



September 15, 2008

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

Re: Standby Warrant Purchase Agreement/Series 2001-B

Ladies and Gentlemen:

Reference is made to (a) the Standby Warrant Purchase Agreement, dated as of July 1, 2001, among Jefferson County, Alabama (the "County"), The Bank of New York Mellon (formerly The Bank of New York), as Trustee (the "Trustee"), JPMorgan Chase Bank (successor by merger with Morgan Guaranty Trust Company of New York, ("JPMorgan"), Bayerische Landesbank (f.k.a. Bayerische Landesbank Girozentrale), acting through its New York Branch ("Bayerische"; together with JPMorgan, the "Banks"), and JPMorgan, as liquidity agent (in such capacity, the "Liquidity Agent") relating to \$120,000,000 Jefferson County, Alabama General Obligation Warrants Series 2001-B (as amended from time to time, the "Standby Agreement"). Unless otherwise defined, capitalized terms are used herein as defined in the Standby Agreement.

As you know, an Event of Default has occurred and is continuing under Section 8.01(l) of the Standby Agreement and, pursuant to Section 2.08(b) of the Standby Agreement, as of July 31, 2008 interest has accrued and continues to accrue at the Default Rate on the Bank Warrants.

Pursuant to the Standby Agreement, the Banks purchased on March 13, 2008 Warrants in the aggregate principal amount of \$118,740,000.00. Pursuant to Section 3.02 of the Standby Agreement, the County is obligated to redeem said amount of the Bank Warrants in six equal semi-annual principal installments from the dates upon which such Warrants were purchased by the Banks. The first such principal installment in respect of such purchased Bank Warrants, in the amount of \$9,895,000 to each Bank, is due and payable on September 15, 2008.

The County has advised the Banks and the Liquidity Agent that it will not make such first installment payment to either Bank on September 15, 2008, and that no principal payments are due between the date hereof and October 1, 2008 on any other outstanding general obligation bonds or warrants issued by the County. The County has requested that the Banks and the Liquidity Agent agree not to exercise their rights and remedies under the Standby Agreement and the Related Documents in respect of the resulting Event of Default under Section 8.01(a) of the Standby Agreement, and the continuing Event of Default under Section 8.01(l) of the Standby Agreement. The Banks and the Liquidity Agent are willing to proceed on the terms set forth in this letter.

Notwithstanding the occurrence and continuance of the above referenced Events of Default, but without prejudice to the right of each Bank (acting individually or jointly) to exercise any of its rights and remedies at any time in the exercise of its sole discretion, it is not the current intent of either Bank to exercise any such rights and remedies in respect of the above referenced Events of Default prior to 5:00 p.m. (prevailing Birmingham, Alabama time) on September 30, 2008.

Please note that nothing contained in this letter is intended as or shall constitute an alteration, waiver or release of any rights, remedies, claims, causes of action, or defenses by any of the parties hereto in relation to the Standby Agreement, the Bank Warrants, the other Related Documents, 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 to nor shall anything contained herein 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 Events of Default, or relieve or release the County from any of its obligations under the Standby Agreement, the Bank Warrants, or any Related Documents, or from the consequences of the existing Events of Default or any other Event of Default. This letter does not constitute an amendment or modification of the Standby Agreement, the Bank Warrants, or any Related Documents, and the terms and conditions of the Standby Agreement, the Bank Warrants, and all Related Documents shall remain in full force and effect. 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.

Please further note that we have requested that the Trustee execute this letter for the sole and limited purpose of indicating its consent. Furthermore, the Trustee has not agreed to any amendment, waiver or supplement to the Indenture or any Related Document (other than to the Standby Agreements as provided in the third paragraph of this letter) and has not agreed to forbear from exercising any remedy it has or may have under the Indenture or any other Related Document.

This letter shall take effect only upon execution and return to us of counterparts of this letter executed by the County, the Bond Insurers and the Trustee.

Sincerely,

JPMORGAN CHASE BANK, N.A.

By: William A. Austin
Title: EXECUTIVE DIRECTOR

BAYERISCHE LANDESBANK (f.k.a.
Bayerische Landesbank Girozentrale), New
York Branch

By: _____
Title:

BAYERISCHE LANDESBANK (f.k.a.
Bayerische Landesbank Girozentrale), New
York Branch

By: _____
Title:

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: _____
Title:


This letter shall take effect only upon execution and return to us of counterparts of this letter executed by the County and the Trustee.

Sincerely,


JPMORGAN CHASE BANK, N.A.

By: _____
Title:

BAYERISCHE LANDESBANK (f.k.a.
Bayerische Landesbank Girozentrale), New
York Branch

By: 
Title: **JOSEPH C. CAMPAGNA
SENIOR VICE PRESIDENT**

BAYERISCHE LANDESBANK (f.k.a.
Bayerische Landesbank Girozentrale), New
York Branch

By: 
Title: **STEVEN FIELITZ
VICE PRESIDENT**

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: _____
Title:

This letter shall take effect only upon execution and return to us of counterparts of this letter executed by the County, the Bond Insurers and the Trustee.

Sincerely,

JPMORGAN CHASE BANK, N.A.

By: _____
Title:

BAYERISCHE LANDESBANK (f.k.a.
Bayerische Landesbank Girozentrale), New
York Branch

By: _____
Title:

BAYERISCHE LANDESBANK (f.k.a.
Bayerische Landesbank Girozentrale), New
York Branch

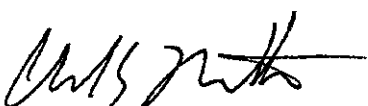
By: _____
Title:

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: *Betty Jane Collins*
Title: **PRESIDENT**

THE BANK OF NEW YORK MELLON,
formerly The BANK OF NEW YORK, as Trustee

By: 
Title: Vice President