

**APPENDIX TO
MEMBERSHIP
AND
BUSINESS GUIDE**



TEA CONNEXIONS

Dear Teapreneur,

This Appendix to the Tea Connexions Membership and Business Guide is a secondary document designed to provide you with more information about the tea business, our company, services, and the Exclusive Area Distributor program. Use the index of contents below as a reference.

APPENDIX A: TEA CONNEXIONS CORPORATE

1. Corporate Details and Reference.....	2
2. Business References	4
3. TEAm Connexions	6

APPENDIX B: ALL ABOUT TEA

1. Five Reasons You Should Start a Tea Business	7
2. Business Case for Tea	8
3. Our Products	13
4. Sample Pricing	16
5. Sales Scenario: How to Get Customers	17

APPENDIX C: TEA CONNEXIONS SERVICE SOLUTIONS

1. Marketing	19
2. E-Commerce	21
3. Training	23

APPENDIX D: EXCLUSIVE AREA DISTRIBUTOR SUMMARY

1. The EAD Advantage	24
2. Leveraged Time and Income	25
3. Build an Organization	25
4. Income Streams	25
5. Steps to Becoming an EAD	26
6. Summary: Costs and Benefits	27

APPENDIX E: FAQ..... 28

APPENDIX F: LEGAL

1. Membership Terms	32
2. Refund Policy	36



APPENDIX A: TEA CONNEXIONS CORPORATE

1. Corporate Details

Ownership: “Tea Connexions” and the “Tea Connexions” logo are registered trademarks of Connexions Trading International Incorporated (CTI). CTI is a privately held corporation owned by Sanjay and Suruchi Gupta. The majority of financing for the operations came from the Gupta family and banking partners. To date, we have invested several million dollars into CTI’s operations .

Year Business Started: November 1, 1994.

Business Activities: Prior to the tea business, CTI was primarily involved in import and export management, sales, and marketing. CTI began researching tea in 1998 and imported its first shipments in 1999. The idea of a worldwide tea buying group was conceived in a 200 square foot office in the year 2000. The Tea Connexions Buying Group was officially launched in August of 2001.

Major Accomplishments since 2001:

- Expanded tea line from 15 to more than 200 items.
- Added Certified USDA Organic Chinese tea line, to satisfy organic market segment.
- Expanded headquarters from 1000 square feet to 3000 square feet 12 months ahead of schedule in response to the buying group’s rapid growth.
- Created an online ordering system for our members to make the ordering process simpler and easier.
- Worked with Master Distributors to address 9/11 border issues in the United States.
- Eliminated minimum purchasing requirement.
- Appointed to the Board of Directors of Shangers Ltd., a privately held corporation with the mandate to promote tea and entertainment.
- Finalist for Business and Exporter of the Year.
- Successfully moved business operations from Saskatoon, SK, Canada to Kingston, ON, Canada.
- Successfully set up warehouse in Upstate New York to better serve current customers.

Key Corporate Alliances and Business Partners:

- **Shangers Ltd.** This company’s goal is to create teatime entertainment. Present projects include a TV series, building the first Teaopolis Tea Store, materials for education, licensing proposals, and other activities. CTI is a minority shareholder in Shangers Ltd. and serves on their Board of Directors. To learn more about Shangers, visit www.shangers.com
- **Bay Brokerage:** Our customs broker partner ensures ease of import and entry for imports to our American warehouse. Tea Connexions works closely with Bay Brokerage for all our import, logistics, and warehousing needs.



- **Healthy Cup:** A supercharged affiliate program offered by Tea Connexions; it addresses the market need of teapreneurs who have less than \$1000 to invest in a tea business start up.

Internet Assets:

On average, Tea Connexions' Internet assets receive more than 4 million hits per year from about 150,000 unique visitors. Not only is this significant from a pure hits perspective, it shows that our websites are "sticky." Web surfers visit our many websites and affiliated member websites, shopping for tea, reading tea information, and returning time and time again.

Tea Connexions owns the following key Internet Properties:

- *www.leaftea.com* refers retail and wholesale traffic to our Distributors.
- *www.tea4free.com* uses a contest to research tea drinking habits and create market exposure for Gourmet Teas...beautifully packaged. To date more than 60,000 people have entered the contest and Tea Connexions has given away more than 90,000 cups of free tea and prizes worth thousands of dollars.
- *www.teaconnexions.com* is Tea Connexions corporate website where newsletters are posted.
- *www.leafteabiz.com* – hundreds of thousands of dollars worth of print advertising drives traffic to this site, which translates to traffic to all websites under the control of Tea Connexions. This site also provides preliminary information about the "Opportunity is Brewing" program to entrepreneurs interested in starting a tea business.
- *www.ctiinc.org* is the corporate website for Connexions Trading International Incorporated, owner of the Tea Connexions trade name.
- *www.healthycup.com* is a retail website whose marketing activities are conducted through affiliates, agents, and super-agents.



2. Business References

Visit www.linkedin.com/in/teaconnexions to view more Linked In Testimonials.

As a supplier Sanjay has been very helpful in setting up and advising me on my business. Very accessible and quite knowledgeable. I recommend him to anyone.

Roy Scheckermann, Owner, Sweet Pea Tea.

As a business man, Sanjay always puts the customer first. His best quality is his genuine interest in knowing each client on a somewhat personal level. His main concern is not the sale, but customer satisfaction. As an employer, Sanjay shows the same fairness and compassion to all his employees. As employer and business owner, you couldn't find anyone better.

Jailyn Highfield, Customer Service Representative, Tea Connexions, 2006-2007. Presently a Tea Connexions Distributor.

I have known Sanjay for over 30 years. He is a well-informed, studied and experienced entrepreneur, personable and trustworthy. I highly recommend him at both personal and professional levels.

Susan Francis.

I am impressed with Sanjay's business acumen and the excellent training he gives to his tea distributors. He comes across as a man of integrity, who shares his business experience from his heart.

Lydia Sin, Tea Connexions Distributor.

Sanjay is honest, hard working and a pleasure to work with. We love his tea too!

Gordon Haddock, Owner, Trek 2000 Corporation.

Sanjay is highly motivated and understands business. Sanjay always has provided the strategic planning, organization skills and inspiration for Tea Connexions to tackle a variety of innovative sales programs and to grow his business. In addition to his contribution to the bottom line of the business, Sanjay is an individual who willingly shared his own personality and humor with all his colleagues. He is a delight to work with!

Chad Carbno, Sales Exc, VCMG.

Sanjay is a great resource when starting a business. He helps with any questions and responds in a timely and positive manner. His success is everyone else's success.

Amanda Wingate, Tea Connexions Distributor.



Sanjay is a driven, exciting and energetic executive with vision and passion for all things tea. It is an honor to have worked with him and his team. If an opportunity presents itself I would always want Sanjay on my team. Very best!

Harold C. Heard Jr, Consultant, Enterprise Content Management, IBM.

Sanjay is a company oriented individual always looking at ways to improve his company both for his employees and customers. He is a fair employer that will acknowledge outstanding work done by employees to better the company and themselves within the company.

Karen Longworth, Owner, KSL Bookkeeping Services.

Sanjay is an excellent partner/supplier in our Tea sales business. He has offered great help and advice in building our tea business.

Dan Johnson, Best Quality Teas, Tea Connexions EAD.

As a member of Tea Connexions Buying Group we have known Sanjay for almost three years. Although we have never met, Sanjay is always accessible by phone, e-mail or on conference calls. Sanjay has always answered our questions promptly, fully and clearly. Indeed, he makes sure everyone understands whatever is being discussed and presents all aspects of the business with clarity. His work ethic is exceptional.

Peter Winham, Owner, Englishman's B&B/Teas of Cherryfield.

Sanjay is an astute business person with vision for the future. He is a capable manager and understands the tea business very well.

Dwight Doering, Owner, Pro-Tax Consultants Ltd.

Sanjay is a very hard working person dedicated to the growth and development of the company.

Randy Hobbs, Owner, Buffalo Teas.

Sanjay is an extremely professional and honest business person. He is always a pleasure to do business with and his entrepreneurial spirit is an inspiration to many people.

Joanne Kachur, Account Executive, Mister Print.

Sanjay is creative and market-driven, with a demonstrated entrepreneurial ability. It has been a pleasure to work with Sanjay on our transactions to date.

Ian Gavaghan, Lawyer, Ian Gavaghan Law Office.

Sanjay continues to be extremely helpful with products, ideas and advice/training in all aspects of Tea Distribution. Sanjay's company not only provides quality gourmet teas and tea in beautiful containers. He truly believes "if you succeed, we succeed" and has always been there to support my business.

Linda Wolfe, Waylin Enterprise.



3. TEAm Connexions

Great companies are built with great people. Our core management TEAm includes:

Sanjay Gupta – President/CEO

Sanjay Gupta founded Connexions Trading International Incorporated (CTI) to assist Canadian manufacturers to successfully market their products to the United States and Europe. While representing his clients at trade shows in Canada, Europe, and the United States, he developed a network of agents. He also worked with buyers from chain stores like Target, Kmart, True Value and Ace Hardware. He played a key role in closing international deals and handling negotiations. Through CTI, Sanjay brokered commodities, beverages, clothing, and other consumables. After extensive research, he developed the plan that enables Tea Connexions to offer the world gourmet teas beautifully packaged.

Suruchi Gupta – Creative Director

Suruchi graduated from Mackay Technology with a specialization in graphic and web design. Suruchi is responsible for designing, building, maintaining and trouble shooting the Tea Connexions web sites and client web sites. Suruchi also speaks Hindi and Punjabi, which is essential to communications with our supplier in India. Her interests include drawing, sketching, painting, cooking, traveling, and trying new things.

Phoenix Elliott – Business Consultant & Healthy Cup Manager

Phoenix Elliott is Tea Connexions' Senior Business Consultant and also manages the Healthy Cup program. She has a diploma in Graphic Design and is also an independent female musician. Phoenix joined Tea Connexions as a part-time customer service representative in 2006. She relocated with the company from Saskatoon, Saskatchewan to Kingston, Ontario to work one-on-one with interested entrepreneurs to fulfill their dreams of building their own successful businesses. Phoenix adds her own personal touch of creativity to the company.



APPENDIX B: ALL ABOUT TEA

1. Five Reasons You Should Start A Tea Business

1. Marketability

The most important consideration in business is the marketability of your product or service. Tea's demand as a daily beverage, a popular gift, and a health food staple provides a readymade market with limitless opportunities. This is the right time to consider a tea business because of the increased awareness of tea's health benefits. Publicity is creating a trend toward increased tea consumption. Since tea is a consumable, you will enjoy profits from the original sale and from ongoing refill orders.

2. Profitability

Profitability is another primary consideration you should review before investing in a business. Will you make money? If you invest and work your tea business, the answer is YES, absolutely. Numbers don't lie. When you purchase a product below wholesale prices, you will definitely make a profit.

3. Flexibility

You may even create your own brand. You truly are the CEO of your business.

4. Uniqueness of our Concept

What makes us unique is not only the kinds of tea we offer, but our distinctive packaging fashioned from hand-carved, limited edition tropical hardwood containers, brass/metal, and papier maché. Since our products are suitable for the gift, food, and health industries, they can be marketed in many ways. You have the flexibility to tailor your own marketing strategy. You can establish a niche as a supplier of high quality consumables sold through gift, health, and tea channels.

5. Turn Key Solutions

When you join Tea Connexions, you gain access to more than 200 tea products, print and electronic marketing tools, and e-commerce. Extensive online training provides you with business and marketing guidance, tea education, and conference call training sessions.

Take action! Join TEAm Connexions for the financial freedom, flexibility, and control you desire. If you make an ongoing commitment to building your business you will realize your goals.

Work part time or full time, but always remember: results have a direct correlation to efforts. If you have passion and belief in your business, success will come easily. Passion is paramount. "The common denominator among successful entrepreneurs like Bill Gates, Henry Ford and Richard Branson is passion," says BizPlanDirect's Greg Parker. Passion is the fuel that will fire your business' success.



2. Business Case For Tea

Tea is Hot! Entrepreneur Magazines' "The Hot List" named tea as one of the hottest trends and business ideas for 2006

The U.S. Tea Market is a rapidly growing industry with 2005 sales estimated at \$6 billion and forecasted to reach \$10 billion in 2010."

-Tea is Hot Report," 5th Edition, Sage Group International

Specialty tea will represent the fastest growing segment of the tea industry over the next decade.

-Joseph P. Simrany, President of the Tea Association of the USA

The specialty tea market is growing, and will have a lasting financial impact on entrepreneurs who get involved. Timing is essential. With any upward trend, the first to get involved profit the most.

-Sanjay Gupta, Founder, President/CEO, Tea Connexions

- On average, approximately 519 million pounds of tea are imported into the United States each year.
- Americans consume about 1.42 million pounds of tea each day.
- Five out of six North Americans drink tea, consuming about one cup per day
- The average North American consumes 1.76 pounds of tea each year.
- American tea industry wholesale purchases increased more than 100% in the past ten years.

You should start a tea business to take advantage of the growing tea market

The information cited above and below is derived from the following credible third party sources: Sage Group, Tea Council of Canada, Tea Council of USA, Tea Council of UK, US and Canadian Trade Statistics.

A. The Sales Potential of Specialty Teas

The market for specialty teas is growing and will eventually dominate tea sales.

By 2010, specialty estate, specialty flavored, green, oolong, organic, and herbal tea will account for 75% of the tea market.

The following statistics demonstrate the sales growth potential of *specialty estate*, *specialty flavored*, and *green teas*. These categories are identified as the fastest growing segment of the specialty tea industry, and projected to be the most profitable.



Specialty Estate Teas

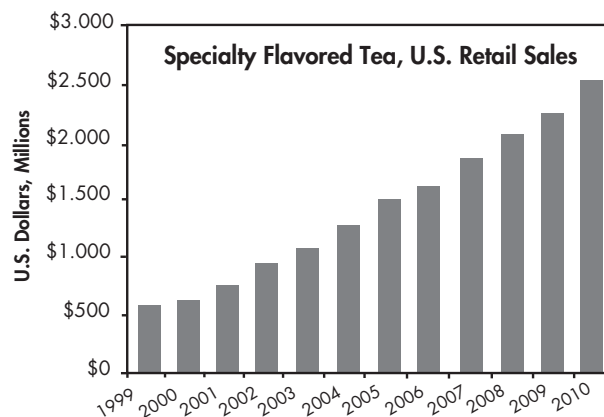
Definition: Higher quality long leaf teas with limited annual production, harvested using orthodox methods. Commonly unflavored black, green, oolong and white teas, from smaller tea producing regions or estates. Also referred to as "premium" tea.



"These higher grades of unflavored/unscented estate teas will have sharp price increases as demand grows and supplies remain static. While there will be superb growth opportunities for orthodox tea estates started to support 21st century market conditions, there will be a gap between 2004 - 2010 as millions of tea aficionados demand premium tea grades and supplies are tight." (US Tea is "Hot")

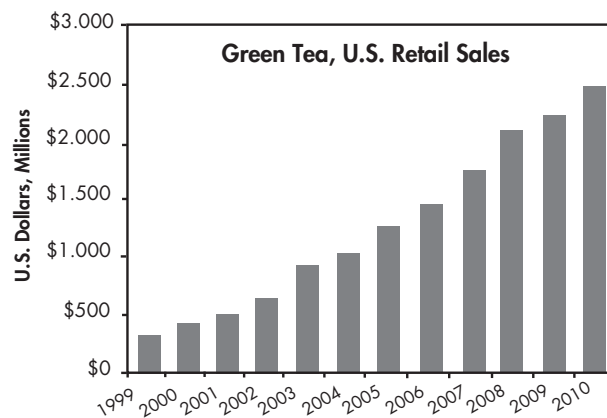
Specialty Flavored Tea

Definition: Commonly black, green, oolong and white teas, flavored with spices, flowers and herbs. Sales of specialty flavored tea in the United States stood at \$565 million in 1999. By 2003, the market had grown to an estimated \$1.04 billion. The 2010, sales are expected to reach \$2.56 billion. Historical and future expected growth rates of specialty flavored tea sales ranges from 10% to 20% per year. The Sage Group believes the Specialty Flavored tea sector represents the "hottest" business opportunity among all segments of the tea industry



Green Tea

Definition: Any variety of *Camellia sinensis* that undergoes a multi-step process of pan-firing (or teaming), rolling and drying after harvesting. Little oxidization occurs with green tea, leaving most of the healthy polyphenols intact. The Green tea market has grown at a rate of 28% to 35% over the past two years, and is expected to experience continued growth of between 14% to 28% annually over the next decade. In 1999, green tea sales in the United States were \$298 million. These sales grew to an estimated \$836.7 million by 2003, and are predicted to grow to \$2.48 billion by 2010. Part of this growth is attributed to consistent media coverage about green tea's health-promoting properties.



"We believe affirmatively that green tea will eventually outsell black tea in all forms and types in the U.S.A. with the exception of food service iced tea." (U.S. "Tea is Hot")

B. What Industry Insiders are Saying About this Growth Potential

Joseph P. Simrany, President of the Tea Association of the USA

Ten years ago, no one would have dreamed that consumers would pay \$4.00 for a cup of specialty coffee. Today, specialty coffee counts for one third of total coffee sales and an even larger percentage of the profits. According to Simrany the trend to specialty tea is following on the heels of a similar expansion in the coffee industry. Simrany believes that specialty tea will represent the fastest growing segment of the tea industry over the next decade. According to him this segment has the capability of doubling its volume over the next five years and might grow at an even faster pace.

Sage Group International LLC, Publishers of the US "Tea is Hot" Report

According to Sage, a glut of lower grade commercial grade tea is being overshadowed by increased demand for higher-end specialty teas. In Sage's view, the greatest contributing factor to the tea industry's growth has been news coverage of tea's health benefits. Baby boomers are the most receptive group to specialty teas. According to Sage, "for many of these two-income, stressed out families, tea represents more than a commodity beverage; it is an affordable way to relax and revitalize while learning about other cultures." Sage researchers believe that "millions of American households will shift to tea as their preferred daily beverage choice during the next three years."



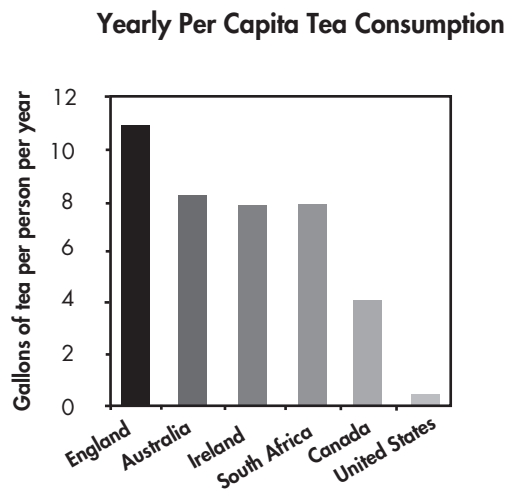
Bill Waddington, Owner of Tea Source

Waddington believes that Americans are susceptible to food trends. He believes the wave towards tea “will have a longer-lasting impact (than coffee or cigars) because it is the only one that is good for you-it is the only truly luxury gourmet food in the world that has lasting effects on the health of the consumer and that is also of remarkable value.”

C. Six Reasons Specialty Tea Demand Is Growing

1) World Demand for Tea

Tea is the second most widely consumed beverage in the world, next only to water. The average consumer in England drinks more than ten times more tea in a year than the average American drinks. Rapid growth in the U.S. tea industry is partially a result of Americans playing catch up with the rest of the world in per-capita tea consumption.



2) Consumer Preferences

With the specialty tea industry rapid growth, consumers are becoming more knowledgeable about tea quality and grades. A growing number of sophisticated, refined tea connoisseurs are emerging and seeking the highest quality rare and exotic teas, organic growing conditions, and other specialized qualities. Like wine connoisseurs, this group is willing to pay top dollar.

“U.S. specialty wine and coffee consumer profiles are similar to that of the specialty tea aficionado. One must only look at the growth of the specialty wine and coffee businesses (shops and brands) over the last thirty years across America to consider the possibility that specialty tea has more than a remote chance of becoming intrinsic to mainstream population groups. The twenty first century specialty tea consumer is searching for definable, superior quality – peak flavor, leaf purity, pinnacle freshness – and connoisseur level knowledge from retailers.” (U.S. Tea is “Hot”)



3) Scientifically Proven Health Benefits

Not only is tea soothing and delicious, it is healthy too. In fact, the American Health Foundation recommends we consume five to six cups daily. According to the U.S. Department of Agriculture, green tea exhibited more powerful anti-oxidant bio-activity than the 22 fruits and vegetables it was tested against. Some studies indicate that green tea is as much as 50 times more potent than Vitamin E as an antioxidant. Tea contains one third less caffeine than coffee or cola, helps reduce fatigue and maintain mental alertness, stabilizes fluid levels, and is fat free and calorie free.

Tea's antioxidants help prevent cancers of the mouth, stomach, pancreas, lungs, esophagus, colon, breast and prostate. Tea's flavanoids prevent heart disease by reducing blood clotting, lowering blood pressure and lowering cholesterol.

A study conducted by Harvard University researchers found that those who consumed one or more cups of black tea per day had more than a 40 percent lower risk of having a heart attack compared to non-tea drinkers. Tea is a rare source of natural fluoride which inhibits growth of the oral bacteria and enzymes responsible for dental plaque. Tea is also a rich source of manganese, necessary for healthy bones, and of potassium which regulates the heartbeat. Other valuable vitamins and minerals found in tea include vitamins B1, B2, B6, folic acid, and calcium.

4) Powerful Demographic Trends

More than 76 million U.S. baby boomers are looking for products that will help them live longer and feel healthier. There are many reasons why baby boomers are the most receptive group to specialty teas. According to Sage, "for many of these two income, stressed out families, tea represents more than a commodity beverage; it is an affordable way to relax and revitalize while learning about other cultures. Millions of American households will shift to tea as their preferred daily beverage choice during the next three years."

In the U.S, the 50+ age group numbers 76 million and growing. Every eight seconds another person turns 50. This makes mature consumers the fastest growing segment of the population. By 2010 the 50+ segment in the US will grow by 21 million while the 18-34 age segment will grow by just five million. The mature market is sophisticated and has unprecedented buying power. The number of baby boomers and seniors on the Internet grew by 18.4% in 2001, making them the fastest growing Internet population. The spending habits of older Americans make them one of the most desired markets in the world today. (Excerpt from "Baby Boomers" Euromonitor International, June 2003)

5) A New Generation of Tea Drinkers

Coffee shop owners are reporting that younger customers are consuming chai latte in record numbers. In some shops, chai latte sales account for up to 30% of hot beverage revenues. Many coffee shop operators report that chai tea has strong acceptance in college and university towns, because younger consumers are always more open to new products.

Chai is a newer drink with an element of hand-preparedness that puts it on the same level as espresso and latte. Chai is a gourmet beverage with a new kind of pizzazz. Chai's growing popularity among younger people will create a natural market for other specialty teas among this market segment.



With tea's numerous flavors, colors and aromas, hot beverages can be created with much more "personality" than coffee, which will attract even greater attention from young tea drinkers.

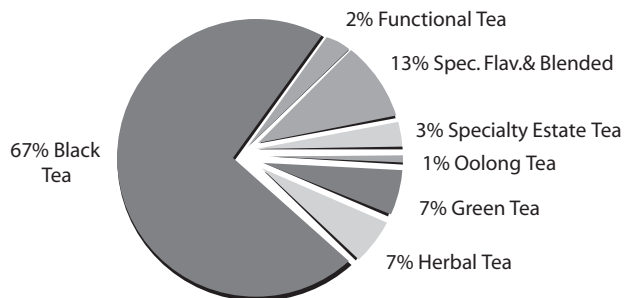
Further, Generation "X" and "Y" consumers are more likely to choose healthy alternatives than were their parents. For example, the rate of young cigarette smokers was much higher 20 years ago than it is today. Young people are making healthier lifestyle choices; tea's health benefits will make it a natural preference for this younger group in the coming decades.

6) Change in U.S. Tea Industry Composition

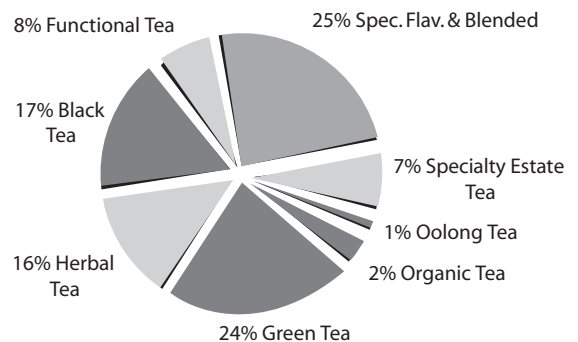
Coffee and black teas are predicted to lose market share to the specialty tea sector because of the substitution effect. At 67% black tea held the highest market share among tea groups in 1999. All others combined accounted for the other 33%. As of 2004, that composition was already changing dramatically in favor of the other tea categories such as green, specialty estates, specialty flavored and herbal.

By 2010 it is expected that the tea industry will have shifted even further. This type of change is known as industry cannibalization – what it means is a significant opportunity for teapreneurs.

Tea Market Composition in 1999



Tea Market Composition in 2010



Bottom line: the specialty tea market is growing and will have a lasting financial impact on entrepreneurs who get involved now. With any upward trend, the first to get involved profit the most. Timing is essential.

3. Our Products

Tea is Hot! Entrepreneur Magazine's "The Hot List" named tea as one of the hottest trends and business ideas for 2006.

The U.S. Tea Market is a rapidly growing industry with 2005 sales estimated at \$6 billion and forecasted to reach \$10 billion in 2010.

-"Tea is Hot," report, 5th Edition, Sage Group International

In response to the changing tea market composition projected for 2010 and because of the growing trend and market demand for specialty teas, Tea Connexions supplies specialty flavored and blended, specialty estate, oolong, organic, green, black, and herbal teas. We have established sources and distribution channels in these areas. By joining us, you can achieve significant advantages and capitalize on these emerging tea market opportunities



A. Making the Grade: Not All Tea is Created Equal

Much of the tea on the market today is of low quality. Grocery store tea, already lower in grade, is usually blended to create a consistent but far from satisfying flavor. An American tea expert said of grocery store tea, "the tea drinker...is forced to choose between the mediocre and the vile."

Most consumers think of tea as *just tea* – in the same ways that 10 years ago, consumers viewed coffee as *just coffee*. Today, there are many varieties of coffee, priced according to quality, freshness, and rarity. Similarly, tea will follow this trend. Just like coffee, not all tea is created equal.

B. Tea Classification

In general, tea leaves are classified as green, oolong or black. Tea color is a result of chemical changes during the manufacturing process when leaves are given time to oxidize before drying.

Tea leaves that have been given full time to ferment become black tea. Black tea accounts for 98% of the tea consumed in North America.

Oolong leaves are those that have been given a shorter time to oxidize or semi-ferment.

Tea leaves dried without time for oxidation or fermentation remain green in color.

C. Tea Connexions Specialty

India is the largest producer and consumer of tea. Tea leaves from India are graded according to various criteria, the most important leaf size. Teas are divided into broken grades and leaf grades.

Broken grades consist of smaller leaves and broken leaf particles. These teas usually produce stronger and darker tea liquors. The smallest particles are labeled as dust and typically used in tea bags.

Only about 20% of teas produced are **leaf grades** - the larger tea leaves. These rarer teas tend to produce smoother and lighter but less strong liquors than broken grades.

Tea Connexions specializes in these rarer leaf grade teas because leaf grades produce a superior, more satisfying cup of tea. Market statistics show, demand for high quality teas is growing. Now is the time to secure your position in that growing market. (See *The Business Case For Specialty Tea* to learn more about the marketability of the product)

To learn more about our teas, visit:

- www.leaftea.com
- www.tea4free.com and
- www.teaconnexions.com



D. Products

The long-term success of your tea business depends upon repeat sales. *Once you build your market, repeat sales enable you to sit back, relax, and harvest profits year after year.* Tea Connexions provides you with extensive training so that you can learn how to achieve these sales.

Perhaps, the greatest competitive and differentiating factor about Tea Connexions' products is the packaging.

Most shops package high end teas in plain tins with a label. Usually, they buy the tea in bulk then repackage it. Repackaging tea compromises its freshness and exposes the tea to potential impurities.

All loose leaf Tea Connexions' teas are sealed in India by our partner who has been in the tea business for 50 years. Sealing the tea at the source ensures freshness of the tea and prevents the introduction of impurities.

Packaging catches the consumer's eye. Better quality teas PLUS unique packaging enhances marketability.

Our product line is divided into three main and distinct categories:

1. Carton Teas: Refills are packaged in colorful, eye-catching cartons ideally suited for distribution through health, food, and specialty tea retail channels. We have 40 varieties of loose teas packaged in different serving sizes: 0.175 oz (5 gram), 1.75 oz (50 gram), 3.50 oz (100 gram), and 2.2 lbs (1 kilogram). Each size enables you to capitalize on different market opportunities, creating marketing flexibility.

2. Gourmet Teas Beautifully Packaged: Our packaging has been called "consumer art" because each of our containers is hand-crafted art, making it an ideal gift item. Prepackaged with the very finest teas, these items expand your markets to include gift and specialty stores because you can offer beautiful one-of-a-kind wood, brass, tin, silver plated, and hand woven silk and cloth pouches and caddies.

3. Gourmet Tea Bags: Our tea bag line includes 25 flavors from India and eight traditional organic Chinese flavors. To create a better, premium tea, Tea Connexions offers only pure teas and pure ingredients. Our tea bags satisfy consumer demand for convenience, yet contain a better quality product.



4. Sample Pricing

Stock Code	Product Description	MAX. MSRP	MAX. MSWS	Bronze	Silver	Gold
	Price Discount Below MAX. MSWS			28.75%	32.50%	36.25%
Gourmet Leaf Teas in Colorful Cartons (100g/3.5oz)						
AT04	High Elevation Assam (100g)	\$6.75	\$4.50	\$3.21	\$3.04	\$2.87
AT101	Assam Summer Tips (100g)	\$8.63	\$5.75	\$4.10	\$3.88	\$3.67
DT203	Darjeeling Summer Tips (100g)	\$14.85	\$9.90	\$7.05	\$6.68	\$6.31
DT205	Oolong Darjeeling (100g)	\$13.28	\$8.85	\$6.31	\$5.97	\$5.64
DT207	Golden Flowery Orange Pekoe (100g)	\$6.75	\$4.50	\$3.21	\$3.04	\$2.87
FF02	First Flush Darjeeling (100g)	\$11.63	\$7.75	\$5.52	\$5.23	\$4.94
FT01	Masala/Chai (100g)	\$6.38	\$4.25	\$3.03	\$2.87	\$2.71
FT04	Rose (100g)	\$7.80	\$5.20	\$3.71	\$3.51	\$3.32
FT05	Earl Grey (100g)	\$8.25	\$5.50	\$3.92	\$3.71	\$3.51
FT06	Cardamom (100g)	\$10.50	\$7.00	\$4.99	\$4.73	\$4.46
FT07A	Apple (100g)	\$6.75	\$4.50	\$3.21	\$3.04	\$2.87
FT07B	Black Currant (100g)	\$6.75	\$4.50	\$3.21	\$3.04	\$2.87
FT07J	Jasmine (100g)	\$6.75	\$4.50	\$3.21	\$3.04	\$2.87
GT01	Green Darjeeling (100g)	\$10.95	\$7.30	\$5.20	\$4.93	\$4.65
GT02	Gun Powder Green Darjeeling (100g)	\$5.48	\$3.65	\$2.60	\$2.46	\$2.33
HT401	Ginger (100g)	\$6.75	\$4.50	\$3.21	\$3.04	\$2.87
HT403	Cinnamon (100g)	\$9.83	\$6.55	\$4.67	\$4.42	\$4.18
MU02	Muscatel Darjeeling (100g)	\$27.38	\$18.25	\$13.00	\$12.32	\$11.63
NT601	Nilgiri Premium (100g)	\$5.48	\$3.65	\$2.60	\$2.46	\$2.33
SF02	Second Flush Darjeeling (100g)	\$15.00	\$10.00	\$7.13	\$6.75	\$6.38
ST04	Silver White Tips Darjeeling (100g)	\$16.13	\$10.75	\$7.66	\$7.26	\$6.85

NOTES TO CONFIDENTIAL PRICE LIST

I. Terms: MAX. MSRP denotes Maximum Manufacturers Suggested Retail Price. MAX. MSWS denotes Maximum Manufacturers Suggested Wholesale Price and is used to calculate the discounted membership price on Tea Connexions teas only. MIN. MSRP (not shown) denotes Minimum Manufacturers Suggested Retail Price. MIN. MSWS (not shown) denotes Minimum Manufacturers Suggested Wholesale Price. The discount below MAX. MSWS applies only to Tea Connexions Teas.

II. Pricing Flexibility and Tea Market Potential: You set your price based on your local market. The MAX. MSRP and MAX. MSWS listed are guidelines only. You may offer products at lower wholesale and retail prices if you choose to, but Tea Connexions encourages you to market at the MAX. MSRP because of the quality difference of our teas.



III. Minimum MSWS Guidelines: To calculate MIN. MSWS deduct 25% off of the MAX. MSWS.

IV. Minimum MSRP Guidelines: To calculate MIN. MSRP deduct 25% off of the MAX. MSRP.

V. Which membership is right for me? Bronze and silver memberships are ideal for entrepreneurs who plan to retail the product, either through direct sales, mail order, or online sales. Gold members enjoy the added flexibility of wholesale distribution, meaning they can wholesale the product to other re-seller retail outlets (gift shops, tea shops, health food stores) with the added benefit of higher margins on direct retail sales. Because you can upgrade your membership any time, we urge you to choose the membership that best meets your current budget. Call us for guidance.

VI. Marketing To Re-Seller Outlets (Gift Shops, Tea Shops, Health Food Stores, etc.): Tea Connexions has developed a downloadable wholesale kit in MS Word Format that can be customized to suit your particular market and focus. This kit is available in the online training exclusively to members.

VII. Products: This price list serves as an example and does not include all Tea Connexions exclusive teas. EAD pricing is confidential but preliminary information can be found in Appendix D: Exclusive Area Distributor Summary.

5. Sales Scenario: How to Gain Customers

The most common question we are asked is, "How do I get consumers?" The following sales scenario demonstrates one of the easiest and straightforward methods to not only get one-time customers, but to earn repeat customers as well. It operates on the tried and proven marketing method: *try before you buy*.

The following sales analysis is based upon a 12 month period and assumes you take efforts to build your tea business as a Gold Member.

The initial investment in the Gold Membership costs \$3,495 (assuming you respond within 45 days of reviewing this information) which includes inventory credits, 750 *Tea...the beverage of choice* brochures, and 1000 business card brochures.

We recommend that you use some of the credits to fast start your business. The following analysis shows you how to gain between 80 to 200 regular customers simply by using the try before you buy method that our founder Sanjay Gupta used when he started his tea business.

Step 1: Order five gram samples. For a small percentage of your inventory credit you will be able to get 800 five gram samples, giving you 20 five gram packages of each of the 40 flavors. This means you can potentially provide samples to 800 unique consumers.

Step 2: Give or sell the 800 samples along with a *Tea...the beverage of choice* brochure, and business card to each potential customer. Use the *Tea...the beverage of choice* brochure because it enables you to hold a contest and get entries. You can then use that information to create a database for future permission marketing campaigns and follow-up. If you sell each sample for the suggested price of \$1 to \$2.50 you will generate a quick \$800 to \$2000 in sales.



Step 3: Follow-up. Provided you use the *Tea...the beverage of choice* brochure to get an entry to the contest, you will have contact information for potential customers.

When you follow up, ask how they liked the samples. Did they enjoy them and if so, do they want to buy more? If they did not like the sample, ask why. It may simply be that they prefer another tea. To build a successful base of consumers, you need to determine their needs.

Eight hundred samples given to 800 individuals could garner a repeat order of \$10 every 2 months, meaning each customer is worth \$60 in sales per year.

Scenario 1: 10% closure, 80 repeat customers.

If 80 repeat customers order \$60 worth of tea from you each year, you will generate sales of \$4800 - approximately \$92 per week in sales.

Scenario 2: 25% closure, 200 repeat customers.

If 200 repeat customers order \$60 worth of tea from you each year, you will generate sales of \$12,000 - approximately \$230 per week in sales.

Scenario 3: 50% closure, 400 repeat customers.

If 400 repeat customers order \$60 worth of tea from you each year, you will generate sales of \$24,000 - approximately \$461 per week in sales.

By now, you should be getting excited. As you see, it is simply a numbers game: the more people you expose to the product, the more potential sales. Once you get a customer, all you have to do is stay in touch using permission marketing. It's that simple.

This is just one of many ways you can use to begin building your tea business. In the online training we show you many other channels you can market to: wholesale, corporate gifts, online sales, and more. The scenario above, however, is the easiest and most straightforward way to begin building your tea business. Most importantly, it works.



APPENDIX C: TEA CONNEXIONS SERVICE SOLUTIONS

1. Marketing

One major advantage you gain as a member of Tea Connexions is access to many proven marketing ideas that allow you to concentrate on marketing and building your business. Our goal is to help you be a more effective marketer by offering you these marketing tools and services you need to succeed.

A. Catalogs

The Gourmet teas...beautifully packaged catalog highlights our top sellers. Use this tool to get your business started. The catalog is great for mail order, wholesale sales, and as an insert in customer orders.

B. Brochures

The Tea...the beverage of choice brochure is an advanced promotional/marketing/education tool you can use to start your permission marketing campaign. Ideal for mailing, it folds to fit into a #10 envelope and is light enough to cost only the regular mailing rate.

C. Business Card Brochure

- The business card brochure will be one of your most effective marketing tools because it has product pictures, educational health information and your contact details. Customized for you, this card is an inexpensive, convenient alternative to full size catalogs and brochures.
- Use this tool to pre-qualify prospects. Since you can order quantities of 1000 or 3000 you will have ample cards to build awareness of your tea company.

D. Stationery Sets

- Tea Connexions can customize a stationery set for you, including a business card, letterhead, and envelope. Our design services will customize it and we can even get the materials printed for you.
- Increase the effectiveness of these marketing tools with your personal logo.

E. Internet Marketing Tools: .PDF Catalogs and .HTML Catalogs

- If you plan to spend a lot of time marketing on the Internet, Tea Connexions can boost your marketing efforts with our customized .PDF and .HTML catalogs.
- The .PDF catalog is customized with all of your contact details, pricing, and more. E-mail the catalog to customers, post them on your website for downloading, or print on demand catalogs you need to send to customers. You can use this catalog to gain both retail and wholesale sales.
- The .HTML catalog is ideal for e-mailing to your permission marketing database. We customize it with your pricing and set up the links so that when a customer clicks on the link, it goes directly to your online store, expediting the purchase process.
- These are great tools for customers who request catalogs. You save on postage by electronically transmitting catalogs to your customers.



F. Logo/Graphic Design Services

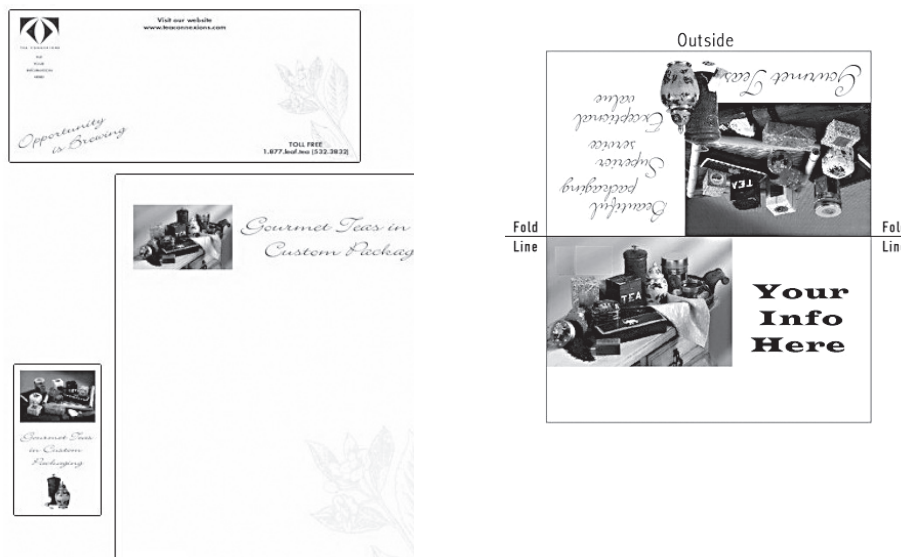
- If you need a professional logo to match the brand image you wish to convey, Tea Connexions can do this for you.
- Maximize the effectiveness of your logo by including it in one of our stationery design packages.
- You only have one chance to make a good impression - let Tea Connexions help you succeed.

G. Web Page/Graphic Design Services

- If you have specialized web or graphic design needs, then our hourly design service is the ideal solution. Our creative team has intimate knowledge of both web and graphic design. One hour of their time is better than the same as three to five hours of an amateur or hack designer.
- Maximize the effectiveness of your logo by including it with one of our stationary design packages.
- Our designers use the following software programs: Adobe Photoshop, Adobe Illustrator, Adobe ImageReady, Adobe Indesign, Adobe PageMaker, QuarkXPress, Corel Draw, Adobe Acrobat, Microsoft Word, Excel, Power Point, Adobe Premiere, Macromedia Dreamweaver, Macromedia Flash, Macromedia Director, HTML coding, FTP software, and Server Administration.
- We will not only help you with the design of your project, we will also assist you with the printing process by recommending stock, ink, colors, and providing price quotes from our preferred printing partner. Feel free to consult us for all of your print, graphic design, and marketing needs.
- If your design needs are significant or you wish to access services monthly, Tea Connexions offers design service package savings of as much as 25%.

H. Product Images

- If you are designing your own website or marketing tools, you will need high quality images. As a member of Tea Connexions you have the privilege of purchasing these images or we can give you ftp access so you can download the images.



2. Our Turn Key E-Commerce Solution

Global internet access has increased substantially from 680 million in January 2003, to more than 1.4 billion estimated users as of June, 2008.

Intel Chairman Andrew Grove said of today's commerce, "every business will be an e-business...or it will not be in business. " Business leaders Bill Gates of Microsoft, Jeff Bezos, founder of Amazon.com, and marketing guru Jay Conrad Levinson, author of *Guerrilla Marketing for the New Millennium*, all agree that success in this millennium will depend on how effectively the World Wide Web is utilized.

Tea Connexions paves the way for you by offering a turn-key e-commerce solution. You need only promote your website address through your marketing materials. Once your tea business is established and you have the trust and goodwill of your customers, your website will become a 24-hour order desk.

Tea Connexions has been building websites since 2001. We want our members' websites to succeed so we guarantee top-notch service and answers to your website related questions within one to two business days.

Components included with your turn-key e-commerce solution:

- **Branded Website:** You choose your website and domain name (yourteadomainname.com) to match your company name, creating your own tea brand.
- **Two Year Domain Reservation:** You do not have to worry about renewing your domain for 24 months. Thereafter, Tea Connexions charges a one-time yearly renewal and management fee of \$35.
- **Unique Domain Hosted Website with 18 HTML pages:** We drew upon our expertise and created text so that your website will be professional and informative. Your website menu is designed to ensure ease of navigation for visitors.
- **Home Page Design:** We strive to create a unique home page that reflects your business identity.
- **Design and Customization:** Once you have chosen a design layout, we customize your unique domain hosted website with your business name, logo, and contact details.
- **Banner Design:** Your website is set up so that you have a unique banner that you can use to promote your website.
- **Logo Design:** Looking for the right image? Our TEAm can help you design a unique logo based upon your needs. An effective logo and business identity are essential to your business success. Once the logo is complete, you will receive the logo files so that you can use it for all your promotional needs.
- **Control over your Website:** Tea Connexions gives you full ftp access to the .html files and administration access to the shopping cart engine so that you can update your site on your own. This is your website. You are free to add other tea products and services to your website and store.
- **FAQ page to help customers order:** This feature will save you time by answering existing and prospective customers' questions quickly and professionally.



- **Servers:** Your website will be hosted on fast, reliable servers with a guaranteed uptime of 99.99%.
- **Two Years of Hosting:** Included with the web solution is 24 months of hosting. Thereafter, Tea Connexions charges a monthly fee of \$35 or a flat yearly fee of \$315 (12 months for the price of 9).
- **Permission Marketing Tools:** Our website solution includes customized forms to collect customer information which constitutes permission to contact those individuals. Permission marketing through the Internet is one of the most cost-effective marketing methods. You are not spamming (sending unsolicited mass e-mails), only contacting individuals that contact you, which gives you an opportunity to market and sell your products. To expedite this process, Tea Connexions builds your website and includes four separate opportunities for visitors to provide contact details through the wholesale, fundraising, and corporate request forms. To capture the I-want-something-for-free market, Tea Connexions also builds a contest entry form. Details of these forms are given below.

- **Wholesale Request Form.** To capitalize on visitor traffic desiring to purchase and re-sell your product, this form enables businesses to easily inquire from you.

- **Corporate Gift Request Form.** Our products are great for corporations and businesses wishing to thank employees and high value customers. This form enables you to collect information from prospects with ease.

- **Fundraising Request Form.** To capitalize on business opportunities presented by fundraising, this form is indispensable.

- **Contest Entry Form.** Since 2001, our website, www.tea4free.com has received tens of thousands of entries to our contest. Every time we announce a winner, we send out our Tea4Free Newsletter. This permission marketing technique is very effective at presenting a positive tea message to tea enthusiasts. Just like Tea Connexions has done, you can offer your own contest and create an enormous database of entrants, who you then permission market to on a continual basis. Permission Marketing is the most efficient method of building trust in consumers minds, very cost effectively. As trust builds, so too will your orders.

- **Shopping Cart To Accept Online Orders.** To effectively accept online orders, Tea Connexions uses a proven five star rated shopping cart technology, MIVA Merchant. This world renowned e-commerce solution is easy to use and easy to manage, meaning you will have full freedom to change prices, offer specials, and self-manage your store.

- **All Products Added to Store.** All tea products are added to your store so that you can begin accepting orders immediately.

- **Shared SSL Security and Encryption.** Geo Trust 128-bit digital encryption certificate to provide a safe, secure, and protected environment for your orders and transactions. To ensure a safe online environment, Tea Connexions, through our parent, Connexions Trading International Incorporated, offers shared SSL Security and Encryption. This guarantees that your customers will feel at ease when placing an order.

- **Payment Acceptance:** PayPal implementation so that you can accept major credit cards (VISA, MC, Discover, and AMEX), e-checks, and payment from other PayPal users.

The cost of this e-commerce solution, which is included with the EAD program is \$1,950.

The marketing you do to build traffic to your website determines the success of your website. Tea Connexions step-by-step training newsletter shows you how to market your website and maximize its traffic.



3. Our Training Solutions

One of the major privileges of membership in the Tea Connexions Buying Group is our extensive training program, which includes four distinct types

A. Online Training (Included With Membership)

The training section draws together information from hundreds of publications, as well as 12 years business experience. The three key sections include:

- **Business Guidance**
- **Marketing Guidance and**
- **Tea Education.**

These training sections are packed full of action steps that prompt you to apply the information you learn.

The online training material is made up of more than 400 html pages. Other important components include:

- **Getting Started** provides you with a 30 day plan to put your business on the fast track to success.
- **Tea 4 Free News** explains the purpose and benefits of Tea 4 Free. It includes a downloadable newsletter you can customize for use in your marketing efforts.
- **Policies and Procedures** explain the workings of returns, quality control issues, drop shipping, private labeling, and other business issues.
- **Products and Services** provide pictures and descriptions of all our teas plus information about our shipping rates and marketing tools.
- **Members Store Access** with your username and password
- **Newsletters** are Tea Connexions proactive marketing material meant to help your business grow and succeed and to keep you updated. Dozens of newsletters on site serve as updates to our marketing guidance.

B. Conference Calls

Tea Connexions holds conference calls to provide marketing and business guidance to members – just one of the many privileges of your membership. The response to this service has been tremendous because it gives new and existing members a chance to share ideas and success stories.

C. Personal Coaching

All Members are encouraged to contact the head office to book one-on-one coaching calls with our CEO.

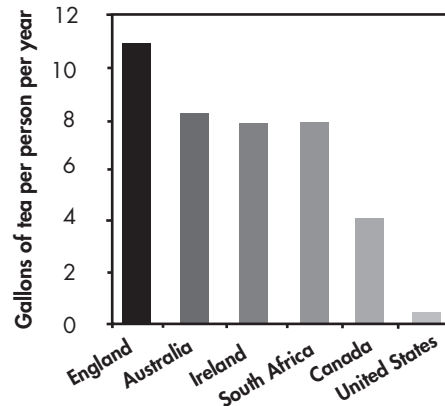
D. Presidential Training

Offered exclusively to EAD's, this training is specifically designed to give EAD's a head start in developing their territory.



APPENDIX D: EXCLUSIVE AREA DISTRIBUTOR SUMMARY

Yearly Per Capita Tea Consumption



1. The EAD Advantage

Investment in the Exclusive Area Distributor (EAD) Program is higher, as are your profits.

As the chart above indicates, the United States and Canada are the markets playing catch up with the rest of the world.

Benefits of this program can be defined by three key words:

- 1. Control:** As an EAD you Control a specific territory, i.e. a county or city. This means, you earn revenues from all exclusive Tea Connexions teas distributed in your area.
- 2. Price:** As an EAD you benefit from a price far below wholesale. This discount increases your profits on both wholesale and retail sales. You also earn profits from orders Tea Connexions receives from existing and future members in your exclusive area. In the event no members are in your area, we show you how to use our *Targeted Marketing Plan* to build an organization of distributors that generates profits for you on every order.
- 3. Exclusivity:** As an EAD, you benefit from exclusivity because a limited number of territories is available; only one entity can control a territory.

The EAD Advantage is a simple equation: Control + Price + Exclusivity = a Solid Business.

Control your destiny: become an EAD for greater financial security and live the lifestyle you always dreamed of.

Our program is outstanding because it enables you to leverage your time and income meaningfully.



2. Leveraged Time and Income

Thousands of businesses are built on the premise of consumables: Coca Cola, Starbucks, Pharmaceuticals, Kraft Foods...and Tea Connexions. Next to water, tea is the most consumed beverage worldwide. Imagine the possibilities!

Your goal is to supply as many consumers as possible with our high quality gourmet teas.

As an EAD, you position yourself as the exclusive Tea Connexions Distributor in your territory, spreading the marketing message that Tea Connexions is built upon: gourmet teas...beautifully packaged.

Your business success will arise directly from the market share you build for gourmet teas...beautifully packaged. The stronger your market penetration, the greater your time and income leverage.

You are not alone. We will show you how to build an organization.

3. Build an Organization

Imagine the luxury of having people work for you – without the stress of payroll. That is exactly what our *Targeted Marketing Plan* shows you how to do. Your goal as an EAD is to use our existing business model to advertise, market, recruit, and train Gold Members, showing them how to order and sell a minimum of \$100 per week.

You will have highly motivated individuals working for you without the headache of payroll. All you have to do is serve as an inspirational manager by training these teapreneurs to go out and market the product. The more distributors you set up, the greater your market penetration and profits.

Use the Tea Connexions *Targeted Marketing Plan* approach to reap rewards from several income streams with the benefit of our years of experience.

4. Income Streams

As an EAD you will have 4 key revenue streams:

- 1. Retail Sales:** Your profit on retail sales through your business is significant because you benefit from below wholesale prices.
- 2. Wholesale Sales:** Your below wholesale price gives you pricing flexibility for specialty retail outlets such as gift and tea shops.
- 3. Membership Sales:** For every Gold, Silver, or Bronze Member you market and recruit, Tea Connexions pays a large commission.
- 4. Membership Orders:** Existing Tea Connexions members in your territory ordering from headquarters create residual revenue for you.

Are you ready to become an EAD? Here's how.



5. Steps to becoming an EAD

Tea Connexions takes its EAD program seriously. Our success depends on finding the right partners. Below are the steps you must follow to become that partner.

Please note the minimum investment begins at \$100,000, depending on territory size.

Step 1: Discovery Period.

During this period, you are asked to contact Business Consultant, Phoenix Elliott to schedule an appointment with CEO Sanjay Gupta. Sanjay will determine if a territory is available, explain the program's benefits, and advise you of the final cost for the territory you would like to secure.

Step 2: Membership Status.

Because Tea Connexions commits to exclusive areas, we want to work with the best possible candidates – those who are serious about their commitment.

To ensure that they are qualified for the program, aspiring EAD's must first demonstrate that they can become a Distributor, complete our online training, and establish a tea business. These prerequisites are to demonstrate EAD leadership through actual tea distribution experience.

The minimum program requirement is the Gold Distributor Program.

Step 3: Application and Territory Reservation for 90 Days.

When you submit your Gold Membership Application, you may also formally apply to the EAD program. We will provide you a detailed application and questionnaire. Once we receive the completed application and questionnaire, Tea Connexions will then offer you the opportunity to reserve exclusivity rights to the territory for 90 days. Reservation rights are subject to a deposit of \$7,500 for a standard territory of 2 million or less.

Within 30 days of receiving your application, Tea Connexions will advise you whether you qualify for the next step. If your application is rejected, we return your full deposit.

Step 4: EAD Business Guide and Contract.

Once approved, you will receive a Non-Disclosure and Non-Competition Agreement. When we receive that signed agreement, Tea Connexions will courier to you the *EAD Business Guide* and *Exclusive Area Distributor Contract*.

You have 60 days to review the guide and contract. Fee payments are accepted via certified check or wire transfer only. The deposit and cost of the Gold Membership will be deducted from the final fee due.

Should you choose not to become an EAD, Tea Connexions will return your full deposit.



Step 5: EAD Training

Within 30 days of receiving the signed contract and fee, our founder Sanjay Gupta will contact you to schedule one-on-one training in your territory. Training time is five business days.

6. Summary: Costs and Benefits

Investment in the EAD program is higher, as are your profits. Benefits of this program are: control, price and exclusivity. As an EAD you control a specific territory, i.e. a county or city; benefit from a lower price below wholesale; and benefit from exclusivity because a limited number of territories are available and only one entity controls each.

As an EAD, you will have a key territorial management responsibility in the area that you control. This means you are expected to meet sales goals and will be shown how to meet these sales goals using our *Targeted Marketing Plan*.

The strength of Tea Connexions is based upon the success of our EAD's. For that reason, we guide our EAD's through intensive training and support.

To become an EAD, you must have a minimum of \$100,000 available to invest. This price pales in comparison to the immense profit potential you gain from using our *Targeted Marketing Plan* to develop your exclusive area.

In addition to profit potential, EAD program benefits are:

- Large discount below wholesale.
- Exclusive, protected territory.
- Rights to use the "Tea Connexions" name, logo, and other intellectual property to recruit and train subdistributors (Gold, Silver, and Bronze members).
- Substantial commission for recruiting and training other distributors in your territory.
- Exclusive one-on-one training at your home base by our founder Sanjay Gupta.
- A dedicated Tea Connexions business building associate will help you build and manage your territory.
- Large consignment of start-up product, marketing tools, and business cards.
- Three websites enable you to capitalize on three distinct revenue streams.
- Choice to store inventory or access Tea Connexions warehousing and order filling solutions.
- Revenue potential from your own retail and wholesale sales, plus leveraged income from subdistributor orders.

These are just a few highlights of EAD membership. To learn more specific details, schedule an appointment with CEO Sanjay Gupta.

Tea Connexions encourages you to take action now. Limited territories are available and as this program matures, the cost to secure an exclusive area will increase.

Your success is our success.

Drink Tea and Prosper!



APPENDIX E: FAQ

1. Why should I consider a home-based business?

Every seven seconds a new home-based business is established: 12,300 new startups daily. According to the U.S. census bureau, 19.6 million Americans were working at home, accounting for nearly 17% of the workforce. According to Frank Feather, global business futurist and author of Future Consumer Dot Com, this number is expected to reach 40% by 2010. If you are seriously thinking about starting a home-based business, you are riding the wave of the future.

2. Why is this business better than others?

- There is already a large market for our products; that market is growing.
- This opportunity is flexible. Be as large or as small as you choose, create your own line and become your own CEO.
- You get real value for your investment with training, instant inventory credits, and marketing tools.
- Our many other value-added services help your business succeed. For more details on Tea Connexions services, review *Appendix D: Tea Connexions Service Solutions*.
- Bronze, Silver, and Gold Members have no minimum monthly purchase or sales quota. Buy only what you need and sell.
- All orders can be drop shipped.
- Tea Connexions provides volume rebate incentives to ensure your increased profitability.
- You have the opportunity to one day control an exclusive territory. To learn more about the Exclusive Area Distributor (EAD) program, consult *Appendix D: Exclusive Area Distributor Summary*.

3. What are the major differences between the memberships?

- Membership cost
- Profit potential
- Cost below wholesale
- Inventory credits
- Marketing tools
- Rebate incentives

Section VI of the Membership Guide provides a comparison table to help you decide which membership is right for you.

4. Can I brand my own products?

We encourage you to create your own brand as part of your long-term marketing plan. Our products facilitate private labeling, allowing you to create your own labels or have us private label for you.

5. Why should I brand my own products?

According to the Harvard Business Review, entrepreneurs should strive to create their own brand. A brand name instills increased confidence in consumers. Confident consumers tend to be repeat customers. Since tea is a consumable, loyal customers ensure a lifetime of sales and profits.



6. Do I need a merchant account to accept credit cards online?

Because Tea Connexions offers PayPal implementation with our turn-key e-commerce solution, you do not need a merchant account. PayPal is FDIC insured and used by tens of millions of people throughout the world. PayPal enables you to begin accepting all major credit cards and e-checks immediately. Visitors to your online store can pay with credit card even if they are not registered users of PayPal.

7. Should I have a website?

Definitely. Intel Chairman Andrew Grove said of today's commerce, "every business will be an e-business...or it will not be in business." Business leaders Bill Gates of Microsoft, Jeff Bezos, founder of Amazon.com, and marketing guru Jay Conrad Levinson, author of *Guerrilla Marketing for the New Millennium* all agree that success in this millennium will depend on how effectively the World Wide Web is used. We pave the way for you by setting up and maintaining the site and updating it with new product lines. You need only promote your website by including its address in your marketing materials. Once your tea business is established and you have the trust and goodwill of your customers, your website will become a 24 hour order desk.

8. Why is the training manual online and only accessible through the Internet?

The business world and tea market are constantly changing. By posting information in a password-protected members-only area, we need only e-mail you about updates. Online training enables you to access the information from any geographical location with an Internet connection. That means no matter where you are you can stay informed about the latest marketing news, tea trends and product introductions. Printing and updating training manuals can be very expensive. The online manual keeps overhead costs down – savings that we pass on to you.

9. Can you recommend a marketing system that will lead to success and help me get customers?

Yes -- permission marketing. According to Jay Conrad Levinson, author of *Guerrilla Marketing for the New Millennium* and Seth Godin, author of *Permission Marketing: Turning Strangers into Friends and Friends into Customers*, today's business success depends on your ability to gain permission to market to people. Our online training manual expands on these concepts, explaining how permission marketing can convert customers into long-term profit centers.

10. How can the brochure *Tea...the beverage of choice* help my business?

Tea...the beverage of choice helps establish your permission marketing campaign. Not only does it contain valuable information about the health and other benefits of our products, it provides the ultimate enticement: a monthly draw for eleven gourmet teas beautifully packaged. Simply give the brochure to your potential customers and encourage them to enter the draw. The entry form is a tear-away so your customers keep the brochure for future reference. The form's purpose is two-fold. First, it opens the door for permission marketing. Second, it teaches you about your potential customers' tea drinking habits. Both are critical for your campaign.

11. How should I market the products?

Since our products can be marketed through gift, health, and tea distribution channels, your marketing options are unlimited. CEO Sanjay Gupta used the try-before-you-buy method very successfully. More information can be found in *Appendix B: All about Tea, Section 5. Sales Scenario: How to Get Customers*.



12. What kind of profit can I expect?

Your profit is directly related to your marketing strategy and membership option. Since your product cost is below wholesale, you will realize significant profit on resale. Excellent customer service generates repeat customers, which translates to repeat sales and repeat profits.

13. How can I profit from consumers' concerns about health?

According to the US Tea Council, the growth in the tea market has been fueled by consumers' demand for a nutritious alternative to soft drinks and coffee. Tea contains one-third the caffeine of coffee or cola. Tea's naturally occurring antioxidants and flavanoids aid in the prevention of heart disease and cancer. According to Harvard University Researchers, those who consumed one or more cups of black tea per day had more than a 40% lower risk of heart attack than non-tea drinkers. So distributing tea will not only make you wealthy, it will positively impact your customers through better health and increased vitality.

14. Why are Tea Connexions teas the best?

Most supermarket teas are made from the lowest grades known as "dust" or "fannings" (the smallest tea particles). These inferior blends are created from mass quantities of low grade teas bought from tea estates from many different tea-growing regions. These blends provide a consistent but mediocre flavor. Conversely, Tea Connexions specializes in leaf grade teas from India, the world's largest tea producer and exporter. We import only superior teas, specializing in Darjeeling, the "Champagne of Teas." Ten years ago, no one would have dreamed that consumers would pay \$4.00 for a cup of specialty coffee. The US Tea Council tells us there is now a similar upsurge toward specialty teas. You can profit from this trend. You can be the supplier who satisfies growing market demand for specialty teas. To learn more about tea and how Tea Connexions teas are different, visit *Appendix B: All about Tea*.

15. Can I Trust Tea Connexions?

In business since 1995, our founder, president and CEO Sanjay Gupta has been helping others build successful tea businesses since 2001. He is dedicated to building an empire that promises long term sustainability. To succeed, he knows his business must operate according to the principles of honor, respect, and accountability. In his words:

Tea Connexions is my legacy. I started it with nothing in a 200 square foot office in 1999 with the vision of expanding our tea distribution around the world. My business shall and always will be based upon four key pillars: i) Gourmet Teas; ii) Beautiful Packaging; iii) Superior Service; and most importantly, iv) Exceptional Value. Only if the consumer receives exceptional value will they continue to patronize our distributors and our company. In 1999, I dreamed about the future of my business, set goals and began working persistently to achieve those goals. Today, we are closer to achieving this vision, but still have much to accomplish. I work hard because of my passion for the business and my goal to help as many teapreneurs achieve their lifelong dreams. I take this responsibility very seriously. Our destiny relies on the success of our distributors. Therefore we will continually strive to provide better products, training, and service. Only through constant focus on our goals, during good times and bad, will my vision become a reality. My hope is that one day Tea Connexions will be a household name – and continue its standing long after I have retired.

To learn more about Tea Connexions, our achievements, ownership, and testimonial references, consult *Appendix A: Tea Connexions Corporate*.



16. How can I profit from the gift industry?

Each unique container is prepackaged with the “champagne of teas.” Packaged in handcrafted art, these gourmet teas are always a popular gift choice.

17. Is there a yearly membership renewal fee?

There is a nominal \$250 annual renewal fee. Renewals help us determine which members are active.

18. Do you have a money back guarantee?

All of our teas are backed by a 30-day money back guarantee. Membership start-up costs are subject to our *Refund Policy*.

19. If I have more questions, what should I do?

Call us toll free 1-877-532-3832 and ask to speak with Business Consultant Phoenix Elliott.

20. I am ready to get started; what is the next step?

Open Appendix F: Take Action. Review its *Membership Terms, and Refund Policy*. Finally, complete the *Application* and fax to 1-877-683-9157. Be sure to call us to confirm we received your fax. If you prefer, simply call us at 1-877-532-3832 and we will take your application over the phone. Tea Connexions accepts VISA, MC, AMEX, Discover (through PayPal), e-checks (through PayPal), PayPal, international money orders, and wire transfers.



APPENDIX F: LEGAL

1. Membership Terms

1. Tea Connexions, hereinafter called the “Company,” is a tea distribution company that markets products through a membership-based buying group. The terms and conditions herein are applicable to all members of the Buying Group. Note: these terms and conditions do not apply to the Exclusive Area Distributor (EAD) program, which is subject to a separate contract.

2. Bronze, Silver, and Gold Members, hereinafter referred to as “Member” unless otherwise stated, have been accepted by the Company as Members. The Company reserves the right to accept or reject any membership application. Acceptance of your application will result in the Company sending you a congratulatory Welcome Letter via e-mail to the e-mail address stipulated on your application. The Company sends the Welcome Letter within 5 business days of processing the application. Inside the Welcome Letter are details on how to get started including a confidential username and password to allow the Members access to our confidential online training area.

3. Membership in the Buying Group in no way implies any shares or interest in the Company. Membership is in the Buying Group only but does not imply Membership in the Company itself.

4. Independent Contractor Status: Membership does not and shall not be construed to create any partnership or agency whatsoever as between the Company and the Member. The Member shall not be deemed to be the partner, agent, joint venturer, franchisee, employee or legal representative of the Company to have the ability, right or authority to assume or create, in writing or otherwise, any obligation of any kind, express or implied, in the name of or on behalf of the Company.

5. Representation of Status: In all cases, any reference the Member makes to him/herself must be clearly set forth as an independent status. For example, if the Member has a business telephone, the telephone may not be listed under the Company’s name or in any manner that does not disclose the independent contractor status of the Member.

6. Product: As of the date of this agreement, product means all teas, packaging, marketing materials, and services offered by the Company.

7. Services: The Company agrees to provide the services and benefits specified in the “Tea Connexions Membership Guide” and “Appendices” to the Tea Connexions Membership Guide.

8. Business Conduct: The Member shall safeguard and promote the reputation of the Buying Group, their products and services. The Member shall refrain from all conduct, which might be harmful to the reputation of the Buying Group or to the marketing of such products or acts inconsistent with the public interest. Further, the Member shall avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices. Further, the Member will not engage in e-mail practices such as spamming, the sending of mass unsolicited e-mails to promote or market the products and services.

9. Indemnity Agreement: The Member agrees to indemnify and hold harmless the Company, its officers, associates, and directors against any claim, demand, liability, loss, cost, or expense, including, but not limited to attorney’s fees arising or alleged to arise in connection with that Member’s activities.

10. Taxation: Members will not be treated as employees, franchisees, joint venturers, partners, employees, or associates with respect to the Social Security Act, Federal Unemployment Act, State Unemployment Acts, or any other federal, state, provincial, or local statute, ordinance, rule, or regulation of any country.



11. Annual Membership Renewal: The annual membership renewal fee of US\$250 is due on the anniversary date, exactly 12 months from the date stipulated on the Member's Welcome Letter. It is the responsibility of the Member to renew their Membership by contacting the Company on or before the anniversary date. The Company will cancel the Membership if such payment is not received on or before the anniversary date. Should a Member want their Membership re-instated, such re-instatement is subject to an additional re-instatement charge of \$175. Re-instatement of membership is only valid within 30 days of the Members anniversary date.

12. Legal Age: The Member must be of the legal age in the state or province in which they reside.

13. Legal Compliance: The Member shall comply with all federal, state, provincial and local statutes, regulations, and ordinances concerning the operation of their business. The Member is responsible for their own managerial decisions and expenditures, including all income and self-employment taxes.

14. Income Representation: The Company makes no representation with regard to the income any Member will earn. Each Member's financial success depends upon their individual effort, locale, and marketing strategy.

15. Transferring Membership: Memberships may not be transferred, sold, or assigned to another entity without prior written consent from the Company. Approved membership transfers are subject to a documentation/transfer fee of US\$2500.

16. Membership Cancellation: Members may voluntarily cancel membership by non-renewal or by sending a notarized written notice to the Company. Voluntary cancellation is effective upon receipt of such notice by the Company at its Corporate Headquarters. Members who cancel and have inventory or marketing tools (excluding business cards or any other personalised tools) they wish to return, may do so only under the following conditions.

- Inventory must have been received 30 days or less prior to requesting the return.
- Permission to return goods must be authorized in writing by the Company.
- Goods must be in currently marketable condition. "Currently Marketable Condition" means that the inventory is unopened and the marketing materials are in substantially good condition for further use by the Company.
- The Member must return goods within 30 days of receiving them.
- All returns are subject to a 25% restocking charge that will be deducted from any applicable refund.

17. Termination: If the Member violates the terms of membership, the Company may elect to terminate that membership.

18. Confidentiality: The Company may disclose to the Member information pertaining to the products, customers, potential customers, and data processing reports considered to be confidential, secret, and/or proprietary to the Company. Such information may be disclosed orally, graphically, or electronically by way of sample or specimen otherwise printed or recorded by any means. The Member therefore agrees that all information pertaining to the product, pricing, customers, and the business affairs of the Company shall be deemed to be confidential information unless the Company expressly advises that such information is not confidential. The Member and the Company agree that, but for this agreement of confidentiality and nondisclosure, the Company would not provide the above confidential information to the Member.

19. Copyrighted Materials: The Member further agrees that all materials, including booklets, brochures, manuals, order forms and/or materials, are copyrighted by the Company. Any and all forms of reproduction, including, but not limited to, graphic, mechanical, electronic, facsimile, photocopy or any other tangible or intangible form are strictly forbidden, except as set out in the Member Agreement.



20. Trade-Marks: Nothing in this Agreement shall be deemed in any way to constitute any transfer or assignment of the logo, company name "Tea Connexions", or trademark to the Member or to give the Member any right, title or interest in or to the logo, Tea Connexions name or trade-mark, and the Member acknowledges that all trade-marks, logos, copyrights and all other proprietary marks are and shall remain the exclusive property of the Company.

21. No Exclusive Territories: There are no exclusive territories for marketing, recruiting, or distribution purposes, nor shall the Member imply or state that they have an exclusive territory.

22. Marketing, Pricing, and Distribution Strategy: The determination of sales and marketing strategies and selling prices for the products shall be the sole responsibility of the Member.

23. Advertising: The Member agrees not to engage in any misleading advertising or claims in respect to the products or to engage in any activities which in the reasonable opinion of the Company could prejudice or bring into disrepute the reputation of the product, or the Company. The Member agrees to advise the Company promptly of any concerns, claims or notices of adverse experiences in the field concerning the product.

24. Shipping and Freight: The Member agrees to pay all freight and transportation charges covering the movement of the Product from the Company's warehouse facilities to the destination chosen by the Member.

25. Payment Terms: The Member agrees that all orders must be prepaid with VISA, MasterCard, PayPal (AMEX, Discovery, e-checks), wire transfer or international money orders. Orders must be placed through the online Members area. No orders will be shipped without prior payment. Fraudulent use of a credit card to make purchases from the Company is cause for the Company to terminate membership and report the fraudulent transaction to local, state, and federal authorities.

26. Timely Product and Materials Delivery: If any item is temporarily not available for shipment when the order is processed by the shipping department, the Member will receive a partial order and the backordered item will be shipped as soon as it is available on a first order in, first order out basis.

27. Damaged Goods: Goods damaged in transit from the Company's warehouse to the Member's physical custody are the responsibility of the shipping company. A Member who receives damaged goods should follow this procedure:

- Accept delivery.
- Before the driver leaves, document on the delivery receipt the number of boxes which appear to be damaged.
- Save the damaged products or boxes for inspection by the shipping associate.
- Make an appointment with the shipping company to have the damaged goods inspected.
- File a claim with the shipping company.

28. Quality Control: The Company will replace any product, within 30 days from date of purchase, for reasons of quality control. Prior written request to the Company is required before an exchange will be made.

29. Retail Customer Returns: The Company requires that Members offer a 100% 30-day unconditional money-back guarantee to their retail customers. If a retail customer is dissatisfied with the product for any reason, that customer may return the unused portion of the product to the Member from whom it was purchased, within 30 calendar days from date of purchase, for either a product replacement or a full refund of the purchase price by the Member. The Company will replace the product return to the Member within 10 working days of its receipt if the following conditions are met:

- The unused product is returned to the Company by the Member who originally purchased it from the Company.
- The product is received by the Company within 30 calendar days from the customer's return of the product to the Member who made the retail sale.



- The return is accompanied by a i) signed statement from the retail customer identifying the reason for the return ii) a copy of the completed original retail sales receipt, and iii) the unused portion of the product in its original packaging.
- Appropriate shipping carton(s) and packing materials are to be used in packaging returned products, and the best and most economical means of shipping is suggested.
- The Company will pay the shipping cost of replacement products.

30. Price Changes: The Company may, from time to time, alter or vary any of the prices by giving the Member not less than thirty (30) days notice in writing. All orders received for immediate delivery prior to the effective date of the price change shall be honored at the former prices.

31. Record Keeping: The Company encourages the Member to keep complete and accurate records of all their business dealings.

32. Press Inquiries: Under no circumstances is the Member or other person to speak to the press on behalf of the Company.

33. Jurisdiction and Venue: Jurisdiction and venue over any legal action involving these Terms shall be proper only in the provincial and federal courts located in Ontario, and no other court shall have jurisdiction.

34. Entire Agreement: This statement of Membership Terms and Conditions is incorporated into the Application and Agreement of Membership and constitutes the entire agreement of the parties regarding their business relationship.

35. Non-Waiver Provisions: No failure by the Company to exercise any power under these Membership Terms and Conditions or to insist upon strict compliance by the Member with any obligation or provision herein, and no custom or practice of the parties at variance with these Membership Terms and Conditions, shall constitute a waiver of the Company's right to demand exact compliance with the Membership Terms and Conditions. Waiver by the Company can be effected only in writing by an authorized officer of the Company. The Company's waiver of any particular default by the Member shall not affect or impair the Company's right with respect to any subsequent default, nor shall it affect in any the rights or obligations of the Member. Nor shall any delay or omissions by the Company to exercise any right arising from default affect the Company's rights relating to that or any subsequent default.

36. Amendments: The Company reserves the right to amend the Membership Terms and Conditions set forth herein, its discounted or suggested retail prices, product availability and formulation, and Sales and Marketing Plan as it deems appropriate. Amendments will be communicated directly to the Member through e-mail or other means. Amendments are effective and binding on the Member as of the date of issuance.

37. Force Majeure: In the event of an inability or failure by the Company to manufacture, supply or ship any of the Products herein by reason of any fire, explosion, war, riot, strike, terrorist act, walk-out, labor controversy, flood, shortage of water, power, labor, transportation facilities or necessary materials or supplies, default or failure of carriers, breakdown or in of the loss of production or anticipated production from plant or equipment, act of God or public enemy, and law, act or order of any court, board, government or other authority of competent jurisdiction, or any other direct cause (whether or not of the same character as the foregoing) beyond the reasonable control of the Company, then the Company shall not be liable to the Member during the period and to the extent of such inability or failure. Deliveries omitted in whole or in part while such inability remains in effect shall be canceled.

38. These terms and conditions have been developed to help you build your business legally. All Company terms and conditions were produced to comply with all provincial, state, and federal regulations. They are designed to protect the integrity and legality of the Opportunity is Brewing program for everyone, and not to be a hindrance to you building your tea business.



2. Refund Policy

You have ten (10) business from the date on your *Welcome Letter* (hereinafter referred to as the “cancellation period”) to obtain a “full refund” or “partial refund” from the Company.

Full Refund

If you cancel your membership within the specified cancellation period prior to receiving any inventory, marketing tools or design services, the Company will refund your full membership cost promptly, courteously, and cheerfully.

Partial Refund

If you cancel your membership within the specified cancellation period, but after receiving inventory, marketing tools or design services, the Company will refund your full membership cost promptly, courteously, and cheerfully **less the cost of the inventory, marketing tools and design services provided to you.**

Any return of inventory or marketing tools is subject to *Section 16: Membership Cancellation* of the Membership Terms. Note, no refunds are offered on business cards, the e-commerce solution, or design services.

Cancellation Procedure

1. Prepare a notarized letter indicating your intention to cancel your membership. Your letter should contain your name, business name (if applicable), full address, phone number, and reason for canceling (optional, but we would appreciate your input).
2. Fax your notarized letter and Membership Application (make sure you keep this in a safe place as this is your proof of purchase) to 1-877-683-9157, Attention: Membership Cancellation.
3. Mail your letter by registered mail or reliable courier service (FEDEX or UPS) along with the “Original Membership Application” (make a copy for your records) to:

**Tea Connexions
Membership Cancellation
1060 Gardiners Road
Kingston, ON
K7P 1R7**

