



Southwest Gas[™] HOLDINGS

Federal Court Issues Two Orders Reducing Claims And Damages in Failed Merger Litigation

January 7, 2002

Scope and Stakes of Litigation Severely Limited;
Southwest Says Any Potential Financial Exposure Is Minimal

LAS VEGAS, Jan. 7 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) announced today that United States District Court Judge Roslyn O. Silver in Phoenix, Arizona, has issued two Orders further addressing the allowable claims and damage issues in litigation presently pending among Southern Union Company (NYSE: SUG), ONEOK, Inc. (NYSE: OKE) and Southwest.

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

The first Order confirms that Southern Union's claims against Southwest and ONEOK, Inc. are now limited to claims for Southern Union's out-of-pocket expenses, estimated at approximately \$1 million (according to Court filings), and any punitive damages that it can prove. The second Order limits Southwest's claims against ONEOK, Inc. to Southwest's out-of-pocket expenses and any punitive damages that it can prove. Likewise, the single remaining ONEOK claim against Southwest is limited to out-of-pocket expenses and any punitive damages that it can prove. The second Order also dismisses Southwest's and ONEOK's claims against Southern Union. Southwest believes that it will prevail on Southern Union's and ONEOK's claims and that its potential exposure on the remaining claims including punitives will not have a material impact on its financial condition.

Thomas Hartley, Southwest's Chairman of the Board, stated, "The Court's latest rulings limiting the scope and stakes of the case provide further support for Southwest's long-standing statements that Southern Union's prior predictions of a potentially significant economic verdict were grossly exaggerated. Southwest believes that the economics of further litigation should dictate an early resolution of this matter. However, barring a negotiated settlement, Southwest will continue to pursue its remaining claims against ONEOK and defend itself against the limited claims that remain at issue in the litigation."

Southwest Gas provides natural gas service to nearly 1.4 million homes and businesses in Arizona, California and Nevada. 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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