

Southern Company

3rd Quarter 2015 Earnings

September 30, 2015

Contents

<u>Press Release</u>	Page 1
<u>Financial Highlights</u>	Page 5
<u>Significant Factors Impacting EPS</u>	Page 6
<u>EPS Earnings Analysis</u>	Page 7
<u>Consolidated Earnings</u>	Page 8
<u>Kilowatt-Hour Sales</u>	Page 9
<u>Financial Overview</u>	Page 10

News



Media Contact: Southern Company Media Relations
404-506-5333 or 866-506-5333
www.southerncompany.com

Investor Relations Contact:

Dan Tucker
404-506-5310
dstucker@southernco.com

Oct. 28, 2015

Southern Company reports third quarter earnings *Solar investments drive growth*

ATLANTA - Southern Company today reported third quarter 2015 earnings of \$959 million, or \$1.05 per share, compared with earnings of \$718 million, or 80 cents per share, in the third quarter of 2014.

For the nine months ended Sept. 30, 2015, earnings were \$2.1 billion, or \$2.30 per share, compared with earnings of \$1.7 billion, or \$1.88 per share, for the same period in 2014.

Earnings for the three and nine months ended Sept. 30, 2015, include after-tax charges of \$93 million (11 cents per share) and \$112 million (13 cents per share), respectively, related to increased cost estimates for the construction of Mississippi Power's Kemper County integrated gasification combined cycle (IGCC) project. Earnings for the three and nine months ended Sept. 30, 2014, include after-tax charges of \$258 million (29 cents per share) and \$493 million (55 cents per share), respectively, related to the Kemper County IGCC project. Earnings for the three and nine months ended Sept. 30, 2015, include after-tax charges of \$12 million related to the proposed acquisition of AGL Resources Inc. Earnings for the nine months ended Sept. 30, 2015, also include a \$4 million after-tax charge related to the discontinued operations of Mirant and the March 2009 settlement agreement with MC Asset Recovery, LLC.

Excluding these items, Southern Company earned \$1.06 billion, or \$1.17 per share, during the third quarter of 2015, compared with \$976 million, or \$1.09 per share, during the third quarter of 2014. For the first nine months of 2015, excluding these items, Southern Company earned \$2.22 billion, or \$2.45 per share, compared with earnings of \$2.17 billion, or \$2.43 per share, for the same period in 2014.

Earnings for the third quarter of 2015 were positively influenced by retail revenue effects at Southern Company's traditional operating companies and stronger than expected performance of its Southern Power subsidiary. Earnings were negatively influenced by increased non-fuel operations and maintenance expenses.

"We not only achieved great financial results for the third quarter, but also delivered major accomplishments that position us well for the future," said Southern Company Chairman, President and CEO Thomas A. Fanning. "Our financial performance was bolstered by Southern Power's solar investments, and we see positive momentum from the pending settlement of litigation related to Plant

Vogtle units 3 and 4 and tremendous success with testing on the first of two gasifiers at the Kemper County facility.”

Third quarter 2015 operating revenues were \$5.40 billion, compared with \$5.34 billion for the same period in 2014, an increase of 1.2 percent. Operating revenues for the first nine months of 2015 were \$13.92 billion, compared with \$14.45 billion for the same period in 2014, a 3.7 percent decrease.

Kilowatt-hour sales to retail customers in Southern Company's four-state service area increased 1.3 percent in the third quarter of 2015, compared with the third quarter of 2014. Residential energy sales increased 2.7 percent, commercial energy sales increased 1.9 percent and industrial energy sales decreased 0.6 percent. For the first nine months of 2015, retail sales increased 0.8 percent, compared with the same period in 2014. Residential energy sales increased 0.9 percent, commercial energy sales increased 1.1 percent and industrial energy sales increased 0.4 percent.

Weather-adjusted kilowatt-hour sales to retail customers in Southern Company's four-state service area increased 0.2 percent in the third quarter of 2015, compared with the third quarter of 2014. Weather-adjusted residential energy sales increased 0.1 percent, weather-adjusted commercial energy sales increased 1.0 percent and industrial energy sales decreased 0.6 percent. For the first nine months of 2015, weather-adjusted retail sales increased 0.6 percent, compared with the same period in 2014. Weather-adjusted residential energy sales increased 0.5 percent, weather-adjusted commercial energy sales increased 0.8 percent and industrial energy sales increased 0.5 percent.

Total energy sales to the Southern Company system's customers in the Southeast, including wholesale sales were flat in the third quarter of 2015 compared with the same period in 2014. For the first nine months of 2015, total energy sales decreased 0.4 percent compared with the same period in 2014.

Southern Company's financial analyst call will begin at 1 p.m. Eastern time today, during which Fanning and Chief Financial Officer Art P. Beattie will discuss earnings and provide a general business update. Investors, media and the public may listen to a live webcast of the call and view associated slides at <http://investor.southerncompany.com/webcasts>. A replay of the webcast will be available at the site for 12 months.

Southern Company has also posted on its website detailed financial information on its third quarter performance. These materials are available at www.southerncompany.com.

With more than 4.5 million customers and approximately 46,000 megawatts of generating capacity, Atlanta-based Southern Company (NYSE: SO) is the premier energy company serving the Southeast through its subsidiaries. A leading U.S. producer of clean, safe, reliable and affordable electricity, Southern Company owns electric utilities in four states and a growing competitive generation company, as well as fiber optics and wireless communications. Southern Company brands are known for excellent customer service, high reliability and affordable prices that are below the national average. Through an industry-leading commitment to innovation, Southern Company and its subsidiaries are inventing America's energy future by developing the full portfolio of energy resources, including nuclear, 21st century coal, natural gas, renewables and energy efficiency, and creating new products and services for the benefit of customers. Southern Company has been named by the U.S. Department of Defense and G.I. Jobs magazine as a top military employer, listed by Black Enterprise magazine as one of the 40 Best Companies for Diversity and designated a 2014 Top Employer for Hispanics by Hispanic Network. The company earned the 2014 National Award of Nuclear Science and History from the National Atomic Museum Foundation for its leadership and commitment to nuclear development, and is continually ranked among the top utilities in Fortune's annual *World's Most Admired Electric and Gas Utility* rankings. Visit our website at www.southerncompany.com.

Cautionary Notes Regarding Forward-Looking Statements:

Certain information contained in this release is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, statements concerning the completion and start-up of ongoing construction projects and the proposed settlement of the Plant Vogtle Units 3 and 4 commercial dispute. Southern Company cautions that there are certain factors that can cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of Southern Company; accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in Southern Company's Annual Report on Form 10-K for the year ended December 31, 2014, and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: the impact of recent and future federal and state regulatory changes, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric utility industry, environmental laws including regulation of water, coal combustion residuals, and emissions of sulfur, nitrogen, carbon dioxide, soot, particulate matter, hazardous air pollutants, including mercury, 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, Federal Energy Regulatory Commission matters, and Internal Revenue Service and state tax audits; 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 last recession, population and business growth (and declines), the effects of energy conservation and efficiency measures, including from the development and deployment of alternative energy sources such as self-generation and distributed generation technologies, and any potential economic impacts resulting from federal fiscal decisions; available sources and costs of fuels; effects of inflation; the ability to control costs and avoid cost overruns during the development and construction of facilities, which include the development and construction of generating facilities with designs that have not been finalized or previously constructed, including changes in labor costs and productivity, adverse weather conditions, shortages and inconsistent quality of equipment, materials, and labor, contractor or supplier delay, non-performance under construction or other agreements, operational readiness, including specialized operator training and required site safety programs, unforeseen engineering or design problems, start-up activities (including major equipment failure and system integration), and/or operational performance (including additional costs to satisfy any operational parameters ultimately adopted by any Public Service Commission ("PSC")); the ability to construct facilities in accordance with the requirements of permits and licenses, to satisfy any environmental performance standards and the requirements of tax credits and other incentives, and to integrate facilities into the Southern Company system upon completion of construction; investment performance of Southern Company's employee and retiree benefit plans and the Southern Company system's nuclear decommissioning trust funds; 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; legal proceedings and regulatory approvals and actions related to Plant Vogtle Units 3 and 4, including Georgia PSC approvals and Nuclear Regulatory Commission actions and related legal proceedings involving the commercial parties; the ability to complete the proposed settlement among the Plant Vogtle Units 3 and 4 commercial parties; actions related to cost recovery for the integrated coal gasification combined cycle facility under construction in Kemper County, Mississippi ("Kemper IGCC"), including the ultimate impact of the 2015 decision of the Mississippi Supreme Court, the Mississippi PSC's August 2015 interim rate order, and related legal or regulatory proceedings, Mississippi PSC review of the prudence of Kemper IGCC project costs and approval of permanent rate recovery plans, actions relating to proposed securitization, the ability to utilize bonus depreciation, which currently requires that assets be placed in service in 2015, satisfaction of requirements to utilize investment tax credits and grants, and the ultimate impact of the termination of the proposed sale of an interest in the Kemper IGCC to South Mississippi Electric Power Association; the ability to successfully operate the electric utilities' generating, transmission, and distribution facilities and the successful performance of necessary corporate functions; the inherent risks involved in operating and constructing nuclear generating facilities, including environmental, health, regulatory, natural disaster, terrorism, and financial risks; 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 expected timing, likelihood, and benefits of completion of the proposed acquisition of AGL Resources Inc., including the failure to receive, on a timely basis or otherwise, the required approvals by AGL Resources' shareholders and government or regulatory agencies (including the terms of such approvals), the possibility that long-term financing for the acquisition may not be put in place prior to the closing, the risk that a condition to closing of the acquisition or funding of the bridge financing may not be satisfied, the possibility that the anticipated benefits from the acquisition cannot be fully realized or may take longer to realize than expected, the possibility that costs related to the integration of Southern Company and AGL Resources will be greater than expected, the credit ratings of the combined company or its subsidiaries may be different from

what the parties expect, the ability to retain and hire key personnel and maintain relationships with customers, suppliers, or other business partners, the diversion of management time on acquisition-related issues, and the impact of legislative, regulatory, and competitive changes; 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 the Southern Company system's business resulting from cyber intrusion or terrorist incidents and the threat of terrorist incidents; interest rate fluctuations and financial market conditions and the results of financing efforts; changes in Southern Company's and any of its subsidiaries' credit ratings, including impacts on interest rates, access to capital markets, and collateral requirements; the impacts of any sovereign financial issues, including impacts on interest rates, access to capital markets, impacts on currency exchange rates, counterparty performance, and the economy in general, as well as potential impacts on the benefits of the U.S. Department of Energy loan guarantees; the ability of Southern Company's subsidiaries to obtain additional generating capacity at competitive prices; catastrophic events such as fires, earthquakes, explosions, floods, hurricanes and other storms, droughts, pandemic health events such as influenzas, or other similar occurrences; the direct or indirect effects on the Southern Company system's business resulting from incidents affecting the U.S. electric grid or operation of generating resources; and the effect of accounting pronouncements issued periodically by standard-setting bodies. Southern Company expressly disclaims any obligation to update any forward-looking information.

###

Southern Company
Financial Highlights
(In Millions of Dollars Except Earnings Per Share)

	Three Months Ended September		Year-to-Date September	
	2015	2014	2015	2014
Consolidated Earnings—As Reported				
(See Notes)				
Traditional Operating Companies	\$ 874	\$ 658	\$ 1,912	\$ 1,557
Southern Power	102	64	181	128
Total	976	722	2,093	1,685
Parent Company and Other	(17)	(4)	3	(5)
Net Income—As Reported	\$ 959	\$ 718	\$ 2,096	\$ 1,680
Basic Earnings Per Share	\$ 1.05	\$ 0.80	\$ 2.30	\$ 1.88
Average Shares Outstanding (<i>in millions</i>)	910	898	910	894
End of Period Shares Outstanding (<i>in millions</i>)			909	900
Consolidated Earnings—Excluding Items				
(See Notes)				
Net Income—As Reported	\$ 959	\$ 718	\$ 2,096	\$ 1,680
Estimated Loss on Kemper IGCC	93	258	112	493
AGL acquisition costs	12	—	12	—
Additional MCAR settlement costs	—	—	4	—
Net Income—Excluding Items	\$ 1,064	\$ 976	\$ 2,224	\$ 2,173
Basic Earnings Per Share—Excluding Items	\$ 1.17	\$ 1.09	\$ 2.45	\$ 2.43

Notes

- For the three and nine months ended September 30, 2015 and 2014, dilution does not change basic earnings per share by more than 1 cent and is not material.
- The estimated probable losses relating to Mississippi Power Company's construction of the integrated coal gasification combined cycle facility in Kemper County, Mississippi (Kemper IGCC) significantly impacted the presentation of earnings and earnings per share for the three and nine months ended September 30, 2015 and 2014. Similar charges may occur with uncertain frequency.
- Earnings for the three and nine months ended September 30, 2015 include costs related to the proposed acquisition of AGL Resources Inc. Further costs are expected to continue to occur in connection with the completion of the proposed acquisition and related integration.
- Earnings for the nine months ended September 30, 2015 include additional costs related to the discontinued operations of Mirant Corporation and the March 2009 litigation settlement with MC Asset Recovery, LLC. Further charges are not expected to occur.
- All figures in this earnings release are preliminary and remain subject to the completion of normal quarter-end accounting procedures and adjustments, which could result in changes to these preliminary results. In addition, certain classifications and rounding may be different from final results published in the Form 10-Q.

Southern Company
Significant Factors Impacting EPS

	Three Months Ended September			Year-to-Date September		
	2015	2014	Change	2015	2014	Change
Consolidated Earnings Per Share—As Reported (See Notes)	\$ 1.05	\$ 0.80	\$ 0.25	\$ 2.30	\$ 1.88	\$ 0.42
Significant Factors:						
Traditional Operating Companies	\$ 0.24			\$ 0.39		
Southern Power	0.04			0.06		
Parent Company and Other	(0.01)			0.01		
Increase in Shares	(0.02)			(0.04)		
Total—As Reported	<u>\$ 0.25</u>			<u>\$ 0.42</u>		
Consolidated Earnings Per Share—Excluding Items (See Notes)						
	2015	2014	Change	2015	2014	Change
Total—As Reported	\$ 1.17	\$ 1.09	\$ 0.08	\$ 2.45	\$ 2.43	\$ 0.02
Estimated Loss on Kemper IGCC	(0.18)			(0.42)		
AGL acquisition costs	0.01			0.01		
Additional MCAR settlement costs	—			0.01		
Total—Excluding Items	<u>\$ 0.08</u>			<u>\$ 0.02</u>		

Notes

- For the three and nine months ended September 30, 2015 and 2014, dilution does not change basic earnings per share by more than 1 cent and is not material.
- The estimated probable losses relating to Mississippi Power Company's construction of the integrated coal gasification combined cycle facility in Kemper County, Mississippi (Kemper IGCC) significantly impacted the presentation of earnings and earnings per share for the three and nine months ended September 30, 2015 and 2014. Similar charges may occur with uncertain frequency.
- Earnings for the three and nine months ended September 30, 2015 include costs related to the proposed acquisition of AGL Resources Inc. Further costs are expected to continue to occur in connection with the completion of the proposed acquisition and related integration.
- Earnings for the nine months ended September 30, 2015 include additional costs related to the discontinued operations of Mirant Corporation and the March 2009 litigation settlement with MC Asset Recovery, LLC. Further charges are not expected to occur.
- All figures in this earnings release are preliminary and remain subject to the completion of normal quarter-end accounting procedures and adjustments, which could result in changes to these preliminary results. In addition, certain classifications and rounding may be different from final results published in the Form 10-Q.

Southern Company
EPS Earnings Analysis
Three Months Ended September 2015 vs. September 2014

Cents	Description
1¢	Retail Sales
9	Retail Revenue Impacts
3	Weather
(1)	Wholesale Operations
(3)	Non-Fuel O&M
(1)	Depreciation and Amortization
(1)	Taxes Other Than Income Taxes
(1)	Interest Expense
6¢	Total Traditional Operating Companies
4	Southern Power
(2)	Increase in Shares
8¢	Total Change in QTD EPS (Excluding Items)
18	Estimated Loss on Kemper IGCC
(1)	AGL Acquisition Costs
25¢	Total Change in QTD EPS (As Reported)

Notes

- The estimated probable losses relating to Mississippi Power Company's construction of the integrated coal gasification combined cycle facility in Kemper County, Mississippi (Kemper IGCC) significantly impacted the presentation of earnings per share for the three months ended September 30, 2015 and 2014. Similar charges may occur with uncertain frequency.
- Earnings for the three months ended September 30, 2015 include costs related to the proposed acquisition of AGL Resources Inc. Further costs are expected to continue to occur in connection with the completion of the proposed acquisition and related integration.
- All figures in this earnings release are preliminary and remain subject to the completion of normal quarter-end accounting procedures and adjustments, which could result in changes to these preliminary results. In addition, certain classifications and rounding may be different from final results published in the Form 10-Q.

Southern Company
Consolidated Earnings
As Reported
(In Millions of Dollars)

	Three Months Ended September			Year-to-Date September		
	2015	2014	Change	2015	2014	Change
Income Account-						
Retail Revenues-						
Fuel	\$ 1,432	\$ 1,483	\$ (51)	\$ 3,651	\$ 4,255	\$ (604)
Non-Fuel	3,269	3,075	194	8,307	7,931	376
Wholesale Revenues	520	600	(80)	1,435	1,719	(284)
Other Electric Revenues	169	169	—	494	503	(9)
Other Revenues	11	12	(1)	34	42	(8)
Total Revenues	5,401	5,339	62	13,921	14,450	(529)
Fuel and Purchased Power	1,713	1,850	(137)	4,439	5,279	(840)
Non-Fuel O & M	1,097	1,021	76	3,320	3,026	294
Depreciation and Amortization	528	514	14	1,515	1,515	—
Taxes Other Than Income Taxes	264	258	6	761	751	10
Estimated Loss on Kemper IGCC	150	418	(268)	182	798	(616)
Total Operating Expenses	3,752	4,061	(309)	10,217	11,369	(1,152)
Operating Income	1,649	1,278	371	3,704	3,081	623
Allowance for Equity Funds Used During Construction	60	63	(3)	163	182	(19)
Interest Expense, Net of Amounts Capitalized	218	207	11	612	623	(11)
Other Income (Expense), net	(21)	(7)	(14)	(41)	(20)	(21)
Income Taxes	500	392	108	1,076	889	187
Net Income	970	735	235	2,138	1,731	407
Dividends on Preferred and Preference Stock of Subsidiaries	11	17	(6)	42	51	(9)
NET INCOME AFTER DIVIDENDS ON PREFERRED AND PREFERENCE STOCK	\$ 959	\$ 718	\$ 241	\$ 2,096	\$ 1,680	\$ 416

Notes

- Certain prior year data may have been reclassified to conform with current year presentation.
- All figures in this earnings release are preliminary and remain subject to the completion of normal quarter-end accounting procedures and adjustments, which could result in changes to these preliminary results. In addition, certain classifications and rounding may be different from final results published in the Form 10-Q.

Southern Company
Kilowatt-Hour Sales
(In Millions of KWHs)

As Reported Kilowatt-Hour Sales-	Three Months Ended September				Year-to-Date September			
			Change	Weather Adjusted Change*			Change	Weather Adjusted Change*
	2015	2014			2015	2014		
Total Sales	54,921	54,945	— %		149,044	149,650	(0.4)%	
Total Retail Sales-	45,614	45,015	1.3 %	0.2 %	124,895	123,912	0.8 %	0.6 %
Residential	15,801	15,390	2.7 %	0.1 %	41,925	41,565	0.9 %	0.5 %
Commercial	15,289	15,003	1.9 %	1.0 %	41,359	40,894	1.1 %	0.8 %
Industrial	14,305	14,393	(0.6)%	(0.6)%	40,938	40,770	0.4 %	0.5 %
Other	219	229	(4.5)%	(4.8)%	673	683	(1.4)%	(1.5)%
Total Wholesale Sales	9,307	9,930	(6.3)%	N/A	24,149	25,738	(6.2)%	N/A

Note

*Also reflects adjustment of 2014 KWH sales consistent with Mississippi Power's updated methodology to estimate the unbilled revenue allocation among customer classes implemented in the first quarter 2015.

Southern Company
Financial Overview
As Reported
(In Millions of Dollars)

	Three Months Ended September			Year-to-Date September		
	2015	2014	% Change	2015	2014	% Change
Consolidated –						
Operating Revenues	\$ 5,401	\$ 5,339	1.2 %	\$ 13,921	\$ 14,450	(3.7)%
Earnings Before Income Taxes	1,470	1,127	30.4 %	3,214	2,620	22.7 %
Net Income Available to Common	959	718	33.6 %	2,096	1,680	24.8 %
Alabama Power –						
Operating Revenues	\$ 1,695	\$ 1,669	1.6 %	\$ 4,551	\$ 4,614	(1.4)%
Earnings Before Income Taxes	491	475	3.4 %	1,113	1,101	1.1 %
Net Income Available to Common	295	282	4.6 %	665	642	3.6 %
Georgia Power –						
Operating Revenues	\$ 2,691	\$ 2,631	2.3 %	\$ 6,685	\$ 7,086	(5.7)%
Earnings Before Income Taxes	892	846	5.4 %	1,734	1,775	(2.3)%
Net Income Available to Common	551	525	5.0 %	1,064	1,102	(3.4)%
Gulf Power –						
Operating Revenues	\$ 429	\$ 438	(2.1)%	\$ 1,170	\$ 1,229	(4.8)%
Earnings Before Income Taxes	81	78	3.8 %	202	198	2.0 %
Net Income Available to Common	48	47	2.1 %	120	117	2.6 %
Mississippi Power –						
Operating Revenues	\$ 341	\$ 355	(3.9)%	\$ 893	\$ 997	(10.4)%
Earnings (Loss) Before Income Taxes	(52)	(334)	N/M	52	(556)	N/M
Net Income (Loss) Available to Common	(21)	(195)	N/M	62	(305)	N/M
Southern Power –						
Operating Revenues	\$ 401	\$ 435	(7.8)%	\$ 1,086	\$ 1,115	(2.6)%
Earnings Before Income Taxes	112	87	28.7 %	210	154	36.4 %
Net Income Available to Common	102	64	59.4 %	181	128	41.4 %

N/M - not meaningful

Note

- All figures in this earnings release are preliminary and remain subject to the completion of normal quarter-end accounting procedures and adjustments, which could result in changes to these preliminary results. In addition, certain classifications and rounding may be different from final results published in the Form 10-Q.