of every minute, of every
...people are plugging in, turning on, and using more and more energy to live their lives. The importance of an adequate and reliable supply of energy in the U.S. is steadily growing. And, as our 21st century, high-tech, digital economy expands and our population grows, the demand for energy will be even greater. At Atlanta-based Southern Company, the premier electricity supplier to the Southeast, we’re working hard to meet this demand and to ensure that our region has the electricity that’s needed to continue to prosper. We’re also working hard to keep our costs down and to generate electricity that’s cleaner than ever before.

hour, of every day...
Dear Fellow Shareholders:

every moment

of every day, we strive to be the leader in our industry and to deliver outstanding results for our shareholders and our customers.

The Southeast continues to attract people from all over the nation. And, according to forecasts, growing numbers of people will continue to migrate to the region over the next few decades.

At Southern Company, we work hard every minute of every day to meet the growing electricity needs of the Southeast. We’re excited about our opportunity to grow along with this region of the country, and we’re poised to meet the challenges presented by this growth.

Every day, your company faces these challenges head-on. Every day, your company plans for future growth. And every day, your company sharpens its focus on its goal of being the leader in its industry by delivering outstanding results to our shareholders and to our customers.

In 2006, Southern Company continued to benefit from a healthy economy and population growth in the Southeast, which drove the demand for electricity up 2.3 percent. Earnings for the year were $2.12 a share, a decrease of 2 cents a share from 2005. The lower year-end earnings were primarily the result of a reduction of tax credits related to the production of synthetic fuel. In 2006, Southern Company took a series of actions to minimize the impact of reductions of this tax credit. Excluding the earnings from the synthetic fuel tax credit, Southern Company earned $2.10 a share in 2006, compared with $2.03 a share in 2005. Under current law, synthetic fuel tax credits are slated to expire December 31, 2007.

Dividends were increased to an annual rate of $1.55 per share in 2006, marking the fifth straight year we’ve raised the dividend. And our record of 237 consecutive quarterly dividend payouts since 1948 continued in 2006. Our stock price reached an all-time high in December and closed the year with a gain of 6.7 percent. Our total shareholder return was 11.7 percent. Looking at long-term growth, we have been one of the industry’s strongest performers.

Our solid financial performance is a direct result of our continued commitment to keep our customers satisfied by providing excellent customer service, high reliability, and affordable prices. Our focus on corporate responsibility also plays a significant role in our success. Southern Company employees live, work, and raise their families in the communities we serve. So we know the importance of being good citizens. We take pride in being involved in our communities.

In 2006, we released our first Corporate Responsibility Report, which lays out our commitment to the communities we serve and outlines our environmental, workplace, and community plans and actions. One of the many reasons we produced this report was to explain this commitment and encourage more dialogue with our stakeholders. Through continued open exchange, we plan to evaluate our progress so that we can better serve the economic health and environmental well-being of the community while meeting the expectations of our customers and shareholders.

Our competitive generation business had strong results in 2006, ending the year with a net income of $305 million. In 2004, we set a goal to grow this business to $300 million in net income by 2007. So, not only did we reach our goal a year early, we surpassed it. In 2006, our competitive generation business added new long-term wholesale contracts to its portfolio, extended some of its existing contracts, acquired new capacity in Florida and North Carolina, and signed agreements to construct an integrated gasification
combined cycle plant, which converts coal into clean gas that we will use to produce cleaner electricity.

This competitive generation business is undergoing some structural changes in 2007. In compliance with a Federal Energy Regulatory Commission order, we are separating this business unit into two distinct segments. Our embedded wholesale segment is being integrated into our traditional operating companies. Southern Power continues to operate in the competitive market, focusing on its low-risk strategy of owning and operating quality generation assets under long-term contracts with credit-worthy counterparties.

Operationally, we had an extraordinary year. In the face of record-setting demand in the summer of 2006, our generating plants and power delivery systems continued to operate at record levels of reliability. This is truly a testament to our preparedness, our employee dedication, and the investments we make in our system's infrastructure.

To ensure that we maintain this high level of reliability and meet the continued customer growth in our region, we're embarking on the largest capital expansion in our company's history. Over the next three years, we plan to invest $111 billion in our four traditional operating companies—Alabama Power, Georgia Power, Gulf Power, and Mississippi Power. Of that, $3.8 billion will be invested in our transmission and distribution infrastructure, and another $4.6 billion will be invested in new environmental controls and equipment for our coal fleet. Because coal is an abundant and cost-effective energy resource for our nation, we are finding ways to produce cleaner energy with coal.

These expenditures will require us to increase the price of our product. Despite periodic price increases over the years, some of the lowest energy prices in the nation can still be found in our Southeast service territory. We take seriously our obligation to provide affordable prices, high reliability, and superior service to our customers. And our outstanding performance in these areas has helped to build constructive regulatory relationships. These relationships allow us to make new capital investments in our equipment and infrastructure, which furthers our superior operational performance. We call this the "Circle of Life." Successfully executing this long-term business model permits us to have attractive, risk-adjusted financial returns.

We were fortunate last year to have a quiet hurricane season, giving our Mississippi Power subsidiary and its employees an opportunity to recover and rebuild. You may recall that our Mississippi service territory was devastated by Hurricane Katrina in 2005. Although the scars of the storm still mark the landscape, more remarkable is the outstanding performance and continued resilience of our Mississippi Power employees in the wake of this unprecedented hurricane and ensuing recovery. I'm proud to report that Mississippi Power moved back into its refurbished corporate headquarters in December.

I'm also extremely proud to report that we've achieved significant improvement in our No. 1 priority at Southern Company—safety. Our Target Zero safety program speaks for itself. Every second of every minute of every day, we strive for zero accidents and injuries so that our employees can return home safely to their families. Our numbers continue to improve, but we won't be satisfied until we accomplish and maintain our goal of zero.

And we continue to make progress in the area of attracting and retaining a diverse and highly skilled work force. This is a business imperative for us. We know that our ability to make sound business decisions is enhanced by engaging people of diverse backgrounds and perspectives.

At Southern Company, our business is generating and delivering reliable electricity at the lowest possible price with outstanding customer service. We do it with Southern Style, and we will continue our focus on making the three tenets of Southern Style—unquestionable trust, superior performance, and total commitment—a reality throughout our business. It's a simple business model. Wall Street understands it and likes it. I believe it will sustain our excellent performance. We hope you agree.

Sincerely,

David M. Ratcliffe
March 12, 2007
### FINANCIAL HIGHLIGHTS

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues (in millions)</td>
<td>$14,356</td>
<td>$13,554</td>
<td>5.9 %</td>
</tr>
<tr>
<td>Earnings (in millions)</td>
<td>$1,573</td>
<td>$1,591</td>
<td>(1.1)%</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$2.12</td>
<td>$2.14</td>
<td>(0.9)%</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$2.10</td>
<td>$2.13</td>
<td>(1.4)%</td>
</tr>
<tr>
<td>Dividends per share (amount paid)</td>
<td>$1.531/2</td>
<td>$1.471/2</td>
<td>4.1 %</td>
</tr>
<tr>
<td>Dividend yield (percent)</td>
<td>4.2</td>
<td>4.3</td>
<td>(2.3)%</td>
</tr>
<tr>
<td>Average shares outstanding (in millions)</td>
<td>743</td>
<td>744</td>
<td>(0.1)%</td>
</tr>
<tr>
<td>Return on average common equity (percent)</td>
<td>14.26</td>
<td>15.17</td>
<td>(6.0)%</td>
</tr>
<tr>
<td>Book value per share</td>
<td>$15.24</td>
<td>$14.42</td>
<td>5.7 %</td>
</tr>
<tr>
<td>Market price (year-end, closing)</td>
<td>$36.86</td>
<td>$34.53</td>
<td>6.7 %</td>
</tr>
<tr>
<td>Total market value of common stock (year-end, in millions)</td>
<td>$27,508</td>
<td>$25,602</td>
<td>7.4 %</td>
</tr>
<tr>
<td>Total assets (in millions)</td>
<td>$42,858</td>
<td>$39,877</td>
<td>7.5 %</td>
</tr>
<tr>
<td>Total kilowatt-hour sales (in millions)</td>
<td>201,423</td>
<td>196,877</td>
<td>2.3 %</td>
</tr>
<tr>
<td>Retail</td>
<td>161,334</td>
<td>159,076</td>
<td>1.4 %</td>
</tr>
<tr>
<td>Sales for resale</td>
<td>40,089</td>
<td>37,801</td>
<td>6.1 %</td>
</tr>
<tr>
<td>Total number of customers–electric (year-end, in thousands)</td>
<td>4,322</td>
<td>4,248</td>
<td>1.7 %</td>
</tr>
</tbody>
</table>

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*Not a financial measure under generally accepted accounting principles.
every second

Southern Company is producing enough electricity to meet the needs of every one of our customers.

The Southeast is the place to be. The economy is robust. The job market is attractive. The weather is inviting. At Southern Company, we provide a reliable source of electricity, our retail prices are among the lowest in the nation, and we’re consistently rated among the best at serving and satisfying our customers. It’s no wonder there’s a steady stream of people moving to the Southeast.

In 2006, our customer numbers grew 1.7 percent to more than 4.3 million. According to forecasts, by 2030 nearly 40 percent of the population of the United States is expected to live in the South—a 16-state region stretching from Delaware to Texas. Our Southern Company service territory is expected to see a population increase of 31 percent by 2030, compared with 23 percent in the nation as a whole. Georgia and Florida, both within our service territory, are national leaders in attracting new residents.
As the population grows, more homes are built, more businesses open their doors, and more office buildings rise out of the ground. This growth equates to increasing electricity demand, and our job is to efficiently meet it.

But the increase in the number of customers is not the only thing driving demand. Usage is growing as well. Trends show that new homes are getting larger and ceilings are getting higher, which means more space to heat and cool, and more room for electronics. The number of consumer electronics products per U.S. household nearly doubled over a 10-year period, averaging 25 products per home in 2005. From big screen TVs and in-home theater systems to computers, printers, scanners, and copiers, Americans have become technology junkies. Our job is to ensure they have an ample supply of electricity and the information needed to use it wisely.
At Southern Company, we believe it is our business to always consider the future and plan appropriately. Forecasts tell us that the population of the Southeast is continuing on a growth course. We’re taking steps now to ensure that we grow along with the region. Our 42,000 megawatts of capacity are serving us well right now, and we’re making plans for additional capacity to meet future demand. We’re also growing something else at Southern Company. We’re growing our efforts to educate customers to become more efficient with their energy use. We’re working with builders and developers to ensure that new homes and office buildings and warehouses are more energy-efficient than they’ve ever been. We’re helping our commercial and industrial customers find efficiencies by calculating when they can reduce usage without sacrificing productivity. And, for our residential customers, we’re finding more and better ways to keep their electricity costs as low as possible. All the way down to the light bulb.

00:01:00

every minute

Americans together save more than $57,000 on utility bills and enough energy to avoid greenhouse gas emissions equivalent to those from 43 cars.

Thanks in part to ENERGY STAR®, a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy, we are saving money and protecting the environment through energy-efficient products and practices.
All across the Southern Company system, we’re asking customers to “take the pledge.” We’re telling our customers that changing one incandescent bulb to an ENERGY STAR-qualified compact fluorescent light bulb can save as much as $30 on energy costs over the life of the bulb. In fact, switching to an ENERGY STAR-qualified bulb in the five most used fixtures in a home can make a real impact. If every American household made that switch, we’d save about $6.5 billion each year in energy costs and prevent greenhouse gas emissions equivalent to the emissions of 8 million cars.

Southern Company subsidiary Georgia Power is a leading driver of “Change a Light” pledges nationwide. The ENERGY STAR “Change a Light” program is a nationwide campaign to build awareness about energy efficiency and to educate consumers on ways to save electricity and lower their energy costs.

Every light changed is a step in the right direction.
At Southern Company, everything revolves around the customer. Experience tells us that when we provide our customers with excellent service, high reliability, and affordable prices, everything else falls right into place.

Our customer service employees continue to be recognized both regionally and nationally for their excellent results. The American Customer Satisfaction Index has listed Southern Company as the top-ranking U.S. electric service provider in customer satisfaction for seven consecutive years. And we have maintained constructive relationships with regulators because they know we work hard to satisfy our customers. Through these relationships, we have been able to maintain healthy capital spending. And that is one of the keys to our reliability.

Over the next three years, we plan to invest $3.8 billion in our transmission and distribution infrastructure to ensure that we continue our excellent record of reliability and meet the growing energy needs of the Southeast. That’s called healthy capital spending.

But reliability is about more than infrastructure. It’s also about 26,000 dedicated employees who make it run every second of every minute of every day. It’s about the customer-care representative who answers the call and determines what we can do to meet a customer’s need. It’s about the lineman who understands the importance of quickly restoring power so that customers are comfortable in their homes, and so that businesses can continue to operate. It’s about the plant worker who gives 100 percent each day to ensure the power’s there at the flip of a switch.

PICTURED, CLOCKWISE FROM TOP CENTER:
Jill Davis, customer service center representative, Gulf Power; Paul Hunt, field service representative, Gulf Power; Kathy Ames, customer service supervisor, Gulf Power; Kathy Taylor, appliance sales, Alabama Power; Charles Smith, operations engineer, Georgia Power; Janice Pickich, customer service representative, Mississippi Power; Gloria Tatum, customer service representative, Mississippi Power; Kevin Grigsby, business specialist, Alabama Power; Collie Williams, area manager, Georgia Power; Michelle Fernandez, service consultant, Georgia Power; Jennifer Gregg, scheduling analyst, Alabama Power; Mike Robinson, distribution lineman, Mississippi Power; Vickie Price, customer service representative, Georgia Power; John Anderson, transmission lineman, Alabama Power; Steven Faulkner, market field representative, Georgia Power; Ted Gaillard, Customer Choice project manager, Georgia Power; Ronda Cherry, sales and service representative, Alabama Power.
Southern Company’s customer service representatives answer an average of 1,769 customer calls.

Because of our dedicated employees, we continue to lead customer satisfaction ratings both regionally and nationally. Our outages are shorter and fewer than ever before. Our generation fleet is running more reliably than any fleet in the nation. From our line crews and plant workers to our engineers and customer-care representatives, every hour of every day our employees serve our customers in some way. Our employees are the backbone of the “Circle of Life.”
every day

Southern Company’s nuclear plants contribute to our environmental efforts by avoiding 131,103 tons of carbon dioxide emissions.

By maintaining fuel diversity and seeking efficiencies in our system, we’re keeping our retail rates as competitive as possible for customers. As we plan for growth, our strategy is to maintain and grow a reliable and affordable supply of energy by evaluating our options and researching, developing, and deploying technologies that will allow us to meet our long-term environmental objectives.

Located near Baxley, Georgia, Plant Hatch (pictured right) is powered by boiling water reactors and has a capacity of more than 1,800 megawatts.

New nuclear power is one of the primary resources we’re evaluating for the future. It’s a safe, reliable, cost-effective source of energy with little impact on the environment. Here in the Southeast, we’ve had positive responses from our regulators when discussing the possibility of adding more nuclear units. And we’ve received strong community support as well. Those factors, combined with our years of experience in successfully building and operating nuclear facilities, make nuclear power an attractive option for future growth.

In 2006, we submitted the first of two applications to the Nuclear Regulatory Commission seeking approval to add two new nuclear units at our Plant Vogtle site in Georgia. We’re also involved in NuStart, a consortium of electric utilities that has been awarded funds from the U.S. Department of Energy for the development of a Combined Construction and Operating License for a new nuclear plant. And we’re working with other companies to explore the economic viability of partnering on new nuclear generation. So you can see that we believe nuclear is a viable option for our future.

We’re also growing our efforts in the area of renewable energy. We’re evaluating and testing commercialized renewable technologies, including geothermal and solar. And we are industry leaders in the evaluation of co-firing biomass, having researched the co-firing of sawdust, tree wastes, and switchgrass. Because of our desire and ability to produce energy from such renewable resources, we’re now offering our customers in the Southeast “green energy” rates for electricity produced with renewables.

Because of its abundance and affordability, and state-of-the-art technologies that lower its environmental impact, keeping coal in the nation’s generation mix is essential. Southern Company is focused on the research and development of new advanced-coal technologies that will lead to lower emissions and cleaner production of electricity and help maintain coal as a future fuel source.
NATURAL GAS
Despite price fluctuations, electricity generated by natural gas remains an option for the future.

HYDRO
In addition to providing dependable and reasonably-priced electricity, hydro also provides acres of water and miles of shoreline for our public to enjoy.
every week

for the next three years, Southern Company plans to invest an average of $29 million installing new environmental controls on our coal plants to further reduce emissions.

At Southern Company, we invest and manage more research dollars than many utilities in the industry, finding and implementing ways to minimize our impact on the world around us.

Our efforts are paying off, too. Since 1990, we have reduced emissions of nitrogen oxides and sulfur dioxide by 33 percent, while generation has increased by 37 percent. Additional reductions are planned over the next decade, and mercury emissions will also drop as new technologies are put in place.

We know that electricity is both our business and our responsibility. We understand the need for the development and deployment of technologies that will change the way we generate electricity. At the Power Systems Development Facility (PSDF) near Wilsonville, Alabama, where John Northington (pictured) is an engineer, we have been heavily involved for many years in the research and development necessary to accomplish this change.

We’re not alone in our search for solutions. In our latest efforts at the PSDF, we’ve partnered with the U.S. Department of Energy (DOE) and with KBR on the advancement of new integrated gasification combined cycle technology, which converts coal into cleaner, usable gas. And now we’ve taken this technology a step further. Later this year, as part of our partnership with the DOE and the Orlando Utilities Commission, we plan to break ground near Orlando on a commercial-scale version of a gasification technology developed by Southern Company and others. It’s called Transport Integrated Gasification (TRIG™). TRIG technology is capable of producing energy from low-rank coals, which account for half of worldwide reserves. Our TRIG plant, currently scheduled to begin operations in 2010, is expected to be one of the cleanest, most efficient coal-fueled plants in the world. And, that’s how important coal is.
At Southern Company, we’re committed to growth. Growth of our region, growth of our company, and growth of the natural world around us.

Deep in the Apalachicola National Forest in the Florida panhandle thrives the largest population of the endangered red-cockaded woodpecker. Here, with support from Southern Company and the National Fish and Wildlife Foundation, biologists like Joel Casto safely trap a few of the birds each year and move them to other areas. By adding new woodpeckers to these sites, population growth is much more likely to occur. In many of these areas, we’re also helping restore the bird’s habitat by planting longleaf pine seedlings and improving management of the forests that the woodpecker and many other uniquely Southern creatures need to survive. Southern Company has committed more than half a million dollars to support the recovery of the red-cockaded woodpecker and its longleaf pine habitat. We look forward to helping them grow.
Southern Power manages 9,500 megawatts of wholesale generating capacity to serve its customers.

The Rowan County Energy Complex (pictured) in Salisbury, North Carolina, has a total of 986 megawatts of generating capacity. Fueled primarily by natural gas, Rowan is similar in technology to plants we already own and operate, making it a good strategic fit for Southern Company.

EXPANDING OUR FOOTPRINT

Our Southern Power subsidiary experienced significant growth in 2006, signing new long-term power agreements, extending existing agreements, and expanding its footprint with the purchases of the DeSoto County Energy Complex in Florida and the Rowan County Energy Complex in North Carolina. The new facilities are located in growing markets that are key to Southern Company’s long-term growth strategy.

Southern Power—which serves municipal utilities, electric cooperatives, and investor-owned utilities and competes on the open market—is a key growth component of the company. About 84 percent of Southern Power’s 6,700 megawatts of capacity is under contract through 2015. Southern Power also manages another 2,800 megawatts of capacity through other resources.
every year

for the past 59 years, Southern Company has paid a quarterly dividend equal to or higher than the previous quarter’s dividend.

A FORMULA FOR SUCCESS

Our business is electricity—generating it and delivering it reliably at the lowest possible price and with outstanding customer service. Our traditional operating companies—which serve our 4.3 million customers in Alabama, Florida, Georgia, and Mississippi—provide the majority of our revenues and earnings. We continue to see steady growth in demand and customers in our service territory. Southern Power is a key to the long-term growth of the company, and even this business has a low-risk strategy—owning and operating quality generation assets under long-term contracts with financially strong counterparties.

Everything we do, every second of every minute of every day, is done so that we can deliver outstanding customer service, reliability, and affordable prices. This should result in superior, risk-adjusted returns to you, our shareholders. Our goal is regular, predictable, and sustainable earnings growth. Our business model is simple and transparent. Our management team is focused on shareholder value. Our credit rating is among the best in the industry. And we have a history of providing attractive total shareholder return with one of the lowest risk profiles in our industry.

At Southern Company, our financial goals are to grow our earnings per share by an average of 5 percent over the long term, keep our return on equity in the top quartile of electric utilities, grow our dividends consistent with maintaining a payout ratio of 70 percent to 75 percent, and maintain our financial integrity. This is a formula for financial success.

We look forward to growing into the future.
This graph compares a $100 investment in Southern Company (SO) common stock made December 31, 1986 and held for 20 years (approximately the length of time our average shareholder has owned SO stock) against the same type of investment in each of the other large-cap utilities followed by Value Line.

This performance graph compares the cumulative total stockholder return on Southern Company’s common stock with the Standard & Poor’s Electric Utility Index and the Standard & Poor’s 500 Index for the past five years. The graph assumes that $100 was invested on December 31, 2001 in Southern Company’s common stock and each of the above indices and that all dividends were reinvested.
DAVID M. RATCLIFFE
Chairman, President, and Chief Executive Officer
Southern Company
Atlanta, Georgia
Age 58; elected 2003
Other corporate directorships: CSX Corporation

THOMAS F. CHAPMAN
Retired Chairman and Chief Executive Officer
Equifax Incorporated (information services, data analytics, consumer financial products, and transaction processing)
Atlanta, Georgia
Age 63; elected 1999
Board committees: Governance (chair), Compensation and Management Succession
Other corporate directorships: None

J. NEAL PURCELL
Retired Vice Chairman-Audit Operations
KPMG (audit and accounting)
Duluth, Georgia
Age 65; elected 2003
Board committees: Audit (chair)
Other corporate directorships:
Synovus Financial Corporation,
Dollar General Corporation,
Kaiser Permanente Health Care and Hospitals

JUANITA POWELL BARANCO
Executive Vice President and Chief Operating Officer
Baranco Automotive Group (automobile sales)
Morrow, Georgia
Age 58; elected 2006
Board committees: Audit
Other corporate directorships:
Cox Radio Incorporated

DONALD M. JAMES
Chairman and Chief Executive Officer
Vulcan Materials Company (construction materials)
Birmingham, Alabama
Age 58; elected 1999
Board committees: Compensation and Management Succession, Finance
Other corporate directorships:
Vulcan Materials Company, Wachovia Corporation

ZACK T. PATE
Chairman Emeritus
World Association of Nuclear Operators (nuclear power industry)
Atlanta, Georgia
Age 70; elected 1998
Board committees: Nuclear (chair), Audit
Other corporate directorships: None

DORRIT J. BERN
Chairman, President, and Chief Executive Officer
Charming Shoppes Incorporated (retail)
Bensalem, Pennsylvania
Age 56; elected 1999
Board committees: Finance (chair), Governance
Other corporate directorships: Charming Shoppes Incorporated, OfficeMax Incorporated

H. WILLIAM HABERMeyer JR.
Retired President and Chief Executive Officer
Progress Energy Florida (energy)
St. Petersburg, Florida
Age 64; elected 2007
Board committees: Nuclear
Other corporate directorships:
Raymond James Financial Incorporated

GERALD J. ST. PÉ
Former President
Ingalls Shipbuilding
Retired Executive Vice President
Litron Industries (shipbuilding)
Pascagoula, Mississippi
Age 67; elected 1995
Board committees: Compensation and Management Succession (chair), Governance
Other corporate directorships: None

FRANCIS S. BLAKE
Chairman and Chief Executive Officer
The Home Depot Incorporated (retail)
Atlanta, Georgia
Age 57; elected 2004
Board committees: Audit
Other corporate directorships: The Home Depot Incorporated

WILLIAM G. SMITH JR.
Chairman, President, and Chief Executive Officer
Capital City Bank Group Incorporated (banking)
Tallahassee, Florida
Age 53; elected 2006
Board committees: Compensation and Management Succession, Finance
Other corporate directorships:
Capital City Bank Group Incorporated

J. NEAL PURCELL
Retired Vice Chairman-Audit Operations
KPMG (audit and accounting)
Duluth, Georgia
Age 65; elected 2003
Board committees: Audit (chair)
Other corporate directorships:
Synovus Financial Corporation,
Dollar General Corporation,
Kaiser Permanente Health Care and Hospitals

ZACK T. PATE
Chairman Emeritus
World Association of Nuclear Operators (nuclear power industry)
Atlanta, Georgia
Age 70; elected 1998
Board committees: Nuclear (chair), Audit
Other corporate directorships: None

BOARD OF DIRECTORS
ROBERT G. DAWSON  
President and Chief Executive Officer, SouthernLINC Wireless and Southern Telecom  
Dawson, 60, joined the company as a cooperative education student with Southern Company Services in 1964. He has held his current position, heading the company’s telecommunications subsidiaries, since 1995. Previously, Dawson served as vice president of Latin America and Caribbean assets for Southern Energy (now Mirant Corporation) and held executive and management positions in generation, power delivery, and fuel services.

ANDREW J. DEARMAN III  
Executive Vice President and Chief Transmission Officer  
Dearman, 53, joined the company as a junior engineer with Alabama Power in 1975. He was named to his current position, overseeing the Southern Company transmission system, in 2001. Previously, Dearman was senior vice president and chief technical officer for Southern Energy (now Mirant Corporation) and held executive positions in power generation and delivery, as well as serving at Alabama Power as a division vice president and in various construction-related jobs.

DAVID M. RATCLIFFE  
Chairman, President, and Chief Executive Officer  
Ratcliffe, 58, joined the company as a biologist with Georgia Power in 1971 and has been in his current position since 2004. Previously, he was president and CEO of Georgia Power, Southern Company’s largest subsidiary, from 1999 to 2004 and served as president and CEO of Mississippi Power from 1991 to 1995. Ratcliffe has held executive and management positions in the areas of finance, external affairs, fuel services, operations and planning, and research and environmental affairs.

J. BARNIE BEASLEY JR.  
Chairman, President, and Chief Executive Officer, Southern Nuclear  
Beasley, 55, joined the company as a cooperative education student with Georgia Power in 1969. He has been in his current job as president and CEO of Southern Nuclear since 2004 and became chairman in 2005. Beasley served in various electrical distribution roles before transferring to Plant Vogtle in 1980 and has held several executive and management positions since then in the company’s nuclear power system, which includes six nuclear reactors.

W. PAUL BOWERS  
President, Southern Company Generation  
Bowers, 50, joined the company as a residential sales representative with Gulf Power in 1979. He has been in his current position, with overall responsibility for fossil and hydro generation and operations, Southern Power, engineering and construction services, and environmental affairs and research services, since 2001. Bowers served as president and CEO of Southern Power from 2001 to 2005 and president and CEO of Southern Company’s former UK subsidiary from 1998 to 2000.

ANTHONY R. JAMES  
Executive Vice President and President of Shared Services  
James, 56, joined the company as a safety and health supervisor with Georgia Power in 1978. He began his current job, overseeing the centralized corporate functions that provide services to the operating subsidiaries, in 2006. James previously was president and CEO of Savannah Electric from 2001 to 2005. He has held executive, management, and supervisory positions in power generation, plant maintenance, plant management, employee benefits, wholesale power marketing, and safety and health.

CHARLES D. MCCRARY  
Executive Vice President  
McCrary, 55, joined the company as an assistant project planning engineer with Alabama Power in 1973. He began his current job as president and CEO of Alabama Power 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.

THOMAS A. FANNING  
Executive Vice President, Chief Financial Officer, and Treasurer  
Fanning, 50, joined the company as a financial analyst in 1980. He has held his current position, which also includes responsibility for corporate strategy, since 2003. He previously was president and CEO of Gulf Power and served as chief financial officer at Georgia Power and Mississippi Power. Fanning has held several officer positions in the areas of finance, strategy, international business development, and information technology.

MICHAEL D. GARRETT  
Executive Vice President  
Garrett, 57, joined the company as a cooperative education student with Georgia Power in 1968. He began his current job as president and CEO of Georgia Power in 2004. Previously, Garrett was president and CEO of Mississippi Power. He has held executive positions at Alabama Power in the areas of customer operations, regulatory affairs, finance, and external affairs, as well as serving as Birmingham Division vice president.

G. EDISON HOLLAND JR  
Executive Vice President, General Counsel, and Corporate Secretary  
Holland, 54, 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 from 1997 to 2001. Holland has served as vice president of power generation and transmission at Gulf Power.

ANTHONY J. TOPAZI  
President and Chief Executive Officer, Mississippi Power  
Topazi, 56, joined the company as a cooperative education student with Alabama Power in 1969. He began his current job, leading the Southern Company subsidiary that serves southeast Mississippi, in 2004. Topazi previously was executive vice president for Southern Company Generation and Energy Marketing and also served as senior vice president of Southern Power. He held various positions at Alabama Power, including Western Division vice president and Birmingham Division vice president.
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 to 5 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 (uncertificated) form. The stock is Direct Registration System (DRS) eligible.

DIVIDEND PAYMENTS
The entire amount of dividends paid in 2006 is taxable. The board of directors sets the record and payment dates for quarterly dividends. A dividend of 38 3/4 cents per share was paid in March 2007. For the remainder of 2007, projected record dates are May 7, August 6, and November 5. Projected payment dates for dividends declared during the remainder of 2007 are June 6, September 6, and December 6.

ANNUAL MEETING
The 2007 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
Suite 1500, 191 Peachtree St. 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.

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, 2006. 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 2007 Annual Meeting of Stockholders. Last year, Southern Company filed this certification with the NYSE on June 1, 2006.

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:

Chris Hobson
Senior Vice President, Research and Environmental Affairs
600 North 18th St.
P.O. Box 2641
Birmingham, AL 35203-2206

COMMON STOCK
Southern Company common stock is listed on the NYSE under the ticker symbol SO. On December 31, 2006, Southern Company had 110,259 stockholders of record.
of every minute, of every hour, of every day...people are plugging in, turning on, and using more and more energy to live their lives. The importance of an adequate and reliable supply of energy in the southeastern United States is steadily growing. And, as our 21st century, high-tech, digital economy expands and our population grows, the demand for energy will be even greater. If we all do our part, energy will always be there to keep our costs down and to generate electricity that’s cleaner than ever before. Together, we can keep our customers’ lives on the move and keep our region on the growth track. This report is an overview of Southern Company and our major subsidiaries and business units. It provides financial information, a description of our operations, and our goals for the future. The 2006 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.

Note: The statements contained in this report are forward-looking statements within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. Such statements are subject to important risk factors and uncertainties which could cause actual results to differ materially from those expressed or implied by these statements. Readers are encouraged to carefully review the risk factors included in our filings with the U.S. Securities and Exchange Commission.
