REPRESENTATION PLAN

On behalf of **Conglomerated Nanyu Tobacco Ltd.**

BACKGROUND TO THE DISPUTE

Nanyu Tobacco Conglomerated (hereinafter "Nanyu") and Real Quik Convenience Stores (hereinafter "Real Quik") had a long business relationship since 2000. The latest contract was signed by both parties on December 14th 2010 for the duration of 10 years. According to the contract, Nanyu sold its tobacco products at a fixed price to Real Quik and was promised prominent display of its products and merchandise. Unfortunately, Bill 275, also called the "Clean our Air" Bill entered into force on January 1st 2013, which required all tobacco products to have the same plain olive green packaging without any trademarks. Also, any promotional merchandise branding the company logo was fully banned. As a result, Nanyu incurred manufacturing costs to change packaging of the products to meet the new regulation. As for Real Quik, it suffered a decline in tobacco sales in its retail stores; Nanyu's tobacco products' sale declined by 25% 6 months after the Bill was enforced.

On April 11th 2013, Nanyu and Real Quik had a meeting regarding the issue, but no agreement was made. On May 1st 2013, Real Quik terminated the contract, claiming that it could not fulfill its contractual obligations. As a result of the termination, Nanyu notified Real Quik on June 1st 2013 to pay the early termination fee stated in Clause 60 of the Distribution Agreement. Despite three continuous notices from Nanyu, Real Quik failed to reply. In order to receive the termination fee, Nanyu notified Real Quik that if the termination fee was not paid, Nanyu would initiate arbitration. Real Quik replied on September 26th 2013 stating that the termination was based on factors outside its control for which it cannot be held liable, and that the required negotiation period of 12 months had not yet elapsed. Considering the failed negotiation on April 11th 2013, Nanyu believed the 12 month negotiation period was unnecessary and initiated the arbitration.

THE ISSUES

Nanyu believes that Nanyu products' brand value is still strong, despite the packaging regulation of Bill 275. Hence, Nanyu does not agree with Real Quik that the premium price should be eliminated. Furthermore, Nanyu demands that Real Quik pay the termination fee in full, as Real Quik terminated the contract by its own accord. As for the jurisdictional issues, Nanyu believes that there is no longer the need for the 12 month negotiation period; when Real Quik notified its termination of the contract, it effectively put an end to any possibilities of reaching a new consensus with mutually beneficial terms. With time being a crucial factor for both parties, arbitration was the only reasonable option left to the parties.

OUR INTERESTS

Nanyu wishes to be paid the termination fee of USD 75,000,000 that is rightfully theirs. Considering the many restrictions in tobacco goods in Gondwana due to Bill 275, Nanyu believes that continuous decline in sales of tobacco goods in Gondwana will be inevitable. However, market opportunities still exist, and Nanyu is thus not opposed to the idea of a new Distribution Agreement with revised terms. Nanyu empathizes with Real Quik's situation, and is open for slight changes on the minimum quantity and minimum interval of purchase. Furthermore, Nanyu does acknowledge the hardships of selling tobacco related merchandise, and hence is willing to strike it out from the new agreement in light of Gondwanan policies. As for the premium price of Nanyu products, Nanyu still firmly believes that its products have a stronger brand image than other products and insists that the premium price be kept under any circumstances.

Nanyu comes to the mediation with the following 4 interests:

1. Receive the termination fee of USD 75,000,000.

2. If Real Quik is open for renegotiation, negotiate on minimum quantity and minimum interval of purchase.

3. Keep the premium price of Nanyu products

4. Acknowledge Bill 275 banning the sales of tobacco related merchandises, but be reciprocated for it in other ways.

RESPONSIBILITY SHARING

Mr. Chow, the head CEO of Nanyu, will be in charge of presenting the interest of Nanyu and proposing the agenda for the mediation. He will also make offers to Real Quik and decide which agreements are acceptable. His legal counsel will be responsible for the legal framework and support Mr. Chow in order to provide him with satisfactory results.

OUR ALLOCATION STRATEGY

Nanyu wishes to start the mediation by discussing the issues where both parties' interests meet. For Nanyu, the most important issue is the termination fee. As Real Quik terminated the contract, Nanyu would like to receive the termination fee of USD 75,000,000. If Real Quik is not willing to pay the full price of the termination fee, Nanyu may be willing to consider the reduction of the termination fee in exchange for a new Distribution Agreement. Nanyu will focus on three issues: minimum quantity tobacco products sold per year, minimum interval of order issuance, and the sale of tobacco related merchandise. Nanyu is not willing to negotiate on reducing or removing the premium price and prominent counter space for displays, as Nanyu products' name value still holds strong and Nanyu wishes to offset the costs it had already incurred in its efforts to meet the new packaging regulations.