



## SOUTHERN COMPANY

With 4.4 million customers and more than 42,000 megawatts of generating capacity, Atlanta-based Southern Company (NYSE: SO) is the premier energy company serving the Southeast. Southern Company has been listed as the top-ranking U.S. electric service provider in customer satisfaction for nine consecutive years by the American Customer Satisfaction Index (ACSI). Visit our Web site at [southerncompany.com](http://southerncompany.com).

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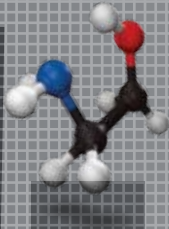
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Bet you're wondering why I'm talking to you. Well, I'm here to introduce our 2008 Southern Company Summary Annual Report. Although I don't normally speak with words, I do communicate. It's a new skill I picked up recently and one that makes me a much more innovative and informative meter. Being smarter and more efficient is the focus of our message this year. At Southern Company, we continue to research, develop, and implement ways that help us remain a leader in our industry, a reliable energy provider for our customers, and a solid long-term investment for our shareholders. We're a company finding ways to be more efficient by being smarter. Take a look. I think you will find it very enlightening. **Enjoy!**

**David M. Ratcliffe**  
*Chairman, President, and CEO*





Dear Fellow Shareholders,

I am proud to report that your company produced solid business results in 2008, despite the economic and financial challenges affecting us all.

Our business units continue to run world-class operations, delivering reliable electricity to our customers at prices below the national average. Our plant performance remains in the nation's top quartile as we continue to out-perform the industry average. Transmission and distribution recorded their strongest performance ever, achieving record low unplanned outages.

Our safety record continues to improve. Since implementing our Target Zero safety campaign, our rate of recordable injuries has dropped by 62 percent. Of course, the only acceptable goal for safety is zero. We continue to strive for a perfect safety record.

Total revenues and net income were up for 2008, and for the seventh straight year we increased the dividend. Our total shareholder return for 2008 was flat, preserving your investment in Southern Company, while investors in the market overall saw their investments erode. The S&P 500 Index was down 37 percent for the year, and the S&P Electric Utility Index was down 26 percent. Southern Company was one of few electric utility stocks, or for that matter one of few stocks in the marketplace, that did not record a negative return for the year. In terms of total shareholder return, Southern Company performed better in 2008 than 94 percent of the stocks in the S&P 500.

Our smart business model and conservative decision-making process continue to serve us well. Our financial integrity, transparent business practices, and stable A credit rating have afforded us continued access to capital markets during these uncertain financial times. We've been able to issue long-term debt with maturities among the longest in the industry and interest rates among the lowest.



While all of this is good news, Southern Company is not immune to this recession. We've seen a decline in revenues and customer growth, and our short-term forecasts tell us this trend will continue through 2009. However, we are taking the necessary steps to manage through the recession.

As always, we are managing the costs in our business to ensure reliable service at competitive prices. In this current economy, we're running our business with even greater efficiency, and we're making smart decisions to mitigate costs where we can so that we are able to invest capital when and where needed.

We remain focused on our proven business strategy of making conservative, informed, and balanced decisions based on common sense.

We expect the current economic challenges to continue through 2009. However, we're optimistic that the long-term viability of the Southeast remains strong. Therefore, we must continue to prepare for the future growth of our region. Over the next three years, we plan to invest \$16.6 billion to expand and enhance our infrastructure, ensure that we maintain our high level of reliability, produce cleaner electricity, and invest in growth opportunities for our future.

The stimulus package signed into law by President Obama earlier this year, providing \$6 billion in matching funds for clean energy and electricity transmission projects, will help move our industry forward by boosting renewable energy use and stimulating Smart Grid options.

We are at the forefront of the research and development of these technologies as well as clean energy solutions to meet our customers' future energy requirements. Our renewable energy research on the use of biomass has been so successful that we are converting one of our coal plants into a 100 percent

biomass plant. At 96 megawatts, it will be one of the largest biomass plants in the country.

We've been using Smart Grid technologies to improve system performance and reliability for years. Automated metering was a vision in our strategy 10 years ago, but to be cost-effective, we had to let the technology catch up before moving forward with our plan to implement Smart Meters systemwide.

It's not just the technology that's smart. We are a smart company dedicated to staying abreast of the latest advancements in our search for economical, viable options for improving our business and our service to customers. We are finding ways to get better through innovation and opportunity.

It's an exciting time to be in this industry. 2009 is bringing both challenges and opportunities, and we are prepared for both. I believe that Southern Company is uniquely positioned to perform well in both strong and challenged markets.

I'm very optimistic about our company and our position in the industry. My optimism is driven by the quality, dedication, and performance of our workforce, which I believe is the best in our industry.

You can be proud of the integrity with which your company is being run day in and day out. I know I am.

Sincerely,

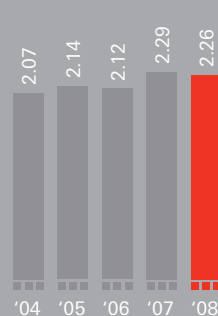


David M. Ratcliffe

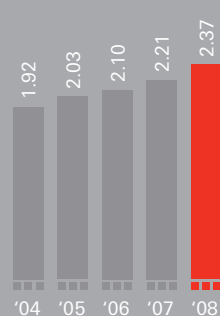
March 23, 2009

## Financial Highlights

	2008	2007	CHANGE
Operating revenues <i>(in millions)</i>	\$17,127	\$15,353	11.6 %
Earnings <i>(in millions)</i>	\$1,742	\$1,734	0.5 %
Basic earnings per share	\$2.26	\$2.29	(1.3)%
Diluted earnings per share	\$2.25	\$2.28	(1.3)%
Dividends per share	\$1.6625	\$1.595	4.2 %
Dividend yield <i>(percent)</i>	4.5	4.1	9.8 %
Average shares outstanding <i>(in thousands)</i>	771,039	756,350	1.9 %
Return on average common equity <i>(percent)</i>	13.57	14.60	(7.1)%
Book value per share	\$17.08	\$16.23	5.2 %
Market price <i>(year-end, closing)</i>	\$37.00	\$38.75	(4.5)%
Total market value of common stock <i>(year-end, in millions)</i>	\$28,756	\$29,570	(2.8)%
Total assets <i>(in millions)</i>	\$48,347	\$45,789	5.6 %
Total kilowatt-hour sales <i>(in millions)</i>	199,627	204,360	(2.3)%
Retail	160,259	163,615	(2.1)%
Wholesale	39,368	40,745	(3.4)%
Total traditional operating company customers <i>(year-end, in thousands)</i>	4,402	4,377	0.6 %



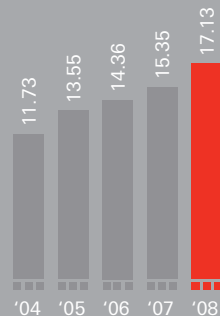
**BASIC EARNINGS PER SHARE**  
(IN DOLLARS)



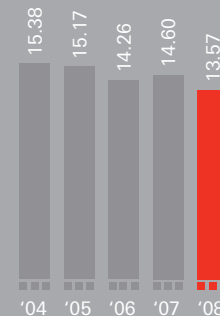
**BASIC EARNINGS PER SHARE EXCLUDING LEVERAGED LEASE CHARGES AND SYNTHETIC FUELS\***  
(IN DOLLARS)

\* Not a financial measure under generally accepted accounting principles.

See Glossary on page 30 for additional information.



**OPERATING REVENUES**  
(IN BILLIONS OF DOLLARS)



**RETURN ON AVERAGE COMMON EQUITY**  
(PERCENT)



# SMART INSIGHT

**01** Data visualization technology can be customized to deliver any information—weather, stock activity, news, etc.—to a targeted device.

**02** Portable printers, an example of collaboration technology, make it possible to print photos or documents from wireless sources, including cameras and mobile devices.

**03** Mobile devices allow users to consolidate needed information into an easy-to-transport, energy-efficient electronic notebook, eliminating the need to carry bulky manuals and documents in the field.

**04** Digital pens allow users to take notes, fill out forms, or modify maps, then place the pen in its dock, and upload the notes to a computer. We are evaluating this technology as an efficient way to share information gathered in the field.

**05** Wireless sensor technology detects and relays data. To minimize outage times, we're testing this on street lights, security lights, and transmission tower lights.

**06** In today's world of instant communications, many Southern Company employees whose jobs rely on instant notification and accessibility carry hand-held technology.

**07** Collaboration technology, like this pocket projector, allows users to connect to a mobile device, such as a cell phone, laptop, or camera, and project video, photos, or other information in a large display format.

**08** Tablet PC technology allows users to compute from anywhere, including from the field, and with a stylus or fingertip rather than a keyboard or mouse.





**Being Smart means advancing with technology.** At Southern Company, our information technology (IT) group takes a lead role in researching new technologies as they become available and helping the company find ways to improve the efficiency of our business.

To help share this information with others, IT has developed a Technology Showcase. This state-of-the-art facility encourages innovation by educating visitors about new and future technologies and collaborating with them to find real-world applications that can economically help solve business problems and move the company forward.

The Technology Showcase introduced a Southern Company transmission engineer to wireless light sensor technology and he immediately saw the possibilities of improving reliability for one of our customers. As a result, similar technology is now being evaluated to monitor and maintain the Federal Aviation Administration lights that are so critical to air traffic safety. Other success stories include the testing and implementation of various social computing technologies—such as blogs and video-sharing Web sites—to help Southern Company share knowledge and better leverage our changing workforce.

As new technologies appear on the horizon, new solutions are realized. That's Smart Insight.

**Joe Massari**, enterprise technology planning manager in IT, leads a team of technology explorers who bring an amazing world of opportunity to the Technology Showcase to share with employees from around Southern Company. Massari is pictured wearing a Heads-Up Display, a computing technology attachable to eyeglasses or safety goggles that allows users to see a computer monitor on a virtual display. Massari envisions wearable computing technologies, which also include unique user interfaces such as voice recognition and wrist-mounted and one-handed keyboards, as possible job enhancements for employees in the field and power plants.



# SMART THINKERS

Throughout Southern Company, Smart Thinkers research and develop new technologies that will economically produce cleaner, more reliable electricity. They explore new ways to deliver and use our product. They find tools and processes that will give customers more choices and more control over their electricity usage. Now that's Smart Thinking.



Pictured with GM's new plug-in hybrid vehicle, the Volt, is just a fraction of the Smart Thinkers at Southern Company. Identified with the projects in which they're most involved are (from left) Joe Schatz, Smart Grid and electricity storage; Richard Semmes, CO<sub>2</sub> capture and storage; Doug McComb, new nuclear; Liz Philpot, offshore wind; Ben Echols and Cedric Daniels, electric transportation.

## Electricity Storage

The concept of cost-effectively storing electricity is the holy grail of the power industry and one of many technologies we're researching. Producing and storing electricity during off-peak hours for use during peak hours would provide more control of and access to electricity, which is needed as our company and our nation move toward increased use of intermittent renewable energy.

## Smart Grid

Southern Company is an industry leader in realizing the benefits of a future Smart Grid. We've been utilizing Smart Grid technologies for a number of years through our robust communication network and data acquisition and outage management tools that optimize system performance and reliability. We are well-positioned to maintain our leadership role in the area of power delivery and take advantage of new and innovative Smart Grid technologies as they become available.



**Our Smart Thinking employees** are driven to find solutions through technology. From information technology to operations, and from customer service to environmental affairs, these employees are seeking ways to improve and enhance our business, our product, and our service as we strive to remain a leader in our industry.


### Electric Transportation

Electricity will move vehicles in the near future. From plug-in to extended-range hybrids, electric vehicles promise to deliver the performance and cost requirements needed for commercialization. We're working with auto manufacturers to educate them on the vehicles' impact on the electricity grid and preparing our infrastructure for a successful integration of the vehicles. Our research extends beyond the road. We're also moving products with electricity at airports, seaports, warehouses, and distribution centers.

### Clean Energy

Wind, solar, hydro, and nuclear are being used or researched for producing electricity at Southern Company. We continue to search for cost-effective ways to capture energy from the sun and offshore winds. Our plans to build new nuclear units are under way, as we work with manufacturers to develop the next generation of nuclear power. Since coal is the most abundant and economical resource for producing electricity, we are finding ways to produce cleaner energy with coal.





Nick Irvin, an engineer in research and technology management, is involved in the development of technology that captures carbon dioxide from coal-fueled power plant emissions. Both liquid and solid substances are being tested, as the industry seeks new, innovative, and cost-effective ways to capture carbon dioxide. Southern Company is currently focusing on testing various liquid substances, called solvents, to find the best solution to this challenging problem.

# CARBON SMART

We're embarking on a "first" in our industry. Using our own advanced coal-gasification technology and locally mined lignite, we plan to break ground on a 582-megawatt plant in Mississippi in 2010, pending state approval.

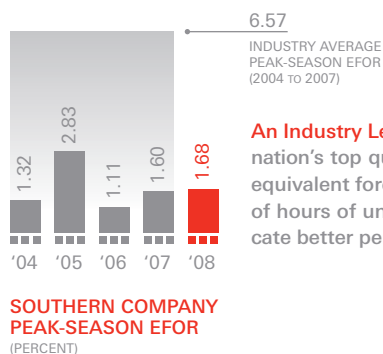
We also plan to use new technology that captures half of the carbon dioxide emissions, making this the nation's only gasification-based electric generating plant with this capability. These emissions will be compressed, stored underground, and used for enhanced oil recovery.

Our research is demonstrating that carbon dioxide storage is technically viable and safe. More demonstrations are planned to better understand the costs and deep geologic capacity for this form of carbon storage.

We are operating and helping fund the U.S. Department of Energy's National Carbon Capture Center, which is devoted to finding technology-based solutions that reduce greenhouse gases while ensuring that electricity remains reliable and affordable. That's Carbon Smart.



**Mercury Research Center.** Southern Company's world-renowned Mercury Research Center in Pensacola, Fla., has been the test site of many programs aimed at the development of new and innovative emissions-control technologies. Since opening in 2006, 18 companies from the U.S., Japan, Germany, France, and Denmark have conducted research and technology development at the facility. During a recent Southern Company-led study, researchers injected activated carbon into emissions to make mercury molecules easier to capture. If successful, the test could lead to additional cost-effective methods to reduce mercury emissions from coal-powered plants. The work of engineer Jessica Freeland and many others has been critical to the success of the facility.



**An Industry Leader In Operations.** Southern Company is consistently listed in the nation's top quartile for peak-season performance as measured industrywide by equivalent forced outage rate (EFOR). EFOR is calculated by dividing the number of hours of unplanned outages by total generation hours, and lower scores indicate better performance. We consistently score better than the industry average.

**Smarter Generation.** Climate change is a worldwide challenge, and Southern Company is committed to finding solutions through technology that make environmental and economic sense. Our diverse portfolio of generation sources and our increased commitment to energy efficiency are also essential to meeting the growing needs of customers and addressing environmental challenges.

We continue to invest billions of dollars to help improve our environment now and for future generations, and we are ever committed to safely providing reliable, affordable electricity to our customers.

Because coal is the most abundant, affordable, secure fuel resource available in the U.S. today, our research and development of cleaner coal technologies continues. In fact, we are an industry leader in developing advanced clean-coal technologies. Our selective catalytic reduction technology is recognized as among the best in the industry. Since 1990, this technology has helped us reduce our emissions of nitrogen oxides by 40 percent, while generation has increased by 37 percent. Our planned advanced coal-gasification facility in Mississippi, featuring carbon dioxide capture and storage, will also play a critical role in the sustainability of coal as a fuel for power generation.

Our research into biomass generation has proven so successful and economical that we're converting one of our coal plants into a 100 percent biomass plant. Using wood chips to produce electricity, this 96-megawatt plant will be one of the largest biomass plants in the U.S. Our wind research has moved offshore, where wind velocities are higher. We're also studying the development of wind turbines that may be more suitable to our climate. And we're embarking on solar test projects at two of our largest corporate buildings, as well as researching the energy production capabilities of solar panels on billboards along Florida highways.

We continue to progress with our plans to build two new nuclear units in Georgia, each with a capacity of 1,100 megawatts. Pending licensing, the first of these two units is expected to be in service in 2016 and the second is expected to follow in 2017.

A diverse portfolio—energy efficiency and conservation, renewable energy sources, new nuclear generation, and clean-coal technologies—plays a vital role in meeting our company's and our nation's rising energy demand in an environmentally responsible way.

**Nuclear Energy** is clean, safe, reliable, and economical. We believe it is a smart energy choice and must be a part of our energy portfolio. A single uranium pellet the size of a pencil eraser can produce as much electricity as 17,000 cubic feet of natural gas, 1,780 pounds of coal, or 149 gallons of oil.



# EVERYDAY

# SMART

As we plan for future growth, we know it's important to mitigate the need for new generation as much as possible. In the past, we've invested about \$70 million a year to promote our energy efficiency programs to help customers understand how they can use electricity more efficiently. Since 1990, we've reduced peak electricity demand by 3,100 megawatts through these programs. That's enough to power 440,000 homes. We are committed to doing even more. Between now and 2020, we plan to invest \$1 billion to reduce peak demand by a total of 4,100 megawatts. Educating our customers on how to use electricity more efficiently through their everyday actions will help reduce our total impact on the environment. That's Everyday Smart.



01

## 01 SmartPower

By communicating with our Smart Meter technology, our SmartPower thermostat uses data visualization technology to notify customers when prices increase during peak-usage times. This gives customers the ability to directly manage their energy usage.

## 02 Virtual Home

By touring our online virtual house, customers will find room-by-room suggestions to help them make their homes more energy-efficient.

## 03 Take the Pledge

ENERGY STAR®-certified products provide an easy way to practice energy efficiency. From appliances to compact fluorescent light (CFL) bulbs, Southern Company is a

02

partner in the ENERGY STAR program. Our customers have made more than 108,000 pledges in ENERGY STAR's "Change a Light, Change the World" campaign, which promotes the use of energy-efficient CFL bulbs.

## 04 Energy Audits

Southern Company customers have access to residential, commercial, and industrial energy audits. Residential customers are offered solutions ranging from more efficient appliances and improved insulation to the installation of programmable thermostats. For many commercial and industrial customers, design assistance is available along with help choosing high-efficiency heating and cooling systems and various other technologies. Jeff Smith (pictured) is one of Southern Company's many energy experts.

03

## 05 Builder Programs

Southern Company offers a host of services and resources for builders and developers, including tips for building more energy-efficient homes and buildings.

## 06 Hot Water Efficiency

The water heater is often one of the largest energy users in a home. We are researching and offering alternatives to heat water more efficiently. Solar, geothermal, and heat pump water heaters are proving to be more energy-efficient and environmentally friendly. Geothermal water heaters, which use heat from the ground, are used commercially and residentially. Heat pump water heaters, which move heat from one place to another rather than generating heat directly, and solar water heaters are being tested for residential and

04



Our EarthCents brand signifies saving money and saving the environment. Our energy efficiency programs, identified by our EarthCents brand, help customers save money by using less energy. And this reduces the need for additional generating capacity, lessening our impact on the environment. Maintaining diverse fuel sources helps avoid fuel shortages and keeps electricity affordable and reliable. And, as part of our diverse portfolio, renewable biomass energy also makes economical and environmental sense. At the forefront of all of these initiatives is research and development. Through the research and development of new technologies, we are finding solutions for making energy cleaner and more efficient.



05



06



07



08

commercial use. Chris Gray (pictured) is a research engineer involved in the demonstration of new heat pump water heating technology.

**07 Low-Impact Cooling**

During air conditioning season, thermostat settings can comfortably be increased with the use of ceiling fans to help cool a room.

**08 Online Resources**

Southern Company customers can find a cache of tips and tools on our Web site that will help them save electricity, money, and the environment—including energy-savings tips, online tools, and links to programs and product offerings.







**Phasor Measurement Units (PMUs)** are being installed and used on the Southern Company grid and on the nation's grid as well. This technology provides high-resolution, synchronized data about grid conditions in real-time. This information allows us to secure our grid and mitigate the impact of problems outside of our service territory. Clifton Black (left), research and technology management engineer, and Shane Eaker, a systems analyst in energy management, are involved in the research and testing of this new technology.



**Geographic Information System Mapping** is used to manage our transmission and distribution assets. The map and application data of our lines and equipment, integrated video, and still images allow us to view our system electronically. The touch of an electronic map brings up the assets at any specific location. When storms hit and damaged equipment must be rebuilt, we know what materials are needed for restoration by viewing video and images of the equipment prior to the storm. Transmission supervisor Dawson Ingram and his team are instrumental in the implementation of this new technology.

# POWER LINE SMART

Southern Company has a longstanding commitment to investing in and maintaining a robust electric system. Since 2000, we have invested more than \$8 billion to upgrade, expand, and maintain our transmission and distribution infrastructure to ensure our ability to deliver electricity on demand. Over the next three years, we plan to invest \$4 billion to prepare for future demand growth and help ensure the high level of reliability our customers have come to expect. And that's just Smart.

Technology continues to play an increasing role in our electric system, as well as the nation's. Southern Company is at the forefront of the research of technologies that will advance and optimize the system and ensure continued safety, security, and reliability.

We have been optimizing our system performance and reliability for a number of years through the use of technology now associated with the Smart Grid. And we are ready to implement new and innovative Smart Grid technologies as they become available.

We continue to research new technologies and how we might apply them to our business to improve on our industry-leading reliability performance.


In 2008, partnering with the National Electric Energy Testing, Research, and Applications Center, Southern Company accomplished something that no other electric utility in the world has ever accomplished—the successful demonstration of a new approach to monitoring real-time electrical characteristics of the transmission system and associated equipment. Unlike traditional approaches to grid monitoring, the new method works whether the system is energized or not.

The potential short-term benefits of this project include early prediction of equipment failure. Long term, this new approach could enable us to implement an independent grid monitoring system, creating a backup to those technologies that monitor the national grid as a whole.

An innovative technology we're testing on our distribution network is proving to be successful at restoring power following a storm or when a line is damaged. This technology re-energizes undamaged lines capable of carrying electricity by re-routing power to those lines from a different substation.

Maintaining, upgrading, and expanding our infrastructure is essential to our continued superior performance. Researching the use of new technologies is critical as well. By applying cost-effective technologies, we enhance our ability to safely and reliably produce and deliver electricity, optimize the use of our assets, and make changes to meet future needs.



A photograph of a man, identified as transmission engineer Jason Payne, standing in a red studio setting. He is wearing a dark sweater over a light blue collared shirt and grey trousers. He is holding a large, braided metal cable in his left hand and a handheld electronic device, the LineTracker, in his right hand. The device has a screen displaying data and a keypad. The background is a solid red color with a subtle grid pattern.

In 2008, we recorded our best year ever in terms of frequency of unplanned outages and our second best for the duration of those outages. Our goal of taking our industry-leading performance and continuing to improve on it has driven these measures to all-time lows.

**Transmission engineer Jason Payne** is involved in the testing of the LineTracker, a wireless remote sensor technology designed to provide real-time information that can be used to improve network quality and reliability. The LineTracker has the ability to monitor the Southern Company grid and identify problem areas, minimizing outages that are not storm-related. This technology is helping us become even more reliable.



# 4.4 MILLION X SMARTER

We are indeed getting smarter by the day. More than a year into the Smart Meter deployment for our 4.4 million Southern Company customers, and with plans to complete the majority of the deployment by 2012, we're already realizing some of the benefits of this new technology. Christie Miree (right) leads a team of employees who are implementing the new infrastructure technology and researching its future benefits and uses. Now that's Smart Technology.



**At Your Service.** Call centers around the Southern Company system play an important role in customer relations, and our call center employees are considered the front line in customer service. They strive to take our customer satisfaction to even greater heights. Customer service consultant Erica Miller is one of our many consultants who communicate with our customers to ensure their needs are met efficiently and accurately and with the highest quality of customer service.



Through Smart Meter technology, we are able to read our customers' meters and generate bills without visiting the property, as well as remotely check to ensure the meter is working properly. There are also environmental benefits. Since in-person meter readings are not required, we're reducing the number of vehicles on the road.

In the future, our customers will be able to access their energy-usage information online, which will help them understand and monitor their own usage. This will give them the ability to adjust their usage patterns based on real-time pricing.

We will be able to offer innovative rate options so that customers can choose a plan that suits their lifestyles. Additional features will be made available as this technology advances, and we will continue to search for ways to give our customers what they need to make better energy decisions.

At Southern Company, we know that keeping customers satisfied is the key to our success. In our four-state service territory, we continue to provide customers with the best reliability and customer service in the industry, at prices below the national average.

We're pleased that for the past nine consecutive years, Southern Company has been listed as the top-ranking U.S. electric service provider in customer satisfaction by the American Customer Satisfaction Index. This recognition tells us that we're focusing on the right things.

Because it's our goal to be the best in the industry, we are always looking for ways to get better through new technologies, new processes, and new customer offerings. And we're always communicating with our customers to find out what they want and how we can improve on our industry-leading customer service.



**Sharing Our Knowledge.** Southern Company provides technology application centers for its commercial and industrial customers to help educate them on ways to improve efficiency, increase productivity, and address environmental concerns. Our experts demonstrate technologies and assist customers with problem solving and evaluating technologies that make sense for their business, both technically and economically. Engineer and marketing representative Wayne Pettyjohn demonstrates how electric infrared technology can be used to warm hard-to-heat areas. Infrared heat is energy-efficient and environmentally friendly.

## No.1

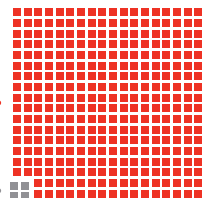
Southern Company has been named the nation's No. 1 electric utility for the past nine consecutive years by the American Customer Satisfaction Index.

## 100

The Value Line investment research company ranks earnings predictability. In 2008, Southern Company received the highest possible score, 100, and is the only S&P Electric Utility Index stock at that level.

2008 - \$83,657

1978 - \$1,000



### CUMULATIVE RETURN TO SHAREHOLDERS

\$1,000 invested in Southern Company stock 30 years ago was worth \$83,657 at the end of 2008. In 2007 and 2008 alone, that investment grew about \$7,500, while the same investment in the S&P 500 lost more than \$25,500.

# SMART MONEY

In 2008, Southern Company stock performed well relative to other utilities and the market, even in the midst of economic turmoil and financial uncertainty. During these challenging financial times, we have been able to access the capital markets, issuing long-term debt with maturities among the longest in the industry and interest rates among the lowest.

Our business model and goal of providing regular, predictable, and sustainable long-term performance have served Southern Company well. We continue to focus on our objective of providing shareholders with superior risk-adjusted returns over the long term, which includes a stable dividend and industry-leading financial integrity.

We've paid a dividend for 245 consecutive quarters, and we've increased our dividend the past seven consecutive years. Since 2005, we've increased our dividend annually by about four percent.

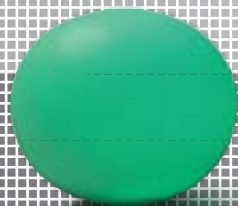
And our financial integrity—including our simple, transparent business model, stable A credit rating, and disciplined

approach to financial and investment policies—should uniquely position Southern Company to perform well in both strong and challenged markets.

The financial success of our company always originates with our customers. By safely delivering reliable, affordable electricity and providing outstanding customer service day in and day out, we will continue to maintain our industry-leading customer satisfaction record. By keeping our customers satisfied, we continue to strengthen our regulatory relationships. Through these relationships, we have been able to maintain healthy capital spending so that we are able to meet today's demand and prepare for future growth.

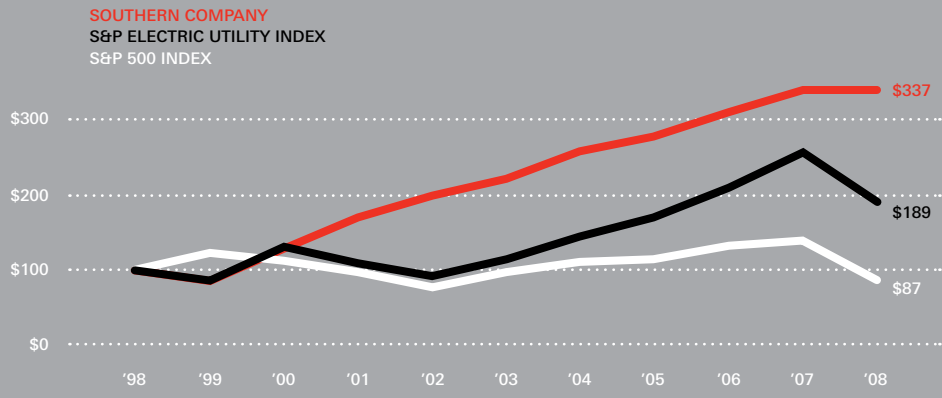
We are optimistic about the economic future of the Southeast and our region's ability to continue to attract new residents and new businesses. We plan to continue to seize opportunities that make the most sense for our customers and our shareholders and focus on executing our strategy.

And that is SO Smart.



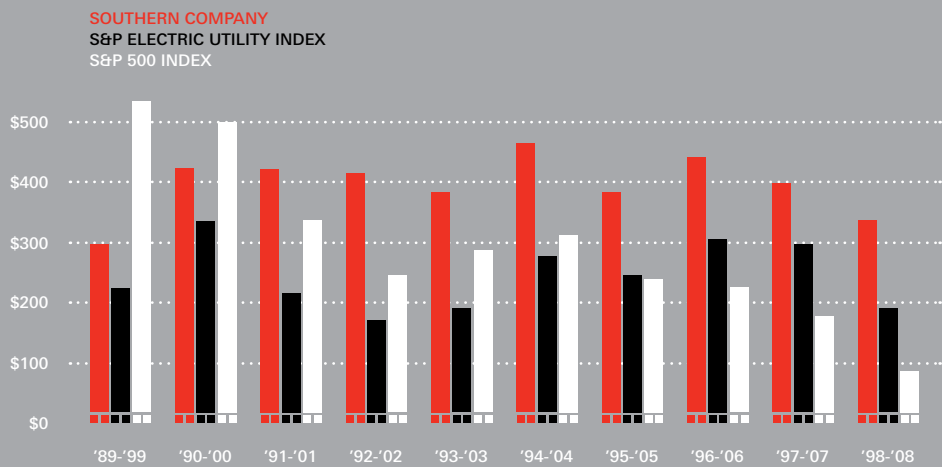
**Ambient Viewing Devices.** We keep a close watch on our stock performance. In many Southern Company offices, you'll find data visualization technology that is fed real-time market data regarding our stock performance. The ambient orb changes color depending on the performance of our stock. When the orb glows green, Southern Company stock is performing well in the market.





**10-YEAR CUMULATIVE SHAREHOLDER RETURN**

This performance graph compares the cumulative total shareholder return on Southern Company (SO) common stock with the Standard & Poor's Electric Utility Index and the Standard & Poor's 500 Index for the past 10 years. The graph assumes that \$100 was invested on December 31, 1998 in Southern Company's common stock and each of the above indices and that all dividends were reinvested. (A five-year performance graph is included in Appendix C to the Proxy Statement.) (See Glossary on page 30 for information about total shareholder return.)



**TOTAL SHAREHOLDER RETURN OVER MULTIPLE 10-YEAR PERIODS**

This performance graph compares the cumulative total shareholder return on Southern Company (SO) common stock with the Standard & Poor's Electric Utility Index and the Standard & Poor's 500 Index for multiple consecutive 10-year periods. The graph assumes that \$100 was invested on the last trading day of the initial year in Southern Company's common stock and each of the above indices and that all dividends were reinvested. (A five-year performance graph is included in Appendix C to the Proxy Statement.) (See Glossary on page 30 for information about total shareholder return.)

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 (the "Form 10-K") contain forward-looking statements. Forward-looking statements include, among other things, statements concerning the strategic goals for the wholesale business, retail sales growth, customer growth, storm damage cost recovery and repairs, fuel cost recovery and other rate actions, environmental regulations and expenditures, earnings growth, dividend payout ratios, access to sources of capital, projections for postretirement benefit and nuclear decommissioning trust contributions, financing activities, completion of construction projects, plans and estimated costs for new generation resources, impacts of adoption of new accounting rules, unrecognized tax benefits related to leveraged lease transactions, estimated sales and purchases under new power sale and purchase agreements, and estimated construction and other expenditures. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "should," "expects," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "potential," or "continue" or the negative of these terms or other similar terminology. There are various factors that could cause actual results to differ materially from those suggested by the forward-looking statements; accordingly, there can be no assurance that such indicated results will be realized. These factors include:

- the impact of recent and future federal and state regulatory change, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric utility industry, implementation of the Energy Policy Act of 2005, environmental laws including regulation of water quality and emissions of sulfur, nitrogen, mercury, carbon, soot, or particulate matter and other substances, and also changes in tax and other laws and regulations to which Southern Company and its subsidiaries are subject, as well as changes in application of existing laws and regulations;
- current and future litigation, regulatory investigations, proceedings, or inquiries, including the pending U.S. Environmental Protection Agency civil actions against certain Southern Company subsidiaries, Federal Energy Regulatory Commission matters, Internal Revenue Service audits, and Mirant matters;
- the effects, extent, and timing of the entry of additional competition in the markets in which Southern Company's subsidiaries operate;
- variations in demand for electricity, including those relating to weather, the general economy, population and business growth (and declines), and the effects of energy conservation measures;
- available sources and costs of fuels;
- effects of inflation;
- ability to control costs;
- investment performance of Southern Company's employee benefit plans;
- advances in technology;
- state and federal rate regulations and the impact of pending and future rate cases and negotiations, including rate actions relating to fuel and storm restoration cost recovery;
- regulatory approvals related to the potential Plant Vogtle expansion, including Georgia Public Service Commission and Nuclear Regulatory Commission approvals;
- the performance of projects undertaken by the non-utility businesses and the success of efforts to invest in and develop new opportunities;
- internal restructuring or other restructuring options that may be pursued;
- potential business strategies, including acquisitions or dispositions of assets or businesses, which cannot be assured to be completed or beneficial to Southern Company or its subsidiaries;
- the ability of counterparties of Southern Company and its subsidiaries to make payments as and when due and to perform as required;
- the ability to obtain new short- and long-term contracts with neighboring utilities and other wholesale customers;
- the direct or indirect effect on Southern Company's business resulting from terrorist incidents and the threat of terrorist incidents;
- interest rate fluctuations and financial market conditions and the results of financing efforts, including Southern Company's and its subsidiaries' credit ratings;
- the ability of Southern Company and its subsidiaries to obtain additional generating capacity at competitive prices;
- catastrophic events such as fires, earthquakes, explosions, floods, hurricanes, droughts, pandemic health events such as an avian influenza, or other similar occurrences;
- the direct or indirect effects on Southern Company's business resulting from incidents similar to the August 2003 power outage in the Northeast;
- the effect of accounting pronouncements issued periodically by standard setting bodies; and
- other factors discussed elsewhere herein and in other reports (including the Form 10-K) filed by the Company from time to time with the Securities and Exchange Commission.

Southern Company expressly disclaims any obligation to update any forward-looking statements.

## FINANCIAL INFORMATION

The following condensed financial presentation should not be considered a substitute for the full financial statements, inclusive of footnotes and Management's Discussion and Analysis of Financial Condition and Results of Operations, provided to all shareholders in Appendix C to the Company's 2009 Proxy Statement and included in the Form 10-K as filed with the Securities and

Exchange Commission. Appendix C to the Proxy Statement and the Form 10-K also contain detailed discussions of major uncertainties, contingencies, risks, and other issues the Company faces. A copy of the Form 10-K and/or the Proxy Statement, including the full financial statements, can be obtained by calling 1-800-554-7626 or accessing it online at <http://investor.southerncompany.com>.

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Southern Company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting as required by the Sarbanes-Oxley Act of 2002 and as defined in Exchange Act Rule 13a-15(f). A control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Under management's supervision, an evaluation of the design and effectiveness of Southern Company's internal control over financial reporting was conducted based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that Southern Company's internal control over financial reporting was effective as of December 31, 2008.

Deloitte & Touche LLP, an independent registered public accounting firm, as auditors of Southern Company's financial statements, has issued an attestation report on the effectiveness of Southern Company's internal control over financial reporting as of December 31, 2008. Deloitte & Touche LLP's report on Southern Company's internal control over financial reporting appears in Appendix C to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission.



David M. Ratcliffe  
*Chairman, President, and Chief Executive Officer*

February 25, 2009



W. Paul Bowers  
*Executive Vice President and Chief Financial Officer*




## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

### To the Board of Directors and Stockholders of Southern Company

We have audited the consolidated balance sheets and consolidated statements of capitalization of Southern Company and Subsidiary Companies (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2008. We have also audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. Such consolidated financial statements, management's assessment of the effectiveness of the Company's internal control over financial reporting, and our report on the consolidated financial statements and internal control over financial reporting dated February 25, 2009, expressing unqualified opinions (which are not included herein) are included in Appendix C to the Proxy Statement for the 2009 annual meeting of stockholders. The accompanying condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on such condensed consolidated financial statements in relation to the complete consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 2008 and 2007, and the related condensed consolidated statements of income and of cash flows for each of the three years in the period ended December 31, 2008, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.



Atlanta, Georgia  
February 25, 2009

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

For the Years Ended December 31, 2008, 2007, and 2006

<i>(in millions)</i>	2008	2007	2006
<b>Operating Revenues:</b>			
Retail revenues	\$14,055	\$12,639	\$11,801
Wholesale revenues	2,400	1,988	1,822
Other electric revenues	545	513	465
Other revenues	127	213	268
<b>Total operating revenues</b>	<b>17,127</b>	<b>15,353</b>	<b>14,356</b>
<b>Operating Expenses:</b>			
Fuel	6,818	5,856	5,152
Purchased power	815	515	543
Other operations and maintenance	3,748	3,670	3,519
Depreciation and amortization	1,443	1,245	1,200
Taxes other than income taxes	797	741	718
<b>Total operating expenses</b>	<b>13,621</b>	<b>12,027</b>	<b>11,132</b>
<b>Operating Income</b>	<b>3,506</b>	<b>3,326</b>	<b>3,224</b>
<b>Other Income and (Expense):</b>			
Allowance for equity funds used during construction	152	106	50
Interest income	33	45	41
Equity in income (losses) of unconsolidated subsidiaries	11	(24)	(57)
Leveraged lease (losses) income	(85)	40	69
Impairment loss on equity method investments	-	-	(16)
Interest expense, net of amounts capitalized	(866)	(886)	(866)
Preferred and preference dividends of subsidiaries	(65)	(48)	(34)
Other income (expense), net	(29)	10	(58)
<b>Total other income and (expense)</b>	<b>(849)</b>	<b>(757)</b>	<b>(871)</b>
<b>Earnings Before Income Taxes</b>	<b>2,657</b>	<b>2,569</b>	<b>2,353</b>
Income taxes	915	835	780
<b>Consolidated Net Income</b>	<b>\$ 1,742</b>	<b>\$ 1,734</b>	<b>\$ 1,573</b>
<b>Common Stock Data:</b>			
Earnings per share—			
Basic	\$2.26	\$2.29	\$2.12
Diluted	2.25	2.28	2.10
Average number of shares of common stock outstanding— <i>(in millions)</i>			
Basic	771	756	743
Diluted	775	761	748
Cash dividends paid per share of common stock	\$1.6625	\$1.595	\$1.535

Full disclosure of all financial information is included in Appendix C to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission.



**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2008, 2007, and 2006

<i>(in millions)</i>	2008	2007	2006
<b>Operating Activities:</b>			
Consolidated net income	\$ 1,742	\$ 1,734	\$ 1,573
Adjustments to reconcile consolidated net income to net cash provided from operating activities—			
Depreciation and amortization	1,704	1,486	1,421
Deferred income taxes and investment tax credits	215	7	202
Deferred revenues	120	(2)	(1)
Allowance for equity funds used during construction	(152)	(106)	(50)
Equity in (income) losses of unconsolidated subsidiaries	(11)	24	57
Leveraged lease losses (income)	85	(40)	(69)
Pension, postretirement, and other employee benefits	21	39	46
Stock based compensation expense	20	28	28
Derivative fair value adjustments	(1)	(30)	32
Hedge settlements	15	10	13
Hurricane Katrina grant proceeds-property reserve	-	60	-
Other, net	(97)	60	51
Changes in certain current assets and liabilities—			
Receivables	(176)	165	(69)
Fossil fuel stock	(303)	(39)	(246)
Materials and supplies	(23)	(71)	7
Other current assets	(36)	-	73
Accounts payable	(74)	105	(173)
Hurricane Katrina grant proceeds	-	14	120
Accrued taxes	293	(19)	(103)
Accrued compensation	36	(40)	(24)
Other current liabilities	20	10	(68)
Net cash provided from operating activities	3,398	3,395	2,820
<b>Investing Activities:</b>			
Property additions	(3,961)	(3,545)	(2,994)
Investment in restricted cash from pollution control bonds	(96)	(157)	-
Distribution of restricted cash from pollution control bonds	69	78	-
Nuclear decommissioning trust fund purchases	(720)	(783)	(751)
Nuclear decommissioning trust fund sales	712	775	743
Proceeds from property sales	34	33	150
Hurricane Katrina capital grant proceeds	7	35	153
Investment in unconsolidated subsidiaries	(1)	(37)	(64)
Cost of removal net of salvage	(123)	(108)	(90)
Other	(47)	-	19
Net cash used for investing activities	(4,126)	(3,709)	(2,834)
<b>Financing Activities:</b>			
Increase (decrease) in notes payable, net	(314)	(669)	683
Proceeds—			
Long-term debt	3,686	3,826	1,564
Preferred and preference stock	-	470	150
Common stock	474	538	137
Redemptions—			
Long-term debt	(1,469)	(2,566)	(1,366)
Preferred and preference stock	(125)	-	(15)
Payment of common stock dividends	(1,280)	(1,205)	(1,140)
Other	(28)	(46)	(34)
Net cash provided from (used for) financing activities	944	348	(21)
<b>Net Change in Cash and Cash Equivalents</b>	<b>216</b>	<b>34</b>	<b>(35)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>201</b>	<b>167</b>	<b>202</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 417</b>	<b>\$ 201</b>	<b>\$ 167</b>

Full disclosure of all financial information is included in Appendix C to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission.



**CONDENSED CONSOLIDATED BALANCE SHEETS**

At December 31, 2008 and 2007

<b>ASSETS</b> (in millions)	2008	2007
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 417	\$ 201
Restricted cash	103	68
Receivables—		
Customer accounts receivable	1,054	1,000
Unbilled revenues	320	294
Under recovered regulatory clause revenues	646	716
Other accounts and notes receivable	301	348
Accumulated provision for uncollectible accounts	(26)	(22)
Fossil fuel stock, at average cost	1,018	710
Materials and supplies, at average cost	757	725
Vacation pay	140	135
Prepaid expenses	302	146
Other	326	411
<b>Total current assets</b>	<b>5,358</b>	<b>4,732</b>
<b>Property, Plant, and Equipment:</b>		
In service	50,618	47,176
Less accumulated depreciation	18,286	17,413
	32,332	29,763
Nuclear fuel, at amortized cost	510	336
Construction work in progress	3,036	3,228
<b>Total property, plant, and equipment</b>	<b>35,878</b>	<b>33,327</b>
<b>Other Property and Investments:</b>		
Nuclear decommissioning trusts, at fair value	864	1,132
Leveraged leases	897	984
Other	227	238
<b>Total other property and investments</b>	<b>1,988</b>	<b>2,354</b>
<b>Deferred Charges and Other Assets:</b>		
Deferred charges related to income taxes	973	910
Prepaid pension costs	-	2,369
Unamortized debt issuance expense	208	191
Unamortized loss on reacquired debt	271	289
Deferred under recovered regulatory clause revenues	606	389
Other regulatory assets	2,637	768
Other	428	460
<b>Total deferred charges and other assets</b>	<b>5,123</b>	<b>5,376</b>
<b>Total Assets</b>	<b>\$48,347</b>	<b>\$45,789</b>

Full disclosure of all financial information is included in Appendix C to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission.

**CONDENSED CONSOLIDATED BALANCE SHEETS**

At December 31, 2008 and 2007

<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b> <i>(in millions)</i>	2008	2007
<b>Current Liabilities:</b>		
Securities due within one year	\$ 617	\$ 1,178
Notes payable	953	1,272
Accounts payable	1,250	1,214
Customer deposits	302	274
Accrued taxes—		
Income taxes	197	52
Unrecognized tax benefits	131	165
Other	396	330
Accrued interest	196	218
Accrued vacation pay	179	171
Accrued compensation	447	408
Liabilities from risk management activities	261	63
Other	297	286
<b>Total current liabilities</b>	<b>5,226</b>	<b>5,631</b>
<b>Long-term Debt</b>	<b>16,816</b>	<b>14,143</b>
<b>Deferred Credits and Other Liabilities:</b>		
Accumulated deferred income taxes	6,080	5,839
Deferred credits related to income taxes	259	272
Accumulated deferred investment tax credits	455	479
Employee benefit obligations	2,057	1,492
Asset retirement obligations	1,183	1,200
Other cost of removal obligations	1,321	1,308
Other regulatory liabilities	262	1,613
Other	330	347
<b>Total deferred credits and other liabilities</b>	<b>11,947</b>	<b>12,550</b>
<b>Total Liabilities</b>	<b>33,989</b>	<b>32,324</b>
<b>Preferred and Preference Stock of Subsidiaries</b>	<b>1,082</b>	<b>1,080</b>
<b>Common Stockholders' Equity</b>	<b>13,276</b>	<b>12,385</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$48,347</b>	<b>\$45,789</b>

Full disclosure of all financial information is included in Appendix C to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission.



## BOARD OF DIRECTORS

### David M. Ratcliffe

*Chairman, President, and CEO*  
Southern Company  
Atlanta, Georgia  
Age 60; elected 2003  
**Other corporate directorships:**  
CSX Corporation

### Juanita Powell Baranco

*Executive Vice President and Chief Operating Officer*  
Baranco Automotive Group  
(*automobile sales*)  
Morrow, Georgia  
Age 60; elected 2006  
**Board committees:** Governance (*chair*),  
Nuclear/Operations  
**Other corporate directorships:**  
Cox Radio, Inc.

### Francis S. Blake

*Chairman and CEO*  
The Home Depot, Inc.  
(*home improvement*)  
Atlanta, Georgia  
Age 59; elected 2004  
**Board committee:** Audit  
**Other corporate directorships:**  
The Home Depot, Inc.

### Jon A. Boscia

*President*  
Sun Life Financial Inc. (*financial services*)  
Gladwyne, Pennsylvania  
Age 56; elected 2007  
**Board committees:** Compensation and  
Management Succession, Finance  
**Other corporate directorships:**  
Armstrong World Industries

### Thomas F. Chapman

*Presiding Director*  
*Retired Chairman and CEO*  
Equifax Inc. (*information services, data analytics, transaction processing, and consumer financial products*)  
Atlanta, Georgia  
Age 65; elected 1999  
**Board committee:** Governance  
**Other corporate directorships:** None

### H. William Habermeyer, Jr.

*Retired President and CEO*  
Progress Energy Florida, Inc. (*energy*)  
St. Petersburg, Florida  
Age 66; elected 2007  
**Board committees:** Nuclear/Operations  
(*chair*), Compensation and Management  
Succession  
**Other corporate directorships:**  
Raymond James Financial Inc.,  
USEC Inc.

### Veronica M. Hagen

*CEO*  
Polymer Group, Inc.  
(*engineered materials*)  
Charlotte, North Carolina  
Age 63; elected 2008  
**Board committees:** Governance,  
Nuclear/Operations  
**Other corporate directorships:**  
Polymer Group, Inc.,  
Newmont Mining Corporation

### Warren A. Hood, Jr.

*Chairman and CEO*  
Hood Companies Incorporated  
(*packaging and construction products*)  
Hattiesburg, Mississippi  
Age 57; elected 2007  
**Board committee:** Audit  
**Other corporate directorships:**  
Hood Companies Incorporated,  
BancorpSouth Bank

### Donald M. James

*Chairman and CEO*  
Vulcan Materials Company  
(*construction materials*)  
Birmingham, Alabama  
Age 60; elected 1999  
**Board committees:** Finance (*chair*),  
Compensation and Management Succession  
**Other corporate directorships:**  
Vulcan Materials Company,  
Wells Fargo & Company

### J. Neal Purcell

*Retired Vice Chairman-Audit Operations*  
KPMG (*audit and accounting*)  
Duluth, Georgia  
Age 67; elected 2003  
**Board committees:** Compensation and  
Management Succession (*chair*), Finance  
**Other corporate directorships:**  
Synovus Financial Corp.,  
Kaiser Permanente Health Care and Hospitals

### William G. Smith, Jr.

*Chairman, President, and CEO*  
Capital City Bank Group Inc. (*banking*)  
Tallahassee, Florida  
Age 55; elected 2006  
**Board committee:** Audit (*chair*)  
**Other corporate directorships:**  
Capital City Bank Group Inc.,  
Capital City Bank

### Gerald J. St. Pé

*Former President*  
Ingalls Shipbuilding  
*Retired Executive Vice President*  
Litton Industries (*shipbuilding*)  
Pascagoula, Mississippi  
Age 69; elected 1995  
**Board committees:** Governance,  
Nuclear/Operations  
**Other corporate directorships:**  
Signal International,  
Merchants and Marine Bank



David M. Ratcliffe



Juanita Powell Baranco



Francis S. Blake



Jon A. Boscia



Thomas F. Chapman



H. William Habermeyer, Jr.



Veronica M. Hagen



Warren A. Hood, Jr.



Donald M. James



J. Neal Purcell



William G. Smith, Jr.



Gerald J. St. Pé





## MANAGEMENT COUNCIL

### David M. Ratcliffe

*Chairman, President, and CEO*

Ratcliffe, 60, joined the company as a biologist with Georgia Power in 1971 and has been in his current position since 2004. From 1999 to 2004 he was president and CEO of Georgia Power, Southern Company's largest subsidiary. He also served as president and CEO of Mississippi Power. Ratcliffe has held executive and management positions in the areas of finance, external affairs, fuel services, operations and planning, and research and environmental affairs.

### W. Paul Bowers

*Executive Vice President and Chief Financial Officer*

Bowers, 52, joined the company as a residential sales representative with Gulf Power in 1979. He has held his current position since February 2008. Previously, Bowers served as president of Southern Company Generation. He also served as president and CEO of Southern Power, president and CEO of Southern Company's former United Kingdom subsidiary, and senior vice president and chief marketing officer for Southern Company, and held executive positions at Georgia Power.

### Thomas A. Fanning

*Executive Vice President and Chief Operating Officer*

Fanning, 52, joined the company as a financial analyst in 1980. In his current position since February 2008, Fanning is responsible for Southern Company Generation, Southern Power, and Southern Company Transmission, as well as leading Southern Company's efforts on business strategy and associated planning issues. He has served as president and CEO of Gulf Power and chief financial officer for both Southern Company and Georgia Power.

### Michael D. Garrett

*Executive Vice President President and CEO, Georgia Power*

Garrett, 59, joined the company as a cooperative education student with Georgia Power in 1968. He began his current position in 2004. Previously, Garrett was president and CEO of Mississippi Power. He has held executive positions at Alabama Power in the areas of customer operations, regulatory affairs, finance, and external affairs and has served as Birmingham Division vice president.

### G. Edison Holland, Jr.

*Executive Vice President, General Counsel, and Corporate Secretary*

Holland, 56, joined the company as vice president and corporate counsel for Gulf Power in 1992. He was named to his current position, which includes serving as the chief compliance officer, in 2001. Previously, he was president and CEO of Savannah Electric and has also served as vice president of power generation and transmission at Gulf Power.

### C. Alan Martin

*Executive Vice President President and CEO, Southern Company Services*

Martin, 60, joined Southern Company in 1972 as a right-of-way agent at Alabama Power. He has held his current position since February 2008. Martin previously served as executive vice president and chief marketing officer for Southern Company, as well as vice president of human resources. Most recently, he was executive vice president of Alabama Power, with responsibility for the customer service organization. Martin also has served as executive vice president of external affairs at Alabama Power and has held a number of other executive and management positions at that company.

### Charles D. McCrary

*Executive Vice President President and CEO, Alabama Power*

McCrary, 57, joined the company as an assistant project planning engineer with Alabama Power in 1973. He began his current position in 2001. Previously, McCrary was chief production officer for Southern Company and president and CEO of Southern Power. He has held executive positions at Alabama Power and Southern Nuclear as well as various jobs in engineering, system planning, fuels, and environmental affairs.

### James H. Miller III

*President and CEO Southern Nuclear*

Miller, 59, joined the company in 1994 as general counsel for Southern Nuclear. He began his current job in 2008. Previously, Miller served as senior vice president, compliance officer, and general counsel for Georgia Power. He also has held the positions of senior vice president of external affairs and senior vice president of the Birmingham Division at Alabama Power.

### Susan N. Story

*President and CEO, Gulf Power*

Story, 49, joined the company as a nuclear power plant engineer in 1982. She has held her current position since 2003. Previously, Story was executive vice president of engineering and construction services for Southern Company Generation and Energy Marketing. She has held executive and management positions in the areas of supply chain management, real estate, corporate services, and human resources.

### Anthony J. Topazi

*President and CEO, Mississippi Power*

Topazi, 58, joined the company as a cooperative education student with Alabama Power in 1969. He began his current position in 2004. Topazi previously was executive vice president for Southern Company Generation and Energy Marketing and also served as senior vice president of Southern Power. He has held various positions at Alabama Power, including Western Division vice president and Birmingham Division vice president.

### Christopher C. Womack

*Executive Vice President President of External Affairs, Southern Company*

Womack, 51, joined the company in 1988 as a governmental affairs representative for Alabama Power. He has held his current position since January 2009. Previously, Womack was executive vice president of external affairs for Georgia Power. He has held numerous executive and management positions, including Southern Company's senior vice president of human resources and chief people officer, and senior vice president and senior production officer of Southern Company Generation.



David M. Ratcliffe



W. Paul Bowers



Thomas A. Fanning



Michael D. Garrett



G. Edison Holland, Jr.



C. Alan Martin



Charles D. McCrary



James H. Miller III



Susan N. Story



Anthony J. Topazi



Christopher C. Womack



## 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.

#### 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:

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

**By courier**  
SCS Stockholder Services  
30 Ivan Allen Jr. Blvd. NW  
11th Floor-Bin SC1100  
Atlanta, GA 30308

**By phone**  
9 to 12 ET and 1 to 5 ET  
Monday through Friday  
800-554-7626

**By e-mail**  
stockholders@southernco.com

#### STOCKHOLDER SERVICES INTERNET SITE

Located within Southern Company's Investor Relations Web site at <http://investor.southerncompany.com>, the Stockholder Services site provides transfer instructions, service request forms, and answers to frequently asked questions. Through this site, registered stockholders may also securely access their account information, including share balance, market value, and dividend payment details, as well as change their account mailing addresses.

#### SOUTHERN INVESTMENT PLAN

The Southern Investment Plan provides a convenient way to purchase common stock and reinvest dividends. You can access the Stockholder Services Internet site to review the Prospectus and download an enrollment form.

#### DIRECT REGISTRATION

Southern Company common stock can be issued in direct registration (uncertificated) form. The stock is Direct Registration System eligible.

#### DIVIDEND PAYMENTS

The entire amount of dividends paid in 2008 is taxable. The board of directors sets the record and payment dates for quarterly dividends. A dividend of 42 cents per share was paid in March 2009. For the remainder of 2009, projected record dates are May 4, August 3, and November 2. Projected payment dates for dividends declared during the remainder of 2009 are June 6, September 5, and December 5.

#### ANNUAL MEETING

The 2009 Annual Meeting of Stockholders will be held Wednesday, May 27, at 10 a.m. ET at The Lodge Conference Center at Callaway Gardens, Highway 18, Pine Mountain, GA 31822.

#### AUDITORS

Deloitte & Touche LLP  
191 Peachtree St. NE  
Suite 1500  
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, 404-506-0571, to meet the information needs of institutional investors and securities analysts.

#### ELECTRONIC DELIVERY OF PROXY MATERIALS

Any stockholder may enroll for electronic delivery of proxy materials by logging on at [www.icsdelivery.com/so](http://www.icsdelivery.com/so).

#### CERTIFICATIONS

Southern Company has filed the required certifications of its chief executive officer and chief financial officer—under Section 302 of the Sarbanes-Oxley Act of 2002, regarding the quality of its public disclosures as exhibits 31(a)1 and 31(a)2, respectively—to Southern Company's Annual Report on Form 10-K for the year ended December 31, 2008. The certification of Southern Company's chief executive officer regarding compliance with the New York Stock Exchange (NYSE) corporate governance listing standards, required by NYSE Rule 303A.12, will be filed with the NYSE following the 2009 Annual Meeting of Stockholders. Last year, Southern Company filed this certification with the NYSE on June 9, 2008.

#### ENVIRONMENTAL INFORMATION

Southern Company publishes a variety of information on its activities to meet the company's environmental commitments. It is available in print and online at [www.southerncompany.com/planetpower/reports.aspx](http://www.southerncompany.com/planetpower/reports.aspx). To request printed materials, write to:

Chris Hobson  
Senior Vice President, Research and Environmental Affairs  
600 North 18th St.  
Bin 14N-8195  
Birmingham, AL 35203-2206

#### COMMON STOCK

Southern Company common stock is listed on the NYSE under the ticker symbol SO. On December 31, 2008, Southern Company had 97,324 stockholders of record.

The 2008 summary annual report is submitted for shareholders' information. It is not intended for use in connection with any sale or purchase of, or any solicitation of offers to buy or sell, securities.

Please visit our Corporate Responsibility Report at [www.southerncompany.com/corporateresponsibility/](http://www.southerncompany.com/corporateresponsibility/)





SOUTHERN  
COMPANY

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Smart Meter

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