

**NOTICE OF 2016  
ANNUAL MEETING  
& INFORMATION STATEMENT**

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**MISSISSIPPI POWER COMPANY**  
**Gulfport, Mississippi**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**To be held on May 18, 2016**

NOTICE IS HEREBY GIVEN that the 2016 Annual Meeting of Shareholders of Mississippi Power Company will be held on May 18, 2016 at 10:00 a.m., Eastern Time, at the offices of the Company's affiliate, Georgia Power Company, 241 Ralph McGill Boulevard, N.E., Atlanta, Georgia 30308, to elect nine members of the Board of Directors and to transact any other business that may properly come before the meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on April 4, 2016 will be entitled to notice of and to vote at the meeting or any adjournment or postponement thereof.

For directions to the meeting, please contact the Mississippi Power Company Corporate Secretary at (228) 864-1211.

The Information Statement and the 2015 Annual Report are included in this mailing.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF THE INFORMATION STATEMENT AND THE 2015 ANNUAL REPORT FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 18, 2016.**

This Information Statement and the 2015 Annual Report also are available to you at [www.mississippipower.com/about-us/financials](http://www.mississippipower.com/about-us/financials).

**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

Vicki L. Pierce  
*Corporate Secretary*

Gulfport, Mississippi  
April 12, 2016

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# INFORMATION STATEMENT

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## GENERAL INFORMATION

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This Information Statement is furnished by Mississippi Power Company (Company) in connection with the 2016 Annual Meeting of Shareholders and any adjournment or postponement thereof. The meeting will be held on May 18, 2016 at 10:00 a.m., Eastern Time, at the offices of the Company's affiliate, Georgia Power Company, 241 Ralph McGill Boulevard, N.E., Atlanta, Georgia 30308. This Information Statement is initially being provided to shareholders on or about April 12, 2016. The Information Statement and the 2015 Annual Report also are available on the internet at [www.mississippipower.com/about-us/financials](http://www.mississippipower.com/about-us/financials).

At the meeting, the shareholders will vote to elect nine members to the Board of Directors and will transact any other business that may properly come before the meeting. The Company is 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 on the record date of April 4, 2016 are entitled to notice of and to vote at the meeting. On that date, there were 1,121,000 shares of common stock outstanding and entitled to vote, all of which are held by The Southern Company (Southern Company). There were also 34,210 shares of \$100 preferred stock and 1,200,000 shares of depositary preferred stock, each depositary share representing one-fourth of a share of preferred stock, outstanding on that date. With respect to the election of Directors, all of the outstanding shares of preferred stock are entitled to vote as a single class with the Company's common stock. Each share of outstanding common stock counts as one vote and each share of outstanding preferred stock counts as one-half vote. The Company's charter provides for cumulative voting rights in the election of Directors.

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The Company's principal business address is 2992 West Beach, Gulfport, Mississippi 39501.

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## SHAREHOLDER PROPOSALS

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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 in the Information Statement for the 2017 Annual Meeting, shareholder proposals must be received by the Company no later than February 11, 2017.

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## NOMINEES FOR ELECTION AS DIRECTORS

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A Board of nine Directors is to be elected at the 2016 Annual Meeting of Shareholders, with each Director to hold office until the next annual meeting of shareholders and until the election and qualification of a successor. Each of the named nominees is currently a Director. 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 contribute to the diversity of the Company's Board. The information is current as of the date of this Information Statement.

### **G. Edison Holland, Jr.** - Director since 2013

Mr. Holland, 63, has served as Chairman of the Board since May 2013. He is also President and Chief Executive Officer of Southern Company Holdings, Inc. (Holdings) and Executive Vice President of Southern Company Services, Inc. (Southern Company Services), positions he has held since January 2016. Mr. Holland served as President of the Company from May 2013 to October 2015 and Chief Executive Officer of the Company and Executive Vice President of Southern Company from May 2013 to December 2015. Prior to that, he served as Executive Vice President, General Counsel, and Corporate Secretary of Southern Company from 2001 to May 2013 as well as Executive Vice President and Secretary of Southern Company Services from 2005 to 2013. He also served as Southern Company's Chief Compliance Officer. Mr. Holland began his career within the Southern Company system in 1992, where he worked in a number of positions of increasing responsibility, including serving as Vice President and Corporate Counsel of Gulf Power Company (Gulf Power), Vice President of Power Generation and Transmission of Gulf Power, and President and Chief Executive Officer of Savannah Electric and Power Company. Prior to joining the Southern Company system, Mr. Holland was a partner in the law firm of Beggs & Lane, RLLP, where he served as General Counsel to Gulf Power. He serves on the Boards of Energy Insurance Mutual and the Institute of Legal Reform. His leadership experience throughout the Southern Company system and understanding of the electric utility business, its regulatory structure, and other industry specific matters that affect the Company make him well qualified to serve on the Board.

### **Carl J. Chaney** - Director since 2009

Mr. Chaney, 54, is Vice-Chairman and a Director of JTS Capital Group (JTS), an alternative asset acquisition and management company, investing and managing its private equity funds in the financial services sector in the United States and Europe. Mr. Chaney has served as Vice-Chairman and a Director of JTS since August 2015. JTS is affiliated with Avista Capital Partners with offices in New York, Houston, and London. Mr. Chaney retired effective January 1, 2015 from his positions as Director, President, and Chief Executive Officer of Hancock Holding Company, in Gulfport, Mississippi, Director, President, and Chief Executive Officer of Hancock Bank, in Gulfport, Mississippi, Director and Chief Executive Officer of Whitney Bank, in New Orleans, Louisiana, and Director and President of a number of other subsidiaries of Hancock Holding Company. Mr. Chaney served as Director, President, and Chief Executive Officer of Hancock Holding Company from 2006 to January 1, 2015. He served as Chief Financial Officer and Executive Vice President of Hancock Holding Company, Hancock Bank, and Hancock Bank of Louisiana from 1998 to 2006. Prior to joining Hancock Holding Company, Mr. Chaney was a licensed attorney representing financial institutions throughout 13 states in the Southeast and Southwest in areas including corporate governance, regulatory, securities, Securities and Exchange Commission compliance, and mergers and acquisitions. Mr. Chaney served on the Board of Directors of the Federal Reserve Bank of Atlanta, New Orleans Branch, having recently completed his final term. He serves as Vice-Chairman of the Board of Directors of the Gulf Coast Renaissance Corporation and he served as Chair-Elect and Treasurer of the MS Economic Council, where he also served on the Board of Directors and Executive Committee. Mr. Chaney served on the Board and Executive Committee of the Gulf Coast Business Council and is a past Chairman of the Gulf Coast Chamber. He also serves on the Board and is a past Chairman of the University of Mississippi Banking & Finance Advisory Board. Active in the banking industry, Mr. Chaney was a member of The Financial Services Roundtable in Washington, D.C. He also is an inaugural member of the Banking Advisory Board of Directors of the American Banker. He is past Chairman of the Mississippi Bankers Association and has served on numerous committees of the Mississippi, Louisiana, and Florida Bankers Associations. Mr. Chaney's strong financial experience in the areas of banking and finance and experience in regulatory law are beneficial to the Board.

### **L. Royce Cumbest** - Director since 2010

Mr. Cumbest, 65, is Chairman, President, and Chief Executive Officer of Merchants & Marine Bank and Merchants & Marine Bancorp, Inc., in Pascagoula, Mississippi. Mr. Cumbest has been in the banking industry since 1971 and with Merchants & Marine Bank since 1976. He also serves as a Director on the Boards of the First National Bankers Bank and First National Bankers Bankshares, Inc., in Baton Rouge, Louisiana, and the Jackson County Economic Development Foundation, in

Pascagoula, Mississippi. Mr. Cumbest has many years of recognized leadership in civic and charitable functions. His business experience and financial expertise are particularly valuable to the Board.

**Thomas A. Dews** - Director since 2013

Mr. Dews, 69, is President of C. L. Dews & Sons Foundry and Machinery Co., Inc., in Hattiesburg, Mississippi. Mr. Dews is one of four generations associated with the C.L. Dews & Sons Foundry and Machinery Co., Inc., which was founded in 1941. He currently serves on the Advisory Board of BancorpSouth-Hattiesburg and is a member of the Southern Mississippi Planning and Development District-Gulfport Board. Mr. Dews served for 10 years on the Hattiesburg Planning Commission and is past President. He previously served on the Executive Committee of the Area Development Partnership for Greater Hattiesburg, Mississippi and as President of the Hattiesburg Country Club. Mr. Dews' experience as a business owner and involvement in Mississippi's economic development makes him a valuable member of the Board.

**Mark E. Keenum** - Director since 2013

Dr. Keenum, 55, has served as President of Mississippi State University since 2009. Dr. Keenum currently serves as Chairman of the Southern Association of Colleges and Schools' Commission on Colleges' Executive Council. He is also a member of the Boards of Directors of Innovate MS, International Fertilizer Development Center, and the Foundation for Food and Agriculture Research. He previously served as Under Secretary of the U.S. Department of Agriculture from 2006 until 2008. Dr. Keenum was Chief of Staff and Legislative Assistant in the office of U.S. Senator Thad Cochran from 1989 until 2006. Dr. Keenum's experience in the educational system and the federal government makes him a valuable member of the Board.

**Christine L. Pickering** - Director since 2007

Mrs. Pickering, 55, is a Certified Public Accountant (CPA), owning her business, Christy Pickering, CPA Public Accounting Firm, in Biloxi, Mississippi, for two decades. She serves as a Director of Hancock Holding Company and is the Chair of its Corporate Governance and Nominating Committee and is also Vice Chair of its Audit Committee. Mrs. Pickering also serves as a trustee on the Institutions of Higher Learning Board for the State of Mississippi for the 2008 to 2018 term. Additionally, she previously served on the Boards of Directors of Gulf Coast Renaissance Corporation and Infinity, Inc. as well as the Board of Trustees of Gulf Coast Medical Center, having served on that Board as Chairman for three years. She has been actively engaged in community service as past President of the Biloxi Rotary Club and as a member of the Inaugural Class of Leadership Gulf Coast. Mrs. Pickering, as a CPA and business owner, brings a wealth of accounting and finance experience to the Board.

**Philip J. Terrell** - Director since 1995

Dr. Terrell, 62, is a retired Superintendent of Schools, Pass Christian Public School District, in Pass Christian, Mississippi. He is an advisory Director of Hancock Bank in Gulfport, Mississippi. Dr. Terrell has engaged in service to his community through the Boys and Girls Club as well as his membership with the Harrison County Development Commission. Dr. Terrell's experience in the educational system and the community makes him a valuable member of the Board.

**Marion L. Waters** - Director since 2010

Mr. Waters, 60, is a Partner in Waters International Trucks, Inc., Waters Trucks & Tractor Co., Inc., and Waters Transportation, Inc., in Meridian, Mississippi. Mr. Waters is a well-known business person and civic leader. Mr. Waters has an extensive career in the trucking industry, having served in positions of progressing importance for more than 40 years. His experience includes oversight of facilities throughout Mississippi in Meridian, Columbus, Kosciusko, Natchez, and Hattiesburg. Mr. Waters' experience also includes service on two international Boards that oversee the transportation industry. Mr. Waters received the 2013 Philanthropist of the Year Award from Meridian Community College and the Hartley D. Peavey Entrepreneur of Excellence Award in 2009. He is also a member of the Meridian Community College Foundation Board of Directors. Mr. Waters previously served on the Boards of the East Mississippi Business Development Corporation and the Aldersgate Retirement Community. His keen business mind and knowledge of transportation and logistics as well as relationships with the residents and businesses of Mississippi are invaluable to the Board.

**Anthony L. Wilson** - Director since 2016

Mr. Wilson, 51, was elected as President of the Company in October 2015 and Chief Executive Officer in January 2016. Prior to assuming his current positions, Mr. Wilson served as Executive Vice President of the Company from May 2015 to October 2015, Executive Vice President of Georgia Power Company (Georgia Power) from January 2012 to May 2015, and Vice President of Georgia Power from February 2007 to December 2011. Mr. Wilson's leadership experience, industry knowledge, and experience throughout the Southern Company system are valuable to the Board.

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

## **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 2016 Annual Meeting unless such shareholder gives the Company notice of his or her intent to cumulate his vote at least 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.

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## **CORPORATE GOVERNANCE**

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### **DIRECTOR INDEPENDENCE**

The Company is managed by a core group of officers and governed by a Board of Directors that currently consists of nine members. The current nominees for election as Directors consist of seven non-employee Directors; Mr. Holland, the Chairman of the Board of the Company and President and Chief Executive Officer of Holdings, an affiliate of the Company; and Mr. Wilson, the President and Chief Executive Officer of the 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. The pay components for non-employee Directors are:

#### **Annual cash retainer:**

- \$22,000 retainer paid in quarterly amounts of \$5,500

#### **Annual stock retainer:**

- \$19,500 in Southern Company common stock (Common Stock) units paid in quarterly grants of \$4,875

#### **Meeting fees:**

- Meeting fees are not paid for participation in the initial five meetings of the Board in a calendar year. If more than five meetings of the Board are held in a calendar year, \$1,200 will be paid for participation in each meeting of the Board beginning with the sixth meeting.



## 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 Outside Directors of Mississippi Power Company, as amended and restated effective January 1, 2008 (Director Deferred Compensation Plan), until membership on the Board ends. Deferred compensation may be invested as follows, at the Director's election:

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

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

## DIRECTOR COMPENSATION TABLE

The following table reports all compensation to the Company's non-employee Directors during 2015, 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		Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$ (3))	Total (\$)
	Earned or Paid in Cash (\$ (1))	Stock Awards (\$ (2))			
Carl J. Chaney	22,000	19,500	—	109	41,609
L. Royce Cumbest	23,200	19,500	—	109	42,809
Thomas A. Dews	22,000	19,500	—	767	42,267
Mark E. Keenum	22,000	19,500	—	143	41,643
Christine L. Pickering	22,000	19,500	—	109	41,609
Philip J. Terrell	22,000	19,500	—	109	41,609
Marion L. Waters	22,000	19,500	—	109	41,609

- (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 imputed income associated with gifts and activities provided to attendees at Company-sponsored events, reimbursements for taxes on imputed income associated with such gifts and activities, and insurance payments for Mr. Dews and Dr. Keenum.

## BOARD LEADERSHIP STRUCTURE

Historically, the Board has believed that the combined role of Chief Executive Officer and Chairman is most suitable for the Company because the Chief Executive Officer is the Director most familiar with the Company's business and industry, including the regulatory structure and other industry-specific matters, as well as being most capable of effectively identifying strategic priorities and leading discussion and execution of strategy. Non-employee 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 non-employee Directors bring experience, oversight, and expertise from outside the Company and its industry.

However, given the leadership changes in the Company over the past year, the Board believes that splitting the role of Chief Executive Officer and Chairman is most suitable for the Company's current situation. As Mr. Wilson transitions into his new

role, the Board will continue to evaluate the current structure and determine whether or not to return to a combined Chairman and Chief Executive Officer.

## **EXECUTIVE SESSIONS**

It is the policy of the Directors to hold an executive session of the non-employee Directors without management participation at each meeting of the Controls and Compliance Committee. The Chair of the Controls and Compliance Committee currently presides over these executive sessions. Information on how to communicate with the Chair 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. Cumbest, *Chair*; Mr. Chaney, Mr. Dews, Dr. Keenum, Mrs. Pickering, Dr. Terrell, and Mr. Waters.
- Met four times in 2015
- 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. The Controls and Compliance Committee's 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, material alternative financial treatments within generally accepted accounting principles, proposed adjustments, control recommendations, significant management judgments and accounting estimates, new accounting policies, changes in accounting principles, any disagreements with management, and other material written communications between the internal auditors and/or the independent registered public accounting firm and management.

The charter of the Southern Company Audit Committee is available on Southern Company's website ([www.southerncompany.com](http://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. Chaney, *Chair*; Mr. Dews, and Dr. Keenum
- Met two times in 2015
- Oversees the administration of the Directors' compensation arrangements and reviews employee compensation

The Company's Compensation Committee reviews and provides input to Southern Company's Chairman, President, and Chief Executive Officer for consideration by the Southern Company Compensation and Management Succession Committee on the performance and compensation of the Company's President and Chief Executive Officer and provides input to the Company's President and Chief Executive Officer regarding the compensation of the Company's other executive officers. The Company's Compensation Committee also 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](http://www.southerncompany.com)).

The Southern Company Compensation and Management Succession Committee, which has authority to retain independent advisors, including compensation consultants, at Southern Company's expense, engaged Pay Governance LLC (Pay Governance) to provide an independent assessment of the current executive compensation program and any management-recommended changes to that program and to 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. Pay Governance also advises the Southern Company Compensation and Management Succession Committee on executive compensation and related corporate governance trends.

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

During 2015, Pay Governance assisted the Southern Company Compensation and Management Succession Committee with analyzing comprehensive market data and its implications for pay at the Company and its affiliates and various other governance, design, and compliance matters.

## **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. As part of its review of management's risk assessment, the Controls and Compliance Committee 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 five times in 2015. Director attendance at all applicable Board and committee meetings held in 2015 was 100%.

## **DIRECTOR NOMINATION PROCESS**

The Company does not have a nominating committee. The full Board, with input from the Company's Chairman, President, and Chief Executive Officer, identifies Director nominees. The Board evaluates candidates based on the requirements set forth in the Company's bylaws 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 Chairman, President, and Chief Executive Officer also provides input on behalf of Southern Company regarding 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 Chair of the Controls and Compliance Committee, or the non-employee Directors may contact them by writing c/o Corporate Secretary, Mississippi Power Company, 2992 West Beach Boulevard, Gulfport, Mississippi 39501-1907. 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 MEETING OF SHAREHOLDERS**

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. None of the Company's Directors attended the Company's 2015 Annual Meeting of Shareholders.

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## AUDIT COMMITTEE REPORT

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The Southern Company Audit Committee (Audit Committee) oversees the Company's financial reporting process on behalf of the Board of Directors of Southern Company. 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 2015 Annual Report to Shareholders with management. The Audit Committee also reviews the Company's quarterly and annual reporting on Forms 10-Q and 10-K prior to filing with the SEC. The Audit Committee's review process includes discussions of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and estimates, and the clarity of disclosures in the financial statements.

The independent registered public accounting firm is responsible for expressing opinions on the conformity of the 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 the Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 16, *Communications with Audit Committees* and SEC Rule 2-07 of Regulation S-X, *Communications with Audit Committees*. In addition, in accordance with the rules of the PCAOB, the Audit Committee has discussed with and has received the written disclosures and letter from the independent registered public accounting firm regarding its independence from management and the Company. The Audit Committee also has considered whether the independent registered public accounting firm's provision of non-audit services to the Company and its affiliates is compatible with maintaining the firm's independence.

The Audit Committee discussed their overall audit scopes and plans separately with the Company's internal auditors and independent registered public accounting firm. 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 ten meetings during 2015.

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, 2015 and filed with the SEC. The Audit Committee also reappointed Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2016. At the 2016 annual meeting of Southern Company's stockholders, the stockholders will be asked to ratify that selection.

Members of the Audit Committee as of December 31, 2015:

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

## 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 2015 and 2014.

	<u>2015</u>	<u>2014</u>
	<u>(in thousands)</u>	
Audit Fees (1)	\$ 1,841	\$ 1,656
Audit-Related Fees (2)	3	0
Tax Fees	0	0
All Other Fees (3)	13	17
<b>Total</b>	<b>\$ 1,857</b>	<b>\$ 1,673</b>

- (1) Includes services performed in connection with financing transactions.
- (2) Includes non-statutory audit services in 2015.
- (3) Represents registration fees for attendance at Deloitte & Touche-sponsored education seminars in 2014 and 2015, subscription fees for Deloitte & Touche's technical accounting research tool in 2014 and 2015, and information technology consulting services related to general ledger software of the Company in 2014.

In 2002, the Audit Committee (on behalf of Southern Company and all of its subsidiaries, including the Company) 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 the Company's principal independent registered public accounting firm. All services included in the chart above were pre-approved by the Audit Committee.

Under the policy, the independent registered public accounting firm delivers an annual engagement 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 engagement 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 or financial statements 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, by regulation, 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 2016 Annual Meeting of Shareholders unless, at least 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 Mississippi Power Company, 2992 West Beach Boulevard, Gulfport, Mississippi 39501-1907, that the 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 desired.

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## EXECUTIVE COMPENSATION

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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 following current and former executive officers of the Company:

Anthony L. Wilson	President and Chief Executive Officer
G. Edison Holland, Jr.	Chairman of the Board and former President and Chief Executive Officer
Moses H. Feagin	Vice President, Chief Financial Officer, and Treasurer
John W. Atherton	Vice President
A. Nicole Faulk	Vice President
Jeff G. Franklin	Former Vice President of the Company and current Vice President, Southern Company Services
Emile J. Troxclair	Vice President of the Company and Senior Vice President, Southern Company Services

Collectively, these officers are referred to as the named executive officers.

The Company experienced several leadership changes in 2015 and early 2016. In May 2015, Mr. Anthony L. Wilson, who was serving as an Executive Vice President of Georgia Power, became Executive Vice President of the Company. In October 2015, the Board of Directors elected Mr. Wilson President of the Company, and, on January 1, 2016, he became Chief Executive Officer of the Company. Mr. G. Edison Holland, Jr., who had served as Chairman, President, and Chief Executive Officer of the Company since May 2013, remained Chief Executive Officer until December 31, 2015. On January 1, 2016, Mr. Holland became President and Chief Executive Officer of Holdings and Executive Vice President of Southern Company Services. Holdings, a subsidiary of Southern Company, is responsible for the licensing and marketing of the Transport Integrated Gasification (TRIG<sup>TM</sup>) technology being deployed by the Company at its integrated coal gasification combined cycle facility currently under construction in Kemper County, Mississippi (Kemper IGCC). Mr. Holland remains Chairman of the Board of the Company.

In May 2015, Ms. A. Nicole Faulk became a Vice President of the Company. Previously Ms. Faulk served as Vice President of Georgia Power's West Region.

Mr. Emile J. Troxclair III joined Southern Company Services as Senior Vice President on January 3, 2015. He was also elected Vice President of the Company. Because Mr. Troxclair was hired to focus on project completion, his total compensation is structured with an emphasis on short-term and long-term cash compensation. His total compensation does not include a long-term equity incentive award grant but includes greater incentive-based cash compensation opportunities. For a description of the compensation arrangement with Mr. Troxclair, see "Other Compensation and Retention Awards."

Additionally, Mr. Jeff G. Franklin, who was previously Vice President of the Company, became Vice President of Supply Chain Management at Southern Company Services in March 2015.

### EXECUTIVE SUMMARY

#### Pay for Performance

Performance-based pay represents a substantial portion of the total direct compensation paid or granted to the named executive officers for 2015.

	Salary <sup>(1)</sup> (\$)	% of Total	Annual Cash Incentive Award <sup>(2)</sup> (\$)	% of Total	Long-Term Equity Incentive Award <sup>(3)</sup> (\$)	% of Total
A. L. Wilson	379,416	36%	311,115	30%	349,860	34%
G. E. Holland, Jr.	675,921	30%	571,908	26%	983,734	44%
M. H. Feagin	261,239	45%	158,758	28%	157,927	27%
J. W. Atherton	265,982	45%	161,394	28%	160,565	27%
A. N. Faulk	208,148	54%	136,814	35%	42,814	11%
J. G. Franklin	271,222	45%	179,535	29%	159,057	26%
E. J. Troxclair III <sup>(4)</sup>	576,923	40%	865,650	60%	—	—%

(1) Salary is the actual amount paid in 2015.

(2) Annual Cash Incentive Award is the actual amount earned in 2015 under the Performance Pay Program based on achievement of performance goals.

(3) Long-Term Equity Incentive Award reflects the target value of the performance shares granted in 2015 under the Performance Share Program.

(4) Mr. Troxclair did not receive a long-term equity incentive award.

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

- Business unit financial and operational performance and Southern Company earnings per share (EPS), based on actual results as adjusted by the Compensation Committee, compared to target performance levels established early in the year, determine the actual payouts under the annual cash incentive award program (Performance Pay Program).
- Southern Company's total shareholder return (TSR) compared to those of industry peers, cumulative EPS, and equity-weighted return on equity (ROE) over a three-year period lead to higher or lower payouts under the long-term equity incentive award program (Performance Share Program).

In support of this performance-based pay philosophy, the Company has no general employment contracts with the named executive officers.

The pay-for-performance principles apply not only to the named executive officers but to thousands of the Company's employees. The Performance Pay Program covers nearly 1,500 employees of the Company, while performance shares were granted to over 170 employees of the Company. These programs engage employees and encourage alignment of their interests with the Company's customers and Southern Company's stockholders.

The Company's financial and operational goal results and Southern Company's EPS goal results for 2015, as adjusted and further described in this CD&A, are shown below:

Financial: 113% of Target                      Operational: 137% of Target                      EPS: 151% of Target

Southern Company's annualized TSR has been:

1-Year: (0.1)%                      3-Year: 7.9%                      5-Year: 9.0%

These levels of achievement, as adjusted, resulted in payouts that were aligned with the Company's and Southern Company's performance.

### Compensation Philosophy

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

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



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

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

Executive compensation is targeted at the market median of industry peers, but actual compensation is primarily determined by achievement of the Company's and Southern Company's business goals. The Company believes that focusing on the customer drives achievement of financial objectives and delivery of a premium, risk-adjusted TSR for Southern Company's stockholders. Therefore, short-term performance pay is based on achievement of the Company's operational and financial performance goals and Southern Company's EPS goal. Long-term performance pay is tied to Southern Company's TSR performance, cumulative EPS, and equity-weighted ROE.

#### Key Compensation Practices

- Annual pay risk assessment required by the Compensation Committee charter.
- Retention by the Compensation Committee of an independent compensation consultant, Pay Governance, that provides no other services to the Company or 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.
- No excise tax gross-up on change-in-control severance arrangements.
- Provision of limited perquisites with no income tax gross-ups for the President and Chief Executive Officer, except on certain relocation-related benefits.
- Policy against pledging of Southern Company stock applicable to all executive officers and Directors of Southern Company, including the Company's President and Chief Executive Officer.
- "No-hedging" provision in the Company's insider trading policy that is applicable to all employees.
- Strong stock ownership requirements that are being met by all named executive officers.

#### **Establishing Executive Compensation**

The Compensation Committee establishes the Southern Company system executive compensation program. In doing so, the Compensation Committee relies on input from its independent compensation consultant, Pay Governance. The Compensation Committee also relies on input from Southern Company Human Resources staff and, for individual executive officer performance, from Southern Company's and the Company's respective Chief Executive Officers. The role and information provided by each of these sources is described throughout this CD&A.

#### **Consideration of Southern Company Stockholder Advisory Vote on Executive Compensation**

The Compensation Committee considered the stockholder vote on Southern Company's executive compensation at the Southern Company 2015 annual meeting of stockholders. In light of the significant support of Southern Company's stockholders (94% of votes cast voting in favor of the proposal) and the actual payout levels of the performance-based compensation program, the Compensation Committee continues to believe that the executive compensation program is competitive, aligned with the Company's and Southern Company's financial and operational performance, and in the best interests of the Company's customers and Southern Company's stockholders.

#### **ESTABLISHING MARKET-BASED COMPENSATION LEVELS**

Pay Governance develops and presents to the Compensation Committee a competitive market-based compensation level for the Company's Chief Executive Officer. Southern Company Human Resources staff develops competitive market-based compensation levels for the other named executive officers of the Company. The market-based compensation levels for both are developed from a size-appropriate energy services executive compensation survey database. The survey participants, listed below, are utilities with revenues of \$1 billion or more.

Market data for the Chief Executive Officer position and other positions in terms of scope of responsibilities that most closely resemble the positions held by the named executive officers is reviewed. When appropriate, the market data is size-adjusted, up or down, to accurately reflect comparable scopes of responsibilities. Based on that data, a total target compensation

opportunity is established for each named executive officer. Total target compensation opportunity is the sum of base salary, the annual cash incentive award at target performance level, and the long-term equity incentive award at target performance level. 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, the annual cash incentive award, or the long-term equity incentive award as a percentage of total target compensation opportunities, nor did amounts realized or realizable from prior compensation serve to increase or decrease 2015 compensation amounts.

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

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AGL Resources Inc.	EP Energy Corporation	Pacific Gas & Electric Company
Allete, Inc.	EQT Corporation	Pepco Holdings, Inc.
Alliant Energy Corporation	Eversource International	Pinnacle West Capital Corporation
Ameren Corporation	Exelon Corporation	PNM Resources Inc.
American Electric Power Company, Inc.	FirstEnergy Corp.	Portland General Electric Company
American Water Works Company, Inc.	First Solar Inc.	PPL Corporation
Areva Inc.	GE Energy	Public Service Enterprise Group Inc.
Atmos Energy Corporation	Iberdrola USA, Inc.	Puget Sound Energy, Inc.
Austin Energy	Idaho Power Company	Questar Corporation
Avista Corporation	Integrus Energy Group, Inc.	Salt River Project
Bg US Services, Inc.	Invenergy LLC	Santee Cooper
Black Hills Corporation	JEA	SCANA Corporation
Boardwalk Pipeline Partners, L.P.	Kinder Morgan Energy Partners, L.P.	Sempra Energy
Calpine Corporation	Laclede Group, Inc.	Southwest Gas Corporation
CenterPoint Energy, Inc.	LG&E and KU Energy LLC	Spectra Energy Corp.
Cleco Corporation	Lower Colorado River Authority	TECO Energy, Inc.
CMS Energy Corporation	MDU Resources Group, Inc.	Tennessee Valley Authority
Consolidated Edison, Inc.	Monroe Energy	Tervita Corporation
Dominion Resources, Inc.	National Grid USA	The AES Corporation
DTE Energy Company	Nebraska Public Power District	The Babcock & Wilcox Company
Duke Energy Corporation	New Jersey Resources Corporation	The Williams Companies, Inc.
Dynegy Inc.	New York Power Authority	TransCanada Corporation
Edison International	NextEra Energy, Inc.	Tri-State Generation & Transmission Association, Inc.
ElectricCities of North Carolina	NiSource Inc.	UGI Corporation
Energen Corporation	NorthWestern Corporation	UIL Holdings
Energy Future Holdings Corp.	NOVA Chemicals Corporation	UNS Energy Corporation
Energy Solutions, Inc.	NRG Energy, Inc.	Vectren Corporation
Energy Transfer Partners, L.P.	OGE Energy Corp.	Westar Energy, Inc.
ENGIE Energy North America	Omaha Public Power District	Wisconsin Energy Corporation
EnLink Midstream	Oncor Electric Delivery Company LLC	Xcel Energy Inc.
Entergy Corporation	ONE Gas, Inc.	

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## EXECUTIVE COMPENSATION PROGRAM

The primary components of the 2015 executive compensation program include:

- Short-term compensation
  - Base salary
  - Performance Pay Program
- Long-term compensation
  - Performance Share Program
- Benefits

The performance-based compensation components are linked to the Company's financial and operational performance as well as Southern Company's financial and stock price performance, including TSR, EPS, and ROE. The executive compensation program is approved by the Compensation Committee, which consists entirely of independent Directors of Southern Company. The Compensation Committee believes that the executive compensation program is a balanced program that provides market-based compensation and motivates and rewards performance.

## 2015 Base Salary

Most employees, including all of the named executive officers with at least one year of service, received base salary increases in 2015.

With the exception of Southern Company executive officers, including Mr. Holland in 2015 and Mr. Wilson in 2016, base salaries for all Southern Company system officers are within a position level with a base salary range that is established by Southern Company Human Resources staff using the market data described above. Each officer is within one of these established position levels based on the scope of responsibilities that most closely resemble the positions included in the market data described above. The base salary level for individual officers is set within the applicable pre-established range. Factors that influence the specific base salary level within the range include the need to retain an experienced team, internal equity, time in position, and individual performance. Individual performance includes the degree of competence and initiative exhibited and the individual's relative contribution to the achievement of financial and operational goals in prior years.

Base salaries are reviewed annually in February and changes are made effective March 1. The base salary levels established early in the year for the named executive officers were set within the applicable position level salary range and were recommended by the individual named executive officer's supervisor and approved by Southern Company's Chief Executive Officer. Mr. Holland's base salary was approved by the Compensation Committee.

	<b>March 1, 2014 Base Salary (\$)</b>	<b>March 1, 2015 Base Salary (\$)</b>	<b>December 31, 2015 Base Salary (\$)</b>
A. L. Wilson	353,266	368,280	390,377
G. E. Holland, Jr.	665,176	678,480	678,480
M. H. Feagin	252,668	263,280	263,280
J. W. Atherton	258,975	267,651	267,651
A. N. Faulk	160,129	171,365	237,875
J. G. Franklin	256,531	265,125	275,730
E. J. Troxclair III	—	600,000	600,000

In May 2015, Mr. Wilson's base salary was increased in connection with his promotion to Executive Vice President of the Company. In late March 2015, Ms. Faulk was promoted to Vice President of Georgia Power's West Region, and, in May 2015, she was promoted to Vice President of the Company. In connection with each promotion, her base salary was increased and, in December 2015, she received an additional salary increase. Mr. Franklin's base salary was increased when he became Vice President of Supply Chain Management at Southern Company Services in March 2015.

## 2015 Performance-Based Compensation

This section describes short-term and long-term performance-based compensation for 2015.

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

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

Therefore, in 2015, the Company strove for and rewarded:

- Continuing industry-leading reliability and customer satisfaction, while maintaining reasonable retail prices;
- Meeting energy demand with the best economic and environmental choices;
- Long-term, risk-adjusted Southern Company TSR;
- Achieving net income goals to support the Southern Company financial plan and dividend growth; and
- Financial integrity - an attractive risk-adjusted return and sound financial policy.

The performance-based compensation program is designed to encourage achievement of these goals. The Southern Company Chief Executive Officer, with the assistance of the Southern Company Human Resources staff, recommended to the

Compensation Committee the program design and award amounts for senior management, including the named executive officers.

## 2015 Annual Performance-Based Pay Program

### Annual Performance Pay Program Highlights

- Changes in 2015
  - Added individual performance goals for the Chief Executive Officer
- Rewards achievement of annual performance goals; performance results can range from 0 to 200% of target, based on actual level of goal achievement
  - EPS: Earned at 151% of target
  - Net Income: Earned at 113% of target
  - Operations: Earned at 137% of target
- 2015 Payout: Exceeded target performance
  - Chief Executive Officer payout at 140% of target
  - Average of the other named executive officers' payout at 142% of target

### Overview of Program Design

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

The performance goals are set at the beginning of each year by the Compensation Committee and include financial and operational goals for all employees. In setting goals, the Compensation Committee relies on information on financial and operational goals from the Finance Committee and the Nuclear/Operations Committee of the Southern Company Board of Directors, respectively.

- **Business Unit Financial Goal: Net Income**  
For Southern Company's traditional operating companies, including the Company, and Southern Power Company (Southern Power), the business unit financial performance goal is net income. There is no separate net income goal for Southern Company as a whole. Overall Southern Company performance is determined by the equity-weighted average of the business unit net income goal payouts.
- **Business Unit Operational Goals: Varies by business unit**  
For Southern Company's traditional operating companies, including the Company, operational goals are customer satisfaction, safety, major projects (the Company and Georgia Power), plant availability, culture, and transmission and distribution system reliability. Each of these operational goals is explained in more detail under Goal Details below. The level of achievement for each operational goal is determined according to the respective performance schedule, and the total operational goal performance is determined by the weighted average result. Each business unit has its own operational goals.
- **Southern Company Financial Goal: EPS**  
EPS is defined as Southern Company's net income from ongoing business activities divided by average shares outstanding during the year, as adjusted and approved by the Compensation Committee. The EPS performance measure is applicable to all participants in the Performance Pay Program.
- **Individual Performance Goals for the Chief Executive Officer**  
Beginning in 2015, the Performance Pay Program incorporates individual goals for all executive officers of Southern Company, including Mr. Holland in 2015 and Mr. Wilson in 2016. The Compensation Committee set the individual goals for Mr. Holland and evaluated his performance at the end of the year. The individual goals account for 10% of Mr. Holland's Performance Pay Program goals. Because he was not an executive officer of Southern Company at the time the performance goals were set, Mr. Wilson did not have an individual performance goal for 2015.

Under the terms of the program, no payout can be made if events occur that impact Southern Company's financial ability to fund the Common Stock dividend.

**Goal Details**

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

<b>Financial Performance Goals</b>	<b>Description</b>	<b>Why It Is Important</b>
<b>Net Income</b>	For the traditional operating companies, including the Company and Georgia Power, and Southern Power, the business unit financial performance goal is net income after dividends on preferred and preference stock.  Overall corporate performance is determined by the equity-weighted average of the business unit net income goal payouts.	Supports delivery of Southern Company stockholder value and contributes to the Company's and Southern Company's sound financial policies and stable credit ratings.
<b>EPS</b>	Southern Company's net income from ongoing business activities divided by average shares outstanding during the year.	Supports commitment to provide Southern Company's stockholders solid, risk-adjusted returns and to support and grow the dividend.

<b>Individual Performance Goals (Mr. Holland only)</b>	<b>Description</b>	<b>Why It Is Important</b>
<b>Individual Factors</b>	Focus on overall business performance as well as factors including leadership development, succession planning, and fostering the culture and diversity of the organization.	Individual goals provide the Compensation Committee the ability to balance quantitative results with qualitative inputs by focusing on both business performance and behavioral aspects of leadership that lead to sustainable long-term growth.

The range of business unit and Southern Power net income goals and Southern Company EPS goals for 2015 is shown below.

<b>Level of Performance</b>	<b>Alabama Power Net Income (\$, in millions)</b>	<b>Georgia Power Net Income (\$, in millions)</b>	<b>Gulf Power Net Income (\$, in millions)</b>	<b>Mississippi Power Net Income (\$, in millions)</b>	<b>Southern Power Net Income (\$, in millions)</b>	<b>Southern Company EPS (\$)</b>
Maximum	821.0	1,312.0	158.0	212.2	225.0	2.96
Target	763.0	1,208.0	144.6	190.0	165.0	2.82
Threshold	704.0	1,103.0	131.3	167.8	105.0	2.68

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

### ***Calculating Payouts***

All of the named executive officers are paid based on Southern Company EPS performance. Ms. Faulk and Messrs. Wilson, Holland, Feagin, Atherton, and Franklin are paid based in whole or in part on Company net income and operational performance. Because Mr. Troxclair is an employee of Southern Company Services, Senior Vice President of Southern Company Services, and involved in the Southern Company system generation business, he is paid based on the goal achievement of the Southern Company Generation business unit financial and operational goals. The Southern Company Generation business unit financial goal is based on the equity-weighted average net income payout results of the traditional operating companies and Southern Power and includes the net income performance of the Company. With the exception of the culture and safety goals, Southern Company Generation's operational goal results are the corporate/aggregate operational goal results and include Company performance.

Ms. Faulk's and Mr. Wilson's payouts are prorated based on the amount of time each was employed at Georgia Power and the Company. While Mr. Holland remained Chief Executive Officer of the Company through the end of the year, a very small portion of his payout (4%) is based on the Southern Company Services corporate/aggregate result due to his transition to the Southern Company Services payroll which, for administrative purposes, was on December 19, 2015, the first day of the final pay period of the year. Mr. Franklin's payout is prorated based on the amount of time he was employed at the Company and

Southern Company Services. The portion of his payout attributable to Southern Company Services is based on the Southern Company Services corporate/aggregate result.

Actual 2015 goal achievement is shown in the following tables.

**Operational Goal Results**

*The Company (Ms. Faulk and Messrs. Wilson, Holland, Feagin, Atherton, and Franklin)*

<b>Goal</b>	<b>Achievement</b>
Customer Satisfaction	Above target
Safety	Above target
Major Projects - Kemper IGCC annual objectives	At target
Availability	Maximum
Culture	Above target
Reliability	Significantly above target
Total Company Operational Goal Performance Factor	137%

*Southern Company Generation (Mr. Troxclair)*

<b>Goal</b>	<b>Achievement</b>
Customer Satisfaction	Maximum
Safety	Below target
Major Projects - Kemper IGCC annual objectives	At target
Major Projects - Plant Vogtle Units 3 and 4 annual objectives	Above target
Availability	Maximum
Reliability	Below target
Culture	Above target
Total Southern Company Generation Operational Goal Performance Factor	139%

*Georgia Power (Ms. Faulk and Mr. Wilson)*

<b>Goal</b>	<b>Achievement</b>
Customer Satisfaction	Maximum
Safety	None
Major Projects - Plant Vogtle Units 3 and 4 annual objectives	Above target
Availability	Maximum
Culture	Above target
Reliability	Below target
Total Georgia Power Operational Goal Performance Factor	129%

*Southern Company Corporate & Services (Mr. Holland and Franklin)*

<b>Goal</b>	<b>Achievement</b>
Customer Satisfaction	Maximum
Safety	Below target
Major Projects - Kemper IGCC annual objectives	At target
Major Projects - Plant Vogtle Units 3 and 4 annual objectives	Above target
Availability	Maximum
Reliability	Below target
Culture	Above target
Total Southern Company Corporate & Services Operational Goal Performance Factor	147%



## Financial Performance Goal Results

Goal	Result	Achievement Percentage (%)
Company Net Income (in millions)	\$192.8	113
Southern Power Net Income (in millions)	\$215.0	184
Georgia Power Net Income (in millions)	\$1,260.0	150
Corporate Net Income Result	Equity-Weighted Average	145
EPS (from ongoing business activities)	\$2.86*	151

\*The Compensation Committee may make adjustments, both positive and negative, to goal achievement for purposes of determining payouts. Southern Company's reported 2015 adjusted EPS result was \$2.89. The reported adjusted EPS result excludes the impact of charges related to the Kemper IGCC, acquisition costs related to the proposed merger of Southern Company and AGL Resources, and the settlement costs related to MC Asset Recovery, LLC. In addition to these three items, the Compensation Committee approved a further adjustment for the earnings impact related to the termination of an asset purchase agreement for a portion of the Kemper IGCC. This additional adjustment reduced the Southern Company EPS result for the Performance Pay Program compensation purposes from \$2.89 to \$2.86.

A total performance factor is determined by adding the applicable business unit financial and operational goal performance and the EPS results and dividing by three, except for Mr. Holland. For Mr. Holland, the business unit financial and operational goal performance and EPS goal performance are worth 30% each of the total performance factor, while his individual performance goal performance is worth the remaining 10%. The total performance factor is multiplied by the target Performance Pay Program opportunity to determine the payout for each named executive officer. For the named executive officers who served at multiple operating companies in the Southern Company system during the year, results are prorated based on the time spent at each company.

	Southern Company EPS Result (%)	Business Unit Financial Goal Result (%)	Business Unit Operational Goal Result (%)	Individual Goal Result (%)	Total Performance Factor (%)
A. L. Wilson	151	150/113	129/137	N/A	143/134
G. E. Holland, Jr.	151	113/145	137/147	200	140/148
M. H. Feagin	151	113	137	N/A	134
J. W. Atherton	151	113	137	N/A	134
A. N. Faulk	151	150/113	129/137	N/A	143/134
J. G. Franklin	151	113/145	137/147	N/A	134/148
E. J. Troxclair III	151	145	139	N/A	145

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

	Target Annual Performance Pay Program Opportunity (%)	Target Annual Performance Pay Program Opportunity (\$)	Total Performance Factor (%)	Actual Annual Performance Pay Program Payout (\$)
A. L. Wilson <sup>(1)</sup>	55/60	227,375	143/134	311,115
G. E. Holland, Jr.	60	407,088	140/148	571,908
M. H. Feagin	45	118,476	134	158,758
J. W. Atherton	45	120,443	134	161,394
A. N. Faulk <sup>(2)</sup>	35/40/45	100,288	143/134	136,814
J. G. Franklin	45	124,078	134/148	179,535
E. J. Troxclair III	100	597,000	145	865,650

(1) Mr. Wilson's target annual Performance Pay Program opportunity was increased from 55% to 60% when he was promoted to Executive Vice President of the Company.

(2) Ms. Faulk's target annual Performance Pay Program opportunity was increased from 35% to 40% when she was promoted in early 2015 from Georgia Power's Region Manager for the Metro West Region to Vice President of Georgia Power's West Region. When she was promoted to Vice President of the Company, her target annual Performance Pay Program opportunity was increased from 40% to 45%.

## **Long-Term Performance-Based Compensation**

### **2015 Long-Term Pay Program Highlights**

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

Since 2010, the long-term performance-based compensation program has included two components: stock options and performance shares. In early 2015, the Compensation Committee made some changes to the long-term performance-based compensation program that followed from the focus on continuously refining the executive compensation program to more effectively align executive pay with performance and reflect best compensation practices. Beginning with the 2015 grant, the Compensation Committee moved away from granting stock options and shifted the long-term equity award to 100% performance shares. The new structure maintains the three-year performance cycle but expands the performance metrics from one to three metrics: relative TSR (50% weighting), cumulative three-year EPS (25% weighting), and equity-weighted ROE (25% weighting).

#### ***2015-2017 Performance Share Program Grant***

Performance shares are denominated in units, meaning no actual shares are issued on the grant date. A grant date fair value per unit was determined. For the portion of the grant attributable to the relative TSR goal, the value per unit was \$46.43. For the portion of the grant attributable to the cumulative three-year EPS and equity-weighted ROE goals, the value per unit was \$47.79. A target number of performance shares are granted to a participant, based on the total target value as determined as a percentage of a participant's base salary, which varies by grade level. 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.

The following table shows the grant date fair value and target number of the long-term equity incentive awards granted in 2015.

	Target Value (% of base salary)	Relative TSR (50%)		Cumulative EPS (25%)		Equity-Weighted ROE (25%)		Total Long-Term Grant	
		Grant Date Fair Value (\$)	Target Number of Shares (#)	Grant Date Fair Value (\$)	Target Number of Shares (#)	Grant Date Fair Value (\$)	Target Number of Shares (#)	Grant Date Fair Value (\$)	Target Number of Shares (#)
A. L. Wilson	95	174,948	3,768	87,456	1,830	87,456	1,830	349,860	7,428
G. E. Holland, Jr.	145	491,879	10,594	245,927	5,146	245,927	5,146	983,734	20,886
M. H. Feagin	60	78,977	1,701	39,475	826	39,475	826	157,927	3,353
J. W. Atherton	60	80,277	1,729	40,144	840	40,144	840	160,565	3,409
A. N. Faulk	25	21,404	461	10,705	224	10,705	224	42,814	909
J. G. Franklin	60	79,535	1,713	39,761	832	39,761	832	159,057	3,377
E. J. Troxclair III <sup>(1)</sup>	—	—	—	—	—	—	—	—	—

(1) Mr. Troxclair did not receive a long-term equity incentive award.

The award includes three performance measures for the 2015-2017 performance period: relative TSR (50% weighting), cumulative three-year EPS (25% weighting), and equity-weighted ROE (25% weighting).

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

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

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

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

TSR is measured relative to a peer group of companies that are believed to be most similar to Southern Company in both business model and investors. The peer group is subject to change based on merger and acquisition activity.

*TSR Performance Share Peer Group for 2015 - 2017 Performance Period*

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

***Other Details about the Program***

Performance shares are not earned until the end of the three-year performance period and after certification of the results by the Compensation Committee. A participant can earn from 0 to 200% of the target number of performance shares granted at the beginning of the performance period based solely on achievement of the performance goals over the three-year performance period. Dividend equivalents are credited during the three-year performance period but are only paid out if and when the award is earned. If no performance shares are earned, then no dividends are paid out. Payout for performance between points will be interpolated on a straight-line basis.

A participant who terminates employment, other than due to retirement or death, forfeits all unearned performance shares. Participants who retire during the performance period will receive the full amount of performance shares actually earned at the end of the three-year period. Performance shares will be prorated based on the number of months employed during the performance period for a participant who dies during the performance period.

The Compensation Committee retains the discretion to approve adjustments in determining actual performance goal achievement.

***2013-2015 Payouts***

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

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

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

	Target Performance Shares (#)	Target Value of Performance Shares (\$)	Performance Shares Earned (#)	Value of Performance Shares Earned <sup>(1)</sup> (\$)
A. L. Wilson	4,735	191,768	1,326	62,044
G. E. Holland, Jr.	14,008	567,324	3,922	183,510
M. H. Feagin	2,180	88,290	610	28,542
J. W. Atherton	2,245	90,923	629	29,431
A. N. Faulk	572	23,166	160	7,486
J. G. Franklin	2,213	89,627	620	29,010
E. J. Troxclair III	—	—	—	—

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

### Other Compensation and Retention Awards

In limited situations, the Company or an affiliate of the Company will agree to compensation arrangements with an individual to address specific needs, including attracting and retaining highly qualified candidates. Mr. Troxclair, who joined Southern Company Services in January 2015, brings over 34 years of experience and leadership, primarily in gasification and power generation, to Southern Company Services in his role as Senior Vice President and to the Company in his role as Vice President. As part of the terms of his offer letter, Mr. Troxclair received a signing bonus of \$275,000. Because his leadership and experience are key to the safe and effective completion of the Kemper IGCC, Mr. Troxclair and Southern Company Services entered into a performance award agreement outlining a cash-based performance award for Mr. Troxclair payable on the safe and effective completion of the Kemper IGCC. Under the terms of the agreement, Mr. Troxclair was eligible to earn up to \$1,000,000, depending on when the Kemper IGCC was completed, with the potential payment amount decreasing incrementally from October 2015 to March 2016. Because the Kemper IGCC did not achieve an in-service date prior to March 31, 2016, Mr. Troxclair will not be paid any amount under this agreement. See the Grants of Plan-Based Awards in 2015 table for more information on the minimum and maximum amounts that could be earned under the agreement.

Mr. Troxclair is eligible to participate in the Performance Pay Program. He has not participated in the Performance Share Program. Southern Company Services agreed to provide Mr. Troxclair reasonable traveling, commuting, and housing expenses, including approved use of system aircraft for commuting to the Kemper IGCC facility in Meridian, Mississippi.

### Timing of Performance-Based Compensation

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

### Southern Excellence Awards

Mr. Feagin received a discretionary award in the amount of \$10,000 in recognition of his superior leadership in the accomplishment of key financial and regulatory strategies for the Company.

## OTHER COMPENSATION ELEMENTS

### Retirement and Severance Benefits

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

#### *Retirement Benefits*

Substantially all 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. See the Pension Benefits table and accompanying information for more pension-related benefits information.

Additionally, substantially all employees are eligible to participate in the Employee Savings Plan (ESP), Southern Company's 401(k) plan. The named executive officers are also eligible to participate in the Supplemental Benefit Plan (SBP), which is a nonqualified deferred compensation plan where employer contributions are made that are prohibited under the ESP due to limits set on employer contributions to 401(k) plans under the Internal Revenue Code.

The Company and 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. A supplemental retirement agreement (SRA) was entered into with Mr. Holland when he was hired in 1992. Prior to his employment with the Southern Company system, Mr. Holland provided legal services to Gulf Power while employed by Gulf Power's principal law firm in Pensacola. The agreement provides retirement benefits as if he had an additional 12.25 years of service.

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.

#### *Change-in-Control Protections*

Change-in-control protections, including severance pay and, in some situations, vesting or payment of long-term performance-based awards, are provided upon a change in control of 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. For 2015, severance payment amounts were two times salary plus target Performance Pay Program opportunity for Mr. Holland since he was the Chief Executive Officer during 2015 and one times salary plus Performance Pay Program opportunity for the other named executive officers. In 2016, severance payment amounts would be two times salary plus target Performance Pay Program opportunity for Mr. Wilson and one times salary plus Performance Pay Program opportunity for the other named executive officers. No excise tax gross-up would be provided. Change-in-control protections allow executive officers to focus on potential transactions that are in the best interest of shareholders.

#### **Perquisites**

The Company provides limited perquisites to its executive officers, including the named executive officers, consistent with the Company's goal of providing market-based compensation and benefits. The perquisites provided in 2015, including amounts, are described in detail in the information accompanying the Summary Compensation Table. No tax assistance is provided on perquisites for the Chairman, President, and Chief Executive Officer, except on certain relocation-related benefits.

As part of his terms of employment, Mr. Troxclair received traveling, commuting, and housing expenses, including approved use of system aircraft for commuting to the Kemper IGCC facility in Meridian, Mississippi. Those expenses were grossed up and are further described in footnote (i) to the Summary Compensation Table.

#### **OTHER COMPENSATION POLICIES**

##### **Executive Stock Ownership Requirements**

Officers of the Company that are in a position of Vice President or above are subject to stock ownership requirements. All of the named executive officers are covered by the requirements. Ownership requirements further align the interest of officers and 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. Mr. Holland is over age 60.

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

	Multiple of Salary without Counting Stock Options	Multiple of Salary Counting 1/3 of Vested Options
A. L. Wilson	3 Times	6 Times
G. E. Holland, Jr.	1.5 Times	3 Times
M. H. Feagin	2 Times	4 Times
J. W. Atherton	2 Times	4 Times
A. N. Faulk	2 Times	4 Times
J. G. Franklin	2 Times	4 Times

Newly-elected officers have approximately five years from the date of their election to meet the applicable ownership requirement. Newly-promoted officers have approximately five years from the date of their promotion to meet the increased ownership requirement. All of the named executive officers are meeting their respective ownership requirements. Since Mr. Troxclair does not receive long-term equity grants from the Company or an affiliate, he is not subject to the stock ownership requirements.

#### **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 of the Company knowingly or grossly negligently engaged in or failed to prevent the misconduct or is subject to automatic forfeiture under the Sarbanes-Oxley Act of 2002, the executive officer must repay Southern Company the amount of any payment in settlement of awards earned or accrued during the 12-month period following the first public issuance or filing that was restated.

#### **Policy Regarding Hedging and Pledging of Common Stock**

Southern Company's insider trading policy provides that employees, officers, and outside Directors will not trade Southern Company options on the options market and will not engage in short sales. In early 2016, Southern Company added a "no pledging" provision to the insider trading policy that prohibits pledging of Common Stock for all Southern Company Directors and executive officers, including the Company's President and Chief Executive Officer.

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## COMPENSATION AND MANAGEMENT SUCCESSION COMMITTEE REPORT

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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 the Company's 2015 Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and in this Information Statement.

Members of the Compensation Committee:

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



## SUMMARY COMPENSATION TABLE

The Summary Compensation Table shows the amount and type of compensation received or earned in 2013, 2014, and 2015 by the named executive officers, except as noted below.

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus (\$) (d)	Stock Awards (\$) (e)	Option Awards (\$) (f)	Non-Equity Incentive Plan Compensation (\$) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (h)	All Other Compensation (\$) (i)	Total (\$) (j)
<b>Anthony L. Wilson</b> President and Chief Executive Officer	2015	379,416	—	349,860	—	311,115	276,857	111,985	1,429,233
<b>G. Edison Holland, Jr.</b> Chairman of the Board, Executive Vice President of Southern Company Services, President and Chief Executive Officer of Holdings, and former President and Chief Executive Officer of the Company	2015	675,921	—	983,734	—	571,908	315,570	69,670	2,616,803
	2014	662,668	—	578,679	385,801	440,014	1,029,404	54,201	3,150,767
	2013	649,723	—	567,324	378,236	256,398	2,441	164,828	2,018,950
<b>Moses H. Feagin</b> Vice President, Chief Financial Officer, and Treasurer	2015	261,239	10,000	157,927	—	158,758	57,716	27,494	673,134
	2014	251,253	10,030	90,959	60,639	167,140	301,980	21,151	903,152
	2013	243,191	5,035	88,290	58,873	57,402	—	16,004	468,795
<b>John W. Atherton</b> Vice President	2015	265,982	—	160,565	—	161,394	112,098	14,668	714,707
	2014	257,760	—	93,212	62,152	171,312	349,506	15,055	948,997
	2013	251,362	—	90,923	60,637	59,122	—	13,062	475,106
<b>A. Nicole Faulk</b> Vice President	2015	208,148	—	42,814	—	136,814	64,593	249,957	702,326
<b>Jeff G. Franklin</b> Vice President of Southern Company Services and former Vice President of the Company	2015	271,222	—	159,057	—	179,535	46,897	68,361	725,072
	2014	255,094	—	92,348	61,567	169,695	229,670	20,564	828,938
	2013	246,909	—	89,627	59,772	58,280	—	16,911	471,499
<b>E. J. Troxclair III</b> Vice President of the Company and Senior Vice President of Southern Company Services	2015	576,923	275,000	—	—	865,650	—	302,379	2,019,952

Column (a)

Ms. Faulk and Messrs. Wilson and Troxclair became executive officers of the Company in 2015.

Column (d)

Mr. Feagin received a Southern Excellence Award in the amount of \$10,000. Mr. Troxclair received a signing bonus in the amount of \$275,000. These awards are described in the CD&A.

Column (e)

This column does not reflect the value of stock awards that were actually earned or received in 2015. Rather, as required by applicable rules of the SEC, this column reports the aggregate grant date fair value of performance shares granted in 2015. The value reported is based on the probable outcome of the performance conditions as of the grant date, using a Monte Carlo simulation model (50% of grant value) and the closing price of Common Stock on the grant date (50% of grant value). No amounts will be earned until the end of the three-year performance period on December 31, 2017. The value then can be earned based on performance ranging from 0 to 200%, as established by the Compensation Committee.

The aggregate grant date fair value of the performance shares granted in 2015, assuming that the highest level of performance is achieved, is as follows: Mr. Wilson - \$699,719; Mr. Holland - \$1,967,468; Mr. Feagin - \$315,853; Mr. Atherton - \$321,129; Ms. Faulk - \$85,628; and Mr. Franklin - \$318,114. Mr. Troxclair did not receive a grant of performance shares in 2015. See Note 8 to the financial statements included in the 2015 Annual Report for a discussion of the assumptions used in calculating these amounts.

Column (f)

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

Column (g)

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

Column (h)

This column reports the aggregate change in the actuarial present value of each named executive officer's accumulated benefit under the Pension Plan and the supplemental pension plans (collectively, Pension Benefits) as of December 31 of the applicable year. The Pension Benefits as of each measurement date are based on the named executive officer's age, pay, and service accruals and the plan provisions applicable as of the measurement date. The actuarial present values as of each measurement date reflect the assumptions the Company selected for cost purposes as of that measurement date; however, the named executive officers were assumed to remain employed at the Company or any Southern Company subsidiary until their benefits commence at the pension plans' stated normal retirement date, generally age 65.

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

Column (i)

The amounts reported for 2015 are itemized below.

	Relocation Benefits (\$)	Other Perquisites (\$)	Tax Reimbursements (\$)	ESP (\$)	SBP (\$)	Total (\$)
A. L. Wilson	66,986	24,181	2,115	12,860	5,843	111,985
G. E. Holland, Jr.	—	36,032	—	12,681	20,957	69,670
M. H. Feagin	—	8,317	6,163	13,014	—	27,494
J. W. Atherton	—	865	238	13,515	50	14,668
A. N. Faulk	209,314	2,411	30,404	7,828	—	249,957
J. G. Franklin	47,822	6,933	277	13,012	317	68,361
E. J. Troxclair III	—	192,256	80,700	13,515	15,908	302,379

Description of Perquisites

*Relocation Benefits.* Relocation benefits are provided to cover the costs associated with geographic relocation. In 2015, Mr. Wilson received relocation-related benefits in the amount of \$66,986 in connection with his relocation from Atlanta, Georgia to Gulfport, Mississippi. In 2015, Ms. Faulk received relocation-related benefits in the amount of \$104,604 in connection with

her relocation from Atlanta to Columbus, Georgia and \$104,710 in connection with her relocation from Columbus to Gulfport. In 2015, Mr. Franklin received \$47,822 in connection with his relocation from Gulfport to Birmingham, Alabama. These amounts were for the shipment of household goods, incidental expenses related to the move, and home sale and home repurchase assistance. Also, as provided in the Company's relocation policy, tax assistance is provided on the taxable relocation benefits. If Ms. Faulk or Messrs. Wilson or Franklin terminates within two years of relocation, these amounts must be repaid.

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

- Financial planning is provided for most officers of the Company, including all of the named executive officers. The Company pays for the services of a financial planner on behalf of the officers, up to a maximum amount of \$8,700 per year, after the initial year that the benefit is provided. In the initial year, the allowed amount is \$15,000. The Company also provides a five-year allowance of \$6,000 for estate planning and tax return preparation fees.
- The Southern Company system has aircraft that are used to facilitate business travel. All flights on these aircraft must have a business purpose, except limited personal use that is associated with business travel is permitted for the President and Chief Executive Officer. The amount reported for such personal use is the incremental cost of providing the benefit, primarily fuel costs. Also, 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.
  - In connection with Mr. Wilson's relocation from Atlanta to Gulfport, Mr. Holland approved personal use of system aircraft for six months starting in May 2015. The amount reported for Mr. Wilson includes \$14,040 for his approved personal use of system aircraft.
  - The amount shown above for Mr. Holland includes \$28,514 for approved personal use of system aircraft for commuting.
  - In connection with Mr. Troxclair's work at the Kemper IGCC, Mr. Holland approved the use of system aircraft for commuting between Houston, Texas, Charlotte, North Carolina, and Meridian, Mississippi as well as any associated tax reimbursement. The amount reported for Mr. Troxclair includes \$159,861 for his approved personal use of system aircraft.
- In connection with his employment assignment at the Kemper IGCC, Mr. Troxclair received additional travel and commuting expenses, primarily housing expenses, in the amount of \$32,296, as well as any associated tax reimbursements.
- Other miscellaneous perquisites reflects the full cost to the Company of providing the following items: personal use of Company-provided tickets for sporting and other entertainment events and gifts distributed to and activities provided to attendees at Company-sponsored events.

## GRANTS OF PLAN-BASED AWARDS IN 2015

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

Name (a)	Grant Date (b)	Potential Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			Grant Date Fair Value of Stock and Option Awards (\$) (l)
		Threshold (\$) (c)	Target (\$) (d)	Maximum (\$) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	
A. L. Wilson	2/9/2015	2,274	227,375	454,750	74	7,428	14,856	349,860
G. E. Holland, Jr.	2/9/2015	4,071	407,088	814,176	208	20,886	41,772	983,734
M. H. Feagin	2/9/2015	1,185	118,476	236,952	33	3,353	6,706	157,927
J.W. Atherton	2/9/2015	1,204	120,443	240,886	34	3,409	6,818	160,565
A.N. Faulk	2/9/2015	1,003	100,288	200,575	9	909	1,818	42,814
J.G. Franklin	2/9/2015	1,241	124,078	248,156	33	3,377	6,754	159,057
E.J. Troxclair III	1/3/2015	5,970	597,000	1,194,000				
	2/9/2015	0	—	1,000,000	—	—	—	—

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

These columns reflect the annual Performance Pay Program opportunity granted to the named executive officers in 2015. The information shown as “Threshold,” “Target,” and “Maximum” reflects the range of potential payouts established by the Compensation Committee. The actual amounts earned for 2015 are included in column (g) of the Summary Compensation Table.

For Mr. Troxclair, these columns also represent a performance award granted to him on January 3, 2015. Under the terms of the agreement, the maximum award he could earn was \$1,000,000. However, at the time of the filing of this Information Statement, Mr. Troxclair did not earn any amount under the award agreement. For more information about the agreement, see Other Compensation and Retention Awards. There was no target amount for the award.

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

These columns reflect the long-term Performance Share Program performance shares granted to the named executive officers in 2015. The information shown as “Threshold,” “Target,” and “Maximum” reflects the range of potential shares that can be earned established by the Compensation Committee. Earned performance shares and accrued dividends will be paid out in Common Stock following the end of the 2015-2017 performance period, based on the extent to which the performance goals are achieved. Any shares not earned are forfeited.

According to the terms of his employment, Mr. Troxclair did not receive a long-term Performance Share Program grant.

Column (i)

This column reflects the aggregate grant date fair value of the Performance Share Program performance shares granted in 2015. 50% of the value is based on the probable outcome of the performance conditions as of the grant date using a Monte Carlo simulation model (\$46.43), while the other 50% is based on the closing price of the Common Stock on the grant date (\$47.79). The assumptions used in calculating these amounts are discussed in Note 8 to the financial statements included in the 2015 Annual Report.

## OUTSTANDING EQUITY AWARDS AT 2015 FISCAL YEAR-END

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

Name (a)	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#) (b)	Number of Securities Underlying Unexercised Options Unexercisable (#) (c)	Option Exercise Price (\$) (d)	Option Expiration Date (e)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested (#) (f)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested (\$) (g)
A. L. Wilson	16,934	0	31.17	2/15/2020		
	18,127	0	37.97	2/14/2021		
	35,646	0	44.42	2/13/2022		
	29,189	14,594	44.06	2/11/2023		
	20,340	40,678	41.28	2/10/2024		
					5,363	250,935
					7,802	365,056
G. E. Holland, Jr.	75,523	0	36.42	2/19/2017		
	74,703	0	35.78	2/18/2018		
	110,775	0	37.97	2/14/2021		
	109,386	0	44.42	2/13/2022		
	86,355	43,178	44.06	2/11/2023		
58,455	116,909	41.28	2/10/2024			
					15,415	721,268
					21,942	1,026,666
M. H. Feagin	16,462	0	37.97	2/14/2021		
	16,571	0	44.42	2/13/2022		
	13,441	6,721	44.06	2/11/2023		
	9,188	18,375	41.28	2/10/2024		
					2,423	113,372
					3,521	164,748
J. W. Atherton	3,012	0	37.97	2/14/2021		
	16,571	0	44.42	2/13/2022		
	13,844	6,922	44.06	2/11/2023		
	9,417	18,834	41.28	2/10/2024		
					2,483	116,180
					3,580	167,508
A. N. Faulk	2,332	0	37.97	2/14/2021		
	4,392	0	44.42	2/13/2022		
	3,529	1,764	44.06	2/11/2023		
	2,426	4,852	41.28	2/10/2024		
					639	29,899
					954	44,638
J. G. Franklin	10,142	0	37.97	2/14/2021		
	16,824	0	44.42	2/13/2022		

	13,647	6,823	44.06	2/11/2023		
	9,329	18,656	41.28	2/10/2024		
					2,460	115,103
					3,547	165,964
E. J. Troxclair III	—	—	—	—	—	—
					—	—

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

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

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

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

Mr. Troxclair was not granted any stock options.

Columns (f) and (g)

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

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

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

Mr. Troxclair was not granted any performance shares.

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**OPTION EXERCISES AND STOCK VESTED IN 2015**


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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)
A. L. Wilson	—	—	1,326	62,044
G. E. Holland, Jr.	—	—	3,922	183,510
M. H. Feagin	—	—	610	28,542
J. W. Atherton	10,350	70,690	629	29,431
A. N. Faulk	7,247	118,868	160	7,486
J. G. Franklin	—	—	620	29,010
E. J. Troxclair III	—	—	—	—

Columns (b) and (c)

Column (b) reflects the number of shares acquired upon the exercise of stock options during 2015, and column (c) reflects the value realized. The value realized is the difference in the market price over the exercise price on the exercise date.

Columns (d) and (e)

Column (d) includes the performance shares earned for the January 1, 2013 through December 31, 2015 performance period that vested on December 31, 2015. The award was earned at 28% of target. The value reflected in column (e) is derived by multiplying the number of shares in column (d) by the market value of the underlying shares on the vesting date (\$46.79). Mr. Troxclair was not an employee of the Company at the time the performance shares were granted for the January 1, 2013 through December 31, 2015 performance period.



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**PENSION BENEFITS AT 2015 FISCAL YEAR-END**


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Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit (\$) (d)	Payments During Last Fiscal Year (\$) (e)
A. L. Wilson	Pension Plan	29.50	875,336	0
	Supplemental Benefit Plan (Pension-Related)	29.50	821,918	0
	Supplemental Executive Retirement Plan	29.50	521,790	0
G. E. Holland, Jr.	Pension Plan	22.75	1,054,569	0
	Supplemental Benefit Plan (Pension-Related)	22.75	3,193,715	0
	Supplemental Executive Retirement Plan	22.75	990,787	0
	Supplemental Retirement Agreement	12.25	2,942,003	0
M. H. Feagin	Pension Plan	27.83	789,168	0
	Supplemental Benefit Plan (Pension-Related)	27.83	167,204	0
	Supplemental Executive Retirement Plan	27.83	236,959	0
J.W. Atherton	Pension Plan	30.00	1,057,118	0
	Supplemental Benefit Plan (Pension-Related)	30.00	229,993	0
	Supplemental Executive Retirement Plan	30.00	307,493	0
A. N. Faulk	Pension Plan	16.08	242,553	0
	Supplemental Benefit Plan (Pension-Related)	16.08	26,423	0
	Supplemental Executive Retirement Plan	16.08	83,857	0
J. G. Franklin	Pension Plan	21.50	535,277	0
	Supplemental Benefit Plan (Pension-Related)	21.50	122,467	0
	Supplemental Executive Retirement Plan	21.50	170,746	0
E. J. Troxclair III	Pension Plan	0	0	0
	Supplemental Benefit Plan (Pension-Related)	0	0	0
	Supplemental Executive Retirement Plan	0	0	0

**Pension Plan**

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

The 1.7% offset formula amount equals 1.7% of final average pay times years of participation less an offset related to Social Security benefits. The offset equals a service ratio times 50% of the anticipated Social Security benefits in excess of \$4,200. The service ratio adjusts the offset for the portion of a full career that a participant has worked. The highest three rates of pay out of a participant's last 10 calendar years of service are averaged to derive final average pay. The rates of pay considered for this formula are the base salary rates with no adjustments for voluntary deferrals after 2008. A statutory limit restricts the amount considered each year; the limit for 2015 was \$265,000.

The 1.25% formula amount equals 1.25% of final average pay times years of participation. For this formula, the final average pay computation is the same as above, but annual performance-based compensation earned each year is added to the base salary rates 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, 2015, all of the named executive officers were retirement-eligible, except Ms. Faulk and Messrs. Franklin and Troxclair.

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

Participants vest in the Pension Plan after completing five years of service. As of December 31, 2015, all of the 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 and is either age 50 or vested in the Pension Plan as of date of death, benefits will be paid to a surviving spouse. A survivor's benefit equals 45% of the monthly benefit that the participant had earned before his or her death. Payments to a surviving spouse of a participant who could have retired will begin immediately. Payments to a survivor of a participant who was not retirement-eligible will begin when the deceased participant would have attained age 50. After commencing, survivor benefits are payable monthly for the remainder of a survivor's life. Participants who are eligible for early retirement may opt to have an 80% survivor benefit paid if they die; however, there is a charge associated with this election.

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

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

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

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

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

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

#### **The Southern Company Supplemental Executive Retirement Plan (SERP)**

The SERP is also an unfunded retirement plan that is not tax qualified. This plan provides high-paid employees additional benefits that the Pension Plan and the SBP-P would pay if the 1.7% offset formula calculations reflected a portion of annual performance-based compensation. To derive the SERP benefits, a final average pay is determined reflecting participants' base rates of pay and their annual performance-based compensation amounts, whether or not deferred, to the extent they exceed 15% of those base rates (ignoring statutory limits). This final average pay is used in the 1.7% offset formula to derive a gross benefit. The Pension Plan and the SBP-P benefits are subtracted from the gross benefit to calculate the SERP benefit. The SERP's early retirement, survivor benefit, disability, and form of payment provisions mirror the SBP-P's provisions. However, except upon a change in control, SERP benefits do not vest until participants retire, so no benefits are paid if a participant

terminates prior to becoming retirement-eligible. More information about vesting and payment of SERP benefits following a change in control is included under Potential Payments upon Termination or Change in Control.

## 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. These supplemental retirement benefits are also unfunded and not tax qualified. Information about the SRA with Mr. Holland is included in the CD&A.

## Pension Benefit Assumptions

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

- Discount rate - 4.70% Pension Plan and 4.14% supplemental plans as of December 31, 2015,
- Retirement date - Normal retirement age (65 for all named executive officers),
- Mortality after normal retirement - Adjusted RP-2014 mortality tables with generational projections,
- Mortality, withdrawal, disability, and retirement rates prior to normal retirement - None,
- Form of payment for Pension Benefits:
  - 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: 50% single life annuity; 30% level income annuity; 15% joint and 50% survivor annuity; and 5% joint and 100% survivor annuity,
- Spouse ages - Wives two years younger than their husbands,
- Annual performance-based compensation earned but unpaid as of the measurement date - 130% of target opportunity percentages times base rate of pay for year amount is earned, and
- Installment determination - 3.75% discount rate for single sum calculation and 4.25% prime rate during installment payment period.

For all of the named executive officers, the number of years of credited service for the Pension Plan, the SBP-P, and the SERP is one year less than the number of years of employment.

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## NONQUALIFIED DEFERRED COMPENSATION AS OF 2015 FISCAL YEAR-END

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Name (a)	Executive Contributions in Last FY (\$) (b)	Employer Contributions in Last FY (\$) (c)	Aggregate Earnings in Last FY (\$) (d)	Aggregate Withdrawals/ Distributions (\$) (e)	Aggregate Balance at Last FYE (\$) (f)
A. L. Wilson	157,116	5,843	18,822	0	649,549
G. E. Holland, Jr.	0	20,957	88,875	0	3,442,382
M. H. Feagin	0	0	4,129	0	249,394
J. W. Atherton	0	50	1	0	51
A. N. Faulk	0	0	0	0	0
J. G. Franklin	0	317	5	0	1,338
E. J. Troxclair III	0	15,908	1,031	0	16,939

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 2015, the rate of return in the Stock Equivalent Account was 0.01%.

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

Column (b)

This column reports the actual amounts of compensation deferred under the DCP by each named executive officer in 2015. 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 2015 were the amounts that were earned as of December 31, 2014 but not payable until the first quarter of 2015. These amounts are not reflected in the Summary Compensation Table because that table reports performance-based compensation that was earned in 2015 but not payable until early 2016. These deferred amounts may be distributed in a lump sum or in up to 10 annual installments at termination of employment or in a lump sum at a specified date, at the election of the participant.

Column (c)

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

Column (d)

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

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 following chart shows the amounts reported in the Company's prior years' Information Statements.

	Amounts Deferred under the DCP Prior to 2015 and Reported in Prior Years' Information Statements (\$)	Employer Contributions under the SBP Prior to 2015 and Reported in Prior Years' Information Statements (\$)	Total (\$)
A. L. Wilson	0	0	0
G. E. Holland, Jr.	0	20,131	20,131
M. H. Feagin	144,528	0	144,528
J. W. Atherton	0	0	0
J. G. Franklin	0	0	0
R. A. Reaves, Jr.	0	0	0
E. J. Troxclair III	0	0	0

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## POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

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This section describes and estimates payments that could be made to the named executive officers serving as of December 31, 2015 under different termination and change-in-control events. The estimated payments would be made under the terms of Southern Company's compensation and benefit program or the change-in-control severance program. All of the 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, 2015 and assumes that the price of Common Stock is the closing market price on December 31, 2015.

### Description of Termination and Change-in-Control Events

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

### 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 of a named executive officer who is not retirement-eligible not for cause.
- 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, Southern Company's stockholders own less than 50% of the Company surviving the merger.
- Southern Company Does Not Survive a Merger - Consummation of a merger or other event and Southern Company is not the surviving company or the 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 any 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 as described above.

<b>Program</b>	<b>Retirement/ Retirement- Eligible</b>	<b>Lay Off (Involuntary Termination Not For Cause)</b>	<b>Resignation</b>	<b>Death or Disability</b>	<b>Involuntary Termination (For Cause)</b>
<b>Pension Benefits Plans</b>	Benefits payable as described in the notes following the Pension Benefits table.	Benefits payable as described in the notes following the Pension Benefits table.	Benefits payable as described in the notes following the Pension Benefits table.	Benefits payable as described in the notes following the Pension Benefits table.	Benefits payable as described in the notes following the Pension Benefits table.
<b>Annual Performance Pay Program</b>	Prorated if before 12/31.	Prorated if before 12/31.	Forfeit.	Prorated if before 12/31.	Forfeit.
<b>Stock Options</b>	Vest; expire earlier of original expiration date or five years.	Vested options expire in 90 days; unvested are forfeited.	Vested options expire in 90 days; unvested are forfeited.	Vest; expire earlier of original expiration date or three years.	Forfeit.
<b>Performance Shares</b>	No proration if retirement prior to end of performance period. Will receive full amount actually earned.	Forfeit.	Forfeit.	Death - prorated based on number of months employed during performance period. Disability - not affected. Will receive full amount actually earned.	Forfeit.
<b>Restricted Stock Units</b>	Forfeit.	Vest.	Forfeit.	Vest.	Forfeit.
<b>Financial Planning Perquisite</b>	Continues for one year.	Terminates.	Terminates.	Continues for one year.	Terminates.
<b>DCP</b>	Payable per prior elections (lump sum or up to 10 annual installments).	Payable per prior elections (lump sum or up to 10 annual installments).	Payable per prior elections (lump sum or up to 10 annual installments).	Payable to beneficiary or participant per prior elections. Amounts deferred prior to 2005 can be paid as a lump sum per the benefit administration committee's discretion.	Payable per prior elections (lump sum or up to 10 annual installments).
<b>SBP - non-pension related</b>	Payable per prior elections (lump sum or up to 20 annual installments).	Payable per prior elections (lump sum or up to 20 annual installments).	Payable per prior elections (lump sum or up to 20 annual installments).	Payable to beneficiary or participant per prior elections. Amounts deferred prior to 2005 can be paid as a lump sum per the benefit administration committee's discretion.	Payable per prior elections (lump sum or up to 20 annual installments).

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

Program	Southern Company Change in Control I	Southern Company Change in Control II	Southern Company Does Not Survive Merger or Company Change in Control	Involuntary Change-in-Control-Related Termination or Voluntary Change-in-Control-Related Termination for Good Reason
<b>Nonqualified Pension Benefits (except SRA)</b>	All SERP-related benefits vest if participants vested in tax-qualified pension benefits; otherwise, no impact. SBP- pension-related benefits vest for all participants and single sum value of benefits earned to change-in-control date paid following termination or retirement.	Benefits vest for all participants and single sum value of benefits earned to the change-in-control date paid following termination or retirement.	Benefits vest for all participants and single sum value of benefits earned to the change-in-control date paid following termination or retirement.	Based on type of change-in-control event.
<b>SRA</b>	Not affected.	Not affected.	Not affected.	Vest.
<b>Annual Performance Pay Program</b>	If no program termination, paid at greater of target or actual performance. If program terminated within two years of change in control, prorated at target performance level.	If no program termination, paid at greater of target or actual performance. If program terminated within two years of change in control, prorated at target performance level.	Prorated at target performance level.	If not otherwise eligible for payment, if the program is still in effect, prorated at target performance level.
<b>Stock Options</b>	Not affected.	Not affected.	Vest and convert to surviving company's securities; if cannot convert, pay spread in cash.	Vest.
<b>Performance Shares</b>	Not affected.	Not affected.	Vest and convert to surviving company's securities; if cannot convert, pay spread in cash.	Vest.
<b>Restricted Stock Units</b>	Not affected.	Not affected.	Vest and convert to surviving company's securities; if cannot convert, pay spread in cash.	Vest.
<b>DCP</b>	Not affected.	Not affected.	Not affected.	Not affected.
<b>SBP</b>	Not affected.	Not affected.	Not affected.	Not affected.
<b>Severance Benefits</b>	Not applicable.	Not applicable.	Not applicable.	One or two times base salary plus target annual performance-based pay.
<b>Healthcare Benefits</b>	Not applicable.	Not applicable.	Not applicable.	Up to five years participation in group healthcare plan plus payment of two or three years' premium amounts.
<b>Outplacement Services</b>	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, 2015.

### *Pension Benefits*

The amounts that would have become payable to the named executive officers if the Traditional Termination Events occurred as of December 31, 2015 under the Pension Plan, the SBP-P, the SERP, and, for Mr. Holland, the SRA are itemized in the following chart. 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, 2015 and are the monthly Pension Plan benefits and the first of 10 annual installments from the SBP-P and the SERP. The amounts shown under the Resignation or Involuntary Termination column are the amounts that would have become payable to the named executive officers who were not retirement-eligible on December 31, 2015 and are the monthly Pension Plan benefits that would become payable as of the earliest possible date under the Pension Plan and the single sum value of benefits earned up to the termination date under the SBP-P, paid as a single payment rather than in 10 annual installments. Benefits under the SERP would be forfeited. The amounts shown that are payable to a spouse in the event of the death of the 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. All of the named executive officers, except Ms. Faulk and Messrs. Franklin and Troxclair, were retirement-eligible on December 31, 2015.

		<b>Retirement (\$)</b>	<b>Resignation or Involuntary Termination</b>	<b>Death (payments to a spouse) (\$)</b>
A. L. Wilson	Pension	5,363	All plans treated as retiring	4,615
	SBP-P	104,917	All plans treated as retiring	104,917
	SERP	66,606	All plans treated as retiring	66,606
G. E. Holland, Jr.	Pension	6,993	All plans treated as retiring	3,391
	SBP-P	355,654	All plans treated as retiring	355,654
	SERP	110,335	All plans treated as retiring	110,335
	SRA	327,624	All plans treated as retiring	327,624
M. H. Feagin	Pension	4,788	All plans treated as retiring	4,241
	SBP-P	21,220	All plans treated as retiring	21,220
	SERP	30,073	All plans treated as retiring	30,073
J. W. Atherton	Pension	6,938	All plans treated as retiring	4,639
	SBP-P	29,415	All plans treated as retiring	29,415
	SERP	39,327	All plans treated as retiring	39,327
A. N. Faulk	Pension	0	1,099	1,804
	SBP-P	0	33,987	4,365
	SERP	0	0	13,851
J. G. Franklin	Pension	0	2,025	3,326
	SBP-P	0	150,768	1,604
	SERP	0	0	22,871
E. J. Troxclair III	Pension	0	0	0
	SBP-P	0	0	0
	SERP	0	0	0

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, assuming termination as of December 31, 2015 following a change-in-control-related 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 (\$)
A. L. Wilson	1,049,168	666,058	—	1,715,226
G. E. Holland, Jr.	3,556,543	1,103,347	3,276,235	7,936,125
M. H. Feagin	212,200	300,726	—	512,926
J. W. Atherton	294,152	393,271	—	687,423
A. N. Faulk	33,357	105,863	—	139,220
J. G. Franklin	147,973	206,306	—	354,279
E. J. Troxclair III	—	—	—	—

The pension benefit amounts in the tables above were calculated as of December 31, 2015 assuming payments would begin as soon as possible under the terms of the plans. Accordingly, appropriate early retirement reductions were applied. Any unpaid annual performance-based compensation was assumed to be paid at 1.30 times the target level. Pension Plan benefits were calculated assuming each 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 3.26% discount rate.

#### *Annual Performance Pay Program*

The amount payable if a change in control had occurred on December 31, 2015 is the greater of target or actual performance. Because actual payouts for 2015 performance were above the target level for all of the named executive officers, the amount that would have been payable to the named executive officers was the actual amount paid as reported in the Summary Compensation Table.

#### *Stock Options and Performance Shares (Equity Awards)*

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

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

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

	Number of Equity Awards with Accelerated Vesting (#)		Total Number of Equity Awards Following Accelerated Vesting (#)		Total Payable in Cash without Conversion of Equity Awards (\$)
	Stock Options	Performance Shares	Stock Options	Performance Shares	
A. L. Wilson	55,272	13,165	175,508	13,165	1,580,597
G. E. Holland, Jr.	160,087	37,357	675,284	37,357	5,909,749
M. H. Feagin	25,096	5,944	80,758	5,944	669,502
J. W. Atherton	25,756	6,063	68,600	6,063	561,881
A. N. Faulk	6,616	1,593	19,295	1,593	139,497
J. G. Franklin	25,479	6,007	49,942	6,007	620,473
E. J. Troxclair III	—	—	—	—	—

## *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.

## *Healthcare Benefits*

All of the named executive officers, except Ms. Faulk and Messrs. Franklin and Troxclair, are retirement-eligible. Healthcare benefits are provided to retirees, and there is no incremental payment associated with the termination or change-in-control events. Because Ms. Faulk and Messrs. Franklin and Troxclair were not retirement-eligible, healthcare 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 Ms. Faulk and Messrs. Franklin and Troxclair two years of healthcare insurance premiums is approximately \$9,932, \$27,597, and \$27,033, respectively.

## *Financial Planning Perquisite*

An additional year of the financial planning requisite, which is set at a maximum of \$8,700 per year, will be provided after retirement for retirement-eligible named executive officers.

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.

- As of December 31, 2015, the severance payment was two times the base salary and target payout under the annual Performance Pay Program for Mr. Holland and one times the base salary and target payout under the annual Performance Pay Program for the other named executive officers.
- The estimated cost of providing the six months of outplacement services is \$6,000 per named executive officer.
- If any portion of the severance amount constitutes an "excess parachute payment" under Section 280G of the Internal Revenue Code and is therefore subject to an excise tax, the severance amount will be reduced unless the after-tax "unreduced amount" exceeds the after-tax "reduced amount." Excise tax gross-ups will not be provided on change-in-control severance payments.

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

	<b>Severance Amount (\$)</b>
A. L. Wilson	570,834
G. E. Holland, Jr.	2,171,136
M. H. Feagin	381,756
J. W. Atherton	388,094
A. N. Faulk	231,343
J. G. Franklin	384,431
E. J. Troxclair III	1,200,000

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## **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

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

## STOCK OWNERSHIP TABLE

Southern Company is the beneficial owner of 100% of the outstanding common stock of the Company. The following table shows the number of shares of Common Stock beneficially owned by Directors, nominees, and executive officers as of December 31, 2015. It is based on information furnished by the Directors, nominees, and executive officers. The shares of Common Stock beneficially owned by all Directors, nominees, and executive officers as a group constitute less than 1% of the total number of shares of Common Stock outstanding on December 31, 2015.

Name of Directors, Nominees, and Executive Officers	<u>Shares Beneficially Owned Include:</u>		
	Shares Beneficially Owned (1)	Deferred Stock Units (2)	Shares Individuals Have Right to Acquire Within 60 Days (3)
Carl J. Chaney	5,117	4,077	—
L. Royce Cumbest	9,576	9,576	—
Thomas A. Dews	739	739	—
G. Edison Holland, Jr.	657,847	—	616,830
Mark E. Keenum	1,520	1,520	—
Christine L. Pickering	4,359	4,301	—
Phillip J. Terrell	8,484	8,230	—
M. L. Waters <sup>(4)</sup>	3,994	2,378	—
John W. Atherton	79,807	—	59,183
A. Nicole Faulk <sup>(5)</sup>	23,627	—	16,869
Moses H. Feagin	81,400	—	71,570
Jeff G. Franklin	81,042	—	66,093
Emile J. Troxclair	—	—	—
Anthony L. Wilson	176,416	—	155,169
Directors, Nominees, and Executive Officers as a group (16 people) <sup>(6)(7)</sup>	1,235,724	30,821	1,069,041

- (1) “Beneficial ownership” means the sole or shared power to vote, or to direct the voting of, a security, and/or investment power with respect to a security or any combination thereof.
- (2) Indicates the number of deferred stock units held under the Director Deferred Compensation Plan.
- (3) Indicates shares of Common Stock that certain executive officers have the right to acquire within 60 days. Shares indicated are included in the Shares Beneficially Owned column.
- (4) The total amount shown in the Shares Beneficially Owned column for Mr. Waters includes 100 shares owned by a spouse/family member.
- (5) The total amount shown in the Shares Beneficially Owned column for Ms. Faulk includes 3,141 shares owned by a spouse/family member.
- (6) This list includes all executive officers serving as of December 31, 2015.
- (7) The total amount of shares beneficially owned includes 3,241 shares owned by a spouse/family member of a Director, nominee, or executive officer.

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## **OTHER INFORMATION**

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### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

No reporting person of the Company failed to file, on a timely basis, the reports required by Section 16(a) of the Securities Exchange Act of 1934, as amended.

### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

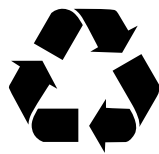
Mr. L. Royce Cumbest, a Director of the Company, is Chairman, President, and Chief Executive Officer of Merchants & Marine Bank and Merchants & Marine Bancorp, Inc. During 2015, Merchants & Marine Bank furnished a number of regular banking services in the ordinary course of business to the Company. The Company intends to maintain normal banking relations with Merchants & Marine Bank in the future.

In 2015, Mr. John C. Huggins, a retired executive officer of the Company, had total compensation of \$335,666. Messrs. Billy F. Thornton, Jr., and R. Allen Reaves, executive officers of the Company, had total compensation of \$451,299 and \$450,033, respectively. These total compensation amounts were calculated in accordance with SEC rules and regulations.

The Company does not have a written policy pertaining solely to the approval or ratification of “related party transactions.” Southern Company has a Code of Ethics as well as a Contract Manual and other formal written procurement policies and procedures that guide the purchase of goods and services, including requiring competitive bids for most transactions above \$10,000 or approval based on documented business needs for sole sourcing arrangements. The approval and ratification of any related party transactions would be subject to these written policies and procedures which include a determination of the need for the goods and services; preparation and evaluation of requests for proposals by supply chain management; the writing of contracts; controls and guidance regarding the evaluation of the proposals; and negotiation of contract terms and conditions. As appropriate, these contracts are also reviewed by individuals in the legal, accounting, and/or risk management/services departments prior to being approved by the responsible individual. The responsible individual will vary depending on the department requiring the goods and services, the dollar amount of the contract, and the appropriate individual within that department who has the authority to approve a contract of the applicable dollar amount.







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