



Southwest Gas[™]

HOLDINGS

Southwest Gas Reports Third Quarter 2001 Results

November 1, 2001

LAS VEGAS, Nov. 1 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) recorded a third quarter 2001 net loss of \$0.51 per share, a \$0.20 decline from the \$0.31 per share loss reported for the third quarter of 2000. Net loss for the third quarter of 2001 was \$16.5 million, compared to the 2000 third quarter net loss of \$9.7 million. Prior period results included \$4.4 million, or \$0.14 per share, of nonrecurring nonutility income tax benefits. 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.

(Photo: <http://www.newscom.com/cgi-bin/prnh/20010823/SWXLOGO>)

According to Michael O. Maffie, President and Chief Executive Officer, the decline between periods, after adjusting for nonrecurring items, was partially due to delayed rate relief in Arizona. "The Company had anticipated receiving general rate relief in Arizona by the start of the third quarter. Instead, rate relief in the amount of \$21.6 million, or eight percent, was granted effective November 2001. Although delayed, the timing of the increase is still important to the Company, since the new rates are in place at the beginning of the heating season."

Operating margin increased \$9.8 million, or 12 percent, between periods as the Company served 61,000, or five percent, more customers than a year ago. In addition, the Company recognized increased margin from electric generation and industrial customers.

Operating expenses increased \$9.7 million, or 11 percent, reflecting general increases in labor and maintenance costs, and upgrading of the gas system to accommodate customer growth. Net financing costs increased \$2.6 million, or 14 percent, due to additional borrowings to finance construction expenditures, and to finance purchased gas costs in excess of amounts recovered from customers.

For the twelve months ended September 30, 2001, net income was \$38.7 million, or \$1.21 per basic share, compared to \$34.6 million, or \$1.11 per basic share, during the twelve-month period ended September 30, 2000.

Operating margin increased \$63 million, or 14 percent, 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 \$33 million increase in weather-sensitive operating margin. Customer growth, coupled with increased margin from electric generation and industrial customers, contributed \$30 million in incremental margin.

Operating expenses increased \$32.4 million, or nine percent, reflecting general increases in labor and maintenance costs, higher uncollectible expenses, and incremental costs associated with servicing additional customers. Net financing costs increased \$11.2 million, or 15 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 declined \$6.2 million (after tax) between periods due primarily to nonutility tax benefits recognized during the prior period which did not recur.

Southwest Gas Corporation provides natural gas service to approximately 1,371,000 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, customer growth rates, natural gas prices, the effects of regulation/deregulation, the timing and amount of rate relief, changes in gas procurement practices, changes in capital requirements and funding, the impact of conditions in the capital markets on financing costs, resolution of pending litigation, acquisitions, and competition.

SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST

QUARTER ENDED SEPTEMBER 30,	2001	2000
Consolidated Operating Revenues	\$246,094,000	\$198,962,000
Net Loss	\$16,488,000	\$9,680,000
Average Number of Common Shares Outstanding	32,231,000	31,424,000
Loss Per Share	\$0.51	\$0.31
 NINE MONTHS ENDED SEPTEMBER 30,		
Consolidated Operating Revenues	\$1,012,552,000	\$693,411,000

Net Income	\$6,181,000	\$5,789,000
Average Number of Common Shares		
Outstanding	32,019,000	31,285,000
Basic Earnings Per Share	\$0.19	\$0.19
Diluted Earnings Per Share	\$0.19	\$0.18

TWELVE MONTHS ENDED SEPTEMBER 30,

Consolidated Operating Revenues	\$1,353,228,000	\$955,671,000
Net Income	\$38,703,000	\$34,617,000
Average Number of Common Shares		
Outstanding	31,920,000	31,272,000
Basic Earnings Per Share	\$1.21	\$1.11
Diluted Earnings Per Share	\$1.20	\$1.10

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