

Southern Company third quarter positive despite economic challenges, mild weather

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ATLANTA - Oct. 23, 2008 - Southern Company reported third quarter earnings of \$780.4 million, or \$1.01 a share. The earnings compared with \$762.0 million, or \$1.00 a share, in the third quarter of 2007.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20081023/CLTH042>)

Earnings for the first nine months of 2008 were \$1.56 billion, or \$2.02 a share, compared with \$1.53 billion, or \$2.03 a share, for the same period a year ago.

Earnings for the nine months ended Sept. 30, 2008, included a \$67 million charge, or 9 cents per share, related to three leveraged leases from the 1990s when Southern Company pursued development of international energy projects. Earnings for the third quarter and nine months ended Sept. 30, 2007, included synthetic fuel earnings of 1 cent per share and 7 cents per share, respectively.

Excluding the impact of synthetic fuel investments, Southern Company earned \$1.01 a share for the third quarter of 2008, compared with 99 cents a share for the same period in 2007. Excluding the impact of synthetic fuel investments and charges related to the leveraged leases, earnings for the first nine months of 2008 were \$2.11 a share, compared with \$1.96 a share for the same period in 2007.

Revenues for the third quarter were \$5.43 billion compared with \$4.83 billion in the third quarter of 2007, a 12.3 percent increase. For the first nine months of the year, revenues totaled \$13.32 billion, compared with \$12.01 billion in the same period a year ago, an increase of 10.9 percent.

Chairman, President and CEO David M. Ratcliffe said that despite the challenges of mild weather, a sluggish economy and turmoil in the financial markets, Southern Company's businesses continued to perform well overall in the third quarter, giving the company positive results and keeping the company on track to deliver on its financial and operational goals for the year.

"We remain committed to the strategy that has provided our customers with reliable energy and outstanding service at prices below the national average and that has rewarded investors, even in challenging times," Ratcliffe said.

The economy in the Southeast continues to experience the same stress as other regions of the country, but to a lesser degree. While customer growth has slowed, it is still positive. Southern Company is serving more than 28,000 additional customers, compared with the same time last year. This growth partially offset a decrease in usage.

Positive third quarter earnings drivers include increased retail rates and revenues from market-response rates offered to commercial and industrial customers. These positive drivers were primarily offset by mild summer temperatures as compared to the same period in 2007, and asset depreciation primarily associated with increased investment in environmental equipment and transmission and distribution equipment. These investments are needed to produce cleaner energy and maintain reliability.

In the third quarter, kilowatt-hour sales to retail customers in Southern Company's four-state service area decreased 4.6 percent compared with sales during the 2007 third quarter. Residential electricity sales decreased 7.6 percent. Commercial sales decreased 2.3 percent and industrial sales declined 3.4 percent. Total sales of electricity to Southern Company's customers in the Southeast, including wholesale sales, are down 2.5 percent compared with the third quarter last year. The major contributor to the decrease in third quarter sales was the milder weather as compared to the same period last year.

For the first nine months of 2008, kilowatt-hour sales to Southern Company's retail customers decreased 1.7 percent compared with sales during the same period in 2007. Residential electricity sales decreased 3.4 percent, commercial sales are unchanged and industrial sales declined 1.6 percent as compared with the first nine months of 2007. Total sales of electricity to Southern Company's customers in the Southeast, including wholesale sales, are down 0.4 percent compared with the first nine months of last year.