

**MEDIATION REPRESENTATION PLAN ON BEHALF OF CONGLOMERATED
NANYU TOBACCO LTD.**

BACKGROUND OF THE DISPUTE:

Conglomerated Nanyu Tobacco Ltd. [Nanyu Tobacco] and Real Quik Convenience Stores Ltd. [Real Quik] entered into a Distribution Agreement on 14.12.2010 for sale and distribution of tobacco products of Nanyu Tobacco in the State of Gondwana. As per the terms of the Distribution Agreement, Real Quik were obligated to sell licensed tobacco products and branded merchandise. The Gondwandan Government on 13.04.2012 passed the 'Clean Our Air Bill'. The new law had severe implications on the long lasting contractual relationship between the parties. In lieu of passing of the Bill, Nanyu Tobacco also suffered a loss though 25% decline in sales. Nonetheless, Nanyu Tobacco took reasonable steps towards upholding the agreement by incurring expenses to overhaul its machinery in order to comply with the new packaging regulations. This was not considered by Real Quik and it terminated the Agreement on 01.05.2013, within three years from the conclusion of agreement. Thereby it defaulted on its obligations.

NANYU TOBACCO'S INTERESTS

Nanyu Tobacco is interested in continuing its long lasting business relationship with Real Quik as the latter has a market share over 70% in Gondwana's convenience store sector. This however will be possible only if Real Quik is willing to cooperate and agrees to preserve the Distribution Agreement. It will be in Nanyu Tobacco's interest to be adequately compensated for the future losses that will arise due to the reduction of sales of its products in Gondwana if Real Quik disagrees to revoke the termination of the Agreement. It will also be in the interest of Nanyu Tobacco to come into negotiations for the alteration of the Agreement in accordance to Bill 275 as long as it is equally beneficial for both parties.

REAL QUIK'S LIKELY INTERESTS

Real Quik in all likelihood, is interested in not being held responsible for the loss incurred by Nanyu Tobacco. Furthermore, Real Quik's interest in preserving its long lasting relationship with Nanyu Tobacco will be dependent upon a possible alteration in the terms of the Agreement in light of Bill 275.

RESPONSIBILITY SHARING

Mr. Chow will put forward the interests of Nanyu Tobacco (and positions), make settlement offers to Real Quik and finally decide whether a deal is acceptable. Mr. Chow's attorney will be responsible for addressing all legal issues and will provide an objective leverage to the negotiation position of Nanyu Tobacco.

MEDIATION STRATEGY

Nanyu Tobacco would like to initiate the mediation proceedings by laying out priority-wise agendas. Firstly, Nanyu Tobacco would like to discuss the steps to be taken for the preservation of the Distribution Agreement. Nanyu Tobacco is willing to come into negotiations with Real Quik regarding the alteration of the Distribution Agreement. During the negotiation phase, Mr. Chow will emphasize the business opportunities in Gondwana which will be beneficial for both the companies. Secondly, Nanyu Tobacco would like to deal the issue of payment of liquidated damages by Real Quik to indemnify the former's financial losses. In order to keep its interest of preserving the Agreement, Nanyu Tobacco would like to come into discussions with Real Quik to decide a penalty sum to be paid by it which will not financially affect either party's interests drastically. Thirdly, Nanyu wishes that communication between the parties improve if they are to continue the business relationship as Nanyu Tobacco believes that this is an important factor which contributed to past disagreements between the parties. Nanyu Tobacco is willing to enquire more about the future role of both the parties.