

JEFFERSON COUNTY, ALABAMA
SEWER REVENUE WARRANTS

Series Designations and CUSIP Numbers on Attached Schedule A

MATERIAL EVENT NOTICE
August 1, 2008

The following information is provided by Jefferson County, Alabama (the "County") pursuant to certain Continuing Disclosure Agreements executed and delivered by the County in connection with the issuance of certain of the warrants set forth on the attached Schedule A (the "Warrants"), in compliance with Securities and Exchange Commission Rule 15c2-12. Although the County has no Continuing Disclosure Agreement with regard to the Series 2002-A Warrants described in Schedule A (due to their exemption from the continuing disclosure obligations of SEC Rule 15c2-12), the County has nonetheless determined to include such Warrants in this Notice in order to provide a more thorough description of the events reflected herein.

The County filed material event notices dated February 20, 2008, February 27, 2008, March 4, 2008, March 11, 2008, March 31, 2008, April 1, 2008, June 2, 2008, June 9, 2008 and June 30, 2008 with regard to the Warrants (collectively, the "Prior Notices"). This material event notice describes certain events that have occurred subsequent to the filing of the Prior Notices.

Ratings Downgrades

At the time of their issuance, the various series of Warrants were insured either by Financial Security Assurance Inc. ("FSA"), Financial Guaranty Insurance Company ("FGIC") or XL Capital Assurance Inc. ("XL Capital"), as reflected on Schedule A, and were assigned ratings by Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings Ltd. ("Fitch"). The ratings on the Warrants have been previously downgraded as described in the Prior Notices.

On July 29, 2008, the long-term insured ratings assigned to those Warrants insured by XL Capital were further reduced from "BB" to "CCC" by Fitch in conjunction with the corresponding reduction in such rating agency's financial strength and financial enhancement ratings of XL Capital. The current reduced ratings of the XL Capital insured Warrants are classified as "Rating Watch Evolving" by Fitch. In addition, the current "BBB-" long-term insured ratings assigned to the XL Capital insured Warrants by S&P are listed as "Credit Watch Negative" and the current "B2" long-term insured ratings assigned to the XL Capital insured Warrants by Moody's are listed as "Review with Direction Uncertain".

Similarly, on July 31, 2008, the long-term insured ratings assigned to those Warrants insured by FGIC were further reduced from "BBB" to "CCC" by Fitch in conjunction with the corresponding reduction in such rating agency's financial strength and financial enhancement ratings of FGIC. The current reduced ratings of the FGIC insured Warrants are classified as "Rating Watch Evolving" by Fitch. In addition, the current "BB" long-term insured ratings

assigned to the FGIC insured Warrants by S&P are listed as "Credit Watch Negative" and the current "B1" long-term insured ratings assigned to the FGIC insured Warrants by Moody's are listed as "Not on Watch".

A rating reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Warrants. Such rating may be changed at any time, and no assurance can be given that it will not be subject to further revision or withdrawn entirely by the rating agency if, in its judgment, the circumstances so warrant. Any further reduction or withdrawal of the ratings on the Warrants may have an adverse effect on the market price of the affected Warrants.

SCHEDULE A

| Fixed Rate Warrants | Bond Insurance | |
|--|-----------------------|------|
| <i>Series 1997 A</i> | | |
| CUSIP | | |
| 472682NV1 | FGIC | |
| 472682NW9 | FGIC | |
| 472682NX7 | FGIC | |
| 472682MC4 | FGIC | |
| 472682MD2 | FGIC | |
| <i>Series 2001 A</i> | | |
| CUSIP | | |
| 472682JB0 | FGIC | |
| 472682JC8 | FGIC | |
| 472682JD6 | FGIC | |
| 472682JE4 | FGIC | |
| 472682JF1 | FGIC | |
| 472682JG9 | FGIC | |
| 472682JH7 | FGIC | |
| 472682JJ3 | FGIC | |
| 472682JL8 | FGIC | |
| 472682JM6 | FGIC | |
| 472682JN4 | FGIC | |
| <i>Series 2003-B-8</i> | | |
| CUSIP | | |
| 472682ML4 | FSA | |
| 472682MM2 | FSA | |
| 472682MN0 | FSA | |
| 472682MP5 | FSA | |
| 472682MQ3 | FSA | |
| 472682MR1 | FSA | |
| 472682MS9 | FSA | |
| Variable Rate Demand Warrants | | |
| <i>Series 2002 A</i> | | |
| CUSIP | Subseries | |
| 472682JW4 | 2002 A | FGIC |
| <i>Series 2002 C</i> | | |
| CUSIP | Subseries | |
| 472682KE2 | 2002 C-2 | XLCA |
| 472682KF9 | 2002 C-3 | XLCA |
| 472682KG7 | 2002 C-4 | XLCA |
| 472682KJ1 | 2002 C-6 | XLCA |
| 472682KK8 | 2002 C-7 | XLCA |
| <i>Series 2003 B</i> | | |
| CUSIP | Subseries | |
| 472682LN1 | 2003 B-2 | XLCA |
| 472682LP6 | 2003 B-3 | XLCA |
| 472682LQ4 | 2003 B-4 | XLCA |
| 472682LR2 | 2003 B-5 | XLCA |
| 472682LS0 | 2003 B-6 | XLCA |
| 472682LT8 | 2003 B-7 | XLCA |

[Continued on following page]

Auction Rate Warrants**Bond
Insurance***Series 2002 C*

| CUSIP | Subseries | |
|-----------|------------|------|
| 472682KA0 | 2002 C-1-A | XLCA |
| 472682KB8 | 2002 C-1-B | XLCA |
| 472682KC6 | 2002 C-1-C | XLCA |
| 472682KD4 | 2002 C-1-D | XLCA |
| 472682KH5 | 2002 C-5 | XLCA |

Series 2003 B

| CUSIP | Subseries | |
|-----------|------------|------|
| 472682LH4 | 2003 B-1-A | FGIC |
| 472682LJ0 | 2003 B-1-B | FGIC |
| 472682LK7 | 2003 B-1-C | FGIC |
| 472682LL5 | 2003 B-1-D | FGIC |
| 472682LM3 | 2003 B-1-E | FGIC |

Series 2003 C

| CUSIP | Subseries | |
|-----------|-----------|------|
| 472682NA7 | 2003 C-1 | FGIC |
| 472682NB5 | 2003 C-2 | FGIC |
| 472682NC3 | 2003 C-3 | FGIC |
| 472682ND1 | 2003 C-4 | FGIC |
| 472682NE9 | 2003 C-5 | FGIC |
| 472682NF6 | 2003 C-6 | FGIC |
| 472682NG4 | 2003 C-7 | FGIC |
| 472682NH2 | 2003 C-8 | FGIC |
| 472682NJ8 | 2003 C-9 | FSA |
| 472682NK5 | 2003 C-10 | FSA |