SOUTHERN CO
Form PRE 14A
March 17, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(A) of the

Securities Exchange Act Of 1934

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

x	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e) (2))**
o	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Materials Pursuant to Rule 14a-12

THE SOUTHERN COMPANY

(Name of Registrant as Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notice of

Annual Meeting

2009

& Proxy Statement

PROXY STATEMENT

Contents

PROXY STATEMENT

Contents (continued)

Letter to Stockholders

David M. Ratcliffe

Chairman, President and

Chief Executive Officer

Dear Fellow Stockholder:

You are invited to attend the 2009 Annual Meeting of Stockholders at 10:00 a.m., ET, on Wednesday, May 27, 2009 at The Lodge Conference Center at Callaway Gardens, Pine Mountain, Georgia.

[Picture]

At the meeting, I will report on our business and our plans for the future. Also, we will elect our Board of Directors and vote on the other matters set forth in the accompanying Notice.

Your vote is important. Please review the proxy material and vote your proxy as soon as possible.

In other matters, you will notice that your proxy package does not include the 2008 Southern Company Annual Report this year. Your proxy statement contains most of the financial information you normally receive. However, because of the economic and financial challenges affecting us all, we made the decision to eliminate the expense of printing thousands of annual reports. This decision not only reduces our costs, but also adds environmental benefits. Our 2008 Summary Annual Report is posted on our Web site, www.southerncompany.com, and we invite you to read it there.

As always, we are managing the costs in our business to ensure reliable service at competitive prices for our customers, while achieving greater efficiency. We are also continuing to invest capital where it s needed.

We remain focused on our proven business strategy of making conservative, informed, and balanced decisions based on common sense.

Thank you for your confidence in our company. We look forward to seeing you May 27.

David M. Ratcliffe

Notice of Annual Meeting of Stockholders May 27, 2009

TIME AND DATE

10:00 a.m., ET, on Wednesday, May 27, 2009

PLACE

The Lodge Conference Center at Callaway Gardens

Highway 18

Pine Mountain, Georgia 31822

DIRECTIONS

From Atlanta, Georgia take I-85 south to I-185 (Exit 21). From I-185 south, take Exit 34, Georgia Highway 18. Take Georgia Highway 18 east to Callaway.

From Birmingham, Alabama take U.S. Highway 280 east to Opelika. Take I-85 north to Georgia Highway 18 (Exit 2). Take Georgia Highway 18 east to Callaway.

ITEMS OF BUSINESS

(1) Elect 12 members of the Board of Directors;
(2) Ratify appointment of independent registered public accounting firm;
(3) Consider and vote on an amendment to the By-Laws of the Company;
(4) Consider and vote on an amendment to the Company s Certificate of Incorporation;
(5) Consider and vote on the stockholder proposals if presented at the meeting as described in Item Nos. 5 and 6 of the Proxy Statement; and
(6) Transact other business properly coming before the meeting or any adjournments thereof.

RECORD DATE

Stockholders of record at the close of business on March 30, 2009 are entitled to attend and vote at the meeting.

ANNUAL REPORT TO STOCKHOLDERS

Appendix C to this Proxy Statement is Southern Company s 2008 Annual Report.

VOTING

Even if you plan to attend the meeting in person, please provide your voting instructions in one of the following ways as soon as possible:

(1) Internet use the Internet address on the proxy form
(2) Telephone use the toll-free number on the proxy form
(3) Mail mark, sign, and date the proxy form and return it in the enclosed, postage-paid envelope

By Order of the Board of Directors, G. Edison Holland, Jr., Corporate Secretary, April 10, 2009

Proxy Statement

General Information

Q: When will the Proxy Statement be mailed?

A: The Proxy Statement will be mailed on or about April 10, 2009.

Q: How do I give voting instructions?

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

Q: Can I change my vote?

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

Q: Who can vote?

A: All stockholders of record on the record date of March 30, 2009. On that date, there were _____________ shares of Southern Company common stock (Common Stock) outstanding and entitled to vote.

Q: How much does each share count?

A: Each share counts as one vote, except votes for Directors may be cumulative. Abstentions that are marked on the proxy form are included for the purpose of determining a quorum, but shares that a broker fails to vote are not counted toward a quorum. Neither is counted for or against the matters being considered; however, abstentions and broker non-votes have the effect of a vote against Item No. 4.

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

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

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

A: Yes. You can access the Company s website at www.southerncompany.com to view these documents.

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

A: Yes. Most stockholders can elect to receive an e-mail that will provide an electronic link to the Proxy Statement, which includes the 2008 Annual Report as an appendix. Opting to receive your proxy materials on-line will save us the cost of producing and mailing documents and also will give you an electronic link to the proxy voting site.

You may sign up for electronic delivery when you vote your proxy via the Internet or:

§ Go to our investor web site at http://investor.southerncompany.com/;

§ Click on the words Electronic Delivery of Proxy Materials ; and

§ Follow the directions provided to complete your enrollment.

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Once you enroll for electronic delivery, you will receive proxy materials electronically as long as your account remains active or until you cancel your enrollment. If you consent to electronic access, you will be responsible for your usual Internet-related charges (*e.g.*, on-line fees and telephone charges) in connection with electronic viewing and printing of the Proxy Statement, which includes the 2008 Annual Report as an appendix. The Company will continue to distribute printed materials to stockholders who do not consent to access these materials electronically.

Q: What is householding ?

A: Certain beneficial owners of the Common Stock sharing a single address may receive only one copy of the Proxy Statement, which includes the 2008 Annual Report as an appendix, unless the broker, bank, or nominee has received contrary instructions from any beneficial owner at that address. This practice known as householding is designed to reduce printing and mailing costs. If a beneficial owner would like to either participate or cancel participation in householding, he or she may contact Stockholder Services at (800) 554-7626 or at 30 Ivan Allen Jr. Boulevard NW, Atlanta, Georgia 30308 and ask to receive a Proxy Statement. As noted earlier, beneficial owners may view the Proxy Statement on the Internet.

Q: When are stockholder proposals due for the 2010 Annual Meeting of Stockholders?

A: The deadline for the receipt of stockholder proposals to be considered for inclusion in the Company s proxy materials for the 2010 Annual Meeting of Stockholders is December 10, 2009. Proposals must be submitted in writing to Melissa K. Caen, Assistant Corporate Secretary, Southern Company, 30 Ivan Allen Jr. Boulevard NW, Atlanta, Georgia 30308. Additionally, the proxy solicited by the Board of Directors for next year s meeting will confer discretionary authority to vote on any stockholder proposal presented at that meeting that is not included in the Company s proxy materials unless the Company is provided written notice of such proposal no later than February 28, 2010.

Q: Who pays the expense of soliciting proxies?

A: These proxies are being solicited on behalf of the Company s Board of Directors. The Company pays the cost of soliciting proxies. The officers or other employees of the Company or its subsidiaries may solicit proxies to have a larger representation at the meeting. The Company has retained Laurel Hill Advisory Group to assist with the solicitation of proxies for a fee not to exceed $10,000, plus reimbursement of out-of-pocket expenses.

The Company s 2008 Annual Report to the Securities and Exchange Commission (SEC) on Form 10-K will be provided without charge upon written request to Melissa K. Caen, Assistant Corporate Secretary, Southern Company, 30 Ivan Allen Jr. Boulevard NW, Atlanta, Georgia 30308.

Important notice regarding the availability of proxy materials for the Annual Meeting of Stockholders to be held on May 27, 2009:

This Proxy Statement, which includes the 2008 Annual Report as an appendix, is also available at http://investor.southerncompany.com/proxy.cfm.

Corporate Governance

COMPANY ORGANIZATION

Southern Company is a holding company managed by a core group of officers and governed by a Board of Directors that is currently comprised of 12 members.

The nominees for election as Directors consist of eleven non-employees and one executive officer of the Company.

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

CORPORATE GOVERNANCE WEBSITE

In addition to the Corporate Governance Guidelines, other information relating to corporate governance of the Company is available on the Company s Corporate Governance webpage at www.southerncompany.com under Investors/Corporate Governance or directly at http://investor.southerncompany.com/governance.cfm, including:

§ Code of Ethics

§ Political Contributions Policy and Report

§ By-Laws of the Company

§ Executive Stock Ownership Guidelines

§ Board Committee Charters

§ Board of Directors Background and Experience

§ Management Council Background and Experience

§ SEC filings

§ Composition of Board Committees

§ Link for online communication with Board of Directors

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

DIRECTOR INDEPENDENCE

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

§ The Director was employed by the Company or the Director s immediate family member was an executive officer of the Company.

§ The Director received, or the Director s immediate family member received, during any 12-month period direct compensation from the Company of more than $120,000, other than director and committee fees. (Compensation received by an immediate family member for services as a non-executive employee of the Company need not be considered.)

§ The Director was affiliated with or employed by, or the Director s immediate family member was affiliated or employed in a professional capacity by, a present or former external auditor of the Company.

§ The Director was employed, or the Director s immediate family member was employed, as an executive officer of a company where any member of the Company s present executives serve on that company s compensation committee.

§ The Director is a current employee, or the Director s immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1,000,000 or two percent of that company s consolidated gross revenues.

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

In determining independence, the Board reviews and considers all commercial, consulting, legal, accounting, charitable, or other business relationships that a Director or the Director s immediate family members have with the Company. This review specifically included all ordinary course transactions with entities with which the Directors are associated. In particular, the Board reviewed transactions between subsidiaries of the Company and The Home Depot, Inc. and Vulcan Materials Company. Messrs. Francis S. Blake and Donald M. James are the chief executive officers of The Home Depot, Inc. and Vulcan Materials Company, respectively. Throughout 2008, subsidiaries of the Company purchased goods and services in the amount of $607,800 from The Home Depot, Inc. and $538,004 from Vulcan Materials Company. These amounts represented numerous individual purchases from The Home Depot, Inc. and several individual transactions with Vulcan Materials Company. The Board determined that its subsidiaries followed the Company procurement policies and procedures, that the amounts were well under the thresholds contained in the Director independence requirements, and that neither Mr. Blake nor Mr. James had a direct or indirect material interest in the transactions.

Ms. Elizabeth Blake, the wife of Mr. Francis S. Blake, a Director of the Company, is a senior vice president of government relations and advocacy, and general counsel for Habitat for Humanity International. In 2008, the Company, primarily through its foundation and the foundations of its subsidiaries, supported Habitat for Humanity International through charitable contributions of approximately $348,000. No other Director or immediate family member serves in an executive capacity for a charitable organization. The Board reviewed all contributions made by the Company and its subsidiaries to charitable organizations with which the Directors are associated. The Board determined that the contributions were consistent with similar contributions and none were approved outside the Company s normal procedures.

As a result of its annual review of Director independence, the Board affirmatively determined that none of the following persons who are currently serving as Directors or are nominees for election as Directors has a material relationship with the Company and, as a result, such persons are determined to be independent: Juanita Powell Baranco, Francis S. Blake, Jon A. Boscia, Thomas F. Chapman, H. William Habermeyer, Jr., Veronica M. Hagen, Warren A. Hood, Jr., Donald M. James, J. Neal Purcell, William G. Smith, Jr., and Gerald J. St. Pé. Also, Dorrit J. Bern, who served as a Director during 2008 until her resignation date of July 21, 2008, was determined not to have a material relationship with the Company and to be independent. David M. Ratcliffe, a current Director, is Chairman of the Board, President, and Chief Executive Officer of the Company and is not independent.

COMMUNICATING WITH THE BOARD

Communications may be sent to the Company s Board or to specified Directors by regular mail or electronic mail. Regular mail should be sent to the attention of Melissa K. Caen, Assistant Corporate Secretary, Southern Company, 30 Ivan Allen Jr. Boulevard NW, Atlanta, Georgia 30308. The electronic mail address is CORPGOV@southerncompany.com. The electronic mail address also can be accessed from the Corporate Governance webpage located under Investors on the Southern Company website at www.southerncompany.com, under the link entitled Governance Inquiries. With the exception of commercial solicitations, all stockholder communications directed to the Board or to specified Directors will be relayed to them.

DIRECTOR COMPENSATION

Only non-employee Directors are compensated for Board service.

Effective January 1, 2008, the director compensation program was amended with pay components being as follows:

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Annual retainers:

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

Annual equity grant:

- § $90,000 in deferred Common Stock units until Board membership ends

Meeting fees:

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

DIRECTOR DEFERRED COMPENSATION PLAN

The $90,000 equity grant is required to be deferred in shares of Common Stock under the Deferred Compensation Plan for Directors of The Southern Company (Director Deferred Compensation Plan) and invested in Common Stock units which earn dividends as if invested in Common Stock. Earnings are reinvested in additional stock units. Upon leaving the Board, distributions are made in Common Stock.

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

in Common Stock units, which earn dividends as if invested in Common Stock and are distributed in shares of Common Stock upon leaving the Board; or

at prime interest rate, which is paid in cash upon leaving the Board.

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

DIRECTOR COMPENSATION TABLE

The following table reports all compensation to the Company s non-employee Directors during 2008, including amounts deferred in the Director Deferred Compensation Plan. Non-employee Directors do not receive Option Awards or Non-Equity Incentive Plan compensation, and there is no pension plan for non-employee Directors.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Juanita Powell Baranco	101,916	90,000				790	192,706
Dorrit J. Bern(4)	58,168	52,500					110,668
Francis S. Blake	91,500	90,000					181,500
Jon A. Boscia	94,833	92,500					187,333
Thomas F. Chapman	105,042	90,000					195,042
H. William Habermeyer, Jr.	104,000	90,000					194,000
Veronica M. Hagen(5)							
Warren A. Hood, Jr.	94,833	92,500					187,333
Donald M. James	101,916	90,000				461	192,377
J. Neal Purcell	104,000	90,000					194,000
William G. Smith, Jr.	101,916	90,000				2,418	194,334
Gerald J. St. Pé	89,584	90,000				6,692	186,276

____

(1) Includes amounts voluntarily deferred in the Director Deferred Compensation Plan.
(2) Represents deferred Common Stock units.
(3) Consists of tax gross-ups for taxes associated with spousal air travel.
(4) Ms. Bern resigned as a Director of the Company on July 21, 2008.
(5) Ms. Hagen became a Director of the Company on December 8, 2008.

DIRECTOR STOCK OWNERSHIP GUIDELINES

Under the Company s Corporate Governance Guidelines, non-employee Directors are required to beneficially own, within five years of their initial election to the Board, Common Stock equal to at least four times the annual Director retainer fee.

MEETINGS OF NON-EMPLOYEE DIRECTORS

Non-employee Directors meet in executive session with no member of management present on each regularly-scheduled Board meeting date. There is a Presiding Director at each of these executive sessions. Mr. Thomas F. Chapman became the Presiding Director on May 23, 2007 and will serve until December 31, 2009 or until a successor is named by the non-employee Directors.

COMMITTEES OF THE BOARD

Committee Charters

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

Audit Committee:

§ Members are Mr. Smith *(Chair)*, Mr. Blake, and Mr. Hood (1)

§ Met nine times in 2008

§ Oversees the Company s financial reporting, audit processes, internal controls, and legal, regulatory, and ethical compliance; appoints the Company s independent registered public accounting firm, approves its services and fees, and establishes and reviews the scope and timing of its audits; reviews and discusses the Company s financial statements with management and the independent registered public accounting firm, including critical accounting policies and practices, material alternative financial treatments within generally accepted accounting principles, proposed adjustments, control recommendations, significant management judgments and accounting estimates, new accounting policies, changes in accounting principles, any disagreements with management, and other material written communications between the internal auditors and/or the independent registered public accounting firm and management; and recommends the filing of the Company s annual financial statements with the SEC.

The Board has determined that the members of the Audit Committee are independent as defined by the New York Stock Exchange corporate governance rules within its listing standards and rules of the SEC promulgated pursuant to the Sarbanes-Oxley Act of 2002. The Board has determined that Mr. Smith qualifies as an audit committee financial expert as defined by the SEC.

(1) Mr. Smith was appointed Chair and Ms. Bern and Mr. Hood were appointed as members of the Audit Committee on January 21, 2008. On July 21, 2008, Ms. Bern resigned from the Board.

Compensation and Management Succession Committee (Compensation Committee):

§ Members are Mr. Purcell *(Chair)*, Mr. Boscia, Mr. Habermeyer, and Mr. James (1)

§ Met seven times in 2008

§ Evaluates performance of executive officers and establishes their compensation, administers executive compensation plans, and reviews management succession plans. Annually reviews a tally sheet of all components of the executive officers compensation and takes actions required of it under the Pension Plan for employees of the Company.

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

(1) Mr. Purcell was appointed Chair and Messrs. Boscia and Habermeyer were appointed as members of the Compensation Committee on January 21, 2008.

Governance

During 2007 and 2008, the Compensation Committee s governance practices included:

§ Considering compensation for the named executive officers in the context of all of the components of total compensation.

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

§ Receiving meeting materials several days in advance of meetings.

§ Having regular executive sessions of Compensation Committee members only.

§ Having direct access to outside compensation consultants.

§ Conducting a performance/payout analysis versus peer companies for the annual incentive program to provide a check on the Company s goal-setting process.

Role of Executive Officers

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

Role of Compensation Consultant

In 2008, the Compensation Committee directly retained Towers Perrin as its outside compensation consultant. The Compensation Committee informed Towers Perrin in writing that the Compensation Committee expected Towers Perrin to provide an independent assessment of the current executive compensation program and any management-recommended changes to that program and to work with Company management to ensure that the executive program is designed and administered consistent with the Compensation Committee s requirements. The Compensation Committee also expected Towers Perrin to recommend changes to the executive and related corporate governance trends.

During 2008, Towers Perrin assisted the Compensation Committee with comprehensive market data and its implications for pay at the Company and various other governance, design, and compliance matters.

Compensation Committee Interlocks and Insider Participation

None of the persons who served as members of the Compensation Committee during 2008 was an officer or employee of the Company during 2008 or at any time in the past nor had reportable transactions with the Company.

Finance Committee:

§ Members are Mr. James (*Chair*), Mr. Boscia, and Mr. Purcell (1)

§ Met eight times in 2008

§ Reviews the Company s financial matters, recommends actions such as dividend philosophy to the Board, and approves certain capital expenditures.

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

(1) Mr. James was appointed Chair and Messrs. Boscia and Purcell were appointed members of the Finance Committee on January 21, 2008. Ms. Bern served as Chair of the Finance Committee until her resignation on July 21, 2008.

Governance Committee:

§ Members are Ms. Baranco (*Chair*), Mr. Chapman, Ms. Hagen, and Mr. St. Pé (1)

§ Met seven times in 2008

§ Oversees the composition of the Board and its committees, determines non-employee Directors compensation, maintains the Company s Corporate Governance Guidelines, and coordinates the performance evaluations of the Board and its committees.

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

(1) Ms. Baranco was appointed a member and Chair of the Governance Committee on January 21, 2008. Mr. Chapman served as Chair of the Governance Committee until January 21, 2008. Ms. Hagen was appointed to the Governance Committee on February 16, 2009.

Nominees for Election to the Board

The Governance Committee, comprised entirely of independent Directors, is responsible for identifying, evaluating and recommending nominees for election to the Board. The Governance Committee solicits recommendations for candidates for consideration from its current Directors and is authorized to engage third party advisers to assist in the identification and evaluation of candidates for consideration. Any stockholder may make recommendations to the Governance Committee by sending a written statement setting forth the candidate s qualifications, relevant biographical information, and signed consent to serve. These materials should be submitted in writing to the Company s assistant corporate secretary and received by that office by December 10, 2009 for consideration by the Governance Committee as a nominee for election at the Annual Meeting of Stockholders to be held in 2010. Any stockholder recommendation is reviewed in the same manner as candidates identified by the Governance Committee or recommended to the Governance Committee.

The Governance Committee only considers candidates with the highest degree of integrity and ethical standards. The Governance Committee evaluates a candidate s independence from management, ability to provide sound and informed judgment, history of achievement reflecting superior standards, willingness to commit sufficient time, financial literacy, and number of other board memberships. The Board as a whole should be diverse and have collective knowledge and experience in accounting, finance, leadership, business operations, risk management, corporate governance, and the Company s industry. During 2008, the Governance Committee engaged the services of a third-party search firm to aid in identifying prospective candidates and evaluating their qualifications. The

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

Ms. Veronica M. Hagen was recommended by the Governance Committee for election to the Board and was elected as a Director effective December 8, 2008. Ms. Hagen was identified jointly by the members of the Governance Committee and the third-party search firm referenced above.

Nuclear/Operations Committee: (1)

- Members are Mr. Habermeyer (*Chair*), Ms. Baranco, Ms. Hagen, and Mr. St. Pé (2)
- Oversees significant information, activities and events relative to significant operations of the Company including nuclear and other generation facilities, transmission and distribution, fuel, and information technology initiatives.
- Met eight times in 2008

(1) Effective January 21, 2008, the Committee s name was changed from the Nuclear Committee to the Nuclear/Operations Committee.

(2) Mr. Habermeyer was appointed Chair and Ms. Baranco and Mr. St. Pé were appointed members of the Committee on January 21, 2008. Ms. Hagen was appointed to the Nuclear/Operations Committee on February 16, 2009.

DIRECTOR ATTENDANCE

The Board of Directors met eight times in 2008. The average attendance for Directors at all Board and Committee meetings was 98 percent. No nominee attended less than 75 percent of applicable meetings.

Directors are expected to attend the Annual Meeting of Stockholders. All of the members of the Board of Directors serving on May 28, 2008, the date of the 2008 Annual Meeting of Stockholders, attended the meeting.

Stock Ownership Table

STOCK OWNERSHIP OF DIRECTORS, NOMINEES, AND EXECUTIVE OFFICERS

The following table shows the number of shares of Common Stock owned by Directors, nominees and executive officers as of December 31, 2008. The shares owned by all directors, nominees, and executive officers as a group constitute less than one percent of the total number of shares of the class outstanding.

		Shares Beneficially Owned Include:		
Directors, Nominees, and Executive Officers	**Shares Beneficially Owned(1)**	**Deferred Stock Units(2)**	**Shares Individuals Have Rights to Acquire within 60 days(3)**	**Shares Held by Family Members(4)**
Juanita Powell Baranco	15,418	14,916		
Francis S. Blake	22,671	22,471		
Jon A. Boscia	6,616	2,616		
W. Paul Bowers	213,714		203,597	
Thomas F. Chapman	33,799	33,799		
Thomas A. Fanning	372,312		366,405	
Michael D. Garrett	268,388		266,372	
H. William Habermeyer, Jr.	4,172	4,172		
Veronica M. Hagen	0			
Warren A. Hood, Jr.	8,482	8,482		
Donald M. James	48,214	46,214		
Charles D. McCrary	363,802		358,541	
J. Neal Purcell	34,643	28,419		224
David M. Ratcliffe	2,127,139		2,109,540	
William G. Smith, Jr.	18,369	14,561		
Gerald J. St. Pé	101,980	48,059		8,886
Directors, Nominees, and Executive Officers as a Group (20 people)	4,410,171	223,709	4,035,880	9,110

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

(2) Indicates the number of Deferred Stock Units held under the Director Deferred Compensation Plan.

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

(4)

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

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Matters to be Voted Upon

ITEM NO. 1 ELECTION OF DIRECTORS

Nominees for Election as Directors

The Proxies named on the proxy form will vote, unless otherwise instructed, each properly executed proxy form for the election of the following nominees as Directors. If any named nominee becomes unavailable for election, the Board may substitute another nominee. In that event, the proxy would be voted for the substitute nominee unless instructed otherwise on the proxy form. Each nominee, if elected, will serve until the 2010 Annual Meeting of Stockholders.

[Picture]	**Juanita Powell Baranco**	
	Age:	60
	Director since:	2006
	Board committees:	Governance (*chair*), Nuclear/Operations
	Principal occupation:	Executive vice president and chief operating officer of Baranco Automotive Group, automobile sales
	Other directorships:	Cox Radio, Inc.
[Picture]	**Francis S. Blake**	
	Age:	59
	Director since:	2004
	Board committee:	Audit
	Principal occupation:	Chairman of the board and chief executive officer of The Home Depot Inc., home improvement
	Recent business experience:	Served as U.S. Deputy Secretary of Energy from May 2001 to April 2002 and as executive vice president of The Home Depot Inc. until January 2007 when he assumed his current position
	Other directorships:	The Home Depot Inc.

[Picture] **Jon A. Boscia**

Age:	56
Director since:	2007
Board committees:	Compensation and Management Succession, Finance
Principal occupation:	President of Sun Life Financial Inc., financial services
Recent business experience:	Served as chairman of the board and chief executive officer of Lincoln Financial Group, insurance, institutional investments, comprehensive financial planning and advisory services, until his retirement in 2007. He assumed his current position in September 2008.
Other directorships:	Armstrong World Industries

[Picture] **Thomas F. Chapman**

Age:	65
Director since:	1999, Presiding Director since May 23, 2007
Board committee:	Governance
Principal occupation:	Retired chairman of the board and chief executive officer of Equifax Inc., information services, data analytics, transaction processing, and consumer financial products
Recent business experience:	Served as chairman of the board and chief executive officer of Equifax Inc. until his retirement in 2005
Other directorships:	None

[Picture] **H. William Habermeyer, Jr.**

Age:	66
Director since:	2007
Board committees:	Nuclear/Operations (*chair*), Compensation and Management Succession
Principal occupation:	Retired president and chief executive officer of Progress Energy Florida, Inc. energy
Recent business experience:	Served as president and chief executive officer of Progress Energy Florida, Inc. until his retirement in 2006
Other directorships:	Raymond James Financial Inc., USEC Inc.

[Picture]	**Veronica M. Ronee Hagen**	
	Age:	63
	Director since:	2008
	Board committees:	Governance, Nuclear/Operations
	Principal occupation:	Chief executive officer of Polymer Group, Inc., engineered materials
	Other directorships:	Polymer Group, Inc., Newmont Mining Corporation
[Picture]	**Warren A. Hood, Jr.**	
	Age:	57
	Director since:	2007
	Board committee:	Audit
	Principal occupation:	Chairman of the board and chief executive officer of Hood Companies Incorporated, packaging and construction products
	Other directorships:	Hood Companies Incorporated, BancorpSouth Bank
[Picture]	**Donald M. James**	
	Age:	60
	Director since:	1999
	Board committees:	Finance (*chair*), Compensation and Management Succession
	Principal occupation:	Chairman of the board and chief executive officer of Vulcan Materials Company, construction materials
	Other directorships:	Vulcan Materials Company, Wells Fargo & Company

[Picture] **J. Neal Purcell**

Age:	67
Director since:	2003
Board committees:	Compensation and Management Succession (*chair*), Finance
Principal occupation:	Retired vice-chairman, audit operations, of KPMG, audit and accounting
Recent business experience:	Served as KPMG s vice-chairman in charge of National Audit Practice Operations from October 1998 until his retirement in 2002
Other directorships:	Kaiser Permanente Health Care and Hospitals, Synovus Financial Corp.

[Picture] **David M. Ratcliffe**

Age:	60
Director since:	2003
Principal occupation:	Chairman of the board, president and chief executive officer of the Company
Recent business experience:	Served as president and chief executive officer of Georgia Power Company from May 1999 until January 2004 and as chairman and chief executive officer of Georgia Power Company from January 2004 until April 2004. He served as executive vice president of the Company from May 1999 until April 2004, and as president of the Company from April 2004 until July 2004, when he assumed his current position
Other directorships:	Edison Electric Institute (chair), Nuclear Energy Institute, CSX Corporation, Southern system companies Alabama Power Company, Georgia Power Company, and Southern Power Company

[Picture] **William G. Smith, Jr.**

Age:	55
Director since:	2006
Board committee:	Audit (*chair*)
Principal occupation:	Chairman of the board, president and chief executive officer of Capital City Bank Group Incorporated, banking
Other directorships:	Capital City Bank Group, Inc., Capital City Bank

[Picture] **Gerald J. St. Pé**

Age:	69
Director since:	1995
Board committees:	Governance, Nuclear/Operations
Principal occupation:	Former president of Ingalls Shipbuilding and retired executive vice president of Litton Industries, shipbuilding
Recent business experience:	Served as chief operating officer of Northrop-Grumman Ship Systems from August 1999 to November 2001
Other directorships:	Merchants and Marine Bank, Signal International,

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

The affirmative vote of a plurality of shares present and entitled to vote is required for the election of Directors. Stockholders are entitled to cumulative voting in the election of directors. See Item No. 3 below for a discussion of cumulative voting.

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

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

The Audit Committee of the Board of Directors has appointed Deloitte & Touche LLP (Deloitte & Touche) as the Company s independent registered public accounting firm for 2009. This appointment is being submitted to stockholders for ratification. Representatives of Deloitte & Touche will be present at the Annual Meeting to respond to appropriate questions from stockholders and will have the opportunity to make a statement if they desire to do so.

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

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

ITEM NO. 3 TO AMEND THE COMPANY S BY-LAWS TO (1) IMPLEMENT A MAJORITY VOTE STANDARD FOR THE ELECTION OF DIRECTORS IN UNCONTESTED ELECTIONS, RETAINING A PLURALITY VOTE STANDARD IN CONTESTED ELECTIONS, AND (2) ELIMINATE CUMULATIVE VOTING IN UNCONTESTED ELECTIONS, EACH CONDITIONED ON THE ELIMINATION OF CUMULATIVE VOTING IN THE CERTIFICATE OF INCORPORATION

The Company s Board of Directors determined that it would be in the best interest of the Company and its stockholders to allow for majority voting and to eliminate cumulative voting in uncontested elections of Directors. The Board recommends that the stockholders approve an amendment to the By-Laws to change the standard for the election of directors in uncontested elections from a plurality voting standard to a majority voting standard and also to eliminate cumulative voting in uncontested elections, subject to the elimination of cumulative voting in the Certificate of Incorporation, as described more fully in Item No. 4 below.

Under the current plurality vote standard, a nominee for Director in an election can be elected or re-elected with as little as a single affirmative vote, even while a substantial majority of the votes cast are withheld from that nominee. The proposed majority vote standard would require that a nominee for Director in an uncontested election receive a for vote from a majority of the votes present and voting at a stockholder meeting to be elected to the Board. Additionally, the By-Laws currently provide that when electing Directors, stockholders may exercise cumulative voting rights. Under cumulative voting, in voting for Directors each holder of Common Stock is entitled to cast a number of votes equal to the number of votes he or she would be entitled to cast with respect to his or her shares of Common Stock multiplied by the number of Directors to be elected. A stockholder may give one candidate all the votes such stockholder is entitled to cast or may distribute such votes among as many candidates as such stockholder chooses. The Board feels that cumulative voting and a majority vote standard are incompatible, and is recommending the elimination of cumulative voting in uncontested elections in conjunction with the adoption of a majority vote standard.

The Board is seeking to eliminate cumulative voting and to implement a majority vote standard in uncontested elections because it believes that such changes are in the best interest of stockholders at this time. The Board recommends retaining cumulative voting in the By-Laws for any contested election of Directors, to which a plurality standard would apply. Please see Item No. 4 below for additional information regarding the proposed elimination of cumulative voting as contained in the Certificate of Incorporation.

Background of This Item

The proposed majority vote standard would require that a nominee for Director in an uncontested election receive a majority of the votes cast at a stockholder meeting in order to be elected to the Board. The Board believes that the proposed majority vote standard for uncontested elections is a more equitable standard. At present, a plurality vote standard guarantees the election of a Director in an uncontested election; however, a majority vote standard would mean that nominees in uncontested elections are only elected if a majority of the votes cast are voted in their favor. The Board believes that this majority vote standard in uncontested director elections will strengthen the director nomination process and enhance director accountability.

Additionally, the Board will add appropriate provisions to its Corporate Governance Guidelines to require any nominee for election as a Director of the Company to submit an irrevocable letter of resignation as a condition to being named as such nominee, which would be tendered in the event that nominee fails to receive the affirmative vote of a majority of the votes cast in an uncontested election at a meeting of stockholders. Such resignation would be considered by the Board, and the Board would be required to either accept or reject such resignation within 90 days from the certification of the election results.

The By-Laws also currently provide for cumulative voting in the election of Directors. The proposed amendment would eliminate cumulative voting in uncontested elections of Directors, but retain cumulative voting in contested elections of Directors.

The Board does not believe that it should amend the By-Laws to establish a majority vote standard and to eliminate cumulative voting while the Company s Certificate of Incorporation still provides for cumulative voting. The elimination of cumulative voting is desirable in connection with the adoption of the majority vote standard with respect to uncontested elections. Because both the Certificate of Incorporation and the By-Laws currently provide for cumulative voting, the Board recommends that the provisions in the Certificate of Incorporation relating to cumulative voting be eliminated. The Board believes that less confusion will result if both the majority vote standard and cumulative voting provisions are contained only in the By-Laws rather than in both the By-Laws and the Certificate of Incorporation. This proposed amendment does not provide any less protection to stockholders because under the Company s By-Laws, stockholders are required to ratify any amendment to the By-Laws, and any further change in either the majority vote standard or cumulative voting would be subject to the stockholder ratification requirement.

Amendments

The proposed By-Law amendment would include the following:

The By-Laws will be amended to remove provisions about cumulative voting for directors in uncontested elections and

The plurality voting provisions in the By-Laws will be replaced with provisions requiring that, in order to be elected in an uncontested election, a nominee for Director must receive the affirmative vote of a majority of the votes cast at a meeting of stockholders; provided that, in contested elections, the affirmative vote of a plurality of the votes cast will be required to elect a Director.

A complete text of the amendment is set forth in Appendix A.

The affirmative vote of a majority of shares present and entitled to vote is required for amendment of the By-Laws as presented in this Item No. 3.

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

ADOPTION OF THIS ITEM NO. 3 IS CONDITIONED ON THE APPROVAL BY STOCKHOLDERS OF ITEM NO. 4 BELOW. NEITHER ITEM NO. 3 NOR ITEM NO. 4 WILL BE IMPLEMENTED UNLESS BOTH ITEMS ARE APPROVED.

ITEM NO. 4 TO AMEND THE CERTIFICATE OF INCORPORATION TO ELIMINATE CUMULATIVE VOTING IN ELECTIONS OF DIRECTORS, CONDITIONED UPON ADOPTION OF THE MAJORITY VOTE STANDARD AND THE ELIMINATION OF CUMULATIVE VOTING IN CONTESTED ELECTIONS IN THE BY-LAWS

The Board has determined that it would be in the best interest of the Company and its stockholders to require that a nominee or Director in an uncontested election receive a majority of the votes cast at a stockholders meeting to be elected to the Board (see Item No. 3 above). The Board is seeking to eliminate cumulative voting in uncontested elections because it believes that a change to a majority vote standard in uncontested elections is in the best interest of stockholders at this time, and it views cumulative voting as inconsistent with a majority vote standard for the election of Directors.

The elimination of cumulative voting in uncontested elections requires an amendment to the By-Laws as discussed in Item No. 3 above and also requires an amendment to the Certificate of Incorporation, which would remove subdivision (2) of Article Ninth (the cumulative voting provision). The Board feels it is appropriate to remove cumulative voting entirely from the Certificate of Incorporation and to amend the cumulative voting provisions discussed above in the By-Laws so that all of the provisions pertaining to voting in director elections are contained in the By-Laws. As discussed above, cumulative voting will be permitted in a contested election, to which the plurality voting standard applies.

This amendment to the Certificate of Incorporation has been approved and declared advisable by the Board but requires adoption by the Company s stockholders. This elimination would facilitate adoption of the majority vote standard for the election of Directors in the manner described above in Item No. 3.

This item would not change the present number of Directors, and the Board would retain the authority to change that number and to fill any vacancies or newly created directorships.

Background of This Item

The Board is seeking to eliminate cumulative voting because it believes that a change to a majority vote standard in uncontested elections would be in the best interest of stockholders at this time and it views cumulative voting as incompatible with a majority vote standard for election.

Amendment

The proposed amendment would eliminate subdivision (2) of Article Ninth of the Certificate of Incorporation in its entirety.

Approval of this item requires the affirmative vote of at least two-thirds of the outstanding shares of the Company s common stock.

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

ADOPTION OF THIS ITEM NO. 4 IS CONDITIONED ON THE APPROVAL BY STOCKHOLDERS OF ITEM NO. 3 ABOVE. NEITHER ITEM NO. 3 NOR ITEM NO. 4 WILL BE IMPLEMENTED UNLESS BOTH ITEMS ARE APPROVED.

ITEM NO. 5 STOCKHOLDER PROPOSAL ON ENVIRONMENTAL REPORT

The Company has been advised that The Sisters of Charity of Saint Elizabeth, P. O. Box 476, Convent Station, New Jersey 07961-0476, holder of 100 shares of Common Stock; Benedictine Sisters of Boerne, Texas, 285 Oblate Drive, San Antonio, Texas 78216, holder of 200 shares of Common Stock; Benedictine Sisters of Virginia, Saint Benedict Monastery, 9535 Linton Hall Road, Bristow, Virginia 20136-1217, holder of 2,000 shares of Common Stock; Board of Pensions of the Evangelical Lutheran Church in America, 800 Marquette Avenue, Suite 1050, Minneapolis, Minnesota 55402-2892, holder of 12,871 shares of Common Stock; Congregation of Benedictine Sisters of Perpetual Adoration, Benedictine Monastery, 31970 State Highway P, Clyde, Missouri 64432-8100, holder of 1,050 shares of Common Stock; State of Connecticut Retirement Plans & Trust Funds, 55 Elm Street, Hartford, Connecticut 06106-1773, holder of 317,925 shares of Common Stock; Providence Trust, 515 SW 24th Street, San Antonio, Texas, 78207-4619, holder of 158 shares of Common Stock; and Sisters of St. Dominic of Caldwell New Jersey, 40 South Fullerton Avenue, Montclair, New Jersey 07042, holder of 100 shares of Common Stock, propose to submit the following resolution at the 2009 Annual Meeting of Stockholders.

Whereas: The International Energy Agency warned in its 2007 World Energy Outlook that urgent action is needed if greenhouse gas (GHG) concentrations are to be stabilized at a level that would prevent dangerous interference with the climate system.

In October 2006, a report authored by former chief economist of The World Bank, Sir Nicolas Stern, estimated that climate change will cost between 5% and 20% of GDP if emissions are not reduced, and that GHGs can be reduced at a cost of approximately 1% of global economic growth.

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U.S. power plants are responsible for nearly 40% of the country s carbon dioxide emissions, and 10% of global carbon dioxide emissions.

Carbon dioxide emissions from electric power generation rose by 2.9% in 2007 according to the U.S. Energy Information Administration, the largest single year since 1998.

Coal-burning power plants are responsible for 80% of carbon dioxide emissions from all U.S. power plants and Southern Co. is the second-largest emitter of CO_2, the principal GHG linked to climate change, among U.S. power generators.

Levels of carbon dioxide, which persist in the atmosphere for over 100 years, are now higher than anytime in the past 400,000 years and they will continue to rise as long as emissions from human activities continue.

President Obama and many members of Congress plan to limit greenhouse gas emissions; this will surely impact the business of our Company regardless of the mechanisms.

AEP, the nation s largest carbon dioxide emitter, Entergy and Exelon have set total greenhouse gas emissions reduction targets. Duke, Exelon, FPL, NRG, and others, through their participation in the U.S. Climate Action Partnership, have also publicly stated that the U.S. should reduce its GHG footprint by 60% to 80% from current levels by 2050. They have endorsed adoption of mandatory federal policy to limit CO_2 emissions as a way to provide economic and regulatory certainty needed for major investments in our energy future.

Southern, however, opposes mandatory regulation of CO_2 and other GHG emissions in favor of voluntary action. While our company has added cleaner natural gas capacity, is investing in renewable energy, and has reduced the intensity of its CO_2 emissions, it has yet to adopt a voluntary reduction goal for its total CO_2 emissions. (Southern Co. Response to CDP5)

RESOLVED: Shareholders request that the Board of Directors report to shareholders actions the company would need to take to reduce total CO_2 emissions, including quantitative goals for existing and proposed plants based on current and emerging technologies, by September 30, 2009. Such report shall omit proprietary information and be prepared at reasonable cost.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST ITEM NO. 5 FOR THE FOLLOWING REASONS:

In January 2009, the Company signed onto principles developed by members of the Edison Electric Institute that outline a legislative approach to addressing greenhouse gas emissions. These principles support near-term and mid-term (10 20 years) reductions in emissions based on the availability of technology and the use of energy efficiency, renewable energy, and new nuclear, and support a reduction target of 80% below current emissions levels by 2050. In addition, the Company is updating its report, *Climate Change A Summary of Southern Company Actions,* on specific current and long-term activities to address carbon dioxide emissions. This report is one of several produced by the Company, including, in 2005, the *Environmental Assessment: Report to Shareholders,* outlining options and actions the Company is taking with regard to carbon dioxide and other emissions, including an extensive review of carbon dioxide price scenarios; in 2006, its *Corporate Responsibility Report,* which included data on emissions and actions being undertaken to address those emissions; and in 2008, *Energy Efficiency Regulatory Structures,* discussing the need for and the impacts of energy efficiency efforts as a resource to meet growth and regulatory structures. All these reports are available either through the Company s external website at www.southerncompany.com or by contacting Melissa K. Caen, Assistant

Corporate Secretary, Southern Company, 30 Ivan Allen Jr. Boulevard NW, Atlanta, Georgia 30308 and requesting a copy.

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

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

ITEM NO. 6 - STOCKHOLDER PROPOSAL ON PENSION POLICY

The Company has been advised that the United Brotherhood of Carpenters and Joiners of America, 101 Constitution Avenue, N.W., Washington, D.C. 20001, holder of 12,317 shares of Common Stock, proposes to submit the following resolution at the 2009 Annual Meeting of Stockholders.

Be It Resolved: That the shareholders of The Southern Company (Company) hereby urge that the Board of Director s Compensation and Management Succession Committee establish an Excess Executive Pension Policy (Excess Pension Policy) that limits the retirement benefits to senior executives under the Company s Supplemental Benefit Plan (Pension-Related) (SBP-P) and the Company s Supplemental Executive Retirement Plan (SERP). The Excess Pension Policy should provide that compensation levels used to determine retirement benefits under both supplemental plans be limited to a senior executive s annual salary, excluding all incentive pay or voluntarily deferred pay from inclusion in the plans definition of covered compensation used to establish benefits. The Excess Pension Policy should be implemented in a manner so as not to interfere with existing contractual rights of any participant in either supplemental plan.

Supporting Statement: We believe that one of the most troubling aspects of the sharp rise in executive compensation is the excessive pension benefits provided to senior corporate executives through the use of supplemental executive retirement plans. The Southern Company has established two supplemental executive retirement plans, the SBP-P and the SERP. These supplemental plans provide the Company s chief executive officer and other senior executives retirement benefits far greater than those permitted under the Company s tax-qualified Pension Plan. Our proposal seeks to change these generous supplemental pension benefit plans by limiting the type and amount of compensation that can be used to calculate pension benefits under the plans.

At present, U.S. tax law maintains a $225,000 limit on the level of compensation used to determine a participant s retirement benefit under a tax-qualified pension plan. The SBP-P and SERP were established to provide senior executives increased retirement benefits by raising the level of compensation used in the pension formula to calculate retirement benefits. The plans allow the inclusion of an executive s full base pay in excess of the statutory limit, voluntarily deferred compensation, and incentive or bonus pay to calculate the executive s full retirement benefit. The Company s executive compensation disclosure indicates that the senior executives salary and annual incentive awards are typically well in excess of the $225,000 compensation limit in the Company s tax-qualified pension plan.

Our position is that the inclusion of voluntarily deferred compensation and incentive pay in calculating the level of retirement benefit is overly generous and unjustifiable. The only type of compensation used in the supplemental plans for establishing the level of additional pension benefits should be an executive s annual salary, minus deferred compensation. No incentive pay or deferred compensation should be included in a senior executive s pension calculation under the supplemental plans. The inclusion of annual incentive pay in senior executive pension benefit calculations can dramatically increase the pension benefit afforded senior executives and has the additional undesirable effect of converting one-time incentive compensation into guaranteed lifetime pension income. We believe the proposed limitations are necessary and reasonable restrictions on the excessiveness of supplemental retirement benefits.

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

As described in the Compensation Discussion and Analysis herein, the Company has a comprehensive compensation and benefits program for all employees. In addition to base salary, almost all of the Company s full-time employees, including members of collective bargaining units, participate in both the incentive compensation program and the retirement program. The Company s pay philosophy is that total compensation, including post-employment benefits, should be at the size-adjusted median of the market. This philosophy applies to all employees, including senior executives.

The Compensation Committee is responsible for the oversight and administration of the Company s executive compensation and benefits program. It has retained an independent compensation consultant that provides advice and counsel on appropriate executive compensation levels based on sound market data. The Company believes that if compensation is deemed appropriate for the senior executive s job level, benefits, including pension benefits, will be commensurate with that compensation.

Retirement benefits for all employees are based on years of service and final average rate of pay. Averaging pay over the three highest years out of the last 10 years of service mitigates the pension benefit being determined solely because of a single year s high pay. The proponent s view is that including voluntary deferred compensation and annual incentive pay in the calculation of final average pay results in overly generous and unjustifiable retirement benefits. To the contrary, pension benefits for senior executives are structured to make executive benefits comparable, as a percentage of final average pay, to the benefits provided non-executive employees. Senior executives retirement benefits are NOT higher than those of other employees, relative to their rates of pay. The pension plans, both tax-qualified and non-qualified, recognize incentive pay for all employees, not just senior executives. Recognizing voluntary deferred compensation is necessary for providing a consistent level of retirement benefits based on final average rate of pay under our pay-replacement philosophy. In fact, for example, an executive employee who retires from the Company at age 62 with 30 years of service will receive over 15% less in pension benefits, relative to final average pay, than a similarly-situated non-management employee. The Company s pension program is described in detail in the information following the Pension Benefits Table in this Proxy Statement.

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

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

Audit Committee Report

The Audit Committee oversees the Company s financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for establishing and maintaining adequate internal controls over financial reporting, including disclosure controls and procedures, and for preparing the Company s consolidated financial statements. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited consolidated financial statements of the Company and its subsidiaries and management s report on the Company s internal control over financial reporting in the 2008 Annual Report to Stockholders attached hereto as Appendix C with management. The Audit Committee also reviews the Company s quarterly and annual reporting on Forms 10-Q and 10-K prior to filing with the SEC. The Audit Committee s review process includes discussions of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and estimates and the clarity of disclosures in the financial statements.

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

The Audit Committee discussed the overall scopes and plans with the Company s internal auditors and independent registered public accounting firm for their respective audits. The Audit Committee meets with the internal auditors and independent registered public accounting firm with and without management present, to discuss the results of their audits, evaluations by management and the independent registered public accounting firm of the Company s internal control over financial reporting, and the overall quality of the Company s financial reporting. The Audit Committee also meets privately with the Company s compliance officer. The Committee held nine meetings during 2008.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board approved) that the audited consolidated financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2008 and filed with the SEC. The Audit Committee also reappointed Deloitte & Touche as the Company s independent registered public accounting firm for 2009. Stockholders will be asked to ratify that selection at the Annual Meeting of Stockholders.

Members of the Audit Committee:

William G. Smith, Jr., Chair

Francis S. Blake

Warren A. Hood, Jr.

PRINCIPAL ACCOUNTING FIRM FEES

The following represents the fees billed to the Company for the last two fiscal years by Deloitte & Touche the Company s principal independent registered public accounting firm:

	2008	**2007**
	(In thousands)	
Audit Fees(a)	$12,439	$12,525
Audit-Related Fees(b)	900	913
Tax Fees	0	0
All Other Fees	0	0
Total	$13,339	$13,438

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

(b) Includes benefit plan and other non-statutory audit services and accounting consultations in both 2008 and 2007.

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

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Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

GUIDING PRINCIPLES AND POLICIES

The Company s executive compensation program is based on a philosophy that total executive compensation must be competitive with the companies in our industry, must be tied to and motivate our executives to meet our short- and long-term performance goals, and must foster and encourage alignment of executive interests with the interests of our stockholders and our customers. The program generally is designed to motivate all employees, including executives, to achieve operational excellence and financial goals while maintaining a safe work environment.

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

Our actual earnings per share (EPS) and business unit performance, which includes return on equity (ROE) or net income, compared to target performance levels established early in the year, determine the ultimate annual incentive program payouts.

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

Our dividend payout and total shareholder return compared to those of our industry peers lead to higher or lower payouts under the Performance Dividend Program (performance dividends).

In support of our performance-based pay philosophy, we have no general employment contracts with our named executive officers or guaranteed severance, except upon a change in control.

Our pay-for-performance principles apply not only to the named executive officers, but to thousands of employees. Our short-term incentive program covers almost all of our nearly 27,000 employees and our change-in-control protection program covers all employees not part of a collective bargaining unit. Our stock options and performance dividends cover approximately 6,300 employees. These programs engage our people in our business, which ultimately is good not only for them, but for our customers and our stockholders.

OVERVIEW OF EXECUTIVE COMPENSATION COMPONENTS

Our executive compensation program is composed of several components, each of which plays a different role. The table below discusses the intended role of each material pay component, what it rewards, and why we use it. Following the table is additional information that describes how we made 2008 pay decisions.

	Intended Role and What the Element Rewards

Pay Element		**Why We Use the Element**
Base Salary	Base salary is pay for competence in the executive role, with a focus on scope of responsibilities.	Market practice. Provides a threshold level of cash compensation for job performance.
Annual Incentive	The Company s annual incentive program rewards achievement of operational, EPS, and business unit financial goals.	Market practice. Focuses attention on achievement of short-term goals that ultimately works to fulfill our mission to customers and leads to increased stockholder value in the long term.

Pay Element	Intended Role and What the Element Rewards	Why We Use the Element
Long-Term Incentive: Stock Options	Stock options reward price increases in the Common Stock over the market price on date of grant, over a 10-year term.	Market practice. Performance-based compensation. Aligns executives interests with those of stockholders.
Long-Term Incentive: Performance Dividends	Performance dividends provide cash compensation dependent on the number of stock options held at year end, the Common Stock dividends paid during the year, and the four-year total shareholder return versus industry peers.	Market practice. Performance-based compensation. Enhances the value of stock options and focuses executives on maintaining a significant dividend yield for stockholders. Aligns executives interests with stockholders interests since payouts are dependent on the returns realized by our stockholders versus those of our industry peers.
Relocation Incentive	Lump sum payment of 10% of base salary provides incentive to geographically relocate.	Enhances the value of the relocation program perquisites.
Retirement Benefits	The Southern Company Deferred Compensation Plan provides the opportunity to defer to future years up to 50% of base salary and all or part of annual incentives or performance dividends in either a prime interest rate or Common Stock account. Executives participate in employee benefit plans available to all employees of the Company, including a 401(k) savings plan and the funded Southern Company Pension Plan (Pension Plan). The Supplemental Benefit Plan counts pay, including deferred salary, ineligible to be counted under the Pension Plan and the 401(k) plan due to Internal Revenue Service rules.	Market practice. Permitting compensation deferral is a cost-effective method of providing additional cash flow to the Company while enhancing the retirement savings of executives. The purpose of these supplemental plans is to eliminate the effect of tax limitations on the payment of retirement benefits. Represents an important component of competitive market-based compensation in both our peer group and in general industry.

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

Pay Element	Intended Role and What the Element Rewards	Why We Use the Element
Perquisites and Other Personal Benefits	Personal financial planning maximizes the perceived value of our executive compensation program to executives and allows them to focus on Company operations.	Perquisites benefit both the Company and executives, at low cost to the Company.
	Home security systems lower our risk of harm to executives.	
	Club memberships are provided primarily for business use.	
	Relocation benefits cover the costs associated with geographic relocations at the request of the employer.	
Post-Termination Pay	Change-in-control agreements provide severance pay, accelerated vesting, and payment of short- and long-term incentive awards upon a change in control of the Company coupled with involuntary termination not for Cause or a voluntary termination for Good Reason.	Market practice.
		Providing protections to executives upon a change in control minimizes disruption during a pending or anticipated change in control.
		Payment and vesting occur only upon the occurrence of both an actual change in control and loss of the executive s position.

MARKET DATA

For the named executive officers, the Compensation Committee reviews compensation data from large, publicly-owned electric and gas utilities. The data was developed and analyzed by Towers Perrin, the compensation consultant retained by the Compensation Committee. The companies included each year in the primary peer group are those whose data is available through the consultant s database. Those companies are drawn from this list of regulated utilities of $2 billion in revenues and up. Proxy data for this entire list of companies below also is used. No other companies data are used in our market-pay comparisons.

AGL Resources Inc.	Energy East Corporation	Pinnacle West Capital Corporation
Allegheny Energy Corporation	Entergy Corporation	PPL Corporation
Alliant Energy Corporation	Exelon Corporation	Progress Energy, Inc.
Ameren Corporation	FirstEnegy Corp.	Public Service Enterprise Group Inc.
American Electric Power Company, Inc.	FPL Group, Inc.	Puget Energy, Inc.
Atmos Energy Corporation	Integrys Energy Company, Inc.	Reliant Energy, Inc.

Calpine Corporation	MDU Resources, Inc.	Salt River Project
CenterPoint Energy, Inc	Mirant Corporation	SCANA Corporation
CMS Energy Corporation	New York Power Authority	Sempra Energy
Consolidated Edison, Inc.	Nicor, Inc.	Sierra Pacific Resources
Constellation Energy Group, Inc.	Northeast Utilities	Southern Union Company
Dominion Resources Inc.	NRG Energy, Inc.	Tennessee Valley Authority
Duke Energy Corporation	NSTAR	The Williams Companies, Inc.
Dynegy Inc.	OGE Energy Corp.	Wisconsin Energy Corporation
Edison International	Pepco Holdings, Inc.	Xcel Energy Inc.
El Paso Corporation	PG&E Corporation	

The Company is one of the largest U.S. utility companies based on revenues and market capitalization, and its largest business units are some of the largest in the industry as well. For that reason, the consultant size-adjusts the market data in order to fit it to the scope of our business.

In using this market data, market is defined as the size-adjusted 50th percentile of the data, with a focus on pay opportunities at target performance (rather than actual plan payouts). The Company specifically looks at the market data for chief executive officer positions and other positions in terms of scope of responsibilities that most closely resemble the positions held by our named executive officers. Based on that data, the Company recommends to the Compensation Committee a total target compensation opportunity for each named executive officer. Total target compensation opportunity is the sum of base salary, annual incentive payout (at the target performance level), stock option awards at a target value, and performance dividend payout at a target value. Actual compensation paid may be more or less than the total target compensation opportunity based on actual performance above or below target performance levels. As a result, our compensation program is designed to result in payouts that are market-appropriate given our performance for the year or period.

The Company did not target a specified weight for base salary or annual or long-term incentives as a percentage of total target compensation opportunities, nor did amounts realized or realizable from prior compensation serve to increase or decrease 2008 compensation amounts. Total target compensation opportunities for senior management as a group are managed to be at the median of the market for companies our size and in our industry. The total target compensation opportunities established in 2008 for each named executive officer are shown below.

Name	Salary ($)	Annual Incentive ($)	Long-Term Incentive ($)	Total Target Compensation Opportunity ($)
D. M. Ratcliffe	1,129,467	1,129,467	5,647,338	7,906,272
W. P. Bowers	565,098	423,824	683,763	1,672,685
T. A. Fanning	664,685	498,514	804,269	1,967,468
M. D. Garrett	695,402	521,552	841,432	2,058,386
C. D. McCrary	662,242	496,682	801,306	1,960,230

As is our long-standing practice, the salary levels shown above were not effective until March 2008. Therefore, the amounts reported in the Summary Compensation Table are lower because that table reports actual amounts paid in 2008. For purposes of comparing the value of our compensation program to the market data, stock options are valued at 12%, and performance dividend targets at 10%, of the average daily Common Stock price for the year preceding the grant, both of which represent risk-adjusted present values on the date of grant and are consistent with the methodologies used to develop the market data. For the 2008 grant of stock options and the performance dividend targets established for the 2008 - 2011 performance period, this value was $8.03 per stock option granted. In the long-term incentive column, 55% of the value shown is attributable to stock options and 45% is attributable to performance dividends. The stock option value used for market data comparisons exceeds the value reported in the Grants of Plan-Based Awards Table because the value above is calculated assuming that the options are held for their full 10-year terms. The calculation of the Black-Scholes value reported in the Grants of Plan-Based Awards Table uses historical holding period averages of approximately five years. The value of stock options, with the associated performance dividends, declined from 2007. In 2007, the value of the dividend equivalents was 10% of the average daily Common Stock price for the year preceding the grant as in 2008, but the value of the stock option was 15% rather than 12%. In 2007, the performance dividends represented 40% of the long-term incentive target value and stock options represented 60% of that value.

As discussed above, the Compensation Committee targets total target compensation opportunities for senior executives as a group at market. Therefore, some executives may be paid somewhat above and others somewhat below market. This practice allows for minor differentiation based on time in the position, scope of responsibilities, and individual performance. The differences in the total pay opportunities for each named executive officer are based almost exclusively on the differences indicated by the market data for persons holding similar positions. The average total target compensation opportunities for the named executive officers for 2008 were below the market data described above. However, because of the use of market data from a large number of peer companies for positions that are not identical in terms of scope of responsibility from company to company, we do not consider this difference material and we continue to believe that our compensation program is market-appropriate. Generally, we consider compensation to be within an appropriate range if it is not more or less than 10% of the applicable market data. Only the total opportunity for Mr. Bowers was more than 10% under the market data described above, which the Compensation Committee considered appropriate because he was new to the Chief Financial Officer position in 2008.

In 2007, Towers Perrin analyzed the level of actual payouts, for 2006 performance, under the annual incentive program to the named executive officers relative to performance versus our peer companies to provide a check on the Company s goal-setting process. The findings from the analyses were used in establishing performance goals and the associated range of payouts for goal achievement for 2008. That analysis was updated in 2008, for 2007 performance, and those findings were used in establishing goals for 2009.

In 2008, the Compensation Committee received a detailed comparison of the Company s executive benefits program to the benefits of a group of other large utilities and general industry companies. The results indicated that the Company s executive benefits program was at market with retirement-related benefits slightly above market and other benefits slightly below market.

DESCRIPTION OF KEY COMPENSATION COMPONENTS

2008 Base Salary

Base salaries for each of the named executive officers for 2008 were recommended for the Compensation Committee s approval by Mr. Ratcliffe, except for his own salary. Those recommendations took the market data into account, as well as the need to retain an experienced team, time in position, and individual performance which included the degree of competence and initiative exhibited and the individual s relative contribution to the results of operations in prior years. The Compensation Committee approved the recommended salaries in 2008.

Mr. Ratcliffe s 2008 base salary was set by the Compensation Committee and was influenced by the above-described market data and Mr. Ratcliffe s performance and time in the position.

2008 Incentive Compensation

Achieving Operational and Financial Goals Our Guiding Principle for Incentive Compensation

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

In 2008, we strove for and rewarded:

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

In 2008, we also focused on and rewarded:

- EPS growth;
- ROE in the top quartile of comparable electric utilities;
- Dividend growth;

Long-term total shareholder return; and

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

The incentive compensation program is designed to encourage achievement of these goals.

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

2008 Annual Incentive Program

Program Design

The Performance Pay Program is the Company s annual incentive program. Most employees of the Company are participants, including the named executive officers, for a total of almost 27,000 participants.

The performance measured by the program uses goals set at the beginning of each year by the Compensation Committee.

An illustration of the annual incentive goal structure for 2008 is provided below.

Operational goals for 2008 were safety, customer service, plant availability, transmission and distribution system reliability, and inclusion. Each of these operational goals is explained in more detail under Goal Details below. The result of all operational goals is averaged and multiplied by the bonus impact of the EPS and business unit financial goals. The amount for each goal can range from 0.90 to 1.10 or can be 0.00 if a threshold performance level is not achieved as more fully described below. The level of achievement for each operational goal is determined and the results are averaged. Each of our business units has operational goals. For Messrs. Garrett and McCrary, the payout is adjusted up or down based on the operational goal results for Georgia Power Company and Alabama Power Company, respectively. For Messrs. Ratcliffe, Bowers, and Fanning, it is calculated using the corporate-wide weighted average of the operational goal results.

EPS is weighted at 50% of the financial goals. EPS is defined as earnings from continuing operations divided by average shares outstanding during the year. The EPS performance measure is applicable to all participants in the Performance Pay Program, including the named executive officers.

Business unit financial performance is weighted at 50% of the financial goals. For our traditional utility operating companies (Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company), the business unit financial performance goal is ROE, which is defined as the operating company s net income divided by average equity for the year. For our other business units, we establish financial performance measures that are tailored to each business unit.

For Messrs. Garrett and McCrary, the annual incentive payout is calculated using the ROE for Georgia Power Company and Alabama Power Company, respectively. For Messrs. Ratcliffe, Bowers, and Fanning, it is calculated using a corporate-wide weighted average of all the business unit financial performance goals, including primarily each traditional operating company s ROE.

The Compensation Committee may make adjustments, both positive and negative, to goal achievement for purposes of determining payouts. Such adjustments include the impact of items considered one-time or outside of normal operations or not anticipated in the business plan when the earnings goal was established and of sufficient magnitude to warrant recognition. The Compensation Committee made an adjustment in 2008 to eliminate the effect of an $83 million, or 11 cents per share, after-tax charge to earnings taken in 2008. The charge related to a position the Company took concerning the timing of tax deductions associated with sale-in-lease-out (SILO) transactions that was challenged by the Internal Revenue Service. In making this decision, the Compensation Committee considered that the charge only affected the timing of deductions taken by the Company related to the SILO transactions, that the future tax benefits due to the timing change are expected to be minimal in future years and will likely have no impact on future Performance Pay Program award sizes, and that the impact of the tax benefits in earlier years was minimal an average of just over two percent in 2002 through 2007. This adjustment increased the average payout for 2008 performance by approximately 30%.

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

Goal Details

Operational Goals:

Customer Service The Company uses customer satisfaction surveys to evaluate the Company s performance. The survey results provide an overall ranking for each traditional operating company, as well as a ranking for each customer segment: residential, commercial, and industrial.

Reliability Transmission and distribution system reliability performance is measured by the frequency and duration of outages. Performance targets for reliability are set internally based on historical performance, expected weather conditions, and expected capital expenditures.

Availability Peak season equivalent forced outage rate is an indicator of plant availability and efficient generation fleet operations during the months when generation needs are greatest. The rate is calculated by dividing the number of hours of forced outages by total generation hours.

Safety The Company s Target Zero program is focused on continuous improvement in having a safe work environment. The performance is measured by the Occupational Safety and Health Administration recordable incident rate.

Inclusion/Diversity The inclusion program seeks to improve our inclusive workplace. This goal includes measures for work environment (employee satisfaction survey), representation of minorities and females in leadership roles, and supplier diversity.

Southern Company capital expenditures gate or threshold goal We strive to manage total capital expenditures, excluding nuclear fuel, for the participating business units at or below a specified level for 2008. For 2008, the capital expenditure target, excluding nuclear fuel, was $4.135 billion. If the capital expenditure target is exceeded, total operational goal performance is capped at 0.90 for all business units, regardless of the actual operational goal results. Adjustments to the goal may occur due to significant events not anticipated in the business plan established early in the year, such as acquisitions or disposition of assets, new capital projects, and other events.

The range of performance levels established for the operational goals is detailed below.

Level of Performance	**Customer Service**	**Reliability**	**Availability**	**Safety**	**Inclusion**
Maximum (1.10)	Top quartile for each customer segment	Improve historical performance	2.00%	0.95	Significant improvement
Target (1.00)	Top quartile overall	Maintain historical performance	2.75%	1.25	Improve

Threshold (0.90)	3rd quartile	Below historical performance	3.75%	1.50	Below expectations
0 Trigger	4th quartile	Significant issues	6.00%	>1.50	Significant issues

EPS and Business Unit Financial Performance:

The range of EPS and ROE goals for 2008 is shown below. ROE goals vary from the allowed retail ROE range due to state regulatory accounting requirements, wholesale activities, other non-jurisdictional revenues and expenses, and other activities not subject to state regulation.

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Level of Performance	EPS, excluding SILO tax impacts	ROE	Payout Factor	Payout Factor at Associated Level of Operational Goal Achievement	Payout Below Threshold for Operational Goal Achievement
Maximum	$2.45	14.25%	2.00	2.20	0.00
Target	$2.32	13.25%	1.00	1.10	0.00
Threshold	$2.24	11.00%	0.50	0.45	0.00
Below threshold	<$2.24	<11.00%	0.00	0.00	0.00

2008 Achievement

Each named executive officer had a target annual incentive opportunity set by the Compensation Committee at the beginning of 2008. Targets are set as a percentage of base salary. Mr. Ratcliffe s target was set at 100%. For the other named executive officers, it was set at 75%. Actual payouts were determined by adding the payouts derived from EPS and business unit financial performance goal achievement for 2008 and multiplying that sum by the result of the operational goal achievement. The gate goal target was not exceeded and therefore did not affect payouts. Actual 2008 goal achievement is shown in the following table. The EPS result shown in the table is adjusted for the after-tax charges taken in 2008 as described above. Therefore, payouts were determined using EPS performance results that differ from the results reported in the Company s financial statements in the 2008 Annual Report attached as Appendix C to this Proxy Statement (Financial Statements). EPS, as determined in accordance with generally accepted accounting principles and as reported in the Financial Statements, was $2.26 per share.

Name	Operational Goal Multiplier (A)	EPS, excluding SILO tax impacts	EPS Goal Performance Factor (50% Weight)	Business Unit Financial Performance	Business Unit Financial Performance Factor (50% Weight)	Total Weighted Financial Performance Factor (B)	Total Payout Factor (A x B)
D. M. Ratcliffe	1.07	$2.37	1.54	Corporate average	1.24	1.39	1.49
W. P. Bowers	1.07	$2.37	1.54	Corporate average	1.24	1.39	1.49
T. A. Fanning	1.07	$2.37	1.54	Corporate average	1.24	1.39	1.49
M. D. Garrett	1.08	$2.37	1.54	13.56% ROE	1.31	1.42	1.54
C. D. McCrary	1.07	$2.37	1.54	13.30% ROE	1.05	1.29	1.39

Note that the Total Payout Factor may vary from the Total Weighted Financial Performance Factor multiplied by the Operational Goal Multiplier due to rounding. To calculate an annual incentive payout amount, the target opportunity (annual incentive target times base salary) is multiplied by the Total Payout Factor.

Actual performance, as adjusted, exceeded the target performance levels established by the Compensation Committee in early 2008; therefore, the payout levels also exceeded the target pay opportunities that were established. More information on how the target pay opportunities are established is provided under the Market Data section in this CD&A.

The table below shows the pay opportunity set in early 2008 for the annual incentive payout at target-level performance and the actual payout based on the actual performance shown above. The actual target reported in the Grants of Plan-Based Awards Table may differ due to rounding.

Name	Target Annual Incentive Opportunity	Actual Annual Incentive Payout
D. M. Ratcliffe	$1,129,467	$1,682,906
W. P. Bowers	$423,824	$632,073
T. A. Fanning	$498,514	$742,786
M. D. Garrett	$521,552	$803,190
C. D. McCrary	$496,681	$690,387

Stock Options

Stock options are granted annually and were granted in 2008 to the named executive officers and about 6,300 other employees. Options have a 10-year term, vest over a three-year period, fully vest upon retirement or termination of employment following a change in control, and expire at the earlier of five years from the date of retirement or the end of the 10-year term.

Stock option award sizes for 2008 were calculated using guidelines set by the Compensation Committee as a percentage of base salary as shown in the table below. The number of options granted is the guideline amount divided by the average daily Common Stock price for the 12 months preceding the grant. The guideline percentage was set by the Compensation Committee to deliver target long-term incentive compensation assuming a stock option value, with associated performance dividends, of approximately 25% of the average daily Common Stock price. As discussed in the Market Data section in this CD&A, in 2008 the target value of the stock options, with the associated performance dividends, was only 22% of that average Common Stock price. Therefore, while the guideline as a percentage of salary was not increased for 2008 stock option awards, the target value of long-term incentive compensation was less in 2008 than in 2007 - $8.03 per share in 2008 and $8.515 per share in 2007.

The calculation of the 2008 stock option grants for the named executive officers is shown below.

Name	**Guideline%**	**Salary**	**Guideline Amount**	**Average Daily Stock Price**	**Number of Stock Options Granted (Guideline Amount/Average Daily Stock Price)**
D. M. Ratcliffe	2,273% of Salary	$1,129,467	$25,672,785	$36.50	703,280
W. P. Bowers	550% of Salary	$565,098	$3,108,039	$36.50	85,151
T. A. Fanning	550% of Salary	$664,685	$3,655,768	$36.50	100,158
M. D. Garrett	550% of Salary	$695,402	$3,824,711	$36.50	104,786
C. D. McCrary	550% of Salary	$662,242	$3,642,331	$36.50	99,789

For Mr. Ratcliffe, based on the market data, long-term incentive compensation pay opportunity was re-determined in 2008 and therefore the guideline, which as described above is a percentage of salary, was increased accordingly. In 2007, the guideline percentage was 1,703%. More information about the stock option program is contained in the Grants of Plan-Based Awards Table and the information accompanying it.

Performance Dividends

All option holders, including the named executive officers, can receive performance-based dividend equivalents on stock options held at the end of the year. Performance dividends can range from 0% to 100% of the Common Stock dividend paid during the year per option held at the end of the year. Actual payout will depend on our total shareholder return over a four-year performance-measurement period compared to a group of other electric and gas utility companies. The peer group is determined at the beginning of each four-year performance-measurement period. The peer group varies from the Market Data peer group due to the timing and criteria of the peer selection process. The peer group for performance dividends is set by the Compensation Committee at the beginning of the four-year performance-measurement period. However, despite these timing differences, there is substantial overlap in the companies included.

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

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

2008 Payout

The peer group used to determine the 2008 payout for the 2005-2008 performance-measurement period consisted of utilities with revenues of $2 billion or more with regulated revenues of 70% or more. Those companies are listed below.

Allegheny Energy, Inc.	Exelon Corporation	Progress Energy, Inc.
Alliant Energy Corporation	FirstEnergy Corporation	Public Service Enterprise Group Inc.
Ameren Corporation	FPL Group, Inc.	Puget Energy, Inc.
American Electric Power Company, Inc.	NiSource Inc.	SCANA Corporation
Consolidated Edison, Inc.	NSTAR	Sempra Energy
DTE Energy Company	OGE Energy Corp.	Sierra Pacific Resources
Energy East Corporation	Pepco Holdings, Inc.	Wisconsin Energy Corporation
Entergy Corporation	Pinnacle West Capital Corp.	Xcel Energy Inc.

The scale below determined the percentage of the full year s dividend paid on each option held at December 31, 2008 based on performance during the 2005-2008 performance-measurement period. Payout for performance between points was interpolated on a straight-line basis.

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

The above payout scale, when established in 2005, paid 25% of the dividend at the 30th percentile and zero below that. The scale was extended to the 10th percentile on a straight-line basis by the Compensation Committee in October 2005 in order to avoid the earnings volatility and employee relations issues that the payout cliff created.

For tax purposes, the Compensation Committee approved a payout for the named executive officers of up to 0.6% of the Company s average net income over the performance-measurement period and used negative discretion to arrive at a payout commensurate with the scale shown.

The Company s total shareholder return performance, as measured at the end of each quarter of the final year of the four-year period ending with 2008, was the 61st, 48th, 91st, and 91st percentile, respectively, resulting in a total payout of 78% of the full year s dividend, or $1.30. This figure was multiplied by each named executive officer s outstanding stock options at December 31, 2008 to calculate the payout under the program. The amount paid is included in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table.

2011 Opportunity

The peer group for the 2008-2011 performance-measurement period (which will be used to determine the 2011 payout amount) consists of utility companies with revenues of $1.2 billion or more with regulated revenues of approximately 60% or more. Those companies are listed below.

The guideline used to establish the peer group for the 2005-2008 performance-measurement period was somewhat different from that used in 2008 to establish the peer group for the 2008-2011 performance-measurement period. The guideline for inclusion in the peer group is reevaluated annually as needed to assist in identifying an appropriate number of companies similar to the Company. While the guideline does vary somewhat, 20 of the 24 companies in the peer group for the 2005-2008 performance-measurement period also are in the peer group established for the 2008-2011 period.

Allegheny Energy, Inc.	Edison International	Progress Energy, Inc.
Alliant Energy Corporation	Energy East Corporation	Public Service Enterprise Group Inc.
Ameren Corporation	Entergy Corporation	Puget Energy, Inc.
American Electric Power Company, Inc.	Exelon Corporation	SCANA Corporation
Aquila, Inc.	FPL Group, Inc.	Sierra Pacific Resources
Avista Corporation	Hawaiian Electric Industries, Inc.	TECO Energy, Inc.
CMS Energy Corporation	NiSource Inc.	UIL Holdings Corporation
Consolidated Edison, Inc.	Northeast Utilities	Unisource Energy Corporation
Dominion Resources Inc.	NSTAR	Vectren Corporation
DPL Inc.	Pepco Holdings, Inc.	Westar Energy, Inc.
DTE Energy Company	PG&E Corporation	Wisconsin Energy Corporation
Duke Energy Corporation	Pinnacle West Capital Corp.	Xcel Energy Inc.

The scale below will determine the percentage of each quarter s dividend paid in the last year of the performance-measurement period to be paid on each option held at December 31, 2011, based on the 2008-2011 performance-measurement period. Payout for performance between points will be interpolated on a straight-line basis.

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

See the Grants of Plan-Based Awards Table and the accompanying information for more information about threshold, target, and maximum payout opportunities for the 2008-2011 Performance Dividend Program.

Timing of Incentive Compensation

As discussed above, EPS and business unit financial performance goals for the 2008 annual incentive program were established at the February 2008 Compensation Committee meeting. Annual stock option grants also were made at that meeting. The establishment of incentive compensation goals and the granting of stock options were not timed with the release of non-public material information. This procedure was consistent with prior practices. Stock option grants are made to new hires or newly-eligible participants on preset, regular quarterly dates that were approved by the Compensation Committee. The exercise price of options granted to employees in 2008 was the closing price of the Common Stock on the date of grant.

Post-Employment Compensation

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

<u>Retirement Benefits</u>

Generally, all full-time employees of the Company, including the named executive officers, participate in our funded Pension Plan after completing one year of service. Normal retirement benefits become payable when participants both attain age 65 and complete five years of participation. We also provide unfunded benefits that count salary and short-term incentive pay that is ineligible to be counted under the Pension Plan. (These plans are the Supplemental Benefit Plan and the Supplemental Executive Retirement Plan that are mentioned in the chart on page 26 of this CD&A.) See the Pension Benefits Table and the information accompanying it for more information about pension-related benefits.

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 the annual incentive and performance dividends may be deferred, at the election of eligible employees. All of the named executive officers are eligible to participate in the Deferred Compensation Plan. See the Nonqualified Deferred Compensation Table and the information accompanying it for more information about the Deferred Compensation Plan.

Change-in-Control Protections

The Compensation Committee approved the change-in-control protection program in 1998. The program provides some level of severance benefits to all employees who are not part of a collective bargaining unit, if the conditions of the program are met, as described below. The Compensation Committee established this program and the levels of severance amount in order to provide certain compensatory protections to executives upon a change in control and thereby allow them to negotiate aggressively with a prospective purchaser. Providing such protections to our employees in general minimizes disruption during a pending or anticipated change in control. For all participants, payment and vesting occur only upon the occurrence of both an actual change in control and loss of the individual s position.

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

If the conditions described above are met, the named executive officers are entitled to severance payments equal to three times their base salary plus the annual incentive amount assuming target-level performance. Less than 15 officers of the Company and its subsidiaries are entitled to this level of severance payment. Most officers of the Company and its subsidiaries are entitled to severance payments equal to two times their base salary plus the annual incentive amount assuming target-level performance. These amounts are consistent with that provided by other companies of our size and in our industry and were established based on market data provided to the Compensation Committee from its compensation consultant.

More information about post-employment compensation, including severance arrangements under our change-in-control program, is included in the section entitled Potential Payments upon Termination or Change in Control.

Relocation Benefits

Mr. Bowers was named Chief Financial Officer of the Company in early 2008 and relocated from Birmingham, Alabama to Atlanta, Georgia at the Company s request. The Company has a relocation program that generally provides the same level of benefits to all employees that relocate at the request of the Company. One benefit is a geographic relocation bonus of 10% of base salary. For Mr. Bowers, this amount is reported in the Bonus column in the Summary Compensation Table. Other standard benefits are provided such as movement of household goods, assistance with real estate closing costs, and loss on sale of a home. The standard program limits the loss on sale amount unless approved by the relocating employee s executive management. For Mr. Bowers, the Compensation Committee approved the loss on sale of his home in Birmingham that was due to the downturn in the real estate market in Birmingham. The amount approved was approximately $300,000 plus tax reimbursement of approximately $153,000. These amounts, as well as all other relocation perquisites, are reported in the All Other Compensation column in the Summary Compensation Table and the information accompanying it.

Executive Stock Ownership Requirements

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

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

The requirements are expressed as a multiple of base salary as shown in the table as follows.

Name	Multiple of Salary without Counting Stock Options	Multiple of Salary Counting 1/3 of Vested Options
D. M. Ratcliffe	5 Times	10 Times
W. P. Bowers	3 Times	6 Times
T. A. Fanning	3 Times	6 Times
M. D. Garrett	3 Times	6 Times
C. D. McCrary	3 Times	6 Times

Current officers have until September 30, 2011 to meet the applicable ownership requirement. Newly-elected officers will have five years from the date of election to meet the applicable ownership requirement.

Impact of Accounting and Tax Treatments on Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended (Code), limits the tax deductibility of each named executive officer s compensation that exceeds $1 million per year unless the compensation is paid under a performance-based plan as defined in the Code that has been approved by stockholders. The Company has obtained stockholder approval of the Omnibus Incentive Compensation Plan, under which all of our incentive compensation is paid. For tax purposes, in order to ensure that the annual incentive and performance dividend payouts are fully deductible under Section 162(m) of the Code, in February 2008, the Compensation Committee approved a formula that represented a maximum annual incentive amount payable (defined as 0.6% of the Company s net income) and the maximum performance dividend amount payable for the 2008-2011 performance-measurement period (0.6% of the Company s average net income during 2008-2011). In 2008, the Compensation Committee used (for annual incentive), or will use (for performance dividends), negative discretion from those amounts to determine the actual payouts pursuant to the methodologies described above.

Because our policy is to maximize long-term stockholder value, as described fully in this CD&A, tax deductibility is not the only factor considered in setting compensation.

Policy on Recovery of Awards

The Company s Omnibus Incentive Compensation Plan provides that, if the Company is required to prepare an accounting restatement due to material noncompliance as a result of misconduct, and if an executive 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 will reimburse the Company the amount of any payment in settlement of awards earned or accrued during the 12-month period following the first public issuance or filing that was restated.

Company Policy Regarding Hedging the Economic Risk of Stock Ownership

The Company s policy is that insiders, including outside directors, will not trade in Company options on the options market and will not engage in short sales.

2009 Executive Compensation Program Changes

In early 2009, the Compensation Committee made certain key changes to the executive compensation program that affect all executive officers of the Company, including the named executive officers.

Perquisites

As described in the chart on page 41 of this CD&A, the Company provides limited perquisites for its executive officers, including the named executive officers. The principal perquisites provided are a financial planning benefit and club memberships. Other perquisites provided are described in the notes following the Summary Compensation Table and include: security system monitoring, spousal travel expenses when a business purpose for the travel exists, and other miscellaneous items. The value of the perquisites provided is considered personal income and the Company has provided tax gross-ups to cover the taxes owed on that income. Beginning in 2009, the Compensation Committee eliminated the tax gross-ups on perquisites, except relocation benefits, for all executive officers of the Company, including the named executive officers.

Stock Option Vesting

The Compensation Committee changed the stock option vesting provisions associated with retirement for the stock options granted to the executive officers of the Company, including the named executive officers, made in early 2009. Grants prior to 2009 vest ratably over a three year period, but vesting is accelerated upon retirement. For the grants made in 2009, unvested options are forfeited if the executive retires from the Company and accepts a position with a peer company within two years of retirement. The Compensation Committee made this change to provide more retention value to the stock option awards, to provide an inducement to not seek a position with a peer company, and to limit the post-termination compensation of any executives who do accept positions with a peer company.

Base Salary Adjustments

Consistent with the broad-based compensation program, the Compensation Committee did not make any base salary adjustments in early 2009 for the named executive officers, except for Mr. Bowers. His base salary was adjusted because he was below the median of the market data.

Change-in-Control Program

The Compensation Committee has directed Towers Perrin to review best practices for change-in-control programs and has directed management to recommend any necessary changes to the program to meet those best practices. The review and any changes to the program will be completed in 2009 and effective in 2010.

COMPENSATION AND MANAGEMENT SUCCESSION COMMITTEE REPORT

The Compensation Committee met with management to review and discuss the CD&A. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the CD&A be included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and in this Proxy Statement. The Board of Directors approved that recommendation.

Members of the Compensation Committee:

J. Neal Purcell, Chair

Jon A. Boscia

H. William Habermeyer, Jr.

Donald M. James

SUMMARY COMPENSATION TABLE FOR 2008

The Summary Compensation Table shows the amount and type of compensation received or earned in 2006, 2007, and 2008 for the Chief Executive Officer, the Chief Financial Officer, and the next three most highly-paid executive officers of the Company who served in 2008. Collectively, these five officers are referred to as the named executive officers.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
(a)	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**(h)**	**(i)**	**(j)**
David M. Ratcliffe	2008	1,118,090			1,666,774	5,267,878	1,481,217	79,378	9,613,337
Chairman, President,	2007	1,068,268			2,215,880	2,901,883	4,683,305	88,585	10,957,921
& CEO	2006	1,028,471			2,152,767	2,563,680	2,036,219	73,127	7,854,264
W. Paul Bowers	2008	557,476	56,510		201,808	1,001,174	185,472	770,837	2,773,277
Executive Vice	2007	502,366			291,202	669,586	582,095	42,282	2,087,531
President & CFO	2006	480,371	24,249		465,036	674,784	140,705	38,201	1,823,346
Thomas A. Fanning	2008	658,246			237,374	1,348,981	235,664	49,341	2,529,606
Executive Vice	2007	610,624			520,341	954,988	814,123	43,658	2,943,734
President & COO	2006	583,011			551,320	939,527	357,950	43,041	2,474,849
Michael D. Garrett	2008	679,641			248,343	1,283,734	666,453	48,411	2,926,582
President, Georgia	2007	613,731			413,075	828,844	2,259,654	47,440	4,162,744
Power Company	2006	575,100	29,288		391,843	967,002	880,636	47,183	2,891,052
Charles D. McCrary	2008	656,209			236,500	1,287,318	639,855	57,386	2,877,268
President, Alabama	2007	629,961			421,612	983,174	1,156,038	58,132	3,248,917
Power Company	2006	609,407			411,589	900,736	203,672	55,606	2,181,010

Column (d)

The amount shown for 2008 is a geographic relocation incentive as described in the CD&A. The amounts shown for 2006 were individual performance bonuses not based on pre-determined goals.

Column (e)

No equity-based compensation has been awarded to the named executive officers, other than stock options awards which are reported in column (f).

Column (f)

This column reports the dollar amounts recognized for financial statement reporting purposes with respect to 2008 in accordance with Financial Accounting Standards Board (FASB) Statement No. 123 (revised 2004), Share Based Payments, disregarding any estimates of forfeitures relating to service-based vesting conditions. See Note 8 to the Financial Statements for a discussion of the assumptions used in calculating these amounts.

Column (g)

The amounts in this column are the aggregate of the payouts under the annual incentive program and the performance dividend program attributable to performance periods ended December 31, 2008 that are discussed in the CD&A. The amounts paid under each program to the named executive officers are shown as follows:

Name	Annual Incentive ($)	Performance Dividends ($)	Total ($)
D. M. Ratcliffe	1,682,906	3,584,972	5,267,878
W. P. Bowers	632,073	369,101	1,001,174
T. A. Fanning	742,786	606,195	1,348,981
M. D. Garrett	803,190	480,544	1,283,734
C. D. McCrary	690,387	596,931	1,287,318

Column (h)

This column reports the aggregate change in the actuarial present value of each named executive officer s accumulated benefit under the Pension Plan and the supplemental pension plans (collectively, Pension Benefits) during 2006, 2007 and 2008. The amount included for 2006 is the difference between the actuarial present values of the Pension Benefits measured as of September 30, 2005 and September 30, 2006 and the 2007 amount is the difference in the actuarial present values of the Pension Benefits measured as of September 30, 2006 and September 30, 2007. However, the amount for 2008 is the difference between the actuarial values of the Pension Benefits measured as of September 30, 2007 and December 31, 2008 - 15 months rather than one year. September 30 was used as the measurement date prior to 2008, because it was the date as of which the Company measured its retirement benefit obligations for accounting purposes. Starting in 2008, the Company changed its measurement date to December 31 to comply with FASB Statement No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans. 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 FASB Statement No. 87, Employers Accounting for Pensions cost purposes as of that measurement date; however, the named executive officers were assumed to remain employed at any subsidiary of the Company until their benefits commence at the pension plans stated normal retirement date, generally age 65. As a result, the amounts in column (h) related to Pension Benefits represent the combined impact of several factors growth in the named executive officer s Pension Benefits over the measurement year; impact on the total present values of one year shorter discounting period due to the named executive officer being one year closer to normal retirement; impact on the total present values attributable to changes in assumptions from measurement date to measurement date; and impact on the total present values attributable to plan changes between measurement dates.

The pension plans provisions were substantively the same as of September 30, 2005 and September 30, 2006. However, the present values of accumulated Pension Benefits as of September 30, 2007 reflect provisions that were made in 2007 regarding the form and timing of payments from the supplemental pension plans. The changes brought those plans into compliance with Section 409A of the Code. The key change was to the form of payment. Instead of providing monthly payments for the lifetime of each named executive officer and his spouse, these plans will pay the single sum value of those benefits for an average lifetime in 10 annual installments. Calculations of the present value of accumulated benefits shown prior to September 30, 2007 reflect supplemental pension benefits being paid monthly for the lifetimes of the named executive officers and their spouses. The 2007 change in pension value reported in column (h) for each named executive officer is greater than what it otherwise would have been due to the conversion to the change in the form of payment. The conversion necessitated a one-time adjustment in the value of accumulated benefits to reflect the installment form of payment.

For more information about the Pension Benefits and the assumptions used to calculate the actuarial present value of accumulated benefits as of December 31, 2008, see the information following the Pension Benefits Table. The key differences between assumptions used for the actuarial present values of accumulated benefits calculations as of September 30, 2007 and December 31, 2008 follow:

Discount rate was increased to 6.3% as of December 31, 2008 from 6.0% as of September 30, 2007.

Unpaid incentives have been assumed to be 135% of target levels as of December 31, 2008; payments at 130% of target levels were assumed as of September 30, 2007.

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This column also reports above-market earnings on deferred compensation. Above-market earnings are defined by the SEC as any amount above 120% of the applicable federal long-term rate as prescribed under Section 1274(d) of the Code. There were no above-market earnings in 2008. For more information about deferred compensation, see the Nonqualified Deferred Compensation Table and the information following it.

The table below itemizes the amounts reported in this column. As described above, the change in pension value for 2008 reflects the change over a 15-month period rather than one year.

Name	Year	Change in Pension Value ($)	Above-Market Earnings on Deferred Compensation ($)	Total ($)
D. M. Ratcliffe	2008	1,481,217	0	1,481,217
	2007	4,646,301	37,004	4,683,305
	2006	2,002,835	33,384	2,036,219
W. P. Bowers	2008	185,472	0	185,472
	2007	577,633	4,462	582,095
	2006	136,681	4,024	140,705
T. A. Fanning	2008	235,664	0	235,664
	2007	809,570	4,553	814,123
	2006	353,902	4,048	357,950
M. D. Garrett	2008	666,453	0	666,453
	2007	2,250,828	8,826	2,259,654
	2006	872,674	7,962	880,636
C. D. McCrary	2008	639,855	0	639,855
	2007	1,150,499	5,539	1,156,038
	2006	198,676	4,996	203,672

Column (i)

This column reports the following items: perquisites; tax reimbursements by the Company on certain perquisites; Company contributions in 2008 to the Southern Company Employee Savings Plan (ESP), which is a tax-qualified defined contribution plan intended to meet requirements of Section 401(k) of the Code, and contributions in 2008 under the Southern Company Supplemental Benefit Plan (Non-Pension Related) (SBP). The SBP is described more fully in the information following the Nonqualified Deferred Compensation Table.

The amounts reported for 2008 are itemized below.

Name	Perquisites ($)	Tax Reimbursements ($)	ESP ($)	SBP ($)	Total ($)
D. M. Ratcliffe	17,477	5,468	11,140	45,293	79,378
W. P. Bowers	439,382	303,362	11,392	16,701	770,837
T. A. Fanning	11,857	4,704	11,005	21,775	49,341
M. D. Garrett	7,460	6,289	11,730	22,932	48,411

C. D. McCrary	14,197	11,368	10,084	21,737	57,386

As discussed in the CD&A, the Compensation Committee eliminated tax reimbursements on all perquisities, except relocation benefits, effective January 1, 2009.

Description of Perquisites

Personal Financial Planning is provided for most officers of the Company, including all of the named executive officers. The Company pays for the services of the financial planner on behalf of the officers, up to a maximum amount of $9,780 per year, after the initial year that the benefit is first provided. The Company also provides a five-year allowance of $6,000 for estate planning and tax return preparation fees.

Home Security Monitoring is provided by or under the direction of the Company s security personnel. The amount of the benefit reported here represents the incremental cost of the Company-provided monitoring. The incremental cost is the full cost of providing security monitoring at Company-owned facilities and covered employees residences divided by the number of security systems monitored.

Personal Use of Company-Provided Club Memberships. The Company provides club memberships to certain officers, including all of the named executive officers. The memberships are provided for business use; however, personal use is permitted. The amount included reflects the pro-rata portion of the membership fees paid by the Company that are attributable to the named executive officers personal use. Direct costs associated with any personal use, such as meals, are paid for or reimbursed by the employee and therefore are not included.

Relocation Benefits. These benefits are provided to cover the costs associated with geographic relocation. In 2008, Mr. Bowers received relocation-related benefits of $426,991. See the CD&A for more information about relocation benefits.

Personal Use of Corporate-Owned Aircraft. The Company owns aircraft that are used to facilitate business travel. All flights on these aircraft must have a business purpose, except under very limited circumstances. There was no such personal use during 2008. If seating is available, the Company permits a spouse or other family member to accompany an employee on a flight. However, because in such cases the aircraft is being used for a business purpose, there is no incremental cost associated with the family travel and no amounts are included for such travel. Any additional expenses incurred that are related to family travel are included.

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

GRANTS OF PLAN-BASED AWARDS IN 2008

The Grants of Plan-Based Awards Table provides information on stock option grants made and goals established for future payouts under the Company s incentive compensation programs during 2008 by the Compensation Committee. In this table, the annual incentive and the performance dividend amounts are referred to as PPP and PDP, respectively.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards					
Name (a)	**Grant Date (b)**		**Threshold ($) (c)**	**Target ($) (d)**	**Maximum ($) (e)**	**All Other Option Awards: Number of Securities Underlying Options (#) (f)**	**Exercise or Base Price of Option Awards ($/Sh) (g)**	**Grant Date Fair Value Of Stock and Option Awards ($) (h)**
D. M. Ratcliffe	2/18/2008	PPP	508,260	1,129,467	2,484,827	703,280	35.78	1,666,774
	2/18/2008	PDP	229,231	2,292,314	4,584,628			
W. P. Bowers	2/18/2008	PPP	190,721	423,824	932,413	85,151	35.78	201,808
	2/18/2008	PDP	23,601	236,012	472,024			
T. A. Fanning	2/18/2008	PPP	224,331	498,514	1,096,731	100,158	35.78	237,374
	2/18/2008	PDP	38,762	387,615	775,230			
M. D. Garrett	2/18/2008	PPP	234,698	521,552	1,147,414	104,786	35.78	248,343
	2/18/2008	PDP	30,727	307,271	614,541			
C. D. McCrary	2/18/2008	PPP	223,506	496,681	1,092,698	99,789	35.78	236,500
	2/18/2008	PDP	38,169	381,692	763,383			

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

The amounts reported as PPP reflect the amounts established by the Compensation Committee in early 2008 to be paid for certain levels of performance as of December 31, 2008 under the Company s annual incentive program. The Compensation Committee assigns each named executive officer a target incentive opportunity, expressed as a percentage of base salary, that is paid for target-level performance under the annual incentive program. The target incentive opportunities established for the named executive officers for 2008 performance was 100% for Mr. Ratcliffe and 75% for Messrs. Bowers, Fanning, Garrett, and McCrary. The payout for threshold performance was set at 0.45 times the target incentive opportunity and the maximum amount payable was set at 2.20 times the target. The amount paid to each named executive officer under the annual incentive program for actual 2008 performance is included in the Non-Equity Incentive Plan Compensation column in the

Summary Compensation Table and is itemized in the notes following that table. More information about the annual incentive program, including the applicable performance criteria established by the Compensation Committee, is provided in the CD&A.

The Company also has a long-term incentive program, the performance dividend program, that pays performance-based dividend equivalents based on the Company s total shareholder return compared with the total shareholder return of its peer companies over a four-year performance-measurement period. The Compensation Committee establishes the level of payout for prescribed levels of performance over the performance-measurement period.

In February 2008, the Compensation Committee established the performance dividend program goal for the four-year performance-measurement period beginning on January 1, 2008 and ending on December 31, 2011. The amount earned in 2011 based on performance over that four-year performance-measurement period will be paid following the end of the period. However, no amount is earned and paid unless the Compensation Committee approves the payment at the beginning of the final year of the performance-measurement period. Also, nothing is earned unless the Company s earnings are sufficient to fund a Common Stock dividend at the same level or higher than the prior year.

The performance dividend program pays to all option holders a percentage of the Common Stock dividend paid to stockholders in the last year of the performance-measurement period. It can range from less than five percent for performance above the 10th percentile compared with the performance of the peer companies to 100% of the dividend if the Company s total shareholder return is at or above the 90th percentile. That amount is then paid per option held at the end of the four-year period. The amount, if any, ultimately paid to the option holders, including the named executive officers, at the end of the last year of the 2008 2011 performance-measurement period will be based on (1) the Company s total shareholder return compared to that of its peer companies as of December 31, 2011, (2) the actual dividend, if any, paid in 2011 to our stockholders, and (3) the number of options held by the named executive officers on December 31, 2011.

The number of options held on December 31, 2011 will be affected by the number of additional options, if any, granted to the named executive officers prior to December 31, 2011, and the number of options exercised by the named executive officers prior to December 31, 2011, if any. None of these components necessary to calculate the range of payout under the performance dividend program for the 2008 2011 performance-measurement period is known at the time the goal is established.

The amounts reported as PDP in columns (c), (d), and (e) were calculated based on the number of options held by the named executive officers on December 31, 2008, as reported in columns (b) and (c) of the Outstanding Equity Awards at Fiscal Year-End Table, and the Common Stock dividend of $1.6625 per share paid to stockholders in 2008. These factors are itemized below.

Name