



Southwest Gas[™]

HOLDINGS

Southwest Gas Reports Third Quarter 2000 Results

November 1, 2000

LAS VEGAS, Nov. 1 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) recorded a third quarter 2000 net loss of \$0.31 per share, a \$0.15 improvement from the \$0.46 per share loss reported for the third quarter of 1999. Consolidated net loss for the third quarter of 2000 was \$9.7 million, compared to the 1999 third quarter net loss of \$14.2 million. Due to the seasonal nature of the business, net losses during the third quarter are normal and not generally indicative of earnings for a complete twelve-month period.

During the current period, the Company recognized \$0.14 per share of income tax benefits resulting from the favorable resolution of certain federal income tax issues and the statutory closure of open federal tax years. Prior period results included \$1.7 million, or \$0.06 per share, of after-tax costs associated with the now terminated merger with ONEOK, Inc. Absent these two factors, the current period loss would have been \$0.45 per share, and the prior period loss would have been \$0.40 per share.

Operating margin increased \$1.6 million between periods as the Company served 64,000, or five percent, more customers than a year ago. Operating expenses increased \$4.3 million, or five percent, as a result of providing service to a steadily growing customer base. Net financing costs increased \$1.5 million, or nine percent, due to additional borrowings to finance construction, and increased interest rates on variable-rate debt instruments.

For the twelve months ended September 30, 2000, net income was \$34.6 million, or \$1.11 per basic share, compared to \$35.5 million, or \$1.16 per basic share, during the twelve-month period ended September 30, 1999.

Operating margin decreased \$9 million, or two percent, between periods. Customer growth contributed \$17 million of incremental margin. However, differences in heating demand more than offset the impact of customer growth as temperatures were 15 percent above normal during the current period.

Operating expenses increased \$15.2 million, or five percent, as a result of the continued expansion and upgrading of the gas system to accommodate customer growth. Net financing costs increased \$6.7 million, or ten percent, as the company financed the new construction necessary to keep up with customer growth, and interest rates on variable rate debt instruments rose.

During the current period, the Company recognized \$6 million, or \$0.19 per share, of income tax benefits associated with the favorable resolution of certain federal income tax issues, and the statutory closure of open federal tax years. Other tax matters, including the recognition of income tax liabilities for unrelated potential issues in the prior period, resulted in a \$3 million, or \$0.10 per share, improvement in earnings between periods. Additionally, the prior period included after-tax merger costs of \$4.9 million, or \$0.16 per share.

Southwest Gas Corporation provides natural gas to approximately 1,310,000 customers in Arizona, Nevada and California. Its service territories are centered in the fastest-growing region of the country.

This press release may contain statements which constitute "forward-looking statements" within the meaning of the 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, natural gas prices, the effects of regulation/deregulation, the timing and amount of rate relief, changes in capital requirements and funding, acquisitions, and competition.

SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST

QUARTER ENDED SEPTEMBER 30,	2000	1999
Consolidated Operating Revenues	\$198,962,000	\$166,289,000
Net Loss	\$9,680,000	\$14,188,000
Average Number of Common Shares Outstanding	31,424,000	30,742,000
Loss Per Share	\$0.31	\$0.46
NINE MONTHS ENDED SEPTEMBER 30,		
Consolidated Operating Revenues	\$693,411,000	\$674,606,000
Net Income	\$5,789,000	\$10,482,000
Average Number of Common Shares Outstanding	31,285,000	30,621,000
Basic Earnings Per Share	\$0.19	\$0.34
Diluted Earnings Per Share	\$0.18	\$0.34
TWELVE MONTHS ENDED SEPTEMBER 30,		
Consolidated Operating Revenues	\$955,671,000	\$943,909,000

Net Income	\$34,617,000	\$35,525,000
Average Number of Common Shares Outstanding	31,272,000	30,550,000
Basic Earnings Per Share	\$1.11	\$1.16
Diluted Earnings Per Share	\$1.10	\$1.15

SOURCE Southwest Gas Corporation

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