

## Glossary

**Combined cycle plant** – a highly efficient way of generating electric power, using natural gas to fuel state-of-the-art, low-emission combustion turbines working in tandem with equipment that recovers exhaust heat to produce additional electricity.

**Competitive generation business** – our wholesale market-based electricity supply business that, primarily through long-term contracts, serves customers who can choose their suppliers based on price, reliability, capacity, and other market needs.

**Dividend yield** – the annual dividend income per share received from a company divided by its current stock price.

**Earnings per share** – net income divided by the average number of shares of common stock outstanding.

**Federal Energy Regulatory Commission (FERC)** – an independent agency within the U.S. Department of Energy that, among other things, regulates wholesale sales of electricity and transmission in interstate commerce.

**Generating capacity** – the amount of energy we can produce using all of our power generation facilities.

**Guidance** – information issued by a company about its outlook, especially in terms of earnings. Guidance can be positive or negative and is watched closely by analysts and investors since it often is a strong indicator of a company's future performance.

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

**Payout ratio** – the percentage of earnings that is paid to shareholders in the form of dividends.

**Regional Transmission Organization (RTO)** – a mechanism under which public utility transmission facilities in a geographic region are put under common control of an independent, incentive-driven, third-party operator that manages the assets.

**Regulated business** – the part of our business that generates, transmits, and distributes electricity to commercial, industrial, and residential customers in most of Alabama and Georgia, the Florida panhandle, and southeastern Mississippi.

**Retail markets** – markets in which energy is directly sold and delivered to the ultimate end-users of that energy.

**Super Southeast** – the vibrant region and energy market that includes the four states of our traditional Southeastern service area as well as surrounding states. The region we know best.

**Total shareholder return** – return on investment, including 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.

**Wholesale customers** – energy marketers, electric and gas utilities, municipal utilities, rural electric cooperatives, and other entities that buy power for resale to retail customers.

**Wholesale markets** – markets in which relatively large amounts of energy are sold to customers who may then sell it in retail markets or – in the case of large industrial customers – use it.

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Current information about Southern Company is available on the Internet at [www.southerncompany.com](http://www.southerncompany.com).

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