



## *Values and Business Strategy*

The actions of our people define our company. Our model for corporate and professional values is called Southern Style, which includes these principles:

### **LEADERSHIP**

*“Southern Company will remain focused on customer service and community responsibility. We will help work through issues of growth and regulation. We will lead the nation to better ways of generating electricity while reducing our impact on the environment. We will make a diverse and inclusive work force a top priority. And we will help our customers be more efficient in their energy use.”*

*- David Ratcliffe*

### **Unquestionable Trust**

Honesty, respect, fairness, and integrity drive our behavior. We keep our promises and ethical behavior is our standard.

### **Superior Performance**

We are dedicated to superior performance throughout our business. Our priorities are safety first, teamwork, diversity, and continuous improvement through strong leadership.

### **Total Commitment**

We are committed to the success of our employees, customers, and shareholders and to citizenship and stewardship in all our actions.

## *Business Strategy*

- Live Southern Style in all aspects of our business.
- Lead the industry in customer satisfaction and service.
- Continue to earn top-quartile returns with one of the lowest-risk profiles in the electric utility industry.
- Achieve a long-term earnings-per-share growth rate of 4-6 percent while delivering a sustainable and growing dividend to our shareholders.
- Make the communities we serve better places to live and work.

**Southern Company was named among the top 10 best managed utilities by *Forbes* from 2003-2006.**

FORTUNE® Magazine  
ranked Southern Company  
the “Most Admired  
Electric and Gas Utility”  
from 2002-2004.

## Governance

### Chief Executive Officer

In July 2004, David Ratcliffe became Southern Company’s chairman, president, and CEO. Ratcliffe, who joined Southern Company as a biologist in the environmental area, has worked for the company for 33 years. In addition to his time in the environmental organization, Ratcliffe’s executive level service includes vice president, fuel services; executive vice president, external affairs; and president and CEO of both Mississippi Power and Georgia Power. He serves on the boards of the Georgia and metro Atlanta chambers of commerce and is chairman of the board of directors of the Federal Reserve Bank of Atlanta.

### Management Council

Ratcliffe heads Southern Company’s management council, which is responsible for developing, communicating, and implementing the company’s strategies and vision.

David Ratcliffe - chairman, president, and CEO  
Barnie Beasley - president and CEO, Southern Nuclear  
Paul Bowers - president, Southern Company Generation  
Bob Dawson - president and CEO, SouthernLINC Wireless  
Andy Dearman - executive vice president and chief transmission officer  
Dwight Evans - executive vice president  
Tom Fanning - executive vice president, chief financial officer, and treasurer  
Mike Garrett - executive vice president; president and CEO, Georgia Power  
Ed Holland - executive vice president, general counsel, and corporate secretary  
Anthony James - executive vice president and president of shared services  
Charles McCrary - executive vice president; president and CEO, Alabama Power  
Susan Story - president and CEO, Gulf Power  
Anthony Topazi - president and CEO, Mississippi Power

### Board of Directors

By policy, Southern Company must have a majority of independent directors. Audit, governance, finance, and compensation and management succession committees must be comprised entirely of independent directors. Currently, only one member of the 10-member board – Southern Company CEO David Ratcliffe – is employed by the company.

*Management Council member Tom Fanning pitches in at a community service project.*



The board establishes committees as needed to facilitate and assist in the execution of its responsibilities. The governance committee evaluates the expertise and needs of the board at least annually to determine its proper membership and size.

There are currently five standing committees of the board:

- Audit
- Compensation and Management Succession
- Finance
- Governance
- Nuclear Oversight

The audit committee oversees environmental compliance. Broader environmental policy is discussed by the entire board.

As of May 2006, Southern Company directors are:

- Juanita P. Baranco - executive vice president and chief operating officer, Baranco Automotive Group (automobile sales). Morrow, Georgia
- Dorrit J. Bern - chairman, president, and chief executive officer, Charming Shoppes Incorporated (retail). Bensalem, Pennsylvania
- Francis S. Blake - executive vice president of business development and corporate operations, The Home Depot Incorporated (retail). Atlanta, Georgia
- Thomas F. Chapman - retired chairman and chief executive officer, Equifax Incorporated (information services and transaction processing). Atlanta, Georgia
- Donald M. James - chairman and chief executive officer, Vulcan Materials Company (construction materials). Birmingham, Alabama
- Zack T. Pate - chairman emeritus, World Association of Nuclear Operators (nuclear power industry). Atlanta, Georgia
- J. Neal Purcell - retired vice chairman audit operations, KPMG (audit and accounting). Duluth, Georgia
- David M. Ratcliffe - chairman, president, and chief executive officer, Southern Company. Atlanta, Georgia
- William G. Smith Jr. - chairman, president and chief executive officer, Capital City Bank Group Incorporated (banking). Tallahassee, Florida
- Jerry St. Pé - former president, Ingalls Shipbuilding; retired executive vice president, Litton Industries (shipbuilding). Pascagoula, Mississippi

Find additional information about board members, guidelines, and governance at:  
<http://investor.southerncompany.com/governance/directors.cfm>.



*David Ratcliffe, CEO, at an executive forum.*



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We interact with stakeholders in many ways, including our Web sites. Planet Power (a) features information about energy and the environment. Learning Power (b) offers educational information. Find financial (c), career, operations, and customer service information at (d) [www.southerncompany.com](http://www.southerncompany.com).

## *Ethics*

Southern Company's code of ethics applies to directors, officers, and employees of Southern Company and its subsidiaries. The code addresses behavior, safety and health, environmental performance, compliance, confidentiality, conflicts of interest, gifts and gratuities, political activities, competitive practices, financial integrity, and relationships with customers, vendors, shareholders, regulators, and others. Each year, employees complete a questionnaire affirming their personal compliance with the code of ethics. The company also requires periodic online ethics and compliance training for all employees and directors.

Employee concerns may be reported using a confidential concerns line or Web site. Further information and detail on the company's code of ethics can be found at: <http://investor.southerncompany.com/governance/ethics.cfm>.

## *Legislative and Regulatory Participation*

Southern Company participates in the legislative and regulatory process, especially related to proposed laws or rules that impact our customers and shareholders. We work closely with both national and state leaders.

Southern Company maintains an office and staff in Washington, D.C., to interact with Congress and with agencies, including the Federal Energy Regulatory Commission, the Securities and Exchange Commission, the Nuclear Regulatory Commission, the Department of Energy, the Department of Defense, and the Environmental Protection Agency. We use outside firms to assist our efforts, and we support a number of trade organizations that engage in lobbying activities as well. The total expense associated with operating our federal affairs program is approximately \$10 million annually. We also work with state and local legislators and policy-makers.

Southern Company sponsors Political Action Committees that make contributions to candidates for public office using funds voluntarily donated by employees. For the 2004 election, the total amount of voluntary contributions from employees to Political Action Committees was \$1,242,028. The total amount given to federal candidates from company Political Action Committees was slightly more than \$983,500. This money was contributed to various Republican and Democratic candidates, other Political Action Committees, and political organizations such as the Republican and Democratic national committees. Information on Political Action Committee federal contributions is publicly available through the Federal Elections Commission at [www.fec.gov](http://www.fec.gov).

In addition, we participate in or serve on industry groups and committees such as the Utility Air Regulatory Group, the Utility Water Act Group, the Utility Solid Waste Activities Group, and several committees sponsored by the Edison Electric Institute.

## *Stakeholder Engagement*

In response to requests by shareholders, we have enhanced our corporate reporting and disclosure materials to be more transparent as to our plans and measurable as to our accomplishments. We welcome opportunities to meet with key stakeholders to learn more about their interests, challenges, and opportunities. We also welcome outside perspectives on how to improve our performance.

We encourage open dialogues on national policy and on issues that impact local residents and business people.

We also foster collaborative partnerships with specific objectives like conserving habitat, protecting wildlife, developing new technology, educating children, providing recreation areas, developing community resources, and removing trash from waterways. We work with partners at all levels from the grass roots in field offices and power plants up through corporate channels at each of our subsidiaries and headquarters. For examples of our active partnerships, visit [www.planetpower.com](http://www.planetpower.com).

In addition to partnerships, our success depends on active engagement and participation with community groups, government agencies, non-profit organizations, shareholders, media, academia, customers, employees, and suppliers. Participation includes attendance at local group meetings, safety education, service on boards, plant tours, charitable support, speaking engagements, research support, informational surveys, membership in community organizations, reporting, and media support.

Contact us at [responsibility@southernco.com](mailto:responsibility@southernco.com).



*David Ratcliffe at the annual shareholders meeting.*