



Southwest Gas[™] HOLDINGS

Federal Court Dismisses Southern Union Company Claims For Lost Profits Against Southwest Gas

September 25, 2001

Southern Union's Damages Claims Severely Restricted;
Ruling Is Significant Victory for Southwest Gas

LAS VEGAS, Sept. 25 /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 Southern Union's (NYSE: SUG) claims for lost profits against Southwest Gas and its Chief Executive Officer Michael Maffie. While the Court did not dismiss all the claims against Southwest Gas or Mr. Maffie, the ruling dramatically restricts the damages sought by Southern Union.

(Photo: <http://www.newscom.com/cgi-bin/prnh/20010823/SWXLOGO>)

The Court ruled in Southwest Gas' favor regarding the lost profit damages sought in Southern Union's claim. Southern Union had been requesting between \$500,000,000 and \$750,000,000 in such lost profits damages. This ruling precludes such claims and will limit Southern Union's damages to "out-of-pocket expenses" which Southwest believes are minimal, and punitive damages, which Southwest believes will not be proven.

Previously, Judge Silver dismissed all racketeering claims against Southwest, its officers, and directors, and many additional claims against individual officers and directors of the company. On August 17, 2001, Judge Silver vacated the previously scheduled trial date of November 13, 2001, and has set a new trial date of May 28, 2002.

"This is a huge victory for Southwest Gas," said Southwest Chairman Thomas Hartley. "We are delighted that Judge Silver has gutted Southern Union's damages claims, thereby limiting the Company's financial exposure in the case. We believe that this is another step towards affirming our assertion that Southern Union's allegations against Southwest and its executives are -- and always have been -- without merit. Southwest is highly confident that we will prevail on Southern Union's few remaining claims against our company, including their unsupported claims for punitive damages."

Hartley added, "We firmly believe that of the three companies involved in this litigation, Southwest is the only one that has ascertainable damages, and we will continue to pursue a recovery that appropriately compensates the company for the loss of the merger. Given this significant ruling by the Court, we look forward to resolving this litigation and continuing to grow and serve our customers in our service territories."

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.

For further information, please contact: Michael O'Connor, (602) 262-5889.

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