THE SOUTHERN COMPANY EMPLOYEE SAVINGS PLAN
LOAN POLICY

The Administrative Committee of The Southern Company Employee Savings Plan (the “Plan”) adopts the following loan policy (the “Loan Policy”) as authorized under Section 11.7 of the Plan.

Capitalized terms used but not defined in the Loan Policy shall have the meanings ascribed to them under the Plan.

1. **Administration of the Participant Loan Program**

   Under the terms of the Plan, the Administrative Committee is responsible for establishing such procedures as are necessary or desirable to administer the loan program. In its discretion, the Administrative Committee may delegate its duties relating to the loan program to other persons. The Administrative Committee has designated Merrill Lynch to perform loan program administration services for the Plan.

2. **Eligibility for Participant Loans**

   An active Participant, a Participant receiving long-term disability payments under a plan maintained by his/her Employing Company, and a Participant on an approved leave of absence having an Account balance may request a loan from the Plan. Loans are not available to an alternate payee under a qualified domestic relations order (QDRO).

3. **Purpose of Loan**

   A loan that may be obtained for any purpose is a general purpose loan. A residential loan may be requested for the purchase/construction (excluding mortgage payments) of a primary residence of a Participant and does not include recreational vehicles, vacation or second homes. Participants will be required to provide additional documentation to obtain a residential loan. Such documentation will be retained as part of the Plan records for audit purposes.

4. **Procedures for Applying for a Loan**

   A Participant may apply for a loan by contacting Merrill Lynch at 1-800-369-9890 or online at [https://www.benefits.ml.com](https://www.benefits.ml.com). A completed loan application will generally be approved or denied within 30 days. If the loan is approved, the Participant will be required to sign a promissory note. If the loan is denied, the Participant will be informed of the reasons for the denial in writing.

5. **Loan Fees**

   There will be a $50.00 loan origination fee deducted pro-rata across the funds in the Participant’s Account at the time of processing. In addition to the loan origination fee, a processing fee of $45.00 will be charged to review a residential loan request, and will be deducted in the same manner as the origination fee.
Florida residents only: Plan loans are subject to the documentary tax which must be collected on behalf of the State of Florida. The tax rate on these loans is currently $0.35 per $100 loan value. For example, if the loan is $1,000, the amount of the tax is $3.50 which will be deducted from the next paycheck and paid to the State of Florida.

6. Maximum Number of Loans

The maximum number of loans that may be taken is two (2) general purpose loans and one (1) residential loan. A Participant may only have outstanding three (3) loans at any time.

7. Maximum Loan Amount

The minimum amount that a Participant may borrow from the Plan is $1,000. The maximum amount that a Participant may borrow from the Plan is the lesser of:

A. $50,000 minus the highest outstanding loan balance on the date the loan is requested, or at any time during the immediate 12 month period preceding the loan request; or

B. 50% of the vested Account balance minus any current outstanding loan balance determined as of the date the loan is requested.

The maximum repayment for all outstanding loans cannot exceed 20% of the Participant’s bi-weekly base pay.

8. Amortization Schedule

Loan repayments must be made based on the amortization schedule established for the loan at the time it is processed. The range of months available to amortize a general purpose loan is 12 months – 58 months and to amortize a residential loan is 12 months – 180 months.

9. Irrevocable

A loan, once made, is irrevocable.

10. Interest on Loans

A. The interest rate for a loan is the prime rate as published by the Wall Street Journal on the last business day of each month and is effective for the entire next following month.

B. The interest rate for a Plan loan will be fixed on the day the loan is requested and will remain constant during the term of the loan except as otherwise required by the Servicemembers Civil Relief Act (“SCRA”). If SCRA is applicable to a Participant’s loan, the interest rate for such loan shall be adjusted, if necessary, in accordance with the applicable requirements of SCRA.
11. **Source of Withdrawal and Repayment**

   A. Loan amounts will be funded proportionately from the investment funds in which such accounts are invested in accordance with the value of the account and from the following source accounts in the order set forth below:
   
   - Before tax account
   - Company match account
   - Rollover contributions
   - After tax account
   - Roth account

   B. Loan repayments (principal and interest) will be credited to the same source accounts from which the loan was funded, in proportion to the ratio of the dollar amount loaned from each source to the total dollar amount loaned.

   C. Loan repayments (principal and interest) will be invested in accordance with the Participant’s investment direction on file at the time a loan repayment is processed.

12. **Security for Repayment of Plan Loans**

   A Participant’s repayment obligation with respect to a Plan loan shall be secured by a portion of his/her vested Plan Account balance equal to the amount of the loan. No other property shall be accepted as security.

13. **Repayment of Loans**

   A. Loan repayments for Participant’s on active payroll must be made through automatic, after-tax payroll deduction. Otherwise, loan repayments and payoffs must be made by certified bank check, money order or ACH direct debit.

   B. Loan repayments must be made in the amounts stated in the amortization schedule for the loan that is established for the Participant. Each payment will include principal and interest and must equal the amount due or exact multiples of such payment amount.

   C. Loan repayments will begin as soon as administratively feasible following the day the loan is processed as determined by the Administrative Committee.

   D. Loan repayments may be suspended as permitted under section 414(u) of the Internal Revenue Code of 1986, as amended.

   E. In the event a Participant files for bankruptcy, the Administrative Committee is not required to stop the Participant’s loan repayments. The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 clarified that ongoing loan repayments by payroll deduction can continue in order to avoid a loan from going into default and being a taxable event.
F. To initiate a loan payoff, payment may be made by certified bank check or money order at any time prior to the maturity of the loan. Participants should obtain a loan payoff amount from the Plan before initiating payment.

14. Loan Considered an Asset of the Participant’s Plan Account

A Plan loan to a Participant shall be treated by the Plan as a separate asset in a Participant’s Account. All interest received by the Plan with respect to such loan shall be credited to the Participant’s Account.

15. Separation from Service

A. If a Participant separates from service for any reason, the remaining unpaid principal loan balance will become immediately due and payable.

B. A Participant or the Participant’s beneficiary will have a cure period after separation from service from the company to repay the loan. The cure period is defined to be the calendar year quarter following the quarter in which the loan became delinquent. The Participant or Participant’s beneficiary must repay the outstanding loan balance in full by certified bank check or money order.

C. If the loan has exceeded the maximum loan term or if the Participant or the Participant’s beneficiary does not repay the outstanding principal loan balance within the cure period described in the preceding paragraph (B), the outstanding principal loan balance may be treated as a distribution from his/her Plan accounts, which may be taxable including the possible assessment of a 10% penalty for early withdrawal of a portion of the Account balance.

16. Leave of Absence

If a Participant takes an approved leave of absence (other than for military service), the Participant must continue to make loan repayments by certified bank check, money order or ACH direct debit or the loan will go into default.

A Participant on approved leave of absence for military service may suspend loan repayments until the conclusion of the military leave. Upon return to work, loan repayment and payroll deduction will recommence at an amount and frequency no less than required by the terms of the original loan plus the period of military service.

17. Delinquent

A loan will be considered delinquent if the Participant misses a regularly scheduled payment and an exception such as military leave does not apply. Only if a Participant is in a delinquent status may such Participant make partial payments to repay a loan provided that such partial payments are of the scheduled amount or exact multiples of the scheduled amount.
18. **Cure Period**

A. A loan will be deemed distributed to an employee once it goes beyond the allowable cure period which is defined to be the period ending as of the calendar year quarter following the quarter in which a loan became delinquent. For example, if no payments are made on a loan in the first quarter (and no exception applies), such loan will automatically default by the 15th day of July which is 15 days after the end of the second quarter. Such deemed distribution shall occur despite the fact that the Participant’s Account is frozen pending the determination of the qualified status of a domestic relations order. Upon a deemed distribution, the outstanding balance of the loan may be subject to ordinary income tax, as well as a possible early distribution penalty.

B. If at the end of the cure period the borrower is entitled to a distribution from the Plan, the unpaid balance of the loan will be offset against the borrower’s Account balance, and be treated as a distribution. This may result in the taxable event for the Participant described in the preceding paragraph (A).

C. If at the end of the cure period the borrower is not entitled to a distribution from the Plan, the loan will continue to be treated as a defaulted loan, and will accrue interest until an actual distribution takes place. The deemed distributed loan, with interest, will also be included in the calculation of the amount available for future loans, as well as the number of loans outstanding.

19. **Amendments**

The Administrative Committee reserves the right to amend this Loan Policy at any time for any reason.

20. **Scope**

This Loan Policy is not meant to interpret, extend or change the provisions of the Plan in any way. In any case in which the Loan Policy is inconsistent with the terms of the Plan, the terms of the Plan shall govern.

Adopted November 18, 2015