THIS IS WHAT IT MEANS TO BE SOUTHERN

SOUTHERN COMPANY 2004 ANNUAL REPORT
BOOK VALUE—a company’s common stock equity as it appears on a balance sheet, equal to total assets minus liabilities, preferred 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.

COMMERCIAL AVAILABILITY—a measurement of a generating unit’s full-load availability when the system needs it. A key indicator of reliability; the higher the percentage the better.

COMPETITIVE GENERATION BUSINESS—our wholesale market-based electricity supply business that, primarily through long-term contracts, serves customers who can choose their suppliers based on price, reliability, capacity, and other market needs.

DISTRIBUTION LINES—power lines, like those in neighborhoods, that carry moderate-voltage electricity to customer service areas.

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.

EQUIVALENT FORCED OUTAGE RATE (EFOR)—the ratio of a generation unit’s forced outage time versus in-service time. Usually measured during the peak season of May through September. A key measurement of generation efficiency; the lower the rate the better.

FEDERAL ENERGY REGULATORY COMMISSION (FERC)—an independent agency within the U.S. Department of Energy that, among other things, regulates wholesale sales of electricity and transmission in interstate commerce.

GENERATING CAPACITY—the amount of energy that can be produced using all of our power generation facilities.

KWH—kilowatt-hour—the basic unit of electric energy, which equals one kilowatt of power taken from an electric circuit steadily for one hour. A 100-watt light bulb burning for 10 hours uses one kilowatt-hour of electricity.

MARKET VALUE—what investors believe a company is worth, calculated by multiplying the number of shares outstanding by the current market price of the company’s shares.

PAYOUT RATIO—the percentage of earnings that is paid to shareholders in the form of dividends.

REGULATED RETAIL BUSINESS—the part of our business that generates, transmits, and distributes electricity to commercial, industrial, and residential customers in most of Alabama and Georgia, the Florida panhandle, and southeastern Mississippi.

RETAIL MARKETS—markets in which energy is sold and delivered directly to the ultimate end-users of that energy.

SUPER SOUTHSEAT—the vibrant region and energy market that includes the four states of our traditional service territory as well as surrounding Southeastern states. The geographic focus of our business.

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.)

TRANSMISSION LINES—circuits carrying power at a high voltage. They generally carry the power from the source of generation to the point where the voltage is reduced and distributed to customers.

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

SOUTHERN COMPANY
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Atlanta, GA 30303
(404) 506-5000
601 Pennsylvania Avenue NW
Suite 800 South
Washington, D.C. 20004
www.southerncompany.com

The 2004 annual report is dedicated to L.M. “Sonny” Thomas III (1948–2004). His leadership in the preparation and production of annual reports during his 33-year career at Southern Company was invaluable.

The 2004 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.

Printed on recycled paper.
Southern Company has been providing the Southeast with reliable and affordable electricity for more than 80 years. We’re one of America’s largest electricity producers. We serve 4.2 million customers, from Atlanta’s skyscrapers to Savannah’s historic squares. From the mountains of Alabama to the Gulf Coast beaches of Florida and Mississippi and beyond. More important than where we do business is how. Our people come from many different places and backgrounds, united by a distinctive “Southern Style.” To our employees, shareholders, and customers, being Southern begins with a pledge to earn unquestionable trust in every relationship across our business. That drives our dedication to superior performance throughout the company and our total commitment to the success of everyone our business touches. Southern Style is the foundation of the positive results we’ve consistently achieved.
We accomplish much that produced excellent financial results in 2004, though we faced significant challenges, including unprecedented hurricane damage. Reported earnings were $2.07 per share, exceeding both our target and analysts' expectations. The financial markets recognized the excellent performance of the men and women who work for Southern Company. Our share price increased a healthy 10.8 percent. Including dividends, which increased to an annual rate of $1.43 per share, Southern Company shareholders enjoyed a total return of 16.1 percent. Operationally, we had another outstanding year. Our generating plants and power delivery systems continued to operate at record levels of reliability. We continued working to be ready to meet the growing energy needs of the Southeast's expanding economy. To do this, we invested responsibly in new infrastructure and environmental controls. And we again led the industry in customer satisfaction ratings.

Late in the year, the Georgia Public Service Commission approved a three-year rate plan, raising Georgia Power's base rates for the first time since 1991, but by only 4.2 percent. This provides important rate stability as we plan to invest $5 billion over the next five years in new electric generation capacity, power lines, and environmental controls in Georgia, our largest single market.

The major operational challenge to our system in 2004 was, of course, the series of hurricanes that hit the South in August and September. The worst of them for us was Hurricane Ivan. That storm caused 1.6 million customers to lose power at its peak. But Ivan also provided a stage upon which to show what "Southern Style" really means. Our response showed this company at its best. Our people performed admirably, not only by restoring power quickly but also with many humanitarian acts. I encourage you to take a look at the special discussion of the hurricanes on Pages 16-17.

OUR STRATEGY IS SOLID
When a new chief executive takes office, as I had the privilege of doing last year, people usually wonder if there will be a change in direction. I want to reiterate that Southern Company's fundamental business model is strong and not in need of a course correction. Our Southeast-based strategy combines a strong regulated retail utility core business with a steadily growing competitive generation business, and it continues to work well. I believe that investors want a good return for low risk. Therefore, we will work to continue to maintain our excellent credit ratings, strong asset base, low-risk strategy, and outstanding execution.

Of course, we have challenges in this business. We always do. Among the biggest will be managing rising costs, particularly fuel prices and their effect on overall rates. The regulatory landscape also presents uncertainties, notably in the areas of air quality and wholesale market prices. But it's important to remember...
that a company as complex as ours has a full slate of regulatory and political issues as a matter of normal business. In the second term of the Bush administration, there have been changes at key industry oversight and Cabinet positions, and there may be more. We will work to build credible relationships with the new leaders, like we have done with their predecessors. And we will continue to advocate positions that are in the best interests of our customers, shareholders, employees, and the communities we serve.

Our industry is exploring what kind of technology is best for baseload generation in this country. Questions about imported oil, fuel costs, and the environment make this a complex decision. Our response is that we should not bet on any one technology. We should preserve all of the options, including coal, natural gas, nuclear, and renewables. The coal option, which includes both conventional and newer technologies such as coal gasification, is important because we have between 200 to 300 years of coal supply in this country. We also should continue to explore programs that improve efficiency and manage demand while making sure we have the capacity that is needed to meet the increasing energy needs of our growing region. We will continue to work to facilitate generation technology that ensures a reliable, affordable, and environmentally sound supply of energy.

Ultimately, companies have to make decisions and go forward. We have and we will. For example, we are building a commercial-scale coal gasification facility in Florida in cooperation with the U.S. Department of Energy and our partners at the Orlando Utilities Commission. And we are participating in a consortium to demonstrate and test a new licensing process for constructing advanced nuclear power plants.

SOUTHERN STYLE

I hope this year's annual report gives you a good overview of where we are as a company. There are a number of things I believe make us unique in our field. Some, like financial and operational results, are easily measured. Others go to the core of who we are and what it means to be Southern Company. To that end, we have begun a concerted effort to strengthen our emphasis on Southern Style, the value proposition that has guided our company for 10 years.

We've simplified Southern Style into three main tenets. They are unquestionable trust, superior performance, and total commitment. The three are inter-related and, I believe, directly connected to our long-term business success. The areas where our business results are the strongest are those where trust is the strongest. When people know one another, they trust one another. Trusting one another greatly simplifies communication and decision-making and allows us to run the business more efficiently and effectively. This creates an environment that attracts top-quality people with a long view of success. As we demonstrate daily and over the long term that this is simply who we are, then I believe shareholders, customers, and regulators will continue to know we are a company they can count on. They will know we are totally committed to delivering sustained superior performance and that if something goes wrong, we will respond.

Our emphasis on sustaining excellent results and on making Southern Style an everyday reality is the major reason why I look to the future of this company with great confidence. With a focus on serving the region we know best, our strong fundamentals, and our excellent track record, we intend to remain one of the most admired electric utility companies in the nation.

David M. Ratcliffe
March 22, 2005
## FINANCIAL HIGHLIGHTS

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
<th>change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues (in millions)</td>
<td>$11,902</td>
<td>$11,186</td>
<td>6.4 %</td>
</tr>
<tr>
<td>Net income (in millions)</td>
<td>$1,532</td>
<td>$1,474</td>
<td>3.9 %</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$2.07</td>
<td>$2.03</td>
<td>2.0 %</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$2.06</td>
<td>$2.02</td>
<td>2.0 %</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>$1.41/2</td>
<td>$1.38/2</td>
<td>2.2 %</td>
</tr>
<tr>
<td>Dividend yield (percent)</td>
<td>4.2</td>
<td>4.6</td>
<td>(8.7)%</td>
</tr>
<tr>
<td>Average shares outstanding (in millions)</td>
<td>739</td>
<td>727</td>
<td>1.7 %</td>
</tr>
<tr>
<td>Return on average common equity (percent)</td>
<td>15.38</td>
<td>16.05</td>
<td>(4.2)%</td>
</tr>
<tr>
<td>Book value per share</td>
<td>$13.86</td>
<td>$13.13</td>
<td>5.6 %</td>
</tr>
<tr>
<td>Market price (year-end, closing)</td>
<td>$33.52</td>
<td>$30.25</td>
<td>10.8 %</td>
</tr>
<tr>
<td>Total market value of common stock (year-end, in millions)</td>
<td>$24,855</td>
<td>$22,229</td>
<td>11.8 %</td>
</tr>
<tr>
<td>Total assets (in millions)</td>
<td>$36,962</td>
<td>$35,178</td>
<td>5.1 %</td>
</tr>
<tr>
<td>Total kilowatt-hour sales (in millions)</td>
<td>192,382</td>
<td>192,138</td>
<td>0.1 %</td>
</tr>
<tr>
<td>Retail</td>
<td>157,143</td>
<td>151,618</td>
<td>3.6 %</td>
</tr>
<tr>
<td>Sales for resale</td>
<td>35,239</td>
<td>40,520</td>
<td>(13.0)%</td>
</tr>
<tr>
<td>Total number of customers—electric (year-end, in thousands)</td>
<td>4,197</td>
<td>4,136</td>
<td>1.5 %</td>
</tr>
</tbody>
</table>

### EARNINGS PER SHARE (in dollars)
* From continuing operations

<table>
<thead>
<tr>
<th>'00</th>
<th>'01</th>
<th>'02</th>
<th>'03</th>
<th>'04</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.52*</td>
<td>1.62*</td>
<td>1.86</td>
<td>2.03</td>
<td>2.07</td>
</tr>
</tbody>
</table>

### OPERATING REVENUES (in millions of dollars)
* From continuing operations

<table>
<thead>
<tr>
<th>'00</th>
<th>'01</th>
<th>'02</th>
<th>'03</th>
<th>'04</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,066*</td>
<td>10,155*</td>
<td>10,514</td>
<td>11,186</td>
<td>11,902</td>
</tr>
</tbody>
</table>

### RETURN ON AVERAGE COMMON EQUITY (percent)
* From continuing operations

<table>
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<tr>
<th>'00</th>
<th>'01</th>
<th>'02</th>
<th>'03</th>
<th>'04</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.20</td>
<td>13.51</td>
<td>15.79</td>
<td>16.05</td>
<td>15.38</td>
</tr>
</tbody>
</table>
What are the key drivers affecting the company’s financial performance?

First of all, we have to continue successfully executing our strategy. We’ve done that consistently, and we are committed throughout the company to continuing our record of superior performance. One of the big factors for us in 2004 was the rebound in the economy, particularly in the industrial sector, and we’re seeing some ongoing expansion. That’s a good sign as we go forward, both for our retail business and in the opportunities that are created for our competitive wholesale business. The low interest rates we’ve enjoyed have continued to facilitate residential home building and commercial growth in the Southeast, and that helps us too. One of the main challenges we have to deal with is the volatility of fuel prices. Looking ahead, that will be an issue for us.

What is “Southern Style,” and why is it a high priority?

Southern Style is more than a mission statement. It’s a set of values that guide us, a core part of who we are as a company. It includes striving to earn unquestionable trust, dedication to superior performance throughout our business, and a total commitment to the success of our employees, customers, shareholders, and the communities we serve. Southern Style has been a part of our company for a decade, and it has served us well. We have modified it to make it easier for employees to understand and re-committed ourselves to it. It shows we are serious about being the best company in our industry. Not just today or for the next quarter, but for the long term.

What is the status of major rate proceedings in the regulated retail business?

We successfully completed rate proceedings in Georgia, Alabama, and Mississippi in 2004 that should help provide future earnings stability. These regulatory actions also will enable us to recover substantial capital investments to facilitate the continued reliability of our transmission and distribution network and to continue environmental improvements at our generating plants. In each of these cases, we dealt with complex issues but were able to work constructively with regulators to achieve outcomes that are good for all stakeholders. The state regulatory process is an ongoing one and we will continue to take the same positive approach to other matters that come before us, including two that are currently pending—a fuel cost recovery request filed by Georgia Power and a rate proceeding by Savannah Electric.

Will Southern Company build a new nuclear power plant?

The next generation of nuclear power plants needs to be developed for the good of the country. Nuclear power is an efficient, low-cost technology available to us for the long term. Whether or not Southern Company builds new facilities will depend on the evolution of the regulatory environment, the permitting process, the economics, and all of the things associated with these factors. But we have to be part of exploring the nuclear power option—and we are—because our responsibility to our customers is to provide a reliable supply of energy at the lowest reasonable cost.
Some others in the industry are pursuing mergers and acquisitions. Is Southern Company planning anything?

We actively survey the landscape in our industry, using a set of criteria to evaluate opportunities. In general, we seek to ensure that any potential transaction would contribute positively to our attractive growth and low-risk financial profile and be consistent with our distinctive business strategy focused on the “Super Southeast.” Said another way, I believe we already have the critical mass to succeed in our industry. Any acquisition would clearly have to add to shareholder value and improve our prospects for delivering superior reliability, low prices, and the best customer satisfaction in our industry.

What is the company’s policy regarding dividends?

We’re committed to the dividend as a key component of the total return we offer to shareholders. We’ve paid consecutive quarterly dividends on our common stock since 1948, and we’re proud that we have increased the dividend rate each of the past three years. Our goal is to grow earnings per share on a regular, predictable, and sustainable basis and therefore to grow dividends per share in a consistent manner.

Is the company doing its part to improve the environment?

Having begun my career at Southern Company on the environmental side of the business, I have a special passion about this issue. And I’m extremely proud of the record we’ve established at Southern Company. By researching and deploying state-of-the-art technology and advocating reasonable regulation based on good science, we’ve significantly reduced our emissions while increasing generation to meet our customers’ growing energy needs. I’m also proud that our employees have been leaders in local stewardship activities. We’re continuing on this path, but these are not short-term, easy, or inexpensive issues to resolve. In many cases they are global in nature. We have to find ways to balance all these things and act in ways that allow us to fulfill our fundamental commitment to our customers and shareholders.

What is being done to ensure the company’s management has a ‘deep bench?’

I think our executive team is strong and doing a great job of guiding the company. To maintain strong leadership, we’ve developed a rigorous process to identify people with high potential and assess their developmental needs. We give these folks experience with different jobs and business units within the company so they get broader experience. One result of this is we have replaced 42 officers in the past five years and all but three have been promoted from within the company. We didn’t need to go outside because we had developed such strong and deep talent within. Another part of this effort is increasing diversity in backgrounds, perspectives, and ideas. We’re making progress. Last year, for example, 31 percent of leadership promotions went to minorities or women.
THIS IS WHAT IT MEANS TO BE SOUTHERN

Proud Of Our Energy

Southern Company’s emphasis on unquestionable trust, superior performance, and total commitment is reflected in the actions of our people. Our success as a company is based on constantly striving for outstanding results for our shareholders, customers, employees, and the communities we serve.

“When I tell people where I work, they say, ‘I wish I had a job like that.’ It makes me feel good to know how well the company is thought of in the public eye.”
Ricky Burson, Georgia Power

“Southern Company means working to help people and being of service to them in their time of need. It’s about working to get the job done with all kinds of people.”
David Wright, Alabama Power

“Our company takes pride in itself and in its employees, and in return we take pride in working for such a great company.”
Charlene Damron, Gulf Power
Behind Southern Company’s 25,600 employees is a business model with a proven record of success. Our main business is generating and delivering electricity through our five regulated utilities and through our growing but conservatively structured competitive wholesale generation business. Southern Company brands have a well-earned reputation for reliability, customer service, and retail electricity prices that are 15 percent below the national average. Focused on the Southeast, the region we know best, we strive to provide the best value for our customers and shareholders.

“I like working for a company that strives for initiative and innovation, promotes teamwork, and enhances the quality of life for its employees and its customers.”
Tanya Chisholm, Savannah Electric

“When I think about what Southern Company means, I don’t think about the lines and poles, but I do think about the people. It’s the employees who make this a really great company.”
Clay McConnell, Alabama Power

“Southern Company is all about providing electricity to the public at a competitive price. The company places a high priority on safety, is fair to all, and really promotes teamwork.”
Benjy Sheffield, Southern Company

Back Row (L-R):

Front Row (L-R):
Margaret Cook, Nuclear Security Officer, Plant Vogtle, Southern Nuclear; Ricky Burson, Lineman, Georgia Power; Benjy Sheffield, Information Technology Field Operations Technician-Senior, Southern Company; Charlene Damron, Customer Representative, Gulf Power; Pradeep Vitta, Customer Technologies Research Program Manager, Southern Company; Tanya Chisholm, Senior Secretary, Savannah Electric; Trent Crabbe, Lineman, Georgia Power; Leonel Cruz, Auxiliary Equipment Operator, Plant Bowen, Georgia Power.
<table>
<thead>
<tr>
<th>Regulated Utilities</th>
<th>Customers</th>
<th>2004 Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama Power</td>
<td>1.4 million</td>
<td>$481 million</td>
</tr>
<tr>
<td>Georgia Power</td>
<td>2.1 million</td>
<td>$658 million</td>
</tr>
<tr>
<td>Gulf Power</td>
<td>396,000</td>
<td>$68 million</td>
</tr>
<tr>
<td>Mississippi Power</td>
<td>195,000</td>
<td>$77 million</td>
</tr>
<tr>
<td>Savannah Electric</td>
<td>143,000</td>
<td>$24 million</td>
</tr>
</tbody>
</table>

Our largest business segment, with electric utilities in four states, contributed about 85 percent of total earnings in 2004.
Superior Performance in a Growing Region

People and businesses continue to be attracted to the Southeast, making it one of the country’s top growth regions. Southern Company and its subsidiaries are here to serve it with reliable, affordable energy.

Competitive Generation
The higher-growth part of our business, serving wholesale power customers in the Southeast, primarily through long-term contracts. Includes our wholesale operating company, Southern Power, which had net income of $112 million in 2004, and also wholesale income from our regulated retail business.

Capacity—Southern Power has about 4,800 megawatts of generating capacity in commercial operation dedicated to the competitive wholesale market.

Customers—Wholesale customers currently include about 75 investor-owned utilities, electric cooperatives, and municipalities in Alabama, Florida, Georgia, Kentucky, Mississippi, and the Carolinas.

Growth—Net income from competitive generation was $220 million in 2004. Our goal is to earn $300 million from this business by 2007. Seven new wholesale contracts, totaling 2,105 megawatts, were secured in 2004.

Other Major Subsidiaries & Business Units

Southern Nuclear—The licensed operator of Southern Company’s three nuclear generating plants in Alabama and Georgia.

SouthernLinc Wireless—A wireless communications network with 289,000 subscribers in the Southeast.

Southern Telecom—A telecommunications subsidiary providing wholesale dark fiber optic solutions to businesses in the Southeast.

Southern Company Gas—A competitive retail natural gas company serving 174,000 customers in Georgia.

Projected Capital Expenditures 2005-2007 (in billions of dollars)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulated Infrastructure</td>
<td>$0.8</td>
</tr>
<tr>
<td>Fossil/Hydro Retrofits</td>
<td></td>
</tr>
<tr>
<td>Environmental</td>
<td>2.0</td>
</tr>
<tr>
<td>Nuclear Fuel and Retrofits</td>
<td>0.5</td>
</tr>
<tr>
<td>Transmission/Distribution</td>
<td>3.1</td>
</tr>
<tr>
<td>Other</td>
<td>0.5</td>
</tr>
<tr>
<td>Competitive Generation</td>
<td>0.9</td>
</tr>
<tr>
<td>Products/Services and Other</td>
<td>0.1</td>
</tr>
<tr>
<td>Total Capital Expenditures</td>
<td>$7.9</td>
</tr>
</tbody>
</table>
From Peachtree Street to Wall Street, Southern Company’s goal is to achieve excellent financial results through conservative management, backed by a well-executed, low-risk business strategy.

Superior financial performance marked by solid returns for shareholders and a disciplined, low-risk approach to running the business is a primary objective of Southern Company. Our business model is simple and transparent—focused on the business we know best in the region we know best. We strive to build constructive regulatory relationships, maintain healthy capital spending, and make sure we never lose sight of the fundamentals that drive the business—superior reliability, low prices, and the best customer satisfaction in the industry.

Our goal is to average 5 percent annual growth in earnings per share over the long term with a return on equity in the top quartile of electric utilities. For 2005, our earnings per share target is in a range of $2.04 to $2.09.

In our main regulated retail business, we serve 4.2 million customers. The region’s economy is diverse and expanding.

We project long-term average annual customer growth of 1.5 percent and electricity demand growth of 2 percent. Our other large business is competitive wholesale generation, which seeks to grow both in our traditional service territory as well as in the surrounding states of the “Super Southeast.” Though our wholesale business is expected to provide a solid growth engine, it is built primarily on long-term contracts to be consistent with our overall low-risk strategy. Our goal in this business is to earn $300 million by 2007.

In 2004, we delivered strong results throughout the business and worked to strengthen the company for the future. That’s because our goal is to deliver sustained superior performance. So we take the long view of running the business. We pay attention to the basics, set credible goals, and focus our talents on meeting or exceeding those goals.

### A Long-Term Return Leader

<table>
<thead>
<tr>
<th></th>
<th>3-year</th>
<th>5-year</th>
<th>10-year</th>
<th>30-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern Company</td>
<td>15.1</td>
<td>24.5</td>
<td>16.5</td>
<td>17.9</td>
</tr>
<tr>
<td>S&amp;P 500 Electric Utility Index</td>
<td>10.0</td>
<td>11.3</td>
<td>10.6</td>
<td>NA</td>
</tr>
<tr>
<td>S&amp;P 500 Index</td>
<td>3.6</td>
<td>(2.3)</td>
<td>12.1</td>
<td>13.7</td>
</tr>
</tbody>
</table>

*Annual returns for the period ending December 31, 2004. Assumes dividends were reinvested.*
“We’ve delivered an outstanding return to our shareholders, both in the short term and the long term, by staying focused on what we do best.”

Tom Fanning, Chief Financial Officer
BUILDING UNQUESTIONABLE TRUST

The same fundamentals of customer satisfaction upon which we have built our traditional regulated retail business also apply to our competitive wholesale generation business. We believe all customers want—and deserve—outstanding service and reliability, as well as competitive pricing. And that’s what we deliver. It all comes down to good relationships, which are really about unquestionable trust.

Jesse C. Tilton III (left), CEO of ElectriCities of North Carolina, which provides management services to North Carolina Municipal Power Agency Number 1 (NCMPA1), and Kirk Lanier, Southern Company Generation business development manager. Continuing a relationship that began five years ago, NCMPA1 last year signed its third contract to purchase wholesale power from Southern Company.
We're committed to providing reliable electricity at low prices with great service every day to each of our 4.2 million customers.

**The Promise.** Keeping the lights on. Responding to problems quickly and effectively when they occur. Working to keep prices significantly below the national average. This is how we keep our standing as the industry leader in customer satisfaction year after year. It’s the driving principle behind most everything we do. It requires good planning, allocation of resources, innovative use of new technology, and constant training to ensure continuous improvement. And it means always remembering that customer satisfaction is what drives our business results.

**Getting Recognition.** Our customers have long known how well we measure up in service. Now the word is spreading. Southern Company has been rated the nation’s top energy utility in the American Customer Satisfaction Index for five straight years and in fact is ranked second among all service-industry companies surveyed. We also were ranked “Highest Customer Satisfaction with Residential and Business Electric Service in the Southern U.S.” in the 2004 Residential Customer Satisfaction and Business Customer Satisfaction Studies by J.D. Power and Associates.

**Reliability is Key.** We believe nobody builds and operates generating plants better than Southern Company. Our generation team in 2004 set a new company record for peak season equivalent forced outage rate and exceeded its goal for commercial availability, two key measures of reliability. Translation: The power was there when it was needed. Once the power is generated, it must get to its destinations reliably. To make sure we continue to excel in this regard, we continue to strengthen our transmission and distribution systems. In the past three years, Southern Company has invested $2.7 billion in lines and substations, and an additional $3.1 billion investment is projected through 2007. In 2004, we constructed approximately 170 miles of new transmission lines and upgraded an additional 764 miles of line.
In September 2004, Southern Company faced the most destructive storm in its history, Hurricane Ivan. Responding in the worst of times, our people were at their best.

The magnitude of Hurricane Ivan was staggering. More than 1.6 million Southern Company customers in Alabama, Florida, Georgia, and Mississippi—40 percent of all our customers—lost power. In Florida alone, more than 90 percent of Gulf Power’s customers were without electricity. In Alabama, the number of outages totaled 826,000. Countless homes and businesses were destroyed or damaged. Power lines fell. The storm’s wrath was compounded by the damage left by two other hurricanes that had blown through in recent weeks and by the fact that many of those called to pick up the pieces had suffered the effects of the storm in their own lives.

But the enormity of Southern Company’s response was equally as impressive. Employees and contractors from all our major businesses—along with outside personnel from as far away as Canada—banded together to work on a remarkable restoration effort. Despite extremely difficult conditions, from washed-out roads and bridges to tight supplies caused by the previous storms, each day more and more customers saw their lights come back on. Electric service was restored within one week to 94 percent of the affected Southern Company customers and within two weeks to all who were able to receive power safely.

Responding to the storm was, for the Southern Company team, more than a display of technical expertise. Stories abounded of individual acts of kindness by Southern Company people. There were the workers, though tired and hungry themselves, who gave their meals and drinks to a group of young children in an area that was hit hardest by the storm. Members of another crew opened their wallets and gave $500 to an elderly widow who had her own money stolen at a hurricane shelter.

The total commitment to serving customers by Southern Company people was on great display. As one customer said simply, “It was an amazing feat.”

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of Outages at Peak</th>
<th>Percent of Total Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama Power</td>
<td>826,000</td>
<td>59</td>
</tr>
<tr>
<td>Georgia Power</td>
<td>400,000</td>
<td>19</td>
</tr>
<tr>
<td>Gulf Power</td>
<td>365,000</td>
<td>92</td>
</tr>
<tr>
<td>Mississippi Power</td>
<td>70,000</td>
<td>36</td>
</tr>
<tr>
<td>Total Southern Company</td>
<td>1.6 million</td>
<td>40</td>
</tr>
</tbody>
</table>
The service areas of Gulf Power and Alabama Power bore the brunt of the storm. A team of more than 5,000 employees from across the system and outside personnel worked together to restore power in record time to all those able to receive it.

Part of the Team (L-R):
Lorraine Baughman, Manager-Supply Chain Management, Gulf Power; J. T. Young, Regional Chief Information Officer, Southern Company; Don Boyd, Distribution Planning Manager, Alabama Power
Leading By Example

A significant step forward in providing cleaner energy was made in 2004 when the U.S. Department of Energy (DOE) selected Southern Company and the Orlando Utilities Commission to build an advanced 285-megawatt, coal gasification facility in central Florida as part of the federal Clean Coal Power Initiative. The plant will showcase the most efficient coal-fired power technology in the world and is expected to produce the same amount of energy as current pulverized coal technology but with significantly less emissions. The project is based on technology that Southern Company, the DOE, and others have been developing at the Power Systems Development Facility near Wilsonville, Alabama.

Randall E. Rush, Director,
Power Systems Development Facility
**Environmental Progress**

*Southern Company is totally committed to solutions that continue to minimize our impact on the environment while meeting the Southeast's growing energy needs.*

**Achievement and Challenge.** Balancing the responsibility to meet growing energy demand with the importance of a healthy environment is a major challenge, one we’re meeting head-on. We’ve made progress in reducing emissions while increasing generation. For example, emissions of sulfur dioxide (SO₂) and nitrogen oxide (NOₓ) by Southern Company generating units have dropped significantly, about 40 percent, in the past 15 years, while generation of electricity has increased substantially, about 30 percent. Our projections show these trends continuing long term. We have achieved much, but we are totally committed to doing more.

**Forward-Looking.** A big part of the solution is technology. Because coal is such an abundant resource, it will continue to be a major fuel source for electricity generation. So it is vital that the most efficient, effective ways of reducing emissions from coal use are found. We are involved in developing new technologies, such as the coal gasification facility in Florida. And we are seeking more ways to use current technologies to reduce the environmental impact of coal. Over the next 10 years, we plan to invest more than $6 billion to reduce overall emissions of SO₂, NOₓ, and mercury by nearly 70 percent from today’s levels, while continuing initiatives that seek the best ways to capture, sequester, or reduce carbon dioxide (CO₂). We’re involved in numerous other initiatives to make power cleaner, including a first-in-the-nation comprehensive mercury research center planned at Gulf Power.

**Open Dialogue.** In response to a shareholder request at the 2004 Annual Meeting of Stockholders, Southern Company plans to issue a report this spring providing an overview of our actions for meeting the challenges of existing and anticipated air quality regulations, as well as potential policies to address emissions of CO₂. We believe the report, developed over the past year, will make a positive contribution to the ongoing discussion of efforts to find environmental solutions. To obtain a copy of the report, after May 24, contact us at the address listed on Page 80.
Daniel P. Amos  
Chairman and Chief Executive Officer  
AFLAC Incorporated  
(insurance)  
Columbus, Georgia  
Age 53; elected 2000  
Other corporate directorships:  
AFLAC Incorporated,  
Synovus Financial Corporation

Thomas F. Chapman  
Chairman and Chief Executive Officer  
Equifax Incorporated  
(information services and  
transaction processing)  
Atlanta, Georgia  
Age 61; elected 1999  
Other corporate directorship:  
Equifax Incorporated

Dorrit J. Bern  
Chairman, President, and  
Chief Executive Officer  
Charming Shoppes Incorporated  
(retail)  
Bensalem, Pennsylvania  
Age 54; elected 1999  
Other corporate directorships:  
Charming Shoppes Incorporated,  
Brunswick Corporation

Bruce S. Gordon  
Retired President-Retail Markets Group  
Verizon Communications  
(telecommunications)  
New York, New York  
Age 59; elected 1994  
Other corporate directorships:  
Bartech Personnel Services,  
Tyco International Incorporated

Francis S. Blake  
Executive Vice President of Business  
Development and Corporate Operations  
The Home Depot Incorporated  
(retail)  
Atlanta, Georgia  
Age 55; elected 2004  
Other corporate directorships: None

Donald M. James  
Chairman and Chief Executive Officer  
Vulcan Materials Company  
(construction materials, industrial chemicals)  
Birmingham, Alabama  
Age 56; elected 1999  
Other corporate directorships:  
Vulcan Materials Company,  
Protective Life Corporation,  
Wachovia Corporation
Zack T. Pate  
*Chairman Emeritus*  
World Association of Nuclear Operators  
(nuclear power industry)  
Atlanta, Georgia  
Age 68; elected 1998  
Other corporate directorship: Michon Incorporated  

J. Neal Purcell  
*Retired Vice Chairman-National Audit Practice Operations*  
KPMG  
(audit and accounting)  
Duluth, Georgia  
Age 63; elected 2003  
Other corporate directorships: Synovus Financial Corporation, Dollar General, Kaiser-Permanente  

David M. Ratcliffe  
*Chairman, President, and Chief Executive Officer*  
Southern Company  
Atlanta, Georgia  
Age 56; elected 2003  
Other directorships: CSX Corporation, Federal Reserve Bank of Atlanta  

Jerry St. Pé  
*Former President*  
Ingalls Shipbuilding  
*Retired Executive Vice President*  
Litton Industries  
(shipbuilding)  
Pascagoula, Mississippi  
Age 65; elected 1995  
Other corporate directorships: Delta Health Group, Signal International, Merchants and Marine Bank

### 2004 COMMITTEES OF THE BOARD

<table>
<thead>
<tr>
<th>Committee</th>
<th>Chair/Chairperson</th>
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<tbody>
<tr>
<td>Audit Committee</td>
<td>J. Neal Purcell, Chair</td>
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<td>Francis S. Blake</td>
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<td>Donald M. James</td>
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<td>Zack T. Pate</td>
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<tr>
<td>Compensation and Management Succession</td>
<td>Jerry St. Pé, Chair</td>
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<tr>
<td>Committee</td>
<td>Daniel P. Amos</td>
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<td>Thomas F. Chapman</td>
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<tr>
<td>Finance Committee</td>
<td>Dorrit J. Bern, Chair</td>
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<td>Daniel P. Amos</td>
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<td>Bruce S. Gordon</td>
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<tr>
<td>Governance Committee</td>
<td>Bruce S. Gordon, Chair</td>
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<td>Dorrit J. Bern</td>
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<td>Thomas F. Chapman</td>
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<td></td>
<td>Jerry St. Pé</td>
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<tr>
<td>Nuclear Oversight Committee</td>
<td>Zack T. Pate, Chair</td>
</tr>
</tbody>
</table>
David M. Ratcliffe
Chairman, President, and Chief Executive Officer
Previously President, Southern Company; President and Chief Executive Officer, Georgia Power; Executive Vice President, Treasurer, and Chief Financial Officer, Georgia Power; Senior Vice President of External Affairs, Southern Company; President and Chief Executive Officer, Mississippi Power; held executive and management positions in fuel services, operations and planning, and research and environmental affairs. Age 56. Joined Southern Company as a biologist in 1971.

Andrew J. Dearman III
Senior Vice President and Chief Transmission Officer
Previously Senior Vice President and Chief Technical Officer, Southern Energy*; Vice President of Power Generation and Delivery, Southern Company Generation and Mississippi Power; Division Vice President, Alabama Power; held various construction-related positions at Alabama Power. Age 51. Joined Southern Company as a junior engineer in 1975.

J. Barnie Beasley Jr.
President and Chief Executive Officer, Southern Nuclear
Previously Executive Vice President and Chief Nuclear Officer, Southern Nuclear; Vice President, Southern Nuclear, Farley Project; Vice President, Southern Nuclear, Vogtle Project; General Manager, Plant Vogtle; held various management positions at Plant Vogtle and electric distribution positions at Georgia Power. Age 53. Joined Southern Company as a cooperative education student in 1969.

Dwight H. Evans
Executive Vice President
Also President of the External Affairs Group, Southern Company, directing environmental policy, regulatory affairs, legislative affairs, corporate communication, and supply chain management; Previously President and Chief Executive Officer, Mississippi Power; Executive Vice President of External Affairs, Georgia Power; Vice President of Governmental Affairs, Southern Company. Age 56. Joined Southern Company as a design engineer and environmental engineer in 1970.

W. Paul Bowers
President, Southern Company Generation
Previously President, Southern Company Generation and Energy Marketing/President and Chief Executive Officer, Southern Power; Senior Vice President and Chief Marketing Officer, Southern Company; President and Chief Executive Officer, South Western Electricity (UK); President and Chief Executive Officer, Western Power Distribution (UK); Senior Vice President, Georgia Power; held various positions in marketing at Georgia Power and Gulf Power. Age 48. Joined Southern Company as a residential sales representative in 1979.

Thomas A. Fanning
Executive Vice President and Chief Financial Officer
Previously President and Chief Executive Officer, Gulf Power; Executive Vice President and Chief Financial Officer, Georgia Power; Vice President and Chief Financial Officer, Mississippi Power; Senior Vice President of Strategy, Southern Company; Treasurer, Southern Electric International*; Vice President of Finance, Southern Company Services; Treasurer, Southern Company; Senior Vice President and Chief Information Officer, Southern Company; Age 48. Joined Southern Company as a financial analyst in 1980.

Robert G. Dawson
President and Chief Executive Officer, SouthernLINC Wireless and Southern Telecom
Previously Vice President of Latin America and Caribbean assets for Southern Electric International*; Vice President of Power Generation and Delivery, Mississippi Power; Vice President of Fuel Services, Southern Company; held various positions in bulk power and rates. Age 58. Joined Southern Company as a cooperative education student in 1964.

Michael D. Garrett
Executive Vice President
Also President and Chief Executive Officer, Georgia Power. Previously President and Chief Executive Officer, Mississippi Power; Executive Vice President of Customer Operations and Regulatory Affairs, Alabama Power; held various positions at Alabama Power and Georgia Power, including district management, finance, and external affairs. Age 55. Joined Southern Company as a cooperative education student in 1968.
Leonard J. Haynes  
Executive Vice President and Chief Marketing Officer  
Previously Senior Vice President of Retail Marketing, Georgia Power, with additional responsibility for Savannah Electric marketing and Southern Company national accounts; Vice President of Retail Sales and Services, Georgia Power; Vice President of Marketing, Georgia Power; Vice President of Planning, Market Research, and Support, Southern Company; held executive and management positions in marketing and power delivery. Age 54. Joined Southern Company as an industrial marketing engineer in 1977.

G. Edison Holland  
Executive Vice President and General Counsel  
Also Chief Compliance Officer, Southern Company. Previously President and Chief Executive Officer, Savannah Electric; Vice President of Power Generation/Transmission and Corporate Counsel, Gulf Power; System Compliance Officer, Southern Company. Age 52. Joined Southern Company as Gulf Power vice president and corporate counsel in 1992.

Anthony R. James  
President and Chief Executive Officer, Savannah Electric  
Previously Vice President of Power Generation and Senior Production Officer, Savannah Electric, with additional responsibility of managing eight power generation facilities at Georgia Power; held supervisory and management positions at Georgia Power in plant maintenance, plant management, employee benefits, wholesale power marketing, and safety and health. Age 54. Joined Southern Company as a safety and health supervisor in 1978.

Charles D. McCrary  
Executive Vice President  
Also President and Chief Executive Officer, Alabama Power. Previously Chief Production Officer, Southern Company; President, Southern Company Generation and Energy Marketing; President and Chief Executive Officer, Southern Power; Executive Vice President, Alabama Power; Senior Vice President, Alabama Power; Vice President, Southern Nuclear; held positions in engineering, system planning, fuels, and environmental affairs. Age 53. Joined Southern Company as an assistant project planning engineer in 1973.

Susan N. Story  
President and Chief Executive Officer, Gulf Power  
Previously Executive Vice President of Engineering and Construction Services, Southern Company Generation and Energy Marketing; Vice President of Procurement and Materials, Southern Company Services; Vice President of Corporate Services and Corporate Real Estate, Alabama Power; held executive and management positions at Southern Company Services and Alabama Power. Age 45. Joined Southern Company as a nuclear power plant engineer in 1982.

Anthony J. Topazi  
President and Chief Executive Officer, Mississippi Power  
Previously Executive Vice President, Southern Company Generation and Energy Marketing; Senior Vice President, Southern Power; held various positions at Alabama Power, including Western Division Vice President and Birmingham Division Vice President. Age 54. Joined Southern Company as a cooperative education student in 1969.

*Southern Electric International and Southern Energy are now known as Mirant Corporation.*
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 phone
9 a.m. to 5 p.m. ET
Monday through Friday
(800) 554-7626

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 (SIP) provides a convenient way to purchase common stock and reinvest dividends. 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 (book entry or uncertificated) form. The stock is DRS (Direct Registration System) eligible.

DIVIDEND PAYMENTS
The entire amount of dividends paid in 2004 is taxable as ordinary income.

The board of directors sets the record and payment dates for quarterly dividends. A dividend of 35 3/4 cents per share was paid in March 2005.

For the remainder of 2005, projected record dates are May 2, Aug. 2, and Nov. 1. Projected payment dates for dividends declared during the remainder of 2005 are June 6, Sept. 6, and Dec. 6.

ANNUAL MEETING
The 2005 Annual Meeting of Stockholders will be held Wednesday, May 25, at 10 a.m. ET at the JW Marriott Buckhead Atlanta, 3300 Lenox Road NE, Atlanta, GA 30326.

AUDITORS
Deloitte & Touche LLP
Suite 1500, 191 Peachtree Street NE
Atlanta, GA 30303

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

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

CONSENT TO ELIMINATING DUPLICATE MAILINGS
If you are a registered stockholder and receive multiple copies of the annual report and proxy statement, or wish to access these electronically in the future, you may authorize Southern Company to suspend future mailings of these documents to a specific account. To do so, consent by checking the box on your dividend check stub or account statement and mail it to SCS Stockholder Services. You will continue to receive a proxy card.

ELECTRONIC DELIVERY
Any stockholder may enroll for electronic delivery of proxy materials by logging on at 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 our public disclosures as exhibits 31(a)1 and 31(a)2 to Southern Company's Annual Report on Form 10-K for the year ended December 31, 2004. 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 2005 Annual Meeting of Stockholders. Last year, Southern Company filed this certification with the NYSE on June 15, 2004.

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

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

COMMON STOCK
Southern Company common stock is listed on the NYSE under the ticker symbol SO.
BOOK VALUE—a company’s common stock equity as it appears on a balance sheet, equal to total assets minus liabilities, preferred 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.

COMMERCIAL AVAILABILITY—a measurement of a generating unit’s full-load availability when the system needs it. A key indicator of reliability; the higher the percentage the better.

COMPETITIVE GENERATION BUSINESS—our wholesale market-based electricity supply business that, primarily through long-term contracts, serves customers who can choose their suppliers based on price, reliability, capacity, and other market needs.

DISTRIBUTION LINES—power lines, like those in neighborhoods, that carry moderate-voltage electricity to customer service areas.

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.

EQUIVALENT FORCED OUTAGE RATE (EFOR)—the ratio of a generation unit’s forced outage time versus in-service time. Usually measured during the peak season of May through September. A key measurement of generation efficiency; the lower the rate the better.

FEDERAL ENERGY REGULATORY COMMISSION (FERC)—an independent agency within the U.S. Department of Energy that, among other things, regulates wholesale sales of electricity and transmission in interstate commerce.

GENERATING CAPACITY—the amount of energy that can be produced using all of our power generation facilities.