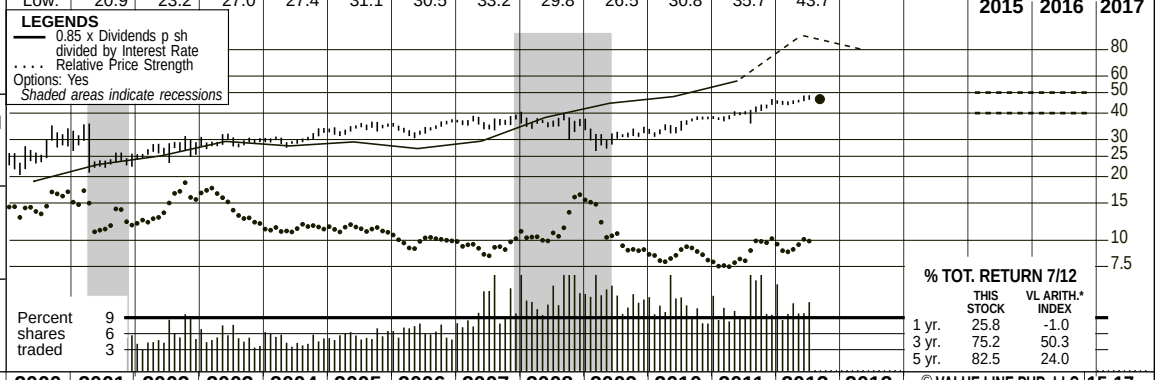
SOUTHERN CO. NYSE-SO

RECENT PRICE **46.60** | P/E RATIO **17.4** (Trailing: 18.7 / Median: 15.0) | RELATIVE P/E RATIO **1.19** | DIV'D YLD **4.3%** | VALUE LINE

TIMELINESS 2 Raised 8/24/12
SAFETY 1 Raised 6/3/05
TECHNICAL 3 Raised 8/10/12
BETA .55 (1.00 = Market)

High:	35.7	31.1	32.0	34.0	36.5	37.4	39.3	40.6	37.6	38.6	46.7	48.6
Low:	20.9	23.2	27.0	27.4	31.1	30.5	33.2	29.8	26.5	30.8	35.7	43.7

Target Price Range
2015 | 2016 | 2017



2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	50	(+5%)	6%
Low	40	(-15%)	1%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	1	0	0	1
Options	1	2	1	0	1	0	1	2	3
to Sell	1	2	1	0	1	0	1	2	3

Institutional Decisions

	3Q2011	4Q2011	1Q2012
to Buy	435	435	385
to Sell	281	307	387
Hld's(000)	373196	374903	372243

% TOT. RETURN 7/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	25.8	-1.0
3 yr.	75.2	50.3
5 yr.	82.5	24.0

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
15.30	18.19	16.34	17.40	14.78	14.54	14.73	15.31	16.05	18.28	19.24	20.12	22.04	19.21	20.70	20.41	*19.00*	*19.55*	Revenues per sh	*21.75*
3.64	3.86	4.26	4.17	3.89	3.55	3.46	3.53	3.65	4.03	4.01	4.22	4.43	4.43	4.51	4.91	*5.10*	*5.45*	"Cash Flow" per sh	*6.25*
1.68	1.58	1.73	1.83	2.01	1.61	1.85	1.97	2.06	2.13	2.10	2.28	2.25	2.32	2.36	2.55	*2.60*	*2.80*	Earnings per sh A	*3.25*
1.26	1.30	1.34	1.34	1.34	1.34	1.36	1.39	1.42	1.48	1.54	1.60	1.66	1.73	1.80	1.87	*1.94*	*2.02*	Div'd Decl'd per sh B ■ †	*2.25*
1.82	2.68	2.87	3.85	3.27	3.75	3.79	2.72	2.85	3.20	4.01	4.65	5.10	5.70	4.85	5.23	*6.25*	*5.65*	Cap'l Spending per sh	*6.75*
13.61	13.91	14.04	13.82	15.69	11.43	12.16	13.13	13.86	14.42	15.24	16.23	17.08	18.15	19.21	20.32	*20.95*	*21.70*	Book Value per sh C	*25.50*
677.04	693.42	697.75	665.80	681.16	698.34	716.40	734.83	741.50	741.45	746.27	763.10	777.19	819.65	843.34	865.13	*868.00*	*870.00*	Common Shs Outst'g D	*915.00*
13.8	14.0	15.7	14.3	13.2	14.6	14.6	14.8	14.7	15.9	16.2	16.0	16.1	13.5	14.9	15.8	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
.86	.81	.82	.82	.86	.75	.80	.84	.78	.85	.87	.85	.97	.90	.95	1.00	*Value Line*		Relative P/E Ratio	*.95*
5.5%	5.9%	4.9%	5.1%	5.0%	5.7%	5.0%	4.7%	4.7%	4.4%	4.5%	4.4%	4.6%	5.5%	5.1%	4.6%	*estimates*		Avg Ann'l Div'd Yield	*5.0%*

CAPITAL STRUCTURE as of 3/31/12
Total Debt $21961 mill. **Due in 5 Yrs** $7695.0 mill.
LT Debt $19051 mill. **LT Interest** $848.0 mill.
(LT interest earned: 4.8x)
Leases, Uncapitalized Annual rentals $121.0 mill.
Pension Assets-12/11 $6.80 bill. **Oblig.** $8.08 bill.
Pfd Stock $1082 mill. **Pfd Div'd** $65.0 mill.
Incl. 1 mill. shs. 4.20%-5.44% cum. pfd. ($100 par); 12 mill. shs. 4.95%-5.83% cum. pfd. ($1 par); 2 mill. shs. 6.0% noncum. pfd. ($25 par); 3 mill. shs. 6.0%-6.5% noncum. pfd. ($100 par); 14 mill. shs. 5.63%-6.5% noncum. pfd. ($1 par).
Common Stock 868,690,126 shs.
MARKET CAP: $40 billion (Large Cap)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		15-17
10549	11251	11902	13554	14356	15353	17127	15743	17456	17657	*16500*	*17000*	Revenues ($mill)	*20000*
1510.0	1602.1	1589.0	1621.0	1608.0	1782.0	1807.0	1910.0	2040.0	2268.0	*2340*	*2510*	Net Profit ($mill)	*3040*
25.9%	27.0%	27.0%	26.9%	32.7%	31.9%	33.6%	31.9%	33.5%	35.0%	*32.0%*	*32.0%*	Income Tax Rate	*32.0%*
5.4%	4.6%	5.2%	4.4%	4.8%	9.5%	12.3%	14.9%	13.7%	10.2%	*13.0%*	*13.0%*	AFUDC % to Net Profit	*13.0%*
43.1%	45.9%	53.5%	53.2%	50.8%	51.2%	53.9%	53.2%	51.2%	50.0%	*52.0%*	*52.0%*	Long-Term Debt Ratio	*53.0%*
43.4%	43.6%	44.1%	44.3%	46.2%	44.9%	42.6%	43.6%	45.7%	47.1%	*45.5%*	*45.0%*	Common Equity Ratio	*45.0%*
20086	22135	23288	24131	24618	27608	31174	34091	35438	37307	*40000*	*41700*	Total Capital ($mill)	*52200*
24642	27534	28361	29480	31092	33327	35878	39230	42002	45010	*48275*	*50900*	Net Plant ($mill)	*61500*
8.6%	8.4%	8.1%	8.2%	8.2%	7.9%	7.1%	6.9%	7.0%	7.2%	*7.0%*	*7.0%*	Return on Total Cap'l	*7.0%*
13.2%	13.4%	14.7%	14.4%	13.3%	13.2%	12.6%	12.0%	11.8%	12.2%	*12.0%*	*12.5%*	Return on Shr. Equity	*12.5%*
15.1%	14.8%	14.9%	14.9%	13.8%	14.0%	13.1%	12.4%	12.2%	12.5%	*12.5%*	*13.0%*	Return on Com Equity E	*12.5%*
4.1%	4.4%	4.7%	4.6%	3.8%	4.3%	3.5%	3.2%	3.0%	3.4%	*3.5%*	*3.5%*	Retained to Com Eq	*4.0%*
76%	73%	69%	70%	73%	70%	74%	75%	77%	73%	*75%*	*72%*	All Div'ds to Net Prof	*69%*

ELECTRIC OPERATING STATISTICS

	2009	2010	2011
% Change Retail Sales (KWH)	-4.8	+7.6	-2.7
Avg. Indust. Use (MWH)	3095	3332	3438
Avg. Indust. Revs. per KWH (¢)	6.04	6.20	6.37
Capacity at Yearend (Mw)	42932	42963	43555
Peak Load, Summer (Mw)	34471	36321	36956
Annual Load Factor (%)	60.6	62.2	59.0
% Change Customers (yr-end)	- -	+.3	-.1
Fixed Charge Cov. (%)	310	342	397

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	2.5%	2.5%	*1.0%*
"Cash Flow"	2.0%	3.5%	*5.0%*
Earnings	3.0%	3.0%	*5.0%*
Dividends	3.0%	4.0%	*4.0%*
Book Value	3.5%	6.0%	*5.0%*

Cal-endar	QUARTERLY REVENUES (mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	3666	3885	4682	3510	15743
2010	4157	4208	5320	3771	17456
2011	4012	4521	5428	3696	17657
2012	3604	4181	*5015*	*3700*	*16500*
2013	*3800*	*4200*	*5200*	*3800*	*17000*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.41	.61	.99	.31	2.32
2010	.60	.62	.98	.18	2.36
2011	.49	.70	1.06	.30	2.55
2012	.42	.70	*1.12*	*.36*	*2.60*
2013	*.50*	*.75*	*1.20*	*.35*	*2.80*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.4025	.42	.42	.42	1.66
2009	.42	.4375	.4375	.4375	1.73
2010	.4375	.455	.455	.455	1.80
2011	.455	.4725	.4725	.4725	1.87
2012	.4725	.49			

BUSINESS: The Southern Company, through its subsidiaries, supplies electricity to 4.4 million customers in about 120,000 square miles of Georgia, Alabama, Florida, and Mississippi. Also has competitive generation business. Electric revenue breakdown: residential, 35%; commercial, 30%; industrial, 19%; wholesale, 11%; other, 5%. Retail revenues by state: Georgia, 51%; Alabama, 33%; Florida, 9%; Mississippi, 7%. Generating sources: coal, 49%; oil & gas, 28%; nuclear, 15%; hydro, 2%; purchased, 6%. Fuel costs: 39% of revenues. '11 reported deprec. rate (utility): 3.2%. Has 26,400 employees. Chairman, President and CEO: Thomas A. Fanning. Inc.: Delaware. Address: 30 Ivan Allen Jr. Blvd., N.W., Atlanta, Georgia 30308. Tel.: 404-506-5000. Internet: www.southerncompany.com.

Southern Company has two major projects under construction. Georgia Power is building two nuclear units that are scheduled to begin commercial operation in 2016 and 2017. The utility's 45.7% share of the project (about 1,000 megawatts) has a certified cost of $6.1 billion. However, some $400 million of cost overruns are in dispute between the company and the construction firms. If the final cost is above the certified cost, Georgia Power would have to seek recovery for the overage from the state commission. Mississippi Power is building a 582-mw coal gasification plant, which is scheduled for completion in 2014. The projected cost has risen to $2.88 billion (including a $62 million contingency), which is the cost cap there. The utility would have to ask the state regulators for approval to recover any costs above the cost cap.

We now estimate that earnings will advance slightly in 2012. Second-quarter profits were better than we expected, so we have raised our earnings estimate by $0.05 a share, to $2.60. Our revised estimate is now within Southern Company's guidance of $2.58-$2.70 a share.

We expect profits to increase in 2013. Georgia Power will benefit from the final increase of its three-year rate hike. In addition, the service area's economy is growing moderately. We have raised our earnings estimate by $0.05 a share because average shares outstanding will be lower than we had expected.

Southern Company won't need additional common equity this year or next. That's because the cost of environmental compliance will be less than the company had expected. Whatever equity is issued through the exercise of options will be bought back on the open market. There will be a small net increase in shares outstanding, however, because options are exercised at below-market prices.

This high-quality stock is timely. However, it is trading at an above-market price-earnings ratio, which is unusual for a utility issue. The yield is average for a utility, but with the share price near the upper bound of our 2015-2017 Target Price Range, total return potential over that time frame is minimal.

Paul E. Debbas, CFA *August 24, 2012*

(A) Diluted earnings. Excl. nonrecurring gain (loss): '03, 6¢; '09, (25¢). '10 EPS don't add due to change in shares. Next earnings report due late Oct. **(B)** Div'ds historically paid in early Mar., June, Sept., and Dec. ■ Div'd reinvestment plan avail. † Shareholder investment plan avail. **(C)** Incl. deferred charges. In '11: $6.27/sh. **(D)** In mill. **(E)** Rate base: AL, MS, fair value; FL, GA, orig. cost. Allowed return on com. eq. (blended): 12.5%. Earned on avg. com. eq., '11: 13.0%. Regulatory Climate: AL Above Average; GA, MS, FL Average.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	60
Earnings Predictability	100

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