


VALUE RULES

2011



A photograph of a family in a living room. A woman and a young boy are standing and playing a video game on a large television. The television is on a light green wooden stand. To the right of the television is a round table covered with a beige cloth, holding a lamp and some framed photos. The room has white horizontal siding on the walls and a patterned rug on the floor. In the foreground, a person is sitting at a desk, reading a book.

Southern Company serves 4.4 million customers in one of the nation's most economically vibrant regions. With more than 43,500 megawatts of generating capacity and a competitive generation business, Southern Company is a major source of electricity in the southeastern U.S.

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## FINANCIAL HIGHLIGHTS

	2011	2010	Change
Operating revenues <i>(in millions)</i>	\$17,657	\$17,456	1.2 %
Earnings <i>(in millions)</i>	\$2,203	\$1,975	11.5 %
Basic earnings per share	\$2.57	\$2.37	8.4 %
Diluted earnings per share	\$2.55	\$2.36	8.1 %
Dividends per share <i>(amount paid)</i>	\$1.8725	\$1.8025	3.9 %
Dividend yield <i>(year-end, percent)</i>	4.0	4.7	(14.9)%
Average shares outstanding <i>(in millions)</i>	857	832	3.0 %
Return on average common equity <i>(percent)</i>	13.04	12.71	2.6 %
Book value per share	\$20.32	\$19.21	5.8 %
Market price per share <i>(year-end, closing)</i>	\$46.29	\$38.23	21.1 %
Total market value of common stock <i>(year-end, in millions)</i>	\$40,047	\$32,241	24.2 %
Total assets <i>(in millions)</i>	\$59,267	\$55,032	7.7 %
Total kilowatt-hour sales <i>(in millions)</i>	190,047	196,787	(3.4)%
Retail	159,702	164,217	(2.7)%
Wholesale	30,345	32,570	(6.8)%
Total traditional operating company customers <i>(year-end, in thousands)</i>	4,412	4,417	(0.1)%

The rules of value have one thing in common:

## The customer comes first.

Flip a switch, and the room lights up. Dial a number, and a friendly voice answers. And when circumstances are at their most extraordinary—when a storm leaves chaos in its wake—look down a darkened street and know that help is on the way. In an increasingly electrified world, there are some things customers should never have to worry about.

Some companies excel at delivering on the day-to-day needs of those they serve. Others earn their stripes when the pressure is on. The most successful companies are the ones that do both. That's where real value begins. That's Southern Company.

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Thomas A. Fanning

CHAIRMAN, PRESIDENT AND CEO  
SOUTHERN COMPANY





## DEAR FELLOW SHAREHOLDERS:

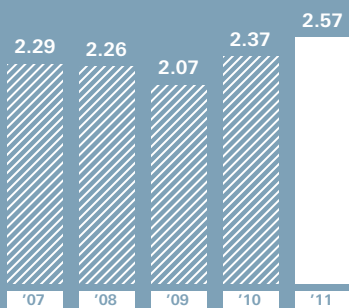
The success of a business lies in the value it delivers to the customers, communities, employees and shareholders it serves. For Southern Company, that statement has never been more true—especially during a year in which we came to expect the unexpected.

In 2011, the world often seemed an uncertain place. The prospect of global economic recovery was hindered by difficulties in Europe. A massive earthquake and tsunami spread waves of destruction throughout much of Japan. Earthquakes affected Washington, D.C., and a major hurricane devastated portions of America's eastern seaboard.

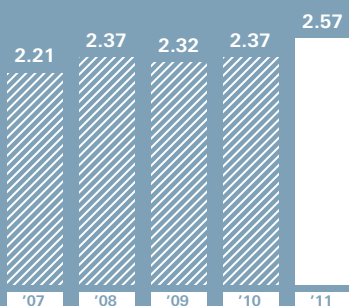
Southern Company and its customers faced their share of surprises as well. Early in the year, severe winter storms invaded our system's territory, and in April, tornadoes caused loss of life and widespread power outages. Tsunami-inflicted damage to Japan's Fukushima facility fueled debate about the future of nuclear power in the U.S. And we saw further movement toward intrusive federal regulation that could affect our nation's ability to provide safe, clean, reliable and affordable electricity for years to come.

And yet, through all of that and more, Southern Company not only survived but also advanced—making excellent progress toward achieving our five strategic priorities, which I introduced in last year's letter to shareholders. Here's a quick update on each:

- **STICK TO THE FUNDAMENTALS.** The reliability of our fossil-hydro generating plants in 2011 was the second-best in our company's history. We also saw continued improvement in the reliability of our transmission and distribution system. Overall, our prices remain below the national average, and our customer satisfaction ranks among the best in the industry.
- **ACHIEVE SUCCESS WITH MAJOR CONSTRUCTION PROJECTS.** We received final licensing approval for the two new groundbreaking AP1000 nuclear units at Georgia Power's Plant Vogtle, while at Plant Ratcliffe in Kemper County, Miss., construction is under way that is intended to introduce 21st century coal technology to the U.S. in 2014. Targets related to cost and schedule remain achievable for both projects.
- **SUPPORT THE BUILDING OF A NATIONAL ENERGY POLICY.** We are engaging constructively on several external fronts to promote a common sense policy with two components: 1) to use all the "arrows in the quiver"—nuclear, 21st century coal, natural



Basic Earnings Per Share  
(in dollars)



Basic Earnings Per Share, Excluding Litigation Settlement with MC Asset Recovery, Leveraged Lease Charges and Synthetic Fuels\*  
(in dollars)

\* Not a financial measure under generally accepted accounting principles. See Glossary on page 34 for additional information.

## CHAIRMAN'S LETTER

gas, renewables and energy efficiency—or, as President Obama referred to it in his State of the Union address, an “all of the above” approach; and 2) to develop innovative energy technology solutions, not rhetoric, through proprietary research and development. We are working to make this policy a reality through constructive engagement in legislation, regulation and, if necessary, litigation, all for the benefit of the customers we serve.

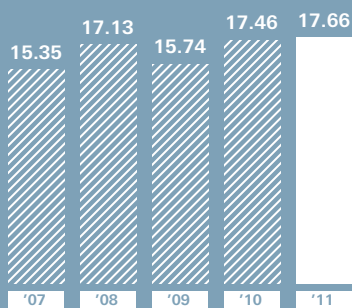
- **PROMOTE SMART ENERGY.** We continued our 20-year (and counting) smart grid evolution by achieving nearly 90 percent of our goal of adding more than 4.6 million smart meters to our system. Meanwhile, we are promoting safe, clean, reliable and affordable electro-technologies that benefit customers throughout all phases of the delivery chain, from fuel to generation to transmission to consumption.
- **VALUE AND DEVELOP OUR PEOPLE.** We reinforced our well-known tradition for personnel development in 2011. About 25 percent of our officers assumed new positions last year, and we also brought in a few new leaders from outside the company to further strengthen our bench. We completed more than 400 transfers of employees between our various subsidiaries. We were named the No. 1 military-friendly employer among U.S. utilities by G.I. Jobs magazine. Further, DiversityInc magazine honored us as the No. 1 utility workplace for diversity and inclusion.

We also delivered a total shareholder return of 27 percent, with the second-lowest level of volatility among S&P 500 companies and the highest financial strength of any company of size in our industry. Value Line has assigned us an earnings predictability score of 100 percent, making us one of the few companies in America to achieve that lofty level. In terms of value, you'd be hard-pressed to find any investment that delivered on a risk-adjusted basis as well as Southern Company did in 2011.

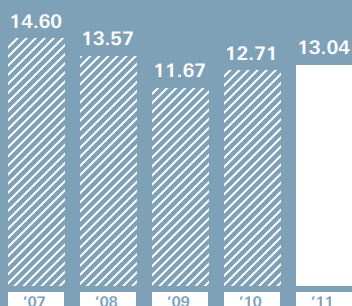
Going forward, the management of risk will continue to be key, especially to the extent that conditions remain volatile. Markets today seem to be awakening to the reality that risk matters, and companies like ours have benefited. In the future, the shrewd valuation and management of risk is expected to take on even more importance as baby boomers reach retirement age and find themselves in need of stable assets capable of providing reliable performance over time.

This emerging financial environment is tailor-made for Southern Company. Because of our disciplined approach to risk, few companies anywhere are better equipped to deliver favorable risk-adjusted returns. Our “arrows in the quiver” philosophy is an important part





**Operating Revenues**  
(in billions of dollars)



**Return On Average Common Equity**  
(percent)

## CHAIRMAN'S LETTER

of this approach, as we transition our energy production further away from coal to natural gas and expand our nuclear production with the new Vogtle units.

Which brings us back to the topic of value. Earlier this year, Southern Company celebrated its 100th anniversary, joining the short list of American businesses that can make that claim. That kind of longevity comes only with an unyielding commitment to customer value, which for us means industry-leading reliability, affordable rates, personalized service and community commitment. Our efforts reveal themselves in lots of different ways but always with the same end in mind—that the Southeast, and anywhere else our company operates, will be better off because of the contributions we make.

Toward that end, our system is building new nuclear units that are safer and more advanced than ever before. We have developed proprietary coal technology that operates almost as cleanly as natural gas and are using it at a plant designed to capture 65 percent of its carbon dioxide output, which will then be sold for use in recovering American oil reserves. We're expanding our use of natural gas and solar power, and building the largest biomass plant in the U.S. We're helping customers learn more about electricity and discover smarter ways to use it. We're investing in innovation, job creation, community involvement and more, for one reason and one reason only—because it brings value to those we serve.

Understanding this value proposition is perhaps the best way to understand Southern Company's value as an investment. When customers receive ever-increasing value for the dollars they spend, they tend to be more satisfied. Which lets regulators know our business is running smoothly. Which enables us to access the capital we need to become even better at what we do. Which leads to even higher levels of satisfaction.

It's a formula that has served us well for a long time, and we intend to remain steady on that course. As we begin our second hundred years, our mission is intact, and our identity clear. We are committed to extending our history of reliable, trustworthy financial performance well into the future.

*Sincerely,*

**Thomas A. Fanning**

*March 28, 2012*







Value is a discipline, pure and simple. Do the right things the right way, over and over again, and get better at it every day. To achieve that kind of success, you need a blueprint. And we've got a great one. Four basic rules, and here they are.

VALUE RULE | No. 01

# Keep the lights on.

Nobody wants to think about their power going out. That's why we think about it all the time.

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Being taken for granted isn't usually a compliment—unless you're an electric service provider. Southern Company's four traditional operating companies represent the gold standard in system reliability. Our fossil/hydro generating units boast a reliability record that is approximately four times better than the industry average. Our transmission and distribution system has improved its strong performance steadily over the past decade. And if that wasn't enough, we continue to add smart monitoring devices on our system that can speed restoration and even help prevent outages from happening in the first place. Because when the lights are shining across the Southeast, we shine too.

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A reliable supply of electricity helps keep vibrant cities like Atlanta growing and vital.





VALUE RULE

## No. 01 Keep the Lights On.



The Southeast is a growing region that relies on core businesses like Southern Company's operating subsidiaries to grow with it. And that's exactly what our system is doing—building a wide-ranging energy portfolio for the 21st century, backed by the nation's most comprehensive R&D function of its kind among regulated utilities.



When it comes to energy, a diverse supply is a secure supply. While some utilities are banking on a relatively narrow range of options, only Southern Company is using “all the arrows in the quiver.” Near Waynesboro, Ga., Georgia Power is building the first new nuclear units licensed in the U.S. in more than 30 years. In Kemper County, Miss., Mississippi Power is making plans to turn coal into a cleaner-burning gas. Just outside Atlanta, Georgia Power is replacing coal-fired units with natural gas, reducing emissions while actually increasing capacity. In New Mexico, Southern Power is advancing renewable energy with one of the country's largest solar energy stations, and in Texas, putting the finishing touches on the largest biomass facility in the U.S. And that's all in addition to our efforts at promoting energy efficiency (see page 10). When it comes to reliability, we know from experience that spreading our resources is the best way to limit risk and ensure a dependable supply of electricity for generations to come.

**(Top)** Plant McDonough-Atkinson near Atlanta is changing from coal to natural gas, dramatically reducing emissions and nearly quintupling its capacity. **(Middle)** Plant Ratcliffe in Kemper County, Miss., is preparing for the first domestic use of TRIG™, a process that converts coal into a gas. The plant is also designed to capture up to 65 percent of the carbon dioxide it releases, which is then sold for use in recovering U.S. oil reserves. **(Bottom)** Continuous improvement in reliability is a hallmark of the Southern Company system's transmission and distribution network, which has become increasingly dependable over the past decade.



**Sources of Generation (percent)\***

	2000	2011
Coal	78	52
Gas	4	30
Nuclear	16	16
Hydro	2	2

\* Includes purchased power.

*“Nuclear is an important part of America’s energy future—but it’s not the only solution. We need a variety of sources that also includes coal, natural gas, renewables and energy efficiency.”*

Katrina Bivins

PLANT VOGTLE 3 & 4 PROJECT



## VALUE RULE | No. 02

# Make it affordable and efficient for customers.

Sooner or later, the cost of just about everything goes up. The question is, what are we doing to keep energy costs reasonable? The answer is, plenty.

We manage operating costs by running the business as efficiently and effectively as possible, from the materials we buy to the systems we operate. We advocate on behalf of customers with state and federal governments to discourage laws and regulations that increase cost without adequate benefit for customers.

We also work directly with customers, helping them find better ways to control their usage. Our traditional operating companies have a multitude of programs—including energy audits for homes and businesses—that to date have reduced peak demand by more than 3,400 megawatts, or enough to power more than 850,000 homes. Since 2000, we've saved more than 1 billion kilowatt-hours, at a rate more than twice the industry average. And we're investing \$1 billion to lower demand an additional 1,000 megawatts by 2020, significantly offsetting future capacity needs. We've helped airports, seaports and other large customers save money by converting equipment from diesel to electric, and we continue to promote efficient technologies such as electric vehicles that operate for the gasoline equivalent of about \$1 per gallon.





*"Energy efficiency isn't about using less of our product.  
It's about using our product more wisely."*

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Glenn Langan

ENERGY SALES & EFFICIENCY PROGRAM SUPERVISOR  
GULF POWER

**(Top)** Managing usage is a great way to lower the cost of electric service. Setting the thermostat at 78 in the summer and 68 in the winter is a proven power-saver. Southern Company's traditional operating companies work hard to educate customers on these and other tips through a variety of media, including television, print and Web.

**(Middle)** Karen Columbus (left), senior residential energy consultant, inspects a kitchen air vent as part of an energy audit for Gulf Power customer Jodi Milliren of Pace, Fla.

**(Bottom)** A new monthly bill format helps customers better understand their usage patterns and billing history.





*"I love interacting with my customers. I want to know about their families, about what's going on in their lives. It's the very best part of my job."*

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Angela Tillman

SENIOR CUSTOMER SERVICE REPRESENTATIVE  
MISSISSIPPI POWER





VALUE RULE

No. 03

## Give great service by making it personal.

Greet your customer, smile broadly and take a moment to ask about their day. In just a few seconds, you can accomplish so much more than merely taking a payment or activating a meter. You might even make a friend.

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If you're walking down Main Street just about anywhere in the Southern Company system, chances are there's a local office nearby. Our traditional operating companies have 260 offices located in cities and towns across the Southeast, where about a third of our customer transactions occur face to face. In fact, no other electric utility in America has the same level of local office penetration that we do. And those offices are more than just bricks and mortar. Our employees are active members of the community who collectively donated more than 250,000 volunteer hours in 2011, bolstered by our more than \$28 million in charitable contributions. It's the kind of personal approach that's been winning us accolades for years. And for those who prefer high-tech to high-touch, we offer ever-expanding services via the Internet, where customers can pay their bills, learn how to lower energy costs, turn their service on or off, report an outage, read about our community activities and much more.

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Senior customer service representative Angela Tillman (left) shares a laugh with one of her favorite customers, Pansy Kyzar, on the streets of downtown Columbia, Miss. Every month like clockwork, Kyzar visits the Mississippi Power office in Columbia to pay her bill and catch up with Tillman and the rest of the staff.





VALUE RULE

## No. 03 Give great service.



There are some days you'd just as soon forget, even if you'll never be able to. This is the story of one such day, and the people who came to help.



April 27, 2011. The sun came up as usual, a normal enough beginning to a typical spring morning. But for the residents of west central Alabama, normal was about to be changed forever. On TV and radio, the warnings came early and often, and when the storms struck, they were short-lived but devastatingly thorough. A wave of deadly tornadoes cut a swath across the Southeast that day, causing loss of life and leaving hundreds of thousands without power. Outside Tuscaloosa, Fred McKinley's Alabama Power line crew watched in disbelief as a succession of funnels traced a path through their town. For the next several days, they and hundreds of fellow crew members in Alabama, Georgia and Mississippi worked day and night, rebuilding lines and substations in neighborhoods they barely recognized anymore. Incredibly, within a week, service had been restored to everyone who was capable of receiving it.

Natural disasters are a fact of life, and linemen know they'll be called in for such duty eventually. It's never easy, but it's part of the job, and for them a way of giving back to a community in need. We salute these men and women and the thousands of co-workers who support them, especially on days like this.

**(Left)** A string of tornadoes destroyed homes, businesses and electric infrastructure in the northern half of Alabama, as well as communities in southeast Mississippi and northwest Georgia. Line crews worked around the clock for a week, repairing downed lines and substations. Aiding restoration efforts were newly installed smart grid technologies that speed outage information to operators, enabling crews to identify and reach troubled areas much more quickly. The Southern Company system has been adding technologies like this for more than 20 years.

**(Right)** Roger Gregg, general manager of University Mall in Tuscaloosa, Ala., is flanked by (L-R) Alabama Power lineman Larry Gonzalez, lead lineman Mark Hulsey, apprentice lineman Ryan Markham and lead lineman Terrell Walton.



*"A lot of things go through your mind. You look around and see the loss, the devastation. But you know you can always count on these guys. To me, they're heroes."*

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Roger Gregg

GENERAL MANAGER, UNIVERSITY MALL  
TUSCALOOSA, AL



VALUE RULE

## No. 04

# Be a positive force in the communities you serve.

So much to do. So many ways to make a difference. Every day, we look beyond the business, to find opportunities that make life better for the people we serve.

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The Southeast isn't just where we work; it's where we live. And we have a keen interest in seeing that good things happen here. That's why we have hundreds of engineers, researchers and other experts who are constantly looking for ways to generate electricity more cleanly than ever before. We operate the U.S. Department of Energy's primary research center for reducing carbon from power plants, and the nation's only research center dedicated to limiting mercury emissions. We're hard at work designing and building a new research center in north Georgia to find better ways to manage and protect water. We're advancing energy independence through proprietary technologies that could not only help preserve coal as a fuel resource but also assist in the recovery of American oil reserves. We're increasing our use of renewable energy such as solar, wind and biomass. And Georgia Power is building more advanced nuclear reactors that use gravity to release additional cooling water from overhead storage tanks in the event of an accident, reducing the need for human or mechanical intervention. Cleaner, safer, better—we're always headed in the same direction.

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Research specialist Caitlin Post—of our research and environmental affairs group—enjoys one of the many public parks in downtown Birmingham. We have hundreds of experts like Caitlin who focus on implementing better and cleaner ways to generate electricity.







Southern Company's investment in renewable energy continues to grow with the addition of Southern Power's 100-megawatt biomass facility in Nacogdoches County, Texas. The facility—the largest of its kind in the U.S.—is scheduled to begin commercial operation in June 2012.

*"It's great to have a job that enables you to say, I'm helping. I'm making a difference."*

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Caitlin Post

RESEARCH SPECIALIST  
CLIMATE AND ENVIRONMENTAL STRATEGIES  
SOUTHERN COMPANY SERVICES




*"We can't be a strong company unless the communities we serve are also strong. We take our mission very seriously—working to ensure a bright future for our region by bringing in new jobs, as well as helping our existing businesses grow and prosper."*

Pedro Cherry

VICE PRESIDENT OF COMMUNITY AND ECONOMIC DEVELOPMENT  
GEORGIA POWER





The region we serve is a vibrant one. And we're doing everything we can to keep it that way.

Business loves the South. And no wonder—the fundamentals are compelling, with a skilled workforce, abundant natural resources and an extensive transportation network. Southern Company has supported economic development in the region since the early 20th century, working with public officials to attract industry to a then-largely undeveloped part of the country. That tradition continues today through economic development organizations in all four of our traditional operating companies—because our future is inevitably tied to the economic fortunes of our customers, the industrial sector in particular.

Case in point: 2011. At a time when commercial and residential growth remained flat, it was manufacturing that led a burgeoning recovery—thanks in part to a surge in exports dispatched through seaports such as Savannah, Mobile and Gulfport. Today, we're working to help seaports expand capacity even further.

Beyond that, we're engaged in attracting some 250 employers that could bring in as many as 40,000 new jobs. Meanwhile, we're managing to create a few jobs ourselves as we build our 21st century energy portfolio, a series of projects that, according to the University of West Georgia, is expected to affect some 250,000 jobs across the country.

Pedro Cherry (left), Georgia Power vice president of community and economic development, observes shipping traffic in Savannah, Ga., with Stacy Watson, general manager of economic and industrial development for the Georgia Ports Authority.



# Focus on the customer and value will follow.

Customers aren't the only ones who benefit from a customer-first philosophy. Want proof? Just look at the numbers.

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Focusing on—and delivering—customer value has made Southern Company a successful business. The most visible evidence of that success lies in the value we have created—and grown—for our shareholders.

Over the long term, Southern Company has consistently outperformed the Standard & Poor's (S&P) and Philadelphia Electric Utility indices, as well as the broader S&P 500 Index, producing an average annual total return of 9.9 percent over the five-year period, 11.4 percent over the 10-year period and 16.3 percent over the 30-year period ended December 31, 2011. We have paid regular dividends to investors for 257 consecutive quarters, approximately \$38 billion total dating back to 1948—one of the reasons we were named a Top 10 dividend-paying utility stock in 2011 by the Forbes investment news service Dividend Channel. And we've done it all with one of the lowest risk profiles in the industry and roughly half the volatility of the S&P 500.

Over time, we have combined our strong history of dividend performance with long-term price growth and have been one of the most reliable and rewarding risk-adjusted investments around—No. 1 in financial soundness among Fortune magazine's "Most Admired Electric and Gas Utilities" for three years in a row. Our steadfast commitment to customer value has been the driving force behind a steady increase in shareholder value—and we see no reason to reinvent that wheel. After all, when something works this well, why change it?

## SHAREHOLDER VALUE

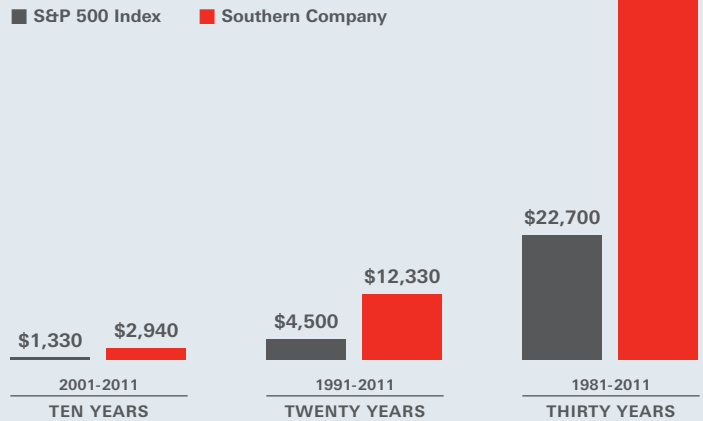
This Total Shareholder Return graph compares the cumulative return on Southern Company (SO) common stock with the cumulative return on the Standard & Poor's 500 Index for the past 10, 20 and 30 years.

These graphs assume that: \$1,000 was invested on December 31, 2001, 1991 and 1981, respectively, in Southern Company's common stock, as well as the S&P 500 Index; that all dividends including proceeds from the Mirant spinoff were reinvested; and that returns were compounded on a monthly basis.

A five-year performance graph is included in Appendix B to the Proxy Statement. See Glossary on page 34 for information on Total Shareholder Return.

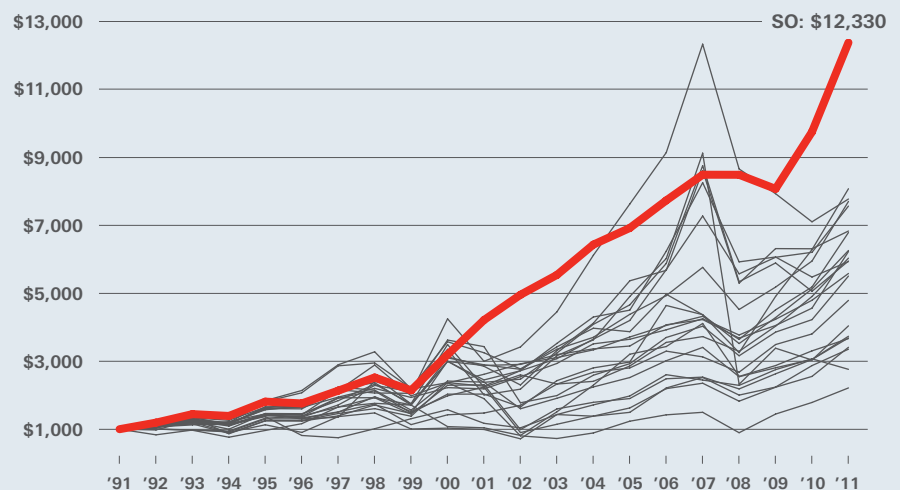
Source: *Bloomberg*

Value of \$1,000 invested in Southern Company and S&P 500 with dividends reinvested



SO vs. Peer Utilities

Value of \$1,000 invested over 20 years with dividends reinvested



This Total Shareholder Return graph compares a \$1,000 investment in Southern Company (SO) common stock made on December 31, 1991 and held for 20 years with the same type of investment in each of the other large capitalization electric utilities followed by Value Line.

Source: *Bloomberg*, assumes all dividends including proceeds from the Mirant spinoff were reinvested; and that returns were compounded on a monthly basis.



# Celebrating

## 100 years of service and growth

A hundred years ago, a man stood alone on the banks of the Tallapoosa River and dreamed a big dream. Today, the dream is still alive. And growing.

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James Mitchell had a vision—a vast network of hydroelectric generating stations and power lines spanning the Southeast and bringing economic prosperity to a region largely excluded from the Industrial Revolution. On Jan. 5, 1912, Mitchell gave a name to his dream when he founded Alabama Traction, Light & Power, the first in a succession of holding companies that would one day evolve into Southern Company.

In 2012, Southern Company became the latest in an exclusive fraternity of U.S. businesses to celebrate its 100th anniversary—and we celebrated in style. On the morning of Jan. 5, CFO Art Beattie rang the opening bell at the New York Stock Exchange, marking the occasion for a national television audience. That afternoon, CEO Tom Fanning presided over a companywide “Founders Day” webcast that reunited the company’s four most recently retired CEOs—David Ratcliffe, Allen Franklin, Bill Dahlberg and Ed Addison. Those two events kicked off a yearlong effort to commemorate those who built and sustained our company through its first century, while sparking the imaginations of those who have inherited its legacy.

James Mitchell’s pioneering spirit launched a resilient enterprise that has endured through good times and bad. In beginning our second hundred years, we are harnessing that same spirit of innovation through our commitment to “honor the past and build for the future.”







*"To make money is fine; to build industry is fine. But to build an industry that saves mankind from toil which it can well be spared... that provides leisure for education and culture—truly is a much finer thing."*

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James Mitchell

SOUTHERN COMPANY FOUNDER

EXCERPT FROM "BIG BETS: DECISIONS & LEADERS THAT SHAPED SOUTHERN COMPANY"  
BY DUB TAFT AND SAM HEYS



(Top) Southern Company CFO Art Beattie rings the opening bell at the New York Stock Exchange on Jan. 5, 2012, marking the 100th anniversary of Southern Company as a holding company.

(Bottom) CEO Tom Fanning (center) leads a centennial celebration from Southern Company headquarters in Atlanta, flanked by former Southern Company CEOs (L-R) Ed Addison, Bill Dahlberg, Allen Franklin and David Ratcliffe.

(Left) Industry stalwarts (L-R) Tom Martin, James Mitchell and Alvin Vogtle were just a few of the key leaders who left their mark on Southern Company's first 100 years.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This report contains forward-looking statements. Forward-looking statements include, among other things, statements concerning retail sales, retail rates, customer growth, economic recovery, fuel and environmental cost recovery and other rate actions, current and proposed environmental regulations and related estimated expenditures, future earnings, dividend payout ratios, access to sources of capital, financing activities, start and completion of construction projects, plans and estimated costs for new generation resources, storm damage cost recovery and repairs, 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 changes, 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, coal combustion byproducts, and emissions of sulfur, nitrogen, carbon, soot, particulate matter, hazardous air pollutants, including mercury, and other substances, financial reform legislation, 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 Environmental Protection Agency civil actions against certain Southern Company subsidiaries, Federal Energy Regulatory Commission matters, and Internal Revenue Service and state tax audits;
- 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 and recovery from the recent recession, 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 and avoid cost overruns during the development and construction of facilities;
- investment performance of Southern Company's employee benefit plans and nuclear decommissioning trust funds;
- 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 other cost recovery mechanisms;

- regulatory approvals and actions related to the Plant Vogtle expansion, including Georgia Public Service Commission (PSC) approvals, Nuclear Regulatory Commission actions, and potential U.S. Department of Energy (DOE) loan guarantees;
- regulatory approvals and other actions related to the Kemper integrated coal gasification combined cycle facility, including Mississippi PSC approvals, potential DOE loan guarantees, the South Mississippi Electric Power Association purchase decision, utilization of investment tax credits, and the outcome of further proceedings regarding the Mississippi PSC's issuance of the certificate of public conveyance and necessity;
- 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 wholesale customers;
- the direct or indirect effect on Southern Company's business resulting from terrorist incidents and the threat of terrorist incidents, including cyber intrusion;
- interest rate fluctuations and financial market conditions and the results of financing efforts, including Southern Company's and its subsidiaries' credit ratings;
- the impacts of any potential U.S. credit rating downgrade or other sovereign financial issues, including impacts on interest rates, access to capital markets, impacts on currency exchange rates, counterparty performance, and the economy in general, as well as potential impacts on the availability or benefits of proposed DOE loan guarantees;
- 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 influenzas, or other similar occurrences;
- the direct or indirect effects on Southern Company's business resulting from incidents affecting the U.S. electric grid or operation of generating resources;
- the effect of accounting pronouncements issued periodically by standard setting bodies; and
- other factors discussed elsewhere herein and in other reports, including Southern Company's annual report on Form 10-K for the fiscal year ended December 31, 2011 (Form 10-K) filed by Southern 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 B to the Company's 2012 Proxy Statement and included in the Form 10-K as filed with the Securities and Exchange Commission. Appendix B 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, when available, 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

The management of The Southern Company 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



**Thomas A. Fanning**  
Chairman, President, and Chief Executive Officer

Southern Company's internal control over financial reporting was effective as of December 31, 2011.

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, 2011. Deloitte & Touche LLP's report on Southern Company's internal control over financial reporting appears in Appendix B to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission.



**Art P. Beattie**  
Executive Vice President and Chief Financial Officer

February 24, 2012

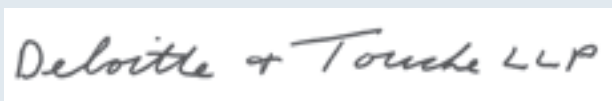
## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the consolidated balance sheets and consolidated statements of capitalization of The Southern Company and Subsidiary Companies (the "Company") as of December 31, 2011 and 2010, 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, 2011. We have also audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2011. 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 24, 2012, expressing unqualified opinions (which are not included herein) are in-

cluded in Appendix B to the Proxy Statement for the 2012 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, 2011 and 2010, and the related condensed consolidated statements of income and of cash flows for each of the three years in the period ended December 31, 2011, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.



Atlanta, Georgia  
February 24, 2012



# CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2011, 2010, and 2009

<i>(in millions)</i>	2011	2010	2009
<b>OPERATING REVENUES:</b>			
Retail revenues	\$15,071	\$14,791	\$13,307
Wholesale revenues	1,905	1,994	1,802
Other electric revenues	611	589	533
Other revenues	70	82	101
Total operating revenues	17,657	17,456	15,743
<b>OPERATING EXPENSES:</b>			
Fuel	6,262	6,699	5,952
Purchased power	608	563	474
Other operations and maintenance	3,938	4,010	3,526
MC Asset Recovery litigation settlement	-	-	202
Depreciation and amortization	1,717	1,513	1,503
Taxes other than income taxes	901	869	818
Total operating expenses	13,426	13,654	12,475
<b>OPERATING INCOME</b>	4,231	3,802	3,268
<b>OTHER INCOME AND (EXPENSE):</b>			
Allowance for equity funds used during construction	153	194	200
Interest expense, net of amounts capitalized	(857)	(895)	(905)
Other income (expense), net	(40)	(35)	41
Total other income and (expense)	(744)	(736)	(664)
<b>EARNINGS BEFORE INCOME TAXES</b>	3,487	3,066	2,604
Income taxes	1,219	1,026	896
<b>CONSOLIDATED NET INCOME</b>	2,268	2,040	1,708
Dividends on Preferred and Preference Stock of Subsidiaries	65	65	65
<b>CONSOLIDATED NET INCOME AFTER DIVIDENDS ON PREFERRED AND PREFERENCE STOCK OF SUBSIDIARIES</b>	\$ 2,203	\$ 1,975	\$ 1,643
<b>COMMON STOCK DATA:</b>			
Earnings per share (EPS)–			
Basic EPS	\$2.57	\$2.37	\$2.07
Diluted EPS	2.55	2.36	2.06
Average number of shares of common stock outstanding – <i>(in millions)</i>			
Basic	857	832	795
Diluted	864	837	796
Cash dividends paid per share of common stock	\$1.8725	\$1.8025	\$1.7325

Full disclosure of all financial information is included in Appendix B to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission, including the accompanying footnotes, which are an integral part of the financial statements.

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2011, 2010, and 2009

<i>(in millions)</i>	2011	2010	2009
<b>OPERATING ACTIVITIES:</b>			
Consolidated net income	\$ 2,268	\$ 2,040	\$ 1,708
Adjustments to reconcile consolidated net income to net cash provided from operating activities—			
Depreciation and amortization, total	2,048	1,831	1,788
Deferred income taxes	1,155	1,038	25
Deferred revenues	(4)	(103)	(54)
Allowance for equity funds used during construction	(153)	(194)	(200)
Pension, postretirement, and other employee benefits	(45)	(614)	(3)
Stock based compensation expense	42	33	23
Generation construction screening costs	-	(51)	(22)
Other, net	19	70	43
Changes in certain current assets and liabilities—			
Receivables	362	80	585
Fossil fuel stock	(62)	135	(432)
Materials and supplies	(60)	(30)	(39)
Other current assets	(17)	(17)	(47)
Accounts payable	(5)	4	(125)
Accrued taxes	330	(308)	(95)
Accrued compensation	10	180	(226)
Other current liabilities	15	(103)	334
Net cash provided from operating activities	5,903	3,991	3,263
<b>INVESTING ACTIVITIES:</b>			
Property additions	(4,525)	(4,086)	(4,670)
Distribution of restricted cash	63	25	119
Nuclear decommissioning trust fund purchases	(2,195)	(2,009)	(1,234)
Nuclear decommissioning trust fund sales	2,190	2,004	1,228
Proceeds from property sales	25	18	340
Cost of removal, net of salvage	(93)	(125)	(119)
Change in construction payables	191	(51)	215
Other investing activities	161	(32)	(198)
Net cash used for investing activities	(4,183)	(4,256)	(4,319)
<b>FINANCING ACTIVITIES:</b>			
Increase (decrease) in notes payable, net	(438)	659	(306)
Proceeds—			
Long-term debt issuances	3,719	3,151	3,042
Common stock issuances	723	772	1,286
Redemptions and repurchases—			
Long-term debt	(3,170)	(2,966)	(1,234)
Payment of common stock dividends	(1,601)	(1,496)	(1,369)
Payment of dividends on preferred and preference stock of subsidiaries	(65)	(65)	(65)
Other financing activities	(20)	(33)	(25)
Net cash provided from (used for) financing activities	(852)	22	1,329
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>868</b>	<b>(243)</b>	<b>273</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>447</b>	<b>690</b>	<b>417</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,315</b>	<b>\$ 447</b>	<b>\$ 690</b>

Full disclosure of all financial information is included in Appendix B to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission, including the accompanying footnotes, which are an integral part of the financial statements.



## CONDENSED CONSOLIDATED BALANCE SHEETS

At December 31, 2011 and 2010

ASSETS (in millions)	2011	2010
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,315	\$ 447
Restricted cash and cash equivalents	8	68
Receivables—		
Customer accounts receivable	1,074	1,140
Unbilled revenues	376	420
Under recovered regulatory clause revenues	143	209
Other accounts and notes receivable	282	285
Accumulated provision for uncollectible accounts	(26)	(25)
Fossil fuel stock, at average cost	1,367	1,308
Materials and supplies, at average cost	903	827
Vacation pay	160	151
Prepaid expenses	385	784
Other regulatory assets, current	239	210
Other current assets	46	59
Total current assets	6,272	5,883
<b>PROPERTY, PLANT, AND EQUIPMENT:</b>		
In service	59,744	56,731
Less accumulated depreciation	21,154	20,174
Plant in service, net of depreciation	38,590	36,557
Other utility plant, net	55	-
Nuclear fuel, at amortized cost	774	670
Construction work in progress	5,591	4,775
Total property, plant, and equipment	45,010	42,002
<b>OTHER PROPERTY AND INVESTMENTS:</b>		
Nuclear decommissioning trusts, at fair value	1,207	1,370
Leveraged leases	649	624
Miscellaneous property and investments	262	277
Total other property and investments	2,118	2,271
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>		
Deferred charges related to income taxes	1,365	1,280
Prepaid pension costs	-	88
Unamortized debt issuance expense	156	178
Unamortized loss on reacquired debt	285	274
Deferred under recovered regulatory clause revenues	48	218
Other regulatory assets, deferred	3,532	2,402
Other deferred charges and assets	481	436
Total deferred charges and other assets	5,867	4,876
<b>TOTAL ASSETS</b>	<b>\$59,267</b>	<b>\$55,032</b>

Full disclosure of all financial information is included in Appendix B to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission, including the accompanying footnotes, which are an integral part of the financial statements.

# CONDENSED CONSOLIDATED BALANCE SHEETS

At December 31, 2011 and 2010

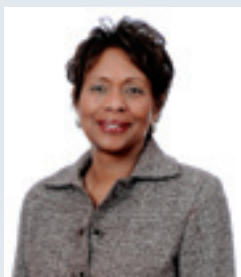
LIABILITIES AND STOCKHOLDERS' EQUITY <i>(in millions)</i>	2011	2010
<b>CURRENT LIABILITIES:</b>		
Securities due within one year	\$ 1,717	\$ 1,301
Notes payable	859	1,297
Accounts payable	1,553	1,275
Customer deposits	347	332
Accrued taxes—		
Accrued income taxes	13	8
Unrecognized tax benefits	22	187
Other accrued taxes	425	440
Accrued interest	226	225
Accrued vacation pay	205	194
Accrued compensation	450	438
Liabilities from risk management activities	209	152
Other regulatory liabilities, current	125	88
Other current liabilities	426	535
Total current liabilities	6,577	6,472
<b>LONG-TERM DEBT</b>	<b>18,647</b>	<b>18,154</b>
<b>DEFERRED CREDITS AND OTHER LIABILITIES:</b>		
Accumulated deferred income taxes	8,809	7,554
Deferred credits related to income taxes	224	235
Accumulated deferred investment tax credits	611	509
Employee benefit obligations	2,442	1,580
Asset retirement obligations	1,321	1,257
Other cost of removal obligations	1,165	1,158
Other regulatory liabilities, deferred	297	312
Other deferred credits and liabilities	514	517
Total deferred credits and other liabilities	15,383	13,122
<b>TOTAL LIABILITIES</b>	<b>40,607</b>	<b>37,748</b>
<b>REDEEMABLE PREFERRED STOCK OF SUBSIDIARIES</b>	<b>375</b>	<b>375</b>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>18,285</b>	<b>16,909</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$59,267</b>	<b>\$55,032</b>

Full disclosure of all financial information is included in Appendix B to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission, including the accompanying footnotes, which are an integral part of the financial statements.

## BOARD OF DIRECTORS



Thomas A. Fanning



Juanita Powell Baranco



Jon A. Boscia



Henry A. Clark III



H. William Habermeyer, Jr.



Veronica M. Hagen



Warren A. Hood, Jr.



Donald M. James



Dale E. Klein



J. Neal Purcell



William G. Smith, Jr.



Steven R. Specker



Larry D. Thompson



## BOARD OF DIRECTORS

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### Thomas A. Fanning

CHAIRMAN, PRESIDENT AND CEO  
SOUTHERN COMPANY

Atlanta, Georgia

Age 55; elected 2010

**Other corporate directorships:**

Federal Reserve Bank of Atlanta

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### Juanita Powell Baranco

EXECUTIVE VICE PRESIDENT  
AND CHIEF OPERATING OFFICER  
BARANCO AUTOMOTIVE GROUP  
(*automobile sales*)

Atlanta, Georgia

Age 63; elected 2006

**Board committees:** Governance (*chair*),  
Nuclear/Operations

**Other corporate directorships:** None

---

### Jon A. Boscia

RETIRED PRESIDENT  
SUN LIFE FINANCIAL INC.  
(*financial services*)

Sarasota, Florida

Age 59; elected 2007

**Board committees:** Audit

**Other corporate directorships:**

Sun Life Financial Inc.

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### Henry A. Clark III

SENIOR ADVISOR  
EVERCORE PARTNERS LLC  
(*corporate finance advisory firm*)

New York, New York

Age 62; elected 2009

**Board committees:** Finance (*chair*),

Compensation and Management Succession

**Other corporate directorships:** None

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### H. William Habermeyer, Jr.

RETIRED PRESIDENT AND CEO  
PROGRESS ENERGY FLORIDA INC. (*energy*)

Tampa, Florida

Age 69; elected 2007

**Board committees:** Nuclear/Operations (*chair*),  
Compensation and Management Succession

**Other corporate directorships:**

Raymond James Financial, Inc., USEC Inc.

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### Veronica M. Hagen

CEO  
POLYMER GROUP, INC. (*engineered materials*)

Charlotte, North Carolina

Age 66; elected 2008

**Board committees:** Governance,  
Nuclear/Operations

**Other corporate directorships:**

Polymer Group, Inc.,  
Newmont Mining Corporation

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### Warren A. Hood, Jr.

CHAIRMAN AND CEO  
HOOD COMPANIES, INC.  
(*packaging and construction products*)

Hattiesburg, Mississippi

Age 60; elected 2007

**Board committees:** Audit

**Other corporate directorships:**

Hood Companies, Inc.,  
BancorpSouth Bank

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### Donald M. James

PRESIDING DIRECTOR  
SOUTHERN COMPANY BOARD  
CHAIRMAN AND CEO  
VULCAN MATERIALS COMPANY  
(*construction materials*)

Birmingham, Alabama

Age 63; elected 1999

**Board committees:** Compensation and  
Management Succession, Finance

**Other corporate directorships:**

Vulcan Materials Company,  
Wells Fargo & Company

---

### Dale E. Klein

ASSOCIATE VICE CHANCELLOR OF RESEARCH  
UNIVERSITY OF TEXAS SYSTEM  
ASSOCIATE DIRECTOR  
THE ENERGY INSTITUTE AT THE UNIVERSITY  
OF TEXAS AT AUSTIN  
RETIRED CHAIRMAN  
U.S. NUCLEAR REGULATORY COMMISSION (*energy*)

Austin, Texas

Age 64; elected 2010

**Board committees:** Nuclear/Operations,  
Governance

**Other corporate directorships:**

Pinnacle West Capital Corporation,  
Arizona Public Service Company

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### J. Neal Purcell

RETIRED VICE CHAIRMAN-AUDIT OPERATIONS  
KPMG (*audit and accounting*)

Johns Creek, Georgia

Age 70; 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 58; elected 2006

**Board committees:** Audit (*chair*)

**Other corporate directorships:**

Capital City Bank Group, Inc., Capital City Bank

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### Steven R. Specker

RETIRED PRESIDENT AND CEO  
ELECTRIC POWER RESEARCH INSTITUTE (*energy*)

Scottsdale, Arizona

Age 66; elected 2010

**Board committees:** Nuclear/Operations,  
Governance

**Other corporate directorships:**

Trilliant Incorporated

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### Larry D. Thompson

RETIRED SENIOR VICE PRESIDENT, GOVERNMENT  
AFFAIRS, GENERAL COUNSEL AND SECRETARY  
PEPSICO INC. (*food and beverage*)

Greenwich, Connecticut

Age 66; elected 2010

**Board committees:** Audit

**Other corporate directorships:** Cbeyond, Inc.,

Franklin, Templeton and Mutual Series Funds,  
The Washington Post Company

## MANAGEMENT COUNCIL



Thomas A. Fanning



Art P. Beattie



W. Paul Bowers



Mark A. Crosswhite



Edward Day VI



G. Edison Holland, Jr.



Stephen E. Kuczynski



Charles D. McCrary



Susan N. Story



Anthony J. Topazi



Christopher C. Womack

## MANAGEMENT COUNCIL

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### Thomas A. Fanning

CHAIRMAN, PRESIDENT AND CEO

Fanning, 55, joined the company as a financial analyst in 1980. He has held his current position since December 2010. Previously, Fanning served as executive vice president and chief operating officer for Southern Company, president and CEO of Gulf Power and chief financial officer for Southern Company, Georgia Power and Mississippi Power.

---

### Art P. Beattie

EXECUTIVE VICE PRESIDENT  
AND CHIEF FINANCIAL OFFICER

Beattie, 57, joined the company in 1976 as a junior accountant with Alabama Power. He has held his current position since August 2010. Beattie is responsible for the company's accounting, finance, tax, investor relations, treasury and risk management functions. He also serves as chief risk officer. Previously, Beattie served in several executive accounting and finance positions at Alabama Power, including chief financial officer, treasurer and comptroller.

---

### W. Paul Bowers

EXECUTIVE VICE PRESIDENT, PRESIDENT  
AND CEO, GEORGIA POWER

Bowers, 55, joined the company as a residential sales representative with Gulf Power in 1979. He has held his current position since January 2011. Previously, Bowers served as chief financial officer for Southern Company. He also served as president of Southern Company Generation, 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.

---

### Mark A. Crosswhite

PRESIDENT AND CEO, GULF POWER

Crosswhite, 49, joined the company in 2004 as senior vice president and general counsel for Southern Company Generation. He has held his current position since January 2011. He also served as executive vice president of external affairs and senior vice president and counsel at Alabama Power. Prior to joining the company, he was a partner in the law firm of Balch & Bingham LLP in Birmingham, Ala., where he practiced for 17 years.

---

### Edward Day VI

PRESIDENT AND CEO, MISSISSIPPI POWER

Day, 51, joined the company as an engineer with Southern Company Services in 1983. He has held his current position since August 2010. Previously, Day served as executive vice president of engineering and construction services for Southern Company Generation. He has held positions in a number of functional areas within the company such as nuclear, wholesale power marketing, engineering, procurement and construction.

---

### G. Edison Holland, Jr.

EXECUTIVE VICE PRESIDENT, GENERAL COUNSEL  
AND CORPORATE SECRETARY

Holland, 59, 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 vice president of power generation and transmission at Gulf Power.

---

### Stephen E. Kuczynski

CHAIRMAN, PRESIDENT AND CEO,  
SOUTHERN NUCLEAR

Kuczynski, 49, joined the company in 2011 as chairman, president and CEO of Southern Nuclear. Previously, he was senior vice president of engineering and technical services for Exelon Nuclear. He also served as senior vice president of Exelon Nuclear's Midwest operations, with oversight of its 11 Illinois nuclear units. Before that, he was senior vice president of operations support. He also served as plant manager and later as site vice president for Exelon's Byron Nuclear Station.

---

### Charles D. McCrary

EXECUTIVE VICE PRESIDENT, PRESIDENT AND CEO,  
ALABAMA POWER

McCrary, 60, joined the company as an assistant project planning engineer with Alabama Power in 1973. He assumed 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.

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### Susan N. Story

EXECUTIVE VICE PRESIDENT, PRESIDENT AND CEO,  
SOUTHERN COMPANY SERVICES

Story, 52, joined the company as a nuclear power plant engineer in 1982. She has held her current position since January 2011. Previously, Story served as president and CEO of Gulf Power and 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

EXECUTIVE VICE PRESIDENT  
AND CHIEF OPERATING OFFICER

Topazi, 61, joined the company as a cooperative education student with Alabama Power in 1969. He assumed his current position in August 2010. Topazi previously served as president and CEO of Mississippi Power, executive vice president for Southern Company Generation and Energy Marketing and senior vice president of Southern Power. He also 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

Womack, 54, joined the company in 1988 as a governmental affairs representative for Alabama Power. He has held his current position since 2009. Previously, Womack was executive vice president of external affairs for Georgia Power. He has held numerous executive and management positions, including senior vice president of human resources and chief people officer for Southern Company as well as senior vice president and senior production officer of Southern Company Generation.



## GLOSSARY

### **BASIC EARNINGS PER SHARE EXCLUDING LITIGATION SETTLEMENT WITH MC ASSET RECOVERY, LEVERAGED LEASE CHARGES AND SYNTHETIC FUELS**

Basic earnings per share of \$2.07 plus an excluded 25-cent charge related to a litigation settlement with MC Asset Recovery in 2009; basic earnings per share of \$2.26 plus 11 cents of excluded leveraged lease charges in 2008; and basic earnings per share of \$2.29 minus excluded synthetic fuel earnings of 8 cents in 2007.

### **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**

Money invested in a firm, typically in permanent facilities or equipment rather than non-durable items.

### **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.

### **ENERGY AUDIT**

An onsite inspection in which recommendations are made for improving the energy efficiency of a home or business.

### **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 an electric utility steadily for one hour.

### **MEGAWATT**

A measurement of electricity equal to 1,000 kilowatts and typically used when describing large amounts of generating capacity.

### **MERCURY**

A naturally occurring element in the Earth's crust that is present in trace amounts in coal. When power plants burn coal, trace amounts of mercury are released.

### **PEAK DEMAND**

The highest point of instantaneous demand for electricity during a given 24-hour period.

### **PROPRIETARY**

Privately owned and managed.

### **RELIABILITY**

As regards electric networks, the extent to which supply is available to meet demand.

### **RENEWABLE ENERGY**

Energy generated directly from natural resources such as sunlight, wind, water, biomass, 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 how much an investment returns in relation to the amount of risk it takes on.

### **SMART METERS**

Modern meter technology that provides faster access to more complete usage information, as well as other functionalities, for utilities and their customers.

### **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.)

### **VALUATION**

The act or process of assigning a quantitative value to a specific thing.

## SHAREHOLDER INFORMATION

### TRANSFER AGENT

Computershare Shareowner Services, LLC is Southern Company's transfer agent, dividend-paying agent, investment plan administrator and registrar. If you have questions concerning your registered Southern Company shareholder account, please contact:

#### BY MAIL

The Southern Company  
c/o Computershare  
Shareowner Services  
P.O. Box 358035  
Pittsburgh, PA 15252-8035

#### BY COURIER

The Southern Company  
c/o Computershare  
Shareowner Services  
480 Washington Blvd.  
Jersey City, NJ 07310

#### BY PHONE

9 a.m. to 7 p.m. ET  
Monday through Friday  
800-554-7626  
(Automated voice response system  
24 hours/day, 7 days/week)

### SHAREOWNER SERVICES INTERNET SITE

To take advantage of Shareowner Services' online services, you will need to activate your account. This one-time authentication process will be used to validate your identity in addition to your 12-digit Investor ID and self-assigned PIN. The Internet address is [www.bnymellon.com/shareowner/equityaccess](http://www.bnymellon.com/shareowner/equityaccess). Through this site, registered shareowners can securely access their account information, as well as submit numerous transactions. Also, transfer instructions and service request forms can be obtained.

### SOUTHERN INVESTMENT PLAN

The Southern Investment Plan provides a convenient way to purchase common stock and reinvest dividends. You can access the Southern Company Internet site to review the Prospectus.

### 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 2011 is taxable. The board of directors sets the record and payment dates for quarterly dividends. A dividend of 47.25 cents per share was paid in March 2012. For the remainder of 2012, projected record dates are May 7, August 6 and November 5. Projected payment dates for dividends declared during the remainder of 2012 are June 6, September 6 and December 6.

### ANNUAL MEETING

The 2012 Annual Meeting of Stockholders will be held Wednesday, May 23, 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 2000  
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, 2011. 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 2012 Annual Meeting of Stockholders. Last year, Southern Company filed this certification with the NYSE on June 20, 2011.

### ENVIRONMENTAL INFORMATION

Southern Company publishes information on its activities to meet environmental commitments. This information is available online at [www.southerncompany.com/planetpower/#reports](http://www.southerncompany.com/planetpower/#reports).

To request printed materials, write to:

Chris Hobson  
Chief Environmental Officer & 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, 2011, Southern Company had 155,198 shareholders of record.

The 2011 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.

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

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