

Second Quarter 2018 Earnings Conference Call

August 8, 2018



Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this presentation is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, statements concerning Plant Vogtle Units 3 and 4, including cost and schedule estimates, earnings per share guidance, financial objectives, and expected financing plans. Southern Company cautions that there are certain factors that can 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 and its subsidiaries; 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 and its subsidiaries' Annual Reports on Form 10-K for the year ended December 31, 2017, and Quarterly Reports on Form 10-Q for the quarter ended June 30, 2018, 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 environmental laws and regulations governing air, water, land, and protection of other natural resources, 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; the uncertainty surrounding the federal tax reform legislation, including implementing regulations and Internal Revenue Service interpretations, actions that may be taken in response by regulatory authorities, and its impact, if any, on the credit ratings of Southern Company and its subsidiaries; current and future litigation or regulatory investigations, proceedings, or inquiries; the effects, extent, and timing of the entry of additional competition in the markets in which Southern Company's subsidiaries operate, including from the development and deployment of alternative energy sources such as self-generation and distributed generation technologies; variations in demand for electricity and natural gas, including those relating to weather, the general economy, population and business growth (and declines), the effects of energy conservation and efficiency measures and any potential economic impacts resulting from federal fiscal decisions; available sources and costs of natural gas and other fuels; limits on pipeline capacity; transmission constraints; effects of inflation; the ability to control costs and avoid cost and schedule overruns during the development, construction, and operation of facilities, including Plant Vogtle Units 3 and 4 which include components based on new technology that is just beginning initial operation in the global nuclear industry at scale, including changes in labor costs, availability and productivity, challenges with management of contractors, subcontractors or vendors, adverse weather conditions, shortages, increased costs or inconsistent quality of equipment, materials, and labor, including any changes related to imposition of import tariffs, 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; the ability to construct facilities in accordance with the requirements of permits and licenses (including satisfaction of U.S. Nuclear Regulatory Commission ("NRC") requirements), 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 the Southern Company system's employee and retiree benefit plans and nuclear decommissioning trust funds; advances in technology; ongoing renewable energy partnerships and development agreements; 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; the ability to successfully operate the electric utilities' generating, transmission, and distribution facilities and Southern Company Gas' natural gas distribution and storage facilities and the successful performance of necessary corporate functions; legal proceedings and regulatory approvals and actions related to Plant Vogtle Units 3 and 4, including Georgia Public Service Commission approvals and NRC actions; a decision by more than 10% of the owners of Plant Vogtle Units 3 and 4 not to proceed with construction; litigation or other disputes related to the Kemper County energy facility; the inherent risks involved in operating and constructing nuclear generating facilities, including environmental, health, regulatory, natural disaster, terrorism, and financial risks; the inherent risks involved in transporting and storing natural gas; 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, including the proposed dispositions of Gulf Power and Southern Power's plants located in Florida and the potential sale of a noncontrolling interest in Southern Power's wind facilities, which cannot be assured to be completed or beneficial to Southern Company or its subsidiaries; the possibility that the anticipated benefits from the acquisition of Southern Company Gas cannot be fully realized or may take longer to realize than expected and the possibility that costs related to the integration of Southern Company and Southern Company Gas will be greater than expected; 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 physical attack and the threat of physical attacks; 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 foreign 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 electric utilities to obtain additional generating capacity (or sell excess generating capacity) at competitive prices; catastrophic events such as fires, earthquakes, explosions, floods, tornadoes, 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, natural gas pipeline infrastructure, or operation of generating or storage resources; impairments of goodwill or long-lived assets; and the effect of accounting pronouncements issued periodically by standard-setting bodies. Southern Company and its subsidiaries expressly disclaim any obligation to update any forward-looking information.

Non-GAAP Financial Measures

In addition to including earnings in accordance with generally accepted accounting principles (GAAP), this presentation also includes historical adjusted earnings and earnings per share (EPS) excluding: (1) charges related to (a) Mississippi Power's integrated coal gasification combined cycle project in Kemper County, Mississippi (Kemper IGCC) and (b) Georgia Power's ownership interests in Plant Vogtle Units 3 & 4; (2) costs related to (a) the acquisition and integration of Southern Company Gas, (b) the dispositions of Elizabethtown Gas, Elkton Gas, Pivotal Home Solutions, and Florida City Gas and (c) the pending dispositions of Gulf Power Company and Southern Power's ownership interest in Plants Oleander and Stanton; (3) earnings from the Wholesale Gas Services business of Southern Company Gas; (4) earnings associated with allowance for funds used during construction (AFUDC) equity as a result of extending the schedule for the Kemper IGCC prior to the suspension of construction; and (5) settlement proceeds of Mississippi Power's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico.

The estimated losses relating to the Kemper IGCC significantly impacted earnings and earnings per share for the three and six months ended June 30, 2017 and for the six months ended June 30, 2018. The estimated loss relating to Plant Vogtle Units 3 & 4 significantly impacted earnings and earnings per share for the three and six months ended June 30, 2018. Additional pretax cancellation costs of approximately \$25 million for the Kemper IGCC are expected to occur during the remainder of 2018 and 2019. Further charges for Plant Vogtle Units 3 & 4 may occur; however, the amount and timing of any such charges are uncertain. Further costs related to the Southern Company Gas acquisition and proposed dispositions are expected to occur in connection with integration activities and closing the dispositions; however, the amount and duration of such expenditures are uncertain. Presenting earnings and EPS excluding Wholesale Gas Services provides investors with an additional measure of operating performance that excludes the volatility that results from mark-to-market and lower of weighted average cost or current market price accounting adjustments.

Southern Company's earnings for the three and six months ended June 30, 2017 include AFUDC equity as a result of extending the schedule for the Kemper IGCC construction project beyond November 30, 2016, as assumed in Southern Company's 2017 earnings guidance. AFUDC equity ceased in connection with the project's suspension in June 2017. Southern Company's earnings for the three and six months ended June 30, 2018 include settlement proceeds resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico. No additional proceeds related to Mississippi Power's claim settlement are expected.

This presentation also includes projected adjusted EPS for future periods excluding some or all of the following: estimated losses associated with the Kemper IGCC and Plant Vogtle Units 3 & 4, integration and disposition costs, earnings of the Wholesale Gas Services business of Southern Company Gas, and additional impacts of adopting tax reform.

Southern Company believes presentation of EPS excluding these items provides investors with information comparable to guidance. Management also uses such measures to evaluate Southern Company's performance.



Vogle 3 & 4

- \$1.1B increase in Georgia Power's share of estimated total project cost
 - Increased from \$7.3B to \$8.4B
 - Base capital cost increase of ~\$700M
 - New contingency of ~\$400M (35%)
- Projected in-service dates of November 2021 and 2022 remain unchanged
- Georgia Power does not intend to seek recovery of projected base capital cost increase
- Recorded pre-tax charge of \$1.1B (\$790M after-tax) in Q2 2018

Projected Estimated Cost of Project (Georgia Power's 45.7% share)

Base project capital cost forecast ^{1,2}	\$8.0B
Construction contingency estimate	\$0.4B
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Total project capital cost forecast ^{1,2}	\$8.4B
Net investment as of June 30, 2018 ²	(\$4.0B)
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Remaining estimate to complete ¹	\$4.4B
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¹ Excludes financing costs expected to be capitalized through AFUDC of approximately \$350M.

² Net of \$1.7B received from Toshiba in 2017 under the Guarantee Settlement Agreement and \$188M in customer refunds recognized as a regulatory liability in 2017.



Vogle 3 & 4 (continued)





- Plan to issue an incremental \$800M of new common equity in 2018
 - Current plan does not anticipate the need for a block sale or discrete offering¹
 - Plan to contribute equity to Georgia Power to support capital structure and current credit profile for both Georgia Power and Southern Company
- No change in 4% to 6% long-term EPS guidance²
- Continue to evaluate opportunities to offset dilutive impacts and optimize future sources of equity

¹ Incremental equity is expected to come from the types of sources we have used in the past and is subject to market conditions and other factors.

² Based on midpoint of original 2018 EPS Guidance (\$2.87)



Transaction Update

Transaction	Status	Closing Date	Proceeds
Minority Interest Sale in Southern Power Solar Portfolio		Closed May 22, 2018	\$1.175B
Pivotal Home Solutions Sale		Closed June 4, 2018	\$364M
Elizabethtown and Elkton Gas Sale		Closed July 2, 2018	\$1.7B
Florida City Gas Sale		Closed July 29, 2018	\$530M
Southern Power Plants Stanton and Oleander Sale	Filed for FERC Approval	Expected in 1H 2019	\$195M
Gulf Power Company Sale	Filed for FERC Approval	Expected in 1H 2019	\$5.75B
Potential Tax Equity Financing for Majority of Southern Power's Wind Portfolio	In Progress	Expected in 4Q 2018	\$1.0B+ expected

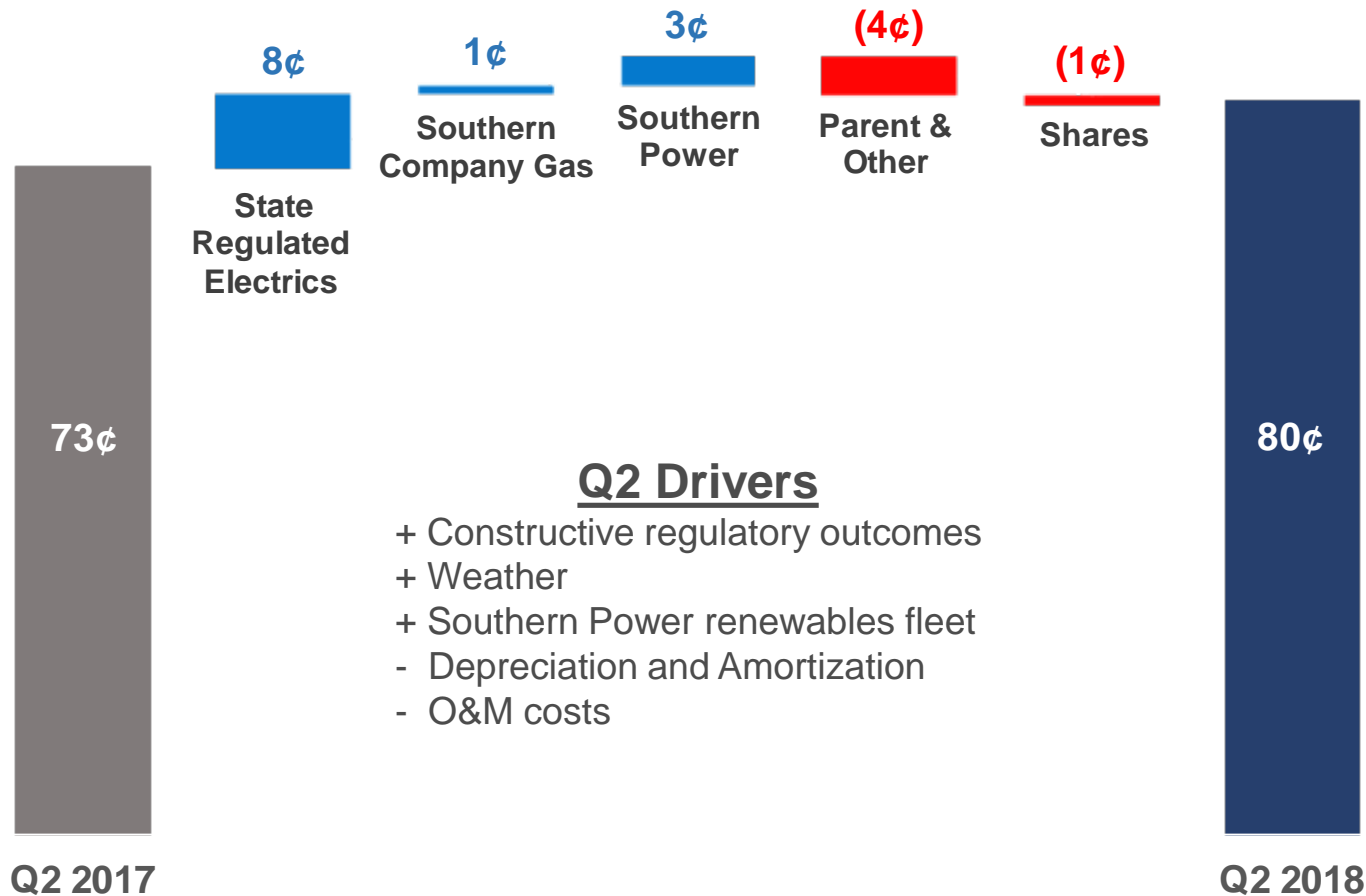
2018 Earnings Results

	Q2	
	2018	2017
Earnings Per Share As Reported	(\$0.15)	(\$1.38)
Estimated Loss on Plants Under Construction ¹	(\$0.78)	(\$2.09)
Acquisition, Disposition & Integration Impacts ²	(\$0.17)	-
Wholesale Gas Services	(\$0.02)	(\$0.02)
Litigation Settlement ³	\$0.02	-
Earnings Per Share Excluding Items	\$0.80	\$0.73

1. Estimated Loss for Plants Under Construction for Q2 2017 includes \$2.12 for charges related to Mississippi Power Company's integrated coal gasification combined cycle project, partially offset by \$0.03 for AFUDC equity as a result of extending the schedule, prior to suspension of construction. Additionally, Estimated Loss for Plants Under Construction for Q2 2018 includes \$0.78 for a charge related to Georgia Power Company's construction of Plant Vogtle Units 3 and 4.
2. Represents costs related to the acquisition and integration of Southern Company Gas; costs related to the dispositions of Pivotal Home Solutions, Elizabethtown Gas, Elkton Gas, and Florida City Gas; and costs related to the pending dispositions of Gulf Power Company and Southern Power Company's ownership interests in Plants Oleander and Stanton.
3. Represents settlement proceeds of Mississippi Power Company's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico.



Q2 2018 vs. Q2 2017 Adjusted EPS Drivers



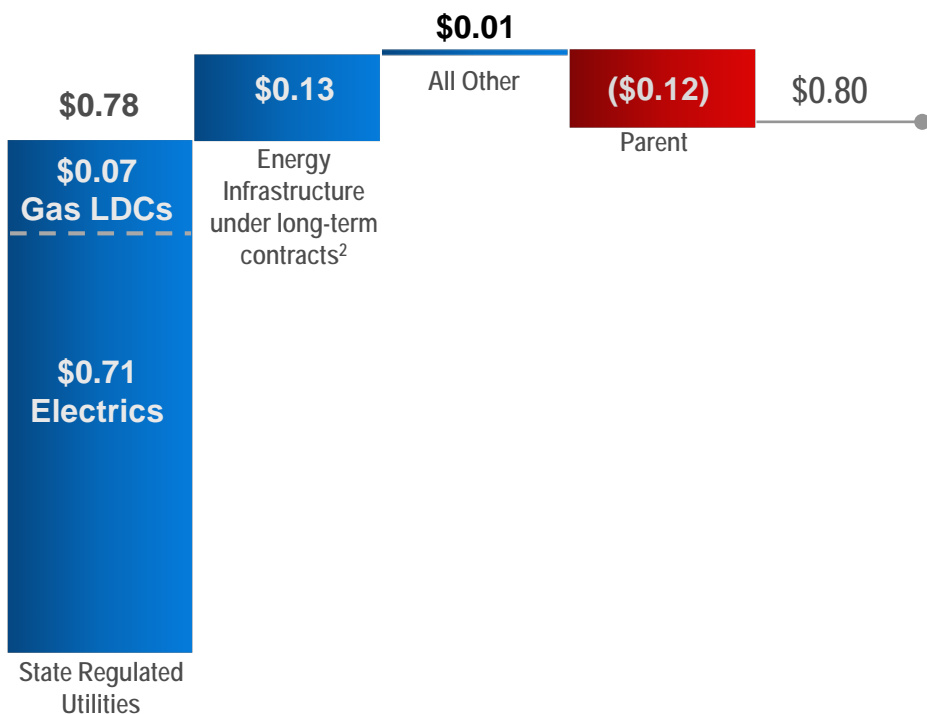
Notes:

Excludes charges related to Plant Vogtle Units 3 & 4 and the Kemper IGCC; additional AFUDC equity in 2017 as a result of extending the Kemper IGCC schedule prior to suspension of construction; acquisition; integration and disposition expenses; earnings from Wholesale Gas Services; and the settlement of Mississippi Power's Deepwater Horizon claim.

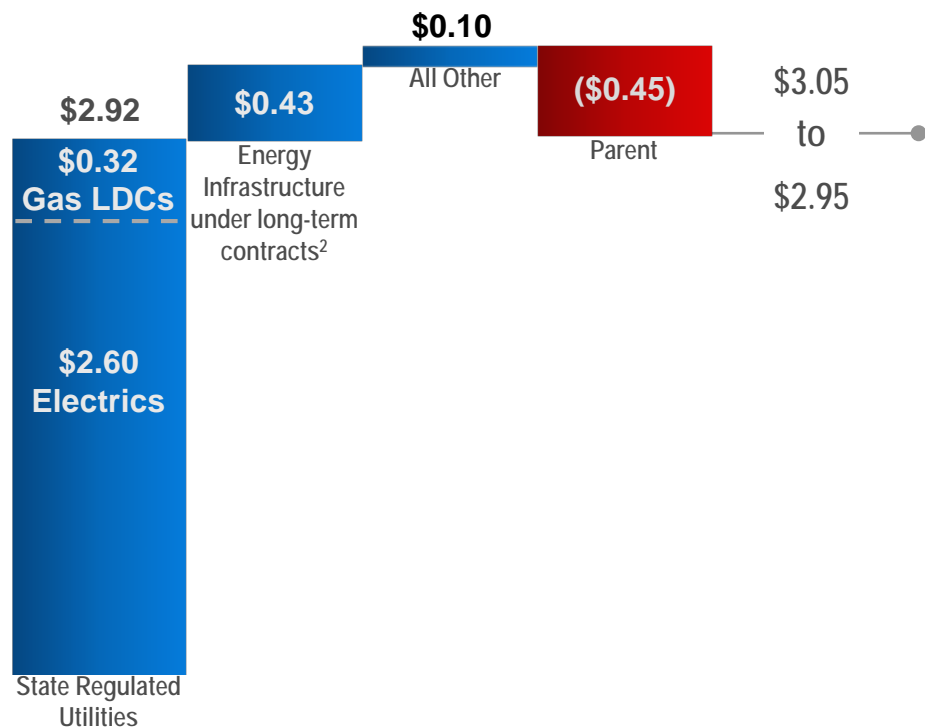


2018 Q2 and Projected Full Year Adjusted EPS

2018 Q2 Adjusted EPS¹



2018 Projected Full Year Adjusted EPS³



2018 Q3 Estimate = \$1.05 per share

Notes:

Excludes charge related to Plant Vogtle Units 3 & 4, charges related to the Kemper IGCC project, acquisition, integration and disposition expenses, impacts of adopting tax reform, earnings from Wholesale Gas Services, and the settlement of Mississippi Power's Deepwater Horizon claim.

1. 2018 Q2 average shares outstanding = 1,014M
2. Includes Southern Power, interstate natural gas pipelines and Southern Company system-owned distributed energy resources
3. Guidance provided as of August 8, 2018

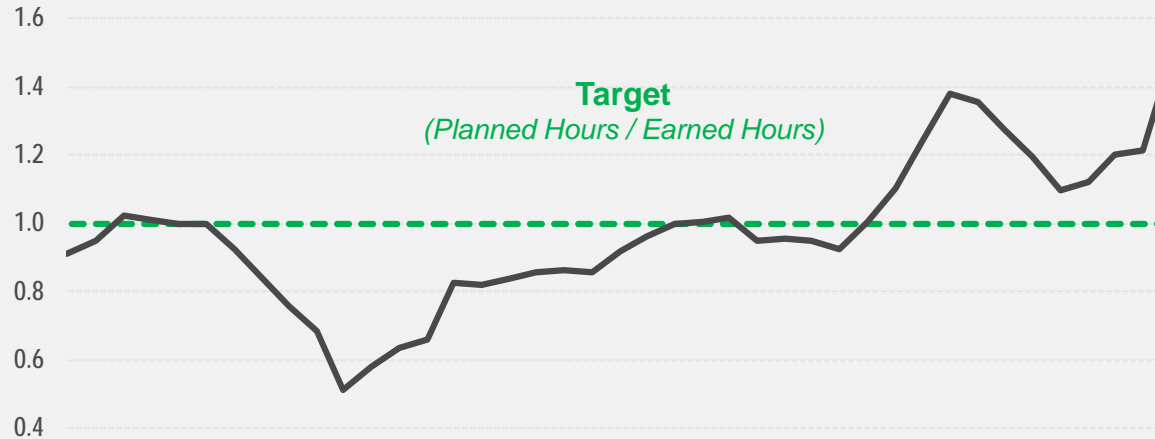


Additional Information

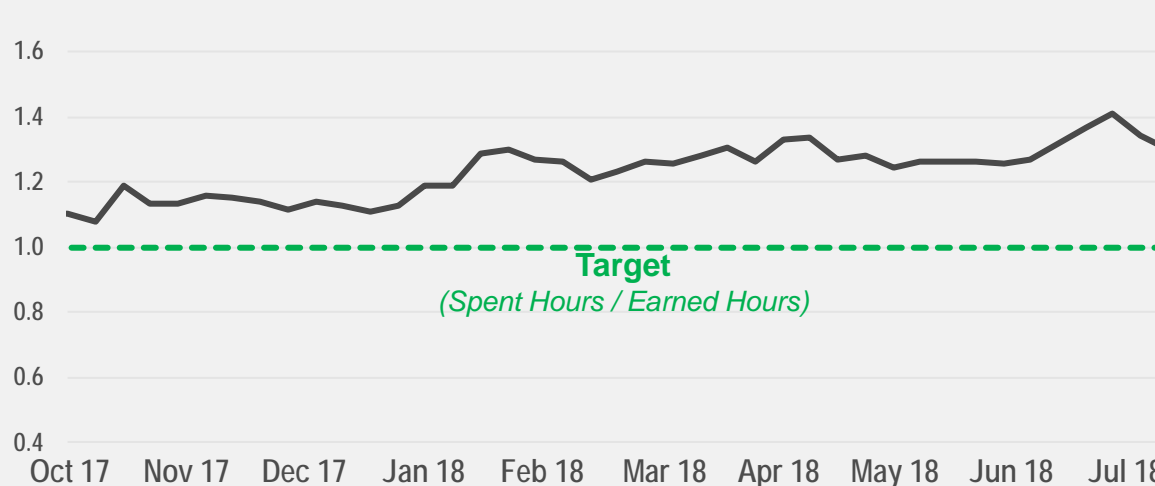
Vogle 3 & 4: Direct Construction Schedule and Cost Performance (Bechtel scope of work)

Projected completion dates remain unchanged

Direct Schedule Performance Index (4 week rolling average)



Direct Cost Performance Index (4 week rolling average)



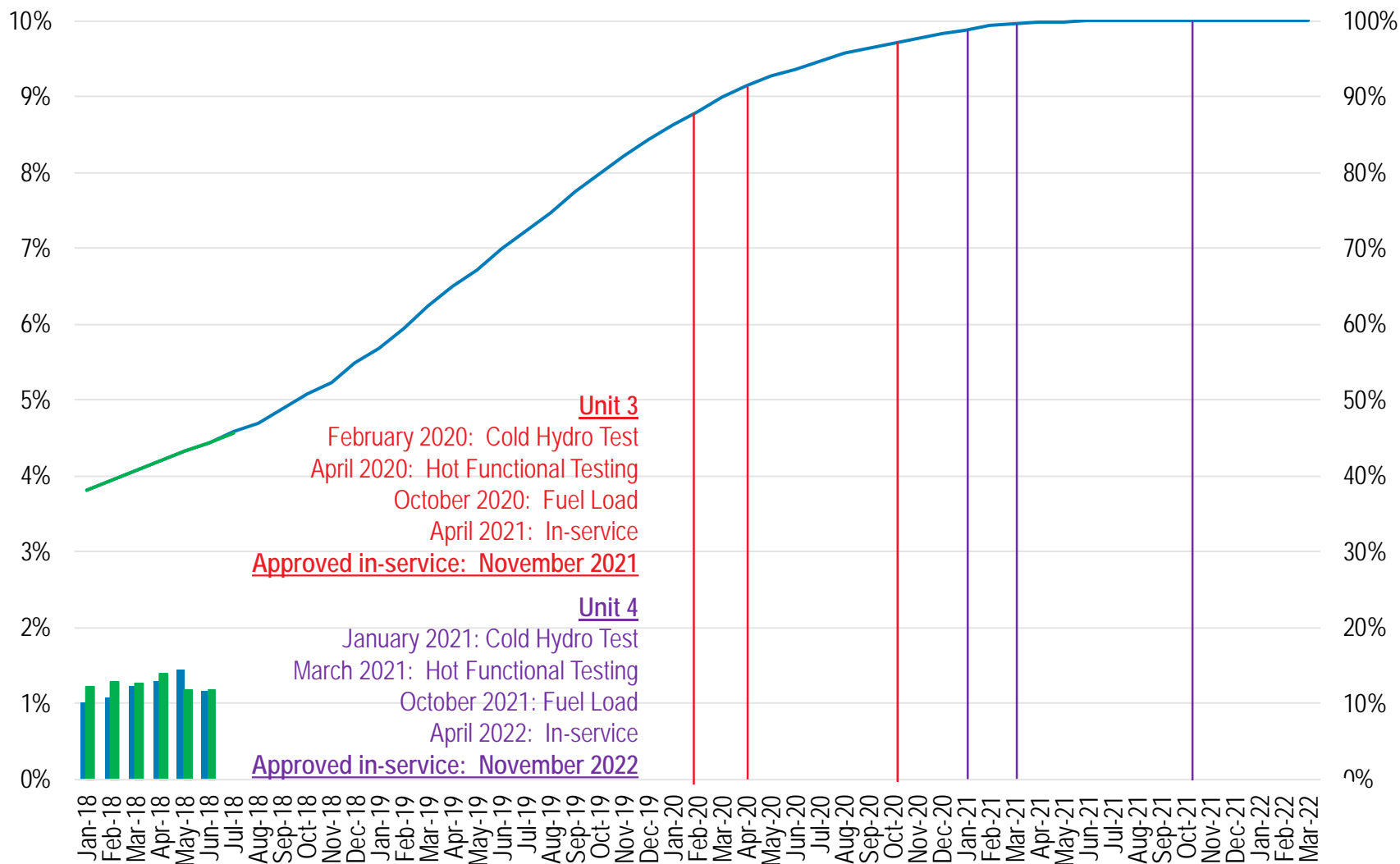
- Performance indices reflect performance against a contractor work schedule which is approximately 8 months in advance of approved in-service dates
- Electrician and pipefitter staffing levels are both currently between 85% to 90% of plans
- SPI temporarily impacted by safety and performance stand down on July 25th
- Southern Nuclear and Bechtel are actively addressing productivity

Note: Graphs depict site-wide aggregate index for schedule and cost performance that sets 1.0 as the goal. Above 1.0 is not meeting the goal, and below 1.0 is exceeding the goal.

Vogtle 3&4: Direct Construction Percent Complete

(Bechtel Scope of Work)

Our workplan reflects increased activity in the coming months.



Unit 3
 February 2020: Cold Hydro Test
 April 2020: Hot Functional Testing
 October 2020: Fuel Load
 April 2021: In-service
Approved in-service: November 2021

Unit 4
 January 2021: Cold Hydro Test
 March 2021: Hot Functional Testing
 October 2021: Fuel Load
 April 2022: In-service
Approved in-service: November 2022

■ Monthly % Planned
 — Cumulative % Complete Planned
 ■ Monthly % Earned
 — Cumulative % Complete Earned

Vogtle 3 & 4 Construction Update

Unit 3

Progress

- ✓ SP-20 concrete placement in auxiliary building
- ✓ Passive residual heat removal heat exchanger installation was completed
- ✓ CA56 floor module was set
- ✓ RC-12 in Unit 3 shield building

Near term

- Place concrete floors CA41 and CA42 at elevation of 117 feet (main control room floor)

On the horizon

- Final installation of SPL18 structural steel in containment
- Complete installation of ES-1 and ES-2 switch gear in annex



Unit 3 Nuclear and Turbine Islands

Unit 4

Progress

- ✓ Q240 module was placed
- ✓ SP-16 concrete placement was completed
- ✓ Step-up transformers were placed
- ✓ Stator assembly set in turbine building
- ✓ First floor module placed in containment

Near term

- Set steam generator B
- Set KB38 in auxiliary building

On the horizon

- Set 220+/-25 ton bridge crane in turbine building
- Concrete placement on west side of containment to elevation of 103 feet



Unit 4 Nuclear and Turbine Islands