

SCHEDULE OF COMMISSIONS AND BONUSES

I. SALES DIRECTOR

A. MINIMUM SALES UNIT PRODUCTION

For purposes of this Agreement the "Minimum Sales Unit Production" for Sales Director's Sales Unit shall be \$4,000 per month, which is the minimum monthly Wholesale Purchase Volume deemed essential to reflect the results expected from Sales Director's appointment and the minimum sales activity of a properly motivated, interactive and viable Sales Unit.

B. COMMISSIONS & BONUSES

1. SALES DIRECTOR UNIT VOLUME COMMISSION SCHEDULE

Sales Director shall be entitled to commissions on the monthly Wholesale Purchase Volume of Sales Director's Sales Unit which shall be payable during the next subsequent month as follows:

MONTHLY UNIT WHOLESALE PURCHASE VOLUME	COMMISSION
0 to \$ 3,999	9%
\$4,000 or more	13%

2. SALES DIRECTOR BONUS SCHEDULE

a. SALES DIRECTOR UNIT VOLUME BONUS

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

b. SALES DIRECTOR UNIT DEVELOPMENT BONUS

A Sales Director is entitled to a Sales Director Unit Development Bonus of \$300 for each month 3 or more "qualified" team members are added to her Sales Unit. A Sales Director is entitled to a \$600 Sales Director Unit Development Bonus for each "calendar quarter" 9 or more "qualified" team members are added to her Sales Unit. A qualified team member is one whose initial order with the Company is \$600 or more in wholesale Section 1 products and it is received and accepted by the Company in the same or following calendar month her Independent Beauty Consultant Agreement is received and accepted by the Company. A calendar quarter is either: 1) January, February, and March; 2) April, May, and June; 3) July, August and September; or 4) October, November, and December.

The \$300 Sales Director Unit Development Bonus is earned in the month in which the qualified team members' initial minimum \$600 wholesale Section 1 orders (at least 3) are received and accepted by the Company. The \$600 Sales Director Unit Development Bonus is earned in the calendar quarter in which the qualified team members' initial minimum \$600 wholesale Section 1 orders (at least 9) are received and accepted by the Company. Sales Director Commission and Sales Director Bonuses will be paid on the basis of wholesale orders and Agreements received and accepted by the Company by 7 p.m. of the last working day of each month.

II. SENIOR SALES DIRECTOR AND EXECUTIVE SENIOR SALES DIRECTOR

A. **QUALIFICATION:** Sales Director shall have the opportunity to earn additional incentive compensation by inspiring, motivating, counseling and aiding a member of Sales Director's Sales Unit to meet the qualification requirements for Unit Sales Director. Sales Director shall thereby become entitled to receive from Company additional monthly cash commission payments based upon the Wholesale Purchase Volume of the Sales Unit ("Offspring Sales Unit") formed by a Sales Director developed directly out of Sales Director's Sales Unit, so long as such Offspring Unit shall remain an active Sales Unit and so long as the Senior Sales Director meets a minimum of \$4,000 per month of Personal Unit monthly wholesale production. Sales Director shall be designated "Senior Sales Director" as to any such newly formed Offspring Unit and may thereafter qualify as an "Executive Senior Sales Director" pursuant to the following qualification requirements:

1. Senior Sales Director: To be qualified as a Senior Sales Director and receive commissions on Offspring Sales Units, Sales Director must have at least one active, first-line offspring Sales Director.
2. Executive Senior Sales Director: To be qualified as an Executive Senior Sales Director and receive commissions on Offspring Sales Units, Sales Director must have at least five active, first-line Offspring Sales Directors.

B. SENIOR SALES DIRECTOR AND EXECUTIVE SENIOR SALES DIRECTOR OFFSPRING SALES UNIT COMMISSION SCHEDULE

Personal Unit Monthly Wholesale Production	Number of Offspring Units	Offspring Commission*
Tier 1 \$4,000 to \$11,999	One to three	4.0%
	Four to six	4.5%
	Seven or more	5.0%
Tier 2 \$12,000 or more	One to three	5.0%
	Four to six	5.5%
	Seven or more	6.0%

*** Special Provisions:**

1. Canadian and Mexican Offspring Sales Units are included for purposes of Senior and Executive Senior Sales Director commissions.
2. A Senior Sales Director or Executive Senior Sales Director shall be paid at the Tier 2 offspring commission rates for three months after the debut of a new Offspring Sales Unit. Thereafter, the Senior Sales Director's or Executive Senior Sales Director's personal Sales Unit's monthly wholesale production determines the tier at which Offspring Sales Unit commission is earned.

C. COMMISSIONS ON CANADIAN AND MEXICAN SALES

1. CANADA. For purposes of determining commissions for eligible Senior Sales Directors who have Offspring Sales Units in Canada, the Unit Wholesale Purchase Volume of purchases of Mary Kay® products from Mary Kay Cosmetics Ltd. ("Mary Kay Canada") shall be calculated in Canadian dollars and monthly commissions shall be paid in U.S. dollars based on a standard rate of exchange determined as of the close of business on the last business day of the month in which such commissions are earned. Commissions earned by Sales Director on the sale of Mary Kay Canada products shall be paid monthly by Mary Kay Canada during the month following the month in which the commissions are earned. All commission payments shall be subject to any applicable laws and regulations of the U.S. and Canadian governments.
2. MEXICO. For purposes of determining commissions for eligible Senior Sales Directors who have Offspring Sales Units in Mexico, the Unit Wholesale Purchase Volume of purchases of Mary Kay products from Mary Kay Cosméticos de Mexico, S.A. de C.V. ("Mary Kay Mexico") shall be calculated in U.S. dollars and monthly commissions paid in U.S. dollars based on a standard rate of exchange determined as of the close of business on the last business day of the month in which such commissions are earned. Commissions earned by Sales Director on the sale of Mary Kay Mexico products shall be paid monthly by Mary Kay Inc. during the month following the month in which the commissions are earned. All commission payments shall be subject to any applicable laws and regulations of the U.S. and Mexican governments.

D. EXECUTIVE SENIOR SALES DIRECTOR PERSONAL TEAM MEMBER COMMISSION.....13% Commission

QUALIFICATION: To qualify to receive an Executive Senior Sales Director Personal Team Member Commission of 13% on the monthly Wholesale Purchase Volume of Sales Director's personal team members (recruits), Sales Director must be an active Executive Senior Sales Director who has five or more personal team members (recruits) who each place a minimum \$180* wholesale Section 1 order in a calendar month, *plus*

1. Personal production of \$600 wholesale Section 1 or more in that same calendar month,
OR
2. One new qualified personal team member whose minimum \$600 wholesale Section 1 order is received in that same calendar month. (A qualified personal team member is one whose initial order with the Company is \$600 or more in wholesale Section 1 products and it is received and accepted by the Company in the same or following calendar month her Independent Beauty Consultant Agreement is received and accepted by the Company.)

**Effective June 16, 2003, "\$180" becomes "\$200."*

INDEPENDENT SALES DIRECTOR AGREEMENT

JUL ## 2003

THIS AGREEMENT, dated _____, by and between MARY KAY INC., (hereinafter called "Company"), a Delaware corporation with its principal offices at 16251 Dallas Parkway, Post Office Box 799045, Dallas, Texas 75379-9045, and the independent contractor (hereinafter called "Sales Director"), whose name and address appear below:

Consultant's Number goes here.
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Director's Name and Address Go Here

I deleted the name and address that was here

WITNESSETH:

WHEREAS, Company manufactures and sells cosmetics, toiletries and related products (hereinafter called "Mary Kay® products") under the registered trademark "MARY KAY" and various other trademarks owned by Company; and

WHEREAS, Sales Director is engaged in business as an independent dealer ("Beauty Consultant") for Mary Kay products, purchasing such products from Company and re-selling for Sales Director's own account to ultimate consumers of Sales Director's choice and proposes to continue such business; and

WHEREAS, Company, recognizing the increased sales potential and other benefits accruing from development of a strong, highly motivated, national selling force of independent retail dealers, has established a special incentive program (hereinafter called "Sales Director Program") for those Independent Beauty Consultants who particularly distinguish themselves as successful retail sellers and who demonstrate outstanding ability to motivate others to become successful retail sellers of Mary Kay products; and

WHEREAS, the Sales Director Program offers to participants (i) the opportunity to earn increased special incentive compensation in the form of commissions based upon retail sales developed by a retail selling group of Beauty Consultants counseled by the participating Independent Sales Director, (ii) the opportunity to participate in Yellow Pages advertising and other programs utilizing Company-owned trademarks as authorized by Company from time to time, (iii) other rights, privileges and benefits more fully described in this Agreement; and

WHEREAS, Sales Director has received valuable specialized instruction, education and information covering cosmetic arts, leadership, business management, motivation, recruiting information and selling techniques through personal participation in educational programs, classes, business meetings and Seminars conducted by Company in Dallas, Texas; and

WHEREAS, Sales Director desires to participate in the Sales Director Program and is willing to act as a "Business Consultant" to and share the benefits of Sales Director's sales and motivational knowledge and experience with other Beauty Consultants and particularly to offer aid, counsel and inspiration to all Beauty Consultants within a particular retail selling group (hereinafter called "Sales Unit") counseled by Sales Director; and

WHEREAS, Sales Director has demonstrated a very high degree of personal sales ability as a retail seller of Mary Kay products and outstanding ability to motivate others to become successful retail sellers of Mary Kay® products and has qualified for participation in the Sales Director Program and for designation by Company as a "Unit Sales Director";

NOW, THEREFORE, in consideration of Sales Director's meeting the standard of personal performance for qualification and participation in the Sales Director Program, and in further consideration of the premises and the mutual covenants set forth in this Agreement including the provisions of the "General Terms and Conditions," and the "Schedule of Commissions and Bonuses" which are made a part hereof, Company hereby agrees to appoint Sales Director as "Unit Sales Director" and Sales Director agrees to accept such appointment together with all of the rights, benefits, privileges and responsibilities provided hereunder, which appointment shall become fully effective as of the date which appears above when this Agreement is executed by both parties and accepted by Company at its offices in Dallas, Texas.


IN WITNESS WHEREOF, the parties hereto have signed these presents effective as of the day and year first above written.

ACCEPTANCE ACKNOWLEDGED:

MARY KAY INC.


Nathan P. Moore, Assistant Secretary

By:


Tom Whatley, President, U.S. Sales

COPY

SALES DIRECTOR: _____

GENERAL TERMS AND CONDITIONS

SECTION 1. APPOINTMENT AS UNIT SALES DIRECTOR

Company, in sole consideration of Sales Director's meeting standards of personal performance for qualification and participation in the Sales Director Program, and without the payment to Company of any monetary consideration whatsoever given or promised to be given by Sales Director for such designation and rights, hereby names Sales Director as "Unit Sales Director."

SECTION 2. SALES UNIT DEFINED

For the purposes of this Agreement, a Sales Unit shall be deemed to consist of:

- (i) All active Beauty Consultants personally recruited by a Sales Director; and
- (ii) All active Beauty Consultants recruited by members of a Sales Director's Sales Unit; and
- (iii) In certain cases, active Beauty Consultants from Sales Units which have not maintained the minimum sales necessary for continued recognition as separate Sales Units or whose Unit Sales Directors have relinquished their responsibilities for other reasons, whereupon such Beauty Consultants are transferred by Company to the Sales Director's Sales Unit, provided that a Sales Unit may also be subject to loss of members by transfer when a member qualifies and is appointed as a Unit Independent Sales Director, whereupon such qualifying Sales Director, all the qualifying Sales Director's personal team members and any of their personal team members who were recruited during the qualifying period are transferred to the newly formed Sales Unit.

Only persons residing in the U.S., its territories and possessions shall be eligible to become members of a Sales Director's Sales Unit under this Agreement unless otherwise provided in the Schedule of Commissions and Bonuses.

SECTION 3. COMMISSIONS AND BONUSES

3.1 Sales Director shall have the right to receive from Company incentive compensation for Sales Director's activities in promoting retail sales by Beauty Consultants which shall be in the form of a monthly commission based upon the total monthly wholesale purchases ("Wholesale Purchase Volume") of all *Mary Kay* products bought for resale by all members, including Sales Director, of the particular Sales Unit counseled and advised by Sales Director. For purposes of calculation of commissions payable hereunder, the monthly Wholesale Purchase Volume of the Sales Unit upon which commissions shall be payable shall be the sum of the net prices paid for all *Mary Kay* products purchased for resale by all members of Sales Director's Sales Unit during a calendar month. Monthly commissions and bonuses, where applicable, shall be paid by Company to Sales Director in accordance with the Schedule of Commissions and Bonuses attached and made a part hereof.

3.2 All commissions and bonuses shall be determined based upon all orders received and accepted by Company during the period from and including the first through the last business day of the month unless other dates shall be announced in advance by Company. Postmarked dates of orders shall not be taken into consideration and Company's stamped date of receipt of the accepted order shall be controlling for any determination of the date of receipt of an order under this section.

3.3 Company reserves the right to alter, modify or change the discount, commission and bonus and Minimum Sales Unit Production provisions of this Agreement from time to time by sixty (60) days prior written notice to Sales Director.

SECTION 4. NON-COMMISSIONABLE ITEMS, COMMISSION CHARGE BACKS AND DEDUCTIONS

4.1 The Sales Director Program is intended to promote the development of a strong retail selling organization and consumer market for *Mary Kay*® products. Therefore, no commission shall be payable on a new Beauty Consultant's purchase of a Beauty Showcase nor shall any compensation be paid solely for the act of introducing or recruiting a new Beauty Consultant into the *Mary Kay* organization. No commission shall be payable on the purchase of any sales aids or other items other than products destined for use by consumers or other products specifically designated as commissionable by Company. Further, notwithstanding the fact that commission payments may be initially calculated and paid upon the Wholesale Purchase Volume of a Sales Unit, wholesale purchases by Beauty Consultants are viewed by Company as a measure of the retail sales activity of the individual Beauty Consultant and the Sales Unit as all *Mary Kay* products not sold to consumers are subject to return to the Company for repurchase by it at the election of any terminating Beauty Consultant.

4.2 It is expressly understood and agreed that upon the return of *Mary Kay* products and Company's repurchase of such products from any terminating Beauty Consultant within Sales Director's Sales Unit, the commissions, bonuses or other sums payable to Sales Director during the month following the month in which the return occurs shall be reduced by the amount of the commissions and bonuses previously paid upon such returned products (i.e., products which were not sold at retail), provided that any excess may be offset against amounts payable in later periods.

4.3 It is further expressly understood and agreed that any commissions or other sums payable by Company to Sales Director may be reduced by any indebtedness of whatever nature owing by Sales Director to Company.

SECTION 5. RIGHT TO USE COMPANY NAME, TRADE NAMES AND TRADEMARKS

5.1 Sales Director shall have the right, subject to the limitations herein, to use the title "Independent Sales Director-Mary Kay" in or on stationery, office doors, vehicles, telephone directory listings and Company-approved advertising matter for promoting the sale of Mary Kay products, and not otherwise.

5.2 The rights granted herein do not include any right to use trademarks of Company in Sales Director's trade name, except as specifically set forth herein or as authorized by Company in writing. Each use by Sales Director of Company's trademarks, trade names and trading styles on business cards, letterheads, signs, advertisements, other promotional materials, or otherwise, shall include the words "Independent Sales Director" prominently displayed in the form set forth below (or any such other form as Company shall have previously authorized in writing):

(NAME OF SALES DIRECTOR)

INDEPENDENT SALES DIRECTOR
MARY KAY

5.3 To protect Sales Director's Mary Kay business, the business of those Beauty Consultants in Sales Director's Sales Unit and the Company from the risks of false, deceptive, misleading or unsubstantiated advertising claims or any unauthorized guarantees, warranties or representations, Sales Director agrees not to use Company's trademarks or trade names in any type of advertising matter or literature (excluding sales literature and advertising formats supplied by Company for such purposes) without first obtaining Company's written permission.

5.4 Sales Director shall not have the right or authority to use Company's name, trade names or trademarks in any manner or fashion which might result in Sales Director's being deemed or represented to be a corporate official, partner, agent or employee of Company. In particular, neither the Company's corporate name nor any similar name, nor any trademark nor trade name of Company shall be used on Sales Director's bank accounts, checks, or on any trade or credit card account of Sales Director, unless authorized by Company in writing.

SECTION 6. RIGHT TO PARTICIPATE IN YELLOW PAGES ADVERTISING PROGRAM

6.1 Sales Director shall have the right to participate in Yellow Pages advertising which employs the trademark "MARY KAY" in the telephone directories in only that county or parish in which Sales Director permanently resides and has domicile, and only as authorized through the National Yellow Pages Advertising Agency designated in writing by Company. Recognizing the need for standardization of trademark advertising and the benefits and goodwill derived by Sales Director in Sales Director's Mary Kay business from such standardization, Sales Director agrees that only such National Yellow Pages Advertising Agency may place telephone directory advertising under such registered trademarks as agent for Sales Director.

6.2 Sales Director agrees that in the event of termination of Sales Director's status with Company for whatever reason, or upon Sales Director's moving from any area in which authorized Yellow Pages advertising has been placed in a directory, any telephone service and numbers employed by Sales Director in any telephone directory advertising shall, if requested by Company, either be changed, disconnected or assigned to Company for Company's use or disposition. In this connection, Sales Director hereby authorizes any telephone company to deal with such telephone number solely on the authorization and direction of Company, and Sales Director agrees to hold both telephone company and Company harmless from any claim of any kind or character whatsoever accruing from the disposition of such telephone service and numbers by telephone company at and in accordance with Company's direction.

SECTION 7. SALES DIRECTOR'S SPECIAL RIGHTS, PRIVILEGES AND BENEFITS

7.1 Inasmuch as Sales Director presently acts as a Beauty Consultant purchasing Mary Kay products at wholesale from Company and selling to ultimate consumers of her choosing at retail and will continue to conduct this business, the parties agree that Sales Director shall continue to have the rights, privileges, benefits and responsibilities of a Beauty Consultant as provided under the terms of Company's most current standard Independent Beauty Consultant Agreement as amended from time to time together with all additional rights, privileges, benefits and responsibilities of a Unit Sales Director as provided under this Agreement.

If Sales Director's Sales Unit shall fail to maintain the Minimum Sales Unit Production which Company considers essential to reflect the minimum sales activity of a properly motivated, interactive and viable Sales Unit and this Independent Sales Director Agreement shall for such reason be terminated, the Independent Beauty Consultant Agreement shall not be automatically terminated, but shall continue in effect between the parties until expressly terminated as a separate and independent agreement pursuant to its own terms and conditions.

7.2 Sales Director shall have in addition to the other rights and privileges set out in this Agreement the following rights:

- (i) To use the copyrighted "Career Essentials," "Team Essentials" or any other copyrighted materials of Company, in connection with motivating, inspiring, aiding and counseling other Beauty Consultants regarding their Mary Kay businesses; provided, however, that Sales Director shall not copy or otherwise reproduce in any manner any copyrighted materials of Company without the express written approval of Company, nor use any copyrighted materials of Company in any manner which, in the opinion of Company, would be injurious to, or tend to impair, Company's right therein; and
- (ii) To purchase or otherwise receive such incentive, promotional items and materials, gifts and sales aids as may be made available by Company for Sales Director's use in furthering the success of Beauty Consultants within her Sales Unit; and
- (iii) To compete for such recruiting, sales prizes, incentive and competitive awards as may be offered to Sales Directors by Company from time to time, subject to the rules and regulations established by Company with respect to such competition; and

- (iv) To participate in accordance with conditions set out for participation in any disability or insurance or other benefit programs which might, from time to time, be made available by Company or others for Sales Directors.

7.3 Sales Director expressly acknowledges that by reason of Sales Director's appointment by Company as an independent contractor Sales Director and service with Company in such capacity that Sales Director receives numerous valuable rights, privileges and benefits including, but not limited to, the following:

- (i) Sales Director receives from Company valuable specialized education and instruction covering motivation, selling and recruiting techniques relating to the direct sales method of product marketing and specific education and instruction concerning cosmetic products and the art of cosmetic application;
- (ii) Sales Director receives increased financial compensation in the form of special commissions and bonuses together with other valuable rights and benefits available only to persons who have been appointed by contract and serve in the position of Sales Director in the Mary Kay independent contractor sales organization;
- (iii) Sales Director is recognized by Company as a leader and motivator of a sales group comprising numerous independent contractors, including salespeople other than individuals personally recruited by Sales Director, and receives various commissions and bonuses relating to the Wholesale Purchase Volume and sales activities of such sales group;
- (iv) Sales Director receives from Company personal access to Company-compiled reports and information including comprehensive lists of names, addresses, telephone numbers and detailed records of the purchases and sales activity of members of the Mary Kay independent sales organization and data identifying customers for Mary Kay products and other competitively valuable business information not generally known nor readily available to competitors or the general public in similar content, detail and form, and, which Sales Director agrees to treat as confidential and not disclose or utilize for any purposes not approved or authorized by Company; and
- (v) Sales Director receives from Company valuable recognition, publicity and promotional assistance which promotes Sales Director's personal image as a successful leader, motivator, salesperson and recruiter, and which enhances Sales Director's prestige and influence with members of the Mary Kay independent contractor organization.

SECTION 8. SALES DIRECTOR'S RESPONSIBILITIES

8.1 Sales Director recognizes that Sales Director's earnings as Unit Sales Director are contingent upon the results of Sales Director's efforts in promoting the sale of Mary Kay products and in inspiring, motivating, counseling and aiding others to become successful sellers of Mary Kay products. Sales Director agrees to assume responsibility for offering effective, conscientious advice and assistance to Beauty Consultants wishing to avail themselves of Sales Director's experience and suggestions for building successful Mary Kay businesses of their own.

8.2 Sales Director agrees to use Sales Director's best efforts to encourage and motivate Consultants in Sales Director's Sales Unit to aspire to Sales Director status; to work conscientiously and diligently to recruit suitable Beauty Consultants; and to aid, help, counsel and advise cheerfully, conscientiously and promptly, Beauty Consultants who wish to avail themselves of Sales Director's experience in the sale of Mary Kay products, recruiting, customer problems or otherwise.

Sales Director, recognizing that Sales Director will make personal appearances, present speeches, lectures and educational sessions at various Mary Kay-related meetings and may, from time to time, produce and distribute to other members of the sales organization Unit newsletters and other Mary Kay-related sales education, promotional and motivational materials created by Sales Director, hereby grants to Company the rights to film, videotape, record, photograph, reprint and otherwise reproduce, copyright and publish works depicting, quoting or derived from any such appearances, presentations and materials, which may also include Sales Director's name, image and voice, together with the unlimited right to use all or any portion thereof in the original or edited form for any educational, promotional, marketing or advertising purposes which Company may deem appropriate.

8.3 Sales Director understands and agrees that Sales Director will not maintain a fixed geographical location at which Sales Director displays for sale and sells any Mary Kay product or offers for sale and sells any Mary Kay service. Sales Director understands that this Agreement does not contemplate the offer for sale and sale of any services of the Company; and Sales Director agrees not to represent to anyone that Sales Director is offering for sale and selling any services of the Company.

8.4 Sales Director acknowledges that "MARY KAY" and its distinctive logotype designs, together with all other registered and unregistered trademarks from time to time used and claimed as Company-owned trademarks, are trademarks owned by Company as its exclusive property and Sales Director agrees not to do any act detrimental to the validity of these marks or their ownership by Company or which would be injurious to the goodwill of Company related to these marks. Sales Director agrees to use such trademarks only in such form and manner as may be prescribed by Company in this Agreement or as specifically authorized in writing by Company. Sales Director also agrees to discontinue any use of any trademark, trade name or copyrighted material owned by Company upon receipt of written notice from Company that, in the opinion of Company, such use by Sales Director is injurious to Company's rights, privileges and immunities in respect thereto.

8.5 Sales Director acknowledges Company's exclusive rights to the trademark "MARY KAY" as well as exclusive rights of Company in and to all other trademarks that have been or may hereafter be adopted by Company. Sales Director shall not in any manner represent that Sales Director has any ownership in any Company trademark and specifically acknowledges that any use of any of said trademarks shall not create for Sales Director's favor or benefit any right, title or interest in such trademarks, but all uses by Sales Director of said trademarks shall inure to the benefit of Company. Furthermore, Sales Director agrees to discontinue the use of any trademark or trade name which is the same or deceptively similar to any trademark or trade name of the Company upon receipt of written notice from Company when, in the opinion of Company, such use by Sales Director will in any way impair or tend to impair the Company's rights in, or the goodwill represented by, such trademarks and trade names.

8.6 For so long as Sales Director is authorized to use the name "MARY KAY" in connection with the sale of any products under the terms of this Agreement, Sales Director agrees not to promote, distribute or sell to other members of the Mary Kay sales organization, without Company's prior written approval, any products or services which are not produced, sold or endorsed in writing by the Company. Sales Director further agrees not to promote, distribute or sell to anyone any products which are not produced, sold and/or distributed by the Company in a manner which would falsely designate or suggest, or would be likely to suggest or indicate such products as originating with, or endorsed by the Company.

8.7 Sales Director agrees to conduct Sales Director's business in accordance with the highest standards of integrity, honesty and responsibility in all dealings with customers, fellow Sales Directors, Beauty Consultants and the Company, and to constantly emphasize and promote the necessity of good customer relations.

8.8 Sales Director agrees to schedule and hold such meetings, workshops, demonstrations, orientation sessions and other motivational and educational programs as, in the judgment of Sales Director, shall be necessary and appropriate to motivate and aid Beauty Consultants within Sales Director's Sales Unit and those Sales Directors directly developed by Sales Director in attaining proficiency and success in their Mary Kay businesses.

8.9 Sales Director agrees to notify Company in writing and/or recommend that the Independent Beauty Consultant Agreement of any Beauty Consultant be terminated if the Beauty Consultant is believed by Sales Director to have engaged in any unfair, unethical or unlawful business practices or other acts in violation of the terms of the Independent Beauty Consultant Agreement with Company which would be materially detrimental to the public image of Company or the goodwill relating to its products, trademarks and trade names, outlining details of specific violations for Company's consideration and appropriate action.

8.10 In consideration of the commission compensation provided under this Agreement and the other rights and benefits provided hereunder, Sales Director agrees to continuously and faithfully employ Sales Director's best efforts to promote the sale of Mary Kay products in the United States market during the period this Agreement is in effect. Sales Director further agrees not to engage, directly or indirectly, in soliciting or recruiting Mary Kay Beauty Consultants or Mary Kay Sales Directors to sell products or services other than those sold by Company during the period this Agreement is in effect and for a period of two (2) years after its termination. Sales Director further agrees not to utilize, or knowingly permit any other person to utilize, any names, mailing lists or other non-public business information which Sales Director obtains during Sales Director's association with Company for recruiting or for promotion of the sale of any other company's products in the United States during the period that this Agreement is in effect and for a period of two (2) years after its termination. Sales Director further agrees that during the period of Sales Director's business relationship with Company as a Sales Director and for a period of two (2) years following date of any termination of such status for any reason, that Sales Director will refrain from directly or indirectly soliciting or inducing any Sales Director or Beauty Consultant to terminate their business relationship with Company, whether such solicitation or inducement be for Sales Director's own account or that of others. Sales Director further expressly agrees to refrain, during the period of Sales Director's relationship with Company as a Sales Director and for a period of two (2) years following the date of any termination of such status, from seeking, receiving or accepting, directly or indirectly, any fee, commission, override commission, financial benefit, contract right, monetary or non-monetary reward or other form of compensation from any other company or business organization based on or associated with the solicitation, recruitment, enrollment or association by employment, contract or otherwise for such company or business organization of any person whom Sales Director knows or has reason to believe is then under contract as a member of the Mary Kay independent sales organization. Sales Director agrees that Company may have, in addition to any other remedies available at law, an injunction restraining Sales Director from any violation of the terms of this Section 8.10, and that a temporary restraining order may be issued, without prior notice to Sales Director, upon sworn application therefor being made by Company setting forth the facts constituting any such alleged violation.

SECTION 9. TERM OF AGREEMENT

Unless otherwise terminated pursuant to the provisions hereof, the initial term of this Agreement shall commence on the date first above written and end on December 31 of the same year and the Agreement shall be automatically renewed each January 1 thereafter for additional periods of one (1) year each.

SECTION 10. TERMINATION

10.1 Either party may terminate this Agreement for any reason by written notice to the other party mailed at least thirty (30) days prior to date of intended termination.

10.2 This Agreement regarding Sales Director's activities may be terminated effective immediately at Company's option if Sales Director shall fail to comply with any of the terms and conditions of this Agreement or in the event of any of the following specific acts or occurrences:

- (i) If Sales Director shall knowingly submit false or fraudulent information to Company to receive any prize, award, bonus or commission payment based upon Wholesale Purchase Volume, recruiting or personal sales or knowingly make any material misrepresentation of fact in connection therewith; or
- (ii) If Sales Director shall knowingly submit or participate in the submission of any order which is not a bona fide order placed by the named purchaser for subsequent retail sale as a Beauty Consultant; or
- (iii) If Sales Director should do any act detrimental to the reputation of Company or its products or should do any act detrimental to any trademark, trade name or the goodwill connected therewith or any copyright owned by Company; or
- (iv) If Sales Director should fail to pay when due any indebtedness to Company, to other Sales Directors, Consultants or customers, or engage in other credit practices deemed detrimental to the image and goodwill of Company and its associates; or
- (v) If Sales Director should become physically or mentally incapacitated (incapacity being determined in the sole judgment of Company), or withdraw voluntarily or involuntarily from active participation in the conduct of her business as a Sales Director; or

(vi) If Sales Director should engage in any activity or conduct in violation of the provisions of Section 8.10; or

(vii) If any dispute, disagreement or controversy should develop between Sales Director and fellow Sales Directors or between Sales Director and Beauty Consultants in Sales Director's Sales Unit, which in the sole judgment of Company may adversely affect the reputation of Company, the reputation of *Mary Kay* products or the goodwill related to the trademarks or trade names owned by Company; or

(viii) If the Wholesale Purchase Volume of Sales Director's Sales Unit for two (2) consecutive calendar months should be less than the Minimum Sales Unit Production defined in the Schedule of Commissions and Bonuses and no extenuating circumstances, as determined in the sole judgment of Company, be present. (If Company shall determine that extenuating circumstances do exist, it shall, by written notice, advise Sales Director of the particular month or months, during and at the end of which, total monthly Wholesale Purchase Volume of the Sales Unit must again meet the monthly Minimum Sales Unit Production.); or

(ix) If, for any reason, Sales Director shall leave and remain outside of the United States, its territories and possessions, for a total of ninety (90) days or more during any period of twelve (12) consecutive calendar months. Termination under this Section 10.2 shall be effective at Company's option upon mailing to Sales Director written notice of termination or at such other subsequent date as may be specified in such notice, except in the case of termination for failure to maintain Minimum Sales Unit Production, in which case termination may be made effective by Company as of the last day of the last full calendar month that Sales Director's Sales Unit failed to meet Minimum Sales Unit Production.

10.3 This Agreement shall terminate immediately upon Sales Director's death, provided that the final commission payment shall be calculated and paid as though such termination became effective on the last day of the month in which the death occurred.

10.4 Upon termination of this Agreement any and all rights and privileges Sales Director has in regard to Sales Director activities under this Agreement shall terminate. Upon termination of Sales Director status, Sales Director will immediately discontinue all uses of Company's trade name, trademarks or copyrighted materials in forms which are authorized only for use by Sales Directors. The terminated Sales Director will also make or cause to be made such changes as Company may direct in office door signs and vehicles, telephone directory listings and telephone service to eliminate any further identification or representation of Sales Director as an independent Sales Director associated with Company and any related uses of the Company's trade name and trademarks in Yellow Pages or other advertising. Upon request by Company, Sales Director will return to Company any printed materials or literature furnished or made available by Company for the exclusive use of Sales Directors.

SECTION 11. RELATIONSHIP — INDEPENDENT CONTRACTOR

11.1 The relationship created and intended to be created is that Sales Director is an independent contractor for commission compensation measured by the results achieved, the measurement of those results being the Wholesale Purchase Volume and recruiting activity of Sales Director's Sales Unit. This is not a franchise agreement and it is recognized, understood and agreed that Sales Director is not a franchisee, joint venturer with, or partner, agent or employee of Company. Nothing in this Agreement shall be deemed to permit or empower Sales Director to conduct business in the name of, or on account of, Company, or to incur or assume any expense, debt, obligation, liability, tax or responsibility in behalf of, or in the name of Company, or to act in Company's behalf or to bind Company in any way whatsoever. Company shall not have and reserves no right or power to determine or control the manner, means, modes or methods by which Sales Director performs Sales Director's activities or accomplishes Sales Director's objectives hereunder and shall only look to Sales Director for results achieved.

11.2 Sales Director likewise recognizes that those Beauty Consultants forming Sales Director's Sales Unit are each and all independent contractors whom Sales Director serves at their initiative, as a "Business Consultant," making available to them, at their request, and for their voluntary acceptance or rejection. Sales Director's advice and experience gained as a consistent recruiter of others and proficient seller of Company's products. Sales Director recognizes and acknowledges that Sales Director shall have no right or power to determine or control the manner, means, modes or methods by which each Beauty Consultant performs such Beauty Consultant's activities or accomplishes such Beauty Consultant's objectives as an independent purchaser and re-seller of Company's products.

11.3 As an independent contractor Sales Director shall have the obligation to file all necessary income tax returns to reflect all self-employment income in a manner required by any applicable state or federal laws or governmental regulations and in connection therewith Company shall furnish Sales Director with a statement in the form prescribed by law reflecting all compensation including all commissions, prizes, awards, or other compensation paid by Company to Sales Director or on Sales Director's behalf during the year or other legally prescribed reporting period.

11.4 The parties acknowledge that the Sales Director is not an employee and will not be treated as an employee with respect to any services for state or federal tax purposes, or otherwise.

SECTION 12. INDEMNIFICATION

Sales Director acknowledges that Sales Director is an independent contractor and solely responsible for any claims, losses, damages or liability arising out of Sales Director's activities hereunder. Sales Director agrees to indemnify and hold Company harmless from and against any and all such claims, losses, damages or liability, including, without limitation, claims arising out of false or misleading advertising or misrepresentations by Sales Director concerning product effectiveness, earnings opportunity or Sales Director's failure to comply with laws applicable to Sales Director's business. Company acknowledges and agrees that Sales Director is an independent contractor and not responsible for any claims, losses, damages or liability arising out of the activities of Company, nor of claims of Beauty Consultants against Company by virtue of its activities, nor for claims alleging inherent product defects, and Company agrees to indemnify and hold Sales Director harmless from any and all such claims, losses, damages or liability for which Company is responsible.

SECTION 13. ASSIGNABILITY

This Agreement, or any part hereof, shall not be assigned or transferred by Sales Director and may be assigned by Company only to its successor.

SECTION 14. PARTIAL INVALIDITY

Each provision of this Agreement is intended to be several. If any term or provision hereof is held to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the other provisions of this Agreement.

SECTION 15. WAIVER

No provision of this Agreement shall be waived or modified by any failure to insist upon same; or in any manner whatsoever other than by express writing duly signed by the party having the benefit of such provision.

SECTION 16. COMPLETE AGREEMENT

This Agreement contains the entire agreement between Company and Sales Director relating to Sales Director's appointment as a Sales Director and no representation, inducement, promise, or agreement, oral or otherwise, including terms of any prior Agreement between the parties not embodied herein shall be of any force or effect. This Agreement may not be amended, modified, or altered in any respect except by a document in writing signed on behalf of Company by an authorized Company officer and shall not be deemed to be changed, modified or altered by reason of any advice, suggestions, manuals or sales aids furnished by the Company to Sales Director.

SECTION 17. GOVERNING LAW

This Agreement is subject to acceptance by Company at its corporate headquarters in Dallas, Texas, and shall be governed by the laws of the State of Texas as to all matters, including but not limited to matters of validity, construction, effect and performance. The parties further agree that if any dispute or controversy should arise between them concerning any matter relating to this Agreement that any issues which either party may elect to submit for legal jurisdiction shall be submitted to the jurisdiction of the courts of the State of Texas and the parties agree that the proper venue shall be Dallas, Dallas County, Texas.