

## Southern Company and AGL Resources Combine to Create a Leading U.S. Energy Company

### Quick Facts

<i>The Combined Company</i>	
Operations across America	11 electric and gas utilities
Approximately 9 million utility customers, and more than 1 million retail customers	32,000 employees
Nearly 200,000 miles of power lines	More than 80,000 miles of natural gas pipelines
Approximately 44,000 MW of electric generating capacity	190 Bcf of natural gas storage capacity

### Building the Future of Energy



Southern Company is a long-standing industry leader in developing the full portfolio of energy resources – carbon-free nuclear, 21<sup>st</sup> century coal, renewables, energy efficiency and natural gas. The addition of AGL Resources' network of natural gas assets and businesses provides a broader, more robust platform for long-term success.

But this strategic combination is about more than infrastructure development – it's about finding new ways to better serve customers. The cornerstone strength of both Southern Company and AGL Resources is a shared commitment to providing customers outstanding service and innovative energy solutions. Through this merger, the combined company is well positioned to deliver cutting-edge innovations that can enhance customers' quality of life.

***"This strategic combination of industry leaders with similar business models and values enhances our ability to serve customers and communities as we together deliver real solutions for America's energy future. Southern Company is now positioned to deliver even greater customer and shareholder value by playing offense in developing the infrastructure necessary to meet America's growing demand for natural gas."***

- Southern Company Chairman, President and CEO Thomas A. Fanning



## Benefits

- For customers, this combination is expected to help the Southern Company system better meet their energy needs over time by improving current and future energy infrastructure development.
- For communities, it provides for the expansion of the company’s customer-focused business model.
- For investors, this merger creates a unique platform that is well-positioned to compete for growth across the energy value chain.

### Southern Company’s Major Subsidiaries

• AGL Resources	4.5 million natural gas distribution customers in 7 states, wholesale and retail energy businesses and gas storage facilities across the U.S.	<b>Natural Gas Utilities</b>  Atlanta Gas Light (GA) Chattanooga Gas (TN) Elizabethtown Gas (NJ) Elkton Gas (MD) Florida City Gas (FL) Nicor Gas (IL) Virginia Natural Gas (VA)
• Alabama Power	1.4 million electric utility customers	
• Georgia Power	2.4 million electric utility customers	
• Gulf Power	447,000 electric utility customers	
• Mississippi Power	186,000 electric utility customers	
• PowerSecure	A national leader in distributed infrastructure technologies	
• Southern Power	10,500 MW of wholesale solar, wind, biomass and natural gas in 9 states	

## Merger Details



Southern Company and AGL Resources announced the merger on Aug. 24, 2015. Under the definitive merger agreement, AGL Resources has become a new, wholly owned subsidiary of Southern Company in a transaction with an enterprise value of approximately \$12 billion, including a total equity value of approximately \$8 billion.

After receiving unanimous approval in all six states where regulatory approval was required and meeting all other requirements, the merger was finalized on July 1, 2016. Under the terms of the agreement, on July 1, 2016, each share of AGL Resources common stock was canceled and converted into the right to receive \$66.00 in cash, for a total purchase price of approximately \$8 billion. AGL Resources common stock ceased

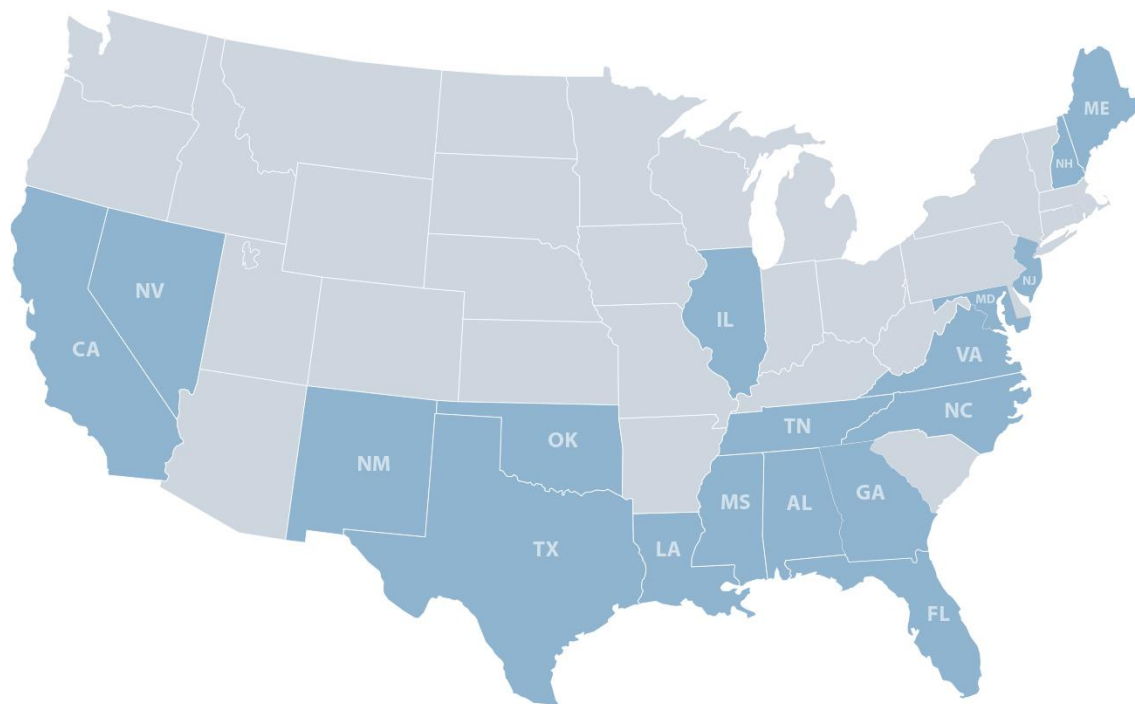
trading on the New York Stock Exchange immediately prior to market open on July 1, 2016.

As is the case with Southern Company's other operating subsidiaries, AGL Resources will continue to maintain its own management team, board of directors and corporate headquarters, located in Atlanta. Customers will continue to be served by their current gas and electric utility companies.

The transaction is expected to be accretive to Southern Company's earnings per share in the first full year following the close of the transaction.

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### **Combined Service Territory**



*\*One or both of the companies operate in portions of each of the shaded states.*

### **Cautionary Notes 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 expected benefits of the merger, including improved reliability, infrastructure development, growth and earnings per share accretion. Southern Company cautions that there are certain factors that could 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 fiscal year ended December 31, 2015, 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 regulating*

*emissions, discharges, and disposal to air, water, and land, and also changes in tax and other laws and regulations to which Southern Company and its subsidiaries are subject, as well as changes in application of existing laws and regulations; current and future litigation, regulatory investigations, proceedings, or inquiries, including, without limitation, Internal Revenue Service and state tax audits; the effects, extent, and timing of the entry of additional competition in the markets in which Southern Company's subsidiaries operate; variations in demand for electricity, including those relating to weather, the general economy and recovery from the last recession, population and business growth (and declines), the effects of energy conservation and efficiency measures, including from the development and deployment of alternative energy sources such as self-generation and distributed generation technologies, and any potential economic impacts resulting from federal fiscal decisions; available sources and costs of fuels; effects of inflation; the ability to control costs and avoid cost overruns during the development and construction of facilities, which include the development and construction of generating facilities with designs that have not been finalized or previously constructed, including changes in labor costs and productivity, adverse weather conditions, shortages and inconsistent quality of equipment, materials, and labor, contractor or supplier delay, non-performance under construction, operating, or other agreements, operational readiness, including specialized operator training and required site safety programs, unforeseen engineering or design problems, start-up activities (including major equipment failure and system integration), and/or operational performance (including additional costs to satisfy any operational parameters ultimately adopted by any Public Service Commission ("PSC")); the ability to construct facilities in accordance with the requirements of permits and licenses, to satisfy any environmental performance standards and the requirements of tax credits and other incentives, and to integrate facilities into the Southern Company system upon completion of construction; investment performance of Southern Company's employee and retiree benefit plans and the Southern Company system's nuclear decommissioning trust funds; advances in technology; state and federal rate regulations and the impact of pending and future rate cases and negotiations, including rate actions relating to fuel and other cost recovery mechanisms; legal proceedings and regulatory approvals and actions related to Plant Vogtle Units 3 and 4, including Georgia PSC approvals and Nuclear Regulatory Commission actions and related legal proceedings involving the commercial parties; actions related to cost recovery for the integrated coal gasification combined cycle facility under construction in Kemper County, Mississippi ("Kemper IGCC"), including the ultimate impact of the 2015 decision of the Mississippi Supreme Court, the Mississippi PSC's December 2015 rate order, and related legal or regulatory proceedings, Mississippi PSC review of the prudence of Kemper IGCC costs and approval of further permanent rate recovery plans, actions relating to proposed securitization, satisfaction of requirements to utilize grants, and the ultimate impact of the termination of the proposed sale of an interest in the Kemper IGCC to South Mississippi Electric Power Association; the ability to successfully operate the electric utilities' generating, transmission, and distribution facilities and the successful performance of necessary corporate functions; the inherent risks involved in operating and constructing nuclear generating facilities, including environmental, health, regulatory, natural disaster, terrorism, and financial risks; the performance of projects undertaken by the non-utility businesses and the success of efforts to invest in and develop new opportunities; internal restructuring or other restructuring options that may be pursued; potential business strategies, including acquisitions or dispositions of assets or businesses, which cannot be assured to be completed or beneficial to Southern Company or its subsidiaries; risks to the expected benefits from the acquisition of AGL Resources Inc., including the possibility that the anticipated benefits from the acquisition cannot be fully realized or may take longer to realize than expected, the possibility that costs related to the integration of Southern Company and AGL Resources will be greater than expected, the credit ratings of the combined company or its subsidiaries may be different from what the parties expect, the ability to retain and hire key personnel and maintain relationships with customers, suppliers, or other business partners, the diversion of management time on acquisition-related issues, and the impact of legislative, regulatory, and competitive changes; the ability of counterparties of Southern Company and its subsidiaries to make payments as and when due and to perform as required; the ability to obtain new short- and long-term contracts with wholesale customers; the direct or indirect effect on the Southern Company system's business resulting from cyber intrusion or terrorist incidents and the threat of terrorist incidents; interest rate fluctuations and financial market conditions and the results of financing efforts; changes in Southern Company's and any of its subsidiaries' credit ratings, including impacts on interest rates, access to capital markets, and collateral requirements; the impacts of any sovereign financial issues, including impacts on interest rates, access to capital markets, impacts on currency exchange rates, counterparty performance, and the economy in general, as well as potential impacts on the benefits of the U.S. Department of Energy loan guarantees; the ability of Southern Company's subsidiaries to obtain additional generating capacity (or sell excess generating capacity) at competitive prices; catastrophic events such as fires, earthquakes, explosions, floods, hurricanes and other storms, droughts, pandemic health events such as influenzas, or other similar occurrences; the direct or indirect effects on the Southern Company system's business resulting from incidents affecting the U.S. electric grid or operation of generating resources; and the effect of accounting pronouncements issued periodically by standard-setting bodies. Southern Company expressly disclaims any obligation to update any forward-looking information.*