

Southern Company

1st Quarter 2014 Earnings

March 31, 2014

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April 30, 2014

Southern Company reports first quarter earnings

ATLANTA - Southern Company today reported first quarter 2014 earnings of \$351 million, or 39 cents per share, compared with earnings of \$81 million, or 9 cents per share, in the first quarter of 2013.

The first quarter results include a \$235 million (27 cents per share) after-tax charge related to an increased construction estimate for Mississippi Power's Kemper integrated gasification combined cycle (IGCC) project. The first quarter results for 2013 included a \$333 million (38 cents per share) after-tax charge for the Kemper IGCC project and a \$16 million (2 cents per share) after-tax charge related to the restructuring of a leveraged lease investment. Excluding these items, Southern Company earned \$586 million, or 66 cents per share, during the first quarter of 2014 compared to \$430 million, or 49 cents per share, in the first quarter of 2013.

Earnings were positively influenced by colder-than-normal winter weather, residential and industrial sales growth and retail revenue effects at all four of Southern Company's traditional operating companies.

“Winter storms contributed to the Southeast’s coldest January in 20 years, driving energy demand and demonstrating the resilience of our system and the commitment of our employees,” said Southern Company Chairman, President and Chief Executive Officer Thomas A. Fanning. “Our thanks go out to the many dedicated crews who restored power under the most challenging of circumstances.”

Severe weather contributed to natural gas price volatility during the first quarter of 2014. Fanning noted that Southern Company leveraged the diversity of its generating fleet throughout the quarter to deliver more than \$100 million in fuel cost savings to customers.

First quarter 2014 operating revenues were \$4.6 billion, compared with \$3.9 billion for the same period in 2013, an increase of 19.2 percent.

Kilowatt-hour sales to retail customers in Southern Company's four-state service area increased 7.1 percent in the first quarter of 2014 compared with the first quarter of 2013. Residential energy sales increased 14.8 percent, commercial sales increased 3.7 percent and industrial sales increased 2.8 percent.

Fanning added, "We are encouraged by continued residential customer growth and 10 straight months of increased industrial usage."

Total energy sales to Southern Company's customers in the Southeast, including wholesale sales, increased 9.7 percent in the first quarter of 2014 compared with the same period in 2013.

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/events.cfm>. A replay of the webcast only will be available at the site for 12 months.

Southern Company has also posted on its website detailed financial information on its first quarter performance. These materials are available at www.southerncompany.com.

With 4.4 million customers and nearly 46,000 megawatts of generating capacity, Atlanta-based Southern Company (NYSE: SO) is the premier energy company serving the Southeast through its subsidiaries. A leading U.S. producer of clean, safe, reliable and affordable electricity, Southern Company owns electric utilities in four states and a growing competitive generation company, as well as fiber optics and wireless communications. Southern Company brands are known for energy innovation, excellent customer service, high reliability and retail electric prices that are below the national average. Southern Company and its subsidiaries are leading the nation's nuclear renaissance through the construction of the first new nuclear units to be built in a generation of Americans and are demonstrating their commitment to energy innovation through the development of a state-of-the-art coal gasification plant. Southern Company has been recognized by the U.S. Department of Defense and G.I. Jobs magazine as a top military employer, listed by DiversityInc as a top company for Blacks and designated a 2013 Top Employer for Hispanics by Hispanic Network. The company received the Edison Award from the Edison Electric Institute for its leadership in new nuclear development, was named Electric Light & Power magazine's Utility of the Year for 2012 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 Note 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 the economy. 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, 2013, 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 residuals, and emissions of sulfur, nitrogen, carbon, 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 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, 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; 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 factors, adverse weather conditions, shortages and inconsistent quality of equipment, materials, and labor, contractor or supplier delay or non-performance under construction or other agreements, delays associated with start-up activities, including major equipment failure, system integration, and operations, and/or unforeseen engineering problems; ability to construct facilities in accordance with the requirements of permits and licenses and to satisfy any operational and environmental performance standards, including any Public Service Commission ("PSC") requirements and the requirements of tax credits and other incentives; 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; regulatory approvals and actions related to the Plant Vogtle expansion, including Georgia PSC approvals and Nuclear Regulatory Commission actions; actions related to cost recovery for the Kemper IGCC project, including actions relating to proposed securitization, Mississippi PSC approval of Mississippi Power Company's proposed rate recovery plan, as ultimately amended, which currently includes 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 the Kemper IGCC project be placed in service in 2014, and satisfaction of requirements to utilize investment tax credits and grants; Mississippi PSC review of the prudence of Kemper IGCC project costs; the outcome of any legal or regulatory proceedings regarding the Mississippi PSC's issuance of the Certificate of Public Convenience and Necessity for the Kemper IGCC project, the settlement agreement between Mississippi Power Company and the Mississippi PSC, the March 2013 rate order, or the State of Mississippi legislation designed to enhance the Mississippi PSC's authority to facilitate development and construction of baseload generation in the State of Mississippi; 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 benefits of the 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 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; 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)

	Three Months Ended March	
	2014	2013
Consolidated Earnings—As Reported (See Notes)		
Traditional Operating Companies	\$ 318	\$ 66
Southern Power	33	29
Total	351	95
Parent Company and Other	—	(14)
Net Income—As Reported	\$ 351	\$ 81
Basic Earnings Per Share	\$ 0.39	\$ 0.09
Average Shares Outstanding <i>(in millions)</i>	890	870
End of Period Shares Outstanding <i>(in millions)</i>	891	

	Three Months Ended March	
	2014	2013
Consolidated Earnings—Excluding Items (See Notes)		
Net Income—As Reported	\$ 351	\$ 81
Estimated Loss on Kemper IGCC	235	333
Leveraged Lease Restructure	—	16
Net Income—Excluding Items	\$ 586	\$ 430
Basic Earnings Per Share—Excluding Items	\$ 0.66	\$ 0.49

Notes

- For the three months ended March 31, 2014 and 2013, dilution does not change basic earnings per share by more than 1 cent and is not material.

- The estimated probable losses relating to Mississippi Power Company's construction 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 months ended March 31, 2014 and 2013 and any similar charges may occur with uncertain frequency.

- The charge related to the restructuring of a leveraged lease investment that was completed on March 1, 2013 impacted the presentation of earnings and earnings per share for the three months ended March 31, 2013 and similar charges are not expected to occur with any regularity in the future.

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

- All figures in this earnings release are preliminary and remain subject to the completion of normal quarter-end accounting procedures and adjustments, which could result in changes to these preliminary results. In addition, certain classifications and rounding may be different from final results published in the Form 10-Q.

Southern Company
Significant Factors Impacting EPS

	Three Months Ended March		
	2014	2013	Change
Consolidated Earnings Per Share– As Reported (See Notes)	\$ 0.39	\$ 0.09	\$ 0.30
Significant Factors:			
Traditional Operating Companies			0.29
Parent Company and Other			0.02
Increase in Shares			(0.01)
Total–As Reported			\$ 0.30

	Three Months Ended March		
	2014	2013	Change
Consolidated Earnings Per Share– Excluding Items (See Notes)	\$ 0.66	\$ 0.49	\$ 0.17
Total–As Reported			0.30
Estimated Loss on Kemper IGCC			(0.11)
Leveraged Lease Restructure			(0.02)
Total–Excluding Items			\$ 0.17

Notes

- For the three months ended March 31, 2014 and 2013, dilution does not change basic earnings per share by more than 1 cent and is not material.

- The estimated probable losses relating to Mississippi Power Company's construction 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 months ended March 31, 2014 and 2013 and any similar charges may occur with uncertain frequency.

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Southern Company
EPS Earnings Analysis
Three Months Ended March 2014

Cents	Description
2¢	Retail Sales
6	Retail Revenue Impacts
8	Weather
1	Wholesale Revenues
1	Other Operating Revenues
(2)	Depreciation and Amortization
(1)	Taxes Other Than Income Taxes
2	Other Income and Deductions
1	Interest Expense
18¢	Total Traditional Operating Companies
(1)	Increase in Shares
17¢	Total Change in EPS (x-Items)
11	Estimated Loss on Kemper IGCC
2	Leveraged Lease Restructure
30¢	Total Change in EPS (As Reported)

Notes

- The estimated probable losses relating to Mississippi Power Company's construction 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 months ended March 31, 2014 and 2013 and any similar charges may occur with uncertain frequency.

- The charge related to the restructuring of a leveraged lease investment that was completed on March 1, 2013 impacted the presentation of earnings and earnings per share for the three months ended March 31, 2013 and similar charges are not expected to occur with any regularity in the future.

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

	Three Months Ended March		
	2014	2013	Change
Income Account-			
Retail Revenues-			
Fuel	\$ 1,476	\$ 1,137	\$ 339
Non-Fuel	2,382	2,161	221
Wholesale Revenues	604	432	172
Other Electric Revenues	165	155	10
Non-regulated Operating Revenues	17	12	5
Total Revenues	4,644	3,897	747
Fuel and Purchased Power	1,834	1,357	477
Non-fuel O & M	986	974	12
Depreciation and Amortization	497	466	31
Taxes Other Than Income Taxes	247	235	12
Estimated Loss on Kemper IGCC	380	540	(160)
Total Operating Expenses	3,944	3,572	372
Operating Income	700	325	375
Allowance for Equity Funds Used During Construction	57	41	16
Interest Expense, Net of Amounts Capitalized	206	211	(5)
Other Income (Expense), net	(7)	(27)	20
Income Taxes	176	31	145
Net Income	368	97	271
Dividends on Preferred and Preference Stock of Subsidiaries	17	16	1
NET INCOME AFTER DIVIDENDS ON PREFERRED AND PREFERENCE STOCK	\$ 351	\$ 81	\$ 270

Notes

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Southern Company
Kilowatt-Hour Sales
(In Millions of KWHs)

As Reported Kilowatt-Hour Sales-	Three Months Ended March			
	2014	2013	Change	Weather Adjusted Change
Total Sales	47,802	43,570	9.7 %	
Total Retail Sales-	39,699	37,075	7.1 %	1.3 %
Residential	14,174	12,346	14.8 %	1.2 %
Commercial	12,548	12,101	3.7 %	(0.2)%
Industrial	12,749	12,399	2.8 %	2.8 %
Other	228	229	(0.4)%	(0.8)%
Total Wholesale Sales	8,103	6,495	24.8 %	N/A

Southern Company
Financial Overview
As Reported
(In Millions of Dollars)

	Three Months Ended March		
	2014	2013	% Change
Consolidated –			
Operating Revenues	\$ 4,644	\$ 3,897	19.2 %
Earnings Before Income Taxes	544	128	N/M
Net Income Available to Common	351	81	N/M
Alabama Power –			
Operating Revenues	\$ 1,508	\$ 1,308	15.3 %
Earnings Before Income Taxes	324	248	30.6 %
Net Income Available to Common	187	141	32.6 %
Georgia Power –			
Operating Revenues	\$ 2,269	\$ 1,882	20.6 %
Earnings Before Income Taxes	436	325	34.2 %
Net Income Available to Common	266	197	35.0 %
Gulf Power –			
Operating Revenues	\$ 407	\$ 326	24.8 %
Earnings Before Income Taxes	62	37	66.4 %
Net Income Available to Common	37	22	68.6 %
Mississippi Power –			
Operating Revenues	\$ 331	\$ 246	34.7 %
Earnings Before Income Taxes	(301)	(415)	27.4 %
Net Income Available to Common	(172)	(246)	30.2 %
Southern Power –			
Operating Revenues	\$ 351	\$ 303	15.8 %
Earnings Before Income Taxes	37	44	(14.9)%
Net Income Available to Common	33	29	14.7 %

N/M - not meaningful

Notes

- Mississippi Power Company restated its 2012 financial statements to reflect a pre-tax charge to income for the estimated probable loss on Kemper IGCC of \$78 million (\$48 million after tax) in 2012. Southern Company evaluated the portion of the estimated probable loss related to 2012 and concluded it was not material to Southern Company. Therefore, Southern Company reflected the pre-tax charge to income for this portion of the estimated probable loss related to 2012 in the first quarter 2013.

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