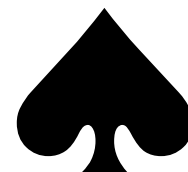


SPADE INVESTOR



February 2009

Defense * Homeland Security * Space

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Inside...

What we learned from the Cowen & Co. Aerospace & Defense Investors meeting.

What the industry is talking about now:

The forthcoming defense budget and QDR
The future of supplementals
Which programs face increased scrutiny?
The emergence of cybersecurity
Other defense sector high-growth areas
Gates Version 2.0

**Index Achieves Nine
Consecutive Years of
Outperforming the S&P500**

**Morningstar Gives the
Powershares ETF Tracking
the Index a**

***** 5 Star Rating *****

for Large Growth Funds

SPADE Defense Index Statistics

1/30/09 Close: 1545.45
All-time Close: 2747.67
Date of all-time close: 9 October 2007

	SPADE Defense	S&P500
January	[3.08%]	[8.57%]
1st Qtr	[3.08%]	[8.57%]
YTD	[3.08%]	[8.57%]

Commentary

2009 is shaping up as a year of both challenges and opportunities for the defense sector; although after the stock market downturn in late 2008, the same could probably be said about many sectors.

After narrowly outperforming the S&P500 on a price basis for the **9th consecutive year**, the SPADE Defense Index finally diverged from the market in January, and although it ends January down 3%, it is 5.5% ahead of the S&P500.

Whereas the early part of the decade had a clear direction upward fueled by continued defense budget increases and a war in Iraq, the next few months and years present a number of opportunities which are tempered by a number of unknowns.

Budgetary and economic pressure will keep a lid on the base defense

budget, which is anticipated to rise from \$515 billion to \$527 billion, an increase forecasted in the FY-09 budget request but which excludes war costs for Iraq and Afghanistan.

What is expected to change is how and where the military spends its money. There is no doubt that there will be increased scrutiny on a number of large programs, with cuts going toward other areas, and that a new philosophy on procurement will take place.

Here is what we know along with some information gathered at last week's Cowen & Company Aerospace & Defense Investors event in New York. (kudos to analyst Cai von Rumohr and his team for another excellent event).

The Budget

Although a top-level figure may come out in March, the Department of Defense and other government agencies will not be submitting budget details until April. This is a typical schedule in years when there is a changeover in presidential administration. Late last year, agency directors were informed to submit only a top-level figure and wait for the new...

Year	SPADE	S&P500
2008	[38.03%]	[38.49%]
2007	22.17%	3.53%
2006	19.33%	13.62%
2005	5.30%	3.00%
2004	20.47%	8.99%
2003	37.27%	26.38%
2002	[2.87%]	[23.37%]
2001	0.94%	[13.04%]
2000	4.98%	[10.14%]
1999	15.31%	19.53%
1998	6.63%	26.67%

Selected Quarterly Reports

	4Q08 Sales		Net Income	
Boeing Defense	\$8 B	down 4%	\$881M	down 10%
FLIR	\$302 M	up 25%	\$65.3 M	up 40%
General Dynamics	\$7.9 B	up 4.5%	\$612M	up 5.7%
Harris Corp	\$1.52 B	up 16%	\$143.4	**
L-3 Comm.	\$4.0 B	up 5%	\$267M	up 29%
Lockheed Martin	\$11.1 B	up 3%	\$823 M	up 3%
Northrop Grumman	\$9.2 B	up 4.4%	\$524 M	up 15%***
Raytheon	\$6.1 B	up 1%	\$421 M	up 18% *
Rockwell Collins	\$1.06 B	down 4%	\$151 M	down 2%
Textron Defense/Intel	\$510 M	up 55%	\$67 M	up 123%
Textron Bell Helicopter	\$853 M	up 13%	\$94 M	up 74%
UTC: Pratt & Whitney	\$3.3 B	up 3%	\$520 M	up 5%
UTC: Sikorsky	\$1.6 B	up 25%	\$152 M	up 38%

* from continuing operations **excluding \$182 million charge
*** In December, Northrop Grumman warned it would report a loss in 2008 due to a write-down of \$3.06 billion on goodwill on acquisitions related to its acquisitions of TRW and Litton.

Other Earnings News

Merrill Lynch said that General Dynamics, Lockheed Martin, Northrop Grumman, and Raytheon were among the 40 U.S. companies with the largest projected pension deficits at the end of 2008. In December, Lockheed Martin reduced its 2009 earnings forecast to make \$470 million in contributions to its pension fund. In an 8 January 2009 Cowen & Co. analyst report, it was stated that defense companies were well positioned to deal with these issues because of 1) strong balance sheets; 2) robust cash flows; 3) CAS recover of pension funding under government contracts; and 4) dealy is required compliance with Pension Protection Act until 2011.

continued on page 3

January 2009 Top Gainers

1	Harris	13.77%
2	Ducommun	13.41%
3	Ceradyne	12.36%
4	Precision Castparts	9.20%
5	L1 Identity	7.57%
6	L3 Communications	7.10%
7	Northrop Grumman	6.84%
8	Triumph Group	6.64%
9	OSI Systems	5.63%
10	Amer. Sci & Eng	5.46%

January 2009 Laggards

1	Teledyne	[37.44%]
2	Textron	[34.90%]
3	Trimble Navigation	[31.42%]
4	ICX Technologies	[27.43%]
5	VSE Corporation	[26.69%]
6	Axys Technologies	[22.17%]
7	Oshkosh Truck	[18.79%]
8	FLIR	[18.61%]
9	Moog	[18.07%]
10	Ladish Corp.	[17.92%]

Powershares Aerospace & Defense ETF (PPA)

Morningstar Rating (3-yr, Large Growth): 5 Star

Modern Portfolio Theory (comparison to S&P500)
 Sharpe Ratio [0.24]
 Beta (3 month) 1.20
 Alpha (3 month) 8.78
 R-squared (3 month) .86

source: Morningstar (12/31/08)

Largest Defense Prime Contractors

	Jan	2008
Lockheed Martin	[2.43%]	[20.12%]
Boeing	[0.84%]	[51.21%]
General Dynamics	[1.49%]	[35.28%]
Northrop Grumman	6.84%	[42.73%]
Raytheon	[0.82%]	[15.91%]

ETF Statistics (NYSEarca: PPA)

Powershares Aerospace & Defense

Exchange / Ticker Symbol: NYSE / PPA
 Fee 60 basis
 Assets (1/30/09) \$123 M
 Closing Price (1/30/09) \$13.57

January 09 Volume 1,116,300
 3 month Avg Daily Trading Volume** 59,048

source: Yahoo Finance *** Feb 1 2009

	Feb 1, 2009	10/31/08 **
Avg. Market Cap.	\$8.19 Billion	\$9.42 Billion
Portfolio P/E	9.34	10.15
Portfolio P/S	0.62	0.68
Portfolio P/B	1.53	1.67
Portfolio P/Cash Flow	5.22	5.72
Earnings Growth Rate (ttm)	12.19%	12.59%

** most recent estimate source: Yahoo Finance

FY08 Largest Department of Homeland Security Vendors

Rank	Company Name	Total Contract Value
1	Boeing	\$617.2M
2	IBM	\$480.3M
3	Accenture	\$386.7M
4	Cooperative Personnel Services	\$376.5M
5	Unisys	\$332.4M
6	General Dynamics	\$326.1M
7	SAIC	\$297.3M
8	L-3 Communications	\$293.7M
9	Lockheed Martin	\$255.7M
10	Integrated Coast Guard Syst.	\$245.0M

source: Government Security News
 ICGS is a joint venture of Lockheed and Northrop

Other SPADE Defense Index constituents

15 Computer Sciences Corp. \$130.2M
 21 Northrop Grumman \$102.9M
 23 SI International \$ 96.4M

Quarter	SPADE	S&P500
4Q08	[18.14%]	[22.45%]
3Q08	[8.13%]	[9.00%]
2Q08	[4.69%]	[3.23%]
1Q08	[13.53%]	[9.92%]
4Q07	[4.22%]	[3.82%]
3Q07	[2.39%]	[2.99%]
2Q07	10.76%	5.81%
1Q07	4.37%	0.18%
4Q06	8.79%	6.17%
3Q06	3.21%	5.17%
2Q06	[4.03%]	[1.91%]
1Q06	10.65%	3.73%
4Q05	[0.47%]	1.59%
3Q05	4.44%	3.15%
2Q05	3.91%	0.91%
1Q05	[2.52%]	[2.59%]
4Q04	9.80%	8.73%
3Q04	2.81%	[2.30%]
2Q04	6.34%	1.30%
1Q04	0.36%	1.29%
4Q03	18.97%	11.64%
3Q03	5.27%	2.20%

Quarter	SPADE	S&P500
2Q03	19.03%	14.89%
1Q03	[7.92%]	[3.60%]
4Q02	3.39%	7.92%
3Q02	[17.04%]	[17.63%]
2Q02	[2.86%]	[13.73%]
1Q02	16.57%	[0.06%]
4Q01	14.59%	10.29%
3Q01	[10.40%]	[14.29%]
2Q01	5.91%	5.52%
1Q01	[7.18%]	[12.11%]
4Q00	[0.05%]	[8.09%]
3Q00	12.14%	[1.24%]
2Q00	[7.11%]	[2.93%]
1Q00	0.83%	2.00%
4Q99	7.57%	14.54%
3Q99	[10.18%]	[6.56%]
2Q99	21.39%	6.71%
1Q99	[1.68%]	4.65%
4Q98	13.70%	20.87%
3Q98	[16.88%]	[10.30%]
2Q98	[1.88%]	2.91%
1Q98	14.99%	13.53%

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About

The SPADE Defense Index (ticker: **DXS**) provides an investment benchmark for companies involved with defense, homeland security, and space.

The Index is designed to reflect the broad diversity of activities that is representative of companies involved with defense, homeland security, and space – including industrial firms that manufacture aircraft, tanks, ships, and missiles and those involved with current and next generation systems related to network centric warfare and information technology; intelligence, surveillance, and reconnaissance; satellites; border security; and defense systems that protect the lives of our servicemen and service-women.

Licensed Products

Exchange Traded Fund - ETF

Licensed to Powershares, their Aerospace & Defense Portfolio ETF (NYSEarca: PPA) is designed to track the performance of the SPADE Defense Index.

Rules

The Index was designed to be RIC (Registered Investment Company) compliant for the purpose of enabling financial products. Companies are required to meet a variety of eligibility criteria including market valuation, liquidity, and listing on a major U.S. exchange. Full details are available on our website.

- * Market Cap: Minimum \$100M
- * Share Price: Minimum \$5.00
- * Liquidity: 50,000 shares/day avg

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Commentary (continued)

...administration before identifying line items.

The Core Budget

Expectation is that the FY10 core budget will arrive with the same top line budget as forecast in the FY09 budget –ie. a rise from \$515 billion to \$527 billion. Future years will likely see only 1% to 2% in real growth. Congressional ranting of 10% across-the-board cuts is highly unlikely.

According to analyst Pierre Chao, talk of a proposed \$50 billion cut relates to a \$60 billion shift of certain items from supplementals to the core budget minus the \$50 billion cut equals \$10 billion growth. Overall, the opinion for the DoD budget is that the administration does not want to “do anything crazy.”

In looking at the DoD budget, keep in mind that the investment account budget is more important figure is than the top line as this relates to procurement and R&D.

* Analysts doubt that Obama would close down weapons production lines in a recession.

* The Pentagon now buys more services than hardware.

Supplemental Spending

By summer, the Pentagon plans to increase U.S. forces in Afghanistan by more than one-third in an effort to turn back the Taliban insurgency. This will add \$5.5 billion in 2009 war costs.

Defense Secretary Gates informed Congress that the troops need another \$69.7 billion in 2009 on top of the \$65.9 billion already approved for the year.

Secretary Gates reduced this request for 2009 emergency funding from \$82 billion. Money would go toward armored vehicles, body armor, operational costs, and supporting allies. Items delayed to future requests include new Navy fighter jets, Army vehicles, and items needed to support a U.S. troop increase in Afghanistan. Of this amount, \$53.5 billion is for operational costs (aircraft flying hours, logistics support, pay and benefits, training, etc.), \$10.8 billion in force protection, and \$3.6 billion for intelligence matters.

The supplemental blueprint eliminated:

- \$1.4 billion for one E/A-18G airplane
- \$1.2 billion Army trucks
- \$3.1 billion Stryker vehicles
- \$300 million Humvees

\$11.5 billion – tasks associated with a U.S. buildup in Afghanistan.

* Since supplemental spending doesn't count toward the deficit it makes it attractive to include spending items here.

A Growing Intelligence Budget

Nondefense intelligence agency budgets grew 9% to \$47.5 billion in FY08 according to the Office of the Director of National Intelligence.

Gates Version 2.0

There has been a lot of commentary regarding what Gates' leadership under an Obama administration will mean. Having dealt with stabilizing Iraq over the past few months, his new task has been directed toward fixing DoD procurement which is likely to be evident when the 2010 QDR is released. In particular:

- * Force expansion (30,000 Marines, 60,000 Army)
- * Force restructure & modernization (bringing U.S. troops and equipment home from Iraq is a huge task, as is moving troops into Afghanistan; and replacing spent equipment)
- * Interoperability (services and between countries)
- * Deployment of network centric communications (wideband, data rich environments)

Fixing the DoD Procurement System

* The system develops items that are too complex and too expensive while more pressing and emerging demands are ignored

* The focus has been a perfect solution which takes years and billions of dollars. A shift to a 75% solution can produce systems that can be fielded in months and at lower cost.

* Some major programs will be cancelled and/or scaled back.

* Focus on unit cost declines in order to increase production quantities.

* Freezing requirements earlier for proposed systems as changes lead to churn, delays, and extra costs.

* A need to write better contracts to incentivize industry. Era of cost plus awards is over. Shifting to fixed price or fixed price plus incentive

* Employing prototypes to learn about competing arms development proposals

* Better planning by services

* Balancing rapid and lengthy acquisition timelines.

* Procurement will need to define success: cost? schedule? technology requirements?

Defense Sector Evolution

As stated in a January 2008 issue of *Forbes*: DoD continues to shift plans from “blunt force to precision.”

Most defense companies anticipate pressure on the defense budget due to the economic recovery and financial rescue packages. However, they have positioned themselves to compete in new administration

continued on page 4

Commentary (continued)

priority areas as such as computerizing health-care records, cyber security, and renewable energy projects.

Presentations at the Cowen & Co meeting indicated:

Defense Companies Positioning to Succeed in Uncertain Times

- Sizing to market conditions
- Investing for future growth
- Benefitting from balance and diversity of portfolio

Defining Security

- Military dominance
- Confront irregular challenges – terrorism and post-conflict stability
- Secure the commons: critical infrastructure, lines of communication, environment

Administration View on Defense

- Administration is committed to critical programs
- Balance security needs with government budget constraints
- Defense industry is a major employer
- More insight when 2010 budget and QDR are delivered

High Growth Areas

- Networked communications
- Simulation and Training
- Munitions Navigation
- Advanced Sensors
- Government Services
- Open Systems Architecture

Harris Corporation View on the Market

- Tradeoffs will have to be made
- No program is totally secure
- Defense remains a high priority
- Trends: reset / force expansion / modernization / investment
- Production programs likely to continue
- New program starts could see delays

International

Sales to international clients are becoming a more vital part of the industry for many firms. As an example, Raytheon saw 20% of revenues from international sales in comparison to less than 5% exposure to supplementals associated with Iraq. Recent \$3 billion contract to the UAE for the Patriot is anticipated to be followed (next

18 months) by upgrades or new systems to Greece, Turkey, Taiwan, Japan, Korea, Israel, and Saudi Arabia.

* Although VP Joe Biden has been historically against foreign sales, s VP he is in a different position and has to consider diplomacy.

* Oil prices could impact foreign military spending. Major markets exist in the Mid-East, Africa, Central Asia, Eastern Europe, and Venezuela.

Investor Tea Leaves

Two items caught my attention:

1. The forthcoming IPO for the O’Gara Group is a test to the receptivity of investors for IPOs and for their willingness to invest in defense and security.

Pierre Chao mentioned that he reviewed data back to the beginning of the 20th century (I don’t know where he gets this data but I trust his research) and noticed that the defense sector is trading at cyclical lows. So, is all the bad news typically found in a defense sector downturn already priced into the market?

Major Programs

Defense Secretary Robert Gates told the Senate Armed Services Committee that, “with two major campaigns ongoing, the economic crisis and resulting budget pressures will force hard choices on this department.” Among the issues he is facing is:

- A March 1 deadline on whether to order more of Lockheed Martin’s F-22 fighter jets or shut down the line

- Whether to buy the more expensive DDG-1000 Zumwalt class destroyer or the less costly DDG-51.

- A fleet of 23 presidential helicopters at a cost of \$500 million each, could be vulnerable because of rising costs.

- The \$40 billion aerial refueling tanker.

- Multi-billion contract for search and rescue helicopter

- Whether to order more Boeing C-17 transport planes.

“Programs that are swimming funny are the first ones that’ll bring out the sharks,” Bill Swanson, CEO, Raytheon

F-22 Support

Support in Congress to continue the program is growing highlighting that the flyaway cost of the F-22 has dropped 35% to \$153 million and the program continues to provide jobs and “over \$12 billion of economic activity.” The F-22 employs about 95,000 people at 1,000 suppliers in 44

states. Lockheed has also been highlighting improved performance above and beyond Air Force requirements. The Administration has until March 1 to decide whether to order 20 additional planes at a cost of \$523 million

Refueling Tanker Contract

Defense Secretary Robert Gates informed Congress that the \$35-\$40 billion competition will likely heat up by spring. The weakening economy and rising U.S. unemployment is leading to increased posturing behind the scenes (including support from Northrop Grumman/EADS) calling for a split contract with Boeing to be issued. Rep. John Murtha, chair of the House Appropriations Subcommittee on Defense supports the concept. The DoD was initially against it citing increased maintenance costs associated with maintaining two platforms however economic factors may trump this. In addition, an award to Boeing would invite a protest from Northrop Grumman and delay the program even further.

Cybersecurity

Federal IT and professional services firms, even in this economic downturn, are seeing a strong pipeline of opportunities and contracts. The U.S. government is expected to spend \$7.4 billion securing its computer networks against cyberattacks. It is a market expected to grow to \$11 billion by 2013. Boeing and Lockheed Martin have established new units for cyberdefense and Raytheon is looking to hire an additional 50% more certified security engineers. The National Cyber Initiative, a classified program expects new funding of \$15 to \$17B over the next five years.

TSAT Update

The Transformation Satellite Communications System will one-day revolutionize the military’s capabilities for transmitting and receiving data offering speeds and capabilities more than 10x that of today. The program in December 2008 was halted due to concerns about the readiness of its technology and scaled down. RFPs are planned for April with the winner of the \$11 billion contract to take place within a year.

Air Force One Contract

Boeing is likely to be the sole bidder after Airbus said it would not bid on the contract for three new presidential jets and lawmakers blasted the idea of a U.S. president flying on a European jet.

By the Numbers

\$10 Billion - Amount that India reportedly will spend on homeland security weapons and equipment in the next two to three years in response to the November 26th Mumbai attacks. -- *Defense News*

\$6 Billion - The increased bill by the world's 20 largest militaries for fuel in 2008.

\$4.1 Billion - To Boeing for C-17 transport support from the Air Force (\$1.1B) and 15 more of the planes (\$3B)

\$2.1 Billion - To Boeing from India for 8 maritime patrol aircraft (P-81).

\$603 Million - To Lockheed Martin for the Army's Multiple Launch Rocket System and High Mobility Artillery Rocket System for production through 2011.

\$397.9 Million - Boeing missile defense contract extension to continue development of the Ground-based Midcourse Defense System until June 09 when a long-term contract may be awarded.

\$373.5 Million - To Northrop Grumman to start design of an unnamed aircraft carrier CVN-79 with a full construction, \$5 billion+ contract planned for 2012.

2009 Forecasts and Commentaries

Macquarie Capital

Analyst Rob Stallard, "Although there's been some understandable uncertainty in the defense world about what to expect with the new Obama administration, everything that we hear that's credible indicates that the new administration will not do anything too radical, at least in the medium term, when it comes to defense policy and defense spending. - Jan 6th call - *Defense News*, 12Jan09, p26

- Core U.S. defense budget to keep growing at 4%-5% annually for the foreseeable future.
- Supplemental spending to decline with decreasing troop levels in Iraq
- Pension expense are a growing concern although roughly 75% can be recovered by passing on costs through government contracts.

BB&T Capital Markets

- Sees the growth rate slowing relative to the past five years
- Doesn't see the incoming administration making any big changes for FY 2010.
- Federal spending on cybersecurity is expected to top \$7 billion in FY09 as compared to \$4.2 billion in FY04. This does not include funds for intelligence agencies under several presidential directives which are estimated at \$30 billion over the next five to seven years.
- *Defense News*, 12Jan09, p26

Commentary (continued)

Extending the Space Shuttle

ATK expects 1-2 additional Shuttle missions to be added to the manifest extending its life to 2012+. NASA has stated that keeping the Shuttle flying beyond 2010 would cost \$3 billion annually.

A Troubled World

In a speech to the Reserve Officers Association, the Chairman of the Joint Chiefs of Staff warned that global instability due to the economic crisis could rise. Adm. Michael Mullen cited a wide range of threats from pirates in Africa to Pakistani radicals. Other comments from senior military officials and analysts regarding trouble spots around the world include:

- The "Arc of instability" around the equator. How many economies are based on \$150 oil?
- Some issues to watch: a collapse of Pakistan, mid-East/Hamas issues, India/Pakistan/Kashmir, and a collapse of North Korea (a 66 year old leader with a stroke and no succession plan)
- \$6.4 billion was spent on identity theft in 2009
- C2C business sprouting: Criminal-to-criminal

And lastly...

Lobbying -- The *Wall Street Journal* on January 27th noted that the defense sector spent significantly higher amounts (though still nominal compared to overall marketing) in 2008 as budgets and programs come under increased pressure. Lockheed Martin and Boeing saw expenditures rise by 50% or more, Northrop nearly doubled its lobbying budget to \$20.6 million.

President Obama's Blackberry

There has been a number of stories about he being the first 'digital' president and wanting to use his Blackberry for communications. Due to a number of issues, namely security of both data and the fact that mobile phones identify your exact GPS location, this has been an issue for the Secret Service. According to CNET, there are a number of other options. The Pentagon's SME-PED program is able to provide wireless email that meets government encryption standards. L-3 has a secure PDA in development and General Dynamics' Sectera Edge product has been certified by the NSA. Cost: \$3,350.

Jan-09		SPADEF Defense Index					Market		Forward	Price/	Price/	PEG	
Company	Ticker	Float %	Price	Price	% Ch	% Ch	Cap	P/E	Sales	Book	5 yr	Div Yld	
			31-Dec-08	30-Jan-09	YTD	MTD	intraday	(ttm)	ttm	mrq	expected	forward %	
Boeing Co	BA	7.47%	42.67	42.31	-0.84%	-0.84%	30.19	7.66	0.45	3.44	0.94	4.00%	
Lockheed Martin	LMT	7.24%	84.08	82.04	-2.43%	-2.43%	31.17	9.51	0.73	10.85	0.93	2.80%	
United Technologies	UTX	6.72%	53.60	47.99	-10.47%	-10.47%	44.18	9.86	0.75	2.75	1.07	3.20%	
Honeywell Intl	HON	6.72%	32.83	32.81	-0.06%	-0.06%	23.13	9.86	0.62	2.42	1.07	3.40%	
General Dynamics	GD	6.24%	57.59	56.73	-1.49%	-1.49%	21.50	7.86	0.74	1.78	0.91	2.50%	
Raytheon Co	RTN	5.91%	51.04	50.62	-0.82%	-0.82%	20.11	9.73	0.87	1.59	0.85	2.20%	
Northrop Grumman	NOC	4.94%	45.04	48.12	6.84%	6.84%	15.55	9.32	0.45	0.87	0.70	3.30%	
Precision Castparts	PCP	4.51%	59.48	64.95	9.20%	9.20%	8.85	7.99	1.24	1.93	0.66	0.20%	
L-3 Communications Hldgs	LLL	4.32%	73.78	79.02	7.10%	7.10%	9.26	10.47	0.64	1.54	1.01	1.50%	
SAIC	SAI	4.13%	19.48	19.74	1.33%	1.33%	7.99	16.18	0.81	4.12	1.36		
Itt Indus	ITT	4.00%	45.99	45.28	-1.54%	-1.54%	7.97	11.74	0.71	1.82	0.91	1.50%	
Rockwell Collins	COL	3.49%	39.09	37.68	-3.61%	-3.61%	5.90	8.49	1.17	3.96	0.72	2.50%	
Harris Corp	HRS	3.41%	38.05	43.29	13.77%	13.77%	5.69	9.27	1.05	2.49	0.62	1.80%	
Computer Sciences	CSC	3.27%	35.14	36.84	4.84%	4.84%	5.67	8.81	0.33	0.99	0.81		
Goodrich Corp	GR	2.79%	37.02	38.66	4.43%	4.43%	4.67	7.68	0.65	1.69	0.52	2.60%	
Ball Corp	BLI	2.12%	41.59	38.34	-7.81%	-7.81%	3.68	9.38	0.48	2.62	1.11	1.00%	
Garmin Ltd	GRMN	2.08%	19.17	17.53	-8.56%	-8.56%	3.46	5.73	0.95	1.62	0.36	4.30%	
Flir Systems	FLIR	2.03%	30.68	24.97	-18.61%	-18.61%	3.38	15.81	3.36	4.45	0.90		
URS Corporation	URS	1.66%	40.77	34.05	-16.48%	-16.48%	2.90	11.66	0.31	0.78	0.97		
Alliant Techsystems	ATK	1.55%	85.76	80.81	-5.77%	-5.77%	2.63	9.62	0.60	3.12	0.90		
Textron	TXT	1.27%	13.87	9.03	-34.90%	-34.90%	2.02	3.51	0.14	0.57	0.21	10.20%	
Mantech International'a'	MANT	1.11%	54.19	53.63	-1.03%	-1.03%	1.92	18.54	1.08	2.98	1.41		
Elbit Systems	ESLT	1.10%	46.48	44.56	-4.13%	-4.13%	1.85	11.96	0.72	2.87	1.38	2.00%	
Trimble Navigation Ltd	TRMB	1.04%	21.61	14.82	-31.42%	-31.42%	1.76	11.10	1.28	1.52	0.49		
Caci Intl	CAI	0.79%	45.09	45.15	0.13%	0.13%	1.37	13.67	0.54	1.50	1.17		
Moog Inc.	MOGA	0.75%	36.57	29.96	-18.07%	-18.07%	1.30	10.17	0.68	1.29	0.98		
Esterline Technologies	ESL	0.63%	37.89	36.09	-4.75%	-4.75%	1.07	9.15	0.73	1.05	0.41		
Cogent Inc.	COGT	0.61%	13.57	11.64	-14.22%	-14.22%	1.03	20.96	9.56	2.05	1.17		
Teledyne Technologies	TDY	0.59%	44.55	27.87	-37.44%	-37.44%	0.99	8.55	0.53	1.85	0.61		
Orbital Sciences Corp	ORB	0.58%	19.53	16.77	-14.13%	-14.13%	1.00	18.90	0.83	2.11	1.13		
Sra International'a'	SRX	0.54%	17.25	16.33	-5.33%	-5.33%	0.91	12.34	0.61	1.35	0.97		
DynCorp	DCP	0.50%	15.17	15.04	-0.86%	-0.86%	0.85	9.71	0.33	1.82	0.82		
AeroVironment	AVAV	0.46%	36.81	37.06	0.68%	0.68%	0.78	26.09	3.35	4.06	1.55		
Triumph Group	TGI	0.44%	42.46	45.28	6.64%	6.64%	0.73	7.28	0.59	0.99	0.49	0.40%	
Cubic Corp	CUB	0.43%	27.20	27.16	-0.15%	-0.15%	0.72	14.56	0.82	1.87	1.08	0.70%	
Stanley Inc.	SXE	0.42%	34.21	30.26	-11.55%	-11.55%	0.76	18.45	1.13	4.06	1.22		
AAR Corp	AIR	0.41%	18.41	18.14	-1.47%	-1.47%	0.68	8.00	0.47	1.11	0.63		
Viasat Inc	VSAT	0.40%	24.08	22.16	-7.97%	-7.97%	0.66	12.31	1.09	1.56	0.93		
American Science & Engineering	ASEI	0.40%	73.96	78.00	5.46%	5.46%	0.67	19.81	3.71	4.06	1.63	1.00%	
L-1 Identity Solutions	ID	0.37%	6.74	7.25	7.57%	7.57%	0.65	84.00	1.25	0.53			
Ceradyne Inc	CRDN	0.35%	20.31	22.82	12.36%	12.36%	0.60	10.23	0.83	0.98	0.39		
Oshkosh Truck	OSK	0.31%	8.89	7.22	-18.79%	-18.79%	0.56	4.14	0.08	0.41	0.64	5.50%	
AXSYS Technologies	AXYS	0.28%	54.86	42.70	-22.17%	-22.17%	0.43	14.41	1.94	2.46	1.03		
Argon St	STST	0.24%	18.86	19.14	1.48%	1.48%	0.42	15.37	1.24	1.44	0.99		
NCI Information Technology	NCIT	0.23%	30.13	30.00	-0.43%	-0.43%	0.4	20.89	1.06	4.29	1.56		
GeoEye	GEOY	0.18%	19.23	17.25	-10.30%	-10.30%	0.32	17.20	2.17	1.43	2.16		
TASER International Inc.	TASR	0.18%	5.28	5.07	-3.98%	-3.98%	0.32	105.00	3.32	3.01	8.75		
Osi Systems	OSIS	0.15%	13.85	14.63	5.63%	5.63%	0.27	14.20	0.42	0.99	1.04		
Applied Signal Technology	APSG	0.13%	17.94	17.54	-2.23%	-2.23%	0.22	19.94	1.21	1.80	1.50	2.90%	
Ducommun	DCO	0.12%	16.70	18.94	13.41%	13.41%	0.19	8.29	0.50	0.85	0.86	1.60%	
ICX Technologies	ICXT	0.11%	7.91	5.74	-27.43%	-27.43%	0.21		1.33	1.19			
Ladish Co	LDSH	0.11%	13.85	11.37	-17.92%	-17.92%	0.18	4.29	0.38	0.69	0.59		
VSE Corporation	VSEC	0.09%	39.23	28.76	-26.69%	-26.69%	0.15		0.15	2.02		0.60%	
Mercury Computer Sys	MRCY	0.08%	6.31	5.97	-5.39%	-5.39%	0.14	22.38	0.68	1.08			

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