

Cautionary Statement Regarding Forward-Looking Statements

Southern Company's 2014 Summary Annual Report contains forward-looking statements. Forward-looking statements include, among other things, statements concerning future sources of generation, completion of acquisitions and construction projects and the anticipated benefits thereof, expected retail rates and the potential benefits of possible innovations. 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. There are various factors that could cause actual results to differ materially from those suggested by the forward-looking statements; accordingly, there can be no assurance that such indicated results will be realized. These factors include:

- 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, CO₂, 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, including 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 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);
- the ability to construct facilities in accordance with the requirements of permits and licenses, to satisfy any operational and environmental performance standards, including any Public Service Commission requirements 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 Public Service Commission approvals and NRC actions and related legal proceedings involving the commercial parties;
- actions related to cost recovery for the Kemper IGCC project, including actions relating to proposed securitization, Mississippi Public Service Commission approval of a rate recovery plan, including the ability to complete the proposed sale of an interest in the Kemper IGCC project to South Mississippi Electric Power Association, the ability to utilize bonus depreciation, which currently requires that assets be placed in service in 2015, and satisfaction of requirements to utilize ITCs and grants;
- Mississippi Public Service Commission review of the prudence of Kemper IGCC project costs;
- the ultimate outcome and impact of the February 2015 decision of the Mississippi Supreme Court and any further legal or regulatory proceedings regarding any settlement agreement between MPC and the Mississippi Public Service Commission, the March 2013 rate order regarding retail rate increases, or the Baseload Act;
- 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, 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 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 or 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 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;
- the effect of accounting pronouncements issued periodically by standard-setting bodies; and
- other factors discussed elsewhere herein and in other reports, including Southern Company's Annual Report on Form 10-K for the year ended December 31, 2014 (Form 10-K), filed by Southern Company from time to time with the Securities and Exchange Commission.

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

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 D to the Company's 2015 Proxy Statement and included in the Form 10-K as filed with the Securities and Exchange Commission. Appendix D 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 Shareowner Services at 1-800-554-7626 or by accessing it online at <http://investor.southerncompany.com>.

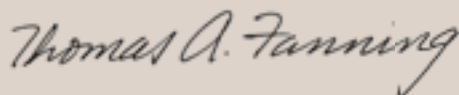
Management's Report On Internal Control Over Financial Reporting

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 (2013) issued by the Committee of Sponsoring

Organizations of the Treadway Commission. Based on this evaluation, management concluded that Southern Company's internal control over financial reporting was effective as of December 31, 2014.

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, 2014. Deloitte & Touche LLP's report on Southern Company's internal control over financial reporting appears in Appendix D to the Proxy Statement and in the Form 10-K as filed with the Securities and Exchange Commission.



Thomas A. Fanning
Chairman, President and Chief Executive Officer



Art P. Beattie
Executive Vice President and Chief Financial Officer
March 2, 2015

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, 2014 and 2013, 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, 2014. We have also audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. 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 March 2, 2015, expressing an unqualified opinion (which is not included herein) are included in Appendix D to the proxy statement for the 2015 annual meeting of stockholders. The accompanying condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to ex-

press 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, 2014 and 2013, and the related condensed consolidated statements of income and of cash flows for each of the three years in the period ended December 31, 2014, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.



Atlanta, Georgia
March 2, 2015

Condensed Consolidated Statements of Income

For the Years Ended December 31, 2014, 2013, and 2012

<i>(In Millions)</i>	2014	2013	2012
Operating Revenues:			
Retail revenues	\$15,550	\$14,541	\$14,187
Wholesale revenues	2,184	1,855	1,675
Other electric revenues	672	639	616
Other revenues	61	52	59
Total operating revenues	18,467	17,087	16,537
Operating Expenses:			
Fuel	6,005	5,510	5,057
Purchased power	672	461	544
Other operations and maintenance	4,354	3,846	3,772
Depreciation and amortization	1,945	1,901	1,787
Taxes other than income taxes	981	934	914
Estimated loss on Kemper IGCC	868	1,180	—
Total operating expenses	14,825	13,832	12,074
Operating Income	3,642	3,255	4,463
Other Income and (Expense):			
Allowance for equity funds used during construction	245	190	143
Interest income	19	19	40
Interest expense, net of amounts capitalized	(835)	(824)	(859)
Other income (expense), net	(63)	(81)	(38)
Total other income and (expense)	(634)	(696)	(714)
Earnings Before Income Taxes	3,008	2,559	3,749
Income taxes	977	849	1,334
Consolidated Net Income	2,031	1,710	2,415
Dividends on Preferred and Preference Stock of Subsidiaries	68	66	65
Consolidated Net Income After Dividends on Preferred and Preference Stock of Subsidiaries	\$ 1,963	\$ 1,644	\$ 2,350
Common Stock Data:			
Earnings per share (EPS) —			
Basic EPS	\$ 2.19	\$ 1.88	\$ 2.70
Diluted EPS	2.18	1.87	2.67
Average number of shares of common stock outstanding — (in millions)			
Basic	897	877	871
Diluted	901	881	879

Full disclosure of all financial information is included in Appendix D 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, 2014, 2013, and 2012

(In Millions)	2014	2013	2012
Operating Activities:			
Consolidated net income	\$ 2,031	\$ 1,710	\$ 2,415
Adjustments to reconcile consolidated net income to net cash provided from operating activities —			
Depreciation and amortization, total	2,293	2,298	2,145
Deferred income taxes	709	496	1,096
Investment tax credits	35	302	128
Allowance for equity funds used during construction	(245)	(190)	(143)
Pension, postretirement, and other employee benefits	(515)	131	(398)
Stock based compensation expense	63	59	55
Estimated loss on Kemper IGCC	868	1,180	—
Other, net	(38)	(41)	51
Changes in certain current assets and liabilities —			
Receivables	(352)	(153)	234
Fossil fuel stock	408	481	(452)
Materials and supplies	(67)	36	(97)
Other current assets	(57)	(11)	(37)
Accounts payable	267	72	(89)
Accrued taxes	(105)	(85)	(71)
Accrued compensation	255	(138)	(28)
Mirror CWIP	180	—	—
Other current liabilities	85	(50)	89
Net cash provided from operating activities	5,815	6,097	4,898
Investing Activities:			
Property additions	(5,977)	(5,463)	(4,809)
Investment in restricted cash	(11)	(149)	(280)
Distribution of restricted cash	57	96	284
Nuclear decommissioning trust fund purchases	(916)	(986)	(1,046)
Nuclear decommissioning trust fund sales	914	984	1,043
Cost of removal, net of salvage	(170)	(131)	(149)
Change in construction payables, net	(107)	(126)	(84)
Prepaid long-term service agreement	(181)	(91)	(146)
Other investing activities	(17)	124	19
Net cash used for investing activities	(6,408)	(5,742)	(5,168)
Financing Activities:			
Increase (decrease) in notes payable, net	(676)	662	(30)
Proceeds —			
Long-term debt issuances	3,169	2,938	4,404
Interest-bearing refundable deposit	125	—	150
Preference stock	—	50	—
Common stock issuances	806	695	397
Redemptions and repurchases —			
Long-term debt	(816)	(2,830)	(3,169)
Common stock repurchased	(5)	(20)	(430)
Payment of common stock dividends	(1,866)	(1,762)	(1,693)
Payment of dividends on preferred and preference stock of subsidiaries	(68)	(66)	(65)
Other financing activities	(25)	9	19
Net cash provided from (used for) financing activities	644	(324)	(417)
Net Change in Cash and Cash Equivalents	51	31	(687)
Cash and Cash Equivalents at Beginning of Year	659	628	1,315
Cash and Cash Equivalents at End of Year	\$ 710	\$ 659	\$ 628

Full disclosure of all financial information is included in Appendix D 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, 2014 and 2013

Assets (In Millions)	2014	2013
Current Assets:		
Cash and cash equivalents	\$ 710	\$ 659
Receivables —		
Customer accounts receivable	1,090	1,027
Unbilled revenues	432	448
Under recovered regulatory clause revenues	136	58
Other accounts and notes receivable	307	304
Accumulated provision for uncollectible accounts	(18)	(18)
Fossil fuel stock, at average cost	930	1,339
Materials and supplies, at average cost	1,039	959
Vacation pay	177	171
Prepaid expenses	665	278
Deferred income taxes, current	506	143
Other regulatory assets, current	346	207
Other current assets	50	39
Total current assets	6,370	5,614
Property, Plant, and Equipment:		
In service	70,013	66,021
Less accumulated depreciation	24,059	23,059
Plant in service, net of depreciation	45,954	42,962
Other utility plant, net	211	240
Nuclear fuel, at amortized cost	911	855
Construction work in progress	7,792	7,151
Total property, plant, and equipment	54,868	51,208
Other Property and Investments:		
Nuclear decommissioning trusts, at fair value	1,546	1,465
Leveraged leases	743	665
Miscellaneous property and investments	203	218
Total other property and investments	2,492	2,348
Deferred Charges and Other Assets:		
Deferred charges related to income taxes	1,510	1,436
Prepaid pension costs	—	419
Unamortized debt issuance expense	202	139
Unamortized loss on reacquired debt	243	269
Other regulatory assets, deferred	4,334	2,495
Other deferred charges and assets	904	618
Total deferred charges and other assets	7,193	5,376
Total Assets	\$70,923	\$64,546

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Condensed Consolidated Balance Sheets

At December 31, 2014 and 2013

Liabilities and Stockholders' Equity <i>(In Millions)</i>	2014	2013
Current Liabilities:		
Securities due within one year	\$ 3,333	\$ 469
Interest-bearing refundable deposit	275	150
Notes payable	803	1,482
Accounts payable	1,593	1,376
Customer deposits	390	380
Accrued taxes —		
Accrued income taxes	151	13
Other accrued taxes	487	456
Accrued interest	295	251
Accrued vacation pay	223	217
Accrued compensation	576	303
Other regulatory liabilities, current	26	82
Mirror CWIP	271	—
Other current liabilities	544	346
Total current liabilities	8,967	5,525
Long-Term Debt	20,841	21,344
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	11,568	10,563
Deferred credits related to income taxes	192	203
Accumulated deferred investment tax credits	1,208	966
Employee benefit obligations	2,432	1,461
Asset retirement obligations	2,168	2,006
Other cost of removal obligations	1,215	1,275
Other regulatory liabilities, deferred	398	479
Other deferred credits and liabilities	594	585
Total deferred credits and other liabilities	19,775	17,538
Total Liabilities	49,583	44,407
Redeemable Preferred Stock of Subsidiaries	375	375
Redeemable Noncontrolling Interest	39	—
Total Stockholders' Equity	20,926	19,764
Total Liabilities and Stockholders' Equity	\$70,923	\$64,546

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