

ADVANCE

JULY 1, 2019 - JUNE 30, 2020

CAREER PATH AND COMPENSATION

This is a brief description of the incentive programs update in effect July 1, 2019 – June 30, 2020. The Company reserves the right to alter, modify or change the commissions, bonuses or any terms of the incentive programs described herein.*

**Value of commissions, prizes and awards are reportable as income to the IRS. For additional information regarding income tax, go to InTouch* > Resources > Tax.*

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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
- Earn \$50 Team-Building bonuses

2 ■ as a senior beauty consultant you could:

- Earn profits based on retail sales
- Earn a 4% commission on wholesale orders of personal team members
- Earn \$50 Team-Building bonuses

3 ■ as a star team builder you could:

- Earn profits based on retail sales
- Earn a 4%, 6% or 8% commission on wholesale orders of personal team members
- Earn a 50% discount on your initial red jacket order
- Earn \$50 Team-Building bonuses
- Earn a first-time \$100 Red Jacket bonus

4 ■ 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
- Earn \$50 Team-Building bonuses
- Earn the use of a Career Car or select the Cash Compensation option

5 ■ as an independent sales director you could:

- Earn profits based on retail sales
- Earn personal team commissions of 4%, 9% or 13%
- Earn 9%, 13%, or 23% unit commission
- Earn a Personal Team-Building bonus of \$100 or more
- Earn \$1,000 First-Line U.S. Offspring Sales Director bonus
- Earn a Unit Development bonus of \$400 to \$1,000
- Earn a Star Consultant bonus of \$300 or more
- Earn a Wellness Award bonus of \$800, \$1,300 or \$2,000
- Earn the use of a Career Car or select Cash Compensation option

6 ■ as an independent senior sales director you could:

- Earn everything under Sales Director
- Earn first-line offspring commission of 5%
- Earn \$1,000 First-Line U.S. Offspring Sales Director bonus

7 ■ as a future executive senior sales director you could:

- Earn everything under Sales Director
- Earn first-line offspring commission of 6%
- Earn \$1,000 First-Line U.S. Offspring Sales Director bonus

8 ■ as an executive senior sales director you could:

- Earn everything under Sales Director
- Earn first-line offspring commission of 7%
- Earn second-line offspring commission of 1%
- \$1,000 First-Line U.S. Offspring Sales Director bonus

9 ■ as an elite executive senior sales director you could:

- Earn everything under Sales Director
- Earn first-line offspring commission of 7%
- Earn second-line offspring commission of 2%
- \$1,000 First-Line U.S. Offspring Sales Director bonus

10 ■ 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 9% commissions on first-line; 4% on second-line; 2% on third-line offspring units
- Earn 2% commission on top 10 fourth-line and beyond units affiliated and unaffiliated with NSD offspring
- Earn a \$1,000 and \$5,000 bonus for new first-line Sales Directors
- Earn \$10,000 annual bonus for development of new NSD offspring
- Earn \$200 to \$800 quarterly Leadership Development bonus on units in 1st – 3rd affiliated and unaffiliated area
- Earn the use of a pink Cadillac® with a choice of options or select the Cash Compensation option
- Enroll in the Family Security and Great Futures programs

BUSINESS GUIDELINES FOR ALL CAREER PATH LEVELS

- An Independent Beauty Consultant is considered “active” in the month a minimum \$225 wholesale Section 1 product order is received by the Company and in the following two calendar months.
- Activity status, career path 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 who orders a minimum of \$225 wholesale in any Section 1 products will receive a 50% discount on her entire Section 1 order and qualify for the Earned Discount Privilege. With the Earned Discount Privilege, she can receive a 50% discount on any subsequent orders she places, *regardless* of size, through the end of two months after her order month. For example, if a Beauty Consultant places a minimum \$250 wholesale Section 1 on March 16, 2019, her Earned Discount Privilege will apply until May 31, 2019. She will be eligible for the Earned Discount Privilege as long as she maintains “active” status.

beauty consultant career path

Independent Beauty Consultant*

Avenues of Income

- Product sales and reorders
- Team-Building bonus

Compensation

- Team-Building bonus



rewards

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

■ team-building bonus

An ACTIVE Independent Beauty Consultant, Senior Beauty Consultant, Star Team Builder, Team Leader or Future Independent Sales Director will earn a \$50 Team-Building bonus for each *Great Start*-qualified** new personal team member. She or he will receive the bonus in the month the new personal team member's *Great Start*-qualifying** order is received.

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star consultant program

A Beauty 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 for team-building. An additional 600 contest credits can be earned for each new personal team member whose Independent Beauty Consultant Agreement and cumulative \$600 or more in wholesale Section 1 orders are received and accepted by the Company during the contest quarter. See Star Consultant Program requirements below.

Star Consultant Levels

Sapphire	1800 contest credits	Pearl	4800 contest credits
Ruby	2400 contest credits	Pearl	6000 contest credits
Diamond	3000 contest credits	Pearl	7800 contest credits
Emerald	3600 contest credits	Pearl	9600 contest credits

Star Consultant Quarters

- > Quarter 1 – June 16 – Sept. 15
- > Quarter 2 – Sept. 16 – Dec. 15
- > Quarter 3 – Dec. 16 – March 15
- > Quarter 4 – March 16 – June 15



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new beauty consultant incentives

New Beauty Consultant *Great Start* Program

• Color Look

- > A new Beauty Consultant can earn a free† color look, valued at \$132.50 suggested retail, 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.

*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.

**A *Great Start*-qualified new personal team member is one whose initial order or cumulative orders with the Company are \$600 or more in wholesale Section 1 products, and the order(s) are received and accepted by the Company in the same or following three calendar months that her/his Independent Beauty Consultant Agreement is received and accepted by the Company.

†Sales tax is required on the suggested retail value of Section 1 products.

• **Great Start: Ready, Set, Sell!**

➤ When a new Independent Beauty Consultant places an initial \$600 or more wholesale Section 1 product order within her first *two months*, she can earn free Ultimate Product Bonus Bundles valued at up to \$158 suggested retail each. The first two months means the month her Independent Beauty Consultant Agreement is received and accepted by the Company and the following month. Maximum bonus value is an example based only on the maximum product bonus bundle value of \$158 suggested retail. The actual total value of the bonuses received will depend on the suggested retail values of the product bonus bundle(s) selected and is subject to any required tax obligations. Sales tax is required on the suggested retail value of the wholesale Section 1 products included in the product bonus bundles. She is eligible to receive up to six Ultimate Product Bonus Bundles total. For complete details, see the *Great Start: Ready, Set, Sell!* brochure or go to *Mary Kay InTouch*®.

• **Great Start: Ready, Set, Keep Selling!**

➤ Each time a new Independent Beauty Consultant reaches \$600 or more in initial or cumulative wholesale Section 1 product orders within her first four months, she'll earn a free Essential Product Bonus Bundle valued at approximately \$100 suggested retail. The first four months means the month her Independent Beauty Consultant Agreement is received and accepted by the Company and the following three calendar months (*Great Start*-qualified). Maximum bonus value is an example based only on the maximum product bonus bundle value of \$110 suggested retail. The actual total value of the product bonus bundle(s) received will depend on the suggested retail values of the product bonus bundle(s) selected and is subject to required tax obligations. Sales tax is required on the suggested retail value of the wholesale Section 1 products included in the product bonus bundles. This offer does not apply to order amounts that qualify for Ready, Set, Sell! product bonus bundles. She is eligible to receive up to six Essential Product Bonus Bundles total. See the *Great Start: Ready, Set, Keep Selling!* brochure for full details or go to *Mary Kay InTouch*®.

• **Great Start: Team-Building Product Bonus Bundles**

➤ When a new active Independent Beauty Consultant adds a new personal team member within her first four months of business, she can earn two Team-Building Product Bonus Bundles valued at up to a total of \$220 suggested retail when her new personal team member becomes a *Great Start*-qualified** Independent Beauty Consultant. No Limits. Her first four months means the month her Independent Beauty Consultant Agreement is received and accepted by the Company and the following three months. The actual total value of the product bonus bundles received will depend on the suggested retail value of the product bonus bundles selected and is subject to any required tax obligations. Sales tax is required on the suggested retail value of the wholesale Section 1 products included in the product bonus bundles. See the *Great Start: New Independent Beauty Consultant Rewards* pages on *Mary Kay InTouch*® for full details.

Senior Beauty Consultant

Avenues of Income

- Product sales and reorders
- Team-Building commissions
- Team-Building bonus

Compensation

- 4% personal team commission
- Team-Building bonus



rewards

- 1 Active Personal Team Member: Eligible to wear Senior Beauty Consultant pin enhancer
- Eligible to qualify for quarterly Star Consultant recognition and prizes

Requirements

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

■ team-building bonus

An ACTIVE Independent Beauty Consultant, Senior Beauty Consultant, Star Team Builder, Team Leader or Future Independent Sales Director will receive a \$50 Team-Building bonus for each *Great Start*-qualified* new personal team member. She or he will receive the bonus in the month the new personal team member's *Great Start*-qualifying* order is received.

*A *Great Start*-qualified new personal team member is one whose initial order or cumulative orders with the Company are \$600 or more in wholesale Section 1 products, and the order(s) are received and accepted by the Company in the same or following three calendar months that her/his Independent Beauty Consultant Agreement is received and accepted by the Company.

**A *Great Start*-qualified Independent Beauty Consultant is one whose initial order or cumulative orders are \$600 or more in wholesale Section 1 products, and the orders are accepted and received by the Company in the same or following three calendar months that her/his Independent Beauty Consultant Agreement is accepted by the Company. In the month her new team member's initial or cumulative \$600 or more wholesale Section 1 orders are received by the Company, she must be active to receive the Team-Building Product Bonus Bundles. An Independent Beauty Consultant is considered active in the month a minimum \$225 wholesale Section 1 order is received and accepted by the Company and in the following two calendar months.

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personal team commissions

- When you have 1–2 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 3–4 active personal team members, you can earn 4%, 6% or 8% on team members’ combined wholesale Section 1 order in any calendar month.
- When you have 5 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 \$225 wholesale Section 1 orders. (See “Special Considerations” for Executive Senior Sales Directors and Elite Executive Senior Sales Directors under Independent Senior, Future Executive Senior, Executive Senior and Elite Executive Senior Sales Director section; and see “Personal Team Commission of 4%, 9% and 13%” for National Sales Directors under Independent National Sales Director section.)

■ business guidelines

- *Spouses as Independent Beauty Consultants*
 - *Spouses may be Mary Kay Independent Beauty Consultants. However, there may be only one Independent Sales Director per spouse team. They may operate separately, just as if they were not related. However, for Company record purposes, one will be considered a personal team member of the other. In other words, the spouse of a Beauty Consultant must be recruited by that Beauty Consultant. The personal team commission and Team-Building bonus normally paid on team members will not be paid when a spouse recruits her/his spouse. The spouse will not count in any way toward Independent Sales Director qualification or any Company promotions or awards, including qualification or maintenance of a Career Car under the Grand Achiever Career Car program.*
- *For career path status and compensation purposes, a qualified team member is one whose initial order or cumulative orders with the Company are \$600 or more in wholesale Section 1 products, and the order(s) are received and accepted by the Company in the same or following three calendar months that her Independent Beauty Consultant Agreement is received and accepted by the Company.*

Star Team Builder (Red Jacket)

Avenues of Income

- Product sales and reorders
- Team-Building commissions
- Team-Building bonus

Compensation

- 4%, 6% or 8% personal team commission
- Team-Building bonus

rewards



- Eligible to wear Star Team Builder pin enhancer
- Order official red jacket available only from Mary Kay Inc., and receive 50% discount (applicable only on initial purchase).
- Eligible to qualify for quarterly Star Consultant recognition and prizes

Requirements

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

• Star Team Builder Commission Schedule

monthly personal and personal team production	commission
Less than \$1,000	4%
\$1,000 to \$1,799	6%
\$1,800 and above	8%

NOTE: Personal and personal team production is used to determine the percentage of commission, but commission is only paid on personal team production.

■ team-building bonus

An ACTIVE Independent Beauty Consultant, Senior Beauty Consultant, Star Team Builder, Team Leader or Future Independent Sales Director will receive a \$50 Team-Building bonus for each *Great Start*-qualified* new personal team member. She or he will receive the bonus in the month the new personal team member’s *Great Start*-qualifying* order is received.

■ \$100 red jacket bonus

Any Independent Beauty Consultant or Senior Beauty Consultant who reaches red jacket status (three or more active personal team members) will receive a one-time \$100 Red Jacket Bonus. To earn the \$100 Red Jacket Bonus, an Independent Beauty Consultant or Senior Beauty Consultant must be active and have at least three active personal team members at the end of any month. The bonus only applies to Independent Beauty Consultants and Senior Beauty Consultants that have never achieved red jacket status. An Independent Beauty Consultant is considered active in the month a minimum \$225 wholesale Section 1 product order is received and accepted by the Company and in the following two calendar months.

*A *Great Start*-qualified new personal team member is one whose initial order or cumulative orders with the Company are \$600 or more in wholesale Section 1 products, and the order(s) are received and accepted by the Company in the same or following three calendar months that her/his Independent Beauty Consultant Agreement is received and accepted by the Company.

Team Leader

Avenues of Income

- Product sales and reorders
- Team-Building commissions
- Team-Building bonus

Compensation

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



rewards

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

Requirements

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

■ team-building bonus

An ACTIVE Independent Beauty Consultant, Senior Beauty Consultant, Star Team Builder, Team Leader or Future Independent Sales Director will receive a \$50 Team-Building bonus for each *Great Start*-qualified* new personal team member. She or he will receive the bonus in the month the new personal team member's *Great Start*-qualifying* order is received.

*A *Great Start*-qualified new personal team member is one whose initial order or cumulative orders with the Company are \$600 or more in wholesale Section 1 products, and the order(s) are received and accepted by the Company in the same or following three calendar months that her/his Independent Beauty Consultant Agreement is received and accepted by the Company.

Future Independent Sales Director**

Avenues of Income

- Product sales and reorders
- Team-Building commissions
- Team-Building bonus

Compensation

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



rewards

- Eligible to wear Future Independent Sales Director pin enhancer
- Eligible to wear Future Independent Sales Director scarf
- Eligible to qualify for quarterly Star Consultant recognition and prizes
- Eligible to submit Sales Director-in-Qualification Commitment Form
 - Must have 8 or more active personal team members; refer to "Prior to Entering the Sales Director-in-Qualification Program" under Independent Sales Director-in-Qualification section for details.
- Eligible to qualify for Grand Achiever status (Grand Achiever Career Car or Cash Compensation option)

Requirements

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

■ team-building bonus

An ACTIVE Independent Beauty Consultant, Senior Beauty Consultant, Star Team Builder, Team Leader or Future Independent Sales Director will receive a \$50 Team-Building bonus for each *Great Start*-qualified* new personal team member. She or he will receive the bonus in the month the new personal team member's *Great Start*-qualifying* order is received.

**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 Program

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

Prior to Entering the Sales Director-in-Qualification Program

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

- Be active.
- Have eight (8) or more active personal team members by the end of the month prior to submitting the Commitment Form. For example, if a potential Independent Sales Director-in-Qualification (DIQ) wanted to submit a Commitment Form in June, then the Independent Beauty Consultant must have at least 8 active personal team members by May 31.
 - To count toward this requirement, none of the personal team members can be any of the following:
 - ▲ the spouse of the DIQ
 - ▲ the spouse of any Beauty Consultant
 - ▲ a current DIQ or current Sales Director
 - ▲ a personal team member submitting her Commitment Form in the same month as the DIQ
 - If one of the personal team members submits a Commitment Form in the same month as the DIQ, then the DIQ will need to replace that personal team member and have at least nine (9) active personal team members by the end of the month prior to submitting the Commitment Form.

Additional Requirements Prior to Entering the Sales Director-in-Qualification Program

- Be in good standing with the Company (which includes, but is not limited to, compliance with the terms of the Independent Beauty Consultant Agreement and paying in full any accounts receivable she may have with the Company under current or previous Consultant numbers).
- The Independent Beauty Consultant must formally submit a Commitment Form requesting acceptance into the DIQ program. The Commitment Form can be submitted in one of two ways:
 - Online Commitment Forms are available on *Mary Kay InTouch*® from the 1st through the 3rd of each month. This is the preferred method of submission.
 - An original signed Commitment Form can be printed and mailed to the Company if postmarked by the 1st of the month.

*A *Great Start*-qualified new personal team member is one whose initial order or cumulative orders with the Company are \$600 or more in wholesale Section 1 products, and the order(s) are received and accepted by the Company in the same or following three calendar months that her/his Independent Beauty Consultant Agreement is received and accepted by the Company.

DIQ Qualification Requirements

- A DIQ may qualify as an Independent Sales Director in one, two or three months, based on when she achieves the following:
 - \$13,500 cumulative unit wholesale production
 - 24 total active unit members
 - ▲ The DIQ **is** considered one of the 24 active unit members.
 - \$4,000 minimum wholesale unit production each month, even if the DIQ has already reached \$13,500 cumulative wholesale production during the qualification period.
- The DIQ's unit members must contribute at least \$10,500 toward the \$13,500 wholesale production requirement.
- A DIQ may contribute up to \$3,000 in personal wholesale Section 1 production toward the \$13,500 cumulative unit wholesale production during the qualification period.
- Should the DIQ's qualifying unit not meet all of the requirements, the DIQ has not qualified and must submit a new Commitment Form to begin qualification again (immediately, if she chooses and is eligible).

Additional Qualification

- The qualifying unit is comprised of the DIQ, her personal team members, regardless of unit affiliation (Exception: personal team members who already may be Sales Directors or in qualification to become Sales Directors) and her second-level team members (the recruits of her personal recruits). Team members' recruits whose Independent Beauty Consultant Agreements are accepted by the Company will be members of the new qualifying unit regardless of when the DIQ begins Sales Director qualification.
- 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.
- 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 Beauty Consultant, the following applies:
 - The person placing the order must have the Beauty Consultant's consent prior to placing the order;
 - The person placing the order must use the Beauty Consultant's funds; and
 - The person placing the order must be in possession of the Beauty Consultant's funds prior to placing the order.
- Taking a postdated check and placing an order for a Beauty Consultant will not count.
- A Beauty Consultant selling anyone's inventory other than her own, then placing an order, will not count.
- The DIQ cannot sell her inventory to a Beauty Consultant and take her/his money to place an order to replace the DIQ's inventory.
- If the DIQ uses her credit card to pay for a Beauty Consultant's order, the DIQ must have already received the cash from the Beauty Consultant before the order is mailed, phoned in or placed online.
- The DIQ cannot place an order for a Beauty Consultant with her/his promise to pay the DIQ back.

Special Considerations

- An Independent Beauty Consultant who returns merchandise to the Company for repurchase is not eligible to rejoin Mary Kay as an Independent Beauty Consultant.
- For more information, log on to *Mary Kay InTouch*[®] > Resources > DIQ Program.

Independent Sales Director*

Avenues of Income

- Product sales and reorders
- Team-Building commissions
- Personal Team-Building bonus
- Leadership
- Unit Development bonus
- Sales Director Star Consultant Bonus

Compensation

- 4%, 9% or 13% personal team commission
- 9%, 13% or 23% unit commission
- Team-Building bonus
- Unit Development bonus of \$400 to \$1,000
- Sales Director Star Consultant Bonus



rewards

- Eligible to wear Sales Director suit
- *Directors Memo*
- Eligible to order Sales Director Buzz Kit (formerly Sales Director Unit Support Package)
- Eligible to wear 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 Wellness Award bonus program
- Eligible for Disability Award program
- Eligible to attend Leadership Conference
- Eligible to qualify for Top Sales Director Trip
- Opportunity to personally recruit in designated international markets

• Sales Director Personal Team-Building Bonus

- A Sales Director is entitled to a \$100 Sales Director Personal Team-Building bonus for each *Great Start*-qualified** new personal team member added to her Sales Unit. A *Great Start*-qualified** new personal team member is one whose initial order or cumulative orders with the Company are \$600 or more in wholesale Section 1 products, and the order(s) are received and accepted by the Company in the same or following three calendar months 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 *Great Start*-qualified team member's initial or cumulative wholesale Section 1 order(s) totaling \$600 are 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 Commission Schedule

monthly wholesale production	commission
Less than \$4,500	9%
\$4,500 – \$5,499.99	13%
\$5,500 or more	23%

For 60 (sixty) days through Aug. 31, 2019, we will continue to pay Unit Volume Bonus of \$500 for those Independent Sales Directors with Unit Production between \$5,000 – \$5,499.99. If Unit Product is \$5,500 or more, the Independent Sales Director will earn 23% commission based on entire unit's production under the new commission schedule.

\$1,000 First-Line U.S. Offspring Sales Director Bonus

- A Sales Director is now eligible to receive a one-time \$1,000 bonus for each new first-line U.S. offspring Independent Sales Director they personally debut! There is no limit on the number of directors she can debut, however the bonus will only be paid the first time an individual debuts as a Sales Director, on or after Aug. 1, 2019, even if that same offspring Sales Director later debuts as a Sales Director under a different or the same Senior Sales Director.

*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 *Great Start*-qualified new personal team member is one whose initial order or cumulative orders with the Company are \$600 or more in wholesale Section 1 products, and the order(s) are received and accepted by the Company in the same or following three calendar months that her/his Independent Beauty Consultant Agreement is received and accepted by the Company.

• **Sales Director Unit Development Bonus**

- A Sales Director is entitled to a Sales Director Unit Development bonus of \$400 for each month at least four *Great Start*-qualified* new unit members are added to her Sales Unit.
- A Sales Director is entitled to receive an additional bonus of \$100 for each additional *Great Start*-qualified* new unit member added to her Sales Unit during the same month, up to a maximum of 10 *Great Start*-qualified* new unit members. The maximum bonus per month is \$1,000.
- The Sales Director Unit Development bonus is earned in the month in which the appropriate number of new *Great Start*-qualified* unit members' initial or cumulative wholesale Section 1 orders totaling a minimum \$600 are received and accepted by the Company.

number of <i>Great Start</i> -qualified* new unit members each month	bonus
4	\$400 total
5 to 10	\$100 each

Cadillac® Bonus

- A Sales Director is entitled to a contest bonus of \$1,000 when she achieves Cadillac® qualification or requalification.

Unit Circle Bonus

- A Sales Director is entitled to a contest bonus of \$1,000 when she achieves a higher Circle of Achievement or Circle of Excellence than the previous year (payable with July commissions received in August). For example, if your 2019 unit circle level is higher than your 2018 unit circle level, you'll earn the bonus.

*A *Great Start*-qualified new personal team member is one whose initial order or cumulative orders with the Company are \$600 or more in wholesale Section 1 products, and the order(s) are received and accepted by the Company in the same or following three calendar months that her/his Independent Beauty Consultant Agreement is received and accepted by the Company.

†A Star Consultant is one who places with the Company a minimum of \$1,800 in wholesale Section 1 orders postmarked during the applicable Star Consultant Contest Quarter. For purposes of this bonus, the applicable Star Consultant Contest Quarters are June 16 – Sept. 15; Sept. 16 – Dec. 15; Dec. 16 – March 15; and March 16 – June 15.

First-Year Independent Sales Director Program Bonus

- A new Sales Director is entitled to a \$1,000 First-Year Sales Director Program bonus when she achieves each of the following First-Year Sales Director program challenges:
 - On the Move
 - Fabulous 50s Club
 - Honors Society

Sales Director Star Consultant† Bonus

- A Sales Director is eligible to receive a bonus based on the number of Star Consultants† in her Sales Unit at the end of each Star Consultant contest quarter.

number of Star Consultants†	bonus
5	\$300 total
6 or more	\$50 for each additional Star Consultant†

- In the case of an Offspring Unit, Star Consultants in the Offspring Unit will count for both the Senior Sales Director and the new Sales Director during the Star Consultant contest quarter in which the Offspring Unit debut takes place.

Wellness Award Bonus Program

- A special cash award designed to help offset expenses associated with the needs or activities that contribute to physical wellness, although it can be used in any way you choose.
 - Qualification for the Wellness Award bonus is based on the previous calendar year's total annual net adjusted Section 1 unit wholesale production. One check will be paid in January of each year. Sales Directors must qualify each year for this award.

sales director's total annual net adjusted unit wholesale production	wellness award bonus
\$60,000 to \$124,999	\$800
\$125,000 to \$186,999	\$1,300
\$187,000 and above	\$2,000

Note: Mary Kay Inc. does not provide health insurance coverage for independent sales force members. The Company recognizes, however, that rising costs associated with health care and other wellness activities are a concern for all. While the bonus can be used to offset costs associated with maintaining physical wellness, it is a cash award, payable in January of the year following the qualification year, for use at Sales Director's discretion. In order to receive the bonus, a Sales Director must be in good standing with the Company on Dec. 31 of the qualification year.

■ business 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.
- A Sales Director must maintain minimum unit production of \$4,500 wholesale per month.

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independent sales director

• 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 commissions for the 12 months preceding the date of total and permanent disability. If the Sales Director has any accounts receivable with the Company under current or previous Consultant numbers, the amount she owes will be divided into 12 installments and deducted equally from the 12 months of disability payments. As part of eligibility for the Disability Award program, the Sales Director must terminate her Independent Sales Director and Independent Beauty Consultant Agreements.

Note: For additional program details and information regarding eligibility requirements, please contact Risk Management at 972-687-5373.

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

Avenues of Income

- Product sales and reorders
- Team-Building commissions
- Team-Building bonus
- Leadership
- Sales Director Star Consultant Bonus
- Unit Development bonus

Compensation

- 4%, 9% or 13% Personal Team Commission
- 9%, 13% or 23% Unit Commission
- Unit Development bonus
- Team-Building bonus
- Sales Director Star Consultant 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.

Offspring Commission (First- and Second-Line)

sales director title	personal unit monthly wholesale production minimum	number of first-line offspring	first-line offspring commission	second-line offspring commission
Senior	\$4,500	1 – 2	5%	
Future Executive Senior	\$4,500	3 – 4	6%	
Executive Senior	\$4,500	5 – 7	7%	1%
Elite Executive Senior	\$4,500	8+	7%	2%

\$1,000 First-Line U.S. Offspring Sales Director Bonus

- A Sales Director is now eligible to receive a one-time \$1,000 bonus for each new first-line U.S. offspring Independent Sales Director they personally debut! There is no limit on the number of directors she can debut, however the bonus will only be paid the first time an individual debuts as a Sales Director, on or after Aug. 1, 2019, even if that same offspring Sales Director later debuts as a Sales Director under a different or the same Senior Sales Director.

Special Considerations

- Global Leadership Development Program offspring sales units are included for purposes of calculating the number of offspring units.
- For the 13% personal team commission, an Executive Senior or Elite Executive Senior Sales Director may substitute one *Great Start*-qualified* new 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.)
- For the first-line and second-line offspring commission, the minimum production requirement is waived for the first three months following the debut of an offspring Sales Director.

*A *Great Start*-qualified new personal team member is one whose initial order or cumulative orders with the Company are \$600 or more in wholesale Section 1 products, and the order(s) are received and accepted by the Company in the same or following three calendar months that her/his Independent Beauty Consultant Agreement is received and accepted by the Company.

Independent National Sales Director**

Qualifications

To be considered for an appointment, a candidate under consideration for the position of Independent National Sales Director (“Candidate”) must, at a minimum, demonstrate the following threshold qualifications:

Qualification I: Demonstrate strength in operating an independent Mary Kay business and in encouraging others to build their Mary Kay businesses.

To demonstrate this qualification, a Candidate must, at a minimum:

1. Have a personal unit with at least 24 unit members;
2. Have a total of 20 offspring Sales Directors having one of the following configurations:
 - i. (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
 - ii. (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
 - iii. (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.
3. Each of the 20 qualifying units (12/8, 11/9, 10/10) must have at least 24 unit members (or, in the case of international offspring units, the minimum unit members based on their home country requirements).
4. Of the 20 qualifying units, at least seven must be Premier Club or Cadillac® qualifiers, and at least five must live in the U.S.
5. The personal unit of the Candidate must be a Cadillac® Career Car qualifier.

The Company may consider other criteria to evaluate the strength of the potential National Area, including production history, unit size and longevity, and similar factors.

Qualification II: Must demonstrate Golden Rule proficiency.

To meet this qualification, a Candidate must, at a minimum:

1. Be in compliance with her Agreements with the Company.
2. Demonstrate an understanding of and compliance with the business model and correctly communicate the same to others in her unit and prospective future National Area.
3. Demonstrate integrity in the operation of her business and the development of her prospective future National Area.

**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.

Qualification III: Demonstrate interest in educational events. In addition, a Candidate must have participated in an educational event designed for Independent Executive Sales Directors and above within a year of the intended debut.

Qualification IV: Be eligible to participate in the Family Security program.*

- You must debut as an NSD before your 60th birthday to participate in Group III of the Family Security program.
- You must debut as an NSD before your 65th birthday to participate in Group V of the Family Security program.

***Note: The 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.**

Process

An Independent Sales Director who has at least eight first-line and six second-line offspring Sales Directors may contact the Sales Force Development Director of the Candidate's Seminar affiliation to express interest in being considered for appointment to the position of NSD and may request an Independent National Sales Director letter of intent. A Candidate must return the signed letter of intent to the Company no later than six months prior to the Candidate's desired NSD debut date. During this time, the Company will evaluate whether a Candidate has sufficiently demonstrated all qualifications to be considered for appointment to the position of NSD.

Area Requirements

Once appointed, an Independent National Sales Director who debuted after Jan. 1, 2012, must maintain one of the following area requirements in order to retain her NSD status:

- Achieved \$100,000 in NSD commissions** in the prior Seminar year; or
- Maintain at least eight first-line offspring Independent Sales Directors in her National Area; or
- Maintain at least 20 offspring Independent Sales Directors in her first through third lines, affiliated and unaffiliated.

A **new** Independent National Sales Director is not subject to these requirements for the first two years after her debut. During this two-year growth period, an NSD should focus on the development of her new National Area with strategies that create sustainable strength.

If any NSD falls below the area requirements after this initial two-year growth period, the NSD will have up to two years to achieve at least one of the area requirements to remain an active NSD.

New NSD Resources

New Independent National Sales Directors are encouraged to take advantage of the various resources available to them immediately following their debut. We recommend attending NSD Day of Honor, NSD Scholar Week, new NSD conference calls and NSD education classes. Also, connecting with staff in Sales Force Development, NSD Services and with other key staff members can help as a new NSD creates a plan for success.

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 \$225 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.

Independent National Sales Director Commission Schedule

based on combined monthly wholesale purchase volume	nsd commission
First-line offspring sales units	9%
Second-line offspring sales units	4%
Third-line offspring sales units	2%

***"NSD Commissions" are comprised of NSD commissions earned on the wholesale production of first-, second-, and third-line offspring units; Top 10 fourth-line and beyond; Elite Executive NSD commissions; NSD commissions on personal units; NSD bonuses for NSD offspring and Sales Director offspring from personal units; NSD Area Leadership Development bonuses and NSD commissions earned as part of the Global Leadership Development Program.

➤ **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	
Debut bonus: Paid at time of offspring Sales Director’s debut (paid only once per individual Sales Director)	\$5,000
Wholesale production bonus: Paid at annual anniversary of same Sales Director’s debut when offspring Sales Director generates wholesale production of \$60,000 or more within last 12 months	\$1,000

- The minimum 20 units required to debut as a new National Sales Director must be in place before the first-line offspring Sales Director \$5,000 bonus can be earned on any Sales Directors who debut on the same day as their National Sales Director.
- ▲ To be eligible for the **\$1,000** first-line offspring Sales Director bonus based on wholesale production, the NSD must have qualified to earn the **\$5,000** first-line offspring Sales Director bonus for the debut of the same offspring Sales Director.

NSD Area Leadership Development Bonus

An NSD will earn a quarterly (Dec. 31, March 31, June 30 and Sept. 30) Leadership Development bonus on the units in her 1st – 3rd affiliated* and unaffiliated area members as follows:

- \$200 for each Senior Sales Director
- \$300 for each Future Executive Sales Director
- \$500 for each Executive Senior Sales Director
- \$800 for each Elite Executive Senior Sales Director
- \$800 for each National Sales Director Personal Unit

Special note: When an Elite Executive Senior Sales Director debuts as a National Sales Director, the Senior National Sales Director who receives the \$10,000 Offspring NSD Development bonus will no longer receive the \$800 quarterly bonus paid on Elite Executive Senior Sales Directors or NSD personal units.

Top 10 Affiliated and Unaffiliated Fourth-Line and Beyond Sales Director Commission

- A 2% commission calculated on the combined monthly wholesale purchase volume of NSD’s offspring Sales Directors that are affiliated* and unaffiliated fourth-line and beyond. “Top 10” means the monthly ranking 1–10 of NSD’s affiliated* and unaffiliated fourth-line and beyond offspring sales units based on monthly wholesale purchase volume.

*An affiliated U.S. Sales Director, offspring unit, line and/or area is one that is directly associated with another active offspring National Sales Director.

Grand 5 Contest Bonus

- 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 Move
 - Fabulous 50s Club
 - Honors Society

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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 unaffiliated 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 U.S. and Global Leadership Development Program are considered for this account.

number of fourth line and below	payment
1 to 20	\$1,200
21 to 50	\$2,400
51 to 100	\$3,600
101 +	\$12,000



rewards

- Eligible to wear National Sales Director suit
- *National News Notes*
- NSD bracelet with one diamond
- Eligible for 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
- Disability Award program
- Great Futures program
- Limousine service at Seminar Awards Ceremony

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

• **Senior and Executive National Sales Director Commission Schedule**

Senior and Executive National Sales Director commission is payable as follows:

	nsd commission
First-line offspring Sales Director who becomes an NSD	9%
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.

• **Offspring NSD Development Bonus Schedule**

- The first time that an individual debuts as an NSD, the Senior NSD (who has been an NSD for at least six [6] months) from whose unaffiliated area the offspring NSD is developed, is entitled to a \$10,000 Offspring NSD Debut bonus at the time of the new offspring NSD's debut. 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 six (6) months prior to the offspring NSD's debut receives the bonus.

- The Senior NSD is entitled to a \$10,000 Offspring NSD Anniversary bonus annually thereafter on the offspring NSD's debut date for so long as the National Sales Director Agreements ("NSD Agreement") of both the Senior NSD and the offspring NSD remain in effect. Notwithstanding anything to the contrary contained herein, the Senior NSD will continue to receive the Offspring NSD Anniversary bonus until the termination of her NSD Agreement if the NSD Agreement of her offspring NSD terminated due to the offspring's death or qualification and debut as an NSD Emeritus.
- If the NSD Agreement of an Offspring NSD is terminated, but the former offspring NSD later re-debuts as an NSD, the Senior NSD at the time of the re-debut will not receive an Offspring NSD Debut bonus, which is only paid the first time an individual debuts as an NSD. The Senior NSD at the time of the NSD's re-debut will be eligible for the annual Offspring NSD Anniversary bonus based on the re-debut date, beginning on the first anniversary of the offspring NSD's re-debut.

Independent Elite Executive National Sales Director

Qualification

- You must have at least five offspring National Sales Directors from any 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

In addition to the National, Senior National and Executive National Sales Director compensation and rewards, an Elite Executive National Sales Director also is eligible to receive the following compensation and rewards:

➤ **Elite Executive National Sales Director Fourth-Line
Commission Schedule**

The Elite Executive National Sales Director Commission is payable on the wholesale unit production of all fourth-line offspring sales units:

	elite executive nsd commission
All fourth-line offspring sales units	2%



rewards

- Elite NSD Diamond Bee pin

Special Considerations

- When an Independent National Sales Director debuts as a National Sales Director Emeritus, the Independent Beauty Consultants in her personal sales unit are dispersed among her first-line Sales Directors' units. They do not move up into her Independent Senior National Sales Director or Senior Sales Director's sales unit. In addition, an offspring Sales Director of the debuting National Sales Director Emeritus will not replace the debuting National Sales Director Emeritus as a first-line offspring sales unit of her Senior Sales Director or Senior National Sales Director.
- An Independent National Sales Director may request that the Company disperse the Beauty Consultants in her personal unit at any time into her first-line Sales Directors' units. She may not disperse the Beauty Consultants in her personal unit into her first-line National Sales Directors' personal unit(s).

ADVANCE

CAREER PATH COMMISSIONS AT-A-GLANCE

Career path commissions at-a-glance

■ personal team commission schedule for active senior beauty consultants and above:

qualification	commission on combined wholesale orders
You have five or more personal team members who each place minimum \$225 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%
When you have 3–4 active personal team members, you can earn 4%, 6% or 8% on team members' combined wholesale Section 1 order in any calendar month.	4%, 6% or 8%
When you have 1–2 active personal team members, you can earn a 4% commission on team members' combined wholesale Section 1 orders in any calendar month.	4%

■ team-building bonus

An ACTIVE Independent Beauty Consultant, Senior Beauty Consultant, Star Team Builder, Team Leader or Future Independent Sales Director will receive a \$50 Team-Building bonus for each *Great Start*-qualified* new personal team member. She or he will receive the bonus in the month the new personal team member's *Great Start*-qualifying* order is received.

■ independent sales director commission schedule:

Sales Director Unit Commission Schedule

monthly wholesale production	commission
\$5,500 or more	23%
\$4,500 to \$5,499.99	13%
\$0 to \$4,499.99	9%

For 60 (sixty) days through Aug. 31, 2019, we will continue to pay Unit Volume Bonus of \$500 for those Independent Sales Directors with Unit Production between \$5,000 – \$5,499.99. If Unit Product is \$5,500 or more, the Independent Sales Director will earn 23% commission based on entire unit's production under the new commission schedule.

Unit Development Bonus A Sales Director is entitled to a Sales Director Unit Development Bonus of at least \$400 for each month at least four *Great Start*-qualified* new unit members are added to her Sales Unit. A Sales Director is entitled to receive an additional bonus of \$100 for each additional *Great Start*-qualified* new unit member added to her Sales Unit during the same month, up to a maximum of 10 *Great Start*-qualified* new unit members. The maximum bonus per month is \$1,000.

number of <i>Great Start</i> -qualified* new unit members each month	bonus
4	\$400 total
5 to 10	\$100 each

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

Sales Director Star Consultant[†] Bonus A Sales Director is eligible to receive a bonus based on the number of Star Consultants[†] in her Sales Unit at the end of each Star Consultant contest quarter.

number of Star Consultants [†]	bonus
5	\$300 total
6 or more	\$50 for each additional Star Consultant [†]

➤ In the case of an Offspring Unit, Star Consultants in the Offspring Unit will count for both the Senior Sales Director and the new Sales Director during the Star Consultant contest quarter in which the Offspring Unit debut takes place.

\$1,000 First-Line U.S. Offspring Sales Director bonus

- A Sales Director is now eligible to receive a one-time \$1,000 bonus for each new first-line U.S. offspring Independent Sales Director they personally debut! There is no limit on the number of directors she can debut, however the bonus will only be paid the first time an individual debuts as a Sales Director, on or after Aug. 1, 2019, even if that same offspring Sales Director later debuts as a Sales Director under a different or the same Senior Sales Director.

*A *Great Start*-qualified new personal team member is one whose initial order or cumulative orders with the Company are \$600 or more in wholesale Section 1 products, and the order(s) are received and accepted by the Company in the same or following three calendar months that her/his Independent Beauty Consultant Agreement is received and accepted by the Company.

†A Star Consultant is one who places with the Company a minimum of \$1,800 in wholesale Section 1 orders postmarked during the applicable Star Consultant Contest Quarter. For purposes of this bonus, the applicable Star Consultant Contest Quarters are June 16 – Sept. 15; Sept. 16 – Dec. 15; Dec. 16 – March 15; and March 16 – June 15.

■ **independent national sales director, senior national sales director, executive national sales director and elite executive national sales director commission schedule:**

based on monthly wholesale production of each first-line offspring	nsd commission
First-line units who are unaffiliated with an offspring NSD and those affiliated with an offspring NSD	9%
Second-line units who are unaffiliated with an offspring NSD and those affiliated with an NSD offspring	4%
Third-line units who are unaffiliated with an offspring NSD and those affiliated with an offspring NSD	2%
Top 10 fourth-line units and beyond who are unaffiliated with an offspring NSD	2%

- Personal team commission of 4%, 9% or 13%
- Sales Director personal unit volume commission of 13%
- NSD personal unit volume commission of 10%
- Elite Executive National Sales Director fourth-line commission of 2%

➤ **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
Debut bonus: Paid at time of offspring Sales Director's debut (unless offspring Sales Director previously debuted from another NSD's personal unit)	\$5,000
Wholesale production bonus: Paid at annual anniversary of same Sales Director'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 **\$1,000** first-line Offspring Sales Director bonus based on wholesale production, the NSD must have qualified to earn the **\$5,000** first-line Offspring Sales Director bonus for the debut of the same offspring Sales Director.

Offspring NSD Development Bonus

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

- Refer to "Offspring NSD Development Bonus Schedule" under Independent Senior National Sales Director and Independent Executive National Sales Director section for details.

NSD Area Leadership Development Bonus

An NSD will earn a quarterly (Dec. 31, March 31, June 30 and Sept. 30) Leadership Development bonus on the units in her 1st – 3rd affiliated* and unaffiliated area members as follows:

- \$200 for each Senior Sales Director
- \$300 for each Future Executive Sales Director
- \$500 for each Executive Senior Sales Director
- \$800 for each Elite Executive Senior Sales Director
- \$800 for each National Sales Director Personal Unit

Special note: When an Elite Executive Senior Sales Director debuts as a National Sales Director, the Senior National Sales Director who receives the \$10,000 Offspring NSD Development bonus will no longer receive the \$800 quarterly bonus paid on Elite Executive Senior Sales Directors or NSD personal units.

*An affiliated U.S. Sales Director, offspring unit, line and/or area is one that is directly associated with another active offspring National Sales Director.

Grand Achiever Program

Beauty Consultant Grand Achiever Program



rewards

- Grand Achiever Career Car or Cash Compensation*
- Grand Achiever key chain presented at Seminar

On-Target

- Five or more active personal team members
- \$5,000 combined personal/team wholesale Section 1 production in a calendar month
- 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 on-target requirements, 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:
 - \$23,000 combined personal/team wholesale Section 1 production
 - 16 active personal team members
- You may contribute up to \$5,000 in personal wholesale Section 1 production toward the total \$23,000 requirement.
- Your team must contribute a minimum of \$18,000 wholesale Section 1 production toward the total \$23,000 requirement.
- You must have a minimum of \$5,000 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 \$5,750 net adjusted team wholesale production per month
- Minimum of six active personal team members
- Accounts receivable with the Company must be paid in full.

- Receive \$600 car program credit toward the required production
- If production falls below the minimum monthly maintenance requirement, you may be allowed to maintain the reward as long as you have six or more active personal team members and steady improvement is made toward the minimum monthly production requirement.

Independent Sales Director Unit Maintenance Option

- An Independent Sales Director who qualifies under the Beauty Consultant Grand Achiever program will be allowed to switch at the beginning of a calendar quarter from Beauty Consultant Grand Achiever Team Maintenance to Sales Director Grand Achiever Unit Maintenance.
- An Independent Sales Director who switches to Sales Director Grand Achiever Unit Maintenance is not eligible to switch back to Beauty Consultant Grand Achiever Team Maintenance.
- For complete Sales Director Grand Achiever Unit Maintenance requirements, see “Maintenance” under Sales Director Grand Achiever program.

Performance Account and Momentum Month

- Performance account is utilized to offset production shortfalls below the monthly minimum maintenance requirement of \$5,750 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 \$5,750 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 \$5,750 adds to the performance account; less than the required \$5,750 depletes the performance account.
- Maximum performance account balance that can be carried forward from month to month is \$15,000.

Grand Achiever Career Car

- Grand Achiever Career Car 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 \$5,750 net adjusted team wholesale production.

*To select the Grand Achiever Career Car reward, you must meet the requirements of the Career Car Insurance program, possess a valid U.S. driver's license, complete the Career Car Qualifier Online Reward Selection process on *Mary Kay InTouch*® no later than the communicated deadline or 15th of the month following your qualification or reward will default to Cash Compensation, and possess either an approved Social Security card or Individual Taxpayer Identification Number (ITIN). In addition, other requirements may apply. Independent Beauty Consultants or 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 Achiever Career Car.

- The co-op lease payment amount is determined by the Grand Achiever Team 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 Team Co-op Lease Payment Schedule

(amounts subject to change)

monthly net adjusted team wholesale production	monthly lease co-op payment
\$5,750 or more	-0-
\$4,750 to \$5,749	\$106.25
\$3,750 to \$4,749	\$212.50
\$2,750 to \$3,749	\$318.75
\$0 to \$2,749	\$425.00

Note: Co-op lease payments begin with the month in which you take delivery of the Career Car unless delivery is taken the last few days of the month in which case co-op lease payments begin the following month.

Cash Compensation Option

- Monthly Cash Compensation is in lieu of the Grand Achiever Career Car.
- Full Cash Compensation is paid each month unless the performance account is depleted and production falls short of the required \$5,750 net adjusted team wholesale production per month.
- The Cash Compensation payment amount is determined by the Grand Achiever Team 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 Team Cash Compensation Payment Schedule

(amounts subject to change)

monthly net adjusted team wholesale production	monthly cash compensation
\$5,750 or more	\$425.00
\$4,750 to \$5,749	\$318.75
\$3,750 to \$4,749	\$212.50
\$2,750 to \$3,749	\$106.25
\$0 to \$2,749	-0-

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

Requalification

- 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 \$5,750 wholesale balance **or** the current performance account balance, whichever is greater.

Car Program Credit

- Receive \$600 car program credit for each *Great Start*-qualified new personal team member
- A *Great-Start*-qualified new personal team member is one whose initial order or cumulative orders are \$600 or more in wholesale Section 1 products, and the order(s) are received and accepted by the Company in the same or following three months that the Independent Beauty Consultant Agreement is received and accepted by the Company.
- Car program credit is earned in the month in which the above *Great Start*-qualified new personal team member requirements are met and applies toward the required maintenance requirements and requalification requirements.

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net adjusted team wholesale production

An Independent Beauty Consultant's net adjusted team wholesale production includes team wholesale production, plus car program credit, less any chargebacks.

Sales Director Grand Achiever Program



rewards

- Grand Achiever Career Car or Cash Compensation*
- Grand Achiever key chain presented at Seminar

On-Target

- \$21,000 net adjusted unit wholesale production in one calendar quarter

Qualification

- \$42,000 net adjusted unit wholesale production within two consecutive calendar quarters

Examples:

Calendar Quarter 1	Quarter 2	Total
Net Wholesale \$21,000 +	\$21,000 =	\$42,000
Net Wholesale \$20,000 +	\$22,000 =	\$42,000

- \$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 \$21,000 net adjusted unit wholesale production per calendar quarter
- Excess production from the two qualifying quarters over \$42,000 will carry forward to the next quarter to offset any production shortfall below the quarterly maintenance requirements.
- Production in excess of \$21,000 in each quarter will carry forward to the next quarter to offset any production shortfall below the quarterly maintenance requirements.
- Accounts receivable with the Company must be paid in full.
- \$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.

*To select the Grand Achiever Career Car reward, you must meet the requirements of the Career Car Insurance program, possess a valid U.S. driver's license, complete the Career Car Qualifier Online Reward Selection process on *Mary Kay InTouch*® no later than the communicated deadline or 15th of the month following your qualification or reward will default to Cash Compensation, and possess either an approved Social Security card or Individual Taxpayer Identification Number (ITIN). In addition, other requirements may apply. Independent Beauty Consultants or 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 Achiever Career Car.

Grand Achiever Career Car

- Grand Achiever Career Car is in lieu of Cash Compensation.
- Co-op lease payment is due if production falls below \$20,500 net adjusted unit wholesale production per calendar quarter.
- The prior calendar quarter's net adjusted unit wholesale production and the Grand Achiever Unit 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.

Grand Achiever Unit Co-op Lease Payment Schedule

(amounts subject to change)

quarterly net adjusted unit wholesale production	monthly lease co-op payment
\$20,500 and over	-0-
\$17,500 to \$20,499	\$ 42.50
\$15,500 to \$17,499	\$ 85.00
\$13,500 to \$15,499	\$127.50
\$11,500 to \$13,499	\$212.50
\$9,500 to \$11,499	\$297.50
\$0 to \$9,499	\$425.00

Note: Co-op lease payments begin with the month in which you take delivery of the Career Car unless delivery is taken the last few days of the month in which case co-op lease payments begin the following month.

Cash Compensation Option

- Cash Compensation is in lieu of the Grand Achiever Career Car.
- Cash Compensation is paid each month of a quarter based on the previous quarter net adjusted unit wholesale production and the Grand Achiever Unit Cash Compensation Payment Schedule on next page.

Grand Achiever Unit Cash Compensation Payment Schedule

(amounts subject to change)

quarterly net adjusted unit wholesale production	monthly cash compensation
\$20,500 and over	\$425.00
\$17,500 to \$20,499	\$382.50
\$15,500 to \$17,499	\$340.00
\$13,500 to \$15,499	\$297.50
\$11,500 to \$13,499	\$212.50
\$9,500 to \$11,499	\$127.50
\$0 to \$9,499-	-0-

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

Requalification

- \$42,000 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 \$21,000 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 quarter following qualification.

Car Program Credit

- Receive \$600 car program credit for each *Great Start*-qualified new personal team member
- A *Great Start*-qualified new personal team member is one whose initial order or cumulative orders are \$600 or more in wholesale Section 1 products, and the order(s) are received and accepted by the Company in the same or following three months that the Independent Beauty Consultant Agreement is received and accepted by the Company.
- Car program credit is earned in the month in which the above *Great Start*-qualified new personal team member requirements are met and applies toward the required 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.

Premier Club Program



rewards

- Premier Club Career Car* or Cash Compensation
- Premier Club key chain presented at Seminar

On-Target

- \$28,500 net adjusted unit wholesale production in one calendar quarter

Qualification

- \$57,000 net adjusted unit wholesale production within two consecutive calendar quarters

EXAMPLES:

Calendar Quarter 1		Quarter 2		Total
Net Wholesale \$28,500	+	\$28,500	=	\$57,000
Net Wholesale \$27,000	+	\$30,000	=	\$57,000

- \$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 \$28,500 net adjusted unit wholesale production per calendar quarter
- Excess production from the two qualifying quarters over \$57,000 will carry forward to the next quarter to offset any production shortfall below the quarterly maintenance requirements.
- Production in excess of \$28,500 in each quarter will carry forward to the next quarter to offset any production shortfall below the quarterly maintenance requirements.
- Accounts receivable with the Company must be paid in full.
- \$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.

*To select the Premier Club Career Car reward, you must meet the requirements of the Career Car Insurance program, possess a valid U.S. driver’s license, complete the Career Car Qualifier Online Reward Selection process on *Mary Kay InTouch*® no later than the communicated deadline or 15th of the month following your qualification or reward will default to Cash Compensation, and possess either an approved Social Security card or Individual Taxpayer Identification Number (ITIN). In addition, other requirements may apply. Independent Beauty Consultants or 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.

Premier Club Career Car

- Premier Club Career Car is in lieu of Cash Compensation.
- Co-op lease payment is due if production falls below \$27,500 net adjusted unit wholesale production per calendar quarter.
- The prior calendar quarter’s net adjusted unit wholesale production and the Premier Club 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 Co-op Lease Payment Schedule

(amounts subject to change)

quarterly net adjusted unit wholesale production	monthly lease co-op payment
\$27,500 and over	-0-
\$24,500 to \$27,499	\$ 50
\$21,500 to \$24,499	\$100
\$18,500 to \$21,499	\$150
\$15,500 to \$18,499	\$250
\$12,500 to \$15,499	\$350
\$0 to \$12,499	\$500

Note: Co-op lease payments begin with the month in which you take delivery of the Career Car unless delivery is taken the last few days of the month in which case co-op lease payments begin the following month.

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 on next page.

Premier Club Cash Compensation Payment Schedule

(amounts subject to change)

quarterly net adjusted unit wholesale production	monthly cash compensation
\$27,500 and over	\$500
\$24,500 to \$27,499	\$450
\$21,500 to \$24,499	\$400
\$18,500 to \$21,499	\$350
\$15,500 to \$18,499	\$250
\$12,500 to \$15,499	\$150
\$0 to \$12,499	-0-

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

Requalification

- \$57,000 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 \$28,500 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 *Great Start*-qualified new personal team member
- A *Great-Start*-qualified new personal team member is one whose initial order or cumulative orders are \$600 or more in wholesale Section 1 products, and the order(s) are received and accepted by the Company in the same or following three months that the Independent Beauty Consultant Agreement is received and accepted by the Company.
- Car program credit is earned in the month in which the above *Great Start*-qualified new personal team member requirements are met and applies toward the required 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



rewards

- Cadillac® Career Car* or Cash Compensation
- Cadillac® key chain presented at Seminar

On-Target

- \$51,000 net adjusted unit wholesale production in one calendar quarter

Qualification

- \$102,000 net adjusted unit wholesale production within two consecutive calendar quarters

EXAMPLES:

Calendar Quarter 1		Quarter 2		Total
Net Wholesale \$51,000	+	\$51,000	=	\$102,000
Net Wholesale \$46,000	+	\$56,000	=	\$102,000

- \$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 \$51,000 net adjusted unit wholesale production per calendar quarter
- Excess production from the two qualifying quarters over \$102,000 will carry forward to the next quarter to offset any production shortfall below the quarterly maintenance requirements.
- Production in excess of \$51,000 in each quarter will carry forward to the next quarter to offset any production shortfall below the quarterly maintenance requirements.
- Accounts receivable with the Company must be paid in full.
- \$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.

*To select the Cadillac® Career Car reward, you must meet the requirements of the Career Car Insurance program, possess a valid U.S. driver's license, complete the Career Car Qualifier Online Reward Selection process on *Mary Kay InTouch*® no later than the communicated deadline or 15th of the month following your qualification or reward will default to Cash Compensation, and possess either an approved Social Security card or Individual Taxpayer Identification Number (ITIN). In addition, other requirements may apply.

Cadillac® Career Car

- Cadillac® Career Car is in lieu of Cash Compensation.
- Co-op lease payment is due if production falls below \$50,000 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
\$50,000 and over	-0-
\$47,000 to \$49,999	\$ 90
\$44,000 to \$46,999	\$180
\$40,000 to \$43,999	\$270
\$36,000 to \$39,999	\$450
\$32,000 to \$35,999	\$630
\$0 to \$31,999	\$900

Note: Co-op lease payments begin with the month in which you take delivery of the Career Car unless delivery is taken the last few days of the month in which case co-op lease payments begin the following month.

Cash Compensation Option

- Cash Compensation is in lieu of the Cadillac® Career Car.
- 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 on next page.

