

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements based on current expectations and plans that involve risks and uncertainties. Forward-looking statements include statements about, among other things, completion of construction projects, customer growth, retail sales, retail rates, fuel and environmental cost recovery and other rate actions, current and proposed environmental regulations and related estimated expenditures, future earnings, dividend payout ratios, financing activities, access to sources of capital and estimated construction and other expenditures. In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “could,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “potential” or “continue” or the negative of these terms or other similar terminology. Southern Company cautions that there are certain factors that could 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 indicated 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, 2012 (Form 10-K), 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 byproducts and emissions of sulfur, nitrogen, carbon, soot, particulate matter, hazardous air pollutants, including mercury, and other substances, financial reform legislation 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, including the pending Environmental Protection Agency civil actions against certain Southern Company subsidiaries, 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 recent recession, population and business growth (and declines), the effects of energy conservation measures and any potential economic impacts resulting from federal fiscal decisions; available sources and costs of fuels; effects of inflation; ability to control costs and avoid cost overruns during the development and construction of facilities, including the development and construction of facilities with designs that have not been finalized or previously constructed, to construct facilities in accordance with the requirements of permits and licenses, and to satisfy any operational and environmental performance standards, including

Southern Company expressly disclaims any obligation to update any forward-looking information.

the requirements of tax credits and other incentives; investment performance of Southern Company’s employee benefit plans and 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; regulatory approvals and actions related to the Plant Vogtle expansion, including Georgia Public Service Commission approvals, Nuclear Regulatory Commission actions, and potential U.S. Department of Energy loan guarantees; regulatory approvals and legislative actions related to the Kemper County integrated coal gasification combined cycle facility (Kemper IGCC), including Mississippi Public Service Commission approvals and legislation relating to cost recovery for the Kemper IGCC, the South Mississippi Electric Power Association purchase decision, satisfaction of requirements to utilize investment tax credits and grants and the outcome of any proceedings regarding the Mississippi Public Service Commission’s issuance of the certificate of public convenience and necessity for the Kemper IGCC; the inherent risks involved in operating and constructing nuclear generating facilities, including environmental, health, regulatory, natural disaster, terrorism or 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 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 terrorist incidents and the threat of terrorist incidents, including cyber intrusion; interest rate fluctuations and financial market conditions and the results of financing efforts, including Southern Company’s and its subsidiaries’ credit ratings; the impacts of any potential U.S. credit rating downgrade or other 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 availability or benefits of proposed U.S. Department of Energy loan guarantees; the ability of Southern Company and its subsidiaries to obtain additional generating capacity at competitive prices; catastrophic events such as fires, earthquakes, explosions, floods, hurricanes, droughts, pandemic health events such as influenza 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; the effect of accounting pronouncements issued periodically by standard-setting bodies; and other factors discussed elsewhere herein and in other reports, including the Form 10-K filed by Southern Company from time to time with the Securities and Exchange Commission.

FINANCIAL INFORMATION

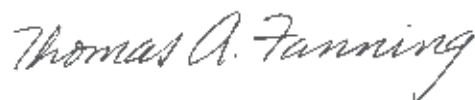
The following condensed financial presentation should not be considered a substitute for the full financial statements, inclusive of footnotes and Management’s Discussion and Analysis of Financial Condition and Results of Operations, provided to all shareholders in Appendix E to the Company’s 2013 Proxy Statement and included in the Form 10-K as filed with the Securities and Exchange Commission. Appendix E to the Proxy Statement

and the Form 10-K also contain detailed discussions of major uncertainties, contingencies, risks, and other issues the Company faces. A copy of the Form 10-K and/or the Proxy Statement, when available, including the full financial statements, can be obtained by calling 1-800-554-7626 or accessing it online at <http://investor.southerncompany.com>.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of The Southern Company is responsible for establishing and maintaining an adequate system of internal control over financial reporting as required by the Sarbanes-Oxley Act of 2002 and as defined in Exchange Act Rule 13a-15(f). A control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

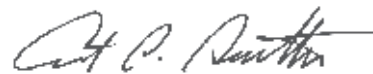
Under management's supervision, an evaluation of the design and effectiveness of Southern Company's internal control over financial reporting was conducted based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that



Thomas A. Fanning
Chairman, President, and Chief Executive Officer

Southern Company's internal control over financial reporting was effective as of December 31, 2012.

Deloitte & Touche LLP, an independent registered public accounting firm, as auditors of Southern Company's financial statements, has issued an attestation report on the effectiveness of Southern Company's internal control over financial reporting as of December 31, 2012. Deloitte & Touche LLP's report on Southern Company's internal control over financial reporting appears in Appendix E to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission.



Art P. Beattie
Executive Vice President and Chief Financial Officer

February 27, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Southern Company

We have audited the consolidated balance sheets and consolidated statements of capitalization of Southern Company and Subsidiary Companies (the Company) as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2012. We have also audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2012. Such consolidated financial statements, management's assessment of the effectiveness of the Company's internal control over financial reporting, and our report on the consolidated financial statements and internal control over financial reporting dated February 27, 2013, expressing an unqualified opinion (which is not included herein) are

included in Appendix E to the proxy statement for the 2013 annual meeting of stockholders. The accompanying condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on such condensed consolidated financial statements in relation to the complete consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 2012 and 2011, and the related condensed consolidated statements of income and of cash flows for each of the three years in the period ended December 31, 2012, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.



Atlanta, Georgia
February 27, 2013

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2012, 2011, and 2010

(IN MILLIONS)	2012	2011	2010
OPERATING REVENUES:			
Retail revenues	\$14,187	\$15,071	\$14,791
Wholesale revenues	1,675	1,905	1,994
Other electric revenues	616	611	589
Other revenues	59	70	82
Total operating revenues	16,537	17,657	17,456
OPERATING EXPENSES:			
Fuel	5,057	6,262	6,699
Purchased power	544	608	563
Other operations and maintenance	3,791	3,938	4,010
MC Asset Recovery insurance settlement	(19)	-	-
Depreciation and amortization	1,787	1,717	1,513
Taxes other than income taxes	914	901	869
Total operating expenses	12,074	13,426	13,654
OPERATING INCOME	4,463	4,231	3,802
OTHER INCOME AND (EXPENSE):			
Allowance for equity funds used during construction	143	153	194
Interest income	40	21	24
Interest expense, net of amounts capitalized	(859)	(857)	(895)
Other income (expense), net	(38)	(61)	(59)
Total other income and (expense)	(714)	(744)	(736)
EARNINGS BEFORE INCOME TAXES	3,749	3,487	3,066
Income taxes	1,334	1,219	1,026
CONSOLIDATED NET INCOME	2,415	2,268	2,040
Dividends on Preferred and Preference Stock of Subsidiaries	65	65	65
CONSOLIDATED NET INCOME AFTER DIVIDENDS ON PREFERRED AND PREFERENCE STOCK OF SUBSIDIARIES	\$ 2,350	\$ 2,203	\$ 1,975
COMMON STOCK DATA:			
Earnings per share (EPS) –			
Basic EPS	\$2.70	\$2.57	\$2.37
Diluted EPS	2.67	2.55	2.36
Average number of shares of common stock outstanding – <i>(in millions)</i>			
Basic	871	857	832
Diluted	879	864	837
Cash dividends paid per share of common stock	\$1.9425	\$1.8725	\$1.8025

Full disclosure of all financial information is included in Appendix E to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission, including the accompanying footnotes, which are an integral part of the financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2012, 2011, and 2010

(IN MILLIONS)	2012	2011	2010
OPERATING ACTIVITIES:			
Consolidated net income	\$ 2,415	\$ 2,268	\$ 2,040
Adjustments to reconcile consolidated net income to net cash provided from operating activities –			
Depreciation and amortization, total	2,145	2,048	1,831
Deferred income taxes	1,096	1,155	1,038
Allowance for equity funds used during construction	(143)	(153)	(194)
Pension, postretirement, and other employee benefits	(398)	(45)	(614)
Stock based compensation expense	55	42	33
Generation construction screening costs	-	-	(51)
Retail fuel cost-recovery – long-term	123	-	-
Other, net	56	15	(33)
Changes in certain current assets and liabilities –			
Receivables	234	362	80
Fossil fuel stock	(452)	(62)	135
Materials and supplies	(97)	(60)	(30)
Other current assets	(37)	(17)	(17)
Accounts payable	(89)	(5)	4
Accrued taxes	(71)	330	(308)
Accrued compensation	(28)	10	180
Retail fuel cost over recovery – short-term	129	(3)	(178)
Other current liabilities	(40)	18	75
Net cash provided from operating activities	4,898	5,903	3,991
INVESTING ACTIVITIES:			
Property additions	(4,809)	(4,525)	(4,086)
Investment in restricted cash	(280)	1	(50)
Distribution of restricted cash	284	63	25
Nuclear decommissioning trust fund purchases	(1,046)	(2,195)	(2,009)
Nuclear decommissioning trust fund sales	1,043	2,190	2,004
Cost of removal, net of salvage	(149)	(93)	(125)
Change in construction payables, net	(84)	198	29
Other investing activities	(127)	178	(44)
Net cash used for investing activities	(5,168)	(4,183)	(4,256)
FINANCING ACTIVITIES:			
Increase (decrease) in notes payable, net	(30)	(438)	659
Proceeds –			
Long-term debt issuances	4,404	3,719	3,151
Interest-bearing refundable deposit related to asset sale	150	-	-
Common stock issuances	397	723	772
Redemptions and repurchases –			
Long-term debt	(3,169)	(3,170)	(2,966)
Common stock repurchased	(430)	-	-
Payment of common stock dividends	(1,693)	(1,601)	(1,496)
Payment of dividends on preferred and preference stock of subsidiaries	(65)	(65)	(65)
Other financing activities	19	(20)	(33)
Net cash provided from (used for) financing activities	(417)	(852)	22
NET CHANGE IN CASH AND CASH EQUIVALENTS	(687)	868	(243)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,315	447	690
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 628	\$ 1,315	\$ 447

Full disclosure of all financial information is included in Appendix E to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission, including the accompanying footnotes, which are an integral part of the financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

At December 31, 2012 and 2011

ASSETS (IN MILLIONS)	2012	2011
CURRENT ASSETS:		
Cash and cash equivalents	\$ 628	\$ 1,315
Restricted cash and cash equivalents	7	8
Receivables –		
Customer accounts receivable	961	1,074
Unbilled revenues	441	376
Under recovered regulatory clause revenues	29	143
Other accounts and notes receivable	235	282
Accumulated provision for uncollectible accounts	(17)	(26)
Fossil fuel stock, at average cost	1,819	1,367
Materials and supplies, at average cost	1,000	903
Vacation pay	165	160
Prepaid expenses	657	385
Other regulatory assets, current	163	239
Other current assets	74	46
Total current assets	6,162	6,272
PROPERTY, PLANT, AND EQUIPMENT:		
In service	63,251	59,744
Less accumulated depreciation	21,964	21,154
Plant in service, net of depreciation	41,287	38,590
Other utility plant, net	263	55
Nuclear fuel, at amortized cost	851	774
Construction work in progress	5,989	5,591
Total property, plant, and equipment	48,390	45,010
OTHER PROPERTY AND INVESTMENTS:		
Nuclear decommissioning trusts, at fair value	1,303	1,207
Leveraged leases	670	649
Miscellaneous property and investments	216	262
Total other property and investments	2,189	2,118
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred charges related to income taxes	1,385	1,365
Unamortized debt issuance expense	133	156
Unamortized loss on reacquired debt	309	285
Other regulatory assets, deferred	4,032	3,579
Other deferred charges and assets	549	482
Total deferred charges and other assets	6,408	5,867
TOTAL ASSETS	\$63,149	\$59,267

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CONDENSED CONSOLIDATED BALANCE SHEETS

At December 31, 2012 and 2011

LIABILITIES AND STOCKHOLDERS' EQUITY (IN MILLIONS)	2012	2011
CURRENT LIABILITIES:		
Securities due within one year	\$ 2,335	\$ 1,717
Interest-bearing refundable deposit related to asset sale	150	-
Notes payable	825	859
Accounts payable	1,387	1,553
Customer deposits	370	347
Accrued taxes –		
Accrued income taxes	7	13
Unrecognized tax benefits	2	22
Other accrued taxes	391	425
Accrued interest	237	226
Accrued vacation pay	212	205
Accrued compensation	433	450
Liabilities from risk management activities	75	209
Other regulatory liabilities, current	107	125
Other current liabilities	483	426
Total current liabilities	7,014	6,577
LONG-TERM DEBT	19,274	18,647
DEFERRED CREDITS AND OTHER LIABILITIES:		
Accumulated deferred income taxes	9,938	8,809
Deferred credits related to income taxes	211	224
Accumulated deferred investment tax credits	894	611
Employee benefit obligations	2,540	2,442
Asset retirement obligations	1,748	1,321
Other cost of removal obligations	1,194	1,165
Other regulatory liabilities, deferred	289	297
Other deferred credits and liabilities	668	514
Total deferred credits and other liabilities	17,482	15,383
TOTAL LIABILITIES	43,770	40,607
REDEEMABLE PREFERRED STOCK OF SUBSIDIARIES	375	375
TOTAL STOCKHOLDERS' EQUITY	19,004	18,285
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$63,149	\$59,267

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