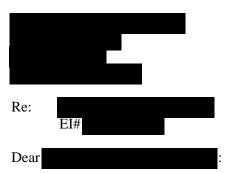


North Carolina Department of Revenue

Beverly Eaves Perdue Governor David W. Hoyle Secretary

October 9, 2012



This letter is in response to your correspondence of requesting the Department to review the business facts and intercompany transactions of and to issue a redetermination private letter ruling permitting a combined filing of all the members included in the federal consolidated return beginning with the tax year ended December 31, 2011.

After consideration of the information provided in your letter, copy attached, the Department concurs that a combined filing of the members of the federal consolidated group, provided all are unitary, will result in a more accurate reflection of North Carolina taxable income. The taxpayer will file its corporate income and franchise tax returns beginning with the tax year ended December 31, 2011 in accordance with the methodology set out in Schedule A.

This ruling is based solely on the facts submitted to the Department of Revenue. Your statement of facts and our findings are subject to audit verification. If the facts and circumstances given are not accurate, or if there are other facts that were not disclosed that might cause the Department to reach a different conclusion, then this ruling becomes void. In the event that this ruling is voided, all applicable penalties will apply.

Very truly yours,



enclosures

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Schedule A North Carolina Department of Revenue

Reporting Methodology

Effective for the tax year ending December 31, 2011, Taxpayer shall file its North Carolina corporate income tax return by combining the unitary corporations that make up the group's federal consolidated income tax return. Taxpayer shall use the methodology and procedures for preparing and filing a combined income tax return set forth in Directive CD-12-01, Exhibit A. Any of the entities included in the combined income tax return that is doing business in North Carolina, as defined in G.S. 105-114(b)(3), shall file a separate entity franchise tax return. This reporting methodology shall be used for all subsequent tax years unless one of the following occurs:

- (1) The North Carolina General Assembly enacts legislation that the Secretary does not have the authority to require a taxpayer to file under the methodology in this Schedule A for the tax year 2011.
- (2) The North Carolina General Assembly adopts combined or consolidated reporting for the tax year 2011.
- (3) There is a final determination by a North Carolina Appellate Court which is not subject to further appeal that the Secretary does not have the authority to require a taxpayer to file under the methodology in this Schedule A.
- (4) The parties mutually agree to modify the methodology in this Schedule A. Any such agreement shall be executed by all parties and attached hereto as an exhibit.

In the event there is a material change in the operations, ownership or control of Taxpayer, Taxpayer must notify the Director of the Income Tax Division of the Department of Revenue of the change, including the date and nature of the change, subsequent to the end of the tax period in which the material change occurred but at least 60 days prior to the due date, including any extension, for filing the income tax return for that tax period. A material change includes but is not limited to:

- A party that is not part of the identified group acquires more than 50% of the stock or assets of any entity or entities in the identified group;
- An entity in the identified group acquires an unrelated party with which any entity of the identified group has intercompany transactions;
- A related party begins charging Taxpayer for intercompany transactions other than the identified intercompany transactions;
- Taxpayer ceases to engage in the identified intercompany transactions;
- Taxpayer transfers income-producing assets to a related party; or
- Taxpayer transfers assets to a related party that results in deductions to Taxpayer other than the deductions associated with the identified intercompany transactions.

Schedule A

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Upon notification of a material change, the Department and the taxpayer will attempt to agree whether the taxpayer should continue to use the current methodology or whether a new methodology is appropriate. In the event there is no agreement, this agreement will be void for the tax year in which the material change occurs.

Failure to notify the Department of a material change will void this agreement effective for the tax year in which the material change occurs unless the Department opts to continue the agreement. In the event the agreement is voided, all applicable penalties will apply.