

**GERMAN INSTITUTION OF ARBITRATION
UNDER THE UNCITRAL ARBITRATION RULES ADMINISTERED BY THE DIS**

CONTIFICA ASSET MANAGEMENT CORP.

Claimant

v.

REPUBLIC OF RURITANIA

Respondent

**STATEMENT OF CLAIM
30 SEPTEMBER 2012**

1. By the present statement of claim Contifica Asset Management Corp. (hereinafter “**CAM**” or “**Claimant**”) institutes arbitration proceedings against the Republic of Ruritania (hereinafter “**Ruritania**” or “**Respondent**”) in a dispute concerning Ruritania’s breach of its obligations under the Treaty for the Mutual Promotion and Protection of Foreign Investment between the State of Cronos and the Republic of Ruritania dated 15 March 1997 (**Exhibit 1**, hereinafter referred to as the “**BIT**”).
2. The parties to the present proceedings and their contact details are as follows:

Claimant – Contifica Asset Management Corp, a company incorporated under the laws of the State of Cronos, with its principle place of business at 47B Framero Avenue, Univo, State of Cronos.

Respondent – Republic of Ruritania. Claimant understands that any communications concerning the arbitration should be directed to the Office of Legal Counsel, Ministry of Foreign Affairs of the Republic of Ruritania at 1 Liberty Square, Freecity, Republic of Ruritania.

Statement of Facts and Circumstances Giving Rise to the Claim

3. The claims submitted by CAM are based on Respondent’s actions which resulted in the destruction of CAM’s investment associated with Freecity Breweries Inc. (hereinafter “**FBI**”). Claimant will demonstrate that those actions violated Ruritania’s obligations under the BIT and international law and that Ruritania should be ordered to pay compensation to CAM for all the damages incurred by it.

Acquisition of FBI by the Contifica group

4. Contifica group is a major international conglomerate with interests in many areas including telecommunications, pharmaceuticals and FMCG (fast-moving consumer goods). It has operations in over 30 countries. The parent company of the group, Contifica Enterprises Plc, is incorporated in Prosperia, with its shares publicly traded on all major stock exchanges (including Euronext, HKSE, LSE and NYSE). The group consists of numerous holding and operating companies incorporated in over 40 jurisdictions. The Claimant in the present proceedings is a member of the Contifica group.
5. FBI is Ruritania’s oldest and largest brewery, which was founded in 1928. Until 2008 the company was owned by the State Property Fund of Ruritania, a state establishment incorporated under the laws of Ruritania. While FBI produces a number of different brands of beer, its most famous and popular brand is “FREEBREW”. It has a distinct taste which is due to a flavouring added during the brewing. The flavouring is produced from a local plant, Reyhan, which can only be found in the Hillmagore region of

Ruritania and has traditionally been added to a number of local food products. It is estimated that each bottle of FREEBREW contains 0.03 to 0.05 grams of Reyhan concentrate. FREEBREW is traditionally sold in 0.8 l. bottles, which were first introduced by the brewery's founder.

6. For years FBI had been a successful and profit-generating asset. However, the financial crisis had severely affected Ruritania's economy and had led to a significant budget deficit. To remedy this situation the government decided that a number of assets should be privatized. As the result in the beginning of 2008 the State Property Fund of Ruritania decided to sell the brewery to a private investor and an international tender was announced. Five companies submitted their bids, including Contifica Spirits S.p.A. ("**Contifica Spirits**"), which is a fully owned subsidiary of Contifica Enterprises Plc.
7. On 30 June 2008 Contifica Spirits was declared the winner of the tender. On the same day Contifica Spirits and the State Property Fund of Ruritania entered into a share purchase agreement providing for the acquisition of all shares in FBI for USD 300,000,000 (**Exhibit 2**).
8. Following acquisition of FBI, Contifica Group made significant investments in the technology, design and equipment of the brewery transforming it into a state of the art facility. As a result the output of the brewery increased by 30% to 130,000,000 decaliters per annum and in a 2010 nation-wide competition the brewery was recognized as "the safest place to work" in Ruritania. In addition, FBI was integrated into the Contifica group's global procurement network with various subsidiaries of the group supplying bottles, aluminium cans, yeast, hops and barley to FBI.
9. On 17 March 2010, as part of the intra-group restructuring the shares in FBI were transferred from Contifica Spirits to Claimant. On the same day Claimant acquired rights to the principal intellectual property used by FBI (by way of assignment of the respective registrations), including Ruritanian-registered trademarks corresponding to the brands of beer produced by FBI (including FREEBREW, RURILITE and HILLMAGORE STOUT), and trade dress registrations with respect to the designs of the beer bottles and cans (including the iconic 0.8 FREEBREW bottle).

Dramatic change of Ruritania's laws and regulations governing sale and marketing of beer

10. On 20 November 2010, the Ruritanian parliament adopted the Regulation of Sale and Marketing of Alcoholic Beverages Act ("**MAB Act**") (**Exhibit 3**), which severely restricted FBI's ability to market and sell its products in Ruritania.

11. Pursuant to the MAB Act, the marketing of any alcoholic beverages (including beer) on television and at sporting events was prohibited. Furthermore, the law made it illegal to serve beer at sport facilities, outdoors and at any place from 9 pm till 9 am. The act also imposed a requirement that trademarks/brands of beer be written in the same font and colour as all the other text on the label.
12. Finally, the MAB Act prohibited sale of alcohol in containers of over 0.5l. This packaging requirement had a particularly severe effect on FBI because most of the FREEBREW was sold in 0.8 l. bottles, whereas competing beer brands were marketed mostly in 0.5 l. bottles. These measures forced FBI to implement a comprehensive reconfiguration of its bottling line for FREEBREW, while partially suspending bottling of other brands to allow a limited production of FREEBREW in 0.5 l. bottles and cans to continue. The reconfiguration was completed only in April 2011.
13. As the result of implementation of this regulations FBI's sales dropped by approximately 60% during the first two quarters of 2011 with the company incurring loss of net income of around 10 million US dollars and loss of revenue of 60%..

The change in laws severely affects the sale of FREEBREW

14. Human Health Research Institute (“**HRI**”) is a government-funded institution, with its Executive Director and the majority of its Board of Supervisors being appointed by the Ministry of Health and Social Security of Ruritania. On 15 June 2011 the HRI released a report claiming that consumers of FREEBREW beer were exposed to a higher risk of cardiac complications due to the effects of Methyl dioxidebenzovat, an active chemical ingredient found in Reyhan concentrate. The research purported to be based on analysis of data gathered from a controlled clinical study where a sample group of 150 adult males aged 25-50 were observed in a period of 10 years starting in October 1999. The subjects of the study were randomly assigned to 4 test and control groups of 35 members. The test groups had a daily dosage of 0.15-0.18 grams of Methyl dioxidebenzovat added to their drinks.
15. On 30 June 2011, the Ministry of Health and Social Security adopted an ordinance, which requires any product containing Reyhan concentrate to be labelled with an explicit warning that “This product contains Reyhan concentrate, consumption of which according to the results of scientific research may lead to higher risk of cardiac complications”. This decision was adopted without any consultation with FBI or other affected parties.

16. In July 2011, FBI was provided with access to the report and the underlying materials and discovered that in 2005 an interim report, which came to the same conclusions, was sent by the HRI to the Ministry of Health and Social Security.
17. On 20 August 2011, FBI wrote to the Ministry of Health and Social Security pointing out numerous flaws in the analysis conducted by the HRI as well as its process of raw data collection. In particular, the HRI conclusions were made with regards to the effects of the daily consumption of a much higher dosage of Methyldioxidebenzovat than can be found in FREEBREW. Moreover, the report has failed to consider the effects of Methyldioxidebenzovat while accompanied with alcohol and other ingredients of FREEBREW. It also attached a report from an independent scientist, who opined that the HRI report had failed to consider other factors such as smoking, diet and weight of the individuals. FBI requested that the labelling requirement be lifted pending further investigation of the matter. On 25 August 2011 the Ministry denied this request.
18. In the meantime, FBI's competitors took full advantage of the situation. They sponsored several "analytical" programs on Ruritania's most popular TV channels, where it was claimed that research conducted by the "nation's most respected medical institution conclusively established that consumption of Reyhan concentrate leads to severe health risks" and highlighted FREEBREW as the product that contains "poisonous Reyhan". Competitors have also started labelling their beers as "Reyhan-free".

Current situation at FBI

19. Following introduction of the new labelling regulations on FREEBREW, according to audited IFRS reports FBI sales fell by a further 20%, with its revenue in the last quarter of 2011 falling to 10% of the revenue for the same period of 2009. FBI was forced to implement a large-scale redundancy program terminating employment of over half of its employees.
20. On 15 March 2012, the Board of Directors of FBI having considered the financial position of the company decided to partially suspend production decreasing the output to 5'000'000 decaliters per annum.
21. As the result of the fall in revenue and profit, FBI failed to comply with financial covenants established by the credit facilities with its various lenders. Negotiations with the lenders continue to this day. On 15 September 2012, lenders agreed not to declare default and not to enforce their security rights over various FBI assets subject to being provided with an additional security package consisting of pledge of (1) all of FBI's

tangible assets (2) all shares in FBI and (3) any claims and recovery that CAM may receive in this arbitration.

Arrest of Contifica Group employees

22. On 1 December 2011, the Prosecutor's Office of Ruritania commenced investigation against Messrs Goodfellow and Straw, executives of FBI and Contifica Group. The Office was acting on "information" that they were allegedly involved in bribery of the officials of the State Property Fund of Ruritania in connection with the acquisition of the FBI shares. On 19 December 2011, Messrs Goodfellow and Straw were notified of the ongoing criminal proceedings and their lawyers were orally told that Messrs. Goodfellow and Straw may be summoned for an interrogation after the holiday season in the beginning of 2012.
23. On 23 December 2011 Messrs. Goodfellow and Straw were detained in the Freecity International Airport, when boarding their flight to Prosperia. Although they were expressly advised by their lawyers that under Ruritanian law they were free to leave the country pending investigations, they were told by the police officers that they were being detained to stop them from "fleeing justice".
24. A video of their detention from a security camera was apparently passed by the police to Free TV, Ruritania's most popular TV channel, which aired it later on the same day. In an interview with the channel a spokesman for the Prosecutor's Office said that "[the law enforcement agencies of Ruritania] will not let people responsible for corruption escape investigation".
25. Both executives of the Contifica Group were detained in a cell in the Freecity International Airport until 3 January 2012, when they were released without any explanation. The criminal investigation against them was terminated due to insufficient evidence on 20 June 2012. Ruritanian authorities never apologized for the detentions or offered any compensation.

Jurisdiction of the arbitral tribunal

26. Pursuant to Article 8 of the BIT any disputes arising out of or relating to an investment between a foreign investor and the Contracting State shall at the request of the investor be submitted to arbitration under the UNCITRAL Rules administered by the German Institution for Arbitration. This provision represents an offer made by the Republic of Ruritania to submit any dispute, such as the present one to arbitration. This offer is now accepted by Claimant.

27. Claimant repeatedly offered to the Republic of Ruritania to settle the dispute amicably. On 10 December 2011, Claimant wrote to the President and the Minister of Foreign Affairs of the Respondent noting that the MAB Act and the labelling requirement with respect to FREEBREW constituted a *de facto* expropriation of its interest in FBI and breached Ruritania's obligations under the BIT including breach of fair and equitable treatment and full protection and security guarantees. On 31 May 2012, Claimant again wrote to the President of Ruritania expressly invoking Article 8 of the BIT. No response was received to any of these letters.

Relief Sought

28. Under Article 4 of the BIT, any direct or indirect measure, which has equivalent effect to that of expropriation is unlawful unless it is for public benefit, non-discriminatory, in accordance with due process and accompanied by payment of full market value compensation. Claimant submits that the cumulative effect of measures adopted by Ruritania has resulted in expropriation of its investments associated with FBI. Ruritania violated its obligations under the BIT and international law by failing to pay a fair compensation for the damages caused. Furthermore, the plain packaging requirements imposed by Ruritania are measures which effectively expropriated CAM's trademarks and trade dress rights. Alternatively, Ruritania violated its obligation to provide fair and equitable treatment.

29. Under Article 6(2) of the BIT Ruritania undertook to observe any commitments it entered into. Pursuant to the Share Purchase Agreement Claimant was guaranteed that the products of FBI do not pose any health threats other than those ordinary for alcoholic beverages. If the tribunal concludes that the FREEBREW does pose the risks described in the HRI Report, Claimant respectfully asks the Tribunal to find that Ruritania violated this guarantee.

30. According to the report prepared by Value Consultants, experts instructed by Claimant, the damages caused amount to USD 380,000,000, which comprises the value of the Claimant's interest in FBI before the measures adopted by Ruritania, and the loss of sales by the bottling and agricultural businesses of Claimant directly resulting from FBI's cessation of operations.

31. Claimant accordingly requests the tribunal to find that Ruritania violated its obligations under the BIT and order Ruritania to pay USD 380,000,000 as compensation for the damages caused.

32. Furthermore, Claimant requests the tribunal to find that the persecution of FBI executives Messrs. Goodfellow and Straw violated the guarantee of full protection and security provided in Article 2 of the BIT and order Ruritania to pay USD 1,000,000 as compensation for the moral damage caused.

/s/

COUNSEL FOR CONTIFICA ASSET MANAGEMENT CORP.

EXHIBIT NO. 1

Treaty of Mutual Promotion and Protection of Foreign Investment

between

The Republic of Ruritania

and

The State of Cronos

Preamble:

The Government of the Republic of Ruritania and the Government of the State of Cronos, hereinafter referred to as the Contracting States,

DESIRING to intensify economic co-operation between the two Contracting States with a view to stimulate private enterprise,

INTENDING to create favourable conditions for Investments by Investors of either Contracting State in the territory of the other Contracting State,

RECOGNISING that the encouragement and protection of such Investments are essential to the prosperity of both nations and the welfare of their nationals,

HAVE AGREED as follows:

Article 1:

For the purposes of this Treaty:

1. The term "Investment" means every asset which is directly or indirectly invested in accordance with laws and regulations of the Contracting State in which territory the Investment is made by Investors of the other Contracting State. The Investments include in particular, but not exclusively:

- (a) movable and immovable property as well as any other rights in rem, such as mortgages, liens and pledges;
 - (b) shares of companies and other kinds of interest in companies;
 - (c) returns reinvested, claims to money which has been used to create an economic value or claims to any performance having an economic value;
 - (d) intellectual property rights, in particular copyrights and related rights, patents, utility-model patents, industrial designs, trademarks, plant variety rights;
 - (e) trade-names, trade and business secrets, technical processes, know-how, and good-will; and,
 - (f) concessions under public law, including concessions to search for, extract or exploit natural resources.
2. The term "Returns" means the amounts yielded by an Investment for a definite period and includes in particular profit, dividends, capital gains, interest, royalties or fees.
3. The term "Investor" means with regards to each Contracting State ~~refers to~~
- (a) any natural person who is citizen or national of, or who is permanently residing in each Contracting State in accordance to its laws; and,
 - (b) any entity which is established in accordance with, and recognised as a legal person by the law of that Contracting State, irrespective of whether or not its liabilities are limited and whether or not it is a profit seeking company, agency, association or firm;
- which is the owner, possessor or shareholder of an Investment in the territory of the other Contracting State.

Article 2:

1. Each Contracting State shall in its territory

- (a) as far as possible promote Investments by Investors of the other Contracting State and admit such Investments in accordance with its legislation and administrative practice and encourage such Investments; and,
 - (b) in every case accord Investments by Investors of the other Contracting State fair and equitable treatment as well as full protection and security under this Treaty.
- 2. Returns from an Investment, as well as returns from reinvested returns, shall enjoy the same protection as the original Investment.

Article 3:

- 1. Neither Contracting State shall in its territory
 - (a) subject Investments owned or controlled by Investors of the other Contracting State to treatment less favourable than it accords to Investments of its own Investors or to Investments of Investors of any third State; or,
 - (b) subject Investors of the other Contracting State, as regards their activity in connection with Investments, to treatment less favourable than it accords to its own Investors or to Investors of any third State; or,
 - (c) impair by arbitrary or discriminatory measures the management, maintenance, use, enjoyment or disposal of Investments of Investors of the other Contracting State.
- 2. Measures that have to be taken for reasons of public security and order shall not be deemed treatment less favourable, arbitrary or discriminatory within the meaning of this Article.
- 3. The treatment granted under this Article shall not relate to
 - (a) privileges, which either Contracting State accords to Investors of third States on account of its membership of, or association with, a customs or economic union, a common market or a free trade area; or,

- (b) advantages which either Contracting State accords to Investors of third States by virtue of an agreement for the avoidance of double taxation in the field of taxes on income and assets or other agreements regarding matters of taxation.
4. The Contracting States shall within the framework of their national legislation give sympathetic consideration to applications for the entry and sojourn of
- (a) persons of either Contracting State who wish to enter the territory of the other Contracting State in connection with an Investment; or,
 - (b) employed persons of either Contracting State who in connection with an Investment wish to enter the territory of the other Contracting State to take up employment.

Article 4:

1. Investments by Investors of either Contracting State may not directly or indirectly be expropriated, nationalized or subjected to any other measure taken by a Contracting State or a state agency of the Contracting State the effects of which would be equivalent to expropriation or nationalization (hereinafter referred to as Expropriation) in the territory of the other Contracting State except where such Expropriation is
 - (a) for the public benefit;
 - (b) not discriminatory;
 - (c) carried out under due process of law; and,
 - (d) against compensation.
2. The legality of any such Expropriation and the amount of compensation must be subject to review by due process of law and the Investor affected shall have an unalienable right to prompt review by a judicial or other competent and independent authority of its case, valuation of its Investment and of payment of compensation, in accordance to the principles set out in paragraphs 1 and 3 of this Article.

3. Provision must have been made in an appropriate manner at or prior to the time of expropriation, nationalization for the determination and payment of compensation. The compensation must be
 - (a) equivalent to the value of the expropriated Investment immediately before the date on which the actual or threatened expropriation, nationalization or other measure became publicly known;
 - (b) paid without delay and shall carry the usual bank interest until the time of payment; and,
 - (c) effectively realizable and freely transferable.

Article 5:

1. Each Contracting State shall guarantee to Investors of the other Contracting State the free transfer of payments in connection with an Investment, in particular
 - (a) the principal and additional amounts to maintain or increase the Investment;
 - (b) the returns;
 - (c) the repayment of loans;
 - (d) the proceeds from the liquidation or the sale of the whole or any part of the Investment; and,
 - (e) the compensation provided for in Article 4.

Article 6:

1. If the legislation of either Contracting State or international obligations existing at present or established hereafter between the Contracting States in addition to this Treaty contain any provisions, whether general or specific, entitling Investments by Investors of the other Contracting State to a treatment more favourable than is provided for by this Treaty, such provisions shall prevail over this Treaty to the extent that they are more favourable.
2. Each Contracting State shall fulfil any other obligations it may have entered into with an Investor or an Investment of an Investor of the other Contracting State.

Article 7:

1. Disputes between the Contracting States concerning the interpretation or application of this Treaty should as far as possible be settled by the Governments of the two Contracting States. If a dispute cannot thus be settled, it shall upon the request of either Contracting State be submitted to an arbitral tribunal.
2. The arbitral tribunal shall be constituted for each case as follows: each Contracting State shall appoint one member, and these two members shall agree upon a national of a third State as their chairman to be appointed by the Governments of the two Contracting States. The members shall be appointed within two months, and the chairman within three months, from the date on which either Contracting State has informed the other Contracting State that it wants to submit the dispute to an arbitral tribunal.
3. If the periods specified in paragraph 2 have not been observed, either Contracting State may, in the absence of any other relevant agreement, invite the President of the International Court of Justice to make the necessary appointments. If the President is a national of either Contracting State or if he is otherwise prevented from discharging the said function, the Vice-President should make the necessary appointments. If the Vice-President is a national of either Contracting State or if he, too, is prevented from discharging the said function, the Member of the Court next in seniority who is not a national of either Contracting State should make the necessary appointments.
4. The arbitral tribunal shall reach its decisions by a majority of votes. Its decisions shall be binding. Each Contracting State shall bear the cost of its own member and of its representatives in the arbitration proceedings; the cost of the chairman and the remaining costs shall be borne in equal parts by the Contracting States. The arbitral tribunal may make a different regulation concerning costs. In all other respects, the arbitral tribunal shall determine its own procedure.

Article 8:

1. Disputes concerning Investments between a Contracting State and an Investor of the other Contracting State under this Treaty should as far as possible be settled amicably between the parties to the dispute. A dispute, which cannot be settled amicably within a period of three months from written notification of a claim by the Investor, shall be submitted to international arbitration if the investor so wishes.
2. Where the dispute was referred to international arbitration, the Contracting States declare that they unreservedly and bindingly consent that the Investor shall submit the dispute at its choosing to either
 - (a) an ad hoc arbitral tribunal which is established in accordance with the rules of the United Nations Commission on International Trade Law (UNCITRAL) as in force at the commencement of the proceedings seated in Fairyland with any of the following institutions (at the investor's choice) acting as the appointing authority and providing administrative services in connections with the arbitration - London Court of International Arbitration (LCIA), the German Institution of Arbitration (DIS) or the Arbitration Institute of the Stockholm Chamber of Commerce (SCC); or,
 - (b) any other form of dispute settlement agreed by the parties to the dispute.
3. The award shall be binding and shall not be subject to any appeal or remedy other than those provided for in the relevant rules. The award shall be enforced by the Contracting States as a final and absolute ruling.
4. During arbitration proceedings or the enforcement of an award, the Contracting State involved in the dispute shall not raise the objection that the Investor of the other Contracting State has received compensation under an insurance contract in respect of all or part of the damage.

Article 9:

If a Contracting Party or its designated agency, within the framework of a legal system, subrogates an investor pursuant to a payment made under an indemnity, insurance or guarantee agreement against non-commercial risks,

- (a) such subrogation shall be recognized by the other Contracting Party;
- (b) the subrogee shall not be entitled to exercise any rights other than the rights which the investor would have been entitled to exercise; and,
- (c) disputes between the subrogee and the host Contracting Party shall be settled in accordance with Article 7 of this Agreement. The subrogee may nevertheless entitle the investor to assert the subrogated rights vis-à-vis the other Contracting Party.

Article 10:

This Treaty shall be in force irrespective of whether or not diplomatic or consular relations exist between the Contracting States.

Article 11:

Registration of this Treaty with the Secretariat of the United Nations, in accordance with Article 102 of the United Nations Charter, shall be initiated immediately following its entry into force by the Contracting State in which the signing took place. The other Contracting State shall be informed of registration, and of the UN registration number, as soon as this has been confirmed by the Secretariat of the United Nations.

Article 12:

1. This Treaty shall be subject to ratification; the instruments of ratification shall be exchanged as soon as possible.

2. This Treaty shall enter into force on the first day of the second month following the exchange of the instruments of ratification. It shall remain in force for a period of thirty years and shall continue in force thereafter for an unlimited period unless denounced in writing through diplomatic channels by either Contracting State giving twelve months' notice. After the expiry of the period of ten years this Treaty may be denounced at any time by either Contracting State giving twelve months' notice.

3. In respect of Investments made prior to the date of termination of this Treaty, the provisions of the above Articles shall continue to be effective for a further period of twenty years from the date of termination of this Treaty.

In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Treaty.

Done in duplicate at Freecity, Republic of Ruritania this fifteenth day of March 1997.

For the Republic of Ruritania:

Name

For the State of Cronos:

Name

EXHIBIT NO.2
EXTRACTS FROM THE SHARE PURCHASE AGREEMENT

STATE PROPERTY FUND OF RURITANIA, a state establishment incorporated under the laws of the Republic of Ruritania, with its registered address at 3 Liberty square, Freecity, Republic of Ruritania,

and

CONTIFICA SPIRITS S.P.A., a company incorporated under the laws of Posteriana, with its registered address at [.]

<....>

11. ASSIGNMENT

11.1 Neither Party may assign any of its rights or obligations under this Agreement, except that the Purchaser may assign all of its rights and obligations under this Agreement by way of substitution to any company, which is a member of the Contifica Group.

<...>

14. GOVERNING LAW AND DISPUTE RESOLUTION.

14.1 This agreement shall be governed by the laws of the Republic of Ruritania.

14.2 All disputes arising out of or in connection with the present Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said Rules seated in Geneva. The arbitration shall be conducted in the English language.

<....>

APPENDIX 7

SCHEDULE OF WARRANTIES AND REPRESENTATIONS

The SELLER represents and warrants that

9.2.1. To the best of its knowledge the products of the Brewery do not pose any risks to the consumers, other than those which are ordinary for similar alcoholic beverages.

EXHIBIT NO. 3

[Extracts translated by the Claimant]

Regulation of Sale and Marketing of Alcoholic Beverages Act

Section 1 – For the purposes of this act

Alcoholic beverage shall mean any beverage intended for human consumption the strength of which exceeds 0.6% of alcohol by volume.

<...>

Section 6 – It shall be illegal to advertise or otherwise market alcoholic beverages as compatible with a healthy way of life. The advertisement or sale of alcoholic beverages at professional sport establishments (including any stadiums or arenas) is prohibited.

Section 7 – Alcohol may only be served in permanently operating catering establishments and only within their premises. Alcohol may only be served between 9 a.m. and 9 p.m. local time. It shall be illegal to serve alcohol to a person who is reasonably believed to be intoxicated.

Section 8 – Any alcohol shall be served or sold in containers of 0.5 liter or less. The label should be plain white and all the text on the label should be the same colour and in the same font. No technique should be used to highlight the “brand” of the beverage.

<...>

**GERMAN INSTITUTION OF ARBITRATION
UNDER THE UNCITRAL ARBITRATION RULES ADMINISTERED BY THE DIS**

CONTIFICA ASSET MANAGEMENT CORP.

Claimant

v.

REPUBLIC OF RURITANIA

Respondent

**STATEMENT OF DEFENSE
15 DECEMBER 2012**

1. The present statement of defense is submitted by the Republic of Ruritania without prejudice to its objections to the jurisdiction of the tribunal and admissibility of the claims submitted by Contifica Asset Management Corp (“CAM”), which are further elaborated below. However, should the tribunal reject those objections, it should nevertheless dismiss CAM’s claims as they are completely baseless and without any merit.

I. OBJECTIONS TO JURISDICTION AND ADMISSIBILITY

2. For the avoidance of doubt Respondent accepts that the Cronos-Ruritania BIT constitutes a valid international treaty binding on Ruritania, which had been properly signed and ratified by both parties and entered into force. However, Respondent submits that the present Tribunal is without jurisdiction to hear CAM’s claims and in any event they are inadmissible.
3. **The claim is an abuse of process.** The conduct of Claimant in the present case is a classic example of the deplorable practice of “treaty shopping”. The shares in Freecity Breweries Inc. (“FBI”) as well as IP rights were transferred to Claimant for the exclusive purpose of commencing this arbitration.
4. As admitted by Claimant, the shares in FBI were originally acquired by Contifica Spirits S.p.A., a company incorporated in Posteriana, which manages the alcohol beverages production assets of the Contifica group. Neither Posteriana, nor Prosperia (the State where the parent company of the group is incorporated) have entered into a bilateral investment treaty with the Republic of Ruritania.
5. The circumstances of the transfer of shares in FBI to CAM could not be more telling.
6. Firstly, the transfer took place two months after the New Way party secured the majority in Ruritanian parliament. Taking a hard stance towards marketing and sale of alcohol was one of the widely publicized issues of the party’s election manifesto. Hence, at the time the transfer occurred Contifica group already anticipated that tougher regulations would be adopted in the near future.
7. Secondly, the shares in what Claimant argues to be an investment valued at over USD 300 million were transferred to Contifica Asset Management for a token amount of 10’000 Ruritanian pounds (i.e. less than USD 5’000).

8. Finally, the purpose of the transfer is clearly stated in a memorandum produced by Claimant in response to Ruritania's request to disclose documents relating to the acquisition of shares in FBI and other FBI-related assets made in the context of criminal investigation into actions of Messrs Goodfellow. The memorandum is addressed to Mr Goodfellow and it considers the various mechanisms of "achieving further protection of Contifica group's investment in Ruritania" (**Exhibit RX1**) and shows clearly that the true purpose of the transfer was to bring a claim under the BIT. Pursuant to the laws of Ruritania this memorandum once disclosed to the Ruritanian authorities can be used by Ruritania for any purpose, including the present proceedings.
9. All those circumstances clearly demonstrate that CAM's shareholding in FBI is not a *bona fide* investment covered by the BIT and in any event its conduct constitutes an abuse of process.
10. **Claimant's dispute with the State Property Fund of Ruritania may not be decided by this Tribunal.** Claimant is trying to improperly bring within the scope of the present arbitration a separate dispute over the alleged breach of the share purchase agreement by the State Property Fund of Ruritania ("**Fund**").
11. Under the laws of Ruritania the Fund is a separate legal entity with its own legal personality. The Republic of Ruritania bears no liability for the debts of the Fund. Hence, Ruritania is not liable for any alleged non-performance of the agreement by the Fund.
12. In any event, the share purchase agreement provides that any disputes arising out of it shall be resolved by arbitration under the Rules of Arbitration of the International Chamber of Commerce. Hence, the present arbitral tribunal should find those claims inadmissible.

II. MERITS

13. All the actions taken by the government of Ruritania challenged by Claimant are within the scope of any state's police and regulatory authority. It is widely accepted that a state may take any regulatory action to protect the health of its population and an exercise of such power does not constitute expropriation.
14. Indeed, the MAB Act is an example of a set of measures any responsible government should take to address the problems of alcohol addiction and exposure of the youth to alcohol. There is nothing uncommon about the bans on marketing or sale of alcohol during sporting events to prevent an association between alcohol and a healthy lifestyle and athletic excellence.

15. The labelling requirement imposed on all products containing Reyhan concentrate including FREEBREW is equally justified by the scientific evidence on which the government relied. The measure is clearly non-discriminatory as despite what Claimant wants the Tribunal to believe it applies and has been implemented with respect to all products containing Reyhan concentrate ranging from bread and meat products to soft drinks and spirits. Claimant relies on a different report by an expert it chose and paid to. While this report criticizes some of the technical details of the HRI report it fails to present any evidence that consumption of FREEBREW does not pose the risks identified in the HRI report. Respondent asks the Tribunal to recognize that the government is entitled to adopt a cautious approach rather than wait for years to obtain unassailable evidence of the risk, which is something that Claimant would want the government to do.
16. Claimant's argument that its trademark and trade dress rights were expropriated is equally meritless. Indeed, according to the records of the Ruritanian Trademarks Office Claimant remains the registered owner of the respective trademarks and trade dresses and retains the exclusive right to use them.
17. Claimant also challenged detention of Messrs. Goodfellow and Straw. While applicable law may not have been entirely complied with during their arrest and detention, no damage was caused to the Claimant by this detention and for this reason the Tribunal is asked to dismiss the Claimant's request for "moral damages".
18. Ruritania submits that CAM's claims should be rejected on their merits even if the tribunal concludes that it has jurisdiction to rule on them.
19. Ruritania does not consider it proper or fruitful to address the matters of quantum of damages at this stage. Suffice it to note that the amount of damages claimed by CAM is grossly exaggerated and unsubstantiated. By way of example, Ruritania would note the "loss of sales" item of damages, which is said to arise out of the decrease in sales by various Claimant's subsidiaries to FBI. Those sales are not part of the Claimant's purported "investment" in Ruritania and thus should not be recoverable.

/s/

COUNSEL FOR REPUBLIC OF RURITANIA

HIGHLY CONFIDENTIAL

MEMORANDUM

TO: Lucas Goodfellow (Chief Executive Officer)
FROM: Adam Straw (General Counsel)
DATE: 1 March 2010

After our meeting in February I have now considered together with our external advisers various means of achieving further protection of Contifica Group.

We have considered a number of jurisdictions looking at the advantages of each legal environment, the tax consequences of restructuring and presence of a Contifica group company in the respective jurisdiction. The latter factor is important, since we may need to implement the restructuring quite quickly and hence would prefer to use an existing group company. So essentially we need to transfer the assets to one of the Contifica group companies in a country which has an investor-friendly environment.

In the end we essentially have a choice between Cronos, Delaware and Switzerland. However, in the circumstances I would recommend Cronos as Asset Management is incorporated there. In Cronos, dividends, royalty payments and income received from sale of shares are taxed at acceptable rates.

German Institution of Arbitration
In the Arbitration [Case No. ***]**
under the UNCITRAL Arbitration Rules administered by the DIS
Before the Arbitral Tribunal

Chairman: Professor Z

Co-Arbitrators: X and Y

In the Arbitral Proceedings

Contifica Asset Management Corp.

-Claimant-

Counsel for Claimant: XYZ LLP

versus

Republic of Ruritania

-Respondent-

Counsel for Respondent: ZYX Attorneys-at-law

the Arbitral Tribunal issues the following

Procedural Order No. 1

By letter of 15 January 2013 to the Parties, the German Institution of Arbitration (DIS) has confirmed Professor Z as Chairman and declared the Arbitral Tribunal constituted as follows:

Arbitrator nominated by Claimant:	X
Arbitrator nominated by Respondent:	Y
Chairman of the Arbitral Tribunal:	Professor Z

Having consulted the Parties, including by means of a conference call held on 5 February 2013, the Tribunal adopts the following order governing the conduct of this arbitration:

1. This arbitration shall be conducted under the UNCITRAL Arbitration Rules administered by the German Institution of Arbitration (DIS) and the Official Rules of the FDI Moot. In case of any inconsistency between those two sets of rules the latter shall prevail.
2. The arbitration shall be administered by the DIS (German Institution of Arbitration).
3. It is acknowledged and confirmed that the procedural law of Fairyland is in all respects identical to the 2006 UNCITRAL Model Law on International Commercial Arbitration.
4. Constitution of the Tribunal. The Tribunal consists of Arbitrator X, appointed by the Claimant, Arbitrator Y, appointed by the Respondent, and the Presiding Arbitrator Professor Z. The Parties have confirmed that the tribunal has been properly constituted.
5. Bifurcation of the proceedings. The Parties have agreed and the Tribunal decided that the proceedings should be divided into two stages. The following issues should be addressed during the first stage of this proceedings:
 - Whether the Tribunal has jurisdiction over the claims submitted by CAM and whether those claims are admissible in light of the facts surrounding acquisition of the shares in FBI by CAM?
 - Whether the Tribunal has jurisdiction over CAM's claims based on the alleged breach of the share purchase agreement by the State Property Fund of Ruritania and whether those claims are admissible?
 - Whether Ruritania violated any of its obligations under the BIT or international law towards CAM by adopting the measures for the regulation of marketing and sale of alcohol and imposing further requirements for marketing and sale of FREEBREW beer?
 - Whether moral damages may in principle be awarded by the Tribunal to Claimant for the arrest of Messrs Goodfellow and Straw, which Respondent accepts constituted a breach of its obligation to provide full protection and security?
 - Whether the loss of sales by CAM's subsidiaries located outside of Ruritania to FBI constitutes a recoverable item of damages?

The following issues would be addressed in the second stage of the proceedings, should it become necessary in light of the award of the Tribunal to be rendered during the first stage: (i) whether in the event the Tribunal has jurisdiction and the respective claim is admissible there has been a breach of the share purchase agreement; (ii) quantum of damages; (iii) costs. Parties are required to refrain from addressing those issues in their written and oral submissions during the first stage.

The subsequent part of this order deals only with the procedure applicable to the first stage of the arbitration. The relevant matters pertaining to the second stage (should it become necessary) shall be determined by the Tribunal as soon as practicable after the award in the first stage is rendered.

6. Evidence. It was agreed that the evidence that may be relied on in the arbitration will be limited to (i) facts, assertions contained in the Statement of Claim and the Statement of Defense and documents appended thereto (with no admission being made by either of the Parties as to correctness of the inferences from facts asserted by the other Party in its respective submission); (ii) publicly available information; and (iii) responses to the questions presented by the Parties' counsels in accordance with the procedure described below.
 - By 7 June 2013 factual questions that require clarification shall be posted in accordance with the procedure described at [http://www.fdimoot.org/2013/bb_categories.php].
 - The Parties shall then confer and seek to agree as soon as practical on the responses to those questions. The Parties' agreed responses shall be appended to the case file at <http://www.fdimoot.org/2013/problem.pdf>.
 - By 8 August 2013 another set of factual questions may be posted in accordance with the same procedure referenced above. The responses to those questions shall be appended as described above.
7. Written submissions. Only one round of simultaneous written submissions should be permitted. The memoranda for Claimant and for Respondent shall be filed by 24:00 GMT on 22 September 2013 or earlier if directed by the Tribunal. The Tribunal may direct Parties to file Skeleton Briefs.
8. The seat of arbitration shall be the capital city of Fairyland. The hearings will be held 24-26 October 2013 at FIAC - Frankfurt International Arbitration Center (DIS/IHK Frankfurt), Börsenplatz 4, 60313 Frankfurt.

11 February 2013

/s/

Presiding Arbitrator Professor Z

/s/

Arbitrator X

/s/

Arbitrator Y

German Institution of Arbitration

In the Arbitration [Case No. ***]**

under the UNCITRAL Arbitration Rules administered by the DIS

Before the Arbitral Tribunal

Chairman: Professor Z

Co-Arbitrators: X and Y

In the Arbitral Proceedings

Contifica Asset Management Corp.

-Claimant-

Counsel for Claimant: XYZ LLP

versus

Republic of Ruritania

-Respondent-

Counsel for Respondent: ZYX Attorneys-at-law

the Arbitral Tribunal issues the following

Procedural Order No. 2

1. In this order, the Tribunal records the Parties' agreed responses to certain factual questions.
2. **Is Ruritania a Paris Convention signatory?**
Yes, Ruritania has signed and ratified the Paris Convention for the Protection of Industrial Property including all amendments thereto.
3. **What are the relevant Trade Mark Act provisions of Ruritania? [viz invalidation for non-use and are they affected by the MAB adoption?]**
The Patent Court of Ruritania shall cancel registration of a trademark upon application of an interested party if the trademark has not been used for five years.
4. **Per 7 on page 21, the defence claims that the shares in FBI were transferred by Contifica Spirits to CAM at a token amount of about 5000 USD while the value of the same was actually over 300 million USD. Can the defence offer any proof for the**

same?

The price (i.e. USD 5,000) is reflected in the share purchase agreement, which Ruritania obtained in the course of the same investigation.

5. **What is the composition of the State Property Fund? How are any shares in the same held by the government of Ruritania?**

The Fund is a separate legal entity established by an Act adopted by the Parliament of Ruritania. The principal managing bodies of the Fund are the Board of Governors and the Director-General both appointed by the government of Ruritania. The Fund may make periodic distributions to Ruritania and in the event of its dissolution all its assets and liabilities pass to Ruritania.

6. **Are "trade dress" and "industrial design" distinct categories of intellectual property under Ruritania law, and if so, is the 0.8L FREEBREW bottle a registered industrial design in Ruritania?**

They are distinct, with trade dresses registered as trademarks. The bottle has been registered only as a trademark.

7. **Par. 28 states that Ruritania "failed to pay fair compensation for the damages caused". Does this mean that Ruritania did not pay "any" compensation, or does it mean that it paid "some" compensation, but not a "fair" amount, as claimant suggests?**

No compensation was paid.

8. **Are 'competing beer brands' and 'competitors' domestic or foreign companies/brands? (Para. 12, 18 of the Statement of Claim)**

There are both local- and foreign-owned breweries in Ruritania and certain quantities of beer are also imported from other countries, though the import is not significant.

9. **Was there any public discussion (in the media, etc) of the measures to be taken under the MAB Act prior to the transfer of shares in FBI from Contifica Spirits to CAM (apart from New Way party's anti-alcoholic rhetoric during the election campaign)? (Paras. 9, 10 of the Statement of Claim, para. 6 of the Statement of Defense)**

The New Way program has been widely discussed in the media during the course of the elections. The measures to be taken to reduce consumption of alcohol were discussed in general terms although the need to eliminate any association between sport and alcohol was mentioned during one of the debates.

10. **Are Ruritania and Cronos part of the Vienna Convention 1969?**

Both countries have signed and ratified the Vienna Convention on the Law of Treaties in 1987 and 1988 respectively.

11. **Who owned the IP rights before the Transfer of Shares? Contifica Spirits, FBI, or SPFR?**

Prior to the transfer of the IP rights to Contifica Asset Management, they had been owned primarily by Contifica Spirits with some owned by FBI. FBI has been using the relevant IP assets on the basis of license agreements with Contifica Spirits and then Contifica Asset Management.

12. **Are Cronos and Ruritania part of the World Trade Organization?**

Yes.

13. **Which company was registered and is registered as the owner of the shares of Freecity Breweries Inc. in the Company Register of Ruritania (or in a similar public register in Ruritania) after those shares were acquired by Contifica Asset Management Corp.?**

Contifica Asset Management Corp was entered into FBI's register of shareholders on the date of acquisition of the shares (the date of share purchase agreement). As required by Ruritanian law FBI disclosed the acquisition the next day.

14. **When exactly did the Respondent receive the letter sent by the Claimant to the President of Ruritania on 31 May 2012?**

The same day.

15. **Which of the States related to the case, if any, are parties to the 1966 International Covenant on Economic, Social and Cultural Rights?**

Cronos, Prosperiana and Ruritania have signed and ratified the International Covenant on Economic, Social and Cultural Rights.

16. **Does the term "substitution" in the Share Purchase Agreement, para. 11.1 (p.18) include the "transfer of shares" between the Claimant and Contifica Spirits S.P.A.?**

Contifica Spirits S.p.A. assigned its rights and obligations under the Share Purchase Agreement with the State Property Fund to Contifica Asset Management Corp and notified the same to the Fund. The assignment was acknowledged by the Fund.

17. **What were CAM's trademarks composed of (e.g. only words, only designs and drawings, both words and designs)?**

There is a number of trademarks including words, words in specific fonts and colours and designs of labels.

18. **What is the management structure of CAM (composition of the board and executives)?**

Contifica Asset Management has a Board of Directors and two Directors. Certain transactions that CAM enters into require approval of the Board of Directors. For example, the Board of Directors approved acquisition of FBI shares and commencement of the present arbitration. Contifica Asset Management has over 30 subsidiaries.

19. **Under Ruritanian Law, does a pledge of all tangible assets, shares and claims to recovery (pursuant to paragraph 21 of the statement of claim) constitute legal ownership?**

The pledge is governed by the laws of Ruritania. It does not result in transfer of title, but creates a security interest, which entitles the creditor to priority in settlement of its claims against the value of the asset pledged.

20. **Are the companies that supply materials (hops, barley, aluminum) to FBI subsidiaries of the Contifica Group in general or subsidiaries of Contifica Spirits or Contifica Asset Management group?**

All the suppliers are either direct subsidiaries or branches of Contifica Asset Management Corp.

21. **Pursuant to paragraph 22 of the Statement of claim, Messrs Goodfellow and Straw are executives of "FBI and "Contifica Group". It is not clear what part of Contifica group they are executives of. Are they part of Contifica Asset Management, or part of Contifica Enterprises or Contifica Spirits SpA?**

Mr Goodfellow is the Chief Executive Officer of FBI and an employee of Contifica Spirits S.p.A. and Contifica Enterprises PLC. Mr Straw is the General Counsel of FBI, a

member of the Board of Directors of Contifica Asset Management Corp (considered an employee under the laws of Cronos) and an employee of Contifica Enterprises PLC.

22. Did Messrs. Goodfellow and Straw complain of/suffer any psychological harm or duress as a result of their detention?

They have not suffered any physical harm

23. Do FBI or CAM have any permits or licenses allowing them to access and/or exploit Reyhan?

Reyhan has traditionally been purchased from independent farmers and organic growers.

24. When was CAM incorporated in the State of Cronos?

Business Holding XVII Corp had been incorporated in Cronos in 1983. It was acquired by Contifica Enterprises PLC in 2003 and renamed Contifica Asset Management Corp.

25. How much is the alcohol content of Freebrew Beer?

5% per volume.

26. It is stated that the Ruritanian Parliament adopted the MAB Act on 20 November 2010 (St. cl., p. 4, para. 10). Considering that parliamentary procedure takes time and there usually is a publicly available bill first, when was the bill, on the basis of which the MAB Act was adopted, introduced in a way that it was available to the public?

The draft of the MAB Act was introduced to the Parliament (and became public record) on 20 June 2010.

27. Has the State of Cronos expressed any objection whatsoever regarding the propriety of CAM's claim against Respondent under the BIT?

The State of Cronos has not expressed any position with respect to the present arbitration.

28. Is Ruritania party to any international agreements on the prevention of alcoholism or protection of public health?

No, except the International Covenant on Economic, Social and Cultural Rights

29. The Tribunal also notes certain corrections Claimant made to the Statement of Claim and notes that a corrected Statement of Claim has been submitted by the Claimant and added to the file

- a. In paragraph 5 the date has been changed from “2009” to “2008”.
- b. In paragraph 11 the reference to “business days” has been deleted.
- c. In paragraph 13 the reference to “revenue” is replaced with reference to “net income” and the phrase “and loss of revenue of 60%” has been added.
- d. In paragraph 26 the reference to the UNCITRAL Rules administered by the German Institution for Arbitration has been added.

Ozville, Fairyland

21 June 2013

/s/

Presiding Arbitrator Professor Z

/s/

Arbitrator X

/s/

Arbitrator Y

German Institution of Arbitration

In the Arbitration [Case No. ***]**

under the UNCITRAL Arbitration Rules administered by the DIS

Before the Arbitral Tribunal

Chairman: Professor Z

Co-Arbitrators: X and Y

In the Arbitral Proceedings

Contifica Asset Management Corp.

-Claimant-

Counsel for Claimant: XYZ LLP

versus

Republic of Ruritania

-Respondent-

Counsel for Respondent: ZYX Attorneys-at-law

the Arbitral Tribunal issues the following

Procedural Order No. 3

1. In this order, the Tribunal records the Parties' agreed responses to certain factual questions.
2. **Please identify the classification of Reyhan (e.g. the genus to which it belongs)?**
Reyhan belongs to Lamiaceae family. Though it looks very much like Basil (*Ocimum basilicum*) (hence the name) it belongs to a different genus, which can only be found in Ruritania.
3. **Were there any limitations on marketing / sale of alcoholic beverages in Ruritania before the adoption of MAB Act?**
Since 1992, Ruritanian law had prohibited the sale of alcoholic beverages to persons under 21 as well as claims of positive health effects of alcohol. In addition, general laws prohibiting deceptive marketing practices and regulating labelling of beverages apply to alcoholic beverages.
4. **Is Ruritania a party to any other human rights convention in addition to the International Covenant on Economic, Social and Cultural Rights?**
Ruritania signed and ratified the International Covenant on Civil and Political Rights in 1983.

5. **What are the Ruritanian rules towards entry laws and administrative acts into force (i.e. how much time after the adoption should pass for them to come into force)? Were there any differences between publicly available draft and adopted document?**

A Ruritanian law (act) enters into force on the 20th day from the date of official publication and an ordinance on the 10th day from the date of official publication. These periods may be extended or abridged by the relevant act or ordinance. The MAB Act was published on 25 November 2010 and entered into force on 1 January 2011 (as provided by Section 10 of the act). The ordinance was published on 30 June 2011 and entered into force on 15 July 2011.

The Parliament adopted the draft act with few amendments. The only substantive change was the addition of the last sentence to Section 8.

6. **How many members of the Ruritanian parliament voted ‘for’ the adoption of the MAB Act?**

207 of the 400 members of the Parliament voted for the MAB Act.

7. **Does Ruritania have a BIT with Delaware or Switzerland?**

Ruritania has bilateral investment treaties with the United States of America (entered into force in 2006) and Switzerland (entered into force in 2000) which are in all respects identical to the 2004 US Model BIT and the Switzerland Model Agreement on the Promotion and Reciprocal Protection of Investments (available in Volume III of the UNCTAD Compendium) respectively.

8. **Are the relevant countries (Ruritania, Prosperia and Posteriana) member states of the United Nations Organisation?**

Yes.

9. **Were CAM's subsidiaries incorporated with the only purpose of promoting FBI's production? When were they established? Did they promote FBI's production before restructuring (when Contifica Spirits owned FBI)?**

CAM's branches and subsidiaries had produced hops, barley and aluminium cans before FBI was acquired by Contifica Spirits. However, following the acquisition, CAM put into operation a new production line at the aluminium can plant to serve the needs of FBI. In addition, supplies to FBI were considered, when determining targets for barley and hops farms. Most supplies commenced shortly after Contifica Spirits acquired FBI.

10. **What is the normal procedure followed by the Ruritanian Ministry of Health regarding the issuance of ordinances? Who makes the decision to issue an ordinance and what degree of discretion is granted in making such a decision / are there regulations in place that establish the process (collection and evaluation of evidence) by which an ordinance is issued?**

Under the Public Health Act, the Minister of Health adopts the ordinance on the basis of advice of the ministry's civil servants. The Minister must consider the evidence available and the degree of potential risks involved as well as alternative measures in deciding whether to issue an ordinance. The Parties agree that the Ministry of Health followed this procedure in adopting the ordinance on Reyhan. However, Claimant challenges the reasonableness of the Minister's decision and the advice given to him.

11. **Under Ruritanian Contract Law, are representations and warranties made by third parties to an intermediate buyer contractually binding between the purchaser and the third party (original seller)?**

Under Ruritanian law, the benefits of warranties and representations may be assigned to a third party. Such a third party may bring a claim against the seller.

12. **How much Methylendioxybenzoat is contained in 1g of Reyhan concentrate?**
0.8 Grams.

13. **According to Procedural Order No 2 (Clarification 4), Ruritania obtained the share purchase agreement between Contifica Spirits S.p.A. and Contifica Asset**

Management Corp., “in the course of the same investigation”. Does this mean that Ruritania obtained this share purchase agreement in the course of the investigation against Messrs Goodfellow and Straw commenced by the Prosecutor’s Office of Ruritania on 1 December 2011?

Yes.

14. **Has any WTO Member requested WTO dispute consultations with Ruritania in relation to Ruritania's MAB Act and/or Ordinance?**

No.

15. **Did CAM have any opportunity for public comment or to make representations on the draft legislation?**

The draft act had been subject of extended debate within the Parliament and in Ruritania more generally. The Association of Alcoholic Beverages Producers and Importers (of which FBI is a member).had submitted a memorandum to the Parliament arguing against adoption of the draft act, which was cited in the parliamentary debate.

16. **Is Freebrew the only beer product packed in 0,8 litre bottle in Ruritania?**

It was the only beer produced in Ruritania packed in bottles larger than 0.5 litre..

17. **Is methyldioxidebenzovat present in any other substances apart from Reyhan?**

Yes, but not in food.

18. **What agricultural business is referred to in paragraph 30 of the Statement of Claim?**

The agricultural business of CAM that supplied yeast, hops and barley to FBI.

19. **Pre-election, what was the probability that the New Way would win the election?**

According to public opinion surveys the New Way party was forecasted to secure 215-220 places in Parliament (according to one survey) and 190-200 places (according to another). Eventually, it secured 211 seats.

20. **Is CAM owned 100% by Contifica Enterprises?**

Yes, indirectly.

Ozville, Fairyland

20 August 2013

/s/

Presiding Arbitrator Professor Z

/s/

Arbitrator X

/s/

Arbitrator Y