

STRATEGIC MARKETING AFFILIATES

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ROYALTY REPORTING FORM

LICENSEE: _____

DBA (Other Names Used): _____

* ROYALTY REPORTING PERIOD (Check correct period):

Q1 = Jan.-Mar. _____ (due Apr. 20)

Q2 = Apr.-Jun. _____ (due Jul. 20)

Q3 = Jul.-Sep. _____ (due Oct. 20)

Q4 = Oct.-Dec. _____ (due Jan. 20)

*** Royalties are due the 20th of the month following the end of each calendar quarter in which sales are made. Reports are due even if sales are zero.**

The University of Texas Southwestern Med. Ctr. Dallas

| | Total Sales | Rate | ROYALTY DUE |
|-------------|-------------|------|-------------|
| Apparel | | 8.0% | |
| Headwear | | 8.0% | |
| Non-Apparel | | 8.0% | |

Subtotal: _____

Less Remaining Advance: _____

Total Royalty Due This Period: _____

*** Royalties due are equal to the total of all total royalties due after advances have been used and payment is due.**

Instructions:

Reports are due even if sales are zero. Failure to submit royalty reports and payment by the due date constitutes a breach of contract. If breached, you must submit updated royalty reports and payment to SMA within 15 days of the notification date. The report and payment must include interest penalties calculated at 1.5% per month. If a licensee is canceled twice for failure to report and pay royalties, the license agreement will not be reinstated. If canceled, the agreement will not be reinstated unless updated royalty reports, payment, and a \$250 reinstatement fee are received within 15 days of cancellation.

For Internal Use Only

Account# _____ Transaction # _____ Check # _____ Date _____ Amount \$ _____