

REPRESENTATION PLAN ON BEHALF OF NANYU TOBACCO LTD.

Facts and nature of the dispute

Conglomerated Nanyu Tobacco Ltd. (hereinafter 'Nanyu') and Real Quik Convenience Stores Ltd. (hereinafter 'Real Quik') entered into a distribution agreement in 2010 for the distribution of Tobacco products manufactured by 'Nanyu' in Gondwana for a period of 10 years. Pursuant to the agreement, Nanyu would sell all its products to Real Quik to sell and display at fixed prices in the Gondwana market. In 2012, the Gondwana senate passed Bill 275 which imposed packaging restrictions on tobacco products sold in Gondwana in furtherance of its aim to introduce far reaching reforms to tobacco regulation in Gondwana. Pursuant to the bill being passed the Gondwana tobacco industry experienced a 30% decline in sales through all channels. Nanyu in particular suffered a 25 % decline in sales along with incurring manufacturing and developmental costs. In 2013, Real Quik notified Nanyu that due to the new government regulations, it would no longer be able to perform its obligations as per the distribution agreement and would therefore be terminating the contract.

Issues to the dispute

The dispute is both commercial and legal. The parties differ on the question of the new regulations enforced by the Gondwana Senate that imposed packaging restrictions on Tobacco products being sold therein. What deepened the gap between the parties were the accruing financial losses that resulted from the suspension of performance under the Distribution agreement.

Nanyu Tobacco Ltd.' Interests

1. Nanyu Tobacco Ltd. is interested in renegotiating the price in the agreement received by Nanyu from Real Quik so that equality is secured between the two parties.
2. Nanyu is interested in continuing to perform its obligations as per the distribution agreement and increasing the cooperation between the two parties
3. Nanyu Tobacco Ltd. is interested in renegotiating the terms of the distribution agreement in compliance with the new regulations enforced by the state of Gondwana.

Mediation Strategy and Responsibility Sharing

Nanyu wishes to start the mediation by preparing an agenda to the issues it wishes to discuss.

Nanyu wishes to start the discussion with the new regulations enforced by the Gondwana Senate and how the regulations affect the distribution agreement between the parties. Should Real Quik be ready to conduct negotiations on the same, Nanyu is willing to renegotiate certain provisions of the Distribution agreement if found to be contrary to the regulations. Secondly, Nanyu intends to discuss the price premium it receives from Real Quik as per the Distribution agreement. Nanyu believes that it is an important factor that has led to disagreements in the past.

Marcus Chow, the CEO of Conlomerated Nanyu Tobacco Ltd. shall conduct the negotiations, however if necessary, he will be supported by his counsel. Therefore as CEO of Nanyu he will be responsible for discussing the material and economic aspects of the issues that are going to be discussed. He will work on preserving his company's interests. The lawyer will be responsible for the legal framework of any arrangements and will back his client whenever necessary; however he will play a subsidiary role in the mediation.