



Southwest Gas[™]

HOLDINGS

Southwest Gas Corporation Reports Second Quarter 2008 Results

August 6, 2008

LAS VEGAS, Aug. 6 /PRNewswire-FirstCall/ -- Southwest Gas Corporation (NYSE: SWX) recorded a net loss of \$0.06 per basic share for the second quarter of 2008, compared to a loss of \$0.01 per basic share recorded during the second quarter of 2007. Consolidated net loss was \$2.7 million, compared to a loss of \$337,000 in the prior-year quarter. 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 Jeffrey W. Shaw, Chief Executive Officer, "Given the current, challenging economic environment, we were encouraged with the overall operating results for the quarter. However, both our gas operations and construction services segments were negatively impacted by the new construction market slowdown. In addition, the quarterly net loss reflected negative returns on long-term investments related to stock market declines. Looking ahead, we believe we are poised for improvement when currently vacant homes become occupied (and customers begin taking service) and as market returns recover." Shaw also noted that, "rate case hearings concluded during the quarter in the Company's Arizona general rate case application, and hearings are scheduled later this summer in our California general rate case. We remain cautiously optimistic that fair outcomes will be achieved before the winter heating season in Arizona, and by year-end in California."

For the twelve months ended June 30, 2008, consolidated net income was \$80.2 million, or \$1.87 per basic share, compared to \$85.4 million, or \$2.05 per basic share, during the twelve-month period ended June 30, 2007.

Natural Gas Operations Segment Results

Second Quarter

Operating margin, defined as operating revenues less the cost of gas sold, increased approximately \$2.6 million, or two percent, in the second quarter of 2008 compared to the second quarter of 2007. Customer growth contributed \$2 million toward the operating margin increase as the Company added 19,000 customers during the last twelve months, an increase of one percent. Weather changes between periods accounted for the remaining increase.

Operating expenses for the quarter increased \$2.4 million, or two percent, compared to the second quarter of 2007 primarily due to general cost increases, higher uncollectible expenses, and incremental operating costs associated with serving additional customers. Labor efficiencies, resulting primarily from the conversion to electronic meter reading, mitigated the increase in operating expenses. Other income, which principally includes interest income, long-term investment returns, and non-utility expenses, decreased \$4.3 million between periods. This was primarily due to negative returns on long-term investments in the current quarter versus positive returns in the prior year's quarter. Net financing costs were relatively flat between periods.

Twelve Months to Date

Operating margin increased \$17 million, or two percent, between periods. Rate changes accounted for \$9 million of the increase and customer growth contributed \$8 million. Warmer-than-normal temperatures were experienced during both twelve-month periods (each with estimated negative impacts to operating margin of approximately \$7 million), resulting in no incremental impact between the periods.

Operating expenses increased \$6.3 million, or one percent, between periods primarily due to general increases in labor and maintenance costs, higher uncollectible expenses, and incremental operating costs associated with serving additional customers, partially offset by labor efficiencies resulting primarily from the electronic meter reading conversion.

Other income decreased \$12.5 million between periods primarily due to negative returns on long-term investments in the current twelve-month period (versus favorable returns in the prior-year period) and lower interest income due to the full recovery of previously deferred purchased gas cost receivables. The prior-year period also included non-recurring gains on dispositions of miscellaneous properties. Net financing costs between periods increased \$1.4 million, or two percent, primarily due to interest expense associated with higher deferred PGA balance payables and higher rates on variable-rate debt.

Southwest Gas Corporation provides natural gas service to 1,819,000 customers in Arizona, Nevada, and California.

This press release may contain statements which constitute "forward-looking statements" within the meaning of the Private 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, conditions in the housing market, the effects of regulation/deregulation, the timing and amount of rate relief, and changes in rate design.

QUARTER ENDED JUNE 30,	2008	2007
Consolidated Operating Revenues	\$ 447,304	\$ 426,537
Net Loss	\$ 2,725	\$ 337
Average Number of Common Shares Outstanding	43,324	42,226
Basic Loss Per Share	\$ 0.06	\$ 0.01

SIX MONTHS ENDED JUNE 30,	2008	2007
Consolidated Operating Revenues	\$ 1,260,911	\$ 1,220,253
Net Income	\$ 46,427	\$ 49,427
Average Number of Common Shares Outstanding	43,168	42,103
Basic Earnings Per Share	\$ 1.08	\$ 1.17
Diluted Earnings Per Share	\$ 1.07	\$ 1.16

TWELVE MONTHS ENDED JUNE 30,	2008	2007
Consolidated Operating Revenues	\$ 2,192,746	\$ 2,137,168
Net Income	\$ 80,246	\$ 85,398
Average Number of Common Shares Outstanding	42,865	41,691
Basic Earnings Per Share	\$ 1.87	\$ 2.05
Diluted Earnings Per Share	\$ 1.86	\$ 2.03

SOURCE Southwest Gas Corporation

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