

MARY KAY®

A P R O V E N P R O G R A M

F O R A C H I E V I N G S U C C E S S

# Advance

C A R E E R P A T H A N D C A R E E R C A R P R O G R A M

This is a brief description of the incentive programs in effect as of May 1, 2006. The Company reserves the right to alter, modify or change the commissions, bonuses or any terms of the incentive programs described herein.

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# Career Path At-A-Glance

## 1 ■ AS AN INDEPENDENT BEAUTY CONSULTANT YOU COULD:

- Earn profits based on retail sales
- Earn rewards to help you build your business

## 2 ■ AS A STAR CONSULTANT YOU COULD:

- Receive special recognition
- Earn fabulous prizes

## 3 ■ AS A SENIOR CONSULTANT YOU COULD:

- Earn profits based on retail sales
- Earn a 4% commission on wholesale orders of personal team members

## 4 ■ AS A STAR RECRUITER YOU COULD:

- Earn profits based on retail sales
- Earn a 4% commission on wholesale orders of personal team members
- Receive a \$50 red jacket rebate
- Receive \$50 team-building bonuses

## 5 ■ AS A TEAM LEADER/FUTURE INDEPENDENT SALES DIRECTOR YOU COULD:

- Earn profits based on retail sales
- Earn a 9% or 13% commission on wholesale orders of personal team members
- Receive \$50 team-building bonuses
- Earn the use of a Career Car or select the Cash Compensation option

## 6 ■ AS AN INDEPENDENT SALES DIRECTOR YOU COULD:

- Earn profits based on retail sales
- Earn personal team commissions of 4%, 9% or 13%
- Earn 9% or 13% unit commission
- Receive a Personal Team-Building Bonus of \$100 or more
- Receive a Unit Volume Bonus of \$500 or more
- Receive a Unit Development Bonus of \$500
- Be eligible for Term Life Insurance Award and Disability Award Programs
- Earn the use of a Career Car or select Cash Compensation option

## 7 ■ AS AN INDEPENDENT NATIONAL SALES DIRECTOR YOU COULD:

- Earn personal team commissions of 4%, 9% or 13%
- Earn personal unit Sales Director commission of 13%
- Earn NSD commissions of 10% on personal unit wholesale
- Earn 7% to 10% commissions on first-line; 4% on second-line; 2% on third-line offspring units
- Earn \$5,000 bonus for development of new first-line Sales Directors
- Earn \$1,000 annual bonus for first-line Sales Directors
- Earn \$10,000 annual bonus for development of new NSD offspring
- Continue to earn commissions on second- and third-line units affiliated with NSD offspring
- Receive a pink Cadillac with a choice of options or select the Cash Compensation option
- Enroll in the Family Security Program

## 8 ■ IN THE CAREER CAR PROGRAM, YOU COULD EARN THE USE OF A:

- Grand Achiever (Consultant) Career Car
- Premier Club (Sales Director) Career Car
- Pink Cadillac (Sales Director and NSD) Career Car
- Or select the Cash Compensation option in lieu of any of the cars listed above

# Independent Beauty Consultant\*

## Avenues of Income

- Product sales and reorders
  - *On the Face* – Skin care classes and facials
  - *On the Go* – Quick and easy 15-minute appointments
  - *Online* – Sales through your Mary Kay® Personal Web Site
  - *On Paper* – Sales through catalogs and brochures (Preferred Customer Program mailings, *The Look, Beauty Book*, etc.)
  - *On With the Show* – Parties that preview product sets (collection previews, open houses)



## REWARDS

- Mary Kay® pin
- *Applause*® magazine
- Eligible to attend Seminar and Career Conference
- Eligible to qualify for quarterly Star Consultant recognition and prizes

## ■ CAREER GUIDELINES

- *An Independent Beauty Consultant is considered “active” in the month a minimum \$200 wholesale Section 1 product order is received by the Company and in the following two calendar months.*
- *Activity status, career status and compensation will be based on Independent Beauty Consultant Agreements and wholesale orders received and accepted by the Company by the close of business each month.*

\*An Independent Beauty Consultant is an independent contractor, not an employee of Mary Kay Inc., and will not be treated as an employee for federal tax purposes or otherwise.

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## Ladder of Success Program

A Consultant at any step of the career path may become a Star Consultant when a minimum of \$1,800 in wholesale Section 1 orders is postmarked within the contest quarter. Higher categories can be achieved with additional wholesale Section 1 orders postmarked during the quarter and qualified team building. Six hundred contest credits are awarded for each qualified\*\* new personal team member added during the quarter. A Star Consultant is rewarded with a Ladder of Success pin and a:

- Sapphire star for \$1,800 wholesale
- Ruby star for 2,400 contest credits
- Diamond star for 3,000 contest credits
- Emerald star for 3,600 contest credits
- Pearl star for 4,800 contest credits

Star Consultant consistency also is recognized.

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## New Consultant Incentives

### • New Consultant Product Bonus

- A new Consultant can earn a free product bonus when her initial wholesale Section 1 order is \$600 or more, and it is received and accepted by the Company in the same or following calendar month that her Independent Beauty Consultant Agreement is received and accepted by the Company. The value of the product bonus she receives is based on the size of the initial order and when the order is postmarked. For details see the *Ready, Set, Sell! Inventory Options for New Consultants* brochure and the latest issue of *Applause*® magazine.
- A new Consultant also can earn a customized signature look when her initial order is \$600 or more in wholesale Section 1 products, and it is received and accepted by the Company within 15 calendar days of when the Independent Beauty Consultant Agreement is received and accepted by the Company.

\*\*A qualified new personal team member is one whose Independent Beauty Consultant Agreement and a minimum of \$600 in wholesale Section 1 orders are postmarked within the contest quarter, and contest credit is any combination of at least \$1,800 in wholesale Section 1 orders, plus qualified new personal team members.

# Senior Consultant

## Avenues of Income

- Product sales and reorders
  - > *On the Face* – Skin care classes and facials
  - > *On the Go* – Quick and easy 15-minute appointments
  - > *Online* – Sales through your Mary Kay® Personal Web Site
  - > *On Paper* – Sales through catalogs and brochures (Preferred Customer Program mailings, *The Look, Beauty Book*, etc.)
  - > *On With the Show* – Parties that preview product sets (collection previews, open houses)
- Team-building commissions

## Compensation

- 4% personal team commission



## REWARDS

- 1 Active Personal Team Member: Senior Consultant pin enhancer
- 2 Active Personal Team Members: Eligible to order red jacket
- Eligible to qualify for quarterly Star Consultant recognition and prizes

## Requirements

- 1 - 2 active personal team members
- You must be active.

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## Personal Team Commissions

All *active* Senior Consultants and above are eligible to earn a 4%, 9% or 13% personal team commission on the wholesale orders placed by their personal team members.

- > When you have one to four active personal team members, you can earn a 4% commission on team members' combined wholesale Section 1 orders in any calendar month.
- > When you have five or more active personal team members, you can earn a 9% commission on team members' combined wholesale Section 1 orders in any calendar month.

- > You can increase your commission to 13% when you place a personal minimum \$600 wholesale Section 1 order in the same month that at least five personal team members each place minimum \$200 wholesale Section 1 orders. (Special considerations for Executive Senior Sales Directors, Elite Executive Senior Sales Directors [see Page 22] and National Sales Directors [see Page 26].)

# Star Recruiter

## Avenues of Income

- Product sales and reorders
  - > *On the Face* – Skin care classes and facials
  - > *On the Go* – Quick and easy 15-minute appointments
  - > *Online* – Sales through your Mary Kay® Personal Web Site
  - > *On Paper* – Sales through catalogs and brochures (Preferred Customer Program mailings, *The Look, Beauty Book*, etc.)
  - > *On With the Show* – Parties that preview product sets (collection previews, open houses)
- Team-building commissions
- Team-building bonus

## Compensation

- 4% personal team commission
- Team-building bonus



## REWARDS

- Star Recruiter pin enhancer
- Eligible to wear red jacket
- Receive \$50 rebate on the purchase of the official red jacket available only from Mary Kay Inc.
- Eligible to qualify for quarterly Star Consultant recognition and prizes

## Requirements

- 3 - 4 active personal team members
- You must be active.

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## Team-Building Bonus

A \$50 team-building bonus will be paid to Star Recruiters, Team Leaders, Future Independent Sales Directors and Sales Directors-in-Qualification for each qualified personal team member *beginning with the fourth personal team member*. In the month your team member's initial qualifying order is received, you must be active and have a minimum of three other active personal team members to receive the bonus.

## ■ CAREER GUIDELINES

- *For career path status and compensation purposes, a qualified team member is one whose initial order with the Company is \$600 or more in wholesale Section 1 products, and it is received and accepted by the Company in the same or following calendar month that her Independent Beauty Consultant Agreement is received and accepted by the Company.*

## Team Leader

### Avenues of Income

- Product sales and reorders
  - *On the Face* – Skin care classes and facials
  - *On the Go* – Quick and easy 15-minute appointments
  - *Online* – Sales through your Mary Kay® Personal Web Site
  - *On Paper* – Sales through catalogs and brochures (Preferred Customer Program mailings, *The Look, Beauty Book*, etc.)
  - *On With the Show* – Parties that preview product sets (collection previews, open houses)
- Team-building commissions
- Team-building bonus

### Compensation

- 9% or 13% personal team commission
- Team-building bonus



### REWARDS

- Team Leader pin enhancer
- Eligible to qualify for quarterly Star Consultant recognition and prizes
- Eligible to go on-target for Grand Achiever status (Consultant Career Car or Cash Compensation option)

### Requirements

- 5 to 7 active personal team members
- You must be active.

## Future Independent Sales Director\*

### Avenues of Income

- Product sales and reorders
  - *On the Face* – Skin care classes and facials
  - *On the Go* – Quick and easy 15-minute appointments
  - *Online* – Sales through your Mary Kay® Personal Web Site
  - *On Paper* – Sales through catalogs and brochures (Preferred Customer Program mailings, *The Look, Beauty Book*, etc.)
  - *On With the Show* – Parties that preview product sets (collection previews, open houses)
- Team-building commissions
- Team-building bonus

### Compensation

- 4%, 9% or 13% personal team commission
- Team-building bonus



### REWARDS

- Future Independent Sales Director pin enhancer
- Future Independent Sales Director scarf
- Eligible to qualify for quarterly Star Consultant recognition and prizes
- Eligible to submit Sales Director-in-Qualification commitment form
- Eligible to qualify for Grand Achiever status (Consultant Career Car or Cash Compensation option)

### Requirements

- 8 or more active personal team members
- You must be active.

*\*Achieving Future Independent Sales Director recognition status does not guarantee you will become an Independent Sales Director. In order to become an Independent Sales Director, you must successfully complete the Independent Sales Director qualification requirements as set forth by the Company. A Sales Director is an independent contractor, not an employee of Mary Kay Inc., and will not be treated as an employee for federal tax purposes or otherwise. The Sales Director position is appointed at the sole discretion of Mary Kay Inc.*

## Independent Sales Director-in-Qualification

### Avenues of Income

- Product sales and reorders
  - *On the Face* – Skin care classes and facials
  - *On the Go* – Quick and easy 15-minute appointments
  - *Online* – Sales through your Mary Kay® Personal Web Site
  - *On Paper* – Sales through catalogs and brochures (Preferred Customer Program mailings, *The Look, Beauty Book*, etc.)
  - *On With the Show* – Parties that preview product sets (collection previews, open houses)
- Team-building commissions
- Team-building bonus

Acceptance into the Sales Director-in-Qualification program is at the Company's sole discretion.

### Compensation

- 4%, 9% or 13% personal team commission
- Team-building bonus

### Prior to entering the Qualification Program

In order to submit a commitment form to the Company stating an intent to begin Independent Sales Director-in-Qualification (DIQ), an Independent Beauty Consultant must:

- Be active and have eight or more active personal team members the month prior to the first month of qualification.
  - To count toward this requirement, none of the team members can be any of the following: the spouse of any Consultant, the DIQ's spouse, a personal team member submitting her commitment form in the same month as the DIQ, a current DIQ or a current Sales Director. If one of her personal team members submits a commitment form in the same month as the DIQ, the DIQ will need to replace her and have at least nine active personal team members in the month prior to the first month of qualification.

- Be in good standing with the Company based on the terms of the Independent Beauty Consultant Agreement (including, but not limited to, paying in full any accounts receivable she may have with the Company under current or previous Consultant numbers).
- Submit an online commitment form available on the Mary Kay InTouch® Web site from the 8th through the 10th of every month. By submitting an online commitment form, the DIQ will know immediately if she has been accepted into the Sales Director-in-Qualification program. Or, submit an original commitment form postmarked on or before the first of the month. (Example: If a DIQ wishes to begin Sales Director-in-Qualification June 1, her commitment form should be postmarked sometime in May, or at the latest, June 1.)

### During Qualification

- A DIQ may qualify as an Independent Sales Director in one, two, three or four months, based on when she achieves the following:
  - \$16,000 cumulative unit wholesale production
  - 30 total active unit members\*
  - \$4,000 minimum wholesale unit production each month, even if the DIQ has already reached \$16,000 cumulative wholesale production.
- The DIQ's unit members must contribute at least \$12,000 toward the \$16,000 wholesale production requirement.
- A DIQ may contribute up to \$4,000 in personal wholesale Section 1 production toward the \$16,000 cumulative unit wholesale production during the qualification period.
- The qualifying unit is comprised of the DIQ and her personal team members, regardless of their unit affiliation (Exception: personal team members who already may be Sales Directors or in qualification to become a Sales Director). Team members' recruits whose Independent Beauty Consultant Agreements are accepted by the Company on or after the first day of the month in which the DIQ begins Sales Director qualification will be members of the new qualifying unit. Team members' recruits whose Independent Beauty Consultant Agreements were accepted by the Company prior to her first month of qualification remain in the parent unit.

*\*To count toward this requirement, none of the DIQ's team members can be any of the following: the spouse of any Beauty Consultant, the DIQ's spouse, a current DIQ (during the DIQ's qualification) or a current Sales Director.*

- Spouses do not count toward any program except unit production and commission. Once one spouse becomes a Sales Director, the other spouse is not eligible to become a Sales Director. The Sales Director commission will be paid on the spouse's orders.
- Should the DIQ's qualifying unit fail to reach 30 active members and/or the required unit wholesale production sales amounts, the DIQ has not qualified and must submit a new commitment form to begin qualification again (immediately, if she chooses and is eligible). The DIQ's team members' recruits will remain in the parent unit.
- A Sales Director is an independent contractor and not an employee of Mary Kay Inc. The Sales Director position is appointed at the sole discretion of Mary Kay Inc.

**The DIQ understands:**

- The importance of attending the New Independent Sales Director Education week designated for her debuting class when she completes the Sales Director-in-Qualification program.
- In the event anyone places an order for a Starter Kit and/or product on behalf of a Consultant, the following applies:
  - The person placing the order must have the Consultant's consent prior to placing the order;
  - The person placing the order must use the Consultant's funds; and
  - The person placing the order must be in possession of the Consultant's funds prior to placing the order.
- Taking a postdated check and placing an order for a Consultant will not count.
- A Consultant selling anyone's inventory other than her own, then placing an order will not count.
- The DIQ cannot sell her inventory to a Consultant and take his/her money to place an order to replace the DIQ's inventory.
- If the DIQ uses her credit card to pay for a Consultant's order, the DIQ must have already received the cash from the Consultant before the order is mailed, phoned in, placed online or delivered to the branch.
- The DIQ cannot place an order for a Consultant with his/her promise to pay the DIQ back.

**Special Considerations**

- Should a DIQ submit a commitment form three times within a 12-month period (each time failing to meet the requirements to complete the process), she will receive a letter explaining she has one more opportunity to complete the requirements (her fourth). After receiving the letter, she may decide whether to make that fourth attempt immediately, a few months later or years later, either under her current or any future Consultant numbers. If she does not complete the requirements on the fourth attempt, she will have to follow a two-month building plan as outlined in the letter she received.
- The two-month building requirements will still apply should she choose to terminate her Independent Beauty Consultant Agreement and become an Independent Beauty Consultant again at some future date.
- Independent Beauty Consultants who return merchandise to the Company are not eligible to rejoin Mary Kay as an Independent Beauty Consultant.
- For more information, log on to the Mary Kay InTouch® Web site and select "About DIQ Program" located under LearnMK®.

## Independent Sales Director\*

### Avenues of Income

- Product sales and reorders
  - *On the Face* – Skin care classes and facials
  - *On the Go* – Quick and easy 15-minute appointments
  - *Online* – Sales through your Mary Kay® Personal Web Site
  - *On Paper* – Sales through catalogs and brochures (Preferred Customer Program mailings, *The Look, Beauty Book*, etc.)
  - *On With the Show* – Parties that preview product sets (collection previews, open houses)
- Team-building commissions
- Leadership

### Compensation

- 4%, 9% or 13% personal team commission

### • Sales Director Personal Team-Building Bonus

- A Sales Director is entitled to a \$100 Sales Director Personal Team-Building Bonus for each qualified new personal team member added to her Sales Unit. A qualified new personal team member is one whose initial order with the Company is \$600 or more in wholesale Section 1 products, and it is received and accepted by the Company in the same or following calendar month that her Independent Beauty Consultant Agreement is received and accepted by the Company. The Sales Director Personal Team-Building Bonus is earned in the month in which the qualified team member's initial \$600 wholesale Section 1 order is received and accepted by the Company.
- The Sales Director Personal Team-Building Bonus will be paid on the basis of wholesale orders and Independent Beauty Consultant Agreements received and accepted by the Company by the close of business each month.

### • Sales Director Unit Volume Commission Schedule

MONTHLY WHOLESALE PRODUCTION	COMMISSION
\$4,000 or more	13%
\$0 to \$3,999	9%

\*A Sales Director is an independent contractor, not an employee of Mary Kay Inc., and will not be treated as an employee for federal tax purposes or otherwise.

### • Sales Director Unit Volume Bonus

- A Sales Director is entitled to a Sales Director Unit Volume Bonus of 10 percent (10%) of the monthly Wholesale Purchase Volume of Sales Director's Sales Unit, calculated based on the starting point of the applicable \$1,000 tier, beginning at the \$5,000 tier. For example:

MONTHLY UNIT WHOLESALE PURCHASE VOLUME	BONUS
\$5,000 to \$5,999.99	\$500
\$6,000 to \$6,999.99	\$600
\$7,000 to \$7,999.99	\$700
\$8,000 to \$8,999.99	\$800
\$9,000 to \$9,999.99	\$900
\$10,000 to \$10,999.99	\$1,000
\$11,000 to \$11,999.99	\$1,100
\$12,000 to \$12,999.99	\$1,200
\$13,000 to \$13,999.99	\$1,300
\$14,000 to \$14,999.99	\$1,400
\$15,000 to \$15,999.99	\$1,500
\$16,000 to \$16,999.99	\$1,600
\$17,000 to \$17,999.99	\$1,700
\$18,000 to \$18,999.99	\$1,800
\$19,000 to \$19,999.99	\$1,900
\$20,000 to \$20,999.99	\$2,000
\$21,000 to \$21,999.99	\$2,100
\$22,000 to \$22,999.99	\$2,200
\$23,000 to \$23,999.99	\$2,300
\$24,000 to \$24,999.99	\$2,400
\$25,000 to \$25,999.99	\$2,500

For each \$1,000 increase in monthly Unit Wholesale Purchase Volume, the bonus increases by \$100.

- Please note, this bonus schedule is theoretically infinite beyond the initial \$5,000 to \$5,999.99 tier. That is, although the \$50,000 to \$50,999.99 tier is not reflected in the example, you would still receive a \$5,000 Unit Volume Bonus if your monthly Unit Wholesale Purchase Volume fell between \$50,000 and \$50,999.99.

**• Sales Director Unit Development Bonus**

- A Sales Director is entitled to a Sales Director Unit Development Bonus of \$500 for each month five or more “qualified” new unit members are added to her Sales Unit. A qualified unit member is one whose initial order with the Company is \$600 or more in wholesale Section 1 products, and it is received and accepted by the Company in the same or following calendar month that her Independent Beauty Consultant Agreement is received and accepted by the Company.
- The \$500 Sales Director Unit Development Bonus is earned in the month in which at least five new qualified unit members’ initial minimum \$600 wholesale Section 1 orders are received and accepted by the Company.

**Contest Bonus (effective through June 30, 2007)**

- A Sales Director is entitled to a contest bonus of \$1,000 when she achieves:
  - Cadillac qualification or requalification;
  - Higher Circle of Achievement or Circle of Excellence than the previous year (payable with July commissions received in August). For example, if your 2006 unit circle level is higher than your 2005 unit circle level, you’ll earn the bonus. If your 2007 unit circle level is higher than your 2006 unit circle level, you’ll earn the bonus. And if 2006 or 2007 is your first time to achieve a unit circle, you’ll earn the bonus.
  - On the Write Track
  - Fabulous 50s Club
  - Honors Society

**REWARDS**

- Eligible to wear Sales Director suit
- *Directors Memo*
- *Sales Director Quarterly Power Plan*
- Eligible to order Sales Director Unit Support Package
- Sales Director pin and enhancer
- Eligible to earn the use of a Sales Director Career Car or Cash Compensation option
- Eligible to qualify for quarterly Star Sales Director recognition and yearlong consistency prizes.
- Eligible for Term Life Insurance Award and Disability Award Programs
- Eligible to attend Leadership Conference
- Eligible to qualify for Top Sales Director Trip
- Opportunity to personally recruit in designated international markets

**■ CAREER GUIDELINES**

- *Sales Director commissions and Sales Director bonuses are based on wholesale orders and Independent Beauty Consultant Agreements received and accepted by the Company by the close of business each month.*
- *It is expected that a Sales Director maintain minimum unit production of \$4,000 wholesale per month.*

Independent Sales Director Term Life Insurance Award and Disability Award Programs

• Sales Director Term Life Insurance Award Program

- Qualification for paid life insurance is based on the previous calendar year's total annual net adjusted unit wholesale production. Sales Directors must qualify each year for this award.
- As an award, the fair market value of Sales Director Term Life Insurance is included on IRS Form 1099 as income.

SALES DIRECTOR'S TOTAL ANNUAL NET ADJUSTED UNIT WHOLESale PRODUCTION	LIFE INSURANCE COVERAGE
\$187,000 and over	\$100,000
\$137,000 to \$186,999	\$ 75,000
\$112,000 to \$136,999	\$ 50,000
\$60,000 to \$111,999	\$ 25,000
\$48,000 to \$59,999	\$ 10,000

- Independent National Sales Directors receive \$200,000 term life insurance coverage with \$100,000 accidental death and dismemberment coverage.

• Sales Director Disability Award Program

- Under certain circumstances, the Company provides a one-year short-term disability award for totally and permanently disabled Sales Directors based on the Sales Director's average monthly tax-reportable commissions for the 12 months preceding the date of total and permanent disability. As part of eligibility for the Disability Award Program, the Sales Director must terminate her Independent Sales Director and Independent Beauty Consultant Agreements.

*Note: This is a brief description of the Sales Director Term Life Insurance Award and Disability Award Programs. All Sales Directors eligible for the Term Life Insurance Award will receive a notification of coverage and certificate providing the provisions of coverage each calendar year upon qualification. For complete details and guidelines, please refer to the Term Life Insurance Award and Disability Award Program brochure.*

# Independent Senior, Future Executive Senior, Executive Senior and Elite Executive Senior Sales Director

**Avenues of Income**

- Product sales and reorders
  - *On the Face* – Skin care classes and facials
  - *On the Go* – Quick and easy 15-minute appointments
  - *Online* – Sales through your Mary Kay® Personal Web Site
  - *On Paper* – Sales through catalogs and brochures (Preferred Customer Program mailings, *The Look, Beauty Book*, etc.)
  - *On With the Show* – Parties that preview product sets (collection previews, open houses)
- Team-building commissions
- Leadership

**Compensation**

• Commission Schedule

	PERSONAL UNIT MONTHLY WHOLESale PRODUCTION	NUMBER OF OFFSPRING UNITS	OFFSPRING COMMISSION
Tier 1	\$4,000 to \$11,999	One to Three	4.0%
		Four to Six	4.5%
		Seven or more	5.0%
Tier 2	\$12,000 or more	One to Three	5.0%
		Four to Six	5.5%
		Seven or more	6.0%

**Contest Bonus (effective through June 30, 2007)**

- A Senior Sales Director is entitled to a contest bonus of \$500 when her new offspring Sales Director achieves any one or more of the following:
  - On the Write Track
  - Fabulous 50s Club
  - Honors Society
- The Senior Sales Director must have a minimum unit size of 50 at the time her offspring Sales Director qualifies for each challenge to receive the bonus. (If a Senior Sales Director debuts one or more additional offspring Sales Directors one to three (1 – 3) months prior to when her offspring Sales Director reaches one of these achievements, her unit must have at least 30 unit members at the time the offspring Sales Director qualifies to receive the bonus.)

**Qualification**

- **Senior Sales Director:**  
You must have one to two active first-line offspring Sales Directors.
- **Future Executive Senior Sales Director:**  
You must have three to four active first-line offspring Sales Directors.
- **Executive Senior Sales Director:**  
You must have five to seven active first-line offspring Sales Directors.
- **Elite Executive Senior Sales Director:**  
You must have at least eight active first-line offspring Sales Directors.

**Special Considerations**

- Global Leadership Development Program offspring sales units are included for purposes of calculating the number of offspring units.
- A Senior Sales Director, Future Executive Senior Sales Director, Executive Senior Sales Director or an Elite Executive Senior Sales Director shall be paid at the Tier 2 offspring commission rates for three months after the debut of a new U.S. offspring sales unit. Thereafter, the Senior, Future Executive Senior, Executive Senior or Elite Executive Senior Sales Director's U.S. personal sales unit's monthly wholesale production determines the tier at which offspring sales unit commission is earned.
- For the 13% personal team commission, an Executive Senior or Elite Executive Senior Sales Director may substitute one new qualified personal team member for her personal \$600 wholesale Section 1 production. (In this case, a total of six ordering personal team members, one of whom is new with \$600 or greater wholesale Section 1 production, is required to earn the 13% commission.)

## Independent National Sales Director\*

**Qualification**

- Elite Executive Senior Sales Directors must personally communicate their National Sales Director goal/plan with their Sales Development Director prior to entering the Independent National Sales Director-in-Qualification (NIQ) period.
- Elite Executive Senior Sales Directors must submit a signed NIQ Letter of Commitment to the Company at the start of their NIQ period.
- In order to be considered for acceptance into the NIQ program, an Independent Elite Executive Senior Sales Director must have a total of either 18 or 20 offspring Independent Sales Directors having one of the following configurations:
  - **Option 1** (*effective through Jan. 1, 2007*)
    - (12/6) 12 first-line offspring Sales Directors, six of whom are Senior Sales Directors; or
    - (11/7) 11 first-line offspring Sales Directors, seven of whom are Senior Sales Directors; or
    - (10/8) 10 first-line offspring Sales Directors, eight of whom are Senior Sales Directors.
    - At the end of the fourth month of the National-in-Qualification period, each of the 18 qualifying offspring units (12/6, 11/7 or 10/8) and the National-in-Qualification's personal unit must have accumulated at least \$20,000 in unit wholesale production, AND all of the same 18 units must have at least 30 unit members. A maximum of \$8,000 per month in Section 1 unit wholesale production may count toward the \$20,000 total unit wholesale production requirement.
    - International first- or second-line offspring Sales Directors/ National Sales Directors can count toward the required 18 qualifying offspring units described above. To qualify, at the end of the fourth month of the National-in-Qualification period, the applicable international offspring unit must have 1) accumulated at least 25 percent more unit wholesale production than the total minimum production requirements over a four-month period as defined by the first- or second-line offspring Sales Director's/National Sales Director's home country AND 2) at least the minimum number of unit members required to initially debut as a Sales Director within the home country.

\*An Independent National Sales Director is an independent contractor, not an employee of Mary Kay Inc., and will not be treated as an employee for federal tax purposes or otherwise.

A maximum of two times the monthly minimum Section 1 unit wholesale production requirements in the applicable home country per month may count toward the total unit wholesale production requirement.

- Each of the first-line offspring Sales Directors will be required to meet the four-month NIQ qualification requirements, and each Senior Sales Director must have at least one offspring Sales Director that will be required to meet the four-month NIQ qualification requirements as outlined on Page 23.

➤ **Option 2**

- (12/3/8) 12 first-line offspring Sales Directors, three of whom are Senior Sales Directors and a total of eight second-line offspring Sales Directors; or
- (11/3/9) 11 first-line offspring Sales Directors, three of whom are Senior Sales Directors and a total of nine second-line offspring Sales Directors; or
- (10/3/10) 10 first-line offspring Sales Directors, three of whom are Senior Sales Directors and a total of 10 second-line offspring Sales Directors.
- In each of the four consecutive qualifying months, the first-line Sales Directors including the NIQ's personal unit must have a combined total of at least \$100,000 in unit wholesale production. The NIQ's personal unit can contribute up to \$20,000 unit wholesale production of the \$100,000 in each of the four qualifying months. Unit wholesale production in excess of \$100,000 will carry over for one calendar month.
- The second-line units must have a combined total of at least \$50,000 in unit wholesale production in each of the four qualifying months. All unit wholesale production in excess of \$50,000 will carry over for one calendar month.
- Each of the 20 qualifying units (12/8, 11/9 or 10/10) is permitted to fall below the minimum unit wholesale production requirement of \$4,000 (or the minimum unit production requirement of their home countries, in the case of international offspring units) one time during the four-month qualifying period.
- Each of the 20 qualifying units (12/8, 11/9 or 10/10) must have at least 30 unit members (or the minimum unit members based on their home country requirements, in the case of international offspring units) at the end of the fourth month of the NIQ period.
- Any additional first- or second-line Sales Directors above the required number may also contribute to the required wholesale production.

- International offspring production (IOP) on first- or second-line offspring Sales Directors/National Sales Directors can count toward U.S. Sales Directors who are entering into NIQ. IOP is calculated based on a percentage of the amount first- or second-line offspring Sales Directors/ National Sales Directors in foreign markets do above (or below) the minimum production requirements as defined by their home countries. (i.e., *actual local production ÷ local minimum unit production requirement = % of minimum unit production x U.S. minimum unit production = production credit in U.S. dollars.*)  
Example calculation: 125 basic units ÷ 100 basic units = 1.25 x \$4,000 U.S. = \$5,000 U.S.
- Each of the first-line offspring Sales Directors and second-line offspring Sales Directors will be required to meet the four-month NIQ qualification requirements and each Senior Sales Director must have at least one offspring Sales Director that will be required to meet the four-month NIQ qualification requirements as outlined above.

**Additional Qualification**

- The National-in-Qualification period is four consecutive months.
- You must be eligible to participate in the Family Security Program. The Family Security Program provides protection for NSDs and their families through life insurance, plus valuable retirement and disability benefits to further secure the future of the NSD who elects to participate and her family.
  - You must debut as an NSD before your 60th birthday and remain an NSD for a minimum of five years to qualify for normal or early retirement benefits.
  - If you debut as an NSD on or after your 60th birthday, and before your 65th birthday, and remain an NSD for a minimum of five years, you may qualify for late retirement benefits.
  - You may elect to retire after 15 years of NSD service and qualify for normal retirement benefits.
    - After one year of NSD service, you may be eligible for disability benefits or death benefits at a reduced percentage.
- When minimum requirements to debut as an Independent National Sales Director have been met, appointment is at the Company's sole discretion after review by the NSD Debut Review Board. Appointment is based on several factors (e.g., Mary Kay image, ethics, integrity and loyalty to the Company, the programs and the marketing plan).

**Note:** This information is intended to provide a nontechnical summary of the Family Security Program afforded to participating Independent National Sales Directors. The actual terms and conditions of the Family Security Program are contained in the program document "Mary Kay Inc. Family Security Program." In the event of any conflict between the program document and this information, the program document shall prevail.

**Compensation**

- **Personal team commission of 4%, 9% or 13%**  
For the 13% personal team commission, a National Sales Director does not have any personal activity requirements, but is still required to have at least five personal team members each place minimum \$200 wholesale Section 1 orders.
- **Sales Director personal unit volume commission of 13%**
- **National Sales Director Commission**
  - > NSD personal unit volume commission of 10%
    - ▲ An NSD may elect to keep her personal unit at the time she debuts or form a personal unit at a later date in order to develop additional first-line offspring units. She will earn a 10% NSD commission on her personal unit's wholesale volume in addition to a 13% Sales Director commission on that unit's wholesale production.

**NSD Offspring Commission based on monthly wholesale production of each:**

FIRST-LINE OFFSPRING	NSD COMMISSION
\$24,000 or more	10%
\$16,000 to \$23,999.99	9%
\$8,000 to \$15,999.99	8%
\$0 to \$7,999.99	7%

<b>Second-line</b> units who are unaffiliated with an offspring NSD <b>and</b> those affiliated with an offspring NSD	4%
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<b>Third-line</b> units who are unaffiliated with an offspring NSD <b>and</b> those affiliated with an offspring NSD	2%
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- > **First-line new offspring Sales Director Bonus**  
Bonuses will be paid for the development of Sales Directors from NSD's personal unit according to the following schedule:

	NSD BONUS
At time of offspring Sales Director's debut	\$5,000
At annual anniversary of same unit's debut when offspring Sales Director generates wholesale production of \$60,000 or more within last 12 months	\$1,000

- ▲ To be eligible for the first-line new offspring Sales Director Bonus, the NSD must have qualified to earn the first-line offspring bonus at the time of the offspring Sales Director's debut.

**Contest Bonus (effective through June 30, 2007)**

- A National Sales Director is entitled to a contest bonus of \$1,000 when an unaffiliated U.S. Sales Director in her area achieves any one or more of the following:
  - > Cadillac qualification or requalification
  - > Higher Circle of Achievement or Circle of Excellence than the previous year (payable with July commissions received in August)
  - > On the Write Track
  - > Fabulous 50s Club
  - > Honors Society

• • • • •  
**NSD Motivation Account**

A special allowance is paid to NSDs to help defray some of the expenses related to prizes, awards, newsletters, telephone calls, etc., which are associated with an NSD's activity with her fourth-line Sales Directors and beyond. This allowance is determined at the end of June and paid in July of the same year according to the following schedule. Only unaffiliated offspring units from the United States and Global Leadership Development Program are considered for this account.

NUMBER OF FOURTH-LINE AND BELOW	PAYMENT
1 to 10	\$ 300
11 to 20	\$ 500
21 to 50	\$1,000
51 to 100	\$2,000
101 to 200	\$3,000
201 to 300	\$5,000
300 +	\$7,000



- Eligible to wear National Sales Director suit
- *National News Notes*
- NSD Online Suite
- NSD bracelet
- Annual luxury trip for self and spouse
- Earn the use of a Cadillac or choose the Cash Compensation option at a rate of \$1,400 per month in lieu of the car
- Family Security Program
- Opportunity to personally recruit in designated international markets
- Term Life Insurance Award Program
- Disability Award Program

## Independent Senior National Sales Director and Independent Executive National Sales Director

### Qualification

- **Senior National Sales Director:**  
You must have one offspring National Sales Director in any line regardless of debut sequence.
- **Executive National Sales Director:**  
You must have at least three offspring National Sales Directors from any unaffiliated line who debuted as Independent National Sales Directors subsequent to your debut and for whom you are eligible to receive the Offspring NSD Development Bonus.

### Compensation

- **Offspring NSD Development Bonus Schedule**
  - When a new offspring NSD is developed out of any line of the NSD's unaffiliated area, the Senior NSD is entitled to a \$10,000 Offspring NSD Development Bonus at the time of the new offspring NSD's debut, and annually thereafter for so long as the Senior NSD's Agreement is in effect.
  - There shall only be one (1) recipient of this bonus. For purposes of determining the recipient of this bonus, the NSD of the new offspring NSD four (4) months prior to the new offspring NSD's debut receives the bonus.
- **Senior National Sales Director Commission Schedule**  
Commission is payable on the wholesale unit production of the personal unit of offspring NSDs according to the following schedule:

	NSD COMMISSION	SENIOR SALES DIRECTOR COMMISSION
First-line offspring Sales Director who becomes an NSD	5%	5%
Second-line offspring Sales Director who becomes an NSD	4%	
Third-line offspring Sales Director who becomes an NSD	2%	

These personal unit commissions are payable regardless of debut sequence, even if the offspring NSD debuted prior to the Senior NSD. Likewise, it does not matter if another NSD exists between the Senior NSD and the offspring NSD.

CAREER PATH

COMMISSIONS

# Advance

AT-A-GLANCE

# Career Path Commissions At-A-Glance

## PERSONAL TEAM COMMISSION SCHEDULE FOR ACTIVE SENIOR CONSULTANTS AND ABOVE:

QUALIFICATION	COMMISSION ON COMBINED WHOLESALE ORDERS
You have five or more personal team members who each place minimum \$200 wholesale Section 1 orders in a month, and you personally place a \$600 wholesale Section 1 order in the same month	13%
5 or more active personal team members	9%
1 - 4 active personal team members	4%

## TEAM-BUILDING BONUS

A \$50 team-building bonus will be paid to Star Recruiters, Team Leaders, Future Independent Sales Directors and Sales Directors-in-Qualification for each qualified personal team member *beginning with the fourth personal team member*.

## INDEPENDENT SALES DIRECTOR COMMISSION SCHEDULE:

### Sales Director Unit Volume Commission Schedule

MONTHLY WHOLESALE PRODUCTION	COMMISSION
\$4,000 or more	13%
\$0 to \$3,999	9%

### Unit Volume Bonus Schedule

MONTHLY UNIT WHOLESALE PURCHASE VOLUME	BONUS
\$5,000 to \$5,999.99	\$500
\$6,000 to \$6,999.99	\$600
\$7,000 to \$7,999.99	\$700
\$8,000 to \$8,999.99	\$800
\$9,000 to \$9,999.99	\$900
\$10,000 to \$10,999.99	\$1,000
\$11,000 to \$11,999.99	\$1,100
\$12,000 to \$12,999.99	\$1,200
\$13,000 to \$13,999.99	\$1,300
\$14,000 to \$14,999.99	\$1,400
\$15,000 to \$15,999.99	\$1,500

For each \$1,000 increase in monthly Unit Wholesale Purchase Volume, the bonus increases by \$100.

➤ Please note, this bonus schedule is theoretically infinite beyond the initial \$5,000 to \$5,999.99 tier. That is, although the \$50,000 to \$50,999.99 tier is not reflected in the example, you would still receive a \$5,000 Unit Volume Bonus if your monthly Unit Wholesale Purchase Volume fell between \$50,000 and \$50,999.99.

**Unit Development Bonus** \$500 for each month five or more “qualified” new unit members are added to Sales Unit.

**Sales Director Personal Team-Building Bonus** A Sales Director is entitled to a \$100 Sales Director Personal Team-Building Bonus for each “qualified” new personal team member added to her Sales Unit.

## INDEPENDENT SENIOR SALES DIRECTOR, FUTURE EXECUTIVE SENIOR SALES DIRECTOR, EXECUTIVE SENIOR SALES DIRECTOR AND ELITE EXECUTIVE SENIOR SALES DIRECTOR COMMISSION SCHEDULE:

PERSONAL UNIT MONTHLY WHOLESALE PRODUCTION	NUMBER OF OFFSPRING UNITS	OFFSPRING COMMISSION
Tier 1 \$4,000 to \$11,999	One to Three	4.0%
	Four to Six	4.5%
	Seven or more	5.0%
Tier 2 \$12,000 or more	One to Three	5.0%
	Four to Six	5.5%
	Seven or more	6.0%

## INDEPENDENT NATIONAL SALES DIRECTOR COMMISSION SCHEDULE:

BASED ON MONTHLY WHOLESALE PRODUCTION OF EACH FIRST-LINE OFFSPRING*	NSD COMMISSION
\$24,000 or more	10%
\$16,000 to \$23,999.99	9%
\$8,000 to \$15,999.99	8%
\$0 to \$7,999.99	7%

**Second-line** units who are unaffiliated with an offspring NSD **and** those affiliated with an offspring NSD 4%

**Third-line** units who are unaffiliated with an offspring NSD **and** those affiliated with an offspring NSD 2%

\*If first-line offspring is an NSD, the Senior NSD earns a 5% NSD commission and a 5% Senior Sales Director commission.

- Personal team commission of 4%, 9% or 13%
- Sales Director personal unit volume commission of 13%
- NSD personal unit volume commission of 10%

### ➤ First-line new offspring Sales Director Bonus

Bonuses will be paid for the development of Sales Directors from NSD's personal unit according to the following schedule:

	NSD BONUS
At time of offspring Sales Director's debut	\$5,000
At annual anniversary of same unit's debut when offspring Sales Director generates wholesale production of \$60,000 or more within last 12 months	\$1,000

### Offspring NSD Development Bonus

\$10,000 annual bonus on the development of NSD offspring

A P R O V E N

P R O G R A M

# Advance

T O A

C A R E E R C A R /

C A S H

C O M P E N S A T I O N

O P T I O N

## Grand Achiever Program



### REWARDS

- **Independent Beauty Consultants**

- Consultant Career Car (Pontiac Vibe) or Cash Compensation\*
- Grand Achiever pin

- **Independent Sales Directors**

- Cash Compensation
- Grand Achiever pin

### On-Target

- Five or more active personal team members
- \$4,000 combined personal/team wholesale Section 1 production in a calendar month. (Remember it takes an average of \$4,500 over four months to achieve the required \$18,000 production requirement.)
- You must be active.
- These requirements must be met each month to be considered on-target. *(A team member who is the spouse of an Independent Beauty Consultant/ Independent Sales Director or a team member of one of your personal team members will not count toward Grand Achiever Program qualification requirements, requalification requirements or maintenance requirements.)*

### Qualification

- You may qualify as a Grand Achiever in one, two, three or four months, based on when you achieve the following:
  - \$18,000 combined personal/team wholesale Section 1 production
  - 12 active personal team members

*\*To select the Consultant Career Car reward, you must meet the requirements of the Career Car Insurance Program. In addition, at the time of qualification you must possess a valid U.S. driver's license and either a Social Security card or Individual Taxpayer Identification Number (ITIN). Independent Beauty Consultants in Guam, Puerto Rico or the U.S. Virgin Islands will receive Cash Compensation only and will not have the option to choose the use of a Consultant Career Car.*

- You may contribute up to \$4,000 in personal wholesale Section 1 production toward the total \$18,000 requirement.
- Your team must contribute a minimum of \$14,000 wholesale Section 1 production toward the total \$18,000 requirement.
- You must have a minimum of \$4,000 combined personal/team wholesale Section 1 production each month of the qualification period while maintaining five or more active personal team members.
- You must be active.

### Maintenance Requirements

- Team maintenance starts the month following qualification and continues through the requalification period as long as minimum maintenance requirements are met.
- Minimum of \$4,500 net adjusted team wholesale production per month.
- Minimum of five active personal team members
- Remain current on monies owed the Company
- Receive \$600 car program credit toward the required \$4,500 net adjusted team wholesale production per month for each new qualified personal team member.
- If production falls below the minimum monthly maintenance requirement, you may be allowed to maintain the reward as long as you have five or more active personal team members and steady improvement is made toward the minimum monthly production requirement.

### Performance Account and Momentum Month

- Performance account is utilized to offset production shortfalls below the monthly minimum maintenance requirement of \$4,500 net adjusted team wholesale production per month, and does not count toward on-target status or requalification requirements.
- Performance account is established after qualification with \$4,500 wholesale balance.
- **Your first month after qualification is your momentum month,** and all production in this month, including car program credit, will be doubled.
- Each month production in excess of the required \$4,500 adds to the performance account; less than the required \$4,500 depletes the performance account.
- Maximum performance account balance that can be carried forward from month to month is \$13,500.

**CONSULTANT CAREER CAR /  
CASH COMPENSATION OPTION**

**Grand Achiever Career Car (Consultants only)**

- Consultant Career Car (Pontiac Vibe) is in lieu of Cash Compensation.
- If you choose the Consultant Career Car, you will be required to maintain this reward through the 24-month maintenance period. Once you debut as an Independent Sales Director, you may qualify for Cadillac reward/status at any time prior to the end of the maintenance period. You may qualify for Premier Club reward/status at any time by achieving \$75,000 in net adjusted unit wholesale production within two consecutive calendar quarters.
- Co-op lease payment is due if the performance account is depleted and production falls short of the required \$4,500 net adjusted team wholesale production.
- The co-op lease payment amount is determined by the Grand Achiever Co-op Lease Payment Schedule below and deducted from the following month's commission check.
- If the commission check is not sufficient to cover the co-op lease payment, the balance must be paid to the branch by the 21st of the current month.
- Return of a Career Car prior to the end of the maintenance period may impact future eligibility and rewards under the Career Car Program.

**Grand Achiever Co-op Lease Payment Schedule**

*(amounts subject to change)*

MONTHLY NET ADJUSTED TEAM WHOLESALE PRODUCTION	MONTHLY LEASE CO-OP PAYMENT
\$4,500 or more	-0-
\$3,500 to \$4,499	\$ 93.75
\$2,500 to \$3,499	\$187.50
\$1,500 to \$2,499	\$281.25
\$0 to \$1,499	\$375.00

**Cash Compensation Option (Consultants and Sales Directors)**

- Monthly Cash Compensation is in lieu of the Consultant Career Car.
- Full Cash Compensation is paid each month unless the performance account is depleted and production falls short of the required \$4,500 net adjusted team wholesale production per month.

**CONSULTANT CAREER CAR /  
CASH COMPENSATION OPTION**

- The Cash Compensation payment amount is determined by the Grand Achiever Cash Compensation Payment Schedule below and paid in that month's commission check that is received in the middle of the following month.

**Grand Achiever Cash Compensation Payment Schedule**

*(amounts subject to change)*

MONTHLY NET ADJUSTED TEAM WHOLESALE PRODUCTION	MONTHLY CASH COMPENSATION
\$4,500 or more	\$375.00
\$3,500 to \$4,499	\$281.25
\$2,500 to \$3,499	\$187.50
\$1,500 to \$2,499	\$93.75
\$0 to \$1,499	-0-

*Note: Cash Compensation payments begin with the commission check received in the second month following qualification.*

**Requalification**

- Independent Beauty Consultant
  - Requalification starts the 21st month after the qualification month.
  - Same as qualification rules.
  - \$600 car program credit counts toward required production.
  - Performance account balance does not count toward on-target status or requalification requirements.
  - Performance account balance following requalification is re-established after qualification with a \$4,500 wholesale balance **or** the current performance account balance, whichever is greater.
- Independent Sales Director
  - Requalification starts the sixth quarter of possession for Premier Club/Cadillac.
    - ▲ The sixth quarter of possession is the calendar quarter that includes the 21st month after qualification.
  - For Premier Club/Cadillac qualification requirements, see Pages 43 and 47.
    - ▲ If Premier Club/Cadillac qualification requirements are not met by the end of your eighth quarter of possession, you may qualify for Grand Achiever status (Cash Compensation only) by using the last four months of your seventh and eighth quarters.

**CONSULTANT CAREER CAR /  
CASH COMPENSATION OPTION**

**Car Program Credit**

- Receive \$600 car program credit for each new qualified personal team member.
  - Initial order with the Company must be \$600 or more in wholesale Section 1 products, and must be received and accepted by the Company in the same or following calendar month that the Independent Beauty Consultant Agreement was received and accepted by the Company.
- Car program credit applies toward the required maintenance requirements and requalification requirements.

**Independent Sales Director Unit Maintenance Option**

- The Grand Achiever Unit Maintenance Option is available to Independent Sales Directors who are in maintenance of their Grand Achiever reward and does not effect Grand Achiever reward options, on-target requirements, qualification requirements or requalification requirements.
- Independent Sales Directors who are qualified or qualify as Grand Achievers will be allowed to switch at the beginning of a calendar quarter from the Grand Achiever Team Maintenance Program to the Grand Achiever Unit Maintenance Program.
- Once the Independent Sales Director switches to the Grand Achiever Unit Maintenance Program the performance account is no longer applicable. The Independent Sales Director's net adjusted unit wholesale production during the quarter will determine the amount of any monthly co-op lease payments or cash compensation payments in the following quarter.
- Minimum of \$24,000 net adjusted unit wholesale production per calendar quarter.
- Production in excess of \$24,000 in each quarter will carry forward to the next quarter to offset any production shortfall below the quarterly maintenance requirements.
- \$600 car program credit counts toward required production.
- Remain current on monies owed the Company.
- If production falls below the minimum quarterly maintenance requirement, you may be allowed to maintain the reward as long as steady improvement is made toward the minimum quarterly production requirements.

**CONSULTANT CAREER CAR /  
CASH COMPENSATION OPTION**

**Grand Achiever Career Car**

- Co-op lease payment is due if production falls below \$23,000 net adjusted unit wholesale production per calendar quarter.
- The prior calendar quarter's net adjusted unit wholesale production and the Grand Achiever Career Car Unit Co-Op Lease Payment Schedule below determine the monthly co-op lease payment amount due for the current quarter.
- If the commission check is not sufficient to cover the co-op lease payment, the balance must be paid to Mary Kay Inc. by the 21st of the current month.
- Return of a Career Car prior to the end of the maintenance period may impact future eligibility and rewards under the Career Car Program.

**Grand Achiever Career Car Unit Co-op Lease  
Payment Schedule**

*(amounts subject to change)*

<b>QUARTERLY NET ADJUSTED UNIT WHOLESALE PRODUCTION</b>	<b>MONTHLY LEASE CO-OP PAYMENT</b>
\$23,000 and over	-0-
\$20,000 to \$22,999	\$ 37.50
\$17,000 to \$19,999	\$ 75.00
\$14,000 to \$16,999	\$112.50
\$11,000 to \$13,999	\$187.50
\$8,000 to \$10,999	\$262.50
\$0 to \$7,999	\$375.00

**Cash Compensation Option**

- Cash Compensation is paid each month of a quarter based on the previous quarter net adjusted unit wholesale production and the Grand Achiever Cash Compensation Unit Payment Schedule below.

**Grand Achiever Cash Compensation Payment Schedule**

*(amounts subject to change)*

<b>QUARTERLY NET ADJUSTED UNIT WHOLESALE PRODUCTION</b>	<b>MONTHLY CASH COMPENSATION</b>
\$23,000 and over	\$375.00
\$20,000 to \$22,999	\$337.50
\$17,000 to \$19,999	\$300.00
\$14,000 to \$16,999	\$262.50
\$11,000 to \$13,999	\$187.50
\$8,000 to \$10,999	\$112.50
\$0 to \$7,999	-0-

**Net Adjusted Team Wholesale Production**

- Grand Achiever net adjusted team wholesale production includes personal and team production, plus car program credit, plus any amounts borrowed from the performance account balance, less any chargebacks.

**Net Adjusted Unit Wholesale Production**

- An Independent Sales Director's net adjusted unit wholesale production includes unit wholesale production, plus car program credit, less any chargebacks.

## Premier Club Program



- MK Signature™ platinum Pontiac Grand Prix or Cash Compensation\*
- Premier Club pin

**On-Target**

- \$24,000 net adjusted unit wholesale production in one calendar quarter.

**Qualification**

- \$48,000 net adjusted unit wholesale production within two consecutive calendar quarters.

EXAMPLES:

<b>Calendar Quarter 1</b>		<b>Quarter 2</b>		<b>Total</b>
Net Wholesale \$24,000	+	\$24,000	=	\$48,000
Net Wholesale \$21,000	+	\$27,000	=	\$48,000

- \$600 car program credit counts toward required production.
- An Independent Sales Director maintaining Grand Achiever status driving a Career Car may qualify for Premier Club reward/status by meeting the \$75,000 net adjusted unit wholesale production requirement in two consecutive calendar quarters.

**Maintenance**

- Maintenance starts the quarter following qualification and continues through your requalification period as long as minimum maintenance requirements are met.
- Minimum of \$24,000 net adjusted unit wholesale production per calendar quarter.
- Excess production from the two qualifying quarters over \$48,000 will carry forward to the next quarter to offset any production shortfall below the quarterly maintenance requirements.
- Production in excess of \$24,000 in each quarter will carry forward to the next quarter to offset any production shortfall below the quarterly maintenance requirements.
- Remain current on monies owed the Company.

*\*To select the Premier Club Career Car reward, you must meet the requirements of the Career Car Insurance Program. In addition, at the time of qualification you must possess a valid U.S. driver's license and either a Social Security card or Individual Taxpayer Identification Number (ITIN). Independent Sales Directors in Guam, Puerto Rico or the U.S. Virgin Islands will receive Cash Compensation only and will not have the option to choose the use of a Premier Club Career Car.*

**SALES DIRECTOR CAREER CAR /  
CASH COMPENSATION OPTION**

- \$600 car program credit counts toward required production.
- Mary Kay Inc. will pay all or part of the monthly leasing costs or Cash Compensation for eight calendar quarters, depending upon the net adjusted unit wholesale production from the prior quarter.
- If production falls below the minimum quarterly maintenance requirement, you may be allowed to maintain the reward as long as steady improvement is made toward the minimum quarterly production requirements.

**Premier Club Career Car**

- Premier Club Career Car is in lieu of Cash Compensation.
- Co-op lease payment is due if production falls below \$23,000 net adjusted unit wholesale production per calendar quarter.
- The prior calendar quarter's net adjusted unit wholesale production and the Premier Club Career Car Co-op Lease Payment Schedule below determine the monthly co-op lease payment amount due for the current quarter.
- If the commission check is not sufficient to cover the co-op lease payment, the balance must be paid to the branch by the 21st of the current month.
- Return of a Career Car prior to the end of the maintenance period may impact future eligibility and rewards under the Career Car Program.

**Premier Club Career Car Co-op Lease Payment Schedule**

*(amounts subject to change)*

<b>QUARTERLY NET ADJUSTED UNIT WHOLESALE PRODUCTION</b>	<b>MONTHLY LEASE CO-OP PAYMENT</b>
\$23,000 and over	-0-
\$20,000 to \$22,999	\$ 50
\$17,000 to \$19,999	\$100
\$14,000 to \$16,999	\$150
\$11,000 to \$13,999	\$250
\$8,000 to \$10,999	\$350
\$0 to \$7,999	\$500

**SALES DIRECTOR CAREER CAR /  
CASH COMPENSATION OPTION**

**Cash Compensation Option**

- Cash Compensation is in lieu of the Premier Club Career Car.
- Cash Compensation is paid each month of a quarter based on the previous quarter net adjusted unit wholesale production and the Premier Club Cash Compensation Payment Schedule below.

**Premier Club Cash Compensation Payment Schedule**

*(amounts subject to change)*

<b>QUARTERLY NET ADJUSTED UNIT WHOLESALE PRODUCTION</b>	<b>MONTHLY CASH COMPENSATION</b>
\$23,000 and over	\$500
\$20,000 to \$22,999	\$450
\$17,000 to \$19,999	\$400
\$14,000 to \$16,999	\$350
\$11,000 to \$13,999	\$250
\$8,000 to \$10,999	\$150
\$0 to \$7,999	-0-

*Note: Cash Compensation payments begin with the final commission check received in the fourth month following qualification.*

**Requalification**

- \$48,000 net adjusted unit wholesale production during the sixth and seventh quarters of possession or during the seventh and eighth quarters of possession.
- \$600 car program credit counts toward required production.
- If a Sales Director has not qualified by the end of her eighth quarter of possession, but did achieve \$24,000 net adjusted unit wholesale production in her eighth quarter (i.e., is on-target), she may combine her eighth and ninth quarters to requalify.

*Note: Quarter of possession starts the second quarter following qualification.*

**Car Program Credit**

- Receive \$600 car program credit for each new qualified personal team member.
  - > Initial order with the Company must be \$600 or more in wholesale Section 1 products, and it must be received and accepted by the Company in the same or following calendar month that the Independent Beauty Consultant Agreement was received and accepted by the Company.
- Car program credit applies toward the required qualification requirements, maintenance requirements and requalification requirements.

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**Net Adjusted Unit Wholesale Production**

An Independent Sales Director's net adjusted unit wholesale production includes unit wholesale production, plus car program credit, less any chargebacks.

# Pink Cadillac Program



- Cadillac\* or Cash Compensation
- Cadillac pin

**On-Target**

- \$48,000 net adjusted unit wholesale production in one calendar quarter.

**Qualification**

- \$96,000 net adjusted unit wholesale production within two consecutive calendar quarters.

EXAMPLES:

<b>Calendar Quarter 1</b>		<b>Quarter 2</b>		<b>Total</b>
Net Wholesale \$48,000	+	\$48,000	=	\$96,000
Net Wholesale \$40,000	+	\$56,000	=	\$96,000

- \$600 car program credit counts toward required production.

**Maintenance**

- Maintenance starts the quarter following qualification and continues through your requalification period as long as minimum maintenance requirements are met.
- Minimum of \$48,000 net adjusted unit wholesale production per calendar quarter.
- Excess production from the two qualifying quarters over \$96,000 will carry forward to the next quarter to offset any production shortfall below the quarterly maintenance requirements.
- Production in excess of \$48,000 in each quarter will carry forward to the next quarter to offset any production shortfall below the quarterly maintenance requirements.

*\*To select the Cadillac Career Car reward, you must meet the requirements of the Career Car Insurance Program. In addition, at the time of qualification you must possess a valid U.S. driver's license and either a Social Security card or Individual Taxpayer Identification Number (ITIN).*

**SALES DIRECTOR CAREER CAR /  
CASH COMPENSATION OPTION**

- Remain current on monies owed the Company.
- \$600 car program credit counts toward required production.
- Mary Kay Inc. will pay all or part of the monthly leasing costs or Cash Compensation for eight calendar quarters, depending upon the Independent Sales Director's net adjusted unit wholesale production from the prior quarter.
- If production falls below the minimum quarterly maintenance requirement, you may be allowed to maintain the award as long as steady improvement is made toward the minimum quarterly production requirements.

**Cadillac Career Car**

- Cadillac is in lieu of Cash Compensation.
- Co-op lease payment is due if production falls below \$45,000 net adjusted unit wholesale production per calendar quarter.
- The prior calendar quarter's net adjusted unit wholesale production and the Cadillac Co-op Lease Payment Schedule below determine the monthly co-op lease payment amount due for the current quarter.
- If the commission check is not sufficient to cover the co-op lease payment, the balance must be paid to the branch by the 21st of the current month.
- Return of a Career Car prior to the end of the maintenance period may impact future eligibility and rewards under the Career Car Program.

**Cadillac Co-op Lease Payment Schedule**

*(amounts subject to change)*

QUARTERLY NET ADJUSTED UNIT WHOLESALE PRODUCTION	MONTHLY CO-OP LEASE PAYMENT
\$45,000 and over	-0-
\$42,000 to \$44,999	\$ 90
\$39,000 to \$41,999	\$180
\$35,000 to \$38,999	\$270
\$31,000 to \$34,999	\$450
\$27,000 to \$30,999	\$630
\$0 to \$26,999	\$900

**SALES DIRECTOR CAREER CAR /  
CASH COMPENSATION OPTION**

**Cash Compensation Option**

- Cash Compensation is in lieu of the Cadillac.
- Cash Compensation is paid each month of a quarter based on the previous quarter's net adjusted unit wholesale production and the Cadillac Cash Compensation Payment Schedule below.

**Cadillac Cash Compensation Payment Schedule**

*(amounts subject to change)*

QUARTERLY NET ADJUSTED UNIT WHOLESALE PRODUCTION	MONTHLY CASH COMPENSATION
\$45,000 and over	\$900
\$42,000 to \$44,999	\$810
\$39,000 to \$41,999	\$720
\$35,000 to \$38,999	\$630
\$31,000 to \$34,999	\$450
\$27,000 to \$30,999	\$270
\$0 to \$26,999	-0-

*Note: Cash Compensation payments begin with the final commission check received in the fourth month following qualification.*

**Requalification**

- \$96,000 net adjusted unit wholesale production during the sixth and seventh quarters of possession or during the seventh and eighth quarters of possession.
- \$600 car program credit counts toward required production.
- If a Sales Director has not qualified by the end of her eighth quarter of possession, but did achieve \$48,000 net adjusted unit wholesale production in her eighth quarter (i.e., is on-target), she may combine her eighth and ninth quarters to requalify.

*Note: Quarter of possession starts the second quarter following qualification.*

