

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Southern Company's 2015 Summary Annual Report contains forward-looking statements. Forward-looking statements include, among other things, statements concerning the proposed merger with AGL Resources Inc. (Merger), including the expected timing of the completion of the Merger and the expected benefits thereof, the expected completion of other acquisitions and construction projects and the anticipated benefits thereof 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 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, as well as changes in application of existing laws and regulations;
- current and future litigation, regulatory investigations, proceedings or inquiries, including, without limitation, 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, 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 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;
- actions related to cost recovery for 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 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 Merger, including the failure to receive, on a timely basis or otherwise, the required approvals by government or regulatory agencies (including the terms of such approvals), the possibility that long-term financing for the Merger may not be put in place prior to the closing, the risk that a condition to closing of the Merger or funding of the bridge credit facility may not be satisfied, the possibility that the anticipated benefits from the Merger 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 Merger-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 Department of Energy loan guarantees;
- the ability of Southern Company's subsidiaries to obtain additional generating capacity (or sell excess 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 the 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 the Company's Annual Report to Stockholders and included in the Form 10-K as filed with the Securities and Exchange Commission. The Annual Report to Stockholders

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 Annual Report to Stockholders, including the full financial statements, can be obtained by calling Shareowner Services at 1-800-554-7626 or 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



Thomas A. Fanning
Chairman, President and Chief Executive Officer

February 26, 2016



Art P. Beattie
Executive Vice President and Chief Financial Officer

February 26, 2016

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, 2015 and 2014, 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, 2015. We have also audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2015. 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 26, 2016, expressing an unqualified opinion (which is not included herein) are included in the Annual Report to 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, 2015 and 2014, and the related condensed consolidated statements of income and of cash flows for each of the three years in the period ended December 31, 2015, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.



Atlanta, Georgia
February 26, 2016

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2015, 2014, and 2013

<i>(In Millions)</i>	2015	2014	2013
OPERATING REVENUES:			
Retail revenues	\$14,987	\$15,550	\$14,541
Wholesale revenues	1,798	2,184	1,855
Other electric revenues	657	672	639
Other revenues	47	61	52
Total operating revenues	17,489	18,467	17,087
OPERATING EXPENSES:			
Fuel	4,750	6,005	5,510
Purchased power	645	672	461
Other operations and maintenance	4,416	4,354	3,846
Depreciation and amortization	2,034	1,945	1,901
Taxes other than income taxes	997	981	934
Estimated loss on Kemper IGCC	365	868	1,180
Total operating expenses	13,207	14,825	13,832
OPERATING INCOME	4,282	3,642	3,255
OTHER INCOME AND (EXPENSE):			
Allowance for equity funds used during construction	226	245	190
Interest income	23	19	19
Interest expense, net of amounts capitalized	(840)	(835)	(824)
Other income (expense), net	(62)	(63)	(81)
Total other income and (expense)	(653)	(634)	(696)
EARNINGS BEFORE INCOME TAXES	3,629	3,008	2,559
Income taxes	1,194	977	849
CONSOLIDATED NET INCOME	2,435	2,031	1,710
Less:			
Dividends on preferred and preference stock of subsidiaries	54	68	66
Net income attributable to noncontrolling interests	14	—	—
CONSOLIDATED NET INCOME ATTRIBUTABLE TO SOUTHERN COMPANY	\$ 2,367	\$ 1,963	\$ 1,644
COMMON STOCK DATA:			
Earnings per share (EPS) —			
Basic EPS	\$ 2.60	\$ 2.19	\$ 1.88
Diluted EPS	2.59	2.18	1.87
Average number of shares of common stock outstanding — (in millions)			
Basic	910	897	877
Diluted	914	901	881

Full disclosure of all financial information is included in the Annual Report to Stockholders 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, 2015, 2014, and 2013

<i>(In Millions)</i>	2015	2014	2013
OPERATING ACTIVITIES:			
Consolidated net income	\$ 2,435	\$ 2,031	\$ 1,710
Adjustments to reconcile consolidated net income to net cash provided from operating activities —			
Depreciation and amortization, total	2,395	2,293	2,298
Deferred income taxes	1,404	709	496
Investment tax credits	(48)	35	302
Allowance for equity funds used during construction	(226)	(245)	(190)
Pension, postretirement, and other employee benefits	76	(515)	131
Stock based compensation expense	99	63	59
Estimated loss on Kemper IGCC	365	868	1,180
Income taxes receivable, non-current	(413)	—	—
Other, net	(39)	(39)	(41)
Changes in certain current assets and liabilities —			
Receivables	243	(352)	(153)
Fossil fuel stock	61	408	481
Materials and supplies	(44)	(67)	36
Other current assets	(108)	(57)	(11)
Accounts payable	(353)	267	72
Accrued taxes	352	(105)	(85)
Accrued compensation	(41)	255	(138)
Retail fuel cost over recovery — short-term	289	(23)	(66)
Mirror CWIP	(271)	180	—
Other current liabilities	98	109	16
Net cash provided from operating activities	6,274	5,815	6,097
INVESTING ACTIVITIES:			
Plant acquisitions	(1,719)	(731)	(132)
Property additions	(5,674)	(5,246)	(5,331)
Investment in restricted cash	(160)	(11)	(149)
Distribution of restricted cash	154	57	96
Nuclear decommissioning trust fund purchases	(1,424)	(916)	(986)
Nuclear decommissioning trust fund sales	1,418	914	984
Cost of removal, net of salvage	(167)	(170)	(131)
Change in construction payables, net	402	(107)	(126)
Prepaid long-term service agreement	(197)	(181)	(91)
Other investing activities	87	(17)	124
Net cash used for investing activities	(7,280)	(6,408)	(5,742)
FINANCING ACTIVITIES:			
Increase (decrease) in notes payable, net	73	(676)	662
Proceeds —			
Long-term debt issuances	7,029	3,169	2,938
Interest-bearing refundable deposit	—	125	—
Common stock issuances	256	806	695
Short-term borrowings	755	—	—
Redemptions and repurchases —			
Long-term debt	(3,604)	(816)	(2,830)
Common stock repurchased	(115)	(5)	(20)
Interest-bearing refundable deposits	(275)	—	—
Preferred and preference stock	(412)	—	—
Short-term borrowings	(255)	—	—
Capital contributions from noncontrolling interests	341	8	17
Payment of common stock dividends	(1,959)	(1,866)	(1,762)
Payment of dividends on preferred and preference stock of subsidiaries	(59)	(68)	(66)
Other financing activities	(75)	(33)	42
Net cash provided from (used for) financing activities	1,700	644	(324)
NET CHANGE IN CASH AND CASH EQUIVALENTS	694	51	31
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	710	659	628
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,404	\$ 710	\$ 659

Full disclosure of all financial information is included in the Annual Report to Stockholders 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, 2015 AND 2014

ASSETS (In Millions)	2015	2014
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,404	\$ 710
Receivables —		
Customer accounts receivable	1,058	1,090
Unbilled revenues	397	432
Under recovered regulatory clause revenues	63	136
Other accounts and notes receivable	398	307
Accumulated provision for uncollectible accounts	(13)	(18)
Income taxes receivable, current	144	—
Fossil fuel stock, at average cost	868	930
Materials and supplies, at average cost	1,061	1,039
Vacation pay	178	177
Prepaid expenses	495	665
Other regulatory assets, current	402	346
Other current assets	71	50
Total current assets	6,526	5,864
PROPERTY, PLANT, AND EQUIPMENT:		
In service	75,118	70,013
Less accumulated depreciation	24,253	24,059
Plant in service, net of depreciation	50,865	45,954
Other utility plant, net	233	211
Nuclear fuel, at amortized cost	934	911
Construction work in progress	9,082	7,792
Total property, plant, and equipment	61,114	54,868
OTHER PROPERTY AND INVESTMENTS:		
Nuclear decommissioning trusts, at fair value	1,512	1,546
Leveraged leases	755	743
Miscellaneous property and investments	485	203
Total other property and investments	2,752	2,492
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred charges related to income taxes	1,560	1,510
Unamortized loss on reacquired debt	227	243
Other regulatory assets, deferred	4,989	4,334
Income taxes receivable, non-current	413	—
Other deferred charges and assets	737	922
Total deferred charges and other assets	7,926	7,009
TOTAL ASSETS	\$78,318	\$70,233

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CONDENSED CONSOLIDATED BALANCE SHEETS

At DECEMBER 31, 2015 AND 2014

LIABILITIES AND STOCKHOLDERS' EQUITY (In Millions)	2015	2014
CURRENT LIABILITIES:		
Securities due within one year	\$ 2,674	\$ 3,329
Interest-bearing refundable deposits	—	275
Notes payable	1,376	803
Accounts payable	1,905	1,593
Customer deposits	404	390
Accrued taxes —		
Accrued income taxes	19	149
Other accrued taxes	484	487
Accrued interest	249	295
Accrued vacation pay	228	223
Accrued compensation	549	576
Asset retirement obligations, current	217	32
Liabilities from risk management activities	156	138
Other regulatory liabilities, current	278	26
Mirror CWIP	—	271
Other current liabilities	590	374
Total current liabilities	9,129	8,961
LONG-TERM DEBT	24,688	20,644
DEFERRED CREDITS AND OTHER LIABILITIES:		
Accumulated deferred income taxes	12,322	11,082
Deferred credits related to income taxes	187	192
Accumulated deferred investment tax credits	1,219	1,208
Employee benefit obligations	2,582	2,432
Asset retirement obligations, deferred	3,542	2,168
Unrecognized tax benefits	370	4
Other cost of removal obligations	1,162	1,215
Other regulatory liabilities, deferred	254	398
Other deferred credits and liabilities	720	589
Total deferred credits and other liabilities	22,358	19,288
TOTAL LIABILITIES	56,175	48,893
REDEEMABLE PREFERRED STOCK OF SUBSIDIARIES	118	375
REDEEMABLE NONCONTROLLING INTERESTS	43	39
TOTAL STOCKHOLDERS' EQUITY	21,982	20,926
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$78,318	\$70,233

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