



C. Hayden McKenzie
Chairman and
Chief Executive Officer

February 16, 2011

Dear Shareholder:

You may have recently received a letter dated February 8, 2011, from The Shareholder Forum regarding a questionnaire in which the Forum sought your participation. Company management has received some phone calls from shareholders questioning if the letter was from North State. We are writing to inform you that the letter was not sent or supported by the Company. The Company has declined to participate in the third party channel managed by The Shareholder Forum.

We have always welcomed and preferred direct communications with our shareholders and are available to answer any questions you may have. Your thoughts, views, and concerns are important to us. Should you wish to discuss any matter, feel free to contact us at 336-886-3600. If you rather, you may mail a letter to me at the address below and you may mail comments anonymously if you desire.

Thank you for your continuing interest and support.

Sincerely,

A handwritten signature in black ink that reads "C. Hayden M McKenzie".

C. Hayden McKenzie
Chairman and
Chief Executive Officer

CHM:rj

received
2/18/11