

THE SHAREHOLDER FORUM

C/O LUTIN & COMPANY
575 MADISON AVENUE – 10TH FLOOR, NEW YORK, NEW YORK 10022
TELEPHONE: (212) 605-0335

June 17, 2011

By email

Mr. C. Hayden McKenzie
Chairman, Board of Directors
North State Telecommunications Corporation
111 North Main Street
High Point, North Carolina 27260

Dear Mr. McKenzie:

As you probably know, an article was published earlier this week by *The High Point Enterprise* reporting statements of a senior North State executive that suggested he did not consider the expressed interests of your company's shareholders to be relevant.¹ This report was especially disappointing in the context of evident concerns of your investors, as well as your community, about your plans for North State's transformation from a telephone service utility to a technology innovator.

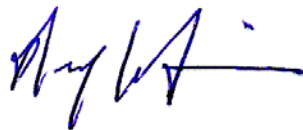
Please let me know if you wish to clarify the position of North State's management, and particularly its board of directors, concerning your responsibilities to understand and respond to investor interests. I will appreciate your reply by the end of next week, even if it is only with advice that you need more time.

Please also tell me by the end of next week if you intend to respond to the Forum's April 4, 2011 request that you address shareholder questions² and to our May 3, 2011 request that you address alternatives to limit investor risk.³

The Forum will of course distribute any statements you want to provide for your shareholders.

Sincerely,

THE SHAREHOLDER FORUM



Gary Lutin, Chairman

¹ See [June 13, 2011 *The High Point Enterprise* \(North Carolina\): "ONLINE DEBATE: Shareholder group seeks to influence North State's direction."](#)

² See [April 4, 2011 Forum Report: Shareholder Interests for Discussion at Annual Meeting.](#)

³ See [May 3, 2011 Forum Report: Alternatives for More Secure Capital and Dividend Payments.](#)