SOUTHERN CO
Form DEF 14A
April 10, 2015
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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

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 Materials Pursuant to §240.14a-12

THE SOUTHERN COMPANY

(Name of Registrant as Specified In Its Charter)

N/A

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

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¨ 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:

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* To be voted on at the meeting.

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LETTER TO STOCKHOLDERS

Dear Fellow Stockholder:

You are invited to attend the 2015 Annual Meeting of Stockholders at 10 a.m. ET on Wednesday, May 27, 2015, at The Lodge Conference Center at Callaway Gardens, Pine Mountain, Georgia.

Your vote is important. Whether or not you plan to attend the meeting, please review the proxy material and vote by internet, phone, or mail as soon as possible.

At the annual meeting, I will report on our accomplishments from 2014, as well as our plans for 2015 and beyond. We will also elect our Board of Directors and vote on the other matters described in this Proxy Statement.

Throughout the entire 103-year history of The Southern Company, customers have always been at the center of all we do. This customer-focused business model continues to inform the decisions we make as we consider how our actions will potentially benefit the families, businesses, and communities we serve. Going forward, we will remain grounded in this core value.

This Proxy Statement includes Appendix D, the 2014 Annual Report with The Southern Company s audited financial statements and management s discussion and analysis of results of operation and financial condition.

We look forward to seeing you on May 27th. Thank you for your continued support of The Southern Company.

/s/ Thomas A. Fanning

Thomas A. Fanning

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF THE SOUTHERN COMPANY

DATE:	Wednesday, May 27, 2015
TIME:	10:00 a.m., ET
PLACE:	The Lodge Conference Center at Callaway Gardens Highway 18 Pine Mountain, Georgia 31822
DIRECTIONS:	***From Atlanta, Georgia*** Take I-85 south to I-185 (Exit 21). From I-185 south, take Exit 34, Georgia Highway 18. Take Georgia Highway 18 east to Callaway. ***From Birmingham, Alabama*** Take U.S. Highway 280 east to Opelika. Take I-85 north to Georgia Highway 18 (Exit 2). Take Georgia Highway 18 east to Callaway.

Items of Business

1. To elect 15 Directors;
2. To approve The Southern Company Outside Directors Stock Plan;
3. To approve an amendment to the By-Laws related to the ability of stockholders to act by written consent to amend the By-Laws;
4. To approve on a non-binding advisory basis The Southern Company s named executive officers compensation;
5. To ratify the appointment of Deloitte & Touche LLP as The Southern Company s independent registered public accounting firm for 2015;
6. To consider a stockholder proposal on proxy access;
7. To consider a stockholder proposal on greenhouse gas emissions reduction goals; and
8. To 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 30, 2015 are entitled to attend and vote at the meeting. On that date, there were 908,996,758 shares of common stock (Common Stock) of The Southern Company (Southern Company or the Company) outstanding and entitled to vote.

Annual Report to Stockholders

Appendix D to this Proxy Statement is The Southern Company s 2014 Annual Report.

By Order of the Board of Directors,

Melissa K. Caen, Corporate Secretary,

April 10, 2015

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VOTING INFORMATION

Even if you plan to attend the meeting in person, please provide your voting instructions as soon as possible by internet, by phone using the toll-free number, or by mail by marking, signing, dating, and returning the proxy form in the enclosed, postage-paid envelope.

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

PROXY VOTING OPTIONS

YOUR VOTE IS IMPORTANT!

Voting early will ensure the presence of a quorum at the meeting and may save The Southern Company the expense and extra work of additional solicitation.

VOTE BY INTERNET

www.proxyvote.com

24 hours a day/7 days a week

Instructions:

Read this Proxy Statement

Go to the following website:

www.proxyvote.com

Have your proxy form or voting instruction

form in hand and follow the instructions.

VOTE BY PHONE

1-800-690-6903

Toll-free 24 hours a day/7 days a week

Instructions:

Read this Proxy Statement

Have your proxy form or voting instruction

form in hand and follow the instructions.

Please do not return the enclosed

paper ballot if you are voting by

internet or phone.

Important Notice Regarding the Availability of Proxy Materials for the 2015 Annual Meeting of Stockholders to be held on May 27, 2015:

The Company s 2015 Proxy Statement, which includes the 2014 Annual Report as an appendix, is also available free of charge on the Company s website at http://investor.southerncompany.com/proxy.

The Company s 2014 Annual Report filed with the Securities and Exchange Commission (SEC) on Form 10-K will be provided without charge upon written request to Melissa K. Caen, Corporate Secretary, Southern Company, 30 Ivan Allen Jr. Boulevard NW, Atlanta, Georgia 30308.

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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 the following matters at the 2015 Annual Meeting of Stockholders (2015 Annual Meeting):

	The Board s Recommendation
Item 1. Election of 15 Directors (page 1) 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 the Company s industry and subsidiaries service territories.	For each Director nominee
Item 2. Approve The Southern Company Outside Directors Stock Plan (page 9) The Board of Directors has adopted effective June 1, 2015, subject to stockholder approval, the Outside Directors Stock Plan for Directors of The Southern Company and its Subsidiaries. The purpose of the Outside Directors Stock Plan is to provide a mechanism for non-employee Directors to automatically increase their ownership of Common Stock and thereby further align their interests with those of the Company s stockholders.	For
Item 3. Approve Amendment to the By-Laws Related to the Ability of Stockholders to Act by Written Consent to Amend the By-Laws (page 9) The Board of Directors has determined that it is in the best interests of the Company and its stockholders to amend the Company s By-Laws to permit stockholders to take action to amend the By-Laws without a meeting by the written consent of holders of not less than the minimum number of the issued and outstanding shares that would be necessary to take such action at a meeting at which all shares entitled to vote thereon were present and voted.	For
Item 4. Advisory Vote on Named Executive Officers Compensation (page 24) The Company believes its compensation program provides the appropriate mix of fixed and short- and long-term performance-based compensation that rewards achievement of the Company s financial success, business unit financial and operational success, and total shareholder return. The Company seeks a non-binding advisory vote from its stockholders to	For

approve the compensation of its named executive officers.	
Item 5. Ratification of Independent Auditor for 2015 (page 71) The Audit Committee has appointed Deloitte & Touche LLP (Deloitte & Touche) as the Company s independent registered public accounting firm for 2015. This appointment is being submitted to stockholders for ratification, and the Audit Committee and the Board of Directors believe that the continued retention of Deloitte & Touche to serve as the Company s independent registered public accounting firm is in the best interests of the Company and its stockholders.	For
Item 6. Stockholder Proposal on Proxy Access, if properly presented (page 73) Proxy access is an untested governance feature for U.S. companies and it should not be implemented in the absence of a compelling rationale. The proponent s proxy access proposal does not seek to remedy any specific governance or performance deficiency at the Company. The Company already has significant corporate governance practices that protect stockholder rights and interests. Implementing proxy access on the terms of this proposal could negatively affect the Company s corporate governance.	Against
Item 7. Stockholder Proposal on Greenhouse Gas Emissions Reduction Goals, if properly presented (page 76) The Board of Directors does not believe it is in the best interests of the Company or its stockholders to independently establish at this time voluntary, absolute quantitative goals for reducing total greenhouse gas emissions from the Southern Company system s operations. A separate report as requested in the proposal regarding plans to achieve such goals would not be an efficient use of additional Company resources or add value to the Company s current efforts in this area.	Against

Questions and Answers About the 2015 Annual Meeting

Please review Frequently Asked Questions on page 79 for answers to common questions about the 2015 Annual Meeting.

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Key Corporate Governance Features

Southern Company seeks to establish corporate governance standards and practices that will be of value to long-term stockholders and create positive influences in the governance of the Company. Several of our key governance standards and 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
- Strong Lead Independent Director
- Annual Board and committee self-evaluations
- Proactive stockholder engagement

Recent Governance Enhancements

- Established Business Security Subcommittee of the Board see page 20
- Increased Stakeholder Engagement Efforts see page 12
- Added Former U.S. Deputy Attorney General Larry D. Thompson to the Board see page 8
- Added Alabama Business and Civic Leader John D. Johns to the Board see page 6

- Enhanced the Responsibilities of the Lead Independent Director see page 15

- Refreshed the Composition of Key Board Committees...see pages 16 to 20

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EXECUTIVE COMPENSATION SUMMARY

Performance and Pay

Performance-based pay represents a substantial portion of the total direct compensation paid or granted to the named executive officers for 2014.

(1) Salary is the actual amount paid in 2014, Short-Term Performance Pay is the actual amount earned in 2014 based on performance, and Long-Term Performance Pay is the value on the grant date of stock options and performance shares granted in 2014. See the Summary Compensation Table for the amounts of all elements of reportable compensation described in the Compensation Discussion and Analysis. Information is provided for named executive officers serving at the end of 2014.

Compensation and Benefit Beliefs and Practices

The Company s compensation and benefit program is based on the following beliefs:

- Employees commitment and performance have a significant impact on achieving business results;
- Compensation and benefits offered must attract, retain, and engage employees and must be financially sustainable;
- Compensation should be consistent with performance: higher pay for higher performance and lower pay for lower performance; and
- Both business drivers and culture should influence the compensation and benefit program.

Based on these beliefs, the Compensation Committee believes that the Company s executive compensation program should:

- Be competitive with the Company s industry peers;
- Motivate and reward achievement of the Company s goals;
- Be aligned with the interests of the Company s stockholders and its subsidiaries customers; and

- Not encourage excessive risk-taking.

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Executive compensation is targeted at the market median of industry peers, but actual compensation is primarily determined by achievement of the Company s business goals. The Company believes that focusing on the customer drives achievement of financial objectives and delivery of a premium, risk-adjusted total shareholder return for the Company s stockholders. Therefore, short-term performance pay is based on achievement of the Company s operational and financial performance goals, with one-third determined by operational performance, such as safety, reliability, and customer satisfaction; one-third determined by business unit financial performance; and one-third determined by Company earnings per share performance. Long-term performance pay is tied to stockholder value, with 40% of the target value awarded in stock options, which reward stock price appreciation, and 60% awarded in performance shares, which reward total shareholder return performance relative to that of industry peers and stock price appreciation.

Key Compensation Practices

WHAT WE DO

Annual pay risk assessment

Independent compensation consultant

Claw-back provision

Strong stock ownership requirements

WHAT WE DON T DO

No-hedging provision in insider trading policy

No excise tax gross-ups on change-in-control severance arrangements

Limited ongoing perquisites

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CORPORATE GOVERNANCE

ITEM NO. 1 ELECTION OF DIRECTORS

Nominees for Election as Directors

The Proxies named on the proxy form will vote, unless otherwise instructed, each properly executed proxy form for the election of the following nominees as Directors. 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. Each nominee, if elected, will serve until the 2016 Annual Meeting of Stockholders.

The Board of Directors, acting upon the recommendation of the Governance Committee, nominates the following individuals for election to the Southern Company Board of 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 the Company s industry and subsidiaries service territories, as detailed below.

Juanita Powell Baranco

Age: 66

Director since: 2006

Board committee: Audit

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

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

Director biography: 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 Company (Georgia Power), the largest subsidiary of 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, the Commerce Club, and the Woodruff Arts Center. 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.

The Board has benefited from Ms. Baranco s particular expertise in business operations and her civic involvement.

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Jon A. Boscia

Age: 62

Director since: 2007

Board committee: Audit (Chair)

Principal occupation: Founder and President, Boardroom Advisors LLC, board governance consulting firm

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)

Director biography: 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 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.

Mr. Boscia s extensive background in finance, investment management, information technology, and corporate governance are valuable to the Board.

Henry A. Hal Clark III

Age: 65

Director since: 2009

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

Principal occupation: Senior Advisor of Evercore Partners Inc. (formerly Lexicon Partners, LLC), corporate finance advisory firm, since July 2009

Other public company directorships: None

Director biography: As a Senior Advisor with Evercore Partners Inc. (formerly Lexicon Partners, LLC), 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. He has served as Chair of the Wall Street Advisory Group of the Edison Electric Institute.

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

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Thomas A. Fanning

Age: 58

Director since: 2010

Principal occupation: Chairman of the Board, President, and Chief Executive Officer of the Company since December 2010

Other public company directorships: Vulcan Materials Company

Director biography: 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 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 also 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. Mr. Fanning served on the Board of The St. Joe Company from 2005 through September 2011.

Mr. Fanning s knowledge of the Company s 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.

David J. Grain

Age: 52

Director since: 2012

Board committees: Compensation and Management Succession, Finance

Principal occupation: Founder and Managing Partner, Grain Management, LLC, private equity firm

Other public company directorships: None

Director biography: 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 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. 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, a Trustee of the College of the Holy Cross, and serves on the Investment Committee of the United States Tennis Association.

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

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Veronica M. Hagen

Age: 69

Director since: 2008; Lead Independent Director since May 28, 2014

Board committees: Compensation and Management Succession, Nuclear/Operations

Other public company directorships: Polymer Group, Inc., Newmont Mining Corporation

Director biography: From 2007 until her retirement in 2013, Ms. Hagen served as Chief Executive Officer of Polymer Group, Inc., where she continues to serve as a Director and Chair of the Nominating and Corporate Governance Committee. 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 Environmental, Social Responsibility, and Safety Committee of the Board of Newmont Mining Corporation.

Ms. Hagen s global operational management experience and commercial business leadership are valuable assets to the Board.

Warren A. Hood, Jr.

Age: 63

Director since: 2007

Board committee: Audit

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

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

Director biography: 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 States, Canada, and Mexico. Hood Companies, Inc. s products are currently marketed in North America, the Caribbean, and Western Europe. Mr. Hood previously served on the Board of the Company s subsidiary, Mississippi Power Company (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.

Mr. Hood s business operations, risk management, and financial experience and civic involvement are valuable to the Board.

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Linda P. Hudson

Age: 64

Director since: 2014

Board committees: Governance, Nuclear/Operations, Business Security Subcommittee

Principal Occupation: Founder, Chairman, and Chief Executive Officer, The Cardea Group, business management consulting firm

Other public company directorships: BAE Systems, Inc., Bank of America Corporation

Director biography: 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, Inc. (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 the General Dynamics Corporation and President of General Dynamics Armament and Technical Products. She currently serves as an adviser and outside Director for BAE Systems. She is also a member of Bank of America Corporation s Board of Directors, where she serves on the Compensation and Benefits Committee and the Credit Committee. She is also a Director of the University of Florida Foundation and a Director of the Center for a New American Security.

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.

Donald M. James

Age: 66

Director since: 1999

Board committees: Governance (Chair), Finance

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

Director biography: Mr. James retired from his position as Chief Executive Officer of Vulcan Materials Company in July 2014 and Executive Chairman in January 2015. He continues to serve 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 President and Chief Executive 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.

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

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John D. Johns

Age: 63

Director since: 2015

Board committees: Audit

Principal occupation: Chairman, President, and Chief Executive Officer of Protective Life Corporation (Protective Life)

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

Director biography: Mr. Johns has served as Chairman, President, and Chief Executive Officer of Protective Life since 2002. 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 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. He previously served on the Board of Directors of Alabama Power Company (Alabama Power) from 2004 to 2015. During his tenure on the Alabama Power Board, he was a member of the Nominating Committee and Executive 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. 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 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.

Mr. Johns management and leadership experience, his significant familiarity with Alabama Power, and his civic involvement are valuable to the Board.

Dale E. Klein

Age: 67

Director since: 2010

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

Principal occupation: Associate Vice Chancellor of Research of the University of Texas System since 2011 and Associate Director of the Energy Institute at The University of Texas at Austin since 2010

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

Director biography: 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.

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

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William G. Smith, Jr.

Age: 61

Director since: 2006

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

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

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

Director biography: 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 both Tallahassee Memorial HealthCare and the Tallahassee Area Chamber of Commerce.

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

Steven R. Specker

Age: 69

Director since: 2010

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

Other public company directorships: Trilliant Incorporated

Director biography: Dr. Specker served as President and Chief Executive Officer of the Electric Power Research Institute (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.

Dr. Specker brings to the Board a keen understanding of the electric industry and valuable insight in innovation and technology development.

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Larry D. Thompson

Age: 69

Director since: 2014 (previously served from 2010 to 2012)

Board committee: Audit

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

Director biography: 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. Prior to that, Mr. Thompson served from 2004 to 2011 as Senior Vice President of Government Affairs, General Counsel, and Corporate Secretary of PepsiCo Inc. In his role at PepsiCo Inc., Mr. Thompson was responsible for PepsiCo Inc. s worldwide legal function, as well as its government affairs organization, and the company s charitable foundation. His government career includes serving as Deputy Attorney General in the United States 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 a Director of the PepsiCo Foundation. Mr. Thompson served as a Director of Southern Company from 2010 to 2012 and was a member of the Audit Committee.

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

E. Jenner Wood III

Age: 63

Director since: 2012

Board committees: Governance, Nuclear/Operations

Principal occupation: Chairman and Chief Executive Officer of the Atlanta Division of SunTrust Bank and Corporate Executive Vice President of SunTrust Banks, Inc., banking

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

Director biography: Mr. Wood is currently the Chairman, President, and Chief Executive Officer of the Atlanta Division of SunTrust Bank, a position he has held since April 2014, where he is responsible for managing retail, commercial, and private wealth banking in the Greater Atlanta area. He also has served as an Executive Vice President of SunTrust Banks, Inc. since July 2005. From April 2010 through January 2013, he was Chairman of the Board, President, and Chief Executive Officer of the Atlanta/Georgia Division of SunTrust Bank and from January 2013 through March 2014 he was Chairman of the Board, President, and Chief Executive Officer of the Georgia/North Florida Division of SunTrust Bank. From 2002 through 2010, he served as Chairman, President, and Chief Executive Officer of SunTrust Bank 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. He is active in numerous civic and community organizations, serving as a Trustee of the Robert W. Woodruff Foundation, The Sartain Lanier Family Foundation, Camp-Younts Foundation, the Jesse Parker Williams Foundation, and the William I. H. and Lula E. Pitts Foundation.

Mr. Wood s leadership experience and extensive background in finance as well as his involvement in the community are beneficial to the Board.

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Each nominee has served in his or her present position for at least the past five years, unless otherwise noted.

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 OF DIRECTORS RECOMMENDS A VOTE FOR THE NOMINEES LISTE IN ITEM NO. 1.

ITEM NO. 2 APPROVAL OF THE COMPANY S OUTSIDE DIRECTORS STOCK PLAN

The Board of Directors has adopted effective June 1, 2015, subject to stockholder approval, the Outside Directors Stock Plan for Directors of The Southern Company and its Subsidiaries (Plan). The purpose of the Plan is to provide a mechanism for non-employee Directors to automatically increase their ownership of Common Stock and thereby further align their interests with those of the Company s stockholders.

The Plan will be administered by the Company s Governance Committee.

The Plan provides for the payment to non-employee Directors of a portion of their annual retainer fee in unrestricted shares of Common Stock. For the subsidiary company participants, the equity-based annual retainer fee that will be payable under the Plan in Common Stock ranges from $19,500 to $30,000 per year. See Director Compensation in this Proxy Statement for a description of the equity-based annual retainer fee paid to the Company s Directors. Additionally, the Plan permits participants to elect to receive a greater portion up to all of their Director compensation in Common Stock. For the Company s Directors, the receipt of Common Stock under the Plan is deferred until departure from the Board of Directors. Other subsidiary company participants may elect

to defer receipt of all or a portion of Common Stock paid under the Plan until departure from their respective Board of Directors. The Company expects that there will be approximately 55 Company and subsidiary company Directors initially participating in the Plan.

The maximum amount of Common Stock that may be granted under the Plan is 1,000,000 shares.

The Board of Directors of the Company may amend or terminate the Plan at any time, subject to any required stockholder approval. The maximum amount of Common Stock that may be granted under the Plan may not be increased without stockholder approval.

The estimated amount to be paid to the Company s non-executive Directors as a group under the Plan in 2015 is $3.5 million. The actual number of shares of Common Stock to be received will be dependent upon the market price of the Common Stock on the date of grant. No amounts will be paid to executive officers or other employees under the Plan.

The text of the Plan is included as Appendix A to this Proxy Statement.

The affirmative vote of a majority of the votes cast is required for approval of the Plan.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEM NO. 2.

ITEM NO. 3 AMENDMENT TO THE COMPANY S BY-LAWS RELATED TO THE ABILITY OF STOCKHOLDERS TO ACT BY WRITTEN CONSENT TO AMEND THE BY-LAWS

The Board of Directors has determined that it is in the best interests of the Company and its stockholders to amend the provision contained in Section 46 of the Company s By-Laws (By-Laws) relating to the ability of stockholders to act by written consent to amend the By-Laws. The proposed amendment would amend the By-Laws to permit stockholders to take action to amend the By-Laws without a meeting by the

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written consent of holders of not less than the minimum number of the issued and outstanding shares that would be necessary to take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Background of This Item

The Board of Directors is committed to implementing and maintaining effective corporate governance policies and practices which seek to ensure that the Company is governed with high standards of ethics, integrity, and accountability and in the best interest of the Company s stockholders. A written consent right generally affords stockholders a means of acting between annual meetings other than by calling a special meeting. Under Section 228(a) of the Delaware General Corporation Law (DGCL), any action that may be taken at a meeting of stockholders may be taken without a meeting by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, unless otherwise provided in the certificate of incorporation. The Company s Certificate of Incorporation permits the Company s stockholders to act by written consent because it does not restrict that right. The only provision in the By-Laws that concerns stockholders ability to act by written consent is contained in Section 46, which provides that stockholders may amend the By-Laws without a meeting but only by unanimous written consent. The Board of Directors has determined that revising this provision in the By-Laws to make it consistent with Section 228(a) of the DGCL and the Company s Certificate of Incorporation is in the best interests of the Company and its stockholders.

As a result, the Board of Directors voted to approve, and to recommend to the Company s stockholders that they approve, a proposal to amend Section 46 of the By-Laws to permit stockholders to take action to amend the By-Laws without a meeting by the written consent of holders of not less than the minimum number of the issued and outstanding shares of capital

stock of the Company having voting powers that would be necessary to take such action at a meeting at which all shares entitled to vote thereon were present and voted. Under the By-Laws, the proposed amendment to Section 46 of the By-Laws requires stockholder approval in order to become effective.

Amendment

The proposed amendment to Section 46 of the By-Laws would revise the provision that relates to the ability of stockholders to act by written consent to amend the By-Laws. If approved, this proposed amendment would conform Section 46 of the By-Laws to Section 228 of the DGCL and the Company s Certificate of Incorporation to make clear that the standard set forth in Section 228(a) of the DGCL governs the ability of the Company s stockholders to act by written consent.

The text of the proposed amendment, marked to show changes to the current Section 46 of the By-Laws, is included as Appendix B to this Proxy Statement.

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 approval of the proposed amendment to Section 46 of the By-Laws as presented in this Item No. 3.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEM NO. 3.

Company Organization

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

At the 2015 Annual Meeting, stockholders will elect 15 Directors. The nominees for election as Directors consist of 14 non-employees and one executive officer of the Company.

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

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Corporate Governance Website

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

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

The Corporate Governance 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.

Director Independence

No Director will be deemed to be independent unless the Board of Directors 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 of Directors 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.

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 specifically includes all ordinary course transactions with entities with which the Directors are associated. The Board determined that the Company and its subsidiaries followed

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the Company s 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. See Other Information Certain Relationships and Related Transactions for a discussion of related party transactions identified by the Company.

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.

At least annually, the Board also reviews Director independence. The Board considers transactions, if any, identified in the review of 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. In determining independence, 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 of Director independence, the Board affirmatively determined that none of the following persons who are currently serving as Directors or who served during 2014 or who are nominees for election as Directors has a material relationship with the Company and, as a result, such persons are determined to be independent: Juanita Powell Baranco, Jon A. Boscia, Henry A. Clark III, David J. Grain, H. William Habermeyer, Jr., Veronica M. Hagen, Warren A. Hood, Jr., Linda P.

Hudson, Donald M. James, John D. Johns, Dale E. Klein, William G. Smith, Jr., Steven R. Specker, Larry D. Thompson, and E. Jenner Wood III. Thomas A. Fanning, a current Director, is Chairman of the Board, President, and Chief Executive Officer of the Company and is not independent.

Communicating with the Board

Interested parties may communicate directly with the Company s Board or specified Directors, including the Lead Independent Director. Communications may be sent to the Company s Board 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. The electronic mail address is CORPGOV@southerncompany.com. The electronic mail address also can be accessed from the Corporate Governance webpage located under Information for Investors/Corporate Governance on the Company s 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.

Stakeholder Engagement

The Company places great importance on consistent dialogue with its stakeholders, including customers, investors, and employees as well as with the financial community generally. The Company also regularly engages in discussions with, and provides comprehensive information for, its constituents interested in the Southern Company system s citizenship, stewardship, and environmental compliance. As part of these efforts, in 2014, the Company began a more systematic approach to investor outreach and involved members of its senior management and the Board of Directors. These efforts included a specific focus on the Company s corporate governance philosophy and practices and its desire to hear about the governance topics of specific interest to its stockholders. Moving forward, the Company will

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continue to take an active, inclusive, and flexible approach to stakeholder engagement.

Majority Voting for Directors

Since 2010, the Company has 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 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. The Board believes that the majority vote standard in uncontested Director elections strengthens the Director nomination process and enhances Director accountability.

The Company also has a 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.

Political Contributions Policy

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.

Director Compensation

Only non-employee Directors of the Company are compensated for service on the Board of Directors. During 2014, the pay components for non-employee Directors were:

Annual retainers:

- $100,000 cash retainer
- Additional $20,000 cash retainer if serving as a chair of a committee of the Board
- Additional $20,000 cash retainer if serving as the Lead Independent Director of the Board

Annual equity grant:

- $120,000 in deferred Common Stock units until Board membership ends

Meeting fees:

- Meeting fees are not paid for participation in the initial eight meetings of the Board in a calendar year. If more than eight meetings of the Board are held in a calendar year, $2,500 will be paid for participation in each meeting of the Board beginning with the ninth meeting.

- Meeting fees are not paid for participation in a meeting of a committee of the Board.

On December 8, 2014, the Board of Directors created a Business Security Subcommittee of the Nuclear/Operations Committee and approved an additional $12,500 annual cash retainer for serving on such subcommittee.

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.

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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. The Company has 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 Compensation Table

The following table reports all compensation to the Company s non-employee Directors during 2014, including amounts deferred in the Director Deferred Compensation Plan. Non-employee Directors do not receive Option Awards or Non-Equity Incentive Plan Compensation, and there is no pension plan for non-employee Directors. Mr. Johns, who was elected to the Board effective February 9, 2015, is not included in this table.

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (3)	Total ($)
Juanita Powell Baranco	116,667	120,000				1,502	238,169
Jon A. Boscia	120,000	120,000				1,499	241,499
Henry A. Clark III	111,667	120,000				1,723	233,390
David J. Grain	100,001	120,000				1,310	221,311
H. William Habermeyer, Jr. (4)	50,000	50,000				280	100,280
Veronica M. Hagen	120,000	120,000				1,453	241,453
Warren A. Hood, Jr.	100,001	120,000				1,443	221,444
Linda P. Hudson (5)	75,001	90,000				1,301	166,302
Donald M. James	111,667	120,000				1,647	233,314

Dale E. Klein	100,001	120,000		1,175	221,176
William G. Smith, Jr.	120,000	120,000		1,175	241,175
Steven R. Specker	111,667	120,000		1,559	233,226
Larry D. Thompson (6)	8,333	10,000		1,077	19,410
E. Jenner Wood III	100,001	120,000		1,675	221,676

(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) Consists of tax reimbursements for taxes on imputed income associated with gifts and activities provided to attendees at Company-sponsored events.

(4) Mr. Habermeyer retired from the Board effective May 28, 2014.

(5) Ms. Hudson was elected to the Board effective March 1, 2014.

(6) Mr. Thompson was elected to the Board effective December 1, 2014.

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Director Stock Ownership Guidelines

Under the Company s 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 Director cash retainer fee. Also, as described in the Director Compensation section above, the annual equity grant received as a part of the annual compensation 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.

Board Leadership Structure

The Board believes that its current leadership structure, which has a combined role of Chief Executive Officer and Chairman counterbalanced by a strong independent Board led by a Lead Independent Director, is most suitable for the Company at this time. The combined role of Chief Executive Officer and Chairman is held by Mr. Fanning who is the Director most familiar with the Company s 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 the Company s independent Directors bring experience, oversight, and expertise from outside the Company and its industry. The Board believes that the combined role of Chief Executive Officer and Chairman promotes the development and execution of the Company s strategy and facilitates the flow of information between management and the Board, which is essential to effective corporate governance.

The Board believes the combined role of Chief Executive Officer and Chairman, together with a strong Lead Independent Director having the duties described below, is in the best interest of stockholders because it provides the optimal

balance between independent oversight of management and unified leadership.

Lead Independent Director

The Lead Independent Director is elected every two years by the independent Directors. Non-management Directors meet, without management, on each regularly-scheduled Board meeting date, and at other times as deemed appropriate by the Lead Independent Director or two or more other independent Directors.

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 (however, each 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.

Ms. Veronica M. Hagen currently serves as the Company s Lead Independent Director. Mr. William G. Smith, Jr. served as the Company s Presiding Director effective May 23, 2012 until May 28, 2014. In February 2014, Ms. Hagen was appointed to serve as the Presiding Director effective May 28, 2014 until the Company s 2016 Annual Meeting of Stockholders. On July 21, 2014, the Board of Directors approved an amendment to the Company s Corporate Governance Guidelines changing the Presiding Director s title to Lead Independent Director and enhancing the Lead Independent Director s responsibilities, including noting that the Lead Independent Director

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approves the agenda and schedule for Board meetings and information sent to the Board.

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.

Committees of the Board

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

Audit Committee

Jon A. Boscia

Chair

- Current members are Mr. Boscia *(Chair)*, Ms. Baranco,[(1)] Mr. Hood, Mr. Johns,[(2)] and Mr. Thompson.[(1)]
- Met ten times in 2014
- The Audit Committee s duties and responsibilities, which are described in its charter, include the following:
  - Oversee the Company s financial reporting, audit processes, 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 the 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 Mr. Boscia qualifies as an audit committee financial expert as defined by the SEC.

(1) Ms. Baranco and Mr. Thompson were appointed as members of the Audit Committee effective December 1, 2014.
(2) Mr. Johns was appointed a member of the Audit Committee effective March 1, 2015.

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Compensation and Management Succession Committee (Compensation Committee)

Henry A. Hal Clark III

Chair

- Current members are Mr. Clark *(Chair)*, Mr. Grain,(1) Ms. Hagen, Mr. Smith, and Dr. Specker.(2)

- Met seven times in 2014

- The Compensation Committee s duties and responsibilities, which are described in its charter, include the following:

  - Evaluate performance of executive officers and establish their compensation, administer executive compensation plans, and review management succession plans.
  - Annually review a tally sheet of all components of the executive officers compensation and take actions required of it under the Pension Plan for employees of the Company s subsidiaries.

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

(1) Mr. Grain was appointed as a member of the Compensation Committee effective December 1, 2014.
(2) Dr. Specker was appointed a member of the Compensation Committee effective May 28, 2014.

Committee Governance

During 2014, the Compensation Committee s governance practices included:

- Considering compensation for the named executive officers in the context of all of the components of total compensation;

- Considering annual adjustments to pay over the course of two meetings and requiring more than one meeting to make other important decisions;

- Receiving meeting materials several days in advance of meetings;

- Having regular executive sessions of Compensation Committee members only;
- Having direct access to independent compensation consultants;
- Conducting a performance/payout analysis versus peer companies for the performance-based compensation program to provide a check on the Company s goal-setting process; and
- Reviewing a compensation risk assessment through a process developed by its independent compensation consultant.

Role of Executive Officers

The Chief Executive Officer, with input from the Company s Human Resources staff, recommends to the Compensation Committee: base salary, target performance-based compensation levels, actual performance-based compensation payouts, and long-term performance-based grants for the Company s executive officers (other than the Chief Executive Officer). The Compensation Committee considers, discusses, modifies as appropriate, and takes action on such recommendations.

Role of Compensation Consultant

The Compensation Committee, which has authority to retain independent advisors, including compensation consultants, at the Company s expense, 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

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work with Company management to ensure that the executive compensation program is designed and administered consistent with the Compensation Committee s requirements. The Compensation Committee also expected Pay Governance to advise 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. In connection with its engagement of Pay Governance, the Compensation Committee reviewed Pay Governance s independence including (1) the amount of fees received by Pay Governance from the Company as a percentage of Pay Governance s total revenue; (2) its policies and procedures designed to prevent conflicts of

interest; and (3) the existence of any business or personal relationships, including Common Stock ownership, that could impact independence. After reviewing these and other factors, the Compensation Committee 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.

During 2014, Pay Governance assisted the Compensation Committee with analyzing comprehensive market data and its implications for pay at the Company and its affiliates and various other governance, design, and compliance matters.

Finance Committee

William G. Smith, Jr.

Chair

- Current members are Mr. Smith (*Chair*), Mr. Clark, Mr. Grain,[(1)] and Mr. James
- Met seven times in 2014
- The Finance Committee s duties and responsibilities, which are described in its charter, 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. Grain was appointed a member of the Finance Committee effective December 1, 2014.

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Governance Committee

Donald M. James

Chair

- Current members are Mr. James (*Chair*), Ms. Hudson,[1] Dr. Klein, and Mr. Wood
- Met six times in 2014
- The Governance Committee s duties and responsibilities, which are described in its charter, 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) Ms. Hudson was appointed as a member of the Governance Committee effective December 1, 2014.

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. 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. Any stockholder may make recommendations to 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 the Company s Corporate Secretary and received by that office by December 12, 2015 for consideration by the Governance Committee as a nominee for election at the Annual Meeting of Stockholders to be held in 2016. Any

stockholder recommendation is reviewed in the same manner as candidates identified by the Governance Committee or recommended to the Governance Committee.

While the Company s Corporate Governance Guidelines do not prescribe diversity standards, such Guidelines mandate that the Board as a whole should be diverse. At least annually, the Governance Committee 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 age, race, gender, education, industry, business background, and civic service, in the selection of candidates to serve on the Board. In addition, the Governance Committee also seeks to identify candidates with the capacity to bring relevant experience, relationships, and perspectives regarding the service territories of the Company s traditional operating subsidiaries, which are primarily in the

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Southeastern United States. Accordingly, the Company uniquely benefits from the experience of Directors who have previously served on the boards of the Company s subsidiary companies. These operating company boards provide an opportunity for Director candidates to cultivate significant relevant experience with the Company s business.

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 Board as a whole should also have collective knowledge and experience in accounting, finance, leadership, business operations, risk management, corporate governance, and the Company s industry and service territories.

The Governance Committee recommends candidates to the Board for consideration as nominees. Final selection of the nominees is within the sole discretion of the Board.

Messrs. Larry D. Thompson and John D. Johns were recommended by the Governance Committee for election to the Board and were elected as a Director effective December 1, 2014 and February 9, 2015, respectively. Messrs. Thompson and Johns were identified jointly by members of the Board and management.

Nuclear/Operations Committee

Steven R. Specker

Chair

- Current members are Dr. Specker (Chair), Ms. Hagen, Ms. Hudson,[1] Dr. Klein, and Mr. Wood

- Met five times in 2014

- The Nuclear/Operations Committee s duties and responsibilities, which are described in its charter, 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.

(1) Ms. Hudson was appointed a member of the Nuclear/Operations Committee effective December 1, 2014.

Business Security Subcommittee

In 2014, the Board established a Business Security Subcommittee of the Nuclear/Operations Committee, comprised of Dr. Klein (Chair) and Ms. Hudson. The Business Security Subcommittee s responsibilities include

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

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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 to the Company primarily through direct engagement with Company management and through delegation of ongoing risk oversight responsibilities to the committees. The charters of the committees as approved by the Board and the committees checklists of agenda items define the areas of risk for which each committee is responsible for providing ongoing oversight.

Each committee annually provides ongoing oversight for each of the Company s most significant risks designated to it as described in its charter or otherwise assigned by the Board, 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 on the Company s risk profile 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 also 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 the Company s 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.

The Company believes that its leadership structure supports the risk oversight function of the Board. While the Company has a combined role of Chairman and Chief Executive Officer, an independent Director chairs each committee responsible for providing ongoing oversight of certain areas of risk. Also, there is open communication between the Company s management and the Directors and all Directors are actively involved in the risk oversight function.

Director Attendance

The Board of Directors met seven times in 2014. Average Director attendance at all applicable Board and committee meetings was 98%. 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 of Directors serving on May 28, 2014, the date of the 2014 Annual Meeting of Stockholders, attended the meeting.

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STOCK OWNERSHIP TABLE

Stock Ownership of Directors, Nominees, and Executive Officers

The following table shows the number of shares of Common Stock beneficially owned by Directors, nominees, and executive officers as of February 28, 2015. The shares owned by all Directors, nominees, and executive officers as a group constitute less than one percent of the total number of shares of Common Stock outstanding.

		Shares Beneficially Owned Include:		
Directors, Nominees, and Executive Officers	Shares Beneficially Owned (1)	Deferred Common Stock Units (2)	Shares Individuals Have Rights to Acquire within 60 Days (3)	Shares Held by Family Member (
Juanita Powell Baranco	70,407	69,748		
Art P. Beattie	523,200		507,587	51
Jon A. Boscia	80,918	21,918		
W. Paul Bowers	1,169,695		1,108,858	
Henry A. Clark III	15,587	15,587		
Thomas A. Fanning	1,461,568		1,415,361	
David J. Grain	20,793	10,002		
Kimberly S. Greene	299,603		299,603	
Veronica M. Hagen	37,138	37,138		
Warren A. Hood, Jr.	47,524	46,863		
Linda P. Hudson	2,696	2,696		
Donald M. James	98,581	98,581		
John D. Johns (5)	22,365	21,915		450
Dale E. Klein	12,690	12,690		
Stephen E. Kuczynski	629,919		619,320	
William G. Smith, Jr.	64,331	57,535		862
Steven R. Specker	11,937	11,937		
Larry D. Thompson (6)	13,347	1,120		
E. Jenner Wood III	24,204	19,204		
Directors, Nominees, and Executive Officers as a Group (25 people) (7)	6,513,643	426,935	5,774,784	1,363

(1) Beneficial ownership means the sole or shared power to vote, or to direct the voting of, a security, or investment power with respect to a security, or any combination thereof.

(2) Indicates the number of deferred Common Stock units held under the Director Deferred Compensation Plan that are payable in Common Stock or cash upon departure from the Board. Shares indicated are included in the Shares Beneficially Owned column.

(3) Indicates shares of Common Stock that certain executive officers have the right to acquire within 60 days. Shares indicated are included in the Shares Beneficially Owned column.

(4) Each Director disclaims any interest in shares held by family members. Shares indicated are included in the Shares Beneficially Owned column.

(5) Mr. Johns was elected to the Board effective February 9, 2015.

(6) Mr. Thompson was elected to the Board effective December 1, 2014.

(7) This item includes all executive officers serving as of February 28, 2015.

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Stock Ownership of Certain Other Beneficial Owners

According to a Schedule 13G/A filed with the SEC on February 9, 2015 by Blackrock, Inc., a schedule 13G filed with the SEC on February 12, 2015 by State Street Corporation, and a Schedule 13G/A filed with the SEC on February 11, 2015 by The Vanguard Group (collectively, the Ownership Reports), the following reported beneficial ownership of more than 5% of the outstanding shares of Common Stock:

Title of Class	Name and Address	Shares Beneficially Owned (1)	Percentage of Class Owned (2)
Common Stock	Blackrock, Inc. 55 East 52nd Street New York, NY 10022	52,684,667	5.79
Common Stock	State Street Corporation One Lincoln Street Boston, MA 02111	46,254,789	5.08
Common Stock	The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	51,373,414	5.65

(1) According to the Ownership Reports, Blackrock Inc. and State Street Corporation each held all of its shares as a parent holding company or control person in accordance with Rule 13(d)-1(b)(1)(ii)(G) and The Vanguard Group held all of its shares as an investment advisor in accordance with Rule 13(d)-1(b)(1)(ii)(E). According to the Ownership Reports, Blackrock Inc. has sole voting power with respect to 44,684,178 of its shares and sole dispositive power with respect to all 52,684,667 of its shares; State Street Corporation has shared voting and dispositive power with respect to all 46,254,789 of its shares; and The Vanguard Group has sole voting power with respect to 1,603,512 of its shares, sole dispositive power with respect to 49,912,177 of its shares, and shared dispositive power with respect to 1,461,237 of its shares.

(2) Calculated based on 909,877,898 shares outstanding as of January 31, 2015.

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EXECUTIVE COMPENSATION

ITEM NO. 4 ADVISORY VOTE ON NAMED EXECUTIVE OFFICERS COMPENSATION

(the Say-on-Pay vote)

At the 2014 Annual Meeting of Stockholders, the Company provided stockholders with the opportunity to cast an advisory vote regarding the compensation of the named executive officers as disclosed in the 2014 Proxy Statement for the 2014 Annual Meeting of Stockholders. At the meeting, stockholders strongly approved the proposal, with more than 94% of the votes cast voting in favor of the proposal. At the 2011 Annual Meeting, stockholders were asked how frequently the Company should hold a say-on-pay vote whether every one, two, or three years. Consistent with the recommendation of the Board of Directors, stockholders indicated their preference to hold a say-on-pay vote annually. In light of the Board of Directors recommendation and the strong support of the Company s stockholders, the Board of Directors determined to hold a say-on-pay vote annually.

As described in the Compensation Discussion and Analysis (CD&A) in this Proxy Statement, the Compensation Committee has structured the Company s executive compensation program based on the belief that executive compensation should:

- Be competitive with the Company s industry peers;
- Motivate and reward achievement of the Company s goals;
- Be aligned with the interests of the Company s stockholders and its subsidiaries customers; and
- Not encourage excessive risk-taking.

The Company believes these objectives are accomplished through a compensation program that provides the appropriate mix of fixed and short- and long-term performance-based compensation that rewards achievement of the Company s financial success, business unit financial and operational success, and total shareholder return. The Company s financial and operational achievement in 2014 resulted in performance-based awards that were aligned with performance.

All decisions concerning the compensation of the Company s named executive officers are made by the Compensation Committee, an independent Board committee, with the advice and counsel of an independent executive compensation consultant, Pay Governance.

The Company encourages stockholders to read the Executive Compensation section of this Proxy Statement which includes the CD&A, the Summary Compensation Table, and other related compensation tables, including the information accompanying these tables.

Although it is non-binding on the Board of Directors, the Compensation Committee will review and consider the vote results when making future decisions about the Company s executive compensation program.

The affirmative vote of a majority of the votes cast is required for approval of the following resolution:

RESOLVED, that the Company s stockholders approve, on an advisory basis, the compensation of the Company s named executive officers, as disclosed in the Proxy Statement for the 2015 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2014 Summary Compensation Table, and the other related tables and accompanying narrative set forth in the Proxy Statement.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEM NO. 4.

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COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

This section describes the compensation program for the Company s Chief Executive Officer and Chief Financial Officer in 2014, as well as the compensation program for each of the Company s other three most highly compensated executive officers serving at the end of the year. Also described is the compensation of Alabama Power s former President and Chief Executive Officer, Charles D. McCrary, who retired effective May 1, 2014. Collectively, these officers are referred to as the named executive officers.

Thomas A. Fanning	Chairman of the Board, President, and Chief Executive Officer
Art P. Beattie	Executive Vice President and Chief Financial Officer
W. Paul Bowers	Executive Vice President of the Company and Chairman, President, and Chief Executive Officer of Georgia Power
Kimberly S. Greene (1)	Executive Vice President and Chief Operating Officer of the Company
Stephen E. Kuczynski	President and Chief Executive Officer of Southern Nuclear Operating Company (Southern Nuclear)
Charles D. McCrary	Former Executive Vice President of the Company and former Chairman, President, and Chief Executive Officer of Alabama Power

(1) Prior to becoming Executive Vice President and Chief Operating Officer of the Company in March 2014, Ms. Greene served as Executive Vice President of the Company and President and Chief Executive Officer of Southern Company Services, Inc. (SCS).

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Executive Summary

Performance and Pay

Performance-based pay represents a substantial portion of the total direct compensation paid or granted to the named executive officers for 2014. Performance-based pay includes both short-term compensation payable in cash on an annual basis (Performance Pay Program) and long-term, equity-based compensation (performance shares and stock options). Both short-term and long-term pay ultimately depend on the financial and operational performance of the Company and its business units.

(1) Salary is the actual amount paid in 2014, Short-Term Performance Pay is the actual amount earned in 2014 based on performance, and Long-Term Performance Pay is the value on the grant date of stock options and performance shares granted in 2014. See the Summary Compensation Table for the amounts of all elements of reportable compensation described in this CD&A. Information is provided for named executive officers serving at the end of 2014.

Short-term performance pay is based on achievement of financial and operational goals that include Company earnings per share (EPS) and business unit financial and operational goals. Company EPS and business unit financial and operational achievement results for 2014, as adjusted and further described in this CD&A, are shown below:

	EPS	Alabama Power Net Income	Georgia Power Net Income	Gulf Power Net Income	Mississippi Power Net Income	Southern Power Net Income	Equity-Weighted Average Net Income
Financial Achievement Results	176%	176%	167%	100%	124%	193%	163%

	Customer Satisfaction	Reliability	Availability	Nuclear Plant Operations	Safety	Plant Vogtle Units 3 and 4 and Kemper IGCC	Culture	Aggregate Corporate Performance
Corporate Operational Achievement Results	200%	195%	190%	150%	167%	Plant Vogtle: 175% Kemper IGCC: 75%	150%	172%

These performance levels resulted in a composite corporate performance score of 170% of target under the short-term Performance Pay Program.

Long-term performance pay includes stock options and performances shares, which are granted annually but do not vest until a later date. Stock options vest over a three-year period, while performance shares vest based on Company total shareholder return relative to peers at the end of a three-year performance period. For stock options granted in 2014, the year-end stock price exceeded the grant price by 19%. Performance shares vested on December 31, 2014 for the 2012 through 2014 performance period at 14% of target value, reflecting the Company s lower total shareholder return relative to the performance share peer groups.

Compensation and Benefit Beliefs and Practices

The Company s compensation and benefit program is based on the following beliefs:

- Employees commitment and performance have a significant impact on achieving business results;
- Compensation and benefits offered must attract, retain, and engage employees and must be financially sustainable;
- Compensation should be consistent with performance: higher pay for higher performance and lower pay for lower performance; and
- Both business drivers and culture should influence the compensation and benefit program.

Based on these beliefs, the Compensation Committee believes that the Company s executive compensation program should:

- Be competitive with the Company s industry peers;
- Motivate and reward achievement of the Company s goals;
- Be aligned with the interests of the Company s stockholders and its subsidiaries customers; and
- Not encourage excessive risk-taking.

Executive compensation is targeted at the market median of industry peers, but actual compensation is primarily determined by achievement of the Company s business goals. The Company believes that focusing on the customer drives achievement of financial objectives and delivery of a premium, risk-adjusted total shareholder return for the Company s stockholders. Therefore, short-term performance pay is based on achievement of the Company s operational and financial performance goals, with one-third determined by operational performance, such as safety, reliability, and customer satisfaction; one-third determined by business unit financial performance; and one-third determined by EPS performance. Long-term performance pay is tied to stockholder value, with 40% of the target value awarded in stock options, which reward stock price appreciation, and 60% awarded in performance shares, which reward total shareholder return performance relative to that of industry peers and stock price appreciation.

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Key Compensation Practices

- **Annual pay risk assessment** required by the Compensation Committee charter.

- Retention by the Compensation Committee of an **independent compensation consultant**, Pay Governance, that provides no other services to the Company.

- Inclusion of a **claw-back provision** that permits the Compensation Committee to recoup performance pay from any employee if determined to have been based on erroneous results, and requires recoupment from an executive officer in the event of a material financial restatement due to fraud or misconduct of the executive officer.

- **No excise tax gross-up** on change-in-control severance arrangements.

- Provision of **limited ongoing perquisites** with no income tax gross-ups, except on certain relocation-related benefits

- **No-hedging** provision in the Company s insider trading policy that is applicable to all employees.

- **Strong stock ownership requirements** that are being met by all named executive officers.

Establishing Executive Compensation

The Compensation Committee establishes the executive compensation program. In doing so, the Compensation Committee uses information from others, principally Pay Governance. The Compensation Committee also relies on information from the Company s Human Resources staff and, for individual executive officer performance, from the Company s Chief Executive Officer. The role and information provided by each of these sources is described throughout this CD&A.

Consideration of Advisory Vote on Executive Compensation

The Compensation Committee considered the stockholder vote on the Company s executive compensation at the 2014 Annual Meeting of Stockholders. In light of the significant support of the stockholders (94% of votes cast voting in favor of the proposal) and the actual payout levels of the performance-based compensation program, the

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

Executive Compensation Focus

The executive compensation program places significant focus on rewarding performance. The program is performance-based in several respects:

- Company EPS and business unit financial and operational performance, based on actual results compared to target performance levels established early in the year, determine the actual payouts under the short-term (annual) performance-based compensation program (Performance Pay Program).

- Common Stock price changes result in higher or lower ultimate values of stock options.

- Total shareholder return compared to those of industry peers leads to higher or lower payouts under the Performance Share Program (performance shares).

In support of this performance-based pay philosophy, the Company has no general employment contracts or guaranteed severance with the named executive officers, except upon a change in control.

The pay-for-performance principles apply not only to the named executive officers but to

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thousands of employees. The Performance Pay Program covers almost all of the more than 26,000 employees of the Southern Company system. Stock options and performance shares were granted to approximately 3,800 employees

of the Southern Company system. These programs engage employees, which ultimately is good not only for them, but also for the Company and its stockholders.

Overview of Executive Compensation Components

The primary components of the 2014 executive compensation program are shown below:

The Company s executive compensation program consists of a combination of short-term and long-term components. Short-term compensation includes base salary and the Performance Pay Program. Long-term performance-based compensation includes stock options, performance shares, and, in some cases, restricted stock units. The performance-based compensation components are linked to the Company s financial and operational

performance, Common Stock performance, and total shareholder return. The executive compensation program is approved by the Compensation Committee, which consists entirely of independent Directors. The Compensation Committee believes that the executive compensation program is a balanced program that provides market-based compensation and motivates and rewards performance.

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Establishing Market-Based Compensation Levels

Pay Governance develops and presents to the Compensation Committee competitive market-based compensation levels for each of the named executive officers. The market-based compensation levels are developed from a size-appropriate energy services executive compensation survey database. The survey participants, listed below, are utilities with revenues greater than $6 billion. The Compensation Committee reviews the data and uses it in establishing market-based compensation levels for the named executive officers.

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

The Company is one of the largest utility holding companies in the United States based on revenues and market capitalization, and its 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 the Company s business.

Market data for the Chief Executive Officer position and other positions in terms of scope of responsibilities that most closely resemble the positions held by the named executive officers is reviewed with the Compensation Committee. When appropriate, the market data is size-adjusted, up or down, to accurately reflect comparable scopes of responsibilities. Based on that data, a total target compensation opportunity is established for each named executive officer. Total target compensation opportunity is the sum of base salary, annual performance-based compensation at a target performance level, and long-term performance-

based compensation (stock options and performance shares) at a target value. Actual compensation paid may be more or less than the total target compensation opportunity based on actual performance above or below target performance levels. As a result, the compensation program is designed to result in payouts that are market-appropriate given the Company s performance for the year or period.

A specified weight was not targeted for base salary or annual or long-term performance-based compensation as a percentage of total target compensation opportunities, nor did amounts realized or realizable from prior compensation serve to increase or decrease 2014 compensation amounts. Total target compensation opportunities for senior management as a group, including the named executive officers, are managed to be at the median of the market for companies of similar size in the electric utility industry. Therefore, some executives may be paid above and others

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below market. This practice allows for differentiation based on time in the position, scope of responsibilities, and individual performance. The differences in the total pay opportunities for each named executive officer are based almost exclusively on the differences indicated by the market data for persons holding similar positions. Because of the use of market data from a large number of industry peer companies for positions that are not identical in terms of scope of responsibility from company to company, differences are not considered to be material and the compensation program is believed to be market-appropriate, as long as senior management as a group is within an appropriate range. Generally, compensation is considered to be within an appropriate range if it is not more or less than 15% of the applicable market data.

The Compensation Committee, working with Pay Governance, annually reviews the mix of key

compensation components to assess the effectiveness of the executive compensation program in providing the appropriate levels of fixed and at-risk performance-based pay that is aligned with the Company s short- and long-term business strategies.

Based on this assessment, the Compensation Committee established the total target compensation opportunity in early 2014 for each named executive officer. The Compensation Committee believes that the compensation for the Company s officers, particularly the Chief Executive Officer and the other named executive officers, should be strongly tied to performance. As the chart below depicts, the fixed pay (base salary) for Mr. Fanning is only 14% of his total target compensation opportunity and ranges from 25% to 28% for the other named executive officers. Variable (at-risk) performance-based compensation is 86% for Mr. Fanning and 72% to 75% for the other named executive officers.

The salary levels shown above were not effective until March 2014. Therefore, the salary amounts reported in the Summary Compensation Table are different than the amounts shown above because that table reports actual amounts paid in 2014. The total target compensation opportunity amount shown for Mr. McCrary represents the full amount had he been

employed the entire year by Alabama Power. However, the actual amounts Mr. McCrary received for salary and annual performance-based compensation were prorated based on the amount of time he was employed at Alabama Power in 2014. Additionally, the ultimate number of performance shares earned by Mr. McCrary will be prorated based on the time he was employed during the performance period. See the Summary Compensation Table and Grants of Plan-Based Awards in 2014 for more information on the actual compensation amounts Mr. McCrary received.

For purposes of comparing the value of the compensation program to the market data, stock options are valued at $2.20 per option and performance shares at $37.54 per unit. These values represent risk-adjusted present values on the date of grant and are consistent with the methodologies used to develop the market data. The mix of stock options and performance shares granted was 40% and 60%, respectively, of the long-term value shown above.

In 2013, Pay Governance analyzed the level of actual payouts for 2012 performance under the annual Performance Pay Program made to the named executive officers relative to performance versus peer companies to provide a check on the goal-setting process, including goal levels and associated performance-based pay opportunities. The findings from the analysis were used in establishing performance goals and the associated range of payouts for goal achievement for 2014. That analysis was updated in 2014 by Pay Governance for 2013 performance, and those findings were used in establishing goals for 2015.

Description of Key Compensation Components

2014 Base Salary

Base salary amounts for each of the named executive officers were recommended in 2014 for the Compensation Committee s approval by Mr. Fanning, except for his own salary. Those recommendations took into account the market data provided by Pay Governance, as well as the need to retain an experienced team, internal equity, time in position, and individual performance. Individual performance includes the degree of competence and initiative exhibited and the individual s relative contribution to the achievement of financial and operational goals in prior years. Based on these factors, most of the named executive officers received base salary increases in 2014, ranging

from 1% to 4%, consistent with increases for most other employees.

2014 Performance-Based Compensation

This section describes performance-based compensation for 2014.

Achieving Operational and Financial Performance Goals The Guiding Principle for Performance-Based Compensation

The Southern Company system s number one priority is to continue to provide customers outstanding reliability and superior service at reasonable prices while achieving a level of financial performance that benefits the Company s stockholders in the short and long term. Operational excellence and business unit and Company financial performance are integral to the achievement of business results that benefit customers and stockholders.

Therefore, in 2014, the Company strove for and rewarded:

- Continuing industry-leading reliability and customer satisfaction, while maintaining reasonable retail prices;
- Meeting energy demand with the best economic and environmental choices;

¡ Dividend growth;

¡ Long-term, risk-adjusted total shareholder return;

¡ Achieving net income goals to support the Southern Company financial plan and dividend growth; and

¡ Financial integrity an attractive risk-adjusted return and sound financial policy.

The performance-based compensation program is designed to encourage achievement of these goals.

Mr. Fanning, with the assistance of the Company s Human Resources staff, recommended to the Compensation Committee the program design and award amounts for senior management, including the named executive officers (other than Mr. Fanning).

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2014 Annual Performance-Based Pay Program

Annual Performance Pay Program Highlights

- Rewards achievement of annual performance goals:
  - EPS
  - Business unit net income
  - Business unit operational performance
- Goals are weighted one-third each
- Performance results range from 0% to 200% of target, based on level of goal achievement
- Performance summary (as adjusted and described below): exceeded target performance
  - EPS: 176% of target
  - Corporate equity-weighted average net income result: 163% of target
  - Corporate weighted-average operational results: 172% of target

Overview of Program Design

Almost all employees of the Southern Company system, including the named executive officers, are participants.

The performance goals are set at the beginning of each year by the Compensation Committee and include financial and operational goals. In setting the goals for pay purposes, the Compensation Committee relies on information on financial and operational goals from the Finance Committee and the Nuclear/Operations Committee, respectively. For more information on these committees responsibilities, see the committee descriptions in this Proxy Statement.

- **Company Financial Goal: EPS**

EPS is defined as the Company s net income from ongoing business activities divided by average shares outstanding during the year. The EPS performance measure is applicable to all participants in the Performance Pay Program.

- **Business Unit Financial Goal: Net Income**

For the traditional operating companies (Alabama Power, Georgia Power, Gulf Power Company (Gulf Power), and Mississippi Power) and Southern Power, the business unit financial goal is net income. There is no separate net income goal set for the Company as a whole or for Southern Nuclear. Overall corporate performance is determined by the equity-weighted average of the business unit net income goal payouts. Payment for Southern Nuclear performance is based on the net income

achievement of Alabama Power (50%) and Georgia Power (50%).

¡ **Business Unit Operational Goals: Varies by business unit**

For most business units at the Company, including the traditional operating companies, operational goals are safety, customer satisfaction, plant availability, transmission and distribution system reliability, major projects (Georgia Power and Mississippi Power), and culture. Southern Nuclear operational goals focus on safety, plant operations, major projects, and culture. Southern Power operational goals include safety, plant availability, and culture. Each of these operational goals is explained in more detail under Goal Details below. The level of achievement for each operational goal is determined according to the respective performance schedule, and the total operational goal performance is determined by the weighted average result.

The Compensation Committee may make adjustments, both positive and negative, to goal achievement for purposes of determining payouts. For the financial goals, such adjustments typically include the impact of items considered non-recurring or outside of normal operations or not anticipated in the business plan when the financial goals were established and of sufficient magnitude to warrant recognition. As reported in the Company s 2014 Proxy Statement, the Compensation Committee did not follow its usual practice, and the charges taken in 2013 related to

Mississippi Power s construction of the integrated coal gasification combined cycle facility in Kemper County (Kemper IGCC) were not excluded from goal achievement results. Because the charges were not excluded, the payout levels for all employees, including the named executive officers, were reduced significantly in 2013. In 2014, the Company recorded pre-tax charges to earnings of $868 million ($536 million after-tax, or $0.59 per share) (2014 Kemper IGCC Charges) due to estimated probable losses relating to the Kemper IGCC. Additionally, Southern Company adjusted its 2014 net income by $17 million after-tax (or $0.02 per share) relating to the reversal of previously recognized revenues recorded in 2014 and 2013 and the recognition of carrying costs associated with the 2015 Mississippi Supreme Court decision that reversed the Mississippi Public Service Commission s March 2013 rate order associated with the Kemper IGCC (together with the 2014 Kemper IGCC Charges, 2014 Kemper IGCC Charges and Adjustments). The Compensation Committee reviewed the impact of the 2014 Kemper IGCC Charges and Adjustments on goal achievement and payout levels for all Southern Company system employees, including the named executive officers. The Compensation Committee determined that, given the action taken last year and the high levels of achievement of other performance goals in 2014, it was not appropriate to reduce payouts earned in 2014 under the broad-based program applicable to all participating employees. Therefore, the Compensation Committee made an adjustment to exclude the impact of the 2014 Kemper IGCC Charges and Adjustments ($0.61 per share) from earnings as it relates to the EPS goal payout for most Southern Company system employees.

As described in greater detail below in Calculating Payouts, Ms. Greene and Messrs. Fanning and Beattie are paid based on the equity-weighted average of the business unit net income results, which includes the net income goal achievement for Mississippi Power. Due to the 2014 Kemper IGCC Charges and Adjustments described above, Mississippi Power recorded a net loss of $328.7 million, resulting in below-threshold performance and would have resulted in no payout associated

with the Mississippi Power portion of the net income goal for thousands of employees across the Southern Company system, including Ms. Greene and Messrs. Fanning and Beattie, as well as no payout at all for the business unit financial goal for all Mississippi Power employees. With the adjustment made by the Compensation Committee, Mississippi Power s net income for purposes of calculating goal achievement was $224 million. The adjusted net income resulted in a higher payout for the net income goal for all Mississippi Power employees as well as a higher payout associated with the overall equity-weighted average net income results for several thousand other employees across the Southern Company system whose payouts are determined by the equity-weighted average of the business unit net income results, including Ms. Greene and Messrs. Fanning and Beattie.

As described above, the adjustment to earnings as it relates to the EPS goal payout applied to employees across the entire Southern Company system, and the adjustment to Mississippi Power s net income goal achievement affected thousands of employees across the Southern Company system, including certain named executive officers. However, because the strategic goals related to the Kemper IGCC were not fully executed in 2014, the Compensation Committee determined that the final payout for certain executive officers most accountable for high-level strategic decisions concerning the Kemper IGCC, including some of the named executive officers, should be reduced from the amount they would have otherwise received. The Compensation Committee reduced payouts for Ms. Greene (25%) and Messrs. Fanning (30%), Beattie (10%), and Bowers (10%). See Calculating Payouts in this CD&A for a full description of how payouts were calculated for all of the named executive officers.

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 2014 Kemper IGCC Charges and Adjustments described above did not have that effect.

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Goal Details and 2014 Performance Results

Financial Performance Goals	Description	Why It Is Important
EPS	The Company s net income from ongoing business activities divided by average shares outstanding during the year.	Supports commitment to provide stockholders solid, risk-adjusted returns.
Business Unit Net Income	For the traditional operating companies and Southern Power, the business unit financial performance goal is net income after dividends on preferred and preference stock.	Supports delivery of stockholder value and contributes to the Company s sound financial policies and stable credit ratings.

The range of EPS and net income goals for 2014 is shown below. Overall corporate performance is determined by the equity-weighted average of the business unit net income goal payouts.

	EPS ($) (1)	Alabama Power ($, in millions)	Georgia Power ($, in millions)	Gulf Power ($, in millions)	Mississippi Power ($, in millions) (2)	Southern Power ($, in millions)	Corporat Equity- Weighted Average (2 (%)
Maximum	2.90	774.0	1,258.0	153.0	240.7	175.0	200
Target	2.76	717.0	1,160.0	140.2	218.6	135.0	100
Threshold	2.62	661.0	1,063.0	127.4	196.4	95.0	***
Results	2.80	760.6	1,225.0	140.2	224.0	172.3	163

(1) The EPS result shown in the table excludes the 2014 Kemper IGCC Charges and Adjustments ($0.61 per share) as described above. Therefore, payouts were determined using an EPS performance result that differed from the results reported in the Company s financial statements in the 2014 Annual Report attached as Appendix D to this Proxy Statement (Financial Statements). EPS, as determined in accordance with generally accepted accounting principles in the United States (GAAP) and as reported in the Financial Statements, was $2.19 per share.

(2) The corporate net income result is the equity-weighted average of the business unit net income results, including the net income result for Mississippi Power. Mississippi Power s net income result for this purpose was impacted by the adjustment for the 2014 Kemper IGCC Charges and Adjustments ($553 million on an after-tax basis). Therefore, payouts were determined using a net income performance result that differed from the results reported

in the Financial Statements. Mississippi Power recorded a net loss, as determined in accordance with GAAP, of $328.7 million.

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Operational Goals	Description	Why It Is Important
Customer Satisfaction	Customer satisfaction surveys evaluate performance. The survey results provide an overall ranking for each traditional operating company, as well as a ranking for each customer segment: residential, commercial, and industrial.	Customer satisfaction is key to operations. Performance of all operational goals affects customer satisfaction.
Reliability	Transmission and distribution system reliability performance is measured by the frequency and duration of outages. Performance targets for reliability are set internally based on recent historical performance.	Reliably delivering power to customers is essential to operations.
Availability	Peak season equivalent forced outage rate is an indicator of availability and efficient generation fleet operations during the months when generation needs are greatest. Availability is measured as a percentage of the hours of forced outages out of the total generation hours.	Availability of sufficient power during peak season fulfills the obligation to serve and provide customers with the least cost generating resources.
Nuclear Plant Operations	Nuclear plant performance is evaluated by measuring nuclear safety as rated by independent industry evaluators, as well as by a quantitative score comprised of various plant performance indicators. Plant reliability and operational availability are measured as a percentage of time the nuclear plant is operating. The reliability and availability metrics take generation reductions associated with planned outages into consideration.	Safe and efficient operation of the nuclear fleet is important for delivering clean energy at a reasonable price.
Major Projects Plant Vogtle Units 3 and 4 and Kemper IGCC	The Southern Company system is committed to the safe, compliant, and high-quality construction and licensing of two new nuclear generating units under construction at Georgia Power s Plant Vogtle (Plant Vogtle Units 3 and 4) and the Kemper IGCC, as well as excellence in transition to operations and prudent decision-making related to these two major projects. An executive review committee is in place for each project to assess progress. A combination of subjective and objective measures is considered in assessing the degree of achievement. Final assessments for each project are approved by either the Company s Chief Executive Officer or the Company s Chief Operating Officer and confirmed by the Nuclear/Operations Committee.	Strategic projects enable the Southern Company system to expand capacity to provide clean, affordable energy to customers across the region.
Safety	The Company s Target Zero program is focused on continuous improvement in having a safe work environment. The performance is measured by the applicable company s ranking, as compared to peer utilities in the Southeastern Electric Exchange.	Essential for the protection of employees, customers, and communities.
Culture	The culture goal seeks to improve the Company s inclusive workplace. This goal includes measures for work environment (employee satisfaction survey), representation of minorities and females in leadership roles (subjectively assessed), and supplier diversity.	Supports workforce development efforts and helps to assure diversity of suppliers.

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The ranges of performance levels established for the primary operational goals are detailed below, along with actual corporate results for 2014 performance.

Level of Performance	Customer Satisfaction	Reliability	Availability	Nuclear Plant Operations	Safety	Plant Vogtle Units 3 and 4 and Kemper IGCC	Culture
Maximum	Top quartile for all customer segments and overall	Significantly exceed targets	Industry best	Significantly exceed targets	Greater than 90th percentile or 5-year Company best	Significantly exceed targets	Significant improvement
Target	Top quartile overall	Meet targets	Top quartile	Meet targets	60th percentile	Meet targets	Improvement
Threshold	2nd quartile overall	Significantly below targets	2nd quartile	Significantly below targets	40th percentile	Significantly below targets	Significantly below expectations
Corporate Achievement	200%	195%	190%	150%	167%	Plant Vogtle: 175% Kemper IGCC: 75%	150%

The Compensation Committee approves specific objective performance schedules to calculate performance between the threshold, target, and maximum levels for each of the operational goals. If goal achievement is below threshold, there is no payout associated with the applicable goal.

Actual 2014 operational goal achievement is shown in the following tables.

Corporate (Ms. Greene and Messrs. Fanning and Beattie)

Company Corporate/Aggregate Goal	Achievement Percentage

Customer Satisfaction		200
Reliability		195
Availability		190
Safety		167
Culture		150
Major Projects	Plant Vogtle Units 3 and 4 Assessment	175
Major Projects	Kemper IGCC Assessment	75
Total Operational Goal Performance Factor		172

Alabama Power (Mr. McCrary)

Goal	Achievement Percentage
Customer Satisfaction	200
Reliability	177
Availability	200
Safety	165
Culture	130
Total Operational Goal Performance Factor	176

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Georgia Power (Mr. Bowers)

Goal	Achievement Percentage
Customer Satisfaction	200
Reliability	172
Availability	200
Safety	80
Major Projects Plant Vogtle Units 3 and 4 Assessment	175
Culture	137
Total Operational Goal Performance Factor	162

Southern Nuclear (Mr. Kuczynski)

Goal	Achievement Percentage
Nuclear Safety	0
Plant Operations	150
Major Projects Plant Vogtle Units 3 and 4 Assessment	175
Culture	131
Total Operational Goal Performance Factor	123

Calculating Payouts

Each named executive officer had a target Performance Pay Program opportunity, based on his or her position, set by the Compensation Committee at the beginning of 2014. Targets are set as a percentage of base salary.

All of the named executive officers are paid based on EPS performance. The business unit goals that determine payout levels vary based on the named executive officer s leadership role. For Ms. Greene and Messrs. Fanning and Beattie, payout is based on the equity-weighted average net income payout results for the traditional operating companies and Southern Power and the system-wide operational goal results. For Messrs. Bowers and McCrary, payout is based on achievement of the net income and operational goals of Georgia Power and Alabama Power,

respectively. Mr. McCrary s payout is prorated based on the amount of time he was employed at Alabama Power during 2014. Mr. Kuczynski s payout is based on the achievement percentages of the net income goals of Alabama Power (50%) and Georgia Power (50%) and the Southern Nuclear operational goal results.

A total performance factor is determined by adding the EPS and applicable business unit financial and operational goal performance results and dividing by three. The total performance factor is multiplied by the target Performance Pay Program opportunity to determine the payout for each named executive officer. The table below shows the calculation of the total performance factor for each of the named executive officers, based on results shown above.

	Southern Company EPS Result (%) 1/3 weight (1)	Business Unit Financial Goal Result (%) 1/3 weight (1)	Business Unit Operational Goal Result (%) 1/3 weight	Total Performance Factor (%)
T. A. Fanning	176	163	172	170
A. P. Beattie	176	163	172	170
W. P. Bowers	176	166	162	168
K. S. Greene	176	163	172	170
S. E. Kuczynski	176	171	123	157

C. D. McCrary	176	176	176	176

(1) Excluding impact of the 2014 Kemper IGCC Charges and Adjustments.

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The table below shows the pay opportunity at target-level performance and the actual payout based on the actual performance shown above.

	Target Annual Performance Pay Program Opportunity (%)	Target Annual Performance Pay Program Opportunity ($)	Total Performance Factor (%) (1)	Actual Annual Performance Pay Program Payout ($) (2)
T. A. Fanning	120	1,440,000	170	1,713,600
A. P. Beattie	75	505,123	170	772,839
W. P. Bowers	75	590,503	168	892,841
K. S. Greene	70	455,000	170	580,125
S. E. Kuczynski	70	467,875	157	734,564
C. D. McCrary (3)	75	602,435	176	333,990

(1) Shown as modified and described above.

(2) As described above, the Compensation Committee reduced the final payouts for Ms. Greene (25%) and Messrs. Fanning (30%), Beattie (10%), and Bowers (10%) after the adjustments to performance results in connection with the 2014 Kemper IGCC Charges and Adjustments.

(3) Mr. McCrary retired from Alabama Power effective May 1, 2014; therefore, his Performance Pay Program payout was prorated based on the amount of time he was employed in 2014. The target amount shown is his full target opportunity as if he had been employed for the entire year. The actual amount shown is the prorated amount Mr. McCrary received.

Long-Term Performance-Based Compensation

2014 Long-Term Pay Program Highlights

¡ StockOptions:

¡ Rewardlong-term Common Stock price appreciation

¡ Represent40% of long-term target value

¡ Vestover three years

¡ Ten-yearterm

¡ PerformanceShares:

¡ Rewardtotal shareholder return relative to industry peers and stock price appreciation

¡ Represent60% of long-term target value

¡ Three-yearperformance period

¡ Performanceresults can range from 0% to 200% of target

¡ Paidin Common Stock at end of performance period

¡ RestrictedStock Units

¡ Usedto promote retention of key employees or to attract key employees by replacing award values forfeited upon leaving a former employer

¡ Continuedemployment until vesting date(s) is required

¡ Paidin Common Stock upon vesting

¡ PerformanceSummary:

¡ Stockoptions: for options granted in 2014, year-end stock price exceeded option exercise price by nearly 19%

¡ Performanceshares: paid out at 14% of target

¡ Restrictedstock units: one new grant in 2014 to Mr. Kuczynski

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Long-term performance-based awards are intended to promote long-term success and increase stockholder value by directly tying a substantial portion of the named executive officers total compensation to the interests of stockholders. Long-term performance-based awards also benefit the Southern Company system s customers by providing competitive compensation that allows the Southern Company system to attract, retain, and engage employees who provide focus on serving customers and delivering safe and reliable electric service.

Stock options represent 40% of the long-term performance target value, and performance

shares represent the remaining 60%. The Compensation Committee elected this mix because it concluded that doing so represented an appropriate balance between incentives. Stock options only generate value if the price of the stock appreciates after the grant date, and performance shares reward employees based on Southern Company s total shareholder return relative to industry peers, as well as Common Stock price. The Compensation Committee also awards restricted stock units occasionally, typically as retention awards or to attract key employees by replacing the value of awards that are forfeited upon leaving a former employer.

The following table shows the grant date fair value of the long-term performance-based awards granted in 2014, except restricted stock units.

	Value of Options ($)	Value of Performance Shares ($)	Total Long-Term Value ($)
T. A. Fanning	2,255,999	3,383,968	5,639,967
A. P. Beattie	619,617	929,415	1,549,032
W. P. Bowers	724,350	1,086,520	1,810,870
K. S. Greene	467,999	701,998	1,169,997
S. E. Kuczynski	454,507	681,726	1,136,233
C. D. McCrary	722,920	1,084,380	1,807,300

Stock Options

Stock options granted have a 10-year term, vest over a three-year period, fully vest upon retirement or termination of employment following a change in control, and expire at the earlier of five years from the date of retirement or the end of the 10-year term. For the grants made in 2014, unvested options are forfeited if the named executive officer retires from the Southern Company system and accepts a position with a peer company within two years of retirement. The grants made to Mr. McCrary in 2014 vested upon his retirement; however, he will forfeit those options that vested upon retirement if he accepts a position with a peer company within two years of his retirement. The value of each stock option was derived using the Black-Scholes stock option pricing model. The assumptions used in calculating that amount are

discussed in Note 8 to the Financial Statements. For 2014, the Black-Scholes value on the grant date was $2.20 per stock option, and the exercise price is $41.28.

Performance Shares

2014-2016 Grant

Performance shares are denominated in units, meaning no actual shares are issued on the grant date. A grant date fair value per unit was determined. For the grant made in 2014, the value per unit was $37.54. See the Summary Compensation Table and the information accompanying it for more information on the grant date fair value. The total target value for performance share units is divided by the value per unit to determine the number of performance share units granted to each participant, including the named executive officers. Each performance share unit represents one share of Common Stock.

At the end of the three-year performance period (January 1, 2014 through December 31, 2016), the number of units will be adjusted up or down (0% to 200%) based on the Company s total shareholder return relative to that of its peers in a custom peer group. While in previous years the Company s total shareholder return was measured relative to two peer groups (a custom peer group and the Philadelphia Utility Index), the Compensation Committee decided to streamline the performance share peer group for the 2014 grant by eliminating the Philadelphia Utility Index and establishing one custom peer group. The companies in the custom peer group

are those that are believed to be most similar to the Company in both business model and investors, creating a peer group that is even more aligned with the Company s strategy. For performance shares granted in previous years using the dual peer group structure, the final result will be measured using both peer groups as approved by the Compensation Committee at the time of the grant. The custom peer group varies from the Market Data peer group discussed previously due to the timing and criteria of the peer selection process; however, there is significant overlap. The number of performance share units earned will be paid in Common Stock at the end of the three-year performance period. No dividends or dividend equivalents will be paid or earned on the performance share units.

The companies in the custom peer group on the grant date are listed in the following table.

Alliant Energy Corporation	Integrys Energy Group
Ameren Corporation	Pepco Holdings, Inc.
American Electric Power Company, Inc.	PG&E Corporation
CMS Energy Corporation	Pinnacle West Capital Corporation
Consolidated Edison, Inc.	PPL Corporation
DTE Energy Company	SCANA Corporation
Duke Energy Corporation	Wisconsin Energy Corporation

Edison International	Xcel Energy Inc.

Eversource Energy

The scale below will determine the number of units paid in Common Stock following the last year of the performance period, based on the 2014 through 2016 performance period. Payout for performance between points will be interpolated on a straight-line basis.

Performance vs. Peer Group	Payout (% of Each Performance Share Unit Paid)
90th percentile or higher (Maximum)	200
50th percentile (Target)	100
10th percentile (Threshold)	0

Performance shares are not earned until the end of the three-year performance period. A participant who terminates, other than due to retirement or death, forfeits all unearned performance shares. Participants who retire or

die during the performance period only earn a prorated number of units, based on the number of months they were employed during the performance period.

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2012-2014 Payouts

Performance share grants were made in 2012 with a three-year performance period that ended on December 31, 2014. Based on the Company s total shareholder return achievement relative to that of the Philadelphia Utility Index (28% payout) and the custom peer group (0% payout) as shown in the chart below, the payout percentage was 14% of target, which is the average of the two peer groups.

The following table shows the target and actual awards of performance shares for the named executive officers. Actual payouts were significantly below the target grant value due to lower relative total shareholder return.

	Target Performance Shares (#)	Target Value of Performance Shares ($)	Performance Shares Earned (#)	Value of Performance Shares Earned ($)
T. A. Fanning	72,338	3,037,473	10,127	497,337
A. P. Beattie	18,417	773,330	2,578	126,606
W. P. Bowers	23,906	1,003,813	3,347	164,371
K. S. Greene (1)	0	0	0	0
S. E. Kuczynski	14,717	617,967	2,060	101,167
C. D. McCrary (2)	25,121	1,054,831	2,735	134,316

(1) Ms. Greene was not employed by the Southern Company system when the Compensation Committee granted performance shares in 2012.

(2) The number of performance shares earned by Mr. McCrary is prorated based on the time he was employed by Alabama Power during the performance period.

Restricted Stock Units

In limited situations, restricted stock units are granted to address specific needs, including retention. These awards serve two primary purposes. They further align the recipient s interests with those of the Company s stockholders, and they provide strong retention value. For information on treatment upon termination or change in control, see Potential Payments Upon Termination or Change-in-Control.

In October 2014, the Compensation Committee granted Mr. Kuczynski restricted stock units valued at $1,000,016 on the grant date that will vest in October 2017 if he remains employed with the Southern Company system through the vesting date. The Compensation Committee believes that, given Mr. Kuczynski s expertise and the competitiveness of the nuclear labor market, there is a retention risk and, therefore, providing a retention award was in the best interest of the Company. The Compensation Committee sought advice from Pay Governance in determining market practice and the appropriate value of the award.

Restricted stock units were granted to Ms. Greene in 2013 and will vest incrementally each year starting April 1, 2015 and ending April 1, 2018 if she remains employed with the Southern Company system.

Restricted stock units were granted to Mr. McCrary in 2012 with a vesting date of December 31, 2014 in order to retain Mr. McCrary until his successor was named and expiration of an appropriate transition period. Mr. McCrary s successor was announced in February 2014, and Mr. McCrary retired effective May 1, 2014. The Compensation Committee modified the vesting date to April 30, 2014.

See the Summary Compensation Table, the Grants of Plan-Based Awards table, the Outstanding Equity Awards at 2014 Fiscal Year End table, and accompanying information for more information on restricted stock unit awards.

Timing of Performance-Based Compensation

As discussed above, the 2014 annual Performance Pay Program goals and the total shareholder return goals applicable to performance shares were established early in the year by the Compensation Committee. Annual stock option grants also were made by the Compensation Committee. The establishment of performance-based compensation goals and the granting of equity awards were not timed with the release of material, non-public information. This procedure is consistent with prior practices. Stock option grants are made to new hires or newly-eligible participants on preset, regular quarterly dates that were approved by the Compensation Committee. The exercise price of options granted to employees in 2014 was the closing price of the Common Stock on the grant date or the last trading day before the grant date, if the grant date was not a trading day.

Retirement and Severance Benefits

Certain post-employment compensation is provided to employees, including the named executive officers, consistent with the Company s goal of providing market-based compensation and benefits.

Retirement Benefits

Generally, all full-time employees of the Southern Company system participate in the funded Pension Plan after completing one year of service. 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 Performance Pay Program payouts that are ineligible to be counted under the Pension Plan. See the Pension Benefits table and accompanying information for more pension-related benefits information.

The Company also provides the Deferred Compensation Plan, 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. Up to 50% of base salary and up to 100% of

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performance-based non-equity compensation may be deferred at the election of eligible employees. All of the named executive officers are eligible to participate in the Deferred Compensation Plan. See the Nonqualified Deferred Compensation table and accompanying information for more information about the Deferred Compensation Plan.

Change-in-Control Protections

Change-in-control protections, including severance pay and, in some situations, vesting or payment of long-term performance-based awards, are provided upon a change in control of the Company coupled with an involuntary termination not for cause or a voluntary termination for Good Reason. This means there is a double trigger before severance benefits are paid; *i.e.,* there must be both a change in control and a termination of employment. Severance payment amounts are two times salary plus target Performance Pay Program opportunity for the named executive officers,

except for Mr. Fanning whose severance payment amount is three times salary plus Performance Pay Program target opportunity. No excise tax gross-up would be provided. Change-in-control protections allow executive officers to focus on potential transactions that are in the best interest of shareholders. More information about severance arrangements is included under Potential Payments upon Termination or Change-in-Control.

Perquisites

The Company provides limited ongoing perquisites to its executive officers, including the named executive officers, consistent with the Company s goal of providing market-based compensation and benefits. The perquisites provided in 2014, including amounts, are described in detail in the information accompanying the Summary Compensation Table. No tax assistance is provided on perquisites, except on certain relocation-related benefits.

PERFORMANCE-BASED COMPENSATION PROGRAM CHANGES FOR 2015

In early 2015, the Compensation Committee made several changes to the Company s performance-based compensation programs, impacting 2015 compensation. These changes affect both the annual Performance Pay Program as well as the long-term performance-based compensation program and are described below.

Annual Performance-Based Pay Program

Beginning in 2015, the annual performance-based pay program will incorporate individual goals for all executive officers of the Company. Currently, the goals are equally weighted between the EPS goal, the applicable business

unit net income goal, and the applicable business unit operational goals. Starting with the 2015 annual Performance Pay Program goals, the Compensation Committee eliminated the business unit net income goal for the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), added an individual goal component, and changed the weights for the EPS goal and operational goals. All other executive officers will now have four goals: EPS, business unit net income, business unit operational goals, and their individual goals. The table below outlines the new weights for each goal.

	EPS	Net Income	Operational	Individual
CEO and CFO	40%	0%	30%	30%
All other executive officers	30%	30%	30%	10%

Long-Term Performance-Based Compensation

Since 2010, the Company s long-term performance-based compensation program has

included two components: stock options and performance shares. After reviewing current market practices with Pay Governance, the Compensation Committee decided to modify the Company s long-term performance-based

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compensation program to further align the Company s compensation program with its peers in the utility industry and create better alignment of pay with long-term Company performance. Beginning with long-term performance-based equity grants made in early 2015, the long-term performance-based program consists exclusively of performance shares. The new structure maintains the three-year performance cycle described earlier in this CD&A for performance shares but expands the performance metrics from one (relative total shareholder return) to three metrics. The new program now includes relative total shareholder return (50%), cumulative EPS from ongoing operations over a three-year period (25%), and equity-weighted return on equity (ROE) (25%). Under the new program, dividends will accrue on performance shares throughout the performance period, and eligible new hires and newly promoted employees will receive interim prorated grants of performance shares instead of stock options.

The continued use of relative total shareholder return as a metric in the long-term performance program maintains consistency with the previous program as well as allows the Company to measure its performance against a custom group of regulated peers. The new EPS goal measures cumulative EPS from ongoing operations over a three-year period and motivates ongoing earnings growth to support the Company s dividend and achievement of

strategic financial objectives. The new equity-weighted ROE goal measures traditional operating company performance from ongoing operations over a three-year period and is set to encourage top quartile ROE performance. Both the EPS and ROE goals are subject to a gateway goal focused on the Company s credit ratings. If the Company fails to meet the credit rating requirements established by the Compensation Committee, there will be no payout associated with the EPS and ROE goals.

Executive Stock Ownership Requirements

Officers of the Company and its subsidiaries that are in a position of Vice President or above are subject to stock ownership requirements. All of the named executive officers are covered by the requirements. Ownership requirements further align the interest of officers and stockholders by promoting a long-term focus and long-term share ownership.

The types of ownership arrangements counted toward the requirements are 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. Mr. Beattie is 60.

The requirements are expressed as a multiple of base salary as shown below.

	Multiple of Salary without Counting Stock Options	Multiple of Salary Counting 1/3 of Vested Options
T. A. Fanning	5 Times	10 Times

A. P. Beattie	1.5 Times	3 Times
W. P. Bowers	3 Times	6 Times
K. S. Greene	3 Times	6 Times
S. E. Kuczynski	3 Times	6 Times

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. All of the named executive officers are meeting their respective ownership requirements. Mr. McCrary retired and is therefore no longer subject to stock ownership requirements.

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IMPACT OF ACCOUNTING AND TAX TREATMENTS ON COMPENSATION

Section 162(m) of the Internal Revenue Code of 1986, as amended (Code), limits the tax deductibility of the compensation of the named executive officers, except Messrs. Beattie and McCrary, that exceeds $1 million per year unless the compensation is paid under a performance-based plan as defined in the Code that has been approved by stockholders. The Company has obtained stockholder approval of the Omnibus Incentive Compensation Plan, under which most of the performance-based compensation is paid. Because the Company s policy is to maximize long-term stockholder value, as described fully in this CD&A, 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 2014 that represented a maximum annual performance-based compensation amount payable to the affected named executive officers. For 2014 performance, the Compensation Committee used negative discretion from the approved formula amount to

determine the actual payouts for the affected named executive officers under the annual performance-based compensation program pursuant to the methodologies described above.

POLICY ON RECOVERY OF AWARDS

The Company s Omnibus Incentive Compensation Plan provides that, if the Company is required to prepare an accounting restatement due to material noncompliance as a result of misconduct, and if 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 the Company 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.

POLICY REGARDING HEDGING THE ECONOMIC RISK OF STOCK OWNERSHIP

The Company s policy is that employees and outside Directors will not trade Company options on the options market and will not engage in short sales.

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REALIZABLE PERFORMANCE-BASED COMPENSATION ANALYSIS

The SEC has promulgated rules regarding how total compensation is calculated in the Summary Compensation Table. These rules include accounting assumptions that affect the value reported for equity grants. However, as the Company s performance changes over time, the Common Stock price can fluctuate, affecting the value of equity grants made to the named executive officers. The Compensation Committee believes it is important to look at those changes to fully understand the value of the compensation received because the reported value is only realized if the Company meets certain performance criteria. In order to supplement the SEC-required disclosure, the chart below compares the target or grant date value of performance-based compensation granted to Mr. Fanning in 2012, 2013, and 2014 with the value actually received or as measured on December 31, 2014.

The realizable amount shown for short-term performance pay includes the actual amount paid to Mr. Fanning for 2012, 2013, and 2014 under the Performance Pay Program.

The realizable amount shown for stock options includes the intrinsic value of all stock options granted to Mr. Fanning in 2012, 2013, and 2014 calculated using the Common Stock closing price on December 31, 2014. This amount is subject to change based on changes in the Common Stock price.

The realizable amount shown for performance shares includes the value Mr. Fanning received based on the payout of the performance shares granted in 2012 for the 2012 through 2014 performance period as well as the projected amounts based on performance levels relative to peers as of December 31, 2014 for the 2013 and 2014 grants. This amount is subject to change based on the Company s performance relative to its peers at the end of the applicable three-year performance period. See Performance Shares in this CD&A for a description of the Company s performance share peer group.

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COMPENSATION AND MANAGEMENT SUCCESSION COMMITTEE REPORT

The Compensation Committee met with management to review and discuss the CD&A. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the CD&A be included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and in this Proxy Statement. The Board of Directors approved that recommendation.

Members of the Compensation Committee:

Henry A. Clark III, Chair

David J. Grain

Veronica M. Hagen

William G. Smith, Jr.

Steven R. Specker

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SUMMARY COMPENSATION TABLE

The Summary Compensation Table shows the amount and type of compensation received or earned in 2012, 2013, and 2014 by the named executive officers, except as noted below.

Name and Principal Position (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	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
Chairman, President, and Chief Executive Officer	2012	1,114,846		3,037,473	2,025,000	2,078,158	4,712,413	67,458	13,035,348
Art P. Beattie	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
Executive Vice President and Chief Financial Officer	2012	615,378		773,330	515,558	737,382	2,747,374	34,352	5,423,374

W. Paul Bowers	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
Chairman, President, and Chief Executive Officer, Georgia Power	2012	739,587	42	1,003,813	669,227	1,013,366	2,024,578	50,830	5,501,443
Kimberly S. Greene	2014	650,000		701,998	467,999	580,125	326,334	605,315	3,331,771
Executive Vice President and Chief Operating Officer	2013	475,000		2,000,005	1,039,997	310,811	212,666	656,035	4,694,514
Stephen E. Kuczynski	2014	667,120		1,681,742	454,507	734,564	217,633	39,117	3,794,683
	2013	658,378		635,283	423,534	426,183	126,714	42,692	2,312,784
President and Chief Executive Officer, Southern Nuclear	2012	640,289		617,967	411,997	619,288	77,727	101,886	2,469,154
	2014	389,266		2,896,902	722,920	333,990	923,064	96,937	5,363,079
	2013	799,124		1,084,347	722,922	650,630	414,103	45,396	3,716,522
Charles D. McCrary Former Chairman, President, and Chief Executive Officer, Alabama Power	2012	777,167		3,054,840	703,232	1,028,204	2,437,448	44,722	8,045,613

Column (a)

Ms. Greene was not an executive officer of the Company prior to 2013.

Column (d)

This amount shown for Mr. Bowers reflects the value of a non-cash safety award for Mr. Bowers. All employees of Georgia Power with a perfect individual safety record in 2014 received the award.

Column (e)

This column does not reflect the value of stock awards that were actually earned or received in

2014. Rather, as required by applicable rules of the SEC, this column reports the aggregate grant date fair value of performance shares granted in 2014. The value reported is based on the probable outcome of the performance conditions as of the grant date, using a Monte Carlo simulation model. No amounts will be earned until the end of the three-year performance period on December 31, 2016. 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 2014 to Ms. Greene and Messrs. Fanning, Beattie, Bowers, and Kuczynski, assuming that the highest level of performance

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is achieved, is $1,403,996, $6,767,936, $1,858,830, $2,173,040, and $1,363,453, respectively (200% of the amount shown in the table). Because Mr. McCrary retired from Alabama Power effective May 1, 2014, the maximum amount he could earn is $241,007, which is prorated based on the number of months he was employed during the performance period. The amount reflected in column (e) for Mr. McCrary also includes the incremental fair value related to the modification of the vesting date of the restricted stock units granted to Mr. McCrary in 2012 and discussed in the CD&A. See Note 8 to the Financial Statements for a discussion of the assumptions used in calculating these amounts.

Column (f)

This column reports the aggregate grant date fair value of stock options granted in the applicable year. See Note 8 to the Financial Statements for a discussion of the assumptions used in calculating these amounts.

Column (g)

The amounts in this column are the payouts under the annual Performance Pay Program. The amount reported for the Performance Pay Program is for the one-year performance period that ended on December 31, 2014. The Performance Pay Program is described in detail in the CD&A.

Column (h)

This column reports the aggregate change in the actuarial present value of each named executive officer s accumulated benefit under the Pension Plan and the supplemental pension plans (collectively, Pension Benefits) as of December 31, 2012, 2013, and 2014. Because Mr. McCrary retired in 2014, the amount reported for him in 2014 reflects the actual benefits expected to be paid after the measurement date. The Pension Benefits as of each measurement date are based on the named executive officer 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 named executive officers were assumed to remain employed at the Company or any Company subsidiary until their benefits commence at the pension plans stated normal retirement date, generally age 65. As a result, the amounts in column (h) related to Pension Benefits represent the combined impact of several factors: growth in the named executive officer s Pension Benefits over the measurement year; impact on the total present values of one year shorter discounting period due to the named executive officer being one year closer to normal retirement; impact on the total present values attributable to changes in assumptions from measurement date to measurement date; and impact on the total present values attributable to plan changes between measurement dates. In general, pension values increased for all named executive officers due to a decrease in discount rates and updated mortality rates.

For more information about the Pension Benefits and the assumptions used to calculate the actuarial present value of accumulated benefits as of December 31, 2014, see the information following the Pension Benefits table. The key differences between assumptions used for the actuarial present values of accumulated benefits calculations as of December 31, 2013 and December 31, 2014 are:

- Discount rate for the Pension Plan was decreased to 4.20% as of December 31, 2014 from 5.05% as of December 31, 2013;

- Discount rate for the supplemental pension plans was decreased to 3.75% as of December 31, 2014 from 4.50% as of December 31, 2013; and

- Mortality rates for all plans were updated due to the release of new mortality tables.

This column also reports above-market earnings on deferred compensation under the Deferred Compensation Plan (DCP). However, there were no above-market earnings on deferred compensation in the years reported.

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Column (i)

This column reports the following items: perquisites; tax reimbursements on certain relocation-related benefits and retirement-related financial planning assistance; employer contributions in 2014 to the Southern Company Employee Savings Plan (ESP), which is a tax-

qualified defined contribution plan intended to meet requirements of Section 401(k) of the Code; and contributions in 2014 under the Southern Company Supplemental Benefit Plan (Non-Pension Related) (SBP). The SBP is described more fully in the information following the Nonqualified Deferred Compensation table.

The amounts reported for 2014 are itemized below.

	Perquisites ($)	Tax Reimbursements ($)	ESP ($)	SBP ($)	Total ($)
T. A. Fanning	10,023		13,260	47,539	70,822
A. P. Beattie	5,022		11,437	20,834	37,293
W. P. Bowers	7,464		12,853	26,669	46,986
K. S. Greene	400,708	171,457	13,260	19,890	605,315
S. E. Kuczynski	9,241		9,113	20,763	39,117
C. D. McCrary	84,345		11,199	1,393	96,937

Description of Perquisites

Personal Financial Planning is provided for most officers of the Company, including all of the named executive officers. 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.

Relocation Benefits are provided to cover the costs associated with geographic relocation. In 2014, Ms. Greene received relocation-related benefits in the amount of $363,155 in connection with her 2014 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.

Personal Use of Corporate Aircraft. 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 perquisite amount shown above for Mr. Bowers includes $1,664 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 for the first twelve months following her relocation to Birmingham. The perquisite amount shown above for Ms. Greene includes $32,379 for this approved personal use of corporate aircraft.

Other Miscellaneous Perquisites. The amount included 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.

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GRANTS OF PLAN-BASED AWARDS IN 2014

This table provides information on stock option grants made and goals established for future payouts under the performance-based compensation programs during 2014 by the Compensation Committee.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
ame	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)	(#)	($/Sh)	($)
a)	(b)	(c)	(d)	(e)	(h)	(g)	(h)	(i)	(j)	(k)	(l)
. A.		14,400	1,440,000	2,880,000							
	2/10/2014				901	90,143	180,286				3,383,968
anning	2/10/2014								1,025,454	41.28	2,255,999
. P.		5,051	505,123	1,010,247							
	2/10/2014				247	24,758	49,516				929,415
eattie	2/10/2014								281,644	41.28	619,617
. P. owers		5,905	590,503	1,181,007							
	2/10/2014				289	28,943	57,886				1,086,520

	2/10/2014								329,250	41.28	724,350
K. S.		4,550	455,000	910,000							
	2/10/2014				187	18,700	37,400				701,998
Greene	2/10/2014								212,727	41.28	467,999
. E.		4,679	467,875	935,750							
	2/10/2014				181	18,160	36,320				681,726
Kuczynski	2/10/2014								206,594	41.28	454,507
	10/20/2014							21,377			1,000,016
C. D.		1,898	189,767	379,534							
McCrary	2/10/2014				288	28,886	57,772				1,084,380
	2/10/2014								328,600	41.28	722,920
	2/10/2014							43,908			1,812,522

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

These columns reflect the annual Performance Pay Program opportunity granted to the named executive officers in 2014 as described in the CD&A. The information shown as Threshold, Target, and Maximum reflects the range of potential payouts established by the Compensation Committee. The actual amounts earned are disclosed in the Summary Compensation Table. The amounts shown for Mr. McCrary are prorated based on the amount of time he was employed at Alabama Power in 2014.

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

These columns reflect the performance shares granted to the named executive officers in 2014, as described in the CD&A. The information shown as Threshold, Target, and Maximum reflects the range of potential payouts established by the Compensation Committee. Earned performance shares will be paid out in Common Stock following the end of the 2014 through 2016 performance period, based on the extent to which the performance goals are achieved. Any shares not earned are forfeited.

The number of shares shown for Mr. McCrary reflects the full grant he received in February

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2014. However, since Mr. McCrary retired in May 2014, the ultimate number of performance shares he will receive will be prorated based on the number of months he was employed by Alabama Power during the performance period.

Column (i)

This column reflects the number of restricted stock units granted to Mr. Kuczynski on the grant date as described in the CD&A. This column also reflects the restricted stock units granted to Mr. McCrary in 2012 and modified by the Compensation Committee in February 2014, as described in the CD&A.

Columns (j) and (k)

Column (j) reflects the number of stock options granted to the named executive officers in 2014, as described in the CD&A, and column (k) reflects the exercise price of the stock options, which was the closing price on the grant date.

Column (l)

This column reflects the aggregate grant date fair value of the performance shares, stock options, and restricted stock units granted in 2014. This column also reflects the incremental fair value of the restricted stock units granted to Mr. McCrary in 2012 and modified in February 2014. For performance shares, the value is based on the probable outcome of the performance conditions as of the grant date using a Monte Carlo simulation model. For stock options, the value is derived using the Black-Scholes stock option pricing model. For the restricted stock units granted to Mr. Kuczynski, the value is based on the closing price of Common Stock on the grant date. According to SEC rules, the incremental fair value of the restricted stock units granted to Mr. McCrary in 2012 and modified in February 2014 is reported using the value on the modification date. The assumptions used in calculating these amounts are discussed in Note 8 to the Financial Statements.

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OUTSTANDING EQUITY AWARDS AT 2014 FISCAL YEAR-END

This table provides information pertaining to all outstanding stock options and stock awards (performance shares and restricted stock units) held by or granted to the named executive officers as of December 31, 2014.

	Option Awards	Stock Awards
Name (a)	Number of Securities Underlying Unexercised Options	