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July 7, 2006

By E-Mail and First Class Mail

Ralph J. Lancaster, Jr., Esq.
Pierce Atwood
One Monument Square
Portland, ME 04101

Re: *New Jersey v. Delaware*, No. 134 Original: Delaware's Fifth Progress Report

Dear Mr. Lancaster,

Pursuant to the Case Management Plan as amended, we respectfully submit Delaware's fifth progress report on the status of the case.


During the past month, Delaware has continued its search for relevant historical and legal documents. On June 30, 2006, Delaware served on New Jersey Delaware's Responses to New Jersey's First Set of Interrogatories, Delaware's Responses to New Jersey's First Request for Production of Documents, and an initial production of documents. New Jersey has yet to serve its responses to Delaware's First Set of Interrogatories or to Delaware's First Set of Requests for Documents, or to produce any documents pursuant to Delaware's requests, due to flooding in its offices and a subsequent state government shutdown that furloughed most or all of its litigation team for a period of time.

Pursuant to the Special Master's e-mail of July 5, 2006 to counsel for New Jersey, Delaware is conferring with New Jersey about a substitute schedule with definite target dates that, in view of the delays experienced by New Jersey, will seek neither to prejudice Delaware's ability to obtain the necessary discovery from New Jersey nor materially to impede progress in the discovery phase of this case. We anticipate that those discussions will continue early next week (July 10th or 11th).

Ralph J. Lancaster, Jr., Esq.
July 7, 2006
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Notwithstanding the foregoing, in Delaware's view the case continues to move forward efficiently.

Respectfully submitted,

A handwritten signature in cursive script that reads "David C. Frederick". The signature is written in black ink and is positioned above the printed name.

David C. Frederick

cc: Rachel J. Horowitz, Esq.
Barbara Conklin, Esq.
Collins J. Seitz, Jr., Esq.