

The following is a representative sample of the First Amendment to Forbearance Agreement and Reservation of Rights entered into with respect to the Standby Warrant Purchase Agreements which provide liquidity for the County's variable rate demand sewer warrants. The County entered into similar agreements with each of the liquidity providers.

**FIRST AMENDMENT TO FORBEARANCE AGREEMENT  
AND RESERVATION OF RIGHTS**  
(Standby Warrant Purchase Agreement – JPMorgan Chase Bank)

This First Amendment to Forbearance Agreement and Reservation of Rights (this "Amendment") in respect of the Standby Agreement referenced below is made as of the 15<sup>th</sup> day of April, 2008, by and among Jefferson County, Alabama, a political subdivision of the State of Alabama ("Issuer"), JPMorgan Chase Bank, as liquidity provider ("Bank"), JPMorgan Chase Bank, as liquidity agent ("Liquidity Agent"), Financial Guaranty Insurance Company ("FGIC"), XL Capital Assurance Inc. ("XLCA"), and The Bank of New York, as Trustee ("Trustee"), and amends that certain Forbearance Agreement and Reservation of Rights dated as of March 31, 2008 by and among the undersigned (the "Original Forbearance Agreement" and, as amended hereby, the "Forbearance Agreement"). Issuer, Bank, Liquidity Agent, FGIC, XLCA, and Trustee are each herein referred to sometimes as a "Party" and, collectively, as the "Parties." Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Original Forbearance Agreement.

**W I T N E S S E T H:**

A. Issuer, Bank, Liquidity Agent, and Trustee are parties that certain Standby Warrant Purchase Agreement dated as of October 1, 2002 (the "Standby Agreement") relating to the Issuer's Sewer Revenue Refunding Warrants, Series 2002-C-2 (the "Warrants").

B. The Parties are parties to the Original Forbearance Agreement, pursuant to which Bank and Liquidity Agent agreed, subject to the terms and conditions set forth therein, to forbear for a limited period of time from the exercise of certain of its rights and remedies in respect of the Events of Default that have occurred and are continuing under the Standby Agreement.

C. Pursuant to the Original Forbearance Agreement, the Forbearance Period is scheduled to expire no later than April 15, 2008 at 5:00 p.m. prevailing Birmingham, Alabama time.

D. Issuer has asked the other Parties to amend the Original Forbearance Agreement to extend the Forbearance Period for a limited period of time to afford Issuer the further opportunity to explore and pursue possible workout solutions to propose to, among others, Bank, Liquidity Agent, the Other Liquidity Providers, the Swap Counterparties and the Bond Insurers.

E. Notwithstanding that no understanding or agreement with respect thereto has been reached among the Parties, the Parties have agreed to enter into this Amendment.

NOW, THEREFORE, in consideration of the foregoing premises and the agreements and undertakings contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

1. **Extension of Forbearance Period.** Section 1 of the Original Forbearance Agreement is hereby amended by (a) deleting clause (a) thereof in its entirety and replacing it

with the following: “(a) May 15, 2008 at 5:00 p.m. prevailing Birmingham, Alabama time”, and (b) deleting clause (f) in its entirety and replacing it with the following: “(f) Issuer’s failure to make the May 1, 2008 payment of interest described in Section 2 of the First Amendment to this Agreement, which First Amendment is dated as of April 15, 2008.”

2. **Payment of Interest.** On May 1, 2008, in partial payment of the amount of interest accrued on the Bank Warrants, Issuer shall pay to Bank from the Pledged Revenues interest on the Bank Warrants that has accrued at the Base Rate plus one percent (1.0%) per annum. Subject only to the forbearance in effect during the Forbearance Period, the acceptance of such partial payment of interest by Bank shall not constitute a waiver of Bank’s rights under the Standby Agreement, the Bank Warrants, the Related Documents, and applicable law to the accrual and payment of interest in accordance with the terms of the Standby Agreement, the Related Documents, and the Bank Warrants. In accordance with the terms of the Standby Agreement, from January 24, 2008, the date of the first occurrence of any continuing Event of Default, interest on the Bank Warrants has accrued and will continue to accrue at the Default Rate. Issuer and XLCA acknowledge that all interest on the Bank Warrants accrued through May 1, 2008 in excess of the amount paid on April 1, 2008 pursuant to the Original Forbearance Agreement and the amount payable on May 1, 2008 pursuant to this Section 2 shall be due and payable in full by Issuer upon expiration of the Forbearance Period. Bank, Liquidity Agent, and Trustee agree that until the expiration of the Forbearance Period, no additional Event of Default under the Standby Agreement will occur if Issuer does not pay interest on the Bank Warrants accrued through May 1, 2008 in excess of the amount payable on May 1, 2008 pursuant to this Section 2. XLCA approves of the provisions of this Section 2 and acknowledges and confirms that all interest accrued and accruing on the Bank Warrants is insured by the Municipal Bond Insurance Policy, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto.

3. **Quarterly Principal.** Section 3 of the Original Forbearance Agreement is hereby deleted in its entirety and replaced with the following:

“3. **Quarterly Principal.**

“a. Contemporaneously with the execution and delivery of this Amendment by all Parties, Issuer shall execute and deliver to Trustee the notice attached hereto as Exhibit A (the “Redemption Notice”).

“b. Bank, Liquidity Agent and Trustee agree that, until the expiration of the Forbearance Period, no additional Event of Default under the Standby Agreement will occur if the first quarterly principal installment originally scheduled to be paid on the first Business Day of April 2008 with respect to the Bank Warrants is not paid to Bank in accordance with the provisions of Section 3.02 of the Standby Agreement.

“c. XLCA acknowledges that it has requested Issuer to deliver the Redemption Notice to Trustee pursuant to Section 3.02 of the Standby Agreement and approves of Issuer’s execution and delivery of the Redemption Notice to Trustee. XLCA further acknowledges and confirms that all quarterly principal installments payable by Issuer in respect of the Bank Warrants are insured by the Municipal Bond Insurance Policy, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Issuer and XLCA acknowledge that nothing herein is intended or shall be deemed to prejudice or otherwise alter Issuer’s covenants and agreements in accordance with the provisions of Section 3.02 of the Standby Agreement and that such covenants and agreements shall be fully enforceable upon the expiration of the Forbearance Period. XLCA approves of the provisions of this Section 3.

“d. Issuer acknowledges and agrees that the Bank Warrants are due and payable on the dates specified in the Redemption Notice for all purposes of the Indenture, and, after execution and delivery of the Redemption Notice, no further action shall be necessary on the part of Issuer in order to effect the redemptions contemplated by the Redemption Notice, except to the extent set forth therein. To the extent that XLCA deposits funds with the Paying Agent equal to the redemption price of the Bank Warrants, Issuer and Trustee each acknowledge and agree that Issuer shall have caused such deposit to be made for purposes of Section 6.1(c) of the Master Indenture (as defined in the Standby Agreement).

“e. Issuer covenants and agrees that it shall execute and deliver a notice of redemption, in substantially the same form as the Redemption Notice, providing for the redemption, in accordance with the schedule set forth in Section 3.02 of the Standby Agreement, of any Warrants that are not Bank Warrants as of the date of this Amendment but hereafter become Bank Warrants.”

“f. Issuer hereby instructs Trustee to give notices of redemption to, and coordinate as necessary with, the Securities Depository to effect the redemption of Bank Warrants as contemplated hereby and by the Redemption Notice.”

4. **Conditions Precedent.** The obligations of the Parties hereunder and the enforceability of the terms and conditions of this Amendment against the Parties are conditioned expressly upon the execution and delivery (a) by the Parties of this Amendment, (b) of amendments to each of the Other Forbearance Agreements, which amendments shall be in a form approved by Bank, and (c) by the Issuer, Bank, Liquidity Agent, Trustee and XLCA of the Redemption Notice, and (d) by Issuer to Trustee of a certified copy of the Resolution of the Governing Body containing the information described in clause (1) of Section 6.1(a) of the Master Indenture, the statement of the absence of any Event of Default under the Master Indenture described in clause (2) of Section 6.1(a) of the Master Indenture and the summary set forth in clause (3) of Section 6.1(a) of the Master Indenture. Copies of all such documents shall

be provided by Issuer to Bank, Liquidity Agent, Bond Insurers, and Trustee immediately upon their execution and delivery to Issuer.

5. **Reservation of Rights.** This Amendment and the Forbearance Agreement shall constitute a forbearance only from the exercise of rights and remedies as set forth herein and in the Forbearance Agreement, and nothing contained in this Amendment, the Forbearance Agreement, or the Redemption Notice is intended as or shall constitute a waiver, release or alteration of any rights, remedies, claims, causes of action, or defenses by any Party under or in relation to the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, any and all documents related thereto, or at law or in equity, and subject to the terms of this Amendment and the Forbearance Agreement, the Parties each hereby expressly reserve all such rights, remedies, claims, causes of action, and defenses that they have or may have against the other Parties and against any other Person under the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, any and all documents related thereto, or at law or in equity. Nothing contained in this Amendment, the Forbearance Agreement, or the Redemption Notice is intended as or shall constitute an admission of liability on the part of any Party, nor shall anything contained in this Amendment, the Forbearance Agreement, or the Redemption Notice, or the forbearance provided for in the Forbearance Agreement and this Amendment, 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 Amendment, the Forbearance Agreement, or the Redemption Notice shall be deemed to waive any existing defaults. No failure to exercise or delay in exercising any right or power by any Party shall preclude any other or further exercise thereof or the exercise of any other right or power by such Party. Each Party acknowledges that the other Parties have made no representations (other than those set forth in the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto) as to what actions, if any, the other Parties will take after the Forbearance Period. Nothing contained in this Amendment, the Forbearance Agreement, or the Redemption Notice, nor in any negotiations or any other actions undertaken pursuant to this Amendment, the Forbearance Agreement, or the Redemption Notice, shall be deemed to constitute an election of remedies.

6. **Scope of Agreement.** Except as expressly amended hereby, the terms of the Original Forbearance Agreement remain in full force and effect. Neither this Amendment nor the Forbearance Agreement constitutes a waiver, an amendment or modification of the Standby Agreement (except as expressly set forth in the penultimate sentence of Section 2 of this Amendment and Section 3(b) of this Amendment), the Bank Warrants, the Bond Insurance Policies, or any Related Documents, and the terms and conditions of the Standby Agreement (as modified by the penultimate sentence of Section 2 of this Amendment and Section 3(b) of this Amendment), the Bank Warrants, the Bond Insurance Policies, and all Related Documents shall remain in full force and effect. This Amendment and the Forbearance Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns. The terms of this Amendment and the Forbearance Agreement may not be changed, modified, waived, discharged or terminated orally, but only by an instrument or instruments in writing, signed by the Party against whom the enforcement of the change, modification, waiver, discharge or termination is asserted.

7. **Reaffirmation of Representations, Warranties, Covenants and Undertakings of Issuer.** (a) Issuer has not (i) directly or indirectly offered or provided any consideration or inducement of any kind or nature to any Other Liquidity Provider or any Swap Counterparty in order to induce such party to agree to or enter into any agreement with respect to a forbearance period which was not provided to Bank under this Amendment or (ii) delivered any collateral or termination payment to any Swap Counterparty during the period from January 24, 2008 to the date hereof.

(b) Issuer hereby reaffirms that all representations and warranties made by Issuer in the Original Forbearance Agreement remain true and correct as of the date of this Amendment, and hereby reaffirms as of the date hereof each of its covenants and undertakings under the Original Forbearance Agreement.

(c) The execution, delivery and performance of this Amendment and the Redemption Notice by Issuer have been duly authorized by all applicable procedures, and does not contravene or constitute a default under any statute, regulation or rule of any governmental authority or under any provision of Issuer's organizational documents or any contractual restriction binding on Issuer (including any agreement between the Issuer and any Bond Insurer) or require any authorization, consent, approval, exemption or license from, or any filing of registration with any governmental authority that has not been obtained.

8. **Representations of Undersigned Bond Insurers.** The execution, delivery and performance of this Amendment by each undersigned Bond Insurer does not contravene or constitute a default under any statute, regulation or rule of any governmental authority or under any provision of the respective Bond Insurer's organizational documents or any contractual restriction binding on such Bond Insurer (including any agreement between such Bond Insurer and any reinsurer) or require any authorization, consent, approval, exemption or license from, or any filing of registration by any officers or other internal authorities of such Bond Insurer or with any governmental authority that has not been obtained. XLCA hereby ratifies and confirms the Municipal Bond Insurance Policy and its insurance, in accordance with the terms thereof, of all payments of principal and interest on the Bank Warrants, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Each undersigned Bond Insurer hereby ratifies and confirms the DSRF Insurance Policy issued by it, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Without limiting the generality of the foregoing, as between each undersigned Bond Insurer, on the one hand, and Bank and Trustee, on the other, neither the execution and delivery of this Amendment, nor performance hereunder, shall alter in any way (a) the rights of Bank or Trustee, or the obligations of any undersigned Bond Insurer, under each Bond Insurance Policy, nor constitute a defense to payment or release under any Bond Insurance Policy, and each undersigned Bond Insurer expressly waives the benefit of any rule of law or provision of any Related Document that would provide otherwise and (b) the rights and/or defenses of any undersigned Bond Insurer, as such rights and/or defenses existed prior to the execution of this Amendment, under the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, and any and all documents related thereto.

9. **Covenant of Bond Insurer.** XLCA covenants and agrees that, during the Forbearance Period, XLCA's professional advisors (including, without limitation, The Blackstone Group, R. W. Beck, and Lamont Financial Services Corporation) shall make reasonable efforts to arrange and conduct weekly conference calls with Liquidity Agent, Bank and the Other Liquidity Providers and their respective professional advisors and to provide the Parties with periodic reports and any resulting findings and recommendations of XLCA's and such professional advisors' review of the operations of Issuer (including, if reasonably requested by Liquidity Agent, Bank or the Other Liquidity Providers, copies of due diligence material provided to XLCA's professional advisors) and XLCA's and such professional advisors' progress toward developing a workout proposal with Issuer.

10. **Reporting.** Section 8(c) of the Original Forbearance Agreement is hereby deleted in its entirety and replaced with the following:

“(c) During the Forbearance Period, (i) in respect of any workout proposal, Issuer shall promptly provide to Bank all information that is provided by Issuer to Liquidity Agent, any Other Liquidity Provider and/or to any Swap Counterparty, and (ii) Issuer's professional advisors will make reasonable efforts to arrange and conduct weekly conference calls with Liquidity Agent, Bank and the Other Liquidity Providers and their respective professional advisors at mutually convenient times to provide the Parties with updates of Issuer's progress toward developing a workout proposal to submit to Liquidity Agent, Bank and the Other Liquidity Providers, including Issuer's progress regarding the enactment of any legislation necessary to implement any potential workout proposal.”

11. **Governing Law.** This Amendment shall be deemed to be a contract under, and shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York and applicable federal law without regard to choice of law rules.

12. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall be an original and all of which, taken together, shall constitute but one and the same agreement among the Parties. Delivery of a counterpart hereof, or an executed signature hereto, by facsimile or by e-mail (in pdf or similar format) shall be effective as delivery of a manually-executed counterpart hereof.

13. **Due Authorization; Integration.** Each Party hereto represents and warrants that it has taken all necessary corporate or other applicable action to duly authorize its execution and delivery of this Amendment. This Amendment and the Forbearance Agreement (and any documents referred to herein or therein) contain the whole agreement among the Parties relating to the subject matter of this Amendment and the Forbearance Agreement, and supersede all previous understandings and agreements among the Parties relating thereto. Each Party acknowledges that, in agreeing to enter into this Amendment and the Forbearance Agreement, it has not relied on any representation or warranty (except those set forth in this Amendment or the Forbearance Agreement) made by or on behalf of the other Party or any other Person whatsoever before the execution of this Amendment; provided, however, that the Parties have relied on, and

nothing in this Section shall alter in any way, the provisions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto.

14. **Captions.** The captions to the sections and paragraphs of the Amendment are for the convenience of the Parties only, and are not a part of this Amendment.

15. **Construction.** In the event of a conflict between the terms of the Forbearance Agreement and the Related Documents, the terms of the Forbearance Agreement shall prevail.

16. **Consent.** Each Bond Insurer and Bank hereby consent to Trustee's execution and delivery of this Amendment and effecting the redemptions as contemplated hereby, without prejudice to Bank's rights under the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, any and all documents related thereto, or at law or in equity. This Amendment does not constitute a waiver, amendment, or modification of the Standby Agreement (except as expressly set forth in the penultimate sentence of Section 2 of this Amendment and Section 3(b) of this Amendment), the Bank Warrants, the Bond Insurance Policies, or any Related Documents, and the terms and conditions of the Standby Agreement (as modified by the penultimate sentence of Section 2 of this Amendment and Section 3(b) of this Amendment), the Bank Warrants, the Bond Insurance Policies, and all Related Documents shall remain in full force and effect. The Trustee is a party to this Amendment for the sole and limited purpose of indicating its consent to the extent that the penultimate sentence of Section 2 of this Amendment and Section 3(b) of this Amendment constitute amendments to the Standby Agreement requiring its consent. For the avoidance of doubt, the Parties agree the Trustee has not agreed to any amendment, waiver or supplement to the Indenture or any Related Document (other than to the Standby Agreement as provided in the penultimate sentence of Section 2 of this Amendment and Section 3(b) of this Amendment) and has not agreed to forbear from exercising any remedy under the Indenture, the Standby Agreement or any other Related Document.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



IN WITNESS WHEREOF, the Parties have hereunto set their hands effective as of the date first above written.

**ISSUER:**

**JEFFERSON COUNTY, ALABAMA**

By: *Bettye Frie Collins*

As its: **PRESIDENT**

FROM

(TUE) 4.15'08 8:40/ST. 8:39/NO. 4863793112 P 3

**LIQUIDITY AGENT:**

**JPMORGAN CHASE BANK**

By: William A. Austin

As its: EXEC DIRECTOR

**FIRST AMENDMENT TO FORBEARANCE AGREEMENT  
AND RESERVATION OF RIGHTS  
(Standby Warrant Purchase Agreement - JPMorgan Chase Bank)**

FROM

(TUE) 4.15'08 8:40/ST. 8:39/NO. 4863793112 P 4

**BANK:**

**JPMORGAN CHASE BANK**

By: William A. Austin

As its: EXEC DIRECTOR

**FIRST AMENDMENT TO FORECLOSURE AGREEMENT  
AND RESERVATION OF RIGHTS  
(Standby Warrant Purchase Agreement - JPMorgan Chase Bank)**

**TRUSTEE:**

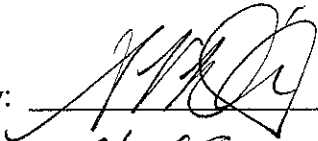
**THE BANK OF NEW YORK**

By: Chris Noth

As its: Vice President

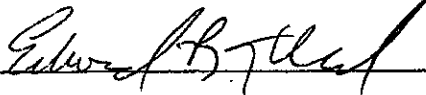
**BOND INSURER:**

**FINANCIAL GUARANTY INSURANCE  
COMPANY**

By:  \_\_\_\_\_  
As its: Chief Credit Officer

**BOND INSURER:**

**XL CAPITAL ASSURANCE INC.**

By: 

As its: President and Chief Operating Officer

**EXHIBIT A**

**Redemption Notice**

**NOTICE AND INSTRUCTIONS  
CONCERNING  
REDEMPTION OF BANK WARRANTS**

The Bank of New York,  
As Trustee  
Birmingham, Alabama

JPMorgan Chase Bank  
New York, New York

XL Capital Assurance Inc.  
New York, New York

Jefferson County, Alabama (the "County"), is providing this instrument with respect to its \$73,700,000 principal amount Sewer Revenue Refunding Warrants, Series 2002-C-2 (the "Warrants"), which were issued pursuant to that certain Sixth Supplemental Indenture dated as of October 1, 2002 (the "Sixth Supplemental Indenture"), between the County and The Bank of New York, as trustee (the "Trustee"), and which are the subject of that certain Standby Warrant Purchase Agreement dated as of October 1, 2002 (the "Agreement"), among the County, the Trustee, JPMorgan Chase Bank, as Liquidity Agent, and JPMorgan Chase Bank (the "Bank"). Any capitalized terms used herein without being defined herein have the respective meanings assigned to such terms in the Agreement. This Notice applies only to Warrants that are Bank Warrants as of the applicable redemption date, and this Notice shall not apply to any Warrants that do not become Bank Warrants or to any Bank Warrants that are remarketed. If any such remarketed Warrants thereafter become Bank Warrants again, the County shall within five (5) Business Days after the relevant Purchase Date applicable to such Warrants, deliver to the Trustee a notice in substantially the same form as this notice.



The County acknowledges that it has a contractual obligation under Section 3.02 of the Agreement to effect certain redemptions of Bank Warrants. The purpose of this notice is to effect the redemption of all Bank Warrants in accordance with the schedule specified herein, as such schedule may be modified from time to time in accordance with the provisions hereof. In accordance therewith, the County hereby instructs and directs the Trustee to effect redemptions of Bank Warrants pursuant to Section 5.1 of the Sixth Supplemental Indenture in accordance with the following schedule (except to the extent that such schedule is modified by written instructions from the Bank to the Trustee, as hereinafter described), with the purpose and intent that the notice and instructions contained herein (together with the delivery of the certified copy of the Resolution of the Governing Body containing the information, statement and summary set forth in Section 6.1(a)(1), (2) and (3) of the Master Indenture) will satisfy all conditions precedent to such redemptions under the Master Indenture and the Related Documents:

<u>Redemption Date</u>	<u>Principal Amount</u>
June 1, 2008	\$4,590,000
July 1, 2008	4,610,000
October 1, 2008	4,605,000
January 1, 2009	4,605,000
April 1, 2009	4,605,000
July 1, 2009	4,610,000
October 1, 2009	4,605,000
January 1, 2010	4,605,000
April 1, 2010	4,605,000
July 1, 2010	4,610,000
October 1, 2010	4,605,000
January 1, 2011	4,605,000
April 1, 2011	4,605,000
July 1, 2011	4,605,000
October 1, 2011	4,605,000
January 1, 2012	4,605,000
April 1, 2012	20,000

If any date in the foregoing schedule is not a Business Day, then the corresponding redemption shall be made on the first Business Day thereafter. The redemption price for any Bank Warrants redeemed in accordance with the provisions hereof shall be 100% of the principal amount of such Bank Warrants, plus accrued interest to the date of redemption at the interest rate provided for in the Agreement.

The foregoing schedule is based on the assumption that all of the outstanding Warrants will be Bank Warrants on each applicable redemption date until the Warrants have been paid in full. In the event that the Trustee and the Bond Insurer are notified in writing by the Bank at least seven (7) Business Days (or such longer period as the Trustee may reasonably request or the Securities Depository may require, in each case before delivery of such notification) prior to any redemption date that Warrants in a specified principal amount are not Bank Warrants, then the principal amount to be redeemed on the succeeding redemption date will be determined by dividing (i) the aggregate principal amount of the then outstanding Bank Warrants, by (ii) the number of redemption dates then remaining under the above schedule. The Bank shall calculate the modified redemption amount and shall send its calculation in an officer's certificate to the Trustee, the County and the Bond Insurer. The Trustee may conclusively rely on the accuracy of the modified redemption amount. Such modified redemption amount as provided for in the officer's certificate of the Bank shall then be applicable for all subsequent redemptions pursuant to this instrument, unless the Bank provides a later officer's certificate to the Trustee and the Bond Insurer of another instance in which outstanding Bank Warrants cease to be Bank Warrants, in which case a further adjustment of the redemption amount shall be made consistent with such notice. In addition, the scheduled date for any particular redemption provided for in the above schedule shall be deferred if the Bank, in its sole discretion, provides the Trustee with

written directions to defer such redemption to a date that complies with the requirements of the Indenture and is set forth in such written directions at least seven (7) Business Days (or such longer period as the Trustee may reasonably request or the Securities Depository may require, in each case before delivery of such directions) prior to the redemption date in question. Except for the potential modifications that the Bank may implement as set forth above, the County is delivering this instrument as an irrevocable, unconditional instruction to effect the redemptions provided for herein.

DATED this \_\_\_\_ day of April, 2008.

JEFFERSON COUNTY, ALABAMA

By \_\_\_\_\_

Its \_\_\_\_\_

**BANK ACKNOWLEDGMENT AND  
AGREEMENT CONCERNING  
BANK WARRANT REDEMPTION**

The Bank hereby acknowledges receipt of the foregoing directions from the County to effect redemption of Bank Warrants. Based upon the foregoing directions from the County to implement the redemption of the Bank Warrants in the quarterly installments set forth in the schedule contained in the foregoing directions, the Bank hereby waives any right that it might have, as the holder of Bank Warrants or otherwise, to receive any earlier notice of redemption provided for in the Sixth Supplemental Indenture or the Master Indenture or to receive any additional redemption notices with respect to the Bank Warrants from either the Trustee or the County to effect the scheduled redemptions.

The Bank acknowledges (i) that the foregoing directions from the County to redeem Bank Warrants extends only to Bank Warrants, and (ii) that the redemption schedule contained in the County's instructions is based on the assumption that all of the outstanding Warrants will be Bank Warrants on each applicable redemption date. The Bank hereby agrees to provide the Trustee and the Bond Insurer with prompt written notice of any events (other than such redemptions in accordance with the schedule and in the amounts described in the foregoing directions) that cause a reduction in the outstanding principal amount of the Bank Warrants, recognizing that any such change will result in a commensurate modification of the original redemption schedule. Nothing herein, or in any other document executed in connection herewith, shall constitute a waiver (except for the waiver contained in the second sentence of the preceding paragraph), release, modification, alteration, or amendment of the Bank's rights under the Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, any and all documents related thereto, or at law or in equity.

DATED this \_\_\_\_ day of April, 2008.

JPMORGAN CHASE BANK

By \_\_\_\_\_

Its \_\_\_\_\_

**TRUSTEE ACKNOWLEDGMENT AND  
AGREEMENT CONCERNING  
BANK WARRANT REDEMPTION**

The Trustee hereby acknowledges receipt of the foregoing redemption instructions (together with the delivery of the certified copy of the Resolution of the Governing Body containing the information, statement and summary set forth in Section 6.1(a)(1), (2) and (3) of the Master Indenture), waives any right to receive any earlier or additional direction or notice to redeem provided for in the Sixth Supplemental Indenture or the Master Indenture, and agrees to effect redemptions of Bank Warrants in accordance with the provisions of such instructions, subject only to such changes to the above redemption schedule as may occur pursuant to instructions from the Bank as described above.

The Trustee (i) confirms that the Bond Insurer has issued its Policy No. CA00370A with respect to the Warrants and (ii) acknowledges that the Bond Insurer has confirmed the schedule set forth in the foregoing redemption instructions, as may be modified in accordance with the terms thereof, sets forth the dates on which quarterly principal installments payable by the County in respect of the Bank Warrants will be Due for Payment (as defined in said policy). The Trustee agrees to deliver a Notice of Nonpayment to the Bond Insurer within the time and in the manner required by the Indenture if the Trustee has not received from the County, by the date specified in the Indenture, funds to effect the redemption to occur on such quarterly redemption

date, so as to cause the Bond Insurer to be obligated to provide funds pursuant to such policy on such redemption date for the payment of such redemption price.

DATED this \_\_\_\_ day of April, 2008.

THE BANK OF NEW YORK,  
as Trustee

By \_\_\_\_\_

Its \_\_\_\_\_

**BOND INSURER ACKNOWLEDGMENT AND  
AGREEMENT CONCERNING  
BANK WARRANT REDEMPTION**

The Bond Insurer hereby acknowledges receipt of the above redemption instructions and hereby confirms that (i) all quarterly principal installments payable by the County in respect of the Bank Warrants are insured by its Policy No. CA00370A and endorsements thereto, and (ii) the schedule set forth in the above redemption instructions, as may be modified in accordance with the terms thereof, sets forth the dates on which such quarterly principal installments will be Due for Payment (as defined in said policy). Subject to its receipt of additional or different payment instructions from the Trustee as contemplated by the above directions, the Bond Insurer hereby waives any right that it might have, under the Sixth Supplemental Indenture or the Master Indenture or otherwise, to receive any additional redemption notices with respect to the Bank Warrants subject to this redemption notice from either the Trustee or the County to effect the scheduled quarterly redemptions.

DATED this \_\_\_\_ day of April, 2008.

XL CAPITAL ASSURANCE INC.

By \_\_\_\_\_

Its \_\_\_\_\_