35 per share, a \$0.04 decline from the \$0.31 per share loss reported for the second quarter of 2000. Net loss for the second quarter of 2001 was \$11.1 million, compared to the 2000 second quarter net loss of \$9.7 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.

Operating margin, defined as operating revenues less cost of gas, increased \$9.1 million, or ten percent, in the second quarter of 2001 compared to the same period in 2000. However, increases in operating expenses of \$10.9 million and financing costs of \$3.3 million more than offset the higher operating margin.

Customer growth was the primary reason for the change in operating margin as the Company served 63,000, or five percent, more customers than a year ago. The operating expense increase primarily resulted from the continued expansion and upgrading of the gas system to accommodate customer growth. The change in net financing costs was due to borrowings to finance construction expenditures and to finance purchased gas costs in excess of amounts recovered from customers.

For the twelve months ended June 30, 2001, net income was \$45.5 million, or \$1.43 per basic share, compared to \$30.1 million, or \$0.97 per basic share, during the twelve-month period ended June 30, 2000.

Operating margin increased \$55 million between periods largely due to differences in heating demand between periods. During the 2000/2001 winter, the Company's service territories experienced colder-than-normal weather, whereas during the prior heating season, temperatures were substantially above normal. This resulted in a \$34 million increase in weather-sensitive operating margin. Customer growth contributed \$21 million in incremental margin.

Operating expenses increased \$27 million, or eight percent, as a result of servicing additional customers. Net financing costs increased \$10.1 million, or 14 percent, as the Company financed both the new construction necessary to keep up with customer growth, and unrecovered purchased gas costs.

Other income (expense), net improved \$5.2 million (after tax) between periods due primarily to increased interest income on the balance of unrecovered purchased gas costs in the current period, and nonrecurring items recorded in both periods.

Southwest Gas Corporation provides natural gas to approximately 1,361,000 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,	2001	2000
Consolidated Operating Revenues	\$278,960,000	\$197,634,000
Net Loss	\$11,140,000	\$9,729,000
Average Number of Common Shares Outstanding	32,000,000	31,289,000
Loss Per Share	\$0.35	\$0.31
SIX MONTHS ENDED JUNE 30,		
Consolidated Operating Revenues	\$766,458,000	\$494,449,000
Net Income	\$22,669,000	\$15,469,000
Average Number of Common Shares Outstanding	31,911,000	31,215,000
Basic Earnings Per Share	\$0.71	\$0.50
Diluted Earnings Per Share	\$0.70	\$0.49
TWELVE MONTHS ENDED JUNE 30,		
Consolidated Operating Revenues	\$1,306,096,000	\$922,998,000
Net Income	\$45,511,000	\$30,109,000

Average Number of Common Shares Outstanding	31,717,000	31,100,000
Basic Earnings Per Share	\$1.43	\$0.97
Diluted Earnings Per Share	\$1.42	\$0.96

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