

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 8, 2018

<u>Commission File Number</u>	<u>Registrant, State of Incorporation, Address and Telephone Number</u>	<u>I.R.S. Employer Identification No.</u>
1-3526	The Southern Company (A Delaware Corporation) 30 Ivan Allen Jr. Blvd., N.W. Atlanta, Georgia 30308 (404) 506-5000	58-0690070
1-3164	Alabama Power Company (An Alabama Corporation) 600 North 18 th Street Birmingham, Alabama 35203 (205) 257-1000	63-0004250
1-6468	Georgia Power Company (A Georgia Corporation) 241 Ralph McGill Boulevard, N.E. Atlanta, Georgia 30308 (404) 506-6526	58-0257110
001-31737	Gulf Power Company (A Florida Corporation) One Energy Place Pensacola, Florida 32520 (850) 444-6111	59-0276810
001-11229	Mississippi Power Company (A Mississippi Corporation) 2992 West Beach Boulevard Gulfport, Mississippi 39501 (228) 864-1211	64-0205820
001-37803	Southern Power Company (A Delaware Corporation) 30 Ivan Allen Jr. Blvd., N.W. Atlanta, Georgia 30308 (404) 506-5000	58-2598670
1-14174	Southern Company Gas (A Georgia Corporation) Ten Peachtree Place N.E. Atlanta, Georgia 30309 (404) 584-4000	58-2210952

The names and addresses of the registrants have not changed since the last report.

This combined Form 8-K is furnished separately by seven registrants: The Southern Company, Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, Southern Power Company and Southern Company Gas. Information contained herein relating to each registrant is furnished by each registrant solely on its own behalf. Each registrant makes no representation as to information relating to the other registrants.

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrants under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition

The information in this Current Report on Form 8-K, including the exhibits attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities under that Section. Furthermore, such information, including the exhibits attached hereto, shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

On August 8, 2018, The Southern Company (“Southern Company”) issued a press release regarding its earnings for the three-month and six-month periods ended June 30, 2018. A copy of this release is being furnished as Exhibit 99.01 to this Current Report on Form 8-K. In addition, certain additional information regarding the financial results for the three-month and six-month periods ended June 30, 2018 is being furnished as Exhibits 99.02 through 99.07 to this Current Report on Form 8-K.

Use of Non-GAAP Financial Measures

Exhibits 99.01, 99.02, 99.03 and 99.04 to this Current Report on Form 8-K include earnings and earnings per share in accordance with generally accepted accounting principles (“GAAP”) for the three-month and six-month periods ended June 30, 2018 and 2017. These exhibits also include earnings and earnings per share (1) for the three-month and six-month periods ended June 30, 2018 and 2017, excluding (a) costs related to the acquisition and integration of Southern Company Gas and (b) earnings from the Wholesale Gas Services business of Southern Company Gas; (2) for the three-month and six-month periods ended June 30, 2018, excluding (a) a charge related to Georgia Power Company's construction of Plant Vogtle Units 3 and 4, (b) costs relating to the dispositions of Elizabethtown Gas, Elkton Gas, Pivotal Home Solutions, and Florida City Gas, (c) costs relating to the pending dispositions of Gulf Power Company and Southern Power Company's ownership interests in Plants Oleander and Stanton, and (d) settlement proceeds of Mississippi Power Company's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico; (3) for the six-month period ended

June 30, 2018 and the three-month and six-month periods ended June 30, 2017, excluding charges related to Mississippi Power Company's integrated coal gasification combined cycle project in Kemper County, Mississippi (the "Kemper IGCC"); (4) for the six-month period ended June 30, 2017, excluding a charge for the write-down of Gulf Power Company's ownership of Plant Scherer Unit 3; (5) for the six-month period ended June 30, 2018, excluding additional net tax benefits as a result of implementing federal tax reform legislation; and (6) for the three-month and six-month periods ended June 30, 2017, excluding earnings associated with equity return as a result of extending the Kemper IGCC construction schedule beyond November 30, 2016. The attached exhibits include additional information regarding these excluded items, as well as reconciliations of each non-GAAP financial measure to the most comparable financial measure under GAAP. Southern Company believes the presentation of earnings and earnings per share, excluding these items, is useful to investors because it provides investors with additional information to evaluate the performance of Southern Company's ongoing business activities. Southern Company management also uses earnings and earnings per share, excluding the effect of these items, to evaluate the performance of Southern Company's ongoing business activities. The presentation of this additional information is not meant to be considered a substitute for financial measures prepared in accordance with GAAP.

Exhibits

The exhibits hereto contain business segment information for Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, Southern Power Company and Southern Company Gas. Accordingly, this report is also being furnished on behalf of each such registrant.

The following exhibits relate to the three- and six-month periods ended June 30, 2018:

Exhibit 99.01	Press Release.
Exhibit 99.02	Financial Highlights.
Exhibit 99.03	Significant Factors Impacting EPS.
Exhibit 99.04	EPS Earnings Analysis.
Exhibit 99.05	Consolidated Earnings.
Exhibit 99.06	Kilowatt-Hour Sales and Customers.
Exhibit 99.07	Financial Overview.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 8, 2018

THE SOUTHERN COMPANY

By /s/Ann P. Daiss
Ann P. Daiss
Comptroller

ALABAMA POWER COMPANY
GEORGIA POWER COMPANY
GULF POWER COMPANY
MISSISSIPPI POWER COMPANY
SOUTHERN POWER COMPANY
SOUTHERN COMPANY GAS

By /s/Melissa K. Caen
Melissa K. Caen
Assistant Secretary

News



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August 8, 2018

Southern Company reports second-quarter 2018 results

ATLANTA - Southern Company today reported a second quarter 2018 loss of \$154 million, or 15 cents per share, compared with a loss of \$1.38 billion, or \$1.38 per share, in the second quarter of 2017. For the six months ended June 30, 2018, Southern Company reported earnings of \$784 million, or 77 cents per share, compared with a loss of \$723 million, or 73 cents per share, for the same period in 2017.

Excluding the items described in the “Net Income - Excluding Items” table below, Southern Company earned \$815 million, or 80 cents per share, during the second quarter of 2018, compared with \$728 million, or 73 cents per share, during the second quarter of 2017. For the six months ended June 30, 2018, excluding these items, Southern Company earned \$1.71 billion, or \$1.69 per share, compared with earnings of \$1.38 billion, or \$1.39 per share, for the same period in 2017.

Non-GAAP Financial Measures	Three Months Ended June		Year-to-Date June	
	2018	2017	2018	2017
Net Income - Excluding Items (in millions)	2018	2017	2018	2017
Net Income (Loss) - As Reported	\$ (154)	\$ (1,381)	\$ 784	\$ (723)
Estimated Loss on Plants Under Construction	1,060	3,012	1,105	3,120
Tax Impact	(270)	(896)	(281)	(937)
Loss on Plant Scherer Unit 3	-	-	-	33
Tax Impact	-	-	-	(13)
Acquisition, Disposition, and Integration Impacts	172	9	233	13
Tax Impact	4	(4)	(1)	(5)
Wholesale Gas Services	32	28	(108)	(86)
Tax Impact	(11)	(11)	25	35
Litigation Settlement	(24)	-	(24)	-
Tax Impact	6	-	6	-
Earnings Guidance Comparability Items:				
Equity Return Related to Kemper IGCC				
Schedule Extension	-	(24)	-	(47)
Tax Impact	-	(5)	-	(9)
Adoption of Tax Reform	-	-	(31)	-
Net Income - Excluding Items	\$ 815	\$ 728	\$ 1,708	\$ 1,381
Average Shares Outstanding - (in millions)	1,014	998	1,012	996
Basic Earnings Per Share - Excluding Items	\$ 0.80	\$ 0.73	\$ 1.69	\$ 1.39

NOTE: For more information regarding these non-GAAP adjustments, see the footnotes accompanying the Financial Highlights page of the earnings package.

Earnings drivers year-over-year for the second quarter of 2018 were positively influenced by effects of constructive regulatory outcomes and weather at our state regulated electric utilities, and increased contributions from Southern Power's renewables fleet. These impacts were partially offset by increases in depreciation and amortization, as well as operations and maintenance costs. Earnings for the second quarter 2018 were also significantly affected by an approximately \$1.1 billion charge (\$0.8 billion after-tax) related to Georgia Power's construction of Plant Vogtle Units 3 and 4.

"Southern Company's premier, state-regulated electric and gas franchise operations, along with our competitive generation subsidiary, Southern Power, continued to perform well during the second quarter," said Chairman, President and CEO Thomas A. Fanning. "This consistency in our core operations remains the cornerstone for delivering on our long-term financial objectives as we continue to build America's energy future."

Second quarter 2018 operating revenues were \$5.63 billion, compared with \$5.43 billion for the second quarter of 2017, an increase of 3.6 percent. For the six months ended June 30, 2018, operating revenues were \$12.00 billion, compared with \$11.20 billion for the corresponding period in 2017, an increase of 7.1 percent.

Southern Company's second quarter earnings slides with supplemental financial information, including its updated earnings guidance for 2018, are available at <http://investor.southerncompany.com>.

Southern Company's financial analyst call will begin at 8 a.m. Eastern Time today, during which Fanning and Chief Financial Officer Andrew W. Evans will discuss earnings and provide a general business update. Investors, media and the public may listen to a live webcast of the call and view associated slides at <http://investor.southerncompany.com/webcasts>. A replay of the webcast will be available on the site for 12 months.

About Southern Company

Southern Company (NYSE: SO) is America's premier energy company, with 46,000 megawatts of generating capacity and 1,500 billion cubic feet of combined natural gas consumption and throughput volume serving 9 million customers through its subsidiaries, as of December 31, 2017. We operate nearly 200,000 miles of electric transmission and distribution lines and more than 80,000 miles of natural gas pipeline, as of December 31, 2017. The company provides clean, safe, reliable and affordable energy through electric operating companies in four states, natural gas distribution companies in four states, a competitive generation company serving wholesale customers in 11 states across America and a nationally recognized provider of customized energy solutions, as well as fiber optics and wireless communications. Southern Company brands are known for excellent customer service, high reliability and affordable prices that are below the national average. Through an industry-leading commitment to innovation, Southern Company and its subsidiaries are creating new products and services for the benefit of customers. We are building the future of energy by developing the full portfolio of energy resources, including carbon-free nuclear, advanced carbon capture technologies, natural gas, renewables, energy efficiency and storage technology. Southern Company has been named by the U.S. Department of Defense and G.I. Jobs magazine as a top military employer, recognized among the Top 50 Companies for Diversity and the number one Company for Progress by DiversityInc, and designated as one of America's Best Employers by Forbes magazine. Visit our website at www.southerncompany.com.

Cautionary Note 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 long-term financial objectives. 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; 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 year ended December 31, 2017 and Quarterly Report 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 includes 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 percent 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 expressly disclaims any obligation to update any forward-looking information.

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Southern Company
Financial Highlights
(In Millions of Dollars Except Earnings Per Share)

	Three Months Ended June		Year-to-Date June	
	2018	2017	2018	2017
Net Income (Loss)—As Reported (See Notes)				
Traditional Electric Operating Companies	\$ (48)	\$ (1,442)	\$ 563	\$ (1,010)
Southern Power	22	82	143	151
Southern Company Gas	(31)	49	248	288
Total	(57)	(1,311)	954	(571)
Parent Company and Other	(97)	(70)	(170)	(152)
Net Income (Loss)—As Reported	\$ (154)	\$ (1,381)	\$ 784	\$ (723)
Basic Earnings (Loss) Per Share ¹	\$ (0.15)	\$ (1.38)	\$ 0.77	\$ (0.73)
Average Shares Outstanding <i>(in millions)</i>	1,014	998	1,012	996
End of Period Shares Outstanding <i>(in millions)</i>			1,014	999
Non-GAAP Financial Measures				
Net Income—Excluding Items (See Notes)				
Net Income (Loss)—As Reported	\$ (154)	\$ (1,381)	\$ 784	\$ (723)
Estimated Loss on Plants Under Construction ²	1,060	3,012	1,105	3,120
Tax Impact	(270)	(896)	(281)	(937)
Loss on Plant Scherer Unit 3 ³	—	—	—	33
Tax Impact	—	—	—	(13)
Acquisition, Disposition, and Integration Impacts ⁴	172	9	233	13
Tax Impact	4	(4)	(1)	(5)
Wholesale Gas Services ⁵	32	28	(108)	(86)
Tax Impact	(11)	(11)	25	35
Litigation Settlement ⁶	(24)	—	(24)	—
Tax Impact	6	—	6	—
Earnings Guidance Comparability Items:				
Equity Return Related to Kemper IGCC Schedule Extension ⁷	—	(24)	—	(47)
Tax Impact	—	(5)	—	(9)
Adoption of Tax Reform ⁸	—	—	(31)	—
Net Income—Excluding Items	\$ 815	\$ 728	\$ 1,708	\$ 1,381
Basic Earnings Per Share—Excluding Items	\$ 0.80	\$ 0.73	\$ 1.69	\$ 1.39

-See Notes on the following page.

Southern Company

Financial Highlights

Notes

- (1) For the three and six months ended June 30, 2018 and 2017, dilution does not change basic earnings per share by more than 1 cent and is not material.
- (2) Earnings for the three and six months ended June 30, 2017 and for the six months ended June 30, 2018 include charges related to Mississippi Power Company's integrated coal gasification combined cycle facility project in Kemper County, Mississippi (Kemper IGCC). Earnings for the three and six months ended June 30, 2018 also include a \$1.1 billion charge (\$0.8 billion after tax) for an estimated probable loss on Georgia Power Company's construction of Plant Vogtle Units 3 and 4. All of these charges significantly impacted the presentation of earnings and earnings per share. Additional pre-tax cancellation costs of up to \$25 million for Mississippi Power Company's Kemper IGCC are expected to occur during the remainder of 2018 and 2019. Further charges for Georgia Power Company's Plant Vogtle Units 3 and 4 may occur; however, the amount and timing of any such charges is uncertain.
- (3) Earnings for the six months ended June 30, 2017 include a \$32.5 million write-down (\$20 million after tax) of Gulf Power Company's ownership of Plant Scherer Unit 3 as a result of its 2017 retail rate case settlement. Further charges are not expected.
- (4) Earnings for the three and six months ended June 30, 2018 and 2017 include costs related to the acquisition and integration of Southern Company Gas and earnings for the three and six months ended June 30, 2018 include costs related to (a) the dispositions of Elizabethtown Gas, Elkton Gas, Pivotal Home Solutions, and Florida City Gas and (b) the pending dispositions of Gulf Power Company and Southern Power Company's ownership interests in Plants Oleander and Stanton. The costs associated with the Pivotal Home Solutions transaction include a goodwill impairment charge of \$42 million in the first quarter 2018 and a net loss of \$76 million, which included \$40 million of income tax expense in the second quarter 2018. The costs associated with the Southern Power Company plants disposition include a pre-tax impairment charge of \$119 million, partially offset by a reduction in depreciation as a result of ceasing depreciation upon meeting the held-for-sale accounting criteria. Further costs are expected to continue to occur prior to the expected closings of the pending dispositions in the first half of 2019; however, the amount of such expenditures is uncertain. Further costs are also expected to continue to occur in connection with the integration of Southern Company Gas; however, the amount and duration of such expenditures is uncertain.
- (5) Earnings for the three and six months ended June 30, 2018 and 2017 include the Wholesale Gas Services business of Southern Company Gas. Presenting earnings and earnings per share excluding Wholesale Gas Services provides investors with an additional measure of operating performance that excludes the volatility resulting from mark-to-market and lower of weighted average cost or current market price accounting adjustments.
- (6) Earnings for the three and six months ended June 30, 2018 include the settlement proceeds of Mississippi Power Company's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico. Further proceeds are not expected.
- (7) Earnings for the three and six months ended June 30, 2017 include allowance for funds used during construction (AFUDC) equity as a result of extending the Kemper IGCC construction schedule beyond November 30, 2016, as assumed when Southern Company issued its 2017 guidance. As a result, Southern Company believes presentation of earnings per share excluding these amounts provides investors with information comparable to guidance. Management also used such measures to evaluate Southern Company's 2017 performance. AFUDC equity ceased in connection with the project's suspension in June 2017.
- (8) Earnings for the six months ended June 30, 2018 include additional net tax benefits as a result of implementing federal tax reform legislation, which was signed into law on December 22, 2017. During this period, Southern Company obtained and analyzed additional information that was not initially available or reported as provisional amounts at December 31, 2017. Additional adjustments are expected until Southern Company's 2017 federal income tax return is complete and provisional estimates are actualized during the measurement period ending December 31, 2018. Southern Company believes presentation of earnings per share excluding these amounts provides investors with information comparable to guidance. Management also uses such measures to evaluate Southern Company's performance.

Southern Company
Significant Factors Impacting EPS

	Three Months Ended June			Year-to-Date June		
	2018	2017	Change	2018	2017	Change
Earnings (Loss) Per Share— As Reported¹ (See Notes)	\$ (0.15)	\$ (1.38)	\$ 1.23	\$ 0.77	\$ (0.73)	\$ 1.50
Significant Factors:						
Traditional Electric Operating Companies			\$ 1.40			\$ 1.58
Southern Power			(0.06)			(0.01)
Southern Company Gas			(0.08)			(0.04)
Parent Company and Other			(0.03)			(0.02)
Increase in Shares			—			(0.01)
Total—As Reported			<u>\$ 1.23</u>			<u>\$ 1.50</u>

	Three Months Ended June			Year-to-Date June		
	2018	2017	Change	2018	2017	Change
Non-GAAP Financial Measures						
Earnings Per Share— Excluding Items (See Notes)	\$ 0.80	\$ 0.73	\$ 0.07	\$ 1.69	\$ 1.39	\$ 0.30
Total—As Reported			\$ 1.23			\$ 1.50
Estimated Loss on Plants Under Construction ²			(1.31)			(1.32)
Loss on Plant Scherer Unit 3 ³			—			(0.02)
Acquisition, Disposition, and Integration Impacts ⁴			0.17			0.22
Wholesale Gas Services ⁵			—			(0.03)
Litigation Settlement ⁶			(0.02)			(0.02)
Adoption of Tax Reform ⁷			—			(0.03)
Total—Excluding Items			<u>\$ 0.07</u>			<u>\$ 0.30</u>

- See Notes on the following page.

Southern Company

Significant Factors Impacting EPS

Notes

(1) For the three and six months ended June 30, 2018 and 2017, dilution does not change basic earnings per share by more than 1 cent and is not material.

(2) Earnings for the three and six months ended June 30, 2017 and for the six months ended June 30, 2018 include charges related to Mississippi Power Company's integrated coal gasification combined cycle facility project in Kemper County, Mississippi (Kemper IGCC). Earnings for the three and six months ended June 30, 2018 also include a \$1.1 billion charge (\$0.8 billion after tax) for an estimated probable loss on Georgia Power Company's construction of Plant Vogtle Units 3 and 4. All of these charges significantly impacted the presentation of earnings and earnings per share. Additional pre-tax cancellation costs of up to \$25 million for Mississippi Power Company's Kemper IGCC are expected to occur during the remainder of 2018 and 2019. Further charges for Georgia Power Company's Plant Vogtle Units 3 and 4 may occur; however, the amount and timing of any such charges is uncertain.

Earnings for the three and six months ended June 30, 2017 include allowance for funds used during construction (AFUDC) equity as a result of extending the Kemper IGCC construction schedule beyond November 30, 2016, as assumed when Southern Company issued its 2017 guidance. As a result, Southern Company believes presentation of earnings per share excluding these amounts provides investors with information comparable to guidance. Management also used such measures to evaluate Southern Company's 2017 performance. AFUDC equity ceased in connection with the project's suspension in June 2017.

(3) Earnings for the six months ended June 30, 2017 include a \$32.5 million write-down (\$20 million after tax) of Gulf Power Company's ownership of Plant Scherer Unit 3 as a result of its 2017 retail rate case settlement. Further charges are not expected.

(4) Earnings for the three and six months ended June 30, 2018 and 2017 include costs related to the acquisition and integration of Southern Company Gas and earnings for the three and six months ended June 30, 2018 include costs related to (a) the dispositions of Elizabethtown Gas, Elkton Gas, Pivotal Home Solutions, and Florida City Gas and (b) the pending dispositions of Gulf Power Company and Southern Power Company's ownership interests in Plants Oleander and Stanton. The costs associated with the Pivotal Home Solutions transaction include a goodwill impairment charge of \$42 million in the first quarter 2018 and a net loss of \$76 million, which included \$40 million of income tax expense in the second quarter 2018. The costs associated with the Southern Power Company plants disposition include a pre-tax impairment charge of \$119 million, partially offset by a reduction in depreciation as a result of ceasing depreciation upon meeting the held-for-sale accounting criteria. Further costs are expected to continue to occur prior to the expected closings of the pending dispositions in the first half of 2019; however, the amount of such expenditures is uncertain. Further costs are also expected to continue to occur in connection with the integration of Southern Company Gas; however, the amount and duration of such expenditures is uncertain.

(5) Earnings for the three and six months ended June 30, 2018 and 2017 include the Wholesale Gas Services business of Southern Company Gas. Presenting earnings and earnings per share excluding Wholesale Gas Services provides investors with an additional measure of operating performance that excludes the volatility resulting from mark-to-market and lower of weighted average cost or current market price accounting adjustments.

(6) Earnings for the three and six months ended June 30, 2018 include the settlement proceeds of Mississippi Power Company's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico. Further proceeds are not expected.

(7) Earnings for the six months ended June 30, 2018 include additional net tax benefits as a result of implementing federal tax reform legislation, which was signed into law on December 22, 2017. During this period, Southern Company obtained and analyzed additional information that was not initially available or reported as provisional amounts at December 31, 2017. Additional adjustments are expected until Southern Company's 2017 federal income tax return is complete and provisional estimates are actualized during the measurement period ending December 31, 2018. Southern Company believes presentation of earnings per share excluding these amounts provides investors with information comparable to guidance. Management also uses such measures to evaluate Southern Company's performance.

Southern Company
EPS Earnings Analysis
Three Months Ended June 2018 vs. June 2017

Dollars	Description
\$0.05	Weather
0.01	Other Operating Revenues
(0.02)	Non-Fuel O&M
0.01	Purchased Power Capacity Expense
(0.02)	Depreciation and Amortization
0.01	Dividends on Preferred and Preference Stock
0.05	Impacts of Tax Reform (Ongoing Basis), Net of Amounts to be Returned to Customers
(0.01)	Income Taxes, Excluding Tax Reform
\$0.08	Total Traditional Electric Operating Companies
0.03	Southern Power
0.01	Southern Company Gas
(0.04)	Parent and Other
(0.01)	Increase in Shares
\$0.07	Total Change in EPS (Excluding Items)
1.31	Estimated Loss on Plants Under Construction ¹
(0.17)	Acquisition, Disposition, and Integration Impacts ²
0.02	Litigation Settlement ³
\$1.23	Total Change in EPS (As Reported)

- See Notes on the following page.

Southern Company
EPS Earnings Analysis
Three Months Ended June 2018 vs. June 2017

Notes

(1) Earnings for the three months ended June 30, 2017 include charges related to Mississippi Power Company's integrated coal gasification combined cycle facility project in Kemper County, Mississippi (Kemper IGCC). Earnings for the three months ended June 30, 2018 include a \$1.1 billion charge (\$0.8 billion after tax) for an estimated probable loss on Georgia Power Company's construction of Plant Vogtle Units 3 and 4. All of these charges significantly impacted the presentation of earnings and earnings per share. Additional pre-tax cancellation costs of up to \$25 million for Mississippi Power Company's Kemper IGCC are expected to occur during the remainder of 2018 and 2019. Further charges for Georgia Power Company's Plant Vogtle Units 3 and 4 may occur; however, the amount and timing of any such charges is uncertain.

Earnings for the three months ended June 30, 2017 include allowance for funds used during construction (AFUDC) equity as a result of extending the Kemper IGCC construction schedule beyond November 30, 2016, as assumed when Southern Company issued its 2017 guidance. As a result, Southern Company believes presentation of earnings per share excluding these amounts provides investors with information comparable to guidance. Management also used such measures to evaluate Southern Company's 2017 performance. AFUDC equity ceased in connection with the project's suspension in June 2017.

(2) Earnings for the three months ended June 30, 2018 and 2017 include costs related to the acquisition and integration of Southern Company Gas and earnings for the three months ended June 30, 2018 include costs related to (a) the dispositions of Elizabethtown Gas, Elkton Gas, Pivotal Home Solutions, and Florida City Gas and (b) the pending dispositions of Gulf Power Company and Southern Power Company's ownership interests in Plants Oleander and Stanton. The costs associated with the Pivotal Home Solutions transaction include a net loss of \$76 million, which included \$40 million of income tax expense in the second quarter 2018. The costs associated with the Southern Power Company plants disposition include a pre-tax impairment charge of \$119 million, partially offset by a reduction in depreciation as a result of ceasing depreciation upon meeting the held-for-sale accounting criteria. Further costs are expected to continue to occur prior to the expected closings of the pending dispositions in the first half of 2019; however, the amount of such expenditures is uncertain. Further costs are also expected to continue to occur in connection with the integration of Southern Company Gas; however, the amount and duration of such expenditures is uncertain.

(3) Earnings for the three months ended June 30, 2018 include the settlement proceeds of Mississippi Power Company's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico. Further proceeds are not expected.

Southern Company
Consolidated Earnings
As Reported
(In Millions of Dollars)

	Three Months Ended June			Year-to-Date June		
	2018	2017	Change	2018	2017	Change
Income Account-						
Retail Electric Revenues-						
Fuel	\$ 1,022	\$ 1,016	\$ 6	\$ 2,049	\$ 1,944	\$ 105
Non-Fuel	2,718	2,761	(43)	5,259	5,227	32
Wholesale Electric Revenues	611	618	(7)	1,230	1,149	81
Other Electric Revenues	175	167	8	339	342	(3)
Natural Gas Revenues	706	684	22	2,314	2,214	100
Other Revenues	395	184	211	808	326	482
Total Revenues	5,627	5,430	197	11,999	11,202	797
Fuel and Purchased Power	1,339	1,303	36	2,707	2,478	229
Cost of Natural Gas	228	232	(4)	949	951	(2)
Cost of Other Sales	279	114	165	568	203	365
Non-Fuel O & M	1,559	1,356	203	3,008	2,740	268
Depreciation and Amortization	783	754	29	1,552	1,469	83
Taxes Other Than Income Taxes	316	308	8	671	638	33
Estimated Loss on Plants Under Construction	1,060	3,012	(1,952)	1,105	3,120	(2,015)
Total Operating Expenses	5,564	7,079	(1,515)	10,560	11,599	(1,039)
Operating Income (Loss)	63	(1,649)	1,712	1,439	(397)	1,836
Allowance for Equity Funds Used During Construction	32	58	(26)	63	115	(52)
Earnings from Equity Method Investments	31	28	3	72	67	5
Interest Expense, Net of Amounts Capitalized	470	424	46	928	840	88
Other Income (Expense), net	78	52	26	138	98	40
Income Taxes (Benefit)	(139)	(587)	448	(25)	(273)	248
Net Income (Loss)	(127)	(1,348)	1,221	809	(684)	1,493
Less:						
Dividends on Preferred and Preference Stock of Subsidiaries	4	11	(7)	8	22	(14)
Net Income Attributable to Noncontrolling Interests	23	22	1	17	17	—
NET INCOME (LOSS) ATTRIBUTABLE TO SOUTHERN COMPANY	\$ (154)	\$ (1,381)	\$ 1,227	\$ 784	\$ (723)	\$ 1,507

Notes

- Certain prior year data may have been reclassified to conform with current year presentation.

Southern Company
Kilowatt-Hour Sales and Customers
(In Millions of KWHs)

As Reported Kilowatt-Hour Sales-	Three Months Ended June				Year-to-Date June			
	2018	2017	Change	Weather Adjusted Change	2018	2017	Change	Weather Adjusted Change
Total Sales	52,260	51,152	2.2 %		103,104	97,350	5.9 %	
Total Retail Sales-	39,624	38,849	2.0 %	0.1 %	78,014	74,353	4.9 %	0.8 %
Residential	12,691	12,087	5.0 %	— %	25,657	23,003	11.5 %	0.6 %
Commercial	13,373	13,271	0.8 %	(0.2)%	25,660	25,038	2.5 %	0.5 %
Industrial	13,363	13,280	0.6 %	0.6 %	26,295	25,886	1.6 %	1.6 %
Other	197	211	(6.9)%	(6.8)%	402	426	(5.6)%	(5.8)%
Total Wholesale Sales	12,636	12,303	2.7 %	N/A	25,090	22,997	9.1 %	N/A

(In Thousands of Customers)

Regulated Utility Customers-	Period Ended June		
	2018	2017	Change
Total Utility Customers-	9,276	9,194	0.9 %
Total Traditional Electric	4,667	4,621	1.0 %
Southern Company Gas ¹	4,609	4,573	0.8 %

Notes

(1) Includes total customers of approximately 407,000 and 403,000 customers at June 30, 2018 and 2017, respectively, related to Elizabethtown Gas, Elkton Gas, and Florida City Gas, which were sold subsequent to June 30, 2018.

Southern Company
Financial Overview
As Reported
(In Millions of Dollars)

	Three Months Ended June			Year-to-Date June		
	2018	2017	% Change	2018	2017	% Change
Southern Company –						
Operating Revenues	\$ 5,627	\$ 5,430	3.6 %	\$ 11,999	\$ 11,202	7.1 %
Earnings (Loss) Before Income Taxes	(266)	(1,935)	N/M	784	(957)	N/M
Net Income (Loss) Available to Common	(154)	(1,381)	N/M	784	(723)	N/M
Alabama Power –						
Operating Revenues	\$ 1,503	\$ 1,484	1.3 %	\$ 2,976	\$ 2,866	3.8 %
Earnings Before Income Taxes	326	386	(15.5)%	636	689	(7.7)%
Net Income Available to Common	259	230	12.6 %	484	403	20.1 %
Georgia Power –						
Operating Revenues	\$ 2,048	\$ 2,048	— %	\$ 4,008	\$ 3,880	3.3 %
Earnings (Loss) Before Income Taxes	(539)	551	N/M	(94)	971	N/M
Net Income (Loss) Available to Common	(396)	347	N/M	(44)	607	N/M
Gulf Power –						
Operating Revenues	\$ 344	\$ 357	(3.6)%	\$ 692	\$ 707	(2.1)%
Earnings Before Income Taxes	31	61	(49.2)%	87	95	(8.4)%
Net Income Available to Common	42	35	20.0 %	84	53	58.5 %
Mississippi Power –						
Operating Revenues	\$ 297	\$ 303	(2.0)%	\$ 598	\$ 575	4.0 %
Earnings (Loss) Before Income Taxes	60	(2,934)	N/M	49	(2,981)	N/M
Net Income (Loss) Available to Common	46	(2,054)	N/M	39	(2,074)	N/M
Southern Power –						
Operating Revenues	\$ 555	\$ 529	4.9 %	\$ 1,064	\$ 979	8.7 %
Earnings (Loss) Before Income Taxes	(28)	66	(142.4)%	(12)	78	(115.4)%
Net Income Available to Common	22	82	(73.2)%	143	151	(5.3)%
Southern Company Gas –						
Operating Revenues	\$ 730	\$ 716	2.0 %	\$ 2,369	\$ 2,276	4.1 %
Earnings Before Income Taxes	24	80	(70.0)%	407	468	(13.0)%
Net Income (Loss) Available to Common	(31)	49	N/M	248	288	(13.9)%

N/M - not meaningful

Notes

- See Financial Highlights pages for discussion of certain significant items occurring during the periods presented.