

BRIEFING BY CONNECTOR 2000 ASSOCIATION, INC.

Dated: February 4, 2011

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 fourth calendar quarter of 2010 and year ended December 31, 2010 are attached hereto as **Exhibit A.**

2. **Bankruptcy Proceeding.** As previously reported, on June 24, 2010 Connector 2000 Association, Inc filed a voluntary petition for relief under Chapter 9 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of South Carolina. SCDOT submitted to the Court an objection to the Association's filing under Chapter 9 of the Bankruptcy Code and motion to dismiss the petition. SCDOT's motion subsequently was withdrawn and the SCDOT Commission on December 1, 2010 authorized the Secretary of Transportation to vote in favor of the Association's Amended and Restated Plan for Adjustment of Debts (the "Plan"). Distribution of the Plan and First Amended Disclosure Statement to the Association's creditors was approved January 17, 2011 and such documents have been sent to the Association's creditors. The Association is presently soliciting approval of the Plan. The Bankruptcy Court scheduled a hearing March 25, 2011 to consider whether the Amended and Restated Plan should be confirmed. If the Plan is confirmed at that time, and if not timely appealed, the effective date of the Plan may be as early as mid-April 2011.

3. **Further Information.** The principal documents and pleadings in the bankruptcy case and 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.

**CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

ACCOUNTANTS' COMPILATION REPORT

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

WE HAVE COMPILED THE ACCOMPANYING FINANCIAL STATEMENTS OF CONNECTOR 2000 ASSOCIATION, INC. (A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA AND OF THE SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION) FOR THE THREE MONTHS AND YEAR-TO-DATE PERIODS ENDED DECEMBER 31, 2010 AND 2009 WHICH COLLECTIVELY COMPRISE THE ASSOCIATION'S BASIC FINANCIAL STATEMENTS. WE HAVE NOT AUDITED OR REVIEWED THE ACCOMPANYING FINANCIAL STATEMENTS AND ACCORDINGLY, DO NOT EXPRESS AN OPINION OR PROVIDE ANY ASSURANCE ABOUT WHETHER THE FINANCIAL STATEMENTS ARE IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA.

THE MANAGEMENT OF CONNECTOR 2000 ASSOCIATION, INC. IS RESPONSIBLE FOR THE PREPARATION AND FAIR PRESENTATION OF THE FINANCIAL STATEMENTS IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND FOR DESIGNING, IMPLEMENTING, AND MAINTAINING INTERNAL CONTROL RELEVANT TO THE PREPARATION AND FAIR PRESENTATION OF THE FINANCIAL STATEMENTS.

OUR RESPONSIBILITY IS TO CONDUCT THE COMPILATION IN ACCORDANCE WITH STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES ISSUED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE OBJECTIVE OF A COMPILATION IS TO ASSIST THE MANAGEMENT OF THE CONNECTOR 2000 ASSOCIATION, INC. IN PRESENTING FINANCIAL INFORMATION IN THE FORM OF FINANCIAL STATEMENTS WITHOUT UNDERTAKING TO OBTAIN OR PROVIDE ANY ASSURANCE THAT THERE ARE NO MATERIAL MODIFICATIONS THAT SHOULD BE MADE TO THE FINANCIAL STATEMENTS.

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 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 ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA HAVE NOT BEEN DETERMINED.

MANAGEMENT HAS ELECTED TO OMIT SUBSTANTIALLY ALL OF THE DISCLOSURES REQUIRED BY ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA. IF THE OMITTED DISCLOSURES WERE INCLUDED IN THE FINANCIAL STATEMENTS, THEY MIGHT INFLUENCE THE USER'S CONCLUSIONS ABOUT THE ENTITY'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.

FEBRUARY 3, 2011

Bradshaw, Gordon & Clinkscales, LLC

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
BALANCE SHEET
DECEMBER 31, 2010

CASH AND INVESTMENTS

Petty cash	\$	200.00
Service Center change fund		200.00
East plaza change fund		4,000.00
West plaza change fund		4,000.00
MCR "test" fund		75.00
Revenue DDA account-Palmetto Bank		46,150.48
Senior Debt Service Reserve Fund		3,472,826.89
Escrow Account Palmetto Bank		253,231.53
Revenue Trust Fund		487,756.51
Palmetto Bank Money Market		235,018.49
Palmetto Bank Operating		68,189.87
Palmetto Fuel Account		906.48
Subordinate Debt Service Reserve Fund		52.10
Repurchase Agreement Suspense Account		1,360,985.99
Senior Bonds Debt Service Fund		4.25
Less: Refundable Cash/Collateral		<u>(1,117,497.61)</u>

TOTAL INVESTMENTS

4,816,099.98

OTHER CURRENT ASSETS

Prepaid insurance	28,324.12
Net prepaid health insurance	16,331.57
Equipment Inventory	<u>318,964.00</u>

TOTAL OTHER CURRENT ASSETS

363,619.69

INTEREST IN LICENSE AGREEMENT

W/SCDOT, AS EVIDENCED BY:

Road construction costs	171,199,029.87
Other Construction Costs	21,287,795.72
Equipment	154,966.53
Transponders	566,671.72
Toll equipment	38,656.50
Vehicles	141,779.00
Beg. Bal. Accumulated Deprec.	(576,473.88)
Accumulated depreciation - Equipment	(80,228.82)
Accumulated amort. - Road & Other const. costs	<u>(47,567,575.98)</u>

TOTAL CONSTRUCTION

145,164,620.66

CONNECTOR 2000 ASSOCIATION, INC.
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BALANCE SHEET
DECEMBER 31, 2010

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>(1,795,675.00)</u>	
TOTAL OTHER ASSETS		<u>3,433,054.91</u>
TOTAL ASSETS		<u><u>\$ 153,777,395.24</u></u>

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
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BALANCE SHEET
DECEMBER 31, 2010

LIABILITIES & DEFICIT

ACCRUED INTEREST

Current Interest Payable - Series A/25 yr	\$	1,543,500.00
Current Interest Payable - Series A/40 yr		<u>3,612,006.00</u>

TOTAL ACCRUED INTEREST 5,155,506.00

Accounts payable - trade		94,272.23
Accrued payroll taxes		1,464.40
Accrued payroll		15,690.09
Accrued requisitions - administrative		99,354.33
Accrued Trustee Fees		2,004.70
Prepaid Tolls Deposit liability		236,856.29
Transponder Deposit liability		16,922.19
Sr. Cap Bonds Payable		7,300,000.00
Sub. Cap. Bonds Payable		6,100,000.00
Sr. current interest Bonds Payable		<u>2,000,000.00</u>

TOTAL CURRENT LIABILITIES 21,022,070.23

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		76,776,522.55
Sub. Cap. Apprec. series 1998C through 2/01		50,921,221.45
Sub. Cap. Apprec. accretions-ser 1998C after 2/01		45,590,622.95
Series A bonds OID		(2,693,952.00)
Accum. OID amort. through 2/01		247,530.00
Accum. OID amort. after 2/01		789,420.00
Less: Current Portion		<u>(15,400,000.00)</u>

TOTAL BONDS PAYABLE 318,790,674.80

OTHER LIABILITIES

SCDOT Accrued Interest Payable-License Fee		1,479,197.18
SCDOT Accrued Interest Payable-Maintenance Fee		200,086.50
SCDOT deferred maintenance		858,161.25
SCDOT deferred license fee payable		<u>9,000,000.00</u>

TOTAL LIABILITIES 351,350,189.96

FUND EQUITY (DEFICIT):

ACCUMULATED DEFICIT (197,572,794.72)

TOTAL DEFICIT (197,572,794.72)

TOTAL LIABILITIES & DEFICIT \$ 153,777,395.24

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 DECEMBER 31, 2010 AND 2009

	DECEMBER 2010	DECEMBER 2009	YEAR-TO-DATE 2010	YEAR-TO-DATE 2009
REVENUE				
Toll revenue	\$ 1,443,928.07	\$ 1,409,923.76	\$ 5,342,230.21	\$ 5,259,307.16
Report fee revenue	242.00	172.00	818.00	721.00
Miscellaneous revenue	45.45	26.00	1,854.25	969.03
TOTAL REVENUE	1,444,215.52	1,410,121.76	5,344,902.46	5,260,997.19
EXPENSES				
OPERATING EXPENSES				
Salaries	322,591.86	307,169.92	1,195,466.00	1,156,556.39
Advertising	0.00	0.00	400.00	0.00
Marketing expense	7,530.00	7,614.38	25,166.00	30,686.94
Admin Fee	462.50	0.00	462.50	0.00
Auto expense	4,476.33	4,895.70	17,495.48	14,384.10
Contract labor	0.00	15,631.20	9,734.40	15,631.20
Credit card discount expense	16,498.71	18,839.00	60,930.93	58,101.34
Contract services	1,553.92	7,607.21	15,410.82	29,504.66
Consulting expense & Rate study	1,130.00	2,958.75	32,880.91	125,276.95
Consulting Expense - Business & Toll	1,040.09	0.00	1,160.09	3,521.25
Debt Restructuring Fees	245,764.00	62,433.00	593,230.00	360,417.16
Default Bank Fee	128,548.82	93,585.85	193,668.82	184,246.40
Dues and subscriptions	155.00	105.00	755.00	655.00
Employee benefits	77.95	0.00	645.08	496.42
Entertainment & business meals	1,531.46	271.73	2,925.05	982.75
Equipment rental	328.60	6,619.73	5,373.32	9,084.33
Equipment expense	1,940.00	(224,034.53)	1,940.00	(224,034.53)
Equipment maintenance contracts	5,354.49	40,665.54	23,202.79	269,277.09
Fees	435.00	462.50	3,056.06	3,149.50
Financial advisory service	12,784.75	2,219.00	27,755.50	29,788.25
Gifts	2,430.00	3,586.00	2,430.00	3,636.00
Insurance - general	18,930.75	24,390.81	77,197.10	84,921.21
Insurance - specialized insurance	8,570.76	8,570.76	34,283.04	29,777.68
Insurance - health, ltd, life	53,363.32	46,238.09	192,964.58	186,337.83
Insurance - auto	37.00	0.00	37.00	0.00
Insurance - workers comp	6,414.96	8,735.28	29,151.56	29,290.72
Investment Advice	0.00	0.00	0.00	10,286.38
Laundry & Uniforms	950.00	0.00	950.00	(170.25)
Legal & accounting	36,981.76	23,579.27	157,299.08	165,955.59
Trustee Legal Fees	658,301.97	384,854.61	1,719,954.31	856,155.97
Trustee Financial Advisory Fees	157,713.00	150,000.00	607,713.00	171,666.67
Licenses	217.58	0.00	217.58	0.00
Miscellaneous expense	(100.61)	0.00	(27.59)	557.46
Moving expense	0.00	0.00	0.00	1,051.34
Office supplies & expense	8,244.76	6,172.87	25,332.30	26,527.65
Payroll services fee	1,249.84	1,272.90	4,556.51	4,958.20
Payroll taxes	22,544.73	20,975.93	90,891.18	86,340.83
401k Match	6,031.12	5,567.35	20,614.41	19,424.09
Repairs and maintenance - Equipment	24,174.98	23,825.97	50,739.72	36,094.24
Repairs and maintenance - Building	12,390.71	3,727.33	53,270.86	12,939.60

CONNECTOR 2000 ASSOCIATION, INC.
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STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE THREE MONTHS AND YEAR-TO-DATE PERIODS
ENDED DECEMBER 31, 2010 AND 2009

	DECEMBER 2010	DECEMBER 2009	YEAR-TO-DATE 2010	YEAR-TO-DATE 2009
Supplies	0.00	0.00	753.76	996.48
Taxes & licenses	0.00	667.08	997.34	2,714.45
Telephone	6,335.98	7,741.05	27,140.61	26,480.51
Travel & lodging	0.00	8.99	715.51	1,040.74
Trustee fees - Wachovia	(460.79)	5,701.83	20,835.33	22,807.32
Utilities	18,692.92	20,126.90	84,094.49	81,649.78
Volume discounts	3,228.56	1,805.93	11,943.64	6,534.52
Contributions	0.00	0.00	100.00	0.00
TOTAL OPERATING EXPENSES	<u>1,798,446.78</u>	<u>1,094,592.93</u>	<u>5,425,814.07</u>	<u>3,935,700.21</u>
REGULAR OPERATING INCOME(LOSS)	<u>(354,231.26)</u>	<u>315,528.83</u>	<u>(80,911.61)</u>	<u>1,325,296.98</u>
OTHER OPERATING COSTS:				
ROAD CONSTRUCTION COSTS				
OPERATING INC(LOSS) BEFORE DEPR. & AMORT.	<u>(354,231.26)</u>	<u>315,528.83</u>	<u>(80,911.61)</u>	<u>1,325,296.98</u>
OTHER INCOME/EXPENSE:				
INTEREST/OTHER INCOME				
Interest income	55,157.72	56,013.62	221,603.62	254,467.81
Change in Collateral Market Value	0.00	0.00	0.00	36,332.98
Unrealized Gain/Loss on Investments	95,872.52	90,852.53	95,872.52	90,852.53
TOTAL OTHER INCOME	<u>151,030.24</u>	<u>146,866.15</u>	<u>317,476.14</u>	<u>381,653.32</u>
INTEREST EXPENSE				
Interest expense - series A	859,251.00	859,251.00	3,437,004.00	3,437,000.00
Interest expense - series B&C	3,775,691.18	3,806,317.92	15,095,105.95	14,583,483.12
Amortized series A OID	20,070.00	20,070.00	80,280.00	80,280.00
Interest Expense	0.00	0.00	0.00	0.00
TOTAL INTEREST EXPENSE	<u>4,655,012.18</u>	<u>4,685,638.92</u>	<u>18,612,389.95</u>	<u>18,100,763.12</u>
NET INTEREST EXPENSE	<u>(4,503,981.94)</u>	<u>(4,538,772.77)</u>	<u>(18,294,913.81)</u>	<u>(17,719,109.80)</u>
SCDOT Maintenance Costs	20,593.74	15,821.40	82,374.96	91,919.64
SCDOT License Fees	375,000.00	375,000.00	1,500,000.00	1,500,000.00
SCDOT Interest Expense	129,166.02	103,599.89	516,664.08	414,817.28
GAIN/LOSS ON FNMA REMIC	5,146.70	0.00	5,146.70	2,211.44
NET LOSS BEFORE DEPR./AMORT.	<u>(5,388,119.66)</u>	<u>(4,717,665.23)</u>	<u>(20,480,011.16)</u>	<u>(18,402,761.18)</u>
DEPRECIATION & AMORTIZATION				
Amortization of road cost	892,727.13	(152,633.26)	3,570,908.52	3,570,908.47
Amortized bond issuance costs	15,675.00	15,675.00	62,700.00	62,700.00
Amortized underwriters fees	19,080.00	19,080.00	76,320.00	76,320.00
Depreciation	23,910.12	18,954.50	80,228.82	69,143.77
TOTAL DEPRECIATION & AMORTIZATI	<u>951,392.25</u>	<u>(98,923.76)</u>	<u>3,790,157.34</u>	<u>3,779,072.24</u>
NET LOSS	<u>(6,339,511.91)</u>	<u>(4,618,741.47)</u>	<u>(24,270,168.50)</u>	<u>(22,181,833.42)</u>
ACCUMULATED DEFICIT, BEG OF PERIOD	<u>(191,233,282.81)</u>	<u>(168,683,884.75)</u>	<u>(173,302,626.22)</u>	<u>(151,120,792.80)</u>

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STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
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	DECEMBER 2010	DECEMBER 2009	YEAR-TO-DATE 2010	YEAR-TO-DATE 2009
ACCUMULATED DEFICIT, END OF PERIOD	<u>\$ (197,572,794.72)</u>	<u>\$ 73,302,626.22</u>	<u>\$ (197,572,794.72)</u>	<u>\$173,302,626.22</u>