SOUTHERN CO
Form DEF 14A
April 13, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. __________)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e) (2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Materials Pursuant to Rule 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):
þ No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.
o 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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PROXY STATEMENT
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Letter to Stockholders

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

Dear Fellow Stockholder:

You are invited to attend the 2011 Annual Meeting of Stockholders at 10:00 a.m., ET, on Wednesday, May 25, 2011 at The Lodge Conference Center at Callaway Gardens, Pine Mountain, Georgia.

At the meeting, I will report on our accomplishments from 2010 and our plans for 2011 and beyond. We have a track record of a focus on customer satisfaction, industry-leading reliability, and prices below the national average.

Our five distinct priorities for the next few years are to stick to the fundamentals, to achieve success with major construction projects, to support the building of a national energy policy, to promote smart energy, and to value and develop our people.

Also at the meeting, we will elect our Board of Directors and vote on the other matters set forth in the accompanying Notice.

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

This Proxy Statement includes Appendix B, the 2010 Annual Report with 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 25th.

Thomas A. Fanning

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Notice of Annual Meeting of Stockholders May 25, 2011

TIME AND DATE OF ANNUAL MEETING

10:00 a.m., ET, on Wednesday, May 25, 2011

PLACE

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

DIRECTIONS TO THE LODGE CONFERENCE CENTER

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) Elect 13 members of the Board of Directors
(2) Ratify appointment of independent registered public accounting firm
(3) Advisory Vote on Executive Compensation
(4) Advisory Vote on Frequency of Vote on Executive Compensation
(5) Approval of Omnibus Incentive Compensation Plan
(6) Stockholder Proposal on Coal Combustion Byproducts Environmental Report
(7) Transact other business properly coming before the meeting or any adjournments thereof

RECORD DATE

Stockholders of record at the close of business on March 28, 2011 are entitled to attend and vote at the meeting.

ANNUAL REPORT TO STOCKHOLDERS

Appendix B to this Proxy Statement is Southern Company s 2010 Annual Report.

By Order of the Board of Directors, G. Edison Holland, Jr., Corporate Secretary, April 13, 2011

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Voting Information

Even if you plan to attend the meeting in person, please provide your voting instructions in one of the following ways as soon as possible by the Internet, the Phone using the toll-free number, or the 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 will save the 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 over the Internet or by Phone.

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Proxy Statement

Frequently Asked Questions

Q: When will the Proxy Statement be mailed?

A: The Proxy Statement will be mailed on or about April 13, 2011.

Q: How do I give voting instructions?

A: You may attend the meeting and give instructions in person or, as mentioned previously, give instructions by the Internet, by telephone, or by mail. Information for giving instructions is on the proxy form. The Proxies, named on the enclosed proxy form, will vote all properly executed proxies that are delivered pursuant to this solicitation and not subsequently revoked in accordance with the instructions given by you.

Q: Why is my vote important?

A: It is the right of every investor to vote on certain important matters that affect the Company. Further, for those investors whose shares are held by a broker, you must complete and return a voting instruction form to instruct the broker on how to vote in the election of Directors. Brokers can no longer vote uninstructed shares of their account holders in the election of Directors.

Q: Can I change my vote?

A: Yes, you may revoke your proxy by submitting a subsequent proxy or by written request received by the Company s corporate secretary before the meeting.

Q: Who can vote?

A: All stockholders of record on the record date of March 28, 2011 may vote. On that date, there were 849,587,146 shares of Southern Company common stock (Common Stock) outstanding and entitled to vote.

Q: How much does each share count?

A: Each share counts as one vote. Abstentions that are marked on the proxy form are included for the purpose of determining a quorum, but shares that a broker fails to vote are not counted toward a quorum. Neither is counted for or against the matters being considered.

Q: What does it mean if I get more than one proxy form?

A: You will receive a proxy form for each account that you have. Please vote proxies for all accounts to ensure that all your shares are voted. If you wish to consolidate multiple registered accounts, please contact Shareowner Services at (800) 554-7626.

Q: Can the Proxy Statement be accessed from the Internet?

A: Yes. You can access the Company s website at www.southerncompany.com to view the 2011 Proxy Statement.

Q: What should I bring if I plan to attend the Annual Meeting?

A: You will be asked to present photo identification, such as a driver s license. If you are a holder of record, the top half of your proxy card is your admission ticket. If you hold your shares in street name, you will need proof of ownership to be admitted to the meeting. Examples of proof of ownership are a recent brokerage statement or a letter from your bank or broker.

Q: Does the Company offer electronic delivery of proxy materials?

A: Yes. Most stockholders can elect to receive an email that will provide an electronic link to the Proxy Statement, which includes the 2010 Annual Report as an appendix. Opting to receive your proxy materials on-line will save us the cost of producing and mailing documents and also will give you an electronic link to the proxy voting site.

You may sign up for electronic delivery when you vote your proxy via the Internet or by visiting www.icsdelivery.com/so.

Once you enroll for electronic delivery, you will receive proxy materials electronically as long as your account remains active or until you cancel your enrollment. If you consent to electronic access, you will be responsible for your usual Internet-related charges (*e.g.*, on-line fees and telephone charges) in connection with electronic viewing and printing of

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the Proxy Statement, which includes the 2010 Annual Report as an appendix. The Company will continue to distribute printed materials to stockholders who do not consent to access these materials electronically.

Q: What is householding?

A: Stockholders sharing a single address may receive only one copy of the Proxy Statement, which includes the 2010 Annual Report as an appendix, unless the transfer agent, broker, bank, or nominee has received contrary instructions from any owner at that address. This practice known as householding is designed to reduce printing and mailing costs. If a stockholder of record would like to either participate or cancel participation in householding, he or she may contact Shareowner Services at (800) 554-7626 or by mail at BNY Mellon Shareowner Services, P.O. Box 358016, Pittsburgh, PA 15252-9016. If you own indirectly through a broker, bank, or other nominee, please contact your financial institution.

Q: When are stockholder proposals due for the 2012 Annual Meeting of Stockholders?

A: The deadline for the receipt of stockholder proposals to be considered for inclusion in the Company s proxy materials for the 2012 Annual Meeting of Stockholders is December 15, 2011. Proposals must be submitted in writing to Melissa K. Caen, Assistant Corporate Secretary, Southern Company, 30 Ivan Allen Jr. Boulevard NW, Atlanta, Georgia 30308. Additionally, the proxy solicited by the Board of Directors for next year s meeting will confer discretionary authority to vote on any stockholder proposal presented at that meeting that is not included in the Company s proxy materials unless the Company is provided written notice of such proposal no later than February 28, 2012.

Q: Who pays the expense of soliciting proxies?

A: These proxies are being solicited on behalf of the Company s Board of Directors. The Company pays the cost of soliciting proxies. The officers or other employees of the Company or its subsidiaries may solicit proxies to have a larger representation at the meeting. The Company has retained Alliance Advisors LLC to assist with the solicitation of proxies for a fee not to exceed $8,000, plus reimbursement of out-of-pocket expenses.

The Company s 2010 Annual Report to the Securities and Exchange Commission (SEC) on Form 10-K will be provided without charge upon written request to Melissa K. Caen, Assistant Corporate Secretary, Southern Company, 30 Ivan Allen Jr. Boulevard NW, Atlanta, Georgia 30308.

Important notice regarding the availability of proxy materials for the Annual Meeting of Stockholders to be held on May 25, 2011:

This Proxy Statement, which includes the 2010 Annual Report as an appendix, is also available at http://investor.southerncompany.com/proxy.cfm.

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Corporate Governance

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 13 members.

At the 2011 Annual Meeting, stockholders will elect 13 Directors. The nominees for election as Directors consist of 12 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 Investors/Corporate Governance.

CORPORATE GOVERNANCE WEBSITE

In addition to the 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 Investors/Corporate Governance or directly at http://investor.southerncompany.com/governance.cfm, including:

n Code of Ethics

n Political Contributions Policy and Report

n By-Laws of the Company

n Executive Stock Ownership Guidelines

n Board Committee Charters

n Board of Directors Background and Experience

n Management Council Background and Experience

n SEC filings

n Composition of Board Committees

n Link for online communication with Board of Directors

The Corporate Governance documents also may be obtained by requesting a copy from Melissa K. Caen, Assistant 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 received, or the Director s immediate family member 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 services 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.

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- 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 executives serves 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 of the last three fiscal years, exceeds the greater of $1,000,000 or two percent of that company s consolidated gross revenues.

Additionally, a Director will be deemed not to be independent if the Director or the Director s spouse serves as an executive officer of a charitable organization to which the Company made discretionary contributions exceeding the greater of $1,000,000 or two percent of the organization s total annual charitable receipts.

In determining independence, the Board reviews and considers 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 review specifically included all ordinary course transactions with entities with which the Directors are associated. In particular, the Board reviewed transactions between subsidiaries of the Company and Vulcan Materials Company as described under Certain Relationships and Related Transactions on page 71 of this Proxy Statement. Mr. Donald M. James is the Chief Executive Officer of Vulcan Materials Company. The Board determined that its subsidiaries followed the Company procurement policies and procedures, that the amounts were well under the thresholds contained in the Director independence requirements, and that Mr. James did not have a direct or indirect material interest in the transactions.

No Director or immediate family member serves in an executive capacity for a charitable organization. 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 similar contributions and none were approved outside the Company s normal procedures.

As a result of its annual review of Director independence, the Board affirmatively determined that none of the following persons who are currently serving as Directors or 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, H. William Habermeyer, Jr., Veronica M. Hagen, Warren A. Hood, Jr., Donald M. James, Dale E. Klein, J. Neal Purcell, William G. Smith, Jr., Steven R. Specker, and Larry D. Thompson. 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

Communications may be sent to the Company s Board or to specified Directors, including the Presiding Director, by regular mail or electronic mail. Regular mail should be sent to the attention of Melissa K. Caen, Assistant 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 Investors on the Southern Company 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.

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DIRECTOR COMPENSATION

Only non-employee Directors are compensated for Board service. During 2010, the pay components for non-employee Directors were:

Annual retainers:

- $85,000 cash retainer
- $12,500 if serving as a chair of a committee of the Board
- $12,500 if serving as the Presiding Director of the Board

Annual equity grant:

- $90,000 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.

Effective January 1, 2011, the pay components for non-employee Directors are:

Annual retainers:

- $100,000 cash retainer
- $12,500 if serving as a chair of a committee of the Board
- $12,500 if serving as the Presiding Director of the Board

Annual equity grant:

- $105,000 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.

DIRECTOR DEFERRED COMPENSATION PLAN

The annual equity grant is required to be deferred in shares of Common Stock under the Deferred Compensation Plan for Directors of The Southern Company (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.

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 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 Common Stock. Directors have voting rights in the shares held in the trust attributable to these units.

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DIRECTOR COMPENSATION TABLE

The following table reports all compensation to the Company s non-employee Directors during 2010, 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.

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	97,500	90,000				408	187,908
Jon A. Boscia	85,000	90,000					175,000
Thomas F. Chapman(4)	35,417	37,500					72,917
Henry A. Clark III	97,500	90,000					187,500
H. William Habermeyer, Jr.	97,500	90,000				743	188,243
Veronica M. Hagen	85,000	90,000					175,000
Warren A. Hood, Jr.	85,000	90,000					175,000
Donald M. James	97,500	90,000				135	187,635
Dale E. Klein(5)	35,416	37,500				780	73,696
J. Neal Purcell	97,500	90,000					187,500
William G. Smith, Jr.	97,500	90,000					187,500
Steven R. Specker(6)	14,166	15,000					29,166
Gerald J. St. Pé(4)	35,417	37,500					72,917
Larry D. Thompson(7)	56,666	60,000				595	117,261

(1) Includes amounts voluntarily deferred in the Director Deferred Compensation Plan.
(2) Represents deferred Common Stock units.
(3) Consists of tax gross-ups for taxes associated with spousal air travel.
(4) Mr. Chapman and Mr. St. Pé retired as Directors of the Company on May 26, 2010.
(5) Dr. Klein became a Director of the Company on July 19, 2010.
(6) Dr. Specker became a Director of the Company on October 18, 2010.
(7) Mr. Thompson became a Director of the Company on May 26, 2010.

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 four times the annual Director retainer fee.

BOARD LEADERSHIP STRUCTURE

The Board believes that the combined role of Chief Executive Officer and Chairman is most suitable for the Company because Mr. Fanning 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 the 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 an independent Presiding Director having the duties described below, is in the best interest of stockholders because it provides the appropriate balance between independent oversight of management and the development of strategy.

PRESIDING DIRECTOR

Mr. James was appointed to serve as the Presiding Director effective January 1, 2010 until December 31, 2011. The Presiding Director is selected bi-annually by and from the independent Directors. Non-management Directors meet, without management, at least quarterly, and at other times as deemed appropriate by the Presiding Director or two or more other independent Directors. As the Presiding Director, Mr. James is responsible for chairing executive sessions and acting as the principal liaison between the Chairman and the non-management Directors. However, each Director is afforded direct and complete access to the Chairman at any time as such Director deems necessary or appropriate. The Presiding Director meets regularly with the Chairman and also serves as the contact Director for stockholders. The Presiding Director will also be involved in communicating any sensitive issues to the Directors and chairing Board meetings in the absence of the Chairman.

MEETINGS OF NON-MANAGEMENT DIRECTORS

Non-management Directors meet in executive session with no member of management present on each regularly-scheduled Board meeting date. The Presiding Director chairs each of these executive sessions.

COMMITTEES OF THE BOARD

Committee Charters

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

Audit Committee:

n
Current members are Mr. Smith *(Chair),* Mr. Boscia, Mr. Hood, and Mr. Thompson (1)
n
Met 10 times in 2010
n
Oversees the Company s financial reporting, audit processes, internal controls, and legal, regulatory, and ethical compliance; appoints the Company s independent registered public accounting firm, approves its services and fees, and establishes and reviews the scope and timing of its audits; reviews and discusses the Company s financial statements with management 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; and recommends the filing of the Company s 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 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. Smith qualifies as an audit committee financial expert as defined by the SEC.

(1) Mr. Thompson was appointed a member of the Audit Committee effective January 1, 2011.

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Compensation and Management Succession Committee (Compensation Committee):

n
Current members are Mr. Purcell *(Chair)*, Mr. Clark, Mr. Habermeyer, and Mr. James
n
Met seven times in 2010
n
Evaluates performance of executive officers and establishes their compensation, administers executive compensation plans, and reviews management succession plans. Annually reviews a tally sheet of all components of the executive officers compensation and takes actions required of it under the Pension Plan for employees of the Company.

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

Governance

During 2010, 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 outside 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.

Reviewing a compensation risk assessment process developed by its outside compensation consultant.

Role of Executive Officers

The Chief Executive Officer, with input from the 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 proposals.

Role of Compensation Consultant

In 2010, the Compensation Committee directly retained Towers Watson as its outside compensation consultant. Towers Watson served as that committee s independent consultant until Towers Watson spun off Pay Governance LLC effective July 1, 2010, at which time Pay Governance LLC was retained. Prior to July 1, 2010, Towers Watson was not otherwise engaged by Southern Company or any of its affiliates.

The Compensation Committee informed Towers Watson and later Pay Governance LLC (collectively, Consultant) in writing that it expected the Consultant to provide an independent assessment of the current executive compensation program and any management-recommended changes to that program and to work with Southern 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 the Consultant to recommend changes to executive compensation and related corporate governance trends.

During 2010, the Consultant assisted the Compensation Committee with comprehensive market data and its implications for pay at the Company and various other governance, design, and compliance matters.

Compensation Committee Interlocks and Insider Participation

None of the persons who served as members of the Compensation Committee during 2010 was an officer or employee of the Company during 2010, or at any time in the past, nor had reportable transactions with the Company.

Finance Committee:

n
Current members are Mr. Clark (*Chair*), Mr. James, and Mr. Purcell
n
Met seven times in 2010
n
Reviews the Company s financial matters, recommends actions such as dividend philosophy to the Board, and approves certain capital expenditures.
n
Provides information to the Compensation Committee on the Company s financial plan and goals.

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

Governance Committee:

n
Current members are Ms. Baranco (*Chair*), Ms. Hagen, Dr. Klein (1), and Dr. Specker (1)
n
Met seven times in 2010
n
Oversees the composition of the Board and its committees, determines non-management Directors compensation, maintains the Company s Corporate Governance Guidelines, and coordinates the performance evaluations of the Board and its committees.

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

(1) Mr. Thompson was appointed a member of the Governance Committee effective July 19, 2010 and served through December 31, 2010. Dr. Klein and Dr. Specker were appointed members of the Governance Committee effective July 19, 2010 and October 18, 2010, respectively.

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 setting forth the candidate s qualifications, relevant biographical information, and signed consent to serve. These materials should be submitted in writing to the Company s Assistant Corporate Secretary and received by that office by December 15, 2011 for consideration by the Governance Committee as a nominee for election at the Annual Meeting of Stockholders to be held in 2012. 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 would consider aspects of diversity, such as diversity of age, race, gender, education, industry, and public and private service in the selection of candidates to serve on the Board. 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, and number of other board memberships. 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. 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.

Dr. Klein and Dr. Specker were identified by management and recommended by the Governance Committee for election to the Board. Dr. Klein and Dr. Specker were elected as a Director effective July 19, 2010 and October 18, 2010, respectively.

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Nuclear/Operations Committee:

n
Current members are Mr. Habermeyer (*Chair*), Ms. Baranco, Ms. Hagen, Dr. Klein, and Dr. Specker (1)
n
Met five times in 2010
n
Oversees significant information, activities, and events relative to significant operations of the Company including nuclear and other generation facilities, transmission and distribution, fuel, and information technology initiatives.
n
Provides information to the Compensation Committee on the Company s operational goals.

(1) Mr. Thompson was appointed a member of the Nuclear/Operations Committee effective July 19, 2010 and served through December 31. 2010. Dr. Klein and Dr. Specker were appointed members of the Nuclear/Operations Committee effective July 19, 2010 and October 18, 2010, respectively.

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 broadly designate the areas of risk for which each committee is responsible for providing ongoing oversight. In addition, ongoing oversight responsibility for each of the Company s most significant risks is designated to the applicable committees at least annually. Each committee provides oversight of the significant risks as described in its charter or otherwise assigned by the Board. The committees report to the Board on their oversight activities and elevate review of risk issues to the Board as appropriate. For each committee, the Chief Executive Officer of the Company has designated a member of 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 also is responsible for reviewing the adequacy of the risk oversight process and for reviewing documentation demonstrating 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. 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. The Audit Committee receives regular updates from Internal Auditing, as needed, and quarterly updates as part of the disclosure controls process.

DIRECTOR ATTENDANCE

The Board met eight times in 2010. The average attendance for Directors at all Board and committee meetings was 92 percent. No nominee attended less than 75 percent of applicable meetings.

Directors are expected to attend the Annual Meeting of Stockholders. All the members of the Board of Directors serving on May 26, 2010, the date of the 2010 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 owned by Directors, nominees, and executive officers as of December 31, 2010. 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 the class outstanding.

		Shares Beneficially Owned Include:		
Directors, Nominees, and Executive Officers	**Shares Beneficially Owned(1)**	**Deferred Stock Units(2)**	**Shares Individuals Have Rights to Acquire within 60 days(3)**	**Shares Held by Family Members(4)**
Juanita Powell Baranco	29,267	28,718		
Art P. Beattie	131,418		125,794	127
Jon A. Boscia	67,721	8,721		
W. Paul Bowers	554,909		543,633	
Henry A. Clark III	3,442	3,442		
Thomas A. Fanning	632,748		623,244	
Michael D. Garrett(5)	621,494		619,247	
H. William Habermeyer, Jr.	10,455	10,455		
Veronica M. Hagen	11,726	11,726		
G. Edison Holland, Jr.	464,850		457,673	
Warren A. Hood, Jr.	21,292	20,741		
Donald M. James	65,600	63,600		
Dale E. Klein(6)	1,025	1,025		
Charles D. McCrary	631,241		625,377	
J. Neal Purcell	53,986	43,762		224
David M. Ratcliffe(7)	4,601,670		4,582,055	
William G. Smith, Jr.	32,567	28,322		
Steven R. Specker(8)	398	398		
Larry D. Thompson(9)	1,729	1,729		
Directors, Nominees, and Executive Officers as a Group (25 people)	8,851,376	222,640	8,845,968	351

(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 Stock Units held under the Director Deferred Compensation Plan.

(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. Garrett retired on December 31, 2010.

(6) Dr. Klein became a Director of the Company on July 19, 2010.

(7) Mr. Ratcliffe retired on December 1, 2010.

(8) Dr. Specker became a Director of the Company on October 18, 2010.

(9) Mr. Thompson became a Director of the Company on May 26, 2010.

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STOCK OWNERSHIP OF CERTAIN OTHER BENEFICIAL OWNERS

According to Schedule 13G filed with the SEC on December 31, 2010, the following reported beneficial ownership of more than 5% of the outstanding shares of Common Stock as of December 31, 2010:

Name and Address	Shares Beneficially Owned	Percentage of Class Owned
Blackrock, Inc. 40 East 52nd Street New York, NY 10022	45,625,817	5.44%

Blackrock, Inc. held all of these shares as a parent holding company, or control person in accordance with Rule 13(d)-1(b)(1)(ii)(G), and had sole investment power over all of these shares and no voting power over any of these shares and disclaimed beneficial ownership of the shares. This information is based solely on the Schedule 13G filed by Blackrock, Inc.

Matters to be Voted Upon

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 2012 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 possessing the collective knowledge and experience in accounting, finance, leadership, business operations, risk management, and corporate governance as detailed below. The Governance Committee evaluated each nominee s independence from management, ability to provide sound and informed judgment, history of achievement reflecting superior standards, willingness to commit sufficient time, financial literacy, and community involvement, as well as the number of other board memberships each holds.

Juanita Powell Baranco

Age:	62
Director since:	2006
Board committees:	Governance (*Chair*), Nuclear/Operations
Principal occupation:	Executive Vice President and Chief Operating Officer of Baranco Automotive Group, automobile sales
Other directorships:	None (formerly a Director of Cox Radio, Inc.)

Director qualifications: Ms. Baranco had a successful law 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 member of the board at Georgia Power, the largest subsidiary of the Company, from 1997-2006. 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 John H. Harland Company Board of Directors. An active leader in the Atlanta community, Ms. Baranco has served as a Director of Cox Radio, Inc. She serves as Chair of the Board of Trustees for Clark Atlanta University and Board Chair for the Sickle Cell Foundation of Georgia. She is also past Chair of the Board of Regents for the University System of Georgia. The Board has benefitted from Ms. Baranco s particular expertise in business operations and her civic involvement.

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Jon A. Boscia

Age:	58
Director since:	2007
Board committee:	Audit
Other directorships:	None (formerly a Director of Armstrong World Industries, Lincoln Financial Group, Georgia Pacific Corporation, and The Hershey Company)

Director qualifications: From September 2008 until his retirement in 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, including the Sun Life Financial U.S. business group, the investments function, worldwide marketing and communications, the Bermuda operation which markets products internationally, and other strategic international initiatives. 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 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. His extensive background in finance, investment management, and information technology are valuable to the Board.

Henry A. Hal Clark III

Age:	61
Director since:	2009
Board committees:	Finance (*Chair*), Compensation and Management Succession
Principal occupation:	Senior Advisor of Lexicon Partners, LLC, corporate finance advisory firm, since July 2009
Other directorships:	None

Director qualifications: As a Senior Advisor with 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 Lexicon Partners, Mr. Clark was Group Chairman of Global Power and Utilities at Citigroup from 2001-2009. His work experience includes numerous capital markets transactions of debt, equity, bank loans, convertibles, 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.

Thomas A. Fanning

Age:	54
Director since:	2010
Principal occupation:	Chairman of the Board, President, and Chief Executive Officer of the Company since December 2010
Other directorships:	The St. Joe Company, Alabama Power, Georgia Power and Southern Power

Director qualifications: Mr. Fanning had held numerous leadership positions across the Southern Company system during his more than 30 years with the Company. More recently, 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. Prior to that, he served as Executive Vice President and Chief Financial Officer from 2003 to 2008 where he was responsible for the Company s accounting, finance, tax, investor relations, treasury, and risk management functions. In this role, he also served as the chief risk officer and had responsibility for corporate strategy. Mr. Fanning s knowledge of the day-to-day operations of an electric utility and the regulatory challenges of the industry uniquely qualify him to be a Director of the Company. He is also a Director of The St. Joe Company where he currently serves as Chair of the Audit and Finance Committee.

H. William Habermeyer, Jr.

Age:	68
Director since:	2007
Board committees:	Nuclear/Operations (*Chair*), Compensation and Management Succession
Other directorships:	Raymond James Financial Inc., USEC Inc.

Director qualifications: Mr. Habermeyer retired in 2006 from his position as President and Chief Executive Officer of Progress Energy Florida, Inc., a subsidiary of Progress Energy Inc., a diversified energy company. Mr. Habermeyer has a wealth of experience in utility business operations, with a focus on nuclear matters. He joined Progress Energy s predecessor Carolina Power & Light in 1993 and served in various leadership roles including Vice President of Nuclear Services and Environmental Support, Vice President of Nuclear Engineering, and Vice President of Progress Energy s Western Region. While overseeing the Western Region operations, Mr. Habermeyer was responsible for regional distribution management, customer support, and community relations. He serves on the board of USEC Inc., a global energy company, where he is Chair of the Compensation Committee and a member of the Technology and Competition Committee. In addition, he is on the Audit Committee of Raymond James Financial Inc. Mr. Habermeyer is a retired Rear Admiral who served in the United States Navy for 28 years. His military medals include seven awards of the Legions of Merit, two Navy Commendation Medals, and service and campaign awards.

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Veronica M. Ronee Hagen

Age:	65
Director since:	2008
Board committees:	Governance, Nuclear/Operations
Principal occupation:	Chief Executive Officer of Polymer Group, Inc., engineered materials, since April 2007
Other directorships:	Polymer Group, Inc., Newmont Mining Corporation

Director qualifications: Ms. Hagen s global operational management experience and commercial business leadership are valuable assets to Southern Company s Board. Polymer Group is a leading producer and marketer of engineered materials. Prior to joining Polymer Group, 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 her resignation in 2007. She also has served as Vice President and Chief Customer Officer at Alcoa and owned and operated Metal Sales Associates, a privately-held metal business. Ms. Hagen also serves on the Operations and Safety and Compensation Committees of the Board of Newmont Mining Corporation.

Warren A. Hood, Jr.

Age:	59
Director since:	2007
Board committee:	Audit
Principal occupation:	Chairman of the Board and Chief Executive Officer of Hood Companies Incorporated, packaging and construction products
Other directorships:	Hood Companies Incorporated, BancorpSouth Bank (formerly a Director of Mississippi Power)

Director qualifications: Mr. Hood is the Chairman and Chief Executive Officer of Hood Companies, Incorporated which he established in 1978. Hood Companies Incorporated consists of four separate corporations with 60 manufacturing and distribution sites throughout the United States, Canada, and Mexico. Mr. Hood previously served on the board of the Company s subsidiary, Mississippi Power, where he was also a member of the Compensation Committee. Mr. Hood has long been recognized for his leadership role in the State of Mississippi. He serves on numerous corporate, community, and philanthropic boards, including BancorpSouth Bank, Boy Scouts of America, and The Governor s Commission on Rebuilding, Recovery and Renewal, which was formed following Hurricane Katrina in 2005. Mr. Hood s business operations, risk management, and financial experience and civic involvement are valuable to the Board.

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Donald M. James

Age:	62
Director since:	1999, Presiding Director since January 1, 2010
Board committees:	Compensation and Management Succession, Finance
Principal occupation:	Chairman of the Board and Chief Executive Officer of Vulcan Materials Company, construction materials
Other directorships:	Vulcan Materials Company, Wells Fargo & Company (formerly a Director of Protective Life Corporation)

Director qualifications: Mr. James joined Vulcan Materials 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 of the Southern Division. Prior to joining Vulcan Materials, Mr. James was a partner at the law firm of Bradley, Arant, Rose & White for 10 years. Mr. James is also a Director of the UAB Health System, Boy Scouts of Central Alabama, and the Economic Development Partnership of Alabama, Inc. In addition, he serves on the Finance and 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.

Dale E. Klein

Age:	63
Director since:	2010
Board committees:	Governance, Nuclear/Operations
Principal occupation:	Associate Vice Chancellor of Research of the University of Texas System since January 2011 and Associate Director of the Energy Institute at The University of Texas at Austin since March 2010, university system

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

Director qualifications: Dr. Klein was Commissioner from 2009 to 2010 and Chairman from 2006 to 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 to 2006. Dr. Klein has more than 30 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. He is a valuable addition to the Board due to his expertise in nuclear energy regulation and operations, technology, and safety.

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J. Neal Purcell

Age:	69
Director since:	2003
Board committees:	Compensation and Management Succession (*Chair*), Finance
Other directorships:	Kaiser Permanente Health Care and Hospitals, Synovus Financial Corp. (formerly a Director of Dollar General Corporation)

Director qualifications: Mr. Purcell is a retired Vice-Chairman of KPMG. From October 1998 until his retirement in 2002, Mr. Purcell was in charge of National Audit Practice Operations. Over the course of his career at KPMG, he was a member of its Board of Directors and its Management Committee. He performed numerous peer review audits and quality of audits reviews during his career. Mr. Purcell is currently a Director of Kaiser Permanente Health Care and Hospitals and Synovus Financial Corp. where he is serves as the Chair of each Audit Committee. He also serves on the Board of Trustees of Emory University where he is Chair of the Compensation Committee and on the Board of Directors of Emory Healthcare System. His financial and accounting expertise, his knowledge of the communities served by Southern Company s affiliates, and his personal involvement in those communities are valuable to the Board. During his time on the Board, Mr. Purcell also has chaired the Audit Committee and served as the Company s first audit committee financial expert.

William G. Smith, Jr.

Age:	57
Director since:	2006
Board committee:	Audit (*Chair*)
Principal occupation:	Chairman of the Board, President, and Chief Executive Officer of Capital City Bank Group, Inc., banking
Other directorships:	Capital City Bank Group, Inc., Capital City Bank

Director qualifications: Mr. Smith began his career at Capital City Bank in 1978, where he worked in a number of capacities before being elected President and Chief Executive Officer of Capital City Bank Group in January 1989. He was then elected Chairman of the Board of the Capital City Bank Group Inc., a public company, in 2003. He has also served on the Board of Directors of the Federal Reserve Bank of Atlanta. Mr. Smith serves on the Board of Trustees for Darlington School in Rome, Georgia and the Florida State University Foundation. 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. In addition, Mr. Smith qualifies as an audit committee financial expert.

Steven R. Specker

Age:	65
Director since:	2010
Board committees:	Governance, Nuclear/Operations
Other directorships:	Trilliant Incorporated

Director qualifications: 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 has served in a number of leadership positions during his 30 year career at General Electric (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.

Larry D. Thompson

Age:	65
Director since:	2010
Board committee:	Audit
Principal occupation:	Senior Vice President - Government Affairs, General Counsel, and Secretary of PepsiCo, Inc., food and beverage
Other directorships:	Cbeyond, Inc.

Director qualifications: PepsiCo ranks among the world s largest convenient food and beverage companies. Mr. Thompson will retire from his current position effective May 5, 2011. In his current role at PepsiCo, Mr. Thompson is responsible for PepsiCo s worldwide legal function, as well as its government affairs organization and the company s charitable foundation. Prior to joining PepsiCo in 2004, Mr. Thompson served as a Senior Fellow with The Brookings Institution. His government career also 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 a member of the board of Cbeyond, Inc. and a Director or Trustee of various investment companies in the Franklin Templeton group of mutual funds. Mr. Thompson s government experience and corporate governance and legal expertise are valuable to the Board.

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 shares present and entitled to vote is required for the election of each Director.

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

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ITEM NO. 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed Deloitte & Touche LLP (Deloitte & Touche) as the Company s independent registered public accounting firm for 2011. This appointment is being submitted to stockholders for ratification. Representatives of Deloitte & Touche will be present at the Annual Meeting to respond to appropriate questions from stockholders and will have the opportunity to make a statement if they desire to do so.

The affirmative vote of a majority of shares present and entitled to vote is required for ratification of the appointment of the independent registered public accounting firm.

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

ITEM NO. 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) enacted in July 2010, requires the Company to seek a non-binding advisory vote from its stockholders to approve the Company s executive compensation as reported in this Proxy Statement. This advisory vote is commonly referred to as a say on pay vote.

As described in the Compensation Discussion & Analysis (CD&A) beginning on page 30, the Compensation Committee has structured the Company s executive compensation program based on the belief that executive compensation should be:

- competitive with the companies in the Company s industry;
- tied to and structured to motivate achievement of short- and long-term business goals; and
- aligned with the interests of the Company s stockholders and customers.

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 was strong in 2010 and resulted in performance-based awards that exceeded target levels.

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 LLC.

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. The Executive Compensation section is found on pages 30 through 70 of this Proxy Statement.

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 shares present and entitled to vote 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 2011 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2010 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. 3.

ITEM NO. 4 ADVISORY VOTE ON FREQUENCY OF VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Act also requires that the Company s stockholders have an opportunity to vote on how often the Company should include a say on pay vote in its proxy materials for future annual meetings of stockholders. Under this Item No. 4, stockholders may vote to conduct the say on pay vote every year, every two years, or every three years, or may abstain from voting in response to the resolution set forth below.

RESOLVED, that an advisory vote of the Company s stockholders relating to the compensation of the Company s named executive officers be held at an annual meeting of stockholders every year, every two years, or every three years, whichever frequency receives the highest number of stockholder votes in connection with the adoption of this resolution.

The Company believes that say on pay votes should be conducted every year so that stockholders may annually express their views on the Company s executive compensation program. The Compensation Committee, which administers the Company s executive compensation program, values the opinions of stockholders and believes that an annual vote will be helpful in making its decisions on executive compensation.

The option of every one year, two years, or three years that receives the highest number of votes cast will be the option selected by stockholders. However, because this vote is advisory only and therefore is non-binding on the Board of Directors, the Board may decide that it is in the best interests of the Company s stockholders to hold an advisory vote on executive compensation more or less frequently than the option approved by stockholders.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE OPTION OF ONCE EVERY YEAR AS THE FREQUENCY WITH WHICH STOCKHOLDERS ARE PROVIDED AN ADVISORY VOTE ON EXECUTIVE COMPENSATION.

ITEM NO. 5 PROPOSAL TO APPROVE THE OMNIBUS INCENTIVE COMPENSATION PLAN

Upon recommendation of the Compensation Committee, the Board of Directors approved the Southern Company 2011 Omnibus Incentive Compensation Plan (Plan), subject to stockholder approval. The Plan provides for awards of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Restricted Stock Units, Performance Units, Performance Shares, and Cash-Based Awards (collectively, Awards). The Plan will replace the Omnibus Incentive Compensation Plan that was approved by the stockholders at the 2006 Annual Meeting of Stockholders held on May 24, 2006 (2006 Plan), which provided similar benefits as those to be provided under the Plan. The Company is seeking approval of the Plan, in part, so that the Company continues to satisfy the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended (Code). That Code section requires stockholder approval of incentive compensation plans every five years so that the Company can deduct all performance-based compensation. (See the section below entitled Compliance with Section 162(m) of the Code for more information.)

The purposes of the Plan are to optimize the profitability and growth of the Company through annual and long-term performance-based compensation that is consistent with the Company s goals and to provide the potential for levels of compensation that will enhance the Company s ability to attract, retain, and motivate employees. All employees will be eligible to participate in the Plan and, in the initial Plan year, nearly all employees will participate.

Plan Administration

The Plan will be administered by the Compensation Committee. The Compensation Committee consists of four independent Directors. (See the description of the Compensation Committee under the heading Compensation and

Management Succession Committee (Compensation Committee) on page 8 for more information about the Compensation Committee.) The Compensation Committee has broad authority to administer and interpret the Plan, including authority to make Awards, determine the size and terms applicable to Awards, establish performance goals, determine and certify the degree of goal achievement, and amend the terms of Awards consistent with Plan terms.

The Board of Directors may terminate or amend the Plan at any time; provided, however, without stockholder approval, the Board may not increase the total number of shares of the Common Stock available for grants under the Plan. The Plan will terminate May 25, 2021, unless terminated sooner by the Board of Directors.

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Types of Awards

Stock Options: The Compensation Committee may grant Incentive Stock Options or Nonqualified Stock Options (collectively, Stock Options). These entitle the participant to purchase up to the number of shares of Common Stock specified in the grant at a specified price (Option Price). Under the terms of the Plan, the Option Price may not be less than the fair market value of the Common Stock on the date a Stock Option is granted. Incentive Stock Options are intended to comply with Section 422 of the Code. The Compensation Committee will establish the terms of Stock Options including the Option Price, vesting, duration, transferability, and exercise procedures. Incentive Stock Options may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. A Stock Option may not be exercisable later than the tenth anniversary of the date granted.

Stock Options must be paid in full when exercised either (i) in cash, (ii) by foregoing compensation that the Compensation Committee agrees otherwise would be owed, (iii) by tendering previously-acquired shares of Common Stock held by the participant, or (iv) by the attestation of shares of Common Stock, or by any combination thereof.

Stock Appreciation Rights: These are rights that, when exercised, entitle the participant to the appreciation in value of the number of shares of Common Stock specified in the grant, from the date granted to the date exercised. The exercised Stock Appreciation Right may be paid in cash or Common Stock, as determined by the Compensation Committee. Stock Appreciation Rights may be granted in the sole discretion of the Compensation Committee in conjunction with Stock Options.

Restricted Stock Awards: These are grants of shares of Common Stock, full rights to which are conditioned upon continued employment or the achievement of performance goals. The Compensation Committee will establish a restriction period for each Restricted Stock Award made. The Compensation Committee also can impose other restrictions or conditions on the Restricted Stock Awards such as payment of a stipulated purchase price. The participant may be entitled to dividends paid on the Restricted Stock and may have the right to vote such shares.

Restricted Stock Units: These are Awards that entitle the participant to the value of shares of Common Stock at the end of a designated restriction period. Except for voting rights, they may have all of the characteristics of Restricted Stock Awards, as described above. Restricted Stock Units may be paid out in cash or Common Stock. The maximum amount payable to any participant for Restricted Stock Units granted in any one year is the higher of $10,000,000 or 1,000,000 shares of Common Stock.

Performance Units, Performance Shares, and Cash-Based Awards (collectively Performance Awards): These are Awards that entitle the participant to a level of compensation based on the achievement of pre-established performance goals over a designated performance period. Performance Units shall have an initial value determined by the Compensation Committee. The value of a Performance Share will be the fair market value of Common Stock on the grant date. A Cash-Based Award will have the value determined by the Compensation Committee. At the beginning of the performance period, the Compensation Committee will determine the number of Performance Units or Performance Shares awarded or the target value of Cash-Based Awards, the performance period, and the performance goals. At the end of the performance period, the Compensation Committee will determine the degree of achievement of the performance goals which will determine the level of payout. The Compensation Committee may set performance goals using any combination of the following criteria:

- Earnings per share;
- Net income or net operating income (before or after taxes and before or after extraordinary items);
- Return measures (including, but not limited to, return on assets, equity, or sales);
- Cash flow return on investments which equals net cash flows divided by owners equity;
- Earnings before or after taxes;

Gross revenues;
Gross margins;
Share price (including, but not limited to, growth measures and total shareholder return);
Economic value added, which equals net income or net operating income minus a charge for use of capital;
Operating margins;
Market share;
Gross revenues or revenues growth;
Capacity utilization;

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Increase in customer base including associated costs;
Environmental, health, and safety;
Reliability;
Price;
Bad debt expense;
Customer satisfaction;
Operations and maintenance expense;
Accounts receivable;
Diversity/Culture/Inclusion; and
Quality.

Performance Awards may be paid in cash or shares of Common Stock or a combination thereof in the Compensation Committee s discretion. The maximum amount payable to any participant for Performance Shares awarded in any one year is the higher of $10,000,000 or 1,000,000 shares of Common Stock per Award type. The maximum amount payable to any participant for Cash-Based Awards or Performance Units granted in any one year is $10,000,000.

Shares Available for Grant under the Plan

A total of 44,000,000 shares of Common Stock is available for grants under the Plan. As of March 28, 2011, there are approximately 2,953,297 shares available under the 2006 Plan, which will be transferred to and available for grant under the Plan in addition to the 44,000,000 shares authorized under the Plan. If the Plan is approved, no further shares will be granted under the 2006 Plan after May 25, 2011. The following table summarizes the equity-based awards outstanding and the shares available for grant as of the end of the 2010 and as of March 28, 2011, the annual meeting record date, including those under the 2006 Plan that will be rolled into and added to the 44,000,000 shares authorized under the Plan.

	As of December 31, 2010	**As of Record Date (March 28, 2011)(2)**
Number of Stock Options outstanding(1)(2)	50,707,904	54,052,448
Number of unvested Restricted Stock Units granted and outstanding	148,054	153,532
Number of unvested Performance Shares granted and outstanding	908,009	1,770,855
Total number of Awards granted and outstanding	51,763,967	55,976,835
Shares available for grant under the 2006 Plan		2,953,297, which will be rolled into and added to the 44,000,000 shares reserved for issuance under the Plan.(2)

(1) Weighted average exercise price of $33.32 and weighted average term to expiration of five years for Stock Options outstanding as of the Record Date.

(2) This reflects the grant of 6,611,708 Stock Options and 894,858 Performance Shares on February 14, 2011 under the 2006 Plan consistent with the Company s longstanding practice to make grants of Awards, annually, at the

regular meeting of the Compensation Committee in February.

Under the Plan, the maximum number of shares of Common Stock that may be the subject of any Award to a participant during any calendar year is 5,000,000 shares of Common Stock for Stock Options and Stock Appreciation Rights and 1,000,000 shares of Common Stock for Restricted Stock Awards. On March 28, 2011, the closing price per share of Common Stock was $37.55. If there are any changes in corporate capitalization, such as a stock split, stock dividend, or reclassification, or a corporate transaction such as a merger, consolidation, separation, including a spin-off, or other distribution of stock or property of the Company, or any reorganization or any partial or complete liquidation of the Company, adjustments will be made in the number and class of shares of Common Stock which may be delivered under the Plan, in the number and class of and/or price of shares of Common Stock subject to outstanding Awards under the Plan, and in the maximum number of shares of Common Stock that may be granted to any individual during any calendar year, as may be determined to be appropriate and equitable by the Compensation Committee, to prevent dilution or enlargement of rights.

Change in Control Provisions

The Plan incorporates the terms of the Company s Change-in-Control Benefits Protection Plan. It provides that if a change in control occurs, all Stock Options, Stock Appreciation Rights, Restricted Stock Awards, and Restricted Stock Units will vest immediately. If the Plan is not continued or replaced with a comparable plan, pro-rata payments of all Performance Awards at not less than target-level performance will be paid. A change in control does not occur unless there is a consummation of the transaction or event that results in the change in control of the Company or a subsidiary of the Company. See the section entitled Potential Payments Upon Termination or Change in Control beginning on page 63 for more information about the definition of a change in control and the treatment of Awards under the Plan under various termination events, including a change in control.

Treatment of Overpayments and Underpayments

The Plan provides that if a participant receives an overpayment under the Plan, for any reason, the Compensation Committee, in its discretion, has the right to take whatever action it deems appropriate, including requiring repayment or reduction of future payments under the Plan to recover any overpayment. If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirements that resulted from grossly negligent or intentional misconduct of a participant, that participant shall reimburse the Company the amount of any payment in settlement of an Award earned or accrued during the 12-month period following the first public issuance of the financial document embodying the financial reporting requirement. If there is an underpayment to a participant under the Plan, payment of the shortfall will be made as soon as administratively practicable.

Federal Income Tax Consequences of Stock Options Granted under the Plan

The following is a summary of some of the more significant federal income tax consequences under present law of the granting and exercise of Stock Options under the Plan.

No taxable income is realized by a participant upon the grant of a Stock Option, and no deduction is then available to the Company.

Upon exercise of a Nonqualified Stock Option, the excess of the fair market value of the shares of Common Stock on the date of exercise over the Option Price will be taxable to the participant as ordinary income and, subject to any limitation imposed by Section 162(m) of the Code, deductible by the Company. If a participant disposes of any shares of Common Stock received upon the exercise of any Nonqualified Stock Option granted under the Plan, such participant will realize a capital gain or loss equal to the difference between the amount realized on disposition and the value of such shares at the time it was exercised. The gain or loss will be either long-term or short-term, depending on the holding period measured from the date of exercise. The Company will not be entitled to any further deduction at that time.

A participant will not recognize income (except for purposes of the alternative minimum tax) upon exercise of an Incentive Stock Option. If the shares acquired by exercise of an Incentive Stock Option are held for the longer of two years from the date the option was granted or one year from the date it was exercised, any gain or loss resulting from a subsequent disposition of such shares will be taxed as long-term capital gain or loss, and the Company will not be entitled to any deduction. If, however, such shares are disposed of within the above-described period, then in the year of such disposition the participant will recognize taxable income equal to the excess of the lesser of (i) the amount realized upon such disposition and (ii) the fair market value of such shares on the date of exercise over the Option Price, and the Company will be entitled to a corresponding deduction.

The Company is required to withhold and remit to the Internal Revenue Service income taxes on all compensation which is taxable as ordinary income. Upon exercise of Nonqualified Stock Options, as a condition of such exercise, a participant must pay or arrange for payment to the Company of cash representing the appropriate withholding taxes generated by the exercise.

Compliance with Section 162(m) of the Code

The Board of Directors is seeking stockholder approval of the Plan partly in order to qualify all compensation to be paid under the Plan for the maximum income tax deductibility under Section 162(m) of the Code. Section 162(m) of the Code generally limits tax deductibility of certain compensation paid to each of the Company s five most highly compensated

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executive officers to $1,000,000 per officer, unless the compensation is paid under a performance plan meeting certain criteria under the Code that has been approved by the Company s stockholders.

Estimated Awards under the Plan

The following table sets forth the estimated amounts of Cash-Based Awards at target-level performance that would be paid under the Plan and the estimated number of Performance Shares and Stock Options that would have been granted under the Plan for the year ending December 31, 2011 if the Plan were in place at the time Awards were granted in 2011.

Name and Position	Annual Incentive ($)	Performance Shares (#)	Stock Options (#)
T. A. Fanning, Chairman, President, & CEO	1,123,500	62,468	460,923
A. P. Beattie, Executive Vice President & CFO	417,300	19,026	250,384
W. P. Bowers, Executive Vice President	541,466	22,278	164,377
G. E. Holland, Jr., Executive Vice President	434,507	15,013	110,775
C. D. McCrary, Executive Vice President	568,958	23,410	172,729
Executive officers as a group	5,033,808	214,947	1,586,003
Non-executive directors or nominees as a group	0	0	0
Non-executive officer employees	224,001,794	894,858	6,611,708

Vote Needed for Passage of Proposal

The affirmative vote of a majority of shares present and entitled to vote is required for approval of the Omnibus Incentive Compensation Plan.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEM NO. 5.

ITEM NO. 6 STOCKHOLDER PROPOSAL ON COAL COMBUSTION BYPRODUCTS ENVIRONMENTAL REPORT

The Company has been advised that Green Century Capital Management, Inc., 114 State Street, Suite 200, Boston, Massachusetts 02109, holder of 120 shares of Common Stock, proposes to submit the following resolution at the 2011 Annual Meeting of Stockholders.

Whereas: Coal combustion waste (CCW or coal ash) is a by-product of burning coal that contains potentially high concentrations of arsenic, mercury, heavy metals and other toxins filtered out of smokestacks by pollution control equipment. CCW is often stored in landfills, impoundment ponds or abandoned mines. Over 130 million tons of CCW are generated each year in the U.S.

Coal combustion comprised a significant portion (57%) of Southern Company s generation capacity in 2009.

The toxins in CCW have been linked to cancer, organ failure, and other serious health problems. In October 2009, the U.S. Environmental Protection Agency (EPA) published a report finding that Pollutants in coal combustion wastewater are of particular concern because they can occur in large quantities (i.e., total pounds) and at high concentrations...in discharges and leachate to groundwater and surface waters.

The EPA has found evidence at over 60 sites in the U.S. that CCW has polluted ground and surface waters, including at least one site belonging to Southern Company. In some of these cases, companies have paid substantial fines and have suffered reputational consequences as a result of the contamination.

Reports by the *New York Times* and others have drawn attention to CCW s impact on waterways, as a result of leaking CCW storage sites or direct discharge into surrounding rivers and streams.

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The Tennessee Valley Authority s (TVA) 1.1 billion gallon CCW spill in December 2008 that covered over 300 acres in eastern Tennessee with coal ash sludge highlights the serious environmental risks associated with CCW. TVA estimates a total cleanup cost of $1.2 billion. This figure does not include the legal claims that have arisen in the spill s aftermath.

Southern Company operates 22 CCW storage facilities but does not disclose whether each of these ponds has liners, caps, groundwater monitoring, or leachate collection systems beyond compliance with current regulations. This information is critical for investors to understand the potential impact of our company s ash ponds on the environment and possible related risks.

Our company also re-uses a significant portion of its CCW. Some forms of reusing dry CCW can pose public health and environmental risks in the dry form by leaching into water.

The EPA has proposed rules to regulate CCW and will likely determine by the end of 2011 whether coal ash should be treated as Special Waste under Subtitle C, which would subject CCW to stricter regulations.

RESOLVED: Shareholders request that the Board prepare a report on the company s efforts, above and beyond current compliance, to reduce environmental and health hazards associated with coal combustion waste contaminating water (including the implementation of caps, liners, groundwater monitoring, and/or leachate collection systems), and how those efforts may reduce legal, reputational and other risks to the company s finances and operations. This report should be available to shareholders by August 2011, be prepared at reasonable cost, and omit confidential information such as proprietary data or legal strategy.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST ITEM NO. 6 FOR THE FOLLOWING REASONS:

Consistent with the report requested by this stockholder proposal, the Company has already prepared a coal combustion byproducts report (CCB Report), which has been posted on its website since March 2010 and is updated periodically. The CCB Report includes relevant information on the Company s affiliates operations related to coal combustion byproducts (CCBs), as well as the broad range of steps (including steps beyond current compliance) taken to ensure that the priorities of public safety and the security of the Company s affiliates plants are met. The efforts identified in the CCB Report include procedures for safe handling, the beneficial use market, and research efforts. The Company s commitment to extensive environmental compliance procedures is a key element of the Company s management of legal, reputational, and other risks.

As detailed in the CCB Report, each of the Company s affiliates has an extensive system in place to meet or exceed all regulations governing CCB management and help ensure safe operation. In addition, a significant amount of CCBs from the Company s affiliates coal-based power generation plants, including coal ash and gypsum, is recycled for safe and beneficial uses such as concrete production and road building. The beneficial use programs of the Company s affiliates have succeeded in reducing landfill obligations by more than 1.5 million tons annually and have many associated environmental benefits, including a reduction in energy consumption, greenhouse gases, need for additional landfill space, and raw material consumption.

The CCB Report further discusses the Company s history of safe management of CCBs. While the Company s affiliates have focused recent efforts on the beneficial use of CCBs, they have safely managed the remaining CCBs at their respective plants for decades. Each of the Company s affiliates has a robust program in place to ensure the safety and integrity of dams and dikes at on-site surface impoundments. They are inspected at least every week by trained plant personnel and inspected at least every year by professional dam safety engineers.

Additionally, the CCB Report provides links to public disclosures regarding the Company s affiliates plants that manage CCBs, including, among other things, a link to the extensive, detailed information about the Company s affiliates management of CCBs that was provided to the U.S. Environmental Protection Agency (EPA). The EPA issued information collection requests to facilities throughout the country that manage surface impoundments containing CCBs. This information was released to the public on the EPA website (http://www.epa.gov/waste/nonhaz/industrial/special/fossil/surveys/index.htm), and a link to this information is included in the CCB Report. The CCB Report also identifies the rules proposed by the EPA to regulate CCBs and provides a link to the Company s comments to these proposed rules.

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The CCB Report provides details on the Company s research and development efforts with respect to CCB management, identifying initiatives to develop new and improved beneficial use of CCBs. As noted in the CCB Report, the Company has managed nearly $500 million in research and development over the past decade, including several projects to find new and innovative ways to beneficially use CCBs.

The Company also posts on its website a comprehensive report, the *Corporate Responsibility Report*, which was created in 2006 and is updated routinely as new information becomes available, relating to various topics. The *Corporate Responsibility Report* includes a section relating to environmental matters and includes information on the management and beneficial use of CCBs.

Through the development of the reports discussed above, the Company has effectively addressed the stockholder s proposal.

The Company-produced reports are available either through the Company s external website at www.southernco.com or by contacting Melissa K. Caen, Assistant Corporate Secretary, Southern Company, 30 Ivan Allen Jr. Boulevard NW, Atlanta, Georgia 30308 and requesting a copy.

The vote needed to pass the proposed stockholder s resolution is a majority of the shares represented at the meeting and entitled to vote.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST ITEM NO. 6.

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Audit Committee Report

The Audit Committee oversees the Company s financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for establishing and maintaining adequate internal controls over financial reporting, including disclosure controls and procedures, and for preparing the Company s consolidated financial statements. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited consolidated financial statements of the Company and its subsidiaries and management s report on the Company s internal control over financial reporting in the 2010 Annual Report to Stockholders attached hereto as Appendix B with management. The Audit Committee also reviews the Company s quarterly and annual reporting on Forms 10-Q and 10-K prior to filing with the SEC. The Audit Committee s review process includes discussions of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and estimates and the clarity of disclosures in the financial statements.

The independent registered public accounting firm is responsible for expressing opinions on the conformity of the consolidated financial statements with accounting principles generally accepted in the United States and the effectiveness of the Company s internal control over financial reporting with the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Audit Committee has discussed with the independent registered public accounting firm the matters that are required to be discussed by Statement on Auditing Standards No. 61, as amended (American Institute of Certified Public Accountants, Professional Standards, Vol. 1, AU Section 380), as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. In addition, the Audit Committee has discussed with the independent registered public accounting firm its independence from management and the Company as required under rules of the PCAOB and has received the written disclosures and letter from the independent registered public accounting firm required by the rules of the PCAOB. The Audit Committee also has considered whether the independent registered public accounting firm s provision of non-audit services to the Company is compatible with maintaining the firm s independence.

The Audit Committee discussed the overall scopes and plans with the Company s internal auditors and independent registered public accounting firm for their respective audits. The Audit Committee meets with the internal auditors and the independent registered public accounting firm, with and without management present, to discuss the results of their audits, evaluations by management and the independent registered public accounting firm of the Company s internal control over financial reporting, and the overall quality of the Company s financial reporting. The Audit Committee also meets privately with the Company s compliance officer. The Committee held 10 meetings during 2010.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board approved) that the audited consolidated financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2010 and filed with the SEC. The Audit Committee also reappointed Deloitte & Touche as the Company s independent registered public accounting firm for 2011. Stockholders will be asked to ratify that selection at the Annual Meeting of Stockholders.

Members of the Audit Committee:

William G. Smith, Jr., Chair
Jon A. Boscia
Warren A. Hood, Jr.
Larry D. Thompson

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PRINCIPAL INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES

The following represents the fees billed to the Company for the two most recent fiscal years by Deloitte & Touche the Company s principal independent registered public accounting firm for 2010 and 2009.

	2010	2009
	(In thousands)	
Audit Fees(a)	$ 10,670	$ 11,368
Audit-Related Fees(b)	269	546
Tax Fees	0	0
All Other Fees	0	0
Total	$ 10,939	$ 11,914

(a) Includes services performed in connection with financing transactions.

(b) Includes benefit plan and other non-statutory audit services and accounting consultations in both 2010 and 2009.

The Audit Committee has adopted a Policy on Engagement of the Independent Auditor for Audit and Non-Audit Services (see Appendix A) that includes requirements for the Audit Committee to pre-approve services provided by Deloitte & Touche. This policy was initially adopted in July 2002 and, since that time, all services included in the chart above have been pre-approved by the Audit Committee.

Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

This section describes the compensation program for the Company s Chief Executive Officer and Chief Financial Officer in 2010, as well as each of the Company s other three most highly compensated executive officers employed at the end of the year.

Thomas A. Fanning	Chairman of the Board, President, and Chief Executive Officer
Art P. Beattie	Executive Vice President and Chief Financial Officer
Michael D. Garrett	Executive Vice President of the Company and President and Chief Executive Officer of Georgia Power
G. Edison Holland, Jr.	Executive Vice President, General Counsel, and Secretary
Charles D. McCrary	Executive Vice President of the Company and President and Chief Executive Officer of Alabama Power

Additionally, described is the compensation of the Company s former President and Chief Executive Officer, David M. Ratcliffe, who retired effective December 1, 2010 and W. Paul Bowers, the Company s former Chief Financial Officer who remains Executive Vice President of the Company and is now also President and Chief Executive Officer of Georgia Power. Collectively, these officers are referred to as the named executive officers.

Executive Summary

Performance

Performance-based pay represents a substantial portion of the total direct compensation paid or granted to the named executive officers for 2010.

	Salary ($)(1)	% of Total	Short-Term Performance Pay ($)(1)	% of Total	Long-Term Performance Pay ($)(1)	% of Total
D. M. Ratcliffe	1,077,522	14	1,634,295	21	5,142,027	65
T. A. Fanning	809,892	23	1,347,112	39	1,303,432	38
W. P. Bowers	652,189	24	742,400	28	1,301,624	48
A. P. Beattie	385,211	35	514,002	46	208,406	19
M. D. Garrett	695,402	26	719,742	27	1,286,467	47
G. E. Holland, Jr.	592,745	30	535,149	27	857,308	43
C. D. McCrary	704,520	24	932,008	32	1,298,653	44

(1) Salary is the actual amount paid in 2010, Short-Term Performance Pay is the actual amount earned in 2010 based on performance, and Long-Term Performance Pay is the value on the grant date of stock options and performance shares granted in 2010. See the Summary Compensation Table for the amounts of all elements of

reportable compensation described in this CD&A.

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Business unit financial and operational and Company earnings per share goal results for 2010 and relative total shareholder return for the four-year performance-measurement period that ended in 2010 are shown below:

Business unit financial goals:	107% of Target
Company earnings per share:	155% of Target
Operational goals:	163% of Target
Relative total shareholder return:	106% of Target

These levels of achievement resulted in actual payouts that exceeded targets. The Company s total shareholder return has been:

1-year:	20.8%
3-year:	4.8%
5-year:	7.1%

Pay Philosophy

The Company s compensation program (salary and short- and long-term performance pay) is based on the philosophy that total compensation should be:

- competitive with the companies in this industry;
- tied to and structured to motivate achievement of short- and long-term business goals; and
- aligned with the interests of the Company s stockholders and its subsidiaries customers.

Competitive with the companies in this industry

Executive compensation is targeted at the market median of industry peers. Actual compensation is primarily determined by short- and long-term financial and operational performance.

Motivates and rewards achievement of short- and long-term business goals

The Company s business goals are simple. Financial success is tied to the satisfaction of customers. Key elements of ensuring customer satisfaction include outstanding service, high reliability, and competitive prices. The Company believes that the focus on the customer helps it achieve its financial objectives and deliver a premium, risk-adjusted total shareholder return to stockholders.

Aligned with the interests of stockholders and customers

Short-term performance pay is based on achievement of the Company s business 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 share units, which reward total shareholder return performance relative to that of peers.

Key Governance and Pay Practices

Annual pay risk assessment required by the Compensation Committee charter.
Retention of an independent consultant, Pay Governance LLC, 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.
Elimination of excise tax gross-up on change-in-control severance arrangements.
Provision of limited perquisites and elimination of all tax gross-ups, except on relocation-related benefits.
No-hedging provision in the Company s inside trading policy that is applicable to all employees.

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

GUIDING PRINCIPLES AND POLICIES

The Company s executive compensation program is based on a philosophy that total executive compensation must be competitive with the companies in the electric utility industry, must be tied to and motivate executives to meet short-and long-term performance goals, must foster and encourage alignment of executive interests with the interests of the Company s stockholders and its subsidiaries customers, and must not encourage excessive risk-taking. The program generally is designed to motivate all employees, including executives, to achieve operational excellence and financial goals while maintaining a safe work environment.

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

Actual earnings per share (EPS), business unit performance, which includes return on equity (ROE) or net income, and operational performance, 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 the Company s performance-based pay philosophy, there are no general employment contracts with the named executive officers.

The pay-for-performance principles apply not only to the named executive officers, but to thousands of employees. The Performance Pay Program covers almost all of the nearly 26,000 employees. Stock options and performance shares cover approximately 2,900 employees. These programs engage employees, which ultimately is good not only for them, but for customers and stockholders.

OVERVIEW OF EXECUTIVE COMPENSATION COMPONENTS

The executive compensation program has several components, each of which plays a different role. The chart below discusses the intended role of each material pay component, what it rewards, and why it is used. Following the chart is additional information that describes how 2010 pay decisions were made.

Pay Element	Intended Role and What the Element Rewards	Why the Element Is Used
Base Salary	Base salary is pay for competence in the executive role, with a focus on scope of responsibilities.	Market practice. Provides a threshold level of cash compensation for job performance.
Annual Performance-Based Compensation: Performance Pay Program	The Performance Pay Program rewards achievement of operational, EPS, and business unit financial goals.	Market practice. Focuses attention on achievement of short-term goals that ultimately

		work to fulfill the mission to customers and lead to increased stockholder value in the long term.
Long-Term Performance-Based Compensation: Stock Options	Stock options reward price increases in Common Stock over the market price on the date of grant, over a 10-year term.	Market practice. Performance-based compensation. Aligns recipients interests with those of stockholders.

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Pay Element	Intended Role and What the Element Rewards	Why the Element Is Used
Long-Term Performance-Based Compensation: Performance Shares	Performance shares provide equity compensation dependent on the Company s three-year total shareholder return versus industry peers.	Market practice. Performance-based compensation. Aligns recipients interests with stockholders interests since payouts are dependent on the returns realized by stockholders versus those of industry peers.
Long-Term Equity Compensation: Restricted Stock Units	Restricted stock units are payable in Common Stock at the end of three years and deemed dividends are reinvested.	Limited use of restricted stock units to address specific needs, including retention. Aligns recipient s interest with stockholders interests.
Retirement Benefits	Executives participate in employee benefit plans available to all employees of the Company, including a 401(k) savings plan and the funded Southern Company Pension Plan (Pension Plan). The Southern Company Deferred Compensation Plan provides the opportunity to defer to future years up to 50% of base salary and all or part of performance-based non-equity compensation in either a prime interest rate or Common Stock account. The Supplemental Benefit Plan counts pay, including deferred salary, that is ineligible to be counted under the Pension Plan and the 401(k) plan due to Internal Revenue Service rules. The Supplemental Executive Retirement Plan counts annual performance-based pay above 15% of base salary for pension purposes. To attract and retain mid-career hires, supplemental retirement agreements give pension credit for years of relevant experience prior to employment with the Company.	Represents an important component of competitive market-based compensation in both the peer group and generally. Permitting compensation deferral is a cost-effective method of providing additional cash flow to the Company while enhancing the retirement savings of executives. The purpose of these supplemental plans is to eliminate the effect of tax limitations on the payment of retirement benefits.

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Pay Element	Intended Role and What the Element Rewards	Why the Element Is Used
Perquisites and Other Personal Benefits	Personal financial planning maximizes the perceived value of the executive compensation program to executives and allows them to focus on operations. Home security systems lower the risk of harm to executives. (*Eliminated effective 2011.)* Club memberships were provided primarily for business use. (*Payment of dues eliminated effective 2011.)* Limited personal use of corporate-owned aircraft associated with business travel. Relocation benefits cover the costs associated with geographic relocations at the request of the Company. Tax gross-ups are not provided on any perquisites except relocation benefits.	The remaining limited perquisites represent an effective, low-cost means to retain key talent.
Severance Arrangements	Change-in-control plans provide severance pay, accelerated vesting, and payment of short- and long-term performance-based compensation upon a change in control of the Company coupled with involuntary termination not for cause or a voluntary termination for Good Reason. Severance agreements provide compensation to employees who retire early conditioned on execution of standard releases and non-compete requirements.	Market practice. Providing protections to officers upon a change in control minimizes disruption during a pending or anticipated change in control. Payment and vesting occur only upon the occurrence of both an actual change in control and loss of the executive s position. Providing severance awards to employees who retire early protects the Company and facilitates organizational changes.

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MARKET DATA

For the named executive officers, the Compensation Committee reviews compensation data from large, publicly-owned electric and gas utilities. The data was developed and analyzed by Pay Governance LLC, the compensation consultant retained by the Compensation Committee. The companies included each year in the primary peer group are those whose data is available through the consultant s database. Those companies are drawn from this list of primarily regulated utilities of $2 billion in revenues and up.

AGL Resources Inc.	El Paso Corporation	PG&E Corporation
Allegheny Energy, Inc.	Entergy Corporation	Pinnacle West Capital Corporation
Alliant Energy Corporation	EPCO	PPL Corporation
Ameren Corporation	Exelon Corporation	Progress Energy, Inc.
American Electric Power Company, Inc.	FirstEnergy Corp.	Public Service Enterprise Group Inc.
Atmos Energy Corporation	Integrys Energy Company, Inc.	Puget Energy, Inc.
Calpine Corporation	MDU Resources, Inc.	Reliant Energy, Inc.
CenterPoint Energy, Inc.	Mirant Corporation	Salt River Project
CMS Energy Corporation	New York Power Authority	SCANA Corporation
Consolidated Edison, Inc.	NextEra Energy, Inc.	Sempra Energy
Constellation Energy Group, Inc.	Nicor, Inc.	Southern Union Company
CPS Energy	Northeast Utilities	Spectra Energy
DCP Midstream	NRG Energy, Inc.	TECO Energy
Dominion Resources Inc.	NSTAR	Tennessee Valley Authority
Duke Energy Corporation	NV Energy, Inc.	The Williams Companies, Inc.
Dynegy Inc.	OGE Energy Corp.	Wisconsin Energy Corporation
Edison International	Pepco Holdings, Inc.	Xcel Energy Inc.

The Company is one of the largest utility 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, the consultant size-adjusts the survey market data in order to fit it to the scope of the Company s business.

In using this market data, market is defined as the size-adjusted 50th percentile of the survey data, with a focus on pay opportunities at target performance (rather than actual plan payouts). Market data for chief executive officer positions and other positions in terms of scope of responsibilities that most closely resemble the positions held by the named executive officers is reviewed. 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 the 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 2010 compensation amounts. Total target compensation opportunities for senior management as a group are

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managed to be at the median of the market for companies of similar size and in the electric utility industry. The total target compensation opportunity established in early 2010 for each named executive officer is shown below.

	Salary ($)	Target Annual Performance-Based Compensation ($)	Target Long-Term Performance-Based Compensation ($)	Total Target Compensation Opportunity ($)
D. M. Ratcliffe	1,163,351	1,221,519	5,142,027	7,526,897
T. A. Fanning	704,566	525,525	1,303,432	2,533,523
W. P. Bowers	634,944	476,208	1,301,624	2,412,776
A. P. Beattie	297,740	148,870	208,406	655,016
M. D. Garrett	695,402	521,552	1,286,467	2,503,421
G. E. Holland, Jr.	591,258	354,755	857,308	1,803,321
C. D. McCrary	701,977	526,482	1,298,653	2,527,112

In mid-2010, the Company made several organizational changes, including changes affecting some of the named executive officers. Mr. Ratcliffe announced his retirement and Mr. Fanning was named President of the Company effective August 1, 2010 and Chairman, President, and Chief Executive Officer effective December 1, 2010, upon Mr. Ratcliffe s retirement. Mr. Bowers, the Company s Executive Vice President and Chief Financial Officer, was named Chief Operating Officer of Georgia Power effective in August 2010. Mr. Beattie was named Executive Vice President and Chief Financial Officer of the Company effective in August 2010. Effective January 1, 2011, Mr. Bowers was named President and Chief Executive Officer of Georgia Power, upon Mr. Garrett s retirement. The following chart shows the revised total target compensation opportunities as a result of these promotions.

	Salary ($)	Target Annual Performance-Based Compensation ($)	Target Long-Term Performance-Based Compensation ($)	Total Target Compensation Opportunity ($)
T. A. Fanning *(August 1, 2010)*	950,000	997,500	1,303,432	3,250,932
T. A. Fanning *(December 1, 2010)*	1,030,000	1,081,500	1,303,432	3,414,932
W. P. Bowers	680,000	510,000	1,301,624	2,491,624
A. P. Beattie	535,000	401,250	208,406	1,144,656

The 2010 salary reported in the Summary Compensation Table is the actual amount paid in 2010 and therefore will differ from the salary rates shown above due to rounding and pay dates, and for Mr. Ratcliffe, retirement date.

For purposes of comparing the value of the Company s compensation program to the market data, stock options are valued at $2.23 per option and performance shares at $30.13 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 were 40% and 60%, respectively, of the long-term value shown above.

As discussed above, the Compensation Committee targets total target compensation opportunities for senior executives as a group at market. Therefore, some executives may be paid somewhat above and others somewhat below market. This practice allows for minor 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. The average total target compensation opportunities for the named executive officers for 2010 were at the median of the market data described above. Because of the use of market data from a large number of peer companies for positions that are not identical in terms of scope of responsibility from company to company, slight differences are not considered to be material and the compensation program is believed to be market-appropriate. Generally, compensation is considered to be within an appropriate range if it is not more or less than 15% of the applicable market data.

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In 2009, Towers Perrin, the Compensation Committee s former consultant, analyzed the level of actual payouts, for 2008 performance, under the annual Performance Pay Program to the named executive officers relative to performance versus peer companies to provide a check on the Company s goal-setting process. The findings from the analyses were used in establishing performance goals and the associated range of payouts for goal achievement for 2010. That analysis was updated in 2010 by Pay Governance LLC, the Compensation Committee s current consultant, for 2009 performance, and those findings were used in establishing goals for 2011.

DESCRIPTION OF KEY COMPENSATION COMPONENTS

2010 Base Salary

Most employees, including most of the named executive officers, did not receive base salary increases in 2009. The Company s standard base salary program resumed in 2010 and most employees received base salary increases, effective January 1, 2010. Base salary increases for each of the named executive officers, except Mr. Garrett, were recommended in 2010 for the Compensation Committee s approval by Mr. Ratcliffe, except for his own salary. Those recommendations took the market data provided by the Compensation Committee s consultant into account, as well as the need to retain an experienced team, time in position, and individual performance. Individual performance includes the degree of competence and initiative exhibited and the individual s relative contribution to the results of operations in prior years. The Compensation Committee approved the recommended salaries in 2010. Mr. Garrett requested that his salary remain unchanged in 2010 due to the continued effects of the recession on Georgia Power s net income.

2010 Performance-Based Compensation

This section describes the performance-based compensation program in 2010. The Compensation Committee approved changes to the program that were implemented in 2010. The changes made to the program, and the rationale for the changes, are described below.

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

The number one priority is to provide customers outstanding reliability and superior service at low prices while achieving a level of financial performance that benefits the Company s stockholders in the short and long term.

In 2010, the Company strove for and rewarded:

- Continued industry-leading reliability and customer satisfaction, while maintaining low retail prices relative to the national average; and
- Meeting energy demand with the best economic and environmental choices.

In 2010, the Company also focused on and rewarded:

- EPS growth;
- ROE in the top quartile of comparable electric utilities;
- Dividend growth;
- Long-term, risk-adjusted total shareholder return; and

Financial integrity an attractive risk-adjusted return, sound financial policy, and a stable A credit rating.

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

Mr. Ratcliffe, with the assistance of the Human Resources staff, recommended to the Compensation Committee program design and award amounts for senior executives, including the named executive officers.

2010 Annual Performance Pay Program

Program Design

The Performance Pay Program is the Company s annual performance-based compensation program. Most employees of the Company, including the named executive officers, are participants for a total of almost 26,000 participants.

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The performance measured by the program uses goals set at the beginning of each year by the Compensation Committee. Prior to 2010, the Performance Pay Program goals were weighted 50% Company EPS and 50% business unit financial goals, primarily ROE. Operational goal achievement could adjust the total payout plus or minus 10%. The maximum payout that could be earned was 220% of target.

In 2009, the Compensation Committee approved changes to the program that were implemented in 2010. The primary changes to the program were to decrease the maximum opportunity from 220% of target to 200% of target and to increase the focus on operational performance. Excellent operational performance always has been a key focus of the Company. The Company believes that financial success is tied to the satisfaction of customers and that operational excellence drives high customer satisfaction. The vast majority of employees do not have direct influence on the Company s financial performance, but they impact operational performance daily. The Company believes that it is important to match the importance of operational goal performance with the pay delivered for that performance. Therefore, in 2010, the Compensation Committee increased the weight of the operational goals to one-third in determining payouts under the Performance Pay Program. Company EPS and business unit financial performance also are weighted one-third each. The results of each are added together to determine the total payout.

For the traditional operating companies (Alabama Power, Georgia Power, Gulf Power, and Mississippi Power), operational goals are safety, customer satisfaction, plant availability, transmission and distribution system reliability, and culture. For the nuclear operating company (Southern Nuclear), operational goals are safety, plant operations, 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. Each business unit has operational goals.

EPS is defined as earnings from continuing operations divided by average shares outstanding during the year. The EPS performance measure is applicable to all participants in the Performance Pay Program.

For the traditional operating companies, the business unit financial performance goal is ROE, which is defined as the operating company s net income divided by average equity for the year. For Southern Power, the business unit financial performance goal is net income.

For Messrs. Garrett and McCrary, the annual Performance Pay Program payout is calculated using the ROE for Georgia Power and Alabama Power, respectively. For Messrs. Ratcliffe, Fanning, and Holland, it is calculated using the aggregate ROE goal performance results for the traditional operating companies and the net income goal for Southern Power. The aggregate ROE goal is weighted 90% and the Southern Power net income goal is weighted 10% to determine the total corporate business unit financial goal performance. The Compensation Committee may make adjustments, both positive and negative, to goal achievement for purposes of determining payouts. Such adjustments include the impact of items considered non-recurring or outside of normal operations or not anticipated in the business plan when the earnings goal was established and of sufficient magnitude to warrant recognition. The Compensation Committee made an adjustment in 2010 to eliminate the positive effect of additional net income in 2010 due to the tax deductibility of a portion of the settlement in 2009 related to the MC Asset Recovery, LLC (MCAR) litigation. As a result of this exclusion, the average Performance Pay Program payout was decreased one percent of target. For 2009 payouts, the Compensation Committee had eliminated the negative effect of the settlement payment and therefore believed it was appropriate to eliminate the positive effect in 2010.

For Messrs. Garrett and McCrary, the payout is based on the operational goal results for Georgia Power and Alabama Power, respectively. For Messrs. Ratcliffe, Fanning, and Holland, it is based on the traditional operating company operational goals (weighted 90%) and Southern Nuclear operational goals (weighted 10%), collectively referred to as corporate operational goals.

Because Messrs. Beattie and Bowers worked for Alabama Power and Georgia Power, respectively, for a portion of the year, their payouts are prorated based on the applicable company s results and the results as described above for Messrs. Ratcliffe, Fanning, and Holland.

Under the terms of the program, no payout can be made if the Company s current earnings are not sufficient to fund the Common Stock dividend at the same level or higher than the prior year.

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Goal Details

Operational Goals:

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.

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.

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.

Nuclear Plant Operation This goal includes a measure for nuclear safety as rated by independent industry evaluators. It also includes nuclear plant reliability and a subjective assessment of progress on the construction and licensing of Georgia Power s two new nuclear units, Plant Vogtle Units 3 and 4. Nuclear reliability is a measurement of the percentage of time a nuclear plant is operating, except during planned outages.

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 Southeast Electric Exchange.

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.

Southern Company capital expenditures gate or threshold goal For 2010, the Company strived to manage total capital expenditures, excluding nuclear fuel, for the participating business units at or below $5.061 billion. If the capital expenditure target is exceeded, this will result in a 10% of target reduction in the payouts under the Performance Pay Program for the affected employees. Adjustments to the goal may occur due to significant events not anticipated in the business plan established early in 2010, such as acquisitions or disposition of assets, new capital projects, and other events.

The ranges of performance levels established for the operational goals are detailed below.

Level of Performance	Customer Satisfaction	Reliability	Availability	Nuclear Plant Operation	Safety	Culture
Maximum	Top quartile for each customer segment and overall	Highest performance	Industry best	Significantly exceed targets	Top 20th percentile	Significant improvement
Target	Top quartile overall	Average performance	Top quartile	Meet targets	Top 40th percentile	Improvement
Threshold		Lowest performance	Median			

2nd quartile overall		Significantly below targets	Top 60th percentile	Significantly below expectations

The Compensation Committee approves specific objective performance schedules to calculate performance between the threshold, target, and maximum levels for each of the operational goals. Collectively, customer satisfaction, reliability, availability, and nuclear plant operation are weighted 60% and safety and culture are weighted 20% each. If goal achievement is below threshold, there is no payout associated with the applicable goal.

EPS and Business Unit Financial Performance:

The range of EPS, ROE, and Southern Power net income goals for 2010 is shown below. ROE goals vary from the allowed retail ROE range due to state regulatory accounting requirements, wholesale activities, other non-jurisdictional revenues and expenses, and other activities not subject to state regulation.

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Level of Performance	EPS ($)	ROE (%)	Southern Power Net Income ($) (millions)
Maximum	2.45	13.7	155
Target	2.33	11.9	135
Threshold	2.21	10.1	115

For 2010, the Compensation Committee established a minimum EPS performance that must be achieved. If EPS was less than $2.10 (90% of Target), not only would there have been no payout associated with EPS performance, but overall payouts under the Performance Pay Program would have been reduced by 10% of target.

In setting the goals for pay purposes, the Compensation Committee relies on information on the Company s financial and operational goals from the Finance and Nuclear/Operations Committees, respectively. For more information on committee responsibilities, see the committee descriptions beginning on page 9.

2010 Achievement

Each named executive officer had a target Performance Pay Program opportunity set by the Compensation Committee at the beginning of 2010. Targets are set as a percentage of base salary. Mr. Ratcliffe s target was set at 105%. For Messrs. Bowers, Garrett, and McCrary, it was set at 75%. For Mr. Fanning, it was set at 75% at the beginning of the year and increased to 105% when he was named President of the Company. For Mr. Beattie, it was set at 50% at the beginning of the year and was increased to 75% when he was named Executive Vice President and Chief Financial Officer of the Company. Actual payouts were determined by adding the payouts derived from the operational, EPS, and applicable operational and business unit financial performance goal achievement for 2010. The gate goal target was not exceeded and EPS exceeded the minimum established and therefore payouts were not affected. Actual 2010 goal achievement is shown in the following tables. The EPS result shown in the table is adjusted for the impact of the tax deductibility of the MCAR settlement in 2010, as described above. Therefore, payouts were determined using EPS performance results that differed from the results reported in the Company s financial statements in the 2010 Annual Report attached as Appendix B to this Proxy Statement (Financial Statements). EPS, as determined in accordance with generally accepted accounting principles in the United States and as reported in the Financial Statements, was $2.37 per share.

Operational Goal Results:

Corporate

Operating Company Goal	Achievement Percentage
Customer Satisfaction	200
Reliability	179
Availability	197
Safety	200
Culture	142

Southern Nuclear Goal	Achievement Percentage
Nuclear Safety	144
Nuclear Reliability	171
Vogtle Units 3 and 4 Assessment	175