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J. BRIAN HYNEMAN*
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KATHERINE D. BISHOP
JOSIAH DENNIS COLEMAN
AMANDA POVALL TAILYOUR
STEPHEN D. STAMBOULIEH

Of Counsel: DION J. SHANLEY***

◊ Mississippi State Bar Approved Mediator

* Also admitted in Tennessee

** Also admitted in Colorado

*** Also admitted in Florida

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December 14, 2009

THOMAS R. ETHRIDGE
RETIRED

ROBERT L. SMALLWOOD, JR.
(1909-1954)
CHESTER L. SUMNERS
(1896-1959)
LOWELL E. GRISHAM
(1925-1982)
WILL A. HICKMAN
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P. O. Drawer 580
Ocean Springs, MS 39566-0580

RE: Henry Kuehn and June P. Kuehn v. State Farm Fire and Casualty Company
Our File No. 06-1737

Dear Earl:

Please allow this to reply to your recent correspondence.

As you are aware, we and State Farm Fire & Casualty Company (State Farm) believe that the appraisal was not conducted appropriately under the facts and circumstances. We will not outline all the reasons here. Further, we recognize the threatened actions by the City of Ocean Springs as outlined in its letter to the Kuehns. However, we also note that the letter reflects that Mr. Kuehn has never responded to the City's inquiries, and it may be to Mr. Kuehn's advantage to engage the City rather than ignore it.

In light of these facts, and in an effort to remove these threats, you will find enclosed a check in the amount of \$179,100.31, which represents the value of the appraisal award, less prior payments made by State Farm, plus interest in the amount of 8.0% (which would be significantly in excess of the federal interest rate).

This amount is tendered without recourse but with the understanding that this is not an admission of an amount owed. Given the circumstances, State Farm has decided to make this tender to eliminate the threatened destruction of the Kuehn's home. State Farm intends to continue to litigate the issue. In the event that we are successful and it is determined that these sums are not owed, then State Farm will not seek reimbursement. However, in the event that it is finally determined that additional sums are owed, then State Farm will seek credit. Put simply, in the event that State Farm prevails on the issues, then the Kuehns would benefit by this payment without recourse.

HICKMAN, GOZA & SPRAGINS, PLLC

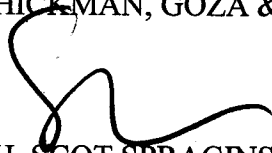
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This should satisfy the concerns set forth in your most recent correspondence, and allow the parties to continue to litigate their differences without prejudice. Please advise if and how you might disagree.

Sincerely,

HICKMAN, GOZA & SPRAGINS, PLLC

A handwritten signature in black ink, appearing to read 'H. SCOT SPRAGINS', written over the printed name.

H. SCOT SPRAGINS
HSS/vb
enclosure



STATE FARM FIRE AND CASUALTY COMPANY

BIRMINGHAM, AL

MS CAT SHU UNIT 09-868 L446

WACHOVIA BANK, NA 64-975/612
CHARLOTTE, NC

1 09 291405 J

12-10-2009

DATE MM DD YYYY

CLAIM NO 24-Z208-456
LOSS DATE 08-31-2005

INSURED KUEHN, HENRY

*****EXACTLY
ONE HUNDRED SEVENTY-NINE THOUSAND ONE HUNDRED AND 31/100 DOLLARS

\$***179,100.31

Pay to the
Order of:

HENRY KUEHN & JUNE P. KUEHN & DENHAM HOLLINGSWORTH & THOMAS, THEIR
ATTORNEY
1305 COVE PL
OCEAN SPRINGS MS 39564-2861



AUTHORIZED SIGNATURE

SECURED DOCUMENT WATERMARK APPEARS ON BACK, HOLD AT 45° ANGLE FOR VIEWING

⑈0917291405⑈ ⑆061209756⑆ 2079900091274⑈

GREEN DROPOUT APPEARS ON FACE OF DOCUMENT

VOID IF GREEN COLORED BACKGROUND IS MISSING