

Independent Beauty Consultant*

Avenues of Income

- Product sales and reorders

Rewards

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

Business Guidelines

- 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 \$450 suggested retail 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 \$500 suggested retail order on March 16, 2015, her Earned Discount Privilege will apply until May 31, 2015. She will be eligible for the Earned Discount Privilege as long as she maintains "active" status.

Ladder of Success 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 qualified team building. Six hundred contest credits are awarded for each qualified** new personal team member added during the quarter. A Star Consultant is rewarded with a Ladder of Success pin and a:

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

Star Consultant consistency also is recognized.

New Beauty Consultant Incentives

New Beauty Consultant Product Bonus

- A new Beauty Consultant can earn a free[†] product bonus when her initial wholesale Section 1 order is \$600 or more, and it is received and accepted by the Company in the same or

following calendar month that her Independent Beauty Consultant Agreement is received and accepted by the Company. The value of the product bonus she receives is based on the size of the initial order and when the order is postmarked. For details see the *Ready, Set, Sell! Inventory Options for New Consultants* brochure or log on to the Mary Kay InTouch® website.

- A new Beauty Consultant also can earn a free[†] customized color look, valued at more than \$100 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 qualified new personal team member is one whose Independent Beauty Consultant Agreement and a minimum of \$600 in wholesale Section 1 orders are postmarked and accepted by the Company within the contest quarter. Contest credit is any combination of at least \$1,800 in wholesale Section 1 orders, plus qualified new personal team members.*

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

Star Team Builder

Avenues of Income

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

Compensation

- 4% personal team commission
- Team-Building bonus

Rewards

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

Requirements

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

Team-Building Bonus

A \$50 Team-Building bonus will be paid to Star Team Builders, 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.

Business Guidelines

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

Team Leader

Avenues of Income

- Product sales and reorders
- 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.

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 10 or more active personal team members; refer to section, "Prior to entering the Sales Director-in-Qualification Program" under Independent Sales Director-in-Qualification 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

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

Independent Sales Director-in-Qualification

Avenues of Income

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

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

Compensation

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

Prior to entering the Sales Director-in-Qualification Program

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

- Be active
- Have achieved Star Consultant status in the prior Star Consultant contest quarter OR have placed a minimum \$1,800 in wholesale Section 1 orders postmarked during the current Star Consultant contest quarter. (For DIQ purposes, "current Star Consultant quarter" is as of the end of the month prior to submitting Commitment Form.)
- Have 10 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 the DIQ
 - the spouse of any Beauty Consultant
 - a current DIQ or a 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, the DIQ will need to replace her and have at least 11 active personal team members in the month prior to the first month of qualification.

Additional Requirement 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 Beauty Consultant numbers).
- Submit an online Commitment Form available on the Mary Kay InTouch® website from the 1st through the 3rd 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 1st of the month. (Example: If a DIQ wishes to begin the Sales Director-in-Qualification Program June 1, her Commitment Form should be postmarked sometime in May, or at the latest, June 1.)

DIQ Qualification Requirements

- A DIQ may qualify as an Independent Sales Director in one, two, three or four months, based on when she achieves the following:
 - \$18,000 cumulative unit wholesale production
 - DIQ must have at least \$1,800 in cumulative personal wholesale production
 - 24 total active unit members
 - The DIQ **is** considered one of the 24 active unit members
 - At least 10 of the 24 total active unit members must have a minimum \$600 cumulative personal wholesale production during the qualification period
 - The DIQ is **not** considered one of the 10 unit members
 - \$4,000 minimum wholesale unit production each month, even if the DIQ has already reached \$18,000 cumulative wholesale production during the qualification period.
- The DIQ's unit members must contribute at least \$14,000 toward the \$18,000 wholesale production requirement.
- A DIQ may contribute up to \$4,000 in personal wholesale Section 1 production toward the \$18,000 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). The DIQ's team members' recruits will remain in the parent unit.

Additional Qualification

- 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.

- The Sales Director commission will be paid on the spouse's orders.
- 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 his/her 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, placed online or delivered to the branch.
- The DIQ cannot place an order for a Beauty Consultant with his/her 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 the Mary Kay InTouch® website and select "DIQ Program" under Resources.

Independent Sales Director

Avenues of Income

- Product sales and reorders
- Team-building commissions
- Leadership

Compensation

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

Sales Director Personal Team-Building Bonus

- A Sales Director is entitled to a \$100 Sales Director Personal Team-Building Bonus for each qualified new personal team member added to her Sales Unit. A qualified new personal team member is one whose initial order with the Company is \$600 or more in wholesale Section 1 products, and it is received and accepted by the Company in the same or following calendar

month that her Independent Beauty Consultant Agreement is received and accepted by the Company. The Sales Director Personal Team-Building Bonus is earned in the month in which the qualified team member's initial \$600 wholesale Section 1 order is received and accepted by the Company.

- The Sales Director Personal Team-Building Bonus will be paid on the basis of wholesale orders and Independent Beauty Consultant Agreements received and accepted by the Company by the close of business each month.

Sales Director Unit Volume Commission Schedule

| MONTHLY WHOLESALE PRODUCTION | COMMISSION |
|-------------------------------------|-------------------|
| \$4,500 or more | 13% |
| \$0 to \$4,499 | 9% |

Sales Director Unit Volume Bonus

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

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

- For each \$1,000 increase in monthly Unit Wholesale Purchase Volume, the bonus increases by \$100.
- Please note, this bonus schedule is theoretically infinite beyond the initial \$5,000 to \$5,999.99 tier. That is, although the \$50,000 to \$50,999.99 tier is not reflected in the example, you would still receive a \$5,000 Unit Volume Bonus if your monthly Unit Wholesale Purchase Volume fell between \$50,000 and \$50,999.99.

Sales Director Unit Development Bonus

- A Sales Director is entitled to a Sales Director Unit Development Bonus of \$300 for each month three or four qualified** new unit members are added to her Sales Unit OR

- A Sales Director is entitled to a Sales Director Unit Development Bonus of \$500 for each month five or more qualified** new unit members are added to her Sales Unit.
- The Sales Director Unit Development Bonus is earned in the month in which the appropriate number of new qualified unit members' initial minimum \$600 wholesale Section 1 orders are received and accepted by the Company.

Star Consultant Bonus

A Sales Director is entitled to a Star Consultant Bonus based on the number of Star Consultants** in her Sales Unit in a contest quarter:

| Number of Star Consultants† | Bonus |
|------------------------------------|--------------|
| 5 to 9 | \$300 |
| 10 to 14 | \$400 |
| 15+ | \$500 |

- 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 that the debut takes place.

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 2014 unit circle level is higher than your 2013 unit circle level, you'll earn the bonus.

New Independent Sales Director Program Bonus

A new Sales Director is entitled to a \$1,000 New Sales Director Program Bonus when she achieves each of the following New Sales Director Program challenges:

- On the Move
- Fabulous 50s Club
- Honors Society

Independent Senior Sales Director Bonus

A Senior Sales Director is entitled to a contest bonus of \$500 when her new offspring Sales Director achieves any one or more of the following:

- On the Move
- Fabulous 50s Club
- Honors Society

The Senior Sales Director must have a minimum unit size of 50 at the time her offspring Sales Director qualifies for each challenge to receive the bonus. (If a Senior Sales Director debuts one or more additional offspring Sales Directors one to three months prior to when her offspring Sales Director reaches one of these achievements, her unit must have at least 30 unit members at the time the offspring Sales Director qualifies to receive the bonus.)

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 - \$124,999 | \$800 |
| \$125,000 – \$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.

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

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.
- It is expected that a Sales Director maintain minimum unit production of \$4,500 wholesale per month.

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. 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 972-687-5744.

**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.*

*** 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. "Star Consultant Contest Quarter" is 1) Dec. 16 – March 15; 2) March 16 – June 15; 3) June 16 – Sept. 15; and 4) Sept. 16 – Dec. 15.*