

JEFFERSON COUNTY, ALABAMA  
SEWER REVENUE WARRANTS

Series Designations and CUSIP Numbers on Attached Schedule A

**MATERIAL EVENT NOTICE**  
**April 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 and March 31, 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.

**Rating Downgrade**

At the time of their issuance, the various series of Warrants were insured either by Financial Security Assurance Inc., Financial Guaranty Insurance Company or XL Capital Assurance Inc., 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"). S&P and Moody's (and Fitch on certain series of Warrants) also assigned underlying ratings to the various series of Warrants at the time of their issuance based on the rating agencies' assessments of the County's ability to pay debt service on the Warrants. The underlying ratings do not take into account credit enhancement, such as bond insurance, that may also be available to pay debt service.

On April 1, 2008, the underlying rating assigned to the Series 2003 B-2 through Series 2003 B-7 Warrants by S&P was reduced from "CCC" to "D". The ratings release issued by S&P as well as a description of the S&P credit rating definitions can be obtained from the S&P website at [www.standardandpoors.com](http://www.standardandpoors.com).

In the release that announced this rating change, S&P stated that its action was taken because of a failure to make a principal payment when due on April 1, 2008. Neither the Series 2003 B-2 through Series 2003 B-7 Warrants in question nor the Trust Indenture pursuant to which they were issued contains any requirement or other provision for an April 1, 2008, principal payment. Such a principal payment is provided for only in several Standby Warrant Purchase Agreements (the "Liquidity Facilities"). Prior to April 1, 2008, the County and all other parties to the Liquidity Facilities entered into forbearance agreements which provided,

among other things, that the absence of a principal payment by the County on April 1, 2008 would not be regarded by any of such parties as a default under the Liquidity Facilities or under the Series 2003 B-2 through Series 2003 B-7 Warrants subject thereto. Consequently, the County maintains that no default has occurred with respect to the Series 2003 B-2 through Series 2003 B-7 Warrants or with respect to any other Warrants issued and outstanding under the Trust Indenture. The County has received no notice of a default from the Trustee under the Trust Indenture.

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

<u>Fixed Rate Warrants</u>	<u>Bond Insurance</u>	
<i>Series 1997 A</i>		
<u>CUSIP</u>		
472682NV1	FGIC	
472682NW9	FGIC	
472682NX7	FGIC	
472682MC4	FGIC	
472682MD2	FGIC	
<i>Series 2001 A</i>		
<u>CUSIP</u>		
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>		
<u>CUSIP</u>		
472682ML4	FSA	
472682MM2	FSA	
472682MN0	FSA	
472682MP5	FSA	
472682MQ3	FSA	
472682MR1	FSA	
472682MS9	FSA	
 <b><u>Variable Rate Demand Warrants</u></b>		
<i>Series 2002 A</i>		
<u>CUSIP</u>	<u>Subseries</u>	
472682JW4	2002 A	FGIC
<i>Series 2002 C-2, C-3, C-4, C-6 and C-7</i>		
<u>CUSIP</u>	<u>Subseries</u>	
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-2 through B-7</i>		
<u>CUSIP</u>	<u>Subseries</u>	
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

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**Auction Rate Warrants****Bond  
Insurance***Series 2002 C-1 and C-5*

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-1*

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