

## BRIEFING BY CONNECTOR 2000 ASSOCIATION, INC.

Dated January 11, 2010

This is a briefing 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. 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. **Unaudited Financial Statements.** The compiled, unaudited financial statements of the Association for the third calendar quarter and year to date period ended September 30, 2009 are attached hereto as **Exhibit A**. The distribution of these financial statements was delayed due to uncertainty regarding the precise amount to be reserved as potentially refundable cash/collateral from the liquidation of the collateralized repurchase agreement in which funds in the Debt Service Reserve Funds had previously been invested. Such repurchase agreement was liquidated due to the bankruptcy of the investment agreement provider, Lehman Brothers, Inc. Additional information concerning such liquidation is contained in the Association’s Annual Report for the year ended December 31, 2008, which has previously been publicly disclosed.

2. **Closing of I-385 Northbound Lanes.** As widely reported in the South Carolina media, the South Carolina Department of Transportation Commission closed on January 4, 2010 the northbound lanes on I-385 in Laurens County, South Carolina in connection with repairs to that road. The South Carolina Department of Transportation has stated that such closing is anticipated to remain in place for approximately 8 months. Such closing is expected to result in reductions of traffic and revenue on the Southern Connector. The Association is presently unable to estimate the magnitude of such reductions.

3. **Payment Default.** Traffic on the Southern Connector was inadequate to permit the Association to collect sufficient toll revenues to pay debt service on the Senior Bonds and Subordinate Bonds which came due January 1, 2010. The Association has been advised that the Bond Trustees have made no payment of any such debt service. An Event of Default currently exists and is continuing on the Bonds and under the Master Indenture. The Association is actively negotiating the restructuring of its bonded indebtedness with the Bond Trustees, the South Carolina Department of Transportation, and certain owners of large blocks of the Senior Bonds.

4. **Rating Downgrade.** As a result of the payment default described in 3 above, the Association has been advised that the rating on the Series 1998A Bonds and the Series 1998B Bonds will be further reduced by Standard & Poor’s Ratings Group from the current rating of “C-“ to “D”. The Series 1998C Bonds have never been rated by any nationally recognized municipal credit rating agency.

5. **Toll Rate Increase.** As previously reported, the Association implemented as of November 1, 2009, the toll rate schedule increase approved in August 2009 by the South Carolina Department of Transportation Commission. Information concerning weekly and monthly transactions on and toll revenue from the Southern Connector can be found at the Association’s website, [www.southernconnector.com](http://www.southernconnector.com).

**CONNECTOR 2000 ASSOCIATION, INC.**  
**(A COMPONENT UNIT OF THE STATE OF SC AND THE**  
**SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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, 2009, AND THE RELATED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT FOR THE THREE MONTHS (CURRENT PERIOD) AND NINE MONTHS (YEAR-TO-DATE) ENDED SEPTEMBER 30, 2009 AND 2008, 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 & Clinkscales, LLC*

JANUARY 4, 2010

**CONNECTOR 2000 ASSOCIATION, INC.**  
**(A COMPONENT UNIT OF THE STATE OF SC AND THE**  
**SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)**  
**BALANCE SHEET**  
**SEPTEMBER 30, 2009**

**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		77,747.59
Senior Debt Service Reserve Fund		4,376,952.16
Escrow Account Palmetto Bank		224,109.81
Revenue Trust Fund		169,966.72
Palmetto Bank Money Market		181,562.48
Palmetto Bank Operating		75,090.03
Subordinate Debt Service Reserve Fund		52.10
Senior Bonds Debt Service Fund		172,304.99
Less: Refundable Cash/Collateral		(1,117,497.61)
Certificates of Deposit		230,409.22

**TOTAL INVESTMENTS**

4,397,297.49

**OTHER CURRENT ASSETS**

Prepaid insurance	45,505.90
Equipment Inventory	96,869.47

**TOTAL OTHER CURRENT ASSETS**

142,375.37

**INTEREST IN LICENSE AGREEMENT**

**W/SCDOT, AS EVIDENCED BY:**

Road construction costs	171,199,029.87
Other Construction Costs	21,287,795.72
Equipment	87,874.53
Transponders	560,208.06
Toll equipment	38,656.50
Vehicles	141,779.00
Beg.Bal.Accumulated Deprec.	(549,966.45)
Accumulated depreciation - Equipment	(50,189.27)
Accumulated amort. - Road & Other const. costs	(44,149,300.72)

**TOTAL CONSTRUCTION**

148,565,887.24

**CONNECTOR 2000 ASSOCIATION, INC.**  
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**BALANCE SHEET**  
**SEPTEMBER 30, 2009**

**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>(1,621,900.00)</u>	
<b>TOTAL OTHER ASSETS</b>		<u>3,606,829.91</u>
<b>TOTAL ASSETS</b>		<u>\$ 156,712,390.01</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**  
**SEPTEMBER 30, 2009**

**LIABILITIES & DEFICIT**

**ACCRUED INTEREST**

Current Interest Payable - Series A/25 yr	\$	257,250.00
Current Interest Payable - Series A/40 yr		602,001.00
		602,001.00

**TOTAL ACCRUED INTEREST** 859,251.00

Accounts payable - trade		71,787.14
Insurance Payable		2,581.84
Accrued payroll taxes		2,369.94
Accrued payroll		32,006.54
Accrued requisitions - administrative		53,799.90
Accrued Trustee Fees		17,105.49
Prepaid Tolls Deposit liability		209,047.38
Transponder Deposit liability		15,440.00
Sr. Cap Bonds Payable		3,400,000.00
Sub. Cap. Bonds Payable		2,900,000.00
Sr. current interest Bonds Payable		1,000,000.00
		1,000,000.00

**TOTAL CURRENT LIABILITIES** 8,563,389.23

**BONDS PAYABLE**

Senior current interest series 1998A		64,400,000.00
Sr. Cap. Apprec. Series 1998B through 2/01		98,159,309.85
Sr. Cap. Apprec. accretions-ser 1998B after 2/01		64,879,105.15
Sub. Cap. Apprec. series 1998C through 2/01		50,921,221.45
Sub. Cap. Apprec. accretions-ser 1998C after 2/01		38,586,616.48
Series A bonds OID		(2,693,952.00)
Accum. OID amort. through 2/01		247,530.00
Accum. OID amort. after 2/01		689,070.00
Less: Current Portion		(7,300,000.00)
		(7,300,000.00)

**TOTAL BONDS PAYABLE** 307,888,900.93

**OTHER LIABILITIES**

SCDOT Accrued Interest Payable-License Fee		919,766.06
SCDOT Accrued Interest Payable-Maintenance Fee		139,253.65
SCDOT deferred maintenance		759,964.89
SCDOT deferred license fee payable		7,125,000.00
		7,125,000.00

**TOTAL LIABILITIES** 325,396,274.76

**FUND EQUITY (DEFICIT):**

**ACCUMULATED DEFICIT** (168,683,884.75)

**TOTAL DEFICIT** (168,683,884.75)

**TOTAL LIABILITIES & DEFICIT** \$ 156,712,390.01

**SEE ACCOUNTANTS' COMPILATION REPORT**

**CONNECTOR 2000 ASSOCIATION, INC.**  
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**SEPTEMBER 30, 2009**

**CERTIFICATES OF DEPOSIT**

Certificate of Deposit - Greenville First #4	\$	0.00
Certificate of Deposit - Greenville First #7		0.00
Certificate of Deposit - SCBT #1821		0.00
Certificate of Deposit - SCBT #2229		0.00
Certificate of Deposit - SCBT #680		0.00
Certificate of Deposit-Cornerstone #6315		0.00
Certificate of Deposit-Cornerstone #6316		0.00
CD in transit		0.00
Certificate of Deposit-SCBT # 2346		0.00
Certificate of Deposit-SCBT # 7710		0.00
Certificate of Deposit-SCBT #612		46,716.26
Certificate of Deposit-SCBT #420		123,937.90
Certificate of Deposit-SCBT #1848		59,755.06
Certificate of Deposit - Grand South Bank - #4029		<u>0.00</u>
<b>TOTAL CERTIFICATES OF DEPOSIT</b>	<b>\$</b>	<b><u>230,409.22</u></b>

**SEE ACCOUNTANTS' COMPILATION REPORT**

**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, 2009 AND 2008**

	<u>SEPTEMBER</u> <u>2009</u>	<u>SEPTEMBER</u> <u>2008</u>	<u>YEAR TO DATE</u> <u>2009</u>	<u>YEAR TO DATE</u> <u>2008</u>
<b>REVENUE</b>				
Toll revenue	\$ 1,340,249.53	\$ 1,335,723.87	\$ 3,849,383.40	\$ 3,947,871.77
Report fee revenue	81.00	0.00	549.00	140.00
Miscellaneous revenue	0.00	0.00	943.03	0.00
<b>TOTAL REVENUE</b>	<b>1,340,330.53</b>	<b>1,335,723.87</b>	<b>3,850,875.43</b>	<b>3,948,011.77</b>
<b>EXPENSES</b>				
<b>OPERATING EXPENSES</b>				
Salaries	295,006.62	264,390.76	849,386.47	804,999.83
Advertising	0.00	0.00	0.00	3,794.00
Marketing expense	7,560.00	7,615.22	23,072.56	35,632.90
Auto expense	4,860.38	5,116.28	9,488.40	13,863.17
Bank charges	0.00	0.00	0.00	56.99
Contract labor	0.00	20,006.40	0.00	24,143.00
Credit card discount expense	13,092.71	13,252.69	39,262.34	38,602.04
Contract services	5,374.68	3,957.19	21,897.45	34,728.34
Consulting expense & Rate study	30,778.99	2,713.65	122,318.20	18,503.65
Consulting Expense - Business & Toll	3,461.25	105.00	3,521.25	445.00
Debt Restructuring Fees	123,112.00	37,776.33	297,984.16	158,699.33
Default Bank Fee	39,000.00	11,191.50	90,660.55	30,855.25
Dues and subscriptions	0.00	0.00	550.00	5,552.00
Employee benefits	0.00	90.88	496.42	165.88
Entertainment & business meals	432.41	378.70	711.02	1,400.84
Equipment rental	2,141.32	0.00	2,464.60	0.00
Equipment expense	0.00	0.00	0.00	140.61
Equipment maintenance contracts	67,033.31	76,948.74	228,611.55	257,115.75
Fees	1,302.00	1,456.00	2,687.00	2,802.10
Financial advisory service	10,003.75	9,375.00	27,569.25	47,234.81
Gifts	0.00	0.00	50.00	3,507.00
Insurance - general	20,138.25	19,334.76	60,530.40	60,741.32
Insurance - specialized insurance	8,570.76	4,691.76	21,206.92	14,971.60
Insurance - health, ltd, life	47,663.16	41,140.34	140,099.74	129,217.02
Insurance - workers comp	7,189.50	6,806.49	20,555.44	20,674.98
Investment Advice	0.00	0.00	10,286.38	0.00
LAUNDRY & UNIFORMS	(170.25)	0.00	(170.25)	0.00
Legal & accounting	51,585.12	34,720.22	142,376.32	138,455.14
Trustee Legal Fees	379,748.91	3,442.09	471,301.36	50,820.91
Trustee Financial Advisory Fees	21,666.67	0.00	21,666.67	0.00
Miscellaneous expense	547.46	130.54	557.46	111.53
Moving expense	51.34	0.00	1,051.34	0.00
Office supplies & expense	7,469.37	6,299.94	20,354.78	16,384.71
Payroll services fee	1,264.91	1,153.90	3,685.30	3,500.61
Payroll taxes	21,976.46	18,762.31	65,364.90	61,972.45
401k Match	5,188.42	5,294.29	13,856.74	17,363.63
Promotional	0.00	0.00	0.00	383.15
Repairs and maintenance - Equipment	23,368.07	17,347.58	12,268.27	34,716.27
Repairs and maintenance - Building	2,840.47	(221.58)	9,212.27	4,266.48
Supplies	13.76	175.01	996.48	1,268.31



**CONNECTOR 2000 ASSOCIATION, INC.**  
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**STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT**  
**FOR THE THREE MONTHS AND YEAR-TO-DATE PERIODS**  
**ENDED SEPTEMBER 30, 2009 AND 2008**

	<u>SEPTEMBER</u> <u>2009</u>	<u>SEPTEMBER</u> <u>2008</u>	<u>YEAR TO DATE</u> <u>2009</u>	<u>YEAR TO DATE</u> <u>2008</u>
Taxes & licenses	0.00	0.00	2,047.37	2,316.31
Telephone	6,061.28	5,714.95	18,739.46	21,007.01
Travel & lodging	323.33	27.58	1,031.75	27.58
Trustee fees - Wachovia	5,701.83	5,964.42	17,105.49	17,893.26
Utilities	20,142.31	18,858.21	61,522.88	64,066.68
Volume discounts	1,495.85	2,115.13	4,728.59	2,881.59
<b>TOTAL OPERATING EXPENSES</b>	<u>1,235,996.40</u>	<u>646,132.28</u>	<u>2,841,107.28</u>	<u>2,145,283.03</u>
<b>REGULAR OPERATING INCOME(LOSS)</b>	<u>104,334.13</u>	<u>689,591.59</u>	<u>1,009,768.15</u>	<u>1,802,728.74</u>
<b>OTHER OPERATING COSTS:</b>				
<b>ROAD CONSTRUCTION COSTS</b>				
<b>OPERATING INC(LOSS) BEFORE DEPR. &amp; AMORT.</b>	<u>104,334.13</u>	<u>689,591.59</u>	<u>1,009,768.15</u>	<u>1,802,728.74</u>
<b>OTHER INCOME\EXPENSE:</b>				
<b>INTEREST/OTHER INCOME</b>				
Interest income	56,460.77	157,216.39	198,454.19	482,400.83
Change in Collateral Market Value	36,332.98	0.00	36,332.98	0.00
<b>TOTAL OTHER INCOME</b>	<u>92,793.75</u>	<u>157,216.39</u>	<u>234,787.17</u>	<u>482,400.83</u>
<b>INTEREST EXPENSE</b>				
Interest expense - series A	859,247.00	871,063.50	2,577,749.00	2,613,186.50
Interest expense - series B&C	3,592,388.40	3,507,096.72	10,777,165.20	10,440,084.78
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
<b>TOTAL INTEREST EXPENSE</b>	<u>4,471,705.40</u>	<u>4,398,230.22</u>	<u>13,415,124.20</u>	<u>13,113,481.28</u>
<b>NET INTEREST EXPENSE</b>	<u>(4,378,911.65)</u>	<u>(4,241,013.83)</u>	<u>(13,180,337.03)</u>	<u>(12,631,080.45)</u>
<b>SCDOT Maintenance Costs</b>	25,366.08	29,054.13	76,098.24	87,162.39
<b>SCDOT License Fees</b>	375,000.00	375,000.00	1,125,000.00	1,125,000.00
<b>SCDOT Interest Expense</b>	103,739.13	78,866.73	311,217.39	236,600.19
<b>GAIN/LOSS ON FNMA REMIC</b>	2,211.44	0.00	2,211.44	0.00
<b>NET LOSS BEFORE DEPR./AMORT.</b>	<u>(4,780,894.17)</u>	<u>(4,034,343.10)</u>	<u>(13,685,095.95)</u>	<u>(12,277,114.29)</u>
<b>DEPRECIATION &amp; AMORTIZATION</b>				
Amortization of road cost	1,310,871.27	1,310,871.27	3,723,541.73	3,932,076.71
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	18,802.11	13,721.90	50,189.27	35,922.54
<b>TOTAL DEPRECIATION &amp; AMORTIZATI</b>	<u>1,364,428.38</u>	<u>1,359,348.17</u>	<u>3,877,996.00</u>	<u>4,072,264.25</u>
<b>NET LOSS</b>	<u>(6,145,322.55)</u>	<u>(5,393,691.27)</u>	<u>(17,563,091.95)</u>	<u>(16,349,378.54)</u>
<b>ACCUMULATED DEFICIT, BEG OF PERIOD</b>	<u>(162,538,562.20)</u>	<u>(139,920,299.55)</u>	<u>(151,120,792.80)</u>	<u>(128,964,612.28)</u>
<b>ACCUMULATED DEFICIT, END OF PERIOD</b>	<u>\$ (168,683,884.75)</u>	<u>\$145,313,990.82)</u>	<u>\$ (168,683,884.75)</u>	<u>\$145,313,990.82)</u>