



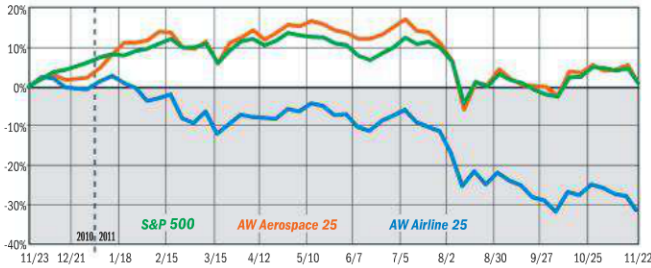
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AW&ST/S&P Market Indices

(as of 11/22/2011)

PERCENT CHANGE

MARKETS	INDEX VALUE	WEEK AGO	YEAR-TO-DATE	YEAR AGO
AW Aerospace 25	1254.2	-4.7%	-1.9%	0.7%
AW Airline 25	730.9	-5.3%	-32.2%	-31.9%
S&P 500	1188.0	-4.0%	-5.5%	0.6%



Weekly Market Performance

Closing Prices as of Nov. 23, 2011

Company Name	Current Week	Previous Week	Fwd. P/E	Tot. Ret. % 3 Yr.	Tot. Ret. % 1 Yr.
AEROSPACE & DEFENSE					
AeroVironment Inc.	30.43	33.07	21.6	-6.1	26.4 ▲
Allegheny Technologies Inc.	45.37	50.00	13.9	183.4	-8.6 ▼
Alliant Techsystems Inc.	56.61	60.27	6.8	-24.6	-22.5 ▼
BAE Systems plc	4.05	4.50	6.3	-1.4	-18.8 ▼
Boeing Co.	64.35	67.94	13.9	77.4	3.7 ▲
Bombardier Inc. 'B'	3.79	4.21	8.0	2.5	-15.8 ▼
Cobham plc	2.65	2.86	8.2	13.9	-10.8 ▼
Curtiss-Wright Corp.	30.72	32.97	10.8	10.6	1.8 ▲
DigitalGlobe Inc.	15.40	16.94	24.2	....	-49.4 ▼
EADS NV	27.77	29.70	13.6	98.1	24.6 ▲
Eaton Corp.	42.56	46.44	9.7	124.5	-8.6 ▼
Elbit Systems Ltd.	40.36	42.82	7.6	-0.5	-13.6 ▼
Embraer-Empresa Brasil ADR	24.67	26.74	....	98.6	-10.2 ▼
Esterline Technologies Corp.	51.36	57.66	9.9	75.9	-11.0 ▼
Exelis, Inc	9.46	10.23	....	....	....
Finmeccanica SpA.	4.06	4.83	-12.5	-61.9	-63.8 ▼
FLIR Systems Inc.	24.61	26.36	14.9	-12.9	-6.8 ▼
General Dynamics Corp.	63.62	65.99	8.5	32.5	-1.7 ▼
General Electric Co.	14.99	16.20	10.3	20.6	-1.7 ▼
GKN plc	2.66	2.97	7.3	260.4	-6.6 ▼
Harris Corp.	34.47	38.31	6.5	22.9	-22.6 ▼
Hexcel Corp.	22.99	25.05	17.4	281.9	39.0 ▲
Honeywell International Inc.	50.96	54.78	11.9	119.5	5.4 ▲
Kratos Defense	5.16	5.42	25.4	-62.1	-51.8 ▼
L-3 Communications Hldgs. Inc.	63.77	68.83	7.3	6.2	-7.9 ▼
Lockheed Martin Corp.	74.47	77.85	9.8	13.7	13.5 ▲
Moog 'A'	38.32	40.12	11.6	43.1	6.9 ▲
Northrop Grumman Corp.	54.40	59.45	8.0	74.9	1.0 ▲
Orbital Sciences Corp.	14.15	15.58	14.5	-14.7	-14.1 ▼
Parker-Hannifin Corp.	78.03	85.33	10.5	139.4	-0.6 ▼
Precision Castparts Corp.	154.51	164.60	16.3	200.4	14.4 ▲
Raytheon Co.	43.46	45.59	8.4	-0.7	-3.0 ▼
Rockwell Collins Inc.	52.37	55.12	11.7	82.3	-3.5 ▼
Rolls-Royce Group plc	10.61	11.47	13.9	162.3	13.3 ▲
Safran SA	28.24	29.63	10.8	152.3	-9.9 ▲
SAIC Inc.	11.52	12.47	8.5	-36.3	-25.3 ▼
SIFCO Industries Inc.	19.53	18.90	....	362.2	44.6 ▲
Singapore Technologies Eng.	2.09	2.20	15.1	46.2	-13.4 ▼
Spirit Aerosystems Holdings	18.61	19.93	8.6	138.6	-1.7 ▼
Textron Inc.	18.01	18.73	12.1	41.1	-16.0 ▼
Thales	30.53	33.05	9.2	-17.6	-13.5 ▼
TransDigm Group Inc.	92.82	98.40	16.5	296.2	36.9 ▲
Triumph Group Inc.	54.90	58.37	11.4	266.4	32.7 ▲
United Technologies Corp.	73.05	79.33	12.5	68.8	0.8 ▲

COMMENTARY

Congress's Super-Failure Puts Contractors On Edge

Fred Strader, the president and CEO of defense contractor **Textron Systems**, held out hope to the end that a congressional Super Committee would strike a bipartisan deal on how to cut \$1.2 trillion from the U.S. budget deficit during the next 10 years. Under a law passed earlier this year, failure to agree to a plan by last week would trigger automatic cuts equal to that amount, with \$600 billion coming from defense funding. "It's illogical that they would allow it to get to that point," Strader says.

But logic doesn't matter in the 112th Congress, where "compromise" is a dirty word, particularly among the tea party contingent. Sixteen weeks after it was created, the Super Committee folded on Nov. 21 without a deal. True, those automatic defense cuts are not scheduled to take effect until January 2013, leaving time for Congress to salvage a deficit agreement or rescind the automatic reductions to military spending. But if that doesn't happen soon, the Obama administration will be forced to submit a fiscal 2013 budget request in February that assumes a worst-case funding outcome. "It's a bit of a cataclysm that starts playing out now," says consultant Steven Grundman, a senior Pentagon acquisition official in the 1990s. "It's going to be ugly."

U.S. Defense Secretary Leon Panetta estimates that the \$600 billion in automatic cuts, combined with reductions made earlier this year, would force the Pentagon to slash its discretionary spending by 23% across the board. That includes funding to buy hardware, such as the unmanned aircraft, surveillance systems and precision weapons manufactured by Textron. While contractors have long been preparing for a downturn, none of their playbooks imagined a 23% cut. "It's sort of the nuclear option, and it's hard to say what you do or how you respond to something that draconian," Strader says. "This is not a process that any of us would intelligently design for running our enterprise."

It did not have to come to this. Unlike Europe, where the financial system has been shaken by a multi-nation debt crisis that threatens to spiral out of control, Washington's deficit problem is a political crisis. It is entirely solvable with courage, compromise and a willingness to make tough choices.

There is plenty of blame to go around: Republicans, who refuse to let unaffordable Bush-era tax cuts expire; Democrats, who oppose any spending cuts to costly entitlement programs; and President Barack Obama, who could have used the clout of the Oval Office to push harder for a deal. And then there is that Super Committee. Remember these names: Reps. Jeb Hensarling (R-Texas), Xavier Becerra (D-Calif.), Dave Camp (R-Mich.), James Clyburn (D-S.C.), Fred Upton (R-Mich.) and Chris Van Hollen (D-Md.) and Sens. Patty Murray (D-Wash.), Max Baucus (D-Mont.), John Kerry (D-Mass.), Jon Kyl (R-Ariz.), Rob Portman (R-Ohio) and Pat Toomey (R-Pa.). They let their country down. ☹

Source of financial data: Standard & Poor's and Capital IQ Inc. (a Division of Standard & Poor's) U.S. dollars and cents. Forward P/E ratio uses S&P and Capital IQ forecasts of current fiscal year.