SWETS JON
Form 4
November 27, 2017

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
SWETS JON

(Last) (First) (Middle)

10753 MACATAWA DRIVE

(Street)

HOLLAND, MI 49424

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
MACATAWA BANK CORP [MCBC]

3. Date of Earliest Transaction (Month/Day/Year)
11/27/2017

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Financial Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock (1)	11/27/2017		A		4,615	A	$ 0	99,513	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SWETS JON 10753 MACATAWA DRIVE HOLLAND, MI 49424			Chief Financial Officer	

Signatures

/s/ Gordon R. Lewis, By Power of Attorney	11/27/2017
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Reports the grant of shares of restricted stock under the Macatawa Bank Corporation Stock Incentive Plan of 2015 ("Plan"). These shares will vest at the rate of one-third each year beginning on November 16, 2018, and will be fully vested on November 16, 2020. Before vesting, these shares will remain subject to restrictions in accordance with the Plan and the terms of the grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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A. P. Beattie
11,491 159,667 0 0
C. A. Martin
20,500 164,513 0 0
S. R. Spencer
0 0 0 0
J. L. Stewart
22,448 302,487 0 0

PENSION BENEFITS AT 2006 FISCAL YEAR-END

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit ($) (d)	Payments During Last Fiscal Year ($) (e)
C. D. McCrary	Pension Plan	31.92	616,547	0
	SBP-P	31.92	2,355,184	0
	SERP	31.92	757,614	0
A. P. Beattie	Pension Plan	29.83	481,309	0
	SBP-P	29.83	223,224	0
	SERP	29.83	146,669	0
C. A. Martin	Pension Plan	33.58	788,307	0
	SBP-P	33.58	1,292,125	0
	SERP	33.58	477,761	0
S. R. Spencer	Pension Plan	27.75	436,900	0
	SBP-P	27.75	570,302	0
	SERP	27.75	224,478	0
J. L. Stewart	Pension Plan	32.83	718,295	0
	SBP-P	32.83	933,366	0
	SERP	32.83	380,651	0

The named executive officers earn Company-paid pension benefits from three integrated retirement plans. More information about pension benefits is provided in the CD&A.

The Pension Plan

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

The 1.7% offset formula amount equals 1.7% of final average base rate of pay times years of credited service less an offset related to Social Security benefits. The offset equals a service ratio times 50% of the anticipated Social Security benefits in excess of $4,200. The service ratio adjusts the offset for the portion of a full career that a participant has worked. To determine final average base rate of pay for this formula, an amount is associated with each of the last 10 calendar years of a participant s service, and the three largest amounts are averaged. The amount associated with each calendar year is the participant s highest base salary rate during the calendar year reduced for any voluntary deferrals under the DCP. A statutory limit restricts the amount considered each year; the limit for 2006 was $220,000.

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The 1.25% formula amount equals 1.25% of final average pay level times years of credited service. For this formula, the final average pay computation is the same as described above for the 1.7% offset formula, but PPP amounts paid during each calendar year are added to the base rates of pay.

Early retirement benefits become payable once plan participants have during employment both attained age 50 and completed 10 years of credited service. Participants who retire early from active service receive benefits equal to the amounts computed using the same formulas employed at normal retirement. However, a 0.3% reduction applies for each month (3.6% for each year) prior to normal retirement that benefit payments commence. For example, 64% of the formula benefits are payable starting at age 55. As of December 31, 2006, all the named executive officers were eligible to retire immediately.

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

Participants vest in the Pension Plan benefits after completing five years of service. All the named executive officers are vested in their Pension Plan benefits. Participants who terminate employment after vesting are entitled to a pension benefit commencing at age 65. Vested participants who earn 10 or more years of credited service can elect to have their Pension Plan benefits commence as early as age 50. If such an election is made, the early retirement reductions that apply are actuarially determined factors and are larger than 0.3% per month.

If a vested participant dies while actively employed, benefits will be paid to a surviving spouse. A survivor s benefit equals 45% of the monthly benefit that the participant had earned before his or her death. Payments to a surviving spouse of a participant who attained age 50 prior to death will begin receiving benefits immediately; otherwise, survivor payments begin when the deceased participant would have attained age 50. After commencing, survivor benefits are payable monthly for the remainder of a survivor s life. Participants who are age 50 or older may opt to have an 80%, instead of 45%, survivor benefit paid if they die; however, there is a charge associated with this election. Surviving spouses of vested participants who have terminated employment and not yet elected to start receiving benefits receive smaller benefits.

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

SBP Pension Related (the SBP-P)

The same SBP that provides for deferred compensation related to contributions the Company cannot make to the ESP due to various limits under the Code also provides for a supplemental defined benefit pension. Please see the description of the non-pension component of the SBP following the Nonqualified Deferred Compensation Table. The SBP-P is an unfunded retirement plan that is not tax qualified. This plan pays more highly compensated employees, including each of the named executive officers, benefits that equal the excess of what their Pension Plan benefits would be if statutory compensation/benefit limits and voluntary pay deferrals under the DCP were ignored over what their Pension Plan benefits actually are. In 2006, the form of payment election made for Pension Plan benefits also applies to SBP-P benefits. The SBP-P s vesting, early retirement, survivor benefit and disability provisions mirror those of the Pension Plan.

SERP

The SERP also is an unfunded retirement plan that is not tax qualified. This plan provides more highly compensated employees, including each of the named executive officers, additional benefits that the Pension Plan would pay if the 1.7% offset formula calculations reflected a portion of annual cash incentives under the PPP. To derive the SERP benefits, a final average pay is determined reflecting participants base salary level and their payouts under the PPP to the extent such PPP payouts exceed 15% of those base salary levels (ignoring statutory limits and voluntary pay deferrals under the DCP). This final average pay is used in the 1.7% offset formula to derive a gross benefit. The Pension Plan and the SBP-P benefits are subtracted from the gross benefit to calculate the SERP benefit payable. In 2006, the form of payment election made for Pension Plan benefits also applies to SERP benefits. The SERP s early retirement, survivor benefit and disability provisions match the Pension Plan s provisions. SERP benefits do not vest until participants retire.

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Changes Effective in 2007 to the SBP-P and the SERP

In early 2007, changes were made to the SBP-P and the SERP to comply with Section 409A of the Code. One of the changes made affects the form of payment for the SBP-P and the SERP. Participants will elect to receive a lifetime of monthly benefits, as is currently provided for, or the single-sum value of those monthly payments for an average lifetime paid out in 10 annual installments.

Description of Assumptions in Calculating Present Value of Accumulated Pension Benefits

The amounts in column (d) of this Pension Benefit Table show the present values of accumulated benefits each named executive officer has earned as of September 30, 2006. September 30, 2006 is the measurement date used in the Company s audited financial statements.

Each present value of pension benefits is a weighted sum of the present values of the full benefit paid monthly over the named executive officer s post-retirement lifetime and reduced amounts payable over the joint lifetimes of the named executive officer and a spouse. The weights are the form of payment assumptions described below.

The present values of pension benefits in each form of payment equals the sum of all the expected monthly payments after being discounted to reflect the time value of money between the measurement date and the expected payment dates. The expected monthly payments are based on the benefits payable to the named executive officer, and to a spouse for forms paid over joint lifetimes, times the probability that the named executive officer or spouse will survive from the named executive officer s normal retirement age to the payment date. The probabilities of survival were derived from a table of actuarial mortality rates.

The following assumptions were used in the present value calculations:

Discount rate Six percent as of September 30, 2006

Retirement date Normal retirement age (65 for all named executive officers)

Mortality after normal retirement RP2000 Combined Healthy mortality rate table

Mortality, withdrawal, disability and retirement rates prior to normal retirement None

Form of payment

Unmarried retirees: 100% elect a single life annuity

Married retirees: 20% elect a single life annuity; 40% elect a joint and 50% survivor annuity; and 40% elect a joint and 100% survivor annuity

Percent married at retirement 80% of males and 70% of females

Spouse ages Wives two years younger than their husbands

Incentives earned but unpaid as of the measurement date 130% of target percentages times base rate of pay for year incentive is earned.

NONQUALIFIED DEFERRED COMPENSATION AS OF 2006 FISCAL YEAR-END

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)
(a)	(b)	(c)	(d)	(e)	(f)
C. D. McCrary	0	19,493	85,330	0	972,672
A. P. Beattie	27,346	2,117	16,315	0	207,109
C. A. Martin	0	7,605	93,566	0	1,165,392
S. R. Spencer	0	6,422	8,067	0	81,306
J. L. Stewart	286,479	4,753	74,964	0	999,860

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

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

The amounts deferred in the Stock Equivalent Account are treated as if invested at an equivalent rate of return to that of an actual investment in Common Stock, including the crediting of dividend equivalents as such are paid by Southern Company from time to time. It provides participants with an equivalent opportunity for the capital appreciation (or loss) and income held by a Southern Company stockholder. During 2006, the rate of return in the Stock Equivalent Account was 11.7%, which was Southern Company s TSR for 2006.

Alternatively, participants may elect to have their deferred compensation deemed invested in the Prime Equivalent Account which is treated as if invested at a prime interest rate compounded monthly, as published in the *Wall Street Journal* as the base rate on corporate loans posted as of the last business day of each month by at least 75% of the United States largest banks. The range of interest rates earned on amounts deferred during 2006 in the Prime Equivalent Account was 7.25% to 8.25%.

Column (b)

This column reports the actual amounts of compensation deferred under the DCP by each named executive officer in 2006. The amount of salary deferred by the named executive officers, if any, is included in the Salary column in the Summary Compensation Table. The amount of incentive compensation deferred in 2006 was the amount paid for performance under the PPP and the PDP that were earned as of December 31, 2005 but not payable until the first quarter of 2006. This amount is not reflected in the Summary Compensation Table because that table reports incentive compensation that was earned in 2006, but not payable until early 2007. These deferred amounts may be distributed in a lump sum or in up to 10 annual installments at termination of employment or in a lump sum at a specified date, at the election of the participant.

Column (c)

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

Column (d)

This column reports earnings on both compensation the named executive officers elected to defer and earnings on Company contributions under the SBP-N. See the notes to column (h) of the Summary Compensation Table for a discussion of amounts of nonqualified deferred compensation earnings included in the Summary Compensation Table.

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Column (f)

This column includes amounts that were deferred under the DCP and contributions under the SBP-N in prior years and reported in prior years Information Statements or Annual Reports on Form 10-K for the Company. The chart below shows the amounts reported in prior years Information Statements or Annual Reports on Form 10-K for the Company.

Name	Amounts Deferred Under the DCP Prior to 2006 and Reported in Prior Years Information Statements or Annual Reports on Form 10-K ($)	Amounts Contributed by the Company Under the SBP-N Prior to 2006 and Reported in Prior Years Information Statements or Annual Reports on Form 10-K ($)	Total ($)
C. D. McCrary	456,296	92,284	548,580
A. P. Beattie	27,346	2,018	29,364
C. A. Martin	836,727	54,337	891,064
S. R. Spencer	0	31,854	31,854
J. L. Stewart	831,840	27,425	859,265

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

This section describes and estimates payments that could be made to the named executive officers under different termination and CIC events. The estimated payments would be made under the terms of the Company compensation and benefits programs or the CIC severance program. Mr. McCrary has an individual severance agreement with the Company and Southern Company. The other named executive officers are participants in Southern Company s CIC severance plan for officers. (As described in the CD&A, all Company employees not part of a collective bargaining unit are participants in a CIC severance plan.) The amount of potential payments is calculated as if the triggering events occurred as of December 31, 2006 and assumes that the price of the Common Stock is the closing market price as of December 29, 2006.

Description of Termination and CIC events

The following charts list different types of termination and CIC events that can affect the treatment of payments under the Company s compensation and benefit programs. These events also affect payments to the named executive officers under their CIC severance arrangements. No payments are made under the severance arrangements unless, within two years of the CIC, the named executive officer is involuntarily terminated or he voluntarily terminates for good reason. (See the description of Good Reason below.)

Traditional Termination Events

Retirement or Retirement Eligible Termination of a named executive officer who is at least 50 years old and has at least 10 years of credited service.

Resignation Voluntary termination of a named executive officer who is not retirement eligible.

Lay Off Involuntary termination of a named executive officer not for cause, who is not retirement eligible.

Involuntary Termination Involuntary termination of a named executive officer for cause. Cause includes individual performance below minimum performance standards and misconduct, such as violation of the Company s Drug and Alcohol Policy.

Death or Disability Termination of a named executive officer due to death or disability.

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CIC-Related Events

At the Southern Company or the Company level:

Southern Company CIC I   Acquisition by another entity of 20% or more of Common Stock, or following a merger with another entity Southern Company   s stockholders own 65% or less of the company surviving the merger.

Southern Company CIC II   Acquisition by another entity of 35% or more of Common Stock, or following a merger with another entity Southern Company   s stockholders own less than 50% of the company surviving the merger.

Southern Company Termination   A merger or other event and the Southern Company is not the surviving company or the Common Stock is no longer publicly traded.

Company CIC   Acquisition by another entity, other than another subsidiary of the Southern Company, of 50% or more of the stock of the Company, a merger with another entity and the Company is not the surviving company or the sale of substantially all the assets of the Company.

At the employee level:

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

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

Program	Retirement/ Retirement Eligible	Lay Off (Involuntary Termination Not For Cause)	Resignation	Death or Disability	Involuntary Termination (For Cause)
Pension Benefits: **Pension Plan** **SBP-P** **SERP**	Lifetime of monthly benefits paid. Reductions apply if payments start prior to age 65.	SERP-related benefits forfeited. Other vested benefits paid monthly for lifetime after executive reaches retirement eligibility. Reductions apply if payments start prior to age 65.	Same as Lay Off.	At death, surviving spouse receives a lifetime of monthly payments equal to 45% (or 80% if participant has made that election) of benefits earned. If vested under the Pension Plan, all pension type benefits continue to accumulate while disabled. Lifetime of monthly payments after executive becomes retirement eligible and elects commencement.	Same as for retirement and resignation, as the case may be.
PPP	Pro-rated if terminate before 12/31.	Pro-rated if terminate before 12/31.	Forfeit.	Pro-rated if terminate before 12/31.	Forfeit.
PDP	Paid year of retirement plus two additional years.	Forfeit.	Forfeit.	Payable until options expire or exercised.	Forfeit.
Stock Options	Vest; expire earlier of original expiration date or five years.	Vested options expire in 90 days; unvested are forfeited.	Vested options expire in 90 days; unvested are forfeited.	Vest; expire earlier of original expiration or three years.	Forfeit.
Financial Planning Perquisite	Continues for one year.	Terminates.	Terminates.	Continues for one year.	Terminates.
DCP	Payable per prior elections (lump sum or up to 10 annual installments).	Same as Retirement.	Same as Retirement.	Payable to beneficiary or disabled participant per prior elections; amounts deferred prior to 2005 can be paid as a lump sum at the DCP	Same as Retirement.

				administrative committee s discretion.	
SBP-N	Payable per prior elections (lump sum or up to 20 annual installments).	Same as Retirement.	Same as Retirement.	Same as the DCP, above.	Same as Retirement.

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The chart below describes the treatment of payments under pay and benefit programs under different CIC events, except the Pension Plan (the CIC Chart). The Pension Plan is not affected by CIC events.

Program	Southern Company CIC I	Southern Company CIC II	Southern Company Termination or Company CIC	Involuntary CIC-Related Termination or Voluntary CIC-Related Termination for Good Reason
Nonqualified Pension Benefits: **SBP-P** **SERP** **SPBA**	All SERP-related benefits vest if participant vested in Pension Plan benefits; otherwise, no impact.	Vesting called for upon a Southern Company CIC I, and benefits paid as a lump sum following termination or retirement.	Same as Southern Company CIC II.	Based on type of CIC Event.
PPP	No plan termination is paid at greater of target or actual performance. If plan terminated within two years of CIC, pro-rated at target performance level.	Same as Southern Company CIC I.	Pro-rated at target performance level.	If not otherwise eligible for payment, if PPP still in effect, pro-rated at target performance level.
PDP	No plan termination is paid at greater of target or actual performance. If plan terminated within two years of CIC, pro-rated at greater of target or actual performance level.	Same as Southern Company CIC I.	Pro-rated at greater of actual or target performance level.	If not otherwise eligible for payment, if the PDP still in effect, greater of actual or target performance level for year of severance only.
Stock Options	Not affected by CIC events.	Not affected by CIC events.	Vest and convert to surviving company s securities if there is a Southern Company Termination; if cannot convert, pay spread in cash; not affected by a Company Termination.	Vest.
DCP	Not affected by CIC events.	Payable in lump sum following termination.	Same as Southern Company CIC II.	Based on type of CIC event.
SBP-N				

	Not affected by CIC events.	Participant provided opportunity to elect lump sum payment.	Participant provided opportunity to elect lump sum payment.	Based on type of CIC event.
Severance Benefits	Not applicable.	Not applicable.	Not applicable.	Two or three times base salary plus target PPP plus tax gross up for certain named executive officers if severance amounts exceed Code Section 280G excess parachute payment by 10% or more.
Health Benefits	Not applicable.	Not applicable.	Not applicable.	Up to five years participation in group health plan plus payment of two or three years premium amounts.
Outplacement Services	Not applicable.	Not applicable.	Not applicable.	Six months.

Potential Payments

This section describes and estimates payments that would become payable to the named executive officers upon a termination or CIC as of December 31, 2006.

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Pension Benefits

The monthly amounts that would have become payable to the named executive officers if the Traditional Termination Events occurred as of December 31, 2006 under the Pension Plan, the SBP-P and the SERP are itemized in the chart below. The amounts shown in the chart are monthly benefit amounts whereas the pension values shown in the Summary Compensation and Pension Benefit Tables are present values of all the monthly values anticipated to be paid over the lifetimes of the named executive officers and their spouses. These plans are described in the notes following the Pension Benefits Table. All the named executive officers were retirement eligible on December 31, 2006. The benefits were determined using the same assumptions used to compute benefit values in the Pension Benefit Table with three exceptions: the amounts have been determined as of December 31, 2006 instead of as of September 30, 2006; the benefit payments were assumed to commence as soon as possible instead of at normal retirement and, as such, appropriate early retirement reductions were applied; and the benefits were not adjusted to reflect optional forms of payment such that all benefits are the amounts that would have been paid monthly over the named executive officer s life.

Name		Retirement (monthly payments) ($)	Resignation or Involuntary Retirement (monthly payments) ($)	Death (monthly payments to a spouse) ($)
C. D. McCrary	Pension Plan	5,798	All plans treated as retiring	4,058
	SBP-P	22,148		15,501
	SERP	7,125		4,986
A. P. Beattie	Pension Plan	4,501	All plans treated as retiring	3,683
	SBP-P	2,088		1,708
	SERP	1,712		1,401
C. A. Martin	Pension Plan	7,236	All plans treated as retiring	4,251
	SBP-P	11,861		6,968
	SERP	4,386		2,576
S. R. Spencer	Pension Plan	4,048		3,544
	SBP-P	5,285	All plans treated as retiring	4,627
	SERP	2,080		1,821
J. L. Stewart	Pension Plan	6,675		4,167
	SBP-P	8,675		5,414

		All plans treated as retiring	
SERP	3,538		2,208

As described in the CIC Chart, the only change in the form of payment, acceleration or enhancement of the pension benefits is the lump-sum payment of nonqualified pensions that normally would have been paid monthly over the lifetimes of the named executive officers and their spouses at termination following certain CIC events and the vesting of SERP-related benefits. Estimates of the lump-sum payments that would have been made to the named executive officers, assuming termination as of December 31, 2006 following a CIC event, other than a Southern Company CIC I (which does not impact pension benefits), are itemized below. These lump-sum amounts are not in addition to the amounts shown in the Pension Benefits Table. These amounts would have been in lieu of the monthly payments whose values are represented in the Pension Benefits Table under the circumstances described above.

Name	**SBP-P ($)**	**SERP ($)**	**Total ($)**
C. D. McCrary	3,578,526	1,151,210	4,729,736
A. P. Beattie	350,220	287,154	637,374
C. A. Martin	1,808,857	668,885	2,477,742
S. R. Spencer	898,203	353,503	1,251,706
J. L. Stewart	1,352,705	551,686	1,904,391

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The lump-sum amounts in the table above are calculated using the same basic methodology used to compute the values in the Pension Benefits Table. However, amounts were computed as of December 31, 2006 instead of September 30, 2006. In addition, certain assumptions were changed to those that have been selected by the Company for lump-sum calculations following a CIC. Benefit payments were assumed to commence at the earliest date monthly payments would have been available instead of deferred to the named executive officers normal retirement dates; therefore, appropriate early retirement reductions apply. Also, only the form of payment providing monthly benefits over the named executive officer s lifetime is considered. A 5.75% discount rate is assumed instead of 6.00%, and mortality rates specified by the Internal Revenue Service in Revenue Ruling 2001-62 were assumed instead of those disclosed in the information following the Pension Benefits Table.

PPP

Because this section assumes that a termination or CIC event occurred on December 31, 2006, there is no amount that would be payable other than the amount reported and described in the Summary Compensation Table because actual performance in 2006 exceeded target performance.

PDP

Because the assumed termination date is December 31, 2006, there is no additional amount that would be payable other than what was reported in the Summary Compensation Table under the Traditional Termination Events. As described in the Traditional Termination Events chart, there is some continuation of benefits under the PDP for retirees.

However, under the CIC-Related Events, PDP is payable at the greater of target performance or actual performance. For the 2003-2006 performance period, actual performance was less than target performance. The table below estimates the additional amount that would have been payable under the PDP if a CIC occurred as of December 31, 2006.

Name	**Additional PDP ($)**
C. D. McCrary	142,017
A. P. Beattie	26,818
C. A. Martin	47,463
S. R. Spencer	31,157
J. L. Stewart	52,944

Stock Options

Stock options would be treated as described in the Termination and CIC Charts above. Under a Southern Company Termination, all stock options vest. In addition, if there is an Involuntary CIC Termination or Voluntary CIC Termination for Good Reason, stock options vest. There is no payment associated with stock options unless there is a Southern Company Termination and the participants stock options cannot be converted into surviving company stock options. In that event, the excess of the exercise price and the closing price of the Common Stock on December 29, 2006 would have been paid in cash for all stock options held by the named executive officers. The chart below shows the number of stock options for which vesting would be accelerated under a Southern Company Termination and the amount that would be payable under a Southern Company Termination if there were no conversion to surviving company stock options.

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Name	Number of Options With Accelerated Vesting (#)	Total Number of Options Following Accelerated Vesting Under a Southern Company Termination (#)	Total Payable in Cash under a Southern Company Termination Without Conversion of Stock Options ($)
C. D. McCrary	180,622	408,681	2,751,046
A. P. Beattie	38,207	77,172	484,337
C. A. Martin	76,027	136,585	753,752
S. R. Spencer	59,238	89,660	454,282
J. L. Stewart	63,269	152,357	1,042,016

DCP and SBP-N

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

Health Benefits

Because all the named executive officers are retirement eligible and health care benefits are provided to retirees, there is no incremental payment associated with the termination or CIC events.

Financial Planning Perquisite

Since the named executive officers are retirement eligible, an additional year of the Financial Planning perquisite which is set at a maximum of $7,000 per year is provided after retirement or will be provided after retirement.

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

Severance Benefits

The Company has entered into an individual CIC severance agreements with Messrs. McCrary and Martin. The other named executive officers are participants in a CIC severance plan. In addition to the treatment of Health Benefits, PPP and PDP described above, the named executive officers are entitled to a severance benefit, including outplacement services, if within two years of a CIC they are involuntarily terminated, not for Cause, or they voluntarily terminate for Good Reason. The severance benefits are not paid unless the named executive officer releases the Company from any claims he may have against the Company.

The estimated cost of providing the six months of outplacement services is $6,000 per named executive officer. The severance payment is two times the named executive officer s base salary and target payout under the PPP except for Messrs. McCrary, Martin and Stewart whose severance is three times his base salary plus target payout under the PPP. If any portion of the severance payment is an excess parachute payment as defined under Code Section 280G, the Company will pay the named executive officer an additional amount to cover the taxes that would be due on the excess parachute payment a tax gross-up. However, that additional amount will not be paid unless the severance amount plus all other amounts that are considered parachute payments under the Code exceed 110% of the severance payment.

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The table below estimates the severance payments that would be made to the named executive officers if they were terminated as of December 31, 2006 in connection with a CIC. There is no estimated tax gross-up included for any of the named executive officers because their respective estimated severance amounts payable are below the amounts considered excess parachute payments under the Code.

Name	Severance Amount ($)
C. D. McCrary	3,228,750
A. P. Beattie	809,545
C. A. Martin	1,780,388
S. R. Spencer	1,056,819
J. L. Stewart	1,496,401

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee is made up of non-employee directors of Southern Company who have never served as executive officers of Southern Company or the Company. During 2006, none of Southern Company s or the Company s executive officers served on the board of directors of any entities whose directors or officers serve on the Compensation Committee.

STOCK OWNERSHIP TABLE

Southern Company is the beneficial owner of 100 percent of the outstanding common stock of the Company. The following table shows the number of shares of Common Stock owned by directors, nominees and executive officers as of December 31, 2006. It is based on information furnished by the directors, nominees and executive officers. 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 Common Stock outstanding on December 31, 2006.

		Shares Beneficially Owned Include:	
Name of Directors, Nominees and Executive Officers	**Shares Beneficially Owned(1)**	**Deferred Stock Units(2)**	**Shares Individuals Have Rights to Acquire Within 60 Days(3)**
Whit Armstrong	31,529	3,980	
David J. Cooper, Sr.	17,043		
John D. Johns	4,448	4,448	
Patricia M. King	4,408	3,980	
James K. Lowder	28,464		
Charles D. McCrary	318,554		313,745
Malcolm Portera	6,001	5,866	
Robert D. Powers	4,995	3,980	
David M Ratcliffe	996,256		980,167

C. Dowd Ritter	4,408		
James H. Sanford	8,917		
John C. Webb, IV	13,793	3,980	
James W. Wright	6,063	6,063	
Art P. Beattie	61,069		56,561
C. Alan Martin	104,688		99,133
Steve R. Spencer	63,478		60,503
Jerry L. Stewart	129,506		120,985
Directors, Nominees and Executive Officers as a group (17 people)	1,803,620	32,297	1,631,094

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

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

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

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OTHER INFORMATION

Section 16(a) Beneficial Ownership Reporting Compliance

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

Certain Relationships and Related Transactions

Mr. Whit Armstrong is President, Chief Executive Officer and Chairman of The Citizens Bank, Enterprise, Alabama; Mr. C. Dowd Ritter is President and Chief Executive Officer of Regions Financial Corporation and he previously served as President, Chairman and Chief Executive Officer of AmSouth Bancorporation and AmSouth Bank, Birmingham, Alabama, and Mr. James W. Wright is Chairman of First Tuskegee Bank, Montgomery, Alabama. During 2006, these banks furnished a number of regular banking services in the ordinary course of business to the Company. The Company intends to maintain normal banking relations with all the aforesaid banks in the future.

During the period, January 1, 2006 to April 28, 2006, Mr. Carl E. Jones, Jr. was Chairman of Regions Financial Corporation and served as a Director of the Company. Morgan Keegan & Company, Inc., a subsidiary of Regions Financial Corporation, participated as an underwriter in connection with the Company s issuance of five series of senior notes. The Company paid Morgan Keegan & Company, Inc. $355,000 for these services during the time period stated above. Mr. Jones retired from the board on April 28, 2006.

The Company does not have a written policy pertaining solely to the approval or ratification of related party transactions. However, Southern Company has a Code of Ethics as well as employment and compensation policies that govern the hiring and compensating of all employees including those named above. Southern Company also has a Contract Guidance Manual and other formal written procurement policies and procedures that guide the purchase of goods and services, including requiring competitive bids for most transactions above $10,000 or approval based on documented business needs for sole sourcing arrangements.

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