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May 21, 2008

By E-Mail and First Class Mail

Special Master Kristin L. Myles
Munger, Tolles & Olson LLP
560 Mission Street
27th Floor
San Francisco, California 94015

**Re: *South Carolina v. North Carolina*, No. 138, Original:
South Carolina's Fourth Progress Report**

Dear Special Master Myles,

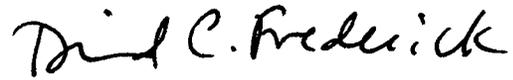
In advance of Friday's monthly status conference on May 23, 2008, we respectfully submit South Carolina's fourth progress report.

Since the last status conference, the parties have continued to meet and confer, exchange drafts of a case management plan, and reach agreement on additional issues and language for the case management plan. The procedural issues that the parties have been unable to resolve include the content of privilege logs and attendance by non-parties at depositions. In addition, as South Carolina noted in last month's status report, the parties disagree on (1) the general issues to be decided in Phases I and II, (2) the precise articulation of those issues, and (3) the timing for discovery and trial (including possible summary judgment briefing) in each Phase. South Carolina expects that the parties soon will be able jointly to submit for your consideration a case management plan showing the agreed-upon issues and noting the areas of dispute.

South Carolina looks forward to discussing these matters on this Friday's status conference call, including the need to brief any of the disputed issues. Notwithstanding the possibility of such briefing and need for resolution of the disputes, South Carolina respectfully requests a process that will effectuate the agreed-upon areas of the case management plan and permit discovery to commence in the very near future.

Special Master Kristin L. Myles
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Respectfully submitted,

A handwritten signature in black ink that reads "David C. Frederick". The signature is written in a cursive style with a large, prominent "D" and "F".

David C. Frederick
*Special Counsel to the
State of South Carolina*

cc: Christopher Browning
Robert Cook