

David B. Hall  
President and  
Chief Operating Officer

November 20, 2003

The Honorable Tom Lantos  
United States House of Representatives  
2413 Rayburn House Office Building  
Washington, D.C. 20515-0512

Delivered via fax: 202-226-3581

Dear Congressman Lantos:

Richard Rogers, Mary Kay Inc.'s Chairman and CEO, has shared your November 17, 2003, letter with me and asked me to respond. Let me assure you that we take this matter very seriously and appreciate your concerns. We have taken various steps to address the issues at hand, and we would like to share those with you. We believe, however, that these actions are best explained in a factual context.

Mary Kay China began operating in 1995 and quickly realized not only that the Mary Kay opportunity was attractive to women in China, but also that so many women there had few other meaningful business opportunities. As you know, Chinese women are often under- or unemployed workers, especially in a market transitioning from a centrally planned economy to a market economy.

Mary Kay China grew very rapidly, as did many of our competitors. As early as 1997, there were an estimated 2 million people engaged in direct selling in the Chinese market. Fraudulent operators of pyramid schemes also flourished and took advantage of many Chinese consumers. The PRC government moved quickly in early 1998 to stabilize the market and protect consumers by banning the pyramid schemes, but in the same action also banned legitimate direct selling. With the assistance of the US government and the cooperation of the Chinese government, Mary Kay and a few of its competitors were permitted to resume operations in late 1998. Nevertheless, Mary Kay and others operating similar to Mary Kay continue to face a variety of challenges on a daily basis.

As with so many other challenges the Mary Kay China staff has faced, the staff acted very quickly and in earnest to address growing concerns that Mary Kay meetings could be used for purposes other than conducting the business of demonstrating and selling Mary Kay products. The Mary Kay China staff requested that members of the sales force sign a pledge stating that they must conduct their Mary Kay business in accordance with the laws of the country. Falun Gong was mentioned in the pledge as an example of an organization the Chinese government considers illegal.

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When Mary Kay Inc. learned that the pledge was not being interpreted as intended, we worked with Mary Kay China to bring its sales force agreement in line with practices in other countries. In every country where we operate, Mary Kay expects its sales force to comply with all laws applicable to the conduct of its Mary Kay business.

The pledge is no longer in use. Our revised Mary Kay China sales force agreement supercedes the pledge and now includes a statement indicating that sales force members will operate their businesses in accordance with the laws of the country, but it does not mention any particular organization, religion, practice or movement. We believe this action is consistent with the action requested by you and your colleagues in your letter of November 17, 2003.

We understand you have been informed by others that several Mary Kay China sales force members were terminated for failure to sign the pledge. We have investigated and determined that no one was terminated as a result of refusing to sign the pledge during the short time it was in use.

On behalf of the entire Mary Kay organization, I would like to thank you for sharing your concerns with us and for the opportunity to provide a response. We are also providing this information to each of your colleagues who joined you in signing the November 17, 2003 letter to Richard Rogers.

Sincerely,



David B. Holl  
President and COO

CC: Richard R. Rogers, Chairman and CEO