

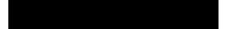
## North Carolina Department of Revenue

Beverly Eaves Perdue Governor David W. Hoyle Secretary

September 26, 2011



Re:



North Carolina Alternative Apportionment Request

Dear

As you are aware, S.L. 11-411 (Senate Bill 580) was signed into law on September 15, 2011. The legislation clarified the effective date of House Bill 617 and that the Secretary and a corporation may jointly agree to an alternative filing methodology that accurately reports State net income. The effective date is for tax years beginning on or after January 1, 2012. Based on the information and structure of the corporate entities that you provided to the Department, we believe a combined return will correctly reflect the net income of the group. Under current authority, when the Department requires or permits a corporation to file a combined income tax return, for apportionment factor purposes, if more than 50% of the group's combined income subject to apportionment is generated from a business activity subject to special apportionment under subsections (m) through (s1) of G.S. 105-130.4, the formula applicable to that industry is used to apportion the income of the entire group. Each member of the group is required to file its own franchise tax return using its separate entity property, payroll and sales factors.

Thank you for your cooperation during this process.

Very truly yours,



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