



## INCOME DISCLOSURE STATEMENT

The Income Disclosure Statement is a reflection of Spiritual Water's rewarding business opportunity.

A "Distributor" is defined as any person who: (1) executed a Spiritual Water Distributor Application and Agreement; (2) has sponsored at least one person; (3) has received at least one non-retail commission check; and (4) has been active in any of the eight weeks preceding the commissions period ("active" is defined in the Spiritual Water Compensation Plan as having generated 100 PV [Personal Volume] in a one-month period).

Note that this excludes retail customers, preferred customers, retailers (those who have received a retail bonus only), pre-enrollees, distributors who did not renew, and customers, retailers, or distributors whose relationships with Spiritual Water were revoked.

An individual who has executed a Spiritual Water Independent Distributor Application and Agreement, but has not fulfilled the four criteria enumerated above is not considered a Distributor. That person is simply a customer. If, and only when, all four criteria are satisfied does that person become a distributor. Accordingly, the status of an individual can, and sometimes does, change throughout the course of a year. For example, Jane enrolls as a Customer in January. In March, she qualifies to become a Distributor and maintains her qualification through April. In May she is inactive, and therefore, her status is that of a Customer. In June, she begins retailing products to a few customers, and thus, becomes a Retailer (but not a Distributor). In July, she again qualifies as a Distributor but fails to remain qualified for the remainder of the year. For the purposes of this Income Disclosure Statement, Jane will only be considered a Distributor during the months of March, April, and July. In other words, the Distributor earnings represented herein are based on the "paid as" rank, not an "achieved rank."

The earnings of the Distributors are not necessarily representative of the income, if any, that a Spiritual Water Distributor can or will earn through his or her participation in the Spiritual Water Compensation Plan. These figures should not be considered as guarantees or projections of your actual earnings or profits. Any representation or guarantee of earnings would be misleading. Success with Spiritual Water results only from successful sales efforts, which require hard work, diligence, and leadership. Your success will depend upon how effectively you exercise these qualities.

Spiritual Water's corporate ethics compel us to do not merely what is legally required, but rather, to conduct the absolute best business practices. To this end, we have developed the Income Disclosure Statement ("IDS"). The Spiritual Water IDS is designed to convey truthful, timely, and comprehensive information regarding the income that Spiritual Water distributors earn. In order to accomplish this objective, a copy of the IDS must be presented to all prospective distributors.

A copy of the IDS must be presented to a prospective distributor (someone who is not a party to a current Spiritual Water Distributor Agreement) anytime the Compensation Plan is presented or discussed, or any type of income claim or earnings representation is made.

The terms "income claim" and/or "earnings representation" (collectively "income claim") include: (1) statements of average earnings, (2) statements of non-average earnings, (3) statements of earnings ranges, (4) income testimonials, (5) lifestyle claims, and (6) hypothetical claims. Examples of "statements of non-average earnings" include, "Our number one distributor earned XXX dollars last year" or "Our average Spiritual Imperial Ranks makes XXX per month." An example of a "statement of earnings ranges" is "The monthly income for spiritual Gold Ranks is XXX on the low end to YYY on the high end."

A lifestyle income claim typically includes statements (or pictures) involving large homes, luxury cars, exotic vacations, or other items suggesting or implying wealth. They also consist of references to the

achievement of one's dreams, having everything one always wanted, and are phrased in terms of "opportunity" or "possibility" or "chance." Claims such as "My Spiritual Water income exceeded my salary after eight months in the business," or "Our Spiritual Water business has allowed my wife to come home and be a full-time mom" also fall within the purview of "lifestyle" claims.

A hypothetical income claim exists when you attempt to explain the operation of the Compensation Plan through the use of a hypothetical example. Certain assumptions are made regarding the: (1) number of distributors sponsored, (2) number of downline distributors, (3) average product volume per distributor, and (4) total organizational volume. Cranking these assumptions through the Compensation Plan yields income figures which constitute income claims.

In any non-public meeting (e.g., a home meeting, one-on-one, regardless of venue) with a prospective distributor or distributors in which the Compensation Plan is discussed or any type of income claim is made, you must provide the prospect(s) with a copy of the IDS. In any meeting that is open to the public in which the Compensation Plan is discussed or any type of income claim is made, you must provide every prospective distributor with a copy of the IDS and you must display at least one (3 x 5 foot poster board) in the front of the room in reasonably close proximity to the presenter(s). In any meeting in which any type of video display is utilized (e.g., monitor, television, projector, etc.) a slide of the IDS must be displayed continuously throughout the duration of any discussion of the Compensation Plan or the making of an income claim.

Copies of the IDS may be printed or downloaded without charge from the corporate website at [http://spiritualh2o.com/resource\\_policies.php](http://spiritualh2o.com/resource_policies.php)

Spiritual Imperial or Spiritual Master who develop sales aids and tools in which the Compensation Plan or income claims are present must incorporate the IDS into each such sales aid or tool prior to submission to the Company for review.