

The following is a representative sample of the forbearance letter agreements entered into with respect to the County's outstanding swap transactions. The County entered into similar letter agreements with each of the swap counterparties.



May 13, 2008

Jefferson County, Alabama
County Courthouse
716 Richard Arrington Boulevard
Birmingham, Alabama 35203
Attn: President of County Commission

Re: ISDA Master Agreement and Related Forbearance Agreement
Between Jefferson County and JPMorgan Chase Bank

Ladies and Gentlemen:

Reference is made to (a) that certain ISDA Master Agreement dated as of January 1, 2001 (the "ISDA Master Agreement"), between Jefferson County, Alabama (the "County") and JPMorgan Chase Bank (the "Bank"), as further amended and supplemented through the date hereof, including by the Schedule thereto dated as of January 1, 2001 (the "Schedule"), and Confirmations dated January 10, 2001, January 10, 2001, September 18, 2001, October 23, 2002, March 28, 2003, and July 14, 2003, respectively, bearing reference numbers 470385, 470392, 700404, 8958034, 700157 and 7001880, respectively (said Confirmations, together with the ISDA Master Agreement and the Schedule, the "Swap Agreement") relating to certain of the County's sewer revenue warrants; and (b) that certain Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008, between the County and the Bank (as amended by that certain First Amendment to Forbearance Agreement and Reservation of Rights, dated as of April 15, 2008, the "Forbearance Agreement"). Unless otherwise defined, capitalized terms are used herein as defined in the Forbearance Agreement or the Swap Agreement, as applicable.

As you know, pursuant to the Forbearance Agreement, the County has acknowledged that Termination Events, Additional Termination Events and Events of Default have occurred and are continuing under the Swap Agreement. Absent earlier termination in accordance with the terms thereof, the Forbearance Period under the Forbearance Agreement will expire at 5:00 p.m. (prevailing Birmingham, Alabama time) on May 15, 2008.

In recognition of the ongoing efforts to reach a consensual restructuring of the County's sewer related indebtedness, and as a further expression of the Bank's willingness to fully explore that mutual goal, the Bank has decided to proceed as follows: Notwithstanding the expiration on May 15, 2008 of the Forbearance Period under the Forbearance Agreement, but without prejudice to the Bank's right to exercise any of its rights and remedies at any time in the exercise of its sole discretion, the Bank does not intend to exercise any such rights and remedies in respect of the above referenced Termination Events, Additional Termination Events and Events of Default prior to 5:00 p.m. (prevailing Birmingham, Alabama time) on May 30, 2008, provided that, the Bank may, upon three (3) business days' advance written notice to the County, terminate the Swap Agreement. In addition, and notwithstanding anything to the contrary contained in the Forbearance Agreement, the Swap Agreement or the expiration of the Forbearance Period on May 15, 2008, the Bank agrees that, effective upon the execution in counterparts of this letter by the County, no payments or other transfers of property shall be made by the County or the Bank to each other under the Swap Agreement. Any such payments or transfers shall become due and payable in accordance with and subject to the terms of the Swap Agreement on the second Business Day after May 30, 2008.

Please note that nothing contained in this letter is intended as or shall constitute an alteration (except in respect of the change to the date that payments and transfers shall become due and payable), waiver or release of any rights, remedies, claims, causes of action, or defenses by either of the Parties in relation to the Swap Agreement, the Forbearance Agreement, any and all documents related thereto, or at law or in equity, and all such rights, remedies, claims, causes of action, and defenses of the Parties are hereby reserved. Nothing contained in this letter is intended as or shall constitute an admission of liability on the part of any Party, nor shall anything contained in this letter enhance, prejudice, or otherwise alter in any manner any Party's rights, remedies, claims, causes of action, or defenses against any other Party or Person. Nothing contained in this letter shall be deemed to waive any existing Termination Events, Additional Termination Events or Events of Defaults, or relieve or release the County from its obligations under the Swap Agreement, the Forbearance Agreement, or any and all documents related thereto, or from the consequences of the existing Termination Events, Additional Termination Events or Events of Default or any other Termination Event, Additional Termination Event or Event of Default. No failure to exercise or delay in exercising any right or power shall preclude any other or further exercise thereof, and nothing contained herein shall be deemed to constitute an election of remedies.

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience. Please confirm your consent and agreement to the forgoing by signing and returning to the Bank a copy of this letter.

Sincerely,

JPMORGAN CHASE BANK

By: William A. Austin
Title: EXECUTIVE DIRECTOR

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: Bethy Jane Collins
Title:

PRESIDENT