



Southwest Gas[™]

HOLDINGS

Southwest Gas Corporation Reports Third Quarter 2012 Results

November 6, 2012

LAS VEGAS, Nov. 6, 2012 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) recorded a net loss of \$0.09 per share for the third quarter of 2012, compared to a net loss of \$0.34 per share for the third quarter of 2011. Consolidated net loss was \$4.3 million for the third quarter of 2012, compared to a net loss of \$15.6 million for the prior-year quarter. The current quarter includes \$2.2 million (\$0.05 per share) in other income associated with increases in cash surrender values of company-owned life insurance ("COLI") policies. The prior-year quarter included a net decrease of \$6.7 million (\$0.15 per share) in other income associated with COLI cash surrender value changes (net of death benefits recognized). Due to the seasonal nature of the Company's businesses, results for quarterly periods are not generally indicative of earnings for a complete twelve-month period.

(Logo: <http://photos.prnewswire.com/prnh/20110222/LA525481.IMG>)

According to Jeffrey W. Shaw, President and Chief Executive Officer, "Third quarter results improved over last year primarily due to Arizona rate relief and positive returns on COLI policies this quarter versus negative returns in the prior-year quarter. Our continued focus on cost containment efforts was also a factor in improved operating results." Shaw added, "We are pleased with NPL results for the current quarter, as they posted their second best quarter ever, exceeded only by last year's record-setting third quarter." Regarding regulatory matters, Shaw concluded by saying, "The Public Utilities Commission of Nevada recently voted to grant the Company a \$7 million annualized general rate increase in Nevada to be effective November 2012. Factoring in other aspects of the rate case decision, we estimate the annual operating income benefit to be \$11.4 million. We have reviewed the decision and have identified several items, most notably the capital structure, which we may request to have formally reconsidered by the Commission."

For the twelve months ended September 30, 2012, consolidated net income was \$126.3 million, or \$2.74 per basic share, compared to \$101.9 million, or \$2.23 per basic share, during the twelve-month period ended September 30, 2011. Other income in the current twelve-month period includes \$8.1 million (\$0.18 per share) associated with increases in COLI policy cash surrender values and recognized death benefits. The prior twelve-month period reflected a net COLI-related increase (including recognized death benefits) of \$2.3 million (\$0.05 per share).

Natural Gas Operations Segment Results

Third Quarter

Operating margin, defined as operating revenues less the cost of gas sold, increased \$14 million in the third quarter of 2012 compared to the third quarter of 2011. Rate relief in Arizona provided \$9 million of the increase in operating margin. New customers contributed an incremental \$1 million in operating margin during the third quarter of 2012, as approximately 22,000 net new customers were added during the last twelve months. In addition, a \$4 million adjustment (related to a regulatory deferral mechanism) that decreased operating margin was included in the prior-year quarter.

Operating expenses for the quarter rose \$4.7 million, or 3%, compared to the third quarter of 2011, primarily due to increases in general and employee-related costs including pension expense, and due to increases in depreciation expense, resulting from additional plant in service.

Other income, which principally includes changes in the cash surrender values of COLI policies and non-utility expenses, increased \$9.7 million between quarters. This was primarily due to changes in the cash surrender values of COLI policies between quarters. Net interest deductions decreased \$1 million between quarters primarily due to cost savings from refinancing.

Twelve Months to Date

Operating margin increased \$51 million between periods primarily due to rate relief of \$36 million in Arizona. Differences in heating demand, caused primarily by weather variations, accounted for \$6 million of the increase. Customer growth contributed \$5 million toward the increase. The remaining \$4 million increase was due to an adjustment that decreased operating margin in the prior-year period.

Operating expenses increased \$15.5 million, or 3%, between periods, principally due to an increase in depreciation expense, resulting from additional plant in service. Higher general and employee-related costs including pension expense, as well as higher Arizona property taxes, contributed to the increase. These cost increases were partially offset by favorable claims experience under Southwest's self-insured medical plan during the fourth quarter of 2011.

Other income increased \$9.5 million between periods primarily due to an increase in COLI-related income. Net interest deductions decreased \$3.5 million between the twelve-month periods primarily due to cost savings from debt refinancing.

Southwest Gas Corporation provides natural gas service to 1,858,000 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, the effects of regulation/deregulation, the timing and amount of rate relief, changes in rate design, results of NPL fixed-price

contracts, and the impacts of stock market volatility.

SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST

(In thousands, except per share amounts)

QUARTER ENDED SEPTEMBER 30,	2012	2011
Consolidated Operating Revenues	\$ 371,799	\$ 352,592
Net Income (Loss)	\$ (4,305)	\$ (15,641)
Average Number of Common Shares Outstanding	46,134	45,881
Earnings (Loss) Per Share	\$ (0.09)	\$ (0.34)

NINE MONTHS ENDED SEPTEMBER 30,	2012	2011
Consolidated Operating Revenues	\$ 1,439,212	\$ 1,369,537
Net Income	\$ 70,938	\$ 56,963
Average Number of Common Shares Outstanding	46,106	45,837
Basic Earnings Per Share	\$ 1.54	\$ 1.24
Diluted Earnings Per Share	\$ 1.52	\$ 1.23

TWELVE MONTHS ENDED SEPTEMBER 30,	2012	2011
Consolidated Operating Revenues	\$ 1,956,863	\$ 1,837,649
Net Income	\$ 126,262	\$ 101,948
Average Number of Common Shares Outstanding	46,059	45,766
Basic Earnings Per Share	\$ 2.74	\$ 2.23
Diluted Earnings Per Share	\$ 2.72	\$ 2.21

SOURCE Southwest Gas Corporation

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