

# OUR WORKPLACE RESPONSIBILITY



## DEVELOPING TALENT

*"Our greatest strength is our people, their experience, their dedication to the local communities they serve, and their willingness to meet challenges like those presented by hurricanes Ivan and Katrina. We have a deep pool of management talent and some of the finest minds in the industry. We will continue to develop our work force, maintain the skill sets and management experience we need, and move toward a more diverse, inclusive work environment."*

- David Ratcliffe

The actions of our people impact our workplace, our industry, and the communities in which we serve. We ask employees to exhibit unquestionable trust, superior performance, and total commitment, our Southern Style behaviors (see page 19).

## Safety

Our business employs people who routinely work near energized wires, intense heat, nuclear fuel, heavy equipment, moving vehicles, pressurized equipment, and under other conditions that require exceptional safety attitudes and measures. Though it is vitally important to provide energy to our customers, there is no occupation worth risking the safety of an individual employee.

Prior to 2005, results for our regional utilities, as compiled by the Southeastern Electric Exchange (a non-profit trade association of more than 20 investor-owned electric utilities) indicated subpar safety performance. To reach top quartile rankings, we increased emphasis on safety in 2005 through a program called Target Zero. In 2005, we reduced our Occupational Safety and Health Administration recordable injury incidence rate by 22 percent. Across our system, we reduced the number of recordable injuries by 25 percent, and lost workday injuries were reduced by 40 percent.

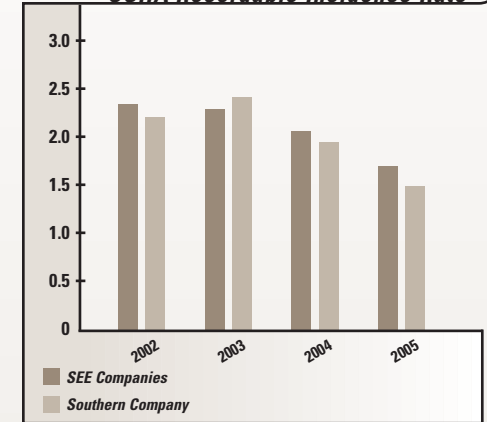
### Target Zero

No one ever plans to get injured at work. Target Zero challenges the attitude that accidents are inevitable and acceptable, replacing it with the expectation that every day, every job can be accomplished safely. Zero may seem like an unrealistic goal but most of our employees work their entire careers without sustaining an occupational injury. We have numerous work groups that work years without a crew member sustaining an injury. Zero reflects a real and achievable personal, and therefore organizational, goal.

Target Zero emphasizes starting any job with safety in mind. We identify hazards and determine how to avoid them. We go over safety details with all employees who will perform the work. While working, we watch out for each other and start corrective actions if we see unsafe conditions.

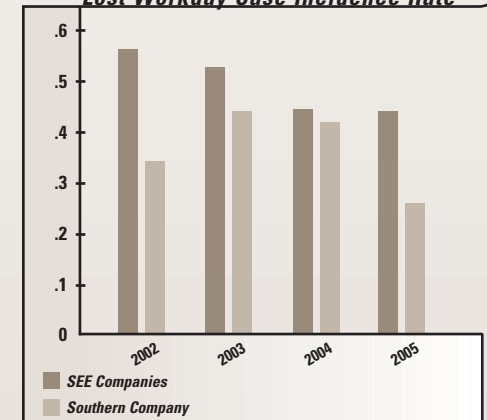
*Skilled workers string new transmission lines to meet growing demand.*

**OSHA Recordable Incidence Rate\***



\*With some exceptions, injuries requiring medical treatment beyond first aid or that involve loss of consciousness or inability to complete normal job duties are recordable in accordance with OSHA rules. The recordable incidence rate is used to compare injury records from company to company. The rate reflects the number of recorded injuries per 100 employees in a calendar year. Consult [www.osha.gov](http://www.osha.gov) for details.

**Lost Workday Case Incidence Rate\*\***



\*\*Generally, a lost workday case is a recordable case that resulted in time away from work.

OSHA clarified injury recordkeeping standards in January 2002, making 2001 data irregular; thus it is omitted here.

*Profiles in Diversity*  
*Journal* awarded Georgia  
Power the International  
Innovation in Diversity  
Award, 2005.

## ***Diversity and Inclusion***

Our goal is to attract and retain a diverse, highly skilled, fully engaged work force. Emphasis on diversity and inclusion enhances our ability to make sound business decisions by engaging people from diverse backgrounds and perspectives. Making diversity and inclusion a part of how we do business is not just a corporate performance goal, it is a business imperative. Our focus on sustaining an inclusive and diverse work force and actively engaging community partners and diverse suppliers helps make our business stronger.

To heighten the focus on excellence through inclusion, Southern Company named a chief diversity officer in 2005 and merged the diversity and talent management organizations in 2006 to better integrate work force strategy and planning, talent acquisition, and talent development. This brings all of the functions in the lifecycle of employment – hiring, orientation, career development, retention, work force planning, and retirement – under one umbrella.

To keep the diversity effort moving forward, we are raising the bar on expectations, more strongly linking diversity to the business, aligning systems and processes internally and externally, moving from activities to results, and strengthening accountability around performance standards to track and guide success.

The effort is led by the Southern Company CEO, with the CEOs of each operating company taking ownership and leading the effort at their respective companies. The overarching objective is to execute business strategies with precision through competent leadership, technically skilled teams, and engaged individuals who feel valued and respected for their ideas, experiences, and backgrounds.

Southern Company's focus on diversity and inclusion is based on Southern Style, our core values. As the foundation from which we operate, Southern Style demonstrates our pledge to earn unquestionable trust, our dedication to superior performance, and our total commitment to the success of everyone touched by our business.

Embracing diversity and inclusion requires that we value differences and treat people as unique individuals. Uniqueness manifests itself in much broader terms than the visible aspects of race and gender. It includes creativity, experience, upbringing, and educational background – all the things that shape us and make us individuals.



*Southern Company employees have a wide variety of occupations, from meter readers to engineers, troublemen to customer service representatives.*

## Putting Diversity and Inclusion into Practice

From the board of directors to frontline employees, Southern Company enlists talent that meets our business needs and is representative of communities we serve and the changing demographics of the marketplace.

Once employees come to work at Southern Company, we strive to ensure that resources are in place to support and encourage professional development. We have an active focus on individual and group mentoring programs, leadership and high potential assessments, performance management, tuition reimbursement, and numerous development courses.

By nurturing relationships with diverse suppliers, including female and minority-owned businesses, Southern Company broadens its access to products and services while demonstrating commitment to economic inclusion. Across the system, our operating companies engage diverse suppliers and, in some instances, mentor them to help them compete for opportunities to become a part of our supply chain.

Community partnerships ensure the growth and vitality of the diverse communities in which we serve, work, and live and create alliances around business issues.

## Measuring Diversity and Inclusion

We measure performance on a quarterly basis for diversity and inclusion and report this information to the CEO along with other key performance metrics. Employees can track the company's performance around key performance goals each quarter through our intranet.

Since 2001, Southern Company has surveyed its employees annually to analyze our progress on our efforts to ensure an inclusive work environment. Areas targeted on the survey include fairness and openness within individual work groups, management and supervision, the selection and development process, and valuing differences. In 2005, more than 60 percent of our employees participated in the survey. The results are reported for each business unit, which then develops action plans to address opportunities for improvement and build upon areas of success.

Southern Company subsidiaries have one of the lowest turnover rates in the industry, in large part because of our work environment, pay and benefits, and employee development and training.

*More than 200 employees are dedicated to environmental activities like monitoring water quality.*



## Pay, Benefits and Career Growth

Southern Company and its subsidiaries offer Total Rewards, a comprehensive compensation package.

- **Competitive Base Salary** – Base salary depends on job classification, market pay levels, and individual performance. It may be adjusted in consideration of individual performance, through the annual merit increase program and promotions.
- **Short-Term Incentives** – Short-term incentives reward employees for meeting specified goals. We offer a performance pay plan, target incentives, top performer awards, spot awards, and sales-based incentives.
- **Long-Term Incentives** – Long-term incentives reward employees for company performance through stock appreciation and stock dividend payout performance. Long-term incentives include the Stock Option Program and the Performance Dividend Program.

### Health Care and Wellness

Employees choose from an array of insurance and health care plans – including Health Maintenance Organizations, and Preferred Provider Organizations – for single or family coverage, with prescription drug plans and dental coverage. We have provisions for employee assistance, accident and sickness insurance, and disability and life insurance for employees, spouses, and children, as well as flexible (health care and dependent care) spending accounts. A new medical option, Build Your Own, introduced in 2006, enables participants to choose a customized combination of medical and prescription deductibles, copayments, and coinsurance levels.

Southern LifeStyle is an enhanced health and wellness program for all eligible employees. Southern LifeStyle includes an annual company-paid health and lab profile, health education, and customized wellness and health management programs.

Southern Company also has a systemwide random drug testing program for employees and contractors to help keep our workplace free from illegal drugs and alcohol.

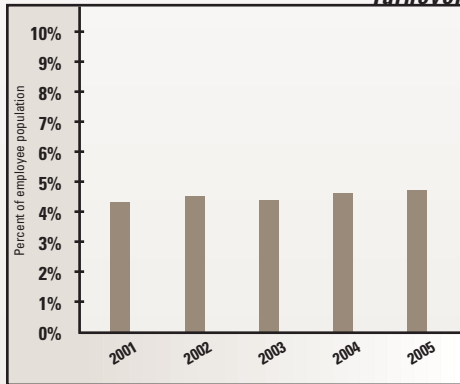
### Pension and Savings

We offer a defined benefit pension plan as well as an employee savings plan (401K) with a company match and access to retiree medical and life insurance. We offer convenient banking services through a credit union.

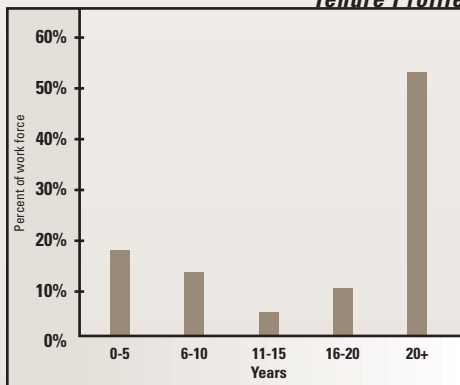
### Workplace Opportunities and Education

We encourage employees to capitalize on opportunities to learn, grow, and advance in their careers. Southern Company subsidiaries offer a variety of in-house instructor-taught, Web-based and self-help courses for employees. Courses cover areas such as communication, consulting, finance, leadership development, performance management, and specific job-related skills.

Turnover



Tenure Profile



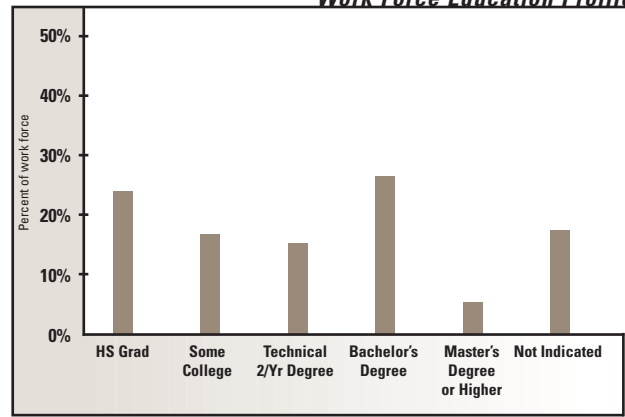


*Company classes include safety training in CPR.*

Southern Company was named Organization of the Year in 2005 by the Southeast Chapter of the International Human Resources Information Management organization. The award recognizes improved recruiting, hiring, record-keeping, customer service and other processes.

Southern Company also offers programs that help prepare employees for advancement opportunities through job and career assistance, including tuition-reimbursement and scholarship programs for college, graduate school, prep courses, and professional certification. For reimbursement, employees must achieve a C grade or better. In the past five years, we've provided more than \$6.3 million to 4,358 deserving employees.

**Work Force Education Profile**



**Succession Planning**

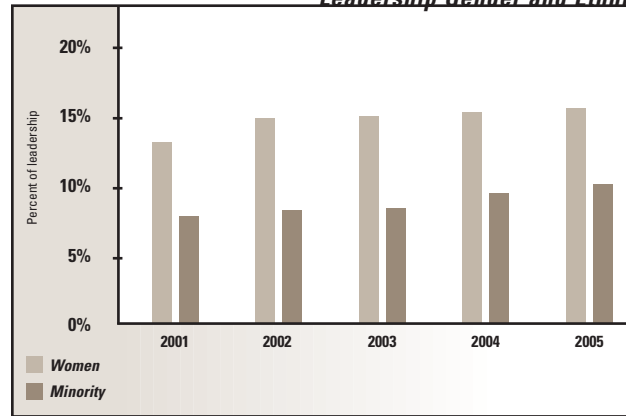
Our success can be traced, in large part, to consistent, capable leadership with deep knowledge of the company and the energy industry. Succession planning leads to long-term stability – more than 70 percent of Southern Company officers have been promoted from succession plans.

To develop successful upper-level managers and executives, we give them experiences across organizational and company lines. For example, of the 258 employees at upper management and executive levels, more than 80 were moved into a different organization or company during 2005.

Identifying diversity among succession candidates is an added focus. We have had a steady increase in women and minority candidates and leaders.

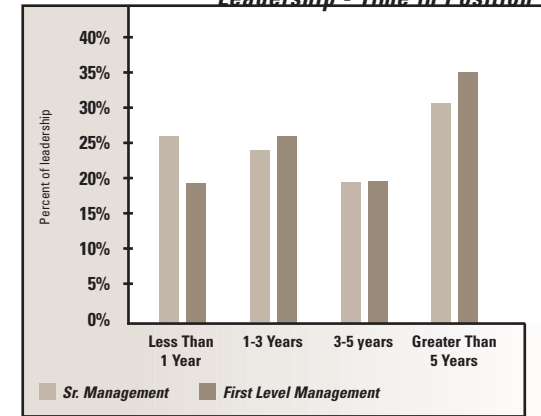


**Leadership Gender and Ethnicity**



Promotions 2005: 30 percent women; 24 percent minority

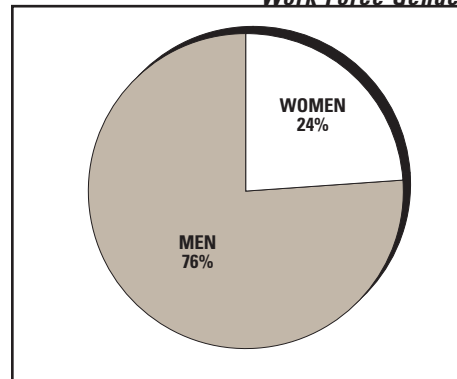
**Leadership - Time in Position**



## Demographics

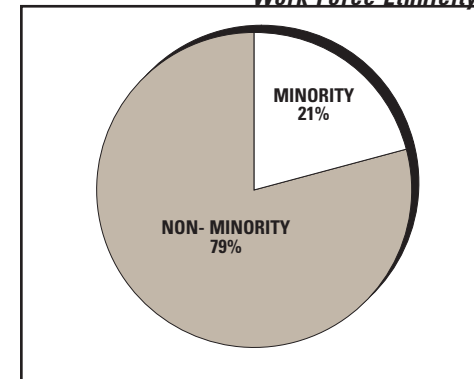
Southern Company has 25,554 employees. Employees average 45 years of age and have an average tenure of 19 years. The mean age and tenure are higher than the national average for large businesses, prompting us to step up recruitment and foster leadership development.

**Work Force Gender**



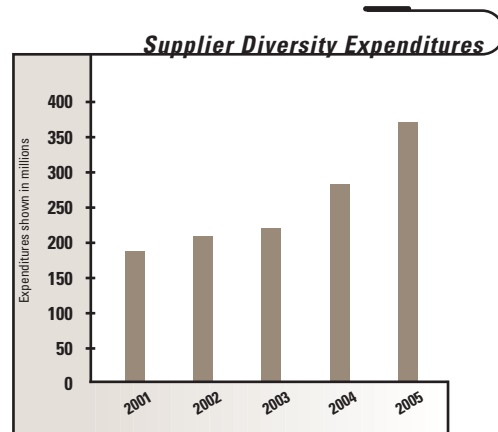
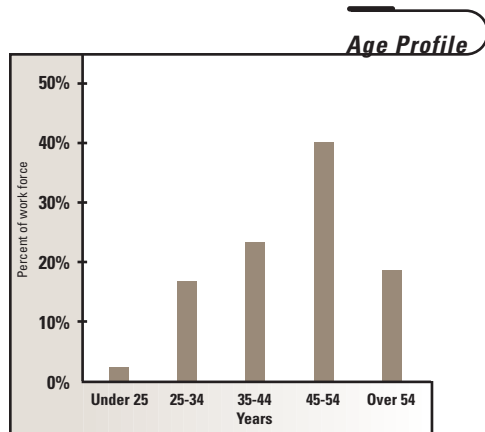
New hires, 2005: 37 percent women

**Work Force Ethnicity**



New hires, 2005: 31 percent minority

Plant engineers monitor equipment to maintain reliability.



*A number of Southern Company employees are members of the National Guard and Reserve. We support their endeavors in protecting our nation.*

## FIVE-STAR SUPPORT FOR THE NATIONAL GUARD

*In 2005, Southern Company was honored to sign a “5-Star Statement of Support” for the National Guard and Reserve. Less than one percent of employers of guardsmen and reservists in the United States have achieved the 5-Star level of recognition by the Department of Defense. The “5-Star Statement of Support” certifies compliance with the Uniformed Services Employment and Re-Employment Rights Act, recognizes effective management of employees who serve, and confirms support for service in the armed forces.*

## Suppliers

Southern Company maintains ethical standards in all business practices, including relationships with suppliers. We contractually hold our suppliers to these standards when performing work for us. Suppliers must meet policies for legal compliance, equal employment, harassment, workplace threats and violence, electronic communications, safety, the environment, drugs and alcohol, and conflicts of interest. More information on each of these areas and expectations can be found at [www.southerncompany.com/suppliers/policies.asp](http://www.southerncompany.com/suppliers/policies.asp).

Southern Company awards business based on best overall value. We have established a mentoring program to help suppliers understand and follow our conventions and policies, qualify for opportunities, and excel in performance.

We strive to develop and maintain relationships with small businesses and firms owned by minorities or women. Spending with such businesses has risen consistently since 2001. Southern Company achieved 185 percent of our supplier diversity expenditure goal of \$202 million in 2005, spending \$370 million with women- and minority-owned firms, compared with \$280 million in 2004. That is 12 percent of the company’s total procurement for 2005.

## Labor Relations

We recognize the right of our employees to bargain collectively through representatives of their own choosing and recognize unions as the exclusive representatives of these employees to collectively bargain for rates of pay, wages, hours of employment, working conditions, and other matters of employment.

Approximately one-third of Southern Company employees are covered under union agreements. We have contracts with nine unions across a four-state service area. The last strike by a union against a Southern Company subsidiary occurred in 1995.