



Southwest Gas HOLDINGS

Federal Court Dismisses Southern Union Company's Federal and State RICO Claims Against Southwest Gas and Southwest Executives

May 24, 2001

LAS VEGAS, May 24 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) announced today that United States District Court Judge Roslyn O. Silver in Phoenix, Arizona, has issued an Order dismissing the federal and Arizona state RICO allegations made by Southern Union Company (NYSE: SUG) against Southwest Gas. The Court also dismissed federal and state RICO allegations that Southern Union had brought against Southwest's Chairman of the Board Thomas Hartley, Southwest's President and Chief Executive Officer Michael Maffie, and Southwest's Executive Vice President/Consumer Resources and Energy Services Edward Zub.

In the May 21, 2001 ruling, the Court denied Southern Union's request for reconsideration of the Court's December 15, 2000 decision to dismiss federal racketeering claims made by Southern Union against Southwest Gas. Southern Union's federal and Arizona state RICO claims against ONEOK, Inc. (NYSE: OKE), Arizona Corporation Commissioner James Irvin, and several other individuals were also dismissed by the Court's Order.

"We are extremely pleased that the Court has dismissed all of Southern Union's federal and state RICO claims against Southwest and its officers and directors," said Hartley. "For months, Southern Union has overstated through press releases and in briefings the substance of its allegations and its alleged damages. Southwest believes that Southern Union's remaining claims are equally without merit and are subject to court dismissal. Southwest looks forward to the court rulings on its additional motions to dismiss the entirety of the Southern Union claims."

Maffie said, "Southwest and its shareholders were damaged as a result of the misdeeds of Southern Union Company and ONEOK with respect to the merger process. While Southern Union has made sensational claims alleging hundreds of millions of dollars in damage, the simple truth is that Southwest and its shareholders were deprived of the significant value and the economic benefit of a solid merger because of the wrongful conduct of two companies. Southwest and its shareholders fully expect to be compensated for their losses."

The May 21 Court Order also declines to allow Southern Union to immediately appeal the Court's dismissal of the federal and state RICO counts. Instead, an appeal, if any, of the Court's dismissal will occur in normal course after the conclusion of a trial on the merits. A trial date of Nov. 12, 2001 is presently set. It is anticipated that the trial could last two to three months.

"We strongly believe in the merits of our case and are aggressively preparing for trial," said Thomas Sheets, Southwest Gas Corporation Senior Vice President and General Counsel. "However, we remain interested in resolving this case on a negotiated basis as an alternative to prolonged litigation."

"We urge ONEOK and Southern Union to consider the opportunity for a negotiated settlement. But any resolution will have to fairly compensate Southwest and Southwest's shareholders for the damages they have sustained."

Southwest Gas Corporation provides natural gas to about 1,337,000 customers in Arizona, Nevada, and California. Its service territories are centered in the fastest-growing region of the country.

FORWARD-LOOKING STATEMENTS

This report contains 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.

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