

## GLOSSARY

**Basic Earnings Per Share Excluding Leveraged Lease Charges and Synthetic Fuels**—basic earnings per share excluding 11 cents of leveraged lease charges in 2008 and 8 cents, 2 cents, 11 cents, and 15 cents of synthetic fuel earnings in 2007, 2006, 2005, and 2004, respectively.

**Biomass**—plant matter such as dead trees and branches, yard clippings, and wood chips used to generate electricity.

**Book Value**—a company's common stock equity as it appears on a balance sheet, equal to total assets minus liabilities, preferred and preference stock, and intangible assets such as goodwill. Book value per share refers to the book value of a company divided by the number of shares outstanding.

**Capital Markets**—a market where a government or a company can raise money to fund operations and long-term investment.

**Coal Gasification**—a process of converting coal into gas that can be used to produce electricity.

**Demand-Reduction Programs**—programs that influence the reduction or patterns of electricity use by customers. Also known as demand-side management.

**Diluted Earnings Per Share**—a company's earnings per share calculated using fully diluted shares outstanding, including the impact of stock option grants and convertible bonds that can be converted into shares of stock in the issuing company.

**Dividend Yield**—the annual dividend income per share received from a company divided by its current stock price.

**Earnings Per Share**—net income divided by the average number of shares of common stock outstanding.

**Electric Power Research Institute (EPRI)**—an independent, nonprofit organization funded by the electric utility industry that conducts research on issues of interest to the industry.

**Electricity Infrastructure**—basic facilities and equipment, including power plants and transmission towers and lines, needed to generate and deliver electricity to customers.

**Generating Capacity**—the amount of energy that can be produced using all of our power generation facilities.

**Kilowatt-hour**—a unit of electricity, equal to 1,000 watt-hours, delivered by electric utilities steadily for one hour.

**Lignite**—a soft, brown, low-rank coal with characteristics between coal and decayed vegetation matter.

**Market Value**—what investors believe a company is worth, calculated by multiplying the number of shares outstanding by the current market price of the company's shares.

**Megawatt**—1,000 kilowatts. A measurement of electricity usually used when discussing large amounts of generating capacity.

**National Electric Energy Testing, Research, and Applications Center (NEETRAC)**—a nonprofit, member-supported electric energy research, development, and testing center.

**Renewable Energy**—energy generated from natural resources such as sunlight, wind, rain, ocean tides, and geothermal heat from the ground.

**Return on Equity**—a measure of profitability, calculated as net income divided by shareholders' equity.

**Risk-Adjusted Return**—a measure of return that factors in the risk (expected variability in returns) of the investment relative to other stocks.

**Selective Catalytic Reduction (SCR)**—a technology that reduces ozone-forming nitrogen oxide emissions from coal plants by using ammonia as a reducing agent.

**Smart Grid**—an electricity grid that uses digital technology—two-way communications, advanced sensors, and distributed computing—to save energy, reduce costs, and increase reliability.

**Smart Meter**—an advanced meter that identifies electricity consumption in more detail than a conventional meter and is capable of communicating that information via a network.

**Synthetic Fuels**—gaseous liquids or solid fuels that do not occur naturally and can be made from natural substances such as coal or oil.

**Total Shareholder Return**—stock price appreciation plus reinvested dividends. (The distribution of shares of Mirant Corporation stock to Southern Company shareholders is treated as a special dividend for purposes of calculating Southern Company shareholder return.)

**Traditional Operating Companies**—the part of our business that generates, transmits, and distributes electricity to commercial, industrial, and residential customers in most of Alabama and Georgia, the Florida panhandle, and southeastern Mississippi.

**Wholesale Customers**—energy marketers, electric and gas utilities, municipal utilities, rural electric cooperatives, and other entities that buy power for resale to retail customers.