

A P R O V E N

P R O G R A M

# Advance

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

C A R E E R

S U C C E S S

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

MARY KAY®

## 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*

■ **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

■ **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 unit volume bonus of \$500 to \$5,000 per month
- Receive a \$300 unit development bonus per month, plus an additional \$600 bonus per quarter
- Be eligible for Term Life Insurance Award and Disability Award Programs
- Earn the use of a Career Car or select the Cash Compensation option

■ **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 5% on personal unit wholesale
- Earn 5% to 8% commissions on first-line; 3% on second-line; 2% on third-line offspring units
- Earn \$5,000 bonus for development of new first-line Sales Directors
- Earn \$10,000 annual bonus for development of new NSD offspring
- Receive a pink Cadillac with a choice of options or select the Cash Compensation option
- Enroll in the Family Security Program

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

- Red Pontiac Grand Am
- MK Signature™ platinum Pontiac Grand Prix
- Pink Cadillac
- Or select the Cash Compensation option in lieu of any of the cars listed above

## CONSULTANT CAREER PATH

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# Independent Beauty Consultant\*

### Avenues of Income

- Product marketing
  - > On The Face
  - > On The Go
  - > Online
  - > On Paper
  - > On With The Show



### 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 by the close of business on the last working day of the 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.*

## **C O N S U L T A N T   C A R E E R   P A T H**

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### **S t a r   C o n s u l t a n t   P r o g r a m**

A Consultant at any step of the career path may become a Star Consultant based on the amount of her wholesale Section 1 orders postmarked in a contest 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 wholesale
- Diamond star for \$3,000 wholesale
- Emerald star for \$3,600 wholesale

Consistency as a Star Consultant also is rewarded.

### **N e w   C o n s u l t a n t   I n c e n t i v e s**

#### **• 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 go to the Mary Kay InTouch® Web site and select “Full-Circle Success” located under Career, then select “Inventory Options.”

## Senior Consultant

### Avenues of Income

- Product marketing
  - > *On The Face*                      > *On Paper*
  - > *On The Go*                         > *On With The Show*
  - > *Online*
- Team building (Senior Consultants and above)
- Leadership (Sales Directors and above)

### 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 14] and National Sales Directors [see Page 17].)

**C O N S U L T A N T   C A R E E R   P A T H**

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## Star Recruiter

### Compensation

- 4% personal team commission
- Eligible to begin earning 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
- *Challenger*® newsletter

### 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

### 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 (Team Career Car or Cash Compensation)

### Requirements

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

## CONSULTANT CAREER PATH

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# Future Independent Sales Director\*

### Compensation

- 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 (Team Career Car or Cash Compensation)

### 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

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

### **Compensation**

- 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.)

## SALES DIRECTOR CAREER PATH

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### 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 (To count toward this requirement, none of the DIQ's team members can be any of the following: the **spouse** of any Consultant, the DIQ's **spouse**, a current DIQ [during the DIQ's qualification] or a current Sales Director.)
  - \$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.
- **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. There may be only one Sales Director per husband-and-wife team. 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.

*\*The production of the spouse of any Independent Beauty Consultant or the DIQ's spouse will not count toward this production.*

## **S A L E S   D I R E C T O R   C A R E E R   P A T H**

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- 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 program designated for her debuting class when she completes the Sales Director-in-Qualification program.
- In the event anyone places an order 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 the DIQ's inventory, 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 and each time fail to meet the requirements to complete the process, she will receive a letter explaining she has one more opportunity to complete the requirements. 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.
- For more information, log on to the Mary Kay InTouch® Web site and select "DIQ Information" located under Career.

**SALES DIRECTOR CAREER PATH**

## Independent Sales Director\*

### Avenues of Income

- Product marketing
  - > *On The Face*                      > *On Paper*
  - > *On The Go*                        > *On With The Show*
  - > *Online*
- Team building
- Leadership

### Compensation

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

- **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 WHOLESALE PRODUCTION	BONUS
\$50,000 or more	\$5,000
\$40,000 to \$49,999	\$3,600
\$36,000 to \$39,999	\$3,100
\$30,000 to \$35,999	\$2,600
\$24,000 to \$29,999	\$2,100
\$18,000 to \$23,999	\$1,600
\$14,000 to \$17,999	\$1,200
\$12,000 to \$13,999	\$1,100
\$10,000 to \$11,999	\$1,000
\$8,000 to \$9,999	\$ 900
\$5,000 to \$7,999	\$ 500

- **Sales Director Unit Development Bonus**

- > A Sales Director is entitled to a Sales Director Unit Development Bonus of \$300 for each month three or more qualified unit members\*\* are added to her sales unit. The \$300 Sales Director Unit Development Bonus is earned in

\*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.

\*\*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.

## **SALES DIRECTOR CAREER PATH**

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the month in which the qualified unit members' initial minimum \$600 wholesale Section 1 orders (at least three) are received and accepted by the Company.

- A Sales Director is entitled to a \$600 Sales Director Unit Development Bonus for each calendar quarter nine or more qualified unit members\* are added to her sales unit. The \$600 Sales Director Unit Development Bonus is earned in the calendar quarter in which the qualified unit members' initial minimum \$600 wholesale Section 1 orders (at least nine) are received and accepted by the Company. A calendar quarter is either: 1) January, February and March; 2) April, May and June; 3) July, August and September; or 4) October, November and December.



### **REWARDS**

- Eligible to wear Sales Director suit
- *Directors Memo*
- Sales Director Quarterly Planner
- Sales Director *Power Hour*®
- Sales Director pin and enhancer
- Eligible to earn the use of a Sales Director Career Car or Cash Compensation
- 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 Agreements received by the Company by the close of business on the last working day of each month.*
- *It is expected that a Sales Director maintain minimum unit production of \$4,000 wholesale per month.*

*\*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.*

**S A L E S   D I R E C T O R   C A R E E R   P A T H**

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**I n d e p e n d e n t   S a l e s   D i r e c t o r   T e r m   L i f e  
I n s u r a n c e   A w a r d   a n d   D i s a b i l i t y  
A w a r d   P r o g r a m s**

- **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.

<b>SALES DIRECTOR’S TOTAL ANNUAL NET ADJUSTED UNIT WHOLESALE PRODUCTION</b>	<b>LIFE INSURANCE COVERAGE</b>
\$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.

*Note: This is a brief description of the Sales Director Term Life Insurance Award Program. All eligible Sales Directors will receive a notification of coverage and certificate providing the provisions of coverage each calendar year upon qualification.*

- **Sales Director Disability Award Program**
  - Under certain circumstances, the Company provides a 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.

*Note: This is a brief description of the Sales Director Disability Award Program. 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

### 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%

### 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.

## **S A L E S   D I R E C T O R   C A R E E R   P A T H**

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- 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

- In order to be considered for acceptance into the Independent National Sales Director-in-Qualification (NIQ) program, an Independent Elite Executive Senior Sales Director must have 18 offspring Independent Sales Directors having one of the following configurations:
  - (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\*\*.
- When minimum requirements 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).
- The National-in-Qualification period is four consecutive months.
- 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.
- Elite Executive Senior Sales Directors must personally communicate their National Sales Director goal/plan with their Sales Development Director prior to entering the National-in-Qualification period.
- Elite Executive Senior Sales Directors must submit a signed NIQ Letter of Commitment to the Company at the start of their NIQ period.

*\*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.*

*\*\*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 above.*

**NATIONAL SALES DIRECTOR CAREER PATH**

- 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 still 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.

*(This brochure is intended to provide a nontechnical summary of the 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 brochure, the program document shall prevail.)*

**Compensation**

- Personal team commission of 4%, 9% or 13%
- Sales Director personal unit volume commission of 13%
- NSD personal unit volume commission of 5%

**National Sales Director Commission Schedule**

BASED ON MONTHLY WHOLESALE PRODUCTION OF EACH FIRST-LINE OFFSPRING	NSD COMMISSION
\$18,000 or more	8.0%
\$10,000 to \$17,999	7.0%
\$4,000 to \$9,999	6.0%
\$0 to \$3,999	5.0%
<b>Second-line</b> unaffiliated and affiliated offspring sales units' combined monthly wholesale purchase volume	3.0%
<b>Third-line</b> unaffiliated and affiliated offspring sales units' combined monthly wholesale purchase volume	2.0%

**NATIONAL SALES DIRECTOR CAREER PATH**

• **Personal Unit**

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 5% NSD commission on her personal unit's wholesale volume in addition to a 13% Sales Director commission on that unit's wholesale production.

• **Personal Team Commission**

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.

• **First-line Sales Director Offspring Bonus**

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

	<b>NSD BONUS</b>
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



**REWARDS**

- Eligible to wear National Sales Director suit
- *National News Notes*
- NSD Online Suite
- Annual luxury trip for self and spouse
- Earn the use of a Cadillac or choose Cash Compensation 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

**NATIONAL SALES DIRECTOR CAREER PATH**

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**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 units from the U.S., Canada and Mexico are considered for this account.

<b>NUMBER OF FOURTH-LINE AND BELOW</b>	<b>PAYMENT</b>
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

## 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 without any Independent National Sales Directors between.

### 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
First-line offspring Sales Director who becomes an NSD	5.0%
Second-line offspring Sales Director who becomes an NSD	3.0%
Third-line offspring Sales Director who becomes an NSD	2.0%

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%

## ■ 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 WHOLESALE PRODUCTION	BONUS
\$50,000 or more	\$5,000
\$40,000 to \$49,999	\$3,600
\$36,000 to \$39,999	\$3,100
\$30,000 to \$35,999	\$2,600
\$24,000 to \$29,999	\$2,100
\$18,000 to \$23,999	\$1,600
\$14,000 to \$17,999	\$1,200
\$12,000 to \$13,999	\$1,100
\$10,000 to \$11,999	\$1,000
\$8,000 to \$9,999	\$ 900
\$5,000 to \$7,999	\$ 500

### Unit Development Bonus

\$300 monthly unit development bonus plus additional \$600 bonus available per calendar quarter.

■ **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
\$18,000 or more	8.0%
\$10,000 to \$17,999	7.0%
\$4,000 to \$9,999	6.0%
\$0 to \$3,999	5.0%
<b>Second-line</b> unaffiliated and affiliated offspring sales units' combined monthly wholesale purchase volume	3.0%
<b>Third-line</b> unaffiliated and affiliated offspring sales units' combined monthly wholesale purchase volume	2.0%

- Personal team commission of 4%, 9% or 13%
- Sales Director personal unit volume commission of 13%
- NSD personal unit volume commission of 5%

**NSD Unit Development Bonus**

- \$5,000 bonus on the development of new Sales Directors from the NSD's personal unit and subsequent annual bonuses of \$1,000 on same unit when it generates \$60,000 or more wholesale production within the prior year.

**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

## Grand Achiever Program



### **REWARDS**

- **Independent Beauty Consultants**
  - Pontiac Grand Am 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 recruit of one of your personal team members will not count toward car 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 Pontiac Grand Am reward, you must meet the requirements of the auto insurance program and at the time of qualification possess a valid U.S. driver's license. In addition, you must possess 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 Grand Am.*

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- 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**

- 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.
- Receive \$600 car program credit toward the required \$4,500 net adjusted team wholesale production per month for each new, qualified personal team member.
- Minimum of five active personal team members
- Remain current on monies owed the Company
- 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.

**T E A M 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 P R O G R A M**

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- 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.

**Grand Am\* (Consultants only)**

- Grand Am is in lieu of Cash Compensation.
- 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)*

<b>MONTHLY NET ADJUSTED TEAM WHOLESALE PRODUCTION</b>	<b>MONTHLY LEASE CO-OP PAYMENT</b>
\$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**

- Monthly Cash Compensation is in lieu of the Grand Am.
- 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.

*\*If you choose the Pontiac Grand Am, you will be required to maintain this award through the 24-month maintenance period, unless you qualify for Cadillac reward/status prior to the end of the maintenance period. Please note, you may qualify for Premier Club reward/status only during your requalification period.*

**TEAM CAREER CAR /  
CASH COMPENSATION PROGRAM**

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- 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)

<b>MONTHLY NET ADJUSTED TEAM WHOLESALE PRODUCTION</b>	<b>MONTHLY CASH COMPENSATION</b>
\$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 30 and 34.
    - 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.

**TEAM CAREER CAR /  
CASH COMPENSATION PROGRAM**

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**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.

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**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.

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

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## Premier Club Program



### **REWARDS**

- 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.

#### **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.

*\*To select the Pontiac Grand Prix reward, you must meet the requirements of the auto insurance program and at the time of qualification possess a valid U.S. driver's license. In addition, you must possess 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 Grand Prix.*

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

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- \$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.
- 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.

**Grand Prix**

- Grand Prix 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 Grand Prix 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.

**Grand Prix 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

**S A L E S   D I R E C T O R   C A R E E R   C A R /  
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**Cash Compensation Option**

- Cash Compensation is in lieu of the Grand Prix.
- 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.*

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

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**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 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.

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

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## Pink Cadillac Program



### REWARDS

- 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:

Calendar Quarter 1		Quarter 2		Total
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 reward, you must meet the requirements of the auto insurance program and at the time of qualification possess a valid U.S. driver's license. In addition, you must possess a Social Security card or Individual Taxpayer Identification Number (ITIN).*

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

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- \$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.
- Remain current on monies owed the Company.
- 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**

- 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)*

<b>QUARTERLY NET ADJUSTED UNIT WHOLESALE PRODUCTION</b>	<b>MONTHLY CO-OP LEASE PAYMENT</b>
\$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 PROGRAM**

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**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)*

<b>QUARTERLY NET ADJUSTED UNIT WHOLESALE PRODUCTION</b>	<b>MONTHLY CASH COMPENSATION</b>
\$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.*

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

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**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 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.

This brochure provides a brief description of the incentive programs in effect as of July 1, 2003. The Company reserves the right to alter, modify or change the commissions, bonuses or any terms of the incentive programs described herein.

**MARY KAY**<sup>®</sup>