SOUTHERN CO
Form DEF 14A
April 08, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement
[ ] **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
[X] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to §240.14a-12

The Southern Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.
[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Back to Content

Notice of **2016** Annual Meeting of Stockholders and Proxy Statement

Back to Content

INVESTOR FACT SHEET

An Industry Powerhouse

- With more than 4.5 million customers, approximately 44,000 megawatts of generating capacity in service at the end of 2015, and a growing national competitive generation business, the Southern Company system is a major source of energy in the southeastern U.S.
- We strive to remain among the leaders in our industry, a reliable energy provider for customers, and a solid investment for our stockholders.

Our Major Businesses

- **Traditional Operating Companies**

  Our traditional operating companies include Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company.

  Our strong base includes transmission, distribution, and approximately 37,800 megawatts of regulated generation. Plans exist for added capacity through 2020 to meet demand and maintain reliability.

2015 Energy Mix for Traditional Operating Companies

- **Southern Power Company**

  Our competitive generation business owns or has the rights to 35 facilities operating or under constructon in nine states, with more than 10,500 megawatts of generating capacity.

  The fleet consists of approximately 8,600 megawatts of natural gas generating capacity and more than 1,900 megawatts of renewable generating capacity.

Financial Integrity

- Goal of achieving an attractive risk-adjusted return, supported by a simple, transparent business model and sound financial policy.
- Experienced management focused on creating and delivering value.
- Long-term contracts with reputable, credit-worthy counterparties and minimal commodity exposure are the foundation of Southern Power Company's business model.

Dividends to Stockholders

$5.6bn **Paid to Stockholders since 2013**

What Distinguishes Southern Company?

- **Energy Mix**

  Only electric utility in the U.S. committed to developing the full portfolio of generation resources – natural gas, 21st century coal, nuclear, and renewables such as wind and solar – together with an emphasis on energy efficiency.

- **American Customer Satisfaction Index**

  Consistently listed among the top U.S. electric service providers in customer satisfaction.

- **Growth in Renewables**

  Approximately 3,800 megawatts of announced or added renewable capacity since 2012. This includes the development of what is expected to be the largest voluntary solar portfolio in the U.S. (at Georgia Power Company).

- **Our People**

  Ranked among best employers for minorities and veterans.

Back to Content
1

Letter to Stockholders

Dear Fellow Stockholder:

You are invited to attend the 2016 Annual Meeting of Stockholders at 10:00 a.m., ET on Wednesday, May 25, 2016, at The Lodge Conference Center at Callaway Gardens, Pine Mountain, Georgia.

2015 was a tremendous year for The Southern Company. We saw strong financial performance both from our wholesale subsidiary, Southern Power, and our traditional operating companies. We also improved our overall risk profile by addressing several issues related to our operating subsidiaries' large construction projects, including the settlement of litigation concerning Plant Vogtle and the approval of rate recovery for the in-service assets at the Kemper County energy facility.

Over the past year, we conducted a review of our corporate governance practices, including outreach to a number of our largest stockholders. This review resulted in the Board of Directors recommending that several corporate governance proposals be included on the agenda for this year's annual meeting. In addition to the election of directors and certain other matters, you will be asked to

- approve a By-Law amendment to permit proxy access,
- approve an amendment to the Company's Certificate of Incorporation to reduce the supermajority vote requirements to a majority vote,
- approve an amendment to the Company's Certificate of Incorporation to eliminate the "fair price" anti-takeover provision, and
- approve a By-Law amendment to permit the Board of Directors to make certain future amendments to the By-Laws without stockholder ratification.

Thomas A. Fanning
Chairman, President, and
Chief Executive Officer

"Every decision we make is arrived at by asking one question: How does it benefit the families, businesses, and communities we serve?"

We believe these proposals are thoughtfully structured to serve the best interests of our stockholders and are responsive to current corporate governance trends.

For the first time, we are taking advantage of the notice and access rules of the Securities and Exchange Commission (SEC) that allow us to furnish our proxy materials to you over the internet instead of mailing paper copies to each stockholder. We are mailing a Notice of Internet Availability of Proxy Materials beginning on or about April 8, 2016 to certain of our stockholders. The Notice contains instructions on how to access the proxy materials and vote your proxy. We believe this approach allows us to provide stockholders with a timely and convenient way to receive proxy materials and vote, while lowering the costs of delivery and reducing the environmental impact of the annual meeting.

Your vote is important. We urge you to vote promptly, even if you plan to attend the annual meeting.

Thank you for your continued support of Southern Company.

Thomas A. Fanning

Important Notice Regarding the Availability of Proxy Materials for the 2016 Annual Meeting of Stockholders to be held on May 25, 2016:

The proxy statement and the annual report are available at *www.investor.southerncompany.com*.

Back to Content

Notice of Annual Meeting of Stockholders of Southern Company

Date and Time

Wednesday, May 25, 2016 at 10:00 a.m., ET

Place

The Lodge Conference Center at Callaway Gardens, Highway 18, Pine Mountain, Georgia 31822

Items of Business

- Elect 15 Directors;
- Approve a By-Law amendment to permit proxy access;
- Approve an amendment to the Certificate of Incorporation to reduce the supermajority vote requirements to a majority vote;
- Approve an amendment to the Certificate of Incorporation to eliminate the "fair price" anti-takeover provision;
- Approve a By-Law amendment to permit the Board of Directors to make certain future amendments to the By-Laws without stockholder ratification;
- Conduct an advisory vote to approve executive compensation, often referred to as a say on pay;
- Approve the material terms for qualified performance-based compensation under the Omnibus Plan in accordance with Section 162(m) of the tax code;
- Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2016;
- Consider two stockholder proposals, if properly presented at the meeting; and
- Transact any other business properly coming before the meeting or any adjournments thereof.

Record Date

Stockholders of record at the close of business on March 28, 2016 are entitled to attend and vote at the meeting. On that date, there were 918,874,386 shares of common stock (Common Stock) of The Southern Company (Southern Company, the Company, we, us, or our) outstanding and entitled to vote.

By Order of the Board of Directors,

Melissa K. Caen, Corporate Secretary

April 8, 2016

EVERY VOTE IS IMPORTANT TO SOUTHERN COMPANY

We have created an annual meeting website to make it easy to access our 2016 annual meeting materials.

www.southerncompanyannualmeeting.com

At the annual meeting website you can find an overview of the items to be voted, our proxy statement and annual report to read online or to download, and a link to vote your shares.

Even if you plan to attend the meeting in person, please vote as soon as possible by using the internet or by telephone or, if you received a paper copy of the proxy form by mail, by signing and returning the proxy form.

Vote by Internet or Telephone

Voting by the internet or by telephone is fast and convenient, and your vote is immediately confirmed and tabulated.

www.proxyvote.com 24/7	1-800-690-6903 24/7

Vote by Mail

If you received a paper copy of the proxy form by mail, you can mark, sign, date, and return the proxy form in the enclosed, postage-paid envelope.

Back to Content

Proxy Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Meeting Agenda

Stockholders are being asked to vote on ten agenda items at the 2016 annual meeting.

Item 1

ELECT 15 DIRECTORS

- Each nominee holds or has held senior executive positions, maintains the highest degree of integrity and ethical standards, and complements the needs of the Company.
- Through their positions, responsibilities, skills, and perspectives, which span various industries and organizations, these nominees

represent a Board of Directors (Board) that is diverse and possesses appropriate collective knowledge and experience in accounting, finance, leadership, business operations, risk management, corporate governance, and our industry and subsidiaries' service territories.

The Board recommends a vote FOR each Director nominee.

See page 12 for further information.

Director Nominees

Juanita Powell Baranco Executive Vice President and Chief Operating Officer of Baranco Automotive Group	Jon A. Boscia Founder and President, Boardroom Advisors LLC	Henry A. "Hal" Clark III Senior Advisor of Evercore Partners Inc.
Age: 67	Age: 63	Age: 66
Director since: 2006	Director since: 2007	Director since: 2009

Independent Director: Yes	Independent Director: Yes	Independent Director: Yes
Current Committees: Audit	Current Committees: Audit (Chair)	Current Committees: Compensation and Management Succession (Chair), Finance

investor.southerncompany.com

Back to Content

Thomas A. Fanning Chairman of the Board, President, and Chief Executive Officer (CEO), Southern Company	David J. Grain Founder and Managing Partner of Grain Management LLC	Veronica M. Hagen CEO, Polymer Group, Inc. (retired)
Age: 59 Director since: 2010 Independent Director: No	Age: 53 Director since: 2012 Independent Director: Yes	Age: 70 Director since: 2008 Independent Director: Yes, Lead Independent Director through May 2016
Current Committees: None	Current Committees: Compensation and Management Succession, Finance	Current Committees: Compensation and Management Succession, Nuclear/Operations
Warren A. Hood, Jr. Chairman and CEO, Hood Companies Inc.	Linda P. Hudson Founder, Chairman, and CEO, The Cardea Group	Donald M. James Chairman and CEO, Vulcan Materials Company (retired)
Age: 64 Director since: 2007 Independent Director: Yes	Age: 65 Director since: 2014 Independent Director: Yes	Age: 67 Director since: 1999 Independent Director: Yes
Current Committees: Audit	Current Committees: Governance, Nuclear/Operations, Business Security Subcommittee	Current Committees: Finance, Governance (Chair)
John D. Johns Chairman and CEO, Protective Life Corporation	Dale E. Klein Associate Vice Chancellor of Research, University of Texas System	William G. Smith, Jr. Chairman, President, and CEO, Capital City Bank Group, Inc.
Age: 64 Director since: 2015 Independent Director: Yes	Age: 68 Director since: 2010 Independent Director: Yes	Age: 62 Director since: 2006 Independent Director: Yes

Current Committees: Audit	Current Committees: Governance, Nuclear/Operations, Business Security Subcommittee (Chair)	Current Committees: Finance (Chair), Compensation and Management Succession
Steven R. Specker President and CEO, Electric Power Research Institute (retired)	Larry D. Thompson John A. Sibley Professor of Corporate and Business Law, The University of Georgia School of Law	E. Jenner Wood III Corporate Executive Vice President – Wholesale Banking, SunTrust Banks, Inc.
Age: 70 Director since: 2010 Independent Director: Yes Current Committees: Nuclear/ Operations (Chair), Compensation and Management Succession	Age: 70 Director since: 2014 Independent Director: Yes, Lead Independent Director commencing May 2016 Current Committees: Finance, Governance	Age: 64 Director since: 2012 Independent Director: Yes Current Committees: Governance, Nuclear/Operations

Back to Content

Key Corporate Governance Practices

We seek to establish corporate governance standards and practices that create long-term value to our stockholders and positive influences on the governance of the Company. Our key corporate governance practices include:

- Annual election of Directors
- Majority voting for Directors, with a director resignation policy
- 10% threshold for stockholders to request a special meeting
- 14 of 15 Directors are independent
- All Board committees are comprised of independent Directors
- Strong Lead Independent Director
- Annual Board and committee self-evaluations
- Proactive stockholder engagement
- Diverse Board
- Clawback policy under our Omnibus Plan
- Strong stock ownership guidelines

Recent and Proposed Governance and Disclosure Enhancements

- Proposed a proxy access right for stockholders…see page 34
- Proposed amendments to the Certificate of Incorporation to further enhance stockholder rights…see pages 36 and 37
- Continued our stockholder engagement efforts …see page 26
- Adopted a no pledging policy …see page 44
- Identified a second audit committee financial expert …see page 28
- Added seven new directors to the Board in the past five years ...see page 24
- Added disclosure about Board refreshment, Board and committee self-evaluations, and management succession planning ...see pages 24 and 25

Board Tenure

Tenure of Independent Directors (Years of consecutive service)

Average Tenure of Independent Directors: 6.4 years

Board Independence

All Director Nominees are Independent except the CEO

Board Diversity

Qualifications, Attributes, Skills, and Experience of the Board as a Whole

CEO or senior executive leadership experience

Diversity of race, ethnicity, gender, age, cultural background, or professional experience

Electric utility or nuclear operations experience

Engineering, innovation, or technology experience

Federal, state, or local government or regulatory experience

Financial, banking, or investment experience

Knowledge of the traditional operating companies

Risk oversight or risk management experience

Back to Content

Item 2

APPROVE A BY-LAW AMENDMENT TO PERMIT PROXY ACCESS

- The Board believes that the implementation of proxy access in the manner set forth in this proposal will provide meaningful rights to our stockholders while promoting responsible use of these rights by stockholders.
- We have proposed a By-Law amendment to provide that any stockholder or group of up to 20 stockholders who has maintained continuous qualifying ownership of at least 3% of our outstanding shares for at least three years could include a specified number of

Director nominees equal to the greater of 2 nominees or 20% (rounded down) of the number of Directors in our proxy materials for our annual meeting of stockholders.

- The proposal is the result of the Board's ongoing review of our corporate governance policies, including consideration of a stockholder proposal on this topic that did not pass at the 2015 annual meeting and a similar proposal that was withdrawn after the proponent reviewed the terms of this proposal, recent corporate governance trends, and our ongoing discussions with our large institutional stockholders.

- This proposal demonstrates the Board's continuing commitment to strong corporate governance policies and practices that the Board believes are consistent with its goal of creating long-term, sustainable value for our stockholders.

The Board recommends a vote FOR approval of a By-Law amendment to permit proxy access.

See page 34 for further information.

Item 3

APPROVE AN AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO REDUCE THE SUPERMAJORITY VOTE REQUIREMENTS TO A MAJORITY VOTE

- Supermajority vote requirements like the ones contained in Article Eleventh of the Certificate of Incorporation, as amended (Certificate of Incorporation or Certificate), historically have been intended to facilitate corporate governance stability and provide protection against self-interested action by large stockholders by requiring broad stockholder consensus to make certain fundamental changes.

- As corporate governance standards have evolved, many stockholders and commentators now view the supermajority requirements as limiting the Board's accountability to stockholders and the ability of stockholders to effectively participate in corporate governance.

The Board recommends a vote FOR approval of an amendment to the Certificate to reduce the supermajority vote requirements to a majority vote.

See page 36 for further information.

Back to Content

Item 4

APPROVE AN AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO ELIMINATE THE "FAIR PRICE" ANTI-TAKEOVER PROVISION

- The "fair price" provision was designed to deter an acquiring party from using two-tier pricing and similar inequitable tactics in an attempt to take over the Company and help assure fair treatment of all stockholders in the event of a takeover attempt. The fair price provision was not designed to prevent a takeover but instead to encourage a potential acquirer to negotiate with the Board to ensure all stockholders receive adequate consideration for their shares.

- Section 203 of the Delaware General Corporation Law provides similar protections against the type of transactions the fair price provision was designed to defend against, and the Board believes that a separate fair price provision in the Certificate is unnecessary.

- Eliminating supermajority voting provisions is considered by many commentators and stockholders to be a best practice in corporate governance.

The Board recommends a vote FOR approval of an amendment to the Certificate to eliminate the "fair price" anti-takeover provision.

See page 37 for further information.

Item 5

APPROVE A BY-LAW AMENDMENT TO PERMIT THE BOARD TO MAKE CERTAIN FUTURE

AMENDMENTS TO THE BY-LAWS WITHOUT STOCKHOLDER RATIFICATION

- Our By-Laws currently require that any amendment adopted by the Board be subject to subsequent stockholder ratification. This requirement is not in line with current practices at other publicly-traded companies and presents a number of challenges. Requiring stockholders to ratify all By-Law amendments approved by the Board is burdensome, unnecessary, and an inefficient use of Company resources.
- The Board believes that the proposed By-Law amendment includes appropriate limits that will continue to protect stockholder rights.

- The Board is not permitted to alter, amend, or repeal the 10% threshold required to call a special meeting of the stockholders, quorum requirements, indemnification of Directors, or the By-Law amendment procedures.
- The Board will not have the power to alter, amend, or repeal any By-Law adopted by the stockholders which by its terms may be altered, amended, or repealed only by the stockholders.

- The proposed changes to the By-Laws will give the Board the flexibility needed to make administrative changes and be responsive to corporate governance best practices while continuing to protect stockholder rights.

The Board recommends a vote FOR approval of a

By-Law amendment to permit the Board to make certain future amendments to the By-Laws without stockholder ratification.

See page 39 for further information.

Back to Content

COMPENSATION HIGHLIGHTS

Linking Pay and Performance

We target the total direct compensation for our executives at market median and place a significant portion of that target compensation "at risk" – subject to achieving both short-term and long-term performance goals. Only the base salary portion of executive compensation is fixed.

Chief Executive Officer(1) Other Named Executive Officers(1)

(1) Annual cash incentive award reflects the target value for 2015 under our Performance Pay Program based on achievement of performance goals. Long-term equity incentive award reflects the target value of the performance shares granted in 2015 under our Performance Share Program.

Changes for 2015

In early 2015, we made some changes to our compensation program that followed from our focus on continuously refining our executive compensation program to more effectively align executive pay with performance and reflect best compensation practices.

The changes were also consistent with what we heard from investors as part of our ongoing stockholder outreach efforts.

- For our long-term equity incentive program, we moved away from granting stock options, which had comprised 40% of the target value of the long-term program in previous years. As of 2015, 100% of the long-term equity incentive program is granted in the form of performance shares that are earned based solely on achievement of pre-established performance goals over a three-year performance period.
- We also expanded the performance goals for the performance shares to include a cumulative three-year earnings per share (EPS) goal (25% weighting) and an equity-weighted return on equity (ROE) goal (25% weighting), while retaining a relative total shareholder return (TSR) performance goal (50% weighting).
-

For our annual cash incentive program, we added individual performance goals for executive officers to drive individual performance that we believe will lead to long-term success for the Company.

Performance Results

- 2015 was an outstanding year for us, as we continued the strong performance by our franchise operations. We had strong financial performance from our wholesale subsidiary, Southern Power Company, and our traditional operating companies, with our reported adjusted* EPS results just above our EPS guidance range for the year.
- We also demonstrated strong operational performance for the year across the Company. Operational measures included customer satisfaction, safety, major projects, culture, reliability, availability, and nuclear plant operations.
- We have created long-term value for our stockholders, reflected in our outperformance against the S&P 500 and the Philadelphia Utilities Index over the last 10-year, 20-year, and 30-year periods (see page 46). While our stock price has not performed as well over the past few years as it has over the long term, we did increase our dividend again in 2015 for the 14th consecutive year.

*For a description of how we calculate adjusted financial measures, see page 105.

Back to Content

Annual Cash Incentive Plan – 2015 Performance Pay Program

Our Performance Pay Program rewards annual financial and operational performance as well as individual named executive officer (NEO) performance. We had strong financial and operational performance for 2015, exceeding our overall targets for the year. The Compensation and Management Succession Committee

(Compensation Committee) also believed the 2015 individual performance contributions by our NEOs were strong. Accordingly, payouts for all participants in the program, including the NEOs, were above target. For the NEOs, payouts ranged from 141% to 160% of target.

Long-Term Equity Incentive Plan – 2013-2015 Performance Share Program

In 2013, 60% of the target value of our long-term equity incentive plan was granted in the form of performance shares under our Performance Share Program. For the three-year performance period of 2013 through 2015, performance shares could be earned based on a relative

TSR performance goal. Our three-year TSR performance relative to the peer groups selected by the Compensation Committee was below target. All participants in the program, including the NEOs, earned performance share awards at 28% of target.

Item 6

ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION (SAY ON PAY)

- We believe our compensation program provides the appropriate mix of fixed and short- and long-term performance-based compensation that ties pay to Company performance, rewards achievement of financial and operational goals and relative TSR, and is aligned with stockholder interests.

The Board recommends a vote FOR approval of executive compensation.

See page 77 for further information.

Item 7

APPROVE THE MATERIAL TERMS FOR QUALIFIED PERFORMANCE-BASED COMPENSATION UNDER THE OMNIBUS PLAN

- The 2011 Southern Company Omnibus Incentive Compensation Plan (Omnibus Plan) was previously approved by stockholders at the 2011 annual meeting.
- Approval of the material terms for performance-based compensation under the Omnibus Plan is being

sought to satisfy certain requirements under Section 162(m) of the Internal Revenue Code of 1986, as amended (the tax code), to preserve our ability to deduct, for federal income tax purposes, certain performance-based awards granted under the Omnibus Plan to particular executive officers.

- Stockholders are not being asked to approve additional shares under the Omnibus Plan or approve any changes to the material terms of the performance goals or any other terms of the Omnibus Plan.

The Board recommends a vote FOR approval of the material terms of the qualified performance-based compensation under the Omnibus Plan.

See page 78 for further information.

Back to Content

Item 8

RATIFY THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2016

- The Audit Committee has appointed Deloitte & Touche LLP (Deloitte & Touche) as our independent registered public accounting firm for 2016.
- This appointment is being submitted to stockholders for ratification.

The Board recommends a vote FOR ratification of the appointment of Deloitte & Touche as our independent registered public accounting firm for 2016.

See page 83 for further information.

Stockholder Proposals

Items 9-10

VOTE ON TWO STOCKHOLDER PROPOSALS

- We have been advised that two stockholder proposals are intended to be submitted at the annual meeting.

The Board recommends a vote AGAINST each of the stockholder proposals.

See page 88 for further information.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Please review "Frequently Asked Questions About Voting and the Annual Meeting" on page 92.

Back to Content

Table of Contents

Back to Content

Company Organization

Southern Company is a holding company managed by a core group of officers and governed by a Board that is currently comprised of 15 members. Directors are elected annually.

The Board has adopted and operates under a set of Corporate Governance Guidelines which are available on our website at *www.southerncompany.com* under Information for Investors/Corporate Governance.

Item 1

ELECTION OF 15 DIRECTORS

The Board, acting upon the recommendation of the Governance Committee, has nominated the 15 Directors currently serving for re-election to the Southern Company Board of Directors.

The affirmative vote of a majority of the votes cast is required for the election of Directors at any meeting for the election of Directors at which a quorum is present. A majority of the votes cast means that the number of shares voted "FOR" the election of a Director must exceed the number of votes cast "AGAINST" the election of that Director.

The Board recommends a vote FOR each Director nominee.

NOMINEES FOR ELECTION AS DIRECTORS

- Each nominee holds or has held senior executive positions, maintains the highest degree of integrity and ethical standards, and complements the needs of the Company.
- Through their positions, responsibilities, skills, and perspectives, which span various industries and organizations, these nominees represent a Board that is diverse and possesses appropriate collective knowledge and experience in accounting, finance, leadership, business operations, risk management, corporate governance, and our industry and subsidiaries' service territories.
- Each nominee, if elected, will serve until the 2017 annual meeting of stockholders.
- The proxies named on the proxy form will vote each properly executed proxy form for the election of the 15 Director nominees, unless otherwise instructed.
- If any named nominee becomes unavailable for election, the Board may substitute another nominee. In that event, the proxy would be voted for the substitute nominee unless instructed otherwise on the proxy form.

Back to Content

Juanita Powell Baranco
(Independent)

Age: 67

Director since: 2006
Board committee: Audit

Executive Vice President and Chief Operating Officer of Baranco Automotive Group, automobile sales

Director highlights: Ms. Baranco's particular expertise in business operations, her significant familiarity with Georgia Power Company (Georgia Power or GPC), and her civic involvement are valuable to the Board.

- Ms. Baranco had a successful legal career, which included serving as Assistant Attorney General for the State of Georgia, before she and her husband founded the first Baranco dealership in Atlanta in 1978.

- She served as a Director of Georgia Power, the largest subsidiary of the

Jon A. Boscia
(Independent)

Age: 63

Director since: 2007
Board committee: Audit (Chair)

Founder and President, Boardroom Advisors LLC, board governance consulting firm

Director highlights: Mr. Boscia's extensive background in finance, investment management, information technology, and corporate governance is valuable to the Board.

- From September 2008 until March 2011, Mr. Boscia served as President of Sun Life Financial Inc. In this capacity, Mr. Boscia managed a portfolio of the company's operations with ultimate responsibility for the United States, United Kingdom, and Asia business groups and directed the global marketing and investment management functions.

- Previously, Mr. Boscia served as Chairman of the Board and Chief Executive Officer of Lincoln Financial Group, a diversified financial services organization, until his retirement in 2007. Mr. Boscia became the

Company, from 1997 to 2006. During her tenure on the Georgia Power Board, she was a member of the Controls and Compliance, Diversity, Executive, and Nuclear Operations Overview Committees.

• She served on the Federal Reserve Bank of Atlanta Board for a number of years and also on the Boards of Directors of John H. Harland Company and Cox Radio, Inc.

• An active leader in the Atlanta community, she serves on the Board of Trustees for Clark Atlanta University and on the Advisory Council for the Catholic Foundation of North Georgia. Ms. Baranco is also on the Board of the Commerce Club, the Woodruff Arts Center, and the Buckhead Coalition. She is also past Chair of the Board of Regents for the University System of Georgia and past Board Chair for the Sickle Cell Foundation of Georgia.

Other public company directorships: None (formerly a Director of Cox Radio, Inc., John H. Harland Company, and Georgia Power)

Chief Executive Officer of Lincoln Financial Group in 1998. During his time at Lincoln Financial Group, the company earned a reputation for its stellar performance in making major acquisitions.

• Mr. Boscia is a past member of the Board of PHH Corporation, where he was Chair of the Audit Committee and a member of the Regulatory Oversight Committee, past member of the Board of Sun Life Financial Inc., where he was a member of the Investment Oversight Committee and the Risk Review Committee, and past member of the Board of The Hershey Company, where he chaired the Corporate Governance Committee and served on the Executive Committee.

• In addition, Mr. Boscia has served in leadership positions on other public company Boards as well as not-for-profit and industry Boards.

Other public company directorships: None (formerly a Director of PHH Corporation, Sun Life Financial Inc., Armstrong World Industries, Lincoln Financial Group, Georgia Pacific Corporation, and The Hershey Company)

Back to Content

Henry A. "Hal" Clark III

(Independent)

Age: 66

Director since: 2009
Board committees:
Compensation and Management Succession (Chair), Finance

Senior Advisor of Evercore Partners Inc., corporate finance advisory firm

Director highlights: Mr. Clark's utility global financial and utility industry expertise as well as his expertise in capital market transactions are valuable to the Board.

- As a Senior Advisor with Evercore Partners Inc. (formerly Lexicon Partners, LLC) since July 2009, Mr. Clark is primarily focused on expanding advisory activities in North America with a particular focus on the power and utilities sectors.

- With more than 30 years of experience in the global financial and the utility industries, Mr. Clark brings a wealth of experience in finance and risk management to his role as a Director.

- Prior to joining Evercore Partners Inc., Mr. Clark was Group Chairman of Global Power and Utilities at Citigroup, Inc. from 2001 to 2009.

- His work experience includes numerous capital markets transactions of debt, equity, bank loans, convertible securities, and securitization, as well as advice in connection with mergers and acquisitions. He also has served as policy advisor to numerous clients on capital structure, cost of capital, dividend strategies, and various financing strategies.

Thomas A. Fanning
(Chairman, President, and CEO)

Age: 59

Director since: 2010
Board committee: None

Chairman of the Board, President, and Chief Executive Officer of the Company

Director highlights: Mr. Fanning's knowledge of our business and the electric utility industry, understanding of the complex regulatory structure of the industry, and experience in strategy development and execution uniquely qualify him to be the Chairman of the Board.

- Mr. Fanning has held numerous leadership positions across the Southern Company system during his more than 30 years with the Company. He served as Executive Vice President and Chief Operating Officer of the Company

• He has served as Chair of the Wall Street Advisory Group of the Edison Electric Institute.

Other public company directorships: None

from 2008 to 2010, leading the Company's generation and transmission, engineering, and construction services, research and environmental affairs, system planning, and competitive generation business units. He served as the Company's Executive Vice President and Chief Financial Officer from 2007 to 2008 and Executive Vice President, Chief Financial Officer, and Treasurer from 2003 to 2007, where he was responsible for the Company's accounting, finance, tax, investor relations, treasury, and risk management functions. In those roles, he also served as the chief risk officer and had responsibility for corporate strategy.

• Mr. Fanning is on the Board of Southern Power Company (Southern Power), a subsidiary of Southern Company.

• Mr. Fanning is a Director of Vulcan Materials Company, serving as a member of the Audit Committee and the Compensation Committee, and the Federal Reserve Bank of Atlanta, serving as Chairman of the Board.

Other public company directorships: Vulcan Materials Company

(formerly a Director of
The St. Joe Company)

Back to Content

David J. Grain
(Independent)
Age: 53

Director since: 2012
Board committees:
Compensation and Management Succession, Finance

Founder and Managing Partner,
Grain Management, LLC, private equity firm

Director highlights: Mr. Grain's background in finance, investment management, and wireless communications infrastructure, leadership, and civic involvement are valuable to the Board.

- Mr. Grain is the founding member and managing partner of Grain Management, LLC (Grain Management), a private equity firm focused on investments in the media and communications sectors, which he founded in 2006. With offices in Sarasota, Florida and Washington, D.C., the firm manages funds for a number of the country's leading academic institutions, endowments, and public pension funds. Grain Management also builds, owns, and operates wireless infrastructure assets across North America.

- Mr. Grain also founded and was Chief Executive Officer of Grain Communications Group, Inc.

- Prior to founding Grain Management, he served as President of Global Signal, Inc., Senior Vice President of AT&T Broadband's New England Region, and Executive Director in the High Yield Finance Department at Morgan Stanley.

Veronica M. Hagen
(Lead Independent Director through May 2016)
Age: 70

Director since: 2008
Board committees:
Compensation and Management Succession, Nuclear/Operations

Chief Executive Officer, Polymer Group, Inc. (retired), engineered materials

Director highlights: Ms. Hagen's global operational management experience and commercial business leadership are valuable to the Board.

- From 2007 until her retirement in 2013, Ms. Hagen served as Chief Executive Officer of Polymer Group, Inc. and served from 2007 to 2015 as a Director. Ms. Hagen also served as President of Polymer Group, Inc. from January 2011 until her retirement in 2013. Polymer Group, Inc. is a leading producer and marketer of engineered materials.

- Prior to joining Polymer Group, Inc., Ms. Hagen was the President and Chief Executive Officer of Sappi Fine Paper, a division of Sappi Limited, the South African-based global leader in the pulp and paper industry, from November 2004 until 2007.

- She also has served as Vice President and Chief Customer Officer at Alcoa Inc. and owned and operated Metal Sales Associates, a privately-held metal business.

- Ms. Hagen also serves as the Chair of the Compensation Committee and a member of the Nominating and Governance Committee of the Board of Directors of Newmont Mining Corporation. She also serves on the Compensation Committee and the Nominating/Corporate Governance Committee of the Board of Directors of American Water Works Company, Inc.

- Mr. Grain was appointed by President Obama in 2011 to the National Infrastructure Advisory Council.

- He previously served as Chairman of the Florida State Board of Administration Investment Advisory Council as an appointee of the former Governor Charlie Crist.

- He is currently a Director at Gateway Bank of Southwest Florida and a Trustee of the College of the Holy Cross and serves on the Investment Committee of the United States Tennis Association.

Other public company directorships: None

Other public company directorships: American Water Works Company, Inc., Newmont Mining Corporation

Back to Content

Warren A. Hood, Jr.
(Independent)

Age: 64

Director since: 2007
Board committee: Audit

Chairman of the Board and Chief Executive Officer of Hood Companies, Inc., packaging and construction products

Director highlights: Mr. Hood's business operations, risk management, and financial experience, civic involvement, and significant familiarity with Mississippi Power Company (Mississippi Power or MPC) are valuable to the Board.

• Mr. Hood is the Chairman and Chief Executive Officer of Hood Companies, Inc. which he established in 1978. Hood Companies, Inc. consists of four separate corporations with 60 manufacturing and distribution sites throughout the United

Linda P. Hudson
(Independent)

Age: 65

Director since: 2014
Board committees: Governance, Nuclear/Operations, Business Security Subcommittee

Founder, Chairman, and Chief Executive Officer, The Cardea Group, business management consulting firm, and former Chief Executive Officer of BAE Systems, Inc. (BAE Systems), defense, aerospace, and security

Director highlights: Ms. Hudson's experience leading a large, highly-regulated, complex business and expertise in engineering, technology, operations, and risk management are valuable to the Board.

• Ms. Hudson is the Founder, Chairman, and Chief Executive Officer of The Cardea Group, a business management consulting firm she founded in 2014.

• From October 2009 through February 2014, Ms. Hudson served as the President and Chief Executive Officer of BAE Systems, a U.S.-based global defense, aerospace, and security company. BAE Systems is a wholly-owned subsidiary of London-based BAE Systems plc. Previously, Ms. Hudson served as President of BAE Systems' Land & Armaments operating group, the world's largest military vehicle and equipment business.

• Before joining BAE Systems in 2006, she served as Vice President of General Dynamics Corporation and President of General Dynamics Armament and Technical Products.

• She is a member of Bank of America Corporation's Board of Directors, where she serves on the Compensation and Benefits Committee and the Credit Committee. Ms. Hudson is a member of the Board of Directors of Ingersoll Rand, Inc., where she serves on the Audit and Finance Committees.

• She is also a Director of the University of Florida Foundation and a Director of the Center for a New American Security.

States, Canada, and Mexico. Hood Companies, Inc.'s products are currently marketed in North America, the Caribbean, and Western Europe.	Other public company directorships: Bank of America Corporation, Ingersoll Rand, Inc.

- Mr. Hood previously served on the Board of the Company's subsidiary, Mississippi Power, where he was also a member of the Compensation Committee.

- Mr. Hood has long been recognized for his leadership role in the State of Mississippi. He serves or has served on numerous corporate, community, and philanthropic boards, including Boy Scouts of America Pine Burr Area Council, Governor Phil Bryant's Mississippi Works Committee, and The Governor's Commission on Rebuilding, Recovery and Renewal, which was formed following Hurricane Katrina in 2005.

- He serves on the Board of BancorpSouth, Inc., where he is a member of the Audit Committee.

Other public company directorships: BancorpSouth, Inc. (formerly a Director of Mississippi Power)

Back to Content

Donald M. James
(Independent)

Age: 67

Director since: 1999
Board committees:
Governance (Chair), Finance

Chairman of the Board and Chief Executive Officer of Vulcan Materials Company (retired)

Director highlights: Mr. James' leadership of a large public company, his legal expertise, and his civic involvement are valuable to the Board.

• Mr. James retired from his position as Chief Executive Officer of Vulcan Materials Company in July 2014 and Executive Chairman in January 2015. He retired in December 2015 as Chairman of the Board of Directors of Vulcan Materials Company. Mr. James joined Vulcan Materials Company in 1992 as Senior Vice President and General Counsel and then became President of the Southern Division and then Senior Vice President of the Construction Materials Group and then President and Chief Executive

John D. Johns
(Independent)

Age: 64

Director since: 2015
Board committee: Audit

Chairman and Chief Executive Officer of Protective Life Corporation (Protective Life)

Director highlights: Mr. Johns' management and leadership experience, his significant familiarity with Alabama Power Company (Alabama Power or APC), and his civic involvement are valuable to the Board.

• Mr. Johns has served as Chairman and Chief Executive Officer of Protective Life since 2002 and President from 2002 to January 2016. He joined Protective Life in 1993 as Executive Vice President and Chief Financial Officer.

• Before his tenure at Protective Life, Mr. Johns served as general counsel

Officer.

• Prior to joining Vulcan Materials Company, Mr. James was a partner at the law firm of Bradley, Arant, Rose & White for 10 years.

• Mr. James is also a Trustee of the UAB Health System and Children's of Alabama, where he serves on the Executive Committee.

• In addition, he serves on the Finance and the Human Resources Committees of Wells Fargo & Company's Board of Directors.

Other public company directorships: Wells Fargo & Company (formerly a Director of Vulcan Materials Company and Protective Life Corporation)

of Sonat, Inc., a diversified energy company.

• Prior to joining Sonat, Inc., Mr. Johns was a founding partner of the law firm Maynard, Cooper & Gale, P.C.

• He previously served on the Board of Directors of Alabama Power from 2004 to 2015. During his tenure on the Alabama Power Board, he was a member of the Executive Committee.

• He is a member of the Board of Directors of Regions Financial Corporation, where he serves on the Nominating and Governance and Risk Committees, and Genuine Parts Company, where he serves on the Compensation, Nominating, and Governance Committee.

• Mr. Johns has served on the Executive Committee of the Financial Services Roundtable in Washington, D.C. and is the immediate past chairman of the American Council of Life Insurers.

• Mr. Johns has served as the Chairman of the Business Council of Alabama, the Birmingham Business Alliance, the Greater Alabama Council, Boy Scouts of America, and Innovation Depot, Alabama's leading business and technology incubator.

Other public company directorships: Genuine Parts Company, Regions Financial Corporation (formerly a Director of Alabama Power)

Back to Content

Dale E. Klein
(Independent)
Age: 68

Director since: 2010
Board committees:
Governance, Nuclear/Operations, Business Security Subcommittee (Chair)

Associate Vice Chancellor of Research of the University of Texas System and Associate Director of the Energy Institute at The University of Texas at Austin, and former Commissioner and Chairman, U.S. Nuclear Regulatory Commission

Director highlights: Dr. Klein's expertise in nuclear energy regulation and operations, technology, and safety is valuable to the Board.

- Dr. Klein was Commissioner from 2009 to 2010 and Chairman from 2006 through 2009 of the U.S. Nuclear Regulatory Commission. Dr. Klein also served as Assistant to the Secretary of Defense for Nuclear, Chemical, and Biological Defense Programs from 2001 through 2006.

- Dr. Klein has more than 35 years of experience in the nuclear energy industry.

- Dr. Klein began his career at the University of Texas in 1977 as a professor of mechanical engineering which included a focus on the university's nuclear program. He spent nearly 25 years in various teaching and leadership positions including Director of the nuclear engineering teaching laboratory, Associate Dean for research and administration in the College of Engineering, and Vice Chancellor for special engineering programs.

- He serves on the Audit and Nuclear and Operating Committees of Pinnacle West Capital Corporation, an Arizona energy company, and is a member of the Board of Pinnacle West Capital Corporation's principal subsidiary, Arizona Public Service Company.

William G. Smith, Jr.
(Independent)
Age: 62

Director since: 2006
Board committees: Finance (Chair), Compensation and Management Succession

Chairman of the Board, President, and Chief Executive Officer of Capital City Bank Group, Inc., banking

Director highlights: Mr. Smith's experience in finance, business operations, and risk management is valuable to the Board.

- Mr. Smith began his career at Capital City Bank in 1978, where he worked in a number of positions of increasing responsibility before being elected President and Chief Executive Officer of Capital City Bank Group, Inc. in January 1989. He was elected Chairman of the Board of the Capital City Bank Group, Inc. in 2003. He is also the Chairman and Chief Executive Officer of Capital City Bank.

- He previously served on the Board of Directors of the Federal Reserve Bank of Atlanta.

- He is the former Federal Advisory Council Representative for the Sixth District of the Federal Reserve System and past Chair of Tallahassee Memorial HealthCare and the Tallahassee Area Chamber of Commerce.

Other public company directorships: Pinnacle West Capital Corporation, Arizona Public Service Company

Other public company directorships: Capital City Bank Group, Inc.

Back to Content

Steven R. Specker

(Independent)

Age: 70

Director since: 2010
Board committees: Nuclear/Operations (Chair), Compensation and Management Succession

President and Chief Executive Officer, Electric Power Research Institute (EPRI) (retired)

Director highlights: Dr. Specker's keen understanding of the electric industry and insights in innovation and technology development are valuable to the Board.

• Dr. Specker served as President and Chief Executive Officer of EPRI from 2004 until his retirement in 2010.

• Prior to joining EPRI, Dr. Specker founded Specker Consulting, LLC, a private consulting firm, which provided operational and strategic planning services to technology companies serving the global electric power industry.

• Dr. Specker also served in a number of leadership positions during his 30-year career at General Electric Company (GE), including serving as President of GE's nuclear energy business, President of GE digital energy, and Vice President of global marketing.

• Dr. Specker is also a member of the Board of Trilliant Incorporated, a leading provider of Smart Grid communication solutions, and serves as a member of the Board of Tri Alpha Energy Incorporated.

Other public company directorships: None

Larry D. Thompson
(Lead Independent Director commencing May 2016)
Age: 70

Director since: 2014
(previously served from 2010 to 2012)
Board committees: Finance, Governance

John A. Sibley Professor of Corporate and Business Law, The University of Georgia School of Law, and former Executive Vice President, Government Affairs, General Counsel, and Corporate Secretary, PepsiCo Inc., food and beverage

Director highlights: Mr. Thompson's government experience and corporate governance and legal expertise are valuable to the Board.

• Mr. Thompson has served on the faculty of The University of Georgia School of Law as the John A. Sibley Chair of Corporate and Business Law since 2014.

• From 2012 until his retirement in 2014, Mr. Thompson served as Executive Vice President, Government Affairs, General Counsel, and Corporate Secretary for PepsiCo Inc., one of the world's largest packaged food and beverage companies. From 2004 to 2011, he served as Senior Vice President of Government Affairs, General

Counsel, and Corporate Secretary of PepsiCo Inc. At PepsiCo Inc., Mr. Thompson was responsible for its worldwide legal function, its government affairs organization, and its charitable foundation, where he served on the Board.

- His government career includes serving as Deputy Attorney General in the U.S. Department of Justice and leading the National Security Coordination Council. In 2002, President George W. Bush named Mr. Thompson to head the Department of Justice's Corporate Fraud Task Force.

- Mr. Thompson is an Independent Trustee of various investment companies in the Franklin Templeton group of mutual funds and a Director and a member of the Compensation Committee of Graham Holdings Company (formerly The Washington Post Company).

- He also serves as an Advisory Director of the Georgia Justice Project.

- Mr. Thompson served as a Director of Southern Company from 2010 to 2012 and was a member of the Audit Committee.

Other public company directorships: Franklin, Templeton Series Mutual Funds, Graham Holdings Company (formerly a Director of Cbeyond, Inc.)

Back to Content

E. Jenner Wood III
(Independent)

Age: 64

Director since: 2012

Board committees:
Governance, Nuclear/Operations

Corporate Executive Vice President – Wholesale Banking, SunTrust Banks, Inc., banking

Director highlights: Mr. Wood's leadership experience and extensive background in finance, his involvement in the community, and his significant familiarity with Georgia Power are valuable to the Board.

- Mr. Wood currently serves as Corporate Executive Vice President – Wholesale Banking of SunTrust Banks, Inc., a position he has held since October 2015. Prior to that, he served as Chairman and Chief Executive Officer of the Atlanta Division of SunTrust Bank from 2001 to 2015. He began his career with SunTrust Banks, Inc. in 1975 and has advanced through various management positions including Chairman of the Board, President, and Chief Executive Officer of the Georgia/North Florida Division and Chairman, President, and Chief Executive Officer of SunTrust's Central Group with responsibility over Georgia and Tennessee.

- He served as a member of the Board of Georgia Power from 2002 until May 2012. During his tenure on the Georgia Power Board, he served as a member of the Compensation, Executive, and Finance Committees.

- Mr. Wood is a Director of Oxford Industries, Inc., where he serves as Presiding Director and as a member of the Executive Committee, and a Director of Genuine Parts Company, where he serves on the Audit Committee and the Compensation, Nominating, and Governance Committee.

- He is active in numerous civic and community organizations, serving as the Chairman of the Metro Atlanta Chamber of Commerce and as a Vice Chairman of the Robert W. Woodruff Foundation, the Joseph B. Whitehead Foundation, and the Lettie Pate Evans Foundation. Mr. Wood also serves as a Trustee of the Sartain Lanier Family Foundation, Camp-Younts Foundation, and the Jesse Parker Williams Foundation.

Other public company directorships: Genuine Parts Company, Oxford Industries, Inc. (formerly a Director of Crawford & Company and Georgia Power)

Board of Directors Overview

The Board oversees, counsels, and directs management in the long-term interests of Southern Company and its stockholders.

The Board's major responsibilities include:

- Overseeing the conduct of our business and assessing our business and other enterprise risks;
- Reviewing and approving our key financial objectives, strategic and operating plans, and other significant actions;
- Overseeing our processes for maintaining the integrity of our financial

statements and other public disclosures, and our compliance with law and ethics;

- Evaluating CEO and senior management performance and determining executive compensation;
- Planning for CEO succession and monitoring management's succession planning for other key executive officers; and
- Establishing an effective governance structure, including appropriate Board composition and planning for Board succession.

Board Tenure

Tenure of Independent Directors (Years of consecutive service)

Average Tenure of Independent Directors: **6.4 years**

Board Independence

All Director Nominees are Independent except the CEO

Back to Content

Southern Company Board

DIRECTOR INDEPENDENCE STANDARDS

No Director will be deemed to be independent unless the Board affirmatively determines that the Director has no material relationship with the Company directly or as an officer, stockholder, or partner of an organization that has a relationship with the Company. The Board has adopted categorical guidelines which provide that a Director will not be deemed to be independent if within the preceding three years:

- The Director was employed by the Company or the Director's immediate family member was an executive officer of the Company.
- The Director has received, or the Director's immediate family member has received, during any 12-month period, direct compensation from the Company of more than $120,000, other than Director and committee fees. (Compensation received by an immediate family member for service as a non-executive employee of the Company need not be considered.)
- The Director was affiliated with or employed by, or the Director's immediate family member was affiliated with or employed in a professional capacity by, a present or former external auditor of the Company and personally worked on the Company's audit.
- The Director was employed, or the Director's immediate family member was employed, as an executive officer of a company where any member of the Company's present executive officers at the same time served on that company's compensation committee.
- The Director is a current employee, or the Director's immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any year, exceeds the greater of $1,000,000 or two percent of that company's consolidated gross revenues.
- The Director or the Director's spouse serves as an executive officer of a charitable organization to which the Company made discretionary contributions which, in any year, exceeds the greater of $1,000,000 or two percent of the organization's consolidated gross revenues.

DIRECTOR INDEPENDENCE REVIEW PROCESS

At least annually, the Board receives a report on all commercial, consulting, legal, accounting, charitable, or other business relationships that a Director or the Director's immediate family members have with the Company. This report includes all ordinary course transactions with entities with which the Directors are associated.

The Board determined that the Company and its subsidiaries followed our procurement policies and procedures, that the amounts reported were well under the thresholds contained in the Director independence requirements, and that no Director had a direct or indirect material interest in the transactions included in the report.

The Board reviewed all contributions made by the Company and its subsidiaries to charitable organizations with which the Directors are associated. The Board determined that the contributions were consistent with

other contributions by the Company and its subsidiaries to charitable organizations and none were approved outside the Company's normal procedures.

In determining Director independence, the Board considers transactions, if any, identified in the report discussed above that affect Director independence, including any transactions in which the amounts reported were above the threshold contained in the Director independence requirements and in which a Director had a direct or indirect material interest. No such transactions were identified and, as a result, no such transactions were considered by the Board. The Board also considered that, in the ordinary course of the Southern Company system's business, electricity is provided to some Directors and entities with which the Directors are associated on the same terms and conditions as provided to other customers of the Southern Company system.

As a result of its review process, the Board affirmatively determined that 14 of our 15 Directors are independent.

Juanita Powell Baranco	Veronica M. Hagen	John D. Johns	Larry D. Thompson
Jon A. Boscia	Warren A. Hood, Jr.	Dale E. Klein	E. Jenner Wood III
Henry A. Clark III	Linda P. Hudson	William G. Smith, Jr.	
David J. Grain	Donald M. James	Steven R. Specker	

Thomas A. Fanning, Chairman of the Board, President, and Chief Executive Officer of the Company, is our employee and is not independent.

Back to Content

IDENTIFYING NOMINEES FOR ELECTION TO THE BOARD

The Governance Committee, comprised entirely of independent Directors, is responsible for identifying, evaluating, and recommending nominees for election to the Board. Final selection of the nominees for election to the Board is within the sole discretion of the Board.

The Board believes that, as a whole, it should have collective knowledge and experience in accounting, finance, leadership, business operations, risk management, corporate governance, and our industry and service territories.

The Governance Committee only considers candidates with the highest degree of integrity and ethical standards. The Governance Committee evaluates a candidate's independence from management, ability to provide sound and informed judgment, history of achievement reflecting superior standards, willingness to commit sufficient time, financial literacy, number of other Board memberships, genuine interest in the Company, and a recognition that, as a member of the Board, one is accountable to the stockholders of the Company, not to any particular interest group.

The Governance Committee also seeks to identify candidates with the capacity to bring relevant experience, relationships, and perspectives regarding the service territories of our traditional operating companies, which are in the Southeastern United States. We benefit from the experience of Directors who have previously served on the Boards of our traditional operating companies. These operating company Boards provide an opportunity for Director candidates to cultivate significant relevant experience with our business.

The Governance Committee solicits recommendations for candidates for consideration from its current Directors and is authorized to engage third-party advisers to assist in the identification and evaluation of candidates for consideration.

Qualifications, Attributes, Skills, and Experience of the Board as a Whole

CEO or senior executive leadership experience

Diversity of race, ethnicity, gender, age, cultural background, or professional experience

Electric utility or nuclear operations experience

Engineering, innovation, or technology experience

Federal, state, or local government or regulatory experience

Financial, banking, or investment experience

Knowledge of the traditional operating companies

Risk oversight or risk management experience

Diversity of our Board

While our Corporate Governance Guidelines do not prescribe diversity standards, the Guidelines mandate that the Board as a whole should be diverse. Our Board also believes that diversity is important, as a variety of points of view contributes to a more effective decision-making process.

The Governance Committee annually evaluates the expertise and needs of the Board to determine the proper membership and size. As part of this evaluation, the Governance Committee considers aspects of diversity, such as diversity of race, gender, and ethnicity. Currently, the Board includes three women and three ethnic minorities, representing 33% of our Board. The Governance Committee also considers diversity of age, education, industry,

business background, and experience in the selection of candidates to serve on the Board.

The Governance Committee assesses the effectiveness of its efforts at pursuing diversity through its periodic evaluation of the Board's composition.

Board Diversity

Stockholder Recommendation of Board Candidates

Any stockholder may make recommendations for candidates for consideration by the Governance Committee by sending a written statement describing the candidate's qualifications, relevant biographical information, and signed consent to serve. These materials should be submitted in writing to our Corporate Secretary

and received by December 9, 2016 for consideration by the Governance Committee as a nominee for election at the 2017 annual meeting. A stockholder recommendation is reviewed in the same manner as candidates identified by the Governance Committee or recommended to the Governance Committee.

Back to Content

MAJORITY VOTING FOR DIRECTORS AND DIRECTOR RESIGNATION POLICY

Since 2010, we have had a majority vote standard for Director elections, which requires that a nominee for Director in an uncontested election receive a majority of the votes cast at a stockholder meeting in order to be elected to the Board. The Board believes that the majority vote standard in uncontested Director elections strengthens the Director nomination process and enhances Director accountability.

The Board believes this standard for uncontested elections is a more equitable standard than a plurality vote standard. A plurality vote standard guarantees the election of a Director in an uncontested election; however, a majority vote standard means that nominees

in uncontested elections are only elected if a majority of the votes cast are voted in their favor.

We also have a Director resignation policy, which requires any nominee for election as a Director to submit an irrevocable letter of resignation as a condition to being named as such nominee, which would be tendered in the event that nominee fails to receive the affirmative vote of a majority of the votes cast in an uncontested election at a meeting of stockholders. Such resignation would be considered by the Board, and the Board would be required to either accept or reject such resignation within 90 days from the certification of the election results.

BOARD RISK OVERSIGHT

The Board and its committees have both general and specific risk oversight responsibilities. The Board has broad responsibility to provide oversight of significant risks we face primarily through direct engagement with our management and through delegation of ongoing risk oversight responsibilities to the committees. The charters of the committees and the checklist of agenda items for each committee define the areas of risk for which each committee is responsible for providing ongoing oversight.

Each committee annually provides ongoing oversight for each of our most significant risks designated to it, reports to the Board on their oversight activities, and elevates review of risk issues to the Board as appropriate.

For each committee, the Chief Executive Officer of the Company has designated a member of executive management as the primary responsible officer for providing information and updates related to the significant risks. These officers ensure that all significant risks identified in the risk profile we develop are reviewed with the Board and/or the appropriate committee(s) at least annually.

In addition to oversight of its designated risks, the Audit Committee is responsible for reviewing the

adequacy of the risk oversight process and for reviewing documentation that appropriate risk management and oversight are occurring. In order to fulfill this duty, a report is made to the Audit Committee at least annually. This report documents which significant risk reviews have occurred and the committee(s) reviewing such risks. In addition, an overview is provided at least annually of the risk assessment and profile process conducted by Company management. At least annually, the Board and the Audit Committee review our risk profile to ensure that oversight of each risk is properly designated to an appropriate committee or the full Board. Additionally, the Audit Committee receives regular updates from Internal Auditing, as needed, and quarterly updates as part of the disclosure controls process.

We believe that our leadership structure supports the risk oversight function of the Board. While we have a combined role of Chairman and Chief Executive Officer, an independent Director chairs each committee responsible for providing ongoing oversight of key risk areas. There is regular, open communication between management and the Directors. All Directors are actively involved in the risk oversight function.

COMMUNICATING WITH THE BOARD

We encourage stockholders or interested parties to communicate directly with the Company’s Board, the independent Directors, or the individual Directors, including the Lead Independent Director.

- Communications may be sent to the Board as a whole, to the independent Directors, or to specified Directors, including the Lead Independent Director, by regular mail or electronic mail.
- Regular mail should be sent to the attention of Melissa K. Caen, Corporate Secretary, Southern Company, 30 Ivan Allen Jr. Boulevard NW, Atlanta, Georgia 30308.
- Electronic mail should be directed to *CORPGOV@southerncompany.com*. The electronic mail address also can be accessed from the Corporate Governance webpage located under Information for Investors/Corporate Governance on our website at www.southerncompany.com, under the link entitled Governance Inquiries.

With the exception of commercial solicitations, all communications directed to the Board or to specified Directors will be relayed to them.

Back to Content

BOARD STRUCTURE AND PROCESSES

Board Leadership Structure

The Board believes that its current leadership structure, which has a combined role of Chairman and Chief Executive Officer counterbalanced by a strong independent Board led by a Lead Independent Director, and with independent Directors chairing each of the Board committees, is most suitable for us at this time and is in the best interest of stockholders because it provides the optimal balance between independent oversight of management and unified leadership.

- The combined role of Chairman and Chief Executive Officer is held by Tom Fanning who is the Director most familiar with our business and industry, including the regulatory structure and other industry-specific matters, as well as being most capable of effectively identifying strategic priorities and leading discussion and execution of strategy.

- Independent Directors and management have different perspectives and roles in strategy development. The Chief Executive Officer brings Company-specific experience and expertise, while our independent Directors bring experience, oversight, and expertise from outside the Company and its industry.

- The Board believes that the combined role of Chairman and Chief Executive Officer promotes the development and execution of our strategy and facilitates the flow of information between management and the Board, which is essential to effective corporate governance.

Lead Independent Director

The Lead Independent Director is elected every two years by the independent Directors of the Board. Veronica Hagen's term as our Lead Independent Director will continue until the annual meeting. Larry Thompson has been elected by the independent Directors to serve as Lead Independent Director from May 25, 2016 until the 2018 annual meeting.

Veronica M. Hagen Larry D. Thompson

The Lead Independent Director has the following powers and responsibilities:

- Approving the agenda and schedule for Board meetings and information sent to the Board;
- Calling and chairing executive sessions of the non-management Directors;
- Chairing Board meetings in the absence of the Chairman;
- Meeting regularly with the Chairman;
- Acting as the principal liaison between the Chairman and the non-management Directors (although every Director has direct and complete access to the Chairman at any time);
- Serving as the primary contact Director for stockholders and other interested parties; and
- Communicating any sensitive issues to the Directors.

Meetings of Non-Management Directors

Non-management Directors meet in executive session without any members of the Company's management present on each regularly-scheduled Board meeting date. These executive sessions promote an open discussion of

matters in a manner that is independent of the Chairman and Chief Executive Officer. The Lead Independent Director chairs each of these executive sessions.

Board Refreshment

The Governance Committee regularly considers the long-term make up of our Board and how the members of our Board will change over time, including frequent consideration of potential Board candidates. The Board aims to strike a balance between the knowledge that comes from longer-term service on the Board with the new experience, ideas, and energy that can come from adding Directors to the Board. In the last five years, we

have added seven independent Directors to our Board and have had two Directors retire.

We believe the average tenure for our independent Directors of approximately 6.4 years reflects the balance the Board seeks between different perspectives brought by long-serving Directors and new Directors.

Board and Committee Self-Evaluation Process

Our Board has a robust annual self-evaluation process. The charter of each committee of the Board requires an annual performance evaluation, which is overseen by the chair of each committee. The Governance Committee oversees the annual self-assessment process on behalf of the Board.

All Board members and all members of each committee are provided a list of discussion topics in advance of the evaluation. The Board or committee, as applicable, engages in thorough discussion addressing each topic. Any matters requiring follow-up are addressed by the Chair of the Governance Committee or the applicable committee Chair.

Management Succession Planning and Talent Development

Management succession planning and talent development are imperative at all levels within our organization to achieve business results. The Compensation and Management Succession Committee regularly discusses with management the CEO succession plan, which includes both a long-term plan and an emergency plan, and the succession plans for key positions at the senior officer level across the Company. The succession plans are reviewed with the full Board at least annually. The Board also evaluates succession plans in the context

of our overall business strategy and with a focus on risk mitigation.

Potential leaders are exposed and visible to Board members through formal presentations and informal events. More broadly, the Compensation and Management Succession Committee is regularly updated on key talent indicators for the overall workforce, including diversity, recruiting, and development programs.

OTHER GOVERNANCE POLICIES AND PRACTICES

Certain Relationships and Related Transactions

We have not entered into any related person transactions that meet the requirements for disclosure in this proxy statement.

We have a robust system for identifying potential related person transactions.

- Our Audit Committee is responsible for overseeing our Code of Ethics, which includes policies relating to conflicts of interest. The Code of Ethics requires that all of our employees and Directors avoid conflicts of interest, defined as situations where the person's private interests conflict, or even appear to conflict, with the interests of the Company as a whole.
- We have a Contract Manual and other formal written procurement policies and procedures that guide the purchase of goods and services, including requiring competitive bids for most transactions above $10,000 or approval based on documented business needs for sole sourcing arrangements.
- At least annually, each Director and executive officer completes a detailed questionnaire that asks about any business relationship that may give rise to a conflict of interest and all transactions in which the Company is involved and in which the executive officer, a Director, or a related person has a direct or indirect material interest.
- We also conduct a review of our financial systems to identify potential conflicts of interest and related person transactions.

The approval and ratification of any related person transactions would be subject to these written policies and procedures which include a determination of the need for the goods and services; preparation and evaluation of requests for proposals by supply chain management; the writing of contracts; controls and guidance regarding the evaluation of the proposals; and negotiation of contract terms and conditions. As appropriate, these contracts are also reviewed by individuals in the legal, accounting, and/or risk management/services departments prior to being approved by the responsible individual. The responsible individual will vary depending on the department requiring the goods and services, the dollar amount of the contract, and the appropriate individual within that department who has the authority to approve a contract of the applicable dollar amount.

We do not have a written policy pertaining solely to the approval or ratification of related person transactions.

Jenner Wood, a Director since 2012, is Corporate Executive Vice President – Wholesale Banking of SunTrust Banks, Inc. During 2015, we continued our long-standing relationship with SunTrust and used the bank's services in the ordinary course of business. Our relationship with SunTrust has existed for more than 20 years. The payments made and received by the Company and SunTrust represented an immaterial amount and percentage of the Company's and SunTrust's revenues in 2015. We believe that the relationship during 2015 was non-preferential and that Mr. Wood did not personally participate in or benefit from this relationship.

In the ordinary course of the Southern Company system's business, electricity is provided to some Directors and entities with which the Directors are associated on

the same terms and conditions as provided to other customers of the Southern Company system.

Stockholder Engagement

We place great importance on consistent dialogue with all of our stakeholders, including customers, employees, and stockholders. We regularly engage in discussions with, and provide comprehensive information for, constituents interested in the Southern Company system's citizenship, stewardship, and environmental compliance.

As part of these efforts, we began a more systematic approach to investor outreach in 2014 and involved members of our senior management. We are receptive to stakeholder concerns, and we are committed to transparency and proactive interactions with our investors.

Our management team participates in numerous investor meetings each year to discuss our business, our strategy, and our financial results. These meetings include in-person, telephone, and webcast conferences.

Members of our management team also participate in investor meetings that focus on key governance, compensation, and environmental topics. Since 2011, we have held environmental stakeholder forums, webinars, calls, and meetings covering a range of topics – including regulatory and policy issues, system risk and planning related to renewables, energy efficiency, and greenhouse gas matters.

During the last six months, our management team contacted institutions holding approximately 25% of our Common Stock, including every institutional investor that held at least 0.5% of our Common Stock, and offered to engage with the investor to discuss topics

including corporate governance, executive compensation programs, and environmental practices.

Based on the telephone and in-person meetings with investors that desired to engage with us, along with our ongoing evaluation of best practices, we have made a number of recent governance and disclosure decisions and enhancements, including:

- Enhancing the alignment of pay for performance by shifting away from stock options and granting the equity incentive compensation in the form of 100% performance shares tied to meeting financial performance goals and TSR over a three-year performance period.
- Adding disclosure in the proxy statement about Board refreshment, our Board and committee self-evaluation process, and management succession planning and talent development.
- Updating the presentation of our proxy statement, including the Compensation Discussion and Analysis (CD&A), to enhance readability and understanding by our stockholders.
- Adopting a no pledging policy applicable to our Directors and executive officers.
- Proposing a proxy access right for our stockholders in the By-Laws.
- Proposing the elimination of certain supermajority provisions in the Certificate of Incorporation.

Political Contributions Policy

We believe that we have a responsibility to customers and stockholders to participate in the political process and, where appropriate, to make expenditures in connection with elections for public office and in connection with non-candidate state and local ballot initiatives such as referendums and constitutional amendments.

The Company and its subsidiaries comply with all laws governing the making of political contributions or expenditures, including independent expenditures and using corporate funds in connection with elections for public office. All political contributions or independent expenditures must be approved in advance by the Chief Executive Officer, the senior External Affairs Officer, and the General Counsel (if applicable) of the Southern Company entity making the disbursement.

The Board reviews the Company's political contributions and its policies and procedures regarding political contributions. Any corporate political contributions or independent expenditures made by the Company and its subsidiaries in connection with elections for public office, as well as any payments made by the Company and its subsidiaries to other organizations that are designated for their use in making political contributions or independent expenditures, are reviewed at least annually with the Board. Any corporate contributions to ballot initiative campaign committees also are reviewed annually with the Board. Contributions or expenditures made by the Company are then disclosed on the Company's website.

Back to Content

Our Responsibility

The Southern Company system is committed to developing the full portfolio of generation resources – natural gas, 21st century coal, nuclear, and renewables such as wind and solar – together with an emphasis on energy efficiency, while designing and deploying advanced technologies to provide clean, safe, reliable, and affordable energy to the customers and communities we serve. An industry leader in robust, proprietary research and development, we have managed approximately $2 billion in research and development investments since the 1960s, leading to the creation of new, innovative technologies that are improving the way America produces and uses electricity.

Our greatest asset in this effort is our employees. Our entire workforce is engaged in cultivating and leveraging this inventive mindset. And Southern Company is collaborating with forward-looking companies and seeking partnerships with the brightest minds, leading universities, and cutting-edge research organizations.

We continually strive to reduce the environmental impact of our operations, help customers use energy more

wisely, and conserve natural resources. The Southern Company system has reduced sulfur dioxide and nitrogen oxides emissions nearly 80 percent since 1990 and mercury emissions by more than 70 percent since 2005, while electricity generation has increased. Through 2015, the Southern Company system has also invested approximately $11.4 billion to put environmental control technologies to work for customers.

We are active members of the communities we serve. As evidence of this commitment, employees consistently give more than 200,000 hours of volunteer community service annually and help lead economic development efforts.

To learn more about the Company's corporate responsibility efforts, please view our Corporate Responsibility Report by visiting *http://www.southerncompany.com/what-doing/corporate-responsibility/home.cshtml,* and our environmental reports by visiting *www.southerncompany.com/what-doing/environmental-reports.cshtml.*

Corporate Governance Website

In addition to our Corporate Governance Guidelines (which include Board independence criteria), other information relating to our corporate governance is available on our website at *www.southerncompany.com* under Information for Investors/Corporate Governance.

- Board of Directors — Background and Experience
- Composition of Board Committees
- Board Committee Charters
- Link for on-line communication with Board of Directors
- Management Council — Background and Experience
- Executive Stock Ownership Requirements
- Code of Ethics
- By-Laws
- SEC filings
- Political Spending and Lobbying-Related Activities
- Anti-Hedging and Anti-Pledging Provision

These documents also may be obtained by requesting a copy from Melissa K. Caen, Corporate Secretary, Southern Company, 30 Ivan Allen Jr. Boulevard NW, Atlanta, Georgia 30308.

investor.southerncompany.com

Back to Content

Committees of the Board

Charters for each of the five standing committees can be found at our website *www.southerncompany.com* under Information for Investors/Corporate Governance.

AUDIT COMMITTEE

Jon A. Boscia Chair	Juanita Powell Baranco	Warren A. Hood, Jr.	John D. Johns(1)

Meetings in 2015: 10

The Audit Committee's duties and responsibilities include the following:

- Oversee the Company's financial reporting, audit process, internal controls, and legal, regulatory, and ethical compliance.
- Appoint the Company's independent registered public accounting firm, approve its services and fees, and establish and review the scope and timing of its audits.
- Review and discuss the Company's financial statements with management, the internal auditors, and the independent registered public accounting firm, including critical accounting policies and practices, material alternative financial treatments within generally accepted accounting principles, proposed adjustments, control recommendations, significant management judgments and accounting estimates, new accounting policies, changes in accounting principles, any disagreements with management, and other material written communications between the internal auditors and/or the independent registered public accounting firm and management.
- Recommend the filing of the Company's and its registrant subsidiaries' annual financial statements with the SEC.

The Board has determined that all members of the Audit Committee are independent as defined by the New York Stock Exchange (NYSE) corporate governance rules within its listing standards and rules of the SEC promulgated pursuant to the Sarbanes-Oxley Act of 2002.

The Board has determined that all members of the Audit Committee are financially literate under NYSE corporate governance rules and that each of Jon A. Boscia and John D. Johns qualify as an audit committee financial expert as defined by the SEC.

(1) Mr. Johns was appointed a member of the Audit Committee effective March 1, 2015.

Back to Content

COMPENSATION AND MANAGEMENT SUCCESSION COMMITTEE

Henry A. Clark III Chair	David J. Grain	Veronica M. Hagen	William G. Smith, Jr.	Steven R. Specker

Meetings in 2015: 7

The Compensation Committee's duties and responsibilities include the following:

- Evaluate the performance of the CEO at least annually, review the evaluation with the independent Directors of the Board, and approve the compensation level of the CEO for ratification by the independent Directors of the Board based on this evaluation.
- Oversee the evaluation of the other executive officers and review and approve the compensation level of the other executive officers.
- Annually review a tally sheet of all components of the executive officers' compensation.
- Review and approve compensation plans and programs, including performance-based compensation, equity-based compensation programs, and perquisites.
- Review CEO and other management succession plans with the CEO and the full Board, including succession of the CEO in the event of an emergency.
- Review risks and associated risk management activities related to workforce issues.
- Review the assessment of risk associated with employee compensation policies and practices, particularly performance-based compensation, as they relate to risk management practices and/or risk taking incentives.
- Review and discuss with management the CD&A.

The Board has determined that all members of the Compensation Committee are independent as defined by the NYSE corporate governance rules within its listing standards.

The Compensation Committee engaged Pay Governance LLC (Pay Governance) to provide an independent assessment of the current executive compensation program and any management-recommended changes to that program and to work with management to ensure that the executive compensation program is designed and administered consistent with the Compensation Committee's requirements. Pay Governance also advises the Compensation Committee on executive compensation and related corporate governance trends.

Pay Governance is engaged solely by the Compensation Committee and does not provide any services directly to management unless authorized to do so by the Compensation Committee. The Compensation Committee reviewed Pay Governance's independence and determined that Pay Governance is independent and the engagement did not present any conflicts of interest. Pay Governance also determined that it was independent from management, which was confirmed in a written statement delivered to the Compensation Committee.

Back to Content

FINANCE COMMITTEE

William G. Smith, Jr. Chair	Henry A. Clark III	David J. Grain	Donald M. James	Larry D. Thompson(1)

Meetings in 2015: 7

The Finance Committee's duties and responsibilities include the following:

- Review the Company's financial matters and recommend actions such as dividend philosophy and financial plan approval to the Board.
- Provide input to the Compensation Committee regarding the Company's financial plan and associated financial goals.

The Board has determined that each member of the Finance Committee is independent.

(1) Mr. Thompson was appointed a member of the Finance Committee effective May 27, 2015.

GOVERNANCE COMMITTEE

Donald M. James Chair	Linda P. Hudson	Dale E. Klein	E. Jenner Wood III	Larry D. Thompson(1)

Meetings in 2015: 6

The Governance Committee’s duties and responsibilities include the following:

- Recommend Board size and membership criteria and identify, evaluate, and recommend Director candidates.
- Oversee and make recommendations regarding the composition of the Board and its committees.
- Review and make recommendations regarding total compensation for non-employee Directors.
- Periodically review and recommend updates to the Corporate Governance Guidelines and Board committee charters.
- Coordinate the performance evaluations of the Board and its committees.
- Review stock ownership of non-employee Directors annually to ensure compliance with the Company’s Director stock ownership guidelines.

The Board has determined that each member of the Governance Committee is independent.

(1) Mr. Thompson was appointed a member of the Governance Committee effective May 27, 2015.

Back to Content

NUCLEAR/OPERATIONS COMMITTEE

Steven R. Specker Chair	Veronica M. Hagen	Linda P. Hudson	Dale E. Klein	E. Jenner Wood III

Meetings in 2015: 5

The Nuclear/Operations Committee's duties and responsibilities include the following:

- Oversee information, activities, and events relative to significant operations of the Southern Company system including nuclear and other power generation facilities, transmission and distribution, fuel, and information technology initiatives.
- Oversee the Southern Company system's management of significant construction projects.
- Provide input to the Compensation Committee on the Southern Company system's key operational goals and metrics.

The Board has determined that each member of the Nuclear/Operations Committee is independent.

Business Security Subcommittee

In 2014, the Board established a Business Security Subcommittee of the Nuclear/Operations Committee, comprised of Dale E. Klein (Chair) and Linda P. Hudson. The subcommittee held five meetings in 2015.

The Business Security Subcommittee's responsibilities include the following:

- Oversee management’s efforts to establish and continuously improve enterprise-wide security policies, programs, standards, and controls.
- Oversee management’s efforts to monitor significant security events and operational and compliance activities.

Meetings and Attendance

The Board met nine times in 2015. Average Director attendance at all applicable Board and committee meetings in 2015 was 95%. No nominee attended less than 75% of applicable meetings.

All Director nominees are expected to attend the annual meeting of stockholders. All the members of the Board serving on May 27, 2015 attended the annual meeting in 2015.

Back to Content

Director Compensation

Only non-employee Directors of the Company are compensated for service on the Board. Effective August 2015, the pay components for non-employee Directors were:

Annual cash retainers	
Cash retainer	$110,000
Additional cash retainer if serving as a chair of a committee of the Board	$20,000
Additional cash retainer if serving as the Lead Independent Director of the Board	$30,000
Additional cash retainer if serving on the Business Security Subcommittee of the Nuclear/Operations Committee	$12,500
Annual equity grant	
In deferred Common Stock units until Board membership ends	$140,000
Meeting fees	
Meeting fees are not paid for participation in a meeting of the Board	–
Meeting fees are not paid for participation in a meeting of a committee or subcommittee of the Board	_

DIRECTOR DEFERRED COMPENSATION PLAN

The annual equity grant is required to be deferred in shares of Common Stock under the Deferred Compensation Plan for Outside Directors of The Southern Company, as amended and restated effective January 1, 2008 (Director Deferred Compensation Plan), and invested in Common Stock units which earn dividends as if invested in Common Stock. Earnings are reinvested in additional stock units. Upon leaving the Board, distributions are made in Common Stock or cash.

In addition, Directors may elect to defer up to 100% of their remaining compensation in the Director Deferred Compensation Plan until membership on the Board ends. Such deferred compensation may be invested as follows, at the Director's election:

- in Common Stock units which earn dividends as if invested in Common Stock and are distributed in shares of Common Stock or cash upon leaving the Board; or
- at the prime interest rate which is paid in cash upon leaving the Board.

All investments and earnings in the Director Deferred Compensation Plan are fully vested and, at the election of the Director, may be distributed in a lump-sum payment, or in up to 10 annual distributions after leaving the Board. We have established a grantor trust that primarily holds Common Stock that funds the Common Stock units that are distributed in shares of Common Stock. Directors have voting rights in the shares held in the trust attributable to these units.

DIRECTOR STOCK OWNERSHIP GUIDELINES

Under our Corporate Governance Guidelines, non-employee Directors are required to beneficially own, within five years of their initial election to the Board, Common Stock equal to at least five times the annual cash retainer. Also, as described above, the annual equity grant for non-employee Directors is required to be deferred until Board membership ends.

All non-employee Directors either meet the stock ownership guideline or are expected to meet the guideline within the allowed timeframe.

Back to Content

DIRECTOR COMPENSATION TABLE

The following table reports all compensation to the non-employee Directors during 2015, including amounts deferred in the Director Deferred Compensation Plan.

Name	Fees Earned or Paid in Cash **($)[1]**	Stock Awards **($)[2]**	All Other Compensation **($)[3]**	Total ($)
Juanita Powell Baranco	104,168	128,334	1,765	234,267
Jon A. Boscia	124,168	128,334	1,456	253,958
Henry A. Clark III	124,168	128,334	1,686	254,188
David J. Grain	104,168	128,334	803	233,305
Veronica M. Hagen	128,334	128,334	2,091	258,759
Warren A. Hood, Jr.	104,168	128,334	1,574	234,076
Linda P. Hudson	117,474	128,334	1,141	246,949
Donald M. James	124,168	128,334	1,574	254,076
John D. Johns	93,453	108,334	987	202,774
Dale E. Klein	117,474	128,334	1,282	247,090
William G. Smith, Jr.	124,168	128,334	1,282	253,784
Steven R. Specker	124,168	128,334	1,545	254,047
Larry D. Thompson	104,168	128,334	1,639	234,141
E. Jenner Wood III	104,168	128,334	1,639	234,141

(1) Includes amounts voluntarily deferred in the Director Deferred Compensation Plan.
(2) Represents the grant date fair market value of deferred Common Stock units.
(3) No non-employee Director of the Company received perquisites in an amount above the reporting threshold. The amount reported represents tax reimbursements for taxes on imputed income associated with gifts and activities provided to attendees at Company-sponsored events.

Back to Content

Governance Related Company Proposals

Item 2

APPROVE A BY-LAW AMENDMENT TO PERMIT PROXY ACCESS

The Board has determined that it is in the best interest of the Company and its stockholders to seek stockholder approval of an amendment to the Company's By-Laws to implement "proxy access." Proxy access, as further described below, allows eligible stockholders to include their nominees for election to the Board in the Company's proxy materials along with the candidates nominated by the Board.

The Board recommends a vote FOR approval of a

By-Law amendment to permit proxy access.

BACKGROUND

The proposed adoption of proxy access is the result of the Board's ongoing review of our corporate governance policies, including consideration of a stockholder proposal on this topic that did not pass at the 2015 annual meeting and a similar proposal that was withdrawn after the proponent reviewed the terms of this proposal, recent corporate governance trends, and our ongoing discussions with our large institutional stockholders.

The Board believes that the implementation of proxy access in the manner set forth in this proposal will provide meaningful rights to our stockholders while promoting responsible use of these rights by stockholders. This proposal demonstrates the Board's continuing commitment to strong corporate governance policies and practices that the Board believes are consistent with its goal of creating long-term, sustainable value for our stockholders.

AMENDMENT

The proposed amendment is contained in a new Section 47 of the By-Laws. The following description of the amendment is qualified in its entirety by the text of the proposed amendment, which is included as Appendix A to this proxy statement.

Stockholder Eligibility to Nominate Directors

Any stockholder or group of up to 20 stockholders who has maintained continuous qualifying ownership of at least 3% of the Company's outstanding shares of capital stock entitled to vote generally in the election of Directors for at least three years could include a specified number of Director nominees (referred to as stockholder nominees below) in the Company's proxy materials for its annual meeting of stockholders, subject to the conditions described below.

Calculation of Qualifying Ownership

- To align the interests of stockholders seeking to include Director nominees in the Company's proxy materials with those of other stockholders, for these purposes a nominating stockholder would be deemed to own only shares for which it possesses both full voting and investment rights and full economic interest.
- A nominating stockholder's ownership of shares will be deemed to continue if the shares are loaned, provided that it has the power to recall the loaned shares on five business days' notice and recalls the loaned shares within five business days of being notified that its stockholder nominee will be included in the Company's proxy materials.

Back to Content

Number of Stockholder Nominees

- The maximum number of stockholder nominees that the Company would be required to include in its proxy materials would equal the greater of 2 nominees or 20% (rounded down) of the number of Directors in office as of the deadline for nominations under the proposed amendment.
- The nominee limit will be reduced by (1) any stockholder nominee whom the Board nominates, (2) any Director nominees that will be included in the Company's proxy materials pursuant to an agreement between the Company and a stockholder or group of stockholders, and
(3) any Board nominees who were previously elected as stockholder nominees at any of the preceding two annual meetings.
- Each nominating stockholder must rank its proposed nominees. If the number of stockholder nominees exceeds the nominee limit, the highest ranking nominee proposed by each nominating stockholder, beginning with the nominating stockholder with the largest stock ownership and proceeding in descending order, would be selected for inclusion in the proxy materials until the maximum nominee limit is reached.

Nominating Procedure

In order to provide adequate time to assess stockholder nominees, requests to include stockholder nominees in the Company's proxy materials must generally be received by the close of business no earlier than 150 days

and no later than 120 days prior to the first anniversary of the date the definitive proxy statement was first sent to stockholders in connection with the preceding year's annual meeting of stockholders.

Information Requirements

Each stockholder seeking to include a stockholder nominee in the Company's proxy materials would be required to provide certain information, representations, and undertakings to the Company regarding the nominating stockholder (including all members of the group) and each stockholder nominee.

Each stockholder nominee requested to be included in the Company's proxy materials would be required to provide certain written representations to the Company, including agreeing that, if elected as a Director, the stockholder nominee will comply with all of the Company's corporate governance, conflict of interest, confidentiality, stock ownership and trading policies and guidelines, and other Company policies and guidelines applicable to Directors.

Other Requirements

The Company would not be required to include a stockholder nominee in the Company's proxy materials if, among other things:

- The nominating stockholder or the stockholder nominee breaches any of its respective agreements, representations, or warranties, any of the information provided in connection with the nomination was not true, correct, and complete, or the nominating stockholder or the stockholder nominee otherwise fails to comply with its obligations under the proposed Section 47;
- The stockholder nominee is not independent under applicable Director independence standards;
- The stockholder nominee is or has been an officer or Director of a competitor within the past three years, is a named subject of a pending criminal proceeding or has been convicted in a criminal proceeding within the past 10 years, or is subject to any order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended;
- The Company receives notice (whether or not subsequently withdrawn) that a stockholder of record intends to nominate a candidate for election to the Board other than pursuant to the Section 47 proxy access provisions; or
- The election of the stockholder nominee would cause the Company to violate the Certificate of Incorporation, the By-Laws, or any applicable law, rule, regulation, or listing standard.

Re-Nomination of Stockholder Nominees

Any stockholder nominee who is included in the Company's proxy materials but subsequently withdraws from or becomes ineligible or unavailable for election at the annual meeting, or does not receive at least 20%

of the votes cast in favor of his or her election, would be ineligible for nomination for the following two annual meetings.

Back to Content

Supporting Statement

Nominating stockholders would be permitted to include in the proxy statement a written statement of up to 500 words in support of their nominee(s). The Company may

omit any information or statement that it, in good faith, believes is untrue in any material respect or would violate any applicable law, rule, regulation, or listing standard.

VOTE REQUIRED TO PASS

The affirmative vote of a majority of the shares represented in person or by proxy and entitled to vote at the annual meeting is required for Item 2 to pass.

For the reasons discussed in Item 5 on page 39, the Company's By-Laws require that this By-Law amendment be approved by stockholders.

If the proposed amendment described in this Item 2 is approved by stockholders, the amendment will become effective immediately and will be available for use beginning with the Company's next annual meeting of stockholders.

The Board recommends a vote FOR approval of a By-Law amendment to permit proxy access.

Item 3

APPROVE AN AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO REDUCE THE SUPERMAJORITY

VOTE REQUIREMENTS TO A MAJORITY VOTE

The Board has determined that it is in the best interest of the Company and its stockholders to reduce the current two-thirds supermajority vote requirements in Article Eleventh of the Certificate to a majority vote.

The Board recommends a vote FOR approval of an amendment to the Certificate to reduce the supermajority vote requirements to a majority vote.

BACKGROUND

Article Eleventh of our Certificate currently requires the affirmative vote of the holders of at least two-thirds of our issued and outstanding Common Stock in order to:

- Authorize or create any class of stock preferred as to dividends or assets over the Common Stock or reclassify the Common Stock or change the issued shares of Common Stock into the same or a greater or less number of shares of Common Stock either with or without par value or reduce the par value of the Common Stock (collectively, Stock Changes); and
- Amend, alter, change, or repeal subdivision (2) of Article Ninth (with respect to working capital determinations), Article Twelfth (with respect to preemptive rights), Article Eleventh (with respect to Stock Changes and amendments to the Certificate), or any provision contained in the Certificate or in any amendment thereto which provides for the vote of the holders of at least two-thirds of the issued and outstanding Common Stock.

The proposed amendment is the result of the Board's ongoing review of the Company's corporate governance principles, including consideration of a stockholder proposal on this topic.

Supermajority vote requirements like the ones contained in this article of the Certificate are intended to facilitate corporate governance stability and provide protection against self-interested action by large stockholders by requiring broad stockholder consensus to make certain fundamental changes. However, while such protections can be beneficial to stockholders, as corporate governance standards have evolved, many stockholders and commentators now view these provisions as limiting the Board’s accountability to stockholders and the ability of stockholders to effectively participate in corporate governance.

Back to Content

After considering the arguments in favor of and against these existing supermajority vote requirements, the Board voted to propose and declare advisable, and to recommend to stockholders that they approve, an amendment to Article Eleventh of the Certificate to reduce the two-thirds

supermajority vote requirement to a majority vote requirement to (1) effect any Stock Changes and (2) amend, alter, change, or repeal certain provisions of the Certificate.

AMENDMENT

The proposed amendment to Article Eleventh of the Certificate includes the following:

- Replace the two-thirds supermajority vote requirement with a requirement that the affirmative vote of a majority of the issued and outstanding shares of Common Stock is required to approve any Stock Change; and
- Remove the two-thirds supermajority vote requirement necessary to amend, alter, change, or repeal certain provisions of the Certificate, as more fully described above, so that all amendments, alteration, changes, or repeals of the Certificate require the affirmative vote of a

majority of the issued and outstanding shares of the capital stock of the Company, which is the default voting standard for such actions under Delaware law.

The text of the proposed amendment to Article Eleventh of the Certificate, marked to show changes from the current Article Eleventh, is included as Appendix B to this proxy statement.

If the proposal is approved, it will become effective upon filing of a Certificate of Amendment with the Secretary of State of the State of Delaware, which we would make promptly after the annual meeting.

VOTE REQUIRED TO PASS

The affirmative vote of at least two-thirds of the issued and outstanding shares of Common Stock is required for Item 3 to pass.

The Board recommends a vote FOR approval of an amendment to the Certificate to reduce the supermajority vote requirements to a majority vote.

Item 4

APPROVE AN AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO ELIMINATE THE "FAIR PRICE" ANTI-TAKEOVER PROVISION

The Board has determined that it is in the best interest of the Company and its stockholders to eliminate the "fair price" anti-takeover provision, which is Article Thirteenth of the Certificate.

The Board recommends a vote FOR approval of an amendment to the Certificate to eliminate the "fair price" anti-takeover provision.

BACKGROUND

Article Thirteenth, known as the "fair price" provision, requires that certain minimum price and procedural requirements, intended for the protection of the Company and its stockholders as a whole, be observed by any person or group (Interested Stockholder) which acquires more than five percent of the issued and outstanding shares of capital stock of the Company having voting power (Voting Stock) and then seeks to accomplish a merger or other business combination or transaction which would eliminate or could significantly change the interests of the remaining stockholders (Business Combination), unless approved by a majority of disinterested Directors.

Back to Content

Article Thirteenth provides that the affirmative vote of the holders of at least (1) 75% of the issued and outstanding Voting Stock, voting together as a single class, and (2) a majority of the issued and outstanding Voting Stock beneficially owned by persons other than the Interested Stockholder, voting together as a single class, is required in order to:

- Approve a Business Combination with an Interested Stockholder if the minimum price and procedural requirements specified in Article Thirteenth are not followed; and
- Amend, alter, change, repeal, or adopt any provision inconsistent with Article Thirteenth of the Certificate of Incorporation, unless approved by a majority of disinterested Directors.

The fair price provision was designed to deter an acquiring party from using two-tier pricing or similar inequitable tactics in an attempt to take over the Company and help assure fair treatment of all stockholders in the event of a takeover attempt. In this type of takeover, a potential acquirer commences a tender offer for the shares needed to gain control of a company and then effects a transaction with the company to obtain the remaining shares at a lower price or for less favorable consideration. This creates pressure on stockholders to accept the initial tender offer even if they believe the price is inadequate. The fair price provision was not designed to prevent a takeover but instead to encourage a potential acquirer to negotiate with

the Board to ensure all stockholders receive adequate consideration for their shares.

The Board understands that eliminating supermajority voting provisions is considered by many commentators and stockholders to be a best practice in corporate governance. In addition, the Board notes that Section 203 of the Delaware General Corporation Law provides similar protections against the type of transactions the fair price provision was designed to defend against and that a separate fair price provision in the Certificate is unnecessary.

The Board is committed to implementing and maintaining effective corporate governance policies and practices which ensure that we are governed with high standards of ethics, integrity, and accountability and in the best interest of our stockholders.

After considering stockholder input, including a stockholder proposal, and the arguments in favor of and against maintaining the fair price provision in the Certificate, the Board has determined that it is appropriate to eliminate the fair price provision by deleting Article Thirteenth in its entirety from the Certificate.

As a result, the Board voted to propose and declare advisable, and to recommend to stockholders that they approve, an amendment to the Certificate to eliminate Article Thirteenth in its entirety from the Certificate.

AMENDMENT

The text of the current Article Thirteenth of the Certificate that we propose to eliminate from the Certificate is included as Appendix C to this proxy statement.

If the proposed amendment to eliminate the fair price provision is approved, it will become effective upon filing of a Certificate of Amendment with the Secretary of State of the State of Delaware, which we would make promptly after the annual meeting.

VOTE REQUIRED TO PASS

The affirmative vote of a majority of the issued and outstanding shares of Common Stock is required for Item 4 to pass.

The Board recommends a vote FOR approval of an amendment to the Certificate to eliminate the "fair price" anti-takeover provision.

Back to Content

Item 5

APPROVE A BY-LAW AMENDMENT TO PERMIT THE BOARD TO MAKE CERTAIN FUTURE AMENDMENTS TO THE BY-LAWS WITHOUT STOCKHOLDER RATIFICATION

The Board has determined that it is in the best interest of the Company and its stockholders to seek stockholder approval of an amendment to the By-Laws to permit the Board to adopt certain By-Law amendments without stockholder ratification.

The Board recommends a vote FOR approval of a By-Law amendment to permit the Board to make certain future amendments to the By-Laws without stockholder

ratification.

BACKGROUND

Currently, Section 46 of the By-Laws provides that any alteration, amendment, or repeal of any provision of the By-Laws by the Board will cease to be effective unless submitted to and ratified or approved by stockholders at the next annual or special meeting of stockholders. Section 46 of the By-Laws also prohibits the Board from amending By-Law provisions regarding quorum requirements (contained in Section 5), indemnification of Directors (contained in Section 44), or By-Law amendment procedures (contained in Section 46).

The proposed amendment to Section 46 of the By-Laws would remove the requirement that the Board obtain stockholder ratification of certain By-Law amendments approved by the Board. It also would prohibit the Board from amending certain provisions of the By-Laws as described in more detail below.

This description of the By-Law amendment is qualified in its entirety by the text of proposed amendment to Section 46 of the By-Laws, which is included as Appendix D to this proxy statement.

For the reasons set forth below, the Board believes that the proposed amendment to Section 46 of the By-Laws is appropriate.

- **Requiring stockholders to ratify all By-Law amendments approved by the Board is not in line with current practices at other publicly–traded companies.**

  - In general, the authority of a board to amend the by-laws is standard among public companies as it allows the board to efficiently implement and adopt corporate policies and procedures as changing circumstances may necessitate, and to respond quickly to corporate governance or other matters affecting company business,

    without incurring the expense and delay of soliciting proxies and votes from the stockholders and holding a meeting of stockholders.

  - Nearly all of our peer public companies permit amendment of their by-laws by their board of directors.

- **Requiring stockholders to ratify all By-Law amendments approved by the Board is burdensome, unnecessary, and an inefficient use of Company resources.**

  - The existing By-Law ratification requirement presented challenges to us in 2013 when, based on market trends of companies in the S&P 500, the Board determined our mandatory retirement age for non-employee Directors should be increased and removed from the By-laws and set forth only in our Corporate Governance Guidelines. We had to incur the time and expense to bring that change to the stockholders to be ratified.

- The existing By-Law ratification requirement presented challenges to us this year. As described in Item 2, the Board believes that the By-Laws should be amended to provide a proxy access right to stockholders. We have had to incur the time and expense to bring that change to the stockholders to be approved at this annual meeting.

- **The Board believes that the proposed By-Law amendment includes appropriate limits that will continue to protect stockholder rights.**

- The By-Law amendment does not divest or limit stockholders' power to adopt, amend, or repeal the By-Laws.

- The By-Laws will continue to prohibit the Board from amending certain sections of the By-Laws regarding quorum requirements, indemnification of Directors, or the By-Law amendment procedures.

Back to Content

- The By-Law amendment further restricts the Board’s By-Law amendment authority by (1) not allowing it to amend the 10% threshold required to call a special meeting of the stockholders (contained in Section 9) and (2) allowing stockholders to “opt out” of this right by providing that the Board will not have the power to alter, amend, or repeal any By-Law adopted by the stockholders which by its terms may be altered, amended, or repealed only by the stockholders.

The Board has no current plans to amend the By-Laws as a result of the proposed amendment (other than as proposed in Item 2 of this proxy statement). However, if this proposal is approved, the Board may consider By-Law amendments in the future to the extent the Board believes the amendments are in the best interest of the Company and its stockholders.

AMENDMENT

The text of the proposed amendment to Section 46, marked to show changes against the current Section 46 of the By-Laws, is included as Appendix D to this proxy statement.

If the proposed amendment is approved by the Company’s stockholders, the amendment will become effective immediately.

VOTE REQUIRED TO PASS

The affirmative vote of a majority of the shares represented in person or by proxy and entitled to vote at the annual meeting is required for Item 5 to pass.

The Board recommends a vote FOR approval of a By-Law amendment to permit the Board to make certain future amendments to the By-Laws without subsequent stockholder ratification.

Back to Content

Compensation Discussion and Analysis

Letter from the Compensation and Management Succession Committee

Dear Southern Company Stockholder,

2015 was a successful year for Southern Company with strong financial and operational performance. We continue to provide clean, safe, reliable, and affordable energy to millions of customers and maintain a sustainable business with long-term value for our stockholders.

- Our adjusted EPS for 2015 was just above the top of the guidance range we established at the beginning of the year.
- We increased our dividend by 7 cents per share, effective as of the second quarter of 2015.
- Alabama Power, Georgia Power, Gulf Power, Mississippi Power, and Southern Company continued to achieve the top five rankings on the Customer Value Benchmark Survey, a nationally recognized survey.
- We announced an agreement to acquire AGL Resources to better position the Company to provide natural gas infrastructure to meet customers' growing energy needs.
- Southern Power announced the acquisition of 14 renewable facilities, expanding Southern Power's total renewable energy portfolio to over 1,800 megawatts, including capacity announced, acquired, or under construction at the end of 2015.
- We made significant progress with construction at Georgia Power's Plant Vogtle Units 3 and 4 and Mississippi Power's Kemper County energy facility. The combined cycle portion of the Kemper facility is already in service using natural gas and has been providing safe, reliable electricity for customers since August 2014.

What you will find in this CD&A

This CD&A describes what we pay, why we pay it, and how we made our pay decisions for 2015. It also demonstrates how our executive pay program reflects our compensation philosophy, including the importance of linking performance and compensation.

We target the total direct compensation for our executives at market median and place a significant portion of that target compensation "at risk" – subject to achieving both short-term and long-term performance goals. In fact, only the base salary portion of executive compensation is fixed.

Chief Executive Officer[1] **Other Named Executive Officers**[1]

(1) Annual cash incentive award reflects the target value for 2015 under our Performance Pay Program based on achievement of performance goals. Long-term equity incentive award reflects the target value of the performance shares granted in 2015 under our Performance Share Program.

What we changed in 2015

In early 2015, we made some changes to our compensation program that followed from our focus on continuously refining our executive compensation program to more effectively align executive pay with performance and reflect best compensation practices.

Back to Content

The changes were also consistent with what we heard from investors as part of our ongoing stockholder outreach efforts.

- For our long-term equity incentive program, we moved away from granting stock options, which had comprised 40% of the target value of the long-term program in previous years. As of 2015, 100% of the long-term equity incentive program is granted in the form of performance shares that are earned based solely on achievement of pre-established performance goals over a three-year performance period.
- We also expanded the performance goals for the performance shares to include a cumulative three-year EPS goal (25% weighting) and an equity-weighted ROE goal (25% weighting), while retaining a relative TSR performance goal (50% weighting). Further, both the EPS and ROE goals are subject to a threshold goal based on our credit ratings. If our credit ratings fall below a certain level, then no payout can be earned for the portion allocated to the EPS and ROE goals.
- For our annual cash incentive program, we added individual performance goals for executive officers to drive individual performance that we believe will lead to long-term success for the Company.

Our customer-centered focus guides our compensation program

The customer is at the center of everything we do at Southern Company, and this business model serves as our guiding principle. Our goal is to sustain long-term financial and operational success and create long-term value for our stockholders by keeping customers first and providing them with outstanding customer service and clean, safe, reliable, and affordable electric service.

Our compensation program is designed to link pay and performance to align our executive officers with both stockholder and customer interests and remain competitive with our industry peers. We also believe in the importance of retaining our employees over the long term and promoting the health and well-being of our workforce. With these key compensation beliefs in mind, we design programs to attract, engage, competitively compensate, and retain our employees.

We strive to be good stewards on behalf of our stakeholders

As members of the Compensation Committee for Southern Company, we take our responsibilities and your input very seriously. An important part of our responsibility to stockholders and customers, as well as to employees and the communities in which Southern Company serves, involves the establishment and administration of the Southern Company executive compensation program and the oversight of management succession planning. We strive to be good stewards of the resources and duties you have entrusted to us. Executive compensation and management succession planning are our top priorities.

We are proud to serve all of Southern Company's stakeholders. We thank you for your continued support as we look toward a bright future for Southern Company.

REPORT OF THE COMPENSATION COMMITTEE

We met with management to review and discuss the CD&A. Based on that review and discussion, we recommended to the Board that the CD&A be included in this proxy statement.

Henry A. Clark III Chair	David J. Grain	Veronica M. Hagen	William G. Smith, Jr.	Steven R. Specker

Back to Content

Executive Summary

Key 2015 Financial Results

- Reported adjusted* EPS of $2.89, which represented an increase of 4.5% year over year
- Each of Alabama Power, Georgia Power, Gulf Power, Mississippi Power, and Southern Power exceeded its net income goal set under our annual incentive compensation program

Our Dividend

- We returned $2.0 billion to stockholders through dividends in 2015
- Our dividend increased for the 14th consecutive year
- We have paid dividends to our stockholders every quarter since 1948
- Dividend yield as of year end 2015 was 4.6%

Key 2015 Operational Results

- One of our best years ever for employee safety
- Achieved top 5 positions in customer satisfaction results
- Industry leading generation availability performance
- Nuclear operations continued to perform among industry leaders
- Continued to deliver excellent transmission and distribution reliability, despite challenges from storm activity during the year

Development of our People

- We believe in developing our employees and place value on gaining knowledge, skills, and experience throughout the Southern Company system
- Average tenure across the Southern Company system is 17 years, and we have one of the lowest turnover rates in our industry
- We continue to hire for the future; of our new hires in 2015, 13% were military veterans, guardsmen, or reservists
- To develop our future leaders and ensure a broad range of experience, we rotate employees across the system and through different functions
- Diversity continues to be a priority for our Company and diversity representation improved across our leadership in 2015

Kemper County Energy Facility Update

- Combined cycle performed well in 2015 running on natural gas, providing one-third of Mississippi Power's customers' energy needs for the year
- While we continued to face challenges during 2015 in start-up and commissioning activities, we are transitioning to operational testing in 2016

Plant Vogtle Update

- Current in-service dates are estimated to be 2019 for Unit 3 and 2020 for Unit 4
- Settlement of construction litigation resolved pending disputes, reaffirmed the schedule, and added additional contractual protections
- Expected to generate more electricity than any other U.S. nuclear facility once completed

AGL Resources Acquisition Highlights

- The combined company, once the acquisition is completed:
  - 11 electric and gas utility operating companies with more than 31,000 total employees
  - Approximately 9 million utility customers, and more than 1 million retail customers
  - Nearly 200,000 miles of power lines and more than 80,000 miles of natural gas pipelines
- Benefits of the transaction
  - Creates a platform from which we expect to compete for growth more broadly across energy value chain
  - Strengthens reliability and improves current and future energy infrastructure development
  - Preserves our ability to invest in additional value-accretive projects

*For a description of how we calculate adjusted financial measures, see page 105.

investor.southerncompany.com

Back to Content

Company Accolades

- 2010-2016 Fortune magazine list of World's Most Admired Electric and Gas Utilities
- 40 Best Companies for Diversity – BlackEnterprise magazine
- Top 100 Military-Friendly Employer – GI Jobs magazine – Top-ranked utility for the 9th consecutive year
- Top 10 Companies for Veterans – DiversityInc – Top-ranked energy company
- Two R&D Magazine "R&D 100 Awards" related to the innovative carbon capture technology at Alabama Power's Plant Barry, including a special recognition for corporate social responsibility

Key Compensation Program Changes

How and why did we change our long-term equity incentive pay program for 2015?

- We changed the mix of long-term performance-based pay in 2015 by moving away from granting stock options, which had comprised 40% of the long-term program, and shifting the long-term equity incentive program to 100% performance shares that are earned based solely on achievement of pre-established performance goals over a three-year performance period.
- We also expanded the performance goals to include a cumulative three-year EPS goal (25% weighting) and an equity-weighted ROE goal (25% weighting), while retaining a relative TSR performance goal (50% weighting).
  - EPS supports our commitment to provide stockholders superior, risk-adjusted returns. Continuing to grow EPS is a factor in growing our dividend and TSR.
  - Equity-weighted ROE focuses on our efficiency at generating profits across our operating companies.
  - The addition of these two new performance measures reinforces our pay-for-performance philosophy as it is even more closely tied to measures that our executives can impact over a long-term performance cycle.
- We retained relative TSR as one of our performance measures. Keeping relative TSR at a 50% weighting for 2015 (as compared to a 60% weighting for the overall long-term program in 2014) ensures continued strong linkage to our stock price and alignment with investors while recognizing that market volatility can be the result of market cycles that are outside of management's control.
- We believe the move to 100% performance shares and the move away from stock options demonstrate responsible use of equity.
  - Because our historical stock price volatility is low, our beta, a measure of stock price volatility, is low. This has resulted in a low option value that translated into relatively larger stock option grants necessary to achieve targeted values. Eliminating stock options reduces the potential for dilution from large grants.

How and why did we change our annual cash incentive pay program for 2015?

- We added individual performance goals for executive officers to our annual cash incentive program to drive individual performance that we believe will lead to long-term success for our Company.
  - For the CEO and the CFO of Southern Company, individual performance goals represent 30% of annual compensation goals, and for the other NEOs they represent 10% of annual compensation goals.
- We believe this gives the Compensation Committee the ability to balance quantitative results with qualitative inputs by focusing on behavioral aspects of leadership that lead to sustainable long-term growth.

- The Compensation Committee has set individual goals that address, among other things, leadership development, succession planning, and fostering the culture and diversity of the organization.

How have we enhanced our compensation governance practices?

- In early 2016, we adopted a policy prohibiting the pledging of Southern Company stock by Southern Company executive officers and Directors, none of whom has pledged any of our stock.

What We Do

On average, 81% of NEO target pay is "at-risk" based on achievement of performance goals
Performance shares subject to achievement of three-year TSR, EPS, and ROE goals
Clawback provision for performance-based pay
Independent compensation consultant
Policy against hedging and pledging
Strong stock ownership requirements
Annual pay risk assessment
Severance payouts require double-trigger of change in control and termination of employment
Annual review of tally sheets
Ongoing stockholder engagement
Dividends on awards received only if underlying award is earned

What We Don't Do

No tax gross ups for NEOs (except on certain relocation-related expenses)
NEOs receive limited ongoing perquisites that make up a small portion of total compensation
No employment agreements with our executives
No stock option repricing without stockholder approval
No excise tax gross-ups on change-in-control severance arrangements

Back to Content

2015 BUSINESS OVERVIEW

With more than 4.5 million customers and approximately 44,000 megawatts of generating capacity, we are the premier energy company serving the Southeast through our subsidiaries. We own electric utilities in four states and a growing competitive generation company as well as fiber optics and wireless communications.

Our 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, we are developing the full portfolio of generation resources – natural gas, 21st

century coal, nuclear, and renewables such as wind and solar – together with an emphasis on energy efficiency, and are working to create new products and services for the benefit of customers.

One of our strategic priorities is to excel at the fundamentals, and nothing is more fundamental to our business than customer service. Keeping customers first, along with industry-leading reliability and prices below the national average, has enabled us to sustain operational and financial success in 2015 and create long-term value for our stockholders.

Customer Service

In 2015, we continued to outrank the average utility score for residential customer satisfaction on the American Customer Service Satisfaction Index, and our operating companies were ranked among the best in the nation by the J.D. Power and Associates Customer Satisfaction Study. For the 17th consecutive year, Southern Company and its four traditional operating companies ranked in the

top quartile in the Customer Value Benchmark Survey, our annual peer comparison of U.S. electric utilities based on residential, general business, and large business customer value scores. We also earned the Edison Electric Institute's National Key Accounts Customer Service Award for the 12th time.

Operational Performance

Our continuous investment in new technology, maintenance, and upgrades enables us to provide a high level of reliability to the customers and communities we are privileged to serve. We are able to achieve our customer satisfaction success by continuing to focus on the fundamentals and delivering clean, safe, reliable, and affordable energy to our customers.

The generation fleet and nuclear operations provided industry leading performance, which ensures that affordable energy is available to meet demand when it is needed the most. Peak season equivalent forced outage rate (Peak Season EFOR) is an indicator of fossil/hydro plant availability and efficient generation fleet operations during the months when generation needs are greatest. The rate is calculated by dividing the number of hours of forced outages by total generation hours. Our fossil/hydro Peak Season EFOR performance and our performance on nuclear operations goals for 2015 were above target.

Transmission and distribution system reliability performance is measured by the frequency and duration of outages. For 2015, the performance targets for transmission and distribution reliability were set to be significantly higher than in the prior year. Our reliability results for 2015 were not as high as the challenging new targets, primarily due to the level of storm activity in the service area for the year.

Our continued focus on safety resulted in one of our best years in 2015, with very few recordable incidents. We also performed well on our culture goals, which are focused on developing a diverse workforce, engaging our employees in health and wellness initiatives, and developing diverse suppliers for each of our business units.

Major Projects (Plant Vogtle Units 3 and 4 and Kemper IGCC)

At Plant Vogtle, Georgia Power and the other project co-owners have contracted to build the first nuclear reactors in the U.S. in more than three decades, and 2015 brought significant developments to the project. In January 2015, Georgia Power received a revised forecast for completion from the contractors that reflected an 18-month delay from the previous estimated in-service dates. The first reactor, Unit 3, is expected to be in service by June 2019, and the second, Unit 4, is scheduled to open the following year.

In December 2015, Georgia Power and the other project co-owners reached an agreement with the

project's contractors, Westinghouse and CB&I, on pending litigation. The agreement settled all claims that were in litigation with the contractors, reaffirmed the in-service dates, added additional contractual protections, and positioned Westinghouse and its affiliates as the primary contractor over the project.

Construction on the site is progressing well, with major milestones completed in 2015 including the placement of the 1,140-ton CA01 module for Unit 3, the 950-ton lower ring for Unit 4, and more than 26,000 total cubic yards of concrete.

investor.southerncompany.com

Back to Content

2015 also saw several major milestones for the Kemper County integrated coal gasification combined cycle (IGCC) energy facility. Permanent retail rates associated with the in-service assets were approved by the Mississippi Public Service Commission in December 2015. During 2015, the combined cycle was running reliably and dispatching regularly using natural gas. The facility provided one-third of Mississippi Power's customers' energy needs for the year.

As a result of the challenges in ongoing start-up and commissioning activities, in 2015 Mississippi Power increased the total estimated cost to complete the plant to $6.6 billion from the $6.2 billion cost estimated at the end of 2014 due to evaluations of the construction, commissioning, and start-up schedule for the facility.

Financial Performance

2015 was an outstanding year for us, as we continued the strong performance by our franchise operations. We had strong financial performance from our wholesale subsidiary, Southern Power, and our traditional operating companies, with our reported adjusted* EPS results just above our EPS guidance range for the year. In addition, our dividend increased again in 2015 for the 14th consecutive year.

Adjusted* EPS Dividends

*For a description of how we calculate adjusted financial measures, see page 105.

Total Shareholder Return

We have created long-term value for our stockholders, reflected in our outperformance against the S&P 500 and the Philadelphia Utilities Index over the long term. While our stock price has not performed as well over the past few years as it has over the long term, we did increase

our dividend again in 2015. Our dividend policy shapes our approach to risk, which is reflected in the fact that Southern Company was one of the least volatile stocks in the Philadelphia Utility Index in 2015.

Total Shareholder Return

2015 PAY FOR PERFORMANCE

The compensation earned by our NEOs for 2015 demonstrates our commitment to pay for performance.

We demonstrated strong financial performance for the year. Financial measures tied to compensation performance goals included EPS for Southern Company and net income for Southern Company and our various business units.

Financial Goals and Achievement

* For a description of how we calculate adjusted financial measures, see page 105. For a description of how the Compensation Committee adjusted EPS for compensation goal achievement purposes, see page 54.

** In determining Mississippi Power's net income for compensation goal achievement purposes, the Compensation Committee excluded the impact of charges related to the Kemper IGCC and termination of an asset purchase agreement for a portion of the Kemper IGCC.

We also demonstrated strong operational performance for the year. Operational measures included customer satisfaction, safety, major projects, culture, reliability, availability, and nuclear plant operations.

Operational Goal Achievement

Back to Content

Annual Cash Incentive Plan – 2015 Performance Pay Program

Our Performance Pay Program rewards annual financial and operational performance as well as individual NEO performance. We had strong financial and operational performance for 2015, exceeding our overall targets for the year. The Compensation Committee also believed the

2015 individual performance contributions by our NEOs were strong. Accordingly, payouts for all participants in the program, including the NEOs, were above target. For the NEOs, payouts ranged from 141% to 160% of target.

Long-Term Equity Incentive Plan – 2013-2015 Performance Share Program

In 2013, 60% of the target value of our long-term equity incentive plan was granted in the form of performance shares under our Performance Share Program. For the three-year performance period of 2013 through 2015, performance shares could be earned based on a relative TSR performance goal. Our three-year TSR performance

relative to the peer groups selected by the Compensation Committee was below target, reflecting certain long-term operational challenges we have been facing. All participants in the program, including the NEOs, earned performance share awards at 28% of target.

Long-Term Equity Incentive Plan – 2013 Stock Option Awards

In 2013, 40% of the target value of our long-term equity incentive plan was granted in the form of stock options. The 2013 stock option grants had an exercise price of $44.06 per share and vested one-third each year. Our closing stock price on December 31, 2015 was $46.79.

Comparison of Target and Actual Value for our CEO

Payout under the annual 2015 Performance Pay Program for our CEO was above target. Payout under the Performance Share Program portion of the long-term equity incentive plan for the 2013-2015 performance period was below target. The December 31, 2015 value of the stock option granted in 2013 as a portion of the long-term equity incentive plan was slightly below the grant date fair value of the stock option. We calculate the value for stock options by subtracting the exercise price of the options granted in 2013 from our closing stock price on December 31, 2015 and multiplying by the number of options.

Back to Content

Our Executive Compensation Philosophy

Key Compensation Beliefs	**How Beliefs are Applied**
Linking pay to performance efficiently and economically aligns employee, customer, and stockholder interests	Performance Pay Program and Performance Share Program payouts are earned based on achievement of performance goals designed to enhance long-term stockholder value
Long-term value is created through retaining employees	Performance Share Program has a three-year performance period, long-term career development is a priority, and long-term post-employment stability is provided through our 401(k) plan and our pension plan
Compensation and benefits program competitiveness is critical	We target total direct compensation at the median of our market peers and provide benefits that are necessary to compete in our industry
Health and well-being of our workforce improves productivity	We provide comprehensive health and welfare benefits along with a 401(k) plan and a pension plan to our employees

LINKING PAY TO PERFORMANCE

Our executive compensation program consists of three key elements.

Fixed		**At Risk-Subject to Achievement of Performance Goals**		
Base Salary	+	Annual Cash Incentive Award (Performance Pay Program)	+	Long-Term Equity Incentive Award (Performance Share Program)

We target the total direct compensation for our executives at market median of a peer group of publicly-traded utility companies that we describe later in this CD&A. For our CEO, fixed compensation represented only 12% of his 2015 total direct compensation, while 88% was variable and at risk based on achievement of Company and individual performance goals. For our other NEOs, fixed compensation represented on average 25% of their 2015 total direct compensation, while 75% was variable and at risk.

In determining the mix of the three key elements, we emphasize at risk pay that ties to performance and is designed to align the interests of our employees with both our stockholders and customers. The only element that is fixed is base salary. Both the annual cash incentive award and the long-term equity incentive award are earned solely on the basis of achievement of performance goals.

The Compensation Committee, working with its independent consultant, annually reviews the mix of key compensation components to assess the effectiveness

of our executive compensation program, with the goal of providing appropriate levels of fixed and at-risk performance-based pay in alignment with our short-term and long-term business strategies. Based on this assessment, the Compensation Committee established the total target compensation opportunity in early 2015 for each of the NEOs, with a strong emphasis on at-risk compensation. At-risk compensation directly affects the ultimate payout each NEO receives with Company and individual performance and links the pay of each NEO to both short-term and long-term stockholder and customer interests.

The Compensation Committee believes that placing a significant portion of executive compensation at risk – earned only upon achievement of performance goals – drives our executives to achieve higher levels of performance, customer satisfaction, and productivity. Performance directly impacts the at risk portion of the NEOs' compensation – above target achievement of performance goals translates to above target pay, while below target achievement of performance goals translates to below target pay.

Back to Content

LONG-TERM RETENTION OF EMPLOYEES

We gain superior organizational performance through attracting talent for the long term and placing value on the knowledge, skills, and experience gained through longevity. Overall, our NEOs have an average tenure of 25 years of service to Southern Company. Tom Fanning, Art Beattie, and Paul Bowers each have over 34 years of service to Southern Company.

We have one of the lowest turnover rates in our industry (5.4% in 2015), with an average employee tenure of 17 years. Achieving low levels of turnover lessens the impact of decreased productivity, lost knowledge and

skills, and overall costs associated with recruiting and training new employees.

We focus on talent development at all levels within our organization to ensure the long-term retention of employees. As part of our talent development, we initiate movement of key talent across business units and through different positions. We believe this leads to a deep bench of talent that is important to management succession planning. Many of our members of senior management have spent their entire career with our Company.

COMPETITIVE COMPENSATION PROGRAMS

We continuously evaluate our compensation and benefits programs to ensure they are market competitive to attract, engage, and retain employees. The Compensation Committee works closely with Pay Governance, its independent consultant, the Company’s Human Resources staff, and the CEO to establish our compensation programs.

Total target compensation levels for senior management as a whole, including the NEOs, are designed to be at the median of the market for companies of similar size in the electric utility industry. In assisting the Compensation Committee to establish the peer group, Pay Governance utilizes the Towers Watson Energy Services Survey, focusing on regulated utilities with revenues above $6 billion.

HEALTH AND WELL-BEING OF OUR WORKFORCE

A healthy workforce sustains employee commitment and top performance, which positively affects productivity and customer satisfaction. Our Company's success depends on healthy, engaged, and productive employees.

We offer competitive comprehensive insurance benefits to our workforce and incentives to improve the health

and well-being of all employees and their families. We also invest in the quality health and wellness programs that help employees make thoughtful, informed healthcare decisions. We believe this will result in a stronger Company and a better quality of life for employees and their families.

NAMED EXECUTIVE OFFICERS FOR 2015

This CD&A focuses on the compensation for our CEO and CFO as well as our three other most highly compensated executive officers serving at the end of the year. Collectively, these officers are referred to as the NEOs.

Name	**Title**
Tom Fanning	Chairman of the Board, President, and Chief Executive Officer of the Company (CEO)
Art Beattie	Executive Vice President and Chief Financial Officer of the Company (CFO)
Paul Bowers	Executive Vice President of the Company and Chairman, President, and Chief Executive Officer of Georgia Power (Georgia Power CEO)
Mark Crosswhite	Executive Vice President of the Company and Chairman, President, and Chief Executive Officer of Alabama Power (Alabama Power CEO)
Kim Greene	Executive Vice President and Chief Operating Officer of the Company (COO)

Back to Content

Our Executive Compensation Program

OVERVIEW OF KEY COMPENSATION COMPONENTS

	Element	Vehicle	Purpose	Objectives	Changes in 2015
Fixed					
	Base Salary	Cash	• Provide a fixed amount of compensation for service to attract and retain the right talent	• Reward scope of responsibility, experience, and individual performance	None
At Risk					
	Performance Pay Program (Annual)	Cash	• Annual performance pay, dependent on Company and business unit financial and operational performance and, for the executive officers, individual performance	• Promote strong short-term business results by rewarding value drivers, without creating an incentive to take excessive risk • Serve as key compensation vehicle for rewarding annual results and differentiating performance each year	• Added individual performance goals for executive officers, weighted at 30% for the CEO and CFO and 10% for the other NEOs
	Performance Share Program (Long-Term)	Performance shares	• Award values are granted based on market competitiveness • Performance shares are earned after a three-year performance cycle • Performance shares paid in shares of Common Stock upon vesting based on relative TSR, EPS, and ROE	• Motivate and reward executives for outperforming utility peers and achieving financial goals over a long-term period • Reward long-term value creation by providing a significant stake in the long-term financial success of the Company that is aligned with stockholders • Promote long-term retention	• Moved away from stock options grants as part of the long-term award • Granted 100% of long-term award in performance shares • Added two new performance goals (EPS and ROE) while maintaining relative TSR performance goal

Benefits					
	Employee Savings Plan	401(k) match	• Provide a retirement benefit in which the employee can actively participate	• Allow all employees to contribute a percentage of their annual salary and receive a matching contribution to build towards retirement	None
	Pension	Annuity	• Provide a retirement benefit that encourages retention for the totality of the employee's career	• Encourage career employment as the pension value grows with additional years of service • All employees participate	None

Back to Content

BASE SALARY

Name	March 1, 2014 Base Salary	March 1, 2015 Base Salary
Tom Fanning	$1,200,000	$1,250,000
Art Beattie	$673,498	$700,438
Paul Bowers	$787,338	$814,895
Mark Crosswhite	$600,000	$641,609
Kim Greene	$650,000	$666,250

- Tom Fanning recommends base salary adjustments for each of the other executive officers for the Compensation Committee's review and approval. The recommendations take into account competitive market data provided by Pay Governance, as well as the need to retain an experienced team, internal equity, time in position, recent base salary adjustments, and individual performance. Individual performance includes, among other things, the individuals' relative contributions to the achievement of financial and operational goals in prior years.
- The Compensation Committee determines Tom Fanning's base salary based on its comprehensive review of his individual performance and taking into account competitive market data provided by Pay Governance.
- Base salaries are effective as of March 1 each year.

ANNUAL CASH INCENTIVE AWARD – PERFORMANCE PAY PROGRAM

2015 Performance Pay Program (PPP) Highlights

- Changes in 2015
  - Added individual performance goals for executive officers to drive individual performance designed to lead to long-term success for our Company
- 2015 PPP Payout: Exceeded target performance
  - CEO payout at 160% of target
  - Average of the other NEOs payout at 144% of target
- Rewards achievement of annual performance goals; performance results can range from 0 to 200% of target, based on actual level of goal achievement
  - EPS: Earned at 151% of target
  - Net Income: For our NEOs, earned at ranges from 138% to 150% of target
  - Operations: Exceeded target performance
  - Individual Performance: Exceeded target performance

Our Performance Pay Program is a broad-based annual cash incentive award program designed to reward annual financial and operational performance. For the executive officers, the program also rewards individual performance designed to drive long-term strategy by encouraging behaviors over the year that the Compensation Committee believes will create long-term stockholder value.

The target award amount is determined as a percentage of base salary, with the percentage varying by pay grade. The actual amount earned is based on Company, business unit, and, for the executive officers, individual performance relative to the goals set by the Compensation Committee.

Name	Target 2015 PPP Opportunity (% of salary)	Target 2015 PPP Opportunity ($)	Total Performance Factor	Actual 2015 PPP Payout ($)
Tom Fanning	125%	1,562,500	160%	2,499,125
Art Beattie	75%	525,328	141%	741,398
Paul Bowers	75%	611,171	149%	910,865
Mark Crosswhite	75%	481,207	145%	698,899
Kim Greene	70%	466,375	141%	659,099

Establishing the Performance Goals and Weighting

- The Compensation Committee sets goals for all participants at the beginning of each year.
- As part of its goal-setting process, the Compensation Committee reviews previous goals and performance along with input from the Finance Committee on the EPS and net income goals and the Nuclear/Operations Committee on the operational goals to align the annual goals with expected Company performance.

Back to Content

Category	Key Performance Measures	Description	Purpose/Objective	Applicability
Financial	EPS	The Company's net income from ongoing business activities divided by average shares outstanding during the year For 2015, threshold was set at \$2.68, target at \$2.82, and maximum at \$2.96	Supports commitment to provide stockholders solid, risk-adjusted returns and to support and grow the dividend	All employees
	Business Unit Net Income	For the traditional operating companies and Southern Power: net income after dividends on preferred and preference stock Overall corporate performance determined by the equity-weighted average of the business unit net income goal payouts	Supports delivery of stockholder value and contributes to the Company's sound financial policies and stable credit ratings	All employees, based on business unit, except CEO and CFO
Operational	Customer Satisfaction	Surveys evaluate performance for each traditional operating company and provide a ranking for each customer segment (residential, commercial, and industrial)	Performance of all goals affects customer satisfaction	All employees, based on business unit
	Safety	Focuses the entire Company on continuous improvement in striving for a safe work environment	A safe work environment across all work locations is essential for the protection of employees, customers, and communities	All employees, based on business unit
	Major Projects (Plant Vogtle Units 3 and 4; Kemper IGCC)	A combination of objective and subjective measures is considered in assessing the degree of achievement by separate executive review committees for each project	Strategic projects enable the Southern Company system to expand its capacity to provide clean, safe, reliable, and affordable energy to customers across the region Long-term projects are accomplished through	Certain employees, based on business unit, including CEO, CFO, Georgia Power CEO, and COO

	For major projects, annual goals are established that are designed to achieve long-term project completion and with a focus on validating technology and providing clean, reliable operation Final assessments are approved by either the CEO or COO and confirmed by the Nuclear/Operations Committee	achievement of annual goals over the life cycle of the project	
Culture	Seeks to improve the inclusive workplace, including measures for diversity and employee satisfaction	Company culture supports workforce development efforts and helps assure diversity of suppliers	All employees, based on business unit
Reliability	Measures transmission and distribution system reliability by frequency and duration of outages	Reliability delivering power is essential to operations	All employees, based on business unit
Availability	Measures peak season equivalent forced outage rate and indicates efficient operation of generation fleet during high-demand periods	Availability of sufficient power during peak season fulfills the obligation to serve and provide customers with power while effectively managing generation resources	All employees, based on business unit
Nuclear Plant Operations	Measures nuclear safety, reliability, and availability of the nuclear fleet	Safe and efficient operation of the nuclear fleet is important for delivering clean energy at a reasonable price	Certain employees, based on business unit

Individual

Individual Factors	Focus on overall business performance as well as factors including leadership development, succession planning, and fostering the culture and diversity of the organization	Individual goals provide the Compensation Committee the ability to balance quantitative results with qualitative inputs by focusing on both business performance and behavioral aspects of leadership that lead to sustainable long-term growth	All executive officers of Southern Company

Back to Content

2015 PPP Goal Weighting for CEO and CFO	**2015 PPP Goal Weighting for the other NEOs**

2015 PPP Actual Performance

2015 was a strong year for Southern Company, both financially and operationally. We exceeded target performance on the Southern Company EPS goal, the Alabama Power net income goal, and the Georgia Power net income goal. We also exceeded target performance on the overall operational goals for Southern Company, Alabama Power, and Georgia Power.

Financial Performance Results

- Southern Company's adjusted* EPS result, further adjusted for compensation purposes as described below, was $2.86, exceeding the $2.82 target.
- Southern Company's reported adjusted* EPS result was $2.89. The reported adjusted EPS result excludes the impact of charges related to the Kemper IGCC, acquisition costs related to AGL Resources, and settlement costs related to MC Asset Recovery, LLC.
- In addition to the three items above, the Compensation Committee approved a further adjustment for the earnings impact related to the termination of an asset purchase agreement for a portion of the Kemper IGCC. This additional adjustment reduced the Southern Company EPS result for PPP compensation purposes from $2.89 to $2.86.
- Alabama Power's net income result was $785 million, exceeding the $763 million target.
- Georgia Power's net income result was $1,260 million, exceeding the $1,208 million target.

Operational Performance Results

Southern Company continued to deliver strong operational performance during 2015.

- The operational goal payouts were at or near the maximum performance level for customer satisfaction, generation availability, and nuclear plant operations.
- The operational goal payouts were at or above target for safety, major projects, and culture.
- The operational goal payouts for transmission and distribution reliability were below target. We set challenging targets for 2015 and did not meet those targets, primarily due to the level of storm activity in the service territory for the year.

Individual Performance Results

- 2015 saw strong overall performance and many strategic advances for the Company, led by our team of executive officers. The Compensation Committee considered these and other individual performance factors in determining payouts for the individual performance element of the award for the NEOs.
- Overall, the Compensation Committee believed that individual performance well exceeded target for the year, in light of the financial and operational achievements across the Company and the agreement to acquire AGL Resources announced in August 2015. Variations in payouts for individual performance reflected achievement of additional financial and operating measures that were set at challenging levels.

Other Details about the Program

- Under the terms of the program, no payout can be made if events occur that impact the Company's financial ability to fund the common stock dividend.
- The Compensation Committee may make adjustments, both positive and negative, to goal achievement for purposes of determining payouts.

*For a description of how we calculate adjusted financial measures, see page 105.

Back to Content

2015 PPP Goal Results and Payouts by NEO

Tom Fanning

Goal	**Weight**	**Actual Performance**	**Achievement**	**%**
EPS	40%	•Exceeded target: $2.86	151	%
Operational	30%	•Exceeded targets on Customer Satisfaction, Safety, Plant Vogtle Units 3 and 4 annual objectives, Culture, Availability, and Nuclear Plant Operations •Met target for Kemper IGCC annual objectives •Results were below target for Transmission and Distribution Reliability	156	%
Individual	30%	•Significantly exceeded target	175	%
Total Performance Factor			160	%

Art Beattie

Goal	**Weight**	**Actual Performance**	**Achievement**	**%**
EPS	40%	•Exceeded target: $2.86	151	%
Operational	30%	•Exceeded targets on Customer Satisfaction, Safety, Plant Vogtle Units 3 and 4 annual objectives, Culture, Availability, and Nuclear Plant Operations •Met target for Kemper IGCC annual objectives •Results were below target for Transmission and Distribution Reliability	156	%
Individual	30%	•Exceeded target	112	%
Total Performance Factor			141	%

Paul Bowers

Goal	**Weight**	**Actual Performance**	**Achievement**	**%**
EPS	30%	•Exceeded target: $2.86	151	%
Net Income	30%	•Exceeded target (GPC): $1,260M	150	%
Operational	30%	•Exceeded targets on Customer Satisfaction, Plant Vogtle Units 3 and 4 annual objectives, Culture, and Availability •Results were below target for Safety and Transmission and Distribution Reliability	129	%
Individual	10%	•Maximum performance	200	%
			149	%

Total Performance Factor

Mark Crosswhite

Goal	Weight	Actual Performance	Achievement	%
EPS	30%	•Exceeded target: $2.86	151	%
Net Income	30%	•Exceeded target (APC): $785.3M	138	%
Operational	30%	•Exceeded targets for Customer Satisfaction, Safety, Culture, and Availability •Results were below target for Transmission and Distribution Reliability	157	%
Individual	10%	•Exceeded target	112	%
Total Performance Factor			145	%

Kim Greene

Goal	Weight	Actual Performance	Achievement	%
EPS	30%	•Exceeded target: $2.86	151	%
Net Income	30%	•Exceeded target for equity-weighted average business unit net income results	145	%
Operational	30%	•Exceeded targets on Customer Satisfaction, Safety, Plant Vogtle Units 3 and 4 annual objectives, Culture, Availability, and Nuclear Plant Operations •Met target for Kemper IGCC annual objectives •Results were below target for Transmission and Distribution Reliability	156	%
Individual	10%	•Exceeded target	112	%
Total Performance Factor			141	%

investor.southerncompany.com

Back to Content

LONG-TERM EQUITY INCENTIVE COMPENSATION — PERFORMANCE SHARE PROGRAM

2015-2017 Performance Share Program Highlights

- Changes in 2015
  - Moved away from granting stock options; 100% of award is in performance shares that are earned solely on achievement of pre-established performance goals over a three-year performance period
  - Expanded performance goals to include three performance measurements (TSR, EPS, and ROE)
- Performance shares
  - Represents 100% of long-term target value
    - TSR relative to industry peers (50%)
    - Cumulative EPS (25%)
    - Equity-weighted ROE (25%)
  - Three-year performance period from 2015 through 2017
  - Performance results can range from 0 to 200% of target
  - Paid in Common Stock at the end of the performance period; accrued dividends received only if underlying award is earned

Long-term performance-based awards are intended to promote long-term success and increase stockholder value by directly tying a substantial portion of the NEOs’ total compensation to the interests of stockholders. Long-term performance-based awards also benefits customers

by providing competitive compensation that allows us to attract, retain, and engage employees who focus on serving customers and providing clean, safe, reliable, and affordable energy.

Determining the Number of Performance Shares Granted

- The Compensation Committee approved an increase in the total target value of the long-term incentive award for the CEO to 575% of base salary. The increase reflected the CEO's strong individual performance as well as the Compensation Committee's desire to position the CEO's total direct compensation close to market median and to position that increase in the long-term equity incentive portion of his compensation.
- A target number of performance shares are granted to a participant, based on the total target value as determined as a percentage of a participant's base salary, with percentages varying by grade level.
- Performance shares are denominated in units, meaning no actual shares are issued on the grant date. Each performance share unit represents one share of Common Stock.
- The total target value for performance share units is divided by the value per unit on the grant date to determine the number of performance share units granted to each participant, including the NEOs.

		Grant Date Value and Number of Performance Shares Granted in 2015			
	Target as % of Base Salary	**Relative TSR (50%)**	**Cumulative EPS (25%)**	**Equity-Weighted ROE (25%)**	**Total (100%)**
Tom Fanning	575%	$3,593,728	$1,796,856	$1,796,856	$7,187,441
		77,401	37,599	37,599	152,599
Art Beattie	230%	$805,514	$402,744	$402,744	$1,611,062
		17,349	8,428	8,428	34,205
Paul Bowers	230%	$937,143	$468,581	$468,581	$1,874,305
		20,184	9,805	9,805	39,794
Mark Crosswhite	230%	$737,866	$368,939	$368,939	$1,475,743
		15,892	7,720	7,720	31,332
Kim Greene	180%	$599,643	$299,834	$299,834	$1,199,312
		12,915	6,274	6,274	25,463

Back to Content

Establishing the Performance Goals

The award includes three performance goals for the 2015-2017 performance period.

Goal	What it Measures	Why it's Important	How it's Calculated
Relative TSR (50%)	Stock price performance plus dividends relative to peer companies	Aligns employee pay with investor returns relative to peers	(Common Stock price at end of year 3 – Common Stock price at start of year 1 + dividends paid and reinvested) / Common Stock price at start of year 1 Result compared to similar calculation for peer group
Cumulative EPS (25%)	Cumulative EPS over the three-year performance period	Aligns employee pay with Southern Company's earnings growth	EPS Year 1 + EPS Year 2 + EPS Year 3 = Cumulative EPS Result
Equity-Weighted ROE (25%)	Equity-weighted ROE of the traditional operating companies	Aligns employee pay with Southern Company's ability to maximize return on capital invested	Average equity-weighted ROE of each traditional operating company during three-year performance period multiplied by the average equity weighting of each during the period

For each of the performance measures, a threshold, target, and maximum goal was set at the beginning of the performance period.

	Relative TSR Performance (50% weighting)	**Cumulative EPS Performance (25% weighting)**	**Equity Weighted ROE Performance (25% weighting)**	**Payout (% of Performance Share Units Paid)**
Maximum	90th percentile or higher	$9.16	5.9%	200%
Target	50th percentile	$8.66	5.1%	100%
Threshold	10th percentile	$8.16	4.7%	0

- The Compensation Committee retains the discretion to approve adjustments in determining actual performance goal achievement.
- The EPS and ROE goals are also both subject to a credit quality threshold requirement that encourages the maintenance of adequate credit ratings to provide an attractive return to investors. If the primary credit rating falls below investment grade at the end of the three-year performance period, the payout for the EPS and ROE goals will be reduced to zero.
-

Our TSR is measured relative to a peer group of companies that are believed to be most similar to the Company in both business model and investors. While there is significant overlap, this peer group differs somewhat from the market data peer group used for compensation benchmarking due to the criteria of the peer selection process.

- The peer group is subject to change based on merger and acquisition activity.

TSR Performance Share Peer Group for 2015 – 2017 Performance Period

Ameren Corporation	Pepco Holdings, Inc.
American Electric Power Company	PG&E Corporation
CMS Energy Corporation	Pinnacle West Capital Corporation
Consolidated Edison, Inc.	PPL Corporation
DTE Energy Company	SCANA Corporation
Duke Energy Corporation	Westar Energy Inc.
Edison International	Wisconsin Energy Corporation
Entergy Corporation	Xcel Energy Inc.
Eversource Energy	

Back to Content

Other Details about the Program

- A participant can earn from 0 to 200% of the target number of performance shares granted at the beginning of the performance period based solely on achievement of the performance goals over the three-year performance period. Payout for performance between points will be interpolated on a straight-line basis.
- Performance shares are not earned until the end of the three-year performance period and after certification of the results by the Compensation Committee.
- Dividend equivalents are credited during the three-year performance period but are only paid out if and when the award is earned. If no performance shares are earned, then no dividends are paid out.
- A participant who terminates employment, other than due to retirement or death, forfeits all unearned performance shares. Participants who retire or die during the performance period will receive the full amount of performance shares actually earned at the end of the three-year period.

2013-2015 Performance Share Program Payouts

Performance share grants made in 2013 were subject to a three-year performance period that ended on December 31, 2015. Based on our TSR achievement relative to the Philadelphia Utility Index (55% payout) and a custom peer group (0% payout), the overall payout percentage was 28% of target, which is the average of the results for the two groups.

Custom Peer Group		**Philadelphia Utility Index**		
AEP	Edison	AEP	DTE	Exelon
Alliant Energy	Eversource Energy	AES	Duke	First Energy
Ameren	PG&E	Ameren	Edison	NextEra
CMS	Pinnacle West	CenterPoint	El Paso Electric	PG&E
ConEd	Scana	ConEd	Entergy	PSEG
DTE	Wisconsin Energy	Covanta	Eversource Energy	Xcel
Duke	Xcel	Dominion		

Actual payouts were significantly less than the target grant date fair value due to our below-target relative TSR performance.

	Target Performance Shares Granted (#)	**Grant Date Target Value of Performance Shares Granted**	**Performance Shares Earned (#)**	**Value of Performance Shares Earned***
Tom Fanning	77,250	$3,128,625	21,630	$1,012,068
Art Beattie	19,667	$796,514	5,507	$257,673
Paul Bowers	25,480	$1,031,940	7,134	$333,800
Mark Crosswhite	13,051	$528,566	3,654	$170,971

* Calculated using a stock price of $46.79, which was the closing price on December 31, 2015, the date the performance shares vested.

Kim Greene did not receive a grant of performance shares in 2013 because she was not an employee at the time of the grant.

Timing of Performance-Based Compensation

- The establishment of performance-based compensation goals and the granting of equity awards are not timed to coincide with the release of material, non-public information.

BENEFITS

Retirement Benefits

- *Employee Savings Plan:* Substantially all employees are eligible to participate in the Employee Savings Plan (ESP), our 401(k) plan. The NEOs are also eligible to participate in the Supplemental Benefit Plan (SBP), which is a nonqualified deferred compensation plan where we can make contributions that are prohibited to be made under the ESP due to limits set on Company contributions to 401(k) plans under the tax code.
- *Pension Benefits:* Substantially all employees participate in the funded Pension Plan. Normal retirement benefits become payable when participants attain age 65 and complete five years of participation. The Company also provides unfunded benefits that count salary and annual PPP payouts that are ineligible to be counted under the Pension Plan.
- *Deferred Compensation Benefits:* We offer a Deferred Compensation Plan (DCP), which is an unfunded plan that permits participants to defer income as well as certain federal, state, and local taxes until a specified date or their retirement, disability, death, or other separation from service.

Back to Content

Change-in-Control Protections

- We believe that change-in-control protections allow management to focus on potential transactions that are in the best interest of our stockholders.
- Change-in-control protections include severance pay and, in some situations, vesting or payment of incentive awards.
- We provide certain severance payments if there is a change in control of the Company and a termination of the executive's employment (either involuntary termination not for cause or voluntary termination for good reason), often called a "double trigger".
- Severance payment for the CEO is three times salary plus target PPP opportunity. For the other NEOs, severance is two times salary plus target PPP opportunity. No excise tax gross-up would be provided.

Perquisites

- We provide limited perquisites to our officers, consistent with the Company's goal of providing market-based compensation and benefits.
- No tax assistance is provided on perquisites to executive officers of the Company, except on certain relocation-related benefits that are generally available to all employees.

Other Compensation and Governance Inputs, Policies, and Practices

Role of the Compensation Committee

- The Compensation Committee is responsible for overseeing the development and administration of all of our compensation and benefits policies and programs as well as the review and approval of all aspects of our executive compensation programs.
- The Compensation Committee is supported in its work by the head of the Human Resources Department, her staff, the Finance Committee (financial goals), the Nuclear/Operations Committee (operational goals), and the Compensation Committee's independent compensation consultant.

Role of the CEO

-

Our CEO makes recommendations to the Compensation Committee for the level of base salary, the Performance Pay Program targets and payouts, and the Performance Share Program award value for our other executive officers. These recommendations are based upon his assessment of each executive officer's performance, the performance of the individual's respective business or function, and employee retention considerations.

- The Compensation Committee considers the CEO's recommendations in approving the compensation for the executive officers. However, the Compensation Committee makes the final decisions with respect to all compensation for Southern Company executive officers.
- Our CEO does not play any role with respect to any matter affecting his own compensation.

Role of the Compensation Consultant

- The Compensation Committee has retained Pay Governance as its independent executive compensation consultant. Pay Governance reports directly to the Compensation Committee. A representative of Pay Governance attends meetings of the Compensation Committee, as requested, and communicates with the Compensation Committee Chair between meetings.
- Pay Governance provides various executive compensation services to the Compensation Committee pursuant to a written consulting agreement with the Compensation Committee. Generally, these services include advising the Compensation Committee on the principal aspects of our executive compensation program and evolving industry practices and providing market information and analysis regarding the competitiveness of our program design and our award values in relationship to their performance.
- In 2015, Pay Governance provided an annual competitive evaluation of total compensation for the NEOs, as well as overall compensation program share usage, dilution, and fair value expense. Additionally, the Compensation Committee relies on Pay Governance to provide information and advice on executive compensation and related corporate governance trends throughout the year. Pay Governance provided no services to Company management during 2015.
- The Compensation Committee retains sole authority to hire Pay Governance, approve its compensation, determine the nature and scope of its services, evaluate its performance, and terminate its engagement. The Compensation Committee has assessed the independence of Pay Governance pursuant to the listing standards of the NYSE and SEC rules and concluded that Pay Governance is independent and that no conflict of interest exists that would prevent Pay Governance from serving as an independent consultant to the Compensation Committee.

Back to Content

PEER GROUPS AND ESTABLISHING MARKET-BASED COMPENSATION LEVELS

The Compensation Committee reviews market data for the CEO and other positions. Based on that data, as well as the other inputs described above, a total target compensation opportunity is established for each NEO. Total target compensation opportunity is the sum of base salary, the annual cash incentive award at target performance level, and the long-term equity incentive award at target performance level.

Pay Governance develops and presents to the Compensation Committee competitive market-based compensation levels for each of the NEOs. The market-based compensation levels are developed from the Towers Watson Energy Services Survey focusing on regulated utilities with revenues above $6 billion.

We are one of the largest utility holding companies in the United States based on revenues and market capitalization, and our largest business units are some of the largest in the industry as well. For that reason, Pay Governance uses size-appropriate survey market data in order to fit it to the scope of our business.

The compensation peer group stayed relatively the same from 2014 to 2015. Two new companies participated in the survey, met the revenue guidelines, and were added to the group (GE Energy and Monroe Energy).

Peer Group for 2015 Compensation Decisions

American Electric Power Company	GE Energy
Bg US Services, Inc.	Kinder Morgan, Inc.
Calpine Corporation	Monroe Energy
CenterPoint Energy, Inc.	National Grid USA
CMS Energy Corporation	NextEra Energy, Inc.
Consolidated Edison, Inc.	NRG Energy, Inc.
Dominion Resources, Inc.	Pacific Gas & Electric Corporation
DTE Energy Company	PPL Corporation
Duke Energy Corporation	Public Service Enterprise Group Inc.
Edison International	Sempra Energy
Energy Transfer Partners, L.P.	Tennessee Valley Authority
ENGIE Energy North America	The AES Corporation
Entergy Corporation	The Williams Companies, Inc.
Eversource Energy	UGI Corporation
Exelon Corporation	Xcel Energy Inc.
First Energy Corp.	

STOCK OWNERSHIP REQUIREMENTS

We believe ownership requirements align the interest of officers and stockholders by promoting a long-term focus and long-term share ownership. All of our NEOs are subject to stock ownership requirements, expressed as a multiple of base salary.

	Multiple of Salary without Counting Stock Options	**Multiple of Salary Counting 1/3 Vested Stock Options**
Tom Fanning	5 Times	10 Times
Art Beattie	1.5 Times	3 Times
Paul Bowers	3 Times	6 Times
Mark Crosswhite	3 Times	6 Times
Kim Greene	3 Times	6 Times

Ownership arrangements counted toward the requirements include shares owned outright, those held in Company-sponsored plans, and Common Stock accounts in the Deferred Compensation Plan and the Supplemental Benefit Plan. One-third of vested stock options may be counted, but, if so, the ownership requirement is doubled. The ownership requirement is reduced by one-half at age 60.

Back to Content

Newly-elected officers have approximately five years from the date of their election to meet the applicable ownership requirement. Newly-promoted officers have approximately five years from the date of their promotion to meet the increased ownership requirement.

We measure compliance with the stock ownership requirements as of September 30 each year. All of the NEOs are meeting their respective ownership requirements.

CONSIDERATION OF 2015 ADVISORY VOTE ON EXECUTIVE COMPENSATION

At the 2015 annual meeting, an advisory vote on the Company's executive compensation program received a favorable vote of 94% of the votes cast. In light of this significant support and the payout levels under our performance-based program, the Compensation

Committee continues to believe that the compensation program is competitive, aligned with our financial and operational performance, and in the best interests of the Company, stockholders, and customers.

CLAWBACK OF AWARDS

Our Omnibus Incentive Compensation Plan provides that if we are required to prepare an accounting restatement due to material noncompliance as a result of misconduct, and an executive officer of the Company knowingly or grossly negligently engaged in or failed to prevent the misconduct or is subject to automatic forfeiture under

the Sarbanes-Oxley Act of 2002, the executive officer must repay us the amount of any payment in settlement of awards earned or accrued during the 12-month period following the first public issuance or filing that was restated.

PROHIBITION ON HEDGING AND PLEDGING OF COMMON STOCK

Our insider trading policy provides that employees, officers, and Directors will not trade Company options on the options market and will not engage in short sales. In early 2016, we added a "no pledging" provision to

our insider trading policy that prohibits pledging of our stock for all Southern Company executive officers and Directors.

IMPACT OF SECTION 162(m) OF THE TAX CODE ON COMPENSATION

Section 162(m) of the tax code limits the tax deductibility of the compensation of certain NEOs that exceeds $1 million per year unless the compensation is paid under a performance-based plan that has been approved by stockholders. At this annual meeting, we are seeking stockholder approval of the material terms for qualified performance-based compensation under the Omnibus Incentive Compensation Plan to ensure continued availability of the performance-based compensation deduction in accordance with the requirements of Section 162(m) of the tax code.

Because our policy is to maximize long-term stockholder value, tax deductibility is not the only factor considered in setting compensation. The Compensation Committee has the discretion to award compensation that may not be tax deductible.

The Compensation Committee approved a formula in February 2015 to calculate the annual performance-based compensation amount payable to the affected NEOs. For 2015 performance, the Compensation Committee used negative discretion from the approved formula amount to determine the actual payouts for the NEOs under the annual performance-based compensation program.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee is made up of independent Directors of the Company who have never served as executive officers of the Company. During 2015, none of the Company’s executive officers served on the Board of Directors of any entities whose executive officers serve on the Compensation Committee.

Back to Content

Executive Compensation Tables

SUMMARY COMPENSATION TABLE

Name (a)	Year (b)	Salary (c)	Bonus (d)	Stock Awards (e)	Option Awards (f)	Non-Equity Incentive Plan Compensation (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (h)	All Other Compensation (i)	Total (j)
Thomas A. Fanning	2015	1,240,385	—	7,187,441	—	2,499,125	840,198	78,002	$11,845,151
Chairman, President, and Chief Executive Officer	2014	1,192,067	—	3,383,968	2,255,999	1,713,600	2,899,537	70,822	$11,515,993
	2013	1,152,389	—	3,128,625	2,085,747	1,199,307	805,738	66,485	$8,438,291
Art P. Beattie	2015	695,257	—	1,611,062	—	741,398	881,172	41,640	$3,970,529
Executive Vice President and Chief Financial Officer	2014	668,516	—	929,415	619,617	772,839	1,396,842	37,293	$4,424,522
	2013	644,039	—	796,514	531,025	437,126	402,101	122,037	$2,932,842
W. Paul Bowers	2015	809,595	—	1,874,305	—	910,865	642,042	50,827	$4,287,634
Chairman, President, and Chief Executive Officer, Georgia Power	2014	782,928	45	1,086,520	724,350	892,841	1,504,316	46,986	$5,037,986
	2013	760,482	—	1,031,940	687,964	498,775	—	44,375	$3,023,536
Mark A. Crosswhite	2015	633,537	—	1,475,743	—	698,899	698,803	45,102	$3,552,084
Chairman, President, and	2014	581,327	—	827,982	552,000	701,001	996,216	36,963	$3,695,489

Chief Executive Officer, Alabama Power									
Kimberly S. Greene	2015	663,125	—	1,199,312	—	659,099	317,582	632,633	$3,471,751
Executive Vice President	2014	650,000	—	701,998	467,999	580,125	326,334	605,315	$3,331,771
and Chief Operating Officer	2013	475,000	—	2,000,005	1,039,997	310,811	212,666	656,035	$4,694,514

Column (e)

This column does not reflect the value of stock awards that were actually earned or received in 2015. Rather, as required by applicable rules of the SEC, this column reports the aggregate grant date fair value of performance shares granted in 2015.

The value reported is based on the probable outcome of the performance conditions as of the grant date, using a Monte Carlo simulation model (50% of grant value) and the closing price of Common Stock on the grant date (50% of grant value). No amounts will be earned until the end of the three-year performance period on

December 31, 2017. The value then can be earned based on performance ranging from 0 to 200%, as established by the Compensation Committee.

The aggregate grant date fair value of the performance shares granted in 2015 assuming that the highest level of performance is achieved is as follows: Fanning -- $14,374,882; Beattie -- $3,222,125; Bowers -- $3,748,610; Crosswhite -- $2,951,486; and Greene -- $2,398,625. See Note 8 to the financial statements included in the 2015 annual report for a discussion of the assumptions used in calculating these amounts.

Column (f)

Stock options were not granted in 2015. This column reports the aggregate grant date fair value of stock options granted in 2013 and 2014.

Column (g)

The amounts in this column reflect actual payouts under the annual Performance Pay Program. The amount reported for 2015 is for the one-year performance period that ended on December 31, 2015.

Back to Content

Column (h)

This column reports the aggregate change in the actuarial present value of each NEO's accumulated benefit under the Pension Plan and the supplemental pension plans (collectively, Pension Benefits) as of December 31 of the applicable year.

The Pension Benefits as of each measurement date are based on the NEO's age, pay, and service accruals and the plan provisions applicable as of the measurement date. The actuarial present values as of each measurement date reflect the assumptions the Company selected for

cost purposes as of that measurement date; however, the NEOs were assumed to remain employed at any Company subsidiary until their benefits commence at the pension plans' stated normal retirement date, generally age 65.

This column also reports any above-market earnings on deferred compensation under the DCP. However, there were no above-market earnings on deferred compensation in the years reported.

Column (i)

The amounts reported in this column for 2015 are itemized below.

	Relocation Benefits	Tax Reimburse- ments	Other Perquisites	Company Contribution to ESP	Company Contribution to SBP	Total
Tom Fanning	—	—	14,736	13,515	49,751	$78,002
Art Beattie	—	—	7,973	11,724	21,943	$41,640
Paul Bowers	—	—	9,839	13,214	27,774	$50,827
Mark Crosswhite	—	—	13,036	13,271	18,795	$45,102
Kim Greene	501,096	67,936	29,782	13,515	20,304	$632,633

Relocation Benefits and *Tax Reimbursements* are provided to cover the costs associated with geographic relocation. In 2015, Ms. Greene received relocation-related benefits in connection with her relocation from Atlanta, Georgia to

Birmingham, Alabama. This amount was for the shipment of household goods, incidental expenses related to her move, and home sale and home repurchase assistance. Also, as provided in the Company's relocation policy, tax assistance is provided on the taxable relocation benefits. If Ms. Greene terminates within two years of her relocation, these amounts must be repaid.

Other Perquisites includes financial planning, personal use of corporate aircraft, and other miscellaneous perquisites.

- Financial planning is provided for most officers of the Company, including all of the NEOs. The Company pays for the services of a financial planner on behalf of the officers, up to a maximum amount of $8,700 per year, after the initial year that the benefit is provided. In the initial year, the allowed amount is $15,000. The Company also provides a five-year allowance of $6,000 for estate planning and tax return preparation fees.

- The Southern Company system has aircraft that are used to facilitate business travel. All flights on these aircraft must have a business

purpose, except limited personal use that is associated with business travel is permitted. The amount reported for such personal use is the incremental cost of providing the benefit, primarily fuel costs. Also, if seating is available, the Company permits a spouse or other family member to accompany an employee on a flight. However, because in such cases the aircraft is being used for a business purpose, there is no incremental cost associated with the family travel, and no amounts are included for such travel. Any additional expenses incurred that are related to family travel are included. The amount for Mr. Bowers includes $1,822 for approved personal use of corporate aircraft. In connection with Ms. Greene's relocation, the Compensation Committee approved personal use of the corporate aircraft for weekly round-trip flights between Atlanta and Birmingham from January through July 2015. The amount for Ms. Greene includes $15,697 for this approved personal use of corporate aircraft.

- Other miscellaneous perquisites reflects the full cost to the Company of providing the following items: personal use of Company-provided tickets for sporting and other entertainment events and gifts distributed to and activities provided to attendees at Company-sponsored events.

Back to Content

GRANTS OF PLAN-BASED AWARDS IN 2015

This table provides information on short-term and long-term incentive compensation awards made in 2015.

		Potential Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			Grant Date Fair Value of Stock and Option
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	Awards ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Tom Fanning		15,625	1,562,500	3,125,000				
	2/9/2015				1,525	152,599	305,198	7,187,441
Art Beattie		5,253	525,328	1,050,656				
	2/9/2015				342	34,205	68,410	1,611,062
Paul Bowers		6,112	611,171	1,222,342				
	2/9/2015				397	39,794	79,588	1,874,305
Mark Crosswhite		4,812	481,207	962,414				
	2/9/2015				313	31,332	62,664	1,475,743
Kim Greene		4,664	466,375	932,750				
	2/9/2015				254	25,463	50,926	1,199,312

Columns (c), (d), and (e)

These columns reflect the annual Performance Pay Program opportunity granted to the NEOs in 2015. The information shown as “Threshold,” “Target,” and “Maximum” reflects the range of potential payouts

established by the Compensation Committee. The actual amounts earned for 2015 are included in column (g) of the Summary Compensation Table.

Columns (f), (g), and (h)

These columns reflect the long-term Performance Share Program performance shares granted to the NEOs in 2015. The information shown as "Threshold," "Target," and "Maximum" reflects the range of potential shares that can be earned as established by the Compensation

Committee. Earned performance shares and accrued dividends will be paid out in Common Stock following the end of the 2015–2017 performance period, based on the extent to which the performance goals are achieved. Any shares not earned are forfeited.

Column (i)

This column reflects the aggregate grant date fair value of the Performance Share Program performance shares granted in 2015. 50% of the value is based on the probable outcome of the performance conditions as of the grant date using a Monte Carlo simulation model

($46.43), while the other 50% is based on the closing price of Common Stock on the grant date ($47.79). The assumptions used in calculating these amounts are discussed in Note 8 to the financial statements included in the 2015 annual report.

Back to Content

OUTSTANDING EQUITY AWARDS AT 2015 FISCAL YEAR-END

This table provides information about stock options and stock awards (performance shares and restricted stock units) as of December 31, 2015.

	Option Awards				**Stock Awards**			
Name	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Unexercisable (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested ($)**
(a)	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**(h)**	**(i)**
Tom Fanning	597,345	—	44.42	2/13/2022				
	476,198	238,099	44.06	2/11/2023				
	341,818	683,636	41.28	2/10/2024				
							90,143	4,217,791
							160,319	7,501,326
Art Beattie	140,384	—	37.97	2/14/2021				
	152,082	—	44.42	2/13/2022				
	121,239	60,619	44.06	2/11/2023				
	93,882	187,762	41.28	2/10/2024				
							24,758	1,158,427
							35,934	1,681,352
Paul Bowers	70,680	—	36.42	2/19/2017				
	85,151	—	35.78	2/18/2018				
	90,942	—	31.39	2/16/2019				
	233,477	—	31.17	2/15/2020				
	164,377	—	37.97	2/14/2021				
	197,412	—	44.42	2/13/2022				
	157,069	78,535	44.06	2/11/2023				
	109,750	219,500	41.28	2/10/2024				
							28,943	1,354,243

							41,807	1,956,150
Mark Crosswhite	63,926	—	37.97	2/14/2021				
	63,125	—	44.42	2/13/2022				
	80,454	40,227	44.06	2/11/2023				
	83,637	167,272	41.28	2/10/2024				
							22,056	1,032,000
							32,916	1,540,140
Kim Greene	219,409	109,704	46.74	4/1/2023				
	70,909	141,818	41.28	2/10/2024				
							18,700	874,973
							26,750	1,251,633
					38,840	1,817,324		

Back to Content

Columns (b), (c), (d), and (e)

Stock options were not granted in 2015. Stock options vest one-third per year on the anniversary of the grant date. Options granted from 2007 through 2012 with expiration dates from 2017 through 2022 were fully vested as of December 31, 2015. The options granted in 2013 and 2014 become fully vested as shown below.

Year Option Granted	Expiration Date	Date Fully Vested
2013	February 11, 2023	February 11, 2016
2014	February 10, 2024	February 10, 2017

Options also fully vest upon death, total disability, or retirement and expire three years following death or total disability or five years following retirement, or on the original expiration date if earlier.

Columns (f) and (g)

These columns reflect the number of restricted stock units, including the deemed reinvestment of dividends, held as of December 31, 2015. The value in column (g) is based on the Common Stock closing price on

December 31, 2015 ($46.79). The restricted stock units for Ms. Greene vest incrementally on April 1 of each year, ending April 1, 2018, if she remains employed with the Southern Company system.

Columns (h) and (i)

In accordance with SEC rules, column (h) reflects the target number of performance shares granted under the Performance Share Program that can be earned at the end of the three-year performance period (January 1, 2014 through December 31, 2016 and January 1, 2015 through December 31, 2017). The number of shares reflected in column (h) for the performance shares granted in 2015 also reflects the deemed reinvestment of dividends on the target number of performance shares. Dividends are credited over the performance period but are only received at the end of the performance period if the underlying performance shares are earned.

The performance shares granted for the January 1, 2013 through December 31, 2015 performance period vested on December 31, 2015 at 28% of target and are shown in the Option Exercises and Stock Vested in 2015 table.

The value in column (i) is derived by multiplying the number of shares in column (h) by the Common Stock closing price on December 31, 2015 ($46.79). The ultimate number of shares earned, if any, will be based on the actual performance results at the end of each respective performance period.

OPTIONS EXERCISES AND STOCK VESTED IN 2015

	Option Awards		Stock Awards	
Name (a)	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise ($) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting ($) (e)
Tom Fanning	—	—	21,630	1,012,068
Art Beattie	—	—	5,507	257,673
Paul Bowers	—	—	7,134	333,800
Mark Crosswhite	67,944	990,951	3,654	170,971
Kim Greene	—	—	9,387	418,848

Columns (b) and (c)

Column (b) reflects the number of shares acquired upon the exercise of stock options during 2015, and column (c) reflects the value realized. The value realized is the

difference in the market price over the exercise price on the exercise date.

Back to Content

Columns (d) and (e)

Column (d) includes the performance shares earned for the 2013 through 2015 performance period that vested on December 31, 2015. The award was earned at 28% of target. The value reflected in column (e) is derived by multiplying the number of shares that vested by the market value of the underlying shares on the vesting date ($46.79).

Certain restricted stock units with reinvested dividends vested on April 1, 2015 and are reflected in column (d) for Ms. Greene. The value of the restricted stock units as shown in column (e) is derived by multiplying the number of restricted stock units and reinvested dividends that vested (9,387) by the market value of the underlying shares on the vesting date ($44.62).

PENSION BENEFITS AT 2015 FISCAL YEAR-END

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit ($) (d)	Payments During Last Fiscal Year ($) (e)
Tom Fanning	Pension Plan	34.0	1,352,809	—
	Supplemental Benefit Plan (Pension-Related)	34.0	12,040,626	—
	Supplemental Executive Retirement Plan	34.0	4,222,326	—
Art Beattie	Pension Plan	38.92	1,746,939	—
	Supplemental Benefit Plan (Pension-Related)	38.92	6,048,655	—
	Supplemental Executive Retirement Plan	38.92	2,040,640	—
Paul Bowers	Pension Plan	35.67	1,438,195	—
	Supplemental Benefit Plan (Pension-Related)	35.67	6,180,906	—
	Supplemental Executive Retirement Plan	35.67	2,000,421	—
Mark Crosswhite	Pension Plan	10.92	342,191	—
	Supplemental Benefit Plan (Pension-Related)	10.92	837,786	—
	Supplemental Executive Retirement Plan	10.92	435,991	—
	Supplemental Retirement Agreement	15.00	2,305,339	—
Kim Greene	Pension Plan	8.17	219,989	—
	Supplemental Benefit Plan (Pension-Related)	8.17	410,791	—
	Supplemental Executive Retirement Plan	8.17	338,420	—

Pension Plan

The Pension Plan is a tax-qualified, funded plan. It is the Company's primary retirement plan. Substantially all full-time Southern Company system employees participate in this plan after one year of service. Normal retirement benefits become payable when participants attain age 65 and complete five years of participation. The plan benefit equals the greater of amounts computed using a "1.7% offset formula" and a "1.25% formula," as described below. Benefits are limited to a statutory maximum.

The 1.7% offset formula amount equals 1.7% of final average pay times years of participation less an offset related to Social Security benefits. The offset equals a service ratio times 50% of the anticipated Social Security benefits in excess of $4,200. The service ratio adjusts the offset for the portion of a full career that a participant has worked. The highest three rates of payout

of a participant's last 10 calendar years of service are averaged to derive final average pay. The rates of pay considered for this formula are the base salary rates with no adjustments for voluntary deferrals after 2008. A statutory limit restricts the amount considered each year; the limit for 2015 was $265,000.

The 1.25% formula amount equals 1.25% of final average pay times years of participation. For this formula, the final average pay computation is the same as above, but annual performance-based compensation earned each year is added to the base salary rates.

Early retirement benefits become payable once plan participants have, during employment, attained age 50 and completed 10 years of participation. Participants who retire early from active service receive benefits equal to the amounts computed using the same formulas employed at normal retirement. However, a 0.3% reduction applies for each month (3.6% for each year) prior to normal retirement that participants elect to have their benefit payments commence. For example, 64% of the formula benefits are payable starting at age 55. As of December 31, 2015, all of the NEOs are retirement-eligible except Ms. Greene.

The Pension Plan's benefit formulas produce amounts payable monthly over a participant's post-retirement lifetime. At retirement, plan participants can choose to receive their benefits in one of seven alternative forms of payment. All forms pay benefits monthly over the lifetime of the retiree or the joint lifetimes of the retiree and a spouse. A reduction applies if a retiring participant chooses a payment form other than a single life annuity. The reduction makes the value of the benefits paid in the form chosen comparable to what it would have been if benefits were paid as a single life annuity over the retiree's life.

Participants vest in the Pension Plan after completing five years of service. As of December 31, 2015, all of the NEOs are vested in their Pension Plan benefits. Ms. Greene received years of credited service for her previous employment with the Southern Company system. Participants who terminate employment after vesting can elect to have their pension benefits

commence at age 50 if they participated in the Pension Plan for 10 years. If such an election is made, the early retirement reductions that apply are actuarially determined factors and are larger than 0.3% per month.

If a participant dies while actively employed and is either age 50 or vested in the Pension Plan as of date of death, benefits will be paid to a surviving spouse. A survivor's benefit equals 45% of the monthly benefit that the participant had earned before his or her death. Payments to a surviving spouse of a participant who could have retired will begin immediately. Payments to a survivor of a participant who was not retirement-eligible will begin when the deceased participant would have attained age 50. After commencing, survivor benefits are payable monthly for the remainder of a survivor's life. Participants who are eligible for early retirement may opt to have an 80% survivor benefit paid if they die; however, there is a charge associated with this election.

If participants become totally disabled, periods that Social Security or employer-provided disability income benefits are paid will count as service for benefit calculation purposes. The crediting of this additional service ceases at the point a disabled participant elects to commence retirement payments. Outside of this extra service crediting, the normal Pension Plan provisions apply to disabled participants.

The Southern Company Supplemental Benefit Plan (Pension-Related) (SBP-P)

The SBP-P is an unfunded retirement plan that is not tax qualified. This plan provides high-paid employees any benefits that the Pension Plan cannot pay due to statutory pay/benefit limits. The SBP-P's vesting and early retirement provisions mirror those of the Pension Plan. Its disability provisions mirror those of the Pension Plan but cease upon a participant's separation from service.

The amounts paid by the SBP-P are based on the additional monthly benefit that the Pension Plan would pay if the statutory limits and pay deferrals were ignored. When a SBP-P participant separates from service, vested monthly benefits provided by the benefit formulas are converted into a single sum value. It equals the present value of what would have been paid monthly for an actuarially determined average post-retirement lifetime. The discount rate used in the calculation is based on the 30-year U.S. Treasury yields for the September preceding the calendar year of separation, but not more than six percent.

Vested participants terminating prior to becoming eligible to retire will be paid their single sum value as of September 1 following the calendar year of separation. If the terminating participant is retirement-eligible, the single sum value will be paid in 10 annual installments starting shortly after separation. The unpaid balance of a retiree's single sum will be credited with interest at the prime rate published in The Wall Street Journal. If the separating participant is a "key man" under Section 409A of the tax code, the first installment will be delayed for six months after the date of separation.

If a SBP-P participant dies after becoming vested in the Pension Plan, the spouse of the deceased participant will receive the installments the participant would have been paid upon retirement. If a vested participant's death occurs prior to age 50, the installments will be paid to a spouse as if the participant had survived to age 50.

The Southern Company Supplemental Executive Retirement Plan (SERP)

The SERP is also an unfunded retirement plan that is not tax qualified. This plan provides high-paid employees additional benefits that the Pension Plan and the SBP-P would pay if the 1.7% offset formula calculations reflected

a portion of annual performance-based compensation. To derive the SERP benefits, a final average pay is determined reflecting participants' base rates of pay and their annual performance-based compensation amounts,

Back to Content

whether or not deferred, to the extent they exceed 15% of those base rates (ignoring statutory limits). This final average pay is used in the 1.7% offset formula to derive a gross benefit. The Pension Plan and the SBP-P benefits are subtracted from the gross benefit to calculate the SERP benefit. The SERP's early retirement, survivor benefit, disability, and form of payment provisions mirror

the SBP-P's provisions. However, except upon a change in control, SERP benefits do not vest until participants retire, so no benefits are paid if a participant terminates prior to becoming retirement-eligible. More information about vesting and payment of SERP benefits following a change in control is included under Potential Payments upon Termination or Change in Control.

Supplemental Retirement Agreements (SRA)

The Company also provides supplemental retirement benefits to certain employees that were first employed by an affiliate of the Company in the middle of their careers. These SRAs provide for additional retirement benefits by giving credit for years of employment prior to employment with the Company or one of its affiliates. These agreements provide a benefit which recognizes the expertise both brought to the Southern Company system, and they provide a strong retention incentive to remain with the Company, or one of its affiliates, for the vesting

period and beyond. These supplemental retirement benefits are also unfunded and not tax-qualified.

The Company has an SRA with Mr. Crosswhite. Prior to his employment with the Southern Company system, Mr. Crosswhite provided legal services to Southern Company's subsidiaries. His agreement provides an additional fifteen years of benefits. Mr. Crosswhite was vested in his benefits as of December 31, 2015.

Pension Benefit Assumptions

The following assumptions were used in the present value calculations for all pension benefits:

- Discount rate — 4.70% Pension Plan and 4.14% supplemental plans as of December 31, 2015
- Retirement date — Normal retirement age (65 for all NEOs)
- Mortality after normal retirement — Adjusted RP-2014 mortality tables with generational projections

- Mortality, withdrawal, disability, and retirement rates prior to normal retirement — None
- Form of payment for pension benefits:
- Male retirees: 25% single life annuity; 25% level income annuity; 25% joint and 50% survivor annuity; and 25% joint and 100% survivor annuity
- Female retirees: 50% single life annuity; 30% level income annuity; 15% joint and 50% survivor annuity; and 5% joint and 100% survivor annuity
- Spouse ages — Wives two years younger than their husbands
- Annual performance-based compensation earned but unpaid as of the measurement date — 130% of target opportunity percentages times base rate of pay for year amount is earned
- Installment determination — 3.75 % discount rate for single sum calculation and 4.25% prime rate during installment payment period.

For all of the NEOs, the number of years of credited service is one year less than the number of years of employment. The number of years of credited service for Ms. Greene reflects her previous employment with the Southern Company system.

Back to Content

NONQUALIFIED DEFERRED COMPENSATION AS OF 2015 FISCAL YEAR-END

Name (a)	Executive Contributions in Last FY ($) (b)	Employer Contributions in Last FY ($) (c)	Aggregate Earnings in Last FY ($) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last FYE ($) (f)
Tom Fanning	301,739	49,751	75,948	—	3,781,146
Art Beattie	—	21,943	12,686	—	588,838
Paul Bowers	223,210	27,774	67,699	—	4,828,891
Mark Crosswhite	—	18,795	1,562	—	307,450
Kim Greene	—	20,304	1,504	—	57,752

The Company provides the DCP, which is designed to permit participants to defer income as well as certain federal, state, and local taxes until a specified date or their retirement or other separation from service. Up to 50% of base salary and up to 100% of performance-based non-equity compensation may be deferred at the election of eligible employees. All of the NEOs are eligible to participate in the DCP.

Participants have two options for the deemed investments of the amounts deferred — the stock equivalent account and the prime equivalent account. Under the terms of the DCP, participants are permitted to transfer between investments at any time.

The amounts deferred in the stock equivalent account are treated as if invested at an equivalent rate of return to

that of an actual investment in Common Stock, including the crediting of dividend equivalents as such are paid by Southern Company from time to time. It provides participants with an equivalent opportunity for the capital appreciation (or loss) and income of that of a Company stockholder. During 2015, the rate of return in the stock equivalent account was -0.01%.

Alternatively, participants may elect to have their deferred compensation deemed invested in the prime equivalent account, which is treated as if invested at a prime interest rate compounded monthly, as published in *The Wall Street Journal* as the base rate on corporate loans posted as of the last business day of each month by at least 75% of the United States' largest banks. The interest rate earned on amounts deferred during 2015 in the prime equivalent account was 3.32%.

Column (b)

This column reports the actual amounts of compensation deferred under the DCP by each NEO in 2015. The amount of salary deferred by the NEOs, if any, is included in the Salary column in the Summary Compensation Table. The amounts of performance-based compensation deferred in 2015 were the amounts that were earned as of December 31, 2014 but were not payable until the first quarter of 2015. These amounts are not reflected in the

Summary Compensation Table because that table reports performance-based compensation that was earned in 2015 but not payable until early 2016. These deferred amounts may be distributed in a lump sum or in up to 10 annual installments at termination of employment or in a lump sum at a specified date, at the election of the participant.

Column (c)

This column reflects contributions under the SBP. Under the tax code, employer-matching contributions are prohibited under the ESP on employee contributions above stated limits in the ESP, and, if applicable, above legal limits set forth in the tax code.

The SBP is a nonqualified deferred compensation plan under which contributions are made that are prohibited

from being made in the ESP. The contributions are treated as if invested in Common Stock and are payable in cash upon termination of employment in a lump sum or in up to 20 annual installments, at the election of the participant. The amounts reported in this column also were reported in the All Other Compensation column in the Summary Compensation Table.

Column (d)

This column reports earnings or losses on compensation the NEOs elected to defer and on employer contributions under the SBP.

Back to Content

Column (f)

This column includes amounts that were deferred under the DCP and contributions under the SBP in prior years. The following chart shows the amounts previously reported.

	Amounts Deferred under the DCP prior to 2015 and previously reported ($)	Employer Contributions under the SBP prior to 2015 and previously reported ($)	Total ($)
Tom Fanning	2,175,298	416,439	2,591,737
Art Beattie	34,781	82,148	116,929
Paul Bowers	2,130,885	169,961	2,300,846
Mark Crosswhite	0	0	0
Kim Greene	0	31,110	31,110

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

This section describes and estimates payments that could be made to the NEOs serving as of December 31, 2015 under different termination and change-in-control events. The estimated payments would be made under the terms of Southern Company's compensation and benefit program or the change-in-control severance program.

All of the NEOs are participants in Southern Company's change-in-control severance program for officers. The amount of potential payments is calculated as if the triggering events occurred as of December 31, 2015 and assumes that the price of Common Stock is the closing market price on December 31, 2015.

Description of Termination and Change-in-Control Events

The following charts list different types of termination and change-in-control events that can affect the treatment of payments under the compensation and benefit programs. No payments are made under the change-in-

control severance program unless, within two years of the change in control, the NEO is involuntarily terminated or voluntarily terminates for good reason.

Traditional Termination Events

- Retirement or Retirement-Eligible — Termination of NEO who is at least 50 years old and has at least 10 years of credited service.
- Resignation — Voluntary termination of NEO who is not retirement-eligible.
- Lay Off — Involuntary termination of NEO who is not retirement-eligible not for cause.
- Involuntary Termination — Involuntary termination of NEO for cause. Cause includes individual performance below minimum performance standards and misconduct, such as violation of the Company's Drug and Alcohol Policy.
- Death or Disability — Termination of NEO due to death or disability.

Change-in-Control-Related Events

At the Company or the subsidiary company level:

- Company Change in Control I — Consummation of an acquisition by another entity of 20% or more of Common Stock or, following consummation of a merger with another entity, the Company's stockholders own 65% or less of the entity surviving the merger.
- Company Change in Control II — Consummation of an acquisition by another entity of 35% or more of Common Stock or, following consummation of a merger with another entity, the Company's stockholders own less than 50% of the Company surviving the merger.
- Company Does not Survive Merger — Consummation of a merger or other event and the Company is not the surviving company or the Common Stock is no longer publicly traded.
- Subsidiary Company Change in Control — Consummation of an acquisition by another entity, other than another subsidiary of the Company, of 50% or more of the stock of any of the Company's subsidiaries, consummation of a merger with another entity and the Company's subsidiary is not the surviving company, or the sale of substantially all the assets of any of the Company's subsidiaries.

Back to Content

At the employee level:

- Involuntary Change-in-Control Termination or Voluntary Change-in-Control Termination for Good Reason — Employment is terminated within two years of a change in control, other than for cause, or the employee voluntarily terminates for good reason. Good reason
 for voluntary termination within two years of a change in control generally is satisfied when there is a material reduction in salary, performance-based compensation opportunity or benefits, relocation of over 50 miles, or a diminution in duties and responsibilities.

The following chart describes the treatment of different pay and benefit elements in connection with the Traditional Termination Events as described above.

Program	Retirement/ Retirement-Eligible	Lay Off (Involuntary Termination Not For Cause)	Resignation	Death or Disability	Involuntary Termination (For Cause)
Pension Benefits Plans	Benefits payable as described in the notes following the Pension Benefits table.	Benefits payable as described in the notes following the Pension Benefits table.	Benefits payable as described in the notes following the Pension Benefits table.	Benefits payable as described in the notes following the Pension Benefits table.	Benefits payable as described in the notes following the Pension Benefits table.
Annual Performance Pay Program	Prorated if before 12/31.	Prorated if before 12/31.	Forfeit.	Prorated if before 12/31.	Forfeit.
Stock Options	Vest; expire earlier of original expiration date or five years.	Vested options expire in 90 days; unvested are forfeited.	Vested options expire in 90 days; unvested are forfeited.	Vest; expire earlier of original expiration date or three years.	Forfeit.
Performance Shares	No proration if retirement prior to end of performance period. Will receive full amount actually earned.	Forfeit.	Forfeit.	Death – prorated based on number of months employed during performance period. Disability – not affected. Will receive full amount actually earned.	Forfeit.
	Forfeit.	Vest.	Forfeit.	Vest.	Forfeit.

Restricted Stock Units					
Financial Planning Perquisite	Continues for one year.	Terminates.	Terminates.	Continues for one year.	Terminates.
DCP	Payable per prior elections (lump sum or up to 10 annual installments).	Payable per prior elections (lump sum or up to 10 annual installments).	Payable per prior elections (lump sum or up to 10 annual installments).	Payable to beneficiary or participant per prior elections. Amounts deferred prior to 2005 can be paid as a lump sum per the benefit administration committee's discretion.	Payable per prior elections (lump sum or up to 10 annual installments).
SBP–non-pension related	Payable per prior elections (lump sum or up to 20 annual installments).	Payable per prior elections (lump sum or up to 20 annual installments).	Payable per prior elections (lump sum or up to 20 annual installments).	Payable to beneficiary or participant per prior elections. Amounts deferred prior to 2005 can be paid as a lump sum per the benefit administration committee's discretion.	Payable per prior elections (lump sum or up to 20 annual installments).

Back to Content

The following chart describes the treatment of payments under compensation and benefit programs under different change-in-control events, except the Pension Plan. The Pension Plan is not affected by change-in-control events.

Program	**Company Change in Control I**	**Company Change in Control II**	**Company Does Not Survive Merger or Subsidiary Company Change in Control**	**Involuntary Change-in-Control-Related Termination or Voluntary Change-in-Control-Related Termination for Good Reason**
Nonqualified Pension Benefits (except SRA)	All SERP-related benefits vest if participants vested in tax-qualified pension benefits; otherwise, no impact. SBP pension-related benefits vest for all participants and single sum value of benefits earned to change-in-control date paid following termination or retirement.	Benefits vest for all participants and single sum value of benefits earned to the change-in-control date paid following termination or retirement.	Benefits vest for all participants and single sum value of benefits earned to the change-in-control date paid following termination or retirement.	Based on type of change-in-control event.
SRA	Not affected.	Not affected.	Not affected.	Vest.
Annual Performance Pay Program	If no program termination, paid at greater of target or actual performance. If program terminated within two years of change in control, prorated at target performance level.	If no program termination, paid at greater of target or actual performance. If program terminated within two years of change in control, prorated at target performance level.	Prorated at target performance level.	If not otherwise eligible for payment, if the program is still in effect, prorated at target performance level.
Stock Options	Not affected.	Not affected.	Vest and convert to surviving company's securities; if cannot convert, pay spread in cash.	Vest.
Performance Shares	Not affected.	Not affected.	Vest and convert to surviving company's securities; if cannot convert, pay spread in	Vest.

			cash.	
Restricted Stock Units	Not affected.	Not affected.	Vest and convert to surviving company's securities; if cannot convert, pay spread in cash.	Vest.
DCP	Not affected.	Not affected.	Not affected.	Not affected.
SBP	Not affected.	Not affected.	Not affected.	Not affected.
Severance Benefits	Not applicable.	Not applicable.	Not applicable.	Two or three times base salary plus target annual performance-based pay.
Healthcare Benefits	Not applicable.	Not applicable.	Not applicable.	Up to five years participation in group healthcare plan plus payment of two or three years' premium amounts.
Outplacement Services	Not applicable.	Not applicable.	Not applicable.	Six months.

Back to Content

Potential Payments

This section describes and estimates payments that would become payable to the NEOs upon a termination or change in control as of December 31, 2015.

Pension Benefits

The amounts that would have become payable to the NEOs if the Traditional Termination Events occurred as of December 31, 2015 under the Pension Plan, the SBP-P, and the SERP are itemized in the following chart. The amounts shown under the Retirement column are amounts that would have become payable to the NEOs that were retirement-eligible on December 31, 2015 and are the monthly Pension Plan benefits and the first of 10 annual installments from the SBP-P and the SERP. The amounts shown under the Resignation or Involuntary Termination column are the amounts that would have become payable to the NEOs who were not retirement-eligible on December 31, 2015 and are the monthly

Pension Plan benefits that would become payable as of the earliest possible date under the Pension Plan and the single sum value of benefits earned up to the termination date under the SBP-P, paid as a single payment rather than in 10 annual installments. Benefits under the SERP would be forfeited.

The amounts shown that are payable to a spouse in the event of the death of the NEO are the monthly amounts payable to a spouse under the Pension Plan and the first of 10 annual installments from the SBP-P and the SERP. The amounts in this chart are very different from the pension values shown in the Summary Compensation Table and the Pension Benefits table. Those tables show the present values of all the benefit amounts anticipated to be paid over the lifetimes of the NEOs and their spouses. Those plans are described in the notes following the Pension Benefits table. Of the NEOs, Ms. Greene was not retirement-eligible on December 31, 2015.

	Plan	**Retirement ($)**	**Resignation or Involuntary Termination ($)**	**Death (payments to a spouse) ($)**
Tom Fanning	Pension	9,032	9,032	5,245
	SBP-P	1,481,700	1,481,700	1,481,700
	SERP	519,592	519,592	519,592
Art Beattie	Pension	11,665	11,665	6,006
	SBP-P	701,890	701,890	701,890

	SERP	236,797	236,797	236,797
Paul Bowers	Pension	9,603	9,603	5,512
	SBP-P	758,246	758,246	758,246
	SERP	245,403	245,403	245,403
Mark Crosswhite	Pension	2,154	2,154	1,707
	SBP-P	107,881	107,881	107,881
	SERP	56,142	56,142	56,142
	SRA	296,856	296,856	296,856
Kim Greene	Pension	—	755	1,240
	SBP-P	—	500,737	52,480
	SERP	—	—	43,235

As described in the change-in-control chart, the only change in the form of payment, acceleration, or enhancement of the pension benefits is that the single sum value of benefits earned up to the change-in-control date under the SBP-P, the SERP, and the SRA could be paid as a single payment rather than in 10 annual installments. Also, the SERP benefits vest for participants who are not retirement-eligible upon a change in control. Estimates of

the single sum payment that would have been made to the NEOs, assuming termination as of December 31, 2015 following a change-in-control-related event, other than a Company Change in Control I (which does not impact how pension benefits are paid), are itemized below. These amounts would be paid instead of the benefits shown in the Traditional Termination Events chart above; they are not paid in addition to those amounts.

Back to Content

	SBP-P ($)	SERP ($)	SRA ($)	Total ($)
Tom Fanning	14,816,996	5,195,925	—	20,012,921
Art Beattie	7,018,898	2,367,972	—	9,386,870
Paul Bowers	7,582,459	2,454,027	—	10,036,486
Mark Crosswhite	1,078,808	561,421	2,968,559	4,608,788
Kim Greene	491,454	404,873	—	896,327

The pension benefit amounts in the tables above were calculated as of December 31, 2015 assuming payments would begin as soon as possible under the terms of the plans. Accordingly, appropriate early retirement reductions were applied. Any unpaid annual performance-based compensation was assumed to be paid at 1.30 times

the target level. Pension Plan benefits were calculated assuming each NEO chose a single life annuity form of payment, because that results in the greatest monthly benefit. The single sum values were based on a 3.26% discount rate.

Annual Performance Pay Program

The amount payable if a change in control had occurred on December 31, 2015 is the greater of target or actual performance. Because actual payouts for 2015 performance were above the target level for all of the

NEOs, the amount that would have been payable was the actual amount paid as reported in the Summary Compensation Table.

Stock Options, Performance Shares, and Restricted Stock Units (Equity Awards)

Equity Awards would be treated as described in the Termination and Change-in-Control charts above. If Southern Company consummates a merger and is not the surviving company, all Equity Awards vest. However, there is no payment associated with Equity Awards in that situation unless the participants' Equity Awards cannot be converted into surviving company awards. In that event, the value of outstanding Equity Awards would be paid to the NEOs. In addition, if there is an Involuntary Change-in-Control Termination or Voluntary Change-in-Control Termination for Good Reason, Equity Awards vest.

For stock options, the value is the excess of the exercise price and the closing price of Common Stock on December 31, 2015. The value of performance shares and restricted stock units is calculated using the closing price of Common Stock on December 31, 2015.

The chart below shows the number of stock options for which vesting would be accelerated and the amount that would be payable if there were no conversion to the surviving company's stock options. It also shows the number and value of performance shares and restricted stock units that would be paid.

	Number of Equity Awards with Accelerated Vesting (#)			**Total Number of Equity Awards Following Accelerated Vesting (#)**			**Total Payable in Cash without Conversion of Equity Awards ($)**
	Stock Options	**Performance Shares**	**Restricted Stock Units**	**Stock Options**	**Performance Shares**	**Restricted Stock Units**	
Tom Fanning	921,735	250,462	—	2,337,096	250,462	—	20,735,107
Art Beattie	248,381	60,692	—	755,968	60,692	—	6,486,731
Paul Bowers	298,035	70,750	—	1,406,893	70,750	—	14,403,312
Mark Crosswhite	207,499	54,972	—	498,641	54,972	—	4,997,541
Kim Greene	251,522	45,450	38,840	541,840	45,450	38,840	5,132,511

DCP and SBP

The aggregate balances reported in the Nonqualified Deferred Compensation table would be payable to the NEOs as described in the Traditional Termination and Change-in-Control-Related Events charts above. There is no enhancement or acceleration of payments under these

plans associated with termination or change-in-control events, other than the lump-sum payment opportunity described in the above charts. The lump sums that would be payable are those that are reported in the Nonqualified Deferred Compensation table.

Back to Content

Healthcare Benefits

All of the NEOs except Ms. Greene are retirement-eligible. Healthcare benefits are provided to retirees, and there is no incremental payment associated with the termination or change-in-control events, except in the case of a

change-in-control-related termination, as described in the Change-in-Control-Related Events chart. The estimated cost of providing healthcare insurance premiums for up to a maximum of three years is $57,996 for Ms. Greene.

Financial Planning Perquisite

An additional year of the financial planning perquisite, which is set at a maximum of $8,700 per year, will be provided after retirement for retirement-eligible NEOs.

There are no other perquisites provided to the NEOs under any of the traditional termination or change-in-control-related events.

Severance Benefits

The NEOs are participants in a change-in-control severance plan. The plan provides severance benefits, including outplacement services, if within two years of a change in control they are involuntarily terminated not for cause or they voluntarily terminate for good reason. The severance benefits are not paid unless the NEO releases the employing company from any claims he or she may have against the employing company.

- The severance payment is three times the base salary and target payout under the annual Performance Pay Program for Mr. Fanning and two times the base salary and target payout under the annual Performance Pay Program for the other NEOs.
- The estimated cost of providing the six months of outplacement services is $6,000 per NEO.
- If any portion of the severance amount constitutes an "excess parachute payment" under Section 280G of the tax code and is therefore subject to an excise tax, the severance amount will be reduced unless the after-tax "unreduced amount" exceeds the after-tax "reduced amount." Excise tax gross-ups will not be provided on change-in-control severance payments.

The table below estimates the severance payments that would be made to the NEOs if they were terminated as of December 31, 2015 in connection with a change in control.

	Severance Amount ($)
Tom Fanning	8,437,500
Art Beattie	2,451,532
Paul Bowers	2,852,131
Mark Crosswhite	2,245,633
Kim Greene	2,265,250

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2015 concerning shares of Common Stock authorized for issuance under Southern Company's existing non-qualified equity compensation plan, the Omnibus Incentive Compensation Plan (Omnibus Plan) approved by stockholders in 2011.

Plan category	**Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a)**	**Weighted-average exercise price of outstanding options, warrants, and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)**
Equity compensation plans approved by security holders	35,749,906	$40.96	13,804,749[(1)]
Equity compensation plans not approved by security holders	n/a	n/a	n/a

(1) Represents shares available for future issuance under the Omnibus Plan.

Back to Content

Compensation Related Company Proposals

Item 6

ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION (SAY ON PAY)

As described in the CD&A, our compensation program is designed to link pay and performance to align our executive officers with both stockholder and customer interests and remain competitive with our industry peers.

The Board recommends a vote FOR approval of executive compensation.

In early 2015 we made some changes to our compensation program that followed from our focus on continuously refining our executive compensation program to more effectively align executive pay with performance and reflect best compensation practices.

•