



Southwest Gas[™]

HOLDINGS

Southwest Gas Reports Second Quarter Results

August 7, 1997

LAS VEGAS, Aug. 7 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) recorded a 1997 second quarter net loss of \$0.47 per share, a \$0.01 decrease from the \$0.46 per share loss reported for the second quarter of 1996. Consolidated net loss applicable to common stock for the second quarter of 1997 was \$12.7 million, compared to the 1996 second quarter deficit of \$11.9 million. 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 Michael O. Maffie, President and Chief Executive Officer, higher operating expenses and financing costs were nearly offset by a \$5 million improvement in operating margin. Customer growth was the principal driving force behind the increased costs as the Company added approximately 62,000 customers during the past twelve months, a six percent increase. Net financing costs were negatively impacted by increased short-term borrowings attributed to higher-than-expected prices paid for natural gas supplies during the 1996/1997 winter heating season. The operating margin improvement was primarily the result of customer growth and rate relief.

For the twelve months ended June 30, 1997, consolidated net income applicable to common stock was \$12.5 million, or \$0.47 per share, versus consolidated net income applicable to common stock from continuing operations of \$955,000, or \$0.04 Per share, during the twelve-month period ended June 30, 1996.

Operating margin increased \$41 million due to customer growth, rate relief, and improved, but warmer-than-normal, weather conditions. On a weather-normalized basis, operating margin would have been approximately \$14 million greater than actually reported in the current period, and \$30 million higher in the previous period. Increased operating expenses and financing costs associated with serving the Company's growing customer base partially offset the improvement in operating margin.

Southwest Gas Corporation provides natural gas to approximately 1.1 million customers in Arizona, Nevada and California. Its service territory is centered in the fastest growing region of the country.

SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST

	1997	1996
Quarter Ended June 30		
Operating Revenues	\$136,938,000	\$123,611,000
Net Loss Applicable to Common Stock	\$12,748,000	\$11,943,000
Average Number Of Common Shares outstanding	27,002,000	25,817,000
Loss Per Share of Common Stock	\$0.47	\$0.46
Six Months June 30,		
Operating Revenues	\$372,169,000	\$311,963,000
Net Income Applicable to Common Stock	\$8,820,000	\$2,916,000
Average Number of Common Shares Outstanding	26,910,000	25,211,000
Earnings Per Share of Common Stock	\$0.33	\$0.12
Twelve Months Ended June 30		
Operating Revenues	\$704,267,000	\$549,755,000
Net Income - Continuing Operations	\$12,478,000	\$1,072,000
Net Income (Loss) Applicable to Common Stock	\$12,478,000	\$(17,387,000)
Average Number of Common Shares Outstanding	26,733,000	24,773,000
Earnings Per Share from Continuing Operations	\$0.47	\$0.04
Earnings (Loss) Per Share of Common Stock	\$0.47	\$(0.70)

SOURCE Southwest Gas Corporation

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