

WHAT'S SMART ABOUT
SOUTHERN COMPANY?



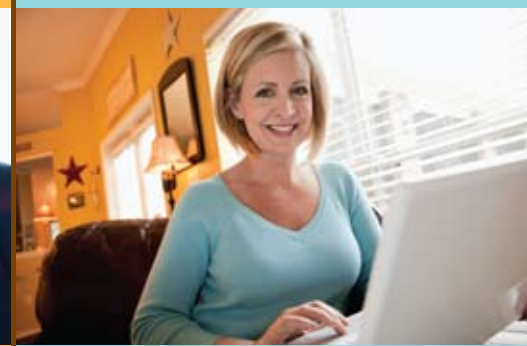
SMART ENERGY



SMART GRID



SMART CHOICES



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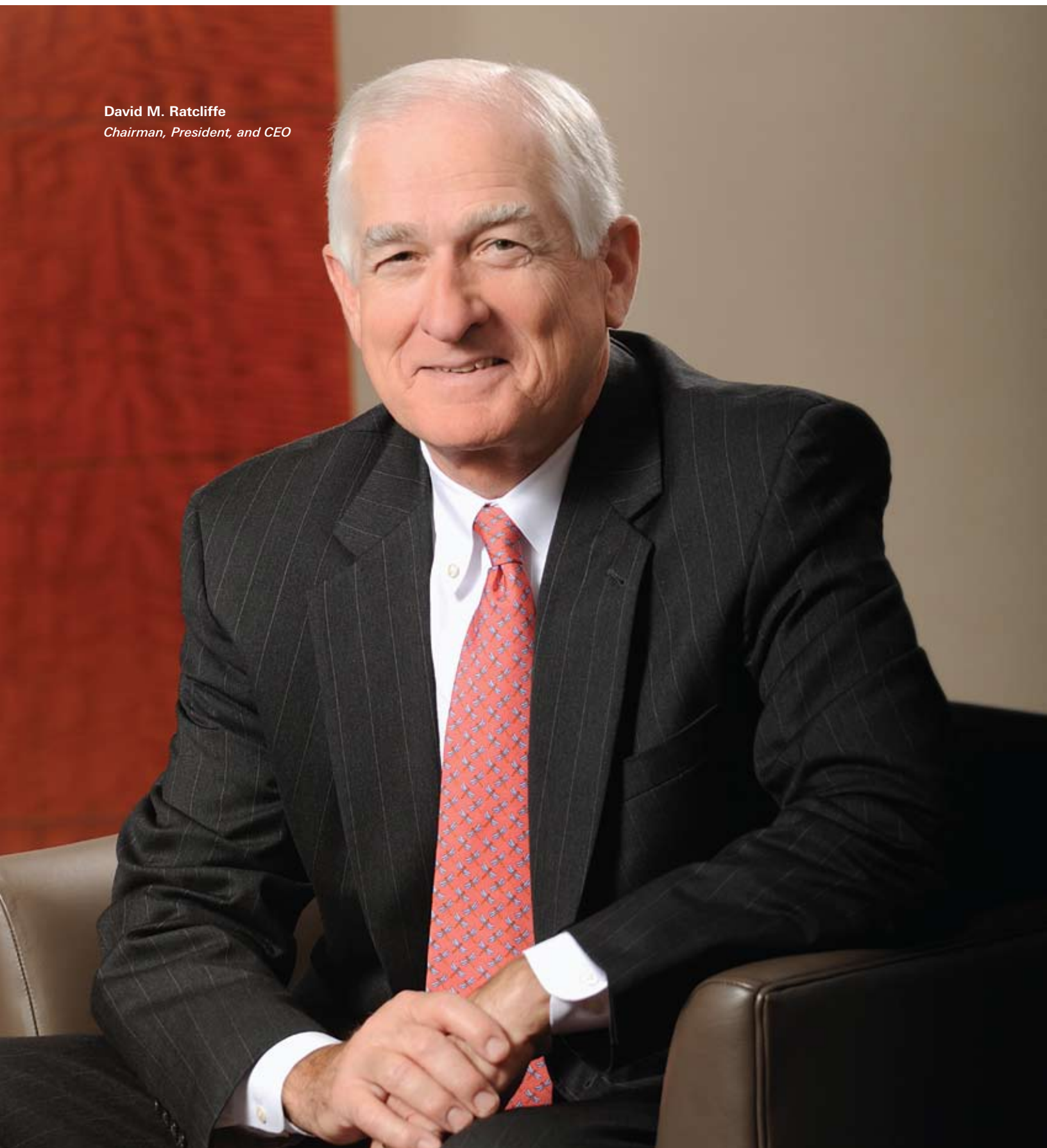
On the Cover: Every day, Southern Company explores new technologies as we strive to help customers manage their homes, businesses, and industries more efficiently. Mississippi Power marketing experts Frank Magee and Cathy Reeves work with their customers to find new technology solutions that are energy smart.

WE'RE THINKING, WORKING, & LIVING ENERGY SMART

Southern Company is an industry leader when it comes to researching and applying technology to our business. We are leading the way in the development and deployment of cleaner, more efficient, and cost-effective Smart **Energy** technologies. We continue to reach new heights of reliability and operational excellence as we equip our network with advanced Smart **Grid** technologies. And as we harness innovation, we discover new opportunities to enhance our customer energy options through Smart **Choices**, while keeping our prices as low as possible. We are thinking and working smart, so that our customers can continue living energy smart.

With 4.4 million customers and more than 42,000 megawatts of generating capacity, Atlanta-based Southern Company (NYSE: **SO**) is the premier energy company serving the Southeast. A leading U.S. producer of electricity, Southern Company owns four electric utilities – Alabama Power, Georgia Power, Gulf Power, and Mississippi Power – and Southern Power, a growing competitive generation company. Southern Company is consistently listed among the top U.S. electric service providers in customer satisfaction by the American Customer Satisfaction Index (ACSI). Visit our Web site at www.southerncompany.com.

David M. Ratcliffe
Chairman, President, and CEO



Dear Fellow Shareholders,

I am always proud of what our company accomplishes when faced with challenges, and 2009 was no exception.

We knew the year would be tough financially, so we took aggressive measures to mitigate the impact of the recession. We began the year with major initiatives to reduce costs and offset expected revenue declines by freezing base salaries, decreasing head count, limiting hiring, and reducing business expenses. Like many companies, we lowered our spending and found ways to operate even more efficiently.

It paid off. We finished the year with strong operational and financial accomplishments. Here are just a few:

We recorded our best year ever with regard to safety, which is always our primary objective. Our generating plants maintained an industry-leading reliability rating, and our transmission and distribution organization recorded its all-time best reliability performance.

We completed seven major environmental construction projects. We installed 1 million smart meters, bringing our total to 1.9 million. And we began the early site work for two new nuclear units after receiving approval from the Nuclear Regulatory Commission.

Both the legislature and our regulators in Georgia authorized recovery of financing costs during the construction of our new nuclear units. Our regulators in Alabama and Florida authorized recovery of funding for five major scrubber projects, and in Mississippi we received approval to add new generation resources, which we plan to do by building a clean-coal plant using new technology that we developed in partnership with the U.S. Department of Energy and others.

Southern Power, our competitive wholesale business, completed construction of a 300-megawatt combined-cycle plant for the Orlando Utilities Commission, began construction on a 720-megawatt combustion turbine plant in North Carolina to serve two North Carolina power companies, and broke ground

on a 100-megawatt biomass plant in Texas that will serve the city of Austin.

In September, we celebrated 60 years on the New York Stock Exchange. We're proud of our stock performance and that we've paid our stockholders a dividend every single quarter for more than 62 years. We also increased our dividend last spring, marking eight consecutive years of increases.

These accomplishments would be impressive in a year with no major challenges. To accomplish these things during a recession that brought about the greatest negative impact on energy demand in our company's history speaks volumes about the outstanding people who make up this company.

The Southeastern economy traditionally has been driven by a vibrant, growing industrial base with strong migration to the region, which has stimulated residential and commercial activity. Because of this, we're fortunate to have a good balance of residential, commercial, and industrial customers. While the economy had a negative impact on all of our retail energy sales in 2009, which were down 4.8 percent, our industrial sales saw the most significant reduction, 11.8 percent.

Our earnings per share for 2009 were down 8.4 percent. Excluding the impact of a litigation settlement and leveraged lease charges incurred in 2009 and 2008, respectively, our earnings per share were down just 2.1 percent. That's a significant financial accomplishment given the economic impact on our region.

While the recession has interrupted traditional growth trends, we don't believe it has permanently altered the competitive advantages of the region. The Southeast is still an excellent place to live and do business, and, as the economy recovers, we are prepared to respond to increasing demands for electricity.

We are aggressively pursuing implementation of smarter, cleaner, more efficient technologies. Over the next three years, we plan to invest \$14.5 billion in our traditional business to

achieve cleaner generation at our existing plants, add more than 4,000 megawatts of new generation with a lower carbon footprint, and make our electric grid smarter and more efficient.

Last year, we rolled out our SO Smart initiative, which set in place a strategic framework for making decisions about the use of technology as we move forward. There is a great deal of conversation these days about smart grids, smart meters, and smart technology. I said in our report last year that Southern Company is made up of a lot of smart people who are aggressively applying smart technologies across our business. We're using our SO Smart framework to make sure we are integrating and coordinating our efforts to achieve maximum benefits for our customers and shareholders. While many continue to talk, we are actually implementing these technologies.

You may have seen the news of our partnership with Turner Renewable Energy, owned by well-known business leader and environmentalist Ted Turner. We have formed an alliance for the development of renewable energy projects in the United States, focusing initially on large-scale solar projects. We're excited about this alliance, which brings together the project development, financial, and operational strengths of Southern Company with the land resources and constructive environmental leadership of Ted Turner and unites two parties committed to developing new generation technologies.

We are moving in the direction that our current administration supports. Earlier this year, President Obama endorsed nuclear and clean coal as essential to America's future clean energy portfolio, and we are leading the industry in the development of both. We are the first utility in the nation to begin early site work for new nuclear generation, and our project is the first to be selected by the U.S. Department of Energy for a conditional federal loan guarantee commitment.

We continue to support comprehensive energy legislation that encourages an affordable, reliable, and environmentally

responsible supply of energy. To meet this objective, we will continue to develop a broad portfolio of energy resources, including renewable technologies where they make sense.

With our SO Smart framework as a guide, we are well down the road to a future of smarter energy, a smarter grid, and smarter choices for our customers. I encourage you to read the rest of this report to find out more about these and other ongoing projects and our plans for the future.

We know that our business model is sound, and, as always, we are focused on the fundamentals that drive our long-term success. We also remain focused on operating our business to maintain our industry-leading position, while continuing to deliver high levels of customer satisfaction and value to you, our shareholders.

The financial challenges brought about by the economy have made us a much leaner and more efficient company and even better prepared to weather future storms.

I am excited about what we're doing today and what we will do in the future. I am confident that our decisions, based on balance and common sense, are the right ones. My confidence is rooted in the one thing that distinguishes us from the rest – our workforce. Southern Company continues to attract and retain some of the best and brightest. Our team has demonstrated its ability to lead the industry, and I am proud to represent some of the smartest people in our business.

Thank you for your confidence in Southern Company.

Sincerely,

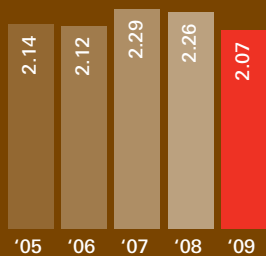


David M. Ratcliffe

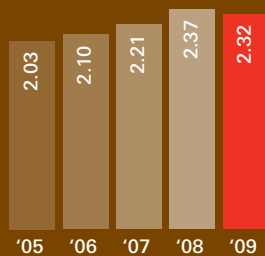
March 24, 2010

FINANCIAL HIGHLIGHTS

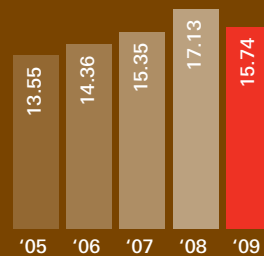
	2009	2008	CHANGE
Operating revenues (in millions)	\$15,743	\$17,127	(8.1)%
Earnings (in millions)	\$1,643	\$1,742	(5.7)%
Basic earnings per share	\$2.07	\$2.26	(8.4)%
Diluted earnings per share	\$2.06	\$2.25	(8.4)%
Dividends per share	\$1.7325	\$1.6625	4.2 %
Dividend yield (percent)	5.2	4.5	15.6 %
Average shares outstanding (in thousands)	794,795	771,039	3.1 %
Return on average common equity (percent)	11.67	13.57	(14.0)%
Book value per share	\$18.15	\$17.08	6.3 %
Market price (year-end, closing)	\$33.32	\$37.00	(9.9)%
Total market value of common stock (year-end, in millions)	\$27,311	\$28,756	(5.0)%
Total assets (in millions)	\$52,046	\$48,347	7.7 %
Total kilowatt-hour sales (in millions)	186,094	199,627	(6.8)%
Retail	152,591	160,259	(4.8)%
Wholesale	33,503	39,368	(14.9)%
Total traditional operating company customers (year-end, in thousands)	4,402	4,402	0.0 %



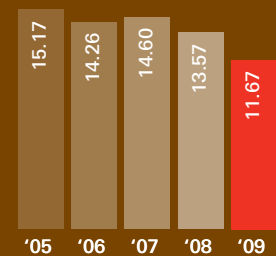
BASIC EARNINGS PER SHARE
(IN DOLLARS)



BASIC EARNINGS PER SHARE, EXCLUDING LITIGATION SETTLEMENT WITH MC ASSET RECOVERY, LEVERAGED LEASE CHARGES, AND SYNTHETIC FUELS*
(IN DOLLARS)



OPERATING REVENUES
(IN BILLIONS OF DOLLARS)



RETURN ON AVERAGE COMMON EQUITY
(PERCENT)

* Not a financial measure under generally accepted accounting principles.
See Glossary on page 32 for additional information.

What's **SMART** about Southern Company? We continue to make smart investments in new technologies that will generate cleaner, more reliable energy and provide our customers with more information and smart energy choices, while keeping our prices as low as possible.



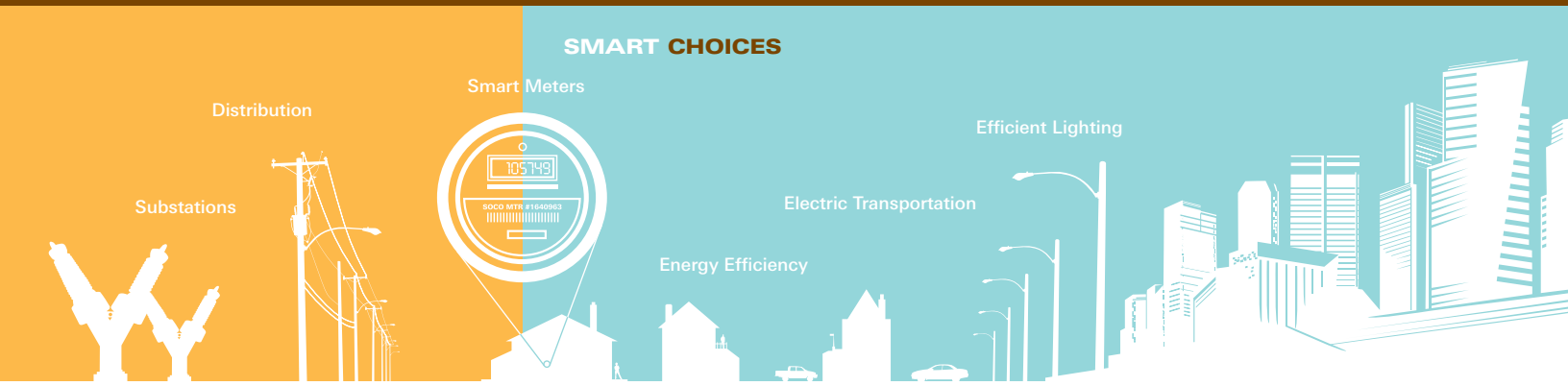
What makes our network **SMART**?

Smart Energy – As we continue to grow our diverse supply of clean, reliable, affordable energy, every resource is evaluated. We're producing growing quantities of renewable energy from resources that are available to us in the Southeast, and we continue to explore other renewable options. New nuclear technology, the only large source of baseload generating capacity available to us without a greenhouse gas or carbon footprint, must be a bigger part of our energy portfolio. And, to pursue energy independence and keep prices as low as possible, we must include energy

produced with clean coal. Energy efficiency and conservation play an increasingly important role in meeting our customers' energy demands. We continue to deploy new technologies that create more customer options for using energy more efficiently. We're also evaluating the use of small-scale generation technologies, such as renewable energy and energy storage, distributed throughout our service area to benefit pockets of customers. We expect these distributed generation resources to play a bigger role in our future.

Smart Grid – Through technology advances and smart grid applications, the delivery of energy is becoming more efficient and reliable. Our record of strong reliability is a reflection of the ongoing investments we make in maintaining and expanding our grid and the smart grid technologies we've employed for a number of years. Now, with an anticipated \$165 million in federal stimulus funds to supplement our smart grid investments, we are expediting our plans to add new advanced technologies that will optimize our grid performance and reliability. We're deploying an automated metering infrastructure throughout our four-state service territory, which will

Why does being **SMART** matter? Rapidly changing technology is driving innovation and creating new opportunities to become even more efficient and better serve our customers. It's essential that we continue to assess every opportunity and make balanced decisions based on common sense.



create the last piece of a two-way communications system between our network and our customers. In the future, we'll be able to supply our customers with detailed information about their own usage and help them find ways to use energy more efficiently. We're already experiencing operational efficiencies and cost savings through our deployment of these smart meters, which allow us to remotely handle many customer services that previously required in-person visits. As new technologies are added, our outstanding system reliability and power quality are expected to become even better.

Smart Choices – Southern Company's success is a result of keeping our customers satisfied by delivering reliable, affordable energy and great service. We have consistently been an industry leader in customer satisfaction. However, we always strive to be better. As we continue to expand our smart grid and smart meter technologies, new smart energy management choices for our customers are realized. We're working hard to introduce our customers to cleaner, more economical ways to power homes, commercial businesses,

and industries. And we're aggressively exploring how we can apply new and proven technologies to everything from electronics and lighting to transportation as we expand our list of convenient and efficient customer offerings. Our largest commercial and industrial customers are enjoying innovative pricing options that give them more control over the prices they pay. The two-way communications capabilities of a smart infrastructure will allow us to expand these dynamic pricing options to more of our customers.



SMART ENERGY

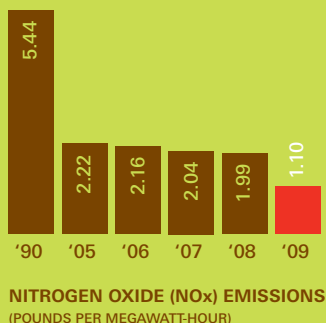
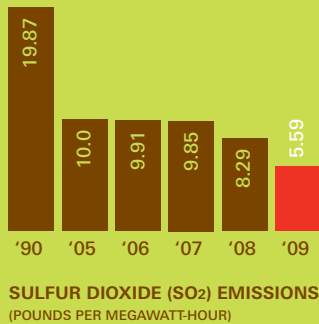
WHAT'S SMART ABOUT SOUTHERN COMPANY?

Our drive to find cutting-edge technologies that will help grow our clean, reliable, affordable energy supply and our energy efficiency initiatives.

Southern Company believes the key to meeting our growing energy demand is a broad portfolio of available energy resources, including energy efficiency, renewable energy, clean coal, new nuclear, natural gas, and hydro. We are aggressively working to reduce the inefficient use of energy through our efficiency and conservation programs. We have dozens of research projects under way as we explore and develop renewable energy options, including biomass, solar, wind, geothermal, and landfill gas. We are researching more economical ways to produce cleaner energy at the National Carbon Capture Center in Wilsonville, Ala., and at our world-renowned Mercury Research Center in Pensacola, Fla. We're an industry leader in the research and development of clean-coal technologies. Pending final approval, we plan to begin construction this year on a Mississippi plant

that will produce energy using an advanced coal-gasification technology that we helped to develop. We are the first utility in the nation to begin early site work on new nuclear generation. We are constructing two new nuclear units at our Vogtle plant in Georgia, and earlier this year we received approval for a conditional loan guarantee totaling approximately \$3.4 billion for this project. We are working on several projects to promote distributed generation – small-scale sources of generation located near the areas they serve – including energy storage and renewable energy. In the future, distributed generation is expected to play a role in helping our company and our industry meet demand and reduce the need for long-distance transmission infrastructure. As you can see, we are delivering a diverse portfolio of smarter, cleaner energy sources.

New Nuclear – Southern Company is on schedule to be the first U.S. utility in more than 30 years to build new nuclear-powered generation. The project will add two new units with more than 2,200 megawatts of capacity at Plant Vogtle in Georgia, with startups planned for 2016 and 2017. Plant Vogtle's two existing units have more than 2,400 megawatts of capacity. The additional units are expected to create approximately 3,500 jobs during construction and an additional 800 permanent jobs when the units begin operation. Jim Williams (pictured) is the site support manager helping to oversee construction of the two new units.



To preserve our low-cost generation, we're installing new environmental technologies on our coal units that greatly reduce emissions. Since 1990, we've invested \$7.5 billion in these technologies, reducing emissions of SO₂ by approximately 60 percent and NO_x by approximately 70 percent, while increasing electricity generation by more than 30 percent. Over the next three years, we plan to invest another \$2.4 billion in these technologies to further reduce emissions of SO₂ and NO_x, as well as mercury.

Energy Efficiency – We continue to invest millions each year in programs designed to help customers use energy more efficiently, thus reducing the need for new generation. So far, we've reduced peak electricity demand by 3,200 megawatts. Now we plan to invest \$1 billion by 2020 to reduce peak demand by another 1,000 megawatts.

① **Biomass** – After years of successful power plant testing, we're ready to go commercial with biomass. We broke ground in Texas last year on one of the largest 100 percent biomass plants in the nation. The 100-megawatt Nacogdoches Generating Facility will serve the city of Austin for 20 years. We also plan to convert existing plants from coal to biomass.

② **Renewables** – We recently formed a partnership with Turner Renewable Energy, owned by business leader and environmentalist Ted Turner, to pursue development of renewable energy projects in the U.S. Initially, we will focus on developing and investing in large-scale solar projects in the Southwest, where solar resources are currently most efficient, with the goal of further commercializing the technology and making it more cost-competitive. Aside from this partnership, we're producing energy from biomass and landfill methane gas, and we're marketing geothermal technology. We continue to test solar energy and study the potential for wind energy in the Southeast. Our 196-foot meteorological tower on Florida's Gulf Coast measures wind speed and duration and air temperature. By analyzing this data, we will be able to determine if wind is a cost-effective energy resource in northwest Florida. Steve Wright (pictured), the renewable energy project developer overseeing this project, shows how anemometers attached to the tower measure wind speed.

③ **Clean Hydro** – Hydropower is the least expensive and cleanest form of energy we produce. It is an important part of our current fuel mix and future plans. Pumped-storage hydro – a form of energy storage – releases water for generation, captures it in a lower reservoir, and pumps it back up to a higher reservoir for re-use. Jerry Nelson (pictured) is one of eight mechanics at Wallace Dam who oversee maintenance of the daily operations of the plant.

④ **National Carbon Capture Center** – Chosen by the U.S. Department of Energy to manage and operate this center in Wilsonville, Ala., we are leading the nation's efforts to test technologies that will economically capture carbon dioxide. The work of engineer WanWang Peng (pictured) and others will serve as a crucial bridge to move this technology from the lab to commercial demonstration.

Clean Coal – We have taken the Integrated Gasification Combined Cycle technology of turning coal into a clean, synthetic gas and advanced it into a more efficient technology called Transport Integrated Gasification (TRIG™), which produces energy from low-rank coals such as lignite. Pending regulatory approval, we plan to break ground this year on a 582-megawatt TRIG plant in Mississippi, where lignite is abundant. This plant will capture about 65 percent of its carbon dioxide emissions, which will be compressed and sold for use in an oil recovery process. Our TRIG technology is expected to make its first commercial debut in China by 2012, replacing the use of fuel oil at an existing 120-megawatt plant.



SMART GRID

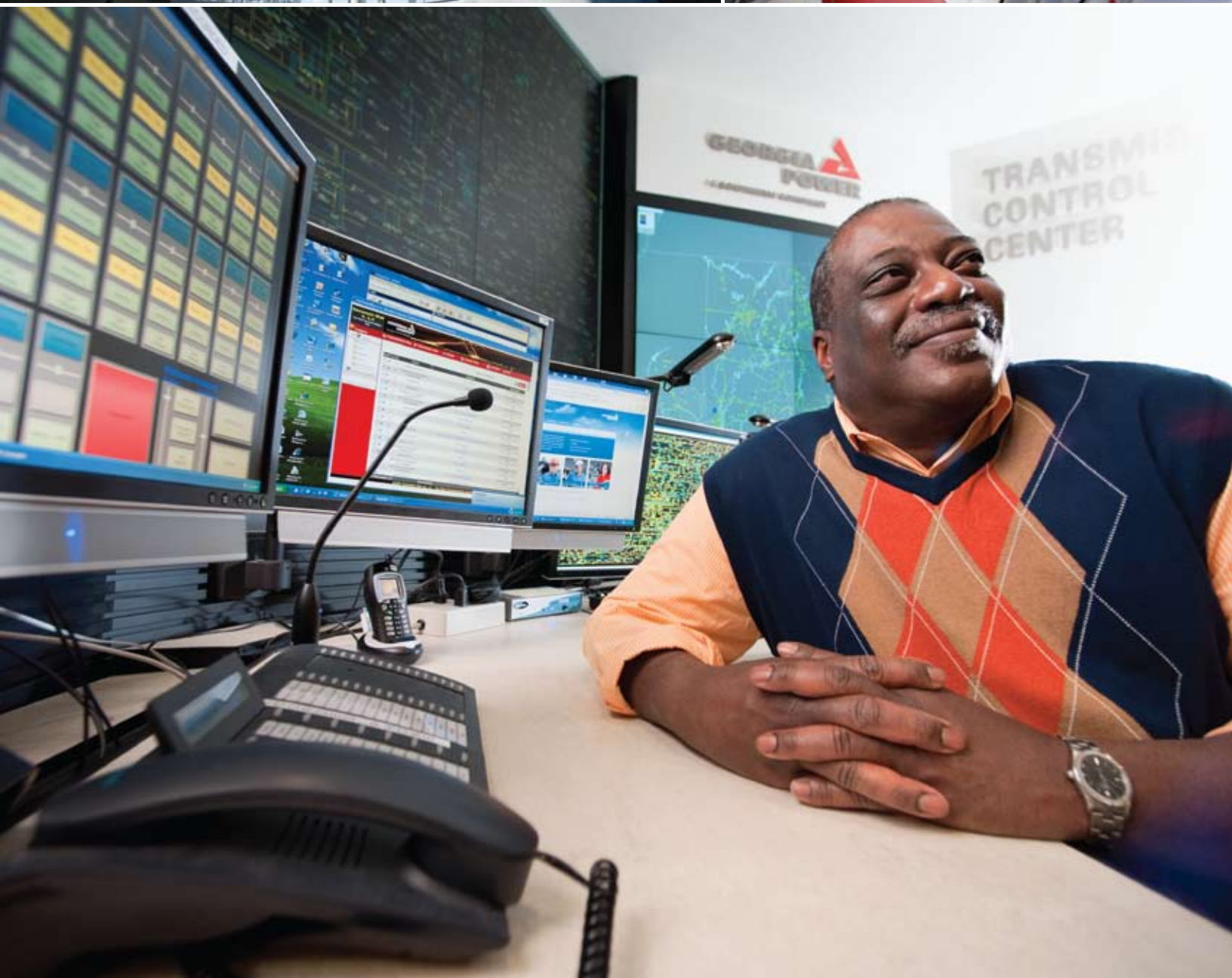
WHAT'S SMART ABOUT SOUTHERN COMPANY?

We're ensuring a smarter, more robust grid by investing in technology to optimize our performance, reliability, and security.

Southern Company has invested billions of dollars to build and maintain a smarter, more robust transmission and distribution system. Long before the term "smart grid" evolved, we were using smart grid technologies to remotely monitor the grid, gather data regarding grid conditions, and isolate problems on the grid, enabling faster restoration of power. Over the next few years, we plan to invest billions more to expand and maintain our grid and to ensure that it continues to become even smarter and more robust through the application of intelligent electronic devices. The stimulus funds we expect to receive for smart grid investments will enable us to accelerate our deployment of these technologies. A smart grid provides fast, two-way communication, enhancing our ability to monitor and control our entire electric infrastructure in real time and respond quickly to existing and potential problems.

Smart grid technologies referred to as "self-healing" can automatically isolate potential problems and restore power to unaffected areas. Our substations are getting smarter as well, with enhanced monitoring, protection, and control devices. We're also installing advanced metering, or smart meters, throughout our service territory. This smart meter infrastructure will serve as the last link of a communications connection with our customers. The benefits of a smarter grid are numerous for Southern Company and for our customers. A smarter grid helps us better manage demand, lower operating costs, and improve reliability and efficiency. It will also better integrate intermittent renewable energy and energy storage options into the system. As for our customers, they will have more control over their energy usage and more smart choices for efficiencies in their own homes or businesses.

Advanced Communications – Our network of advanced meters will allow us to provide our customers with detailed usage information in the future. To ensure that our advanced metering deployment is successful, we check installed meters to make sure they're working properly. Alabama Power employee Kirk Smith (pictured top right) is one of many metering employees checking smart meters around our system. Intelligent devices we've installed on our grid send vast amounts of data around the clock to our system control centers, providing valuable information that operators use to quickly make decisions and avert problems. Jerry West (pictured right) is a supervisor in our Georgia Power Transmission Control Center.





Southern Company is a leader in realizing the benefits of a future smart grid today.

Customer Interaction – As our grid becomes interactive through the use of smart meters and other advanced technologies, our customers will have access to detailed usage and pricing information that will help them make informed energy-usage decisions. As customers modify their usage, saving money and reducing their environmental impact, Southern Company will see greater reductions in demand, mitigating the need for new generation.

Reliability – The list of smart grid technologies and applications being used on Southern Company's grid is long. We've invested in smart grid technologies over the years to help maintain our strong reliability. Some of these technologies enable the grid to communicate potential problems and minimize many disturbances. Others have the ability to take corrective action, restoring service quickly to customers who are not directly affected. We also have technologies that provide system operators with the real-time information and diagnostic tools needed for rapid decision-making, allowing us to avoid outages or minimize their impact. As new technologies become available, we continue to expand the use of intelligent electronic devices on our system for monitoring, improved reliability, and optimum performance.

Efficiency – We continue to invest millions of dollars in efficiency measures designed to reduce peak energy loads and minimize the loss of energy as it travels across the grid, thereby reducing fuel requirements. Our future plans call for a host of technologies that will

monitor and optimize power flow, as well as customer programs designed to promote voluntary usage reductions.

Environmental Initiatives – Our deployment of smart meters is eliminating the need for in-person meter reading and other service orders, thereby reducing vehicle emissions. So far, we've taken more than 7 million miles of vehicle travel off the road. And, we're installing space-saving substation equipment in some of our newer substations, thus reducing the visual impact on the community. As technology advances, we expect to discover more ways to reduce our environmental impact through initiatives in generation, transmission, distribution, energy storage, and energy usage.

Systems Integration – We're a year into developing the next generation of systems integration technology. The Integrated Distribution Management System is an application that integrates incoming information from multiple smart grid technologies and presents it to system operators in a single interface, enabling faster and better-informed decisions.

Security – Maintaining the reliability and security of our computers, control systems, and other cyber assets used to operate the electric grid is a top priority for Southern Company. We are constantly working to strengthen and improve the operation and security of those systems.

Smart Substations – As new substations are built or equipment is added to existing substations, we're using the smartest technology available to enhance our monitoring and control capabilities while maintaining our proven reliability. James Suttles, Jr., a Georgia Power transmission team leader, is one of many transmission and distribution employees who upgrade our substation equipment.



SMART CHOICES

WHAT'S SMART ABOUT SOUTHERN COMPANY?

We're finding new opportunities to enhance the customer experience while keeping our prices as low as possible.

So, exactly what is it that keeps our customers satisfied? It's our reliability, our great customer service, and our affordable prices. We should know, since we are consistently listed among the top U.S. electric service providers in customer satisfaction by the American Customer Satisfaction Index. But our customers deserve more than this. They deserve to have more choices and more control. And that's what we are giving them. Many new customer choices will become available through the use of smart meters. We're nearing the halfway point of our systemwide deployment of 4.6 million smart meters. When the majority are installed by 2012, smart meters will serve as

another way to communicate with our customers. In the future, our customers will have online access to detailed information about their energy usage. They'll be able to identify conservation, efficiency, and usage-management opportunities, which are opportunities to reduce their utility bills and their environmental footprint. But we're researching and developing a whole lot more smart choices for our customers, and many are available right now. From efficiency technologies and smart appliances to dynamic pricing options, we continue to look for energy-saving, dollar-saving, and environment-saving products and services for our customers so that they can make smart choices.

EarthCents® – Our EarthCents energy efficiency programs are helping customers save money and the environment. Bob Price (pictured), a Pensacola home builder, believes energy efficiency is what homeowners want. Price, who is building homes in the first EarthCents Home subdivision in Cantonment, Fla., estimates his buyers will save up to 40 percent on their energy bills. Certified EarthCents homes must meet specified energy efficiency standards.

Our innovation today will only drive future innovation.

Electric Vehicles – It's no longer a question of if or when. The question now is, how large will the market be for this exciting, smart technology? For more than a decade, we've worked with auto manufacturers to understand the use of electricity as a transportation fuel and its impact on the grid. Now, we're helping to develop industry standards for this year's multi-vehicle rollout. We're also evaluating plug-in electric vehicles – hybrid and total electric – and charging technologies for use in our operations. The next step is to become a leader in advanced electric transportation technologies.

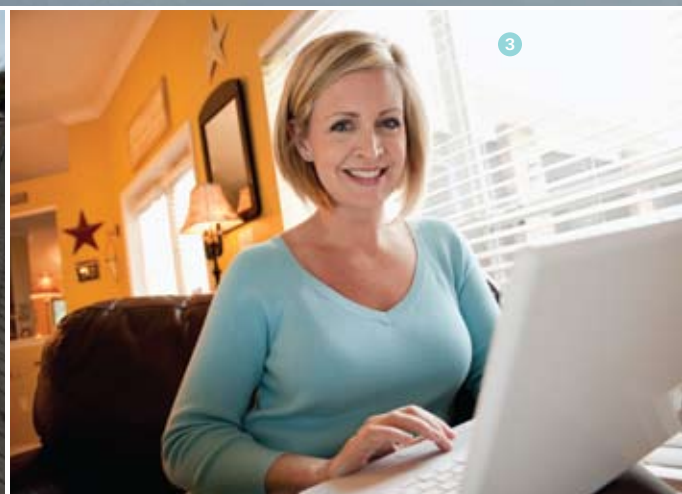
1 Electric Transportation – It's much more than just electric vehicles. We are promoting a multitude of total electric transportation and charging technologies at airports, seaports, rail yards, mines, and distribution centers. The Georgia Port Authority in Savannah, the fourth largest container port in the U.S., is successfully lowering operating costs and emissions by replacing diesel-fueled equipment – ship-to-shore cranes and refrigerated cargo racks – with electric equipment. So far, the port has reduced diesel usage by more than 4 million gallons a year. More electrification possibilities lie ahead. Georgia Power's Dale Holloway (pictured, left) works with Georgia Port Authority's Andy Leighton to help find more efficient ways to operate the port.

Energy-Efficient Technologies – We continue to explore new technologies as we search for more high-efficiency customer offerings. Among our demonstrations are heat pump water heaters, low-wattage LED (light-emitting diode) street and area lighting, and state-of-the-art appliances that use significantly less energy and water. We have commercial and residential customers who are already enjoying the efficiency of geothermal and heat pump heating and cooling systems. Smart appliances will also play a role in our future, giving customers the option of controlling these household appliances via the Internet.

2 Net Metering – We're providing net metering for customers who are installing sources of renewable energy for their homes or businesses. Through our grid interconnection, we make sure their lights stay on when necessary, and we provide credits for any excess energy they return to the grid. Scott Arnold (pictured), of Compass Solar Energy, installed a solar energy system on the Gulf Breeze, Fla., home of Charles Stitzel, a Gulf Power net metering customer.

3 Energy Select – Gulf Power is the first electric utility in the nation to offer this type of advanced energy management program to customers. Energy Select customers receive a programmable thermostat that puts them in control of how much energy they purchase, when they purchase it, and what price they pay. The thermostat allows customers to control their central heating and cooling, their electric water heater, their pool pump, and even their plug-in electric vehicle. The Energy Select variable rate is structured so that customers like Navarre, Fla., resident Cynthia Villanova (pictured) have the opportunity to pay a lower price for electricity 87 percent of the time. When Southern Company completes its deployment of smart meters, more of our customers will have access to an enhanced version of Energy Select.

Pricing Options – We have long been on the leading edge of offering customers a voice in their energy usage. Our real-time pricing allows large industrial and commercial customers to make usage decisions based on real-time energy costs. Our Power Credit customers are rewarded for reduced demand when usage soars, and our Energy Select customers receive signals when energy prices peak. As smart, new technologies continue to be deployed, more of our customers will have access to the information they need to make informed energy-usage decisions.



SMART VALUE

WHAT'S **SMART** ABOUT SOUTHERN COMPANY?

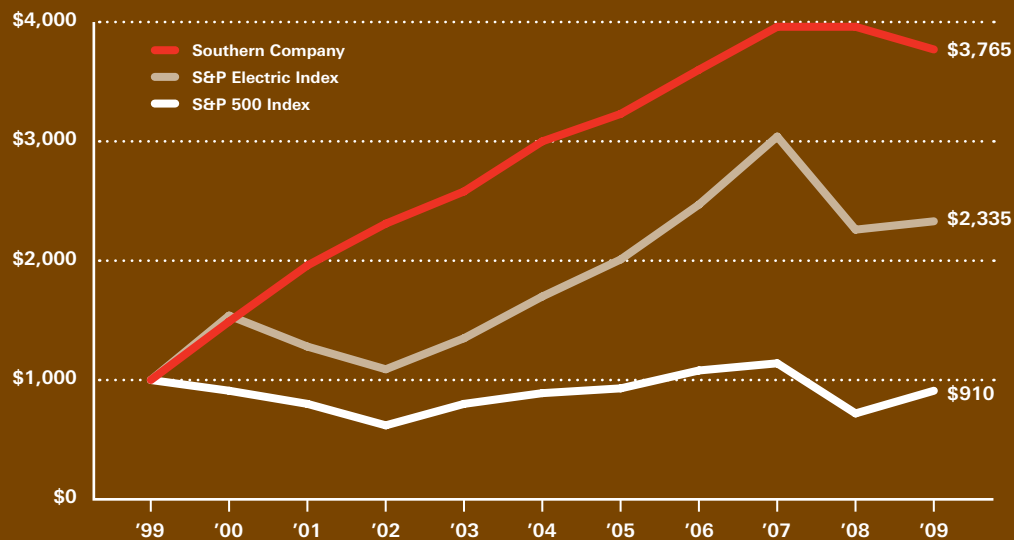
**Our financial strength and integrity and our commitment
to remain a solid investment for our shareholders.**

Southern Company's business results for 2009 were solid, even in the face of economic headwinds. We continued to provide the highest quality of service and reliability at competitive prices to our customers in the Southeast. We continued to maintain our constructive regulatory relationships. We continued to invest wisely in our company's infrastructure. And, we continued to meet our commitment to our investors with exceptional long-term returns. A key component of maintaining that commitment is paying a dividend. For more than 62 years, Southern Company has paid a dividend every single quarter to its investors. In 2009, one of the most challenging years in the history

of our company, we raised our dividend 4.2 percent, marking eight consecutive years of increases and more than 30 percent growth. Now, that's commitment. It's also a reflection of our confidence in the strength of our business and the long-term viability of our region. Going forward, our SO Smart initiative will determine how we integrate smart, new technologies into our proven business and deliver the next generation of clean, reliable, affordable energy. As always, we will maintain our commitment to making conservative, informed, and balanced decisions based on common sense as we research and deploy new technologies.

SO. It's a Smart Value

On September 30, 1949, Southern Company (SO) stock was listed on the New York Stock Exchange. It sold in the \$10 range that day, closing up at \$10.36. An investment in SO on Sept. 30, 1949, with all dividends reinvested, would have provided an annual average return of more than 11.8 percent for 60 years. We have managed through numerous economic and financial challenges for six decades, while continuing to be a major contributor to the long-term prosperity of the Southeast and a solid investment for you, our shareholders. Thank you for your confidence and your investment in Southern Company.

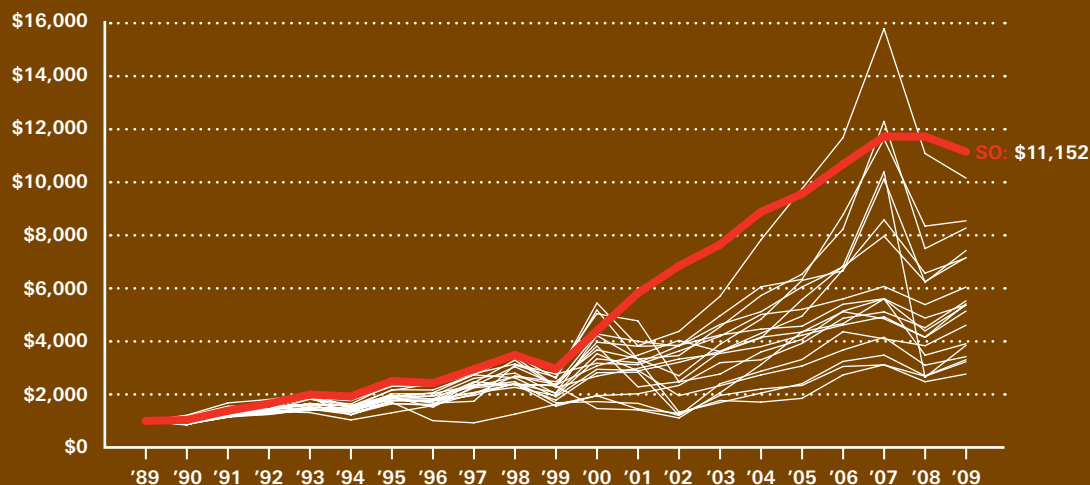


Value of \$1,000 invested in SO over 10 years

This performance graph compares the cumulative return on Southern Company (SO) common stock with the Standard & Poor's Electric Utility Index and the Standard & Poor's 500 Index for the past 10 years. The graph assumes that \$1,000 was invested on December 31, 1999, in Southern Company's common stock and each of the above indices and that all dividends were reinvested.

(A five-year performance graph is included in Appendix C to the Proxy Statement.)

(See Glossary on page 32 for information on total shareholder return.)



SO vs Peer Utilities – Value of \$1,000 invested over 20 years

This graph compares a \$1,000 investment in Southern Company (SO) common stock made on December 31, 1989, and held for 20 years with the same type of investment in each of the other large-cap electric utilities followed by ValueLine. **Source: Bloomberg**

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (the "Form 10-K") contain forward-looking statements. Forward-looking statements include, among other things, statements concerning the strategic goals for the wholesale business, retail sales, customer growth, storm damage cost recovery and repairs, fuel cost recovery and other rate actions, environmental regulations and expenditures, earnings, dividend payout ratios, access to sources of capital, projections for postretirement benefit and nuclear decommissioning trust contributions, financing activities, start and completion of construction projects, plans and estimated costs for new generation resources, impacts of adoption of new accounting rules, potential exemptions from ad valorem taxation of the Kemper integrated coal gasification combined cycle project, impact of the American Recovery and Reinvestment Act of 2009, impact of healthcare legislation, if any, estimated sales and purchases under new power sale and purchase agreements, and estimated construction and other expenditures. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "should," "expects," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "potential," or "continue" or the negative of these terms or other similar terminology. There are various factors that could cause actual results to differ materially from those suggested by the forward-looking statements; accordingly, there can be no assurance that such indicated results will be realized. These factors include:

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

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

FINANCIAL INFORMATION

The following condensed financial presentation should not be considered a substitute for the full financial statements, inclusive of footnotes and Management's Discussion and Analysis of Financial Condition and Results of Operations, provided to all shareholders in Appendix C to the Company's 2010 Proxy Statement and included in the Form 10-K as filed with the Securities and Exchange Commis-

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Under management's supervision, an evaluation of the design and effectiveness of Southern Company's internal control over financial reporting was conducted based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that Southern Company's internal control over financial reporting was effective as of December 31, 2009.

Deloitte & Touche LLP, an independent registered public accounting firm, as auditors of Southern Company's financial statements, has issued an attestation report on the effectiveness of Southern Company's internal control over financial reporting as of December 31, 2009. Deloitte & Touche LLP's report on Southern Company's internal control over financial reporting appears in Appendix C to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission.



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



W. Paul Bowers
Executive Vice President and Chief Financial Officer

February 25, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Southern Company

We have audited the consolidated balance sheets and consolidated statements of capitalization of Southern Company and Subsidiary Companies (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. We have also audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2009. Such consolidated financial statements, management's assessment of the effectiveness of the Company's internal control over financial reporting, and our report on the consolidated financial statements and internal control over financial reporting dated February 25, 2010, expressing unqualified opinions (which are not included herein) are included in Appendix C to the Proxy Statement for the 2010 annual meeting of stockholders. The accompanying condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on such condensed consolidated financial statements in relation to the complete consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 2009 and 2008, and the related condensed consolidated statements of income and of cash flows for each of the three years in the period ended December 31, 2009, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.



Atlanta, Georgia
February 25, 2010

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2009, 2008, and 2007

(in millions)	2009	2008	2007
Operating Revenues:			
Retail revenues	\$13,307	\$14,055	\$12,639
Wholesale revenues	1,802	2,400	1,988
Other electric revenues	533	545	513
Other revenues	101	127	213
Total operating revenues	15,743	17,127	15,353
Operating Expenses:			
Fuel	5,952	6,818	5,856
Purchased power	474	815	515
Other operations and maintenance	3,526	3,748	3,670
MC Asset Recovery litigation settlement	202	-	-
Depreciation and amortization	1,503	1,443	1,245
Taxes other than income taxes	818	797	741
Total operating expenses	12,475	13,621	12,027
Operating Income	3,268	3,506	3,326
Other Income and (Expense):			
Allowance for equity funds used during construction	200	152	106
Interest income	23	33	45
Equity in (losses) income of unconsolidated subsidiaries	(1)	11	(24)
Leveraged lease income (losses)	31	(85)	40
Gain on disposition of lease termination	26	-	-
Loss on extinguishment of debt	(17)	-	-
Interest expense, net of amounts capitalized	(905)	(866)	(886)
Other income (expense), net	(21)	(29)	10
Total other income and (expense)	(664)	(784)	(709)
Earnings Before Income Taxes	2,604	2,722	2,617
Income taxes	896	915	835
Consolidated Net Income	1,708	1,807	1,782
Dividends on Preferred and Preference Stock of Subsidiaries	65	65	48
Consolidated Net Income After Dividends on Preferred and Preference Stock of Subsidiaries	\$ 1,643	\$ 1,742	\$ 1,734
Common Stock Data:			
Earnings per share (EPS) –			
Basic EPS	\$2.07	\$2.26	\$2.29
Diluted EPS	2.06	2.25	2.28
Average number of shares of common stock outstanding – (in millions)			
Basic	795	771	756
Diluted	796	775	761
Cash dividends paid per share of common stock	\$1.7325	\$1.6625	\$ 1.595

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS*For the Years Ended December 31, 2009, 2008, and 2007*

<i>(in millions)</i>	2009	2008	2007
Operating Activities:			
Consolidated net income	\$ 1,708	\$ 1,807	\$ 1,782
Adjustments to reconcile consolidated net income to net cash provided from operating activities –			
Depreciation and amortization, total	1,788	1,704	1,486
Deferred income taxes	25	215	7
Deferred revenues	(54)	120	(2)
Allowance for equity funds used during construction	(200)	(152)	(106)
Equity in (income) losses of unconsolidated subsidiaries	1	(11)	24
Leveraged lease (income) losses	(31)	85	(40)
Gain on disposition of lease termination	(26)	-	-
Loss on extinguishment of debt	17	-	-
Pension, postretirement, and other employee benefits	(3)	21	39
Stock based compensation expense	23	20	28
Hedge settlements	(19)	15	10
Other, net	79	(97)	80
Changes in certain current assets and liabilities –			
Receivables	585	(176)	165
Fossil fuel stock	(432)	(303)	(39)
Materials and supplies	(39)	(23)	(71)
Other current assets	(47)	(36)	-
Accounts payable	(125)	(74)	105
Accrued taxes	(95)	293	(19)
Accrued compensation	(226)	36	(40)
Other current liabilities	334	20	25
Net cash provided from operating activities	3,263	3,464	3,434
Investing Activities:			
Property additions	(4,670)	(3,961)	(3,546)
Investment in restricted cash from pollution control revenue bonds	(55)	(96)	(157)
Distribution of restricted cash from pollution control revenue bonds	119	69	78
Nuclear decommissioning trust fund purchases	(1,234)	(720)	(783)
Nuclear decommissioning trust fund sales	1,228	712	775
Proceeds from property sales	340	34	33
Cost of removal, net of salvage	(119)	(123)	(108)
Change in construction payables	215	83	38
Other investing activities	(143)	(124)	(39)
Net cash used for investing activities	(4,319)	(4,126)	(3,709)
Financing Activities:			
Decrease in notes payable, net	(306)	(314)	(669)
Proceeds –			
Long-term debt issuances	3,042	3,687	3,826
Preferred and preference stock	-	-	470
Common stock issuances	1,286	474	538
Redemptions –			
Long-term debt	(1,234)	(1,469)	(2,565)
Redeemable preferred stock	-	(125)	-
Payment of common stock dividends	(1,369)	(1,280)	(1,205)
Payment of dividends on preferred and preference stock of subsidiaries	(65)	(66)	(40)
Other financing activities	(25)	(29)	(46)
Net cash provided from financing activities	1,329	878	309
Net Change in Cash and Cash Equivalents	273	216	34
Cash and Cash Equivalents at Beginning of Year	417	201	167
Cash and Cash Equivalents at End of Year	\$ 690	\$ 417	\$ 201

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

CONDENSED CONSOLIDATED BALANCE SHEETS*At December 31, 2009 and 2008*

ASSETS (in millions)	2009	2008
Current Assets:		
Cash and cash equivalents	\$ 690	\$ 417
Restricted cash and cash equivalents	43	103
Receivables –		
Customer accounts receivable	953	1,054
Unbilled revenues	394	320
Under recovered regulatory clause revenues	333	646
Other accounts and notes receivable	375	301
Accumulated provision for uncollectible accounts	(25)	(26)
Fossil fuel stock, at average cost	1,447	1,018
Materials and supplies, at average cost	794	757
Vacation pay	145	140
Prepaid expenses	508	302
Other regulatory assets, current	167	275
Other current assets	49	51
Total current assets	5,873	5,358
Property, Plant, and Equipment:		
In service	53,588	50,618
Less accumulated depreciation	19,121	18,286
Plant in service, net of depreciation	34,467	32,332
Nuclear fuel, at amortized cost	593	510
Construction work in progress	4,170	3,036
Total property, plant, and equipment	39,230	35,878
Other Property and Investments:		
Nuclear decommissioning trusts, at fair value	1,070	864
Leveraged leases	610	897
Miscellaneous property and investments	283	227
Total other property and investments	1,963	1,988
Deferred Charges and Other Assets:		
Deferred charges related to income taxes	1,047	973
Unamortized debt issuance expense	208	208
Unamortized loss on reacquired debt	255	271
Deferred under recovered regulatory clause revenues	373	606
Other regulatory assets, deferred	2,702	2,636
Other deferred charges and assets	395	429
Total deferred charges and other assets	4,980	5,123
Total Assets	\$52,046	\$48,347

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

CONDENSED CONSOLIDATED BALANCE SHEETS

At December 31, 2009 and 2008

LIABILITIES AND STOCKHOLDERS' EQUITY <i>(in millions)</i>	2009	2008
Current Liabilities:		
Securities due within one year	\$ 1,113	\$ 617
Notes payable	639	953
Accounts payable	1,329	1,250
Customer deposits	331	302
Accrued taxes –		
Accrued income taxes	13	197
Unrecognized tax benefits	166	131
Other accrued taxes	398	396
Accrued interest	218	196
Accrued vacation pay	184	179
Accrued compensation	248	447
Liabilities from risk management activities	125	261
Other regulatory liabilities, current	528	78
Other current liabilities	292	219
Total current liabilities	5,584	5,226
Long-Term Debt	18,131	16,816
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	6,455	6,080
Deferred credits related to income taxes	248	259
Accumulated deferred investment tax credits	448	455
Employee benefit obligations	2,304	2,057
Asset retirement obligations	1,201	1,183
Other cost of removal obligations	1,091	1,321
Other regulatory liabilities, deferred	278	262
Other deferred credits and liabilities	346	330
Total deferred credits and other liabilities	12,371	11,947
Total Liabilities	36,086	33,989
Redeemable Preferred Stock of Subsidiaries	375	375
Common Stockholders' Equity	14,878	13,276
Preferred and Preference Stock of Subsidiaries	707	707
Total Stockholders' Equity	15,585	13,983
Total Liabilities and Stockholders' Equity	\$52,046	\$48,347

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



David M. Ratcliffe



Juanita Powell Baranco



Jon A. Boscia



Thomas F. Chapman



Henry A. Clark III



H. William Habermeyer, Jr.



Veronica M. Hagen



Warren A. Hood, Jr.



Donald M. James



J. Neal Purcell



William G. Smith, Jr.



Gerald J. St. Pé

BOARD OF DIRECTORS

David M. Ratcliffe

Chairman, President, and CEO
Southern Company
Atlanta, Georgia
Age 61; elected 2003
Other corporate directorships:
CSX Corporation

Juanita Powell Baranco

*Executive Vice President and
Chief Operating Officer*
Baranco Automotive Group
(automobile sales)
Atlanta, Georgia
Age 61; elected 2006
Board committees: Governance (chair),
Nuclear/Operations
Other corporate directorships: None

Jon A. Boscia

President
Sun Life Financial Inc.
(financial services)
Bala Cynwyd, Pennsylvania
Age 57; elected 2007
Board committee: Audit
Other corporate directorships:
Armstrong World Industries

Thomas F. Chapman

Retired Chairman and CEO
Equifax Inc.
(information services, data analytics,
transaction processing, and consumer
financial products)
Atlanta, Georgia
Age 66; elected 1999
Board committee: Governance
Other corporate directorships: None

Henry A. Clark III

Senior Advisor
Lexicon Partners
(corporate finance advisory firm)
New York, New York
Age 61; elected 2009
Board committees:
Finance Committee (chair),
Compensation and Management Succession
Other corporate directorships: None

H. William Habermeyer, Jr.

Retired President and CEO
Progress Energy Florida Inc. (energy)
St. Petersburg, Florida
Age 67; elected 2007
Board committees:
Nuclear/Operations (chair),
Compensation and Management Succession
Other corporate directorships:
Raymond James Financial Inc., USEC Inc.

Veronica M. Hagen

CEO
Polymer Group Inc.
(engineered materials)
Charlotte, North Carolina
Age 64; elected 2008
Board committees: Governance,
Nuclear/Operations
Other corporate directorships:
Polymer Group Inc.,
Newmont Mining Corporation

Warren A. Hood, Jr.

Chairman and CEO
Hood Companies Inc.
(packaging and construction products)
Hattiesburg, Mississippi
Age 58; elected 2007
Board committee: Audit
Other corporate directorships:
Hood Companies Inc.,
BancorpSouth Bank

Donald M. James

Presiding Director
Southern Company Board
Chairman and CEO
Vulcan Materials Company
(construction materials)
Birmingham, Alabama
Age 61; elected 1999
Board committees: Compensation and
Management Succession, Finance
Other corporate directorships:
Vulcan Materials Company,
Wells Fargo & Company

J. Neal Purcell

Retired Vice Chairman-Audit Operations
KPMG (audit and accounting)
Duluth, Georgia
Age 68; elected 2003
Board committees: Compensation and
Management Succession (chair), Finance
Other corporate directorships:
Synovus Financial Corp.,
Kaiser Permanente Health Care and Hospitals

William G. Smith, Jr.

Chairman, President, and CEO
Capital City Bank Group Inc. (banking)
Tallahassee, Florida
Age 56; elected 2006
Board committee: Audit (chair)
Other corporate directorships:
Capital City Bank Group Inc.,
Capital City Bank

Gerald J. St. Pé

Former President
Ingalls Shipbuilding
Retired Executive Vice President
Litton Industries (shipbuilding)
Gautier, Mississippi
Age 70; elected 1995
Board committees: Governance,
Nuclear/Operations
Other corporate directorships:
Signal International, Merchants and
Marine Bank



David M. Ratcliffe



W. Paul Bowers



Thomas A. Fanning



Michael D. Garrett



G. Edison Holland, Jr.



C. Alan Martin



Charles D. McCrary



James H. Miller III



Susan N. Story



Anthony J. Topazi



Christopher C. Womack

MANAGEMENT COUNCIL

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

Ratcliffe, 61, joined the company as a biologist with Georgia Power in 1971 and has been in his current position since 2004. From 1999 to 2004, he was president and CEO of Georgia Power, Southern Company's largest subsidiary. He also served as president and CEO of Mississippi Power. Ratcliffe has held executive and management positions in the areas of finance, external affairs, fuel services, operations and planning, and research and environmental affairs.

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

Bowers, 53, joined the company as a residential sales representative with Gulf Power in 1979. He has held his current position since 2008. Previously, Bowers served as president of Southern Company Generation and president and CEO of Southern Power. He also served as president and CEO of Southern Company's former United Kingdom subsidiary, and senior vice president and chief marketing officer for Southern Company, and held executive positions at Georgia Power.

Thomas A. Fanning*Executive Vice President and Chief Operating Officer*

Fanning, 53, joined the company as a financial analyst in 1980. In his current position since 2008, Fanning is responsible for Southern Company Generation, Southern Power, and Southern Company Transmission, as well as leading Southern Company's efforts on business strategy and associated planning issues. He has served as president and CEO of Gulf Power and chief financial officer for Southern Company, Georgia Power, and Mississippi Power.

Michael D. Garrett*Executive Vice President President and CEO, Georgia Power*

Garrett, 60, joined the company as a cooperative education student with Georgia Power in 1968. He assumed his current position in 2004. Previously, Garrett was president and CEO of Mississippi Power. He has held executive positions at Alabama Power in customer operations, regulatory affairs, finance, and external affairs and also served as Birmingham Division vice president.

G. Edison Holland, Jr.*Executive Vice President, General Counsel, and Corporate Secretary*

Holland, 57, joined the company as vice president and corporate counsel for Gulf Power in 1992. He was named to his current position, which includes serving as the chief compliance officer, in 2001. Previously, he was president and CEO of Savannah Electric and vice president of power generation and transmission at Gulf Power.

C. Alan Martin*Executive Vice President President and CEO, Southern Company Services*

Martin, 61, joined Southern Company in 1972 as a right-of-way agent at Alabama Power. He has held his current position since 2008. Martin previously served as executive vice president and chief marketing officer for Southern Company, as well as vice president of human resources. Most recently, he was executive vice president of Alabama Power, with responsibility for the customer service organization. Martin also has served as executive vice president of external affairs at Alabama Power and has held a number of other executive and management positions at that company.

Charles D. McCrary*Executive Vice President President and CEO, Alabama Power*

McCrary, 58, joined the company as an assistant project planning engineer with Alabama Power in 1973. He assumed his current position in 2001. Previously, McCrary was chief production officer for Southern Company and president and CEO of Southern Power. He has held executive positions at Alabama Power and Southern Nuclear as well as various jobs in engineering, system planning, fuels, and environmental affairs.

James H. Miller III*President and CEO, Southern Nuclear*

Miller, 60, joined the company in 1994 as general counsel for Southern Nuclear. He assumed his current position in 2008. Previously, Miller served as senior vice president, compliance officer, and general counsel for Georgia Power. He also has held the positions of senior vice president of external affairs and senior vice president of the Birmingham Division at Alabama Power.

Susan N. Story*President and CEO, Gulf Power*

Story, 50, joined the company as a nuclear power plant engineer in 1982. She has held her current position since 2003. Previously, Story was executive vice president of engineering and construction services for Southern Company Generation and Energy Marketing. She has held executive and management positions in the areas of supply chain management, real estate, corporate services, and human resources.

Anthony J. Topazi*President and CEO, Mississippi Power*

Topazi, 59, joined the company as a cooperative education student with Alabama Power in 1969. He assumed his current position in 2004. Topazi previously was executive vice president for Southern Company Generation and Energy Marketing and also served as senior vice president of Southern Power. He also has held various positions at Alabama Power, including Western Division vice president and Birmingham Division vice president.

Christopher C. Womack*Executive Vice President President of External Affairs*

Womack, 52, joined the company in 1988 as a governmental affairs representative for Alabama Power. He has held his current position since January 2009. Previously, Womack was executive vice president of external affairs for Georgia Power. He has held numerous executive and management positions, including senior vice president of human resources and chief people officer for Southern Company as well as senior vice president and senior production officer of Southern Company Generation.

GLOSSARY

Basic Earnings Per Share Excluding Litigation Settlement with MC Asset Recovery, Leveraged Lease Charges, and Synthetic Fuels—basic earnings per share of \$2.07 excluding a 25-cent charge related to a litigation settlement with MC Asset Recovery in 2009; basic earnings per share of \$2.26 excluding 11 cents of leveraged lease charges in 2008; basic earnings per share of \$2.29, \$2.12, and \$2.14 excluding synthetic fuel earnings of 8 cents, 2 cents, and 11 cents in 2007, 2006, and 2005, respectively.

Biomass—plant matter such as dead trees and branches, yard clippings, and wood chips used to generate electricity.

Book Value—a company's common stock equity as it appears on a balance sheet, equal to total assets minus liabilities, preferred and preference stock, and intangible assets such as goodwill. Book value per share refers to the book value of a company divided by the number of shares outstanding.

Coal Gasification—a process of converting coal into gas that can be used to produce electricity.

Diluted Earnings Per Share—a company's earnings per share calculated using fully diluted shares outstanding, including the impact of stock option grants and convertible bonds that can be converted into shares of stock in the issuing company.

Distributed Generation—small-scale power generation technologies located in close proximity to the load being served.

Dividend Yield—the annual dividend income per share received from a company divided by its current stock price.

Dynamic Pricing—pricing options that allow customers to purchase power based on fluctuating prices during various time periods.

Earnings Per Share—net income divided by the average number of shares of common stock outstanding.

Electricity Infrastructure—basic facilities and equipment, including power plants and transmission and distribution assets, needed to generate and deliver electricity to customers.

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

Kilowatt-Hour—a unit of electricity, equal to 1,000 watt-hours, delivered by electric utilities steadily for one hour.

Lignite—a soft, brown, low-rank coal with characteristics between coal and decayed vegetation matter.

Market Value—what investors believe a company is worth, calculated by multiplying the number of shares outstanding by the current market price of the company's shares.

Megawatt—1,000 kilowatts. A measurement of electricity usually used when discussing large amounts of generating capacity.

Net Metering—a program for customers who use renewable energy for their homes or businesses that provides credits for any electricity they generate that flows back onto the grid.

Renewable Energy—energy generated from natural resources such as sunlight, wind, rain, ocean tides, and geothermal heat from the ground.

Return on Equity—a measure of profitability, calculated as net income divided by shareholders' equity.

Scrubber—a technology that reduces sulfur dioxide emissions and other pollutants from coal plants by using a lime/limestone mixture as a reducing agent to "wash" pollutants from a gas stream.

Smart Grid—an electricity grid that uses digital technology—two-way communications, advanced sensors, and distributed computing—to save energy, reduce costs, and increase reliability.

Smart Meter—an advanced meter that identifies electricity consumption in more detail than a conventional meter and is capable of communicating that information via a network.

Synthetic Fuels—gaseous liquids or solid fuels that do not occur naturally and can be made from natural substances such as coal or oil.

Total Shareholder Return—stock price appreciation plus reinvested dividends. (The distribution of shares of Mirant Corporation stock to Southern Company shareholders is treated as a special dividend for purposes of calculating Southern Company shareholder return.)

Traditional 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.

Wholesale Business—the part of our business that sells wholesale electricity to energy marketers, electric and gas utilities, municipal utilities, rural electric cooperatives, and other entities.

STOCKHOLDER INFORMATION

TRANSFER AGENT

SCS Stockholder Services is Southern Company's transfer agent, dividend-paying agent, investment plan administrator, and registrar. If you have questions concerning your Southern Company stockholder account, please contact:

BY MAIL

SCS Stockholder Services
P.O. Box 54250
Atlanta, Ga. 30308-0250

BY COURIER

SCS Stockholder Services
30 Ivan Allen Jr. Blvd. NW
11th Floor-Bin SC1100
Atlanta, Ga. 30308

BY PHONE

9 to 12 and 1 to 5 Eastern time
Monday through Friday
800-554-7626

BY E-MAIL

stockholders@southernco.com

STOCKHOLDER SERVICES INTERNET SITE

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

SOUTHERN INVESTMENT PLAN

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

DIRECT REGISTRATION

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

DIVIDEND PAYMENTS

The entire amount of dividends paid in 2009 is taxable. The board of directors sets the record and payment dates for quarterly dividends. A dividend of 43.75 cents per share was paid in March 2010. For the remainder of 2010, projected record dates are May 3, August 2, and November 1. Projected payment dates for dividends declared during the remainder of 2010 are June 5, September 4, and December 6.

ANNUAL MEETING

The 2010 Annual Meeting of Stockholders will be held Wednesday, May 26, at 10 a.m. Eastern time at The Lodge Conference Center at Callaway Gardens, Highway 18, Pine Mountain, Ga. 31822.

AUDITORS

Deloitte & Touche LLP
191 Peachtree St. NE
Suite 2000
Atlanta, Ga. 30303

INVESTOR INFORMATION LINE

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

INSTITUTIONAL INVESTOR INQUIRIES

Southern Company maintains an investor relations office in Atlanta, 404-506-0571, to meet the information needs of institutional investors and securities analysts.

ELECTRONIC DELIVERY OF PROXY MATERIALS

Any stockholder may enroll for electronic delivery of proxy materials by logging on at www.icsdelivery.com/so.

CERTIFICATIONS

Southern Company has filed the required certifications of its chief executive officer and chief financial officer—under Section 302 of the Sarbanes-Oxley Act of 2002, regarding the quality of its public disclosures as exhibits 31(a)1 and 31(a)2, respectively—to Southern Company's Annual Report on Form 10-K for the year ended December 31, 2009. 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 2010 Annual Meeting of Stockholders. Last year, Southern Company filed this certification with the NYSE on June 9, 2009.

ENVIRONMENTAL INFORMATION

Southern Company publishes information on its activities to meet environmental commitments. This information is available online at www.southerncompany.com/planetpower/reports.aspx. To request printed materials, write to:

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

COMMON STOCK

Southern Company common stock is listed on the NYSE under the ticker symbol SO. On December 31, 2009, Southern Company had 92,799 stockholders of record.

The 2009 summary annual report is submitted for shareholders' information. It is not intended for use in connection with any sale or purchase of, or any solicitation of offers to buy or sell, securities.

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