

# Doing Energy Better



# MAKING It Better

**Southern Company is committed to the development of the full portfolio of fuel sources for energy generation: New nuclear, 21st century coal, natural gas and renewables such as wind and solar, deployed in tandem with an emphasis on energy efficiency. By utilizing a variety of technologies and abundant natural resources, this environmentally responsible approach ensures that our subsidiaries' ability to produce clean, safe, reliable and affordable energy is not reliant upon any single source of generation.**

[ See Page 6 ]



Mark Rauckhorst, Construction Vice President (left), and Vanderian Floyd, Performance Improvement Manager (right), assess construction of Vogtle units 3 and 4 at Georgia Power's Plant Vogtle.



## **MOVING It Better**

**We take great pride in our ability to deliver electricity throughout our system with industry-leading reliability. Southern Company has invested nearly \$7 billion in smart grid technology that gives us the means to both predict and adapt to the variable energy needs of customers. No less important are the dedicated line crews who work diligently through all kinds of weather conditions to maintain the transmission and distribution network.**

[ See Page 12 ]

# So Customers Can USE It Better

Everything we do to make and move energy better is ultimately for the benefit of customers. But generating electricity cleanly, safely and efficiently and delivering it to the grid is only part of our mission. We work hard to maintain exceptional reliability and to keep rates affordable. Our traditional operating companies also work directly with customers to help them find better ways to manage their energy consumption more efficiently.

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**Thomas A. Fanning**

*Chairman, President & CEO*  
Southern Company



## **Dear Fellow Shareholders,**

**Southern Company's franchise operations have never performed better than they did in 2014. We continued to provide the most outstanding customer service in our industry. In terms of system reliability, we continued to set—and raise—the bar. We grew our portfolio of wholesale renewable assets and made significant progress on major construction projects.**

In these and many other areas, Southern Company's franchise business continues to lead the way as we strengthen existing operations and seek new opportunities to grow and expand our reach for the benefit of the customers and communities we serve.

As evidenced throughout this report, we are steadfastly committed to 'doing energy better.' This speaks to our goal to make, move and help customers use energy more efficiently than anyone else in our industry. With that mission in mind, we have sharpened our focus on innovation.

Innovation has been a hallmark of Southern Company since its inception, and in 2014 we were very intentional in our efforts to leverage the creativity of our workforce. In May, we announced an internal competition to tap into that creative energy and surface fresh ideas. Known as SO Prize, the competition was designed to recognize system employees who devised the most inventive solutions to address the various challenges of the electric utility industry,

and to position Southern Company for continued success in the years to come.

The response was overwhelming, with more than 500 individuals and cross-functional teams submitting nearly 1,000 ideas. From among those, we identified six in particular as having transformative potential. Their stories are detailed elsewhere in this report, and I am confident that you will be extremely impressed with the depth and breadth of thinking represented.

The complete story of 2014 is perhaps best told through a brief review of progress on each of our five strategic priorities:

### **Excel at the Fundamentals**

Nothing is more fundamental to our business than customer service. Southern Company and its four traditional operating companies occupied the top five spots in the most recent Customer Value Benchmark survey, our annual peer comparison of U.S. electric utilities. Those of

our traditional operating companies that were rated in the J.D. Power and Associates American Customer Satisfaction Survey all ranked either first or second in their respective categories. Alabama Power was also named the Most Trusted Residential Electric Utility in America by Lifestory Research, an independent research firm.

Our transmission and distribution businesses performed superbly, setting all-time record lows for the frequency and duration of transmission outages, as well as an all-time system record for distribution outage frequency. And these results are just the latest in a 12-year trend of improved performance.

#### **Achieve Success with Major Construction Projects**

Work continues on Georgia Power's Vogtle units 3 and 4, where our focus continues to be on safety and quality, with construction of the two nuclear islands as our critical path going forward. Milestones achieved in 2014 include the placement of the Unit 4 containment vessel bottom head, the Unit 3 lower ring and the CA20 critical module, which houses plant components and the used fuel storage area.

Vogtle construction has not been without its challenges. We received a revised forecast from our contractor that reflects an 18-month delay from previously estimated in-service dates. It is significant to note, however, that the proposed schedule does not change the range of the expected customer rate impact. The forecasted effect on customer rates is still less than originally anticipated, with the overall impact projected to be 6 to 8 percent, compared with 12 percent when certified by the Georgia Public Service Commission in 2009. These new units will fuel a growing Georgia for at least 60 years, resulting in significant lifecycle savings. Building them safely—and correctly—is far more important than building them quickly.

At Mississippi Power's Integrated Gasification Combined Cycle project in Kemper County, Mississippi, construction is nearly complete and we have completed the first firing of the facility's gasifier burners, which functioned as expected. We anticipate our first syngas production in the third quarter of 2015. Operational training and control systems validation, as well as start-up and commissioning activities, are all underway and progressing well.

#### **Support the Building of a National Energy Policy**

We continue to advocate for a common sense national energy policy that embraces the full energy portfolio and places a premium on energy innovation and the restoration of America's financial integrity. Our vision for the full energy portfolio includes new nuclear, 21st century coal, natural gas and renewables such as wind and solar, together with an emphasis on energy efficiency.

#### **Promote Energy Innovation**

We continue to produce and purchase power from a variety of renewable energy sources. Our traditional operating companies have the

flexibility to serve customers with that generated energy, or sell some or all of it—or the associated renewable energy credits—to third parties.

In 2014, we continued to grow our wholesale renewable portfolio through our Southern Power subsidiary, which added three new solar facilities in California and New Mexico. Southern Power is also developing a 131-megawatt solar plant in Taylor County, Georgia, and has acquired two other solar projects in Georgia that will provide an additional 99 megawatts. Along with the expansion of its solar assets, Southern Power has also entered into an agreement to acquire the 299-megawatt Kay Wind project in Oklahoma.

Upon completion of these facilities, Southern Power is expected to own more than 970 megawatts of renewable energy generating capacity, and is clearly becoming an industry leader in the advancement and operation of renewable energy technologies.

In addition, Gulf Power has filed for approval to purchase power from Kingfisher Wind in Oklahoma, and Georgia Power is evaluating wind turbines on Skidaway Island, Georgia.

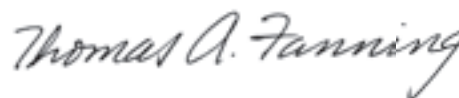
#### **Value and Develop Our People**

Fortune magazine recently named Southern Company to its "World's Most Admired Companies" list as a top utility worldwide for the sixth consecutive year, and we were cited as one of the 40 Best Companies for Diversity by Black Enterprise magazine. G.I. Jobs magazine ranked Southern Company first among utilities in its Top 100 Military Friendly Employers, the eighth consecutive year we have received the top ranking. In 2014, we completed 481 transfers of employees between our various subsidiaries, broadening their experience and knowledge of our industry and business operations.

These and many other accomplishments are the direct result of an unwavering focus on the core values that have shaped our company's identity since its inception. Going forward, we remain anchored in those values. In particular, our customer-focused business model will continue to be the guiding principle for all that we do. As we turn our attention to the future, I am confident that the opportunities we encounter will give rise to even greater creativity and innovation throughout our organization, even as we remain rooted in this firm foundation.

Thank you for your continued confidence in Southern Company. Our management and employees remain diligent in their efforts to provide exceptional shareholder value. It is an honor to serve you.

*Sincerely,*

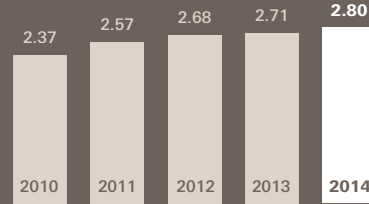


**Thomas A. Fanning**  
March 26, 2015

## Financial Highlights



**Basic Earnings Per Share**  
(In Dollars)



**Basic Earnings Per Share Excluding Kemper IGCC Impacts, Leveraged Lease Restructure Charge, and MC Asset Recovery Insurance Settlements\***  
(In Dollars)

\* Not a financial measure under generally accepted accounting principles. See Glossary on page 36 for additional information and specific adjustments made to this measure by year.



**Operating Revenues**  
(In Billions of Dollars)



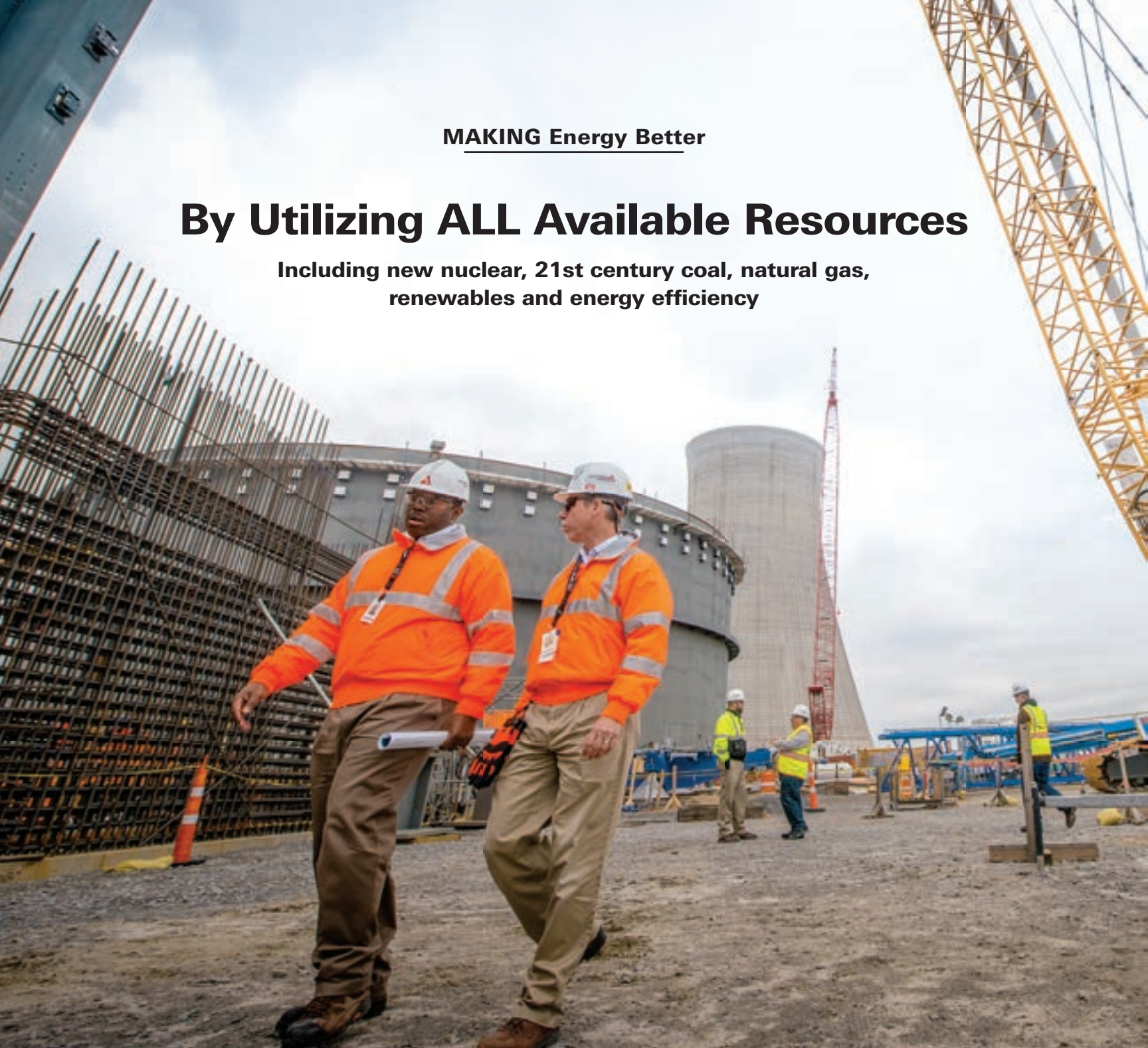
**Return On Average Common Equity**  
(Percent)

	2014	2013	Change
<b>Operating Revenues</b> (In Millions)	<b>\$18,467</b>	\$17,087	8.1 %
<b>Earnings</b> (In Millions)	<b>\$1,963</b>	\$1,644	19.4 %
<b>Basic Earnings Per Share</b>	<b>\$2.19</b>	\$1.88	16.5 %
<b>Diluted Earnings Per Share</b>	<b>\$2.18</b>	\$1.87	16.6 %
<b>Dividends Per Share</b> (Amount Paid)	<b>\$2.0825</b>	\$2.0125	3.5 %
<b>Dividend Yield</b> (Year-End, Percent)	<b>4.2</b>	4.9	(14.3)%
<b>Average Shares Outstanding</b> (In Millions)	<b>897</b>	877	2.3 %
<b>Return On Average Common Equity</b> (Percent)	<b>10.08</b>	8.82	14.3 %
<b>Book Value Per Share</b>	<b>\$21.98</b>	\$21.43	2.6 %
<b>Market Price Per Share</b> (Year-End, Closing)	<b>\$49.11</b>	\$41.11	19.5 %
<b>Total Market Value of Common Stock</b> (Year-End, In Millions)	<b>\$44,581</b>	\$36,468	22.2 %
<b>Total Assets</b> (In Millions)	<b>\$70,923</b>	\$64,546	9.9 %
<b>Total Kilowatt-Hour Sales</b> (In Millions)	<b>194,425</b>	183,401	6.0 %
<b>Retail</b>	<b>161,639</b>	156,457	3.3 %
<b>Wholesale</b>	<b>32,786</b>	26,944	21.7 %
<b>Total Traditional Operating Company Customers</b> (Year-End, In Thousands)	<b>4,504</b>	4,467	0.8 %

**MAKING Energy Better**

# By Utilizing ALL Available Resources

**Including new nuclear, 21st century coal, natural gas,  
renewables and energy efficiency**



**(Above)** The construction of Vogtle units 3 and 4 is the largest job-producing project in the state of Georgia, employing more than 5,500 people in construction, and is expected to create 800 permanent jobs once the units go on line. Upon completion of the new units, Plant Vogtle is expected to generate more electricity than any other U.S. nuclear facility; **(Left)** Construction nears completion at the Kemper County, Mississippi, coal gasification facility; **(Middle)** Plant Franklin, a natural gas facility in Smiths, Alabama; **(Right)** Cimarron Solar Facility, part of the Southern Company system's growing renewable energy portfolio





**Just as an astute investor understands the importance of a diversified investment portfolio, Southern Company is committed to a diversified portfolio of options for power generation that makes use of a wide range of available fuel sources. This approach allows for flexibility in choosing the most economical and efficient means of providing clean, safe, reliable and affordable electricity to customers throughout the Southeast.**

As a starting point, we believe nuclear must be a dominant solution in a carbon-constrained world. The Southern Company system is pursuing the newest generation of nuclear technology in the world today, and we are leading the nuclear renaissance with the construction of new units at Plant Vogtle in Georgia.

Because coal remains such an abundant domestic resource, we have invested considerable time and energy exploring ways to use it in a more environmentally responsible manner. We have developed our own technology for coal gasification, and Mississippi Power is constructing a facility designed to use this traditional natural resource in an innovative way that will significantly reduce emissions.

With advances in drilling technology, we are now able to obtain affordable supplies of natural gas that were previously unobtainable. As a result, natural gas represented 40 percent of our fuel mix in 2014, and the Southern Company system has become the third-largest consumer of natural gas in the United States.

The Southern Company system is one of the largest owners of solar photovoltaic facilities in the U.S., generating energy that can be used to serve customers or sold by our traditional operating companies to third parties, with or without the associated renewable energy credits.

The benefit of this flexible, full portfolio strategy was apparent during the winter of 2014, when uncharacteristically cold temperatures across the Southeast and other parts of the nation resulted in an accelerated demand for natural gas, as well as a corresponding increase in the cost to purchase it. In response, we were able to seamlessly turn to other fuel sources for power generation to help keep costs low, even as we addressed increased customer demand.

**Fuel Flexibility (Percent, GWh of Energy)\***

	2000	2014	2020 Range**	
			Low Gas Price	High Gas Price
Coal	78	40	21	49
Gas	4	40	55	27
Nuclear	16	16	18	18
Hydro/Other	2	4	6	6

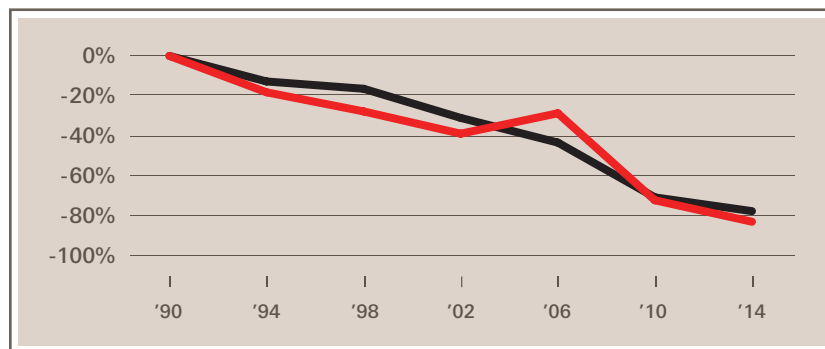
\* Includes purchased power. \*\* Illustrative ranges based on assumed natural gas prices of \$2/mmBtu (Low Gas Price) and \$14/mmBtu (High Gas Price). Assumptions have been selected to illustrate the Southern Company system's fuel flexibility and do not represent actual forecasts of future system fuel mix or natural gas prices.



## MAKING Energy Better

# By Advancing Smarter Technologies that Generate Cleaner Energy

**With new nuclear, 21st century coal and a rapidly growing portfolio of renewables,  
the Southern Company system leads the way in clean power generation.**



**Southern Company System Emissions Trends**

*(Percent Change Since 1990 Levels)*

• SULFUR DIOXIDE • • NITROGEN OXIDES •

The Southern Company system continues to develop and utilize the very latest in technological innovations to produce electricity more cleanly and efficiently. Since 1990, we have reduced major emissions by 80 percent, even as generating capacity increased by as much as 40 percent.

At Plant Vogtle, Georgia Power is building the first new nuclear reactors in the United States in 30 years, using the latest in nuclear technology. With virtually no emissions, nuclear power is one of the cleanest forms of generation available.

The Southern Company system is leading the way in coal gasification technology with our Transport Reactor Integrated Gasification process, or TRIG™. This process is currently being implemented at Mississippi Power's new coal-fired facility in Kemper County, Mississippi, where construction is nearing completion. When the facility is finished, Mississippi Power will take an otherwise unused natural resource—native Mississippi lignite—remove much of the CO<sub>2</sub> and generate electricity with a carbon footprint comparable to that of a similarly sized natural gas facility.

In Wilsonville, Alabama, we operate the National Carbon Capture Center on behalf of the U.S. Department of Energy. The center provides facilities for testing new technologies for flue gas and coal-derived

syngas, helping to accelerate the development of cost-effective CO<sub>2</sub> capture technologies.

We continue to produce and purchase thousands of megawatt-hours from renewable projects, with the flexibility to serve the customers of our traditional operating companies with the generated energy, or sell some or all of the power or the associated renewable energy credits to third parties. Georgia Power has plans to build 30-megawatt solar installations at the Kings Bay Naval Submarine Base near St. Mary's, Georgia, and at three U.S. Army bases: Fort Stewart, near Savannah; Fort Benning, near Columbus; and Fort Gordon, near Augusta. Gulf Power is partnering with the U.S. Navy and U.S. Air Force to build solar farms at three different military installations in northwest Florida, and Alabama Power, Georgia Power and Gulf Power all have contracts to purchase power from wind facilities in Kansas and Oklahoma.

Meanwhile, Southern Power has been cleared to construct a 900-acre, 131-megawatt solar farm in Taylor County, Georgia and announced the acquisition of an additional 99 megawatts of generating capacity associated with two other Georgia facilities. With the completion of these and other projects, Southern Power is expected to own more than 970 megawatts of renewable energy generating capacity that is either already in operation or under development.

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Construction nears completion at Mississippi Power's new integrated gasification combined cycle (IGCC) facility in Kemper County, Mississippi. When completed, this 21st century coal facility will utilize native Mississippi lignite to generate electricity with a carbon footprint comparable to a similarly sized natural gas facility.



**Doing Energy Better**

## **By Harnessing the Power of Innovation and Collaboration**

In May of 2014, we announced an internal competition for system employees that aimed to harness the power of innovation and collaboration. The goal was to help the company “look around the corners of the future” and position itself for continued success.

Known as SO Prize, the competition was designed to recognize employees who devised the most inventive solutions to the various challenges faced by Southern Company and the electric utility industry, and to stimulate fresh ideas that could potentially drive future growth for years to come.

More than 500 individuals and teams submitted nearly 1,000 ideas. Many teams were made up of employees from different operating companies and subsidiaries, collaborating across geographic and business unit lines.

In October, six SO Prize winners were announced. The winning teams and individuals, along with a synopsis of their proposals, are highlighted throughout the pages of this publication. Pilot programs have been approved for all six concepts as the company continues to explore and evaluate the possibilities of each.



## **The Hydrogen Alternative**

Chethan Acharya and Todd Wall envision a plan for using existing power plants to make hydrogen, which could be transported by liquid carriers to fuel stations using existing oil pipeline infrastructure. The gas could then be used to power proton-exchange membrane fuel cell vehicles on the open road or in industrial settings. Such a scenario could ultimately pave the way for a carbon-free hydrogen economy, with Southern Company positioned as the leading supplier of hydrogen for this market.

**Team Members:**

Chethan Acharya (SCS), Todd Wall (SCS)



## Water, Water Everywhere

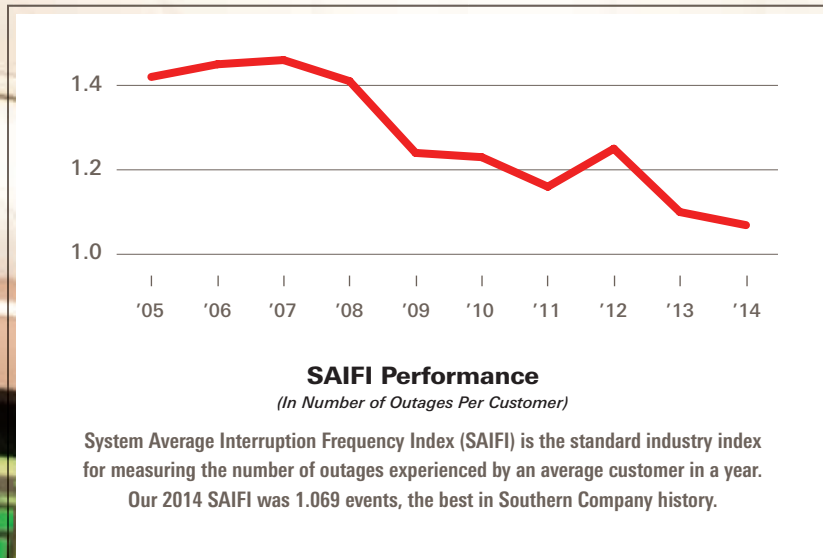
With 400 miles of coastal access and 27,000 miles of transmission line rights-of-way in the Southern Company system, Ray Smith envisions a grid of pipelines that move water to where it is needed. Desalination plants could be constructed to convert coastal seawater to fresh water and then pump it through pipelines along transmission rights-of-way. Providing the Southeast with a virtually unlimited source of water could help alleviate ongoing discussions between states over the current limited supply, and address local communities' concerns regarding droughts and water rationing.

**Team Member:**  
Ray W. Smith (SCS)

## MOVING Energy Better

# As Proven by Our Industry-Leading Reliability

The Southern Company system's Power Coordination Center, dedicated line crews and innovative technologies combine to ensure excellence in transmission and distribution.



You might say that Todd Lucas is an expert in keeping the lights on. As general manager of bulk power operations, Todd oversees the Power Coordination Center (PCC), which is responsible for maintaining a reliable and efficient transfer of energy throughout the system. PCC staff members work around the clock 365 days a year to monitor activity on the grid, and they oversee the transmission and distribution system at the highest level.

Throughout the Southeast, the diligent efforts of our traditional operating companies' line crews cannot be over-emphasized. In 2014, crews worked tirelessly to restore power to customers after outages caused by tornadoes and winter storms.

These dedicated men and women know that reliability is of critical importance to customers. Businesses require a high level of power quality in order to prevent incremental fluctuations in the flow of energy

that might disrupt sophisticated electronic systems or industrial operations. And, of course, having a consistent and reliable source of energy is no less important to residential customers and their families.

Thanks to the efforts of these and many other system associates, 2014 saw yet another all-time record established for reliability on our transmission and distribution system, continuing a long-term positive trend of more than a decade.

On the technology front, we've been busy testing innovative power flow control technologies that improve the utilization of existing grid infrastructure at significant savings compared with traditional transmission line upgrades.

Ultimately, the combined impact of these individuals and deployed technologies converge to help maintain the industry-leading reliability that customers demand.

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Todd Lucas (center), general manager of bulk power operations, consults with team members at the Southern Company system's state-of-the-art Power Coordination Center in Alabama.



## **MOVING Energy Better**

# **Putting Customers First Makes For Sweet Satisfaction**

**Southern Company's customer-focused business  
model is the linchpin of our success.**

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Andra Hall is laser-focused on keeping her customers satisfied. Of course, with friendly service and succulent confections like 'The Elvis' cupcake, it's hard to envision how patrons of CamiCakes Cupcakes could ever be anything less than satisfied. Named for Andra's daughter Camille (nicknamed "Cami"), CamiCakes offers dedicated fans throughout metro Atlanta a unique selection of baked delights.

Likewise, Georgia Power sales and efficiency representatives work hard to keep customers satisfied in their role as company liaisons with businesses like Andra's. They consult with local businesses to provide an analysis of their energy consumption, and make recommendations for more energy-efficient operations and potential dollar savings. For example, Andra's representative suggested that she operate the ovens in her production facility during off-peak hours for significant reductions in cost and usage.

Elsewhere, Georgia Power's new state-of-the-art Customer Resource Center (CRC) enhances customer satisfaction by catering to residential, commercial and industrial customers in a variety of innovative ways. The CRC offers information and demonstrations on electric transportation, comfort systems and cooking technologies, as well as manufacturing applications for industry and energy efficient ideas for the home, all under one roof.

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CamiCakes Cupcakes owner Andra Hall and her employees adjust a display of delicious treats prior to the morning opening of one of her Atlanta stores. Georgia Power consults with Ms. Hall to help achieve optimal efficiency in energy consumption in her retail locations and production center.









## Line Inspections Using UAVs

Today, aerial inspections of power lines are performed with manned aircraft. Paul Schneider and his team propose flight-based data collections by unmanned aerial vehicles (UAVs). UAVs are more cost-effective than helicopters and winged aircraft, and they enable closer inspection with less environmental impact. UAVs could also dramatically reduce the time between data collection flights that require air support. This proposal estimates that outages could be shortened by an average of 1.5 hours per outage through the use of UAVs—eliminating almost 11 days of outages every year.

**Team Members:**

Paul Schneider (GPC; pictured), Matt Clarkson (APC), Dexter Lewis (SCS), Drew McGuire (SCS), Patrick Norris (SCS), Ranato Salvaleon (GPC)



# Dynamic Data

Alabama Power's James Young and his colleagues are convinced that the key to increasing customer satisfaction, loyalty and revenue lies in better understanding what individual customers want and treating them accordingly. The idea: Use data to identify customer priorities and proactively provide individualized solutions. Data analytics could provide actionable insights that enable the delivery of the right message to the right customer at the right time—or assist in the development of new product and service offerings while identifying the most cost-effective manner in which to implement them.

**Team Members:**

James Young (APC; pictured), Noel Black (SCS), Chris Blake (APC), Stoney Burke (SCS), Hannah Flint (SCS), Joe Massari (SCS), Todd Perkins (APC), Tom Schmaeling (APC), Nick Sellers (APC), John Smola (APC), George Stegall (APC), Jeanne Wolak (SCS)







## USING Energy Better

# By Delivering Reliable Service at Affordable Rates, We're Providing Customers with Peace of Mind

**Industry-leading reliability, energy-efficient homes and rates below the national average prove to be a winning combination.**

Atlanta homeowner Larry Cummings and his wife, Cia, appreciate Georgia Power's reliable service and affordable rates. And as the owners of an almost totally rebuilt home, they also appreciate the energy-efficient features that their builder included on the advice of Georgia Power's energy consultants.

"We have great confidence in the reliability of the service we get from Georgia Power," says Larry. "We don't really have to think about it. That's not always the case with other utility providers. And when we first moved into our new home, we were able to establish service with just a single point of contact. For our family, that's really more important than the savings."

Southern Company's traditional operating companies work diligently to maintain transmission and distribution reliability, and to minimize service down time. But when the occasional planned or weather-related power outage occurs, customers are kept apprised of the latest outage status by a variety of means, including mobile apps, outage alerts, interactive outage maps and social media.

Of course, lower power bills don't hurt, either. According to Larry, "Affordable rates are important because our three children can consume a lot of energy. But because we've enjoyed consistently predictable rates, we've been able to budget in such a way as to direct household cash flow to other family priorities."





## USING Energy Better

# Through Smarter Choices

**Simple, common-sense choices can result in significant savings.**

**Since 2000, energy-efficiency programs have helped the Southern Company system reduce peak demand by 4,382 megawatts and avoid over 2.6 billion kilowatt-hours of energy use. That's enough electricity to power the cities of Birmingham, Alabama, Montgomery, Alabama and Savannah, Georgia for a year.**

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Pensacola, Florida, homebuilder Kevin Russell understands the value of energy efficiency in home construction, both for his own home and the homes he builds for his customers.

When building a home, Kevin works hand-in-glove with his Gulf Power residential energy consultant, Heather Madison, even before construction begins. Heather meets with Kevin and his team to consult on HVAC, insulation and other aspects of the home-building process, and she continues to visit the job site to assess the energy fitness of the home as construction progresses. She also counsels Kevin on options for the most efficient lighting fixtures, heat pumps, water heaters and other appliances that will work within his customers' budgets.

In his own home, Kevin uses energy-efficient lighting fixtures and appliances. Kevin appreciates the fact that energy efficiency helps keep his monthly power bill low. As part of Gulf Power's EarthCents program, Gulf Power residential energy consultants also work directly with homeowners like Kevin to help them assess and better control energy usage in their homes. Residential energy consultants in Southern Company's traditional operating companies are available to perform energy audits, conduct new home inspections and discuss incentive programs.

At the end of the day, our goal is to help customers like Kevin use energy better by making smarter and more energy-efficient choices both in new home construction and in existing homes.

**(Above)** Homeowner—and homebuilder—Kevin Russell installs an energy-efficient light-emitting diode (LED) light bulb; **(Left)** An electric charger for plug-in electrical vehicles (PEVs); some 10,000 PEVs are registered in the Southern Company service territory; **(Middle)** An energy-efficient programmable thermostat can help lower energy costs; **(Right)** An ENERGY STAR-rated clothes washer uses about 20 percent less energy than regular washers.



## Empowering Customers with More Choices

Gulf Power's Lisa Roddy believes customers should have more options, similar to the customized cell phone plans offered by wireless carriers. For example, customers might pay a set amount for unlimited usage or pay only for what they use. They could potentially purchase charging stations for electric vehicles or surge protection at a fixed price. Lisa envisions that customers might even be able to purchase blocks of renewable energy or select options to finance solar power for their homes.

**Team Member:**

Lisa Roddy (Gulf)







**SO  
PRIZE**

## Fueling the PEV Revolution

Bryan Coley, John Socha and their team envision a comprehensive effort to accelerate the adoption of plug-in electric vehicles (PEVs). The team proposes the creation of a pre-sale education and awareness program, PEV sales and leasing facilitation, post-sale customer service and a network of charging stations throughout the Southeast. This vision includes the establishment of strategic concierge locations for hands-on driving experiences and the opportunity to purchase PEVs through a network of dealer partners.

**Team Members:**

Bryan Coley (Gulf; pictured), John Socha (SCS; pictured), Blair Farley (SCS), Trey Hayes (APC), John Peters (GPC), Jamie Sandford (APC), Lincoln Wood (SCS)

**DOING Energy Better**

# Delivers Long-Term Shareholder Value

## Customer-Focused Strategy Underpins Consistent Financial Performance

Throughout the 103-year history of Southern Company, customers have remained at the center of all we do. We believe our focus on customers translates to value creation for investors, and this is borne out in the results we have delivered over time.

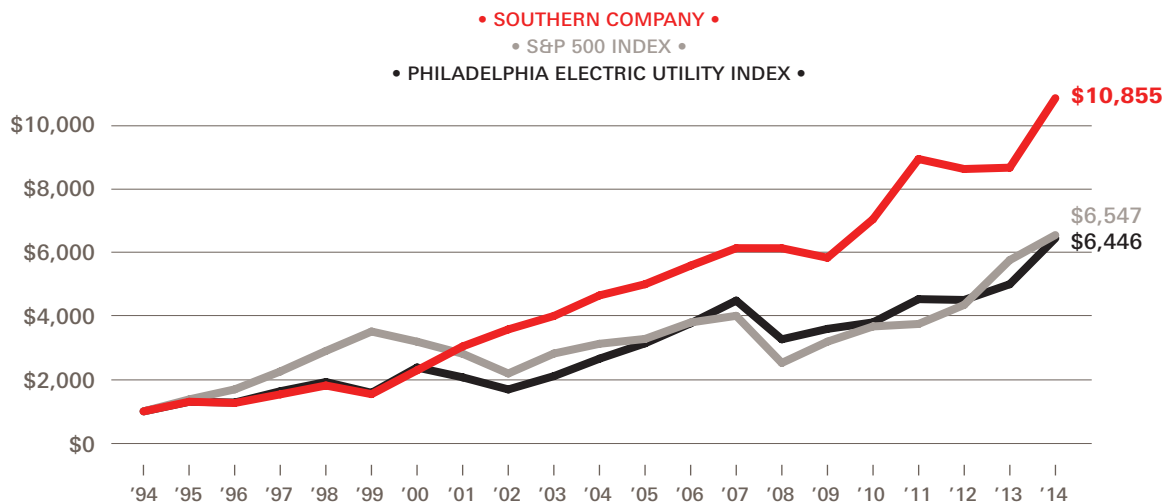
Over the long term, Southern Company has proved to be an outstanding investment, outperforming the S&P 500 over the 10-, 20- and 30-year periods ending December 31, 2014. Our dividend—an important part of that performance—increased for the 13th consecutive year in 2014, and we have paid shareholder dividends every quarter since 1948. That’s 269 consecutive quarters.

At year-end, Southern Company’s dividend yield was 4.2 percent, compared with approximately 1.9 percent for the S&P 500. Over the past 20 years, dividends and dividend reinvestment have accounted

for approximately 69 percent of the increase in our shareholder value, compared with approximately 37 percent of the increase in shareholder value for the S&P 500.

As we’ve shared in years past, dividends do more than simply provide cash to shareholders; they help shape a company’s approach to risk. Once again, the proof is in the numbers. In 2014, Southern Company was the least volatile stock in the Philadelphia Electric Utility Index. Stocks with low volatility tend to be less prone to price swings during times of market stress, and are therefore considered more stable.

Keeping customers first—along with industry-leading reliability and prices below the national average—has enabled us to sustain operational success, reinforcing our reputation for providing exceptional shareholder value.

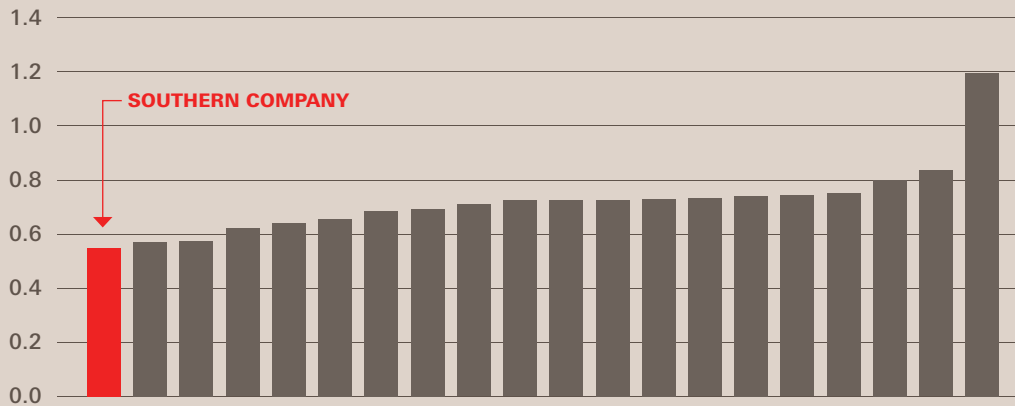


### Value of \$1,000 Invested Over 20 Years

This performance graph compares the cumulative return on Southern Company (SO) common stock with the Philadelphia Electric Utility Index and the Standard & Poor’s (S&P) 500 Index for the past 20 years. The average annualized return during the 20-year period is 12.7 percent for Southern Company, compared to 9.8 percent for the UTY and 9.8 percent for the S&P 500. The graph assumes that \$1,000 was invested in Southern Company common stock and each of the above indices on December 31, 1994, and that all dividends were reinvested. A five-year performance graph is included in Appendix D to the Proxy Statement.

See Glossary on page 36 for information on total shareholder return.

Source: FactSet and Bloomberg

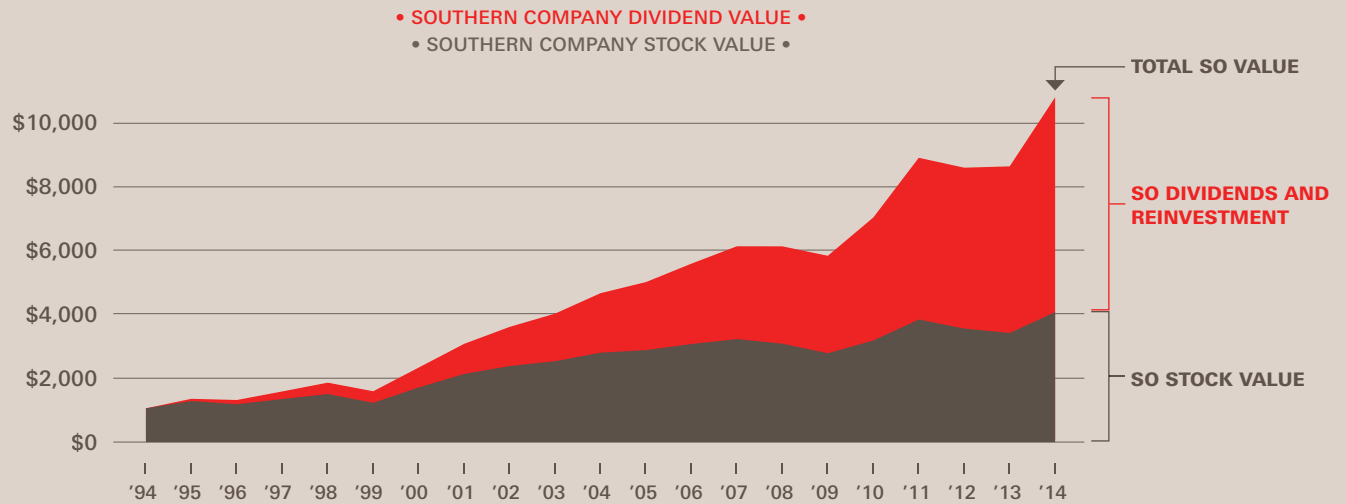


### Value Added by Low Volatility Relative to the Market

This chart shows the volatility of each of the 20 utilities in the Philadelphia Electric Utility Index (UTY). Volatility refers to the tendency of a stock to react to swings in the market. Southern Company had the lowest level of volatility in the UTY Index and one of the lowest in the S&P 500.

See Glossary on page 36 for information on beta.

Source: FactSet and Bloomberg, five-year beta as of December 31, 2014



### Value Created by Dividend and Price Performance

This chart shows the power of Southern Company's dividend. Over the last 20 years, a \$1,000 investment in SO grew to \$10,855. Increases in the value of SO stock contributed \$3,047 and dividends, with reinvestment, accounted for an increase of \$6,808, or approximately 69 percent of the gain in value. The graph assumes that \$1,000 was invested in Southern Company common stock on December 31, 1994, and that all dividends were reinvested.

See Glossary on page 36 for information on total shareholder return.

Source: Bloomberg

## 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, CO<sub>2</sub>, 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>.

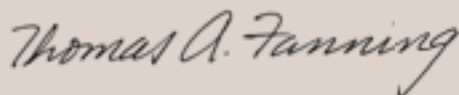
## Management's Report On Internal Control Over Financial Reporting

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
<b>Operating Revenues:</b>			
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
<b>Operating Expenses:</b>			
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
<b>Operating Income</b>	<b>3,642</b>	<b>3,255</b>	<b>4,463</b>
<b>Other Income and (Expense):</b>			
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)
<b>Earnings Before Income Taxes</b>	<b>3,008</b>	<b>2,559</b>	<b>3,749</b>
Income taxes	977	849	1,334
<b>Consolidated Net Income</b>	<b>2,031</b>	<b>1,710</b>	<b>2,415</b>
<b>Dividends on Preferred and Preference Stock of Subsidiaries</b>	<b>68</b>	<b>66</b>	<b>65</b>
<b>Consolidated Net Income After Dividends on Preferred and Preference Stock of Subsidiaries</b>	<b>\$ 1,963</b>	<b>\$ 1,644</b>	<b>\$ 2,350</b>
<b>Common Stock Data:</b>			
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

<i>(In Millions)</i>	2014	2013	2012
<b>Operating Activities:</b>			
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
<b>Net cash provided from operating activities</b>	<b>5,815</b>	<b>6,097</b>	<b>4,898</b>
<b>Investing Activities:</b>			
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
<b>Net cash used for investing activities</b>	<b>(6,408)</b>	<b>(5,742)</b>	<b>(5,168)</b>
<b>Financing Activities:</b>			
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
<b>Net cash provided from (used for) financing activities</b>	<b>644</b>	<b>(324)</b>	<b>(417)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>51</b>	<b>31</b>	<b>(687)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>659</b>	<b>628</b>	<b>1,315</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 710</b>	<b>\$ 659</b>	<b>\$ 628</b>

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

<b>Assets</b> <i>(In Millions)</i>	2014	2013
<b>Current Assets:</b>		
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
<b>Total current assets</b>	<b>6,370</b>	<b>5,614</b>
<b>Property, Plant, and Equipment:</b>		
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
<b>Total property, plant, and equipment</b>	<b>54,868</b>	<b>51,208</b>
<b>Other Property and Investments:</b>		
Nuclear decommissioning trusts, at fair value	1,546	1,465
Leveraged leases	743	665
Miscellaneous property and investments	203	218
<b>Total other property and investments</b>	<b>2,492</b>	<b>2,348</b>
<b>Deferred Charges and Other Assets:</b>		
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
<b>Total deferred charges and other assets</b>	<b>7,193</b>	<b>5,376</b>
<b>Total Assets</b>	<b>\$70,923</b>	<b>\$64,546</b>

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

<b>Liabilities and Stockholders' Equity</b> <i>(In Millions)</i>	2014	2013
<b>Current Liabilities:</b>		
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
<b>Total current liabilities</b>	<b>8,967</b>	<b>5,525</b>
<b>Long-Term Debt</b>	<b>20,841</b>	<b>21,344</b>
<b>Deferred Credits and Other Liabilities:</b>		
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
<b>Total deferred credits and other liabilities</b>	<b>19,775</b>	<b>17,538</b>
<b>Total Liabilities</b>	<b>49,583</b>	<b>44,407</b>
<b>Redeemable Preferred Stock of Subsidiaries</b>	<b>375</b>	<b>375</b>
<b>Redeemable Noncontrolling Interest</b>	<b>39</b>	<b>—</b>
<b>Total Stockholders' Equity</b>	<b>20,926</b>	<b>19,764</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$70,923</b>	<b>\$64,546</b>

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.

## Board of Directors

**1. Juanita Powell Baranco**

*Executive Vice President  
and Chief Operating Officer  
Baranco Automotive Group (automobile sales)*

Atlanta, GA | Age 66 | elected 2006

**Board committee:** Audit

**Other directorships:** None

**2. Jon A. Boscia**

*Founder and President  
Boardroom Advisors LLC  
(board governance consulting firm)*

Sarasota, FL | Age 62 | elected 2007

**Board committee:** Audit (chair)

**Other directorships:** None

**3. Henry A. Clark III**

*Senior Advisor  
Evercore Partners Inc.  
(corporate finance advisory firm)*

New York, NY | Age 65 | elected 2009

**Board committees:** Compensation and  
Management Succession (chair), Finance

**Other directorships:** None

**4. Thomas A. Fanning**

*Chairman, President and CEO  
Southern Company*

Atlanta, GA | Age 58 | elected 2010

**Other directorships:** Federal Reserve  
Bank of Atlanta, Vulcan Materials Company

**5. David J. Grain**

*Founder and Managing Partner  
Grain Management, LLC (private equity firm)*

Sarasota, FL | Age 52 | elected 2012

**Board committees:** Compensation and  
Management Succession, Finance

**Other directorship:** Gateway Bank  
of Southwest Florida

**6. Veronica M. Hagen**

*Lead Independent Director  
Southern Company Board (effective May 2014)  
Retired President and CEO  
Polymer Group, Inc. (engineered materials)*

Charlotte, NC | Age 69 | elected 2008

**Board committees:** Compensation and  
Management Succession, Nuclear/Operations

**Other directorships:** Polymer Group, Inc.,  
Newmont Mining Corporation

**7. Warren A. Hood, Jr.**

*Chairman and CEO  
Hood Companies, Inc.  
(packaging and construction products)*

Hattiesburg, MS | Age 63 | elected 2007

**Board committee:** Audit

**Other directorships:** Hood Companies, Inc.,  
BancorpSouth, Inc.



**8. Linda P. Hudson**

*Founder, Chairman and CEO  
The Cardea Group  
(business management consulting)*

Charlotte, NC | Age 64 | elected 2014

**Board committees:** Governance, Nuclear/  
Operations, Business Security Subcommittee

**Other directorships:** BAE Systems, Inc.,  
Bank of America Corporation

**9. Donald M. James**

*Chairman and Retired CEO  
Vulcan Materials Company  
(construction materials)*

Birmingham, AL | Age 66 | elected 1999

**Board committees:** Governance (chair), Finance

**Other directorships:** Vulcan Materials  
Company, Wells Fargo & Company

**10. John D. Johns**

*Chairman, President and CEO  
Protective Life Corporation  
(insurance)*

Birmingham, AL | Age 63 | elected 2015

**Board committee:** Audit

**Other directorships:** Protective Life Corporation,  
Regions Financial Corporation, Genuine Parts  
Company

**11. Dale E. Klein**

*Associate Vice Chancellor of Research  
University of Texas System  
Associate Director The Energy Institute  
at the University of Texas at Austin  
Retired Chairman U.S. Nuclear Regulatory  
Commission (energy)*

Austin, TX | Age 67 | elected 2010

**Board committees:** Governance,  
Nuclear/Operations, Business Security  
Subcommittee (chair)

**Other directorships:** Pinnacle West Capital  
Corporation, Arizona Public Service Company

**12. William G. Smith, Jr.**

*Chairman, President and CEO  
Capital City Bank Group, Inc. (banking)*

Tallahassee, FL | Age 61 | elected 2006

**Board committees:** Compensation and  
Management Succession, Finance (chair)

**Other directorships:** Capital City Bank  
Group, Inc., Capital City Bank

**13. Steven R. Specker**

*Retired President and CEO  
Electric Power Research Institute (energy)*

Scottsdale, AZ | Age 69 | elected 2010

**Board committees:** Nuclear/Operations (chair),  
Compensation and Management Succession

**Other directorship:** Trilliant, Inc.

**14. Larry D. Thompson**

*Retired Executive Vice President  
PepsiCo, Inc. (food and beverage products)*

Atlanta, GA | Age 69 | elected 2014

**Board committee:** Audit

**Other directorships:** Graham Holdings Company,  
Franklin, Templeton Series Mutual Funds

**15. E. Jenner Wood III**

*Chairman and CEO  
SunTrust Bank—Atlanta Division (banking)*

Atlanta, GA | Age 63 | elected 2012

**Board committees:** Governance,  
Nuclear/Operations

**Other directorships:** Oxford Industries, Inc.,  
Genuine Parts Company



## Management Council

**1. Art P. Beattie**

*Executive Vice President and Chief Financial Officer*

Beattie, 60, joined the company in 1976 as a junior accountant with Alabama Power. He has held his current position since August 2010. Beattie is responsible for the company's accounting, finance, tax, investor relations, treasury and risk management functions. He also serves as chief risk officer. Previously, Beattie served in several executive accounting and finance positions at Alabama Power, including chief financial officer, treasurer and comptroller.

**2. W. Paul Bowers**

*Executive Vice President  
Chairman, President and CEO, Georgia Power*

Bowers, 58, joined the company as a residential sales representative with Gulf Power in 1979. He has held his current position since January 2011. Previously, Bowers served as chief financial officer for Southern Company. He also served as president of Southern Company Generation, president and CEO of Southern Power, president and CEO of Southern Company's former United Kingdom subsidiary and senior vice president and chief marketing officer for Southern Company.

**3. Stan W. Connally, Jr.**

*President and CEO, Gulf Power*

Connally, 45, joined the company in 1989 as a co-op student at Georgia Power. He has held his current position since July 2012. Previously, he served as senior vice president and senior production officer for Georgia Power. He has served as plant manager at plants Watson, Daniel and Barry. He has also worked in customer operations and sales and marketing.

**4. Mark A. Crosswhite**

*Executive Vice President  
Chairman, President and CEO, Alabama Power*

Crosswhite, 52, joined the company in 2004 as senior vice president and general counsel for Southern Company Generation. He has held his current position since March 2014. He was previously executive vice president and chief operating officer for Southern Company, president and CEO of Gulf Power and executive vice president of external affairs and senior vice president and general counsel at Alabama Power. Prior to joining the company, he was a partner in the law firm of Balch & Bingham LLP in Birmingham, Alabama, where he practiced for 17 years.

**5. Thomas A. Fanning**

*Chairman, President and CEO*

Fanning, 58, joined the company as a financial analyst in 1980. He has held his current position since December 2010. Previously, Fanning served as executive vice president and chief operating officer for Southern Company, president and CEO of Gulf Power and chief financial officer for Southern Company, Georgia Power and Mississippi Power.

**6. Kimberly S. Greene**

*Executive Vice President and  
Chief Operating Officer*

Greene, 48, has held her current role since March 2014. Previously, she was president and CEO of Southern Company Services. Prior to that, she was employed by TVA, where she served as chief financial officer, group president of strategy and external relations and chief generation officer. Prior to her time at TVA, she served as senior vice president of finance and treasurer for Southern Company and has held various positions with Mirant, including chief commercial officer, South Region.



**7. G. Edison Holland, Jr.**

*Executive Vice President  
Chairman, President and CEO, Mississippi Power*

Holland, 62, joined the company as vice president and corporate counsel for Gulf Power in 1992. He was named to his current position in May 2013. Previously, he was executive vice president, general counsel and corporate secretary of Southern Company, president and CEO of Savannah Electric and vice president of power generation and transmission at Gulf Power.

**8. James Y. Kerr II**

*Executive Vice President and General Counsel*

Kerr, 51, assumed his current role in March 2014. Previously, he was a partner with McGuireWoods LLP and a senior advisor at McGuireWoods Consulting LLC. He also served as co-chairman of McGuireWoods' energy industry team with focus in the areas of energy transactions and finance, energy regulation, energy policy and energy litigation. Prior to joining McGuireWoods, Kerr served as a Commissioner on the North Carolina Utilities Commission and was the former president of the National Association of Regulatory Utility Commissioners.

**9. Stephen E. Kuczynski**

*Chairman, President and CEO, Southern Nuclear*

Kuczynski, 52, joined the company in July 2011 as chairman, president and CEO of Southern Nuclear. Previously, he was senior vice president of engineering and technical services for Exelon Nuclear. He also served as senior vice president of Exelon Nuclear's Midwest operations, senior vice president of operations support and plant manager and later site vice president of Exelon's Byron Nuclear Station.

**10. Mark S. Lantrip**

*Executive Vice President  
Chairman, President and CEO,  
Southern Company Services, Inc.*

Lantrip, 60, joined the company in 1981 as an analyst in Gulf Power's corporate planning department. He assumed his current position in March 2014. Previously, Lantrip was executive vice president of finance and treasurer of Southern Company Services and treasurer of Southern Company, with responsibility for financial planning and analysis, enterprise risk management, trust finance, capital markets and treasury.

**11. Christopher C. Womack**

*Executive Vice President and President  
of External Affairs*

Womack, 57, joined the company in 1988 as a governmental affairs representative for Alabama Power. He has held his current position since January 2009. Previously, Womack was executive vice president of external affairs for Georgia Power. He has also served as senior vice president of human resources and chief people officer for Southern Company as well as senior vice president and senior production officer of Southern Company Generation.



## Glossary

### **APC**

Abbreviation for Alabama Power Company.

### **Basic Earnings Per Share Excluding Kemper IGCC Impacts, Leveraged Lease Restructure Charge, And MC Asset Recovery Insurance Settlements**

Basic earnings per share in 2014 of \$2.19 plus an excluded 59-cent charge related to Mississippi Power's construction of the Kemper integrated gasification combined cycle project and plus an excluded 2-cents related to the reversal of previously recognized revenues recorded in 2014 and 2013 and the recognition of carrying costs associated with the 2015 Mississippi Supreme Court decision which reversed the Mississippi Public Service Commission's March 2013 rate order related to the Kemper IGCC project; basic earnings per share in 2013 of \$1.88 plus an excluded 83-cent charge related to Mississippi Power's construction of the Kemper IGCC project, plus an excluded 2-cent charge related to the restructuring of a leveraged lease investment, and minus an excluded MC Asset Recovery insurance settlement of 2 cents; and basic earnings per share in 2012 of \$2.70 minus an excluded MC Asset Recovery insurance settlement of 2 cents.

### **Beta**

A measure of the volatility of a stock in comparison to the market as a whole. Beta can be described as the tendency of a security's returns to respond to swings in the market.

### **Book Value**

A company's common stock equity as it appears on a balance sheet, equal to total assets minus liabilities, preferred and preference stock and intangible assets such as good will. Book value per share refers to the book value of a company divided by the number of shares outstanding.

### **CO<sub>2</sub>**

Abbreviation for carbon dioxide.

### **Coal Gasification**

A process in which the energy stored in coal is converted to gas, making it available for use in refineries for the synthesis of chemicals or in gas-fired power plants as a fuel.

### **Desalination**

The process of removing salt, especially from sea water, so that it can be used for drinking or irrigation.

### **Diluted Earnings Per Share**

A company's earnings per share calculated by using fully diluted shares outstanding, including the impact of stock option grants and convertible bonds that can be converted into shares of stock in the issuing company.

### **Dividend Yield**

The annual dividend income per share received from a company divided by its current stock price.

### **Earnings Per Share**

Net income divided by the average number of shares of common stock outstanding.

### **Energy Audit**

An onsite inspection in which recommendations are made for improving the energy efficiency of a home or business.

### **GPC**

Abbreviation for Georgia Power Company.

### **Gulf**

Abbreviation for Gulf Power Company.

### **Integrated Gasification Combined Cycle (IGCC)**

A technology that uses a gasifier to turn coal and other carbon-based fuels into synthesis gas (syngas). It then removes impurities from the syngas before it is combusted. This results in lower emissions of sulfur dioxide, particulates and mercury.

### **HVAC**

Abbreviation for heating, ventilation and air conditioning.

### **Kilowatt-Hour**

A unit of electricity equal to 1,000 watt-hours, delivered by an electric utility steadily for one hour.

### **LED (Light-Emitting Diodes)**

Semiconductor devices that produce visible light when an electrical current is passed through them. LED lighting can be more efficient, durable and longer lasting.

### **Megawatt**

A measurement of electricity equal to 1,000 kilowatts and typically used when describing large amounts of generating capacity.

### **mmBtu**

Abbreviation for Million British thermal units.

### **MPC**

Abbreviation for Mississippi Power Company.

### **Proton-Exchange Membrane Fuel Cell Vehicles**

Vehicles that are powered by proton exchange membrane fuel cells, a type of fuel cell being developed for transport applications as well as for stationary and portable fuel cell applications.

### **Reliability**

As pertains to electric networks, the extent to which supply is available to meet demand.

### **Renewable Energy**

Energy generated directly from natural resources such as sunlight, wind, water, biomass, ocean tides and geothermal heat.

### **SCS**

Abbreviation for Southern Company Services, Inc.

### **System Average Interruption Frequency Index (SAIFI)**

SAIFI is the average number of times that a system customer experiences an outage during a year (or some particular time period under study). The SAIFI is found by dividing the total number of customers interrupted by the total number of customers served.

### **Total Shareholder Return**

Stock Price appreciation plus reinvested dividends. (The distribution of shares of Mirant Corporation stock to Southern Company shareholders is treated as a special dividend for the purposes of calculating Southern Company shareholder return.)

### **TVA**

Abbreviation for Tennessee Valley Authority.

## Shareholder Information

### Transfer Agent

Computershare, Inc. is Southern Company's transfer agent, dividend-paying agent, investment plan administrator and registrar. If you have questions concerning your registered Southern Company shareowner account, please contact:

#### By Mail

Computershare  
P.O. Box 30170  
College Station, TX 77842-3170

#### By Phone-U.S.

9 a.m. to 7 p.m. ET  
Monday through Friday  
800-554-7626  
(Automated voice response system  
24 hours/day, 7 days/week)  
Hearing Impaired: 800-231-5469

#### By Courier

Computershare  
211 Quality Circle  
Suite 210  
College Station, TX 77845

#### By Phone-Outside U.S.

201-680-6693

### Shareowner Services Internet Site

To take advantage of Shareowner Services' online services, you will need to activate your account. This one-time authentication process will be used to validate your identity. You can use your 12-digit Investor ID or your Computershare Holder ID. The Internet address is [www.computershare.com/investor](http://www.computershare.com/investor). Through this site, registered shareowners can securely access their account information, as well as submit numerous transactions. Also, transfer instructions and service request forms can be obtained.

### Southern Investment Plan

The Southern Investment Plan provides a convenient way to purchase common stock and reinvest dividends. You can access the Southern Company website to review the prospectus.

### Direct Registration

Southern Company common stock can be issued in direct registration (uncertificated) form. The stock is Direct Registration System eligible.

### Dividend Payments

The entire amount of dividends paid in 2014 is taxable. The board of directors sets the record and payment dates for quarterly dividends. A dividend of 52.5 cents per share was paid in March 2015. For the remainder of 2015, projected record dates are May 18, August 17 and November 16. Projected payment dates for dividends declared during the remainder of 2015 are June 6, September 5 and December 5.

### Annual Meeting

The 2015 Annual Meeting of Stockholders will be held Wednesday, May 27, at 10 a.m. ET at The Lodge Conference Center at Callaway Gardens, Highway 18, Pine Mountain, Ga. 31822.

### Auditors

Deloitte & Touche, LLP  
191 Peachtree St. NE  
Suite 2000  
Atlanta, GA 30303

### Investor Information

For information about earnings and dividends, stock quotes and current news releases, please visit us at [www.investor.southerncompany.com](http://www.investor.southerncompany.com).

### Institutional Investor Inquiries

Southern Company maintains an investor relations office in Atlanta, 404-506-5310, to meet the information needs of institutional investors and securities analysts.

### Electronic Delivery Of Proxy Materials

Any stockholder may enroll for electronic delivery of proxy materials by logging on at [www.icsdelivery.com/so](http://www.icsdelivery.com/so).

### Certifications

Southern Company has filed the required certifications of its chief executive officer and chief financial officer under Section 302 of the Sarbanes-Oxley Act of 2002, regarding the quality of its public disclosures as exhibits 31(a)1 and 31(a)2, respectively, to Southern Company's Annual Report on Form 10-K for the year ended December 31, 2014. The certification of Southern Company's chief executive officer regarding compliance with the New York Stock Exchange (NYSE) corporate governance listing standards, required by NYSE Rule 303A.12, will be filed with the NYSE following the 2015 Annual Meeting of Stockholders. Last year, Southern Company filed this certification with the NYSE on June 14, 2014.

### Environmental Information

Southern Company publishes information on its activities to meet environmental commitments. This information is available online at [www.southerncompany.com/planetpower/#reports](http://www.southerncompany.com/planetpower/#reports).

### To request printed materials, write to:

Larry Monroe  
Chief Environmental Officer & Senior Vice President  
Research and Environmental Affairs  
600 North 18th St.  
Bin 14N-8195  
Birmingham, AL 35203-2206

### Common Stock

Southern Company common stock is listed on the NYSE under the ticker symbol SO. On December 31, 2014, Southern Company had 137,369 shareholders of record.

The 2014 summary annual report is submitted for shareholders' information. It is not intended for use in connection with any sale or purchase of, or any solicitation of, offers to buy or sell securities.

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