



Corporate Trust Services
60 Livingston Avenue, EP-MN-WS1D
St. Paul, MN 55107

Notice #3

**NOTICE OF MANDATORY EXCHANGE OF TERM BONDS FOR BY-LOT BONDS
AND PROCEDURE IF ANY HOLDER DESIRES TO ELECT TO RETAIN**

**Re: Connector 2000 Association, Inc. Toll Road Revenue Bonds
(Southern Connector Project, Greenville, South Carolina),
Series 2011A, Series 2011B and Series 2011C**

CUSIP Prefix 20786L

[Please forward to beneficial owners]

U.S. Bank National Association is the trustee (the “Trustee”) for the holders of the Connector 2000 Association, Inc. Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011A, Series 2011B and Series 2011C (the “Bonds”), which were issued as of April 21, 2011 (the “Effective Date”) under the Amended and Restated Master Indenture of Trust dated as of April 1, 2011 (the “Indenture”) between Connector 2000 Association, Inc. (the “Association”) and the Trustee, as authorized under the Association’s First Amended Plan for Adjustment of Debts under Chapter 9 of the Bankruptcy Code, confirmed on April 1, 2011 (the “Plan”). Holders and beneficial owners of the Bonds are referred to herein as the “Bondholders”.

Capitalized terms used in this notice and not defined herein have the meaning ascribed to such terms in the Indenture.

I. Update.

In our last notice we had informed you of a material technical issue pending as to the registration of the Bonds that are term bonds (the “Term Bonds”) as well as a proposed resolution of that issue. This resolution contemplated the filing of a motion (the “Motion”) with the United States Bankruptcy Court for the District of South Carolina (the “Bankruptcy Court”) seeking authorization of an exchange of the Term Bonds (with option to retain), with corresponding changes to the Indenture, to resolve that issue. Attached hereto is a copy of our prior notice #2 dated as of February 8, 2012 (“Notice #2”), the Motion, and the proposed forms of amendment to the Indenture (the “First Supplemental Indenture”) with revised Bond forms to implement the terms of the Motion for which approval from the Bankruptcy Court was being requested.

The hearing on the Motion was held before the Bankruptcy Court on April 10, 2012, and the Motion was approved by the attached Order. Accordingly, except as to those Term Bonds otherwise described herein as Retained Term Bonds, the Term Bonds will be exchanged on May 31, 2012 or as soon thereafter as is practicable (the “Exchange Date”) but effective as of the Effective Date, for a new series of term bonds for which redemptions are on a “by-lot” basis (referred to herein as the “By-Lot Bonds”). The By-Lot Bonds will be registered at the Depository Trust Company (“DTC”) at their maturity value as further described in the Order, Motion and First Supplemental Indenture and related exchange documents.

On and after the Exchange Date, the terms of the By-Lot Bonds and First Supplemental Indenture shall be effective *nunc pro tunc* to the Effective Date (April 21, 2011) for issuance of the Bonds. An aggregate Original Principal Amount of each Series of the Term Bonds shall be exchanged for an aggregate, corresponding amount of the By-Lot Bonds (with adjustment for any 1/1/2012 payment received on the Bonds if applicable). There shall be new bond certificates issued for each series of By-Lot Bonds with each By-Lot Bond in the maturity value of that series of Bonds. The calculation of the maturity value and resulting amount of each Bond certificate (as adjusted for any 1/1/2012 payment received on the Bonds if applicable) will reflect a deduction for the amount of Term Bonds for that series that timely file an election as provided herein to opt out of the exchange (the “Retained Term Bonds”). The new CUSIP Nos. for each series of By-Lot Bonds will be as follows:

<u>MATURITY DATE</u>	<u>EXISTING CUSIP</u>	<u>NEW CUSIP</u>
1/1/2032	20786LDL2	20786LDS7
1/1/2042	20786LDM0	20786LDT5
7/22/2051	20786LDN8	20786LDU2
1/1/2032	20786LDP3	20786LDV0
7/22/2051	20786LDQ1	20786LDW8
7/22/2051	20786LDR9	20786LDX6

After the Exchange Date, the Trustee will circulate a further notice to the Bondholders with the results of the exchange. In that notice, we will include a table to reflect the exchange rate.

After the Exchange Date and effective as of the Effective Date, the By-Lot Bonds will otherwise have the terms set forth in the revised Bond certificate. If you hold Term Bonds, you are not required to do anything as a condition to having your Term Bonds exchanged for By-Lot Bonds of a series.

However, if you do not want to participate in the exchange, you have the right to elect not to have your Term Bonds exchanged by the following procedure: **On or prior to 5:00 p.m., prevailing Eastern Time on May 17, 2012 (which is the “ATOP Deadline”)**, you may elect to opt out of the exchange by providing a notice to DTC (“DTC”) through your broker or other participating person through whom you own your Term Bonds to indicate that you want your holdings withheld from the exchange (the “Retained Term Bonds”) by entering an instruction via

DTC's Automated Tender Offer Program (“ATOP”). If you elect to opt out of the exchange, you may reverse such election provided you timely do so prior to the ATOP Deadline of 5:00 pm prevailing Eastern Time on May 17, 2012. If you want to elect to opt out of the exchange, or if you want to reverse an election to opt-out, you must contact your broker or other person through whom you hold an ownership interest in the Term Bonds participating in ATOP to process an election to opt out of the exchange (or reversal thereof) and provide any related requested information. In order to opt out or reverse an election to opt out, you will need to give your broker, or such other person holding your interest in the Bonds, some lead time of your election so it can help you meet the above ATOP Deadline. If you do not affirmatively opt out of the exchange in accordance with the foregoing, your Term Bonds will be exchanged for By-Lot Bonds.

Three additional points should be noted about the exchange. First, you must make a retention election as to all of your investment in the Term Bonds. The retention election is “all or nothing” and must be consistent. You cannot elect to retain part (but not all) of your investment in the Term Bonds. Second, no future opportunities to exchange the Retained Term Bonds for By-Lot Bonds are contemplated. If you decide to opt out of the exchange and retain your current Term Bonds, you thus should anticipate that you will not be able to convert your Retained Term Bonds to By-Lot Bonds in the future, regardless of any value or trading differences among the bonds or any other issues that may exist or arise with respect to the Retained Term Bonds or other bonds in the future (which issues may or may not be similar to those described in the exchange documents).

Third, the change from a pro-rata distribution to redemption also introduces a time constraint not currently present in the Indenture. Pro-rata distributions take place on each January 1 Bond Payment Date, without the need for any notices to the beneficial owners of the Term Bonds. However, since by-lot distributions of redemption proceeds involve the selection of certain By-Lot Bonds for payment, the Trustee will send notices of redemption of the By-Lot Bonds under the First Supplemental Indenture (at the times and in the amount of the Sinking Fund Installments set forth in Section 302 of the First Supplemental Indenture). At the time such notices of redemption are delivered, there will not be funds in the debt service accounts for the various Tiers of the By-Lot Bonds, so such notices of redemption will be conditioned on the deposit of funds into such debt service accounts sufficient to pay the Redemption Price of the Sinking Fund Installments to be redeemed. In the event that any mandatory sinking fund redemption of any By-Lot Bonds on any January 1 is cancelled due to insufficient funds being available in the applicable debt service accounts to pay any Sinking Fund Installment in full, the First Supplemental Indenture provides that the Trustee will deliver notice of the redemption of such By-Lot Bonds for February 15 of that same calendar year, as provided in Section 305 thereof, in the aggregate Redemption Price not greater than the available balance in the applicable debt service accounts on such January 1 without further accretion. The Redemption Price of By-Lot Bonds called for redemption on February 15 will be equal to the Accreted Value of such Bonds as of such January 1 (of the same calendar year), not the Accreted Value of such Bonds as of the February 15 Redemption Date. In other words, in the event of any such delayed redemption, the Bondholders selected for redemption will not receive interest accretions on the amount being distributed on February 15 for the period from January 1 to February 15.

As noted in our last notice, if you elect to keep the Retained Term Bonds in accordance with the above, such Retained Term Bonds will retain their feature of having any redemption proceeds paid on a pro rata basis. However, any such Retained Term Bonds also will remain registered at DTC at their original issuance amount and subject to the resulting negative impact on trading noted in our earlier Notice #2, which is attached hereto for your ease of reference. The CUSIPs for any Retained Term Bonds will not change as a result of the exchange. In connection with this exchange, the Association has provided us to transmit to you for your consideration the attached Exchange Memorandum, which along with this notice and the First Supplemental Indenture comprises the "Exchange Package" approved by the Bankruptcy Court for dissemination, as further set forth in the Motion and Order.

II. Additional Information.

The Trustee directs your attention to the detailed background and historical information (i) set forth in our earlier notices (with the more recent notices available to be viewed on the Municipal Securities Rulemaking Board website at www.emma.msrb.org), and (ii) located at the Association website at www.southernconnector.com under News and Filings, Official Filings. The Bondholders are also directed to other potential sources of information, including the Bankruptcy Court's PACER public document system (fee based; PACER subscription required) found at <https://ecf.scb.uscourts.gov/cgi-bin/login.pl> or accessible with instructions through the Bankruptcy Court's website at www.scb.uscourts.gov.

The Trustee may invest funds held under the Indenture in a mutual fund for which either (a) the Trustee receives a service fee from the fund or fund service provider, or (b) investment or advisory services are provided by the Trustee or an affiliate of the Trustee. As such, the Trustee and its affiliates may receive compensation for the investment advisory, custodial, distribution and other services provided. A prospectus that explains the services and costs, including the rate, formula and method of calculating such compensation, is available by contacting U.S. Bank at (800) 934-6802, option #4, or at the following web address: www.usbank.com/corp_trust/bondholder_contact.html.

Holders should not rely on the Trustee as their sole source of information. We encourage Bondholders to keep themselves informed from other sources of available information. The Trustee may conclude that a specific response to particular inquiries from individual holders is not consistent with equal and full dissemination of information to all holders. The Trustee makes no recommendations and gives no investment advice. Please direct any questions or comments in writing to Susan Jacobsen, U.S. Bank National Association, Corporate Trust Services, 60 Livingston Avenue, EP-MN-WS1D, St. Paul, Minnesota 55107, phone number (651) 495-3954, fax number (651) 495-8100, or by e-mail to susan.jacobsen2@usbank.com.

**U. S. Bank National Association,
as Indenture Trustee**

April 17, 2012

ATTACHMENT #1 – EXCHANGE MEMO

**IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA**

In re:

Connector 2000 Association, Inc.,

Debtor.

Case No. 10-04467-dd

Chapter 9

MEMORANDUM CONCERNING MANDATORY BOND EXCHANGE

At the request of the Beneficial Owners (the “*Majority Holders*”) of a majority of its Series 2011 Bonds, Connector 2000 Association, Inc. (the “*Debtor*”) obtained an order (the “*Exchange Order*”) from the United States Bankruptcy Court for the District of South Carolina (the “*Court*”) which, among other things, (I) approved a supplement to the First Amended and Restated Master Indenture of Trust between the Debtor and U.S. Bank National Association, as trustee (the “*Trustee*”) dated as of April 1, 2011 (the “*Indenture*”) authorizing a mandatory exchange with option to retain (the “*Exchange*”) of certain Term Bonds (as defined below); and (II) approved this Memorandum and the associated exchange materials and procedures for the Term Bonds. The Exchange is intended to address certain impediments to the secondary market trading of the Term Bonds arising from the structure of the Term Bonds which affected their registration with The Depository Trust Corporation (“*DTC*”), as more fully described herein.

The Exchange Order authorizes the Debtor and the Trustee to take necessary action, including amending the Indenture and conducting an exchange of the current Term Bonds for “by-lot” bonds (the “*By-lot Bonds*”) to permit secondary market trading, as further discussed below. However, since this change to “by-lot” distributions would mean that holders will not receive pro rata distributions of payments on such bonds, it is possible that some holders may prefer to retain their current Term Bonds with pro rata distributions and suffer the illiquidity of those obligations, instead of exchanging them for By-Lot Bonds without pro rata distributions. For this reason, Beneficial Owners of the Term Bonds may elect to retain their current Term Bonds (a “*Retention Election*”). If no Retention Election is made by a holder, that holder will automatically receive new By-Lot Bonds in exchange for the holder’s existing Term Bonds. The foregoing exchange is, therefore, a mandatory exchange with an option to retain.

I. The Term Bonds-Pro Rata Distribution.

A. The Debtor issued its Toll Road Revenue Bonds (Southern Connector Project – Greenville, South Carolina), Series 2011 (the “*Bonds*”) on April 21, 2011 (the “*Effective Date*”) pursuant to its First Amended Plan for Adjustment of Debts, as supplemented, modified and amended (the “*Plan*”) which had been confirmed by an order of the Court entered April 1, 2011 (the “*Confirmation Order*”).¹ The Bonds were issued to restructure the Debtor’s prepetition

¹ Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Indenture, the Plan or the Confirmation Order, if defined therein. Copies of the Plan, the Confirmation Order and certain other documents relating to the Debtor’s bankruptcy proceeding may be found on the debtor’s website at: <http://www.southernconnector.com/Zbankruptcy.htm>.

defaulted bonds (the “*Original Bonds*”)² under the terms of the Plan and as further described in the Disclosure Statement. Pursuant to the Plan, the owners of the Original Bonds received a pro rata amount of the Bonds. In addition, the Plan contemplated that all payments under the Term Bonds would be distributed to the Beneficial Owners of the Term Bonds pro-rata, so that each such Beneficial Owner would receive his or her pro-rata share of the cash flow payable for the Tier and maturity of such Term Bonds owned by such Owner.

B. The Bonds consist of the following three series: (A) The Series 2011A Bonds are senior secured zero coupon bonds issued in the aggregate Original Principal Amount of \$126,899,826.00; they consist of 11 serial bonds maturities maturing January 1 of the years 2012 through 2022 (inclusive) and three term bonds, each subject to mandatory pro rata prepayment, maturing January 1, 2032, January 1, 2042 and July 22, 2051 (the “*Series 2011A Bonds*”); (B) The Series 2011B Bonds are senior subordinated secured zero coupon bonds issued in the aggregate Original Principal Amount of \$21,085,708.00; they consist of two term bonds, each subject to mandatory pro rata prepayment, maturing January 1, 2032 and July 22, 2051 (the “*Series 2011B Bonds*”); and (C) The Series 2011C Bonds are junior subordinated secured zero coupon term bonds issued in the aggregate Original Principal Amount of \$2,160,434; they mature, subject to mandatory pro rata prepayment, on July 22, 2051 (the “*Series 2011C Bonds*”).

C. **The Series 2011A Bonds maturing January 1 of the years 2012 through 2022 (inclusive) are not affected by the Exchange Order and will remain Outstanding under the Indenture as originally issued.** The Bonds affected by the Exchange Order (the “*Term Bonds*”) are as follows:

Term Series 2011A Bonds

<u>Maturity Date</u>	<u>Original Principal Amount</u>	<u>Yield</u>	<u>CUSIP</u>
1/1/2032	\$40,619,653.00	6.50%	20786LDL2
1/1/2042	31,463,671.00	7.00%	20786LDM0
7/22/2051	18,190,852.00	7.50%	20786LDN8
Total:	90,274,176.00		

Term Series 2011B Bonds

<u>Maturity Date</u>	<u>Original Principal Amount</u>	<u>Yield</u>	<u>CUSIP</u>
1/1/2032	\$14,027,683.00	8.50%	20786LDP3
7/22/2051	7,058,025.00	9.00%	20786LDQ1
Total:	\$21,085,708.00		

Term Series 2011C Bonds

<u>Maturity Date</u>	<u>Original Principal Amount</u>	<u>Yield</u>	<u>CUSIP</u>
7/22/2051	\$2,160,434.00	10.00%	20786LDR9

² The Original Bonds consisted of the Debtor’s Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina) Series 1998A, Series 1998B and Series 1998C.

II. Zero Coupon Bonds-Discount Bonds and Capital Appreciation Bonds.

A. As noted above, the Bonds are all zero coupon bonds. Zero coupon bonds can be described in two general ways, either as Discount Bonds or as Capital Appreciation Bonds. Generally, “**Discount Bonds**” are zero coupon bonds which are issued at a discount from their stated maturity value and then “accrete” to their final stated maturity value (e.g., \$1.00). In contrast, “**Capital Appreciation Bonds**” are issued at a stated original principal amount (e.g., \$1.00) and then accrete forward from such stated original principal amount to a higher maturity value. The difference is descriptive – i.e., whether the stated “amount” of the bond is determined by reference to its final maturity value or its original principal amount.³

B. The Debtor intended for the Bonds to be issued in authorized denominations of \$1.00 in Maturity Value per Bond (such that the Bonds were Discount Bonds registered at stated Maturity Value). However, the Plan also contemplated that all payments made by the Debtor to the Trustee would be distributed to the beneficial owners of the Bonds entitled to payment on a “**pro-rata**” basis within a given series of Bonds, so that each holder would receive a pro-rata share of any distributions on their series of Bonds.

III. The DTC Registration Problem-Redemptions Only By Lot.

A. The Plan anticipated that the Bonds would be “**book-entry only**” securities registered with and paid through DTC as Securities Depository. DTC serves as a clearinghouse for the vast majority of publicly-traded municipal bond issues, allowing such bonds to meet the regulatory requirements for timely transfer of securities. Under the DTC book entry system, the beneficial ownership interest in obligations such as the Bonds is made in book-entry-only form through brokers and dealers who are, or act through, DTC participants (“**DTC Participants**”). The beneficial owners of the Bonds (collectively, the “**Beneficial Holders**”) are not entitled to receive physical delivery of the Bonds. For so long as any person is the Beneficial Holder of a Bond, such person must maintain an account with a broker or dealer who is, or acts through, a DTC Participant in order to receive payment of principal and interest on such Bond. Consequently, the Debtor does not have a record of the identity of any Beneficial Holders, and the Trustee reflects only DTC as the owner of the Bonds.

³ A simple example will illustrate this point. Assume Company borrows \$100.00 from Bank but does not want to make any payment on the loan until the maturity of the loan 10 years later. Bank agrees to make the loan at an annually compounded yield of 7.717735% so that the amount Company will pay Bank in 10 years is \$200. The Company’s note evidencing its obligation to repay this loan can be drafted in two alternative ways. Company may issue a single \$100 note that accretes interest at an annually compounded yield of 7.717735% and matures in year 10 in the amount of \$200. This note is a “capital appreciation” debt instrument. If it is redeemed or prepaid any time after it is issued and before it matures, the accreted value of the instrument will be greater than \$100 and less than \$200, depending on when the payment is made and the resulting interest accrued on the \$100 loan. Alternatively, the same loan could result in two notes each maturing in the amount of \$100 in year 10, delivered by Company to Bank discounted at the annually compounded yield of 7.717735% to their original principal amount of \$50.00. These are two “discount” debt instruments each of which accretes interest and matures in the amount of \$100 in year 10. If they are redeemed or prepaid any time after they are issued and before their maturity, the accreted value of each of the instruments will be greater than \$50.00 and less than \$100, depending on when the payment is made and the resulting interest accrued on the loan. Thus the zero coupon debt obligation resulting from the loan can be described either as a single capital appreciation note or as two discount obligations, each of which reflect the exact same debtor-creditor relationship. The Series 1998B Bonds and Series 1998C Bonds were documented as Discount Bonds.

B. It is industry standard for obligations such as the Bonds to be registered with DTC. To be eligible for registration with DTC, obligations such as the Bonds must conform to DTC's rules and requirements for book-entry registration of the obligations. Certain features of the Bonds, however, created issues in trying to obtain DTC registration as contemplated because they were not consistent with DTC's standard Operational Arrangements. All of the Bonds are "zero coupon bonds" documented as Capital Appreciation Bonds. Generally, publicly issued zero coupon bonds are issued as Discount Bonds registered with DTC at Maturity Value.⁴ The Plan called for the Bonds to be so structured and registered at Maturity Value. The documents further contemplated that each Beneficial Holder would receive his or her pro rata share of any payments made prior to maturity on a series of Bonds; however, under DTC's Operational Arrangements, this did not meet DTC's eligibility requirements for redemption payments.

C. Because of the Plan's provision for redemption payments to be distributed pro-rata to holders, which did not comply with DTC's procedures, difficulties arose with registration of the Bonds for book entry clearing with DTC as contemplated. As outlined in DTC's Operational Arrangements, to permit the distribution of prepayments to the beneficial owners of the Bonds pro rata under its "***Pro-Rata Paydown Program***", DTC required that the Bonds be registered based on authorized denominations of \$1.00 in Original Principal Amount (as Capital Appreciation Bonds) rather than based on authorized denominations of \$1.00 in Maturity Value (as Discount Bonds). Currently, the Term Bonds are reflected by DTC at their Original Principal Amount (as Capital Appreciation Bonds) to permit pro-rata distribution of prepayments on the Term Bonds under DTC's "***Pro-Rata Paydown***" program.

D. In addition, several technical changes to the Indenture were necessary to satisfy DTC's requirements under the Pro-Rata Paydown Program. First, the Debtor's pre-maturity payments to amortize the Term Bonds needed to be renamed from "sinking fund redemption payments" to "pro-rata paydown amounts". (The latter is how the Indenture now reflects such payments.) Second, the accreted value tables for the Bonds also had to be modified (to reflect accretion starting at \$1.00 in Original Principal Amount up to maturity amount at the yield of each Bond).⁵ DTC worked cooperatively with the Debtor and Trustee to explain what changes were necessary for DTC to register the Bonds based on its Pro-Rata Paydown Program.⁶ Effective April 21, 2011, the Bonds were registered with DTC at Original Principal Amount under the Pro-Rata Paydown Program discussed above.

⁴ For example, U.S. Treasury Bills are Discount Bonds, as they are issued at face maturity value (in \$100,000 amounts), but the amounts paid for those obligations at their original issue date are lower than maturity value, with the difference between the price at issue and the amount paid at maturity being original issue discount treated as interest for federal income tax purposes. Secondary market trading of Discount Bonds are at prices reflecting that discount to their maturity value. Until its maturity, the accreted value of a Discount Bond is always less than its maturity value per authorized denomination (less than \$100,000 for Treasury Bills).

⁵ The Bonds accrete in value from Original Principal Amount at issuance at the yield on each Bond. For example, Exhibit "T" to the Indenture lists the accreted values of the Bonds. The accreted value of the 6.5% Term Series 2011A Bond maturing on January 1, 2032 is \$1.00 on April 1, 2011 and accretes to a maturity value of \$3.69406.

⁶ The name and table changes did not modify the amounts to be paid to the Beneficial Holders of the Bonds, but changed the face amount of the Term Bonds (to Original Principal Amount from Maturity Value) and the characterization of periodic interest and principal payments to be made under the Bonds (from sinking fund payments to pro rata paydowns).

IV. The Secondary Market Trading Problem.

A. Shortly after the Bonds were issued, certain institutional holders and broker dealers began contacting the Trustee regarding the Bonds. Because the Term Bonds were listed by DTC as set forth above, they did not “fit” into the brokers’ systems or into industry pricing systems. The Term Bonds thus were untradeable in the public secondary market. More specifically, the brokers’ and industry pricing systems for trading zero coupon bonds are based upon the assumption that they are registered at Maturity Value, and trade at a price discount from such “face” amount at maturity. Consequently, the Term Bonds as registered through DTC under the Pro-Rata Paydown Program could not be priced or traded.

B. The Debtor has been informed by the Trustee and certain institutional bondholders that DTC agreed to reflect the Serial Bonds at Maturity Value in conformity with DTC’s Operational Arrangements. Consequently, the Series 2011A Serial Bonds will not be amended or exchanged. However, DTC informed the Trustee that the Term Bonds could be listed at Maturity Value only if any annual sinking fund redemption payments for a series of Term Bonds are made by DTC to Beneficial Holders on a “by lot” basis, rather than pro-rata.

V. The Proposed Solution-Mandatory Exchange Subject to Retention Election.

A. The Majority Holders have requested that the Debtor facilitate the exchange of the Term Bonds for new term bonds which provide for DTC’s distribution of redemption payments to the Beneficial Holders by lot (the “*By-Lot Bonds*”). The By-Lot Bonds and corresponding revisions to the Indenture will be reflected in a First Supplemental Indenture of Trust (the “*First Supplement*”). The First Supplement will be substantially in the form attached hereto as *Exhibit A* (but with such changes as agreed upon and determined necessary or advisable by the Debtor and Trustee to effectuate the intent and purposes of the exchange (including changes required by law, regulatory agencies or DTC), provided that such changes do not materially adversely affect the Bondholders or the Bonds).

B. The By-Lot Bonds will be dated the Effective Date and have identical yields, aggregate Original Principal Amounts, maturities and pay-down schedules as the Term Bonds for which they are exchanged, but will provide for by-lot distribution of redemption proceeds instead of pro-rata. This would mean that the Beneficial Holders of the By-Lot Bonds would not be assured of the timing of any particular payments prior to maturity, since distribution of redemption proceeds would be distributed under DTC’s lottery process. However, Beneficial Holders may elect to retain their current Term Bonds.

C. Under the Exchange Order, Beneficial Holders of the Term Bonds are given the option to retain their Term Bonds as set forth in “*VI – Exchange Procedures and Retention Election*” below. If a Beneficial Holder does not affirmatively elect to opt out of the exchange, the Term Bonds owned by such Beneficial Holder will be exchanged for By-Lot Bonds. If a Beneficial Holder opts out of the exchange, such holder will retain its current Term Bonds as Retained Bonds, which will be paid based on their pro rata paydown provisions. **UNLESS A BENEFICIAL HOLDER AFFIRMATIVELY AND TIMELY FILES A RETENTION ELECTION, HIS OR HER TERM BONDS WILL AUTOMATICALLY BE EXCHANGED FOR THE BY-LOT BONDS PURSUANT TO THE EXCHANGE ORDER.**

D. The By-Lot Bonds will be issued as new series of bonds with new CUSIP numbers. **Each series of By-Lot Bonds will have the same maturity, interest accrual yield and aggregate redemption amounts as the Term Bonds of that Series for which they are being exchanged under the First Supplement. In addition, By-Lot Bonds will have the same priority in security and payment as do the Retained Bonds of the same Tier and maturity.** The Exchange is intended solely to address the secondary marketability issue relating to the Term Bonds.

E. The change from a pro-rata distribution to redemption also introduces a time constraint not currently present in the Indenture. Pro-rata distributions take place on each January 1 Bond Payment Date, without the need for any notices to the beneficial owners of the Term Bonds. However, since by-lot distributions of redemption proceeds involve the selection of certain By-Lot Bonds for payment, the First Supplement will obligate the Trustee to send notices of redemption of the By-Lot Bonds (at the times and in the amount of the Sinking Fund Installments set forth in subsections (1), (2) and (3) of Section 302 of the First Supplement). At the time such notices of redemption are delivered, there will not be funds in the debt service accounts for the various Tiers of the By-Lot Bonds, so such notices of redemption will be conditioned on the deposit of funds into such debt service accounts sufficient to pay the Redemption Price of the Sinking Fund Installments to be redeemed. In the event that any mandatory sinking fund redemption of any By-Lot Bonds on any January 1 is cancelled due to insufficient funds being available in the applicable debt service accounts to pay any Sinking Fund Installment in full, the First Supplement will obligate the Trustee to deliver notice of the redemption of such By-Lot Bonds for February 15 of that same calendar year, as provided in Section 305 of the First Supplement, in the aggregate Redemption Price not greater than the available balance in the applicable debt service accounts on such January 1 without further accretion. The Redemption Price of By-Lot Bonds so called for redemption on February 15 will be equal to the Accreted Value of such Bonds as of such January 1 (of the same calendar year), not the Accreted Value of such Bonds as of the February 15 Redemption Date. **IN THE EVENT OF ANY SUCH DELAYED REDEMPTION, THE BENEFICIAL OWNERS SELECTED FOR REDEMPTION WILL NOT RECEIVE INTEREST ACCRETIONS ON THE AMOUNT BEING DISTRIBUTED ON FEBRUARY 15 FOR THE PERIOD FROM JANUARY 1 TO FEBRUARY 15.**

VI. Exchange Procedures and Retention Election.

A. After the exchange date for By-Lot Bonds which shall be **May 31, 2012 or as soon thereafter as is practicable** (the “*Exchange Date*”) and effective as of the Effective Date, **the By-Lot Bonds will have the terms set forth in the revised Bond certificate.** If you hold Term Bonds, you are not required to do anything as a condition to having your Term Bonds exchanged for By-Lot Bonds of a series.

B. However, if you do not want to participate in the exchange, you have the right to elect not to have your Term Bonds exchanged by the following procedure: **On or prior to 5:00 p.m., prevailing Eastern Time on May 17, 2012 (“ATOP Deadline”)**, you may elect to opt out of the exchange and retain your Term Bonds by providing a notice through your broker or other person through whom you own your Term Bonds to DTC to instruct that your holdings be withheld from the exchange (the “*Retained Bonds*”). Your broker or other person through

whom you own your Term Bonds must provide this notice to DTC by entering an instruction via DTC's Automated Tender Offer Program (“*ATOP*”) prior to the ATOP Deadline. Retention elections must be timely and made as to all of your investment in the Term Bonds; no elections to retain part (but not all) of your investment in the Term Bonds will be accepted. If you want to elect to opt out of the exchange, you must contact your broker or other person through whom you hold an ownership interest in the Term Bonds participating in ATOP to process an election to opt out of the exchange and provide any related requested information necessary to allow your broker or such other person to timely process your ATOP election. If you do not affirmatively opt out of the exchange in accordance with the foregoing, your Term Bonds will be exchanged for By-Lot Bonds.

If you elect to opt out of the exchange, you may reverse such election provided you timely do so prior to the ATOP Deadline. In order to reverse your election to opt out, you would again contact your broker or other person through whom you hold your Bonds. In order to opt out or reverse an election to opt out, you will need to give your broker, or such other person holding your interest in the Bonds, some lead time of your election so it can help you meet the above ATOP Deadline.

C. If you elect to keep the Retained Bonds in accordance with the above, such Retained Bonds will retain their feature of having any redemption proceeds paid on a pro rata basis. However, any such Retained Bonds also will remain registered at DTC at their original issuance amount and subject to the resulting negative impact on trading noted earlier. The CUSIPs for any Retained Bonds will not change as a result of the exchange.

D. No future opportunities to exchange the Retained Bonds for By-Lot Bonds are contemplated. If you decide to opt out of the exchange and retain your current Term Bonds, you thus should anticipate that you will not be able to convert your Retained Bonds to By-Lot Bonds in the future, regardless of any value or trading differences among the bonds or any other issues that may exist or arise with respect to the Retained Bonds or other bonds in the future (which issues may or may not be similar to those described in the exchange documents).

E. The Exchange Order requires, as a condition to the effectiveness of the exchange, the delivery of an opinion of bond counsel, substantially to the effect that the By-Lot Bonds are valid and enforceable obligations of the Debtor under the Indenture and that original issue discount properly allocated to such By-Lot Bonds will be excludable from gross income for federal income tax purposes and that the exchange of the By-Lot Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of original issue discount properly allocated to the Bonds.

F. Through the ATOP Deadline, current bondholders are entitled to participate in the exchange based on the foregoing procedures. The By-Lot Bonds will be issued on the Exchange Date. Due to the nature of the Bonds as book entry securities held through DTC, the effectuation of the exchange may involve some time delay to complete the exchange process. (As a point of note, the exchange will be considered effective retroactive to the “Effective Date” of April 21, 2011, when the Bonds were issued, as further set forth in the Motion, but this does not affect retention of any payments previously received on the Bonds as of January 1, 2012, if applicable).

VII. The First Supplement.

A. The First Supplement includes the forms of the new By-lot Bonds and makes certain amendments to the Indenture to accommodate the splitting of the 2011 Term Bonds into By-lot Bonds and Retained Bonds. The Exchange Order also provides that funds in the amount of \$583,463.75 in the “Cost of Issuance Fund” established under Section 503 of the Indenture will be used to pay the additional fees and costs incurred by the Debtor and the Trustee in connection with their efforts to resolve the DTC issues and implement the exchange. The First Supplement provides that the date to which the Cost of Issuance Fund will be left open will be changed from the original date of August 22, 2011 to a date that is six months from the date of entry of the Exchange Order. Costs of the exchange may only be paid from the Costs of Issuance Fund; no Costs of Issuance will be paid from the Revenue Fund. Section 503 of the Indenture provides that the Trustee thereafter will transfer any remaining amounts in the Cost of Issuance Fund to the Series 2011 Bonds Debt Service Reserve Account.

VIII. Other Information.

A. Copies of the Plan, the Confirmation Order and certain other documents relating to the Debtor’s bankruptcy proceeding may be found on the debtor’s website at: <http://www.southernconnector.com/Zbankruptcy.htm>. In addition, certain documents relating to the Debtor’s operations or financial results may be found at the Debtor’s website or on the EMMA system.

Exhibit "A"

First Supplemental Indenture of Trust

[Attached]

ATTACHMENT #2 – FIRST SUPPLEMENTAL INDENTURE

FIRST SUPPLEMENTAL INDENTURE OF TRUST

between

CONNECTOR 2000 ASSOCIATION, INC.

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee,

Dated as of _____ 1, 2012 and
Effective as of April 21, 2011

Relating to

Connector 2000 Association, Inc.
Toll Road Revenue Bonds
(Southern Connector Project, Greenville, South Carolina)
and

Supplementing the First Amended and Restated Master Indenture of Trust
Dated as of April 1, 2011

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This **FIRST SUPPLEMENTAL INDENTURE OF TRUST**, dated as of _____, 2012 (the “*First Supplemental Indenture*”), by and between **CONNECTOR 2000 ASSOCIATION, INC.**, a South Carolina non-profit corporation (the “*Association*”), and **U.S. BANK NATIONAL ASSOCIATION** a national banking association organized under the laws of the United States of America and having a corporate trust office in Columbia, South Carolina (in such capacity, together with any successor in such capacity, the “*Trustee*”);

WITNESSETH:

WHEREAS, the Association and the Trustee have previously entered into that certain First Amended and Restated Master Indenture of Trust, dated as of April 1, 2011 providing for the issuance of Connector 2000 Association, Inc. Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina) (the “*Master Indenture*”); and

WHEREAS, pursuant to the terms of the First Amended Plan for Adjustment of Debts under Chapter 9 as amended (the “*Plan*”) under Case No. 10-04467-dd in the United States Bankruptcy Court for the District of South Carolina (the “*Court*”) and the Confirmation Order of the Court entered April 1, 2011 [Dkt No. 141] (the “*Confirmation Order*”) on the effective date of the Plan (the “*Effective Date*”) which occurred on April 21, 2011) the owners of the Association’s outstanding Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina) Series 1998A, Series 1998B and Series 1998C (the “*Series 1998 Bonds*”) received in exchange Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina) issued under the Master Indenture as follows: (i) Senior Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011A (the “*Series 2011A Bonds*”) in the aggregate Original Principal Amount of \$126,899,826.00; (ii) Senior Subordinate Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011B (the “*Series 2011B Bonds*”) in the aggregate Original Principal Amount of \$21,085,708.00 and (iii) Junior Subordinate Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011C in the aggregate Original Principal Amount of \$2,160,434.00 (the “*Series 2011C Bonds*”) and, together with the Series 2011A Bonds and the Series 2011B Bonds, the “*Series 2011 Bonds*”); and the Series 1998 Bonds were cancelled; and

WHEREAS, the Series 2011A Bonds consist of 11 serial bond maturities maturing January 1 of the years 2012 through 2022 (inclusive) and three term bond maturities (the “*Series 2011A Term Bonds*”), each subject to mandatory pro rata prepayment, maturing January 1, 2032, January 1, 2042 and July 22, 2051; the Series 2011B Bonds consist of two term bond maturities (the “*Series 2011B Term Bonds*”), each subject to mandatory pro rata prepayment, maturing January 1, 2032 and July 22, 2051; and the Series 2011C Bonds consist of a single term bond maturity (the “*Series 2011C Term Bonds*”) and, together with the Series 2011A Term Bonds and the Series 2011B Term Bonds, the “*Series 2011 Term Bonds*”) which mature, subject to mandatory pro rata prepayment, on July 22, 2051; and

WHEREAS, the Plan contemplated that the Series 2011 Term Bonds would be issued in authorized denominations of \$1.00 of Maturity Value, discounted to their Original Principal Amounts at the yield on each such Series 2011 Term Bond, subject to annual mandatory sinking fund redemption at their Accreted Value, expressed as a discount to their Maturity Value, and that each beneficial owner of a Series 2011 Term Bond would receive his or her pro-rata portion of the redemption of the Series 2011 Term Bonds; and

WHEREAS, the Plan further contemplated that the Series 2011 Bonds would be issued in “book-entry-only” form and that payments on and transfers of the Series 2011 Bonds would be administered by the Depository Trust Company (“*DTC*”) acting as Securities Depository; and

WHEREAS, after the Plan was approved, the Association with the assistance of the Trustee attempted to cause the Series 2011 Bonds to be qualified for book entry clearing with DTC but were informed that DTC policy requires all distributions of redemption proceeds to the Beneficial Holders of book-entry bonds to be made “by lot” under a lottery system, rather than pro-rata; and

WHEREAS, DTC advised that it had a program (the “*Pro-Rata Paydown Program*”) which allowed pro-rata distribution of payments to beneficial owners that the Association could use to qualify the Series 2011 Bonds for book entry clearing with DTC, which program required the Series 2011 Bonds be issued in authorized denominations of \$1.00 in Original Principal Amount (rather than \$1.00 in Maturity Value) and accrete value from April 1, 2011 at the yield of each Bond to mature in an amount in excess of \$1.00; and

WHEREAS, the Association and Trustee made the changes necessary to the documents to permit the Series 2011 Bonds to be issued in compliance with DTC’s Pro-Rata Paydown Program; however, the amounts and dates of all payments by the Association were not changed and the Master Indenture provided that all bond payments would be paid to the Beneficial Holders of the Series 2011 Bonds pro-rata as previously contemplated; and

WHEREAS, beginning in June 2011, the Association was advised by the Trustee that a number of institutional holders of the Series 2011 Bonds could not trade their obligations in the secondary securities market since the brokers’ and industry pricing systems for trading such bonds were set up on the assumption that zero coupon bonds such as the Series 2011 Bonds would be listed by DTC at a maturity value equal to their authorized denominations (i.e., \$1.00) rather than at a multiple of their authorized denominations (over \$1.00); and

WHEREAS, upon becoming aware of the cause of the problem, the beneficial owners of a majority of the Series 2011 Bonds have indicated to the Trustee, which has advised the Association, that such bondholders request and support an exchange of, and desire to exchange, their Series 2011 Term Bonds for new term bonds which provide for the distribution of payments to beneficial owners by lot, in order to allow registration of such new term bonds by the Securities Depository at a maturity value equal to their Authorized Denominations, so such new obligations would be listed at a discount for purposes of trading in the secondary market; and

WHEREAS, the Trustee and the Association have been advised that the Series 2011A Bonds maturing January 1 of the years 2012 through 2022 (inclusive) (the “*Series 2011A Serial Bonds*”) are not subject to the secondary trading impediment described above, will not be subject to the exchange and will remain Outstanding under the Master Indenture as originally issued; and

WHEREAS, on February 7, 2012 the Association filed with the Court its Motion for an Order (I) Authorizing Supplement to the Indenture in Aid of Implementation of the Plan; and (II) Approving Bond Exchange Materials and Procedures for Term Bonds, seeking approval of the foregoing (the “*Motion*”), notice of which was provided to all notice parties including the Securities Depository participants, as further set forth in the Motion; and

WHEREAS, the Court entered its Order (I) Authorizing Supplement to the Indenture in Aid of Implementation of the Plan; and (II) Approving Bond Exchange Materials and Procedures for Term Bonds (the “*Order*”) on [_____], 2012, which authorized the Association to proceed with amending the Master Indenture pursuant to this Court-approved First Supplemental Indenture and to proceed with effectuating the Court-approved exchange of the Series 2011 Term Bonds, all in further implementation of the Plan; and

WHEREAS, on [_____] 2012, the Trustee caused to be delivered to the beneficial owners of the Series 2011 Bonds a notice of mandatory exchange with option to retain (the “*Exchange Notice*”) under which each such beneficial owner’s Series 2011 Term Bonds will be exchanged on _____, 2012 (the “*Exchange Date*”) for New Term Bonds providing for the distribution of payments made by the Association to the beneficial owners thereof by lot (the “*Exchanging Bondholders*”), provided that each such beneficial owner may instead affirmatively elect to retain such beneficial owner’s Series 2011 Term Bonds and thus to opt out of the exchange and not become an Exchanging Bondholder if such beneficial owner prefers to retain the current Series 2011 Term Bonds with the right to have redemptions of its Term Bonds done on a pro rata basis; and

WHEREAS, this First Supplemental Indenture is a Court-approved Supplemental Indenture (as defined in the Master Indenture) entered into pursuant to the Order to further implement the Plan and specifically for the purpose of authorizing three Series of Bonds to be exchanged effective as of the Effective Date for the Series 2011 Term Bonds owned by the Exchanging Bondholders consisting of (i) \$_____ in aggregate Original Principal Amount to be designated “Connector 2000 Association, Inc. Senior Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011A1” (the “*Series 2011A1 Bonds*”) having an aggregate Maturity Value of \$_____, (ii) \$_____ in aggregate Original Principal Amount to be designated “Connector 2000 Association, Inc. Senior Subordinate Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011B1” (the “*Series 2011B1 Bonds*”) having an aggregate Maturity Value of \$_____, and (iii) \$_____ in aggregate Original Principal Amount to be designated as “Connector 2000 Association, Inc. Junior Subordinate Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011C1” having an aggregate Maturity Value of \$_____ (the “*Series 2011C1 Bonds*” and, together with the Series 2011A1 Bonds and the Series 2011B1 Bonds, the “*Series 2011 New Term Bonds*”) and to make certain amendments to the Master Indenture to permit such exchange of the Series 2011 New Term Bonds to be registered at a maturity value equal to their authorized denominations with the Securities Depository as contemplated by the Plan and Disclosure Statement; and

WHEREAS, the Series 2011 New Term Bonds will be issued to the Exchanging Bondholders in exchange for Series 2011 Bonds of the same Series in the same Original Principal Amounts; and

[WHEREAS, the holders of \$_____, \$_____ and \$_____ in Original Principal Amount of Series 2011A Term Bonds, Series 2011B Term Bonds and Series 2011C Term Bonds (collectively, the “*Retained Bonds*”), have elected to opt out of the exchange so that there remain those respective amounts of Original Principal Amount of the Series 2011A Term Bonds, the Series 2011B Term Bonds and the Series 2011C Term Bonds]; and

WHEREAS, there has been delivered to the Trustee in connection with the issuance of the Series 2011 New Term Bonds, a copy of this Supplemental Indenture authorizing such Series 2011 New Term Bonds and providing the details of such Series 2011 New Term Bonds and certain amendments to the Master Indenture and an Opinion of Bond Counsel, substantially to the effect that the Series 2011 New Term Bonds are valid and enforceable obligations of the Association under the Master Indenture and that original issue discount properly allocated to such Series 2011 New Term Bonds will be excludable from gross income for federal income tax purposes and that the issuance of Series 2011 New Term Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of original issue discount properly allocated to the Series 2011 Bonds; and

WHEREAS, the Series 2011 New Term Bonds are to be in substantially the forms attached hereto as **Exhibits A, B, and C** with appropriate variations, omissions and insertions as are permitted or required by this First Supplemental Indenture; and

WHEREAS, all things necessary to make the Series 2011 New Term Bonds, when authenticated by the Trustee and issued as provided in this First Supplemental Indenture, valid and binding limited obligations of the Association and to constitute this First Supplemental Indenture a valid and binding agreement securing the payment of the principal of and premium, if any, and interest on the Series 2011 New Term Bonds effective as of the Effective Date have been done and performed and the execution and delivery of this First Supplemental Indenture and the execution and issuance of the Series 2011 New Term Bonds, subject to the terms hereof, have in all respects been duly authorized and approved including pursuant to the Order of the Court on the Motion in furtherance of the Plan;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE FURTHER WITNESSETH THAT:

The Association covenants and agrees with the Trustee and with the respective holders from time to time of the Series 2011 New Term Bonds or any part thereof as follows:

ARTICLE I

AUTHORITY, DEFINITIONS AND OTHER INTERPRETATIVE MATTERS

Section 101. Authority. This First Supplemental Indenture is executed and delivered pursuant to the Order and the Plan, and pursuant to the Order does comply and shall be deemed in all respects and for all purposes to comply with the Plan and the Master Indenture, including specifically Sections 303 and 304 of the Master Indenture.

Section 102. Interpretation and Construction. For purposes of this First Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, Article I of the Master Indenture is hereby incorporated by reference and is applicable to the terms of this First Supplemental Indenture as well as the Master Indenture.

Section 103. Definitions. Terms defined in the Master Indenture shall have the meanings assigned to them in the Master Indenture, except that if any term is defined in both the Master Indenture and in this First Supplemental Indenture, the definition of such term in this First Supplemental Indenture shall control for purposes of, and as provided in, this First Supplemental Indenture. The following terms defined in the recitals to this First Supplemental Indenture are intended to have the meanings assigned in the recitals: “*Association*”, “*Confirmation Order*”, “*Court*”, “*DTC*”, “*Effective Date*”, “*Exchange Date*”, “*Exchange Notice*”, “*Exchanging Bondholders*”, “*Master Indenture*”, “*Motion*”, “*Order*”, “*Plan*”, “*Pro-Rata Paydown Program*”, “*Retained Bonds*”, “*Series 1998 Bonds*”, “*Series 2011 Bonds*”, “*Series 2011A Bonds*”, “*Series 2011B Bonds*”, “*Series 2011C Bonds*”, “*Series 2011A1 Bonds*”, “*Series 2011B1 Bonds*”, “*Series 2011C1 Bonds*”, “*Series 2011 New Term Bonds*”, “*Series 2011A Serial Bonds*”, “*Series 2011A Term Bonds*”, “*Series 2011B Term Bonds*”, “*Series 2011C Term Bonds*”, “*Series 2011 Term Bonds*” and “*Trustee*”.

For purposes of this First Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

“*Accreted Value*” means, with respect to the Retained Bonds and the Series 2011A Serial Bonds, the Accreted Value as defined in the Master Indenture, and with respect to the Series 2011 New Term Bonds, for each \$1.00 of Maturity Value of a Capital Appreciation Bond:

(a) as of any Accretion Date, the amount set forth on **Appendix T** hereto as the Accreted Value of such \$1.00 Maturity Value as of such Accretion Date; and

(b) as of any date (for purposes of this paragraph (b), a “*Calculation Date*”) that is not an Accretion Date, the sum of (i) the Accreted Value determined under paragraph (a) above as of the most recent Accretion Date plus (ii) the amount determined pursuant to the following formula:

$$(A-B)(X/360),$$

where “A” is the Accreted Value determined under paragraph (a) above as of the Accretion Date immediately following such Calculation Date; “B” is the Accreted Value determined under paragraph (a) above as of the Accretion Date immediately preceding such Calculation Date; and “X” is the number of days such Calculation Date follows the most recent Accretion Date, determined assuming that each month in such period contains 30 days, including such Calculation Date.

“*Authorized Denomination*” with respect to the Retained Bonds and the Series 2011A Serial Bonds has the meaning set forth in the Master Indenture and, with respect to the Series 2011 New Term Bonds, means \$1.00 in Maturity Value and integral multiples of \$1.00 in excess thereof.

“*Bond Payment Date*” means, for the Series 2011 New Term Bonds, January 1 of each year, beginning January 1, 2012 and on July 22, 2051 and February 15 of each year in which a redemption is to be made on that February 15 pursuant to Section 302(4) hereof or a prepayment is to be made pursuant to Section 401(2) of the Master Indenture.

“*Debt Service*” shall have the meaning set forth in the Master Indenture with the understanding that, with respect to the Series 2011 New Term Bonds for any particular Fiscal Year or as of any Bond Payment Date, Debt Service includes an amount equal to the sum of (a) the Maturity Value of all applicable Outstanding Series 2011 New Term Bonds that is payable during such period or on such date; and (b) the Redemption Price of Outstanding Series 2011 New Term Bonds payable during such period or on such date with respect to any applicable Outstanding Series 2011 New Term Bonds that are to be redeemed during such period or on such date pursuant to mandatory redemption provisions.

“*Exchange Effective Time*” means _____ p.m. (eastern time) on the Exchange Date.

“*First Supplemental Indenture*” means this First Supplemental Indenture of Trust, as it may be further amended from time to time in accordance with the terms hereof and of the Master Indenture.

“*Maturity Value*” means with respect to a Capital Appreciation Bond, the amount payable to the Owner of such Capital Appreciation Bond on its maturity date.

“*Original Principal Amount*” means, (i) the Original Principal Amount of the Series 2011A Serial Bonds as established on April 1, 2011 in Article III of the Master Indenture, (ii) the Original Principal Amount of the Series 2011 New Term Bonds as of April 1, 2011 set forth in this First Supplemental Indenture, and (iii) the Original Principal Amount of the Retained Bonds as of April 1, 2011 set forth in this First Supplemental Indenture.

“*Paying Agent*” means, with respect to the Series 2011 New Term Bonds, the Trustee and its successors in such capacity, appointed hereunder.

“*Redemption Date*” means the date upon which any Series 2011 New Term Bonds are to be redeemed prior to their respective fixed maturities pursuant to the mandatory, extraordinary or optional redemption provisions of this First Supplemental Indenture.

“*Redemption Price*” means, with respect to any Series 2011 New Term Bond, the amount, including any applicable premium and Accreted Value (as applicable), payable upon the mandatory, extraordinary or optional prepayment under the Master Indenture or redemption, as provided in this First Supplemental Indenture.

“*Registrar*” means, with respect to the Series 2011 New Term Bonds, the Trustee, and its successors in such capacity, appointed under the Master Indenture.

“*Sinking Fund Installment*” means, as of any particular date of calculation and with respect to the Series 2011 New Term Bonds, the amount of money to be applied as the Redemption Price of the Series 2011 New Term Bonds subject to mandatory sinking fund redemption in any Fiscal Year prior to maturity, as such Sinking Fund Installment shall have been previously reduced by the Accreted Value (as of such date of calculation) of any Series 2011 New Term Bonds of such Series of the maturity in respect of which such Sinking Fund Installment is payable which are redeemed by the Trustee in accordance with the provisions of Article III of this First Supplemental Indenture, other than by the prior payment of a Sinking Fund Installment under Section 302 of this First Supplemental Indenture.

ARTICLE II

AUTHORIZATION AND PAYMENT OF SERIES 2011 NEW TERM BONDS

Section 201. Authorization of Series 2011 New Term Bonds.

1. There is hereby authorized to be issued at the Exchange Time but effective of the Effective Date, and shall be issued under and secured by the Master Indenture and this First Supplemental Indenture three separate Series of Bonds designated as follows: (a) “Connector 2000 Association, Inc. Senior Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011A1,” in the aggregate Maturity Value of \$_____ and the aggregate Original Principal Amount of \$_____; (b) “Connector 2000 Association, Inc. Senior Subordinate Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011B1,” in the aggregate Maturity Value of \$_____ and the aggregate Original Principal Amount of \$_____; and (c) “Connector 2000 Association, Inc. Junior Subordinate Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011C1,” in the aggregate Maturity Value of \$_____ and the aggregate Original Principal Amount of \$_____.

2. The Series 2011 New Term Bonds will be exchanged at the Exchange Time for Outstanding Series 2011 Bonds of the same Tier having the same maturity date. Each Exchanging Bondholder will receive, at the Exchange Time but effective as of the Effective Date, Series 2011 New Term Bonds in the Maturity Value calculated upon the Original Principal Amount of Series 2011 Bonds exchanged by such Exchanging Bondholder.

Section 202. Security for Series 2011 New Term Bonds. The Series 2011 New Term Bonds are Bonds within the meaning of the Master Indenture and payable from and secured by the Trust Estate in accordance with the terms of the Master Indenture and this First Supplemental Indenture.

Section 203. Series 2011 New Term Bond Details.

1. Each Series 2011 New Term Bond shall be issued only as a fully registered Bond. Each Series 2011A1 Bond shall be substantially in the form of **Exhibit A** hereto, each Series 2011B1 Bond shall be substantially in the form of **Exhibit B** hereto, and each Series 2011C1 Bond shall be substantially in the form of **Exhibit C** hereto, in each case, with such changes therein, not inconsistent with this First Supplemental Indenture and the Order, as are approved by the Authorized Association Representative executing the Series 2011 New Term Bonds (whose manual or facsimile signature on such Bonds shall constitute conclusive evidence of his or her approval of any such changes appearing therein).

2. Details of the Series 2011A1 Bonds. The Series 2011A1 Bonds are designated Senior Bonds on parity in all respects with any Series 2011A Bonds that are Retained Bonds and the Series 2011A Serial Bonds, are dated April 1, 2011, shall be issued in denominations of \$1.00 in Maturity Value and integral multiples of \$1.00 in excess thereof, shall be numbered 2011A1-1 upwards and shall accrete in value from their dated date; provided that, any Series 2011A1 Bond issued upon transfer or exchange of another Series 2011A1 Bond, as provided in Article III of the Master Indenture, shall be dated as of the date of its authentication, but shall retain the same Accreted Value and Maturity Value as the Series 2011A1 Bond that was transferred or exchanged. The Series 2011A1 Bonds shall mature on the dates and in the Maturity Values, and shall be issued in the Original Principal Amounts with the approximate yields to Maturity (compounded annually), set forth below (it being understood that the approximate yields set forth are for illustration purposes only and that all amounts due on the Series 2011A1 Bonds are based on the terms of such Bonds and definitions of Original Principal Amount, Maturity Value and Accreted Value set forth in the Master Indenture as amended by this First Supplemental Indenture).

Maturity Date	Original Principal Amount	Maturity Value	Yield	CUSIP
January 1, 2032			6.50%	
January 1, 2042			7.00%	
July 22, 2051			7.50%	

3. Details of the Series 2011B1 Bonds. The Series 2011B1 Bonds are designated Senior Subordinate Bonds on parity in all respects with any Series 2011B Bonds that are Retained Bonds, are dated April 1, 2011, shall be issued in denominations of \$1.00 in Maturity Value and integral multiples of \$1.00 in excess thereof, shall be numbered 2011B1-1 upwards and shall accrete in value from their dated date; provided that, any Series 2011B1 Bond issued upon transfer or exchange of another Series 2011B1 Bond, as provided in Article III of the Master Indenture, shall be dated as of the date of its authentication, but shall retain the same Accreted Value and Maturity Value as the Series 2011B1 Bond that was transferred or exchanged. The Series 2011B1 Bonds shall mature on January 1 of the years and in the Maturity Values, and shall be issued in the Original Principal Amounts with the approximate yields to Maturity (compounded annually), set forth below (it being understood that the approximate yields set forth are for illustration purposes only and that all amounts due on the Series 2011B1 Bonds are based on the terms of such Bonds and definitions of Original Principal Amount, Maturity Value and Accreted Value set forth in the Master Indenture as amended by this First Supplemental Indenture).

Maturity Date	Original Principal Amount	Maturity Value	Yield	CUSIP
January 1, 2032			8.50%	
July 22, 2051			9.00%	

4. Details of the Series 2011C1 Bonds. The Series 2011C1 Bonds are designated Junior Subordinate Bonds on parity in all respects with any Series 2011C Bonds that are Retained Bonds, are dated April 1, 2011, shall be issued in denominations of \$1.00 in Maturity Value and integral multiples of \$1.00 in excess thereof, shall be numbered 2011C1-1 upwards and shall accrete in value from their dated date; provided that, any Series 2011C1 Bond issued upon transfer or exchange of another Series 2011C1 Bond, as provided in Article III of the Master Indenture, shall be dated as of the date of its authentication, but shall retain the same Accreted Value and Maturity Value as the Series 2011C1 Bond that was transferred or exchanged. The Series 2011C1 Bonds are issued in the Original Principal Amount of \$ _____ and shall mature on July 22, 2051 in the Maturity Value of \$ _____, at the approximate yields to Maturity (compounded annually) of 10% per annum (it being understood that such approximate yield is for illustration purposes only and that all amounts due on the Series 2011C1 Bonds are based on the terms of such Bonds and definitions of Original Principal Amount, Maturity Value and Accreted Value set forth in the Master Indenture as amended by this First Supplemental Indenture).

5. Nonpayment or Partial Payment of Sinking Fund Installments. In the event that any Sinking Fund Installment is not paid when due, such amount will continue to be payable and will accrete interest at the rate set forth in the Bond on which such sinking fund installment was not paid and will be added to the next installment owing in respect of such Bond in the appropriate table set forth in Section 302 hereof.

6. Presentation for Payment. The final principal and Redemption Price of the Series 2011 New Term Bonds shall be payable by the Paying Agent to or upon the order of the Owner thereof upon presentation and surrender of such Series 2011 New Term Bonds at the designated corporate trust office of the Paying Agent, provided, however, that so long as the Series 2011 New Term Bonds are registered with a Securities Depository, the Series 2011 New Term Bonds need to be presented for payment only upon final maturity or redemption in full of such Series 2011 New Term Bonds.

7. Redemption and Prepayment of Series 2011 New Term Bonds. The Series 2011 New Term Bonds are subject to redemption and prepayment, as provided in Article III hereof.

Section 204. Details of the Retained Bonds.

1. As a result of the issuance and delivery of the Series 2011 New Term Bonds, the Original Principal Amount and Annual Pro Rata Paydown Amounts of the Series 2011 Term Bonds will be updated to reflect that the Series 2011 New Term Bonds are no longer included therein. The updated amounts of the Series 2011 Term Bonds reflecting only the Retained Bonds are as follows:

2. Updated Details of the Series 2011A Bonds which are Retained Bonds. The Original Principal Amount of Series 2011A Bonds which are Retained Bonds remaining Outstanding after the exchange and the Annual Pro Rata Paydown Amounts relating thereto are set forth below.

Maturity Date	Original Principal Amount	Yield	CUSIP
January 1, 2032		6.50%	20786LDL2
January 1, 2042		7.00%	20786LDM0
July 22, 2051		7.50%	20786LDN8

Annual Pro Rata Paydown Amount Schedule Series 2011A Term Bonds 6.5% Term Series 2011A CUSIP 20786LDL2 Capital Appreciation Bonds Maturing 1/1/2032		Annual Pro Rata Paydown Amount Schedule Series 2011A Term Bonds 7.0% Term Series 2011A CUSIP 20786LDM0 Capital Appreciation Bonds Maturing 1/1/2042		Annual Pro Rata Paydown Amount Schedule Series 2011A Term Bonds 7.5% Term Series 2011A CUSIP 20786LDN8 Capital Appreciation Bonds Maturing 7/22/2051	
Payment Date	Annual Amount (Accreted Value)	Payment Date	Annual Amount (Accreted Value)	Payment Date	Annual Amount (Accreted Value)
1/1/2023		1/1/2033		1/1/2043	
1/1/2024		1/1/2034		1/1/2044	
1/1/2025		1/1/2035		1/1/2045	
1/1/2026		1/1/2036		1/1/2046	
1/1/2027		1/1/2037		1/1/2047	
1/1/2028		1/1/2038		1/1/2048	
1/1/2029		1/1/2039		1/1/2049	
1/1/2030		1/1/2040		1/1/2050	
1/1/2031		1/1/2041		1/1/2051	
1/1/2032		1/1/2042		7/22/2051	

3. Updated Details of the Series 2011B Bonds which are Retained Bonds. The Original Principal Amount of Series 2011B Bonds which are Retained Bonds remaining Outstanding after the exchange and the Annual Pro Rata Paydown Amounts relating thereto are set forth below.

Maturity Date	Original Principal Amount	Yield	CUSIP
January 1, 2032		8.50%	20786LDP3
July 22, 2051		9.00%	20786LDQ1

Annual Pro Rata Paydown Amount Schedule Series 2011B Term Bonds 8.5% Term Series 2011B; CUSIP# 20786LDP3 Capital Appreciation Bonds Maturing 1/1/2032				Annual Pro Rata Paydown Amount Schedule Series 2011B Term Bonds 9.0% Term Series 2011B; CUSIP #20786LDQ1 Capital Appreciation Bonds Maturing 7/22/2051			
Payment Date	Annual Amount (Accreted Value)	Payment Date	Annual Amount (Accreted Value)	Payment Date	Annual Amount (Accreted Value)	Payment Date	Annual Amount (Accreted Value)
1/1/2013		1/1/2023		1/1/2033		1/1/2043	
1/1/2014		1/1/2024		1/1/2034		1/1/2044	
1/1/2015		1/1/2025		1/1/2035		1/1/2045	
1/1/2016		1/1/2026		1/1/2036		1/1/2046	
1/1/2017		1/1/2027		1/1/2037		1/1/2047	
1/1/2018		1/1/2028		1/1/2038		1/1/2048	
1/1/2019		1/1/2029		1/1/2039		1/1/2049	
1/1/2020		1/1/2030		1/1/2040		1/1/2050	
1/1/2021		1/1/2031		1/1/2041		1/1/2051	
1/1/2022		1/1/2032		1/1/2042		7/22/2051	

4. Updated Details of the Series 2011C Bonds which are Retained Bonds. The Original Principal Amount of Series 2011C Bonds which are Retained Bonds remaining Outstanding after the exchange and the Annual Pro Rata Paydown Amounts relating thereto are set forth below.

<u>Prepayment Date:</u>	<u>Percentage of Accreted Value as of Preceding or Coinciding Accretion Date</u>
Before April 1, 2026	Not Callable
On or after April 1, 2026 and on or before March 31, 2027	105%
On or after April 1, 2027 and on or before March 31, 2028	104%
On or after April 1, 2028 and on or before March 31, 2029	103%
On or after April 1, 2029 and on or before March 31, 2030	102%
On or after April 1, 2030 and on or before March 31, 2031	101%
On or after April 1, 2031 and thereafter	100%

B. Optional Redemption of the Series 2011 New Term Bonds. The Series 2011 New Term Bonds shall be subject to redemption at the option of the Association, in whole or in part, at any time on or after April 1, 2026 at the Redemption Prices (equal to the sum of (x) the percentage of Accreted Value of the Series 2011 New Term Bonds to be redeemed as of the Accretion Date immediately preceding or coinciding with the Redemption Date determined in accordance with the schedule set forth below, plus, if applicable, (y) an amount equal to the increase in the Accreted Value of the Series 2011 New Term Bonds to be redeemed from the Accretion Date immediately preceding the Redemption Date through the Redemption Date). All payments to the Owners of the Series 2011 New Term Bonds so redeemed shall be made by lot.

<u>Redemption Date:</u>	<u>Percentage of Accreted Value as of Preceding or Coinciding Accretion Date</u>
Before April 1, 2026	Not Callable
On or after April 1, 2026 and on or before March 31, 2027	105%
On or after April 1, 2027 and on or before March 31, 2028	104%
On or after April 1, 2028 and on or before March 31, 2029	103%
On or after April 1, 2029 and on or before March 31, 2030	102%
On or after April 1, 2030 and on or before March 31, 2031	101%
On or after April 1, 2031 and thereafter	100%

C. Partial Prepayment or Redemption. To the extent that the Association elects to prepay or redeem less than all of the Outstanding Series 2011 Bonds, the amount of Series 2011 Bonds so prepaid or redeemed will be selected from the Retained Bonds and the Series 2011 New Term Bonds within any maturity ratably based upon the relative Accreted Values of such

maturity Outstanding as of the prepayment and redemption date. (For example, if the Association elects to apply \$600,000 to redeem or prepay Senior Bonds maturing January 1, 2042 and, as of the prepayment and redemption date, the Accreted Value of the Outstanding Series 2011A Bonds that are Retained Bonds maturing on January 1, 2042 is \$1,000,000 and the Accreted Value of the Outstanding Series 2011A1 Bonds on January 1, 2042 is \$2,000,000, then \$200,000 of such amount will be used to prepay the Outstanding Series 2011A Bonds that are Retained Bonds and \$400,000 will be used to redeem the Outstanding Series 2011A1 Bonds.)

Section 302. Mandatory Sinking Fund Redemption of Series 2011 New Term Bonds. The Series 2011 New Term Bonds are subject to mandatory redemption, at a Redemption Price equal to the Accreted Value as of the Redemption Date of the Series 2011 New Term Bonds to be redeemed, pursuant to Sinking Fund Installments on January 1 in each of the years and Accreted Values set forth in the table below, and on their final maturity dates, except that the Sinking Fund Installments of Series 2011 New Term Bonds may be reduced as provided in Section 303 of this First Supplemental Indenture:

1. The Series 2011A1 Bonds:

6.50% Series 2011A1 Term Bonds Maturing Jan. 1, 2032		7.00% Series 2011A1 Term Bonds Maturing Jan. 1, 2042		7.50% Series 2011A1 Term Bonds Maturing July 22, 2051	
Payment Date (January 1)	Redemption Amt (Accreted Value)	Payment Date (January 1)	Redemption Amt (Accreted Value)	Payment Date (January 1)	Redemption Amt (Accreted Value)
2023		2033		2043	
2024		2034		2044	
2025		2035		2045	
2026		2036		2046	
2027		2037		2047	
2028		2038		2048	
2029		2039		2049	
2030		2040		2050	
2031		2041		2051*	
2032*		2042*			

*Maturity dates.

2. The Series 2011B1 Bonds:

8.50% Series 2011B1 Term Bonds Maturing Jan. 1, 2032				9.00% Series 2011B1 Term Bonds Maturing July 22, 2051			
Payment Date (January 1)	Redemption Amt (Accr. Value)	Payment Date (January 1)	Redemption Amt (Accr. Value)	Payment Date (January 1)	Redemption Amt (Accr. Value)	Payment Date (January 1)	Redemption Amt (Accr. Value)
2013		2023		2033		2043	
2014		2024		2034		2044	
2015		2025		2035		2045	
2016		2026		2036		2046	
2017		2027		2037		2047	
2018		2028		2038		2048	
2019		2029		2039		2049	
2020		2030		2040		2050	
2021		2031		2041		2051	
2022		2032*		2042		7/22/2051*	

*Maturity dates.

3. The Series 2011C1 Bonds:

10.00% Series 2011C1 Term Bonds
 Maturing July 22, 2051

Payment Date (January 1)	Redemption Amt (Accr. Value)	Payment Date (January 1)	Redemption Amt (Accr. Value)	Payment Date (January 1)	Redemption Amt (Accr. Value)	Payment Date (January 1)	Redemption Amt (Accr. Value)
2013		2023		2033		2043	
2014		2024		2034		2044	
2015		2025		2035		2045	
2016		2026		2036		2046	
2017		2027		2037		2047	
2018		2028		2038		2048	
2019		2029		2039		2049	
2020		2030		2040		2050	
2021		2031		2041		2051	
2022		2032		2042		7/22/2051*	

*Maturity date.

4. Redemption Mechanics. The Trustee shall timely send notices of redemption of the Series 2011 New Term Bonds at the times and in the Sinking Fund Installments set forth in subsections (1), (2) and (3) of this Section 302 as provided in Section 305 hereof, as such Sinking Fund Installments may be adjusted in accordance with the Master Indenture. At the time such notices of redemption are delivered, there will not be funds in the debt service accounts for the various Tiers of the Series 2011 New Term Bonds so such notices of redemption will be conditioned on the deposit of funds into such debt service accounts sufficient to pay the Redemption Price of the Sinking Fund Installments to be redeemed. In the event that any mandatory sinking fund redemption of any Series 2011 New Term Bonds on any January 1 is cancelled due to insufficient funds available in the applicable debt service accounts to pay any Sinking Fund Installment in full, the Trustee will timely deliver notice of the redemption on the following February 15 of such Series 2011 New Term Bonds as provided in Section 305 hereof in the aggregate Redemption Price not greater than the available balance in the applicable debt service accounts without further accretion. The Redemption Price of Series 2011 New Term Bonds called for redemption on such February 15 will be equal to the Accreted Value of such Bonds as of such preceding January 1 of such year, not the Accreted Value of such Bonds as of the February 15 Redemption Date.

Section 303. Extraordinary Mandatory Prepayment and Redemption. If there is in excess of \$50,000 in the Extraordinary Prepayment Fund, as of January 1 in any year, including as a result of the transfer of funds into the Extraordinary Prepayment Fund pursuant to Section 508 or 717 of the Master Indenture, then the Trustee shall apply any amounts on deposit in the Extraordinary Prepayment Fund to the mandatory prepayment or redemption, in Authorized Denominations, of the Outstanding Series 2011 Bonds on the immediately following February 15. Bonds which have been defeased as provided in Article VIII of the Master Indenture are not subject to Extraordinary Mandatory Prepayment or Redemption hereunder. The Prepayment Price shall be 105% of the Accreted Value as of the Prepayment Date of the Series 2011A Serial Bonds or the Retained Bonds to be prepaid. The Redemption Price shall be 105% of the Accreted Value as of the Redemption Date of the Series 2011 New Term Bonds to be redeemed. The Prepayment Price of any Series 2011A Serial Bonds or the Retained Bonds or portions thereof shall be distributed to the beneficial owners of such Bonds by a Pro Rata Paydown. The Redemption Price of any Series 2011 New Term Bonds or portions thereof shall be distributed to the beneficial owners of such Bonds by lot. The Trustee shall apply such amounts in the Extraordinary Prepayment Fund to the prepayment of the Retained Bonds and to the redemption of the Series 2011 New Term Bonds ratably in the manner described in Section 301(2)(C) hereof.

Section 304. Selection of Bonds to be Prepaid or Redeemed.

1. If any Series 2011 Bonds are to be prepaid or redeemed pursuant to Section 303 of this First Supplemental Indenture, the Senior Bonds shall be prepaid and redeemed first, and if there are no Senior Bonds then outstanding, then the Senior Subordinate Bonds shall be next prepaid and redeemed, and if there are no other Series 2011 Bonds Outstanding, then the Junior Subordinate Bonds shall be prepaid and redeemed. If less than all of the Series 2011 Bonds of a Tier are prepaid or redeemed, then the prepayment or redemption shall be in inverse order of maturity (which for this purpose shall include a Sinking Fund Installment and an Annual Pro-Rata Paydown Payment as a maturity) within that Tier. If less than all of the Outstanding amount of any Series 2011 Bonds are to be prepaid or redeemed, the Association shall deliver to the Trustee not later than 90 days after any such partial prepayment or redemption a revised schedule of Annual Pro Rata Paydown Payments for the Retained Bonds and a revised schedule of Sinking Fund Installments for the Series 2011 New Term Bonds which will reduce the latest remaining installments of Annual Pro Rata Paydown Amounts and Sinking Fund Installments (as the case may be) by an amount equal to the future value of (i) the Accreted Value of the Series 2011 Bonds so prepaid or redeemed (excluding any prepayment or redemption premium paid in respect thereof) (ii) to the date of the latest remaining Sinking Fund Installments and Annual Pro-Rata Paydown Payment (as the case may be) for such Series 2011 Bonds, (iii) at the yield on the Series 2011 Bonds so prepaid or redeemed. Any such schedule delivered to the Trustee by the Association in good faith shall be binding upon the Trustee, DTC and the Owners of the Series 2011 Bonds and absent manifest error shall be conclusive as to the revised Annual Pro Rata Paydown Amounts and Sinking Fund Installments (as the case may be).

2. If less than all of the Series 2011A Serial Bonds or the Retained Bonds of a single maturity within the same Series are to be prepaid for any reason under the Master Indenture or this First Supplemental Indenture, the Bonds of such maturity to be prepaid will be selected pro-rata among all of the Owners of such maturity, such that the amounts which remain Outstanding after such prepayment are in Authorized Denominations; provided that the portion of any Bond to be prepaid shall be in an Authorized Denomination and, in selecting such Bonds for prepayment, each such Bond shall be treated as representing the number of Bonds as is obtained by dividing the Original Principal Amount or Accreted Value of such Bonds as of such date by the Original Principal Amount or the Accreted Value of the minimum Authorized Denomination for such Series of Bonds.

3. If less than all of the Series 2011 New Term Bonds of a single maturity within the same Series are to be redeemed for any reason under the Master Indenture or this First Supplemental Indenture, the Series 2011 New Term Bonds of such maturity to be redeemed will be selected by lot among all of the Owners of such maturity, such that the amounts which remain Outstanding after such redemption are in Authorized Denominations; provided that the portion of any Series 2011 New Term Bond to be redeemed shall be in an Authorized Denomination and, in selecting Series 2011 New Term Bonds for redemption, each Series 2011 New Term Bond shall be treated as representing the number of Series 2011 New Term Bonds as is obtained by dividing the Maturity Value of such Series 2011 New Term Bonds by the minimum Authorized Denomination for the Series 2011 New Term Bonds.

Section 305. Notice of Prepayment or Redemption. Notice of prepayment or redemption of Series 2011 Bonds shall be given in accordance with this Section. When the Trustee shall receive notice from the Association of its election or direction to prepay or redeem Series 2011 Bonds pursuant to Section 301 hereof, and when prepayment or redemption of Bonds is required pursuant to Sections 302 and 303 hereof or 508(1) of the Master Indenture, the Trustee shall give notice, in the name of the Association, of the prepayment or redemption of such Series 2011 Bonds, which notice shall specify the Tier, Series and maturities of the Bonds to be prepaid or redeemed, the Prepayment Date or Redemption Date and the place or places where amounts due upon such Prepayment Date or Redemption Date will be

payable and, if less than all of the Bonds of any like Series and maturity are to be prepaid or redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be prepaid or redeemed, and, in the case of Bonds to be prepaid or redeemed in part only, such notices shall also specify the respective portions thereof to be prepaid or redeemed. Such notice shall further state that on such Prepayment Date or Redemption Date there shall become due and payable upon each Bond to be prepaid or redeemed the Prepayment Price or Redemption Price thereof, or the Prepayment Price or Redemption Price of the specified portions thereof, in the case of Bonds to be prepaid or redeemed in part only, and that from and after such date the Accreted Value shall cease to accrete. The Trustee shall mail a copy of such notice, first class mail postage prepaid, not less than 30 days nor more than 60 days before the Prepayment Date or Redemption Date, to the Owners of any Bonds, or portions of Bonds which are to be prepaid or redeemed, at their last addresses, if any, appearing upon the Register. The Trustee's obligation to give notice required by this Section shall not be conditioned upon the prior payment to the Trustee of funds sufficient to pay the Prepayment Price or Redemption Price of the Bonds to which such notice relates and may be given in conditional form, specifying that the prepayment or redemption is subject to receipt by the Trustee of moneys sufficient to pay the Prepayment Price or Redemption Price of the Bonds to be prepaid or redeemed or to other conditions. The failure to give notice required by this Section to any Owner of any Bond or portion thereof to be prepaid or redeemed shall not affect the validity of any proceedings for the prepayment or redemption of any other Bond for which such notice has been duly given.

Section 306. Payment of Prepaid or Redeemed Bonds. Notice having been given in the manner provided in Section 305 hereof, the Series 2011 Bonds or portions thereof so called for prepayment or redemption shall, provided that any conditions specified in such notice are satisfied, become due and payable on the Prepayment Date or Redemption Date so designated at the Prepayment Price or Redemption Price upon presentation and surrender thereof at the office specified in such notice. If there shall be called for prepayment or redemption less than all of the principal of any Series 2011 Bond, the Association shall, if the Series 2011 Bonds are not then registered with a Securities Depository, execute and the Trustee or the Authenticating Agent shall authenticate and deliver, upon the surrender of such Series 2011 Bond, without charge to the Owner thereof, for the unpaid balance of the principal amount of the Series 2011 Bond so surrendered, Bonds of like Series and maturity in any Authorized Denomination. All partial prepayments of Series 2011A Serial Bonds and Retained Bonds shall be distributed to the beneficial owners of such Bonds by the Securities Depository pursuant to a Pro Rata Paydown. All partial prepayments or redemptions of Series 2011 New Term Bonds shall be distributed to the beneficial owners of such Bonds by the Securities Depository by lot. If, on the Prepayment Date or Redemption Date, moneys equal to the Prepayment Price or Redemption Price of all the Series 2011 Bonds or portions thereof to be prepaid or redeemed shall be held by the Trustee or Paying Agent so as to be available therefor on said date and if notice of prepayment or redemption shall have been given as aforesaid, then, from and after the Prepayment Date or Redemption Date the Accreted Value of such Series 2011 Bonds or portions thereof so called for prepayment or redemption shall cease to accrete. If said moneys shall not be so available on the Prepayment Date or Redemption Date, such Series 2011 Bonds or portions thereof shall continue to accrete in value until paid at the same rate as if they had not been called for prepayment or redemption.

ARTICLE IV

COMPLIANCE WITH AND AMENDMENTS TO THE MASTER INDENTURE

Section 401. Provisions for Delivery of the Bonds.

The Series 2011 New Term Bonds shall be executed and authenticated as provided in Section 307 of the Master Indenture, subject to the following. Prior to the authentication and delivery of the Series 2011 New Term Bonds, the Trustee shall receive:

1. one executed counterpart of this First Supplemental Indenture and the Series 2011 New Term Bonds for each maturity thereof, together with a letter, signed by an Authorized Association Representative, instructing the Trustee as to the delivery of such Bonds; and
2. one copy of the executed Order duly entered by the Court; and
3. an opinion of Bond Counsel to the effect that, as of its date (i) the Master Indenture and this First Supplemental Indenture have been duly authorized, executed and delivered by the Association and each constitutes the legal, valid and binding special, limited obligation of the Association; provided, however, that such opinion may include exceptions for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws affecting creditors' rights generally, matters relating to equitable principles and other customary exceptions or qualifications appropriate in the circumstances; (ii) the Master Indenture and this First Supplemental Indenture create the valid pledge of and lien on the Trust Estate which it purports to create, subject only to the provisions hereof and of the Master Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein and in the Master Indenture; (iii) the Series 2011 New Term Bonds are valid and binding special, limited obligations of the Association, payable solely from the sources provided therefor herein and in the Master Indenture; provided, however, that such opinion may include exceptions for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws affecting creditors' rights generally, matters relating to equitable principles and other customary exceptions or qualifications appropriate in the circumstances; (iv) the Order has been duly entered and is final and unappealable; (v) all conditions precedent in the Order to the delivery of the Series 2011 New Term Bonds, if any, have been accomplished or waived; (vi) interest on the Series 2011 New Term Bonds will not be included in gross income of the Bondowners for federal income tax purposes; and (vii) the delivery of the Series 2011 New Term Bonds will not adversely affect the exclusion from gross income of the Owners of any prior Tax-Exempt Bonds then Outstanding for federal tax purposes; and
4. evidence of filed UCC-1 financing statements relating to the pledge of the Trust Estate and covering the Series 2011 New Term Bonds and the Master Indenture as amended from time to time, including by this First Supplemental Indenture.

Section 402. Amendments. In addition to the other amendments and supplements to the Master Indenture made hereunder, the Master Indenture is hereby supplemented, amended and modified as follows:

1. Costs of Issuance Fund; Debt Service Reserve Fund. The term "Costs of Issuance" will be deemed to include the fees and costs incurred by the Association and the Trustee (including for their professionals and other Consultants) in connection with their efforts to resolve the DTC issues and implement the exchange, including the negotiation, preparation and approval of this First Supplemental Indenture, the Motion, the Order, the exchange documents, and any other related documents or actions for implementation of the foregoing and the Plan, including DTC's approval for registration of the Series

2011 New Term Bonds at their Maturity Value. The term “August 22, 2011” in Sections 503 and 508 (2) of the Master Indenture is hereby changed to “[_____, 2012][insert date that is six months after date of entry of the Order on the Motion]”.

2. Series 2011 Bonds Debt Service Reserve Account. The Series 2011 New Term Bonds will be payable and secured on parity with the Series 2011A Serial Bonds and the Retained Bonds and shall be of the same Tier as the Bonds for which they were exchanged. Section 508(3) of the Master Indenture is hereby amended to provide that each Series of the Series 2011 New Term Bonds shall be secured on parity with the corresponding Series of Retained Bonds by the Series 2011 Bonds Debt Service Reserve Account.

3. Defaults. Section 902 (1) of the Master Indenture is hereby amended by deleting such subsection and substituting in lieu thereof the following: “Failure to make due and punctual payment of the principal, interest, Annual Pro Rata Paydown Amounts or any Sinking Fund Installment when and as such principal, interest, Annual Pro Rata Paydown Amounts or Sinking Fund Installment shall become due and payable, whether at maturity or by mandatory prepayment or mandatory redemption, or otherwise, of any (i) Senior Bonds; or (ii) if no Senior Bonds are then Outstanding hereunder, any Senior Subordinate Bonds, or (iii) if no Senior Bonds or Senior Subordinate Bonds are then Outstanding hereunder, any Junior Subordinate Bonds;”

4. Supplemental Indentures. Section 1101 of the Master Indenture is hereby amended by adding to the end of such Section the following new subsections (21) and (22): “(21) To modify, amend or supplement this Master Indenture or any Supplemental Indenture as may be necessary to cause the Series 2011 New Term Bonds to be on parity with the Series 2011 Bonds that are Retained Bonds of the same Tier; and (22) to modify, amend or supplement this Master Indenture or any Supplemental Indenture as may be necessary or desirable to fully carry out the terms of the Order.”

5. Defined Terms. The following defined terms in the Master Indenture are hereby amended. “Prepayment” as it appears in the Master Indenture shall be deemed to include redemption of the Series 2011 New Term Bonds. “*Prepayment Price*” shall include the Redemption Price of any Series 2011 New Term Bonds. “*Prepayment Date*” shall include the Redemption Date of any Series 2011 New Term Bonds.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 501. *Parties Interested Herein.* Except as otherwise expressly provided herein or by Supplemental Indenture, all the covenants, stipulations, promises and agreements herein contained by and on behalf of the Association shall be for the sole and exclusive benefit of the Association, the Trustee, other Fiduciaries and agents of the Association and the Owners of the Bonds, and nothing in this First Supplemental Indenture is intended nor shall it be construed to confer upon or to give to any person, other than the Association, the Trustee, any other Fiduciary or agent of the Association and the Owners of the Bonds, any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof.

Section 502. *Limitation of Liability of Directors, etc. of Association.* No covenant or agreement contained herein or in the Bonds shall be deemed to be the covenant or agreement of any member of the Board or any officer, director, agent, employee or representative of the Association, and neither the officers, directors, agents, employees or representatives of the Association nor any person executing the Bonds shall be personally liable thereon or be subject

to any personal liability or accountability by reason of the issuance thereof, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of this First Supplemental Indenture and the issuance of the Bonds.

Section 503. Incorporation by Reference of Article XIII of Master Indenture. For the avoidance of doubt, all provisions of Article XIII of the Master Indenture (Miscellaneous) shall be deemed incorporated by reference in this First Supplemental Indenture as if set forth fully herein.

Section 504. Execution in Several Counterparts. This First Supplemental Indenture may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

IN WITNESS WHEREOF, the Association has caused this First Supplemental Indenture to be executed by its Chairman, and the Trustee has caused this First Supplemental Indenture to be executed on its behalf by one of its duly authorized officers all as of the day and year first written above.

CONNECTOR 2000 ASSOCIATION, INC.

By: _____
Its: Chairman

(SEAL)

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Its: _____

REGISTERED

MATURITY VALUE

2011A1 - 1

\$ _____

**CONNECTOR 2000 ASSOCIATION, INC.
 SENIOR CAPITAL APPRECIATION TOLL ROAD REVENUE BONDS
 (SOUTHERN CONNECTOR PROJECT, GREENVILLE, SOUTH CAROLINA)
 SERIES 2011A1**

MATURITY DATE	DATED DATE	YIELD	CUSIP
January 1, 2032	April 1, 2011	6.50%	20786L-__

REGISTERED OWNER: CEDE & CO.
 Tax Identification Number 13-2555119

MATURITY VALUE: _____ Million _____ Hundred _____ Thousand _____ Hundred
 _____ Dollars (\$ _____).

MANDATORY SINKING FUND REDEMPTION SCHEDULE:

Redemption Date	Redemption Amount (Accreted Value)
1/1/2023	
1/1/2024	
1/1/2025	
1/1/2026	
1/1/2027	
1/1/2028	
1/1/2029	
1/1/2030	
1/1/2031	
1/1/2032	
(Maturity)	

CONNECTOR 2000 ASSOCIATION, INC. (the “*Association*”), for value received, hereby promises to pay to the order of the registered owner (the “*Owner*”) named above, or registered assigns, solely from the sources and as herein provided, the Maturity Value stated above on the Maturity Date stated above, together with accreted interest thereon at the yield stated above, payable on the Maturity Date stated above, subject to prior redemption as herein provided. The Maturity Value, Accreted Value and Redemption Price of this Series 2011A1 Bond is payable to the Owner hereof upon presentation and surrender of this Series 2011A1 Bond at the corporate trust office of U.S. Bank National Association (the “*Trustee*” or “*Paying Agent*”) in St. Paul, Minnesota or such other office designated by the Trustee. Notwithstanding the foregoing, so long as Cede & Co. is the Owner of this Series 2011A1 Bond, the Debt Service on this Series 2011A1 Bond shall be paid by wire transfer to Cede & Co. Any payment of Debt Service on this Series 2011A1 Bond that is due on a day which is not a Business Day shall be made on the next succeeding Business Day with the same effect as if made on the day on which it was originally scheduled. All payments of Debt Service on this Series 2011A1 Bond shall be made in lawful money of the United States of America.

REGISTERED

MATURITY VALUE

2011A1 - 2

\$ _____

**CONNECTOR 2000 ASSOCIATION, INC.
 SENIOR CAPITAL APPRECIATION TOLL ROAD REVENUE BONDS
 (SOUTHERN CONNECTOR PROJECT, GREENVILLE, SOUTH CAROLINA)
 SERIES 2011A1**

MATURITY DATE	DATED DATE	YIELD	CUSIP
January 1, 2042	April 1, 2011	7.00%	20786L-__

REGISTERED OWNER: CEDE & CO.
 Tax Identification Number 13-2555119

MATURITY VALUE: _____ Million _____ Hundred _____ Thousand _____ Hundred
 _____ Dollars (\$ _____).

MANDATORY SINKING FUND REDEMPTION SCHEDULE:

Redemption Date	Redemption Amount (Accreted Value)
1/1/2033	
1/1/2034	
1/1/2035	
1/1/2036	
1/1/2037	
1/1/2038	
1/1/2039	
1/1/2040	
1/1/2041	
1/1/2042	
(Maturity)	

CONNECTOR 2000 ASSOCIATION, INC. (the “*Association*”), for value received, hereby promises to pay to the order of the registered owner (the “*Owner*”) named above, or registered assigns, solely from the sources and as herein provided, the Maturity Value stated above on the Maturity Date stated above, together with accreted interest thereon at the yield stated above, payable on the Maturity Date stated above, subject to prior redemption as herein provided. The Maturity Value, Accreted Value and Redemption Price of this Series 2011A1 Bond is payable to the Owner hereof upon presentation and surrender of this Series 2011A1 Bond at the corporate trust office of U.S. Bank National Association (the “*Trustee*” or “*Paying Agent*”) in St. Paul, Minnesota or such other office designated by the Trustee. Notwithstanding the foregoing, so long as Cede & Co. is the Owner of this Series 2011A1 Bond, the Debt Service on this Series 2011A1 Bond shall be paid by wire transfer to Cede & Co. Any payment of Debt Service on this Series 2011A1 Bond that is due on a day which is not a Business Day shall be made on the next succeeding Business Day with the same effect as if made on the day on which it was originally scheduled. All payments of Debt Service on this Series 2011A1 Bond shall be made in lawful money of the United States of America.

REGISTERED

MATURITY VALUE

2011A - 3

\$ _____

**CONNECTOR 2000 ASSOCIATION, INC.
 SENIOR CAPITAL APPRECIATION TOLL ROAD REVENUE BONDS
 (SOUTHERN CONNECTOR PROJECT, GREENVILLE, SOUTH CAROLINA)
 SERIES 2011A1**

MATURITY DATE	DATED DATE	YIELD	CUSIP
July 22, 2051	April 1, 2011	7.50%	20786L-__

REGISTERED OWNER: CEDE & CO.
 Tax Identification Number 13-2555119

MATURITY VALUE: _____ Million _____ Hundred _____ Thousand _____ Hundred
 _____ Dollars (\$ _____).

MANDATORY SINKING FUND REDEMPTION SCHEDULE:

Redemption Date	Redemption Amount (Accreted Value)
1/1/2043	
1/1/2044	
1/1/2045	
1/1/2046	
1/1/2047	
1/1/2048	
1/1/2049	
1/1/2050	
1/1/2051	
7/22/2051 (Maturity)	

CONNECTOR 2000 ASSOCIATION, INC. (the “*Association*”), for value received, hereby promises to pay to the order of the registered owner (the “*Owner*”) named above, or registered assigns, solely from the sources and as herein provided, the Maturity Value stated above on the Maturity Date stated above, together with accreted interest thereon at the yield stated above, payable on the Maturity Date stated above, subject to prior redemption as herein provided. The Maturity Value, Accreted Value and Redemption Price of this Series 2011A1 Bond is payable to the Owner hereof upon presentation and surrender of this Series 2011A1 Bond at the corporate trust office of U.S. Bank National Association (the “*Trustee*” or “*Paying Agent*”) in St. Paul, Minnesota or such other office designated by the Trustee. Notwithstanding the foregoing, so long as Cede & Co. is the Owner of this Series 2011A1 Bond, the Debt Service on this Series 2011A1 Bond shall be paid by wire transfer to Cede & Co. Any payment of Debt Service on this Series 2011A1 Bond that is due on a day which is not a Business Day shall be made on the next succeeding Business Day with the same effect as if made on the day on which it was originally scheduled. All payments of Debt Service on this Series 2011A1 Bond shall be made in lawful money of the United States of America.

Notwithstanding any other provision hereof, this Series 2011A1 Bond is issued in book-entry form maintained by DTC, and the payment of principal, premium, if any, and interest, the providing of notices and other matters shall be made as described in the Association's Letter of Representations to DTC.

This Series 2011A1 Bond is one of an issue of Connector 2000 Association, Inc. Senior Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011A1 (the "*Series 2011A1 Bonds*"), having an aggregate Maturity Value of \$_____, being issued concurrently with the Association's (i) Connector 2000 Association, Inc. Senior Subordinate Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011B1 (the "*Series 2011B1 Bonds*"), issued in the aggregate Maturity Value of \$_____, and (ii) Connector 2000 Association, Inc. Junior Subordinate Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011C1 issued in the aggregate Maturity Value of \$_____ (the "*Series 2011C1 Bonds*" and, together with the Series 2011A1 Bonds and the Series 2011B1 Bonds, the "*Series 2011 New Term Bonds*"), issued under that certain First Amended and Restated Master Indenture of Trust dated as of April 1, 2011 as supplemented and amended by that certain First Supplemental Indenture of Trust dated as of _____, 2012 effective as of April 21, 2011 (together, the "*Indenture*") between the Association and the Trustee and that certain Order (I) Authorizing A Supplement To The Indenture In Aid Of Implementation Of The Plan: and (II) Approving Bond Exchange Materials And Procedures For Term Bonds of the United States Bankruptcy Court for the District of South Carolina entered on _____ 2012 (the "*Order*"). The Series 2011 New Term Bonds are issued in exchange for certain Series 2011 Bonds as provided in the Indenture and the Order. The Series 2011 New Term Bonds continue to evidence debt of the Association incurred for the construction and financing of the Southern Connector Project, as defined in the Indenture. Capitalized terms not otherwise defined herein are intended to have the meanings assigned thereto in the Indenture or the Order, if defined therein.

This Series 2011A1 Bond and the premium, if any, and the interest hereon are special, limited, non-recourse obligations of the Association payable solely from the Trust Estate, as defined in the Indenture, including the Revenues, as defined in the Indenture, in accordance with the Indenture. Such Revenues are pledged to the payment of the Bonds to the extent and as provided in the Indenture. Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Association, the rights of the Owners, as defined in the Indenture, of the Series 2011A1 Bonds and the terms upon which the Series 2011A1 Bonds are issued and secured. Additional Bonds ranking on parity with or subordinate to the Series 2011A1 Bonds may be issued on the terms provided in the Indenture. The Indenture constitutes a contract between the Owner of this Series 2011A1 Bond and the Association. This Series 2011A1 Bond certificate is only the evidence of such contract and, as such, is subject in all respects to the terms of the Indenture, which supersedes any inconsistent statement herein.

THE SERIES 2011A1 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE STATE OF SOUTH CAROLINA (THE "*STATE*") OR THE SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION ("*SCDOT*") WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OR AN OBLIGATION (LEGAL, MORAL OR OTHERWISE) OF THE STATE, SCDOT OR ANY AGENCY, DEPARTMENT OR POLITICAL SUBDIVISION OF THE STATE (INCLUDING, WITHOUT LIMITATION, THE COUNTY OF GREENVILLE, SOUTH CAROLINA OR THE CITY OF GREENVILLE, SOUTH CAROLINA) OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE STATE, SCDOT OR ANY AGENCY, DEPARTMENT OR POLITICAL SUBDIVISION OF THE

STATE (INCLUDING, WITHOUT LIMITATION, THE COUNTY OF GREENVILLE, SOUTH CAROLINA OR THE CITY OF GREENVILLE, SOUTH CAROLINA).

The Series 2011A1 Bonds may be called for optional, extraordinary and mandatory redemption by the Association as provided in the Indenture. The Trustee shall timely send notices of redemption of this Series 2011A1 Bond at the times and in the amounts provided in the Indenture. In the case of Mandatory Sinking Fund Redemption at the time such notices of redemption are delivered, there will not be funds in the Senior Bonds Debt Service Account so such notices of redemption will be conditioned on the deposit of funds into such Senior Bonds Debt Service Account sufficient to pay the Redemption Price of the Sinking Fund Installments of the Series 2011A1 Bonds to be redeemed. In the event that any Mandatory Sinking Fund Redemption of any part of this Series 2011A1 Bond on any January 1 is cancelled due to insufficient funds available in the Senior Bonds Debt Service Account to pay any Sinking Fund Installment in full, the Trustee will timely deliver notice of the redemption for February 15 of that same calendar year as provided in Section 305 of the Indenture in the aggregate Redemption Price not greater than the available balance in the Senior Bonds Debt Service Account without further accretion. The Redemption Price of this Series 2011A1 Bond called for redemption on such February 15 will be equal to its Accreted Value as of such January 1 (of the same calendar year), not its Accreted Value as of the February 15 Redemption Date.

No Owner of any Series 2011A1 Bond shall have any right to institute any suit, action or proceedings at law or in equity for the appointment of a receiver or for any other remedy under the Indenture or by reason thereof, except to the extent and in the circumstances permitted by the Indenture.

The Series 2011A1 Bonds are issued in fully registered form in denominations of \$1.00 in Maturity Value and integral multiples thereof (the “*Authorized Denominations*”). Upon surrender for transfer or exchange of this Series 2011A1 Bond at the designated office of the Registrar, together with a written instrument of transfer or written request for exchange, as the case may be, satisfactory to the Registrar duly executed by the Owner or the Owner’s duly authorized attorney, the Association shall execute and the Trustee or the duly authorized Authenticating Agent, as defined in the Indenture, shall authenticate and deliver Series 2011A1 Bonds in accordance with the provisions of, and subject to the limitations and conditions contained in, the Indenture, a new Series 2011A1 Bond or Series 2011A1 Bonds of the same aggregate Maturity Value, Accreted Value and maturity as the surrendered Series 2011A1 Bond. For every such transfer of Series 2011A1 Bonds pursuant to the Indenture, whether temporary or definitive, the Association, the Trustee, the Registrar, and any Authenticating Agent may make a charge sufficient to reimburse it or them for any expense, tax, fee or other governmental charge required to be paid with respect to such transfer. In addition, for every exchange of Series 2011A1 Bonds (other than the exchange of temporary Series 2011A1 Bonds for definitive Series 2011A1 Bonds), the Association, the Trustee, the Registrar, and any Authenticating Agent may make reasonable charges to cover the costs of printing Series 2011A1 Bonds including any Trustee’s, Registrar’s, or Authenticating Agent’s charges in connection therewith. The payment of such sum or sums shall be made by the Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Registrar shall not be required to transfer or exchange Series 2011A1 Bonds for a period of 15 days next preceding the selection of Series 2011A1 Bonds for redemption or to transfer or exchange any Series 2011A1 Bonds called for redemption.

The Association, the Trustee, and any other Fiduciary, as defined in the Indenture, may deem and treat the person in whose name this Series 2011A1 Bond shall be registered in the Register as the absolute Owner of this Series 2011A1 Bond, whether this Series 2011A1 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the Debt Service and Redemption Price of this Series 2011A1 Bond and for all other purposes, and all such payments so made to any such Owner or upon the Owner’s order shall be valid and effectual to satisfy and discharge the liability upon this Series 2011A1

Bond to the extent of the sum or sums so paid, and the Association, the Trustee, and any other Fiduciary shall not be affected by any notice to the contrary.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Series 2011A1 Bond have happened, exist and have been performed.

This Series 2011A1 Bond shall not be valid or entitled to any security or benefit under the Indenture until the Trustee shall have executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

IN WITNESS WHEREOF, the Connector 2000 Association, Inc. has caused this Series 2011A1 Bond to be signed by its Chairman by his manual signature and its corporate seal to be impressed thereon and attested to by the manual signature of its Secretary, and this Series 2011A1 Bond to be dated the Dated Date set forth above.

CONNECTOR 2000 ASSOCIATION, INC.

By: _____
Chairman

(SEAL)

Attest:

Secretary

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This Series 2011A1 Bond is one of the Series 2011A1 Bonds of the issue described in the within-mentioned Indenture.

U. S. Bank National Association, as Trustee

By: _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please print or typewrite Name and Address
including postal zip code of Transferee)

**PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE**

--

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing _____
_____, Attorney, to transfer said Bond on the books kept for the registration
thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed
by an Eligible Guarantor Institution
such as a Commercial Bank, Trust
Company, Securities Broker/Dealer,
Credit Union, or Savings Association who
is a member of a medallion program
approved by The Securities Transfer
Association, Inc.

REGISTERED

MATURITY VALUE

2011B1 - 1 \$ _____

**CONNECTOR 2000 ASSOCIATION, INC.
 SENIOR SUBORDINATE CAPITAL APPRECIATION TOLL ROAD REVENUE BONDS
 (SOUTHERN CONNECTOR PROJECT, GREENVILLE, SOUTH CAROLINA)
 SERIES 2011B1**

MATURITY DATE	DATED DATE	YIELD	CUSIP
January 1, 2032	April 1, 2011	8.50%	20786L-__

REGISTERED OWNER: CEDE & CO.
 Tax Identification Number 13-2555119

MATURITY VALUE: _____ Million _____ Hundred _____ Thousand _____
 Hundred _____ Dollars (\$ _____).

MANDATORY SINKING FUND REDEMPTION SCHEDULE:

Redemption Date (January 1)	Redemption Amount	Redemption Date (January 1)	Redemption Amount
2013		2023	
2014		2024	
2015		2025	
2016		2026	
2017		2027	
2018		2028	
2019		2029	
2020		2030	
2021		2031	
2022		2032 (Maturity)	

CONNECTOR 2000 ASSOCIATION, INC. (the “*Association*”), for value received, hereby promises to pay to the order of the registered owner (the “*Owner*”) named above, or registered assigns, solely from the sources and as herein provided, the Maturity Value stated above on the Maturity Date stated above, together with accreted interest thereon at the yield stated above, payable on the Maturity Date stated above, subject to prior redemption as herein provided. The Maturity Value, Accreted Value and Redemption Price of this Series 2011B1 Bond is payable to the Owner hereof upon presentation and surrender of this Series 2011B1 Bond at the corporate trust office of U.S. Bank National Association (the “*Trustee*” or “*Paying Agent*”) in St. Paul, Minnesota or such other office designated by the Trustee. Notwithstanding the foregoing, so long as Cede & Co. is the Owner of this Series 2011B1 Bond, the Debt Service on this Series 2011B1 Bond shall be paid by wire transfer to Cede & Co. Any payment of Debt Service on this Series 2011B1 Bond that is due on a day which is not a Business Day shall be made on the next succeeding Business Day with the same effect as if made on the day on which it was originally scheduled. All payments of Debt Service on this Series 2011B1 Bond shall be made in lawful money of the United States of America.

REGISTERED

MATURITY VALUE

2011B1 - 2

\$ _____

**CONNECTOR 2000 ASSOCIATION, INC.
 SENIOR SUBORDINATE CAPITAL APPRECIATION TOLL ROAD REVENUE BONDS
 (SOUTHERN CONNECTOR PROJECT, GREENVILLE, SOUTH CAROLINA)
 SERIES 2011B1**

MATURITY DATE	DATED DATE	YIELD	CUSIP
July 22, 2051	April 1, 2011	9.00%	20786L-__

REGISTERED OWNER: CEDE & CO.
 Tax Identification Number 13-2555119

MATURITY VALUE: _____ Million _____ Hundred _____ Thousand _____ Hundred
 _____ Dollars (\$ _____).

MANDATORY SINKING FUND REDEMPTION SCHEDULE:

Redemption Date (January 1)	Redemption Amount	Redemption Date	Redemption Amount
2033		1/1/2043	
2034		1/1/2044	
2035		1/1/2045	
2036		1/1/2046	
2037		1/1/2047	
2038		1/1/2048	
2039		1/1/2049	
2040		1/1/2050	
2041		1/1/2051	
2042		7/22/2051 (Maturity)	

CONNECTOR 2000 ASSOCIATION, INC. (the “*Association*”), for value received, hereby promises to pay to the order of the registered owner (the “*Owner*”) named above, or registered assigns, solely from the sources and as herein provided, the Maturity Value stated above on the Maturity Date stated above, together with accreted interest thereon at the yield stated above, payable on the Maturity Date stated above, subject to prior redemption as herein provided. The Maturity Value, Accreted Value and Redemption Price of this Series 2011B1 Bond is payable to the Owner hereof upon presentation and surrender of this Series 2011B1 Bond at the corporate trust office of U.S. Bank National Association (the “*Trustee*” or “*Paying Agent*”) in St. Paul, Minnesota or such other office designated by the Trustee. Notwithstanding the foregoing, so long as Cede & Co. is the Owner of this Series 2011B1 Bond, the Debt Service on this Series 2011B1 Bond shall be paid by wire transfer to Cede & Co. Any payment of Debt Service on this Series 2011B1 Bond that is due on a day which is not a Business Day shall be made on the next succeeding Business Day with the same effect as if made on the day on which it was originally scheduled. All payments of Debt Service on this Series 2011B1 Bond shall be made in lawful money of the United States of America.

Notwithstanding any other provision hereof, this Series 2011B1 Bond is issued in book-entry form maintained by DTC, and the payment of principal, premium, if any, and interest, the providing of notices and other matters shall be made as described in the Association's Letter of Representations to DTC.

This Series 2011B1 Bond is one of an issue of Connector 2000 Association, Inc. Senior Subordinate Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011B1 (the "*Series 2011B1 Bonds*"), having an aggregate Maturity Value of \$ _____, being issued concurrently with the Association's (i) Connector 2000 Association, Inc. Senior Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011A1 (the "*Series 2011A1 Bonds*"), issued in the aggregate Maturity Value of \$ _____, and (ii) Connector 2000 Association, Inc. Junior Subordinate Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011C1 issued in the aggregate Maturity Value of \$ _____ (the "*Series 2011C1 Bonds*" and, together with the Series 2011B1 Bonds and the Series 2011A1 Bonds, the "*Series 2011 New Term Bonds*"), issued under that certain First Amended and Restated Master Indenture of Trust dated as of April 1, 2011 as supplemented and amended by that certain First Supplemental Indenture of Trust dated as of _____, 2012 effective as of April 21, 2011 (together, the "*Indenture*") between the Association and the Trustee and that certain Order (I) Authorizing A Supplement To The Indenture In Aid Of Implementation Of The Plan: and (II) Approving Bond Exchange Materials And Procedures For Term Bonds of the United States Bankruptcy Court for the District of South Carolina entered on _____ 2012 (the "*Order*"). The Series 2011 New Term Bonds are issued in exchange for certain Series 2011 Bonds as provided in the Indenture and the Order. The Series 2011 New Term Bonds continue to evidence debt of the Association incurred for the construction and financing of the Southern Connector Project, as defined in the Indenture. Capitalized terms not otherwise defined herein are intended to have the meanings assigned thereto in the Indenture or the Order, if defined therein.

This Series 2011B1 Bond and the premium, if any, and the interest hereon are special, limited, non-recourse obligations of the Association payable solely from the Trust Estate, as defined in the Indenture, including the Revenues, as defined in the Indenture, in accordance with the Indenture. Such Revenues are pledged to the payment of the Bonds to the extent and as provided in the Indenture. Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Association, the rights of the Owners, as defined in the Indenture, of the Series 2011B1 Bonds and the terms upon which the Series 2011B1 Bonds are issued and secured. Additional Bonds ranking senior to, on parity with or subordinate to the Series 2011B1 Bonds may be issued on the terms provided in the Indenture. The Indenture constitutes a contract between the Owner of this Series 2011B1 Bond and the Association. This Series 2011B1 Bond certificate is only the evidence of such contract and, as such, is subject in all respects to the terms of the Indenture, which supersedes any inconsistent statement herein.

THE SERIES 2011B1 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE STATE OF SOUTH CAROLINA (THE "*STATE*") OR THE SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION ("*SCDOT*") WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OR AN OBLIGATION (LEGAL, MORAL OR OTHERWISE) OF THE STATE, SCDOT OR ANY AGENCY, DEPARTMENT OR POLITICAL SUBDIVISION OF THE STATE (INCLUDING, WITHOUT LIMITATION, THE COUNTY OF GREENVILLE, SOUTH CAROLINA OR THE CITY OF GREENVILLE, SOUTH CAROLINA) OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE STATE, SCDOT OR ANY AGENCY, DEPARTMENT OR POLITICAL SUBDIVISION OF THE

STATE (INCLUDING, WITHOUT LIMITATION, THE COUNTY OF GREENVILLE, SOUTH CAROLINA OR THE CITY OF GREENVILLE, SOUTH CAROLINA).

The Series 2011B1 Bonds may be called for optional, extraordinary and mandatory redemption by the Association as provided in the Indenture. The Trustee shall timely send notices of redemption of this Series 2011B1 Bond at the times and in the amounts provided in the Indenture. In the case of Mandatory Sinking Fund Redemption at the time such notices of redemption are delivered, there will not be funds in the Senior Subordinate Bonds Debt Service Account so such notices of redemption will be conditioned on the deposit of funds into the Senior Subordinate Bonds Debt Service Account sufficient to pay the Redemption Price of the Sinking Fund Installments of the Series 2011B1 Bonds to be redeemed. In the event that any Mandatory Sinking Fund Redemption of any part of this Series 2011B1 Bond on any January 1 is cancelled due to insufficient funds available in the Senior Subordinate Bonds Debt Service Account to pay any Sinking Fund Installment in full, the Trustee will timely deliver notice of the redemption for February 15 of that same calendar year as provided in Section 305 of the Indenture in the aggregate Redemption Price not greater than the available balance in the Senior Subordinate Bonds Debt Service Account without further accretion. The Redemption Price of this Series 2011B1 Bond called for redemption on such February 15 will be equal to its Accreted Value as of such January 1 (of the same calendar year), not its Accreted Value as of the February 15 Redemption Date.

No Owner of any Series 2011B1 Bond shall have any right to institute any suit, action or proceedings at law or in equity for the appointment of a receiver or for any other remedy under the Indenture or by reason thereof, except to the extent and in the circumstances permitted by the Indenture.

The Series 2011B1 Bonds are issued in fully registered form in denominations of \$1.00 in Maturity Value and integral multiples thereof (the “*Authorized Denominations*”). Upon surrender for transfer or exchange of this Series 2011B1 Bond at the designated office of the Registrar, together with a written instrument of transfer or written request for exchange, as the case may be, satisfactory to the Registrar duly executed by the Owner or the Owner’s duly authorized attorney, the Association shall execute and the Trustee or the duly authorized Authenticating Agent, as defined in the Indenture, shall authenticate and deliver Series 2011B1 Bonds in accordance with the provisions of, and subject to the limitations and conditions contained in, the Indenture, a new Series 2011B1 Bond or Series 2011B1 Bonds of the same aggregate Maturity Value, Accreted Value and maturity as the surrendered Series 2011B1 Bond. For every such transfer of Series 2011B1 Bonds pursuant to the Indenture, whether temporary or definitive, the Association, the Trustee, the Registrar, and any Authenticating Agent may make a charge sufficient to reimburse it or them for any expense, tax, fee or other governmental charge required to be paid with respect to such transfer. In addition, for every exchange of Series 2011B1 Bonds (other than the exchange of temporary Series 2011B1 Bonds for definitive Series 2011B1 Bonds), the Association, the Trustee, the Registrar, and any Authenticating Agent may make reasonable charges to cover the costs of printing Series 2011B1 Bonds including any Trustee’s, Registrar’s, or Authenticating Agent’s charges in connection therewith. The payment of such sum or sums shall be made by the Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Registrar shall not be required to transfer or exchange Series 2011B1 Bonds for a period of 15 days next preceding the selection of Series 2011B1 Bonds for redemption or to transfer or exchange any Series 2011B1 Bonds called for redemption.

The Association, the Trustee, and any other Fiduciary, as defined in the Indenture, may deem and treat the person in whose name this Series 2011B1 Bond shall be registered in the Register as the absolute Owner of this Series 2011B1 Bond, whether this Series 2011B1 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the Debt Service and Redemption Price of this Series 2011B1 Bond and for all other purposes, and all such payments so made to any such Owner or upon the Owner’s order shall be valid and effectual to satisfy and discharge the liability upon this Series 2011B1

Bond to the extent of the sum or sums so paid, and the Association, the Trustee, and any other Fiduciary shall not be affected by any notice to the contrary.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Series 2011B1 Bond have happened, exist and have been performed.

This Series 2011B1 Bond shall not be valid or entitled to any security or benefit under the Indenture until the Trustee shall have executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

IN WITNESS WHEREOF, the Connector 2000 Association, Inc. has caused this Series 2011B1 Bond to be signed by its Chairman by his manual signature and its corporate seal to be impressed thereon and attested to by the manual signature of its Secretary, and this Series 2011B1 Bond to be dated the Dated Date set forth above.

CONNECTOR 2000 ASSOCIATION, INC.

By: _____
Chairman

(SEAL)

Attest:

Secretary

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This Series 2011B1 Bond is one of the Series 2011B1 Bonds of the issue described in the within-mentioned Indenture.

U. S. Bank National Association, as Trustee

By: _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please print or typewrite Name and Address
including postal zip code of Transferee)

**PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE**

--

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing _____
_____, Attorney, to transfer said Bond on the books kept for the registration thereof,
with full power of substitution in the premises.

Date: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed
by an Eligible Guarantor Institution
such as a Commercial Bank, Trust
Company, Securities Broker/Dealer,
Credit Union, or Savings Association who
is a member of a medallion program
approved by The Securities Transfer
Association, Inc.

REGISTERED

MATURITY VALUE

2011C1 - 1 \$ _____

**CONNECTOR 2000 ASSOCIATION, INC.
 JUNIOR SUBORDINATE CAPITAL APPRECIATION TOLL ROAD REVENUE BONDS
 (SOUTHERN CONNECTOR PROJECT, GREENVILLE, SOUTH CAROLINA)
 SERIES 2011C1**

MATURITY DATE	DATED DATE	YIELD	CUSIP
July 22, 2051	April 1, 2011	10.00%	20786L-__

REGISTERED OWNER: CEDE & CO.
 Tax Identification Number 13-2555119

MATURITY VALUE: _____ Million _____ Hundred _____ Thousand _____ Hundred
 _____ Dollars (\$ _____).

MANDATORY SINKING FUND REDEMPTION SCHEDULE:

Redemption Date (January 1)	Redemption Amount	Redemption Date (January 1)	Redemption Amount	Redemption Date	Redemption Amount
2013		2026		1/1/2039	
2014		2027		1/1/2040	
2015		2028		1/1/2041	
2016		2029		1/1/2042	
2017		2030		1/1/2043	
2018		2031		1/1/2044	
2019		2032		1/1/2045	
2020		2033		1/1/2046	
2021		2034		1/1/2047	
2022		2035		1/1/2048	
2023		2036		1/1/2049	
2024		2037		1/1/2050	
2025		2038		1/1/2051	
				7/22/2051 (Maturity)	

CONNECTOR 2000 ASSOCIATION, INC. (the “*Association*”), for value received, hereby promises to pay to the order of the registered owner (the “*Owner*”) named above, or registered assigns, solely from the sources and as herein provided, the Maturity Value stated above on the Maturity Date stated above, together with accreted interest thereon at the yield stated above, payable on the Maturity Date stated above, subject to prior redemption as herein provided. The Maturity Value, Accreted Value and Redemption Price of this Series 2011C1 Bond is payable to the Owner hereof upon presentation and surrender of this Series 2011C1 Bond at the corporate trust office of U.S. Bank National Association (the “*Trustee*” or “*Paying Agent*”) in St. Paul, Minnesota or such other office designated by the Trustee. Notwithstanding the foregoing, so long as Cede & Co. is the Owner of this Series 2011C1 Bond, the Debt Service on this Series 2011C1 Bond shall be paid by wire transfer to Cede & Co. Any payment of Debt

Service on this Series 2011C1 Bond that is due on a day which is not a Business Day shall be made on the next succeeding Business Day with the same effect as if made on the day on which it was originally scheduled. All payments of Debt Service on this Series 2011C1 Bond shall be made in lawful money of the United States of America.

Notwithstanding any other provision hereof, this Series 2011C1 Bond is issued in book-entry form maintained by DTC, and the payment of principal, premium, if any, and interest, the providing of notices and other matters shall be made as described in the Association's Letter of Representations to DTC.

This Series 2011C1 Bond is one of an issue of Connector 2000 Association, Inc. Junior Subordinate Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011C1 (the "*Series 2011C1 Bonds*"), having an aggregate Maturity Value of \$_____, being issued concurrently with the Association's (i) Connector 2000 Association, Inc. Senior Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011A1 (the "*Series 2011A1 Bonds*"), issued in the aggregate Maturity Value of \$_____, and (ii) Connector 2000 Association, Inc. Senior Subordinate Capital Appreciation Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011B1 issued in the aggregate Maturity Value of \$_____ (the "*Series 2011B1 Bonds*" and, together with the Series 2011C1 Bonds and the Series 2011A1 Bonds, the "*Series 2011 New Term Bonds*"), issued under that certain First Amended and Restated Master Indenture of Trust dated as of April 1, 2011 as supplemented and amended by that certain First Supplemental Indenture of Trust dated as of _____, 2012 effective as of April 21, 2011 (together, the "*Indenture*") between the Association and the Trustee and that certain Order (I) Authorizing A Supplement To The Indenture In Aid Of Implementation Of The Plan: and (II) Approving Bond Exchange Materials And Procedures For Term Bonds of the United States Bankruptcy Court for the District of South Carolina entered on _____ 2012 (the "*Order*"). The Series 2011 New Term Bonds are issued in exchange for certain Series 2011 Bonds as provided in the Indenture and the Order. The Series 2011 New Term Bonds continue to evidence debt of the Association incurred for the construction and financing of the Southern Connector Project, as defined in the Indenture. Capitalized terms not otherwise defined herein are intended to have the meanings assigned thereto in the Indenture or the Order, if defined therein.

This Series 2011C1 Bond and the premium, if any, and the interest hereon are special, limited, non-recourse obligations of the Association payable solely from the Trust Estate, as defined in the Indenture, including the Revenues, as defined in the Indenture, in accordance with the Indenture. Such Revenues are pledged to the payment of the Bonds to the extent and as provided in the Indenture. Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Association, the rights of the Owners, as defined in the Indenture, of the Series 2011C1 Bonds and the terms upon which the Series 2011C1 Bonds are issued and secured. Additional Bonds ranking senior to or on parity with the Series 2011C1 Bonds may be issued on the terms provided in the Indenture. The Indenture constitutes a contract between the Owner of this Series 2011C1 Bond and the Association. This Series 2011C1 Bond certificate is only the evidence of such contract and, as such, is subject in all respects to the terms of the Indenture, which supersedes any inconsistent statement herein.

THE SERIES 2011C1 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE STATE OF SOUTH CAROLINA (THE "*STATE*") OR THE SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION ("*SCDOT*") WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OR AN OBLIGATION (LEGAL, MORAL OR OTHERWISE) OF THE STATE, SCDOT OR ANY AGENCY, DEPARTMENT

OR POLITICAL SUBDIVISION OF THE STATE (INCLUDING, WITHOUT LIMITATION, THE COUNTY OF GREENVILLE, SOUTH CAROLINA OR THE CITY OF GREENVILLE, SOUTH CAROLINA) OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE STATE, SCDOT OR ANY AGENCY, DEPARTMENT OR POLITICAL SUBDIVISION OF THE STATE (INCLUDING, WITHOUT LIMITATION, THE COUNTY OF GREENVILLE, SOUTH CAROLINA OR THE CITY OF GREENVILLE, SOUTH CAROLINA).

The Series 2011C1 Bonds may be called for optional, extraordinary and mandatory redemption by the Association as provided in the Indenture. The Trustee shall timely send notices of redemption of this Series 2011C1 Bond at the times and in the amounts provided in the Indenture. In the case of Mandatory Sinking Fund Redemption at the time such notices of redemption are delivered, there will not be funds in the Junior Subordinate Bonds Debt Service Account so such notices of redemption will be conditioned on the deposit of funds into the Junior Subordinate Bonds Debt Service Account sufficient to pay the Redemption Price of the Sinking Fund Installments of the Series 2011C1 Bonds to be redeemed. In the event that any Mandatory Sinking Fund Redemption of any part of this Series 2011C1 Bond on any January 1 is cancelled due to insufficient funds available in the Junior Subordinate Bonds Debt Service Account to pay any Sinking Fund Installment in full, the Trustee will timely deliver notice of the redemption for February 15 of that same calendar year as provided in Section 305 of the Indenture in the aggregate Redemption Price not greater than the available balance in the Junior Subordinate Bonds Debt Service Account without further accretion. The Redemption Price of this Series 2011C1 Bond called for redemption on such February 15 will be equal to its Accreted Value as of such January 1 (of the same calendar year), not its Accreted Value as of the February 15 Redemption Date.

No Owner of any Series 2011C1 Bond shall have any right to institute any suit, action or proceedings at law or in equity for the appointment of a receiver or for any other remedy under the Indenture or by reason thereof, except to the extent and in the circumstances permitted by the Indenture.

The Series 2011C1 Bonds are issued in fully registered form in denominations of \$1.00 in Maturity Value and integral multiples thereof (the “*Authorized Denominations*”). Upon surrender for transfer or exchange of this Series 2011C1 Bond at the designated office of the Registrar, together with a written instrument of transfer or written request for exchange, as the case may be, satisfactory to the Registrar duly executed by the Owner or the Owner’s duly authorized attorney, the Association shall execute and the Trustee or the duly authorized Authenticating Agent, as defined in the Indenture, shall authenticate and deliver Series 2011C1 Bonds in accordance with the provisions of, and subject to the limitations and conditions contained in, the Indenture, a new Series 2011C1 Bond or Series 2011C1 Bonds of the same aggregate Maturity Value, Accreted Value and maturity as the surrendered Series 2011C1 Bond. For every such transfer of Series 2011C1 Bonds pursuant to the Indenture, whether temporary or definitive, the Association, the Trustee, the Registrar, and any Authenticating Agent may make a charge sufficient to reimburse it or them for any expense, tax, fee or other governmental charge required to be paid with respect to such transfer. In addition, for every exchange of Series 2011C1 Bonds (other than the exchange of temporary Series 2011C1 Bonds for definitive Series 2011C1 Bonds), the Association, the Trustee, the Registrar, and any Authenticating Agent may make reasonable charges to cover the costs of printing Series 2011C1 Bonds including any Trustee’s, Registrar’s, or Authenticating Agent’s charges in connection therewith. The payment of such sum or sums shall be made by the Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Registrar shall not be required to transfer or exchange Series 2011C1 Bonds for a period of 15 days next preceding the selection of Series 2011C1 Bonds for redemption or to transfer or exchange any Series 2011C1 Bonds called for redemption.

The Association, the Trustee, and any other Fiduciary, as defined in the Indenture, may deem and treat the person in whose name this Series 2011C1 Bond shall be registered in the Register as the absolute

Owner of this Series 2011C1 Bond, whether this Series 2011C1 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the Debt Service and Redemption Price of this Series 2011C1 Bond and for all other purposes, and all such payments so made to any such Owner or upon the Owner's order shall be valid and effectual to satisfy and discharge the liability upon this Series 2011C1 Bond to the extent of the sum or sums so paid, and the Association, the Trustee, and any other Fiduciary shall not be affected by any notice to the contrary.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Series 2011C1 Bond have happened, exist and have been performed.

This Series 2011C1 Bond shall not be valid or entitled to any security or benefit under the Indenture until the Trustee shall have executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

IN WITNESS WHEREOF, the Connector 2000 Association, Inc. has caused this Series 2011C1 Bond to be signed by its Chairman by his manual signature and its corporate seal to be impressed thereon and attested to by the manual signature of its Secretary, and this Series 2011C1 Bond to be dated the Dated Date set forth above.

CONNECTOR 2000 ASSOCIATION, INC.

By: _____
Chairman

(SEAL)

Attest:

Secretary

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This Series 2011C1 Bond is one of the Series 2011C1 Bonds of the issue described in the within-mentioned Indenture.

U. S. Bank National Association, as Trustee

By: _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please print or typewrite Name and Address
including postal zip code of Transferee)

**PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE**

--

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing _____
_____, Attorney, to transfer said Bond on the books kept for the registration
thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed
by an Eligible Guarantor Institution
such as a Commercial Bank, Trust
Company, Securities Broker/Dealer,
Credit Union, or Savings Association who
is a member of a medallion program
approved by The Securities Transfer
Association, Inc.

APPENDIX T

CONNECTOR 2000 ASSOCIATION, INC.
 TOLL ROAD REVENUE BONDS
 (SOUTHERN CONNECTOR PROJECT, GREENVILLE, SOUTH CAROLINA)
 SERIES 2011A1, SERIES 2011B1 AND SERIES 2011C1

ACCRETED VALUE TABLE

Maturity or Redemption Date	2011A1 Term Bonds Maturing on:			2011B1 Bonds Maturing on:		2011C1 Bonds Maturing on:
	6.50%	7.00%	7.50%	8.50%	9.00%	10.00%
	01-Jan-32	01-Jan-42	22-Jul-51	01-Jan-32	22-Jul-51	22-Jul-51
01-Apr-11	\$0.27070	\$0.12487	\$0.05420	\$0.18401	\$0.03100	\$0.02146
21-Apr-11	0.27165	0.12534	0.05442	0.18484	0.03115	0.02157
01-Jan-12	0.28380	0.13137	0.05722	0.19562	0.03307	0.02304
01-Jan-13	0.30224	0.14056	0.06151	0.21224	0.03605	0.02535
01-Jan-14	0.32189	0.15040	0.06612	0.23028	0.03929	0.02788
01-Jan-15	0.34281	0.16093	0.07108	0.24986	0.04283	0.03067
01-Jan-16	0.36510	0.17220	0.07641	0.27110	0.04668	0.03374
01-Jan-17	0.38883	0.18425	0.08214	0.29414	0.05089	0.03711
01-Jan-18	0.41410	0.19715	0.08830	0.31914	0.05547	0.04083
01-Jan-19	0.44102	0.21095	0.09493	0.34627	0.06046	0.04491
01-Jan-20	0.46968	0.22571	0.10205	0.37570	0.06590	0.04940
01-Jan-21	0.50021	0.24151	0.10970	0.40764	0.07183	0.05434
01-Jan-22	0.53273	0.25842	0.11793	0.44229	0.07830	0.05977
01-Jan-23	0.56735	0.27651	0.12677	0.47988	0.08534	0.06575
01-Jan-24	0.60423	0.29586	0.13628	0.52067	0.09302	0.07232
01-Jan-25	0.64351	0.31657	0.14650	0.56493	0.10139	0.07956
01-Jan-26	0.68533	0.33873	0.15749	0.61295	0.11052	0.08751
01-Jan-27	0.72988	0.36245	0.16930	0.66505	0.12047	0.09626
01-Jan-28	0.77732	0.38782	0.18200	0.72157	0.13131	0.10589
01-Jan-29	0.82785	0.41496	0.19565	0.78291	0.14313	0.11648
01-Jan-30	0.88166	0.44401	0.21032	0.84946	0.15601	0.12813
01-Jan-31	0.93897	0.47509	0.22610	0.92166	0.17005	0.14094
01-Jan-32	1.00000	0.50835	0.24305	1.00000	0.18535	0.15503
01-Jan-33		0.54393	0.26128		0.20203	0.17054
01-Jan-34		0.58201	0.28088		0.22022	0.18759
01-Jan-35		0.62275	0.30195		0.24004	0.20635
01-Jan-36		0.66634	0.32459		0.26164	0.22699
01-Jan-37		0.71299	0.34894		0.28519	0.24968
01-Jan-38		0.76290	0.37511		0.31086	0.27465
01-Jan-39		0.81630	0.40324		0.33883	0.30212
01-Jan-40		0.87344	0.43348		0.36933	0.33233
01-Jan-41		0.93458	0.46599		0.40257	0.36556
01-Jan-42		1.00000	0.50094		0.43880	0.40212
01-Jan-43			0.53851		0.47829	0.44233
01-Jan-44			0.57890		0.52134	0.48656
01-Jan-45			0.62232		0.56826	0.53522
01-Jan-46			0.66899		0.61940	0.58874
01-Jan-47			0.71917		0.67515	0.64762
01-Jan-48			0.77310		0.73591	0.71238
01-Jan-49			0.83109		0.80214	0.78362
01-Jan-50			0.89342		0.87433	0.86198
01-Jan-51			0.96043		0.95302	0.94818
22-Jul-51			1.00000		1.00000	1.00000

ATTACHMENT #3 – COURT ORDER

U.S. BANKRUPTCY COURT
District of South Carolina

FILED
at ___ O'clock & ___ min. ___ M

APR 10 2012

United States Bankruptcy Court
Columbia, South Carolina (19)

Case Number: 10-4467

ORDER

The relief set forth on the following pages, for a total of ___ pages including this page, is hereby **ORDERED**.

FILED BY THE COURT ON



David R. Duncan
US Bankruptcy Court Judge
District of South Carolina

ENTERED: _____

ENTERED

APR 10 2012

K.R.W.

**IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA**

In re:

Connector 2000 Association, Inc.,

Debtor.

Case No. 10-04467-dd
Chapter 9

**ORDER (I) AUTHORIZING A SUPPLEMENT TO THE INDENTURE IN AID OF
IMPLEMENTATION OF THE PLAN; AND (II) APPROVING BOND EXCHANGE
MATERIALS AND PROCEDURES FOR TERM BONDS**

This matter came before the United States Bankruptcy Court for the District of South Carolina (the "Court") on the Motion ("Motion")¹ of Connector 2000 Association, Inc. ("Debtor"), for entry of an order pursuant to sections 945, 1142(b), 1145, 364(f) and 105(a) of the Bankruptcy Code² (made applicable by sections 103(f) and 901): (I) approving a supplement to the First Amended and Restated Master Indenture of Trust between the Debtor and U.S. Bank National Association, as trustee (the "Trustee") dated as of April 1, 2011 (the "Indenture"); and (II) approving disclosure and exchange materials and procedures for the Term Bonds (as defined below). Upon consideration of the Motion, this Court finds the notice of the Motion and hearing on the Motion have been reasonable, sufficient and appropriate under the circumstances and that no other or further notice is required; that any objections thereto have been resolved, overruled by the Court, withdrawn or rendered moot; and following due deliberation, and just cause existing for the relief requested in the Motion, the Court hereby determines that the relief requested in the Motion is appropriate and in the best interests of the Debtor and other parties in interest in this case.

¹ Capitalized terms used and not defined in this Order shall have the meaning ascribed to such terms in the Motion.

² Further references to the Bankruptcy Code (11 U.S.C. §§ 101 et seq.) may be by section number only.

IT IS HEREBY FURTHER FOUND AND DETERMINED THAT:³

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(a) and 1334, Article X of the Plan (setting forth “Retention of Jurisdiction of the Court”), and paragraph 61 of the order confirming the Plan entered April 1, 2011 [Docket No. 141] (the “Confirmation Order”) (stating *inter alia* that the “Bankruptcy Court’s retention of jurisdiction as set forth in Article X of the Plan is approved”).

2. Article X of the Plan provides in relevant part:

Pursuant to Bankruptcy Code Section 945, following the Effective Date, the Bankruptcy Court shall retain *sole and exclusive jurisdiction* of the following:

3. The correction of any defect, the curing of any omission, or the reconciliation of any inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan;
4. The enforcement and interpretation of the terms and conditions of the Plan and the Plan Documents;
5. The entry of any order, including injunctions, necessary to enforce any title, right and powers of the Debtor hereunder and to impose such limitations, restrictions and terms and conditions of such title, rights and powers as this Court may deem necessary;

(Plan at 27 (emphasis supplied)).

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

4. On June 24, 2010 (the “Petition Date”), the Debtor filed its voluntary petition for relief under Chapter 9 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the Court.

5. On October 22, 2010, the Debtor filed an initial plan and a disclosure statement. On November 23, 2010, the Debtor filed a First Amended Disclosure Statement and First

³ To the extent any finding of fact shall be determined to be a conclusion of law, it shall be so deemed, and to the extent any conclusion of law shall be determined to be a finding of fact, it shall be so deemed. To the extent that any of the findings of fact or conclusions of law constitutes an order of this Bankruptcy Court, they are adopted as such.

Amended Plan for Adjustment of Debts, both of which were thereafter supplemented, modified and amended on January 17, 2011 with various exhibits [Docket Nos. 108, 110] and on March 16, 2011, with respect to the Plan only [Docket No. 129] (as such, the “Disclosure Statement” and “Plan”, respectively). Solicitation materials were distributed by the Debtor’s Solicitation Agent pursuant to the Solicitation Procedures Order entered by the Court [Docket No. 113], and the Plan was accepted by the requisite numbers of the Debtor’s creditors.

6. On April 1, 2011, the Court entered the Confirmation Order confirming the Plan. The Effective Date of the Plan was noticed by the Debtor as having occurred on April 21, 2011 [Docket No. 151].

7. On the Effective Date, the Debtor issued its Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina) Series 2011A, Series 2011B and Series 2011C (collectively, the “Bonds”)⁴ pursuant to the Indenture. The Bonds were issued to restructure the Debtor’s prepetition defaulted bonds (the “Original Bonds”)⁵ under the terms of the Plan and as further described in the Disclosure Statement. Pursuant to the Plan, the owners of the Original Bonds received a pro rata amount of the Bonds.⁶

⁴ The Bonds consist of the following three series: (A) The Series 2011A Bonds are senior secured zero coupon bonds issued in the aggregate Original Principal Amount of \$126,899,826.00; they consist of 11 serial bonds maturing January 1 of the years 2012 through 2022 (inclusive) and three term bonds, each subject to mandatory pro rata prepayment, maturing January 1, 2032, January 1, 2042 and July 22, 2051 (the “Series 2011A Bonds”); (B) The Series 2011B Bonds are senior subordinated secured zero coupon bonds issued in the aggregate Original Principal Amount of \$21,085,708.00; they consist of two term bonds, each subject to mandatory pro rata prepayment, maturing January 1, 2032 and July 22, 2051 (the “Series 2011B Bonds”); and (C) The Series 2011C Bonds are junior subordinated secured zero coupon term bonds issued in the aggregate Original Principal Amount of \$2,160,434; they accrete interest at 10.0% per annum and mature, subject to mandatory pro rata prepayment, on July 22, 2051 (the “Series 2011C Bonds”).

⁵ The Original Bonds consisted of the Debtor’s Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina) Series 1998A, Series 1998B and Series 1998C (collectively, the “Original Bonds”).

⁶ Under the Plan, owners of the Original Bonds received Bonds equal to the pro-rata amount of the Original Bonds owned, as provided in the Bond Exchange Tables attached to the Plan as Appendix C. Each owner of a Series 1998A Bond or Series 1998B Bond received its ratable portion of each of the 11 serial maturities of the Series 2011A Bonds, each of the three term Series 2011A Bonds and each of the two term Series 2011B Bonds. Each owner of a Subordinated Bond received its ratable portion of the term Series 2011C Bonds.

8. In addition to consisting of three separate Series reflecting payment priority (Series 2011A, 2011B, and 2011C), the Bonds are comprised of both “serial” and “term” zero coupon bonds.⁷ The eleven “serial” zero coupon bonds mature annually on each January 1 of 2012 to 2022 inclusive (the “Serial Bonds”). The six “term” zero coupon bonds each mature on a final specified maturity year (respectively, 2032, 2042 and 2051) (the “Term Bonds”).⁸

9. As noted above, the Bonds are all zero coupon bonds. Zero coupon bonds can be described in two general ways, either as Discount Bonds or as Capital Appreciation Bonds. Generally, “Discount Bonds” are zero coupon bonds which are issued at a discount from their stated maturity value and then “accrete” to their final stated maturity value (e.g., \$1.00). In contrast, “Capital Appreciation Bonds” are issued at a stated original principal amount (e.g., \$1.00) and then accrete forward from such stated original principal amount to a higher maturity value. The difference is descriptive – i.e., whether the stated “amount” of the bond is determined by reference to its final maturity value or its original principal amount.

10. The Plan contemplated that the Bonds would be “book entry” securities and thus that the beneficial ownership of the Bonds would be registered under the industry-wide securities clearing system established by DTC. In this regard, the Disclosure Statement states as follows at page 55 under the heading “Issues Related to Mechanics of Amended Bonds”:

Bonds will be issued as soon as practicable after the Effective Date. However, due to the nature of the Bonds as book entry securities held through DTC, the effectuation of the exchange may involve some time delay after the effective date to complete the exchange process. It should also be noted that the Bond Exchange Table sets forth the issuance amount of the Bonds to be received. However, as book entry securities, the Bonds will be issued and noted in DTC’s records at their Maturity Value.

⁷ See *supra* regarding the details of each Series of the Bonds.

⁸ The Bonds were issued in the aggregate Original Principal Amount of \$150,145,968. The Term Bonds constitute \$113,520,318 of this aggregate amount. The Bonds have 17 separate CUSIPs (unique identifiers), reflecting their Series and whether they are Term Bonds or Serial Bonds within the Series.

(Disclosure Statement at 55).

11. The Debtor intended for the Bonds to be issued in authorized denominations of \$1.00 in Maturity Value per Bond (such that the Bonds were Discount Bonds registered at stated Maturity Value). However, the Plan also contemplated that all payments made by the Debtor to the Trustee would be distributed to the beneficial owners of the Bonds entitled to payment on a “pro-rata” basis within a given series of Bonds, so that each holder would receive a pro-rata share of any distributions on their series of Bonds.

12. DTC’s policies and procedures under its book entry system require that for the Term Bonds to be registered at their Maturity Value, the distribution of redemption proceeds to the beneficial owners is to occur “by-lot” rather than on a pro-rata basis. Currently, the Term Bonds are reflected by DTC at their Original Principal Amount (as Capital Appreciation Bonds) to permit pro-rata distribution of prepayments on the Term Bonds under DTC’s “Pro-Rata Paydown” program.

13. After issuance of the Bonds, certain Bondholders informed the Debtor and the Trustee that a problem existed with the DTC registration. Namely, as further discussed below, the registration and pricing of the Term Bonds did not conform to the brokers’ trading systems for such zero coupon tax exempt bonds, creating a secondary market trading impediment that is a continuing problem for holders of the Term Bonds.

14. Because of these issues,⁹ the Debtor has sought Court approval for the Debtor and the Trustee to take necessary action, including amending the Indenture and conducting an exchange of the current Term Bonds for “by-lot” term bonds to be registered by DTC at their Maturity Value. However, since this change to “by-lot” distributions would mean that holders will not receive pro rata distributions of payments on such bonds, it is possible that some holders

⁹ The Debtor sets forth a detailed explanation of the DTC registration issues in Section II of the Motion.

may prefer to retain their current Term Bonds with pro rata distributions and suffer the illiquidity of those obligations, instead of exchanging them for “by-lot” bonds without pro rata distributions. Thus, the Debtor and Trustee propose an exchange which allows holders to elect to retain their current Term Bonds; or, if no election to retain is made, holders will receive new by-lot bonds. The foregoing exchange is referred to as a “mandatory exchange with an option to retain”.

15. The Majority Holders have requested that the Debtor and Trustee remedy the DTC registration issue with respect to the Term Bonds to allow for “by-lot” term bonds which can be registered with DTC at Maturity Value and thus traded in the secondary public security markets. This would require a change from the current pro-rata paydown feature of the Term Bonds to payment of redemption proceeds “by lot” according to DTC’s Operational Arrangements. Thereafter, DTC would use its standard lottery system to distribute any redemption proceeds among Beneficial Holders of a Series of Term Bonds, rather than having to make each distribution proportionally among all Beneficial Holders of a Series in accordance with their Term Bond holdings (which requires calculation of the proper prorations based on then current holdings for each distribution by DTC). This change to “by lot” redemptions would allow for term bonds which DTC has indicated can be registered based on Maturity Value, thereby conforming to the broker’s trading and pricing systems and to the structure contemplated under the Plan and Disclosure Statement.

16. The Majority Holders have requested that the Debtor facilitate the exchange of the Term Bonds for new term bonds which provide for DTC’s distribution of redemption payments to the Beneficial Holders by lot (the “By-Lot Bonds”). Under the Debtor’s proposal, the By-Lot Bonds will be dated the Effective Date and have identical yields, aggregate Original Principal Amounts, maturities and pay-down schedules as the Term Bonds for which they are exchanged,

but will provide for by-lot distribution of redemption proceeds instead of pro-rata. This would mean that the Beneficial Holders of the By-Lot Bonds would not be assured of the timing of any particular payments prior to maturity, since distribution of redemption proceeds would be distributed under DTC's lottery process. However, Beneficial Holders may elect to retain their current Term Bonds.

17. The change from a pro-rata distribution to redemption also introduces a time constraint not currently present in the Indenture. Pro-rata distributions take place on each January 1 Bond Payment Date, without the need for any notices to the beneficial owners of the Term Bonds. However, since by-lot distributions of redemption proceeds involve the selection of certain By-Lot Bonds for payment, the First Supplement will obligate the Trustee to send notices of redemption of the By-Lot Bonds (at the times and in the amount of the Sinking Fund Installments set forth in subsections (1), (2) and (3) of Section 302 of the First Supplement). At the time such notices of redemption are delivered, there will not be funds in the debt service accounts for the various Tiers of the By-Lot Bonds, so such notices of redemption will be conditioned on the deposit of funds into such debt service accounts sufficient to pay the Redemption Price of the Sinking Fund Installments to be redeemed. In the event that any mandatory sinking fund redemption of any By-Lot Bonds on any January 1 is cancelled due to insufficient funds being available in the applicable debt service accounts to pay any Sinking Fund Installment in full, the First Supplement will obligate the Trustee to deliver notice of the redemption of such By-Lot Bonds for February 15 of that same calendar year, as provided in Section 305 of the First Supplement, in the aggregate Redemption Price not greater than the available balance in the applicable debt service accounts on such January 1 without further accretion. The Redemption Price of By-Lot Bonds called for redemption on February 15 will be

equal to the Accreted Value of such Bonds as of such January 1 (of the same calendar year), not the Accreted Value of such Bonds as of the February 15 Redemption Date. Therefore, in the event of any such delayed redemption, the Beneficial Holders selected for redemption will not receive interest accretions on the amount being distributed on February 15 for the period from January 1 to February 15.

18. The Debtor proposes that the exchange occur as a mandatory exchange for By-Lot Bonds but with an option for any Beneficial Holder of current Term Bonds to opt out and retain their existing Term Bonds, as follows:

- (a) A disclosure of the exchange will be sent to the holders of the Term Bonds in which they would be notified of the DTC registration issue described above, and that the Term Bonds will be exchanged for By-Lot Bonds which have the same payment terms and yields as the current Term Bonds, with the exception that the distributions of redemption payments on the By-Lot Bonds will be made to the Beneficial Holders of the By-Lot Bonds pursuant to DTC's lottery process rather than on a pro rata basis;
- (b) Holders would be given the option to elect to "opt out" of the exchange and keep their Term Bonds as is (the "Retained Bonds");
- (c) If a holder does not affirmatively elect to opt out of the exchange, the Term Bonds owned by such Beneficial Holder will be exchanged for By-Lot Bonds; and
- (d) If a holder opts out of the exchange, such holder will retain its current Term Bonds as Retained Bonds, which will be paid based on their pro rata paydown provisions.

19. The Debtor proposes that the By-Lot Bonds and corresponding revisions to the Indenture will be reflected in a First Supplemental Indenture of Trust (the "First Supplement"), substantially in the form attached to the Motion as *Exhibit A* (but with such changes as determined necessary or advisable by the Debtor and the Trustee to effectuate the intent and purpose of the exchange and other relief requested in the Motion (including changes required by law, regulatory agencies or DTC), provided that such changes do not materially adversely affect the Bondholders or the Bonds, as further authorized below).

20. The By-Lot Bonds will be issued as a new series of bonds with new CUSIP numbers. Each series of By-Lot Bonds will have the same maturity, interest accrual yield and aggregate redemption amounts as the Term Bonds for the Series for which they being exchanged under the First Supplement. However, the By-Lot Bonds will provide for by-lot distribution of redemption proceeds instead of pro-rata. This would mean that the Beneficial Holders of the By-Lot Bonds would not be assured of the timing of any particular payments prior to maturity, since distribution of redemption proceeds would be distributed under DTC's lottery process. However, Beneficial Holders may elect to retain their current Term Bonds.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

A. The Motion is approved and is necessary to fully consummate and implement the Plan and is proper pursuant to Bankruptcy Code sections 945, 1142(b), 1145, 364(f) and 105(a), as made applicable by sections 103(f) and 901.

B. Pursuant to sections 945 and Article X of the Plan, the Court has sole and exclusive jurisdiction among other things to remedy any Plan inconsistency or defect.¹⁰ Pursuant to section 1142(b), the "court may direct the debtor and any other necessary party to execute or deliver or to join in the execution or delivery of any instrument required to effect a transfer of property dealt with by the confirmed plan, and to perform any other act, ... that is necessary for consummation of the plan." Section 1145 allows, and the Court approves, the exchange of the By-Lot Bonds for the Term Bonds to proceed *nunc pro tunc* to the Effective Date and be deemed along with the original issuance of the Bonds under section 1145 and 364(f) to comply with any otherwise applicable securities law in furtherance of full consummation and implementation of

¹⁰ Section 945(a) provides: "The court may retain jurisdiction over the case for such period of time as is necessary for the successful implementation of the plan."

the Plan. The January 1, 2012 distributions on the Term Bonds were made in accordance with the terms of the Plan and current Indenture and are not affected by this Order.

C. Based upon the terms of the Plan and Disclosure Statement, the lack of viable alternatives to otherwise achieve acceptable book-entry registration and secondary market liquidity of the current Term Bonds as discussed above, and the support from the Majority Holders for the relief requested herein, the Court finds that the exchange and other proposed relief is necessary and proper pursuant to the authority above to fully consummate and implement the Plan.

D. The exchange offer shall be communicated in an exchange memorandum, which *inter alia* would:

- (a) explain the reasons for the exchange;
- (b) state that the exchange is being offered in response to a request received by the Debtor from the Majority Holders of the Term Bonds and to more fully effectuate the purposes and intent of the Plan given the incompatibility of the Term Bonds as currently registered with DTC and the secondary market trading systems;
- (c) describe the differences between the By-Lot Bonds and the existing Term Bonds;
- (d) permit a holder to elect to “opt out” of the exchange and keep its bonds as Retained Bonds and continue to receive distributions on a pro-rata basis;
- (e) explain that if no response is received electing to opt out, the Term Bonds will be exchanged for the By-Lot Bonds;
- (f) require, as a condition to the effectiveness of the exchange, the delivery of an opinion of bond counsel, substantially to the effect that the By-Lot Bonds are valid and enforceable obligations of the Debtor under the Indenture and that original issue discount properly allocated to such By-Lot Bonds will be excludable from gross income for federal income tax purposes and that the exchange of the By-Lot Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of original issue discount properly allocated to the Retained Bonds or the Series 2011A Serial Bonds; and
- (g) provide direction for obtaining additional information concerning the Debtor and the exchange.

The exchange memorandum shall also be accompanied by the First Supplement and the Trustee’s Bondholder Notice No. 3 (which documents (other than the First Supplement attached as *Exhibit A* to the Motion) shall be in substantially the form of the documents attached as

Exhibit B to the Motion (collectively, the “Exchange Package”). The Court recognizes that in the course of implementing the exchange and to effectuate the intent and purpose of the exchange and other relief ordered herein, it may be necessary to make certain changes to the Exchange Package. Consequently, the Debtor and Trustee are hereby authorized to make such changes as they have agreed upon and determined necessary or advisable (including changes required by law, regulatory agencies or DTC), provided that such changes do not materially adversely affect the Bondholders or the Bonds.

E. The procedures for the disclosure of the exchange offer and exchange of the Term Bonds (the “Exchange Procedures”) are hereby approved, as follows:

- (a) The Trustee will disseminate a bondholder notice with the Exchange Package through DTC, including notice that holders may opt out of the exchange by causing a filing through DTC's Automated Tender Offer Program (“ATOP”) to retain the current Term Bonds.
- (b) The Trustee will also publish a bondholder notice regarding the exchange via the Electronic Municipal Market Access (“EMMA”) system.¹¹
- (c) The Debtor will issue a press release in the national editions of *The Bond Buyer* and *USA Today* about the exchange.
- (d) The Exchange Package also will be posted on the Debtor’s website.

F. To the extent that circumstances arise that require a modification of the proposed Exchange Procedures outlined above, the Debtor and Trustee are authorized to supplement or amend such Exchange Procedures, including if necessary to satisfy the requirements of DTC or others.

G. The Court hereby approves (i) the First Supplement, substantially in the form attached hereto as *Exhibit A*; and (ii) the other documents comprising the Exchange Package, substantially in the form attached hereto as *Exhibit B*; and (iii) the disclosure and exchange procedures as described more fully herein or in the Motion, all subject to such changes as agreed

¹¹ EMMA is a comprehensive, centralized online source for free access to municipal disclosures, market transparency data and educational materials about the municipal securities market.

upon and determined necessary or advisable by the Debtor and Trustee to effectuate the intent and purposes of the exchange and other relief requested herein (including changes required by law, regulatory agencies or DTC), provided that such changes do not materially adversely affect the Bondholders or the Bonds.

H. While the Exchange Date is anticipated to occur in 2012 (because of the necessary steps involved in effectuating the exchange), the exchange (except for the distributions on the Term Bonds as of January 1, 2012) will be effective *nunc pro tunc* to the Effective Date in further implementation of the Plan. The January 1, 2012 distributions on the Term Bonds were made in accordance with the terms of the Plan and current Indenture and are not affected by this Order.

I. With respect to funding, the First Supplement provides that \$583,463.75 of funds in the "Cost of Issuance" Fund established under Section 503 of the Indenture may be used to pay the additional fees and costs incurred by the Debtor and the Trustee in connection with their efforts to resolve the DTC issues and implement the exchange, including the preparation and approval of the Motion and related Order, the First Supplement, the exchange documents, and any other related documents or actions for implementation of the foregoing and the Plan, including DTC's approval for registration of the Bonds (collectively, the "Costs of Issuance").¹² The Indenture established the Cost of Issuance Fund from a portion of reserves and funds held by the Trustee under the original indenture to pay the costs and expenses associated with implementing the Plan, including therefore the exchange contemplated herein. The First Supplement provides that the date to which the Cost of Issuance Fund will be left open will be

¹² As set forth in the Motion, the Indenture established the Cost of Issuance Fund from a portion of the reserves and funds held by the Trustee under the original indenture to pay the costs and expenses associated with implementing the Plan, which should include the exchange contemplated hereby. An additional \$318,984.40 formerly held in a suspense account at U.S. Bank and related to Debtor's prepetition repurchase agreement was deposited by the Trustee in the Cost of Issuance Fund pending consideration of this Motion.

changed from the original date of August 22, 2011¹³ to a date that is six months from the date of entry of this Order. Section 503 of the Indenture provides that the Trustee thereafter will transfer any remaining amounts in the Cost of Issuance Fund to the Series 2011 Bonds Debt Service Reserve Account.

J. The Court hereby approves the extension of the date to which the Cost of Issuance Fund will be left open from the original date of August 22, 2011, to a date that is six months from the date of entry of this Order and specifically approves the payment of the Costs of Issuance as defined above from the Cost of Issuance Fund.¹⁴ Provided, however, payment of the Costs of Issuance, including any fees, costs or expenses directly or indirectly relating to the solicitation, exchange, registration and distribution of the New Term Bonds, will be limited to the monies in the Costs of Issuance Fund. Provided further, no payments in respect of such Costs of Issuance may be made or amounts withdrawn, directly or indirectly, from the Revenue Fund established under the Indenture.

K. The Court approves and authorizes the Trustee to pay Costs of Issuance, as described above, upon and after entry of this Order.

L. This Order will become effective immediately upon its entry.

M. This Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order or otherwise under the Plan.

AND IT IS SO ORDERED.

¹³ As set forth in the Motion, because of ongoing efforts to resolve the DTC registration issues and pending fees and costs related thereto that are unpaid, the Trustee, as of August 22, 2011, reserved and did not then transfer the remaining amounts in the Cost of Issuance Fund.

¹⁴ As stated in the Motion, the requested relief as to the payment of Costs of Issuance is sought regardless of the effectiveness of the First Supplement or other relief related to the exchange, *inter alia*, because such Costs of Issuance have been and are being incurred to address the DTC registration issues in order to fully effectuate and implement the Debtor's Plan. By the Motion, the Debtor and Trustee thus seek immediate Court approval of and authority to pay Costs of Issuance, as described above, upon and after entry of an order on the Motion.

**ATTACHMENT #4 – PRIOR BONDHOLDER
NOTICE #2 DATED FEBRUARY 8, 2012
(excluding exhibits due to duplicativeness)**



Corporate Trust Services
60 Livingston Avenue, EP-MN-WS1D
St. Paul, MN 55107

Notice #2

NOTICE OF HEARING ON MOTION SEEKING EXCHANGE OF TERM BONDS

**Re: Connector 2000 Association, Inc. Toll Road Revenue Bonds
(Southern Connector Project, Greenville, South Carolina),
Series 2011A, Series 2011B and Series 2011C**

CUSIP Prefix 20786L

[Please forward to beneficial owners]

U.S. Bank National Association is the trustee (the “Trustee”) for the holders of the Connector 2000 Association, Inc. Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina), Series 2011A, Series 2011B and Series 2011C (the “Bonds”), which were issued under the Amended and Restated Master Indenture of Trust dated as of April 1, 2011 (the “Indenture”) between Connector 2000 Association, Inc. (the “Association”) and the Trustee, as authorized under the Association’s First Amended Plan for Adjustment of Debts under Chapter 9 of the Bankruptcy Code, confirmed on April 1, 2011 (the “Plan”). Holders and beneficial owners of the Bonds are referred to herein as the “Bondholders”.

Capitalized terms used in this notice and not defined herein have the meaning ascribed to such terms in the Indenture.

I. Background for Notice.

A material technical issue has arisen regarding the Bonds which is described below together with a proposed solution. First, it might be helpful to repeat some background related to the Association and the Bonds. This background comes in part from the Plan and the related Disclosure Statement that were utilized and should have been previously made available to you by the Association in connection with its Chapter 9 bankruptcy proceeding (the “Bankruptcy Case”). Although the Plan was confirmed, the Bankruptcy Case is still pending before the United States Bankruptcy Court for the District of South Carolina (the “Bankruptcy Court”) as Chapter 9 Case No. 10-04467-dd.

Pursuant to the confirmed Plan, on April 21, 2011, the Association issued the Bonds under the Indenture. There are three series of Bonds of differing priorities (Series 2011A, 2011B, and 2011C). The Bonds have 17 separate CUSIPs (unique identifiers) and consist of two types of capital appreciation bonds, serial and term. The eleven “serial” capital appreciation bonds mature annually on each January 1st of the years 2012 to 2022 inclusive (the “Serial Bonds”).

The six “term” capital appreciation bonds mature over a term of years in a final specified maturity year (respectively, 2032, 2042, 2051, and 2051) (the “Term Bonds”). The Term Bonds have scheduled annual paydown amounts prior to their maturity.

The Bonds are registered through the Depository Trust Company (“DTC”) as book-entry bonds, as is customary in the municipal bond business. A problem arose with the DTC registration, however. This issue is summarized briefly herein but is further set forth in the Motion (as defined below) and other attachments hereto and qualified by reference thereto. The Plan contemplated that the Bonds would be issued in authorized denominations of \$1.00 of Maturity Value, discounted to their Original Principal Amounts at the yield on each such Series 2011 Term Bond, subject to annual mandatory sinking fund redemption at their Accreted Value (expressed as a discount to their Maturity Value). In addition, it was contemplated that holders would receive pro-rata portions of any redemption payments on the Bonds.

Due to the pro rata payment feature discussed above, DTC was unable to register the Bonds at their maturity value, and would only register the Bonds at their initial issuance amount. Because virtually all public bond issues are registered with DTC in order to facilitate payment upon and trading of the bonds, and the Disclosure Statement provided for the Bonds to be issued through DTC, the Bonds were registered at their issuance value of \$1.00 per authorized denomination as then required by DTC.

A number of institutional holders of the Bonds have informed the Association and the Trustee that registration at issuance value creates a problem in trading the Bonds. We understand this is because the brokers' and industry pricing systems for trading capital appreciation bonds such as the Bonds are set up to use only maturity values as further set forth in the Motion. These holders have informed the Trustee and the Association that it is impossible to convert or translate the “issuance” value listing into maturity value to allow entry and pricing of the bonds on the broker's systems.

The Trustee has been working for months to resolve this issue with DTC and the Association. The Trustee and its advisors conducted a number of extensive discussions with DTC in an attempt to have it reflect the Bonds on the DTC system at maturity value. Following one of these discussions, DTC re-registered the Serial Bonds at their maturity value of a multiple of \$1.00 per authorized denomination. However, with respect to the Term Bonds, DTC has stated that it is unable to register them at their maturity value as currently structured because such registration does not conform to its Operational Arrangements.¹

However, as stated above, DTC has indicated that re-registration of term bonds of the Association at maturity value can occur if any pre-maturity redemption payments thereon are distributed to Bondholders on a “by lot” or lottery basis (rather than on the “pro rata” (proportional) payment method currently utilized under the Indenture) because this satisfies the terms of DTC’s Operational Arrangements. Usage of “by lot” redemptions thus would allow such term bonds to be registered by DTC at maturity value, thereby further allowing the term bonds to be entered into the broker's trading and pricing systems and facilitating trading. The

¹ DTC’s Operational Arrangements are Procedures that have been filed and approved with the U.S. Securities and Exchange Commission.

Trustee understands that holders of a majority of the Bonds are very much in favor of the foregoing “by lot” redemption methodology.

II. Proposed Resolution.

The Trustee (upon consultation with Bondholders owning a majority in principal amount of the Bonds) and the Association have been discussing a possible resolution of this issue. The proposed resolution would be to seek approval from the Bankruptcy Court to provide for amendment of the Indenture and exchange of the existing Term Bonds for new term bonds providing for redemption payments by lot, rather than on a pro rata basis (the “By-Lot Bonds”). As part of this resolution, however, if a holder wanted to retain such right to pro-rata payments under its existing Term Bonds, each Bondholder would be given the right to affirmatively elect to opt out of the exchange (“Opt Out”) and continue to hold its current Term Bonds which are subject to redemption on a pro rata basis rather than on a by lot basis (the “Retained Term Bonds”). If a bondholder does not Opt Out, its Term Bonds will be automatically exchanged for By-Lot Bonds.

If the proposed resolution is implemented, the By-Lot Bonds would be registered at DTC at their maturity value as set forth in the Motion, thus alleviating the trading issue created by current registration of the Term Bonds at issuance value. A Bondholder Opting Out of the exchange for By-Lot Bonds would continue to have redemption of its Retained Term Bonds done on a pro rata basis. However, its Retained Term Bonds also would continue to be registered at DTC at their issuance value, with the above noted negative ability or inability to trade such Retained Term Bonds of which the Trustee has been informed.

Three additional points should be noted about the proposed exchange. First, retention elections as to a holder’s investment in the Term Bonds will be “all or nothing” and must be consistent. In other words, bondholders will not be able to elect to retain part (but not all) of their investment in the Term Bonds. Second, the elections to receive By-Lot Bonds will be “now or never” from a timing perspective. If a holder Opts Out and elects to retain its current bonds, such holder will not be able in the future to convert such Retained Term Bonds to By-Lot Bonds. The opportunity to exchange will be offered only one time, regardless of any value or trading differences among the bonds or any other issues that may exist or arise with respect to the Retained Term Bonds in the future (which issues may or may not be similar to those described in the exchange documents). The proposed exchange procedures are set forth more fully in the Motion (as defined below) and accompanying documents.

Third, the change from a pro-rata distribution to redemption also introduces a time constraint not currently present in the Indenture. The current pro-rata distributions take place on each January 1 Bond Payment Date, without the need for notice thereof to the beneficial owners of the Term Bonds. However, since by-lot distributions of redemption proceeds involve the selection of certain By-Lot Bonds for payment, the Trustee will send notices of redemption of the By-Lot Bonds under the First Supplemental Indenture (as defined below) at the times and in amount of the Sinking Fund Installments set forth therein. At the time such redemption notices are delivered, there will not be funds in the debt service accounts for the various Tiers of the By-Lot Bonds, so such notices of redemption will be conditioned on the deposit of funds into such debt service accounts sufficient to pay the Redemption Price of the Sinking Fund Installments to

be redeemed. In the event that any mandatory sinking fund redemption of any By-Lot Bonds on any January 1 is cancelled due to insufficient funds being available in the applicable debt service accounts to pay any Sinking Fund Installment in full, the First Supplemental Indenture provides that the Trustee will deliver notice of the redemption of such By-Lot Bonds for February 15 of that same calendar year, as provided in Section 305 thereof, in the aggregate Redemption Price not greater than the available balance in the applicable debt service accounts on such January 1 without further accretion. The Redemption Price of By-Lot Bonds called for redemption on February 15 will be equal to the Accreted Value of such Bonds as of such January 1 (of the same calendar year), not the Accreted Value of such Bonds as of the February 15 Redemption Date. In other words, in the event of any such delayed redemption, the Bondholders selected for redemption will not receive interest accretions on the amount being distributed on February 15 for the period from January 1 to February 15.

In furtherance of the above proposed resolution providing for the exchange, the Association has filed the attached Debtor's Motion for an Order (I) Authorizing Supplement to the Indenture in Aid of Implementation of the Plan; and (II) Approving Bond Exchange Materials and Procedures for Term Bonds (the "Motion") with the Bankruptcy Court to approve the foregoing resolution and necessary conforming changes to the Indenture and the forms of the Bonds. The Motion also contains a request for the Court to approve a clarification that allows the parties to use funds in the Cost of Issuance Fund (including amounts reserved by the Trustee as of August 22, 2011 and additional amounts deposited therein as set forth in the Motion currently totaling \$583,463.75)² to pay the various fees and expenses incurred in addressing the above Plan Implementation issue. The Motion seeks to hold the Cost of Issuance Fund open through the date that is 6 months after entry of the Bankruptcy Court's Order approving the Motion. The Motion provides that costs of the exchange may only be paid from the Costs of Issuance Fund; no Costs of Issuance will be paid from the Revenue Fund. Section 503 of the Indenture provides that the Trustee thereafter will transfer any remaining amounts in the Cost of Issuance Fund to the Series 2011 Bonds Debt Service Reserve Account.

A copy of the Motion is attached hereto. You will note that attached to the Motion is a draft of the amendment to the Indenture in the form of a supplemental indenture (the "First Supplemental Indenture") to reflect the foregoing changes. The First Supplemental Indenture makes amendments to the Indenture to accommodate the exchange and resulting splitting of the Term Bonds into By-lot Bonds and Retained Bonds.

We will send a follow up notice after a decision is rendered by the Bankruptcy Court on the Motion. If the Motion is approved, the follow up notice will explain the procedure to Opt Out and affirmatively elect to retain the existing Term Bonds with the pro rata redemption feature if any Bondholders want to do so. Except for any Retained Term Bonds which a Bondholder has affirmatively elected to keep, the Term Bonds will be mandatorily exchanged as set forth above for the By-Lot Bonds, which shall be a new series of term bonds providing for the "by-lot" redemption feature. The By-Lot Bonds will be registered with DTC at their maturity value as further set forth in the Motion and attachments. This exchange to By-Lot Bonds will occur without the Bondholder taking additional action (assuming no Opt Out). These new By-Lot Bonds will have new CUSIPs. The CUSIPs will remain the same for any Retained Term

² As set forth in the Motion, this balance in the Cost of Issuance Fund is held subject to unpaid amounts due.

Bonds which a Bondholder has affirmatively elected to keep.

III. Hearing Date.

The hearing on the Motion is scheduled for 2:00 p.m. (prevailing eastern time) on April 10, 2012, before Judge David R. Duncan, at the following address: J. Bratton Davis United States Court House, 1100 Laurel Street, Columbia, SC 29202.

You are entitled to be present at the hearing and present your support or objection to the Motion. If you desire to object or appear and be heard on the Motion, you need to provide a written objection or response to the Court, on or before 5:00 p.m. (prevailing eastern time) on April 3, 2012 and serve that response on the parties set forth in the attached notice on the Motion. Objections must be timely filed and served, or such objections may be overruled. If you have objections to the Motion and fail to file and serve these objections in writing by the above deadline in accordance with the terms of the notice as applicable, you may be denied the opportunity to appear and be heard as set forth therein.

IV. Additional Information.

The Trustee directs your attention to the detailed background and historical information (i) set forth in our earlier notices (with the more recent notices available to be viewed on the Municipal Securities Rulemaking Board website at www.emma.msrb.org), and (ii) located at the Association website at www.southernconnector.com under News and Filings, Official Filings. The Bondholders are also directed to other potential sources of information, including the Bankruptcy Court's PACER public document system (fee based; PACER subscription required) found at <https://ecf.scb.uscourts.gov/cgi-bin/login.pl> or accessible with instructions through the Bankruptcy Court's website at www.scb.uscourts.gov.

The Trustee may invest funds held under the Indenture in a mutual fund for which either (a) the Trustee receives a service fee from the fund or fund service provider, or (b) investment or advisory services are provided by the Trustee or an affiliate of the Trustee. As such, the Trustee and its affiliates may receive compensation for the investment advisory, custodial, distribution and other services provided. A prospectus that explains the services and costs, including the rate, formula and method of calculating such compensation, is available by contacting U.S. Bank at (800) 934-6802, option #4, or at the following web address: www.usbank.com/corp_trust/bondholder_contact.html.

Holders should not rely on the Trustee as their sole source of information. We encourage Bondholders to keep themselves informed from other sources of available information. The Trustee may conclude that a specific response to particular inquiries from individual holders is not consistent with equal and full dissemination of information to all holders. The Trustee makes no recommendations and gives no investment advice.

Please direct any questions or comments in writing to Susan Jacobsen, U.S. Bank National Association, Corporate Trust Services, 60 Livingston Avenue, EP-MN-WS1D, St. Paul, Minnesota 55107, phone number (651) 495-3954, fax number (651) 495-8100, or by e-mail to susan.jacobsen2@usbank.com.

**U. S. Bank National Association,
as Indenture Trustee**

February 8, 2012

ATTACHMENT #5 – EXCHANGE MOTION
(excluding exhibits due to duplicativeness)

**IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA**

In re:

Connector 2000 Association, Inc.,

Debtor.

Case No. 10-04467-dd
Chapter 9

DEBTOR’S MOTION FOR AN ORDER (I) AUTHORIZING A SUPPLEMENT TO THE INDENTURE IN AID OF IMPLEMENTATION OF THE PLAN; AND (II) APPROVING BOND EXCHANGE MATERIALS AND PROCEDURES FOR TERM BONDS¹

Connector 2000 Association, Inc. (the “Debtor”) submits this motion (the “Motion”) for an order pursuant to sections 945, 1142(b), 1145, 364(f) and 105(a) of the Bankruptcy Code² (made applicable by sections 103(f) and 901): (I) approving a supplement to the First Amended and Restated Master Indenture of Trust between the Debtor and U.S. Bank National Association, as trustee (the “Trustee”) dated as of April 1, 2011 (the “Indenture”); and (II) approving disclosure and exchange materials and procedures for the Term Bonds (as defined below). By this Motion, the Debtor seeks authority and approval for the items in (I) and (II) above in order to address an unforeseen circumstance related to implementation of the Debtor’s First Amended Plan for Adjustment of Debts under Chapter 9 (as further defined below, the “Plan”).³ Specifically, although the Plan and Disclosure Statement contemplated that the Debtor’s restructured bonds would be registered with the Depository Trust Corporation (“DTC”) at their Maturity Value of \$1.00 authorized denomination per bond,⁴ DTC’s Operational Arrangements⁵

¹ The DTC registration issue which is being addressed by this Motion involves only remedying what the Trustee and holders believe is a Plan inconsistency involving the Term Bonds issued under the Plan. The proposed relief requested herein does not attempt in any way to affect SCDOT or any other Plan creditors or parties in interest other than the holders of the Bonds.

² Further references to the Bankruptcy Code (11 U.S.C. §§ 101 et seq.) may be by section number only.

³ Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Plan, Disclosure Statement (as defined below), or Indenture, as may be applicable.

⁴ “Maturity Value” generally is the final cumulative value of the Bonds after accretion of unpaid interest and

and related procedures for registrations of term bonds at maturity value require that redemptions be paid “by lot”, as further discussed below. The Trustee and holders of more than a majority in aggregate Original Principal Amount (“Majority Holders”) of the Term Bonds assert that the Debtor’s Chapter 9 Plan cannot be fully consummated and implemented unless the Term Bonds are registered at their Maturity Value with DTC, and thus have requested that the Debtor seek the relief requested herein. In support of this Motion, the Debtor respectfully represents as follows:

JURISDICTION

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(a) and 1334, Article X of the Plan (setting forth “Retention of Jurisdiction of the Court”), and paragraph 61 of the order confirming the Plan entered April 1, 2011 [Docket No. 141] (the “Confirmation Order”) (stating *inter alia* that the “Bankruptcy Court’s retention of jurisdiction as set forth in Article X of the Plan is approved”).

2. Article X of the Plan provides in relevant part:

Pursuant to Bankruptcy Code Section 945, following the Effective Date, the Bankruptcy Court shall retain *sole and exclusive jurisdiction* of the following:

3. The correction of any defect, the curing of any omission, or the reconciliation of any inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan;
4. The enforcement and interpretation of the terms and conditions of the Plan and the Plan Documents;
5. The entry of any order, including injunctions, necessary to enforce any title, right and powers of the Debtor hereunder and to impose such limitations, restrictions and terms and conditions of such title, rights and powers as this Court may deem necessary;

principal on the bonds. Maturity value differs from the original principal amount of zero coupon bonds such as the Bonds, because interest is not paid on a current coupon basis, but rather is added to principal and “accreted” over time. To the extent not previously paid, the total accreted principal and interest amounts are paid at maturity of the zero coupon bonds. As used in this Motion and by DTC, “Maturity Value” for any Bond of an authorized denomination means \$1.00 (commonly referred to as “par” or “face” value). Prior to its maturity date the Accreted Value of any such Bond is less than \$1.00.

⁵ DTC’s Operational Arrangements are Procedures that have been filed and approved with the U.S. Securities and Exchange Commission.

(Plan at 27 (emphasis supplied)).

3. The statutory predicates for the relief sought herein are sections 945, 1142(b), 1145, and 105(a) of the Bankruptcy Code, made applicable by sections 103(f) and 901. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. §§ 157(b).

DISCUSSION

I. Background

4. On June 24, 2010 (the “Petition Date”), the Debtor filed its voluntary petition for relief under Chapter 9 of the United States Bankruptcy Code (the “Bankruptcy Code”), in the United States Bankruptcy Court for the District of South Carolina (the “Court”).

5. On October 22, 2010, the Debtor filed an initial plan and a disclosure statement. On November 23, 2010, the Debtor filed a First Amended Disclosure Statement and First Amended Plan for Adjustment of Debts, both of which were thereafter supplemented, modified and amended on January 17, 2011 with various exhibits [Docket Nos. 108, 110] and on March 16, 2011, with respect to the Plan only [Docket No. 129] (as such, the “Disclosure Statement” and “Plan”, respectively). Solicitation materials were distributed by the Debtor’s Solicitation Agent pursuant to the Solicitation Procedures Order entered by the Court [Docket No. 113], and the Plan was accepted by the requisite numbers of the Debtor’s creditors.

6. On April 1, 2011, the Court entered the Confirmation Order confirming the Plan. The Effective Date of the Plan was noticed by the Debtor as having occurred on April 21, 2011 [Docket No. 151].

7. On the Effective Date, the Debtor issued its Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina) Series 2011A, Series 2011B and Series 2011C

(collectively, the “Bonds”)⁶ pursuant to the Indenture. The Bonds were issued to restructure the Debtor’s prepetition defaulted bonds (the “Original Bonds”)⁷ under the terms of the Plan and as further described in the Disclosure Statement. Pursuant to the Plan, the owners of the Original Bonds received a pro rata amount of the Bonds.⁸

8. In addition to consisting of three separate Series reflecting payment priority (Series 2011A, 2011B, and 2011C), the Bonds are comprised of both “serial” and “term” zero coupon bonds.⁹ The eleven “serial” zero coupon bonds mature annually on each January 1 of 2012 to 2022 inclusive (the “Serial Bonds”). The six “term” zero coupon bonds each mature on a final specified maturity year (respectively, 2032, 2042 and 2051) (the “Term Bonds”).¹⁰

9. As noted above, the Bonds are all zero coupon bonds. Zero coupon bonds can be described in two general ways, either as Discount Bonds or as Capital Appreciation Bonds. Generally, “Discount Bonds” are zero coupon bonds which are issued at a discount from their stated maturity value and then “accrete” to their final stated maturity value (e.g., \$1.00). In contrast, “Capital Appreciation Bonds” are issued at a stated original principal amount (e.g.,

⁶ The Bonds consist of the following three series: (A) The Series 2011A Bonds are senior secured zero coupon bonds issued in the aggregate Original Principal Amount of \$126,899,826.00; they consist of 11 serial bonds maturing January 1 of the years 2012 through 2022 (inclusive) and three term bonds, each subject to mandatory pro rata prepayment, maturing January 1, 2032, January 1, 2042 and July 22, 2051 (the “Series 2011A Bonds”); (B) The Series 2011B Bonds are senior subordinated secured zero coupon bonds issued in the aggregate Original Principal Amount of \$21,085,708.00; they consist of two term bonds, each subject to mandatory pro rata prepayment, maturing January 1, 2032 and July 22, 2051 (the “Series 2011B Bonds”); and (C) The Series 2011C Bonds are junior subordinated secured zero coupon term bonds issued in the aggregate Original Principal Amount of \$2,160,434; they accrete interest at 10.0% per annum and mature, subject to mandatory pro rata prepayment, on July 22, 2051 (the “Series 2011C Bonds”).

⁷ The Original Bonds consisted of the Debtor’s Toll Road Revenue Bonds (Southern Connector Project, Greenville, South Carolina) Series 1998A, Series 1998B and Series 1998C (collectively, the “Original Bonds”).

⁸ Under the Plan, owners of the Original Bonds received Bonds equal to the pro-rata amount of the Original Bonds owned, as provided in the Bond Exchange Tables attached to the Plan as Appendix C. Each owner of a Series 1998A Bond or Series 1998B Bond received its ratable portion of each of the 11 serial maturities of the Series 2011A Bonds, each of the three term Series 2011A Bonds and each of the two term Series 2011B Bonds. Each owner of a Subordinated Bond received its ratable portion of the term Series 2011C Bonds.

⁹ See *supra* regarding the details of each Series of the Bonds.

¹⁰ The Bonds were issued in the aggregate Original Principal Amount of \$150,145,968. The Term Bonds constitute \$113,520,318 of this aggregate amount. The Bonds have 17 separate CUSIPs (unique identifiers), reflecting their Series and whether they are Term Bonds or Serial Bonds within the Series.

\$1.00) and then accrete forward from such stated original principal amount to a higher maturity value. The difference is descriptive – i.e., whether the stated “amount” of the bond is determined by reference to its final maturity value or its original principal amount.¹¹

10. Significantly, the Plan contemplated that the Bonds would be “book entry” securities and thus that the beneficial ownership of the Bonds would be registered under the industry-wide securities clearing system established by DTC. In this regard, the Disclosure Statement states as follows at page 55 under the heading “Issues Related to Mechanics of Amended Bonds”:

Bonds will be issued as soon as practicable after the Effective Date. However, due to the nature of the Bonds as book entry securities held through DTC, the effectuation of the exchange may involve some time delay after the effective date to complete the exchange process. It should also be noted that the Bond Exchange Table sets forth the issuance amount of the Bonds to be received. However, as book entry securities, the Bonds will be issued and noted in DTC’s records at their Maturity Value.

(Disclosure Statement at 55).

11. The Debtor intended for the Bonds to be issued in authorized denominations of \$1.00 in Maturity Value per Bond (such that the Bonds were Discount Bonds registered at stated Maturity Value). However, the Plan also contemplated that all payments made by the Debtor to

¹¹ A simple example will illustrate this point. Assume Company borrows \$100.00 from Bank but does not want to make any payment on the loan until the maturity of the loan 10 years later. Bank agrees to make the loan at an annually compounded yield of 7.717735% so that the amount Company will pay Bank in 10 years is \$200. The Company’s note evidencing its obligation to repay this loan can be drafted in two alternative ways. Company may issue a single \$100 note that accretes interest at an annually compounded yield of 7.717735% and matures in year 10 in the amount of \$200. This note is a “capital appreciation” debt instrument. If it is redeemed or prepaid any time after it is issued and before it matures, the accreted value of the instrument will be greater than \$100 and less than \$200, depending on when the payment is made and the resulting interest accrued on the \$100 loan. Alternatively, the same loan could result in two notes each maturing in the amount of \$100 in year 10, delivered by Company to Bank discounted at the annually compounded yield of 7.717735% to their original principal amount of \$50.00. These are two “discount” debt instruments each of which accretes interest and matures in the amount of \$100 in year 10. If they are redeemed or prepaid any time after they are issued and before their maturity, the accreted value of each of the instruments will be greater than \$50.00 and less than \$100, depending on when the payment is made and the resulting interest accrued on the loan. Thus the zero coupon debt obligation resulting from the loan can be described either as a single capital appreciation note or as two discount obligations, each of which reflect the exact same debtor-creditor relationship. The Series 1998B Bonds and Series 1998C Bonds were documented as Discount Bonds.

the Trustee would be distributed to the beneficial owners of the Bonds entitled to payment on a “pro-rata” basis within a given series of Bonds, so that each holder would receive a pro-rata share of any distributions on their series of Bonds.

12. As discussed in more detail below, however, DTC’s policies and procedures under its book entry system require that for the Term Bonds to be registered at their Maturity Value, the distribution of redemption proceeds to the beneficial owners is to occur “by-lot” rather than on a pro-rata basis. Currently, the Term Bonds are reflected by DTC at their Original Principal Amount (as Capital Appreciation Bonds) to permit pro-rata distribution of prepayments on the Term Bonds under DTC’s “Pro-Rata Paydown” program.

13. After issuance of the Bonds, certain Bondholders informed the Debtor and the Trustee that a problem existed with the DTC registration. Namely, as further discussed below, the registration and pricing of the Term Bonds did not conform to the brokers’ trading systems for such zero coupon tax exempt bonds, creating a secondary market trading impediment that is a continuing problem for holders of the Term Bonds.

14. This Motion thus seeks approval for the Debtor and the Trustee to take necessary action, including amending the Indenture and conducting an exchange of the current Term Bonds for “by-lot” term bonds to be registered by DTC at their Maturity Value, as further discussed below. However, since this change to “by-lot” distributions would mean that holders will not receive pro rata distributions of payments on such bonds, it is possible that some holders may prefer to retain their current Term Bonds with pro rata distributions and suffer the illiquidity of those obligations, instead of exchanging them for “by-lot” bonds without pro rata distributions. This is why the Debtor and Trustee are proposing an exchange which allows holders to elect to retain their current Term Bonds; or, if no election to retain is made, holders will receive new by-

lot bonds. The foregoing exchange is referred to as a “mandatory exchange with an option to retain”.

15. A more detailed background and explanation of the registration issues and the proposed resolution are provided below.

II. More Detailed Statement of the DTC Registration Issues

16. DTC serves as a clearinghouse for the vast majority of publicly-traded municipal bond issues, allowing such bonds to meet the regulatory requirements for timely transfer of securities. Under the DTC book entry system, the beneficial ownership interest in obligations such as the Bonds is made in book-entry-only form through brokers and dealers who are, or act through, DTC participants (“DTC Participants”). The beneficial owners of the Bonds (collectively, the “Beneficial Holders”) are not entitled to receive physical delivery of the Bonds. For so long as any person is the Beneficial Holder of a Bond, such person must maintain an account with a broker or dealer who is, or acts through, a DTC Participant in order to receive payment of principal and interest on such Bond. Consequently, the Debtor does not have a record of the identity of any Beneficial Holders, and the Trustee reflects only DTC as the owner of the Bonds.

17. As set forth above, it is industry standard for obligations such as the Bonds to be registered with DTC. To be eligible for registration with DTC, obligations such as the Bonds must conform to DTC’s rules and requirements for book-entry registration of the obligations. Certain features of the Bonds, however, created issues in trying to obtain DTC registration as contemplated because they were not consistent with DTC’s standard Operational Arrangements.

18. All of the Bonds are “zero coupon bonds” documented as Capital Appreciation Bonds. Generally, publicly issued zero coupon bonds are issued as Discount Bonds registered

with DTC at Maturity Value.¹² The Plan called for the Bonds to be so structured and registered at Maturity Value. As set forth above, the documents further contemplated that each Beneficial Holder would receive his or her pro rata share of any payments made prior to maturity on a series of Bonds; however, under DTC's Operational Arrangements, this did not meet DTC's eligibility requirements for redemption payments.

19. Because of the provision for redemption payments to be distributed pro-rata to holders, which did not comply with DTC's procedures, difficulties arose with registration of the Bonds for book entry clearing with DTC as contemplated. As outlined in its Operational Arrangements, to permit the distribution of prepayments to the beneficial owners of the Bonds pro rata under its "Pro-Rata Paydown Program", DTC required that the Bonds be registered based on authorized denominations of \$1.00 in Original Principal Amount (as Capital Appreciation Bonds) rather than based on authorized denominations of \$1.00 in Maturity Value (as Discount Bonds).¹³

20. In addition, several technical changes to the Indenture were necessary to satisfy DTC's requirements under the Pro-Rata Paydown Program. First, the Debtor's pre-maturity payments to amortize the Term Bonds needed to be renamed from "sinking fund redemption payments" to "pro-rata paydown amounts". (The latter is how the Indenture now reflects such payments.) Second, the accreted value tables for the Bonds also had to be modified (to reflect accretion starting at \$1.00 in Original Principal Amount up to maturity amount at the yield of

¹² For example, U.S. Treasury Bills are Discount Bonds, as they are issued at face maturity value (in \$100,000 amounts), but the amounts paid for those obligations at their original issue date are lower than maturity value, with the difference between the price at issue and the amount paid at maturity being original issue discount treated as interest for federal income tax purposes. Secondary market trading of Discount Bonds are at prices reflecting that discount to their maturity value. Until its maturity, the accreted value of a Discount Bond is always less than its maturity value per authorized denomination (less than \$100,000 for Treasury Bills).

¹³ These Capital Appreciation Bonds accrete in value from Original Principal Amount at issuance at the yield on each Bond. For example, Exhibit "T" to the Indenture lists the accreted values of the Bonds. The accreted value of the 6.5% Term Series 2011A Bond maturing on January 1, 2032 is \$1.00 on April 1, 2011 and accretes to a maturity value of \$3.69406.

each Bond). DTC worked cooperatively with the Debtor and Trustee to explain what changes were necessary for DTC to register the Bonds based on its Pro-Rata Paydown Program.¹⁴ Effective April 21, 2011, the Bonds were registered with DTC at Original Principal Amount under the Pro-Rata Paydown Program discussed above.

21. Shortly after the Bonds were issued, certain institutional holders and broker dealers began contacting the Trustee regarding the bonds. Because the Term Bonds were listed by DTC as set forth above, they did not “fit” into the brokers’ systems or into industry pricing systems. The Term Bonds thus were untradeable in the public secondary market. More specifically, the brokers’ and industry pricing systems for trading zero coupon bonds are based upon the assumption that they are registered at Maturity Value, and trade at a price discount from such “face” amount at maturity. Consequently, the Term Bonds as registered through DTC under the Pro-Rata Paydown Program could not be priced or traded.¹⁵

22. The Debtor has been informed by the Trustee and certain institutional bondholders that DTC agreed to reflect the Serial Bonds at Maturity Value in conformity with DTC’s Operational Arrangements. Consequently, the Series 2011A Serial Bonds will not be amended or exchanged. However, DTC informed the Trustee that the Term Bonds could be listed at Maturity Value only if any annual sinking fund redemption payments for a series of Term Bonds are made by DTC to Beneficial Holders on a “by lot” basis, rather than pro-rata.

¹⁴ The name and table changes did not modify the amounts to be paid to the Beneficial Holders of the Bonds, but as discussed herein changed the face amount of the Term Bonds (to Original Principal Amount from Maturity Value) and the characterization of periodic interest and principal payments to be made under the Bonds (from sinking fund payments to pro rata paydowns).

¹⁵ Holders of the Bonds have informed the Debtor and the Trustee that it is impossible to convert or translate DTC’s Capital Appreciation Term Bond value under the Pro-Rata Paydown Program into a value as a Discount Bond to allow entry and pricing of the bonds on the brokers’ systems.

III. The Proposed Solution

23. The Majority Holders have requested that the Debtor and Trustee remedy the DTC registration issue with respect to the Term Bonds to allow for “by-lot” term bonds which can be registered with DTC at Maturity Value and thus traded in the secondary public security markets. As stated above, this would require a change from the current pro-rata paydown feature of the Term Bonds to payment of redemption proceeds “by lot” according to DTC’s Operational Arrangements. Thereafter, DTC would use its standard lottery system to distribute any redemption proceeds among Beneficial Holders of a Series of Term Bonds, rather than having to make each distribution proportionally among all Beneficial Holders of a Series in accordance with their Term Bond holdings (which requires calculation of the proper prorations based on then current holdings for each distribution by DTC).¹⁶ This change to “by lot” redemptions would allow for term bonds which DTC has indicated can be registered based on Maturity Value, thereby conforming to the broker’s trading and pricing systems and to the structure contemplated under the Plan and Disclosure Statement.

IV. Procedures for Exchange of Term Bonds for By-Lot Bonds

24. Based on the above, the Majority Holders have requested that the Debtor facilitate the exchange of the Term Bonds for new term bonds which provide for DTC’s distribution of redemption payments to the Beneficial Holders by lot (the “By-Lot Bonds”). The By-Lot Bonds

¹⁶ The difference in the mechanics of pro-rata versus by lot payment can be simply illustrated as follows: If a \$500 redemption payment is made as a pro-rata payment on \$1,000 in outstanding Accreted Value of Term Bonds with a Maturity Value of \$2,000, the \$500 would be paid “pro rata”, meaning proportionally so that every Beneficial Holder of such Term Bond receives a percentage of the \$500 equal to the percentage of the Term Bonds owned by such bondholder (i.e., 10% of \$500 for a 10% holder). The Debtor understands that under the “by lot” system, the same \$500 would be distributed using a different process. The Maturity Value of the Term Bond then outstanding would be divided by the minimum denominations for the bonds (here, \$1.00), which yields 2,000 bonds which would be assigned to the beneficial owners. Each of the resulting 2,000 bonds would be assigned a number and then 1,000 of these numbers would be selected by DTC in a random lottery. Each of the 1,000 numbers selected would receive a distribution equal to \$0.50 (the Accreted Value of such deemed \$1.00 bond). Some beneficial owners could get no portion of such payment.

and corresponding revisions to the Indenture will be reflected in a First Supplemental Indenture of Trust (the "First Supplement"). The First Supplement will be substantially in the form attached hereto as *Exhibit A* (but with such changes as agreed upon and determined necessary or advisable by the Debtor and Trustee to effectuate the intent and purposes of the exchange and other relief requested herein (including changes required by law, regulatory agencies or DTC), provided that such changes do not materially adversely affect the Bondholders or the Bonds).

25. The By-Lot Bonds will be dated the Effective Date and have identical yields, aggregate Original Principal Amounts, maturities and pay-down schedules as the Term Bonds for which they are exchanged, but will provide for by-lot distribution of redemption proceeds instead of pro-rata. This would mean that the Beneficial Holders of the By-Lot Bonds would not be assured of the timing of any particular payments prior to maturity, since distribution of redemption proceeds would be distributed under DTC's lottery process. However, Beneficial Holders may elect to retain their current Term Bonds.

26. The change from a pro-rata distribution to redemption also introduces a time constraint not currently present in the Indenture. Pro-rata distributions take place on each January 1 Bond Payment Date, without the need for any notices to the beneficial owners of the Term Bonds. However, since by-lot distributions of redemption proceeds involve the selection of certain By-Lot Bonds for payment, the First Supplement will obligate the Trustee to send notices of redemption of the By-Lot Bonds (at the times and in the amount of the Sinking Fund Installments set forth in subsections (1), (2) and (3) of Section 302 of the First Supplement). At the time such notices of redemption are delivered, there will not be funds in the debt service accounts for the various Tiers of the By-Lot Bonds, so such notices of redemption will be conditioned on the deposit of funds into such debt service accounts sufficient to pay the

Redemption Price of the Sinking Fund Installments to be redeemed. In the event that any mandatory sinking fund redemption of any By-Lot Bonds on any January 1 is cancelled due to insufficient funds being available in the applicable debt service accounts to pay any Sinking Fund Installment in full, the First Supplement will obligate the Trustee to deliver notice of the redemption of such By-Lot Bonds for February 15 of that same calendar year, as provided in Section 305 of the First Supplement, in the aggregate Redemption Price not greater than the available balance in the applicable debt service accounts on such January 1 without further accretion. The Redemption Price of By-Lot Bonds called for redemption on February 15 will be equal to the Accreted Value of such Bonds as of such January 1 (of the same calendar year), not the Accreted Value of such Bonds as of the February 15 Redemption Date. In other words, in the event of any such delayed redemption, the Beneficial Holders selected for redemption will not receive interest accretions on the amount being distributed on February 15 for the period from January 1 to February 15.

27. The Debtor proposes that the exchange occur as a mandatory exchange for By-Lot Bonds but with an option for any Beneficial Holder of current Term Bonds to opt out and retain their existing Term Bonds, as follows:

- (a) A disclosure of the exchange will be sent to the holders of the Term Bonds in which they would be notified of the DTC registration issue described above, and that the Term Bonds will be exchanged for By-Lot Bonds which have the same payment terms and yields as the current Term Bonds, with the exception that the distributions of redemption payments on the By-Lot Bonds will be made to the Beneficial Holders of the By-Lot Bonds pursuant to DTC's lottery process rather than on a pro rata basis;
- (b) Holders would be given the option to elect to "opt out" of the exchange and keep their Term Bonds as is (the "Retained Bonds");
- (c) If a holder does not affirmatively elect to opt out of the exchange, the Term Bonds owned by such Beneficial Holder will be exchanged for By-Lot Bonds; and
- (d) If a holder opts out of the exchange, such holder will retain its current Term Bonds as Retained Bonds, which will be paid based on their pro rata paydown provisions.

28. The By-Lot Bonds will be issued as new series of bonds with new CUSIP numbers. Each series of By-Lot Bonds will have the same maturity, interest accrual yield and aggregate redemption amounts as the Term Bonds of that Series for which they are being exchanged under the First Supplement to the Indenture.

29. The Debtor will solicit the response of Beneficial Holders of the current Term Bonds to the exchange offer using the exchange procedures set forth below. The Debtor proposes that the exchange offer be communicated in an exchange memorandum, which *inter alia* would:

- (a) explain the reasons for the exchange;
- (b) state that the exchange is being offered in response to a request received by the Debtor from the Majority Holders of the Term Bonds and to more fully effectuate the purposes and intent of the Plan given the incompatibility of the Term Bonds as currently registered with DTC and the secondary market trading systems;
- (c) describe the differences between the By-Lot Bonds and the existing Term Bonds;
- (d) permit a holder to elect to “opt out” of the exchange and keep its bonds as Retained Bonds and continue to receive distributions on a pro-rata basis;
- (e) explain that if no response is received electing to opt out, the Term Bonds will be exchanged for the By-Lot Bonds;
- (f) require, as a condition to the effectiveness of the exchange, the delivery of an opinion of bond counsel, substantially to the effect that the By-Lot Bonds are valid and enforceable obligations of the Debtor under the Indenture and that original issue discount properly allocated to such By-Lot Bonds will be excludable from gross income for federal income tax purposes and that the exchange of the By-Lot Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of original issue discount properly allocated to the Retained Bonds or the Series 2011A Serial Bonds; and
- (g) provide direction for obtaining additional information concerning the Debtor and the exchange.

The exchange memorandum would also be accompanied by the First Supplement and the Trustee’s Bondholder Notice No. 3 (which documents other than the First Supplement (attached as *Exhibit A*) shall be in substantially the form of the documents attached hereto as *Exhibit B*, but with such changes to the documents from time to time as agreed upon and determined necessary or advisable by the Debtor and Trustee to effectuate the intent and purposes of the exchange and

other relief requested herein (including changes required by law, regulatory agencies or DTC), provided that such changes do not materially adversely affect the Bondholders or the Bonds, collectively, the “Exchange Package”).

30. Assuming the relief requested in this Motion is granted after notice and a hearing, the Debtor seeks approval of the following procedures for the disclosure of the exchange offer and exchange of the Term Bonds (the “Exchange Procedures”):

- (a) The Trustee will disseminate a bondholder notice with the Exchange Package through DTC, including notice that holders may opt out of the exchange by causing a filing through DTC's Automated Tender Offer Program (“ATOP”) to retain the current Term Bonds.
- (b) The Trustee will also publish a bondholder notice regarding the exchange via the Electronic Municipal Market Access (“EMMA”) system.¹⁷
- (c) The Debtor will issue a press release in the national editions of *The Bond Buyer* and *USA Today* about the exchange.
- (d) The Exchange Package also will be posted on the Debtor’s website.

31. To the extent that circumstances arise that require a modification of the proposed Exchange Procedures outlined above, the Debtor and Trustee reserve the right to supplement or amend such Exchange Procedures as agreed upon and determined necessary or advisable by the Debtor and Trustee to effectuate the intent and purposes of the exchange and other relief requested herein (including changes required by law, regulatory agencies or DTC), provided that such changes do not materially adversely affect the Bondholders or the Bonds).

32. The following is a schedule of events relating to the exchange process that the Debtor believes is a reasonable schedule to be followed with respect to the proposed exchange:

February 7, 2012		Filing of this Motion
February 14, 2012 (5 business days after filing)		Service by Epiq of this Motion on the notice parties, including all holders

¹⁷ EMMA is a comprehensive, centralized online source for free access to municipal disclosures, market transparency data and educational materials about the municipal securities market.

April 3, 2012		Deadline for filing objections to Motion
April 10, 2012		Hearing on the Motion
_____, 2012 (5 days after entry of an Order on the Motion)		Mailing of Exchange Package to DTC
_____, 2012 (with exchange left open at least 20 business days)		ATOP Deadline to Elect to Retain
_____, 2012		Exchange Date for By-Lot Bonds (effective as of the Effective Date)

33. As noted above, the Exchange Date is anticipated to occur in 2012 because of the necessary steps involved in effectuating the exchange, but the Debtor and Trustee propose that the exchange will be effective *nunc pro tunc* to the Effective Date in further implementation of the Plan. The January 1, 2012 distributions on the Term Bonds were made in accordance with the terms of the Plan and current Indenture and will not be affected by this Motion.

34. With respect to funding, the First Supplement provides that \$583,463.75 of funds in the “Cost of Issuance” Fund established under Section 503 of the Indenture may be used to pay the additional fees and costs incurred by the Debtor and the Trustee in connection with their efforts to resolve the DTC issues and implement the exchange, including the preparation and approval of this Motion and related Order, the First Supplement, the exchange documents, and any other related documents or actions for implementation of the foregoing and the Plan, including DTC’s approval for registration of the Bonds (collectively, the “Costs of Issuance”). The Indenture established the Cost of Issuance Fund from a portion of the reserves and funds held by the Trustee under the original indenture to pay the costs and expenses associated with

implementing the Plan, which should include the exchange contemplated hereby.¹⁸ The First Supplement provides that the date to which the Cost of Issuance Fund will be left open will be changed from the original date of August 22, 2011 to the date that is six months after the date of entry of an Order on this Motion. Section 503 of the Indenture provides that the Trustee thereafter will transfer any remaining amounts in the Cost of Issuance Fund to the Series 2011 Bonds Debt Service Reserve Account.

35. Because of ongoing efforts to resolve the registration issues and pending fees and costs related thereto that are unpaid, the Trustee as of August 22, 2011 reserved and did not transfer the remaining amounts in the Cost of Issuance Fund. By this Motion, the Debtor and the Trustee seek Court approval to extend the date to which the Cost of Issuance Fund will be left open from the original date of August 22, 2011 to a date that is six months after the date of entry of an Order on this Motion, and to specifically approve the payment of the Costs of Issuance as defined above from the Cost of Issuance Fund.

36. The Trustee has requested that the Debtor seek the above relief as to the payment of Costs of Issuance regardless of the effectiveness of the First Supplement or other relief requested herein, *inter alia*, because such Costs of Issuance have been and are being incurred to address the DTC registration issues in order to fully effectuate and implement the Debtor's Plan. Provided, however, payment of the Costs of Issuance, including any fees, costs or expenses directly or indirectly relating to the solicitation, exchange, registration and distribution of the By-Lot Bonds, will be limited to the monies in the Costs of Issuance Fund. In addition, no payments in respect of such Costs of Issuance may be made or amounts withdrawn, directly or indirectly, from the Revenue Fund established under the Indenture. The approval of Debtor's Board for the

¹⁸ An additional \$318,984.40 formerly held in a suspense account at U.S. Bank and related to Debtor's prepetition repurchase agreement was deposited by the Trustee in the Cost of Issuance Fund pending consideration of this Motion.

exchange was made contingent on the foregoing provisos. By this Motion, the Debtor and Trustee thus seek Court approval of and authority to pay Costs of Issuance, as described above, upon and after entry of an Order on this Motion.

AUTHORITY FOR RELIEF REQUESTED

37. The Debtor submits that the Court's granting of the relief requested herein, including the approval of the First Supplement amending the Indenture and providing for the By-Lot Bonds, and approval of the Exchange Package and procedures, is necessary to fully consummate and implement the Plan and is proper pursuant to Bankruptcy Code sections 945, 1142(b), 1145, 364(f) and 105(a), as made applicable by sections 103(f) and 901.

38. Pursuant to sections 945 and Article X of the Plan, the Court has sole and exclusive jurisdiction among other things to remedy any Plan inconsistency or defect.¹⁹ Pursuant to section 1142(b), the "court may direct the debtor and any other necessary party to execute or deliver or to join in the execution or delivery of any instrument required to effect a transfer of property dealt with by the confirmed plan, and to perform any other act, ... that is necessary for consummation of the plan." Section 1145 allows, and the Debtor requests approval of the Court for, the exchange of the By-Lot Bonds for the Term Bonds to proceed *nunc pro tunc* to the Effective Date and be deemed along with the original issuance of the Bonds under section 1145 and 364(f) to comply with any otherwise applicable securities law in furtherance of full consummation and implementation of the Plan. The January 1, 2012 distributions on the Term Bonds were made in accordance with the terms of the Plan and current Indenture and will not be affected by this Motion.

¹⁹ Section 945(a) provides: "The court may retain jurisdiction over the case for such period of time as is necessary for the successful implementation of the plan."

39. Based upon the terms of the Plan and Disclosure Statement, the lack of viable alternatives to otherwise achieve acceptable book-entry registration and secondary market liquidity of the current Term Bonds as discussed above, and the support from the Majority Holders for the relief requested herein, the Debtor respectfully submits that the exchange and other proposed relief is necessary and proper pursuant to the authority above to fully consummate and implement the Plan.²⁰

40. By this Motion, the Debtor requests, among other things, that the Court enter an order in the form attached hereto or to be filed with the Court: (i) approving the First Supplement, substantially in the form attached hereto as *Exhibit A*; (ii) approving the other documents comprising the Exchange Package, substantially in the form attached hereto as *Exhibit B*; and (iii) approving disclosure and exchange procedures as described more fully herein, all subject to such changes as may be necessary to effectuate the intent and purposes of the exchange and other relief requested herein.

NOTICE

41. Notice of this Motion via CMECF and/or U.S. Mail has been given to (i) the counsel for the Trustee; (ii) counsel for the Office of Treasurer of the State of South Carolina; (iii) counsel for the SCDOT; (iv) the United States Trustee; (v) any parties who have filed a Notice of Appearance.

42. In addition, so that this Motion is fully and properly disseminated to the holders of the Bonds, the Debtor proposes to distribute this Motion in a manner substantially similar to the process used to send out the Debtor's Plan Solicitation Package to bondholders in voting classes, as follows: It is contemplated that DTC will provide the Debtor and its claim and

²⁰ Neither the Debtor nor the Trustee are aware of any bondholder who opposes the exchange to By-Lot Bonds or other relief proposed by this Motion.

balloting agent, Epiq Bankruptcy Solutions, LLC (“Epiq”), the names of the DTC Participants or any other representatives such as brokers, banks, commercial banks, transfer agents, trust companies, dealers, other agents or nominees, or their mailing agents (collectively, the “Nominees”).²¹ Epiq will distribute the Motion to the Nominees and/or any designated agent that might be identified by any Nominee. The Debtor further proposes that each Nominee be required to forward a copy of the Motion to the Beneficial Holders of the Bonds for whom such Nominee acts. Epiq will also distribute the Motion to all other creditors of Debtor who were entitled to vote on the Plan. The Debtor believes the distribution of the Motion in this manner is a reasonable way to provide notice to the bondholders of the relief being requested by the Debtor in this Motion and provide bondholders with notice of the objection deadline to this Motion as well as the hearing date.

43. A copy of the Motion also will be posted on the EMMA system, as will a Trustee bondholder notice discussing the filing of the Motion. Additionally, the Motion will be posted on Debtor’s website.

[CONTINUED ON NEXT PAGE]

²¹ Due to the DTC registration issue and resulting trading problems, the Debtor believes it reasonable to expect that the Bondholders issued Term Bonds on the Effective Date should be substantially the same to the current holders of Term Bonds.

WHEREFORE, the Debtor respectfully request that the Court enter an order (i) granting the relief requested herein and (ii) granting such other and further relief as is just and proper.

HAYNSWORTH SINKLER BOYD, P.A.

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February 7, 2012

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