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REAL QUICK CONVENIENCE STORES LTD.

Introduction: Conglomerate Nanyu Tobacco Ltd. (referred to as the 'Seller') and Real Quick Convenience Stores Ltd. (referred to as the 'Buyer') enjoy a long standing business relationship whereby the Buyer is the Distribution Channel for the Seller's Tobacco Products in Gondwana. As was their regular practice, they entered into a Distribution Agreement in 2010 for a period of 10 years, for the sale and purchase, and promotion, of these Products. As a result of passing of Bill 275 in 2011 by the Gondwandan Senate, fresh restrictions have been placed on the promotion and packaging of Tobacco Products. The Buyer maintains that it is impossible to continue performing its contractual obligations as a result of legislative changes. Further, liability to pay Termination Fee under Clause 60 of the Distribution Agreement, as demanded by the Seller, is also denied.

Nature of the Dispute: The core of the conflict is the difference of opinion between the Seller and the Buyer on whether or not the contract can be taken to its fruition while remaining within the legal framework of Gondwana. On the basis of the consequences involved, the dispute can be characterized as both Commercial and Legal. The commercial repercussions include the incurring of losses to the Seller for collection of inventory of Tobacco Products, which are no longer purchased from them, and loss of a market in Gondwana. Further, the Buyer may possibly have to pay the large penalty sum of 75 Million USD as Termination Fee under the contract. The Legal aspect of the dispute is represented by the possible imprisonment or fine that the Buyer may incur under Bill 275 if they continue with performance of full contractual obligations.

The challenge in the mediation will be to foster communication between the parties to help them understand and appreciate each others' predicaments, and only then will they be able to reach a common solution which is mutually beneficial.

Interests of the Parties:

S. No.	***Buyer***	***Likely Interests of the Seller***
1.	To avoid incurring a legal penalty under Bill 275.	To ensure effective distribution channels for its Tobacco Products in Gondwana.
2.	To avoid payment of the heavy Termination Fee of USD 75 million.	To receive compensation for losses incurred due to Termination of contract by buyer.
3.	To increase profits from currently declining Tobacco Product sales, and to that effect minimise the Price Premium payable.	To ensure that maximum Price Premium in the price of tobacco products is retained.

4.	To prevent incurring any further costs, therefore also to prevent resort to courts.	To prevent litigation as it will be costly, time consuming and damaging to the reputation of both companies.

Common interests: Therefore, it appears that it is in the common interest of both the parties to; firstly; resolve the dispute in mediation, and secondly, to continue their business relationship, since it ensures distribution channels for the Seller in Gondwana and (possibly) non payment of the termination penalty for the Buyer.

Negotiation Strategy: Our negotiation strategy will be based on a <u>*Dual Concern Model*</u> which is a combination of assertiveness of one's own goals and empathy for another person's goals. Our strategy will be a careful sequence of the collaborative and accommodative approaches while keeping in mind our role as the 'problem solver' negotiators. This shall be accomplished by following the <u>*High Realistic Expectations with Small Systematic Concessions*</u> (HRESSC) model because of our stronger bargaining position on account of our position as dominant distributors in Gondwana. We would be willing to negotiate on issues such as the Price Premium and the Extension of the contract if the Seller takes a reasonable stand as regards the Bill 275. We intend to increase effective communication so as to make the Seller realise that the Termination was a last resort and we had no other option. Our focus would be on increasing the sales of the Sellers' products in Gondwana as that would ensure maximisation of profit for both the Buyer and the Seller. We would also be willing to encourage further future collaboration with the Seller, both in terms of more products and geographical limits, to ensure amicable resolution through q*uid pro quo.*

We shall attempt to reduce reactive devaluation in the mediation by putting forth our solution to the other side through the mediator, a neutral third party.

Responsibility Sharing:

Counsel	***Client***
The Counsel will focus on the legal viability of proposed solutions, and give an opinion about what the best practices in the industry are. She will analyse the pros and cons, and predict possibility of legal disputes that may arise due to certain solutions. The Counsel will scrutinize the final settlement and advise the client accordingly	The client's role, as CEO and businessman, will be to advocate his Company's interests, while at the same time trying to empathize and understand the concerns of the Seller. As such, he will present innovative solutions, and also be responsible for engaging with the options presented by the other side.