

SOUTHERN CO CAPITAL TRUST VII

Form 424B5

March 20, 2007

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This Prospectus Supplement and the accompanying Prospectus relate to an effective registration statement under the Securities Act of 1933, as amended, but are not complete and may be changed. This Prospectus Supplement and the accompanying Prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated March 20, 2007

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated January 11, 2007)

\$400,000,000

Series 2007B Floating Rate Extendible Senior Notes

This is a public offering by The Southern Company of \$400,000,000 of Series 2007B Floating Rate Extendible Senior Notes. The initial maturity date of the Series 2007B Senior Notes is April , 2008. Holders of Series 2007B Senior Notes will be entitled to extend the maturity date of any of their Series 2007B Senior Notes for one month periods on the calendar day of each month, beginning April , 2007, in accordance with the procedures described in this Prospectus Supplement. If a holder does not extend the maturity date of a Series 2007B Senior Note, that holder will receive a non-extendible substitute note for any Series 2007B Senior Note not so extended. The substitute note will retain the then-current maturity date of the original note, which is generally 366 days after the election date. In no event may the maturity of any Series 2007B Senior Note be extended beyond April , 2012, the final maturity date.

Interest on the Series 2007B Senior Notes is payable , beginning , 2007. The per annum interest rate on the Series 2007B Senior Notes will be reset based on the -month LIBOR plus the applicable spread for that interest period.

The Series 2007B Senior Notes are not redeemable prior to maturity.

The Series 2007B Senior Notes are unsecured and unsubordinated and rank equally with all of The Southern Company's other unsecured and unsubordinated indebtedness from time to time outstanding and will be effectively subordinated to all secured indebtedness of The Southern Company.

See RISK FACTORS beginning on page S-3 for a description of certain risks associated with investing in the Series 2007B Senior Notes.

Per Series 2007B Senior Note	Total
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Public Offering Price (1)	%	\$
Underwriting Discount	%	\$
Proceeds, before expenses, to The Southern Company	%	\$

(1) Plus accrued interest, if any, from the date of original issuance of the Series 2007B Senior Notes, which is expected to be March , 2007.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this Prospectus Supplement or the accompanying Prospectus. Any representation to the contrary is a criminal offense.

The Series 2007B Senior Notes should be delivered on or about March , 2007 through the book-entry facilities of The Depository Trust Company.

Joint Book-Running Managers

Goldman, Sachs & Co.

Morgan Stanley

March , 2007

In making your investment decision, you should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus and any written communication from The Southern Company or the underwriters specifying the final terms of the offering. We have not, and the underwriters have not, authorized anyone to provide you with any other information. If you receive any unauthorized information, you must not rely on it.

We are offering to sell the Series 2007B Senior Notes only in places where sales are permitted.

You should not assume that the information contained or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus is accurate as of any date other than its respective date.

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Investing in the Series 2007B Senior Notes involves risk. Please see the risk factors in The Southern Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, which is incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. The risks and uncertainties not presently known to The Southern Company or that The Southern Company currently deems immaterial may also impair its business operations, its financial results and the value of the Series 2007B Senior Notes.

THE COMPANY

The Southern Company (the Company) was incorporated under the laws of Delaware on November 9, 1945. The Company is domesticated under the laws of Georgia and is qualified to do business as a foreign corporation under the laws of Alabama. The principal executive offices of the Company are located at 30 Ivan Allen Jr. Boulevard, N.W., Atlanta, Georgia 30308, and the telephone number is (404) 506-5000.

SELECTED FINANCIAL INFORMATION

The following selected financial information for the years ended December 31, 2002 through December 31, 2006 has been derived from the Company's audited financial statements and related notes and the unaudited selected financial data, incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. The information set forth below is qualified in its entirety by reference to and, therefore, should be read together with management's discussion and analysis of results of operations and financial condition, the financial statements and related notes and other financial information incorporated by reference in this Prospectus Supplement and the accompanying Prospectus.

	2002	Year Ended December 31,			2006
		2003	2004	2005	
		(Millions, except ratios)			
Operating Revenues	\$ 10,447	\$ 11,018	\$ 11,729	\$ 13,554	\$ 14,356
Earnings from Continuing Operations Before Income Taxes	1,841	2,101	2,114	2,186	2,355
Earnings from Continuing Operations	1,315	1,483	1,529	1,591	1,574
Net Income	1,318	1,474	1,532	1,591	1,573
Ratio of Earnings to Fixed Charges(1)	3.57	3.88	3.86	3.65	3.46

	Capitalization		
	As of December 31, 2006		
	Actual	As Adjusted(2)	
	(Millions, except percentages)		
Common Stockholders' Equity	\$ 11,371	\$ 11,371	43.8%
Preferred and Preference Stock of Subsidiaries	744	744	2.9
Senior Notes	8,020	9,370	36.1

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Long-term Debt Payable to Affiliated Trusts	1,561	1,525	5.9
Other Long-term Debt	2,922	2,922	11.3
Total, excluding amounts due within one year	\$ 24,618	\$ 25,932	100.0%

- (1) This ratio is computed as follows: (i) Earnings have been calculated by adding to Earnings from Continuing Operations Before Income Taxes Interest expense, net of amounts capitalized, Interest expense to affiliate trusts, Distributions on mandatorily redeemable preferred securities and the debt portion of allowance for funds used during construction; and (ii) Fixed Charges consist of Interest expense, net of amounts capitalized, Interest expense to affiliate trusts, Preferred and preference dividends of subsidiaries, Distributions on mandatorily redeemable preferred securities and the debt portion of allowance for funds used during construction. In computing this ratio, Preferred and preference dividends of subsidiaries

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represent the before tax earnings necessary to pay such dividends, computed at the effective tax rates for the applicable periods.

- (2) Reflects (i) the issuance in January 2007 by the Company of \$500,000,000 aggregate principal amount of Series 2007A 5.30% Senior Notes due January 15, 2012; (ii) the issuance in February 2007 by Alabama Power Company of \$200,000,000 aggregate principal amount of Series 2007A 5.55% Senior Notes due February 1, 2017; (iii) the issuance in March 2007 by Georgia Power Company of \$250,000,000 aggregate principal amount of Series 2007A 5.65% Senior Notes due March 1, 2037; (iv) the proposed redemption in April 2007 by Mississippi Power Company of \$35,000,000 aggregate principal amount of Series B 7.20% Junior Subordinated Notes due December 30, 2041 and the related 7.20% Trust Originated Preferred Securities of Mississippi Power Capital Trust II (as well as \$1,082,000 of such Series B Junior Subordinated Notes related to Mississippi Power Company's ownership of the common securities of Mississippi Power Capital Trust II); and (v) the proposed issuance of the Series 2007B Senior Notes offered hereby.

USE OF PROCEEDS

The proceeds from the sale of the Series 2007B Senior Notes will be used by the Company to repay a portion of its outstanding short-term indebtedness, which aggregated approximately \$709,000,000 as of March 19, 2007, and for other general corporate purposes.

DESCRIPTION OF THE SERIES 2007B SENIOR NOTES

Set forth below is a description of the specific terms of the Series 2007B Floating Rate Extendible Senior Notes (the Series 2007B Senior Notes). This description supplements, and should be read together with, the description of the general terms and provisions of the senior notes set forth in the accompanying Prospectus under the caption Description of the Senior Notes. The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying Prospectus and the Senior Note Indenture (the Senior Note Indenture) dated as of January 1, 2007, as supplemented, between the Company and Wells Fargo Bank, National Association, as trustee (the Senior Note Indenture Trustee).

General

The Series 2007B Senior Notes will be issued as a series of senior notes under the Senior Note Indenture. The Series 2007B Senior Notes will be initially issued in the aggregate principal amount of \$400,000,000. The Company may, without the consent of the holders of the Series 2007B Senior Notes, issue additional notes having the same ranking and interest rate, final maturity date and other terms as the Series 2007B Senior Notes, except for the public offering price and issue date and the initial interest accrual date and initial Interest Payment Date (as defined below), if applicable. Any additional notes having such similar terms, together with the Series 2007B Senior Notes, will constitute a single series of senior notes under the Senior Note Indenture.

The Series 2007B Senior Notes are not subject to any sinking fund provision. The Series 2007B Senior Notes are available for purchase in denominations of \$1,000 and any integral multiple thereof.

Maturity and Extension of Maturity

The initial maturity date for the Series 2007B Senior Notes is April , 2008 or, if such day is not a Business Day (as defined below), the immediately preceding Business Day (the Initial Maturity Date). The maturity of all or any portion of the principal amount of the Series 2007B Senior Notes may be extended in accordance with the procedures set forth below. In no event will the maturity of the Series 2007B Senior Notes be extended beyond April , 2012 or, if such

day is not a Business Day, the immediately preceding Business Day (the Final Maturity Date).

A holder of Series 2007B Senior Notes may elect to extend the maturity of all of such holder's Series 2007B Senior Notes or any portion thereof having a principal amount of \$1,000 or any integral multiple thereof, during the Notice Period (as defined below) relating to each Election Date (as defined below), so that the maturity thereof will be extended to the date occurring 366 calendar days from and including the calendar day of the next succeeding

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month following such Election Date. However, if that 366th calendar day is not a Business Day, the maturity will be extended to the immediately preceding Business Day. In no event will the maturity date of the Series 2007B Senior Notes be extended beyond the Final Maturity Date.

The Election Dates will be the calendar day of each month, beginning April , 2007, through and including March , 2011 (each, an Election Date), whether or not such day is a Business Day. For example, a holder s election to extend the maturity date of a Series 2007B Senior Note as of April , 2007 (the initial Election Date) will cause the maturity date of that Series 2007B Senior Note to be extended from April , 2008 to May , 2008 (or the immediately preceding Business Day, if May , 2008 is not a Business Day). A holder s election to extend the maturity date of a Series 2007B Senior Note as of March , 2011, (the last Election Date) will cause the maturity date of that 2007B Senior Note to be extended from March , 2012 to April , 2012, the Final Maturity Date (or the immediately preceding Business Day, if April , 2012 is not a Business Day).

To make an election to extend the maturity of a Series 2007B Senior Note effective on any Election Date, a holder must deliver a notice of election during the Notice Period for that Election Date. The Notice Period for each Election Date will begin on the fifth Business Day prior to the Election Date and end at the close of business, New York City time, on the Election Date (the Notice Period); *provided, however*, if the Election Date is not a Business Day, the Notice Period will be extended to the Business Day next following the Election Date. A notice of election must be delivered to the Senior Note Indenture Trustee, through the normal clearing channels described in more detail below, on or after the first day of the Notice Period and no later than the close of business, New York City time, on the last Business Day in the Notice Period relating to the applicable Election Date. Upon delivery to the Senior Note Indenture Trustee of a notice of election to extend the maturity of the Series 2007B Senior Notes or any portion thereof during any Notice Period, that election will be revocable during each day of such Notice Period, until 12:00 noon, New York City time, on the last Business Day in the Notice Period relating to the applicable Election Date, at which time such notice will become irrevocable.

If on any Election Date, a holder of Series 2007B Senior Notes does not make a timely and proper election to extend the maturity of all or any portion of the principal amount of that holder s Series 2007B Senior Notes, the principal amount of Series 2007B Senior Notes for which no such election has been made will be due and payable on the then-current maturity date. The principal amount of Series 2007B Senior Notes for which such election is not exercised will be represented by a substitute non-extendible note deemed to be issued as of such Election Date. If a holder of Series 2007B Senior Notes elects to extend the maturity of only a portion of a note, the principal amount of the note remaining after extension must be in an authorized denomination. The substitute non-extendible note so issued will have the same terms as the original Series 2007B Senior Notes, except that it will not be extendible, it will have a different CUSIP number, and its maturity date will be the Initial Maturity Date or any later date to which the maturity of the Series 2007B Senior Notes has been previously extended. Interest on a substitute non-extendible note shall accrue from and including the last Interest Payment Date (as defined below) on the related original Series 2007B Senior Notes. A holder s failure to elect to extend the maturity of all or any portion of its Series 2007B Senior Notes will be irrevocable and will be binding upon any subsequent holder of such Series 2007B Senior Notes.

The Series 2007B Senior Notes will be issued in registered global form and will remain on deposit with the depository for the Series 2007B Senior Notes as described below under Book-Entry Only Issuance The Depository Trust Company. The Depository Trust Company (DTC) will be the initial depository for the Series 2007B Senior Notes. Therefore, a holder of the Series 2007B Senior Notes must exercise the option to extend the maturity of the Series 2007B Senior Notes through the depository. To ensure that the depository will receive timely notice of an election to extend the maturity of all or a portion of the Series 2007B Senior Notes so that it can deliver notice of such election to the Senior Note Indenture Trustee prior to the close of business on the last Business Day in the Notice Period, holders must instruct the Direct Participant (as defined below) or Indirect Participant (as defined below) through which an interest in the Series 2007B Senior Notes is held to notify the depository of an election to extend the

maturity of the Series 2007B Senior Notes in accordance with the then-applicable operating procedures of the depositary.

The depositary must receive any notice of election from its participants no later than 12:00 noon, New York City time, on the last Business Day in the Notice Period for any Election Date. A holder should consult the Direct or

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Indirect Participant through which it holds an interest in the Series 2007B Senior Notes to ascertain the cut-off time in order to ensure timely notice will be delivered to the depository.

None of the Company, the Senior Note Indenture Trustee or any agent of either of them will have any liability to the holder or any Direct Participant, Indirect Participant or Beneficial Owner (as defined below) for any delay in exercising the option to extend the maturity of a Series 2007B Senior Note.

The Company makes no recommendation as to whether a holder should extend the maturity of a Series 2007B Senior Note. Holders are urged to consult their own advisors as to the desirability of exercising the right to extend the maturity of the Series 2007B Senior Notes.

Interest

Each Series 2007B Senior Note shall accrue interest at the Coupon Rate (as defined below) from the date of original issuance, payable in arrears on (each, an Interest Payment Date) to the person in whose name such Series 2007B Senior Note is registered at the close of business on the fifteenth calendar day prior to such Interest Payment Date (whether or not a Business Day). However, interest payable on the maturity date of a Series 2007B Senior Note will be paid to the same person to whom the principal is payable. The final Interest Payment Date for a Series 2007B Senior Note shall be the relevant maturity date for that Series 2007B Senior Note. The period from and including the date of original issuance to but excluding the next succeeding Interest Payment Date and each succeeding period beginning on and including the immediately preceding Interest Payment Date to but excluding the next succeeding Interest Payment Date is referred to herein as an Interest Period. The rate at which interest shall accrue for each Interest Period shall be the relevant Coupon Rate for that Interest Period. Such interest shall accrue on the basis of the actual number of days in each Interest Period and a year of 360 days. The initial Interest Payment Date is , 2007.

Interest on the Series 2007B Senior Notes will be payable, in arrears, on each Interest Payment Date, including any Interest Payment Date on which the holder elects to extend such Series 2007B Senior Notes as described under Maturity and Extension of Maturity above. In the event that any Interest Payment Date is not a Business Day, then the Interest Payment Date will be the next succeeding day which is a Business Day, unless:

- (i) that next succeeding Business Day falls in the next succeeding calendar month; or
- (ii) the Interest Payment Date that does not occur on a Business Day is also a scheduled maturity date for the relevant Series 2007B Senior Note,

in which case, the relevant Interest Payment Date or maturity date for the relevant Series 2007B Senior Note, as the case may be, will be the immediately preceding Business Day and interest will accrue to but excluding that immediately preceding Business Day.

Business Day means a day other than (i) a Saturday or Sunday, (ii) a day on which banks in New York, New York are authorized or obligated by law or executive order to remain closed or (iii) a day on which the Senior Note Indenture Trustee's corporate trust office is closed for business.

Coupon Rate

The rate of interest for the Series 2007B Senior Notes (whether represented by an extendible note or a substitute note) shall be a per annum rate (the Coupon Rate) equal to LIBOR (as defined below) for each Interest Period plus the Applicable Spread. The Applicable Spread for any Interest Period shall be determined as of the first day of such

Interest Period based on the table below.

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Date of Determination	Applicable Spread
From the original issue date but prior to the Interest Payment Date in 2008	%
On or after the Interest Payment Date in 2008 but prior to the Interest Payment Date in 2009	%
On or after the Interest Payment Date in 2009 but prior to the Interest Payment Date in 2010	%
On or after the Interest Payment Date in 2010 but prior to the Interest Payment Date in 2011	%
On or after the Interest Payment Date in 2011 but prior to the Interest Payment Date in April 2012	%

Calculation Agent means Wells Fargo Bank, National Association, or its successor appointed by the Company, acting as calculation agent for the Series 2007B Senior Notes.

LIBOR means for any Interest Period the rate for deposits in U.S. dollars for the applicable period referred to below that appears on Reuters Page LIBOR01 (as defined below) as of 11:00 a.m., London time, on the second LIBOR Business Day (as defined below) prior to the first day of such Interest Period (a LIBOR Determination Date). If such rate does not appear on such page at such time, then the Calculation Agent will request the principal London office of each of four major reference banks, which may include one or more of the Underwriters (as defined below) or their affiliates, in the London interbank market, selected by the Calculation Agent (after consultation with the Company), to provide such bank's offered quotation to prime banks in the London interbank market for deposits in U.S. dollars in a Representative Amount (as defined below) and for the applicable period referred to below, as of 11:00 a.m., London time, on the LIBOR Determination Date. If at least two such quotations are so provided, LIBOR will be the arithmetic mean of such quotations. If fewer than two such quotations are provided, the Calculation Agent will request each of three major banks, which may include one or more of the Underwriters or their affiliates, in The City of New York (after consultation with the Company) to provide such bank's rate to leading European banks for loans in U.S. dollars in a Representative Amount and for the applicable period referred to below, as of approximately 11:00 a.m., New York City time, on the LIBOR Determination Date. If at least two such rates are so provided, LIBOR will be the arithmetic mean of such rates. If fewer than two such rates are so provided, then LIBOR will be LIBOR in effect during the preceding Interest Period. All percentages resulting from any calculation on a Series 2007B Senior Note will be rounded to the nearest one hundred-thousandth of a percentage point, with a five-one millionths of a percentage point rounded upwards, and all dollar amounts used in or resulting from such calculation on the Series 2007B Senior Notes will be rounded to the nearest cent (with one-half cent being rounded upwards). The applicable period referred to above is month(s), in each case commencing on the first day of the applicable Interest Period, except that the applicable period referred to above for the final Interest Period for any Series 2007B Senior Notes will be (i) one month, if the final Interest Period is a period of one month, (ii) two months, if the final Interest Period is a period of two months, and (iii) three months, if the final Interest Period is a period of three months.

LIBOR Business Day means any day that is a Business Day and a day on which dealings in U.S. dollars are transacted in the London interbank market.

Representative Amount shall mean a principal amount of not less than U.S. \$1,000,000 that is, in the Calculation Agent's judgment, representative for a single transaction in the relevant market at the relevant time.

Reuters Page LIBOR01 means the display designated as LIBOR01 on Reuters 3000 Xtra (or any successor service) (or such other page as may replace Page LIBOR01 on Reuters 3000 Xtra or any successor service).

All calculations made by the Calculation Agent for the purposes of calculating the interest rates on the Series 2007B Senior Notes shall be conclusive and binding on the holders of such Series 2007B Senior Notes, the Company and the Senior Note Indenture Trustee, absent manifest error.

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Ranking

The Series 2007B Senior Notes will be direct, unsecured and unsubordinated obligations of the Company and will rank equally with all other unsecured and unsubordinated obligations of the Company. Since the Company is a holding company, the right of the Company and, hence, the right of creditors of the Company (including holders of the Series 2007B Senior Notes) to participate in any distribution of the assets of any subsidiary of the Company, whether upon liquidation, reorganization or otherwise, is subject to prior claims of creditors of each subsidiary. The Series 2007B Senior Notes will be effectively subordinated to all secured debt of the Company. The Company had no secured debt outstanding at December 31, 2006. The Senior Note Indenture contains no restrictions on the amount of additional indebtedness that may be issued by the Company.

Redemption

The Series 2007B Senior Notes will not be redeemable by the Company prior to maturity.

Book-Entry Only Issuance The Depository Trust Company

DTC will act as the initial securities depository for the Series 2007B Senior Notes. The Series 2007B Senior Notes will be issued only as fully registered securities registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One or more fully registered global Series 2007B Senior Notes certificates will be issued, representing in the aggregate the total principal amount of the Series 2007B Senior Notes, and will be deposited with the Senior Note Indenture Trustee on behalf of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "1934 Act"). DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's, a division of The McGraw Hill Companies, Inc., highest rating: AAA. The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2007B Senior Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007B Senior Notes on DTC's records. The ownership interest of each actual purchaser of Series 2007B Senior Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect

Participants records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners purchased Series 2007B Senior Notes. Transfers of ownership interests in the Series 2007B Senior Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests

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in Series 2007B Senior Notes, except in the event that use of the book-entry system for the Series 2007B Senior Notes is discontinued.

To facilitate subsequent transfers, all Series 2007B Senior Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2007B Senior Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any changes in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007B Senior Notes. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007B Senior Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Although voting with respect to the Series 2007B Senior Notes is limited, in those cases where a vote is required, neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2007B Senior Notes unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Company as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2007B Senior Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Series 2007B Senior Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Company or the Senior Note Indenture Trustee on the relevant payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the account of customers registered in street name, and will be the responsibility of such Direct or Indirect Participant and not of DTC or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Company, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Except as provided herein, a Beneficial Owner of a global Series 2007B Senior Note will not be entitled to receive physical delivery of Series 2007B Senior Notes. Accordingly, each Beneficial Owner must rely on the procedures of DTC to exercise any rights under the Series 2007B Senior Notes. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. Such laws may impair the ability to transfer beneficial interests in a global Series 2007B Senior Note.

DTC may discontinue providing its services as securities depository with respect to the Series 2007B Senior Notes at any time by giving reasonable notice to the Company. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2007B Senior Notes certificates will be required to be printed and delivered to the holders of record. Additionally, the Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) with respect to the Series 2007B Senior Notes. The Company understands, however, that under current industry practices, DTC would notify its Direct and Indirect Participants of the Company's decision, but will only withdraw beneficial interests from a global Series 2007B Senior Note at the request of each Direct or Indirect Participant. In that event, certificates for the Series 2007B Senior

Notes will be printed and delivered to the applicable Direct or Indirect Participant.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof. The Company has no responsibility for the performance by DTC or its Direct or Indirect Participants of their respective obligations as described herein or under the rules and procedures governing their respective operations.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of the material United States federal income tax consequences of the acquisition, ownership and disposition of the Series 2007B Senior Notes (including any substitute non-extendible notes issued to holders that do not elect to extend the maturity of such notes) (for purposes of this discussion, collectively, the Series 2007B Senior Notes) and constitutes the opinion of Troutman Sanders LLP with respect thereto. This discussion applies only to United States Holders (as defined below) who purchase the Series 2007B Senior Notes in the initial offering at the original issue price and who hold their Series 2007B Senior Notes as capital assets. This discussion does not address all of the federal income tax consequences that might be important to holders in light of their individual circumstances. This section does not apply to any holder that is a member of a class of holders subject to special rules, such as:

a dealer in securities or currencies;

a trader in securities that elects to use a mark-to-market method of accounting for its securities holdings;

a bank;

an insurance company;

a thrift institution;

a partnership or other pass-through entity;

a regulated investment company;

a tax-exempt organization;

a person that owns Series 2007B Senior Notes that are a hedge or that are hedged against interest rate or currency risks;

a person that owns Series 2007B Senior Notes as part of a straddle or conversion transaction for tax purposes; or

a person whose functional currency for United States federal income tax purposes is not the United States dollar.

This discussion is based on the United States Internal Revenue Code of 1986, as amended (the Code), its legislative history, existing and proposed regulations under the Code (Treasury Regulations), published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If a partnership (or entity treated as a partnership for United States federal income tax purposes) holds the Series 2007B Senior Notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. Partners in a partnership holding the Series 2007B Senior Notes should consult their tax advisors with regard to the United States federal income tax treatment or other tax consequences of an investment in the Series 2007B Senior Notes.

Prospective purchasers of the Series 2007B Senior Notes are urged to consult their own tax advisors concerning the tax consequences of acquiring, owning and disposing of the Series 2007B Senior Notes in their particular circumstances under the Code and the laws of any other taxing jurisdiction and the possible effects of changes in any applicable tax laws.

For purposes of this discussion, a holder of the Series 2007B Senior Notes is a United States Holder if the holder is a beneficial owner of a Series 2007B Senior Note and is:

an individual who is citizen or resident of the United States;

a domestic corporation, or entity treated as a corporation for United States federal income tax purposes;

an estate whose income is subject to United States federal income tax regardless of its source; or

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a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust (or that has a valid election in effect to be treated as a United States Holder).

If a holder of the Series 2007B Senior Notes is not a United States Holder, this discussion does not apply to such holder and such holder should consult its own tax advisor.

Interest on the Series 2007B Senior Notes and Disposition of Series 2007B Senior Notes. The interest rate on the Series 2007B Senior Notes should be treated as a qualified floating rate and thus the Series 2007B Senior Notes should qualify as a variable rate debt instrument for United States federal income tax purposes. Accordingly, interest on the Series 2007B Senior Notes generally should be included by a United States Holder as ordinary income at the time the interest is paid or accrued, depending on the United States Holder's method of tax accounting. A United States Holder generally will recognize capital gain or loss on the sale, retirement or other taxable disposition of a Series 2007B Senior Note equal to the difference between the amount realized on such sale, retirement or disposition (except to the extent attributable to accrued interest, which will be taxable as ordinary income to the extent not previously included in income by the United States Holder) and the United States Holder's tax basis in the Series 2007B Senior Notes. The deductibility of capital losses is subject to limitations. Capital gain of a non-corporate United States Holder recognized before January 1, 2009 generally will be taxed at a maximum rate of 15% if the United States Holder's holding period is greater than one year.

Special rules may apply if substitute non-extendible notes issued to United States Holders that do not elect to extend the maturity of their Series 2007B Senior Notes are treated as issued with original issue discount, as discussed below under United States Holders That Do Not Elect to Extend the Maturity Date.

Extension of Maturity Date. There are no regulations, rulings or other authorities directly addressing the United States federal income tax treatment of debt instruments with terms that are substantially similar to the Series 2007B Senior Notes and, therefore, the United States federal income tax treatment of the Series 2007B Senior Notes is uncertain. Pursuant to the Treasury Regulations governing modifications to the terms of debt instruments (the Modification Regulations), the exercise of an option by a holder of a debt instrument to defer any scheduled payment of principal is a taxable event if, based on all the facts and circumstances, such deferral is considered material under the Modification Regulations. The Modification Regulations do not specifically address the unique features of the Series 2007B Senior Notes (including their economic equivalence to a five-year debt instrument containing put options). However, under the Treasury Regulations governing original issue discount on debt instruments (the OID Regulations), for purposes of determining the yield and maturity of a debt instrument that provides the holder with an unconditional option, exercisable during the term of the debt instrument, that, if exercised, requires payments to be made on the debt instrument under an alternative payment schedule (e.g., an option to extend the maturity of the debt instrument), a holder is deemed to exercise or not exercise an option or combination of options in a manner that maximizes the yield on the debt instrument. Since the spread will periodically increase during the term of the Series 2007B Senior Notes from an initial amount equal to . % to an amount equal to LIBOR plus . %, under these rules, as of the issue date, it would be reasonable to assume that original holders of the Series 2007B Senior Notes would elect to extend the maturity of all of the principal amount of the Series 2007B Senior Notes until the final maturity date in accordance with the procedures described under Description of the Series 2007B Senior Notes above. Although it is not entirely clear how the above described provision of the OID Regulations would apply to a variable rate debt instrument such as the Series 2007B Senior Notes, we believe that it should apply in a similar manner, in which case, based on the assumption in the preceding sentence, the final maturity date of the Series 2007B Senior Notes should be treated as the sole maturity date for purposes of the OID Regulations. Moreover, although it is unclear how the above described provision of the OID Regulations applies in conjunction with the Modification Regulations, we believe that the final maturity date of the Series 2007B Senior Notes should similarly be treated as the

sole maturity date of the Series 2007B Senior Notes for purposes of the Modification Regulations, in which case an election to extend the maturity of all or any portion of the principal amount of the Series 2007B Senior Notes in accordance with the procedures described above should not cause a taxable event for United States federal income tax purposes. United States Holders will be obligated to take this position by the express terms of the Series 2007B Senior Notes, absent an administrative or judicial determination to the contrary.

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United States Holders should be aware that no assurance can be given that the Internal Revenue Service will accept, or that the courts will uphold, the characterization and the tax treatment of the Series 2007B Senior Notes described above. If the Internal Revenue Service were successful in asserting that an election to extend the maturity of all or any portion of the principal amount of the Series 2007B Senior Notes is a taxable event for United States federal income tax purposes, then United States Holders would be required to recognize any gain inherent in the Series 2007B Senior Notes upon the exercise of such election. United States Holders should consult their tax advisors regarding the United States federal income tax consequences of an investment in, and extending (or not extending) the maturity of, the Series 2007B Senior Notes.

United States Holders That Do Not Elect to Extend the Maturity Date. If a United States Holder does not elect to extend the maturity date of its Series 2007B Senior Notes as of any Election Date, although the matter is not free from doubt, based upon the analysis above under Extension of Maturity Date, such United States Holder should be treated as having disposed of its Series 2007B Senior Notes in a taxable transaction in return for substitute non-extendible notes if the differences between the terms of the original notes and the substitute notes as of the applicable Election Date are economically significant. Except as otherwise noted, the discussion below assumes that United States Holders will be so treated and that such differences will be economically significant. If the differences between the terms of the original notes and the substitute notes as of the applicable Election Date are not economically significant, a United States Holder will not be treated as having disposed of its original notes in a taxable exchange at such time and will be subject to tax with respect to its substitute notes in the same manner as described above with respect to the Series 2007B Senior Notes.

If a United States Holder does not elect to extend the maturity date of all or a portion of its Series 2007B Senior Notes as of any Election Date, it will recognize gain or loss in an amount equal to the difference between its tax basis in the original notes for which the election is not made and the issue price of the substitute non-extendible notes. The issue price of the substitute notes will be determined in the following manner. If the substitute notes are treated as publicly traded under the OID Regulations, then the issue price for the substitute notes will be equal to the fair market value of the substitute notes as of the applicable Election Date. If the substitute notes are not treated as publicly traded under the OID Regulations but the Series 2007B Senior Notes are treated as publicly traded under the OID Regulations, then the issue price for the substitute notes will be equal to the fair market value of the Series 2007B Senior Notes as of the applicable Election Date. If neither the Series 2007B Senior Notes nor the substitute notes are treated as publicly traded under the OID Regulations, then the issue price of the substitute notes will be equal to the principal amount of the substitute notes.

If the issue price for a substitute non-extendible note, determined as set forth above, is greater than 99.75% of the substitute note's face amount, a United States Holder will not be subject to the original issue discount rules with respect to the substitute notes and will be subject to United States federal income tax on the substitute notes as described above under Interest on the Series 2007B Senior Notes and Disposition of Series 2007B Senior Notes. However, if the issue price for a substitute note is determined to be less than or equal to 99.75% of the substitute note's face amount, a United States Holder will be required to include original interest discount in income over the remaining term of the substitute note. Any original issue discount so included in income will be added to the United States Holder's tax basis in the substitute notes. The original issue discount rules are complex and, as noted above, the federal income tax treatment of the Series 2007B Senior Notes is uncertain. United States Holders should consult their tax advisors regarding the United States federal income tax consequences of not extending the maturity date of the Series 2007B Senior Notes and the potential application of the original issue discount rules.

Backup Withholding and Information Reporting. In general, with respect to non-corporate United States Holders, the Company and other payors are required to report to the Internal Revenue Service all payments of principal, any premium and interest on the Series 2007B Senior Notes, and the accrual of original issue discount, if any. In addition,

the Company and other payors are required to report to the Internal Revenue Service any payment of proceeds of the sale of the Series 2007B Senior Notes before maturity within the United States. Additionally, backup withholding will apply to any payments, including payments of original issue discount, if a holder fails to provide an accurate taxpayer identification number or otherwise establish an exemption, or if such holder has been notified by the Internal Revenue Service that it has failed to report all interest and dividends required to be shown on its United States federal income tax returns.

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THE UNITED STATES FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SERIES 2007B SENIOR NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

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