


**SO 2002**

SOUTHERN COMPANY 2002 ANNUAL REPORT

4 MILLION CUSTOMERS, 26,000 EMPLOYEES, NEARLY 37,000 MEGAWATTS OF GENERATING CAPACITY, 27,000 MILES OF TRANSMISSION LINES, A DISTRIBUTION NETWORK, ELECTRIC UTILITIES IN ALABAMA, FLORIDA, GEORGIA, AND MISSISSIPPI, COMPETITIVE GENERATION, ENERGY-RELATED PRODUCTS & SERVICES, RETAIL, NATURAL GAS MARKETER

# assets and



**Our 26,000 Employees** are committed to delivering solid results for customers and shareholders. Ed Demore and Eric Sims of Plant Franklin in Smiths, Alabama, are part of the team that in 2002 made Southern Company again one of the industry's top performers.

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**More than 500,000 shareholders** make Southern Company one of the most widely held stocks in the United States. Gerald Bozeman became a shareholder in 1999. Since then, Southern Company's total shareholder return, including reinvested dividends, has averaged more than 18 percent a year.

# reliability.

ONE OF THE MOST WIDELY HELD STOCKS IN THE COUNTRY, 75 YEARS PROVIDING ENERGY FOR THE SOUTHEAST, 54 YEARS OF CONSECUTIVE QUARTERLY DIVIDENDS, PROVEN LONG-TERM STRATEGY, TOP-RANKED UTILITY IN CUSTOMER SATISFACTION, SOLID EARNINGS, FINANCIAL STRENGTH, COMMITMENT TO ENVIRONMENTAL SOLUTIONS, FOCUS ON KEEPING PROMISES TO CUSTOMERS AND SHAREHOLDERS

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**Southern Company is the premier super-regional energy company in the Southeast, serving 4 million customers. Our goal is to lead the industry in customer satisfaction while earning superior risk-adjusted returns and delivering a sustainable and growing dividend to shareholders. Our strength is in our people, whose talent, experience, understanding of the business, diversity, and community involvement are our most important **assets**. We also have the hard assets, including nearly 37,000 megawatts of generating capacity and more than 27,000 miles of high-voltage transmission lines. We emphasize **reliability** in the way we run the business to serve the interests of our customers and shareholders. We set financial and operational targets that we believe are realistic. We are disciplined in our decision-making. We keep our promises and stick to the businesses and markets that we know best. And we are committed to improving our environment in responsible ways.**

## Financial Highlights

	2002	2001	Change
Operating revenues <i>(in millions)</i>	<b>\$10,549</b>	\$10,155	3.9 %
Earnings from continuing operations <i>(in millions)</i>	<b>\$1,318</b>	\$1,120	17.7 %
Basic earnings per share from continuing operations	<b>\$1.86</b>	\$1.62	14.8 %
Diluted earnings per share from continuing operations	<b>\$1.85</b>	\$1.61	14.9 %
Dividends per share*	<b>\$1.35<sup>1/2</sup></b>	\$1.34	1.1 %
Dividend yield <i>(percent)</i>	<b>4.8</b>	5.3	(9.4)%
Average shares outstanding <i>(in millions)</i>	<b>708</b>	689	2.7 %
Return on average common equity <i>(percent)</i>	<b>15.79</b>	13.51	16.9 %
Book value per share	<b>\$12.16</b>	\$11.43	6.4 %
Market price <i>(year-end, closing)</i>	<b>\$28.39</b>	\$25.35	12.0 %
Total market value of common stock <i>(year-end, in millions)</i>	<b>\$20,339</b>	\$17,703	14.9 %
Total assets <i>(in millions)</i>	<b>\$31,799</b>	\$29,897	6.4 %
Total kilowatt-hour sales <i>(in millions)</i>	<b>184,436</b>	176,113	4.7 %
Retail	<b>151,885</b>	145,345	4.5 %
Sales for resale	<b>32,551</b>	30,768	5.8 %
Total number of customers <i>(year-end, in thousands)</i>	<b>4,068</b>	3,998	1.7 %

\* Annual dividend rate was increased mid-year 2002 by 2.2 percent, or 3 cents per share.

## Letter to Our Shareholders



**Allen Franklin**  
*Chairman, President, and CEO*

**Our strategy is straightforward.** Our results are real. We believe our targets are credible and achievable. We are disciplined and committed to keeping promises. This approach historically has produced excellent results for Southern Company customers and shareholders. It again added up to an outstanding performance in 2002. We achieved earnings of \$1.32 billion, or \$1.86 per share. Even excluding the positive effects of weather and one-time items, our earnings of \$1.75 per share exceeded Wall Street expectations as well as our earnings-growth goal. We succeeded despite a recession that hit the manufacturing sector in the Southeast especially hard. We did it while continuing to meet very high standards for customer service and reliability.

### Outstanding Year

The company's excellent performance allowed us to increase your annual dividend to \$1.37 per share. The success we're having was also recognized in the stock market. Our share price rose by 12 percent.

With a 17.6 percent total return for shareholders, including stock price appreciation and reinvested dividends, we outperformed our industry as well as the broader market in 2002. In addition, we have been a total return leader for the most recent 5-year and 10-year periods. Southern Company has delivered consistently solid results under varying market conditions.

The source of this success is our work force of more than 26,000 employees, whose efforts every day make it happen. We work hard to ensure customers have a reliable and affordable supply of electricity. Customer service and satisfaction drive our business. And our company emphasizes corporate responsibility, as demonstrated by the real gains we've made in the areas of the environment and diversity.

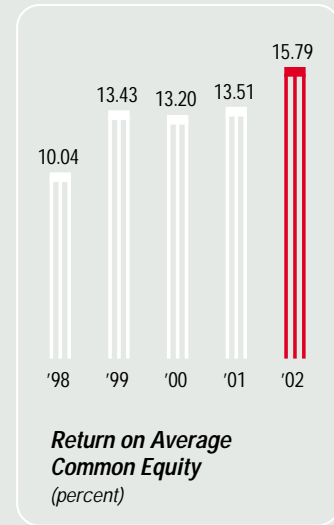
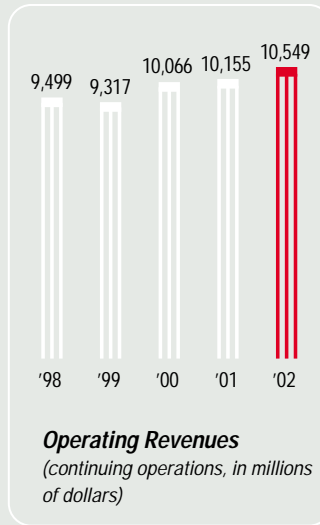
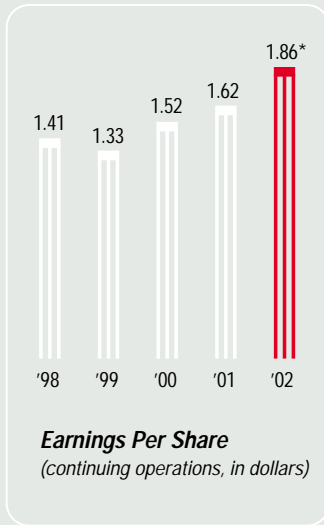
### Sound Strategy

We've now completed two years with a strategy focused on the Southeast and our three main businesses. Our commitment to continue the successful execution of this strategy has the company well positioned for the future. Our regulated utilities, which contribute nearly 90 percent of our earnings, are strong. The recent economic problems notwithstanding, the region continues to grow. Our regulated retail business added 70,000 customers last year. That increase of 1.7 percent was

above the national average for the industry. We are expecting comparable growth this year. To ensure that the Southeast's increasing energy needs are served, we've continued to invest in our infrastructure. The foundation of our company is in our regulated utilities in the Southeast, and we remain focused on the fundamentals that have made us successful.

Our competitive generation business continued to perform well, with earnings of \$168 million in 2002. The target for this business is to earn \$200 million a year by 2005. We are on track, if not ahead of pace, to meet this goal. Our wholesale generation business is based on securing long-term contracts before any new power plants are added. This way we are less vulnerable to the price volatility of the competitive wholesale electricity market. We'll continue to grow in 2003 by adding four gas-fired units with more than 2,200 megawatts of capacity – all with long-term contracts.

We are also making progress toward meeting our long-term goals for energy-related products and services, the third main component of our strategy. Through an acquisition, we entered Georgia's retail natural gas market last year. Southern Company GAS now serves more than 200,000 customers and is profitable. Outdoor lighting in Georgia, appliance sales in Alabama, and our Southern LINC telecommunications business are solid performers. In part because of the economic downturn, our energy services business, Southern Company Energy Solutions, had disappointing results in 2002. However, we are retooling that business and expect to see improvement.



\* Includes positive impact from weather and one-time items of 11 cents.

We are managing the business well, capitalizing on our strengths and adjusting where necessary. Our strategy is sound, and I see no major changes to it in the foreseeable future.

### Challenges and Opportunities

To continue our record of success, we will have to work through a number of external issues. Some particularly stand out.

The slumping economy is challenging most businesses, including ours. We've been able to manage our operations to reduce the impact of the economy. A strong recovery does not appear likely in 2003, and we have adjusted our budgets and financial plans.

As always, we are giving a great deal of attention to our environmental responsibilities. We have committed, in some cases ahead of compliance dates and voluntarily, to install equipment and make substantial capital investments to improve air quality, especially in the metropolitan areas we serve. In the Atlanta area, we have spent more than \$1 billion over the past decade to reduce ground-level ozone, although we are but one of many sources affecting air quality. We're pursuing research and development of alternative energy sources, such as biomass and coal gasification. Clean-burning natural gas is becoming a bigger part of our fuel mix, which is a positive environmental development although it creates longer-term issues related to the uncertainty of natural gas prices. We are achieving significant environmental improvements even as we increase generation to meet growing energy needs.

We are closely engaged in the discussions over proposed changes to federal regulation of our industry. We agree with the Federal Energy Regulatory Commission that there are potential long-term benefits to forming a regional transmission organization in the Southeast. But we have some concerns. Specifically, we want to ensure the structure of any such system doesn't harm our customers by reducing reliability or increasing costs. FERC has approved the general framework of our regional transmission organization plan. However, a separate FERC transmission proposal known as Standard Market Design would, in our opinion, go too far in taking regulatory power away from the states and could have a harmful effect on retail customers. We will continue to make our voice heard and work toward solutions that benefit our customers and are fair to our shareholders.

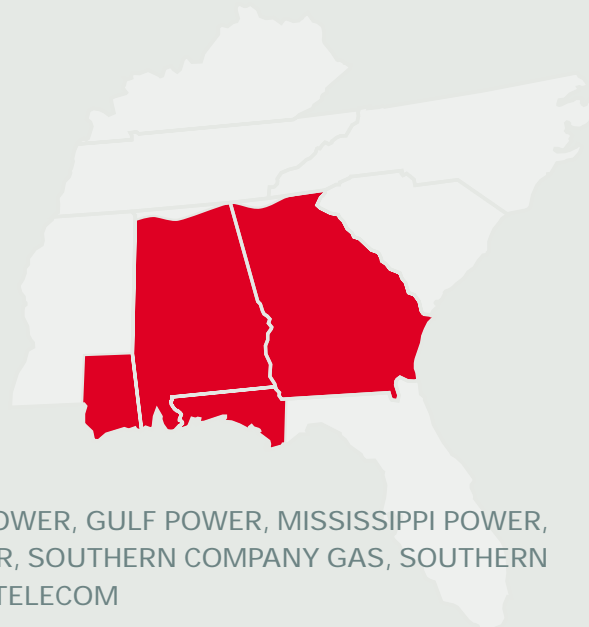
We have long believed in the value of sticking with the business and markets we know best. I believe our focus on disciplined decision-making and customer satisfaction is exactly right for this company. Our people are talented and motivated and working better than ever as a team. We know our business. We understand the challenges and opportunities ahead. I am very confident that we're on the right track for continued success.

Thank you again for your support,

Allen Franklin  
March 14, 2003

**Super Southeast**

- Service Territory
- Competitive Generation Opportunities



# at a glance.

**SUBSIDIARIES AND AFFILIATES:** ALABAMA POWER, GEORGIA POWER, GULF POWER, MISSISSIPPI POWER, SAVANNAH ELECTRIC, SOUTHERN NUCLEAR, SOUTHERN POWER, SOUTHERN COMPANY GAS, SOUTHERN COMPANY ENERGY SOLUTIONS, SOUTHERN LINC, SOUTHERN TELECOM

**Major Businesses**

**2002 Highlights**

**Goals**

**Looking Ahead**

**Regulated Utilities**

Electric utilities in Alabama, Florida, Georgia, and Mississippi. Generation, transmission, and distribution of electricity to 4 million retail customers.

Industry leader in customer satisfaction. Added 70,000 customers. Electricity use by retail customers up 4.5 percent.

Continue to lead the industry in service and customer satisfaction. Continue to earn returns in the top quartile of the industry.

Demand growth expected to be about 3.5 percent a year. Customer growth expected to be about 1.5 percent.

**Competitive Generation**

Generation and sale of electricity to wholesale customers in the Southeast.

Plant Franklin Unit 1 and Plant Wansley Units 6 and 7 began commercial operation. Earnings of \$168 million, ahead of goal.

Contribute earnings of more than \$200 million by 2005.

About 2,200 megawatts of competitive generation capacity, backed by long-term contracts, scheduled to go on line this year.

**Products and Services**

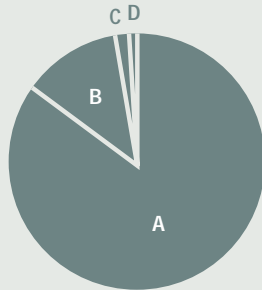
Energy-related products and services for retail customers in the Southeast.

Entered retail natural gas market in Georgia. Strong earnings from outdoor lighting, appliance sales, and Southern LINC wireless businesses.

Develop and manage innovative energy-related business lines that will produce \$35 million annual net income by 2004.

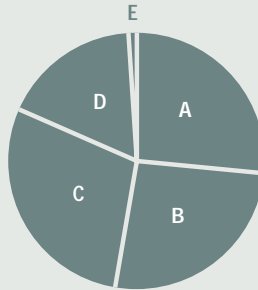
Consumer demand for reliability, convenience, and enhanced products and services creates opportunities through existing customer relationships and sales channels.





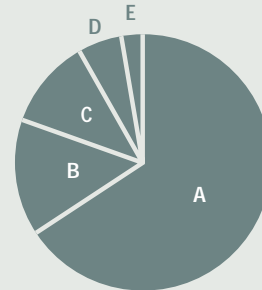
**Customers**  
(year-end 2002, in thousands)

A. Residential: 3,496  
B. Commercial: 553  
C. Industrial: 14  
D. Other: 5



**Kilowatt-Hour Sales**  
(2002, in millions)

A. Residential: 48,784  
B. Commercial: 48,250  
C. Industrial: 53,851  
D. Wholesale: 32,551  
E. Other: 1,000



**Sources of Energy Supply**  
(2002, percent)

A. Coal: 65.7  
B. Nuclear: 14.7  
C. Gas: 11.4  
D. Purchased Power: 5.6  
E. Hydro: 2.6

#1

"America's Most Admired" Electric and Gas Utility – Fortune Magazine, 2nd Straight Year

**Top 5 Performers in 2002 – S&P 500 Electric Index**  
based on total shareholder return, with dividends reinvested (percent)



**Market Value Ranking – S&P 500 Electric Index**  
(year-end, in billions of dollars)

<b>2002</b>	
<b>Southern Company</b>	<b>20.3</b>
Duke Energy	17.5
Exelon Corp.	17.0
Dominion Resources	16.9
FPL Group	11.0

**Total Return (percent)**

	2002	5-Year	10-Year
<b>Southern Company</b>	<b>17.64</b>	<b>18.35</b>	<b>15.28</b>
S&P 500 Electric Index	(15.06)	1.13	5.51
S&P 500 Index	(22.10)	(0.58)	9.33

Annual returns for the period ending Dec. 31, 2002  
Assumes dividends were reinvested

**\$1.84**

**2003 Earnings Per Share Target**



**Allen Franklin**  
*Chairman, President, and CEO*

# strategy.

"OUR STRATEGY FITS VERY WELL WITH THE CURRENT BUSINESS, ECONOMIC, AND FINANCIAL CLIMATE. OUR IMPLEMENTATION OF THE STRATEGY HAS BEEN EFFECTIVE. WE'RE DOING THE RIGHT THINGS FOR OUR CUSTOMERS AND PRACTICING DISCIPLINED DECISION-MAKING TO GET THE KIND OF RESULTS OUR SHAREHOLDERS EXPECT."

## A Conversation With Allen Franklin

Probably the biggest business story of the past year was corporate ethics. How does Southern Company measure up?

When someone looks at a company to determine its credibility, they generally use the same standards as when they look at a person. One gains confidence based on the company's or the person's actions. When you look at Southern Company, I think you should look at our track record. Have we been candid? Have we done what we said we'd do? Have we put customers and shareholders first? I believe the answer is yes, and I think customers and investors feel the same way.

What is the biggest challenge to continuing Southern Company's success?

There are lots of issues facing our company and our industry. There's nothing new about that. I believe we can handle these challenges, as we have in the past. A broader challenge is to not become satisfied with our performance. It is important that we get better and better at the things that have made us successful. And that's being focused on customer service and creating value for shareholders. It also includes making sure the system is reliable and efficient, that we keep outages to a minimum and restore power quickly when it does go out. It means being disciplined in our decision-making and being true to the type of investment our shareholders expect from us. I think we do an excellent job in all these areas, and our customers rate us extremely well. But we still think we can – and will – do better.

Is the oversupply of generation in the Southeast a concern for the competitive generation business?

It has been apparent for some time that there is more generation being constructed in the Southeast than is required to serve customers in the region. That is the reason we haven't participated in the speculative competitive generation business. We are in the competitive generation business primarily through long-term contracts, so I do not expect the current oversupply of capacity to substantially affect the profitability of this business. And I think we can continue to grow this business at an attractive rate, even in an oversupplied market, because wholesale purchasers now put a real premium on the reliability and staying power of the

supplier. That seems to be as important as the short-term price being offered. Even with this positive outlook, clearly an oversupplied market will make growth in this business more difficult than would be the case in a balanced market.

What progress has been made on the environment?

We continue to be responsible and aggressive in complying with air quality and emission standards, while also meeting our responsibility to serve our customers' energy needs. A recent example is in Florida. Gulf Power, which already meets all state and federal health-based environmental standards, has voluntarily initiated a \$200 million project to reduce emissions of ozone-forming nitrogen oxides from the company's plant near Pensacola by an additional 61 percent by 2007. We're also testing renewable and alternative sources of power such as biomass and advanced, cleaner-burning coal. There's a lot of interest in renewables. What will really advance the use of renewables is making them economical. That's where our emphasis is.

Has the company made progress on diversity?

We have made significant progress. More than 25,000 employees, including senior management, have now completed diversity-awareness training. And we have increased the diversity of our leadership throughout the company. For example, about 40 percent of leadership-position promotions in 2002 went to women and minorities. And 57 percent of new hires last year were women and minorities. We are working to assure a fully inclusive work place, where every single employee feels valued and is valued. It is an ongoing and long-term commitment requiring daily attention.

What's the overall outlook for the company?

It's very bright. Sticking to what we do best, focusing on our customers, paying attention to the nuts and bolts, and running the business to continually get better is the right strategy. Also extremely important is having the discipline to stick to markets and businesses we understand and making the creation of real shareholder value a key driver for all business decisions. People in the company believe in the strategy, investors support it, and state regulators feel good about what we're doing.

# total return.

"WE BELIEVE THAT OVER TIME OUR CONSERVATIVE APPROACH REWARDS INVESTORS. OVER THE PAST 10 YEARS, OUR TOTAL SHAREHOLDER RETURN, INCLUDING REINVESTED DIVIDENDS, HAS AVERAGED MORE THAN 15 PERCENT A YEAR. THAT'S AN OUTSTANDING PERFORMANCE, IN BOTH GOOD MARKETS AND BAD."

Gale Klappa – Executive Vice President and Chief Financial Officer

## A Conversation With Gale Klappa

### What were the main factors affecting Southern Company's strong financial performance in 2002?

There are a number of reasons why we were able to beat expectations in 2002 despite continued economic weakness in the industrial sector of the Southeast. One is the underlying growth in the region. We continue to see people and businesses moving here and expanding our customer base. Favorable weather was also a positive factor. In addition, our earnings benefited from a strong balance sheet and a solid "A" credit rating. This credit rating allows us to take advantage of interest rates that have been at 40-year lows. Another factor is the success of our competitive generation business, which is producing earnings ahead of target. This gives the company a healthy growth component and a boost to our overall earnings.

### What is the company's earnings target for 2003?

Our earnings guidance is \$1.84 per share. This is consistent with our belief that we can grow our earnings from normal operations at about 5 percent per year. Underlying that target is an assumption that we will see no meaningful pickup in industrial demand for electricity this year and that we will continue to have customer growth along the lines of what we've seen in recent years.

### Are mergers or acquisitions planned?

Part of management's job is to continually look at opportunities to grow the business, so we regularly assess a range of possibilities, including entire companies as well as individual assets. We have had, and will continue to follow, very strict guidelines concerning mergers and acquisitions. We are only interested in assets or companies that would add to earnings quickly, would fit our stated strategy, and would add to our long-term earnings growth rate.

### Will there be another increase in the dividend?

We strongly believe dividends are an essential component of the total return package that we offer to investors. That's why we were pleased to increase the dividend last year by an annual rate of 3 cents per share, or 2.2 percent. Our goal for the foreseeable future is to raise the dividend, if possible, each year at about half the rate of our earnings-per-share growth. We are committed to delivering earnings and dividend growth.

### Can investors have confidence in Southern Company's financial reporting?

First, investors should know that we are in compliance with the stricter federal reporting guidelines that took effect last year. More important, if you look at the company's history, you'll see that Southern Company has made every effort to ensure that our accounting practices and disclosures reflect the form and substance of our business. Another fact to consider is our track record of paying dividends every quarter since 1948. Real cash dividends speak volumes about the soundness of a company's numbers. Over time, you can't fake a dividend. Either you have the cash or you don't.

### Can you evaluate the financial performance of the products and services business?


We're looking for our products and services business to earn \$35 million a year by 2004. We previously announced a goal of \$50 million a year, which was truly a stretch goal, to focus management attention on the importance of this segment. But our financial plans have always assumed a \$35 million contribution to earnings in 2004. When you look at our full range of products and services – such as retail natural gas, outdoor lighting in Georgia, appliance sales in Alabama, and wireless communications – we believe we're on the right track.

# connections.

SPECIAL PEOPLE. THERE'S A CONNECTION BETWEEN THE WAY WE APPROACH OUR JOBS AND THE RESULTS WE'VE ACHIEVED FOR OUR CUSTOMERS AND SHAREHOLDERS. SOUTHERN COMPANY PEOPLE HAVE "SOUTHERN STYLE." IT'S IN THE WAY WE GO ABOUT OUR BUSINESS EACH DAY. IT'S IN HOW WE STRIVE TO BE HONEST AND STRAIGHTFORWARD. IT'S IN OUR DEPTH OF EXPERIENCE - NEARLY HALF OUR EMPLOYEES HAVE BEEN WITH THE COMPANY AT LEAST 20 YEARS. IT'S IN HOW OUR PEOPLE BECOME LEADERS IN BUSINESS AND IN THE COMMUNITY. IT'S IN THE WAY WE RESPECT EACH OTHER'S DIFFERENT BACKGROUNDS AND WORK TOGETHER TOWARD OUR GOALS.

**On the front lines** of serving customers are people such as David Smarr and Celesta Wilson of the Georgia Power Customer Care Center in McDonough, Georgia. Our people are the company, and we strive to earn our customers' business anew with each and every contact. When you meet Southern Company people, you remember them.





"We are longtime Southern Company shareholders. Our family has invested in Southern Company for four generations. The company's track record of solid management performance and consistently paying a dividend over the years has meant a lot. Also, Southern Company stays with the basics of its business. Energy is something everybody needs, and Southern Company has done a good job for the people it serves. Judging by the results, Southern Company knows what it's doing."

Becky Smith

*Southern Company shareholder*

**“With about 300 restaurants in the Southeast operating 24 hours a day, 365 days a year, we appreciate having in Southern Company an energy provider that’s a real partner. We like the communication and accessibility. From reliably supplying electricity to helping us use energy efficiently to heading off problems before they occur, the team at Southern Company is there to help. **Yes, we are a satisfied customer.”****

**Walt Taylor**


*Vice President, Waffle House Inc.*

**Customer Satisfaction** Our goal is to lead the industry in service and customer satisfaction. The people whose opinions count the most – our customers – say we’re doing a good job. Southern Company and its operating subsidiaries continue to take the top spots in customer satisfaction surveys. In 2002 Southern Company, for the third straight year, was ranked the top energy company by the American Customer Satisfaction Index. Our national accounts organization was named one of the top three programs for customer satisfaction by the Edison Electric Institute’s Customer Advisory Group. We’re proud that our customers are satisfied. But we’re not satisfied – we want to be even better and believe we can be. We’re working hard to find more ways to make our customers happy about doing business with Southern Company.







A man with dark hair, wearing a brown jacket over a blue and white plaid shirt, is sitting on a log in a forest. He is looking up and to the left, towards a large tree trunk covered in moss. The forest floor is covered in fallen leaves.

"As an employee for 35 years with Georgia Power, a shareholder, and a customer, I've seen Southern Company from different points of view. A consistent thing that has always stood out for me is the **focus on performance**. As an employee, we always set goals that were higher than the year before, goals that challenged us but that we could reach. I can see that hasn't changed. I feel good about the direction Southern Company is going in now."

Hamilton Boykin  
*Retiree*

With an eye on **safety and efficiency**, Marcus Farmer, Carl Jordan, and Rusty Meharg work the control room at Gulf Power's Plant Crist. The power generation facility near Pensacola, Florida, is part of the four-state regulated utility business that contributes nearly 90 percent of Southern Company's earnings.

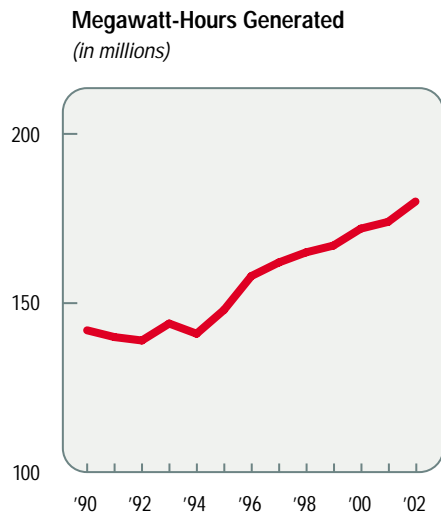
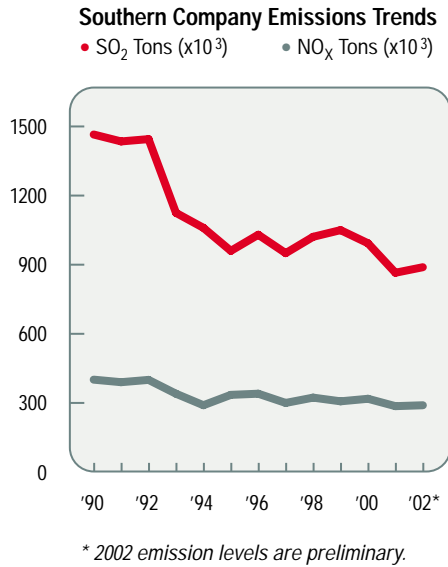


**Operational Excellence** The reliable supply of electricity that allows Southern Company to satisfy customers and achieve excellent financial results begins at our generating plants. It ends as power is delivered safely and reliably to customers. As one of the nation's largest electricity producers, we are committed to being the best at building and operating plants safely and efficiently. We strive for excellence every day, but the toughest tests often come in the summer. In 2002, Southern Company had 21 days when hot summer weather sent the peak demand for electricity soaring past 32,000 megawatts. The people who operate Southern Company's transmission grid and power plants were up to the challenge. When the availability of power was most critical, we kept power flowing over more than 27,000 miles of high-voltage transmission lines and set company records for the lowest rates of forced outages, which is a key indicator of how well generating plants are run.

The bales stacked behind Willie Wyckoff of Plant Gadsden in Alabama could be part of a **cleaner energy future**. It's switchgrass, a native prairie grass grown easily in the South. Tests at Plant Gadsden have shown that switchgrass, when co-fired with coal in our existing power plants, reduces emissions of carbon dioxide, sulfur dioxide, and mercury. Switchgrass is one of many options we are considering to further diversify our fuel mix to prepare for future energy demands. It's part of our commitment to focus on environmental solutions.



Even though Southern Company has increased generation to meet demand, levels of emissions of sulfur dioxide and nitrogen oxides have declined.



**Environmentally Responsible** Southern Company's environmental commitment is to be responsible and to get results. We've invested about \$1.2 billion in capital throughout the company in the past decade to reduce emissions at our generating plants. We plan to spend \$4 billion more on environmental controls including scrubbers and selective catalytic reduction systems by 2015 to further reduce emissions. These are investments with returns that include a cleaner environment and cleaner energy sources. We have significantly reduced emissions of sulfur dioxide and nitrogen oxides and avoided more than 55 million metric tons of carbon dioxide, while increasing our energy output to meet growing demand for electricity. Our use of natural gas generation to meet the ever-increasing energy demands in the Southeast means that this cleaner-burning fuel will contribute an even larger portion of the power we provide. Meanwhile, we are making meaningful gains in the research and development of alternative and renewable energy sources, such as coal gasification and the use of switchgrass or other biomass as a fuel. And in the communities we serve, Southern Company employees are in the forefront of local efforts to maintain and clean land and rivers.

## Shareholder Information

### Transfer Agent

SCS Stockholder Services is Southern Company's transfer agent, dividend paying agent, investment plan administrator, and registrar. If you have questions concerning your Southern Company stockholder account, please contact:

SCS Stockholder Services  
P.O. Box 54250  
Atlanta, GA 30308-0250

### Shareholder Services Internet site

<http://investor.southerncompany.com> provides transfer instructions, service request forms, and frequently asked questions and answers.

You may also call the Stockholder Information Line at (800) 554-7626. Representatives are available Monday through Friday, 9 a.m. to 5 p.m. Eastern Time.

### Southern Investment Plan

Southern Investment Plan (SIP) provides current Southern Company shareholders with a convenient and economical way to increase their holdings. SIP also enables investors who are not currently shareholders to purchase common stock directly through the plan. Access <http://investor.southerncompany.com> to review the Prospectus and New Investor Enrollment Form.

### Dividend Payments

The entire amount of dividends paid during 2002 is taxable as ordinary income.

The board of directors sets the record and payment dates for quarterly dividends. A dividend of 34<sup>1</sup>/<sub>4</sub> cents was paid in March 2003.

For the remainder of 2003, projected record dates are May 5, Aug. 4, and Nov. 3. Projected payment dates for dividends declared during the remainder of 2003 are June 6, Sept. 6, and Dec. 6

### Internet Account Access

Registered stockholders can access their account information on the Internet at <http://investor.southerncompany.com>. Click on Stockholder Services.

Stockholders can securely view detailed account information – including share balance, market value, and dividend payment details – as well as change their account mailing address.

### Annual Meeting

The 2003 Annual Meeting of Stockholders will be held on Wednesday, May 28, at 10 a.m. EDT at The Southern Pine at Callaway in Pine Mountain, Georgia.

### Auditors

Deloitte & Touche LLP  
Suite 1500, 191 Peachtree Street, N.E.  
Atlanta, GA 30303

### Investor Information Line

For recorded information about earnings and dividends, stock quotes, and current news releases, call toll-free (866) 762-6411.

### Institutional Investor Inquiries

Southern Company maintains an investor relations office in Atlanta, (404) 506-5195, to meet the information needs of institutional investors and security analysts.

### Eliminate Duplicate Mailings

If you are a stockholder of record and receive multiple copies of the annual report and proxy statement, or wish to access these documents electronically in the future, you may authorize Southern Company to suspend future mailings of these documents to a specific account. To do so, consent when you vote your proxy or check the box on the dividend check stub or investment plan statement and mail it to SCS Stockholder Services.

### Environmental Information

Southern Company's 2003 Environmental Progress Report will soon be published and available online. Information about what the company is doing to improve the environment is available at our environmental Internet site [www.southerncompany.com/site/planetpower](http://www.southerncompany.com/site/planetpower). For printed copies of the Progress Report or to request other environmental information, write to:

Dr. Charles H. Goodman  
Senior Vice President, Research and  
Environmental Affairs  
600 North 18th Street  
P.O. Box 2641  
Birmingham, AL 35203-2206

## Glossary

**Combined cycle plant** – a highly efficient way of generating electric power, using natural gas to fuel state-of-the-art, low-emission combustion turbines working in tandem with equipment that recovers exhaust heat to produce additional electricity.

**Competitive generation business** – our wholesale market-based electricity supply business that, primarily through long-term contracts, serves customers who can choose their suppliers based on price, reliability, capacity, and other market needs.

**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.

**Federal Energy Regulatory Commission (FERC)** – an independent agency within the U.S. Department of Energy that, among other things, regulates wholesale sales of electricity and transmission in interstate commerce.

**Generating capacity** – the amount of energy we can produce using all of our power generation facilities.

**Guidance** – information issued by a company about its outlook, especially in terms of earnings. Guidance can be positive or negative and is watched closely by analysts and investors since it often is a strong indicator of a company's future performance.

**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.

**Payout ratio** – the percentage of earnings that is paid to shareholders in the form of dividends.

**Regional Transmission Organization (RTO)** – a mechanism under which public utility transmission facilities in a geographic region are put under common control of an independent, incentive-driven, third-party operator that manages the assets.

**Regulated business** – 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.

**Retail markets** – markets in which energy is directly sold and delivered to the ultimate end-users of that energy.

**Super Southeast** – the vibrant region and energy market that includes the four states of our traditional Southeastern service area as well as surrounding states. The region we know best.

**Total shareholder return** – return on investment, including 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.

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

**Wholesale markets** – markets in which relatively large amounts of energy are sold to customers who may then sell it in retail markets or – in the case of large industrial customers – use it.

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### Internet

Current information about Southern Company is available on the Internet at [www.southerncompany.com](http://www.southerncompany.com).

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