

**SUPPLY MANAGEMENT ACTIVITY GROUP**  
**WHOLESALE COST RECOVERY RATE CALCULATION**  
**FY 2005 BUDGET ESTIMATES -- FEBRUARY 2004**  
(DOLLARS IN MILLIONS)

SHIPS/AVIATION	FY03	FY04	FY05
1. Net sales at Cost	3400.7	3734.9	3844.6
2. Less: Material Inflation Adj	193.1	331.3	109.7
3. Revised Net Sales at Cost	3207.6	3403.6	3734.9
4. Surcharge (\$)	686.9	639.4	604.9
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.163	0.202	0.171
b. This year's Surcharge and material inflation divided by line 3 above (\$)	0.274	0.285	0.191
c. Percent change to customer	9.6%	6.1%	2.4%

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BP34-AVIATION CONSUMABLES	FY03	FY04	FY05
1. Net sales at Cost	324.7	294.3	373.9
2. Less: Material Inflation Adj	-21.3	14.3	3.7
3. Revised Net Sales at Cost	346.0	280.0	370.2
4. Surcharge (\$)	58.9	62.7	60.3
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.082	0.181	0.213
b. This year's Surcharge and material inflation divided by line 3 above (\$)	0.109	0.275	0.173
c. Percent change to customer	2.5%	7.9%	-3.3%

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BP81-SHIP	FY03	FY04	FY05
1. Net sales at Cost	487.0	558.7	659.4
2. Less: Material Inflation Adj	30.5	34.2	20.9
3. Revised Net Sales at Cost	456.5	524.5	638.5
4. Surcharge (\$)	123.7	140.3	131.1
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.177	0.254	0.251
b. This year's Surcharge and material inflation divided by line 3 above (\$)	0.338	0.333	0.238
c. Percent change to customer	13.7%	5.4%	-0.2%

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BP85-AVIATION REPAIRABLES	FY03	FY04	FY05
1. Net sales at Cost	2588.9	2881.9	2811.3
2. Less: Material Inflation Adj	183.9	282.8	85.1
3. Revised Net Sales at Cost	2405.0	2599.1	2726.2
4. Surcharge (\$)	504.2	436.1	413.6
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.172	0.195	0.151
b. This year's Surcharge and material inflation divided by line 3 above (\$)	0.286	0.277	0.183
c. Percent change to customer	9.7%	6.0%	3.9%