



David M. Ratcliffe
CEO, Georgia Power
President-Elect, Southern Company

Allen Franklin
Chairman, President,
and CEO

In December, Southern Company announced a succession and management transition plan that included the retirement of Chairman, President, and CEO Allen Franklin in July 2004. David M. Ratcliffe, currently CEO of Georgia Power, will become Southern Company president in April. Ratcliffe will become chairman and CEO of Southern Company upon Franklin's retirement.



Allen Franklin
Chairman, President, and CEO

Something we strive for at Southern Company is consistency. It's the common thread tying together the many things that I believe make our company truly exceptional.

Our disciplined approach to the business and focus on the fundamentals have produced a record of consistent success.

The past year illustrates what I mean. As they have so many times before, Southern Company people did an outstanding job in 2003. We met or exceeded our financial, operational, and customer satisfaction goals. Reported earnings were \$1.47 billion, or \$2.03 per share. That's a record for Southern Company, including the period before the Mirant spinoff in 2001. Our focus on the business, customers, and region we know best has proven to be right for us.

If you want to know what kind of company we are, look at how we achieve our results. Our profile is clear. We intend to be a stable, income-producing investment with predictable earnings growth. We stay focused on meeting our long-term objectives while the business fads of the moment come and go.

A SOLID CORE

Our core business is generating and delivering electricity in the Southeast. We do that very well.

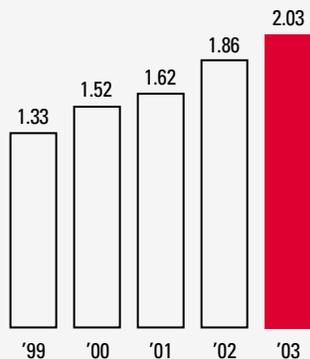
The 2003 results from our regulated retail business, our biggest business, were solid. We faced mild weather most of the year. That meant retail customers used less electricity. But the Southeast continues to grow and we gained 68,000 new customers. That offset some of the negative effects of the weather. And in an encouraging sign about the economy, we saw sales to industrial customers increasing late in the year.

Reliably serving our customers requires well-planned and properly operated generation and power delivery systems.

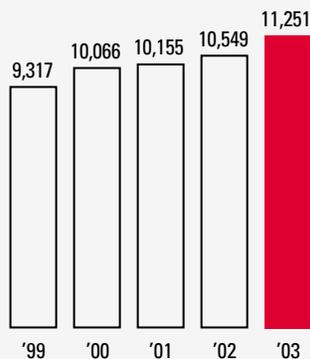
We have that. Our plants operated at record levels of reliability in 2003. And we continued to invest in transmission and distribution facilities. The importance of a well-maintained system was unfortunately demonstrated last summer when the Northeast suffered a widespread blackout. No utility can guarantee there never will be a blackout. But our actions speak louder than words about the importance we place on reliability. This has a direct impact on customer satisfaction, which is a priority for our people.

Competitive generation is the higher-growth part of our business. It had an excellent year. In general, we build competitive generation capacity only after securing long-term contracts with wholesale customers for the output. This approach fits our low-risk profile and has helped protect us from the price volatility in wholesale markets that has hurt some other players. Last year we began operations at Plant Stanton A, a new competitive generation facility serving three utilities in central Florida. It's a good indicator of the potential for growth in the expansive area we call the "Super Southeast." Our competitive generation business also benefited from more short-term energy sales opportunities than had been expected. Mild weather in our service area made more of our lower-cost coal generation available for the wholesale market. And higher natural gas prices expanded the opportunities to sell energy from the coal-fired generation to wholesale customers. Our goal was to earn more than \$200 million from competitive generation by 2005. We achieved that in 2003, and now we've set the bar higher with a goal to earn \$300 million by 2007.

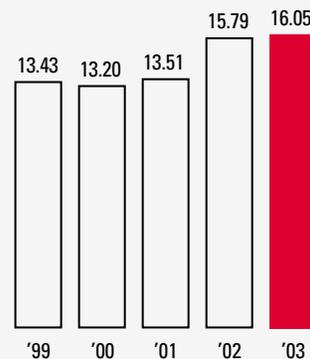
We have an important role to play in continuing to make the environment better. We accept this responsibility. We have



Earnings per Share
(in dollars)



Operating Revenues
(in millions of dollars)



Return on Average Common Equity
(percent)

continued our progress in reducing emissions of nitrogen oxides and sulfur dioxide. In Atlanta, the largest metropolitan area we serve, we have made a major investment in plant controls that has significantly reduced our impact on smog. We're actively working, both on our own and with other parties, to find effective ways to reduce releases of carbon dioxide and mercury. The challenge to continue and expand environmental improvement while keeping energy affordable is greatest in regions like the Southeast that are growing. We've made real progress and we plan to continue major investments in environmental controls while searching for better technological solutions. We are doing our part to create a healthier environment. After all, we live here too.

THE NEXT PHASE

Late last year, I announced my plans to retire in July. As part of a succession and management transition plan, David Ratcliffe will become president in April, and chairman and CEO in July.

Personally, after 34 years with this great company, it is a good time to make a change. From the company's standpoint, it's also a good time for a change. We've achieved the goals we set at the time of the Mirant spinoff. Among other things, we fully implemented our regional strategy, strengthened the balance sheet, consistently met our earnings growth objectives, and got back on track with dividend increases. Now it's time to move to the next phase, focusing on continuing earnings growth over the long term while preserving the low-risk characteristics of the company.

David is a great choice to lead the company. For more than 20 years, I've known David and seen him produce excellent

results, most recently as CEO of Georgia Power, our largest subsidiary. Furthermore, David has been involved in all the key strategic discussions in recent years that have produced such good results for shareholders, customers, employees, and the communities we serve.

This transition speaks to one of the great strengths of Southern Company—the commitment, dedication, and talent of our people. We have a history of developing people and promoting from within. This transition has created stability and confidence that Southern Company will stay the course. It makes me feel very confident about the future of the company.

Coming to work for Southern Company was one of the best decisions I've ever made. I'm fortunate to have been part of a company that provides the kind of essential service that Southern Company does, that plays such a positive role in the communities we serve, and that has been so good to investors over the years. The company has been flexible enough to meet changes in the business environment. But the basic values haven't changed—integrity, honesty, being active as a good citizen, and serving customers well. None of that has changed, nor do I expect it will. Your company is in good hands.

Allen Franklin
March 15, 2004



David M. Ratcliffe
CEO, Georgia Power
President-Elect, Southern Company

The recent history of Southern Company is that of a company hitting on all cylinders. To say we are at the top of our game is not an exaggeration.

Being named to lead a company that's in such good shape is exciting. Let me share with you why I believe your confidence in this company is well placed.

Our history and our strategy are rooted in the Southeast. People and businesses continue to be attracted to this region, which makes it one of the fastest-growing in the nation. More and more new customers are enjoying Southern Company's reliable and affordable energy each year. This is a major reason we believe we can continue to deliver long-term earnings growth that will average 5 percent a year. Our commitment to the dividend as a key component of total return also remains solid.

Our strategic mix of a large regulated retail business and a growing, yet conservatively structured, competitive generation business has been a winning combination. That's something we've demonstrated by focusing on customer satisfaction, operational excellence, and constructive relationships with stakeholders in all our businesses. I believe good results will be achieved by continuing to successfully execute this strategy. Because our employees are the key to our success, we will continue to provide a safe work place and a culture that rewards achievement. As our work force demographics change, we've been implementing stronger diversity programs throughout the company. That will strengthen our commitment to make Southern Company a great place to work. All of this is part of what we are committed to as "Southern Style" – the principles and corporate values that define our people and the way we do business.

Southern Company has a strong management team working for you. Combined, our 15-member management council has more than 300 years experience with this company. That's a tremendous statement about the confidence we have in our leadership. There's a lot of knowledge here about our people, our strategies, and our business realities. That doesn't mean we don't have healthy debate or that we don't encourage different points of view and rigorous analysis. When you have people who have been through all the discussions and have ownership of the strategies, it's easier to focus on the implementation. I think the benefit to our shareholders is huge.

A SEAMLESS TRANSITION

I've been asked many times in the past few months if Southern Company is in for any big changes. Every successful company must evolve and respond to changing business challenges. And we will certainly find ways to continue to improve. But in terms of our overall direction, no major "fixing" is needed. That's something a lot of companies can't say. We have a good strategy and a good implementation plan, with the right people to get it done.

The specifics of our strategy are in most ways consistent with what has been in place the past few years. The strategy is focused geographically on the Southeast and on the two main businesses—our five regulated utilities and growing competitive generation business—that together accounted for almost all our earnings in 2003.

About David M. Ratcliffe

Age 55

Born in Tifton, Georgia

Joined Southern Company as a biologist with Georgia Power in 1971

CEO of Georgia Power since 1999

Previous positions include President and CEO of Mississippi Power as well as executive and management positions in environmental affairs, external affairs, finance, fuel services, marketing and research, operations, and planning.

Our goals are as follows:

- Exhibit “Southern Style” values, behaviors, and actions in all aspects of our business.
- Lead the industry in service and customer satisfaction.
- Continue to earn top-quartile returns, with a long-term earnings-per-share growth rate of 5 percent, while delivering a sustainable and growing dividend to our shareholders.
- Increase the earnings of our competitive generation business to \$300 million by 2007.

Our strategy is focused on the things we do well in the geographic region we understand. Most important, the company is made up of nearly 26,000 men and women who are committed to creating shareholder value, satisfying customers, and being good corporate citizens. We are focused on superior performance in order to extend our record of success. So there really is no need for any dramatic change in how we do business. The things we’ve been doing are working well. Our approach remains disciplined and focused on sustained long-term results.

SALUTING ALLEN FRANKLIN

We are fortunate as Southern Company shareholders, customers, and employees to have been led by Allen Franklin and to have had his dedication and commitment for 34 years. I got to know Allen in the mid-1980s, and I’ve had the pleasure of working with him ever since. I really appreciate how smart he is, how hard he works, and how well he understands this business.

He has the respect of Southern Company people, industry peers, the financial community, and senior government leaders. People know that when Allen talks, it’s worth listening because he knows what he’s talking about. He’s a straight arrow, a quality that stands out even more these days amid the failures in leadership we’ve seen in corporate America. All of us associated with Southern Company have benefited from Allen’s leadership. Please join me in saluting him for the great successes we’ve had and in thanking him for his part in making Southern Company a leader in the industry.

As I’ve said, Southern Company is in very good shape. We’ve got a demonstrated track record of success, and we have high expectations for the future. We have a sound business plan and an excellent team. Therefore, I am excited and confident about what’s ahead for our company. There are issues and challenges for us to address, with national energy and environmental policies and the growing demand for energy among the most critical. We will act on these and other matters in the best interests of our customers, our shareholders, and the communities we serve. And we will work hard to continue to earn the trust and admiration you’ve shown by investing in Southern Company.



David M. Ratcliffe
March 15, 2004