

ALABAMA POWER CO
Form DEF 14C
March 25, 2011

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

SCHEDULE 14C INFORMATION

Information Statement Pursuant To Section 14(c)
of the Securities Exchange Act of 1934

Check the appropriate box:

- Preliminary information statement
- Confidential, for use of the Commission only (as permitted by Rule 14c-5(d)(2))
- Definitive information statement

ALABAMA POWER COMPANY
(Name of Registrant as Specified in Its Charter)

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- No fee required.
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NOTICE OF 2011
ANNUAL MEETING
& INFORMATION STATEMENT

www.alabamapower.com

ALABAMA POWER COMPANY
Birmingham, Alabama

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To be held on April 22, 2011

NOTICE IS HEREBY GIVEN that the 2011 Annual Meeting of the Shareholders of Alabama Power Company will be held at Alabama Power Company's corporate headquarters, 600 North 18th Street, Birmingham, Alabama 35203 on April 22, 2011 at 8:00 a.m., Central Time, to elect 13 members of the Board of Directors and to transact any other business that may properly come before said meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on March 9, 2011 will be entitled to notice of and to vote at said meeting or any adjournment or postponement thereof.

For directions to the meeting, please contact the Alabama Power Company Corporate Secretary at (205) 257-1000 or send an e-mail to apcocorpsec@southernco.com.

The Information Statement and the 2010 Annual Report are included in this mailing.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF THE INFORMATION STATEMENT AND THE 2010 ANNUAL REPORT FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 22, 2011.

This Information Statement and the 2010 Annual Report are also available to you at <http://www.alabamapower.com/financial/>.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

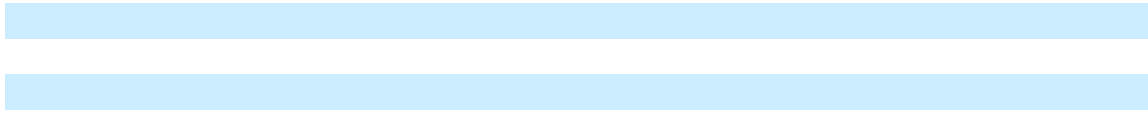
BY ORDER OF THE BOARD OF DIRECTORS

William E. Zales, Jr.
Vice President, Corporate Secretary, and Assistant Treasurer

Birmingham, Alabama
March 25, 2011

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INFORMATION STATEMENT

GENERAL INFORMATION

This Information Statement is furnished by Alabama Power Company (Company) in connection with the 2011 Annual Meeting of Shareholders and any adjournment or postponement thereof. The meeting will be held on April 22, 2011 at 8:00 a.m., Central Time, at the Company's corporate headquarters, 600 North 18th Street, Birmingham, Alabama 35203. This Information Statement is initially being provided to shareholders on or about March 25, 2011. The Information Statement and the 2010 Annual Report are also available to you at <http://www.alabamapower.com/financial/>.

At the meeting, the shareholders will vote to elect 13 members to the Board of Directors and will transact any other business that may properly come before the meeting. We are not aware of any other matters to be presented at the meeting; however, the holder of the Company's common stock will be entitled to vote on any other matters properly presented.

All shareholders of record of the Company's common stock, preferred stock, and Class A preferred stock on the record date of March 9, 2011 are entitled to notice of and to vote at the meeting. On that date, there were 30,537,500 common shares outstanding and entitled to vote, all of which are held by The Southern Company (Southern Company). There were also 475,115 shares of preferred stock and 12,000,000 shares of Class A preferred stock outstanding on that date. The shares of the Company's preference stock are not entitled to vote in the election of Directors.

With respect to the election of Directors, all of the outstanding shares of preferred stock and Class A preferred stock are entitled to vote as a single class with the Company's common stock. Each common share counts as one vote. Each share of the 4.20% Series, the 4.52% Series, the 4.60% Series, the 4.64% Series, the 4.72% Series, and the 4.92% Series of outstanding preferred stock, with par value of \$100 per share, counts as two-fifths vote and each share of the 5.20% Series, the 5.30% Series, and the 5.83% Series of outstanding Class A preferred stock, with stated capital of \$25 per share, counts as one-tenth vote. The Company's Articles of Incorporation provide for cumulative voting rights for the common shares, preferred shares, and Class A preferred shares.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

SHAREHOLDER PROPOSALS

Shareholders may present proper proposals for inclusion in the Company's information statement and for consideration at the next annual meeting of its shareholders by submitting their proposals to the Company in a timely manner. In order to be considered for inclusion for the 2012 Annual Meeting, shareholder proposals must be received by the Company no later than January 25, 2012.

NOMINEES FOR ELECTION AS DIRECTORS

ITEM NO. 1 – ELECTION OF DIRECTORS

A Board of 13 Directors is to be elected at the annual meeting, each Director to hold office until the next annual meeting of shareholders and until the election and qualification of a successor Board. If any named nominee becomes unavailable for election, the Board may substitute another nominee.

Below is information concerning the nominees for Director stating, among other things, their names, ages, positions, and offices held, and descriptions of their business experience. The background, experiences, and strengths of each nominee contributes to the diversity of the Company's Board. The ages of the Directors shown below are as of December 31, 2010.

Charles D. McCrary – Director since 2001

Mr. McCrary, 59, is President, Chief Executive Officer, and Director of the Company and Executive Vice President of Southern Company. He is a Director of Regions Financial Corporation where he serves as a member of the Audit Committee and has been determined to be an audit committee financial expert. Mr. McCrary is also a Director of Protective Life Corporation, where he serves on the Corporate Governance and Nominating Committee and the Finance and Investment Committee. He also serves on the Board of privately-held Mercedes-Benz U.S. International, Inc. Mr. McCrary is the Chairman of the Economic Development Partnership of Alabama and serves on the Boards of the Business Council of Alabama and the Alabama Power Foundation and as a Trustee on the Boards of Children's Hospital of Alabama and Auburn University in addition to numerous other civic, community, and industry-related organizations. Given the depth of his knowledge and experience running a regulated company and his other experience, Mr. McCrary is well qualified to be a member the Board.

Whit Armstrong – Director since 1982

Mr. Armstrong, 63, is Chairman of The Citizens Bank, Enterprise, Alabama, and President, Chief Executive Officer, and Chairman of Enterprise Capital Corporation, Inc. He is a Director and a member of the Audit and Compensation Committees of Enstar Group Inc. and a member of the Board of Directors of the Applied Research Center of Alabama. Mr. Armstrong is Chairman of the Industrial Development Board of the City of Enterprise, former Chairman of the Ethics Commission of the State of Alabama, and a former member of the Alabama State Banking Board. He also has served or serves as a member of the Boards of Troy State University Foundation, Enterprise State Community College Foundation, E.L. Gibson Foundation, and other civic and community organizations. Mr. Armstrong's background and long experience as a senior executive of a financial institution, including extensive exposure to complex financial issues, and as a leader in other business, economic development, civic, educational, and not-for-profit organizations, along with his long-standing knowledge of the Company and his seasoned business judgment, are valuable to the Company's Board.

Ralph D. Cook – Director since 2008

Justice Cook, 66, is an attorney with the Hare, Wynn, Newell and Newton, LLP law firm in Birmingham, Alabama. He has been with the firm since February 2001. Previously, Justice Cook served for 24 years as a District Judge, a Circuit Judge, and an Associate Justice on the Alabama Supreme Court. He is a member of the National Bar Association, Alabama State Bar, California State Bar, Birmingham and Bessemer Bar Associations, a fellow in the American College of Trial Lawyers, and an elected member of the American Law Institute. He has served as President of both the Alabama Lawyers Association and the Alabama Association for Justice. Justice Cook served as

Dean and Professor of Miles Law School, Birmingham, Alabama, and also taught at San Jose State University and Cabrillo College in California. He also has served or serves on the Board of Directors of the Birmingham Civil Rights Institute, the Community Foundation of Greater Birmingham, the Greater Birmingham Salvation Army, the Alabama Civil Justice Foundation, St. Vincent's Foundation, and other civic and community organizations. Justice Cook's background and long experience as a lawyer, judge, and leader in civic, educational, and not-for-profit organizations, along with his seasoned legal judgment, are valuable to the Company's Board.

David J. Cooper, Sr. – Director since 1998

Mr. Cooper, 65, is the Vice Chairman of Cooper/T. Smith Corporation, Mobile, Alabama, a privately held corporation that is one of the largest stevedoring and maritime-related firms in the United States. Mr. Cooper served on the Board of Directors of SouthTrust Bank (now Wells Fargo) and serves on the Board of Regions Financial Corporation and is a current member of the Compensation Committee and Nominating and Corporate Governance Committee of the Regions Board. Mr. Cooper also serves on the Boards of Transbay Container Terminal, Husky Terminal and Stevedoring Company, Inc., Crescent Towing and Salvage Company, and CSC Assurance. Mr. Cooper is also on the Boards of the Economic Development Partnership of Alabama and the Alabama State Port Authority and is a Director of the American Automobile Association. Mr. Cooper is past Chairman of the Mobile Infirmary Medical Center, the International Business Advisory Board, and the UMS-Wright Preparatory School Board of Trustees. He also is a member of the Japan America Society of Alabama Board of Directors and the Board of Advisors for the Mobile Area Chamber of Commerce. Mr. Cooper's background and long experience as a senior executive of a large corporation, his extensive exposure to complex financial issues at large companies, and his leadership in other business, economic development, civic, educational, and not-for-profit organizations, along with his long-standing knowledge of the Company and seasoned business judgment, are valuable to the Company's Board.

Thomas A. Fanning – Director since 2010

Mr. Fanning, 53, has been Chairman of the Board and Chief Executive Officer of Southern Company since December 2010 and also President since August 2010. He previously served as Chief Operating Officer of Southern Company from February 2008 through July 2010; Executive Vice President and Chief Financial Officer of Southern Company from May 2007 through January 2008; and Executive Vice President, Chief Financial Officer, and Treasurer of Southern Company from April 2003 to May 2007. He has been an employee of the Southern Company system for 30 years. The numerous positions Mr. Fanning has held within the Southern Company system uniquely qualify him to be a Director of the Company. He understands the electric utility business, the regulatory environment, and other industry-specific matters that affect the Company. Mr. Fanning is also a Director of The St. Joe Company, serving as Chair of the Audit and Finance Committee. He is also a Director of Georgia Power Company, Southern Power Company, and a number of other Southern Company system companies.

John D. Johns – Director since 2004

Mr. Johns, 58, is Chairman, President, and Chief Executive Officer of Protective Life Corporation (a holding company whose subsidiaries provide insurance and other financial services), Birmingham, Alabama. He is a Director of Protective Life Corporation and Genuine Parts Company. He serves as a member of the Compensation, Nominating and Governance Committee of the Board of Genuine Parts Company. He previously served on the Boards of John H. Harland Company and Alabama National Bancorporation. Mr. Johns is also on the Boards of the Economic Development Partnership of Alabama and the Business Council of Alabama. He is a member of The University of Alabama President's Cabinet, serves on the Board of Advisors of the Center for Ethics and Social Responsibility at the University of Alabama, and is a Trustee of Birmingham-Southern College and Altamont School. He is also on the Boards of the Birmingham Civil Rights Institute, Leadership Alabama, and other civic and community organizations. Mr. John's background and long experience as a senior executive of a large insurance corporation, his extensive exposure to complex financial issues at large public companies, his leadership in other business, economic development, civic, educational, and not-for-profit organizations, and his seasoned business judgment are valuable to the Company's Board.

Patricia M. King – Director since 1997

Ms. King, 65, is President and Chief Executive Officer of Sunny King Automotive Group (automobile dealerships), Anniston, Alabama. Ms. King is a founding member and Director of Noble Bank and Trust and serves on the Boards of Directors of Stringfellow Memorial Hospital and the Business Council of Alabama. Ms. King also serves as a Director on the Boards of the Knox Concert Series and the Public Education Foundation of Anniston and is a member

of the Jacksonville State University College of Commerce and Business Administration Business Advisory Board and other community and civic-related organizations. Ms. King's background and long experience as a business owner and as a leader in other business, civic, educational, and not-for-profit organizations, along with her long-standing knowledge of the Company and seasoned business judgment, are valuable to the Company's Board.

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James K. Lowder – Director since 1997

Mr. Lowder, 61, is Chairman of the Board of The Colonial Company and its subsidiaries (real estate development and sales), Montgomery, Alabama. He serves on the Board of Trustees of Colonial Properties Trust, a real estate investment trust, in Birmingham, Alabama. He is a current member of the Home Builders Association of Alabama and the Greater Montgomery Home Builders Association. Mr. Lowder is the Chairman of the Alabama Shakespeare Festival, a past Board member of Leadership Montgomery, past President of the Board of the Montgomery YMCA, and past Chairman of the Montgomery Area United Way Campaign. Mr. Lowder's background and long experience as a senior executive and as a leader in other business, civic, educational, and not-for-profit organizations, along with his long-standing knowledge of the Company and seasoned business judgment, are valuable to the Company's Board.

Malcolm Portera – Director since 2003

Dr. Portera, 64, is Chancellor of The University of Alabama System, which is the State of Alabama's largest higher education enterprise. Dr. Portera currently serves on the Board of Directors of Protective Life Corporation, Birmingham, Alabama, where he has served on the Corporate Governance and Nominating Committee and the Finance and Investment Committee. He previously served as a Director of Regions Financial Corporation, Birmingham, Alabama. Dr. Portera was formerly the President of Mississippi State University. Prior to that, Dr. Portera held a number of increasingly important positions with the University of Alabama System and launched a successful business development and strategic planning company. He also serves in leadership roles for the Birmingham Business Alliance, the Riley Foundation, Southern Research Institute, the University of Alabama at Birmingham Health System, the West Alabama Chamber of Commerce, the Bryant-Jordan Scholarship Foundation, Operation New Birmingham, the University of Alabama at Birmingham Research Foundation, and the University of Alabama at Huntsville Foundation. He is the former Chair of the Council of Presidents of the Southeastern Universities Research Association and Vice Chair of the Alabama Research Alliance. Dr. Portera's background and long experience in academia and as a leader in other business, civic, educational, and not-for-profit organizations and seasoned business judgment, are valuable to the Company's Board.

Robert D. Powers – Director since 1992

Mr. Powers, 60, is President of The Eufaula Agency, Inc. (insurance brokerage and real estate). He maintains professional designations in insurance and finance. He is a principal and active in a number of business ventures in Eufaula, Alabama. Currently, Mr. Powers serves as a member of the Eufaula City Council and has served on numerous city commissions and Boards. Mr. Powers is on the Board of Directors of the Business Council of Alabama, the Economic Development Partnership of Alabama Foundation, and the Alabama Industry Competitiveness Foundation. He also serves on the Boards of the United Way of Greater Barbour County, the Eufaula/Barbour County Chamber of Commerce, and the Clearing House/Family Service Center of Barbour County. Mr. Powers is the President and Director of the Character Council of Alabama and also a Director of the Alabama School Readiness Alliance. He has served in leadership roles in numerous civic, government, business, and charitable organizations, including service in the U.S. Army (active and reserve). Mr. Powers' background and long experience as a business owner and as a leader in other business, civic, educational, and not-for-profit organizations, along with his long-standing knowledge of the Company and seasoned business judgment, are valuable to the Company's Board.

C. Dowd Ritter – Director since 1997

Mr. Ritter, 63, is retired Chairman and Chief Executive Officer of Regions Financial Corporation and Regions Bank. He also served as Chairman of the Board, President, and Chief Executive Officer of AmSouth Bancorporation from 1996 until its merger with Regions Financial Corporation in 2008. Mr. Ritter serves on the Board of Directors of Protective Life Corporation and is Chair of its Compensation and Management Succession Committee and on the Board of Directors of McWane, Inc. in Birmingham Alabama. He is Chairman of the Board of Trustees of Birmingham-Southern College and Chairman Emeritus of the Birmingham Business Alliance. He has also provided

past community service to The Community Foundation of Greater Birmingham, the United Way of Central Alabama, the Multiple Sclerosis Society, the Birmingham Civil Rights Institute, and numerous other civic and community organizations. Mr. Ritter's experience as a senior executive of large financial institutions, extensive exposure to complex financial issues at large public companies, and experience leading other business, economic development, civic, not-for-profit, and educational organizations are valuable to the Company's Board.

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James H. Sanford – Director since 1983

Mr. Sanford, 66, is Chairperson of HOME Place Farms, Inc. (agriculture, computer services, and real estate investments), a General Partner for HOME Place Capital, Home Place Partners, Owensboro Towne Center, LLC, and Warm Springs, LLC, and a Director of Quickfarm.Com. He also serves as President of Autauga County Quality Cotton Association and Chairperson of The Legends Park Improvement District both of Prattville, Alabama. He has served as a Director and Chairman of the Board of the Federal Reserve Bank of Atlanta, Birmingham Branch and a member of the Commodity Futures Trading Commission Agricultural Advisory Committee. Mr. Sanford also serves as Chairperson of the Autauga Cotton Commission, Director of the Autauga County Farmers Federation, the Business Council of Alabama, and the Economic Development Partnership of Alabama (EDPA), and Chairman of the EDPA Foundation, Inc. Mr. Sanford has also served as Chairperson of the Prattville Area Chamber of Commerce Economic Development Committee. Currently, Mr. Sanford is Chairperson of the Auburn Research and Technology Foundation and Executive Committee Co-Chairperson of the Auburn University Research Advisory Board. He served as a member of the Auburn University College of Veterinary Medicine Large Animal Advisory Council and the Auburn University Montgomery School of Business Advisory Committee. Mr. Sanford has served in leadership roles on numerous civic, community, educational Boards, foundations, committees, and councils. Mr. Sanford's background and long experience as a business owner and as a leader in other business, economic development, civic, educational, and not-for-profit organizations, along with his long-standing knowledge of the Company and seasoned business judgment, are valuable to the Company's Board of Directors.

John C. Webb, IV – Director since 1977

Mr. Webb, 68, is President of Webb Lumber Company, Inc. (wholesale lumber and wood products sales), Demopolis, Alabama. He was elected to the Demopolis City Council, was a member of the Demopolis Utilities Board, and served as Chairman of the Demopolis Industrial Development Board and member for nearly three decades. Mr. Webb served as Chairman and member of the Bryan W. Whitfield Memorial Hospital Board of Trustees. He has served as President, Vice President, Treasurer, and Secretary of the Demopolis Rotary Club and as Demopolis Chamber of Commerce Board Chairman. Mr. Webb is also active in his community, having served on various committees and groups such as Demopolis Civilian Task Force (an urban renewal group), Demopolis Arts Council, and St. Leo's Parish Council President. Mr. Webb's background and long experience as a business owner and as a leader in other business, economic development, civic, educational, and not-for-profit organizations, along with his long-standing knowledge of the Company and his seasoned business judgment, are valuable to the Company's Board.

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

Vote Required

The majority of the votes cast by the shares outstanding and entitled to vote at a meeting at which a quorum is present is required for the election of Directors. The shareholders entitled to vote in the election of Directors have the right to cumulate their votes. Such right permits the shareholders to multiply the number of votes they are entitled to cast by the number of Directors for whom they are entitled to vote and cast the product for a single nominee or distribute the product among two or more nominees. A shareholder will not be entitled to vote cumulatively at the Company's 2011 Annual Meeting unless such shareholder gives the Company notice of his interest to cumulate his vote not less than 48 hours before the time set for the meeting. If one shareholder gives such notice, all shareholders will be entitled to cumulate their votes without giving further notice.

Southern Company, as the owner of all of the Company's outstanding common stock, will vote for all of the nominees above.

CORPORATE GOVERNANCE

DIRECTOR INDEPENDENCE

The Company is managed by a core group of officers and governed by a Board of Directors which has been set at a total not to exceed 25 members. The current nominees for election as Directors consist of 13 members — 11 non-

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employee Directors and Mr. McCrary, the President and Chief Executive Officer of the Company, and Mr. Fanning, the Chairman of the Board, President, and Chief Executive Officer of Southern Company.

GOVERNANCE POLICIES AND PROCESSES

Southern Company owns all of the Company's outstanding common stock, which represents a substantial majority of the overall voting power of the Company's equity securities, and the Company has listed only debt and preferred stock on the New York Stock Exchange (NYSE). Accordingly, under the rules of the NYSE, the Company is exempt from most of the NYSE's listing standards relating to corporate governance. The Company has voluntarily complied with certain of the NYSE's listing standards relating to corporate governance where such compliance was deemed to be in the best interests of the Company's shareholders. In addition, under the rules of the Securities and Exchange Commission (SEC), the Company is exempt from the audit committee requirements of Section 301 of the Sarbanes-Oxley Act of 2002 and, therefore, is not required to have an audit committee or an audit committee report on whether it has an audit committee financial expert.

DIRECTOR COMPENSATION

Only non-employee Directors of the Company are compensated for service on the Board of Directors. Prior to April 1, 2010, the pay components for non-employee directors were as reported in the Notice of 2010 Annual Meeting & Information Statement. Effective April 1, 2010, the pay components for non-employee directors are:

Annual cash retainer:

- ¾ \$45,000 for Directors serving as chair of a Board committee; \$40,000 for other Directors (paid quarterly)

Annual stock retainer:

- ¾ \$30,000 per year payable in shares of Southern Company common stock (paid quarterly)

Meeting fees:

- ¾ \$1,800 for each Board meeting attended, beginning with the 6th meeting in a calendar year
- ¾ \$1,200 for participation in a meeting of a committee of the Board and for any other Board of Director business-related meeting at which the Director participates as a representative of the Board.

All or a portion of a Director's cash retainer fee and meeting fees may be payable in Southern Company common stock.

DIRECTOR DEFERRED COMPENSATION PLAN

At the election of the Director, all or a portion of the Director's compensation, including the stock retainer, may be deferred in the Deferred Compensation Plan for Directors of Alabama Power Company (Director Deferred Compensation Plan) until membership on the Board is terminated. Deferred compensation may be invested as follows, at the Director's election:

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- in Southern Company common stock units which earn dividends as if invested in Southern Company common stock and are distributed in shares of Southern Company common stock upon leaving the Board
- in Southern Company common stock units which earn dividends as if invested in Southern Company common stock and are distributed in cash upon leaving the Board
 - at prime interest 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 15 annual or 60 quarterly distributions after leaving the Board. The Company has established a grantor trust that primarily holds Southern Company common stock that funds the Southern Company common stock units that are distributed in shares of Southern Company common stock. Directors have voting rights in the shares held in the trust attributable to these units.

DIRECTOR COMPENSATION TABLE

The following table reports all compensation to the Company's non-employee Directors during 2010, including amounts deferred in the Director Deferred Compensation Plan. Non-employee Directors do not receive Non-Equity Incentive Plan Compensation or stock option awards, and there is no pension plan for non-employee Directors.

Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)	Change in Pension Value and Nonqualified Deferred Compensa- tion Earnings (\$)	All Other Compensa- tion (\$)(3)	Total (\$)
Whit Armstrong	47,800	24,216	0	4,182	76,198
Ralph D. Cook	37,600	24,216	0	4,133	65,949
David J. Cooper, Sr.	37,600	24,216	0	555	62,371
John D. Johns	36,400	24,216	0	3,682	64,298
Patricia M. King	34,000	24,216	0	3,303	61,519
James K. Lowder	36,400	24,216	0	2,600	63,216
Malcolm Portera	34,000	24,216	0	927	59,143
Robert D. Powers	44,500	24,216	0	5,282	73,998
C. Dowd Ritter	43,300	24,216	0	3,938	71,454
James H. Sanford	38,500	24,216	0	3,631	66,347
John C. Webb, IV	44,100	24,216	0	876	69,192
James W. Wright (4)	38,500	24,216	0	533	63,249

(1) Includes amounts voluntarily deferred in the Director Deferred Compensation Plan.

(2) Includes fair market value of equity grants on grant dates. All such stock awards are vested immediately upon grant.

(3) Consists of reimbursement for taxes on imputed income associated with gifts, activities, and travel provided to attendees at Company-sponsored events.

(4) Mr. Wright passed away on December 18, 2010.

BOARD LEADERSHIP STRUCTURE

The Board believes that the combined role of Chief Executive Officer and Chairman is beneficial to the Company because Mr. McCrary 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.

EXECUTIVE SESSIONS

It is the policy of the Directors to hold an executive session of the non-employee Directors without management participation at each scheduled Board of Directors meeting. The Chairman of the Controls and Compliance Committee presides over such executive sessions. Information on how to communicate with the Chairman of the Controls and Compliance Committee or the non-employee Directors is provided under "Communicating with the Board" below.

COMMITTEES OF THE BOARD

Controls and Compliance Committee:

- Members are Mr. Webb, Chairman; Mr. Armstrong, Justice Cook, and Mr. Lowder
 - Met four times in 2010
- Oversees the Company's internal controls and compliance matters

The Controls and Compliance Committee provides, on behalf of the Board, oversight of the Company's system of internal control, compliance, ethics, and employee concerns programs and activities. Its responsibilities include review and assessment of such matters as the adequacy of internal controls, the internal control environment, management risk assessment, response to reported internal control weaknesses, internal auditing, and ethics and compliance program policies and practices. The Controls and Compliance Committee reports activities and findings to the Board of Directors and the Southern Company Audit Committee. The Controls and Compliance Committee meets periodically with management, the internal auditors, and the independent registered public accounting firm to discuss auditing, internal controls, and compliance matters.

The Southern Company Audit Committee provides broad oversight of the Company's financial reporting and control processes. The Southern Company Audit Committee reviews and discusses the Company's financial statements with management, the internal auditors, and the independent registered public accounting firm. Such discussions include critical accounting policies and practices, alternative financial treatments, proposed adjustments, and control recommendations. Such discussions also include significant management judgments and estimates, reporting or operational issues, and changes in accounting principles, as well as any disagreements with management.

The charter of the Southern Company Audit Committee is available on Southern Company's website (www.southerncompany.com). The Southern Company Audit Committee has authority to appoint, compensate, and oversee the work of the independent registered public accounting firm.

Compensation Committee:

- Members are Mr. Armstrong, Chairman; Mr. Sanford, and Dr. Portera
 - Met one time in 2010
- Oversees the administration of the Directors' compensation arrangements and reviews employee compensation

The Company's Compensation Committee reviews and provides input to the Southern Company Compensation and Management Succession Committee on the performance and compensation of the Company's Chief Executive Officer and makes recommendations regarding the fees paid to members of the Company's Board of Directors.

The Southern Company Compensation and Management Succession Committee approves the corporate performance goals used to determine incentive compensation and establishes the mechanism for setting compensation levels for the Company's executive officers. It also administers executive compensation plans and reviews management succession plans. The Charter of the Southern Company Compensation and Management Succession Committee is available on Southern Company's website (www.southerncompany.com).

In 2010, the Southern Company Compensation and Management Succession 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 Southern Company Compensation and Management Succession 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 Southern Company Compensation and Management Succession Committee's requirements. The Southern Company Compensation and Management Succession Committee also expected the Consultant to recommend changes to executive compensation and related corporate governance trends.

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

Executive Committee:

- Members are Mr. McCrary, Chairman; Mr. Cooper, Mr. Johns, and Mr. Ritter
 - Met five times in 2010

• Acts in place of full Board on matters that require Board action between scheduled meetings of the Board to the extent permitted by law and within certain limits set by the Board.

Nuclear Committee:

- Members are Mr. Powers, Chairman and Ms. King; Mr. Wright was also a member until his death
 - Met one time in 2010
 - Reviews nuclear activities

• Chairman serves on the Southern Nuclear Operating Company, Inc. Nuclear Oversight Committee as a representative of the Board for which he receives meeting fees from the Company.

BOARD RISK OVERSIGHT

The Chief Executive Officer of the Company has designated a member of management as the primary responsible officer for identifying and providing information and updates related to the significant risks facing the Company. All significant risks identified on the Company's risk profile are reviewed with the full Board at least annually. In addition, the Board provides ongoing oversight of risks through regular management reports related to significant strategic and operational issues. The Controls and Compliance Committee of the Board as part of its review of management's risk assessment receives a risk report at least twice each year on the Company's risk profile. This Committee elevates any significant risk issues and changes to the risk profiles to the full Board as appropriate.

DIRECTOR ATTENDANCE

The Board of Directors met four times in 2010. Average Director attendance at all Board and committee meetings was 86 percent. No nominee attended less than 75 percent of applicable meetings. Mr. Wright, a director who passed away in December 2010, attended 20% of the applicable meetings.

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DIRECTOR NOMINATION PROCESS

The Company does not have a nominating committee. The full Board, with input from the Company's President and Chief Executive Officer, identifies Director nominees. The Board evaluates candidates based on the requirements set forth in the Company's by-laws and regulatory requirements applicable to the Company.

Southern Company owns all of the Company's common stock and, as a result, Southern Company's affirmative vote is sufficient to elect Director nominees. Consequently, the Board does not accept proposals from preferred shareholders regarding potential candidates for Director nominees. Southern Company's President and Chief Executive Officer is on the Company's Board and may propose on behalf of Southern Company potential candidates for Director nominees.

COMMUNICATING WITH THE BOARD

Shareholders and other parties interested in communicating directly with the Company's Board of Directors, the Chairman of the Controls and Compliance Committee, or the non-employee Directors may contact them by writing c/o Corporate Secretary, Alabama Power Company, 600 North 18th Street, Birmingham, Alabama 35203 or by sending an email to apcocorpsec@southernco.com. The Corporate Secretary will receive the correspondence and forward it to the individual Director or Directors to whom the correspondence is directed or the Chairman of the Controls and Compliance Committee. The Corporate Secretary will not forward any correspondence that is unduly hostile, threatening, illegal, not reasonably related to the Company or its business, or similarly inappropriate.

BOARD ATTENDANCE AT ANNUAL SHAREHOLDERS MEETING

The Company does not have a policy relating to attendance at the Company's annual meeting of shareholders by Directors. The Company does not solicit proxies for the election of Directors because the affirmative vote of Southern Company is sufficient to elect the nominees and, therefore, holders of the Company's preferred stock rarely attend the annual meeting. Consequently, a policy encouraging Directors to attend the annual meeting of shareholders is not necessary. One of the Company's Directors attended the Company's 2010 Annual Meeting of Shareholders.

AUDIT COMMITTEE REPORT

The Southern Company Audit Committee (Audit Committee) oversees the Company's financial reporting process on behalf of the Board of Directors of Southern Company. The Company's 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 financial statements. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements of the Company and management's report on the Company's internal control over financial reporting in the 2010 Annual Report 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 an opinion on the conformity of the audited financial statements with accounting principles generally accepted in the United States. 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 scope 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 and the overall quality of the Company's financial reporting. The Audit Committee also meets privately with Southern Company's compliance officer. The Audit 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 of Southern Company (and such Board approved) that the audited 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 LLP as the Company's independent registered public accounting firm for 2011. At the 2011 annual meeting of the Southern Company's stockholders, the stockholders will be asked to ratify the Audit Committee's selection of the independent registered public accounting firm.

Members of the Audit Committee:

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

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 LLP (Deloitte & Touche) — the Company's principal independent registered public accounting firm for 2009 and 2010.

	2009	2010
	(in thousands)	
Audit Fees(1)	\$2,183	\$1,921
Audit-Related Fees	0	182
Tax Fees	0	0
All Other Fees	0	0
Total	\$2,183	\$2,103

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

The Audit Committee (on behalf of Southern Company and all of its subsidiaries, including the Company) has adopted a Policy on Engagement of the Independent Auditor for Audit and Non-Audit Services 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.

Under the policy, the independent registered public accounting firm delivers an annual arrangements letter which provides a description of services anticipated to be rendered to the Company by the independent registered public accounting firm for the Audit Committee to approve. The Audit Committee's approval of the independent registered public accounting firm's annual arrangements letter constitutes pre-approval of all services covered in the letter. In addition, under the policy, the Audit Committee has pre-approved the engagement of the independent registered public accounting firm to provide services related to the issuance of comfort letters and consents required for securities sales by the Company and services related to consultation on routine accounting and tax matters. The Audit Committee has delegated pre-approval authority to the Chair of the Audit Committee with respect to permissible services up to a limit of \$50,000 per engagement. The Chair of the Audit Committee is required to report any pre-approval decisions at the next scheduled Audit Committee meeting.

Under the policy, prohibited non-audit services are services prohibited by the SEC to be performed by the Company's independent registered public accounting firm. These services include bookkeeping or other services related to the preparation of accounting records of the Company, financial information systems design and implementation, appraisal or valuation services, fairness opinions or contribution-in-kind reports, actuarial services, internal audit outsourcing services, management functions or human resources, broker-dealer, investment advisor or investment banking services, legal services and expert services unrelated to the audit, and any other service that the PCAOB determines is impermissible. In addition, officers of the Company may not engage the independent registered public accounting firm to perform any personal services, such as personal financial planning or personal income tax services.

PRINCIPAL INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM REPRESENTATION

No representative of Deloitte & Touche is expected to be present at the 2011 Annual Meeting of Shareholders unless, no later than three business days prior to the day of the meeting, the Company's Corporate Secretary has received written notice from a shareholder addressed to the Corporate Secretary at Alabama Power Company, 600 North 18th Street, Birmingham, Alabama 35203, that such shareholder will attend the meeting and wishes to ask questions

of a representative of Deloitte & Touche. In such a case, representatives of Deloitte & Touche will be present at the Annual Meeting to respond to questions and will have an opportunity to make a statement if they so desire.

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EXECUTIVE COMPENSATION

Throughout this executive compensation section, references to the Compensation Committee mean the Compensation and Management Succession Committee of the Board of Directors of Southern Company.

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 named executive officers employed at the end of the year.

Charles D. McCrary	President and Chief Executive Officer
Philip C. Raymond	Executive Vice President, Chief Financial Officer, and Treasurer
Mark A. Crosswhite	Executive Vice President
Theodore J. McCullough	Senior Vice President
Stephen R. Spencer	Executive Vice President

Additionally described is the compensation of the Company's former Executive Vice President, Chief Financial Officer, and Treasurer, Art P. Beattie, who transferred to Southern Company Services, Inc. on August 13, 2010, and Jerry L. Stewart, the Company's former Senior Vice President who retired on October 1, 2010. Collectively, the officers listed above and these officers are referred to as the Company's named executive officers.

Executive Summary

Performance

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

	Salary (\$)(1)	% of Total	Short-Term Performance Pay (\$)(1)	% of Total	Long-Term Performance Pay (\$)(1)	% of Total
C. D. McCrary	704,520	24	932,008	32	1,298,653	44
A. P. Beattie	385,211	35	514,002	46	208,406	19
P. C. Raymond	245,106	44	169,905	31	141,829	25
M . A . Crosswhite	306,976	39	264,383	34	214,931	27
T . J . McCullough	201,212	49	132,567	33	75,377	18
S. R. Spencer	391,068	36	373,658	34	331,949	30
Jerry L. Stewart	275,860	34	218,433	27	309,494	39

(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.

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

Business unit financial goals:	178% of Target
Southern Company earnings per share:	155% of Target
Operational goals:	183% of Target
Relative total shareholder return:	106% of Target

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These levels of achievement resulted in actual payouts that exceeded targets. Southern 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 customers and Southern Company's stockholders.

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 its focus on the customer helps it achieve its financial objectives and deliver a premium, risk-adjusted total shareholder return to Southern Company's 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 Southern Company earnings per share performance.

Long-term performance pay is tied directly to stockholder value with 40% of the target value awarded in Southern Company 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 Southern 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.
- Strong stock ownership requirements that are being met by all named executive officers.

GUIDING PRINCIPLES AND POLICIES

Southern Company, through a single compensation program for all officers of its subsidiaries, drives and rewards both Southern Company financial performance and individual business unit performance. This 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 the Company's executives to meet short- and long-term performance goals, must foster and encourage alignment of executive interests with the interests of Southern Company's stockholders and the Company's 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:

Southern Company's actual earnings per share (EPS) and the Company's business unit performance, which includes return on equity (ROE), 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).

Southern Company common stock (Common Stock) price changes result in higher or lower ultimate values of stock options.

Southern Company's total shareholder return compared to those of industry peers lead 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 or guaranteed severance with the Company's named executive officers, except upon a change in control.

The pay-for-performance principles apply not only to the named executive officers, but to thousands of the Company's employees. The Performance Pay Program covers almost all of the approximately 6,500 Company employees. Stock options and performance shares cover over 500 of the Company's employees. These programs engage employees in the Company's business, which ultimately is good not only for them, but for the Company's customers and Southern Company's 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		Market practice.

Compensation:
Performance
Pay Program

The Performance Pay Program rewards achievement of operational, EPS, and business unit financial goals. Focuses attention on achievement of short-term goals that ultimately work to fulfill the Company's mission to customers and lead to increased stockholder value in the long term.

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Pay Element	Intended Role and What the Element Rewards	Why the Element Is Used
<p>Long-Term Performance-Based Compensation: Stock Options</p>	<p>Stock options reward price increases in Common Stock over the market price on the date of grant, over a 10-year term.</p>	<p>Market practice. Performance-based compensation.</p>
<p>Long-Term Performance-Based Compensation: Performance Shares</p>	<p>Performance shares provide equity compensation dependent on Southern Company's three-year total shareholder return versus industry peers.</p>	<p>Aligns executives' interests with those of Southern Company's stockholders. Market practice. Performance-based compensation.</p>
<p>Retirement Benefits</p>	<p>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).</p> <p>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.</p> <p>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.</p>	<p>Aligns executives' interests with Southern Company's stockholders' interests since payouts are dependent on the returns realized by Southern Company's stockholders versus those of industry peers. 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.</p>

The Supplemental Executive Retirement Plan counts annual performance-based pay above 15% of base salary for pension purposes.

To retain mid-career hires, supplemental retirement agreements give pension credit for years of relevant experience prior to employment with the Company or its affiliates.

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 the Company's operations.	These remaining limited perquisites represent an effective, low-cost means to retain key talent.
	Home security systems lower the risk of harm to executives. (Eliminated effective 2011.)	
	Club memberships are provided primarily for business use. (Payment of dues eliminated effective 2011.)	
	Relocation benefits cover the costs associated with geographic relocations at the request of the employer.	
Other Post-Employment Benefits	For certain officers, tax gross-ups are not provided on any perquisites except relocation benefits.	
	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 or Southern Company coupled with involuntary termination not for cause or a voluntary termination for "Good Reason."	Market practice. Providing protections to officers upon a change in control minimizes disruption during a pending or anticipated change in control.
	Consulting agreements provide compensation to retired executives that perform services following retirement.	Payment and vesting occur only upon the occurrence of both an actual change in control and loss of the executive's position. Consulting agreements with retired executives facilitate leadership transition and the provision of specialized consulting services.

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	Integrus 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.

Southern Company is one of the largest utility companies in the United States based on revenues and market capitalization, and its largest business units, including the Company, 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 Southern 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 are 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 and Southern 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 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.

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	Salary (\$)	Target Annual Performance-Based Compensation (\$)	Target Long-Term Performance-Based Compensation (\$)	Total Target Direct Compensation Opportunity (\$)
C. D. McCrary	701,977	526,482	1,298,653	2,527,112
A. P. Beattie	297,740	148,870	208,406	655,016
P. C. Raymond	236,428	106,393	141,829	484,650
M. A. Crosswhite	307,422	153,711	214,931	676,064
T. J. McCullough	194,116	77,646	75,377	347,139
S. R. Spencer	394,987	217,423	331,949	944,359
J. L. Stewart	361,132	146,599	309,494	817,225

Several organizational changes were made during 2010 including changes affecting some of the Company's named executive officers. Mr. Beattie transferred to Southern Company Services, Inc. in mid-August and now serves as Southern Company's Executive Vice President and Chief Financial Officer. Mr. Beattie was replaced by Mr. Raymond who transferred from Gulf Power Company, an affiliate of the Company. Mr. McCullough is employed by Southern Company's generation business unit (Southern Company Generation), but prior to July 2010 he was an officer of Gulf Power Company. As a result of these promotions, Messrs. Beattie, McCullough, and Raymond received annual salary increases to \$535,000, \$210,870, and \$258,132, respectively.

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, pay dates and, for Mr. Stewart, retirement date.

For purposes of comparing the value of Southern 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.

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 of Southern Company relative to performance versus peer companies to provide a check on the 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 by Pay Governance LLC, the Compensation Committee's current consultant in 2010 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. Southern Company's standard base salary program resumed in 2010 and most employees, including all of the named executive officers, received base salary increases effective January 1, 2010.

With the exception of Mr. McCrary and Mr. Beattie (after his promotion to Executive Vice President and Chief Financial Officer of Southern Company), the named executive officers are each within a position level with a base salary range that is established under the direction of the Compensation Committee using the market data described above. The actual base salary levels set for each of these named executive officers are within the pre-established salary ranges. Also considered in recommending the specific base salary level for each named executive officer is the need to retain an experienced team, internal equity, time in position, and individual performance. Individual performance includes the degree of competence and initiative exhibited and the individual's relative contribution to the results of operations.

As described above, base salaries for officers who also serve as executive officers of Southern Company were set by the Compensation Committee. Base salaries for other officers are recommended by the respective officer's superior to the Southern Company President and Chief Executive Officer, who approved the recommended salary levels.

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 the Company's customers outstanding reliability and superior service at low prices while achieving a level of financial performance that benefits Southern Company's stockholders in the short and long term.

In 2010, Southern Company and 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, Southern Company and the Company also focused on and rewarded:

- Southern Company earnings per share (EPS) growth;
- Company ROE in the top quartile of comparable electric utilities;
- Southern Company dividend growth;

- Long-term, risk-adjusted Southern Company 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.

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The Southern Company Chief Executive Officer, with the assistance of Southern Company's 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 Southern Company's annual performance-based compensation program. Almost all employees of the Company are participants, including the named executive officers, for a total of over 6,500 participants.

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% Southern 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 financial performance, but they impact the Company's 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. Southern 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.

Southern Company 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 Southern Company's traditional operating companies (the Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company), the business unit financial performance goal is ROE, which is defined as the traditional operating company's net income divided by average equity for the year. For Southern Power Company, the business unit financial performance goal is net income.

- For Southern Company's traditional operating companies, operational goals are safety, customer satisfaction, plant availability, transmission and distribution system reliability, and culture. For Southern Company's nuclear operating company (Southern Nuclear), operational goals are safety, plant operations, and culture.

For Southern Company Corporate, the operational goals are based on the aggregate operational goal results of the traditional operating companies (90%) and Southern Nuclear's operational goals (10%). 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 results. All of Southern Company's business units have operational goals. Business unit financial goals are based on the aggregate ROE of the traditional operating companies (90%) and Southern Power Company's net income (10%).

- For Southern Company Generation, the operational goals are aggregated for all of the traditional operating companies except culture which measures results in this organization only. The business unit financial goal is Southern Company Corporate, as described above.

As described above, some of the named executive officers served more than one business unit during 2010. The table below shows the business units that the named executive officers served during 2010. Payments under the Performance Pay Program are prorated based on the period of service with the applicable business units.

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	Company	Southern Company Corporate	Southern Company Generation	Gulf Power Company
C. D. McCrary	X			
A. P. Beattie	X	X		
P. C. Raymond	X			X
M. A. Crosswhite	X			
T. J. McCullough	X		X	X
S. R. Spencer	X			
J. L. Stewart	X		X	

Southern Company Generation officers are paid based on results at the business unit they serve (60%) and Southern Company Generation overall (40%).

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 Southern Company 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.

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

Goal Details

Operational Goals:

Customer Satisfaction — Customer satisfaction surveys evaluate performance. The survey results provide an overall ranking, 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 — includes a measure for nuclear safety as rated by independent industry evaluators. This also includes nuclear plant reliability and a subjective assessment of progress on the construction and licensing of Georgia Power Company'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 — Southern 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 our 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.

The Company and Southern Company capital expenditures “gate” or threshold goal — For 2010, Southern Company strived to manage total capital expenditures, excluding nuclear fuel, for the participating business units at or below \$5.061 billion, and the Company strived to manage such expenditures at or below \$795 million. 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	2nd quartile overall	Lowest performance	Median	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, and availability 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.

Southern Company EPS and Business Unit Financial Performance:

The range of Southern Company EPS, ROE, and Southern Power Company 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.

Level of Performance	EPS (\$)	ROE (%)	Southern Power Company 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 Southern Company EPS was less than \$2.10 (90% of Target), not only would there be 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 financial and operational goals from the Finance and Nuclear/Operations Committees of the Southern Company Board of Directors.

2010 Achievement

Each named executive officer had a target Performance Pay Program opportunity, based on his position, set by the Compensation Committee at the beginning of 2010. As described above, some of the named executive officers were promoted during 2010 and as a result their targets were increased and their payouts prorated accordingly. Targets are set as a percentage of base salary as shown below.

	Target (%)
C. D. McCrary	75
A. P. Beattie	50/75
P. C. Raymond	45/50
M. A. Crosswhite	50
T. J. McCullough	40/45
S. R. Spencer	55
J. L. Stewart	55

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 applicable 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 Southern Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010. EPS, as determined in accordance with generally accepted accounting principles in the United States and as reported by Southern Company, was \$2.37 per share.

Operational Goal Results:

Company

Goal	Achievement Percentage
Customer Satisfaction	200
Reliability	170
Availability	200
Safety	200
Culture	132

Southern Company Corporate

Aggregate Traditional 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

Southern Company Generation

Goal	Achievement Percentage
Customer Satisfaction	200
Reliability	179
Availability	197
Safety	200
Culture	145

Gulf Power Company

Goal	Achievement Percentage
Customer Satisfaction	133
Reliability	117
Availability	139
Safety	0
Culture	121

Overall, the levels of achievement shown above resulted in an operational goal performance factor for the Company, Southern Company Corporate, Southern Company Generation, and Gulf Power Company of 183%, 183%, 184%, and 104%, respectively.

Goal	Result	Achievement Percentage
Southern Company EPS, excluding impact of MCAR settlement tax deduction	\$2.369	155
Company ROE	13.31%	178
Gulf Power Company ROE	11.69%	88
Aggregate ROE	12.09%	111
Southern Power Company net income	\$130 million	75

The aggregate ROE and Southern Power Company net income achievement resulted in a business unit financial achievement percentage for Southern Company Corporate and Southern Company Generation of 107%.

A total performance factor is determined by adding the results of Southern Company EPS, applicable business unit financial performance, and applicable operational goal performance and dividing by three. The total performance factor is multiplied by the target Performance Pay Program opportunity, described above, to determine the payout for each named executive officer. The table below shows the pay opportunity at target-level performance (as prorated per the description above for those that served in more than one position during the year) and the actual payout based on the actual performance shown above.

Target Annual Performance Pay Program Opportunity (\$)	Total Performance Factor (%)	Actual Annual Performance Pay Program Payout (\$)
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C. D. McCrary	541,865	172	932,008
A. P. Beattie	321,401	160	514,002
P. C. Raymond	121,361	140	169,905
M. A. Crosswhite	153,711	172	264,383
T. J. McCullough	89,810	148	132,567
S. R. Spencer	217,243	172	373,658
J. L. Stewart	146,599	149	218,433

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Long-Term Performance-Based Compensation

Long-term performance-based awards are intended to promote long-term success and increase Southern Company's stockholder value by directly tying a substantial portion of the named executive officers' total compensation to the interests of Southern Company's stockholders. The long-term awards provide an incentive to grow Southern Company's stockholder value.

For 2010, the Compensation Committee also made changes to the long-term performance-based compensation program. As described in the Market Data section above, the Compensation Committee establishes a target long-term performance-based compensation value for each named executive officer. Prior to 2010, the long-term program consisted of two components: stock options and performance dividends. In 2009, the value of stock options granted represented approximately 35% of the total long-term target value and performance dividends represented approximately 65%. For 2010, the Compensation Committee terminated the Performance Dividend Program. The transition out of the outstanding performance dividend awards is described below in the Performance Dividends section.

In 2010, the Compensation Committee granted stock options and performance shares. The Compensation Committee made the changes to the long-term performance-based compensation program because the prior practice of granting stock options with associated performance dividends was not a prevalent practice. Also, because the two components worked in tandem (performance dividends are only paid on options outstanding at the end of the performance-measurement period), it was difficult for the Compensation Committee to manage or adjust the mix of stock-price-based compensation (stock options) and relative peer-based compensation (performance dividends). Because stock options and performance shares are valued separately and the value of performance shares is not affected by the exercise of stock options, the Compensation Committee has more flexibility in adjusting the weight of the long-term components granted, including the ability to introduce additional long-term performance metrics. Finally, because performance dividends were more difficult for employees to value, the Compensation Committee believes that performance shares will provide more incentive value.

Performance dividends are based on a four-year performance-measurement period and performance shares on a three-year period. The Compensation Committee made this change in the performance period due to market prevalence. Four-year performance periods are much less prevalent than three-year periods. The Compensation Committee believes that three-year performance awards in combination with 10-year stock option terms provide an appropriate balance for motivating and incenting long-term performance. Because long-term awards are granted annually, changing the long-term performance period from four to three years does not result in additional target compensation.

Additionally, the Compensation Committee scaled back the number of participants in the long-term program from approximately 1,200 Company employees in 2009 to approximately 500 in 2010. The annual performance-based compensation target was increased appropriately for the affected employees to maintain the market competitiveness of these positions.

Southern Company stock options represent 40% of the long-term performance target value and performance shares represent the remaining 60%. The Compensation Committee elected this mix because it concluded that doing so represented an appropriate balance between incentives. Stock options only generate value if the value of the stock appreciates after the grant date and performance shares reward employees based on total shareholder return relative to peers, as well as stock price.

The following table shows the grant date fair value of the long-term performance-based awards in total and each component awarded in 2010.

	Value of Options (\$)	Value of Performance Shares (\$)	Total Long-Term Value (\$)
C. D. McCrary	519,461	779,192	1,298,653
A. P. Beattie	83,366	125,040	208,406
P. C. Raymond	56,742	85,087	141,829
M. A. Crosswhite	85,975	128,956	214,931
T. J. McCullough	30,152	45,225	75,377
S. R. Spencer	132,790	199,159	331,949
J. L. Stewart	123,803	185,691	309,494

Stock Options

The stock options granted have a 10-year term, vest over a three-year period, fully vest upon retirement or termination of employment following a change in control, and expire at the earlier of five years from the date of retirement or the end of the 10-year term. The Compensation Committee changed the stock option vesting provisions in 2009 associated with retirement for stock options granted to the executive officers of Southern Company, including Mr. McCrary. For the grant to Mr. McCrary made in 2010, unvested options are forfeited if he retires and accepts a position with a peer company within two years of retirement. The Compensation Committee made this change to provide more retention value to the stock option awards, to provide an inducement to not seek a position with a peer company, and to limit the post-termination compensation of any Southern Company executive officer who accepts a position with a peer company. The other named executive officers of the Company were not affected by these changes. The value of each stock option was derived using the Black-Scholes stock option pricing model. The assumptions used in calculating that amount are discussed in Note 8 to the financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (2010 Annual Report). For 2010, the Black-Scholes value on the grant date was \$2.23 per stock option.

Performance Shares

Performance shares are denominated in units, meaning no actual shares are issued at the grant date. A grant date fair value per unit was determined. For the grant made in 2010, that value per unit was \$30.13. See the Summary Compensation Table and information accompanying it for more information on the grant date fair value. The total target value for performance share units is divided by the value per unit to determine the number of performance share units granted to each participant, including the named executive officers. Each performance share unit represents one share of Common Stock. At the end of the three-year performance period, the number of units will be adjusted up or down (zero to 200%) based on Southern Company's total shareholder return relative to that of its peers in the Philadelphia Utility Index and the custom peer group. The companies in the custom peer group are those that are believed to be most similar to Southern Company in both business model and investors. The Philadelphia Utility Index was chosen because it is a published index and, because it includes a larger number of peer companies, it can mitigate volatility in results over time, providing an appropriate level of balance. The peer groups vary from the Market Data peer group (as listed on page 18) due to the timing and criteria of the peer selection process. But, there is significant overlap. The results of the two peer groups will be averaged. The number of performance share units earned will be paid in Common Stock at the end of the three-year performance period. No dividends or dividend

equivalents will be paid or earned on the performance share units.

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The companies in the Philadelphia Utility Index are listed below.

Ameren Corporation	Exelon Corporation
American Electric Power Company, Inc.	FirstEnergy Corp.
CenterPoint Energy, Inc.	NextEra Energy, Inc.
Consolidated Edison, Inc.	Northeast Utilities
Constellation Energy Group, Inc.	PG&E Corporation
Dominion Resources Inc.	Progress Energy, Inc.
DTE Energy Company	Public Service Enterprise Group Inc.
Duke Energy Corporation	The AES Corporation
Edison International	Xcel Energy Inc.
Entergy Corporation	

The companies in the custom peer group are listed below.

American Electric Power Company, Inc.	PG&E Corporation
Consolidated Edison, Inc.	Progress Energy, Inc.
Duke Energy Corporation	Wisconsin Energy Corporation
Northeast Utilities	Xcel Energy Inc.
NSTAR	

The scale below will determine the number of units paid in Common Stock following the last year of the performance period, based on the 2010-2012 performance period. Payout for performance between points will be interpolated on a straight-line basis.

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

Performance shares are not earned until the end of the three-year performance period. A participant who terminates other than due to retirement or death forfeits all unearned performance shares. Participants who retire or die during the performance period only earn a prorated number of units, based on the number of months they were employed during the performance period.

More information about stock options and performance shares is contained in the Grants of Plan-Based Awards table and the information accompanying it.

Performance Dividends

As referenced above, the Compensation Committee terminated the Performance Dividend Program in 2010. The value of performance dividends represented a significant portion of long-term performance-based compensation that was awarded in 2007, 2008, and 2009. At target performance levels, performance dividends represented up to 65% of

the total long-term value granted over the 10-year term of stock options. Therefore, because performance dividends were awarded for years prior to 2010, in fairness to participants, the outstanding performance dividend awards were not cancelled. The grant of performance shares, described above, replaced performance dividend awards beginning in 2010. Therefore, performance dividends will continue to be paid on stock options granted prior to 2010 that are outstanding at the end of the three remaining uncompleted four-year performance-measurement periods: 2007 - 2010, 2008 - 2011, and 2009 - 2012. Performance dividends granted prior to 2007 were paid on all stock options held at the end of each applicable performance-measurement period. Therefore, absent the exercise of

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stock options, the number of stock options upon which performance dividends were paid increased over the four-year performance-measurement period due to annual stock option grants. During the transition period, the outstanding performance dividends will be paid only on stock options granted prior to 2010, when the first performance shares were granted. Because performance shares are earned at the end of a three-year performance period, the last award of performance dividends and the first award of performance shares will be earned at the end of 2012.

Performance dividends can range from 0% to 100% of the Common Stock dividend paid during the year per eligible stock option held at the end of the performance-measurement period. Actual payout will depend on Southern Company's total shareholder return over a four-year performance-measurement period compared to a group of other electric and gas utility companies. The peer group was determined at the beginning of each four-year performance-measurement period. The peer group for performance dividends was set by the Compensation Committee at the beginning of the four-year performance-measurement period.

Total shareholder return is calculated by measuring the ending value of a hypothetical \$100 invested in each company's common stock at the beginning of each of 16 quarters. In the final year of the performance-measurement period, Southern Company's ranking in the peer group is determined at the end of each quarter and the percentile ranking is multiplied by the actual Common Stock dividend paid in that quarter. To determine the total payout per stock option held at the end of the performance-measurement period, the four quarterly amounts earned are added together.

No performance dividends are paid if Southern Company's earnings are not sufficient to fund a Common Stock dividend at least equal to that paid in the prior year.

2010 Payout

The peer group used to determine the 2010 payout for the 2007-2010 performance-measurement period consisted of utilities with revenues of \$1.2 billion or more with regulated revenues of 60% or more. Those companies are listed below.

Allegheny Energy, Inc.	Edison International	Progress Energy, Inc.
Alliant Energy Corporation	Entergy Corporation	SCANA Corporation
Ameren Corporation	Exelon Corporation	Sempra Energy
American Electric Power Company, Inc.	Hawaiian Electric	Sierra Pacific Resources
Avista	NextEra Energy, Inc.	TECO Energy
CenterPoint Energy, Inc.	NiSource, Inc.	UIL Holdings
CMS Energy Corporation	Northeast Utilities	Unisource
Consolidated Edison, Inc.	NSTAR	Vectren Corp.
DPL, Inc.	Pepco Holdings, Inc.	Westar Energy Corporation
DTE, Inc.	PG&E Corporation	Wisconsin Energy Corporation
Duke Energy Corporation	Pinnacle West Capital Corp.	Xcel Energy, Inc.

The scale below determined the percentage of each quarter's dividend paid in the last year of the performance-measurement period to be paid on each eligible stock option held at December 31, 2010, based on performance during the 2007-2010 performance-measurement period. Payout for performance between points was interpolated on a straight-line basis.

Performance vs. Peer Group	Payout (% of Each Quarterly Dividend Paid)
90th percentile or higher	100
50th percentile (Target)	50
10th percentile or lower	0

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Southern Company's total shareholder return performance, as measured at the end of each quarter of the final year of the four-year performance-measurement period ending with 2010, was the 36th, 64th, 56th, and 56th percentile, respectively, resulting in a total payout of 106% of the target level (53% of the full year's Common Stock dividend), or \$0.96. This amount was multiplied by each named executive officer's eligible outstanding stock options as of December 31, 2010 to calculate the payout under the program. The amount paid is included in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table.

Timing of Performance-Based Compensation

As discussed above, the 2010 annual Performance Pay Program goals and the Southern Company total shareholder return goals applicable to performance shares were established at the February 2010 Compensation Committee meeting. Annual stock option grants also were made at that meeting. The establishment of performance-based compensation goals and the granting of stock options were not timed with the release of material, non-public information. This procedure is consistent with prior practices. Stock option grants are made to new hires or newly-eligible participants on preset, regular quarterly dates that were approved by the Compensation Committee. The exercise price of options granted to employees in 2010 was the closing price of the Common Stock on the grant date or the last trading day before the grant date, if the grant date was not a trading day.

Retirement and Other Post-Employment Benefits

As mentioned above, the Company provides certain post-employment compensation to employees, including the named executive officers.

Retirement Benefits

Generally, all full-time employees of the Company participate in the funded Pension Plan after completing one year of service. Normal retirement benefits become payable when participants attain age 65 and complete five years of participation. The Company also provides unfunded benefits that count salary and annual Performance Pay Program payouts that are ineligible to be counted under the Pension Plan. (These plans are the Supplemental Benefit Plan and the Supplemental Executive Retirement Plan that are described in the chart on page 16 of this CD&A.) See the Pension Benefits table and the information accompanying it for more information about pension-related benefits.

The Company or its affiliates also provide supplemental retirement benefits to certain employees that were first employed by the Company or an affiliate of the Company in the middle of their careers. The Company has a supplemental retirement agreement (SRA) with both Messrs. Crosswhite and Raymond. Prior to his employment with the Company, Mr. Crosswhite provided legal services to the Company and its affiliates. Prior to his employment, Mr. Raymond provided valuable services to the Company and its affiliates through his work on energy industry regulatory matters. Mr. Crosswhite's agreement provides retirement benefits as if he was employed an additional 15 years and Mr. Raymond's provides an additional eight years of benefits. Mr. Raymond must remain employed at the Company or an affiliate of the Company for five years from the effective date of the agreement before vesting in the benefits. These agreements provide a benefit which recognizes the expertise both brought to the Company and they provide a strong retention incentive to remain with the Company or its affiliates.

The Company also provides the Deferred Compensation Plan which is an unfunded plan that permits participants to defer income as well as certain federal, state, and local taxes until a specified date or their retirement, disability, death, or other separation from service. Up to 50% of base salary and up to 100% of performance-based non-equity compensation may be deferred at the election of eligible employees. All of the named executive officers are eligible to participate in the Deferred Compensation Plan. See the Nonqualified Deferred Compensation table and the information accompanying it for more information about the Deferred Compensation Plan.

Change-in-Control Protections

The Compensation Committee initially approved the change-in-control protection program in 1998 to provide certain compensatory protections to employees, including the named executive officers, upon a change in control and thereby allow them to negotiate aggressively with a prospective purchaser. For all participants, payment and vesting would occur only upon the occurrence of both an actual change in control and loss of the individual's position. For the executive officers of the Company, including the named executive officers, the level of severance benefits provided was two or three times salary plus target-level Performance Pay Program opportunity. These levels of benefits were consistent with that provided by other companies of similar size and industry.

Change-in-control protections, including severance pay and, in some situations, vesting or payment of long-term performance-based awards, are provided upon a change in control of Southern Company or the Company coupled with an involuntary termination not for cause or a voluntary termination for “Good Reason.” This means there is a “double trigger” before severance benefits are paid; i.e., there must be both a change in control and a termination of employment.

In early 2011, the Compensation Committee made changes to the program that were effective immediately. Notably, the following changes were made:

Reduction of severance payment level from three times base salary plus target Performance Pay Program opportunity to two times that amount for all executive officers of Southern Company, including Messrs. McCrary and Beattie, except for the Chief Executive Officer of Southern Company. (In 2009, the Compensation Committee lowered the severance payment level for all other officers from two times base salary plus target Performance Pay Program opportunity to one times that amount.)

- Elimination of excise tax gross-up for all participants.

After the changes made in 2009 and 2011, Messrs. McCrary’s and Beattie’s severance level is two times salary plus target Performance Pay Program opportunity and it is one times that amount for all other named executive officers of the Company.

Consulting Agreement

Southern Company Services, Inc. entered into an agreement with Mr. Stewart for consulting services following his retirement. The agreement provides for two years of consulting services for a fixed retainer fee of \$464,140.

More information about post-employment benefits is included in the section entitled Potential Payments upon Termination or Change in Control.

Perquisites

The Company provides limited perquisites to its executive officers, including the named executive officers. The perquisites provided in 2010, including amounts, are described in detail in the information accompanying the Summary Compensation Table. In 2009, the Compensation Committee eliminated tax assistance (tax gross-up) on all perquisites for executive officers of Southern Company, including Mr. McCrary and, following his promotion in August 2010, Mr. Beattie, except on relocation-related benefits. Effective in 2011, the Compensation Committee eliminated the Company-provided home security monitoring and reimbursement of country club dues. A one-time salary increase equal to the annual dues amount was provided. This change was applicable to all employees of the Company with company-paid memberships. Reimbursement of country club initiation fees will continue if it is determined that there is an established business need for the membership.

Southern Company is recognized externally for its depth of management succession bench strength. This is consistently validated by the continued strong performance of Southern Company during times of leadership transition. A significant contributor is Southern Company’s long-standing practice of developing its leaders, as well as its technical, professional, and management talent, internally. Southern Company’s and the Company’s internal talent development efforts allow promotion from within rather than relying on external executive hiring. An important component of this program is to provide multiple company experience. In 2010, over 400 employees relocated at the request of Southern Company, including three named executive officers of the Company. Mr. Beattie was named Executive Vice President and Chief Financial Officer of Southern Company and relocated to Atlanta, Georgia from Birmingham, Alabama. Mr. Raymond became Executive Vice President, Chief Financial Officer, and Treasurer of the Company and relocated to Birmingham, Alabama from Pensacola, Florida. Mr. McCullough was named Senior

Vice President of the Company and relocated to Birmingham, Alabama from Pensacola, Florida.

Southern Company believes that it is important, to the extent possible, to keep employees whole, financially, when they relocate at Southern Company's request. Southern Company regularly reviews market practices on the level of

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relocation benefits provided to employees. The review conducted in 2010 showed that reimbursing employees for loss on home sale, and providing tax assistance on all relocation benefits, are still majority practices. Under Southern Company's relocation policy, employees were reimbursed for up to 10% of their home's original purchase price if it sold or appraised for less than the original purchase price. However, due to the unprecedented downturn in the housing market, many employees were experiencing greater losses. To address this concern, and based on a review of the level of relocation benefits provided by other companies, Southern Company modified the home loss benefit in 2010, retroactive to January 1, 2009, to reimburse employees for their full loss on sale and for capital improvements made within the last five years. Southern Company also committed to review these policy changes at least annually and will reconsider the level of benefits provided as the housing market recovers. As with other relocation-related benefits, tax assistance is provided on the home loss and capital improvements reimbursement.

The Compensation Committee approved application of the modifications to Southern Company's executive officers, including Mr. Beattie, who relocated in 2010. However, the Compensation Committee also stipulated that any amount paid to a Southern Company executive officer for home sale loss, including tax assistance, must be reimbursed if he or she voluntarily terminates, or is involuntarily terminated for cause, less than two years following relocation. Future executive relocations will be reviewed by the Compensation Committee on a case-by-case basis to determine if reimbursements for home sale loss and tax assistance are warranted based on market practices and economic conditions. Messrs. Beattie, McCullough, and Raymond were reimbursed for their home sale loss and certain capital improvements and tax assistance was provided. All relocation benefits provided to the Company's named executive officers, including amounts, are described in the information accompanying the Summary Compensation Table.

Executive Stock Ownership Requirements

Effective January 1, 2006, the Compensation Committee adopted Common Stock ownership requirements for officers of Southern Company and its subsidiaries that are in a position of vice president or above. All of the Company's named executive officers are covered by the requirements. The guidelines were implemented to further align the interest of officers and Southern Company's stockholders by promoting a long-term focus and long-term share ownership.

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

The requirements are expressed as a multiple of base salary per the table below.

	Multiple of Salary without Counting Stock Options	Multiple of Salary Counting 1/3 of Vested Options
C. D. McCrary	3 Times	6 Times
A. P. Beattie	3 Times	6 Times
P. C. Raymond	2 Times	4 Times
M. A. Crosswhite	2 Times	4 Times
T. J. McCullough	2 Times	4 Times
S. R. Spencer	3 Times	6 Times

Officers serving as of January 1, 2006 have until September 30, 2011 to meet the applicable ownership requirement. Newly-elected officers have five years from the date of their election to meet the applicable ownership requirement and newly-promoted officers have five years from the date of their promotion to meet increased ownership requirements.

Impact of Accounting and Tax Treatments on Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended (Code), limits the tax deductibility of the compensation of Southern Company's named executive officers, including Messrs. McCrary and Beattie, that exceeds \$1 million per year unless the compensation is paid under a performance-based plan as defined in the Code that has been approved by Southern Company's stockholders. Southern Company has obtained stockholder

approval of the Omnibus Incentive Compensation Plan, under which most of the performance-based compensation is paid. For tax purposes, in order to ensure that annual performance-based compensation is fully deductible under Section 162(m) of the Code, in February 2010, the Compensation Committee approved a formula that represented a maximum annual performance-based compensation amount payable. For 2010 performance, the Compensation Committee used (for annual performance-based compensation) negative discretion from the formula amount to determine the actual payouts pursuant to the methodologies described above. Because Southern Company's policy is to maximize long-term stockholder value, as described fully in this CD&A, tax deductibility is not the only factor considered in setting compensation.

Policy on Recovery of Awards

Southern Company's Omnibus Incentive Compensation Plan provides that, if Southern Company or the Company is required to prepare an accounting restatement due to material noncompliance as a result of misconduct, and if an executive officer knowingly or grossly negligently engaged in or failed to prevent the misconduct or is subject to automatic forfeiture under the Sarbanes-Oxley Act of 2002, the executive officer will reimburse the amount of any payment in settlement of awards earned or accrued during the 12-month period following the first public issuance or filing that was restated.

Southern Company Policy Regarding Hedging the Economic Risk of Stock Ownership

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

COMPENSATION COMMITTEE REPORT

The Compensation Committee met with management to review and discuss the CD&A. Based on such review and discussion, the Compensation Committee recommended to the Southern Company Board of Directors that the CD&A be included in this Information Statement. The Southern Company Board of Directors approved that recommendation.

Members of the Compensation Committee:

J. Neal Purcell, Chair
Henry A. Clark, III
H. William Habermeyer, Jr.
Donald M. James

The Summary Compensation Table shows the compensation received or earned in 2008, 2009, and 2010 by the named executive officers.

SUMMARY COMPENSATION TABLE

Name and Principal Position (a)	Salary		Stock Awards (\$) (e)	Option Awards (\$) (f)	Non-Equity Incentive Plan Compensation (\$) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (h)	All Other Compensation (\$) (i)	Total (\$) (j)	
	Year (b)	(\$) (c)							
Charles D. McCrary President, Chief Executive Officer, and Director	2010	704,520	779,192	519,461	1,534,615	919,066	42,285	4,499,139	
	2009	687,713	0	431,932	1,350,171	1,195,625	48,375	3,713,816	
	2008	656,209	0	236,500	1,287,318	639,855	57,386	2,877,268	
Art P. Beattie Executive Vice President, Chief Financial Officer, and Treasurer	2010	385,211	53,500	125,040	83,366	635,909	1,135,073	530,681	2,948,780
	2009	300,186	0	73,730	347,813	353,943	21,030	1,096,702	
	2008	287,001	0	51,616	358,854	231,671	22,576	951,718	
Philip C. Raymond Executive Vice President, Chief Financial Officer,	2010	245,106	25,771	85,087	56,742	235,693	422,630	306,895	1,377,924

a n d
Treasurer

Mark A. Crosswhite Executive Vice President	2010	306,976	0	128,956	85,975	380,963	240,195	25,275	1,168,340
	2009	309,580	0	0	76,036	322,422	217,564	28,420	954,022
	2008	294,884	0	0	53,230	327,213	198,582	35,647	909,556
Theodore J. McCullough Senior Vice President	2010	201,212	20,965	45,225	30,152	170,595	112,416	319,178	899,743
Steven R. Spencer Executive Vice President	2010	391,068	0	199,159	132,790	553,680	349,173	24,599	1,650,469
	2009	393,771	0	0	117,439	450,282	478,761	29,664	1,469,917
	2008	376,102	29,168	0	80,018	447,059	159,870	28,481	1,120,698
Jerry L. Stewart Senior Vice President	2010	275,860	0	185,691	123,803	414,820	931,160	101,599	2,032,933
	2009	368,438	7,537	0	109,885	396,784	560,432	32,316	1,475,392
	2008	351,218	1,000	0	74,871	502,035	245,443	31,772	1,206,339

Column (a)

Mr. Beattie was an executive officer of the Company until August 12, 2010 and was succeeded by Mr. Raymond, who was not an executive officer of the Company prior thereto. Mr. McCullough was not an executive officer of the Company until June 30, 2010. Mr. Stewart retired on October 1, 2010.

Column (d)

The amounts shown for 2010 are geographic relocation incentives that were paid in connection with relocation of the applicable named executive officers. The relocation incentive equaled 10% of salary rate as of the date of relocation.

Column (e)

This column does not reflect the value of stock awards that were actually earned or received in 2010. Rather, as required by applicable rules of the Securities and Exchange Commission, this column reports the aggregate grant date fair value of performance shares granted in 2010. The value reported is based on the probable outcome of the performance conditions as of the grant date, using a Monte Carlo simulation model. No amounts will be earned until the end of the three-year performance period on December 31, 2012. The value then can be earned based on performance ranging from 0 to 200% as established by the Compensation Committee. The aggregate grant date fair value of the performance shares granted in 2010 to Messrs. McCrary, Beattie, Raymond, Crosswhite, McCullough, Spencer, and Stewart, assuming the highest level of performance is achieved, is \$1,558,384, \$250,080, \$170,174, \$257,912, \$90,450, \$398,318, and \$92,846, respectively. Because Mr. Stewart retired in 2010, the maximum amount that can be earned is prorated based on the number of months employed during the three-year performance period (nine). See Note 8 to the financial statements in the 2010 Annual Report for a discussion of the assumptions used in calculating these amounts.

As described in detail in the CD&A, in 2010, the first awards of performance shares were made and no further awards of performance dividends were made. In 2008 and 2009, stock options were awarded (as shown in column (f)) with associated performance dividends, as described in the CD&A. The grant date value of performance dividends was reported in the CD&A and the threshold, target, and maximum payouts of performance dividends based on certain assumptions were reported in the Grants of Plan-Based Awards table. However, because of disclosure requirements, no grant date value for performance dividend awards was disclosed in the Summary Compensation Table in the year granted. Instead, the actual cash payouts in the applicable year with respect to all outstanding performance dividends were reported as Non-Equity Incentive Plan Compensation in column (g). The grant date value for performance dividends as reported in the CD&A for 2008 and 2009 is as follows:

	2008 (\$)	2009 (\$)
C. D. McCrary	360,238	753,481
A. P. Beattie	78,622	128,618
P. C. Raymond	32,418	87,116
M. A. Crosswhite	81,081	132,640
T. J. McCullough	31,667	46,519
S. R. Spencer	121,884	204,866
J. L. Stewart	114,044	191,688

Column (f)

This column reports the aggregate grant date fair value of stock options. See Note 8 to the financial statements in the 2010 Annual Report for a discussion of the assumptions used in calculating these amounts.

Column (g)

The amounts in this column are the aggregate of the payouts under the annual Performance Pay Program and under the Performance Dividend Program. The amount reported for annual performance-based compensation is for the one-year performance period ended December 31, 2010. The amount reported for performance dividends is the

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amount earned at the end of the four-year performance-measurement period of January 1, 2007 through December 31, 2010. These awards were granted by the Compensation Committee in 2007 and are paid on stock options granted prior to 2010 that were outstanding at the end of 2010. As described in the CD&A, the Performance Dividend Program was eliminated by the Compensation Committee in 2010 and replaced with performance shares. The payout reported in column (g) is the first payout in the three-year transition period as described in the CD&A for the open four-year performance-measurement periods (2007-2010, 2008-2011, and 2009-2012) that were granted by the Compensation Committee in 2007, 2008, and 2009, respectively. The Performance Pay Program, the Performance Dividend Program, and performance shares are described in detail in the CD&A.

The amounts paid under each program to the named executive officers are shown below.

	Annual Performance-Based Compensation (\$)	Performance Dividends (\$)	Total (\$)
C. D. McCrary	932,008	602,607	1,534,615
A. P. Beattie	514,002	121,907	635,909
P. C. Raymond	169,905	65,788	235,693
M. A. Crosswhite	264,383	116,580	380,963
T. J. McCullough	132,567	38,028	170,595
S. R. Spencer	373,658	180,022	553,680
J. L. Stewart	218,433	196,387	414,820

Column (h)

This column reports the aggregate change in the actuarial present value of each named executive officer's accumulated benefit under the Pension Plan and the supplemental pension plans (collectively, Pension Benefits) during 2008, 2009, and 2010. The amount included for 2008 is the difference between the actuarial present values of the Pension Benefits measured as of September 30, 2007 and December 31, 2008 – 15 months rather than one year. September 30 was used as the measurement date prior to 2008, because it was the date as of which Southern Company measured its retirement benefit obligations for accounting purposes. Starting in 2008, Southern Company changed its measurement date to December 31. The amounts for 2009 and 2010 are the differences between the actuarial values of the Pension Benefits measured as of December 31, 2008 and 2009, and December 31, 2009 and 2010, respectively. The Pension Benefits as of each measurement date are based on the named executive officer's age, pay, and service accruals and the plan provisions applicable as of the measurement date. The actuarial present values as of each measurement date reflect the assumptions selected for cost purposes as of that measurement date; however, the named executive officers were assumed to remain employed until their benefits commence at the pension plans' stated normal retirement date, generally age 65. As a result, the amounts in column (h) related to Pension Benefits represent the combined impact of several factors: growth in the named executive officer's Pension Benefits over the measurement year; impact on the total present values of one year shorter discounting period due to the named executive officer being one year closer to normal retirement; impact on the total present values attributable to changes in assumptions from measurement date to measurement date; and impact on the total present values attributable to plan changes between measurement dates.

For more information about the Pension Benefits and the assumptions used to calculate the actuarial present value of accumulated benefits as of December 31, 2010, see the information following the Pension Benefits table. The key differences between assumptions used for the actuarial present values of accumulated benefits calculations as of December 31, 2009 and December 31, 2010 follow:

- Discount rate for the Pension Plan was decreased to 5.55% as of December 31, 2010 from 5.95% as of December 31, 2009

- Discount rate for the supplemental pension plans was decreased to 5.05% as of December 31, 2010 from 5.60% as of December 31, 2009

This column also reports above-market earnings on deferred compensation under the Deferred Compensation Plan (DCP). However, there were no above-market earnings on deferred compensation in 2010, 2009, or 2008.

Column (i)

This column reports the following items: perquisites; tax reimbursements on certain perquisites; Company contributions in 2010 to the Southern Company Employee Savings Plan (ESP), which is a tax-qualified defined contribution plan intended to meet requirements of Section 401(k) of the Code; and Company contributions in 2010 under the Southern Company Supplemental Benefit Plan (Non-Pension Related) (SBP). The SBP is described more fully in the information following the Nonqualified Deferred Compensation table.

The amounts reported are itemized below.

	Perquisites (\$)	Tax Reimbursements (\$)	ESP (\$)	SBP (\$)	Total (\$)
C. D. McCrary	8,027	-	10,822	23,436	42,285
A. P. Beattie	347,782	165,123	10,625	7,151	530,681
P. C. Raymond	201,962	92,983	11,945	5	306,895
M. A. Crosswhite	8,024	2,051	12,039	3,161	25,275
T. J. McCullough	231,451	77,465	10,262	0	319,178
S. R. Spencer	5,152	1,290	10,708	7,449	24,599
J. L. Stewart	61,950	26,458	12,122	1,069	101,599

Description of Perquisites

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

Personal Use of Company-Provided Club Memberships. The Company provided club memberships to certain officers, including most of the named executive officers. The memberships were provided for business use; however, personal use was permitted. The amount included reflects the pro-rata portion of the membership fees paid by the employing company that were attributable to the named executive officers' personal use. Direct costs associated with any personal use, such as meals, were paid for or reimbursed by the employee and therefore are not included. As described in the CD&A, this perquisite was eliminated effective in 2011.

Relocation Benefits. These benefits are provided to cover the costs associated with geographic relocation. As described in the CD&A, Messrs. Beattie, Raymond, and McCullough relocated during 2010 and received relocation-related benefits in the amount of \$342,650, \$194,834, and \$224,723, respectively. Relocation assistance includes the incremental cost paid or incurred by the Company or its affiliates for relocation, including loss on sale and certain capital improvements of residence in the former location, home sale and home repurchase assistance (closing costs), shipment of household goods, temporary housing costs during the move, and in some cases a lump sum relocation allowance. Under the relocation policy applicable to all employees, as described in detail in the

CD&A, any loss on home sale is determined based on the purchase price paid for the residence plus the cost of capital improvements made within the last five years to the residence that qualify for addition to the tax basis of the residence. Also, as provided in the policy, tax assistance was provided on the taxable relocation benefits, including the reimbursement for loss on home sale. If Mr. Beattie terminates within two years of his relocation, the amount provided for loss on home sale, including tax assistance, must be repaid.

Personal Use of Corporate-Owned Aircraft. Southern Company owns aircraft that are used to facilitate business travel. If seating is available, Southern Company permits a spouse or other family member to accompany an employee on a flight. However, because in such cases the aircraft is being used for a business purpose, there is no incremental cost associated with the family travel and no amounts are included for such travel. Any additional expenses incurred that are related to family travel are included.

Home Security Systems. The Company paid for the services of third-party providers for the installation, maintenance, and monitoring of some of the named executive officers' home security systems. As reported in the CD&A, this perquisite was eliminated effective in 2011.

Other Miscellaneous Perquisites. The amount included reflects the full cost of providing the following items: personal use of company-provided tickets for sporting and other entertainment events and gifts distributed to and activities provided to attendees at company-sponsored events. For Mr. Stewart, the amount also includes the value of gifts provided to him and his spouse upon his retirement, including \$40,000 for the cost of converting his Company-assigned country club membership to a personal membership.

For Messrs. McCrary and Beattie, tax reimbursements are no longer made on perquisites, except on relocation benefits.

GRANTS OF PLAN-BASED AWARDS IN 2010

This table provides information on stock option grants made and goals established for future payouts under the performance-based compensation programs during 2010 by the Compensation Committee.

Name (a)	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Option Awards: Number of Underlying Options (#) (i)	Exercise Price of Awards (\$/Sh) (j)	Grant Date Fair Value of Stock and Option Awards (\$) (k)
		Threshold (\$) (c)	Target (\$) (d)	Maximum (\$) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)			
C. D. McCrary	2/15/2010	5,419	541,865	1,083,729						
	2/15/2010				259	25,861	51,722			779,192
A. P. Beattie	2/15/2010							232,942	31.17	519,461
	2/15/2010	3,214	321,401	642,803	42	4,150	8,300			125,040
P. C. Raymond	2/15/2010							37,384	31.17	83,366
	2/15/2010	1,214	121,361	242,722						
M. A. Crosswhite	2/15/2010				28	2,824	5,648			85,087
	2/15/2010							25,445	31.17	56,742
	2/15/2010	1,537	153,711	307,422						
	2/15/2010				43	4,280	8,560			128,956
	2/15/2010							38,554	31.17	85,975

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T. J. McCullough	2/15/2010	89,810	179,619					
	2/15/2010			15	1,501	3,002		45,225
	2/15/2010						13,521	31.17 30,152
S. R. Spencer	2/15/2010	217,243	434,486					
	2/15/2010			66	6,610	13,220		199,159
	2/15/2010						59,547	31.17 132,790
J. L. Stewart	2/15/2010	146,599	293,198					
	2/15/2010			62	6,163	12,326		185,691
	2/15/2010						55,517	31.17 123,803

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

These columns reflect the annual Performance Pay Program opportunity granted to the named executive officers in 2010 as described in the CD&A. The information shown as “Threshold,” “Target,” and “Maximum” reflects the range of potential payouts established by the Compensation Committee. The actual amounts earned are disclosed in the Summary Compensation Table.

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

These columns reflect the performance shares granted to the named executive officers in 2010 as described in the CD&A. The information shown as “Threshold,” “Target,” and “Maximum” reflects the range of potential payouts established by the Compensation Committee. Earned performance shares will be paid out in Common Stock following the end of the 2010-2012 performance period, based on the extent to which the performance goals are achieved. Any shares not earned are forfeited.

Columns (i) and (j)

Column (i) reflects the number of stock options granted to the named executive officers in 2010, as described in the CD&A, and column (j) the exercise price of the stock options. The Compensation Committee granted these stock options at its regularly-scheduled meeting on February 15, 2010 which was a holiday. Under the terms of the Omnibus Incentive Compensation Plan, the exercise price was set at the closing price on February 12, 2010, which was the last trading day prior to the grant date.

Column (k)

This column reflects the aggregate grant date fair value of the performance shares and stock options granted in 2010. For performance shares, the value is based on the probable outcome of the performance conditions as of the grant date using a Monte Carlo simulation model. For stock options, the value is derived using the Black-Scholes stock option pricing model. The assumptions used in calculating these amounts are discussed in Note 8 to the financial statements in the 2010 Annual Report.

 OUTSTANDING EQUITY AWARDS AT 2010 FISCAL YEAR-END

This table provides information pertaining to all outstanding stock options and stock awards (performance shares) held by or granted to the named executive officers as of December 31, 2010.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date (e)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
C. D. McCrary	86,454	0	32.70	02/18/2015		
	99,178	0	33.81	02/20/2016		
	102,333	0	36.42	02/19/2017		
	66,526	33,263	35.78	02/18/2018		
	79,988	159,974	31.39	02/16/2019		
		232,942	31.17	02/15/2020		
					259	9,902
A. P. Beattie	21,558	0	32.70	02/18/2015		
	20,138	0	33.81	02/20/2016		
	22,550	0	36.42	02/19/2017		
	14,519	7,260	35.78	02/18/2018		
	13,654	27,307	31.39	02/16/2019		
	0	37,384	31.17	02/15/2020		
					42	1,606
P. C. Raymond	4,196	0	29.50	02/13/2014		
	9,463	0	32.70	02/18/2015		
	8,882	0	33.81	02/20/2016		
	9,264	0	36.42	02/19/2017		
	5,987	2,993	35.78	02/18/2018		
	9,248	18,496	31.39	02/16/2019		
		25,445	31.17	02/15/2020		
					28	1,070
M. A. Crosswhite	17,660	0	32.70	02/18/2015		
	16,497	0	33.81	02/20/2016		
	22,578	0	36.42	02/19/2017		
	14,973	7,487	35.78	02/18/2018		
	14,081	28,161	31.39	02/16/2019		
	0	38,554	31.17	02/15/2020		

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				43	1,644
T. J.	5,468	0	32.70	02/18/2015	
McCullough	5,108	0	33.81	02/20/2016	
	5,449	0	36.42	02/19/2017	
	5,848	2,924	35.78	02/18/2018	
	4,939	9,876	31.39	02/16/2019	
	0	13,521	31.17	02/15/2020	
				15	573
S. R. Spencer	30,687	0	32.70	02/18/2015	
	28,392	0	33.81	02/20/2016	
	29,437	0	36.42	02/19/2017	
	22,509	11,254	35.78	02/18/2018	
	21,748	43,496	31.39	02/16/2019	
	0	59,547	31.17	02/15/2020	
				66	2,523
J. L. Stewart	16,224	0	29.50	02/13/2014	
	32,814	0	32.70	02/18/2015	
	30,652	0	33.81	10/01/2015	
	32,242	0	36.42	10/01/2015	
	31,591	0	35.78	10/01/2015	
	61,047	0	31.39	10/01/2015	
	55,517	0	31.17	10/01/2015	589

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

Stock options vest one-third per year on the anniversary of the grant date. Options granted from 2004 through 2007 with expiration dates from 2014 through 2017 were fully vested as of December 31, 2010. The options granted in 2008, 2009, and 2010 become fully vested as shown below.

Year Option Granted	Expiration Date	Date Fully Vested
2008	February 18, 2018	February 18, 2011
2009	February 16, 2019	February 16, 2012
2010	February 15, 2020	February 15, 2013

Options also fully vest upon death, total disability, or retirement and expire three years following death or total disability or five years following retirement, or on the original expiration date if earlier. Please see Potential Payments upon Termination or Change in Control for more information about the treatment of stock options under different termination and change-in-control events.

Columns (f) and (g)

These columns reflect the threshold number of performance shares that can be earned at the end of the three-year performance period (December 31, 2012) that were granted in 2010, as reported in column (f) of the Grants of Plan-Based Awards table. The value in column (g) is derived by multiplying the number of shares in column (f) by the Common Stock closing price on December 31, 2010 (\$38.23). See further discussion of performance shares in the CD&A.

OPTION EXERCISES AND STOCK VESTED IN 2010

Name (a)	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise (\$) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting (\$) (e)
C. D. McCrary	71,424		375,583	0
A. P. Beattie	35,476		298,747	0
P. C. Raymond	1,230		12,075	0
M. A. Crosswhite	13,131		89,685	0
T. J. McCullough	7,406		56,560	0
S. R. Spencer	0		0	0
J. L. Stewart	16,000		120,037	0

This table reflects the number of shares acquired upon the exercise of stock options during 2010 in column (b) and the value realized in column (c). The value realized is the difference in the market price over the exercise price on the exercise date.

No stock awards (performance shares) vested in 2010.

PENSION BENEFITS AT 2010 FISCAL YEAR-END

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
(a)	(b)	(c)	(d)	(e)
C. D. McCrary	Pension Plan	36.00	1,148,426	0
	SBP-P	36.00	4,881,966	0
	SERP	36.00	1,603,998	0
A. P. Beattie	Pension Plan	33.92	932,783	0
	SBP-P	33.92	980,781	0
	SERP	33.92	971,702	0
P. C. Raymond	Pension Plan	19.00	385,033	0
	SBP-P	19.00	70,555	0
	SERP	19.00	128,017	0
	SRA	8.00	291,036	0
M. A. Crosswhite	Pension Plan	5.92	108,200	0
	SBP-P	5.92	91,156	0
	SERP	5.92	60,024	0
	SRA	15.00	728,348	0
T. J. McCullough	Pension Plan	22.75	310,853	0
	SBP-P	22.75	45,507	0
	SERP	22.75	108,137	0
S. R. Spencer	Pension Plan	31.83	833,248	0
	SBP-P	31.83	1,198,398	0
	SERP	31.83	477,972	0
J. L. Stewart	Pension Plan	36.83	1,407,487	23,943
	SBP-P	36.83	2,061,957	0
	SERP	36.83	847,277	0

Pension Plan

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

The 1.7% offset formula amount equals 1.7% of final average pay times years of participation less an offset related to Social Security benefits. The offset equals a service ratio times 50% of the anticipated Social Security benefits in

excess of \$4,200. The service ratio adjusts the offset for the portion of a full career that a participant has worked. The highest three rates of pay out of a participant's last 10 calendar years of service are averaged to derive final average pay. The pay considered for this formula is the base rate of pay reduced for any voluntary deferrals. A statutory limit restricts the amount considered each year; the limit for 2010 was \$245,000.

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

Early retirement benefits become payable once plan participants have during employment attained age 50 and completed 10 years of participation. Participants who retire early from active service receive benefits equal to the amounts computed using the same formulas employed at normal retirement. However, a 0.3% reduction applies for each month (3.6% for each year) prior to normal retirement that participants elect to have their benefit payments commence. For example, 64% of the formula benefits are payable starting at age 55. As of December 31, 2010, Messrs. Crosswhite and McCullough were not retirement-eligible.

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

Participants vest in the Pension Plan after completing five years of service. All of the named executive officers are vested in their Pension Plan benefits. Participants who terminate employment after vesting can elect to have their pension benefits commence at age 50 if they participated in the Pension Plan for 10 years. If such an election is made, the early retirement reductions that apply are actuarially determined factors and are larger than 0.3% per month.

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

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

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

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

The amounts paid by the SBP-P are based on the additional monthly benefit that the Pension Plan would pay if the statutory limits and pay deferrals were ignored. When an SBP-P participant separates from service, vested monthly benefits provided by the benefit formulas are converted into a single sum value. It equals the present value of what would have been paid monthly for an actuarially determined average post-retirement lifetime. The discount rate used in the calculation is based on the 30-year U.S. Treasury yields for the September preceding the calendar year of separation, but not more than six percent. Vested participants terminating prior to becoming eligible to retire will be paid their single sum value as of September 1 following the calendar year of separation. If the terminating participant is retirement-eligible, the single sum value will be paid in 10 annual installments starting shortly after separation. The unpaid balance of a retiree's single sum will be credited with interest at the prime rate published in The Wall Street Journal. If the separating participant is a "key man" under Section 409A of the Code, the first installment will be delayed for six months after the date of separation.

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

The Southern Company Supplemental Executive Retirement Plan (SERP)

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

portion of annual performance-based compensation. To derive the SERP benefits, a final average pay is determined reflecting participants' base rates of pay and their annual performance-based compensation amounts to the extent they exceed 15% of those base rates (ignoring statutory limits). This final average pay is used in the 1.7% offset formula to derive a gross benefit. The Pension Plan and the SBP-P benefits are subtracted from the gross benefit to calculate the SERP benefit. The SERP's early retirement, survivor benefit, and disability provisions mirror the SBP-P's provisions. However, except upon a change in control, SERP benefits do not vest until participants retire, so no

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benefits are paid if a participant terminates prior to becoming retirement-eligible. More information about vesting and payment of SERP benefits following a change in control is included in the section entitled Potential Payments upon Termination or Change in Control.

SRA

The Company also provides supplemental retirement benefits to certain employees that were first employed by the Company, or an affiliate of the Company, in the middle of their careers and generally provide for additional retirement benefits by giving credit for years of employment prior to employment with the Company or one of its affiliates. Information about the supplemental retirement agreements with Messrs. Crosswhite and Raymond is included in the CD&A.

The following assumptions were used in the present value calculations:

- Discount rate — 5.55% Pension Plan and 5.05% supplemental plans as of December 31, 2010
- Retirement date — Normal retirement age (65 for all named executive officers)
- Mortality after normal retirement — RP2000 Combined Healthy with generational projections
- Mortality, withdrawal, disability, and retirement rates prior to normal retirement — None
- Form of payment for Pension Benefits
 - o Male retirees: 25% single life annuity; 25% level income annuity; 25% joint and 50% survivor annuity; and 25% joint and 100% survivor annuity
 - o Female retirees: 40% single life annuity; 40% level income annuity; 10% joint and 50% survivor annuity; and 10% joint and 100% survivor annuity
- Spouse ages — Wives two years younger than their husbands
- Annual performance-based compensation earned but unpaid as of the measurement date — 130% of target opportunity percentages times base rate of pay for year amount is earned.
- Installment determination — 4.25% discount rate for single sum calculation and 5.00% prime rate during installment payment period

Columns (d) and (e)

For Mr. Stewart, who retired October 1, 2010, these amounts reflect the actual benefits expected to be paid, as described above in column (d), and the actual amount paid under the Pension Plan in 2010, as described above in column (e).

NONQUALIFIED DEFERRED COMPENSATION AS OF 2010 FISCAL YEAR-END

Name	Executive Contributions in Last FY (\$)	Employer Contributions in Last FY (\$)	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$)
(a)	(b)	(c)	(d)	(e)	(f)
C. D. McCrary	0	23,435	100,287	0	1,306,951
A. P. Beattie	34,781	7,151	21,642	0	376,072
P. C. Raymond	0	5	72	0	577

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M. A. Crosswhite	47,045	3,161	5,575	0	143,039
T. J. McCullough	5,343	0	13,656	0	77,701
S. R. Spencer	0	7,449	16,527	0	137,350
J. L. Stewart	0	1,069	49,970	104,496	1,134,039

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

Participants have two options for the deemed investments of the amounts deferred — the Stock Equivalent Account and the Prime Equivalent Account. Under the terms of the DCP, participants are permitted to transfer between investments at any time.

The amounts deferred in the Stock Equivalent Account are treated as if invested at an equivalent rate of return to that of an actual investment in Common Stock, including the crediting of dividend equivalents as such are paid by Southern Company from time to time. It provides participants with an equivalent opportunity for the capital appreciation (or loss) and income of that of a Southern Company stockholder. During 2010, the rate of return in the Stock Equivalent Account was 20.8%, which was Southern Company's total shareholder return for 2010.

Alternatively, participants may elect to have their deferred compensation deemed invested in the Prime Equivalent Account which is treated as if invested at a prime interest rate compounded monthly, as published in The Wall Street Journal as the base rate on corporate loans posted as of the last business day of each month by at least 75% of the United States' largest banks. The interest rate earned on amounts deferred during 2010 in the Prime Equivalent Account was 3.25%.

Column (b)

This column reports the actual amounts of compensation deferred under the DCP by each named executive officer in 2010. The amount of salary deferred by the named executive officers, if any, is included in the Salary column in the Summary Compensation Table. The amounts of performance-based compensation deferred in 2010 were the amounts paid for performance under the annual Performance Pay Program and the Performance Dividend Program that were earned as of December 31, 2009 but not payable until the first quarter of 2010. These amounts are not reflected in the Summary Compensation Table because that table reports performance-based compensation that was earned in 2010, but not payable until early 2011. These deferred amounts may be distributed in a lump sum or in up to 10 annual installments at termination of employment or in a lump sum at a specified date, at the election of the participant.

Column (c)

This column reflects contributions under the SBP. Under the Code, employer matching contributions are prohibited under the ESP on employee contributions above stated limits in the ESP, and, if applicable, above legal limits set forth in the Code. The SBP is a nonqualified deferred compensation plan under which contributions are made that are prohibited from being made in the ESP. The contributions are treated as if invested in Common Stock and are payable in cash upon termination of employment in a lump sum or in up to 20 annual installments, at the election of the participant. The amounts reported in this column also were reported in the All Other Compensation column in the Summary Compensation Table.

Column (d)

This column reports earnings or losses on both compensation the named executive officers elected to defer and employer contributions under the SBP.

Column (e)

This column reports the aggregate withdrawals/distributions associated with Mr. Stewart's retirement effective October 1, 2010.

Column (f)

This column includes amounts that were deferred under the DCP and contributions under the SBP in prior years and reported in the Company's prior years' Information Statements. The chart below shows the amounts previously reported.

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	Amounts Deferred under the DCP Prior to 2010 and Reported in Company's Prior Years' Information Statements (\$)	Employer Contributions under the SBP Prior to 2010 and Reported in Company's Prior Years' Information Statements (\$)	Total (\$)
C. D. McCrary	456,926	176,745	633,671
A. P. Beattie	115,136	12,528	127,664
P. C. Raymond	0	0	0
M. A. Crosswhite	71,567	6,603	78,170
T. J. McCullough	0	0	0
S. R. Spencer	0	60,306	60,306
J. L. Stewart	1,118,319	75,711	1,194,030

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

This section describes and estimates payments that could be made to the named executive officers under different termination and change-in-control events. The estimated payments would be made under the terms of Southern Company's compensation and benefit programs or the change-in-control severance program. All of the named executive officers are participants in Southern Company's change-in-control severance program for officers. The amount of potential payments is calculated as if the triggering events occurred as of December 31, 2010 and assumes that the price of Common Stock is the closing market price on December 31, 2010.

Description of Termination and Change-in-Control Events

The following charts list different types of termination and change-in-control events that can affect the treatment of payments under the compensation and benefit programs. No payments are made under the change-in-control severance program unless, within two years of the change in control, the named executive officer is involuntarily terminated or voluntarily terminates for Good Reason. (See the description of Good Reason below.)

Traditional Termination Events

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

Change-in-Control-Related Events

At the Southern Company or the Company level:

- Southern Company Change-in-Control I – Consummation of an acquisition by another entity of 20% or more of Common Stock, or following consummation of a merger with another entity, Southern Company's stockholders own 65% or less of the entity surviving

the merger.

- Southern Company Change-in-Control II – Consummation of an acquisition by another entity of 35% or more of Common Stock, or following consummation of a merger with another entity, the Company’s stockholders own less than 50% of the Company surviving the merger.
- Southern Company Termination – Consummation of a merger or other event and Southern Company is not the surviving company or Common Stock is no longer publicly traded.
- Company Change in Control – Consummation of an acquisition by another entity, other than another subsidiary of Southern Company, of 50% or more of the stock of the Company, consummation of a merger with another entity and the Company is not the surviving company, or the sale of substantially all the assets of the Company.

At the employee level:

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

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

Program	Retirement/ Retirement- Eligible Benefits payable as described in the notes following the Pension Benefits table.	Lay Off (Involuntary Termination Not For Cause) Same as Retirement.	Resignation Same as Retirement.	Death or Disability Same as Retirement.	Involuntary Termination (For Cause) Same as Retirement.
Pension Benefits Plans					
Annual Performance Pay Program	Prorated if terminate before 12/31.	Same as Retirement.	Forfeit.	Same as Retirement.	Forfeit.
Performance Dividend Program	Paid year of retirement plus two additional years.	Forfeit.	Forfeit.	Payable until options expire or exercised.	Forfeit.
Stock Options	Vest; expire earlier of original expiration date or five years.	Vested options expire in 90 days; unvested are forfeited.	Same as Lay Off.	Vest; expire earlier of original expiration or three years.	Forfeit.
Performance Shares	Prorated if retire prior to end of performance period.	Forfeit.	Forfeit.	Same as Retirement.	Forfeit.
Financial Planning Perquisite	Continues for one year.	Terminates.	Terminates.	Same as Retirement.	Terminates.

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Program	Retirement/ Retirement- Eligible	Lay Off (Involuntary Termination Not For Cause)	Resignation	Death or Disability	Involuntary Termination (For Cause)
Deferred Compensation Plan	Payable per prior elections (lump sum or up to 10 annual installments).	Same as Retirement.	Same as Retirement.	Payable to beneficiary or disabled participant per prior elections; amounts deferred prior to 2005 can be paid as a lump sum per benefit administration committee's discretion.	Same as Retirement.
Supplemental Benefit Plan – non-pension related	Payable per prior elections (lump sum or up to 20 annual installments).	Same as Retirement.	Same as Retirement.	Same as the Deferred Compensation Plan.	Same as Retirement.

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

Program	Southern Company Change-in-Control I	Southern Company Change-in-Control II	Southern Company Termination or Company Change in Control	Involuntary Change- in-Control-Related Termination or Voluntary Change- in-Control-Related Termination for Good Reason
Nonqualified P e n s i o n Benefits	All SERP-related benefits vest if participants vested in tax-qualified pension benefits; otherwise, no impact. SBP - pension- related benefits vest for all participants and single sum value of benefits earned to change-in-control	Benefits vest for all participants and single sum value of benefits earned to the change-in-control date paid following termination or retirement.	Same as Southern Company Change-in-Control II.	Based on type of change-in-control event.

<p>A n n u a l Performance Pay Program</p>	<p>date paid following termination or retirement. No program termination is paid at greater of target or actual performance. If program terminated within two years of change in control, prorated at target performance level.</p>	<p>Same as Southern Company Change-in-Control I.</p>	<p>Prorated at target performance level.</p>	<p>If not otherwise eligible for payment, if the program still in effect, prorated at target performance level.</p>
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Program	Southern Company Change-in-Control I	Southern Company Change-in-Control II	Southern Company Termination or Company Change in Control	Involuntary Change-in-Control-Related Termination or Voluntary Change-in-Control-Related Termination for Good Reason
Performance Dividend Program	If no program termination, paid at greater of target or actual performance. If program terminated within two years of change in control, prorated at greater of target or actual performance level.	Same as Southern Company Change-in-Control I.	Prorated at greater of actual or target performance level.	If not otherwise eligible for payment, if the program is still in effect, greater of actual or target performance level for year of severance only.
Stock Options	Not affected by change-in-control events.	Not affected by change-in-control events.	Vest and convert to Vest. surviving company's securities; if cannot convert, pay spread in cash.	
Performance Shares	Not affected by change-in-control events.	Not affected by change-in-control events.	Vest and convert to Vest. surviving company's securities; if cannot convert, pay spread in cash.	
DCP	Not affected by change-in-control events.	Not affected by change-in-control events.	Not affected by change-in-control events.	Not affected by change-in-control events.
SBP	Not affected by change-in-control events.	Not affected by change-in-control events.	Not affected by change-in-control events.	Not affected by change-in-control events.
Severance Benefits	Not applicable.	Not applicable.	Not applicable.	One or two times base salary plus target annual performance-based pay.
Health Benefits	Not applicable.	Not applicable.	Not applicable.	Up to five years participation in group health plan plus payment of two or three years premium

				amounts.
Outplacement Services	Not applicable.	Not applicable.	Not applicable.	Six months.

Potential Payments

This section describes and estimates payments that would become payable to the named executive officers upon a termination or change in control as of December 31, 2010.

Pension Benefits

The amounts that would have become payable to the named executive officers if the Traditional Termination Events occurred as of December 31, 2010 under the Pension Plan, the SBP-P, and the SERP are itemized in the chart below. The amounts shown under the Retirement column are amounts that would have become payable to the named executive officers that were retirement-eligible on December 31, 2010 and are the monthly Pension Plan benefits and the first of 10 annual installments from the SBP-P and the SERP. The amounts shown under the Resignation or Involuntary Termination column are the amounts that would have become payable to the named executive officers who were not retirement-eligible on December 31, 2010 and are the monthly Pension Plan benefits that would become payable as of the earliest possible date under the Pension Plan and the single sum value of benefits earned up to the termination date under the SBP-P, paid as a single payment rather than in 10 annual installments. Benefits under the SERP would be forfeited. The amounts shown that are payable to a spouse in the event of the death of the

named executive officer are the monthly amounts payable to a spouse under the Pension Plan and the first of 10 annual installments from the SBP-P and the SERP. The amounts in this chart are very different from the pension values shown in the Summary Compensation Table and the Pension Benefits table. Those tables show the present values of all the benefit amounts anticipated to be paid over the lifetimes of the named executive officers and their spouses. Those plans are described in the notes following the Pension Benefits table. Of the named executive officers, only Messrs. Crosswhite and McCullough were not retirement-eligible on December 31, 2010. The SRA for Mr. Raymond contains an additional service requirement for benefit eligibility which was not met as of December 31, 2010. Therefore, he was not eligible to receive retirement benefits under that agreement. However, a death benefit would be paid to a surviving spouse.

		Retirement (\$)	Resignation or Involuntary	Death (payments to a spouse) (\$)
C. D. McCrary	Pension		9,138	All plans treated as retiring 5,225
	SBP-P	601,887		All plans treated as retiring 601,887
	SERP	197,753		All plans treated as retiring 197,753
A. P. Beattie	Pension	7,481		All plans treated as retiring 4,851
	SBP-P	127,395		All plans treated as retiring 127,395
	SERP	126,216		All plans treated as retiring 126,216
P. C. Raymond	Pension	2,947		All plans treated as retiring 2,658
	SBP-P	9,428		All plans treated as retiring 9,428
	SERP	17,107		All plans treated as retiring 17,107
	SRA	0	0	38,890
M. A. Crosswhite	Pension	0	533	876
	SBP-P	0	109,240	13,206
	SERP	0	0	8,696
	SRA	0	682,966	105,514
T. J. McCullough	Pension	0	1,588	2,609
	SBP-P	0	54,834	6,813
	SERP	0	0	16,189
S. R. Spencer	Pension	6,675		All plans treated as retiring 4,565
	SBP-P	157,972		All plans treated as retiring 157,972
	SERP	63,006		All plans treated as retiring 63,006

As described in the Change-in-Control chart, the only change in the form of payment, acceleration, or enhancement of the pension benefits is that the single sum value of benefits earned up to the change-in-control date under the SBP-P, the SERP, and the SRA could be paid as a single payment rather than in 10 annual installments. Also, the SERP benefits vest for participants who are not retirement-eligible upon a change in control. Estimates of the single sum payment that would have been made to the named executive officers who were serving as of December 31, 2010, assuming termination as of December 31, 2010 following a change-in-control event, other than a Southern Company Change-in-Control I (which does not impact how pension benefits are paid), are itemized below. These amounts would be paid instead of the benefits shown in the Traditional Termination Events chart above; they are not paid in addition to those amounts.

	SBP-P (\$)	SERP (\$)	SRA (\$)	Total (\$)
C. D. McCrary	6,018,872	1,977,535	0	7,996,407
A. P. Beattie	1,273,952	1,262,159	0	2,536,112
P. C. Raymond	94,281	171,066	388,903	654,250
M. A. Crosswhite	106,656	70,231	852,195	1,029,082
T. J. McCullough	53,537	127,219	0	180,756
S. R. Spencer	1,579,724	630,061	0	2,209,785

The pension benefit amounts in the tables above were calculated as of December 31, 2010 assuming payments would begin as soon as possible under the terms of the plans. Accordingly, appropriate early retirement reductions were applied. Any unpaid annual performance-based compensation was assumed to be paid at 1.30 times the target level. Pension Plan benefits were calculated assuming each named executive officer chose a single life annuity form of payment, because that results in the greatest monthly benefit. The single sum values were based on a 4.25% discount rate.

Annual Performance Pay Program

The amount payable if a change in control had occurred on December 31, 2010 is the greater of target or actual performance. Because actual payouts for 2010 performance were above the target level, the amount that would have been payable was the actual amount paid as reported in the Summary Compensation Table.

Performance Dividends

Because the assumed termination date is December 31, 2010, there is no additional amount that would be payable other than what was reported in the Summary Compensation Table. As described in the Traditional Termination Events chart, there is some continuation of benefits under the Performance Dividend Program for retirees. However, under change-in-control-related events, performance dividends are payable at the greater of target performance or actual performance. For the 2007-2010 performance-measurement period, actual performance exceeded target-level performance.

Stock Options and Performance Shares

Stock options and performance shares would be treated as described in the Termination and Change-in-Control charts above. Under a Southern Company Termination, all stock options and performance shares vest. In addition, if there is an Involuntary Change-in-Control Termination or Voluntary Change-in-Control Termination for Good Reason, stock options and performance shares vest. There is no payment associated with stock options or performance shares unless there is a Southern Company Termination and the participants' stock options or performance shares cannot be converted into surviving company awards. In that event, the value of outstanding stock options and performance shares would be paid to the named executive officers. For stock options, that value is the excess of the exercise price and the closing price of Common Stock on December 31, 2010 and for performance shares, it is the closing price on December 31, 2010. The chart below shows the number of stock options for which vesting would be accelerated under a Southern Company Termination and the amount that would be payable under a Southern Company Termination if there were no conversion to the surviving company's stock options. It also shows the number and value of performance shares that would be paid. Information is shown for the named executive officers serving as of December 31, 2010.

	Number of Stock Options/ Performance Shares with Accelerated Vesting (#)	Total Number of Options/Performance Shares Following Accelerated Vesting under a Southern Company Termination (#)	Total Payable in Cash under a Southern Company Termination without Conversion of Stock Options or Performance Shares (\$)
C. D. McCrary	426,179/25,861	860,658/25,861	5,620,741
A. P. Beattie	71,951/4,150	164,370/4,150	1,005,159
P. C. Raymond	46,934/2,824	93,974/2,824	644,361
M. A. Crosswhite	74,202/4,280	159,991/4,280	991,220
T. J. McCullough	26,321/1,501	53,133/1,501	338,345
S. R. Spencer	114,297/6,610	247,070/6,610	1,550,563

DCP and SBP

The aggregate balances reported in the Nonqualified Deferred Compensation table would be payable to the named executive officers as described in the Traditional Termination and Change-in-Control-Related Events charts above. There is no enhancement or acceleration of payments under these plans associated with termination or change-in-control events, other than the lump-sum payment opportunity described in the above charts. The lump sums that would be payable are those that are reported in the Nonqualified Deferred Compensation table.

Health Benefits

All of the named executive officers, except Messrs. Crosswhite and McCullough, are retirement-eligible. Health care benefits are provided to retirees and there is no incremental payment associated with the termination or change-in-control events. Because Messrs. Crosswhite and McCullough were not retirement-eligible, health care benefits would not become available until each reaches age 50, except in the case of a change-in-control-related termination, as described in the Change-in-Control-Related Events chart. The estimated cost of providing two years of health insurance premiums for each of Messrs. Crosswhite and McCullough is \$33,200.

Financial Planning Perquisite

For the retirement-eligible named executive officers, an additional year of the Financial Planning requisite, which is set at a maximum of \$8,700 per year, is provided after retirement. Messrs. Crosswhite and McCullough are not retirement-eligible.

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

Severance Benefits

The named executive officers are participants in a change-in-control severance plan. The plan provides severance benefits, including outplacement services, if within two years of a change in control, they are involuntarily terminated, not for Cause, or they voluntarily terminate for Good Reason. The severance benefits are not paid unless the named executive officer releases the employing company from any claims he may have against the employing company.

The estimated cost of providing the six months of outplacement services is \$6,000 per named executive officer. The severance payment is two times the base salary and target payout under the annual Performance Pay Program for Messrs. McCrary and Beattie and one times that amount for all of the other named executive officers.

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The table below estimates the severance payments that would be made to the named executive officers if they were terminated as of December 31, 2010 in connection with a change in control.

	Severance Amount (\$)
C. D. McCrary	