



Southwest Gas[™]

HOLDINGS

Southwest Gas Corporation Announces 1999 Earnings And Record Customer Additions

February 22, 2000

LAS VEGAS, Feb. 22 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) announced consolidated earnings of \$1.28 per share for 1999, \$0.38 less than the \$1.66 per share earned in 1998. Consolidated net income for 1999 was \$39.3 million, compared to \$47.5 million during 1998. Average shares outstanding increased 2.1 million between periods. The Company added a record 65,700 new customers in 1999.

According to Michael O. Maffie, President and Chief Executive Officer, current-year results were in line with Company expectations. "The decrease in earnings was attributed to a return to more normal weather conditions from last year's colder-than-normal temperatures. Operating margin in 1998 was about \$20 million higher than expected due to weather. If results were normalized for weather, our 1999 earnings would show a modest improvement over 1998."

Operating margin decreased \$9 million, or two percent, in 1999. Differences in heating demand between periods caused a \$23 million reduction in operating margin. Customer growth mitigated the impact of weather as the Company added nearly 66,000, or five percent, more customers over the last 12 months, contributing \$14 million in incremental margin. The 1999 customer additions were a record for the Company, surpassing the 63,800 customers who signed up for service during 1996.

Operating expenses, excluding merger-related costs, increased \$16 million, or five percent, as a result of continued expansion and upgrading of the gas system to accommodate customer growth. During 1999, the Company invested \$208 million in its gas system.

In January 2000, ONEOK, Inc. terminated a December 1998 merger agreement with the Company. Operating results for 1999 included merger-related costs of \$2.5 million, net of tax, which reduced earnings per share by \$0.08.

Net interest deductions were \$687,000 under last year. Strong cash flows related to the recovery of deferred purchased gas costs, particularly during the first half of the year, reduced the need for new borrowings to finance construction. This trend is not expected to continue into 2000 as additional financing will be needed to fund construction.

During the fourth quarter of 1999, consolidated net income was \$28.8 million, or \$0.93 per share, versus \$25 million, or \$0.83 per share, for the fourth quarter of 1998. Operating income was \$6.1 million less than the prior year due to lower operating margin, resulting from weather variations between periods, and higher operating expenses. However, the timing of the resolution of certain matters affecting both quarters, including the termination of the merger, resulted in lower income tax expense between periods, which more than offset the decrease in operating income.

Southwest Gas Corporation provides natural gas to approximately 1,274,000 customers in Arizona, Nevada, and California. Its service territories are centered in the fastest-growing region of the country.

SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST

YEAR ENDED DECEMBER 31,	1999	1998
Consolidated Operating Revenues	\$936,866,000	\$917,309,000
Net Income	\$39,310,000	\$47,537,000
Average Number of Common Shares Outstanding	30,690,000	28,611,000
Basic Earnings Per Share of Common Stock	\$1.28	\$1.66
Diluted Earnings Per Share of Common Stock	\$1.27	\$1.65
QUARTER ENDED DECEMBER 31,		
Consolidated Operating Revenues	\$262,260,000	\$269,303,000
Net Income	\$28,828,000	\$25,043,000
Average Number of Common Shares Outstanding	30,894,000	30,339,000
Basic Earnings Per Share of Common Stock	\$0.93	\$0.83
Diluted Earnings Per Share of Common Stock	\$0.93	\$0.82

SOURCE Southwest Gas Corporation

Company News On-Call: <http://www.prnewswire.com/comp/804969.html> or fax, 800-758-5804, ext. 804969

CONTACT: Media: Lew Phelps of Sitrick And Company, 310-788-2850, for Southwest Gas Corporation; or Shareholder Contact: Laura Hobbs of Southwest Gas Corporation, 702-876-7237