



Southwest Gas[™]

HOLDINGS

Southwest Gas Corporation Announces First Quarter Earnings

May 4, 1999

LAS VEGAS, May 4 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) announced consolidated first quarter net income of \$28.3 million, or \$0.93 per share. Earnings were \$7.7 million, or \$0.38 per share, less than the record first quarter results of 1998.

According to Michael O. Maffie, President and Chief Executive Officer, "Despite warmer-than-normal weather conditions in our service territories, the current-period results were in line with expectations. The impact of weather was offset by customer growth, rate design improvements, lower financing costs and contributions from our construction services subsidiary. However, the positive first quarter results were overshadowed by the record earnings achieved in the first quarter of 1998, when weather conditions were colder than normal."

Operating margin decreased \$10.2 million, or seven percent, in the first quarter of 1999 compared to the same period a year ago. Differences in heating demand caused by weather variations between periods resulted in a \$13 million decrease, much of which was attributed to colder-than-normal temperatures during the prior period. Partially offsetting the weather-related impacts was an increase of \$3 million in operating margin due to customer growth, as the Company served 60,000, or five percent, more customers than a year ago.

Operating expenses increased \$4.6 million, or six percent, as a result of the continued expansion and upgrading of the gas system to accommodate customer growth. Net financing costs decreased \$1.4 million, or eight percent, resulting primarily from lower average short-term debt balances. Strong operating cash flows coupled with a 2.5 million share common stock offering during the third quarter of 1998 were the primary reasons for the reduction.

For the twelve months ended March 31, 1999, net income was \$39.9 million, or \$1.36 per share, compared to \$30.9 million, or \$1.13 per share, during the twelve-month period ended March 31, 1998. Prior-period results included the effects of several nonrecurring events recorded during the fourth quarter of 1997. Excluding the impact of these events, net income for the twelve months ended March 31, 1998 would have been \$35 million, or \$1.28 per share.

Operating margin increased \$28 million, or six percent, due to rate relief and customer growth. Rate relief received effective September 1997 contributed \$15 million towards the increase, and customer growth accounted for the remainder. Both periods experienced weather that was moderately colder-than-normal. Consequently, there was not a significant weather-related operating margin variance between periods.

Operating expenses increased \$16.5 million, or five percent, as a result of servicing additional customers. Net financing costs decreased \$2.6 million, or four percent, resulting primarily from lower average short-term debt balances.

Southwest Gas Corporation provides natural gas service to approximately 1,225,000 customers in Arizona, Nevada and California. Its service territory is centered in the fastest-growing region of the country.

SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST

QUARTER ENDED MARCH 31,	1999	1998
Consolidated Operating Revenues	\$308,025,000	\$292,601,000
Net Income	\$28,266,000	\$35,953,000
Average Number of Common Shares Outstanding	30,497,000	27,447,000
Basic Earnings Per Share	\$0.93	\$1.31
Diluted Earnings Per Share	\$0.92	\$1.30
TWELVE MONTHS ENDED MARCH 31,	1999	1998
Consolidated Operating Revenues	\$932,733,000	\$789,380,000
Net Income	\$39,850,000	\$30,854,000
Average Number of Common Shares Outstanding	29,363,000	27,225,000
Basic Earnings Per Share	\$1.36	\$1.13
Diluted Earnings Per Share	\$1.35	\$1.13

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