

VOSS/QRP/PRIKOS STANDARD ANNUAL PRICE ESCALATION

Rev : April 06, 2023

The prices of the deliverables detailed in this agreement are assumed to be the base prices applicable to deliveries on or before December 31st of the calendar year during which the agreement is executed. Except as otherwise noted, pricing for all subsequent years covered under this agreement will be subject to annual pricing escalation as set forth below, effective on deliveries made between and including January 1st and December 31st of the given year.

Price adjustments, if needed, shall be calculated as follows :

A) Changes in the producers Price index Bureau of Labor and Statistics (BLS) Code 10, Series ID: wpu010, Industrial Commodities, as published by the U.S. Department of Labor, Bureau of Labor Statistics shall be used to compute 40% of the new price.

B) Changes in the National Employment Hours and Earnings, as published by the U.S. Department of Labor Statistics, North American Industry Classification System (NAICS) code 3364, Average hourly earnings of Production – Workers industry Aerospace Products and Parts, Series ID: CEU3133640008 shall be used to compute 60% of the new price.

C) The comparison period from year to year for calculating price changes based on the aforementioned indices shall be the 12-month period of July thru June vs the same period the previous year. Data used in these comparisons shall be available from the Bureau of Labor Statistics as of October 1st of the current year.

D) Supplier shall perform these calculations each year and advise Buyer of any escalation applicable for the next calendar year no later than October 30th.

E) If for any reason the above referenced economic indices, singularly or in any combination, are not published or only partially published, by mutual agreement of Buyer and Supplier, a replacement index or indices corresponding as nearly as possible to those discontinued shall be selected.

F) Any price adjustment will be determined to the nearest third decimal place. If the next succeeding place is five or more, the preceding decimal place will be raised to the next higher figure.

G) The price adjustment calculation for a given year as defined above will be the BLS's first published final figures for the applicable period for the two applicable indices. Once established, prices will be firm for deliveries made within the applicable calendar year, as defined in the introductory paragraph above.

H) For any price change less than 1%, pricing shall remain equal to P_y . If no price change is made, the values for L_{y-1} and M_{y-1} shall remain unchanged until a price change occurs.

I) In the formula below, year "y" refers to the then-current year, i.e. the year during which the escalation calculation is being performed.

$$P_{y+1} = P_y * [0.6 (L_y/L_{y-1}) + 0.4 (M_y/M_{y-1})]$$

- P_y = Unit Price Applicable to Deliverables Received During Year "y"
- P_{y+1} = Unit Price Applicable to Deliverables Received During Year "y+1"
- L_y = The arithmetic average monthly value of "L" published for the twelve-month period July of year "y-1" through June of year "y"
 - If L_y is calculated to be a lower value than L_{y-1} , then L_y shall be set equal to L_{y-1} .
- L_{y-1} = The arithmetic average monthly value of "L" published for the twelve-month period July of year "y-2" through June of year "y-1"
- M_y = The arithmetic average monthly value of "M" published for the twelve-month period July of year "y-1" through June of year "y"
 - If M_y is calculated to be a lower value than M_{y-1} , then M_y shall be set equal to M_{y-1} .
- M_{y-1} = The arithmetic average monthly value of "M" published for the twelve-month period July of year "y-2" through June of year "y-1"