

Thomas A. Fanning  
Chairman, President & CEO,  
Southern Company

Dear fellow shareholders,

**By almost any measure, 2020 was a remarkable and challenging year none of us will soon forget. Our nation, our communities and our company were tested in ways we could not have imagined just a few months earlier. Despite the advent of a global pandemic and an exceedingly busy storm season, our business model demonstrated substantial resilience as we delivered outstanding service to customers, provided excellent operational reliability and achieved strong financial performance.**

At Southern Company, we are bullish on the future. We acknowledge the challenges before us, but we prefer to see them as opportunities. Our answer to these would-be obstacles must always be “yes, and.” Yes, we acknowledge the challenge, *and* we are committed to finding a solution. Saying “no” is not an option. Together with Our Values, this philosophy informs our optimism for the future.

*Safety First* confirms that the safety of our employees and customers is paramount, even as we contend with the coronavirus. *Unquestionable Trust* speaks to our standard of honesty, respect, fairness and integrity in all we do. *Superior Performance* informs our resolve to sustain operational excellence. *Total Commitment* demands that we fully embrace, respect and value our differences and diversity as we work for social justice. These values have served us well for many years, and they will continue to guide us through these challenging times.

In 2020, we announced an ambitious new goal to achieve net zero greenhouse gas (GHG) emissions by 2050. We were also pleased to announce a \$50 million, multi-year commitment to historically Black colleges and universities (HBCUs), including a partnership with Apple to launch the Propel Center, a digital learning hub, business incubator and global innovation headquarters for HBCU students, with each company contributing \$25 million to the effort.

In these first days of 2021, Fortune Magazine named Southern Company one of the “World’s Most Admired Companies” based on a survey of nearly 3,800 executives, directors and analysts,

ranking our company among the top four electric and gas utilities in the world.

We are honored by this kind of recognition. More importantly, however, we are most proud to continue to deliver clean, safe, reliable and affordable energy to the customers and communities we are genuinely privileged to serve.

Our accomplishments in 2020 are perhaps best appreciated through a brief overview of the progress we achieved with respect to each of our five strategic priorities:

**Excel at the Fundamentals**

Our state-regulated electric and gas subsidiaries constantly strive to provide a world-class customer experience. Nicor Gas and Virginia Natural Gas were named Most Trusted Business Partners in a national survey. All three electric operating companies were ranked in the top quartile nationally in three different customer satisfaction surveys, the Managed Accounts Net Promoter Score, the J.D. Power Electric Utility Residential Customer Satisfaction Study and the General Business Customer Value Benchmark.

Despite the numerous challenges presented by a global pandemic, these honors reflect our agility and ability to adapt the way we do business under fast-changing circumstances.

Of course, nothing is more fundamental in our business than keeping the lights on and fueling our communities. The record-breaking 2020 hurricane season produced 30 named storms, including 13 hurricanes in a 6-month season. Following these storms, our teams quickly and safely restored electricity and gas service to millions in our system’s service territory and across the eastern half of the U.S. while adhering to COVID-19 safety protocols.

**Achieve Success with Major Construction Projects**

Construction of the two new nuclear units at Georgia Power’s Plant Vogtle, near Waynesboro, Georgia, continued to see steady progress. New health and safety protocols were instituted at

the work site, which allowed work to continue with enhanced safety precautions.

A number of major milestones were accomplished in 2020, including cold hydro testing for Unit 3, the certification of more than 60 plant operators and receipt of the first nuclear fuel shipment for Unit 3. When completed, the two units will feature new state-of-the-art AP1000 reactors, the first nuclear units to be built in the U.S. in more than three decades. Once operating, these units are expected to provide carbon-free power for more than 500,000 homes and businesses.

Support the Building of a National Energy Policy

We believe good public policy can be a driving force to create jobs and generate personal income that will help improve the lives of individuals and families throughout the nation. To that end, we are proactively engaged in public policy dialogue and ongoing interaction with legislators and regulators to support a national energy policy that places a premium on innovation, advocating for policies that benefit both our evolving business as well as the customers we serve.

Promote Energy Innovation

Southern Company continued to pioneer industry innovations to counter climate change and support our goal of achieving net zero GHG emissions by 2050. The Edison Electric Institute (EEI) awarded Southern Company the industry's most prestigious honor, the EEI Edison Award, for our leadership in developing key energy storage system initiatives.

Under the terms of a new 5-year agreement, we will continue to manage and operate the National Carbon Capture Center in Wilsonville, Alabama, on behalf of the U.S. Department of Energy. The center's future scope of work is expected to include testing of CO<sub>2</sub> utilization, direct air capture and negative emission technologies.

Southern Company and Mississippi Power announced plans to build the first smart neighborhood in the world featuring the Tesla Solar Roof.

Southern Company also joined with other energy companies in the Southeast to propose the creation of a centralized, automated, intra-hour energy exchange called the Southeast Energy Exchange Market, or SEEM. We are supporting this platform as a founding member with the aim to lower costs to customers and better optimize renewable energy resources.

Value and Develop Our People

We have been consistently recognized as one of the top companies in the nation for cultivating a diverse, equitable and inclusive workplace. In 2020, we were again recognized as one of the Top 50 Companies for Diversity by DiversityInc and a leading employer of military veterans by Military Times EDGE and G.I. Jobs magazines. Southern Company earned a top score of 100 on the Human Rights Campaign's 2021 Corporate Equality Index. The Disability Equality Index again named Southern Company one of the Best Places to Work for Disability Inclusion.

Lastly, I would be remiss not to mention the tragic deaths of George Floyd and other Black men and women during 2020. We are working diligently to prevent racial inequities in our companies, helping ensure a fair and just culture, from the boardroom to the front lines.

In closing, we continue to believe Southern Company is well-positioned to deliver on its value proposition as our customer- and community-focused business model continues to serve us well across the enterprise. Can we continue to realize the opportunity in today's challenging environment? The answer is an unequivocal yes, and we look forward to serving customers with excellence for years to come.

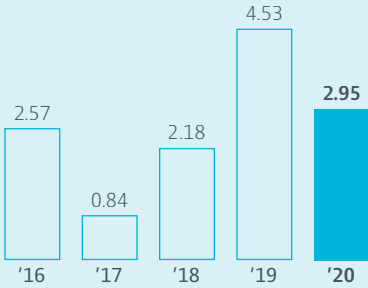
Thank you for your continued support and confidence.

Sincerely,

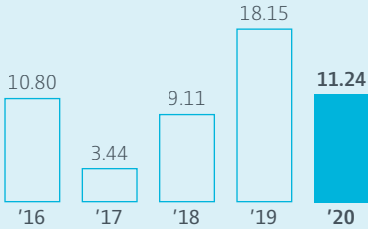
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March 22, 2021

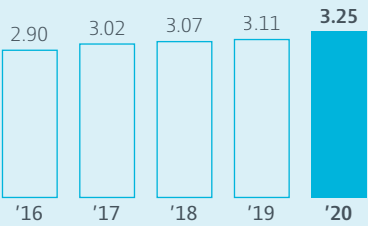
Financial Highlights



Basic Earnings Per Share  
(in dollars)

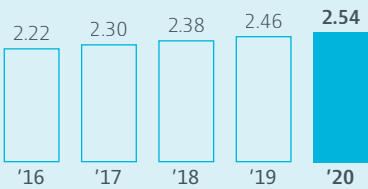


Return On Average Common Equity  
(percent)



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 21 for additional information and specific adjustments made to this measure by year.



Dividends Per Share  
(in dollars)

	2020	2019	Change
Operating Revenues (in millions)	\$20,375	\$21,419	(4.9)%
Earnings (in millions)	\$3,119	\$4,739	(34.2)%
Basic Earnings Per Share	\$2.95	\$4.53	(34.9)%
Diluted Earnings Per Share	\$2.93	\$4.50	(34.9)%
Dividends Per Share (amount paid)	\$2.54	\$2.46	3.3 %
Dividend Yield (year-end, percent)	4.1	3.9	5.1 %
Average Shares Outstanding (in millions)	1,058	1,046	1.1 %
Return On Average Common Equity (percent)	11.24	18.15	(38.1)%
Book Value Per Share	\$26.48	\$26.11	1.4 %
Market Price Per Share (year-end, closing)	\$61.43	\$63.70	(3.6)%
Total Market Value Of Common Stock (year-end, in millions)	\$64,899	\$67,092	(3.3)%
Total Assets (in millions)	\$122,935	\$118,700	3.6 %
Total Kilowatt-Hour Sales (in millions)	186,225	196,488	(5.2)%
Retail	140,546	148,461	(5.3)%
Wholesale	45,679	48,027	(4.9)%
Total Utility Customers (year-end, in thousands)	8,630	8,543	1.0 %