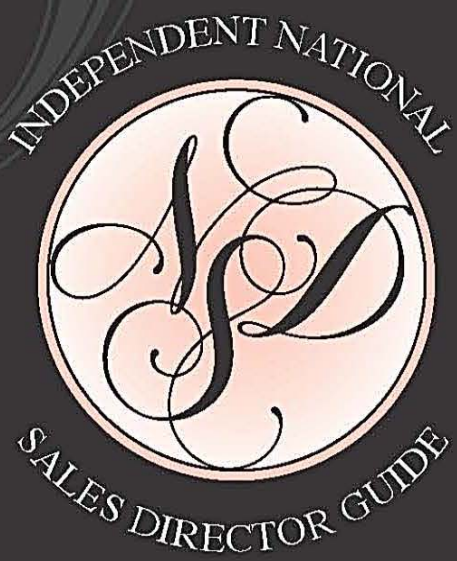


MARY KAY®



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This guide contains a brief description of various incentive programs and practices relating to Independent National Sales Directors. The Company reserves the right to alter, modify or change any of the information or programs described herein. A National Sales Director is an independent contractor and not an employee of Mary Kay Inc., and will not be treated as an employee for federal tax purposes or otherwise.
All information contained in this Guide is considered confidential and should not be duplicated or distributed in any way.

Chapter One

Being an Independent National Sales Director

“Someone said, ‘A leader is someone who knows where he or she is going and is able to take others with them.’ Strangely enough, however, they glance over their shoulders one day and realize there’s a parade going on and they’re walking out in front. Leaders teach. They motivate. They care. For them, life is never lonely at the top. Leaders make sure that the way to success is always broad enough and straight enough for others to follow their footsteps. “

- Mary Kay Ash

Congratulations on becoming an Independent National Sales Director! Since you first made the decision to become a Mary Kay Independent Beauty Consultant, you have had to make many other decisions during the course of your journey – decisions regarding sales, team building, debuting as an Independent Sales Director. Many of these were big decisions, yet none was as important as the one to become a NSD.

Elevating an individual to the status of a NSD is an important decision for Mary Kay Inc. as well. As you likely know, the candidates who are interested in being considered for the status of Independent National Sales Director must meet certain qualifications and be approved by executives across the Company.

NSDs are encouraged to follow Mary Kay Ash’s philosophies and uphold the NSD Code of Ethics. Following is a letter from Darrell Overcash, President Mary Kay U.S., wherein he outlines this Code of Ethics and the considerations involved when appointing a candidate to the status of Independent National Sales Director.

Dear Independent National Sales Director,

Congratulations on your appointment as an Independent National Sales Director! As such, I want to share with you the key points of the NSD Code of Ethics as a reminder of your unique leadership opportunity as an NSD. While these points may seem obvious, I still think it is worthwhile to share them so each NSD is aware of the same high standards.

You are encouraged to:

- Conduct business with the highest standards of integrity, honesty, support and responsibility in dealings with customers, members of the independent sales force and the Company.
- Emphasize and promote the necessity of good customer relations and your unit and area's participation in and support of Company promotions and marketing programs.
- Conduct all business with dignity in speech, behavior and dress, upholding and projecting the Mary Kay image at all times.
- Support, honor and defend the Company, its policies, programs and staff.
- Maintain a harmonious, mutually beneficial working relationship, being supportive and fair in all dealings with your sister NSDs, Sales Directors and Beauty Consultants.
- Be dedicated to fostering the growth of individuals and the growth of the Company.
- Be dependable, honoring all commitments and promises made.
- Maintain a proper balance of sales and team building in your Mary Kay business and teach your area to do the same.
- Promote and teach the use of the Golden Rule and follow Company guidelines in all team-building practices.
- Attend and support all Company-sponsored special events.
- Actively support and promote the Adoptee Program.
- Respect the privacy of information you receive in your capacity as an NSD.
- Exemplify the essence of the Go-Give philosophy in daily business practices.

Your circle of influence as an NSD will increase substantially. Thousands more will be affected by your efforts. Thus, you will always want to live up to this Code of Ethics. We look forward to partnering with you as you seek to lead, guide and motivate your National Area and all those you will come in contact with in years ahead.

Sincerely,

Darrell Overcash
President, Mary Kay U.S.

Leadership

When you're in any kind of leadership position, you know that you have a responsibility to your team. They look to you for guidance and strength; that's part of what being a leader is about. And a big part of being a leader is to lead them through your own actions. Great leaders build trust, build relationships, offer hope, express optimism, have passion, are good listeners, are mentors, have courage, are risk-takers, lead by example, have focus and vision, demonstrate consistency, and are learning and growing.

As an Independent Sales Director, you mastered the skills of a successful leader and guided your offspring Sales Directors and the Beauty Consultants of your future National Area to achieve great things. You experienced success. Now, as an NSD, you find yourself at what may feel like the beginning again. It's important to understand that being an NSD is just a continuation of the journey. To help you to adjust to your new status, it may be helpful to keep a few key ideas and suggestions in mind:

- ***You are not alone.*** Many have experienced your same feelings. Like any new endeavor, it takes time to become accustomed to being an NSD.
- ***It is wise to consider your first-line offspring as your top priority.*** As you continue to add new first-line offspring Independent Sales Directors, you will want to also motivate and develop those you already have. You will want to inspire them to follow your footsteps to become NSDs just as you did when you were an Independent Sales Director.
- ***You will want to resist the temptation to stop and relax.*** Approach being an NSD with the same energy that propelled you to success in your role as an Independent Sales Director. Assume the esteemed role of ambassador of Mary Kay Ash's life-changing legacy.

Your offspring Sales Directors and the Beauty Consultants of your National Area need your leadership now, more than ever. They are looking to you to offer possibilities. The dreams that you share with them not only give them hope, but also give them energy and can mobilize them into action.

Vision

What do you want your National Area to be known for? What legacy do you want to leave in the Mary Kay world? Perhaps your area Sales Directors and Beauty Consultants are committed to holding consecutive monthly power starts. It could be known that 50 percent or more of the Sales Directors and Beauty Consultant in your National Area have earned the use of a Career

Car. Or, maybe a third of the Sales Directors in your National Area are all members of a unit club.

Defining the vision that you have for your National Area can be the most important step that you take as an NSD. It is a great way to establish group identity, as well as inspire the members of your National Area to work together. The vision can be short term or long term. For example, short-term vision for your National Area might be that all offspring units have at least 50 unit members, area Beauty Consultants might each have 50 skin care customers, or a certain number of units are Cadillac units. Your long-term vision may be to qualify for the Inner Circle within five years or reach a certain area retail production benchmark or debut offspring NSDs before retirement. Consider hosting a meeting with your offspring Independent Sales Directors to gather their thoughts, as well as brainstorm the area vision together. Once you have determined the vision, you can then begin to establish next steps and goals for the Sales Directors and Beauty Consultants of your National Area. Remember what Mary Kay Ash said, "People will support that which they help to create."

Goals

When determining and committing to your area's goals, consider your area size and remember Mary Kay's "one-third, one-third, one-third" principle to anticipate the number of area members who will commit to work for and possibly achieve the goal. Be realistic, as every Sales Director or Beauty Consultant in your National Area may not be as excited about your vision or may have established their own individual goals for their Mary Kay business. It also is helpful to realize that success may not be instant or come as quickly as it did when you were a Sales Director. Building unit strength and fostering area growth is a different skill set than being able to affect production within a month or two. For most NSDs, it takes time to observe area growth, develop new leaders and inspire existing leaders to a new level of success.

You may want to break the National Area goals down into monthly goals for your offspring Sales Directors, and then ask them to break those goals down into weekly and monthly team building and sales goals for their unit members. It is always helpful to offer a specific time deadline for accomplishing the goals and be proactive in gathering feedback on the progress of the unit goals.

Once your vision and National Area goals have been announced, be sure to showcase them often. It is a good idea to mention them in your newsletter and other communications that you

send to your area members, as well as promote them at your events and meetings. Offering recognition that supports the overall goals and vision can also help to establish pride and momentum for the Sales Directors and Beauty Consultants in your National Area.

Example:

Independent Executive National Sales Director Sherry Windsor's National Area vision was to become one of the top three National Areas in the Emerald Seminar. Sherry's offspring Independent Sales Directors embraced that dream and wanted to know what they needed to do in order to achieve it. Sherry believed that focusing on the National Courts of Sales and Sharing, as well as promoting the importance of having new Cadillac units in the National Area would help them to move closer to that larger goal. As a result, the Windsor National Area eventually earned their spot as the No. 3 National Area at the Emerald Seminar. That year, they celebrated ten new Cadillac units, as well as 130 court achievers at Seminar. Sherry believes that area members need to know what your vision is, the goals to make the vision a reality, and the plan for achieving those goals.

Once you have cast the vision and your Area Sales Directors understand their role in helping each Beauty Consultant achieve her dream for her Mary Kay business, it is time to build strong foundations. An important part of building strength in your business is the encouragement of the Independent Sales Directors and Beauty Consultants in your National Area to learn the value and importance of building a solid business of strong skin care customers. This concept is more commonly referred to as "Deep and Wide"; deep depicts a large number of customers and wide refers to the variety of products those customers purchase. Mary Kay stressed that customers are the source of consistent sales and the relationships that are built with those customers are the source of future team members. Adopting this concept could lead to a stronger National Area!

The Sales Development and NSD Services teams that support your seminar division are committed to your success and are a resource for vision casting and goal setting, business counseling, motivation and encouragement, as well as accountability. Please contact the Sales Development Director of your seminar division or the Director of NSD Services to discuss your specific questions and concerns.

Chapter Two

General Information

“Star light, star bright. Make a wish on the first star you see tonight. How many of you have ever looked up at the sky and made that wish? Our Mary Kay created a dream company where we can wish upon a star every day.”

**- Independent Elite Executive National Sales Director Emeritus
Barbara Sunden**

NSD Services Department

The NSD Services Department is committed to providing golden rule customer service, as well as positive proactive support to the Mary Kay Independent National Sales Directors. In order to assist with that goal, a private toll-free phone line is available exclusively for NSDs. National Sales Directors are encouraged to contact NSD Services for all Mary Kay business needs.

The NSD Services hotline number is: (800) 627-6529

The NSD Services fax number is: (972) 687-4390

The NSD Services email address is: NSD.Services@mkcorp.com.

- The exclusive NSD Services hotline is staffed during normal business hours, 8:30 a.m. to 5:00 p.m. Central Time; however, the voicemail is available 24 hours a day, 7 days a week. Calls received after normal business hours are returned promptly the next business day.
- The voicemail greeting can be avoided by pressing “5”.
- When leaving a voicemail, please be specific and give as many details as possible in regards to your inquiries. This will allow time to gather the necessary information before your call is returned and, therefore, give you faster service.
- The NSD Services email inbox is checked daily and all messages receive prompt attention. Emails received over the weekend are read on Monday and responded to that day.

National Sales Director Online Communications

The NSD Resources home page on the Mary Kay InTouch® website offers the most up-to-date Company information. From this customized site, NSDs are able to:

- Stay current with information through various links, such as “National News Notes” under “Communication” in the left navigation list
- Note dates in the “NSD Calendar of Events” under “Information” in the left navigation list
- View NSD ranking and recognition program updates through the list of links under “**Recognition**” in the left navigation
- Check on business-related information through links under the “Ordering” and “Business Tools” tabs
- Review marketing updates through links under the “Products” tab
- Receive successful strategies from independent sales force members through links under the “Education” tab
- Stay current on the Career Car Program, Company contests and promotions through links under the “Contests/Promotions” tab
- Locate links to Adoptive Sales Director Search, Company press releases, tax and legal updates and more under the “Resources” tab
- Find the latest concerning Company events through links under the “Events” tab
- Become better acquainted with sister NSDs on the “Meet Your NSDs” web pages and NSD Photo Directory found under the “Heritage” tab.

Please contact the NSD Services Department if you have questions or need assistance in locating materials and information on Mary Kay InTouch®.

Other NSD Communications

Independent National Sales Directors also receive communication from the Company via online publications such as Applause, National News Notes, and Directors Memo each month.

The Care Bulletin includes information of a personal nature, with “NSD Personals” placed at the beginning of the document, for your convenience. A link to the online publication can be found on Mary Kay InTouch® under Resources. NSDs who wish to share personal updates about themselves or their immediate family members may do so by submitting a Care Bulletin Request Form, also found under the Care Bulletin link. While its purpose is to inform NSDs of personal announcements, its scope covers the entire independent sales force. NSDs may respond to these announcements as they deem appropriate.

Confidential Information

During your tenure as a NSD, the Company provides you with confidential business information, including personal information about other Beauty Consultants in your National Area to facilitate motivation, mentorship and support among Beauty Consultants in the operation of

their businesses and to allow you to evaluate and calculate commissions, prizes and awards that you may have earned. In your National Sales Director Agreement, you agreed to maintain the confidentiality of this information and to only use this information for these stated purposes in furtherance of your Mary Kay business.

Independent National Sales Director Advisory Board

The Independent National Sales Director Advisory Board was created so that the Company could gain the expertise and wisdom of the National Sales Directors in regards to Company initiatives. The Company will host NSD Advisory Board meetings to discuss and receive feedback regarding various topics relating to the Mary Kay business.

The NSD Advisory Board is a group of 12 NSDs from the U.S. who are elected by NSDs and selected to represent all of the National Sales Directors and the independent sales force. The Advisory Board is comprised of six Inner Circle NSDs and six non Inner Circle NSDs who are either Gold or Diamond Circle and have a minimum of 20 first and second-line offspring Sales Directors*. Members serve a two-year term. A ballot is distributed to all NSDs each year allowing them the opportunity to vote for the NSDs they would like to represent them on the Advisory Board.

*NSD Advisory Board elections are held annually and are based on the previous year's final Seminar ranking.

The mission of the NSD Advisory Board is to:

- Enrich the lives of all Mary Kay independent sales force members through open and productive communication and enriched partnerships.
- Offer confidentiality and mutual respect for each other to ensure positive, creative and strategic discussions.
- Provide service to the Company and the independent sales force by acting as liaisons to sister NSDs and to the Company on initiatives aimed at strengthening the Mary Kay opportunity while maintaining our unique and precious culture.

Career Car Program

Active Independent National Sales Directors are eligible to receive the use of a new Cadillac every two to three years (depending on the vehicle selected) or Cash Compensation at a rate of \$1400 per month. New Cadillac Career Cars are ordered annually, generally in November or December, unless order deadlines dictate otherwise. NSDs select their reward through the Career Car Qualifier Online Reward Selection process on Mary Kay InTouch®.

Upon their debut as an Independent National Sales Director, New NSDs can choose to remain in their current Career Car or switch to Cash Compensation. They are eligible to order an NSD Career Car with the next order cycle following their NSD debut.

Enrichment Program

Mary Kay Ash's words of "enrichment for all – financially and every other way, too," still ring true today! With this in mind, the Company continues to seek to help you enrich your business. Now, more than ever, it can be difficult to carve out time for nurturing your needs – such as information, knowledge and education; otherwise known as fuel for the mind. The Enrichment Program is designed to help fill these needs.

The Enrichment Program provides educational opportunities – quickly and easily – via Mary Kay InTouch®. Independent National Sales Directors can select the "Education" tab, click on "NSD Education" and be taken to a one-stop shop of exciting, easy educational tools.

New NSD Day of Honor

This event is for new NSDs to spend a couple of days at the corporate offices bonding, sharing, and meeting with corporate staff to better understand their role as an Independent National Sales Director, as well as to discuss how the Company can best support her in her new role. New NSD Days of Honor are held periodically throughout the year and new NSDs are encouraged to attend the event immediately following their debut.

NSD Feedback via Mary Kay InTouch®

When you want to share your thoughts, ideas and suggestions with the Company, feel free to do so in any way that you wish; phone, email, face to face, etc. One way to do so 24 hours a day is to utilize the NSD Feedback system found on Mary Kay InTouch®. Select the "Contact Us/NSD Feedback" link on the NSD Resources page. This program was created to ensure that NSDs thoughts and suggestions are heard in a confidential and/or anonymous way.

The Global Leadership Development Program

As Mary Kay Ash developed her business in the United States, she felt it was important that women were free to engage in team building without geographic limitations. Mary Kay's Global Leadership Development Program (GLDP) enables National Sales Directors and qualified Sales Directors to build their businesses in multiple markets. The program offers the opportunity to travel abroad, meet new friends and share the Mary Kay dream! Not every market is open to GLDP, so for more information on the program, call the Mary Kay Information Center at 800-796-5508 or via the International Information Center under the Resources tab of Mary Kay InTouch®.

Official NSD Portrait

The NSD Services Department will reimburse a new NSD up to \$350 to offset any expenses toward the sitting fees, professional hairstyling or make-up artist expenses, etc. incurred while obtaining their official NSD portrait. Portraits and signed legal professional photography agreements are due to the Company by May 1 to ensure display at Seminar. A complimentary framed copy of the official NSD portrait will be mailed to each new NSD upon her NSD debut.

Official NSD portraits may be updated, provided that it has been five or more years since the last official NSD portrait was taken. Please contact NSD Services to determine the date of your last official NSD portrait and to receive the guidelines and legal agreements necessary for updating your portrait.

NSD Product Discount

NSDs receive a 50 percent discount on all Section 1 product orders regardless of the size of the order. Orders can be submitted online, by phone or mail.

New NSD Scholar Week

New Independent National Sales Director Scholar week generally occurs in February of each year and takes place in Dallas, Texas. This event is hosted by the Sales Education Department and includes three days with new International and U.S. NSDs who have debuted within the last 12 months since the last session. New NSD Scholar Week offers education, sharing, relationship building and promises to answer the many questions a new NSD often has about her transition and Mary Kay business.

Air transportation, hotel and meals are arranged and paid for by the Company for this event. Additional travel or hotel expenses beyond what the Company provides are the responsibility of the NSD.

NSD Song

National Sales Directors select a song to represent their National Area upon their NSD debut. This song is played during the NSD debut ceremony at Seminar, as well as at the NSD Emeritus debut at Leadership Conference. National Sales Directors may not have duplicate songs; this includes new NSDs and NSD Emeritus.

National Sales Director Stationery

An NSD Services Department representative will contact new NSDs during the month of their debut to select and order one complimentary set of NSD stationery.

The complimentary set includes:

- | | | |
|---------------------|------------------|----------|
| • Letterhead | 8 ½" x 11" | Qty. 250 |
| • Folded note cards | (with envelopes) | Qty. 50 |
| • Envelopes | #10 (9 ½" x 4") | Qty. 250 |
| • Business Cards | 2" x 3 ½" | Qty. 250 |

Future orders may be placed by calling the NSD Services Department or online by accessing Mary Kay InTouch® via the "Ordering" link.

National Sales Director Suit Program

The NSD suit is required for all on-stage appearances and recognition at Company-sponsored events. When an Independent Sales Director is close to debuting as an Independent National Sales Director, a Career Apparel Department staff member will contact the Sales Director to discuss the NSD Suit Program. The staff member will assist the Sales Director in determining the correct suit size, as well as ordering the NSD suit so that it will be ready for her official NSD debut.

A sample of the selected NSD suit is available to see at Leadership Conference in January, and NSDs are able to order the NSD suit at that time. NSD suits are shipped to NSDs in early June and should not be debuted until Seminar.

National Sales Director Trip

The National Sales Director Trip generally takes place in May of each year. This event is the perfect time to mix business with pleasure. Business meetings are scheduled to discuss a wide range of topics, as well as educational sessions and group workshops are offered. Some NSDs may be asked to speak and/or participate in panel discussions during these sessions. There is also plenty of time for NSDs and their spouses to enjoy a wide range of leisure and recreational activities while on the trip.

A newly debuting NSD must debut by the 1st of the month preceding the month in which the trip occurs. i.e., for a May trip, the NSD must debut by April 1.

** Cash compensation in lieu of attending the NSD Trip will not be offered as a part of the NSD Trip program. NSDs must be in good standing with the Company to be eligible to attend the NSD trip.*

Chapter Three

Mary Kay Sponsored Special Events

“As an Independent National Sales Director, you are looked upon as a leader in our Company, and the title carries with it the responsibility of constant dignity, positive thinking, loyalty to the Company, enthusiasm and dependability. You are indeed our Company’s ambassadors of good will to everyone you meet, but particularly to your Independent Sales Directors as you enthusiastically interpret Company policies, methods and technique!”

- Mary Kay Ash

Mary Kay Ash always suggested that Independent National Sales Directors attend Mary Kay sponsored company events; particularly Leadership Conference, Career Conference and Seminar. NSDs may be asked to teach, speak, present awards onstage and help host various events, banquets or luncheons. The Company and the NSDs, work closely to ensure that all attending Independent Sales Directors and Independent Beauty Consultants feel welcomed, celebrated, inspired and challenged to aim for greater success in the future. This includes the independent sales force members who are members of the Go Give Area.

Leadership Conference

Leadership Conference generally occurs in January of each year in a U.S. city. Independent Sales Directors and above are invited to attend this three day inspirational and educational conference, which also includes recognition.

Hotel and meeting room reservations are arranged by the Company for an NSD upon request; however, hotel and travel expenses to and from Leadership Conference are the responsibility of the National Sales Director. Travel and accident insurance is provided for NSDs who attend Leadership Conference. NSDs are responsible for making their own transportation arrangements to and from the airport, with the exception of Inner Circle NSDs.

National Sales Director privileges at this event include:

- Free registration (including one non-sales force member guest)
 - Reserved seating
 - Onstage recognition
 - Exclusive NSD luncheon
 - NSD shuttle service to and from Mary Kay contracted hotels, banquet, party and convention center
 - Invitations to attend all special functions
 - Complimentary National Area meeting room, with standard set-up, provided the NSD stays at a Mary Kay contracted hotel
 - Inner Circle NSD and her guest receive limousine service to and from the airport
- (A Transportation deviation is not permitted, nor is cash in lieu of limo service for NSDs who opt to drive or who live locally).

Career Conference

Career Conference generally occurs in March of each year and takes place in many cities throughout the U.S. This event is hosted by NSDs and a small group of Mary Kay staff members. All independent sales force members are invited to attend this two day inspirational and educational event, which also includes recognition.

Hosting NSDs are those who are actively involved in the scripted program: reading script copy, delivering a speech, etc. National Sales Directors receive preference for the location of Career Conference they host according to the NSD ranking for the previous Seminar-Year. Air transportation or car mileage, as well as hotel room and tax are paid for by the Company for NSDs who are assigned to host a Career Conference. Travel and accident insurance is provided for NSDs assigned to host a Career Conference. NSDs are responsible for making their own transportation arrangements to and from the airport, however transportation to and from the hotel and the convention center is provided if they are not within walking distance.

Visiting NSDs are those who choose to attend a Career Conference location; however, they do not read script copy or deliver a speech. Visiting NSDs are introduced at the beginning of the program. NSDs who choose to visit a Career Conference location are responsible for all travel expenses incurred.

Hosting and Visiting National Sales Director privileges at this event include:

- Free registration (including one non-sales force member guest)
- Reserved seating
- Up to 14 reserved seats to be used as NSD chooses
- Onstage recognition
- Invitations to attend all special functions

Seminar

Seminar generally occurs in July and early August of each year and takes place in Dallas, Texas. All independent sales force members are invited to attend this three day inspirational and educational event, which also includes recognition.

Hotel and meeting room reservations are arranged by the Company for an NSD upon request; however, hotel and travel expenses to and from Seminar are the responsibility of the National Sales Director. NSDs are responsible for making their own transportation arrangements to and from the airport, with the exception of Inner Circle NSDs. Travel and accident insurance are provided for NSDs who attend Seminar.

National Sales Director privileges at this event include:

- Free registration; including three non-sales force member guests or nine non-sales force member guests for new debuting NSDs (New NSDs who have already registered and paid for Seminar will be reimbursed by the Special Events Department)
- Reserved seating
- Onstage recognition
- NSD shuttle service to and from Mary Kay contracted hotels to The Kay Bailey Hutchison Convention Center on Days 1,2 and 3.
- Invitations to attend all special functions
- Complimentary National Area meeting room, with standard room set-up, provided the NSD stays at a Mary Kay contracted hotel
- Limousine service for NSD and her registered guests to and from The Kay Bailey Hutchison Convention Center on Day 2 Awards Night, provided that the NSD is staying at a Mary Kay contracted hotel. Immediate family members of NSDs who are also sales force members are permitted to ride in the NSD limo and/or NSD shuttle provided advance notice is given to the NSD Services Department to ensure accurate transportation counts. Children needing a car seat are not allowed to ride busses.

On-Stage NSD Debut Ceremony

A special NSD debut ceremony will take place at Seminar for each new debuting NSD. Each debuting NSD is permitted to bring a maximum of nine family members and/or friends with them to Seminar for their NSD debut ceremony. The debuting NSD, her spouse and guests will be seated in the NSD seating section.

A video character sketch of the debuting NSD will be shown during the debut ceremony which will highlight the debuting NSD's Mary Kay business. A Company staff member will conduct an informal interview with the Future NSD as she gets close to debuting as an NSD to assist with the creation of the video character sketch. Debuting NSDs are requested to send 25 – 30 original photographs (not copies) to the Company by May 1 of the year prior to the NSD debut to assist with the creation of the video character sketch. All photos will be returned. When submitting photos, please include detailed information about each picture; who is included in the photo, when/where was the photo taken, etc. Please do not send photos via email.

Photos can include:

- Debuting NSD and Mary Kay Ash;
- Debuting NSD and Senior/Offspring NSD;
- Debuting NSD and area Sales Directors/Beauty Consultants;
- Debuting NSD and family;
- Favorite Mary Kay moments (being crowned Queen of a court, NSD Trips, earning the use of your first Mary Kay Career Car, receiving the Go Give® Award at Seminar)

Each debuting NSD should wear their NSD suit all three days of Seminar and will receive professional make-up retouching prior to their NSD debut on-stage ceremony. Please note that the professional make-up artists are provided to only enhance features for the on-stage presentation. Debuting NSDs should arrive with their make-up and hair done as usual. An NSD Services staff member will contact the debuting NSD prior to Seminar to communicate more details in regards to make-up.

Generally, new National Sales Directors will debut in the order of their debut date and then alphabetically (for those who have the same debut month). Once the video character sketch is played, the offspring Sales Directors (all lines) of the debuting NSD will be revealed on-stage and then, the debuting NSD will be escorted on-stage. Family members are welcome to join the debuting NSD on-stage, as are any offspring NSDs. The debuting NSD will be asked to speak about this momentous occasion and what it means to them. During the ceremony, the debuting NSD's Senior NSD (or NSD of choice if there is not a Senior NSD) will present her with her NSD bracelet complete with the first diamond plug.

A DVD of the NSD debut ceremony will be provided to each debuting NSD after Seminar.

NSD Suite

The NSD Suite is provided at Leadership Conference and Seminar to allow National Sales Directors a place to visit with sister NSDs, check email, make phone calls, and enjoy refreshments. The Suite generally opens on the morning of Day 1 at both events and remains open through the close of all general sessions.

Independent Sales Directors and Independent Beauty Consultants are not permitted in the Suite at any time due to the sensitive nature of discussion in the room, as well as to maintain the prestige of the NSD position. This includes relatives of NSDs who are also sales force members.

NSD Guests

National Sales Directors are welcome to invite one non-sales force member guest to attend Leadership Conference and/or Career Conference, and three non-sales force member guests to Seminar. New NSDs who debut at Seminar are welcome to invite nine guests to attend Seminar the year of their NSD debut. NSDs are asked to refrain from inviting vendors or outside speakers as guests to Company events.

Potential June and July NSD debuts should register for Seminar as they normally would as a Sales Director. Upon their official NSD debut, the registration fees will be refunded. If any of the debuting NSD's guests are sales force members who wish to receive recognition and education, the sales force members must register to attend Seminar. When a debuting NSD

registers her guests for Seminar she'll need to note if there are any family members who are also sales force members. If they are members of the sales force they will need to sit with their unit during the general assemblies, but will be invited into the NSD Suite and to all special functions as an esteemed family member of the debuting NSD.

It is important to specify guest information when registering for Company events to ensure that registration packets and name badges are prepared, as well as to ensure that meal, transportation, and seating estimates are as accurate as possible for special functions.

Children at Company Events

Mary Kay felt strongly that Company events were not intended for children. Only for new NSD debuts at Seminar and NSD Emeritus debuts at Leadership Conference did Mary Kay bless the attendance of children under the age of 13. And even for older children, Mary Kay expected them to be in their seats and well-behaved at all times. For this reason, new NSDs debuting at Seminar and NSDs debuting as NSD Emeritus at Leadership Conference may bring children under the age of 13 for their debut ceremony onstage. NSDs are permitted to bring children 13 and older to attend Company events.

Reserved NSD Seating Sections

Independent Sales Directors and Independent Beauty Consultants are not permitted to sit in the reserved NSD seating sections at Leadership Conference and Seminar, as it diminishes the prestige of the NSD position. This includes relatives who are also independent sales force members as it removes the incentive to debut as Independent National Sales Directors themselves if they are already receiving the privilege.

NSD personal unit members, with the exception of new NSDs who debut in June or July of that year, who qualify for Awards Arena Seating at Seminar, will receive floor seating according to NSD ranking order. The personal unit members of June and July new NSD debuts will receive seating based on their final Seminar year unit ranking and will only receive floor seating if it is earned.

NSD Attendance at General Sessions

Mary Kay Ash felt that it was imperative for NSDs to set an example for Sales Directors and Beauty Consultants by attending all Company event general sessions. The NSD reserved seating area is usually located at the front of the general assembly rooms for both Leadership Conference and Seminar. Therefore, it is obvious to attendees when NSDs do not attend a general assembly. It is encouraged that NSDs demonstrate the importance of the general assemblies by their attendance. Valuable time is invested to ensure that the general assemblies are filled with inspiration, information and education to enhance business skills, share new products, as well as to share overall Company strategy for the future.

NSD Speeches

The Company will invite various NSDs to speak at Leadership Conference and Seminar. NSDs who are selected to speak are expected to accurately represent the Mary Kay opportunity. As such, NSDs must avoid making inaccurate statements about the opportunity, such as sharing exaggerated earnings claims, suggesting that a new Beauty Consultant must purchase inventory, or implying that a new Beauty Consultant would become an employee of Mary Kay Inc.

NSDs are also asked to be respectful of the speaking time given and sensitive to the many demographical groups represented in a broad audience. Mary Kay used this platform very effectively to inspire thousands of women to reach higher and to set their sights on new achievements. NSDs are expected to project the same positive example and inspiration. While Mary Kay encouraged her Beauty Consultants to put faith first, she always considered special events to be business meetings and not the place to focus on faith and religion. The independent sales force is diverse and has varied religious beliefs and backgrounds. Please keep this in mind and refrain from religious or belief based comments when giving speeches at Company events.

Special Functions

Independent Sales Directors and Independent Beauty Consultants attending special luncheons, parties and receptions work very hard to earn the right to attend. They are driven to achieve the honor of attending by the opportunity to be in the space of NSDs and top achievers who can inspire them to reach new heights. NSDs are asked to not only welcome and celebrate their own National Area achievers, but to also recognize attendees who are eager for the attention and the praise of any NSD. Mary Kay was a master emissary to all, and now that you are filling her shoes, NSDs are needed to create that same sense of achievement and warmth at earned Company events. NSDs set the tone for the atmosphere, as well as the enjoyment of all sales force members by their willingness to take photos and visit with achievers.

Chapter Four

NSD Area Events and Info

“As Independent National Sales Directors, we never ‘arrive.’ We need to constantly challenge ourselves and reach higher. We must always be in motion. Our business should be joyous because of the people who are involved! Mary Kay was happiest when she was with her people.”

**- Independent Elite Executive National Sales Director Emeritus
Anne Newbury**

There are many aspects to a successful Mary Kay business. From NSD area newsletters to NSD area events, all are intended to foster relationships and to ultimately increase productivity within a National Area. This chapter offers some tips and tools to guide in the efforts of NSD newsletters and NSD area events.

NSD Area Newsletter

Some NSDs feel that there are many advantages to sending a monthly National Area newsletter to continually cast their vision. Newsletters are used to recognize, inform and inspire area sales force members. Many NSDs have found that it is beneficial to focus their newsletter’s purpose on recognizing and motivating their offspring Independent Sales Directors, as well as highlighting National Area goals and information about National Area contests and promotions. Company contests and promotions, upcoming educational opportunities, birthdays and anniversaries, births and other announcements are also often included.

Recommended NSD area newsletter recognition includes:

- NSD area “family tree”
- Top 10 Sales Directors in Unit Sales, Unit Team Building, Personal Sales and Personal Team Building of NSD area **for the month**
- Top 10 Sales Directors in Unit Sales, Unit Team Building, Personal Sales and Personal Team Building of NSD area **Seminar-year-to-date**
- Sales Directors earning their highest retail production and/or most new unit members/team members in one month
- New Sales Directors and their Senior Sales Directors
- New Sales Directors earning a new Sales Director reward - On the Move, Fabulous 50’s, Honor Society, Triple Crown, Dean’s List

- Sales Directors who have earned a new Mary Kay Career Path level or are on target for Unit Clubs
- DIQ's
- New and Re-qualified Mary Kay Career Car drivers
- Star Sales Directors
- Fun

NSD Area Events

Events provide you with a great opportunity to keep your area motivated and focused on success. Whether you are planning your local NSD debut, an area Seminar awards event or your annual retreat, you can inspire those around you to achieve great things through a combination of inspiration, education, motivation, recognition and celebration. Special events also give you an efficient way to reach a large number of people who want to learn from you, and who aspire to follow in your footsteps. It is important to consider the expense of such events and to be careful to keep the cost to attend to a minimum. Following is a description of popular events that NSDs have planned throughout the years, and planning materials an NSD may find useful in planning her own events are found at the end of this section.

Local NSD Debuts

New NSDs may consider hosting a celebration in their local area to recognize and thank those who participated in the process of becoming a National Area. Mary Kay Ash said it best when she advised to "Keep it Simple Sweetie, that's 'K.I.S.S.'" She cautioned against an elaborate event because of the potential time and cost involved that might shift the focus from growing the new National Area.

Objectives of a local NSD debut could include:

- Celebration of the accomplishment of debuting as a National Area
- Recognition of the National Area independent sales force members for their hard work in making the NSD area a reality
- Gratitude for family members, friends and customers who supported the making of the National Area
- Educational classes for sales force member attendees
- Seminar-year contests and promotion recognition of sales force members
- National Area and individual sales force member goal setting
- Fun

NSD Area Retreats

Most NSDs hold an annual retreat for their National Area sales force members between Seminar and Leadership Conference to bond with their area and provide inspiration in the first half of the Seminar year. There are many benefits of holding a retreat. They are a good way to keep area members motivated and working toward the goals they set at Seminar. It is also a wonderful way to forge relationships with area members, and encourage them to connect and support one another.

All NSD area retreats are different. Some National Sales Directors opt for a hotel setting, while others may prefer a more casual camp/home setting. Some NSDs offer a 24 hour event, and others may offer a 2-3 day event. Some NSDs charge a nominal fee that should only be used to help cover the expenses from the event. An NSD should never charge a “speaker’s fee” for teaching or speaking to members of the Mary Kay independent sales force, except under an approved contract from Tender Power, Inc.

Some NSDs choose to offer the Sales Directors of their National Area the opportunity to take responsibility for handling the details of their events to help guarantee its success. This is a great way to help them “support that which they help to create,” as well as give them an opportunity to develop and prepare for their debut as an NSD.

Objectives of an NSD area retreat could include:

- Celebration of the overall accomplishment of National Area
- Educational classes for attendees
- Seminar-year and NSD area contests and promotion recognition of sales force members
- National Area and individual sales force member goal setting
- Fun

Leadership Conference

National Sales Directors may choose to organize and hold their own NSD area meetings at Leadership Conference. The meetings are generally held on the afternoon of Day 0 or on the evening of Day 1. Meetings are held to recognize and reward the achievers in the National Area, as well as to motivate and encourage area Sales Directors to jump start the last half of their Seminar year. Hosting an event of this type can allow area members to bond and build relationships, as well as build a sense of camaraderie among area members. It also provides the National Sales Director an opportunity to recognize the leaders of the NSD area halfway through the Seminar year.

For NSDs staying at a Company sponsored hotel, the Company will provide one meeting room with basic set-up (generally includes a podium, microphone, and riser) to use for area meeting purposes. The size of the meeting room is determined by the number of NSD area member attendees.

Recommended recognition at an NSD area meeting at Leadership Conference includes:

- Top 10 Sales Directors in Unit Sales of NSD area
- Top 10 Sales Directors in Unit Team Building of NSD area
- Top 10 Sales Directors in Personal Sales of NSD area
- Top 10 Sales Directors in Personal Team Building of NSD area
- New Sales Directors of NSD area
- Sales Directors who have earned a new Mary Kay Career Path level and those on-target for Unit Clubs
- Mary Kay Career Car drivers
- Star Sales Directors

Career Conference

At the conclusion of Career Conference, National Sales Directors may choose to host an educational workshop, guest event, or other event as many area Independent Beauty Consultants and Sales Directors are gathered in one location. If you choose to host an event after Career Conference, it may be helpful to enlist the support of local area Sales Directors to assist with planning and to generate excitement and attendance at the event. Some National Sales Directors choose not to host an event in conjunction with Career Conference since attendees have already invested time away from their families, and instead spend quality one-on-one time with local key area members.

Seminar

Most National Sales Directors organize and hold their own NSD area awards events at Seminar. These events are generally held on Day 0, however due to meeting room space, some NSDs will hold their events on Day 1. This is a great time to recognize and reward NSD area sales force members for their Seminar-year accomplishments, as well as allow for bonding among NSD area members. For some NSD area members, the area awards event will be the only time they will wear a crown or walk across a stage. For this reason, it is recommended that recognition at this event include as many achievements as possible and attendees love the family atmosphere and personal praise from their NSD at these events.

Some NSDs also choose to conduct a Sales Director-only meeting at Seminar. The meetings are generally held in the NSD's hotel room or an informal meeting space.

For NSDs staying at a Company sponsored hotel, the Company will provide one meeting room with basic set-up (generally includes a podium, microphone, and riser) to use for area meeting purposes. The size of the meeting room is determined by the number of NSD area member attendees.

Please note that new NSDs debuting in May, June or July out of the Go Give Area can choose to receive their recognition at their respective Go Give Area Awards event and/or host their own NSD Area event. Should the new NSD choose to do both, she and her Area members will be recognized at the Go Give Area Awards events. Should the new NSD choose not to attend the Go Give Area Awards events and host her own awards event, and then she and her Area members will not be recognized at the event.

Recommended recognition at an NSD area awards night at Seminar includes:

- Top 10 Sales Directors in Unit Sales of NSD area
- Top 10 Sales Directors in Personal Sales of NSD area
- Top 10 Beauty Consultants in Personal Sales of NSD area
- Top 10 Sales Directors in Team Building of NSD area
- Top 10 Beauty Consultant in Team Building of NSD area
- Unit Circle Achievers
- Circle of Excellence Units
- New Sales Directors of NSD area
- Top 3 Rookies of the Year
- Top 3 Most Improved Units
- Sales Directors who have earned a new Mary Kay Career Path level
- Mary Kay Career Car drivers
- Star Sales Directors
- NSD area Miss Go-Give®

NSD Workshops

Getting into the field and teaching others is one of the best ways to connect with future leaders, demonstrate your belief in them and share your wisdom. Workshops are generally one or two day events and can be tailored to the needs of any Mary Kay Career Path level.

General recommended NSD workshop topics include:

- Conducting a successful selling appointment
- Sharing the Mary Kay opportunity
- Building a Sustainable Customer Base
- Golden Rule Customer Service
- Time Management
- Money Management
- Teaching the time honored principles of the Company

Guest Nights

NSDs often conduct guest nights allowing National Area sales force members the opportunity to invite guests, recognize their hostesses and share the Mary Kay opportunity with potential team members. Guest nights are generally fun, energetic and give examples of how rewarding the Mary Kay opportunity can be by celebrating the Independent Beauty Consultants and Independent Sales Directors attending the event.

FUN is the key ingredient to making all NSD area events memorable. There are so many creative ways to help National Area sales force members relax and enjoy each other's company. If your area members are having fun together, they are more likely to give their support to the NSD, attract others to the Mary Kay opportunity, as well as look forward to future NSD area events.

Chapter Five

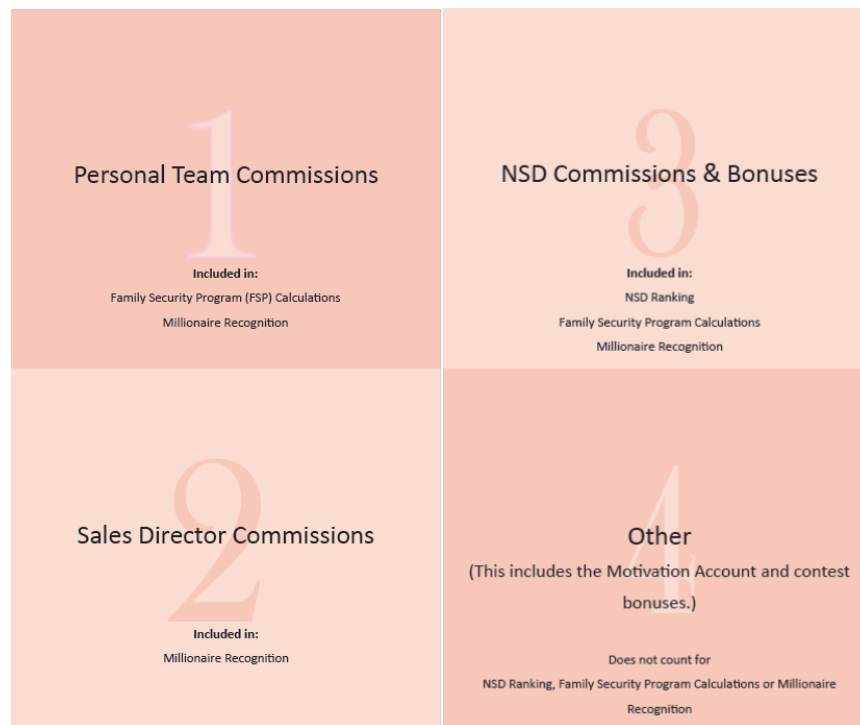
Independent National Sales Director Compensation, Contests and Bonuses

“Mary Kay always said, ‘If you help enough people get what they want, you will, in return, get what you want.’”

**- Independent Elite Executive National Sales Director Emeritus
Barbara Sunden**

Note: This chapter is intended to provide a non-technical summary of the compensation afforded to Independent National Sales Directors. The actual terms and conditions of the compensation offered to National Sales Directors are contained in the Independent National Sales Director Agreement (“Agreement”). In the event of any conflict between the Agreement and this guide, the Agreement shall prevail.

There are basically four ways an Independent National Sales Director earns money. These ways are depicted in the four quadrants shown below. The first quadrant highlights the commissions and bonuses that contribute to NSD ranking in *Applause*® magazine, determine Gold, Diamond or Inner Circle status, and contribute to the Family Security Plan calculations. The other three quadrants still contribute to an NSD’s income; however, they don’t contribute to the Family Security Plan calculations (with the exception of Personal Team Commissions) or enhance NSD ranking on the scoreboard.



1

Personal Team Commissions

Type	Amount	Counts For
Personal Team Commissions (No personal activity requirement for the 13% commission, but must have at least 5 personal team members who each place minimum \$225 wholesale Section 1 orders in the applicable calendar month.)	4, 9 or 13%	<ul style="list-style-type: none"> • Family Security Program • Millionaire recognition • NSD monthly commission recognition in Applause

- Personal Team Commissions count for FSP, NSD Ranking and Millionaire recognition

2

Sales Director Commissions

Type	Amount	Counts For
Personal Unit Volume (Sales Director Check)	13%	<ul style="list-style-type: none"> • Millionaire recognition • NSD monthly commission recognition in Applause

- Sales Director Commissions count for Applause and Millionaire recognition, however do not count toward NSD Ranking or FSP.

3

NSD Commissions & Bonuses

Type	Amount
Personal Unit Volume	10%
NSD Personal Order	10%
1st-Line Offspring Sales Unit Commissions	9% on combined monthly wholesale production of all 1st-line offspring sales units (includes 1st-line offspring NSD personal units)
2nd-Line Offspring Sales Unit Commissions (unaffiliated and affiliated)	4% on combined monthly wholesale production of all 2nd-line offspring sales units (includes 2nd-line offspring NSD personal units)
3rd-Line Offspring Sales Unit Commissions (unaffiliated and affiliated)	2% on combined monthly wholesale production of all 3rd-line offspring sales units (includes 3rd-line offspring NSD personal units)
Top 10 4th-Line and Beyond Offspring Sales Unit Commissions (unaffiliated and affiliated)	2% on combined monthly wholesale production of NSD's Top 10 offspring sales units that are unaffiliated and affiliated 4th-line and beyond
Elite Executive NSD 4th-Line Sales Units Commissions	2% on combined monthly wholesale production of all 4th-line offspring sales units
Quarterly Leadership Development Bonus 1st-3rd-Line Sales Units (unaffiliated and affiliated)	<p>For an NSD's 1st – 3rd lines: \$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</p> <p>\$800 for each Offspring NSD Personal Unit</p> <p>*When a Sales Director debuts as an NSD, the Sr. NSD who receives the Offspring NSD Debut bonus will no longer receive this bonus for the respective new NSD.</p> <p>Bonus based on the career path levels as of the final day of each quarter: Dec. 31st, Mar. 31st, June 30th, Sept. 30th</p>
Offspring National Sales Director Development Bonus	<p>\$10,000 upon debut and annually thereafter</p> <p>The NSD of the new Offspring NSD six (6) months prior to the new Offspring NSD's debut receives the bonus the first time that individual debuts as an NSD.</p>
1st-Line Offspring Sales Director Bonus	\$5,000 upon the debut of a 1st-Line Offspring Sales Director provided that a bonus has never been paid to any NSD on the individual's prior debut(s) as a Sales Director
1st-Line Offspring Sales Director Annual Bonus	<p>\$1,000 annually 1st-Line offspring Sales Director who, at annual debut anniversary, reaches at least \$60,000 in wholesale production within the last 12 months (and debuted after your NSD debut.)</p> <p>Contingent upon receiving the \$5,000 1st-Line Offspring Sales Director Bonus</p>

International commissions for Canada and/or Mexico units developed prior to 7/1/2005 count toward Family Security Program, NSD Ranking and Millionaire recognition. Beginning 7/1/2005, all International commissions are paid through the Global Leadership Development Program. International sales units developed after 7/1/2005 will count toward the Great Futures Program and will not count toward the U.S. based Family Security Program.

- An unaffiliated NSD area is one that is not affiliated with an offspring Independent National Sales Director. An affiliated NSD area is one that is directly associated (affiliated) with another active offspring Independent National Sales Director.
- All NSD Commissions and Bonuses listed above count towards FSP, NSD Ranking and Millionaire recognition.

4

Contest Bonuses

Grand 5 Bonus	Amount	Paid
New and re-qualified Cadillac qualifiers in your unaffiliated area	\$1,000 each	Quarterly Mar, Jun, Sept, Dec Commissions
New or higher unit circle from the prior Seminar year for Sales Directors in your unaffiliated area	\$1,000 each	July commissions Check or deposit on Aug. 15th
New Sales Directors in your unaffiliated area achieving On the Move, Fabulous 50s or Mary Kay Honors Society	\$1,000 each	Monthly As the new Sales Director completes each program

Contest bonuses are not considered compensation, and therefore are not included in the Family Security Program calculations or NSD Ranking, however are included in Millionaire Recognition.

NSD Motivational Account

Unaffiliated Sales Units 4th-line and Beyond

Paid annually in June commissions (check or deposit on July 15th)

Motivational Account	Amount
1-20	\$1,200
21-50	\$2,400
51-100	\$3,600
100+	\$12,000

Contests

Gold Circle

NSD Gross Commissions	Rewards
\$125,000	Gold Circle pin*, plus Seminar recognition for area members
\$150,000	

Diamond Circle

NSD Gross Commissions	Rewards
\$200,000	Diamond Circle pin*, 1 Diamond for NSD bracelet or necklace, Diamond Circle pin, plus bonus check for 1% of NSD Commissions
\$250,000	
\$300,000	

Inner Circle

NSD Gross Commissions	Rewards
\$325,000	Inner Circle pin*, 2 Diamonds for NSD bracelet or necklace, pin, plus bonus check for 2% of NSD Commissions
\$500,000	2 Diamonds for NSD bracelet or necklace, pin, plus bonus check for 3% of NSD Commissions
\$750,000	2 Diamonds for NSD bracelet or necklace, pin, plus bonus check for 4% of NSD Commissions
\$1,000,000	2 Diamonds for NSD bracelet or necklace, pin, plus bonus check for 5% of NSD Commissions

Inner Circle and Diamond Circle bonuses do not count toward the Family Security Program, NSD Ranking of Millionaire recognition.

Each new NSD receives the 14 karat yellow gold NSD bracelet with one diamond upon her debut. Diamonds are added to the bracelet each year as Diamond and Inner Circle levels are attained. Once the bracelet is complete with diamonds, the NSD will receive the 14k white gold NSD necklace. Diamonds are added to the necklace each year as Diamond and Inner Circle levels are attained. * The pin is awarded after the first year only of achieving corresponding circle.



Legacy Leaders Program

The Legacy Leaders Program awards a new Independent National Sales Director a ring for each of her new first-line offspring Independent Sales Director debuts, up to five, in her first two years after her debut as an NSD. The minimum 20 units required to debut as a new National Sales Director must be in place before the Legacy Leaders Program rewards can be earned. There are five stacked rings that have been designed exclusively for NSDs that can be earned, provided that a \$5000 bonus has never been paid to any NSD on the individual's prior debut as an Independent Sales Director.



New NSDs and the First-Line Offspring Sales Director \$5,000 Bonus

One of the most financially lucrative aspects of the NSD compensation plan is the first-line Offspring Sales Director \$5000 bonus that a National Sales Director can earn for the debut of each new first-line offspring Sales Director developed from her personal unit. 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.

Example #1:

- June 1: NSD A has eight first-line offspring Sales Directors and ten second-line offspring Sales Directors. In addition, she has two DIQs from her personal unit. Her planned debut configuration is 10/3/10. NSD A also meets the necessary requirements of having at least 7 U.S. Premier Club or above career car program achievers in her future NSD Area and is a Cadillac achiever herself, as well as all units meeting the minimum unit size requirements of 24.
- July 1: NSD A's two new first-line offspring Sales Directors debut and NSD A is officially appointed as a National Sales Director, as she met the minimum requirements of 10/3/10 with the debut of the tenth first-line offspring Sales Director.
- NSD A would not receive the first-line Offspring Sales Director \$5,000 bonus for the two new first-line offspring Sales Directors that debuted July 1 because they were required as part of her 10/3/10 configuration needed to debut as a National Sales Director.

Example #2:

- June 1: NSD B has eight first-line offspring Sales Directors and ten second-line offspring Sales Directors. In addition, she has four DIQs from her personal unit. Her planned debut configuration is 10/3/10. NSD B also meets the necessary requirements of having 7 Premier Club or above career car program achievers in her future NSD Area and is a Cadillac achiever herself, as well as all units meeting the minimum unit size requirements of 24.
- July 1: NSD B's four new first-line offspring Sales Directors debut and NSD B is officially appointed as a National Sales Director, as she has met the minimum requirements of having ten first-line offspring Sales Directors.
- NSD B would not receive the first-line Offspring Sales Director \$5,000 bonus for two of the new first-line offspring Sales Directors that debut July 1 because they were required as part of her 10/3/10 configuration needed to debut as a National Sales Director. However, NSD B had two first-line offspring Sales Directors debut in addition to the 10 needed among her first-line. NSD B will earn a \$10,000 bonus (\$5,000 for each) for the two new first-line offspring Sales Directors who were not required for her NSD debut.

Please note that the \$5,000 bonus will not be paid to an NSD if the debuting Sales Director previously debuted out of the personal unit of another NSD and the bonus was paid to that NSD.

Independent Senior National Sales Director and Above Compensation

Title	NSD Offspring	Rewards
Senior NSD	1-2	<ul style="list-style-type: none">• Title regardless of debut sequence• \$10,000 annual bonus only for those offspring NSDs who debut subsequent to your NSD debut
Executive NSD	3-4	<ul style="list-style-type: none">• \$10,000 annual bonus only for those offspring NSDs who debut subsequent to your NSD debut
Elite Executive NSD	5+	<ul style="list-style-type: none">• \$10,000 annual bonus only for those offspring NSDs who debut subsequent to your NSD debut• 2% commissions on unaffiliated and affiliated 4th line unit production• Elite Executive NSD Pin

- In the U.S., when a new offspring Independent National Sales Director is developed out of any line of the NSD's unaffiliated area, the Senior NSD (who has been an NSD at least 6 months) earns a \$10,000 offspring NSD Debut Bonus at the time of the new offspring NSD's debut provided that it is her first time to debut as an NSD. Annually thereafter, the Senior NSD can earn the offspring NSD Anniversary Bonus as long as the Senior NSD's and offspring NSD's Agreements are in effect.
 - There shall only be one recipient of the NSD Development Bonus and for purposes of determining the recipient of the bonus, the currently active National Sales Director of the new offspring NSD six (6) months prior to the new offspring NSD's debut will receive the bonus.
- The annual \$10,000 offspring NSD bonus will continue annually, as long as the Senior NSD is active, after an offspring NSD has debuted as an Emeritus.
- The annual \$10,000 offspring NSD bonus does not apply in all foreign markets and in most countries, outside of the U.S., is only applicable for NSD offspring who debut out of the 1st-3rd unaffiliated lines. Please refer to the official Global Leadership Development Program documents on Mary Kay InTouch® for complete details.
- As a Senior NSD or above, the NSD continues to earn commissions on the personal unit of the offspring NSDs at the applicable rate of their line.
 - For example, should an NSD develop an offspring NSD from her first line, she will continue to earn 9% of that personal unit's wholesale production, as long as the NSD offspring chooses to maintain her personal unit.

When are bonuses paid?

Bonus	Amount	Paid Commissions Production Month	Month Check is received	Counts Toward NSD Ranking/Gold, Diamond and Inner Circle?
Offspring NSD Debut Bonus	\$10,000	Debut Month (first time debuts)	Month following debut month	Yes
Offspring NSD Anniversary Bonus	\$10,000	Anniversary of Debut Month	Month following debut month	Yes
First-line New Offspring Sales Director Debut Bonus	\$5,000	Debut Month	Month following debut month	Yes
First-Line Offspring Sales Director Anniversary Production Bonus	\$1,000	Anniversary of Debut Month	Month following debut month	Yes
Quarterly Area Leadership Development Bonus	\$200 - \$800	March, June, September and December	April, July, October and January	Yes
Diamond and Inner Circle	1 – 5% of Seminar YTD NSD Commissions	July	At Seminar	No
NSD Motivational Account	\$1,200 - \$12,000	June	July	No
On the Move	\$1,000	Third month since debut	Fourth month since debut	No
Fabulous 50s	\$1,000	Sixth month since debut	Seventh month since debut	No
Mary Kay Honors Society	\$1,000	Twelfth month since debut	Thirteenth month since debut	No
Cadillac Qualification or Requalification	\$1,000	March, June, September and December	April, July, October and January	No
Higher Unit Club	\$1,000	July	August	No

Chapter Six

The Family Security and Great Futures Programs

“There is no other program in the Direct Selling industry like the ‘Mary Kay Inc. Family Security Program.’”

**- Chief Legal Officer & Secretary
Nathan Moore**

The Family Security Program

Since Jan. 1, 1988, participating U.S. Mary Kay Independent National Sales Directors have enjoyed a valuable award program – the Family Security Program. The entire cost of the program is paid by Mary Kay Inc.

The Family Security Program provides Independent National Sales Directors retirement, disability and survivors’ awards.

As described in greater detail in the “Highlights of the Family Security Program” brochures included below, your eligibility for and the amount and possible years of awards under the Program are based on your age at the time of your NSD debut, your years of NSD Service, the amount of your NSD commissions and the age at which you debut as an NSD Emeritus. Family Security Program Awards are not offered in one lump sum, but are distributed over the number of years of payments for which the NSD has qualified.

The Family Security Program is differentiated into Group III and Group V. Simply put:

Group III: An NSD must debut prior to her 60th birthday to qualify for full awards under the Family Security Program.

Group V: An NSD must debut prior to her 65th birthday for reduced awards under the Family Security Program.

Late Retirement Award Option

As of August 1, 2012, the Company offers a Late Retirement Award option that allows eligible NSDs in both Groups III and V to debut as NSD Emeriti as late as the January 1st after their 69th birthday.

In order to be eligible for the Late Retirement Award, as of the December 1 immediately prior to the additional year of desired NSD Service, an NSD must:

- Have at least 8 first-line offspring Sales Directors, or
- Meet the \$125,000 NSD commission level in the prior Seminar year, or
- Have at least 20 offspring Sales Directors in her 1st – 3rd lines, affiliated and unaffiliated

An NSD must affirmatively notify the Company, in writing, of her decision to elect an additional year of NSD Service by December 1 of the prior year. NSD Services can provide you with a template Late Retirement election form upon your request.

If an NSD elects to participate in the Late Retirement Award option, the amount of her Family Security awards under the Program will be reduced by two years of payments for each additional year she continues in her business. This allows an NSD to earn another year of NSD Commissions at 100 percent in exchange for the loss of two years of Program awards at 60 percent of the NSD's Final Average Commissions at some point years in the future.

There are many factors to consider when deciding whether it is to your benefit to elect the Late Retirement Award option, including, but not limited to, whether your business is growing or contracting, whether several good or bad years will roll off from the calculation of your Final Average Commissions, whether you are building your international business, whether it looks like you may debut new Offspring NSDs in a coming year, the time value of money, the impact on your expenses and taxes, and whether you still have the desire to continue to share this amazing opportunity with other women around the world. Given that it is such an individual decision, it is recommended that you discuss your options with either your Sales Development Director or NSD Services and that you confer with your financial advisor and/or accountant regarding the positives and negatives of any decision.



HIGHLIGHTS OF THE FAMILY SECURITY PROGRAM

Group III

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

MARY KAY®

Since Jan. 1, 1988, participating U.S. Mary Kay Independent National Sales Directors (NSDs) have enjoyed a valuable award program – the Family Security Program. The entire cost of the program is paid by Mary Kay Inc.

The Family Security Program provides NSDs retirement, disability and survivors' awards. Your awards are based on your age and/or years of NSD service, the amount of your NSD commissions and the date awards are payable from the program.

I. Retirement Awards

You must have at least 5 years of service as an NSD in order to qualify for retirement awards. A year of service is each 12-month period in which you are an NSD.

A. Normal Retirement Awards

Your Normal Retirement awards are paid monthly for a total of 15 years. Should you die before receiving 180 monthly payments, the remaining payments will be made to your designated beneficiary(ies).

You are eligible for Normal Retirement awards beginning on the January 1 that immediately follows your 65th birthday, or any January 1 after you complete 15 years of NSD service. Your annual retirement award is 60 percent of your Final Average Commissions.

Final Average Commissions is the average of your NSD commissions for the best 3 out of your last 5 calendar years of NSD service. Included are all U.S. commissions paid while an NSD, including personal team commissions and NSD commissions based on unit production. Other commissions from your personal unit or other prizes or awards are not included. If applicable, NSD commissions include commissions paid and attributable to an NSD's Canadian and/or Mexican personal sales unit(s) and/or offspring sales unit(s), provided such units were established prior to July 1, 2005.

B. Early Retirement Awards

If you have at least 5 years but less than 15 years of NSD service, you may retire before your Normal Retirement Date – as early as the January 1 before your 55th birthday. The amount of your Early Retirement award – payable for 15 years – depends on your age at retirement. Your Early Retirement award is calculated as follows:

Applicable Age	Applicable Percentage of Final Average Commissions
64	58%
63	56%
62	54%
61	52%
60	50%
59	48%
58	46%
57	44%
56	42%
55	40%

Applicable Age is the age you will turn during the calendar year in which payments will begin. Should you die before receiving 180 monthly payments, the remaining payments will be made to your designated beneficiary(ies).

C. Late Retirement Awards

You may elect to continue your NSD service for one additional year beyond your Normal Retirement Date if, as of December 1 immediately preceding your Normal Retirement Date, you are eligible for Late Retirement.

In order to be eligible for Late Retirement, you must (1) have achieved the \$125,000 NSD commission level or above in the prior Seminar year; (2) have a minimum of eight (8) first-line Independent Sales Directors; or (3) have at least twenty (20) first-line through third-line Offspring Sales Units, affiliated and unaffiliated.

Thereafter, you may continue to elect to extend your NSD service in one-year increments (if you have satisfied your Late Retirement eligibility as of the December 1 prior to the year of additional NSD service) until the January 1 after your 69th birthday, which is the last potential Late Retirement Date.

The annual amount of your Late Retirement award is 60 percent of your Final Average Commissions. The possible years of payment under the Late Retirement award is calculated based upon your elected "Late Retirement Date," which is January 1 after the following birthday:

"Late Retirement Date"	
January 1 After the Following Birthday	Possible Years of Participation
66	13
67	11
68	9
69	7

II. Disability Awards

If you have at least 1 year of NSD service and you become disabled and cannot perform the responsibilities set forth in your Independent National Sales Director Agreement, the Family Security Program provides you a disability award. The amount of the award – payable for 15 years – will be calculated as if you retired on the January 1 preceding the date of your disability. The award benefit is 40 percent of your Final Average Commissions. Should you die before receiving 180 monthly payments, the remaining payments will be made to your designated beneficiary(ies).

III. Survivors' Awards

- A. Upon your enrollment in the Family Security Program, your designated beneficiary(ies) will receive a \$200,000 lump sum payment from the Company if you die prior to your Retirement Date.
- B. If you have a least 1 year of NSD Service and you die prior to your Retirement Date, your designated beneficiary(ies) will receive an award that is payable for 15 years. The amount of the award is calculated as if you retired on the January 1 preceding the date of your death. The minimum benefit is 40 percent of your Final Average Commissions. The program also provides continuing income to your survivors. If you have at least 1 year of NSD service and you die before retirement, your designated beneficiary(ies) will receive an award that is payable for 15 years. The amount of the award is calculated as if you retired on the January 1 preceding the date of your death. The minimum benefit is 40 percent of your Final Average Commissions.

Your Responsibilities

As an NSD, you are covered under the Family Security Program as soon as you enroll in it. There are a couple of important tasks you should take care of, as follows:

- In order to enroll, you must execute the Plan Document, complete a Participation Agreement and Beneficiary Designation Form and return them to the Company. That way, you will ensure that you and your family will be protected under the program.
- Please contact the Company by December 1 of the year prior to the year in which you will retire. By doing so, all of the administrative details can be taken care of, and your retirement awards will be able to timely begin.

Your Normal Retirement Date will be the January 1 immediately following the date on which you attain age 65 or any January 1 after you have completed 15 years of NSD service, unless you are eligible for and elect Late Retirement.

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



■ INDEPENDENT NATIONAL SALES DIRECTOR ■



HIGHLIGHTS OF THE FAMILY SECURITY PROGRAM

Group V

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

MARY KAY®

Since Jan. 1, 1988, participating U.S. Mary Kay Independent National Sales Directors (NSDs) have enjoyed a valuable award program – the Family Security Program. The entire cost of the program is paid by Mary Kay Inc.

The Family Security Program provides NSDs retirement, disability and survivors' awards. Your awards are based on your age and/or years of NSD service, the amount of your NSD commissions and the date awards are payable from the program:

I. Normal Retirement Awards

If you debut as an NSD on or after your 60th birthday, but before your 65th birthday, and remain an NSD for a minimum of 5 years, you may qualify for Normal Retirement awards and receive 60 percent of your Final Average Commissions based on the following chart:

NSD Debut Age	Years of Awards
60	13
61	11
62	9
63	7
64	5

Final Average Commissions is the average of your NSD commissions for the best 3 out of your last 5 calendar years of NSD service. Included are all U.S. commissions paid while an NSD, including personal team commissions and NSD commissions based on unit production. Other commissions from your personal unit or other prizes or awards are not included. If applicable, NSD commissions include commissions paid and attributable to an NSD's Canadian and/or Mexican personal sales unit(s) and/or offspring sales unit(s), provided such units were established prior to July 1, 2005.

You are eligible for Normal Retirement awards beginning on the January 1 immediately following the date on which you complete 5 years of NSD service. A year of NSD service is each 12-month period in which you are an NSD.

Your annual retirement awards are paid monthly for the total of years as reflected in the chart shown above. Should you die before receiving all of the monthly payments, the remaining payments will be made to your designated beneficiary(ies).

Your Normal Retirement Date will be the January 1 immediately following the date on which you complete 5 years of NSD service, unless you are eligible for and elect Late Retirement.

II. Late Retirement Awards

You may elect to continue your NSD service for one additional year beyond your Normal Retirement Date if, as of the December 1 immediately preceding your Normal Retirement Date, you are eligible for Late Retirement.

In order to be eligible for Late Retirement, you must (1) have achieved the \$125,000 NSD commission level or above in the prior Seminar year; (2) have a minimum of eight (8) first-line Independent Sales Directors; or (3) have at least twenty (20) first-line through third-line Offspring Sales Units, affiliated and unaffiliated.

Thereafter, you may continue to elect to extend your NSD service in one-year increments (if you have satisfied your Late Retirement eligibility as of the December 1 prior to the year of additional NSD service) until the January 1 after your 69th birthday, which is the last potential Late Retirement date.

The annual amount of your Late Retirement award is 60 percent of your Final Average Commissions. The possible years of payment under the Late Retirement award is calculated based upon your elected “Late Retirement Date,” which is the January 1 after the following birthday:

“Late Retirement Date”	
January 1 After the Following Birthday	Possible Years of Participation
66	11
67	9
68	7
69	5

III. Disability Awards

If you have at least 1 year of NSD service and you become disabled and cannot perform the responsibilities set forth in your Independent National Sales Director Agreement, the Family Security Program provides you a disability award. The amount of the award – payable for the applicable number of years shown in the chart above – will be based on 40 percent of your Final Average Commissions.

IV. Survivors’ Awards

- A. Upon your enrollment in the Family Security Program, your designated beneficiary(ies) will receive a \$200,000 lump sum payment from the Company if you die prior to your Retirement Date.
- B. If you have at least 1 year of NSD Service and you die prior to your Retirement Date, your designated beneficiary(ies) will receive survivors’ awards. The amount of the award – payable for the applicable number of years shown on the chart on the previous page – will be based on 40 percent of your Final Average Commissions.

Your Responsibilities

As an NSD, you are covered under the Family Security Program as soon as you enroll in it. There are a couple of important tasks you should take care of, as follows:

- In order to enroll, you must execute the Plan Document, complete a Participation Agreement and Beneficiary Designation Form and return them to the Company. That way, you will ensure that you and your family will be protected under the plan.
- Please contact the Company by December 1 of the year prior to the year in which you will retire. By doing so, all of the administrative details can be taken care of, and your retirement awards will be able to timely begin.

***Note:** This brochure is intended to provide a nontechnical summary of the awards afforded to participating Independent National Sales Directors. The actual terms and conditions of the Family Security Program are contained in the Plan Document entitled “Mary Kay Inc. Family Security Program.” In the event of any conflict between the Plan Document and this highlights brochure, the Plan Document shall prevail.*



INDEPENDENT NATIONAL SALES DIRECTOR

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The Great Futures Program

Since January 1, 2005, participating U.S. Mary Kay Independent National Sales Directors who have extended their Mary Kay business beyond the boundaries of the U.S. to Global Leadership Development Program (GLDP) countries have enjoyed a valuable award program – the U.S. Great Futures Program. The entire cost of the program is paid by Mary Kay Inc.

The U.S. Great Futures Program provides U.S. NSDs participation awards as well as disability and survivors' awards.

As described in greater detail in the “Highlights of the Great Futures Program” brochures included below, your participation awards are based on your age at the time of your NSD debut, your years of NSD service, the age at which you debut as an NSD Emeritus, and the Net Wholesale Volume Production of your Great Futures Area, NSD GLDP Commissions and the GLDP commission schedule in effect at the time of payment of each award.

Like the Family Security Program, the U.S. Great Futures Program is differentiated into Group III and Group V. Simply put:

Group III: An NSD must debut prior to her 60th birthday to qualify for full benefits under the Great Futures Program.

Group V: An NSD must debut prior to her 65th birthday for reduced benefits under the Great Futures Program

In August 2012, the Company introduced a new Late Participant Award option as part of Great Futures that closely mirrors the terms of the new Late Retirement Award option described in the previous section on the Family Security Program.



HIGHLIGHTS OF THE GREAT FUTURES PROGRAM Group III

Note: This brochure is intended to provide a nontechnical summary of the awards afforded to participating Independent National Sales Directors. The actual terms and conditions of the Great Futures Program are contained in the Plan Document entitled "Mary Kay Inc. Great Futures Program." In the event of any conflict between the Plan Document and this highlights brochure, the Plan Document shall prevail.

MARY KAY®

Since Jan. 1, 2005, participating U.S. Mary Kay Independent National Sales Directors (NSDs) that have extended their Mary Kay business beyond the boundaries of the U.S. to Global Leadership Development Program (GLDP) countries have enjoyed a valuable award program – the Great Futures Program. The entire cost of the program is paid by Mary Kay Inc.

The U.S. Great Futures Program provides U.S. NSDs retirement participation awards as well as disability and survivors' awards. Your awards are based on your age and/or years of NSD service, the Net Wholesale Volume Production of your Great Futures Area, NSD GLDP Commissions and the GLDP commission schedule in effect at the time of payment of each award.

I. Participation Awards

You must have at least 5 years of service as an NSD in order to qualify for participation awards. A year of service is each 12-month period in which you are an NSD.

A. Normal Participation Awards

Your Normal Participation awards are paid monthly for a total of 12 years. Should you die before receiving 144 monthly payments, the remaining payments will be made to your designated beneficiary(ies).

You are eligible for Normal Participation awards beginning on the January 1 that immediately follows your 65th birthday, or any January 1 after you complete 15 years of NSD service. Your monthly participation award is 60 percent of your NSD GLDP Commissions of your Great Futures Area for that particular month for 12 consecutive years.

Great Futures Area means the NSD GLDP Commissionable Area existing at the time an NSD discontinues her Mary Kay business to participate in the program. NSD GLDP Commissions means all commissions paid to an NSD by the Company for her business as an NSD in each respective applicable GLDP market based on the total Net Wholesale Volume Production and the GLDP commission schedule in effect at such time. The term includes both the annual NSD Offspring Development Bonus for NSD offspring and the annual qualified, first-line Independent Sales Director Offspring Development Bonus in place at the time an NSD discontinues her Mary Kay business to participate in the program and attributable to each respective applicable GLDP market. The term does not include other commissions from her personal unit or other prizes, contests or awards.

B. Early Participation Awards

If you have at least 5 years but less than 15 years of NSD service, you may discontinue your Mary Kay business before your Normal Participation Date – as early as the January 1 before your 55th birthday. The amount of your Early Participation award – payable for 12 consecutive years – depends on your age at such date. Your Early Participation award is calculated as follows:

Applicable Age	Applicable Percentage of NSD GLDP Commissions (Applicable Percentage)
64	58%
63	56%
62	54%
61	52%
60	50%
59	48%
58	46%
57	44%
56	42%
55	40%

Applicable Age is the age you will turn during the calendar year in which payments will begin. Should you die before receiving 144 monthly payments, the remaining payments will be made to your designated beneficiary(ies).

C. Late Participation Awards

You may elect to continue your NSD service for one additional year beyond your Normal Participation Date if, as of the December 1 immediately preceding your normal participation date, you are eligible for Late Participation.

In order to be eligible for Late Participation, you must (1) have achieved the \$125,000 NSD commission level or above in the prior Seminar year; (2) have a minimum of eight (8) first-line Independent Sales Directors; or (3) have at least twenty (20) first-line through third-line Offspring Sales Units, affiliated and unaffiliated.

Thereafter, you may continue to elect to extend your NSD service in one-year increments (if you have satisfied your Late Participation Eligibility as of the December 1 prior to the year of additional NSD service) until the January 1 after your 69th birthday, which is the last potential Late Participation Date.

Your monthly award under Late Participation is 60 percent of your NSD GLDP Commissions of your Great Futures Area for that particular month. The possible years of participation under the Late Participation award are calculated based upon Participant's elected "Late Participation Date," which is the January 1 after the following birthday:

"Late Participation Date"	
January 1 After the Following Birthday	Possible Years of Participation
66	10
67	8
68	6
69	4

II. Disability Awards

If you have at least 1 year of NSD service and you become disabled and cannot perform the responsibilities set forth in your Independent National Sales Director Agreement, the Great Futures Program provides you a disability award. The amount of the award – payable for 12 consecutive years – will be calculated as if you elected Early Participation on the January 1 preceding the date of your disability. The minimum award is 40 percent of your NSD GLDP Commissions of your Great Futures Area. Should you die before receiving 144 monthly payments, the remaining payments will be made to your designated beneficiary(ies).

III. Survivors' Awards

The program also provides continuing income to your survivors. If you have at least 1 year of NSD service and you die before discontinuation of your Mary Kay business as set forth above, your designated beneficiary(ies) will receive an award that is payable for 12 consecutive years. The amount of the award is calculated as if you elected Early Participation on the January 1 preceding the date of your death. The minimum award is 40 percent of your NSD GLDP Commissions of your Great Futures Area.

Your Responsibilities

As an NSD, you are covered under the Great Futures Program as soon as you enroll in it. But there are a couple of important tasks you should take care of, as follows:

- In order to enroll, you must execute the Plan Document, complete a Participation Agreement and Beneficiary Designation Form and return them to the Company. That way, you will ensure that you and your family will be protected under the program.
- Please contact the Company by December 1 of the year prior to the year in which you will participate. By doing so, all of the administrative details can be taken care of, and your participation awards will be able to timely begin.

Your Normal Participation Date will be assumed to be the January 1 immediately following the date on which you attain age 65, unless you are eligible for and elect Late Participation. Your participation date under the Great Futures Program must coincide with your retirement date under the Family Security Program.

Note: This brochure is intended to provide a nontechnical summary of the awards afforded to participating Independent National Sales Directors. The actual terms and conditions of the Great Futures Program are contained in the Plan Document entitled "Mary Kay Inc. Great Futures Program." In the event of any conflict between the Plan Document and this highlights brochure, the Plan Document shall prevail.



INDEPENDENT NATIONAL SALES DIRECTOR



HIGHLIGHTS OF THE GREAT FUTURES PROGRAM

Group V

Note: This brochure is intended to provide a nontechnical summary of the awards afforded to participating Independent National Sales Directors. The actual terms and conditions of the Great Futures Program are contained in the Plan Document entitled "Mary Kay Inc. Great Futures Program." In the event of any conflict between the Plan Document and this highlights brochure, the Plan Document shall prevail.

MARY KAY®

Since Jan. 1, 2005, participating U.S. Mary Kay Independent National Sales Directors (NSDs) that have extended their Mary Kay business beyond the boundaries of the U.S. to Global Leadership Development Program (GLDP) countries have enjoyed a valuable award program – the U.S. Great Futures Program. The entire cost of the program is paid by Mary Kay Inc.

The U.S. Great Futures Program provides U.S. NSDs retirement participation awards as well as disability and survivors' awards. Your awards are based on your age and/or years of NSD service, the Net Wholesale Volume Production of your Great Futures Area, NSD GLDP Commissions and the GLDP commission schedule in effect at the time of payment of each award.

I. Normal Participation Awards

If you debut as an NSD on or after your 60th birthday, but before your 65th birthday, and remain an NSD for a minimum of 5 years, you may qualify for Normal Participation awards and receive 60 percent of your NSD GLDP Commissions of your Great Futures Area for that particular month for the number of consecutive years reflected on the following chart:

Age at Commencement of NSD Service	Years of Participation
60	12
61	10
62	8
63	6
64	4

Great Futures Area means the NSD GLDP Commissionable Area existing at the time an NSD discontinues her Mary Kay business to participate in the program. NSD GLDP Commissions means all commissions paid to an NSD by the Company for her business as an NSD in each respective applicable GLDP market based on the total Net Wholesale Volume Production and the GLDP commission schedule in effect at such time. The term includes both the annual NSD Offspring Development Bonus for NSD offspring and the annual qualified, first-line Independent Sales Director Offspring Development Bonus in place at the time an NSD discontinues her Mary Kay business to participate in the program and attributable to each respective applicable GLDP market. The term does not include other commissions from her personal unit or other prizes, contests or awards.

You are eligible for Normal Participation awards beginning on the January 1 immediately following the date on which you complete 5 years of NSD service. A year of NSD service is each 12-month period in which you are an NSD.

Your annual participation awards are paid monthly for the total number of years as reflected in the chart shown above. Should you die before receiving all of the monthly payments, the remaining payments will be made to your designated beneficiary(ies).

Your Normal Participation Date will be the January 1 immediately following the date on which you complete 5 years of NSD service, unless you are eligible for and elect Late Participation.

II. Late Participation Awards

You may elect to continue your NSD service for one additional year beyond your Normal Participation Date if, as of the December 1 immediately preceding your Normal Participation Date, you are eligible for Late Participation.

In order to be eligible for Late Participation, you must (1) have achieved the \$125,000 NSD commission level or above in the prior Seminar year; (2) have a minimum of eight (8) first-line Independent Sales Directors; or (3) have at least twenty (20) first-line through third-line Offspring Sales Units, affiliated and unaffiliated.

Thereafter, you may continue to elect to extend your NSD service in one-year increments (if you have satisfied your Late Participation Eligibility as of the December 1 prior to the year of additional NSD service) until the January 1 after your 69th birthday, which is the last potential Late Participation Date.

Your monthly award under Late Participation is 60 percent of your NSD GLDP Commissions of your Great Futures Area for that particular month. The possible years of participation under the Late Participation award are calculated based upon Participant's elected "Late Participation Date," which is the January 1 after the following birthday:

"Late Participation Date"		Possible Years of Participation
January 1 After the Following Birthday		
66		10
67		8
68		6
69		4

III. Disability Awards

If you have at least 1 year of NSD service and you become disabled and cannot perform the responsibilities set forth in your Independent National Sales Director Agreement, the Great Futures Program provides you a disability award. The amount of the award – payable for the applicable number of years shown on the chart on the previous page – will be based on 40 percent of your NSD GLDP Commissions of your Great Futures Area. Should you die before receiving all applicable monthly payments, the remaining payments will be made to your designated beneficiary(ies).

IV. Survivors' Awards

The program also provides continuing income to your survivors. If you have at least 1 year of NSD service and you die before discontinuation of your Mary Kay business as set forth above, your designated beneficiary(ies) will receive survivors' awards. The amount of the award – payable for the applicable number of years shown on the chart on the previous page – will be based on 40 percent of your NSD GLDP Commissions of your Great Futures Area.

Your Responsibilities

As an NSD, you are covered under the Great Futures Program as soon as you enroll in it. But there are a couple of important tasks you should take care of, as follows:

- In order to enroll, you must execute the Plan Document, complete a Participation Agreement and Beneficiary Designation Form and return them to the Company. That way, you will ensure that you and your family will be protected under the program.
- Please contact the Company by December 1 of the year prior to the year in which you will participate. By doing so, all of the administrative details can be taken care of, and your participation awards will be able to timely begin.

Note: This brochure is intended to provide a nontechnical summary of the awards afforded to participating Independent National Sales Directors. The actual terms and conditions of the Great Futures Program are contained in the Plan Document entitled "Mary Kay Inc. Great Futures Program." In the event of any conflict between the Plan Document and this highlights brochure, the Plan Document shall prevail.



INDEPENDENT NATIONAL SALES DIRECTOR

1099 Forms

The IRS requires the Company to report figures based on the month in which you **receive** commissions, not the month they were **earned**. Therefore, the commissions reported on your 1099 Miscellaneous form and used to calculate your Family Security Program payments will be based on your December of prior year through November of current year commissions (12 full months). December commissions for your final year **will not** be included in your final Family Security Program calculations since they are received in the actual Emeritus debut tax year, however, Quarterly Area Leadership Development bonuses earned in December or new offspring NSD and Sales Director debut bonuses for January 1 debuts will be added to the final FSP calculations to determine if that final year is one of the highest. You will continue to receive a 1099 Miscellaneous Form as an NSD Emeritus and will want to confer with your financial/tax adviser to understand the implications this will have on your Social Security payments or the income tax liabilities. Company staff members are **not** eligible to give any financial or tax-related advice.

Chapter Seven

The Mary Kay Business Plan and Policies

“A house is indeed only as strong as the foundation on which it was built. And the foundation of our house is the Golden Rule.”

- Mary Kay Ash

Direct Selling 101

Under the Mary Kay compensation plan, and the compensation plans of many other Direct Sales companies, there is often an initial loss in Beauty Consultant income when she recruits a customer, debuts a Sales Director out of her personal unit, or debuts an offspring National Sales Director out of her National Area. The plan is designed for long-term growth and financial gain. As the customer who has started her new Mary Kay business, the new Sales Director or the new National Sales Director builds a stable foundation for her Mary Kay business, she will eventually see the rewards reflected in her sales and commissions; and the Beauty Consultant who recruited her or debuted her out of her personal unit or National Area will eventually see the rewards of helping her achieve that success in her commissions. Also, a Senior Sales Director or Senior National Sales Director may experience growth in commissions as her offspring Sales Director or National Sales Director builds her business through motivating unit and area members to move up the career path, increasing career car program achievers, earning and increasing area unit club achievers and other avenues of income.

NSD Personal Units

New debuting NSDs have the option to retain their personal units at the time of debut or to recommend the dispersion of their unit to their first-line offspring units. The Company believes the purpose of maintaining a personal unit as an NSD is to allow an NSD to build the strength of her first-line commissions through the development of additional offspring. In fact, the most successful NSDs have made their primary focus to build and develop offspring Sales Directors and offspring NSDs from their areas.

As an NSD, you'll likely want to view your personal unit as a source for new first-line Independent Sales Directors. We do not recommend that you focus on building volume in your personal unit. As you know from your time as a Sales Director maintaining a successful personal unit often includes providing education, inspiration and recognition to unit members. Holding weekly unit meetings and providing monthly newsletters are also important to the growth and leadership of a unit. As an NSD, when making the decision to keep a personal unit,

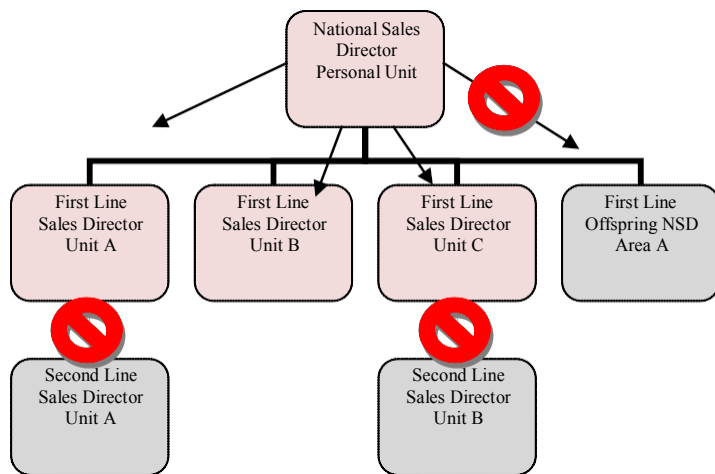
you will want to consider the time necessary to support your offspring Sales Directors and their units, as well as the time necessary to support your personal unit. Also, consider that you may be able to delegate many of the day-to-day administrative activities associated with leading a unit.

Independent National Sales Directors can recommend the dispersion of their personal unit, partially or fully, at any time among their first-line offspring Independent Sales Directors provided that the first-line Sales Director is not already an NSD. The reason for this policy is that generally an NSD's first-line Sales Directors played the most significant role in helping to build the NSD area. Allowing NSD personal unit dispersment only to first-line units is one way we can potentially reward them for their significant contributions to the overall health and growth of an NSD area. No exceptions are made to this policy. If an NSD does decide to disperse her personal unit, she can request for those Beauty Consultants to be distributed to one Sales Director in the first-line, or disperse equal numbers of Beauty Consultants into all of her first-line units, or run contests and award only the top producing units with the NSD's personal unit Beauty Consultants. First-line Sales Directors receiving unit members must have completed their first 12 months of Directorship and no longer be eligible for the Year 1 New Sales Director Track to Run programs.

Should an NSD wish to elect one particular unit that she would like her personal unit dispersed to should something unexpectedly happen to her, she may send a letter confirming her request to her Sales Development Team or NSD Services at any time. Please note that this policy does not apply to NSD Emeriti.

Please note that it is always the Company's final decision as to whether to allow the requested dispersion of a personal unit, because the agreements in effect are between Mary Kay and the personal unit members. However, the Company generally defers to the discretion of the NSD because she usually has a better sense for under which first-line Sales Directors her personal unit members are likely to succeed. Please contact NSD Services or Sales Development should you consider dispersing your personal unit.

Possible dispersion scenario:



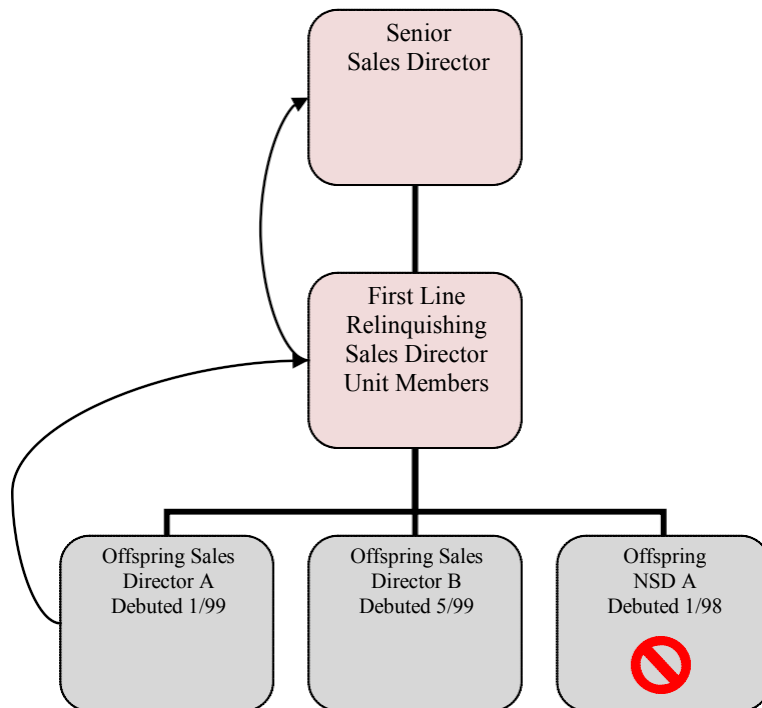
Area lines beyond the first-line are not eligible to inherit personal unit members of the NSD. When a first-line Sales Director debuts as an NSD, she is no longer eligible to inherit personal unit members from the Senior NSD.

In this scenario, the NSD could disperse any or all of her personal unit members to any of the units represented in the pink boxes.

Move-Up Scenarios

As an NSD there will be times in your business when the Independent Sales Director agreement (“Agreement”) of Sales Directors in your National Area end, thus causing them to relinquish their unit. Below are common examples to showcase company policy with respect to move-up scenarios. It is the Company’s goal to keep the family relationships of National Areas and offspring units intact, while also ensuring that little or no impact is made to the compensation of the parties involved. No exceptions are made on move-up policies since any change in the administration of the business plan could cause confusion and threaten the integrity of the Family Security Plan.

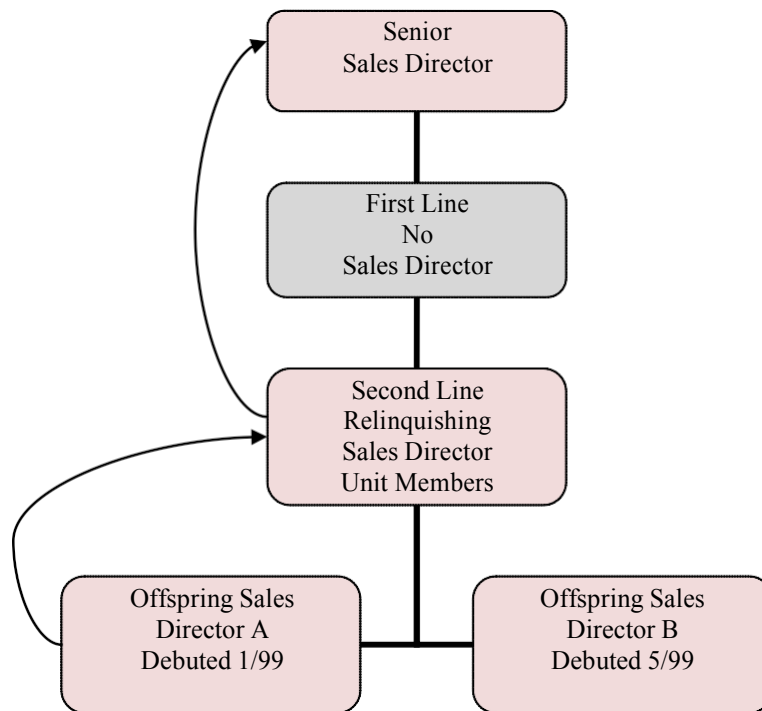
Scenario 1: A Sales Director relinquishes her unit and has a Senior Sales Director.



When an Independent Sales Director’s Agreement ends, her unit members will “move-up” to be re-assigned to her Senior Sales Director. Her offspring Sales Directors are not eligible to inherit those unit members.

The offspring Sales Director who debuted first (A) will move-up to the first-line position to replace the Sales Director who’s Agreement ended. The other offspring Sales Director (B) will remain in the second-line of the Senior Sales Director and will not have a Senior Sales Director. Offspring who have debuted as NSDs are not eligible to move-up among lines to replace terminated units.

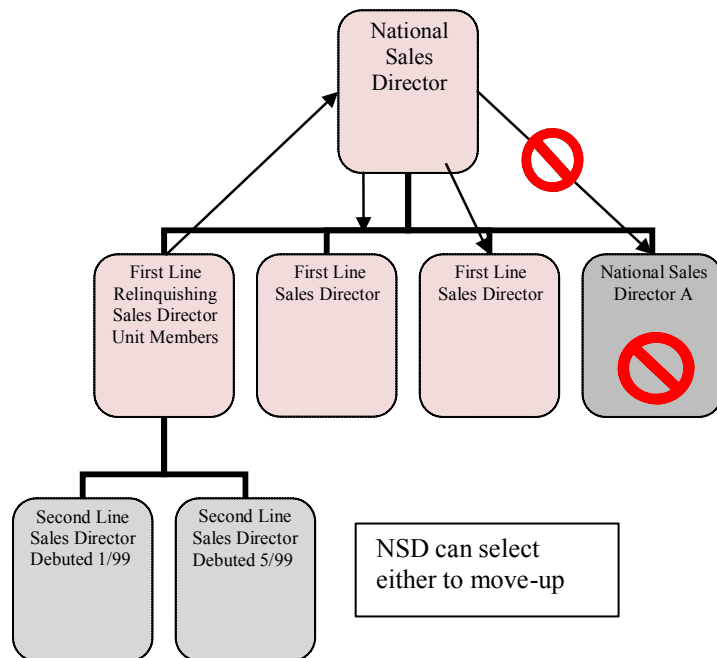
Scenario 2: A Sales Director relinquishes her unit and does not have a Senior Sales Director.



If an Independent Sales Director relinquishes her unit and does not have a Senior Sales Director, then her unit members will move two lines up and be re-assigned to the Senior Sales Director's unit. The offspring Sales Directors of the Sales Director who is relinquishing her unit are not eligible to inherit those unit members.

The offspring Sales Director who debuted first (A) will move-up to the second-line position to replace the Sales Director who's Agreement ended. The other offspring Sales Director (B) will remain in the third-line of the Senior Sales Director and will not have a Senior Sales Director. The first-line will remain vacant.

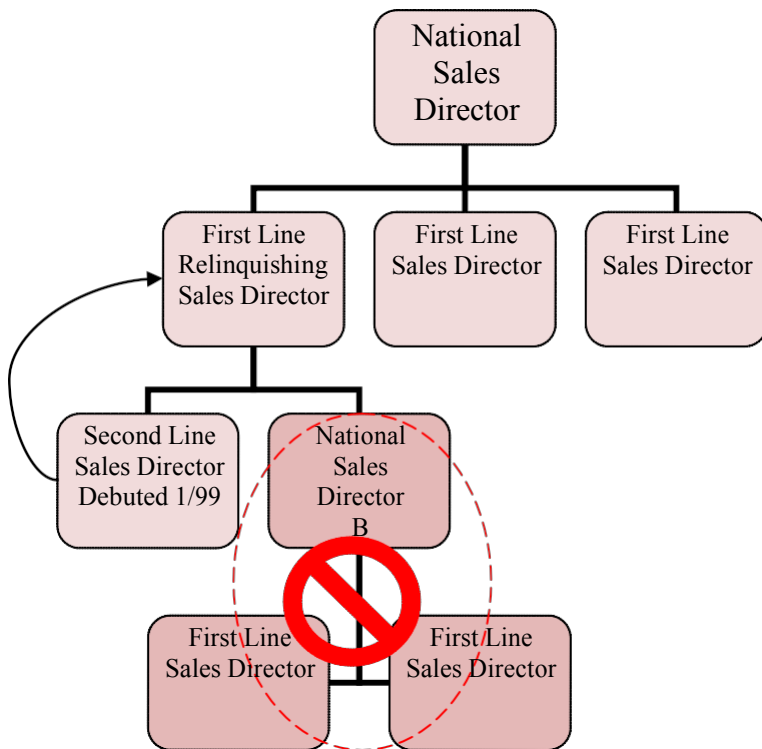
Scenario 3: A Sales Director relinquishes her unit and her Senior Sales Director is also her National Sales Director.



The National Sales Director has the option of accepting unit members into her own personal unit or may disperse them among any first-line Sales Directors (as long as the first-line offspring is not an NSD).

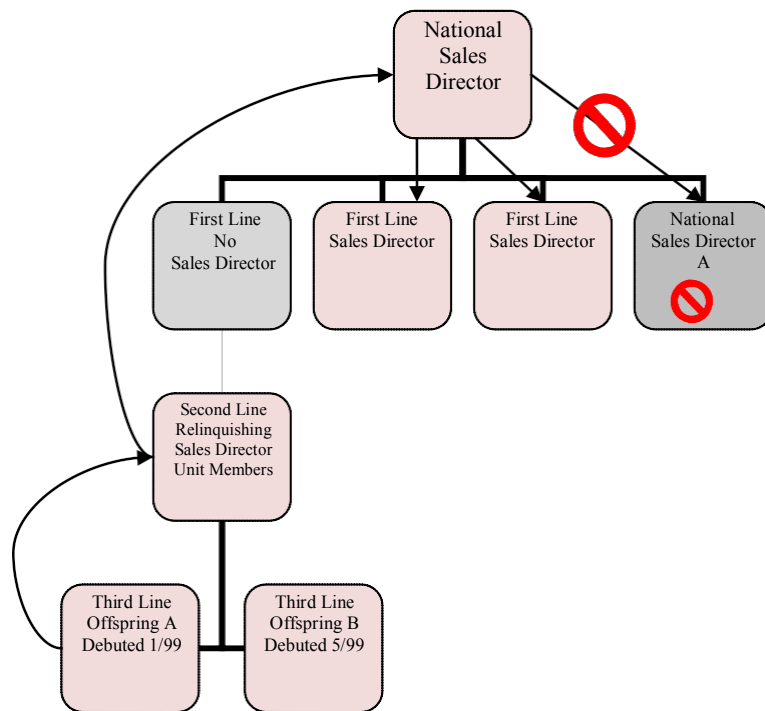
The NSD has the choice of which second-line offspring will move up to fill the vacant first-line position (regardless of debut date) or she can ask the Company to replace the first-line vacancy based on “like for like,” or equal value of any combination of the remaining offspring.

The goal of a “like for like” scenario is to help increase the likelihood that an NSD maintains her income and does not experience a loss in commissions when the first-line Sales Director relinquishes her unit. Please contact Sales Development for guidance on these scenarios.



If one of the offspring is an NSD, then that NSD area remains “frozen” and will not move-up or be considered for unit dispersement purposes.

Scenario 4: An NSD's second-line Sales Director relinquishes her unit and does not have a Senior Sales Director.



The National Sales Director has the option of accepting the unit members or may disperse them among her first-line Sales Directors (as long as the first-line offspring is not an NSD).

If there is more than one offspring of the Sales Director who is relinquishing her unit, then the first debuting offspring in the third line moves to the second-line position.

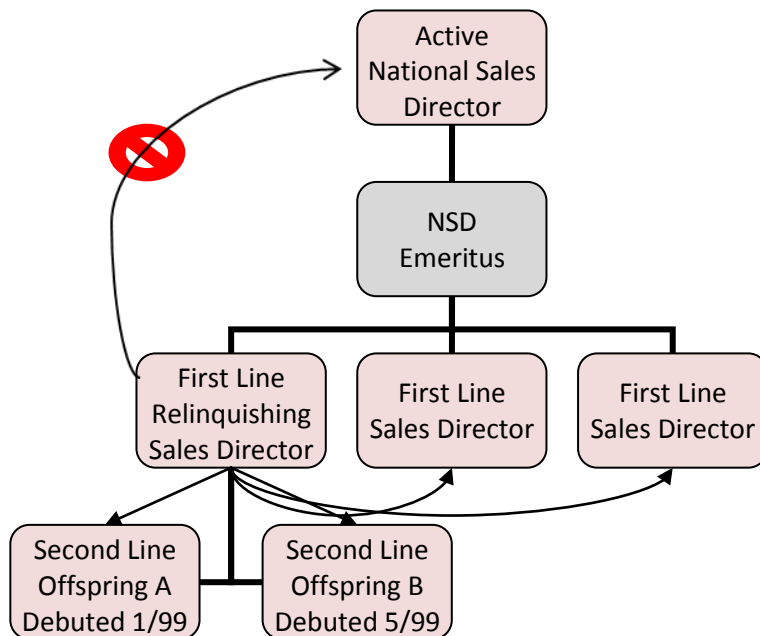
Independent National Sales Director Emeritus Area Move-up Policy

When an NSD debuts as an NSD Emeritus and is eligible for the Family Security Program, her National Area is “frozen.” The members of the debuting Emeriti’s personal unit are dispersed among the first-line Independent Sales Directors of her National Area. If the debuting Emeritus has an offspring NSD in her first-line, that NSD’s personal unit will not be considered for the dispersement of the NSD Emeriti’s personal unit members.

All first-line units of the debuting NSD Emeritus will remain second-line units to the Senior Sales Director or Senior NSD. Move-ups will occur within the Area when units are relinquished, but no one will move higher than the former first-line unit level.

The reason for this policy relates to the protection and the preservation of the Family Security Program and, as in all other move-up scenarios, will not be negotiable and no exceptions will be made. As you can imagine, the Family Security Program represents a significant financial commitment by the Company and its viability depends on the continued success of the Sales Directors in the former Areas.

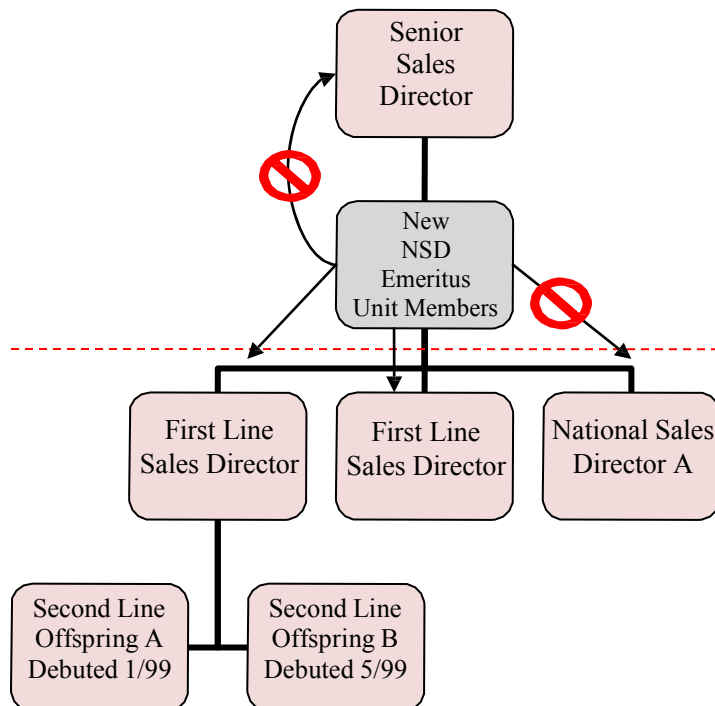
Scenario 1: An NSD Emeriti's first-line Sales Director relinquishes her unit.



The unit members of the relinquished unit will receive a “choice letter” to notify them that they have a choice between the remaining first-line offspring Sales Directors of the NSD Emeritus or the first-line offspring of the relinquishing Sales Director (second-line to Emeritus). Although there is an active NSD above the NSD Emeritus the unit members cannot be inherited by the active NSD because the area is frozen in place.

If there is more than one offspring of the Sales Director who is relinquishing her unit, then the first debuting offspring in the second-line moves to the first-line position and is included as a choice in the “choice letter.”

Scenario 2: A Senior Sales Director has an offspring NSD. That NSD debuts as an NSD Emeritus.



The Senior Sales Director of an NSD receives a 4% offspring commission on the NSD's personal unit while the NSD is active.

When the NSD debuts as an NSD Emeritus or chooses to disperse her personal unit, the NSD's personal unit members are dispersed among the NSD's first-line offspring units (as long as the first-line offspring is not an NSD).

The NSD Emeritus' former National Area is represented under the red dashed line. This National Area is “frozen” and none of the first-line offspring Sales Directors will move above the red line to replace the NSD Emeriti's personal unit.

Because the new NSD Emeritus no longer has a personal unit, the Senior Sales Director will no longer receive the 4% offspring commission on that unit.

“Former” NSD

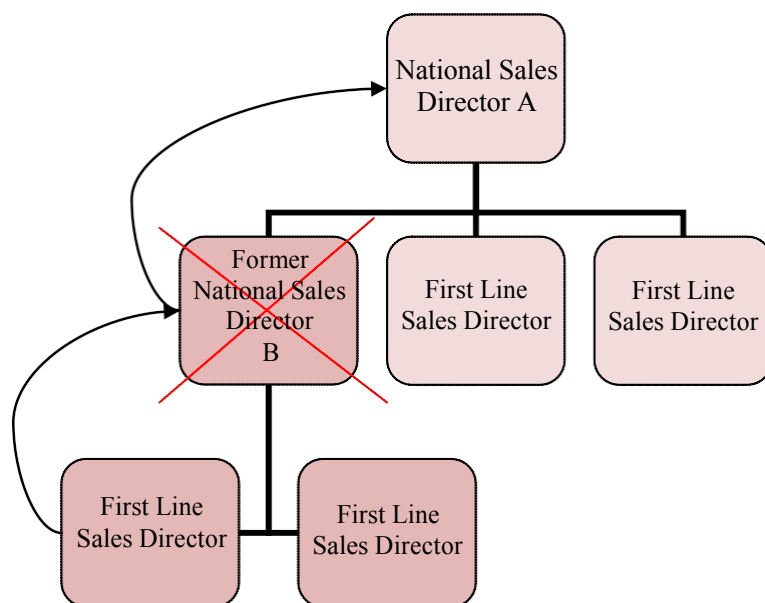
If an NSD’s Independent National Sales Director Agreement terminates prior to her election and receipt of awards under the terms of her Family Security Program Agreement, she is not considered to be an NSD Emeritus. For this reason, the former NSD is not eligible for the NSD Emeritus debut at Leadership Conference and will not be recognized as a NSD Emeritus at Company-sponsored special events. The former NSD is not eligible to receive cash compensation or the title of the Mary Kay Career Car she was driving. She is also not eligible to receive product discounts and will no longer have access to Mary Kay InTouch® or receive Company publications.

The “frozen area” policy does not apply to the National Area of a former NSD, as the Family Security Program is not involved. If the former NSD resigns and the NSD’s National Area is inherited by the Senior NSD, then the Senior NSD has the opportunity to move-up one of the former NSD’s first-line offspring Sales Directors to replace the former NSD. In cases when the former NSD who resigned is a first-line offspring to an NSD, the Senior NSD can ask that the Company move-up one or more of the former NSD’s first-line Sales Directors to replace the former NSD in an effort to prevent the former NSD’s decision from impacting the Senior NSD’s future earning potential.

In situations where the NSD loses her NSD status because she failed to maintain the Area size of production specified under the terms of her NSD Agreement, the former NSD may resume her Independent Sales Director status and lineage relationship to her Senior NSD as existed before she debuted as an NSD. The offspring unit of the former NSD’s National Area will remain in place with the same lineage relationship/structure that existed while her NSD Agreement was active.

In former NSD situations as described above, NSD titles and offspring NSD Anniversary Bonuses are annulled at the time that the former NSD’s Independent National Sales Director Agreement is terminated.

Scenario 1: A former NSD by resignation was a first-line offspring to the Senior NSD.



The personal unit members of the former NSD (NSD B) will move-up to the unit of the Senior NSD (NSD A). The Senior NSD (NSD A) has the choice of which single second-line offspring of the former NSD (NSD B) will move up to fill the vacant first-line position (regardless of debut date) or she can ask the Company to replace the first-line vacancy based on “like for like,” or equal value of any combination of the remaining offspring.

The goal of a “like for like” scenario is to help increase the likelihood that an NSD maintains her income and does not experience a loss in commissions when the first-line Sales Director relinquishes her unit. Please contact Sales Development for guidance on these scenarios.

```

graph TD
    A[National Sales Director A] --> B1[First Line Sales Director]
    A --> B2[First Line Sales Director]
    A --> B3[First Line Sales Director]
    B1 --> C1[Second Line Sales Director]
    B1 --> C2[Second Line Sales Director]
    B2 --> C3[Second Line Sales Director]
    B2 --> C4[Second Line Sales Director]
    B3 --> C5[Second Line Sales Director]
    B3 --> C6[Second Line Sales Director]
    B2 --> D1[Former National Sales Director B]
    D1 --> E1[First Line Sales Director Debuted 1/99]
    D1 --> E2[First Line Sales Director Debuted 5/99]
    D1 --> F1[Second Line Sales Director]
    D1 --> F2[Second Line Sales Director]
    style D1 stroke:#f00,stroke-width:2px
  
```

If there is more than one offspring of the former NSD, then the first debuting offspring moves to the second-line position of the Senior NSD (NSD A) to replace the former NSD.

```
graph TD; A[National Sales Director A] --> B[Former National Sales Director B]; A --> C[First Line Sales Director]; A --> D[First Line Sales Director]; B --> E[First Line Sales Director]; B --> F[First Line Sales Director];
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Chapter Eight

Debuting as an Independent National Sales Director

“Surround yourself with people who are achieving success and emulate them!”

- Mary Kay Ash

This chapter is intended to help NSDs understand the current qualifications necessary to debut as an Independent National Sales Director, in order to develop offspring National Sales Directors from their Areas. For more information, please refer to the Advance Brochure on Mary Kay InTouch®.

Qualifications

Candidates for the position of Independent National Sales Director must:

- Have a personal unit with at least 24 unit members.
- Have a total of 20 offspring Independent Sales Directors having one of the following configurations:
 - (12/3/8) 12 first-line offspring Sales Directors, three of whom are Senior Sales Directors and a total of eight second-line offspring Sales Directors; or
 - (11/3/9) 11 first-line offspring Sales Directors, three of whom are Senior Sales Directors and a total of nine second-line offspring Sales Directors; or
 - (10/3/10) 10 first-line offspring Sales Directors, three of whom are Senior Sales Directors and a total of 10 second-line offspring Sales Directors.
- Each of the 20 qualifying units (12/8, 11/9 or 10/10) must have at least 24 non-terminated unit members (or, in the case of international offspring units, the minimum unit members based on their home country requirements) at the end of the month prior to the NSD debut. The 24 non-terminated unit members cannot be part of a qualifying DIQ unit that debuts the following month.
- 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.
 - The personal unit of the candidate for the position of NSD must be a Cadillac Career Car qualifier.
- Candidates must be eligible to participate in the Family Security Program. Please see chapter 6 for in depth information about this program.
- Candidates must be in good standing with the Company.

Even when these minimum qualifications have been met, the appointment of a new NSD is still subject to the Company's sole discretion.

Special Considerations

- An Independent Elite Executive Senior Sales Director is encouraged to personally communicate with the Sales Development Director associated with her Seminar area regarding her desire to debut as a National Sales Director four to six months prior to her desired NSD debut date. She also may find it helpful to share her goal with her National Sales Director who can provide valuable support and insight on the best way to ensure a successful debut.
- All new NSDs who signed version II of the Independent National Sales Director Agreement (which became available in 2011 and is the only version available to NSDs debuting after January 1, 2012) must achieve and maintain one of the following Minimum Area Sizes in order to retain their NSD status:
 - At least eight first-line Independent Sales Directors in her Area, or
 - Achieve the \$125,000 NSD Commission in the prior Seminar year, or
 - At least 20 offspring Sales Directors in her 1st – 3rd lines, affiliated and unaffiliated.
- A new NSD is not subject to these maintenance requirements for the first 12 months after her debut. After this 12 month growth period, if an NSD falls below her Minimum Area Size, the NSD will have 12 months to re-establish one of the three Minimum Area Size maintenance requirements. The 12-month period will start accruing the first month that the NSD fails to satisfy at least one of the three maintenance requirements.

Chapter Nine

Debuting as an Independent National Sales Director Emeritus

“Being an NSD Emeritus and wearing my suit is the best anti-aging pill anyone could take!”

- Independent Executive National Sales Director Emeritus

Nancy Sullivan

This chapter provides a brief overview of some of the things an Independent National Sales Director may experience as she transitions to NSD Emeritus status.

Financial Planning for Life as an NSD Emeritus

It is recommended that an NSD begin reviewing her financial future at least five to ten years prior to her NSD Emeritus debut. It's never too early to meet with financial planning and/or tax experts to gain valuable advice. Each January, NSDs will receive a Family Security Program estimate if they (1) have completed 15 consecutive years of NSD Service, (2) are at least 55 years old, or (3) are at least 54 years old and have completed at least one year of NSD service. The estimate is based on the previous year's earnings and is provided to give an estimate of what the NSD's Family Security Program payments could be each year, based on her current NSD Commissions.

NSD Emeritus' National Area and Personal Unit

When an Independent National Sales Director debuts as an NSD Emeritus, she is no longer involved with the day-to-day activities of her Mary Kay business. The debuting NSD Emeritus' National Area will transition to the National Area of her Senior National Sales Director. It is recommended that the debuting NSD Emeritus communicate with her National Area to let them know of the approaching transition a year or more in advance. It is also recommended that the debuting NSD Emeritus work closely with her Senior NSD a year or more in advance so that the Senior NSD is knowledgeable about the National Area she will be inheriting. The Company will provide the inheriting NSD with the debuting NSD Emeritus' National Area information during January of the NSD Emeritus' debut year.

If the debuting NSD Emeritus does not have a Senior NSD, then the debuting NSD Emeritus' National Area will transition into the Go-Give area within the same Seminar affiliation, if possible. Each Independent Sales Director in an NSD Emeritus' National Area transitioning into the Go-Give area will receive a letter from the Sales Development team after the NSD Emeritus debut, welcoming them into the Go-Give area.

The personal unit members of the debuting NSD Emeritus will be dispersed into the units of her first-line offspring Sales Directors. Although this dispersion is up to the discretion of the

Company, Mary Kay welcomes and appreciates the debuting NSD Emeritus' recommendation regarding where her personal unit members would be most likely to succeed. Please review Chapter 7 for more detailed information in regards to Mary Kay business plan scenarios. A unit member dispersment form will be provided to the debuting NSD Emeritus and should be returned by December 1 of the year prior to the NSD Emeritus debut. Should a first-line offspring Sales Director of a debuting NSD Emeritus relinquish her unit effective December 31st of the year prior to the NSD Emeritus' debut, the debuting NSD Emeritus may recommend the dispersion of the unit members among the remaining first-line offspring Sales Directors. Please note that the Company may reject a recommendation to disperse unit members into units that are struggling to meet minimum production requirements. This has been done in the past in hopes of "saving" a unit; however, in most circumstances that does not happen. The Sales Director of the weak unit often times is not able to build the inherited Beauty Consultants like the Sales Director of a thriving unit can, and often times the Beauty Consultant is then forced to make several transitions; the transition to the new unit when the NSD Emeritus debuts and again if the struggling unit is lost and she is moved into another inheriting unit.

Termination of Websites/Social Media Sites

Upon your NSD Emeritus debut, and in accordance with the terms of your Independent National Sales Director Agreement, you will need to terminate any websites or social media sites that you used to advertise, promote or conduct your Mary Kay business. This includes, but is not limited to, a Facebook Fan page you may have used for your Mary Kay business, an online directory advertisement, or any sites that you used to communicate to members or your National Area or unit, such as a Facebook Group.

Confidential Information

As a NSD and a NSD Emeritus, you are prohibited from using any personal information that you received directly or indirectly from the Company regarding other Beauty Consultants or Independent Sales Directors to promote a separate business. You agreed to maintain the confidentiality of this information and to only use this information in furtherance of your Mary Kay business. Upon your debut as a NSD Emeritus, please review the terms of your National Sales Director Agreement regarding your continuing obligations related to any remaining personal information in your possession.

Business Considerations

The Family Security Program and Great Futures Program require dissolving the previous legal relationship between the NSD and the Company. For this reason, NSD Emeriti cannot function as or like an Independent National Sales Director, an Independent Sales Director or an Independent Beauty Consultant. This also applies to international markets where the NSD Emeritus was once involved as an active NSD. This means that an NSD Emeritus may not: hold

unit or Sales Director meetings, sell Mary Kay® products, offer the Mary Kay opportunity, and/or provide business consultation or coaching services to Mary Kay independent sales force members for remuneration. For information on the Mary Kay Family Security Program and Great Futures Program available for NSD Emeriti, please review Chapter Six.

NSD Emeriti are able to speak or appear as a guest at independent sales force functions at the request of a sales force member to continue to educate the sales force on Mary Kay principles and culture. Teaching such specifics as the career path should be avoided to prevent any confusion over your status as an NSD Emeritus.

Under the terms of the Family Security Program and their NSD Agreements, NSD Emeriti are not permitted to market goods or services to the Mary Kay independent sales force, unless they do so within the Creative Works guidelines and with the Company's written permission. All submissions for Creative Works should be submitted to the Sales Education Department for consideration. Examples include educational/motivational recordings.

NSD Emeriti may form an independent enterprise to market non-Mary Kay goods or services to customers other than the Mary Kay independent sales force. Examples include operating a bed-and-breakfast, antique business or scrapbooking business. An NSD Emeritus may not use the personal information of Mary Kay independent sales force members that was provided to her directly or indirectly by Mary Kay in order to sell goods or services to members of the Mary Kay independent sales force, or to recruit them to join her or a third party in a separate business venture. She similarly cannot share such confidential personal information with a third party to assist the third party in recruiting Mary Kay independent sales force members.

1099 Forms

The IRS requires the Company to report figures based on the month in which you **receive** commissions, not the month they were **earned**. Therefore, the commissions reported on your 1099 Miscellaneous Form and used to calculate your Family Security Program payments will be based on your December of prior year through November of current year commissions (12 full months). December commissions for your final year **will not** be included in your final Family Security Program calculations since they are received in the actual Emeritus debut tax year. You will continue to receive a 1099 Miscellaneous Form as an NSD Emeritus and will want to confer with your financial/tax adviser to understand the implications this will have on your Social Security payments or the income tax liabilities. Company staff members are **not** eligible to give any financial or tax-related advice.

As an NSD Emeritus, some items that may appear on a 1099 Miscellaneous Form include:

- The value of the Career Car or cash bonus for the final active year as an NSD (see chapter 8 for more information)
- The value of an attended NSD Trip
- Family Security Program payments

- The value of the NSD Emeritus diamond bee pin or cash value (\$3,500) for the first year as an NSD Emeritus
- Diamond and Inner Circle bonuses or diamonds added to the NSD bracelet or necklace for attaining Diamond or Inner Circle status July-January (if applicable) of the final year as an active NSD
- December commissions from the final active year as an NSD will be reflected on the 1099 for the first year as an NSD Emeritus.

Debuting NSD Emeritus Compensation & FSP

- Should an offspring Independent Sales Director of a debuting NSD Emeritus debut on or before Jan. 1 of the debuting NSD Emeriti's debut year, the debuting NSD Emeritus will receive a one-time Offspring NSD Development Bonus of \$10,000. This one-time bonus will be reflected on the NSD Emeriti's debut year 1099 Miscellaneous Form and the Family Security Program calculations will be adjusted to include the additional \$10,000 award.
- For debuting NSD Emeriti who receive an annual \$10,000 offspring NSD Anniversary Bonus in January of each year, the last \$10,000 offspring NSD bonus will be included in your final January commission statement and the payment received in February. For this reason, this final bonus will not be included in Family Security Program final calculations as it is not received until February of the NSD Emeritus debut year.
- Should a debuting NSD Emeritus have a first-line offspring Independent Sales Director debut Jan. 1 of the NSD Emeritus debut year, the debuting NSD Emeritus will receive the \$5,000 new first-line offspring debut bonus in February and the bonus will be added to the Family Security Program Calculation. If a first-line offspring Sales Director debuts after Jan. 1 and the debut of the NSD Emeritus, regardless of when she started the DIQ process, the Sales Director will be considered the offspring Sales Director of the first-line Sales Director to whom she was dispersed (transferred) by the debuting NSD Emeritus.
- The \$1,000 first-line offspring Sales Director Development Bonus for Sales Directors who produce \$60,000 adjusted wholesale production within the 12 months following their debut, and annually thereafter, is paid to the debuting NSD Emeritus for those Sales Directors whose debut anniversary month is January; however, Family Security Program figures will not be adjusted since the bonus is not received until February of the NSD Emeritus debut year.
- Should a debuting NSD Emeritus earn a Quarterly Area Leadership Development Bonus in the final quarter prior to the NSD Emeritus debut, the bonus will be paid in January and the Family Security Program calculations will be adjusted.

All Family Security Program payments will be direct deposited to your bank account on the first business day of each month starting February 1 of the NSD Emeritus debut year.

ProPay Account

Upon your NSD Emeritus debut, you will no longer have access to ProPay via the Mary Kay

InTouch® site. However, you can still access your proPay account from their official website, www.propay.com, after your NSD Emeritus debut.

Mary Kay InTouch® and the NSD Emeritus Quarterly Newsletter

Upon your NSD Emeritus debut, your Mary Kay® Personal website subscription will be cancelled and access to National Area reports and information via the myBusiness® portion of Mary Kay InTouch® will no longer be available.

The Mary Kay InTouch® website is available to NSD Emeriti so that the Company may continue to apprise NSD Emeriti of information that is of importance to them. Here, NSD Emeriti can access the Care Bulletin, as well as the NSD Calendar of Events and NSD birthday and anniversary lists. Although National News Notes, Directors Memo, and Applause® magazine will no longer be made available to an NSD upon the NSD Emeritus debut, a quarterly newsletter is provided to NSD Emeriti. The NSD Emeritus Quarterly Newsletter is housed on Mary Kay InTouch® under the “Resources” tab and a reminder to view the newsletter is emailed to NSD Emeriti quarterly, generally in the months of January, April, July and October.

In addition, the debuting NSD Emeritus’ Mary Kay InTouch® Meet Your NSD profile will be revised upon the NSD Emeritus debut and housed under the Emeriti portion of the site.

NSD Emeritus Suit Program

NSD Emeriti are encouraged to wear the current seminar year’s National Sales Director suit for all on-stage appearances and recognition at Company-sponsored events, however this is not required. A sample of the selected NSD suit is available to see at Leadership Conference in January, and NSD Emeriti are able to order the NSD suit at that time. Suits can also be ordered via Mary Kay InTouch® or by contacting a Career Apparel Specialist. NSD suits are shipped to NSD Emeriti in late May and are debuted onstage Day 1 at Seminar.

Supplemental Awards*

The Family Security Agreement and the Great Futures Program Agreement provide that the Company may, in its sole discretion, elect to offer additional awards to NSD Emeriti. Following is a description of the supplemental awards (and eligibility requirements) that are currently available to NSD Emeriti.

Leadership Conference NSD Emeritus Debut

An NSD Emeritus in good standing will have the opportunity to attend a debut ceremony at Leadership Conference during the year of her debut as an NSD Emeritus. Each debuting NSD Emeritus may be permitted to bring a maximum of nine family members and/or friends with them to Leadership Conference for their NSD Emeritus debut. The

debuting NSD Emeritus and her spouse or one guest will be seated in the NSD seating section; any additional guests will be seated in a special NSD guest seating section either behind or next to the NSDs, depending on the venue and set-up of the particular city.

The debuting NSD Emeritus, her family and guests are invited to attend the NSD Luncheon that is held on Day 1 of Leadership Conference. This includes family members who may also be independent sales force members. Recognition will be given at the luncheon in honor of the debuting NSD Emeritus.

During the general sessions of Leadership Conference, each debuting NSD Emeritus will have an onstage debut ceremony that includes a video character sketch (provided that the Company has received notice by May 1 of the year prior to the actual NSD Emeritus debut) highlighting the debuting NSD Emeritus' Mary Kay business, as well as an opportunity for the debuting NSD Emeritus to speak about what her Mary Kay business has meant to her. The debuting NSD Emeritus' family and offspring National Sales Directors will be invited onstage during the debut ceremony. The debuting NSD Emeritus' Area Sales Directors will have reserved seating during the general session of her NSD Emeritus debut ceremony only. It is the responsibility of the debuting NSD Emeritus to remind their area Sales Directors of this special privilege.

During the on-stage debut ceremony, the debuting NSD Emeritus will be presented with a plaque commemorating her Mary Kay business that will then be mailed to her home, along with either a diamond bee pin or a \$3,500 cash award, whichever the debuting NSD Emeritus chooses. The debuting NSD Emeritus' Senior NSD will present these awards.

An informal interview will be conducted with the debuting NSD Emeritus the year prior to the NSD Emeritus debut. Debuting NSD Emeriti are requested to send 40 – 50 original photographs (not copies) to the Company by August 31 of the year prior to the NSD Emeritus debut to assist with the creation of the video character sketch. If the debuting NSD Emeritus wishes to send electronic photos, a CD of the photos saved in 300KB or higher quality is required. All photos will be returned. When submitting photos, please include detailed information about each picture, who is in the photo, when/where the photo was taken, etc. Please do not send photos via email.

Photos can include:

- Debuting NSD Emeritus and Mary Kay Ash
- Debuting NSD Emeritus and Senior/Offspring NSD
- Debuting NSD Emeritus and area Sales Directors/Beauty Consultants
- Debuting NSD Emeritus and family
- Favorite Mary Kay moments (being crowned Queen of a court, NSD Trips, earning the use of your first Mary Kay Career Car, receiving the Go Give® Award at Seminar)

Each debuting NSD Emeritus should wear their active NSD suit all three days of Leadership Conference and will receive professional make-up retouching prior to their NSD Emeritus on-stage ceremony. Please note that the professional make-up artists are provided to only enhance features for the on-stage presentation and debuting NSD Emeriti should arrive with their make-up and hair done as usual. An NSD Services staff member will contact the debuting NSD Emeriti prior to Leadership Conference to communicate more details in regard to make-up.

A DVD of the NSD Emeritus debut ceremony will be provided to each debuting NSD Emeritus and should be received in March or April of the year following the NSD Emeritus debut.

NSD Emeriti and Company Events

NSD Emeriti in good standing are invited to attend all Company events and complimentary registration is offered. Travel and hotel accommodations are the responsibility of the NSD Emeritus. NSD Emeriti are invited to sit in the NSD Emeriti reserved seating sections at Leadership Conference and Seminar. They are recognized onstage at Leadership Conference, Career Conference and at Seminar.

NSD Emeritus Career Car Information

Upon her debut, an NSD Emeritus can choose to either receive the title of the Cadillac Career Car she is currently driving, or receive a cash award if she is accepting the cash compensation option at the time of her NSD Emeritus debut. The value of the Cadillac Career Car or cash bonus will be reported on the 1099 Miscellaneous form for the tax year prior to the NSD Emeritus debut. It is recommended that a debuting NSD Emeritus consult with a CPA or financial adviser to determine the impact of the Cadillac Career Car or cash award as it pertains to tax laws or the Social Security benefits of the NSD Emeritus.

Debuting NSD Emeriti who are driving a Mary Kay Career Car will receive a call from the Career Car Services Department in the final quarter of the year prior to the NSD Emeritus debut, requesting information on the current mileage of the vehicle, as well as how the Career Car should be titled. The mileage will be used to determine the current fair market value, based on Black Book, NADA or similar annual standards. Upon receipt of the requested information, the Company will arrange to pay off the remaining balance owed on the Career Car prior to December 31 and advise the leasing company to send the title to the debuting NSD Emeritus. The leasing company will attempt to register the Career Car with the respective state Department of Motor Vehicles; however, in some cases they may not be able to do so. The debuting NSD Emeritus may be asked to sign a limited Power of Attorney agreement so that the leasing company may act on their behalf. Mary Kay Inc. will pay for any state sales tax, title, license and

registration fees to transfer the car into the debuting NSD Emeritus' name. The debuting NSD Emeritus should obtain personal automobile insurance coverage as coverage under the Career Car Program will be terminated on the effective date of the title transfer. Please note: Due to timing differences, the Company may be billed for charges associated with a respective Career Car after a debuting NSD Emeritus has taken title of the vehicle. In the event that this occurs, the Company will pay the charges and report them as income on a 1099 Miscellaneous Form with car-related income up to one year after the NSD Emeritus debut.

Debuting NSD Emeriti who are receiving Cash Compensation will receive a cash bonus at the end of December prior to the year of their NSD Emeritus debut. The amount of the cash bonus is determined by used car market conditions and IRS regulations at the sole discretion of Mary Kay Inc. and is not subject to negotiation. Please contact your Career Car Services Specialist at any time to discuss your current car/cash situation and the options available to you.

Official NSD Portrait

The official NSD portrait of a debuting NSD Emeritus may be updated provided that it has been five or more years since the last official NSD portrait was taken. The NSD Services Department will reimburse the debuting NSD Emeritus up to \$350 to offset any expenses toward the sitting fees, professional hairstyling or make-up artist expenses, etc. Updated portraits and signed legal professional photography agreements are due to the Company by October 1 of the year prior to the NSD Emeritus debut to ensure display at Leadership Conference. NSD portrait updates are not permitted after the official NSD Emeritus debut. Please contact NSD Services to determine the date of your last official NSD portrait and to receive the guidelines and agreements necessary if you wish to update your portrait.

NSD Emeritus Product Discount

NSD Emeriti in good standing receive a 50 percent discount on all Section 1 product orders regardless of the size of the order. Orders can be submitted online, by phone or mail.

NSD Emeritus Eligibility for the NSD Trip

The National Sales Director Trip generally takes place in May of each year. NSD Emeriti who elected to terminate their Mary Kay businesses pursuant to the Normal or Late Retirement options under the Family Security Program may be invited by the Company to attend the NSD Trip.

NSD Emeriti who terminated their businesses under the Family Security Program's Normal Retirement option (generally the January 1st after their 65th birthday or after completing 15 years of NSD Service) are eligible to attend the NSD Trip that takes place in the same year as their NSD Emeritus debut. In addition, they may be invited to attend three other NSD Trips within their first five years as an Emeritus. No exceptions are granted to give Emeriti additional years to make-up missed trips, even if there are reasons, such as medical, that prevent an NSD Emeritus from taking her final trip. Cash compensation in lieu of attending the NSD Trip will not be offered.

NSD Emeriti who terminated their businesses under the Family Security Program's Late Retirement option may also be invited to attend the NSD Trip. However, such invitations may be reduced by one NSD Trip for each additional year of NSD Service an NSD elects under the Late Retirement option, because for each year of additional NSD Service an NSD elects under the Late Retirement option, she will enjoy an extra NSD Trip as an active NSD.

The Company, in its sole discretion, can disqualify an NSD Emeritus from attending an NSD Trip or Trips if the NSD Emeritus has taken actions inconsistent with her continuing goodwill obligations to the Company.

NSD Trip Guidelines for Inner Circle Emeriti

National Sales Director Emeriti who achieved Inner Circle status in their final year as active NSDs will be given room accommodation upgrades as an NSD Emeriti for the trip that occurs in the same year as her NSD Emeritus debut. NSD Emeriti are not eligible to qualify for Business Class flights or the Inner Circle segment of the NSD trips, with the exception of their first trip as an NSD Emeriti which is based on their final full Seminar Year as an active NSD.

*The Company reserves the right to alter, modify or change the supplemental awards offered at any time. If an NSD's Independent National Sales Director Agreement terminates prior to receipt of awards under the terms of the Family Security Program Agreement, she will not be eligible to receive any of the supplemental awards described herein. Designated beneficiaries of an NSD who dies before or after retirement are not eligible to receive any of the supplemental awards described herein.

Chapter Ten

Tender Power® Inc.

“I’ve got a lot to give and I would love to do a lot with Tender Power® to inspire other women with their Mary Kay businesses.”

**- Independent Senior National Sales Director Emeritus
Rena Tarbet**

Tender Power® in the U.S.

Tender Power® Inc. is a wholly owned subsidiary of Mary Kay Inc. Tender Power® provides consulting services to Mary Kay Inc. In the United States, Tender Power® is used to support the Go-Give Area independent sales force members and their relationship with the Independent National Sales Directors Emeriti. As members of the Go-Give Area, independent sales force members are not affiliated with a particular National Area. Therefore, Go-Give Area independent sales force members often seek the support of NSD Emeriti to offer their wisdom, experiences, and treasured legacy at their events.

Program Procedures:

- A Go-Give Area Sales Director wishing to invite NSD Emeriti to her future event or meeting must contact the Company and request the NSD Emeriti of her choice. The Company can offer suggestions based on a list of NSD Emeriti who have communicated to the Company their interest in U.S. Tender Power® assignments.
- The Company contacts the NSD Emeritus and extends the Tender Power® invitation on behalf of the Go-Give Area Sales Director. If the NSD Emeritus agrees to participate in the event, her contact information is given to the Go-Give Area Sales Director so that they may coordinate all aspects of the event or meeting involving the NSD Emeritus.
- The NSD Emeritus is responsible to make all travel arrangements through Mary Kay Travel.
- The Company will mail a Tender Power® Consulting Service Agreement to the NSD Emeritus approximately two months prior to the event. The Agreement must be signed and returned to the Company prior to travel to the event.

Program Criteria:

- Eligible Independent Sales Force events include:
 - A Go-Give Area Sales Director must host the event
 - There must be 100 or more Independent Sales Force members in attendance at the event
 - The event must be an open meeting to **all** Independent Sales Force members
 - An Independent National Sales Director or Company staff member may not also attend the event
- An NSD Emeritus may not be invited to an event that is hosted by a Sales Director of the NSD Emeritus' former National Area.
- An NSD Emeritus can only accept a maximum of three Tender Power® invitations per calendar year.
- An NSD Emeritus' Tender Power® assignment may not extend beyond a period of three days.

Compensation

Independent Sales Force compensation for NSD Emeriti who are contracted under Tender Power® in the U.S. is based on the career path level at the time of the NSD Emeritus debut and determined by the following:

Mary Kay® Career Path Level	Daily Consulting Service Fee
Independent National Sales Director	\$450
Independent Elite Executive National Sales Director	\$750
Inner Circle Independent National Sales Director	\$650

The travel expenses of the NSD Emeritus incurred from the Tender Power® assignment will be reimbursed by the Company. This includes a maximum reimbursement amount of \$150 per day for meals. All consulting fees earned as an independent contractor of Tender Power® Inc. are taxable and will be reflected on a separate 1099 Miscellaneous form from Tender Power®, Inc.

International Tender Power®

Internationally, Tender Power® allows the Company to utilize the independent sales force in an inspirational/educational/motivational capacity. It allows the Mary Kay Inc. subsidiaries to gain the knowledge and experience of U.S. sales force members, to assist in motivating and educating members of their local independent sales force. Sales force members are selected to participate in the international Tender Power® program based on the respective country's specific needs. Participation in former GLDP markets, in which an NSD Emeritus may be earning Great Future Awards Payments, is limited to a total of three (3) assignments and must be completed in the first five years after debuting as an NSD Emeritus.

Please contact the International Information Center at 800-796-5508 for program procedures and criteria.

Compensation

Independent Sales Force compensation for an international Tender Power® assignment is determined by the following;

Mary Kay® Career Path Level	Daily Consulting Service Fee
Independent Sales Director	\$350
Independent National Sales Director	\$450
Independent Elite Executive National Sales Director	\$750
Inner Circle Independent National Sales Director	\$650
Independent NSD Emeritus	based on the Mary Kay® Career Path level at the time of the NSD Emeritus debut

The travel expenses of the NSD incurred from the Tender Power® assignment will be reimbursed by the Company. This includes a maximum reimbursement amount of \$150 per day for meals. All consulting fees earned as an independent contractor of Tender Power® Inc. are taxable and will be reflected on a separate 1099 Miscellaneous form from Tender Power®, Inc.

Frequently Asked Questions:

Q. Is the spouse permitted to attend with the contracted Tender Power® Inc. sales force member?

A. *Yes, however the spouse is required to sign a waiver and the expenses incurred by the spouse are not covered by the Company.*

Q. Are children permitted to attend with the contracted Tender Power® Inc. sales force member?

A. *No, children are not permitted to accompany the Tender Power® Inc. sales force member.*

Q. How long does it take to process a Tender Power® Inc. assignment?

A. *Approximately 3 – 4 months.*

Sales force members may contact the International Information Center at 800-796-5508 for all U.S. and International Tender Power® inquiries.