



Southwest Gas[™]

HOLDINGS

Southwest Gas Corporation Announces First Quarter 2013 Earnings

May 3, 2013

LAS VEGAS, May 3, 2013 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) announced consolidated earnings of \$1.75 per basic share for the first quarter of 2013, a \$0.04 increase from the \$1.71 per basic share earned during the first quarter of 2012. Consolidated net income was \$80.8 million for the first quarter of 2013, compared to \$78.9 million for the prior-year quarter. The current quarter includes \$3.8 million (\$0.08 per share) in other income associated with increases in the cash surrender values of company-owned life insurance ("COLI") policies. The prior-year quarter included \$5.2 million (\$0.11 per share) in other income associated with COLI policies.

According to Jeffrey W. Shaw, Chief Executive Officer, "Net income for the natural gas segment was on par with the previous-year quarter, while NPL, our construction services subsidiary, experienced a \$1.9 million improvement in net income between periods." Shaw concluded by stating, "A highlight during the quarter was the upgrade of our credit rating to A- from BBB+ by Standard & Poor's Ratings Services. S&P cited our sustained improvements in cash flow and leverage measures and improved regulatory relationships in all three service territories. Both customers and shareholders should benefit from this upgrade."

For the twelve months ended March 31, 2013, consolidated net income was \$135.2 million, or \$2.93 per basic share, compared to \$122.7 million, or \$2.67 per basic share, during the twelve-month period ended March 31, 2012.

Natural Gas Operations Segment Results

First Quarter

Operating margin, defined as operating revenues less the cost of gas sold, increased \$5 million in the first quarter of 2013 compared to the first quarter of 2012. Rate relief in Nevada and California provided \$2 million of the increase in operating margin. New customers contributed an incremental \$2 million in operating margin during the first quarter of 2013, as approximately 20,000 net new customers were added during the last twelve months. Incremental margin from customers outside the decoupling mechanisms and other miscellaneous revenues contributed the remaining \$1 million of the increase.

Operating expenses for the quarter rose \$4.3 million, or 3%, compared to the first quarter of 2012 primarily due to increases in general costs, employee-related benefit costs including pension expense, depreciation expense resulting from additional plant in service, and property and other general taxes.

Other income, which principally includes changes in the cash surrender values of COLI policies and non-utility expenses, decreased \$1.4 million between periods, primarily due to COLI cash surrender value increases that were lower during the current quarter as compared to increases in values that occurred during the first quarter of 2012. Net interest deductions decreased \$1.3 million between quarters primarily due to cost savings from debt refinancing and early debt redemptions.

Twelve Months to Date

Operating margin increased \$39 million between periods primarily due to \$26 million of rate relief in Arizona, Nevada, and California. Customer growth contributed \$6 million toward the increase. The remaining operating margin increase primarily relates to reductions associated with warmer weather in the second quarter of 2011 and a regulatory adjustment recognized in the third quarter of 2011.

Operating expenses increased \$19.2 million, or 3%, between periods principally due to higher general costs, employee-related benefit costs including pension expense and greater depreciation expense resulting from additional plant in service.

Other income rose \$2.5 million between periods. The current twelve-month period reflects COLI-related income of \$5.2 million, while the prior year twelve-month period included income of \$3.7 million due to an increase in COLI cash surrender values and recognized net death benefits. Net interest deductions declined \$2.3 million between the twelve-month periods primarily due to cost savings from debt refinancing and redemption activity. The decline in interest expense was partially offset by increased interest due to a temporary increase in debt outstanding prior to a debt redemption and larger outstanding balances under the credit facility and commercial paper program during the current twelve-month period.

Southwest Gas Corporation provides natural gas service to 1,886,000 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 timing and amount of rate relief, changes in rate design, customer growth rates, conditions in the housing market, the effects of regulation/deregulation, and the impacts of stock market volatility.

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

QUARTER ENDED MARCH 31,

2013

2012

Consolidated Operating Revenues	\$	613,505	\$	657,645
Net Income	\$	80,773	\$	78,919
Average Number of Common Shares Outstanding		46,251		46,068
Basic Earnings Per Share	\$	1.75	\$	1.71
Diluted Earnings Per Share	\$	1.73	\$	1.70

<u>TWELVE MONTHS ENDED MARCH 31,</u>		<u>2013</u>		<u>2012</u>
Consolidated Operating Revenues	\$	1,883,638	\$	1,916,393
Net Income	\$	135,185	\$	122,657
Average Number of Common Shares Outstanding		46,160		45,934
Basic Earnings Per Share	\$	2.93	\$	2.67
Diluted Earnings Per Share	\$	2.90	\$	2.65

SOURCE Southwest Gas Corporation

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