Southern Company

4th Quarter 2016 Earnings

December 31, 2016

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News

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February 22, 2017

Southern Company reports fourth-quarter and full-year 2016 earnings

ATLANTA - Southern Company today reported fourth-quarter 2016 earnings of $197 million, or 20 cents per share, compared with earnings of $271 million, or 30 cents per share, in the fourth quarter of 2015. Southern Company also reported full year 2016 earnings of $2.45 billion, or $2.57 per share, compared with earnings of $2.37 billion, or $2.60 per share, for the same period in 2015.

Excluding the items described in the "Net Income - Excluding Items" table below, Southern Company earned $235 million, or 24 cents per share, during the fourth quarter of 2016, compared with $403 million, or 44 cents per share, during the fourth quarter of 2015. For the full-year 2016, excluding these items, Southern Company earned $2.7 billion, or $2.89 per share, compared with earnings of $2.6 billion, or $2.89 per share, for the same period in 2015.

Non-GAAP Financial Measures	**Three Months Ended December**		**Year-to-Date December**	
Net Income - Excluding Items (in millions)	**2016**	2015	**2016**	2015
Net Income - As Reported	**$197**	$271	**$2,448**	$2,367
Estimated Loss on Kemper IGCC	**206**	183	**428**	365
Tax Impact	**(79)**	(70)	**(164)**	(139)
Acquisition and Integration Costs	**12**	25	**120**	41
Tax Impact	**(4)**	(6)	**(38)**	(10)
Additional MCAR Settlement Costs	**0**	0	**0**	7
Tax Impact	**0**	0	**0**	(3)
Subtotal	**$332**	$403	**$2,794**	$2,628
Earnings Guidance Comparability Items:				
Equity Return Related to Kemper IGCC Schedule Extension	**(22)**	**0**	**(29)**	0
Tax Impact	**(4)**	0	**(5)**	0
Southern Company Gas Earnings, net of Acquisition and Integration Costs	**(185)**	0	**(231)**	0
Tax Impact	**72**	0	**90**	0
Acquisition Debt Financing Costs	**68**	0	**175**	0
Tax Impact	**(26)**	0	**(67)**	0
Net Income - Excluding Items	**$235**	$403	**$2,727**	$2,628
Adjusted Average Shares Outstanding - Acquisition Financing (in millions)	**964**	911	**942**	910
Basic Earnings Per Share - Excluding Items	**$0.24**	$0.44	**$2.89**	$2.89

NOTE: For more information regarding these non-GAAP adjustments, see the footnotes accompanying the Financial Highlights page of the earnings package.

Earnings for the fourth quarter and full year 2016 were positively influenced by retail revenue effects at Southern Company's traditional electric operating companies and weather-related revenue impacts, offset by increased operations and maintenance costs, increased share issuances and lower customer usage. Full year 2016 earnings were further positively influenced by continued success with renewable energy projects at wholesale subsidiary Southern Power.

"2016 was a year of tremendous accomplishment for Southern Company," said Chairman, President and CEO Thomas A. Fanning. "The acquisitions of Southern Company Gas, PowerSecure and a 50 percent equity interest in Southern Natural Gas have served to lengthen and strengthen our low-risk, customer-focused business model and are expected to further support our ability to deliver regular, predictable and sustainable long-term earnings and dividend growth."

Fourth quarter 2016 operating revenues were $5.18 billion, compared with $3.57 billion for the fourth quarter of 2015, an increase of 45.2 percent. Southern Company Gas accounted for $1.11 billion of the increase in operating revenues for the fourth quarter of 2016. Operating revenues for the full year 2016 were $19.90 billion, compared with $17.49 billion for the same period in 2015, a 13.8 percent increase. Southern Company Gas accounted for $1.65 billion of the increase in operating revenues for the full year 2016.

Southern Company's fourth quarter earnings slides with supplemental financial information, including its earnings guidance for 2017, are available at http://investor.southerncompany.com.

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 on the site for 12 months.

About Southern Company

Southern Company (NYSE: SO) is America's premier energy company, with 44,000 megawatts of generating capacity and 1,500 billion cubic feet of combined natural gas consumption and throughput volume serving 9 million electric and gas utility customers through its subsidiaries. The company provides clean, safe, reliable and affordable energy through electric utilities in four states, natural gas distribution utilities in seven states, a competitive generation company serving wholesale customers across America and a nationally recognized provider of customized energy solutions, 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 carbon-free 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, recognized among the Top 50 Companies for Diversity by DiversityInc, listed by Black Enterprise magazine as one of the 40 Best Companies for Diversity and designated a Top Employer for Hispanics by Hispanic Network. The company has earned a 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 expected earnings and dividend growth. 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, 2016, 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 environmental laws regulating emissions, discharges, and disposal to air, water, and land, and also changes in tax and other laws and regulations to which Southern Company and its subsidiaries are subject, including potential tax reform, as well as changes in application of existing laws and regulations; current and future litigation, regulatory investigations, proceedings, or inquiries; 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 and natural gas, 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 natural gas and other fuels; limits on pipeline capacity; effects of inflation; the ability to control costs and avoid cost overruns during the development, construction, and operation 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, sustaining nitrogen supply, contractor or supplier delay, non-performance under construction, operating, 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 the Southern Company system's employee and retiree benefit plans and nuclear decommissioning trust funds; advances in technology; ongoing renewable energy partnerships and development agreements; 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; actions related to cost recovery for the integrated coal gasification combined cycle facility under construction in Kemper County Mississippi (the Kemper IGCC), including the ultimate impact of the 2015 decision of the Mississippi Supreme Court, the Mississippi PSC's December 2015 rate order, and related legal or regulatory proceedings, Mississippi PSC review of the prudence of Kemper IGCC costs and approval of further permanent rate recovery plans, actions relating to proposed securitization, satisfaction of requirements to utilize 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 Southern Company Gas' natural gas distribution and storage 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 inherent risks involved in transporting and storing natural gas; 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 possibility that the anticipated benefits from the acquisition of Southern Company Gas cannot be fully realized or may take longer to realize than expected, the possibility that costs related to the integration of Southern Company and Southern Company Gas will be greater than expected, the ability to retain and hire key personnel and maintain relationships with customers, suppliers, or other business partners, and the diversion of management time on integration-related issues; 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 foreign currency exchange rates, counterparty performance, and the economy in general, as well as potential impacts on the benefits of the Department of Energy loan guarantees; the ability of Southern Company's electric utilities to obtain additional generating capacity (or sell excess generating capacity) at competitive prices; catastrophic events such as fires, earthquakes, explosions, floods, tornadoes, 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, natural gas pipeline infrastructure, or operation of generating or storage 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.*

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

Net Income–As Reported (See Notes)	Three Months Ended December 2016	Three Months Ended December 2015	Year-to-Date December 2016	Year-to-Date December 2015
Traditional Electric Operating Companies	**$ 147**	$ 274	**$ 2,233**	$ 2,186
Southern Power	**23**	34	**338**	215
Southern Company Gas	**110**	—	**114**	—
Total	**280**	308	**2,685**	2,401
Parent Company and Other	**(83)**	(37)	**(237)**	(34)
Net Income–As Reported	**$ 197**	$ 271	**$ 2,448**	$ 2,367
Basic Earnings Per Share[1]	**$ 0.20**	$ 0.30	**$ 2.57**	$ 2.60
Average Shares Outstanding *(in millions)*	**986**	911	**951**	910
End of Period Shares Outstanding *(in millions)*			**990**	912

Non-GAAP Financial Measures Net Income–Excluding Items (See Notes)	Three Months Ended December 2016	Three Months Ended December 2015	Year-to-Date December 2016	Year-to-Date December 2015
Net Income–As Reported	**$ 197**	$ 271	**$ 2,448**	$ 2,367
Estimated Loss on Kemper IGCC[2]	**206**	183	**428**	365
Tax Impact	**(79)**	(70)	**(164)**	(139)
Acquisition and Integration Costs[3]	**12**	25	**120**	41
Tax Impact	**(4)**	(6)	**(38)**	(10)
Additional MCAR Settlement Costs[4]	**—**	—	**—**	7
Tax Impact	**—**	—	**—**	(3)
Subtotal	**$ 332**	$ 403	**$ 2,794**	$ 2,628
Earnings Guidance Comparability Items:				
Equity Return Related to Kemper IGCC Schedule Extension[5]	**(22)**	—	**(29)**	—
Tax Impact	**(4)**	—	**(5)**	—
Southern Company Gas Earnings, net of Acquisition and Integration Costs[6]	**(185)**	—	**(231)**	—
Tax Impact	**72**	—	**90**	—
Acquisition Debt Financing Costs[6]	**68**	—	**175**	—
Tax Impact	**(26)**	—	**(67)**	—
Net Income–Excluding Items	**$ 235**	$ 403	**$ 2,727**	$ 2,628
Adjusted Average Shares Outstanding - Acquisition Financing[6] *(in millions)*	**964**	911	**942**	910
Basic Earnings Per Share–Excluding Items	**$ 0.24**	$ 0.44	**$ 2.89**	$ 2.89

- See Notes on the following page.

Southern Company
Financial Highlights

Notes

- In connection with the adoption in the fourth quarter 2016 of a new accounting standard for stock compensation, previously reported amounts for income tax expense were reduced by a total of $25 million for January 1, 2016 through September 30, 2016.

(1) For the three and twelve months ended December 31, 2016 and 2015, dilution does not change basic earnings per share by more than 2 cents and is not material.

(2) The estimated probable losses relating to Mississippi Power Company's construction and associated rate recovery 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 twelve months ended December 31, 2016 and 2015. Similar charges of uncertain amounts may occur with uncertain frequency in future periods.

(3) Earnings for the three and twelve months ended December 31, 2016 and 2015 include costs related to the acquisition of Southern Company Gas and earnings for the three and twelve months ended December 31, 2016 include costs related to the acquisitions of PowerSecure International, Inc. and the 50% interest in Southern Natural Gas Company, L.L.C. (SNG). Further costs are expected to continue to occur in connection with the related integration activities; however, the amount and duration of such expenditures is uncertain.

(4) Earnings for the twelve months ended December 31, 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.

(5) Earnings for the three and twelve months ended December 31, 2016 include additional allowance for funds used during construction (AFUDC) equity as a result of extending the schedule for the Kemper IGCC construction project. Southern Company's February 2016 earnings guidance assumed construction would be complete and AFUDC equity would cease by August 31, 2016. As a result, Southern Company believes presentation of earnings per share excluding these amounts provides investors with information comparable to the February guidance. Management also used such measures to evaluate Southern Company's performance in 2016.

(6) Earnings for the three and twelve months ended December 31, 2016 include the earnings of Southern Company Gas since July 1, 2016 (the date of acquisition), as well as debt financing costs related to the acquisition. Earnings of Southern Company Gas since September 1, 2016 include amounts related to its acquisition of a 50% ownership interest in SNG. In addition, earnings per share for the three and twelve months ended December 31, 2016 include the impact of 22.3 million shares ($1.1 billion) of common stock issued in August 2016 to finance a portion of the purchase price for the SNG acquisition.

The timing of completion of the acquisition of Southern Company Gas was uncertain at the time Southern Company issued earnings per share guidance in February 2016, and Southern Company's agreement to acquire a 50% interest in SNG did not occur until July 2016. Accordingly, Southern Company's February 2016 guidance did not reflect any earnings contribution from these acquisitions or the financing costs related to the acquisitions. As a result, Southern Company believes presentation of earnings per share excluding these items provides investors with information comparable to the February guidance. Management also used such measures to evaluate Southern Company's performance in 2016.

In addition to earnings and earnings per share calculated in accordance with U.S. generally accepted accounting principles (GAAP), Southern Company intends to continue to present earnings and earnings per share excluding the impact of the Wholesale Gas Services business of Southern Company Gas in future periods. Presenting earnings and earnings per share excluding Wholesale Gas Services provides investors with an additional measure of operating performance that excludes the volatility that results from mark-to-market and lower of weighted average cost or current market price accounting adjustments. Management also expects to use earnings and earnings per share excluding Wholesale Gas Services to evaluate Southern Company's performance. For the three months ended December 31, 2016, pre-tax earnings from Wholesale Gas Services and the related tax impact were $15.1 million and $3.8 million, respectively. For the six months ended December 31, 2016, the pre-tax loss from Wholesale Gas Services and the related tax benefit were $3.7 million and $3.5 million, respectively.

Southern Company
Significant Factors Impacting EPS

	Three Months Ended December			Year-to-Date December		
	2016	2015	Change	**2016**	2015	Change
Earnings Per Share–						
As Reported[1] (See Notes)	**$ 0.20**	$ 0.30	**$ (0.10)**	**$ 2.57**	$ 2.60	**$ (0.03)**
Significant Factors:						
Traditional Electric Operating Companies			**$ (0.14)**			**$ 0.06**
Southern Power			**(0.01)**			**0.13**
Southern Company Gas			**0.12**			**0.12**
Parent Company and Other			**(0.05)**			**(0.22)**
Increase in Shares			**(0.02)**			**(0.12)**
Total–As Reported			**$ (0.10)**			**$ (0.03)**

	Three Months Ended December			Year-to-Date December		
Non-GAAP Financial Measures	**2016**	2015	Change	**2016**	2015	Change
Earnings Per Share–						
Excluding Items (See Notes)	**$ 0.24**	$ 0.44	**$ (0.20)**	**$ 2.89**	$ 2.89	**$ —**
Total–As Reported			**$ (0.10)**			**$ (0.03)**
Estimated Loss on Kemper IGCC[2]			**0.01**			**0.03**
Acquisition and Integration Costs[3]			**(0.02)**			**0.06**
Additional MCAR Settlement Costs[4]			**—**			**(0.01)**
Equity Return Related to Kemper IGCC Schedule Extension[5]			**(0.03)**			**(0.04)**
Southern Company Gas Earnings, net of Acquisition and Integration Costs[6]			**(0.11)**			**(0.15)**
Acquisition Debt Financing Costs[6]			**0.04**			**0.11**
Additional Shares Issued for SNG Acquisition[6]			**0.01**			**0.03**
Total–Excluding Items			**$ (0.20)**			**$ —**

- See Notes on the following page.

Southern Company

Significant Factors Impacting EPS

Notes

- In connection with the adoption in the fourth quarter 2016 of a new accounting standard for stock compensation, previously reported amounts for income tax expense were reduced by a total of $25 million for January 1, 2016 through September 30, 2016.

(1) For the three and twelve months ended December 31, 2016 and 2015, dilution does not change basic earnings per share by more than 2 cents and is not material.

(2) The estimated probable losses relating to Mississippi Power Company's construction and associated rate recovery 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 twelve months ended December 31, 2016 and 2015. Similar charges of uncertain amounts may occur with uncertain frequency in future periods.

(3) Earnings for the three and twelve months ended December 31, 2016 and 2015 include costs related to the acquisition of Southern Company Gas and earnings for the three and twelve months ended December 31, 2016 include costs related to the acquisitions of PowerSecure International, Inc. and the 50% interest in Southern Natural Gas Company, L.L.C. (SNG). Further costs are expected to continue to occur in connection with the related integration activities; however, the amount and duration of such expenditures is uncertain.

(4) Earnings for the twelve months ended December 31, 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.

(5) Earnings for the three and twelve months ended December 31, 2016 include additional allowance for funds used during construction (AFUDC) equity as a result of extending the schedule for the Kemper IGCC construction project. Southern Company's February 2016 earnings guidance assumed construction would be complete and AFUDC equity would cease by August 31, 2016. As a result, Southern Company believes presentation of earnings per share excluding these amounts provides investors with information comparable to the February guidance. Management also used such measures to evaluate Southern Company's performance in 2016.

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The timing of completion of the acquisition of Southern Company Gas was uncertain at the time Southern Company issued earnings per share guidance in February 2016, and Southern Company's agreement to acquire a 50% interest in SNG did not occur until July 2016. Accordingly, Southern Company's February 2016 guidance did not reflect any earnings contribution from these acquisitions or the financing costs related to the acquisitions. As a result, Southern Company believes presentation of earnings per share excluding these items provides investors with information comparable to the February guidance. Management also used such measures to evaluate Southern Company's performance in 2016.

In addition to earnings and earnings per share calculated in accordance with U.S. generally accepted accounting principles (GAAP), Southern Company intends to continue to present earnings and earnings per share excluding the impact of the Wholesale Gas Services business of Southern Company Gas in future periods. Presenting earnings and earnings per share excluding Wholesale Gas Services provides investors with an additional measure of operating performance that excludes volatility that results from mark-to-market and lower of weighted average cost or current market price accounting adjustments. Management also expects to use earnings and earnings per share excluding Wholesale Gas Services to evaluate Southern Company's performance. For the three months ended December 31, 2016, pre-tax earnings from Wholesale Gas Services and the related tax impact were $15.1 million and $3.8 million, respectively. For the six months ended December 31, 2016, the pre-tax loss from Wholesale Gas Services and the related tax benefit were $3.7 million and $3.5 million, respectively.

Southern Company
EPS Earnings Analysis

Description	**Three Months Ended December 2016 vs. 2015**	**Year-to-Date December 2016 vs. 2015**
Retail Sales	(2)¢	(5)¢
Retail Revenue Impacts	4	33
Weather	5	10
Wholesale Operations	(1)	(4)
Other Operating Revenues	—	3
Non-Fuel O&M	(15)	(9)
Depreciation and Amortization	(1)	(7)
Taxes Other Than Income Taxes	(1)	(3)
Other Income and Deductions	(5)	(8)
Interest Expense	(2)	(8)
Income Taxes	3	4
Total Traditional Electric Operating Companies	**(15)¢**	**6¢**
Southern Power	**(1)¢**	**13¢**
Parent and Other (Excluding Items)[1]	**(2)¢**	**(9)¢**
Increase in Shares (Excluding Items)[2]	**(2)¢**	**(10)¢**
Total Change in EPS (Excluding Items)	**(20)¢**	**—¢**
Estimated Loss on Kemper IGCC[3]	(1)	(3)
Acquisition and Integration Costs[4]	2	(6)
Additional MCAR Settlement Costs[5]	—	1
Equity Return Related to Kemper IGCC Schedule Extension[6]	3	4
Southern Company Gas Earnings, net of Acquisition and Integration Costs[7]	11	15
Acquisition Debt Financing Costs[7]	(4)	(11)
Increase in Shares Issued for the Acquisition of a 50% Interest in SNG[7]	(1)	(3)
Total Change in EPS (As Reported)	**(10)¢**	**(3)¢**

- See Notes on the following page.

Southern Company
EPS Earnings Analysis
Three and Twelve Months Ended December 2016 vs. December 2015

Notes

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(1) Excludes Acquisition Debt Financing Costs, which are identified separately in the table.

(2) Excludes the impact of 22.3 million shares ($1.1 billion) of common stock issued in August 2016 to finance a portion of the purchase price for the Southern Natural Gas Company, L.L.C. (SNG) acquisition which is identified separately in the table.

(3) The estimated probable losses relating to Mississippi Power Company's construction and associated rate recovery 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 twelve months ended December 31, 2016 and 2015. Similar charges of uncertain amounts may occur with uncertain frequency in future periods.

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

	Three Months Ended December			Year-to-Date December		
	2016	2015	Change	**2016**	2015	Change
Income Account-						
Retail Electric Revenes-						
Fuel	**$ 952**	$ 786	$ 166	**$ 4,121**	$ 4,437	$ (316)
Non-Fuel	**2,350**	2,243	107	**11,113**	10,550	563
Wholesale Electric Revenues	**471**	363	108	**1,926**	1,798	128
Other Electric Revenues	**169**	163	6	**698**	657	41
Natural Gas Revenues	**1,078**	—	1,078	**1,596**	—	1,596
Other Revenues	**161**	13	148	**442**	47	395
Total Revenues	**5,181**	3,568	1,613	**19,896**	17,489	2,407
Fuel and Purchased Power	**1,196**	956	240	**5,111**	5,395	(284)
Cost of Natural Gas	**480**	—	480	**613**	—	613
Cost of Other Sales	**99**	—	99	**260**	—	260
Non-Fuel O & M	**1,624**	1,096	528	**5,240**	4,416	824
Depreciation and Amortization	**697**	519	178	**2,502**	2,034	468
Taxes Other Than Income Taxes	**292**	236	56	**1,113**	997	116
Estimated Loss on Kemper IGCC	**206**	183	23	**428**	365	63
Total Operating Expenses	**4,594**	2,990	1,604	**15,267**	13,207	2,060
Operating Income	**587**	578	9	**4,629**	4,282	347
Allowance for Equity Funds Used During Construction	**52**	63	(11)	**202**	226	(24)
Earnings from equity method investments	**31**	—	31	**59**	—	59
Interest Expense, Net of Amounts Capitalized	**404**	228	176	**1,317**	840	477
Other Income (Expense), net	**(27)**	(12)	(15)	**(93)**	(39)	(54)
Income Taxes	**34**	118	(84)	**951**	1,194	(243)
Net Income	**205**	283	(78)	**2,529**	2,435	94
Less:						
Dividends on Preferred and Preference Stock of Subsidiaries	**11**	12	(1)	**45**	54	(9)
Net Income Attributable to Noncontrolling Interests	**(3)**	—	(3)	**36**	14	22
NET INCOME ATTRIBUTABLE TO SOUTHERN COMPANY	**$ 197**	$ 271	$ (74)	**$ 2,448**	$ 2,367	$ 81

Notes

- Certain prior year data may have been reclassified to conform with current year presentation.

- In connection with the adoption in the fourth quarter 2016 of a new accounting standard for stock compensation, previously reported amounts for income tax expense were reduced by a total of $25 million for January 1, 2016 through September 30, 2016.

Southern Company
Kilowatt-Hour Sales and Customers

(In Millions of KWHs)

	Three Months Ended December				Year-to-Date December			
	2016	2015	Change	Weather Adjusted Change	**2016**	2015	Change	Weather Adjusted Change[1]
Kilowatt-Hour Sales-								
Total Sales	**44,542**	41,945	6.2 %		**195,641**	190,989	2.4 %	
Total Retail Sales-	**36,209**	35,589	1.7 %	(1.5)%	**160,745**	160,484	0.2 %	(1.0)%
Residential	**11,080**	10,196	8.7 %	0.2 %	**53,337**	52,121	2.3 %	0.2 %
Commercial	**12,224**	12,166	0.5 %	(2.2)%	**53,733**	53,525	0.4 %	(1.0)%
Industrial	**12,690**	13,003	(2.4)%	(2.4)%	**52,792**	53,941	(2.1)%	(2.2)%
Other	**215**	224	(3.9)%	(4.1)%	**883**	897	(1.7)%	(1.7)%
Total Wholesale Sales	**8,333**	6,356	31.1 %	N/A	**34,896**	30,505	14.4 %	N/A

(In Thousands of Customers)

	Year-End December		
	2016	2015[2]	Change
Regulated Utility Customers-			
Total Utility Customers-	**9,179**	9,104	0.8 %
Total Traditional Electric	**4,593**	4,546	1.0 %
Southern Company Gas	**4,586**	4,558	0.6 %

Notes

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

(2) Southern Company's acquisition of Southern Company Gas was completed on July 1, 2016. Year-end December 2015 customers are shown on a pro forma basis for comparative purposes.

Southern Company

Financial Overview As Reported

(In Millions of Dollars)

	Three Months Ended December			Year-to-Date December		
	2016	2015	% Change	**2016[1]**	2015	% Change
Southern Company –						
Operating Revenues	**$ 5,181**	$ 3,568	45.2 %	**$ 19,896**	$ 17,489	13.8 %
Earnings Before Income Taxes	**239**	401	(40.4)%	**3,480**	3,629	(4.1)%
Net Income Available to Common	**197**	271	(27.3)%	**2,448**	2,367	3.4 %
Alabama Power –						
Operating Revenues	**$ 1,329**	$ 1,217	9.2 %	**$ 5,889**	$ 5,768	2.1 %
Earnings Before Income Taxes	**174**	204	(14.7)%	**1,370**	1,317	4.0 %
Net Income Available to Common	**102**	121	(15.7)%	**822**	785	4.7 %
Georgia Power –						
Operating Revenues	**$ 1,762**	$ 1,641	7.4 %	**$ 8,383**	$ 8,326	0.7 %
Earnings Before Income Taxes	**163**	312	(47.8)%	**2,127**	2,046	4.0 %
Net Income Available to Common	**113**	196	(42.3)%	**1,330**	1,260	5.6 %
Gulf Power –						
Operating Revenues	**$ 349**	$ 313	11.5 %	**$ 1,485**	$ 1,483	0.1 %
Earnings Before Income Taxes	**42**	47	(10.6)%	**231**	249	(7.2)%
Net Income Available to Common	**23**	28	(17.9)%	**131**	148	(11.5)%
Mississippi Power –						
Operating Revenues	**$ 277**	$ 246	12.6 %	**$ 1,163**	$ 1,138	2.2 %
Earnings (Loss) Before Income Taxes	**(162)**	(130)	N/M	**(152)**	(78)	N/M
Net Income (Loss) Available to Common	**(89)**	(71)	N/M	**(50)**	(8)	N/M
Southern Power –						
Operating Revenues	**$ 389**	$ 304	28.0 %	**$ 1,577**	$ 1,390	13.5 %
Earnings Before Income Taxes	**(8)**	41	N/M	**179**	250	(28.4)%
Net Income Available to Common	**23**	34	(32.4)%	**338**	215	57.2 %
Southern Company Gas –						
Operating Revenues	**$ 1,109**	$ —	N/A	**$ 1,652**	$ —	N/A
Earnings Before Income Taxes	**178**	—	N/A	**190**	—	N/A
Net Income Available to Common	**110**	—	N/A	**114**	—	N/A
N/M - not meaningful						
N/A - not applicable						

Notes

- In connection with the adoption in the fourth quarter 2016 of a new accounting standard for stock compensation, previously reported amounts for income tax expense were reduced by a total of $25 million for January 1, 2016 through September 30, 2016.

(1) Southern Company's acquisition of Southern Company Gas was completed on July 1, 2016. Year-to-Date December reflects financial results for Southern Company Gas for the period July 1, 2016 through December 31, 2016.