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January 3, 2012

By Facsimile (212) 805-0426

**MEMO ENDORSED**

The Honorable Laura Taylor Swain  
 United States District Court  
 Southern District of New York  
 Daniel Patrick Moynihan U.S. Courthouse  
 500 Pearl Street, Suite 660  
 New York, New York 10007

RE: Century Indemnity Company v. Everest Reinsurance Company  
 Case No. 1:11-cv-05893

Dear Judge Swain:

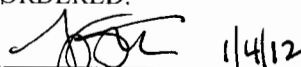
We submit this joint status report per the Court's November 14, 2011 memorandum order, which placed Century Indemnity Company's Petition to Compel Arbitration on the suspension docket and terminated (without prejudice) Everest Reinsurance Company's Motion to Dismiss. By letter dated December 13, 2011, Century requested that the court re-open the Petition to Compel Arbitration. By letter dated December 16, 2011, Everest requested a conference with the Court to discuss resolution of the umpire selection issues in the Congoleum and Flintkote arbitrations. Both requests are currently pending. No umpire has been selected in either the Congoleum or Flintkote proceedings. Steps were taken toward selecting umpires in both Congoleum and Flintkote, but as outlined in the parties' respective correspondence to the Court of December 13, 2011 and December 16, 2011, the selection processes in these matters are now at a standstill.

Respectfully submitted,

WHITE AND WILLIAMS LLP

  
 Christine G. Russell

It is clear that from the parties' December 13 and 16, 2011, correspondence that the November 2, 2011, agreement was to select arbitrators in accordance with the ARIAS U.S. procedure. That procedure requires the qualification of 10 potential arbitrators, using additional random lists to the extent necessary (see Exhibit A to Everest's Dec. 16, 2011, letter, ¶B.3.). The parties are directed to proceed expeditiously with the acquisition and processing of such additional names as may be necessary to complete the initial qualification phase, and to complete the selection process expeditiously. Century's request to reopen the case at this juncture is denied. The parties are directed to file their December 13 and 16, 2011, letters on the ECF system.  
 SO ORDERED.

  
 Laura Taylor Swain, U.S.D.J.

The Honorable Laura Taylor Swain

January 3, 2012

Page 2

cc: David D'Aloia, Esq., Counsel for Everest Re (via Facsimile: 973-622-3349 )  
Rafael Vergara, Esq., Counsel for Century (via E-Mail)