



THOMAS A. FANNING
Chairman, President & CEO, Southern Company

Dear fellow shareholders,

"Imagine" is a compelling word that invites us to contemplate future possibilities and outcomes. At Southern Company, we are proud to be building the future of energy. However, as we consider the impact that new energy solutions can have for customers and communities in the future, I invite you to train your imagination on the impact we're having as a result of our great work *today*. The pages of this annual report highlight a number of those remarkable efforts and the people who make them happen.

In 2017, Southern Company continued to benefit from a strong economy and prudent management of operational costs at our state-regulated utilities. For the year, on an adjusted basis, our company earned \$3.02 billion, or \$3.02 a share, compared with adjusted earnings of \$2.76 billion, or \$2.90 per share, in 2016. For 70 consecutive years, Southern Company has paid a dividend to its shareholders that is equal to or greater than the previous year.

Tax reform is presently a timely topic for Southern Company, as it is for many companies. We expect the net effect of the new law to be beneficial both to customers and the economy. The lower corporate tax rate and the preservation of interest deductibility for utilities are expected to lower customer bills over the long term and help drive continued economic growth throughout our service territories. Along with those benefits, however, is an expected reduction in cash flow to our operating companies, which could potentially impact our credit ratings. Strong credit ratings accrue to the benefit of all our stakeholders, so we are actively engaged in constructive dialogue with our state regulators to preserve our credit profile.

A more complete story of 2017 is perhaps best told through a brief review of the progress we achieved with respect to each of our five strategic priorities:

Excel at the Fundamentals

In 2017, our transmission system recorded the best operational performance in Southern Company's history, with fewer outages and faster response times than ever before. We expanded automation and communication throughout the system with the installation of fiber networks that function to enhance

flexibility in serving load and improve reliability. We also continued our track record of outstanding storm response during an especially active hurricane season.

Our generation fleet performed exceptionally well in 2017, with a record low coal burn. In 2005, our use of coal for power generation represented 71 percent of our fuel mix. This past year, coal represented only 28 percent of our energy mix.

Our traditional electric operating companies continue to be among the most highly rated utilities for customer satisfaction by J.D. Power, which ranks companies based on power quality and reliability, price, billing and payment, corporate citizenship, communications and customer service. Nicor Gas and Virginia Natural Gas were also named "most trusted brands" in the most recent Customer Value Benchmark survey.

Achieve Success with Major Construction Projects

At Plant Vogtle units 3 and 4, the first U.S. nuclear project in three decades, Georgia Power and its co-owners successfully navigated the impacts of the bankruptcy filing by their former contractor, Westinghouse. Southern Nuclear has assumed the construction lead, and nuclear-experienced firm Bechtel Power Corporation is now the primary on-site contractor. Georgia Power received unanimous approval from the Georgia Public Service Commission to continue construction with a revised cost and schedule. Along with its co-owners, Georgia Power also received 100 percent of the guarantee obligation of Westinghouse's parent company, Toshiba, which will mitigate the cost to complete the facility.

Following extensive bipartisan efforts in the House and Senate, the United States Congress eliminated the deadline for receiving advanced nuclear production tax credits, providing approximately \$1 billion in future benefits for Georgia Power customers. We are grateful to Congress for recognizing the importance of new nuclear generation and demonstrating renewed federal support for Plant Vogtle units 3 and 4.

In June of last year, the Mississippi Public Service Commission stated its intent to issue an order encouraging a rate settlement that included no customer rate increases for gasifier-related

costs at Mississippi Power's Kemper County energy facility, and requested that Mississippi Power operate only the combined cycle portion of the facility using natural gas. In accordance with this directive, Mississippi Power suspended operations and startup activities for the gasifiers.

Since August 2014, the Kemper County combined cycle has provided Mississippi Power customers with clean, safe and reliable low-cost energy, and the plant has operated at availabilities well surpassing industry norms. While operating the Kemper County energy facility solely on natural gas was not the original vision for the facility, we believe it is in the best long-term interests of customers, investors and other stakeholders given current and long-term projections for natural gas pricing.

Support the Building of a National Energy Policy

Our efforts to shape national energy policy go beyond building a better business. Good public policy can be a driving force to create jobs and generate personal income that will help improve the lives of Americans. As a result, we are engaged in public policy debate and ongoing discussions with legislators and regulators to support a national energy policy that promotes innovation and restores America's financial integrity, advocating for policies that benefit both our evolving business and the customers and communities we are privileged to serve.

Promote Energy Innovation

We have seen new technologies, customer expectations and the regulatory environment associated with America's energy landscape continue to challenge conventional wisdom and traditional business models. However, our obligation to deliver clean, safe, reliable and affordable energy to customers is unchanged.

Innovation at Southern Company begins with employee engagement in a culture that values out-of-the-box thinking. This is manifested not only in our work on large-scale projects, but in our commitment to constant improvement in how we perform our daily tasks. Through our participation in venture capital fund Energy Impact Partners, we put capital to work to seed early stage ideas and engage directly with emerging

technologies and new business models. Our robust research and development efforts continue to be the benchmark for our industry.

Value and Develop Our People

In 2017, Southern Company was once again recognized by DiversityInc as one of the "Top 50 Companies for Diversity" and number one on its list of "Top 10 Companies for Progress" for the second consecutive year. As I shared with you last year, this recognition is especially significant because it testifies that we are not only a top company for diversity, but we are considered the number one company in America in which those diverse employees are afforded an opportunity to advance their careers.

Diversity and inclusion continue to be key focus areas throughout the Southern Company system. I was pleased in 2017 to join with over 350 other CEOs in signing the CEO Action for Diversity & Inclusion™ pledge, committing to cultivate a workplace environment where diverse perspectives are welcomed and employees feel comfortable and valued. Once again, we earned a perfect score from the Human Rights Campaign on their Workplace Equality Index for 2018.

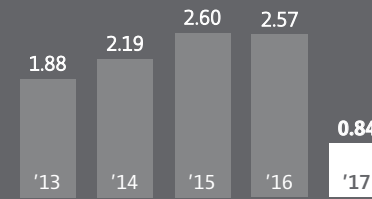
Moving forward, we believe Southern Company is solidly positioned to deliver on its value proposition as our customer- and community-focused business model continues to serve us well across our portfolio of companies. Our fundamentals are strong. Our management team is experienced, motivated and focused on keeping customers at the center of all we do. In short, we believe the elements are in place for continued success, both today and in the years ahead.

Thank you for your continued support.

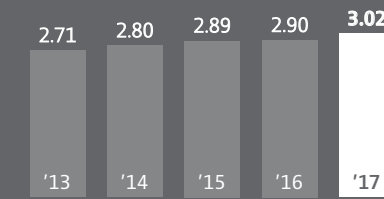
Sincerely,



Thomas A. Fanning
March 20, 2018

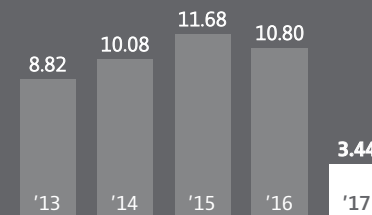


Basic Earnings Per Share
(in dollars)

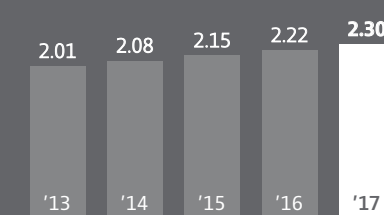


Basic Earnings Per Share - Excluding Items*
(in dollars)

* Not a financial measure under generally accepted accounting principles. See Reconciliation of Non-GAAP Financial Metric on page 34 for additional information and specific adjustments made to this measure by year.



Return On Average Common Equity
(percent)



Dividends Per Share
(in dollars)

	2017	2016	Change
Operating Revenues (in millions)	\$23,031	\$19,896	15.8 %
Earnings (in millions)	\$842	\$2,448	(65.6)%
Basic Earnings Per Share	\$0.84	\$2.57	(67.3)%
Diluted Earnings Per Share	\$0.84	\$2.55	(67.1)%
Dividends Per Share (amount paid)	\$2.30	\$2.22	3.6 %
Dividend Yield (year-end, percent)	4.8	4.5	6.7 %
Average Shares Outstanding (in millions)	1,000	951	5.2 %
Return On Average Common Equity (percent)	3.44	10.80	(68.1)%
Book Value Per Share	\$23.99	\$25.00	(4.0)%
Market Price Per Share (year-end, closing)	\$48.09	\$49.19	(2.2)%
Total Market Value Of Common Stock (year-end, in millions)	\$48,456	\$48,717	(0.5)%
Total Assets (in millions)	\$111,005	\$109,697	1.2 %
Total Kilowatt-Hour Sales (in millions)	205,541	197,788	3.9 %
Retail	156,507	160,745	(2.6)%
Wholesale	49,034	37,043	32.4 %
Total Utility Customers (year-end, in thousands)	9,263	9,179	0.9 %