



MARY KAY®

INDEPENDENT NATIONAL SALES DIRECTOR

CAREER PATH BOOKLET

This is a description of the career path and incentive programs in effect Oct. 1, 2023. The Company reserves the right to alter, modify or change any terms of the incentive programs described herein.

This document is not intended to replace, modify or alter in any way the terms contained within your Agreements with the Company. In the event of a conflict between this brochure and the Independent Beauty Consultant Agreement, Independent Sales Director Agreement and the Independent National Sales Director Agreement, the terms of the Agreements will prevail.

Career Path At-a-Glance

All Independent Beauty Consultants and above

- Have 50% profit potential on personal retail product sales.

INDEPENDENT BEAUTY CONSULTANT

- Independent Beauty Consultant Agreement is received and accepted by the Company.

INDEPENDENT SENIOR BEAUTY CONSULTANT

- 1 or 2 active personal team members.
- 4% personal team commission

REDS

STAR TEAM BUILDER

- 3 or 4 active personal team members.
- 4%, 6% or 8% personal team commission.

TEAM LEADER

- 5–7 active personal team members.
- 9% or 13% personal team commission.

ELITE TEAM LEADER

- 8 or more active personal team members.
- 9% or 13% personal team commission.

All Independent Sales Directors through Independent Elite Executive Senior Sales Directors

- Have 50% profit potential on personal retail product sales.
- Must have \$4,500 or more in monthly unit retail sales volume of wholesale Section 1 product.

INDEPENDENT SALES DIRECTOR

- 4%, 9% or 13% personal team commission.
- 9%, 13% or 23% unit commission.

INDEPENDENT SENIOR SALES DIRECTOR

- 1 or 2 active first-line offspring Sales Directors (including GLDP units).

All the compensation opportunities of an Independent Sales Director, plus:

- First-Line Offspring Commission of 5%.
- First-Line Offspring Sales Director Bonus.

INDEPENDENT FUTURE EXECUTIVE SENIOR SALES DIRECTOR

- 3 or 4 active first-line offspring Sales Directors (including GLDP units).

All the compensation opportunities of an Independent Sales Director, plus:

- First-Line Offspring Commission of 6%.
- First-Line Offspring Sales Director Bonus.

INDEPENDENT EXECUTIVE SENIOR SALES DIRECTOR

- 5–7 active first-line offspring Sales Directors (including GLDP units).

All the compensation opportunities of an Independent Sales Director, plus:

- First-Line Offspring Commission of 7%.
- First-Line Offspring Sales Director Bonus.
- Second-Line Offspring Commission of 1%.

INDEPENDENT ELITE EXECUTIVE SENIOR SALES DIRECTOR

- 8 or more active first-line offspring Sales Directors (including GLDP units).

All the compensation opportunities of an Independent Sales Director, plus:

- First-Line Offspring Commission of 7%.
- First-Line Offspring Sales Director Bonus.
- Second-Line Offspring Commission of 2%.

All Independent National Sales Directors and above:

- Have 50% profit potential on personal retail product sales.
- 4%, 9% or 13% personal team commission.
- 13% Sales Director personal unit commission and 10% NSD personal unit sales volume commission.
- 9% offspring unit commission on first-line, 4% on second-line and 2% on third-line offspring units.
- 2% top 10 fourth-line and beyond Sales Director commission for all NSDs.
- 2% fourth-line offspring unit commission for Elite Executive NSDs only.
- Opportunity to develop leaders in designated international markets.

INDEPENDENT NATIONAL SALES DIRECTOR (appointment at the discretion of the Company)

- 30 or more unit members in your personal unit.
- 20 total offspring Independent Sales Directors (12/3/8), (11/3/9) or (10/3/10).
- Cadillac Career Car or Cash Compensation qualifier.

INDEPENDENT SENIOR NATIONAL SALES DIRECTOR

- 1 offspring National Sales Director in any line, regardless of debut order.

INDEPENDENT EXECUTIVE NATIONAL SALES DIRECTOR

- 3 offspring National Sales Directors* from any unaffiliated line.

INDEPENDENT ELITE EXECUTIVE NATIONAL SALES DIRECTOR

- 5 offspring National Sales Directors* from any line.

**Any offspring National Sales Director who debuted as an NSD after your debut and for whom you are eligible to receive the Offspring NSD Anniversary Bonus*

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Business Guidelines

For All Career Path Statuses

The foundation of a strong Mary Kay business is and always will be the sale of amazing *Mary Kay*® products to your customers! Thanks to the Company's generous 50% profit potential on all retail sales, you have an incredible opportunity to earn by simply building a strong and loyal customer base and selling products to your satisfied customers!

Earned Discount Privilege:

- Active Independent Beauty Consultants are eligible to receive a 50% wholesale discount on Section 1 products.
- An Independent Beauty Consultant is considered active with personal retail sales of \$225 in wholesale Section 1 products.
- An Independent Beauty Consultant will remain active for two months following any month with personal retail sales of \$225 in wholesale Section 1 products.

Spouses may be Mary Kay Independent Beauty Consultants. However, once one spouse becomes a Sales Director, the other spouse is not eligible to become a Sales Director. 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 cash bonus normally paid on team members will not be paid when an Independent Beauty Consultant recruits her/his spouse. Spouses do not count toward any program except unit Section 1 product sales volume and unit commission. The spouse will not count in any way toward Independent Sales Director qualification, career path status requirements or any Company promotions or awards, including qualification for or maintenance of a Career Car under the Career Car Program.

Commissions and Bonuses: Commissions are based on monthly wholesale Section 1 product sales volume, and bonuses can be earned in many ways. When earned, commissions and bonuses are paid in three different ways.

Faster Bonus Payment: Several bonuses will be paid in up to three business days upon completion when you have direct deposit or already have a Prepaid Wire Card. If you achieve any of these bonuses and do not already have a Prepaid Wire Card, we will send you one. This will take 7–10 business days.

Midmonth Commissions can be earned by Sales Directors and above who have met any of the following requirements:

- Midmonth Unit Commission for Sales Directors and above.
 - » If a Sales Director or above has \$1,000 – \$5,499.99 in unit Section 1 product sales volume by the 15th of the month, she is eligible to earn 13% unit commission.
 - » If a Sales Director or above has \$5,500 or more in unit Section 1 product sales volume by the 15th of the month, she is eligible to earn 23% unit commission.
- Midmonth first-line and second-line offspring Independent Sales Director commission for Senior Sales Directors through Elite Executive Senior Sales Directors.
 - » If a Senior Sales Director or Future Executive Senior Sales Director has \$4,500 or more in personal unit Section 1 product sales volume by the 15th of the month, she is eligible to earn first-line offspring commission.
 - » If an Executive Senior Sales Director or Elite Executive Senior Sales Director has \$4,500 or more in personal unit Section 1 product sales volume by the 15th of the month, she is eligible to earn first-line and second-line offspring commission.
 - » The minimum requirement of \$4,500 in Section 1 product sales volume in order to be eligible to earn first-line and second-line offspring Independent Sales Director commission is waived for the first three months following the debut of an offspring Sales Director.

When earned, midmonth payment is issued on the first of the following month, for all months except December (Jan. 1 is a holiday). If the first falls on a holiday or a weekend, the payment will be made on the previous business day except for December (payment will be made the first business day in January).

Month-End Commissions: When earned, month-end payment is issued on the 15th of each month. If the 15th falls on a holiday or a weekend, the payment will be made on the previous business day.

Glossary of Terms

The definitions included in this glossary apply throughout the brochure.

ACTIVE: An Independent Beauty Consultant is considered active with personal retail sales of \$225 in wholesale Section 1 products and will remain active for two months following any month with this amount in sales.

A RED: an Independent Beauty Consultant who achieves one of the following statuses at the end of any month: Star Team Builder, Team Leader or Elite Team Leader.

FIRST-LINE OFFSPRING: an Independent Sales Director who has debuted from your personal Sales Director unit.

GREAT START™-QUALIFIED: one who has personal retail sales of \$600 or more in wholesale Section 1 products within the *Great Start*™ time frame. The wholesale order(s) to support this retail sales amount can be single or cumulative.

GREAT START™ TIME FRAME: the month your Agreement is received and accepted by the Company plus the following three calendar months.

PERSONAL TEAM COMMISSION: the money you are eligible to earn as a percentage of your personal team sales volume when the requirements are met. Note for Star Team Builders: The wholesale Section 1 value of personal retail sales and personal team sales volume is used to determine the percentage of the commission, but the commission is paid only on personal team sales volume.

PERSONAL TEAM / PERSONAL TEAM MEMBER: Your personal team consists of Independent Beauty Consultants with whom you have personally shared the Mary Kay opportunity whose Independent Beauty Consultant Agreements have been received and accepted by the Company. A personal team member is anyone on your personal team.

PERSONAL TEAM SALES VOLUME: the monthly wholesale Section 1 product sales volume generated by your personal team. If you have an Independent Sales Director or above on your personal team, that Sales Director's personal retail sales in wholesale Section 1 products can be included in this total.

SECOND-LINE OFFSPRING: an Independent Sales Director who has debuted from your first-line offspring's unit.

SECOND-TIER TEAM: the personal team members of your personal team members.

UNIT COMMISSION: the money earned as a percentage of your unit's sales volume.

UNIT SALES VOLUME: the monthly wholesale Section 1 product sales volume generated by your unit. As a Sales Director, your personal retail sales in wholesale Section 1 products can be included in this total.

Activity Status Codes

N1, N2, N3: New status. Has submitted an Independent Beauty Consultant Agreement but has not yet placed an activating wholesale Section 1 order of \$225 or more.

A1, A2, A3: Active status. Has placed a wholesale Section 1 order of \$225 or more.

- A1: The activating order was placed in the current month.
- A2: The activating order was placed last month.
- A3: The activating order was placed two months ago.

I1, I2, I3: Inactive status. Has placed an activating wholesale Section 1 order of \$225 or more at least three (I1), four (I2) or five (I3) months ago. Needs to place an activating order to earn personal team commissions and bonuses.

T1: Terminated status. Has not placed an activating wholesale Section 1 order of \$225 or more in six months. Will lose their personal team at the end of the month if an activating order is not placed within the month.

T2, T3, T4, T5 and T6: Continuation of Terminated status. Must place an activating wholesale Section 1 order of \$225 or more to remain an Independent Beauty Consultant.

T7: Last month of Terminated status. Has been 12 months since an activating wholesale Section 1 order of \$225 has been placed. Must place an activating order by the end of the month to maintain Consultant number.

XA: No longer an Independent Beauty Consultant. Must submit a new Independent Beauty Consultant Agreement.

Independent National Sales Director*

Career Path Qualifications

To be considered for an appointment as an Independent National Sales Director, a candidate under consideration for the status (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.

Minimum qualifications:

- Have a personal unit with 30 or more nonterminated unit members.
- Have a total of 20 offspring Independent Sales Directors in one of the following configurations:
 - » (12/3/8) 12 first-line offspring Sales Directors, 3 of whom are Senior Sales Directors, and 8 second-line offspring Sales Directors.
 - » (11/3/9) 11 first-line offspring Sales Directors, 3 of whom are Senior Sales Directors, and 9 second-line offspring Sales Directors.
 - » (10/3/10) 10 first-line offspring Sales Directors, 3 of whom are Senior Sales Directors, and 10 second-line offspring Sales Directors.
- Each of the 20 qualifying units (12/8, 11/9 or 10/10) must have 30 or more nonterminated unit members. In the case of international offspring units, the minimum number of unit members required is based on the home country's requirements.
- 7 or more of the 20 qualifying units must be Premier Club qualifiers or Cadillac qualifiers, and 5 or more of the Sales Directors must live in the U.S.
- Must be a Cadillac Career Car qualifier or Cash Compensation qualifier.

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

*A 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 II: Demonstrate Golden Rule proficiency.

Minimum qualifications:

- Must be in compliance with her Agreements with the Company.
- Demonstrate an understanding of and be in compliance with the Mary Kay business model, and correctly communicate the same to others in her unit and prospective future National Area.
- Demonstrate integrity in the operation of her business and the development of her prospective future National Area.

Qualification III: Demonstrate interest in educational events.

Minimum qualification:

- 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.**

- Debut as an NSD before your 60th birthday to participate in Group III of the Family Security Program.
- Debut as an NSD before your 65th birthday to participate in Group V of the Family Security Program.

Process

An Independent Sales Director who has at least 8 first-line and 6 second-line offspring Independent Sales Directors may contact the Sales Force Development Director of the Candidate's Seminar affiliation to express her 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 or not a Candidate has sufficiently demonstrated all qualifications to be considered for appointment to the position of NSD.

**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.

Compensation

1. **50% profit potential on personal retail product sales.**
2. **Earned Discount Privilege.**
3. **Personal team commission: 4%, 9% or 13%.**
 - **4%** personal team commission can be earned on combined personal team sales volume in any calendar month when you have 1–4 active personal team members.
 - **9%** personal team commission can be earned on combined personal team sales volume in any calendar month when you have 5 or more active personal team members.
 - **13%** personal team commission can be earned on combined personal team sales volume in any calendar month when you have 5 or more active personal team members with a \$225 or more individual sales volume in any calendar month.
4. **Sales Director personal unit commission: 13%.**
 - Is eligible to earn 13% unit commission on monthly unit sales volume.
5. **National Sales Director commission.**
 - NSD personal unit sales volume commission: 10%.
 - » An NSD may elect to keep her personal unit at the time she debuts, or she may 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 sales volume in addition to a 13% Sales Director commission on that unit's sales volume.

6. Offspring Unit Commission Schedule

Based on Combined Monthly Unit Sales Volume of Offspring Units	NSD Commission
First-line offspring units	9%
Second-line offspring units affiliated* and unaffiliated	4%
Third-line offspring units affiliated* and unaffiliated	2%

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

- Is eligible to earn a 2% commission calculated on the combined monthly unit sales volume of an NSD's affiliated* and unaffiliated fourth-line and beyond offspring Sales Directors. Top 10 ranking is based on the monthly unit sales volume of an NSD's affiliated* and unaffiliated fourth-line and beyond offspring units.

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

Additional Incentives and Rewards

1. First-Line Offspring Independent 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	Amount of Bonus
First-Line Offspring Independent Sales Director Debut Bonus: Paid at the time of offspring Sales Director's debut (paid only once per individual Sales Director).	
<ul style="list-style-type: none"> • The minimum 20 units required to debut as a new Independent National Sales Director must be in place before the First-Line Offspring Sales Director Bonus of \$5,000 can be earned on any Sales Directors who debut on the same day as their National Sales Director. 	\$5,000

First-Line Offspring Independent Sales Director Sales Volume Bonus: Paid on the anniversary of the same Sales Director's debut when that offspring Sales Director's unit generates Section 1 product sales volume of \$60,000 or more within the previous 12 months.

- To be eligible for the \$1,000 First-Line Offspring Independent Sales Director Section 1 Product Sales Volume Bonus based on Section 1 product sales volume, the NSD must have qualified to earn the \$5,000 First-Line Offspring Independent Sales Director Debut Bonus for the same offspring Sales Director.

2. NSD Area Leadership Development Bonus.

- Is eligible to earn a quarterly (March 31, June 30, Sept. 30 and Dec. 31) Leadership Development Bonus on the units in her first-line through third-line affiliated* and unaffiliated area as follows:
 - » \$200 for each Independent Senior Sales Director.
 - » \$300 for each Independent Future Executive Senior Sales Director.
 - » \$500 for each Independent Executive Senior Sales Director.
 - » \$800 for each Independent Elite Executive Senior Sales Director.
 - » \$800 for each Independent National Sales Director's 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.

INDEPENDENT NATIONAL SALES DIRECTOR CAREER PATH

3. NSD Strategy Bonuses.

- Is eligible to earn a NSD Strategy Bonus of \$1,000 when an unaffiliated U.S. Sales Director in her area achieves one or more of the following:
 - » Cadillac qualification or requalification.
 - » Higher Circle of Achievement or Circle of Excellence than the previous year (payable in July, as soon as possible after year-end Seminar ranking has been completed).
 - » Start Strong Bonus from the New Independent Sales Director Program.
 - » Grow Strong Bonus from the New Independent Sales Director Program.
 - » Keep Strong Bonus from the New Independent Sales Director Program.
 - » Lead Strong Bonus from the New Independent Sales Director Program.

4. 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. Only unaffiliated offspring units from the U.S. and through the Global Leadership Development Program are considered for this account. This allowance is determined at the end of June and is paid in July of the same year according to the following schedule:

Number of Fourth-Line Independent Sales Directors and Beyond	Payment
1-20	\$1,200
21-50	\$2,400
51-100	\$3,600
101 or more	\$12,000

5. Is eligible to earn Star Consultant Program prizes.
6. Is eligible to wear National Sales Director apparel.
7. Receives monthly *National News Notes*.
8. Is eligible to select the NSD bracelet with one diamond or a cash reward upon debut.
9. Is eligible to receive an invitation to the National Sales Director Trip for self and a guest, at the discretion of the Company.
10. Will earn the use of a Cadillac or will earn the Cash Compensation option at a rate of \$1,400 per month in lieu of the car.

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

INDEPENDENT NATIONAL SALES DIRECTOR CAREER PATH

11. Eligible to participate in the Family Security Program.

12. Has the opportunity to personally recruit in designated international markets.

13. U.S. Great Futures Program.



Independent Senior National Sales Director*

Career Path Qualification

Must have 1 offspring National Sales Director in any line, regardless of debut sequence.

Compensation

1. **50% profit potential on personal retail product sales.**
2. **Earned Discount Privilege.**
3. **Personal team commission: 4%, 9% or 13%.**
 - **4%** personal team commission can be earned on combined personal team sales volume in any calendar month when you have 1–4 active personal team members.
 - **9%** personal team commission can be earned on combined personal team sales volume in any calendar month when you have 5 or more active personal team members.
 - **13%** personal team commission can be earned on combined personal team sales volume in any calendar month when you have 5 or more active personal team members with a \$225 or more individual sales volume in any calendar month.
4. **Sales Director personal unit commission: 13%.**
 - Is eligible to earn 13% unit commission on monthly unit sales volume.
5. **Senior National Sales Director commission.**
 - NSD personal unit sales volume commission: 10%.
 - » An NSD may elect to keep her personal unit at the time she debuts, or she may 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 sales volume in addition to a 13% Sales Director commission on that unit's sales volume.

*A Senior 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.

6. Offspring Unit Commission Schedule

Based on Combined Monthly Unit Sales Volume of Offspring Units	NSD Commission
First-line offspring units	9%
Second-line offspring units affiliated** and unaffiliated	4%
Third-line offspring units affiliated** and unaffiliated	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 offspring NSD.

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

- Is eligible to earn a 2% commission calculated on the combined monthly unit sales volume of an NSD's affiliated** and unaffiliated fourth-line and beyond offspring Sales Directors. Top 10 ranking is based on the monthly sales volume of an NSD's affiliated** and unaffiliated fourth-line and beyond offspring units.

Additional Incentives and Rewards

1. First-Line Offspring Independent 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	Amount of Bonus
First-Line Offspring Independent Sales Director Debut Bonus: Paid at time of offspring Sales Director's debut (paid only once per individual Sales Director).	
<ul style="list-style-type: none"> • The minimum 20 units required to debut as a new Independent National Sales Director must be in place before the First-Line Offspring Sales Director Bonus of \$5,000 can be earned on any Sales Directors who debut on the same day as their National Sales Director. 	\$5,000

First-Line Offspring Independent Sales Director Sales Volume Bonus:
Paid on the anniversary of the same Sales Director's debut when that offspring Sales Director's unit generates Section 1 product sales volume of \$60,000 or more within the previous 12 months.

- To be eligible for the \$1,000 First-Line Offspring Independent Sales Director Section 1 Product Sales Volume Bonus based on Section 1 product sales volume, the NSD must have qualified to earn the \$5,000 First-Line Offspring Independent Sales Director Debut Bonus for the same offspring Sales Director.

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

2. Offspring NSD Development Bonus Schedule.

- The first time someone debuts as an NSD, the Senior NSD (who has been an NSD for at least six months) from whose unaffiliated area the offspring NSD is developed, is eligible for a \$10,000 Offspring NSD Debut Bonus at the time of the new offspring NSD's debut. There will be only 1 recipient of this bonus. For purposes of determining the recipient of this bonus, the person who was the NSD of the new offspring NSD for six months prior to the offspring NSD's debut receives the bonus.
- The Senior NSD is eligible for an annual \$10,000 Offspring NSD Anniversary Bonus on the anniversary of the offspring NSD's debut date as long as the offspring National Sales Director's Agreement is not terminated for qualification or other reasons. The Senior NSD will continue to receive the Offspring NSD Anniversary Bonus if the offspring NSD debuts as an NSD Emeritus before the Senior NSD or in the case of death of an active offspring NSD.

If the NSD Agreement of an offspring NSD is terminated, but the former offspring NSD later redebuts as an NSD, the Senior NSD at the time of the redebut will not receive an Offspring NSD Debut Bonus. It is only paid the first time an individual debuts as an NSD. The Senior NSD at the time of the NSD's redebut will be eligible to earn the annual Offspring NSD Anniversary Bonus based on the redebut date, beginning on the first anniversary of the offspring NSD's redebut.

3. NSD Area Leadership Development Bonus.

- Is eligible to earn a quarterly (March 31, June 30, Sept. 30 and Dec. 31) Leadership Development Bonus on the units in her first-line through third-line affiliated* and unaffiliated area as follows:
 - » \$200 for each Independent Senior Sales Director.
 - » \$300 for each Independent Future Executive Senior Sales Director.
 - » \$500 for each Independent Executive Senior Sales Director.
 - » \$800 for each Independent Elite Executive Senior Sales Director.
 - » \$800 for each Independent National Sales Director's 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. Independent Sales Director, offspring unit, line and/or area is one that is directly associated with another active offspring National Sales Director.

4. NSD Strategy Bonuses.

- Is eligible to earn a NSD Strategy Bonus of \$1,000 when an unaffiliated U.S. Sales Director in her area achieves one or more of the following:
 - » Cadillac qualification or requalification.
 - » Higher Circle of Achievement or Circle of Excellence than the previous year (payable in July, as soon as possible after year-end Seminar ranking has been completed).
 - » Start Strong Bonus from the New Independent Sales Director Program.
 - » Grow Strong Bonus from the New Independent Sales Director Program.
 - » Keep Strong Bonus from the New Independent Sales Director Program.
 - » Lead Strong Bonus from the New Independent Sales Director Program.

5. 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. Only unaffiliated offspring units from the U.S. and through the Global Leadership Development Program are considered for this account. This allowance is determined at the end of June and is paid in July of the same year according to the following schedule:

Number of Fourth-Line Independent Sales Directors and Beyond	Payment
1-20	\$1,200
21-50	\$2,400
51-100	\$3,600
101 or more	\$12,000

6. Is eligible to earn Star Consultant Program prizes.**7. Is eligible to wear National Sales Director apparel.****8. Receives monthly *National News Notes*.****9. Is eligible to select the NSD bracelet with one diamond or a cash reward upon debut.****10. Is eligible to receive an invitation to the National Sales Director Trip for self and a guest, at the discretion of the Company.****11. Will earn the use of a Cadillac or will earn the Cash Compensation option at a rate of \$1,400 per month in lieu of the car.****12. Eligible to participate in the Family Security Program.****13. Has the opportunity to personally recruit in designated international markets.****14. U.S. Great Futures Program.**

Independent Executive National Sales Director*

Career Path Qualification

Must have 3 offspring National Sales Directors from any unaffiliated line who debuted as Independent National Sales Directors after your debut and for whom you are eligible to receive the Offspring NSD Anniversary Bonus.

Compensation:

1. **50% profit potential on personal retail product sales.**
2. **Earned Discount Privilege.**
3. **Personal team commission: 4%, 9% or 13%.**
 - **4%** personal team commission can be earned on combined personal team sales volume in any calendar month when you have 1–4 active personal team members.
 - **9%** personal team commission can be earned on combined personal team sales volume in any calendar month when you have 5 or more active personal team members.
 - **13%** personal team commission can be earned on combined personal team sales volume in any calendar month when you have 5 or more active personal team members with a \$225 or more individual sales volume in any calendar month.
4. **Sales Director personal unit commission: 13%.**
 - Is eligible to earn 13% unit commission on monthly unit sales volume.
5. **Executive National Sales Director commission.**
 - NSD personal unit sales volume commission: 10%.
 - » An NSD may elect to keep her personal unit at the time she debuts, or she may 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 sales volume in addition to a 13% Sales Director commission on that unit's sales volume.

*An Executive 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.

6. Offspring Unit Commission Schedule

Based on Combined Monthly Unit Sales Volume of Offspring Units	NSD Commission
First-line offspring units	9%
Second-line offspring units affiliated** and unaffiliated	4%
Third-line offspring units affiliated** and unaffiliated	2%

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

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

- Is eligible to earn a 2% commission calculated on the combined monthly unit sales volume of an NSD's affiliated** and unaffiliated fourth-line and beyond offspring Sales Directors. Top 10 ranking is based on the monthly sales volume of an NSD's affiliated** and unaffiliated fourth-line and beyond offspring units.

Additional Incentives and Rewards

1. First-Line Offspring Independent 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	Amount of Bonus
First-Line Offspring Independent Sales Director Debut Bonus: Paid at the time of offspring Sales Director's debut (paid only once per individual Sales Director).	
<ul style="list-style-type: none"> • The minimum 20 units required to debut as a new Independent National Sales Director must be in place before the First-Line Offspring Sales Director Bonus of \$5,000 can be earned on any Sales Directors who debut on the same day as their National Sales Director. 	\$5,000

First-Line Offspring Independent Sales Director Sales Volume Bonus:
Paid on the annual anniversary of the same Sales Director's debut when that offspring Sales Director's unit generates Section 1 product sales volume of \$60,000 or more within the previous 12 months.

- To be eligible for the \$1,000 First-Line Offspring Independent Sales Director Section 1 Product Sales Volume Bonus based on Section 1 product sales volume, the NSD must have qualified to earn the \$5,000 First-Line Offspring Independent Sales Director Debut Bonus for the same offspring Sales Director.

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

2. Offspring NSD Development Bonus Schedule.

- The first time someone debuts as an NSD, the Senior NSD (who has been an NSD for at least six months) from whose unaffiliated area the offspring NSD is developed, is eligible for a \$10,000 Offspring NSD Debut Bonus at the time of the new offspring NSD's debut. There will be only 1 recipient of this bonus. For purposes of determining the recipient of this bonus, the person who was the NSD of the new offspring NSD for six months prior to the offspring NSD's debut receives the bonus.
- The Senior NSD is eligible for an annual \$10,000 Offspring NSD Anniversary Bonus on the anniversary of the offspring NSD's debut date as long as the offspring National Sales Director's Agreement is not terminated for qualification or other reasons. The Senior NSD will continue to receive the Offspring NSD Anniversary Bonus if the offspring NSD debuts as an NSD Emeritus before the Senior NSD or in the case of death of an active offspring NSD.

If the NSD Agreement of an offspring NSD is terminated, but the former offspring NSD later redebuts as an NSD, the Senior NSD at the time of the redebut will not receive an Offspring NSD Debut Bonus. It is only paid the first time an individual debuts as an NSD. The Senior NSD at the time of the NSD's redebut will be eligible to earn the annual Offspring NSD Anniversary Bonus based on the redebut date, beginning on the first anniversary of the offspring NSD's redebut.

3. NSD Area Leadership Development Bonus.

- Is eligible to earn a quarterly (March 31, June 30, Sept. 30 and Dec. 31) Leadership Development Bonus on the units in her first-line through third-line affiliated* and unaffiliated area as follows:
 - » \$200 for each Independent Senior Sales Director.
 - » \$300 for each Independent Future Executive Senior Sales Director.
 - » \$500 for each Independent Executive Senior Sales Director.
 - » \$800 for each Independent Elite Executive Senior Sales Director.
 - » \$800 for each Independent National Sales Director's 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. Independent Sales Director, offspring unit, line and/or area is one that is directly associated with another active offspring National Sales Director.

4. NSD Strategy Bonuses.

- Is eligible to earn a NSD Strategy Bonus of \$1,000 when an unaffiliated U.S. Sales Director in her area achieves one or more of the following:
 - » Cadillac qualification or requalification.
 - » Higher Circle of Achievement or Circle of Excellence than the previous year (payable in July, as soon as possible after year-end Seminar ranking has been completed).
 - » Start Strong Bonus from the New Independent Sales Director Program.
 - » Grow Strong Bonus from the New Independent Sales Director Program.
 - » Keep Strong Bonus from the New Independent Sales Director Program.
 - » Lead Strong Bonus from the New Independent Sales Director Program.

5. 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. Only unaffiliated offspring units from the U.S. and through the Global Leadership Development Program are considered for this account. This allowance is determined at the end of June and is paid in July of the same year according to the following schedule:

Number of Fourth-Line Independent Sales Directors and Beyond	Payment
1-20	\$1,200
21-50	\$2,400
51-100	\$3,600
101 or more	\$12,000

6. Is eligible to earn Star Consultant Program prizes.

7. Is eligible to wear National Sales Director apparel.

8. Receives monthly *National News Notes*.

9. Is eligible to select the NSD bracelet with one diamond or a cash reward upon debut.

10. Is eligible to receive an invitation to the National Sales Director Trip for self and a guest, at the discretion of the Company.

11. Will earn the use of a Cadillac or will earn the Cash Compensation option at a rate of \$1,400 per month in lieu of the car.

12. Eligible to participate in the Family Security Program.

13. Has the opportunity to personally recruit in designated international markets.

14. U.S. Great Futures Program.

Independent Elite Executive National Sales Director*

Career Path Qualification

Must have 5 offspring National Sales Directors from any line who debuted as Independent National Sales Directors after your debut and for whom you are eligible to receive the Offspring NSD Anniversary Bonus.

Compensation:

1. **50% profit potential on personal retail product sales.**
2. **Earned Discount Privilege.**
3. **Personal team commission: 4%, 9% or 13%.**
 - **4%** personal team commission can be earned on combined personal team sales volume in any calendar month when you have 1–4 active personal team members.
 - **9%** personal team commission can be earned on combined personal team sales volume in any calendar month when you have 5 or more active personal team members.
 - **13%** personal team commission can be earned on combined personal team sales volume in any calendar month when you have 5 or more active personal team members with a \$225 or more individual sales volume in any calendar month.
4. **Sales Director personal unit commission: 13%.**
 - Is eligible to earn 13% unit commission on monthly unit sales volume.
5. **Elite Executive National Sales Director commission.**
 - NSD personal unit sales volume commission: 10%.
 - » An NSD may elect to keep her personal unit at the time she debuts, or she may 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 sales volume in addition to a 13% Sales Director commission on that unit's sales volume.

*An Elite Executive 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.

6. Offspring Unit Commission Schedule

Based on Combined Monthly Unit Sales Volume of Offspring Units	NSD Commission
First-line offspring units	9%
Second-line offspring units affiliated** and unaffiliated	4%
Third-line offspring units affiliated** and unaffiliated	2%

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

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

- Is eligible to earn a 2% commission calculated on the combined monthly unit sales volume of an NSD's affiliated** and unaffiliated fourth-line and beyond offspring Sales Directors. Top 10 ranking is based on the monthly sales volume of an NSD's affiliated** and unaffiliated fourth-line and beyond offspring units.

8. Independent Elite Executive National Sales Director Fourth-Line Commission Schedule.

Based on Combined Monthly Unit Sales Volume	Elite Executive NSD Commission
All fourth-line offspring units affiliated** and unaffiliated	2%

Additional Incentives and Rewards

1. First-Line Offspring Independent 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	Amount of Bonus
First-Line Offspring Independent Sales Director Debut Bonus: Paid at the time of offspring Sales Director's debut (paid only once per individual Sales Director).	
<ul style="list-style-type: none"> • The minimum 20 units required to debut as a new Independent National Sales Director must be in place before the First-Line Offspring Sales Director Bonus of \$5,000 can be earned on any Sales Directors who debut on the same day as their National Sales Director. 	\$5,000

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

INDEPENDENT NATIONAL SALES DIRECTOR CAREER PATH

NSD Bonus

Amount of Bonus

First-Line Offspring Independent Sales Director Sales Volume Bonus: Paid on the anniversary of the same Sales Director's debut when that offspring Sales Director's unit generates Section 1 product sales volume of \$60,000 or more within the previous 12 months.

- To be eligible for the \$1,000 First-Line Offspring Independent Sales Director Section 1 Product Sales Volume Bonus based on Section 1 product sales volume, the NSD must have qualified to earn the \$5,000 First-Line Offspring Independent Sales Director Debut Bonus for the same offspring Sales Director.

2. Offspring NSD Development Bonus Schedule.

- The first time someone debuts as an NSD, the Senior NSD (who has been an NSD for at least six months) from whose unaffiliated area the offspring NSD is developed, is eligible for a \$10,000 Offspring NSD Debut Bonus at the time of the new offspring NSD's debut. There will be only 1 recipient of this bonus. For purposes of determining the recipient of this bonus, the person who was the NSD of the new offspring NSD for six months prior to the offspring NSD's debut receives the bonus.
- The Senior NSD is eligible for an annual \$10,000 Offspring NSD Anniversary Bonus on the anniversary of the offspring NSD's debut date as long as the offspring National Sales Director's Agreement is not terminated for qualification or other reasons. The Senior NSD will continue to receive the Offspring NSD Anniversary Bonus if the offspring NSD debuts as an NSD Emeritus before the Senior NSD or in the case of death of an active offspring NSD.

If the NSD Agreement of an offspring NSD is terminated, but the former offspring NSD later redebuts as an NSD, the Senior NSD at the time of the redebut will not receive an Offspring NSD Debut Bonus. It is only paid the first time an individual debuts as an NSD. The Senior NSD at the time of the NSD's redebut will be eligible to earn the annual Offspring NSD Anniversary Bonus based on the redebut date, beginning on the first anniversary of the offspring NSD's redebut.

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

INDEPENDENT NATIONAL SALES DIRECTOR CAREER PATH

3. NSD Area Leadership Development Bonus.

- Is eligible to earn a quarterly (March 31, June 30, Sept. 30 and Dec. 31) Leadership Development Bonus on the units in her first-line through third-line affiliated* and unaffiliated area as follows:
 - \$200 for each Independent Senior Sales Director.
 - \$300 for each Independent Future Executive Senior Sales Director.
 - \$500 for each Independent Executive Senior Sales Director.
 - \$800 for each Independent Elite Executive Senior Sales Director.
 - \$800 for each Independent National Sales Director's 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.

4. NSD Strategy Bonuses.

- Is eligible to earn a NSD Strategy Bonus of \$1,000 when an unaffiliated U.S. Sales Director in her area achieves one or more of the following:
 - Cadillac qualification or requalification.
 - Higher Circle of Achievement or Circle of Excellence than the previous year (payable in July, as soon as possible after year-end Seminar ranking has been completed).
 - Start Strong Bonus from the New Independent Sales Director Program.
 - Grow Strong Bonus from the New Independent Sales Director Program.
 - Keep Strong Bonus from the New Independent Sales Director Program.
 - Lead Strong Bonus from the New Independent Sales Director Program.

5. 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. Only unaffiliated offspring units from the U.S. and through the Global Leadership Development Program are considered for this account. This allowance is determined at the end of June and is paid in July of the same year according to the following schedule:

Number of Fourth-Line Independent Sales Directors and Beyond	Payment
1-20	\$1,200
21-50	\$2,400
51-100	\$3,600
101 or more	\$12,000

6. Is eligible to earn Star Consultant Program prizes.
7. Is eligible to receive and wear the Elite Executive NSD Diamond Bee pin.
8. Is eligible to wear National Sales Director apparel.
9. Receives monthly *National News Notes*.
10. Is eligible to select the NSD bracelet with one diamond or a cash reward upon debut.
11. Is eligible to receive an invitation to the National Sales Director Trip for self and a guest, at the discretion of the Company.
12. Will earn the use of a Cadillac or will earn the Cash Compensation option at a rate of \$1,400 per month in lieu of the car.
13. Eligible to participate in the Family Security Program.
14. Has the opportunity to personally recruit in designated international markets.
15. U.S. Great Futures Program.

Special Considerations

- When an Independent National Sales Director debuts as a National Sales Director Emeritus, the Independent Beauty Consultants in her personal unit are dispersed among her first-line Sales Directors' units. They do not move up into her Independent Senior National Sales Director's or Senior Sales Director's units. 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 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).

Seminar NSD Ranking Circles

Gold Circle

NSD Commissions

• \$100,000 • \$150,000

Rewards

Gold Circle pin or pin insert, plus Seminar recognition

Diamond Circle

NSD Commissions

• \$200,000 • \$250,000

Rewards

Diamond Circle pin or pin insert, choice of 1 diamond bracelet element or cash reward, plus a cash bonus for 1% of NSD commissions (starts at \$2,000)

Inner Circle

NSD Commissions

• \$300,000 • \$350,000 • \$400,000 • \$450,000

Inner Circle Platinum

NSD Commissions

\$500,000 or more

Rewards for all ranks include an Inner Circle pin or pin insert, choice of 2 diamond bracelet or necklace elements or cash reward, plus:

NSD RANKING COMMISSIONS	REWARDS
\$300,000	A cash bonus for 2% of NSD commissions (starts at \$6,000)
\$500,000	A cash bonus for 4% of NSD commissions (starts at \$20,000)
\$750,000	A cash bonus for 5% of NSD commissions (starts at \$37,500)
\$1,000,000	A cash bonus for 6% of NSD commissions (starts at \$60,000)

Inner Circle and Diamond Circle cash bonuses of NSD commissions count toward millionaire recognition. They do not count toward Seminar NSD ranking, monthly commissions recognition or the Family Security Program.

NSD Compensation and Incentives Chart

This chart was created to show the different elements of the Independent National Sales Director compensation plan with additional rewards and incentives to identify which elements are considered for recognition programs available to NSDs.

		Seminar NSD Ranking Inner, Diamond and Gold Circles	Monthly Commissions Recognition	Millionaire Recognition	Family Security Program
Personal Team Commission	4, 9, 13%		•	•	•
Sales Director Personal Unit Commission	13%		•	•	
NSD Personal Unit Volume Commission	10%	•	•	•	•
1st-Line Offspring Unit Commission (Affiliated & Unaffiliated)	9%	•	•	•	•
2nd-Line Offspring Unit Commission (Affiliated & Unaffiliated)	4%	•	•	•	•
3rd-Line Offspring Unit Commission (Affiliated & Unaffiliated)	2%	•	•	•	•
Top 10 4th-Line and Beyond Offspring Sales Director Commission (Affiliated & Unaffiliated)	2%	•	•	•	•
EENSD 4th-Line Commission (Affiliated & Unaffiliated)	2%	•	•	•	•
Area Leadership Development Bonuses		•	•	•	•
Offspring NSD Development Bonuses	\$10,000 each	•	•	•	•
1st-Line New Offspring Sales Director Debut Bonus	\$5,000	•	•	•	•
1st-Line Offspring Sales Director Sales Volume Bonus	\$1,000	•	•	•	•
NSD commissions earned in international markets, one month behind		•	•	•	
NSD commissions for NSDs who developed Canada & Mexico units prior to July 1, 2005,* one month behind		•	•	•	•
NSD Strategy Bonuses:					
• Unaffiliated – New and requalified Cadillac Sales Directors	\$1,000 each	•	•	•	
• Unaffiliated – New or Higher Unit Circle than the previous Seminar year	\$1,000 each	•	•	•	
• Unaffiliated – New Independent Sales Director Bonuses: Start Strong, Grow Strong, Keep Strong and Lead Strong	\$1,000 each	•	•	•	
Inner Circle and Diamond Circle Cash Bonuses				•	
NSD Motivation Account – Unaffiliated 4th-line and beyond			•	•	

This information is intended to only provide a nontechnical summary. The terms and conditions of the Independent National Sales Director Agreement, Mary Kay Inc. Family Security Program document, Mary Kay Inc. Great Futures Program document and the information provided on Mary Kay InTouch* regarding contests and recognition will apply in the event there is any conflict between this document and the official documents named above.

*Canada & Mexico units developed by NSDs after July 1, 2005, will count toward the Great Futures Program and will not count toward the U.S.-based Family Security Program

NSD Legacy Leaders Challenge

New NSDs can earn exclusive rings for debuting first-line offspring Independent Sales Directors within their first two years.



Qualifications

- Eligibility begins once the NSD's qualification requirements have been satisfied.
- New NSDs are eligible to earn Legacy Leader rewards during their first two years as an NSD.
- Debut new first-line offspring Independent Sales Directors, up to five.
- First-line international offspring will count toward the challenge. These rewards will be awarded in the month following the debut and align with Global Leadership Development Program recognition.

Rewards

- Upon achievement, NSDs will have the option to choose between the appropriate stack ring or a \$650 cash reward.
- NSDs will receive one ring or cash reward option for each debuting first-line offspring Sales Director, up to five.

NSD Jewelry Program



Elite Executive National Sales Director Bee Pin

Elite Executive National Sales Directors receive upon reaching this elite status.

Debuting National Sales Director Emeritus Bee Pin

Debuting National Sales Directors Emeriti may choose to receive the Emeritus Bee pin OR a \$3,500 cash reward.

NSD Bracelet

New NSDs have the option to choose the NSD bracelet with one diamond or a cash* reward.

NSD Bracelet Elements

- Diamond Circle – NSDs can choose an additional diamond element for their bracelet or a cash* reward.
- Inner Circle and Inner Circle Platinum – NSDs can choose between 2 diamond elements for their bracelet or necklace or a cash* reward.

Inner Circle and Inner Circle Platinum NSDs

Once the NSD bracelet is complete OR the NSD has achieved Diamond and/or Inner Circle the equivalent number of times to complete the bracelet, the NSD has three options for continued recognition:

- Inner Circle Necklace
- Inner Circle Earrings
- Cash* Reward

*If cash is selected in lieu of a bracelet element, the NSD will receive cash for each subsequent year they earn Inner Circle or Diamond Circle.

For complete details, visit the National Sales Director Jewelry Program webpage on *Mary Kay In Touch*®.

Gold, Diamond and Inner Circle Pins

Gold, Diamond and Inner Circle NSD Achievers will receive a pin the first year of achieving the corresponding circle. Diamond and Inner Circle pins include diamonds.

In subsequent years, you will receive an insert updating the number of years you have been a member in that circle. Plus, your area members will receive Area Circle Bling Buttons at Company events.



Gold Circle

Achieve \$100,000 or more in NSD ranking commissions during the Seminar year.



Diamond Circle

Achieve \$200,000 or more in NSD ranking commissions during the Seminar year.



Inner Circle and Inner Circle Platinum

Achieve \$300,000 or more in NSD ranking commissions during the Seminar year.

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