

SPADE INVESTOR



July 2007

Defense * Homeland Security * Space

www.spadeindex.com

Vol 2 #7 ISSN: 1930-4781

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First-Half Review

Who Gained? Who Lagged? ...and Why?

Overall, the sector continued to outperform the broader market, outgaining the S&P500 by more than 2-1/2 times. As the BB&T commentary to the right states, "not all segments are created equal". In the short-term, differing segments of the sector have performed differently.

UP - Armor and Armored Vehicles

Congress has authorized funding for and the Pentagon has cleared the U.S. Army to rush orders for the Mine Resistant Ambush Protection (MRAP) Vehicles. This could mean contracts worth more than \$20 billion over the next several years.

Armor Holdings	up 58.38%
Ceradyne -	up 30.90%
Oshkosh Trucks	up 29.95%
Force Protection	up 18.55%

UP - Homeland Security

After underperforming last year (and outperforming the year previous), security companies across the board (biometrics, baggage screening, surveillance) have rebounded to perform well in 2007.

Taser	up 83.44%
FLIR	up 45.30%
L1 Identity	up 35.16%
Cogent	up 33.42%
OSI Systems	up 30.67%

continued on page 2

	SPADE Defense	S&P500
Month	0.63%	[1.78%]
2nd Quarter	10.76%	5.81%
Year to Date	15.59%	6.00%

Commentary

Index Rebalancing

June 29th marked the quarterly rebalancing of the SPADE Defense Index. There were no changes made to the constituents at this time. During the quarter, Safenet was acquired by Vector Capital, a private equity firm and was removed from the Index. In addition, BAE announced an acquisition of Armor Holdings. Per the rules, Armor will remain in the index pending the closing of the deal so long as their stock continues to trade.

Exchange Traded Fund - Hits 18 Months on the Market

Since the launch of the PPA product:
 ... the fund was up in 16 of 18 months
 ... max decline was \$0.20, max rise was \$1.13

Months with an NAV change of:

Decline - 2	Gain of 0.00 - 0.20:	4
	Gain of 0.21 - 0.50:	5
	Gain of \$0.51+:	7

Months with (in % from previous month's close)

Decline 0-1% - 2	Gain of 0% - 1%:	3
	Gain of 1% - 2%:	3
	Gain of 2% - 3%:	3
	Gain of 3% - 4%:	3
	Gain of 4% - 5%:	3
	Gain of 5%:	1

Boeing & the Commercial Order Cycle

On July 1, a report on CNBC stated that Wall Street analysts believe that the commercial airplane order cycle which has benefitted Boeing over the past year still has some legs to it. They cited the fact that, over the next two years, North American airlines (who had financial problems from 2000-2005) are starting their order cycle and that Boeing is particularly strong in China and Middle East -- two regions exhibiting strong order growth.

IT Firms Rebounding?

One of the segments of the industry that has lagged over the past year has been companies specializing in defense IT and government services -- primarily because funding has been diverted by the Department of Defense to fund security efforts and operations in Iraq. This is something that has been cited before and that many of us already know.

Which is why a review of recent M&A transactions in the sector caught my eye. More often than not, companies make acquisitions when they identify a

SPADE Defense Index Statistics

YTD Return: 15.59%
 2nd QTR Return: 10.76%
 June Return: 0.63%
 6/30/07 Close:

All-time Intraday High: 2464.80
 Date: 20 June 2007

'U.S. defense spending needs to be kept at record levels to cope with the threat of global terrorism and the emergence of China as a military rival'

He also forecast a slowdown in Pentagon in defense budget but worried a decline would leave the country relying on old and worn out weapons after recent conflicts.

Jim Albaugh, CEO, Boeing
Financial Times (18 June 07)

Commentary from BB&T

(Not all segments of the industry are created equal)

'...Although big-picture fundamentals in the government-contracting industry remain positive, it is becoming increasingly apparent that not all segments of the industry are created equal. Several government priorities have been largely insulated from budgetary pressures. In all likelihood, contractors that help the government address the following themes and challenges will garner increasing market share in a fiercely competitive environment:

- military readiness and logistics
- intelligence operations and analysis
- network-centric solutions
- information interoperability
- base realignment
- military health-care modernization

Richard Knop, 11 June 07
Washington Technology

specific need and find a company they feel is either undervalued or when they can use their own stock as 'cheap' capital. Considering that many of the government IT firms have lost significant value it was surprising to see all the recent acquisitions in this

continued on page 2

June 2007 Leading Gainers

1	Taser	32.45%
2	Dyncorp	26.82%
3	Cubic	20.10%
4	MTC Technologies	17.68%
5	Garmin	14.99%
6	FLIR	11.82%
7	DRS Technologies	11.53%
8	Trimble	10.31%
9	Ceradyne	9.46%
10	Harris	9.27%

June 2007 Laggards

1	SRX	[27.50%]
2	SAIC	[10.32%]
3	Mercury Computer	[6.30%]
4	Echostar	[5.84%]
5	KVH Industries	[5.60%]
6	CACI	[5.24%]
7	Cogent	[4.86%]
8	Boeing	[4.40%]
9	L1 Identity	[4.35%]
10	Lockheed Martin	[4.05%]

YTD 2007 Gainers

1	Taser	83.44%
2	Armor Holdings	58.38%
3	Precision Castparts	55.03%
4	FLIR	45.30%
5	DCP	38.56%
6	EDO	38.46%
7	L1 Identity	35.16%
8	Cogent	33.42%
9	Garmin	32.90%
10	Ceradyne	30.90%

YTD 2007 Laggards

1	AeroVironment	[17.56%]
2	KVH Industries	[17.34%]
3	Mantech	[16.29%]
4	CACI	[13.54%]
5	Mercury Computer	[8.68%]
6	DirecTV	[7.34%]
7	Gencorp	[6.78%]
8	SRX	[5.53%]
9	American Science	[4.47%]
10	Herley	1.11%

Homeland Security Spending
 The Senate Appropriations Committee approved a \$37.6 billion package for the Homeland Security Department that increases funding for ports, mass transit and fully fund SBInet. It is \$2.2 billion more than the White House request

2008 DHS Appropriations Act
source: Washington Technology

1	State and local -- \$2B more than the White House request and \$863M more than approved in 2007	\$4.52 B
2	State & local law enforcement -- \$700M more than the White House request and \$50 more than in 2007	\$950 M
3	Port security -- \$190M more than the White House and 2007	\$400 M
4	Transit security - \$225 M more than the White House and 2007	\$400 M
5	Emergency Management - \$100M more than White House and 2007	\$300 M
6	Urban areas - \$30M more than White House and 2007	\$800 M
Iraq War Supplemental		
7	Port Security	\$100 M
8	Mass Transit Security	\$100 M

Index and Industry Statistics

ETF Statistics (AMEX: PPA)
Powershares Aerospace & Defense
 Exchange / Ticker Symbol: AMEX / PPA
 Fee 60 basis
 Assets (6/30/07) \$242.2 M (up \$14.0 M)
 Closing Price (6/30/07) \$21.44 (up \$0.10)
 June 07 Volume 1,952,400

Powershares Aerospace & Defense ETF(PPA)
 Average Portfolio Market Cap* \$12.24 Billion
 Portfolio P/E* 17.64
 Portfolio P/S* 1.19
 Portfolio P/B* 3.00
 Portfolio P/Cash Flow* 12.03
 Earnings Growth Rate (ttm)* 13.71%
 3 month Avg Daily Trading Volume 98,058
*source: Yahoo! Finance - ETF Center * 31 May 07*

Commentary (continued from page 1)

sector. SI International bought Logtec, a firm that provides logistics, acquisition and IT support. Honeywell bought Dimensions Int'l, a firm providing logistics support. CACI bought the Institute for Quality Management and the Wexford Group, companies that provide operational support. Harris bought Multimax, a technical services and IT firm, for \$400 million. Could the increasing rate of acquisitions in this area indicate a bottom for the defense IT market?

The Defense Department's Appetite for Risk

There was an interesting article from the folks at *continued on page 4*

First-Half Review (continued)

Commercial Aerospace

Airlines around the world, especially in Asia and the Middle East, are buying aircraft in increasing numbers. Boeing's new Dreamliner aircraft, to be released publicly next week, and new Airbus' planes are fueling the sector's expansion. Suppliers are benefitting greatly.

Precision Castparts	up 55.03%
EDO	up 38.46%
Goodrich	up 30.76%
Honeywell	up 24.40%
L-3 Communications	up 19.09%
Moog	up 15.05%

The 'Big 5 Prime Contractors'

After several years of stellar performance driven by dramatic DoD budget increases and supplemental spending packages (20%+ gains in '06),

it was only a matter of time before investors sought to identify faster growing elements of the industry.

Boeing	down 4.40%
Lockheed Martin	down 4.05%
General Dynamics	down 2.52%
Raytheon	down 3.08%
Northrop Grumman	up 2.99%

Defense IT and Services

The segment continues to lag as DoD shifts resources to fund the war in Iraq. A bottom may be near as indicated by a number of recent M&A transactions.

CACI	down 13.54%
Mantech	down 16.29%
Mercury Computer	down 8.68%
SRX	down 5.53%
SI Technology	up 1.85%
Stanley	up 4.20%

Terror-Free Investing

A number of pension funds have begun looking at investing in terror-free funds...ie. in companies that do not do business with countries such as Iran, North Korea, the Sudan, etc. Due to export and security regulations, the defense sector has special restrictions to which countries it can do business with. The approval process for exports is designed to ensure 'U.S. security interests'.

Terrorism in the United Kingdom

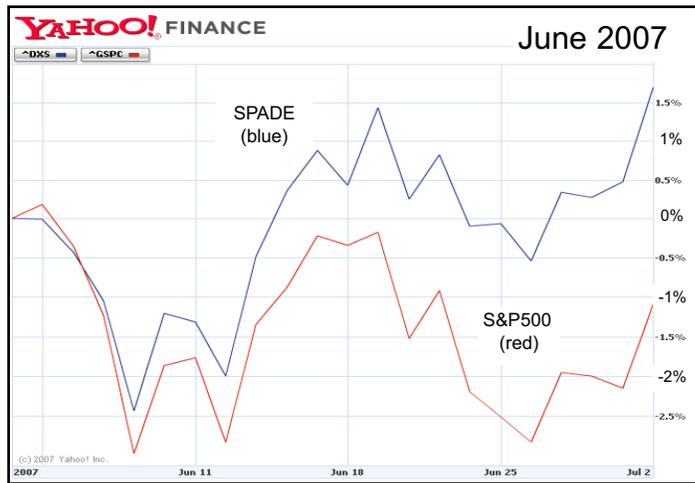
The airport bombing and attempted bombings in the United Kingdom, highlighted the continuing threat to citizens.

While several money managers on CNBC offered that investors that are truly serious worried about the terror threat can look toward fixed income products, Maria Bartelomo pointed out that had they done so, they would have lost out on the run in equities this year. At a recent Washington Association of Money Managers, event, I was told that they pitch the Powershares Aerospace & Defense ETF (AMEX: PPA) to their clients as a hedge to world turmoil (believing that the sector will rebound quicker from any general market decline) while capturing near-term gains in the equity market.

Year	SPADE	S&P500
2007 YTD	15.59%	6.00%
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%

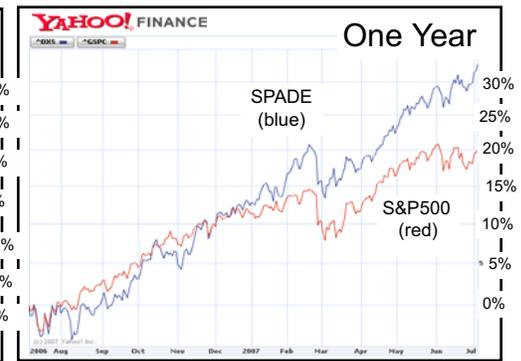
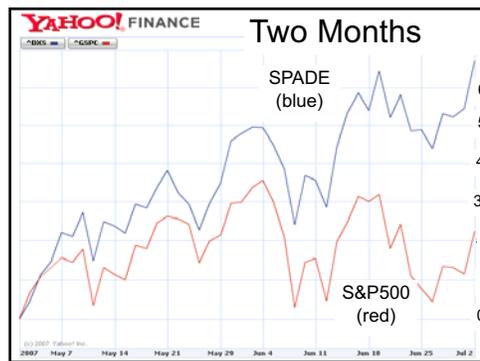
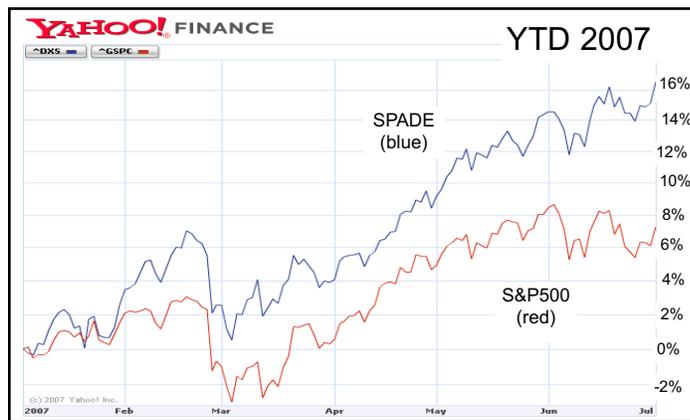
Quarter	SPADE	S&P500
2Q07	10.76%	5.81%
1Q07	4.37%	0.18%
4Q06	8.79%	6.17%
3Q06	3.21%	5.17%
2Q06	[4.03%]	[1.91%]
1Q06	10.65%	3.73%
4Q05	[0.47%]	1.59%
3Q05	4.44%	3.15%
2Q05	3.91%	0.91%
1Q05	[2.52%]	[2.59%]
4Q04	9.80%	8.73%
3Q04	2.81%	[2.30%]
2Q04	6.34%	1.30%
1Q04	0.36%	1.29%
4Q03	18.97%	11.64%
3Q03	5.27%	2.20%
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%

If you didn't receive an email alert that the latest newsletter is available and want to *get on our list*. Email us at: info@spadeindex.com



YTD through the end of June the SPADE Defense Index is up 15.59%.

The Index has outperformed the S&P500 every year since 2000 -- seven consecutive years and is currently up more than 950 basis points in year eight.



About

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

The Index value is available through financial websites using the ticker symbol 'DXS' with historical data and charting back to December 30, 1997. Some sites may require a character (eg. ^ on Yahoo) to identify it as an Index.

Licensed Products

Exchange Traded Fund (ETF)

The Powershares Aerospace & Defense Portfolio ETF (AMEX: PPA) is designed to track the performance of the SPADE Defense Index

Options

ETF options are traded by the American Stock Exchange using the underlying symbol.

Rules

The Index was designed to be RIC (Registered Investment Company) compliant for the purpose of enabling financial products. Full details can be found at www.spadeindex.com

- * Market Cap: Minimum \$100M
- * Share Price: Minimum \$5.00
- * Liquidity: 50,000 avg daily trading

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Commentary (continued from page)

the Dow Jones Newswire during the Paris Air Show discussing the debate and contrasting contractor viewpoints regarding their thoughts on DoD's appetite for risk.

With a greater percentage of defense dollars allocated to fewer and fewer programs, the competition on these programs is rising and the high-profile battles can mean billions of dollars to the winner.

Defense contractors have long recognized the importance of these contracts to their bottom line as they mean not just the immediate sale of hardware or r&d development but additional long-term contracts for maintenance and support. With some defense programs lasting 20 years or longer, losing a contract can have a significant impact to the business in a specific area. (note: While the number of major programs is shrinking, there are still hundreds to thousands of opportunities as well as the opportunity to subcontract to the prime.)

But to win these contracts, the degree of risk taken in the proposed solution varies from firm to firm.

Boeing - Jim Albaugh, Boeing's top defense executive - DoD wants lower-risk, lower-cost systems that don't try for big technology leaps.

Raytheon - CEO William Swanson - Pentagon won't want to sacrifice performance on the alter of certainty. A low-risk, low-technology approach isn't anywhere on his radar screen.

Lockheed Martin - CEO Robert Stevens - Staked out a middle ground. Said his company wants to focus on government customers but not exclusively on DoD.

Northrop Grumman - CEO Ronald Sugar - 'It depends. When you need capabilities for the warfighter near-term, you go with what you know you can do. You also need to be able to have a number of programs where you're willing to take risks'.

Ron Sugar also commented that if military leaders and lawmakers avoid 'science projects' and focus only on near-term needs, they could set the U.S. up for big set-backs over the next couple of decades.

Boeing's Jim Albaugh commented that the 'very revolutionary' goals of the 1990s and early 2000s have receded in favor of projects with predictable costs and delivery dates. Whereas the Pentagon used to push for a transformation in technological programs, it is no longer willing to wait a decade to use its leap-ahead technology.

Intelligence on the Aviation Market

(gathered at the Paris Air Show)

Boeing confirmed it will increase its list prices for aircraft by an average of 5.5%.

Boeing plans to roll out its 787 Dreamliner aircraft on July 8th. According to an 'aviation consultant', "It's a game-changer for its manufacturing and assembly processes and will probably be mimicked by succeeding airplanes." More than 630 Dreamliners have been ordered at a value of \$100 billion.

Bombardier (Canada) predicted that the 'next 20 years will be positive for the aviation industry...The airline industry continues to reinvent itself through new business models, outsourcing and restructuring."

"Plane orders are increasing on the back of the global economic growth," Pierre Boucheny, Kepler Securities

Friendly capital markets are spurring demand from startup airlines in Asia, South American and Mexico.

Boeing predicted a strong Asian market for commercial aircraft. The region will need 8,350 new planes valued at more than \$1 Trillion over 20 years. (*Forbes* 2-July)

Defense contractors demonstrated a number of

new unmanned aerial vehicles that 'are growing nimbler as new designs are released'. (*Dow Jones Newswire*).

Regarding UAV's, *International Herald Tribune* columnist, Tyler Brule on 24-June speculated that it's only a matter of time before UAVs are put to work by U.S. police departments and ultimately for the airlines.

Boeing will extend production of the C-17 cargo jet and restart its supply chain. Boeing had originally stated it could extend the line past 2009 with a new Pentagon commitment. Congress and the White House are debating the order of 10 additional planes worth \$2.4 billion.

Sikorsky, (a division of United Technologies) sold 15 Black Hawk helicopters and 10 civilian helicopters to Columbia in a \$225 million foreign military sale. It stated that the market for civil helicopter sales is growing with the firm delivering 52 vehicles in '06 and forecast 64 in '07.

L-3 Communications in partnership with Finmeccanica of Italy, and Boeing won a U.S. cargo plane competition that could be worth \$6 billion. The winning bid offered the C-27J aircraft with plans for Boeing to start a U.S. assembly line.

Lockheed Martin stated that it expects U.S. demand of 200+ C-130J cargo planes. The Teal Group, consulting firm, expects the firm to sell 18-20 per year through 2020+

HomelandDefenseStocks.com Interview - 3 July 2007

HDS: Hi this is Ann Marie Fleming with HomelandDefenseStocks.com. We are once again joined by Scott Sacknoff, manager of the SPADE® Defense Index, ticker symbol, DXS, who will update us on how defense and security stocks have done over the first six months of the year, which stocks and segments have performed the best and what analysts expect to see in the second half of the year. In addition, we'll be getting some observations from him about the recent Paris Air Show that drew several hundred thousand attendees. Mr. Sacknoff, thank you for joining us.

SMS: My pleasure Ann Marie.

HDS: So we are now halfway through 2007. How is the sector been performing for investors?

SMS: Well Ann-Marie, the SPADE Defense Index is once again outperforming the broader market, as defined by the S&P500, by more than 9.50%, gaining 15.59% so far in 2007. Considering the sector is in year 8 of beating the market and at least year 10 of a bull-run, I'd imagine investors in the aerospace and defense sector continue to be pleased.

HDS: Can you tell us which companies or segments have been driving this performance?

SMS: First of all, companies involved with armor and armored vehicles have done exceptionally well. The Pentagon has cleared the U.S. Army to rush orders for Mine Resistant Ambush Protection Vehicles to help protect troops in Iraq. This could mean contracts worth more than \$20 billion over the next several years and it is the primary driver behind the recent performance of Armor Holdings (which is being acquired by the UK's BAE Systems), Force Protection, and Oshkosh Trucks. Indicative of this contract's importance is that, Force Protection's stock declined last month by more than 20% as analysts questioned whether they would receive as much of the MRAP contract they originally estimated.

Homeland security stocks such as TASER, L1 Identity, and OSI Systems have also rebounded from sub-par performance last year to be among the sector's leading gainers.

HDS: What about the laggards?

SMS: Of the 'big five' defense prime contractors, only Northrop Grumman, which underperformed its competitors last year, has produced double digit gains this year. Lockheed, Raytheon, and General Dynamics have produced returns in the 2 - 5% range with Boeing only slightly higher. Year-to-date, the laggards include several defense IT and

service firms, a recent IPO, and several smaller companies.

It is interesting to note that the defense IT and service firms, whose value has declined significantly as DoD shifted spending and contracts to meet the immediate needs in Iraq, have begun to rebound. In particular, we've noticed a number of recent M&A transactions in the sector, and this may indicate a turnaround.

HDS: Going forward, where is the defense and security sector headed?

SMS: Well, the last few years have seen great strength in defense manufacturing and prime system contractors as equipment has been purchased in significant quantity to meet the needs of Iraq. When expenditures in this area slow, we should once again see the defense services business outperform. Investors should be aware that the defense business is cyclical by nature – not just in build-up versus peace dividend but also in research and development versus production. New technologies can take 10-20 years to develop and become operational. The war in Iraq delayed the R&D cycle but it is still critical. With many systems nearing their operational end to their life, and I am amused when I see some systems are referred to as Eisenhower-administration developed systems, the 2010s are likely to see a period of significant reinvestment in both physical and network centric technologies.

HDS: And near-term, what about the second half of 2007.

SMS: Well over the last several years, the third quarter that includes September, has historically been strong as the government awards a large number of contracts spending fiscal year-end monies. The passage of the DoD supplemental spending bill will also enable DoD to re-allocate resources toward R&D projects whose funding shifted to pay for the war in Iraq.

The fourth quarter also tends to be a strong period but can vary due to a number of market-related factors such as end-of-year profit taking to early betting on how strong one believes the FY09 defense budget proposal will be when it is announced in late January / early February.

HDS: What about the investors' themselves? Have you noticed whether the sector is gaining favor?

SMS: There have always been investors interested in the individual companies just like there will always be those who ignore aerospace, defense, and security in principle. That said, since the beginning of the year, we've seen a rise in the number of individuals and institutions who have added the sector to their holdings. The easiest way

to monitor this inflow is via a fund like the Powershares Aerospace & Defense ETF, which tracks the performance of our index. Their fund has seen the total number of shares in its PPA product more than double since the beginning of the year with assets under management rising from \$109 million to more than \$240 million.

HDS: Which brings us to the Paris Air Show. You've just returned. Can you tell me what you observed?

SMS: Paris is always a good show and while it is heavily focused on commercial aviation, there is considerable focus on defense and other related technologies. For those unfamiliar with its size, the show attracts several hundred thousand people with exhibits from more than 2000 companies and more than 350 corporate chalets. Since the show is heavily international – more so than any show in the U.S. – it gives the opportunity to chat with executives from around the world, observe their exhibits, and see what they are promoting in order to gain a better perspective on the trends.

HDS: And what did you notice?

SMS: In particular, three things:

1. The Boeing – Airbus battle was 'front and center' – not just in the announcement of sales and contracts (which saw Boeing announce \$15.9 billion in firm sales during the week) but in rhetoric as to who's in the lead as well as the sheer number of suppliers the sector relies upon. Airbus had announced more than \$75 billion worth of deals but many analysts questioned how much was real versus potential orders as well as when these orders were booked.

2. The truly global nature of the A&D business. Whereas attention here seems to focus on the U.S. market and U.S. companies, the business is heavily international. According to SIPRI, the U.S. represented 46% of the global defense spending in 2006. When it comes to the commercial market for aircraft and space systems, the U.S. share is also less than half.

3. Based on the resources devoted to staff, exhibits, promotions, and events at the show, the A&D business is remarkably healthy. Although there are concerns about the flattening of the defense budget in the coming years, executives believe the sector will remain strong as international A&D sales rise, export-licensing restrictions among trading partners relax a bit, and their commercial endeavors remain strong. Analysts see the commercial aerospace cycle extending at least two more years as U.S. carriers place orders after years of straightening out their finances and buyers in the Middle East and Asia continue to expand.

HDS: This has been great. Thank you for joining us today.

Company	Jul-07 Ticker	SPADEF Defense Index			% Ch YTD	% Ch MTD	Market Cap intraday	Forward P/E (ttm, intraday)	Price/ Sales ttm	Price/ Book mrq	Div Yld forward %
		Float %	Price	Price							
		29-Jun	31-May-07	30-Jun-07							
Boeing Co	BA	7.02%	100.59	96.16	8.24%	-4.40%	75.72	15.65	1.20	13.36	1.50%
United Technologies	UTX	6.97%	70.55	70.93	13.45%	0.54%	70.53	14.93	1.44	3.90	1.80%
Honeywell Intl	HON	6.63%	57.91	56.28	24.40%	-2.81%	43.88	15.99	1.37	4.80	1.80%
Lockheed Martin	LMT	5.96%	98.10	94.13	2.24%	-4.05%	39.28	13.97	0.98	5.54	1.50%
Genl Dynamics	GD	4.78%	80.24	78.22	5.21%	-2.52%	31.67	14.54	1.29	3.17	1.50%
Northrop Grumman	NOC	4.54%	75.61	77.87	15.02%	2.99%	26.87	14.31	0.88	1.63	1.90%
Raytheon Co	RTN	4.45%	55.60	53.89	2.06%	-3.08%	23.92	14.93	1.15	2.12	1.90%
Directv Group	DTV	4.41%	23.36	23.11	-7.34%	-1.07%	28.28	15.83	1.86	4.09	
Garmin Ltd	GRMN	4.09%	64.33	73.97	32.90%	14.99%	16.00	23.12	8.17	9.36	0.70%
Precision Castparts	PCP	4.09%	119.56	121.36	55.03%	1.51%	16.70	17.54	3.03	5.71	0.10%
Echostar Communications'a'	DISH	4.01%	46.06	43.37	14.04%	-5.84%	19.38	17.42	1.91		
Rockwell Collins	COL	3.99%	70.67	70.64	11.61%	-0.04%	11.82	18.49	2.87	8.62	0.90%
L-3 Communications Hldgs	LLL	3.97%	95.26	97.39	19.09%	2.24%	12.19	15.19	0.94	2.23	1.00%
Itt Indus	ITT	3.96%	67.30	68.28	20.17%	1.46%	12.41	17.03	1.53	4.25	0.80%
Computer Sciences	CSC	3.66%	55.40	59.15	10.83%	6.77%	10.29	13.03	0.69	1.75	
SAIC	SAI	2.67%	20.15	18.07	1.57%	-10.32%	7.52	19.22	0.90	4.71	
Goodrich Corp	GR	2.65%	59.49	59.56	30.76%	0.12%	7.45	15.67	1.22	3.57	1.40%
Harris Corp	HRS	2.60%	49.92	54.55	18.95%	9.27%	7.33	16.43	1.82	3.64	0.80%
Ball Corp	BLL	1.93%	55.36	53.17	21.95%	-3.96%	5.43	13.70	0.78	4.45	0.80%
Oshkosh Truck	OSK	1.66%	61.69	62.92	29.95%	1.99%	4.66	13.27	1.05	4.02	0.60%
Trimble Navigation Ltd * (2:1 split)	TRMB	1.37%	29.19	32.20	6.74%	10.31%	3.85	23.17	3.86	4.01	
Alliant Techsystems	ATK	1.17%	101.00	99.15	26.81%	-1.83%	3.28	14.18	0.92	5.87	
Armor Holdings	AH	1.10%	85.93	86.87	58.38%	1.09%	3.09	15.00	1.10	3.48	
Flir Systems	FLIR	1.09%	41.36	46.25	45.30%	11.82%	3.07	24.47	4.94	7.09	
URS Corporation	URS	0.92%	50.28	48.55	13.30%	-3.44%	2.57	17.34	0.58	1.65	
Drs Technologies	DRS	0.83%	51.35	57.27	8.71%	11.53%	2.33	15.15	0.82	1.54	0.20%
Ceradyne Inc	CRDN	0.71%	67.57	73.96	30.90%	9.46%	2.01	14.50	2.82	4.49	
Moog Inc.	MOGA	0.67%	43.06	44.11	15.50%	2.44%	1.87	16.28	1.33	2.31	
Teledyne Technologies	TDY	0.57%	46.08	45.95	14.50%	-0.28%	1.61	16.35	1.08	3.49	
Caci Intl	CAI	0.54%	51.55	48.85	-13.54%	-5.24%	1.51	18.03	0.80	1.84	
L-1 Identify Solutions	ID	0.53%	21.38	20.45	35.16%	-4.35%	1.49	63.91	7.29	1.45	
Sra International'a'	SRX	0.51%	25.39	25.26	-5.53%	-0.51%	1.44	21.59	1.17	2.40	
Force Protection	FRPT	0.50%	28.47	20.64	18.55%	-27.50%	1.40	14.14	5.64	6.65	
Cogent Inc.	COGT	0.49%	15.44	14.69	33.42%	-4.86%	1.39	29.98	12.87	2.81	
DynCorp	DCP	0.45%	17.34	21.99	38.56%	26.82%	1.25	17.05	0.61	3.34	
Orbital Sciences Corp	ORB	0.44%	20.61	21.01	13.94%	1.94%	1.25	22.12	1.52	3.08	
Esterline Technologies	ESL	0.44%	45.50	48.31	20.08%	6.18%	1.24	15.43	1.14	1.57	
Mantech International'a'	MANT	0.37%	31.98	30.83	-16.29%	-3.60%	1.05	15.19	0.92	2.22	
Viasat Inc	VSAT	0.34%	32.39	32.10	7.68%	-0.90%	0.96	18.14	1.83	2.68	
TASER International Inc.	TASR	0.31%	10.54	13.96	83.44%	32.45%	0.87	38.78	12.03	8.27	
Cubic Corp	CUB	0.29%	25.13	30.18	39.08%	20.10%	0.81	21.56	0.93	2.30	0.60%
Gencorp	GY	0.26%	13.41	13.07	-6.78%	-2.54%	0.74	30.40	1.10		
Edo Corp	EDO	0.25%	33.57	32.87	38.46%	-2.09%	0.70	15.01	0.81	2.44	0.40%
United Industrial	UIC	0.22%	59.90	59.98	18.19%	0.13%	0.63	16.66	1.09	23.47	0.60%
Ladish Co	LDSH	0.22%	44.39	43.00	15.97%	-3.13%	0.62	15.30	1.67	3.65	
American Science & Engineering	ASEI	0.19%	54.18	56.85	-4.47%	4.93%	0.52	23.49	3.35	3.05	
Argon St	STST	0.18%	23.85	23.21	7.75%	-2.68%	0.52	18.87	2.00	1.87	
Osi Systems	OSIS	0.17%	26.77	27.35	30.67%	2.17%	0.46	31.44	0.92	1.95	
Si International	SINT	0.15%	31.55	33.02	1.85%	4.66%	0.43	17.47	0.93	1.76	
Stanley Inc.	SXE	0.14%	17.96	17.62	4.20%	-1.89%	0.39	17.27	0.97	2.94	
AeroVironment (IPO 23Jan07)	AVAV	0.14%	20.76	20.61	-17.56%	-0.72%	0.39	18.40	2.28	3.04	
MTC Technologies Inc.	MCTC	0.13%	20.87	24.56	4.29%	17.68%	0.37	18.33	0.89	2.11	
Mercury Computer Sys	MRCY	0.10%	13.02	12.20	-8.68%	-6.30%	0.27	53.04	1.24	1.45	
Herley Industries	HRLY	0.08%	15.74	16.37	1.11%	4.00%	0.23	17.99	1.37	1.10	
Applied Signal Technology	APSG	0.07%	16.23	15.61	11.02%	-3.82%	0.19	24.39	1.12	1.71	3.20%
Kvh Industries	KVHI	0.05%	9.29	8.77	-17.34%	-5.60%	0.13	16.87	1.62	1.62	