



Commentary

- ▶ More than 60% of companies have a price-to-sales ratio under 1.0.
- ▶ More than 60% have a price-to-equity ratio under 14.
- ▶ Even in the worst recession in decades, the sector contributes a positive trade balance and produces billions in net exports.
- ▶ The sector has declined from its April 2010 peak by 18.06% and is 33.48% from its all-time close--after a gain of 166.81% over the past decade.
- ▶ Customers around the globe continue to need and desire its product.
- ▶ Considering the sector generates roughly 5% of U.S. GDP, investors are significantly underweight

If we weren't talking about aerospace and defense and this was any other sector, CNBC's analysts on *Fast Money* would be hyping the sector and Jim Cramer would be pushing the companies day after day. The reality though is that the sector continues to be largely ignored by the financial press.

When it is mentioned, the focus has been on the cost savings efforts by the Pentagon and potential budget cuts. However as most analysts will tell you, the impact of these is an unknown and the impact on any individual companies is even more unknown. It is why companies have spent the past several years planning for what is to come -- building cash reserves, making acquisitions, cutting internal costs, reorganizing operations, promoting foreign sales, and targeting adjacent markets -- all designed to make them healthier and positioned to grow regardless of any changes to the Pentagon's plans. In spite of this environment and the global economic troubles, companies operating in the sector have thrived compared to the troubles faced by firms in other sectors. As Antonie Boessenkool said in the 28 June 2010 *Defense News*, "For years defense contractors girded for military spending cuts that largely failed to materialize."

For the most part, companies in the sector continue to report robust revenues with stable profit margins, have paid their dividends without interruptions; and generally equalling or bettering the performance of the broader stock market for more than a decade. If you had invested \$10,000 at the turn of the century in the defense sector you'd still have \$17,749 today vs. just \$7,011 if you invested in a fund tracking the S&P 500 (ex dividends).

After a cycle which saw the benchmark SPADE Defense Index (NYSE: DXS) beat the S&P500 by more than 10% in 6 of 8 years, growth has slowed, but investors still remain significantly underweight in a sector that represents an estimated 5% of U.S. GDP. It is a sector whose "product" continues to see growth internationally --both from commercial and government customers.

One of the hardest things to do as an investor, and I speak from personal experience, is separating the facts from the market reaction. Positive developments sometimes are met with market dips against all rational wisdom. In the short-term, sometimes the chart-action is more important than the underlying fundamentals. For investors, at the end of the day, its performance that should matter and the noise (blogs, speculations, opinions) should be just

SPADE Defense Index Statistics

6/30/10 Close: 1835.01
 All-time Close: 2747.67
 Date of all-time close: 9 October 2007

	SPADE Defense	S&P500
June	[6.98%]	[5.39%]
2nd Qtr	[13.50%]	[11.86%]
YTD	[5.44%]	[7.57%]

noise and work itself out over time. Even after five years of what will happen "after we pull out of Iraq; when budgets get cut; when (fill in the blank with your own worries)", the Aerospace & Defense sector has held-up remarkably well to the negative speculation. As the media focuses on the latest restructuring plans and potential cuts, the impact of which remains unknown but not necessarily a negative, here are some things to consider.

▶ **Turmoil around the globe** continues to present an obstacle to world stability and presents opportunities for investors. Global defense spending continues to rise (as do U.S. exports) reaching \$1.53 Trillion in 2009, up 6% in real terms and 49% higher than 2000, as 14 of the 15 largest buyers increasing spending in 2009 according to SIPRI. Overall, there were 17 major armed conflicts including Columbia, the Congo, Philippines, and Somalia. As the report indicated, "While some greater stability came to Iraq, conditions worsened in Afghanistan and violence in Pakistan's Swat Valley region escalated."

▶ Increased M&A activity continued with the Boeing acquisition of SPADE Defense Index constituent Argon ST (NASDAQ: STST) on June 30th for approximately \$775 million in cash. Boeing's offer of \$34.50 was a 41% premium to the previous closing price. The deal is expected to close in the third quarter and Argon will operate as a standalone subsidiary. In addition, investors in index constituent DynCorp (NYSE: DCP) approved their acquisition by Cerberus Capital Management, a private equity firm, for \$1.5 billion including debt. Closing is expected July 7th. A private equity investment is usually a sign that the firm and/or a sector is undervalued.

June 2010 Top Gainers			June 2010 Laggards			YTD Top Gainers			YTD Laggards		
1	Argon ST	42.58%	1	Textron	[17.90%]	1	Argon ST	57.95%	1	Gencorp	[37.43%]
2	Applied Signal Tech	11.39%	2	VSE Corporation	[16.94%]	2	Ladish Co	50.96%	2	Alliant Techsystems	[29.69%]
3	L-1 Identity	10.08%	3	Gencorp	[15.77%]	3	Triumph Group	38.09%	3	VSE Corporation	[29.41%]
4	ICx Technologies	9.94%	4	AAR Corp	[15.03%]	4	Stanley	36.37%	4	AAR Corp	[27.15%]
5	American Sci & Eng	8.76%	5	Kratos Defense	[14.36%]	5	DynCorp	22.09%	5	Integral Systems	[26.67%]
6	Ball Corp.	7.27%	6	L-3 Communications	[14.27%]	6	Esterline Tech	16.38%	6	AeroVironment	[25.28%]
7	OSI Systems	5.95%	7	General Dynamics	[13.76%]	7	Boeing	15.92%	7	ICx Technologies	[23.32%]
8	Comtech	3.89%	8	Ducommun	[13.51%]	8	GeoEye	11.69%	8	Elbit Systems	[22.71%]
9	NCI Information	2.94%	9	Aerovironment	[13.22%]	9	Ceradyne	11.19%	9	Computer Sciences	[21.35%]
10	DynCorp	2.40%	10	Taser	[12.75%]	10	Moog	10.26%	10	Force Protection	[21.31%]

Washington Technology Top 100 Contractors		
1	Lockheed Martin	\$16,700,588,328
2	Northrop Grumman	\$11,145,533,497
3	Boeing	\$10,462,626,196
4	Raytheon	\$6,727,232,555
5	SAIC	\$5,474,482,583
6	General Dynamics	\$5,431,882,984
7	KBR	\$4,545,440,824
8	L-3 Communications	\$4,176,624,682
9	Booz Allen Hamilton	\$3,352,844,339
10	CSC	\$3,293,278,386

Additional SPADE Defense Index constituents

13	Harris Corp.	\$2,165,268,040
14	ITT Corp.	\$2,074,983,916
16	CACI International	\$1,911,928,093
21	United Technologies	\$1,476,228,982
23	DynCorp International	\$1,258,019,560
24	URS Corp	\$1,225,071,020
26	Rockwell Collins	\$951,046,892
28	Honeywell	\$915,809,845
30	SRA International	\$869,734,080
31	Mantech International	\$855,567,586
37	VSE Corp.	\$686,912,905
44	Stanley Inc.	\$572,197,243
48	Alliant Techsystems	\$520,341,034
50	Comtech Telecom	\$495,744,635

FY09 prime contracts based on federal procurement data. Intel and classified data and certain agencies such as the FAA are not included.

Largest Defense Prime Contractors		
	June	YTD
Lockheed Martin	[6.78%]	[1.13%]
Boeing	[2.23%]	15.92%
General Dynamics	[13.76%]	[14.10%]
Northrop Grumman	[10.00%]	[2.52%]
Raytheon	[7.67%]	[6.08%]

Defense News Top 100 (\$ Billions)		
1	Lockheed Martin	\$42.03
2	BAE (UK)	\$33.42
3	Boeing	\$31.93
4	Northrop Grumman	\$30.66
5	General Dynamics	\$25.90
6	Raytheon	\$23.14
7	EADS (EU)	\$15.01
8	Finmeccanica (EU)	\$13.33
9	L-3	\$13.01
10	United Technologies	\$11.10

source: Defense News research

Other Index Constituents

Defense News Top 50	\$ Billions
11 SAIC	\$8.40
13 ITT	\$6.10
15 Honeywell	\$5.38
17 CSC	\$4.20
19 URS	\$4.20
21 Textron	\$3.30
27 ATK	\$2.74
28 Elbit Systems	\$2.69
29 Harris	\$2.69
31 Oshkosh	\$2.60
32 Rockwell Collins	\$2.58
33 DynCorp	\$2.38
38 CACI	\$2.08
40 Goodrich	\$2.00
43 Mantech	\$1.92

ETF Statistics (NYSEArca: PPA) Powershares Aerospace & Defense	
Exchange / Ticker Symbol:	NYSE / PPA
Fee	60 basis
Assets (6/30/10)	\$110 M
Closing Price (6/30/10)	\$16.15
Yield (12-month yield)	1.18%
June 10 Volume	750,400
Turnover	9%

source: Yahoo Finance

Portfolio Price / Earnings	12.88
Portfolio Price / Book	2.48
Portfolio Price / Sales	0.69
Earnings Growth Rate	11.29%
3 mo Average Volume	40,669

* Yahoo Finance 6/30/10

Powershares Aerospace & Defense ETF (NYSE: PPA)	
Modern Portfolio Theory (vs the S&P500)	
Beta (3 month)	1.10
Alpha (3 month)	5.62
R-squared (3 month)	84.81

source: Yahoo! Finance (6/30/10)

Year	SPADE	S&P500
2009	21.71%	23.45%
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%

Commentary (continued)

▶ **Acquisition reform** by the Pentagon is being undertaken to save an estimated \$100 billion over the next several years -- money the agency wants to appropriate toward investments in equipment and services INCREASING the total market available for organizations to bid on. Additional efforts by the Pentagon may eliminate programs and contracts to reduce the procurement waste that currently exists. A separate proposal for 10% declines in defense-related spending is likely to be fought furiously by Congressional members who for the most part support the sector, the jobs it brings to their states, and forget soccer moms, retired military is the the largest voting demographic in the U.S.

▶ **Aerospace Expansion** -- The Boeing 787 will make an appearance at the Farnborough Air Show and is on schedule for its first deliveries by year-end. Aerospace firms including Moog, Precision Castparts, and Honeywell among them will be ramping up to meet production quotas by

year-end. Meanwhile, Boeing has also increased production of the 737, a second time since May to meet demand; its 747-8 freighter has been approved for test flights by the FAA; and its 747-8 Intercontinental, a new version of the jumbo jet began assembly of its fuselage, with Air China buying 20 of the planes for \$1.4 billion.

▶ **The World Trade Organization** rules that European governments were providing improper subsidies to Airbus, Boeing's main competitor, in the form of government loans and below market interest rates. (Are any of us surprised that government's intervene in this manner or that it got caught?) Anyway, although it is likely the EU will appeal this decision, it could provide the means to sway the Pentagon toward giving the \$35B - \$40B contract for refueling tankers to Boeing after a multi-year battle. (to be decided in November).

▶ As **European nations** focus on resolving budget issues, declines in defense spending are likely to increased purchases

from their U.S. allies instead of pursuing expensive development efforts.

▶ **Cybersecurity** - The Chicago Tribune reported that the Pentagon faces as many as 250,000 efforts per hour to attack its systems...any wonder why this is such a hot topic at DoD?

▶ **The Farnborough Air Show** - Late in July, a number of press releases will hit the wires detailing contracts and agreements signed by companies at this major, bi-annual global event.

▶ **Valuations -**

P/S: 35 companies less than 1.0 with 13 less than 0.5

P/E: 33 companies less than 13

P/B: 7 companies less than 1.0 and an additional 33 less than 2.0

PEG: 18 companies less than 1.0 with 38 less than 1.50

Strategy Session**Humvee**

The Wall Street Journal on 6/15 stated that the plans for a next-generation Humvee is a complicated decision between new blast-proof vehicles to fight insurgents in places like Afghanistan or upgraded Humvees to fight more conventional forces.

Ground-based Midcourse Defense

Boeing and Northrop Grumman formed a strategic partnership to pursue a \$600 million a year contract for management of all industrial GMD work.

Presidential Helicopter

Boeing acquired the full intellectual property, data, and production rights from Agusta Westland for its AQ101 aircraft and partnered with Bell Helicopter. Lockheed Martin and Sikorsky have teamed to pitched the S-92.

Anti-Missile Air Defense System

Raytheon signed an MOU with Turkish military electronics firm Aselsan for the design, manufacturing, and testing of a relay station. The firm along with Lockheed Martin is seeking a joint contract worth up to \$2 billion to build Turkey's first anti-missile air defense system.

Export Licensing

The Obama administration is looking to merge all export licensing activities under an independent agency.

Next Gen Air Traffic Control

Billions of dollars are anticipated to be invested as airports upgrade their radar-based air traffic control systems. Honeywell and Rockwell Collins were cited by Marketwatch as two firms that could see double-digit hardware sales as the industry undertakes a broad upgrade.

Future Aircraft Could Cut Fuel Use by 70%

Still a way off, but CNET featured an interview with MIT researchers that are working on a radical design that could enable aircraft to use 70% less fuel by 2035. Funded by NASA, instead of a tube and wing structure that has been used for the past 50 years, researchers are promoting a "double bubble" or integrated wing concept.

Air Force Tanker Decision

LtGen Mark Shackelford (USAF) informed reporters that they plan to make a \$35 Billion award for a new aerial refueling tanker by mid-November.

Defense Plans & Policy Changes

Defense Secretary Robert Gates in a June 11th meeting at NATO called for the reduction of the 14 NATO agencies that cost a total of \$5 billion to be cut to three. NATO has already found 1.5 billion euros (\$1.8B) in savings over the next four years. He also mentioned that he's received approval from Congress to buy 100 MRAP vehicles that can be shared with NATO allies.

\$20 Billion: Norway's planned expenditures over a six-year prior on it High North security strategy.

\$2 Billion: Amount the Air Force plans to cut in overhead costs for FY-2012. Options under consideration include reducing command staff, eliminating general officer positions and combining headquarters and secretariats.

16%: Amount of Boeing's \$34 billion Defense, Space and Security business from outside the U.S..

31% - Planned increase in Pakistan's defense spending in FY2010-2011 -- \$5.2 billion from the original \$4 billion in 2009-10. Of this nearly \$3 billion is for acquisition and operations.

Selected Contracts

\$9 Billion - Value for up to 65 fighter jets to Lockheed Martin to replace the Canadian military's CF-18s. Boeing is lobbying to open up the competition.

\$5 Billion - Awarded to Lockheed Martin to provide logistics and other support for special operations forced. The contract was terminated in June 2009 following a protest by L-3.

\$4.2 Billion - Approved by a house subcommittee the entire amount requested by President Obama for manned space exploration with the caveat that the money be held up until Congress approves a plan for NASA's future.

\$1.53 Billion - To Boeing from the Air Force for 8 C-17 transport planes.

\$1.4 Billion - The first 3 of 18 F-16 fighter jets delivered to Pakistan.

\$33 Million - Northrop Grumman to retrofit the Global Hawk into a robotic aerial refueling tanker capable of carrying 1000 gallons of jet fuel.

Congressional Activity

The Sustainable Defense Task Force unveiled its plan to cut \$1.1 trillion in military spending over the next decade of the \$7.4 trillion planned according to CBO. (The plan is just a paper exercise and unlikely to be enacted as it stands)

Among their suggestions are reducing the Navy to 230 ships (down 57 and 100 fewer than it wants) or cutting 200,000 troops. The task force includes representatives from a dozen think tanks and government watchdog organizations and organized by several members of Congress. Among suggestions were reducing the number of troops in Europe and Asia (\$80 billion over 10 years); reducing the number of nuclear weapons to 1000 (from 1550); cutting missile defense to \$3.3 billion annually (from \$10 billion); and eliminating 5 Army brigade combat teams and four Marine Corps infantry battalions (30,000 troops, \$147 billion)

Several of these suggestions would have limited impact on industry and like the \$100 Billion in cost savings that Secretary Gates is looking for could be used to shift resources to higher-priority modernization efforts.

About

The SPADE Defense Index (**ticker: DXS**) provides an investment benchmark for the value that the market ascribes to 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 the sector -- 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 servicewomen.

SPADE Indexes publishes a variety of sector and regional indexes. These include the SPADE Oklahoma Index (OKLAH) licensed to Geary Companies for its OOK Oklahoma ETF (NYSE: OOK) and the SPADE Texas Index (TEXAS) for its TXF Texas ETF (NYSE: TXF).

Licensed Products

Exchange Traded Fund - ETF

Licensed to Invesco Powershares, the Powershares Aerospace & Defense Portfolio ETF (**NYSE: 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

* Sufficient Liquidity

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Jul-10		SPADEFense Index					Market	Forward	Price/	Price/	PEG	
Company	Ticker	Float %	Price	Price	% Ch	% Ch	Cap	P/E	Sales	Book	5 yr	Div Yld
		30-Jun-10	28-May-10	30-Jun-10	YTD	MTD	intraday	(ttm)	ttm	mrq	expected	forward %
United Technologies	UTX	6.66%	67.38	64.91	-6.48%	-3.67%	60.57	12.18	1.15	3.04	1.39	2.70%
Honeywell Intl	HON	6.54%	42.77	39.03	-0.43%	-8.74%	29.90	12.92	0.97	3.35	1.61	2.90%
Boeing Co	BA	6.36%	64.18	62.75	15.92%	-2.23%	45.75	12.96	0.69	15.62	1.81	2.60%
Lockheed Martin	LMT	6.36%	79.92	74.50	-1.13%	-6.78%	27.64	9.63	0.61	6.92	1.27	3.20%
General Dynamics	GD	5.20%	67.90	58.56	-14.10%	-13.76%	22.59	8.27	0.72	1.78	1.30	2.70%
Raytheon Co	RTN	4.55%	52.41	48.39	-6.08%	-7.67%	18.44	9.10	0.74	1.82	1.26	3.00%
Precision Castparts	PCP	4.49%	116.70	102.92	-6.73%	-11.81%	14.63	12.00	2.66	2.48	1.42	0.10%
Northrop Grumman	NOC	4.40%	60.49	54.44	-2.52%	-10.00%	16.40	8.04	0.49	1.32	0.97	3.20%
Goodrich Corp	GR	4.07%	69.40	66.25	3.11%	-4.54%	8.29	12.96	1.26	2.85	1.72	1.60%
Itt Indus	ITT	4.04%	48.28	44.92	-9.69%	-6.96%	8.24	9.72	0.75	2.08	0.96	2.10%
L-3 Communications Hldgs	LLL	3.99%	82.63	70.84	-18.53%	-14.27%	8.20	7.91	0.53	1.23	1.05	2.10%
Rockwell Collins	COL	3.98%	58.34	53.13	-4.03%	-8.93%	8.36	13.38	1.90	5.66	2.81	1.70%
Computer Sciences	CSC	3.98%	49.99	45.25	-21.35%	-9.48%	6.98	7.94	0.44	1.09	0.93	1.30%
SAIC	SAI	3.66%	17.19	16.74	-11.62%	-2.62%	6.36	11.16	0.59	2.89	0.96	
Harris Corp	HRS	3.11%	46.91	41.65	-12.41%	-11.21%	5.41	9.02	1.10	2.60	0.72	1.90%
Ball Corp	BLL	2.81%	49.25	52.83	2.19%	7.27%	4.88	10.76	0.65	3.22	1.61	0.70%
Textron	TXT	2.67%	20.67	16.97	-9.78%	-17.90%	4.64	11.87	0.45	1.62	1.03	0.40%
Flir Systems	FLIR	2.57%	28.49	29.09	-11.12%	2.11%	4.46	16.72	3.88	3.59	1.17	
URS Corporation	URS	1.88%	44.58	39.35	-11.61%	-11.73%	3.26	10.47	0.37	0.83	1.08	
Oshkosh Truck	OSK	1.61%	35.53	31.16	-15.85%	-12.30%	2.80	8.88	0.36	2.97	0.33	
Elbit Systems	ESLT	1.23%	51.95	50.28	-22.71%	-3.21%	2.14	9.80				2.86%
Alliant Techsystems	ATK	1.18%	68.79	62.06	-29.69%	-9.78%	2.05	7.24	0.43	2.60	0.58	
Mantech International'a'	MANT	0.89%	46.23	42.57	-11.94%	-7.92%	1.54	11.00	0.72	1.81	1.15	
Moog Inc.	MOGA	0.84%	33.01	32.23	10.26%	-2.36%	1.46	12.07	0.75	1.33	1.13	
Esterline Technologies	ESL	0.82%	53.66	47.45	16.38%	-11.57%	1.42	11.95	0.99	1.14	1.30	
Teledyne Technologies	TDY	0.80%	39.31	38.58	0.57%	-1.86%	1.40	12.02	0.80	2.04	7.87	
Viasat Inc	VSAT	0.75%	32.13	32.56	2.45%	1.34%	1.30	19.04	1.91	1.74	1.87	
Caci Intl	CACI	0.74%	46.24	42.48	-13.04%	-8.13%	1.28	11.36	0.42	1.12	0.88	
Digital Globe	DGI	0.69%	27.97	26.30	8.68%	-5.97%	1.20	20.55	4.12	2.46	5.94	
Sra International'a'	SRX	0.64%	21.57	19.67	2.98%	-8.81%	1.12	13.85	0.70	1.53	1.08	
Triumph Group	TGI	0.64%	69.41	66.63	38.09%	-4.01%	1.11	10.17	0.86	1.30	2.84	0.20%
DynCorp	DCP	0.57%	17.11	17.52	22.09%	2.40%	0.97	11.09	0.27	1.67	0.97	
Cubic Corp	CUB	0.56%	36.38	36.38	-2.47%	0.00%	0.97	14.97	0.94	2.17	2.26	0.50%
Orbital Sciences Corp	ORB	0.52%	15.87	15.77	3.34%	-0.63%	0.91	13.03	0.81	1.74	1.46	
Stanley Inc.	SXE	0.52%	36.94	37.38	36.37%	1.19%	0.91	15.97	1.03	3.16	1.34	
Comtech	CMTL	0.49%	28.81	29.93	-14.58%	3.89%	0.85	13.67	1.33	1.25	0.69	
Cogent Inc.	COGT	0.46%	8.92	9.01	-13.28%	1.01%	0.81	18.39	6.47	1.42	1.56	
L-1 Identity Solutions	ID	0.44%	7.44	8.19	9.35%	10.08%	0.76	14.12	1.17	1.03	1.17	
Argon St	STST	0.43%	24.05	34.29	57.95%	42.58%	0.75	28.11	1.59	1.61	2.32	
GeoEye	GEYO	0.40%	31.77	31.14	11.69%	-1.98%	0.69	17.40	2.25	2.29	0.89	
American Science & Engineering	ASEI	0.40%	70.07	76.21	0.49%	8.76%	0.68	17.48	2.78	2.99	1.10	1.60%
AAR Corp	AIR	0.38%	19.70	16.74	-27.15%	-15.03%	0.64	11.71	0.48	0.88	1.21	
Ceradyne Inc	CRDN	0.31%	21.55	21.37	11.19%	-0.84%	0.54	18.91	1.32	0.84	3.61	
Osi Systems	OSIS	0.29%	26.21	27.77	1.80%	5.95%	0.51	17.14	0.91	1.70	0.97	
AeroVironment	AVAV	0.27%	25.04	21.73	-25.28%	-13.22%	0.47	17.38	1.86	2.13	0.84	
Ladish Co	LDSH	0.21%	25.28	22.72	50.96%	-10.13%	0.36	15.05	1.03	1.56	3.39	
NCI Information Technology	NCIT	0.18%	21.94	22.59	-18.32%	2.94%	0.31	12.14	0.64	2.30	0.93	
Force Protection	FRPT	0.17%	4.45	4.10	-21.31%	-7.87%	0.29	8.54	0.31	0.92	0.18	
Mercury Computer Sys	MRCY	0.16%	11.75	11.73	6.54%	-0.17%	0.28	18.33	1.41	1.57	1.53	
Gencorp	GY	0.15%	5.20	4.38	-37.43%	-15.77%	0.26		0.33			
Applied Signal Technology	APSG	0.15%	17.64	19.65	1.92%	11.39%	0.26	17.39	1.16	1.69	1.18	2.70%
ICX Technologies	ICXT	0.15%	6.64	7.30	-23.32%	9.94%	0.25	18.25	1.41	1.47	1.27	
TASER International Inc.	TASR	0.14%	4.47	3.90	-10.96%	-12.75%	0.24	16.96	2.30	2.00	2.20	
EMS Tech	ELMG	0.13%	15.54	15.02	3.59%	-3.35%	0.23	13.29	0.65	0.95	0.95	
Kratos Defense & Security	KTOS	0.10%	12.26	10.50	-0.47%	-14.36%	0.17	17.21	0.52	1.32	1.56	
Ducommun	DCO	0.10%	19.77	17.10	-8.61%	-13.51%	0.18	7.50	0.44	0.78	0.68	1.60%
VSE Corporation	VSEC	0.10%	38.31	31.82	-29.41%	-16.94%	0.17	7.70	0.18	1.65		0.70%
Integral Systems	ISYS	0.06%	6.84	6.35	-26.67%	-7.16%	0.11	9.77	0.70	0.93	0.83	

Data Provided by Yahoo Finance & Capital IQ, and Forward P/E by Thompson