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Limited

Your quick introduction
to the working in the
FASHION business

State: April 2007 V3.0

Your quickstart

in the FASHION business idea



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The Jeans Network Company

1. Introduction to FASHION-business

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1.1 Introduction

For the past 100 years, fashion without **jeans** has been unthinkable, with **Jeans** available in all sorts of designs and colours, for young and old. **Jeans** were originally tough, made for rough everyday life, but then they became more comfortable and presentable and are even a must nowadays. Fashion changes every season – sometimes in provocative ways – but jeans have survived every change in fashion and they will also do so in the future.

Take a look at the sometimes incredibly high prices you have to pay for a stylish pair of jeans, no matter for what age. With this quick introduction, we are offering you a simple and successful way to help you understand the world of FASHION Europe.net (henceforth referred to as FASHION). Share with us the success of the only form of clothing that is irreplaceable all over the world!

FASHION is a brand-new company that started business in August 2006. With a FASHION consultancy agreement you have the opportunity to share our success from the first day on. By signing a consultancy agreement with the person who handed over this quick introduction to you, you can enjoy the immense advantages from the very beginning:

1. You are one of the first consultants of a new company and 'first line' for a sales commission structure for successful FASHION consultants.
2. By becoming a new FASHION consultant, you take advantage of a unique price bonus for the starter-pack.
3. Through direct acquisition for your own FASHION team, you'll generate a successful start for your own FASHION enterprise.

1.2 Business development

FASHION offers young and very modern JEANS in regular new designs for an unbeatable and competitive price in direct sales, which you then distribute in your personal environment – with extraordinary margins. FASHION is able to realise such favourable conditions due to the fact that we do not run any branches, marketing campaigns or advertisements and we do not hire any employees.

This is the reason that, in comparison with other enterprises, FASHION is saving a huge amount in monthly costs. These savings cut the price of the product and ease the sales for you in multiple ways. Moreover, the offer of an additional product-scale (shoes, jackets, accessories etc) is in preparation – the additional chance for you as a consultant to increase your income.

1.3 First income – own distribution

FASHION will deliver FASHION products to every consultant according to the prices listed in the commission agreement you can find below. Sales agents sell the products for the prices listed, on a self-employed and independent basis. With the exception of the purchase of the starter-pack, there will be no further obligation to purchase goods from FASHION. Every consultant decides on their own how much time and commitment they want to invest in their own company, that means you do business whenever you like without any obligation to FASHION. This personal freedom is one of the main points in our business policy!

1.4 The perfect beginning

Every consultant purchases a Fashion starter-pack at the beginning of their sales activities. This pack can be purchased only from FASHION; consultants who are already in business are not allowed to sell this pack. There are different versions of the starter-pack. You'll find the details listed in the commission agreement and the consultancy agreement.

You can pay for the starter-pack in the following ways: Via postage- payment on delivery, in cash if you pick it up from FASHION'S central storage point, or by advance payment to the account given below. The starter-packs on offer at the moment give you a very interesting, extra incentive!

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1. General Information Continued / 2. Commission C agreement

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1.5 Second income – Partner Sales Commission

With the direct sales system, every consultant is able to acquire new consultants throughout Europe and will be given commission on purchases of FASHION products by their directly acquired partners (1st line). These consultants are also allowed to acquire new team partners (2nd line), who can also do this in turn (3rd line) and so on (see diagram under 2.5).

Every consultant will be paid commission from a fixed, one-time achieved volume of purchases of their own orders and the orders of their partners in the 1st line on all of the purchases of their sales team down to line 5 at the most. The single commission amounts can be found listed in the commission agreement.

Every consultant will therefore be able to considerably increase his/her own income by building up an own team without having to make any purchases or sales of their own, because they get a monthly commission from all of the purchases of their team down to the 5th line. Please remember that!

You won't be paid commission for acquiring new consultants but for the purchases of FASHION products made by your consultants. So, besides only selling FASHION products you should give as many potential customers as possible the opportunity to build up their own livelihood inside the FASHION sales network to give them the possibility to earn an additional income by earning commission.

1.6 Summary

JEANS with new designs in the latest fashions, changing styles and types, TOP purchasing conditions and sales at a price that will leave not only your friends breathless – these are the main points of FASHION's business policy. Multiply your income by building up a team. Talk to your friends, relatives and colleagues. A lot of people nowadays are looking for a second income, a possibility to build up a second business without any pressure of time, conditions, a boss, and to earn money whenever and wherever they like – at home, at your friends' houses or any location you can imagine. Every new consultant in your team who sells jeans ensures an increase in your personal income. What could be easier than to talk to other people about a fantastic business idea and earn money at the same time! And have a very close look at the main advantage that none of your competitors has to deal with: In fashion, the price of a product is the first and the main criteria for or against a purchase!

Ensure your top position in a market throughout Europe NOW. Start being a FASHION consultant in a new market, a new company – from day one on!

2. The FASHION commission agreement

The FASHION commission agreement in the version on hand has been built up innovatively for your success and is valid from January 2007. There are the following items:

- 2.1 General information
- 2.2 Purchasing and sales conditions
- 2.3 Reimbursements from your consulting team (following called "downline")
- 2.4 Activating and keeping commission from your downline
- 2.5 Diagram of commission levels
- 2.6 Income examples
- 2.7 Starter packs

2.1 General information

The commission agreement and all further documents (price list, marketing instruments, etc) are valid under the business conditions of FASHION. Passing on or making these documents public to people who are not, or are not going to be, consultants or employees of FASHION is strictly forbidden, this is also in your own interest. Consultants who infringe upon this clause may be excluded from selling FASHION products immediately and shall lose their downline income commission.

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2. Commission Agreement Continued

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2.2 Purchasing and sales conditions

At the present time, FASHION distributes jeans in sizes from 32 to 50. The following prices are based on these sizes. The purchase price of one pair of jeans to a consultant is €16.30 (including 19% Mwst tax).

The customer sales price of one pair of jeans is €23.50 (including 19% Mwst tax).

You will earn a margin of more than 30% from every pair of jeans sold and you can offer them at a price that is unmatched. Even the big branches in the fashion business are much more expensive! The prices of the jeans, except in the starter packs, are independent of order numbers and are sold to every consultant for the same price to make sure that even consultants who order small numbers are treated equally.

2.3 Reimbursements from your FASHION consulting team (in the following referred to as "downline")

Every consultant receives a monthly commission under certain circumstances (see point 2.4) on all purchases by every consultant in their direct line. These consultants are the ones in your 1st downline. There is no limit to the amount of direct acquired consultants. These consultants of your 1st downline- level are allowed unlimited acquisition as well, and these are your 2nd downline- level consultants, etc. Every consultant will be given commission on all consultants up to your maximum 5th downline- level. Monthly commissioning is built up as follows (see diagram 2.5 as well):

1st Level 2% - 2nd Level 3% - 3rd Level 4% - 4th Level 5% - 5th Level 6%

At the end of the month all the consultant's purchases in your downline regarding the consultancy level will be added together to calculate your commission and will be transferred on to your commission account on the last working day of the following month, or sent to you by cheque.

2.4 Activating and keeping commission from your downline

Consultants will be paid commission for the purchases of their entire downline from the moment the sum of all previous orders from their own purchases as well as from the purchases by consultants of the 1st level reaches €1,500 gross one time. All orders from the consultant and their 1st downline level are totalled including the starter packs from the first order on. When the accumulated order value of €1,500 is reached (including 19% Mwst tax), the commission for the consultant for all 5 levels will be permanently activated for all incoming orders.

This regulation stimulates a permanent increase in every consultant's downline as well as in their commission. Just think about the fact that every consultant will be eager to achieve an order volume of €1,500 so that he/she can also be paid commission for his/her downline as well.

FASHION will not put any obligation on any of its consultants to purchase or to sell to except for the purchase of the starter pack.

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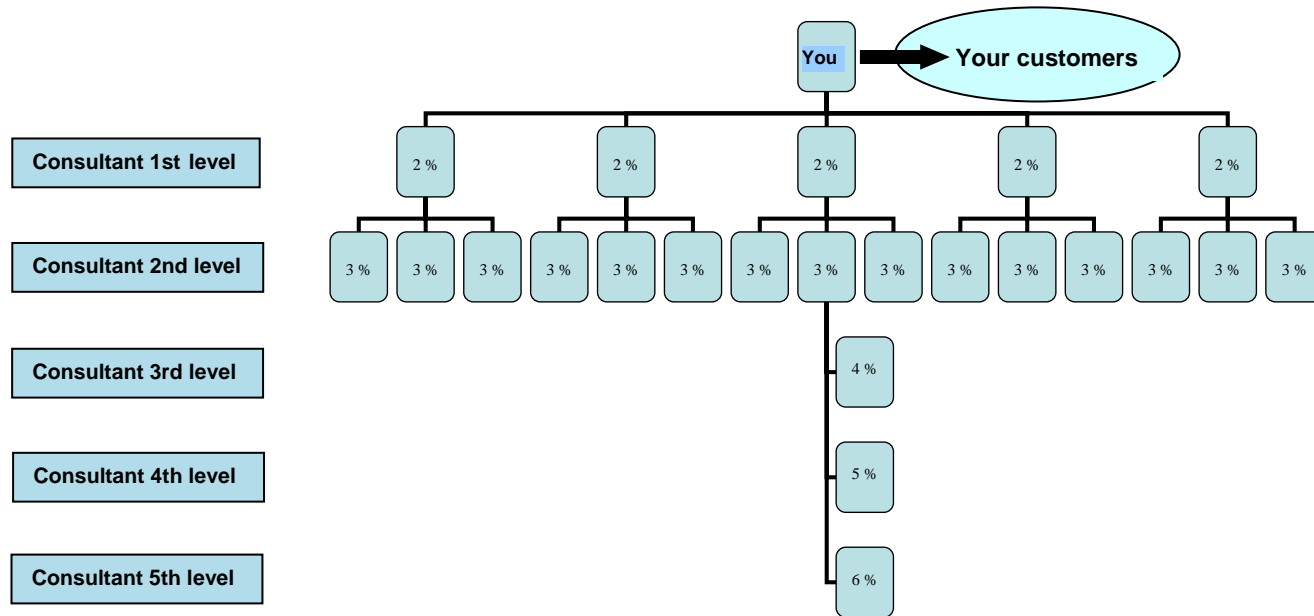


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2. Commission Agreement Continued

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2.5 Diagram of commission levels



2.6 Income examples

In the following, you will be given some examples of possible income situations for independent consultants of FASHION.

Example no.1:

You sell 3 pairs of jeans per day on average = 90pairs of jeans monthly. Your monthly gross: €630.

Example no. 2:

You do 4 fashion parties monthly with your mates and friends or on recommendation. At every party you sell 40 pairs of jeans on average. Your monthly gross: €1,120.

Example no.3:

You have acquired 5 direct consultants. Each of them has acquired 2 more consultants (= 10 consultants in level 2). You and your consultants sell 3 pairs of jeans per day on average. Your monthly gross: €1,454.40.

Example no.4:

You've acquired 5 direct consultants. Each of them has acquired 2 consultants themselves - down to your 5th level. You and your consultants sell only 5 jeans monthly on average! Your monthly gross: €1,902.

Example no.5:

You've acquired 5 direct consultants. Each of them has acquired 3 more consultants themselves - down to your 5th level. You and your consultants sell only 5 jeans monthly on average! Your monthly gross: €3,859.30!!!

Example no.6:

You've acquired 5 direct consultants. Each of them has acquired 5 more consultants themselves - down to your 5th level. You and your consultants sell only 5 jeans monthly on average! Your monthly gross: €25,751.70!!!

2.7 Starter packs

FASHION offers you different starter packs that allow you to start your own business from day one. The content of the starter packs and the related prices can be found in the document enclosed with the consultancy agreement (Available starterpacks).

The starter packs consist of assorted sets arranged by FASHION, which means that the jeans are in the sizes that are most common in our experience. For all following orders the consultants choose the sizes themselves.

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3. Handling

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Handling between FASHION and consultants is valid in the following manner from January 2007. It describes the course of distribution. It's split into the following fields:

- 3.1 Ordering and payment of goods
- 3.2 Delivery/ collection of goods
- 3.3 Exchange/ complaints concerning goods

3.1 Ordering and payment of goods

With the exception of the starter pack, there is no obligation for consultants to purchase goods from FASHION.

All follow-up orders by a consultant can be placed either per telephone or in written form (e-mail, fax, post). If a delivery is turned down by consultant following a phone order, this

consultant must place orders with FASHION in written form in the future. For delivery reasons, the minimum order quantity for follow-up orders in delivery is 10 pairs of jeans, higher order quantities or different sizes asked for by the consultant are accepted in steps of 10 (20, 30 etc.). In cases of personal collection of the order from the central storage point in Hamm, there is no limitation to the quantity of jeans.

Every order must be paid for by the consultant either in cash, collected on delivery, or as an advance payment transfer. A delivery on account is not possible for FASHION. With every order, an invoice including Mwst tax is issued or sent by e-mail in time.

3.2 Delivery / collection of goods

Every consultant can collect and pay for the ordered goods during the opening/ collecting hours at the FASHION central storage point in Hamm/ Westfalen without paying any freight charge. You can find the opening hours listed in the consultant's folder, which will be delivered free to every new consultant after signing the consultancy agreement.

Consultants can ask any time for delivery of the ordered goods by a haulage firm hired by FASHION. Delivery of goods will be arranged either once a week following receipt of payment or by collection on delivery. Delivery costs will be calculated based on the usual conditions for packaging, transport, collection and insurance costs of standard haulage firms like UPS, DPD, Deutsche Post, etc (a standard order of, for example, 15 pairs of jeans circa €10).

3.3 Exchanging the goods / complaints

The consultants undertake to check ordered goods at the moment of delivery or collection. Clear and obvious mistakes are accepted by FASHION only within three days of collection or delivery.

In case of a complaint, the consultant delivers the faulted goods directly to the central storage point in Hamm or sends it back to FASHION. Before sending faulted goods back it is urgently necessary for the consultant to obtain a complaint number (RMA-number) per phone or fax/e-mail from FASHION and send the RMA-questionnaire with the package of goods. If a complaint is sent back without the RMA-number and the questionnaire, the delivery will not be accepted by FASHION.

FASHION tries to offer the best possible service to its consultants. In this respect, during the first 6 months there will be a test phase for exchanges for other jeans sizes. Consultants who want to exchange already delivered goods for other sizes can do this one time per order and during 14 days time after delivery. A reimbursement of the invoice costs is not possible. To exchange transactions that go further, FASHION will charge handling costs to the amount of €2 per pair of jeans and the transport costs to the consultant. If this handling works out and the consultants use it in a moderate way, FASHION will continue with this offer.

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4. Guidelines for Co-operation

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4.1 E-mail

4.2 Legal regulations

4.1 E-mail

We urgently recommend all consultants to install an own e-mail account (if you do not have one already) because FASHION shall mail information about products or the calculation of downline commission regularly.

Moreover, an order per e-mail is the most reasonable, fastest and safest way for all consultants to purchase FASHION products, because you will receive an e-mail with a confirmation of your order and the date of delivery, usually on the same or the next day.

4.2 Legal regulations and general terms and conditions of FASHION

- All of the regulations described above in this document are part of the general terms and conditions of FASHION. All older versions of this document are therefore invalid (date on first page).
- Every person who is 18 years old or older can be a FASHION consultant by signing the consultants' agreement. Every consultant can only sign on to FASHION once. A multiple consultancy is not possible.
- A FASHION consultant will work for FASHION as a trader in a part time job. The consultant will not be an employee of FASHION, but a self-employed businessperson. The business relationship is not an employment relationship. Therefore it is the duty of the FASHION consultant to fulfil the requirements of a self-employed businessperson with regard to tax and commercial items. Upon signing the consultancy agreement, you agree to this condition.
- A FASHION consultant can decide on his/her own about how much, when and where he/she does his/her part time job. The consultant is not subject to any direction or instruction on the part of FASHION, if the general terms and conditions do not stipulate otherwise.
- A FASHION consultant is not allowed to work for a competitor.
- All FASHION products may only be sold by the FASHION direct-sale system (fashion parties, home parties, home shop, etc) and to end consumers. Sales on the web, in shops, at fleamarkets/carboot sales, bazaars or other locations require the written confirmation of FASHION.
- If a consultant ceases to work selling FASHION products, his/her obligation to maintain confidentiality concerning information and knowledge about the FASHION sales system and its consultants remains in force. It is possible to terminate the business relationship at any time. A written confirmation of this to FASHION is required.
- Individual marketing material produced by the consultant requires the confirmation of FASHION in every case before use. This regulation avoids a situation whereby unclear or incorrect statements are published which could harm the reputation of FASHION or other consultants. With the exception of FASHION business cards, which can be ordered directly from FASHION, it is not permitted to use the FASHION logo on your own marketing material (websites, cars, catalogues, etc.) or consultants have to require the written confirmation of FASHION.
- The consultant pays all costs for postage when sending goods back to FASHION.
- An invoice shall be sent with every delivery from FASHION. This invoice has to be controlled by the consultant and needs to be checked immediately if it is incorrect or incomplete.
- In cases where it is difficult to deliver full orders, FASHION retains the right to send partial deliveries.
- Until payment is completed, the goods remain the possession of FASHION.
- Court of jurisdiction is Germany, in Hamm/ Westfalen.
- FASHION reserves its right to terminate the consultancy permission and all associated commission titles, if the consultant does not work in accordance with the general regulations and/or invoices remain unpaid and/or their conduct towards other consultants or customers is untrustworthy.
- FASHION undertakes to pass on every change in conditions to the consultants in due time. Moreover, it is the goal of FASHION to offer a serious and competitive field of business to its consultants. Therefore FASHION is highly interested in maintaining good contact and reliability as well as good teamwork among all its consultants. Further improvements to the commission agreement are planned. This will depend to some extent on the success of the consultants.

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5. Market Situation/ Competition

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5.1 Market situation

According to the Goethe Institute, which is a worldwide operating cultural institute of the German government, the fashion industry is at the top of the consumer industries in Germany. Even if the turnover is declining, the market offers enormous chances for innovations in sales structure. There has been change in the market which is leading away from small businesses to wholesalers.

There are fewer and fewer small businesses, as many of these have not joined forces, meaning that they are unable to compete in the strong battles concerning prices and market control within the textile industry. There is a trend that only wholesalers and companies with a lot of branches can survive the price battle. Total turnover has declined from 26 billion in 2003 to 25.2 billion in 2005 (see Federal Association for the German Textile Industry, 2005). For FASHION this has turned out to be an advantage, because the market sales and service policy has changed. Customers are no longer seen as individuals but as a broad mass, service is often superficial and the goal is no longer to satisfy the single customer but only to focus on the turnover.

Even marketing policies have changed; the focus lies only on the price. The price tag has become an advertisement in itself, customer's needs are not important any more. With the innovative adaptation to the market through the structure-selling system, FASHION is creating enormous opportunities. The customer is not only encouraged by favourable prices but also through individual advice.

The direct-sale structure creates a personal contact with the customer, which is offered by wholesalers because total turnover would decline. With personal service and the closeness of the FASHION consultants, it is much easier to reach the customer. In the area of textiles and clothing, there are only a few offers that are successful using a structure-selling system.

The boundaries to the so-called snowball system are fuzzy and are therefore often used to betray the customer. FASHION dissociates itself from this snowball system. Its focus lies in its products and in the personal advice it offers.

FASHION is forcing the creation of a network that simplifies the serious purchasing of high-quality goods. Due to these factors, the structure-selling becomes a useful tool that satisfies the customer and does not influence the turnover with high running costs, which the wholesalers towards which the market is tending have to bring in, in order to keep customers buying. In most cases it becomes necessary to rent shops in good areas (pedestrian zones, shopping centres, etc.) to animate the customers. In structure-selling this isn't necessary, so that the favourable purchase prices for the goods can be directly passed on to the customer. In the US and Asia, structure-selling has become one of the most successful ways of selling during the last decades, a way of selling which has only just come to life in Europe.

5.2 Competition

At times there are only a few competitors on the market if you exclude the common market with the rented branches. They cannot be seen as competitors. The continuing rise of the costs of living in Germany have created an enormous market for a favourable offer with goods of a high quality. With the clear construction of structure-selling, FASHION is different to other business concepts and is therefore unique on the market.

Competitors with cheaper products cannot offer the quality that FASHION products do. Therefore, there is an enormous chance for every FASHION consultant to establish him/herself on the market with great success.

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6. Scope of Performance/ Summary of Advantages

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6.1 Scope of performance

The scope of performance focuses on women's jeans at the beginning. The jeans are produced by the same companies that produce the products in the medium and high-priced segments. They have modern styles and designs, which correspond to those in the collections of well-named companies. The only difference is that they do not have any labels. Because these jeans are sold at a favourable price in direct sales from the consultants to the customers, which also makes personal advice possible, the costs this system saves can be passed on to the customers.

6.2 Summary of Advantages

The sales structure advantages of FASHION have now been clearly demonstrated:

- Fast access
- No restrictions due to shop closing times
- Favourably-priced goods of high quality
- Individual scope of performance
- Personal advice for the customer
- Completely flexible working times without turnover obligations
- Second income by building up an own team of consultants
- Income is determined through commitment and is unlimited

The consumer with a certain need and focus is approached. There is no need to rent a shop, etc even though the customer is given direct advice.

Our service is the favourable price and the personal service we offer. Moreover, a long-term image-structuring will occur through home-sales at the customer's house and by word-of-mouth propaganda. A long-term client base is one of the main items we focus on. The client base in direct sales is extraordinary high. 83% of the customers are long-term clients. More than 25% of the new customers are gained through the recommendation of clients. A satisfied customer will buy again and the ongoing changes in fashion trends support the FASHION consultant even more.

FASHION europe.net wishes you every success!

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