



Southwest Gas[™]

HOLDINGS

Southwest Gas Corporation Announces First Quarter Earnings

April 25, 2002

LAS VEGAS, April 25 /PRNewswire-FirstCall/ -- Southwest Gas Corporation (NYSE: SWX) announced earnings of \$1.32 per share for the first three months of 2002, a \$0.26 increase over the \$1.06 per share earned during the first quarter of 2001. Net income was \$42.9 million, compared to \$33.8 million in the prior period.

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

According to Michael O. Maffie, President and Chief Executive Officer, "The net income achieved was a first-quarter record for the Company, even if the effect of a one-time gain on the sale of nonutility property is removed. The previous first-quarter record was during 1998, when the Company earned \$36 million, and weather played a significant role. As we stated in our 2001 Annual Report to shareholders, 'the elements are in place for much improved earnings performance in 2002.'"

First quarter 2002 gas operating margin was \$182 million, a \$14 million increase over the \$168 million earned during the first quarter of 2001. The increase was the result of general rate relief and customer growth, partially offset by the impacts of weather between periods. General rate relief accounted for \$15 million of the increase. Effective November 2001, annualized rate relief of \$21.6 million was granted in Arizona and effective December 2001, annualized rate relief of \$19.4 million was granted in Nevada. The Company added 59,000 customers during the last 12 months who contributed \$5 million in incremental margin. Operating margin was reduced by \$6 million between periods due to weather as the prior period was colder than normal.

Operating expenses increased \$7.6 million, or eight percent, due to general cost increases and costs associated with the continued expansion and upgrading of the gas system to accommodate customer growth. Net financing costs decreased \$1.1 million, or five percent between periods. This primarily resulted from a reduction in the outstanding balance of the Company's revolving credit facility due to strong cash flows, following recovery of previously deferred purchased gas costs. Also contributing were low interest rates on variable rate debt instruments.

In January 2002, the Company sold all of its interests in undeveloped property located in northern Arizona. The sale resulted in a one-time pretax gain of \$8.9 million, which was recognized in the first quarter of 2002.

For the twelve months ended March 31, 2002, net income was \$46.2 million, or \$1.43 per share, compared to \$46.9 million, or \$1.49 per share, during the twelve-month period ended March 31, 2001.

Operating margin increased \$30 million between periods. Customer growth, coupled with increased margin from electric generation and industrial customers during 2001, contributed \$29 million in incremental margin while rate relief added \$20 million. Differences in heating demand caused by weather variations between periods resulted in a \$19 million margin decrease. Modestly warmer-than-normal temperatures experienced during the current period reduced margin by \$8 million. Prior-period margin was \$11 million higher than expected due to temperatures that were ten percent colder than normal.

Operating expenses increased \$36 million, or ten percent, reflecting general increases in labor and maintenance costs, higher uncollectible expenses and incremental costs associated with servicing additional customers. Net financing costs increased \$5.3 million, or seven percent, due primarily to incremental borrowings to finance construction expenditures.

Other income increased \$6.7 million, net of tax, between periods. The increase was principally due to the gain on sale of property discussed previously, along with a \$3 million pretax gain on the sale of certain assets recognized during the fourth quarter of 2001.

Southwest Gas Corporation provides natural gas service to approximately 1,411,000 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, 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, resolution of pending litigation, acquisitions, and competition.

SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST (In thousands, except per share amounts)

QUARTER ENDED MARCH 31,	2002	2001
Consolidated Operating Revenues	\$499,501	\$487,498
Net Income	\$42,896	\$33,809
Average Number of Common Shares Outstanding	32,620	31,821
Basic Earnings Per Share	\$1.32	\$1.06

Diluted Earnings Per Share	\$1.30	\$1.05
TWELVE MONTHS ENDED MARCH 31,	2002	2001
Consolidated Operating Revenues	\$1,408,691	\$1,224,770
Net Income	\$46,243	\$46,922
Average Number of Common Shares Outstanding	32,319	31,540
Basic Earnings Per Share	\$1.43	\$1.49
Diluted Earnings Per Share	\$1.42	\$1.48

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