



Southwest Gas[™]

HOLDINGS

Southwest Gas Corporation Announces First Quarter 2010 Earnings

May 5, 2010

LAS VEGAS, May 5, 2010 /PRNewswire via COMTEX/ --Southwest Gas Corporation (NYSE: SWX) announced consolidated earnings of \$1.43 per basic share for the first quarter of 2010, a \$0.30 increase from the \$1.13 per basic share earned during the first quarter of 2009. Consolidated net income was \$64.6 million for the first quarter of 2010, compared to \$50 million for the prior-year quarter.

According to Jeffrey W. Shaw, Chief Executive Officer, "Our net income of \$64.6 million in the first quarter of 2010 is a significant improvement over the prior year. The natural gas segment experienced higher operating results as rate relief and a return to more normal weather combined for a \$23 million increase in operating margin over the prior-year quarter. You may remember that in 2009, Arizona experienced one of its warmest winters in the past 100 years. Our sensible cost controls kept operating cost increases to a minimum, which also contributed to the stronger earnings." Shaw concluded by saying, "We remain focused on the core fundamentals of our business, and believe we are seeing the results of that strategy. These results include a recent Standard & Poor's credit rating outlook revision to positive from stable, which could ultimately lead to lower financing costs for the Company and our customers."

For the twelve months ended March 31, 2010, consolidated net income was \$102.1 million, or \$2.27 per basic share, compared to \$61.8 million, or \$1.41 per basic share, during the twelve-month period ended March 31, 2009. The increase between periods reflected higher operating margin, a significant improvement in other income, and lower financing costs. Other income in the current twelve-month period includes an \$11.6 million (\$0.26 per share) increase in the cash surrender values of company-owned life insurance ("COLI") policies, while the prior twelve-month period included an \$11.5 million (\$0.26 per share) decrease in COLI policies.

Natural Gas Operations Segment Results

First Quarter

Operating margin, defined as operating revenues less the cost of gas sold, increased \$23 million in the first quarter of 2010 compared to the first quarter of 2009. Differences in heating demand, caused primarily by weather variations, provided \$13 million of the operating margin increase as temperatures in the current quarter were relatively normal, while temperatures were significantly warmer than normal in the first quarter of 2009. Rate relief provided \$10 million of the operating margin increase, consisting of \$9 million in Nevada and \$1 million in California. Customer growth had a negligible impact as 9,000 net new customers were added during the last twelve months.

Operating expenses for the quarter increased \$2.1 million, or two percent, compared to the first quarter of 2009 primarily due to higher employee-related and general costs. Lower depreciation rates in the Nevada rate jurisdictions mitigated the increase.

Other income, which principally includes returns on COLI policies and non-utility expenses, improved \$1.3 million between quarters. This was primarily due to a favorable swing in the cash surrender values of COLI policies. Net financing costs were virtually unchanged.

Twelve Months to Date

Operating margin increased \$37 million between periods. Rate relief and rate changes provided a net \$18 million increase, consisting of rate relief of \$16 million in Arizona, \$11 million in Nevada, and \$3 million in California, partially offset by a decrease of \$12 million related to the return to a seasonal margin methodology in California in 2009. Differences in heating demand caused primarily by weather variations between periods resulted in a \$23 million operating margin increase as warmer-than-normal temperatures were experienced during both periods (during the twelve-month period of 2010, operating margin was negatively impacted by \$5 million, while the negative impact in the twelve-month period of 2009 was \$28 million). Customer growth contributed \$1 million in operating margin. Conservation, resulting from current economic conditions and energy efficiency, negatively impacted operating margin by an estimated \$5 million.

Operating expenses increased \$12.3 million, or two percent, between periods principally due to general cost increases and higher employee-related benefit costs. The increase was mitigated by somewhat lower staffing levels. Despite additional plant in service, depreciation expense decreased slightly due to lower depreciation rates in California and Nevada rate jurisdictions.

Other income improved \$21.6 million between periods. This was primarily due to the net change in the cash surrender values of COLI policies. Net financing costs decreased \$6 million between periods due to a reduction in outstanding debt and lower interest rates on variable-rate debt.

Southwest Gas Corporation provides natural gas service to 1,830,000 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, changes in rate design, and the impacts of stock market volatility.

SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST

(In thousands, except per share amounts)

QUARTER ENDED MARCH 31, -----	2010 ----	2009 ----
Consolidated Operating Revenues	\$668,751	\$689,862
Net Income	\$64,648	\$49,981
Average Number of Common Shares Outstanding	45,221	44,424
Basic Earnings Per Share	\$1.43	\$1.13
Diluted Earnings Per Share	\$1.42	\$1.12
 TWELVE MONTHS ENDED MARCH 31, -----	 2010 ----	 2009 ----
Consolidated Operating Revenues	\$1,872,713	\$2,020,998
Net Income	\$102,149	\$61,802
Average Number of Common Shares Outstanding	44,948	43,825
Basic Earnings Per Share	\$2.27	\$1.41
Diluted Earnings Per Share	\$2.26	\$1.40

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