

The following is a representative sample of the First Amendment to Forbearance Agreement and Reservation of Rights entered into with respect to the County's outstanding swap transactions. The County entered into similar agreements with each of the swap counterparties.

FIRST AMENDMENT TO FORBEARANCE AGREEMENT  
AND RESERVATION OF RIGHTS  
(ISDA Master Agreement – JPMorgan Chase Bank)

This First Amendment to Forbearance Agreement and Reservation of Rights (this "Amendment") is made as of the 15<sup>th</sup> day of April, 2008, by and between JPMorgan Chase Bank ("Party A"), and Jefferson County, Alabama, a political subdivision of the State of Alabama ("Party B"), and amends that certain Forbearance Agreement and Reservation of Rights dated as of March 31, 2008 between Party A and Party B (the "Original Forbearance Agreement" and, as amended hereby, the "Forbearance Agreement"). Party A and Party B 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 or the Swap Agreement, as applicable.

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

A. Party A and Party B are parties to that certain ISDA Master Agreement dated as of January 1, 2001 (the "ISDA Master"), between the Parties, 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, 7000404, 8958034, 700157 and 7001880, respectively (said Confirmations, together with the ISDA Master and the Schedule, the "Swap Agreement") relating to certain of Party B's sewer revenue warrants.

B. Party A and Party B are parties to the Original Forbearance Agreement, pursuant to which Party A has 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 Termination Events, Additional Termination Events and Events of Default that have occurred and are continuing under the Swap Agreement.

B. 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.

C. Party B has asked Party A to amend the Original Forbearance Agreement to extend the Forbearance Period for a limited period of time to afford Party B the further opportunity to explore and pursue possible workout solutions to propose to, among others, Party A.

D. Notwithstanding that no understanding or agreement with respect thereto has been reached among the Parties, Party A and Party B 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. **Forbearance.** Section 1 of the Original Forbearance Agreement is hereby amended by deleting Section 1 in its entirety and replacing it with the following:

**“1. Forbearance.**

**“a.** Subject to the terms and conditions hereof, including without limitation, Section 1(b) below, during the period (the “Forbearance Period”) from the execution hereof by the Parties until the occurrence of a Forbearance Period Termination Event (as such term is defined below), the Swap Agreement shall continue to be in full force and effect, but Party A shall forbear from exercising any rights or remedies that it has or may have now or that may hereafter arise during the Forbearance Period under the Swap Agreement or applicable law, as a result of any and all Events of Default, Termination Events and Additional Termination Events existing under the Swap Agreement. Each of the following shall constitute a “Forbearance Period Termination Event”: (a) May 15, 2008 at 5:00 p.m. prevailing Birmingham, Alabama time, (b) the occurrence of an Event of Default in respect of Party B under Section 5(a)(vii) of the Swap Agreement (as amended by Part 1(j)(i) of the Schedule), (c) the termination of the applicable forbearance period of any of the Other Forbearance Agreements (as such term is defined below), (d) the amendment of any of the Other Forbearance Agreements without the prior written consent of Party A, (e) the commencement by Party B of any action against Party A challenging Party A’s rights under the Swap Agreement or Party A’s actions or omissions in connection therewith, (f) the commencement by Party B of a case under Chapter 9 of the United States Bankruptcy Code, (g) Trustee’s declaration pursuant to the Indenture that the Parity Securities are all immediately due and payable, or (h) Party B’s breach of any of its representations or covenants under this Forbearance Agreement (each, a “Forbearance Period Termination Event”). Party B hereby covenants to provide Party A with written notice of the occurrence of any Forbearance Period Termination Event described in (c), (d), (e), (g) or (h) above within one (1) business day following the occurrence thereof. Upon the occurrence of a Forbearance Period Termination Event, the Parties shall be restored to their original rights and positions as they existed under the Swap Agreement and applicable law immediately prior to the execution of this Forbearance Agreement, except to the extent that Party A may have terminated the Swap Agreement during the Forbearance Period in accordance with the provisions of Section 1(b) below, and, subject to Section 3 hereof, Party A shall immediately be entitled to exercise any rights and remedies in respect of any Event of Default, Termination Event, or Additional Termination Event that has occurred and is continuing under the Swap Agreement.”

**“b.** Notwithstanding anything in Section 1(a) above to the contrary, if at any time during the Forbearance Period, the amount that would be payable by Party B to Party A under the Swap Agreement (“Party A’s

Exposure”) if all the Transactions thereunder were to early terminate on such date varies in either direction by more than 20% of Party A’s Exposure as of the close of business on April 15, 2008 (the “Party A Exposure Threshold”), then Party A shall have the limited right, but not the obligation, to terminate the Swap Agreement (i) upon providing five (5) business days’ advance notice in writing to Party B of Party A’s intention to terminate the Swap Agreement and (ii) provided that, upon the expiration of such five (5) business day notice period, Party A’s Exposure continues to vary in either direction by more than 20% of the Party A Exposure Threshold. If, upon the expiration of such five (5) business day notice period, Party A’s Exposure does not vary in either direction by more than 20% of the Party A Exposure Threshold, Party A’s notice of termination shall automatically be deemed rescinded and shall be of no further force or effect, and the Swap Agreement shall continue in full force and effect during the Forbearance Agreement. Party A’s termination of the Swap Agreement pursuant to this Section 1(b) shall not constitute a Forbearance Period Termination Event hereunder, and Party A shall remain obligated to forbear from any and all other rights and remedies (other than termination of the Swap Agreement) in accordance with the terms of this Forbearance Agreement.”

2. **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 and (b) of amendments to each of the Other Forbearance Agreements, which amendments shall be in a form approved by Party A. Party B represents that, as of the date of this Agreement, none of the Other Swap Providers has exercised any of its rights to terminate the Other Swap Agreements to which it is a party. Copies of all such amendments shall be provided to Party A immediately upon their execution.

3. **Reservation of Rights** This Amendment and the Forbearance Agreement shall constitute a forbearance only from the exercise of rights and remedies as set forth therein, and nothing contained in this Amendment or the Forbearance Agreement is intended as or shall constitute a waiver or release or, except as expressly set forth in Section 4 of this Amendment, alteration, of any rights, remedies, claims, causes of action, or defenses by either Party A or Party B under or in relation to the Swap Agreement, 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 Party and against any other Person. Nothing contained in this Amendment or the Forbearance Agreement is intended as or shall constitute an admission of liability on the part of Party A or Party B, nor shall anything contained in this Amendment, the Forbearance Agreement or the forbearance provided for in the Forbearance Agreement, 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 or the Forbearance Agreement shall be deemed to waive any existing Events of Default, Termination Events or Additional Termination Events. 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 Party has made no representations (other than those set forth in the Schedule and any and all documents related thereto) as to what actions, if any, the other Party will take after the Forbearance Period. Nothing contained in this Amendment or in the Forbearance Agreement, nor in any negotiations or any other actions undertaken pursuant to this Amendment or the Forbearance Agreement, shall be deemed to constitute an election of remedies.

4. **Payments and Transfers during Forbearance Period.** Notwithstanding anything to the contrary contained in the Swap Agreement and any and all documents related thereto, during the Forbearance Period neither Party A nor Party B shall make any payments or other transfers of property to the other that, but for this Forbearance Agreement, would otherwise be due to be paid or made during the Forbearance Period. 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 the occurrence of a Forbearance Period Termination Event.

5. **Reporting.** Section 7(c) of the Original Forbearance Agreement is hereby amended by deleting Section 7(c) in its entirety and replacing it with the following:

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

6. **Scope of Agreement.** Except as expressly amended hereby, the terms of the Original Forbearance Agreement remain in full force and effect. This Amendment and the Forbearance Agreement do not constitute a waiver, or except as expressly set forth in Section 4 of this Amendment, an amendment or modification, of the Swap Agreement and the terms and conditions of the Swap Agreement and all related documents and agreements 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 Party B.** (a) Party B has not (i) directly or indirectly offered or provided any consideration or inducement of any kind or nature to any Other Swap Providers or Liquidity Providers 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 Party A under this Amendment or (ii) delivered any collateral or termination payment to any Other Swap Providers or Liquidity Providers during the period from January 24, 2008 to the date hereof.

(b) Party B hereby reaffirms that all representations and warranties made by Party B 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 by Party B has 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 Party B's organizational documents or any contractual restriction binding on Party B or require any authorization, consent, approval, exemption or license from, or any filing of registration with any governmental authority that has not been obtained.

(d) Party B represents that the Swap Agreement, together with the Other Swap Agreements, are all the hedge agreements entered into by Party B related to the Warrants.

8. **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.

9. **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 a delivery of a manually-executed counterpart hereof.

10. **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 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, it has not relied on any representation or warranty (except those set forth in this Amendment and 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 9 shall alter in any way, the provisions of the Schedule and any and all documents related thereto.

11. **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.

12. **Construction.** In the event of a conflict between the terms of this Amendment and the terms of the Original Forbearance Agreement, the terms of this Amendment shall prevail.

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FROM

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

**PARTY A:**

**JPMORGAN CHASE BANK**

By: William A. Austin

As its: EXEC DIRECTOR

**PARTY B:**

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_

As its: \_\_\_\_\_



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

**PARTY A:**

**JPMORGAN CHASE BANK**

By: \_\_\_\_\_

As its: \_\_\_\_\_

**PARTY B:**

**JEFFERSON COUNTY, ALABAMA**

By: Betty Gene Collins

As its: PRESIDENT