

BRIEFING BY CONNECTOR 2000 ASSOCIATION, INC.

Dated October 30, 2008

Nine Month Period Ended September 30, 2008

This is the second of an anticipated series of periodic briefings by Connector 2000 Association, Inc. (the "*Association*") to the Trustees representing the interests of the holders of the Toll Road Revenue Bonds (Greenville Southern Connector Project), Series 1998 (the "*Bonds*") issued by the Association pursuant to the Association's Disclosure Policy adopted by its Board of Directors on July 16, 2008, previously delivered to you. This Briefing is provided under the Policy at the request of the Trustees, and the Association disclaims any obligation to provide future briefings (under the Continuing Disclosure Agreement of the Association relating to the Bonds, Rule 15c2-12 of the Securities and Exchange Commission or otherwise) should the Board decide to modify or repeal the Policy. Information contained herein represents the best information now available to the Association's management but such information is not warranted as to accuracy or completeness and is not intended to provide a basis for execution of purchases or sales of the Bonds. This information should be read in conjunction with the Association's latest Annual Report. Financial and statistical data contained herein have not been reviewed, confirmed or approved by any third party professional accounting or financial advisory firm.

1. **Engagement of Traffic and Revenue Consultant.** As previously reported publicly, the Association engaged Stantec Consulting Services, Inc. ("*Stantec*") as its traffic and revenue consultant for purposes of preparing an investment grade traffic and revenue study. Stantec has begun work on the Study and the Association expects it will be completed by the first quarter of 2009.

2. **Supplemental Toll Legislation.** As previously reported publicly, the Association, with the cooperation and assistance of the South Carolina Department of Transportation ("*SCDOT*"), prepared proposed legislation to amend South Carolina law regarding the refinancing, extension and transfer of rights and obligations under public-private partnership agreements for transportation projects in the State which failed to pass the last session of the South Carolina General Assembly. The General Assembly adopted Joint Resolution S. 1182 establishing a legislative study committee on public-private partnerships (the "*3P Committee*") which has been constituted and has had two meetings. The 3P Committee is expected to submit a report to the General Assembly by February 2, 2009.

3. **Material Event.** The Association filed a material event notice on September 4, 2008 notifying the public of a downgrade of the Bonds to "CC" by Standard & Poor's.

3. **Unaudited Financial Statements/Lehman Brothers Bankruptcy.** The compiled, unaudited financial statements of the Association for the nine month period ended September 30, 2008 are attached hereto. Please note that the ledger item "'Other Current Assets – Accrued Interest on Investment" balances includes \$149,752 of accrued interest on funds invested under a collateralized repurchase agreement for amounts in the Senior Bonds and the Subordinate Bonds Debt Service Reserve Accounts (the "*Repurchase Agreement*") among U.S. Bank, as successor in trust to First Union National Bank (the "*Trustee*"), Wells Fargo Bank as successor to Norwest Bank, N.A., as custodian (the "*Custodian*") and Lehman Brothers, Inc. ("*LBI*"). A bankruptcy case in the name of Lehman Brothers Holdings, Inc., Case # 08-13555, was filed in the Southern District of New York September 15, 2008 and LBI was subsequently placed under a liquidation proceeding by the Securities Investor Protection Corporation (SIPC). The Association has learned that Barclay's Bank PLC ("*Barclay's*") petitioned to acquire certain assets of LBI which may include the Repurchase Agreement. The Association has confirmed that collateral is held by the Custodian under the Repurchase Agreement. The value of the Repurchase Agreement may be revised as the liquidation of LBI is completed.

**CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

BRADSHAW, GORDON & CLINKSCALES, LLC
630 E WASHINGTON ST STE B
GREENVILLE SC 29601
864-233-0590

CONNECTOR 2000 ASSOCIATION, INC.
P. O. BOX 408
PIEDMONT SC 29673

WE HAVE COMPILED THE ACCOMPANYING BALANCE SHEET OF CONNECTOR 2000 ASSOCIATION, INC. (A COMPONENT UNIT OF THE STATE OF SC AND OF THE SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION) AS OF SEPTEMBER 30, 2008, AND THE RELATED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007, IN ACCORDANCE WITH STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES ISSUED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS.

A COMPILATION IS LIMITED TO PRESENTING IN THE FORM OF FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES INFORMATION THAT IS THE REPRESENTATION OF MANAGEMENT. WE HAVE NOT AUDITED OR REVIEWED THE ACCOMPANYING FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE ON THEM. HOWEVER, WE DID BECOME AWARE OF DEPARTURES FROM U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES DESCRIBED IN THE FOLLOWING PARAGRAPHS.

THE ASSOCIATION HAS ADOPTED THE PROVISIONS OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT NO. 34, BASIC FINANCIAL STATEMENTS - AND MANAGEMENT'S DISCUSSION AND ANALYSIS - FOR STATE AND LOCAL GOVERNMENTS AND STATEMENT NO. 37, BASIC FINANCIAL STATEMENTS - AND MANAGEMENT'S DISCUSSION AND ANALYSIS - FOR STATE AND LOCAL GOVERNMENTS: OMNIBUS, AND STATEMENT NO. 38, CERTAIN FINANCIAL STATEMENT NOTE DISCLOSURES, FOR ANNUAL REPORTING PURPOSES. HOWEVER, CERTAIN DISCLOSURE AND FORMAT REQUIREMENTS OF GASB STATEMENT NOS. 34 AND 37 HAVE NOT BEEN MET IN THE ACCOMPANYING INTERIM FINANCIAL STATEMENTS, INCLUDING THE IDENTIFICATION OF RESTRICTED ASSETS AND LIABILITIES, THE RECLASSIFICATION OF FUND EQUITY (DEFICIT) AS VARIOUS COMPONENTS OF NET ASSETS (DEFICIT), AND THE RECLASSIFICATION OF NET LOSS AS DECREASE IN NET ASSETS. THE EFFECTS OF THESE DEPARTURES FROM U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES HAVE NOT BEEN DETERMINED.

MANAGEMENT HAS ELECTED TO OMIT SUBSTANTIALLY ALL OF THE DISCLOSURES AND THE STATEMENTS OF CASH FLOWS REQUIRED BY ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA. IF THE OMITTED DISCLOSURES AND STATEMENTS OF CASH FLOWS WERE INCLUDED IN THE FINANCIAL STATEMENTS, THEY MIGHT INFLUENCE THE USER'S CONCLUSIONS ABOUT THE COMPANY'S FINANCIAL POSITION, RESULTS OF OPERATIONS, AND CASH FLOWS. ACCORDINGLY, THESE FINANCIAL STATEMENTS ARE NOT DESIGNED FOR THOSE WHO ARE NOT INFORMED ABOUT SUCH MATTERS.

CONNECTOR 2000 ASSOCIATION, INC. IS A NONPROFIT QUASI-GOVERNMENTAL ENTITY THAT IS ACCOUNTED FOR AS AN ENTERPRISE FUND.

WE ARE NOT INDEPENDENT WITH RESPECT TO CONNECTOR 2000 ASSOCIATION, INC.

Bradshaw, Gordon & Clinkscaler, LLC

OCTOBER 23, 2008

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
BALANCE SHEET
SEPTEMBER 30, 2008

CASH AND INVESTMENTS

Petty cash	\$	200.00
Service Center change fund		200.00
East plaza change fund		3,000.00
West plaza change fund		3,000.00
MCR "test" fund		200.00
Revenue DDA account-Palmetto Bank		52,208.29
Senior Debt Service Reserve Fund		8,453,586.17
Escrow Account Palmetto Bank		220,177.22
Revenue Trust Fund		483,275.73
Palmetto Bank Money Market		80,125.18
Palmetto Bank Operating		3,914.22
Subordinate Debt Service Reserve Fund		2,651,534.04
Senior Bonds Debt Service Fund		352,310.87
Certificates of Deposit		<u>273,885.94</u>

TOTAL INVESTMENTS

12,577,617.66

OTHER CURRENT ASSETS

Accrued interest on investment	149,751.63
Prepaid insurance	34,041.44
Equipment Inventory	<u>51,555.00</u>

TOTAL OTHER CURRENT ASSETS

235,348.07

**INTEREST IN LICENSE AGREEMENT
W/SCDOT, AS EVIDENCED BY:**

Road construction costs	171,199,029.87
Other Construction Costs	21,287,795.72
Equipment	57,791.90
Transponders	559,312.79
Toll equipment	38,656.50
Vehicles	141,779.00
BEG.BAL.ACCUMULATED DEPREC.	(507,693.62)
Accumulated depreciation - Equipment	(35,922.54)
Accumulated amort. - Road & Other const. costs	<u>(39,114,887.72)</u>

TOTAL CONSTRUCTION

153,625,861.90

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
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BALANCE SHEET
SEPTEMBER 30, 2008

OTHER ASSETS

Bond issuance costs (pre 2/98)	2,358,129.91	
Series A underwriters discount	947,298.00	
Series B underwriters discount	1,263,064.00	
Series C underwriters discount	660,238.00	
Accumulated Amortization	<u>(1,482,880.00)</u>	
TOTAL OTHER ASSETS		<u>3,745,849.91</u>
TOTAL ASSETS		<u>\$ 170,184,677.54</u>

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
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BALANCE SHEET
SEPTEMBER 30, 2008

LIABILITIES & DEFICIT

ACCRUED INTEREST		
Current Interest Payable - Series A/25 yr	\$	269,062.50
Current Interest Payable - Series A/40 yr		<u>602,001.00</u>
TOTAL ACCRUED INTEREST		871,063.50
Accrued payroll taxes		1,903.77
Accrued payroll		25,828.29
Accrued requisitions - administrative		15,502.00
Accrued Trustee Fees		17,893.26
Prepaid Tolls Deposit liability		206,958.00
Transponder Deposit liability		14,560.00
Sr. Cap Bonds Payable		3,100,000.00
Sub. Cap. Bonds Payable		<u>2,700,000.00</u>
TOTAL CURRENT LIABILITIES		6,953,708.82
BONDS PAYABLE		
Senior current interest series 1998A	65,300,000.00	
Sr. Cap. Apprec. Series 1998B through 2/01	101,259,309.85	
Sr. Cap. Apprec. accretions-ser 1998B after 2/01	55,809,588.48	
Sub. Cap. Apprec. series 1998C through 2/01	53,621,221.45	
Sub. Cap. Apprec. accretions-ser 1998C after 2/01	33,246,871.18	
Series A bonds OID	(2,693,952.00)	
Accum. OID amort. through 2/01	247,530.00	
Accum. OID amort. after 2/01	608,790.00	
Less: Current Portion	<u>(5,800,000.00)</u>	
TOTAL BONDS PAYABLE		301,599,358.96
OTHER LIABILITIES		
SCDOT Accrued Interest Payable		665,788.06
SCDOT deferred maintenance		654,812.52
SCDOT deferred license fee payable		<u>5,625,000.00</u>
TOTAL LIABILITIES		315,498,668.36
FUND EQUITY (DEFICIT):		
ACCUMULATED DEFICIT	<u>(145,313,990.82)</u>	
TOTAL DEFICIT		<u>(145,313,990.82)</u>
TOTAL LIABILITIES & DEFICIT	\$	<u><u>170,184,677.54</u></u>

SEE ACCOUNTANTS' COMPILATION REPORT

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
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BALANCE SHEET SCHEDULE
SEPTEMBER 30, 2008

OTHER CONSTRUCTION COSTS

Toll road management consultant fees	\$ 289,521.00
Trustee fees - other construction costs	73,830.99
Accounting fees - other construction costs	142,295.62
Misc. expense - other construction costs	8,397.66
Marketing expense -other construction costs	708,189.49
Engineering fee - other construction costs	1,298,568.64
Legal fees - other construction costs	1,321,018.17
Capitalized interest expense	16,958,256.50
Systems installation and implementation	438,353.52
Capitalized insurance costs	7,700.57
Executive director services	41,663.56
Other Construction costs	<u>0.00</u>

TOTAL OTHER CONSTRUCTION COSTS **\$ 21,287,795.72**

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
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STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE THREE MONTHS AND YEAR-TO-DATE PERIODS
ENDED SEPTEMBER 30, 2008 AND 2007

	<u>SEPTEMBER</u> <u>2008</u>	<u>SEPTEMBER</u> <u>2007</u>	<u>YEAR TO DATE</u> <u>2008</u>	<u>YEAR TO DATE</u> <u>2007</u>
REVENUE				
Toll revenue	\$ 1,335,723.87	\$ 1,413,211.27	\$ 3,947,871.77	\$ 4,075,111.09
Report fee revenue	<u>0.00</u>	<u>130.00</u>	<u>140.00</u>	<u>261.00</u>
TOTAL REVENUE	1,335,723.87	1,413,341.27	3,948,011.77	4,075,372.09
EXPENSES				
OPERATING EXPENSES				
Salaries	264,390.76	268,278.37	804,999.83	790,400.45
Advertising	0.00	5,805.00	3,794.00	23,487.01
Marketing expense	7,615.22	8,174.09	35,632.90	24,556.00
Auto expense	5,116.28	4,059.90	13,863.17	13,887.71
Bank charges	0.00	1,914.88	56.99	4,983.17
Contract labor	20,006.40	7,008.80	24,143.00	7,008.80
Credit card discount expense	13,252.69	11,923.92	38,602.04	33,909.02
Contract services	3,957.19	6,714.69	34,728.34	25,109.07
Consulting expense & Rate study	2,713.65	60,207.18	18,503.65	89,528.78
Consulting Expense - Business & Toll	105.00	830.00	445.00	1,070.00
Debt Restructuring Fees	37,776.33	0.00	158,699.33	0.00
Default Bank Fee	11,191.50	0.00	30,855.25	0.00
Dues and subscriptions	0.00	195.00	5,552.00	754.98
Employee benefits	90.88	0.00	165.88	166.45
Entertainment & business meals	378.70	1,114.70	1,400.84	3,941.00
Equipment expense	0.00	0.00	140.61	0.00
Equipment maintenance contracts	76,948.74	78,321.27	257,115.75	231,453.09
Fees	1,456.00	982.80	2,802.10	2,396.09
Financial advisory service	9,375.00	10,658.75	47,234.81	33,118.39
Gifts	0.00	36.90	3,507.00	73.65
Insurance - general	19,334.76	(6,335.75)	60,741.32	48,304.75
Insurance - specialized insurance	4,691.76	5,364.00	14,971.60	16,092.00
Insurance - health, ltd, life	41,140.34	41,976.10	129,217.02	125,270.49
Insurance - workers comp	6,806.49	7,099.50	20,674.98	18,384.22
Legal & accounting	34,720.22	52,458.52	138,455.14	112,671.49
Trustee Legal Fees	3,442.09	15,718.11	50,820.91	21,313.58
Miscellaneous expense	130.54	29.71	111.53	61.86
Office supplies & expense	6,299.94	6,457.71	16,384.71	16,527.88
Payroll services fee	1,153.90	1,166.95	3,500.61	3,573.77
Payroll taxes	18,762.31	19,840.68	61,972.45	53,217.15
401k Match	5,294.29	6,446.60	17,363.63	21,356.93
Promotional	0.00	0.00	383.15	0.00
POSTAGE & SHIPPING	0.00	(19.70)	0.00	(19.70)
Repairs and maintenance - Equipment	17,347.58	22,368.03	34,716.27	44,828.73
Repairs and maintenance - Building	(221.58)	2,245.60	4,266.48	7,639.35
Supplies	175.01	2,358.02	1,268.31	3,392.91
Taxes & licenses	0.00	0.00	2,316.31	2,512.30
Telephone	5,714.95	6,009.93	21,007.01	23,527.66
Travel & lodging	27.58	2,323.78	27.58	3,672.24
Trustee fees - Wachovia	5,964.42	6,165.18	17,893.26	18,495.54
Utilities	18,858.21	21,704.23	64,066.68	59,661.37

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE THREE MONTHS AND YEAR-TO-DATE PERIODS
ENDED SEPTEMBER 30, 2008 AND 2007

	<u>SEPTEMBER 2008</u>	<u>SEPTEMBER 2007</u>	<u>YEAR TO DATE 2008</u>	<u>YEAR TO DATE 2007</u>
Volume discounts	2,115.13	133.46	2,881.59	257.54
Contributions	0.00	1,000.00	0.00	1,000.00
TOTAL OPERATING EXPENSES	<u>646,132.28</u>	<u>680,736.91</u>	<u>2,145,283.03</u>	<u>1,887,585.72</u>
REGULAR OPERATING INCOME(LOSS)	<u>689,591.59</u>	<u>732,604.36</u>	<u>1,802,728.74</u>	<u>2,187,786.37</u>
OTHER OPERATING COSTS:				
ROAD CONSTRUCTION COSTS				
Earth Tech expense	0.00	0.00	0.00	16,350.00
TOTAL OTHER OPERATING COSTS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>16,350.00</u>
OPERATING INC(LOSS) BEFORE DEPR. & AMORT.	<u>689,591.59</u>	<u>732,604.36</u>	<u>1,802,728.74</u>	<u>2,171,436.37</u>
OTHER INCOME/EXPENSE:				
INTEREST INCOME				
Interest income	157,216.39	243,190.70	482,400.83	730,298.62
TOTAL INTEREST INCOME	<u>157,216.39</u>	<u>243,190.70</u>	<u>482,400.83</u>	<u>730,298.62</u>
INTEREST EXPENSE				
Interest expense - series A	871,063.50	882,876.00	2,613,186.50	2,648,626.00
Interest expense - series B&C	3,507,096.72	3,440,007.78	10,440,084.78	10,121,469.84
Amortized series A OID	20,070.00	20,070.00	60,210.00	60,210.00
Interest Expense	0.00	0.00	0.00	0.00
TOTAL INTEREST EXPENSE	<u>4,398,230.22</u>	<u>4,342,953.78</u>	<u>13,113,481.28</u>	<u>12,830,305.84</u>
NET INTEREST EXPENSE	<u>(4,241,013.83)</u>	<u>(4,099,763.08)</u>	<u>(12,631,080.45)</u>	<u>(12,100,007.22)</u>
SCDOT Maintenance Costs	29,054.13	24,732.87	87,162.39	74,198.61
SCDOT License Fees	375,000.00	375,000.00	1,125,000.00	1,125,000.00
Gain/Loss on disposal of assets	0.00	0.00	0.00	(10,000.00)
SCDOT Interest Expense	78,866.73	33,501.33	236,600.19	122,540.43
NET LOSS BEFORE DEPR./AMORT.	<u>(4,034,343.10)</u>	<u>(3,800,392.92)</u>	<u>(12,277,114.29)</u>	<u>(11,240,309.89)</u>
DEPRECIATION & AMORTIZATION				
Amortization of road cost	1,310,871.27	1,310,819.85	3,932,076.71	3,932,459.55
Amortized bond issuance costs	15,675.00	15,675.00	47,025.00	47,025.00
Amortized underwriters fees	19,080.00	19,080.00	57,240.00	57,240.00
Depreciation	13,721.90	8,745.90	35,922.54	25,321.28
TOTAL DEPRECIATION & AMORTIZATI	<u>1,359,348.17</u>	<u>1,354,320.75</u>	<u>4,072,264.25</u>	<u>4,062,045.83</u>
NET LOSS	<u>(5,393,691.27)</u>	<u>(5,154,713.67)</u>	<u>(16,349,378.54)</u>	<u>(15,302,355.72)</u>
ACCUMULATED DEFICIT, BEG OF PERIOD	<u>(134,479,182.27)</u>	<u>(113,590,622.12)</u>	<u>(128,964,612.28)</u>	<u>(108,429,739.04)</u>
ACCUMULATED DEFICIT, END OF PERIOD	<u>\$ (139,872,873.54)</u>	<u>\$118,745,335.79)</u>	<u>\$ (145,313,990.82)</u>	<u>\$123,732,094.76)</u>