

J.P.Morgan

June 30, 2009

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) the 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; (b) the 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"); (c) the forbearance letters from the Bank to the County dated May 13, 2008, May 30, 2008, July 31, 2008, November 14, 2008, December 5, 2008, February 19, 2009, April 20, 2009, May 29, 2009 and June 15, 2009 regarding the Swap Agreement and the Forbearance Agreement (the documents described in clause (c) are collectively referred to as the "Forbearance Letter"); (d) the letter from the Bank to the County dated March 2, 2009 designating an Early Termination Date in connection with the Swap Agreement (the "Early Termination Notice"); and (e) the letter from the Bank to the County dated March 6, 2009 specifying the amounts payable for the Transactions due the Bank under the Swap Agreement (the "Termination Payment Amount Notice"). 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 and the Forbearance Letter, the County has acknowledged that Termination Events, Additional Termination Events and Events of Default have occurred and are continuing under the Swap Agreement. Despite the expiration on May 15, 2008 of the Forbearance Period under the Forbearance Agreement, pursuant to the Forbearance Letter, the Bank stated its intention not to exercise any of its 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 June 30, 2009; provided that the Bank expressly reserved the right to terminate the Swap Agreement at any time in accordance with its terms. As you know, as a result of the acknowledged Termination Events, Additional Termination Events and Events of Default, the Bank terminated the Transactions pursuant to the Early Termination Notice and designated March 3, 2009 as the Early Termination Date. In accordance with Section 6(e) of the Swap Agreement, the Bank calculated pursuant to the Termination Payment Amount Notice the amount owed by the County to the Bank for the Transactions as of such Early Termination Date.

In recognition of the continued direct involvement of the Governor of the State of Alabama to further 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 will proceed as follows: 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, and notwithstanding anything to the contrary contained in the Forbearance Agreement, the Swap Agreement, the expiration of the Forbearance Period, the Forbearance Letters, the Early Termination Notice or the Termination Payment Amount Notice, the Bank agrees that, effective upon the execution in counterparts of this letter by the County, the Termination Payment Amount together with interest thereon from the Early Termination Date at the applicable rate shall be due and payable in full by the County on the earlier of (i) July 31, 2009, or, if the Bank provides written notice to the County on or before July 31, 2009, such later date as the Bank in its sole discretion (and without execution of any writing by the County or any other Party) selects for such amounts to be due and payable or (ii) immediately upon written notice from the Bank to the County demanding payment of such amounts.

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 the Bank 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 Bank are hereby reserved. Nothing contained in this letter shall be deemed to waive any existing Termination Events, Additional Termination Events, Events of Default or the Early Termination Date or the Termination Payment Amount, 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, Events of Default or the Early Termination Date, 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.

Sincerely,

JPMORGAN CHASE BANK

By: William A. Austin
Title: EXECUTIVE DIRECTOR

BEAR STEARNS CAPITAL MARKETS INC.

June 30, 2009

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 Bear Stearns Capital Markets Inc.

Ladies and Gentlemen:

Reference is made to (a) the ISDA Master Agreement dated as of May 1, 2004 (the "ISDA Master Agreement"), between Jefferson County, Alabama (the "County") and Bear Stearns Capital Markets Inc. (the "Bank"), as further amended and supplemented through the date hereof, including by the Schedule thereto dated as of May 1, 2004 (the "Schedule"), and Confirmations dated June 10, 2004 bearing reference numbers CXNE135464, CXNE135465 and CXNE135466, 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; (b) the 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"); (c) the forbearance letters from the Bank to the County dated May 13, 2008, May 30, 2008, July 31, 2008, November 14, 2008, December 5, 2008, February 19, 2009, April 20, 2009, May 29, 2009 and June 15, 2009 regarding the Swap Agreement and the Forbearance Agreement (the documents described in clause (c) are collectively referred to as the "Forbearance Letter"); (d) the letter from the Bank to the County dated March 2, 2009 designating an Early Termination Date in connection with the Swap Agreement (the "Early Termination Notice"); and (e) the letter from the Bank to the County dated March 6, 2009 specifying the amounts payable for the Transactions due the Bank under the Swap Agreement (the "Termination Payment Amount Notice"). 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 and the Forbearance Letter, the County has acknowledged that Termination Events, Additional Termination Events and Events of Default have occurred and are continuing under the Swap Agreement.

Despite the expiration on May 15, 2008 of the Forbearance Period under the Forbearance Agreement, pursuant to the Forbearance Letter, the Bank stated its intention not to exercise any of its 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 June 30, 2009; provided that the Bank expressly reserved the right to terminate the Swap Agreement at any time in accordance with its terms. As you know, as a result of the acknowledged Termination Events, Additional Termination Events and Events of Default, the Bank terminated the Transactions pursuant to the Early Termination Notice and designated March 3, 2009 as the Early Termination Date. In accordance with Section 6(e) of the Swap Agreement, the Bank calculated pursuant to the Termination Payment Amount Notice the amount owed by the County to the Bank for the Transactions as of such Early Termination Date.

In recognition of the continued direct involvement of the Governor of the State of Alabama to further 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 will proceed as follows: 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, and notwithstanding anything to the contrary contained in the Forbearance Agreement, the Swap Agreement, the expiration of the Forbearance Period, the Forbearance Letters, the Early Termination Notice or the Termination Payment Amount Notice, the Bank agrees that, effective upon the execution in counterparts of this letter by the County, the Termination Payment Amount together with interest thereon from the Early Termination Date at the applicable rate shall be due and payable in full by the County on the earlier of (i) July 31, 2009, or, if the Bank provides written notice to the County on or before July 31, 2009, such later date as the Bank in its sole discretion (and without execution of any writing by the County or any other Party) selects for such amounts to be due and payable or (ii) immediately upon written notice from the Bank to the County demanding payment of such amounts.

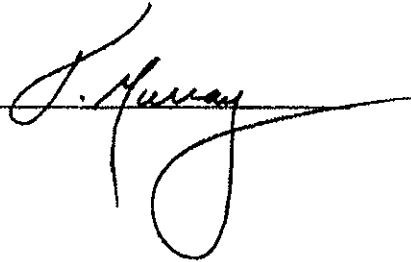
Please note that nothing contained in this letter is intended as or shall constitute an alteration (except in respect of the change to the date that payments and transfers shall become due and payable), waiver or release of any rights, remedies, claims, causes of action, or defenses by the Bank in relation 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 Bank are hereby reserved. Nothing contained in this letter shall be deemed to waive any existing Termination Events, Additional Termination Events, Events of Default or the Early Termination Date or the Termination Payment Amount, 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, Events of Default or the Early Termination Date, 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.

Sincerely,

BEAR STEARNS CAPITAL MARKETS
INC.

By:
Title:

A handwritten signature in black ink, appearing to read "J. Huray", is written over a horizontal line. The signature is fluid and cursive, with a large loop at the end.