

BRIEFING BY CONNECTOR 2000 ASSOCIATION, INC.

Dated October 29, 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, 2010 are attached hereto as **Exhibit A.**

2. **Further Information.** 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
SEPTEMBER 30, 2010**

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, 2010, AND THE RELATED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT FOR THE THREE MONTHS (CURRENT PERIOD) AND NINE MONTHS (YEAR-TO-DATE) ENDED SEPTEMBER 30, 2010 AND 2009, 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

OCTOBER 25, 2010

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
BALANCE SHEET
SEPTEMBER 30, 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		32,920.32
Senior Debt Service Reserve Fund		3,368,999.54
Escrow Account Palmetto Bank		244,196.81
Revenue Trust Fund		949,150.58
Palmetto Bank Money Market		100,069.05
Palmetto Bank Operating		51,207.40
Palmetto Fuel Account		772.93
Subordinate Debt Service Reserve Fund		52.10
Repurchase Agreement Suspense Account		1,319,277.62
Senior Bonds Debt Service Fund		4.25
Less: Refundable Cash/Collateral		<u>(1,117,497.61)</u>

TOTAL INVESTMENTS

4,957,627.99

OTHER CURRENT ASSETS

Prepaid insurance	62,240.59
Net prepaid health insurance	16,632.29
Equipment Inventory	<u>320,904.00</u>

TOTAL OTHER CURRENT ASSETS

399,776.88

INTEREST IN LICENSE AGREEMENT

W/SCDOT, AS EVIDENCED BY:

Road construction costs	171,199,029.87
Other Construction Costs	21,287,795.72
Equipment	94,274.53
Transponders	593,611.80
Toll equipment	38,656.50
Vehicles	141,779.00
Beg. Bal. Accumulated Deprec.	(603,413.96)
Accumulated depreciation - Equipment	(56,318.70)
Accumulated amort. - Road & Other const. costs	<u>(46,674,848.85)</u>

TOTAL CONSTRUCTION

146,020,565.91

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
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BALANCE SHEET
SEPTEMBER 30, 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>(1,760,920.00)</u>	
TOTAL OTHER ASSETS		<u>3,467,809.91</u>
TOTAL ASSETS		<u><u>\$ 154,845,780.69</u></u>

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
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BALANCE SHEET
SEPTEMBER 30, 2010

LIABILITIES & DEFICIT

ACCRUED INTEREST

Current Interest Payable - Series A/25 yr	\$	1,286,250.00
Current Interest Payable - Series A/40 yr		<u>3,010,005.00</u>

TOTAL ACCRUED INTEREST 4,296,255.00

Accounts payable - trade		35,600.00
Accrued payroll taxes		2,589.11
Accrued payroll		35,019.24
Accrued requisitions - administrative		37,320.39
Accrued Trustee Fees		20,047.00
Prepaid Tolls Deposit liability		229,008.97
Transponder Deposit liability		15,625.00
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 20,071,464.71

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		74,404,351.39
Sub. Cap. Apprec. series 1998C through 2/01		50,921,221.45
Sub. Cap. Apprec. accretions-ser 1998C after 2/01		44,187,102.93
Series A bonds OID		(2,693,952.00)
Accum. OID amort. through 2/01		247,530.00
Accum. OID amort. after 2/01		769,350.00
Less: Current Portion		<u>(15,400,000.00)</u>

TOTAL BONDS PAYABLE 314,994,913.62

OTHER LIABILITIES

SCDOT Accrued Interest Payable-License Fee		1,362,629.36
SCDOT Accrued Interest Payable-Maintenance Fee		187,488.30
SCDOT deferred maintenance		837,567.51
SCDOT deferred license fee payable		<u>8,625,000.00</u>

TOTAL LIABILITIES 346,079,063.50

FUND EQUITY (DEFICIT):

ACCUMULATED DEFICIT (191,233,282.81)

TOTAL DEFICIT (191,233,282.81)

TOTAL LIABILITIES & DEFICIT \$ 154,845,780.69

CONNECTOR 2000 ASSOCIATION, INC.
(A COMPONENT UNIT OF THE STATE OF SC AND THE
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BALANCE SHEET SCHEDULE
SEPTEMBER 30, 2010

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
SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION)
STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE THREE MONTHS AND YEAR-TO-DATE PERIODS
ENDED SEPTEMBER 30, 2010 AND 2009

	SEPTEMBER 2010	SEPTEMBER 2009	YEAR-TO-DATE 2010	YEAR-TO-DATE 2009
REVENUE				
Toll revenue	\$ 1,426,473.80	\$ 1,340,249.53	\$ 3,898,302.14	\$ 3,849,383.40
Report fee revenue	170.00	81.00	576.00	549.00
Miscellaneous revenue	190.00	0.00	1,808.80	943.03
TOTAL REVENUE	1,426,833.80	1,340,330.53	3,900,686.94	3,850,875.43
EXPENSES				
OPERATING EXPENSES				
Salaries	295,231.26	295,006.62	872,874.14	849,386.47
Advertising	0.00	0.00	400.00	0.00
Marketing expense	7,581.90	7,560.00	17,636.00	23,072.56
Auto expense	5,127.92	4,860.38	13,019.15	9,488.40
Contract labor	0.00	0.00	9,734.40	0.00
Credit card discount expense	16,696.09	13,092.71	44,432.22	39,262.34
Contract services	4,673.93	5,374.68	13,856.90	21,897.45
Consulting expense & Rate study	8,816.25	30,778.99	31,750.91	122,318.20
Consulting Expense - Business & Toll	0.00	3,461.25	120.00	3,521.25
Debt Restructuring Fees	122,318.00	123,112.00	347,466.00	297,984.16
Default Bank Fee	32,735.00	39,000.00	65,120.00	90,660.55
Dues and subscriptions	0.00	0.00	600.00	550.00
Employee benefits	77.95	0.00	567.13	496.42
Entertainment & business meals	946.61	432.41	1,393.59	711.02
Equipment rental	988.18	2,141.32	5,044.72	2,464.60
Equipment maintenance contracts	5,354.49	67,033.31	17,848.30	228,611.55
Fees	1,456.06	1,302.00	2,621.06	2,687.00
Financial advisory service	2,547.75	10,003.75	14,970.75	27,569.25
Gifts	0.00	0.00	0.00	50.00
Insurance - general	18,930.75	20,138.25	58,266.35	60,530.40
Insurance - specialized insurance	8,570.76	8,570.76	25,712.28	21,206.92
Insurance - health, ltd, life	46,883.33	47,663.16	139,601.26	140,099.74
Insurance - workers comp	6,414.96	7,189.50	22,736.60	20,555.44
Investment Advice	0.00	0.00	0.00	10,286.38
LAUNDRY & UNIFORMS	0.00	(170.25)	0.00	(170.25)
Legal & accounting	24,526.53	51,585.12	120,317.32	142,376.32
Trustee Legal Fees	628,318.54	379,748.91	1,061,652.34	471,301.36
Trustee Financial Advisory Fees	150,000.00	21,666.67	450,000.00	21,666.67
Miscellaneous expense	(97.47)	547.46	73.02	557.46
Moving expense	0.00	51.34	0.00	1,051.34
Office supplies & expense	4,956.24	7,469.37	17,087.54	20,354.78
Payroll services fee	1,055.60	1,264.91	3,306.67	3,685.30
Payroll taxes	21,976.15	21,976.46	68,346.45	65,364.90
401k Match	4,780.01	5,188.42	14,583.29	13,856.74
Repairs and maintenance - Equipment	7,977.92	23,368.07	26,564.74	12,268.27
Repairs and maintenance - Building	11,603.50	2,840.47	40,880.15	9,212.27
Supplies	0.00	13.76	753.76	996.48
Taxes & licenses	0.00	0.00	997.34	2,047.37
Telephone	10,531.13	6,061.28	20,804.63	18,739.46
Travel & lodging	6.00	323.33	715.51	1,031.75

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, 2010 AND 2009

	SEPTEMBER 2010	SEPTEMBER 2009	YEAR-TO-DATE 2010	YEAR-TO-DATE 2009
Trustee fees - Wachovia	6,014.10	5,701.83	21,296.12	17,105.49
Utilities	21,666.93	20,142.31	65,401.57	61,522.88
Volume discounts	3,264.13	1,495.85	8,715.08	4,728.59
Contributions	0.00	0.00	100.00	0.00
TOTAL OPERATING EXPENSES	<u>1,481,930.50</u>	<u>1,235,996.40</u>	<u>3,627,367.29</u>	<u>2,841,107.28</u>
REGULAR OPERATING INCOME(LOSS)	<u>(55,096.70)</u>	<u>104,334.13</u>	<u>273,319.65</u>	<u>1,009,768.15</u>
OTHER OPERATING COSTS:				
ROAD CONSTRUCTION COSTS				
OPERATING INC(LOSS) BEFORE DEPR. & AMORT.	<u>(55,096.70)</u>	<u>104,334.13</u>	<u>273,319.65</u>	<u>1,009,768.15</u>
OTHER INCOME/EXPENSE:				
INTEREST/OTHER INCOME				
Interest income	55,581.49	56,460.77	166,445.90	198,454.19
Change in Collateral Market Value	0.00	36,332.98	0.00	36,332.98
Unrealized Gain/Loss on Investments	0.00	0.00	0.00	0.00
TOTAL OTHER INCOME	<u>55,581.49</u>	<u>92,793.75</u>	<u>166,445.90</u>	<u>234,787.17</u>
INTEREST EXPENSE				
Interest expense - series A	859,251.00	859,247.00	2,577,753.00	2,577,749.00
Interest expense - series B&C	3,779,520.54	3,592,388.40	11,319,414.77	10,777,165.20
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>4,658,841.54</u>	<u>4,471,705.40</u>	<u>13,957,377.77</u>	<u>13,415,124.20</u>
NET INTEREST EXPENSE	<u>(4,603,260.05)</u>	<u>(4,378,911.65)</u>	<u>(13,790,931.87)</u>	<u>(13,180,337.03)</u>
SCDOT Maintenance Costs	20,593.74	25,366.08	61,781.22	76,098.24
SCDOT License Fees	375,000.00	375,000.00	1,125,000.00	1,125,000.00
SCDOT Interest Expense	129,166.02	103,739.13	387,498.06	311,217.39
GAIN/LOSS ON FNMA REMIC	0.00	2,211.44	0.00	2,211.44
NET LOSS BEFORE DEPR./AMORT.	<u>(5,183,116.51)</u>	<u>(4,780,894.17)</u>	<u>(15,091,891.50)</u>	<u>(13,685,095.95)</u>
DEPRECIATION & AMORTIZATION				
Amortization of road cost	892,727.13	1,310,871.27	2,678,181.39	3,723,541.73
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	19,864.02	18,802.11	56,318.70	50,189.27
TOTAL DEPRECIATION & AMORTIZATI	<u>947,346.15</u>	<u>1,364,428.38</u>	<u>2,838,765.09</u>	<u>3,877,996.00</u>
NET LOSS	<u>(6,130,462.66)</u>	<u>(6,145,322.55)</u>	<u>(17,930,656.59)</u>	<u>(17,563,091.95)</u>
ACCUMULATED DEFICIT, BEG OF PERIOD	<u>(185,102,820.15)</u>	<u>(162,538,562.20)</u>	<u>(173,302,626.22)</u>	<u>(151,120,792.80)</u>
ACCUMULATED DEFICIT, END OF PERIOD	<u>\$ (191,233,282.81)</u>	<u>\$ (168,683,884.75)</u>	<u>\$ (191,233,282.81)</u>	<u>\$ (168,683,884.75)</u>