



Southwest Gas[™] HOLDINGS

Southern Union Company's Federal RICO Claims Against Southwest Gas Corporation Are Dismissed

December 27, 2000

LAS VEGAS, Dec. 27 /PRNewswire/ -- Federal RICO allegations made by Southern Union Company (NYSE: SUG) against Southwest Gas Corporation (NYSE: SWX) and ONEOK, Inc. (NYSE: OKE) were dismissed on December 15, 2000, by Federal District Court Judge Roslyn O. Silver of Phoenix, Arizona.

"This is a significant event, dealing with the most serious of the claims brought by Southern Union," said George C. Biehl, Executive Vice President, Chief Financial Officer, and Corporate Secretary of Southwest Gas Corporation ("Southwest"). "This latest development reinforces what Southwest Gas has maintained from the very inception of the litigation -- the Southern Union allegations against Southwest are without merit. Southwest expects that in the weeks and months to come Southern Union's claims against it will continue to be unpeeled as Southwest undertakes additional discovery and further pursues available legal remedies."

While the ongoing litigation has received Southwest's close attention, and the claims made against Southwest Gas and its individual officers and directors have been treated with the utmost seriousness, Southwest's primary focus has continued to be on managing its natural gas distribution operations in Arizona, Nevada, and California.

Southwest anticipates that after year-end it will report record breaking or near-record breaking customer additions. "Our commitment to our communities and customers has been unaffected by the ongoing litigation," said Michael O. Maffie, President and Chief Executive Officer. Southwest Gas continues to meet the demand for natural gas and to maintain excellent levels of customer service all across its territories in three of the most dynamic growth states in the nation."

The RICO claims were included as part of litigation filed by Southern Union in July 1999. The litigation was brought in opposition to the attempted acquisition of Southwest by ONEOK, Inc. The ONEOK merger had been approved by Southwest's board of directors in April 1999 and was subsequently approved by Southwest's shareholders on August 10, 1999, by an overwhelming margin.

After Arizona Corporation Commission (ACC) staff testimony filed in January 2000 questioned ONEOK's fitness to provide service in Arizona, ONEOK breached its merger agreement with Southwest Gas and called off the acquisition.

"While our preference would be to see all the claims and merger related litigation resolved efficiently, through negotiation on terms fair to our shareholders, employees, customers and other stakeholders," Biehl said, "Southwest is prepared to see these matters through to their conclusion if, as one senior Southern Union official has been quoted, 'settlement is not an option.' In any event, Southwest's deep and experienced management team will continue to emphasize excellence in customer service and to judiciously manage the opportunities presented by the company's extraordinary growth in customers."

FORWARD-LOOKING STATEMENTS

This report 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, resolution of the pending litigation, acquisitions and competition.

SOURCE Southwest Gas Corporation

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