

Southern Company

4th Quarter 2000 Earnings

December 31, 2000

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Southern Company reports record earnings for 2000

ATLANTA – Southern Company (NYSE: SO) Chairman and Chief Executive Officer Bill Dahlberg, citing strong performance company-wide, today reported record earnings for 2000.

Southern Company's earnings from operations for the full year were \$1.40 billion, or \$2.13 per share, compared with \$1.30 billion, or \$1.90 per share, in 1999 – a 12 percent increase in earnings per share.

"This past year was another great one for Southern Company," Dahlberg said. "While we were preparing to become a much different company in the future, we successfully executed our present strategy, and again met or exceeded our financial, operating and customer service goals.

"The result is that in 2000 Southern Company continued to keep its promise to deliver value to shareholders," Dahlberg said.

After charges related to Southern Energy -- Southern Company's subsidiary with global and North American operations -- becoming a public company and other non-operating items, Southern Company's reported earnings were \$1.31 billion, or \$2.01 per share, compared with \$1.28 billion, or \$1.86 per share, in the previous year.

Southern Energy announced today it will become Mirant Corporation.

In October, Southern Energy, now Mirant, completed a successful initial public offering of 66.7 million shares of common stock, or 19.7 percent of the company. Total gross proceeds to Southern Energy from the IPO and a concurrent securities offering were \$1.8 billion. Southern Company's management intends to seek approval from its Board of

(more)

Directors for a complete spinoff of Mirant to Southern Company shareholders on or about April 2.

The spinoff must be approved by Southern Company's Board of Directors. The principal factors that the Board will consider in determining whether and when to complete the spinoff include: general market conditions and the relative market prices of Mirant's common stock and of Southern Company's common stock; the receipt from the IRS of a supplemental ruling that the transaction will be tax-free to Southern Company and its shareholders and that the transaction will qualify as a tax-free distribution for U.S. tax purposes; receipt of necessary regulatory orders with terms and conditions acceptable to Southern Company; the absence of any court orders, regulations, adverse regulatory action or contractual restrictions prohibiting or restricting the completion of the spinoff; other conditions affecting Mirant or Southern Company; and certain modification of lending agreements that a number of banks have in place with Mirant.

In the fourth quarter of 2000, Southern Company's earnings from operations were \$148 million, or 21 cents a share, compared with \$143 million, or 22 cents a share, in the same period a year earlier.

After transition charges related to Mirant and other non-operating items, Southern Company's fourth quarter reported earnings were \$112 million, or 16 cents a share, compared with \$123 million, or 19 cents a share, in the same period in 1999.

Dahlberg said the strong results posted both by Southern Company's core operations in the Southeastern United States as well as by Mirant show that the foundation has been set for the companies to achieve success as separate entities – each focusing on its core strengths and providing the opportunity for more appropriate valuations from the investment community.

"We are creating two great companies from one," Dahlberg said. "I believe each has an outstanding future."

Southern Company's strategy going forward will focus on growth in three major areas: its traditional retail business in the Southeast, competitive generation in the eight-state "super Southeast" and new products and services for energy customers. Southern Company last month received final regulatory approval to form a new subsidiary to own, manage and finance wholesale generating assets in the Southeast. Southern Company plans to develop or acquire more than 7,500 megawatts dedicated to the competitive wholesale business by 2005. Southern Company also plans to produce \$50 million of annual earnings from new products and services within the next five years.

"Our strategy going forward allows us to take our strengths as a company and match them with the considerable growth opportunities we see in the Southeast – the region we know best," Dahlberg said.

Reviewing operations, Dahlberg said electricity use by retail customers in Southern Company's traditional service area in the Southeastern United States increased 4.3 percent to 150.2 billion kilowatt-hours in 2000. In-home electricity needs were up 6.5 percent to 46.2 billion kilowatt-hours. Electricity consumption by commercial customers – offices, stores and other non-manufacturing firms – rose 6.6 percent to 46.2 billion kilowatt-hours. Industrial energy use increased 1.0 percent to 56.7 billion kilowatt-hours.

Total sales of electricity to Southern Company's customers in the Southeast, including sales to other utilities, increased 6.4 percent to 176.9 billion kilowatt-hours in 2000.

In conjunction with issuing this earnings announcement, Southern Company has posted on its Web site a package of detailed financial information on its fourth quarter and year-end performance. These materials are available at www.southerncompany.com 7 a.m. Jan. 19.

Southern Company's financial analyst call will be at 11 a.m. EST Jan. 19, at which time Dahlberg and Chief Financial Officer W. Larry Westbrook will discuss earnings and provide a general business update. Investors, media and the public may listen to a live Webcast of the call by clicking on the appropriate audio link www.southerncompany.com. A replay of the Webcast will be available at the site for 10 days.

Southern Company is an international energy company that operates more than 48,000 megawatts of electric generating capacity worldwide. Southern Company has operations in 12 countries on five continents. Based in Atlanta, Southern Company is the parent firm of Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Savannah Electric and Mirant. Southern Company also provides energy-related marketing, risk management and technical services in the United States and Europe and offers Southern LINC wireless telecommunications.

Forward-looking Statements

Note: Certain information contained in this release is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, statements concerning the distribution of Southern Energy shares and the timing and results of that distribution, the strategic goals for Southern Company's new wholesale business, the potential for growth in the Southeast region and also Southern Company's earnings goals for its new products and services. Although Southern Company believes that this forward-looking information is accurate, its business is dependent on various regulatory issues, general economic conditions and future trends, and these factors 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.

The following factors, in addition to those discussed in Southern Company's Annual Report on Form 10-K for the year ended December 31, 1999, and subsequent securities filings, could cause results to differ materially from management expectations as suggested by such forward-looking information: the impact of recent and future federal and state regulatory change, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric utility industry and also changes in environmental and other laws and regulations to which Southern Company and its subsidiaries are subject, as well as changes in application of existing such laws; current and future litigation, including the EPA civil action against Alabama Power, Georgia Power and potentially other subsidiaries of Southern Company and the diversity litigation against certain subsidiaries of Southern Company; the effects of increased competition in the markets in which Southern Company's subsidiaries operate; the impact of

fluctuations in commodity prices, interest rates and customer demand; 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 effects of, and changes in, economic conditions in the areas in which Southern Company's subsidiaries operate; financial market conditions and the results of financing efforts; the timing and acceptance of Southern Company's new product and service offerings; the ability of Southern Company to obtain additional generating capacity at competitive prices; weather and other natural phenomena; unanticipated developments in the California power markets affecting Southern Energy and certain of its subsidiaries, including, but not limited to, unanticipated governmental intervention, deterioration in the financial condition of counterparties, default on receivables due, adverse results in current or future litigation and adverse changes in the tariffs of the California Power Exchange Corporation or the California Independent System Operator Corporation; and the ability of Southern Company to meet the conditions for the spinoff of Southern Energy, which include regulatory and other approvals.

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**Southern Company Business Outlook
After the Spin-Off of MIRANT**

– **We will be focused on three major businesses:**

1. Competitive generation

- We plan to complete more than 5,252 MW of additional competitive generation by 2004 to serve rapid demand growth in the “super Southeast”. The current construction schedule for competitive generation is as follows:

2000	600	MW
2001	416	MW
2002	1,700	MW
2003	2,536	MW
Total	5,252	MW

- This is in addition to our existing wholesale business that generates about \$100 million in net income for our operating companies today.

2. Products and services for energy consumers

- We will leverage our existing infrastructure and customer base to deliver additional products and services.
- Currently this includes Southern Company Energy Solutions, Southern Telecom, and Southern LINC. Examples of current products offered include energy services, outdoor lighting, and access to dark optical fiber.

3. Our regulated infrastructure businesses

- Transmission, distribution, and approximately 29,000 MW of regulated generation within our traditional operating companies.
- Annual demand growth in our service territory expected to be 3 percent
- Strong customer growth of approximately 2 percent per year

– **Goals for our Major Businesses**

1. Double the earnings contribution from the company’s competitive generation business in the southeast over the next five years.
2. Add significantly to the current base of four million retail customers.
3. Produce \$50 million of annual earnings from new products and services within the next five years.
4. Continue to evaluate acquisitions that support the company’s growth strategy.

See caution regarding forward looking statements on page seven of this document

– **Financial Goals for the Company**

1. Earnings per Share Growth – approximately 5% annual growth
2. Return of Equity – top quartile of electric utilities
3. Dividend Payout – move to 75% gradually over time
4. Dividend Growth – half of earnings per share growth consistent with our payout objectives
5. Capital Structure – reach a minimum 38% equity ratio by 2003

– **We are targeting strong earnings results in 2001 while maintaining our current annual dividend of \$1.34 per share.**

Projected Earnings per Share Growth (MIRANT excluded from all values)

	<u>2001</u>
Competitive Generation	0.18
Products and Services	0.01
Regulated Infrastructure	1.48
Other*	0.04
Holding Company	<u>(0.11)</u>
Total	<u>\$1.60</u>

* Includes the leasing subsidiary previously managed at MIRANT.

The distribution of these earnings in 2001 should be roughly 35-40% in the first half and 60-65% in the second half of the year.

– **Expected Sources and Uses of Funds from 2001 to 2004**

All Values in Billions

Sources

Funds from Operations	\$10.3
Equity Issuances	0.7
Net Debt and Preferred	<u>2.2</u>
	<u>\$13.2</u>

Uses

Investments	\$ 9.4
Common Dividends	<u>3.8</u>
	<u>\$13.2</u>

See caution regarding forward looking statements on page seven of this document

Forward-Looking Statement Disclosure

Note: All of the information contained in this Business Outlook is forward-looking information based on current expectations and plans that involve risks and uncertainties. Although Southern Company believes that this forward-looking information is accurate, its business is dependent on various regulatory issues, general economic conditions and future trends, and these factors 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.

The following factors, in addition to those discussed in Southern Company's Annual Report on Form 10-K for the year ended December 31, 1999, and subsequent securities filings, could cause results to differ materially from management expectations as suggested by such forward-looking information: the impact of recent and future federal and state regulatory change, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric utility industry and also changes in environmental and other laws and regulations to which Southern Company and its subsidiaries are subject, as well as changes in application of existing such laws; current and future litigation, including the EPA civil action against Alabama Power, Georgia Power and potentially other subsidiaries of Southern Company and the diversity litigation against certain subsidiaries of Southern Company; the effects of increased competition in the markets in which Southern Company's subsidiaries operate; the impact of fluctuations in commodity prices, interest rates and customer demand; 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 effects of, and changes in, economic conditions in the areas in which Southern Company's subsidiaries operate; financial market conditions and the results of financing efforts; the timing and acceptance of Southern Company's new product and service offerings; the ability of Southern Company to obtain additional generating capacity at competitive prices; weather and other natural phenomena; unanticipated developments in the California power markets affecting Southern Energy and certain of its subsidiaries, including, but not limited to, unanticipated governmental intervention, deterioration in the financial condition of counterparties, default on receivables due, adverse results in current or future litigation and adverse changes in the tariffs of the California Power Exchange Corporation or the California Independent System Operator Corporation; and the ability of Southern Company to meet the conditions for the spin off of Southern Energy, which include regulatory and other approvals.

Southern Company Financial Highlights

(In Millions of Dollars Except Earnings Per Share)

	3 Months Ended December		12 Months Ended December	
	<u>2000</u> (Note1)	<u>1999</u> (Note1)	<u>2000</u> (Note1)	<u>1999</u> (Note1)
Consolidated—				
Operating Revenues	\$10,226	\$2,616	\$23,355	\$11,585
Earnings Before Interest and Taxes	560	605	3,473	3,446
Net Income—				
As Reported	112	123	1,313	1,276
From Operations	148	143	1,395	1,303
Basic and Diluted Earnings Per Share—				
As Reported	\$0.16	\$0.19	\$2.01	\$1.86
From Operations	0.21	0.22	2.13	1.90
Average Shares Outstanding (in millions)	661	670	653	685
End of Period Shares Outstanding (in millions)			681	666
Dividend Payout Ratio			66.5	72.2
Return on Common Equity			13.2%	13.4%
Integrated Southeast Utilities— (Note 2)				
Operating Revenues	\$2,241	\$2,009	\$ 9,860	\$9,125
Earnings Before Interest and Taxes	333	357	2,464	2,467
Net Income Available to Common—				
As Reported	92	73	1,109	1,073
Contribution to Earnings Per Share	\$0.14	\$0.12	\$1.70	\$1.57
Southern Energy— (Note 3)				
Operating Revenues	\$7,932	\$557	\$13,289	\$2,268
Earnings Before Interest and Taxes	224	249	949	1,079
Net Income Available to Common—				
As Reported	47	67	318	361
Contribution to Earnings Per Share	\$0.07	\$0.10	\$0.49	\$0.53
Telecom Companies— (Note 4)				
Operating Revenues	\$41	\$32	\$156	\$121
Earnings Before Interest and Taxes	1	(4)	5	(16)
Net Income Available to Common—				
As Reported	(3)	(4)	2	(14)
Contribution to Earnings Per Share	(\$0.01)	(\$0.01)	\$0.00	(\$0.02)

	3 Months Ended December			12 Months Ended December		
	<u>2000</u>	<u>1999</u>	<u>Change</u>	<u>2000</u>	<u>1999</u>	<u>Change</u>
Kilowatt-Hour Sales— (within Southeast)						
Total Sales	42,150	38,679	9.0 %	176,947	166,313	6.4 %
Total Retail Sales—	35,122	33,119	6.0 %	150,178	143,944	4.3 %
Residential	10,228	8,772	16.6 %	46,213	43,402	6.5 %
Commercial	11,057	10,150	8.9 %	46,249	43,387	6.6 %
Industrial	13,597	13,964	(2.6)%	56,746	56,210	1.0 %

Notes:

- (1) Financial data reflects various non-operating items. See pages 12 and 13 for details. Certain prior year data has been reclassified to conform with current year presentation.
- (2) Integrated Southeast Utilities includes results of competitive wholesale energy supply business in the Southeast.
- (3) Southern Energy's net income available to common includes after-tax intercompany interest expense to parent Southern Company and does not include the \$69 million write down of Mobile Energy in 1999. Also excludes Southern Energy Finance and Southern Company Capital for all periods.
- (4) Telecom includes Southern LINC and fiber optics business.

Southern Company
Analysis of Reported Earnings (Note)
(In Millions of Dollars)

	3 Months Ended December			12 Months Ended December		
	<u>2000</u>	<u>1999</u>	<u>Change</u>	<u>2000</u>	<u>1999</u>	<u>Change</u>
INTEGRATED SOUTHEAST						
UTILITIES:						
Retail Revenues	\$ 1,910	\$ 1,791	\$ 119	\$ 8,613	\$ 8,086	\$ 527
Sales for Resale	245	164	81	977	822	155
Other Operating Revenues	86	54	32	270	217	53
Total Revenues	2,241	2,009	232	9,860	9,125	735
Fuel and Purchase Power	736	605	131	3,219	2,715	504
Non-fuel O & M	745	716	29	2,494	2,452	42
Depreciation and Amortization	272	265	7	1,135	1,046	89
Other	155	151	4	547	530	17
Interest Charges and Dividends	169	152	17	653	634	19
Income Taxes	72	47	25	703	675	28
EARNINGS	\$ 92	\$ 73	\$ 19	\$ 1,109	\$ 1,073	\$ 36
SOUTHERN ENERGY	\$ 47	\$ 67	\$ (20)	\$ 318	\$ 361	\$ (43)
TELECOM COMPANIES	(3)	(4)	1	2	(14)	16
HOLDING COMPANY & OTHER	(24)	(13)	(11)	(116)	(144)	28
CONSOLIDATED EARNINGS	\$ 112	\$ 123	\$ (11)	\$ 1,313	\$ 1,276	\$ 37

Note: Information contained in this report is subject to audit and adjustments and may be different from final results published in the Form 10-K.

Southern Company Significant Factors Affecting EPS from Operations

	3 Months Ended December			12 Months Ended December		
	<u>2000</u>	<u>1999</u>	<u>Change</u>	<u>2000</u>	<u>1999</u>	<u>Change</u>
Integrated Southeast Utilities	\$ 0.14	\$ 0.12	\$ 0.02	\$ 1.70	\$ 1.57	\$ 0.13
<u>Significant Factors:</u>						
Retail Sales:						
Weather & Economic Growth			0.09			0.24
2000 Rate Reductions (Georgia & Gulf)			-			(0.03)
Revenue Sharing (Georgia & Gulf)			(0.03)			(0.05)
Non-Fuel O&M Expenses			(0.03)			(0.04)
Accelerated Depreciation and Amortization			-			(0.05)
Additional Book Depreciation			-			(0.03)
Impact of Shares Repurchased			-			0.08
Other			(0.01)			0.01
Total			<u>\$ 0.02</u>			<u>\$ 0.13</u>

Integrated Southeast Utilities Financial Overview

(In Millions of Dollars)

	3 Months Ended December			12 Months Ended December		
	<u>2000</u>	<u>1999</u>	<u>% Change</u>	<u>2000</u>	<u>1999</u>	<u>% Change</u>
Integrated Southeast Utilities –						
Operating Revenues	\$2,241	\$2,009	11.5 %	\$9,860	\$9,125	8.1 %
Earnings Before Interest and Taxes	333	357	(6.7)%	2,464	2,467	(0.0)%
Net Income Available to Common	92	73	25.8 %	1,109	1,073	3.4 %
Alabama Power –						
Operating Revenues	\$883	\$732	20.6 %	\$3,667	\$3,385	8.3 %
Earnings Before Interest and Taxes	162	138	16.4 %	978	928	5.3 %
Net Income Available to Common	41	43	(5.7)%	420	400	5.0 %
Georgia Power –						
Operating Revenues	\$1,113	\$969	15.0 %	\$4,871	\$4,457	9.3 %
Earnings Before Interest and Taxes	123	172	(28.8)%	1,189	1,240	(4.2)%
Net Income Available to Common	33	14	126.8 %	559	541	3.3 %
Gulf Power –						
Operating Revenues	\$161	\$154	4.3 %	\$714	\$674	6.0 %
Earnings Before Interest and Taxes	20	21	(0.8)%	117	120	(2.2)%
Net Income Available to Common	8	7	10.8 %	52	54	(3.4)%
Mississippi Power –						
Operating Revenues	\$157	\$150	4.2 %	\$688	\$633	8.6 %
Earnings Before Interest and Taxes	20	19	7.9 %	122	122	0.5 %
Net Income Available to Common	7	6	35.6 %	55	55	0.3 %
Savannah Electric –						
Operating Revenues	\$72	\$51	40.7 %	\$296	\$252	17.5 %
Earnings Before Interest and Taxes	8	6	28.8 %	52	50	4.9 %
Net Income Available to Common	3	3	(7.3)%	23	23	(0.5)%

Southern Company

Earnings Per Share as Reported and from Operations

	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Year</u>
<u>2000</u>					
As Reported	\$ 0.38	\$0.52	\$ 0.95	\$ 0.16	\$ 2.01
<u>Adjustments for:</u>					
Western Power Tax Settlement	(0.01)	-	-	-	(0.01)
Mobile Energy Write Down	-	-	0.01	-	0.01
SEI Transition Costs and Minority Interest	-	-	0.07	0.05	0.12
From Operations (Note)	<u>\$ 0.37</u>	<u>\$ 0.52</u>	<u>\$ 1.03</u>	<u>\$ 0.21</u>	<u>\$ 2.13</u>
<u>1999</u>					
As Reported	\$ 0.32	\$ 0.45	\$ 0.90	\$ 0.19	\$ 1.86
<u>Adjustments for:</u>					
Gain on Sale of SWEB Supply System	-	-	(0.11)	-	(0.11)
Mobile Energy Write Down	-	-	0.10	-	0.10
Workforce Reductions– BEWAG	-	-	0.02	0.05	0.07
State Line Insurance Settlement	-	-	-	(0.02)	(0.02)
From Operations (Note)	<u>\$ 0.32</u>	<u>\$ 0.45</u>	<u>\$ 0.91</u>	<u>\$ 0.22</u>	<u>\$ 1.90</u>
<u>1998</u>					
As Reported	\$ 0.35	\$ 0.39	\$ 0.74	\$ (0.08)	\$ 1.40
<u>Adjustments for:</u>					
South American Investment Write Down	-	-	-	0.29	0.29
Rocky Mountain Plant Write Down	-	-	-	0.03	0.03
Rocky Mountain Additional Amortization	-	-	-	0.01	0.01
Workforce Reductions– Southeast	0.01	0.01	0.01	-	0.03
Gain on Tower Sales	(0.02)	-	-	-	(0.02)
Other	-	-	-	0.02	0.02
From Operations (Note)	<u>\$ 0.34</u>	<u>\$ 0.40</u>	<u>\$ 0.75</u>	<u>\$ 0.27</u>	<u>\$ 1.76</u>

(Note) Transition costs for year 2000 include 5 cents associated with Southern Energy's Asian tax planning.

Southern Company

Earnings as Reported and from Operations

	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Year</u>
<u>2000</u>					
As Reported	\$ 245	\$ 342	\$ 614	\$ 112	\$ 1,313
<u>Adjustments for:</u>					
Western Power Tax Settlement	(8)	-	-	-	(8)
Mobile Energy Write Down	-	-	9	1	10
SEI Transition Costs and Minority Interest	-	-	45	35	80
From Operations (Note)	<u>\$ 237</u>	<u>\$ 342</u>	<u>\$ 668</u>	<u>\$ 148</u>	<u>\$ 1,395</u>
<u>1999</u>					
As Reported	\$ 224	\$ 314	\$ 615	\$ 123	\$ 1,276
<u>Adjustments for:</u>					
Gain on Sale of SWEB Supply System	-	-	(78)	-	(78)
Mobile Energy Write Down	-	-	69	-	69
Workforce Reductions– BEWAG	-	-	16	34	50
State Line Insurance Settlement	-	-	-	(14)	(14)
From Operations (Note)	<u>\$ 224</u>	<u>\$ 314</u>	<u>\$ 622</u>	<u>\$ 143</u>	<u>\$ 1,303</u>
<u>1998</u>					
As Reported	\$ 242	\$ 270	\$ 517	\$ (52)	\$ 977
<u>Adjustments for:</u>					
South American Investment Write Down	-	-	-	200	200
Rocky Mountain Plant Write Down	-	-	-	21	21
Rocky Mountain Additional Amortization	-	-	-	7	7
Workforce Reductions– Southeast	5	9	4	2	20
Gain on Tower Sales	(12)	-	-	-	(12)
Other	2	-	-	10	12
From Operations (Note)	<u>\$ 237</u>	<u>\$ 279</u>	<u>\$ 521</u>	<u>\$ 188</u>	<u>\$ 1,225</u>

(Note) Transition costs for year 2000 includes \$34 million associated with Southern Energy's Asian tax planning.